

BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING

SPC Resources, LLC

Case No. 21133

Hearing Date
03/05/2020

Hanna #201H, #301H Wells

Eddy County, New Mexico

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21133

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COMPULSORY POOLING APPLICATION CHECKLIST (pdf)

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21133	APPLICANT'S RESPONSE
Date: March 5, 2020	
Applicant	SPC Resources, LLC
Designated Operator & OGRID (affiliation if applicable)	SPC Resources, LLC (OGRID No. 372262)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF SPC RESOURCES, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	
Well Family	Hanna wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring formation
Pool Name and Pool Code:	Esperanza; Bone Spring Pool (Pool code 97755)
Well Location Setback Rules:	Statewide horizontal rules
Spacing Unit Size:	633.53 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	633.53 acres, more or less
Building Blocks:	quarter-quarter sections
Orientation:	East/West
Description: TRS/County	N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	S/2 N/2 of Section 7, Township 22 South, Range 27 East, and the S/2 N/2 of Section 12, Township 22 South, Range 26 East

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

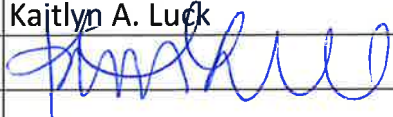
Exhibit No. A

Submitted by: **SPC Resources, LLC**

Hearing Date: March 05, 2020

Case No. 21133

Proximity Defining Well: if yes, description	Yes, Hanna #201H & Hanna #301H wells will remain within 330 feet of the quarter-quarter line separating the N/2 N/2 and the S/2 N/2 of Sections 7 and 12 to allow inclusion of this acreage into a standard 633.53-acre horizontal well spacing unit
Applicant's Ownership in Each Tract	N/A
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add as needed
Well #1	<p>Hanna #201H Well (API No. 30-015-pending): SHL: 2420 FNL and 188 FEL (Unit H) of Section 7, 22S, 27E BHL: 1010 FNL and 20 FWL (Unit D) of Section 12, 22S, 26E</p> <p>Completion Target: Bone Spring at approx. 7,175 feet TVD Well Orientation: East to West Completion Location expected to be: Standard</p>
Well #2	<p>Hanna #301H Well (API No. 30-015-pending): SHL: 2251 FNL and 240 FEL (Unit E) of Section 8, 22S, 27E BHL: 1010 FNL and 20 FWL (Unit D) of Section 12, 22S, 26E</p> <p>Completion Target: Bone Spring at approx. 8,590 feet TVD Well Orientation: East to West Completion Location expected to be: Standard</p>
Horizontal Well First and Last Take Points	Exhibits C-4, C-5
Completion Target (Formation, TVD and MD)	Exhibit C-8
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification for Supervision Costs	Exhibit C-8
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit B
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-12, C-13, C-14, C-15
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-16
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit C-3, C-6, C-7
Tract List (including lease numbers and owners)	Exhibit C
Pooled Parties (including ownership type)	Exhibit C-6, C-7, C-13, C-14, C-15

Unlocatable Parties to be Pooled	Exhibit C-14, C-15
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
Sample Copy of Proposal Letter	Exhibit C-8
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-6, C-7, C-13, C-14, C-15
Chronology of Contact with Non-Joined Working Interests	Exhibit C
Overhead Rates In Proposal Letter	Exhibit C-8
Cost Estimate to Drill and Complete	Exhibit C-8
Cost Estimate to Equip Well	Exhibit C-8
Cost Estimate for Production Facilities	Exhibit C-8
Geology	
Summary (including special considerations)	Exhibit D
Spacing Unit Schematic	Exhibit D-1, D-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit D-1, D-2
Well Orientation (with rationale)	Exhibit C-2, D
Target Formation	Exhibit D
HSU Cross Section	Exhibit D-3, D-4, D-5
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibits C-4, C-5
Tracts	Exhibit C-3
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-6, C-7
General Location Map (including basin)	Exhibit C-2
Well Bore Location Map	Exhibit C-2, D-1, D-2
Structure Contour Map - Subsea Depth	Exhibit D-1, D-2
Cross Section Location Map (including wells)	Exhibit D-3
Cross Section (including Landing Zone)	Exhibit D-4, D-5
Additional Information	
<p>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</p>	
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	
Date:	3/4/2020

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21133

APPLICATION

SPC Resources, LLC ("Applicant") (OGRID No. 372262) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed (1) **Hanna #201H well**, and (2) **Hanna #301H well**, both of which are to be horizontally drilled from a common surface location in the SW/4 NW/4 (Unit E) of Section 8, Township 22 South, Range 27 East, to bottom-hole locations in the NW/4 NW/4 (Unit D) of Section 12.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: _____

Michael H. Feldewert

Adam G. Rankin

Julia Broggi

Kaitlyn A. Luck

Post Office Box 2208

Santa Fe, New Mexico 87504-2208

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ATTORNEYS FOR SPC RESOURCES, LLC

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21133

**AFFIDAVIT OF COLLEEN BRADLEY
IN SUPPORT OF CASE NO. 21133**

Colleen Bradley, of lawful age and being first duly sworn, declares as follows:

1. My name is Colleen Bradley. I work for Santo Petroleum, an affiliate of SPC Resources, LLC ("SPC"), a Landman.
2. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. I graduated from the University of Texas Tech with a Bachelor of Business Administration in Energy Commerce in 2015. Since 2015, I have worked with SPC as a Landman in the Permian Basin. I am a member of American Association of Professional Landman and Houston Association of Professional Landman.
3. **SPC Exhibit C-1** is my resume reflecting my education and experience in petroleum land matters. I seek to have my credentials accepted by the Division as an expert petroleum landman.
4. I am familiar with the application filed by SPC in this case, and I am familiar with the status of the lands in the subject areas.
5. None of the uncommitted parties in this case has indicated opposition to the pooling application, and therefore I do not expect any opposition at the hearing.

6. **SPC Exhibit C-2** is a project locator map identifying the proposed horizontal spacing unit in this case that includes only fee lands. The proposed wellbores of the **Hanna #201H well** and the **Hanna #301H well** are depicted by a black lines.

7. **SPC Exhibit C-3** is a plat showing Sections 7 and 12, with the proposed spacing unit outlined in red and the Carlsbad city limits reflected in thick black line. This plat also reflects the city blocks and streets. There are several different colors on the map that reflect the status of SPC's efforts to lease each tract within the spacing unit: (1) solid yellow shading reflect tracts leased by SPC; (2) hatch yellow shading reflects tracts partially leased by SPC; (3) grey shading reflects tracts leased by other working interest owners; and (4) light blue shading reflect unleased tracts.

8. SPC is seeking an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico (the "Unit").

9. SPC seeks to dedicate this spacing unit to the following proposed initial wells:

(1) **Hanna #201H well** (API No. pending) to be horizontally drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 7, Township 22 South, Range 27 East, to a bottom-hole location in the NW/4 NW/4 (Unit D) of Section 12, Township 22 South, Range 26 East.

(2) **Hanna #301H well** (API No. pending) to be horizontally drilled from a surface location in the SW/4 NE/4 (Unit E) of Section 8, Township 22 South, Range 27 East, to a bottom-hole location in the NW/4 NW/4 (Unit D) of Section 12, Township 22 South, Range 26 East.

10. SPC has prepared draft Form C-102s for these proposed wells, copies of which are attached hereto as **SPC Exhibit C-4** and **SPC Exhibit C-5**.

11. The completed intervals of the proposed **Hanna #201H well** and **Hanna #301H well** will be within 330' of the quarter-quarter line separating the N/2 N/2 and the S/2 N/2 of Sections 7 and 12 to allow inclusion of this acreage into a standard 633.53-acre horizontal well spacing unit.

12. SPC has been advised by the Division's District Office that these wells have been placed in the Esperanza; Bone Spring Pool. The Pool Code for these proposed wells is 97755.

13. There are no depth severances in the Bone Spring formation.

14. **SPC Exhibit C-6** is a unit recapitulation, showing the percentage of ownership interests in the horizontal spacing unit as between the working interests and the unleased mineral interests that SPC seeks to pool in this case. SPC is also seeking to pool overriding royalty interest owners in this unit.

15. **SPC Exhibit C-7** identifies the working interest owners and their percentage of ownership interests in the proposed **Hanna #201H well** and **Hanna #301H well**. SPC is seeking to pool the working interest owners highlighted in grey.

16. SPC has made a good faith effort to locate every working interest owner that remains to be pooled and has maintained detailed mail tracking records reflecting SPC's attempts to contact every working interest owner to provide a well proposal letter and notice of the pooling hearing.

17. SPC sent well proposal letters, together with corresponding AFEs, to the working interest owners in this case. The costs reflected in the AFEs are consistent with what other operators have incurred for drilling similar horizontal wells in the area. A copy of the example well proposal letters, along with the AFE, are attached hereto as **SPC Exhibit C-8**.

18. In addition to the well proposal letters, SPC undertook additional good faith efforts to locate and contact each uncommitted working interest owner in this proposed spacing unit. First, SPC started with the last known address of record corresponding to the leasehold owned within the unit. From there, SPC updated corporate addresses using common internet search engines and publicly available sites with phone number and address information. If the hearing notice was undeliverable, the notice was also sent via email. SPC has also maintained detailed records of follow-up emails and phone calls to every working interest owner.

19. SPC has conducted a diligent search of all public records in Eddy County, including phone directories and computer databases to locate each of the parties owning an interest in the proposed spacing unit, which includes hundreds of individual town-lot tracts.

20. SPC's contract land brokerage company, Schoeffler Energy Group, conducted the following research process to identify the mineral owners within this spacing unit:

- a. Developed a chain of title for each lot/tract from inception of the records (patent) to current using the records of: (1) Guaranty Title Company title plant in Carlsbad, NM; (2) Currier Abstract Co. title plant in Artesia, NM; and (3) Eddy County Clerk's records;
- b. Reviewed every conveyance in the chain of title for each lot/tract to identify the mineral owner(s) through time;
- c. Searched each mineral owner(s) name from his/her acquisition of the property to current in the following records: (1) Eddy County Clerk; (2) Eddy County Probate Court Clerk of Eddy County; and (3) Eddy County District Court Clerk; and

- d. If a mineral deed, probate, or other form of conveyance was found while searching the mineral owner(s) names, SPC repeated the third step for all the mineral owner(s) found.

21. Based on the research process described in the preceding paragraph, SPC's contract land brokerage company also prepared Mineral Ownership Reports ("MOR") or Limited Certificate of Title ("LTC") for each interest identified and maintained copies of every MOR/LTC on a tract-by-tract basis in each lease file or unleased mineral interest owner file.

22. SPC identified over 300 unleased mineral interest owners in the proposed spacing unit. SPC maintains records of the efforts to lease each unleased mineral interest in a file that details the attempts taken to reach/identify each owner and secure a lease.

23. To ensure accurate ownership information, SPC also obtained the following:

- a. Title Opinions to current for tracts three (3) acres and larger;
- b. Title Opinions to the last dedication of a subdivision, to limit the risk of a systematic title failure, and then each tract (smaller than three acres) within the subdivision has been brought forward with an MOR or LTC;
- c. Any tract outside of a subdivision, but smaller than three acres is based on an MOR/LTC to current.

24. **SPC Exhibit C-9** is the letter sent to all unleased mineral interest owners offering to lease the minerals in the proposed horizontal spacing unit. This letter was often sent multiple times and to multiple possible addresses for each unleased mineral interest owner from 2017 to present after undertaking the owner identification steps outlined in paragraph 25 immediately below.

25. SPC attempted to locate mineral owners in Carlsbad by knocking on doors and leaving door hangers with information about SPC Resources leasing within the City of Carlsbad (with contact information for SPC's local office). SPC would then send generic offer letters to identified mineral owners to the last known address of record, addresses in the Carlsbad/Eddy County phone book, from the Eddy County Assessor, and various online search tools for addresses and numbers. SPC also called any numbers found in the phone book or on our online search tools/websites and left voicemails, if possible. Additionally, SPC searched various websites to identify and contact heirs (or the heirs if deceased). Finally, SPC also hired two residents who have lived in Carlsbad for many years to help SPC find interest owners.

26. SPC has also worked with the City of Carlsbad to obtain leases of both the private and public interests in the proposed Unit. In August 2017, SPC explained the project to the City of Carlsbad at the Carlsbad City Council meeting and sought approval to go door-to-door to solicit standard oil and gas leases for mineral rights from individual owners of lots, and to enter into a lease with the City of its mineral rights in the proposed unit.

27. On October 10, 2017, the City of Carlsbad adopted Ordinance No. 2017-28 authorizing the Granting of an Oil and Gas Lease on certain minerals (mainly streets, roads, alleys and some parks) owned by the City. **SPC Exhibit C-10** is a copy of Ordinance No. 2017-28 and the City's lease that covers lands within the Unit proposed in this case.

28. Also, in October of 2017, SPC secured a lease from the Board of Education of the Carlsbad Municipal Schools that covers lands within the Unit proposed in this case, which is attached as **SPC Exhibit C-11**.

29. SPC has undertaken good faith efforts to locate and to reach an agreement with the locatable uncommitted interest owners of every tract, and SPC maintains town-lot tract files detailing the attempts taken to identify and contact each owner and secure a lease.

30. SPC will continue to work to reach a voluntary agreement with any of the proposed pooled parties, and if successful before the Division enters any order in this case, I will let the Division know that SPC is no longer seeking to pool that party.

31. Due to the significant number of unleased mineral interests in this case, SPC requests an extension of the 30-day election period following the issuance of the pooling order to allow sufficient time for SPC to complete the mailing process.

32. SPC seeks approval of overhead and administrative costs at \$8,000/month while drilling and \$800/month while producing. These costs are consistent with what SPC and other operators are charging in this area for these types of wells. SPC respectfully requests that these administrative and overhead costs be incorporated into any order entered by the Division.

33. **SPC Exhibit C-12** is the letter providing notice of this hearing that SPC sent by certified mail to each of the uncommitted interest owners in this case.

34. The USPS tracking information for each of the hearing notice letters as follows:

- a. **SPC Exhibit C-13** contains the mailing status for the notice letters to the working interest owners;
- b. **SPC Exhibit C-14** contains the mailing status for the notice letters to the overriding royalty interest owners; and
- c. **SPC Exhibit C-15** contains the mailing status for the notice letters to the unleased mineral interest owners.

35. **SPC Exhibit C-16** is an Affidavit of Publication reflecting that SPC caused notice of this hearing to be published at least ten (10) business days before this hearing in the newspaper of general circulation in Eddy County.

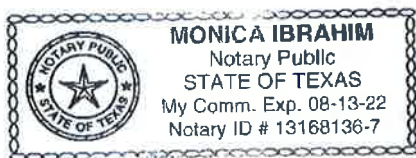
36. **SPC Exhibits C-1 through C-16** were either prepared by me or compiled under my direction and supervision.


FURTHER AFFIANT SAYETH NOT.


COLLEEN BRADLEY

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 28 day of February 2020 by
Colleen Bradley.




NOTARY PUBLIC

My Commission Expires:

8/13/2022

COLLEEN BRADLEY

Houston, Texas | whitcbradley@gmail.com

EDUCATION

Texas Tech University, Rawls College of Business
Bachelor of Business Administration in Energy Commerce

Lubbock, TX
Graduated May 2015

Texas Tech University, Rawls Center for Global Engagement
Studied Abroad - Economic Problems in Developing Countries and Corporate Finance

London, England
June 2013 - July 2013

WORK EXPERIENCE

Santo Petroleum
Land Negotiator

Houston, TX
January 2017 - Present

- Prepare and negotiate agreements including but not limited to Joint Operating Agreements, Leases (Fee/State/Federal), Assignments, Surface Use Agreements, Confidentiality Agreements, Farmouts, Communitization Agreements, Pooling Agreements, etc.
- Perform and supervise due diligence for divestiture and acquisition projects
- Manage activities of field brokers for operations including leasing, title due diligence, compulsory pooling and related transactions
- Create and maintain a land tracking tool for non-operated well activities regularly used by management
- Analyze division orders and title curative documents for operated and non-operated wells to confirm and correct working interest, royalty and overriding ownership
- Process all incoming land documents to guarantee deadlines are met and work is completed on time
- Ensure that all files are properly set up within Enertia and the company network
- Negotiate Master Service Agreements and manage procurement activity

Santo Petroleum
Land Administrator

Artesia, NM
June 2015 – January 2017

- Processed all incoming and outgoing land administration documents for review and approval
- Assisted in preparing and organizing critical land documents
- Researched internal and external ownership information for various projects
- Organized land records such as well files, lease files, title opinions, contracts, reports, etc.

Santo Petroleum
Field Land Intern

Lubbock, TX
June 2014 - June 2015

- Identified mineral and royalty ownership for potential leasing acquisitions
- Conducted title research in the courthouse and abstract offices of Lubbock and Hockley County

LEADERSHIP AND ORGANIZATIONS

American Association of Professional Landman
Active Member

Houston, TX
February 2016 - Present

Houston Association of Professional Landman
Active Member

Houston, TX
May 2018 - Present

Big Brothers Big Sister of America
Mentor

Houston, TX
April 2018 - Present

Energy Commerce Association
Member

Lubbock, TX
September 2013 - May 2015

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

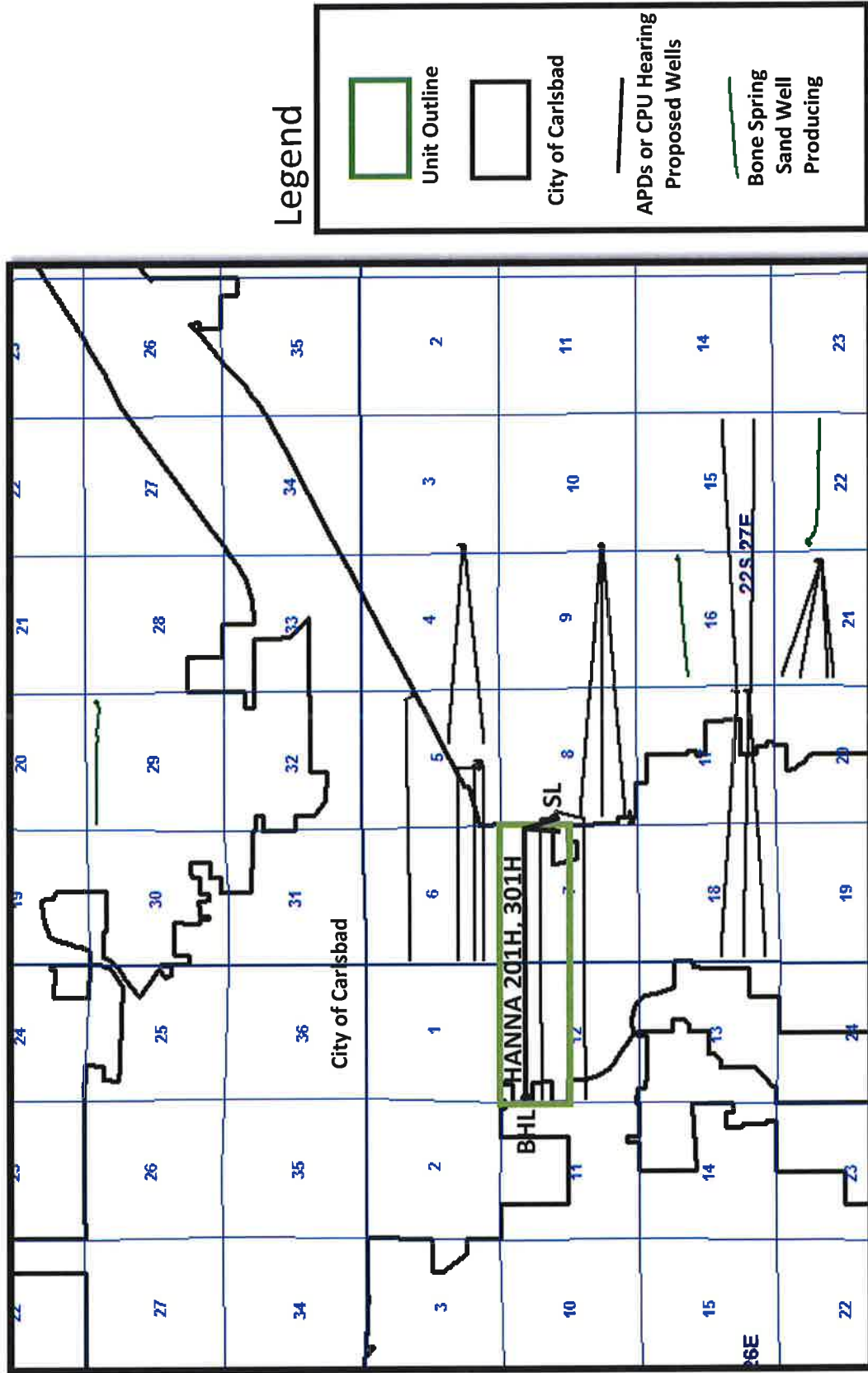
Exhibit No. C1

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133

HANNA UNIT 7-12 PROJECT LOCATOR MAP



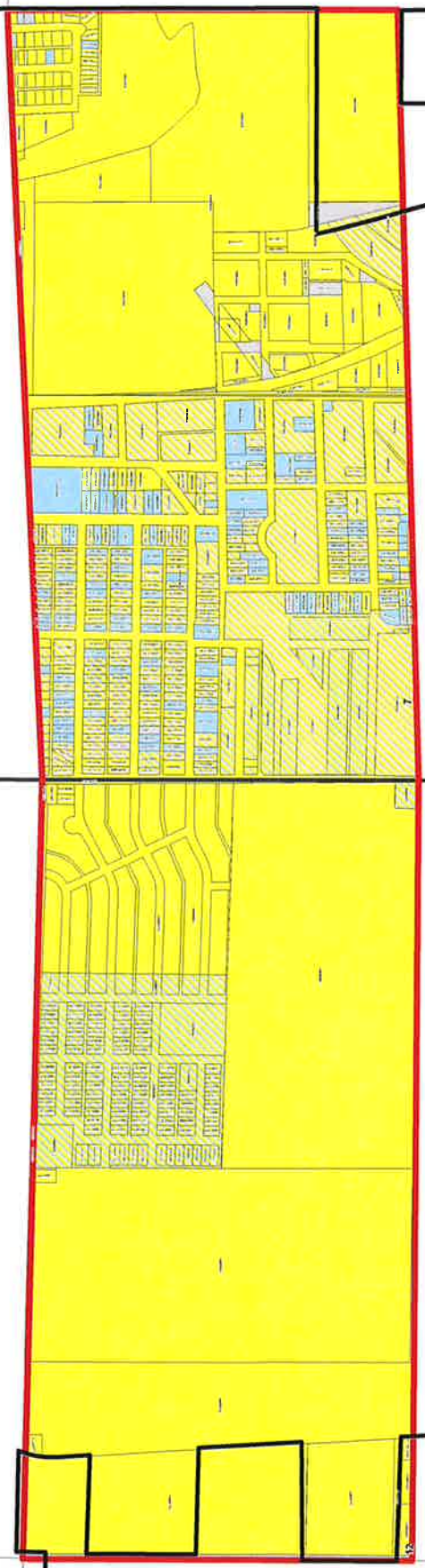
HANNA UNIT 7-12 GEOLOGICAL SUPPORT

2/28/2020

SPC Resources, LLC
Hanna Unit
North Half 7, T22S-R27E
North Half 12, T22S-R26E
Bone Springs Unit Map
 Eddy County, New Mexico
 Case No. 21133
 March 5, 2020

