

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico

Form C-101
Revised August 1, 2011

Energy Minerals and Natural Resources

HOBBS OCD

Oil Conservation Division

Permit

1220 South St. Francis Dr.

JAN 24 2013

Santa Fe, NM 87505

RECEIVED

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|---|---|
| ¹ Operator Name and Address GMT Exploration Company, LLC 1560 Broadway, Suite 2000 Denver, CO 80202 | | ² OGRID Number 260511 |
| | | ³ API Number 30-025-40934 |
| ⁴ Property Code 39656 | ⁵ Property Name Merchant Livestock State Com 24 | ⁶ Well No. 1H |

⁷ Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| M | 24 | 22S | 34E | | 20 | South | 380 | West | Lea |

⁸ Pool Information

Ojo Chiso; Bone Spring, South 97293

Additional Well Information

| | | | | |
|------------------------------|---|--|-------------------------------------|---|
| ⁹ Work Type N | ¹⁰ Well Type O | ¹¹ Cable/Rotary R | ¹² Lease Type S | ¹³ Ground Level Elevation 3466' |
| ¹⁴ Multiple NO | ¹⁵ Proposed Depth 16350' MD | ¹⁶ Formation Bone Spring | ¹⁷ Contractor Unknown | ¹⁸ Spud Date 02/01/2013 |
| Depth to Ground water | | Distance from nearest fresh water well | | Distance to nearest surface water |

¹⁹ Proposed Casing and Cement Program

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 17 1/2 | 13 3/8 | 48.0 | 630 | 335 | 0 |
| Int | 12 1/4 | 8 5/8 | 36.0 | 5225 | 1010 | 0 |
| Prod | 7 7/8 | 5 1/2 | 23.0 | 16350 | 2210 | 4000 |

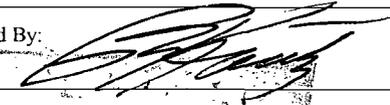
Casing/Cement Program: Additional Comments

H₂S is not anticipated for this well.

Proposed Blowout Prevention Program

| Type | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 5000 | 5000 | |

Permit Expires 2 Years From Approval
Date Unless Drilling Underway

| | | | |
|--|--|---|--|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines <input type="checkbox"/> , a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . | | OIL CONSERVATION DIVISION | |
| Printed name: Ashley Buckner | | Approved By:  | |
| Title: Production Technician | | Title: Petroleum Engineer | |
| E-mail Address: abuckner@gmtexploration.com | | Approved Date: JAN 24 2013 Expiration Date: JAN 24 2015 | |
| Date: 1/23/13 Phone: (305) 586-9280 | | Conditions of Approval Attached | |

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Phone (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-102
Revised August 1, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

AMENDED REPORT

| | | |
|-----------------------------------|---|---|
| API Number 30-025-40934 | Pool Code 9729B | Pool Name Ojo Chiso, Bone Spring, South |
| Property Code 39656 | Property Name MERCHANT LIVESTOCK STATE COM 24 | Well Number 1H |
| OGRID No. 260511 | Operator Name GMT EXPLORATION CO., LLC | Elevation 3466' |

Surface Location

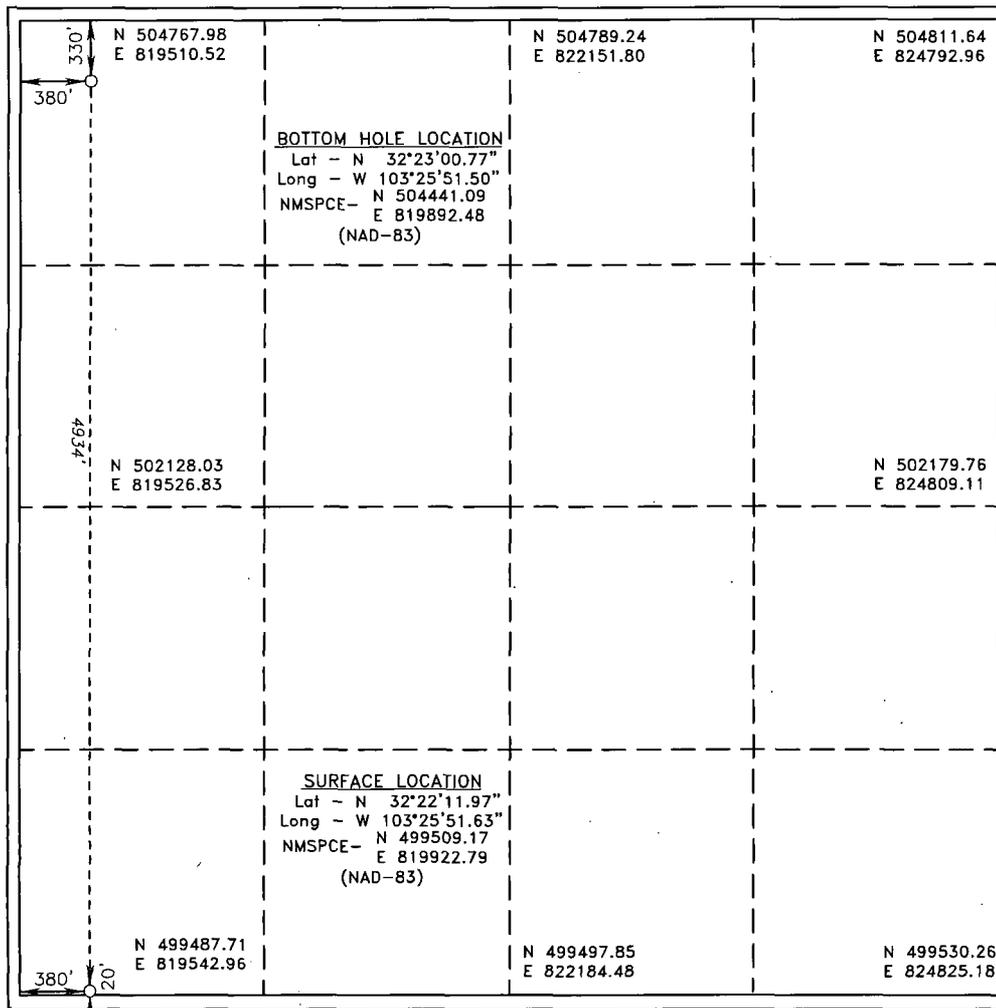
| UL or lot No. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| M | 24 | 22 S | 34 E | | 20 | SOUTH | 380 | WEST | 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 |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| D | 24 | 22 S | 34 E | | 330 | NORTH | 380 | WEST | LEA |

| | | | |
|-------------------------------|-----------------|--------------------|-----------|
| Dedicated Acres 160 | 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 or has a right to drill this well at this 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 *[Signature]* **Date** **1/23/13**

Printed Name **KEITH KRESS**

Email Address **KKRESS@GMTEXPLORATION.COM**

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.

