

HOBBS OCD

30-025-42093

SEP 08 2014

RECEIVED

## SURFACE USE PLAN

### GMT Exploration Company, LLC

Pryor DBR Federal-State COM # 1H

Surface Location: 200' FSL & 350' FWL, Section 1, T23S-R34E

Bottom Hole Location: 330' FNL & 330' 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 on Delaware Basin for 1.5 miles to the proposed lease road on the north side Delaware Basin Road.

#### 2. Access Roads to be Constructed and/or Reconstructed

- a. Exhibit 2 shows the proposed 39' of new access road. The 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. |

SEP 10 2014

#### 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. The pipeline tie in will be located 15' off of the NENW corner of the pad. (Exhibit 5) See pipeline survey for location of the pipeline. (Exhibit 7)
- f. 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.

## 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 – see attached



# GMT EXPLORATION COMPANY LLC

ACQUISITIONS • EXPLORATION • PRODUCTION

December 13, 2013

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

**RE: Operator's Representative and Certification  
Pryor DBR Federal State Com 1H**

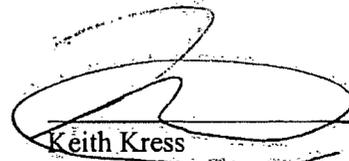
**CERTIFICATION:**

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 13<sup>th</sup> day of December 2013.

GMT Exploration Company, LLC  
Keith Kress  
VP Engineering  
1560 Broadway Suite 2000  
Denver, CO 80202  
(303) 586-9281

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

  
\_\_\_\_\_  
Keith Kress  
GMT Exploration Company, LLC

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Keith Kress • [KKress@gmtexploration.com](mailto:KKress@gmtexploration.com)  
1560 Broadway, Suite 2000 Denver, CO 80202  
Office: 303.586.9281 • Fax 720.946.3034



February 26, 2014

RE: BLM On Site Visit

To Whom It May Concern,

On July 18, 2013 Trisha Badbear of the BLM met GMT Exploration's representative Harvey Waller on location at the Pryor DBR Federal State COM #1H, Lease NM127446, Sec 1 T23S R34E, Lea County, NM. Trisha followed up with BJ Cox of GMT Exploration on August 14, 2013 to discuss moving the pipeline to the North side of the location. She agreed to this change and we have since had the location for the pipeline resurveyed.

Sincerely,

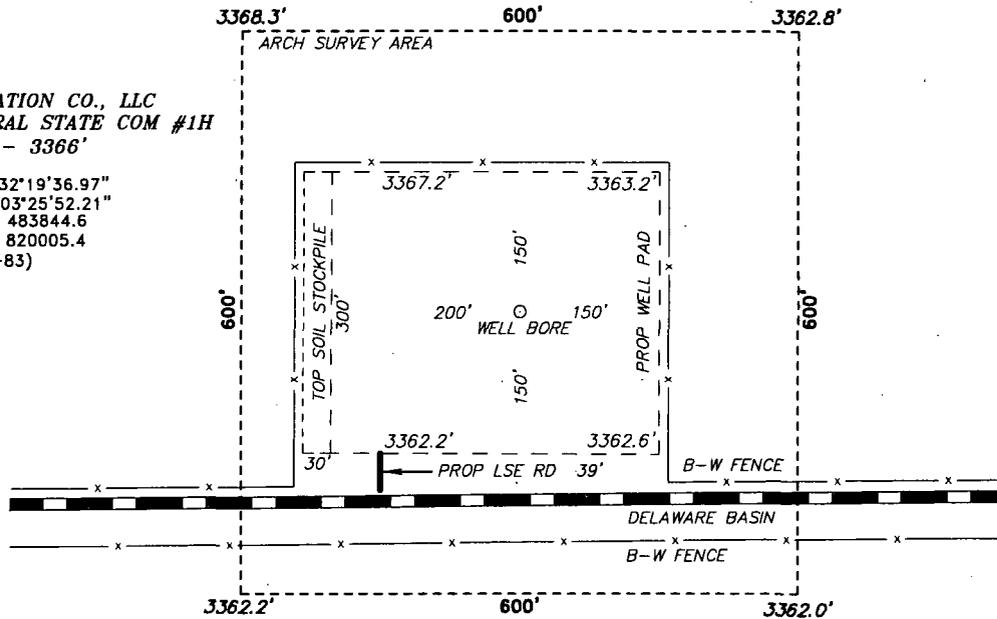
Keith Kress  
VP Operations

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



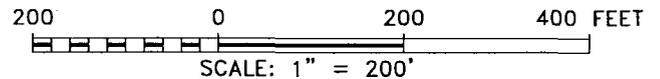
GMT EXPLORATION CO., LLC  
PRYOR DBR FEDERAL STATE COM #1H  
ELEV. - 3366'

Lat - N 32°19'36.97"  
Long - W 103°25'52.21"  
NMSPCE - N 483844.6  
E 820005.4  
(NAD-83)



FACILITIES ON NORTH SIDE  
RECLAIM 50' WEST SIDE  
RECLAIM 50' EAST SIDE

EUNICE NM, IS ±17 MILES TO THE NORTHEASTERLY OF LOCATION.



