

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

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

OCT 23 2013

WELL API NO. 30-025-00209
5. Indicate Type of Lease STATE [X] FEE [ ]
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name North Caprock Celero Queen Unit
8. Well Number 27
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 Injection [ ]
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 L : 1980 feet from the S line and 660 feet from the W line Section 32 Township 12S Range 32E NMPM County Lea
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4372'

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 [ ]

SUBSEQUENT REPORT OF:

- REMEDIAL WORK [ ] ALTERING CASING [ ]
COMMENCE DRILLING OPNS. [ ] P AND A [ ]
CASING/CEMENT JOB [ ]

OTHER: [ ] OTHER: Sidetrack [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.

9/18/13 - RIH W/ CIBP & SET @ 2718'. GAUGE RUN W/ MILL (10) 4 3/4" DC'S & 74 JTS 2 7/8" TBG, TAG PLUG @ 2724'.
9/19/13 - TIH W/ WHIPSTOCK FULL HYDRO-MATIC. TAG CIBP @ 2724', SET DOWN STRING WT & SHEAR PIN & SET WHIPSTOCK. BEGIN CUTTING WINDOW. MILL F/ 2710'-2715'. CIRC BTMS UP.
9/20/13 - MILL F/2715'-2722'.
9/23/13 - TIME DRILL F/2722'-2728'. SLIDE F/2728'-2733'.
9/24/13 - SLIDE F/2733'-2777'. CIRC BTMS UP. FLUSH MTR W/FW.
9/25/13 - SLIDE F/2777'-2847' START ROTATING, DRILL F/2847'-2861' CIRC BTMS UP & FLUSH MTR W/ FW.
9/26/13 - DRLG F/2861'-2913'.
9/27/13 - MU RR 6 1/8" BIT & TIH. DRLG F/2913'-2957'.
9/30/13 - TIH w/ 6 1/8 button bit, 10 DC's, slid out window, tagged a tight spot @ 2731. Tagged 5" high, washed down to 2973'. Lost circulation @ 2978". Pump 120 bbl pill. Slow pump rate to 1 1/2 bbls per min, made 2" attempting dry drill.
\*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 #27** – C103 continued

**10/1/13** - MU 6 1/8" bit & TIH w/ 10 DC & 2 7/8" workstring. Stop @ 2,866' +/- . MI and set 70 bbl mixing pit. Mixed 50 bbl pill and pump pill. Displaced tbg w/ 20 bbl water (PW).

**10/2/13** - Circ well @ 2516' & had good returns. RIH to 2702', circ bottoms up & had good returns. Drill 9' & lost circ, pumped 20 bbl pill & regained circ. Drill 5' & lost circ. Pump 20 bbl pill, regained circ & made connection. Started drilling, lost circ & pumped 20 bbl pill. Continue drilling with poor circ.

**10/3/13** - Pump 40 bbls LCM pill. Tagged 5' of fill, PU swivel washed back down to 2998', good returns, drilling ahead & lost returns

**10/4/13** Pump 40 bbls LCM pill. RIH w/tbg, tagged up on fill 4' high. PU swivel & washed down to 2998'. Made connection & start drilling. Had good returns, drill 4', lost returns & pumped 10 bbls LCM pill. Regained partial returns, set down & continued drilling ahead.

**10/7/13** - PU 5 3/4" OD with 4 3/4" grapple x 3.69 long, 1- x-Over 5 3/4" OD X 2 7/8" X 1.19 long. PU 2 7/8" N-80 work string, RIH w/ over-shot & tag TOF @ 2730.98' +/- . PU fish was moving free, pulled up to 2,568.68' with over-shot, bit was at 2,872.59' & pipe stop moving freely. Pump 35 bbls PW down tbg. Work pipe loose, pull up to 1,426.69' with over-shot & bit @ 1,730.28' +/- .

**10/8/13** - Drilling ahead, had good returns, drilled down to 3070' & circ clean.

**10/9/13** - RIH & tagged @ 3070' +/- . Spot LCM pill, pull up 4 jts, broke circ, good returns. POOH. LD work string (2 7/8" L-80) and DC. Run 68 jts of 4 1/2" J-55 11.6# liner. Wash down last 3 1/2 jts to 3064'. First stage: 120 sx of Class C, weight cmt @ 14.8#, pump psi 1500# psi. Drop plug, displaced csg, bump plug @ 746# psi. Check floats got .2 bbls back. Drop bomb to open DV tool, tool opened, circulating DV tool clean. Pump 90 bbls clean returns. Second stage: pump 10 bbls spacer, pumped 183 sx of Poz Class C. Pump psi 1200# psi , drop & bump plug. Bottom of Shoe @ 3064' +/- . DV Tool @ 2519' +/-

**10/10/13** - PU & set slips on 4 1/4" liner, pull 6 pts on pipe when set slips. Made cut off, NUWH and BOP. PU 3 3/4" tri-cone bit, 1- 3 1/8" BS 1.41", 6- 3 1/8" OD DC 1- 3 1/8 x 1.23' x-over to 2 3/8". RIH w/ tbg to 1,599' +/- .

