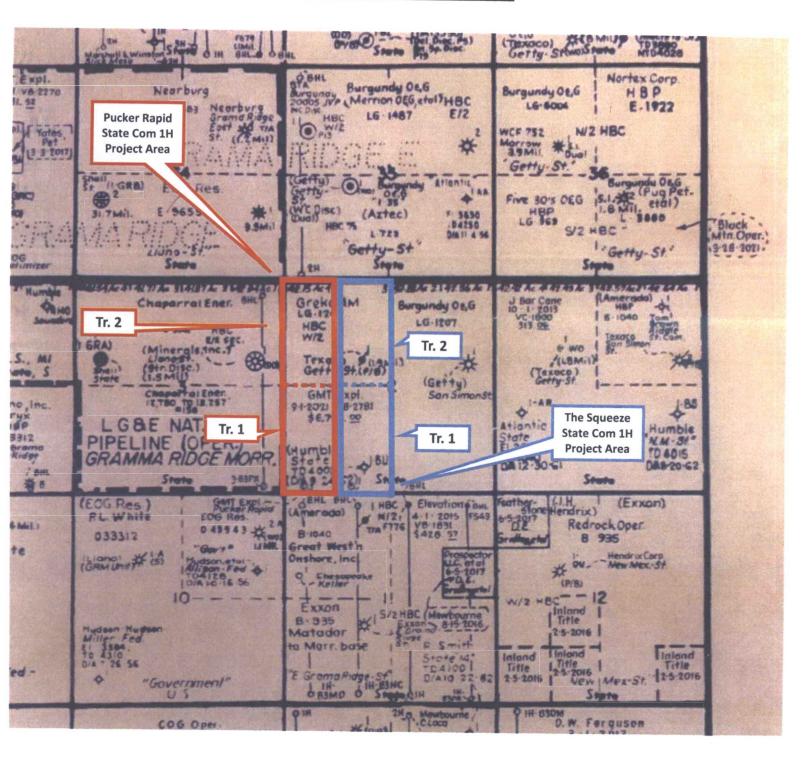
Project Areas







December 19, 2016

Via Certified Mail 7016 1370 0000 0983 8874

Black Mountain Operating, LLC Attn: Land Department 500 Main Street, suite 500 Fort Worth, Texas 76102

Re:

Proposed Pucker Rapid State Com 1H

Lea County, New Mexico

To Whom it May Concern:

GMT Exploration Company, LLC ("GMT") hereby proposes to drill the Pucker Rapid State Com 1H (the "Well"), as a standup proration unit (project area) in the W/2W/2 of Section 2, Township 22 South, Range 34 East. GMT plans to drill into the 2nd Bone Spring formation to a total vertical depth of 10,325' and a total measured depth of 14,925', for a total completed cost of \$5,943,004, as shown on the attached AFE. Also included in this proposal package is the preliminary drilling prognosis, a survey of the well location and GMT's form of Operating Agreement. GMT plans on drilling the Well in the 4th quarter 2017.

Well Type:	New Drill Horizontal
Objective Formation:	2nd Bone Spring Sand
Estimated Total Vertical Depth:	10,325'
Estimated total Measured Depth:	14,925'
Surface Hole Location:	200' FSL, 455' FWL
Bottom Hole Location:	330' FNL, 330' FWL
Proposed Project Area:	W2W2 Section 2

According to preliminary ownership reports it appears that **Black Mountain Operating LLC** ("Black Mountain") owns working interests in and to W2W2 Section 2. Should Black Mountain wish to participate in the drilling of said well, please sign one copy of this letter and the attached AFE and return to the undersigned at the letterhead address within thirty (30) days of receipt of this letter.

If you have any questions regarding the enclosures or proposed operations, please do not hesitate to contact me. Thank you for your careful time and consideration; we look forward to doing business with you.

EXHIBIT

Respectfully,

GMT Exploration Company, LLC

Hans Schuster Landman

Enclosures: AFE; Preliminary Drilling Prognosis; Survey of Well Location

the undersigned herby elects to participate in the Pucker Rapid State Com 1H
the undersigned herby elects to not participate in the Pucker Rapid State Com 1H
BLACK MOUNTAIN OPERATING, LLC
Ву:
Name:
Title:
Date:

Approval For Expenditure

GMT Exploration Company, LLC 1560 Broadway, Suite 2000 Denver, CO 80202 Ph 720.946.3028 / Fax 720.946.3034



AFE Number: ToBeDetermined Date: 12/15/2016

Lea County: State:

AFE Description:

GMT plans to drill this well with an Objective Formation of Second Bone Spring Sand.

This will be our estimated well costs with a conventional, non-piloted well. Fracture stimulation represents 2500lb/linear foot job.

DRILLING	TING CODE	INTANGIBLE COSTS:			
	COMPL	DESCRIPTION	DRILLING	COMPLETION	TOTAL
16000201	n/a	PERMITS	2,000	-	2,0
16000203	n/a	SURVEY WORK	3,000	-	3,0
16000205	n/a	RIGHTS OF WAY	-	-	
16000200	17000200	LOCATION CONSTRUCTION	75,000	-	75,0
16005600	17005600	INSURANCE	16,000		16,0
16000211	17000211	RECLAMATION	15,000	25,000	40,0
16000300	n/a	DAMAGES	15,000	23,000	40,0
10000300	175	LOCATION SUBTOTAL	111,000	25,000	136,0
16000000	-/-	FOOTAGE	111,000	23,000	130,1
16000800	n/a				
16000400	n/a	MOB/DEMOB	50,000		50,
16001000	17001000	DAYWORK	300,000	35,000	335,
n/a	17004000	COIL TUBING UNIT		105,000	105,
16001800	n/a	FUEL	60,000	-	60,
16001400	17001400	BITS	75,000	25,000	100,
16006000	n/a	MISC. INTANGIBLE DRILLING COSTS	40,000	-	40,
n/a	17006000	MISC. INTANGIBLE COMPLETION COSTS	-	75,000	75,
		DRILLING SUBTOTAL	525,000	240,000	765,
16001600	n/a	MUD COST	90,000	.	90,
16001601	17001601	COMPLETION FLUID COST	65,000	275 000	340,
				275,000	
16001607	17001607	STORAGE/MUD TRANSFER	50,000		50,
16001611	17001611	TRANSPORATION	25,000	8,000	33,
	2757 237 25	FLUIDS SUBTOTAL	230,000	283,000	513,0
16001201	17001201	BLOWOUT PREVENTION AND WELL CONTROL	-	-	
16001209	17001209	CASING TOOLS AND CREWS	27,000	-	27,
16001225	17001225	TUBING & DRILL PIPE	28,000	-	28,
16001227	17001227	COMMUNICATION EQUIPMENT	15,000	-	15,0
16001229	17001229	TRAILERS	20,000	9,000	29,0
16001231	17001231	PUMPS	2,500	30,000	32,5
16001233	17001233	FORKLIFT	15,000	12,000	27,0
			13,000		
16001241	17001241	VACCUUM UNIT	15.000		
16001243	17001243	SEWAGE UNIT	15,000		15,0
ALCOHOL: N	ALCO LABORETO	RENTAL EQUIPMENT SUBTOTAL	122,500	51,000	173,5
16002801	n/a	CONDUCTOR	5,000		5,0
16002805	n/a	SURFACE	12,000	-	12,0
16002807	n/a	INTERMEDIATE	18,000		18,0
10002007	,				
16002809	n/a	PRODUCTION CASING	28,000	-	28,0
16002809		PRODUCTION CASING PLUG & ABANDON	28,000	-	28,0
	n/a		28,000 63,000	-	
16002809 16006600	n/a n/a	PLUG & ABANDON CEMENTING SUBTOTAL	63,000	-	63,0
16002809 16005600 16002400	n/a n/a n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING	63,000 16,000		63,0
16002809 16006600 16002400 16002600	n/a n/a n/a 17002600	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING	63,000 16,000 30,000		63,0 16,0 30,0
16002809 16006600 16002400 16002600 16003000	n/a n/a n/a 17002600 n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS	63,000 16,000	-	63,6 16,0 30,0 3,0
16002809 16005600 16002400 16002600 16003000 16003600	n/a n/a n/a 17002600 n/a 17003600	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES	63,000 16,000 30,000 3,000	55,000	63,0 16,0 30,0 3,0 55,0
16002809 16006600 16002400 16002600 16003600 n/a	n/a n/a n/a 17002600 n/a 17003600 17007300	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES TUBING INSPECTION	53,000 16,000 30,000 3,000 2,500	55,000	63,0 16,0 30,0 3,0 55,0
16002809 16006600 16002400 16002600 16003000 16003600 n/a n/a	n/a n/a n/a 17002600 n/a 17003600	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING	63,000 16,000 30,000 3,000	55,000	63,0 16,0 30,0 3,0 55,0
16002809 16006600 16002400 16002600 16003000 16003600 n/a n/a	n/a n/a n/a 17002600 n/a 17003600 17007300	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES TUBING INSPECTION	53,000 16,000 30,000 3,000 2,500	55,000	63,0 16,0 30,0 3,0 55,0
16002809 16006600 16002400 16002600 16003600 n/a	n/a n/a 17002600 n/a 17003600 17007300 17007400	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING	53,000 16,000 30,000 3,000 2,500	55,000	63,0 16,0 30,0 3,0 55,0 2,5
16002809 16006600 16002400 16002600 16003000 16003600 n/a n/a 16003800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING	16,000 16,000 30,000 3,000 2,500	55,000	63,0 16,0 30,0 3,0 55,0 2,0
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16007500 n/a	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION	16,000 16,000 30,000 3,000 2,500	55,000	63,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16007500 n/a 16007800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a 17007600	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES	63,000 16,000 30,000 3,000 2,500 	55,000	63,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 n/a 16007500 n/a 16007800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a 17007600 17007800 17007900	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING	63,000 16,000 30,000 3,000 2,500 	55,000	63,0 16,0 30,1 3,0 55,0 2,1 18,0 94,0 6,0
16002809 16006600 16002600 16003000 16003600 n/a n/a 16003800 16007500 n/a 16007800 16007900 16007900	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS	18,000 1,000 30,000 3,000 2,500 18,000 2,000 6,000 40,000	55,000	63,0 16,0 30,6 3,0 55,0 2,5 18,0 94,0 40,0 40,0
16002809 16006600 16002600 16003600 16003600 n/a n/a 16003800 16007500 n/a 16007800 16007900 16007900	n/a n/a 17002500 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING	53,000 16,000 30,000 3,000 2,500 	55,000	53,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 6,0 40,0
16002809 16006600 16002600 16003600 16003600 n/a 16003800 16007500 n/a 16007800 16007900 16007900 16008200 16008200 16003200	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400 17003200	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS	18,000 16,000 30,000 3,000 2,500 - 18,000 - 2,000 6,000 40,000 4,000 10,000	55,000	18,0 16,0 30,0 3,0 55,0 2,0 18,0 94,0 6,0 40,0 40,0 10,0
16002809 16006600 16002600 16002600 16003600 n/a n/a 16003800 16007500 n/a 16007800 16007900 16008200 16008200 16003200 16003200	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007900 17007900 n/a 17004400 17003200 n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD	18,000 16,000 30,000 3,000 2,500 - 18,000 - 2,000 6,000 40,000 4,000 10,000 320,000	94,000	18,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 40,0 40,0 10,0 320,0
16002809 16006600 16002600 16003600 16003600 1/a 16003800 16007500 1/a 16007800 16007800 16007900 16008200 16003200 16003200 16003200	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST	18,000 16,000 30,000 3,000 2,500 - 18,000 - 2,000 6,000 40,000 4,000 10,000	94,000	18,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 40,0 40,0 10,0 320,0
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16007500 n/a 16007800 16007900 16008200 16003200 16003200 16003200	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007900 17007900 n/a 17004400 17003200 n/a	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIREUNE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD	18,000 16,000 30,000 3,000 2,500 - 18,000 - 2,000 6,000 40,000 4,000 10,000 320,000	94,000	18,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 40,0 40,0 10,0 320,0 45,5
16002809 16006600 16002600 16003600 16003600 1/a 16003800 16007500 1/a 16007800 16007800 16007800 16007800 16007800 1600800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST	18,000 16,000 30,000 3,000 2,500 - 18,000 - 2,000 6,000 40,000 4,000 10,000 320,000	94,000	18,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 6,0 40,0 40,0 320,0 45,5 25,0
16002809 16006600 16002400 16002600 16003000 16003600 n/a n/a 16003800 16007500 n/a 16007800 16007900 16008200 16008200 1600800 16008800 16008800 16008800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700 17008700 17008800	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FISHING TOOLS FORMATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING	16,000 30,000 3,000 3,000 2,500 - 18,000 5,000 40,000 4,000 10,000 320,000 25,000	94,000 	63.4 16,1 30,1 3,1 3,1 3,1 3,1 3,1 4,1 4,1 4,1 4,1 4,1 4,1 4,1 4
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16003800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a 17007600 17007800 17007800 17003200 n/a 17008700 17008700 17008700 17008700	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FISTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING CASING CREW	18,000 16,000 30,000 3,000 2,500 18,000 40,000 40,000 40,000 25,000 18,000 25,000	94,000 	63,0 16,0 30,0 3,1 55,0 2,5 18,0 94,0 2,0 40,0 40,0 320,0 45,5 25,0 18,0 20,0 20,0
16002809 16006600 16002400 16002600 16003600 n/a 16003800 16007800 n/a 16007800 16008200 16008200 16008200 16008200 16008200 16008200 16008200 16008200 16008200 16008200	n/a n/a 17002600 n/a 17003600 17007400 n/a n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700 17008800 17008800 17004800 17004800	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING CASING CREW WELLHEAD SERVICES ROUSTABOUT SERVICES	18,000 16,000 30,000 3,000 2,500 18,000 40,000 40,000 40,000 25,000 18,000 25,000 18,000 25,000 18,000	94,000 	63,0 16,0 30,0 3,1 55,0 2,5 18,0 94,0 4,0 4,0 10,0 320,0 45,5 25,0 18,0 20,0 30,0
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16007500 n/a 16007800 16008200 16004400 16008200 16008200 16008000 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700 17008800 17004800 17004800 17004800 17004800	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING CASING CREW WELLHEAD SERVICES MUD.H2O, CUTTINGS, TESTING TANKS RENTAL	18,000 10,000 30,000 3,000 2,500 18,000 40,000 40,000 40,000 10,000 25,000 18,000 20,000 25,000 18,000 20,000 18,000 20,000 15,000 9,000	94,000 	28,6 63,6 16,0 30,0 3,0 55,0 2,5 18,0 94,0 40,0 40,0 40,0 20,0 45,5 25,0 20,0 30,0 18,6
16002809 16006600 16002400 16002600 16003600 n/a n/a 16003800 16007500 n/a 16007800 16008200 16004400 16003200 16003200 16004800 16004800 16004800 16004800 16004800 16009000 16009100	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700 17008800 17004800 17004800 17004800 170049000 17009000	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING CASING CREW WELLHEAD SERVICES MUD,H2O, CUTTINGS, TESTING TANKS RENTAL VACUUM TRUCK SERVICES	18,000 16,000 30,000 3,000 2,500 18,000 40,000 40,000 10,000 25,000 18,000 20,000 15,000 9,000 30,000	94,000 	53,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 40,0 40,0 320,0 45,5 25,0 18,0 20,0 4
16002809 16006600 16002400 16002600 16003600 n/a 16003600 n/a 16007500 n/a 16007800 16007900 16008200 16003200 16003200 16003200 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800 1600800	n/a n/a 17002600 n/a 17003600 17007300 17007400 n/a n/a 17007600 17007800 17007900 n/a 17004400 17003200 n/a 17008700 17008800 17004800 17004800 17004800 17004800	PLUG & ABANDON CEMENTING SUBTOTAL MUDLOGGING ELECTRIC LOGGING DIRECTIONAL SURVEYS WIRELINE SERVICES TUBING INSPECTION TUBING TESTING CASING INSPECTION AND TESTING DRILL PIPE INSPECTION PERFORATING SERVICES TRASH AND DISPOSAL WELDING FILTRATION AND SERVICES, SCREENS FORMATION CORING FISHING TOOLS DIRECTIONAL SERVICES MWD/LWD BOP NIPPLE UP & TEST COMPOSITE BRIDGE PLUGS PLUS PUMPING CASING CREW WELLHEAD SERVICES MUD.H2O, CUTTINGS, TESTING TANKS RENTAL	18,000 10,000 30,000 3,000 2,500 18,000 40,000 40,000 40,000 10,000 25,000 18,000 20,000 25,000 18,000 20,000 18,000 20,000 15,000 9,000	94,000 	63,0 16,0 30,0 3,0 55,0 2,5 18,0 94,0 4,0 40,0 320,0 320,0 25,0 18,0 20,0 30,0 30,0 30,0

Keith Kress GMT Exploration Company, LLC VO-4726, LG-1207-03

Pucker Rapid State Com T22SR34E Sec 22, 330' FSL, 330' FWL

Prepared By: Keith Kress

Operator: GMT Exploration Company
Lease: V0-4726, LG-1207-03

Well: Pucker Rapid State Com
S/T/R: T22SR34E Sec 22, 330' FSL, i
Projected Depth: "14925' TMD, 10325' TVD

AFE Number: ToBeDetermined 12/15/2016 Date: Lea

County: State:

AFE Description:

GMT plans to drill this well with an Objective Formation of Second Bone Spring Sand.

This will be our estimated well costs with a conventional, non-piloted well. Fracture stimulation represents 2500lb/linear foot job.

