District I 1625 N. French Dr., Hobbs, NM 88240 District II 1301 W. Grand Avenue, Artesia, NM 88210 District III 1000 Rio Brazos Road, Aztec, NM 87410 District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505

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

State of New Mexico
Energy Minerals and Natural Resource
Submit to appropriate District Office ☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,

| PLUGB | ACK, O | R ADD | A ZONE | | | | | | | | | | | |
|--|--|------------|---|--------------|---------------------|------------------------------|----------------------------|---------------------|---------------------------|---------------------|------------------------------------|-------------------------|----------------------|--|
| Operator Name and Address | | | | | | | | | ² OGRID Number | | | | | |
| CELERO ENERGY II, LP 400 W. Illinois, Suite 1601, Midland, TX 79701 | | | | | | | | | .247128 | 247128 3 API Number | | | | |
| | | | · · · · · · · · · · · · · · · · · · · | | | | | | | 30 - <i>DO</i> | 5- | 29 | 16D | |
| | | | | | | Property Na | | | | | | | l No. | |
| - 70 | 373 | 2 | 25 15 11 | | ROC | CK QUEEN | TUNIT | · | | 10 D | | 70 | 12 | |
| | | | ⁹ Proposed Pool 1 APROCK: QUEEN | N / | | | , | | | " Propo | sed Pool 2 | | | |
| ⁷ Surface Location | | | | | | | | | | | | | | |
| UL or lot no. | Section | Township | Range | Lot Is | .dn | | Feet from the | | outh line | Feet from the | East/West | | County | |
| C | 36 | 13 S | 31 E | | 100 | | No | run | 2620 | West | | Chaves | | |
| ° Proposed UL or lot no. | Proposed Bottom Hole Location If Different From Surface Lot Idn Fe | | | | Feet from | a the | North/Sc | outh line | Feet from the | East/West | line | County | | |
| | <u> </u> | | Range | LAN | un | recenom | Off the Profit South the | | 1 cet Bom ure | Lasu II Cai | lme | County | | |
| Addition | | nforma | | | | | | | | | | | | |
| | Type Code N | | 12 Well Type Co O | | | | | | Lease Type Code S | | 15 Ground Level Elevation 4390' | | | |
| | IN Iultiple | | 17 Proposed Dep | oth | | 18 Formation | | | 19 Contractor | | | ²⁰ Spud Date | | |
| | N | | 3100, | | Queen | | | Union Drilling Inc. | | | 12/02/2010 | | | |
| | | | | | | | | | | | | | | |
| ²¹ Propos | ed Casir | ng and C | Cement Prog | ,ram | | | | | | | | | | |
| Hole S | | | asing Size | Casing | g weight/ | weight/foot | | Setting De | ng Depth Sacks of | | of Cement | | Estimated TOC | |
| 11' | | | 3-5/8" | 24# | | | 350' | | 135 | | Surface | | | |
| 7-7/8 | 3" | 5 | 5-1/2" | | 15.5# | | 3100' | | 680 | | Surface | | | |
| | | | | <u> </u> | | -+ | | | | ļ | | | | |
| | | | | | | | | | | | | | | |
| ²² Describe th | he proposed | program. | If this application | is to DEEJ | PEN or F | LUG BAC | CK, giv | e the data | on the pr | esent productive zo | ne and pro | nosed 1 | new productive zone. | |
| | | | ogram, if any. Us | | | | | | | ŗ | | P . – – | r | |
| Prenare su | rface locatio | on Move i | in and rig up drilli | no rio. Inst | tall riser | and hell ni | innle. | Soud well | | | | | | |
| 2. Drill 11" s | urface hole | to a minim | num depth of 350'. | . Set 8-5/8' | " casing | | | | | t BOP's. | | | | |
| Drill 7-7/8 Set 5-1/2" | • | | 00' TD. Evaluate l | logs to TD. | | | | | | | | | | |
| 5. Place well | | æmen to a | urrace. | | | | | | | | | | - | |
| | | | | | | | | | | | | | | |
| | | A , 575 | o Sa Villana | ~~~ WF | ∞ À का | an war | | | | | | | | |
| | Per | mit Ex | mires 2 Yea | ES IT RED | younds: In Table | over The en a corr | | | | | | | | |
| | | | Unless Drill | | | | | | | | | | | |
| | | | on given above is t | true and co | mplete to | o the | ON GONGERNA WOND WARRY | | | | | | | |
| best of my knowledge and belief. | | | | | | | OIL CONSERVATION DIVISION | | | | | | | |
| Signature: | | | | | | | Approved by: | | | | | | | |
| Thehirl Warran | | | | | | 13/1/10 | | | | | | | | |
| Printed name: | | | | | | | Title: SETTO SHAT BACHAPER | | | | | | | |
| Vickie A. Inman | | | | | | 1. The second of the base in | | | | | | | | |
| Title: | | | | | | - 4 | Approv | val Date | NEC 0 | 3 2010 Ex | piration D | ate: | | |
| Agent E-mail Addres | Agent E-mail Address: | | | | | | | | / (D-U | | | | | |
| Vickie A. Inm | | | | | | | | | | | | | | |
| Date: Phone: 11/16/2010 432-682-4559 | | | | | (| Conditi | ions of Ap | proval At | tached | | | | | |

