

October 13, 2009

1625 N. French Dr., Hobbs, NM 88240

1301 W. Grand Ave., Artesia, NM 88210

1000 Rio Brazos Rd., Aztec, NM 87410

1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS CCC

Energy, Minerals and Natural Resources

NOV 14 2011

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

WELL API NO.

30-005-00904

5. Indicate Type of Lease

STATE ☐FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Rock Queen Unit

8. Well Number 98

9. OGRID Number

247128

10. Pool name or Wildcat

Caprock; Queen

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 ☐ Gas Well ☒ Other Injector

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 A : 660 feet from the N line and 660 feet from the E line

Section 34 Township 13S Range 31E NMPM County Chaves

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4421' GR

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 ☐

SUBSEQUENT REPORT OF:

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

OTHER: ☐OTHER: Copy of injection permit & WBS ☒

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.

Attached is the injection permit approval - Administrative Order WFX-892, wellbore schematic & a copy of Form C-105 that was originally submitted back on 8/16/11. Injection will begin soon on this well.

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 11/10/2011

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 REG

DATE

11-15-2011

Conditions of Approval (if any):

NOV 15 2011



New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

HOBBS OCD

NOV 14 2011

Jami Bailey
Division Director
Oil Conservation Division



October 28, 2011

RECEIVED

Administrative Order WFX-892
Application No. pTGW1127244885

David Catanach (Agent)
Celero Energy II, LP
400 W. Illinois, Suite 1601
Midland, TX 79701

ADMINISTRATIVE ORDER OF THE OIL CONSERVATION DIVISION

Under the provisions of Division Order R-1541-A, Celero Energy II, LP (OGRID No. 247128) has made application to the Division for permission to convert two Rock Queen Unit wells from producing to water injection and to add two new WAG (water-alternating-gas) injector wells to its Rock Queen CO2 Pilot Project located within the Caprock-Queen Pool (Pool No. 8851) in Chaves County, New Mexico.

THE DIVISION DIRECTOR FINDS THAT:

The application was filed in due form. No objections have been filed within the waiting period prescribed by Division Rule 19.15.26.8 (C). The proposed wells are eligible for conversion to injection under the terms of Rule 19.15.26.8. The operator is in compliance with Rule 19.15.5.9.

IT IS THEREFORE ORDERED THAT:

Celero Energy II, LP is hereby authorized to inject water and CO2 into the unitized interval of the Rock Queen CO2 Pilot Project, through plastic-lined tubing set in a packer located within 100 feet of the top of the injection interval in the following-described wells for purposes of tertiary recovery:

API	RQU Well #	Unit	Sec	Tsp	Rge	Interval	Tubing	Surf Pressures Water/Gas
30-005-00904	98	A	34	13S	31E	3030-3050 Open Hole	2.375	800/1,200
30-005-00906	102	G	34	13S	31E	3036-3051 Perforations	2.375	800/1,200
30-005-29181	312	B	34	13S	31E	3042-3055 Est. Perfs.	2.375	800/1,200
30-005-29182	313	H	34	13S	31E	3040-3054 Est. Perfs	2.375	800/1,200



IT IS FURTHER ORDERED THAT:

The operator shall take all steps necessary to ensure that the injected water enters only the proposed injection interval and is not permitted to escape to other formations or onto the surface.

Prior to commencing injection operations into these wells, the casing shall be pressure tested from the surface to the packer setting depth to assure casing integrity.

The casing-tubing annulus shall be loaded with an inert fluid and equipped with a pressure gauge at the surface or left open to the atmosphere to facilitate detection of leakage in the casing, tubing or packer.

The wells shall pass an initial mechanical integrity test ("MIT") prior to initially commencing disposal and prior to resuming disposal each time the disposal packer is unseated. All MIT testing procedures and schedules shall follow the requirements in Division Rule 19.15.26.11A. NMAC.

The injection wells or systems shall be equipped with pressure limiting devices which will limit the wellhead pressure to the maximum surface injection pressure described above.

The Director of the Division may authorize increases in injection pressure upon a proper showing by the operator that higher pressure will not result in migration of the injected fluid from the permitted injection interval or harmful formation fracturing. Such proper showing shall consist of valid step-rate tests and possibly injection profiles or pressure transient testing run in accordance with and acceptable to this office.

The operator shall notify the supervisor of the Hobbs District Office of the date and time of the installation of injection equipment and of all mechanical integrity tests so that the same may be inspected and witnessed.

The operator shall immediately notify the supervisor of the District Office of the failure of the tubing, casing or packer in said wells and shall take such steps as may be timely and necessary to correct such failure or leakage.

The subject wells shall be governed by all provisions of Division Order No. R-1541-A, as amended, and Rules 19.15.26.9 through 19.15.26.13 of the Division Rules and Regulations not inconsistent herewith.

