BEFORE THE OIL CONSERVATION DIVISION
EXAMINER HEARING – APRIL 6, 2023

CASE NO. 23424

MORRISON UNIT 101H
MORRISON UNIT 102H
MORRISON UNIT 103H
MORRISON UNIT 104H

EDDY COUNTY, NEW MEXICO

SILVERBACK
EXPLORATION

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. 23234**

TABLE OF CONTENTS

5.	Exhibit B	Affidavit of Nathaniel Gilbertson, Geologist
6.	Exhibit B-1	Morrison Unit HSU Basemap
	Exhibit B-2	Structure Map: Glorieta (TVDSS)
	Exhibit B-3	Structural Cross Section A-A' (TVDSS)
	Exhibit B-4	Gun Barrel Diagram B-B' (TVD)
	Exhibit B-5	Proposed Well Trajectories C-C' (TVD)
	Exhibit B-6	Existing Wells in Proposed HSU
7.	Exhibit C	Affidavit of Benjamin Holliday
8.	Exhibit C-1	Certified Mailing Receipts
	Exhibit C-2	Proof of Publication

TAB 1

COMPULSORY POOLING CHECKLIST

COMPULSORY POOLING APPLICATION CHECKLIST

ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23424	APPLICANT'S RESPONSE
Hearing Date: Pending	
Applicant	**Silverback Operating II, LLC**
Designated Operator & OGRID (affiliation if applicable)	**Silverback Operating II, LLC (OGRID #: 330968)**
Applicant's Counsel:	Benjamin Holliday
Case Title:	Application of Silverback Operating II, LLC for Complusory Pooling creating standard 320-acre, more or less, horizontal spacing unit covering N/2 of Section 9-T19S-R25E, N.M.P.M., Eddy County, New Mexico
Entries of Appearance/Intervenors:	Michael H. Feldewert, Adam G. Rankin, Julia Broggi, Paula M. Vance (Holland & Hart) for Fasken Oil & Ranch, LLC (Fasken)
Well Family	Morrison #101H, #102H, #103H, #104H
Formation/Pool	
Formation Name(s) or Vertical Extent:	Yeso
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Yeso
Pool Name and Pool Code:	Penasco Draw; SA-Yeso (#50270)
Well Location Setback Rules:	Statewide
Spacing Unit Size:	320-acre, more or less; N/2 of Section 9-T19S-R25E. N.M.P.M., Eddy County, New Mexico
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres, more or less, covering N/2 of Section 9-T19S-R25E, N.M.P.M., Eddy County, New Mexico
Building Blocks:	Quarter Quarter: Two (2) lease tracts make up the unit: NW/4 Section 9; NE/4 Section 9
Orientation:	**East / West - Laydown - N/2**
Description: TRS/County	N/2 of Section 9-T19S-R25E, N.M.P.M., Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	Yes; surface of the earth down to 3,000' subsurface, and 3000' to Base of Yeso. All wells will be drilled and completed in the Surface to 3000' interval. All uncommitted working interest owners and unleased mineral interest owners in both ownership horizons have been noticed in this matter, and notice by publication has been made in accordance with NMAC.
Proximity Tracts: If yes, description	Yes. The completed interval of the Morrison #102H well will be located within 330' of the quarter-quarter section line separating the S/2 N/2 and N/2 N/2 of Section 9 to allow the creation of a 320-acre standard horizontal spacing unit.
Proximity Defining Well: if yes, description	Morrison #102H (see below for description info.)

Applicant's Ownership in Each Tract	**NW4: 56.842448%WI, NE/4: 53.833334% WI, Proposed Unit = 55.337891% WI. See Also Exhibit A-4b**
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	see below
Well #1	Morrison #101H (API No.: 30-015-50070) SHL: 501' FNL & 1,330' FWL of Section 10-T19S-R25E FTP: 340' FNL & 100' FEL of Section 9-T19S-R25E BHL: 340' FNL & 100' FWL of Section 9-T19S-R25E Target: Yeso Orientation: horizontal Completion status: standard TMD: 8,135'; TVD: 2,267'; LL: 6,386'
Well #2	Morrison #102H (API No.: 30-015-50071) - **Defining Well** SHL: 521' FNL & 1,330' FWL of Section 10-T19S-R25E FTP: 1,000' FNL & 100' FEL of Section 9-T19S-R25E BHL: 1,000' FNL & 100' FWL of Section 9-T19S-R25E Target: Yeso Orientation: horizontal Completion status: standard TMD: 8,233'; TVD: 2,290'; LL: 6,386'
Well #3	Morrison #103H (API No.: 30-015-50072) SHL: 2,418' FNL & 729' FWL of Section 10-T1(S-R25E FTP: 1,660' FNL & 100' FEL of Section 9-T19S-R25E BHL: 1,660' FNL & 100' FWL of Section 9-T19S-R25E Target: Yeso Orientation: horizontal Completion status: standard TMD: 8,266'; TVD: 2,314'; LL: 5,783'
Well #4	Morrison #104H (API No.: 30-015-50073) SHL: 2,438' FNL & 729' FWL of Section 10-T19S-R25E FTP: 2, 320' FNL & 100' FEL of Section 9-T19S-R25E BHL: 2,320' FNL & 100' FWL of Section 9-T19S-R25E Target: Yeso Orientation: horizontal Completion status: standard TMD: 8,106'; TVD: 2,351'; LL: 5,783'
Horizontal Well First and Last Take Points	Exhibit "A-3"
Completion Target (Formation, TVD and MD)	Exhibit "A-3"
AFE Capex and Operating Costs	
Drilling Supervision/Month $	$8,000.00
Production Supervision/Month $	$800.00
Justification for Supervision Costs	Exhibit "A"
Requested Risk Charge	200%
Notice of Hearing	
Proposed Notice of Hearing	Exhibit "A-1"
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit "C-1"
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit "C-2"
Ownership Determination	

Land Ownership Schematic of the Spacing Unit	Exhibit "A-4"
Tract List (including lease numbers and owners)	Exhibit "A-4a, A-4b"
Pooled Parties (including ownership type)	Exhibit "A-4b"
Unlocatable Parties to be Pooled	None
Ownership Depth Severance (including percentage above & below)	Yes; see line #26 above
Joinder	
Sample Copy of Proposal Letter	Exhibit "A-7"
List of Interest Owners (ie Exhibit A of JOA)	Exhibit "A-4b"
Chronology of Contact with Non-Joined Working Interests	Exhibit "A-8"
Overhead Rates In Proposal Letter	Exhibit "A-8"
Cost Estimate to Drill and Complete	Exhibit "A"
Cost Estimate to Equip Well	Exhibit "A"
Cost Estimate for Production Facilities	Exhibit "A"
Geology	
Summary (including special considerations)	Exhibit "B"
Spacing Unit Schematic	Exhibit "B-1"
Gunbarrel/Lateral Trajectory Schematic	Exhibit "B-4"
Well Orientation (with rationale)	Exhibit "B" and "B-5"
Target Formation	Exhibit "B" and "B-5"
HSU Cross Section	Exhibit "B-3"
Depth Severance Discussion	None.
Forms, Figures and Tables	
C-102	Exhibit "A-3"
Tracts	Exhibit "A-4a"
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit "A-4b"
General Location Map (including basin)	Exhibit "A-2" and "B-1"
Well Bore Location Map	Exhibit "B-4", "B-5", "A-3"
Structure Contour Map - Subsea Depth	Exhibit "B-2"
Cross Section Location Map (including wells)	Exhibit "B-3"
Cross Section (including Landing Zone)	Exhibit "B-3" and "B-5"
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Benjamin Bryan Holliday
Signed Name (Attorney or Party Representative):	
Date:	4-Apr-23

TAB 2

APPLICATION AND COMPULSORY POOLING DOCKET SUMMARY

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. _____**

APPLICATION

Pursuant to NMSA § 70-2-17, Silverback Operating II, LLC ("Applicant") (OGRID No. 330968), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico ("Division") for an order (1) creating a 320-acre, more or less, standard horizontal well spacing unit comprised of the N2 Section 9, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico ("Unit"), and (2) pooling all uncommitted interest within the Penasco Draw SA-Yeso Formation, designated as an oil pool (Pool Code 50270), underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following wells, referred to collectively as the Wells:
    a. **Morrison Unit 101H**, API No. 30-015-50070, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    b. **Morrison Unit 102H**, API No. 30-015-50071, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    c. **Morrison Unit 103H**, API No. 30-015-50072, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10,

Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and

d. **Morrison Unit 104H**, API No. 30-015-50073, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL.

3. The completed interval of the Wells will be orthodox and remain within 330-feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(1)(6).
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
5. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. In order to allow Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests this Application be set for hearing April 6, 2023, and that after notice and hearing, the Division enter an order

A. Pooling all uncommitted interests in the Unit;

B. Approving the Wells in the Unit;

C. Designating Applicant as operator of the Unit and the Wells;

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% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday
Benjamin B. Holliday
4040 Broadway, Suite 350
San Antonio, Texas 78209
Phone: (210) 469-3197
ben@theenergylawgroup.com
ben-svc@theenergylawgroup.com
Counsel for Silverback Operating II, LLC

Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Penasco Draw SA-Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 Section 9, Township 19 South, Range 25 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells: a) Morrison Unit #101H well ("101H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; b) the Morrison Unit #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; c) the Morrison Unit #103H well ("103H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and d) the Morrison Unit #104H well ("104H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL. The 101H Well, 102H Well, 103H Well, and 104H Well are referred to collectively herein as the "Wells." The completed interval of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 20 miles South of Artesia, New Mexico.

TAB 3

EXHIBIT A
AFFIDAVIT OF LARRY COSHOW

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

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. 23424**

AFFIDAVIT OF LARRY K. COSHOW

Larry K. Coshow, being first duly sworn and upon oath, deposes and states as follows:

1. My name is Larry K. Coshow, and I am a landman with Silverback Operating II, LLC ("Silverback"). I have previously testified before the Oil Conservation Division ("Division") as an expert witness in petroleum land matters. My credentials have been made a matter of record and I have been recognized by the Division as an expert witness.

2. I am submitting this affidavit in support of Silverbacks' application in the above-referenced case pursuant to 19.15.14.12(A)(1) NMAC.

3. I am familiar with the application filed by Silverback in this case, and I am familiar with the status of the lands in the subject area. Copies of Silverback's Application and the Proposed Hearing Notice are attached as Silverback Exhibit A-1.

4. None of the parties to be pooled in this case have indicated opposition to this matter proceeding by affidavit to the Division, and therefore I do not expect any opposition at the hearing.

5. In this case, Silverback seeks an order pooling all uncommitted interest owners in the following spacing unit:

a. The proposed spacing unit is a 320-acre, more or less, standard horizontal spacing unit in the Penasco Draw, SA-Yeso Formation, Pool Code No. 50270, comprised of the N/2 of Section 9, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico ("Spacing Unit"). The Spacing Unit includes proximity tracts, and the

defining well for proximity tract purposes is the Morrison 102H. The completed interval of the Morrison 102H well is within 330 feet of the adjoining quarter-quarter section tracts separating the N/2 N/2 and S/2 N/2 of Section 9 to allow inclusion of those tracts within the proposed 320-acre horizontal spacing unit under NMAC 19.15.16.15B(1)(b).

b. The Spacing Unit will be initially dedicated to the following wells (collectively the "Wells"):

   i. **Morrison 101H**, API No. 30-015-50070, which is an oil well that will be horizontally drilled to the Penasco Draw, SA-Yeso formation from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East;

   ii. **Morrison 102H**, API No. 30-015-50071, which is an oil well that will be horizontally drilled to the Penasco Draw, SA-Yeso formation from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East;

   iii. **Morrison 103H**, API No. 30-015-50072, which is an oil well that will be horizontally drilled to the Penasco Draw, SA-Yeso formation from a surface hole location in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, to a bottom hole location in the SW4 NW4 of Section 16, Township 19 South, Range 25 East.

iv. **Morrison 104H**, API No. 30-015-50073, which is an oil well that will be horizontally drilled to the Penasco Draw, SA-Yeso formation from a surface hole location in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, to a bottom hole location in the SW4 NW4 of Section 16, Township 19 South, Range 25 East.

6. Silverback Exhibit A-2 contains a general location map outlining the Spacing Unit being pooled in Case No. 23424 in relation to the surrounding area in Eddy County. The acreage in the Spacing Unit contains fee lands.

7. Silverback Exhibit A-3 contains the form C-102s for the Wells. The Oil Conservation Division has placed the Wells in the Penasco Draw, SA-Yeso Formation, Pool Code No. 50270. The location of each of the Wells is orthodox and meets the Division's offset requirements.

8. There is a depth severance in the Penasco Draw, SA-Yeso Formation underlying the subject acreage at three thousand (3000) feet, separating the ownership horizons a) from the surface to 3000', and b) from 3000' to 100' below the Base of the Yeso Formation. All uncommitted working interest and unleased mineral interest owners within the Yeso formation have been noticed in this matter.

9. Silverback Exhibit A-4 contains a plat outlining the spacing unit being pooled in Case No. 23424. This Exhibit also identifies each tract number, tract percentage interest, and spacing unit percentage interest for the interest owners being pooled and their last known addresses. The unleased mineral interests and "uncommitted" working interest owners that remain to be pooled in this case are marked in yellow. In compiling these addresses, I conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, phone

directories, internet databases, and performed internet searches to locate the contact information for parties entitled to notification. As is detailed on Silverback Exhibit A-5, various of the unleased mineral owners and working interest owners were all locatable, notice was provided, and a green card was returned. Though no other parties were deemed unlocatable after a diligent search, out of an abundance of caution Silverback caused notice to be published more than ten (10) days prior to the compulsory pooling hearing in the Carlsbad Current Argus in accordance with 19.15.4.12(B) NMAC; Silverback Exhibit A-6 contains a copy of the legal advertisement, as well as the affidavit of publication. I provided the law firm of Holliday Energy Law Group, PC, with the name and addresses for all uncommitted interests.

10. Silverback sent well proposal letters for the Wells, together with corresponding AFEs, to the working interest owners in this case. Silverback Exhibit A-7 is a sample of the well proposal letter, along with the AFEs, sent to these working interest owners. The estimated costs of the Wells set forth in the AFEs are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

11. Silverback requests overhead and administrative rates of $8,000/month for drilling each well and $800/month for producing each well. These rates are fair and comparable to the rates charged by other operators for wells of this type in this area of New Mexico. Silverback respectfully requests that these administrative and overhead costs be incorporated into any orders entered by the Division in this case.

12. Silverback requests the maximum cost, plus 200% risk charge, be assessed against the non-consenting working interest owners.

13. Silverback requests that it be designated operator of the unit and Wells.

14. Silverback has been able to locate contact information for the unleased mineral owners and working interest owners that it seeks to pool and has undertaken good faith efforts to reach an agreement with the locatable uncommitted interest owners. Silverback Exhibit A-8 contains a chronology of the contacts with the working interest owners that Silverback seeks to pool. Silverback has made a good faith effort to obtain voluntary joinder of the unleased mineral interest and working interest owners in the Wells.

15. The unleased mineral interest and working interest owners being pooled have either been contacted regarding the Wells or have been provided notice by publication as set forth above, but have failed or refused to voluntarily commit their interest in the Wells. If a mutually agreeable lease or Joint Operating Agreement is reached between Silverback and an interest owner, I will inform the Division that Silverback is no longer seeking to pool that party, and Silverback requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent that the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and the protection of correlative rights.

16. Silverback Exhibits A-1 through A-8 were either prepared by me or compiled under my direction and supervision.

17. The granting of this application is in the best interest of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

18. I swear that to the best of my knowledge and belief, all of the matters set forth herein and in the exhibits are true, correct, and accurate.

[Remainder of the page intentionally left blank.]

FURTHER AFFIANT SAYETH NOT.

Dated this ____ day of April, 2023.

Larry K. Coshow
Silverback Operating II, LLC

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA)

SUBSCRIBED AND SWORN to before me this 3rd day of April, 2023, by Larry K. Coshow, Landman for Silverback Operating II, LLC.

Witness my hand and official seal.

BRANDI D HERNANDEZ NOTARY # 15005723 EXP. 06/23/23 PUBLIC STATE OF OKLAHOMA

Notary Public, State of Oklahoma

TAB 4

EXHIBIT A-1
CASE NO. 23424 APPLICATION AND NOTICE SUMMARY

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. _____**

APPLICATION

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1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following wells, referred to collectively as the Wells:
    a. **Morrison Unit 101H**, API No. 30-015-50070, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    b. **Morrison Unit 102H**, API No. 30-015-50071, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    c. **Morrison Unit 103H**, API No. 30-015-50072, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10,

Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and

d. **Morrison Unit 104H**, API No. 30-015-50073, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL.

3. The completed interval of the Wells will be orthodox and remain within 330-feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(1)(6).
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
5. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. In order to allow Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests this Application be set for hearing April 6, 2023, and that after notice and hearing, the Division enter an order

A. Pooling all uncommitted interests in the Unit;

B. Approving the Wells in the Unit;

C. Designating Applicant as operator of the Unit and the Wells;

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% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday
Benjamin B. Holliday
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ben-svc@theenergylawgroup.com
Counsel for Silverback Operating II, LLC

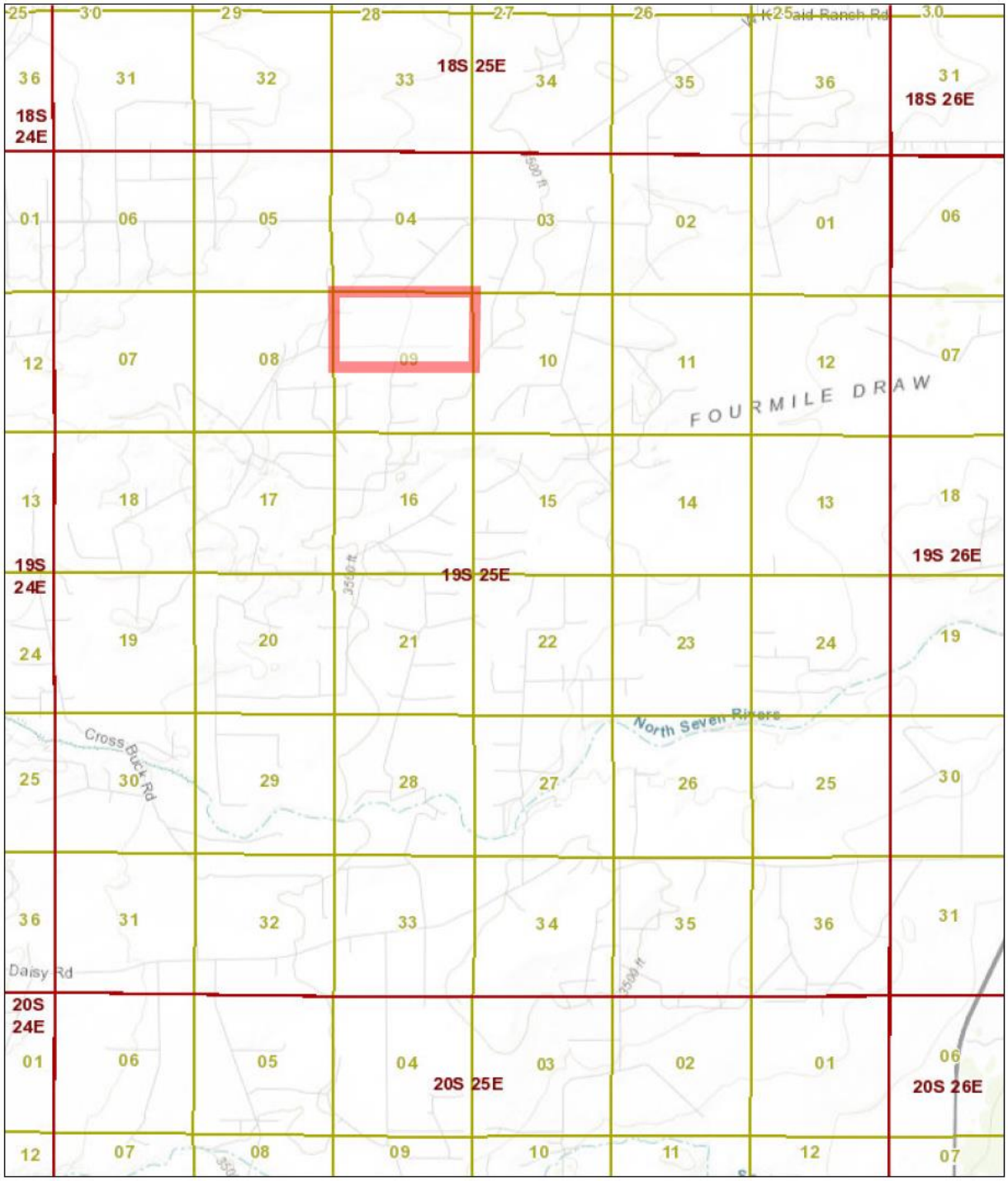
Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Penasco Draw SA-Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 Section 9, Township 19 South, Range 25 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells: a) Morrison Unit #101H well ("101H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; b) the Morrison Unit #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; c) the Morrison Unit #103H well ("103H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and d) the Morrison Unit #104H well ("104H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL. The 101H Well, 102H Well, 103H Well, and 104H Well are referred to collectively herein as the "Wells." The completed interval of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 20 miles South of Artesia, New Mexico.

