

1625 N. French Drive

Hobbs, NM 88240

Form 3160-5
(August 2007)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

HOBBS OCD

SUNDRY NOTICES AND REPORTS ON WELLS

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

AUG 23 2011

SUBMIT IN TRIPLICATE - Other instructions on page 2

RECEIVED

| | | |
|--|--|--|
| 1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other | | 5. Lease Serial No. LC-068474 |
| 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. Drickey Queen Sand Unit |
| 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1990' FNL & 660' FWL UL: E, Sec 3, T14 S, R31E | | 8. Well Name and No. Drickey Queen Sand Unit #19 |
| | | 9. API Well No. 30-005-00976 |
| | | 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 checked="" 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 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 checked="" type="checkbox"/> Other Sidetrack |
| | <input type="checkbox"/> Change Plans | <input 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 recompleate 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 recompleation 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.)

1. Set CICR @ 2546' & squeeze completion w/ 300 sx Class C cmt.
2. Set whipstock & mill window in 5-1/2" casing.
3. RIH w/ 1.83 motor & slide drill + 100'. RIH w/ straight motor & drill to TD of 2920'.
4. Run 4" csg from 2920' to 2350' & cmt w/ 100 sx Class C. Run 4" csg from 2350' to surface & cmt w/ 120 sx Class C.
5. Drill out & test csg, perforate Queen formation @ 2884-2900" & acidize w/ 1500 gals 7.5% HCL.
6. RIH w/ production tbg, pump & rods & return well to production.

APPROVED FOR 3 MONTH PERIOD
ENDING NOV 15 2011

| | |
|---|--------------------------|
| 14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lisa Hunt | Title Regulatory Analyst |
| Signature <i>Lisa Hunt</i> | Date 08/12/2011 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|---|--------------------|-------------------------|
| Approved by /S/ DAVID R. GLASS | PETROLEUM ENGINEER | Date AUG 15 2011 |
| 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. | | 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)

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