

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

HOBBS OCD

State of New Mexico

Form C-101
Revised August 1, 2011

Energy Minerals and Natural Resources

JAN 24 2013

Oil Conservation Division

Permit

RECEIVED

1220 South St. Francis Dr.

Santa Fe, NM 87505

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
⁴ Property Code 391657		³ API Number 30-025-410935
⁵ Property Name Merchant Livestock State Com 25		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
D	25	22S	34E		20	North	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 3467'
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	
	Approved By: 	Title: Petroleum Engineer
Printed name: Ashley Buckner	Approved Date: JAN 24 2013	Expiration Date: JAN 24 2015
Title: Production Technician	E-mail Address: abuckner@gmtexploration.com	
Date: 1/23/13	Phone: (505) 586-9280	Conditions of Approval Attached

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Phone (505) 476-3460 Fax: (505) 476-3482

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 30-025-40935	Pool Code 97293	Pool Name Ojo Chiso; Bone Spring, South
Property Code 39657	Property Name MERCHANT LIVESTOCK STATE COM 25	Well Number 1H
OGRID No. 260511	Operator Name GMT EXPLORATION CO., LLC	Elevation 3467

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	25	22 S	34 E		20	NORTH	380	WEST	LEA

Bottom Hole Location If Different From Surface

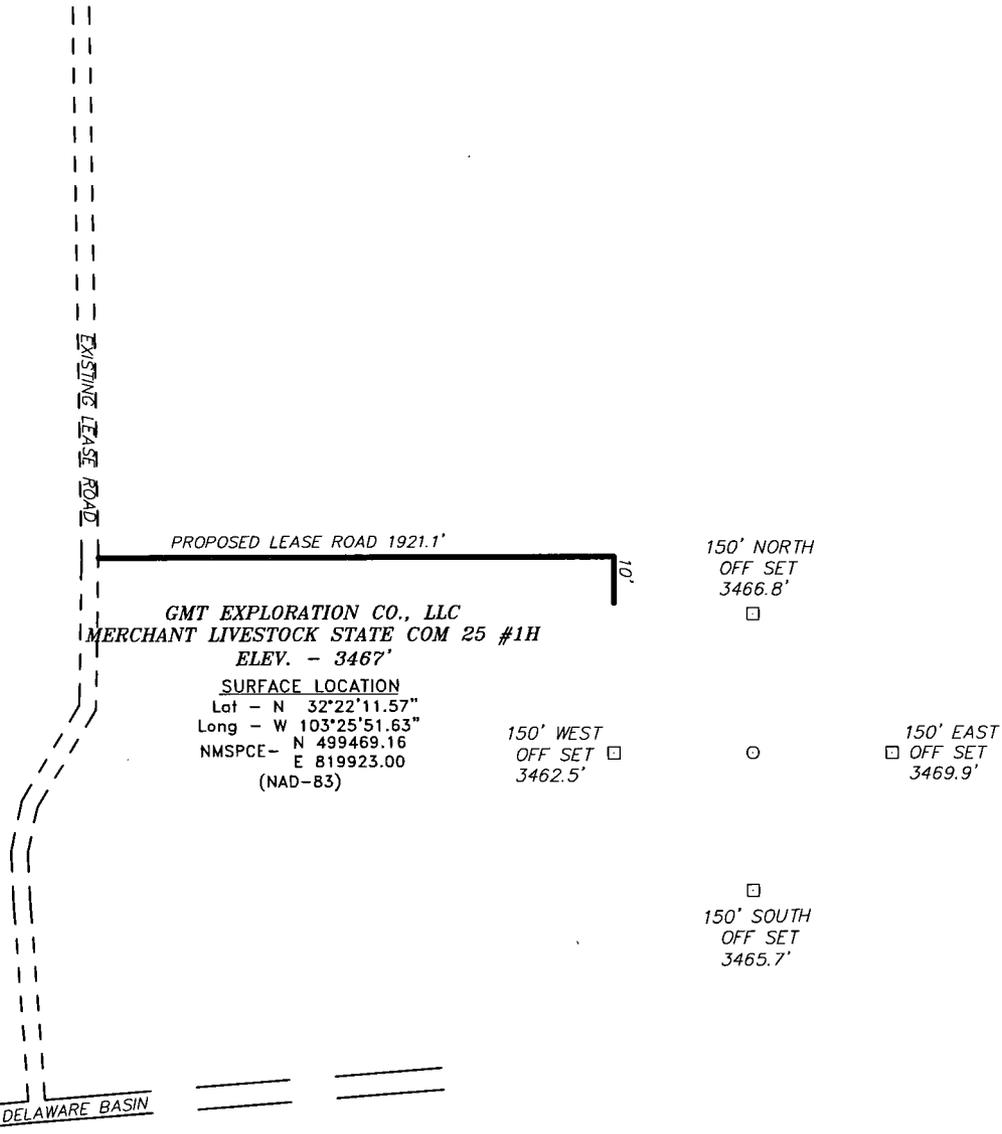
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	25	22 S	34 E		330	SOUTH	380	WEST	LEA