Directions to Location:

FROM THE JUNCTION OF ANTELOPE AND DELAWARE,  
GO EAST ON DELAWARE FOR 2.0 MILES TO  
PROPOSED LEASE ROAD.

**GMT EXPLORATION CO., LLC**

REF: PRYOR DBR FEDERAL STATE COM #1H / WELL PAD TOPO

THE PRYOR DBR FEDERAL STATE COM #1H LOCATED 200'  
FROM THE SOUTH LINE AND 350' FROM THE WEST LINE OF  
SECTION 1, TOWNSHIP 23 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

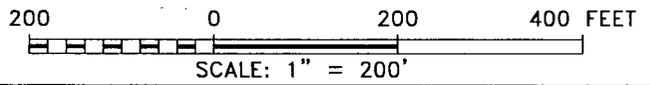
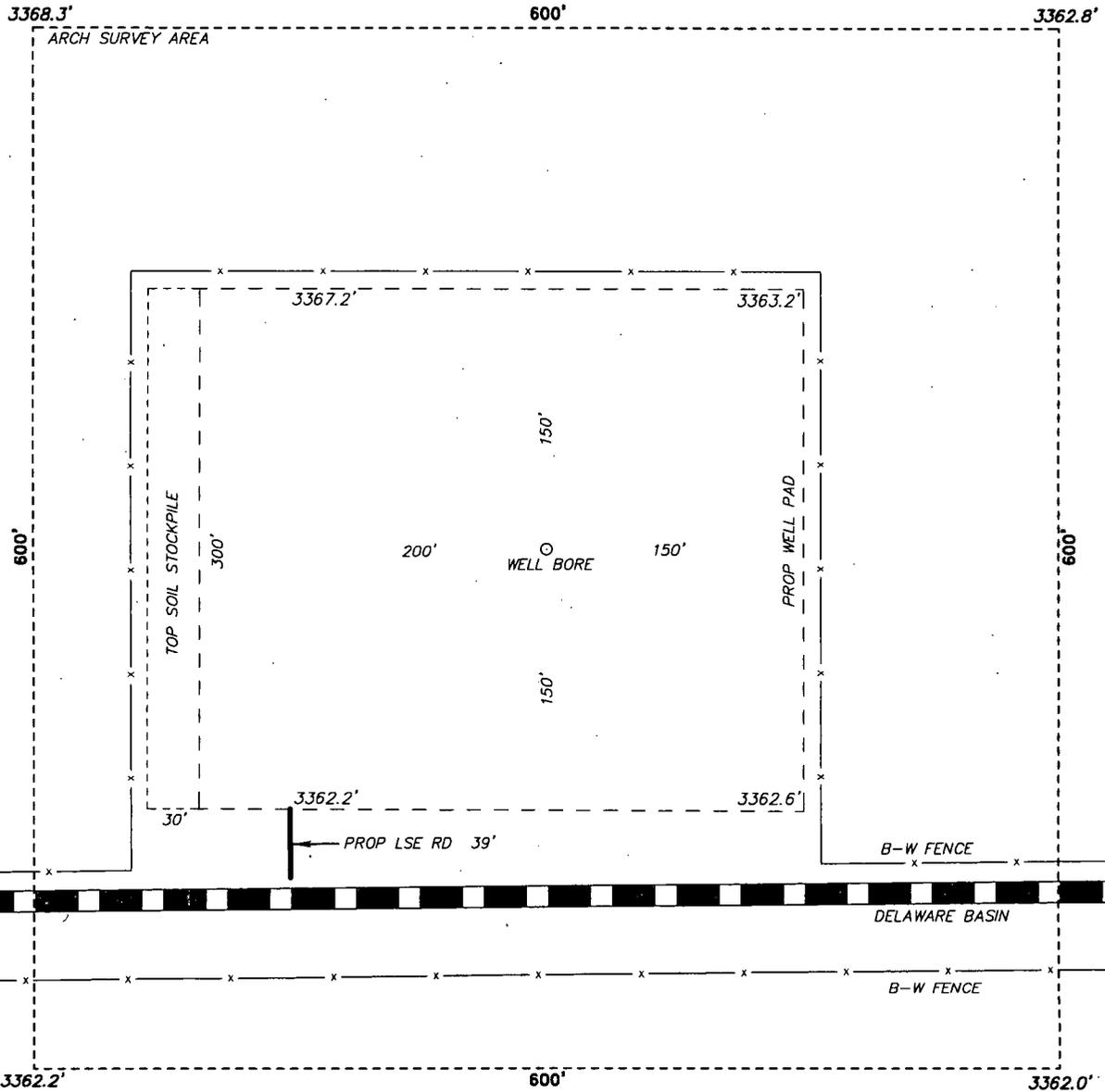
**BASIN SURVEYS** P.O. BOX 1786 - HOBBS, NEW MEXICO