ACCOUNT	ING CODE	INTANGIBLE COSTS:			
	COMPL	DESCRIPTION	DRILLING	COMPLETION	TOTAL
16004200	17004200	FRACTURING SERVICES		1,400,000	1,400,000
16009600		SAFETY & ENVIRONMENTAL	20,000		20,000
16002200	17002200	TRUCKING	90,000	20,000	110,000
		SERVICES SUBTOTAL	728,500	1,829,190	2,557,690
16005800	17005800	ADMINISTRATION/OVERHEAD		-	
16005900	17005900	MANAGEMENT			-
16005400	17005400	ENGINEERING CONSULTANTS	5,000		5,000
16006200	17006200	FIELD ENGINEERING	4,000	5,500	10,500
16002000	17002000	FIELD CONSULTANTS	45,000	23,750	68,750
Contract		SUPERVISION & ADMINISTRATIVE SUBTOTAL	54,000	30,250	84,250
AL INTANGIE	LE COSTS		1,834,000	2,458,440	4,292,440

16100400	ACCOUNT	ING CODE	TANGIBLE COSTS:			
16100600	DRILLING	COMPL	DESCRIPTION	DRILLING	COMPLETION	TOTAL
16100400	16100200	n/a	CONDUCTOR		-	
16101200	16100600	17100600	SURFACE	50,000	-	50,00
n/a 17100800 TUBING	16100400	n/a	INTERMEDIATE	120,000		120,00
TITO TEST STRING	16101200	n/a	PRODUCTION	375,000		375,00
16101000	n/a	17100800	TUBING		50,820	50,82
n/a 17203300 MISC. TANGIBLE COMPLETION COSTS	n/a	17102400	TEST STRING		-	-
17101200 PACKERS - - -	16101000		MISC. TANGIBLE DRILLING COSTS	15,000	-	15,00
TUBULAR GOODS SUBTOTAL 560,000 68,320 628, 16100800 17101400 CASING HEAD 35,000 20,000 55, 16100807 17101407 HANGERS	n/a	17203300	MISC. TANGIBLE COMPLETION COSTS	-	17,500	17,50
16100800	n/a	17101200	PACKERS	-	-	
16100807 17101407 HANGERS			TUBULAR GOODS SUBTOTAL	560,000	68,320	628,32
17101409	16100800	17101400	CASING HEAD	35,000	20,000	55,00
16100811 17101411 WELLHEAD CONTROL -	16100807	17101407	HANGERS		-	
WELHEAD SUBTOTAL 35,000 20,000 55,	16100809	17101409	MUD LINER HANGER		-	-
ACCOUNTING CODE LEASEHOLD AND PRODUCTION FACILITY/COST: DESCRIPTION DESCRIPTIO	16100811	17101411	WELLHEAD CONTROL		-	-
ACCOUNTING CODE LEASEHOLD AND PRODUCTION FACILITY/COST: DESCRIPTION DRILLING COMPLETION TOTAL			WELLHEAD SUBTOTAL	35,000	20,000	55,00
DRILLING COMPL DESCRIPTION DRILLING COMPLETION TOTAL n/a 17201200 TANKS - 95,000 95, n/a 17201200 FLOWLINES - 23,000 23, n/a 17200200 HEATERS/TREATERS - 18,000 18, n/a 17201400 GLYCOL SYSTEMS - - - n/a 17200400 SEPARATORS - - 15,000 15, n/a 17202200 VALVES & FITTINGS - - 33,000 83, n/a 17200800 COMPRESSOR - - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -	TAL TANGIBLE	COSTS	(P) 1000 (1000) (P) 1000 (P)	595,000	88,320	683,321
n/a 17201000 TANKS - 95,000 95, n/a 17201200 FLOWLINES - 23,000 23, n/a 17200200 HEATERS/TREATERS - 18,000 18, n/a 17201400 GLYCOL SYSTEMS - - n/a 17200400 SEPARATORS - 15,000 15, n/a 17200200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -	ACCOUNT	ING CODE	LEASEHOLD AND PRODUCTION FAC	LITY/COST:		
n/a 17201200 FLOWLINES 23,000 23, n/a 17200200 HEATERS/TREATERS - 18,000 18, n/a 17201400 GLYCOL SYSTEMS - n/a 17200400 SEPARATORS - 15,000 15, n/a 17202200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR n/a 17200600 ARTIFICAL LIFT SYSTEMS 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION	DRILLING	COMPL	DESCRIPTION	DRILLING	COMPLETION	TOTAL
n/a 17200200 HEATERS/TREATERS - 18,000 18, n/a 17201400 GLYCOL SYSTEMS - - - n/a 17200400 SEPARATORS - 15,000 15, n/a 17200200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202600 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -	n/a	17201000	TANKS		95,000	95,00
n/a 17201400 GLYCOL SYSTEMS - - n/a 17200400 SEPARATORS - 15,000 15, n/a 17202200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202600 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -	n/a	17201200	FLOWLINES		23,000	23,00
n/a 17200400 SEPARATORS - 15,000 15, n/a 17202200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR 39,000 39, n/a 17202600 SUPERVISION	n/a	17200200	HEATERS/TREATERS		18,000	18,00
n/a 17202200 VALVES & FITTINGS - 83,000 83, n/a 17200800 COMPRESSOR - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION -	n/a	17201400	GLYCOL SYSTEMS			
n/a 17200800 COMPRESSOR - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -	n/a	17200400	SEPARATORS		15,000	15,00
n/a 17200800 COMPRESSOR - - n/a 17200600 ARTIFICAL LIFT SYSTEMS - 215,000 215, n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION - - -		17202200	VALVES & FITTINGS		83,000	83,00
n/a 17202000 LABOR - 39,000 39, n/a 17202600 SUPERVISION		17200800	COMPRESSOR		-	-
n/a 17202600 SUPERVISION	n/a	17200600	ARTIFICAL LIFT SYSTEMS		215,000	215,000
	n/a	17202000	LABOR		39,000	39,00
n/a 17201600 PIPELINE - 50,000 50.	n/a	17202600	SUPERVISION	-	-	-
	n/a	17201600	PIPELINE	-	50,000	50,000
LEASE EQUIPMENT SUBTOTAL - 538,000 538.	H.H.AIK	COLUMN TARREST	LEASE EQUIPMENT SUBTOTAL		538,000	538,00
	n/a	17202600	SUPERVISION PIPELINE	400000000000000000000000000000000000000	50,000	
		TOTAL	LEASEHOLD & PRODUCTION FACILITIES COSTS		538,000	538,00
TOTAL LEASEHOLD & PRODUCTION FACILITIES COSTS - 538,000 538,6	ILLING & COMP	LETION TOTAL CO	OSTS	DRILLING	COMPLETION	
		E COSTS		1,834,000	2,458,440	4,292,44
ILLING & COMPLETION TOTAL COSTS DRILLING COMPLETION TOTAL	TAL TANGIBLE			595,000	88,320	683,32
ILLING & COMPLETION TOTAL COSTS DRILLING COMPLETION TOTAL TALINTANGIBLE COSTS 1,834,000 2,458,449 4,292,	NTINGENCY				245,844	429,24
ILLING & COMPLETION TOTAL COSTS DRILLING COMPLETION TOTAL TAL INTANGIBLE COSTS 1,834,000 2,458,440 4,292, TAL TANGIBLE COSTS 595,000 88,320 683,						
ILLING & COMPLETION TOTAL COSTS DRILLING COMPLETION TOTAL TAL INTANGIBLE COSTS 1,834,000 2,458,440 4,292,7 TAL TANGIBLE COSTS 595,000 88,320 683, NTINGENCY 183,400 245,844 429,7	ASE & PRODUCT	ION FACILITIES C	OSTS DESCRIPTION OF THE PROPERTY OF THE PROPER		538,000	538,00

MORKING INTEREST	OHMER	0000007104477			COLUMNICATION	
WORKING INTEREST		PROPORTIONATE S		DRILLING	COMPLETION	TOTAL
GMT Exploration Con	npany, LLC	1.000	0	2,612,400	3,330,604	5,943,004
Operator: Approved By: Title:	DX V2 08	2) RATIONS	Date:	/	2/15/2016	
Approved By:			Date:			

DISCLAIMER: The information on this AFE is only an estimate and may or may not be based on any actual contracts or bids.



Preliminary DRILLING PROGNOSIS

PROSPECT:

Whitewater

WELL NAME:

Pucker Rapid State Com

DATE: 12/7/2016

LOCATION: Surface

T 22 S R 34 E Sec 2 330' FSL 455' FWL

API#:

Lea County, New Mexico T 22 S R 34 E Sec 2 330' FNL 330' FWL FIELD: Grama Ridge

ELEVATION:

KB: 3589 (est) GL: 3569

ESTIMATED TD:

FORMATION AT TD:

~ 14,925 MD ~10,325 TVD

2nd Bone Spring

Production Casing

OBJECTIVE FORMATION: 2nd Bone Spring

DRILLING CONTRACTOR:

DRILLING PROGRAM

Hole Size

Casing Size

Depth

Comments

Surface Casing Intermediate Casing

TORILLETON TORO

FORMATION	DRILL DEPTH (est.)	DATUM (est.)	COMMENTS
Rustler	1,200	2,389	
Salt Top	1,660	1,929	
Salt Base	3,600	-11	
Yates	3,601	-12	
Capitan Reef	4,025	-436	Possible Loss of circulation zone
Delaware Bell Canyon	5,675	-2,086	
Delaware Cherry Canyon	6,060	-2,471	
Delaware Brushy Canyon	7,005	-3,416	
Lower Brushy Canyon Marker	8,195	-4,606	Possible Oil and Gas Show
Bone Spring	8,400	-4,811	
Avalon Shale Top	8,570	-4,981	Possible Oil and Gas Show
Avalon Carbonate	8,855	-5,266	Possible Chert Zone
1st Bone Spring Sand	9,550	-5,961	Possible Oil and Gas Show
1st Bone Spring Carb	9,735	-6,146	Possible Chert Zone
2nd Bone Spring Sand	10,045	-6,456	Possible Oil and Gas Show
Horizontal Interval Top	10,300	-6,711	Possible Oil and Gas Show
Horizontal Interval Base	10,350	-6,761	Possible Oil and Gas Show
NO Pilot	TVD 10.325	-6,736	

LOGGING PROGRAM

OPEN HOLE LOGS: NA

MWD/LWD LOGS: Gamma Ray

Logging Depth intermediate casing to TD

LOGGING COMPANY:

Schlumberger
Denver Contact = Thomas Miller Office: 303-352-1223

Cell: 303-548-5055

LOGGING COMPANY:

Newsco Contact = Ed Sensenich Office: 307-232-6336

Cell: 303-883-7362 Email: ed.sensenich@newsco-drilling.com

Contacts:

Corky Stewart Cell: (575) 361-1270

MUD LOGGER:

Email: TJr1@slb.com

Morco Geological Services
3603 National Park Highway
Carlsbad, New Mexico 88220

OFFSET WELLS

WELL NAME

Depth

LOCATION

T 22 S R 34 E Sec 11 - TVD 13,450 Date 8/1982 T 22 S R 34 E Sec 2 - TVD 13,380 Date 10/1977 T 22 S R 34 E Sec 2 - TVD 13,310' Date 3/1980

REMARKS

ANTICIPATED COMPLETION:

2nd Bone Spring

SPECIAL CONSIDERATION:

Chert intervals may be encountered - these areas have been denoted in the formation tops section

GMT EXPLORATION CONTACTS

Geology Sarah Heger

Alternate Mike Dilli

Two State 1 Liano '3' State Com 1

Alternate

Office: 303-586-9288 Cell: 720-412-2787

email: sheger@gmtexploration.com

Office: 303-586-9282 Cell: 303-358-2197

William Lancaster Office: 303-586-9278 Cell: 303-808-0857

email: mdilli@gmtexploration.com

email: wdl@gmtexploration.com

Engineering Keith Kress

Alternate Hugo Cartaya Alternate

Office: 303-586-9281 Cell: 720-237-5986 email: kkress@gmtexploration.com Office: 720-946-3032 Cell: 303-973-3440

email: hcartaya@gmtexploraiton.com

This well is a TIGHT hole

DISTRICT I
1635 M. French Br., Hobbs, NM 88240
Phase (FF) 885-8161 FRE (876) 363-6750
DISTRICT II
811 S. First St., Artesia, NM 88210
Phase (FF) 748-1823 Faz: (676) 748-9750
DISTRICT III
1000 Rio Brazos Rd., Axtec, NM 87410
Phase (803) 324-6179 FRE (803) 254-6170
DISTRICT IV
1220 S. St. Francis Br., Santa Fs. NM 87605
Phose (803) 478-233 Faz: (803) 470-2442

. . . .

State of New Mexico Bnergy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

Submit one copy to appropriate District Office

OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, New Mexico 87505

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name	
	97293	Ojo Chiso; Bone Spring, So	uth
Property Code	Prope	rty Name	Well Number
	PUCKER RAP	ID STATE COM	1H
OGRIB No.	Opera	tor Name	Elevation
260511 GMT EXPLORATION		ON COMPANY LLC	3569'

Surface Location

WL or lot No.	 22 S			200	SOUTH/South line	455	LEA	
		Bottom	Hole Loc	cation If Diffe	rent From Sur	face		

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
D	2	22 S	34 E		330	NORTH	330	WEST	LEA
Dedicated Acres	s Joint o	r Infill Con	nsolidation	Code Or	der No.				

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	OR A NON-STANDAR	D UNII HAS BEE!	AFROVED BI IN	E DIVISION
N-520826.5 E. 814136.3 (NAD83)	BOTTOM HOLE LOCATION Lat - N 32'25'28.14" Long - W 103'26'53.22" NMSPCE - N 520300.1 E 814458.3 (NAD-83)		N : 52084.5 E : 819413.3 (NAO83)	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organisation either owns a working interest or untilized mineral interest in the land including the proposed beltom hele location or has a right to drift this well at this location pursuant to a contract with an surer of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling agreement. O/A/b
N. 515282.8 E. 61410.5 (NADES) P.P.D. S.L.	PENETRATION POINT 200' FSL & 330' FWL Lot - N 32'24'50.49" Long - W 103'26'53.34" NMSPCE - N 515485.1 E 814498.2 (NAD-83) SURFACE LOCATION Lot - N 32'24'50.49" Long - W 103'26'51.88" NMSPCE - N 515485.8 (NAD-83) N.: 515302.9 E: 814807.5 (NAD-83)	35,107,3. 1569,1.5. 1569,1.5.		certification of the second of

District I
1625 N. French Dr., Hobbs. NM 88240
Phone: (575) 393-0161 Fax: (575) 393-0720
District II
Still S. First St., Artesis, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Brazos Rd., Aztec. NM 87410
Phone: (505) 334-0178 Fax: (805) 334-0170
District IV
1220 S. St Francis Dr., Santa Fe. NM 97505
Phone: (505) 476-3470 Fax: (505) 476-3482

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

Form C-191 August 1, 2011

Permit 234341

(1016.(500) 415	-04/6 / ax.(000) 4/0-		N FOR PERMIT	TO DRILL BE I	NTED DEEDE	N PLUGBAC	K OB ADD	Δ 70	NE		
-	EXPLORATION		AT OICH EIGHIT	TO DRILL, NEA	INTER, DEEP E	IN, I LOGBAC	I, OKADO		1D Number 260511		
) Broadway ver, CO 80202							3. APIN	umber 30-025-43739		
4 Property Code 3168		5. Pro	PUCKER RAPI	D STATE COM				6. Well	No. 001H		
				7 Surfa	ice Location						
UL - Lot M	Section 2	Township 22S	Range 34E	Lot lon	Feet From 200	N/S Line S	Feet From	455	E/W Line W	County	Lea
				8. Proposed Bo	ottom Hole Locatio	on					
UL - Lot D	Section 2	Township 22S	Range 34E	Lot Idn	Feet From 330	N/S Line N	Feet From	430	E/W Line W	County	Lea
			-	9. Pool	Information					_	
OJO CHISO:	BONE SPRING	***************************************	<u> </u>						96553		
				Additional	Well Information						
11. Work Type		12. Well Type	13. Cable/R		ren information	14. Lease Ty		15. Gro	und Level Elevation		
	Well	OIL 17. Proposed Depth	18. Formation	State				3569			
16. Multiple N		17. Proposed Depth 15850		on 3rd Bone Spring St	and	19. Contracto	r	20. Spu	6/1/2017		
Depth to Ground	water		Distance fro	m nearest fresh water	well			Distance	e to nearest surface v	vster	
X We will be u	ising a closed-lo	op system in lieu o	f lined pits								
		., .,		1 Proposed Casi	ng and Cement Pr	ogram					
Type	Hole Size	Casing Size		sing Weight/ft	Setting De		Sacks of (Cement		Estimated T	00
Surf	17.5	13.375		54.5	1400		458	5		0	
Int1	12.25	8.625		32	5400				0		
Prod	7.875	5.5		20	1585	0	251	0		4000	
			Cas	ing/Cement Prog	ram: Additional Co	omments					
			2	2. Proposed Blow	out Prevention Pr	ogram					
	Туре		Worki	ng Pressure		Test Pres	sure		Man	ufacturer	
	Double Ram			5000		5000					
23. I hereby of knowledge ar		mation given above	is true and complete	to the best of my		0	IL CONSERV	ATION	DIVISION		
NMAC ⋈. if a		ed with 19.15.14.9 (A) NMAC X and/or	19.15.14.9 (B)							
Signature	Fleeter	the filed by Masin 1	Afmitana			Baul Vente					
Printed Name:		ally filed by Marissa \	/vaiters		Approved By:	Paul Kautz					
Title:	Pertotech	Santavalaration			Title:	Geologist			- A 77	2010	
Email Address		gmtexploration.com		275	Approved Date:	4/7/2017	4		Expiration Date: 4/7/	2019	
Date:	4/7/2017		Phone 303-586-9	275	Conditions of A	Approval Attached]				

EXHIBIT 3



December 19, 2016

Via Certified Mail 7016 1370 0000 0983 8881

Black Mountain Operating, LLC Attn: Land Department 500 Main Street, suite 500 Fort Worth, Texas 76102

Re:

Proposed The Squeeze State Com 1H

Lea County, New Mexico

To Whom it May Concern:

GMT Exploration Company, LLC ("GMT") hereby proposes to drill the Pucker Rapid State Com 1H (the "Well"), as a standup proration unit (project area) in the E/2W/2 of Section 2, Township 22 South, Range 34 East. GMT plans to drill into the 2nd Bone Spring formation to a total vertical depth of 10,325' and a total measured depth of 14,925', for a total completed cost of \$5,943,004, as shown on the attached AFE. Also included in the proposal package is the preliminary drilling prognosis along with the survey of the well location and GMT's form of Operating Agreement. GMT plans on drilling the Well in the 4th quarter 2017.

Well Type:	New Drill Horizontal
Objective Formation:	
Estimated Total Vertical Depth:	10,325'
Estimated total Measured Depth:	14,925′
Surface Hole Location:	200' FSL, 1,650' FWL
Bottom Hole Location:	330' FNL, 1,650' FWL
Proposed Project Area:	E2W2 Section 2

According to preliminary ownership reports it appears that **Black Mountain Operating LLC** ("Black Mountain") owns working interests in and to E2W2 Section 2. Should Black Mountain wish to participate in the drilling of said well, please sign one copy of this letter and the attached AFE and return to the undersigned at the letterhead address within thirty (30) days of receipt of this letter.

If you have any questions regarding the enclosures or proposed operations, please do not hesitate to contact me. Thank you for your careful time and consideration; we look forward to doing business with you.

