

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING  
CALLED BY THE OIL CONSERVATION  
COMMISSION FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 14047 (De Novo)  
Order No. R-12912-A

APPLICATION OF CELERO ENERGY II, L.P.  
FOR EXPANSION OF A WATERFLOOD  
PROJECT, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

(1) On November 14, 2007, Celero Energy II, L.P. (Celero) filed an application seeking approval to re-activate and expand the Caprock-Queen Waterflood Project (Caprock-Queen Pool) by the injection of water into twenty-three wells located on a federal lease covering all of Section 4, the E/2 NE/4, NE/4 SE/4 and SE/4 SE/4 of Section 5, and all of Section 9, Township 14 South, Range 31 East, NMPM, Chaves County, New Mexico.

(2) The case was heard by an examiner on December 13, 2007, and Order No. R-12912 was issued by the Oil Conservation Division on March 3, 2008, authorizing Celero to re-activate and expand the waterflood project designated as the Trigg Federal Lease Waterflood Project.

(3) Order No. R-12912 further ordered Celero to conduct remedial work on both the injection wells and the area of review wells before commencing injection operations into the Trigg Federal Lease Waterflood Project.

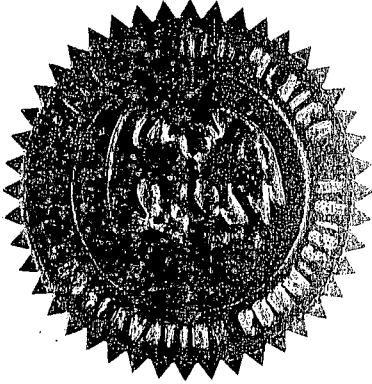
(4) On March 31, 2008, Celero, through its counsel, filed a timely application for de novo hearing of Case No. 14047, and the de novo application was set for hearing on May 9, 2008. The applicant requested several extensions of the hearing of this case and has now requested that the de novo case be dismissed.

(5) De novo Case No. 14047 should be dismissed.

IT IS THEREFORE ORDERED THAT:

(1) De novo Case No. 14047 is hereby dismissed, and Division Order No. R-12912 is hereby continued in full force and effect until further notice.

DONE at Santa Fe, New Mexico, on this 4th day of November, 2008.



SEAL

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E., Chairman