DATE IN 8.12.10	SUSPENSE	ENGINEER TW	LOGGED IN 8.12.10	TYPE WFX	APP NO. 1022430360

PTG-W

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505

Celero

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

30-005-00925
30-005-00924
WFX-868

Application Acronyms:

[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]

[A] Location - Spacing Unit - Simultaneous Dedication
☐ NSL ☐ NSP ☐ SD

Check One Only for [B] or [C]

[B] Commingling - Storage - Measurement
☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
■ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[D] Other: Specify ______________________

8.12 / 8.27.10 / WFP / R-1128 / R-1477 / Sections 1, 3, 10, 11, 14-16 / 14S, 31E / 5241.59 Acre / 16 WFX's / 5

[2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☐ Does Not Apply

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ■ Offset Operators, Leaseholders or Surface Owner

[C] ■ Application is One Which Requires Published Legal Notice

[D] ■ Notification and/or Concurrent Approval by BLM or SLO
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ■ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

Caprock-Queen Pool

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

David Catanach	[signature]	Agent for Celero Energy II, LP
Print or Type Name	Signature	Title
	8/10/10	drcatanach@netscape.com
	Date	E-Mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: X Secondary Recovery ___ Pressure Maintenance ___ Disposal ___ Storage
Application qualifies for administrative approval? X Yes ___ No

II. OPERATOR: Celero Energy II, LP

ADDRESS: 400 W. Illinois Avenue Suite 1601 Midland, Texas 79701

CONTACT PARTY: Mr. David Catanach PHONE: (505) 690-9453

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? X Yes ___ No
If yes, give the Division order number authorizing the project: R-11128, as amended dated 2/12/58. Also see WFX-23, 34, 50, 79, 85, 86, 100, 101, 103, 175, 182, 190, 194, 610, 675 and 746.

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: David Catanach TITLE: Agent for Celero Energy II, LP

SIGNATURE: David Catanach DATE: 8/10/10

E-MAIL ADDRESS: drcatanach@netscape.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: ___

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

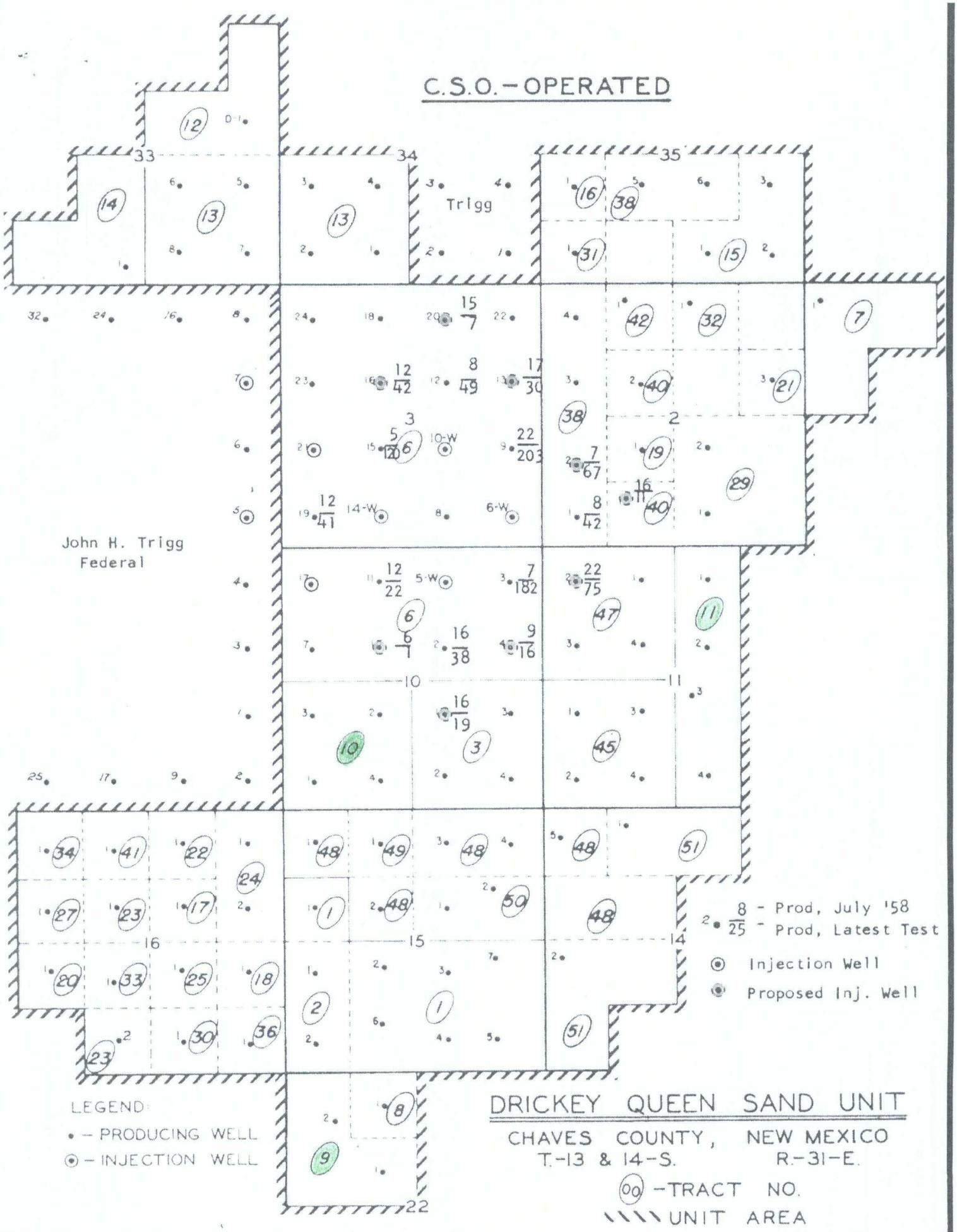
(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within ~~15~~ days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.


C.S.O.-OPERATED
Trigg
John H. Trigg Federal
8 - Prod, July '58
8/25 - Prod, Latest Test
Injection Well
Proposed Inj. Well
LEGEND
• - PRODUCING WELL
⊙ - INJECTION WELL
DRICKEY QUEEN SAND UNIT
CHAVES COUNTY, NEW MEXICO
T.-13 & 14-S. R.-31-E.
(00) -TRACT NO.
UNIT AREA

August 10, 2010

Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Attention: Mr. Mark E. Fesmire, Director

HAND DELIVERED

Re: Form C-108
Celero Energy II, LP
Drickey Queen Sand Unit Wells No. 1 & 4
Caprock-Queen Pool (8551)
Chaves County, New Mexico

Dear Mr. Fesmire,

Enclosed please find a Division Form C-108 (Application for Authorization to Inject) to expand the Drickey Queen Sand Unit Waterflood Project. Division Order No. R-1128, as amended, dated February 12, 1958 approved secondary recovery operations within the Drickey Queen Sand Unit Area ("Unit Area"). The Unit Area was established by Division Order No. R-1477 dated September 8, 1959. The subject waterflood project has been expanded several times during the life of the project by Division Orders No. WFX-23, 34, 50, 79, 85, 86, 100, 101, 103, 175, 182, 190, 194, 610, 675 and 746. Celero Energy II, LP proposes to convert the Drickey Queen Sand Unit Wells No. 1 & 4 to injection in order to complete an efficient production/injection pattern within the Unit Area. These wells are located in Section 35, Township 13 South, Range 31 East, NMPM, Chaves County, New Mexico.

All the required information is enclosed. If additional information is needed, please contact me at (505) 690-9453.

Sincerely,

David Catanach
Agent for Celero Energy II, LP
400 W. Illinois, Suite 1601
Midland, Texas 79701

Xc: OCD-Hobbs

C-108 Application
Celero Enegy II, LP
~~Drickey-Queen-Sand-Unit-Wells-No.-1-&-4~~
Section 35, T-13S, R-31E, NMPM
Chaves County, New Mexico

I. The purpose of the application is to request approval to convert ~~two-(2)-~~wells to injection within the existing ~~Drickey-Queen-Sand-Unit-Waterflood-Project~~ in order to complete an efficient injection/production pattern.

II. Celero Energy II, LP
400 W. Illinois
Suite 1601
Midland, Texas 79701
Contact Party: Mr. David Catanach (505) 690-9453

III. Injection well data sheets and wellbore diagrams for each injection well are attached showing the proposed wellbore configurations.

IV. This is an expansion of the Drickey Queen Sand Unit Waterflood Project. This project was initially approved by Division Order No. R-1128, as amended, dated February 12, 1958. The Drickey Queen Sand Unit Area ("Unit Area") was approved by Division Order No. R-1477 dated September 8, 1959. Division Orders No. WFX-23 (12/22/1959), WFX-34 (3/29/1960), WFX-50 (9/8/1960), WFX-79 (4/6/1961), WFX-85 (7/10/1961), WFX-86 (7/17/1961), WFX-100 (3/6/1962), WFX-101 (3/12/1962), WFX-103 (4/24/1962), WFX-175 (6/23/1964), WFX-182 (9/18/1962), WFX-190 (12/25/1964), WFX-194 (1/19/1965), WFX-610 (8/27/1991), WFX-675 (8/28/1995) and WFX-746 (2/11/1999) have permitted additional injection wells within the Unit Area.

