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District I
1625 N. French Dr., Hobbs, NM 88240
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1301 W. Grand Ave., Artesia, NM 88210
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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
October 13, 2009

RECEIVED

OIL CONSERVATION DIVISION

OCT 20 2010

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

HOBBSOCD

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.)		WELL API NO. 30-005-01076
1. Type of Well: Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other Injector <input checked="" type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Celero Energy II, LP		6. State Oil & Gas Lease No. 303733
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701		7. Lease Name or Unit Agreement Name Drickey Queen Sand Unit
4. Well Location Unit Letter H : 1980 feet from the North line and 660 feet from the East line Section 16 Township 14S Range 31E NMPM County Chaves		8. Well Number 42
		9. OGRID Number 247128
		10. Pool name or Wildcat Caprock; Queen
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4238' GR		

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: Attempt to repair csg leak & place on inj ☒

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.

8/16/10 - NDWH & NU 3K BOP w/ 4 1/2" rams in BOP. TIH w/ 5 1/2" cutrite shoe on 4 1/2" stock. Ran on 4 1/2": O.D. J-55, 11.6# tbg, LT&C csg was wash pipe. Ran & tagged @ 534'. Raise to 527'.

8/17/10 - Lower mill & went over top 2 3/8" O.D. fish @ 534'. Mill & wash salt from 540' to 570'. Ran mill to 1425'. Raise mill to 1405' & circulate hole clean. RU to run 2 3/8" O.D. tbg w/ 3 7/8" O.D. overshot w/ tbg body grapple. Ran & latched onto fish @ 873'. Fish had fallen from 534' to 873' (339'). TOH w/ fish recovering 29 jts of 2 3/8" O.D., IPC tbg w/ collar on bottom of fish.

8/18/10 - TIH w/ 2 3/8" O.D. tbg w/ 3 7/8" O.D. overshot w/ grapple for 2 3/8" O.D. tbg upset. Tag @ 1432'. Unable to catch fish. TOH. Change out grapple, TIH & latched onto fish @ 1432'. Unable to free tbg w/ 40K over pull. Unable to rotate. Took stretch reading & found stuck @ end of 4 1/2" shoe @ 1572'. Release overshot & TOH: Lower 4 1/2" wash pipe w/ 5 1/2" shoe from 1572' to 1737'. Trip back in hole w/ 2 3/8" tbg w/ 3 7/8" overshot. Latched onto fish @ 1432'. Unable to free fish. Took stretch reading & found fish stuck @ 1857'. Release O.S. & TOH w/ tbg & overshot. Remove 6 jts of 4 1/2" csg w/ short threads & left shoe @ 1492'. * Continued on attached 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 10/18/2010

Type or print name Lisa Hunt E-mail address: lhunt@celeroenergy.com PHONE: (432)686-1883
For State Use Only

APPROVED BY: [Signature] TITLE STAFF MGR DATE 10-21-10
Conditions of Approval (if any):

Drickey Queen Sand Unit #42 – Form C-103 continued

8/19/10 - Latch onto 2 3/8" O.D. tbg fish @ 1432'. Attempt to free pkr @ 2828'. Stretch shows tbg free to pkr, however pkr is stuck & tbg will not rotate. Ran 1 1/2" sinker bar. Sinker bar stopped @ 1432'.

8/20/10 - Ran 1 3/4" mill on 1" tbg & tag @ 1451'. Mill & clean to 1494'. Decided to replace concave mill w/ 1 5/8" O.D. tapered mill. Start out of hole & well started back flowing from 3 to 4 BPM. Let well flow down somewhat & finish tripping out of hole w/ 1" tbg & mill.

8/23/10 - TIH w/ 1" CS Hydril Upset tbg w/ 1 5/8" O.D. w/ 1/2" tapered mill w/ cutrite on sides & btm. Continued in hole & mill stopped @ 2700'. TOH w/ 1" tbg & mill. Found btm section of mill plugged w/ plastic coating, iron & paraffin.

8/24/10 - TIH w/ 1" CS Hydril Upset tbg & 1 5/8" O.D. tapered mill. Milled from 1437' to 1567'. Mill plugged. TOH. Unplugged mill. RD rig. Foundation under rig became unstable. Hauled in caliche & built rig foundation. Rig back up. TIH w/ 1" CS Hydril Upset tbg & 1 5/8" O.D. tapered mill. Ran & clean out to 1507'. Milled through tight spot from 1380' to 1390'. Circulate hole clean.

