

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

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NOV
DEC 19 2010
HOBBSOCD

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 - 29162
⁹ Proposed Pool 1 CAPROCK: QUEEN ✓		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	13 S	31 E		1220 1309	North	2638 2629	West	Chaves

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 4384'
¹⁶ Multiple N	¹⁷ Proposed Depth 3100'	¹⁸ Formation Queen	¹⁹ Contractor Union Drilling Inc.	²⁰ Spud Date 12/04/2010


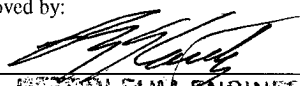
²¹ Proposed Casing and Cement Program

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.		OIL CONSERVATION DIVISION	
Signature: 		Approved by: 	
Printed name: Vickie A. Inman		Title: PETROLEUM ENGINEER	
Title: Agent		Approval Date: DEC 03 2010	Expiration Date:
E-mail Address: Vickie A. Inman			
Date: 11/16/2010	Phone: 432-682-4559	Conditions of Approval Attached <input type="checkbox"/>	

Submit 1 Copy To Appropriate District
Office
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87505

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

Form C-103
October 13, 2009

WELL API NO. 30-005-29162
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Rock Queen Unit
8. Well Number 704
9. OGRID Number 247128
10. Pool name or Wildcat Caprock; Queen
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4384'

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.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Celero Energy II, LP	
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701	
4. Well Location Unit Letter <u>C</u> : 1320 feet from the <u>North</u> line and <u>2638</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>	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 4384'	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
OTHER: Move well location <input checked="" type="checkbox"/>		OTHER: <input type="checkbox"/>	

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 & 2638' FWL, UL C, Sec 36, T13S, R31E

TO: 1309' FNL & 2629' 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 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
DEC 01 2010 CONSERVATION DIVISION
1220 South St. Frances Dr.
HOBBS NM 87505

Form C-102
Revised October 12, 2006
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-005-29162	Pool Code 8559	Pool Name CARROCK; QUEEN
Property Code 303735	Property Name ROCK QUEEN UNIT	Well Number 704
OGRID No. 247128	Operator Name CELERO ENERGY II, L.P.	Elevation 4384'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	36	13 S	31 E		1309	NORTH	2629	WEST	CHAVES