| Submit 1 Copy To Appropriate District Office Sta | te of New Mexico | Form C-103 October 13, 2009 | | |
|--|--|--|--|--|
| District I 1625 N. French Dr., Hobbs, NM 88240 | and Natural Resources | WELL APINO. | | |
| District III 1000 Rio Brazos Rd., Aztec, NM 8741 HOBBSOCPAL District IV | 30-005-2916D 5. Indicate Type of Lease | | | |
| District III 1000 Rio Brazzos Rd. Azior, NM 8741 HOBBS (1220) | STATE X FEE | | | |
| District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 | nta Fe, NM 87505 | 6. State Oil & Gas Lease No. | | |
| SUNDRY NOTICES AND REPOR | | 7. Lease Name or Unit Agreement Name | | |
| (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR T DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT PROPOSALS.) | Rock Queen Unit | | | |
| 1. Type of Well: Oil Well X Gas Well Otl | ner | 8. Well Number 702 | | |
| 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 | | | | |
| | m the North line and 26 | | | |
| | nip 13S Range 31E now whether DR, RKB, RT, GR, etc. | NMPM CountyChaves | | |
| 4390' | ion interior DN, RND, RT, GN, etc. | | | |
| ., . | to Indicate Nature of Notice, | Report or Other Data | | |
| NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK ☐ PLUG AND ABA | | SEQUENT REPORT OF: | | |
| PERFORM REMEDIAL WORK ☐ PLUG AND ABA TEMPORARILY ABANDON ☐ CHANGE PLAN | f | | | |
| PULL OR ALTER CASING MULTIPLE COM | | | | |
| DOWNHOLE COMMINGLE | | | | |
| OTHER: Move well location | ☐ OTHER: | | | |
| 13. Describe proposed or completed operations. (of starting any proposed work). SEE RULE 1 | Clearly state all pertinent details, an | d give pertinent dates, including estimated date | | |
| proposed completion or recompletion. | 9.13.7.14 NWAC. For Wultiple Co | impletions. Attach wendore diagram of | | |
| We request approval to move the well location: | | | | |
| FROM: 100' FNL & 2636' FWL, UL C, Sec 36, T1. | 3S, R31E | | | |
| TO: 100' FNL & 2628' FWL, UL C, Sec 36, T13S, | R31E | · . | | |
| New plat is attached. | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Spud Date: | Rig Release Date: | | | |
| | | | | |
| I hereby certify that the information above is true and c | omplete to the best of my knowledg | ge and belief. | | |
| | • | | | |
| SIGNATURE LISA Hunt | TITLE Regulatory Analyst | DATE_12/01/2010 | | |
| Type or print name Lisa Hunt | E-mail address: lhunt@celeroene | ergy.com PHONE: (432)686-1883 | | |
| For State Use Only | | | | |
| APPROVED BY: Conditions of Approval (Fany): | TITLE PETROLEUM ENGIA | DATE DEC 0 3 2010 | | |
| | | | | |

