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February 28, 2017

Florene Davidson
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Dear Florene:

Enclosed for filing, on behalf of GMT Exploration Company LLC, are an application for compulsory pooling, *etc.*, together with a proposed advertisement. Please set the application for the March 30, 2017 Examiner hearing. Thank you.

Very truly yours,


James Bruce

Attorney for GMT Exploration Company LLC

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Case 15660

Parties Being Pooled

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

BEFORE THE NEW MEXICO 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.**

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Case No. 15660

APPLICATION

GMT Exploration Company LLC applies for an order (i) approving a non-standard oil spacing and proration unit in the Bone Spring formation comprised of the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 2, Township 22 South, Range 34 East, N.M.P.M., Lea County, New Mexico, and (ii) pooling all mineral interests in the Bone Spring formation underlying the non-standard unit, and in support thereof, states:

1. Applicant is an interest owner in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 2, and has the right to drill a well thereon.
2. Applicant proposes to drill its Squeeze State Com. Well No. 1H to a depth sufficient to test the Bone Spring formation. Applicant seeks to dedicate the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 2 to the well to form a non-standard 160 acre oil spacing and proration unit (project area) in the Bone Spring formation. The well is a horizontal well, with a surface location in the SE $\frac{1}{4}$ SW $\frac{1}{4}$, and a terminus in the NE $\frac{1}{4}$ NW $\frac{1}{4}$, of Section 2.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E $\frac{1}{2}$ W $\frac{1}{2}$ of Section 2 for the purposes set forth herein.
4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their interests.

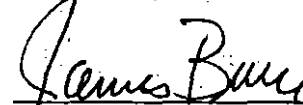
Therefore, applicant seeks an order pooling all mineral interest owners in the E½W½ of Section 2, pursuant to NMSA 1978 §§70-2-17, 18.

5. Approval of the non-standard unit and the pooling of all mineral interests underlying the E½W½ of Section 2 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Approving a non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E½W½ of Section 2;
- B. Pooling all mineral interests in the Bone Spring formation underlying the E½W½ of Section 2;
- C. Designating applicant as operator of the well;
- D. Considering the cost of drilling and completing the well, and allocating the cost among the well's working interest owners;
- E. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- F. Setting a 200% charge for the risk involved in drilling and completing the well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for GMT Exploration Company
LLC

PROPOSED ADVERTISEMENT

Case No 17660:

Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico. GMT Exploration Company LLC seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the E/2W/2 of Section 2, Township 22 South, Range 34 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the non-standard unit (project area). The unit will be dedicated to the Squeeze State Com. Well No. 1H, a horizontal well with a surface location in the SE/SW/4, and a terminus in the NE/4NW/4, of Section 2. The beginning and end of the productive interval will be orthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 12 miles west-southwest of Oil Center, New Mexico.

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