Dedicated Acres 160	Joint or Infill	Consolidation Code	Order No.
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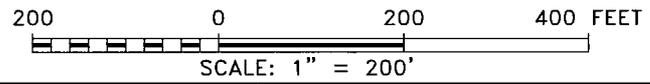
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

	<p>N 499487.71 E 819542.96</p> <p>SURFACE LOCATION Lat - N 32°22'11.57" Long - W 103°25'51.63" NMSPC- N 499469.16 E 819923.00 (NAD-83)</p>	<p>N 499497.85 E 822184.48</p>	<p>N 499530.26 E 824825.18</p>	<p>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.</p> <p><i>[Signature]</i> 1/23/13 Signature Date KEITH KRESS Printed Name KKRESS@GMTEXPLORATION.COM Email Address</p>
	<p>N 496848.73 E 819558.67</p>	<p>N 496888.85 E 824840.96</p>	<p>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.</p> <p>DECEMBER 05 2012 Date Surveyed GARY L. JONES Signature & Seal of Professional Surveyor 7977</p>	<p>Certificate No. Gary L. Jones 7977 BASIN SURVEYS 27710</p>
<p>N 494207.16 E 819575.12</p>	<p>BOTTOM HOLE LOCATION Lat - N 32°21'22.80" Long - W 103°25'51.77" NMSPC- N 494540.03 E 819952.99 (NAD-83)</p>	<p>N 494227.53 E 822214.45</p>	<p>N 494249.02 E 824857.21</p>	

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



GMT EXPLORATION CO., LLC
MERCHANT LIVESTOCK STATE COM 25 #1H
ELEV. - 3467'
SURFACE LOCATION
Lat - N 32°22'11.57"
Long - W 103°25'51.63"
NMSPC- N 499469.16
E 819923.00
(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 25 #1H / WELL PAD TOPO

