

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

MAR 04 2010

HOBSUCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

| | |
|---|--------------|
| WELL API NO. | 30-005-01103 |
| 5. Indicate Type of Lease STATE <input type="checkbox"/> FEE <input checked="" type="checkbox"/> | |
| 6. State Oil & Gas Lease No. | 303737 |
| 7. Lease Name or Unit Agreement Name West Cap Queen Sand Unit | |
| 8. Well Number | 13 |
| 9. OGRID Number | 247128 |
| 10. Pool name or Wildcat Caprock Queen | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | |

| | |
|---|--|
| 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 checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input 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 A : 660 feet from the North line and 660 feet from the East line Section 20 Township 14S Range 31E NMPM County Chaves | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | |

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

2/15-17/10 - TIH w/2 3/8" OD tbg, 2-3 1/8" OD DC's & 3 3/4" bit. Tag @ 2807'. C/O from 2807' to 2822' (tbg tally, TD=2818'). Circ hole clean, recovering sand, scale & formation. Circulate hole for 1 hr. Ran bit up inside of 4 1/2" csg to 2761'. Attempt to run 1.95" Broach to clean out the inside of tbg. Attempt to run on sand line. Unable to go deeper than 60". Attempt to run on 3-1 1/2" sinker bars on rods. Made 95' & stopped going. LD Broach. TOH w/tbg, DC's & bit. TIH w/tbg & 4 1/2" OD AD-1 pkr. Set @ 248' & tested to 500# and held ok. Set @ 499' & 876' & would take fluid @ 1 bpm @ 200#. The settings @ 499' & 876' took fluid w/pressure the same. RU Kenco's RBP & pkr. TIH on tbg. Set RBP @ 2710'. Set pkr & test RBP & pkr to 750# & held ok. TOH w/tbg & pkr. Ran CBL as follows: 220' to 900' & 1800' to 2706'. TOC on primary job is 2484' from surface & looks good. TOC (as a result of a 200 sx cmt job dated 8/08 that placed cmt in the 4 1/2" csg from 245' to 813') is 220' from surface. CBL shows spotty bonding from 220' to 900'. LD CBL. Ran csg inspection log from 200' to 2706'. Csg from 1000' to 2706' looks ok. Areas that show heavy corrosion on the csg is located as follows: 350' to 420', 480' to 650' w/spots @ 790' & 945'. TIH w/32 jts of 2 3/8" tbg w/bull plugged perf nipple & seating nipple. EOT @ 1005' w/seating nipple @ 1001. RU to swab. Swab 1 1/2 hrs, recovered 10.5 bbls wtr. Starting fluid level = surface. Ending fluid level = 900' from surface. Swab down. Unable to recover any fluid on last two swab runs. *Continued 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 03/02/2010

Type or print name Lisa Hunt

E-mail address: LHunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

L. Hunt

TITLE

PETROLEUM ENGINEER

DATE

MAR 08 2010

Conditions of Approval (if any):

West Cap Queen Sand Unit #13, API # 30-005-01103 – C-103 continued

2/18-19/10

After SI 13 hrs. Ran swab & found fluid level at 450'. Had 450' of fluid to come in for a total of 6 BW. Swab ½ hr & recovered 4 BW EFL = 700' FS. RD swab. TIH w/tbg & retrieving head for RBP. Latch onto same at 2710'. Took 20 mins to release RBP. TOH. LD tbg work string & RBP. Unload 100 jts of 2 3/8" OD, 4.7#, 8rd, EUE, J-55 yellow band tbg. Tally same. TIH w/88 jts of 2 3/8" yellow band tbg, 2" x 1 3/4" x 12' x 16' tbg pump & 2 3/8" x 4' bull plugged perf nipple. Tbg pump set from 2705' to 2721'. BP per nipple from 2721' to 2725'. EOT at 2725'. ND BOP & NU WH. Left open to flowline overnight & SD. TIH w/1 3/4" x 4' tbg pump plunger, 6 1/2" sinker bars, 64- 3/4" rods, 38-7/8" rods w/no pony rods. Space out pump. Hung well on. Pressure to 400# to check pump. Ok. Left well producing.