DISTRICT I 1625 N. French Dr., Hobbs, NM 88240

DISTRICT II

DISTRICT III

State of New Mexico

Energy, Minerals & Natural Resources Department

RECEMEE DISERVATION DIVISION

DEC 0 1 2010 Santa Fe, NM 87505

1000 Rio Brazos Rd., Aztec, NM 87410

1301 W. Grand Avenue, Artesia, NM 88210

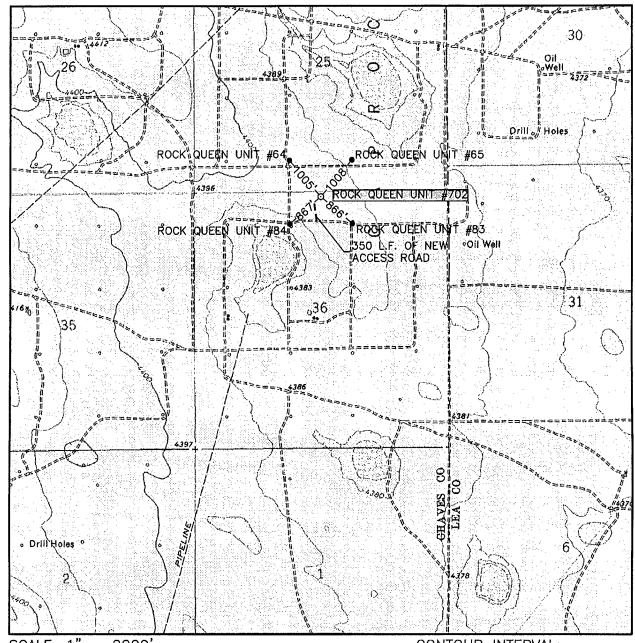
2) Geodetic Coordinates shown hereon references the North American Datum of 1927, (Clarke Spheroid of 1866). Reference Stations — "ODESSA RRP2" — CORS (DF5393), "LUBBOCK RRP2" — CORS (DF5391) and "PORTALESAP NM 2005" — CORS (DF5391).

Form C-102 Revised October 12, 2005 Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

W.O. Num. 2007-0944 Certificate No. MACON McDONALD 12185

| DISTRICT IV 1920 S. St. Francis | Dr., Santa F | e, NM 87505 | HOBBS | UUU | | | | □ AMENDEI | REPORT | |
|------------------------------------|---------------------------|-----------------------|--|-------------------------|--|------------------|-----------------------------|---|-----------------------|--|
| | • | γ | WELL LOC | ATION A | AND ACREAC | GE DEDICATIO | N PLAT | | | |
| 38-01 | Number | 9160 | _ | Pool Code 559 | | APROCK | Pool Name | - | ···· | |
| Property Code Property Name | | | | | | |) auce | Well Nur | nber | |
| 30373 | 35 | | | | ROCK QUEEN | UNIT | | 7.0 | 2 | |
| OGRID No | O• | | | ٥٥٠ | Operator Nam | | | | Elevation | |
| CELERO ENERGY II, L.P. | | | | | | | | 439 | 0′ | |
| | | | | | Surface Loca | ation | | | | |
| UL or lot No. | Section | Township | 1 - | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | |
| C | 36 | 13 S | 31 E | | 100 | NORTH | 2628 | WEST | CHAVES | |
| | . • | | Bottom | Hole Lo | cation If Diffe | erent From Sur | face | | | |
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County | |
| | | | | Ş | | | | | | |
| Dedicated Acres | Joint o | r Infill | Consolidation | Code Or | der No. | | | • | | |
| 40 | | | | | | | | | | |
| NO ALLOWA | BLE WILI | BE ASS | SIGNED TO | THIS CO | MPLETION UNT | IL ALL INTERES | TS HAVE BEEN | CONSOLIDATE | ED OR A | |
| | | N(| ON-STANDA | RD UNIT | HAS BEEN AP | PROVED BY THE | E DIVISION | · · · · · · · · · · · · · · · · · · · | <u> </u> | |
