

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

HOBBS OGD

OCT 12 2011

RECEIVED

Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO.	30-005-00857
5. Indicate Type of Lease	STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.	
7. Lease Name or Unit Agreement Name	Rock Queen Unit
8. Well Number	57
9. OGRID Number	247128
10. Pool name or Wildcat	Caprock; Queen
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

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.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Celero Energy II, LP	
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701	
4. Well Location Unit Letter <u>G</u> : <u>1980</u> feet from the <u>N</u> line and <u>1980</u> feet from the <u>E</u> line Section <u>25</u> Township <u>13S</u> Range <u>31E</u> NMPM County <u>Chaves</u>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.)	

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

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Please see attachment

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Lisa Hunt TITLE Regulatory Analyst DATE 10/06/2011

Type or print name Lisa Hunt E-mail address: lhunt@celeroenergy.com PHONE: (432)686-1883

For State Use Only

APPROVED BY: [Signature] TITLE STAFF MGR DATE 10-12-2011
Conditions of Approval (if any):

OCT 13 2011

Rock Queen Unit #57 API # 30-005-00857 C103 attachment

9/20/11: Open well, 40# on csg. Blow well down to pit. NDWH & NUBOP. Unseat tbg anchor. LD 1 jt, anchor hung up. Work TAC (tbg anchor catcher) to unseat it. Circ down tbg & then reversed out to try & clean TAC. Re-set TAC & released again. Anchor seemed to come free. TOH w/ 93 jts. Left lift sub, stator, crossbar, tbg anchor & perf sub in hole. Had 7 jts 2 3/8" tbg delivered from yard. PU screw in sub & TIH w/ 92 jts 2 2/3" WS, tag @ 2884'. Work through to 2955' & screw into fish & TIH to 3029'. Tried to work pipe back up, but could not get past 2884'. SWI.

9/21/11: Open well, 30# on csg. Flow well to pit. TIH w/ 95 jts 2 3/8" WS to 3029'. RU Rotary WL & RIH to 2689'. Made chemical cut on 2 3/8" tbg. POH & RD Rotary WL. TOH w/ 85 jts + 15' 2 3/8" WS. PU 3 7/8" overshot w/ 2 3/8" grapple, x-over, 3 3/4" BS, 3 3/4" jars, 6- 3 1/2" DC's, x-over, x-over, 6 jts 2 3/8" WS. Tag @ 396'. Had to set jars & jar free. TOH & check overshot. Had cmt scale from previous cmt job. PU 3 1/8" overshot w/ 2 3/8" grapple & TIH w/ same BHA. Tag fish @ 2689'. Work over & set down on fish. Did not latch on. Run back in hole. Work over & latch onto fish. Pulled up, fish stuck on btm & cocked jats. Pulled up & jarred free. TOH & recovered sub, stator, 1 jt, tbg anchor, 2- 3' pef subs, collar & bull plug. SWI.

9/22/11: Open well, no pressure. Well flowed approximately 1/2 bbl to pit. PU 3 7/8" Hanson bit SN# HT0182 type FBC, BS, 6- 3 1/2" DC's. TIH w/ 2 3/8" WS. Tag @ 2860' & fell through. Continued in hole to 3059'. PU swivel, C/O to TD @ 3069'. Pump 20 gal P110 & circ hole clean. TOH, PU 4 1/2" csg scraper. TIH, tag @ 2870'. TOH w/ csg scraper. PU bit & BS. TIH to 2837'. SWI.

9/23/11: Open well, no pressure. PU swivel, break circ @ 2837', continued in hole. Tag @ 2869'. Work through, continue down to 2894', pumped 3 MF55 sweeps & circ hole @ 2 BPM, 40 mins = 80 bbls until clean. Recovered shale first 15 min. LD swivel, TOH w/ bit. PU 4 1/2" scraper & TIH to 2862'. RU Crain Hot Oil, pumped 75 bbls 200 degree hot wtr down csg & circ. RD Crain. TOH w/ scraper. TIH w/ 4 1/2" RBP & 91 jts 2 3/8" WS, set RBP @ 2870'. TOH w/ retrieving tool. TIH w/ ASI-X pkr to 2232'. Set pkr, tested RBP @ 500 psi, lost 25# in 7 min. Reset pkr @ 2264'. Tested good to RBP. LD 2 jts, set pkr @ 2200', leaked 25# in 7 min, LD 1 jt, set pkr @ 2170'. Leaked 60# in 10 min. Bled off psi & test csg. Pumped into leak @ 1 BPM @ 250 psi, bled psi off. Released pkr. TOH. SWI.

9/24/11: Open well, 50# on csg, bled to pit. RU Apollo WL. Run CIL, shows possible, collapse @ 398'. Shows RBP @ 2847'. Log from 2847'- surface. Run CBL from 2845'- surface, TOC lower section 1410'. TOC on top squeeze 350'. RD Apollo. PU 4 1/2" pkr. TIH & set @ 534'. Test to 500#, leaked 250# in 1 min. Set pkr @ 376', leaked 100# in 10 min. Set pkr @ 251', leaked 60# in 10 min. TOH, LD pkr. TIH & retrieve RBP. LD RBP & PU pkr. TIH & set @ 2584'. Hook up RU, establish injection rate 800#, 2.2 BPM. Unseat pkr & TOH. LD pkr. SWI.

