FORMAPPROVED OM B No 1004-0137 Expires: March 31, 2007 UNITEDSTATES DEPARTMENT OF THE MERCIR CONS. Division BUREAU OF LAND MANAGEMENT. French Dr. 5. Lease Serial No. NMLC_07337 his form for proposals to drill 6 If Indian, Allottee or Tribe Name oned well. Use Form 3160 - 3 (APD) for such proposals. 7. If Unit or CA/Agreement, Name and/or No SUBMIT IN TRIPLICATE - Other instructions on reverse side. 1. Type of Well X Oil Well Other Gas Well 8. Well Name and No. 2. Name of Operator Drickey Queen Sand Unit #37 CELERO ENERGY II, L 9. API Well No. 3a. Address 30-005-01034 3b. Phone No. (include area code) 400 W. Illinois, Ste. 1601 Midland TX 79701 (432)686-1883 10 Field and Pool, or Exploratory Area 4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Caprock Queen 11. County or Parish, State 660 South 660 West UL: M, Sec: 10, T: 14S, R: 31E Chaves . NM 12. CHECK APPROPRIATE BOX(ES)TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA TYPE OF SUBMISSION TYPE OF ACTION ∆Cidize Deepen X Production (Start/Resume) Water Shut-Off → Notice of Intent ☐ Alter Casing FractureTreat Reclamation Well Integrity ☐ Casing Repair New Construction Other Recomplete X Subsequent Report Change Plans Plug and Abandon Temporarily Abandon ☐ Final Abandonment Notice Convert to Injection Plug Back 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 recomplete 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.) 5/20-6/12/08 Returned the abandoned producer to production POOH w/ rods, pump, and 2 7/8" production tubing. Located casing leaks from 8' to 1182'. Circulated 164 sx Class C cement w/ additives through casing leaks and up 5 1/2" casing annulus in two attempts. DO cement and retrieve RBP. CO/DO well to new TD @ 2860'. Ran 2 7/8" 6.5# J-55 production tubing and BHA. Returned well to production (rod pump). Note: This well last produced 10/2002. 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! I hereby certify that the foregoing is true and correct Name (Printed/Typed) Lisa Hunt Title Regulatory Analyst Signature 10/23/2008 R FEDERAL OR STATE OFFICE USE Approved by Title Date Conditions of approval, if an Gre attached. As wal 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 DAVILO BUSIC 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, fictitions of the United States any false, fictitions as to any matter within its jurisdiction

CELERO ENERGY

DATE: Jun. 17, 2008 FIELD: Caprock BY: **GSA** WELL: 37 **Drickey Queen Sand Unit** LEASE/UNIT: STATE: New Mexico **COUNTY:** Chaves Location: 660' FSL & 660' FWL, Sec 10M, Ţ14S, R31ECM KB = 4201'GL = SPUD: 11/53 COMP: 11/53... API = 30-005-01034**CURRENT STATUS: Producer** Original Well Name: Phil - Mkx #1 -- No Surface Casing was set -- The Sundry Notice dated 10-09-53 states that "No surface water was encountered in discovery well effecting this location and permission was obtained to pull the surface pipe. Similar procedure will be followed on this well." - 2-7/8" 6.5# J-55 prodn tbg (90 jts) @ ?? TOC @ 1970' +/- (calc) 5-1/2" 15.5# @ 2824' cmt'd. w/ 125 sx (DNC) Top of Queen @ 2808': Queen Open Hole: 2824' - 2831' (11-53) **Queen Open Hole:** 2824' - 2860' (06-08) PBTD - 2860' TD - 2860' 6/17/2008 DQSU #37.xls