

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNew Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

JAN 27 2012

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

☐ 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

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

660' FNL & 860' FWL
(D) Sec 25, T13S, R31E

5. Lease Serial No.

LC-068288-A

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No.

R1541

8. Well Name and No.

Rock Queen Unit # 301

9. API Well No.

30-005-29192

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 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 <u>Well completion</u>
	<input type="checkbox"/> Change Plans	<input 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 recomple 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 recomple 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.)

11/18 - 11/22/11 - Reset pkr at 2617' to cmt sqz perfs in 5 1/2" csg at 2800'. Pump 100 sx of Class "C" cmt with 2% CaCl₂, close valve, wash up and displace cmt at 1 BPM & 600#, 1.1 bbls below packer. Stage cmt in 3- 1/2 bbl stages, reaching a max pressure of 700# w/ a holding SD psi of 500#. Cmt displaced to an estimated depth of 2738'. WOC 17 hrs. Test cmt sqz, down tbg w/1000#. Held ok. Release pkr & TOH. Ran & tag @ 2767'. Drl cmt from 2767' to 2805'. Test cmt sqz perfs to 550#. Held ok. Drl cmt from 2805' to 2823' & fell out of cmt. Ran bit to 2854' & D/O FC. Drl & C/O to 2923'. Drl cmt & formation from 2923' to 2962'. C/O OH from 2962' to 3120'. Circ hole clean. C/O to TD of 3120' (Tbg tally). Lwr bit inside csg & tag small bridges & 5' of fill. RIH w/ tbg & tag @ 2929'. Reamed out & ran bit to TD. Circ hole w/ 120 bbls of 10 ppg lease wtr. TIH w/ 12 jts of 4", L-80, UFJ csg w/ Watson pkrs 4" duplex shoe. Set 4" csg on slips, ran 2 3/8" tbg w/ right hand release running tool & screw into duplex shoe. Remove slips from 4" csg & ran to TD of 3120' (per tbg tally). Set 4" liner from 2596' to 3120' (TOL has 4" slip x slip collar). Pump tbg volume with 10 ppg lease water at 2 BPM & 300# press. Followed w/ 100 sx of Class "C" cmt with 2 % CaCl₂, displaced cmt with 16.5 BPW, leaving 1/2 bbl in tbg. Release tbg from duplex shoe, raise tbg with running tool to 2128'. Reverse tbg volume plus 10 bbls of produced water. WOC 3+ hours. Pumped down tbg with 7 BPW at 1 BPM & 0#. TOH.

* Continued on attached sheet

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

Lisa Hunt

Title Regulatory Analyst

Signature

Lisa Hunt

Date 12/19/2011

ACCEPTED FOR RECORD THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

Title

Date

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 these 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)

MAR 29 2012

11/23/11 - Tag top of 4" liner at 2596'. No cmt on TOL. TOH. Ran 5 1/2" AD-1 pkr on tbg to 2455'. Place 500# on tbg-csg annulus. Pumped 5 BFW at 2 BPM & 300# to establish rate, follow w/ 150 sx of Class "C" cmt with 2% CaCl₂. Displaced cmt 1 bbl below pkr w/ 15 BFW at 1 BPM & 400#. WOC 30 mins, pumped 1/4 bbl & pressure went from 200# to 1500#. Continue staging cmt in 1/4 bbls increments with psi going to 1500# up to 2000#. Over displaced cmt w/ 10 BFW, pumping up to 1/2 bbl increments with psi going to 2500# and falling back to 400#. Open well, would backflow, flowed back 3 bbls of water @ 1/4 BPM. Unable to get a cmt squeeze down 4" liner by 5 1/2" csg annulus.

11/28/11 - Release pkr & ran to 2520' (tag cmt at 2540'). Attempt to pump down 4" csg by 5 1/2" csg annulus. Test to 2100# & leak off 700# in 1 min. Unable to get inj rate down 4" csg X 5 1/2" csg annulus. TOH w/ tbg & pkr. TIH w/ tbg & 4 3/4" bit. D/O cmt from 2540' to TOL at 2596'. Circ hole clean. Attempt to pump down 4" liner X 5 1/2" annulus. Tested to 1500# & held for 5 mins. Unable to get an inj rate. TOH w/ tbg & 4 3/4" bit. TIH w/ tbg & 3 1/4" bit. D/O cmt from top of 4" liner @ 2596' to 2775' & fell out of cmt. Circ hole clean. TOH.

