

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-9720  
District II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

HOBBS OCD

Form C-101  
Revised August 1, 2011

Permit

AUG 14 2013

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

|  |  |                            |
|--|--|----------------------------|
| Operator Name and Address<br>GMT Exploration Company, LLC<br>1560 Broadway, Suite 2000<br>Denver, CO 80202 |  | OGRID Number<br>260511     |
| Property Code<br>38056   |  | API Number<br>30-025-41348 |
| Property Name<br>Merchant Livestock State COM 24   |  | Well No.<br>3H             |

Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| O        | 24      | 22S      | 34E   |         | 40        | South    | 3020      | West     | Lea    |

Pool Information

|                               |       |
|-------------------------------|-------|
| DJD Chiso; Bone Spring, South | 97293 |
|-------------------------------|-------|

Additional Well Information

|                       |                         |  |                       |                                   |
|-----------------------|-------------------------|--|-----------------------|-----------------------------------|
| Work Type<br>N        | Well Type<br>O          | Cable/Rotary<br>R                      | Lease Type<br>S       | Ground Level Elevation<br>3478    |
| Multiple<br>NO        | Proposed Depth<br>15800 | Formation<br>Wolfcamp                  | Contractor<br>Unknown | Spud Date<br>WHEN APPROVED        |
| Depth to Ground water |                         | Distance from nearest fresh water well |                       | Distance to nearest surface water |

Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17 1/2    | 13 3/8      | 54.5             | 750 / 750     | 456             | 0             |
| Int  | 12 1/4    | 9 5/8       | 43.5             | 4950          | 1156            | 0             |
| Prod | 8 1/2     | 5 1/2       | 20.0             | 15,574        | 2510            | 4000          |
|      |           |             |                  |               |                 |               |

Casing/Cement Program: Additional Comments

|  |
|--|
| H <sub>2</sub> S is not anticipated for this well. |
|--|

Proposed Blowout Prevention Program

| Type       | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 5000             | 5000          |              |

|  |                     |   |                          |
|--|---------------------|---|--------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . |                     | OIL CONSERVATION DIVISION   |                          |
| Printed name: Marissa Walters  |                     | Approved By:  |                          |
| Title: Geotech/ Executive Assistant  |                     | Title: Petroleum Engineer   |                          |
| E-mail Address: mwalters@gmtexploration.com  |                     | Approved Date: 8/16/13  | Expiration Date: 8/16/15 |
| Date: 8/7/13   | Phone: 303.586.9275 | Conditions of Approval Attached <input checked="" type="checkbox"/> |                          |

AUG 21 2013

dm

## **Conditions of Approval**

In order to seal off protectable water, surface casing must be set 25' below top of Rustler Anhydrite.

## Mull, Donna, EMNRD

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**From:** Marissa Walters <mwalters@gmtexploration.com>  
**Sent:** Thursday, August 15, 2013 9:23 AM  
**To:** Mull, Donna, EMNRD  
**Subject:** Attachment to C101 for GMT Exploration NM Wells

Good Morning Ms. Mull,

Again, thank you so much for your guidance. I have further reviewed the new pit rules and am now aware of the requirement for future submissions.

Please be advised. As an attachment to our APD's for the following wells this statement applies to all. During these procedures we plan to use the Closed-Loop System and haul contents to the required disposal.

Merchant Livestock State COM 24 #2H  
Merchant Livestock State COM 24 #3H ✓  
Merchant Livestock State COM 24 #4H  
Merchant Livestock State COM 25 #2H  
Merchant Livestock State COM 25 #4H  
Merchant GAP State COM 36 #1H  
Merchant GAP State COM 36 #2H

Thank you again and have a great afternoon!

Best,

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Marissa Walters  
*Executive Assistant/ Office Manager*  
**GMT Exploration Company**  
**1560 Broadway Suite 2000**  
**Denver, CO 80202**  
**Direct: 303.586.9275**  
[mwalters@gmtexploration.com](mailto:mwalters@gmtexploration.com)

## Mull, Donna, EMNRD

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**From:** Marissa Walters <mwalters@gmtexploration.com>  
**Sent:** Thursday, August 15, 2013 10:06 AM  
**To:** Mull, Donna, EMNRD  
**Subject:** Pool Name for GMT Exploration NM Wells

Ms. Mull,

Please be advised, that for the following wells we plan to produce from the Bone Springs.

Merchant Livestock State COM 24 #2H  
Merchant Livestock State COM 24 #3H  
Merchant Livestock State COM 24 #4H  
Merchant Livestock State COM 25 #2H  
Merchant Livestock State COM 25 #4H  
Merchant GAP State COM 36 #1H  
Merchant GAP State COM 36 #2H

Thank you!

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Marissa Walters  
*Executive Assistant/ Office Manager*  
**GMT Exploration Company**  
**1560 Broadway Suite 2000**  
**Denver, CO 80202**  
**Direct: 303.586.9275**  
[mwalters@gmtexploration.com](mailto:mwalters@gmtexploration.com)