

**BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING OCTOBER 12, 2017**

CASE No. 15851 AND 15852

GAZELLE 32 STATE 2BS No. 1H WELL

~AND~

GAZELLE 32 STATE 2BS No. 2H WELL

LEA COUNTY, NEW MEXICO



**CHISHOLM
ENERGY**

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 1
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: October 12, 2017

DISTRICT I1625 N. French Dr., Hobbs, NM 88240
Phone (505) 883-8161 Fax: (505) 883-0720**DISTRICT II**811 S. First St., Artesia, NM 88210
Phone (505) 745-1803 Fax: (505) 745-0720**DISTRICT III**1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 834-6178 Fax: (505) 834-6170**DISTRICT IV**1528 S. St. Francis Dr., Santa Fe, NM 87505
Phone (505) 476-8460 Fax: (505) 476-3453State of New Mexico
Energy, Minerals and Natural Resources Department**OIL CONSERVATION DIVISION**1226 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office**WELL LOCATION AND ACREAGE DEDICATION PLAT**☐ AMENDED REPORT

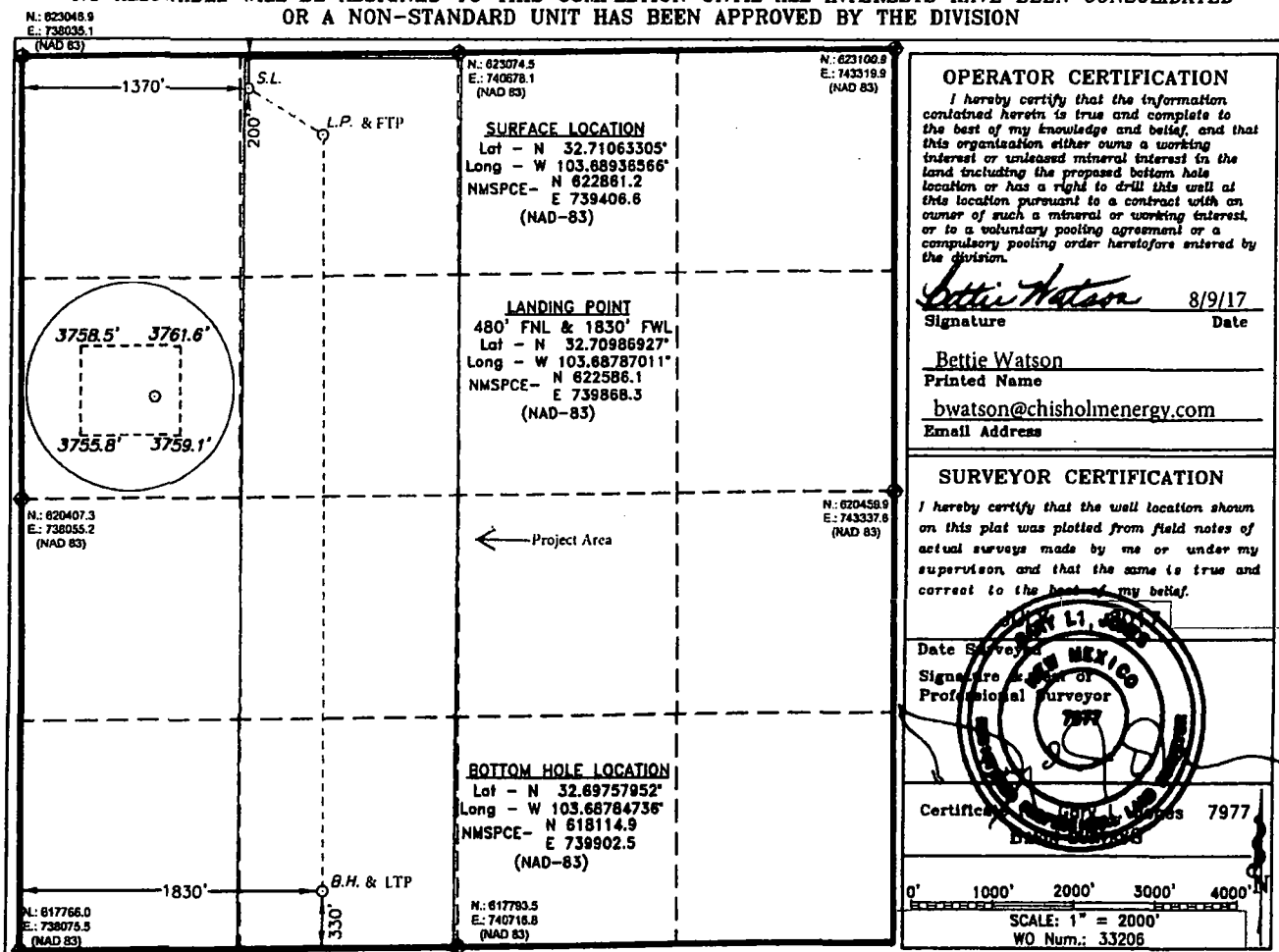
API Number 30-025-43907		Pool Code 13160	Pool Name Corbin: Bone Spring South
Property Code	Property Name GAZELLE "32" STATE 2BS		Well Number 2H
OGRID No. 372137	Operator Name CHISHOLM ENERGY OPERATING, LLC		Elevation 3758'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	FEET from the	North/SOUTH LINE	FEET from the	East/West Line	County
C	32	18 S	33 E		200	NORTH	1370	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
N	32	18 S	33 E		330	SOUTH	1830	WEST	LEA
Dedicated Acres	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 DIVISIONBEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 2
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: October 12, 2017