W.O. Number: 29001 Drawn By: J. SMALL

Date: 07-23-2013 Disk: JMS 29001

Survey Date: 07-18-2013 Sheet 1 of 1 Sheets

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



**GMT EXPLORATION CO., LLC**

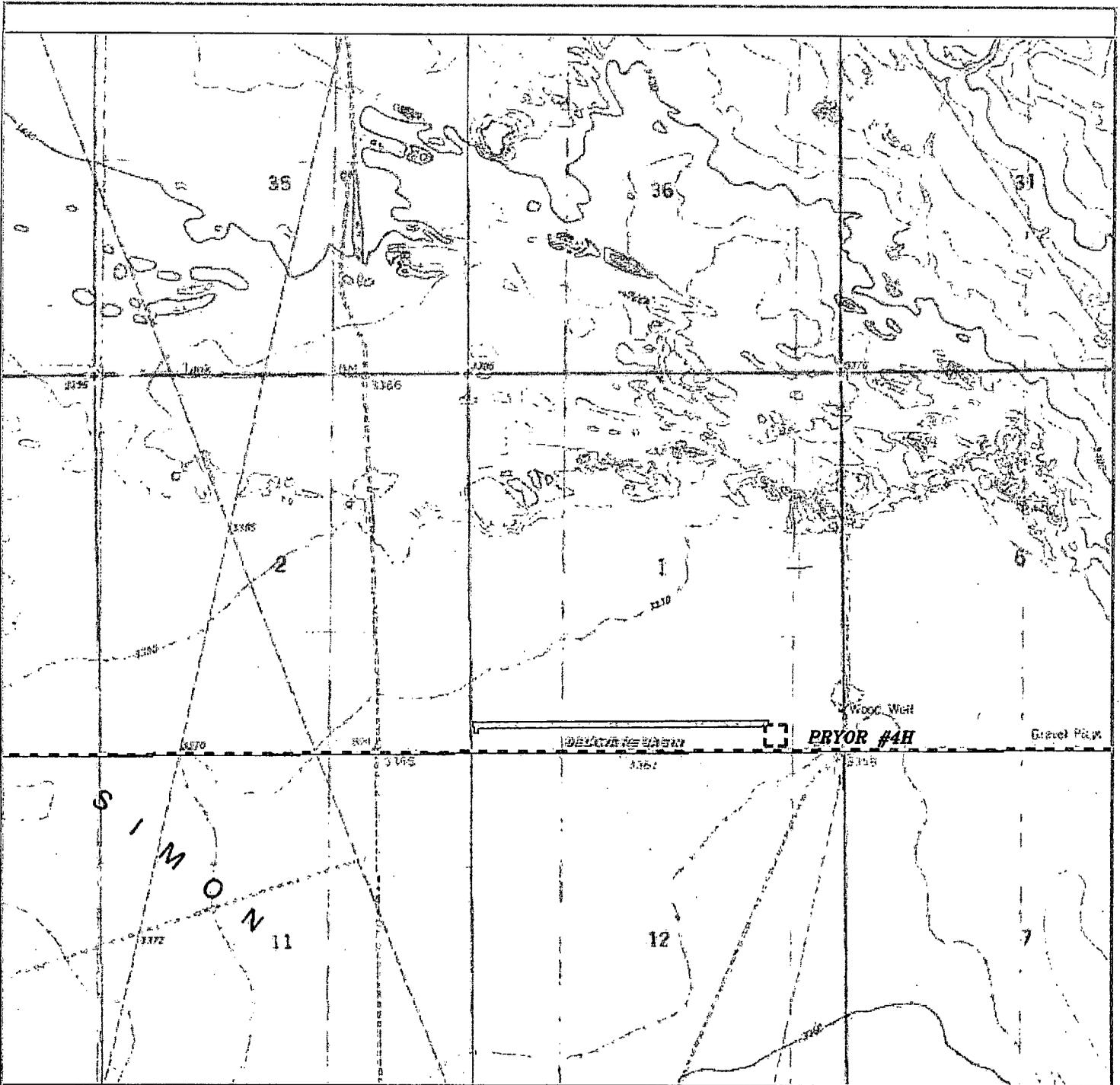
REF: PRYOR DBR FEDERAL STATE COM #1H / WELL PAD TOPO  
THE PRYOR DBR FEDERAL STATE COM #1H LOCATED 200'  
FROM THE SOUTH LINE AND 350' FROM THE WEST LINE OF  
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N.M.P.M., LEA COUNTY, NEW MEXICO.