11/29/11 - Ran GR/CCL/CBL from 41' to 2594' in 5 1/2" csg. Ran CBL in 4" liner from 2594' to 3114'. Ran GR/CCL/CNL from top of 4" liner at 2594' to 3114'. D/O cmt to 3119' per pipe tally. TOH. Ran tbg with 4" pkr with seating nipple. Set pkr at 2615' w/seating nipple @ 2553'. Swab tbg and well swabbed down, going to seating nipple. SFL = surface and EFL = 2480' FS. SD 45 minutes. Checked for fluid entry. Tag at 2480'. No fluid entry.

11/30/11 - Ran swab & tag fluid at 2480'. No fluid entry overnight. Re-test 4" csg from 2615' to 3119' w/ 1500# & held okay. Release pkr & TOH w/ 4" pkr. TIH w/ tbg & 5 1/2" AD-1 pkr. Set at 2552'. Test down tbg into top of 4" liner with 1600# & lost 120# in 2 min. Unable to get an inj rate down liner top at 2594' through 4" x 5 1/2" annulus. Test tbg & 5 1/2" csg annulus to 550# & held for 30 min. RU swab to check fluid entry out of top of 4" liner & 5 1/2" csg annulus. Swab 1 hr & recovered 25 BPW. SFL = surf; EFL = 2000' from surf. S.D. 30 min; fluid increased from 2000' FS to 750' FS. Load tbg with produced water. Pumped down tbg w/ 1500#. Bled off to 100# in 1 min. CWI 1 hr; TP = 50#. Bled off (air) & well stayed static. Did not flow. Swab 1+ hrs; rec 14 BPW.; SFL = surface; EFL = 2000' FS. SI 30 min & fluid came up hole 1000'. Pump down tbg to establish inj rate. Pressure to 1500# & bled off to 100# in 1 min. Unable to establish an inj rate. Swab 1 hr and recovered 25 BPW. SFL = surface; EFL = 2000' from surf. Pressure up tbg to 2500# & pressure would bleed off to 200# in 1 min. Did this 3 times with same results. Unable to get an injection rate. In summary, swabbed 3+ hrs, recovering 64 BF. Ending fluid level = 2000' & would not lower. The fluid entry comes from 4" liner top.

12/1/11 - Spot 260 gal of 15% HCL acid at pkr (2552'), re-set pkr & displaced acid down 4" csg liner x 5 1/2" csg annulus (top of 4" liner at 2594') w/ 10 BPW. After pumping 2.3 bbls below TOL psi decreased from 1703# at 0.5 BPM to 1200#. Continued pumping acid & got an inj rate, after 10 bbls of displacement of 2 BPM at 1000#. ISIP = 93#; vacuum in 3 mins. Pumped 5 BFW to establish an inj rate of 1 1/2 BPM & 800#. Pump 100 sx of Class "C" cmt w/ 2% CaCl₂, SD, wash up and displaced cmt, 1.2 bbls below pkr, with 15.5 BFW at 1300# & 0.8 BPM. WOC 20 mins. Pumped 1/2 bbl & psi went from 200# to 400#. WOC 30 min, pumped 1/4 bbl & psi increased from 300# to 900#. WOC 10 min, turned pumps over & psi went from 700# to 1000# & stayed at 1000#.

12/2/11 - WOC 17 hrs, test down tbg w/ 1050#, held ok. Release pkr & TOH. Drl cmt from 2486' to top of 4" liner @ 2594'. Test TOL w/ 850# and held ok. D/O cmt from 2594' to 2615' & fell out of cmt. TOH.