Gazelle Bone Spring Ownership

Township 18 South, Range 33 East, Section 32

<u>NW4</u>	WI	NRI	TPF All	WI	NRI
Chisholm Energy Operating, LLC	0.6661	0.5698	0.5000	0.3331	0.2849
MRC Delaware Resources, LLC	0.2098	0.1810	0.5000	0.1049	0.0905
MRC Explorers Resources, LLC	0.0392	0.0338	0.5000	0.0196	0.0169
MRC Sprial Resources, LLC	0.0392	0.0338	0.5000	0.0196	0.0169
Nadel & Gussman Capitan	0.0392	0.0338	0.5000	0.0196	0.0169
Rohoel	0.0060	0.0051	0.5000	0.0030	0.0026
Tim MacDonald	0.0006	0.0005	0.5000	0.0003	0.0002
	1.0000	0.8578			

<u>SW4</u>	WI	NRI	TPF All	WI	NRI
Chisholm Energy Operating, LLC	0.6661	0.4896	0.5000	0.3331	0.2448
MRC Delaware Resources, LLC	0.2933	0.2375	0.5000	0.1467	0.1188
MRC Explorers Resources, LLC	0.0133	0.0108	0.5000	0.0067	0.0054
MRC Sprial Resources, LLC	0.0133	0.0108	0.5000	0.0067	0.0054
Nadel & Gussman Capitan	0.0133	0.0108	0.5000	0.0067	0.0054
Rohoel	0.0000	0.0000	0.5000	0.0000	0.0000
Tim MacDonald	0.0006	0.0004	0.5000	0.0003	0.0002
	1.0000	0.7600			

Totals			
Gazelle Wells	WI	NRI	Elect to Participate
Chisholm Energy Operating, LLC	0.66611112	0.52969342	Yes
MRC Delaware Resources, LLC	0.25159106	0.20924729	No
MRC Explorers Resources, LLC	0.02625426	0.02231097	No
MRC Sprial Resources, LLC	0.02625426	0.02231097	No
Nadel & Gussman Capitan	0.02625426	0.02231097	Yes
Rohoel	0.00297949	0.00256981	Yes
Tim MacDonald	0.00055555	0.00043163	Yes
	<u>1.00000000</u>	<u>0.80887505</u>	



July 27, 2017

VIA CERTIFIED MAIL

MRC Spiral Resources, LLC
Attn: John Filbert
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

RE: Gazelle 32 2BS 1H
W2W2 Section 32: T18S-R33E
Lea County, New Mexico

Dear Mr. Filbert,

Chisholm Energy Operating, LLC ("Chisholm") hereby proposes the drilling of the Gazelle 32 2BS 1H in Section 32, Township 18 South, Range 33 East, Lea County, New Mexico. The surface location for this well is proposed at a legal location in Unit C with a bottom hole at a legal location in Unit M (see attached plat for further detail). The well will have a targeted interval in the Bone Spring formation to a Measured Depth of approximately 14,800'. Included herewith is our Authority for Expenditure ("AFE") in the gross amount of \$4,137,334, being the total estimated cost to drill and complete said well.

Chisholm is proposing to drill this well under the terms of the modified 1989 AAPL form of Operating Agreement which is enclosed for your review and approval. The Operating Agreement covers W/2 of Section 32, Township 18 South, Range 33 East, limited to the Bone Spring Formation. It has the following general provisions:

- 100/300 Non-consenting penalty
- \$10,000/\$1,000 Drilling and Production rate
- Chisholm Energy Operating, LLC named as Operator
- Initial Well Gazelle 32 2BS 1H

MRC Spiral Resources, LLC will own an approximate 2.63% working interest in the well, subject to title verification. Please indicate your participation election in the space provided below, sign and return this letter, along with a signed copy of the enclosed AFE and a copy of your geologic well requirements, to my attention at the letterhead address. You may also email your response to darmour@chisholmenergy.com

Should you have any questions, please do not hesitate to contact myself at 817-953-0480.