Date Surveyed **DECEMBER 05 2012**

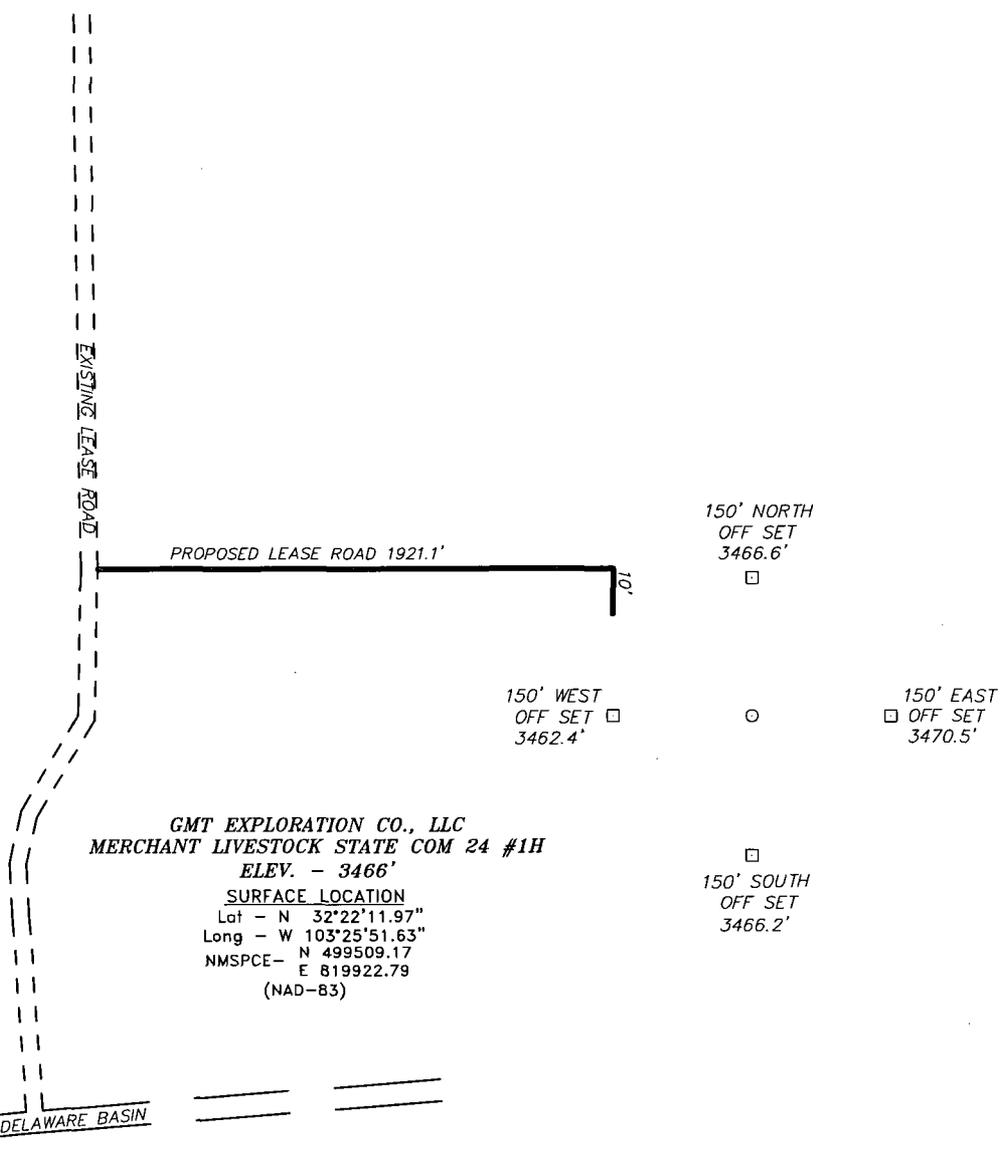
Signature & Seal of Professional Surveyor *[Signature]*

W.G. **7977**

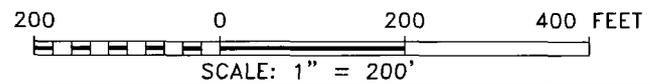
Certificate No. **Gary L. Jones 7977**

BASIN SURVEYS 27707

SECTION 24, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.



GMT EXPLORATION CO., LLC
 MERCHANT LIVESTOCK STATE COM 24 #1H
 ELEV. - 3466'
 SURFACE LOCATION
 Lat - N 32°22'11.97"
 Long - W 103°25'51.63"
 NMSPC - N 499509.17
 E 819922.79
 (NAD-83)



Directions to Location:

FROM THE JUNCTION OF DELAWARE BASIN AND ADOBE ROAD GO EAST ON DELAWARE 1.3 MILES THEN GO NORTH ON LEASE ROAD 3.1 MILES TO BEGIN ROAD LATHE ON EAST.