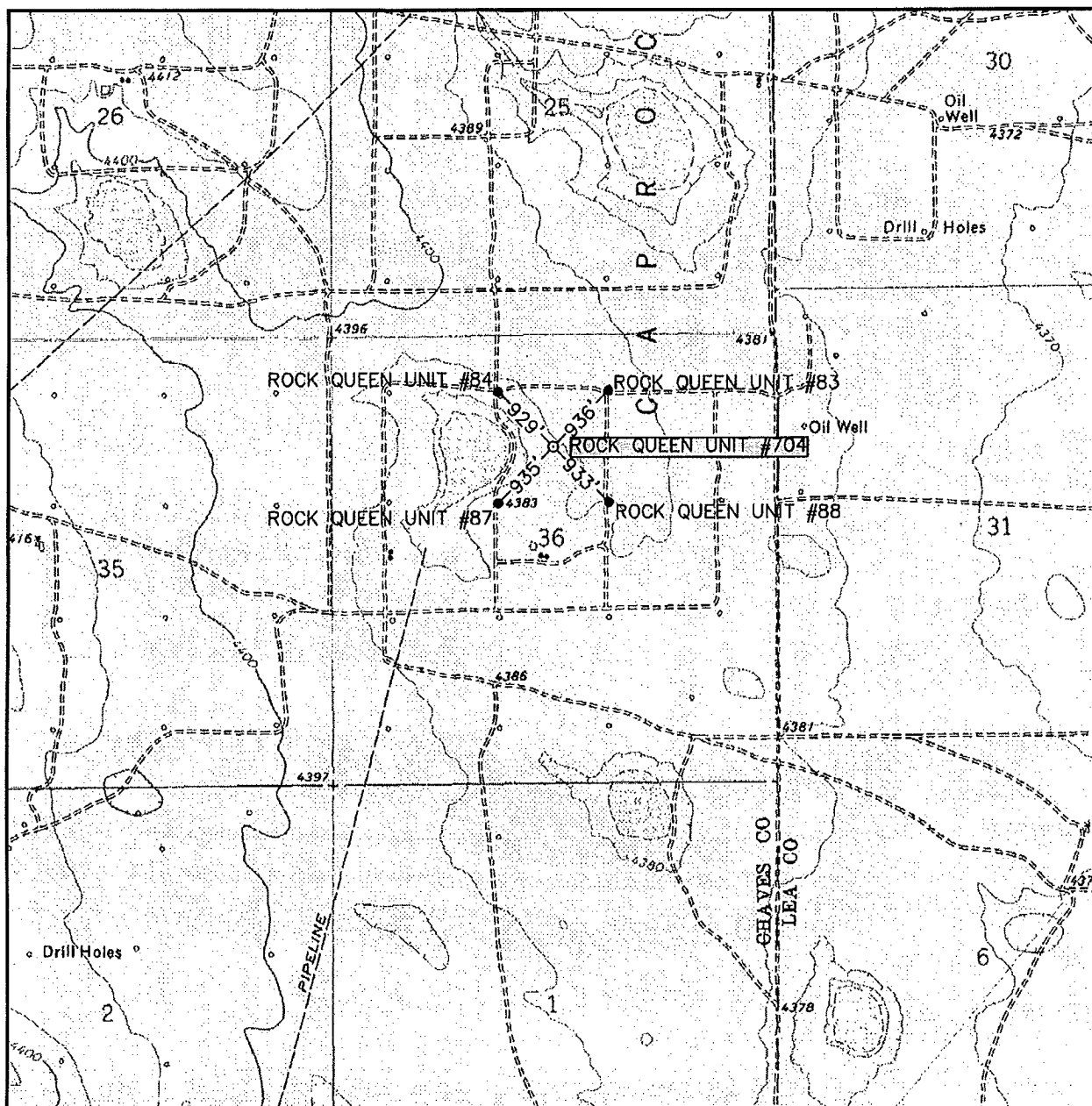
Bottom Hole Location If Different From Surface

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 = 671,032.8 Y = 782,633.2 33° 09' 00.91"N 103° 46' 28.27"W</p>	<p>1309'</p>	<p>2629'</p>	<p>2640'</p>	OPERATOR CERTIFICATION <small>I hereby certify the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or holds mineral interest 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 is a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</small> <p><i>Lisa Hunt</i> 12/1/10 Signature Date Lisa Hunt Printed Name</p>
				SURVEYOR CERTIFICATION <small>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.</small> November 29, 2010 Date of Survey Signature & Seal of Professional Surveyor W.O. Num. 2007-0946 Certificate No. MACON McDONALD 12185
<p>NOTE:</p> <ol style="list-style-type: none">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.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).				

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CAUDILL RANCH - 10'

SEC. 36 TWP. 13-S RGE. 31-E

SURVEY N.M.P.M.

COUNTY CHAVES

DESCRIPTION 1320' FNL & 2638' FWL

ELEVATION 4384'

OPERATOR CELERO ENERGY II, L.P.

