

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

HOBBS OCD

FORM 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.*

JAN 02 2013

SUBMIT IN TRIPLICATE - Other instructions on page 2.

RECEIVED

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. NM-120355
2. Name of Operator Celero Energy II, LP		6. If Indian, Allottee or Tribe Name
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701	3b. Phone No. (include area code) (432)686-1883	7. If Unit of CA/Agreement, Name and/or No.
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FSL & 1980' FEL Sec 34, T13S, R31E (O)		8. Well Name and No. Drickey Queen Sand Unit #902
		9. API Well No. 30-005-00911
		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 type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input checked="" 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 checked="" type="checkbox"/> Plug and Abandon	<input 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 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.)

Regarding the inspection on May 11, 2012, by Beth Skaggs, The Environmental Problem No. 1: Required Final Abandonment Notice for Reclamation has been corrected and is ready for inspection.

ACCEPTED FOR  
RECORD

DEC 27 2012

NAME /S/ Angel Mayes

ROSWELL FIELD OFFICE

FAN for Plug and Abandoned dated June 7, 2012 is accepted for Record ONLY. You will need to comply with Written Order No. 13TBS5W attached and have the unused power line and poles removed from the location by February 1, 2013.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) Lisa Hunt		Title Regulatory Analyst
Signature <u>Lisa Hunt</u>		Date 06/07/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by	Title	Date
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.

MSS/OCD 1/4/2013

JAN 08 2013

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**United States Department of the Interior**  
**BUREAU OF LAND MANAGEMENT**  
Roswell Field Office  
2909 West Second Street  
Roswell, New Mexico 88201-2019  
www.nm.blm.gov



In Reply To:  
3160 (NMPO130)  
NMNM-120355  
Written Order No. 13TBS5W

NOV 05 2012

**Certified Mail – Return Receipt Requested**  
7010 1870 0002 4547 1560

Celero Energy II LP  
400 West Illinois Ave, Suite 1601  
Midland, TX 79701-2640

**NOTICE OF ORDERS OF THE BLM AUTHORIZED OFFICER**

Gentlemen,

The Bureau of Land Management (BLM) is in receipt of your Final Abandonment Notice (FAN) dated 7 June 2012, for the Federal Lease NMNM-120355, **Drickey Queen Sand Unit No. 902**, API 30-005-00911, 660 FSL & 1980 FEL, SWSE, sec. 34, T. 13 S., R. 31 E., Chaves County, New Mexico. On 22 October 2012, the well location was inspected by Beth Skaggs, Natural Resources Specialist. It was found the location has not been maintained in a manner designed to protect the mineral resources, other natural resources, and environmental quality (43 CFR 3162.5).

**ORDERS OF THE AUTHORIZED OFFICER**

The following environmental compliance problems, pursuant to 43 CFR 3162.5-1(b), which states, "... Upon the conclusion of operations, the operator shall reclaim the disturbed surface in a manner approved or reasonably prescribed by the authorized officer ..." the following environmental compliance problems were identified during the latest site inspection of the subject location. Specifically:

- **Environmental Problem No. 1:** Unused power line, including seven (7) poles on location.

**Corrective Action:** Contact electrical power company to arrange for the removal of unused electrical apparatus, lines, poles, meter boxes, etc. Provide BLM with a date prior to which the power line will be removed.

- **Environmental Problem No. 2:** Location needs further reclamation.

**Corrective Action:** Submit a reclamation plan, including all points referred to in this order. Provide BLM with a Reclamation Plan for well location. Provide BLM with name and address of surface owner. Surface owner will need to be copied on all reclamation correspondence.

- **Environmental Problem No. 3:** Dark stained soil under surface layer.

**Corrective Action:** Determine area impacted by hydrocarbons, both lateral and horizontal. Arrange for several (3 or more) samples of the impacted soils to be tested at a lab for hydrocarbon content. The samples should be from widely spaced areas on the location, and not from just one location or one depth. Provide lab results to BLM. This will help determine additional reclamation needed.

- **Environmental Problem No. 4:** Pit needs reclamation based on Pecos District Drilling Pit Reclamation Procedures.

**Corrective Action:** Using Caliche Cap method, cap the drilling pit, enclosed. The caliche present on the well pad surface may not need to be removed, if the reclamation plan includes capping the entire well pad.

- **Environmental Problem No. 5:** Well location has evident chlorides on surface, downslope from the pit.

**Corrective Action:** Chlorides on surface appear to have washed downslope from the pit. Extending the area of pit capping, to include this chloride impacted area, is required. Provide a specific diagram, with dimensions in feet, showing the area, pit and chloride impacted area, to be capped by Caliche Cap method. If the entire well pad location will be capped, please provide dimensions.

- **Environmental Problem No. 6:** Well location is bowl-shaped, and collects water.

**Corrective Action:** Shape of the location needs to be corrected, filled in, to allow water to drain away. You may consider capping the entire well location, as much of the pad will be capped due to chlorides. Unifying the entire well pad with a caliche cap may best achieve desired reclamation results. Please consider surrounding land topography to ensure neither erosion nor ponding of water will result.

- **Environmental Problem No. 7:** Seed well pad location with recommended seed mix.

**Corrective Action:** When all other corrective actions have been satisfactorily accomplished, seed location with Pecos District seed mix for Shallow SD-3 Ecological Site, approved 4 April 2006, enclosed.

Please note **Stipulation for Archaeological Survey – Required**, enclosed.

**Report your compliance** to this Written Order on a Subsequent Sundry Notice on Form 3160-5 (Sundry Notice and Reports on Wells) stating the above problems have been corrected and are ready for inspection; an original and five (5) copies are required. Your liability under bond is retained until surface reclamation is complete and approved by the Authorized Officer.

In accordance with 43 CFR 3163.1(a), please comply with the corrective action(s) for the identified environmental problems no later than **30 November 2012.**

If you fail to comply within the time frame specified, you will be subject to further enforcement action as may be deemed necessary.

### **WARNING**

Orders of the Authorized Officer or Incidents of Non Compliance and reporting time frames begin upon receipt of the Notice or 7 business days after the date it is mailed, whichever is earlier. Each problem or violation must be corrected within the prescribed time from receipt of this Notice, and reported to the Bureau of Land Management office at the address shown above.

For Incidents of Non Compliance, please note you already may have been assessed for noncompliance (see amount under "Assessed for Noncompliance"). If you do not comply as noted above under "Corrective Action to Be Completed By," you may incur additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f) (1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

### **REVIEW AND APPEAL RIGHTS**

A person contesting an order of the authorized office or violation must request a State Director Review of the Order or Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Order or Incident of Noncompliance with the appropriate State Director at P. O. Box 27115, Santa Fe, NM 87502-0115 (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Should you have any questions regarding reclamation of the **Drickey Queen Sand Unit No. 902** location, please contact Beth Skaggs, Natural Resources Specialist at the Roswell Field Office, 575-627-0210.

Sincerely,

*/s/ Angel Mayes*  
Angel Mayes  
Assistant Field Manager,  
Lands and Minerals

Enclosures

- Pecos District Drilling Pit Reclamation Procedures, Reclamation Methods/Plans.
- Stipulation for Archaeological Survey – Required.
- Pecos District Desired Plant Community seed mixture for **Drickey Queen Sand Unit No. 902**.
- Photographs **Drickey Queen Sand Unit No. 902** location, 22 October 2012.