

**PAUL BACA PROFESSIONAL COURT REPORTERS**

**OIL  
CONSERVATION  
DIVISION**

**CASE #: 14196**

**EXHIBIT**

**1**

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

APPLICATION OF GMT EXPLORATION  
COMPANY LLC FOR COMPULSORY POOLING,  
LEA COUNTY, NEW MEXICO.

Case No. 14,196

VERIFIED STATEMENT OF MEGAN S. ALBRECHT

Megan S. Albrecht, being duly sworn upon her oath, deposes and states:

1. I am a landman for GMT Exploration Company LLC, and have personal knowledge of the matters stated herein.

2. Pursuant to Division Rule 1210.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the working interest owners being pooled have been contacted regarding the proposed well, and have simply not yet signed an operating agreement or farmed out their interests.

(b) A plat outlining the spacing unit being pooled, and marking the location of the subject well, is attached hereto as Exhibit A. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the E $\frac{1}{2}$  of Section 28, Township 18 South, Range 34 East, N.M.P.M., Lea County, New Mexico, to form a standard 320-acre gas spacing and proration unit for any and all formations or pools developed on 320-acre spacing within that vertical extent, including the Undesignated La Rica-Morrow Gas Pool.

The units are to be dedicated to the proposed NW Raptor 43-28 State Com. Well No. 1, to be drilled at an orthodox location in the NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 28. The well is expected to be a gas well.

(c) The parties being pooled, their working interests in the well unit, and their last known addresses, are as follows:

Joan Fontaine  
P.O. Box 222600  
Carmel, California 93922

0.156250%

Oil Conservation Division  
Case No. \_\_\_\_\_  
Exhibit No.   1

or

229A Lower Walden Road  
Carmel, California 93923

R.E. Harding, Jr. Residuary Trust  
Patrick H. Admire, Trustee  
Suite 100  
3430 Hilldale Road  
Fort Worth, Texas 76116

0.781250%

and

John P. Ritchie, Trustee  
P.O. Box 98  
Mineral Wells, Texas 76068

- (d) Copies of the proposal letters sent to the uncommitted working interest owners are attached hereto as Exhibit B. In addition to the letters, we have called the interest owners several times.
- (e) Pursuant to Division rules, applicant requests that a 200% risk charge be assessed against any non-consenting interest owner.
- (f) A copy of the Authority for Expenditure for the proposed well is attached hereto as Exhibit C. The drilling and completion costs set forth therein are fair and reasonable, and are comparable to those of other wells of this depth drilled in this area of Lea County.
- (g) Overhead charges of \$8000/month for a drilling well, and \$800/month for a producing well, are requested. These rates are fair and reasonable, and are in line with rates charged by other operators in this area for wells of this depth. Applicant also requests that the order contain a provision adjusting the rates pursuant to the COPAS accounting procedure.
- (h) Applicant requests that it be designated operator of the well.



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II  
1301 W. Grand Avenue, Artesia, NM 88210

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised October 12, 2005

Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

**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
Property Code	Property Name NW RAPTOR		Well Number 43-28
OGRID No.	Operator Name GMT EXPLORATION CO. LLC		Elevation 4019'

**Surface Location**

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
1	28	18 S	34 E		1980	SOUTH	860	EAST	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

Dedicated Acres	Joint 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**

**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 organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.*

Signature \_\_\_\_\_ Date \_\_\_\_\_

Printed Name \_\_\_\_\_

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**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 same is true and correct to the best of my belief.*

JULY 7, 2008

Date Surveyed \_\_\_\_\_  
Signature & Seal \_\_\_\_\_  
Professional Surveyor \_\_\_\_\_

Certificate No. Gary L. Jones 7977

BASIN SURVEYS

EXHIBIT A



# GMT EXPLORATION COMPANY LLC

ACQUISITIONS • EXPLORATION • PRODUCTION

September 5, 2008

R.E. Harding, Jr. Residuary Trust  
3430 Hilldale Road, Suite 100  
Fort Worth, TX 76116-5474  
ATTN: Mr. Patrick H. Admire, Trustee

VIA CERTIFIED MAIL: 7004 0550 0001 0756 5544

R.E. Harding, Jr. Residuary Trust  
P.O. Box 98  
Mineral Wells TX, 76068  
ATTN: Mr. John P. Ritchie, Trustee

VIA CERTIFIED MAIL: 7004 0550 0001 0756 5537

*Pat -*

**RE: NW Raptor #43-28 Well Proposal  
1,980' FSL & 860' FEL  
E/2: Section 28-T18S-R34E  
Lea County, New Mexico**

EXHIBIT B

Gentlemen,

GMT Exploration Company LLC and The Allar Company (collectively referred to as "GMT") hereby propose to drill a vertical Morrow well to a total depth of 13,800' with a total completed cost of \$4,651,156.00 as detailed on the attached Authorization for Expenditure.

