

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District 1  
1625 N. French Drive  
Hobbs, NM 88240

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.**

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM 03210
2. Name of Operator Celero Energy II, LP		6. If Indian, Allottee or Tribe Name
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.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL & 660' FEL (A) Sec 17, T14S, R31E		8. Well Name and No. West Cap Queen Sand Unit #1
		9. API Well No. 30-005-01093
		10. Field and Pool or Exploratory 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 checked="" 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 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
	<input type="checkbox"/> Change Plans	<input checked="" type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<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 recompleate 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 recompleation 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.)

1. RIH w/ BP & PS on workstring to 2657' & circ min 9.5 ppg salt mud to 1940'.
2. Perf (4) @ 1940'. RIH w/ pkr & sqz 40 sx. POOH. RIH w/ BP & PS & tag TOC at/above 1840' after 4 hrs total WOC. Circ min 9.5 ppg salt mud to 1015'.
3. Perf (4) @ 1015'. RIH w/ pkr & sqz 40 sx. POOH. RIH w/ BP & PS & tag TOC at/above 915' after 4 hrs total WOC. Circ min 9.5 ppg salt mud to 275'.
4. Perf (4) @ 225'. RIH O-E tbg to 275' & circ 5 1/2" & 5 1/2" by 8 5/8" annulus full w/ 100 sx. POOH & top off csg.
5. Remove WH, set P&A marker & reclaim location.

APPROVED FOR 3 MONTH PERIOD  
ENDING APR 12 2012

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Lisa Hunt		Title Regulatory Analyst
Signature <i>Lisa Hunt</i>		Date 12/20/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by <b>/S/ DAVID R. GLASS</b>	Title PETROLEUM ENGINEER	Date JAN 12 2012
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 thereunder. <i>See Attached for Conditions of Approval</i>		

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, or to attempt to do so within its jurisdiction.

(Instructions on page 2)

JAN 24 2012

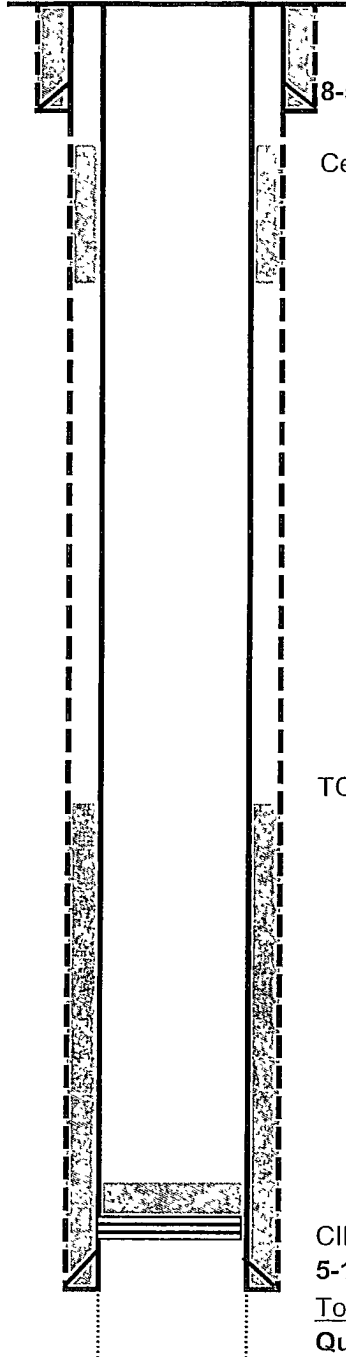
# CELERO ENERGY

FIELD: Caprock  
LEASE/UNIT: West Cap Queen Sand Unit  
COUNTY: Chaves

DATE: Dec. 20, 2011  
BY: MWM  
WELL: 1  
STATE: New Mexico

Location: 660' FNL & 660' FEL, Sec 17A, T14S, R31ECM  
SPUD: 9/55 COMP: 9/55  
CURRENT STATUS: Producer  
Original Well Name: Cleat #2

KB = 4126'  
GL =  
API = 30-005-01093



8-5/8" 32# J-55 @ 180' w/180 sx-calc'd TOC at surface

Cement at 280'-925'(CBL,7/11)-probably from a prior leak around 740'.

T-Rustler Anhy @ 1015'

T-Yates @ 1970'

T-Queen @ 2726'

TOC @ 1970' (7/11 CBL)

CIBP at 2692' w/35' cmt--tested to 500 psi  
5-1/2" 14&15.5# @ 2742' w/100 sx

Top of Queen @ 2726':

Queen Open Hole: 2742' - 2758' (9-55)

5-1/2" "as run"  
Top: 2125' 14#  
Bottom: 605' 15.5#

PBTD - 2758'  
TD - 2758'