TAB 4

EXHIBIT A-2
LOCATION MAP

Exhibit A-2
Proposed Morrison HSU
N2 Section 9, Township 19 South, Range 25 East, NMPM, Eddy County New Mexico

General Location Map



TAB 4

EXHIBIT A-3
MORRISON UNIT C102S

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 326830

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

1. Operator Name and Address	2. OGRID Number
Silverback Operating II, LLC IH10 West, Suite 201 San Antonio, TX 78257	330968
	3. API Number 30-015-50070

4. Property Code	5. Property Name	6. Well No.
333446	MORRISON	101H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	10	19S	25E		501	N	1330	W	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	9	19S	25E	D	340	N	100	W	Eddy

9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
New Well	OIL		Private	3502
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
N	8135	Yeso		11/30/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	1250	275	0
Prod	8.75	7	32	2808	190	0
Prod	8.75	5.5	20	8135	1443	2306

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	SHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.

Signature:

OIL CONSERVATION DIVISION

Printed Name:	Electronically filed by Matthew Alley	Approved By:	Katherine Pickford	
Title:	Chief Financial Officer	Title:	Geoscientist	
Email Address:	malley@silverbackexp.com	Approved Date:	10/18/2022	Expiration Date: 10/18/2024
Date:	10/13/2022 Phone: 303-513-0990	Conditions of Approval Attached		

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015 50070	50270	PENASCO DRAW; SA-YESO (ASSOC)

[4] Property Code	[5] Property Name	[6] Well Number
333446	MORRISON	101H

[7] OGRID No.	[8] Operator Name	[9] Elevation
330968	SILVERBACK OPERATING II, LLC	3,502'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	19-S	25-E		501'	NORTH	1,330'	WEST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	19-S	25-E		340'	NORTH	100'	WEST	EDDY

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.

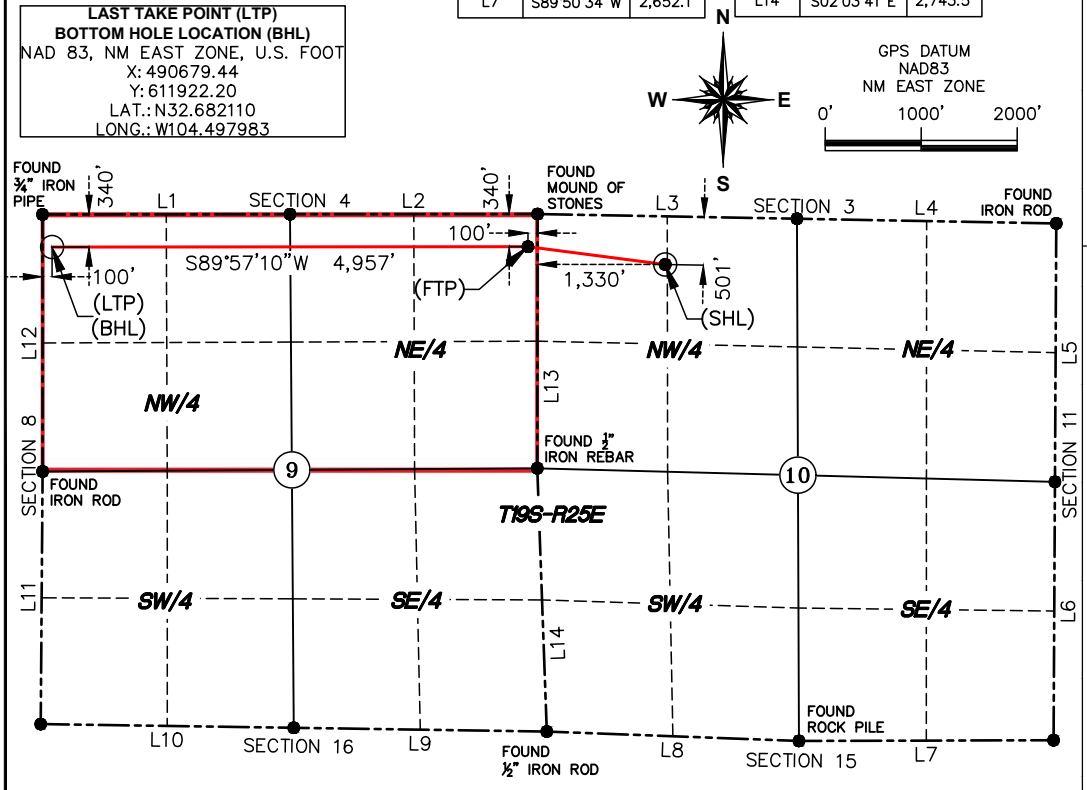
SURFACE HOLE LOCATION (SHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 497066.04
Y: 611740.80
LAT.: N32.681637
LONG.: W104.477225

FIRST TAKE POINT (FTP)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 495636.34
Y: 611926.28
LAT.: N32.682142
LONG.: W104.481872

LAST TAKE POINT (LTP)
BOTTOM HOLE LOCATION (BHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 490679.44
Y: 611922.20
LAT.: N32.682110
LONG.: W104.497983

LINE TABLE		
LINE #	BEARING	LENGTH
L1	N89°57'10"E	2,578.7'
L2	N89°57'10"E	2,578.7'
L3	S88°57'42"E	2,702.1'
L4	S88°57'42"E	2,702.1'
L5	S00°18'02"W	2,691.7'
L6	S00°18'02"W	2,691.7'
L7	S89°50'34"W	2,652.1'

LINE TABLE		
LINE #	BEARING	LENGTH
L8	N87°51'57"W	2,629.0'
L9	N89°09'15"W	2,636.1'
L10	N89°09'15"W	2,636.1'
L11	N00°25'30"E	2,631.3'
L12	N00°01'33"W	2,677.3'
L13	S00°03'37"W	2,648.9'
L14	S02°03'41"E	2,743.5'



[17] 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 unleased 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.

Fatma Abdallah 10/07/2022
Signature Date

Fatma Abdallah
Printed Name

fabdallah@silverbackexp.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/03/22
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW C. BISSETT
NEW MEXICO
20450
PROFESSIONAL SURVEYOR

20450
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 326830

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
Silverback Operating II, LLC [330968] IH10 West, Suite 201 San Antonio, TX 78257	30-015-50070
	Well: MORRISON #101H

OCD Reviewer	Condition
kpickford	Will require administrative order for non-standard spacing unit
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Will require a File As Drilled C-102 and a Directional Survey with the C-104
kpickford	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
kpickford	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
kpickford	Cement is required to circulate on both surface and intermediate1 strings of casing
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Silverback Operating II, LLC **OGRID:** 330968 **Date:** 10 / 10 / 2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
MORRISON 101H	30-015	D-10-19S-25E	501' N 1330' W	515	800	3,000
MORRISON 102H	30-015	D-10-19S-25E	521' N 1330' W	515	800	3,000

IV. Central Delivery Point Name: MORRISON CDP [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
MORRISON 101H	30-015	2/3/23	2/10/23	3/22/23	4/27/23	4/27/23
MORRISON 102H	30-015	2/12/23	2/20/23	3/22/23	4/27/23	4/27/23

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	Fatma Abdallah
Title:	Regulatory Manager
E-mail Address:	fabdallah@silverbackexp.com
Date:	10/10/2022
Phone:	210-585-3316

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Separation Equipment

Silverback Operating II (LLC) has sampled existing producing wells and performed laboratory testing to determine composition. Performance of existing producing wells was analyzed to predict expected production volumes including a low probably, high volume production case (approximately 75% higher than type curve or most likely amount of production). Production composition and the volumes were utilized as inputs to a process model which predicts relative amounts of gas, oil and water throughout the process. The high volume case was used to size equipment, piping and instrumentation. Equipment sizing is based on drop settlement and limits the amount of carry over to the gas phase.

Each well has a dedicated 3 phase separator and gas from that separator is taken directly to gas sales. Facility piping and pipeline were sized to allow peak volumes to flow with minimal pressure loss and deliver to midstream gatherer at an acceptable pressure. Water is conveyed directly to tankage.

Oil from 3 phase separators is comingled and conveyed to a heated separator for enhanced liquid-liquid separation and degassing. Vapors from the heater treater are routed to a Vapor Recovery Unit (VRU).

Oil and water storage tanks vapor outlets are common and utilize a closed vent vapor system to ensure all working & breathing and flashing losses are routed to the Vapor Recovery Unit (VRU) Site VRUs are sized to accommodate peak expected production volume. Flash volumes were estimated using the high volume case and process modeling software. Gas from the VRU outlet is combined with 1st stage separation gas and sent to sales.

Venting and Flaring

Silverback Operating II, LLC will ensure pipeline connectivity before producing hydrocarbons and will operate a closed vent vapor capture system that is designed to capture all associated and evolved gas during normal operation. Venting or flaring will only occur during start up and shut down, maintenance activities or equipment failure or upset. Silverback may utilize the following from list A-I of Section 3 for its operations to minimize flaring:

a) Power generation on lease – Natural gas driven gen set to produce power required to run supply well pad electrical loads

c) Compression on lease – gas lift or gas compression as required

d) Liquids removal on lease – gas pressure will be used to convey fluids as needed

Best Management Practices

Silverback utilizes automate engineering controls included in facility design to minimize venting and flaring. Additionally, operational best practices support minimization of flare and venting as described below.

If the main gas outlet becomes unavailable and pressure increases on the outlet sales line, produced gas will be routed directly to the facility flare. The facility control system will alert personnel to the need for maintenance and appropriate response to the temporary flaring event.

The facility design includes a closed vent vapor capture system to route flash or evolved from the heater treater and tanks to the Vapor Recovery Unit (VRU) Compressor. If the VRU requires planned or unplanned maintenance, vapors will automatically be routed to the facility flare.

For maintenance activities, Silverback will utilize the facility flare to blowdown equipment and piping whenever practical to minimize venting

Silverback Exploration

SILVERBACK EXPLORATION

Morrison 101H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

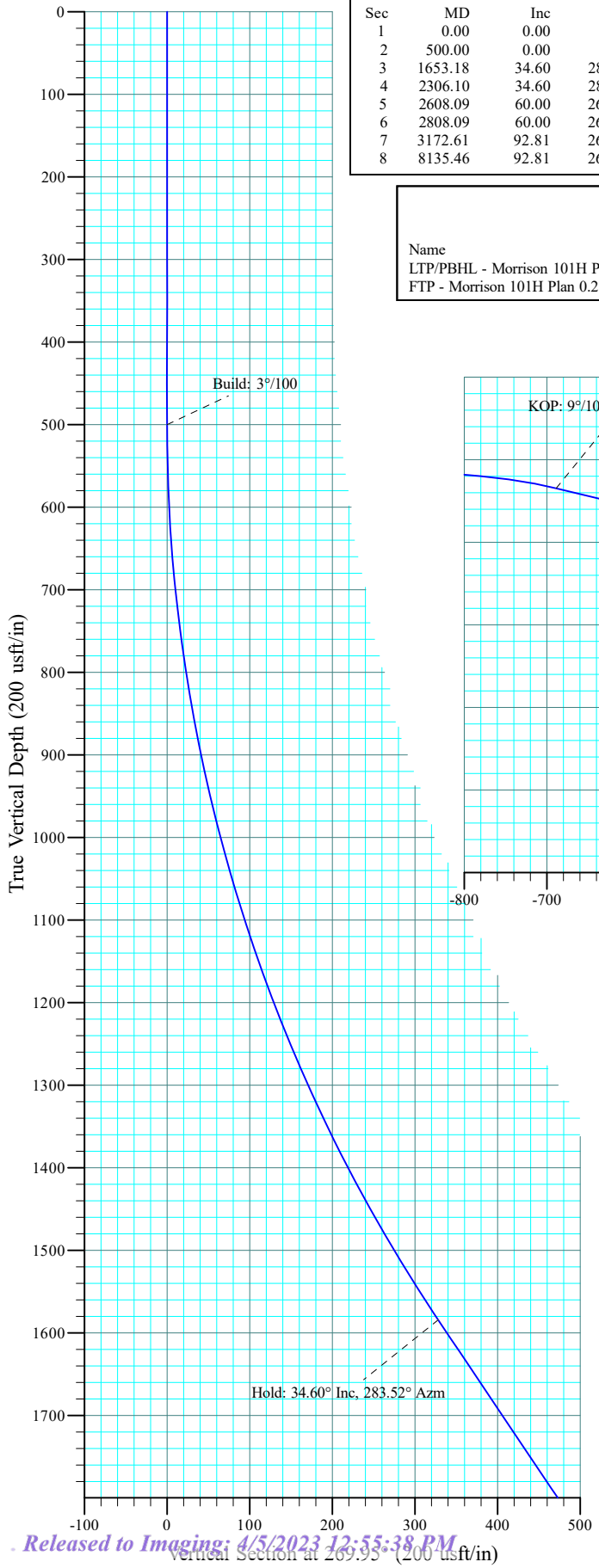
Aim Directional Services

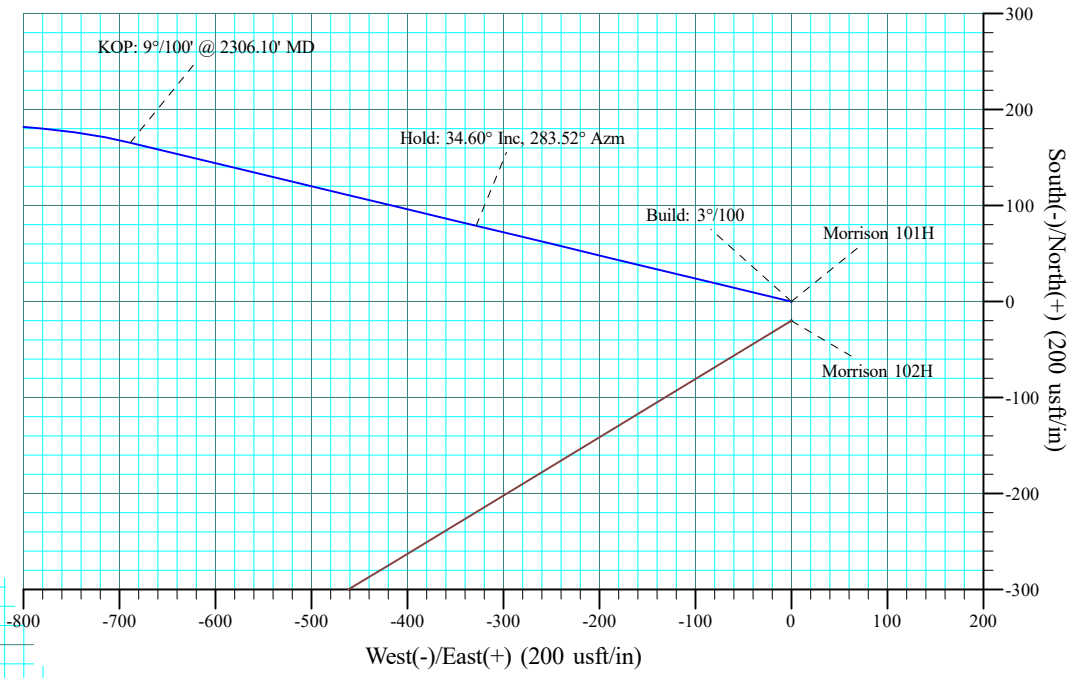
SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00	
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00	Build: 3°/100
3	1653.18	34.60	283.52	1584.37	78.94	-328.34	3.000	283.52	328.27	Hold: 34.60° Inc, 283.52° Azm
4	2306.10	34.60	283.52	2121.85	165.60	-688.79	0.000	0.00	688.64	KOP: 9°/100' @ 2306.10' MD
5	2608.09	60.00	269.95	2325.47	185.91	-907.01	9.000	-26.40	906.85	Hold: 60.00° Inc, 269.95° Azm
6	2808.09	60.00	269.95	2425.47	185.77	-1080.22	0.000	0.00	1080.06	Build: 9°/100
7	3172.61	92.81	269.95	2510.00	185.48	-1429.70	9.000	0.00	1429.54	LP/Hold: 92.81° Inc, 269.95° Azm
8	8135.46	92.81	269.95	2267.00	181.40	-6386.60	0.000	0.00	6386.44	PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 101H Plan 0.2	2267.00	181.40	-6386.60	611922.20	490679.44	32° 40' 55.597 N	104° 29' 52.740 W
FTP - Morrison 101H Plan 0.2	2510.00	185.48	-1429.70	611926.28	495636.34	32° 40' 55.710 N	104° 28' 54.740 W





PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

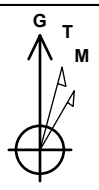
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

System Datum: Mean Sea Level

SITE DETAILS: Morrison 101H

Site Centre Northing: 611740.80
Easting: 497066.04

Positional Uncertainity: 0.00
Convergence: -0.08
Local North: Grid



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.3nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD

Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 101H - Plan 0.2 - Int.wpc

Silverback Exploration

Morrison 101H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

SILVERBACK EXPLORATION

Aim Directional Services

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00		
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00		Build: 3°/100
3	1653.18	34.60	283.52	1584.37	78.94	-328.34	3.000	283.52	328.27		Hold: 34.60° Inc, 283.52° Azm
4	2306.10	34.60	283.52	2121.85	165.60	-688.79	0.000	0.00	688.64		KOP: 9°/100' @ 2306.10' MD
5	2608.09	60.00	269.95	2325.47	185.91	-907.01	9.000	-26.40	906.85		Hold: 60.00° Inc, 269.95° Azm
6	2808.09	60.00	269.95	2425.47	185.77	-1080.22	0.000	0.00	1080.06		Build: 9°/100
7	3172.61	92.81	269.95	2510.00	185.48	-1429.70	9.000	0.00	1429.54	FTP - Morrison 101H Plan 0.2	LP/Hold: 92.81° Inc, 269.95° Azm
8	8135.46	92.81	269.95	2267.00	181.40	-6386.60	0.000	0.00	6386.44	LTP/PBHL - Morrison 101H Plan 0.2	PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 101H Plan 0.2	22267.00	181.40	-6386.60	611922.20	490679.44	32° 40' 55.597 N	104° 29' 52.740 W
FTP - Morrison 101H Plan 0.2	2510.00	185.48	-1429.70	611926.28	495636.34	32° 40' 55.710 N	104° 28' 54.740 W

SITE DETAILS: Morrison 101H

Site Centre Northing: 611740.80
Easting: 497066.04

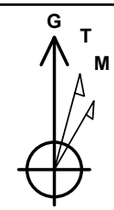
Positional Uncertainty: 0.00
Convergence: -0.08
Local North: Grid

PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

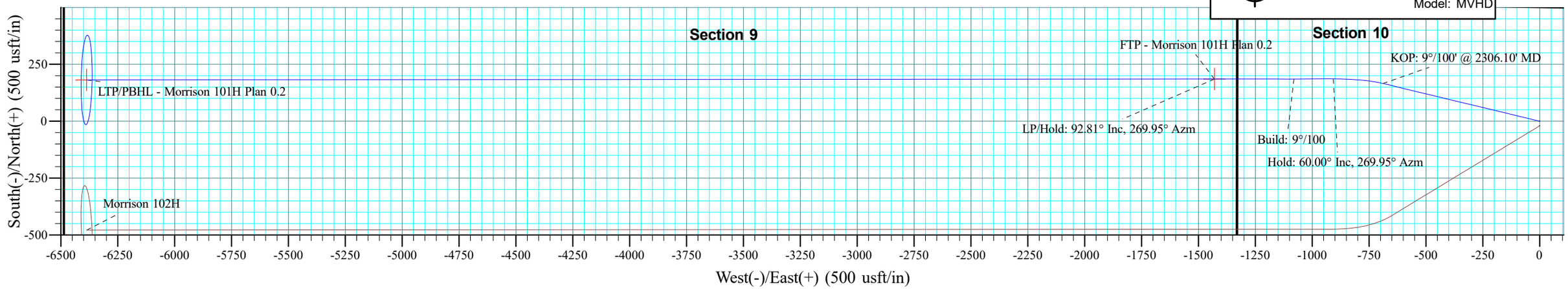
System Datum: Mean Sea Level

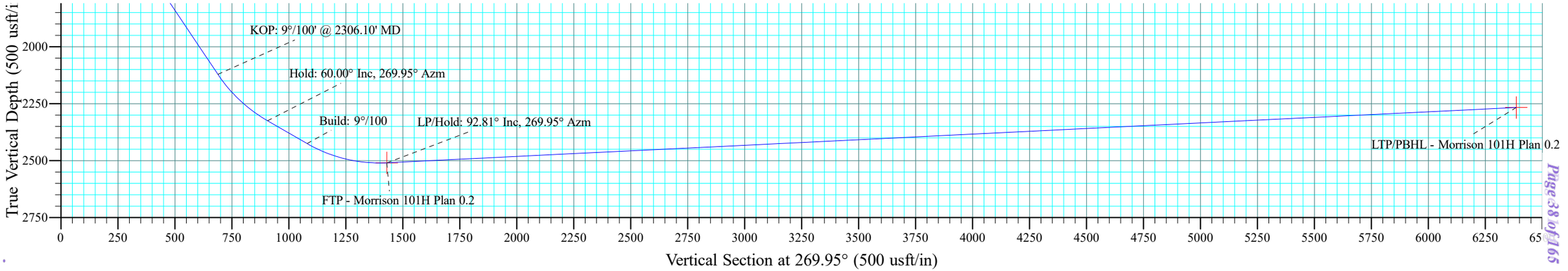
Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 101H - Plan 0.2.wpc



