

Office

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM

87505

RECEIVED

JUN 01 2009

HOBBSON

Energy, Minerals and Natural Resources

OIL CONSERVATION DIVISION

220 South St. Francis Dr.

Santa Fe, NM 87505

June 19, 2008

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.)		WELL API NO. 30-025-07168 ✓
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other SWD <input checked="" type="checkbox"/>		5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> ✓
2. Name of Operator CELERO ENERGY II, LP ✓		6. State Oil & Gas Lease No.
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701		7. Lease Name or Unit Agreement Name MM Harris ✓
4. Well Location Unit Letter <u>D</u> : 660 feet from the <u>North</u> line and 660 feet from the <u>West</u> line Section <u>8</u> Township <u>12S</u> Range <u>38E</u> NMPM County <u>Lea</u>		8. Well Number <u>2</u> ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 3869' GR		9. OGRID Number 247128 ✓
		10. Pool name or Wildcat SWD; Devonian ✓

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 ☐

OTHER: ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
 COMMENCE DRILLING OPNS. ☐ P AND A ☐
 CASING/CEMENT JOB ☐

OTHER: ☐

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 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

5/19/09-: RIH w/2 jts & tagged at 7559'. PU power swivel & break conventional circ. Washed down to 7652'. RIH to 7715'. Circ hole clean. LD swivel. RIH to 372 jts in tagged at 11665'. PU power swivel. Washed down to 11682'. Well went on vacuum. Pumped 50 bbls down csg. POH standing 1 1/4" tbg in derrick. PU 27 jts 1 1/4" tbg. RIH, POH & stand in derrick.

5/20/09-RU Apollo WL. RIH w/ free pt tools. Tie into OS @ 6430'. RIH to 7200' - 20% stretch, 7100' - 50% stretch, 6950' - 50% stretch, 6900' - 100% stretch. POOH w/ free pt tools. RIH w/ 2 1/2" OD chemical cutter, chemical cut @ 6900', collar @ 6914', start POOH, chemical cutter became hung up @ 2740'. Pump down tbg 2 bpm. Worked chemical cutter free, chemical cutter hanging in every collar. Finished POOH w/ chemical cutter. One piston not retracted. Pump 130 bbls total down tbg. RU Crain Acidizing. Pump 50 bbls FW down tbg, 1000 gal 15% double inhibited acid, flush w/ 23 bbls FW. Start POOH w/ tbg. Had to work 1st jt. of tbg out of hole. Resumed POOH w/ workstring, tbg sub, top bushing, 7.78' extension, x-over bushing, 4 5/8" shoe w/ pack off, 4 5/8" guide, 9.02' chemical cut jt., 14 jts. 3 1/2" CS Hydrill tbg, 16.40' chemical cut jt. Total of 468.84'. RIH w/ 4 5/8" guide w/ cutrite 3 5/8" ID and cutrite on btm of guide, 4 5/8" shoe w/ 3 1/2" grapple & pack off, x-over busing, 7.78' extension, top bushing, 4' tbg sub. RIH w/ 202 jts. WS. Start flushing acid w/ 230 bbls FW. Resume TIH w/ 2 jts., tag scale @ 6460' & continue pumping down csg, work thru scale down to 217 jts. + 12' in @ 6888'. Can not make any more hole. POOH w/ 1 jt. *Cont'd on back of page.

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 05/27/2009Type or print name Lisa Hunt E-mail address: LHunt@celeroenergy.com PHONE: (432)686-1883

For State Use Only

APPROVED BY: Carmy W. Hill TITLE DISTRICT 1 SUPERVISOR DATE JUN 02 2009

Conditions of Approval (if any):

MM Harris #2 (SWD) - Continued

5/21/2009 - RU stripper & power swivel. Pumped 170 bbls reverse circulation, broke circulation, washed from 6888' to 6898' & reversed hole clean. Scale in returns. Lost 80 bbls while reversing hole clean. Washed down to top of fish at 6900'. Tbg went on vacuum. Latched onto fish at 6900', pumped 50 bbls down csg & pumped 50 bbls down tbg. RU Apollo WL. RIH w/free pt tools. Tied into fish at 6900', 7000' – 40 to 50% stretch, 7200' – 40 to 50% stretch, 7300' – 40 to 50% stretch, 7400' – 40 to 50% stretch, 7500' – 40 to 50% stretch. Tagged at 7562', 7550 – 50% stretch, 6907' – 80% stretch, 6916' – 50% stretch, collar at 6914'. POH w/free pt tools. RIH w/spud bars. Tagged at 7562'. Worked spud bars down to 8166'. POH w/spud bars. RIH w/free pt tools, tie into fish at 6900', 6910' – 100% stretch, 8135' – 60% stretch, 7500' – 60% stretch, 7000' – 60% stretch. POH & LD free pt tools. RIH w/2 1/2" chemical cutter. Tied into fish at 6900'. RIH & chemical cut at 8106' w/25 pts tension, no indication tbg parted, checked with collar locator. Collar locator indicated a cut. POH w/chemical cutter. Worked pipe for 45 mins from 60,000 to 100,000. No pipe movement. RU reverse unit. Started pumping reverse circ @ 5 bpm. Broke reverse circulation w/85 bbls pumped. Good returns. SD close csg valve. PSI tbg to 400# psi w/no bleed off. RU acid pump & pumped 500 gals 15% HCL. Spot to overshot at 6900' w/40 bbls. Rock acid w/15 bbls down csg & tbg for 1 hr. Reversed acid out of hole. Worked pipe 60,000 to 100,000. No pipe movement. RU WL. RIH w/free pt. Tied into fish at 6990'. Checked cut at 8120' & had 20% movement. 8000' – free pt would not work. POH. Wireline shorted out. Rehead wireline. Could not find short. RD 1st Apollo truck & RU 2nd Apollo truck. RIH w/freept. Running free pt at report time.

