

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.

VERIFICATION

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)


Megan S. Albrecht, being duly sworn upon his oath, deposes and states that: She is a landman for GMT Exploration Company LLC; she is authorized to make this verification on its behalf; she has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of her knowledge, information, and belief.


Megan S. Albrecht

SUBSCRIBED AND SWORN TO before me this 14 day of October, 2008 by
Megan S. Albrecht.

My Commission Expires:

May 8, 2010



Notary Public



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

EXHIBIT <u>A</u>		OPERATOR CERTIFICATION <i>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.</i> Signature _____ Date _____ Printed Name _____
		SURVEYOR CERTIFICATION <i>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.</i> JULY 7, 2008 Date Surveyed _____ Signature & Seal _____ Professional Surveyor Certificate No. Gary L. Jones 7977 BASIN SURVEYS



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 $(80 \text{ acres in the E/2NE/4}) \div (320 \text{ total acres in E/2 unit}) \times 3.125\%$.

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

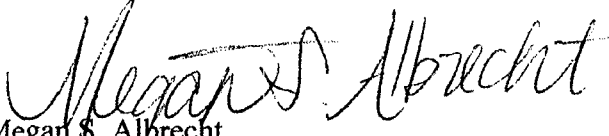
Megan S. Albrecht, Landman malbrecht@gmtexploration.com
1560 Broadway, Suite 800 Denver, CO 80202
Office: 720.946.3028 ext. 107 • Fax 720.946.3034

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.

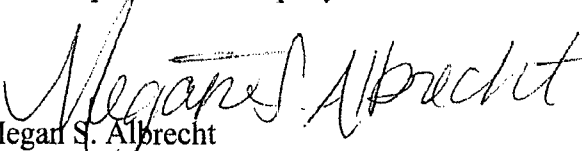
If you are not interested in the project, GMT hereby offers to purchase a term assignment for two (2) years delivering to you an overriding royalty interest equal to the difference between existing burdens and seventy-five percent (75.00%) net revenue interest, proportionately reduced to your interest, 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.