Per our telephone conversation, our drilling title opinion states that the R.E. Harding, Jr. Residuary Trust owns 3.125% operating rights in Lease E-1632-4 in the rights below 6,000 feet in the E/2NW/4 and E/2NE/4 of Section 28, Township 18 South, Range 34 East, Lea County, New Mexico. GMT proposes the aforementioned well as a standup proration unit encompassing the east half of said Section 28. Your interest in the well would be 0.78125%, arrived at by calculating (80 acres in the E/2NE/4) ÷ (320 total acres in E/2 unit) x 3.125%.

Should the R.E. Harding, Jr. Residuary Trust choose 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 are not interested in the project, GMT hereby offers to purchase a term assignment for two (2) years delivering to the R.E. Harding, Jr. Residuary Trust an overriding royalty interest equal to the difference between existing burdens and seventy-five percent (75.00%) net revenue

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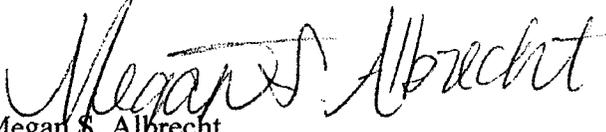
Megan S. Albrecht, Landman      [malbrecht@gmtexploration.com](mailto:malbrecht@gmtexploration.com)  
1560 Broadway, Suite 800      Denver, CO 80202  
Office: 720.946.3028 ext. 107 • Fax 720.946.3034

interest, proportionately reduced to your interest, in the State of New Mexico lease E-1632-4 for five hundred dollars (\$500.00) per acre.

Should you have any questions regarding this well proposal or offer to purchase, please don't hesitate to contact me at the email or telephone number indicated on the letterhead.

Best regards,

GMT Exploration Company LLC

  
Megan S. Albrecht  
Landman

Encl.

R.E. Harding, Jr. Residuary Trust hereby elects to participate in the NW Raptor #43-28.

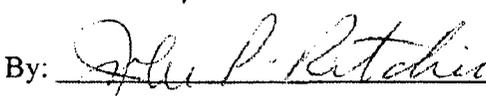
R.E. Harding, Jr. Residuary Trust hereby elects NOT to participate in the NW Raptor #43-28 and wishes to make a term assignment of its interest in the State of New Mexico Lease E-1632-4.

**R.E. Harding, Jr. Residuary Trust**

By: 

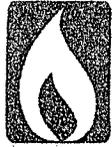
Name: Patrick H. Admire, Trustee

Date: 9/30/08

By: 

Name: John P. Ritchie, Trustee

Date: 9/30/08



# GMT EXPLORATION COMPANY LLC

ACQUISITIONS • EXPLORATION • PRODUCTION

September 5, 2008

Ms. Joan Fontaine  
PO Box 222600  
Carmel, CA 93922

VIA CERTIFIED MAIL: 7004 0550 0001 0756 5551

Ms. Joan Fontaine  
~~229~~ Lower Walden Rd.  
Carmel, CA 93923-9747

VIA CERTIFIED MAIL: 7004 0550 0001 0756 5568

229 A  
—

**RE: NW Raptor #43-28 Well Proposal  
1,980' FSL & 860' FEL  
E/2: Section 28-T18S-R34E  
Lea County, New Mexico**

Dear Ms. Fontaine,

GMT Exploration Company LLC and The Allar Company (collectively referred to as "GMT") hereby propose to drill a vertical Morrow well to a total depth of 13,800' with a total completed cost of \$4,651,156.00 as detailed on the attached Authorization for Expenditure.

Per our drilling title opinion, you own 0.625% operating rights in Lease E-1632-4 in the rights below 6,000 feet in the E/2NW/4 and E/2NE/4 of Section 28, Township 18 South, Range 34 East, Lea County, New Mexico. GMT proposes the aforementioned well as a standup proration unit encompassing the east half of said Section 28. Your interest in the well would be 0.15625%, arrived at by calculating  $(80 \text{ acres in the E/2NE/4}) \div (320 \text{ total acres in E/2 unit}) \times 0.625\%$ .

Should you choose 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 are not interested in the project, GMT hereby offers to purchase a term assignment for two (2) years delivering to you an overriding royalty interest equal to the difference between existing burdens and seventy-five percent (75.00%) net revenue interest, proportionately reduced to your interest, in the State of New Mexico lease E-1632-4 for five hundred dollars (\$500.00) per acre.

Should you have any questions regarding this well proposal or offer to purchase, please don't hesitate to contact me at the email or telephone number indicated on the letterhead.

