

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  
Energy Minerals and Natural Resources  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

HOBBS OCD

Form C-101  
Revised August 1, 2011

Permit

SEP 25 2013

RECEIVED

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

|   |   |   |
|---|---|---|
| <sup>1</sup> Operator Name and Address<br>GMT Exploration Company, LLC<br>1560 Broadway, Suite 2000<br>Denver, CO 80202 |   | <sup>2</sup> OGRID Number<br>260511     |
|   |   | <sup>3</sup> API Number<br>30-025-41450 |
| <sup>4</sup> Property Code<br>40120   | <sup>5</sup> Property Name<br>Merchant GAP 25 State COM | <sup>6</sup> Well No.<br>1H             |

<sup>7</sup> Surface Location

| UL - Lot | Section | Township | Range | Lot Idn | Feet from | N/S Line | Feet From | E/W Line | County |
|----------|---------|----------|-------|---------|-----------|----------|-----------|----------|--------|
| M        | 25      | 22S      | 34E   |         | 40        | South    | 350       | West     | Lea    |

<sup>8</sup> Pool Information

|                                 |       |
|---------------------------------|-------|
| Ojo Chiso; Bone Spring, South ✓ | 97293 |
|---------------------------------|-------|

Additional Well Information

|                              |                                       |  |                                     |  |
|------------------------------|---------------------------------------|--|-------------------------------------|--|
| <sup>9</sup> Work Type<br>N  | <sup>10</sup> Well Type<br>O          | <sup>11</sup> Cable/Rotary<br>R        | <sup>12</sup> Lease Type<br>S       | <sup>13</sup> Ground Level Elevation<br>3417 |
| <sup>14</sup> Multiple<br>NO | <sup>15</sup> Proposed Depth<br>15800 | <sup>16</sup> Formation<br>Wolfcamp    | <sup>17</sup> Contractor<br>Unknown | <sup>18</sup> Spud Date<br>WHEN APPROVED     |
| Depth to Ground water        |                                       | Distance from nearest fresh water well |                                     | Distance to nearest surface water            |

<sup>19</sup> 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      | 54.5             | 1750          | 456             | 0             |
| Int  | 12 1/4    | 9 5/8       | 43.5             | 4950          | 1156            | 0             |
| Prod | 8 1/2     | 5 1/2       | 20.0             | 15,574        | 2510            | 4000          |
|      |           |             |                  |               |                 |               |

Casing/Cement Program: Additional Comments

|  |
|--|
| H <sub>2</sub> S is not anticipated for this well. |
|--|

Proposed Blowout Prevention Program

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

|  |   |                           |
|--|---|---------------------------|
| I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>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   |                           |
|  | Approved Date: 10/11/13   | Expiration Date: 10/11/15 |
|  | Conditions of Approval Attached   |                           |
| Printed name: Marissa Walters   |   |                           |
| Title: Geotech/ Executive Assistant  |   |                           |
| E-mail Address: mwalters@gmtexploration.com  |   |                           |
| Date: 9/23/13  | Phone: 303.586.9275   |                           |

