

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

Form 3160-3
(March 2012)

FORM APPROVED
OMB No 1004-0137
Expires October 31, 2014

HOBS OCD
JUL 17 2012

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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.

5. Lease Serial No
NM-03927

6 If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		7 If Unit of CA/Agreement, Name and/or No Drickey Queen Sand Unit
2. Name of Operator Celero Energy II, LP		8 Well Name and No Drickey Queen Sand Unit #7
3a Address 400 W. Illinois, Ste 1601 Midland TX 79701	3b. Phone No. (include area code) (432)686-1883	9. API Well No 30-005-00902
4 Location of Well (Footage, Sec., T., R., M., or Survey Description) 1980' FSL & 660' FWL UL: L, Sec 34, T13S, R31E		10. Field and Pool or Exploratory Area Caprock; Queen
		11. County 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 checked="" type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input checked="" type="checkbox"/> Temporarily Abandon /SI	
	<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 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.)

5/14/12 - LD 93 jts of 2 3/8" OD cmt lined tbq with 5 1/2" tension pkr.

5/16/12 - Ran Borehole imaging csg analysis log (CIL w/ 40 arm caliper) from CIBP at 2851' to surf. Ran 3 1/2" WL bailer & placed 35' of cmt on CIBP at 2851' for a PBTD of 2816'. Ran tbq w/ 5 1/2" AD-1 pkr & set at 220'. Load & test tbq-csg annulus w/ 500# & held ok. Pump down tbq out 5 1/2" x 8 5/8" annulus w/ 15 BFW at 1 1/2 BPM.

5/18/12 - Prepare to cmt sqze 5 1/2" csg leaks from 374' to 469'. Pump 20 bbls of 9.8# 35 visc mud down tbq out 5 1/2" x 8 5/8" annulus. Start w/ partial returns & stopped circulating out line from 5 1/2" x 8 5/8" annulus. Fluid started coming out & around the 8 5/8" csg. Replace valving on the 5 1/2" x 8 5/8" annulus & fluid stopped coming out & around the casings. Pumped 5 BFW, followed with 250 sx of Class "C" cmt with 2% CaCl2 at 1 1/2 BPM & 350#. SD, washed up & displaced cmt 3/4 bbl below pkr at 223' at 1 BPM & 300# (1st 200 sx had 0.2 of 1% fluid loss additive). Start hesitating cmt. Staged in 1/2 bbl intervals every 15 minute to 30 minute intervals. Staged 4 times with pressures ranging from 275# up to 400# back to 350#. Unable to get an acceptable cmt squeeze pressure over an 2+ hours time frame. Over displaced cmt with 5 BFW from 470' of depth. WOC a total of 5 hrs. Pump 1/2 BFW every 30 mins after over displacement while WOC. Cmt stage #2. Pumped 5 BFW, followed w/ 150 sx of Class "C" cmt with 2% CaCl2 at 1 1/2 BPM & 500#. SD, wash up & displace cmt 1 bbl below pkr at 1 BPM & 450#. WOC 30 mins, pumped 1/2 BFW w/ pressures going to 600# and falling back to 350#. WOC 20 min, pumped 1/4 BFW w/ pressures going from 350# to 800# & falling back to 700#. WOC 10 min, turned over pumps with pressure going to 1050# & holding 1000#. WOC.

* Continued on attached sheet

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 06/11/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS	PETROLEUM ENGINEER	Date JUL 10 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

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.

APPROVED FOR **12 MONTH PERIOD**
ENDING **JUN 01 2013**

JUL 19 2012

Drickey Queen Sand Unit #7 – Sundry continued

5/21/12 - WOC 62.5 hrs. Release pkr & TOH. TIH w/ 2 7/8" tbg, 4- 3 1/2" OD DC's & 4 3/4" bit. Tag at 277'. Drill cmt from 277' to 360'. Circ hole clean & test 5 1/2" OD csg to 575# & lost 30# in 12 min. TOH w/ tbg & BHA. Ran tbg with 5 1/2" AD-1 pkr to test csg. Test tbg-csg annulus with several setting from 220' to 345'. Held 500# for 15 min with little or no pressure drop. Test down tbg from 345' to 360' to 540#, losing 50# in 7 min. Found pkr to have a slight leak. TOH w/ tbg & pkr. TIH w/ 2 7/8" tbg WS, 6- 3 1/2" DC's & 4 3/4" bit. Drl cmt from 360' to 373'.