GMT EXPLORATION CO., LLC

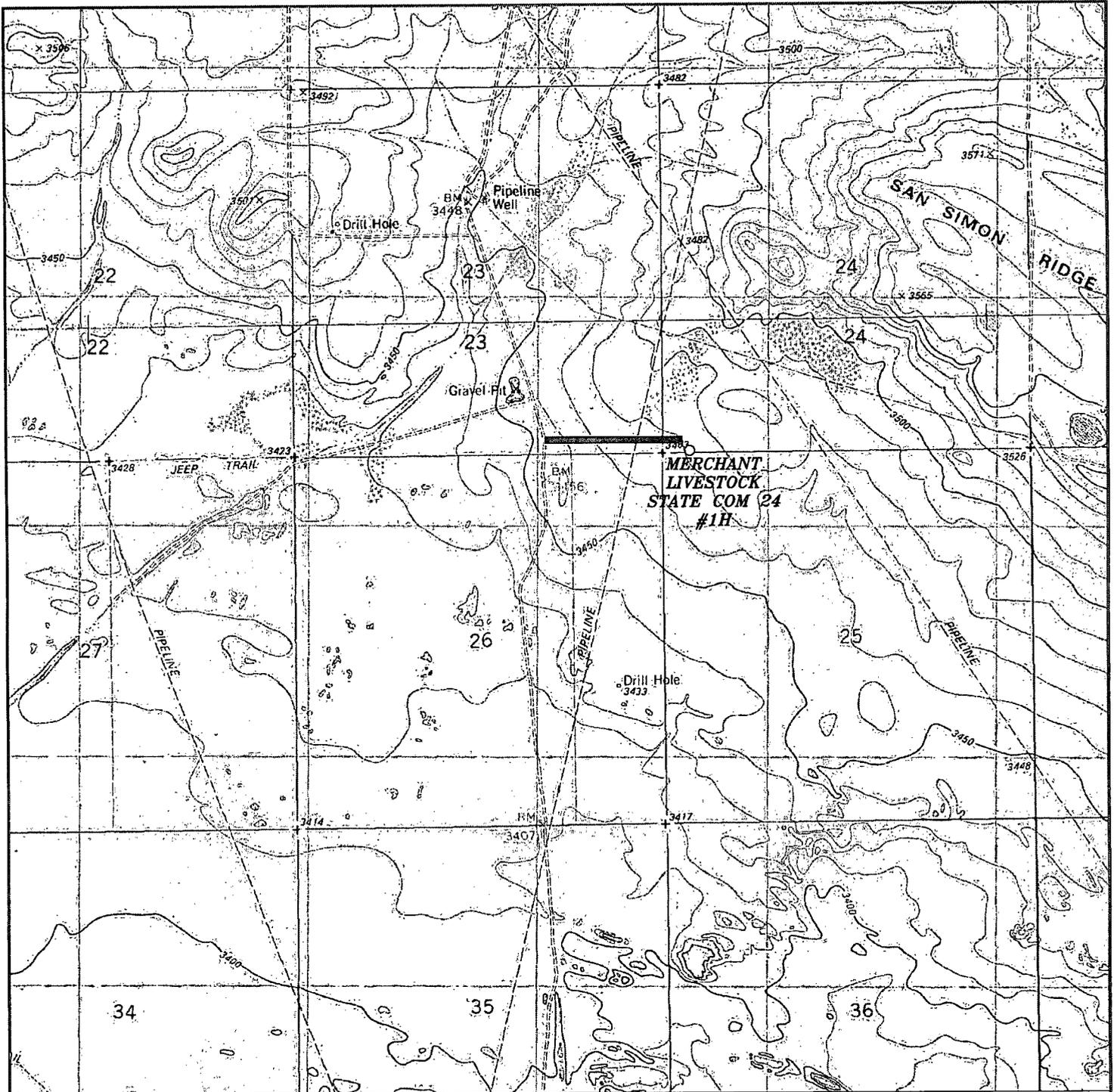
REF: MERCHANT LIVESTOCK STATE COM 24 #1H / WELL PAD TOPO
 THE MERCHANT LIVESTOCK STATE COM 24 #1H LOCATED 20' FROM
 SOUTH AND 380' FROM THE WEST LINE OF
 SECTION 24, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
 N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27707 Drawn By: D.JONES

Date: 12-16-2012 Disk: DAJ 27707

Survey Date: 12-05-2012 Sheet 1 of 1 Sheets



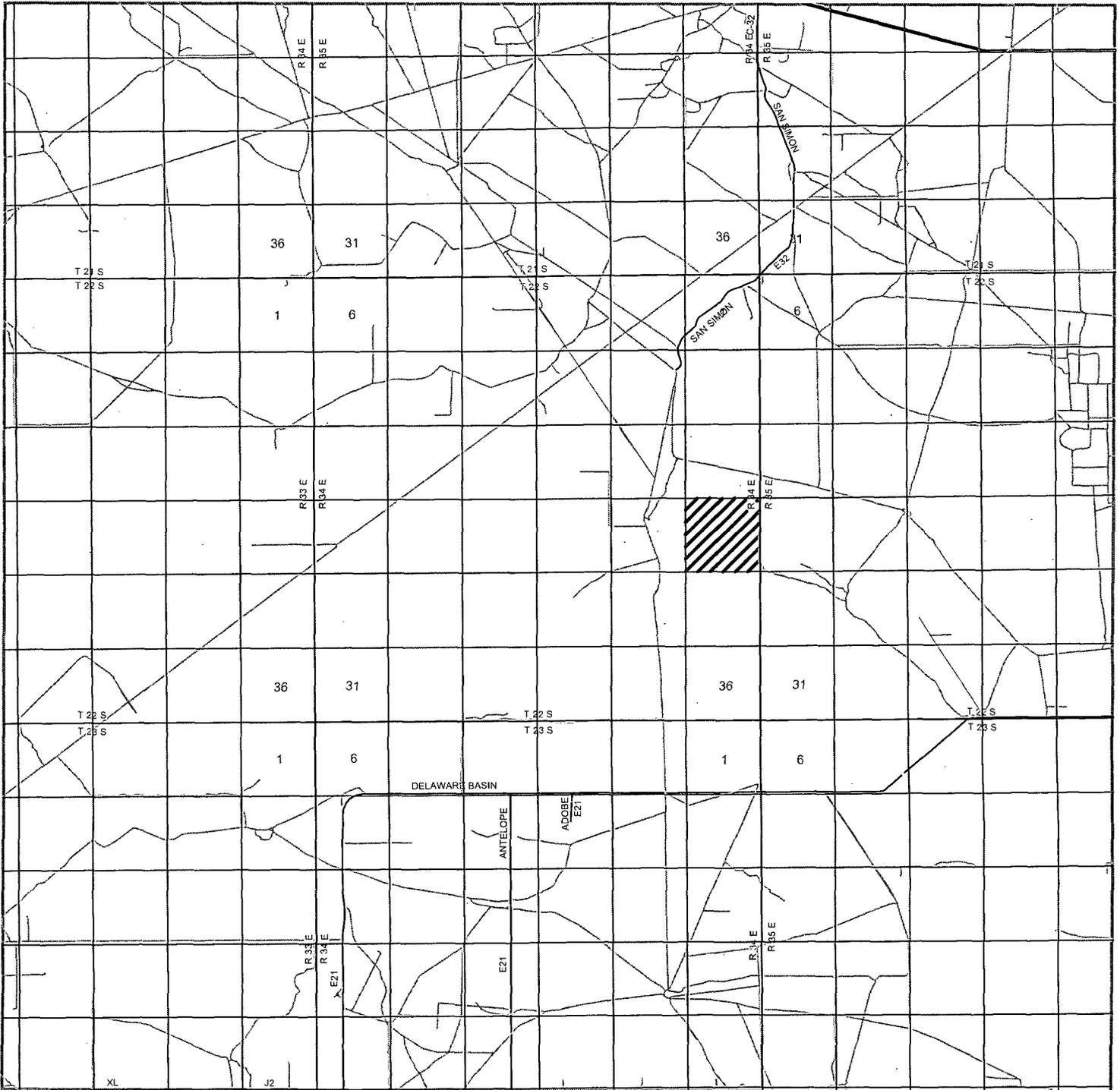
MERCHANT LIVESTOCK STATE COM 24 #1H
 Located 20' FSL and 380' FWL
 Section 24, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.