5/22/2009 - Finished TIH w/free pt tools. Tied into fish at 6900'. Checked free pt tools above & below fish at 100% stretch. RIH to 8106' – 90% stretch, 8150' – 90% stretch. POH w/free pt tools. RIH w/2 1/4" chemical cutter. Tied into fish at 6900'. RIH to 8108'. Pulled 20,000 over tbg wt. Cut tbg. No indication of cut. POH w/chemical cutter. Worked tbg from 60,000 to 100,000 for 45 mins. No tbg movement. RIH w/free pt tools. Tied into fish at 6900'. Free pt tbg down to 9324' – 100% stretch. Tagged bridge at 9332'. POH w/free pt tools. RIH w/2 1/4" chemical cutter. Tied into fish at 6900'. RIH & cut at 8135'. No indication of cut. POH w/chemical cutter. Worked tbg from 60,000 to 100,000. Free play at 85,000. Get off profile nipple. Pulled up 1 ft. Tbg hanging. Worked tbg repeatedly to 3' movement. Not making any hole. RIH w/2 1/4" bear claw bit, bit sub, 298 jts 1 1/4" CS Hydrill. Tagged at 9349'. PU power swivel. NU stripper head. Break conventional circulation. Washed down to 9435'. Well went on vacuum. Pumped 15 bbls down tbg. (Did not go on vacuum as expected). Resumed TIH w/1 1/4" CS Hydrill. Tagged at 11522'. PU power swivel. Washed down to pkr at 12060' & lost circulation. Pumped 35 bbls down tbg. Well on vacuum. Pulled to 7527'. RU acid truck. Pumped 1000 gals 15% HCL down 1 1/4" tbg. Displaced w/8 bbls. Well on vacuum. POH w/20 stands. Pumped 30 bbls down csg. Well on vacuum. Removed stripper head. POOH. Worked pipe 60,000 to 100,000 for 1 hr w/4' of free movement stopped making progress. Pumped 150 bbls produced water down csg and 100 down tbg to displace acid. Displacing acid at report time.

5/23/2009 - RU Apollo Wireline. RIH w/free pt tools. Tied into fish at 6900', 7100' – 100% stretch, 7175' – 70% stretch, 7215' – 50% stretch, 7225' – 30% stretch, 7235' – 0% stretch. POH w/free pt tools. RIH w/2 1/4" chemical cutter. Slack off tbg. Tagged pkr. PU 1'. Tied into fish at 6900'. RIH & cut at 7565'. No indication of cut. POH w/chemical cutter. Worked tbg from 60,000 to 100,000. Worked tbg free. Started POH. Tbg dragging for 5 stands. POH w/workstring, overshot & 89.07' of 3 1/2" tbg. Had clean break. RIH w/4 5/8" guide, cutrite 3 5/8" RID cutrite of btm, 4 5/8" overshot w/3 1/2" grapple & pack off, x/o bushing, 7 7/8" extension, top sub, 4' 2 7/8" tbg, sub 210 jts + 5' workstring. Tagged at 6660'. Pumped 330 bbls down csg. Worked overshot down to 6666'. Pulling off at 30,000 over, every time tagged at 6660'. Rotated & fell 1'. Have to beat down 5' to 6666'. Then pull off w/30,000 over. POH w/workstring & overshot. Overshot had marking indicating possible going outside csg. New grapple did not show any marking of anything being inside grapple. RIH w/204 jts 2 7/8" open ended workstring to 6445'. SDFHWE.

5/26/2009 - Started TIH w/workstring. Tagged @ 6663'. Resumed TIH to 6698'. POH w/1 jt to 6667'. Pumped 190 bbls fresh wtr w/defoamer down csg. Pumped 50 bbls fresh wtr w/defoamer down tbg. SD waiting on camera. RIH w/DH camera. Pumped 200 bbls fresh wtr down csg. Pumped 1 to 4 bbls per min down tbg. Found csg parted 6655-6661'. RD camera & wireline truck. SWI. Take video to Midland office.