8/25/10 - Lower 1 5/8" tapered mill on 1" CS Hydril Upset tbg from 1507' to 2768'. RU BOP for 2 3/8" tbg. Released tension & tbg went down hole 20'. Attempt to run 1 5/8" O.D. chemical cutter. Stopped @ overshot, latched onto fish @ 1432'. Tried to go through this tight spot @ 1432' w/ 1 1/2" sinker bars & 1 7/16" collar locator. Unable to get equipment through this tight spot @ 1432'.

8/26/10 - Ran 3/4" collar locator w/ primer cord for string shot. Unable to get below 1451'. TIH w/ CS Hydril Upset tbg w/ 1 7/8" tapered mill. Ran to 1451' & washed down to 1507'. TOH. By Rotary WL: Ran 3/4" collar locator w/ primer cord for string shot. Unable to get below 1500'. RD Rotary WL. TIH w/ 1" CS Hydril Upset tbg w/ 1 7/8" tapered mill. Ran to 1417'.

8/27/10 - Mill & clean out to 2034'. Made several attempts to go deeper, failed.

8/30/10 - Drill from 1417' to 1506'. Ran bit to 2034'. Drill out tight spot. Lower to 2062', drill out tight spot. Ran & rotate bit to 2800' recovering flakes of plastic & small pieces of formation, did not have good circulation. Pull bit to 1451'. Ream out tight spot again. Finish TOH w/ tbg & bit.

8/31/10 - Ran cutter w/ sinker bar to 1451'. TOH. Pumped 30 BFW down tbg to flush out any debris. Pressure went to 700# & fell back to 300# @ 1 BPM. Ran 1 1/2" sinker bars w/ bumper sub. Ran to 2765'. Pulled back to 1451' & worked bars through this tight spot several times. Start out of hole & bars hung up @ 1300'. Worked w/ same for one hour could not free. Tied onto WL w/ well service blocks & pulled 3000#, sinker bars came free. Pulled tools out of hole, dragging to the surface, recovered a large wad of plastic coating off of tbg. Ran 1 11/16" chemical cutter & cut 2 3/8" tbg @ 2600'. Could lower fish & pull back up some 25', swabbing tbg indicating the pkr @ 2828' was free. Pulled 27 jts of 4 1/2" W.P. until the wash pipe shoe was pulled up to the overshot @ 1451'. Shoe hung up on overshot & tbg & wash pipe started pulling together. Rotate 4 1/2" wash pipe & freed from overshot area @ 1451'. Stop pulling 4 1/2" wash pipe. Pulled the 2 3/8" tbg used to fish the cut tbg @ 1451', recovered the tbg & the overshot. Lower the 4 1/2" wash pipe back over the fish tagging the top of the fish @ 1492'. Fish had fallen from 1451' to 1492'. Ran W.P. to 1532'.

9/1/10 - Ran 4 11/16" overshot, 4 1/4" bumper sub, 4 1/4" hydraulic jars & 6- 4 1/4" DC's. (209') Ran on 2 7/8" O.D. tbg & latched onto fish @ 1492'. Set off jars, 3 times & fish came loose. TOH w/ 42 jts of 2 3/8" O.D. IPC tbg w/ 7" Watson pkr. Outside of tbg looks good w/ no corrosion. Left slips & 2 of the drag blocks from pkr in hole. Recovered a total of 2191' of injection tbg out of well. This amount plus the 534' of tbg that had been LD @ an earlier date shows well to have had approx. 2725' in well originally.

9/2/10 - Drill & rotate back to 2767'. Pick back up to 2757' & very hard to go back down. Drlg back down to 2762'. Pump pressure kept increasing from 500# to 1200#. TOH.

9/3/10 - TIH w/ 2 7/8" O.D. tbg w/ one jt of 4 1/2" wash pipe w/ 5 1/2" cutrite shoe. (BHA = 51.74') Tag @ 2,720'. Mill & rotate for 2 hours from 2,762' to 2,773'. Good circulation recovering formation & small amount of scale. Mill & clean out from 2,756' to 2,780'.

9/7/10 - Ran 4.35" O.D. gauge ring & stopped @ 2,754'. Ran 3 5/8" O.D. magnetic csg inspection log w/ 40 arm caliper from surface to 2,754'. Ran GR/CBL from surface to 2,640'. TOC estimated @ 2,319'. Ran 2,7/8" tbg, 6- 4, 1/4" DC's & 6 1/8" O.D. bit. Tag @ 2,750'. Drill & rotate from 2,750' to 2,797'.

9/8/10 - Lower bit from 2,642' to 2,758'. Drill & rotate from 2,758' to 2,816'. Made 19' of new hole from 2,797', decided to pull bit. TIH w/ tbg, 4 jts of 4 1/2" wash pipe + 5 1/2" cutrite shoe. Tag @ 2,758'. RU swivel. Mill & clean out to 2,816'.