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 focused on excellence
 in the oilfield

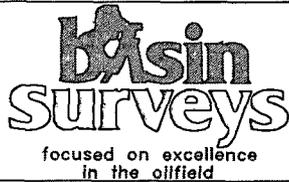
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

| | |
|--------------|------------|
| W.O. Number: | DAJ 27707 |
| Survey Date: | 12-05-2012 |
| Scale: | 1" = 2000' |
| Date: | 12-16-2012 |

GMT
EXPLORATION
CO., LLC



MERCHANT LIVESTOCK STATE COM 24 #1H
 Located 20' FSL and 380' FWL
 Section 24, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



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W.O. Number: DAJ 27707

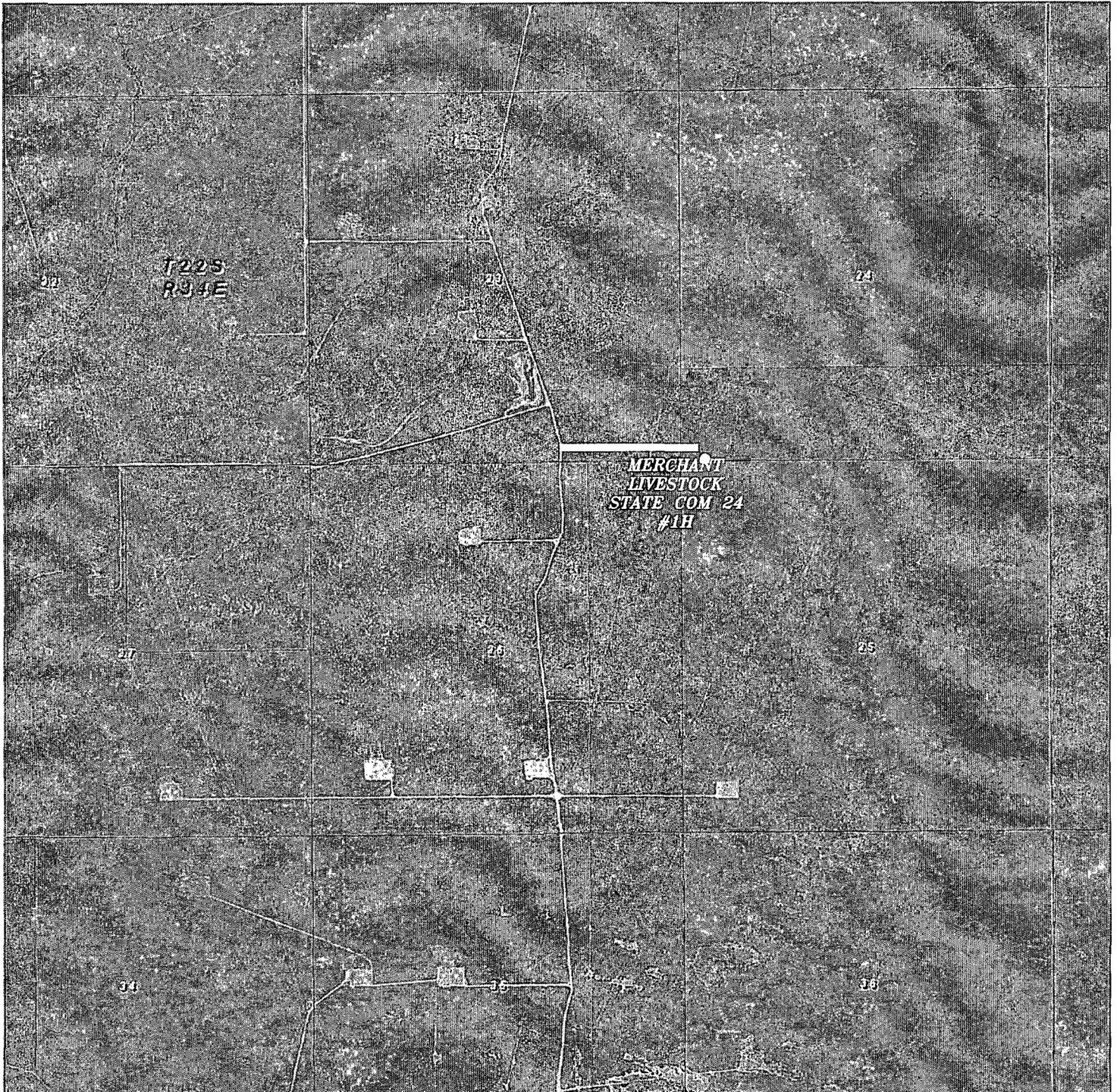
Survey Date: 12-05-2012

Scale: 1" = 2 Miles

Date: 12-16-2012



GMT
EXPLORATION
CO., LLC



MERCHANT LIVESTOCK STATE CM 24 #1H
 Located 20' FSL and 380' FWL
 Section 24, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.

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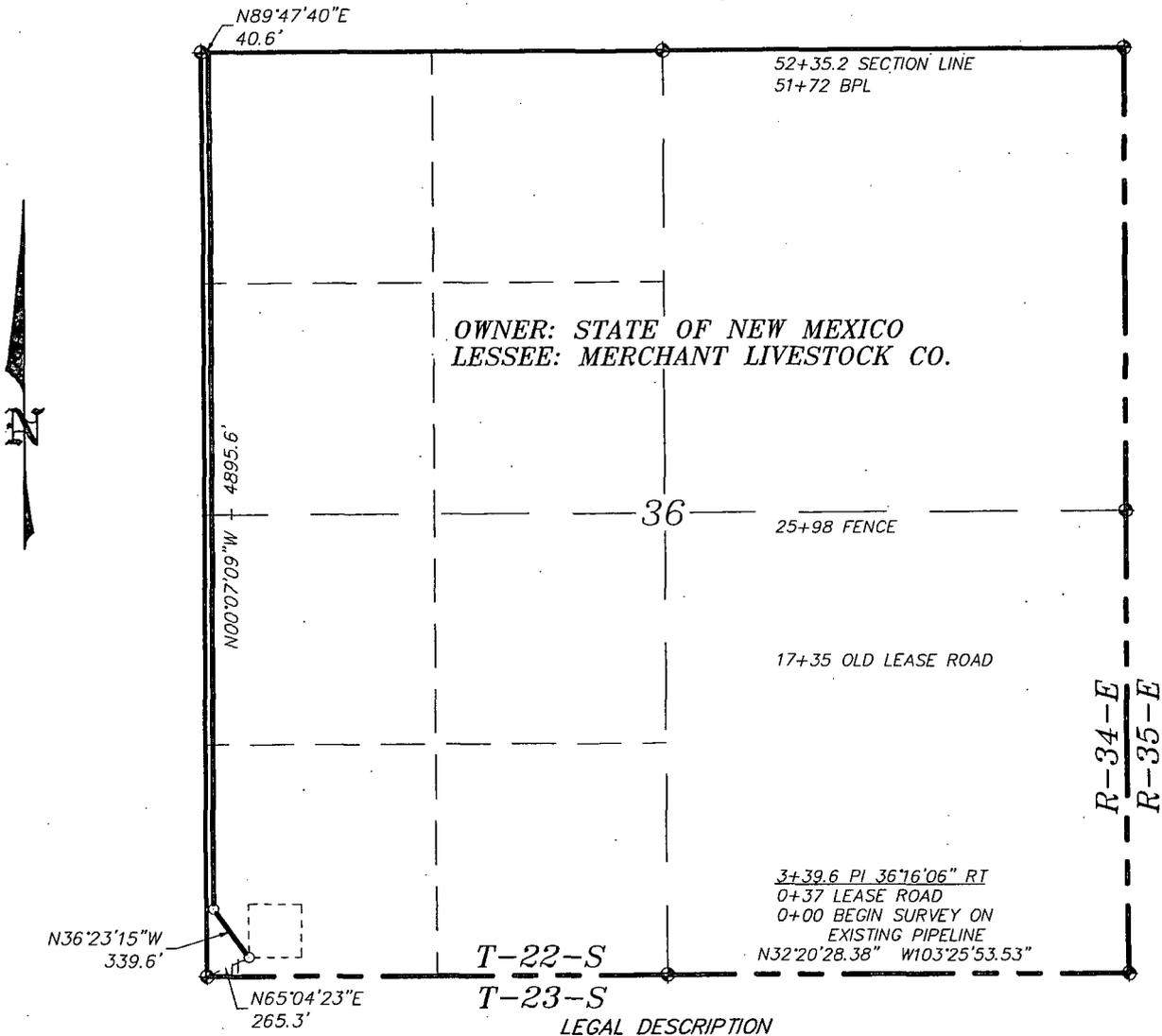
W.O. Number: DAJ 27707

