

RECEIVED

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division, District 1
1625 N. French Drive
Hobbs, NM 88240

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

NOV 24 2010

SUNDRY NOTICES AND REPORTS ON WELLS

HOBBSDO

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

Inj-

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)

UL: B, Sec 3, T14S, R31E

200' FNL & 1980' FEL

5. Lease Serial No.

LC-068474

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 #16

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 Set whipstock
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	& reactivate
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	TA'd injector

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.)

9/13/10 - TIH w/ tbg & 5 1/2" cmt retainer. Set @ 2,892'. Pumped tbg volume through retainer. Load & test tbg to 2500#. Load backside & placed 200# on same. Pump 10 BFW @ 2 bpm & 0# pressure to check injection rate. Mix & pump 100 sx of class "C" cmt w/ 4% gel & 2% CaC12 (13.5 ppg & 1.71 yield). Displaced cmt hesitating in stages w/ no pressure build up. Over displaced w/ 5 BFW.

9/14/10 - After WOC 18 1/2 hours, pump down tbg through cmt retainer @ 2,892' w/ 20 BFW @ 100# & 2 bpm. Mix & pump 100 sx of class "C" cmt w/ 2% CaC12 & displace w/ 14 BFW @ 0#. Unstung from retainer & reverse out 1 1/2 bbls of cmt (6 sx). TOH w/ tbg & cmt retainer stinger.

9/15/10 - Cut window in 5 1/2" csg. Ran CCL & tag TOC retainer @ 2,892'. Found collar for 5 1/2" csg above cmt retainer @ 2,864'. RU to run mills to check the "inside diameter" of 5 1/2" O.D. csg. TIH w/ 2 7/8" O.D. tbg, 10- 3 1/8" O.D. DC's, 1 jt of 2 7/8" American open hole tbg, 4 7/8" O.D. water melon mill & 4 7/8" O.D. starter mill. Tag @ 2,892'. Circulate hole clean. TOH.

* Continued on attached sheet

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

Lisa Hunt

Title Regulatory Analyst

Signature

Lisa Hunt

Date 10/19/2010

ACCEPTED FOR RECORD FOR FEDERAL OR STATE OFFICE USE

Approved by

DAVID R. GLASS

Conditions of approval: If any, as at 10/19/10. Approval of this notice does not certify that the applicant holds legal or equitable title to those rights in the state which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 400 and Title 43 U.S.C. Section 1212, make it a crime States any false, fictitious or fraudulent statements or representations as to

(Instructions on page 2)

Accepted For Record Only! Approval
Subject To Returning Well To
Continuous Injection And Keeping
Well On Continuous Injection!

United

ECG 12-1-10

9/16/10 - Ran 2 7/8" O.D. tbg, 10- 3 1/8" O.D. DC's w/ "whip stock" to 2,892'. Set whip stock assembly w/ 5 pts of wt. Lower tbg placing 10 pts of wt on attachment that holds 4 7/8" starting mill. Mill window in 5 1/2" O.D. csg @ 2,890'. Milled 11' outside of 5 1/2" csg.

9/17/10 - Ran 4 7/8" mill tooth bit, 3 3/4" x 17.91' DH mtr w/2 deg bent sub, 4" ODx 2' float sub w/float, 10- 3 1/8" OD DC's & 2 7/8" OD tbg. Ran & tag @ 2,896'. Drl to 3010'.

9/18/10 - Drl from 3,010' to 3,081'.

9/20/10 - Ran to total depth of 3,081'. Ran 4" OD duplex shoe, 7 jts of 4" OD, J-55, 9.5#, Ultra flush jt csg w/ Bond Coat external coating, 1 jt of 4" OD flush jt, 9.5#, J-55 csg w/ Ultra flush jt pin thread x 8rd pin thread w/ 4" turned down collar on top of top jt. (310') Ran on 10 jts (316') of 2 3/8" OD, J-55, 8rd, EUE, 4.7# tbg & 89 jts of 2 7/8" OD, J-55, 6.5#, 8rd, EUE tbg. Ran & tag @ 3,053'. Top of liner located @ 2,755' w/ btm of liner @ 3,065'. Pumped 15 BFW followed w/ 50 sx of class "C" cmt w/ 2% CaC12. Displaced cmt (11.7 calculated bbls) w/ 4 BFW & pressure went to 2000# leaving all of cmt in tbg. Raise end of tbg w/ Duplex shoe stinger to 2,770' (15' below top of liner). Attempt to reverse cmt out of tbg w/ 58 BFW. Failed. Pressure increased to 550# while trying to reverse, would not circulate. TOH w/ tbg. Found 35 jts of 2 7/8" O.D. tbg full of cmt & the btm 10 jts of 2 3/8" tbg full of cmt w/ Duplex shoe stinger. The cmt had setup in all of the 2 3/8" O.D. tbg & 8 jts of the 2 7/8" tbg. (of the 35 jts of 2 7/8" tbg cmt fell out of 27 jts, however the cmt had setup in the remaining 8 jts of 2 7/8" O.D. tbg). Volume of cmt left in tbg string calculates 7.5 bbls out of a total 11.7 calculated bbls of cmt.

