

June 19, 2008

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 12 2009

HOBBSOCD

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-005-21153

5. Indicate Type of Lease

STATE ☐ FEE ☒

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

Drickey Queen Sand Unit

8. Well Number

56

9. OGRID Number

247128

10. Pool name or Wildcat

Caprock Queen

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 D : 130 feet from the North line and 380 feet from the West line

Section 15 Township 14S Range 31E NMPM County Chaves

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

4185' GL

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: MIT

☒

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.

5/22-6/3/09

MIRU. TOH w/tbg & pkr. PU 4 3/4" OD bit. TIH on 2 7/8" OD tbg workstring. Tagged @ 3088'. C/O from 3088' to 3289'. Lower bit & tagged at 3252'. C/O horizontal section from 3252' to 5200'. Moved in 2 3/8" OD, 4.7#, 8rd EUE, J-55 IPC tbg to be run into well. TIH w/85 jts of 2 3/8" OD, IPC tbg w/5 1/2" plastic coated tension (Model AD-1) packer. With packer swinging at 2780', circulate pkr fluid. ND BOP & NU WH. Set pkr from 2677-80' w/15 pts of tension. Acidize down tbg into open hole from 3085' to 5500' w/2000 gals of 7 1/2% NEFE acid & flushed w/100 BFW, 80 bbls overflush. Ran MIT on 6/3/09. Held 350# for 30 mins. Tested good. Witnessed by Robert Harrison w/OCD Hobbs. Original chart was taken by Robert Harrison.

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 06/08/2009

Type or print name Lisa Hunt

E-mail address: LHunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

Tom W. Hill

TITLE

DISTRICT 1 SUPERVISOR

DATE

JUN 19 2009

Conditions of Approval (if any):