Submit 1 Copy To Appropriate District Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
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

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

Form C-103
October 13, 2009

| | |
|---|---|
| WELL API NO. 30-005-01076 | |
| 5. Indicate Type of Lease STATE [X] FEE [ ] | |
| 6. State Oil & Gas Lease No. 303733 | |
| 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.) | 7. Lease Name or Unit Agreement Name Drickey Queen Sand Unit |
| 1. Type of Well: Oil Well [ ] Gas Well [ ] Other Injector | 8. Well Number 42 |
| 2. Name of Operator Celero Energy II, LP | 9. OGRID Number 247128 |
| 3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701 | 10. Pool name or Wildcat Caprock; Queen |
| 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 CountyChaves | |
| | 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: | | SUBSEQUENT REPORT OF: | |
|---|---|---|---|
| PERFORM REMEDIAL WORK [ ] | PLUG AND ABANDON [ ] | REMEDIAL WORK [ ] | ALTERING CASING [ ] |
| TEMPORARILY ABANDON [ ] | CHANGE PLANS [ ] | COMMENCE DRILLING OPNS. [ ] | P AND A [ ] |
| PULL OR ALTER CASING [ ] | MULTIPLE COMPL [ ] | CASING/CEMENT JOB [ ] | |
| DOWNHOLE COMMINGLE [ ] | | | |
| OTHER: [ ] | | OTHER: Sidetrack around junked hole. [X] | |

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.

9/22/10 - Ran & set 7" 20# cmt retainer @ 2610'. Job #1: pump 15 BFW @ 2 bpm @ 200# followed w/ 150 sx class "C" cmt w/ 2% CaC12 & displaced to retainer in stages to retainer w/ 200# pressure. Over displaced cmt w/ 10 BFW. WOC 2 hours. Job #2: to establish rate; pump 5 BFW @ 350# followed w/ 150 sx class "C" cmt w/ 2% CaC12. Displaced w/ 14 BFW leaving 1 bbl in tbg w/ 350# shut down pressure. Unstung from cmt retainer & reversed out approximately 1 bbl of cmt.

9/23/10 - TIH w/ 2 7/8" OD tbg w/ 18- 4 ¼" OD DC's w/ 6 ¼" wtr melon mill & window opening mill. TOH. TIH w/ 2 7/8" OD tbg w/ 18- 4 ¼" OD DC's, 1 jt of 2 7/8" OD American open hole drill pipe, 5 ¾" OD x 12' Weatherford whip stock w/ 6 ¼" OD starting mill to cut window in 7" 20# csg. Set end of whip stock @ 2,610' by shearing slips on whip stock w/ pts of wt. Set 10 pts wt on whip stock, shearing fastener for 6 ¼" window mill to start cutting in 7" csg. Whip stock set from 2,598' to 2,610', 6 ¼" mill cut a 16" window from 2,598' to 2,599.5'. Took 58 minutes to cut window w/ 3-4 pts of wt on mill @ 95 rpm. Recovered metal, cmt & some formation. TOH w/ tbg & BHA removing starting mill. Mill had normal wear. Start back in hole w/ tbg, DC's, 6 ¼" wtr melon mill & 6 ¼" window mill. Ran on 120' of 2 7/8" OD tbg.

* 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: TITLE Staff Mgr DATE 10-21-10

Conditions of Approval (if any):

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

9/24/10 - TIH w/ 2 7/8" OD tbg, 18- 4 ¼" DC's, 1 jt of 2 7/8" OH drill pipe, 6 ¼" OD wtr melon mill & 6 ¼" OD window mill. Tag @ 2,599'. Mill through 7" 20# csg & 5' outside of csg from 2,599' to 2,610' in 5 ¾" hours drlg w/ 9.6# produced wtr, 3 bpm @ 400# pressure.