Respectfully,

GMT Exploration Company, LLC

Hans Schuster Landman EXHIBIT 4

Enclosures: AFE; Preliminary Drilling Prognosis; Survey of Well Location

the undersigned herby elects to participate in the Squeeze State Com 1H
the undersigned herby elects to not participate in the Squeeze State Com 1H
BLACK MOUNTAIN OPERATING, LLC
Ву:
Name:
Title:

Date:____

Approval For Expenditure GMT Exploration Company, LLC 1560 Broadway, Sulte 2000 Denver, CO 80202 Ph 720.946.3028 / Fax 720.946.3034



Prepared By'
Operator: GMT Exploration Company, LLC
Lease: VO-4726, LG-1207-03
Well: The Squeeze State Com
S/T/R: T22SR34E Sec 2, 330' FSL, 1650' FWL
Projected Depth: "14925' TMD, 10325' TVD

AFE Number:
Date: 12/15/2016
County: Lea
State: NM

		I with an Objective Formation of Second Bone Spring Sand. stimated well costs with a conventional, non-piloted well. Fracture stimulation	represents 2500	lb/linear foot int	
Season and Address of the Parket of the Park	ANG CODE	INTANGRALE COSTS		The second second	TO SEE SE
DRICHNG		DESCRIPTION			
16000201	n/a	PERMITS	2,000	-	2,000
16000203	n/a	SURVEY WORK	3,000		3,000
16000205	n/a	RIGHTS OF WAY			
16000200	17000200	LOCATION CONSTRUCTION	75,000		75,000
16005600	17005600	INSURANCE	16,000	-	15,000
16000211	17000211	RECLAMATION	15,000	25,000	40,000
16000300	n/a	DAMAGES	-		
- Taball		LOCATION SUBTOTAL	111,000	25,000	136,000
16000800	n/a	FOOTAGE	-	-	
16000400	n/a	MOB/DEMOB	50,000	-	50,000
16001000	17001000	DAYWORK	300,000	35,000	335,000
n/a	17004000	COIL TUBING UNIT		105,000	105,000
16001800	n/a 17001400	FUEL	75,000	25,000	100,000
16001400	1	BITS MISC. INTANGIBLE DRILLING COSTS	40,000	23,000	40,000
16006000 n/a	n/a 17006000	MISC. INTANGIBLE COMPLETION COSTS	40,000	75,000	75,000
11/0	1700000	DRILLING SUSTOTAL	525,000	240,000	765,000
16001600	n/a	MUD COST	90,000	-	90,000
16001601	17001601	COMPLETION FLUID COST	65,000	275,000	340,000
16001607	17001607	STORAGE/MUD TRANSFER	50,000	-	50,000
16001611	17001611	TRANSPORATION	25,000	8,000	33,000
		FLUIDS SUBTOTAL	230,000	283,000	513,000
16001201	17001201	BLOWOUT PREVENTION AND WELL CONTROL	-	-	-
16001209	17001209	CASING TOOLS AND CREWS	27,000	-	27,000
16001225	17001225	TUBING & DRILL PIPE	28,000	-	28,000
16001227	17001227	COMMUNICATION EQUIPMENT	15,000	-	15,000
16001229	17001229	TRAILERS	20,000	9,000	29,000
16001231	17001231	PUMPS	2,500	30,000	32,500
16001233	17001233	FORKLIFT	15,000	12,000	27,000
16001241	17001241	VACCUUM UNIT		-	
16001243	17001243	SEWAGE UNIT	15,000		15,000
2-49869-6		RENTAL EQUIPMENT SUBTOTAL	122,500	51,000	173,500
16002801	n/a	CONDUCTOR	5,000		5,000
16002805	n/a	SURFACE	12,000	•	12,000
16002807	n/a	INTERMEDIATE	18,000	-	18,000
16002809	n/a n/a	PRODUCTION CASING PLUG & ABANDON	28,000		28,000
19009900	149	CEMENTING SUBTOTAL	63,000		63,000
16002400	n/a	MUDLOGGING	16,000		16,000
16002600	17002600	ELECTRIC LOGGING	30,000	-	30,000
16003000	n/a	DIRECTIONAL SURVEYS	3,000		3,000
16003600	17003600	WIRELINE SERVICES		55,000	55,000
n/a	17007300	TUBING INSPECTION	2,500		2,500
n/a	17007400	TUBING TESTING		-	
16003800	n/a	CASING INSPECTION AND TESTING			-
16007500	n/a	DRILL PIPE INSPECTION	18,000		18,000
n/a	17007600	PERFORATING SERVICES	-	94,000	94,000
16007800	17007800	TRASH AND DISPOSAL	2,000		2,000
16007900	17007900	WELDING	6,000	-	6,000
16008200	n/a	FILTRATION AND SERVICES, SCREENS	40,000	•	40,000
16004400	17004400	FORMATION CORING	4,000	· ·	4,000
16003200	17003200	FISHING TOOLS	10,000	-	10,000
16003000	17000700	DIRECTIONAL SERVICES MWD/LWO BOP NIPPLE UP & TEST	320,000 25,000	20,500	320,000 45,500
16008700	17008700	COMPOSITE BRIDGE PLUGS PLUS PUMPING	25,000	25,000	25,000
16008600	17008800	CASING CREW	18,000	25,000	18,000
16008900	n/a	WELLHEAD SERVICES	20,000		20,000
16004800	17004800	ROUSTABOUT SERVICES	15,000	15,000	30,000
16009000	17009000	MUD,H2O, CUTTINGS, TESTING TANKS RENTAL	9,000	9,690	18,690
16009100	17009100	VACUUM TRUCK SERVICES	30,000	15,000	45,000
16003400	17003400	WELL TESTING		100,000	100,000
16009300	17009300	HOT OIL SERVICES			-
16009400	17009400	PACKER SERVICES		15,000	15,000
16009500	17002400	PRODUCED WATER TRUCK & DISPOSAL	50,000	60,000	110,000
16004200	17004200	FRACTURING SERVICES		1,400,000	1,400,000
16009600		SAFETY & ENVIRONMENTAL	20,000		20,000
16002200	17002200	TRUCKING	90,000	20,000	110,000

4 Prepared By: Keith Kress GMT Exploration Company, U.C. Operator: Lease: VO-4726, LG-1207-03 Date: 17/15/2016 Wall-The Sources State Com County Lea S/T/R: T22SR34E Sec 2, 330' FSL, 1650' FWL ~14925' TMD 10325' TVD AFE Description

GMT plans to drill this well with an Objective Formation of Second Bone Spring Sand.

This will be our estimated well costs with a conventional, non-piloted well. Fracture stimulation represents 2500lb/linear foot job SERVICES SUBTOTAL 728,500 1.829,190 2.557.690 16005800 17005800 ADMINISTRATION/OVERHEAD 16005900 17005900 MANAGEMENT 16005400 17005400 ENGINEERING CONSULTANTS 5,000 5,000 16006200 17006200 FIELD ENGINEERING 4,000 6,500 10,500 16002000 17002000 FIELD CONSULTANTS 45,000 23,750 68,750 SUPERVISION & ADMINISTRATIVE SUBTOTAL 54,000 30.250 84.250 16100200 n/a CONDUCTOR 16100600 17100600 50,000 SURFACE 50,000 16100400 INTERMEDIATE 120,000 120,000 n/a 16101200 n/a PRODUCTION 375,000 375,000 17100800 n/a TUBING 50,820 50,820 17102400 n/a TEST STRING 16101000 MISC. TANGIBLE DRILLING COSTS 15,000 15,000 n/a 17203300 MISC. TANGIBLE COMPLETION COSTS 17,500 17,500 n/a 17101200 PACKERS TUBULAR GOODS SUBTOTAL 560,000 68,320 628,320 16100800 17101400 CASING HEAD 35,000 20,000 \$5,000 16100807 17101407 HANGERS 16100809 17101409 MUD LINER HANGER 16100811 17101411 WELLHEAD CONTROL WELLHEAD SUBTOTAL 35,000 55,000 LEASEHOLD AND PRODUCTION FACILITY/COS 17201000 n/a TANKS 95,000 95,000 17201200 n/a FLOWLINES 23,000 23,000 HEATERS/TREATERS n/a 17200200 18,000 18,000 n/a 17201400 GLYCOL SYSTEMS 17200400 n/a SEPARATORS 15,000 15,000 n/a 17202200 VALVES & FITTINGS 83,000 83,000 n/a 17200800 COMPRESSOR n/a 17200600 ARTIFICAL LIFT SYSTEMS 215,000 215,000 n/a 17202000 LABOR 39,000 39,000 n/a 17202600 SUPERVISION n/a 17201600 PEUNE 50,000 50,000 LEASE EQUIPMENT SUBTOTAL

TOTAL LEASEHOLD & PRODUCTION FACILITIES COSTS 538,000 538,000 WORKING INTEREST OWNER: PROPORTIONATE SHARE(%) 3,330,604 DRILLING TOTAL 2,612,400 GMT Exploration Company, LLC 12/15/206 Operator: Approved By: Date Title: Approved By Date

DISCLAIMER: The information on this AFE is only an estimate and may or may not be based on any actual contracts or bids.

GMT Exploration Company LLC Preliminary DRILLING PROGNOSIS Whitewater PROSPECT: WELL NAME: The Squeeze State Com DATE: 12/7/2016 API #: T 22 S R 34 E Sec 2 330" FSL 1850" FWL FIELD: Grama Ridge LOCATION: Surface Lea County, New Mexico T 22 S R 34 E Sec 2 330' FNL 1650' FWL ELEVATION: KB: 3588 (est) GL: 3568 - 14,925 MD ESTIMATED TO: ~10.325 TVD FORMATION AT TO: 2nd Bone Spring **OBJECTIVE FORMATION: 2nd Bone Spring** DRILLING CONTRACTOR-DRILLING PROGRAM Hole Size Casing Size Depth Comments Surface Casing Intermediate Casing Production Casing FORMATION TOPS DRILL DEPTH (est.) COMMENTS FORMATION DATUM (est.) Rustler 1,200 Salt Top 1,880 1,928 Salt Base 3,600 Yates 3,601 -13 Capitan Reef 4,025 -437 Possible Loss of circulation zone Delaware Bell Canyon 5,675 Delaware Cherry Canyon 6.060 -2,472 -3.417 Delaware Brushy Canyon 7.005 Possible Oil and Gas Show Lower Brushy Canyon Marker 8,195 -4,607 Bone Spring 8,400 -4,812 Possible Oil and Gas Show Avalon Shale Top 8.570 4.982 Avalon Carbonate 8,855 -5,267 Possible Chert Zone Possible Oil and Gas Show 1st Bone Spring Sand -5,962 1st Bone Spring Carb 9,735 -6,147 Possible Chert Zone Possible Oil and Gas Show 2nd Bone Spring Sand 10.045 -6,457 Horizontal Interval Top 10,300 Possible Oil and Gas Show -6,712 Horizontal Interval Base Possible Oil and Gas Show 10,350 -6,762 TVD 10,325 -6,737 LOGGING PROGRAM MWD/LWD LOGS: Gamma Ray OPEN HOLE LOGS: NA Logging Depth : Inte LOGGING COMPANY: LOGGING COMPANY: Schlumbarger over Contact = Thomas Miller Contact = Ed Sensenich Office: 303-352-1223 Office: 307-232-6336 Cell: 303-548-5055 Cell: 303-883-7362 Email: TJr1@alb.com Marco Geological Services Email: ed.sensenich@newsco-drilling com MUD LOGGER: Marco Geological Services 3603 National Park Highway Carlabad, New Mexico 88220 Corky Stewart Cell: (575) 381-1270 OFFSET WELLS WELL NAME Depth LOCATION T 22 S R 34 E Sec 11 - TVD 13,450 Date 8/1982 T 22 S R 34 E Sec 2 - TVD 13,350 Date 10/1977 T 22 S R 34 E Sec 2 - TVD 13,350 Date 5/1980 State 1 Two State 1 Getty "2" State REMARKS 2nd Bone Spring

ANTICIPATED COMPLETION:

SPECIAL CONSIDERATION:

Chert intervals may be encountered - these areas have been denoted in the formation tops section

Alternate

GMT EXPLORATION CONTACTS

Geology Sarah Heger Office: 303-586-9288 Cell: 720-412-2787 email: sheger@gmtexploration.com

Engineering

Alternate Mike Dilli Office: 303-586-9282 Cell: 303-358-2197 email: mdilli@gmtexploration.com

Alternate

Alternate William Lancaster Office: 303-586-9278 Celt: 303-808-0857 email: wdl@gmtexploration.com

Office: 303-586-9281 Cell: 720-237-5986 email: kkress@gmtexploration.com

Hugo Cartaya Office: 720-946-3032 Cell: 303-973-3440 email: hcartaya@gmtexploraiton.com

This well is a TIGHT hole

DISTRICT I
1985 N. Franch Dr., Sobba, Not 200400
Phone (1975) 201-4041 Pun (1976) 201-47270
DISTRICT II
511 S., First St., Artesia, NN SD210
Phone (1974) 201-4010 Pun (1976) 7-00-7700
DISTRICT III
1000 Bio Brazzos Rd., Astec, NN 87410
Phone (1976) 301-4170 Pun (1976) 301-4170
DISTRICT IV
1250 S. St., Franch Pr., Sanch Pr. PM 57000
Phone (1976) 577-505 Pun (1975) 457-508

State of New Mexico Energy, Minerals and Natural Resources Department

Form C-102 Revised August 1, 2011

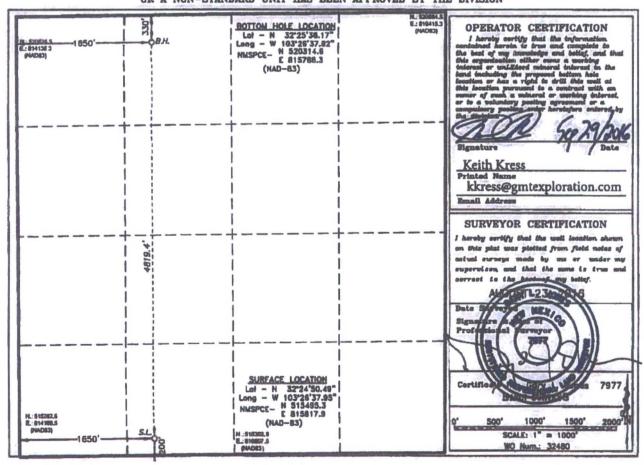
Submit one copy to appropriate Bistrict Office

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

API	Number		Pool Code Pool Name						
			5	7293	Ojo	Chiso; Bone Sp	ring, South		
Property (ode				Property Nam			Well No	ımber
				THE	SQUEEZE ST	ATE COM		1H	
OGRED N	ò.				Operator Nam	10		Eleva	
260511			G	MT EXP	LORATION C	OMPANY LLC		356	В'
		Surface Location							
UL or lot No.	Section	Township	Range	Let Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
N	2	22 S	34 E		200	SOUTH	1650	WEST	LEA
			Bottom	Hole Loc	cation If Diffe	rent From Sur	face		
UL or let No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
С	2	22 S	34 E		330	NORTH	1650	WEST	LEA
Dedicated Acre	nied Acres Joint or Infill Consolidation Code Order No.								
	1	1		1					

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



District I
1625 N. French Or., Hobbs. NM 88240
Phone:(576) 393-6161 Fax:(576) 293-0720
District II
811 S. First St., Artesie. NM 85210
Phone: (576) 748-1283 Fax:(575) 746-9720
District III
1000 Rio Brazos Rd., Aztec. NM 87410
Phone: (506) 334-6176 Fax: (505) 234-6170
District IV
1220 S. St Francis Dr., Santa Fe. NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

X We will be using a closed-loop system in lieu of lined pits

Surf Int1 Prod Casing Size

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

Form C-191 August 1, 2011

Permit 234374

4000

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE Operator Name and Address
 GMT EXPLORATION COMPANY LLC 1560 Broadway Denver, CO 80202 3. AF! Number 30-025-43740 4 Property Code 316830 5. Property Name SQUEEZE STATE COM 001H 7. Surface Location UL - Lot Section Township Range Feet From N/S Line Feet From E/W Line County 228 34E 1650 Lea 8. Proposed Bottom Hole Location ownship E/W Line 228 34E 1650 W Lea 9. Pool Information OJO CHISO:BONE SPRING 96553 Additional Well Information 14. Lease Type State 11. Work Type New Well 12. Well Type OIL 13. Cable/Rotary 15. Ground Level Elevation 3568 20. Spud Date 7/1/2017 16. Multiple 17. Proposed Depti 19. Contractor 3rd Bone Spring Sand N 15850 Depth to Ground water Distance from nearest fresh water well Distance to nearest surface water

Casing/Cement Program: Additional Comments

21. Proposed Casing and Cement Program

Setting Dept

Saoks of Cement 456

Casing Weight ft

	22. Proposed Blowout Prev	ention Program	
Туре	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	

knowledge and t	belief. I have complied with 19.15.	bove is true and complete to the best of my		OIL CONS	ERVATION DIVISION
Printed Name:	Electronically filed by Mar	issa Walters	Approved By:	Paul Kautz	
Title:	Pertotech		Title:	Geologist	
Email Address	Email Address mwalters@gmtexploration.com		Approved Date:	4/7/2017	Expiration Date: 4/7/2019
Date:	4/7/2017	Phone 303-586-9275	Conditions of Ap	proval Attached	





BLACK MOUNTAIN OPERATING, LLC

November 16, 2016

GMT Exploration Company, LLC Attn: Land Department 1560 Broadway

Denver, Colorado 80205

Re:

Notice of Intent to Drill

Grama Ridge State Com 1H W2SW4 of Section 35-215-34E & W2W2 of Section 2 22S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Grama Ridge Com 1H well name (the "Well"), as described below.

 Well Type:
 New Drill Horizontal

 Objective Formation:
 3rd Bone Spring Sand

 Estimated Total Vertical Depth:
 11,170'

 Estimated total Measured Depth:
 18,600'

 Surface Hole Location:
 144.3' FSL, 911' FWL

 Bottom Hole Location:
 2371' FSL, 330' FWL

Proposed Project Area: W2 SW4 Section 35, W2 W2 Section 2

According to preliminary ownership reports it appears that GMT Exploration Company, LLC ("GMT") owns working interest in and to SW4 Section 2. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should GMT ownership be verified BMO will provide GMT an AFE detailing the proposed expenditures, a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren

Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: luke.mildren@blackmtn.com

EXHIBIT 6

State of New Mexico Energy, Minerals & Natural Resources Department Off Conservation division 1220 South St. Francis Dr. Santa Fe, NM 87505

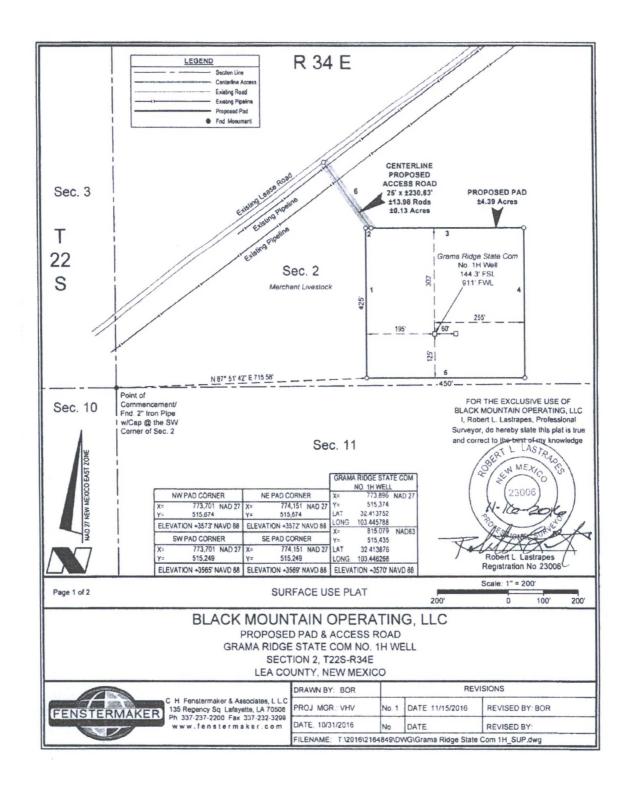
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

			WELL LOCATI	ION AND	ACREAG	E DEDICAT	TION PLAT	Γ	
	API Num	ber	er Paol Code		¹ Pool Nume				
*Property Code *Property Name *Well					Well Number				
				GRAMA R	IDGE STATE	COM			TH
7OGR	ID No.			10	perator Name				³ Elevation
	BLACK MOUN			OUNTAIN OPERATING, LLC 3570'				3570'	
				» Sur	face Locati	on			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
М	2	22 SOUTH	34 EAST, N.M.P.M.		144.3'	SÖUTH	911'	WEST	LEA
			" Bottom I	Hole Locat	ion If Diffe	erent From S	Surface		
UI. or lot no.	Section	Township	Hange	1.ot ldn	Feet from the	North/South line	l'eet from the	East/West line	County
t.	35	21 SOUTH	34 F.AST, N.M.P.M.		2371'	SOUTH	330'	WEST	LEA
11 Dedicated A	cres "Joir	nt or Infill	Consolidation Code	Order No					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division

PROPOSED BOTTOM HOLE LOCATION X= 773,263 NAD 27 Y= 522,941 LAT 32 434563 LONG 103 447637 X= 814,446 NAD83 Y= 523,002 LAT. 32 434688 LONG 103 446118	330' B -35	OPERATOR CERTIFICATION I here to verify that the information contained herein a true and complex to the best of my knowledge and helief, and that this organization rather were a working interest or indicated amend innerest in the land archiding like proposed beation hole location or has a right to drill this well as this location pursount to a contract with an winter of such a mineral or working interest, or to a wilmney pooling agreement or a compulsion pooling order heratofure entered by the division
GRAMA RIDGE STATE COM IH WELL X= 773,896 NAD 27 Y= 515,374 LAT 32 413752 LONG 103 445768	TZ1S-R34E	Signature Dete Printed Name E-mail Address
X= 815,079 NAD83 Y= 515,435 LAT 32 413876 LONG, 103 448288 ELEVATION -3570 NAVO 88	722S-R34E	"SURVEYOR CERTIFICATION I hereby certify that the well lacution shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the some is true and correct to this be it labor, belief
A - Y=523207.41, X=772930.81 B - Y=523222 29, X=774250.30 C - Y=515222 60, X=772986.37 D - Y=515233.32, X=774305.43	Proposed Penetration Point 330' FSL, 330' FWL N 72"43'49" W 609 61'	Vame is true and correct to my be it place below Date of Survey Signature and Seal of Professional Sur 2,9006 Certificate Number



NOTE:
Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site

NOTE:
Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call - www.umonecall.org

DISCLAIMER: At this time, C. H. Fenstermaker & Associates, L.L.C. has not performed nor was DISCOMMEN. A first time. C. - R. Pensumawar & Associates, C.C.C. has not performed not was asked to perform any type of angineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection with federat/FEMA, state, and/or local laws, ordinances and regulations. Accordingly, Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entities using this information shall do so at their own risk.

