

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary-Designate

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**David Catanach**  
Division Director  
Oil Conservation Division



January 8, 2015

GMT Exploration Co. LLC  
ATT: Regulatory  
1560 Broadway, suite 2000  
Denver, CO 80202

RE: Pirate State #001H-O, 16-24s-34e, API # 30-025-40566  
Merchant Livestock 19 State #002H-N, 19-22s-35e, API # 30-025-41675

Dear Operator:

The following inspection(s) of the well files indicate that the well(s) have been drilled, but the operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail attachments. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situations brought into compliance.

Rule 19.15.16 states that completion forms must be filed within 20 days after completion of the well. Per each attachment is a list of what is required for each well.

Please Note: Delay in processing of regulatory forms may result in operator receiving production and dispositions error messages generated by C-115 reporting.

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due" by January 30, 2015, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon these wells.

Sincerely,

*Donna Mull*

Line Manager  
Hobbs OCD District Office

API # <del>30-025-41675</del>	OPERATOR GMT EXPLORATION CO. LLC	WELL NAME <del>MERCHANT</del> <del>LIVESTOCK 19 STATE</del>	WELL # 002H

We have received your completion paperwork on the well listed above. However, before we can approve it, we need the following submitted: (Marked by XXXXX)

	Need C-103 or BLM 3160-5 Subsequent Report on all strings of Casing & Cement
	Need C-103 or BLM 3160-5 Subsequent Report on how well was completed
	Need Deviation Survey
	Need Directional Drill Survey
	Need C-102 with correct Bottomhole Location (Directional or Horizontal wells only)
	Need to submit logs run on well
XXXXXX	Need C-104
	Need C-105 or BLM 3160-4

	Missing info on C-103
	Missing info on C-104
	Missing info on C-105
	Need logs run on well

	OTHERS
XXXXXX	The C-104 required must be completely filled out. Box 3 with NW & effective date.
	Well test Data is also required on this form.

With the exception of logs, these can be submitted by e-mail. Please notify me by email when sending information requested

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API # <u>30-025-40566</u>	OPERATOR GMT EXPLORATION CO LLC	WELL NAME <u>PIRATE STATE</u>	WELL # <u>001H</u>

We have received your completion paperwork on the well listed above. However, before we can approve it, we need the following submitted: (Marked by XXXXX)

	Need C-103 or BLM 3160-5 Subsequent Report on all strings of Casing & Cement
	Need C-103 or BLM 3160-5 Subsequent Report on how well was completed
	Need Deviation Survey
	Need Directional Drill Survey
	Need C-102 with correct Bottomhole Location (Directional or Horizontal wells only)
	Need to submit logs run on well
XXXXX	Need C-104
XXXXX	Need C-105 or BLM 3160-4

	Missing info on C-103
	Missing info on C-104
	Missing info on C-105
	Need logs run on well

	OTHERS

With the exception of logs, these can be submitted by e-mail. Please notify me by email when sending information requested

PLEASE NOTE: Delay in processing of regulatory forms may result in operator receiving production and dispositions error messages generated by C-115 reporting.