

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

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
June 16, 2008

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
NOV 19 2010
HOBBSUCD
Submit to appropriate District Office
☐ AMENDED REPORT

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN,
PLUGBACK, OR ADD A ZONE**

¹ Operator Name and Address CELERO ENERGY II, LP 400 W. Illinois, Suite 1601, Midland, TX 79701		² OGRID Number 247128
³ Property Code 303735	⁵ Property Name ROCK QUEEN UNIT	³ API Number 30 - 005 - 29161
⁹ Proposed Pool 1 CAPROCK: QUEEN		⁶ Well No. 703
⁹ Proposed Pool 1 CAPROCK: QUEEN		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no. D	Section 36	Township 13 S	Range 31 E	Lot Idn	Feet from the 1320 1309	North/South line North	Feet from the 1195	East/West line West	County Chaves
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⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 4377'
¹⁶ Multiple N	¹⁷ Proposed Depth 3100'	¹⁸ Formation Queen	¹⁹ Contractor Union Drilling Inc.	²⁰ Spud Date 12/04/2010

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
11"	8-5/8"	24#	350'	135	Surface
7-7/8"	5-1/2"	15.5#	3100'	680	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

1. Prepare surface location. Move in and rig up drilling rig. Install riser and bell nipple. Spud well.
2. Drill 11" surface hole to a minimum depth of 350'. Set 8-5/8" casing and cement to surface. Install & test BOP's.
3. Drill 7-7/8" production hole, 3100' TD. Evaluate logs to TD.
4. Set 5-1/2" to TD and cement to surface.
5. Place well on test.

**Permit Expires 2 Years From Approval
Date Unless Drilling Underway**

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief.

Signature:

Printed name:
Vickie A. Inman

Title:
Agent

E-mail Address:
Vickie A. Inman

Date:
11/16/2010

Phone:
432-682-4559

OIL CONSERVATION DIVISION

Approved by:

Title:
PETROLEUM ENGINEER

Approval Date:
DEC 03 2010

Expiration Date:

Conditions of Approval Attached ☐

Submit 1 Copy To Appropriate District
Office
District I
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1000 Rio Brazos Rd., Aztec, NM 87410
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87505

State of New Mexico
RECEIVED
Energy, Minerals and Natural Resources
DEC 01 2010
CONSERVATION DIVISION
1220 South St. Francis Dr.
HOBBS NM 87505
Santa Fe, NM 87505

Form C-103
October 13, 2009

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. 30-005-29161
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.
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701		7. Lease Name or Unit Agreement Name Rock Queen Unit
4. Well Location Unit Letter <u>D</u> : <u>1320</u> feet from the <u>North</u> line and <u>1195</u> feet from the <u>West</u> line Section <u>36</u> Township <u>13S</u> Range <u>31E</u> NMPM County <u>Chaves</u>		8. Well Number 703
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4377'		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 ☐

OTHER: Move well location ☒

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐

OTHER: ☐

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.

We request approval to move the well location:

FROM: 1320' FNL & 1195' FWL, UL D, Sec 36, T13S, R31E

TO: 1309' FNL & 1195' FWL, UL D, Sec 36, T13S, R31E

New plat is attached.

Spud Date:

Rig Release Date:

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 12/01/2010

Type or print name Lisa Hunt

E-mail address: lhunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

[Signature]

TITLE

PETROLEUM ENGINEER

DATE

DEC 03 2010

Conditions of Approval (if any):

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RECEIVED
State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
DEC 01 2010
1220 South St. Frances Dr.
HOBBS NM 88240
Santa Fe, NM 87505

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-29161	Pool Code 8559	Pool Name CAPROCK; QUEEN
Property Code 303735	Property Name ROCK QUEEN UNIT	Well Number 703
GRID No. 247128	Operator Name CELERO ENERGY II, L.P.	Elevation 4377'

