

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNew Mexico Oil Conservation Division, District 2
HOBBS OGD
1625 N. French Drive
Hobbs, NM 88240

OCT 13 2011

FORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010**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.

RECEIVED

5. Lease Serial No.
LC-068474

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well

☐ Oil Well☐ Gas Well☒ Other

2. Name of Operator

Celero Energy II, LP

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

8. Well Name and No.

Drickey Queen Sand Unit #18

9. API Well No.

30-005-00977

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

665' FNL & 660' FWL

UL: D, Sec 3, T14 S, R31E

10. Field and Pool or Exploitation 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 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 checked="" 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 Squeeze
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	csg leak
	<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 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.)

8/12 -8/19/11

Drill 2940'-2960' w/ good circulation. Reached TD @ 3:00 pm. Ran 4" Watson Packer's Duplex shoe, 4 joints of 4" 10 8# UFJ J-55 csg (157.24') with bond coat & 7 jts of 4" 10.8# UFJ J-55 csg (309.76'). Set in slips. Ran 2 3/8" O.D. tbg with setting tool for Duplex Shoe & latched into same. Finish running 4" liner in hole on tbg setting liner from 2492' to 2960'. Circulate 40 BPW down tubing out tbg-csg annulus. Pump 50 sx of Class "C" cmt w/ 2% CaCl₂ and displaced w/ 14.5 BPW at 1+ BPM & 400# pressure, leaving 0.6 bbls of cement in tubing. Release from Duplex Shoe, pull & raise tbg to 1349'. WOC 3 1/2 hours, pull tbg out of hole. Re-ran tubing w/ 5 1/2" pkr and set at 1641'. Test Top of 4" liner to 650# and held okay. Raise packer to cement squeeze reported hole in casing from 1494' to 1520'. Unable to get pkr to set from 1349' to 1012'. TOH. Re-ran, 2nd 5 1/2" packer (AD-1) making the same settings as above. Pkr would not set.

* Continued on attached sheet

APPROVED FOR 6 MONTH PERIOD
ENDING MAR 0 1 2012
FOR TA/SI STATUS

14 I hereby certify that the foregoing is true and correct Name (Printed/Typed)

Lisa Hunt

Title Regulatory Analyst

Signature

Lisa Hunt

Date 09/12/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

Title PETROLEUM ENGINEER

Date

OCT 07 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)

Drickey Queen Sand Unit #18 – C103 continued

8/22/11 - TIH w/ tbg WS and 5 1/2" AS1-X packer and set at 1283'. Load and test annulus w/ 400# and held okay. Pumped down tbg into casing leak at 1500+/- feet at 2 BPM & 300# pressure. Pumped 5 BFW down tbg at 1 1/2 BPM & 200# pressure. Pump 75 sx of Class "C" cement w/ 2% CaCl₂ and displaced to 1323', 1 bbl below packer w/ 200# SD pressure. WOC & stage cement pumping an additional 3/4 bbl of cement with SD pressure of 600#. Left TOC at 1360'. WOC 3 1/2 hours. TOH w/ tbg and packer. Perforate 5 1/2" casing w/ 4 shots w/ 3 1/8" gun at 225'. Pumped down 5 1/2" casing w/ 20 BPW at 1.7 BPM & 150# pressure. Would not circulate out the 5 1/2" x 8 5/8" annulus. Pumped 10 BPW down 5 1/2" x 8 5/8" annulus at 200# & 2 BPM. Did not circulate out 5 1/2" casing. TIH w/ tbg & pkr. Set pkr at 158'. Pumped 42 bbls of 45 visc, 9.8 ppg salt mud down tubing into 5 1/2" casing perf's (225'). At 250# & 2 BPM. Did not circulate out 5 1/2" x 8 5/8" annulus.

8/23/11 - Cmt squeeze perforations 225'. Pump 5 BFW at 1 1/2 BPM & 200# pressure to establish rate thru perforations. Pump 100 sx of Class "C" cmt w/ 2% CaCl₂ and displace cmt to 200" at 1 BPM with a SD pressure of 150#. WOC 30 minutes and pressure remained at 150#. WOC 4 1/4 hours and pressured up on cmt squeeze. Results: Held 400#. OK.

