

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

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

Form C-103

Revised August 1, 2011

WELL API NO. 30-005-01105
5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name West Cap Queen Sand Unit
8. Well Number 14
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 <input type="checkbox"/> Gas Well <input type="checkbox"/> Other Injector <input checked="" type="checkbox"/> <b>HOBBS OCD</b>	
2. Name of Operator Celero Energy II, LP	
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701	<b>JUL 03 2012</b>
4. Well Location Unit Letter H : 1980 feet from the North line and 660 feet from the East line Section 20 Township 14S Range 31E NMPM County Chaves	<b>RECEIVED</b>

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: ☐

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.

6/28/12 - RU to run 1" 2.25# CS Hydril tbg w/ 1 7/8" tapered mill to C/O inside of 2 3/8" inj tbg. Ran mill on 1" tbg & tag fill at 20'. RU swivel & C/O from 20' to 80' recovering salt & some scale. Well started back flowing at 2 BPM after milling a few feet of salt & scale. Flow slowed down to 1 BPM. SWI to check tbg pressure = 550#. TOH w/ tbg & mill. Left well flowing to test tank overnight in order to reduce flow & continue to C/O tbg.

6/29/12 - Well flowed an estimated 200 bbls water and died. SWI. Open up this AM w/ 0#. Ran back in hole with 1" tbg & 1 7/8" tapered mill. Ran to 620' & well started back flowing at 3+ BPM. Lower to 620, let flow for couple hrs & flow only slowed down to 2 +/- BPM. TOH w/ tbg & mill. Turn well back to test tank. Hauled off 500 bbls of produced water this AM & left flowing to in an effort to reduce water flow so clean out operations could be resumed.

7/2/12 - Well flowed 1390 BW over the last 2 1/2 days. Well still back flowing a small stream of wtr this morning. TIH w/ 1" 2.25# P-110 CS Hydril tbg w/ 1 7/8" tapered mill. Ran to 2800' recovering salt & some scale. Circ hole clean. TOH, LD tbg. Ran free point & found tbg free to pkr w/ pkr set from 2577' to 2580'. Pumped 5 BPW down tbg-csg annulus at 1 1/2 BPM w/ 400#. Pumped 40 BPW down tbg at 2.5 BPM w/ 300#. Didn't communicate w/ tbg-csg annulus nor out 5 1/2" x 8 5/8" annulus. Prepare to RU to P&A.

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 07/03/2012

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

**JUL 03 2012**

Conditions of Approval (if any):

**JUL 03 2012**