V. Enclosed are maps that identify all wells/leases within a 2-mile radius of the proposed injection wells and a map that identifies the ½ mile "Area of Review" ("AOR").

VI. AOR well data is attached. Well construction data is included for all existing wells within the AOR. Also included are wellbore diagrams for each PA'd well within the AOR. An examination of this data indicates that all AOR wells are adequately cased, cemented and/or plugged and abandoned in order to preclude the movement of fluid from the injection zone into other formations or fresh water aquifers.

VII. 1. The average injection rate is anticipated to be approximately 600 BWPD/Well. The maximum rate will be approximately 1,500 BWPD/Well. If the average or maximum rates increase in the future, the Division will be notified.

2. This will be a closed system.

3. Celero Energy II, LP will ~~initially inject water into the proposed injection wells at a surface pressure~~ that is in compliance with the Division's limit ~~of 0.2 psi/ft.~~ Subsequent to obtaining approval for injection, step rate injection tests may be conducted on each of the wells in order to obtain a higher surface injection pressure. It is anticipated that as a result of the step rate tests, the maximum surface injection pressures may be as high as 1,100 psi.

4. Produced water from the Caprock-Queen Pool originating from wells within the Unit Area will be re-injected into the subject injection wells. In addition, Celero Energy II, LP uses fresh make-up water as necessary. A formation water analysis obtained from the Celero Energy II, LP Rock Queen Unit Well No. 84 is enclosed. This formation water analysis shows total dissolved solids to be approximately 298,000 mg/L.

5. Injection is to occur into a formation that is oil productive.

VIII.

Geologic Age:	Permian
Geologic Name:	Queen (A member of the Artesian Group)
Average Thickness:	15 Feet (calculated from available core data)
Lithology:	Shaly sandstone
Measured Depth:	3,000'-3,100'
USDW's:	Ogallala is present at depths from 100'-200'

IX. No stimulation is planned, however, should a stimulation treatment become necessary due to skin damage, poor reservoir quality, reservoir heterogeneities, scale formation, etc., then a mild 7 ½% NEFE HCL treatment with the appropriate additives will likely be used at a volume of 50 to 100 gal/ft. of perforated or open hole interval.

X. Logs were filed at the time of drilling.

XI. According to data obtained from the New Mexico Office of the State Engineer (enclosed), there is one fresh water well located in Unit F of Section 35, Township 13 South, Range 31 East, NMPM. A recent chemical analysis of the well's water and a map showing the location of the water well are attached.

XII. Affirmative statement is enclosed.

XIII. Proof of Notice is enclosed.

INJECTION WELL DATA SHEET

OPERATOR: Celero Energy II, LP 30-015-00925

WELL NAME & NUMBER: Drickey Queen Sand Unit No. 1

WELL LOCATION:	660' FNL & 660' FEL	A	35	13 South	31 East
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 13" Casing Size: 8 5/8" @ 229'

Cemented with: 150 Sx. Neat or _____ ft^3

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ or _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 8 3/4" Casing Size: 5 1/2" @ 3,042'

Cemented with: 100 Sx. Neat or _____ ft^3

Top of Cement: 2500' Method Determined: CBL

Total Depth: 3,094' PBTD: 3,094'

Injection Interval

Queen Formation: 3,044'-3,094' Open Hole

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" 4.7# J-55 Lining Material: Internally Plastic Coated

Type of Packer: Arrowset IX Packer

Packer Setting Depth: 2,944' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: ____ Yes ____X____ No

   If no, for what purpose was the well originally drilled: Well was drilled in 1955 as a Queen producing well.

2. Name of the Injection Formation: Queen

3. Name of Field or Pool (if applicable): Caprock-Queen Pool (8551)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

   None

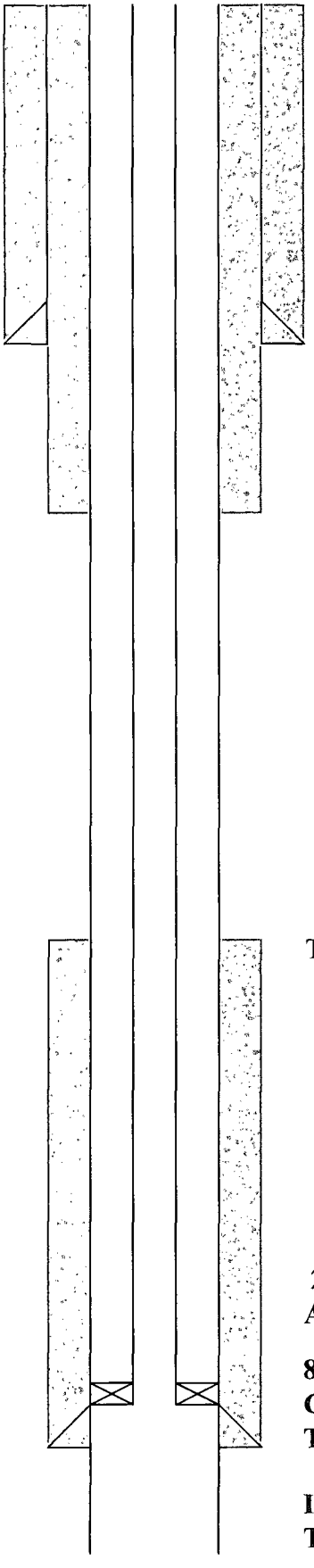
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   None

Celero Energy II, LP

Drickey Queen Sand Unit No. 1
API No. 30-005-00925
660' FNL & 660' FEL (Unit A)
Section 35, T-13 South, R-31 East, NMPM
Chaves County, New Mexico

Date Drilled: April, 1955



13" Hole; Set 8 5/8" 28# H-40 Csg. @ 229'
Cemented w/ 150 Sx. Neat.
Cement circulated to surface.

Casing Leaks 454'-1004' & 5'-812' were squeeze cemented w/ 125 Sx. Class "C" & 254 Sx. Class "C", respectively on April 4-23, 2008. (See attached C-103 Sundry Notice)

TOC @ 2,500' by CBL

2 3/8" 4.7# J-55 IPC tubing set in a Arrowset IX Packer @ 2,944'

8 3/4" Hole; Set 5 ½" 14# J-55 Csg. @ 3,042'
Cemented w/100 Sx. Neat
TOC @ 2,500' by CBL

Injection Interval: 3,044'-3,094' (Open Hole)
Top Queen-3,044'

T.D. – 3,094'

Submit 3 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-005-00925

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: DRICKEY QUEEN SAND UNIT

1. Type of Well: Oil Well [X] Gas Well [ ] Other

8. Well Number 1

2. Name of Operator: CELERO ENERGY II, LP

9. OGRID Number 247128

3. Address of Operator: 400 W. Illinois, Ste 1601 Midland, TX 79701

10. Pool name or Wildcat: CAPROCK QUEEN

4. Well Location
Unit Letter A : 660' feet from the NORTH line and 660' feet from the EAST line
Section 35 Township 13S Range 31E NMPM County CHAVES

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 4408' KB

Pit or Below-grade Tank Application [ ] or Closure [ ]

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	P AND A	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPL	[ ]	CASING/CEMENT JOB	[ ]		
OTHER:	[ ]			OTHER:RETURN WELL TO PRODUCTION.	[X]		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

4/4/2008 TO 4/23/2008 (Reactive abandonded producer to production).
MIRU well service. Repair WH. Found several holes in 5 1/2" csg from 454'-1004'. Repair 5 1/2" csg @ surface and the production WH. Set RBP @ 2912' w/ 2 sx sand cap. Through 2 7/8" open ended tbg, pumped a total of 254 sx Class C cmt down 2 7/8"tbg and up the 5 1/2" annulus to surface. DO cmt to RBP @ 2912' and POOH w/ RBP. CO and DO well to new TD @ 3094', 43' deepening to fully evaluate Queen interval. Ran GR/CCL/CN/CBL logs. TOC @ 2500'. Located holes in 5 1/2" csg from 5' to 812'. Repaired 8 5/8" and 5 1/2" csg @ surface. Pumped 125 sx Class C cmt w/ additives down 5 1/2" csg. CO and DO well to 1180'. Retrieve RBP & POOH w/ RBP. Acidize Queen open hole (3044-3094') w/ 2500 gal 7 1/2% NEFE acid & 500# rock salt in two stages @ 3.5 BPM and 1050 psi avg. STP. Ran 2 7/8" 6.5# J-55 production tbg and the progressive cavity pump assembly w/ TAC set @ 3022'. EOT @ 3026'. Return well to production.

