

HOBBS OCD

SURFACE USE PLAN
GMT Exploration Company, LLC
Pryor State # 4H

NOV 15 2012

EG 11-19-2012
RECEIVED

Surface Location: 20' FNL & 430' FWL, Section 1, T23S-R34E
Bottom Hole Location: 330' FSL & 430' FWL, Section 1, T23S-R34E
Lea County, New Mexico
FEDERAL LEASE No. NMNM-127446

1. Existing Roads

- a. The well site and elevation plat for the proposed well are reflected on the well site layout; Form C-102 (Exhibit 1) and Well Pad Topo (Exhibit 2). The well was staked by Basin Surveys.
- b. All existing roads within the vicinity of the well are depicted topographic, geographic and aerial maps of Exhibit 3 (3 pages).
- c. The existing lease road will be maintained in the same or better condition. A regular maintenance program will include, but is not limited to, blading, ditching, culvert installation and surfacing.
- d. Directions to Location: From the junction of Antelope and Delaware Basin Road, go East of Delaware Basin for 1.3 miles to the existing lease road, on lease road go North 1.0 miles turning Northeast 1,677' to proposed lease road.

2. Access Roads to be Constructed and/or Reconstructed

- a. Exhibit 2 shows the proposed 0' of new access road. All new access road will be constructed as follows. The maximum width of the road will be 15'. It will be crowned and made of 6" rolled and compacted caliche. Water will be deflected, as necessary to avoid accumulation and prevent surface erosion.
- b. Surface material will be native caliche. This material will be obtained from a BLM approved pit nearest in proximity to location. The average grade will be approximately 1%.
- c. No cattle guards, grates or fence cuts will be necessary. No turnouts are planned.

3. Location of Existing Wells within 1-Mile Radius of the Proposed Location:

- | | |
|-----------------------------|----------------|
| a. Existing wells | See Exhibit 4. |
| b. Injection/Disposal Wells | None. |
| c. Drilling Wells | None. |
| d. Proposed Wells | See Exhibit 4. |
| e. Water Wells | None. |
| f. Plugged Wells | See Exhibit 4. |

NOV 19 2012

4. Location of Existing and/or Proposed Facilities if the Well is Productive

- a. If the well is productive, a tank battery will be utilized and the necessary production equipment will be installed at the well site. See Well Site Layout diagram. (Exhibit 5)
- b. The tank battery will be surrounded by an earthen berm of sufficient size to contain the capacity 110% of the largest tank volume and account for the volume arising from the equipment footprint within the berm. If the equipment is placed on sandy soil that will not allow for the berm to be impenetrable for at least 72 hours, the berm will be lined.
- c. All permanent above-ground structures not subject to safety requirements will be painted to blend with the natural color of the landscape. The paint used will be a color that simulates the "Standard Environmental Colors" as specified in the COA's.
- d. All access roads will be upgraded and maintained as necessary to prevent erosion and accommodate year-around traffic if the well is a producer.
- e. In the event of production, the following items will be done:
 - i. All site-security guidelines identified in 43 CFR 3162.7 regulations will be adhered to.

5. Location and Type of Water Supply

This location will be drilled using a combination of water mud systems (outline in the Drilling Program). The water will be obtained from a private water well, for drilling and completion work. If additional water is needed, it will be obtained from commercial water stations in the area and hauled to location by transport truck using the existing proposed roads shown in the C-102.

6. Construction Methods

- a. Construction methods employed will follow the standard procedures and requirements of the BLM on Federal lands.
- b. Surface and subsoil materials along the roadway will be utilized.
- c. No construction materials will be removed from Federal lands.
- d. Any materials to be used which are under BLM jurisdiction shall be approved in advance as per CFR 3610.2-3.

7. Methods for Handling Waste Disposal

- a. Drill cuttings will be disposed.
- b. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in an approved sanitary landfill.