8/24/11 - After WOC 22 hours. TOH w/ tbg & pkr. Ran 2 3/8" tbg WS, 3 1/8" DC's and 4 3/4" bit. Tag cmt at 202'. Drill cmt from 202' to 239'. Test to 300# and lost 10# in 18 minutes. Lower bit and tag cmt at 1375'. Drill cmt to 1480' and fell out of cmt. Test csg w/ 300#; lost 10# in 15 minutes. Lwr bit & tag cmt (TOL at 2492') on TOL at 2252'. Drill to 2283'.

8/25/11 - Fell out of cmt to 2320'. Drill cmt from 2320' to 2478' and fell out of cmt. Lower bit to TOL at 2492'. Circulate hole clean. Test to 350# & held okay, testing from surface to TOL at 2492'. TOH w/ tbg, LD 3 1/8" O.D. DC's and bit. TIH w/ tbg WS & 5 1/2" pkr to test TOL. Unable to get below 1432'. TOH. Ran tbg w/ 4 3/4" tapered mill. Clean out, mill out tight spots from 1432' to 1480' and 2430' to TOL at 2492', recovering a good bit of cmt with some metal shavings. Circ hole clean. TOH w/ tbg & mill TIH w/ tbg and 5 1/2" AD-1 pkr. Ran to 2431' and tested TOL w/ 700#. Lost 60# in 15 minutes. TOH w/ tbg and pkr. .

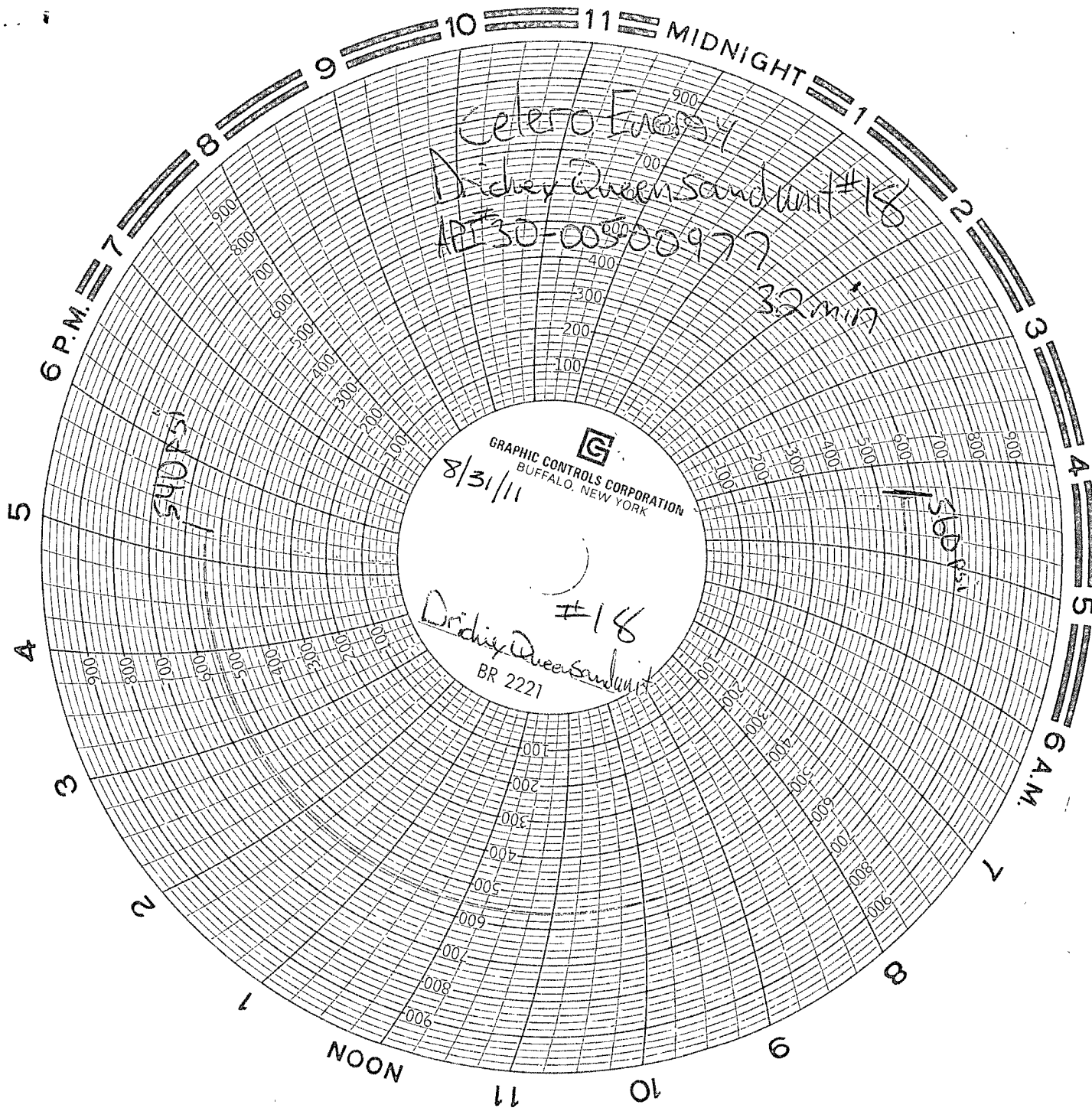
8/26/11 - Ran tbg and tag TOC at 2492' (TOL). Drill out cmt from 2492' to 2955'. Circulate hole clean.