Surface Location

UL or lot No. D	Section 36	Township 13 S	Range 31 E	Lot Idn	Feet from the 1309	North/South line NORTH	Feet from the 1195	East/West line WEST	County CHAVES
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
Dedicated Acres 40									
Joint or Infill									
Consolidation Code									
Order No.									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<p>Plane Coordinate X = 669,599.1 Y = 782,621.6 33° 09' 00.87"N 103° 46' 45.14"W</p> <p>1309'</p> <p>1195'</p>				<p>OPERATOR CERTIFICATION</p> <p>I hereby certify the information contained herein to be true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interests in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Lisa Hunt</i> 12/1/10 Signature Date Lisa Hunt Printed Name</p>		
				<p>SURVEYOR CERTIFICATION</p> <p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision and that the same is true and correct to the best of my belief.</p> <p>November 29, 2010 Date of Survey Signature & Seal of Professional Surveyor <i>[Signature]</i> W.O. Num. 2007-0945 Certificate No. MACON McDONALD 12185</p>		
<p>NOTE:</p> <p>1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.</p> <p>2) Geodetic Coordinates shown hereon references the North American Datum of 1927, (Clarke Spheroid of 1866). Reference Stations - "ODESSA RRP2" - CORS (DF5393), "LUGBOCK RRP2" - CORS (DF5391) and "PORTALESAP NM 2005" - CORS (DF5391).</p>					<p>MACON McDONALD NEW MEXICO REGISTERED PROFESSIONAL SURVEYOR 12185</p>	

CONTOUR INTERVAL:
CAUDILL RANCH - 10'