- c. All state and local laws and regulations pertaining to disposal of human and solid waste shall be complied with. GMT will hire a commercial company to provide outhouses on location. The outhouses on location with holding tanks are serviced by the commercial company once a week.
- d. GMT and its contractor(s) maintain a file, per 29 CFR 1910.1200 (g) containing current Material Safety Data Sheets (MSDS) for all chemicals, compounds, and/or substances, which are used during the course of construction, drilling completion, and production operations for this project. Hazardous materials, which may be found at the site, may include drilling mud and cement products, which are primarily inhalation hazards, fuels (flammable and/or combustible), materials that may be necessary for well completion/stimulation activities such as flammable or combustible substances and acids/gels (corrosives). The opportunity for Superfund Amendments and Reauthorization Act (SARA) listed Extremely Hazardous Substances (EHS) at the site is generally limited to proprietary treating chemicals. All hazardous and EHS and commercial preparations will be handled in an appropriate manner to minimize the potential for leaks or spills to the environment. GMT Exploration Company, LLC maintains an Emergency Response Plan which includes notifying the BLM of all reportable spills of oil, produced water, and hazardous substances.

8. Ancillary Facilities

No campsite or other ancillary facilities will be constructed as a result of this well.

9. Well site Layout

- a. Exhibit 6 shows the Rig Location Layout with the dimensions of the pad layout.
- b. Mud pits in the active circulating system will be steel pits.
- c. A closed loop system will be utilized.
- d. If a pit or closed loop system is utilized, GMT Exploration Company will comply with NMOCD requirements 19.15.17 and submit form C-144 to the appropriate NMOCD District Office. A copy to be provided to the BLM.

10. Plans for Surface Reclamation

- a. After concluding the drilling and/or completion operations, if the well is found non-commercial, the caliche will be removed from the pad and transported to the original caliche pit or used for other drilling locations. The road will be reclaimed to near original conditions and the original top soil will be returned to the pad and contoured, as close as possible, to the original topography.

b. Exhibit 5 depicts the interim reclamation to be performed.
TN 11/6/12

11. Surface Ownership

The surface is owned by the State of New Mexico. The surface is for multiple uses with the primary uses of the region for the grazing of livestock and the production of oil and gas.

12. Other Information

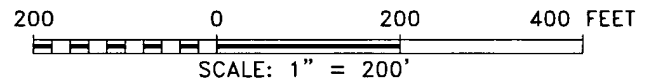
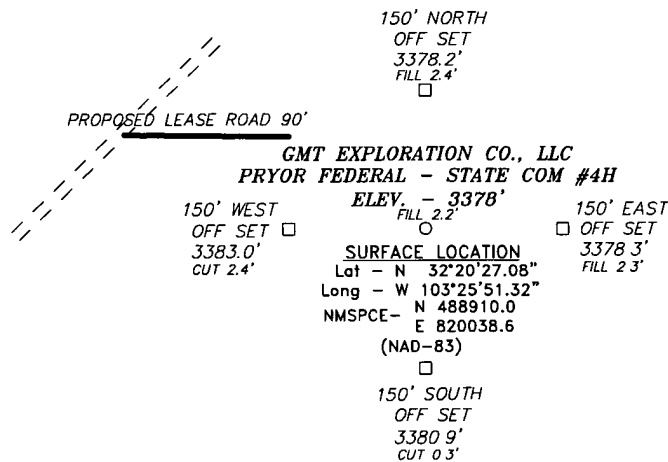
- a. The area surrounding the well site is grassland. The topsoil is very sandy in nature. The vegetation is moderately sparse with native prairie grass, sage brush, yucca and miscellaneous weeds.
- b. There is no permanent or live water in the general proximity of the location.
- c. There are no dwellings within 2 miles of location.
- d. The Carlsbad Field office (BLM) 575-234-5972 is to be advised when road and pad construction will begin.
- e. "Sundry Notice and Report of Well" (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 32 CFR 3164.
- f. The dirt contractor will be provided with an approved copy of the surface use plan.
- g. All survey monuments found within the area of operations shall be protected. Survey monuments include, but are not limited to, General Land Office and Bureau of Land Management Cadastral Survey Corners, reference corners, witness points, military control monuments and recognizable civil, both public and private, survey monuments. In the event of obliteration or disturbance of any of the above, the incident shall be reported in writing to the authorized officer.