RECEIVED
MAY 21 2008
HOBBS OCD

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [ ].**

SIGNATURE Haylie Urias TITLE Operations Tech DATE 05/15/2008

Type or print name Haylie Urias E-mail address:hurias@celeroenergy.com Telephone No. (432)686-1883

For State Use Only

APPROVED BY: TITLE PETROLEUM ENGINEER DATE OCT 03 2008

Conditions of Approval (if any):

INJECTION WELL DATA SHEET

OPERATOR: Celero Energy II, LP 30-025-00924

WELL NAME & NUMBER: Drickey Queen Sand Unit No. 4

WELL LOCATION:	1980' FNL & 1980' FEL	G	35	13 South	31 East
	FOOTAGE LOCATION	UNIT LETTER	SECTION	TOWNSHIP	RANGE

WELLBORE SCHEMATIC

See Attached Wellbore Schematic

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 13" Casing Size: 8 5/8" @ 243'

Cemented with: 250 Sx. Neat or _____ ft^3

Top of Cement: Surface Method Determined: Circulated

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ or _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 8 3/4" Casing Size: 5 1/2" @ 3,047'

Cemented with: 100 Sx. Neat or _____ ft^3

Top of Cement: 2745' Method Determined: CBL

Total Depth: 3,082' PBTD: 3,082'

Injection Interval

Queen Formation: 3,043'-3,047' Perforated
3,048'-3,082' Open Hole

INJECTION WELL DATA SHEET

Tubing Size: 2 3/8" 4.7# J-55 Lining Material: Internally Plastic Coated

Type of Packer: Arrowset IX Packer

Packer Setting Depth: 2,943' or within 100' of the uppermost injection perforations

Other Type of Tubing/Casing Seal (if applicable): None

Additional Data

1. Is this a new well drilled for injection: ____ Yes X No

   If no, for what purpose was the well originally drilled: Well was drilled in 1955 as a Queen producing well.

2. Name of the Injection Formation: Queen

3. Name of Field or Pool (if applicable): Caprock-Queen Pool (8551)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used.

   None

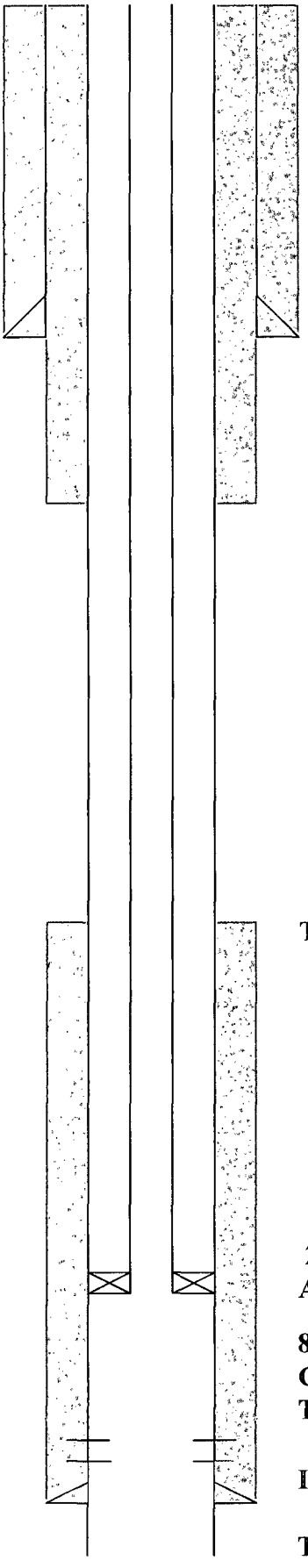
5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   None

Celero Energy II, LP

Drickey Queen Sand Unit No. 4
API No. 30-005-00924
1980' FNL & 1980' FEL (Unit G)
Section 35, T-13 South, R-31 East, NMPM
Chaves County, New Mexico

Date Drilled: March, 1955



13" Hole; Set 8 5/8" 28# H-40 Csg. @ 243'
Cemented w/ 250 Sx. Neat.
Cement circulated to surface.

Casing Leaks 15'-1,334' were squeeze cemented w/286 Sx. Class "C" on April 23-May 15, 2008. (See attached C-103 Sundry Notice)

TOC @ 2,745' by CBL

2 3/8" 4.7# J-55 IPC tubing set in a Arrowset IX Packer @ 2,943'

8 3/4" Hole; Set 5 ½" 14# J-55 Csg. @ 3,047'
Cemented w/100 Sx. Neat
TOC @ 2,745' by CBL

Injection Interval: 3,043'-3,047' (Perforated)
3,048'-3,082' (Open Hole)
Top Queen-3,043'

T.D. – 3,082'

Submit 2 Copies To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
May 27, 2004

WELL API NO. 30-005-00924

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

7. Lease Name or Unit Agreement Name: DRICKEY QUEEN SAND UNIT

1. Type of Well: Oil Well [X] Gas Well [ ] Other RETURN WELL TO PRODUCTION

8. Well Number 4

2. Name of Operator: CELERO ENERGY II, LP

9. OGRID Number 247128

3. Address of Operator: 400 W. Illinois, Ste 1601 Midland, TX 79701

10. Pool name or Wildcat: CAPROCK QUEEN

4. Well Location
Unit Letter G : 1980' feet from the NORTH line and 1980' feet from the EAST line
Section 35 Township 13S Range 31E NMPM County CHAVES

11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 4412' GR

Pit or Below-grade Tank Application [ ] or Closure [ ]

Pit type_____ Depth to Groundwater_____ Distance from nearest fresh water well_____ Distance from nearest surface water_____

Pit Liner Thickness: _____ mil Below-Grade Tank: Volume _____ bbls; Construction Material _____

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:				SUBSEQUENT REPORT OF:			
PERFORM REMEDIAL WORK	[ ]	PLUG AND ABANDON	[ ]	REMEDIAL WORK	[ ]	ALTERING CASING	[ ]
TEMPORARILY ABANDON	[ ]	CHANGE PLANS	[ ]	COMMENCE DRILLING OPNS.	[ ]	P AND A	[ ]
PULL OR ALTER CASING	[ ]	MULTIPLE COMPL	[ ]	CASING/CEMENT JOB	[ ]		
OTHER:	[ ]			OTHER: RETURN WELL TO PRODUCTION	[X]		

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

RETURN THIS ABANDOND PRODUCER BACK TO PRODUCING

4/23/2008 to 5/15/2008
MIRU well service. Repair WH and portion of surface and production csg. Located several csg leaks in the 5 1/2" production csg from 15' to 1334'. Set RBP @ 2828' w/ 2 sx sand cap. Squeezed csg leaks in two attempts with a total of 286 sx Class C cmt w/ additives. DO and recover RBP. CO well to 2973' and landed on fish in the well bore. Attempted to drill over and recover fish. Recovered several pieces of tbg. CO well to TD @ 3057' and DO well to new TD @ 3082'. Ran GR/CCL/CN/CBL logs, TOC @ 2745'. Perforated Queen interval 3043'-3037' (4' net, 4 SPF, 16 shots). Acidize Queen interval (3043'-3063') w/ 2500 gal 7 1/2% NEFE acid & 500# rock salt in two stages @ 4 BPM and 1300 psi avg. STP. Swabbed load back. Ran 2 7/8" 6.5# J-55 production tbg w/ TAC & set @ 2996'. EOT @ 3002'. Installed progressive cavity pumping system. Return well to production.

Note: This well last produced 4/1996.

RECEIVED
JUN 19 2008
HOBBS OCD

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines [ ], a general permit [ ] or an (attached) alternative OCD-approved plan [ ].**

SIGNATURE Haylie Urias TITLE Operations Tech DATE 05/20/2008

Type or print name Haylie Urias E-mail address: hurias@celeroenergy.com Telephone No. (432)686-1883

For State Use Only

APPROVED BY: Chris Williams OC DISTRICT SUPERVISOR/GENERAL MANAGER DATE JUN 27 2008

Conditions of Approval (if any):

UNDERGROUND INJECTION CONTROL PROGRAM

PERMIT SUMMARY PAGE

Celero Energy

WFX-868

Nature of Permit
- X New Permit
- ___ Amend Existing Permit
- ___ Injection Pressure Increase
- ___ Renew Discharge Plan
- ___ Other(Specify)_____

Number of Wells
- ___ Single Well
- X Multiple Wells
- 2 Specify Number Wells

DQSU #1 30-005-00925
DQSU #4 30-005-00924

Approval Process
- X Administrative
- ___ Hearing
- If Hearing:
  - Case No._____
  - Order No. R-____

Reviewer
- ___ Ezeanyim
- ___ Brooks
- ___ Jones
- X Warnell

Quarter in which Permit Issued
- ___ 1st(October-December)
- ___ 2nd (January-March)
- ___ 3rd(April-June)
- X 4th(July-September)

Type of Permit
- ___ SWD Well
- X Waterflood or Pressure Maintenance Injection Well
- ___ Class III Brine Well
- _____ Other(Specify)

Final Outcome
- X Application Approved
- ___ Application Denied
- ___ Application Returned

