

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District 1
1625 N. Hatch Drive
APR 11 2012
FORM APPROVED
OMB No. 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON
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.		5. Lease Serial No. NM-03927
1. Type of Well ☐ Oil Well ☐ Gas Well ☒ Other <i>Lij</i>		6. If Indian, Allottee or Tribe Name
2. Name of Operator Celero Energy II, LP		7. If Unit of CA/Agreement, Name and/or No. Drickey Queen Sand Unit
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701		8. Well Name and No. Drickey Queen Sand Unit #13
3b. Phone No. (include area code) (432)686-1883		9. API Well No. 30-005-00895
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL & 1980' FEL UL: J, Sec 33, T13S, R31E		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			
☒ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
☐ Subsequent Report	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Final Abandonment Notice	☐ Casing Repair	☐ New Construction	☐ Recomplete	☐ Other
	☐ Change Plans	☐ Plug and Abandon	☒ Temporarily Abandon	
	☐ Convert to Injection	☐ Plug Back	☐ 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 recompleat 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 recompleat 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.)

Request ~~for~~ *6 month* TA status. Subject well is part of the Caprock Queen field where wtr injection at this time is not needed. However, the well may have future utility as an injection well in the event that the Rock Queen Unit CO2 pilot to the northeast is successful.

1. POOH w/ injection equipment.
2. Set CIBP @ 2738'. Cap w/ min of 35' of cmt.
3. Circ hole w/inhibited fluid & perform MIT.

APPROVED FOR 3 MONTH PERIOD
ENDING JUL 02 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 04/02/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS	PETROLEUM ENGINEER	Date APR 02 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 thereon.		Office ROSWELL FIELD 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)

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

APR 12 2012

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

**Temporary Abandonment of Wells on Federal Lands
Conditions of Approval**

A temporary abandoned well is defined as a completion that is not capable of production in paying quantities but may have value as a service well. Pursuant to 43 CFR 3162.3-4(c), no well may be temporarily abandoned for more than 30 days without the prior approval of the authorized officer.

Temporary Abandonment (TA) status approval requires a successful casing integrity test as follows:

1. A Notice of Intent (NOI) Sundry Notice (Form 3160-5) requesting approval to run a mechanical integrity test (MIT) or casing integrity test (CIT).
2. A description of the temporary abandonment procedure.
 - A. A bridge plug or packer must be installed as close to 50 feet above any open perforations or open hole as possible. If a cement plug is used, the top of the cement must be verified by tagging.
 - B. The wellbore must be filled with corrosion inhibited fluid and pressure tested to 500 psi. The casing shall be capable of holding this pressure for at least 30 minutes with a 10% allowable leakoff.
 - C. All downhole production/injection equipment (tubing, rods, etc.) shall be removed from the casing if they are not isolated by a packer.
 - D. A bradenhead test must be conducted. If the test indicates a problem exists, a remedial plan and time frame for remediation shall be submitted within ninety (90) days of the test.
 - E. Contact the BLM Roswell Field Office at least 24 hours prior to the scheduled Casing Integrity Test. 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.

Wells that successfully pass the casing integrity test may be approved for Temporary Abandonment (TA) status up to 12 months.

1. Submits a subsequent Sundry Notice (Form 3160-5) requesting TA approval.
2. Attaches a clear copy of the original pressure test chart.
3. Provided justification why the well should be temporarily abandoned rather than permanently plugged and abandoned and an estimated date that the well will be returned to beneficial use or plugged and abandoned.
4. Describes the temporary abandonment procedure.

The TA status could be extended without another casing integrity test provided there was no leak-off during the test and the test was witnessed by a BLM representative.

If the well does not pass the casing integrity test, then the operator shall within 30 days submit to BLM for approval one of the following:

1. A procedure to repair the casing so that a TA approval can be granted.
2. A procedure to plug and abandon the well.