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

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State of New Mexico
Energy, Minerals and Natural Resources

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

Form C-103
October 13, 2009

WELL API NO. 30-025-00309

5. Indicate Type of Lease STATE [X] FEE [ ]

6. State Oil & Gas Lease No.

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.)

7. Lease Name or Unit Agreement Name: Rock Queen Unit

1. Type of Well: Oil Well [ ] Gas Well [ ] Other Injection

8. Well Number 70

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
Unit Letter D : 660 feet from the North line and 660 feet from the West line
Section 30 Township 13S Range 32E NMPM County Lea

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 [ ]	PLUG AND ABANDON [ ]	REMEDIAL WORK [X]	ALTERING CASING [ ]
TEMPORARILY ABANDON [ ]	CHANGE PLANS [ ]	COMMENCE DRILLING OPNS. [ ]	P AND A [ ]
PULL OR ALTER CASING [ ]	MULTIPLE COMPL [ ]	CASING/CEMENT JOB [ ]	
DOWNHOLE COMMINGLE [ ]			
OTHER: [ ]		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.

2/4 - 2/8/11
TIH w/ 2 7/8" OD tbg WS w/ 4 ¾" bit. Ran to 3073'. TOH. TIH w/ tbg & 7" pkr. Set @ 500'. Test to 500#. Leaked off immediately. Attempt to test @ 30' & leaks off from 500# to 0# immediately. Pull pkr. Ran 7" RBP & pkr. Set RBP @ 2900' & test to 750#, held okay. Found small leak in 7" csg from surface to 5' from surface. TIH w/ tbg & retrieving head for RBP. Latch onto RBP @ 2900' & TOH w/ same. TIH w/ 2 7/8" OD tbg WS w/ 6 ¼" bit. Tag fill @ 3065'. C/O fill from 3065' to 3090'. Replace 9 5/8" & 7" WH's. Install new 9 5/8", 2000# x 7" screw type WH & install flanged 7" x 2 3/8", 3K, tbg head. NUBOP. Ran Watson pkr 4 ½" duplex shoe, 4 jts of 4 ½" OD 11.6# J-55 LT&C csg w/ bond coat (178') + 5 jts of 4 ½" (228'), 11.6# J-55 LT&C csg w/ a 4 ½" x 5 ½" swedge screwed into 4 ½" csg collar & 5 ½" collar looking up w/ centralizers @ 3070', 3043', 2901', 2775' & 2688'. Ran the 4 ½" OD liner inside of the csg, open hole on tbg & set from 2684' to 3090'. Circ down tbg out tbg-csg annulus w/ 120 BPW.

* 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 03/23/2011

Type or print name Lisa Hunt E-mail address: lhunt@celeroenergy.com PHONE: (432)686-1883

For State Use Only

APPROVED BY: TITLE STAFF MGR DATE 3-29-2011

Conditions of Approval (if any):

2/10/11 - Pump 90 sx Class "C" cmt w/ 2% CaC12 & displaced w/ 17 BFW leaving 4 sx in tbg. Unstung from Watson Packers Duplex Shoe, raised tbg, open ended to 2720' (top of liner = 2684') & reversed out 12 sx of cmt. TOH w/ tbg & pkr setting tool. Start in hole w/ 2 7/8" tbg WS & 6 ¼" bit. Ran to 1500'. WOC.

2/11/11 - Lower 6 ¼" bit & tag @ TOL @ 2682'. Test TOL & 7' csg to 500# & lost 150# in 30 min. Ran tbg w/ 3 ¾" bit. Tag inside of 4 ½" liner @ 2991'. Drill cmt from 2991' to 3089' (csg set @ 3090') TOH. TIH w/ tbg WS to 2640'. Test TOL down tbg w/ 1000# for 10 min, lost 350#. TOH w/ tbg & 7" AD-1 tension pkr.

2/14/11 - TIH w/ tbg WS & Kenco's 7" AS1-X pkr. Ran & set @ 2617'. Pkr would not hold. Re-set @ 2587' & would not hold. TOH w/ tbg & pkr. Ran GR/CCL/CBL from 2500' to 3084' & GR/CCL/CNL from 2000' to 3086' (PTD = 3087').