Very truly yours,

Chisholm Energy Operating, LLC

Davis Armour
Senior Landman

_____/We hereby elect to participate in the Gazelle 32 2BS 1H.

_____/We hereby elect NOT to participate in the Gazelle 32 2BS 1H.

Company: MRC Spiral Resources, LLC

By: _____
Name: _____
Title: _____
Date: _____

Address: Chisholm Energy Operating, LLC 801 Cherry Street Suite 1200 Unit 20 Fort Worth, TX 76102

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 4
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: October 12, 2017



**CHISHOLM
ENERGY**

Statement of Estimated Well Cost (100%)

Well	Gazelle 32 2BS 1H
Field	2nd Bone Spring
County, State:	Lea, NM
BHL:	Horizontal
Proposed TD:	14,800 MD 9,640 TVD
Normal Pressure?	Yes

		BCP	ACP	TOTAL
COSTS TO CASING POINT: TANGIBLES				
8510-400	Conductor Casing or Drive Pipe	\$15,000		\$15,000
8510-405	Surface Casing	\$43,291		\$43,291
8510-410	Intermediate Casing/Drig Liner	\$127,270		\$127,270
8510-415	Wellhead Equipment - Surface & MLS	\$10,500		\$10,500
8510-420	Other Sub-Surface Equipment	\$0		
8510-425	Cementing Equipment	\$14,050		\$14,050
8510-600	Nonoperated	\$0		
8510-700	Impairment	\$0		
8510-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - TANGIBLES	\$210,111		\$210,111
COSTS TO CASING POINT: INTANGIBLES				
8500-100	Roads/Location	\$50,000		\$50,000
8500-105	Drilling Turnkey	\$0		
8500-110	Drilling Daywork	\$363,000		\$363,000
8500-115	Fuel/Power	\$88,000		\$88,000
8500-125	Equipment Rental	\$125,380		\$125,380
8500-130	Legal Fees	\$0		
8500-135	Bonds, Permits and Inspection	\$50,000		\$50,000
8500-155	Mud and Chemicals	\$60,000		\$60,000
8500-160	Cementing Services	\$29,000		\$29,000
8500-170	Supervision/Consulting	\$51,600		\$51,600
8500-175	Casing and Other Tangible Crew	\$24,000		\$24,000
8500-180	Damages/Penalties	\$0		
8500-185	Coring and Analysis	\$0		
8500-190	Cuttings/Fluids Disposal	\$125,000		\$125,000
8500-195	Directional Drilling Services	\$162,500		\$162,500
8500-200	Drill Bits	\$51,000		\$51,000
8500-210	Surface Damages/ROW	\$0		
8500-215	Contract Labor and Services	\$1,100		\$1,100
8500-220	Mud Logging	\$25,000		\$25,000
8500-235	Reclamation	\$0		
8500-240	Rig Mobilization/Demob	\$202,500		\$202,500
8500-245	Fishing Tools and Services	\$0		
8500-250	Testing-Drill Stem/Production	\$0		
8500-260	Wireline Services	\$0		
8500-265	Water	\$16,250		\$16,250
8500-270	Camp Expenses	\$40,200		\$40,200
8500-285	Contingencies	\$0		
8500-290	Environmental	\$0		
8500-300	Overhead	\$0		
8500-350	Insurance	\$0		
8500-600	Nonoperated	\$0		
8500-700	Impairment	\$0		
8500-999	Accruals	\$0		
	TOTAL COST TO CASING POINT - INTANGIBLES	\$1,464,530		\$1,464,530
COMPLETION COSTS: TANGIBLES				
8530-415	Wellhead		\$21,900	\$21,900
8530-420	Subsurface Equipment		\$15,000	\$15,000

8530-500	Production Casing			\$188,700	\$188,700
8530-510	Tubing			\$43,380	\$43,380
8530-515	Rods			\$0	
8530-525	Artificial Lift Equipment			\$25,000	\$25,000
8530-530	Gas Metering Equipment			\$48,000	\$48,000
8530-535	LACT Unit			\$0	
8530-540	Production Facilities and Flowlines			\$120,000	\$120,000
8530-545	Pumping Unit			\$0	
8530-550	Separator, Heater, Treater			\$75,000	\$75,000
8530-555	Tank Battery			\$55,000	\$55,000
8530-560	Vapor Recovery Unit			\$0	
8530-590	Other Misc Equipment			\$21,500	\$21,500
8530-600	Nonoperated			\$0	
8530-700	Impairment			\$0	
8530-999	Accruals			\$0	
	TOTAL COMPLETION COST - TANGIBLES			\$613,480	\$613,480
	COMPLETION COSTS: INTANGIBLES				
8520-100	Roads/Location			\$0	
8520-120	Perforating Services			\$66,500	\$66,500
8520-125	Equipment Rental			\$193,000	\$193,000
8520-135	Bonds, Permits and Inspection			\$0	
8520-145	Completion Unit			\$20,000	\$20,000
8520-150	Frac Plugs			\$28,500	\$28,500
8520-155	Mud and Chemicals			\$90,000	\$90,000
8520-160	Cementing Services			\$70,000	\$70,000
8520-165	Acidizing and Fracturing			\$811,813	\$811,813
8520-170	Supervision/Consulting			\$42,000	\$42,000
8520-175	Casing and Other Tangible Crew			\$15,000	\$15,000
8520-190	Cuttings/Fluids Disposal			\$60,000	\$60,000
8520-200	Drill Bits			\$3,000	\$3,000
8520-210	Surface Damages/ROW			\$0	
8520-215	Contract Labor and Services			\$5,000	\$5,000
8520-230	Pump/Vacuum Trucks			\$20,000	\$20,000
8520-235	Reclamation			\$0	
8520-245	Fishing Tools and Services			\$0	
8520-250	Well Testing			\$84,000	\$84,000
8520-255	Trucking and Hauling			\$0	
8520-260	Wireline Services			\$5,000	\$5,000
8520-270	Camp Expenses			\$6,000	\$6,000
8520-275	Coiled Tubing Services			\$54,400	\$54,400
8520-280	Frac Water			\$275,000	\$275,000
8520-285	Contingencies			\$0	
8520-290	Environmental			\$0	
8520-300	Overhead			\$0	
8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	TOTAL COMPLETION COST - INTANGIBLES			\$1,849,213	\$1,849,213
	TOTAL WELL COST			\$1,674,641	\$2,462,693
				\$4,137,334	