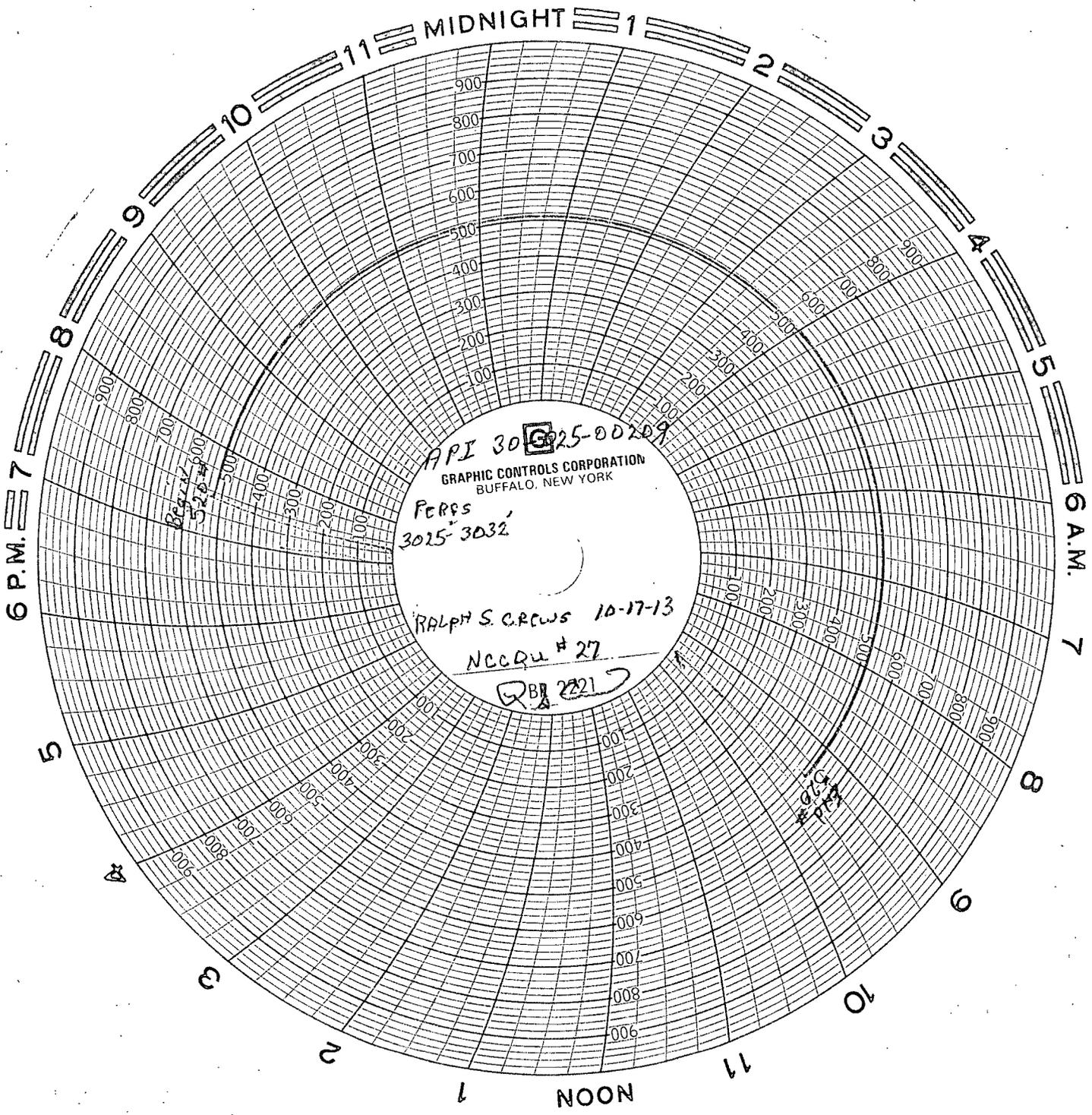
**10/11/13** - Tag up on DV tool @ 2526' +/- . Drill out DV tool. Tag up on float collar @ 3022' +/- . Drill float collar and 40' of cmt, circ hole clean PBDT @ 3061' +/- . POOH w/ tbg & bit, PU 2- 3 3/4" string mill. RIH w/ 3 3/4" bit. 1- DC 1- 3 3/4" string mill, 1- DC 1- 3 3/4" string mill, x-over, 2 3/8" tbg. Run mills in to DV tool, rotate mills through tool, run down and run mills threw float collar. POOH w/ tbg standing back tbg, LD DC.

**10/14/13** - RIH W/ CCL/CBL, TOC @ 2555'. LD CBL. RIH W/ CCL/CNL LOG F/2500'-3049'. LD CNL & RIH W/ 8' PERF GUN (4 SPF) TOP SHOT @ 3025'. PU ASI-X PKR. TIH, SET PKR @ 2965'. PUMP 1000 GALS 15% NEFE HCL, 45 BALL SEALERS, FLUSH W/ 50 BFW.

**10/15/13** - TOTAL OF 10 RUNS. RECOVERED 25 BBLs WTR. PULL FRAC BALLS INTO TBG & COULD NOT GET DOWN PAST 1700'. UNSEAT PKR. LWR PKR & KNOCK OFF BALLS. PUMPED 180 BBLs, WELL WOULD NOT CIRC.

**10/16/13** - PU AD-1 IPC PKR & TIH W/ 92 JTS 2 3/8" 4.7# J55 IPC EUE 8RD. NDBOP & NUWH. PUMP PKR FLUID. SET PKR @ 2981'.

**10/17/13** - RUN MIT. PRESSURE UP TO 520#. HELD PSI FOR 33MIN. END PSI 520#. COPY OF CHART IS ATTACHED. CONNECT TO INJECT. WO ELECTRICITY.



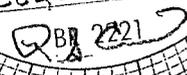
API 30  3025-00209

GRAPHIC CONTROLS CORPORATION  
BUFFALO, NEW YORK

PERCS  
3025-3032

RALPH S. CREWS 10-17-13

NCCRU # 27

 # 2221

5225 # 800  
5225 # 800

5225 # 800  
5225 # 800