9/21/10 - Tag TOL @ 2,755'. Appears there is no fill on top of liner. TOH. TIH w/ 3 3/8" O.D. bit w/ 15 jts of 2 3/8" O.D. tbg & tagged TOC inside of 4" liner w/ 74 jts of 2 7/8" O.D. tbg @ 2,770'. Drl cmt from 2,770' to 2,929', 159' in 5 hours. Cmt was firm. Circulate hole clean. TOH w/ tbg & bit.

9/22/10 - Tag cmt in 4" liner @ 2,929'. Drl cmt from 2,929' to 3,067'. Ran CBL from 2,600'-3,059'. Liner logged from 2,752'-3,059' no cmt behind 4" liner.

9/24/10 - Ran GR/CCL w/ 2 1/2" cased gun w/ 4 shots/ft & perforated 4" liner from 3,057.5' - 3,058.5'. TOH. Ran pkr & set @ 3,020'. Pumped down tbg through perfs 3,057.5' - 3,058.5' w/ 150 bbls of produced wtr. Took 100 bbls to catch circulating through perfs & established communications between the 4" liner, formation & 5 1/2" csg. Circulated approx 3-4 bbls of oil during circ. Had trouble releasing pkr. Release safety jt, sheared safety ring & pkr came loose. Ran 3.25" OD gauge ring to check for fill. Tag @ 3,058.5', no fill. TIH w/ 4" WL, set cmt retainer. Ran & set @ 3,017'. TIH w/ cmt retainer stinger + 15 jts of 2 3/8" OD tbg & 73 jts of 2 7/8" OD tbg. Stung into retainer, pumped 26 BFW @ 2.5 bpm & 600# pressure. Took 20 BFW to catch circulation. Pumped 10 BFW @ 200# & 2 bpm & started mixing cmt. Mix & pump 50 sx of class "C" cmt w/ 2% CaC12. Displaced w/ 14.3 BFW, leaving 1 bbl cmt in tbg @ 300# & 1/2 bpm. Unstung from retainer. Raise EOT to 2,778', circ 5 bbls over tbg volume. No cmt recovery. TOH w/ tbg & retainer stinger. TIH w/ tbg & 5 1/2" OD tension pkr & set 2,617'. After WOC 3 hours, pumped down tbg into top of liner @ 1 bpm & 50# w/ 10 BFW. Pump 75 sx of class "C" cmt w/ CaC12 cmt & displace 2+ bbls below pkr in 3 stages w/ 750# SD pressure. Left TOC @ 2,700'.

9/27/10 - After WOC 58 hrs, pump down tbg & test csg to 490#, held ok. Release pkr & TOH. TIH w/ 2 7/8" OD tbg w/ 2-3 1/8" OD DC's & 4 7/8" OD bit. Tag cmt @ 2,666'. Drl cmt from 2,666' to TOL @ 2,752'. Test TOL to 500# & held ok. TOH w/ tbg & bit. TIH w/ 2 7/8" OD tbg & 2 3/8" tbg w/ 3 3/8" OD tri-cone bit. Tag cmt @ 2,752' (TOL) & drl cmt to 2,770' (18'). Fell out of cmt in 4" liner. Lwr bit to 3,018', drl 2' of cmt & started drlg on cmt retainer @ 3,020'. Drilled 3 hrs on retainer recovering parts of retainer as well as bearings out of bit. TOH Left two cones of bit in hole.

9/28/10 - Ran 3 1/4" OD magnet on sand line & recovered cones off of 3 3/8" OD bit @ 3,020'. Mill 1 1/2 hours, made 2' & mill plugged, recovering parts of cmt retainer. TOH. Re-ran 3 3/8" bit (new). Drill on cmt retainer @ 3,022' recovering parts of cmt retainer. Mill 30 mins & mill plugged, making very little hole. Started pumping conventional & unplugged mill. Raise mill above TOL to 2,710'.

9/29/10 - Drl & clean out from 3,022' to 3,065' recovering cmt & some metal. Stopped drlg @ duplex shoe @ 3,065'.