	PROPOSED PA	D
COURSE	BEARING	DISTANCE
1	NORTH	425.00
2	EAST	15.42
3	EAST	434.58
4	SOUTH	425.00
5	WEST	450.00

CENTERLI	NE PROPOSED AC	CESS ROAD
COURSE	BEARING	DISTANCE
6	N 35° 51' 38" W	230.63

FOR THE EXCLUSIVE USE OF BLACK MOUNTAIN OPERATING, LLC I, Robert L. Lastrapes, Professional Surveyor, do hereby state this plat is true and correct to the best of my knowledge.

> WWE TICO 23006

Robert L. Lastrapes Registration No. 23006

Page 2 of 2

SURFACE USE PLAT

BLACK MOUNTAIN OPERATING, LLC

PROPOSED PAD & ACCESS ROAD GRAMA RIDGE STATE COM NO. 1H WELL SECTION 2, T22S-R34E LEA COUNTY, NEW MEXICO



www.fenstermaker.com

DRAWN BY: BOR	REVISIONS				
PROJ. MGR.: VHV	No.1	DATE: 11/15/2016	REVISED BY: BOR		
DATE. 10/31/2016	No.	DATE	REVISED BY:		
FILENAME: T:\2016\2	164849\D\	NG\Grama Ridge State	Com 1H_SUP.dwg		

BLACK MOUNTAIN OPERATING, LLC ALTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL Date 11/16/2016 County/Statis Leg. NM Well NO 1H Surface Location SEC 2, T-228, R-34E, 144.3* FSL & 9.11* FWL Proposed Depth 18,600* MD Objective Drift & Complete Horizontal Well in 3rd Bone Spring Formation, 7500 lateral, 30 frac stages Grama Ridge State Com #1H - AFE

AFE#: 16002

Madera Development AFE Description	AFE Amounts
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES	\$150,000 \$20,000
CONDUCTOR PIPE / WATER WELL / DRIVE PIPE	\$25,000
CONTRACT DRILLING - FOOTAGE & TURNKEY	30
CONTRACT DRILLING - DAYWORK (DRILLING, LOGGING, RU	\$752,500
TUEL MOB / DE-MOB	\$77,500 \$82,500
RENTAL TOOL & EQUIPMENT	\$175,000
DOWN HOLE RENTAL TOOL & EQUIPMENT	\$45,000
RITS	\$120,500
FISHING TOOLS & SERVICES	\$0
PIPE INSPECTION & COATING BOP TESTING	\$2,500
MUD MATERIALS & CHÉMICALS	\$225 000
DISPOSAL / FLOWBACK	\$50,000
WATER CREW QUARTERS	\$15,000 \$50,000
SPECIAL SERVICES / DIRECTIONAL	\$292,500
OGGING / WIRELINE / PERFORATING	\$50,000
DRILL STEM & PRODUCTION TESTS	3/
CORING & CORE ANALYSIS	S
AUD LOGGING DEMENT & CEMENT BERVICES	\$30,000 \$82,50
PLUG, ABANDON & RESTORE	\$62,500
TRUCKING & HAULING	\$20,000
COMPANY SUPERVISION	
SUPERVISION - CONTRACT	\$70,500
DVERHEAD CASING CREWS / CONTRACT LABOR	\$25,000
MISCELLANEOUS / OTHER DRILLING COSTS	\$5,50
DRILLING WELL INSURANCE	\$
CONTINGENCY	\$236,65
Intangible Drilling	\$2,603,15
SURFACE CASING	\$42,37
INTERMEDIATE CARING CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$180,00
CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TANGIBLE / CENTRALIZERS / FLOAT SHOES	\$27,50 \$15,00
CONTINGENCY	\$26.48
Tangible Drilling	\$291,36
SURVEY / LOCATION / PERMITS	3
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES	\$35,00
STIMULATION TREATMENT / FRACTURING / ACIDIZING	\$2,990,00
SAND CONTROL	
CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL	\$30,00
DOWN HOLE RENTAL TOOL & EQUIPMENT	\$7.50
BURFACE RENTAL TOOL & EQUIPMENT	\$225 00
COIL TUBING/SNUBBING	\$150.00
BITS FISHING TOOLS & SERVICES	\$3.50
PIPE INSPECTION & COATING	5
BOP TESTING	5
MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK	\$60.00 \$50.00
WATER	\$200,00
CREW QUARTERS	3
LOGGING / WIRELINE / PERFORATING	\$158,00
CEMENT & CEMENTING SERVICES SLICK LINE	\$85,25
TRUCKING & HAULING	\$15.00
COMPANY SUPERVISION	5
SUPERVISION - CONTRACT OVERHEAD	\$12.60
CASING CREWS / CONTRACT LABOR	\$25,00
FLOWBACK / WELL TESTS	\$90,00
MISCELLANEOUS / OTHER COSTS / FRAC PLUGS	\$72.50
DRILLING WELL INSURANCE CONTINGENCY	\$419.21
Intangible Completion	\$4,811,31
PRODUCTION CASING TUBING	\$204,60 \$60.00
CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$35.50
OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT	\$8,50
CONTINGENCY	\$30.86
Tangible Completion	\$330,40
GAS LIFT	
PUMPING UNIT / PRIME MOVER / ASSEMBLY	
SUCKER RODS (POLISH RODS MISC FITTINGS & SUPPLIES	\$77.50
SUBSURFACE EQUIPMENT	\$7.50
PACKERS	\$25,0
FACILITY LABOR COST	\$77.50
TANK BATTERY SEPARATORS / HEATERS / TREATERS	\$65.00 \$60.00
COMPRESSOR	\$60,0
METERING EQUIPMENT / LACT UNIT	\$9,7
UTILITY EQUIPMENT	
PIPELINES & CONNECTIONS	\$82.50
COMPANY SUPERVISION CONTINGENCY	\$7,50 \$41,23
Facilities	\$463,4
Facilities Total Estemated Well Cost Black Mountain Operating, LLC	\$ \$6,

Black Mountain Operating, LLC

Approved By

Title

Authorization Requested From.

PLEASE INDICATE YOUR APPROVAL AND AUTHORZATION FOR YOUR PROPORTIONATE PARTE OF THE ESTIMATED EXPENSITURE AS DETAILED ABOVE BY SIGNING BELOW AND RETURNING ONE SIGNED COPY TO BMOG LLC COWNERSHIP

COST TO COMPLETE

PARTICIPANTS ESTIMATED COST APPROVED BY

TITLE



BLACK MOUNTAIN OPERATING, LLC

December 23, 2016

GMT Exploration Company, LLC Attn: Land Department 1560 Broadway Denver, Colorado 80205

Re:

Notice of Intent to Drill

Grama Ridge State Com 1H W2SW4 of Section 35-21S-34E & W2W2 of Section 2 22S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Grama Ridge Com 1H well name (the "Well"), as described below.

According to preliminary ownership reports it appears that **GMT Exploration Company, LLC** ("GMT") owns working interest in and to SW4 Section 2. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should GMT ownership be verified BMO will provide GMT an AFE detailing the proposed expenditures, a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren

Vice President, Land

EXHIBIT

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: luke.mildren@blackmtn.com

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE DRILL & COMPLETE NEW WELL

AFE#:

16002

County/State Lea, NM Weil No: 1H

Date: 12/23/2016
Lease: Grama Ridge
Surface Location: SEC 2, T-22S, R-34E, 144.3' FSL & 911' FWL
Proposed Depth: 18,600' MD

Objective: Drill & Complete Horizontal Well In 3rd Bone Spring Formation, 7500' lateral, 30 frac stages

Grama Ridge State Com #1H - AFE

Description	AFE Amounts
SURVEY / LOCATION / PERMITS	\$150,00
EGAL / TITLE / SURFACE DAMAGES / DAMAGES	\$20,00
ONDUCTOR PIPE / WATER WELL / DRIVE PIPE	\$25,00
ONTRACT DRILLING - FOOTAGE & TURNKEY	3
ONTRACT DRILLING - DAYWORK (DRILLING, LOGGING, RU	\$752,50
UEL	\$77.50
NOB / DE-MOB	\$82,50
ENTAL TOOL & EQUIPMENT	\$175,00
OWN HOLE RENTAL TOOL & EQUIPMENT	\$45,00
ITS ISHING TOOLS & SERVICES	\$120,50
IPE INSPECTION & COATING	
OP TESTING	\$2,50
AUD MATERIALS & CHEMICALS	\$225,00
XSPOSAL / FLOWBACK	\$50,00
VATER	\$15,0
REW QUARTERS	\$50,0
PECIAL SERVICES / DIRECTIONAL	\$292,50
OGGING / WIRELINE / PERFORATING	\$50,0
DRILL STEM & PRODUCTION TESTS	
CORING & CORE ANALYSIS	
AUD LOGGING	\$30.0
CEMENT & CEMENT SERVICES	\$82.5
PLUG, ABANDON & RESTORE	\$82,5
RUCKING & HAULING	\$20,0
OMPANY SUPERVISION	
SUPERVISION - CONTRACT	\$70,5
OVERHEAD	
CASING CREWS / CONTRACT LABOR	\$25,0
MISCELLANEOUS / OTHER DRILLING COSTS	\$5,5
DRILLING WELL INSURANCE	
CONTINGENCY	\$236,6
ntangible Drilling	\$2,603,1
SURFACE CASING	\$42,3
NTERMEDIATE CASING	\$180,0
CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$27,5
OTHER TANGIBLE / CENTRALIZERS / FLOAT SHOES	\$15,0
CONTINGENCY	\$26,4
Tangible Dritting	\$291,3
SURVEY / LOCATION / PERMITS	
LEGAL / TITLE / SURFACE DAMAGES / DAMAGES	\$35.0
STIMULATION TREATMENT / FRACTURING / ACIDIZING	\$2,990,0
SAND CONTROL	
CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN	\$30,0
FUEL	
DOWN HOLE RENTAL TOOL & EQUIPMENT	\$7,5
SURFACE RENTAL TOOL & EQUIPMENT	\$225.0
COIL TUBING/SNUBBING	\$150,0
BITS	\$3.5
FISHING TOOLS & SERVICES	
PIPE INSPECTION & COATING	
BOP TESTING	200
BOP TESTING MUD MATERIALS & CHEMICALS	
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK	\$60,0 \$50,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER	\$50,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS	\$50,0 \$200,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING	\$50,0 \$200,0 \$156,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES	
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE	\$50,0 \$200,0 \$156,0 \$85,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING	\$50,0 \$200,0 \$156,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION	\$50,0 \$200,0 \$156,0 \$85,2 \$15,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT	\$50,0 \$200, \$156, \$85,
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CREMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD	\$50,0 \$200,1 \$156,1 \$85,5 \$15,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR	\$50,0 \$200,1 \$156,0 \$85,1 \$15,0 \$12,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING DEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERNEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS	\$50,0 \$200,0 \$156,0 \$15,0 \$15,0 \$12,0 \$25,0 \$90,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS	\$50,0 \$200,0 \$156,0 \$15,0 \$15,0 \$12,0 \$25,0 \$90,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK MATER CREW QUARTERS .OGGING / WIRELINE / PERFORATING DEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DRILLING WELL INSURANCE	\$50,0 \$200,1 \$156,0 \$85,1 \$12,0 \$25,0 \$90,0 \$72,0
90P TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERSOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DOTILING WELL INSURANCE CONTINGENCY	\$50,0 \$200,0 \$156,0 \$45,0 \$15,0 \$12,0 \$25,0 \$90,0 \$72,0 \$419,0
90P TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERSOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DOTILING WELL INSURANCE CONTINGENCY	\$50,0 \$200,0 \$156,0 \$45,0 \$15,0 \$12,0 \$25,0 \$90,0 \$72,0 \$419,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DRILLING WELL INSURANCE CONTINIENCY Intangible Completion	\$50,0 \$200,1 \$156,1 \$85,5 \$15,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS COGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DORILLING WELL INSURANCE CONTINGENCY INTERCED	\$50,1 \$200,1 \$156,1 \$85,1 \$12,1 \$25,1 \$90,1 \$72,1 \$419,1 \$4,611,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS COGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DORILLING WELL INSURANCE CONTINGENCY INTERCED	\$50,1 \$200,1 \$156,1 \$85,1 \$15,2 \$25,1 \$90,1 \$72,1 \$4,611,1 \$204,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS	\$50,1 \$200,1 \$156,1 \$15,1 \$15,1 \$15,1 \$25,1 \$90,1 \$72,2 \$419,1 \$4,611,1 \$204,1 \$80,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DRILLING WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$50,0 \$200,0 \$156,0 \$15,0 \$15,0 \$15,0 \$12,0 \$25,0 \$90,0 \$72,0 \$419,0 \$4,611,0 \$204,0 \$350,0 \$35,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS COGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULLING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL, TESTS MICH LINE STS MICH LINE WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MICH LINEURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT	\$50,1 \$200,1 \$156,1 \$85,1 \$15,1 \$12,1 \$25,1 \$90,0 \$72,1 \$4,611,1 \$204,1 \$50,0 \$35,1 \$35,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING DEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERFUSION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DISTLING WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TRANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY	\$50,0 \$200,0 \$156,0 \$35,0 \$15,0 \$12,0 \$25,0 \$90,0 \$72,0 \$4,611,0 \$204,0 \$35,0
90P TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS	\$50,0 \$200,0 \$200,0 \$156,0 \$200,0 \$156,0 \$25,0 \$25,0 \$25,0 \$25,0 \$20,0 \$72,0 \$44,611,0 \$204,0 \$355,0 \$350,0 \$355,0 \$30,0 \$330,0
90P TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERSOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE RUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DOVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DRILLING WELL INSURANCE CONTINGENCY Intengible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY TANGIBLE COMPLETION	\$50,0 \$200,0 \$200,0 \$156,0 \$200,0 \$156,0 \$25,0 \$25,0 \$25,0 \$25,0 \$20,0 \$72,0 \$44,611,0 \$204,0 \$355,0 \$350,0 \$355,0 \$30,0 \$330,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS COGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE FRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT DVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DORILLING WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE DOTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY Tangible Completion GAS LIFT	\$50,0 \$200,0 \$200,0 \$156,0 \$200,0 \$156,0 \$25,0 \$25,0 \$25,0 \$25,0 \$20,0 \$72,0 \$44,611,0 \$204,0 \$355,0 \$350,0 \$355,0 \$30,0 \$330,0
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERVISION - CONTRACT OVERHEAD CASING CREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DICILING WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY Tangible Completion GAS LIFT PUMPING UNIT / PRIME MOVER / ASSEMBLY	\$50,1 \$200,1 \$156,1 \$85,1 \$15,1 \$12,1 \$25,1 \$90,0 \$72,1 \$4,611,1 \$204,1 \$50,0 \$35,1 \$35,1
BOP TESTING MUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK WATER CREW QUARTERS LOGGING / WIRELINE / PERFORATING CEMENT & CEMENTING SERVICES SLICK LINE TRUCKING & HAULING COMPANY SUPERVISION SUPERPUSION - CONTRACT OVERHEAD CASING GREWS / CONTRACT LABOR FLOWBACK / WELL TESTS MISCELLANEOUS / OTHER COSTS / FRAC PLUGS DEILLING WELL INSURANCE CONTINGENCY Intangible Completion PRODUCTION CASING TUBING CASING HEAD / TUBING HEAD / CHRISTMAS TREE OTHER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT CONTINGENCY	\$50,0 \$200,0 \$156,0 \$35,0 \$15,0 \$12,0 \$25,0 \$90,0 \$72,0 \$4,611,0 \$204,0 \$35,0

District I
1625 N French Dr., Hobbs, NN1 88240
Phone: (575) 393-6161 Fax. (575) 393-0720
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., Snata Fe, NM 87505
Phone: (505) 476-3460 Fax. (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

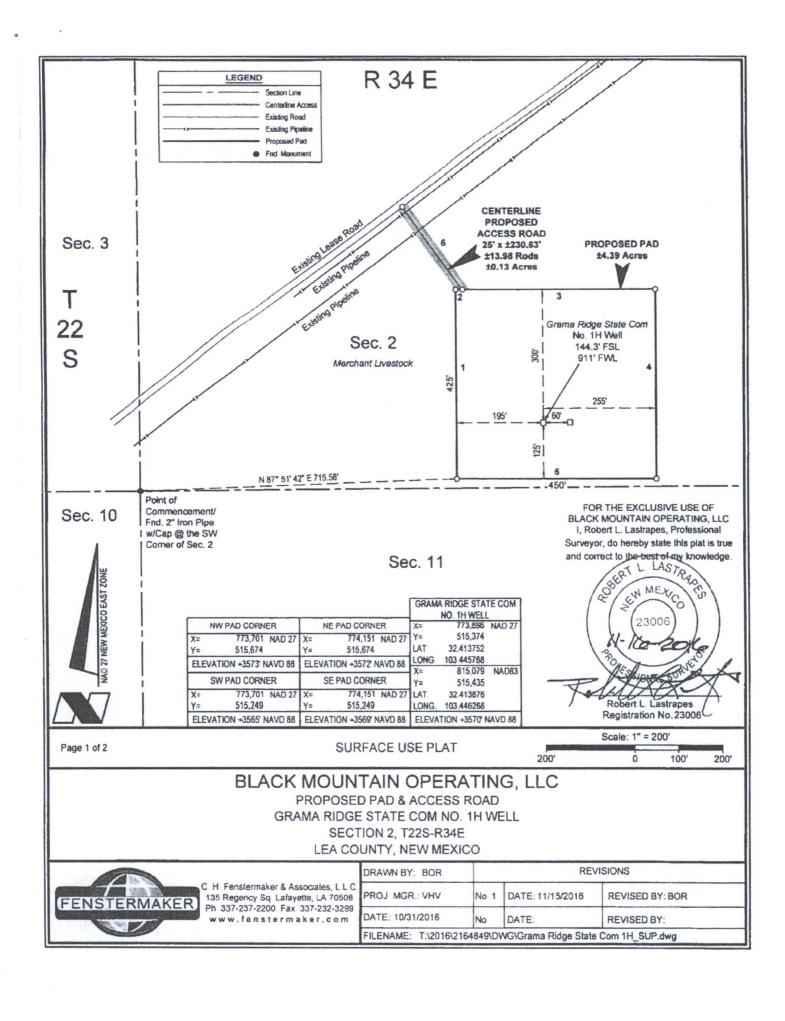
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number ² Pool C			odc	¹ Pool Name					
⁴ Property Code				⁵ P	roperty Name			6	Well Number
				GRAMA R	IDGE STATE	COM			lH
⁷ OGR	ID No.			* O	perator Name				'Elevation
			BLA	CK MOUN	TAIN OPERA	TING, LLC			3570'
				™ Sur	face Locati	ion			
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
М	2	22 SOUTH	2 SOUTH 34 EAST, N.M.P.M.		144.3'	SOUTII	911'	WEST	LEA
			" Bottom H	ole Locat	tion If Diffe	erent From S	Surface		
UL or lot no.	Section	Township	Range	Lat Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	35	21 SOUTH	34 EAST, N.M.P.M.		2371'	SOUTH	330	WEST	LEA
12 Dedicated A	cres 13 Join	or Infill	Consolidation Code (1)	Order No.					