8/29/11 - Ran GR/CCL/CBL from 2400' to 2955' (TOC = 2628'); 1300' to 1600' & 100' to 400'. Ran 4" Aluminum Guide, 1 jt of 4" 10.8# J-55 8rd TDC csg, 1- 4" float collar and 61 jts of 4" 10.8# J-55 8rd TDC csg as tie back liner. Total csg = (2489'). Tied 4" liners together. Ran and tag TOL at 2491', raise end of csg to 2490' to prepare to cmt. Pump 50 BFW, 10 BFW, followed w/ 120 sx of Class "C" cement w/ 2% CaCl₂. Displaced w/ 27 BFW at 1020# from 1 1/2 to 1/2 BPM. Did not bump plug. Circ 15 sx.. Lower liner and placed 3 pts of wt on top of btm liner at 2491'. Tied 4" liners together; btm liner for 2491' to 2960'; Tie back liner from surface to 2491'.

8/30/11 - After WOC 14 1/2 hours Pull 25K on 4" casing and set slips. NDBOP, Install bell nipple and 4 1/2" x 2 3/8" x 2000# Larkin type WH. TIH w/ tbg, 2 7/8" DC's with 3 1/4" O.D. bit. Tag cmt at 2411'. Drill cmt to float collar at 2450', cmt to alignment tool at 2491', alignment tool and cmt to 2509'. Fell out of cmt. Ran bit to 2955'. D/O to 2957', circulate hole clean. TOH w/ tbg & BHA. By Apollo: Perforated 4" csg w/ 2 1/2" cased gun, 2 SPF from 2922' to 2936'; 15' and 30 holes.

8/31/11 - TIH w/ tbg and 4" SL-4 tension pkr. Ran & set at 2827'. Load and test tbg-csg annulus to 525# & held okay. Pump 5 BFW down tbg at 1305# & 1 BPM to establish rate into 4" csg perforations from 2922-36', followed w/ 1500 gal of 7 1/2% NE-FE acid plus 45- 7/8" ball sealers. Flushed w/ 37 1/2 BFW, 25 bbls overflush. Treating Pressures: Max 3000#; Avg = 1805# at 4 BPM. ISIP = 1245#; 5 min = 485#; 10 min = 385# & 15 min = 190#. TLTR = 85 bbls; Swab 3 1/2 hours and recovered 34 BLW; SFL = 100' from surface; EFL = Swab down below 2200' from surface. 1st 1 1/2 hours swab 27 BLW Fluid entry after swabbing down = 1 1/2 - 2 bfphr. Lack 51 BLW to recover all load. Rig down swab. Release packer, lower and knock off ball sealers, pull and lay down tubing work string w/ pkr.

9/1/11 - TIH w/ 89 jts of 2 3/8" O.D., 8rd, EUE, J-55, 4,7# IPC tbg with "turned down collars" with 4" SL-4 plastic coated pkr. Ran to 2888'. Circulate pkr fluid. Set packer & pulled 20 points of tension on pkr. NDBOP & NUWH install 2 3/8" Al-Bronze tbg valve. Ran MIT test on tbg-csg annulus, test to 560# to 540# for 30 mins. Original chart sent to OCD Hobbs & copy of chart sent to BLM Roswell. Well shut in waiting on battery.



GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

#18
Dridley Queen Sand Unit
BR 2221