THE MERCHANT LIVESTOCK STATE COM 25 #1H LOCATED 20' FROM

NORTH AND 380' FROM THE WEST LINE OF

SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST,

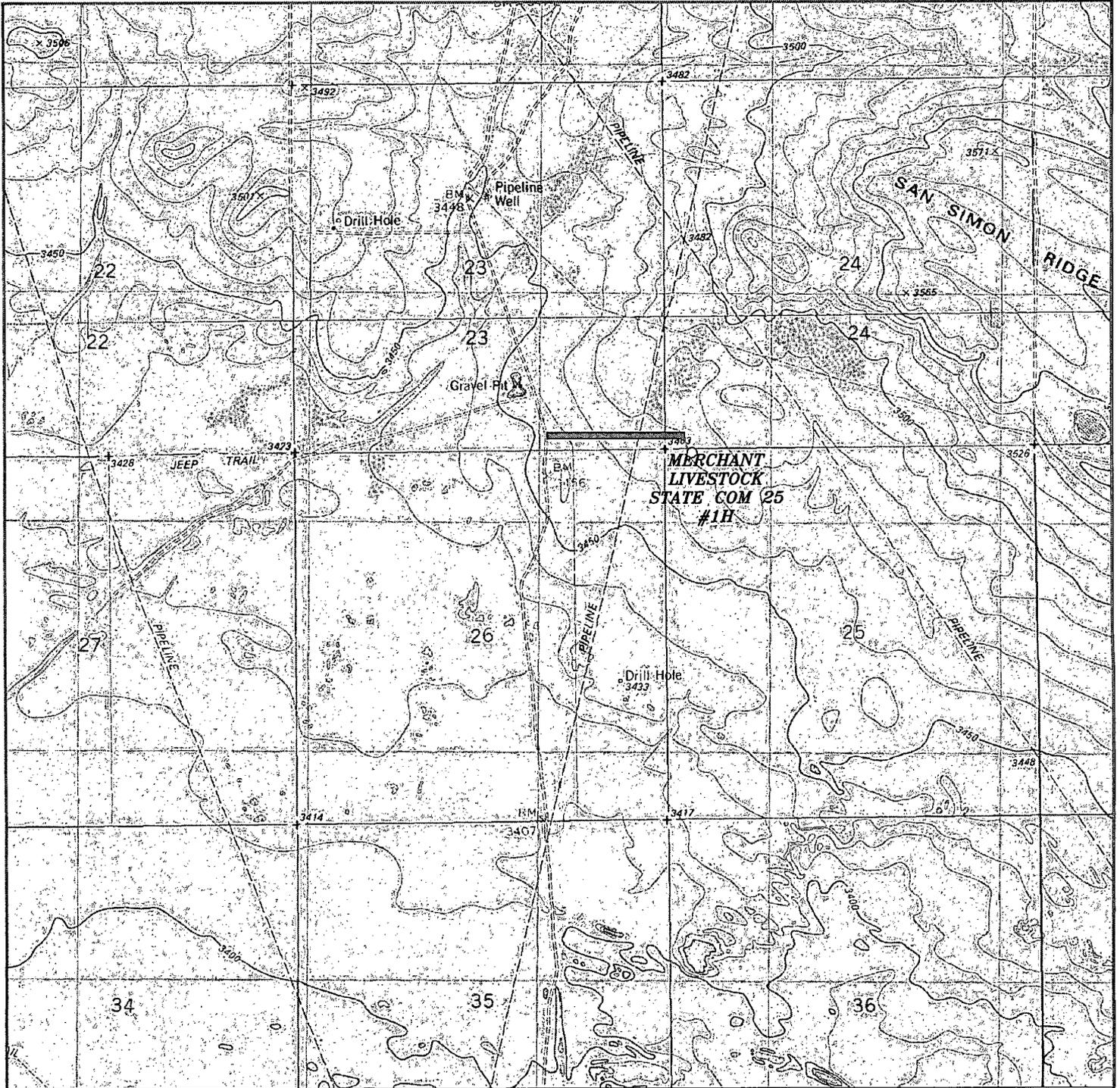
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27710 Drawn By: D.JONES