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

PROPOSED BOTTOM HOLE	division.		
Y = 522,941	LOCATION		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either
LAT. 32.434688 LONG. 103.448118 Signature Date	Y= 522,941 LAT 32,434563 LONG. 103,447637 X= 814,446 NAD83	330'	the proposed bottom hale location or has a right to drill this well at that location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsivy
HWELL X= 773,896 NAD 27 Y= 515,374 LAT 32,413752 LONG 103,445788 X= 815,079 NAD83 Y= 515,435 LAT 32,413876 LONG, 103,446268 ELEVATION -3578 NAVD 88 ELEVATION -3578 NAVD 88 ELEVATION -3578 NAVD 88 ELEVATION -3578 NAVD 88 Proposed Propo	LAT. 32.434688 LONG. 103.448118	35	
LONG. 103.445268 ELEVATION -3570 NAVD 88 CORNER COORDINATES TABLE (NAD 27) A - Y=523207.41, X=772930.81 B - Y=523222.29, X=774250.30 C - Y=515222.60, X=772986.37 D - Y=515233.32, X=774305.43 LONG. 103.445268 I hereby certify that the well location shown on the plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to me best plans better to the plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to me best plans better to the plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to me best plans better to the plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to me best plans better to the plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct to me best plans better to the plans better to th	X= 773,896 NAD 27 Y= 515,374	Interval	
ELEVATION +35/0 NAVD 85 CORNER COORDINATES TABLE (NAD 27) A - Y=523207.41, X=772930.81 B - Y=523222 29, X=774250.30 C - Y=515222 60, X=772986.37 D - Y=515233.32, X=774305.43 Plat was plotted from field notes of actual survey made by me or under my supervision, and that the same is true and correct turns best best before best of Proposed Penetration Point 330' FSL, 330' FWL	X= 815,079 NAD83 Y= 515,435 LAT 32,413876		"SURVEYOR CERTIFICATION
A - Y=523207.41, X=772930.81 B - Y=523222 29, X=774250.30 C - Y=515222.60, X=772986.37 D - Y=515233.32, X=774305.43 Date of Survey Signature and Seni of Professional Survey Signature and Seni of Surv			1. 1. 16 611 . 6 . 1
C - Y=515222 60, X=772986.37 D - Y=515233.32, X=774305.43 Proposed Penetration Point 330' FSL, 330' FWL	A - Y=523207.41, X=772930.81	7.385.	Date of Survey
	C - Y=515222.60, X=772986.37	Proposed	Signature and Sent of Professional Su(333006)
911' N 72°43'49" W 23000 Certificate Number	911'	Z /m N 72°43'49" W	23006 Certificate Number



Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site.

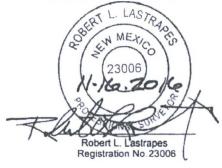
Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call - www.nmonecall.org

DISCLAIMER: At this time, C. H. Fenstermaker & Associates, L.L.C. has not performed nor was asked to perform any type of engineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection with federal/FEMA, state, and/or local laws, ordinances and regulations. Accordingly, Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entities using this information shall do so at their own risk.

PROPOSED PAD						
COURSE	DISTANCE					
1	NORTH	425.00'				
2	EAST	15.42'				
3	EAST	434.58'				
4	SOUTH	425.00'				
5	WEST	450,00'				

CENTERLINE PROPOSED ACCESS ROAD							
COURSE	DISTANCE						
6	N 35" 51' 38" W	230,63'					

FOR THE EXCLUSIVE USE OF BLACK MOUNTAIN OPERATING, LLC I, Robert L. Lastrapes, Professional Surveyor, do hereby state this plat is true and correct to the best of my knowledge.



Page 2 of 2

SURFACE USE PLAT

BLACK MOUNTAIN OPERATING, LLC

PROPOSED PAD & ACCESS ROAD GRAMA RIDGE STATE COM NO. 1H WELL SECTION 2, T22S-R34E LEA COUNTY, NEW MEXICO



C H Fenstermaker & Associates, L L C 135 Regency Sq. Lafayette, LA 70508 Ph 337-237-2200 Fax. 337-232-3299

www.fenstermaker.com

DRAWN BY: BOR		REVISIONS						
PROJ. MGR.: VHV	No. 1	DATE: 11/15/2016	REVISED BY: BOR					
DATE: 10/31/2016	No.	DATE.	REVISED BY:					
FILENAME: T:\2016\216	FILENAME: T:\2016\2164849\DWG\Grama Ridge State Com 1H_SUP.dwg							



BLACK MOUNTAIN OPERATING, LLC

November 16, 2016

GMT Exploration Company, LLC Attn: Land Department 1560 Broadway Denver, Colorado 80205

Re:

Notice of Intent to Drill
Grama Ridge State Com 3H
E2SW4 of Section 35-21S-34E &
E2W2 of Section 2 22S-34E
Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Grama Ridge Com 3H well name (the "Well"), as described below.

Well Type:	New Drill Horizontal
Objective Formation:	3rd Bone Spring Sand
Estimated Total Vertical Depth:	11,170′
Estimated total Measured Depth:	18,600'
Surface Hole Location:	144.3' FSL, 971' FWL
Bottom Hole Location:	2387' FSL, 1707.7' FWL
Proposed Project Area:	F2 SW4 Section 35 F2 W2 Section 2

According to preliminary ownership reports it appears that GMT Exploration Company, LLC ("GMT") owns working interest in and to SW4 Section 2. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should GMT ownership be verified BMO will provide GMT an AFE detailing the proposed expenditures, a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren Vice President, Land

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: luke.mildren@blackmtn.com

EXHIBIT 8

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

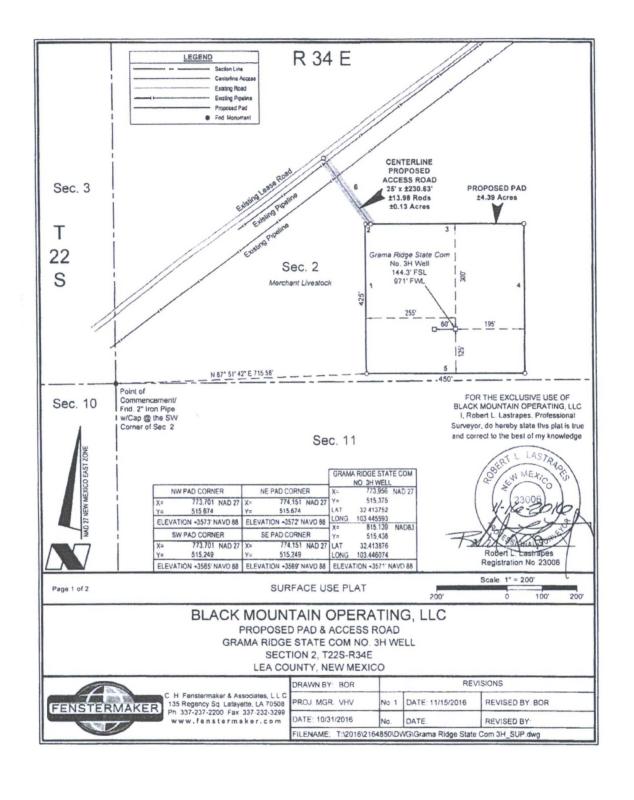
Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

AMENDED REPORT

API Number		² Pool Co	ode Pool Name			с	<u> </u>			
4 Proper	ty Code	T		' P	roperty Name			* V	Vell Number	
				GRAMA R	IDGE STATE	COM			311	
'OGR	D No.			,0	perstor Name				Elevation	
			BLA	CK MOUNTAIN OPERATING, LLC					3571	
				" Sur	face Locat	ion				
UL or lot no	Section	Township	Range	Loi Idn	Feet from the	North/South line	Feet from the	East/West line	County	
М	2	22 SOUTH	34 EAST, N.M.P.M.		144.3'	SOUTH	971'	WEST	LEA	
			" Bottom H	ole Locat	ion If Diffe	erent From S	Surface			
Ul. or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	
K	35	21 SOUTH	34 EAST, N.M.P.M.		2387'	SOUTH	1707.7'	WEST	LEA	
12 Dedicated A	cres Join	nt or Infill	14 Consulidation Code 11	Order No						

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

PROPOSED BOTTOM HÖLE LOCATION X= 774,641 NAD 27 Y= 522,972 LAT 32.434618 LONG. 103.443172 X= 815,823 NAD63 Y= 523,033 LAT. 32.434742 LONG 103.443652	K	3	5 B	OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my binariedge and belief, and that this argumention either owns o working interest or unleasted numeral interest in the land including the properted between hole facation or has a right in civil this well at this laration pursuant to a contract with an owner of such a mineral or working interest, in he is voluntary pooling agreement or a computatory pooling order hereasfore entered by the division
GRAMA RIOGE STATE COM 3H WELL X= 77.3,956 NAD 27 Y= 515,375 LAT 32 413752 LONG. 103.445593 X= 815,139 NAD83 Y= 515,436 LAT 32.413876 LONG. 103.446074 ELEVATION -3371 NAVO 88	1707 7'	Proposed Producing Interval	T21S-R34E T22S-R34E	Signature Printed Name E-mail Address "SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plut was plotted from field notes of actual surveys
CORNER COORDINATES TABLE (NAD 27) A · Y=523222.29	C 271	M 00°0649° W 7,405.87	Proposed Penetration Point 330' FSL, 1671' FWL N 74*41'04" E 724 57'	made by me or under my supervision, and that the same is true and correction the best MSmy style! Dele of Survey Signature and Seal of Professional Survey Certificate Number



NOTE.

Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site.

NOTE:
Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call - www.nimonccall.org

DISCLAIMER: At this time, C. H. Fenstermaker & Associates, L.L.C. has not performed nor was DISCLAIMER: At (inistine, C. H. Fenstermaker & Associates, L.L.C. has not performed nor was asked to perform any type of engineering, hydrological modelling, flood plain, or "NO Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection with federal/FEMA, state, and/or local laws, ordinances and regulations. Accordingly, Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entities using this information shall do so at their own risk.

PROPOSED PAD								
COURSE	BEARING	DISTANCE						
1	NORTH	425.00						
2	EAST	15.42						
3	EAST	434.58						
4	SOUTH	425 00						
5	WEST	450.00						

CENTERLI	CESS ROAD		
COURSE	BEARING	DISTANCE	
6	N 35° 51' 38" W	230 63'	

FOR THE EXCLUSIVE USE OF BLACK MOUNTAIN OPERATING, LLC I. Robert L. Lastrapes, Professional Surveyor, do hereby state this plat is true and correct to the best of my knowledge. ERT L. LASTRADE MEX.

W MEXICO 23006

Robert L. Lastrapes Registration No 23006

Page 2 of 2

SURFACE USE PLAT

BLACK MOUNTAIN OPERATING, LLC

PROPOSED PAD & ACCESS ROAD GRAMA RIDGE STATE COM NO. 3H WELL SECTION 2, T22S-R34E LEA COUNTY, NEW MEXICO



	DRAWN BY. BOR		REVISIONS					
	PROJ MGR.; VHV	No 1	DATE. 11/15/2016	REVISED BY BOR				
8	DATE: 10/31/2016	No	DATE	REVISED BY				
	FILENAME T:\2016\2	164850\D\	NG\Grama Ridge State	Com 3H SUP.dwg				

BLACK MOUNTAIN OPERATING, LLC
AUTHORIZATION FOR EXPENDITURE

DRILL & COMPLETE NEW WELL

Date 11/15/2016 County/State Lgg_NM
Well No 3H

Surface Location SEG.2.T-225_R-34E_144.3 FSL.8 9/1 FWI.

Proposed Depth 18,000 MIQ

Objective. Drill & Complete Horzonial Well in 3rd Bone Spring Formation, 7500' Interal, 30 frac stages

Grama Ridge State Com #3H - AFF

AFE#:

16003

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sders Development AFE	The Property of the Property o	AFE Amounts
JRVEY / LOCATION / PERMITS		\$150,000
GAL / TITLE / SURFACE DAMAGES / DAMAGES DIDUCTOR PIPE / WATER WELL / DRIVE PIPE		\$20,000
ONTRACT DRILLING - FOOTAGE & TURNKEY		\$25,000
ONTRACT DRILLING - DAYWORK (DRILLING, LOGGING, RU		\$732,500
EL		\$77,500
DB / DE-MOB		\$82 500
NTAL TOOL & EQUIPMENT		\$175,000
DWN HOLE RENTAL TOOL & EQUIPMENT		\$45,000 \$120,500
SHING TOOLS & SERVICES		\$120 500
PE INSPECTION & COATING		\$0
DP TESTING		\$2,500
JD MATERIALS & CHEMICALS SPOSAL / FLOWBACK		\$225,000
ATER		\$50,000 \$15,000
REW QUARTERS		\$50,000
ECIAL SERVICES / DIRECTIONAL		\$292,500
GGING / WIRELINE / PERFORATING		\$50,000
RILL STEM & PRODUCTION TESTS DRING & CORE ANALYSIS		\$0
UD LOGGING		\$30,000
EMENT & CEMENT SERVICES		\$82,500
UG, ABANDON & RESTORE		\$6
RUCKING & HAULING		\$20,000
DMPANY SUPERVISION UPERVISION - CONTRACT		\$70.500
VERHEAD		\$70.500
ASING CREWS / CONTRACT LABOR		\$25,000
SCELLANEOUS / OTHER DRILLING COSTS		\$5,500
RILLING WELL INSURANCE DITINGENCY		\$234,656
on tingengy	CON 200 420 LA A 3 C	\$2,881,15
URFACE CASING		\$42.37
ITERMEDIATE CASING ASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$180,000 \$27,500
THER TANGIBLE / CENTRALIZERS / FLOAT SHOES		\$15,00
ONTINGENCY		\$26,48
angible Oritling	在於。其他與特殊的。 在	\$291,36
URVEY / LOCATION / PERMITS		\$
EGAL / TITLE / SURFACE DAMAGES / DAMAGES		\$35,00
TIMULATION TREATMENT / FRACTURING / ACIDIZING		\$2,990,00
AND CONTROL		\$
ONTRACT DAYWORK (ORILLING, LOGGING, RUNNING CASIN UEL		\$30,00
OWN HOLE RENTAL TOOL & EQUIPMENT		\$7,50
URFACE RENTAL TOOL & EQUIPMENT		\$225.00
COIL TUBING/SNUBBING		\$150,00
ITS ISHING TOOLS & SERVICES		\$3,50
IPE INSPECTION & COATING		\$
OP TESTING		\$
IUD MATERIALS & CHEMICALS		\$60,00
ISPOSAL / FLOWBACK VATER		\$50,00 \$200,00
REW QUARTERS		3
OGGING / WIRELINE / PERFORATING		\$156.00
EMENT & CEMENTING SERVICES LICK LINE		\$85,25
RUCKING & HAULING		\$15.00
OMPANY SUPERVISION		3
UPERVISION - CONTRACT		\$12,60
OVERHEAD ASING CREWS / CONTRACT LABOR		\$25,00
LOWBACK / WELL TESTS		\$90.00
ISCELLANEOUS / OTHER COSTS / FRAC PLUGS		\$72,50
PRILLING WELL INSURANCE		5440.24
ONTINGENCY stangible Completion	CHECKER WE SERVE	\$419.21
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PRODUCTION CASING		\$204,60
UBING ASING HEAD / TUBING HEAD / CHRISTMAS TREE		\$80,00
THER TANGIBLE / CENTRALIZERS / FLOAT EQUIPMENT		\$35.50
CONTINGENCY		\$30.88
angible Completion	Company of the Compan	\$339,46
GAS LIFT		
PUMPING UNIT / PRIME MOVER / ASSEMBLY		
SUCKER RODS / POLISH RODS		
AISC FITTINGS & SUPPLIES		\$77,50
SUBBURFACE EQUIPMENT PACKERS		\$7.50 \$25.00
ACILITY LABOR COST		\$77.50
ANK BATTERY		\$65.00
SEPARATORS / HEATERS / TREATERS		\$60.00
COMPRESSOR METERING EQUIPMENT / LACT UNIT		\$0.75
JTILITY EQUIPMENT		\$9,7
PIPELINES & CONNECTIONS		\$82.50
COMPANY SUPERVISION		\$7.50
CONTINGENCY		\$41,2
solities		\$453,4
Total Estimated Well Cost		\$6,276,7
Black Mountain Operating, LLC		h-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1
Control of the Contro	Title	Date
Approved By	Title	Date
Authorization Requested From		
PLEASE INDICATE YOUR APPROVAL AND AUTHOIZATION FOR YOU		
EXPENDITURE AS DETAILED ABOVE BY SIGNING BELOW AND RE	COST TO COMPLETE	
OWNERSHIP: DATE		



BLACK MOUNTAIN OPERATING, LLC

December 23, 2016

GMT Exploration Company, LLC Attn: Land Department 1560 Broadway Denver, Colorado 80205

Re:

Notice of Intent to Drill

Grama Ridge State Com 3H E2SW4 of Section 35-21S-34E & E2W2 of Section 2 22S-34E Lea County, New Mexico

To Whom it May Concern:

Black Mountain Operating, LLC ("BMO") hereby delivers this notice describing its intent to drill the Grama Ridge Com 3H well name (the "Well"), as described below.

According to preliminary ownership reports it appears that **GMT Exploration Company, LLC** ("GMT") owns working interest in and to SW4 Section 2. Prior to commencing actual drilling operations the ownership interests will be verified under a drilling title opinion. Should GMT ownership be verified BMO will provide GMT an AFE detailing the proposed expenditures, a copy of BMO's JOA and an opportunity to participate in the Well, in accordance to the rules of New Mexico Oil Conservation Division.