9/30/10 - Ran 4" OD, 9.5#, J-55 Ultra flush jt "tie back" liner from top to btm as follows: Ran 69 jts of 4" csg w/ Ultra flush jt threads, 1 jt of 4" csg w/ UFJ box x 8rd pin (32.15'), 4" float collar w/ 8rd threads, 1 jt of 4" csg w/ 8rd threads (36.42') w/ 4" alum alignment tool on btm of string. Tag TOL @ 2752'.

10/1/10 - Pump 10 BFW, established circulation w/ 3bpm @ 200# pressure. Mix & pump 130 sx of class "C" cmt (14.8 ppg & 1.32 yield) w/ 2% CaC12. Displaced cmt to float collar w/ final pressure of 1800# @ 1 1/4 bpm. Bumped plug w/ 2200# pressure. Checked float & held. Circulate out an estimated 30 sx of cmt. Lower alignment tool & placed 3,000# of wt on top of btm 4" liner.

10/4/10 - NUBOP. TIH w/ 2 3/8" OD tbg & 3 3/8" chomp mill. Tag @ 2,715'. D/O rubber plug to 2,716'. Drl from 2,716' to 2,742'.

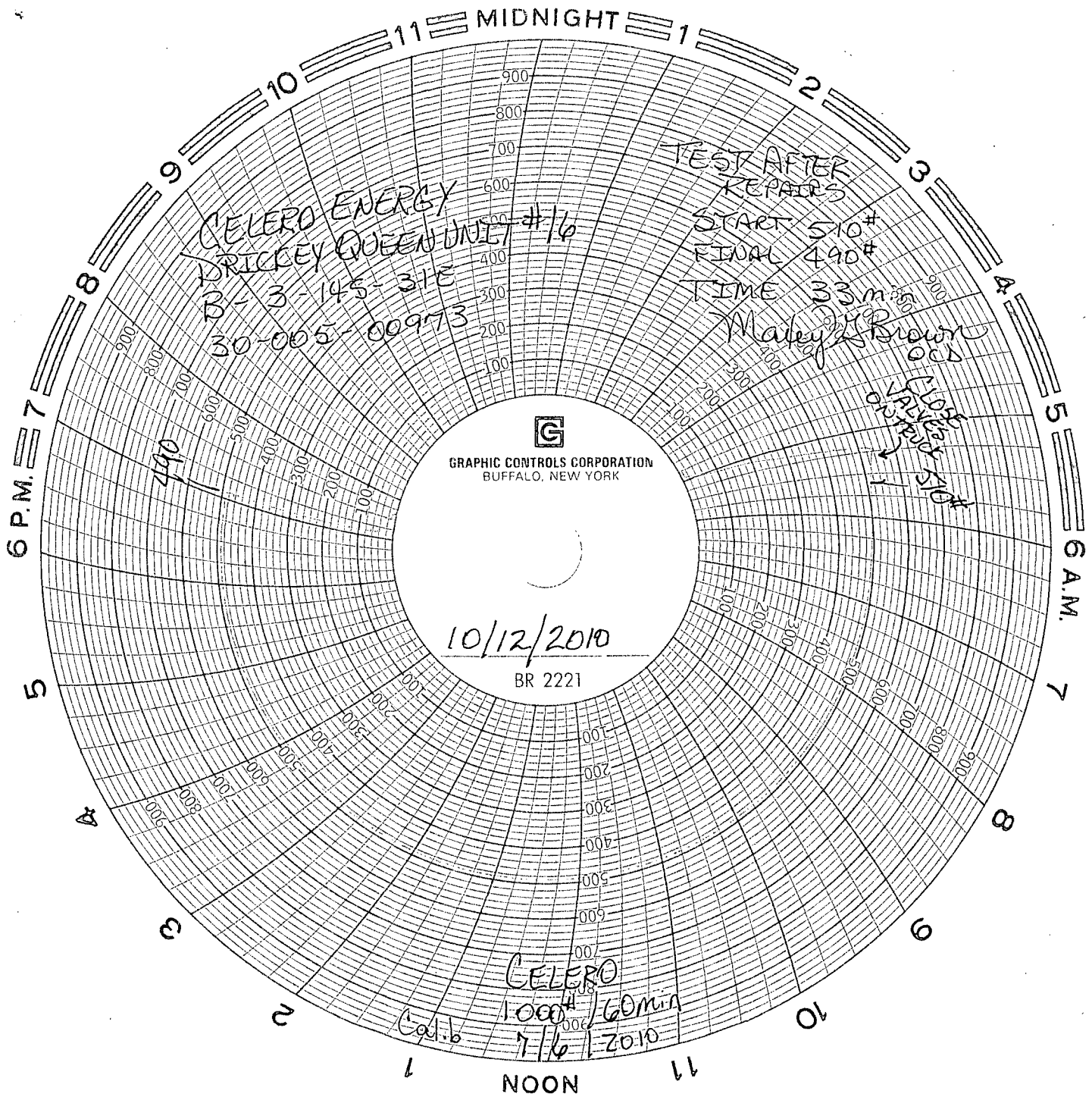
10/5/10 - Drl on alignment tool @ 2,752'. TIH w/ tbg & new 3 3/8" OD bit. Tag @ 2,753', drl up alignment tool & 10' of cmt.