Date: 12-16-2012 Disk: DAJ 27710

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



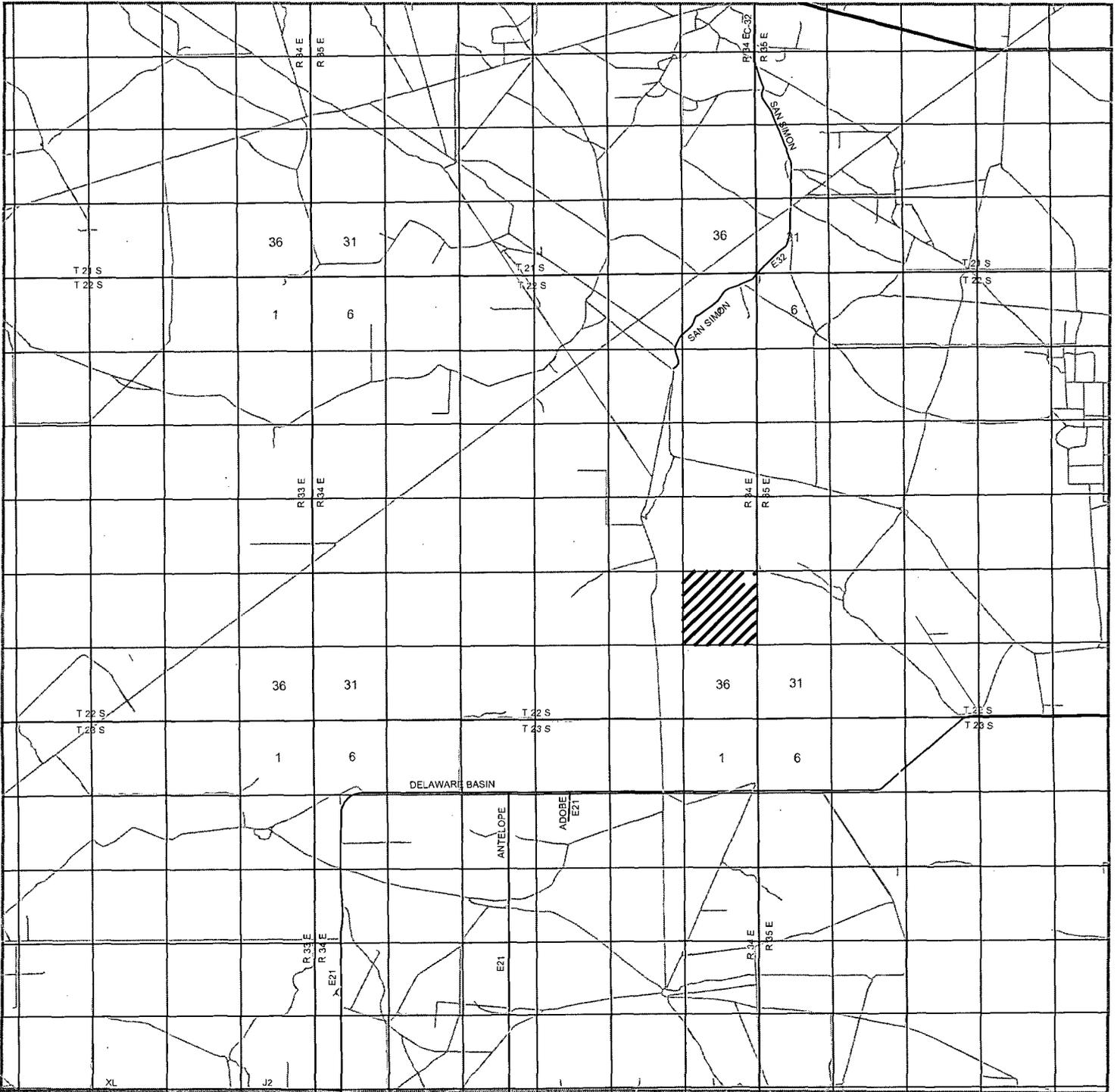
MERCHANT LIVESTOCK STATE COM 25 #1H
 Located 20' FNL and 380' FWL
 Section 24, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.

basin
surveys
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 in the oilfield

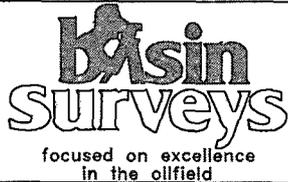
P.O. Box 1786
 1120 N. West County Rd.
 Hobbs, New Mexico 88241
 (575) 393-7316 - Office
 (575) 392-2206 - Fax
 basinsurveys.com

W.O. Number:	DAJ 27710
Survey Date:	12-05-2012
Scale:	1" = 2000'
Date:	12-16-2012

GMT
EXPLORATION
CO., LLC



MERCHANT LIVESTOCK STATE COM 25 #1H
 Located 20' FNL and 380' FWL
 Section 24, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.



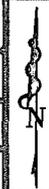
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W.O. Number: DAJ 27710