13. Lessee's or Operator's Representative and Certification

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access route; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

SECTION 1, TOWNSHIP 23 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



Directions to Location:

FROM THE JUNCTION OF ANTELOPE AND DELAWARE,
GO EAST ON DELAWARE FOR 1.3 MILES TO LEASE
ROAD, ON LEASE ROAD GO NORTH 1.0 MILES
TURNING NORTHEAST 1677' TO PROPOSED LEASE
ROAD.

GMT EXPLORATION CO., LLC

REF PRYOR FEDERAL - STATE COM #4H / WELL PAD TOPO

THE PRYOR FEDERAL - STATE COM #4H LOCATED 20'

FROM THE NORTH LINE AND 430' FROM THE WEST LINE OF

SECTION 1, TOWNSHIP 23 SOUTH, RANGE 34 EAST,

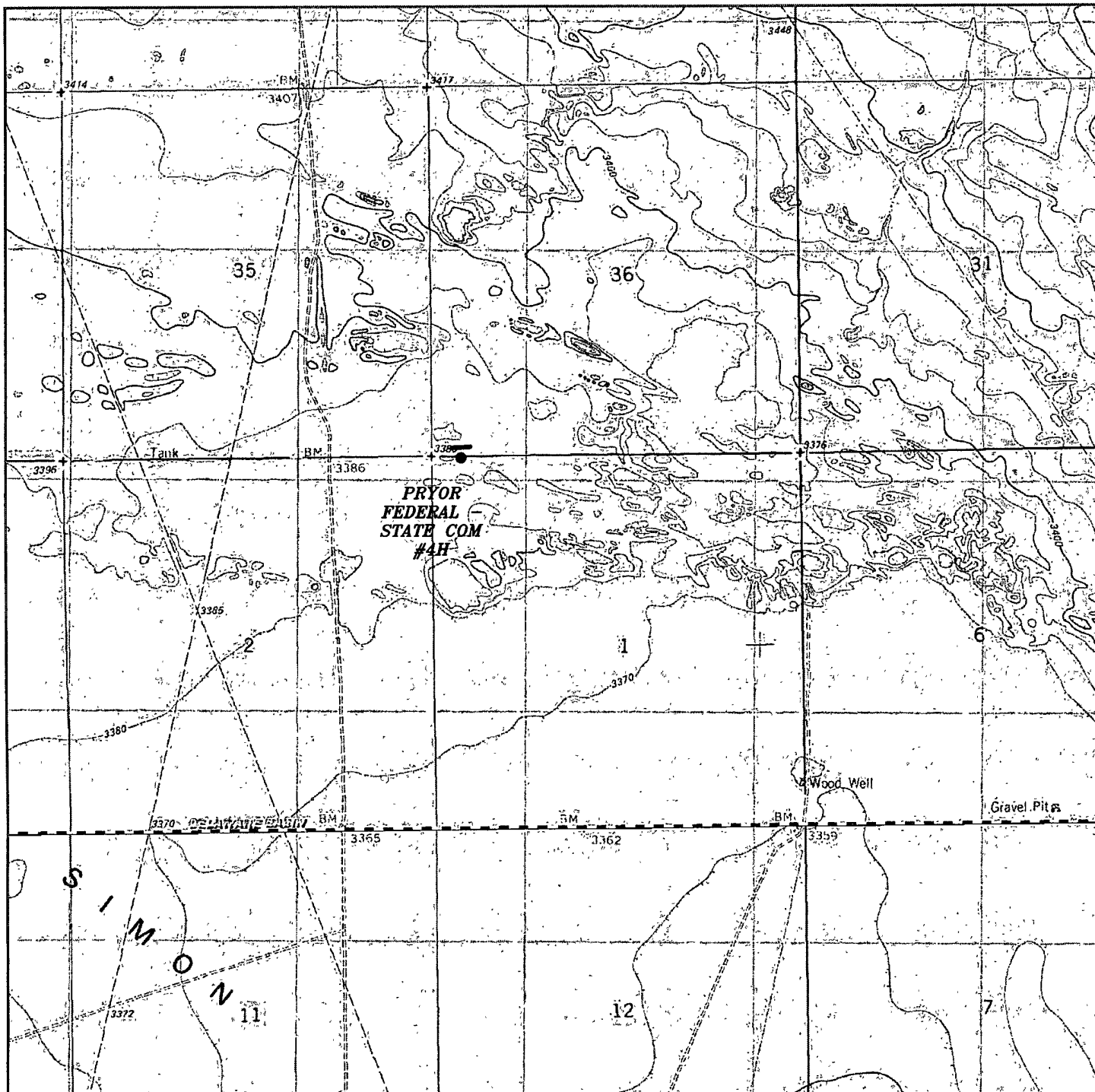
N.M.P.M., LEA COUNTY, NEW MEXICO.

