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

HOBBS OCD
NOV 01
RECEIVED

State of New Mexico
Energy, Minerals and Natural Resources

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

HOBBS OCD
NOV 01 2012
RECEIVED

Form C-103
Revised August 1, 2011

WELL API NO. 30-005-01076	
5. Indicate Type of Lease STATE [X] FEE [ ]	
6. State Oil & Gas Lease No. 303733	
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.)	7. Lease Name or Unit Agreement Name Drickey Queen Sand Unit
1. Type of Well: Oil Well [ ] Gas Well [ ] Other Injector	8. Well Number 42
2. Name of Operator Celero Energy II, LP	9. OGRID Number 247128
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701	10. Pool name or Wildcat Caprock; Queen
4. Well Location Unit Letter H : 1980 feet from the North line and 660 feet from the East line Section 16 Township 14S Range 31E NMPM County Chaves	
	11. Elevation *(Show whether DR, RKB, RT, GR, etc.)* 4238' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [ ]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]	CHANGE PLANS [ ]	COMMENCE DRILLING OPNS. [ ]	P AND A [ ]
PULL OR ALTER CASING [ ]	MULTIPLE COMPL [ ]	CASING/CEMENT JOB [ ]	
DOWNHOLE COMMINGLE [ ]			
OTHER: [ ]		OTHER: Attempt to repair csg leak & place on inj [X]	

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.

10/11/12 - NDWH & NU,3K, BOP. Release pkr & TOH, standing back 88 jts of 2 3/8" IPC tbg with 4 1/2", AS1-X nickel plated packer w/ on'off tool and profile nipple. TIH w/ 2 3/8" tbg work string, testing same to 6000# with A & M pkr's 4 1/2" pkr and RBP. Ran & set RBP at 2850'. Raise pkr to 2845' and test pkr, tbg and RBP to 500#. Held with no pressure loss for 15 minutes. Raise pkr & located leakage in 4 1/2" csg from 2776' to 2845'. Test tbg-csg annulus from surface to 2776', using pressure chart, to 550# losing 10# in 15 mins to 540#. Test OK. Test from 2776' to 2845' to 550#, losing 100# to 450# in one min. Set pkr at 2810' & test to 2845' to 550#, losing 50# to 500# in one min. Csg tests okay from surface to 2776' with leakage from 2776' to 2845'.

10/12/12 - Swab 3 hrs & recovered 10+ BPW. SFL = 450' FS; EFL = 2600' FS. SD 30 minutes; fluid level came up 200' to 2400' FS, which equals 3/4 bbl. Place 750# on tbg-csg annulus. Pressured up on tbg with pkr at 2744', placing psi on 4 1/2" csg from 2744' to 2850' (RBP). Applied 2100# on 4 1/2" csg for 1 1/2 hrs. Would bleed off to 1800# (300# loss) in 1 minute, however kept psi on csg near 2000-2100# over the 1 1/2 hours. Would not break down. Took bled off psi for 1 hour. Bled down to 560# in 35 minutes; the next 25 minutes the psi dropped from 560# to 550#. Very little drop the last 25 minutes. * 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 10/29/2012

Type or print name Lisa Hunt E-mail address: lhunt@celeroenergy.com PHONE: (432)686-1883

For State Use Only

Accepted for Record Only

APPROVED BY: TITLE DATE

Conditions of Approval (if any): 11-6-2012

NOV 06 2012

Drickey QueenSand Unit #42 – C103 continued

10/15/12 - After SD, ran swab & swab well down, recovering 10 BFW. SFL = 60' FS; EFL= 2600' FS. Swab down in less than 1 hour. Release pkr & TOH w/ tbg & pkr. TIH with 2 3/8" OD tbg open ended. Ran to top of RBP @ 2850'. Circ hole with FW. Raise EOT to 2795' & place sand at EOT, SD to let sand settle. Lower tbg & tag sand at 2843'. Raise tbg to 2838'. Spot 15 sx of Class "C" cmt, mixed at 14.2 ppg, with 2% Ca Cl2 from 2838' back to 2612'. Raise tbg to 2379', reverse out tbg volume + 5 bbls, recovering small amount of cmt water. Pumped 1 BFW & WB started pressuring up. Pumped an additional 1/4 bbl & pressure increased to 2000#. Monitored for 1 hour & pressure stayed the same. No pressure loss.

10/16/12 - After WOC 22 hours, well had 1000# on same. Release pressure. Took pressure chart reading testing to 540#, held for 15 min with no loss. TOH w/ tbg. TIH w/ 3 3/4" bit, 6- 3 1/8" DC's & 2 3/8" OD tbg. Ran & tag cmt at 2468'. RU swivel. Drill cmt from 2468' to 2794' in 5 hrs. Cmt was fair to good. Circ hole clean. Tested FS to 2794' (checking suspected leaking 4 1/2" collar at 2785') with 540#. Lost 100# to 440# in 15 min. Tested twice using chart recorder.