10/6/10 - Ran GR/CCL/CNL from 2,100'-3,064'. Ran GR/CCL/CBL from 2,100'-3,064'. Perf 4", 9.5# csg w/ 4 SPF, 11 gram charges, 90 degree phasing from 3,048'-3,063', 15' (60 holes). TIH w/open ended 2 3/8" OD tbg. Ran to 2,975'. Acdz perfs 3,048'-3,063' w/ 1500 gal of 7 1/2% acid + 20-7/8" BS as follows: pumped 3 bbls of acid, pump 3.3 bbls of acid & dropped 2 BS, repeated #2 until all 20 BS were dropped, pumped 5 bbls of acid, flushed w/ 22 BPW, 10 bbls overflush. Tr pressures: max=650; avg=497#; avg rate=4 BPM. ISIP=vac; TLWTR=97 bbls; Swabbed 4 hrs & recovered 48 BLW. Lack 49 BLW to recover. SFL=1,200' F.S.; EFL=2,300' F.S.

10/7/10 - Tag fluid @ 2,300' from surface. Swab 3 hours & recovered 33 BLW. Lack 16 bbls to recover load. EFL = 2,550'. TOH w/ tbg. Ran 3 1/8" OD hydrostatic bailer on tbg to 3,064'. TOH, recovering all of the ball sealers, some cmt & aluminum. TIH w/ tbg & 4" Arrowset pkr w/ on/off tool. Ran & set @ 2,925'. TOH, LD 2 3/8" OD tbg WS. TIH w/ 93 jts of 2 3/8" OD, 4.7#, 8rd, J-55 IPC tbg w/ turned down collars w/ on/off tool. Latch onto pkr @ 2,925', move & re-set pkr from 2,997' to 3,003' w/ 10 pts of tension. Pre-release on/off tool & load tbg-csg annulus w/ pkr fluid. Latch back onto pkr.

10/8/10 - Set pkr to 3,029' to 3,035'. Latch back onto pkr & place 10,000# tension on pkr. Test annulus w/ 490#. Held okay.

10/12/10 - Ran OCD required csg integrity test. Tested 33 minutes, pressures from 510# to 490#. Test witnessed & approved by Maxey Brown w/ OCD. Original chart going to OCD Hobbs. Well is SI & waiting on injection line. Copy of this sundry going to OCD Hobbs for like approval.





DUAL SPACED COMPENSATED NEUTRON GAMMA RAY / CCL LOG

Company CELERO ENERGY II, LP Well DRICKEY QUEEN SAND UNIT #16 Field CAPROCK County CHAVES State NEW MEXICO	Company		CELERO ENERGY II, LP	
	Well		DRICKEY QUEEN SAND UNIT #16	
	Field		CAPROCK	
	County		CHAVES	State NEW MEXICO
	Location:		API #:	
	660' FNL & 1980' FEL SEC. 3, 14S, 31E		Other Service RIB	
	SEC	TWP	RGE	Elevation
	Permanent Datum		GROUND LEVEL	Elevation 4419'
	Log Measured From		K.B. 5'	K.B. 4424'
	Drilling Measured From		KELLY BUSHING	D.F. 4423'
				G.L. 4419'
Date	10-6-2010			
Run Number	ONE			
Depth Driller	3080'			
Depth Logger	3064'			
Bottom Logged Interval	3064'			
Top Log Interval	2100'			
Open Hole Size	---			
Type Fluid	WATER			
Density / Viscosity	NA			
Max. Recorded Temp.	NA			
Estimated Cement Top	NA			
Time Well Ready	8:00 AM			
Time Logger on Bottom	8:30 AM			
Equipment Number	TRUCK #105			
Location	MIDLAND			
Recorded By	MATT LEE			
Witnessed By	DAN PARKHURST			
Borehole Record				
Run Number	Bit	From	To	Size
Tubing Record				
	Weight	From	To	
Casing Record				
Surface String	Size 8 5/8"	Wgt/Ft	Top SURFACE	Bottom 291'
Prot. String				
Production String	5 1/2"	14#	SURFACE	3057'
Liner	4"	9.6#	SURFACE	3065'