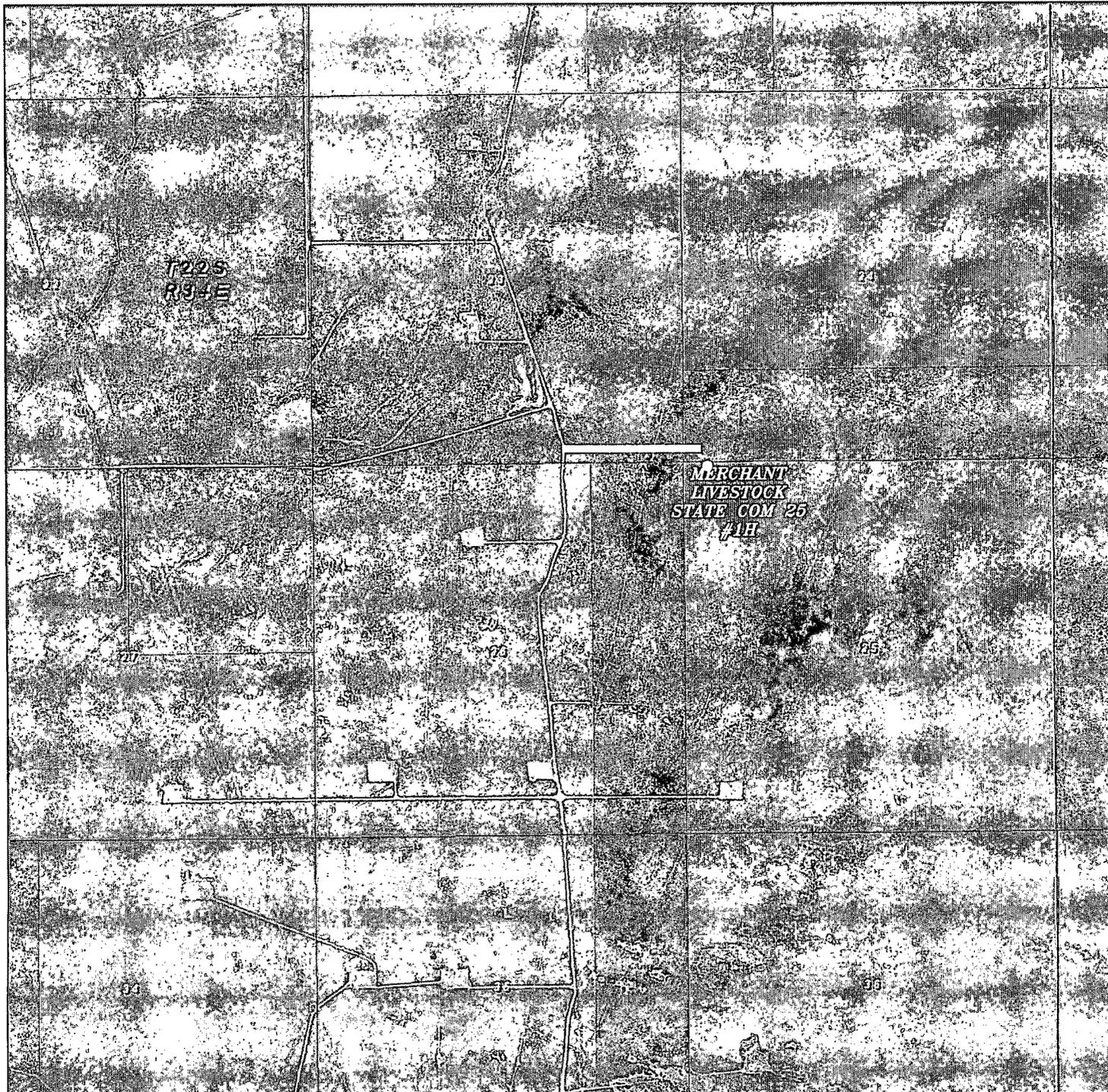
Survey Date: 12-05-2012

Scale: 1" = 2 Miles

Date: 12-16-2012



GMT
EXPLORATION
CO., LLC



MERCHANT LIVESTOCK STATE COM 25 #1H
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 Section 24, Township 22 South, Range 34 East,
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Scale: 1" = 2000'