LEGEND:
 Hanna N/2 7 - N/2 12 Wellbore Unit
 Leased (SPC Resources, LLC)
 Partially Leased (SPC Resources, LLC)
 Leased (Other - Third Party)
 Unleased
 Ceded City Limits

SCHOEFFLER
 ENERGY GROUP
 2000 North Central Avenue, Suite 200
 Santa Fe, New Mexico 87505
 Phone: (505) 825-1234
 Fax: (505) 825-1235
 Email: info@schoefflerenergy.com
 Website: www.schoefflerenergy.com



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
Exhibit No. C3
 Submitted by: **SPC Resources, LLC**
 Hearing Date: March 05, 2020
 Case No. 21133

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (505) 393-8161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 748-1283 Fax: (505) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

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 Department

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

Form C-102
Revised August 4, 2011

Submit one copy to appropriate
District Office

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code 97755	Pool Name ESPERANZA BONE SPRING POOL
Property Code	Property Name HANNA	Well Number 201H
OGRID No.	Operator Name SPC RESOURCES, LLC	Elevation 3102'

Surface Location

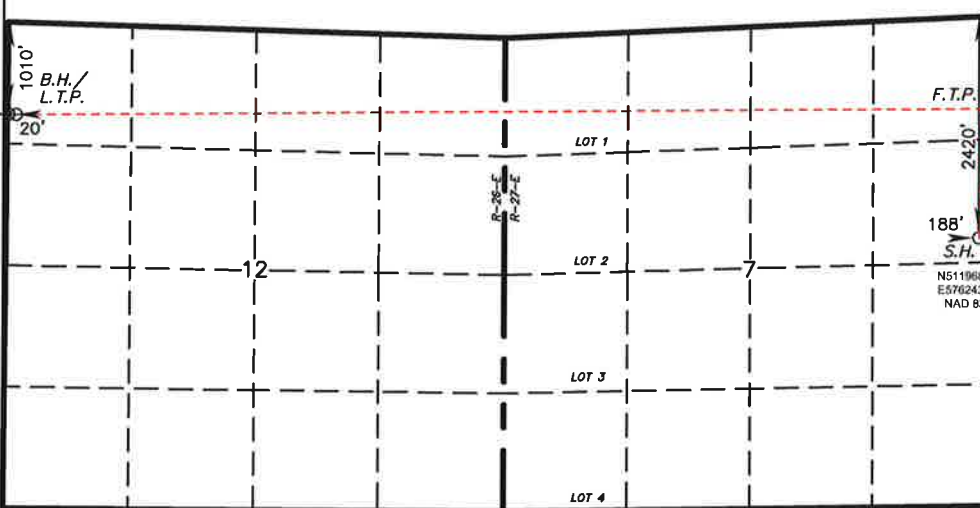
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
H	7	22 S	27 E		2420	NORTH	188	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
D	12	22 S	26 E		1010	NORTH	20	WEST	EDDY

Dedicated Acres 633.53	Joint or Infill	Consolidation Code	Order No.
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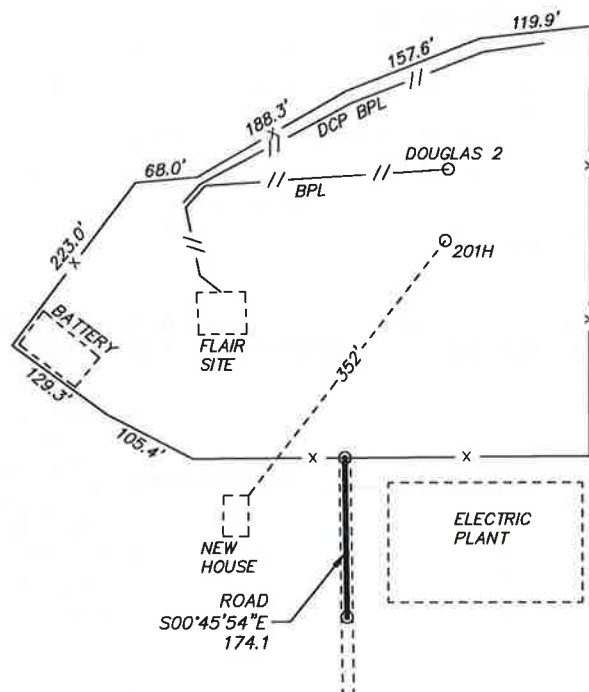
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

				OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature _____ Date _____ Printed Name _____ Email Address _____	
BOTTOM HOLE LOCATION Lot - N 32.411825 Long - W 104.254967 NMSPC-E 513561.9 E 565520.6 (NAD-83)				LAST TAKE POINT 1010 FNL & 100 FWL Lot - N 32.411817 Long - W 104.254708 NMSPC-E 513559.5 E 565600.6 (NAD-83)	
FIRST TAKE POINT 1010 FNL & 100 FEL Lot - N 32.412019 Long - W 104.220558 NMSPC-E 513642.6 E 576139.1 (NAD-83)				SURFACE LOCATION Lot - N 32.408132 Long - W 104.220836 NMSPC-E 512227.9 E 576054.9 (NAD-83)	
LOT 1 Lot - N 32.411707 Long - W 104.254463 NMSPC-E 513502.2 E 524339.4 (NAD-27)				LOT 2 Lot - N 32.411700 Long - W 104.254204 NMSPC-E 513499.8 E 524419.4 (NAD-27)	
LOT 3 Lot - N 32.411902 Long - W 104.220054 NMSPC-E 513582.8 E 534957.8 (NAD-27)				LOT 4 Lot - N 32.408014 Long - W 104.220333 NMSPC-E 512188.1 E 534873.6 (NAD-27)	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C4
Submitted by: SPC Resources, LLC
Hearing Date: March 05, 2020
Case No. 21133

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 Surveyed: FEBRUARY 10, 2020
Signature & Seal of Professional Surveyor: [Signature]
Certificate No. 7977
BASIN SURVEYS
Scale: 1" = 2000'
WO Num.: 35040

SECTION 7, TOWNSHIP 22 SOUTH, RANGE 27 EAST. N.M.P.M.,
LEA COUNTY, NEW MEXICO.

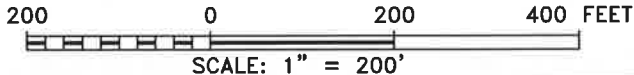


SPC RESOURCES, LLC
HANNA 201H
ELEV. - 3102'

Lat - N 32.408132
Long - W 104.220836
NMSPCE - N 512227.9
E 576054.9
(NAD-83)

Lat - N 32.408014
Long - W 104.220333
NMSPCE - N 512168.1
E 534873.6
(NAD-27)

CARLSBAD, NM IS ±1 MILES TO THE NORTHWEST OF LOCATION.



SPC RESOURCES, LLC

REF: HANNA 201H / WELL PAD TOPO

THE HANNA 201H LOCATED 2420' FROM
THE NORTH LINE AND 188' FROM THE EAST LINE OF
SECTION 7, TOWNSHIP 22 SOUTH, RANGE 27 EAST.

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

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surveys
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: 35040

Drawn By: J GOAD

Date: 2-21-2020

Survey Date: 2-13-2020

Sheet 1 of 1 Sheets

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone (505) 393-0161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone (505) 748-1255 Fax: (505) 745-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone (505) 334-8178 Fax: (505) 334-8170

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 Department

Form C-102
Revised August 4, 2011

Submit one copy to appropriate
District Office

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number		Pool Code 97755	Pool Name ESPERANZA BONE SPRING POOL
Property Code	Property Name HANNA		Well Number 301H
OGRID No.	Operator Name SPC RESOURCES, LLC		Elevation 3099'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
E	8	22 S	27 E		2251	NORTH	240	WEST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	SOUTH/South line	Feet from the	East/West line	County
D	12	22 S	26 E		1010	NORTH	20'	WEST	EDDY
Dedicated Acres 633.53	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 DIVISION

BOTTOM HOLE LOCATION

Lat - N 32.411825
Long - W 104.254967
NMSPCE - N 513561.9
E 565520.6
(NAD-83)

LAST TAKE POINT

Lat - N 32.411817
Long - W 104.254708
NMSPCE - N 513559.5
E 565600.6
(NAD-83)

FIRST TAKE POINT

Lat - N 32.412019
Long - W 104.220558
NMSPCE - N 513642.6
E 576139.1
(NAD-83)

SURFACE LOCATION

Lat - N 32.408621
Long - W 104.219451
NMSPCE - N 512406.2
E 576482.0
(NAD-83)

DATE SURVEYED

Lat - N 32.411707
Long - W 104.254463
NMSPCE - N 513502.2
E 524339.4
(NAD-27)

DATE SURVEYED

Lat - N 32.411700
Long - W 104.254204
NMSPCE - N 513499.8
E 524419.4
(NAD-27)

DATE SURVEYED

Lat - N 32.411902
Long - W 104.220054
NMSPCE - N 513582.8
E 534957.8
(NAD-27)

DATE SURVEYED

Lat - N 32.408502
Long - W 104.218948
NMSPCE - N 512346.4
E 535300.7
(NAD-27)

OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Signature _____ Date _____

Printed Name _____

Email Address _____

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 SURVEYED FEBRUARY 10, 2020

Signature & Seal of Professional Surveyor 7977

Certification Number 7977

SCALE: 1" = 3000'

WO Num.: 35041

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

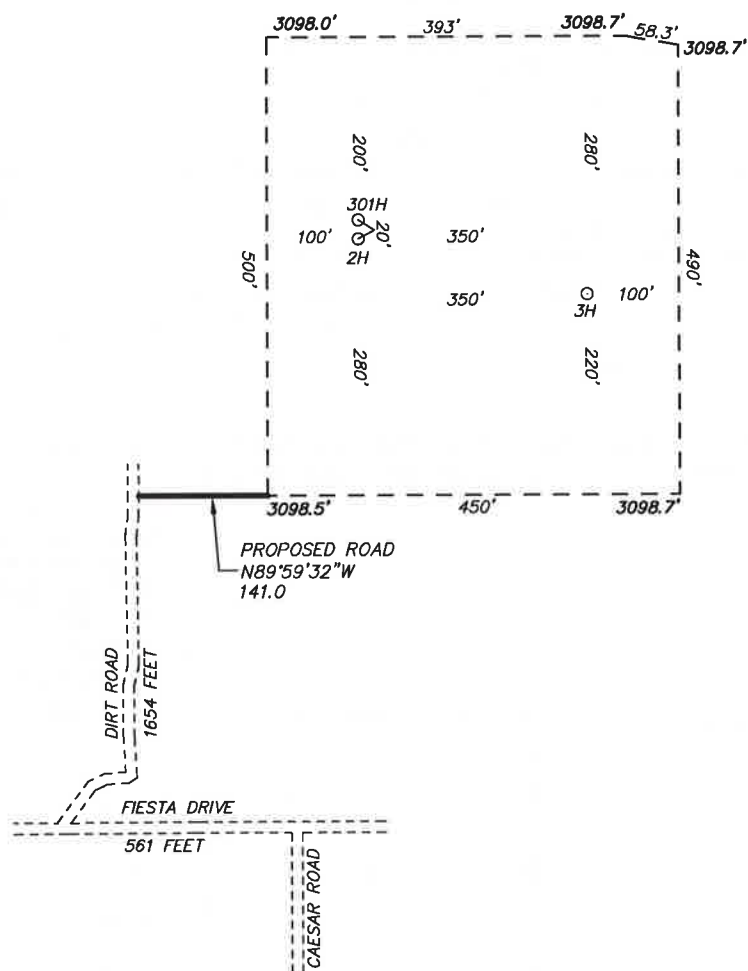
Exhibit No. C5

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133

SECTION 8, TOWNSHIP 22 SOUTH, RANGE 27 EAST. N.M.P.M.,
LEA COUNTY, NEW MEXICO.



SPC RESOURCES, LLC

HANNA 301H

ELEV. - 3099'

Lat - N 32.408621

Long - W 104.219451

NMSPCE - N 512406.2

E 576482.0

(NAD-83)

Lat - N 32.408502

Long - W 104.218948

NMSPCE - N 512346.4

E 535300.7

(NAD-27)

CARLSBAD, NM IS ±1 MILES TO THE NORTHWEST OF LOCATION.

200 0 200 400 FEET



SCALE: 1" = 200'

SPC RESOURCES, LLC

REF: HANNA 301H / WELL PAD TOPO

THE HANNA 301H LOCATED 2251' FROM

THE NORTH LINE AND 240' FROM THE WEST LINE OF

SECTION 8, TOWNSHIP 22 SOUTH, RANGE 27 EAST.

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

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in the oilfield

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

W.O. Number: 35041 Drawn By: J GOAD Date: 2-21-2020 Survey Date: 2-13-2020 Sheet 1 of 1 Sheets

WORKING INTEREST OWNER	NET ACRES	INTEREST
Leased (SPC Resources, LLC)	575.40783	0.90825665
Leased (Other - Third Party)	7.14880	0.01128407
Unleased	50.97337	0.08045928
TOTAL	633.53000	1.0000000

633.53 ACRE NORTH HALF (N/2) SECTION 7 & NORTH HALF (N/2) SECTION 12 HANNA UNIT				
INTEREST OWNER(S)		TYPE	UNIT NET AC	WI
SPC Resources, LLC		WI	575.40783	0.90825665
Unleased		UMI	50.97337	0.08045928
EOG Resources, Inc.		WI	0.20320	0.00032074
Legacy Reserves Operating, LP		WI	3.90160	0.00615851
Enduring Resources IV, LLC		WI	0.28760	0.00045396
J. R. Rowan, Inc.		WI	0.28630	0.00045191
OXY USA WTP LP		WI	0.25780	0.00040693
Corinne Yvonne Sumner		WI	0.30073	0.00047468
John Zacharias Grace		WI	0.30073	0.00047468
Michael Grace		WI	0.30073	0.00047468
Winston Grace		WI	0.30073	0.00047468
SCAN-Harbor, Inc. f/k/a Boys and Girls Harbor		WI	0.14380	0.00022698
Christ in You the Hope of Glory		WI	0.14380	0.00022698
Media Fellowship International		WI	0.14380	0.00022698
H.S. Winston, Trustee of The Winston Revocable Trust		WI	0.43350	0.00068426
Enerstar Resources O&G, LLC		WI	0.14450	0.00022809
TOTALS			633.53000	1.00000

BLUE = has remitted an election to Participate

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C7

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133

SPC RESOURCES, LLC

C/O SCHOEFLER ENERGY GROUP 224 RUE DE JEAN, LAFAYETTE, LA 70508

January 2, 2019

Via: Certified Mail Return Receipt Mail

SPC Resources, LLC
P.O. Box 1020
Artesia, NM 88211

Re: Proposed Horizontal Bone Spring Wells
Hanna 201H & Hanna 301H (the "Wells")
North Half (N/2) of Section 7, T22S-R27E
North Half (N/2) of Section 12, T22S-R26E
Eddy County, New Mexico

To whom it may concern,

SPC Resources, LLC ("SPC") as Operator hereby proposes to form a 633.53 acre working interest unit to include the North Half (N/2) of Section 7, Township 22 South, Range 27 East and the North Half (N/2) Section 12, Township 22 South Range 26 East for oil and gas production. The targeted interval for the proposed unit is the Bone Spring formation. SPC hereby proposes to drill and operate the following Bone Spring Wells:

1. **Hanna 201H** to be drilled from a legal location with a proposed surface hole location in the SW/4NW/4 of Section 8, T22S-27E and a proposed bottom hole location in the NW/4NW/4 of Section 12, 22S-26E. We anticipate drilling to an approximate total vertical depth of 7175 feet and plan to continue drilling horizontally to the west to the proposed bottom hole location at an approximate total measured depth of 17850 feet.
2. **Hanna 301H** to be drilled from a legal location with a proposed surface hole location in the SW/4NW/4 of Section 8, 22S-27E and a proposed bottom hole location in the NW/4NW/4 of Section 12, 22S-26E. We anticipate drilling to an approximate total vertical depth of 8590 feet and plan to continue drilling horizontally to the west to the proposed bottom hole location at an approximate total measured depth of 19300 feet.

Regarding the above Wells, enclosed for your further handling and information are copies of our Authorization for Expenditure ("AFE") for the two Wells. Please be aware that the enclosed AFE(s) are only an estimate of costs to be incurred and by electing to participate in the Wells, each working interest owner shall be responsible for its proportionate share of all costs incurred.

SPC is proposing to drill these Wells under the terms of a modified 1989 Horizontal AAPL form Operating Agreement. Said Operating Agreement will be made available for your review upon request and contains the following provisions. The Operating Agreement will have COPAS rates of \$8,000/month while drilling, \$800/month for a producing well and a non-consent penalty of 100%/300%/300%.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C8

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133

Please return a copy of this letter indicating your election to participate or not to participate in the drilling and completion of the Wells in the spaces provided below. Should you elect to participate, please also sign and return the enclosed AFE(s). Please return your elections via email to cbradley@santopetroleum.com or by mail using the enclosed self-addressed envelope.

Thank you for your consideration of this proposal. Please contact me at (713) 600-7501, if you have any questions.

Sincerely,

SPC Resources, LLC


Colleen Bradley
Landman

Hanna 201H

_____ Elects not to participate in the drilling and completion of the captioned well.

_____ Elects to participate for its proportionate share of the costs detailed in the enclosed AFE for the captioned well.

Hanna 301H

_____ Elects not to participate in the drilling and completion of the captioned well.

_____ Elects to participate for its proportionate share of the costs detailed in the enclosed AFE for the captioned well.

SPC Resources, LLC

Name: _____

Title: _____

Date: _____

Telephone: _____

Email: _____

AUTHORITY FOR EXPENDITURE

WELL: Hanna 201H	SHL (X): 8-22S-27E	WELL TYPE: Delineation	PROPERTY #: P0079-002-023-01
PROSPECT: Caveman	SHL (Y): 8-22S-27E	WELL PROFILE: Horizontal	AFE #: 00326
OPERATOR: SPC Resources, LLC	BHL (X): 12-22S-26E	PROPOSED TVD: 7,175	AFE VERSION: Revision 0
CNTY: ST Eddy NM	BHL (Y): 12-22S-26E	PROPOSED MD: 17,850	VERSION DATE: December 9, 2019
FIELD: Bone Spring	DATUM: NM NAD 27	FORM @ TD: 2nd Bone Spring	API #: TBD
LOCATION: CAVEMAN PAD			
PROPOSAL: Drill and complete a horizontal 2nd Bone Spring well.			

