

New Mexico Oil Conservation Division, District 1
 UNITED STATES 1625 N. French Drive
 DEPARTMENT OF THE INTERIOR
 Hobbs, NM 88240
 BUREAU OF LAND MANAGEMENT

FORM APPROVED
 OMB No. 1004-0137
 Expires: March 31, 2007

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side.

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
 Celero Energy II, LP

3a. Address
 400 W. Illinois, Ste. 1601 Midland TX 79701

3b. Phone No. (include area code)
 (432)686-1883

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
 Sec 15, (L); T14S; R31E
 1980' FSL & 660' FWL

5. Lease Serial No.
 LC-060811

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.
 Drickey Queen Sand Unit #48 ✓

9. API Well No.
 30-005-01059

10. Field and Pool, or Exploratory Area
 Caprock; Queen

11. County or Parish, State
 Chaves, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other _____ |
| | <input type="checkbox"/> Change Plans | <input checked="" type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13 Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

- 1) Spot 45 sx CI C at 2945'-2870'.
- 2) Cut tubing above packer and POOH with tubing.
- 3) RIH with workstring and spot 20 sx CI C at packer (Tag).
- 4) Circulate hole with 10 ppg salt mud.
- 5) Perf (4) at 2150'; spot 45 sx CI C at 2150'-2050' (Tag).
- 6) Perf (4) at 1380'; spot 45 sx CI C at 1380'-1280' (Tag).
- 7) Perf (4) at 200'; fill 5-1/2" casing and 5-1/2"-by-8-5/8" annulus with 130 sx CI C.
- 8) Cutoff wellheads and set P&A marker.

RECEIVED
 SEP 17 2010
 HOBBSOCD

Copy sent to OCD Hobbs office for like approval.

APPROVED FOR 3 MONTH PERIOD
ENDING DEC 14 2010

14. I hereby certify that the foregoing is true and correct

| | |
|-----------------------------------|-----------------------------|
| Name (Printed/Typed) Lisa Hunt | Title Regulatory Analyst |
| Signature <i>Lisa Hunt</i> | Date 09/07/2010 |

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

| | | |
|--|-----------------------------|---------------------|
| Approved by /S/ DAVID R. GLASS | Title PETROLEUM ENGINEER | Date SEP 14 2010 |
|--|-----------------------------|---------------------|

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office **EC99-21-10**
ROSWELL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 48 U.S.C. Section 2112, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

CONDITIONS OF APPROVAL

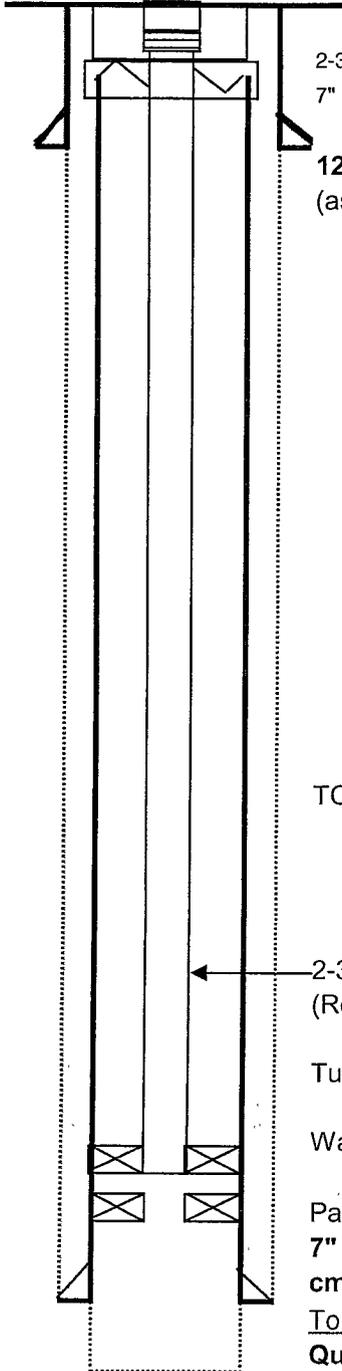
CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Drickey Queen Sand Unit
COUNTY: Chaves

DATE: Aug. 29, 2010
BY: MWM
WELL: 48
STATE: New Mexico

Location: 1980' FSL & 660' FWL, Sec 15L, T14S, R31ECM
 SPUD: 6/55 COMP: 6/55
 CURRENT STATUS: Injector
 Original Well Name: Union Federal A #1

KB = 4284'
GL = 4275'
API = 30-005-01059



2-3/8" parted/dressed off at 97'; 4-1 1/16" OS/grapple + 3 Jts 2-7/8" tbg to surface.
 7" csg parted and pulled at 121'; 14' of 9-5/8" + 3 Jts 7" to surface (131' total).

