

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

April 27, 1999

Mike Stogner
NM Oil Conservation Div.
2040 South Pacheco
Santa Fe, NM 87505

Dear Mike,

Enclosed are two copies each of Non-Standard Location applications for Synergy Operating, LLC as agent for Rutter and Wilbanks Corporation's Fajada Wash 7 #1 and #2 wells. *B-7-20N-10W*

↓ G-7-20N-10W
Both are wildcat Entrada wells. Locations were picked from 3-D seismic. Seismic plan views are enclosed, which we ask be kept CONFIDENTIAL.

First priority is the #1 well. Synergy would like to spud June 1, 1999.

Please call me if you have any questions.

Sincerely,



Brian Wood

RECEIVED
APR 28 1999
OIL CON. DIV.
DIST. 3

cc (w/ encl.): Aztec OCD

RECEIVED
APR 28 1999

OIL CON. DIV.

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD DISTANCE
FOR SYNERGY OPERATING, LLC AS AGENT
FOR RUTTER AND WILBANKS CORPORATION'S FAJADA WASH 7 #2 OIL WELL
1110' FNL & 2390' FEL SEC. 7, T. 20 N., R. 10 W., MCKINLEY COUNTY, NM

- I. The well is on Navajo Tribal fee surface and a private oil and gas lease. The proposed location is non-standard (210' from the south quarter-quarter line and 250' from the west quarter-quarter line instead of the standard minimum 330'). The APD is attached.
- II. A C-102 showing the well location and proration unit (NWNE of Sec. 7 which totals 40.00 acres) and lease (all of Sec. 7 which totals 638.28 ac. and is part of a several thousand acre lease including as a minimum all of 7-20n-10w) is attached. A General Land Office survey plat is also attached which shows Section 7.
- III. According to NM Oil Conservation Records, there is no production of any kind within a mile radius. The closest known proposed well is Rutter and Wilbanks' Fajada Wash 7 #1 which is 1,256' southeast. A copy of the Seven Lakes NW 7.5' USGS map is attached showing the proposed well (rectangle), spacing units (thin solid lines), and lease (thick solid line). There is only one lease within a minimum 1,110' radius. Rutter and Wilbanks is the operator of all oil and gas interests in its private lease. The closest non-Rutter and Wilbanks lease (1,110' north) is unleased Navajo Tribal oil and gas minerals in 6-20n-10w. A registered letter was sent on April 25 to the Navajo Nation Minerals Dept. A copy of the receipt and letter will be provided.
- IV. A copy of the Seven Lakes NW 7.5' USGS map is attached. The proposed well is marked by a rectangle. Proration units (quarter-quarters) are marked by thin lines.
- V. Rutter and Wilbanks selected its location based on a 1998 3-D seismic survey with lines. A standard drilling window does not overlap the top of the indicated reservoir (see attached CONFIDENTIAL Entrada structure map from the seismic survey).

VI. No archaeology sites were found.

VII. Surface conditions are not an issue.

VIII. Directional drilling is not feasible because it is not cost effective for this wildcat well at current low oil prices.

IX. I hereby certify that notice has been sent to the following lessees, lessors, surface management owners/agencies, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct:

Navajo Nation Minerals Dept.

Brian Wood, Consultant 4-26-99

Signature, Title, & Date

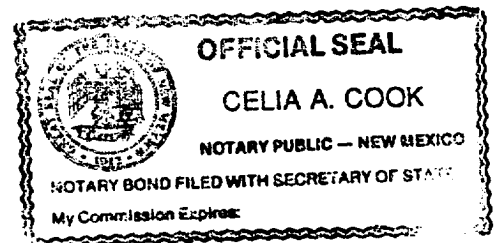
STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 26 day of April, 1999 by Brian Wood. Witness my hand and official seal.

Notary Public

My Commission Expires: DECEMBER 11, 2001

Business Address: 37 VERANO LOOP, SANTA FE, NM 87505



District I
PO Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 APT Number		2 Pool Code		3 Pool Name WILDCAT - ENTRADA	
4 Property Code		4 Property Name Fajada Wash			4 Well Number 7-2
5 OGRID No.		5 Operator Name SYNERGY OPERATING, LLC			5 Elevation 6269

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
B	7	20 N	10 W		1110	North	2390	East	McKinley