INTANGIBLES		DRILLING	COMPLETION	TOTALS
LOC - ACCESS, DAMAGES & RIGHT OF WAY		\$ 300,000	\$ 50,000	\$ 350,000
LOC - SURVEY, STAKE, BUILD, REPAIR & RECLAIM		\$ 164,000	\$ 150,000	\$ 314,000
	LOCATION SUBTOTALS	\$ 464,000	\$ 200,000	\$ 664,000
RIG - MOBILIZATION		\$ 125,000	\$ -	\$ 125,000
RIG - DRILLING - DAYWORK	\$ 19,000.00 per day	\$ 570,000	\$ -	\$ 570,000
RIG - DRILLING - FOOTAGE	NA per foot	\$ -	\$ -	\$ -
RIG - DRILLING - TURNKEY	NA per foot	\$ -	\$ -	\$ -
RIG - COMPLETION	\$ 6,000.00 per day	\$ -	\$ 12,000	\$ 12,000
RIG - REVERSE UNIT, COILED TUBING UNIT		\$ -	\$ 105,000	\$ 105,000
RIG - FUEL & POWER	\$ 5,000.00 per gallon	\$ 232,500	\$ 70,000	\$ 302,500
	RIGS SUBTOTALS	\$ 927,500	\$ 187,000	\$ 1,114,500
FLUID - WATER - FRESH & BRINE (INCLUDES TRUCKING, LINE RENTAL & PUMP RENTAL)		\$ 60,000	\$ 750,000	\$ 810,000
FLUID - MUD & CHEMICALS		\$ 240,000	\$ -	\$ 240,000
FLUID - DISPOSAL - WATER, MUD & CUTTINGS		\$ 60,000	\$ 300,000	\$ 360,000
	FLUIDS SUBTOTALS	\$ 360,000	\$ 1,050,000	\$ 1,410,000
TOOLS - BITS & BOTTOM HOLE ASSEMBLY (INCLUDING NON-STEERABLE MOTORS)		\$ 125,000	\$ 10,000	\$ 135,000
TOOLS - DRILL STRING & TUBING WORK STRING - RENTAL		\$ 70,000	\$ 24,500	\$ 94,500
TOOLS - BLOW OUT PREVENTERS & CHOKES - RENTAL		\$ -	\$ 48,000	\$ 48,000
TOOLS - OTHER (TANKS, FISHING TOOLS, MUD EQUIPMENT, & CONSUMABLES)		\$ 222,000	\$ 216,000	\$ 438,000
	TOOLS SUBTOTALS	\$ 417,000	\$ 298,500	\$ 715,500
CEMENT - CASING		\$ 130,000	\$ 85,000	\$ 215,000
CEMENT - FLOAT EQUIPMENT & OTHER CASING HARDWARE		\$ 11,000	\$ 25,000	\$ 36,000
CEMENT - REMEDIAL (SQUEEZING & PLUG BACK) NA		\$ -	\$ -	\$ -
	CEMENTING SUBTOTALS	\$ 141,000	\$ 110,000	\$ 251,000
EVAL - MUD LOGGING		\$ 67,500	\$ -	\$ 67,500
EVAL - CORING (WHOLE CORE)		\$ -	\$ -	\$ -
EVAL - DRILL STEM TESTING		\$ -	\$ -	\$ -
EVAL - OPEN HOLE WIRELINE LOGGING & CORING		\$ -	\$ -	\$ -
EVAL - CASED HOLE WIRELINE LOGGING		\$ -	\$ -	\$ -
EVAL - PERFORATING		\$ -	\$ 220,000	\$ 220,000
EVAL - SLICKLINE SERVICES (BOTTOM HOLE PRESSURE, ETC)		\$ -	\$ -	\$ -
EVAL - SAMPLING, TESTING & ANALYSIS NA		\$ -	\$ -	\$ -
	EVALUATION SUBTOTALS	\$ 67,500	\$ 220,000	\$ 287,500
STIM - ACIDIZING		\$ -	\$ 25,000	\$ 25,000
STIM - HYDRAULIC FRACTURING		\$ -	\$ 2,200,000	\$ 2,200,000
STIM - EQUIPMENT RENTAL (TREE PROTECTOR, TANKS, PACKER, RETRIEVABLE BRIDGE PLUG, ETC)		\$ -	\$ 250,000	\$ 250,000
	STIMULATION SUBTOTALS	\$ -	\$ 2,475,000	\$ 2,475,000
CONTRACT - LEGAL & PERMITTING SERVICES		\$ -	\$ -	\$ -
CONTRACT - WELL SITE SUPERVISION		\$ 153,000	\$ 120,000	\$ 273,000
CONTRACT - WELL SITE SUPERVISION - HOUSING & COMMUNICATIONS		\$ 17,000	\$ 28,800	\$ 45,800
CONTRACT - DIRECTIONAL DRILLING TOOLS, SUPERVISION & SERVICES		\$ 255,000	\$ -	\$ 255,000
CONTRACT - CASING CREWS, TOOLS & TUBULAR INSPECTION		\$ 30,000	\$ 18,000	\$ 48,000
CONTRACT - SPECIAL SERVICES (ROUSTABOUTS, WELDERS, WELLHEAD REPAIR)		\$ 50,000	\$ 85,000	\$ 135,000
CONTRACT - TRUCKING & DELIVERY (WHEN SEPARATE FROM PRODUCT OR SERVICE COST)		\$ 50,000	\$ 225,000	\$ 275,000
CONTRACT - OTHER SERVICES (ENGINEERING, GEOLOGIST, HSE, ETC)		\$ 7,000	\$ 45,000	\$ 52,000
	CONTRACT SERVICES SUBTOTALS	\$ 562,000	\$ 521,800	\$ 1,083,800
OPERATOR - OVERHEAD		\$ 10,000	\$ 10,000	\$ 20,000
OPERATOR - EXTRA EXPENSE INSURANCE		\$ -	\$ -	\$ -
OPERATOR - OTHER EXPENSES		\$ -	\$ -	\$ -
	OPERATOR CHARGES SUBTOTALS	\$ 10,000	\$ 10,000	\$ 20,000
INTANGIBLE CONTINGENCIES	DRILLING: 3.00% COMPLETION: 3.00%	\$ 88,470	\$ 152,169	\$ 240,639
	TOTAL INTANGIBLES	\$ 3,037,470	\$ 5,224,469	\$ 8,261,939

TANGIBLES		DRILLING	COMPLETION	TOTALS
SURF - WELLHEAD - (FLANGES, CHOKES, VALVES, X-MAS TREE)		\$ 45,000	\$ 15,000	\$ 60,000
SURF - ARTIFICIAL LIFT EQUIPMENT ESP		\$ -	\$ 50,000	\$ 50,000
SURF - OTHER EQUIPMENT		\$ -	\$ -	\$ -
	SURFACE WELL EQUIPMENT SUBTOTALS	\$ 45,000	\$ 65,000	\$ 110,000
SUB - CASING - CONDUCTOR	20" Conductor set and cemented at 80 ft	\$ - per foot	\$ 25,000	\$ 25,000
SUB - CASING - SURFACE	16" 75H J-55 STC	\$ 65.72 per foot	\$ 29,574	\$ 29,574
SUB - CASING - INTERMEDIATE	10-3/4" 40.5H J-55 & 7-5/8" 29.7H P-110	\$ 25.00 per foot	\$ 228,750	\$ 228,750
SUB - CASING - PRODUCTION	5-1/2", 20 W/FT, HCP-110, Modified DQX	\$ 16.50 per foot	\$ 294,525	\$ 294,525
SUB - TUBING - PRODUCTION	2-7/8", 6.5 W/FT, N-80, EUE	\$ 5.00 per foot	\$ 40,800	\$ 40,800
SUB - SUCKER RODS	NA NA	\$ - per foot	\$ -	\$ -
SUB - ARTIFICIAL LIFT EQUIPMENT		\$ -	\$ 35,000	\$ 35,000
SUB - OTHER CONTROLLABLE EQUIPMENT		\$ -	\$ 10,000	\$ 10,000
SUB - OTHER NON-CONTROLLABLE EQUIPMENT		\$ -	\$ -	\$ -
	SUBSURFACE WELL EQUIPMENT SUBTOTALS	\$ 283,324	\$ 380,325	\$ 663,649
LSE - TANKS		\$ -	\$ 150,000	\$ 150,000
LSE - SEPARATION EQUIPMENT	Separator and Equipment	\$ -	\$ 100,000	\$ 100,000
LSE - SALES METERS		\$ -	\$ -	\$ -
LSE - FLOWLINES	\$ - per foot	\$ -	\$ 100,000	\$ 100,000
LSE - COMPRESSORS		\$ -	\$ -	\$ -
LSE - ELECTRICAL SYSTEMS		\$ -	\$ 100,000	\$ 100,000
LSE - SURFACE PUMPS (TRANSFER & CIRCULATING)		\$ -	\$ 30,000	\$ 30,000
LSE - OTHER CONTROLLABLE EQUIPMENT		\$ -	\$ 75,000	\$ 75,000
LSE - OTHER NON-CONTROLLABLE EQUIPMENT (CONNECTIONS, VALVES)		\$ -	\$ 100,000	\$ 100,000
LSE - TRUCKING & CONSTRUCTION		\$ -	\$ -	\$ -
	LEASE & BATTERY EQUIPMENT SUBTOTALS	\$ -	\$ 655,000	\$ 655,000
TANGIBLE CONTINGENCIES	DRILLING 3.00% COMPLETION 3.00%	\$ 9,850	\$ 33,010	\$ 42,859
	TOTAL TANGIBLES	\$ 338,174	\$ 1,133,335	\$ 1,471,509

AFE GRAND TOTALS

DRILLING	COMPLETION	TOTAL
\$ 3,375,644	\$ 6,357,804	\$ 9,733,447

AUTHORITY FOR EXPENDITURE

WELL: Hanna 201H	SHL (X): 8-22S-27E	WELL TYPE: Delineation	PROPERTY #: P0075-002-025-01
PROSPECT: Caveman	SHL (Y): 8-22S-27E	WELL PROFILE: Horizontal	AFE #: 00326
OPERATOR: SPC Resources, LLC	BHL (X): 12-22S-26E	PROPOSED TVD: 7,175	AFE VERSION: Revision 0
CNTY: ST: Eddy NM	BHL (Y): 12-22S-26E	PROPOSED MD: 17,850	VERSION DATE: December 9, 2019
FIELD: Bone Spring	DATUM: NM NAD 27	FORM @ TD: 2nd Bone Spring	API #: TBD
LOCATION: CAVEMAN PAD			
PROPOSAL: Drill and complete a horizontal 2nd Bone Spring well.			

AFE GRAND TOTALS

DRILLING	COMPLETION	TOTAL
\$ 3,375,644	\$ 6,357,804	\$ 9,733,447

OPERATOR APPROVAL

PREPARED BY: Jocelyn Compton	TITLE: Reservoir Engineer	DATE: 1/2/2020
APPROVED BY: Hanson Yates	TITLE: President	DATE:
APPROVED BY:	TITLE:	DATE:

NOTICE

This Authority For Expenditure (AFE) includes estimates of anticipated costs at the time this AFE was prepared. The actual individual item costs and actual total costs are not guaranteed and may be more or less than the estimates in this AFE. By signing below you agree to pay your pro-rata share of any and all costs incurred which are related to the execution of the operation proposed by this AFE.

If any owner chooses to opt out of the Operator's Extra Expense (OEE) insurance coverage, then that owner must notify the operator in writing of such election prior to the spudding of the subject well. Such notification must include proof of acceptable insurance coverage under the owner's own policy. Failure to notify the operator in a timely manner will result in the owner being included under and charged for the operator's OEE coverage.

WORKING INTEREST OWNER APPROVAL

COMPANY:	WI:	
APPROVED BY:	NAME / TITLE:	DATE:

AUTHORITY FOR EXPENDITURE

WELL : Hanna 301H	SHL (X) : 8-22S-27E	WELL TYPE : Delineation	PROPERTY # : P0075-002-026-01
PROSPECT : Caveman	SHL (Y) : 8-22S-27E	WELL PROFILE : Horizontal	AFE # : 00327
OPERATOR : SPC Resources, LLC	BHL (X) : 12-22S-26E	PROPOSED TVD : 8,590	AFE VERSION : Revision 0
CITY : ST Eddy NM	BHL (Y) : 12-22S-26E	PROPOSED MD : 19,300	VERSION DATE : December 9, 2019
FIELD : Bone Spring	DATUM : NM NAD 27	FORM @ TD : 3rd Bone Spring	API # : TBD
LOCATION : CAVEMAN PAD			
PROPOSAL : Drill and complete a horizontal 3rd Bone Spring well.			

INTANGIBLES				DRILLING	COMPLETION	TOTALS
LOC - ACCESS, DAMAGES & RIGHT OF WAY				\$ 300,000	\$ 50,000	\$ 350,000
LOC - SURVEY, STAKE, BUILD, REPAIR & RECLAIM				\$ 164,000	\$ 150,000	\$ 314,000
LOCATION SUBTOTALS				\$ 464,000	\$ 200,000	\$ 664,000
RIG - MOBILIZATION				\$ 125,000	\$ -	\$ 125,000
RIG - DRILLING - DAYWORK				\$ 589,000	\$ -	\$ 589,000
RIG - DRILLING - FOOTAGE				\$ -	\$ -	\$ -
RIG - DRILLING - TURNKEY				\$ -	\$ -	\$ -
RIG - COMPLETION				\$ -	\$ 12,000	\$ 12,000
RIG - REVERSE UNIT, COILED TUBING UNIT				\$ -	\$ 105,000	\$ 105,000
RIG - FUEL & POWER				\$ 240,000	\$ 70,000	\$ 310,000
RIGS SUBTOTALS				\$ 954,000	\$ 187,000	\$ 1,141,000
FLUID - WATER - FRESH & BRINE (INCLUDES TRUCKING, LINE RENTAL & PUMP RENTAL)				\$ 60,000	\$ 750,000	\$ 810,000
FLUID - MUD & CHEMICALS				\$ 240,000	\$ -	\$ 240,000
FLUID - DISPOSAL - WATER, MUD & CUTTINGS				\$ 60,000	\$ 300,000	\$ 360,000
FLUIDS SUBTOTALS				\$ 360,000	\$ 1,050,000	\$ 1,410,000
TOOLS - BITS & BOTTOM HOLE ASSEMBLY (INCLUDING NON-STEERABLE MOTORS)				\$ 125,000	\$ 10,000	\$ 135,000
TOOLS - DRILL STRING & TUBING WORK STRING - RENTAL				\$ 70,000	\$ 24,500	\$ 94,500
TOOLS - BLOW OUT PREVENTERS & CHOKES - RENTAL				\$ -	\$ 48,000	\$ 48,000
TOOLS - OTHER (TANKS, FISHING TOOLS, MUD EQUIPMENT, & CONSUMABLES)				\$ 229,400	\$ 216,000	\$ 445,400
TOOLS SUBTOTALS				\$ 424,400	\$ 298,500	\$ 722,900
CEMENT - CASING				\$ 130,000	\$ 85,000	\$ 215,000
CEMENT - FLOAT EQUIPMENT & OTHER CASING HARDWARE				\$ 11,000	\$ 25,000	\$ 36,000
CEMENT - REMEDIAL (SQUEEZING & PLUG BACK)				\$ -	\$ -	\$ -
CEMENTING SUBTOTALS				\$ 141,000	\$ 110,000	\$ 251,000
EVAL - MUD LOGGING				\$ 67,500	\$ -	\$ 67,500
EVAL - CORING (WHOLE CORE)				\$ -	\$ -	\$ -
EVAL - DRILL STEM TESTING				\$ -	\$ -	\$ -
EVAL - OPEN HOLE WIRELINE LOGGING & CORING				\$ -	\$ -	\$ -
EVAL - CASED HOLE WIRELINE LOGGING				\$ -	\$ -	\$ -
EVAL - PERFORATING				\$ -	\$ 220,000	\$ 220,000
EVAL - SLICKLINE SERVICES (BOTTOM HOLE PRESSURE, ETC)				\$ -	\$ -	\$ -
EVAL - SAMPLING, TESTING & ANALYSIS				\$ -	\$ -	\$ -
EVALUATION SUBTOTALS				\$ 67,500	\$ 220,000	\$ 287,500
STIM - ACIDIZING				\$ -	\$ 25,000	\$ 25,000
STIM - HYDRAULIC FRACTURING				\$ -	\$ 2,200,000	\$ 2,200,000
STIM - EQUIPMENT RENTAL (TREE PROTECTOR, TANKS, PACKER, RETRIEVABLE BRIDGE PLUG, ETC)				\$ -	\$ 250,000	\$ 250,000
STIMULATION SUBTOTALS				\$ -	\$ 2,475,000	\$ 2,475,000
CONTRACT - LEGAL & PERMITTING SERVICES				\$ -	\$ -	\$ -
CONTRACT - WELL SITE SUPERVISION				\$ 157,500	\$ 120,000	\$ 277,500
CONTRACT - WELL SITE SUPERVISION - HOUSING & COMMUNICATIONS				\$ 17,500	\$ 28,800	\$ 46,300
CONTRACT - DIRECTIONAL DRILLING TOOLS, SUPERVISION & SERVICES				\$ 263,500	\$ -	\$ 263,500
CONTRACT - CASING CREWS, TOOLS & TUBULAR INSPECTION				\$ 30,000	\$ 18,000	\$ 48,000
CONTRACT - SPECIAL SERVICES (ROUSTABOUTS, WELDERS, WELLHEAD REPAIR)				\$ 50,000	\$ 85,000	\$ 135,000
CONTRACT - TRUCKING & DELIVERY (WHEN SEPARATE FROM PRODUCT OR SERVICE COST)				\$ 50,000	\$ 225,000	\$ 275,000
CONTRACT - OTHER SERVICES (ENGINEERING, GEOLOGIST, HSE, ETC)				\$ 7,000	\$ 45,000	\$ 52,000
CONTRACT SERVICES SUBTOTALS				\$ 575,500	\$ 521,800	\$ 1,097,300
OPERATOR - OVERHEAD				\$ 10,000	\$ 10,000	\$ 20,000
OPERATOR - EXTRA EXPENSE INSURANCE				\$ -	\$ -	\$ -
OPERATOR - OTHER EXPENSES				\$ -	\$ -	\$ -
OPERATOR CHARGES SUBTOTALS				\$ 10,000	\$ 10,000	\$ 20,000
INTANGIBLE CONTINGENCIES				\$ 89,892	\$ 152,169	\$ 242,061
TOTAL INTANGIBLES				\$ 3,085,292	\$ 5,224,469	\$ 8,310,761

TANGIBLES				DRILLING	COMPLETION	TOTALS
SURF - WELLHEAD - (FLANGES, CHOKES, VALVES, X-MAS TREE)				\$ 45,000	\$ 15,000	\$ 60,000
SURF - ARTIFICIAL LIFT EQUIPMENT				\$ -	\$ 50,000	\$ 50,000
SURF - OTHER EQUIPMENT				\$ -	\$ -	\$ -
SURFACE WELL EQUIPMENT SUBTOTALS				\$ 45,000	\$ 65,000	\$ 110,000
SUB - CASING - CONDUCTOR				\$ 25,000	\$ -	\$ 25,000
SUB - CASING - SURFACE				\$ 29,574	\$ -	\$ 29,574
SUB - CASING - INTERMEDIATE				\$ 263,750	\$ -	\$ 263,750
SUB - CASING - PRODUCTION				\$ -	\$ 318,450	\$ 318,450
SUB - TUBING - PRODUCTION				\$ -	\$ 49,200	\$ 49,200
SUB - SUCKER RODS				\$ -	\$ -	\$ -
SUB - ARTIFICIAL LIFT EQUIPMENT				\$ -	\$ 35,000	\$ 35,000
SUB - OTHER CONTROLLABLE EQUIPMENT				\$ -	\$ 10,000	\$ 10,000
SUB - OTHER NON-CONTROLLABLE EQUIPMENT				\$ -	\$ -	\$ -
SUBSURFACE WELL EQUIPMENT SUBTOTALS				\$ 318,324	\$ 412,650	\$ 730,974
LSE - TANKS				\$ -	\$ 150,000	\$ 150,000
LSE - SEPARATION EQUIPMENT				\$ -	\$ 100,000	\$ 100,000
LSE - SALES METERS				\$ -	\$ -	\$ -
LSE - FLOWLINES				\$ -	\$ 100,000	\$ 100,000
LSE - COMPRESSORS				\$ -	\$ -	\$ -
LSE - ELECTRICAL SYSTEMS				\$ -	\$ 100,000	\$ 100,000
LSE - SURFACE PUMPS (TRANSFER & CIRCULATING)				\$ -	\$ 30,000	\$ 30,000
LSE - OTHER CONTROLLABLE EQUIPMENT				\$ -	\$ 75,000	\$ 75,000
LSE - OTHER NON-CONTROLLABLE EQUIPMENT (CONNECTIONS, VALVES)				\$ -	\$ 100,000	\$ 100,000
LSE - TRUCKING & CONSTRUCTION				\$ -	\$ -	\$ -
LEASE & BATTERY EQUIPMENT SUBTOTALS				\$ -	\$ 655,000	\$ 655,000
TANGIBLE CONTINGENCIES				\$ 10,900	\$ 33,980	\$ 44,879
TOTAL TANGIBLES				\$ 374,224	\$ 1,166,630	\$ 1,540,853

AFE GRAND TOTALS				DRILLING	COMPLETION	TOTAL
				\$ 3,460,516	\$ 6,391,099	\$ 9,851,614

AUTHORITY FOR EXPENDITURE

WELL: Hanna 301H	SHL (X): 8-22S-27E	WELL TYPE: Delineation	PROPERTY #: P0075-002-026-01
PROSPECT: Caveman	SHL (Y): 8-22S-27E	WELL PROFILE: Horizontal	AFE #: 00327
OPERATOR: SPC Resources, LLC	BHL (X): 12-22S-26E	PROPOSED TVD: 8,590	AFE VERSION: Revision 0
CNTY: ST: Eddy NM	BHL (Y): 12-22S-26E	PROPOSED MD: 19,300	VERSION DATE: December 9, 2019
FIELD: Bone Spring	DATUM: NM NAD 27	FORM @ TD: 3rd Bone Spring	API #: TBD
LOCATION: CAVEMAN PAD			
PROPOSAL: Drill and complete a horizontal 3rd Bone Spring well.			