Scale: 1" = 2000'

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

GMT
 EXPLORATION
 CO., LLC

**SECTION 36, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



**OWNER: STATE OF NEW MEXICO
LESSEE: MERCHANT LIVESTOCK CO.**

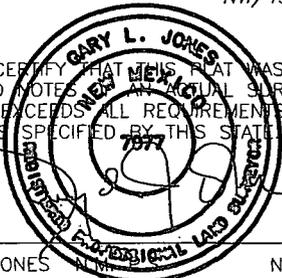
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE LOCATED IN SECTION 36, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

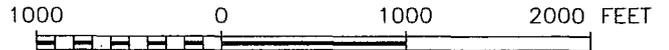
BEGINNING AT A POINT WHICH LIES N.65°04'23"E., 265.3 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 36; THENCE N.36°23'15"W., 339.6 FEET; THENCE N.00°07'09"W., 4895.6 FEET TO A POINT ON THE NORTH SECTION LINE WHICH LIES N.89°47'40"E., 40.6 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 36. SAID STRIP OF LAND BEING 5235.2 FEET OR 317.28 RODS IN LENGTH AND CONTAINING 3.61 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

SW/4SW/4 77.25 RODS OR 0.88 ACRES SW/4NW/4 80.01 RODS OR 0.91 ACRES
NW/4SW/4 80.01 RODS OR 0.91 ACRES NW/4NW/4 80.01 RODS OR 0.91 ACRES

I HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM FIELD NOTES OF A REAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
TEXAS P.L.S. No. 5074



GMT EXPLORATION CO., LLC

REF: PROPOSED PIPELINE TO THE MERCHANT LIVESTOCK "24" #1H

A PIPELINE CROSSING STATE LAND IN
SECTION 36, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

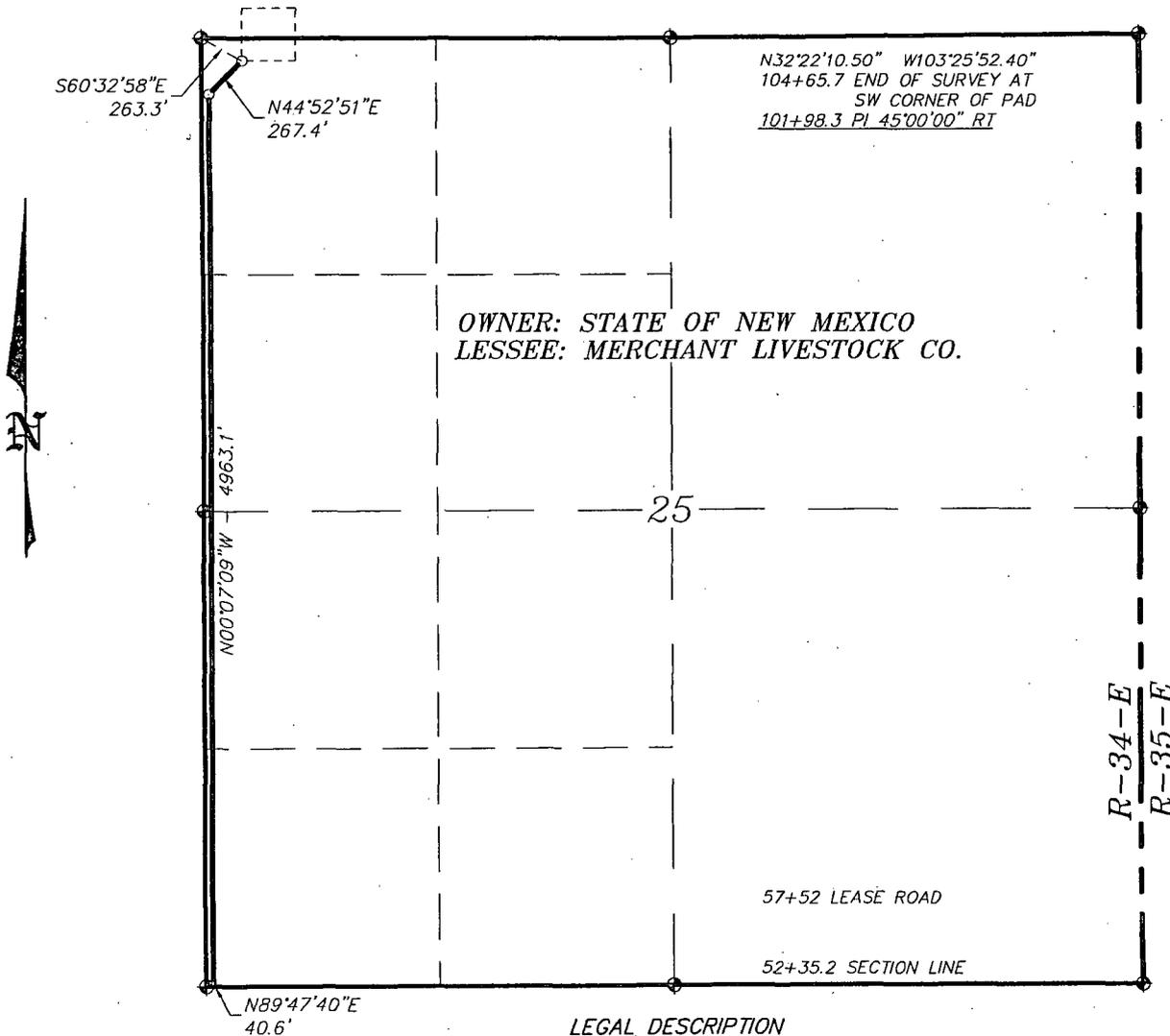
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 27709 Drawn By: K. GOAD

