

District I
1625 N French Dr., Hobbs, NM 88240
Phone (575) 393-6161 Fax (575) 393-0720
District II
811 S First St., Artesia, NM 88210
Phone (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone (505) 334-6178 Fax (505) 334-6170
District IV
1220 S St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-3460 Fax (505) 476-3462

State of New Mexico
Energy Minerals and Natural Resources

HOBBS OCD

Form C-101
Revised August 1, 2011

Oil Conservation Division

SEP 20 2012

Permit

1220 South St. Francis Dr.

Santa Fe, NM 87505

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Celero Energy II, LP 400 W. Illinois, Ste. 1601 Midland, TX 79701		² OGRID Number 247128
		³ API Number 005-00688
⁴ Property Code	⁵ Property Name State 36	⁶ Well No. 2

⁷ Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet from	N/S Line	Feet From	E/W Line	County
O	36	12S	31E		660	S	1980	E	Chaves

⁸ Pool Information

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Additional Well Information

⁹ Work Type E	¹⁰ Well Type O	¹¹ Cable/Rotary R	¹² Lease Type S	¹³ Ground Level Elevation 4395'
¹⁴ Multiple No	¹⁵ Proposed Depth 3055'	¹⁶ Formation Queen	¹⁷ Contractor Unassigned	¹⁸ Spud Date 09/30/2012
Depth to Ground water 200' Est		Distance from nearest fresh water well		Distance to nearest surface water

¹⁹ Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	11"	8 5/8"	25#	294'	135 sx	Surf - Calc
Prod	7 7/8"	5 1/2"	15.5#	2990'	600 sx	253' - Calc

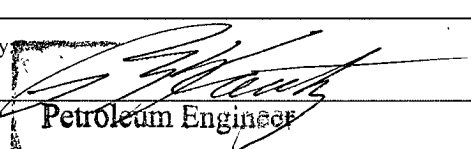
Casing/Cement Program: Additional Comments

Re-Entry

Well sketch, well history & re-entry procedure attached. H2S Contingency Plan on file.
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Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Manual	3000	1000 psi	Unassigned

I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> .		OIL CONSERVATION DIVISION	
Printed name: Lisa Hunt		Approved By: 	
Title: Regulatory Analyst		Title: Petroleum Engineer	
E-mail Address: lhunt@celeroenergy.com		Approved Date: Expiration Date:	
Date: 09/18/2012	Phone: (432)686-1883	OCT 03 2012	
		Conditions of Approval Attached	

OCT 03 2012

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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

HOBBS OCD

SEP 20 2012

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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-005-00688	² Pool Code 8559	³ Pool Name Caprock, Queen
⁴ Property Code	⁵ Property Name State 36	⁶ Well Number 2
⁷ OGRID No. 247128	⁸ Operator Name Celero Energy II, LP	⁹ Elevation 4395'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
0	36	12S	31E		660	S	1980	E	Chaves

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<div style="text-align: center;"> </div>	<p>¹⁷ OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division</p> <p><i>Lisa Hunt</i> 9/18/12 Signature Date</p> <p>Lisa Hunt Printed Name</p> <p>lhunt@celeroenergy.com E-mail Address</p>	
	<p>¹⁸ SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p>	
	<p>Certificate Number</p>	

CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: NCQU 1 TR 15 SEC 360
COUNTY: Chaves

DATE: 16-Sep-12
BY: MWM
WELL: 1
STATE: New Mexico

Location: 660' FSL & 1980' FEL, Sec 360, T12S, R31E

SPUD: 10/45 COMP: 12/45

CURRENT STATUS: P&A Producer (6/69)

Original Well Name: G.P. Livermore, Inc. Maxwell-State #1

KB =

GL = 4,395'

API = 30-005-00688

Spotted 10 sx cmt plug from 100' to surface

8-5/8" 25# @ 294' w/ 135 sx-calc'd TOC at surface

Calc'd T-O-C at 253'; enlargement = 15%, yld = 1.26 ft³/sk
(May be as low as 1500' based on similar well in field)