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.3nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD





Silverback Exploration

Eddy County, NM (NAD 83 NME)
Morrison 101H
Morrison 101H

Planning

Plan: Plan 0.2

Standard Planning Report

04 October, 2022

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 101H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 101H	**North Reference:**	Grid
Well:	Morrison 101H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Project Eddy County, NM (NAD 83 NME)

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Morrison 101H

Site Position:		**Northing:**	611,740.80 usft	**Latitude:**	32° 40' 53.894 N
From:	Map	**Easting:**	497,066.04 usft	**Longitude:**	104° 28' 38.009 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	-0.08 °

Well Morrison 101H

Well Position	**+N/-S**	0.00 usft	**Northing:**	611,740.80 usft	**Latitude:**	32° 40' 53.894 N
	+E/-W	0.00 usft	**Easting:**	497,066.04 usft	**Longitude:**	104° 28' 38.009 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**		**Ground Level:**	3,502.00 usft

Wellbore Planning

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	MVHD	11/4/2022	6.93	60.32	47,687.339

Design Plan 0.2

Audit Notes:

Version:	**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	269.95

Plan Survey Tool Program **Date** 10/4/2022

	Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	8,135.46	Plan 0.2 (Planning)	MWD+HRGM	
				OWSG MWD + HRGM	

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.00	
500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.000	0.000	0.00	
1,653.18	34.60	283.52	1,584.37	78.94	-328.34	3.000	3.000	0.000	283.52	
2,306.10	34.60	283.52	2,121.85	165.60	-688.79	0.000	0.000	0.000	0.00	
2,608.09	60.00	269.95	2,325.47	185.91	-907.01	9.000	8.412	-4.492	-26.40	
2,808.09	60.00	269.95	2,425.47	185.77	-1,080.22	0.000	0.000	0.000	0.00	
3,172.61	92.81	269.95	2,510.00	185.48	-1,429.70	9.000	9.000	0.000	0.00	FTP - Morrison 101
8,135.46	92.81	269.95	2,267.00	181.40	-6,386.60	0.000	0.000	0.000	0.00	LTP/PBHL - Morrisc

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 101H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 101H	**North Reference:**	Grid
Well:	Morrison 101H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.000	0.000	0.000
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.000	0.000	0.000
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.000	0.000	0.000
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.000	0.000	0.000
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.000	0.000	0.000
Build: 3°/100									
600.00	3.00	283.52	599.95	0.61	-2.54	2.54	3.000	3.000	0.000
700.00	6.00	283.52	699.63	2.45	-10.17	10.17	3.000	3.000	0.000
800.00	9.00	283.52	798.77	5.50	-22.86	22.86	3.000	3.000	0.000
900.00	12.00	283.52	897.08	9.76	-40.58	40.57	3.000	3.000	0.000
1,000.00	15.00	283.52	994.31	15.21	-63.27	63.26	3.000	3.000	0.000
1,100.00	18.00	283.52	1,090.18	21.85	-90.89	90.87	3.000	3.000	0.000
1,200.00	21.00	283.52	1,184.43	29.65	-123.34	123.31	3.000	3.000	0.000
1,300.00	24.00	283.52	1,276.81	38.60	-160.54	160.51	3.000	3.000	0.000
1,400.00	27.00	283.52	1,367.06	48.66	-202.40	202.35	3.000	3.000	0.000
1,500.00	30.00	283.52	1,454.93	59.81	-248.78	248.73	3.000	3.000	0.000
1,600.00	33.00	283.52	1,540.18	72.02	-299.58	299.52	3.000	3.000	0.000
1,653.18	34.60	283.52	1,584.37	78.94	-328.34	328.27	3.000	3.000	0.000
Hold: 34.60° Inc, 283.52° Azm									
1,700.00	34.60	283.52	1,622.92	85.15	-354.19	354.11	0.000	0.000	0.000
1,800.00	34.60	283.52	1,705.23	98.42	-409.39	409.31	0.000	0.000	0.000
1,900.00	34.60	283.52	1,787.55	111.70	-464.60	464.50	0.000	0.000	0.000
2,000.00	34.60	283.52	1,869.87	124.97	-519.80	519.69	0.000	0.000	0.000
2,100.00	34.60	283.52	1,952.19	138.24	-575.01	574.89	0.000	0.000	0.000
2,200.00	34.60	283.52	2,034.51	151.51	-630.21	630.08	0.000	0.000	0.000
2,306.10	34.60	283.52	2,121.85	165.60	-688.79	688.64	0.000	0.000	0.000
KOP: 9°/100' @ 2306.10' MD									
2,350.00	38.17	280.68	2,157.19	171.02	-714.24	714.09	9.000	8.142	-6.474
2,400.00	42.31	277.95	2,195.35	176.22	-746.11	745.96	9.000	8.282	-5.459
2,450.00	46.51	275.62	2,231.06	180.32	-780.84	780.69	9.000	8.392	-4.650
2,500.00	50.74	273.60	2,264.10	183.31	-818.23	818.07	9.000	8.474	-4.042
2,550.00	55.01	271.81	2,294.27	185.18	-858.04	857.88	9.000	8.536	-3.579
2,600.00	59.30	270.20	2,321.39	185.90	-900.03	899.87	9.000	8.583	-3.223
2,608.09	60.00	269.95	2,325.47	185.91	-907.01	906.85	9.000	8.606	-3.052
Hold: 60.00° Inc, 269.95° Azm									
2,700.00	60.00	269.95	2,371.43	185.84	-986.61	986.45	0.000	0.000	0.000
2,808.09	60.00	269.95	2,425.47	185.77	-1,080.22	1,080.06	0.000	0.000	0.000
Build: 9°/100									
2,850.00	63.77	269.95	2,445.22	185.74	-1,117.18	1,117.02	9.000	9.000	0.000
2,900.00	68.27	269.95	2,465.53	185.70	-1,162.85	1,162.69	9.000	9.000	0.000
2,950.00	72.77	269.95	2,482.20	185.66	-1,209.98	1,209.82	9.000	9.000	0.000
3,000.00	77.27	269.95	2,495.12	185.62	-1,258.27	1,258.10	9.000	9.000	0.000
3,050.00	81.77	269.95	2,504.21	185.58	-1,307.42	1,307.26	9.000	9.000	0.000
3,100.00	86.27	269.95	2,509.42	185.54	-1,357.14	1,356.97	9.000	9.000	0.000
3,150.00	90.77	269.95	2,510.71	185.50	-1,407.11	1,406.94	9.000	9.000	0.000
3,172.61	92.81	269.95	2,510.00	185.48	-1,429.70	1,429.54	9.000	9.000	0.000
LP/Hold: 92.81° Inc, 269.95° Azm									
3,200.00	92.81	269.95	2,508.66	185.46	-1,457.06	1,456.90	0.000	0.000	0.000
3,300.00	92.81	269.95	2,503.76	185.38	-1,556.94	1,556.78	0.000	0.000	0.000
3,400.00	92.81	269.95	2,498.87	185.29	-1,656.82	1,656.66	0.000	0.000	0.000
3,500.00	92.81	269.95	2,493.97	185.21	-1,756.70	1,756.54	0.000	0.000	0.000
3,600.00	92.81	269.95	2,489.07	185.13	-1,856.58	1,856.42	0.000	0.000	0.000

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 101H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 101H	**North Reference:**	Grid
Well:	Morrison 101H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,700.00	92.81	269.95	2,484.18	185.05	-1,956.46	1,956.30	0.000	0.000	0.000
3,800.00	92.81	269.95	2,479.28	184.96	-2,056.34	2,056.18	0.000	0.000	0.000
3,900.00	92.81	269.95	2,474.38	184.88	-2,156.22	2,156.06	0.000	0.000	0.000
4,000.00	92.81	269.95	2,469.49	184.80	-2,256.10	2,255.94	0.000	0.000	0.000
4,100.00	92.81	269.95	2,464.59	184.72	-2,355.98	2,355.82	0.000	0.000	0.000
4,200.00	92.81	269.95	2,459.69	184.64	-2,455.86	2,455.70	0.000	0.000	0.000
4,300.00	92.81	269.95	2,454.80	184.55	-2,555.74	2,555.58	0.000	0.000	0.000
4,400.00	92.81	269.95	2,449.90	184.47	-2,655.62	2,655.46	0.000	0.000	0.000
4,500.00	92.81	269.95	2,445.01	184.39	-2,755.50	2,755.34	0.000	0.000	0.000
4,600.00	92.81	269.95	2,440.11	184.31	-2,855.38	2,855.22	0.000	0.000	0.000
4,700.00	92.81	269.95	2,435.21	184.22	-2,955.26	2,955.10	0.000	0.000	0.000
4,800.00	92.81	269.95	2,430.32	184.14	-3,055.14	3,054.98	0.000	0.000	0.000
4,900.00	92.81	269.95	2,425.42	184.06	-3,155.02	3,154.86	0.000	0.000	0.000
5,000.00	92.81	269.95	2,420.52	183.98	-3,254.90	3,254.74	0.000	0.000	0.000
5,100.00	92.81	269.95	2,415.63	183.90	-3,354.78	3,354.62	0.000	0.000	0.000
5,200.00	92.81	269.95	2,410.73	183.81	-3,454.66	3,454.50	0.000	0.000	0.000
5,300.00	92.81	269.95	2,405.83	183.73	-3,554.54	3,554.38	0.000	0.000	0.000
5,400.00	92.81	269.95	2,400.94	183.65	-3,654.42	3,654.26	0.000	0.000	0.000
5,500.00	92.81	269.95	2,396.04	183.57	-3,754.30	3,754.14	0.000	0.000	0.000
5,600.00	92.81	269.95	2,391.15	183.48	-3,854.18	3,854.02	0.000	0.000	0.000
5,700.00	92.81	269.95	2,386.25	183.40	-3,954.06	3,953.90	0.000	0.000	0.000
5,800.00	92.81	269.95	2,381.35	183.32	-4,053.94	4,053.78	0.000	0.000	0.000
5,900.00	92.81	269.95	2,376.46	183.24	-4,153.82	4,153.66	0.000	0.000	0.000
6,000.00	92.81	269.95	2,371.56	183.16	-4,253.70	4,253.54	0.000	0.000	0.000
6,100.00	92.81	269.95	2,366.66	183.07	-4,353.58	4,353.42	0.000	0.000	0.000
6,200.00	92.81	269.95	2,361.77	182.99	-4,453.46	4,453.30	0.000	0.000	0.000
6,300.00	92.81	269.95	2,356.87	182.91	-4,553.34	4,553.18	0.000	0.000	0.000
6,400.00	92.81	269.95	2,351.97	182.83	-4,653.22	4,653.06	0.000	0.000	0.000
6,500.00	92.81	269.95	2,347.08	182.74	-4,753.10	4,752.94	0.000	0.000	0.000
6,600.00	92.81	269.95	2,342.18	182.66	-4,852.98	4,852.82	0.000	0.000	0.000
6,700.00	92.81	269.95	2,337.29	182.58	-4,952.86	4,952.70	0.000	0.000	0.000
6,800.00	92.81	269.95	2,332.39	182.50	-5,052.74	5,052.58	0.000	0.000	0.000
6,900.00	92.81	269.95	2,327.49	182.42	-5,152.62	5,152.46	0.000	0.000	0.000
7,000.00	92.81	269.95	2,322.60	182.33	-5,252.50	5,252.34	0.000	0.000	0.000
7,100.00	92.81	269.95	2,317.70	182.25	-5,352.38	5,352.22	0.000	0.000	0.000
7,200.00	92.81	269.95	2,312.80	182.17	-5,452.26	5,452.10	0.000	0.000	0.000
7,300.00	92.81	269.95	2,307.91	182.09	-5,552.14	5,551.98	0.000	0.000	0.000
7,400.00	92.81	269.95	2,303.01	182.00	-5,652.02	5,651.86	0.000	0.000	0.000
7,500.00	92.81	269.95	2,298.11	181.92	-5,751.90	5,751.74	0.000	0.000	0.000
7,600.00	92.81	269.95	2,293.22	181.84	-5,851.78	5,851.62	0.000	0.000	0.000
7,700.00	92.81	269.95	2,288.32	181.76	-5,951.66	5,951.50	0.000	0.000	0.000
7,800.00	92.81	269.95	2,283.43	181.68	-6,051.54	6,051.38	0.000	0.000	0.000
7,900.00	92.81	269.95	2,278.53	181.59	-6,151.42	6,151.26	0.000	0.000	0.000
8,000.00	92.81	269.95	2,273.63	181.51	-6,251.30	6,251.14	0.000	0.000	0.000
8,100.00	92.81	269.95	2,268.74	181.43	-6,351.18	6,351.02	0.000	0.000	0.000
8,135.46	92.81	269.95	2,267.00	181.40	-6,386.60	6,386.44	0.000	0.000	0.000
PBHL									

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 101H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 101H	**North Reference:**	Grid
Well:	Morrison 101H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
LTP/PBHL - Morrison - plan hits target center - Point	0.00	360.00	2,267.00	181.40	-6,386.60	611,922.20	490,679.44	32° 40' 55.597 N	104° 29' 52.740 W
FTP - Morrison 101H - plan hits target center - Point	0.00	0.00	2,510.00	185.48	-1,429.70	611,926.28	495,636.34	32° 40' 55.710 N	104° 28' 54.740 W

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
500.00	500.00	0.00	0.00	Build: 3°/100
1,653.18	1,584.37	78.94	-328.34	Hold: 34.60° Inc, 283.52° Azm
2,306.10	2,121.85	165.60	-688.79	KOP: 9°/100' @ 2306.10' MD
2,608.09	2,325.47	185.91	-907.01	Hold: 60.00° Inc, 269.95° Azm
2,808.09	2,425.47	185.77	-1,080.22	Build: 9°/100
3,172.61	2,510.00	185.48	-1,429.70	LP/Hold: 92.81° Inc, 269.95° Azm
8,135.46	2,267.00	181.40	-6,386.60	PBHL

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 326890

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

1. Operator Name and Address	2. OGRID Number
Silverback Operating II, LLC IH10 West, Suite 201 San Antonio, TX 78257	330968
	3. API Number 30-015-50071

4. Property Code	5. Property Name	6. Well No.
333446	MORRISON	102H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	10	19S	25E		521	N	1330	W	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
D	9	19S	25E	D	1000	N	100	W	Eddy

9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
New Well	OIL		Private	3502
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
N	8233	Yeso		11/30/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	1250	275	0
Prod	8.75	7	32	2903	196	0
Prod	8.75	5.5	20	8233	1443	2349

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	SHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief. **I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.** Signature:		**OIL CONSERVATION DIVISION**		
Printed Name:	Electronically filed by Matthew Alley	Approved By:	Katherine Pickford	
Title:	Chief Financial Officer	Title:	Geoscientist	
Email Address:	malley@silverbackexp.com	Approved Date:	10/18/2022	Expiration Date: 10/18/2024
Date:	10/13/2022 Phone: 303-513-0990	Conditions of Approval Attached		

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
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811 S. First St., Artesia, NM 88210
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District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015 50071	50270	PENASCO DRAW; SA-YESO (ASSOC)

[4] Property Code	[5] Property Name	[6] Well Number
333446	MORRISON	102H

[7] OGRID No.	[8] Operator Name	[9] Elevation
330968	SILVERBACK OPERATING II, LLC	3,502'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	10	19-S	25-E		521'	NORTH	1,330'	WEST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	9	19-S	25-E		1,000'	NORTH	100'	WEST	EDDY

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.

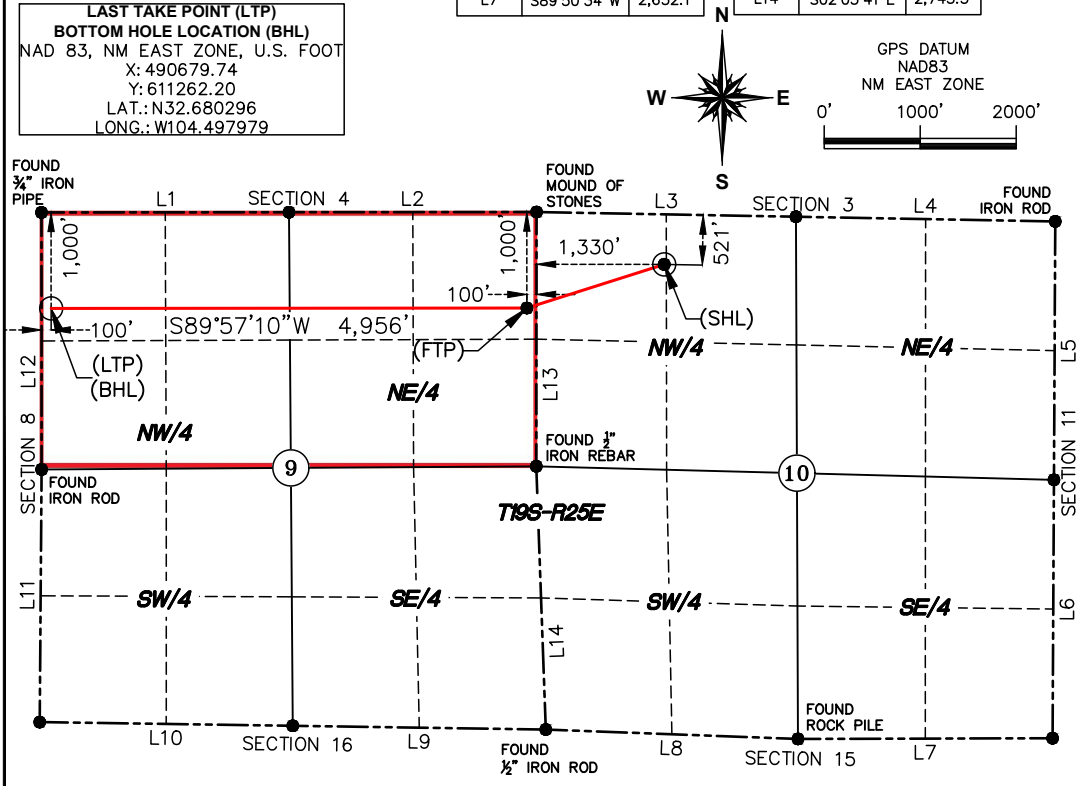
SURFACE HOLE LOCATION (SHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 497066.04
Y: 611720.80
LAT.: N32.681582
LONG.: W104.477225

FIRST TAKE POINT (FTP)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 495635.64
Y: 611266.28
LAT.: N32.680327
LONG.: W104.481872

LAST TAKE POINT (LTP)
BOTTOM HOLE LOCATION (BHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 490679.74
Y: 611262.20
LAT.: N32.680296
LONG.: W104.497979

LINE TABLE		
LINE #	BEARING	LENGTH
L1	N89°57'10"E	2,578.7'
L2	N89°57'10"E	2,578.7'
L3	S88°57'42"E	2,702.1'
L4	S88°57'42"E	2,702.1'
L5	S00°18'02"W	2,691.7'
L6	S00°18'02"W	2,691.7'
L7	S89°50'34"W	2,652.1'

LINE TABLE		
LINE #	BEARING	LENGTH
L8	N87°51'57"W	2,629.0'
L9	N89°09'15"W	2,636.1'
L10	N89°09'15"W	2,636.1'
L11	N00°25'30"E	2,631.3'
L12	N00°01'33"W	2,677.3'
L13	S00°03'37"W	2,648.9'
L14	S02°03'41"E	2,743.5'



[17] 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 unleased 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.

Fatma Abdallah 10/07/2022
Signature Date

Fatma Abdallah
Printed Name

fabdallah@silverbackexp.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/03/22
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW C. BISSETT NEW MEXICO 20450 PROFESSIONAL SURVEYOR

20450
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 326890

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
Silverback Operating II, LLC [330968] IH10 West, Suite 201 San Antonio, TX 78257	30-015-50071
	Well: MORRISON #102H

OCD Reviewer	Condition
kpickford	Will require administrative order for non-standard spacing unit
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Will require a File As Drilled C-102 and a Directional Survey with the C-104
kpickford	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
kpickford	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
kpickford	Cement is required to circulate on both surface and intermediate1 strings of casing
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Silverback Operating II, LLC **OGRID:** 330968 **Date:** 10 / 10 / 2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
MORRISON 101H	30-015	D-10-19S-25E	501' N 1330' W	515	800	3,000
MORRISON 102H	30-015	D-10-19S-25E	521' N 1330' W	515	800	3,000

IV. Central Delivery Point Name: MORRISON CDP [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
MORRISON 101H	30-015	2/3/23	2/10/23	3/22/23	4/27/23	4/27/23
MORRISON 102H	30-015	2/12/23	2/20/23	3/22/23	4/27/23	4/27/23

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	Fatma Abdallah
Title:	Regulatory Manager
E-mail Address:	fabdallah@silverbackexp.com
Date:	10/10/2022
Phone:	210-585-3316

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Separation Equipment

Silverback Operating II (LLC) has sampled existing producing wells and performed laboratory testing to determine composition. Performance of existing producing wells was analyzed to predict expected production volumes including a low probably, high volume production case (approximately 75% higher than type curve or most likely amount of production). Production composition and the volumes were utilized as inputs to a process model which predicts relative amounts of gas, oil and water throughout the process. The high volume case was used to size equipment, piping and instrumentation. Equipment sizing is based on drop settlement and limits the amount of carry over to the gas phase.