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Approved by: _____

Date: _____



July 27, 2017

VIA CERTIFIED MAIL

MRC Delaware Resources, LLC
Attn: John Filbert
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

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- Initial Well Gazelle 32 2BS 1H

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Should you have any questions, please do not hesitate to contact myself at 817-953-0480.

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Company: MRC Delaware Resources, LLC

By: _____
Name: _____
Title: _____
Date: _____

Address: Chisholm Energy Operating, LLC 801 Cherry Street Suite 1200 Unit 20 Fort Worth, TX 76102

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 5

Submitted by:

CHISHOLM ENERGY OPERATING LLC

Hearing Date: October 12, 2017



**CHISHOLM
ENERGY**

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8520-270	Camp Expenses			\$6,000	\$6,000
8520-275	Coiled Tubing Services			\$54,400	\$54,400
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8520-290	Environmental			\$0	
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8520-350	Insurance			\$0	
8520-600	Nonoperated			\$0	
8520-700	Impairment			\$0	
8520-999	Accruals			\$0	
	TOTAL COMPLETION COST - INTANGIBLES			\$1,849,213	\$1,849,213
	TOTAL WELL COST		\$1,674,641	\$2,462,693	\$4,137,334

Approved by: _____

Date: _____

Approved by: _____

Date: _____

Approved by: _____

Date: _____

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
OIL CONSERVATION DIVISION**

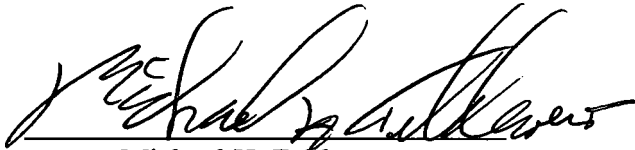
**APPLICATION OF CHISHOLM ENERGY OPERATING, LLC
FOR A NON-STANDARD SPACING AND
PRORATION UNIT AND COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.**

CASE NOS. 15851 and 15852

AFFIDAVIT

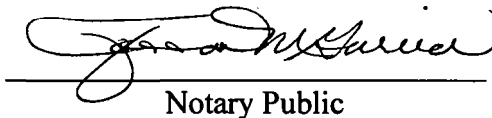
STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

Michael H. Feldewert, attorney in fact and authorized representative of Chisholm Energy Operating, LLC, the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Applications have been provided under the notice letters and proof of receipts attached hereto.

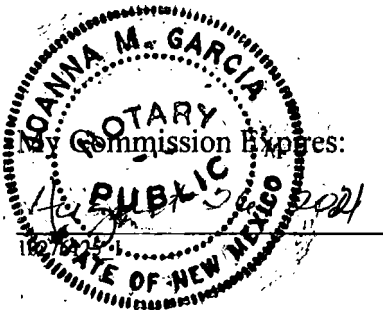


Michael H. Feldewert

SUBSCRIBED AND SWORN to before me this 11th day of October, 2017 by Michael H. Feldewert.



Notary Public



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 6
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: October 12, 2017

HOLLAND & HART LLP



Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
JKessler@hollandhart.com

September 22, 2017

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

**Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing
and proration unit and compulsory pooling, Lea County, New Mexico.
Gazelle 32 State 2 BS No. 1H**

Ladies & Gentlemen:

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on October 12, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Davis Armour, at (817) 953-0480 or darmour@chisholmenergy.com.

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**

Holland & Hart LLP

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☐

HOLLAND & HART 

Jordan L. Kessler
Associate
Phone (505) 988-4421
Fax (505) 983-6043
JKessler@hollandhart.com

September 22, 2017

VIA CERTIFIED MAIL
CERTIFIED RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.
Gazelle 32 State 2 BS No. 2H

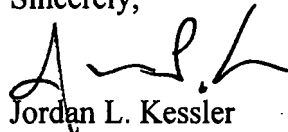
Ladies & Gentlemen:

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. This application will be set for hearing before a Division Examiner at 8:15 a.m. on October 12, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices, located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-hearing Statement four business days in advance of a scheduled hearing. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Davis Armour, at (817) 953-0480 or darmour@chisholmenergy.com.

