

Office

Energy, Minerals and Natural Resources

October 13, 2009

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

OIL CONSERVATION DIVISION

JUL 07 2010

1220 South St. Francis Dr.
Santa Fe, NM 87505**HOBSOCD**

WELL API NO.

30-025-05228

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

B-9774

7. Lease Name or Unit Agreement Name
State T Devonian

8. Well Number 3

9. OGRID Number

247128

10. Pool name or Wildcat

Denton Devonian

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

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 K : 1980 feet from the South line and 1980 feet from the West line
Section 2 Township 15S Range 37E NMPM County Lea

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

3801' 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: ☐

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.

6/10/10- RIH w/ 1-2 7/8" x 4 perf sub, 321 jts of 2 7/8" 6.5# L-80 8rd tbq. (10063'), tag up @ 5353', pick up & rotate tbq., work through bad spot, continue RIH, tag @ 10063'. Pump 150 bbls of brine. Did not break circulation. Mix & pump 100 sx of class "H" cmt. Displace w/ 52 bbls brine. Well remained on a vacuum. POH w/ 60 jts tbq.

6/11/10-RIH w/ tbq. Tag up on cmt @ 9405'. POH to 9216'. Pump 60 sx of class "H" cmt, displace cmt w/ 50 bbls brine to 8827'. POH to 7273', pump 30 sx of class "H" cmt, displace w/ 40 bbls brine to 7118', pull up.

6/14/10- Tag cmt @ 7116'. Circ 280 bbls of mud laden fluid to surface. POH 4 stands.

6/15/10-TOH w/tbg & bull plugged perf nipple. Perf 7" csg @ 4675' w/ 1 11/16" gun - 4 shots. TIH w/ 2 7/8" tbq & 7" model AD-1 tension pkr. Set @ 4326'. Pump down tbq through perfs @ 4675'. Circ 50 bbl oil. (Pumped total of 60 bbl wtr @ 300 psi - 3 BPM) Pump 30 bbl 10# mud laden fluid through perfs, mix & pump 70 sx of Class C cmt w/2% CaCl2, displace w/30 bbl brine, spot cmt in 7" & 9 5/8" from 4422' to 4675'. WOC 2 1/4 hrs. Tag TOC @ 4422'. POH. Set pkr @ 2844'. Perf 7" csg @ 3150' w/ 1 11/16" gun - 4 shots. Pump 30 bbls 10# mud down tbq through perfs @ 3150'. Mix & pump 50 sx of Class C cmt w/2% CaCl2, displaced w/22 bbls brine to 3000'. WOC. *Cont'd on back of page

Spud Date:

Rig Release Date:

CONDITIONS OF PA APPROVAL: Approved as to plugging of the Well Bore. Liability under bond is retained until surface restoration is completed. OCD Hobbs office needs C-103 "Check Off List for Surface Inspection".

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 07/01/2010

Type or print name Lisa Hunt

E-mail address: LHunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

E. Gonzalez

TITLE

STAFF MGR

DATE

7-8-10

Conditions of Approval (if any):

State T Devonian #3, API # 30-025-05228 – C-103 continued

6/16/10-Tag TOC @ 2998', raise pkr to 1755', perforate 7" csg @ 2050' - 4 shots. Pump 30 bbls 10# mud, follow w/50 sx of Class C cmt, displace w/17 bbls of 10# mud to 1900'. WOC 2.5 hrs. Tag TOC @ 1916', raise pkr to 30', perf 7", 9 5/8" & 13 3/8" csg w/2 1/8" gun @ 393'- 4 shots. Pump 60 bbls 10# mud, follow w/70 sx Class C cmt, displace w/6 bbls 10# mud to 200'. WOC.

6/17/10-Tag TOC @ 190', perf 7", 9 5/8" & 13 3/8" csg @ 60' w/ 2 1/8 gun - 4 shots, pump 30 sx class C cmt, circ. Cmt to surface. LD tbg & pkr. Finish filling csg w/cmt. WOC. RDPU. Move off location. Clean out pits & haul off to disposal. Move pipe & racks off location

6/24/10-Dig out & cut off WH. Install dry hole marker. Cut off deadmen. Reclaim location. Well now P&A'd.