WFX-868 Permit Number 8/27/10 Permit Date Celero Energy Operator

Area of Review (AOR) Well Data

Area of Review Wells

17 Total Number of Area of Review Wells
5 Plugged and Abandoned Area of Review Wells
9 Active Area of Review Wells

Area of Review Wells to be Repaired

0 P&A Wells
0 Active Wells

Injection/Disposal Well Classification

X New Wells (Wells were Drilled After March 7, 1982 – New Mexico Primacy Date)
___ Existing Wells (Wells were Drilled Prior to March 7, 1982

5 well diagrams

CELERO ENERGY II, LP
AREA OF REVIEW WELL DATA
DRICKEY QUEEN SAND UNIT WATERFLOOD EXPANSION

API NUMBER	OPERATOR	LEASE NAME	WELL NO.	WELL TYPE	STATUS	FTG. N/S	N/S	FTG. E/W	E/W	UNIT	SEC.	TSHP.	RNG.	DATE DRILLED	TOTAL DEPTH	HOLE SIZE	CSG. SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	HOLE SIZE	CSG. SIZE	SET AT	SX. CMT.	CMT. TOP	MTD.	COMPLETION	REMARKS
30-005-00914	Guest & Wolfson	DQSU Tract 15	1	P	PA	660'	S	1980'	E	O	35	13S	31E	May-55	3,092'	12.25"	8.625"	305'	185	Surface	Circ.	7.875"	5.5"	3,071'	125	2,220'	Calc.	3,072'-3,092' O.H.	PA'd 10/73 Schematic Attached
30-005-00916	Guest & Wolfson	DQSU Tract 15	3	P	PA	1980'	S	660'	E	I	35	13S	31E	Jun-55	3,079'	12.25"	8.625"	274'	115	Surface	Circ.	7.875"	5.5"	3,059'	125	2,208'	Calc.	3,061'-3,079' O.H.	PA'd 10/73 Schematic Attached
30-005-00917	Guest & Wolfson	DQSU Tract 38A	5	P	PA	1980'	S	1980'	W	K	35	13S	31E	Dec-54	3,076'	11"	8.625"	291'	150	Surface	Circ.	7.875"	5.5"	3,053'	300	1,215'	Calc.	3,058'-3,076' O.H.	PA'd 11/73 Schematic Attached
30-005-00918	Guest & Wolfson	DQSU Tract 38A	6	P	PA	1980'	S	1980'	E	J	35	13S	31E	Dec-54	3,083'	11"	8.625"	293'	150	Surface	Circ.	7.875	5.5"	3,052'	300	1,215'	Calc.	3,063'-3,083' O.H.	PA'd 11/73 Schematic Attached
30-005-00921	Guest & Wolfson	DQSU Tract 37	1	I	PA	1980'	N	1980'	W	F	35	13S	31E	Feb-55	3,055'	17"	13.375"	250'	250	Surface	Circ.	8.75"	5.5"	3,036'	100	2,655'	T.S.	3,036'-3,055' O.H.	PA'd 11/73 Schematic Attached
30-005-00922	Celero Energy II, LP	DQSU	3	P	S.I.	1980'	N	660'	W	E	35	13S	31E	Mar-55	3,053'	13"	8.625"	233'	250	Surface	Circ.	8.75"	5.5"	3,041'	100	2,422'	T.S.	3,043'-3,053' O.H.	
30-005-00923	Celero Energy II, LP	DQSU	2	I	Active	660'	N	1980'	E	B	35	13S	31E	Mar-55	3,056'	13"	8.625"	237'	133	Surface	Circ.	8.75"	5.5"	3,038'	100	2,622'	CBL	3,039'-3,056' O.H.	
30-005-00926	Celero Energy II, LP	DQSU	5	I	Active	1980'	N	660'	E	H	35	13S	31E	Apr-55	3,069'	13"	8.625"	226'	150	Surface	Circ.	8.75"	5.5"	3,051'	100	2,738'	CBL	3,053'-3,069' O.H.	
30-005-00928	Celero Energy II, LP	Rock Queen Unit	96	P	Active	660'	N	1980'	W	C	35	13S	31E	Dec-54	3,059'	13"	8.625"	303'	250	Surface	Calc.	8.75"	5.5"	3,041'	100	2,360'	Calc.	3,041'-3,059' O.H.	Casing Leaks @ 553'-877' Repaired w/277 Sx. Cement on 6/2008.
30-005-21132	Celero Energy II, LP	DQSU	144	P	Active	1300'	N	1340'	E	B	35	13S	31E	Sep-94	3,221'	12.25"	8.625"	358'	220	Surface	Circ.	7.875"	5.5"	3,177'	625	Surface	Calc.	3,026'-3,056' Perf.	
30-005-21133	Celero Energy II, LP	DQSU	145	P	SI	1440'	S	2620'	W	K	35	13S	31E	Oct-94	3,150'	12.25"	8.625"	350'	222	Surface	Circ.	7.875"	4.5"	3,149'	400	1,080'	Calc.	3,062'-3,074' Perf.	
30-005-00874	Celero Energy II, LP	Rock Queen Unit	49	P	Active	660'	S	1980'	E	O	26	13S	31E	Aug-55	3050'	11"	8.625"	186'	125	Surface	Circ.	8"	5.5"	3043'	100	2,360'	Calc.	3,020'-3,030' Perf.	
30-005-00882	Celero Energy II, LP	Rock Queen Unit	50	I	Active	660'	S	990'	E	P	26	13S	31E	May-55	3,067'	11"	8.625"	150	100	Surface	Calc.	7.875"	5.5"	3,048'	100	2,606'	CBL	3,032'-3,046' Perf.	
30-005-00859	Celero Energy II, LP	Rock Queen Unit	63	P	Active	660'	S	660'	W	M	25	13S	31E	Mar-55	3,102'	13"	10.75"	316'	250	Surface	Calc.	7.875"	5.5"	3,101'	150	2,420'	Calc.	3,055'-3,065' Perf.	
30-005-00930	Celero Energy II, LP	Rock Queen Unit	85	I	Active	550'	N	600'	W	D	36	13S	31E	Apr-55	3,080'	12.25"	8.625"	331'	200	Surface	Calc.	7.875"	5.5"	3,041'	100	2,230'	CBL	3,041'-3,056' Perf.	
30-005-00931	Celero Energy II, LP	Rock Queen Unit	86	P	TA	1980'	N	660'	W	E	36	13S	31E	Mar-55	3,058'	12.25"	8.625"	328'	200	Surface	Calc.	7.875"	5.5"	3,051'	100	2,480'	CBL	3,052'-3,058' O.H.	
30-005-00937	Celero Energy II, LP	Rock Queen Unit	84	P	Active	660'	N	1980'	W	C	36	13S	31E	Jul-55	3,075'	12.25"	8.625"	296'	200	Surface	Calc.	7.875"	5.5"	3,049'	100	2,370'	Calc.	3,049'-3,075' O.H.	

17 Tot.

5 PA

2 SI

1 TA

9 Active

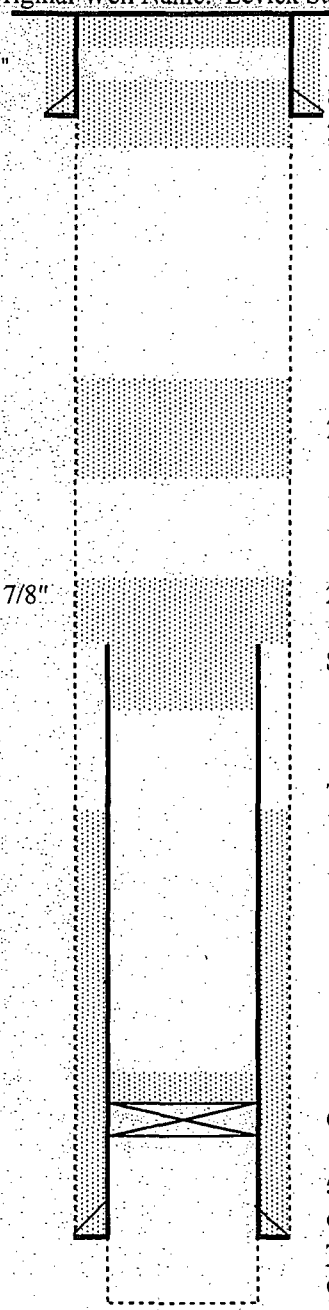
17 ✓

CELERO ENERGY

		DATE:	**Feb. 8, 2008**
FIELD:	**Caprock**	**BY:**	**GSA**
LEASE/UNIT:	**Drickey Queen Sand Unit**	**WELL:**	**# 1**
COUNTY:	**Chaves**	**STATE:**	**New Mexico**

Location: 660' FSL & 1980' FEL, Sec 35O, T13S, R31ECM
SPUD: 6/55 COMP: 6/55
CURRENT STATUS: P&A Producer (10-73)
Original Well Name: Levick State #1

KB = 4420'
GL = 4411'
API = 30-005-00914



10 sx cmt plug 30' - Surface

8-5/8" 24#/ft @ 305' cmt'd. w/ 185 sx. TOC @ surface (calc).