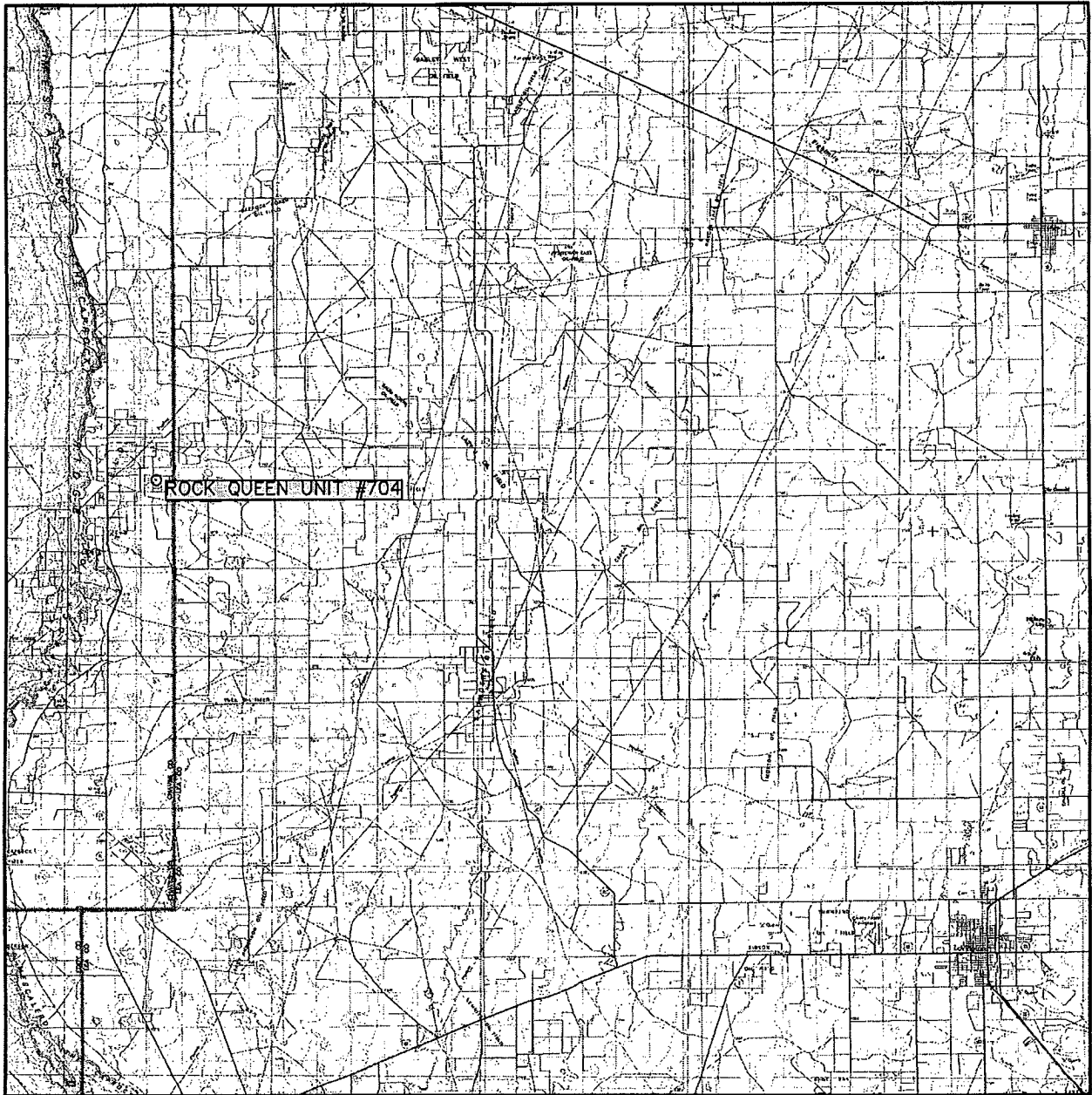
LEASE ROCK QUEEN UNIT

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 & 2638' FWL

ELEVATION 4384'

OPERATOR CELERO ENERGY II, L.P.