9/25/10 - TIH w/ 2 7/8" OD tbg, 18- 4 ¼" DC's, 4 ¾" x 4.5' float sub w/ x-over, 4 ¾" x 25.95' DH motor w/ 2 degree bend & 6 1/8" OD Varel chisel button bit. Ran & tag @ 2,610'. Lower BHA & drill the first 6' w/ 1-2 pts of wt taking 59 minutes to go from 2,610' - 2,616' pumping an avg of 3.8 bpm @ 750# pressure w/ the bit turning an estimated 80 +/- rpm. Drill the next 14' w/ 3-5 pts of wt from 2,615' – 2,629' in 3 ¼ hours, 80 +/- bit rpm @ 3.8 bpm rate & 700-750# pressure. Drilling fluid pumped is 9.6# produced wtr & drlg is slide drlg. Slide drill from 2,629'– 2,710' (80') in 7 ¼ hours turning bit 75-85 rpm, 750# pump pressure w/ 15-18 pts of wt. Circ hole clean & swept w/ MF-55. Total footage drilled = 100' in 11 ½ hours. TOH w/ tbg & BHA. Note: Window cut in the 7" 20# csg is from 2,597' - 2,606'.

9/27/10 – TIH. Tag @ 2,710'. Circ hole & start drlg 6 1/8" OD hole @ 2,710'. Drilled 168' to 2,878' in 6 hours & 45 minutes of drlg time.

9/28/10 - Drill new hole from 2,878' to 2,925'. Swept hole w/ MF-55. Reached TD @ 1:15 p.m. Circ hole clean. TOH, LD 12- 4 ¼" DC's, float sub w/ float, DH motor & bit. Bit was out of gauge. TIH w/ 4 ½" OD duplex shoe, 10 jts of 4 ½", 11.6#, J-55, LT&C csg (6 jts w/ external bond coat (271 46'), 4 jts of 4 ½" OD bare csg (173.55') for a total of 445.01'. Centralizers are on second & third jts from top & one centralizer 5' below TOL. Ran 2 3/8" OD tbg w/ duplex shoe tool & screwed into left hand threaded duplex shoe on btm of csg liner. Ran end of liner to 2,918'. Unable to circ & move deeper leaving TOL @ 2,473'. (Centralizers @ 2,478', 2,516' & 2,559').

9/29/10 - Pumped 17 BPW & caught circulation w/ 3 bpm & 400# pressure. Work liner & lower from 2,918' to 2,920'. 4 ½" OD liner set from 2,475' to 2,920' Pumped 7 BFW followed w/ 80 sx of class "C" cmt w/ 2% CaC12 & 1/8# per sx of cellophane flakes. Displaced cmt w/ 15 BFW @ 200# & 1 bpm leaving 1 bbl in tbg. Release from duplex shoe, raise tbg to 2,490' (15' below TOL @ 2,475'). Attempt to reverse cmt left above liner top. Pumped 50 BPW down annulus, recovered cmt wtr. WOC 3 hours. TIH w/ tbg & 6 1/8" bit to check if 7" csg above liner top was free of cmt. Ran & tag @ TOL @ 2,475'. Did not find any cmt TOH w/ tbg & bit. TIH w/ tbg & 7" tension pkr. Ran & set @ 2,310'. Pumped 15 BPW down tbg through pkr down the annulus between the 7" csg & 4 ½" liner @ 2 bpm & 200#. Pumped 7 BFW followed w/ 100 sx of class "C" cmt w/ 2% CaC12 & displaced to 2,335', 1 bbl below pkr. Staged cmt w/ an addt'l 2 bbls of wtr @ 0.30 bpm & squeezed liner top w/ 1100# SD pressure.

9/30/10 - After WOC 16 hrs. Tag cmt @ 2377'. Drl cmt from 2377' to TOL @ 2475'. Tag cmt @ TOL @ 2475'. Drl 10' of cmt & fell out of same. Lwr bit to 2920'. Found no fill. Circ hole clean. TOH. LD 2 7/8" OD tbg, leaving the 15 jts of 2 3/8" tbg in the hole.

