

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

1625 N. French Drive
Hobbs, NM 88240

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.

RECEIVED
LC-066286A

NOV 24 2010

HOBBSSUC

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other <i>Inj</i>		6. If Indian, Allottee or Tribe Name
2. Name of Operator Celero Energy II, LP		7. If Lease or A/A Agreement, Name and/or No.
3a. Address 400 W. Illinois, Ste. 1601 Midland TX 79701	3b. Phone No. (include area code) (432) 686-1883	8. Well Name and No. ROCK QUEEN UNIT #54
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 660' FNL 660' FWL UL: D, Sec: 25, T: 13S, R: 31E		9. API Well No. 30-005-00863
		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 recompleat 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 recompleat 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 25 sx Cl C w/2% CaCl₂ at 3010-2830'. WOC min 3 hrs and tag at/above 2830'.
- 2) Circulate 10 bbls 10 ppg mud in 4-1/2" casing. PU to 2500' and spot 10 sx Cl C w/2% CaCl₂. WOC min 3 hrs and tag at/above 2400'.
- 3) Perforate (4) at 2290', run packer and circulate 25 bbls 10 ppg salt mud in 4-1/2"-by-7" annulus. Squeeze perms at 2290' w/ 50 sx Cl C w/2% CaCl₂. WOC min 3 hrs and tag at/above 2190'.
- 4) Circulate 16 bbls salt mud in 4-1/2" casing.
- 5) Perforate (4) at 1550'. Run pkr and squeeze 1550' w/ 50 sx Cl C w/2% CaCl₂. WOC min 3 hrs and tag at/above 1450'.
- 6) Cut 4-1/2" casing at 1200' and recover.
- 7) Run tbg and spot 25 sx Cl C w/2% CaCl₂ at 1250'. WOC min 3 hrs and tag at/above 1150'.
- 8) Circulate 35 bbls salt mud in 7" casing.
- 9) Perforate (4) at 419'. Run tbg, mix & pump 100 sx Cl C w/2% CaCl₂. Pull tbg, top off csg, cut off wellheads, set P&A marker and clean location.

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 10/29/2010

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS	PETROLEUM ENGINEER	Date NOV 12 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 ROSWELL FIELD 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.

(Instructions on page 2)

APPROVED FOR 3 MONTH PERIOD
ENDING FEB 12 2011

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

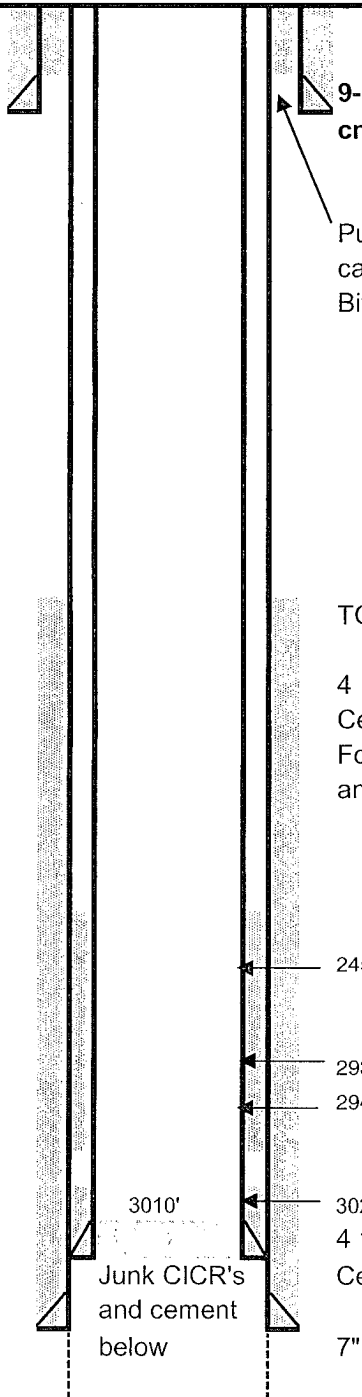
CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Rock Queen
COUNTY: Chaves

DATE: Oct. 26, 2010
BY: MWM
WELL: 54
STATE: New Mexico

Location: 660' FNL & 660' FWL, Sec 25D, T13S, R31ECM
SPUD: 09/55 COMP: 09/55
CURRENT STATUS: Shut-in Injector
Original Well Name: Government #1-337

KB = 4,403'
GL =
API = 30-005-00863



9-5/8" 32# J-55 @ 369'
cmt'd. w/ 250 sx (circ)

Pumped 75 sx cmt down 7" x 9 5/8" casing annulus and circ cmt up 7" casing and 9 5/8" casing annulus to repair several 7" casing leaks. Bit fell out of cement at 270'.

TOC (7") @ 1872' (calc)

4 1/2"-spotty cmt from 2406' - 2940'. Questionable cmt from 2940' to 2996'. Cement from 2996' - 3035'. Four sets of squeeze holes @ 2450', 2934' (3 holes), and 2943' (4 holes), and 3025'(4)

2450'(4)

2934'(3)

2943'(4)

3025'(4)

4 1/2" 11.6# J-55 liner from 3035' to surface, Cemented and squeezed with 4050 sx cmt + 1041 bbls polymer

7" 20# J-55 @ 3049' w/150 sx

Top of Queen @ 3048':

Queen Open Hole: 3049' - 3057' (09-55)

PBTD - 3057'
TD - 3057'

3010'
Junk CICR's
and cement
below

CELERO ENERGY

FIELD: Caprock
LEASE/UNIT: Rock Queen
COUNTY: Chaves

DATE: Oct. 27, 2010
BY: MWM
WELL: 54
STATE: New Mexico

Location: 660' FNL & 660' FWL, Sec 25D, T13S, R31ECM

SPUD: 09/55 COMP: 09/55

CURRENT STATUS: Shut-in Injector

Original Well Name: Government #1-337

KB = 4,403'

GL =

API = 30-005-00863

8-3/4" hole

Pumped 75 sx cmt down 7" x 9 5/8" casing annulus and circ cmt up 7" casing and 9 5/8" casing annulus to repair several 7" casing leaks.
 Bit fell out of cement at 270'.

9-5/8" 32# J-55 @ 369' w/250'-circ'd

Perf (4) at 419' and squeeze 100 sx down 7" casing.

Top Anhy @ 1480'

Top Salt @ 1550'

Top Yates @ 2290'

Top Queen @ 3048'

Cut & recover 4-1/2" at 1200'; spot 25 sx at 1250-1150'

Tag

Perf (4) at 1550', packer squeeze 50 sx 1550'-1450', and tag

TOC (7") @ 1872' (calc)

Tag

Perf (4) at 2290', packer squeeze 50 sx 2290'-2190', and tag

Spot 10 sx 2500'-2400'

2450'(4)-squeezed 300 sx

Tag

2934'(3)

2943'(4)

Spot 25 sx 3010-2830' and tag.

3025'(4)

4-1/2" 11.6# J-55 liner from 3035' to surface,

Cemented and squeezed with 4050 sx cmt + 1041 bbls polymer

Junk CICR's
 and cement
 below 3010'

7" 20# J-55 @ 3049' w/150 sx

Queen Open Hole: 3049' - 3057' (09-55)

PBTD - 3057'
 TD - 3057'

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.