25 sx cmt plug from 250' - 350'

25 sx cmt plug from 1450' - 1550'

25 sx cmt plug from 1940' - 2040'

Shot and pulled 5-1/2" csg from 2022'

TOC @ 2220' (calc)

CIBP set @ 3000' w/ 3 sx cmt plug on top

5-1/2" 14# @ 3071'
cmt'd. w/ 125 sx (DNC)
Top of Queen @ 3072':
Queen Open Hole: 3072' - 3092' (6-55)

PBTD - 3092'
TD - 3092'

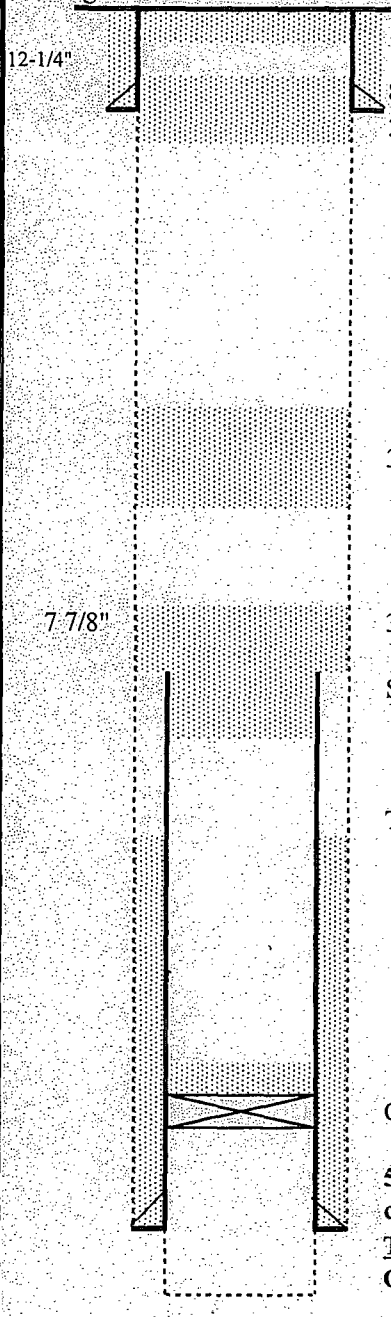
Celero Energy II, LP
Form C-108; DQSU 1 & 4
PA Schematic
DQSU Tract 15 No. 1

CELERO ENERGY

		DATE:	**Feb. 8, 2008**
FIELD:	**Caprock**	**BY:**	**GSA**
LEASE/UNIT:	**Drickey Queen Sand Unit**	**WELL:**	
COUNTY:	**Chaves**	**STATE:**	**New Mexico**

Location: 1980' FSL & 660' FEL, Sec 35I, T13S, R31ECM
SPUD: 7/55 COMP: 7/55
CURRENT STATUS: P&A Producer (10-73)
Original Well Name: Levick State #3

KB = 4402'
GL = 4401'
API = 30-005-00916



10 sx cmt plug 30' - Surface

8-5/8" 28#/ft @ 274' cmt'd. w/ 115 sx cmt. TOC @ surface (calc).

30 sx cmt plug from 200' - 300'

30 sx cmt plug from 1400' - 1500'

30 sx cmt plug from 1950' - 2050'

Shot and pulled 5-1/2" csg from 2015'

TOC @ 2208' (calc)

C1BP set @ 2900' w/ 5 sx cmt plug on top

5-1/2" 14# @ 3059'
cmt'd. w/ 125 sx (DNC)
Top of Queen @ 3061':
Queen Open Hole: 3061' - 3079' (7-55)

PBTD - 3079'
TD - 3079'

Celero Energy II, LP
Form C-108; DQSU 1 & 4
PA Schematic
DQSU Tract 15 No. 3

CELERO ENERGY

FIELD:	**Caprock**	**DATE:**	**Feb. 8, 2008**
LEASE/UNIT:	**Drickey Queen Sand Unit**	**BY:**	**GSA**
COUNTY:	**Chaves**	**WELL:**	
		STATE:	**New Mexico**

Location: 1980' FSL & 1980' FWL, Sec 35K, T13S, R31ECM
SPUD: 12/54 COMP: 12/54
CURRENT STATUS: P&A Producer (11-73)
Original Well Name: State "AN" #5

KB = 4417'
GL = 4410'
API = 30-005-00917

3

11"

10 sx cmt plug 30' - Surface

8-5/8" 22.7#/ft @ 291' cmt'd. w/ 150 sx cmt. TOC @ surface (calc).

25 sx cmt plug from 250' - 350'

10.1 #/gal mud

7 7/8"

Shot and pulled 5-1/2" csg from 1215'
TOC @ 1215' (calc)
25 sx cmt plug from 1215' - 1315'

10.1 #/gal mud

CIBP set @ 2933' w/ 5 sx cmt plug on top to 2913'

5-1/2" 14# @ 3053'
cmt'd. w/ 300 sx (DNC)
Top of Queen @ 3058':
Queen Open Hole: 3058' - 3076' (12-54)

PBTD - 3076'
TD - 3076'

Celero Energy II, LP
Form C-108; DQSU 1 & 4
PA Schematic
DQSU Tract 38A No. 5

6/13/2008

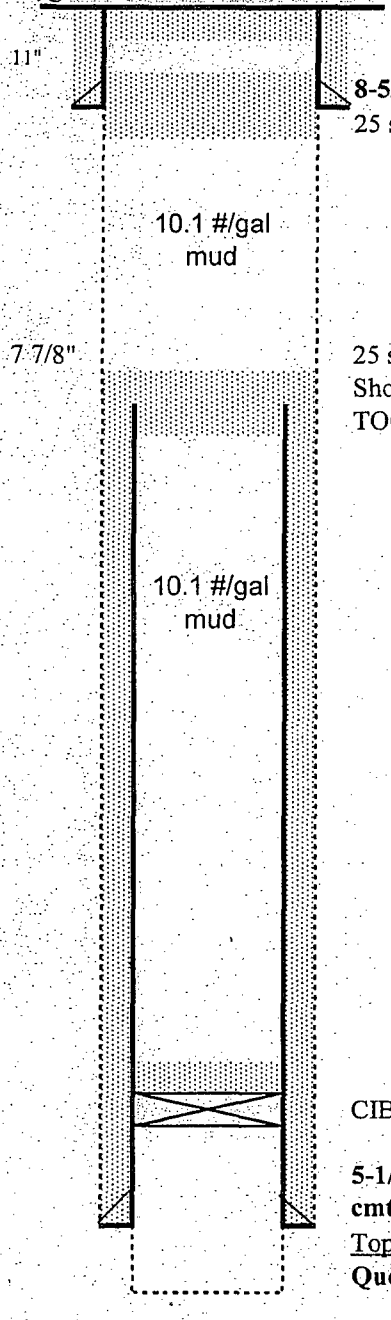
DQSU #35KN.xls

CELERO ENERGY

		DATE:	**Feb. 8, 2008**
FIELD:	**Caprock**	**BY:**	**GSA**
LEASE/UNIT:	**Drickey Queen Sand Unit**	**WELL:**	
COUNTY:	**Chaves**	**STATE:**	**New Mexico**

Location: 1980' FSL & 1980' FEL, Sec 35J, T13S, R31ECM
SPUD: 1/55 COMP: 1/55
CURRENT STATUS: P&A Producer (11-73)
Original Well Name: State "AN" #6

KB = 4411'
GL = 4400'
API = 30-005-00918



10 sx cmt plug 30' - Surface

8-5/8" 22.7#/ft @ 293' cmt'd. w/ 150 sx cmt. TOC @ surface (calc).

