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HOBBSOCD

CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

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. 30-005-00925
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input 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 A : 660' feet from the NORTH line and 660' feet from the EAST line Section 35 Township 13S Range 31E NMPM County CHAVES		8. Well Number 1
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4408' KB		9. OGRID Number 247128
		10. Pool name or Wildcat CAPROCK QUEEN

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: Convert to injector ☒

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.

11/10/10 - TOH, LD 117- 1" x 25' rods + rotor. NDWH & NUBOP. Release TAC, TOH w/ 91 jts of 2 7/8" tbg, 1- 3 1/2" x 8' tbg sub, 4.130" OD x 28.75', 350- 4100 series Stator, 1 jt of 2 7/8" tbg & TAC. Left the 2 7/8" x 4" bull plugged perforated nipple in well bore.

11/11/10 - TIH w/ 2 7/8" OD tbg w/ 5 1/2" csg scraper & 4 3/4" OD bit. Ran to 3,040'. TOH. TIH w/ tbg & spear w/ grapple to catch the 2 7/8" OD bull plugged perforated nipple left in hole after pulling the PCP DH assembly. Latched onto perforated nipple @ 3,060' & TOH. Recovered the 2 7/8" x 4" bull plugged perforated nipple. Ran csg inspection log from 3,041' back to 2,400'. Log did not show any holes in the 5 1/2" OD csg. Ran & set 5 1/2" composite bridge plug @ 3,030'. TIH w/ tbg & 5 1/2" pkr. Ran pkr to 3,013'. Test pkr, tbg & composite bridge plug to 850# & held okay. Pulled out of hole, testing csg, found csg to leak off from surface to 1,000', 170# in 5 min, from 400# to 230#. Last 2 min the pressure stayed @ 230#. Pressure tests were run to determine if well would circ. cmt when the 4" liner is run inside of the existing 5 1/2" csg.

*Continued on attached sheet

Spud Date:

Rig Release Date:

WFX-868

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 11/22/2010

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

12-1-10

Conditions of Approval (if any):

Drickey Queen Sand Unit #1 – C-103 continued

11/12/10 - Ran weld on float shoe, 1 jt of 4" csg (43.63'), float collar & 70 jts of 4", L-80 csg. (total footage = 3,023'). Csg set @ 3,029' w/ 6' KB, w/ float shoe on btm, float collar @ 2,985'. Pump 20 BFW & broke circ. Mix & pump 80 sx of 13.1 ppg Basic Light cmt w/ 2% CaC12, followed w/ 40 sx of 14.8 ppg Class "C" cmt w/ 2% CaC12 & displaced w/ 34 BFW to 2,985', pumping 1 ½ bpm @ 1,200#. Bump plug to 1,500#. Check float & held. Circ. out 18 sx of cmt. WOC.

11/15/10 - After WOC 63 hrs, cut off 4" csg, weld on 4" x 4 ½" x-over & install 4 ½" x 2000# screw type WH. Tally 2 3/8" OD tbg work string. TIH w/ 3 ¼" OD tri-cone bit, 4- 2 7/8" OD DC's. Ran & tag @ 2,950'. D/O cmt from 2,950' to 2,981'. D/O rubber plug & float collar @ 2,981' – 83'. Drl cmt in shoe jt. Drill cmt to 3,013'.

11/16/10 - Lower bit & drill cmt from 3,013' to float shoe @ 3,029' (w/ KB correction). TOH w/ tbg & 3 ¼" bit. Ran 3 3/8" hurricane mill. Ream out float collar @ 2,981', lower mill to 3,029' & D/O composite bridge plug. Ran mill to TD of 3,094'. TOH w/ tbg DC's w/ mill, LD drill string. Start hole w/ 4" plastic coated model AD-1 tension pkr w/ 2 3/8" OD, 4.7#, 8rd, J-55, EUE, IPC tbg w/ turned down collars. Ran 92 jts of 2 3/8" IPC tbg w/ pkr. Left pkr swinging @ 2,993'.

11/17/10 - Pkr set @ 2,993'. Test tbg-csg annulus w/ 400# w/ produced wtr to check pkr, held okay. Raise pkr to 2,981' & removed BOP. Attempt to lower pkr & had to force pkr down through spot @ 2,981'. Lower to 2,993'. Circ. pkr fluid down tbg-csg annulus w/ pkr swinging. Set pkr. Load tbg-csg annulus w/ pkr fluid. Pumped an additional 10 bbls of pkr fluid. Would not test. Start out of hole & pkr hung up @ 2,981'. Had to shear pkr to get through the spot @ 2,981'. TOH. TIH w/ tbg & 3 ¼" flat btm mill w/ cutrite on btm of same. Work & rotate through spot in 4" csg several times. TOH. Re-ran 92 jts of 2 3/8" OD, IPC tbg w/ TDC. Set pkr @ 2,993', displace tbg-csg annulus w/ pkr fluid & attempt to set pkr. Would not set. TOH w/ tbg & pkr.