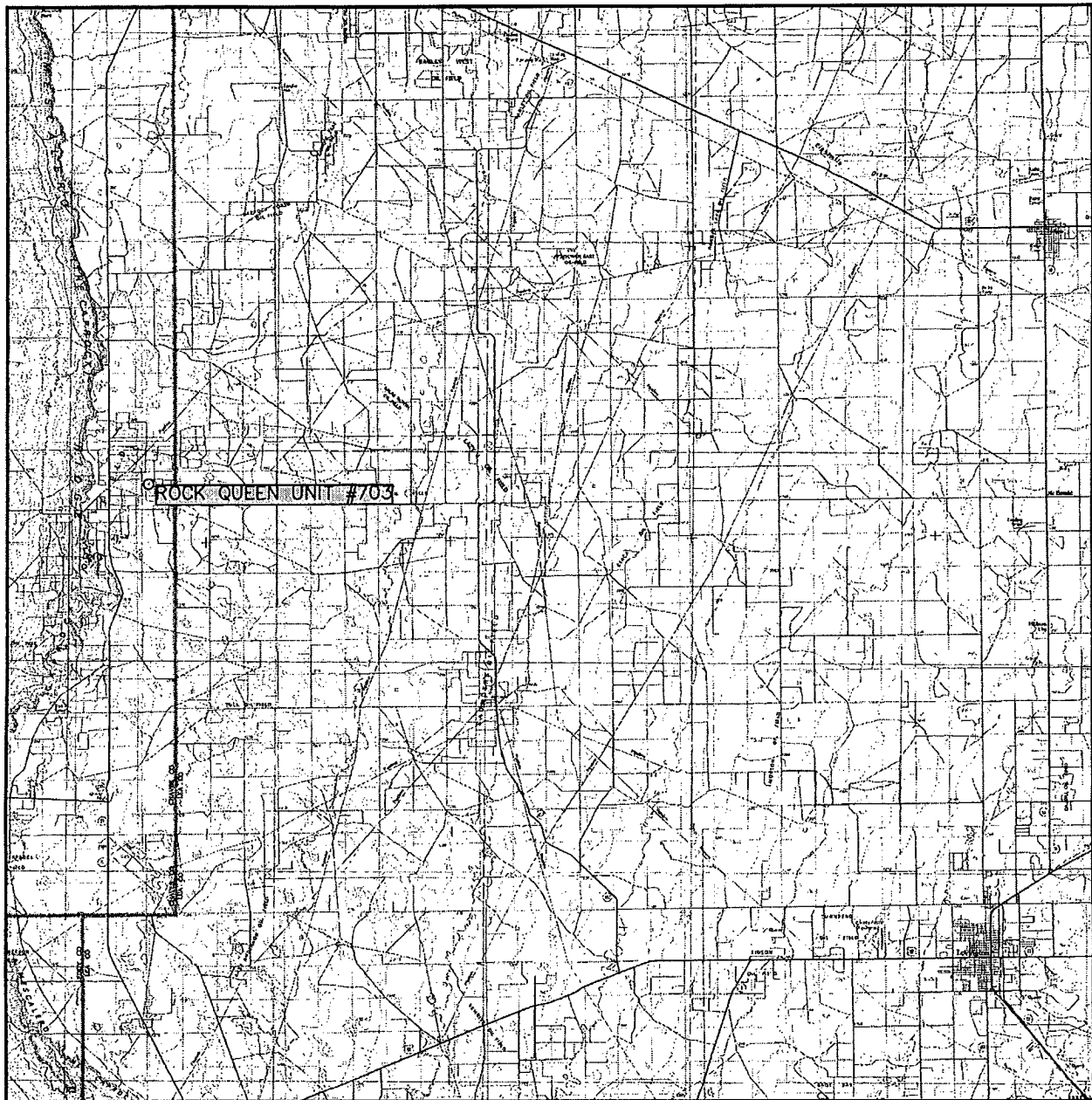
U.S.G.S. TOPOGRAPHIC MAP
CAUDILL RANCH



**WEST
COMPANY**
of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(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 1320' FNL & 1195' FWL

ELEVATION 4377'

OPERATOR CELERO ENERGY II, L.P.