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

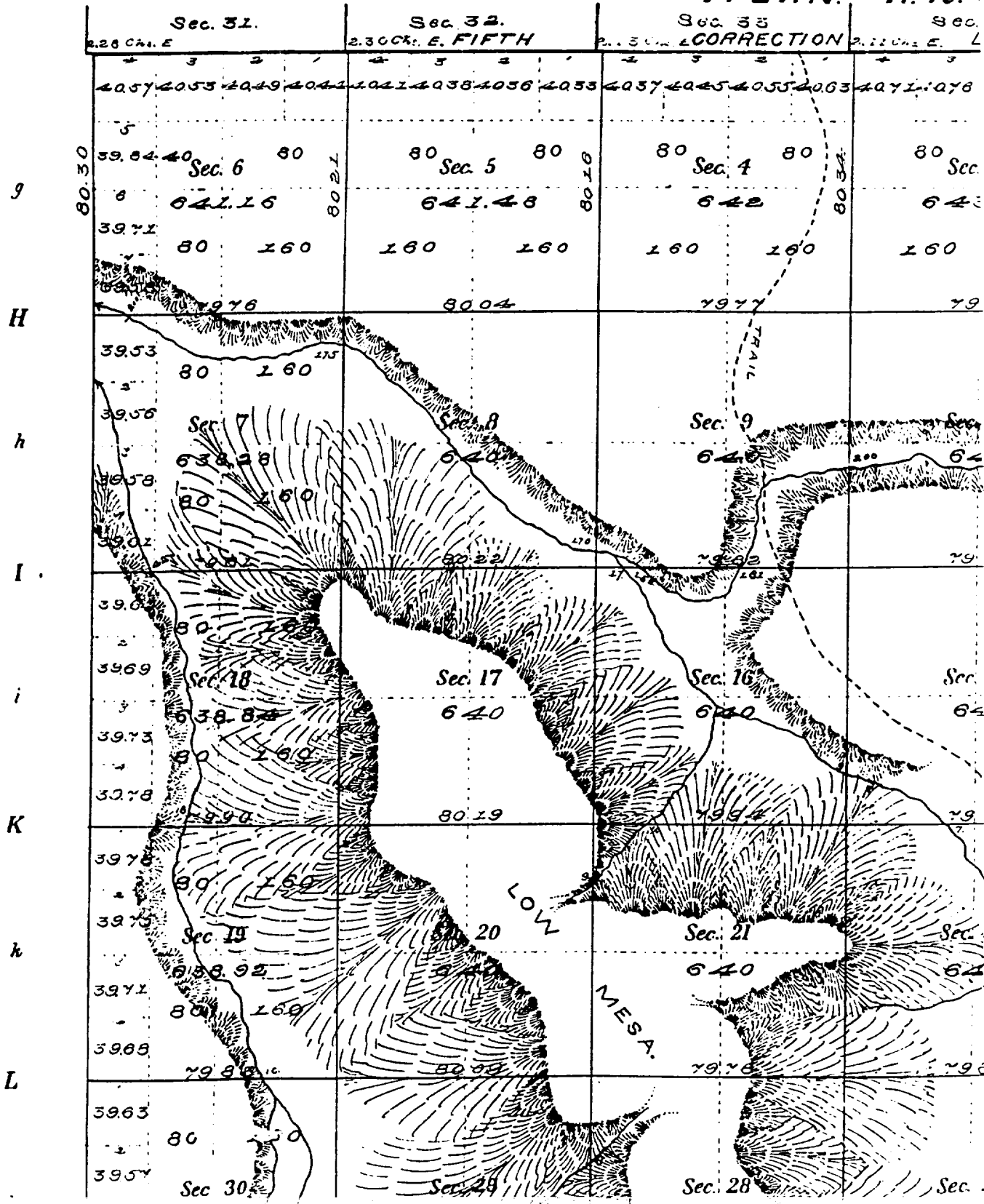
12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

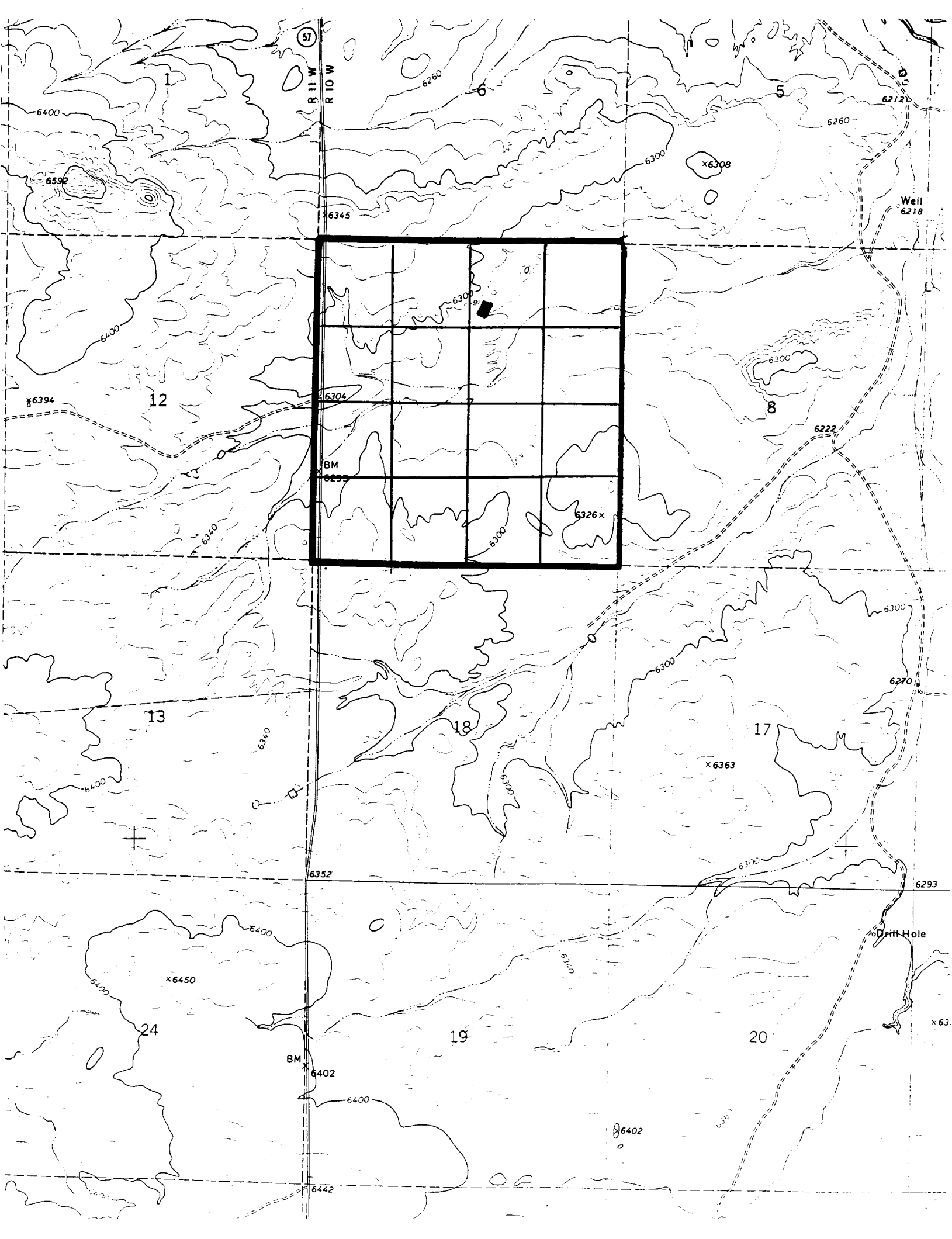
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