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Megan S. Albrecht, Landman [malbrecht@gmtexploration.com](mailto:malbrecht@gmtexploration.com)  
1560 Broadway, Suite 800 Denver, CO 80202  
Office: 720.946.3028 ext. 107 • Fax 720.946.3034

Best regards,

GMT Exploration Company LLC

  
Megan S. Albrecht  
Landman

Encl.

Joan Fontaine hereby elects to participate in the NW Raptor #43-28.

Joan Fontaine hereby elects NOT to participate in the NW Raptor #43-28 and wishes to make a term assignment of its interest in the State of New Mexico Lease E-1632-4.

By:   
\_\_\_\_\_

Name: Joan Fontaine

Date: 10/15/08

SEP 19 2008

### GMT Exploration Co. LLC

AFE In PROCESS  
Capital Well & Workover AFE

DRILL AND COMPLETE  
Authorization For Expenditure

LEASE NAME/NO.:  
 PROSPECT NAME/NO.: Raptor  
 WELL NAME & NO.: NW Raptor #43-28 Federal Com. #1  
 FIELD: Wildcat  
 LOCATION: NESE Sec. 28 T18S-R34E  
 ESTIMATED DEPTH: 13,800'  
 PROJECT DESCRIPTION: Drill and complete a 13,800' TD Morrow test well in the Raptor prospect area. Well was staked at 1980' FSL & 80' FEL in the section. Objective zones are Lower Morrow, Atoka, Wolfcamp and First Bone Spring Carbonate. Optional 10-3/4" surface csg. & 7-5/8" int. casing may be utilized if available, as a possible cost savings measure.

AFE NO.: 08NM001  
 PROP. CODE NO.: TRP  
 FORMATION: Morrow  
 COUNTY/STATE: Lea, NM  
 APT NO.: 30-023  
 ESTIMATED SPUD DATE: 22-Nov-08

Sub-code	DESCRIPTION	DRILLING IDC = 1300	COMPLETION ICG = 1400	TOTAL
<b>INTANGIBLES</b>				
10 / -	Drilling: daywork	46 Days @ \$18,300	851,000	851,000
10 / 10	Completion rig/ Coiled Tubing Unit	12 Days @ \$6,500	78,000	78,000
04 / -	Drilling rig mobilization & RV Time		155,000	155,000
10 / -	Drilling: rat hole rig		6,400	6,400
<b>Drilling and Completion Rig Costs</b>				
02 / -	Drilling, surveys, permits		1,012,400	1,012,400
02 / -	Staking, surveys, permits		5,500	5,500
02 / -	Dirtwork: roads, locations includes pit line		55,000	55,000
02 / -	Other location costs		0	0
03 / 03	Right of way & surface damages		3,500	3,500
02 / 02	Location restoration		5,500	5,500
<b>Well Site Prep</b>				
22 / 22	Trucking & freight		64,000	64,000
- / 48	Hot oil truck work	10000 bbls heat wtr @ \$2.50	25,000	25,000
22 / 24	Vac trucks: hauling fluids from location	bbls haul @ \$1.55	12,000	12,000
18 / 18	Water: purchasing & hauling to location	bbls 2%KCl @ \$3.00	22,000	22,000
22 / 22	Water, sewage, trash & sludge disposal fees		1,700	1,700
<b>Trucking and Hauling</b>				
26 / 28	Logs & logging services openhole, CBL		45,000	45,000
84 / -	Geological services		5,000	5,000
88 / 88	Engineering services		6,000	6,000
44 / 44	DST, Well test & flow back		0	12,500
<b>Formation Evaluation</b>				
48 / 48	Labor: general		16,000	24,000
48 / 48	Contract welding		2,000	3,500
- / 48	Contract Electrical		0	0
62 / 62	Communications: radios, cell phones, etc. rig communications		4,000	2,500
20 / 20	Supervision: company	0 Days @ \$650	0	0
20 / 20	Supervision: contract	45 25 Days @ \$1,000	46,000	22,500
<b>Supervision and Labor</b>				
88 / -	Drilling Title Opinion		3,000	3,000
88 / 88	Insurance		4,300	4,300
88 / -	Pollution Control		5,000	5,000
88 / 88	Administrative overhead		3,000	3,000
<b>Land and Regulatory</b>				
14 / 14	Drill bits & reamers		85,000	4,500
16 / 16	Fluids: mud & chemicals		155,000	6,700
18 / 18	Fuel: gasoline & diesel	46 Days @ \$4,850.00	223,100	9,000
18 / 18	Fuel: propane		550	450
<b>Expendable Supplies</b>				
30 / -	Directional drilling	0 Days @ \$6,800	0	0
12 / 12	Other drilling & completion cost mud motor CBP's & frac plugs		29,000	18,000
28 / 28	Cementing services Surf & Int. Cso: Prod Csq:	\$115,000 \$77,760	115,000	77,760
48 / -	Cementing aids: float equipment		6,600	4,500
24 / -	Mud logging	35 days @ \$975 per day	34,125	34,125
- / 42	Stimulation: acidize & frac	3 fracs @ \$148,075 per frac+setup	482,725	482,725
48 / -	Laydown & casing crews		29,500	22,000
12 / -	Compressor rental		0	0
12 / 12	Equipment & tool rental	42 days @ \$3,425 per day	143,850	19,500
12 / -	Drill pipe rental Coiled Tubing Unit to Clean out		45,000	45,000
12 / 12	Tank rental		14,000	24,000
38 / 38	Equipment inspection & testing		9,800	6,900
32 / 32	Fishing		0	0
<b>Drilling and Completion Services</b>				
42 / 42	Perforating	6.0 perf runs @ \$6,550 per run	39,300	39,300
- / 36	Wireline services run broach, set stop & bumper spring for plunger lift, if needed		0	0
<b>Wireline Services</b>				
66 / -	Plug & abandon without completing		30,000	30,000
<b>Abandonment</b>				
<b>TOTAL INTANGIBLE COSTS</b>				
		2,171,925	980,335	3,152,260