Sincerely,



Jordan L. Kessler
ATTORNEY FOR CHISHOLM ENERGY OPERATING, LLC

Holland & Hart 

Phone [505] 988-4421 Fax [505] 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. 

HOLLAND & HART ^{LLP}



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

JLKessler@hollandhart.com

September 22, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

**Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.
Gazelle 32 State 2 BS No. 1H**

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on October 12, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four business days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Davis Armour, at (817) 953-0480 or darmour@chisholmenergy.com

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**

Holland & Hart ^{LLP}

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☐

HOLLAND & HART LLP



Jordan L. Kessler

Associate

Phone (505) 988-4421

Fax (505) 983-6043

JLKessler@hollandhart.com

September 22, 2017

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: OFFSETTING LESSEES AND OPERATORS

**Re: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico.
Gazelle 32 State 2 BS No. 2H**

This letter is to advise you that Chisholm Energy Operating, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. *Your interests are not being pooled under this application*, but as a lessee or operator in an offsetting tract, you are entitled to notice of this application.

This application has been set for hearing before a Division Examiner at 8:15 AM on October 12, 2017. The hearing will be held in Porter Hall in the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Pre-Hearing Statement with the Oil Conservation Division's Santa Fe office, four business days in advance of a scheduled hearing, but at least on the Thursday preceding the hearing. This statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter please contact Davis Armour, at (817) 953-0480 or darmour@chisholmenergy.com

Sincerely,

Jordan L. Kessler

**ATTORNEY FOR CHISHOLM ENERGY OPERATING,
LLC**

Holland & Hart LLP

Phone (505) 988-4421 Fax (505) 983-6043 www.hollandhart.com

110 North Guadalupe Suite 1 Santa Fe, New Mexico 87501 Mailing Address P.O. Box 2208 Santa Fe, NM 87504-2208

Aspen Boulder Carson City Colorado Springs Denver Denver Tech Center Billings Boise Cheyenne Jackson Hole Las Vegas Reno Salt Lake City Santa Fe Washington, D.C. ☐

**Gazelle 32 State 2BS No. 1H & 2H Wells
Case Nos. 15851 & 15852
Pooled Parties (3)**

MRC Delaware Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

MRC Explorers Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

MRC Spiral Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

NE

SW

YATES
ATLANTIC-STAT 32MATADOR
ATLANTIC '32' STATEMATADOR
GAZELLE '32' STATE

A



A'

Subsea
Depth(ft)
-5400 -

-5500 -

-5600 -

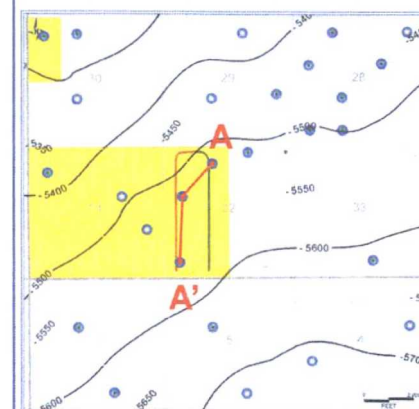
-5700 -

-5800 -

-5900 -

-6000 -

-6100 -

Top 2nd Bone Spring SandstoneBase 2nd Bone Spring SandstoneTarget
Interval

Lea County, NM

Gazelle Prospect (S 32/ T 18S/ R 33E)

Subsea Structural Cross Section (A - A')