AFE GRAND TOTALS

DRILLING	COMPLETION	TOTAL
\$ 3,460,516	\$ 6,391,059	\$ 9,851,614

OPERATOR APPROVAL

PREPARED BY: Jocelyn Compton	TITLE: Reservoir Engineer	DATE: 1/2/2020
APPROVED BY: Hanson Yates	TITLE: President	DATE:
APPROVED BY:	TITLE:	DATE:

NOTICE

This Authority For Expenditure (AFE) includes estimates of anticipated costs at the time this AFE was prepared. The actual individual item costs and actual total costs are not guaranteed and may be more or less than the estimates in this AFE. By signing below you agree to pay your pro-rata share of any and all costs incurred which are related to the execution of the operation proposed by this AFE.

If any owner chooses to opt out of the Operator's Extra Expense (OEE) insurance coverage, then that owner must notify the operator in writing of such election prior to the spudding of the subject well. Such notification must include proof of acceptable insurance coverage under the owner's own policy. Failure to notify the operator in a timely manner will result in the owner being included under and charged for the operator's OEE coverage.

WORKING INTEREST OWNER APPROVAL

COMPANY:	WI:
APPROVED BY:	NAME / TITLE: DATE:

SPC RESOURCES, LLC

September 10, 2017

RE: Oil & Gas Lease
City of Carlsbad
Eddy County, New Mexico

Dear Landowner:

My name is _____ and I am representing **Santo Petroleum, LLC (doing business as SPC Resources, LLC)**. Our preliminary title research indicates that you own Oil and Gas minerals in Eddy County, New Mexico. If you or your family have lived in the City of Carlsbad, New Mexico at any point in time, we would like to speak to you about an offer to lease your minerals for oil and gas exploration. Please call me at _____ or on my cell phone _____ at any time regarding this offer to set up an appointment to sign your lease and pick up your bonus payment.

Thank you for your kind consideration in this matter.

Sincerely,

<<Landman Name>>
Petroleum Landman
Agent for Santo Petroleum, LLC
<<cell number>>
(575) 689-6386 (Carlsbad Field Office)
<<e-mail address>>

Producers 88 Rev. (5 Year Lease) 7-16

(FIVE YEAR PAID UP LEASE)
OIL AND GAS LEASEMODIFIED Form 345
Hall-Poorbaugh Press, Inc.
Roswell, New Mexico

THIS AGREEMENT made this 11th day of October, 2017, between THE CITY OF CARLSBAD, NEW MEXICO, a municipal corporation, whose address is P.O. Box 1569, Carlsbad, New Mexico 88221, as Lessor, and SPC RESOURCES, LLC, a New Mexico limited liability company whose address is P.O. Box 1020, Artesia, New Mexico 88211-1020, as Lessee.

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, the royalty provided herein and the agreements of Lessee herein, does hereby grant, lease and let exclusively to Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and liquid hydrocarbons located in, under, and that may be produced from the following described lands located in Eddy County, New Mexico:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

This Lease covers all of the described land, including any interests therein that Lessor has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as set forth herein, all lands, now owned or claimed by Lessor, which are adjacent, contiguous or a part of the described land, whether such additional land be owned or claimed by deed, limitation, or otherwise. The bonus money paid for this Lease shall be effective to cover all such land irrespective of the number of acres contained therein. The land included within this lease is estimated to comprise 831.86 acres, whether it actually comprises more or less; provided, however, the inclusion of such estimated acreage amount herein shall in no way serve to limit the lands and/or acreage covered by this Lease. All such land covered by this Lease is referred to as the "Land" or the "Leased Premises."

The Parties recognize the Leased Premises are all located within the corporate limits of the City of Carlsbad and agree this Lease is a "No Surface Occupancy" lease. Lessee agrees that it is required to secure prior written consent from Lessor in order to locate any of its operations on the surface of the ground of the Leased Premises.

SPECIFICALLY, LESSEE WILL NOT CONDUCT OR LOCATE ITS DRILLING, COMPLETION AND/OR PRODUCTION OPERATIONS ON THE SURFACE OF THE GROUND ON THE LEASED PREMISES IN THE ABSENCE OF PRIOR WRITTEN CONSENT OF LESSOR. NOTHING HEREIN REQUIRES LESSEE TO SECURE LESSOR'S CONSENT TO: (a) OTHERWISE CONDUCT ITS DRILLING, COMPLETION AND PRODUCTION OPERATIONS UNDERNEATH THE SURFACE OF THE GROUND OF THE LEASED PREMISES OR (b) TO GENERALLY USE THE ROADS, ALLEYS AND OTHER RIGHTS OF WAY AVAILABLE TO THE PUBLIC FOR INGRESS AND EGRESS TO LESSEE'S SURFACE LOCATIONS OR TO CONDUCT ANY PHYSICAL SURVEYING OF SAME TO OBTAIN AN ACCURATE MEASUREMENT OF THE LEASED PREMISES OR ADJACENT LANDS.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from the Land or land with which the Land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, 3/16ths of that produced and saved from the Land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from the Land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16ths of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16ths of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut-in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the Leased Premises) or transports gas off the Leased Premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Lessee shall have free use of oil, gas, coal and water from the Land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the acreage covered by it, or any part or horizon thereof, with other land, lease, leases, mineral estates or parts thereof, for the production of oil or gas. Units pooled hereunder shall not exceed: (i) for a vertical well, the standard spacing unit fixed by law or by the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (the "NMOCOD"), or other lawful authority for the pool or area in which the land is situated, plus a tolerance of 10%, or (ii) for a horizontal well, the acreage dedicated to a "Project Area" approved by the NMOCOD or other lawful authority. Notwithstanding the foregoing, should any governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee shall file in the appropriate records of the county in which the Leased Premises are situated an instrument describing and designating the pooled acreage as a pooled unit and/or Project Area. The designation may be made either before or after the completion of the well or wells. Operations for drilling on or production of oil or gas from any part of the pooled unit or Project Area shall be considered for all purposes, except the payment of royalty, as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells are located on the Leased Premises, and the entire acreage constituting such unit or units and/or Project Area, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit and/or Project Area, as if the same were included in this lease. There shall be allocated to the land covered by this lease included in any such pooled unit or Project Area that portion of the total production of pooled minerals from wells in the unit and/or Project Area, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit and/or Project Area bears to the total number of surface acres in the unit and/or Project Area, except any portion of a Project Area that is utilized solely for surface drilling operations and is not included as a productive portion of the Project Area (no perforations). The production so allocated will be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the Land covered hereby and included in said unit and/or Project Area in the same manner as though produced from the Land under the terms of this lease. Any pooled unit or Project Area designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit and/or Project Area. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit the Land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the NMOCOD or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the NMOCOD, or other lawful authority, and Lessee shall record in the county in which the Leased Premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on the Land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 90 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 90 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from the Land or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from the Land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil and gas, so long thereafter as oil or gas is produced from the Land, or from land

Rev2017D Standard 5YR (NO SURFACE)

Page 1 of 6

Reception: 1815676 Book: 1114 Page: 0518 Pages: 8

Recorded: 09/12/2018 11:30 AM

Fee: \$50.00

Eddy County, New Mexico ~ Robin Van Natta, County Clerk

MO PLOTNER
WILL PICK UP

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C10

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133



pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the Leased Premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on the Land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on the Land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on or attributed to said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities. A horizontal well shall be deemed to be a well for each 40 acre tract for oil and 640 acre tract for gas included within an NMOCD approved Project Area.

9. Lessor hereby warrants and agrees to defend the title to the Land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the Land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under the Land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessor's control, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. Notwithstanding any provision of this Lease to the contrary, Lessee is hereby granted the exclusive option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for an additional period of two (2) years as to all or any portion of the acreage described herein. The only action required by Lessee to exercise this option being the payment for all or any portion of the acreage to Lessor or to Lessor's credit of an additional per net mineral acre consideration equal to the original bonus paid per net mineral acre by Lessee herein for the first five (5) year primary term period, which payment shall cover the entire additional two (2) year extended primary term. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of seven (7) years. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

12. If at any time during the primary term of this lease or the continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or any part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR

The City of Carlsbad, New Mexico, a municipal corporation


Dale Janway
Mayor

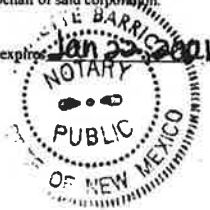
ACKNOWLEDGMENT

STATE OF NEW MEXICO

COUNTY OF EDDY

This instrument was acknowledged before me this 29th day of Nov, 2017, by Dale Janway as Mayor of the City of Carlsbad, New Mexico, a municipal corporation, on behalf of said corporation.

My commission expires





Annette Barrin
Notary Public

EXHIBIT "A" TO OIL AND GAS LEASE

ATTACHED TO AND MADE A PART OF THAT CERTAIN PAID UP OIL AND GAS LEASE, DATED EFFECTIVE AS OF [October 11,], 2017 BY AND BETWEEN THE CITY OF CARLSBAD, NEW MEXICO AS LESSOR AND SPC RESOURCES, LLC, AS LESSEE:

DESCRIPTION OF THE LEASED PREMISES

The Leased Premises includes all mineral rights owned by Lessor (whether or not such rights are adequately described herein or omitted in their entirety from this Exhibit "A") situated within the following described area in Eddy County, New Mexico:

Township 21 South, Range 27 East, N.M.P.M.

Section 31: All
Section 32: W2

Township 22 South, Range 26 East, N.M.P.M.

Section 1: All
Section 2: E2
Section 11: E2NE4
Section 12: All

Township 22 South, Range 27 East, N.M.P.M.

Section 5: All
Section 6: All
Section 7: All

These lands are referred to as the "Subject Area."

To provide a better understanding of Lessor's property included in the Leased Premises, but in no way to serve to limit the breadth, scope, and/or description of the Leased Premises, the Leased Premises shall include, without limitation, all mineral rights owned by Lessor in, under, and to all of (i) the following categories of lands owned by Lessor that are situated within the Subject Area: Streets, roads, highways, alleys, parks, municipal buildings, parking lots, vacant land, thoroughfares, riverbeds, easements, and rights-of-way and (ii) the following described lands, all of which are situated within the Subject Area:

[See tables on following pages]

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
21S	27E	31	0.0603 ACRES, MORE OR LESS, BEING THE SOUTH 10 FEET OF LOT 13, IN BLOCK A OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.16 ACRES, MORE OR LESS, BEING LOT 12, THE SOUTH 18.9 FEET OF LOT 10; AND THE NORTH 10 FEET OF THE WEST 172.3 FEET OF LOT 14 BLOCK C OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.6777 ACRES, MORE OR LESS, BEING LOTS 4 & 6 BLOCK 148 OF LAKESIDE COUNTRY CLUB ADDITION UNIT 1, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	3.00 ACRES, MORE OR LESS, BEING LOTS 8, 10, & 12 BLOCK 121 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.21 ACRES, MORE OR LESS, BEING PART OF THE SE CORNER OF BLOCK 212 OF TRACY ADDITION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.43 ACRES, MORE OR LESS, FORMERLY BEING THE EAST HALF OF LOT 2 BLOCK 115 OF NORTH CARLSBAD AND NOW BEING DESCRIBED AS LOT 7 BLOCK 237 OF PARKVIEW SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.65 ACRES, MORE OR LESS, BEING PART OF LOTS 2, 4, 6 & 7 BLOCK 20 OF LA HUERTA, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	10.45 ACRES, MORE OR LESS, BEING A PART OF LOTS 1-10, 12, & 14 OF BLOCK 116; AND OF THE ALL OF BLOCK 122 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.77 ACRES, MORE OR LESS, BEING LOT 12, BLOCK 103, NORTH CARLSBAD SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	41.89 ACRES, MORE OR LESS, BEING LOTS, 2, 4, 6, 7, 9, 11, 13 AND THE SW/2 OF LOT 5 BLOCK 20 OF LA HUERTA, LOCATED IN THE SW/4 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	35.65 ACRES, MORE OR LESS, BEING LOTS 12, 14, THE S 39.6 FEET OF LOT 10 BLOCK 24 OF LA HUERTA; AND PART OF THE SE/4 OF THE SW/4, LOCATED IN THE S/2 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2732 ACRES, MORE OR LESS, BEING LOTS 11 & 12 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.30 ACRES, MORE OR LESS, BEING LOT 10 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2045 ACRES, MORE OR LESS, BEING LOT 19 BLOCK 2 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	5.4788 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 & 11 BLOCK 2 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.1878 ACRES, MORE OR LESS, BEING LOT 1, LESS THE EAST 250 FEET BLOCK 1 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.66 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, & 10 OF BLOCK 14 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0264 ACRES, MORE OR LESS, BEING THE SOUTH 115 FEET OF THE EAST 10 FEET OF LOT 5 BLOCK 6 OF GIBSON'S ADDITION SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0032 ACRES, MORE OR LESS, BEING THE EAST 30.5 FEET OF LOT 1 BLOCK 1 OF BRYAN'S SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	10.539 ACRES, MORE OR LESS, BEING LOT 2 BLOCK 1 OF ALTA VISTA ADDITION NO 3 SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	26E	1	2.2740 ACRES, MORE OR LESS, BEING ALL OF BLOCK 24 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	4.13 ACRES, MORE OR LESS, BEING PART OF THE NE/4 OF THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.46 ACRES, MORE OR LESS, BEING LOT 3 SUNSET CHURCH LOTS 2 SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1722 ACRES, MORE OR LESS, BEING LOT 5 BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.7174 ACRES, MORE OR LESS, BEING LOTS 8, 9, 10, 11, & 12 BLOCK B OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.4935 ACRES, MORE OR LESS, BEING LOTS 8 & 9 OF NEEL HEIGHTS SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2066 ACRES, MORE OR LESS, BEING LOT 3 BLOCK B OF COX SECOND SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.25 ACRES, MORE OR LESS, BEING LOTS 42 A & 42 R BLOCK C OF SUNSET HEIGHTS REPLAT 2, FORMERLY LOT 42 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2497 ACRES, MORE OR LESS, BEING LOT 24 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1495 ACRES, MORE OR LESS, BEING A TRACT APPROXIMATELY 31 FEET BY 210 FEET, BEING PART OF BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	9.986 ACRES, MORE OR LESS, BEING THE MINERALS BENEATH THE ROADS IN PART OF THE NW/4 OF THE NE/4 OF SECTION 12- T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	3.719 ACRES, MORE OR LESS, BEING ALL OF BLOCK 11 OF ARCADIA ADDITION, LOCATED IN THE NE/4 OF SECTION 12, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.2048 ACRES, MORE OR LESS, BEING LOTS 2, 4, 6, 8, 10, 12 & 14 BLOCK 50 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.0338 ACRES, MORE OR LESS, BEING LOTS 1, 3, 5, 7, 9 & 11 BLOCK 50 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.5165 ACRES, MORE OR LESS, BEING LOTS 7, 11 & 13 BLOCK 38 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 8 & 10 BLOCK 37 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.6887 ACRES, MORE OR LESS, BEING LOTS 8, 10, 12 & 14 BLOCK 40 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 14, 16, 18 AND THE SOUTH 24.2 FEET OF LOT 12 BLOCK 6 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1033 ACRES, MORE OR LESS, BEING LOT 25 AND THE NORTH 5 FEET OF LOT 27 BLOCK 9 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.8723 ACRES, MORE OR LESS, BEING LOTS 2, 4 & 6 BLOCK 26 OF FIRST ADDITION OF THE TOWN OF EDDY SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 7 & 9 OF BLOCK 23 OF FIRST ADDITION TO THE CITY OF CARLSBAD, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	0.8905 ACRES, MORE OR LESS, BEING THE WEST 90 FEET OF LOTS 1, 2, 3, & 4 OF BLOCK 128 IN RIVERVIEW TERRACE AMENDED SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	3.617 ACRES, MORE OR LESS, BEING ALL OF BLOCK 133 OF RIVERVIEW TERRACE ADDITION SUBDIVISION, LOCATED IN THE E/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1722 ACRES, MORE OR LESS, BEING LOT 13 BLOCK 61 OF LOWE SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	2.2636 ACRES, MORE OR LESS, BEING PART OF BLOCK 91, LESS THE NORTH 100 FEET OF THE WEST 134 FEET OF STEVENS SECOND ADDITION, A SUBDIVISION LOCATED IN THE NW/4 OF THE SW/4 OF SECTION 6- T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	18.236 ACRES MORE OR LESS, BEING A PORTION OF THAT CERTAIN TRACT IDENTIFIED AS 21.76 ACRES, MORE OR LESS, BEING TRACT 1 REPLAT OF PART OF THE E 1/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO DEPICTED ON PLAT RECORDED AT MAP CABINET 3, SLIDE 48-1
22S	27E	6	3.90 ACRES WEST OF RIVER IN SE SE SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

[End of Exhibit "A"]

ORDINANCE NO. 2017- 28

AN ORDINANCE AUTHORIZING THE GRANTING OF AN OIL AND GAS LEASE ON CERTAIN MINERAL INTERESTS OWNED BY THE CITY OF CARLSBAD IN CERTAIN PORTIONS OF TOWNSHIP 21 SOUTH, RANGE 27 EAST, TOWNSHIP 22 SOUTH RANGE 26 EAST, AND TOWNSHIP 22 SOUTH RANGE 27 EAST TO SPC RESOURCES, LLC FOR A PER ACRE LEASE BONUS AND A 3/16THS ROYALTY.

WHEREAS, the City of Carlsbad owns oil and gas rights throughout the City of Carlsbad; and

WHEREAS, SPC Resources, LLC, a New Mexico limited liability company wishes to lease the oil and gas rights the City of Carlsbad owns in:

Township 21 South, Range 27 East, N.M.P.M.

Section 31: All

Section 32: W2

Township 22 South, Range 26 East, N.M.P.M.

Section 1: All

Section 2: E2

Section 11: E2NE4

Section 12: All

Township 22 South, Range 27 East, N.M.P.M.

Section 5: All

Section 6: All

Section 7: All

and as more precisely described in the Oil and Gas Lease attached here to and made a part hereof; and

WHEREAS, the Governing Body of the City of Carlsbad wishes to enter into the Oil and Gas Lease for the purpose of generating revenue; and

WHEREAS, the City of Carlsbad would receive a per acre lease bonus and a 3/16ths royalty, which is equal to the standard royalty received in oil and gas leases granted by the State of New Mexico Land Office; and

WHEREAS, the terms of the lease, the time and manner of payments on the lease, and the amount of the lease are more fully described in the Oil and Gas Lease attached hereto and made a part hereof.

NOW, THEREFORE, be it ordained by the Governing Body of the City of Carlsbad that:

1. The lease of the described oil and gas rights of the City of Carlsbad upon the terms and conditions set forth in Exhibit "A", incorporated herein by reference, is hereby approved.
2. The Mayor and City Administrator are authorized to execute all documents necessary to implement the terms of this ordinance.
3. Notice shall be published pursuant to the terms of NMSA 1978, Sec. 3-54-1 (1999).

DONE AND APPROVED this 10th day of Oct, 2017.


DALE JANWAY, MAYOR

ATTEST:


CITY CLERK

THIS AGREEMENT made this 10th day of Oct, 2017, between THE CITY OF CARLSBAD, NEW MEXICO, a municipal corporation, whose address is P.O. Box 1569, Carlsbad, New Mexico 88220, as Lessor, and SPC RESOURCES, LLC, a New Mexico limited liability company whose address is P.O. Box 1020, Artesia, New Mexico 88211-1020, as Lessee.

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, the royalty provided herein and the agreements of Lessee herein, does hereby grant, lease and let exclusively to Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and liquid hydrocarbons located in, under, and that may be produced from the following described lands located in Eddy County, New Mexico:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

This Lease covers all of the described land, including any interests therein that Lessor has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as set forth herein, all lands, now owned or claimed by Lessor, which are adjacent, contiguous or a part of the described land, whether such additional land be owned or claimed by deed, limitation, or otherwise. The bonus money paid for this Lease shall be effective to cover all such land irrespective of the number of acres contained therein. The land included within this lease is estimated to comprise 831.86 acres, whether it actually comprises more or less; provided, however, the inclusion of such estimated acreage amount herein shall in no way serve to limit the lands and/or acreage covered by this Lease. All such land covered by this Lease is referred to as the "Land" or the "Leased Premises."

The Parties recognize the Leased Premises are all located within the corporate limits of the City of Carlsbad and agree this Lease is a "No Surface Occupancy" lease. Lessee agrees that it is required to secure prior written consent from Lessor in order to locate any of its operations on the surface of the ground of the Leased Premises.