Code	DESCRIPTION	DRILLING LWE = 840	COMPLETION LWE = 840	TOTAL
<b>TANGIBLES</b>				
142010	Storage tanks	2 300/400 bbl @ \$ 8,280 per tank	16,560	16,560
142018	Insulation		2,000	2,000
142019	Surface pumps		1,200	1,200
142014	Dehydrators		15,500	15,500
142004	Separators		14,000	14,000
142004	Heater-Treaters		0	0
142006	Pumping Unit		0	0
142018	Misc Lease Equipment		4,500	4,500
<b>Surface Equipment</b>				
142016	Pipe, Rowlines	1200 Feet @ \$6.67 per foot	8,004	8,004
142016	Laterals		0	0
142016	Pipeline		8,004	8,004
142016	Meter Runs & Flow Meters		7,000	7,000
142018	Valves & fittings	1 well hookup @ \$ 2,170 per kit	2,170	2,170
142018	Electrical Equipment		2,200	2,200
142018	Instruments & controls	1 meter & SCADA \$ 5,968 per kit	4,000	4,000
<b>Material and Parts</b>				
131002	Surface casing	1,850 Ft. 13-3/8" \$68.00	125,800	125,800
131004	Intermediate casing	5,100 Ft. 9-5/8" \$62.00	316,200	316,200
141006	Production casing	13,800 Ft. 4 1/2" P-110 \$26.50	365,700	365,700
131002	Conductor pipe		0	0
141008	Tubing	13,550 Ft. 2 3/8" \$10.13	137,262	137,262
<b>Tubulars</b>				
131008	Casing head, slips & valves		20,300	20,300
141014	Tubing heads, slips & valves		19,000	19,000
<b>Wellhead</b>				
141009	Lift Equipment (plunger)	plunger lift unit @ \$ 3,742 per kit	0	0
141009	Rods		0	0
141009	Sub-surface pumping equipment Nipple, Pump off bit sub		4,500	4,500
<b>Sub-Surface Equipment</b>				
13062	Contingencies	0%	0	0
<b>TOTAL TANGIBLE COSTS</b>				
		462,300	604,296	1,066,596

DRY HOLE COST 2,634,225  
 TOTAL INTANGIBLES (LESS P&A COSTS) 2,604,225  
 TOTAL TANGIBLES (EQUIPMENT) 462,300  
 TOTAL WELL COST (COMPLETED) w/Cont. 3,066,525

Prepared By: KEO/Connor Date: 26-JUL-08  
 GL Field Code: RWA Mustang Sally  
 GL Lessee/Well Code: TBD  
 GL Battery Code: TBD  
 GL Well Code: TBD NW Raptor #43-28 Federal Com #1  
 Company Code: 000000  
 Project Manager: \_\_\_\_\_  
 GMT Approval: Kevin E. O'Connell, VP-Operations Date: 24-Jul-08

W/O:	Working Interest Owner	Election	W.L.O. Signature	W.I. %	100.0000%	Dry Hole: \$2,634,225	Completed: \$4,881,185
W/O:	TBD	Yes / No	_____	W.I. %	_____	\$2	\$2
W/O:	_____	Yes / No	_____	W.I. %	_____	\$2	\$2
W/O:	_____	Yes / No	_____	W.I. %	_____	\$2	\$2
W/O:	_____	Yes / No	_____	W.I. %	_____	\$2	\$2

EXHIBIT