Each well has a dedicated 3 phase separator and gas from that separator is taken directly to gas sales. Facility piping and pipeline were sized to allow peak volumes to flow with minimal pressure loss and deliver to midstream gatherer at an acceptable pressure. Water is conveyed directly to tankage.

Oil from 3 phase separators is comingled and conveyed to a heated separator for enhanced liquid-liquid separation and degassing. Vapors from the heater treater are routed to a Vapor Recovery Unit (VRU).

Oil and water storage tanks vapor outlets are common and utilize a closed vent vapor system to ensure all working & breathing and flashing losses are routed to the Vapor Recovery Unit (VRU) Site VRUs are sized to accommodate peak expected production volume. Flash volumes were estimated using the high volume case and process modeling software. Gas from the VRU outlet is combined with 1st stage separation gas and sent to sales.

Venting and Flaring

Silverback Operating II, LLC will ensure pipeline connectivity before producing hydrocarbons and will operate a closed vent vapor capture system that is designed to capture all associated and evolved gas during normal operation. Venting or flaring will only occur during start up and shut down, maintenance activities or equipment failure or upset. Silverback may utilize the following from list A-I of Section 3 for its operations to minimize flaring:

a) Power generation on lease – Natural gas driven gen set to produce power required to run supply well pad electrical loads

c) Compression on lease – gas lift or gas compression as required

d) Liquids removal on lease – gas pressure will be used to convey fluids as needed

Best Management Practices

Silverback utilizes automate engineering controls included in facility design to minimize venting and flaring. Additionally, operational best practices support minimization of flare and venting as described below.

If the main gas outlet becomes unavailable and pressure increases on the outlet sales line, produced gas will be routed directly to the facility flare. The facility control system will alert personnel to the need for maintenance and appropriate response to the temporary flaring event.

The facility design includes a closed vent vapor capture system to route flash or evolved from the heater treater and tanks to the Vapor Recovery Unit (VRU) Compressor. If the VRU requires planned or unplanned maintenance, vapors will automatically be routed to the facility flare.

For maintenance activities, Silverback will utilize the facility flare to blowdown equipment and piping whenever practical to minimize venting

Silverback Exploration

SILVERBACK EXPLORATION

Morrison 102H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

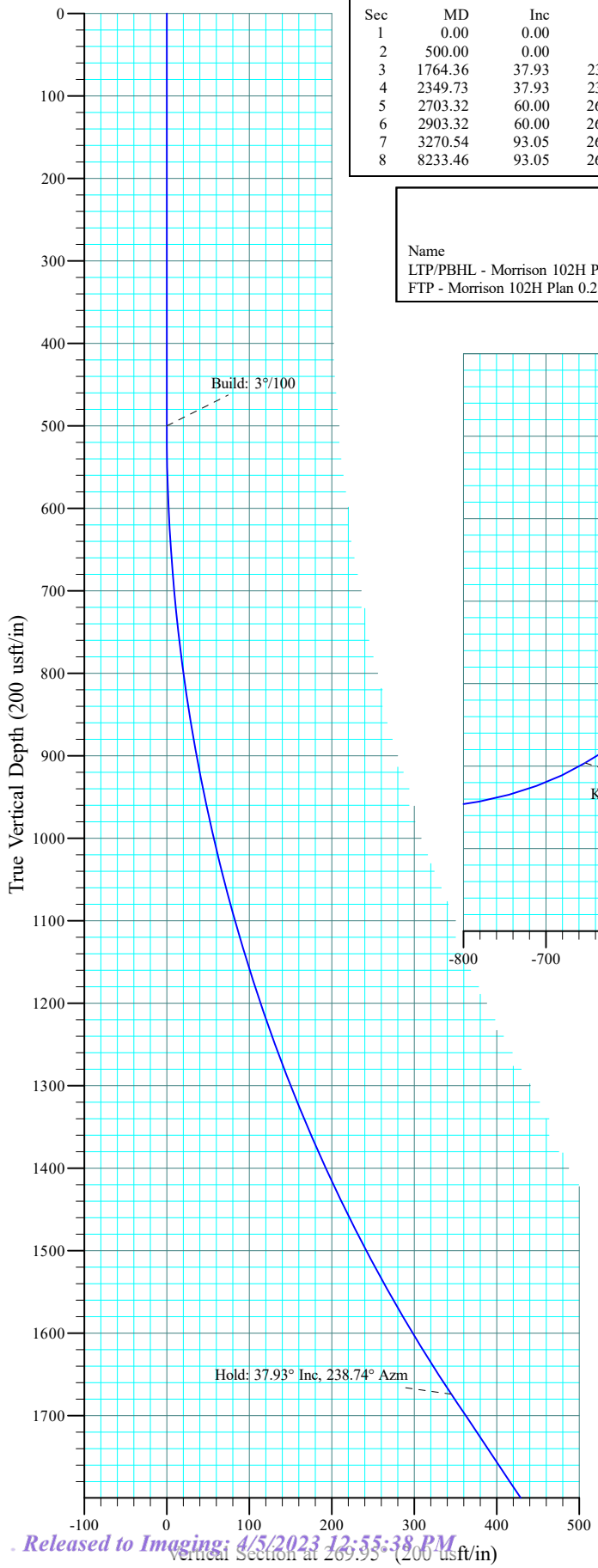
Aim Directional Services

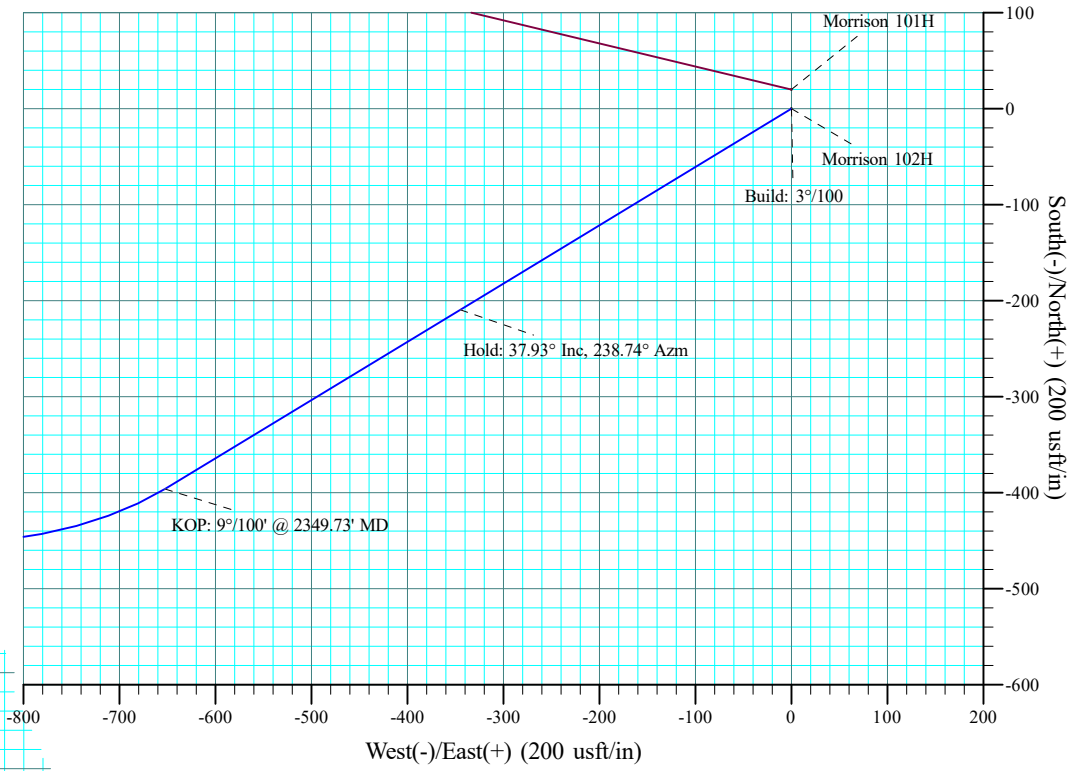
SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00	
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00	Build: 3°/100
3	1764.36	37.93	238.74	1674.01	-209.35	-344.89	3.000	238.74	345.07	Hold: 37.93° Inc, 238.74° Azm
4	2349.73	37.93	238.74	2135.72	-396.07	-652.49	0.000	0.00	652.83	KOP: 9°/100' @ 2349.73' MD
5	2703.32	60.00	269.95	2369.61	-454.09	-905.02	9.000	58.33	905.42	Hold: 60.00° Inc, 269.95° Azm
6	2903.32	60.00	269.95	2469.61	-454.23	-1078.23	0.000	0.00	1078.62	Build: 9°/100
7	3270.54	93.05	269.95	2554.00	-454.52	-1430.40	9.000	0.00	1430.80	LP/Hold: 93.05° Inc, 269.95° Azm
8	8233.46	93.05	269.95	2290.00	-458.60	-6386.30	0.000	0.00	6386.70	PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 102H Plan 0.2	2290.00	-458.60	-6386.30	611262.20	490679.74	32° 40' 49.066 N	104° 29' 52.724 W
FTP - Morrison 102H Plan 0.2	2554.00	-454.52	-1430.40	611266.28	495635.64	32° 40' 49.179 N	104° 28' 54.738 W





PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

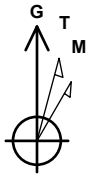
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

System Datum: Mean Sea Level

SITE DETAILS: Morrison 102H

Site Centre Northing: 611720.80
Easting: 497066.04

Positional Uncertainity: 0.00
Convergence: -0.08
Local North: Grid



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.3nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD

Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 102H - Plan 0.2 - Int.wpc

Silverback Exploration

Morrison 102H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

SILVERBACK EXPLORATION

Aim Directional Services

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00		
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00		Build: 3°/100
3	1764.36	37.93	238.74	1674.01	-209.35	-344.89	3.000	238.74	345.07		Hold: 37.93° Inc, 238.74° Azm
4	2349.73	37.93	238.74	2135.72	-396.07	-652.49	0.000	0.00	652.83		KOP: 9°/100' @ 2349.73' MD
5	2703.32	60.00	269.95	2369.61	-454.09	-905.02	9.000	58.33	905.42		Hold: 60.00° Inc, 269.95° Azm
6	2903.32	60.00	269.95	2469.61	-454.23	-1078.23	0.000	0.00	1078.62		Build: 9°/100
7	3270.54	93.05	269.95	2554.00	-454.52	-1430.40	9.000	0.00	1430.80	FTP - Morrison 102H Plan 0.2	LP/Hold: 93.05° Inc, 269.95° Azm
8	8233.46	93.05	269.95	2290.00	-458.60	-6386.30	0.000	0.00	6386.70	LTP/PBHL - Morrison 102H Plan 0.2	LTP/PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 102H Plan 0.2	22290.00	-458.60	-6386.30	611262.20	490679.74	32° 40' 49.066 N	104° 29' 52.724 W
FTP - Morrison 102H Plan 0.2	2554.00	-454.52	-1430.40	611266.28	495635.64	32° 40' 49.179 N	104° 28' 54.738 W

SITE DETAILS: Morrison 102H

Site Centre Northing: 611720.80
Easting: 497066.04

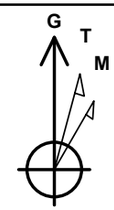
Positional Uncertainity: 0.00
Convergence: -0.08
Local North: Grid

PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

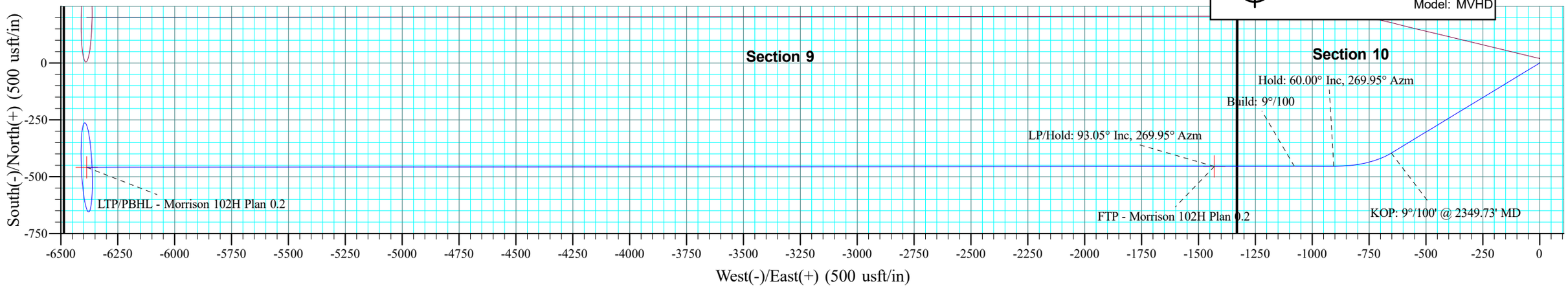
System Datum: Mean Sea Level

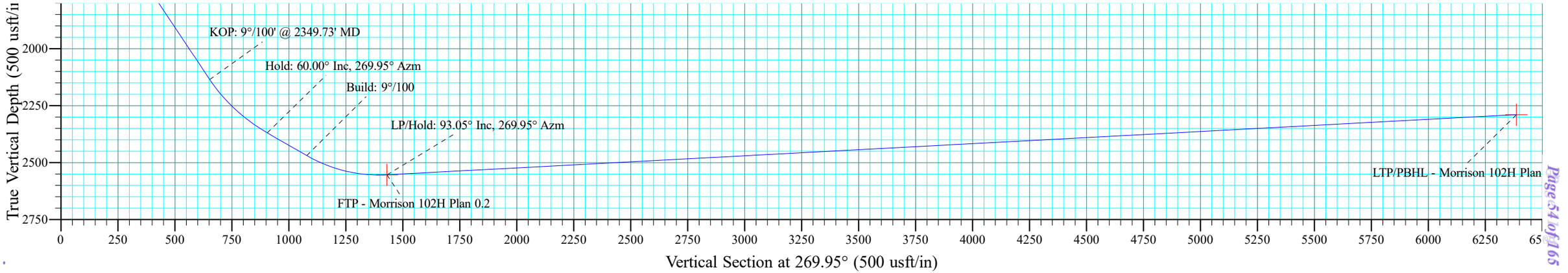
Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 102H - Plan 0.2.wpc



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.3nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD





Silverback Exploration

Eddy County, NM (NAD 83 NME)
Morrison 102H
Morrison 102H

Planning

Plan: Plan 0.2

Standard Planning Report

04 October, 2022

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 102H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 102H	**North Reference:**	Grid
Well:	Morrison 102H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Project Eddy County, NM (NAD 83 NME)

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Morrison 102H

Site Position:		**Northing:**	611,720.80 usft	**Latitude:**	32° 40' 53.696 N
From:	Map	**Easting:**	497,066.04 usft	**Longitude:**	104° 28' 38.008 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	-0.08 °

Well Morrison 102H

Well Position	**+N/-S**	0.00 usft	**Northing:**	611,720.80 usft	**Latitude:**	32° 40' 53.696 N
	+E/-W	0.00 usft	**Easting:**	497,066.04 usft	**Longitude:**	104° 28' 38.008 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**		**Ground Level:**	3,502.00 usft

Wellbore Planning

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	MVHD	11/4/2022	6.93	60.32	47,687.339

Design Plan 0.2

Audit Notes:

Version:	**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	269.95

Plan Survey Tool Program **Date** 10/4/2022

	Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	8,233.46	Plan 0.2 (Planning)	MWD+HRGM	
				OWSG MWD + HRGM	

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.00	
500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.000	0.000	0.00	
1,764.36	37.93	238.74	1,674.01	-209.35	-344.89	3.000	3.000	0.000	238.74	
2,349.73	37.93	238.74	2,135.72	-396.07	-652.49	0.000	0.000	0.000	0.00	
2,703.32	60.00	269.95	2,369.61	-454.09	-905.02	9.000	6.241	8.827	58.33	
2,903.32	60.00	269.95	2,469.61	-454.23	-1,078.23	0.000	0.000	0.000	0.00	
3,270.54	93.05	269.95	2,554.00	-454.52	-1,430.40	9.000	9.000	0.000	0.00	FTP - Morrison 102
8,233.46	93.05	269.95	2,290.00	-458.60	-6,386.30	0.000	0.000	0.000	0.00	LTP/PBHL - Morrisc

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 102H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 102H	**North Reference:**	Grid
Well:	Morrison 102H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.000	0.000	0.000
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.000	0.000	0.000
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.000	0.000	0.000
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.000	0.000	0.000
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.000	0.000	0.000
Build: 3°/100									
600.00	3.00	238.74	599.95	-1.36	-2.24	2.24	3.000	3.000	0.000
700.00	6.00	238.74	699.63	-5.43	-8.94	8.95	3.000	3.000	0.000
800.00	9.00	238.74	798.77	-12.20	-20.10	20.11	3.000	3.000	0.000
900.00	12.00	238.74	897.08	-21.66	-35.68	35.70	3.000	3.000	0.000
1,000.00	15.00	238.74	994.31	-33.77	-55.63	55.66	3.000	3.000	0.000
1,100.00	18.00	238.74	1,090.18	-48.50	-79.91	79.95	3.000	3.000	0.000
1,200.00	21.00	238.74	1,184.43	-65.82	-108.44	108.50	3.000	3.000	0.000
1,300.00	24.00	238.74	1,276.81	-85.68	-141.15	141.22	3.000	3.000	0.000
1,400.00	27.00	238.74	1,367.06	-108.02	-177.94	178.04	3.000	3.000	0.000
1,500.00	30.00	238.74	1,454.93	-132.77	-218.73	218.85	3.000	3.000	0.000
1,600.00	33.00	238.74	1,540.18	-159.88	-263.39	263.53	3.000	3.000	0.000
1,700.00	36.00	238.74	1,622.59	-189.27	-311.80	311.97	3.000	3.000	0.000
1,764.36	37.93	238.74	1,674.01	-209.35	-344.89	345.07	3.000	3.000	0.000
Hold: 37.93° Inc, 238.74° Azm									
1,800.00	37.93	238.74	1,702.12	-220.72	-363.61	363.81	0.000	0.000	0.000
1,900.00	37.93	238.74	1,780.99	-252.62	-416.16	416.38	0.000	0.000	0.000
2,000.00	37.93	238.74	1,859.87	-284.51	-468.71	468.96	0.000	0.000	0.000
2,100.00	37.93	238.74	1,938.74	-316.41	-521.26	521.53	0.000	0.000	0.000
2,200.00	37.93	238.74	2,017.62	-348.31	-573.80	574.11	0.000	0.000	0.000
2,300.00	37.93	238.74	2,096.49	-380.21	-626.35	626.68	0.000	0.000	0.000
2,349.73	37.93	238.74	2,135.72	-396.07	-652.49	652.83	0.000	0.000	0.000
KOP: 9°/100' @ 2349.73' MD									
2,400.00	40.46	244.68	2,174.69	-411.07	-680.45	680.81	9.000	5.035	11.812
2,450.00	43.25	249.98	2,211.94	-423.88	-711.22	711.59	9.000	5.577	10.593
2,500.00	46.26	254.73	2,247.45	-434.51	-744.76	745.14	9.000	6.016	9.513
2,550.00	49.44	259.02	2,281.01	-442.89	-780.85	781.24	9.000	6.372	8.577
2,600.00	52.77	262.91	2,312.40	-448.96	-819.27	819.66	9.000	6.660	7.781
2,650.00	56.22	266.47	2,341.44	-452.70	-859.79	860.18	9.000	6.893	7.111
2,703.32	60.00	269.95	2,369.61	-454.09	-905.02	905.42	9.000	7.086	6.537
Hold: 60.00° Inc, 269.95° Azm									
2,800.00	60.00	269.95	2,417.95	-454.16	-988.75	989.14	0.000	0.000	0.000
2,903.32	60.00	269.95	2,469.61	-454.23	-1,078.23	1,078.62	0.000	0.000	0.000
Build: 9°/100									
2,950.00	64.20	269.95	2,491.45	-454.26	-1,119.47	1,119.86	9.000	9.000	0.000
3,000.00	68.70	269.95	2,511.42	-454.30	-1,165.29	1,165.69	9.000	9.000	0.000
3,050.00	73.20	269.95	2,527.73	-454.34	-1,212.54	1,212.94	9.000	9.000	0.000
3,100.00	77.70	269.95	2,540.29	-454.38	-1,260.93	1,261.32	9.000	9.000	0.000
3,150.00	82.20	269.95	2,549.01	-454.42	-1,310.15	1,310.54	9.000	9.000	0.000
3,200.00	86.70	269.95	2,553.85	-454.46	-1,359.90	1,360.30	9.000	9.000	0.000
3,250.00	91.20	269.95	2,554.76	-454.50	-1,409.88	1,410.27	9.000	9.000	0.000
3,270.54	93.05	269.95	2,554.00	-454.52	-1,430.40	1,430.80	9.000	9.000	0.000
LP/Hold: 93.05° Inc, 269.95° Azm									
3,300.00	93.05	269.95	2,552.43	-454.54	-1,459.82	1,460.22	0.000	0.000	0.000
3,400.00	93.05	269.95	2,547.11	-454.63	-1,559.68	1,560.08	0.000	0.000	0.000
3,500.00	93.05	269.95	2,541.79	-454.71	-1,659.54	1,659.93	0.000	0.000	0.000
3,600.00	93.05	269.95	2,536.47	-454.79	-1,759.40	1,759.79	0.000	0.000	0.000