12-3/4" 45#/ft @ 148' w/150 sx. Calc'd TOC at surface for 15" hole
 (assumed) w/enlargement = 20%; yld = 1.26 ft3/sk(50/50 Poz w/2% Gel)

Top Anhy at 1252'
 Top Salt at 1395'
 Top Yates at 2155'

Existing 8/29/10

TOC @ 2453' for 8-3/4" hole(assumed) w/enlargement = 20%; yld = 1.26 ft3/sk
 (50/50 Poz w/2% Gel)

← 2-3/8" 4.7#/ft EUE 8R J-55 IPC tbg above 2870'.
 (Reported-found 2-3/8", cement-lined tubing in well)

Tubing cleaned out to 2968' (tally) w/1-3/4" mill.

Watson SL shear (50000 #) packer-depth unknown

Packer (probably Baker AD-1) at 2870' without mandrel.

7" 20# @ 2924'
cmt'd. w/ 125 sx (DNC)

Top of Queen @ 2929':

Queen Open Hole: 2929' - 2945' (6-55)

PBTD - 2945'
 TD - 2945'

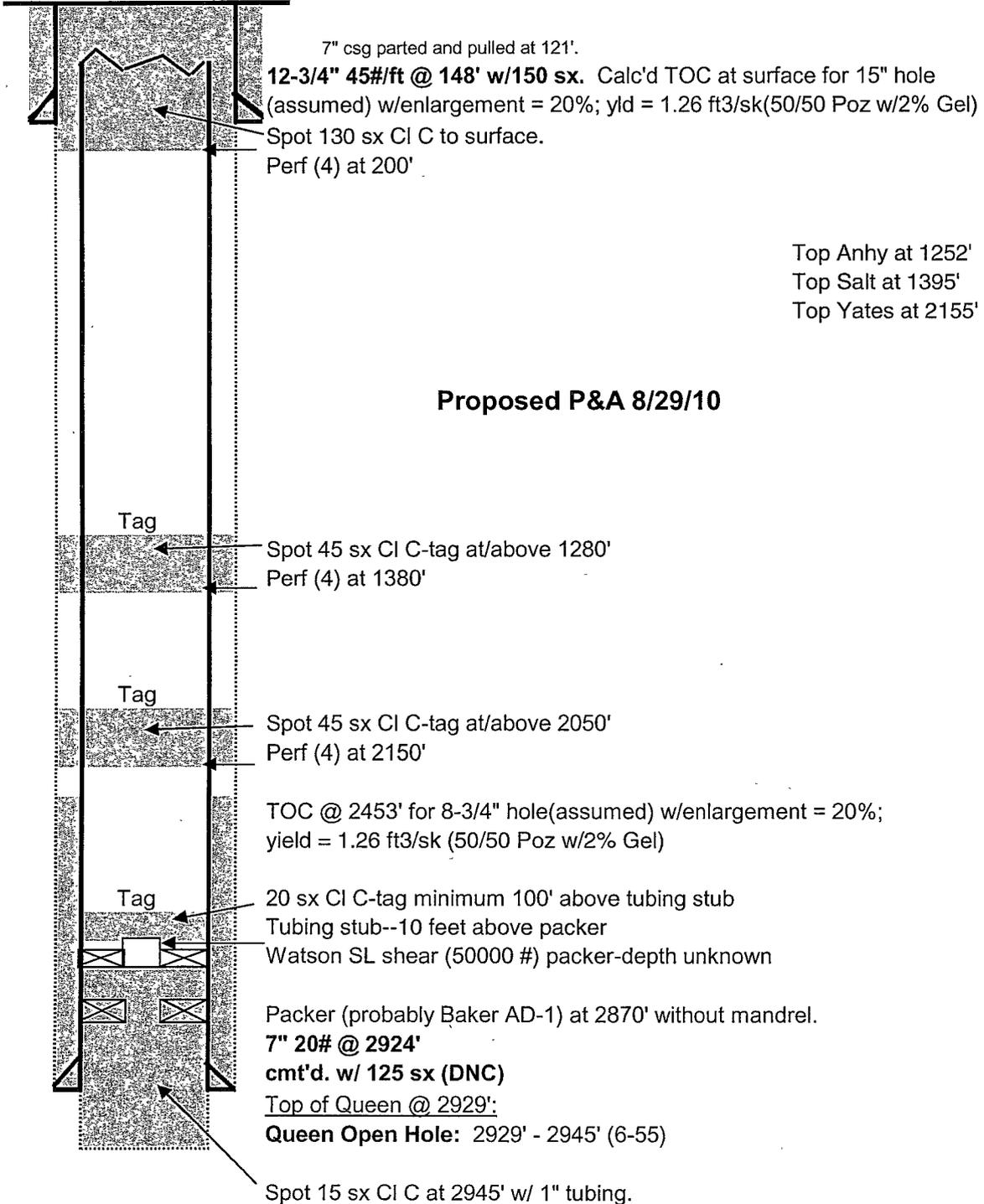
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PBTD - 2945'
TD - 2945'