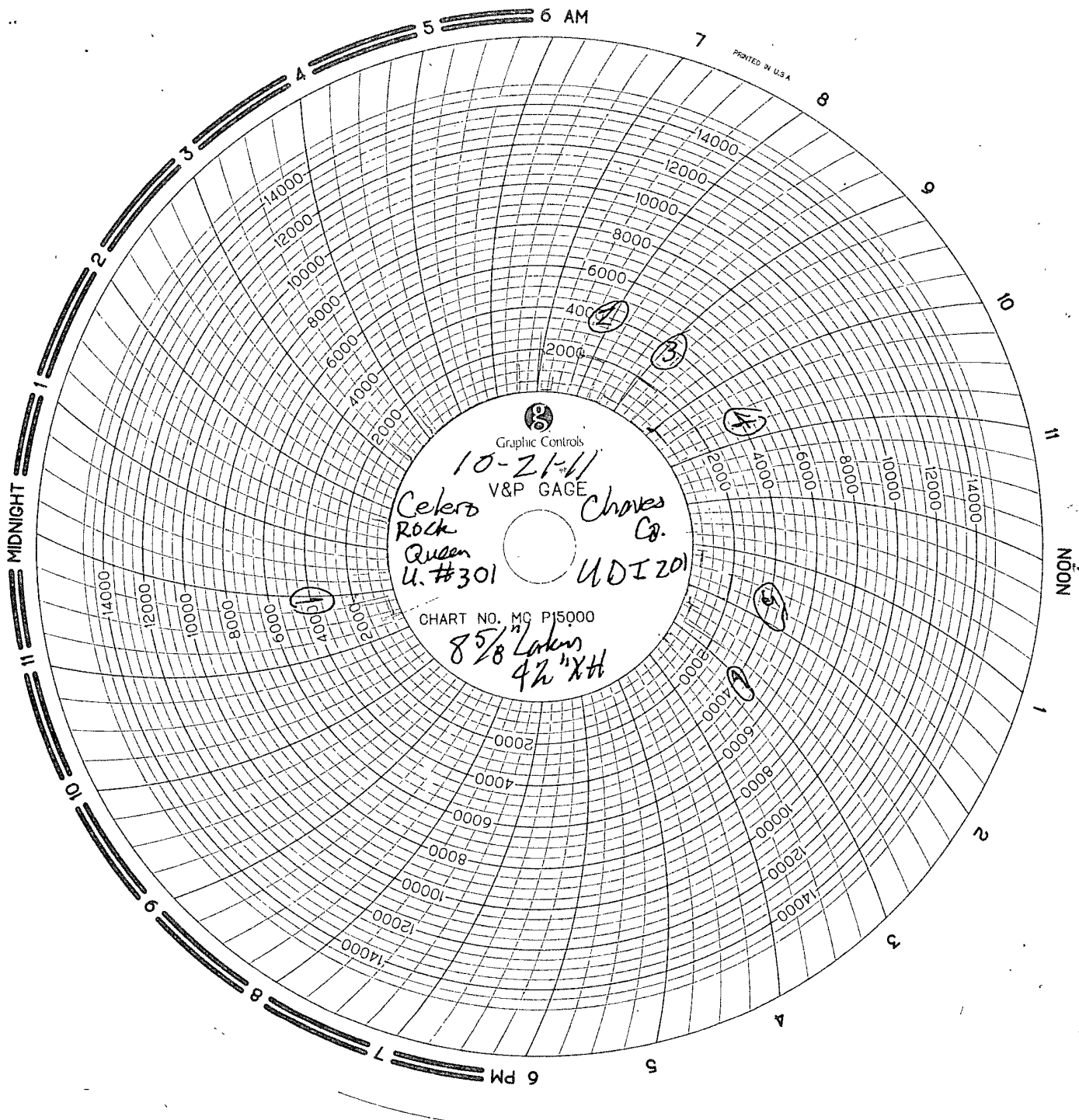
12/7/11 - TIH w/ tbg & 5 1/2" AD-1 pkr. Ran & set in 5 1/2" csg at 2455'. Swab 1 hr & recovered 11 BLW. Well swabbed down to 2200' FS. SFL = 300' FS EFL = 2200' F.S. SD 1 hr & found fluid level at 2200' from surface (FS). No fluid entry from TOL at 2594'. Release pkr & TOH. Perf 4" liner w/ 2 3/4" O.D. cased gun w/ 2 SPF, 180 degree phasing from 3054' to 3068'. Total of 15' & 30 holes. Ran 2 7/8" & 2 3/8" tbg w/ 4" SL-4 pkr. Ran & set pkr at 2962'. Test tbg-csg annulus w/ 500# & held ok. Ran swab, tag fluid at surf. Swab 2 hrs & recovered 45 BF; 17 BLW & 28 BFW. EFL = 1400' FS.

12/8/11 - Acidize 4" liner perforations from 3054' to 3068'. Pump 5 BPW down tbg at 3 BPM at 1300# to establish an injection rate, followed w/ 1500 gal of 7 1/2% NE-FE acid & 45 - 7/8" ball sealers (1.3 sp. Gr.) & flushed w/ 72 BPW, 50 bbls overflush. Treating Pressures: Max = 3500# (balled out after 27 & 36 balls, respectively, on formation). Avg treating pressure = 1100#. Avg Injection Rate = 4.0 BPM. ISIP = 320#; 5 min = 88#; 10 min = 69#; 15 min = 62#; TLTR = 132 bbls.

12/9/11 - Release pkr, pull & LD tbg WS & pkr. TIH w/ 93 jts of 2 3/8" O.D., 4.7#, 8rd, EUE, J-55 IPC tbg with 4" nickel plated AS1-X pkr w/ 1.50 "F" profile nipple and SS on-off tool. Ran & set from 3021' to 3027'. Release on-off tool from pkr, circulate hole w/ pkr fluid. Latch back onto to pkr and took pre-MIT, testing to 550# and held 15 minutes. No pressure loss.

12/12/11 - Install 7 1/16", 3K slip type flange, set pkr with 7 pts tension. Install, 5K, SS tbg valve & connect to injection.