Thank you for your careful time and consideration; we look forward to doing business with you. Respectfully,

Black Mountain Operating, LLC

Luke Mildren

Vice President, Land

EXHIBIT 9

500 Main Street, Suite 1220 Fort Worth, Texas 76102. Phone 817-698-9901. email: luke.mildren@blackmtn.com

BLACK MOUNTAIN OPERATING, LLC AUTHORIZATION FOR EXPENDITURE

AFE#:

16002

Grama Ridge State Com #1H - AFE

ladara Development AFE escription	AFE Amounts
URVEY / LOCATION / PERMITS	\$150,00
EGAL / TITLE / SURFACE DAMAGES / DAMAGES	\$20.00
ONDUCTOR PIPE / WATER WELL / DRIVE PIPE	\$25,00
CONTRACT DRILLING - FOOTAGE & TURNKEY	\$
ONTRACT DRILLING - DAYWORK (DRILLING, LOGGING, RU	\$752,50
UEL	\$77,50
NOB / DE-MOB	\$82,50
RENTAL TOOL & EQUIPMENT	\$175,00
OOWN HOLE RENTAL TOOL & EQUIPMENT	\$45,00
ITS	\$120,50
ISHING TOOLS & SERVICES	S
IPE INSPECTION & COATING	5
OP TESTING	\$2.50
AUD MATERIALS & CHEMICALS	\$225,00
DISPOSAL / FLOWBACK	\$50,00
VATER	\$15,00
PECIAL SERVICES / DIRECTIONAL	\$50,00 \$292,50
OGGING / WIRELINE / PERFORATING	\$50.00
RILL STEM & PRODUCTION TESTS	
CORING & CORE ANALYSIS	
AUD LOGGING	\$30.00
EMENT & CEMENT SERVICES	\$82.50
PLUG, ABANDON & RESTORE	\$82.50
RUCKING & HAULING	\$20.00
COMPANY SUPERVISION	\$20.0
SUPERVISION - CONTRACT	\$70.5
OVERHEAD	\$70.5
CASING CREWS / CONTRACT LABOR	\$25.0
MISCELLANEOUS / OTHER DRILLING COSTS	\$5.5
PRILLING WELL INSURANCE	90.0
CONTINGENCY	\$236.6
ntangible Drilling	\$2,603,1
SURFACE CASING	\$42,3
NTERMEDIATE CASING	\$180.0
CASING HEAD / TUBING HEAD / CHRISTMAS TREE	\$27.5
OTHER TANGIBLE / CENTRALIZERS / FLOAT SHOES	\$15.0
CONTINGENCY	\$26.4
Tangible Drilling SURVEY / LOCATION / PERMITS	\$26.4 \$291,3
Tangible Drilling SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURINS / ACIDIZING SAND CONTROL	\$26.4 \$291,3 \$35.0 \$2.990.0
Tanglible Drilling SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING	\$26.4 \$291,3 \$35.0 \$2.990.0
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTROL CONTROL CONTROL CONTROL	\$26.4 \$291,3 \$35.0 \$2.990.0
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTROCT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT	\$26.4 \$291,3 \$35.0 \$2.990,0
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING	\$26.4 \$291,3 \$35.0 \$2.990,0 \$30,0 \$7.5 \$225,0 \$150,0
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS	\$26.4 \$291,3 \$35.0 \$2.990,0 \$30,0 \$7.5 \$225.0 \$150,0 \$33,5
Fangible Drilling SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS FISHING TOOLS & SERVICES	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$3.5
Fangible Drilling SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS FISHING TOOLS & SERVICES PIPE INSPECTION & COATING	\$26.4 \$291,3 \$35.0 \$2.990,0 \$30,0 \$7.5 \$225.0 \$150,0 \$33,5
SURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL SOWN HOLE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS SISHING TOOLS & SERVICES PIPE INSPECTION & COATING SOP TESTING	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30.0 \$7.5 \$225.0 \$150.0 \$33.5
SURVEY / LOCATION / PERMITS SURVEY / LOCATION / PERMITS SEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN TUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING SITS SISHING TOOLS & SERVICES PIPE INSPECTION & COATING SOP TESTING MUD MATERIALS & CHEMICALS	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$3.5
SURVEY / LOCATION / PERMITS LEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING SITS SITS SITS SITS SIPS	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$33.5
SURVEY / LOCATION / PERMITS SURVEY / LOCATION / PERMITS SEGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN TUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING SITS SISHING TOOLS & SERVICES PIPE INSPECTION & COATING SOP TESTING MUD MATERIALS & CHEMICALS	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$33.5
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTROCT DAYWORK (DRILLING, LOGGING, RUNNING CASIN UEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS ISHING TOOLS & SERVICES ISHING TOOLS & COATING BOP TESTING AUD MATERIALS & CHEMICALS SISPOSAL / FLOWBACK NATER PREW QUARTERS	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$33.5
SURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROCT CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING SITS SITS PIPE INSPECTION & COATING SIOP TESTING MULD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK NATER CREW QUARTERS COGGING / WIRELINE / PERFORATING	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$33.5 \$50.0 \$50.0
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN UEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS ISHING TOOLS & SERVICES ISHING TOOLS & COATING BOD TESTING AUD MATERIALS & CHEMICALS SISPOSSAL / FLOWBACK NATER PREW QUARTERS COGGING / WIRELINE / PERFORATING EMEM TARGET SERVICES SEMENT & CEMENTING SERVICES SEMENT SISHING COMMAND TO THE SERVICES COMMAND TO THE SERVICES TO THE SERVICES COMMAND TO THE SERVICES TO TH	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$33.5 \$50.0 \$50.0
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN UEL DOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS ISHING TOOLS & SERVICES ISHING TOOLS & COATING BOD TESTING AUD MATERIALS & CHEMICALS SISPOSSAL / FLOWBACK NATER PREW QUARTERS COGGING / WIRELINE / PERFORATING EMEM TARGET SERVICES SEMENT & CEMENTING SERVICES SEMENT SISHING COMMAND TO THE SERVICES COMMAND TO THE SERVICES TO THE SERVICES COMMAND TO THE SERVICES TO TH	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$85.2
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING AND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL COLL TUBING/SNUBBING FUEL INSPECTION & COATING F	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$85.2
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING AND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL SOWN HOLE RENTAL TOOL & EQUIPMENT SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS FISHING TOOLS & SERVICES FISHING TOOLS & SORVICES FISHING TOOLS & COATING BOP TESTING AUD MATERIALS & CHEMICALS DISPOSAL / FLOWBACK NATER CREW QUARTERS COGGING / WIRELINE / PERFORATING SEMENT & CEMENTING SERVICES SUCK LINE FRUCKING & HAULING COMPANY SHAULING COMPANY SHAULING SUPERVISION - CONTRACT	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$35.0 \$50.0 \$200.0 \$35
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DA'YWORK (DRILLING, LOGGING, RUNNING CASIN FUEL CONTRACT DA'YWORK (DRILLING, LOGGING, RUNNING CASIN FUEL CONTRACT DA'YWORK (DRILLING, LOGGING, RUNNING CASIN FUEL COULT TUBING/SNUBBING BITS SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING BITS SISHING TOOLS & SERVICES SISHING TOOLS & SERVICES SISHING TOOLS & SCHEMICALS SOP TESTING SOP TE	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$30,0 \$150.0 \$30,0 \$30,0 \$30,0 \$150.0 \$30,0
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETIMULATION TREATMENT / FRACTURING / ACIDIZING AND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL COULTUBING/SNUBBING FUEL COIL TUBING/SNUBBING FUEL FUEL COIL TUBING/SNUBBING FUEL FUEL COIL TUBING/SNUBBING FUEL	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$36.2 \$156.0 \$36.2 \$15.0
INTERPRETATION & CONTRACT INTERPRETATION & CONT	\$26.4 \$294,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$156.0 \$156.0 \$156.0 \$200.0 \$156.0 \$156.0 \$156.0 \$156.0
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ENCOUNTER A CONTRACT LABOR LURIER OF REAL PROCESS / PRACE PLUGS LURIER OF REAL PLUGS LURIER OF REAL PROCESS / PRACE PLUGS	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50,0 \$50,0 \$156.0 \$35.5 \$15.0 \$15
INTERPRETATION & CONTRACT SIGNEY OF WIRELING SIGNEY OF WARDE SIGNEY OF WARD SIGNEY OF WARD	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$415.0 \$15.0 \$15.0 \$20.0 \$3.5
INTERPRETATION & CONTRACT SIGNEY OF WIRELING SIGNEY OF WARDE SIGNEY OF WARD SIGNEY OF WARD	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$415.0 \$15.0 \$15.0 \$20.0 \$3.5
INTERPRETARIAL & CHEMICALS INTERPRETARIAL TOOL & EQUIPMENT INTERPRETARIAL & CHEMICALS INT	\$26.4 \$291,3 \$35.0 \$2,990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$156.0 \$12.6 \$1
INTERPRETATION & CONTRACT BY STATE	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$50.0 \$156.0 \$65.2 \$15.0 \$15.0 \$15.0 \$15.0 \$15.0 \$15.0 \$15.0 \$15.0 \$20
EURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES ETHMULATION TREATMENT / FRACTURING / ACIDIZING AND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL COLL TUBING/ISNUBBING FUEL INSPECTION & COATING FUEL INSPECTION FUEL INSPECTION FUEL INSPECTION FUEL INSPECTION FUEL INSURANCE F	\$26.4 \$291,3 \$35.0 \$2.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$550.0 \$550.0 \$156.0 \$156.0 \$156.0 \$315.
SURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN TUEL TUE	\$26.4 \$291,3 \$35.0 \$2,990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$156.0 \$156.0 \$156.0 \$156.0 \$4,811,3 \$4,811,3 \$20.4 6 \$60.0 \$50.0
SURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROCT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN FUEL COULTUBING/SNUBBING SITS SURFACE RENTAL TOOL & EQUIPMENT COIL TUBING/SNUBBING SITS SITS	\$26.4 \$291,3 \$35.0 \$2,990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50,0 \$50.0 \$50.0 \$156.0 \$315.0 \$419.2 \$419.2 \$4,811,3 \$204.6 \$50.0 \$35.5
SURVEY / LOCATION / PERMITS EGAL / TITLE / SURFACE DAMAGES / DAMAGES STIMULATION TREATMENT / FRACTURING / ACIDIZING SAND CONTROL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN USEL CONTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN USEL COUNTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN USEL COUNTRACT DAYWORK (DRILLING, LOGGING, RUNNING CASIN USEL COUNTRIES COUNTRI	\$26.4 \$291,3 \$35.0 \$32.990.0 \$30,0 \$7.5 \$225.0 \$150.0 \$50.0 \$50.0 \$50.0 \$156.0 \$35.5 \$35.5 \$419.2 \$4,811,3 \$204.6 \$50.0 \$35.5
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District I
1625 N French Dr. Hobbs, NM 88240
Phone: (575) 393-6161 Fax (575) 393-0720
District II
811 S First St, Ariesia, NM 88210
Phone: (575) 748-1283 Fax (575) 748-9720
District III
1000 Rio Brazos Road, Azicc, NM 87410
Phone: (505) 334-6178 Fax (505) 334-6170
District IV
120 S SI Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax (505) 476-3462

State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr. Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

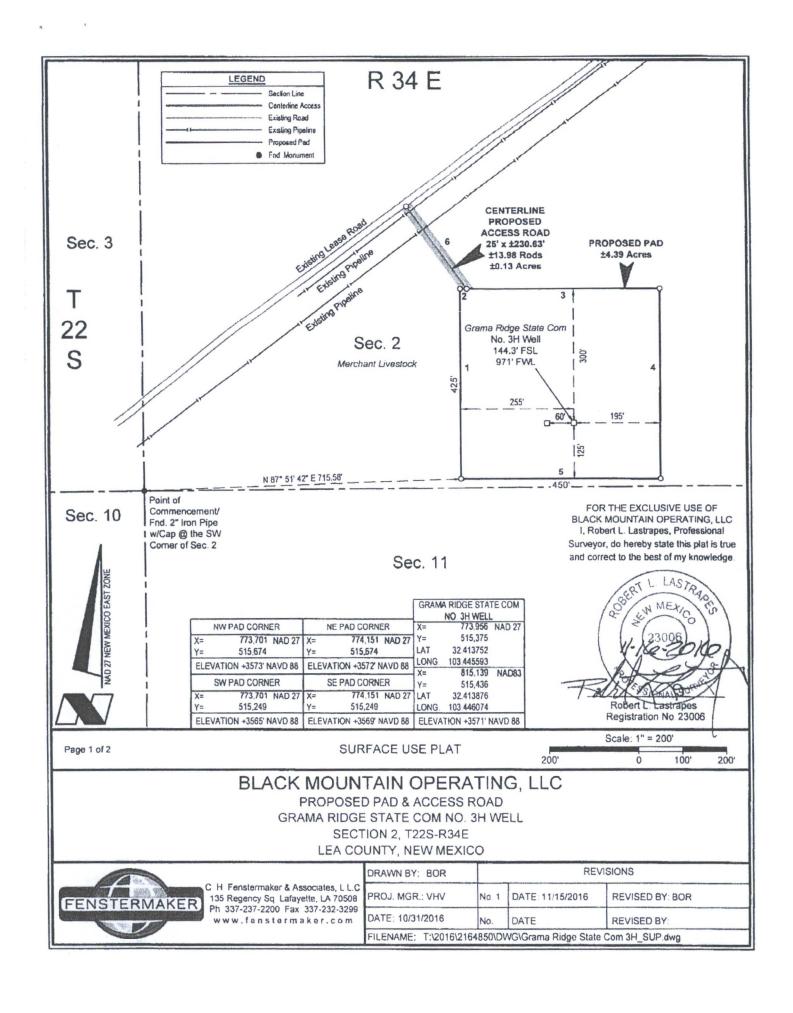
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

	'API Num	hcr	² Pool C	ode	Pool Name						
⁴ Proper	ty Code		⁵ Property Name						Well Number		
			GRAMA RIDGE STATE COM 3H						3H		
⁷ OGR	ID No.		⁸ Operator Name "Elevation						'Elevation		
			BLA	ACK MOUN	TAIN OPERA	TTNG, LLC				3571'	
				10 Sur	face Locat	ion					
UL or lot no.	Section	Township	Range	Range Lot Idn Feet from the North/South line Feet from the East/				East/	West line	County	
М	2	22 SOUTH	34 EAST, N.M.P.M.		144.3'	SOUTH	971'	WEST LEA			
	" Bottom Hole Location If Different From Surface										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line County			
K	35	21 SOUTH	34 EAST, N.M.P.M.		2387'	SOUTH	1707.7'	WE	WEST LEA		
12 Dedicated A	cres 13 Join	nt or Infill	Consolidation Code 15	ion Code 15 Order No.							

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division

division.				
PROPOSED BOTTOM HOLE LOCATION X= 774,641 NAD 27 Y= 522,972 LAT 32.434618 LONG. 103.443172 X= 815,823 NAD83		3	5	17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the hest of my knowledge and belief, and that this organization either owns a working interest or unlessed mineral interest in the land including the proposed bottom hole focution or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory
Y= 523.033 LAT. 32 434742 LONG 103.443652	1707 7'		В	pooling order hereugisre entered by the division Signature Detc
GRAMA RIDGE STATE COM 3H WELL X= 773,956 NAD 27 Y= 515,375 LAT 32,413752 LONG. 103,445593 X= 815,139 NAD 83	2387	Producing Interval	T21S-R34E	Printed Name E-mail Address
Y= 515,436 LAT. 32,413876 LONG 103,446074 ELEVATION +3571* NAVD 88		Proposed	T22S-R34E	"SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the
CORNER COORDINATES TABLE (NAD 27) A - Y=523222.29, X=774250.30 B - Y=523237.18, X=775569.80 C - Y=516558.54, X=772978.13 D - Y=516570.20, X=774297.35 E - Y=515222.60, X=772986.37 F - Y=515233.32, X=774305.43 G - Y=515244.04, X=775624.49	971. C D	N 00°06'49" W 7,405.87'	Proposed Penetration Point 330' FSL, 1671' FWL N 74°41'04" E 724.57'	Same is true and correct to the best-in Sign Selection Date of Survey Signature and Seal of Professional Survey Certificate Number



NOTE

Please be advised, that while reasonable efforts are made to locate and verify pipelines and anomalies using our standard pipeline locating equipment, it is impossible to be 100 % effective. As such, we advise using caution when performing work as there is a possibility that pipelines and other hazards, such as fiber optic cables, PVC pipelines, etc. may exist undetected on site.

NOTE

Many states maintain information centers that establish links between those who dig (excavators) and those who own and operate underground facilities (operators). It is advisable and in most states, law, for the contractor to contact the center for assistance in locating and marking underground utilities. For guidance: New Mexico One Call - www.nmonecall.org

DISCLAIMER: At this time, C. H. Fenstermaker & Associates, L.L.C. has not performed nor was asked to perform any type of engineering, hydrological modeling, flood plain, or "No Rise" certification analyses, including but not limited to determining whether the project will impact flood hazards in connection with federal/FEMA, state, and/or local laws, ordinances and regulations. Accordingly, Fenstermaker makes no warranty or representation of any kind as to the foregoing issues, and persons or entities using this information shall do so at their own risk.

	PROPOSED PAI)
COURSE	BEARING	DISTANCE
1	NORTH	425.00
2	EAST	15.42
3	EAST	434.58
4	SOUTH	425.00'
5	WEST	450.00'

CENTERL	NE PROPOSED AC	CESS ROAD
COURSE	BEARING	DISTANCE
6	N 35° 51' 38" W	230,63

FOR THE EXCLUSIVE USE OF BLACK MOUNTAIN OPERATING, LLC I, Robert L. Lastrapes, Professional Surveyor, do hereby state this plat is true and correct to the best of my knowledge.

Robert L. Lastrapes Registration No. 23006

Page 2 of 2

SURFACE USE PLAT

BLACK MOUNTAIN OPERATING, LLC

PROPOSED PAD & ACCESS ROAD GRAMA RIDGE STATE COM NO. 3H WELL SECTION 2, T22S-R34E LEA COUNTY, NEW MEXICO



C H Fenstermaker & Associates, L.L C 135 Regency Sq. Lafayette, LA 70508 Ph 337-237-2200 Fax 337-232-3299 www.fenstermaker.com

DRAWN BY: BOR		REVISIONS				
PROJ. MGR.: VHV	No 1	DATE: 11/15/2016	REVISED BY: BOR			
DATE. 10/31/2016	No	DATE:	REVISED BY:			
FILENAME T.\2016\2164850\DWG\Grama Ridge State Com 3H_SUP.dwg						

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF GMT EXPLORATION COMPANY LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 15,659

APPLICATION OF GMT EXPLORATION COMPANY LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 15,660

AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE) ss STATE OF NEW MEXICO)

James Bruce, being duly sworn upon his oath, deposes and states:

- 1. I am over the age of 18, and have personal knowledge of the matters stated herein.
- 2. I am an attorney for GMT Exploration Company LLC.
- 3. GMT Exploration Company LLC has conducted a good faith, diligent effort to find the names and correct addresses of the interest owners entitled to receive notice of the applications filed herein.
- 4. Notice of the applications was provided to the interest owner, at its correct address, by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.

5. Applicant has complied with the notice provisions of Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

James Bruce

SUBSCRIBED AND SWORN TO before me this

day of May, 2017 by James

Bruce.