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W.O. Number: 29001 Drawn By: J. SMALL

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**PROP. PIPELINE TO THE PRYOR DBR FEDERAL STATE COM #4H**  
**Section 1, Township 23 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: JG - 29256P

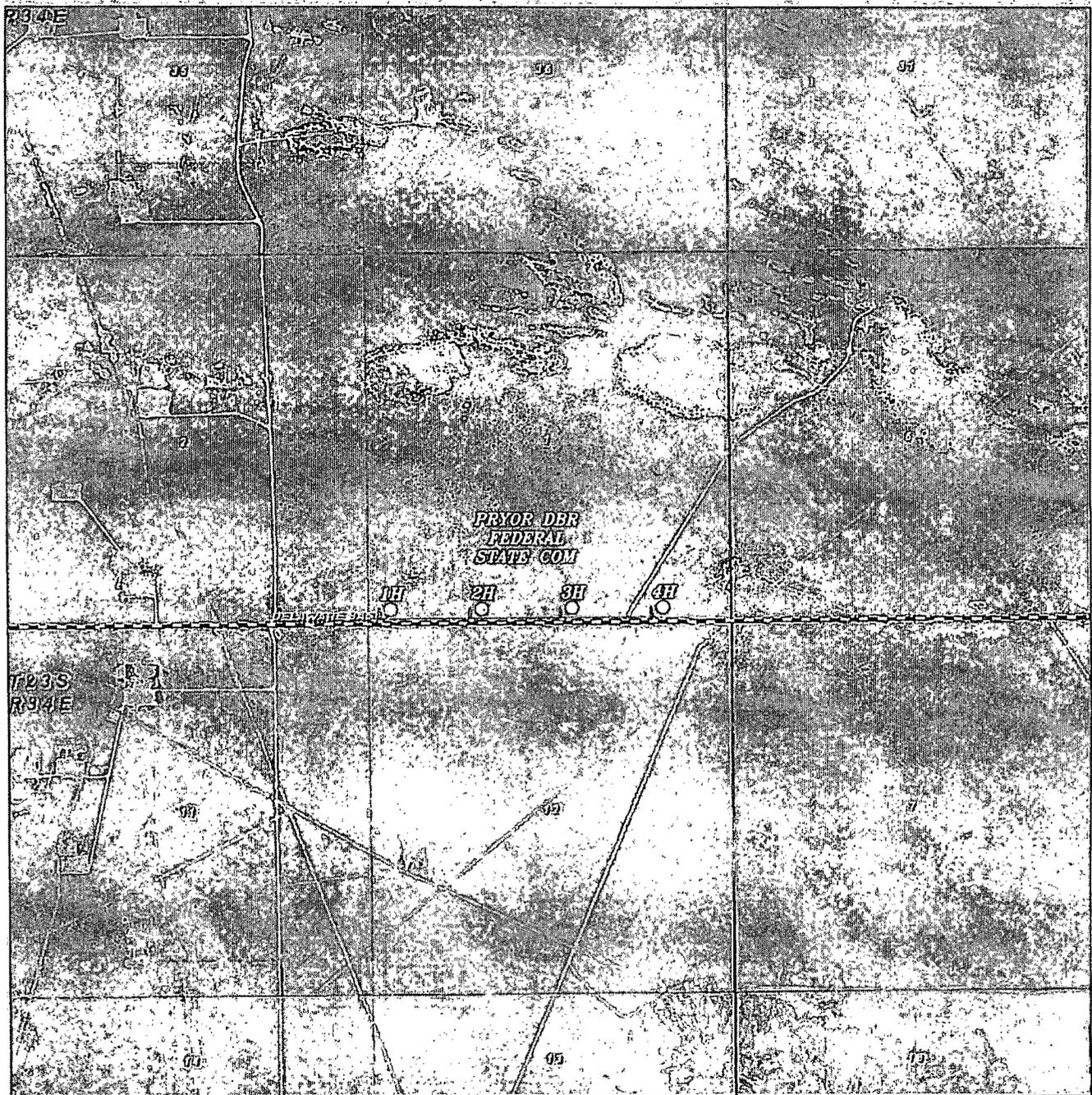
Survey Date: 8-29-2013

Scale: 1" = 2000'