12/16/11 - Ran MIT. Tested for 32 mins from 540# to 535#. Test was witnessed & approved by Maxey Brown with the OCD. Kevin with BLM was notified by phone & gave ok to test with an OCD witness. Original chart to OCD & copy to BLM.



BUREAU OF LAND MAPPING
ROSWELL OFFICE

2011 DEC 21 AM 11:57

RECEIVED

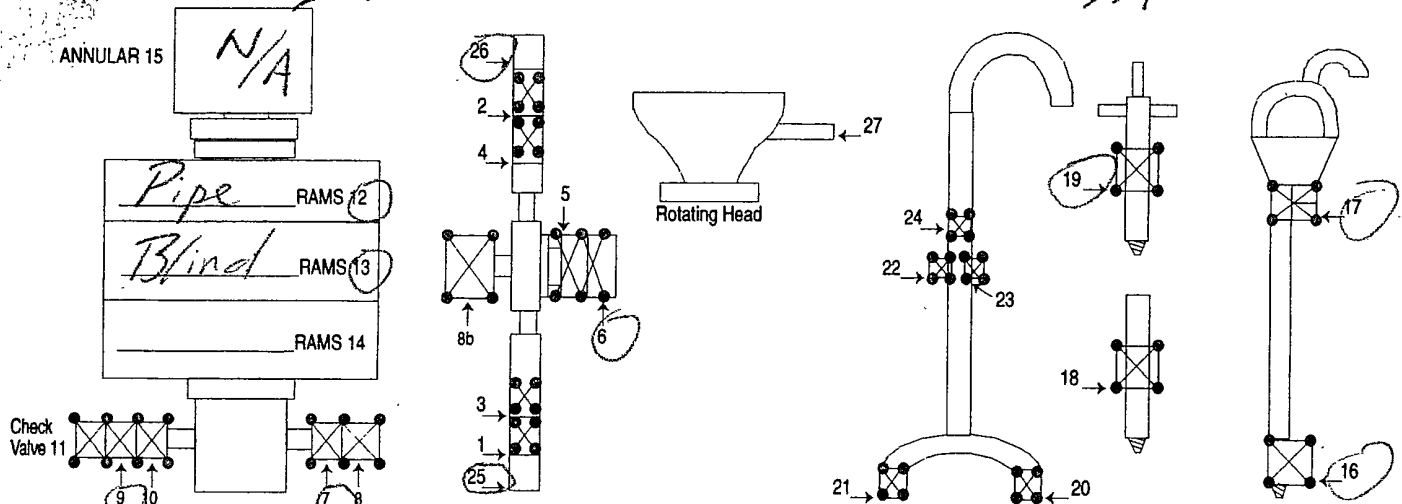


PO Box 7
Lovington, NM 88260
(575) 224-2345 (575) 605-2401

INVOICE

B 42

Company Celern Date 10-21-11 Start Time 9:30 ☐ am ☒ pm
Lease Rock Queen Unit #301 County Chaves State NM
Company Man Jesus
Wellhead Vendor _____ Tester Salvador Ornelas / Neel G.
Drlg. Contractor UDI Rig # 201
Tool Pusher Audrey
Plug Type Larkin Plug Size 8 5/8" Drill Pipe Size 4 1/2" XH
Casing Valve Opened Yes Check Valve Open N/A



TEST #	ITEMS TESTED	TEST LENGTH	LOW PSI	HIGH PSI	REMARKS
1	19	10/10	250	2000	Wellhead Flange and
2	25, 26, 6, 9, 13	10/10	250	2000	Bottom Flange on
3	1, 2, 6, 9, 12	10/10	250	2000	Mudcross tested
4	7, 9, 12	10/10	250	2000	Tightened Tested okay
5	16	10/10	250	2000	
6	17	10/10	250	2000	Upper Kelly Valve was
					Flange up! Rig crew
					installed grease zert,
					worked Valve, then
					got it to close. Tested
					okay.



PO Box 7
Lovington, NM 88260
(575) 224-2345 (575) 605-2401

Company Celero Date 10-22-11
Lease Rock Queen Hts #301 County Chavez
Drilling Contractor UDI #201 Plug & Drill Pipe Size 8 5/8" Laker #4 in X4

Accumulator Function Test - OO&GO#2

To Check - **USABLE FLUID IN THE NITROGEN BOTTLES** (III.A.2.c.i. or ii or iii)

- Make sure all rams and annular are open and if applicable HCR is closed.
- Ensure accumulator is pumped up to working pressure! **(Shut off all pumps)**
 1. Open ~~HCR Valve~~. (If applicable) N/A
 2. ~~Close annular~~. N/A
 3. Close **all** pipe rams.
 4. Open one set of the pipe rams to simulate closing the blind ram.
 5. For 3 ram stacks, open the annular to achieve the 50+ % safety factor. (5M and greater systems).
 6. **Record remaining pressure** 1850 **psi. Test Fails if pressure is lower than required.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system }
 7. If annular is closed, open it at this time and close HCR.