2/15/11 - Perf 4 ½" liner w/ 3 1/8" gun w/ 2- 0.41 holes @ 2970'. TIH w/ tbg & 4 ½" pkr. Ran pkr to 2764'. Pumped down tbg into perfs w/ 20 BPW @ 2 BPM from 500# to 750#. SD pressure = 400#. Bled off pressure. No communications out tbg – csg annulus. Release pkr & TOH w/ tbg & pkr. Ran & set 4 ½" (Kenco) cmt retainer on WL @ 2770'. Stung into retainer & pumped 15 BFW down tbg into perfs @ 2 BPM & 750# pressure. Bled off pressure.

2/16/11 - Load tbg-csg annulus to monitor. Pump 12 BPW down tbg into perfs 2970' @ 2 BPM & 400# pressure. Pump 150 sx Class "C" cmt w/ 2% CaCl2 & 0.1 of 1% fl\luid loss additive & displaced cmt 1 bbl below cmt retainer (2770') w/ 800# SD pressure. WOC 20 min, pump ¼ bbl of cmt. Pressure stayed @ 800#. WOC 30 min, pumped ½ bbl of cmt & pressure stayed @ 800#. WOC 20 min, pumped another ¼ bbl of cmt & pressure stayed @ 800#. Pumped remainder of cmt in csg & over displaced cmt through perfs w/ 5 BFW. SD pressure = 800#. WOC.

2/19/11 - Pump down tbg through cmt retainer into 4 ½" squeeze perfs @ 2970' @ 1 ¾ BPM @ 700# w/ BFW. Pump 150 sx of Class C cmt w/ 2% CaCL2 & 3# sand/sx. Displaced w/ 14.5 BFW leaving ½ bbls of cmt above cmt retainer (2770'). Staged cmt 4 times pumping ½ bbl. SD from 10 to 35 mins between stages. Had 2 stages w/ pressure going to 1200# but would fall back to 900# pressure. Unable to get sufficient cmt squeeze pressure. Overdisplaced cmt w/ 5 BFW w/a SD pressure of 800#.

2/23/11 - Pumped 20 BPW @ 1 ½ & 1200# pressure down tbg into perfs. Pump 150 sx of Class "C" cmt w/ 2% CaCl2 & displaced w/ 14 BFW leaving 1 bbl of cmt retainer (2770' = cmt retainer setting). Staged cmt w/ a maximum SD pressure of 800#. Overdisplaced cmt w/ 5 BFW. WOC 2 ½ hrs. Pumped 10 BFW to establish rate of 1 ¾ BPM @ 800# pressure. Pump 150 sx of Class "C" cmt w/ 2% CaCl2 & 2# sand per sx of cmt. Displace cmt w/ 13 BFW leaving 2 bbls of cmt above cmt retainer. Staged cmt & squeezed off perfs @ 2970' w/ 1200# SD pressure leaving 0.6 bbls of cmt in tbg above cmt retainer. Unstung from retainer.

2/24/11 - After WOC 14 hrs, TIH w/ tbg & 7" pkr. Set @ 2650'. Tested down tbg w/ 500# & held for 30 min (tested from 2650' to TOC retainer @ 2770'). Tested tbg-csg annulus from surface to 2650'. Tested w/ 500# & lost 60# in 30 min. TOH w/ 7" pkr. TIH w/ tbg & 4 ½" pkr. Set pkr @ 2710'. Tested down tbg from 2650' to retainer top @ 2770' w/ 520#, held okay. Tested from annulus from surface to 2710'. Pressure to 540# & lost 60# in 30 min. Have leak from 2650' to 2710'.

2/25/11 - TIH w/ 2 7/8" & 2 3/8" tbg, 6- 3 1/8" DC's w/ 3 ¾" bit. Tag @ 2769'. Drl 1' of cmt to 2770'. Start drlg on cmt retainer @ 2770' & drilled 11" in 7 hrs.

2/28/11 - TIH w/ tbg, DC's & new 3 7/8" OD tricone bit. Tag @ 2771'. Drl retainer & cmt to 2780' in 8 hrs.

3/1/11 - TIH w/ tbg, DC's & 3 ¾" Henson Bear Claw bit. Tag @ 2780'. Drl cmt from 2780' to 2971'. Ran to 3089' & circ hole clean. Raise end of tbg to 2650' (TOL of 4 ½" liner inside of 7" csg = 2688'). Test 4 ½" liner & 7" csg to 500#. Results were, lost 45# in 15 min. TOH w/ tbg & BHA. Ran CBL from 2500' to 3089'.