Date: 9-5-2013



**GMT**  
**EXPLORATION CO.**  
**LLC**



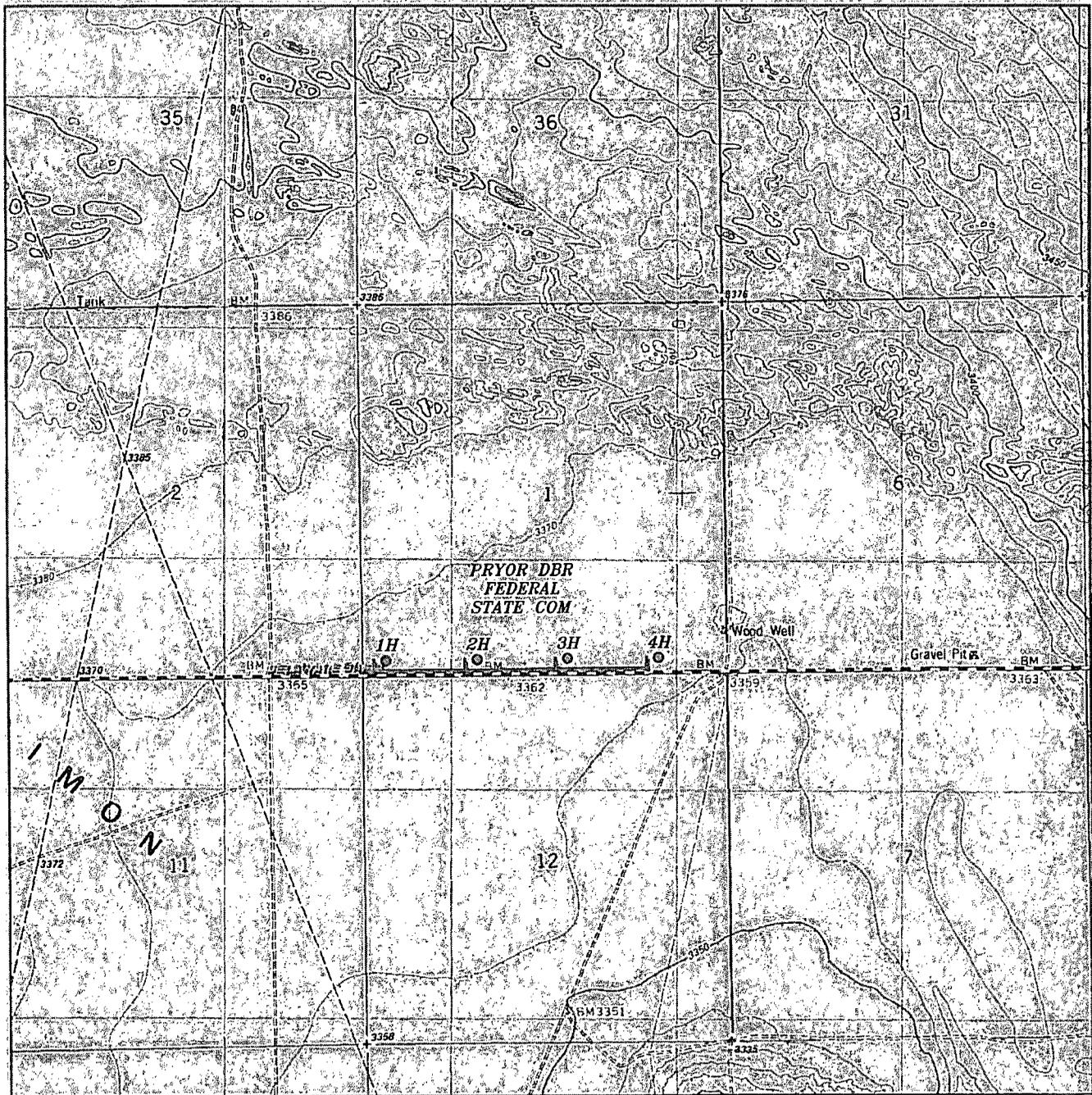
**PRYOR DBR FEDERAL STATE COM #1H**  
 Located 200' FSL and 350' FWL  
 Section 1, Township 23 South, Range 34 East,  
 N.M.P.M., Lea County, New Mexico.

  
 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: JMS 29001  
 Scale: 1" = 2000'  
 YELLOW TINT - USA LAND  
 BLUE TINT - STATE LAND  
 NATURAL COLOR - FEE LAND