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

Best regards,

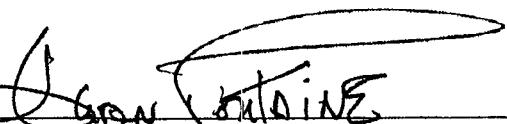
GMT Exploration Company LLC


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 DRILL AND COMPLETE Authorization For Expenditure									
LEASE NAME/NO.: PROSPECT NAME/NO.: Rantor WELL NAME & NO.: NW Rantor #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 & 860' 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 API NO.: 30-023 ESTIMATED SPUD DATE: 22-Nov-08				
Sub-code	INTANGIBLES				DRILLING IDC = 1300	COMPLETION ICG = 1400	TOTAL		
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	
10 / -	Drilling and Completion Rig Costs				1,012,400	78,000		1,090,400	
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				0	5,500		5,500	
	Well Site Prep				64,000	5,500		69,500	
22 / 22	Trucking & freight				45,000	15,000		60,000	
- / 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	0		12,000	
18 / 18	Water: purchasing & hauling to location		bbls 2%KCl @	\$3.00	22,000	20,000		42,000	
22 / 22	Water, sewage, trash & sludge disposal fees				1,700	2,000		3,700	
	Trucking and Hauling				80,700	62,000		142,700	
26 / 28	Logs & logging services openhole, CBL				45,000	9,500		54,500	
64 / -	Geological services				5,000			5,000	
68 / 68	Engineering services				6,000			6,000	
44 / 44	DST, Well test & flow back				0	12,500		12,500	
	Formation Evaluation				56,000	22,000		78,000	
48 / 48	Labor: general				16,000	24,000		40,000	
48 / 48	Contract welding				2,000	3,500		5,500	
- / 48	Contract Electrical				0	0		0	
62 / 62	Communications: radios, cell phones, etc. rig communications				4,000	2,500		6,500	
20 / 20	Supervision: company	0	Days @	\$650	0	0		0	
20 / 20	Supervision: contract	45	Days @	\$1,000	46,000	22,500		68,500	
	Supervision and Labor				68,000	52,500		120,500	
58 / -	Drilling Title Opinion				3,000			3,000	
58 / 58	Insurance				4,300			4,300	
60 / -	Pollution Control				5,000			5,000	
68 / 68	Administrative overhead				3,000			3,000	
	Land and Regulatory				15,300	0		15,300	
14 / 14	Drill bits & reamers				85,000	4,500		89,500	
16 / 16	Fluids: mud & chemicals				155,000	6,700		161,700	
18 / 18	Fuel: gasoline & diesel	46	Days @	\$4,850.00	223,100	9,000		232,100	
18 / 18	Fuel: propane				550	450		1,000	
	Expendable Supplies				463,650	20,650		484,300	
30 / -	Directional drilling	0	Days @	\$6,800	0	0		0	
12 / 12	Other drilling & completion cost mud motor				29,000	18,000		47,000	
28 / 28	Cementing services Surf & Int. Cso: CBP's & Frac plugs	\$115,000	Prod Csg:	\$77,760	115,000	77,760		192,760	
48 / -	Cementing aids: float equipment				6,600	4,500		11,100	
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		51,500	
12 / -	Compressor rental				0			0	
12 / 12	Equipment & tool rental	42	days @	\$3,425 per day	143,850	19,500		163,350	
12 / -	Drill pipe rental					45,000		45,000	
12 / 12	Tank rental				14,000	24,000		38,000	
38 / 38	Equipment inspection & testing				9,800	6,900		16,700	
32 / 32	Fishing							0	
	Drilling and Completion Services				381,875	700,385		1,082,260	
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	
	Wireline Services				0	39,300		39,300	
66 / -	Plug & abandon without completing				30,000			30,000	
	Abandonment				30,000	0		30,000	
	TOTAL INTANGIBLE COSTS				2,171,925	980,335		3,152,260	
Code	TANGIBLES				DRILLING LWE = 840	COMPLETION LWE = 840	TOTAL		
142010	Storage tanks	2	300/400 bbl @	\$ 6,280 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	
	Surface Equipment					53,760		53,760	
142016	Pipe, Rowlines	1200	Feet @	\$6.67 per foot		8,004		8,004	
142016	Lateralis					0		0	
	Pipelines					8,004		8,004	
142016	Meter Runs & Flow Meters					7,000		7,000	
142018	Valves & fittings	1	well hookup @	\$ 2,170 per kit		2,870		2,870	
142018	Electrical Equipment					2,200		2,200	
142018	Instruments & controls	1	meter & SCADA	\$ 5,968 per kit		4,000		4,000	
	Material and Parts					16,070		16,070	
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	
	Tubulars					442,000		442,000	
131008	Casing head, slips & valves					20,300		20,300	
141014	Tubing heads, slips & valves					19,000		19,000	
	Wellhead					20,300		20,300	
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	
	Sub-Surface Equipment					4,500		4,500	
13062	Contingencies	0%				0		0	
	TOTAL TANGIBLE COSTS					462,300	604,296	1,066,596	
					DRY HOLE COST	2,634,225			
					TOTAL INTANGIBLES (LESS P&A COSTS)	2,604,225	980,335	3,584,560	
					TOTAL TANGIBLES (EQUIPMENT)	462,300	604,296	1,066,596	
					TOTAL WELL COST (COMPLETED) w/Cont.	3,066,525	1,584,631	4,651,156	
Prepared By: KEO/Conner Date: 26-JUL-08 GL Field Code: RWA Mustang Sally GL Lease/Unit Code: TBD GL Battery Code: TBD GMT Approval: Kevin E. O'Connell, VP-Operations Working Interest Owner: TBD Election: Yes / No W.I.O. Signature: _____ W.I. %: 100.0000% Dry Hole: Completed: \$2,634,225 \$4,881,185 W.I. %: \$2 \$2 W.I. %: \$2 \$2 W.I. %: \$2 \$2 W.I. %: \$2 \$2									

EXHIBIT