SPECIFICALLY, LESSEE WILL NOT CONDUCT OR LOCATE ITS DRILLING, COMPLETION AND/OR PRODUCTION OPERATIONS ON THE SURFACE OF THE GROUND ON THE LEASED PREMISES IN THE ABSENCE OF PRIOR WRITTEN CONSENT OF LESSOR. NOTHING HEREIN REQUIRES LESSEE TO SECURE LESSOR'S CONSENT TO: (a) OTHERWISE CONDUCT ITS DRILLING, COMPLETION AND PRODUCTION OPERATIONS UNDERNEATH THE SURFACE OF THE GROUND OF THE LEASED PREMISES OR (b) TO GENERALLY USE THE ROADS, ALLEYS AND OTHER RIGHTS OF WAY AVAILABLE TO THE PUBLIC FOR INGRESS AND EGRESS TO LESSEE'S SURFACE LOCATIONS OR TO CONDUCT ANY PHYSICAL SURVEYING OF SAME TO OBTAIN AN ACCURATE MEASUREMENT OF THE LEASED PREMISES OR ADJACENT LANDS.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from the Land or land with which the Land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, 3/16ths of that produced and saved from the Land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from the Land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16ths of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16ths of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut-in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the Leased Premises) or transports gas off the Leased Premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Lessee shall have free use of oil, gas, coal and water from the Land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the acreage covered by it, or any part or horizon thereof, with other land, lease, leases, mineral estates or parts thereof, for the production of oil or gas. Units pooled hereunder shall not exceed: (i) for a vertical well, the standard spacing unit fixed by law or by the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (the "NMOCDD"), or other lawful authority for the pool or area in which the land is situated, plus a tolerance of 10%, or (ii) for a horizontal well, the acreage dedicated to a "Project Area" approved by the NMOCDD or other lawful authority. Notwithstanding the foregoing, should any governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee shall file in the appropriate records of the county in which the Leased Premises are situated an instrument describing and designating the pooled acreage as a pooled unit and/or Project Area. The designation may be made either before or after the completion of the well or wells. Operations for drilling on or production of oil or gas from any part of the pooled unit or Project Area shall be considered for all purposes, except the payment of royalty, as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells are located on the Leased Premises, and the entire acreage constituting such unit or units and/or Project Area, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit and/or Project Area, as if the same were included in this lease. There shall be allocated to the land covered by this lease included in any such pooled unit or Project Area that portion of the total production of pooled minerals from wells in the unit and/or Project Area, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit and/or Project Area bears to the total number of surface acres in the unit and/or Project Area, except any portion of a Project Area that is utilized solely for surface drilling operations and is not included as a productive portion of the Project Area (no perforations). The production so allocated will be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the Land covered hereby and included in said unit and/or Project Area in the same manner as though produced from the Land under the terms of this lease. Any pooled unit or Project Area designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit and/or Project Area. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit the Land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the NMOCDD or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the NMOCDD, or other lawful authority, and Lessee shall record in the county in which the Leased Premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on the Land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 90 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 90 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from the Land or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from the Land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil and gas, so long thereafter as oil or gas is produced from the Land, or from land

pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the Leased Premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on the Land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on the Land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on or attributed to said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities. A horizontal well shall be deemed to be a well for each 40 acre tract for oil and 640 acre tract for gas included within an NMOC approved Project Area.

9. Lessor hereby warrants and agrees to defend the title to the Land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the Land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under the Land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessor's control, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.


11. Notwithstanding any provision of this Lease to the contrary, Lessee is hereby granted the exclusive option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for an additional period of two (2) years as to all or any portion of the acreage described herein. The only action required by Lessee to exercise this option being the payment for all or any portion of the acreage to Lessor or to Lessor's credit of an additional per net mineral acre consideration equal to the original bonus paid per net mineral acre by Lessee herein for the first five (5) year primary term period, which payment shall cover the entire additional two (2) year extended primary term. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of seven (7) years. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

12. If at any time during the primary term of this lease or the continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or any part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR

The City of Carlsbad, New Mexico, a municipal corporation


Dale Janway
Mayor

ACKNOWLEDGMENT

STATE OF NEW MEXICO §
COUNTY OF EDDY §

This instrument was acknowledged before me this 18th day of October, 2017, by Dale Janway as Mayor of the City of Carlsbad, New Mexico, a municipal corporation, on behalf of said corporation.

My commission expires 11-19-2017


Rosario D. Methola
Notary Public



OFFICIAL SEAL
ROSARIO D. METHOLA
NOTARY PUBLIC-STATE OF NEW MEXICO

My commission expires: 11-19-2017

EXHIBIT "A" TO OIL AND GAS LEASE

ATTACHED TO AND MADE A PART OF THAT CERTAIN PAID UP OIL AND GAS LEASE, DATED EFFECTIVE AS OF [____], 2017 BY AND BETWEEN THE CITY OF CARLSBAD, NEW MEXICO AS LESSOR AND SPC RESOURCES, LLC, AS LESSEE:

DESCRIPTION OF THE LEASED PREMISES

The Leased Premises includes all mineral rights owned by Lessor (whether or not such rights are adequately described herein or omitted in their entirety from this Exhibit "A") situated within the following described area in **Eddy County, New Mexico**:

Township 21 South, Range 27 East, N.M.P.M.

Section 31: All

Section 32: W2

Township 22 South, Range 26 East, N.M.P.M.

Section 1: All

Section 2: E2

Section 11: E2NE4

Section 12: All

Township 22 South, Range 27 East, N.M.P.M.

Section 5: All

Section 6: All

Section 7: All

These lands are referred to as the **"Subject Area."**

To provide a better understanding of Lessor's property included in the Leased Premises, but in no way to serve to limit the breadth, scope, and/or description of the Leased Premises, the Leased Premises shall include, without limitation, all mineral rights owned by Lessor in, under, and to all of (i) the following categories of lands owned by Lessor that are situated within the Subject Area: Streets, roads, highways, alleys, parks, municipal buildings, parking lots, vacant land, thoroughfares, riverbeds, easements, and rights-of-way and (ii) the following described lands, all of which are situated within the Subject Area:

[See tables on following pages]

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
21S	27E	31	0.0603 ACRES, MORE OR LESS, BEING THE SOUTH 10 FEET OF LOT 13, IN BLOCK A OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.16 ACRES, MORE OR LESS, BEING LOT 12, THE SOUTH 18.9 FEET OF LOT 10; AND THE NORTH 10 FEET OF THE WEST 172.3 FEET OF LOT 14 BLOCK C OF RIO VISTA SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.6777 ACRES, MORE OR LESS, BEING LOTS 4 & 6 BLOCK 148 OF LAKESIDE COUNTRY CLUB ADDITION UNIT 1, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	3.00 ACRES, MORE OR LESS, BEING LOTS 8, 10, & 12 BLOCK 121 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.21 ACRES, MORE OR LESS, BEING PART OF THE SE CORNER OF BLOCK 212 OF TRACY ADDITION, LOCATED IN THE NW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.43 ACRES, MORE OR LESS, FORMERLY BEING THE EAST HALF OF LOT 2 BLOCK 115 OF NORTH CARLSBAD AND NOW BEING DESCRIBED AS LOT 7 BLOCK 237 OF PARKVIEW SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	0.65 ACRES, MORE OR LESS, BEING PART OF LOTS 2, 4, 6 & 7 BLOCK 20 OF LA HUERTA, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	10.45 ACRES, MORE OR LESS, BEING A PART OF LOTS 1-10, 12, & 14 OF BLOCK 116; AND OF THE ALL OF BLOCK 122 OF NORTH CARLSBAD SUBDIVISION, LOCATED IN THE E/2 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	31	1.77 ACRES, MORE OR LESS, BEING LOT 12, BLOCK 103, NORTH CARLSBAD SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	41.89 ACRES, MORE OR LESS, BEING LOTS 2, 4, 6, 7, 9, 11, 13 AND THE SW/2 OF LOT 5 BLOCK 20 OF LA HUERTA, LOCATED IN THE SW/4 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
21S	27E	32	35.65 ACRES, MORE OR LESS, BEING LOTS 12, 14, THE S 39.6 FEET OF LOT 10 BLOCK 24 OF LA HUERTA; AND PART OF THE SE/4 OF THE SW/4, LOCATED IN THE S/2 OF SECTION 32, T21S-R27E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2732 ACRES, MORE OR LESS, BEING LOTS 11 & 12 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.30 ACRES, MORE OR LESS, BEING LOT 10 BLOCK 1 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.2045 ACRES, MORE OR LESS, BEING LOT 19 BLOCK 2 OF MAY SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	5.4788 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 & 11 BLOCK 2 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.1878 ACRES, MORE OR LESS, BEING LOT 1, LESS THE EAST 250 FEET BLOCK 1 OF CANAL ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.66 ACRES, MORE OR LESS, BEING LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, & 10 OF BLOCK 14 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0264 ACRES, MORE OR LESS, BEING THE SOUTH 115 FEET OF THE EAST 10 FEET OF LOT 5 BLOCK 6 OF GIBSON'S ADDITION SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	0.0032 ACRES, MORE OR LESS, BEING THE EAST 30.5 FEET OF LOT 1 BLOCK 1 OF BRYAN'S SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	10.539 ACRES, MORE OR LESS, BEING LOT 2 BLOCK 1 OF ALTA VISTA ADDITION NO 3 SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	26E	1	2.2740 ACRES, MORE OR LESS, BEING ALL OF BLOCK 24 OF SPENCER'S ADDITION, LOCATED IN THE NE/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	4.13 ACRES, MORE OR LESS, BEING PART OF THE NE/4 OF THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	1	2.46 ACRES, MORE OR LESS, BEING LOT 3 SUNSET CHURCH LOTS 2 SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1722 ACRES, MORE OR LESS, BEING LOT 5 BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.7174 ACRES, MORE OR LESS, BEING LOTS 8, 9, 10, 11, & 12 BLOCK B OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.4935 ACRES, MORE OR LESS, BEING LOTS 8 & 9 OF NEEL HEIGHTS SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2066 ACRES, MORE OR LESS, BEING LOT 3 BLOCK B OF COX SECOND SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.25 ACRES, MORE OR LESS, BEING LOTS 42 A & 42 R BLOCK C OF SUNSET HEIGHTS REPLAT 2, FORMERLY LOT 42 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.2497 ACRES, MORE OR LESS, BEING LOT 24 BLOCK C OF SUNSET HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	2	0.1495 ACRES, MORE OR LESS, BEING A TRACT APPROXIMATELY 31 FEET BY 210 FEET, BEING PART OF BLOCK 4 OF VALLEY VIEW HEIGHTS SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	9.986 ACRES, MORE OR LESS, BEING THE MINERALS BENEATH THE ROADS IN PART OF THE NW/4 OF THE NE/4 OF SECTION 12-T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	26E	12	3.719 ACRES, MORE OR LESS, BEING ALL OF BLOCK 11 OF ARCADIA ADDITION, LOCATED IN THE NE/4 OF SECTION 12, T22S-R26E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.2048 ACRES, MORE OR LESS, BEING LOTS 2, 4, 6, 8, 10, 12 & 14 BLOCK 50 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	1.0338 ACRES, MORE OR LESS, BEING LOTS 1, 3, 5, 7, 9 & 11 BLOCK 50 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.5165 ACRES, MORE OR LESS, BEING LOTS 7, 11 & 13 BLOCK 38 OF STEVENS ADDITION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 8 & 10 BLOCK 37 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.6887 ACRES, MORE OR LESS, BEING LOTS 8, 10, 12 & 14 BLOCK 40 OF STEVENS ADDITION SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 14, 16, 18 AND THE SOUTH 24.2 FEET OF LOT 12 BLOCK 6 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1033 ACRES, MORE OR LESS, BEING LOT 25 AND THE NORTH 5 FEET OF LOT 27 BLOCK 9 OF ORIGINAL TOWN OF EDDY SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.8723 ACRES, MORE OR LESS, BEING LOTS 2, 4 & 6 BLOCK 26 OF FIRST ADDITION OF THE TOWN OF EDDY SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

EXHIBIT "A" (CONTINUED)

TWN	RNG	SECTION	DESCRIPTION
22S	27E	6	0.3444 ACRES, MORE OR LESS, BEING LOTS 7 & 9 OF BLOCK 23 OF FIRST ADDITION TO THE CITY OF CARLSBAD, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	0.8905 ACRES, MORE OR LESS, BEING THE WEST 90 FEET OF LOTS 1, 2, 3, & 4 OF BLOCK 128 IN RIVERVIEW TERRACE AMENDED SUBDIVISION, LOCATED IN THE SE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO.
22S	27E	6	3.617 ACRES, MORE OR LESS, BEING ALL OF BLOCK 133 OF RIVERVIEW TERRACE ADDITION SUBDIVISION, LOCATED IN THE E/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	0.1722 ACRES, MORE OR LESS, BEING LOT 13 BLOCK 61 OF LOWE SUBDIVISION, LOCATED IN THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	2.2636 ACRES, MORE OR LESS, BEING PART OF BLOCK 91, LESS THE NORTH 100 FEET OF THE WEST 134 FEET OF STEVENS SECOND ADDITION, A SUBDIVISION LOCATED IN THE NW/4 OF THE SW/4 OF SECTION 6- T22S-R27E, EDDY COUNTY, NEW MEXICO
22S	27E	6	18.236 ACRES MORE OR LESS, BEING A PORTION OF THAT CERTAIN TRACT IDENTIFIED AS 21.76 ACRES, MORE OR LESS, BEING TRACT 1 REPLAT OF PART OF THE E 1/2 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO DEPICTED ON PLAT RECORDED AT MAP CABINET 3, SLIDE 48-1
22S	27E	6	3.90 ACRES WEST OF RIVER IN SE SE SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

[End of Exhibit "A"]

Producers 88 Rev. (5 Year Lease) 7-16

(FIVE YEAR PAID UP LEASE)
OIL AND GAS LEASEMODIFIED Form 345
Hall-Poorbaugh Press, Inc.
Roswell, New Mexico

THIS AGREEMENT made this 18th day of October, 2017, between BOARD OF EDUCATION OF THE CARLSBAD MUNICIPAL SCHOOLS, whose address is 408 N. Canyon, Carlsbad, New Mexico 88220, as Lessor, and SPC RESOURCES, LLC, a New Mexico limited liability company whose address is P.O. Box 1020, Artesia, New Mexico 88211-1020, as Lessee.

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars (\$10.00) in hand paid, the royalty provided herein and the agreements of Lessee herein, does hereby grant, lease and let exclusively to Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing, extracting, severing, storing and marketing all oil and gas and all associated gaseous minerals and products and liquid hydrocarbons located in, under, and that may be produced from the following described lands located in Eddy County, New Mexico:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES

This Lease covers all of the described land, including any interests therein that Lessor has the right or power to lease, and in addition it covers, and there is hereby granted, leased and let, upon the same terms and conditions as set forth herein, all lands, now owned or claimed by Lessor, which are adjacent, contiguous or a part of the described land, whether such additional land be owned or claimed by deed, limitation, or otherwise. The bonus money paid for this Lease shall be effective to cover all such land irrespective of the number of acres contained therein. The land included within this lease is estimated to comprise 148.8309 acres, whether it actually comprises more or less; provided, however, the inclusion of such estimated acreage amount herein shall in no way serve to limit the lands and/or acreage covered by this Lease. All such land covered by this Lease is referred to as the "Land" or the "Leased Premises."

The Parties recognize the Leased Premises are all located within the corporate limits of the City of Carlsbad and agree this Lease is a "No Surface Occupancy" lease. Lessee agrees that it is required to secure prior written consent from Lessor in order to locate any of its operations on the surface of the ground of the Leased Premises.

SPECIFICALLY, LESSEE WILL NOT CONDUCT OR LOCATE ITS DRILLING, COMPLETION AND/OR PRODUCTION OPERATIONS ON THE SURFACE OF THE GROUND ON THE LEASED PREMISES IN THE ABSENCE OF PRIOR WRITTEN CONSENT OF LESSOR. NOTHING HEREIN REQUIRES LESSEE TO SECURE LESSOR'S CONSENT TO OTHERWISE CONDUCT ITS DRILLING, COMPLETION AND PRODUCTION OPERATIONS UNDERNEATH THE SURFACE OF THE GROUND OF THE LEASED PREMISES.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from the Land or land with which the Land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, 3/16ths of that produced and saved from the Land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefore prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from the Land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16ths of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16ths of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut-in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if Lessee shall correct such error within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by Lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the Leased Premises) or transports gas off the Leased Premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed. Lessee shall have free use of oil, gas, coal and water from the Land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the acreage covered by it, or any part or horizon thereof, with other land, lease, leases, mineral estates or parts thereof, for the production of oil or gas. Units pooled hereunder shall not exceed: (i) for a vertical well, the standard spacing unit fixed by law or by the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department (the "NMOCD"), or other lawful authority for the pool or area in which the land is situated, plus a tolerance of 10%, or (ii) for a horizontal well, the acreage dedicated to a "Project Area" approved by the NMOCD or other lawful authority. Notwithstanding the foregoing, should any governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee shall file in the appropriate records of the county in which the Leased Premises are situated an instrument describing and designating the pooled acreage as a pooled unit and/or Project Area. The designation may be made either before or after the completion of the well or wells. Operations for drilling on or production of oil or gas from any part of the pooled unit or Project Area shall be considered for all purposes, except the payment of royalty, as operations for drilling on or production of oil and gas from land covered by this lease whether or not the well or wells are located on the Leased Premises, and the entire acreage constituting such unit or units and/or Project Area, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit and/or Project Area, as if the same were included in this lease. There shall be allocated to the land covered by this lease included in any such pooled unit or Project Area that portion of the total production of pooled minerals from wells in the unit and/or Project Area, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit and/or Project Area bears to the total number of surface acres in the unit and/or Project Area, except any portion of a Project Area that is utilized solely for surface drilling operations and is not included as a productive portion of the Project Area (no perforations). The production so allocated will be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of the Land covered hereby and included in said unit and/or Project Area in the same manner as though produced from the Land under the terms of this lease. Any pooled unit or Project Area designated by Lessee, as provided herein, may be dissolved by Lessee by recording an appropriate instrument in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit and/or Project Area. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit the Land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the NMOCD or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the NMOCD, or other lawful authority, and Lessee shall record in the county in which the Leased Premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on the Land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 90 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 90 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from the Land or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from the Land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 180 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days, and if they result in the production of oil and gas, so long thereafter as oil or gas is produced from the Land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the Leased Premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.



MO PLOTNER
WILL PICK UP

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. C11

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

Case No. 21133

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on the Land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on the Land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on or attributed to said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities. A horizontal well shall be deemed to be a well for each 40 acre tract for oil and 640 acre tract for gas included within an NMOC approved Project Area.

9. Lessor hereby agrees that Lessee at its option may discharge any tax, mortgage or other lien upon the Land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights hereunder, it is agreed that if Lessor owns an interest in the oil or gas on, in or under the Land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessor's control, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the Leased Premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

11. Notwithstanding any provision of this Lease to the contrary, Lessee is hereby granted the exclusive option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for an additional period of two (2) years as to all or any portion of the acreage described herein. The only action required by Lessee to exercise this option being the payment for all or any portion of the acreage to Lessor or to Lessor's credit of an additional per net mineral acre consideration equal to the original bonus paid per net mineral acre by Lessee herein for the first five (5) year primary term period, which payment shall cover the entire additional two (2) year extended primary term. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of seven (7) years. If this lease is extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

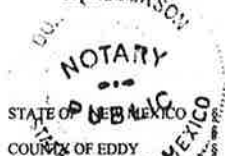
12. If at any time during the primary term of this lease or the continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or any part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR

BOARD OF EDUCATION OF THE CARLSBAD MUNICIPAL SCHOOLS

Greg Rodriguez
Superintendent



ACKNOWLEDGMENT

This instrument was acknowledged before me this 19th day of October, 2017, by Greg Rodriguez as Superintendent of said the Board of Education of the Carlsbad Municipal Schools, on behalf of said Board.