My Commission E

OFFICIAL SEAL
KERRIE C. ALLEN
Notary Public

State of New Mexico
My Commission Expres 12 22-18

Notary Public

EXHIBIT

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

March 9, 2017

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed is a copy of an application for a non-standard oil spacing and proration unit and compulsory pooling, filed with the New Mexico Oil Conservation Division by GMT Exploration Company LLC, regarding a Bone Spring well in the W½W½ of Section 2, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

This matter is scheduled for hearing at 8:15 a.m. on Thursday, March 30, 2017, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, March 23, 2017. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

Very truly yours,

Attorney for GMT Exploration Company LLC

ATTACHMENT

Exhibit A

Black Mountain Operating LLC Suite 500 500 Main Street Fort Worth, Texas 76102

Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Black Mountain Operating LLC Suite 500 500 Main Street Fort Worth, Texas 76102	A. Signature X
9590 9402 1676 6053 6588 56	3. Service Type
707.4 0510 0000	Collect on Delivery Restricted Delivery ☐ Signature Confirmation ☐ Signature Confirmation ☐ Signature Confirmation ☐ Restricted Delivery
2 7 5 11, daily 2013 PSN 7530-02-000-9053	GMT WW Domestic Return Receipt

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		Restricted Delivery Fee (Endorsement Required)		
	057	Total Postage & Fees	\$	
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stricted	701		lahoma City, Oklahoma	
	,	City, State, ZIP+4		
ion™ ion		PS Form 3800, August 2	2006	See Reverse for Instructions

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9	Postage	\$	
	Certified Fee		Postmark
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	Restricted Delivery Fee (Endorsement Required)		
0230	Total Postage & Feer	¢ .	
	Sent To	Black Mountain Operating Suite 500	LLC
7014	Street, Apt. No.; or PO Box No.	500 Main Street Fort Worth, Texas 76102	
	City, State, ZIP+4		
	PS Form 3800, August	2006 S	ee Reverse for Instructions

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 SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Signature X B. Received by (Printed Name)	Agent Addressee C. Date of Delivery
1. Article Addressed to: Devon Energy Production Company, L.P. 333 West Sheridan Avenue Roklahoma City, Oklahoma 73102	D. ts delivery address different from If YES, enter delivery address	
9590 9402 1676 6053 6588 32	3. Service Type □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail® □ Certified Mail Restricted Delivery □ Collect on Delivery	☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricte Delivery ☐ Return Receipt for Merchandise
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PS Form 3811, July 2015 PSN 7530-02-000-9053	GMT WW	Oomestic Return Receipt

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

March 9, 2017

CERTIFIED MAIL

Commissioner of Public Lands P.O. Box 1148 Santa Fe, New Mexico 87504

Ladies and gentlemen:

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Very truly yours,

Attorney for GMT Exploration Company LLC

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PS Form 3811, July 2015 PSN 7530-02-000-9053	(over \$500) OM 7. WW Domestic Return Receipt

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	PS Form 3800. August 2	006	See Reverse for Instructions	

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

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March 9, 2017

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Devon Energy Production Company, L.P. 333 West Sheridan Avenue Oklahoma City, Oklahoma 73102

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JAMES BRUCE ATTORNEY AT LAW

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369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

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March 9, 2017

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yames Bruce

Attorney for GMT Exploration Company LLC

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
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Commissioner of Public Lands	
Sireet, Apt. No.; or PO Box No. P.O. Box 1148 Santa Fe, New Mexico 87504	
City, State, ZIP+4	
PS Form 3800, August 2006	
See Revers	e for Instructions

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V.

Notification Buffer

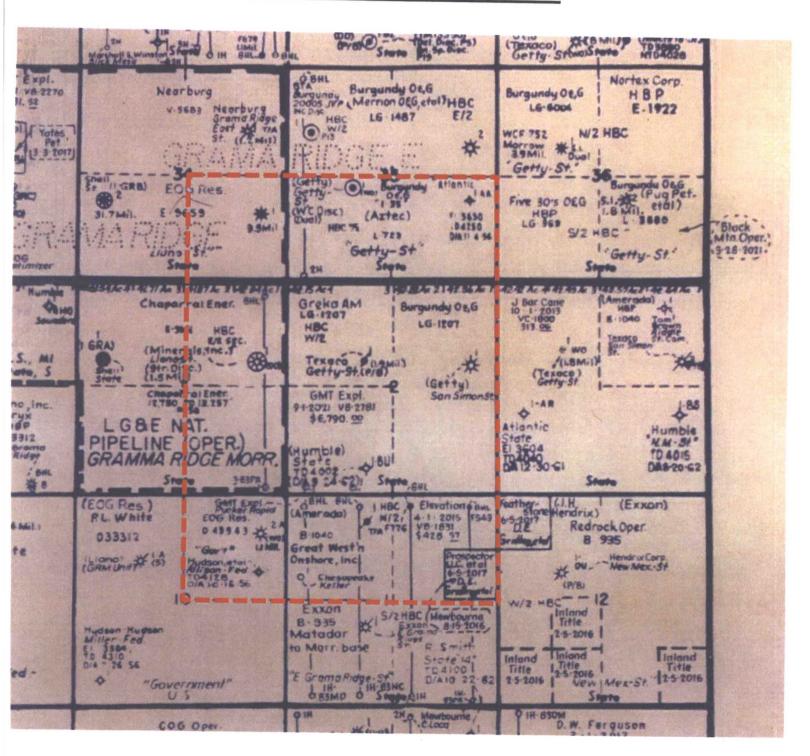
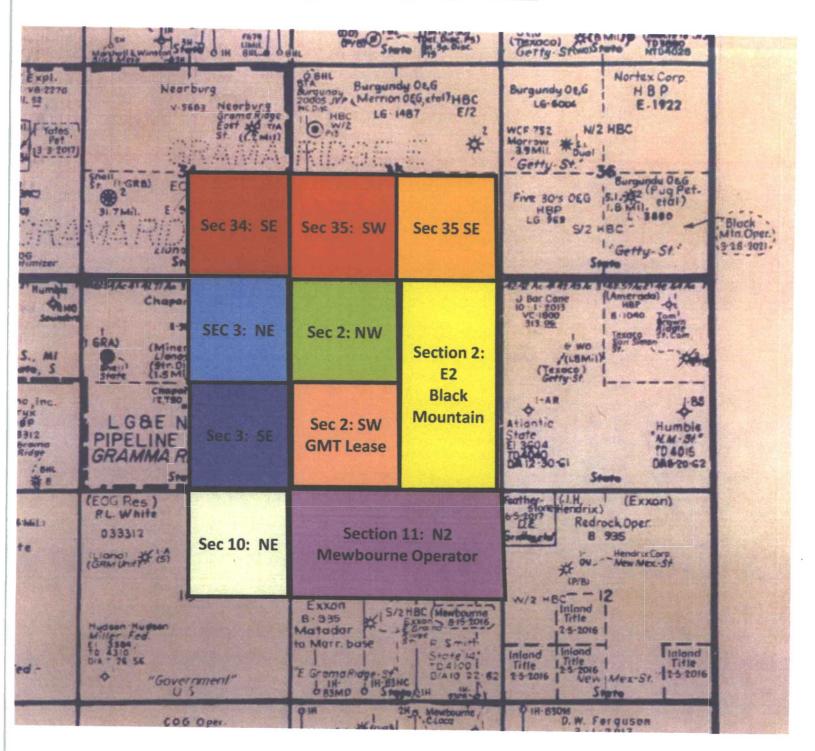


EXHIBIT |

Title Coverage

· 5.



Offsets

Briller, Inc. (S/2 Sec. 35) 2701 Patton Way Bakersfield, CA 93308

Capco Resources Corporation (S/2 Sec. 35) Suite 202 2922 East Chapman Avenue Orange, CA 92869

COG Operating LLC (S/2 Sec. 35) 600 West Illinois Midland, TX 79701

Continental Land &Fur Co., Inc. (SE/4 Sec. 34) 4 Greenspoint Place, Suite 1500 16945 Northchase Houston, Texas 77060

Don Pumphrey (S/2 Sec. 35) 2413 SW 97th Street Oklahoma City, OK 73159

EOG Resources, Inc. (NE/4 Sec. 10) P.O. Box 2267 Midland, TX 79702

Great Western Drilling (SE/4 Sec. 34) P.O. Box 1659 Midland, TX 79702

Mewbourne Oil Company (N/2 Sec. 11 and E/2 Sec. 3) Suite 1020 500 West Texas Avenue Midland, TX 79701

Nova International Corporation (S/2 Sec. 35) Suite D 1212 South Cyprus Avenue Ontario, CA 91762

Rizwan Vakil (S/2 Sec. 35) 548 C.L. Fleming Circle Corona, CA 92881 Wayne Karst (S/2 Sec. 35) 8517 Brookridge Drive Oklahoma City, OK 73132

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION DIVISION

APPLICATION OF GMT EXPLORATION COMPANY LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 15,659

APPLICATION OF GMT EXPLORATION COMPANY LLC FOR A NON-STANDARD OIL SPACING AND PRORATION UNIT AND COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case No. 15,660

AFFIDAVIT OF NOTICE

COUNTY OF SANTA FE)	
)	SS
STATE OF NEW MEXICO)	

James Bruce, being duly sworn upon his oath, deposes and states:

- 1. I am over the age of 18, and have personal knowledge of the matters stated herein.
- 2. I am an attorney for GMT Exploration Company LLC.
- 3. GMT Exploration Company LLC has conducted a good faith, diligent effort to find the names and correct addresses of the offset operators or working interest owners entitled to receive notice of the applications filed herein.
- 4. Notice of the applications was provided to the offsets by certified mail. Copies of the notice letter and certified return receipt are attached hereto as Attachment A.

5. Applicant has complied with the notice provisions of Division Rules NMAC 19.15.4.9 and 19.15.4.12.C.

James Bruce

SUBSCRIBED AND SWORN TO before me this

day of December, 2016 by

James Bruce.

My Commission E

OFFICIAL SEAL
KERRIE C. ALLEN
Notary Public
State of New Mexico
My Commission Expires

Notary Public

EXHIBIT /L

JAMES BRUCE ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

369 MONTEZUMA, NO. 213 SANTA FE, NEW MEXICO 87501

(505) 982-2043 (Phone) (505) 660-6612 (Cell) (505) 982-2151 (Fax)

jamesbruc@aol.com

March 9, 2017

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

To: Persons on Exhibit A

Ladies and gentlemen:

Enclosed are copies of two applications for a non-standard unit, *etc.*, filed with the New Mexico Oil Conservation Division by GMT Exploration Company LLC, regarding Bone Spring wells in the W½W½ and the E½W½ of Section 2, Township 24 South, Range 34 East, N.M.P.M., Lea County, New Mexico.

These matters are scheduled for hearing at 8:15 a.m. on Thursday, March 30, 2017, in Porter Hall at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an offset owner or operator who may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from contesting the matter at a later date.

A party appearing in a Division case is required by Division Rules to file a Pre-Hearing Statement no later than Thursday, March 23, 2017. This statement must be filed with the Division's Santa Fe office at the above address, and should include: The names of the party and its attorney; a concise statement of the case; the names of the witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that need to be resolved prior to the hearing. The Pre-Hearing Statement must also be provided to the undersigned.

ATTACHMEN'

Very truly yours,

James Bruce

Attorney for GMT Exploration Company LLC

EXHIBIT A

Briller, Inc. 2701 Patton Way Bakersfield, CA 93308

Capco Resources Corporation Suite 202 2922 East Chapman Avenue Orange, CA 92869

COG Operating LLC 600 West Illinois Midland, TX 79701

Continental Land &Fur Co., Inc. 4 Greenspoint Place, Suite 1500 16945 Northchase Houston, Texas 77060

Don Pumphrey 2413 SW 97th Street Oklahoma City, OK 73159

EOG Resources, Inc. P.O. Box 2267 Midland, TX 79702

Great Western Drilling P.O. Box 1659 Midland, TX 79702

Mewbourne Oil Company Suite 1020 500 West Texas Avenue Midland, TX 79701

Nova International Corporation Suite D 1212 South Cyprus Avenue Ontario, CA 91762

Rizwan Vakil 548 C.L. Fleming Circle Corona, CA 92881 Wayne Karst 8517 Brookridge Drive Oklahoma City, OK 73132

Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: Briller, Inc. 2701 Patton Way Bakersfield, CA 93308	A. Signature X Agent Addressee B. Received by (Printed Name) D. Is delivery address different from item 1? If YES, enter delivery address below:	0510 0000 9535 1890	CERTIFIED MAILTM RECI (Domestic Mail Only; No Insurance Col For delivery Information visit our website at Postage Certified Fee Return Receipt Fee (Endorsement Required) Restricted Delivery Fee (Endorsement Required) Total Postage & Fees \$	verage Provided)
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Form 3811, July 2015 PSN 7530-02-000-9053	GMT Domestic Return Receipt			

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-	PS Form 3800, August 20	06 S	ee Reverse for Instructions

SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. Article Addressed to: Rizwan Vakil 548 C.L. Fleming Circle Corona, CA 92881	A. Signature X	е у
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U.S. Postal Service

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PS Form 3800, August 2006

Mewbourne Oil Company

Midland, TX 79701

500 West Texas Avenue

See Reverse for Instructions

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Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated March 16, 2017 and ending with the issue dated March 16, 2017.

Publisher

Sworn and subscribed to before me this 16th day of March 2017.

Business Manager

My commission expires

January 29, 2019



OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico

My Commission Expires _

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGALS

LEGAL NOTICE March 16, 2017

NOTICE

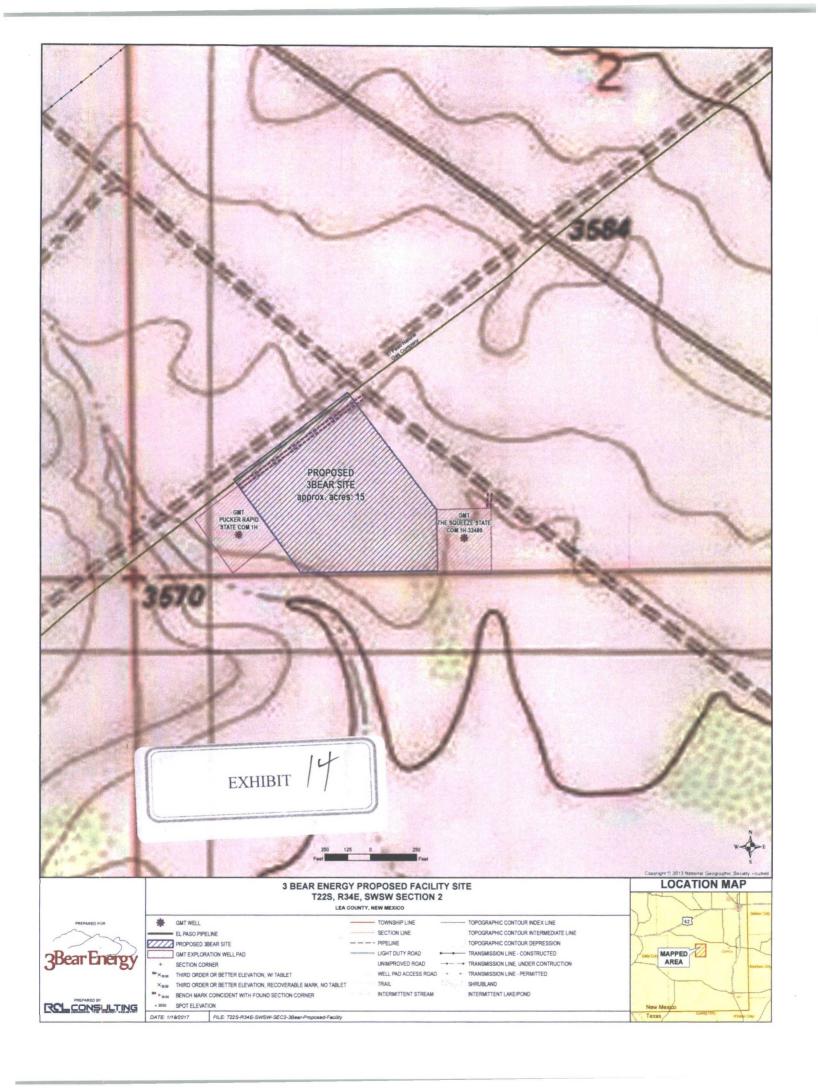
To: Briller, Inc., Capco Resources Corporation, Don Pumphrey, Great Western Drilling, Nova International Corporation, Rizwan Vakil, and Wayne Karst, or your heirs, devisees, or Successors: GMT Exploration Company, LLC has filed applications with the New Mexico Oil Conservation Division seeking orders approving two non-standard spacing and proration units for Bone Spring wells (i) in the W/2W/2 of Section 2 (Case No. 15659), and (ii) in the E/2W/2 of Section 2 (Case No. 15669), and (ii) in the E/2W/2 of Section 2 (Case No. 15660), both in Township 22 South, Range 34 East, NMPM, Lea County, New Mexico. The applications are scheduled to be heard at 8:15 a.m., on March 30, 2017 at the Division's offices at 1220 South St. Francis Drive, Santa Fe, New Mexico 87505. As an offset interest owner to the well units you have the right to enter an appearance and participate in the cases. Failure to appear will preclude you from contesting these matters at a later date. The attorney for applicant is James Bruce, P.O. Box 1056, Santa Fe, New Mexico 87504. The units are located approximately 12 miles west-southwest of Oil Center, New Mexico. #31643

EXHIBIT 13

01101711

00190166

JAMES BRUCE JAMES BRUCE, ATTORNEY AT LAW P.O. BOX 1056 SANTA FE, NM 87504



SURFACE USE AND COMPENSATION AGREEMENT

This Agreement is made and entered into between The Merchant Livestock Co., Inc., whose address is P.O. Box 1105 Eunice, New Mexico 88231, hereinafter referred to as "Merchant", and GMT Exploration Company, LLC, whose address is 1560 Broadway, Suite 2000 Denver, Colorado 80202, hereinafter referred to as "Operator".

IT IS AGREED AS FOLLOWS:

- 1. The Land. Operator holds interests in oil and gas lease(s) covering lands in Lea County, New Mexico and further described in any Addendum(s) attached hereto and referred to as "the Land". Merchant has ownership of the surface, as either 1) Lessee of the surface, or 2) Fee owner, as further described on the Exhibit "A". This Agreement covers Operators' activities on and access to only the Land as described on any Addendum(s) attached hereto.
- 2. Rights. Notwithstanding any other provision of this Agreement, the rights granted to Operator hereunder shall be limited to operations related to the drilling, completion and producing of wells.
- 3. Right-of-Way. Merchant grants Operator, its employees and designated agents, a right-of-way to enter upon and use the Land for the purpose of drilling, completing and producing oil and gas wells. Although this Agreement covers and pertains to all of Merchant's fee surface and Merchant's leased surface as described Exhibit "A", Operator agrees to use only as much of the Land as is absolutely necessary for its operations.
- 4. Notifications and Consultation. Operator shall notify Merchant prior to entry upon the Land and shall consult with Merchant as to the location of the wells, roads, pipelines, frac ponds and power lines, to be placed on the Land. To the maximum extent possible, Operator shall be accommodating to reasonable requests made by Merchant as to the placement of any such locations. To the maximum extent possible, Operator will use existing roads on the Land for its operations, and if construction of a new road and/or water pit on the Land is required, Operator will consult with Merchant on the location of the new road and/or water pit and shall construct same in a manner so as to cause the least interference with Merchant's operations on the affected lands. If a pipeline is to be installed by Operator, Operator will locate the pipeline in a manner so as to cause the least interference with Merchant's operations on the affected land. Operator shall notify Merchant when the drilling and production operation for each well drilled on the Land has been completed and when Operator is permanently absent from the surface.
- 5. Termination of Rights. The rights granted by Merchant to Operator shall terminate when the Operator's oil and gas lease(s) terminate, Operator ceases its operations on the Land, or upon Operator's notification to Merchant of Operator's intention to cease operations on the Land.
- 6. Nonexclusive Rights. The rights granted by Merchant to Operator are nonexclusive, and Merchant reserves the right to use all access roads and all surface and subsurface uses of the land affected by this Agreement and in consultation with Operator, the right to grant successive easements thereon or across on such terms and conditions as Merchant deems necessary or advisable. The granting of use of any new roads and/or existing roads by Merchant will not constitute a prescriptive easement for Operator and/or any other entity.
- 7. Payments. All payments provided for herein shall be considered compensation for disturbance of ranch operations. A schedule of payments associated with each well drilled under this Agreement will be periodically attached hereto as an Addendum(s). Operator will pay to Merchant the following:
 - a. Well Location: \$5,000.00 for each well location constructed on the Land by Operator. This amount shall be paid by Operator to Merchant on a well-by-well basis prior to the commencement of actual drilling operations. The dimensions of the pad site for well locations on the Land shall not exceed 340' x 340' (the "Contained Facility"). Operator shall pay Merchant \$1200 per year surface rental for each well location on Merchant's fee surface. Operator shall pay Merchant \$0.15 per square foot for disturbances to Merchant's fee surface outside of the Contained Facility. Such disturbances shall include, but are not limited to, stacking of pipe or other drilling materials, parking of equipment or vehicles on Merchant's fee surface outside of a Contained Facility.
 - b. Roads: \$40.00 per rod for any new road constructed on the Land by Operator. Operator shall pay Merchant an annual road use fee of \$1,200 per well for each well accessed by Operator by using any existing or newly constructed road located on Merchant's fee surface where Operator does not own a leasehold interest in an oil and gas lease(s). The first payment is due upon signing of this agreement and each June 1st thereafter, beginning June 1st, 2013.