OCT 15 2013

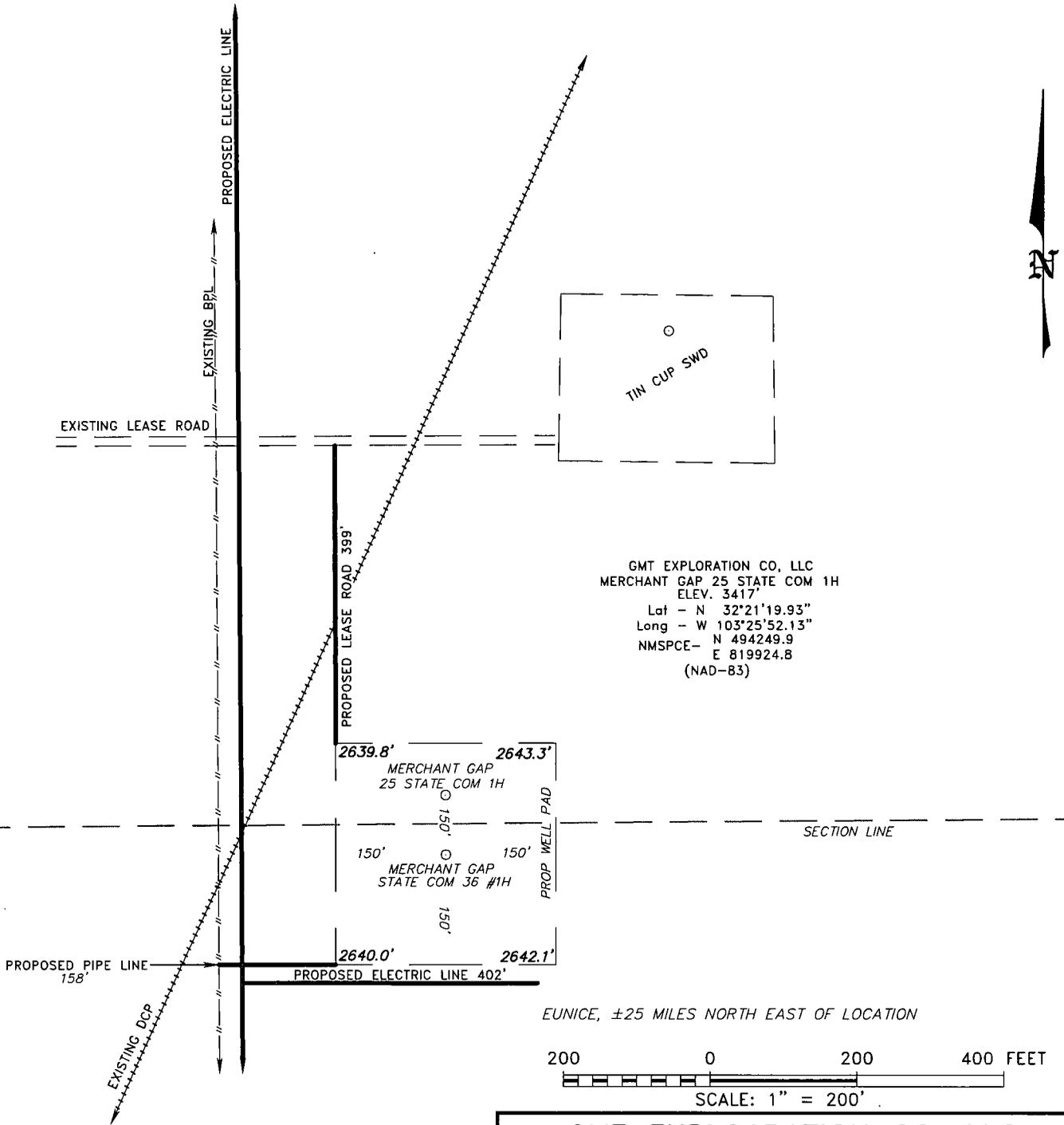
dm

## GMT Exploration Company, LLC

Merchant GAP 25 State COM #1H -  
40' FSL & 350' FWL  
Section 25, T22S, R34E, Lea County

GMT Exploration plans to use a Closed Loop System during the drilling of the above well, and haul contents to the required disposal. Please see attached application.

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



Directions to Location:

DRIVE SOUTH ON CO RD 32 TO CO RD 21 FOR 2.0MI; TURN LEFT ON CO RD 21 FOR 20.3MI; TURN LEFT ONTO 207 NORTH FOR 2.7MI.

**GMT EXPLORATION CO, LLC.**

REF: MERCHANT GAP 25 STATE COM 1H / WELL PAD TOPO

THE MERCHANT GAP 25 STATE COM 1H LOCATED 40' FROM THE SOUTH LINE AND 350' 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: 29355

