HOBBS OCD New Mexico Oil Conservation Division, District I FORM APPROVED 1625 N. French Drive UNITED STATES Form 3160-3 OMB No. 1004-0137 DEPARTMENT OF THE INTERIOR Hobbs, NM 88240 (August 2007) Expires: July 31, 2010 5. Lease Serial No. BUREAU OF LAND MANAGEMENT REPORTS ON WELLS 6. If Indian, Allottee or Tribe Name Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals. 7. If Unit of CA/Agreement, Name and/or No. SUBMIT IN TRIPLICATE - Other instructions on page 2 1. Type of Well 8. Well Name and No. Gas Well X Oil Well Other West Cap Queen Sand Unit #1 9. API Well No. 2. Name of Operator 30-005-01093 Celero Energy II, LP 10. Field and Pool or Exploratory Area 3b. Phone No. (include area code) 3a. Address Caprock: Queen 400 W. Illinois, Ste. 1601 Midland TX 79701 (432)686-1883 4. Location of Well (Footage, Sec., T/R, M, or Survey Description) 660' FNL & 660' FEL 11. Country or Parish, State Chaves, NM (A) Sec 17, T14S, R31E 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA TYPE OF ACTION TYPE OF SUBMISSION Water Shut-Off Acidize Deepen Production (Start/Resume) X Notice of Intent Well Integrity Fracture Treat Reclamation Alter Casing X Other Reactivate New Construction Recomplete Casing Repair Subsequent Report producer Temporarily Abandon Plug and Abandon \_\_\_ Change Plans Water Disposal Plug Back Final Abandonment Notice Convert to Injection 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 recomplete 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 recompletion 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.) MIRU well service rig. TOOH w/ production equipment. 2. 3 Verify casing integrity. 4. Clean out well to TD. 5. TIH w/ production equipment 6. Return well to production. Approval Subject To Calling The BLM Roswell Field Office At Least 24 Hours Prior To The Scheduled Mechanical Integrity Test (MIT). For Wells In Chaves APPROVED FOR 3 MONTH PERIOD And Roosevelt County, Call (575) 627-0205 Or After ENDING Office Hours Call (575) 420-2832. MUB-OCD 7/20/2011 14 I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Title Regulatory Analyst Lisa Hunt Date 06/30/2011 Signature THIS SPACE FOR FEDERAL OR STATE OFFICE USE Approved by JUL 1.2 2011 PETROLEUM ENGINEER Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify Office that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. 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)