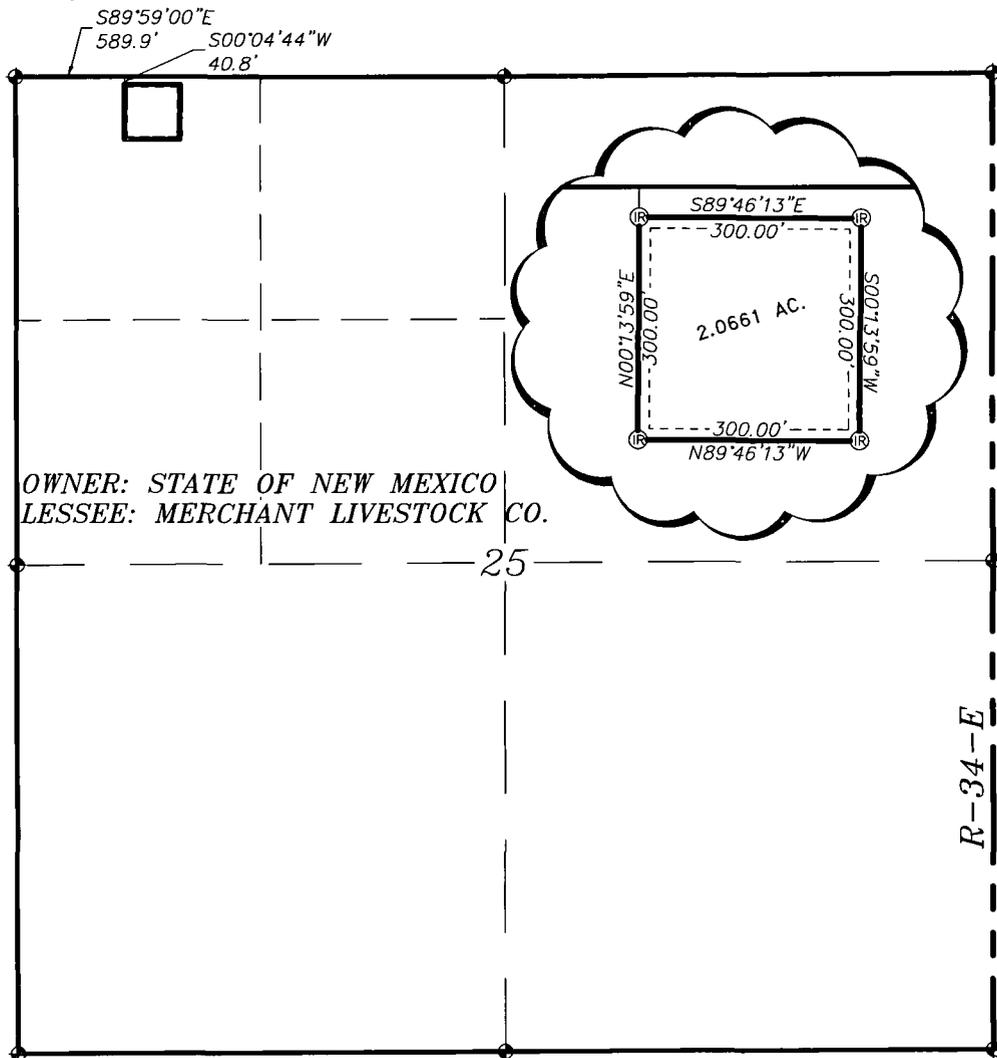
YELLOW TINT - USA LAND
 BLUE TINT - STATE LAND
 NATURAL COLOR - FEE LAND



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**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.

25

R-34-E
R-35-E

LEGAL DESCRIPTION

A TRACT OF LAND LOCATED IN SECTION 25, 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., 589.9 FEET AND S.00°04'44"W., 40.8 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 25; THENCE S.89°46'13"E., 300.00 FEET; THENCE S.00°13'59"W., 300.00 FEET; THENCE N.89°46'13"W., 300.00 FEET; THENCE N.00°13'59"E., 300.00 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND CONTAINING 2.0661 ACRES, MORE OR LESS AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

NW/4NW/4 2.0661 ACRES

I HEREBY CERTIFY THAT THIS MAP 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

