

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

HOBBS OOD
OCT 24 2012

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

<p>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.)</p>		<p>WELL API NO. 30-005-00540</p>
<p>1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/></p>		<p>5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/></p>
<p>2. Name of Operator Celero Energy II, LP</p>		<p>6. State Oil & Gas Lease No.</p>
<p>3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701</p>		<p>7. Lease Name or Unit Agreement Name State 36</p>
<p>4. Well Location Unit Letter <u>G</u> : 1980 feet from the <u>N</u> line and 1980 feet from the <u>E</u> line Section 36 Township 12S Range 31E NMPM County Chaves</p>		<p>8. Well Number 1</p>
<p>11. Elevation (Show whether DR, RKB, RT, GR, etc)</p>		<p>9. OGRID Number 247128</p>
<p>10. Pool name or Wildcat Caprock; Queen</p>		

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.

9/30/12 - NDWH & NU, 3K BOP. RU swivel. PU 4 3/4" OD bit on 3 1/2" OD DC. Drill cmt inside of 5 1/2" csg FS to 5'. Circ hole clean.

10/4/12 - Drl cmt from 5' to 63'. Fell out of cmt, ran bit to 93' & circ hole clean. Tested 5 1/2" csg to 525#. Lost 20# to 505# in 30 min. Finish PU 3 1/2" OD DC's (total of 6). Ran bit to 229' & tag fill. Drl/CO fill from 229' to 254' recovering graded gravel, loss circ material (LCM) & oil. Found heavy drlg mud with LCM in WB at 736' & drl/CO w/ good circ to 1700' recover heavy drlg mud, LCM & paraffin. Circ hole clean. Test 5 1/2" csg to 525#. Held ok.

10/5/12 - CO/drl from 1700' to 2900'. D/O cmt to CIBP at 2903', lost circ. Ran bit to 3025' (TD) & well started flowing. Flowed to test tank for 30 min, unloading annulus (48 bbls) & flowing from 500# to 0# on a 1/2" choke. Well died. Pumped 20 BPW down tbg & TOH w/ tbg & BHA. Ran 2 7/8" OD tbg, 4.9" OD string mill & 4.9" OD tapered mill to TD with no fill. Raise end of tapered mill to 2943'. Pumped 60 BPW & caught circ. Circ an additional 60 BPW for a total of 120 BPW, recovering oil & gas.

* Continued on attached sheet

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 10/18/2012

Type or print name Lisa Hunt

E-mail address: lhunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

[Signature]

TITLE

Dist. Mgr

DATE

10-31-2012

Conditions of Approval (if any):

OCT 31 2012

State 36 #1 – C103 Continued

10/8/12 - With tbg & mills at end of csg, broke circ & pumped 300 gal of Toluene & displaced down tbg out tbg-csg annulus to surface. Pumped Toluene back down tbg-csg annulus to end of tbg then pumped Toluene back up tbg-csg annulus to surface & repeated operation. Pumped Toluene up & down tbg-csg annulus, making 5 sweeps at 1.5 BPM with pressure varying from 100# to 300#. Pumped out Toluene into steel pit. Lower mills to TD showing very little fill. TOH w/ tbg & mills. Mills in good condition. Ran GR/CCL/CNL log from 2987' back to 2000'. Had tagged at 2962' & was able to lower to 2987', however could not get to TD of 3025'. TIH w/ tbg & 4 3/4" OD bit. Ran to 2975'. Had to rotate tbg to get through tight spot. Ran to TD. Did not have fill. Pulled back up into csg (btm at 2962'), lower bit & would not go past 2975' without rotating tbg. TOH w/ tbg & bit. TIH w/ 92 jts of 2 7/8" OD tbg with 5 1/2" AD-1 pkr. Ran & set pkr from 2904' to 2906'. Pulled tension on pkr (22 pts over string weight), loaded tbg-csg annulus with 460# & held ok.

10/9/12 - Treat OH from 2962' to 3025', down tbg, w/ 1500 gals of 7 1/2% HCL acid containing 10% Toulene & 750# of rock salt as follows: pump 750 gals of acid, drop 750# rock salt mixed in brine water, pump 750 gals of acid and flushed w/ 38 BFW, 20 bbls overfluah. Treating pressures: max = 1788#; Avg = 1730#; Avg injection rate = 4.5 BPM ISIP = 1444#; 5 min = 1339#; 10 min = 1273# and 15 min = 1224#. Total load to recover = 105 bbls; Open to test tank and well flowed 55 BLW with show of oil in 1 hr & died. Lack 50 bbls L&TW. Release pkr, circ 75 BPW. TOH, LD 2 7/8" O.D. tubing work string w/ pkr.. Replace 2 7/8" w/ 2 3/8" rams in BOP. Change ut siips in tbg slips.

10/10/12 - Brought in 100 jts of 2 3/8" O.D., J-55, 8rd, EUE tbg for production string. Tally tbg. TIH w/ 91 jts (2909') of 2 3/8", O.D., J-55 8rd, EUE tbg w/ 1-2 3/8" API seating nipple & 2 3/8" x 6' bull plugged perforated nipple. Set seating nipple from 2915-16', BPPN from 2916' to 2923'. End of tbg at 2923'. NDBOP & NUWH. TIH w/ 2" x 1 1/2" x 16' RWBC DH pump w/ strainer nipple, 2' x 3/4" pony rod, 6 - 1 1/2" x 25' sinker bars, 109 - 3/4" x 25' rods with 1 - 4' x 3/4" pony rod and 1 1/4" x 16' polish rod with 1 1/4 x 1 1/2" x 9' polish rod liner. Install stuffing box and space out pump. Clamped off pump 15 inches off bottom. Load w/ 2.5 BPW and tested to 500# with pump and long stroking pump. Held ok. RDMO. WO electricity.