

Submit 1 Copy To Appropriate District
Office
District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., 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-103
October 13, 2009

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
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HOBSUCD

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|---|
| WELL API NO. 30-005-29166 |
| 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 705 |
| 9. OGRID Number 247128 |
| 10. Pool name or Wildcat Caprock; Queen |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) |

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|--|--|
| 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 M : 1160 feet from the South line and 1305 feet from the West line Section 36 Township 13S Range 31E NMPM County Chaves | |
| 11. Elevation (Show whether DR, RKB, RT, GR, etc.) | |

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 checked="" 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: <input 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.

12/31/10 - Spud 11" hole @ 15:00 & drill F/40' T/380'. Circ, TOH & LD 8" BHA. Run 8-5/8" csg as follows: ran 10 jts 8 5/8" J-55 24# 384' set @ 380' 1 GS, 1 FC, 4 Cent. Pump cmt as follows: 270 sx Class "C", 2% CaCl2, .125# CF, .25% R-38. Plug Down @ 1:00 am. Circ 60 sx to surf. WOC, cut off csg & weld on WH.

1/1/11 - Drill 7 7/8" hole F/380' T/1,079'. NUBOP & test. MU BHA & TIH tag cmt @ 335' drill out cmt.

1/2 - 1/3/11 - Drill 7 7/8" hole F/1,079' T/3,128'. Circ & condition hole & TOH. LD DP & DC.

1/4/11 - Run 82 jts of 5-1/2" 15.50# J-55 3,131' set @ 3,128' 1/FS 1/FC 20/Cent. Cmt as follows: lead cmt 500 sx Class "C" cmt + 10% gel, 5% salt, .25% R-38. Tail 150 sx Class "C" cmt + 2% gel, 5% salt, .25% R-38. Had trouble w/ pump truck on the tail & could not mix last 150 sx of tail, did not pump plug. Displaced w/ 72 BFW finished @ 11:45 am closed valves, stopped 1.6 bbls short of full disp. Released rig.

TUC?

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 01/06/2011

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

JAN 11 2011

Conditions of Approval (if any):