

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OCD Artesia

FORM APPROVED
OMB NO 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
*Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.*5. Lease Serial No
NMNM81708

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on reverse side.7. If Unit or CA/Agreement, Name and/or No.
NMNM100192

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other8. Well Name and No
PALO VERDE AJV FEDERAL COM 1H

2. Name of Operator

Contact: TINA HUERTA

YATES PETROLEUM CORPORATION-Mail: tinah@yatespetroleum.com

9. API Well No
30-015-26907

3a. Address

105 SOUTH FOURTH STREET
ARTESIA, NM 88210

3b. Phone No (include area code)

Ph: 575-748-4168

Fx: 575-748-4585

10. Field and Pool, or Exploratory
CEMETARY; WOLFCAMP, NORTH

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

Sec 24 T20S R24E SWSW 760FSL 660FWL

11. County or Parish, and State

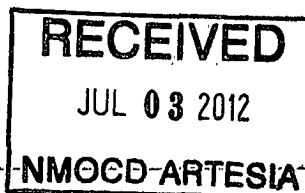
EDDY COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

| TYPE OF SUBMISSION | TYPE OF ACTION | | | |
|--|---|--|--|---|
| <input checked="" type="checkbox"/> Notice of Intent | <input type="checkbox"/> Acidize | <input type="checkbox"/> Deepen | <input type="checkbox"/> Production (Start/Resume) | <input type="checkbox"/> Water Shut-Off |
| <input type="checkbox"/> Subsequent Report | <input type="checkbox"/> Alter Casing | <input checked="" type="checkbox"/> Fracture Treat | <input type="checkbox"/> Reclamation | <input type="checkbox"/> Well Integrity |
| <input type="checkbox"/> Final Abandonment Notice | <input type="checkbox"/> Casing Repair | <input type="checkbox"/> New Construction | <input type="checkbox"/> Recomplete | <input type="checkbox"/> Other |
| | <input type="checkbox"/> Change Plans | <input type="checkbox"/> Plug and Abandon | <input type="checkbox"/> Temporarily Abandon | |
| | <input type="checkbox"/> Convert to Injection | <input type="checkbox"/> Plug Back | <input type="checkbox"/> Water Disposal | |

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Yates Petroleum Corporation plans to Fracture Treat well as attached.

FR Date 7/5/12
Accepted for record
NMOCD

14. I hereby certify that the foregoing is true and correct

Electronic Submission #140403 verified by the BLM Well Information System
For YATES PETROLEUM CORPORATION, sent to the Carlsbad
Committed to AFMSS for processing by KURT SIMMONS on 06/18/2012 ()

Name (Printed/Typed) TINA HUERTA

Title REG REPORTING SUPERVISOR

Signature (Electronic Submission)

Date 06/12/2012

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By

James R. Amos

Title

SEPS

Date

6-30-12

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Office

CFD

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED **

Palo Verde "AJV" Fed Com #1H
 (Recompletion name Federal FC Com #2H)
 Unit M, Sec. 24-20S-24E
 Surf: 760' FSL and 660' FWL
 BHL _ 760' FSL & 330' FEL
 Eddy County, New Mexico
 API No. 30-015-26907
RECOMPLETION

Sent 6/6/12

Executive Summary: Frac well utilizing a port system 18 stages will be pumped utilizing ports spaced out across a 3,100' lateral. Total fluid and proppant totals are +/- 92,443 bbls of frac fluid, 45,000 gallons of acid, 81,000# of 100 mesh, 1,296,000# 40/70, 999,000# 20/40 and 361,000 20/40 RCS for a total of 2,737,800 pound of sand. The frac balls and seats will be milled out immediately after the fracturing with a CT unit.

CASING:

Surface 9-5/8" 36# J-55 @ 1,093' w/ 1,02540 sx Redi-mixed to surface.
 Production 7" 26 & 23# J-55 & N-80 @ 8,300' w/ 1,900 sx (circ.)
 Liner 4-1/2" L-80 top of liner @ 2,050', Bottom @ 6,869'

Notes:

- a.) Test should be performed using the chemicals that are to be delivered to location and the water from location. Bottom hole temperature is 124 degrees F.
- b.) Average TVD 2,686'

Production Liner design:

4-1/2" casing with packers and ports from 2,050' to 6,869'.