3/2/11 - Run in tbg WS, pull & LD same. Installed 4 ½" rams in BOP. MI 61 jts of 4 ½" OD 11.6# 8rd J-55 csg & catwalk. TIH w/ 59 jts (2677') of 4 ½" csg w/ 4 ½" alignment tools, float collar & centralizers. Ran csg to 2677'.

3/3/11 - Lower csg w/ alignment tool & tag top of 4 ½" liner @ 2682'. Raise up 1' & circ hole w/ produced wtr. Cmt tie back 4 ½" csg from surface to 2682'. Pumped 75 bbls of pkr fluid behind 4 ½" x 7" annulus followed w/ fresh wtr spacer & 30 sx Class "C" cmt w/ 2% CaCl2. Displaced to float collar (2646') w/ FW, bump plug w/ 800# over pumping pressure. NDBOP, lower alignment tool & set 3 pts of wt on same. Set slips on 4 ½" csg, install WH, change out BOP rams & NUBOP. TIH w/ 2 3/8" OD tbg, 6- 3 1/8" OD DC's & 3 ¾" OD bit. Ran to 2000' & WOC.

Csg data: ran 59 jts of 4 ½" OD 11.6# 8rd J-55 csg (2680') w/ 4 ½" alignment tool on btm of 4 ½" tie back string. End of csg @ 2682', float collar @ 2646' & 8 centralizers placed on 4 ½" csg as follows: 2680', 2644', 2601', 2555', 1323', 1109', 65' & 10'. Top of btm 4 ½" 11.6# 8rd J-55 liner is set from 2682' to 3090'.

WH data: 7 1/16", 3K x 7" 8rd csg head; 7 1/16", 5K x 7 1/16" tbg head & 7 1/16", 3K x 2 3/8" slip type adaptor flange.

3/4/11 - After WOC 21 hrs, lower bit & tag @ 2637'. Drl 5' of cmt, rubber plug, float collar @ 2646', 45' of cmt inside of 4 1/2" float shoe jt & alignment tool @ 2681'. Lower bit to 3089'. Circ hole clean. Test 4 ½" csg liners to 580# & lost 50# in 15 min. TOH.

3/7/11 - TIH w/ 2 3/8" OD tbg WS w/ 4 ½" AD-1 tension pkr. Ran pkr to 2723'. Test 4 ½" csg from 2723' to 3089' (squeezed perfs @ 2970') w/ 550# & held w/ no pressure loss for 30 min. Test tbg-csg annulus from surface to 2723'. Tested to 550# & lost 25# in 15 min (liner tie back @ 2692'). Unseat & spot 10 bbls of 10# 50 viscosity salt mud from 2723' to 2073'. Raise pkr & set @ 1723'. Test down tbg from 1723' to 3089' (liner tie back @ 2682' & squeeze perfs @ 2970') w/ the following pressures: (a) 640# lost 20# in 20 min, (b) 995# lost 25# in 15 min, (c) 1200# lost 20# in 15 min, (d) 500# lost 25# in 15 min. Lower pkr to 2785', circ out mud in well bore. Set pkr, made the following tests: (liner tie back @ 2682' & squeezed perfs @ 2979') (a) Test tbg-csg annulus from 2785' to surface w/ 550#. Lost 10# in 30 min. (b) Test down tbg from 2785' to 3089' w/ 550#. Lost 50# in 30 min.