25 sx cmt plug from 275' - 375'

25 sx cmt plug from 1215' - 1315'
Shot and pulled 5-1/2" csg from 1215'
TOC @ 1215' (calc)

CIBP set @ 2875' w/ 5 sx cmt plug on top to 2855'

5-1/2" 14# @ 3052'
cmt'd. w/ 300 sx (DNC)
Top of Queen @ 3063':
Queen Open Hole: 3063' - 3083' (1-55)

PBTD - 3083'
TD - 3083'

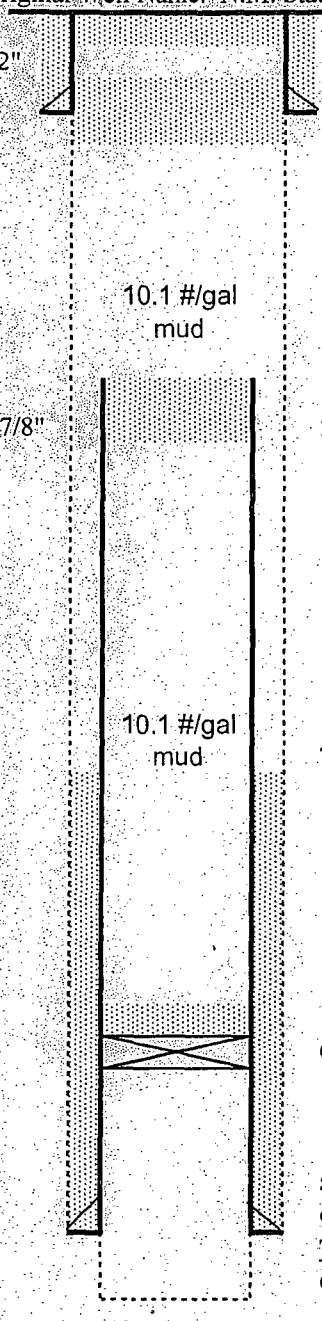
Celero Energy II, LP
Form C-108; DQSU 1 & 4
PA Schematic
DQSU Tract 38A No. 6

CELERO ENERGY

		DATE:	**Jan. 4, 2008**
FIELD:	**Caprock**	**BY:**	**GSA**
LEASE/UNIT:	**Drickey Queen Sand Unit**	**WELL:**	
COUNTY:	**Chaves**	**STATE:**	**New Mexico**

Location: 1980' FNL & 1980' FWL, Sec 35F, T13S, R31ECM
SPUD: 3/55 COMP: 3/55
CURRENT STATUS: P&A Injector (11-73)
Original Well Name: N.M. State "I" A/c 1 #1

KB = 4410'
GL = 4400'
API = 30-005-00921



10 sx cmt plug from 30' - surface

13-3/8" 48#/ft @ 250' cmt'd. w/ 250 sx cmt (circ)

25 sx cmt plug from 200' - 300'

Shot and pulled 5-1/2" csg from 1185'

25 sx cmt plug from 1185' - 1285'

TOC @ 2355' (calc)

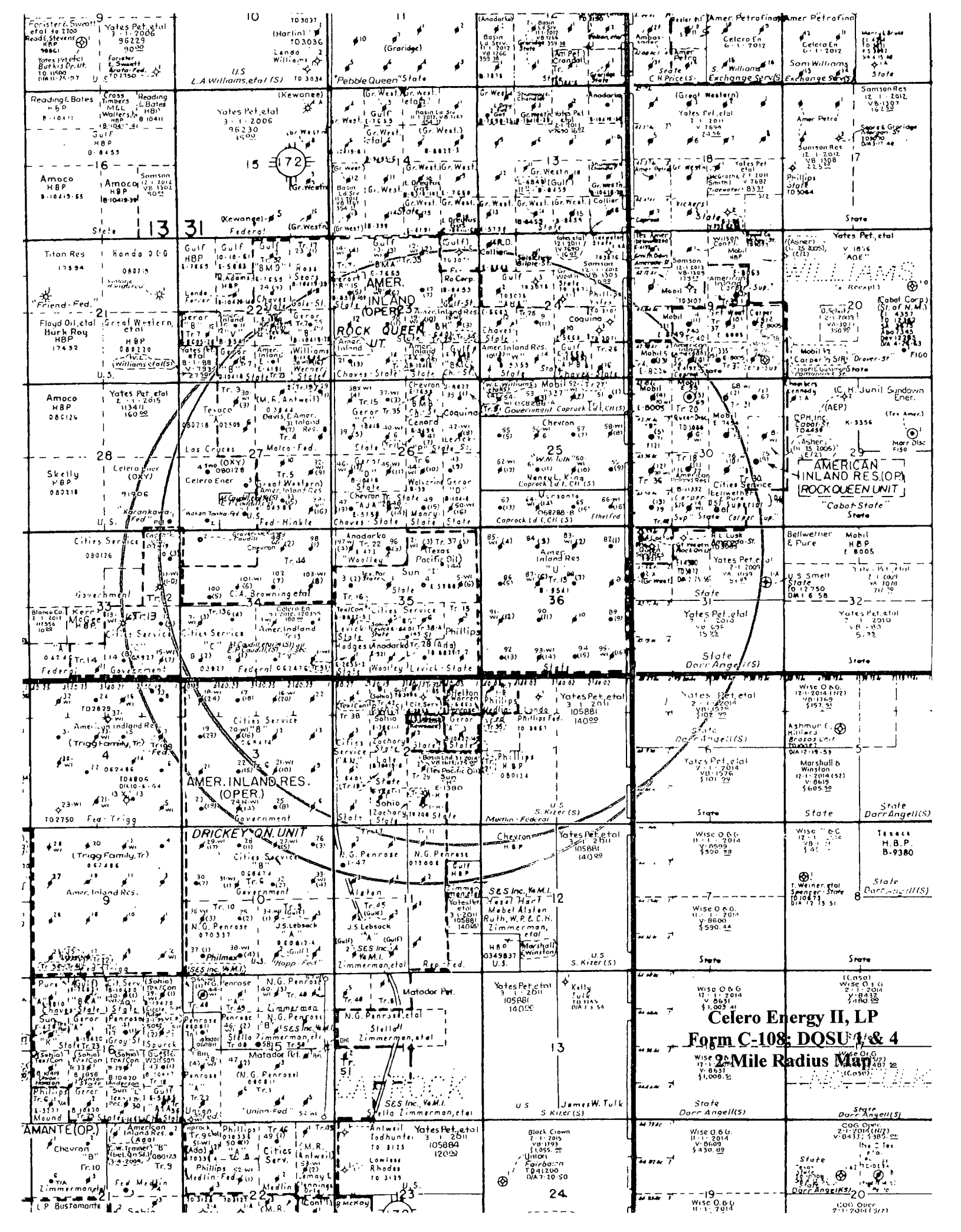
CIBP set @ 2623' w/ 5 sx cmt on top.

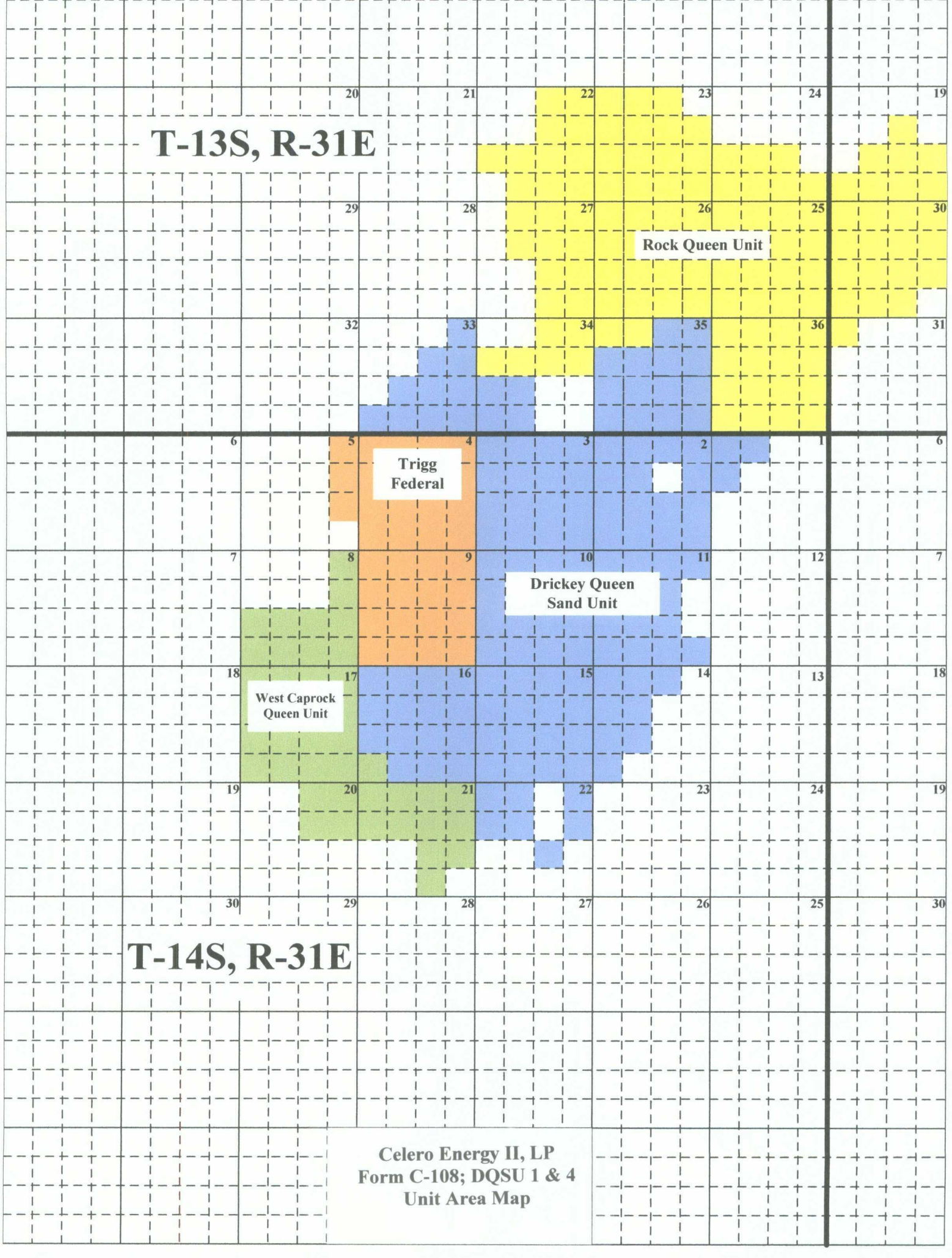
5-1/2" 14# @ 3036'
cmt'd. w/ 100 sx (DNC)
Top of Queen @ 3036':
Queen Open Hole: 3036' - 3055' (3-55)