ехнівіт 15

- c. Pipelines: \$40.00 per rod for pipelines installed (buried) on the Land by Operator, and \$20.00 per rod for surface flow lines laid on the Land by Operator. Operator shall not be required to pay Merchant for any temporary galvanized water pipelines laid on the Land.
- d. Power Lines: \$200 per hole for each hole drilled on the Land by Operator for the installation of overhead power lines. Operator will consult with Merchant and with the independent power company supplying power to Operator with respect to the location of overhead power lines prior to construction. Overhead Power Lines will be constructed so as to cause the least possible interference with Merchant's visual landscape and Merchant's existing and future ranching operations, and, to the maximum extent possible, overhead power lines will be constructed along fence lines, roads or property lines.
- e. Frac Ponds: \$5,000.00 for each frac pond constructed on the Land by Operator. Operator shall pay this amount to Merchant after the location of the frac pond has been agreed to between Merchant and Operator, but before construction of the frac pond begins. Operator shall pay Merchant \$1200 per year surface rental for each frac pond located on Merchant's fee surface.
- 8. Limitation on Rights. Unless this Agreement is amended by mutual written agreement, the Land may not be used in connection with operations on other premises not owned or leased by Merchant without Merchant's written consent, which shall not be unreasonably withheld.
- 9. Construction. Operator agrees to have all construction equipment thoroughly washed before entering the Land to prevent the introduction of invasive and noxious vegetation. This paragraph does not apply to drilling, completion or production equipment brought onto the Land.
- 10. Purchase of Caliche, Top Soil. For so long as caliche and top soil is available in sufficient quantity and/or quality to support Operator's operations as contemplated by this Agreement, Operator agrees to purchase caliche and top soil from Merchant at a rate of \$5.00 per cubic yard. In the event that Merchant is unable to provide caliche and/or top soil of sufficient a quantity and/or quality and Operator has to purchase caliche and top soil from an entity other than Merchant, Operator agrees to take all actions necessary to prevent the introduction of invasive and noxious vegetation on the Land. The top soil and caliche that is readily available for construction of the pad site at the well location (340'x 340') is not included as part of payment to Merchant.
- 11. Locations. No wells shall be drilled within 1,000 feet of any existing water well, residence, house or barn located on Merchant's fee surface without the prior written consent of Merchant. No permanent housing or dwelling unit shall be constructed or placed on the Land by Operator.
- 12. Operations. Operator shall at all times keep the well sites and the road rights-of-way safe and in good order, free of invasive and noxious vegetation, litter and debris, and shall spray for invasive and noxious vegetation upon reasonable demand thereof by Merchant. All cattle guards and fences installed by Operator shall be kept clean and in good repair. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Land. Operator shall remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Operator agrees to erect speed limit signs, not to exceed 25 MPH, at entrance from state highway and exit of each well location. Operator agrees to maintain and enforce the speed limit on the Land for vehicles of Operator and its invitees or such lesser speed as necessary to prevent the raising of excess dust. Operator will place fresh water as is reasonable on the roads it uses in order to reduce dust upon request of Merchant.
- 13. Consolidation of Facilities. Whenever possible, Operator will consolidate its facilities for as many wells as Operator deems practical. Incoming power will be located at centralized points to minimize to the maximum extent possible the construction of above ground power lines. Battery sites will serve as many wells as Operator deems practical. The consolidated facilities may not be used for operations connected with lands not owned or leased by Merchant, unless this Agreement is amended by mutual written agreement. The exception to this will be oil and gas leases that extend beyond the Land. In this case, facilities may need to be consolidated to avoid cumulative impacts.
- 14. New Roads. Any new roads constructed on the Land by or for Operator shall be limited to twenty (20) feet in width for the actually traveled roadbed, together with a reasonable width, not to exceed fifteen (15) feet from the edge of the actually traveled roadbed for fills, shoulders and crosses. No permanent roads will be constructed on Merchant's fee surface unless absolutely necessary and Merchant consents to the construction and location of the road. Operator shall annually maintain existing and newly constructed roads used by Operator to the satisfaction of Merchant, and the maintenance may include shaling, ditching, graveling, blading,

installing and cleaning culverts, and spraying for invasive and noxious vegetation. Pullouts along roadways may need to be constructed for traffic control and to minimize off road traffic.

- 15. Cattle guards. Operator shall construct cattle guards with wings at all fence crossings designated by Merchant. Installation of the cattle guards shall be at the sole cost and expense of Operator. Cattle guards shall not be less than 16 feet wide by 8 feet across and shall be set on concrete sills not less than 24 inches high by 16 inches wide set on top of ground. Fence braces shall be installed on each side of the cattle guards at a sufficient distance to allow Operator's equipment to pass between them. Fence braces shall be an H-brace with a kicker constructed of pipe of no less than 27/8" OD, posts must be a minimum of 7 feet apart, set in concrete at a minimum depth of 3 feet with a minimum of 4 feet above ground, cross brace shall be a minimum of 3 feet above ground. H-braces shall be installed in such a manner as not to lose tension on fence. Operator shall be responsible for maintenance of all cattle guards used by Operator, together with wings and attached braces.
- 16. Improvements. No fences, cattle guards or other improvements on the Land shall be cut or damaged by Operator without the prior consent of Merchant. Upon final termination of Operator's rights under this Agreement, Operator shall return all roads and other rights-of-way or sites as near as practical to the condition that they were in prior to the execution of this Agreement, unless otherwise agreed by Merchant. Unless otherwise agreed by Merchant, all disturbed areas caused by Operator's activities will be reseeded with "Homesteaders Choice" seed mix applied at the rate of 20 pounds per acre. Cattle guards shall be removed and fences restored as near as practical to the original condition unless otherwise agreed by Merchant, in which case all cattle guards and roadways installed by Operator shall become the property of Merchant. All cattle guards and fences installed by Operator shall be kept clean and in good repair.
- 17. Fencing of Access Roads. Operator will not fence any access roads without the prior consent of Merchant.
- 18. Payments. The payments herein provided are acknowledged by Merchant and Operator as sufficient and in full satisfaction for disturbances to Merchant caused or created by the reasonable and customary entry, rights-of-way and operation and use of the roads and well sites, but do not include loss of livestock, damage to buildings or improvements, or injuries to persons; or to any damages that may result to Merchant's water wells in relation to water quality if it is proven that the Operator's activity caused the impact to water resources. Operator is not responsible for past actions that may impact water quality on Merchant's water wells if the appropriate practices were implemented and approved by the governmental agencies at that time. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Operator shall pay for loss of livestock and crops, caused by Operator's activities, at current market value. Loss of forage due to fire caused by Operator's activities shall be paid to Merchant at the rate of \$500 per acre. Disturbances due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes caused by Operator's activities, outside of Operator's Contained Facility shall be paid to Merchant at the rate of \$0.15 per cubic foot. Notwithstanding the foregoing payment schedule, effective January 1, 2015, compensation for use and disturbance to the Land shall be increased by 3% compounded annually.
- 19. Restoration. Unless Merchant otherwise agrees in writing, upon termination of any of Operator's activities on the Land, Operator shall fully restore and level the surface of the land affected by such terminated operations as near as possible to the contours which existed prior to such operations. Operator shall use water bars and such other measures as appropriate to prevent erosion and nonsource pollution. Operator shall fully restore all private roads and drainage and irrigation ditches disturbed by Operator's activities as near as possible to the condition that existed prior to such activities. All surface restoration shall be reseeded per paragraph 16 above and accomplished to the satisfaction of Merchant.
- 20. No Warranty. Merchant makes no warranty of title or otherwise in entering into this Agreement.
- 21. Firearms and Explosives. None of Operator's employees or authorized agents or any other person under the direction or control of Operator shall be permitted to carry firearms or any weapon while crossing the Land and such persons shall not hunt or fish on the Land and shall not trespass on the Land for the purposes of hunting or fishing or recreational uses. No dogs will be permitted on the Land at any time. No explosives shall be used on the Land. Operator will notify all of its contractors, agents and employees that no dogs, firearms, weapons, hunting, fishing or recreational activities will be allowed on the Land.
- 22. Indemnification. To the maximum extent permitted by law, Operator will indemnify, defend and hold Merchant, and if applicable, Merchant's officers, directors, employees, agents, successors, and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Operator's activities on the Land (including, without limitation any claims that Operator's activities hereunder are either illegal,

unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners).

- 23. Compliance with Law. Operator shall conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.
- 24. Release. To the maximum extent permitted by law, Operator releases and waives and discharges Merchant, and, if applicable, Merchant's officers, directors, employees, agents, successors and assigns from any and all liabilities for personal injury, death, property damage or otherwise arising out of Operator's activities under this Agreement or use of the Land.
- 25. Notice. Notice may be given to either party to this Agreement by depositing the same in the United States mail postage prepaid, duly addressed to the other party at the address set out below the party's signature on this Agreement. Such notice shall be deemed delivered when deposited in the United States mail.
- 26. Designated Contact Person. Operator and Merchant will each from time to time designate an individual, with appropriate twenty-four hour telephone numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this Agreement.
- 27. Recording. This Agreement may not be recorded without the written consent of Merchant and Operator.
- 28. Construction of Agreement. This Agreement shall be construed under the laws of the State of New Mexico.
- 29. Assignability. Operator shall not assign this Agreement to any other entity either in whole or in part, unless Merchant consents in writing to such assignment, which consent will not be unreasonably withheld.
- 30. Amendment. This agreement may be amended at any time by mutual written agreement of both parties.
- 31. Binding Effect. This Agreement is binding upon the successors and assigns of the parties.

DATED this 18th day of June, 2012

GRANTOR:

THE MERCHANT LIVESTOCK CO., INC.

Clabe Pearson, President

Address:

P.O. Box 1105 Eunice, NM 88231

GRANTEE:

GMT EXPLORATION COMPANYAL

Philip G. Wood, Vice-President

Address:

1560 Broadway, Suite 2000

Denver, CO 80202

EXHIBIT "A"

Attached to and made part of that certain Surface Use and Compensation Agreement dated June 18, 2012, between Merchant Livestock Company, Inc., as Grantor, and GMT Exploration Company, LLC, as Grantee

I.) Merchant's Fee Surface:

Township 21 South, Range 33 East, N.M.P.M.

Section 1: Lot 10

Section 8: S/2S/2

Section 9: SE/4SW/4

Section 10: SW/4SW/4

Section 11: SW/4, NW/4SE/4

Section 12: NW/4NE/4, S/2

Section 13: SW/4NE/4

Section 14: W/2W/2, SE/4SW/4

Section 16: All

Section 21: E/2W/2

Section 23: E/2W/2, S/2NE/4

Section 24: S/2NW/4, SE/4

Section 25: All

Section 27: All

Section 28: W/2W/2, NE/4NW/4

Section 31: N/2S/2

Section 32: All

Section 33: E/2

Section 35: All

Township 21 South, Range 34 East, N.M.P.M.

Section 1: Lot 16

Section 2: All

Section 3: Lot 15

Section 6: Lot 9

Section 7: N/2S/2

Section 8: N/2S/2

Section 9: N/2S/2

Section 10: N/2S/2

Section 11: W/2E/2

Section 12: NW/4NE/4

Section 14: NW/4SE/4, E/2E/2

Section 15: S/2S/2

Section 16: All

Section 21: NE/4NW/4, E/2E/2

Section 23: E/2NE/4, SE/4

Section 24: N/2N/2

Section 27: NE/4NE/4

Section 28: W/2E/2

Section 33: W/2E/2

Section 34: S/2S/2

Section 36: All

Township 21 South, Range 35 East, N:M.P.M.

Section 2: Lots 4-16, S/2

Section 3: NW/4NE/4

Section 10: NW/4, N/2S/2

Section 11: NW/4NE/4, E/2E/2

Section 12: N/2S/2

Section 13: NW/4NW/4

Section 14: E/2E/2, SW/4SE/4, NW/4NW/4

Section 16: All

Section 17: N/2S/2

Section 18: S/2S/2

Section 19: All

Section 23: W/2W/2, E2/NW/4

Section 24: NW/4, NW/4NE/4, SE/4NE/4

Section 27: NE/4NE/4, SW/4NE/4, N/2SW/4, S/2S/2

Section 28: S/2S/2

Section 30: All

Section 31: S/2S/2

Section 32: All

Section 36: All

Township 22 South, Range 33 East. N.M.P.M.

Section 3: N/2N/2

Section 5: SE/4NW/4

Section 11: NW/4NW/4

Section 13: All

Section 20: NW/4

Township 22 South, Range 34 East. N.M.P.M.

Section 2: All

Section 8: NE/4

Section 11: SE/4NE/4

Section 12: NW/4NW/4, W/2SW/4

Section 13: W/2W/2

Section 14: E/2SE/4

Section 18: All

Section 23: All

Section 24: S/2S/2

Section 26: E/2E/2

Township 22 South, Range 35 East. N.M.P.M.

Section 2: All

Section 4: All

Section 6: SE/4SE/4

Section 9: All

Section 11: W/2

Section 13: N/2N/2

Section 14: SW/4SW/4, E/2W/2, N/2NE/4

Section 15: S/2S/2

Section 16: All

Section 19: S/2S/2

Section 20: All

Section 23: W/2E/2

Section 29: E/2E/2, SW/4NW/4

Section 30: W/2W/2, SE/4SW/4, S/2SE/4

Section 34: NE/4NW/4, N/2NE/4

Section 35: N/2N/2

Section 36: All

II.) Merchant's Leased Surface:

Township 21 South, Range 33 East, N.M.P.M.

Section 1: Lots 1-2, 7-9, 15-16, SE/4

Section 8: N/2S/2

Section 9: N/2S/2, SW/4SW/4, S/2SE/4

Section 10: N/2S/2, SE/4SW/4, S/2SE/4

Section 11: NE/4SE/4, S/2SE/4

Section 12: NE/4NE/4, S/2NE/4

Section 13: W/2, N/2NE/4, SE/4NE/4, SE/4

Section 14: E/2NW/4, NE/4SW/4, E/2

Section 15: All

Section 17: All

Section 18: S/2

Section 19: All

Section 20: All

Section 21: W/2W/2, E/2

Section 22: All

Section 23: W/2W/2, N/2NE/4, SE/4

Section 24: SW/4, N/2N/2, S/2NE/4

Section 26: All

Section 28: SE/4NW/4, E/2SW/4, E/2

Section 29: All

Section 30: All

Section 31: N/2, S/2S/2

Section 36: All

Township 21 South, Range 34 East, N.M.P.M.

Section 1: Lots 1-15, S/2

Section 3: Lots 1-14, 16, S/2

Section 4: Lots 1-16, S/2 (All)

Section 5: All

Section 6: All, except Lot 9

Section 7. N/2, S/2S/2

Section 8: N/2, S/2S/2

Section 9: N/2, S/2S/2

Section 10: N/2, S/2S/2

Section 11: W/2, E/2E/2

Section 12: W/2, SE/4, S/2NE/4, NE/4NE/4

Section 13: ALL

Section 14: W/2, SW/4NE/4, W/2SE/4

Section 15: N/2, N/2S/2

Section 17: All

Section 18: All

Section 19: All

Section 20: All

Section 21: NW/4NW/4, S/2NW/4, SW/4, W/2E/2

Section 22: All

Section 23: W/2, W/2NE/4

Section 24: S/2N/2, S/2

Section 25: All

Section 26: All

Section 27: W/2, W/2E/2, SE/4NE/4, E/2SE/4

Section 28: W/2, E/2E/2

Section 29: All

Section 30: All

Section 31: All Section 32: All Section 33: W/2, E/2E/2 Section 34: N/2, N/2S/2 Section 35: All Township 21 South, Range 35 East, N.M.P.M. Section 1: Lots 1-3, 5-16, S/2 Section 3: Lots 1-16, SW/4, S/2SE/4, NE/4NE/4 Section 4: All Section 5: All Section 6: All Section 7: All Section 8: All Section 9: All Section 10: NE/4, S/2S/2 Section 11: W/2, W/2SE/4, SW/4NE/4 Section 12: N/2, S/2S/2 Section 13: E/2, E/2W/2, SW/4NW/4, W/2SW/4 Section 14: SW/4, SW/4NW/4, NE/4NW/4, NW/4SE/4, W/2NE/4 Section 15: All Section 17: N/2, S/2S/2 Section 18: N/2, N/2S/2 Section 20: All Section 21: All Section 22: All Section 24: S/2, SW/4NE/4, NE/4NE/4 Section 25: All Section 26: N/2, N/2S/2 Section 27: NW/4, NW/4NE/4, SE/4NE/4, N/2SE/4 Section 28: N/2, N/2S/2 Section 29: All Section 31: N/2, N/2S/2 Section 33: All Section 34: All Section 35: All Township 22 South, Range 33 East, N.M.P.M. Section 2: All Section 4: N/2N/2 Section 5: All, Except SE/4NW/4 Section 6: All Section 7: All Section 8: All Section 10: S/2N/2, N/2S/2 Section 11: W/2SW/4, SE/4NW/4 Section 12: N/2 Section 14: N/2N/2 Section 15: N/2N/2 Section 16: All Section 17: All Section 18: All

Section 19: All Section 20: NE/4 Section 21: N/2 Section 24: N/2

Township 22 South, Range 34 East, N.M.P.M. Section 1: All

Section 3: All

Section 4: NE/4

Section 5: E/2

Section 7: All

Section 8: W/2, SE/4

Section 11: W/2, W/2E/2, NE/4NE/4, E/2, SE/4

Section 12: E/2, E/2W/2, SW/4NW/4

Section 13: E/2, E/2W/2

Section 14: W/2, W/2E/2, E/2NE/4

Section 15: W/2W/2

Section 16: All

Section 17: W/2

Section 19: N/2

Section 20: N/2

Section 24: N/2, N/2S/2

Section 25: All

Section 27: SE/4

Section 36: N/2

Township 22 South, Range 35 East, N.M.P.M.

Section 1: All

Section 3: All

Section 5: All

Section 6: W/2, W/2E/2, E/2NE/4, NE/4SE/4

Section 7: All

Section 8: All

Section 10: All

Section 11: E/2

Section 12: All

Section 13: S/2, S/2N/2

Section 14: W/2NW/4, NW/4SW/4, S/2NE/4, SE/4

Section 15: N/2, N/2S/2

Section 17: All

Section 18: All

Section 19: N/2, N/2S/2

Section 21: All

Section 22: All

Section 23: W/2, E/2W/2

Section 24: All

Section 25: All

Section 26: W/2, W/2NE/4, E/2SE/4

Section 27: All

Section 28: All

Section 29: NW/4NW/4, W/2SW/4, E/2W/2, W/2E/2

Section 30: NE/4, E/2NW/4, NE/4SW/4, N/2SE/4

Section 32: All

Section 33: All

Section 34: S/2, N/2S/2, NW/4NW/4

Section 35: S/2, S/2N/2