LEASE ROCK QUEEN UNIT

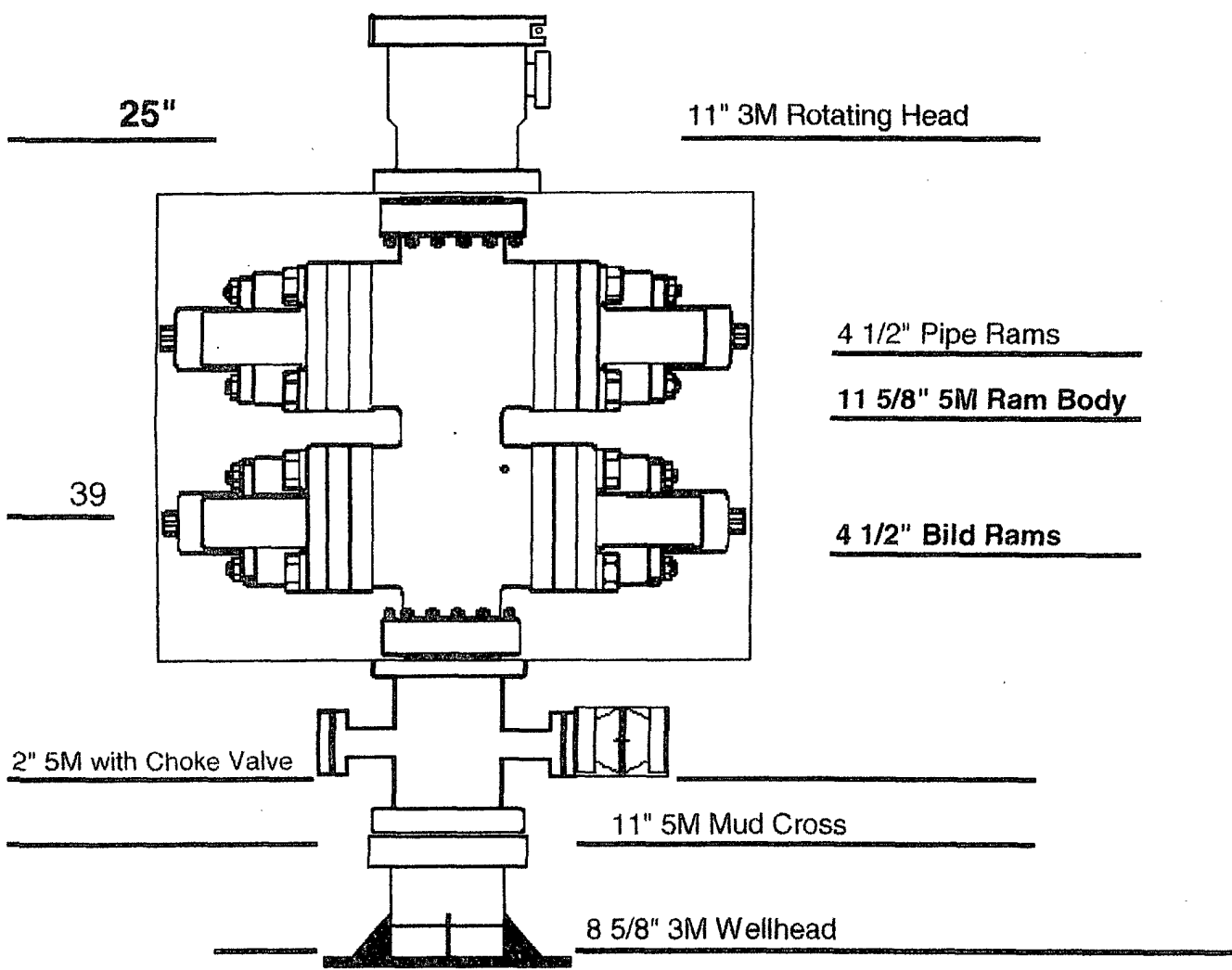


110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

UDI RIG 201 Surface - BOP

Length

Description



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

Stephen W. Butts
Office: (575) 391-0091
Fax: (575) 391-0094
Cell: (575) 631-3151

CEMENT AND ADDITIVES

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

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

100% Excess

	<u>Lead</u>	<u>Tail</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

Casing Size: 5 1/2" Casing Depth: 3100' Type of Plug: TRP
Size of Plug: 5 1/2"

RIISING 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
Fax: (575) 391-0094
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:	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
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Hole Size:	11"	Total Depth:	350'
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Casing Size:	8 5/8"	Casing Depth:	350'	Type of Plug:	TRP
				Size of Plug:	8 5/8"