To Check - **PRECHARGE ON BOTTLES OR SPHERICAL** (III.A.2.d.)

- Start with manifold pressure at, or above, maximum acceptable pre-charge pressure:
 - a. {800 psi for a 1500 psi system} b. {1100 psi for 2000 and 3000 psi system}
 1. Open bleed line to the tank, slowly. (**gauge needle will drop at the lowest bottle pressure**)
 2. Close bleed line. Barely bump electric pump and see what pressure the needle jumps up to.
 3. **Record pressure drop** 900 **psi. Test fails if pressure drops below minimum.**
- **Minimum:** a. {700 psi for a 1500 psi system} b. {900 psi for a 2000 & 3000 psi system}

To Check - **THE CAPACITY OF THE ACCUMULATOR PUMPS** (III.A.2.f.)

- Isolate the accumulator bottles or spherical from the pumps & manifold.
- Open the bleed off valve to the tank, {manifold psi should go to 0 psi} close bleed valve.
 1. Open the ~~HCR valve~~, {if applicable} N/A
 2. ~~Close annular~~ Close Pipe Rams
 3. With **pumps** only, time how long it takes to regain the required manifold pressure.
 4. **Record elapsed time** 1:39 **. Test fails if it takes over 2 minutes.**
 - a. {950 psi for a 1500 psi system} b. {1200 psi for a 2000 & 3000 psi system}

Del's Fluid Calipers, Inc.

P.O. BOX 14892 • ODESSA, TX 79768

1-888-550-8898

FIELD TICKET

302 8454

DELIVERED TO

Celero Energy

DATE 10/25/10

LEASE Link 12000 WELL NO. 301

RIG LLDE 201

ORDERED BY Jo. Garcia

ORDER NO. _____

DEPTH	DESCRIPTION OF CHARGES	CHARGES	TOTAL
	TO RUN FLUID CALIPER TO A DEPTH OF <u>3115</u> FEET	BASE CHARGE	<u>1545.00</u>
	TO DETERMINE THE VOLUME IN CUBIC FEET REQUIRED	DEPTH CHARGE <u>3115</u> FT. X <u>.09</u> / FT.	<u>280.35</u>
	TO CIRCULATE CEMENT BEHIND YOUR <u>5 7/8</u> CASING.	DEPTH CHARGE _____ FT. X _____ / FT.	
	ANNULAR VOLUME TO PRESENT DEPTH _____ CU. FT.	MILEAGE <u>14.0</u> MILES X <u>1.45</u> / MILE	<u>203.00</u>
<u>6/3115'</u>	ANNULAR VOLUME TO T.D. <u>916</u> CU. FT.	ROUND TRIP FROM <u>Holbe</u>	
	ANNULAR VOLUME TOP STAGE _____ CU. FT.	STAND BY TIME <u>6</u> HR. X <u>1.00</u> / HR.	<u>6.00</u>
	ANNULAR VOLUME BTM STAGE _____ CU. FT.		<u>177.00</u>
	AVERAGE HOLE SIZE <u>4 7/8</u> INCHES		
	WASHOUT <u>20</u> % O.T.H.		
	CIRCULATION TIME <u>48</u> MIN. PUMP EFFICIENCY <u>90</u> %		
		TOTAL TAX	<u>4.00</u>
		TOTAL	<u>2077.00</u>

TERMS: ALL ACCOUNTS DUE AND PAYABLE 30 DAYS FROM DATE OF PURCHASE.
ALL ACCOUNTS NOT PAID WILL BE CHARGED 1 1/2 % INTEREST (18% PER ANNUM)

DELIVERED BY Corby Paez

RECEIVED & ACCEPTED BY [Signature]

Del's Fluid Calipers, Inc.

P.O. BOX 14892 • ODESSA, TX 79768
1-888-550-8898

FIELD TICKET 340 3430

DELIVERED TO

DATE

LEASE

WELL NO.

