

Submit 1 Copy To Appropriate District
Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM
87505

HOBBS OCD

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

DEC 22 2011

CONSERVATION DIVISION

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

RECEIVED

WELL API NO. 30-005-00867
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Rock Queen Unit
8. Well Number 41
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 ☒ Gas Well ☐ Other ☐

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 G : 1980 feet from the N line and 1980 feet from the E line
Section 26 Township 13S Range 31E NMPM County Chaves

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: Sqz csg leak ☒

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.

11/1 - 11/3/11 - RIH w/ 5-1/2" RBP & pkr to test csg. Set RBP @ 3028' & 2999', leaks on test, set RBP @ 2936.7', get 550# test w/ pkr @ 2905.7'. Run pkr @ various depths to find csg leaks from 801' down to 999'. Test on tbg to 300#, leak off rapidly to 150# & hold. Test from 801' to surface @ 350# & then 500# good. Csg tests from 999' down to 2936.7' @ 550# good. Run CBL Gamma Ray/CCL log from tagged RBP @ 2922' back to 600'. RIH w/ csg inspection 40 arm caliper log from 2922' to surf. RIH w/ perf gun (sq shots -2 @ 180° phase), shot holes @ 1023' just above collar. RIH w/ 5-1/2" pkr & set @ 989'. Get rate into new shots @ 1023'. Well could circ down tbg & out tbg X csg annulus immediately. Pumped 3 bbls & began to plug off on returns. SD & get on annulus. Could circ out tbg @ 100#. Pumped 5 bbls & SD. Unset pkr & picked up to 562'. Set pkr & establish rate down tbg @ 2 BPM - 500#. Rig to squeeze well. Mixed C w/ 2% CaCl2 @ 14.8 ppg, 1.32 cf/sk, 6.3 gal/sk - inject @ 2 BPM & 500#. After 10 bbls, BH began to weep slowly on BH. Made decision to mix 50 sks extra cmt (total 200 sx - 48 bbls). Finished mixing & SD. Wash up to pit. Get on tbg & displace w/ 4.75 bbls (1 bbl below pkr) press up to 650#. WOC 15 mins & displ 0.5 bbls up to 800#. WOC 15 mins & displ 0.5 bbls up to 850#. Press up to 850#. WOC 20 mins & displ 1.25 bbls - press up to 900#. WOC 40 mins & ck flow back. 0 flow back. Release pkr & pull 1 jt. Up to 530'. Reset pkr & tie back onto tbg & press up to 500#. SIW - BOP - BH Valve. Est TOC @ 750'. * Continued on attached sheet

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 12/20/2011

Type or print name Lisa Hunt

E-mail address: lhunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

DEC 23 2011

Conditions of Approval (if any):

Rock Queen Unit #41 – C103 Continued

11/7/11 - Tag TOC @ 945'. D/O cmt @ 1038'. Circ hole clean from 1100'. RIH w/ 5-1/2" 32A pkr & attempt to set at 789'. Pkr would not set. POH w/ 32A pkr & LD. RIH w/ Acer 5-1/2" pkr & set @ 789-807'. Pressure up annulus to 500#. Good test. Pressure up tbg to 500# - holding test good. Lowered 5-1/2" pkr to 820-838'. Set & test tbg to 500#. Good test - no leak-off. Test annulus w/ BH open. 500# - rapid leak-off w/ weep out BH. 600# - rapid leak-off w/ faster weeping out BH.

11/8/11 - RIH w/ WL & 3-3/8" perf gun [2 shots @ 180° phasing]. Shot sq holes @ 819'. Pressure to 500# - no rate - bleed off to 300# steady. RIH w/ 5-1/2" 32A pkr & set @ 737-746'. Press BS to 500#. Tbg press up to 1200# - get rate of 1/3 BPM. Unset pkr & move down to 804-811'. Est rate down annulus @ 1/3 BPM @ 1000#. Est rate down tbg @ 1/2 BPM & 1000#. Perfs @ 819' & csg leak @ 804' communicate. PU 5-1/2" 32A pkr to 523-530'. Press annulus to 500#. Establish rate down tbg @ 1 BPM & 1200 psi. Est Rate @ 1 BPM & 1200#. Mixed 6 bbls in recirculator. Pumped 1st 12 bbls cmt – pressure declined from 1200# to 600# when BH weeping flow stopped until 18 bbls injected. Cut cmt off with 28 bbls mixed [125 sks C w/ 2% CaCl₂ mixed 14.8 ppg, 1.32 cf/sk]. Displaced 4.5 bbls @ 1 BPM & 900#. Leak-off to 400#. WOC 15 mins. Disp 0.5 bbls @ 0.5 bpm & 900# - holding 550#. WOC 15 mins. Displ 1 bbl @ 0.5 bpm @ 900# - holding 600#. WOC 15 mins. Displ 1 bbl @ 0.75 bpm & 1100# - holding 750#. SIW w/ TOC @ 691'.

12/16/11: Day 29: Rigged to get off pkr w/ 2-7/8" WS. Circulate hole w/ 100 BFW pkr fluid. POH w/ 93 jts 2-7/8" WS LD. Removed BOP. RIH w/ 5-1/2" X 2-7/8" T-2 On/Off NC, Top sub CO₂ inj SS, 2-3/8" X 10' tbg sub NC. RIH 89 jts 2-3/8" 4.7# J-55 8rd EUE IPC tbg w/ sealant thread dope spooling, banding SS Lines. Tag pkr low, POH w/ 1 jt and run 2' 2-3/8" 4.7# J-55 8rd EUE IPC sub. Land in string on pkr and sit down all but 2 pts. Test chem inj line. OK, injected 15 gals FW. Test casing @ 400 psi - good.

5-1/2" On/Off Tool @	2899.08' - 2901.68'
5-1/2" X 2-7/8" AS-1-X Pkr NC @	2901.68' - 22911.79'
2-3/8" X 1.562" 'R' Landing Nipple @	2913.79' - 2914.9'
EOT 2-3/8" FG Tail Pipe @	2914.74' - 3029.94'