10/17/12 - After SDON, SICP = 120#. Lwr bit & D/O cmt from 2794 to 2840' recovering cmt & small amount of sand. Circ hole w/ clean FW. TOH w/ tbg, DC's & bit. Perf 4 1/2" csg w/ 3 1/8" cased gun w/ 1 shot as follows: 2734', 2848' & 2800'; total of 3 holes. Well started backflowing recovering 25 BW. Flow out of well diminished to less than 1/2 BPM. TIH w/ 2 3/8" tbg & 4 1/2" AD-1 pkr. Ran & set between perfs 2748' & 2800' @ 2767' (Well continued to backflow while running tbg, recovering 5 BFW & stop flowing). 1. Pumped into perfs down tbg with 50 BFW at 500# & 1.7 BPM. The tbg-csg annulus started flowing at 1/4 BPM. SD tbg with 180#. Tbg-csg annulus flow stopped. 2. Reset pkr between perfs 2734' & 2748'. Pumped 50 BFW down tbg @ 450# @ 2 BPM. Tbg-csg annulus started flowing @ 1/4 BPM. SD tbg w/ 230#. Tbg-csg annulus stopped flowing. 3. Raise pkr to 2672' to prepare to pump down tbg into all perfs @ 2734', 2748' & 2800'. Pumped 15 BFW at 400# @ 2 BPM. SD & tbg psi remained at 230#. Bled off tbg psi, raise & set pkr @ 2441'. Load & test tbg-csg annulus to 525# & held okay.

10/18/12 - RU to cmt squeeze perfs 2734, 2748 & 2800'. Pump 5 BFW down tbg @ 1 1/2 BPM & 150# to establish rate into perfs. Pumped 300 sx of Class "C" cmt with 2% CaCl2, mixed at 14.8 ppg, as follows: pumped 200 sx with 2# sand per/sx, followed with 100 sx of neat cmt. Displaced below pkr w/ 1.4 BFW to 2538' @ 1 1/2 BPM & 150#. SD psi = 120#. Start staging cmt. Stage cmt in 4- 1/2 bbl stages. WOC 30 min on 1st stage with the remaining stages 15 min apart. Max SD psi on last stage was 160#. Over displaced cmt to perf @ 2748' @ 0.9 BPM @ 240#. SD psi = 180#. WOC 2 1/2 hrs. Open well with 200#. Pumped 5 BFW w/ varying rates of 1BPM @ 300# & 2 BPM @ 490#. Pumped 200 sx of Class "C cmt with 2% CaCl2, mixed at 14.8 ppg. Displaced with 1.4 BFW below pkr to 2538' @ 1 1/2 BPM @ 400#. SD psi = 230#. Stage cmt in 4- 1/2 bbl intervals w/ WOC time between stages varying from 30-10 min. Final SD psi = 250#. Over displaced cmt to perf @ 2748' @ 0.9 BPM & 300#. SD psi = 270#.

10/19/12 - After SDON, SITP = 200#. Pump 5 BFW down tbg at 1.9 BPM at 450# to establish an inj rate into perfs. Pump 200 sx of Class "C" cmt with 2% CaCl2, mixed at 14.8 ppg & displaced with 1.1 BFW below pkr to 2512' at 0.6 BPM at 300#. Start staging cmt. Staged 4 times pumping 1/2 bbl of cmt each time waiting from 30-15 min between stages. Max SD psi = 310#. Over displaced cmt to perf at 2748' at 1.0 BPM & 550#. SD psi = 500#. JC at 11:00 A.M. WOC 2 hrs. Pumped 5 BFW down tbg at 2 BPM at 850# to check injection rate. Pump 200 sx of Class "C" cmt with 2% CaCl2, mixed at 14.8 ppg and displaced with 1.1 BFW to 2512' at 1.1 BPM & 300#. SD psi = 275#. WOC 30 min, pumped 1/2 bbl of cmt at 0.4 BPM with 400#, falling back to 300#. WOC 30 min, turn over pumps & psi went from 0#-1000#. Increased psi to 1500#. WOC 15 min & psi fell back to 1200#. Pressured back to 1500#. WOC 15 min & psi stayed at 1500#.

10/22/12 - After WOC 64 hrs, tbg psi = slight vac. Test down tbg with 1000#. Held psi with no pressure loss. Release pkr & TOH w/ tbg & pkr. TIH w/ 2 3/8" OD tbg. 6- 3 1/8" OD DC's & 3 3/4" OD cone bit. Tag cmt at 2504'. RU swivel, drill cmt from 2504' to 2758' in 3 hrs. Circ hole clean & test cmt squeeze on perfs 2734' & 2748'. Tested to 550# & lost 325# to 225 # in 1 min. Increase psi & perfs broke down at 775#. Pumped into squeezed perfs with 750# at 1 BPM. Continue drilling cmt from 2758' to 2822' (bottom perf at 2800'). Lower bit to 2842' & circ hole with clean water. TOH w/ tbg, DC's & bit.

10/23/12 - Ran GR/ CCL/CBL from 2000' to 2840'. TIH w/ tbg WS & 4 1/2" AD-1 pkr. Ran & set at 2768' (between perfs 2748' & 2800'). Pumped 10 BFW down tbg through perfs 2800' at 600# & 1 1/2 BPM. Had small circulation between perfs at 2800' & 2748' & out tbg-csg annulus. Flow rate was pencil sized. SD & psi dropped from 600# to 250# in 1 min. After 5 min the psi dropped to 240#. Flow continued out tbg-csg annulus for 5 min & stopped. Pumped 12 BFW down tbg-csg annulus through perf at 2748'. Had communications with perf at 2800' back up tbg. Flow rate was very small for the first 5 bbls, then water out tbg would surge from no flow to 1/8 BPM. Last 3 bbls flow rate was very small & stopped flowing after pump was SD for an additional 15 min. TOH, LD tbg WS & pkr. TIH w/ 86 jts of 2 3/8" OD 4.7# 8rd EUE J-55 IPC tbg with 4 1/2" AD-1 pkr. With pkr swinging at 2691-94', circ pkr fluid, set pkr with 15 pts of tension. NDBOP & NUWH. Install tbg valve & CWI. RDMO & evaluate future work on WB.