

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

RECEIVED

JAN 19 2011

HOBBSUCD

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

WELL API NO. <u>30-025-00794</u> 30-250-0294
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/> <input checked="" type="checkbox"/>
6. State Oil & Gas Lease No.
7. Lease Name or Unit Agreement Name Rock Queen Unit <input checked="" type="checkbox"/>
8. Well Number <u>7</u> <input checked="" type="checkbox"/>
9. OGRID Number 247128 <input checked="" type="checkbox"/>
10. Pool name or Wildcat Caprock; Queen <input checked="" type="checkbox"/>
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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 <input checked="" type="checkbox"/>	
3. Address of Operator 400 W. Illinois, Ste. 1601 Midland, TX 79701	
4. Well Location Unit Letter <u>O</u> : <u>990</u> feet from the <u>South</u> line and <u>2310</u> feet from the <u>East</u> line Section <u>19</u> Township <u>13S</u> Range <u>32E</u> NMPM County <u>Lea</u> <input checked="" type="checkbox"/>	
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:

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: Cmt squeeze casing leak ☒

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.

1/4/11 - MIRU. LD Greco-2100 surface operating unit. TOH w/rods. NDWH & NU 3K manual double, BOP. TOH w/ tbg. TIH w/ 2 7/8" OD tbg, 7" csg scraper & 6 1/8" bit. Ran to 3,050'. TOH.

1/5/11 - TIH w/ 7" pkr & RBP. Set RBP @ 3,000' & set pkr @ 2,970'. Test tbg, pkr & RBP to 750# & held okay. Load & test the 2 7/8" x 7" annulus. Pressured to 500# & lost 200# in 2 min. Release pkr. Lower pkr, latched onto RBP & pulled tools out of hole. Ran CIL from surface to 3,045'. Ran GR/CCL cmt bond log from 1,900' to 3,045'. TOC @ 2,168'. TIH w/ tbg & set RBP @ 3,000'. TOH. TIH w/ tbg & 7" AD-1 tension pkr. Ran to 132' & test the tbg-csg annulus to 500#. Held for 5 min. Attempt to pump down tbg to test 7" csg from 132' to 3,000'. Tested to 300# & pkr started leaking. Raise pkr to 68'.

1/6/11 - TIH w/ tbg & new 7" tension pkr. Ran to 2970' w/ RBP @ 3000'. Tested RBP, pkr & tbg to 750#, held okay. Raise pkr & located holes in 7" csg from 535' to 627'. Pumped into csg leak @ 1 1/2 BPM @ 450# w/ produced wtr. SD pressure = 250#. Raise pkr to 415' & left swinging. \* Continued on attached sheet

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 01/17/2011

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 20 2011

Conditions of Approval (if any):

**Rock Queen Unit #7** – C-103 continued

**1/10/11** - Reset pkr @ 412'. Pump 10 BFW @ 1 ½ BPM @ 650#. Mix & pump 150 sx of Class "C" cmt w/ 2% CaCl<sub>2</sub> & displaced 1.5 bbls below pkr. SD pressure = 400#. WOC 30 min. Pressure fell to 310#. Pumped 1 bbls & pressure went to 500#. WOC 15 min. Pressure went from 500# to 650#. Cmt squeezed csg leak from from 535' to 627' w/ 650# pressure. Top of cmt left @ 449' from surface. WOC.

**1/11/11** - After WOC 18 hrs, release pkr & TOH w/ tbg & pkr. TIH w/ 6 1/8" OD bit, 6- 3 ½" OD DC's & tbg. Tag @ 467'. Test csg to 500#, held okay. Drill cmt from 467' to 623' in 7 hrs. Made 156'. Drlg firm cmt. Circ hole clean. Raise bit to 600'.

**1/12/11** - Drilled to 641' & fell out of cmt. Ran bit to 775'. Circ hole clean. TOH w/ tbg, LD DC's & bit. TIH w/ retrieving head for RBP. Recovered RBP & TOH. TIH w/ production tbg & PCP BHA. Ran as follows: ran 95 jts of 2 7/8" OD 6.5# 8rd EUE J-55 tbg, 3 ½" x 8' lift sub, 350-4100 series x 30.37' x 4.13" OD Stator w/ Cross Bar, 1 jt of 2 7/8" OD tbg, 7" x 2 7/8" left hand release TAC & 2 7/8" x 6' bull plugged perf nipple. Set Stator from 2,940' to 2,970'. TAC (40K shear) from 3,002' to 3,004' w/ 10K pts tension & bull plugged perf nipple from 3,004' to 3,012'. EOT @ 3,012'. NDBOP & NUWH. Install GreCo-2100 surface unit w/ 40 Hp motor. RD. Place well on production & left well pumping.