PBTD - 3055'
TD - 3055'

Celero Energy II, LP
Form C-108; DQSU 1 & 4
PA Schematic
DQSU Tract 37 No. 1


Celero Energy II, LP
Form C-108; DQSU 1 & 4
½ Mile Area-of-Review Map


AMER. INLAND (OPER.) ROCK QUEEN UT.
AMERICAN INLAND RES.(OP.) ROCKQUEEN UNIT
"Cabot-State"
AMER. INLAND RES. (OPER.)
DRICKEY QN. UNIT
Celero Energy II, LP
Form C-108: DQSU 1 & 4
2-Mile Radius Map



Celero Energy II, LP
Form C-108; DQSU 1 & 4
Unit Area Map

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Sub basin	Use	County	Q 64	Q 16	Q 4	Sec	Twn	Rng	X	Y	Depth Well	Depth Water	Water Column
L 10218		STK	LE		4	1	35	13S	31E	612429	3668393*	185		
L 10282		STK	CH	2	2	2	25	13S	31E	614922	3670536*	80		
											Average Depth to Water:		--	
											Minimum Depth:		--	
											Maximum Depth:		--	

Record Count: 2

PLSS Search:

Section(s): 25, 26, 27, 34, 35, 36, **Township:** 13S **Range:** 31E

Celero Energy II, LP
Form C-108; DQSU 1 & 4
Fresh Water Well Data

***UTM location was derived from PLSS - see Help**

New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 1, 2, 3 **Township:** 14S **Range:** 31E

Celero Energy II, LP
Form C-108; DQSU 1 & 4
Fresh Water Well Data

Report Date: June 14, 2007 | Work Order: 7052432 | Page Number: 1 of 1
2972 | Celero Energy-Rock Queen ESA | Chaves Co. NM

Summary Report

Ike Tavarez
Highlander Environmental Services
1910 N. Big Spring Street
Midland, TX, 79705

Report Date: June 14, 2007

Work Order: 7052432

Project Location: Chaves Co. NM
Project Name: Celero Energy-Rock Queen ESA
Project Number: 2972

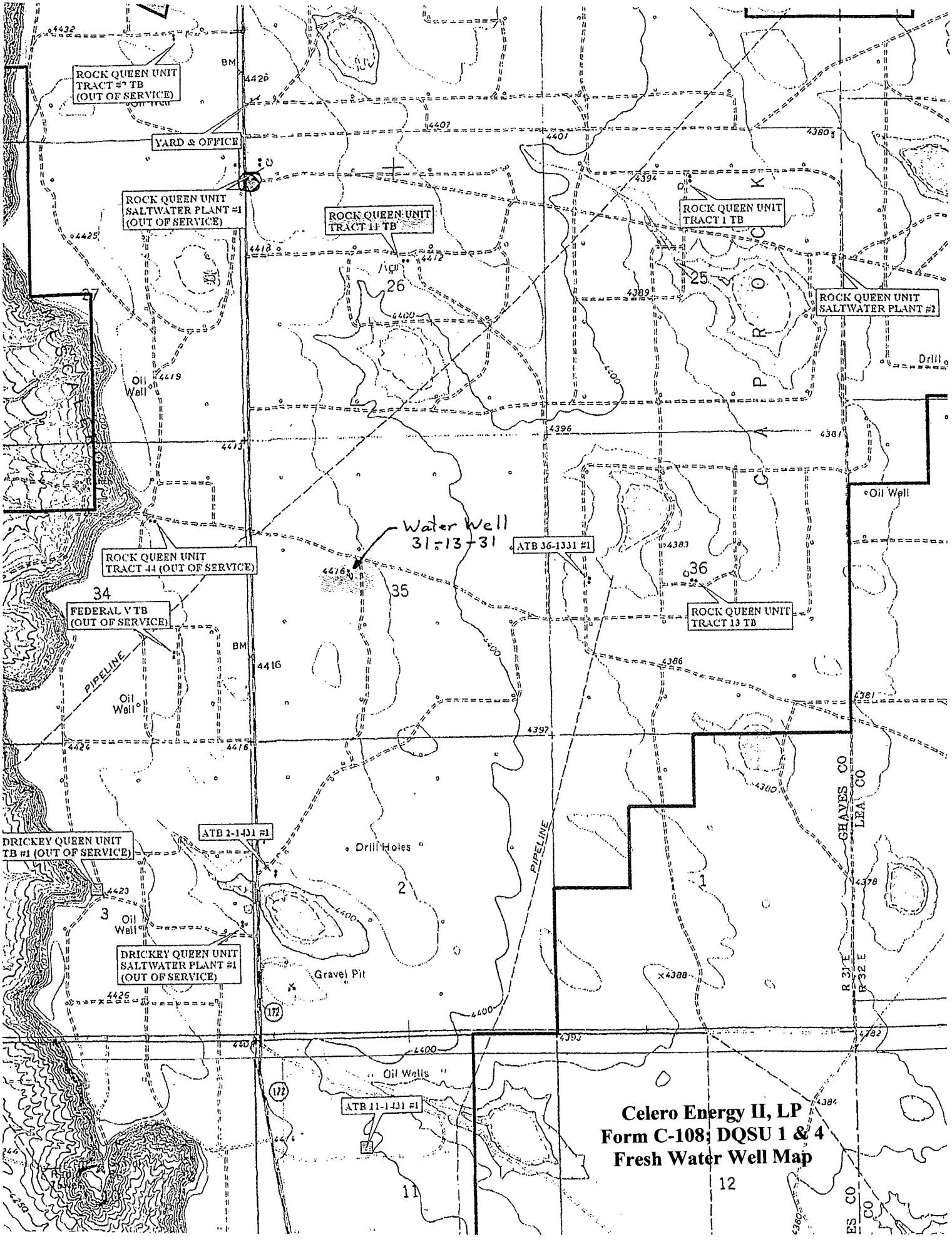
Sample	Description	Matrix	Date Taken	Time Taken	Date Received
125351	Water Well 31-13-31	water	2007-05-22	00:00	2007-05-23

Location: Sec. 35(F), T13S, R31ECM

Sample: 125351 - Water Well 31-13-31

Param	Flag	Result	Units	RL
Hydroxide Alkalinity		<1.00	mg/L as CaCo3	1.00
Carbonate Alkalinity		<1.00	mg/L as CaCo3	1.00
Bicarbonate Alkalinity		152	mg/L as CaCo3	4.00
Total Alkalinity		152	mg/L as CaCo3	4.00
Dissolved Calcium		63.5	mg/L	0.500
Chloride		32.1	mg/L	0.500
Specific Conductance		546	uMHOS/cm	0.00
Fluoride		<1.00	mg/L	0.200
Dissolved Potassium		1.98	mg/L	0.500
Dissolved Magnesium		8.79	mg/L	0.500
Dissolved Sodium		28.5	mg/L	0.500
Nitrate-N		4.10	mg/L	0.200
pH		7.83	s.u.	0.00
Sulfate		43.6	mg/L	0.500
Total Dissolved Solids		327.0	mg/L	10.00

Celero Energy II, LP
Form C-108; DQSU 1 & 4
Fresh Water Analysis


ROCK QUEEN UNIT TRACT #7 TB (OUT OF SERVICE)
YARD & OFFICE
ROCK QUEEN UNIT SALTWATER PLANT #1 (OUT OF SERVICE)
ROCK QUEEN UNIT TRACT 11 TB
ROCK QUEEN UNIT TRACT 1 TB
ROCK QUEEN UNIT SALTWATER PLANT #2
Water Well 31-13-31
ATB 36-1331 #1
ROCK QUEEN UNIT TRACT 44 (OUT OF SERVICE)
FEDERAL V TB (OUT OF SERVICE)
ROCK QUEEN UNIT TRACT 13 TB
PIPELINE
DRICKEY QUEEN UNIT TB #1 (OUT OF SERVICE)
ATB 2-1431 #1
Drill Holes
DRICKEY QUEEN UNIT SALTWATER PLANT #1 (OUT OF SERVICE)
Gravel Pit
Oil Wells
ATB 11-1431 #1
Oil Well
Drill
CHAVES CO
LEA CO
R 31 E
R 32 E
Celero Energy II, LP
Form C-108; DQSU 1 & 4
Fresh Water Well Map
12