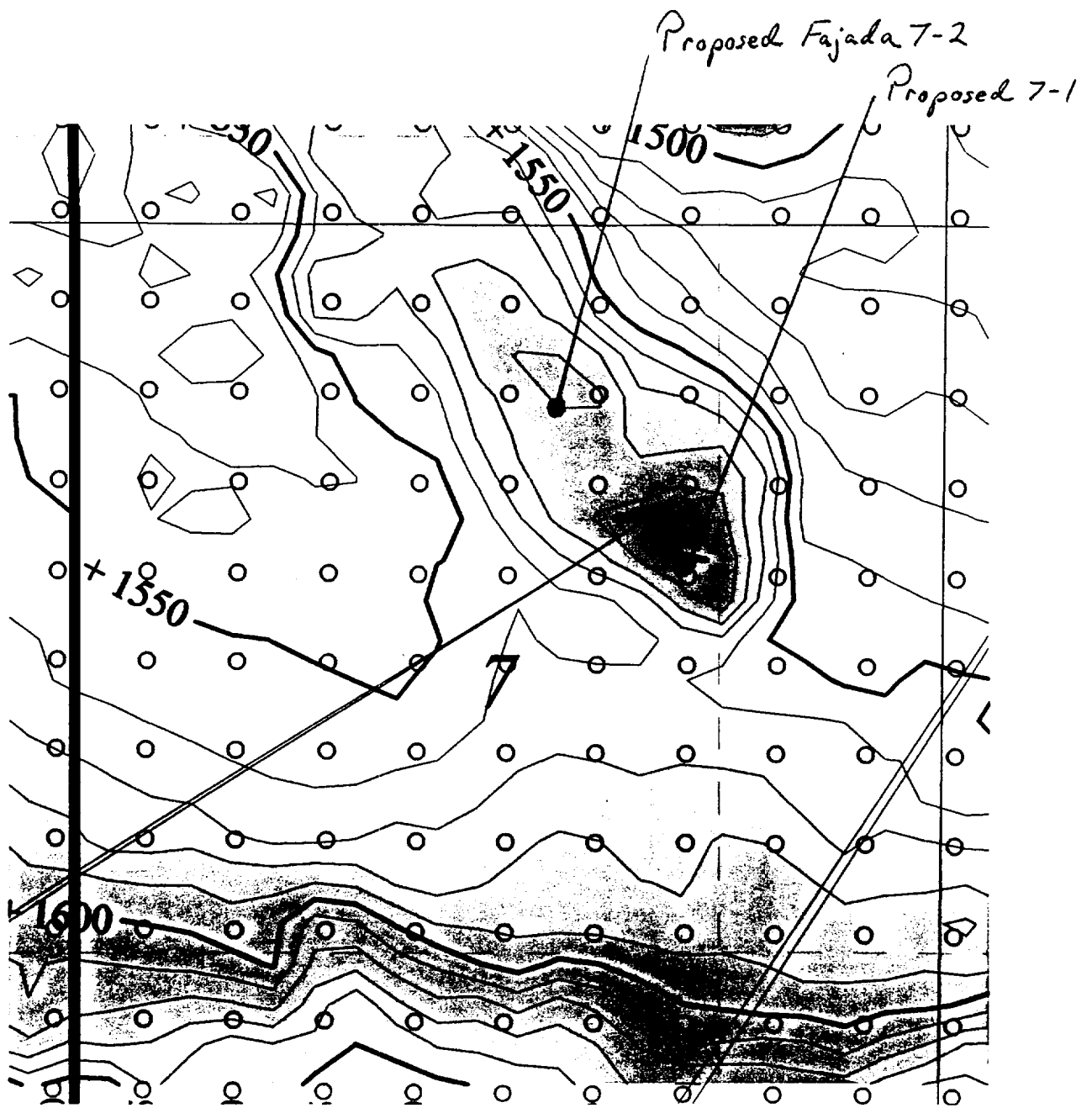
16				
	17 OPERATOR CERTIFICATION			
	I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief			
	Signature <u>Brian Wood</u> BRIAN WOOD Printed Name CONSULTANT Title MARCH 6, 1999 Date			
18 SURVEYOR CERTIFICATION				
I hereby certify that the 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 of Survey Signature and Seal of Professional Surveyor: Certificate Number				