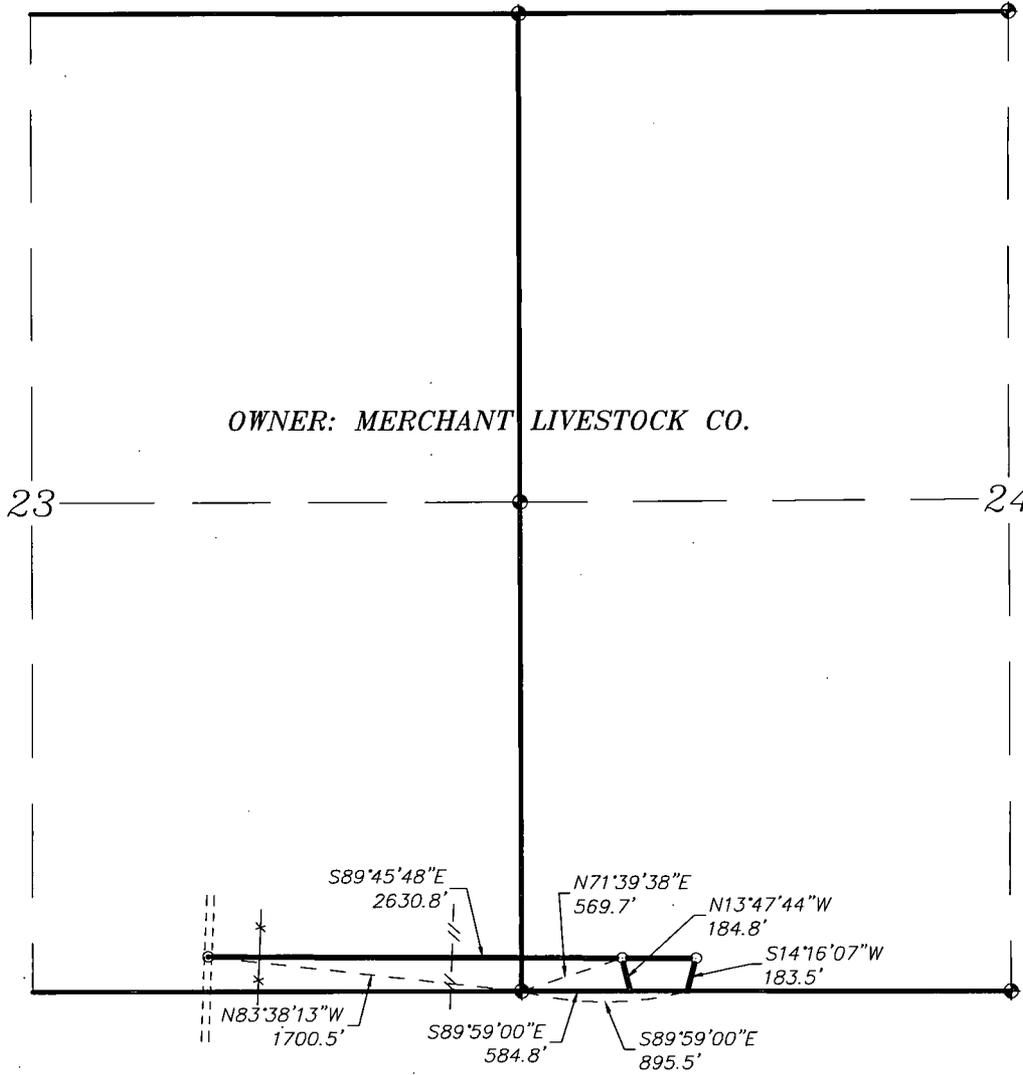
A FRAC TRACT LOCATED ON STATE LAND IN
SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27741 Drawn By: K. GOAD

Date: 12-19-2012 Disk: KJG - 27741TRACT 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.**



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 S.14°16'07"W, 183.5 FEET TO A POINT IN THE SOUTH SECTION LINE WHICH LIES S.89°59'00"E, 895.5 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 24; THENCE BEGINNING AGAIN AT A POINT ON THE SOUTH SECTION LINE WHICH LIES S.89°59'00"E, 584.8 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 24; THENCE N.13°47'44"W, 184.8 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 2999.1 FEET OR 181.76 RODS IN LENGTH.