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 15

Township: 14S

Range: 31E

DQSY # 48 LOCATED IN THIS SECTION.

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 10

Township: 14S

Range: 31E

SECTION NORTH OF DQSY #48



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 22

Township: 14S

Range: 31E

SECTION SOUTH OF DQSU^d 48



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 14

Township: 14S

Range: 31E

SECTION EAST OF ORS4 #48



New Mexico Office of the State Engineer
Water Column/Average Depth to Water

No records found.

PLSS Search:

Section(s): 16

Township: 14S

Range: 31E

SECTION WEST OF DQSY #48

BUREAU OF LAND MANAGEMENT

Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201
(575) 627-0272

Permanent Abandonment of Federal Wells Conditions of Approval

Failure to comply with the following Conditions of Approval may result in a Notice of Incidents of Noncompliance (INC) in accordance with 43 CFR 3163.1.

1. **Plugging operations shall commence within ninety (90) days from the approval date of this Notice of Intent to Abandon. If you are unable to plug the well by the 90th day provide the BLM Roswell Field Office, prior to the 90th day, with the reason for not meeting the deadline and a date when the BLM Roswell Field Office can expect the well to be plugged. Failure to do so will result in enforcement action.**

2. **Notification:** Contact the BLM Roswell Field Office at least 24 hours prior to the commencing of any plugging operations. For wells in Chaves and Roosevelt County, during office hours call (575) 627-0205 or after office hours call (575) 420-2832. Engineer on call during office hours phone (575) 627-0275 or phone (after hours) call (575) 626-5749.

3. **Blowout Preventers:** A blowout preventer (BOP), as appropriate, shall be installed before commencing any plugging operation. The minimum BOP requirement is a 2M system for a well not deeper than 9090 feet; a 3M system for a well not deeper than 13636 feet; and a 5M system for a well not deeper than 22727 feet.

4. **Mud Requirement:** Mud shall be placed between all plugs. Minimum consistency of plugging mud shall be obtained by mixing at a rate of 25 sacks (50 pounds each) of gel per 100 barrels of water. Minimum nine (9) pounds per gallon.

5. **Cement Requirement:** Sufficient cement shall be used to bring any required plug to the specified depth and length. Any given cement volumes on the proposed plugging procedure are merely estimates and not final. Unless specific approval is received, no plug except the surface plug shall be less than 25 sacks of cement. In lieu of a cement plug in cased hole, a bridge plug set within 50 feet to 100 feet above the perforations shall be capped with 50 feet of cement. If a bailer is used to cap this plug, 35 feet of cement shall be sufficient.

Unless otherwise specified in the approved procedure, the cement plug shall consist of either class "C" for up to 7500 feet of depth, mixed at 14.8 lbs./gal with 6.3 gallons of fresh water per sack or class "H" for deeper than 7500 feet plugs, mixed at 16.4 lbs./gal with 4.3 gallons of fresh water per sack.

6. **Dry Hole Marker:** All casing shall be cut-off at the base of the cellar or 3 feet below final restored ground level (whichever is deeper). The well bore shall then be capped with a 4-inch pipe, 10 feet in length, 4 feet above the ground and embedded in cement. The following information shall be permanently inscribed on the dry hole marker: Well name and number, the name of the operator, the lease serial number, the surveyed location (the quarter-quarter section, section, township and range or other authorized survey designation acceptable to the authorized officer; such as metes and bounds).

7. **Subsequent Plugging Reporting:** Within 30 days after plugging work is completed, file one original and five copies of the Subsequent Report of Abandonment, Form 3160-5 to the BLM Roswell Field Office. The report should give in detail the manner in which the plugging work was carried out, the extent (by depths) of cement plugs placed, and the size and location (by depths) of casing left in the well. **Show date well was plugged.**

Following the submittal and approval of the Subsequent Report of Abandonment, a Notice of Intent for Final Abandonment with the proposed surface restoration procedure must be submitted for approval.