My commission expires 08/07/2021

Notary Public



EXHIBIT "A" TO OIL AND GAS LEASE

ATTACHED TO AND MADE A PART OF THAT CERTAIN PAID UP OIL AND GAS LEASE, DATED EFFECTIVE AS OF OCTOBER 18, 2017 BY AND BETWEEN THE BOARD OF EDUCATION OF THE CARLSBAD MUNICIPAL SCHOOLS, AS LESSOR, AND SPC RESOURCES, LLC, AS LESSEE:

DESCRIPTION OF THE LEASED PREMISES

SECTION	TOWNSHIP	RANGE	DESCRIPTION
31 6	21S 22S	27E 27E	15.69 ACRES, MORE OR LESS, SHOWN ON THE AMENDED PLAT OF BLOCK 142 AND LOTS 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, 23, 25, 27, 29, 31, 33, 35, 37 AND 39, BLOCK 141 OF MOUNTAIN VIEW ADDITION, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E AND THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
31	21S	27E	0.6979 ACRES, MORE OR LESS, BEING LOTS 36, 38, & 40, BLOCK 141 OF MOUNTAIN VIEW ADDITION, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
31	21S	27E	0.3172 ACRES, MORE OR LESS, BEING LOT 19, BLOCK 230 OF PARKVIEW, LOCATED IN THE SE/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
31	21S	27E	0.2927 ACRES, MORE OR LESS, BEING LOT 26, BLOCK 145 OF LAKESIDE COUNTRY CLUB ADDITION UNIT 1, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E, EDDY COUNTY, NEW MEXICO
31 6	21S 22S	27E 27E	5.00 ACRES, MORE OR LESS, LOCATED IN THE SW/4 OF SECTION 31, T21S-R27E AND THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO AND BEING THE SAME PROPERTY DESCRIBED IN THAT CERTAIN WARRANTY DEED, DATED JUNE 19, 1924, RECORDED IN BOOK 54, PAGE 276 OF THE DEED RECORDS OF EDDY COUNTY, NEW MEXICO
1	22S	26E	24.12 ACRES, MORE OR LESS, BEING BLOCKS 1, 2 & 3 OF ALTA VISTA ADDITION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
1	22S	26E	6.7297 ACRES, MORE OR LESS, BEING BLOCK 1 OF JOE STANLEY SMITH SUBDIVISION, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
1	22S	26E	1.5860 ACRES, MORE OR LESS, BEING LOTS 15, 16, 17, 18, 19, 20 AND 21, BLOCK 3 OF ALTA VISTA ADDITION NO. 2, LOCATED IN THE SW/4 OF SECTION 1, T22S-R26E, EDDY COUNTY, NEW MEXICO
2	22S	26E	6.6874 ACRES, MORE OR LESS, BEING BLOCK 1 OF CALLISON SUBDIVISION AND LOTS 1, 3, 5, 7, 9, & 11, BLOCK 1 OF THOMAS SUBDIVISION, LOCATED IN THE NE/4 OF SECTION 2, T22S-R26E, EDDY COUNTY, NEW MEXICO
12	22S	26E	80 ACRES, MORE OR LESS, BEING PART OF THE E/2 OF THE NW/4 OF SECTION 12-T22S-R26E, EDDY COUNTY, NEW MEXICO
6	22S	27E	2.57 ACRES, MORE OR LESS, BEING ALL OF LOTS 1-14, BLOCK 90 OF LOWE ADDITION, LOCATED IN THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
6	22S	27E	2.57 ACRES, MORE OR LESS, BEING ALL OF BLOCK 29 OF STEVENS ADDITION, LOCATED IN THE NW/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO
6	22S	27E	2.57 ACRES, MORE OR LESS, BEING ALL OF BLOCK 20 OF FIRST ADDITION TO THE TOWN OF EDDY, NOW THE CITY OF CARLSBAD, LOCATED IN THE NE/4 OF SECTION 6, T22S-R27E, EDDY COUNTY, NEW MEXICO

[End of Exhibit "A"]



Kaitlyn A. Luck
Phone (505) 954-7286
Fax (505) 819-5579
kaluck@hollandhart.com

February 10, 2020

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TO: AFFECTED PARTIES

**Re: Application of SPC Resources, LLC for compulsory pooling, Eddy County,
New Mexico.
Hanna #201H, #301H wells**

Ladies and Gentlemen:

This letter is to advise you that SPC Resources, LLC has filed the enclosed application with the New Mexico Oil Conservation Division. A hearing has been requested before a Division Examiner on March 5, 2020, and the status of the hearing can be monitored through the Division's website at <http://www.emnrd.state.nm.us/oed/>. Division hearings will commence at 8:15 a.m. in Porter Hall at 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 Carter Kauffman at Schoeffler Energy Group, Inc., agent for SPC Resources, LLC, at (337) 232-1122 or carterk@segland.com.

Sincerely,

Kaitlyn A. Luck
ATTORNEY FOR SPC Resources, LLC

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C12
Submitted by: **SPC Resources, LLC**
Hearing Date: March 05, 2020
Case No. 21133

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21133

APPLICATION

SPC Resources, LLC ("Applicant") (OGRID No. 372262) through its undersigned attorneys, hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Bone Spring formation underlying a standard 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 7, Township 22 South, Range 27 East, and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico. In support of its application, Applicant states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the proposed (1) **Hanna #201H well**, and (2) **Hanna #301H well**, both of which are to be horizontally drilled from a common surface location in the SW/4 NW/4 (Unit E) of Section 8, Township 22 South, Range 27 East, to bottom-hole locations in the NW/4 NW/4 (Unit D) of Section 12.
3. Applicant has sought and been unable to obtain voluntary agreement for the development of these lands from all of the working interest owners in the subject spacing unit.

4. The pooling of interests will avoid the drilling of unnecessary wells, will prevent waste, and will protect correlative rights.

5. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this proposed unit should be pooled and Applicant should be designated the operator of the proposed horizontal wells and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 5, 2020, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the Bone Spring formation underlying the proposed spacing unit;
- B. Approving the initial wells in the horizontal well spacing unit;
- C. Designating Applicant as operator of the horizontal spacing unit and the horizontal wells to be drilled thereon;
- D. Authorizing Applicant to recover its costs of drilling, equipping, and completing the wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

HOLLAND & HART LLP

By: 

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Adam G. Rankin
Julia Broggi
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ATTORNEYS FOR SPC RESOURCES, LLC

INTEREST OWNER(S)	ADDRESS 1	ADDRESS 2	TYPE	Date Mailed	USPS Tracking	USPS GC Tracking	Status (2/21/2020)
SPC Resources, LLC	P.O. Box 1020	Artesia, NM 88211	WI	2/12/2020	70190700000146336888	9580940253109154446891	Your item was delivered at 10:18 am on February 18, 2020 in ARTESIA, NM 88210.
EOG Resources, Inc.	5509 Champlains Drive	Midland, Texas 79706	WI	2/12/2020	70190700000146336889	9580940253109154446976	Your item was picked up at a postal facility at 7:58 am on February 18, 2020 in MIDLAND, TX 79702.
Legacy Reserves Operating, LP	P.O. Box 10848	Midland, TX 79702	WI	2/12/2020	70190700000146336926	9580940253109154446938	Your item was delivered at 11:21 am on February 19, 2020 in MIDLAND, TX 79701.
Enduring Resources IV, LLC	10501 17th Street, #2500	Denver, CO 80265	WI	2/12/2020	70190700000146336865	9580940253109154446990	Your item was delivered to the front desk, reception area, or mail room at 2:07 pm on February 15, 2020 in DENVER, CO 80202.
Corinne Yvonne Sumner	P.O. Box 874402	Wassila, AK 99687	WI	2/12/2020	70190700000146336858	9580940253109154447003	Your item was delivered at 10:09 am on February 19, 2020 in WASSILA, AK 99684.
John Zacharias Grace	8033 West Sunset Boulevard #1004	Los Angeles, CA 90046	WI	2/12/2020	70190700000146336919	9580940253109154446945	The delivery status of your item has not been updated as of February 19, 2020, 1:10 am. We apologize that it may arrive later than expected.
Michael Grace	APCO 131-6000	Paraisol, Costa Rica	WI	2/12/2020	70190700000146336857	9580940253109154446907	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
Winston Grace	4940 NW 65th Avenue	Lauderhill, FL 33319	WI	2/12/2020	70190700000146336995	9580940253109154446860	Your item was delivered at 12:34 pm on February 15, 2020 in FORT LAUDERDALE, FL 33319.
SCAN-Harbor, Inc. /I/a Boys and Girls Harbor	345 East 107th Street	New York, NY 10019	WI	2/12/2020	70190700000146336971	9580940253109154446877	Your item was delivered to the front desk, reception area, or mail room at 1:37 pm on February 18, 2020 in NEW YORK, NY 10019.
Christ in You the Hope of Glory	c/o Joanne Petronella 2051 31st Drive #271	Brea, CA 92621	WI	2/12/2020	70190700000146336941	9580940253109154447010	We attempted to deliver your item at 2:27 pm on February 20, 2020 in BREA, CA 92621 and a notice was left because the receptacle was full or the item was oversized.
Media Fellowship International	c/o Pastor Robert Riehl 2710 NE 145th Place	Kennett, WA 98028	WI	2/12/2020	70190700000146336933	9580940253109154446971	Your item has been delivered to an agent at 11:39 am on February 18, 2020 in KENNETT, WA 98028.
H.S. Winston, Trustee of The Winston Revocable Trust	P.O. Box 477	Colleyville, TX 76034	WI	2/12/2020	70190700000146336896	9580940253109154446969	Your item was delivered to an agent at 3:25 pm on February 20, 2020 in COLLEYVILLE, TX 76034.
Spearstar Resources O&G, LLC	P.O. Box 606	Crittsend, NM 88211	WI	2/12/2020	70190700000146336872	9580940253109154446983	Your item arrived at the APOFFWS, TX 79714 post office at 8:51 am on February 15, 2020 and is ready for pickup.
J.R. Resnick Inc.	P.O. Box 109	Andrews, TX 79714	WI	2/12/2020	70190700000146336802	9580940253109154446952	Your item has been delivered to an agent at 6:01 am on February 18, 2020 in HOUSTON, TX 77727.
DRY USA WTP LP	5 Greenway Plaza, Suite 110	Houston, Texas 77045-0521	WI	2/12/2020	70190700000146336964	9580940253109154446884	

INTEREST OWNER(S)	ADDRESS 1	ADDRESS 2	TYPE	Date Mailed	USPS Tracking	USPS GC Tracking	Status 12/21/2020
Santo Royalty Company, LLC	P.O. Box 1020	Artesia, NM 88211	ORRI	2/12/2020	70190700000146337039	9590940253109154446815	Your item was delivered at 10:18 am on February 18, 2020 in ARTESIA, NM 88210.
Wildhorse Interest, LLC	218 N. Main Street, Suite C	Midland, TX 79701	ORRI	2/12/2020	70190700000146337053	9590940253109154446808	Your item was delivered to an individual at the address at 11:31 am on February 18, 2020 in MIDLAND, TX 79701. Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
Ronald T. May	Calte Colibri 150, Col. Bucerías, Bahía de Banderas	Nayarit, Mexico c.p. 63732	ORRI	2/12/2020	70190700000146337015	9590940253109154446846	Your item was delivered to an individual at the address at 10:38 am on February 15, 2020 in VENICE, CA 90291. Your item is back at the TULSA, OK 74133 post office following a delivery attempt at 9:05 am on February 20, 2020 and is available for redelivery or pickup.
Tracy C. McCausland	6204 Vista Del Mar, Suite 380	Plaza Del Ray, CA 90293	ORRI	2/12/2020	70190700000146337046	9590940253109154446822	Your item was delivered to an individual at the address at 12:55 pm on February 15, 2020 in DENTON, TX 76207.
Douglas J. McCausland	7554 E. 65th Place	Tulsa, OK 74133-7521	ORRI	2/12/2020	70190700000146337008	9590940253109154446853	
Lawrence W. Robinette, et ux	9912 Silver Rock Way	Denton, TX 76207-4675	ORRI	2/12/2020	70190700000146337022	9590940253109154446839	

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C14
Submitted by: SPC Resources, LLC
Hearing Date: March 05, 2020
Case No. 21133

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C15
Submitted by: SPC Resources, LLC
Hearing Date: March 05, 2020
Case No. 21133

INTEREST OWNER(S)	ADDRESS 1	ADDRESS 2	TYPE	Date Mailed	USPS Tracking	USPS Co. Tracking	Remarks (If Any)
ARON M. PATRICK	811 700 E CONWAY WAY	HARRISVILLE, OH 43040	AM	2/17/2020	7018070000014517548	95004025110915444662	We attempted to deliver your item at 1:00 pm on February 13, 2020 in HARRISVILLE, OH 43040 and a notice was left because an authorized recipient was not available.
ARRE POHL	812 CORTESA STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517556	95004025110915444679	We attempted to deliver your item at 1:00 pm on February 13, 2020 in CARLSBAD, NM 88220 and a notice was left because an authorized recipient was not available.
ARRE POHL	806 BROAD ST	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517502	95004025110915444686	We attempted to deliver your item at 2:30 pm on February 13, 2020 in CARLSBAD, NM 88220 and a notice was left because an authorized recipient was not available.
ADAM J.B. DEJAN ALVAREZ	1811 TAPSCOTT DRIVE NW	ALBUQUERQUE, NM 87114-1117	AM	2/17/2020	7018070000014517519	95004025110915444670	Your item was delivered to an individual at the address at 1:43 pm on February 14, 2020 in ALBUQUERQUE, NM 87114.
ADAMS, MURKIN, JR	128 S. WEST LODGE SW	ALBUQUERQUE, NM 87111	AM	2/17/2020	7018070000014517516	95004025110915444678	Your item was delivered to an individual at the address at 11:18 am on February 14, 2020 in ALBUQUERQUE, NM 87111.
ALBINA CARRASCO	1817 WHEELER STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517513	95004025110915444673	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
ALICIA LOHL	812 CORTESA STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517540	95004025110915444670	Your item was delivered to an individual at the address at 11:11 am on February 18, 2020 in CARLSBAD, NM 88220 and a notice was left because an authorized recipient was not available.
ALMA ANN WARD	3802 S. W. 1452 SOUTH	TERRELL, TX 75692	AM	2/17/2020	7018070000014517537	95004025110915444671	Your item was delivered to an individual at the address at 11:11 am on February 18, 2020 in TERRELL, TX 75692.
AMBER NICOLE HARTMAN	803 EMIN COLLE	PANAMA CITY, FL 32404	AM	2/17/2020	7018070000014517566	95004025110915444670	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
AMY EYTH BOVO	27 CONWAY STREET	DANBURY, CT 06810	AM	2/17/2020	7018070000014517571	95004025110915444672	Your item was delivered to an individual at the address at 2:11 pm on February 13, 2020 in DANBURY, CT 06810.
ANDREA BABAS AUCAS	707 CORTESA STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517568	95004025110915444677	Your item was delivered to an individual at the address at 2:47 pm on February 13, 2020 in CARLSBAD, NM 88220.
ANNEA MOTORCYCLE COMPANY	P. O. BOX 1752	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517565	95004025110915444670	Your item was delivered to an individual at the address at 2:38 pm on February 13, 2020 in CARLSBAD, NM 88220.
ANSEL & SALLY CAMPES	707 W. 5TH STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517577	95004025110915444665	Your item was delivered to an individual at the address at 3:04 pm on February 13, 2020 in CARLSBAD, NM 88220.
ANSEL & SALLY CAMPES	1528 WEST RIVER PARKWAY	CHAMPAIGN, IL 61814	AM	2/17/2020	7018070000014517571	95004025110915444665	Your item was delivered to an individual at the address at 3:04 pm on February 13, 2020 in CHAMPAIGN, IL 61814.
ANSTETTY, J. MARLEEN & ANNETTE K. BARNETT	1732 MICHIGAN DRIVE	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517560	95004025110915444676	Your item was delivered to an individual at the address at 12:18 pm on February 13, 2020 in CARLSBAD, NM 88220.
ANNE GARNER HANLEY	304 LAUREL ROAD	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517567	95004025110915444674	We attempted to deliver your item at 2:43 pm on February 13, 2020 in CARLSBAD, NM 88220 and a notice was left because an authorized recipient was not available.
ANTHONY BOWEN	710 EMIN STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517563	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
ANWANDER, MAI DEHAMMA	801 WYOMING ROAD	SAN ANTONIO, TX 78109	AM	2/17/2020	7018070000014517570	95004025110915444670	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in SAN ANTONIO, TX 78109.
ARACELI VILLANUEVA	8130 W. ANTELLAN RD. #22	EL PASO, TX 79907	AM	2/17/2020	7018070000014517572	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in EL PASO, TX 79907.
ARACELI VILLANUEVA	2804 MARSH LN	EL PASO, TX 79907	AM	2/17/2020	7018070000014517574	95004025110915444670	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in EL PASO, TX 79907.
AUTUMN V. ROSSIGNOL PISCABLE TRUST	1457 WEST CORTESA STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517561	95004025110915444669	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
AUTUMN V. ROSSIGNOL PISCABLE TRUST	1457 WEST CORTESA STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517561	95004025110915444669	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
ATLANO & ANITA MOLINA	104 NORTH MARLE STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517568	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
ATLANO & ANITA MOLINA	204 CORTESA DR. SW	MC KINZIE, NM 87134-1205	AM	2/17/2020	7018070000014517565	95004025110915444670	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134-1205.
AUSTIN AND AUSTIN	681 BOW STREET	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517572	95004025110915444670	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
AUGUSTINA M. BENTURA	3505 LOUISE LANE	MATCH SPRINGS, TX 77860	AM	2/17/2020	7018070000014517561	95004025110915444670	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MATCH SPRINGS, TX 77860.
BARBARA BIRCH BARNETT	207 NORTH MOUNTAIN AVENUE	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517568	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in CARLSBAD, NM 88220.
BARBARA J. ALI SIP	1408 EASTWOOD STREET	CLOVIS, NM 88011	AM	2/17/2020	7018070000014517564	95004025110915444676	We attempted to deliver your item at 9:43 am on February 18, 2020 in CLOVIS, NM 88011 and a notice was left because an authorized recipient was not available.
BARBARA J. ALI SIP	710 SOUTH ALANFOUR ST	CARLSBAD, NM 88220	AM	2/17/2020	7018070000014517561	95004025110915444676	We attempted to deliver your item at 5:30 pm on February 13, 2020 in CARLSBAD, NM 88220 and a notice was left because an authorized recipient was not available.
BETHEL ALICIA GRESSING	67203 SLIPPER LAKE DR	LEWISTON, ME 04203	AM	2/17/2020	7018070000014517528	95004025110915444676	We attempted to deliver your item at 5:30 pm on February 13, 2020 in LEWISTON, ME 04203 and a notice was left because an authorized recipient was not available.
BENJAMIN S. & MARCELINE M. MOLINA	6148 N. HARRIS DR. UNIT BANCHERO	EL PASO, TX 79907	AM	2/17/2020	7018070000014517568	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in EL PASO, TX 79907.
BETH JO CROWLEY TRUST DATED FEBRUARY 21, 2015 BETTY JO CROWLEY AL TRUSTEE	4251 SOUTH COTTA	HARRISVILLE, MO 64701	AM	2/17/2020	7018070000014517543	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in HARRISVILLE, MO 64701.
BILL & JACQUELINE	108 11TH AVENUE NW	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	P. O. BOX 3177	LAS VEGAS, NV 89101	AM	2/17/2020	7018070000014517566	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in LAS VEGAS, NV 89101.
BILL & JACQUELINE	PO BOX 457499	PORT WORTH, TX 76166-0508	AM	2/17/2020	7018070000014517575	95004025110915444668	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in PORT WORTH, TX 76166-0508.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	Your item was delivered to an individual at the address at 4:28 pm on February 13, 2020 in MC KINZIE, NM 87134.
BILL & JACQUELINE	1000 W. 10TH STREET	MC KINZIE, NM 87134	AM	2/17/2020	7018070000014517569	95004025110915444676	