BASIN SURVEYS P.O. BOX 1786-HOBBS, NEW MEXICO

W.O. Number: 27060 Drawn By: D.JONES

Date: 07-16-2012 Disk: DAJ 27060

Survey Date: 07-13-2012 Sheet 1 of 1 Sheets



PRYOR FEDERAL - STATE COM #4H
 Located 20' FNL and 430' FWL
 Section 1, Township 23 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.

basin
surveys

focused on excellence
 in the oilfield

P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number: DAJ 27060

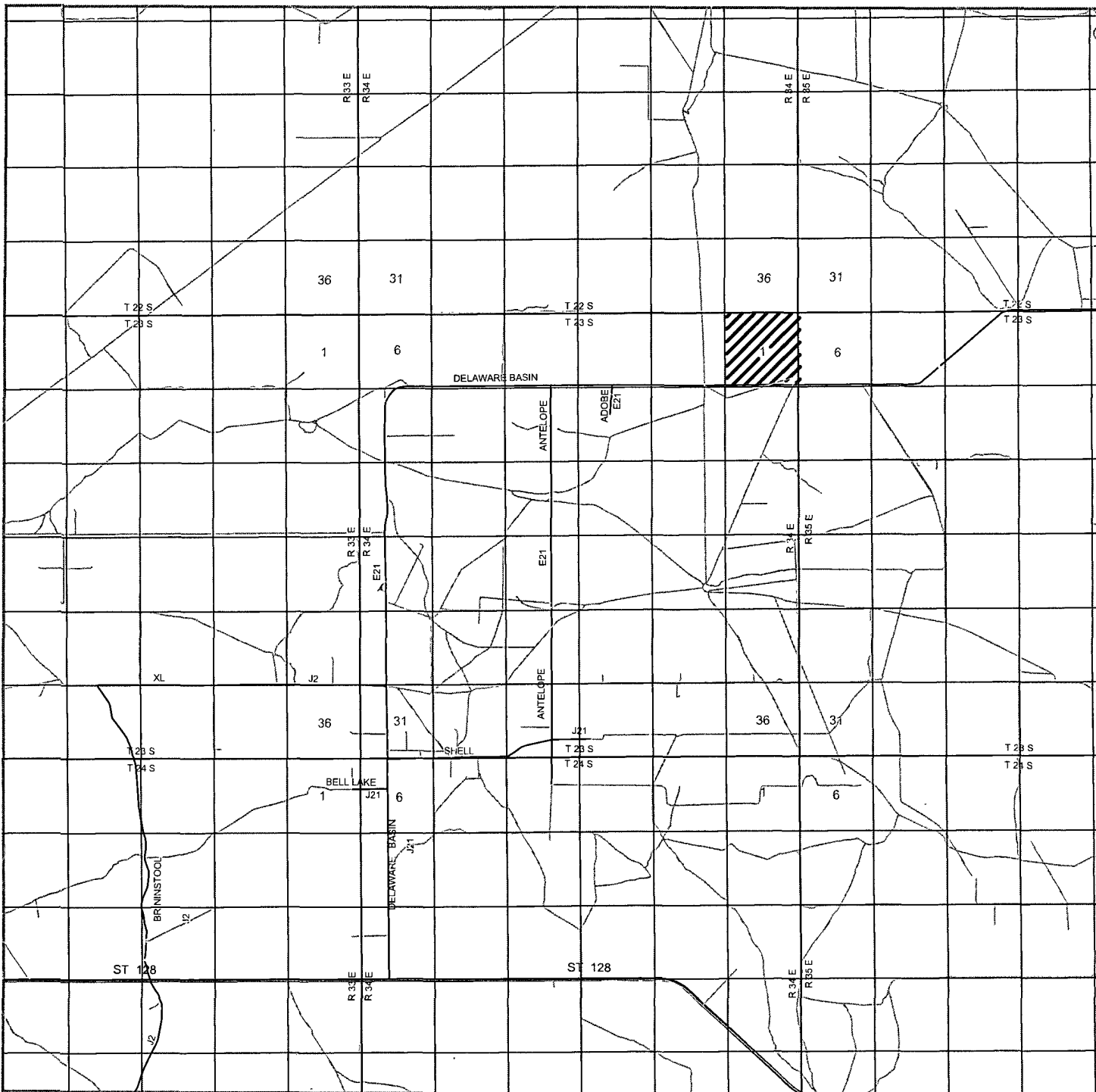
Survey Date: 07-13-2012

Scale: 1" = 2000'

Date: 07-16-2012



GMT
EXPLORATION
CO., LLC



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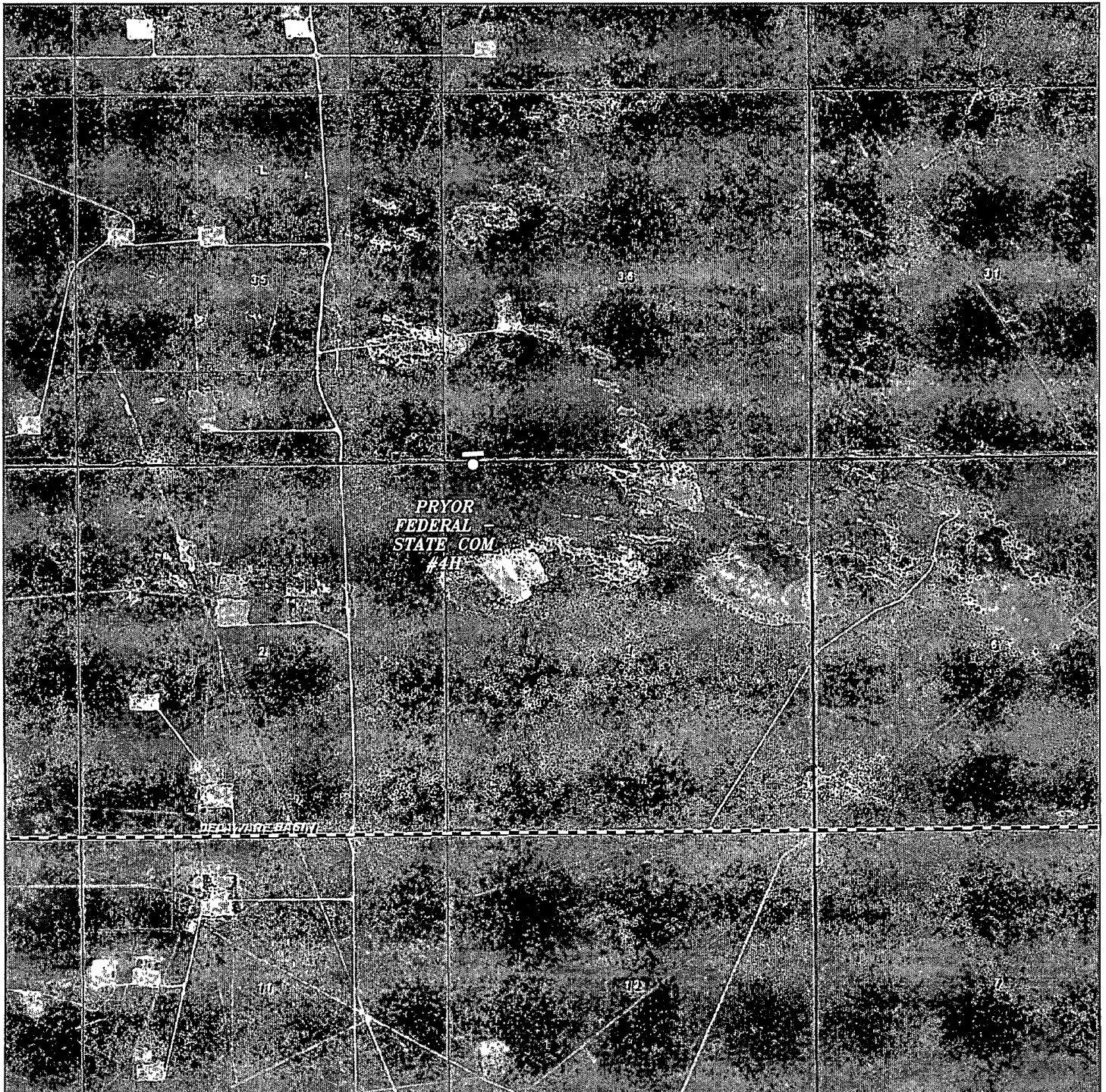
W.O. Number: DAJ 27060