Pro-Kem, Inc.
WATER ANALYSIS REPORT

SAMPLE

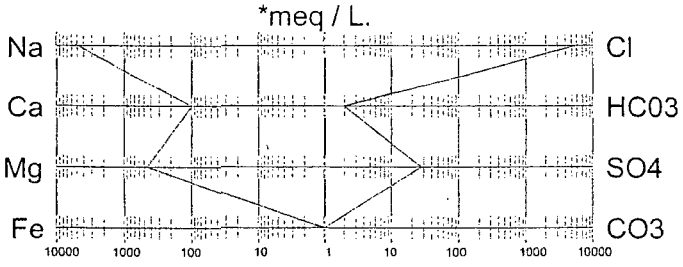
Oil Co. : **Celero**
Lease : **Rock Queen**
Well No.: **84**
Location:
Attention:

Date Sampled : **17-July-2007**
Date Analyzed: **20-July-2007**
Lab ID Number: **Jul2307.004- 1**
Salesperson :
File Name : **jul2307.004**

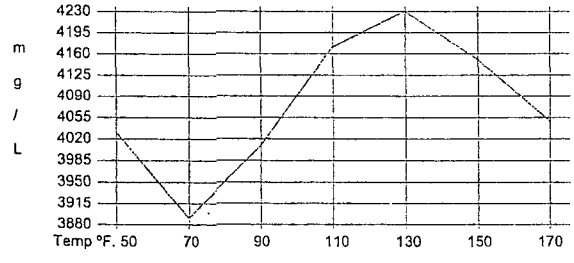
ANALYSIS

1.	Ph			**6.500**		
2.	Specific Gravity 60/60 F.			**1.204**		
3.	CACO3 Saturation Index	@ 80F		**1.125**	**Moderate**	
		@140F		**2.505**	**Severe**	
	Dissolved Gasses			**MG/L.**	**EQ. WT.**	***MEQ/L**
4.	Hydrogen Sulfide			**Not Present**		
5.	Carbon Dioxide			**300**		
6.	Dissolved Oxygen			**Not Determined**		
	Cations					
7.	Calcium	(Ca++)		**1,876**	/ 20.1 =	**93.33**
8.	Magnesium	(Mg++)		**5,310**	/ 12.2 =	**435.25**
9.	Sodium	(Na+)	(Calculated)	**107,113**	/ 23.0 =	**4,657.09**
10.	Barium	(Ba++)		**Not Determined**		
	Anions					
11.	Hydroxyl	(OH-)		**0**	/ 17.0 =	**0.00**
12.	Carbonate	(CO3=)		**0**	/ 30.0 =	**0.00**
13.	Bicarbonate	(HCO3-)		**117**	/ 61.1 =	**1.91**
14.	Sulfate	(SO4=)		**1,300**	/ 48.8 =	**26.64**
15.	Chloride	(Cl-)		**182,959**	/ 35.5 =	**5,153.77**
16.	Total Dissolved Solids			**298,675**		
17.	Total Iron	(Fe)		**11.50**	/ 18.2 =	**0.63**
18.	Manganese	(Mn++)		**Not Determined**		
19.	Total Hardness as CaCO3			**26,544**		
20.	Resistivity @ 75 F. (Calculated)			**0.001** Ohm · meters		

LOGARITHMIC WATER PATTERN



Calcium Sulfate Solubility Profile



PROBABLE MINERAL COMPOSITION

COMPOUND	*meq/L	X	EQ. WT.	=	mg/L.
Ca(HCO3)2	**1.91**		81.04		**155**
CaSO4	**26.64**		68.07		**1,813**
CaCl2	**64.78**		55.50		**3,595**
Mg(HCO3)2	**0.00**		73.17		**0**
MgSO4	**0.00**		60.19		**0**
MgCl2	**435.25**		47.62		**20,726**
NaHCO3	**0.00**		84.00		**0**
NaSO4	**0.00**		71.03		**0**
NaCl	**4,653.75**		58.46		**272,058**

* milliequivalents per Liter

Kevin Byrne, Analyst

Celero Energy II, LP
Form C-108; DQSU 1 & 4
Produced Water Analysis

Form C-108
Affirmative Statement
Celero Energy II, LP
Drickey Queen Sand Unit Wells No. 1 & 4
Section 35, T-13 South, R-31 East, NMPM,
Chaves County, New Mexico

Available geologic and engineering data has been examined and no evidence of open faults or hydrological connection between the injection zone and any underground sources of drinking water has been found.

David Catanach
Agent for Celero Energy II, LP

8/10/10
Date

August 10, 2010

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Re: Celero Energy, II, LP
Form C-108 (Application for Authorization to Inject)
Drickey Queen Sand Unit Wells No. 1 & 4
Section 35, T-13 South, R-31 East, NMPM,
Chaves County, New Mexico

Dear Sir:

Enclosed please find a copy of Oil Conservation Division Form C-108 (Application for Authorization to Inject) for the Celero Energy II, LP's Drickey Queen Sand Unit Wells No. 1 & 4 located in Section 35, T-13 South, R-31 East, NMPM, Chaves County, New Mexico. You are being provided a copy of the application as the surface owner of the land on which the proposed injection wells are located. The proposed expansion of the Dricky Queen Sand Unit Waterflood Project will allow the completion of an efficient injection/production pattern within the Unit Area.

Objections must be filed with the Oil Conservation Division, 1220 South St. Francis Drive, Santa Fe, New Mexico 87505, within 15 days.

If you should have any questions, please contact me at (505) 690-9453.

Sincerely,

David Catanach
Agent for Celero Energy II, LP
400 W. Illinois
Suite 1601
Midland, Texas 79701

Enclosure

Celero Energy II, LP
Form C-108: Drickey Queen Sand Unit Wells No. 1 & 4
Section 35, T-13 South, R-31 East, NMPM
Chaves County, New Mexico

Offset Operator/Leasehold Owner Notification List

All acreage located within a ½ mile radius of the Drickey Queen Sand Unit Wells No. 1 & 4 is currently contained within the Drickey Queen Sand Unit Area or the Rock Queen Unit Area. Both the Drickey Queen Sand Unit Area and the Rock Queen Unit Area are operated by Celero Energy II, LP

Surface Owner

The Drickey Queen Sand Unit Wells No. 1 & 4 are located on State of New Mexico Lease No. EO-5988-0005. Consequently, notice of this application is being provided to:

Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico 87504-1148

Additional Notice

Oil Conservation Divison (Hobbs Office)
1625 N. French Drive
Hobbs, New Mexico 88240

Form C-108
Celero Energy, II, LP
Drickey Queen Sand Unit Wells No. 1 & 4
Section 35, T-13 South, R-31 East, NMPM,
Chaves County, New Mexico

Legal notice was published on August 3, 2010 in the:

Roswell Daily Record
2301 N. Main
Roswell, New Mexico 88201

A copy of the legal advertisement is attached

Celero Energy II, LP, 400 W. Illinois Avenue, Suite 1601, Midland Texas 79701 has filed a Form C-108 (Application for Authorization to Inject) with the Oil Conservation Division seeking administrative approval to convert the following-described wells to waterflood injection wells within the Drickey Queen Sand Unit Waterflood Project, Caprock-Queen Pool, Chaves County, New Mexico:

DQSU Well No. 1	**API No. 30-005-00925 660' FNL & 660' FEL (Unit A)** ✓
	Section 35, T-13S, R-31E 610
	Injection Interval: 3,044'-3,094'
DQSU Well No. 4	**API No. 30-005-00924 1980' FNL & 1980' FEL (Unit G)**
	Section 35, T-13S, R-31E
	Injection Interval: 3,043'-3,082' x.2 = 610 ✓

Produced water from the Caprock-Queen Pool will be injected into the wells at average and maximum rates of 600 and 1,500 barrels of water per day, respectively. The average and maximum surface injection pressure for each well is anticipated to be 800 psi and 1,000 psi, respectively.

Interested parties must file objections with the New Mexico Oil Conservation Division, 1220 S. St Francis Drive, Santa Fe, New Mexico 87505, within 15 days of the date of this publication.

Additional information can be obtained by contacting Mr. David Catanach, Agent for Celero Energy II, LP at (505) 690-9453.

AFFIDAVIT OF PUBLICATION
STATE OF NEW MEXICO

I, Corinna Martinez
Legals Clerk

Of the Roswell Daily Record, a daily newspaper published at Roswell, New Mexico do solemnly swear that the clipping hereto attached was published in the regular and entire issue of said paper and not in a supplement thereof for a period of:

one time with the issue dated

August 3, 2010

Clerk

Sworn and subscribed to before me

this 4th August, 2010

Notary Public

My Commission expires
June 13, 2014

(SEAL)

Publish August 3, 2010

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Restricted Delivery Fee (Endorsement Required)	$0.00	
Total Postage & Fees	$ $6.83	08/11/2010

VILLA LINDA MALL STATION AUG 11 2010 USPS

Sent To Commissioner of Public Lands

Street, Apt. No.; or PO Box No. P.O. Box 1148

City, State, ZIP+4 Santa Fe, N.M. 87504-1148

PS Form 3800, June 2002 — See Reverse for Instructions