* **11/18/10** - TIH w/ tbg & 3 3/8" full gauge flat btm mill. Work through tight spot from 2,981' to 2,982'. Wipe out spot. TOH, LD mill. Displace csg w/ pkr fluid. TIH w/ 92 jts of 2 3/8" OD, 4.7#, 8rd, EUE, J-55 IPC tbg w/ TDC's & 4" plastic coated Model AD-1 tension pkr. Set pkr @ 2,993' w/ 14 pts of tension. Load & test tbg-csg annulus. Ran OCD required csg integrity test for 31 minutes. Beginning pressure was 560# psi & ending pressure was 545#. Test was good. NDBOP & NUWH. Clean location & RDMO. Well is shut in & waiting on injection line. Well is now on Administrative Order WFX-868.

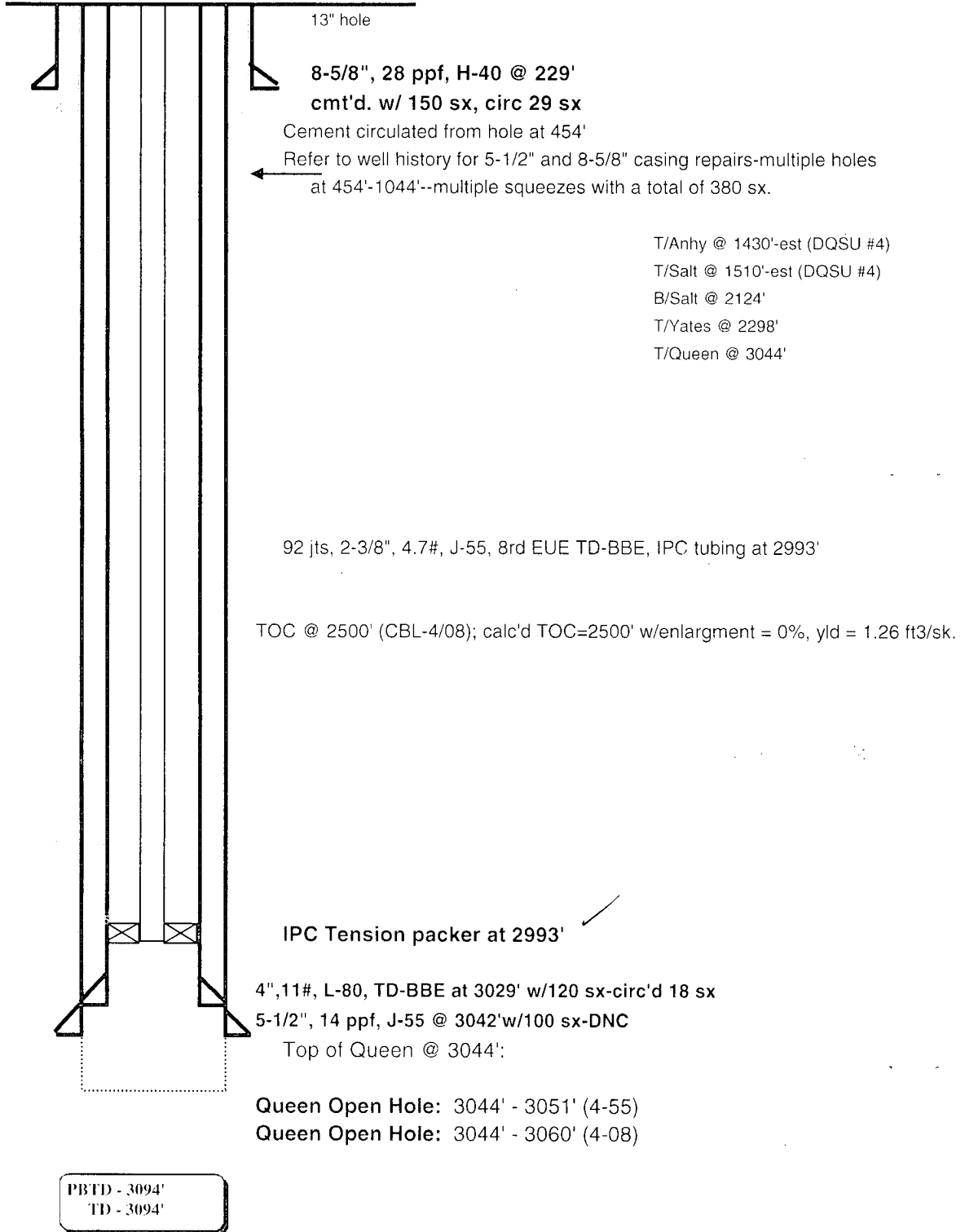
CELERO ENERGY