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 LEASE ROAD

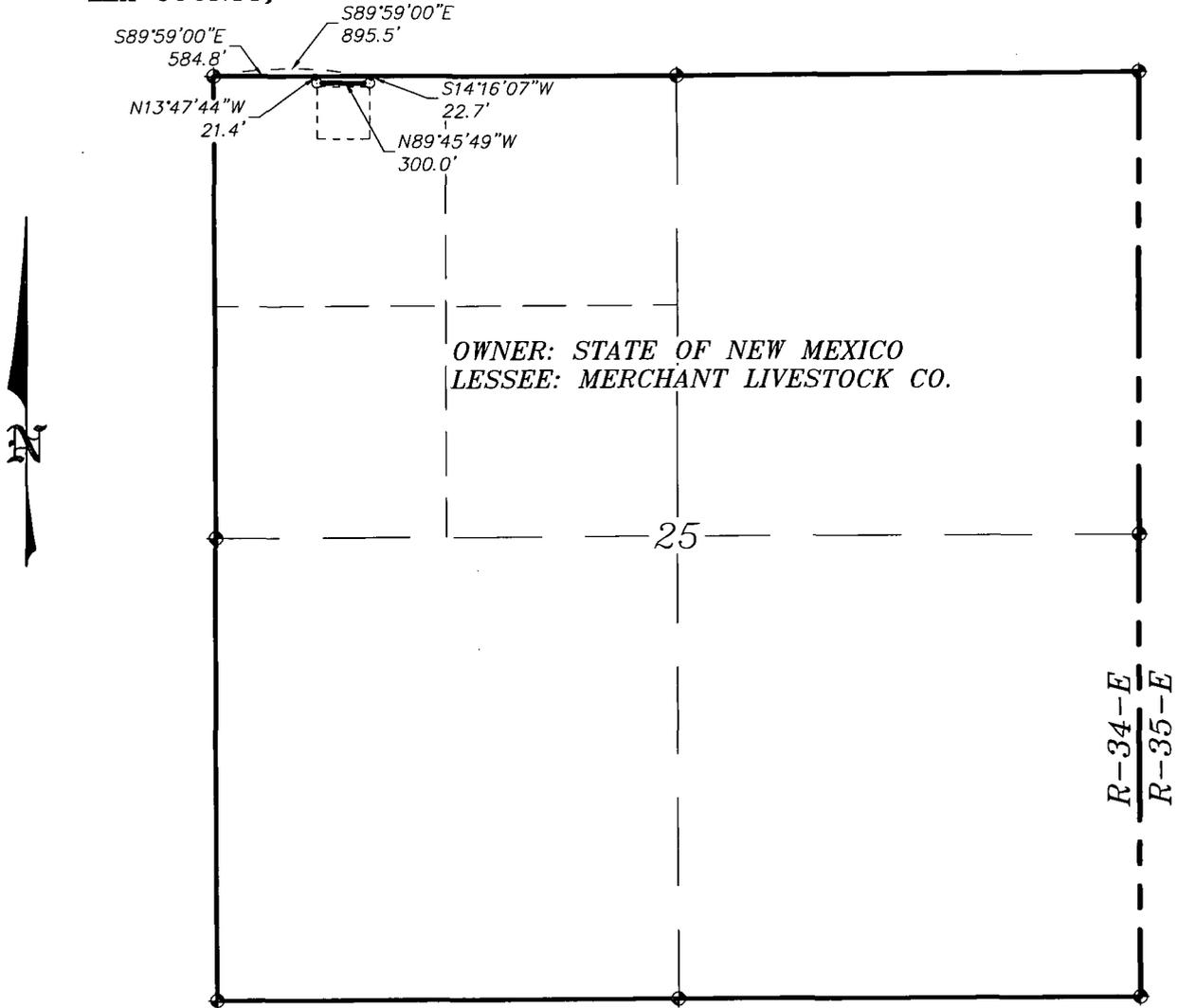
A LEASE ROAD LOCATED ON FEE LAND IN
SECTIONS 23&24, TOWNSHIP 22 SOUTH, RANGE 34 EAST,
N.M.P.M., LEA COUNTY, NEW MEXICO.

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

W.O. Number: 27741 Drawn By: K. GOAD

Date: 12-19-2012 Disk: KJG - 27741TRACT 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 TRACT OF LAND LOCATED IN SECTION 25, 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 ON THE NORTH SECTION LINE WHICH LIES S.89°59'00"E., 895.5 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 25; THENCE S.14°16'07"W., 22.7 FEET; THENCE N.89°45'49"W., 300.0 FEET; THENCE N.13°47'44"W., 21.4 FEET TO A POINT ON THE NORTH SECTION LINE WHICH LIES S.89°59'00"E., 584.8 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 25. SAID STRIP OF LAND BEING 344.1 FEET OR 20.85 RODS IN LENGTH AND CONTAINING 0.24 ACRES, MORE OR LESS, AND BEING ALLOCATED BY FORTIES AS FOLLOWS.

NW/4NW/4 20.85 ACRES OR 0.24 ACRES

I HEREBY CERTIFY THAT THIS MAP 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 LEASE ROAD

A LEASE ROAD LOCATED ON 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: 27741 Drawn By: K. GOAD

Date: 12-19-2012 Disk: KJG - 27741TRACT Survey Date: 12-05-2012 Sheet 2 of 2 Sheets



PROPOSED FRAC TRACT & LEASE ROAD
*Sections 23,24&25, Township 22 South, Range 34 East,
 N.M.P.M., Lea County, New Mexico.*



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Scale: 1" = 2000'

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



**GMT
 EXPLORATION
 CO., LLC**