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 102H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 102H	**North Reference:**	Grid
Well:	Morrison 102H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,700.00	93.05	269.95	2,531.15	-454.87	-1,859.26	1,859.65	0.000	0.000	0.000
3,800.00	93.05	269.95	2,525.84	-454.96	-1,959.11	1,959.51	0.000	0.000	0.000
3,900.00	93.05	269.95	2,520.52	-455.04	-2,058.97	2,059.37	0.000	0.000	0.000
4,000.00	93.05	269.95	2,515.20	-455.12	-2,158.83	2,159.23	0.000	0.000	0.000
4,100.00	93.05	269.95	2,509.88	-455.20	-2,258.69	2,259.09	0.000	0.000	0.000
4,200.00	93.05	269.95	2,504.56	-455.28	-2,358.55	2,358.94	0.000	0.000	0.000
4,300.00	93.05	269.95	2,499.24	-455.37	-2,458.41	2,458.80	0.000	0.000	0.000
4,400.00	93.05	269.95	2,493.92	-455.45	-2,558.26	2,558.66	0.000	0.000	0.000
4,500.00	93.05	269.95	2,488.60	-455.53	-2,658.12	2,658.52	0.000	0.000	0.000
4,600.00	93.05	269.95	2,483.28	-455.61	-2,757.98	2,758.38	0.000	0.000	0.000
4,700.00	93.05	269.95	2,477.96	-455.70	-2,857.84	2,858.24	0.000	0.000	0.000
4,800.00	93.05	269.95	2,472.64	-455.78	-2,957.70	2,958.09	0.000	0.000	0.000
4,900.00	93.05	269.95	2,467.32	-455.86	-3,057.56	3,057.95	0.000	0.000	0.000
5,000.00	93.05	269.95	2,462.00	-455.94	-3,157.41	3,157.81	0.000	0.000	0.000
5,100.00	93.05	269.95	2,456.68	-456.02	-3,257.27	3,257.67	0.000	0.000	0.000
5,200.00	93.05	269.95	2,451.36	-456.11	-3,357.13	3,357.53	0.000	0.000	0.000
5,300.00	93.05	269.95	2,446.04	-456.19	-3,456.99	3,457.39	0.000	0.000	0.000
5,400.00	93.05	269.95	2,440.72	-456.27	-3,556.85	3,557.24	0.000	0.000	0.000
5,500.00	93.05	269.95	2,435.41	-456.35	-3,656.71	3,657.10	0.000	0.000	0.000
5,600.00	93.05	269.95	2,430.09	-456.44	-3,756.56	3,756.96	0.000	0.000	0.000
5,700.00	93.05	269.95	2,424.77	-456.52	-3,856.42	3,856.82	0.000	0.000	0.000
5,800.00	93.05	269.95	2,419.45	-456.60	-3,956.28	3,956.68	0.000	0.000	0.000
5,900.00	93.05	269.95	2,414.13	-456.68	-4,056.14	4,056.54	0.000	0.000	0.000
6,000.00	93.05	269.95	2,408.81	-456.76	-4,156.00	4,156.40	0.000	0.000	0.000
6,100.00	93.05	269.95	2,403.49	-456.85	-4,255.86	4,256.25	0.000	0.000	0.000
6,200.00	93.05	269.95	2,398.17	-456.93	-4,355.72	4,356.11	0.000	0.000	0.000
6,300.00	93.05	269.95	2,392.85	-457.01	-4,455.57	4,455.97	0.000	0.000	0.000
6,400.00	93.05	269.95	2,387.53	-457.09	-4,555.43	4,555.83	0.000	0.000	0.000
6,500.00	93.05	269.95	2,382.21	-457.17	-4,655.29	4,655.69	0.000	0.000	0.000
6,600.00	93.05	269.95	2,376.89	-457.26	-4,755.15	4,755.55	0.000	0.000	0.000
6,700.00	93.05	269.95	2,371.57	-457.34	-4,855.01	4,855.40	0.000	0.000	0.000
6,800.00	93.05	269.95	2,366.25	-457.42	-4,954.87	4,955.26	0.000	0.000	0.000
6,900.00	93.05	269.95	2,360.93	-457.50	-5,054.72	5,055.12	0.000	0.000	0.000
7,000.00	93.05	269.95	2,355.61	-457.59	-5,154.58	5,154.98	0.000	0.000	0.000
7,100.00	93.05	269.95	2,350.29	-457.67	-5,254.44	5,254.84	0.000	0.000	0.000
7,200.00	93.05	269.95	2,344.97	-457.75	-5,354.30	5,354.70	0.000	0.000	0.000
7,300.00	93.05	269.95	2,339.66	-457.83	-5,454.16	5,454.55	0.000	0.000	0.000
7,400.00	93.05	269.95	2,334.34	-457.91	-5,554.02	5,554.41	0.000	0.000	0.000
7,500.00	93.05	269.95	2,329.02	-458.00	-5,653.87	5,654.27	0.000	0.000	0.000
7,600.00	93.05	269.95	2,323.70	-458.08	-5,753.73	5,754.13	0.000	0.000	0.000
7,700.00	93.05	269.95	2,318.38	-458.16	-5,853.59	5,853.99	0.000	0.000	0.000
7,800.00	93.05	269.95	2,313.06	-458.24	-5,953.45	5,953.85	0.000	0.000	0.000
7,900.00	93.05	269.95	2,307.74	-458.33	-6,053.31	6,053.71	0.000	0.000	0.000
8,000.00	93.05	269.95	2,302.42	-458.41	-6,153.17	6,153.56	0.000	0.000	0.000
8,100.00	93.05	269.95	2,297.10	-458.49	-6,253.02	6,253.42	0.000	0.000	0.000
8,200.00	93.05	269.95	2,291.78	-458.57	-6,352.88	6,353.28	0.000	0.000	0.000
8,233.46	93.05	269.95	2,290.00	-458.60	-6,386.30	6,386.70	0.000	0.000	0.000
PBHL									

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 102H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3518.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3518.00usft (16' RKB)
Site:	Morrison 102H	**North Reference:**	Grid
Well:	Morrison 102H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
LTP/PBHL - Morrison - plan hits target center - Point	0.00	360.00	2,290.00	-458.60	-6,386.30	611,262.20	490,679.74	32° 40' 49.066 N	104° 29' 52.724 W
FTP - Morrison 102H - plan hits target center - Point	0.00	0.00	2,554.00	-454.52	-1,430.40	611,266.28	495,635.64	32° 40' 49.179 N	104° 28' 54.738 W

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
500.00	500.00	0.00	0.00	Build: 3°/100
1,764.36	1,674.01	-209.35	-344.89	Hold: 37.93° Inc, 238.74° Azm
2,349.73	2,135.72	-396.07	-652.49	KOP: 9°/100' @ 2349.73' MD
2,703.32	2,369.61	-454.09	-905.02	Hold: 60.00° Inc, 269.95° Azm
2,903.32	2,469.61	-454.23	-1,078.23	Build: 9°/100
3,270.54	2,554.00	-454.52	-1,430.40	LP/Hold: 93.05° Inc, 269.95° Azm
8,233.46	2,290.00	-458.60	-6,386.30	PBHL

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 326895

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

1. Operator Name and Address	2. OGRID Number
Silverback Operating II, LLC IH10 West, Suite 201 San Antonio, TX 78257	330968
	3. API Number 30-015-50072

4. Property Code	5. Property Name	6. Well No.
333446	MORRISON	103H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	10	19S	25E		2418	N	729	W	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	9	19S	25E	E	1660	N	100	W	Eddy

9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
New Well	OIL		Private	3498
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
N	8265	Yeso		11/30/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	1250	275	0
Prod	8.75	7	32	2933	198	0
Prod	8.75	5.5	20	8265	1444	1961

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	SHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.

Signature:

OIL CONSERVATION DIVISION

Printed Name:	Electronically filed by Matthew Alley	Approved By:	Katherine Pickford	
Title:	Chief Financial Officer	Title:	Geoscientist	
Email Address:	malley@silverbackexp.com	Approved Date:	10/18/2022	Expiration Date: 10/18/2024
Date:	10/13/2022 Phone: 303-513-0990	Conditions of Approval Attached		

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015 50072	50270	PENASCO DRAW; SA-YESO (ASSOC)

[4] Property Code	[5] Property Name	[6] Well Number
333446	MORRISON	103H

[7] OGRID No.	[8] Operator Name	[9] Elevation
330968	SILVERBACK OPERATING II, LLC	3,498'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	19-S	25-E		2,418'	NORTH	729'	WEST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	19-S	25-E		1,660'	NORTH	100'	WEST	EDDY

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.

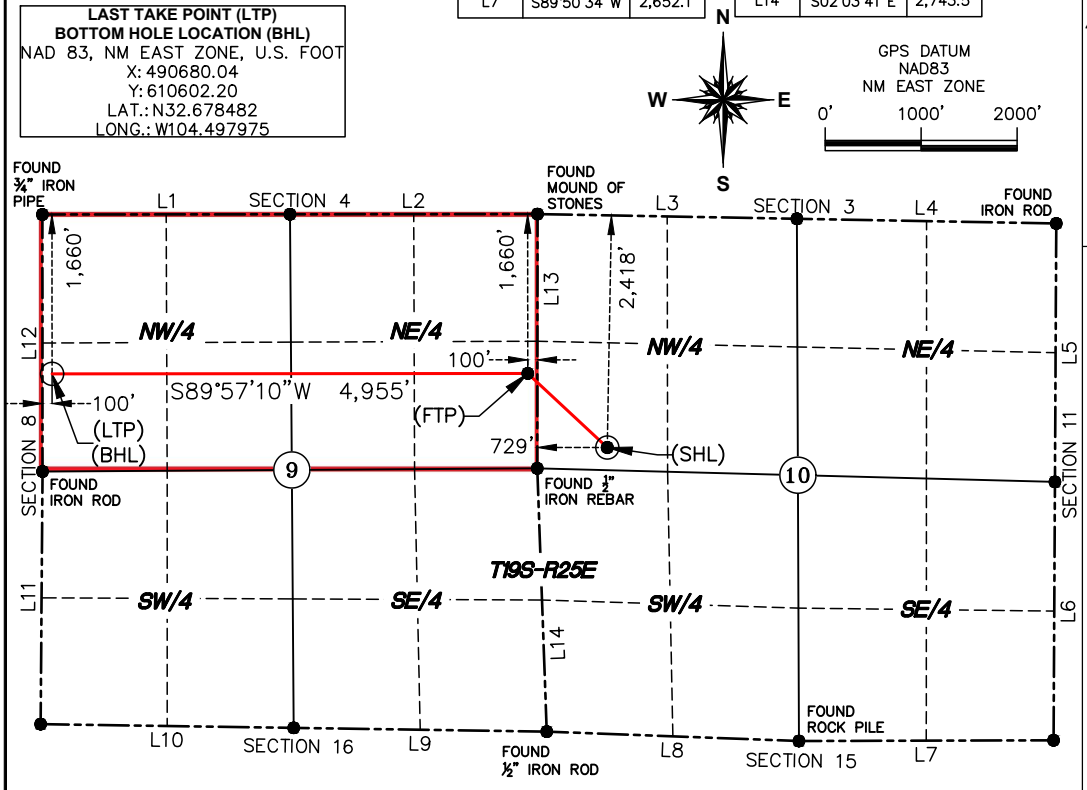
SURFACE HOLE LOCATION (SHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 496462.84
Y: 609834.79
LAT.: N32.676396
LONG.: W104.479177

FIRST TAKE POINT (FTP)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 495634.95
Y: 610606.27
LAT.: N32.678513
LONG.: W104.481871

LAST TAKE POINT (LTP)
BOTTOM HOLE LOCATION (BHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 490680.04
Y: 610602.20
LAT.: N32.678482
LONG.: W104.497975

LINE TABLE		
LINE #	BEARING	LENGTH
L1	N89°57'10"E	2,578.7'
L2	N89°57'10"E	2,578.7'
L3	S88°57'42"E	2,702.1'
L4	S88°57'42"E	2,702.1'
L5	S00°18'02"W	2,691.7'
L6	S00°18'02"W	2,691.7'
L7	S89°50'34"W	2,652.1'

LINE TABLE		
LINE #	BEARING	LENGTH
L8	N87°51'57"W	2,629.0'
L9	N89°09'15"W	2,636.1'
L10	N89°09'15"W	2,636.1'
L11	N00°25'30"E	2,631.3'
L12	N00°01'33"W	2,677.3'
L13	S00°03'37"W	2,648.9'
L14	S02°03'41"E	2,743.5'



[17] 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 unleased 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.

Fatma Abdallah 10/07/2022
Signature Date

Fatma Abdallah
Printed Name

fabdallah@silverbackexp.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/03/22
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW C. BISSETT NEW MEXICO 20450 PROFESSIONAL SURVEYOR

20450
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 326895

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
Silverback Operating II, LLC [330968] IH10 West, Suite 201 San Antonio, TX 78257	30-015-50072
	Well: MORRISON #103H

OCD Reviewer	Condition
kpickford	Will require administrative order for non-standard spacing unit
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Will require a File As Drilled C-102 and a Directional Survey with the C-104
kpickford	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
kpickford	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
kpickford	Cement is required to circulate on both surface and intermediate1 strings of casing
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Silverback Operating II, LLC **OGRID:** 330968 **Date:** 10 / 10 / 2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
MORRISON 103H	30-015	E-10-19S-25E	2,418' N 729' W	515	800	3,000
MORRISON 104H	30-015	E-10-19S-25E	2,438' N 729' W	515	800	3,000

IV. Central Delivery Point Name: MORRISON CDP [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
MORRISON 103H	30-015	2/22/23	3/1/23	4/1/23	4/27/23	4/27/23
MORRISON 104H	30-015	3/3/23	3/11/23	4/1/23	4/27/23	4/27/23

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	Fatma Abdallah
Title:	Regulatory Manager
E-mail Address:	fabdallah@silverbackexp.com
Date:	10/10/2022
Phone:	210-585-3316

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Separation Equipment

Silverback Operating II (LLC) has sampled existing producing wells and performed laboratory testing to determine composition. Performance of existing producing wells was analyzed to predict expected production volumes including a low probably, high volume production case (approximately 75% higher than type curve or most likely amount of production). Production composition and the volumes were utilized as inputs to a process model which predicts relative amounts of gas, oil and water throughout the process. The high volume case was used to size equipment, piping and instrumentation. Equipment sizing is based on drop settlement and limits the amount of carry over to the gas phase.

Each well has a dedicated 3 phase separator and gas from that separator is taken directly to gas sales. Facility piping and pipeline were sized to allow peak volumes to flow with minimal pressure loss and deliver to midstream gatherer at an acceptable pressure. Water is conveyed directly to tankage.

Oil from 3 phase separators is comingled and conveyed to a heated separator for enhanced liquid-liquid separation and degassing. Vapors from the heater treater are routed to a Vapor Recovery Unit (VRU).

Oil and water storage tanks vapor outlets are common and utilize a closed vent vapor system to ensure all working & breathing and flashing losses are routed to the Vapor Recovery Unit (VRU) Site VRUs are sized to accommodate peak expected production volume. Flash volumes were estimated using the high volume case and process modeling software. Gas from the VRU outlet is combined with 1st stage separation gas and sent to sales.

Venting and Flaring

Silverback Operating II, LLC will ensure pipeline connectivity before producing hydrocarbons and will operate a closed vent vapor capture system that is designed to capture all associated and evolved gas during normal operation. Venting or flaring will only occur during start up and shut down, maintenance activities or equipment failure or upset. Silverback may utilize the following from list A-I of Section 3 for its operations to minimize flaring:

a) Power generation on lease – Natural gas driven gen set to produce power required to run supply well pad electrical loads

c) Compression on lease – gas lift or gas compression as required

d) Liquids removal on lease – gas pressure will be used to convey fluids as needed

Best Management Practices

Silverback utilizes automate engineering controls included in facility design to minimize venting and flaring. Additionally, operational best practices support minimization of flare and venting as described below.

If the main gas outlet becomes unavailable and pressure increases on the outlet sales line, produced gas will be routed directly to the facility flare. The facility control system will alert personnel to the need for maintenance and appropriate response to the temporary flaring event.

The facility design includes a closed vent vapor capture system to route flash or evolved from the heater treater and tanks to the Vapor Recovery Unit (VRU) Compressor. If the VRU requires planned or unplanned maintenance, vapors will automatically be routed to the facility flare.

For maintenance activities, Silverback will utilize the facility flare to blowdown equipment and piping whenever practical to minimize venting