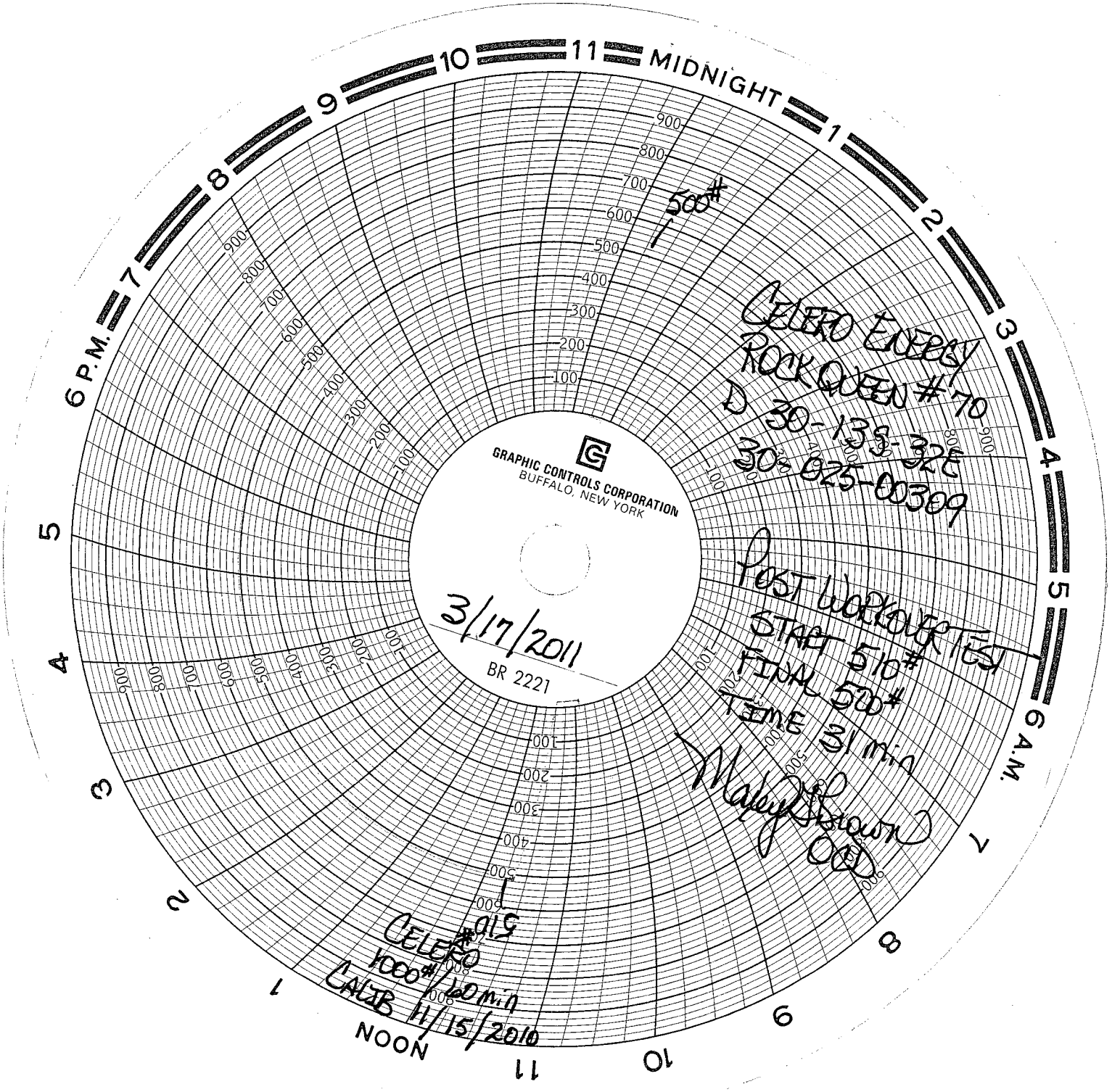
3/8/11 - Dump 10' of cmt across squeezed perfs @ 2970'. Apply pressure on cmt spotted across 4 ½" squeezed perfs @ 2790' as follows: placed 2000# pressure for 15 min, lost 120#. Pressure back up to 2000# for 15 min. lost 75#. Apply pressure back to 2000# for 15 min, several more times, losing from 25# to 50# over a 4 hr period. Then applied 2100# for 30 additional min, lost 50#. Total time frame of applied pressure on the spotted cmt = 4 ½ hrs. Bled pressure off to 1500#.

3/9/11 - After WOC 22 hrs, TP = 1000#. Release pressure & TOH w/ tbg & pkr. TIH w/ tbg & 3 ¾" bit. Tag cmt @ 3075' (cmt had fallen past perfs @ 2970'). Test csg from surface to 3075'. Test to 550# & lost 50# in 30 min. Drl out cmt from 3075' to 3089'. Perf 4 ½" csg w/ 3 1/8" OD cased gun, 19 gram charges, 2 SPF, 0° phasing, 0.46" hole from 3049' to 3064'; 15' & 30 holes. TIH w/ 96 jts of tbg WS & 4 ½" AD-1 tension pkr. Set pkr @ 3004', pulled 18 pts of tension.