Date: 12-21-2012 Disk: KJG - 27709P

Survey Date: 12-05-2012 Sheet 1 of 2 Sheets

**SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



**OWNER: STATE OF NEW MEXICO
LESSEE: MERCHANT LIVESTOCK CO.**

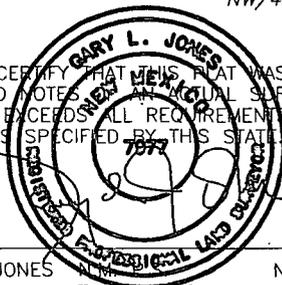
LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE LOCATED IN SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND AND BEING 15.0 FEET LEFT AND RIGHT OF THE FOLLOWING DESCRIBED CENTERLINE SURVEY:

BEGINNING AT A POINT ON THE SOUTH SECTION LINE WHICH LIES N.89°47'40\"E., 40.6 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 25; THENCE N.00°07'09\"W., 4963.1 FEET; THENCE N.44°52'51\"E., 267.4 FEET TO THE END OF THIS LINE WHICH LIES S.60°32'58\"E., 263.3 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 25. SAID STRIP OF LAND BEING 5230.5 FEET OR 317.00 RODS IN LENGTH AND CONTAINING 3.60 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

SW/4SW/4 80.05 RODS OR 0.91 ACRES SW/4NW/4 80.05 RODS OR 0.91 ACRES
NW/4SW/4 80.05 RODS OR 0.91 ACRES NW/4NW/4 76.85 RODS OR 0.87 ACRES

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ACTUAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
TEXAS P.L.S. No. 5074



GMT EXPLORATION CO., LLC

REF: PROPOSED PIPELINE TO THE MERCHANT LIVESTOCK "24" #1H

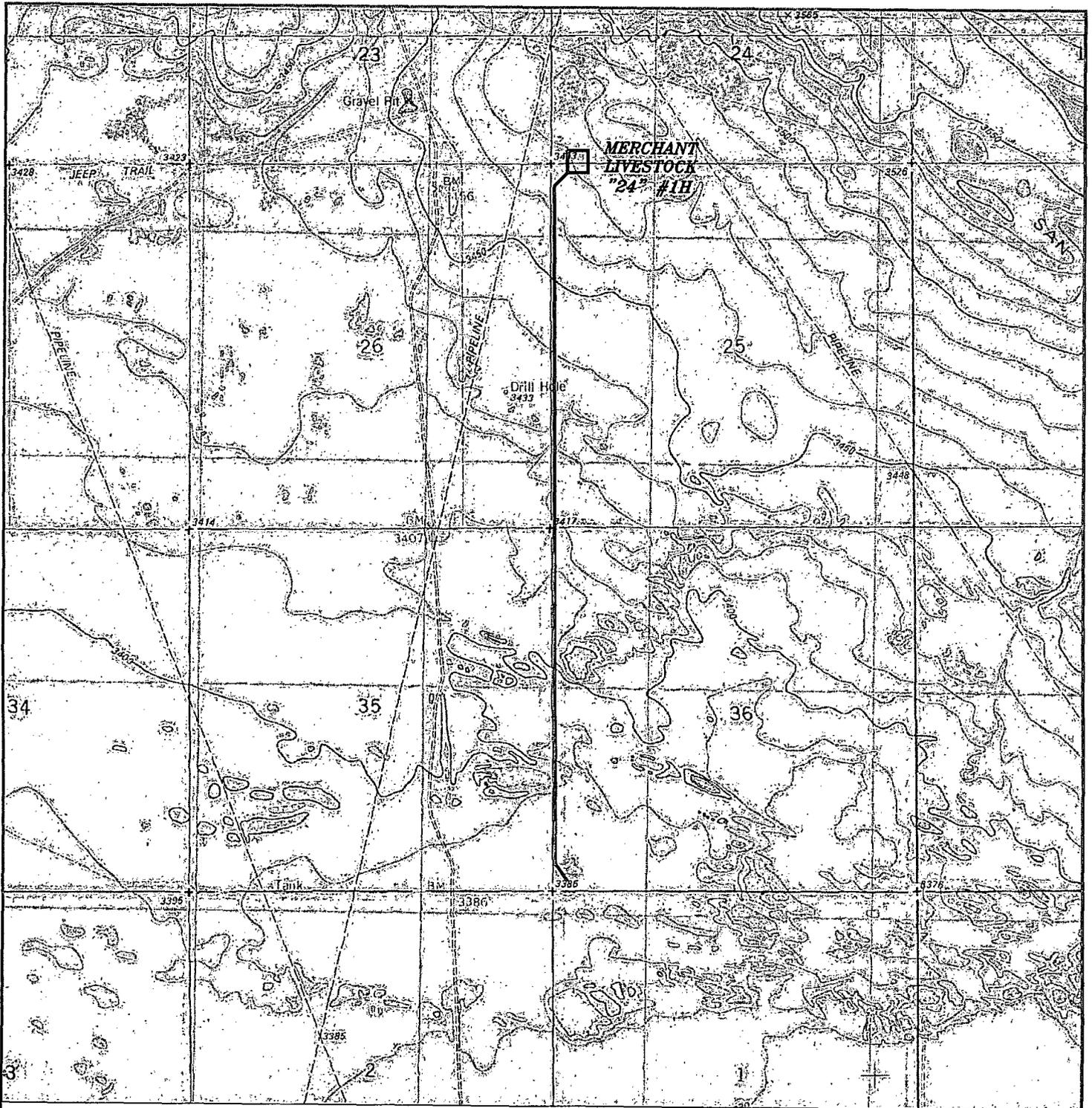
A PIPELINE CROSSING STATE LAND IN
SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27709 Drawn By: K. GOAD

Date: 12-21-2012 Disk: KJG - 27709P

Survey Date: 12-05-2012 Sheet 2 of 2 Sheets



PROPOSED PIPELINE TO THE MERCHANT LIVESTOCK "24" #1H
 Sections 25&36, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