Drawn By: K. NORRIS

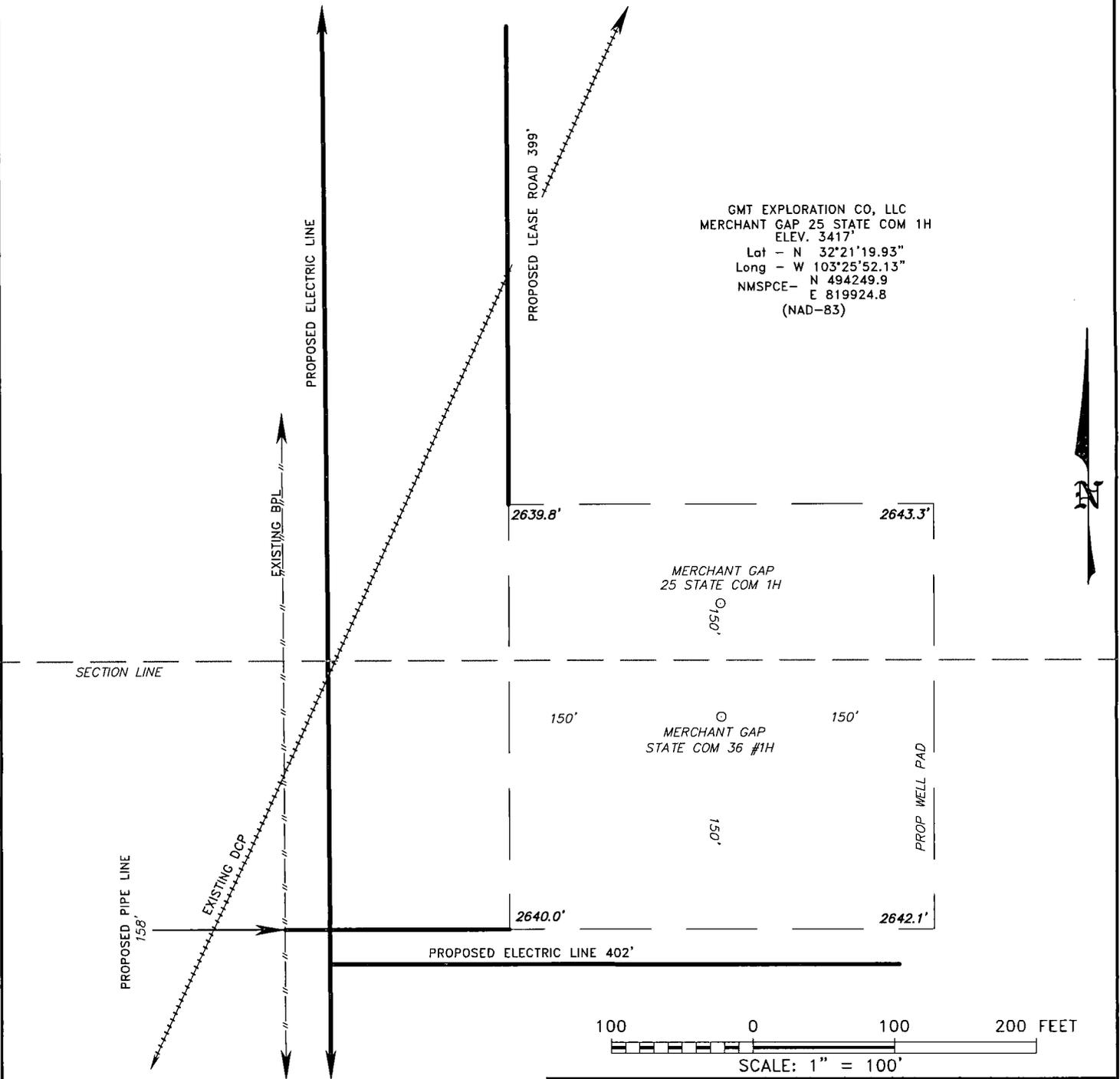
Date: 09-10-2013

Disk: KAN 29355

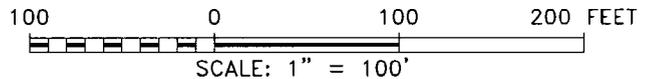
Survey Date: 09-05-2013

Sheet 1 of 1 Sheets

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



GMT EXPLORATION CO, LLC  
MERCHANT GAP 25 STATE COM 1H  
ELEV. 3417'  
Lat - N 32°21'19.93"  
Long - W 103°25'52.13"  
NMSPCE- N 494249.9  
E 819924.8  
(NAD-83)



**GMT EXPLORATION CO, LLC.**

REF: MERCHANT GAP 25 STATE COM 1H / WELL PAD TOPO

THE MERCHANT GAP 25 STATE COM 1H LOCATED 40' FROM  
THE SOUTH LINE AND 350' FROM THE WEST LINE OF  
SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

