

Submit 3 Copies To Appropriate District
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

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
June 19, 2008

RECEIVED AUG 14 2009 HOBBSSOCD		WELL API NO. 30-025-00310 ✓	
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 <input type="checkbox"/> Gas Well <input type="checkbox"/> Other Injection <input checked="" type="checkbox"/> 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 South line and 660 feet from the West line Section 30 Township 13S Range 32E NMPM County Lea ✓		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> 6. State Oil & Gas Lease No.	
		7. Lease Name or Unit Agreement Name Rock Queen Unit 8. Well Number 78 ✓ 9. OGRID Number 247128 ✓ 10. Pool name or Wildcat Caprock Queen ✓	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4386' KB			

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER: <input type="checkbox"/>		SUBSEQUENT REPORT OF: REMEDIAL WORK <input checked="" type="checkbox"/> ALTERING CASING <input type="checkbox"/> COMMENCE DRILLING OPNS. <input type="checkbox"/> P AND A <input type="checkbox"/> CASING/CEMENT JOB <input type="checkbox"/> OTHER: <input type="checkbox"/>	
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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.

7/10/09-MIRU. POOH w/inj tbg & pkr. Drld & C/O from 3016' to 3049'.

7/15/2009 - Ran csg inspection log from 364' to 3040'. Ran CBL from 3000' back to 2000'. TOC at 2160'. Test tbg csg annulus at 1189', 909', & 409'. Could pump into same at 150# & 1 BPM.

7/16/2009 - Clean out hole from 3045' to 3064'. No returns. Set RBP @ 2787' w/pkr @ 2782'. Test pkr & RBP to 475#. Held 15 min. Test backside from surface to 2782' w/ 425#, leaked off to 375# in 15 min. Started dripping out of braden head. Set RBP @ 2947' & 2916' w/pkr set 5' above each respective setting. Unable to get tools to hold 500#. RBP was then raised to 2787'.

* Cont'd on back of form

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 08/11/2009

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

For State Use Only

APPROVED BY: [Signature] TITLE DISTRICT 1 SUPERVISOR DATE AUG 17 2009

Conditions of Approval (if any):

Rock Queen Unit #78 – Continued

7/17/2009 - RU to run 4 1/2" csg liner. Ran 9 jts of 4 1/2" OD, 11.6#, 8rd, LT&C csg w/Watson Packers "Duplex Shoe". Tied 2 7/8" tbg onto the 2 3/8" tbg & ran csg liner to 3045'. Unable to go deeper to TD of 3054'. Pumped 2 BPM at 0# pressure to establish rate w/produced wtr. Mixed & pumped 50 sx of Class "C" cmt w/1% CaCl2. (Liner is set from 2654' to 3045'). Displaced cmt w/16 BPW to 2995', leaving 150' of cmt inside of tbg. Displaced at 1.5 BPM & 0# pressure. Released from duplex shoe, raised tbg to 2072' & reversed circulate w/20 BPW. No returns. TIH w/79 jts of 2 7/8" OD w/7" AD-1 pkr. Pumped down tbg at 2 BPM & 0# pressure to establish a rate. Mixed & pumped 100 sx of Class "C" cmt w/w/2% CaCl2 at 14.8 ppg w/yield of 1.32 & displaced to 2598' (2 bbls below pkr) at 1.5 BPM on vacuum. WOC 30 mins, pumped 1.5 bbls on vacuum. WOC 30 mins, pumped 1.5 bbls on vacuum. WOC 30 mins, pumped 1.5 bbls on vacuum. WOC 30 mins, pumped 1 bbls on vacuum. Overdisplaced w/15 BPW at 1.5 BPM on vacuum.

7/20/2009 - Mixed & pumped 100 sx of Class C cmt w/2% CaCl2 & displaced cmt 11.8 BPW, leaving 10 bbls of cmt above top of liner at 2654' (2 1/2 bbls in tbg & 7 1/2 bbls in csg above TOL). Pumped cmt at 1 1/2 BPM on vacuum. WOC 30 mins; pumped 3 bbls of cmt at 1 1/2 BPM on vacuum. Continued staging, WOC from 15 to 40 mins between stages, pumping from 1 to 2 1/2 bbls of cmt per stage & 1 1/2 to 2 BPM on vacuum. Overdisplaced cmt w/10 BPW. WOC. Mixed & pumped 200 sx of Class C cmt w/2% CaCl2 & displaced w/8.7 BPW. Stopped pumps. Continued displacement w/well on vacuum w/a total of 22.5 BPW. Well taking fluid at 1 3/4 BPM at the tail end of displacement.