| | -2628' | | 100' | | 264 | 0' | OPERAT | OR CERTIFICA | TION | |
| | | | ne Coordinate = 671,028.0 | | | | I hereby certify the the t | nformation contained herein is in | rue and complete to | |
| | | Y | = 783,842.2 ' 09' 12.87'N | | | | sporting interest or unites | and belief, and that this organized and mineral interestin the land in | cluding the proposed | |
| | | | ° 46' 28.25°W | | | • | a contract with an own | e a right to drill this well at this er of such a mineral or workin | g interest, or to a | |
| | | | | | | | the division. | al or a compulsory pooling order l | herelofare entered by | |
| 1 47 7 | | | | 1,1 | | | | | | |
| | | | | | | | $ \mathcal{L} $ | £1. 1+ 1 | 2/1/- | |
| | | | | | | | Signature | Date | 41110 | |
| | | | | | | | 1/150 | Hust | | |
| | | | * | | | | Printed Nam | e | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | SURVEY | OR CERTIFICA | TION | |
| | | ····· | | | | | | that the well local | | |
| | | | | ٠, | | | 11 | as plotted from fiel made by me or | | |
| | | | | | | | 11 | d that the same is a best of my belie | | |
| | | | | | | | | 5 5557 5 , g 56 | . . | |
| | | | e e | | | WANT MUKIN. | N | | • | |
| | | | | | 111/1 | | Date of Surve | mber 24, 201 | 0 | |
| | | | <u> </u> | | Sill or | WEX ! | | y Scal of Professions | DWG | |
| NOTE: | | | | | E O STATE OF THE PARTY OF THE P | Co: | | · | | |
| 1) Plane Coo Mercator | rdinates sh Grid and C | own hereo | n are Transver the "New Mexi East Zone, No | CO 80 | = = = = = = = = = = = = = = = = = = = | (12185) | 訓 / | | | |
| American D | atum of 192 | 27. Distances | East Zone, No shown hereon | rth gre | = 5% | | | • | • | |
| mean hori: | zontal surfa | ce values. | | | | Peressie Manual | 1 XV | an | | |
| American | Datum o | f 1927, (| ereon referenc Clarke Sphero RRP2" — COI | d of 1866 | (1) (1) (2) | PEGFESSIGNA | W.O. N | um. 2007-09 | 44 | |
| "LUBBOCH | Stations - - "RRP2 - | - ODESSA - CORS (D | \ RRP2" → C0i F5391) and "i | RS (DF5393 PORTALESA |). P | winning, | Certificate N | o. MACON McDONAL | D 12185 | |