Silverback Exploration

SILVERBACK EXPLORATION

Morrison 103H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

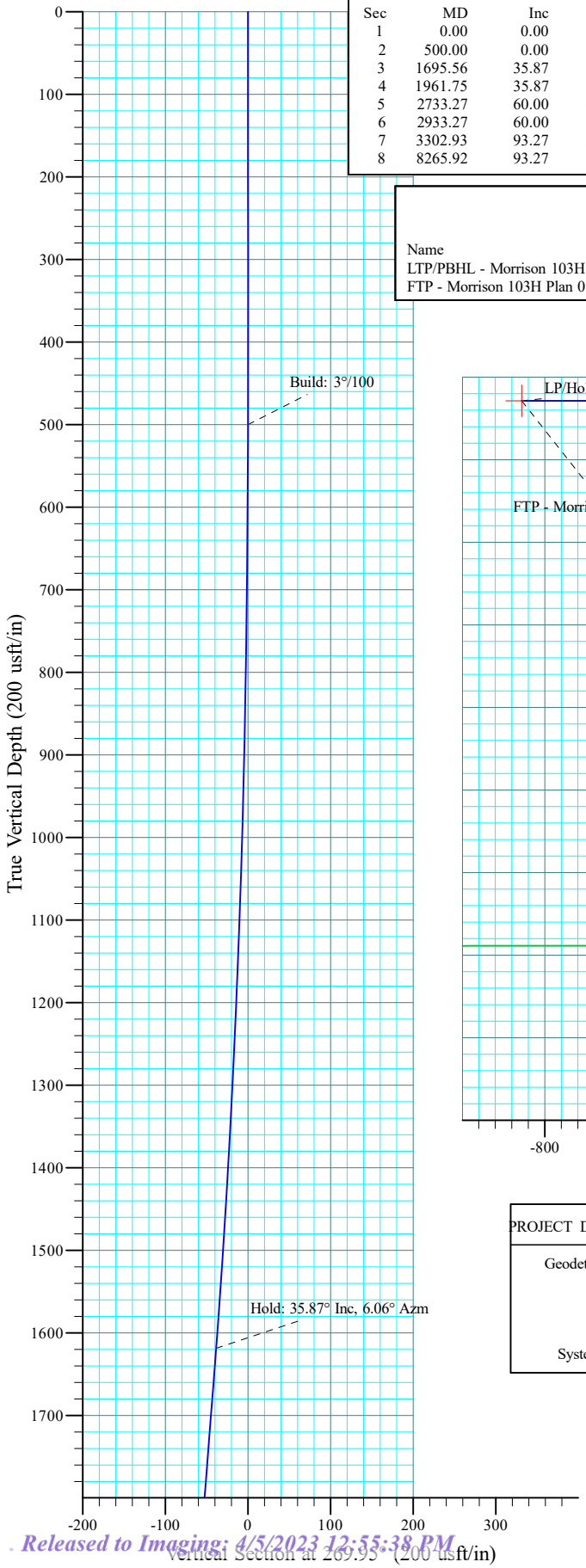
Aim Directional Services

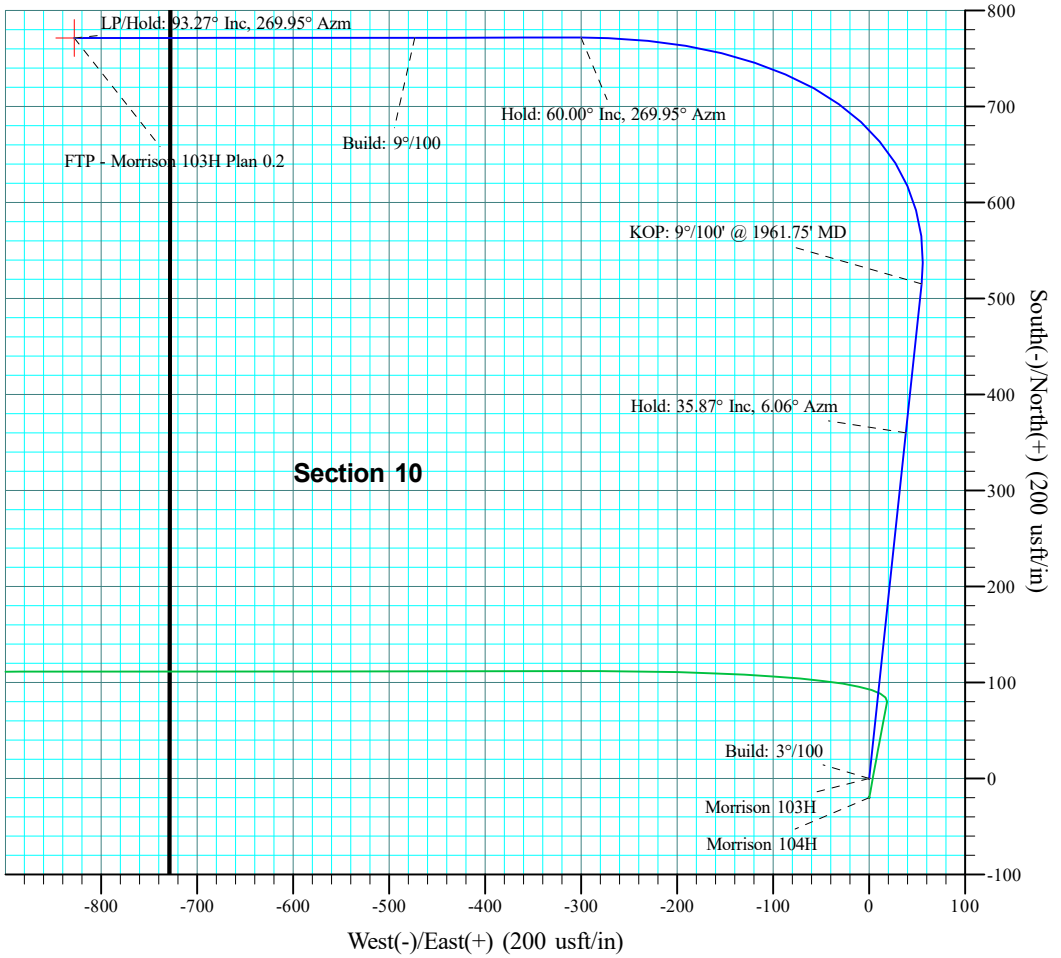
SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00	
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00	Build: 3°/100
3	1695.56	35.87	6.06	1618.99	360.12	38.22	3.000	6.06	-38.53	Hold: 35.87° Inc, 6.06° Azm
4	1961.75	35.87	6.06	1834.71	515.21	54.68	0.000	0.00	-55.12	KOP: 9°/100' @ 1961.75' MD
5	2733.27	60.00	269.95	2412.75	771.91	-300.07	9.000	-113.12	299.40	Hold: 60.00° Inc, 269.95° Azm
6	2933.27	60.00	269.95	2512.75	771.77	-473.28	0.000	0.00	472.61	Build: 9°/100
7	3302.93	93.27	269.95	2597.00	771.48	-827.89	9.000	0.00	827.22	LP/Hold: 93.27° Inc, 269.95° Azm
8	8265.92	93.27	269.95	2314.00	767.41	-5782.80	0.000	0.00	5782.13	PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 103H Plan 0.2	2314.00	767.41	-5782.80	610602.20	490680.04	32° 40' 42.535 N	104° 29' 52.709 W
FTP - Morrison 103H Plan 0.2	2597.00	771.48	-827.89	610606.27	495634.95	32° 40' 42.648 N	104° 28' 54.735 W





PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

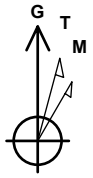
Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

System Datum: Mean Sea Level

SITE DETAILS: Morrison 103H

Site Centre Northing: 609834.79
Easting: 496462.84

Positional Uncertainty: 0.00
Convergence: -0.08
Local North: Grid



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.9nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD

Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 103H - Plan 0.2 - Int.wpc

Silverback Exploration

Morrison 103H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

SILVERBACK EXPLORATION

Aim Directional Services

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00		
2	500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.00	0.00		Build: 3°/100
3	1695.56	35.87	6.06	1618.99	360.12	38.22	3.000	6.06	-38.53		Hold: 35.87° Inc, 6.06° Azm
4	1961.75	35.87	6.06	1834.71	515.21	54.68	0.000	0.00	-55.12		KOP: 9°/100' @ 1961.75' MD
5	2733.27	60.00	269.95	2412.75	771.91	-300.07	9.000	-113.12	299.40		Hold: 60.00° Inc, 269.95° Azm
6	2933.27	60.00	269.95	2512.75	771.77	-473.28	0.000	0.00	472.61		Build: 9°/100
7	3302.93	93.27	269.95	2597.00	771.48	-827.89	9.000	0.00	827.22	FTP - Morrison 103H Plan 0.2	LP/Hold: 93.27° Inc, 269.95° Azm
8	8265.92	93.27	269.95	2314.00	767.41	-5782.80	0.000	0.00	5782.13	LTP/PBHL - Morrison 103H Plan 0.2	LTP/PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 103H Plan 0.2	2314.00	767.41	-5782.80	610602.20	490680.04	32° 40' 42.535 N	104° 29' 52.709 W
FTP - Morrison 103H Plan 0.2	2597.00	771.48	-827.89	610606.27	495634.95	32° 40' 42.648 N	104° 28' 54.735 W

SITE DETAILS: Morrison 103H

Site Centre Northing: 609834.79
Easting: 496462.84

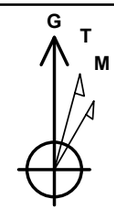
Positional Uncertainty: 0.00
Convergence: -0.08
Local North: Grid

PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

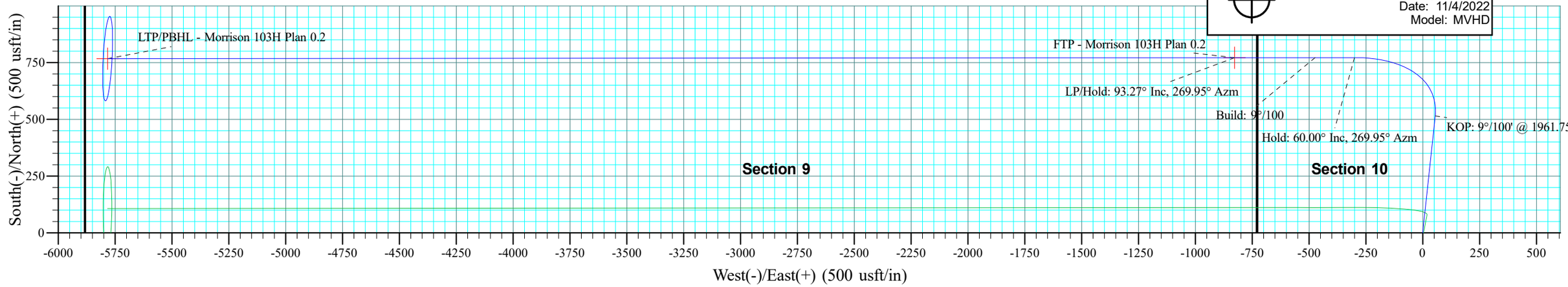
System Datum: Mean Sea Level

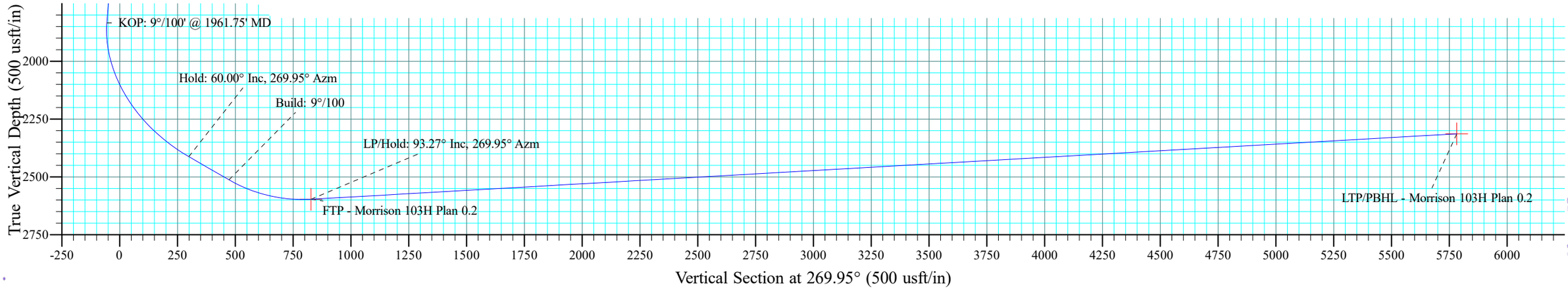
Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 103H - Plan 0.2.wpc



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.9nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD





Silverback Exploration

Eddy County, NM (NAD 83 NME)
Morrison 103H
Morrison 103H

Planning

Plan: Plan 0.2

Standard Planning Report

04 October, 2022

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 103H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 103H	**North Reference:**	Grid
Well:	Morrison 103H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Project Eddy County, NM (NAD 83 NME)

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Morrison 103H

Site Position:		**Northing:**	609,834.79 usft	**Latitude:**	32° 40' 35.025 N
From:	Map	**Easting:**	496,462.84 usft	**Longitude:**	104° 28' 45.036 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	-0.08 °

Well Morrison 103H

Well Position	**+N/-S**	0.00 usft	**Northing:**	609,834.79 usft	**Latitude:**	32° 40' 35.025 N
	+E/-W	0.00 usft	**Easting:**	496,462.84 usft	**Longitude:**	104° 28' 45.036 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**		**Ground Level:**	3,498.00 usft

Wellbore Planning

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	MVHD	11/4/2022	6.94	60.32	47,687.941

Design Plan 0.2

Audit Notes:

Version:	**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	269.95

Plan Survey Tool Program **Date** 10/4/2022

	Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	8,265.92	Plan 0.2 (Planning)	MWD+HRGM	
				OWSG MWD + HRGM	

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.00	
500.00	0.00	0.00	500.00	0.00	0.00	0.000	0.000	0.000	0.00	
1,695.56	35.87	6.06	1,618.99	360.12	38.22	3.000	3.000	0.000	6.06	
1,961.75	35.87	6.06	1,834.71	515.21	54.68	0.000	0.000	0.000	0.00	
2,733.27	60.00	269.95	2,412.75	771.91	-300.07	9.000	3.128	-12.456	-113.12	
2,933.27	60.00	269.95	2,512.75	771.77	-473.28	0.000	0.000	0.000	0.00	
3,302.93	93.27	269.95	2,597.00	771.48	-827.89	9.000	9.000	0.000	0.00	FTP - Morrison 103
8,265.92	93.27	269.95	2,314.00	767.41	-5,782.80	0.000	0.000	0.000	0.00	LTP/PBHL - Morrisc

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 103H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 103H	**North Reference:**	Grid
Well:	Morrison 103H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.000	0.000	0.000
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.000	0.000	0.000
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.000	0.000	0.000
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.000	0.000	0.000
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.000	0.000	0.000
Build: 3°/100									
600.00	3.00	6.06	599.95	2.60	0.28	-0.28	3.000	3.000	0.000
700.00	6.00	6.06	699.63	10.40	1.10	-1.11	3.000	3.000	0.000
800.00	9.00	6.06	798.77	23.38	2.48	-2.50	3.000	3.000	0.000
900.00	12.00	6.06	897.08	41.50	4.40	-4.44	3.000	3.000	0.000
1,000.00	15.00	6.06	994.31	64.71	6.87	-6.92	3.000	3.000	0.000
1,100.00	18.00	6.06	1,090.18	92.95	9.86	-9.95	3.000	3.000	0.000
1,200.00	21.00	6.06	1,184.43	126.14	13.39	-13.50	3.000	3.000	0.000
1,300.00	24.00	6.06	1,276.81	164.19	17.42	-17.57	3.000	3.000	0.000
1,400.00	27.00	6.06	1,367.06	207.00	21.97	-22.15	3.000	3.000	0.000
1,500.00	30.00	6.06	1,454.93	254.44	27.00	-27.22	3.000	3.000	0.000
1,600.00	33.00	6.06	1,540.18	306.40	32.52	-32.78	3.000	3.000	0.000
1,695.56	35.87	6.06	1,618.99	360.12	38.22	-38.53	3.000	3.000	0.000
Hold: 35.87° Inc, 6.06° Azm									
1,700.00	35.87	6.06	1,622.59	362.71	38.49	-38.81	0.000	0.000	0.000
1,800.00	35.87	6.06	1,703.63	420.97	44.67	-45.04	0.000	0.000	0.000
1,900.00	35.87	6.06	1,784.67	479.24	50.86	-51.28	0.000	0.000	0.000
1,961.75	35.87	6.06	1,834.71	515.21	54.68	-55.12	0.000	0.000	0.000
KOP: 9°/100' @ 1961.75' MD									
2,000.00	34.64	0.48	1,865.95	537.24	55.95	-56.42	9.000	-3.205	-14.576
2,050.00	33.45	352.73	1,907.40	565.13	54.32	-54.82	9.000	-2.387	-15.511
2,100.00	32.76	344.58	1,949.30	591.85	48.98	-49.50	9.000	-1.367	-16.297
2,150.00	32.62	336.25	1,991.40	617.24	39.95	-40.49	9.000	-0.283	-16.665
2,200.00	33.03	327.97	2,033.44	641.15	27.29	-27.84	9.000	0.816	-16.544
2,250.00	33.97	319.99	2,075.15	663.41	11.07	-11.65	9.000	1.875	-15.959
2,300.00	35.39	312.49	2,116.29	683.90	-8.60	8.00	9.000	2.848	-15.014
2,350.00	37.25	305.56	2,156.59	702.49	-31.60	30.98	9.000	3.709	-13.855
2,400.00	39.47	299.25	2,195.81	719.06	-57.78	57.16	9.000	4.446	-12.618
2,450.00	42.00	293.55	2,233.71	733.52	-87.00	86.36	9.000	5.064	-11.409
2,500.00	44.79	288.40	2,270.05	745.77	-119.06	118.41	9.000	5.574	-10.291
2,550.00	47.79	283.75	2,304.61	755.73	-153.78	153.12	9.000	5.992	-9.295
2,600.00	50.95	279.54	2,337.17	763.35	-190.93	190.26	9.000	6.333	-8.431
2,650.00	54.26	275.69	2,367.54	768.59	-230.29	229.62	9.000	6.610	-7.692
2,700.00	57.67	272.16	2,395.53	771.40	-271.61	270.94	9.000	6.835	-7.068
2,733.27	60.00	269.95	2,412.75	771.91	-300.07	299.40	9.000	6.990	-6.626
Hold: 60.00° Inc, 269.95° Azm									
2,800.00	60.00	269.95	2,446.11	771.87	-357.86	357.19	0.000	0.000	0.000
2,900.00	60.00	269.95	2,496.11	771.79	-444.46	443.79	0.000	0.000	0.000
2,933.27	60.00	269.95	2,512.75	771.77	-473.28	472.61	0.000	0.000	0.000
Build: 9°/100									
2,950.00	61.51	269.95	2,520.92	771.76	-487.87	487.20	9.000	9.000	0.000
3,000.00	66.01	269.95	2,543.02	771.72	-532.71	532.03	9.000	9.000	0.000
3,050.00	70.51	269.95	2,561.54	771.68	-579.14	578.46	9.000	9.000	0.000
3,100.00	75.01	269.95	2,576.36	771.65	-626.88	626.20	9.000	9.000	0.000
3,150.00	79.51	269.95	2,587.39	771.61	-675.63	674.96	9.000	9.000	0.000
3,200.00	84.01	269.95	2,594.55	771.56	-725.10	724.43	9.000	9.000	0.000
3,250.00	88.51	269.95	2,597.82	771.52	-774.98	774.31	9.000	9.000	0.000

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 103H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 103H	**North Reference:**	Grid
Well:	Morrison 103H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,302.93	93.27	269.95	2,597.00	771.48	-827.89	827.22	9.000	9.000	0.000
LP/Hold: 93.27° Inc, 269.95° Azm									
3,400.00	93.27	269.95	2,591.46	771.40	-924.80	924.13	0.000	0.000	0.000
3,500.00	93.27	269.95	2,585.76	771.32	-1,024.64	1,023.97	0.000	0.000	0.000
3,600.00	93.27	269.95	2,580.06	771.24	-1,124.48	1,123.80	0.000	0.000	0.000
3,700.00	93.27	269.95	2,574.36	771.15	-1,224.32	1,223.64	0.000	0.000	0.000
3,800.00	93.27	269.95	2,568.66	771.07	-1,324.15	1,323.48	0.000	0.000	0.000
3,900.00	93.27	269.95	2,562.95	770.99	-1,423.99	1,423.32	0.000	0.000	0.000
4,000.00	93.27	269.95	2,557.25	770.91	-1,523.83	1,523.15	0.000	0.000	0.000
4,100.00	93.27	269.95	2,551.55	770.83	-1,623.66	1,622.99	0.000	0.000	0.000
4,200.00	93.27	269.95	2,545.85	770.74	-1,723.50	1,722.83	0.000	0.000	0.000
4,300.00	93.27	269.95	2,540.14	770.66	-1,823.34	1,822.67	0.000	0.000	0.000
4,400.00	93.27	269.95	2,534.44	770.58	-1,923.18	1,922.50	0.000	0.000	0.000
4,500.00	93.27	269.95	2,528.74	770.50	-2,023.01	2,022.34	0.000	0.000	0.000
4,600.00	93.27	269.95	2,523.04	770.42	-2,122.85	2,122.18	0.000	0.000	0.000
4,700.00	93.27	269.95	2,517.34	770.33	-2,222.69	2,222.02	0.000	0.000	0.000
4,800.00	93.27	269.95	2,511.63	770.25	-2,322.53	2,321.85	0.000	0.000	0.000
4,900.00	93.27	269.95	2,505.93	770.17	-2,422.36	2,421.69	0.000	0.000	0.000
5,000.00	93.27	269.95	2,500.23	770.09	-2,522.20	2,521.53	0.000	0.000	0.000
5,100.00	93.27	269.95	2,494.53	770.01	-2,622.04	2,621.36	0.000	0.000	0.000
5,200.00	93.27	269.95	2,488.83	769.92	-2,721.87	2,721.20	0.000	0.000	0.000
5,300.00	93.27	269.95	2,483.12	769.84	-2,821.71	2,821.04	0.000	0.000	0.000
5,400.00	93.27	269.95	2,477.42	769.76	-2,921.55	2,920.88	0.000	0.000	0.000
5,500.00	93.27	269.95	2,471.72	769.68	-3,021.39	3,020.71	0.000	0.000	0.000
5,600.00	93.27	269.95	2,466.02	769.60	-3,121.22	3,120.55	0.000	0.000	0.000
5,700.00	93.27	269.95	2,460.31	769.51	-3,221.06	3,220.39	0.000	0.000	0.000
5,800.00	93.27	269.95	2,454.61	769.43	-3,320.90	3,320.23	0.000	0.000	0.000
5,900.00	93.27	269.95	2,448.91	769.35	-3,420.74	3,420.06	0.000	0.000	0.000
6,000.00	93.27	269.95	2,443.21	769.27	-3,520.57	3,519.90	0.000	0.000	0.000
6,100.00	93.27	269.95	2,437.51	769.19	-3,620.41	3,619.74	0.000	0.000	0.000
6,200.00	93.27	269.95	2,431.80	769.10	-3,720.25	3,719.57	0.000	0.000	0.000
6,300.00	93.27	269.95	2,426.10	769.02	-3,820.08	3,819.41	0.000	0.000	0.000
6,400.00	93.27	269.95	2,420.40	768.94	-3,919.92	3,919.25	0.000	0.000	0.000
6,500.00	93.27	269.95	2,414.70	768.86	-4,019.76	4,019.09	0.000	0.000	0.000
6,600.00	93.27	269.95	2,408.99	768.78	-4,119.60	4,118.92	0.000	0.000	0.000
6,700.00	93.27	269.95	2,403.29	768.69	-4,219.43	4,218.76	0.000	0.000	0.000
6,800.00	93.27	269.95	2,397.59	768.61	-4,319.27	4,318.60	0.000	0.000	0.000
6,900.00	93.27	269.95	2,391.89	768.53	-4,419.11	4,418.44	0.000	0.000	0.000
7,000.00	93.27	269.95	2,386.19	768.45	-4,518.95	4,518.27	0.000	0.000	0.000
7,100.00	93.27	269.95	2,380.48	768.37	-4,618.78	4,618.11	0.000	0.000	0.000
7,200.00	93.27	269.95	2,374.78	768.28	-4,718.62	4,717.95	0.000	0.000	0.000
7,300.00	93.27	269.95	2,369.08	768.20	-4,818.46	4,817.78	0.000	0.000	0.000
7,400.00	93.27	269.95	2,363.38	768.12	-4,918.29	4,917.62	0.000	0.000	0.000
7,500.00	93.27	269.95	2,357.67	768.04	-5,018.13	5,017.46	0.000	0.000	0.000
7,600.00	93.27	269.95	2,351.97	767.96	-5,117.97	5,117.30	0.000	0.000	0.000
7,700.00	93.27	269.95	2,346.27	767.87	-5,217.81	5,217.13	0.000	0.000	0.000
7,800.00	93.27	269.95	2,340.57	767.79	-5,317.64	5,316.97	0.000	0.000	0.000
7,900.00	93.27	269.95	2,334.87	767.71	-5,417.48	5,416.81	0.000	0.000	0.000
8,000.00	93.27	269.95	2,329.16	767.63	-5,517.32	5,516.65	0.000	0.000	0.000
8,100.00	93.27	269.95	2,323.46	767.55	-5,617.15	5,616.48	0.000	0.000	0.000
8,200.00	93.27	269.95	2,317.76	767.46	-5,716.99	5,716.32	0.000	0.000	0.000
8,265.92	93.27	269.95	2,314.00	767.41	-5,782.80	5,782.13	0.000	0.000	0.000
PBHL									

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 103H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 103H	**North Reference:**	Grid
Well:	Morrison 103H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
LTP/PBHL - Morrison - plan hits target center - Point	0.00	360.00	2,314.00	767.41	-5,782.80	610,602.20	490,680.04	32° 40' 42.535 N	104° 29' 52.709 W
FTP - Morrison 103H - plan hits target center - Point	0.00	0.00	2,597.00	771.48	-827.89	610,606.27	495,634.95	32° 40' 42.648 N	104° 28' 54.735 W

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
500.00	500.00	0.00	0.00	Build: 3°/100
1,695.56	1,618.99	360.12	38.22	Hold: 35.87° Inc, 6.06° Azm
1,961.75	1,834.71	515.21	54.68	KOP: 9°/100' @ 1961.75' MD
2,733.27	2,412.75	771.91	-300.07	Hold: 60.00° Inc, 269.95° Azm
2,933.27	2,512.75	771.77	-473.28	Build: 9°/100
3,302.93	2,597.00	771.48	-827.89	LP/Hold: 93.27° Inc, 269.95° Azm
8,265.92	2,314.00	767.41	-5,782.80	PBHL

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form C-101
August 1, 2011

Permit 326896

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

1. Operator Name and Address	2. OGRID Number
Silverback Operating II, LLC IH10 West, Suite 201 San Antonio, TX 78257	330968
	3. API Number 30-015-50073

4. Property Code	5. Property Name	6. Well No.
333446	MORRISON	104H

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	10	19S	25E		2438	N	729	W	Eddy

8. Proposed Bottom Hole Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
E	9	19S	25E	E	2320	N	100	W	Eddy

9. Pool Information

PENASCO DRAW;SA-YESO (ASSOC)	50270

Additional Well Information

11. Work Type	12. Well Type	13. Cable/Rotary	14. Lease Type	15. Ground Level Elevation
New Well	OIL		Private	3498
16. Multiple	**17. Proposed Depth**	**18. Formation**	**19. Contractor**	**20. Spud Date**
N	8105	Yeso		10/31/2022
Depth to Ground water		Distance from nearest fresh water well		Distance to nearest surface water

☒ **We will be using a closed-loop system in lieu of lined pits**

21. Proposed Casing and Cement Program

Type	Hole Size	Casing Size	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	12.25	9.625	36	1250	275	0
Prod	8.75	7	32	2773	187	0
Prod	8.75	5.5	20	8105	1444	1895

Casing/Cement Program: Additional Comments

22. Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
Double Ram	5000	5000	SHAFFER

23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.
I further certify I have complied with 19.15.14.9 (A) NMAC ☒ and/or 19.15.14.9 (B) NMAC ☒, if applicable.