  
**GMT**  
**EXPLORATION**  
**CO., LLC**



**PRYOR DBR FEDERAL STATE COM #1H**  
 Located 200' FSL and 350' FWL  
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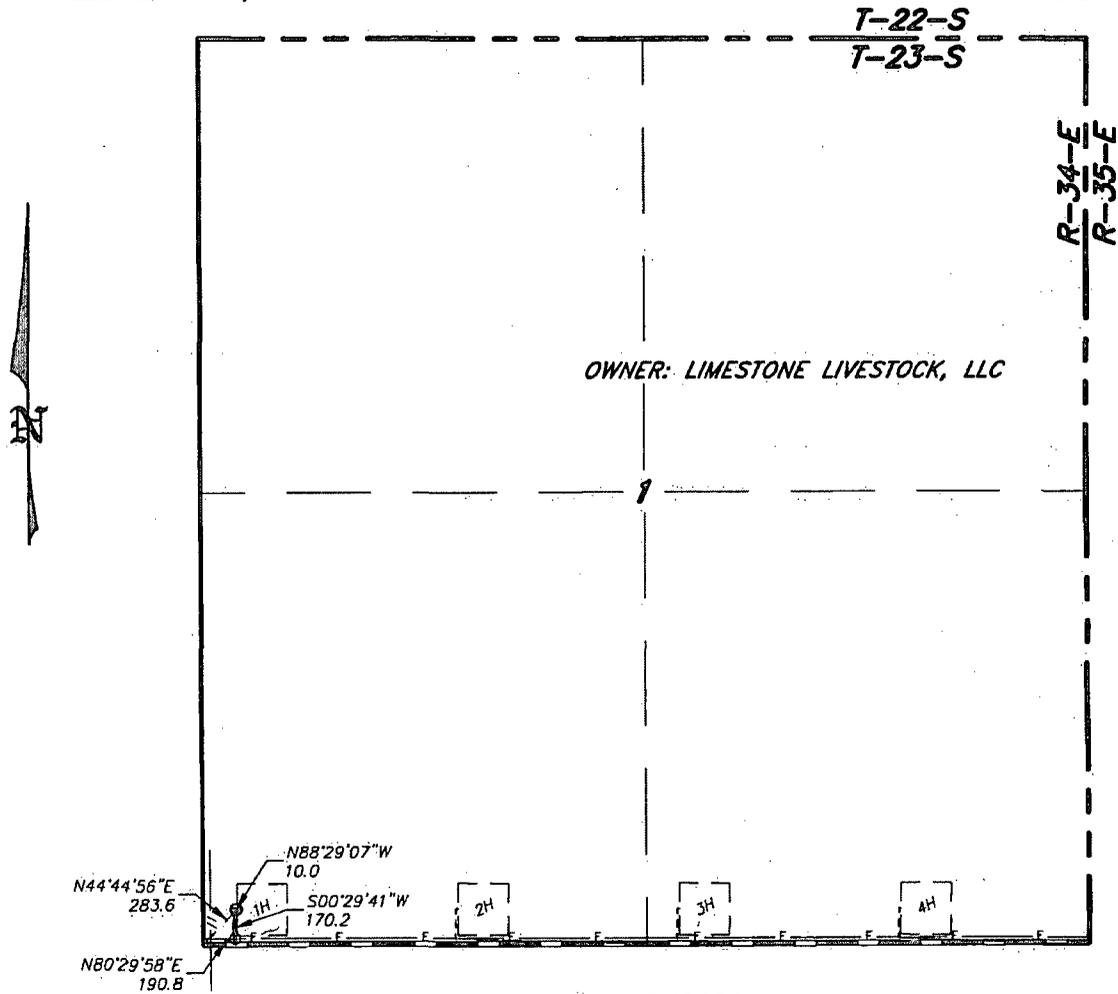
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 basinsurveys.com

W.O. Number:	JMS 29001
Survey Date:	07-18-2013
Scale:	1" = 2000'
Date:	07-23-2013



**GMT  
 EXPLORATION  
 CO., LLC**

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



LEGAL DESCRIPTION

A STRIP OF LAND 30.0 FEET WIDE, LOCATED IN SECTION 1, TOWNSHIP 23 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.44°44'56"E., 283.6 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 1; THENCE N.88°29'07"W., 10.0 FEET; THENCE S.00°29'41"W., 170.2 FEET TO THE END OF THIS LINE WHICH LIES N.80°29'58"E., 190.8 FEET FROM THE SOUTHWEST CORNER OF SAID SECTION 1, SAID STRIP OF LAND BEING 180.2 FEET OR 10.92 RODS IN LENGTH.

I HEREBY CERTIFY THAT THIS PLAN WAS PREPARED FROM FIELD NOTES OF A MINERAL 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