PROVIDED FURTHER THAT, jurisdiction is retained by the Division for the entry of such further orders as may be necessary for the prevention of waste and/or protection of correlative rights or upon failure of the operator to conduct operations (1) to protect fresh water or (2) consistent with the requirements in this order, whereupon the Division may, after notice and hearing, terminate the injection authority granted herein.

The injection authority granted herein shall terminate one year after the effective date of this order if the operator has not commenced injection operations into the subject wells, provided however, the Division, upon written request by the operator received prior to the one year deadline, may grant an extension thereof for good cause shown.


Jami Bailey
Division Director

JB/tw

cc: New Mexico Oil Conservation Division – Hobbs

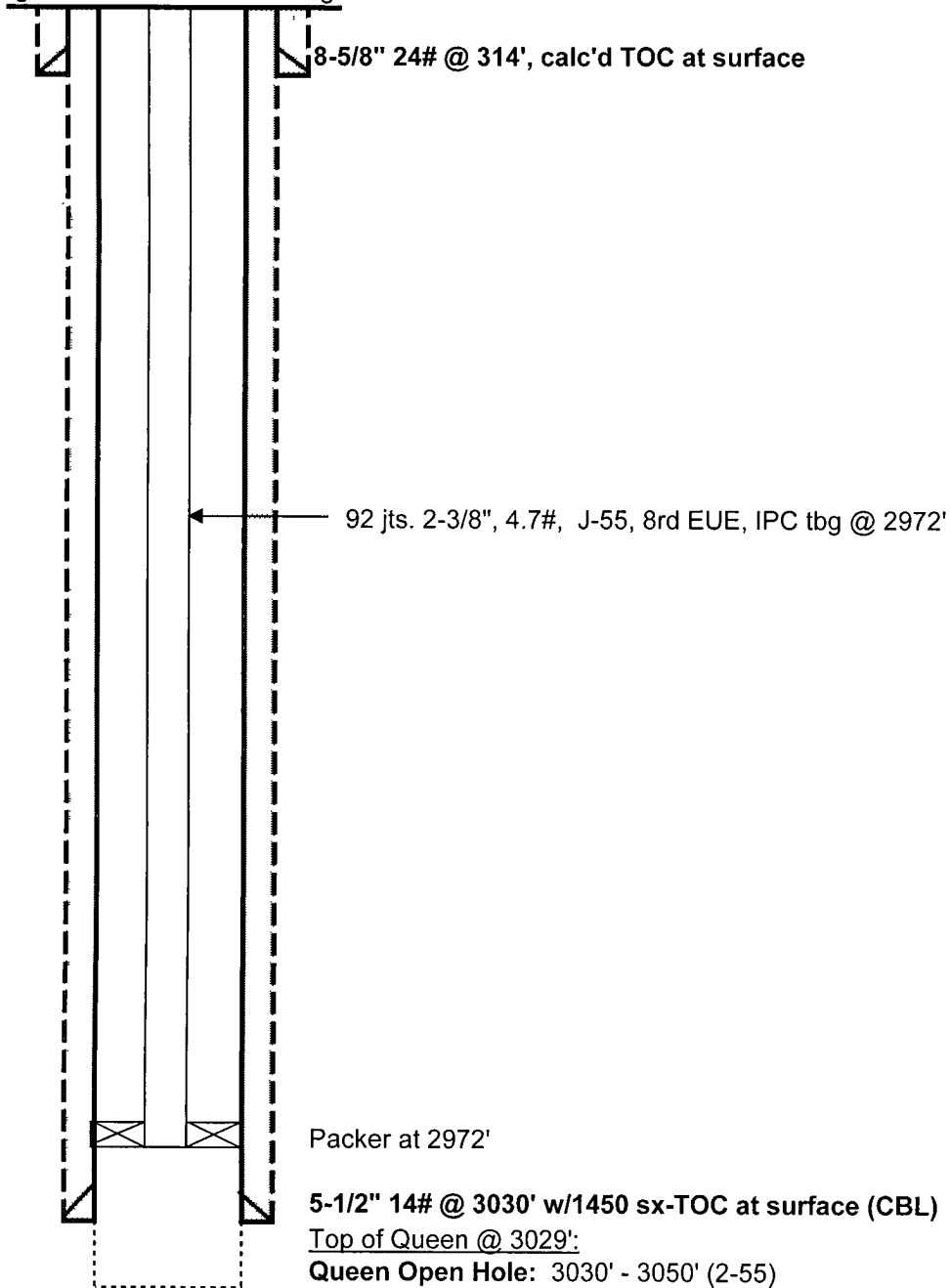
CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Rock Queen
COUNTY: Chaves

DATE: Aug. 06, 2011
BY: MWM
WELL: 98
STATE: New Mexico

Location: 660' FNL & 660' FEL, Sec 34A, T13S, R31ECM
SPUD: 2/55 COMP: 2/55
CURRENT STATUS: Producer
Original Well Name: Browning #1

KB = 4425'
GL = 4416'
API = 30-005-00904



PBTD - 3050'
TD - 3050'