

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other	5. Lease Serial No. C-068474
2. Name of Operator Celero Energy II, LP	6. If Indian, Allottee or Tribe Name
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701	7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) (432) 686-1883	8. Well Name and No. Drickey Queen Sand Unit #16
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) UL: B, Sec 3, T14S, R31E 660' FNL & 1980' FEL	9. API Well No. 30-005-00973
	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 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 checked="" 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 checked="" type="checkbox"/> Other Attempt to
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	repair csg leak
	<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.)

8/19/10 - Latch onto 2 3/8" IPC tbg. Release pkr. TOH. Replace surface & production csg WH's. TIH w/ 4 3/4" bit to 3032'. Pumped 85 BPW w/o returns on vacuum.

8/20/10 - TIH w/ 4 1/2" lead impression block & tag fish @ 3032'. TOH. Impression indicates jagged metal markings covering about 90 degrees of the circumference, about 1/2" inside of outer diameter. TIH & felt the tight spot @ 3032'. Rotate & bit fell to 3035' 1/2". Rotate & attempt to clean out to 3054' (TD). Caught fish @ 3036'. Pulled 30K+ on fish. Taper tap slipped off. Attempt twice more w/ the last catch slipping off w/ 8K tension. TOH. No recovery.

8/21/10 - TIH w/ 4 1/2" lead impression block. Tag @ 3032'. TOH. TIH w/ 4 3/4" tapered mill. Tag @ 3035' & mill to 3038'. No returns. Milled & stopped making hole. TOH. TIH & ran to 3038'. Unable to latch onto fish. TOH. No recovery. TIH & latched onto fish @ 3038' pulling 20K over string weight. Grapple kept slipping off. TOH. No recovery.

* Continued on attached sheet

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14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Lisa Hunt

Title Regulatory Analyst

OCT 21 2010

HOBBSUCL

Signature

Lisa Hunt

Date 10/19/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Title

Date

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

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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.

8/23/10 - TIH w/0tbg & 5 ½" tension pkr. Set @ 2997'. Displaced tbg-csg annulus w/ 55 BPW @ 2 ½ BPM. No pressure. Pumped down tbg @ 2 BPM on vacuum. TOH w/tbg & pkr. TIH w/2 7/8" tbg w/5 ½" RBP & pkr. Set RBP @ 2945' & pkr @ 2880'. Test pkr, RBP & tbg to 750#. Held okay. Dumped 2 sx of sand on RBP. Locate holes in 5 ½" csg from 668' to 1102'. Pumped into leak @ ½ BPM & 500#. Remainder of csg from 1102' to 2945' & surface to 668# was tested to 550#. Held okay.

8/24/10 - Ran 3 5/8" csg inspection log w/40 arm caliper from 100' to 2910'. Ran 2 ¾" O.D. GR-CBL from surface to 2910'. TIH w/ tbg open ended to 2480'. Circ hole w/FW. Ran EOT to 1215'.

8/25/10 - Pump 5 BFW, followed w/70 sx of class "C" cmt w/ 1% CaC12 + 2% gel mixed @ 14.2 ppg w/ 1.51 yield & spotted on 5 ½" csg through 2 7/8" O.D. tbg from 1215' back to 445'. Raise tbg open ended to 310'. Reverse out tbg recovering small amount of cmt. TOH. TIH w/ tbg & 5 ½" O.D. tension pkr. Set @ 310'. Staged cmt using a total of 3 bbls from initial build up of 225# to 500# SD pressure. Displaced cmt to 577'. Note: Final placement of cmt went from 577' to 1215', which covered the interval that would not hold pressure from 668' to 1102'.

8/26/10 - After WOC 18 hrs TP = 0# w/ pkr @ 310'. Tested cmt sqze w/500#, leaked off 100# to 400# in 10 mins. TOH. TIH w/ tbg open ended & tag @ 755'. (TOC was calculated to be @ 577' after cmt squeeze job) Circulate hole, raise tbg to 750'.