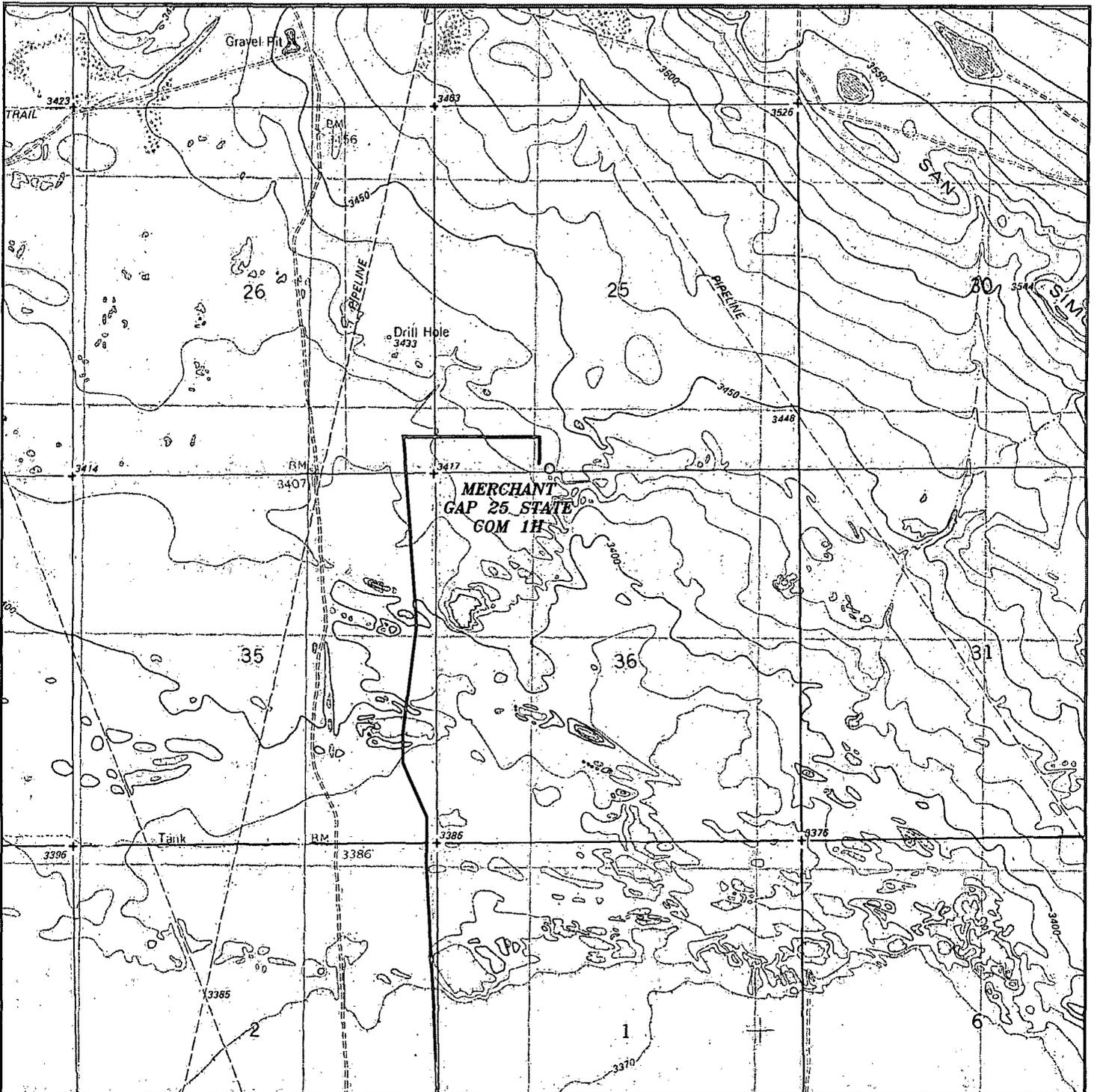
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Sheet 1 of 1 Sheets



MERCHANT GAP 25 STATE COM 1H  
 LOCATED 40' FSL AND 350' FWL  
 SECTION 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  
 (575) 393-7316 - Office  
 (575) 392-2206 - Fax  
 basinsurveys.com