Survey Date: 07-13-2012

Scale: 1" = 2 Miles

Date: 07-16-2012

GMT
 EXPLORATION
 CO., LLC



PRYOR FEDERAL - STATE COM #4H
 Located 20' FNL and 430' FWL
 Section 1, Township 23 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.

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W.O. Number: DAJ 27060

Scale: 1" = 2000'

YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND

GMT
 EXPLORATION
 CO., LLC

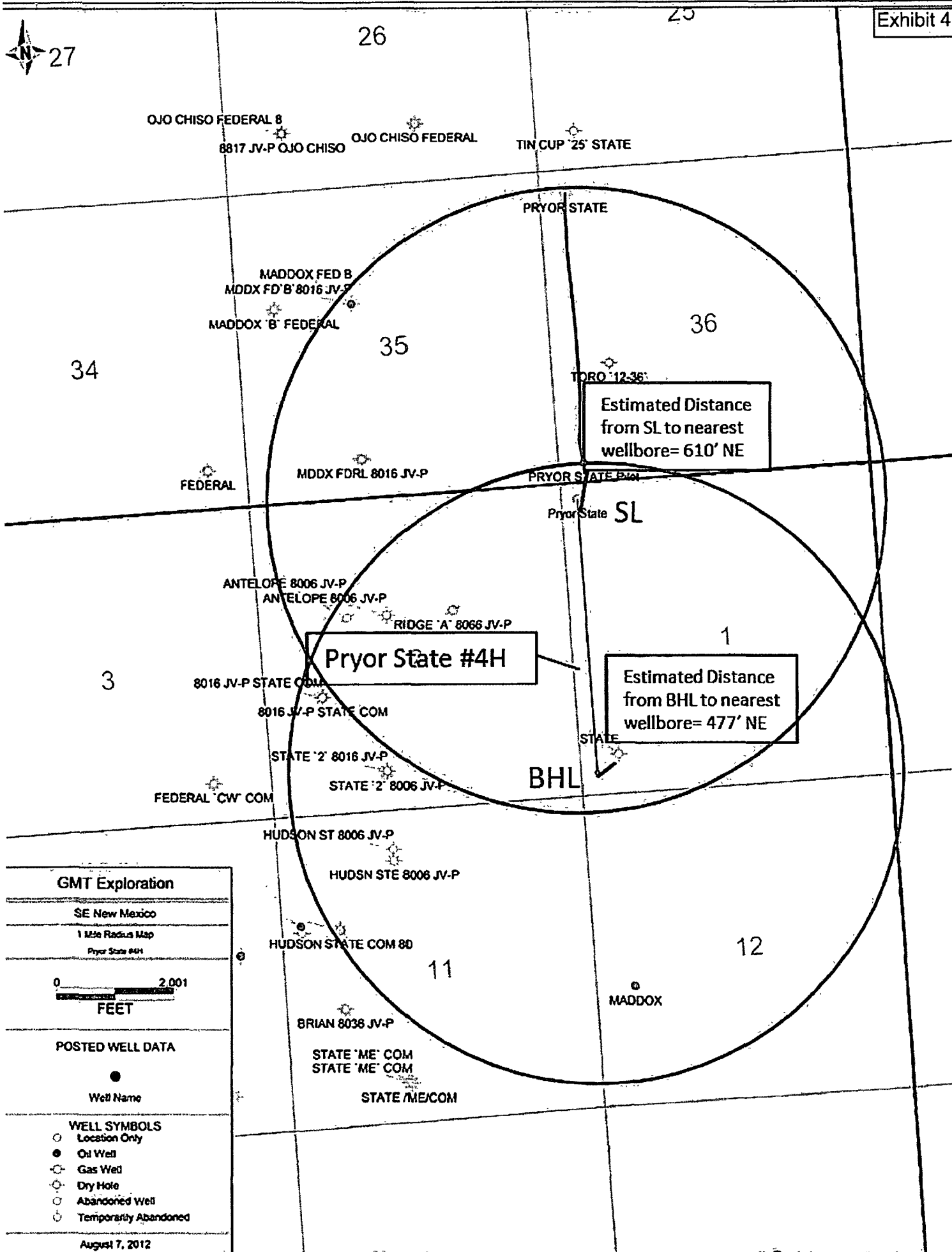


Exhibit 4

Wells in 1 Mile Radius of SL			
API	Company	Well Name	Qrt/Qrt Location
30025279410000	BTA Oil Producers	MDDX FD 'B' 8016 JV-P #1	Sec 35 T22S R34E
30025278240000	BTA Oil Producers	MDDX FDRL 8016 JV-P #1	Sec 35 T22S R34E
30025271660000	BTA Oil Producers	Antelope 8006 JV-P #1	Sec 2 T23S R34E
Plugged Wells in a 1 Mile Radius of SL			
30025300920000	Maxus Exploration Company	TORO '12-36' #1	Sec 36 T22S R34E
30025084820000	Hargraves Allan	STATE #1	Sec 1 T23S R34E
30025270970000	BTA Oil Producers	Ridge 'A' 8066 JV-P #1	Sec 2 T23S R34E
30025277600000	BTA Oil Producers	Antelope 8006 JV-P #2	Sec 2 T23S R34E

Wells in 1 Mile Radius of BHL			
API	Company	Well Name	Qrt/Qrt Location
30025271660000	BTA Oil Producers	Antelope 8006 JV-P #1	Sec 2 T23S R34E