Top 2nd Bone Spring Sandstone

Operator
Well Name
Well Number
API Series

By: Joshua Kuhn

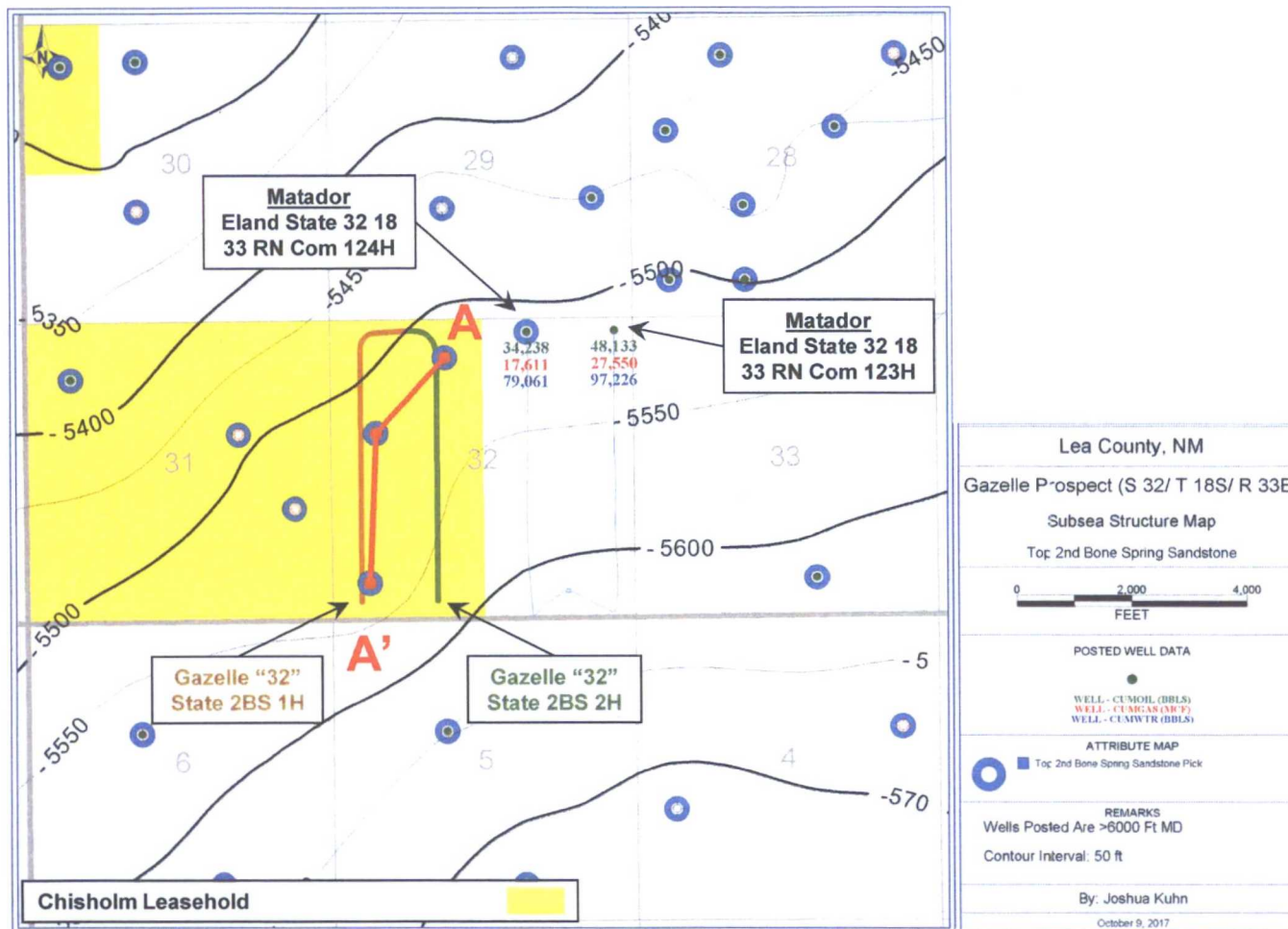
BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico

Exhibit No. 10

Submitted by:

CHISHOLM ENERGY OPERATING LLC

Hearing Date: October 12, 2017



*Matador production data (2/1/17-6/30/17) from IHS

Affidavit of Publication

STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
September 27, 2017
and ending with the issue dated
September 27, 2017.



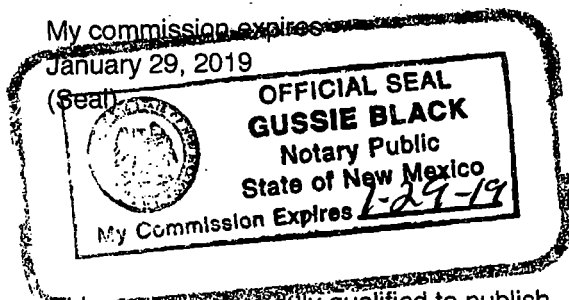
Publisher

Sworn and subscribed to before me this
27th day of September 2017.



Business Manager

My commission expires
January 29, 2019



This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL NOTICE
September 27, 2017

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO**

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **October 12, 2017**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-658-1779 by **October 2, 2017**. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including: MRC Delaware Resources, LLC; MRC Explorers Resources, LLC; and MRC Spiral Resources, LLC.

Case No. 15852: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 32, Township 18 South, Range 33 East, NMPM, Lea County New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gazelle 32 State 2BS No. 2H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 32. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 32 miles west of Hobbs, New Mexico.
#32101

67100754

00200205

HOLLAND & HART LLC
PO BOX 2208
SANTA FE,, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 8
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: October 12, 2017

Affidavit of Publication

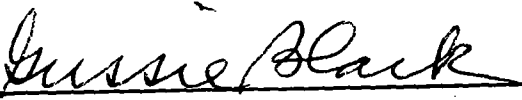
STATE OF NEW MEXICO
COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

Beginning with the issue dated
September 27, 2017
and ending with the issue dated
September 27, 2017.


Publisher

Sworn and subscribed to before me this
27th day of September 2017.


Business Manager

My commission expires

January 29, 2019

(Seal)



OFFICIAL SEAL
GUSSIE BLACK
Notary Public
State of New Mexico
My Commission Expires 1-29-19

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

LEGAL

LEGAL

LEGAL NOTICE
September 27, 2017

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES
DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **October 12, 2017**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis, Santa Fe, New Mexico, before an examiner duly appoint for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact: Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **October 2, 2017**. Public documents including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All offset owners and pooled parties, including: MRC Delaware Resources, LLC; MRC Explorers Resources, LLC; and MRC Spiral Resources, LLC.

