

HOBBES OGD
AUG 21 2012
RECEIVEDUNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNew Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240FORM APPROVED
OMB No 1004-0137
Expires: October 31, 2014**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		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 #14
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701	3b. Phone No. (include area code) (432)686-1883	9. API Well No. 30-005-00897
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1980' FEL UL: O, Sec 33, 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 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 type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input checked="" 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 recomplete 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 recompletion 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) POOH & LD P-E
- 2) RIH w/CIBP and set at 2743', cap with 35' of cement
- 3) RIH w/tubing and circulate inhibited freshwater to surface
- 4) Schedule and perform MIT

APPROVED FOR 3 MONTH PERIOD
ENDING NOV 16 2012

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

Lisa Hunt

Title Regulatory Analyst

Signature

Date 08/10/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

Title

PETROLEUM ENGINEER

Date

AUG 16 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.

MN/ocD 8/22/12

Office

Title 18 U.S.C. Section 1001 and Title 18 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 3)

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

AUG 22 2012

CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Drickey Queen Sand Unit
COUNTY: Chaves

DATE: 23-Jul-12
BY: MWM
WELL: 14
STATE: New Mexico

Location: 660' FSL & 1980' FEL, Sec 33O, T13S, R31E

SPUD: 4/55 COMP: 4/55

CURRENT STATUS: Producer

Original Well Name: Government C #8

KB = 4195'

GL = 4185'

API = 30-005-00897

8-5/8" 17.3# @ 173' w/125 sx; calc'd TOC at surface

2-7/8" 8R 4.7#/ft J-55 (87 Jts) @ 2733'

Calc'd TOC @ 1453' w/enlargement = 15%, yld = 1.26 ft³/sk

5-1/2" 14# @ 2793' w/300 sx

Top of Queen @ 2796':

Queen Open Hole: 2796' - 2813'

PBTD - 2813'
TD - 2813'

CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Drickey Queen Sand Unit
COUNTY: Chaves

DATE: 10-Aug-12
BY: MWM
WELL: 14
STATE: New Mexico

Location: 660' FSL & 1980' FEL, Sec 33O, T13S, R31E

SPUD: 4/55 COMP: 4/55

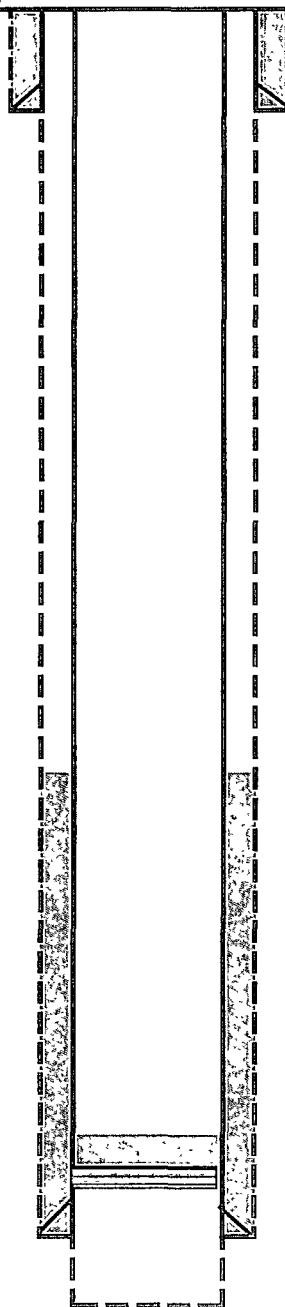
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CIBP at 2743', cap w/35' cement

5-1/2" 14# @ 2793' w/300 sx

Top of Queen @ 2796'

Queen Open Hole: 2796' - 2813'

PBTD - 2813'
TD - 2813'

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.