Signature:

OIL CONSERVATION DIVISION

Printed Name:	Electronically filed by Matthew Alley	Approved By:	Katherine Pickford	
Title:	Chief Financial Officer	Title:	Geoscientist	
Email Address:	malley@silverbackexp.com	Approved Date:	10/18/2022	Expiration Date: 10/18/2024
Date:	10/17/2022 Phone: 303-513-0990	Conditions of Approval Attached		

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720
District III
1000 Rio Brazos Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015 50073	50270	PENASCO DRAW; SA-YESO (ASSOC)

[4] Property Code	[5] Property Name	[6] Well Number
333446	MORRISON	104H

[7] OGRID No.	[8] Operator Name	[9] Elevation
330968	SILVERBACK OPERATING II, LLC	3,498'

[10] Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	10	19-S	25-E		2,438'	NORTH	729'	WEST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
E	9	19-S	25-E		2,320'	NORTH	100'	WEST	EDDY

[12] Dedicated Acres	[13] Joint or Infill	[14] Consolidation Code	[15] Order No.
320			

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.

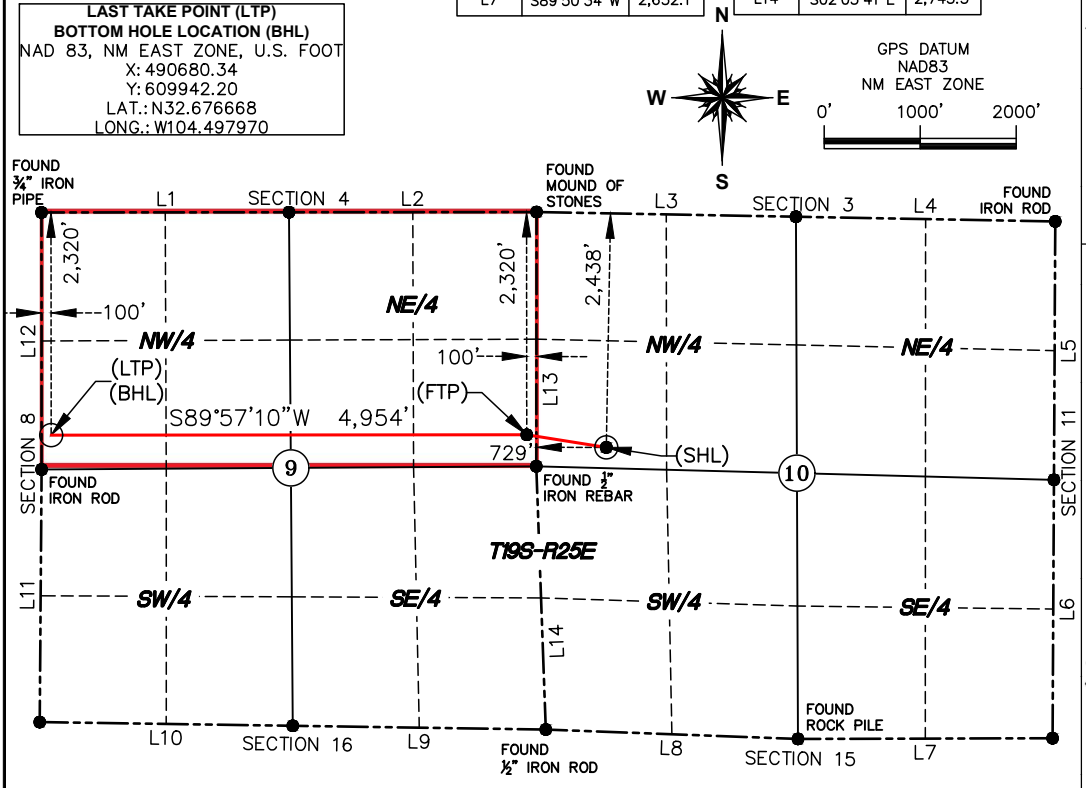
SURFACE HOLE LOCATION (SHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 496462.88
Y: 609814.82
LAT.: N32.676341
LONG.: W104.479176

FIRST TAKE POINT (FTP)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 495634.26
Y: 609946.27
LAT.: N32.676699
LONG.: W104.481870

LAST TAKE POINT (LTP)
BOTTOM HOLE LOCATION (BHL)
NAD 83, NM EAST ZONE, U.S. FOOT
X: 490680.34
Y: 609942.20
LAT.: N32.676668
LONG.: W104.497970

LINE TABLE		
LINE #	BEARING	LENGTH
L1	N89°57'10"E	2,578.7'
L2	N89°57'10"E	2,578.7'
L3	S88°57'42"E	2,702.1'
L4	S88°57'42"E	2,702.1'
L5	S00°18'02"W	2,691.7'
L6	S00°18'02"W	2,691.7'
L7	S89°50'34"W	2,652.1'

LINE TABLE		
LINE #	BEARING	LENGTH
L8	N87°51'57"W	2,629.0'
L9	N89°09'15"W	2,636.1'
L10	N89°09'15"W	2,636.1'
L11	N00°25'30"E	2,631.3'
L12	N00°01'33"W	2,677.3'
L13	S00°03'37"W	2,648.9'
L14	S02°03'41"E	2,743.5'



[17] 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 unleased 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.

Fatma Abdallah 10/07/2022
Signature Date

Fatma Abdallah
Printed Name

fabdallah@silverbackexp.com
E-mail Address

[18] SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

10/03/22
Date of Survey

Signature and Seal of Professional Surveyor:

MATTHEW C. BISSETT
NEW MEXICO
20450
PROFESSIONAL SURVEYOR

20450
Certificate Number

District I
1625 N. French Dr., Hobbs, NM 88240
Phone:(575) 393-6161 Fax:(575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone:(575) 748-1283 Fax:(575) 748-9720
District III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Form APD Conditions

Permit 326896

PERMIT CONDITIONS OF APPROVAL

Operator Name and Address:	API Number:
Silverback Operating II, LLC [330968] IH10 West, Suite 201 San Antonio, TX 78257	30-015-50073
	Well: MORRISON #104H

OCD Reviewer	Condition
kpickford	Will require administrative order for non-standard spacing unit
kpickford	Notify OCD 24 hours prior to casing & cement
kpickford	Will require a File As Drilled C-102 and a Directional Survey with the C-104
kpickford	The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud
kpickford	Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string
kpickford	Cement is required to circulate on both surface and intermediate1 strings of casing
kpickford	Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system

State of New Mexico
Energy, Minerals and Natural Resources Department

Submit Electronically
Via E-permitting

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

Section 1 – Plan Description
Effective May 25, 2021

I. Operator: Silverback Operating II, LLC **OGRID:** 330968 **Date:** 10 / 10 / 2022

II. Type: ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: _____

III. Well(s): Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	ULSTR	Footages	Anticipated Oil BBL/D	Anticipated Gas MCF/D	Anticipated Produced Water BBL/D
MORRISON 103H	30-015	E-10-19S-25E	2,418' N 729' W	515	800	3,000
MORRISON 104H	30-015	E-10-19S-25E	2,438' N 729' W	515	800	3,000

IV. Central Delivery Point Name: MORRISON CDP [See 19.15.27.9(D)(1) NMAC]

V. Anticipated Schedule: Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

Well Name	API	Spud Date	TD Reached Date	Completion Commencement Date	Initial Flow Back Date	First Production Date
MORRISON 103H	30-015	2/22/23	3/1/23	4/1/23	4/27/23	4/27/23
MORRISON 104H	30-015	3/3/23	3/11/23	4/1/23	4/27/23	4/27/23

VI. Separation Equipment: ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

VII. Operational Practices: ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

VIII. Best Management Practices: ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

Section 2 – Enhanced Plan

EFFECTIVE APRIL 1, 2022

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

IX. Anticipated Natural Gas Production:

Well	API	Anticipated Average Natural Gas Rate MCF/D	Anticipated Volume of Natural Gas for the First Year MCF

X. Natural Gas Gathering System (NGGS):

Operator	System	ULSTR of Tie-in	Anticipated Gathering Start Date	Available Maximum Daily Capacity of System Segment Tie-in

XI. Map. ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

XII. Line Capacity. The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

XIII. Line Pressure. Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

XIV. Confidentiality: ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

Section 3 - Certifications

Effective May 25, 2021

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system. ***If Operator checks this box, Operator will select one of the following:***

Well Shut-In. ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

Venting and Flaring Plan. ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- **(a)** power generation on lease;
- **(b)** power generation for grid;
- **(c)** compression on lease;
- **(d)** liquids removal on lease;
- **(e)** reinjection for underground storage;
- **(f)** reinjection for temporary storage;
- **(g)** reinjection for enhanced oil recovery;
- **(h)** fuel cell production; and
- **(i)** other alternative beneficial uses approved by the division.

Section 4 - Notices

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

Signature:	
Printed Name:	Fatma Abdallah
Title:	Regulatory Manager
E-mail Address:	fabdallah@silverbackexp.com
Date:	10/10/2022
Phone:	210-585-3316

OIL CONSERVATION DIVISION

(Only applicable when submitted as a standalone form)

Approved By:	
Title:	
Approval Date:	
Conditions of Approval:	

Separation Equipment

Silverback Operating II (LLC) has sampled existing producing wells and performed laboratory testing to determine composition. Performance of existing producing wells was analyzed to predict expected production volumes including a low probably, high volume production case (approximately 75% higher than type curve or most likely amount of production). Production composition and the volumes were utilized as inputs to a process model which predicts relative amounts of gas, oil and water throughout the process. The high volume case was used to size equipment, piping and instrumentation. Equipment sizing is based on drop settlement and limits the amount of carry over to the gas phase.

Each well has a dedicated 3 phase separator and gas from that separator is taken directly to gas sales. Facility piping and pipeline were sized to allow peak volumes to flow with minimal pressure loss and deliver to midstream gatherer at an acceptable pressure. Water is conveyed directly to tankage.

Oil from 3 phase separators is comingled and conveyed to a heated separator for enhanced liquid-liquid separation and degassing. Vapors from the heater treater are routed to a Vapor Recovery Unit (VRU).

Oil and water storage tanks vapor outlets are common and utilize a closed vent vapor system to ensure all working & breathing and flashing losses are routed to the Vapor Recovery Unit (VRU) Site VRUs are sized to accommodate peak expected production volume. Flash volumes were estimated using the high volume case and process modeling software. Gas from the VRU outlet is combined with 1st stage separation gas and sent to sales.

Venting and Flaring

Silverback Operating II, LLC will ensure pipeline connectivity before producing hydrocarbons and will operate a closed vent vapor capture system that is designed to capture all associated and evolved gas during normal operation. Venting or flaring will only occur during start up and shut down, maintenance activities or equipment failure or upset. Silverback may utilize the following from list A-I of Section 3 for its operations to minimize flaring:

a) Power generation on lease – Natural gas driven gen set to produce power required to run supply well pad electrical loads

c) Compression on lease – gas lift or gas compression as required

d) Liquids removal on lease – gas pressure will be used to convey fluids as needed

Best Management Practices

Silverback utilizes automate engineering controls included in facility design to minimize venting and flaring. Additionally, operational best practices support minimization of flare and venting as described below.
If the main gas outlet becomes unavailable and pressure increases on the outlet sales line, produced gas will be routed directly to the facility flare. The facility control system will alert personnel to the need for maintenance and appropriate response to the temporary flaring event.
The facility design includes a closed vent vapor capture system to route flash or evolved from the heater treater and tanks to the Vapor Recovery Unit (VRU) Compressor. If the VRU requires planned or unplanned maintenance, vapors will automatically be routed to the facility flare.

For maintenance activities, Silverback will utilize the facility flare to blowdown equipment and piping whenever practical to minimize venting

Silverback Exploration

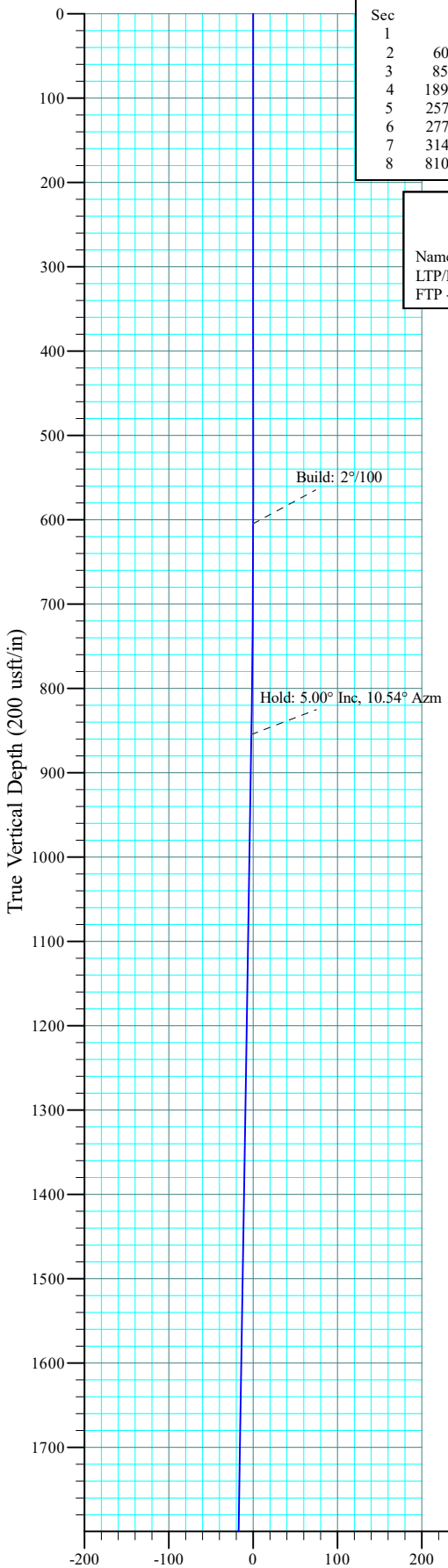
Morrison 104H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

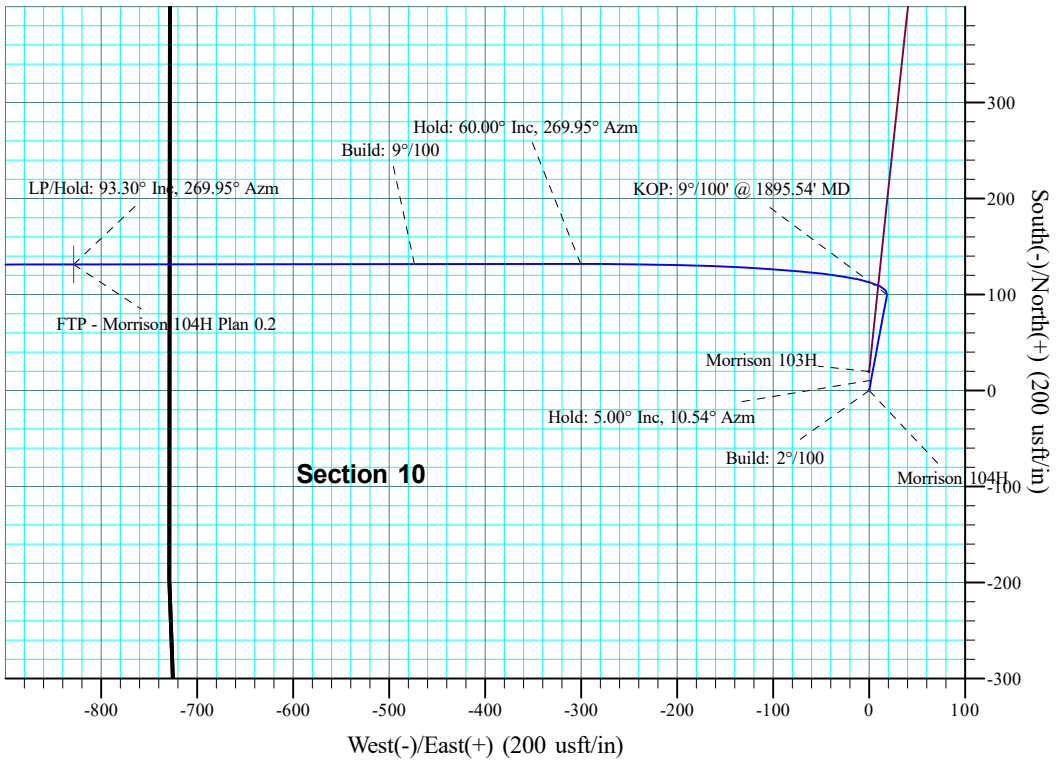
SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00	
2	605.00	0.00	0.00	605.00	0.00	0.00	0.000	0.00	0.00	Build: 2°/100
3	855.25	5.00	10.54	854.93	10.74	2.00	2.000	10.54	-2.01	Hold: 5.00° Inc, 10.54° Azm
4	1895.54	5.00	10.54	1891.26	99.96	18.61	0.000	0.00	-18.69	KOP: 9°/100' @ 1895.54' MD
5	2573.76	60.00	269.95	2452.77	131.88	-300.41	9.000	-103.36	300.30	Hold: 60.00° Inc, 269.95° Azm
6	2773.76	60.00	269.95	2552.77	131.74	-473.62	0.000	0.00	473.50	Build: 9°/100
7	3143.80	93.30	269.95	2637.00	131.45	-828.62	9.000	0.00	828.50	LP/Hold: 93.30° Inc, 269.95° Azm
8	8105.98	93.30	269.95	2351.00	127.38	-5782.54	0.000	0.00	5782.43	PBHL

DESIGN TARGET DETAILS

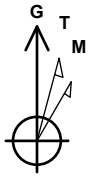
Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 104H Plan 0.2	2351.00	127.38	-5782.54	609942.20	490680.34	32° 40' 36.005 N	104° 29' 52.693 W
FTP - Morrison 104H Plan 0.2	2637.00	131.45	-828.62	609946.27	495634.26	32° 40' 36.117 N	104° 28' 54.732 W





PROJECT DETAILS: Eddy County, NM (NAD 83 NME)	
Geodetic System:	US State Plane 1983
Datum:	North American Datum 1983
Ellipsoid:	GRS 1980
Zone:	New Mexico Eastern Zone
System Datum:	Mean Sea Level