7/21/2009 - (TOL @ 2654'). Mixed & pumped 50 sx of Class "C" cmt w/2% CaCl2 & 2# sand per sx followed w/50 sx of Class C cmt w/2% CaCl2. Displaced w/10 BPW at 1 1/2 BPM on vacuum. Raise end of tbg to 1103'. WOC 3 hrs. Lwr tbg to TOL. Didn't tag cmt. Raise EOT to 2562'. Mixed & pumped 50 sx of Class C cmt w/2% CaCl2 & 2# sand per sx followed w/50 sx of Class C cmt w/2% CaCl2. Displaced w/5 BPW on slight vacuum. Drl cmt from 2099' to 2215'.

7/22/2009 - Started drlg cmt at 2215'. Drl cmt to 2567'; making 357'. Ran bit to TOL @ 2654' & circ hole clean. Tested w/300#. Ok. TOH w/tbg. TIH w/tbg & 7" AD-1 pkr to 2592'. Tested TOL w/1250# for 10 mins. Held Ok. Released pkr & started out of hole w/same.

7/23/2009 - Drl and C/O to TD @ 3064'. Drill new hole from 3064' to 3075'.

7/24/2009 - C/O to total depth of 3075'. No circulation. Ran CBL from 2500' to 3055'. TIH w/tbg & 7" pkr. Ran to 2468'. Attempted to run 1-3/8" OD temperature tool. Unable to get into top of liner at 2654'. TOH w/tbg & pkr. Re-ran 15 jts of 2 3/8" tbg as tail pipe, 7" pkr & rest of 2 7/8" tbg. Ran end of 2 3/8" tbg down inside of 4 1/2" liner to 2676'. Set 7" pkr at 2213'. Ran base temperature log from 2500' to 3051'. Pumped 100 BPW down tbg & re-ran temperature log. Ran temperature log from 2500' to 3051'.

7/27/2009 - Ran temperature & tracer survey as follows: Ran base temperature log from 2000' to 3066'. Pumped 30 bbls of heated produced wtr down tbg at 2 bpm; slowed pumps down to 1/2 bpm. Ran temperature log after pumping fluid from 2000' to 3062'. Ran tracer survey (Iodine 131) from 2600' to 3062'. Made channel checks w/tracer survey at base of liner at 3045' & top of liner at 2654'. SD 2 hrs. Total pumped 150 bbls. Ran temperature log from 2000' to 3062'. SD 2 more hrs. Ran temperature log from 2000' to 3062'. RD. Field results indicate no channeling behind 4 1/2" liner & fluid is going below the btm of liner.

7/28/2009 - Rotated & reamed through top of liner at 2654'. TIH w/tbg & Watson packers 4 1/2" composite bridge plug. Ran to 2757' in the 4 1/2" csg. Set bridge plug using 1400# of pressure. Load hole & test bridge plug & 7" csg from surface to TOL @ 2654' & 4 1/2" csg from 2654' to 2757' w/400#. Ok. TOH w/setting tool for bridge plug. Ran 4 1/2" alignment tool to tie 4 1/2" csg from surface to 4 1/2" csg liner top, 1 jt of 4 1/2" csg, float collar & 58 jts of 4 1/2" OD, 11.6#, J-55, LT&C csg (total csg = 2664'). Pump 175 sx of Class C cmt w/2% CaCl2 mixed at 13 ppg w/yield of 1.89 tailed in w/25 sx of Class C cmt w/2% CaCl2 mixed at 14.8 ppg w/a yield of 1.32. Displaced cmt w/41 BFW, circulating out 26 sx of cmt.