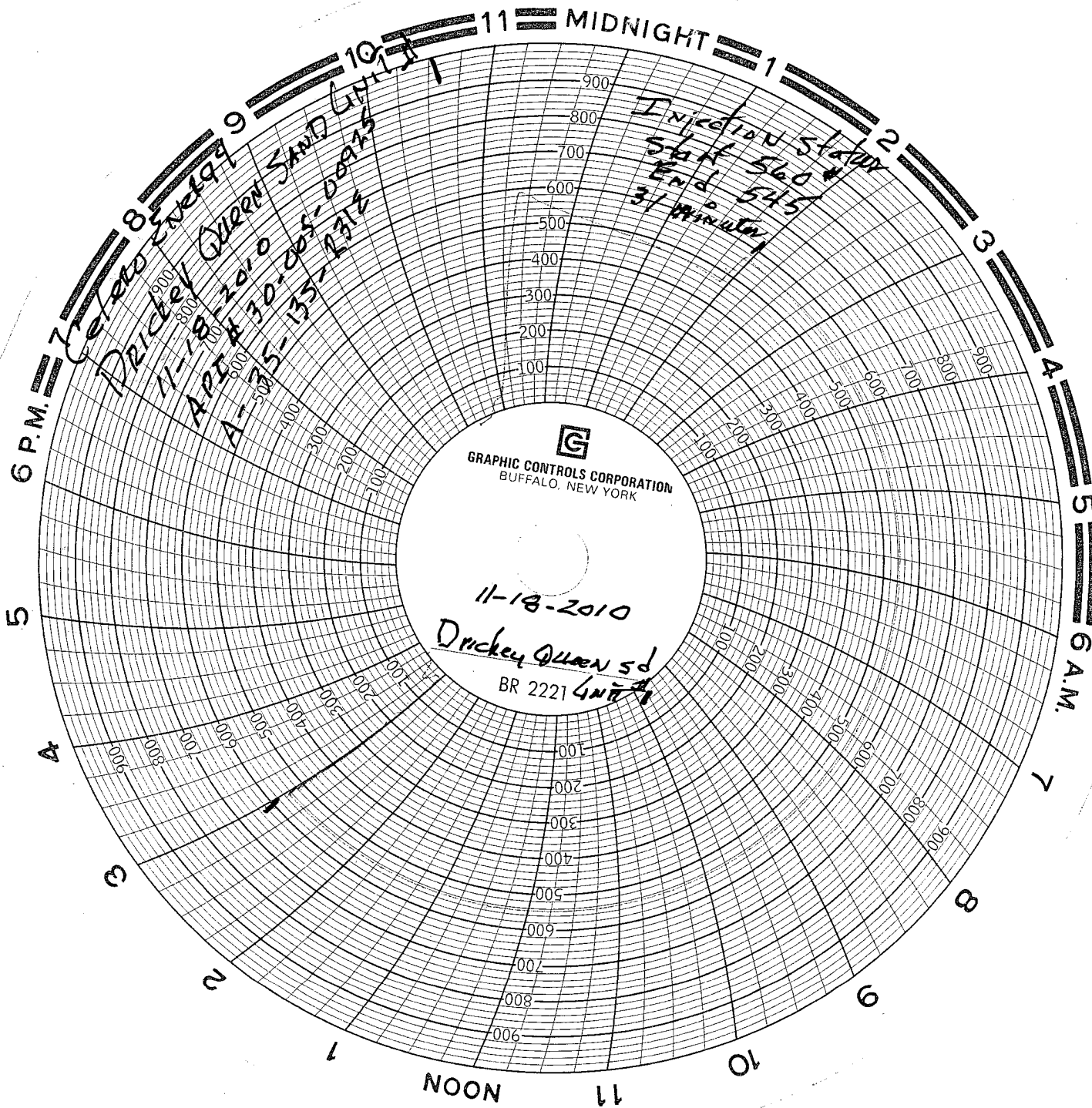
FIELD: Caprock
LEASE/UNIT: Drickey Queen Sand Unit
COUNTY: Chaves

DATE: Dec. 01, 2010
BY: MWM
WELL: 1
STATE: New Mexico

Location: 660' FNL & 660' FEL, Sec 35A, T13S, R31ECM
SPUD: 4/55 COMP: 4/55
CURRENT STATUS: Producer
Original Well Name: N.M. State "I" A/c 1 #5

KB = 4408'
GL =
API = 30-005-00925





11-18-2010
Drickey Queen SAND UNIT
APT # 30-005-00925
A-305-135-2312

Injection started
56 ft 560 #
End 545
3/4 minute

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

11-18-2010
Drickey Queen sd
BR 2221 Unit #1

W. Tron
~~Don Fickens~~
Representative for Celerio
Energy

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