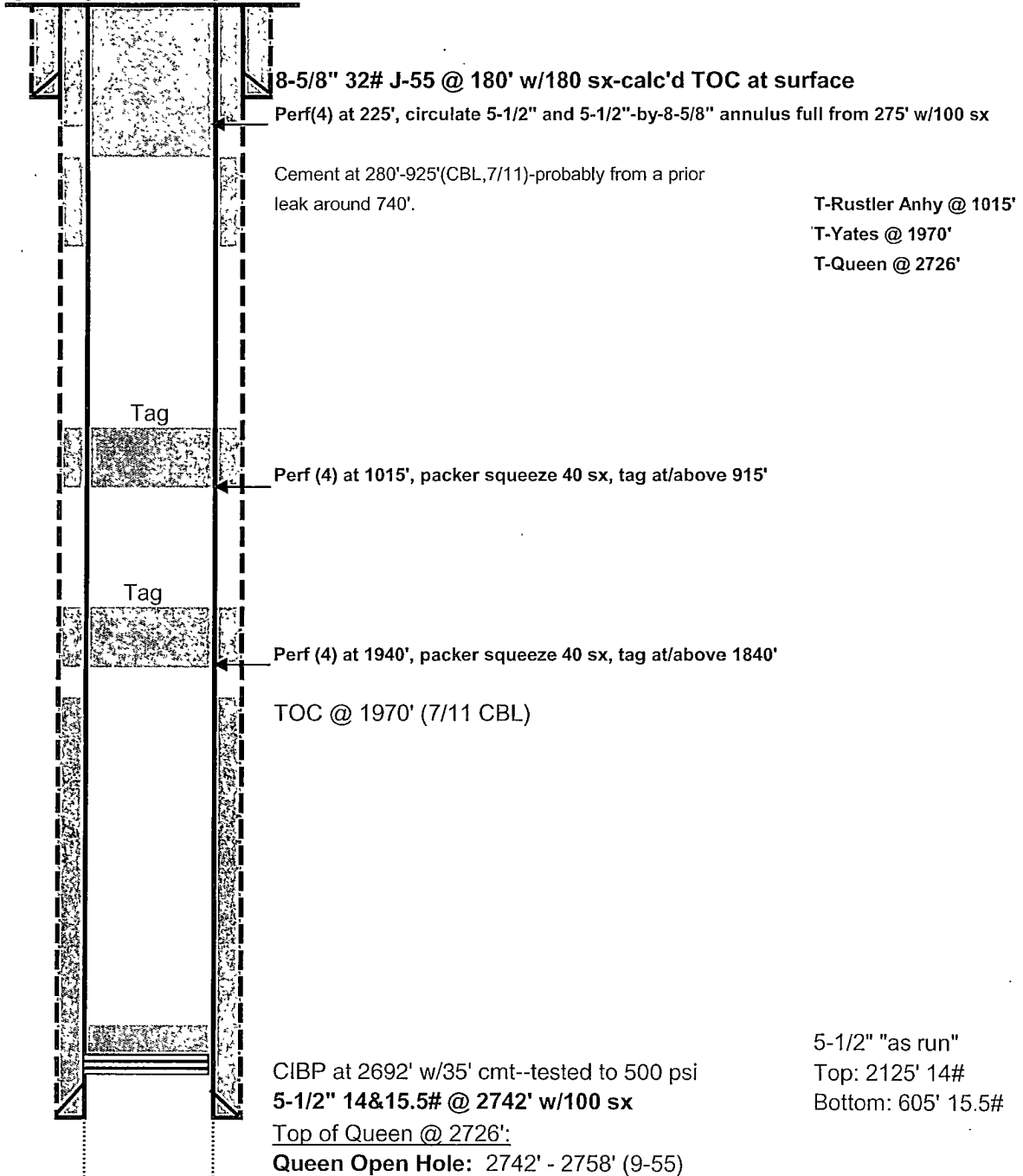
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# RADIAL CEMENT BOND GAMMA RAY CCL LOG

CELERO ENERGY WEST CAPROCK QUEEN SAND UNIT #1 CAPROCK CHAVES NEW MEXICO	Company	CELERO ENERGY						
	Well	WEST CAPROCK QUEEN SAND UNIT #1						
	Field	CAPROCK						
	County	CHAVES				State	NEW MEXICO	
	Location:	API #: NA				Other Services		
		660' FNL & 660' FEL SEC. 17, T14S, R31E				40 ARM		
		SEC	TWP	RGE				Elevation
Company	Permanent Datum	GROUND LEVEL				Elevation	4116'	
Well	Log Measured From	K.B. 11'				K.B. 4127'		
Field	Drilling Measured From	KELLY BUSHING				D.F. 4126'		
County						G.L. 4116'		
State								
Date	7-7-2011							
Run Number	ONE							
Depth Driller	2758'							
Depth Logger	2710'							
Bottom Logged Interval	2710'							
Top Log Interval	180'							
Open Hole Size	7.875"							
Type Fluid	WATER							
Density / Viscosity	NA							
Max. Recorded Temp	NA							
Estimated Cement Top	1950'							
Time Well Ready	7:30 AM							
Time Logger on Bottom	8:00 AM							
Equipment Number	TRUCK #108							
Location	MIDLAND							
Recorded By	MATT LEE							
Witnessed By	MR. PARKHURST							
Borehole Record				Tubing Record				
Run Number	Bit	From	To	Size	Weight	From	To	
Casing Record	Size	Wgt/Ft	Top	Bottom				
Surface String	8 5/8"	32#	SURFACE	180'				
Prot. String								
Production String	5 1/2"	14, 15.5#	SURFACE	2742'				
Liner								

**BUREAU OF LAND MANAGEMENT**  
**Roswell Field Office**  
**2909 West Second Street**  
**Roswell, New Mexico 88201**  
**(575) 627-0272**

**Permanent Abandonment of Federal Wells**  
**Conditions of Approval**

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. Plugging operations shall commence within **ninety (90)** days from the approval date of this Notice of Intent to Abandon. **If you are unable to plug the well by the 90<sup>th</sup> day provide the BLM Roswell Field Office (RFO), prior to the 90<sup>th</sup> day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action. Unless the well has been properly plugged, the rig shall not be removed from over the hole without prior approval.**

2. Notification: Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours or after office hours call (575) 627-0205. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. Blowout Preventers: A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. Mud Requirement: Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. Cement Requirement: Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. Monument: Upon abandonment of the well, all casing shall be cut-off at the base of the cellar or 3-feet below final restored ground level (whichever is deeper). The well bore shall then be covered with a metal plate at least ¼ inch thick and welded in place. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. Subsequent Plugging Reporting: Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.