Case No. 15851: Application of Chisholm Energy Operating, LLC for a non-standard spacing and proration unit and compulsory pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order (1) creating a non-standard 160-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 32, Township 18 South, Range 33 East, NMMP, Lea County, New Mexico; and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Gazelle 32 State 2BS No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) to a standard bottom hole location in the SW/4SW/4 (Unit M) of Section 32. The completed interval for this well will remain within the 330-foot offset as required by the Statewide rules for oil wells. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of Chisholm Energy Operating, LLC as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 32 miles west of Hobbs, New Mexico. #32100

67100754

00200203

HOLLAND & HART LLC
PO BOX 2208
SANTA FE, NM 87504-2208

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. 7
Submitted by:
CHISHOLM ENERGY OPERATING LLC
Hearing Date: **October 12, 2017**

7016 3010 0001 1046 8743

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Gazelle 32 State 2BS No. 1H &
 2H Wells (015851) (9)
 Case Nos. 15851 & 15852

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 - ☐ Adult Signature Restricted Delivery

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Tim MacDonald
 3017 Avenue O
 Galveston, TX 77550

PS Form 3800, April 2015 PSN 7530-02-000-9052

See Reverse for Instructions

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1. Article Addressed to:

Tim MacDonald
 3017 Avenue O
 Galveston, TX 77550

9590 9402 3104 / 100 3112 01

2. Article Number (Transfer from service label)

7016 3010 0001 1046 8743

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Tim MacDonald*

- ☐ Agent
- ☐ Addressee

B. Received by (Printed Name)

T.R. MacDonald

C. Date of Delivery

9-27-17

- D. Is delivery address different from item 1?** ☐ Yes
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- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
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- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

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Gazette 32 State 2BS No. 1H &

2H Wells (9)

Case Nos. 15851 & 15852

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☒ Return Receipt (hardcopy) \$

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☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

Postmark
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Rohoel, Inc.
1600 Broadway, Suite 1050
Denver, CO 80202

SENDER: COMPLETE THIS SECTION

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Rohoel, Inc.
1600 Broadway, Suite 1050
Denver, CO 80202

9590 9402 3164 7166 5173 48

2. Article

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

PS Form

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[Signature] ☐ Agent
☐ Addressee

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- ☐ Adult Signature ☐ Priority Mail Express[®]
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- ☐ Certified Mail[®] ☐ Registered Mail Restricted Delivery
- ☐ Certified Mail Restricted Delivery ☒ Return Receipt for Merchandise
- ☐ Collect on Delivery ☐ Signature ConfirmationTM
- ☐ Insured Mail ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

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Gazette 32 State 2BS No. 1H &

2H Wells (9)

Case Nos. 15851 & 15852

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Extra Services & Fees (check box, add fee as appropriate)

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☐ Return Receipt (electronic) \$

☐ Certified Mail Restricted Delivery \$

☐ Adult Signature Required \$

☐ Adult Signature Restricted Delivery \$

Postage \$

Postmark
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Nadel & Gussman Capitan, LLC
15 E 5th Street, Suite 3200
Tulsa, OK 74103

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Nadel & Gussman Capitan, LLC
15 E 5th Street, Suite 3200
Tulsa, OK 74103

9590 9402 3164 7166 5173 31

2. Article Number (Transfer from service label)

7017 1450 0002 1696 7538

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

PS Form 3811, July 2015 PSN 7530-02-000-9053

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[Signature] ☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

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- ☐ Adult Signature Restricted Delivery ☐ Registered MailTM
- ☐ Certified Mail[®] ☐ Registered Mail Restricted Delivery
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Gazelle 32 State 2BS No. 1H &
 2H Wells (9)
 Case Nos. 15851 & 15852

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☐ Return Receipt (electronic)
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☐ Adult Signature Required
☐ Adult Signature Restricted Delivery

Postmark
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MRC Explorers Resources,
 LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

PS Form 3800, April 2015 PSN 7530-02-000-9053

See Reverse for Instructions

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

MRC Explorers Resources,
 LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

2. Article Number (Transfer from service label)

7016 3010 0001 1046 8781

PS Form 3811, July 2015 PSN 7530-02-000-9053

SECTION ON DELIVERY

A. Signature

X

- ☐ Agent
- ☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

09/28/17

D. Is delivery address different from item 1?
 If YES, enter delivery address below:

- ☐ Yes
- ☐ No

3. Service Type

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- ☐ Certified Mail Restricted Delivery
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- ☐ Registered Mail Restricted Delivery
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- ☐ Signature Confirmation Restricted Delivery

Mail Restricted Delivery (0)

Domestic Return Receipt

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Gazelle 32 State 2BS No. 1H &
 2H Wells (9)
 Case Nos. 15851 & 15852

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MRC Spiral Resources, LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

PS Form 3800, April 2015 PSN 7530-02-000-9053

See Reverse for Instructions

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1. Article Addressed to:

