

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTNew Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240FORM APPROVED
OMB No 1004-0137
Expires: March 31, 2007

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.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other		5. Lease Serial No. NMLC-070337 068474
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 or CA/Agreement, Name and/or No. DRICKEY QUEEN SAND UNIT
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec. 10(G); T14S; R31E 1980' FNL & 1980' FEL		8. Well Name and No. 32
		9. API Well No. 30-005-01023
		10. Field and Pool, or Exploratory Area CAPROCK QUEEN
		11. County or Parish, State CHAVES CO., NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" 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 type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other RE-ACTIVATE
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	PRODUCER
	<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 shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

MIRU well service
TOOH w/ production tbg
Clean out well to TD
Deepen well 20' to fully evaluate the Queen Sand interval
Run GR/CCL/CN logs
TIH w/ production equipment
Return well to production

Conditions of Approval:

OCD requires the Operator to complete a 24 hours production test and submit on form C-104 Request for Allowable before producing this well. Accompanied by Subsequent report on C-103 with dates and what was done, along with tubing size and depth

RECEIVED

APR 28 2008

HOBBS OCD

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Haylie Urias

Title Operations Tech

Signature

Date

04/10/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

IS/ DAVID R. GLASS

Approved by

APR 22 2008

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.

Title 18 U.S.C. Section 1001 and Title 18 U.S.C. Section 112, make it a crime for any person States any false, fictitious or fraudulent statements or representations as to any matter within

(Instructions on page 2)

Accepted For Record Only! Approval
Subject To Returning Well To Continuous
Production And Keeping Well On Continuous
Production Or Plugging Well With An
Approved Plugging Program!