301

RIG

ORDERED BY

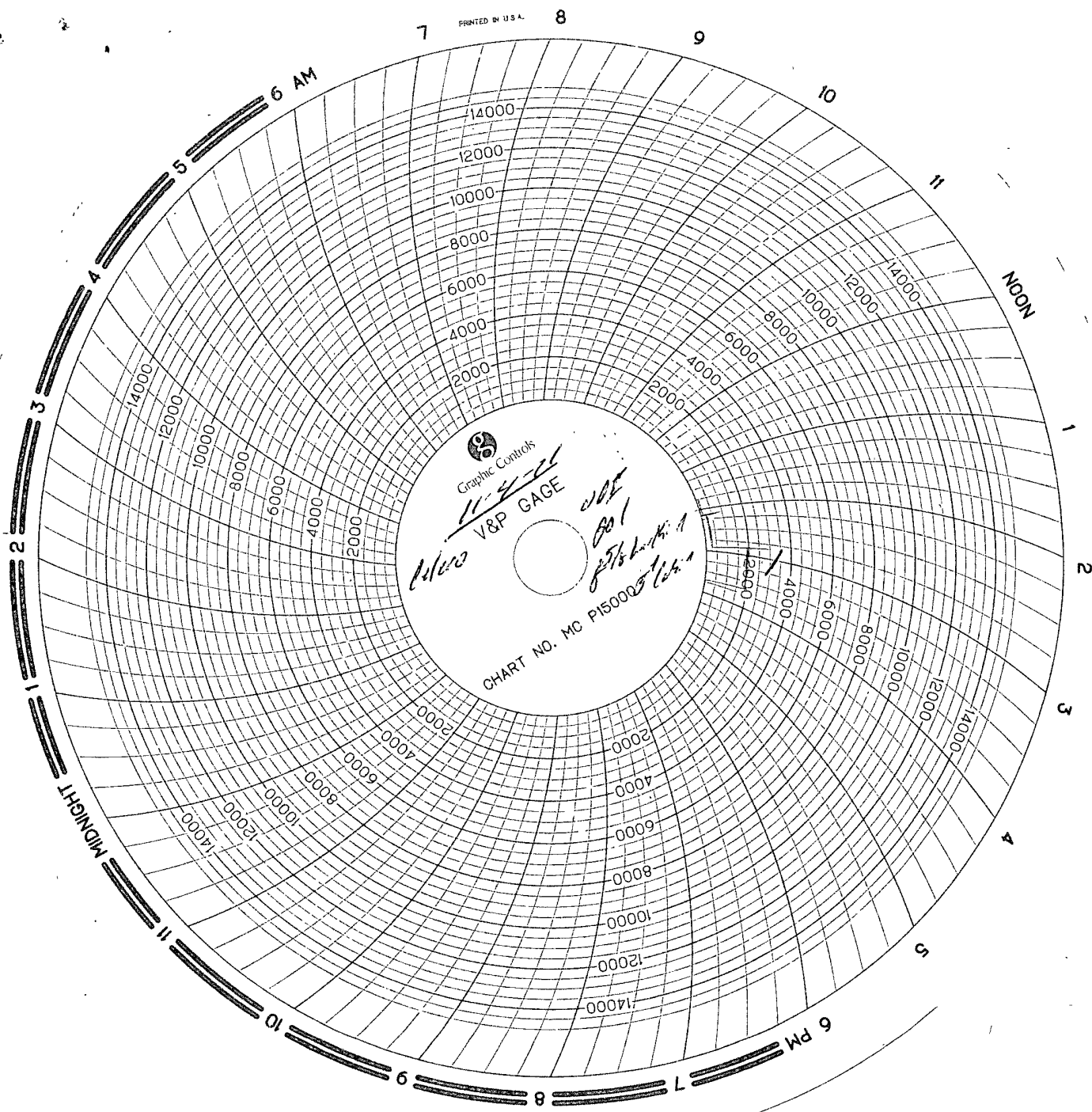
ORDER NO.

DEPTH	DESCRIPTION OF CHARGES	CHARGES	TOTAL
	TO RUN FLUID CALIPER TO A DEPTH OF <u>440</u> FEET	BASE CHARGE	
	TO DETERMINE THE VOLUME IN CUBIC FEET REQUIRED	DEPTH CHARGE <u>440</u> FT. X <u>1.4</u> / FT.	
	TO CIRCULATE CEMENT BEHIND YOUR <u>8 1/4"</u> CASING.	DEPTH CHARGE _____ FT. X _____ / FT.	
	ANNULAR VOLUME TO PRESENT DEPTH _____ CU. FT.	MILEAGE <u>1.40</u> MILES X <u>1.40</u> / MILE	
	ANNULAR VOLUME TO T.D. <u>(340)</u> CU. FT.	ROUND TRIP FROM <u>11 1/2</u>	
	ANNULAR VOLUME TOP STAGE _____ CU. FT.	STAND BY TIME _____ HR. X _____ / HR.	
	ANNULAR VOLUME BTM STAGE _____ CU. FT.		
	AVERAGE HOLE SIZE <u>14 1/4</u> INCHES		
	WASHOUT _____ % O.T.H.		
	CIRCULATION TIME <u>5</u> MIN. PUMP EFFICIENCY <u>100</u> %	TAX	
		TOTAL	