30025317390000	BTA Oil Producers	8016 JV-P STATE COM #2	Sec 2 T23S R34E
30025273640000	BTA Oil Producers	HUDSN STE 8006 JV-P #1Y	Sec 11 T23S R34E
30025316130001	BTA Oil Producers	HUDSON STATE COM 80 #2	Sec 11 T23S R34E
30025272000000	Mid-America Petroleum	Maddox #1	Sec 12 T23S R34E
30025274860000	BTA Oil Producers	STATE '2' 8006 JV-P #1	Sec 2 T23S R34E
Plugged Wells in a 1 Mile Radius of BHL			
30025277600000	BTA Oil Producers	Antelope 8006 JV-P #2	Sec 2 T23S R34E
30025273100000	BTA Oil Producers	HUDSON ST 8006 JV-P #1	Sec 11 T23S R34E
30025084820000	Hargraves Allan	STATE #1	Sec 1 T23S R34E
30025270970000	BTA Oil Producers	Ridge 'A' 8066 JV-P #1	Sec 2 T23S R34E



GMT EXPLORATION COMPANY LLC

ACQUISITIONS • EXPLORATION • PRODUCTION

September 24, 2012

HOBBS OCD

NOV 15 2012

Bureau of Land Management – Carlsbad Office
620 East Greene Street
Carlsbad, NM 88220

RECEIVED

**RE: Operator's Representative and Certification
Pryor Federal State Com 4H**

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the drill site and access route; that I am familiar with the conditions which currently exist; that I have full knowledge of state and Federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

Executed this 24 day of September, 2012.