Mud

T-Anhy @ 1460'

T-Salt @ 1539'

B-Salt @ 2190'

T-Yates @ 2335'

T-Queen @ 3028'

CIBP @ 2933' w/ 2 sx (20') cmt cap

5-1/2" 15.5# @ 2990' w/600 sx

Top of Queen @ 3028'

Queen Open Hole: 3028' - 3055'

PBTD -
TD - 3055'

Well History:**NCQU 1 TR 15 SEC 360 #1****(12-45) - Initial Completion:**

Orig completion in open hole 2990'-3055'. Natural pumping 120 BOPD/0 BWPD 12 hour test.

(9-46) - Change:

Operator change to Cooperative Producing Association.

(1-55) - Change:

Operator change to Graridge Corp.

(3-58) - Unit:

Enter in NCQU; name change to NCQU 36-15, operated by Graridge Corp.

(5-65) - Change:

Operator change to Petroleum Corp. of Texas.

(5-66) - Change:

Operator change to American Petrofina Co. of Texas.

(4-69) - Propose P&A:

Propose to plug by cutting and pulling 5-1/2".

(6-69) - P&A:

Set CIBP at 2933' and cap w/20' cmt. Circulate mud and spot 10 sx at 100'-surface. Set P&A marker.

Celero Energy II LP
API 30-005-00688
660 FSL & 1980 FEL
Unit O, Section 36, T-12S, R-32E
Chaves County, N. Mexico

Procedure to re-enter plugged well and return to production.

1. Blade off a 200'-by-200' location as shown on the attached location diagram.
2. Dig out well head and install cellar. Dress off casing stubs and install risers for 8-5/8" and 5-1/2" casing. Install 8-5/8"-by-5-1/2", minimum 2000 psi WP, SOW, Larkin-style casing head with two outlets. Install minimum 2000 psi WP Larkin-style casing head on 5-1/5" casing.
3. RU pulling unit. Install manually-operated, dual-ram (blinds on bottom) 3000 psi WP BOPE and test to 1000 psi. RU tubing swivel and reverse unit pump taking returns off 5-1/2" casing head outlet with single line to return tank. Open and monitor the 5-1/2"-by-8-5/8" outlet for returns during drill out.
4. RIH with 4-3/4" bit, bit sub, (6) 2-3/8" regular DC's(3-1/8" OD) on 2-7/8", 6.5#, J-55, 8rd EUE workstring. Drill out cement from surface to 80' and pressure test to 500 psi (discuss w/office before proceeding). Continue drilling out surface plug, tag next plug at 2913', and pressure test to 500 psi (discuss w/office before proceeding). Drill out cement/CIBP at 2913'-2933'. Continue drilling out and clean out to original PBD of 3055'. Circulate hole clean using produced water from the Rock Queen Unit 10-ppg water tank. POOH standing back workstring.
5. RU wireline unit and run a casing inspection log from 2980' to surface. Run a GR/CCL/CBL from 2980' to T-O-C. Discuss results with office before proceeding. Run a GR/CCL/CNL from TD to 2000'.
6. RIH with retrievable treating packer and acidize the existing open hole with 1500 gals inhibited 7-1/2% NEFE HCL containing 10% toluene at maximum rate without exceeding 4000 psi surface treating pressure. Pump 10 gals gelled 10-ppg brine water containing 750# of graded rock salt after the first 750 gals of acid/toluene mixture. Flush with tubing volume plus 20 bbls of freshwater. Record initial, 15-minute, and 30-minute shut-in pressures.
7. Swab back load recording initial and final fluid levels. TOOH w/treating packer LD workstring. RIH with 2-3/8", 4.7#, J-55, 8rd EUE production tubing and tubing anchor. Run pump and rods and a pump unit capable of lifting 200 BPD. Shut well in waiting on electricity and completion of tank battery.