TERMS: ALL ACCOUNTS DUE AND PAYABLE 30 DAYS FROM DATE OF PURCHASE.
ALL ACCOUNTS NOT PAID WILL BE CHARGED 1 1/2 % INTEREST (18% PER ANNUM)

DELIVERED BY

RECEIVED & ACCEPTED BY



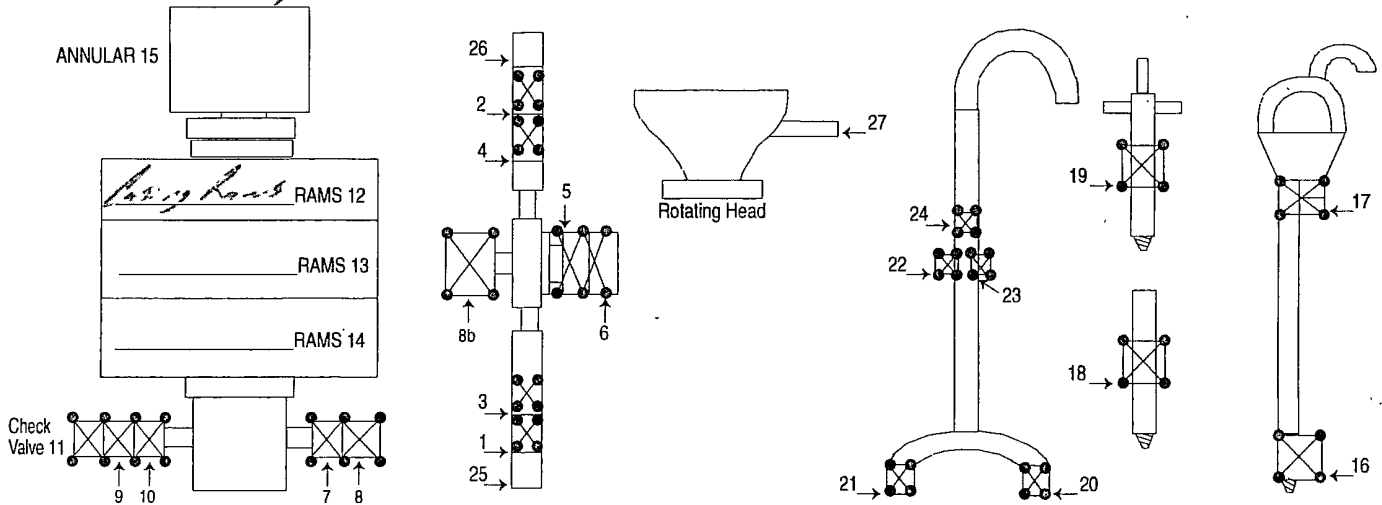
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2011 DEC 21 AM 11:57
BUREAU OF LAND MANAGEMENT
ROSWELL OFFICE