TOWNSHIP N^o 20 NORTH RANGE N^o 10 W

G F E D
T. 21. N. R. 10.







Structure Map on Entrada Sandstone

District II
811 South First, Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
2040 South Pacheco, Santa Fe, NM 87505

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

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Fee Lease - 5 Copies

☐ AMENDED REPORT

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

¹ Operator Name and Address. Synergy Operating, LLC* P. O. Box 1317, Aztec, NM 87410		² OGRID Number .
		³ API Number 30 - 0
⁴ Property Code .	⁵ Property Name Fajada Wash 7	⁶ Well No. # 2

⁷ Surface Location									
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	7	20n	10w		1110	North	2390	East	McKnlly.

⁸ Proposed 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

⁹ Proposed Pool 1 Wildcat (Entrada)	¹⁰ Proposed Pool 2
---	-------------------------------

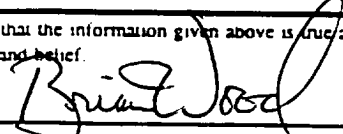
¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 6269'
¹⁶ Multiple No	¹⁷ Proposed Depth 5,200'	¹⁸ Formation Entrada	¹⁹ Contractor .	²⁰ Spud Date 6-10-99

²¹ Proposed Casing and Cement Program					
Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
12 - 1 / 4 "	9 - 5 / 8 "	36	250'	200 sx	Surface
8-3/4"	7 "	23&26	5,200'	785 sx	Surface
.					
.					
.					

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Will use 3000# BOP, run logs, test, and complete.

*Synergy Operating, LLC as agent for Rutter and Wilbanks Corporation

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. Signature: 		OIL CONSERVATION DIVISION	
Printed name: Brian Wood			
Title: Consultant		Approved by:	
Date: April 21, 1999		Approval Date:	
Phone: (505) 466-8120		Expiration Date:	
		Conditions of Approval Attached <input type="checkbox"/>	

District I
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PO Drawer DD, Artesia, NM 88211-0719
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State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
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Santa Fe, NM 87504-2088

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WELL LOCATION AND ACREAGE DEDICATION PLAT

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⁴ Property Code	⁵ Property Name Fajada Wash		⁶ Well Number 7-2
⁷ OGRID No.	⁸ Operator Name SYNERGY OPERATING, LLC		⁹ Elevation 6269

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
B	7	20 N	10 W		1110	North	2390	East	McKinley

¹¹ 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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

<p>16</p>	<p>17 OPERATOR CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief</p> <p><i>Brian Wood</i></p> <p>Signature BRIAN WOOD</p> <p>Printed Name CONSULTANT</p> <p>Title MARCH 6, 1999</p> <p>Date</p>	
	<p>18 SURVEYOR CERTIFICATION</p> <p>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 knowledge.</p> <p>Date of Survey</p> <p>Signature and Seal of Professional Surveyor:</p> <p><i>Gerald Huddleston</i></p> <p>Certificate Number</p>	

April 25, 1999

Akhtar Zaman
Minerals Dept.
P.O. Box 1910
Window Rock, Az. 86515

Dear Akhtar,

As required by New Mexico Oil Conservation Division Rules, I am notifying you of the following non-standard location for a well. This letter is a notice only. No action is needed unless you have questions or objections.

Rutter and Wilbanks Corporation is applying to drill the Fajada Wash 7 #2 oil well. The wellbore is 210' to 250' from the closest quarter-quarter lines. This is less than the state minimum 330' from a quarter-quarter line. It is 1,110' from the closest lease line.

Well Name: Fajada Wash 7 #2

Proposed Producing Zone: Entrada

Location: 1110' FNL & 2390' FEL Sec. 7, T. 20 N., R. 10 W.,
McKinley County, NM on a private lease

Approximate Locations: ≈16 air miles west of Pueblo Pintado, NM

Applicant Name: Rutter & Wilbanks Corporation (915) 683-1824

Applicant's Address: P.O. Box 3186, Midland, Tx. 79702

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,

Brian Wood

SENDER: ■ Complete items 1 and/or 2 for additional services. ■ Complete items 3, 4a, and 4b. ■ Print your name and address on the reverse of this form so that we can return this card to you. ■ Attach this form to the front of the mailpiece, or on the back if space does not permit. ■ Write "Return Receipt Requested" on the mailpiece below the article number. ■ The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Akhtar Zaman Minerals Dept. PO Bx 1910 Window Rock, Az		4a. Article Number	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
		7. Date of Delivery	
5. Received By: (Print Name) Melissa Burnside		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature: (Addressee or Agent) x Melissa Burnside			

Thank you for using Return Receipt Service.