9/26/11: Open well, 50# on csg, bled to pit. TIH w/ 96 jts of 2 3/8" WS to 3018'. Spot 7 sx sand on btm. TOH & LD 56 jts 2 3/8" WS. Acquired replacement hand & finished TOH. PU perf sub, BP & TIH. Did not tag sand. Weighed fluid from well flowing. Had 9.0# going in & 9.4# coming out. Clean tanks & displace hole w/ 10.2# brine. Check wt 10.5# in, 10.2# out. SD & check flow, 0 on tbg, csg flowing @ 25.8 BPH. SWI.

9/27/11: Open well, 40# on csg, bled to pit & check flow, 7.14 BPH. TOH. Check well for flow, no flow. Dump 14 sx of sand down csg. Pump 3 bbls 10.2# mud on top. SWI & left sand fall. TIH & tag sand @ 3047'. Csg shot @ 3052'. TOH. PU 4 1/2" ASI-X pkr, TIH to 1414' & set pkr. RU Basic & pump 100 BPW, lead w/ 50 bbls brine mud, cmt 1st stage w/ 100 sx Class "C" cmt w/ 2% CaCl2 & 3# sand per sx. Cmt 2nd stage w/ 100 sx Class "C" cmt w/ 2% CaCl2. Displaced w/ 9.2 bbls. SD psi 1500#, psi held. SWI.

9/28/11: Open well, no pressure. TOH w/ ASI-X pkr. PU 3 7/8" RR Hanson bit SN# HT0182, BS, 8- 3 1/2" DC's, x-over & TIH w/ 43 jts 2 3/8" WS. Tag cmt @ 1602'. PU swivel & drill cmt from 1602'-1833'. From 1602'-1697' very soft, hard from 1697'-1799'. Void from 1799'-1803', hard from 1803'-1833'. SWI.

9/29/11: Open well, no pressure. Break circ & continue drlg from 1833'-1854'. LD swivel & TOH. PU 3 7/8" FBI SN# HT2429 Hanson bit, BS, 12- 3 1/2" DC's, x-over, 47 jts 2 3/8" WS. PU swivel & continue drlg cmt from 1854'-1972'. Started getting metal back in cuttings @ 1970' & fluid changed to red bed. Swivel started stalling w/ 1K on bit @ 1972'. Circ hole clean & TOH. PU 3 3/4" Varel L2 SN#1264589. BS, 6- 3 1/2" DC's, x-over & TIH w/ 57 jts 2 3/8" WS. PU swivel & try to work back into pipe, unsuccessful. Getting straight formation back in returns, bit trying to drill on metal, circ hole clean & TOH. SWI.

9/30/11: Open well, no pressure. PU 3 3/4" taper mill, BS, 6- 3 1/2" DC's, x-over. TIH w/ 2 3/8" WS to 1960'. PU swivel & break circ. Mill from 1960'-2026'. Took no wt to mill, but took from 100-1500# torque to go through. Got very little metal & formation back in returns. Had no drag up or down while milling. TOH & LD mill. PU 3 3/4" Varel RR & TIH w/ same BHA. Tag @ 1975'. Could not work bit through. TOH, LD bit & PU 3 3/4" taper mill. TIH w/ same BHA. Touched spot @ 1970', but went straight through. Tag again @ 2097'. PU swivel & mill from 2097'-2164'. Swivel stalled out with no wt showing on indicator, recovering rock salt & red bed in returns. TOH to change BHA. SWI.

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10/1/11: Open well, well static. Finish TOH & LD 3 1/2" DC's. PU 3 3/16" taper mill, BS, x-over, 6- 3 1/2" DC's, x-over & TIH w/ 63 jts 2 3/8" WS. Tag @ 2164', had no fill. PU swivel & break circ recovering very little salt, RB & cmt in returns. Mill from 2164'-2545'. Mill fell through @ 2180', but had bad spot @ 2246', 2285', 2390', 2412', 2428', 2498' & 2517'. Each spot was approximately 18" long recovering no solids in returns & pump psi holding steady. LD swivel & TOH above 1970'. SWI.

10/3/11: Open well, well static. TIH to 2545' w/ no returns & no fill. PU swivel & break circ. Had returns in 30 sec. Started milling @ 2545'-2571'. Started torqueing @ 2564', worked through to 2571'. Had very little cuttings in returns, but pump psi kept coming up. TOH & LD 3 3/16" mill, stand back 3 1/8" DC's. PU 3 1/8" taper mill, x-over & TIH w/ 69 jts 2 3/8" WS. Tag @ 2162'. Worked through & continued down to 2497', would not go through. PU swivel & break circ, mill from 2497'-2547'. Had bad spot, got latched back onto swivel. LD swivel & elevators. Obtained new elevators. PU swivel & mill from 2547'-2579'. LD swivel & TOH 10 stands.

10/4/11: Open well, well static. TIH w/ 19 jts 2 3/8" WS. LD 1 jt & wash back to btm from 2547'-2579'. Mill from 2579'-2719'. Mill stopped cutting. LD swivel & 1 jt 2 3/8" WS. TOH w/ mill. SWI.

Note: Tight @ 2557', 2581', 2683' & 2709'. Getting 24 oz cup of cuttings every 30 mins in last 10' (cmt & form). Pump psi from 250#-500#, 0 wt on tbg.

10/5/11: Open well, 15# on csg. PU 3 1/8" taper mill & TIH w/ 82 jts 2 3/8" WS. Tag @ 2547'. LD 6 jts & finish TIH. PU swivel & work back to btm @ 2719'. Mill from 2719'-2727'. TOH w/ mill. SWI.