W.O. Number: KAN 29355

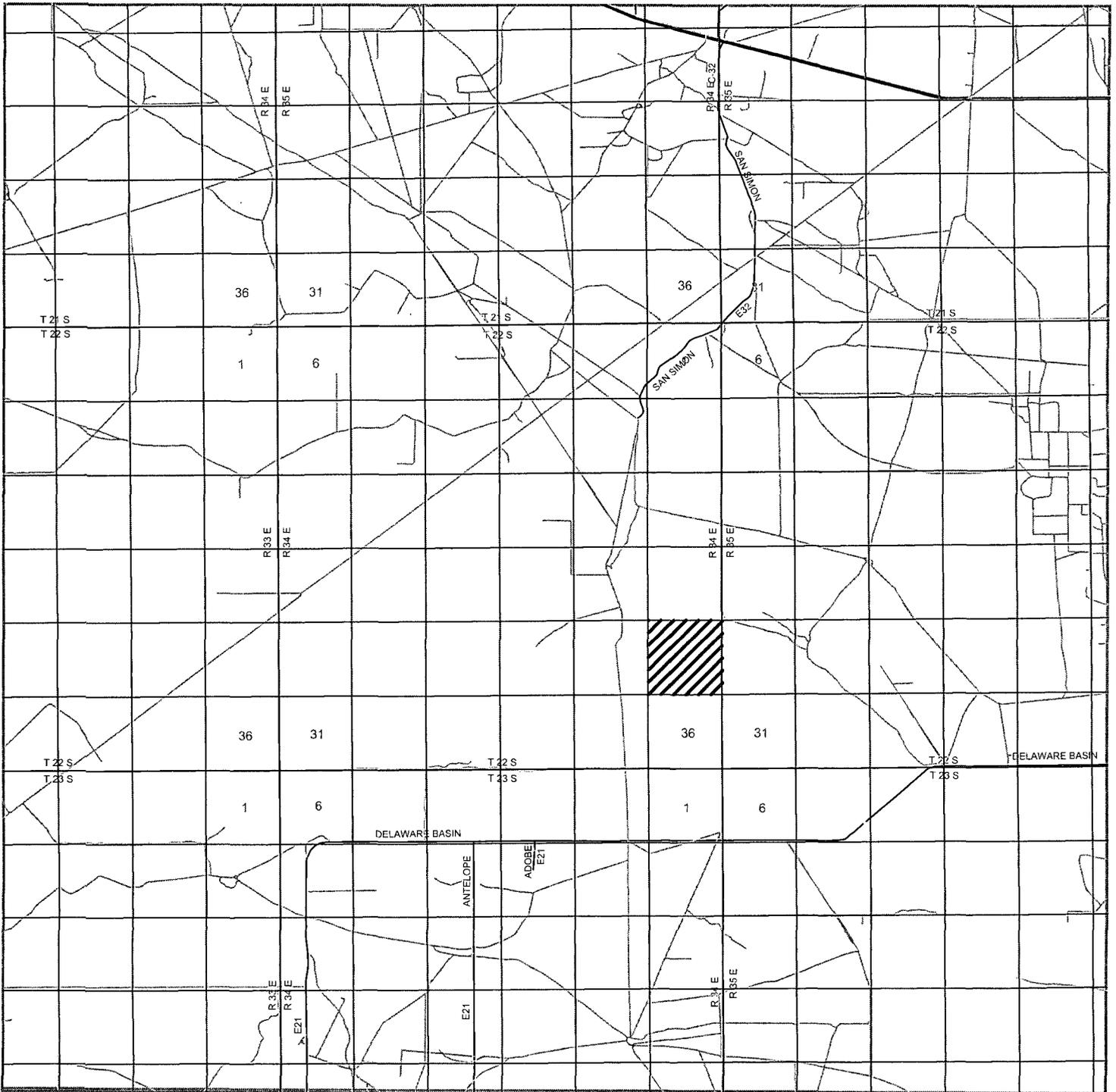
Survey Date: 09-05-2013

Scale: 1" = 2000'

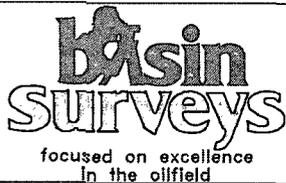
Date: 09-10-2013



GMT  
 EXPLOARATION  
 CO, LLC.