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

W.O. Number: 29001 Drawn By: J. M. SMALL

Date: 07-23-2013 Disk: JMS 29001

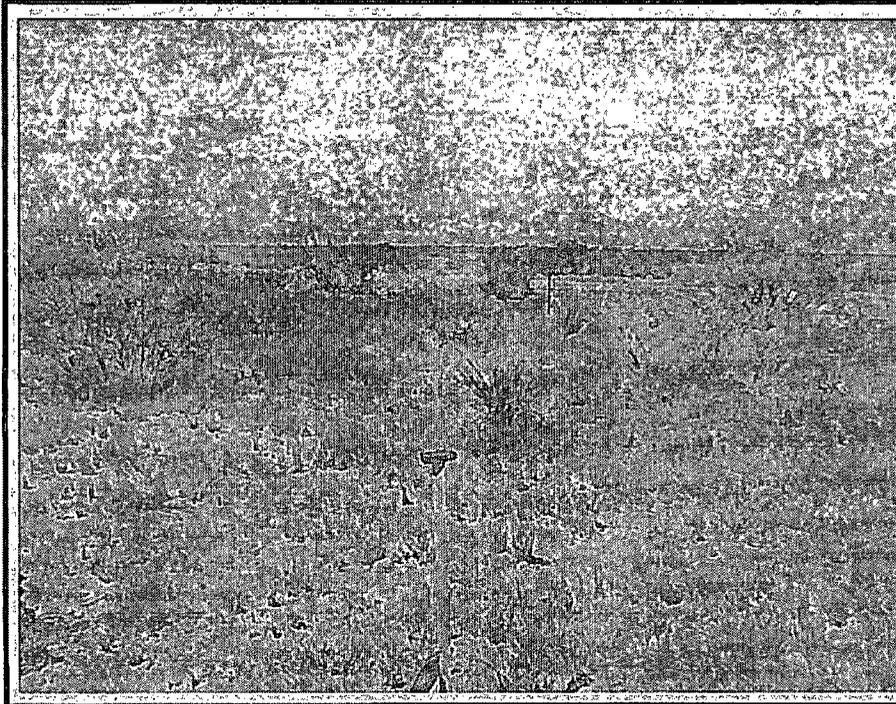
1000 0 1000 2000 FEET

**GMT EXPLORATION CO., LLC**

REF: PROPOSED ELECTRIC LINE TO PRYOR DBR FED ST COM 1H

AN ELECTRIC LINE CROSSING FEE LAND IN  
SECTION 1, TOWNSHIP 23 SOUTH, RANGE 34 EAST,  
N.M.P.M., LEA COUNTY, NEW MEXICO.

Survey Date: 07-18-2013 Sheet 1 of 1 Sheets



**Plate 1**

**SUBJECT: Pad # 1-H:**

Overview of the survey block looking NW from the SE corner.

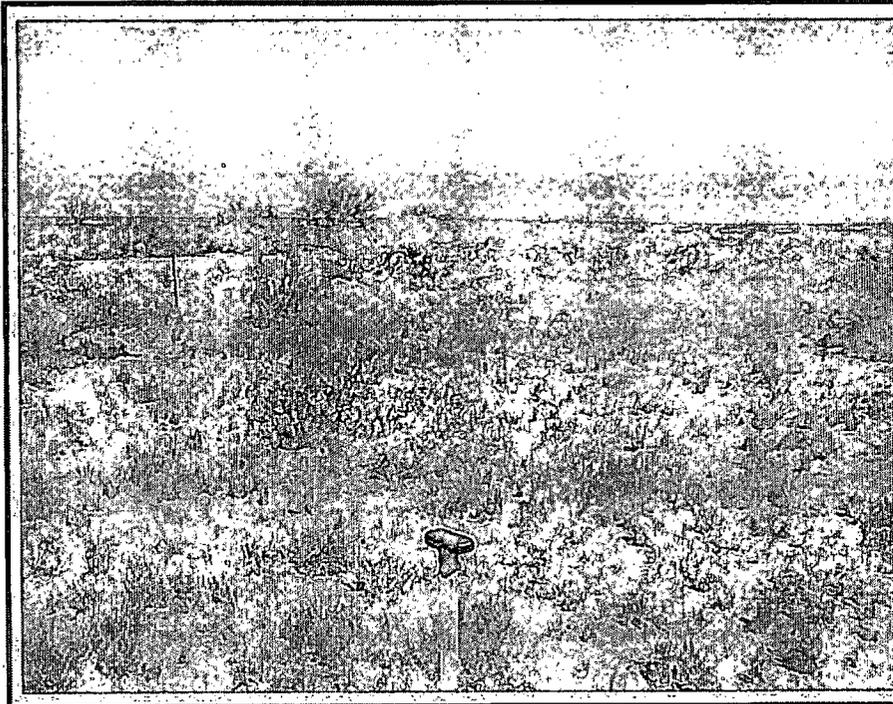
Corner stake is in foreground and CR 21 (Montana Basin Road), can be seen in background traversing the southern portion of the 600' x 600' block. All actual project impacts will be confined to the north (opposite) side of CR 21.