10/1/10 - RU to run 4 ½" 11.6#, J-55, LT&C tie back liner. TIH w/ 4 ½" alignment tool, 1 jt of 4 ½" csg, 4 ½" float collar, 1 jt of 4 ½" csg w/ insert in collar + 53 jts of 4 ½" OD csg (2,475'). Placed centralizers @ 2,465', 2,432' & 2,389'. Alignment tool @ 2,475', FC @ 2,432' & insert float @ 2,389'. Tag top of 4 ½" OD liner top raised up 6". Pumped 10 BFW @ 5 bpm & 250# pressure to establish circulation. Mix & pump 150 sx of Basic Lite cmt w/ ¼# celloflakes per sack (13 2 ppg & 1.89 yield) followed w/ 50 sx of class "C" cmt (14.8 ppg & 1.32 yield) w/ 2% CaC12 & displaced to insert collar w/ 600# & 2 bpm. Bump float w/ 900#, check float, held okay. Lower alignment tool & placed 5,000# wt on TOL. J.C. @ 1:45 p.m. Circulated out an estimated 40 sx of cmt.

10/4/10 - After WOC 66 ½ hours, NDBOP, NUWH (4 ½" x 2 3/8", 2,000# WP). Re-install BOP. TIH w/ tbg, 6- 3 1/8" OD DC's & 3 ¾" bit. Ran & tag insert collar @ 2,389'. Drill out insert float @ 2,389', float collar @ 2,432' & lower to alignment tool @ 2,475'. TOH w/ bit. TIH w/ tbg, DC's & 3 ¾" tapered mill. Mill 1'+ of alum & started getting a small amount of cmt. TOH.

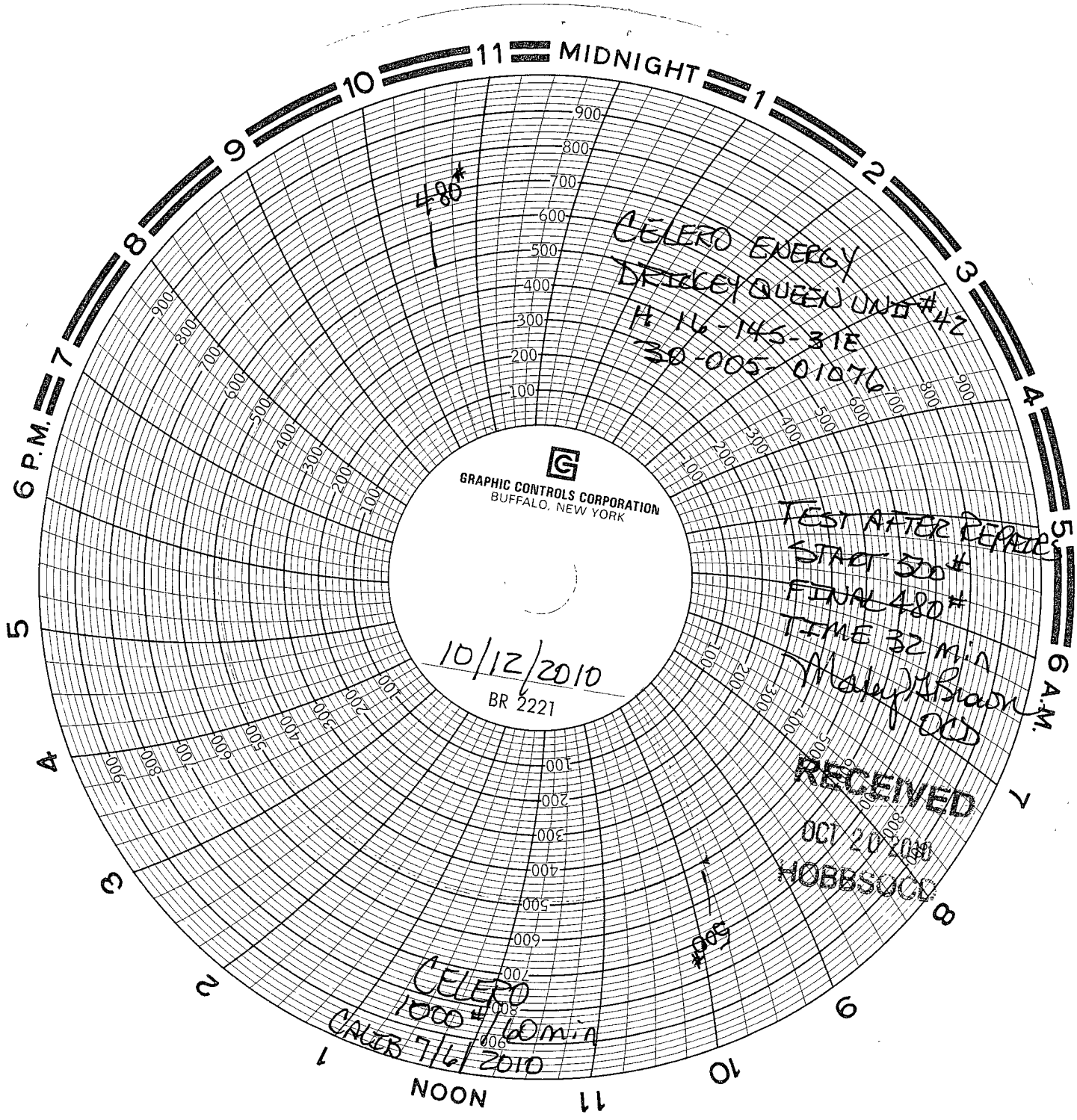
10/5/10 - TIH w/ tbg, DC's & new 3 ¾" bit. Tag alignment tool @ 2,476'. Drill out alignment tool & an estimated 2' of cmt. Ran bit to 2,917' circulating out cmt, aluminum, etc. Circ hole clean. Test csg to 525# & held okay. TOH. Ran GR/CCL/CBL from 1,700' to 2,917'. Perf 4 ½" csg w/ 3 1/8" cased gun, loaded w/ 19 gram charges, 4 SPF, 90 degree phasing from 2,892' to 2,904', 12' (48 holes). TIH w/ tbg & 4 ½" tension pkr. Ran to 2,389' & stopped. Attempt to release pkr. TOH. Left pkr in hole recovering the safety collar on top of pkr.

