

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

State of New Mexico  
 Energy, Minerals and Natural Resources

Form C-103  
 Revised August 1, 2011

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

HOBBS OCT 23 2013

WELL API NO. 30-025-00207
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name North Caprock Celero Queen Unit
8. Well Number 22
9. OGRID Number 247128
10. Pool name or Wildcat Caprock; Queen
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4372'

**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.)

1. Type of Well: Oil Well  Gas Well  Other

2. Name of Operator  
Celero Energy II, LP

3. Address of Operator  
400 W. Illinois, Ste. 1601  
Midland, TX 79701

4. Well Location  
Unit Letter E : 1980 feet from the N line and 660 feet from the W line  
Section 32 Township 12S Range 32E NMPM County Lea

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

<b>NOTICE OF INTENTION TO:</b>		<b>SUBSEQUENT REPORT OF:</b>	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input checked="" type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: <input type="checkbox"/>	

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.

7/15/13 - Replace surface csg head with 8 5/8" x 5 1/2", 2000# WP Larkin WH & 5 1/2" x 2 7/8", 2000# WP Larkin production WH. RU swivel. PU 4 7/8" tricone bit on 1-3 1/8" OD DC. Start drilling out cmt in 5 1/2" csg from 3' below surface to 4' below surface. Made 1' in 1 hour, recovering hard cmt & few metal cuttings. Circ clean.

7/16/13 - Resume drilling/cleaning out 5 1/2" csg. Rotate and D/O cmt from 4' to 28', recovering firm cmt. Drill cmt stringers to 63', ran bit to 93' & tested 5 1/2" csg. Pumped into csg leak(s) at 1 BPM & 400# back to 350 # with 5 BPW. Lower bit and hit fill at 280'. D/O to 290', recovering gravel and formation. Continue to drill & rotate to 580', recovering very little cuttings with some loss circulation material. Drill from 4' to 580'. From 580' lowered bit without rotating drill string to 2974'. Circulated out drilling mud and clean up WB. TOH w/ tbg, drill collars and bit. BHA looked okay. TIH w/ 1 joint of 2 7/8" tbg as tail pipe, 5 1/2" Globe's 32 A tension pkr + 19 more joints of 2 7/8" tbg. Set pkr at 615'. Tested down tbg from 615' to 2974' w/ 540# for 10 min with no pressure loss. Test tbg-csg annulus; pumped into casing leak(s) with 450# at 1 1/2 BPM. Release pkr, left swinging.  
 \*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 10/22/2013

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 10/24/2013

Conditions of Approval (if any):

OCT 24 2013

**North Caprock Celero Queen Unit #22** – C103 continued

**7/17/13** - Locate hole in 5 1/2" casing from 453' to 486'. Pumped 5 BFW into casing leak at 1 BPM & 320 psi. Casing held 550 psi from surface to 453' & held 560 psi from 486' to CIBP set at 2974'. TOH w/ tbg, pkr and tail pipe. TIH w/ 2 7/8" tbg, 6 - 3 1/8" drill collars and 4 3/4" cone buster mill. Tag at 2967'. D/O cement with some formation cuttings from 2967' to 2975'. Mill on CIBP at 2975', knocked same loose in 15 mins and pushed to 2990'. Mill on CIBP from 2990' to 3005'.

**7/18/13** - Ran 4 3/4" x 5.1' cutrite shoe, including 3' extension, with diamonds cut in shoe body w/ wires. Ran in hole on 2 7/8" O.D. tbg work string. Tag at 3011'. Mill and rotate from 3011' to 3016' (5') with partial returns. TOH with drill string. No recovery. Tag at 3013', rotated over part of fish and ran end of mill to 3016'. TOH w/ drill string. Did not recover fish.

**7/19/13** - TIH w/ 2 7/8" OD tbg, 2- 3 1/8" DC's and 4 3/4" cutrite shoe x 10'. Ran and tag at 3015'. Mill and clean out from 3015' to 3017' and fell 4' to 3021". Mill & rotate to 3024' w/ partial circulation. Pressure increased from 300 psi to 950 psi when TD of 3024' was reached. TOH w/ drill string. No recovery.

**7/22/13** - Re-dressed 4 3/4" x 10' cutrite mill shoe, 2 - 3 1/8" DC's and ran on 2 7/8" OD tbg WS. Ran and tag at 3011'. Mill over fish from 3011' to 3022' in 30 mins, losing 60 BPW while pumping down tbg. Recovered tbg pump seating nipple, 2 7/8" x 3' perforated nipple & 5' of 2 7/8" tbg as mud anchor that is twisted into a bottom of fish. TIH with tbg, DC's and 4 3/4" bit. Tag at 3022'. TIH with 4 3/4" x 10' cutrite mill shoe. Tag at 3022'. Milled from 3022' to 3030', circulating up a good bit of paraffin w/ formation. TOH and recovered estimated 3' of 2 7/8" tbg with bull plug on bottom.