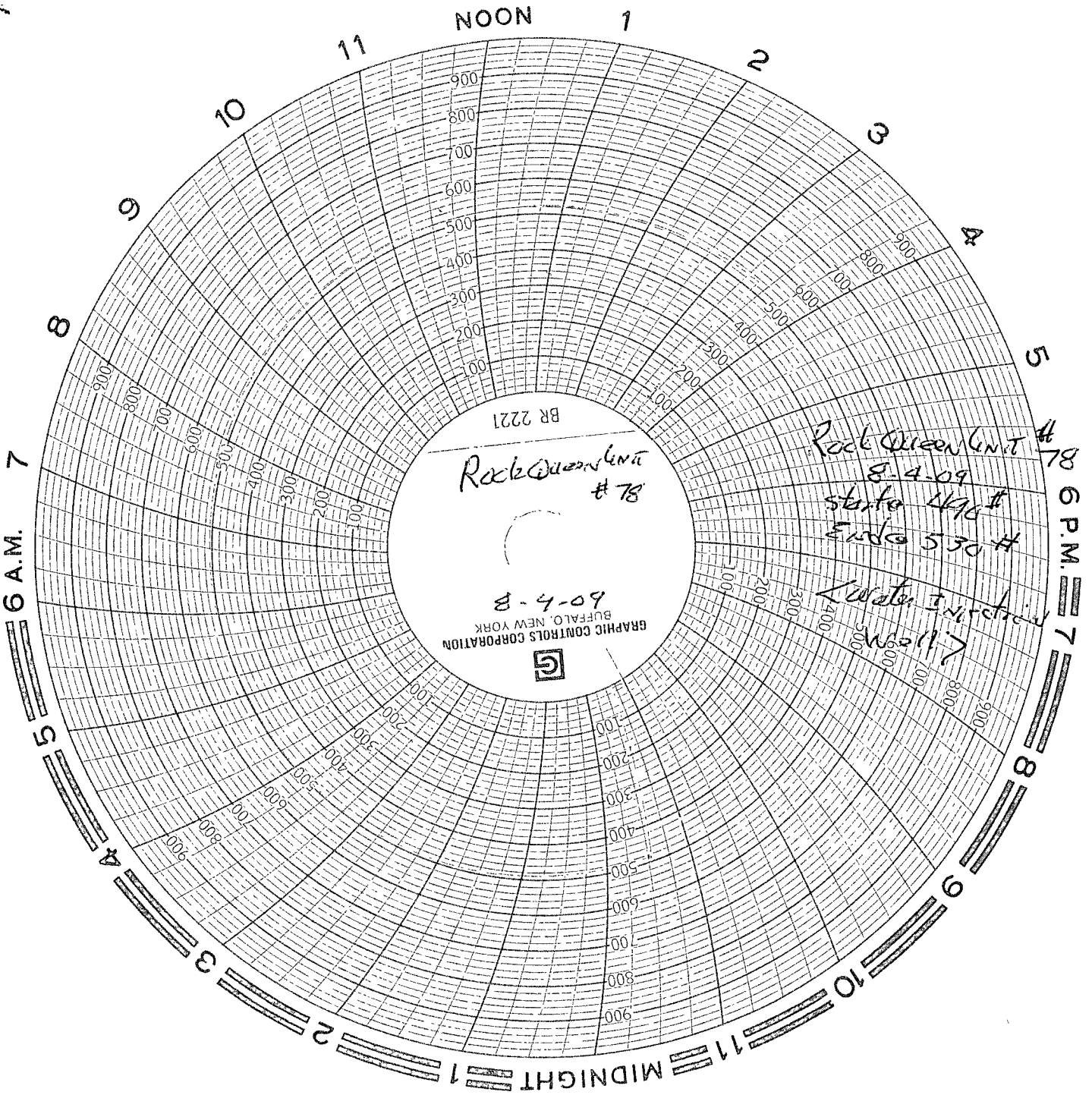
7/29/2009 - Set slips on 4 1/2" csg in 7" WH. Installed 4 1/2" tbg head. TIH w/2 3/8" tbg work string, 6 - 3 1/8" DC's & 3 7/8" OD cone bit. Tagged cmt at 2583'. D/O cmt, rubber plug, float collar at 2606' & cmt to TOL at 2654'. Start drlg aluminum alignment tool at liner top. Drl 6' cmt & ran bit to 2684'. Ran tbg, DC's, 3 3/4" string mill and 3 7/8" bit. Ream & rotate through TOL area, several times to wipe out any tight spots. Ran mill to composite BP. Circ hole clean.

7/30/2009 - Ran to 2740'. Test 4 1/2" csg from surface & composite BP w/1000#. Ok. D/O composite BP & ran bit to 3077'. TIH w/tbg & 3 1/8" OD x 10.53' bulldog bailer w/6' stroke. C/O from 3065' to 3077'. Ran GR/CCL/CNL from 2600' to 3076'.

7/31/2009 - TIH w/92 jts of 2 3/8" OD, J-55, 8rd, EUE, IPC tbg w/4 1/2" Arrowset nickel plated pkr w/1.78" profile nipple in on-off tool. Set pkr w/10 pts of tension at 2990'. Test annulus to 500#. Held ok. Witnessed by OCD representative. Released on-off tool, circulate pkr fluid, latch back onto pkr. ND BOP & NU WH. Connect to injection. RDMO. ✱

8/4/09 - Ran MIT. Start 490#. End 530#. Held. Tested ok. Original chart will be sent to OCD Hobbs office.

* Test not witnessed!



Rock Queen Unit #8
8-4-09
starts 490 #
Ends 530 #

Water Injection
Well 11

Tested by
Cekovic Pump Truck

Don Ford
Representative for Class