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: KJG 27709

Survey Date: 12-05-2012

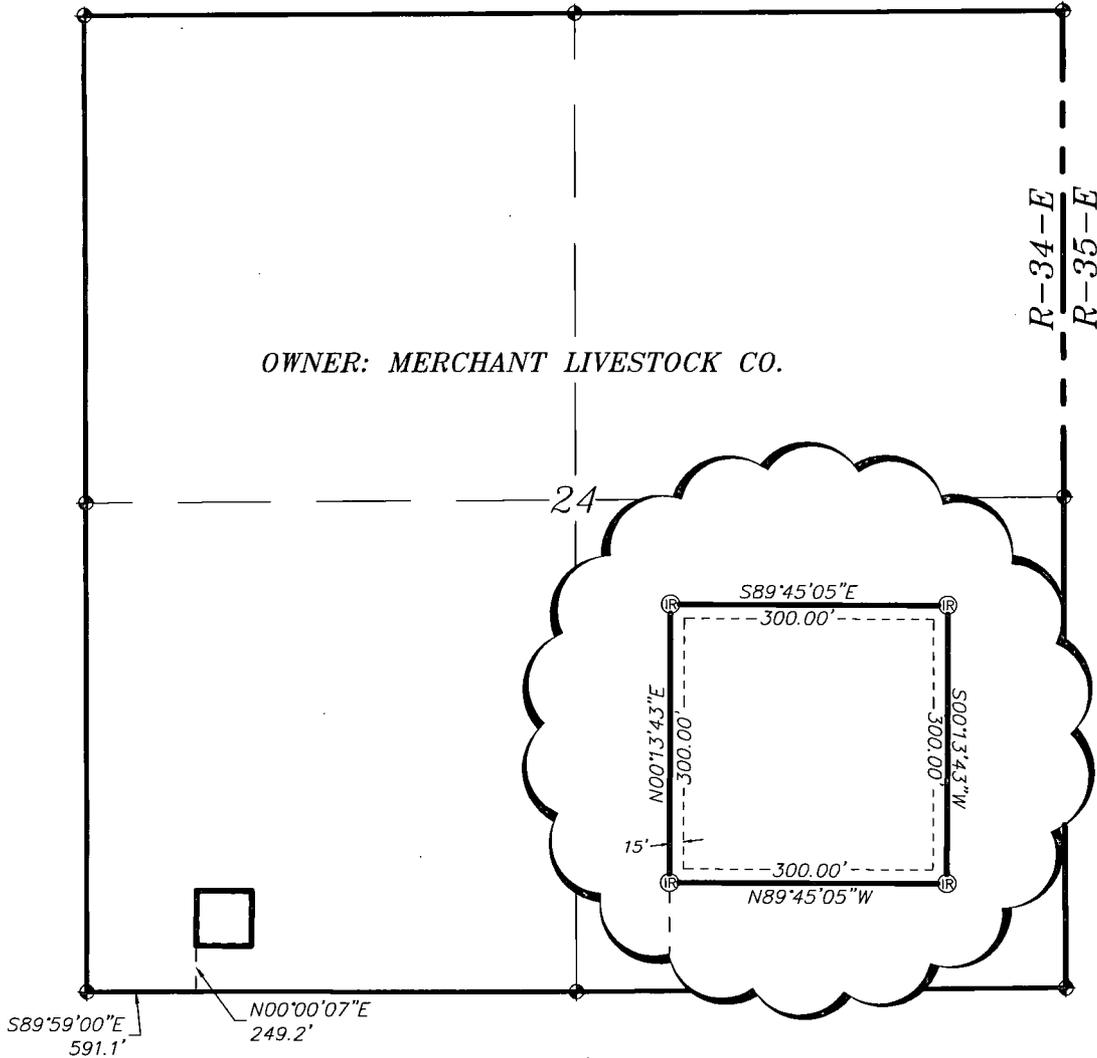
Scale: 1" = 2000'

Date: 12-21-2012



GMT
EXPLORATION
CO., LLC

**SECTION 24, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



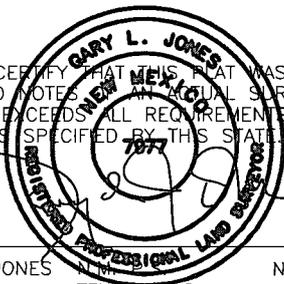
OWNER: MERCHANT LIVESTOCK CO.

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 24, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES S.89°59'00\"E., 591.1 FEET AND N.00°00'07\"E., 249.2 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 24; THENCE N.00°13'43\"E., 300.00 FEET; THENCE S.89°45'05\"E., 300.00 FEET; THENCE S.00°13'43\"W., 300.00 FEET; THENCE N.89°45'05\"W., 300.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0661 ACRES, MORE OR LESS.

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ORIGINAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
TEXAS P.L.S. No. 5074



GMT EXPLORATION CO., LLC

REF: PROPOSED FRAC TRACT

A FRAC TRACT LOCATED ON FEE LAND IN
SECTION 24, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

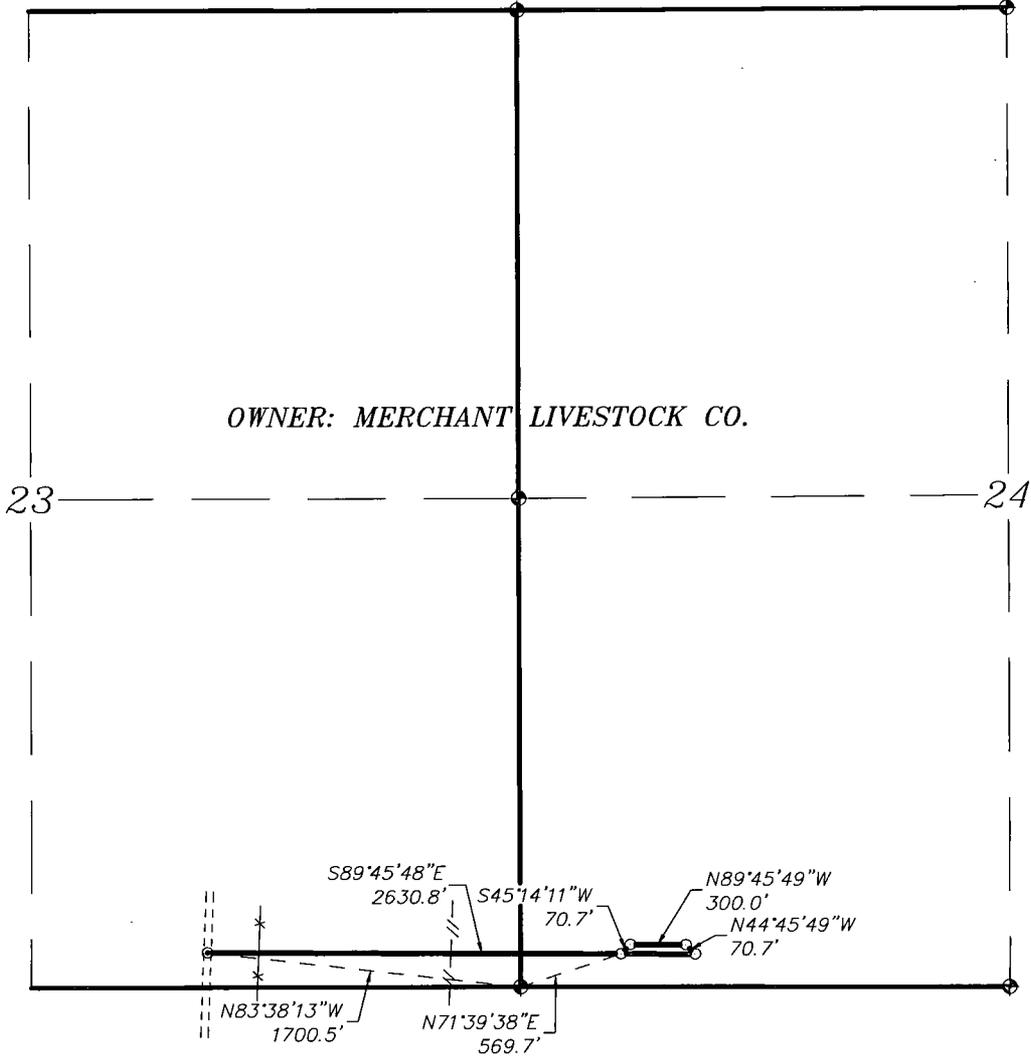
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 27740 Drawn By: K. GOAD