9/9/10 - TIH w/ 2 7/8" O.D. tbg, 6- 4 1/4" O.D. DC's & 6 1/8" O.D. "Chomp Mill". Tag @ 2,758', rotate string & lower to 2,821'. Drill to 2,835'.

9/10/10 - Lower bit tagging @ 2,829' & 2,858', rotate pipe & fell through to 2,821'. Drill new hole from 2,835' to 2,895'.

9/13/10 - Tag tight spots @ 2,720', 2,760' & 2,800'. Drill new hole from 2,895' to 2,915'. TOH w/ tbg & BHA. TIH w/ & Peak Completion's 7" RBP & pkr. Set RBP @ 2,498' w/ pkr @ 2,490'. Test 750# & held. Raise pkr & found 7" csg to hold 600# from 1,849' to 2,498', 7" csg leaked from 1,788' to 1,849', pumped into holes @ 1/2 bpm & 550# pressure. Reset RBP @ 1,697', raise pkr to 373'. Tested from 373' to 1,697' to 600# & held okay. CWI.

9/14/10 - : Re-locate holes in top of 7" csg from 20' to 40'. Pump 2 bpm @ 0# psi w/ good circulation. Ran & set 7" tension pkr @ 5'. Job #1; pump 5 BFW followed w/ 20 sx of class "C" cmt w/ 2% CaCl2. Cmt circulated to surface w/ 0# psi. Over displaced csg 2 BFW. Job #2; pump 4 BFW @ 1 bpm & 50# psi. Mix & pump 25 sx of class "C" cmt w/ 2% CaCl2, over displaced w/ 4 BFW @ 50# psi. Pressure bled off. Job #3; pump 4 BFW to establish rate: 1/2 bpm @ 100#. Mix & pump 25 sx of class "C" cmt w/ 2% CaCl2, pumping cmt @ 0.4 bpm from 100 to 175#. Displaced w/ 1/4 BFW w/ a SD pressure of 75#. Cmt displaced to 20' from surface. SD pressure remained @ 75#.

9/15/10 - Tag cmt @ 20'. Drill out cmt from 20' to 29'. Ran bit to 93' & test 7" csg to 100#, held okay. Ran & tag @ 2,760', 2,800' & 2,857'. Rotate string w/ wrench & lower mill to 2,857'. Lower to 2,910' & clean out to 2,915'.

9/16/10 - Finish running 4 1/2" csg liner in hole w/ 2 7/8" tbg. Ran to 2,754'. Unable to get to total depth of 2,910'. Unable to go deeper than 2,754'. TOH, LD 4 1/2" csg w/ Duplex Shoe. TIH w/ 2 7/8" O.D. tbg, 6- 4 1/4" DC's & 6 1/8" O.D. bit. Tag @ 2,754'. Rotate bit, went past 2,754'.

9/17/10 - Ran & tag @ 2,730'. Mill & rotated for 1 hour, unable to mill deeper. TOH. TIH w/ 6 1/8" O.D. tapered mill, 2 jts of 2 7/8" O.D. tbg, 6 1/8" string mill, 2- 4 3/4" O.D. collars. Ran on 2 7/8" O.D. tbg. Tag @ 2,775'. RU swivel. Mill & clean out from 2,775' to total depth of 2,915' in 3 hours. Circulate hole, raise end of mill string to 2,650'.

9/20/10 - Ran BHA on 2 7/8" O.D. tbg. Tag @ 2,756'. Worked past this point & ran BHA to T.D. of 2,915'. TIH w/ Watson's 4" Duplex shoe, 7 jts of 4", 9 5/8", J-55, ultra flush w/ Bond Coat, external coating, 4" x 4 1/2" x-over, 1 jt of 4", 9.5# flush jt w/ 8rd threads w/ 4 1/2" O.D. collar looking up plus 2 centralizers (one in middle of top jt & one 5' from top of top jt (318')). Ran on 11 jts of 2 3/8" tbg (340') w/ the remainder ran on 2 7/8" O.D. tbg. Tag @ 2,756'. Unable to go deeper. Raise end of BHA to 2,692'.

9/21/10 - TOH w/ 2 7/8" O.D. tbg & 4" btm hole liner. LD liner. TIH w/ 2 7/8" O.D. tbg & tag @ 2,761' Unable to go deeper, made several attempts to go to total depth, failed TOH TIH w/ 2 7/8" O.D. tbg w/ mull shoe cut on btm jt. Ran & tag @ 2,761'.