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVER SHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS

Application Acronyms:

[NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location]
[DD-Directional Drilling] [SD-Simultaneous Dedication]
[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

[1] **TYPE OF APPLICATION - Check Those Which Apply for [A]**

[A] Location - Spacing Unit - Directional Drilling

☒ NSL ☐ NSP ☐ DD ☐ SD

Check One Only for [B] and [C]

[B] Commingling - Storage - Measurement

☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

[2] **NOTIFICATION REQUIRED TO: - Check Those Which Apply, or ☐ Does Not Apply**

[A] ☐ Working, Royalty or Overriding Royalty Interest Owners

[B] ☒ Offset Operators, Leaseholders or Surface Owner

[C] ☐ Application is One Which Requires Published Legal Notice

[D] ☐ Notification and/or Concurrent Approval by BLM or SLO

U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office

[E] ☒ For all of the above, Proof of Notification or Publication is Attached, and/or,

[F] ☐ Waivers are Attached

[3] **INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding**

I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I understand that any omission of data (including API numbers, pool codes, etc.), pertinent information and any required notification is cause to have the application package returned with no action taken.

Note: Statement must be completed by an individual with supervisory capacity.

BRIAN WOOD

Print or Type Name

Brian Wood

Signature

Consultant

Title

4-26-99

Date

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS

37 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

RECEIVED
APR 28 1999

OIL CON. DIV.
DIST. 3

REQUEST FOR ADMINISTRATIVE APPROVAL FOR NON-STANDARD LOCATION
FOR SYNERGY OPERATING, LLC AS AGENT FOR
RUTTER AND WILBANKS CORPORATION'S FAJADA WASH 7 #1 OIL WELL
2110' FNL & 1630' FEL SEC. 7, T. 20 N., R. 10 W., MCKINLEY COUNTY, NM

- I. The well is on Navajo Tribal fee surface and a private oil and gas lease. The proposed location is non-standard (310' from the east quarter-quarter line instead of the standard minimum 330'). The APD is attached.
- II. A C-102 showing the well location and proration unit (SWNE of Sec. 7 which totals 40.00 acres) and lease (all of Sec. 7 which totals 638.28 ac. and is part of a several thousand acre lease including as a minimum all of 7-20n-10w) is attached. A General Land Office survey plat is also attached which shows Section 7.
- III. According to NM Oil Conservation Records, there is no production of any kind within a mile radius. A copy of the Seven Lakes NW 7.5' USGS map is attached showing the proposed well (rectangle), spacing units (thin solid lines), and lease (thick solid line). There is only one lease within a minimum 1,630' radius. Rutter and Wilbanks is the operator of all oil and gas interests in its private lease. The closest non-Rutter and Wilbanks lease (2,110' north) is unleased Navajo Tribal oil and gas minerals in 6-20n-10w. A registered letter was sent on April 25 to the Navajo Nation Minerals Dept. A copy of the receipt and letter will be provided.
- IV. A copy of the Seven Lakes NW 7.5' USGS map is attached. The proposed well is marked by a rectangle. Proration units (quarter-quarters) are marked by thin lines.
- V. Rutter and Wilbanks selected its location based on a 1998 3-D seismic survey with lines. A standard drilling window does not overlap the top of the indicated reservoir (see attached CONFIDENTIAL Entrada structure map from the seismic survey).
- VI. No archaeology sites were found.
- VII. Surface conditions are not an issue.

VIII. Directional drilling is not feasible because it is not cost effective for this wildcat well at current low oil prices.

IX. I hereby certify that notice has been sent to the following lessees, lessors, surface management owners/agencies, operators of spacing units, or owners of undrilled leases which adjoin the applicant's spacing unit on one or more of the two sides or the single closest corner to the proposed well and that the information is current and correct:

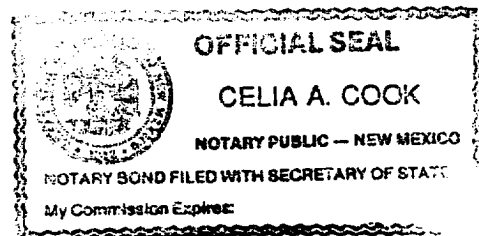
Navajo Nation Minerals Dept.

Brian Wood, Consultant, 4-26-99
Signature, Title, & Date

STATE OF NEW MEXICO)
) SS:
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 26 day of April, 1999 by Brian Wood. Witness my hand and official seal.

