

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

State of New Mexico  
Energy, Minerals and Natural Resources  
HOBBS OGD  
OIL CONSERVATION DIVISION  
220 South St. Francis Dr.  
Santa Fe, NM 87505  
DEC 22 2011

Form C-103  
Revised August 1, 2011

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.)		WELL API NO. 30-005-00875
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Celero Energy II, LP		6. State Oil & Gas Lease No. 303735
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701		7. Lease Name or Unit Agreement Name ROCK QUEEN UNIT
4. Well Location Unit Letter C : 660' feet from the N line and 1980' feet from the W line Section 26 Township 13S Range 31E NMPM County CHAVES		8. Well Number 37
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4417' GR		9. OGRID Number 247128
		10. Pool name or Wildcat CAPROCK QUEEN

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: Squeeze 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.

11/11 - 11/18/11 - RIH w/ 5-1/2" RBP & 5-1/2" pkr. Set RBP @ 3030-3039'. Pkr to 3000' & test RBP to 600# - 15 mins. Annulus leak - 1 BPM - 100#. Test w/ pkr & found leak between 2910-2943' & pin hole leak near surface. POH w/ pkr & dumped 2 sks sand on RBP. RIH w/ 4" 11# UFJ coated liner w/ 10 jts 2-3/8" 4.7# J-55 8rd EUE tbg & 85 jts 2-7/8" 6.5# J-55 8rd EUE + 8' of 2-7/8" subs. Tagged fill 3070'. Take off 8' of subs and attempt to wash down. Wash down to 3080' & could not get deeper. Cmt w/ ±50 sks C + 2% CaCl2 - 14.8 ppg, 1.33 cf/sk, 6.3 gps. Mixed 15 bbls & pump down tbg string. Get back on tbg and displace w/ 17 bbls down to 3020' inside 2-3/8". Began losing return rate w/ 5 bbls cmt in annulus & after 10 bbls no returns. TOC left @ 3065' in 4". Final differential pressure was 200#. Set down liner on TD. RIH w/ 4-7/8" bit, six 3-1/2" DC & 2-7/8" WS. Tag cmt @ 2507' - soft down to 2724'. Drl down to 2755'. Lost some returns & bit fell out cmt. Wash down to TOL @ 2795'. Circ hole clean. Tag fill/TOC inside 4" 11# liner @ 2992' (liner top @ 2795'). RIH w/ 5-1/2" 32A pkr on 2-7/8" 6.5# J-55 8rd EUE tbg and set @ 2543' (78 jts). Load annulus & pressure up to 200#. Establish rate @ 2 BPM - 200#. Mix 150 sks C w/ 2% CaCl2 @ 14.8 ppg, 1.32 cf/sk, 6.3 gps - (18 bbls) & sqz down tbg @ 2 BPM down to 100#. Displace w/ 17 bbls (2 bbls below pkr) - final pump pressure 800# - SD 500# holding. Wait 15 mins - squeeze w/ 1/4 bbl - pressure 1000#. Pressure holding. pressure 800# - SD 500# holding. Wait 15 mins - sqz w/ 1/4 bbl - pressure 1000#. Pressure holding. \* 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

REGULATORY ENGINEER

DATE

DEC 23 2011

Conditions of Approval (if any):

**Rock Queen Unit #37** – C103 Continued

**11/28/11** - Run CBL from 3059' up to 2730'. TOL @ 2793' & shoe @ 3080'. CBL could not get below 3069'. RIH w/ perf guns - 10' fill. POH. RIH w/ 3-3/8" rock bit on 10 jts 2-3/8" WS + 2-7/8" WS down to 3075' cleaning out liner. RIH w/ perf guns & shoot perfs from 3066' up to 3052' [28 holes - 2 SPF - 180° phasing]. RIH w/ 4" pkr on 10 jts 2-3/8" WS & 2-7/8" WS down to 2853' and set pkr. Press annulus to 300# & monitor. Acidize perfs w/ 2000 gals 7-1/2% HCL dropping 42 RCN balls BD @ 975#. Ave treat rate = 3 BPM. Ave press = 1350#. Max psi @ 3500#. Balled out once @ 3450#. Surged off balls and remainder acid flushed and overflushed w/ 48 bbls FW.

**11/30/11** - Unset 4" pkr and RIH to knock off any RCNB's. Tag TD @ 3075'. POH w/ pkr on mixed string. RIH w/ 10 jts 2-3/8" & 85 jts 2-7/8" WS to reverse hole clean w/ 100 bbls 10# PW. POH. RIH w/ 2-3/8" X 1.562" 'R' landing nipple SS, 2-3/8" X 2' tbg sub NC, bottom sub chemical discharge NC, 5-1/2" X 2-7/8" AS-1-X pkr NC, volume tube NC, 2-7/8" full opening T-2 Seal Nipple SS, Dummy T-2 On/Off Tool [13.5'], 85 jts 2-7/8" 6.5# J-55 8rd EUE tbg. [2763.87']. Set 5-1/2" P pkr @ 2760.75' to 2768.99', landing nipple from 2768.99 to 2769.94', EOT @ 3058.39' with 7' 2-7/8" tbg above GL. Filled every 10 stands w/ 10# PW while running. Test csg after setting P pkr 400# solid. Left 400# on csg to seat pkr.

**12/2 – 12/15/11** - RIH w/ 5-1/2" X 2-7/8" T-2 On/Off NC, Top Sub CO2 Inj SS, 2-3/8" X 10.1' Tbg Sub NC. RIH 85 jts 2-3/8" 4.7# J-55 8rd EUE IPC tbg w/ sealant thread dope, tag P pkr, space out. Pulled out 2 jts, ran in 24' subs (10' + 10' + 4'), ran 84th jt of 2-3/8" IPC. Latched onto P pkr @ 2773.09, sit 9 pts down. RIH w/ new 2-3/8" jt and latched into pkr. EOT @ 3080'