**Plate 2**

**SUBJECT: Pad # 2-H:**

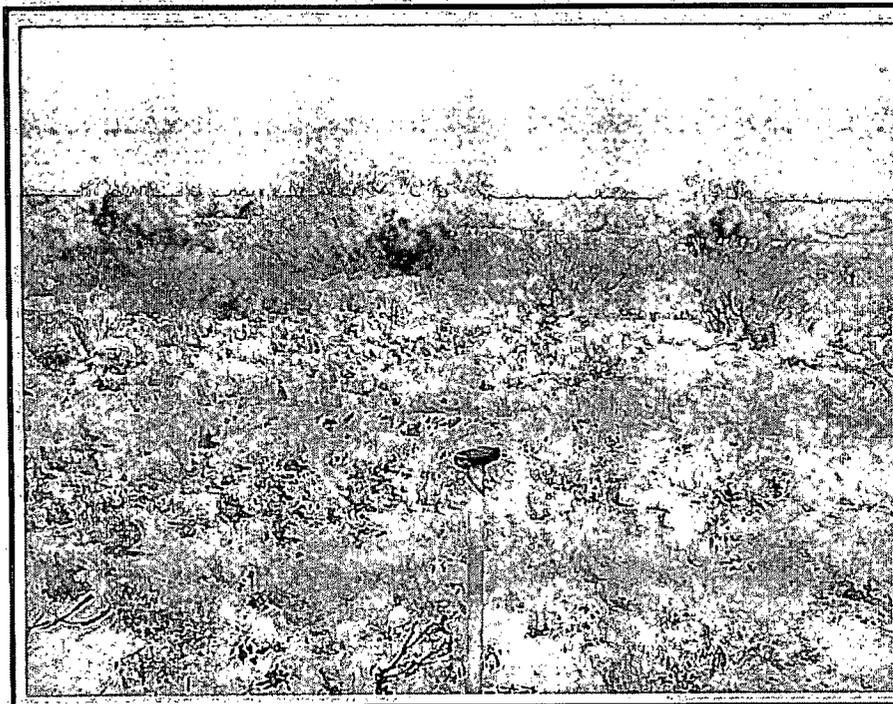
Overview of the survey block looking NW from the SE corner. Stake is in foreground and CR 21 is again seen crossing E-W through the southern portion of the 600' x 600' block.



**Plate 3**

**SUBJECT: Pad # 3-H:**

Overview of the survey block looking NE from the SW corner. CR 21 is again seen passing E-W through the southern portion of the 600' x 600' survey area. Corner stake is in foreground.



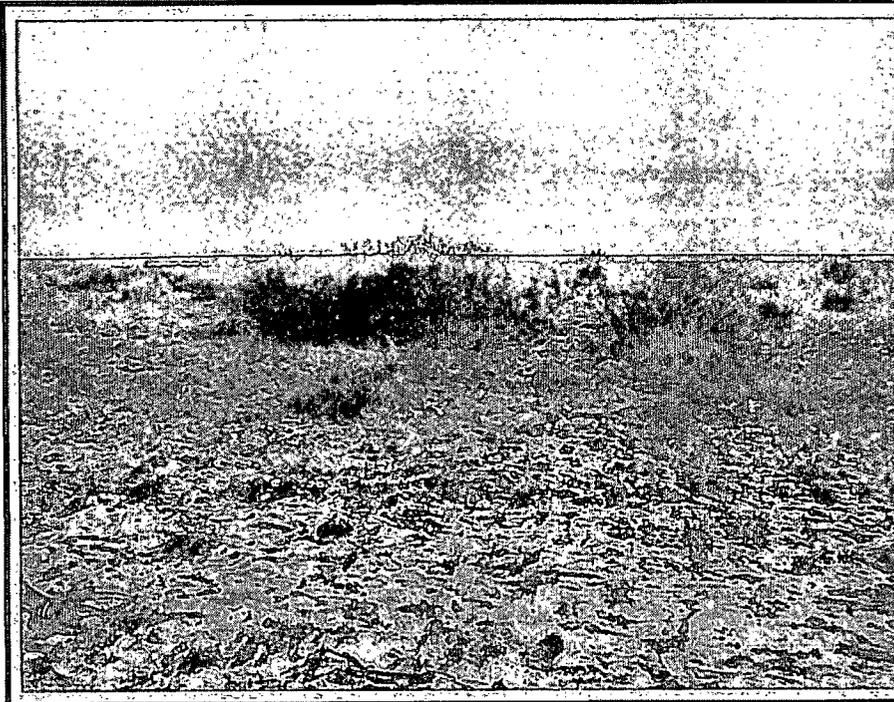
**Plate 4**

**SUBJECT: Pad # 4-H:**

Overview of the 600' x 600' survey block looking NW from the SE corner. Stake is in foreground and CR 21 passes in background.

**Pryor DBR Federal-State Com 1H through  
4H Well Pads, and the Pryor 4 Pipeline;  
Lea County, NM.**

  
Consultant Report No.  
CAP 10-01-13



**Plate 5**

**SUBJECT: Pipeline Corridor:**

Looking east along the pipeline easement from the far western end. The line will apparently connect the pads with an existing line further west.

The proposed pipeline is staked at regular intervals and it will occupy a 30 foot-wide easement.

Exhibit 4

Wells in 1 Mile Radius of BHL			
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
30025403960000	GMT Exploration	Pryor State 1H	Sec 36 T22S R34E
30025408620000	GMT Exploration	Pryor State FED 4H	Sec 1 T23S R34E
Plugged Wells in a 1 Mile Radius of BHL			
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 SL			
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
30025408620000	GMT Exploration	Pryor State FED 4H	Sec 1 T23S R34E
30025403960000	GMT Exploration	Pryor State 1H	Sec 36 T22S R34E
Plugged Wells in a 1 Mile Radius of SL			
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

EXHIBIT 4