MRC Spiral Resources, LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

2. Article Number (Transfer from service label)

7016 3010 0001 1046 8774

PS Form 3811, July 2015 PSN 7530-02-000-9053

SECTION ON DELIVERY

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- ☐ Agent
- ☐ Addressee

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9/26/17

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- ☐ Signature Confirmation[™]
- ☐ Signature Confirmation Restricted Delivery

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Gazelle 32 State 2BS No. 1H &
2H Wells Offset (9)
Case Nos. 15851 & 15852

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- ☐ Adult Signature Required
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Total Pk

\$

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Street at

City, Sta

Cimarex Energy Co Of
Colorado
202 S Cheyenne Ave. Ste 1000
Tulsa, OK 74103

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Ins

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- Print your name and address on the reverse so that we can return the card to you.
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1. Article Addressed to:

Cimarex Energy Co Of
Colorado
202 S Cheyenne Ave. Ste 1000
Tulsa, OK 74103

Article Number (Transfer from service label)

7016 3010 0001 1046 8828

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Justin Wallace
Received by (Printed Name)
Date of Delivery 7-26

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail[®]
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Mail Restricted Delivery (D)
- ☐ Priority Mail Express[®]
- ☐ Registered MailTM
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature ConfirmationTM
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

7016 3010 0001 1046 8811

U.S. Postal ServiceTM CERTIFIED MAIL[®] RECEIPT

Domestic Mail Only

For delivery information

Gazelle 32 State 2BS No. 1H &
2H Wells Offset (9)
Case Nos. 15851 & 15852

OFF

Certified Mail Fee

Extra Services & Fees (check box, add fees as appropriate)

- ☒ Return Receipt (hardcopy)
- ☐ Return Receipt (electronic)
- ☐ Certified Mail Restricted Delivery
- ☐ Adult Signature Required
- ☐ Adult Signature Restricted Delivery

Postmark Here

Chisholm Energy Operating
801 Cherry St Ste 1200
Fort Worth, TX 76102

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Ins

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Chisholm Energy Operating
801 Cherry St Ste 1200
Fort Worth, TX 76102

Article Number (Transfer from service label)

7016 3010 0001 1046 8811

PS Form 3811, July 2015 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Valerie Ste
Received by (Printed Name)
Date of Delivery 7-27-17

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☒ Certified Mail[®]
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Mail Restricted Delivery (D)
- ☐ Priority Mail Express[®]
- ☐ Registered MailTM
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature ConfirmationTM
- ☐ Signature Confirmation Restricted Delivery

Domestic Return Receipt

**Gazelle 32 State 2BS No. 1H & 2H Wells
Case Nos. 15851 & 15852
Offset List (9)**

Cimarex Energy Co Of Colorado
202 S Cheyenne Ave. Ste 1000
Tulsa, OK 74103

Chisholm Energy Operating
801 Cherry St Ste 1200
Fort Worth, TX 76102

Legacy Reserves Operating, LP
303 W. Wall St Ste 1800
Midland, TX 79701

MRC Delaware Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

MRC Explorers Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

MRC Spiral Resources, LLC
5400 LBJ Freeway, Suite 1500
Dallas, TX 75240

Rohoel, Inc.
1600 Broadway, Suite 1050
Denver, CO 80202

Nadel & Gussman Capitan, LLC
15 E 5th Street, Suite 3200
Tulsa, OK 74103

Tim MacDonald
3017 Avenue O
Galveston, TX 77550

7016 3010 0001 1046 8835

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
 Domestic Mail Only

For delivery information, visit usps.com

OFFICE

Gazelle 32 State 2BS No. 1H &
 2H Wells
 Case Nos. 15851 & 15852

Certified Mail Fee \$

Extra Services & Fees (check box and fee as appropriate)

<input checked="" type="checkbox"/> Return Receipt (hardcopy)	\$
<input type="checkbox"/> Return Receipt (electronic)	\$
<input type="checkbox"/> Certified Mail Restricted Delivery	\$
<input type="checkbox"/> Adult Signature Required	\$
<input type="checkbox"/> Adult Signature Restricted Delivery	\$

Postmark Here

MRC Spiral Resources, LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

RECEIVED MAIL

SEND

1. Complete items 1, 2, and 3.
 2. Print your name and address on the reverse so that we can return the card to you.
 3. Attach this card to the back of the mailpiece, or on the front if space permits.

MRC Spiral Resources, LLC
 5400 LBJ Freeway, Suite 1500
 Dallas, TX 75240

9590 9402 3164 7166 5172 25

2. Article Number (Transfer from service label)
 7016 3010 0001 1046 8835

PS Form 3811, July 2015 PSN 7530-02-000-9053

3. Service Type

<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Registered Mail™
<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Return Receipt for Merchandise
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery
<input type="checkbox"/> Collect on Delivery	
<input type="checkbox"/> Collect on Delivery Restricted Delivery	
<input type="checkbox"/> Registered Mail Restricted Delivery (500)	

A. Signature
 X [Signature]
☐ Agent ☐ Addressee

B. Received by (Printed Name)
 [Signature]

C. Date of Delivery
 09/28/17

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

Domestic Return Receipt