

**JAMES BRUCE**  
ATTORNEY AT LAW

POST OFFICE BOX 1056  
SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213  
SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone)  
(505) 660-6612 (Cell)  
(505) 982-2151 (Fax)

[jamesbruc@aol.com](mailto:jamesbruc@aol.com)

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2010 DEC -8 P 4: 24

December 8, 2010

re: Cleco Energy

David --

Look at this quickly, and e-mail me  
if I need to file a de novo or application  
to re-open.

Jim



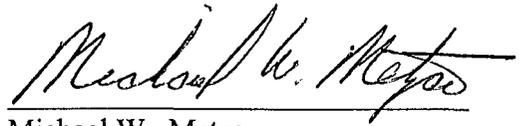
(b) A recent bottom hole pressure measurement north of the Pilot Area was approximately 900 psi. Thus, there is a pressure sink which Celero needs to minimize by limiting reservoir withdrawals north of the Pilot Area and by injecting into the water curtain water injection wells offsetting the Pilot Area.

(c) Celero will use the proposed wells to monitor offset reservoir performance during the project and to ensure that the water curtain WIW's are effectively controlling the migration of carbon dioxide from the Pilot Area. This will be done by bottom hole pressure measurements and well sampling, if necessary.

(d) If carbon dioxide migrates out of the project area (i) it will not recover oil, (ii) it will increase the project cost by requiring more carbon dioxide to recover the same amount of oil, and (iii) it will be more difficult to maintain reservoir pressure above miscibility pressure thereby risking the ongoing success of the project.

The monitor wells will prevent waste and are a low cost method to monitor the project.

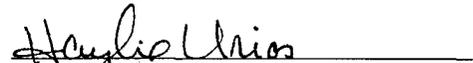
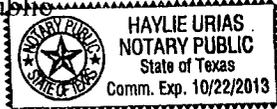
5. The proposed monitor wells, if not approved, will have to be permanently abandoned which will increase project cost. Celero has discussed the use of these monitor wells with Division enforcement staff and they have approved using the subject wells as monitor wells. Using these wells as monitor wells will also allow Celero to continue meeting the terms of its Agreed Compliance Order.



Michael W. Metza

SUBSCRIBED AND SWORN TO before me this 8 day of December, 2010 by Michael W. Metza.

My Commission Expires: 10-22-10

  
Notary Public  


**Rock Queen Unit  
Proposed monitor wells offsetting CO2 Pilot**

**Wells:** RQU Producer Nos. 1, 2, 4, 5, 9, 10, 11, 20, 22, 25, 27, 29, 31, 33 and Injector Nos. 18, 21, 32.

Eight shut-in producers, 6 temporarily-abandoned producers, and 3 shut-in injectors.

- Celero is proposing to use these wells to monitor offset reservoir performance during the CO2 pilot.
- Limiting production to the north offers the best opportunity to maximize CO2 utilization by limiting possible CO2 migration.
- More cost effective than expanding water injection system and the number of injection wells to support what would likely be marginal or uneconomic production at this time.
- If necessary, a number of the wells could readily be converted to active WW's to maintain a water curtain to the north and west of the project.
- Wells will be equipped with 2-3/8" plastic-coated tubing set on a packer. A single, minimum 1500 psi WP valve will be installed on each well.
- An MIT will be run after the installation of tubing and packer and each year thereafter.
- Bottomhole pressures will be measured initially and each quarter thereafter. The information would be made available to the NMOCD.
- Wells would remain as monitor wells for approximately 2 years while the performance of the pilot is evaluated.
- Sixteen of the 17 wells would be returned to production, and one would be returned to injection in the event the pilot is successful and the project is subsequently expanded.