Isolation Packers: Packers are set at +/-200' foot intervals up from PBTD. PBTD = 6,869'.
 Ports with sleeves: 17 ports with ball seats between the packers and one hydraulically actuated port for the first stage at 6,806; 18 stages in all.

Frac Port sizes: (Double check with the Tool Company Representative on Location)

Stage # 1 = Pressure Activated, Stage # 2 = 1.625", Stage # 3 = 1.750", Stage # 4 = 1.875",
 Stage # 5 = 2.000", Stage # 6 = 2.125", Stage # 7 = 2.250", Stage # 8 = 2.375",
 Stage # 9 = 2.500", Stage # 10 = 2.625", Stage # 11 = 2.750", Stage # 12 = 2.875",
 Stage # 13 = 3.000", Stage # 14 = 3.125", Stage # 15 = 3.250", Stage # 16 = 3.375",
 Stage # 17 = 3.500", Stage # 18 = 3.625"

Port Depths:

P-Sleeve Zone 1 = 6,806', Ball Sleeve Zone 2 = 6,574', Ball Sleeve Zone 3 = 6,358',
 Ball Sleeve Zone 4 = 6,141', Ball Sleeve Zone 5 = 5,925', Ball Sleeve Zone 6 = 5,707',
 Ball Sleeve Zone 7 = 5,491', Ball Sleeve Zone 8 = 5,277', Ball Sleeve Zone 9 = 5,060',
 Ball Sleeve Zone 10 = 4,846', Ball Sleeve Zone 11 = 4,629', Ball Sleeve Zone 12 = 4,412',
 Ball Sleeve Zone 13 = 4,197', Ball Sleeve Zone 14 = 3,983', Ball Sleeve Zone 15 = 3,768',
 Ball Sleeve Zone 16 = 3,554', Ball Sleeve Zone 17 = 3,376', Ball Sleeve Zone 18 = 3,198',

1. MI WSC and safety equipment as necessary. TIH with a Packers Plus seal assembly and 2.875" L-80 tubing and latch on to the liner hanger. Pressure up on the annulus to 2,500 psi, then pressure up on the tubing to +/- 4,410 psi to open the hydraulic frac port. Establish and injection rate and shut down, record ISIP, 5, 10 and 15 minute pressure readings. POOH with tubing and seal assembly. Displace the casing with corrosion inhibitor and O2 scavenger.

2. Pump 18 identical fracs using the pump schedule below. The same pump schedule be used on all stages with the exception of the flush. Flush should be calculated for each stage.