**7/23/13** - TIH w/ tbg, 6 - 3 1/8" OD drill collars and 4 3/4" bit. Tag at 3030'. Drill new hole from 3030' to 3040'. Circ hole clean. No fill. Circulate bottom's up. TOH w/ tbg & BHA. Ran the following logs: GR/CCL/CNL from 1000' to 3040'; CBL was ran in combination with CNL from 1000' to 3021' & Casing Inspection Log from 10' to 3000'. Found hole in 5 1/2" casing at 478'. TIH w/ tbg and Globe Energy's RBP. Set at 994'.

**7/24/13** - Spot 2 sx of sand on RBP at 994'. TOH w/ tbg and retrieving head for RBP. TIH w/ tbg & Globe's 5 1/2" 32 A pkr. Ran to 805'. Test tbg, pkr and RBP to 750 psi. Held okay for 15 min. Raise pkr to 199'. RU to cmt squeeze csg leak at 478'. Pump 7 BFW to establish rate of 1.5 BPM at 317 psi. Mix & pump 150 sx of Class "C" with 2% CaCl<sub>2</sub> (14.8 ppg w/ 1.33 yield) at 1.5 BPM with 300 psi. SD and wash up. Displaced cmt to 260' (1.5 bbls below pkr) at 1 BPM & 395 psi SD psi = 300 psi. Stage cmt in 30 min to 10 min intervals pumping from 1 bbl to less than 1/4 bbl per stage. Pressures ranged from 261 to 1212#. Cmt was displaced to 350', leaving 12 sx of in csg (3 bbls) above csg leak. Psi went to 1212' & fell back to 1124 psi after 15 min. WOC.

**7/25/13** - WOC 17 1/2 hours. TP = 160 psi. Bled off pressure. Test down tbg with 550 psi and held for 15 min with no pressure loss. Release pkr and TOH w/ tbg & pkr. TIH w/ 4 3/4" bit, 6 - 3 1/8" O.D. DC's. Ran on tbg & tag TOC in 5 1/2" csg at 365' (hole in casing at 478').

**7/26/13** - Lwr bit to 365'. Drill from 365' to 485', recovering hard cmt in 4+ hours. Fell out of cmt at 485'. Ran bit to 537' and circ hole clean. Test 5 1/2" csg FS to top of RBP @ 994' & csg leak area at 478' to 550 psi. Lost 15 psi in 15 min. Tested okay. TOH w/ tbg and BHA. Re-ran bit, 1 - 3 1/8" OD DC, 4 7/8" string mill, 2- 3 1/8" OD DC's, 4 7/8" string mill, 3- 3 1/8" DC's. Ran on tbg and wipe through the area of the csg leak (478') several times w/ mills. TOH w/ tbg & BHA. LD collars. TIH w/ tbg & retrieving head for RBP. Wash off sand, recover RBP @ 994'.

**7/29/13** - TIH w/ 2 7/8" tbg & Globe's 5 1/2" 32-A pkr. Set pkr at 2925'. Place 400 psi on annulus. Acidize open hole section from 3021' to 3040' with 1500 gal of 7 1/2% NE-FE acid containing 10% Xylene & 750 # of graded rock salt in 1 blocking stage. Flushed with 32 BFW, 12 bbls over flush. Treating pressures: Max 1415 psi; Avg = 830 psi; Average Rate = 4.1 BPM. ISIP = 749 psi; 5 min = 436 psi; 10 min = 249 psi; 15 min = 155 psi; 20 min = 85 psi; 25 min = 25 psi & 30 min = 0 psi. TLTR = 94 bbls. JC at 10:26 AM. RD Crain. RU to swab. Swab 2 hours and recovered 59 BLW. SFL = 400' FS & EFL = 1600' FS. Swab line frayed. Cut off line and poured new rope socket. Ran swab and left swab mandrel w/ swab cups in hole. Cut off 1000' of sand line. Re-poured rope socket.

Swab 1.5 hours and recovered 37 BLW; SFL = 700' FS. EFL = 1600' FS. Recovered gas with no oil. Total recovered in 3 1/2 hours = 96 bbls. Recovered all load fluid = 2 bbls.

**7/30/13** - Blew down tubing, ran swab and tag fluid at 1400'. FS swab 1 hr & rec 6 BF. EFL = 1600' FS. No oil show. Total rec to date = 102 bbls; 8 bbls over load fluid. Release pkr and TOH w/ tbg & pkr. TIH w/ tbg production string. Ran 2 7/8" x 6' bull plugged mud anchor, 2 7/8" x 4' perforated nipple, 2 7/8" x 2 3/8" x 1 3/4" x 12' x 15' tbg pump (THFC) & ran on 94 jts of 2 7/8" OD 6.5# J-55 tbg. Set tbg pump from 2978' to 2993', PN = 2993' to 2997' & BPMA from 2997' to 3003' (EOT). NDBOP & NU, 2K, 2 7/8" x 5 1/2" Larkin screw type tubing head. TIH w/ 1 3/4" x 6' tbg pump plgr, 6- 1 1/2" x 25' sinker bars, 70- 3/4" x 25' rods and 43 - 7/8" x 25' rods (all rods grade D) + 1 1/4" x 16' polish rod with 1 1/4" x 1 1/2" x 8' polish rod liner. Set plunger in tbg pump barrel on bottom from 2987 to 2993'. Long stroke pump & had good pump action. Clamp off rods, clean location and RDMO.

Waiting on electricity & surface pumping equipment.