Date: 12-19-2012 Disk: KJG - 27740TRACT

Survey Date: 12-05-2012 Sheet 1 of 1 Sheets

**SECTIONS 23&24, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.**



OWNER: MERCHANT LIVESTOCK CO.

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTIONS 23&24, TOWNSHIP 22 SOUTH, RANGE 34 EAST, N.M.P.M., LEA COUNTY, NEW MEXICO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A POINT WHICH LIES N.83°38'13"W, 1700.5 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION 23; THENCE S.89°45'48"E, 2630.8 FEET; THENCE N.44°45'49"W, 70.7 FEET; THENCE N.89°45'49"W, 300.0 FEET; THENCE S.45°14'11"W, 70.7 FEET TO THE END OF THIS LINE WHICH LIES N.71°39'38"E, 569.7 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 24. SAID STRIP OF LAND BEING 3072.2 FEET OR 186.19 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF AN ORIGINAL SURVEY AND MEETS OR EXCEEDS ALL REQUIREMENTS FOR LAND SURVEYS AS SPECIFIED BY THIS STATE.



GARY L. JONES No. 7977
TEXAS P.L.S. No. 5074



GMT EXPLORATION CO., LLC

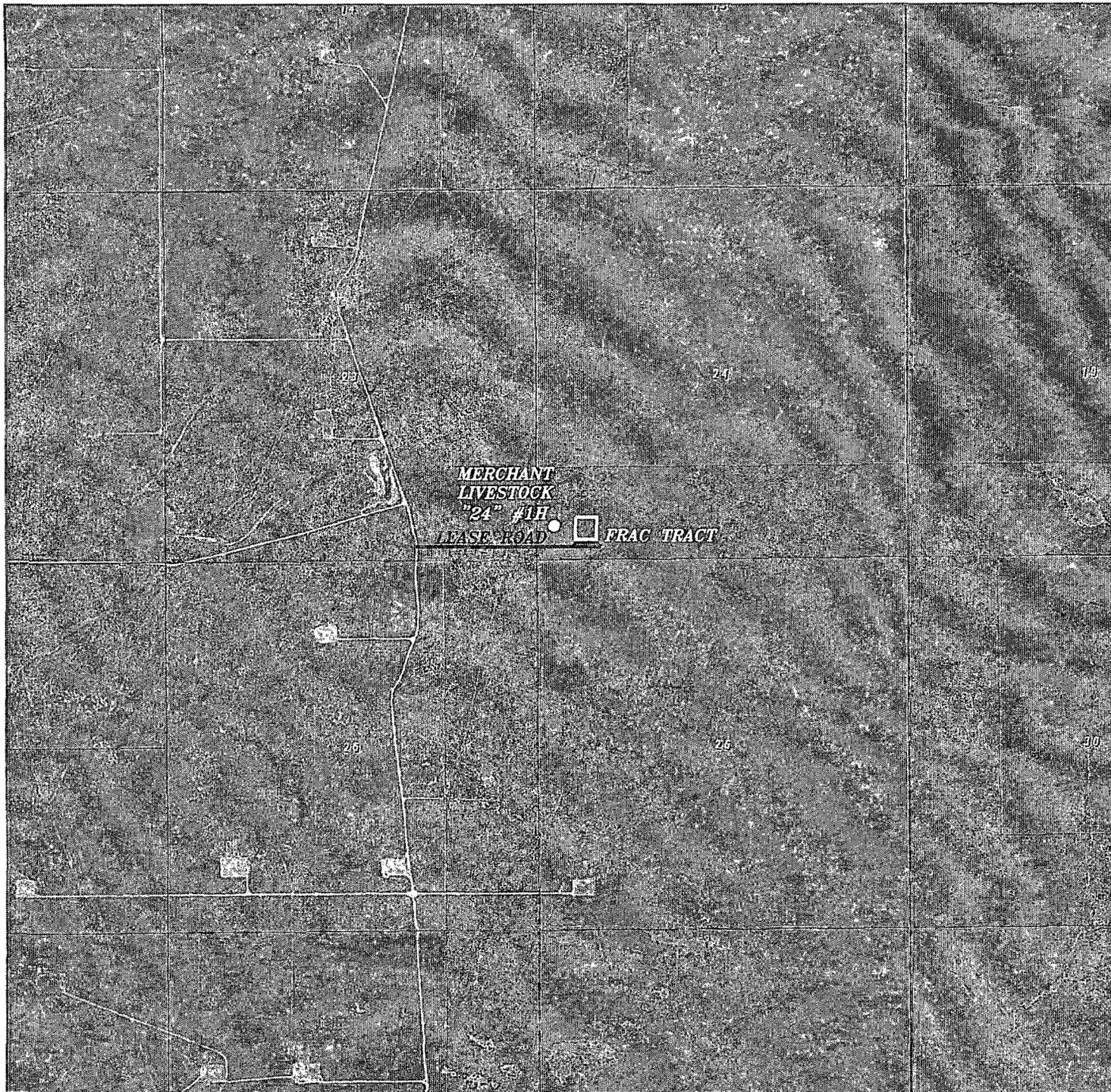
REF: PROPOSED LEASE ROAD

A LEASE ROAD LOCATED ON FEE LAND IN
SECTIONS 23&24, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

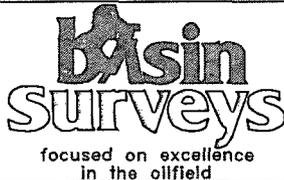
BASIN SURVEYS P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 27740 Drawn By: K. GOAD

Date: 12-19-2012 Disk: KJG - 27740TRACT Survey Date: 12-05-2012 Sheet 1 of 1 Sheets



PROPOSED FRAC TRACT & LEASE ROAD
 Sections 24&25, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



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

W.O. Number: KJG - 27740

Scale: 1" = 2000'

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



**GMT
 EXPLORATION
 CO., LLC**