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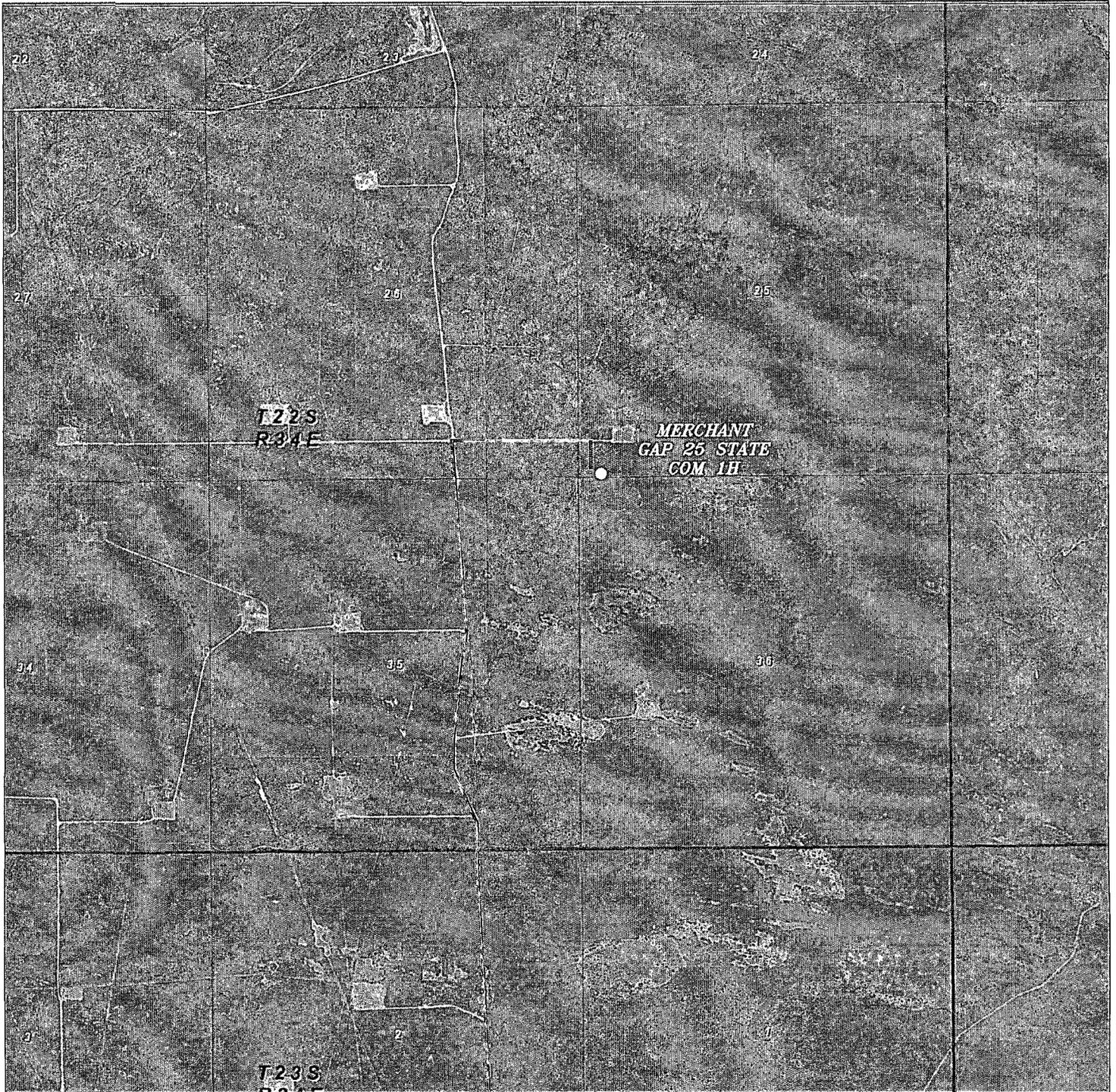
Survey Date: 09-05-2013

Scale: 1" = 2 Miles

Date: 09-10-2013



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 CO, LLC.



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 SECTION 25, TOWNSHIP 22 SOUTH, RANGE 34 EAST,  
 N.M.P.M., Lea County, New Mexico.

**basin**  
**surveys**  
 focused on excellence  
 in the oilfield

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Scale: 1" = 2000'

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

*GMT*  
 EXPLOARATION  
 CO, LLC.