10/6/10 - TIH w/ tbg & right hand release coupling. Attempt to screw onto pkr Failed. TOH. TIH w/ tbg & taper tap. Latched onto pkr & TOH. Recovered the slip bowl w/ drag blocks & slips leaving 2" mandrel w/ pack off rubber @ 2,475'. (2.4') Trip back in hole & attempt to screw back into mandrel w/ right hand release coupling. Pushed pkr mandrel & pack off rubber to 2,918'. TOH TIH w/ 3 ¾" bit, 3 ¾" OD string mill w/ cutrite, 1- 3 1/8" OD DC, 3 7/8" OD string mill w/ cutrite. Ran to TOL. Work both mills up & down through TOL @ 2,475-76'. Took about 30-45 minutes to wipe out tight spot. Ran bit to 2,916' making sure 2" pkr mandrel w/ pack off rubber was @ btm of hole. TOH, LD BHA. TIH w/ tbg & 4 ½" OD shorty tension pkr. Ran to 2,812' & set same w/ 15 pts of tension.

10/7/10 - Pump 7 BPW down tbg into perf's from 2,892' to 2,904' @ 2 bpm & 685# to establish rate. Breakdown pressure = 1,420#. Pumped 1,500 gallons of 7 ½% NE-FE acid & 20- 7/8" ball sealers. Flushed w/ 18 BPW, 6 bbls overflush. Treating pressure: max = 2,110#; avg = 1,420#; rate = 4 bpm. ISIP = 320#; 5 min = 189#; 10 min = 183# & 15 min = 170#. J.C. @ 9:42 a.m. TLWTR = 74 bbls.

10/8/10 - TIH w/ 91 jts of 2 3/8" OD, J-55, 8rd, 4.7#, EUE, IPC tbg w/ 4 ½" nickel plated Arrowset pkr w/ on/off tool & 1.87" profile nipple. Set pkr from 2,849' to 2,855' w/ 8,000# tension. Release on/off tool, circ w/ pkr fluid, latch back onto pkr & test to 500#. Held okay. CWI.

10/12/10 – Ran required csg integrity test. Tested 32 minutes w/ pressures from 510# to 490#. Test okay. Test witnessed & approved by Maxey Brown w/ OCD. Original chart is attached. Well is SI & waiting on injection line.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480#
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