

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



October 30, 2012

Hon. Ray Powell
State Land Commissioner
310 Old Santa Fe Trail
Santa Fe, NM 87504

Re: Township 12 South, Range 31 East, NMPM, Chaves County
Section 36: S/2NE/4, SE/4SW/4, and SE/4

Township 12 South, Range 32 East, NMPM, Lea County
Section 30: S/2SE/4
Section 31: Lots 3, 4, E/2, NE/4NW/4, and E/2SW/4
Section 32: SW/4NE/4, W/2, and NW/4SE/4

Township 13 South, Range 32 East, NMPM, Lea County
Section 5: Lots 3, 4, SW/4NW/4, and NW/4SW/4
Section 6: Lots 1-7, S/2NE/4, SE/4NW/4, E/2SW/4, and SE/4 (All)
Section 7: E/2 and E/2W/2
Section 8: NW/4NW/4, S/2NW/4, and SW/4

Dear Commissioner Powell:

On September 19, 2012, Celero Energy II LP filed an application with the Oil Conservation Division for statutory unitization of the Queen formation in the referenced land for oil and gas development, to be denominated the **North Caprock Celero Queen Unit**.

This application, which was assigned Case No. 14914, was heard by the undersigned, as duly appointed hearing officer appointed for the Oil Conservation Division, on October 18, 2012. Among the exhibits admitted at the hearing was your office's preliminary approval of this unit, bearing the date of October 17, 2012.

This case is presently under advisement. It is anticipated that the Director of the Oil Conservation Division will issue an order within the next several weeks.

Sincerely

A handwritten signature in cursive script that reads "David K. Brooks".

David K. Brooks
Hearing Examiner

October 30, 2012

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cc: James Bruce
Attorney for
Celero Energy II, LP