MANUEL & MANUELA BLIZ	1133 DARK VIEW DRIVE	COVINA, CA 91724	UAI	7/31/2020	701807000004618332	9500405310916448313	Your item was delivered to an individual at the address at 1:52 am on February 13, 2020 in CARLSBAD, NM 86220.
MANUEL & MANUELA BLIZ	709 W. ALAMOSOS ST	CARLSBAD, NM 86220	UAI	2/17/2020	701807000004618336	9500405310916448316	Your item was delivered to an individual at the address at 6:04 pm on February 13, 2020 in CARLSBAD, NM 86220.
MANUEL V & MARIA ILLINO	809 ALVARADO STREET	CARLSBAD, NM 86220	UAI	2/17/2020	701807000004618336	9500405310916448320	Your item was delivered to an individual at the address at 6:11 pm on February 13, 2020 in CARLSBAD, NM 86220.
MANUELA Y CAUDRON	172 CAMERDIO	ARIZONA, NM 86210	UAI	2/17/2020	701807000004618336	9500405310916448322	Your item has been delivered to an agent at 6:43 am on February 13, 2020 in CARLSBAD, NM 86220.
MARCELY DELV MILLER	1092 NORTH WILKES ST #28	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183370	95004053109164483715	Your item was delivered to an individual at 6:53 pm on February 13, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
MARGARET L MORENO	47303 SILVER SLATE DR	LEWISTON PARK, MD 20653	UAI	2/17/2020	7018070000046183382	95004053109164483908	Your item was delivered to an individual at 6:53 pm on February 13, 2020 in LEWISTON PARK, MD 20653 and a notice was left because an authorized recipient was not available.
MARIAN PATRICK	2734 NORTH CAMEL STREET	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183384	9500405310916448392	Your package is moving within the USPS network and is on track to be delivered to your address on February 18, 2020 in CARLSBAD, NM 86220.
MARTIN JATOS	2730 AVULLE B	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183400	9500405310916448393	Your item was delivered to an individual at the address at 12:31 pm on February 13, 2020 in CARLSBAD, NM 86220.
MARK A CARACCO	271 PACIFICER STREET	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183412	9500405310916448378	Your item was delivered to an individual at 12:56 pm on February 13, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
MARK VALBUENA & DANIELA ROVER	402 SOLANO DR. NE	ALBUQUERQUE, NM 87108	UAI	2/17/2020	7018070000046183424	9500405310916448374	Your item was delivered to an individual at 12:03 pm on February 13, 2020 in ALBUQUERQUE, NM 87108.
MARSHALL ENTORCE	1539 SOUTH LAMAR AVE	TUCSON, AZ 85706	UAI	2/17/2020	7018070000046183431	9500405310916448341	Your item was delivered to an individual at 12:56 pm on February 13, 2020 in TUCSON, AZ 85706 and a notice was left because an authorized recipient was not available.
MARTINE & VINCENZA DE LACRO	5203 G.D. CANTON DR/NEAR	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183448	9500405310916448347	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MARY ALICE SCOTT BRADSHAW	ANNE MADONNETTE	ARIZONA, NM 86210	UAI	2/17/2020	7018070000046183455	9500405310916448390	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MARY CATHARINE BEPAL	1278 LINHAM STREET	HOUSTON, TX 77018	UAI	2/17/2020	7018070000046183462	9500405310916448378	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in HOUSTON, TX 77018.
MARY ANZI CARROSO	2731 WEST MARSHALL AVE	PHOENIX, AZ 85017	UAI	2/17/2020	7018070000046183470	9500405310916448316	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in PHOENIX, AZ 85017.
MARY WILHELMINE ROSENTHAL	P. O. BOX 641	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183488	9500405310916448398	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MARY MICHELLE SPANIT	MRS TIGHEWAY AVE	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183493	9500405310916448393	Your package is moving within the USPS network and is on track to be delivered to your address on February 18, 2020 in CARLSBAD, NM 86220.
MATTHEW PATRICK	2733 MARIONING STREET	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183500	9500405310916448386	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MICHAEL O CARBACCO	P. O. BOX 3466	CARLSBAD, NM 86221-3466	UAI	2/17/2020	7018070000046183516	95004053109164483916	Your item has been delivered and is available at a PO Box at 11:23 am on February 13, 2020 in CARLSBAD, NM 86220.
MICHAEL ORAN MEECE	P. O. BOX 16	WEBSTER, MA 01570	UAI	2/17/2020	7018070000046183523	95004053109164483902	Your item was delivered to an individual at 1:56 pm on February 13, 2020 in WEBSTER, MA 01570.
MICHAEL GRACE	APPO 171-6000	MURKIN, COSTA RICA	UAI	2/17/2020	7018070000046183530	95004053109164483916	Your package is moving within the USPS network and is on track to be delivered to your address on February 18, 2020 in MURKIN, COSTA RICA.
MICHAEL SHAMPER	1408 WEST IRONS STREET	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183547	95004053109164483948	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MICHELLE & ROSA J. LOPEZ	11213 LUCIBERIA AVENUE NORTH	CHAMPAIGN, ILL 61815	UAI	2/17/2020	7018070000046183554	95004053109164483931	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CHAMPAIGN, ILL 61815.
MICHELLE BENITE WILCOX/MIACI CALAMAZITA	MRS SOUTH-CORPUS ST	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183555	95004053109164483917	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020 in CARLSBAD, NM 86220.
MILE ELOREZ ANAYA MICHAEL ELOREZ	802 ALVARADO STREET	CARLSBAD, NM 86220	UAI	2/17/2020	7018070000046183578	95004053109164483908	Your item was delivered to an individual at the address at 1:56 pm on February 13, 2020

THOMAS TOWNS	315 N. MAIN STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146335731	95904003110015446105	We attempted to deliver your item at 3:34 pm on February 18, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
MILLER, ROSE MARCO	801 A. VANDERVO STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146335730	95904003110015446112	Your item was delivered to an individual at the address at 4:27 pm on February 15, 2020 in CARLSBAD, NM 86220.
DELA BRUNO BLANCO	312 MAIN ST	RENTON, WA 98057	UM	2/17/2020	7318070000146335642	95904003110015446129	Your item was delivered at 5:51 pm on February 15, 2020 in RENTON, WA 98057.
MERSON, CATHY A	45481 EAST UNIVERSITY #103	PERKINS, CA 95703	UM	2/17/2020	7318070000146335624	95904003110015446138	Your item was picked up at a postal facility at 11:19 am on February 20, 2020 in PERKINS, CA 95728.
LEONORA LACORRE	711 S. ALABAMA	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146335911	95904003110015446143	Your item was delivered to an individual at the address at 9:42 am on February 18, 2020 in CARLSBAD, NM 86220.
UTTERMAN ADMINISTRATION	815 VERMONT AVENUE NW	WASHINGTON, DC 20240	UM	2/17/2020	7318070000146336278	95904003110015446150	Your item was delivered at 4:53 am on February 18, 2020 in WASHINGTON, DC 20240.
DELA BRUNO BLANCO	5986 S. ILLINOIS STREET APT 1A	UTAH, UT 84003	UM	2/17/2020	7318070000146336381	95904003110015446167	Your item was delivered at 10:54 am on February 18, 2020 in UT, UT 84003.
DELA O. MARTIN	703 SOUTH ALABAMA STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336421	95904003110015446174	We attempted to deliver your item at 9:48 am on February 18, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
URSULA COTTAGE	2504 JONES ST A STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336508	95904003110015446183	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
MICHAEL M. MOORE	8045 NORTH HART BACH DRIVE #1	RENTON, WA 98057	UM	2/17/2020	7318070000146336515	95904003110015446198	Your item was delivered at 8:41 pm on February 15, 2020 in CARLSBAD, NM 86220.
SHIRLEY A. BRADY	5303 S. CALIFORNIA HIGHWAY	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336521	95904003110015446204	We attempted to deliver your item at 1:22 pm on February 15, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
VERONICA KINE	318 SOUTH STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336519	95904003110015446211	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
MOSLEY KATHY ROBERTS	418 FOREST HILLS	LEANSVILLE, KY 40353	UM	2/17/2020	7318070000146336545	95904003110015446235	Your package is moving within the USPS network and is on track to be delivered to its final destination. It is currently in transit to the next facility.
MILLER, DEAN CLAY	11420 GRAND MEADOW ROAD	ALBUQUERQUE, NM 87123	UM	2/17/2020	7318070000146336553	95904003110015446238	Your item was returned to the sender on February 15, 2020 at 3:15 am in ALBUQUERQUE, NM 87123 because the addressee was not known at the delivery address.
MRS. M. CATHERINE STONE	481 WILSON STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336560	95904003110015446242	Your item was delivered at 1:28 pm on February 15, 2020 in CARLSBAD, NM 86220.
WINTER GANCE	4940 NW 85TH AVENUE	LAKE SHORE, IL 60045	UM	2/17/2020	7318070000146336577	95904003110015446259	Your item was forwarded to a different address at 2:35 pm on February 15, 2020 in CARLSBAD, NM. This was because of forwarding instructions or because the address was not known at the time of delivery.
ROBERTA C. CUBER OF CARLSBAD, NM	P. O. BOX 434	CARLSBAD, NM 86221	UM	2/17/2020	7318070000146336584	95904003110015446273	Your item was delivered at 10:22 pm on February 15, 2020 in CARLSBAD, NM 86220.
NOELANDAN, VALEZ	2312 FRANKLIN HILL ROAD	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336591	95904003110015446286	We attempted to deliver your item at 7:30 pm on February 15, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
PRITTE H. NAVA FIA	501 WILSON STREET	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336594	95904003110015446297	We attempted to deliver your item at 10:23 am on February 15, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.
PRITTE H. NAVA FIA	4101 JONES ST	CARLSBAD, NM 86220	UM	2/17/2020	7318070000146336607	95904003110015446305	We attempted to deliver your item at 10:23 am on February 15, 2020 in CARLSBAD, NM 86220 and a notice was left because an authorized recipient was not available.

Carlsbad Current Argus.

PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0004060947

This is not an invoice

HOLLAND & HART

POBOX 2208

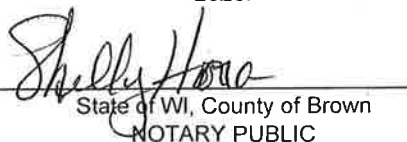
SANTA FE, NM 87504

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

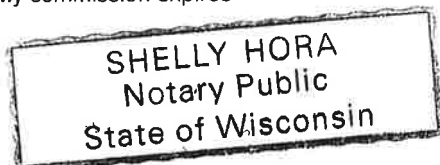
February 18, 2020


Legal Clerk

Subscribed and sworn before me this February 18,
2020:


State of WI, County of Brown
NOTARY PUBLIC


My commission expires



Ad # 0004060947

PO #: Hanna 201H

of Affidavits 1

This is not an invoice

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

The State of New Mexico, Energy Minerals and Natural Resources Department, C gives notice that the Division will hold a public hearing before a hearing exam Hall, 1st Floor, Wendell Chino Building, 1220 South St. Francis, Santa Fe, New M cally on the Division's website, <http://www.emnrd.state.nm.us/OCDehearings.html> Clerk, at (505) 476-3458. Documents filed in the case may be viewed at <http://oc Criteria.aspx>. If you are an individual with a disability who needs a reader, ampli other form of auxiliary aid or service to attend or participate in the hearing, co 476-3458, or at the New Mexico Relay Network, 1-800-659-1779, no later than Febr

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the fe (NOTE: All land descriptions herein refer to the New Mexico Principal Meridian wh To: All overriding royalty interest owners and pooled parties, including: SPC R Reserves Operating, LP; Enduring Resources IV, LLC; Corinne Yvonne Sumner, hi his heirs and devisees; Michael Grace, his heirs and devisees; Winston Grace, his Boys and Girls Harbor; Christ in You the Hope of Glory; Media Fellowship in Winston Revocable Trust; Enerstar Resources O&G, LLC; J. R. Rowan Inc.; OXY Wildhorse Interest, LLC; Ronald T. May, his heirs and devisees; Tracy C. McCa McCausland, his heirs and devisees; Lawrence W. Robinette, et ux, their heirs a devisees; Abbie Pohl, her heirs and devisees; Abel B. & Della N. Alvarez, their l heirs and devisees; Albina Carrasco, her heirs and devisees; Alicia L. Pohl, her he and devisees; Amber Nicole Hartman, her heirs and devisees; Amy Edith Boyd, l her heirs and devisees; Andrea McCormack Johnson, her heirs and devisees; Ang sees; Angela Kay Waldenbach Swenson, her heirs and devisees; Annette V. Hau devisees; Annie Granger Hanway, her heirs and devisees; Antonia Robles Balderrama, his heirs and devisees; Armida L. Villanueva, her heirs and devise Agreement Dated February 20, 2002; Atilano J. & Anita Molinar, their heirs and devisees; Augustina M. Renteria, her heirs and devisees; Barbara Babich Barnett her heirs and devisees; Barri Armendariz, his heirs and devisees; Beatrice Alicia S. & Magdalena Y. Molinar A/K/A Helen Molinar, their heirs and devisees; Betty Billie Marie Scott Guerin, her heirs and devisees; BNSF Railway Company; Boa Schools; Brenda Walker Anthony, her heirs and devisees; Brent David Thomas, l her heirs and devisees; Carlos S. Oroscio a/k/a Carlos Jose Oroscio, his heirs and visees; Catalina Ruiz, her heirs and devisees; Charles Eugene Neece, his heirs an lo, her heirs and devisees; Christobal Judah Blanco, his heirs and devisees; Chr Cinderella F. Garcia, her heirs and devisees; Clarke M. Mitcham And Loreta B. l Clementine Lewis, her heirs and devisees; Clint Russell Meadows, his heirs and and devisees; Coe Howard Scott, his heirs and devisees; Colonia Investment Constancio A. Lara, his heirs and devisees; Conway Family Trust; Corinne Yvon Najera Peterson, her heirs and devisees; Courson Corporation; Cristina Brione Calderon, her heirs and devisees; Daniel S. & Maria M. Chavez, their heirs and d devisees; Danny M. Franco, his heirs and devisees; Danny Melendrez, Sr., his l and devisees; Darrell Holder Roberts, his heirs and devisees; Debra L. Millman, plin, their heirs and devisees; Delia N. Alvarez, her heirs and devisees; Delma Guzman, her heirs and devisees; Denise Ann McCranie Huff, her heirs and devisees; Deora France, her heirs and devisees; Donald J. Ortiz, his heirs and de sees; Dorado Petroleum, LLC; Dorinda V. Castaneda, her heirs and devisees; Earl C. Hernandez, his heirs and devisees; Edward Francisco Blanco A/K/A Frank E. Blanco, his heirs and devisees; Elidia Gaitan, her heirs and devisees; Elizabeth Galvan, her heirs and devisees; Eloy Gaitan, his heirs and devisees; Elva Briceno A/K/A Henry G. Munoz, his heirs and devisees; Enrique Madrid, his heirs and d heirs and devisees; A. D. McNeely & Vione Mcneely, their heirs and devisees; l devisees; Barbara L. Curry, her heirs and devisees; Bernice Stevens Ward, her hi and devisees; Beverly E. Ehamtraut, her heirs and devisees; Charles Hagermai and devisees; Chester Miller, his heirs and devisees; Edna Mae Lawless, Valenzuela, her heirs and devisees; Jose L. Salgado & Aida V. Salgado, their he and devisees; Luther D. Neece, Jr., his heirs and devisees; Steve A. Kostih, his l her heirs and devisees; Willie V. Meadows & Bobbie R. Meadows, their heirs a Figursky, their heirs and devisees; Jack Fry & Stella Fry, their heirs and devisees; C. & Jose D. Quintela, their heirs and devisees; Evangelina N. Lopez, her heirs and devisees; Felipe H. & Petronia R. Cortez, their heirs and devisees; Felix and June 4, 2009; Felix, Jr. & Viola Briones, their heirs and devisees; Francisca L. Ferr Balderrama, his heirs and devisees; Frank R. Jacquez, his heirs and devisees; Fre sees; Gabriel H. Patrick, his heirs and devisees; Gary Kirkes, his heirs and devi Generation Mortgage Company, LLC; George Navarro, his heirs and devisees; Gl devisees; Gloria C. Jacquez, her heirs and devisees; Gloria Carrasco Calderon R her heirs and devisees; Harry M. & Sue Annette Hatfield Allen, their heirs and d visees; Anastacia R. Blanco, her heirs and devisees; Antonia M. Lujan, his heirs heirs and devisees; Arlene A. Sparks De-Soto, her heirs and devisees; Barbara A visees; Betty Jo Hewett Watts, her heirs and devisees; Charles McCormack Sr. & and devisees; Christine Castillo Gaitan, her heirs and devisees; Conception San Haskell League, his heirs and devisees; Felix Navarro, his heirs and devisees; H McCormack, his heirs and devisees; Joann M. Hartman, her heirs and devisees; J sees; Julia Carrasco Dominguez, her heirs and devisees; Linda Mae Neece, her l and devisees; Maria Celia Vasquez Cunningham, her heirs and devisees; Maria L E. Billstrom Duerr, her heirs and devisees; Merrill F. Ehrmantraut, her heirs and devisees; Richard Dean Wait and Elisabeth Wait, their heirs and devisees; Robt Martinez Yturralde, his heirs and devisees; Julio T. Martinez, Sr., his heirs and Brooks, her heirs and devisees; Edith Elaine League Shaw, her heirs and devise sees; Isaac W. Cody, his heirs and devisees; Jose C. Orona, Sr., his heirs and de and devisees; Keith Wyatt, his heirs and devisees; Leon D. Morales, his heirs a devisees; Lucia Calanche Medina, her heirs and devisees; Manuel H. Domir Villalpando, his heirs and devisees; Maria Jesus Lerma, her heirs and devisees; l Mary Virginia Calley, her heirs and devisees; Primitivo T. Pohl, his heirs and de and devisees; Rita Castillo A/K/A Rita Paz Martinez Castillo, her heirs and devi and devisees; Santiago Carrasco, his heirs and devisees; Ursulo Aguilera C McIlwain, his heirs and devisees; William Edward Collier, his heirs and devise heirs and devisees; Henry R. Garcia, his heirs and devisees; Hollie Granger, her heirs and devisees; Internationalites Federal Credit Union; Iris A. Fierro, her heir dez, their heirs and devisees; James A. Carr, his heirs and devisees; James F. & l James H. & Rita O. Martin, their heirs and devisees; Janie A. Patrick, her heirs heirs and devisees; Javier S. & Carlotta B. Chavez, their heirs and devisees; Jer sees; Jerry Don Rose, his heirs and devisees; Jody Lee Crabb, her heirs and devis

Florez, Jr., his heirs and devisees; Joe M. & Alicia S. Fierro, their heirs and devisees; John David Billstrom, his heirs and devisees; John W. Qualls, his heirs and devisees; John Zacharias Grace, his heirs and devisees; Jose Luiz R. Balderrama, his heirs and devisees; Josefina Lara Burciaga, her heirs and devisees; Josefina M. Peralphar Cunningham, his heirs and devisees; Juana J. Ramirez, her heirs and devisees; Juanita T. De Armendariz A/K/A Juanita S. De Armendariz, her heirs and devisees; Justin W. Raymer, his heirs and devisees; Keila Shed King, Lamas, his heirs and devisees; Larry J. Pittman, his heirs and devisees; Laura Jane Drea Norton, their heirs and devisees; Leane Adell Calley Trust, Created Under Diamond Castillo, her heirs and devisees; Lee R. Scott, his heirs and devisees; Leo Blanco Miller, her heirs and devisees; Linda C. Skoda, her heirs and devisees; Lc V. Matta & Mary Elen V. Matta, their heirs and devisees; Loyd E. Tolar, his heirs and devisees; Lynn Barker, her heirs and devisees; Madison M. Hinkle, her heirs and devisees; Manuel & Manuela Ruiz, their heirs and devisees; Manuel V. Manuela V. Calderon, her heirs and devisees; Marcus Kelly Miller, his heirs and devisees; Maria Ruiz Orona, her heirs and devisees; Mariann Patrick, her heirs and devisees; Mark Valenzuela & Danita Gomez, their heirs and devisees; Marshall Virginia H. Delgado, their heirs and devisees; Mary Alice Scott Bassham, her heirs and devisees; Mary Jazell Carnero, her heirs and devisees; Mary L. Navarrete Michelle Bryant, her heirs and devisees; Matthew T. Patrick, his heirs and devisees; Michael Dean Neece, his heirs and devisees; Michael Grace, his heirs and devisees; Michelle Renee Weidenbach Camarata, her heirs and devisees; Miguel A. Mike E. Florez A/K/A Michael Florez, his heirs and devisees; Mike Plineda, his heirs and devisees; Mount Sinai United Methodist Church; Nancy I. Texas National Bank, Formerly First Republic Bank, Mineral Wells; Nina C. Willis Valenzuela A/K/A Holly R. Valenzuela, her heirs and devisees; Olga Dominguez, her heirs and devisees; Orlando Louis Fierro, his heirs and devisees; Orlando S. Elizondo, his heirs and devisees; Pascual B. Calanche, his heirs and devisees; Patricia Anne Weidenbach Levy, her heirs and devisees; Patricia Miller, her heirs and devisees; Pete V. Balderrama, his heirs and devisees; Primera Iglesia Bautista His heirs and devisees; Randolph Alan Trujillo, his heirs and devisees; Raul Rojello Blanco, his heirs and devisees; Rebecca L. Neece, her heirs and devisees; Regina H. Serrano his heirs and devisees; Richardson Mineral & Royalty, LLC; Ricky Ray Bryant, his heirs and devisees; Robert Matthew Boyd, his heirs and devisees; Rolla R. Hinkley zalez, her heirs and devisees; Rose Ann Fernandez, her heirs and devisees; R. Rudolfo Dominguez, his heirs and devisees; Rufina Farias Lara, her heirs and devisees; Ruth L. Pohl, her heirs and devisees; Sammy Martinez, his heirs and devisees; Sandra Martinez, her heirs and devisees; Saul Montejano, his heirs and devisees; Security Savings Bank, F. S. B. A/K/A Security Federal Savings and Loans, her heirs and devisees; Sherri Laree Neece, her heirs and devisees; Sherri Lynn Mc Bank & Trust Company for RTC, c/o National Mortgage Company; Stephen I. Dominguez Logsdon Breene, her heirs and devisees; Sylvia Florez Arnn, her heirs and devisees; Terry Carr Callaway, her heirs and devisees; Testamentary Howard Smith, F/B/O Howard David Smith; The Estate of Ester Sarabia, her heirs and devisees; Juanita Valdez, their heirs and devisees; The Karen Roberts Special Needs Trust dated 6, 1994; The Matilde Florez Revocable Trust; Thelma S. Subla, her heirs and devisees; Tracy Tobin Patrick, his heirs and devisees; Valleen Rose Munoz, her heirs and devisees; Veronica Methola, her heirs and devisees; Veronica Morales, her heirs and devisees; Vicki Thacker A/K/A Vicki Mae Thacker, her heirs and devisees; Viola O. ga, her heirs and devisees; Virginia Gilmore, her heirs and devisees; Virginia H. King, her heirs and devisees; Wesley Keith Roberts, his heirs and devisees; Will Catherine Stowe, her heirs and devisees; Winston Grace, his heirs and devisees; Valdez, her heirs and devisees; and Yvette H. Nava F/K/A Yvette Marie Hernandez

Case No. 21133: Application of SPC Resources, LLC for compulsory pooling, E above-styled cause seeks an order pooling all uncommitted interests in the Bore 633.53-acre, more or less, horizontal well spacing unit comprised of the N/2 of Section 12 and the N/2 of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and the above-referenced spacing unit to the proposed (1) Hanna #201H well are to be horizontally drilled from a common surface location in the SW/4 NW/4 Range 27 East, to bottom-hole locations in the NW/4 NW/4 (Unit D) of Section 12, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico, and the allocation of the cost thereof, the action, the designation of applicant as operator of the wells, and the imposition of and completing each well. Portions of said area are located within the city limits of Carlsbad Current-Arquus, February 18, 2020

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

**APPLICATION OF SPC RESOURCES, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 21133

**AFFIDAVIT OF JOHN WEIHE
IN SUPPORT OF CASE NO. 21133**

John Weihe, of lawful age and being first duly sworn, declares as follows:

1. My name is John Weihe. I work for Santo Petroleum, an affiliate of SPC Resources, LLC ("SPC"), as the Exploration Manager.
2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
3. I am familiar with the applications filed by SPC in this case, and I have conducted a geologic study of Bone Spring formation underlying the subject area.
4. In Case No. 21133, SPC is targeting the Bone Spring formation.
5. **SPC Exhibit D-1** is a subsea structure map that I prepared off the base of the Second Bone Spring Sand structure within the Bone Spring formation. The horizontal spacing unit is outlined in green within Sections 7 and 12, and there is a bold black line on the map that reflects the path of the proposed wellbore for the **Hanna #201H well**. The contour interval is 25 feet. The structure map shows that the Second Bone Spring Sand is regionally dipping gently to the northeast. The structure appears consistent in these sections. I do not observe any faulting, pinch-outs, or other geologic hazards to developing a horizontal well.