Celia A. Cook
Notary Public



My Commission Expires: DECEMBER 11, 2001

Business Address: 37 VERANO LOOP, SANTA FE, NM 87505

PO Box 4780, Hobbs, NM 88241-1980
District II
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PO Box 2088, Santa Fe, NM 87504-2088

STATE OF NEW MEXICO
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
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☐ AMENDED REPORT

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1 API Number		2 Pool Code		3 Pool Name WILDCAT - ENTRADA	
4 Property Code		5 Property Name Fajada Wash			6 Well Number 7-1
7 OGRID No.		8 Operator Name SYNERGY OPERATING, LLC			9 Elevation 6266

10 Surface Location

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County
G	7	20 N	10 W		2110	North	1630	East	McKinley

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Ida	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.

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RECEIVED
APR 28 1999

OIL CON. DIV.
DIST. 3

2110'

1630'

17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Brian Wood

Signature BRIAN WOOD

Printed Name CONSULTANT

Title MARCH 6, 1999

Date

18 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.

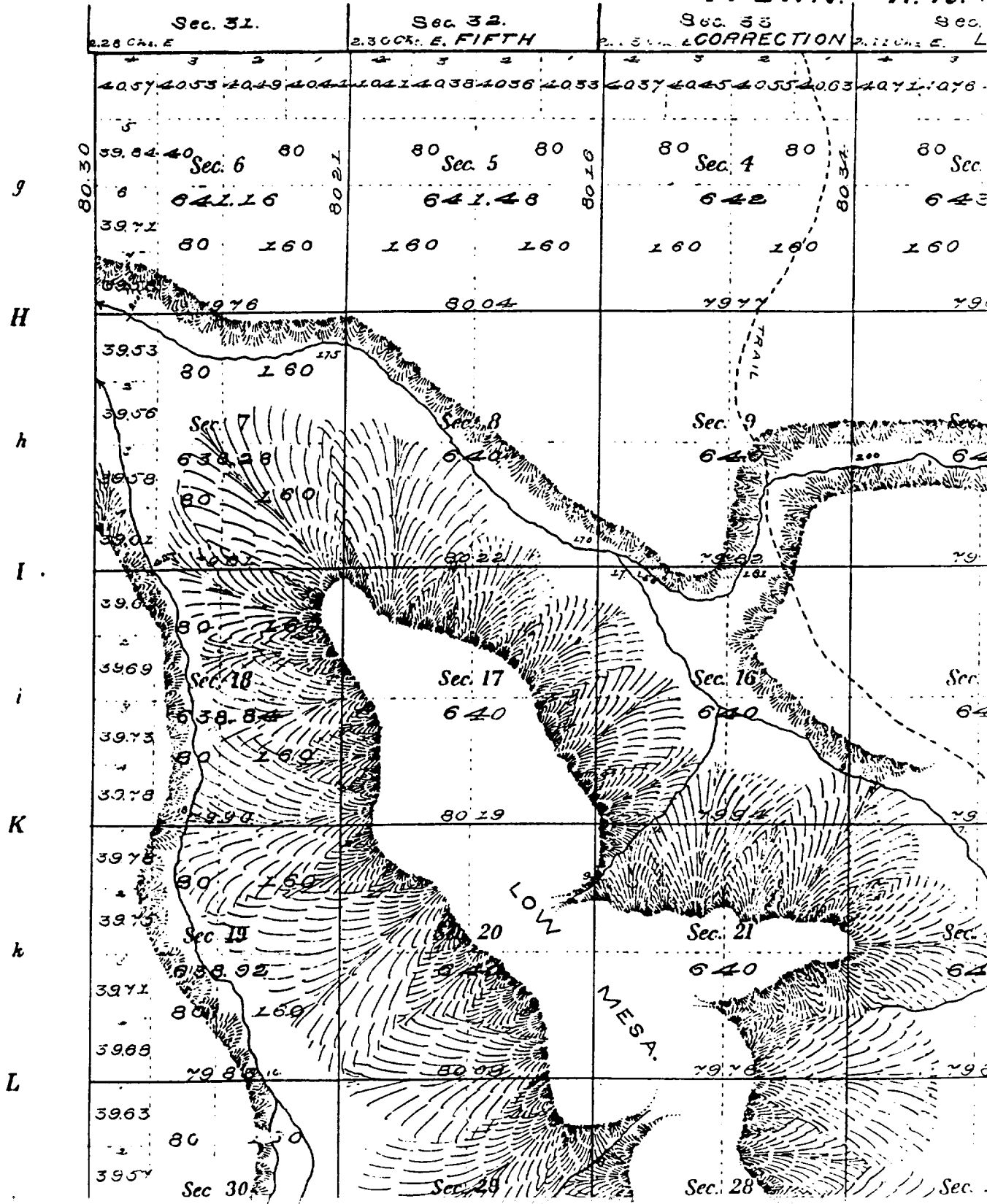
107-1-100-28
Date of Survey

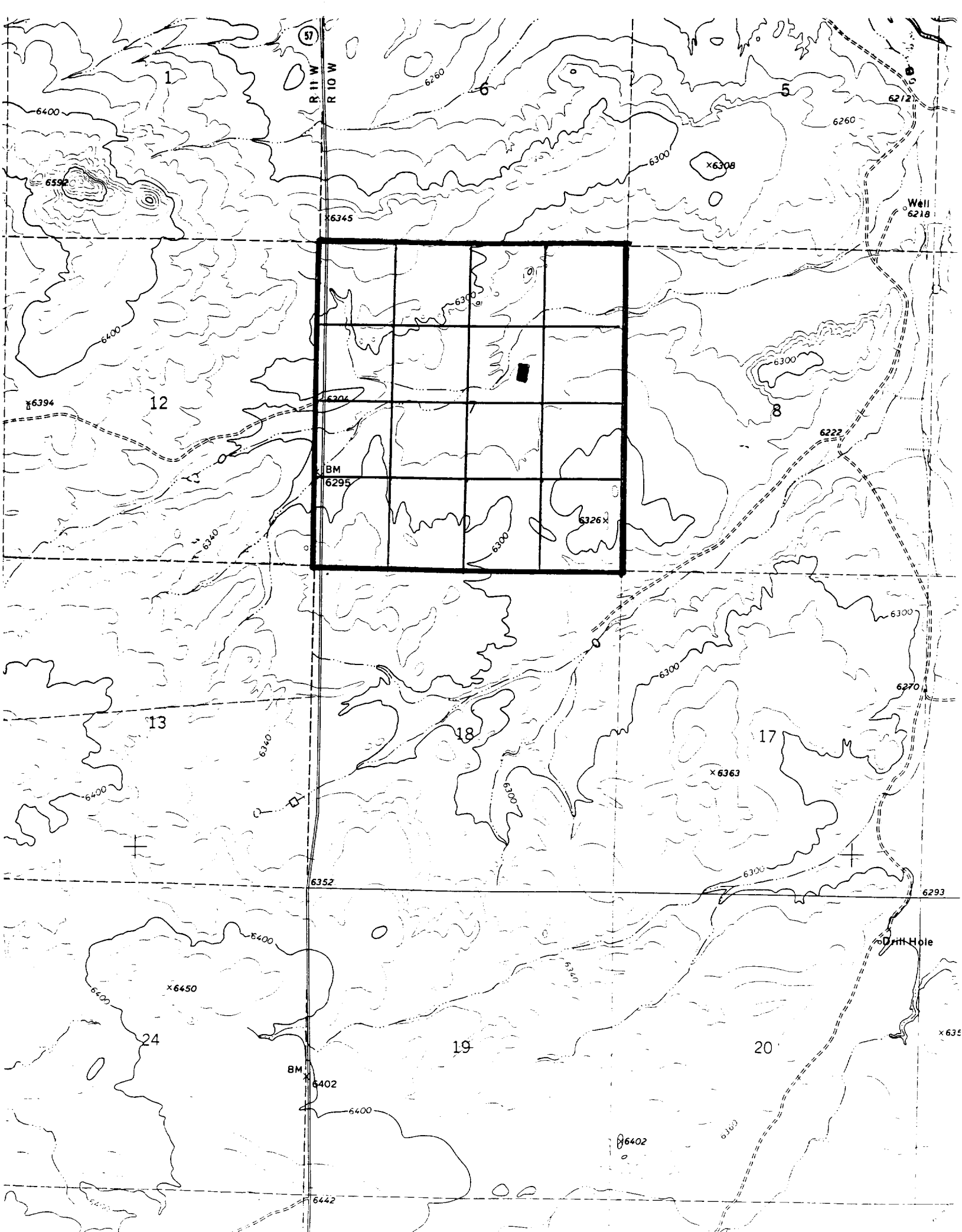
Signature and Seal of Registered Land Surveyor

