

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District I
HOBBS OCD 1625 N. French Drive
Hobbs, NM 88240

FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

APR 05 2012
RECEIVED

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <i>Inj</i>		5. Lease Serial No. LC-070336(a)
2. Name of Operator CELERO ENERGY II, LP		6. If Indian, Allottee or Tribe Name
3a. Address 400 W. Illinois, Ste 1601 Midland TX 79701	3b. Phone No. (include area code) (432)686-1883	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) UL: D, Sec. 22, T14S, R31E 990' FNL & 990' FWL		8. Well Name and No. Drickey Queen Sand Unit #51
		9. API Well No. 30-005-01122
		10. Field and Pool or Exploratory Area Caprock; Queen
		11. Country or Parish, State Chaves, NM

12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomple horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recomple in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

NEED ASAP - Rig over hole. (Revise Sundry from TA to PA).

To Date, Set CIBP @ 3027'; spot 25 sx, tagged TOC @ 2738'.

Proposed:

1. Circulate salt mud to 2300'. Perf (4) @ 2300', run packer and squeeze 50 sx. POOH, RIH w/ BP & PS, tag TOC at/above 2200'. Circulate salt mud to 1376'. POOH
2. Perf (4) @ 1376'. Run packer & squeeze 50 sx. POOH, RIH w/ BP & PS, tag TOC at/above 1276'. Circulate salt mud to 320'. POOH.
3. Perf (4) @ 320'. Fill 5 -1/2" and 5-1/2" -by- 8-5/8" annulus to surface with minimum 100 sx.
4. RD, set P&A marker, reclaim location.

- All cement plugs are Class C w/ 2% CaCl₂.
- Salt mud is minimum 9.5 ppg.

APPROVED FOR 3 MONTH PERIOD
ENDING JUN 29 2012

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Haylie Urias		Title Operations Tech
Signature <i>[Signature]</i>		Date 03/29/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS	PETROLEUM ENGINEER	Date MAR 29 2012
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. <i>03-29-2012</i>		Office ROSWELL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

APR 10 2012

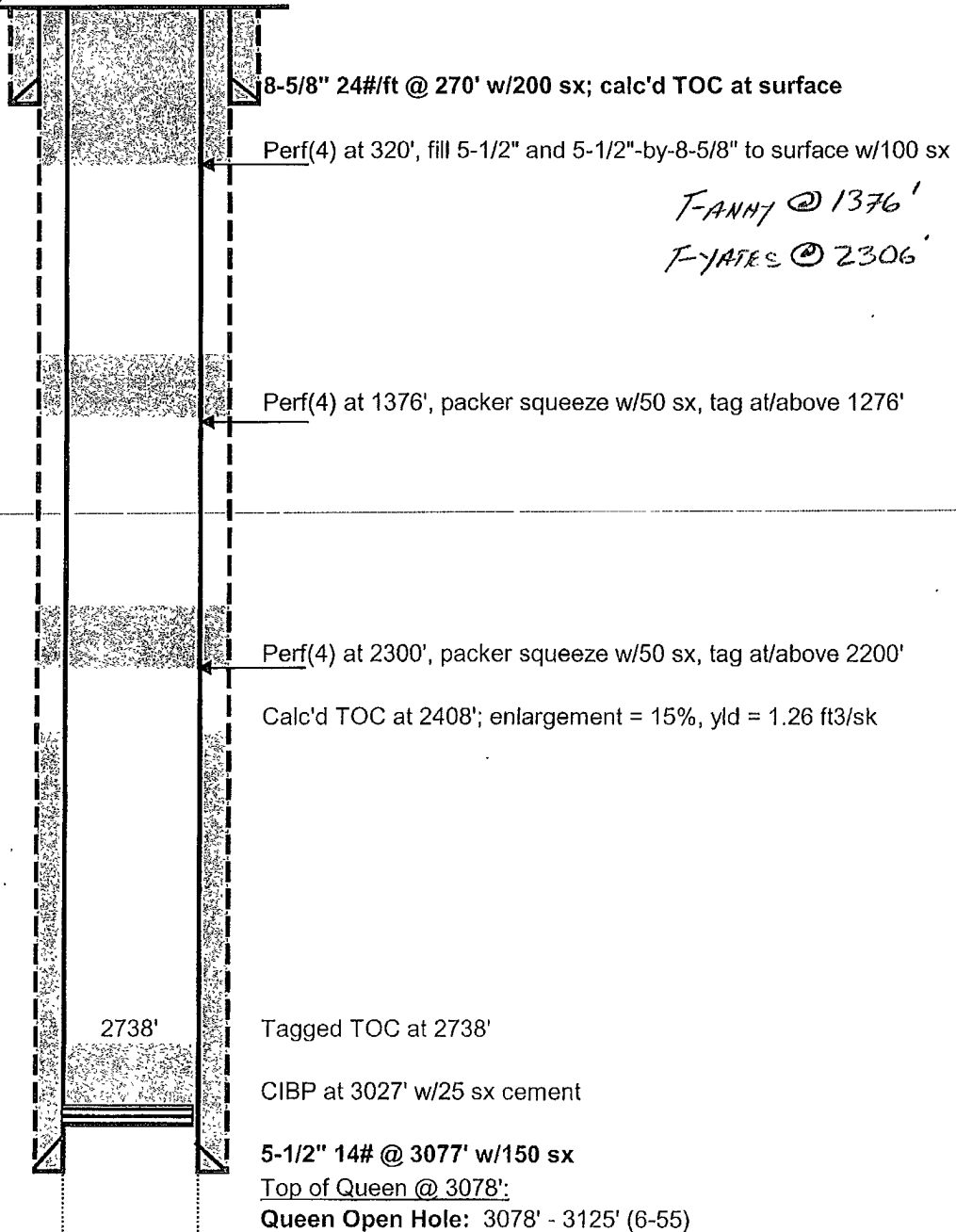
CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Drickey Queen Sand Unit
COUNTY: Chaves

DATE: Mar. 29, 2012
BY: MWM
WELL: 51
STATE: New Mexico

Location: 660' FNL & 660' FWL, Sec 22D, T14S, R31ECM
SPUD: 6/55 COMP: 6/55
CURRENT STATUS: Injector
Original Well Name: Federal Medlin #2

KB = 4433'
GL = 4423'
API = 30-005-01122



PBTD - 3125'
TD - 3125'

BUREAU OF LAND MANAGEMENT

**Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(575) 627-0272**

**Permanent Abandonment of Federal Wells
Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon. **If you are unable to plug the well by the 90th day provide the BLM Roswell Field Office (RFO), prior to the 90th day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action. Unless the well has been properly plugged, the rig shall not be removed from over the hole without prior approval.**

2. Notification: Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours or after office hours call (575) 627-0205. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. Dry Hole Marker: All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10 feet in length, 4 feet above the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.