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: **SPC Resources, LLC**
Hearing Date: March 05, 2020
Case No. 21133

6. **SPC Exhibit D-2** is a subsea structure map that I prepared off the base of the Third Bone Spring Sand structure at the base of the Bone Spring formation. The horizontal spacing unit is outlined in green within Sections 7 and 12, and there is a bold black line on the map that reflects the path of the proposed wellbore for the **Hanna #301H well**. The contour interval is 25 feet. The structure map shows that the Third Bone Spring Sand is relatively flat in the proposed unit, regionally dipping gently to the southeast. The structure appears consistent in these sections. I do not observe any faulting, pinch-outs, or other geologic hazards to developing a horizontal well.

7. **SPC Exhibit D-3** shows the location of the four wells that were used to construct a west to east cross-section from A to A'. I consider these wells to be representative of the geology of the area.

8. **SPC Exhibit D-4** is a stratigraphic cross-section prepared by me for the four representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity and neutron-density for the two wells on the left, and gamma ray, resistivity, and sonic for the two wells on the right. The proposed target interval for the **Hanna #201H well** is depicted with an arrow. The logs in the cross-section demonstrate that the targeted Second Bone Spring Sand within the Bone Spring is consistent in thickness, across the entire spacing unit.

9. **SPC Exhibit D-5** is a structural cross-section prepared by me for the four representative wells from A to A'. The exhibit shows logs for gamma ray, resistivity and neutron-density for the two wells on the left, and gamma ray, resistivity, and sonic for the two wells on the right. The resistivity tool was not available over the Third Bone Spring Sand for the sole well on the far left. The proposed target interval for the **Hanna #301H well** is depicted with an arrow. The logs in the cross-section demonstrate that the targeted Third Bone Spring Sand within the Bone Spring is consistent in thickness, across the entire spacing unit.

10. Based on my geologic study of the areas, I have not identified any geologic impediments to drilling horizontal wells in the area.

11. In my opinion, the laydown orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

12. In my opinion, each tract comprising the proposed spacing unit in **Case No. 21133** will be productive and contribute more-or-less equally to production from the wellbores.

13. In my opinion, the granting of SPC's application in this case is in the best interest of conservation, the prevention of waste, and protection of correlative rights.

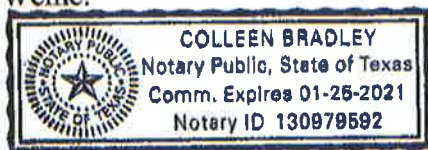
14. **SPC Exhibits D-1 through D-5** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

John Weihe
JOHN WEIHE

STATE OF TEXAS)
)
COUNTY OF HARRIS)

SUBSCRIBED and SWORN to before me this 25th day of February 2020 by
John Weihe.



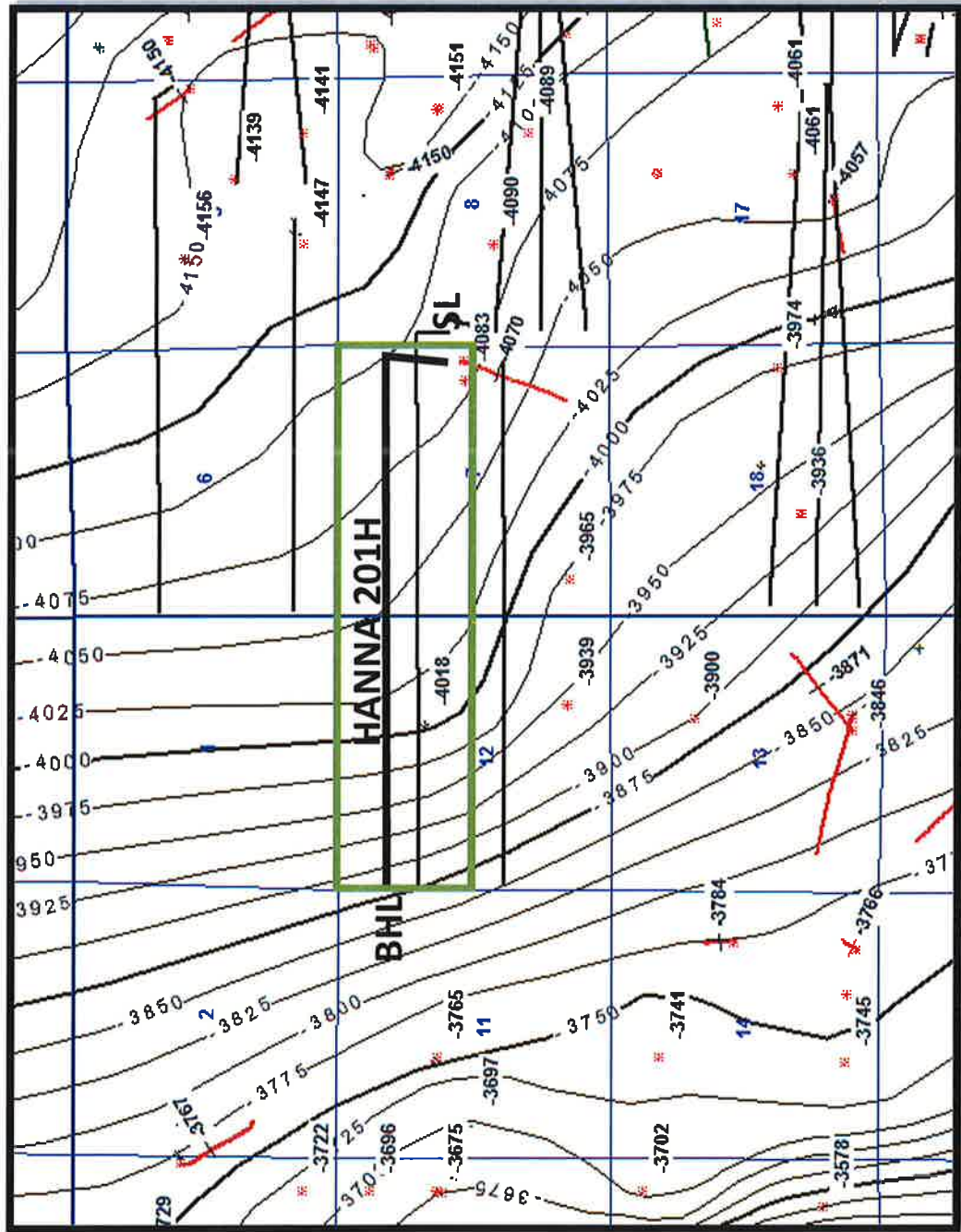
Colleen Bradley
NOTARY PUBLIC

My Commission Expires:

1/25/2021

HANNA UNIT

BASE 2nd BONE SPRING SAND STRUCTURE



Legend



Unit Outline



Well Location
SSTVD Value

Contour Interval:
25 feet

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Exhibit No. D1

Submitted by: SPC Resources, LLC

Hearing Date: March 05, 2020

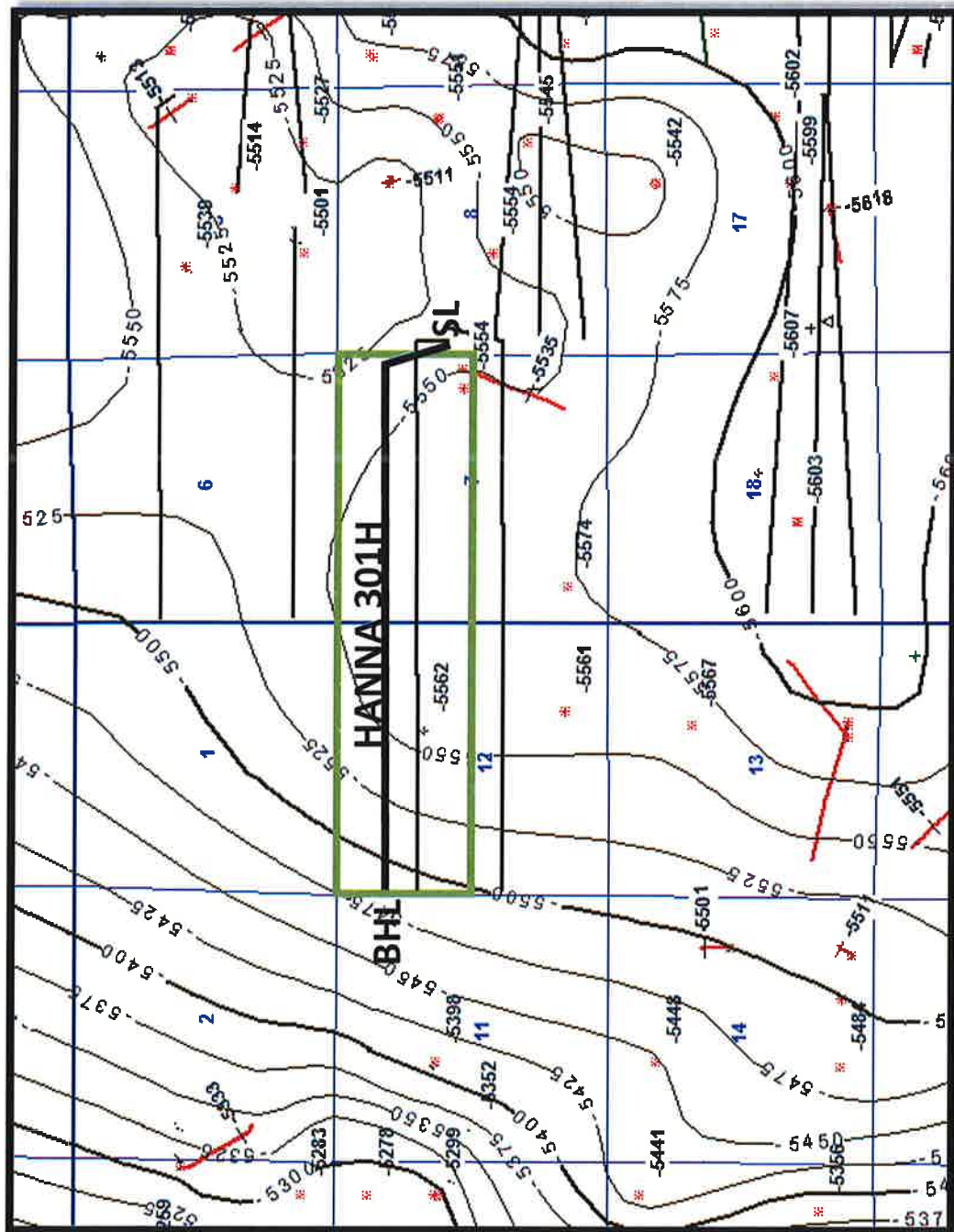
Case No. 21133

3/3/2020

HANNA UNIT 7-12 GEOLOGICAL SUPPORT

HANNA UNIT

BASE 3rd BONE SPRING SAND STRUCTURE



Legend



Unit Outline

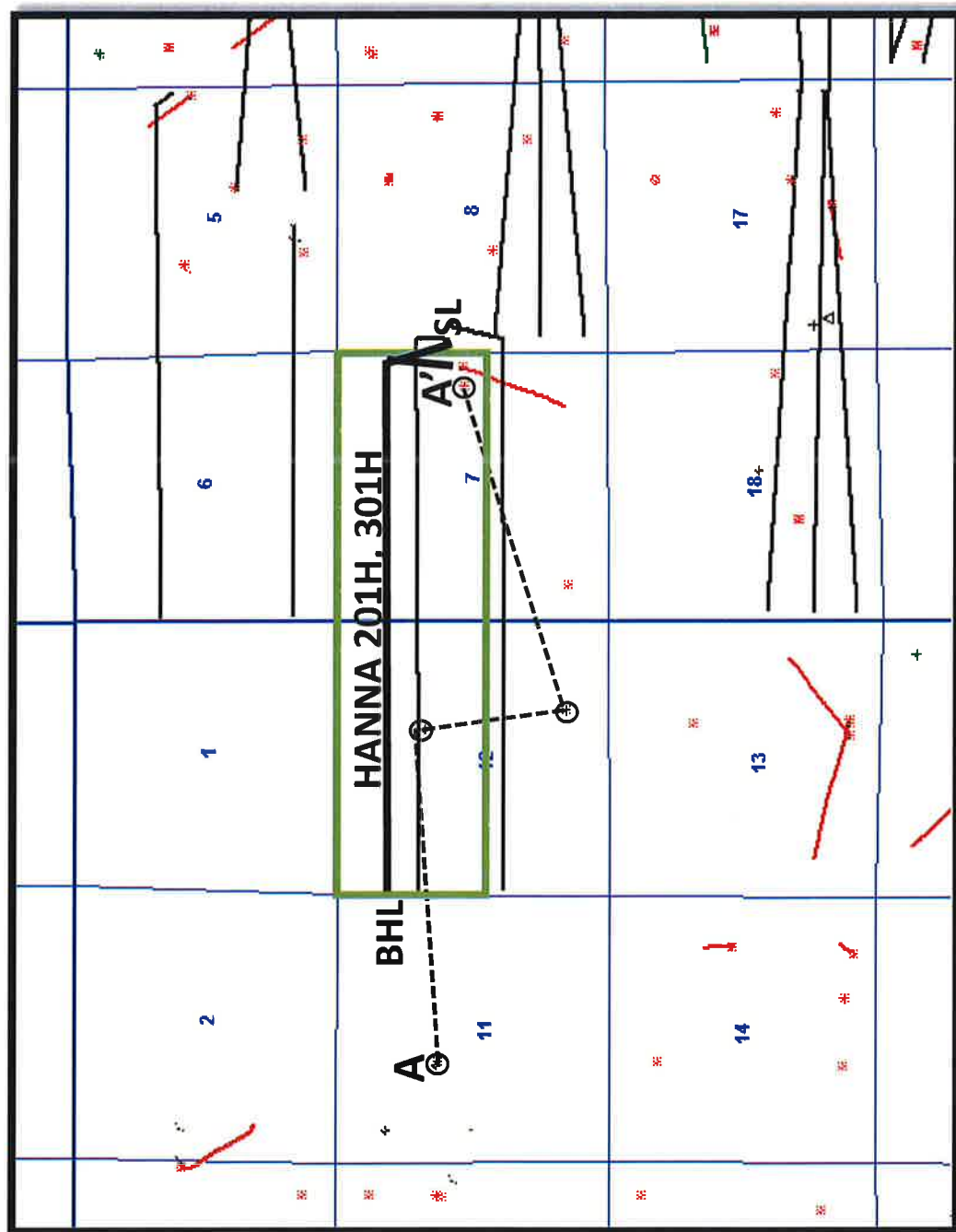


Well Location
SSTVD Value

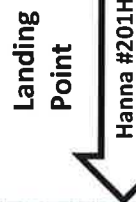
Contour Interval:
25 feet

HANNA UNIT

Showing A-A' Cross Section Location



Target: 2nd BONE SPRING SAND



BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D4
Submitted by: **SPC Resources, LLC**
Hearing Date: March 05, 2020
Case No. 21133

Green	Resistivity > 8 Ohms
Blue	Gamma Ray < 80
Yellow	Density, Sonic Por > 8%

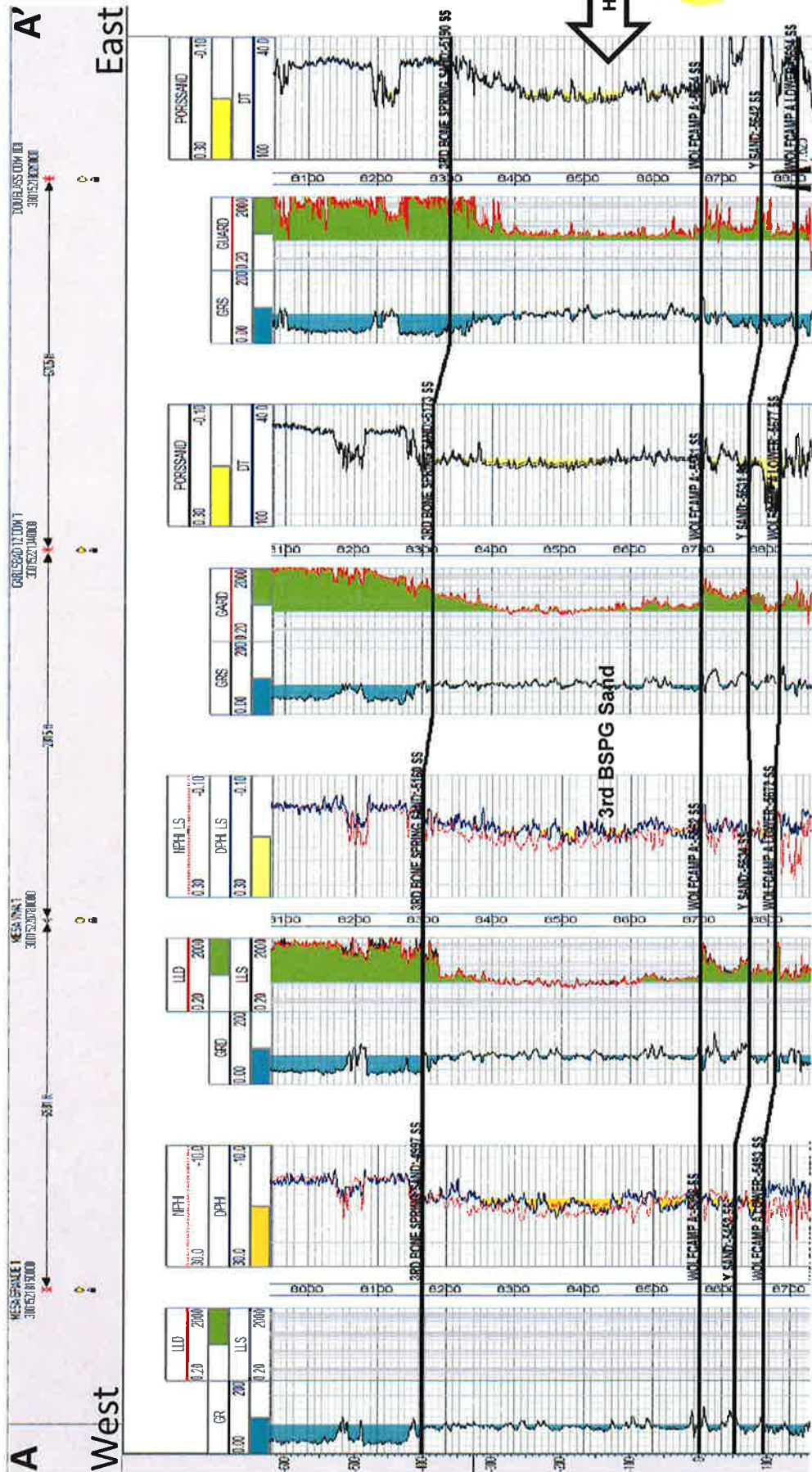
HANNA UNIT 7-12 GEOLOGICAL SUPPORT

3/3/2020

HANNA 7-12 BONE SPRING UNIT CROSS SECTION A-A'

Datum: Base 3rd Bone Spring Sand

Target: 3rd BONE SPRING SAND



BEFORE THE OIL CONSERVATION DIVISION
 Santa Fe, New Mexico
 Exhibit No. D5
 Submitted by: SPC Resources, LLC
 Hearing Date: March 05, 2020
 Case No. 21133

Resistivity > 8 Ohms
 Gamma Ray < 80
 Density, Sonic Por > 8%

Green
 Blue
 Yellow