Yeso Completion

| Stage | Stage | Fluid | Stage | Stage | Proppant | | Time | Stage | Total |
|---------------|---------------------|-------------|---------|---------|---------------|------|---------|---------|---------|
| Number | Discription | Type | Size | Size | Conc. Blender | | Stage | Prop | Prop |
| | | | (Gal) | (Gal) | (PPGA) | | (Min.) | (Lbs) | (Lbs) |
| 1.0 | ACID | 20% HCL | 2500 | 2500 | 0 | 0 | 0.9 | 0 | 0 |
| 2.0 | Pad | Slick Water | 6000 | 6000 | 0 | 0 | 2.2 | 0 | 0 |
| 3.0 | 25 ppg 100 mesh | Slick Water | 6000 | 6068 | 0.25 | 0.25 | 2.2 | 1,500 | 1,500 |
| 4.0 | Pad | Slick Water | 6000 | 6000 | 0 | 0 | 2.2 | 0 | 1,500 |
| 5.0 | 50 ppg 100 mesh | Slick Water | 6000 | 6137 | 0.5 | 0.5 | 2.2 | 3,000 | 4,500 |
| 6.0 | Pad | Slick Water | 7500 | 7500 | 0 | 0 | 2.7 | 0 | 4,500 |
| 7.0 | 25 ppg 40/70 brown | Slick Water | 18000 | 18205 | 0.25 | 0.25 | 6.7 | 4,500 | 9,000 |
| 8.0 | Pad | Slick Water | 7500 | 7500 | 0 | 0 | 2.7 | 0 | 9,000 |
| 9.0 | 5 ppg 40/70 brown | Slick Water | 18000 | 18410 | 0.5 | 0.5 | 6.7 | 9,000 | 18,000 |
| 10.0 | Pad | Slick Water | 7500 | 7500 | 0 | 0 | 2.7 | 0 | 18,000 |
| 11.0 | 75 ppg 40/70 brown | Slick Water | 18000 | 18616 | 0.75 | 0.75 | 6.8 | 13,500 | 31,500 |
| 12.0 | Pad | Slick Water | 7500 | 7500 | 0 | 0 | 2.7 | 0 | 31,500 |
| 13.0 | 10 ppg 40/70 brown | Slick Water | 18000 | 18821 | 1 | 1 | 6.9 | 18,000 | 49,500 |
| 14.0 | Pad | Slick Water | 10000 | 10000 | 0 | 0 | 3.7 | 0 | 49,500 |
| 15.0 | 1.5 ppg 40/70 brown | Slick Water | 18000 | 19231 | 1.5 | 1.5 | 7.0 | 27,000 | 76,500 |
| 16.0 | Pad | 10# Gel | 15000 | 15000 | 0 | 0 | 5.5 | 0 | 76,500 |
| 17.0 | 1.0 ppg 20/40 brown | 10# Gel | 9000 | 9410 | 1 | 1 | 3.4 | 9,000 | 85,500 |
| 18.0 | 1.5 ppg 20/40 brown | 10# Gel | 9000 | 9616 | 1.5 | 1.5 | 3.5 | 13,500 | 99,000 |
| 19.0 | 2.0 ppg 20/40 brown | 10# Gel | 9000 | 9821 | 2 | 2 | 3.6 | 18,000 | 117,000 |
| 20.0 | 3.0 ppg 20/40 brown | 10# Gel | 5000 | 5684 | 3 | 3 | 2.1 | 15,000 | 132,000 |
| 20.0 | 3.0 ppg 20/40 RCS | 10# Gel | 6700 | 7617 | 3 | 3 | 2.8 | 20,100 | 152,100 |
| 21.0 | Flush | 10# Gel | 6000 | 6000 | 0 | 0 | 2.2 | 0 | 152,100 |
| 22.0 | Ball Drop | Slick Water | 2000 | 2000 | 0 | 0 | 0.7 | 0 | 152,100 |
| TOTALS | | | 218,200 | | | | 82.5 | 152,100 | |

Pump stages 1-5 at 50-60 BPM

Pump stages 6-18 at 70-75 BPM if the pressure allows.

Estimated Surface treating pressure = 2,837 psi.

Maximum allowable pressure will be 3,400 psi.

Fluid Specifications:

Slick Water - Fresh water with 1 gal/M liquid friction reducer, 1 gal/M gas surfactant, liquid biocide agent and an oxidizing breaker.

10# linear gel -- Fresh water with 1 gal/M gas surfactant, liquid biocide agent and an oxidizing breaker. to achieve a 2-hour break.

YPC will provide:

Nine clean frac tanks and a fresh water supply

Two clean lined frac tanks for acid.

Two tanks for flow back

Service company to provide: computer van with job reports, weight tickets, on location and QC lab van.

Use as much breaker as possible in all fluids.

All chemicals are to be pumped on the fly.

Stage # 12 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 13. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

Stage # 13 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 14. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

Stage # 14 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 15. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

Stage # 15 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 16. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

Stage # 16 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 17. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

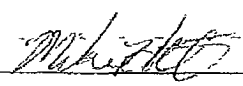
Stage # 17 Pump the job as describe in the schedule above. Pump 48 bbls of flush and slow down to 15-20 BPM and launch the frac ball for stage # 18. Increase the rate back to 70 BPM as the ball approaches the seat, slow the rate back to 5-10 BPM. As the ball seats in the sleeve the pressure will increase and the port will open. Establish and injection rate and pump the next stage as prescribed in the table above.

Stage # 18 Pump the job as describe in the schedule above. Pump +/- 158 bbls of flush at 70 BPM. Shut the well in and allow the frac company to rig down.

3. MI RU CT unit to mill out the frac balls and seats before flowing the well back. Flow the well back and allow it to clean up.

4. Turn the well over to the production department to flow well and run production equipment.

Area Engineer



date

6-5-12 *just 6/6/12*

Mike Hill

June 5, 2012

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