3/10/11 - Pkr @ 3004'. Perfs: 3049' to 3064'. Pumped 12 BPW down tbg through perfs @ 3 BPM & 850# pressure (no breakdown pressure). Acidized w/ 1500 gal of 7 ½% NEFE acid & 40- 7/8" ball sealers. Flushed w/ 12.6 BFW, no overflush. Treating pressures: Max = 1000#, Min = 817#, Avg = 830#, Avg rate = 3.3 BPM, ISIP = 695#, 5 min = 462#, 10 min = 452#, 15 min = 442#, TLTR = 70 bbls. Flow to test tank 1 ½ hrs & made 65 BLW. Ran swab twice & recovered 10 BF. All load recovered + 5 bbls of formation fluid. SFL = surface, EFL = 500' from surface. Raise & reset pkr @ 2951'. Tested annulus from surface to 2951' w/ 550#, lost 20# in 30 min to 530#.

3/11/11 - TIH w/ 91 jts (2946') of 2 3/8" OD 4.7# 8rd EUE J-55 IPC tbg w/ Hunting's special lubricant + 4 ½" nickel plated AS1-X pkr w/ 1.5" profile nipple & on/off tool. Ran & set pkr @ 3051'. Release on/off tool. Circ pkr fluid, latch back onto pkr, put 10 pts tension on pkr. Pre-test tbg-csg annulus to 520# & held okay. NDBOP & NUWH, 7 1/16" 3K slip type tbg head flange w/ 2 1/16" SS, 5K tbg valve & nickel plated injection tee. Connect RP for injection. RDMO.

3/17/11 – Ran OCD required MIT. Tested for 31 min. Pressure from 510# to 500#. Tested okay & witnessed by Maxey Brown w/ OCD. Original chart is attached.


MIDNIGHT
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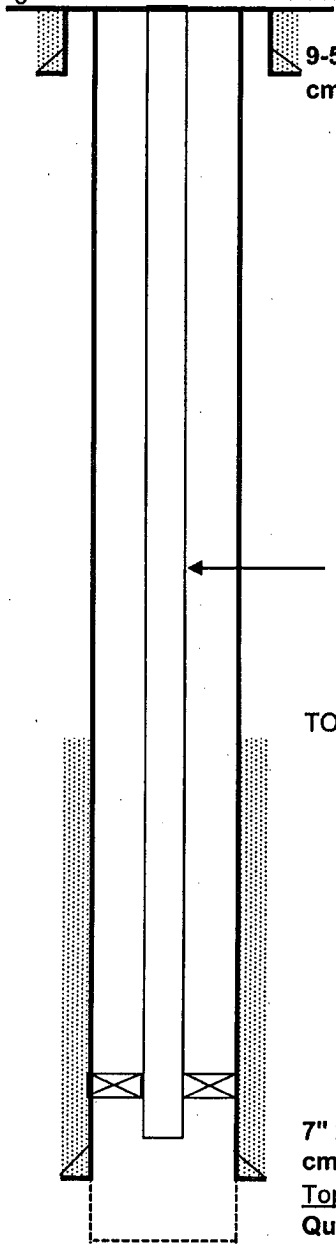
GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK
3/17/2011
BR 2221
500#
CELERO ENERGY
ROCK QUEEN #70
D 30-135-32E
30-025-00309
POST WORKOVER (CS)
START 510#
FINAL 500#
TIME 31 min
Makey Brown
OCD
CELERO
1000# 10 min
CALIB 11/15/2010

CELERO ENERGY

		DATE:	Oct. 3, 2007
FIELD:	Caprock	BY:	GSA
LEASE/UNIT:	Rock Queen	WELL:	70
COUNTY:	Lea	STATE:	New Mexico

Location: 660' FNL & 660' FWL, Sec 30D, T13S, R32ECM
SPUD: 4/55 COMP: 4/55
CURRENT STATUS: Injector
Original Well Name: N.M. State #1-335 B

KB = 4378'
GL = 4367'
API = 30-025-00309



9-5/8" 32# @ 356'
cmt'd. w/ 250 sx. TOC @ surface (calc).

2-3/8" J-55 4.7# (90 jts) IPC tbg w/ 7" Arrowset 1X pkr @ 2949'

TOC @ 2160' (CBL, 6/07)

7" 20# @ 3047'
cmt'd. w/ 150 sx (DNC)
Top of Queen @ 3045':
Queen Open Hole: 3047' - 3058' (4-55), 3047' - 3090' (6-07)

PBTD - 3090'
TD - 3090'