8/27/10 - Pump 30 sx of class "C" cmt w/ 1% CaC12 + 2% gel. Spot in 5 ½" csg from 755' back to 427'. Raise tbg to 247'. Reverse circulate out cmt. TIH w/ 5 ½" tension pkr & set @ 310'. Start staging cmt. Staged 4 times pumping ½ to 1 bbl of cmt / stage. Displaced to 512' w/ 700# shut down pressure.

8/30/10 - After WOC 66 hrs test cmt squeeze to 600#. Held okay. TOH w/tbg & pkr. TIH w/ tbg, 5- 3 1/8" DC's & 4 ¾" bit. Tag @ 608'. Drl cmt to 752'. Fell out to 755'. Tested w/600#. Held okay. Drl to 871', circ hole clean & test csg from surface to 871' w/600#, okay. Total amount of cmt drilled = 260'.

8/31/10 - Drl cmt from 871' to 1057'. Circ hole clean.

9/1/10 - Drl cmt from 1057' to 1227'. Fell out of cmt @ 1227'. Test 5 ½" csg to 500# & leaked off 40# in 10 mins. Ran 5 ½" tension pkr & tested 5 ½" csg again. Found top of csg leak @ 965' & the btm of the leak at 1089'. Csg holds 550# above & below the interval from 965' to 1089'. Csg leaks from 520# to 480# in 15 minutes. Pull pkr up hole.

9/2/10 - TOH w/ tbg & pkr. TIH w/ 2 7/8" tbg open ended. Ran to 1350', circulate hole w/ clean fluid. Spot 30 sx of class "C" cmt w/ 1% CaC12 + 2% gel, mixed @ 14.2 ppg w/ yield of 1.51. Spot cmt from 1120' back to 792'. TOH w/ tbg. TIH w/ tbg & 5 ½" tension pkr. Set @ 527'. Start staging cmt. Staged 3 times displacing ¾" bbl of cmt to 823' w/ 750#, SD pressure.

9/3/10 - After WOC 11 hrs. Test cmt squeeze w/600# w/pkr @ 527', ok. TOH w/pkr. TIH w/ tbg, DC's & 4 ¾" bit. Tag @ 793'. Drl cmt from 793' to 1,080'. Circ hole clean. Test w/600#. Results: tested to 550# & leaked off 60# in 10 mins. TOH w/ pkr.

9/7/10 - TIH w/ tbg & retrieving head for RBP. Wash sand off RBP, latched onto same @ 2,945'. TOH. TIH w/ 2 7/8" O.D. tbg, 1 jt of 4 ½" wash pipe & 4 ¾" O.D. cutrite shoe. Tag @ 3,035'. Mill & clean out from 3,935' to 3,050'. Stopped milling. TOH. Recovered 33" of milled 2 7/8" tbg w/ about ¼ of tbg missing.

9/8/10 - TIH w/ tbg, 1 jt of 4 ½" wash pipe & 4 ¾" cutrite shoe. Tag @ 3,050'. Mill & clean out to 3,053'. TOH & recovered 18" piece of twisted 2 7/8" tbg. Trip back in hole w/ same mill. Tag @ 3,022', some 17' higher than last mill run. Milled & cleaned out to 3,050' & stopped milling. TOH. No recovery.

9/9/10 - TIH w/ 2 7/8" tbg, 6- 3 1/8" O.D. DC's & 4 ¾" O.D. bit. Ran & tag @ 3,045'. Drill & C/O to 3,050'. Raise bit & would tag @ 3,045' & have to re-drill to 3,050'. TOH. TIH w/ tbg, DC's & 4 ¾" bull nose mill. Tag @ 3,045'. Milled to 3,050'. TOH w/ mill. Ran tbg w/ 1 jt of 4 ½" wash pipe w/ 4 ¾" mill shoe. Ran & tag @ 3,050'. Milled to 3,053'.

Copy of this sundry going to OCD Hobbs for like approval.