5/22/12 - Drl cmt from 373' to 415'. Fell out of cmt at 415' & ran bit 467'. Circ hole clean. TIH w/ Kenco's 5 1/2" RBP & pkr. Set RBP @ 602' & test to 600#. Ok. Btm csg leak from 453' to 459'. Test at 459# held 560# for 15 min. Test @ 453' w/ 600#, lost 400# in 15 sec. Locate top holes in csg from 362' & 374'. Test tbg-csg annulus at 362' with 560# & held 15 min. At 374' was able to pump into csg leak at 1/2 BPM & 400#. Lwr pkr, latched onto RBP & TOH w/ tbg & tools.

5/23/12 - Ran GR/CCL/CBL log FS to 2765'. TIH w/ tbg, DC's & bit. Tag cmt at 2810' & drl cmt to 2842', tag top of CIBP. Circ hole clean. TOH, LD 2 7/8" OD tbg with DC's & bit. Brought in 4" csg to run inside of 5 1/2" csg, tally same, weld on float guide shoe & start in hole. Ran 24 jts of 4" 10.8# J-55 ST&C "TDC" csg. Ran 4" float guide shoe, 2 jts of 4" csg with bond coat, 4" float collar, 2 jts of 4" csg with bond coat & 20 jts of 4" csg without bond coat. Ran to 968', circ hole.

5/24/12 - Ran 1- 4" float shoe, 2 jts of 4" csg with bond coat, 1- 4" float collar, 2 jts of 4" csg with bond coat & 67 jts of 4" csg without bond coat. Ran to 2842' w/ float collar at 2759'. EOT @ 2858'. Circ csg & csg annulus with 1 1/2 circulations. Pump 5 BFW, followed with 120 sx of Class "C" cmt with 2% CaCl₂, mixed at 14.8 ppg with yield of 1.32. Displaced cmt from 1 1/2 to 1 BPM with a max pressure of 1800#. Bump plug. Circ 22 sx of cmt. Release pressure & float held. WOC.

5/25/12 - WOC 19 hrs, NDBOP, pull 25K on 4" csg & set slips in WH. Cut off 4" csg above slips, NU 4" x 4 1/2" bell nipple & install 4 1/2" 2000# screw type Larkin WH. NUBOP. Brought in & tally 92 jts of 2 3/8" tbg WS. TIH w/ 2 3/8" OD tbg, 4- 2 7/8" OD DC's & 3 1/4" OD bit. Ran & tag cmt in 4" csg @ 2753'. Drl 8' of cmt, rubber plug & float collar @ 2759'. D/O cmt in shoe jts, guide shoe & tag CIBP @ 2851'. Circ hole clean. TOH w/ tbg, DC's & bit. TIH w/ tbg, DC's w/ 3 3/8" cone buster mill to 2750'.

5/29/12 - Ream out float collar at 2760'. Ream out guide shoe at 2847'. Lwr mill to CIBP at 2851', mill & knocked CIBP loose. Push CIBP & C/O to TD of 2907'. Circ hole clean. TOH, LD 2 3/8" OD tbg WS w/ DC's & 3 3/8" mill. TIH w/ 87 jts of 2 3/8" OD 4.7# 8rd EUE J-55 IPC tbg + 3 - 2 3/8" x 6' IPC tbg subs + 4" plastic coated AD-1 pkr. With pkr swinging at 2841, circ pkr fluid. Set pkr at 2841' w/ 14 pts of tension. NDBOP & NU 2000# WP screw type Larkin WH. Install tbg valve. Clean location.

6/1/12 - Ran MIT. Test 31 mins; pressure from 560# to 540#. Test ok, approved & witnessed by Maxie Brown - OCD. Original chart to OCD Hobbs and copy to BLM. Well now ready for injection.