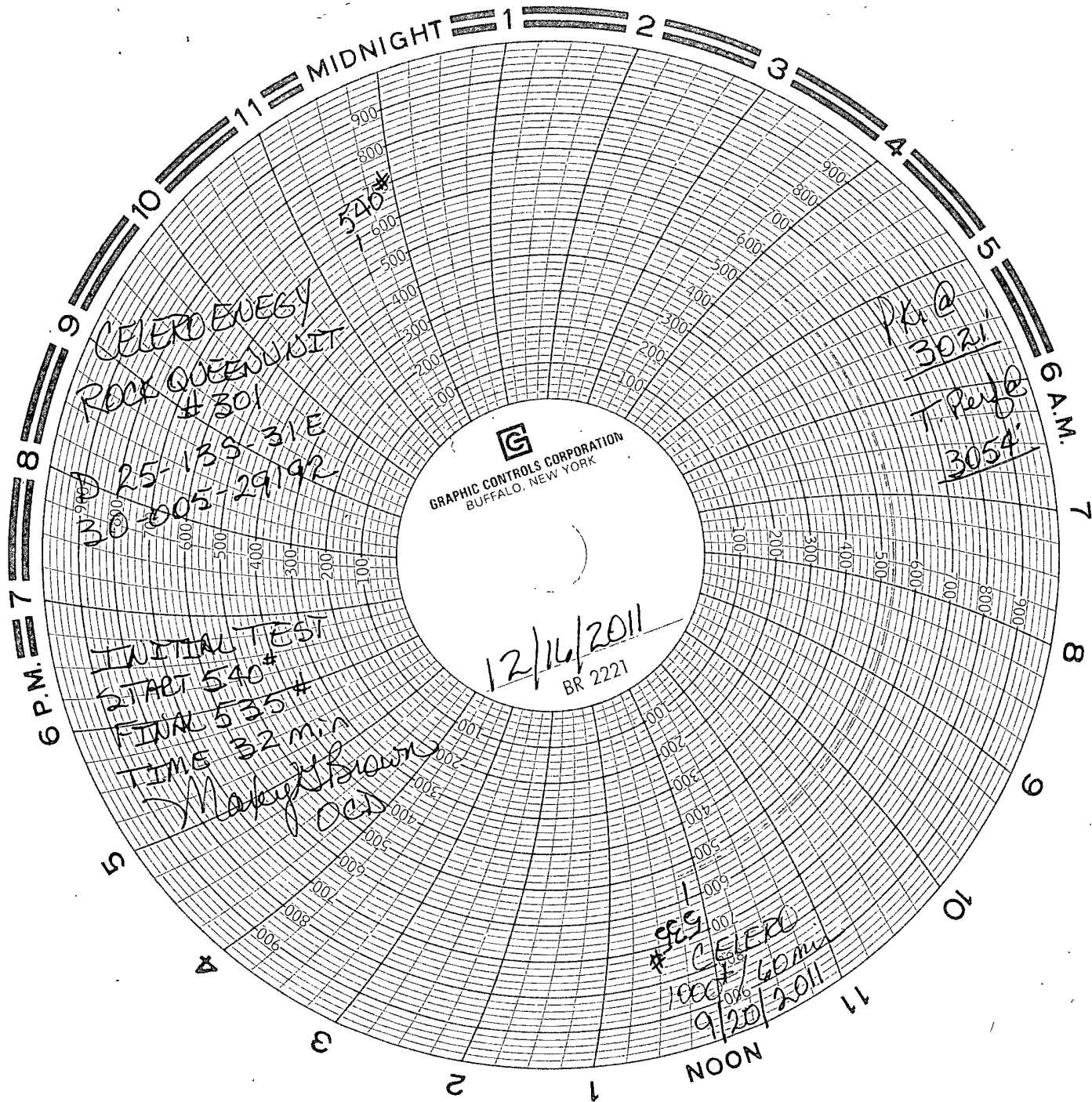
INVOICE

PO Box 7
Lovington, NM 88260
(575) 224-2345 (575) 942-9472

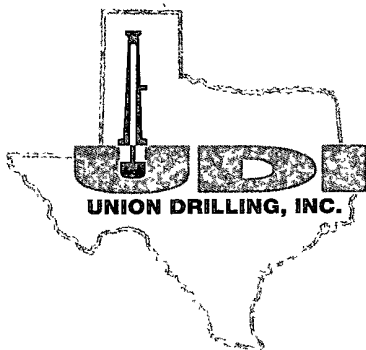
MM B 0004

Company 11-0 Date 11-4-11 Start Time 5:00 ☒ am ☐ pm
Lease RQU 301 County Lin State La
Company Man JESUS Garcia
Wellhead Vendor _____ Tester Sam O'neal
Drig. Contractor UDZ Rig # _____
Tool Pusher _____
Plug Type Back Plug Size 8 5/8 Drill Pipe Size 5" 1200
Casing Valve Opened 415 Check Valve Open _____

[illegible]



RECEIVED
2011 DEC 21 AM 11:56
BUREAU OF LAND MANAGEMENT
ROSWELL OFFICE



RECEIVED
2011 DEC 21 11:11:56
REGISTRAR OF DEEDS
FACSIMILE OFFICE

Well Name & Number: ROCK QUEEN UNIT #301

API Number: 30-005-29192

Location: 660 FNL & 860 FWL, Lot D, Sec. 25, Township 13S, Range 31E, Chaves County, New Mexico

Operator: Celero Energy II, L.P.

Drilling Contractor: Union Drilling, Inc.

The undersigned hereby certifies that she is an authorized representative of the drilling Contractor who drilled the above described well and that deviation survey tests were conducted and she obtained the following results:

RECORD OF INCLINATION

*11 Measured Depth (feet)	12 Course Length (Hundreds of feet)	*13 Angle of Inclination (Degrees)	14 Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16 Accumulative Displacement (feet)
363	363	.25	0.44	1.58	1.58
1336	973	.5	0.87	8.49	10.07
1918	582	1	1.75	10.16	20.23
2704	786	.5	0.87	6.86	27.09
3115	411	.5	0.87	3.59	30.68

Drilling Contractor: Union Drilling, Inc.

By: Jim Mayfield

Jim Mayfield

Title: Division Manager

Subscribed and sworn to before me this 8TH Day of November, 2011.

Laura Jo Young
Notary Public

My Commission Expires: July 29, 2014

COUNTY OF TAYLOR)

STATE OF TEXAS)