LEASE ROCK QUEEN UNIT

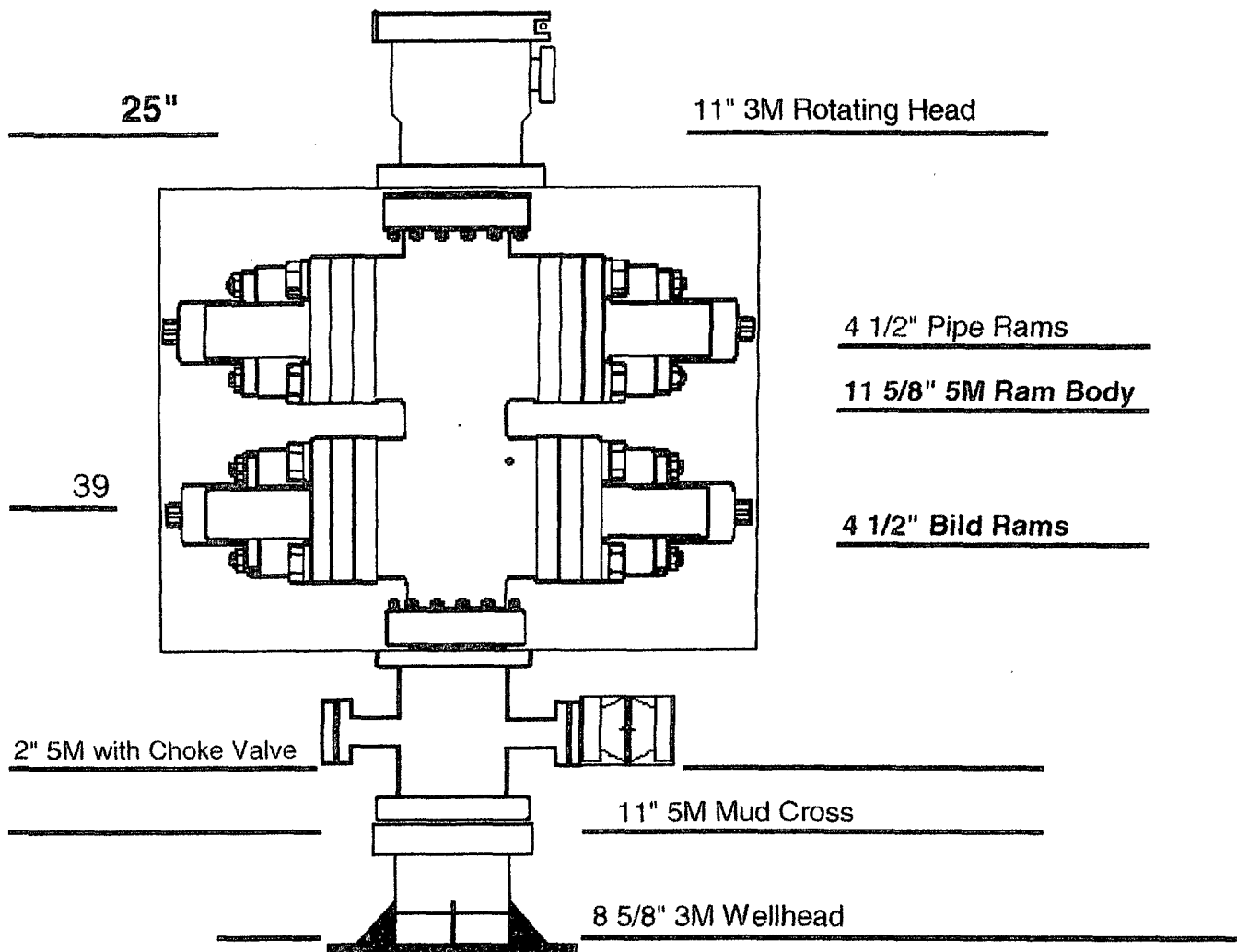


110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

UDI RIG 201 Surface - BOP

Length

Description



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

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

SACKS

Lead 545 sks
175% Excess

CEMENT AND ADDITIVES

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

Tall 135 sks
100% Excess

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

	<u>Lead</u>	<u>Tall</u>
Density:	12.00 #/gal.	14.20 #/gal.
Yield:	2.30 cu.ft/sk	1.30 cu.ft/sk
Mixing Water:	13.01 gal/sk	5.91 gal/sk
Total Water Mix:	77.46 Bbls	9.85 Bbls
Slurry Volume:	102.46 Bbls	16.15 Bbls

Total Sacks: 680

Total Ft3: 1429

Total H2O: 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"

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

SACKS

Lead 135 sks

100% Excess

CEMENT AND ADDITIVES

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

	<u>Lead</u>
Density:	14.80 #/gal.
Yield:	1.35 cu.ft/sk
Mixing Water:	6.33 gal/sk
Total Water Mix:	20.36 Bbls
Slurry Volume:	32.37 Bbls

Total Sacks: 135 Total Ft3: 181.78 Total H2O: 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"

DISTRICT I --- CHECKLIST FOR INTENTS TO DRILL

APD is for N ☒ E ☐ A ☐ D ☐WELL TYPE: O ☐ G ☐ I ☐ S ☐ OTHER ☐Operator Celer Energy II LP OGRID # 747128Well Name & # Rock Queen II #203 Surface Type (F)(S)(P) ☒Location: UL 11, Sect 36 Township 13 s, RNG 31 e, Sub-surface Type (F)(S)(P) ☒1: BHL @: UL 11, Sect 36, Township 13 s, RNG 31 e, H DD2: BHL @: UL 11, Sect 36, Township 13 s, RNG 31 e, H DDA. Date C101 rec'd 11/18/10 C101 reviewed 11/22/10

B. 1. Check mark, Information is OK on Forms:

OGRID 747128 BONDING ☒ PROP CODE 11/22/10 WELL # 306 SIGNATURE See Letter2. Inactive Well list as of: 11/22/10 # wells 306 Inactive wells 306

a. District Grant APD but see number of inactive wells:

No letter required ☒ Sent Letter to Operator ☒ to Santa Fe ☒3. Additional Bonding as or: 11/22/10

a. District Denial because operator needs addition bonding:

No Letter required ☒ Sent Letter to Operator ☒ To Santa Fe ☒

b. District Denial because of Inactive well list and Financial Assurance:

No Letter required ☒ Sent Letter to Operator ☒ To Santa Fe ☒C102 YES ☒ NO ☐ Signature See Letter1. Pool Caprock Queen, Code B558a. Dedicated acreage NO, What Units 1b. SUR. Location Standard ☒ Non-Standard Location ☒c. Well shares acres: Yes ☐ No ☒ # of wells 1 plus this well # 12. 2nd. Operator in same acreage, Yes ☐ No ☒ WELL(S) SHARING:Agreement Letter ☐ Disagreement letter ☐3. Intent to Directional Drill Yes ☐ No ☒Dedicated acreage ☐ What Units ☐Bottomhole Location Standard ☐ Non-Standard Bottomhole ☐4. Downhole Commingle: Yes ☐ No ☒a. Pool #2 1, Code 1, Acres 1Pool #3 1, Code 1, Acres 1Pool #4 1, Code 1, Acres 15. POTASH Area Yes ☐ No ☒C. Blowout Preventer Yes ☒ No ☐D. H2S Yes ☐ No ☒E. C144 Pit Registration Yes ☒ No ☐

F. Does APD require Santa Fe Approval:

1. Non-Standard Location: Yes ☐ No ☒ NSL # 12. Non-Standard Proration: Yes ☐ No ☒ NSP # 13. Simultaneous Dedication: Yes ☐ No ☒ SD # 1Number of wells 1 Plus # 14. Injection order Yes ☐ No ☒ PMX # 1 or WFX # 15. SWD order Yes ☐ NO ☒ SWD # 16. DHC from SF 1; DHC-HOB 1; Holding 17. OCD Approval Date 12/2/10API #30-0 05-291618. Reviewers 11/22/10