LOCATION VERIFICATION MAP



SCALE: 1" = 2000

CAUDILL RANCH

CONTOUR INTERVAL: CAUDILL RANCH - 10'

| SEC. 36 TV | WP. <u>13-S</u> | _ RGE. ˌ | 31-E | | | | |
|---------------------------------|-----------------|----------|---------|--|--|--|--|
| SURVEY | N.M.I | P.M. | | | | | |
| COUNTY | CHA' | VES | | | | | |
| DESCRIPTION | | & 26 | 36' FWL | | | | |
| ELEVATION | 439 | 90, | | | | | |
| OPERATOR CELERO ENERGY II, L.P. | | | | | | | |
| LEASE | ROCK QUE | EEN UN | IIT | | | | |
| U.S.G.S. TOP | OGRAPHIC | MAP | | | | | |



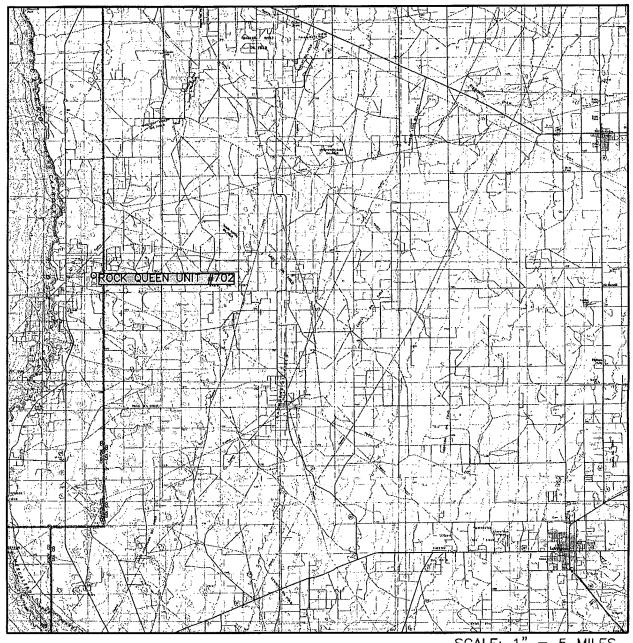
COMPANY

110 W. LOUISIANA, STE. 110

MIDLAND TEXAS, 79701

of Midland, Inc. (432) 687–0865 – (432) 687–0868 FAX

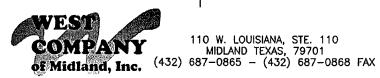
VICINITY MAP



SCALE: 1" = 5 MILES

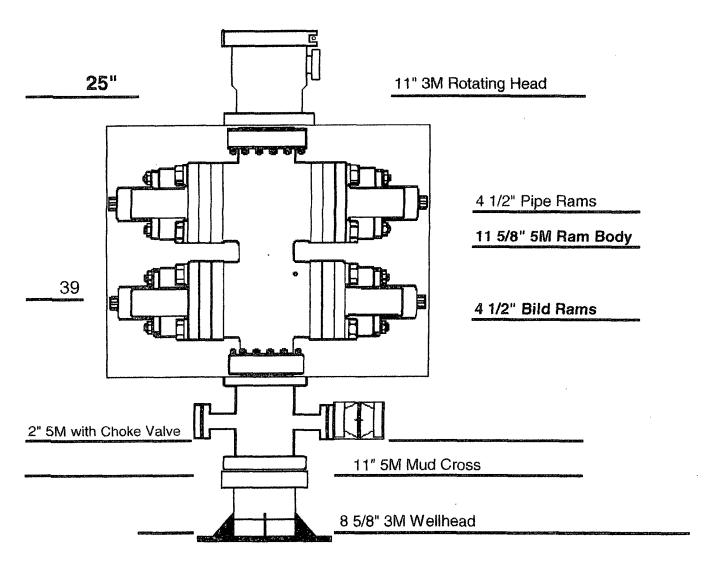
SEC. 36 TWP. 13-S RGE. 31-E SURVEY N.M.P.M. COUNTY CHAVES DESCRIPTION 100' FNL & 2636' FWL ELEVATION 4390' OPERATOR CELERO ENERGY II, L.P. LEASE ROCK QUEEN UNIT





Length

Description



There is a 4" valve out of the mud cross flowing to gas buster

RISING STAR SERVICES

July 29, 2010 **CELERO ENERGY ROCK QUEEN PROJECT**

Job Type: 5 1/2" CASING INSIDE OF 7 7/8" HOLE

Stephen W. Butts

Office: (575) 391-0091 (575) 391-0094 Fax: Cell: (575) 631-3151

SACKS

CEMENT AND ADDITIVES

Lead 545 sks

Class C 50/50 + 10% Bentonite + 0.25% R-38 + 5% Salt (BWOW)

175% Excess

Tall 135 sks

Class C 50/50 + 2% Bentonite + 0.25% R-38 + 5% Salt (BWOW)

100% Excess

Density:

Yield: Mixing Water: **Total Water Mix:** Slurry Volume:

Lead

12.00 #/gal. 2.30 cu.ft/sk 13.01 gal/sk 77.46 Bbls 102.46 Bbls

Tall

14.20 #/gal. 1.30 cu.ft/sk 5.91 gal/sk 9.85 Bbls 16.15 Bbls

Total Sacks:

680

Total Ft3:

1429

Total H20: 187.8 Bbls

Hole Size:

7 7/8"

Total Depth:

3100'

Casing Size: 5 1/2"

Casing Depth: 3100'

Type of Plug: TRP

Size of Plug: 5 1/2"

RISING STAR SERVICES

HOBBS, NM

July 29, 2010 **CELERO ENERGY ROCK QUEEN PROJECT**

Job Type: 8 5/8"CASING INSIDE OF 11" HOLE

Stephen W. Butts

Office: (575) 391-0091 (575) 391-0094 Fax:

Cell: (575) 631-3151

SACKS

CEMENT AND ADDITIVES

Lead 135 sks

Class C + 2% CACL2 + 0.125# Cello-flake + 0.25% R-38

100% Excess

Lead

Density:

Yield:

Mixing Water:

Total Water Mix:

Slurry Volume:

14.80 #/gal.

1.35 cu.ft/sk

6.33 gal/sk 20.36 Bbls

32.37 Bbls

Total Sacks:

135

Total Ft3:

181.78

Total H20: 20.36 Bbls

Hole Size:

11"

Total Depth:

350'

Casing Size: 8 5/8"

Casing Depth: 350'

Type of Plug: TRP

Size of Plug: 8 5/8"