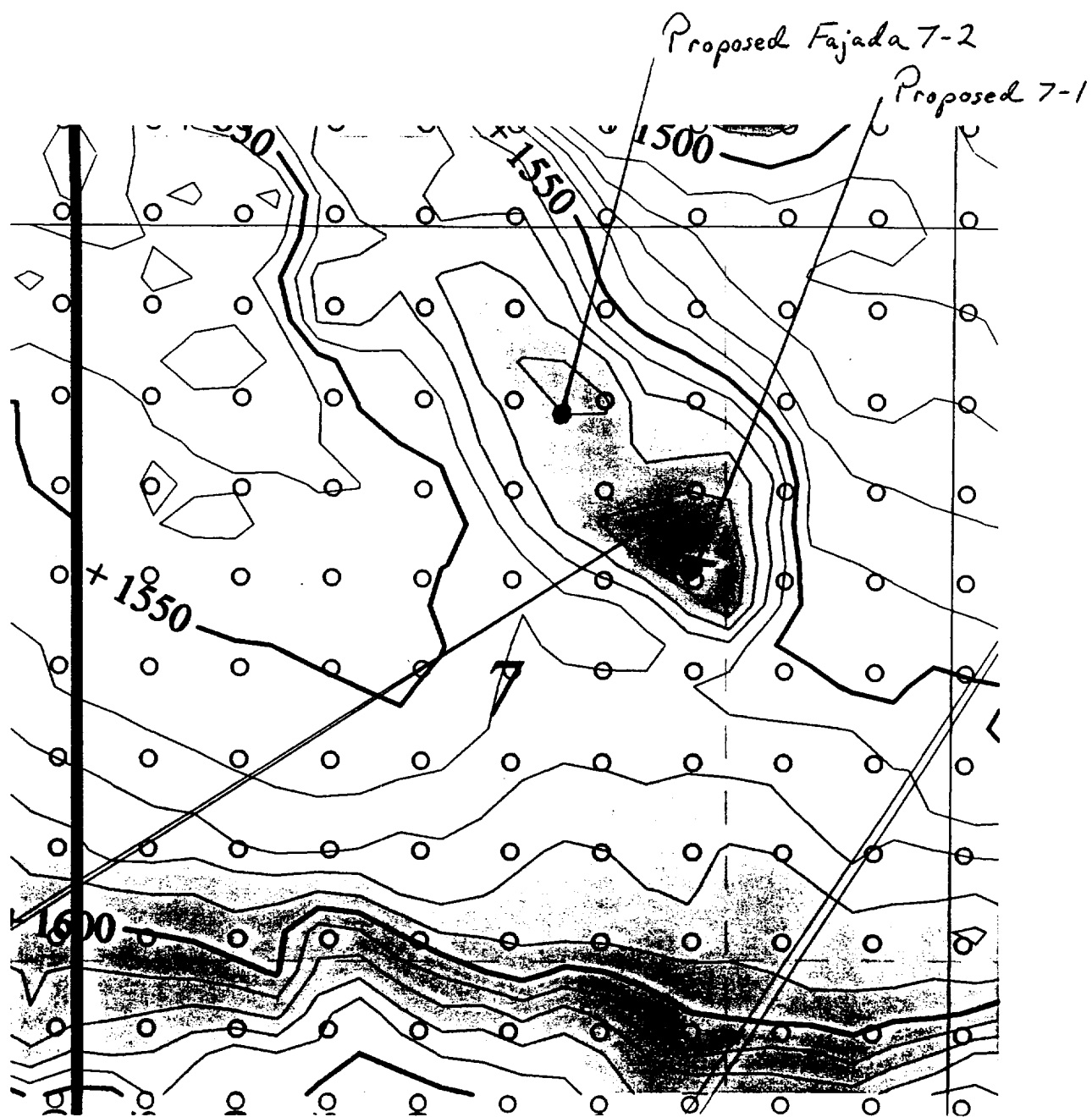
Gerold G. Hudleston
GEROLD G. HUDLESTON
6844
REGISTERED LAND SURVEYOR
Certificate Number

TOWNSHIP N° 20 NORTH RANGE N° 10 W

G F E D
T. 21. N. R. 10. W







Structure Map on Entrada Sandstone

Box 4980, Hobbs, NM 88241-1980
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17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Brian Wood
Signature
BRIAN WOOD

Printed Name
CONSULTANT

Title
MARCH 6, 1999

Date

18 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.

10778
Date of Survey

Signature and Seal of Professional Surveyor

Gerald G. Huddleston
GERALD G. HUDDLESTON
REGISTERED LAND SURVEYOR
6844
Certificate Number

April 25, 1999

Akhtar Zaman
Minerals Dept.
P.O. Box 1910
Window Rock, Az. 86515

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McKinley County, NM on a private lease

Approximate Locations: ~16 air miles west of Pueblo Pintado, NM

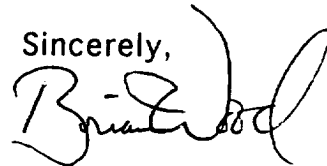
Applicant Name: Rutter & Wilbanks Corporation (915) 683-1824

Applicant's Address: P.O. Box 3186, Midland, Tx. 79702

Submittal Information: Application for a non-standard location will be filed with the NM Oil Conservation Division. If they determine the application complies with the applicable regulations, then it will be approved. The New Mexico Oil Conservation Division address is 2040 S. Pacheco, Santa Fe, NM 87504. Their phone number is (505) 827-7131.

Please call me if you have any questions.

Sincerely,



Brian Wood

SENDER: <ul style="list-style-type: none">Complete items 1 and/or 2 for additional services.Complete items 3, 4a, and 4b.Print your name and address on the reverse of this form so that we can return this card to you.Attach this form to the front of the mailpiece, or on the back if space does not permit.Write "Return Receipt Requested" on the mailpiece below the article number.The Return Receipt will show to whom the article was delivered and the date delivered.		I also wish to receive the following services (for an extra fee): 1. <input type="checkbox"/> Addressee's Address 2. <input type="checkbox"/> Restricted Delivery Consult postmaster for fee.	
3. Article Addressed to: Akhtar Zaman Minerals Dept. PO Bx 1910 Window Rock, Az		4a. Article Number	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Certified <input type="checkbox"/> Express Mail <input type="checkbox"/> Insured <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> COD	
5. Received By: (Print Name) Melissa Burnside		7. Date of Delivery	
6. Signature: (Addressee or Agent) x Melissa Burnside		8. Addressee's Address (Only if requested and fee is paid)	

PS Form 3811, December 1994 102595-97-B-0179 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.