GMT Exploration Company, LLC
Phil Wood
Vice President
1560 Broadway Suite 2000
Denver, CO 80202
(303) 586-9284

Field Representative:
B.J. Cox
1025 9th Street
Rock Springs, WY 82901
(307)354-8895

Philip G. Wood
GMT Exploration Company, LLC



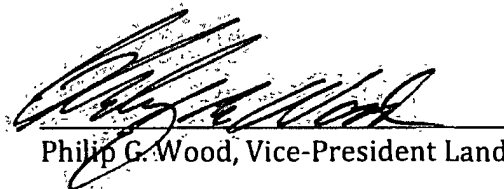
GMT EXPLORATION COMPANY LLC

ACQUISITIONS • EXPLORATION • PRODUCTION

August 6, 2012

SELF-CERTIFICATION STATEMENT

Please be advised that GMT Exploration Company, LLC is the operator of the Pryor State 4H well; located in Lot 4 of Section 1, Township 23 South, Range 34 East. Lease Numbers NMNM- 127446 (N/2) and VB-1310 (SW/4), Lea County, New Mexico; and is responsible under the terms and conditions of the lease and for the operations conducted upon leased lands. Bond coverage is provided under BLM Bond Number RLB0014473.



Philip G. Wood, Vice-President Land

Philip G. Wood, Vice-President Land **pwood@gmtexploration.com**

1560 Broadway, Suite 2000 Denver, CO 80202

Office: 303.586.9284 • Fax 720.946.3034



RLB0014473

RLI Surety
A division of RLI Insurance Company

POWER OF ATTORNEY RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: JASON T. KILPATRICK in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$25,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

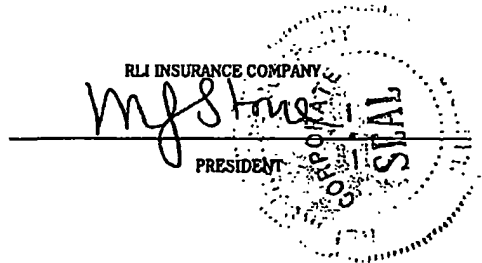
(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

State of Illinois)
County of Peoria) SS



On this 16 day of May 2012 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler
Notary Public



SPA028 (03/11)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6508)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

RLB0014473

Lease Serial Number (For Individual Bond Only)

CHECK ONE ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE

☒ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT GMT Exploration Company LLC

(name)

of 1560 Broadway Suite 2000 Denver, Colorado 80202

(address)

as principal, and RLI Insurance Company

(name)

of 8 Greenway Plaza, Suite 400 Houston, TX 77046, as surety,

(address)

are held and firmly bound unto the United States of America in the sum of Twenty-Five Thousand and No/100

dollars (\$ 25,000.00),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☐ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That _____

(name)

of _____, as principal, is held and firmly

(address)

bound unto the United States of America in the sum of _____

dollars (\$ _____), lawful money of the United States which sum may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States negotiable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whenever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply the bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lessee, permittee, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ **NATIONWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☒ **STATEWIDE BOND** — Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of NEW MEXICO.

☐ **INDIVIDUAL BOND** — Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND — This bond shall cover:

☐ **NPR-A LEASE BOND** — The terms and conditions of a single lease.

☐ **NPR-A WIDE BOND** — The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on page 2)

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPR-A bond as fully and to the same extent as though his/her or their duly, authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interests in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by commitment of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of oper-

ations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

d. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lessee(s) or operating rights owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lessee or operating rights owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lessee or operating rights owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lessor in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lessee(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE If said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

Signed this 16th day of May, 20 12, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

BY: _____

BY: _____

BY: Jessica Campos
8 Greenway Plaza, Suite 400 Houston, TX 77046

BY: Nancy Cruz
8 Greenway Plaza, Suite 400 Houston, TX 77046

If this bond is executed by a corporation, it must bear the seal of that corporation.

GMT Exploration Company LLC

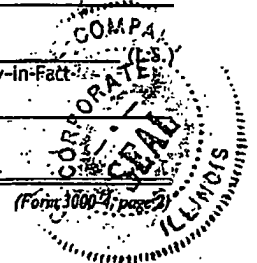
(Principal) (L.S.)

1560 Broadway Suite 2000 Denver, Colorado 80202

RLI Insurance Company (Business Address)

Jason T. Kilpatrick (Surety) Attorney-in-Fact

8 Greenway Plaza, Suite 400 Houston, TX 77046
(Business Address)



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