SITE DETAILS: Morrison 104H	
Site Centre Northing:	609814.82
Easting:	496462.88
Positional Uncertainity:	0.00
Convergence:	-0.08
Local North:	Grid



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.9nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD

Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 104H - Plan 0.2 - Int.wpc

Silverback Exploration

Morrison 104H
Eddy County, NM (NAD 83 NME)
Job No. WT-22-*
Plan 0.2

SILVERBACK EXPLORATION

Aim Directional Services

SECTION DETAILS

Sec	MD	Inc	Azi	TVD	+N/-S	+E/-W	Dleg	TFace	VSect	Target	Annotation
1	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.00	0.00		
2	605.00	0.00	0.00	605.00	0.00	0.00	0.000	0.00	0.00		Build: 2°/100
3	855.25	5.00	10.54	854.93	10.74	2.00	2.000	10.54	-2.01		Hold: 5.00° Inc, 10.54° Azm
4	1895.54	5.00	10.54	1891.26	99.96	18.61	0.000	0.00	-18.69		KOP: 9°/100' @ 1895.54' MD
5	2573.76	60.00	269.95	2452.77	131.88	-300.41	9.000	-103.36	300.30		Hold: 60.00° Inc, 269.95° Azm
6	2773.76	60.00	269.95	2552.77	131.74	-473.62	0.000	0.00	473.50		Build: 9°/100
7	3143.80	93.30	269.95	2637.00	131.45	-828.62	9.000	0.00	828.50	FTP - Morrison 104H Plan 0.2	LP/Hold: 93.30° Inc, 269.95° Azm
8	8105.98	93.30	269.95	2351.00	127.38	-5782.54	0.000	0.00	5782.43	LTP/PBHL - Morrison 104H Plan 0.2	LTP/PBHL

DESIGN TARGET DETAILS

Name	TVD	+N/-S	+E/-W	Northing	Easting	Latitude	Longitude
LTP/PBHL - Morrison 104H Plan 0.2	22351.00	127.38	-5782.54	609942.20	490680.34	32° 40' 36.005 N	104° 29' 52.693 W
FTP - Morrison 104H Plan 0.2	2637.00	131.45	-828.62	609946.27	495634.26	32° 40' 36.117 N	104° 28' 54.732 W

SITE DETAILS: Morrison 104H

Site Centre Northing: 609814.82
Easting: 496462.88

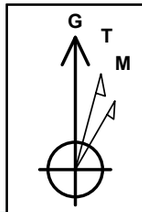
Positional Uncertainity: 0.00
Convergence: -0.08
Local North: Grid

PROJECT DETAILS: Eddy County, NM (NAD 83 NME)

Geodetic System: US State Plane 1983
Datum: North American Datum 1983
Ellipsoid: GRS 1980
Zone: New Mexico Eastern Zone

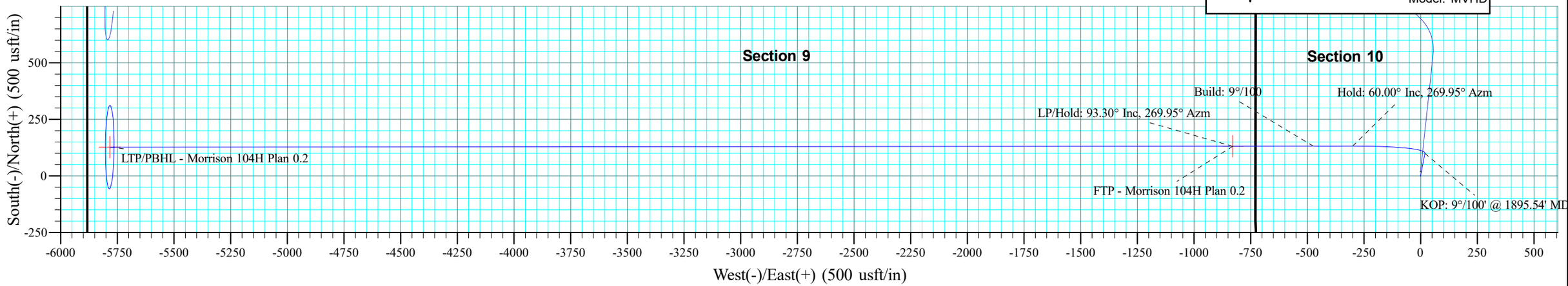
System Datum: Mean Sea Level

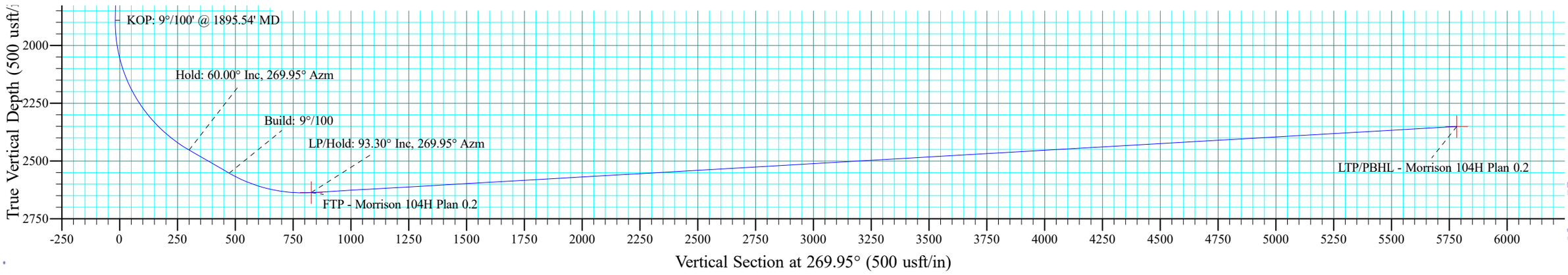
Drawn By: KRN
Date Created: 10/3/2022
Date Revised: 10/4/2022
File:Silverback - Morrison 104H - Plan 0.2.wpc



Azimuths to Grid North
True North: 0.08°
Magnetic North: 7.01°

Magnetic Field
Strength: 47687.9nT
Dip Angle: 60.32°
Date: 11/4/2022
Model: MVHD





Silverback Exploration

Eddy County, NM (NAD 83 NME)
Morrison 104H
Morrison 104H

Planning

Plan: Plan 0.2

Standard Planning Report

04 October, 2022

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 104H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 104H	**North Reference:**	Grid
Well:	Morrison 104H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Project Eddy County, NM (NAD 83 NME)

Map System:	US State Plane 1983	**System Datum:**	Mean Sea Level
Geo Datum:	North American Datum 1983		
Map Zone:	New Mexico Eastern Zone		

Site Morrison 104H

Site Position:		**Northing:**	609,814.82 usft	**Latitude:**	32° 40' 34.828 N
From:	Map	**Easting:**	496,462.88 usft	**Longitude:**	104° 28' 45.035 W
Position Uncertainty:	0.00 usft	**Slot Radius:**	13-3/16 "	**Grid Convergence:**	-0.08 °

Well Morrison 104H

Well Position	**+N/-S**	0.00 usft	**Northing:**	609,814.82 usft	**Latitude:**	32° 40' 34.828 N
	+E/-W	0.00 usft	**Easting:**	496,462.88 usft	**Longitude:**	104° 28' 45.035 W
Position Uncertainty		0.00 usft	**Wellhead Elevation:**		**Ground Level:**	3,498.00 usft

Wellbore Planning

Magnetics	Model Name	Sample Date	Declination (°)	Dip Angle (°)	Field Strength (nT)
	MVHD	11/4/2022	6.94	60.32	47,687.940

Design Plan 0.2

Audit Notes:

Version:	**Phase:**	PLAN	**Tie On Depth:**	0.00

Vertical Section:	Depth From (TVD) (usft)	+N/-S (usft)	+E/-W (usft)	Direction (°)
	0.00	0.00	0.00	269.95

Plan Survey Tool Program **Date** 10/4/2022

	Depth From (usft)	Depth To (usft)	Survey (Wellbore)	Tool Name	Remarks
1	0.00	8,105.96	Plan 0.2 (Planning)	MWD+HRGM	
				OWSG MWD + HRGM	

Plan Sections

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)	TFO (°)	Target
0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000	0.00	
605.00	0.00	0.00	605.00	0.00	0.00	0.000	0.000	0.000	0.00	
855.25	5.00	10.54	854.93	10.74	2.00	2.000	2.000	0.000	10.54	
1,895.54	5.00	10.54	1,891.26	99.96	18.61	0.000	0.000	0.000	0.00	
2,573.76	60.00	269.95	2,452.77	131.88	-300.41	9.000	8.109	-14.832	-103.36	
2,773.76	60.00	269.95	2,552.77	131.74	-473.62	0.000	0.000	0.000	0.00	
3,143.80	93.30	269.95	2,637.00	131.45	-828.62	9.000	9.000	0.000	0.00	FTP - Morrison 104
8,105.98	93.30	269.95	2,351.00	127.38	-5,782.54	0.000	0.000	0.000	0.00	LTP/PBHL - Morrisc

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 104H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 104H	**North Reference:**	Grid
Well:	Morrison 104H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.000	0.000	0.000
100.00	0.00	0.00	100.00	0.00	0.00	0.00	0.000	0.000	0.000
200.00	0.00	0.00	200.00	0.00	0.00	0.00	0.000	0.000	0.000
300.00	0.00	0.00	300.00	0.00	0.00	0.00	0.000	0.000	0.000
400.00	0.00	0.00	400.00	0.00	0.00	0.00	0.000	0.000	0.000
500.00	0.00	0.00	500.00	0.00	0.00	0.00	0.000	0.000	0.000
605.00	0.00	0.00	605.00	0.00	0.00	0.00	0.000	0.000	0.000
Build: 2°/100									
700.00	1.90	10.54	699.98	1.55	0.29	-0.29	2.000	2.000	0.000
800.00	3.90	10.54	799.85	6.52	1.21	-1.22	2.000	2.000	0.000
855.25	5.00	10.54	854.93	10.74	2.00	-2.01	2.000	2.000	0.000
Hold: 5.00° Inc, 10.54° Azm									
900.00	5.00	10.54	899.51	14.58	2.71	-2.73	0.000	0.000	0.000
1,000.00	5.00	10.54	999.13	23.15	4.31	-4.33	0.000	0.000	0.000
1,100.00	5.00	10.54	1,098.75	31.73	5.91	-5.93	0.000	0.000	0.000
1,200.00	5.00	10.54	1,198.37	40.31	7.50	-7.54	0.000	0.000	0.000
1,300.00	5.00	10.54	1,297.99	48.88	9.10	-9.14	0.000	0.000	0.000
1,400.00	5.00	10.54	1,397.60	57.46	10.70	-10.75	0.000	0.000	0.000
1,500.00	5.00	10.54	1,497.22	66.04	12.29	-12.35	0.000	0.000	0.000
1,600.00	5.00	10.54	1,596.84	74.61	13.89	-13.95	0.000	0.000	0.000
1,700.00	5.00	10.54	1,696.46	83.19	15.49	-15.56	0.000	0.000	0.000
1,800.00	5.00	10.54	1,796.08	91.77	17.08	-17.16	0.000	0.000	0.000
1,895.54	5.00	10.54	1,891.26	99.96	18.61	-18.69	0.000	0.000	0.000
KOP: 9°/100' @ 1895.54' MD									
1,900.00	4.93	6.00	1,895.70	100.34	18.66	-18.75	9.000	-1.734	-102.045
1,950.00	6.14	319.52	1,945.49	104.52	17.15	-17.24	9.000	2.421	-92.953
2,000.00	9.56	297.50	1,995.02	108.47	11.73	-11.82	9.000	6.852	-44.033
2,050.00	13.63	287.71	2,044.00	112.18	2.43	-2.53	9.000	8.124	-19.592
2,100.00	17.90	282.43	2,092.11	115.63	-10.69	10.59	9.000	8.540	-10.557
2,150.00	22.25	279.15	2,139.06	118.79	-27.55	27.44	9.000	8.717	-6.561
2,200.00	26.66	276.90	2,184.56	121.64	-48.04	47.94	9.000	8.807	-4.492
2,250.00	31.09	275.26	2,228.34	124.18	-72.04	71.94	9.000	8.859	-3.295
2,300.00	35.53	273.98	2,270.11	126.37	-99.41	99.30	9.000	8.891	-2.543
2,350.00	39.99	272.96	2,309.63	128.21	-129.96	129.85	9.000	8.913	-2.043
2,400.00	44.45	272.11	2,346.65	129.69	-163.52	163.41	9.000	8.928	-1.696
2,450.00	48.92	271.39	2,380.94	130.79	-199.87	199.76	9.000	8.938	-1.446
2,500.00	53.40	270.76	2,412.29	131.52	-238.80	238.69	9.000	8.946	-1.261
2,550.00	57.87	270.20	2,440.51	131.86	-280.06	279.95	9.000	8.952	-1.123
2,573.76	60.00	269.95	2,452.77	131.88	-300.41	300.30	9.000	8.956	-1.041
Hold: 60.00° Inc, 269.95° Azm									
2,600.00	60.00	269.95	2,465.89	131.87	-323.14	323.02	0.000	0.000	0.000
2,700.00	60.00	269.95	2,515.89	131.79	-409.74	409.63	0.000	0.000	0.000
2,773.76	60.00	269.95	2,552.77	131.74	-473.62	473.50	0.000	0.000	0.000
Build: 9°/100									
2,800.00	62.36	269.95	2,565.42	131.72	-496.61	496.49	9.000	9.000	0.000
2,850.00	66.86	269.95	2,586.85	131.69	-541.77	541.65	9.000	9.000	0.000
2,900.00	71.36	269.95	2,604.67	131.65	-588.47	588.35	9.000	9.000	0.000
2,950.00	75.86	269.95	2,618.77	131.61	-636.43	636.31	9.000	9.000	0.000
3,000.00	80.36	269.95	2,629.07	131.57	-685.34	685.22	9.000	9.000	0.000
3,050.00	84.86	269.95	2,635.50	131.53	-734.91	734.80	9.000	9.000	0.000
3,100.00	89.36	269.95	2,638.02	131.49	-784.84	784.72	9.000	9.000	0.000
3,143.80	93.30	269.95	2,637.00	131.45	-828.62	828.50	9.000	9.000	0.000
LP/Hold: 93.30° Inc, 269.95° Azm									

SILVERBACK EXPLORATION

Aim Directional Services, LLC

Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 104H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 104H	**North Reference:**	Grid
Well:	Morrison 104H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Planned Survey

Measured Depth (usft)	Inclination (°)	Azimuth (°)	Vertical Depth (usft)	+N/-S (usft)	+E/-W (usft)	Vertical Section (usft)	Dogleg Rate (°/100ft)	Build Rate (°/100ft)	Turn Rate (°/100ft)
3,200.00	93.30	269.95	2,633.76	131.40	-884.72	884.61	0.000	0.000	0.000
3,300.00	93.30	269.95	2,628.00	131.32	-984.56	984.44	0.000	0.000	0.000
3,400.00	93.30	269.95	2,622.23	131.24	-1,084.39	1,084.27	0.000	0.000	0.000
3,500.00	93.30	269.95	2,616.47	131.16	-1,184.22	1,184.11	0.000	0.000	0.000
3,600.00	93.30	269.95	2,610.71	131.08	-1,284.06	1,283.94	0.000	0.000	0.000
3,700.00	93.30	269.95	2,604.94	130.99	-1,383.89	1,383.78	0.000	0.000	0.000
3,800.00	93.30	269.95	2,599.18	130.91	-1,483.72	1,483.61	0.000	0.000	0.000
3,900.00	93.30	269.95	2,593.42	130.83	-1,583.56	1,583.44	0.000	0.000	0.000
4,000.00	93.30	269.95	2,587.65	130.75	-1,683.39	1,683.28	0.000	0.000	0.000
4,100.00	93.30	269.95	2,581.89	130.67	-1,783.23	1,783.11	0.000	0.000	0.000
4,200.00	93.30	269.95	2,576.13	130.58	-1,883.06	1,882.94	0.000	0.000	0.000
4,300.00	93.30	269.95	2,570.36	130.50	-1,982.89	1,982.78	0.000	0.000	0.000
4,400.00	93.30	269.95	2,564.60	130.42	-2,082.73	2,082.61	0.000	0.000	0.000
4,500.00	93.30	269.95	2,558.83	130.34	-2,182.56	2,182.45	0.000	0.000	0.000
4,600.00	93.30	269.95	2,553.07	130.26	-2,282.39	2,282.28	0.000	0.000	0.000
4,700.00	93.30	269.95	2,547.31	130.17	-2,382.23	2,382.11	0.000	0.000	0.000
4,800.00	93.30	269.95	2,541.54	130.09	-2,482.06	2,481.95	0.000	0.000	0.000
4,900.00	93.30	269.95	2,535.78	130.01	-2,581.90	2,581.78	0.000	0.000	0.000
5,000.00	93.30	269.95	2,530.02	129.93	-2,681.73	2,681.61	0.000	0.000	0.000
5,100.00	93.30	269.95	2,524.25	129.85	-2,781.56	2,781.45	0.000	0.000	0.000
5,200.00	93.30	269.95	2,518.49	129.76	-2,881.40	2,881.28	0.000	0.000	0.000
5,300.00	93.30	269.95	2,512.73	129.68	-2,981.23	2,981.12	0.000	0.000	0.000
5,400.00	93.30	269.95	2,506.96	129.60	-3,081.06	3,080.95	0.000	0.000	0.000
5,500.00	93.30	269.95	2,501.20	129.52	-3,180.90	3,180.78	0.000	0.000	0.000
5,600.00	93.30	269.95	2,495.43	129.44	-3,280.73	3,280.62	0.000	0.000	0.000
5,700.00	93.30	269.95	2,489.67	129.35	-3,380.57	3,380.45	0.000	0.000	0.000
5,800.00	93.30	269.95	2,483.91	129.27	-3,480.40	3,480.28	0.000	0.000	0.000
5,900.00	93.30	269.95	2,478.14	129.19	-3,580.23	3,580.12	0.000	0.000	0.000
6,000.00	93.30	269.95	2,472.38	129.11	-3,680.07	3,679.95	0.000	0.000	0.000
6,100.00	93.30	269.95	2,466.62	129.03	-3,779.90	3,779.79	0.000	0.000	0.000
6,200.00	93.30	269.95	2,460.85	128.94	-3,879.73	3,879.62	0.000	0.000	0.000
6,300.00	93.30	269.95	2,455.09	128.86	-3,979.57	3,979.45	0.000	0.000	0.000
6,400.00	93.30	269.95	2,449.33	128.78	-4,079.40	4,079.29	0.000	0.000	0.000
6,500.00	93.30	269.95	2,443.56	128.70	-4,179.24	4,179.12	0.000	0.000	0.000
6,600.00	93.30	269.95	2,437.80	128.62	-4,279.07	4,278.95	0.000	0.000	0.000
6,700.00	93.30	269.95	2,432.03	128.53	-4,378.90	4,378.79	0.000	0.000	0.000
6,800.00	93.30	269.95	2,426.27	128.45	-4,478.74	4,478.62	0.000	0.000	0.000
6,900.00	93.30	269.95	2,420.51	128.37	-4,578.57	4,578.46	0.000	0.000	0.000
7,000.00	93.30	269.95	2,414.74	128.29	-4,678.40	4,678.29	0.000	0.000	0.000
7,100.00	93.30	269.95	2,408.98	128.21	-4,778.24	4,778.12	0.000	0.000	0.000
7,200.00	93.30	269.95	2,403.22	128.12	-4,878.07	4,877.96	0.000	0.000	0.000
7,300.00	93.30	269.95	2,397.45	128.04	-4,977.90	4,977.79	0.000	0.000	0.000
7,400.00	93.30	269.95	2,391.69	127.96	-5,077.74	5,077.63	0.000	0.000	0.000
7,500.00	93.30	269.95	2,385.93	127.88	-5,177.57	5,177.46	0.000	0.000	0.000
7,600.00	93.30	269.95	2,380.16	127.80	-5,277.41	5,277.29	0.000	0.000	0.000
7,700.00	93.30	269.95	2,374.40	127.71	-5,377.24	5,377.13	0.000	0.000	0.000
7,800.00	93.30	269.95	2,368.64	127.63	-5,477.07	5,476.96	0.000	0.000	0.000
7,900.00	93.30	269.95	2,362.87	127.55	-5,576.91	5,576.79	0.000	0.000	0.000
8,000.00	93.30	269.95	2,357.11	127.47	-5,676.74	5,676.63	0.000	0.000	0.000
8,105.98	93.30	269.95	2,351.00	127.38	-5,782.54	5,782.43	0.000	0.000	0.000
PBHL									

SILVERBACK EXPLORATION

Aim Directional Services, LLC
Planning Report

Aim Directional Services

Database:	RTOC- EDM 5000.1 Single User Db	**Local Co-ordinate Reference:**	Site Morrison 104H
Company:	Silverback Exploration	**TVD Reference:**	Well @ 3514.00usft (16' RKB)
Project:	Eddy County, NM (NAD 83 NME)	**MD Reference:**	Well @ 3514.00usft (16' RKB)
Site:	Morrison 104H	**North Reference:**	Grid
Well:	Morrison 104H	**Survey Calculation Method:**	Minimum Curvature
Wellbore:	Planning		
Design:	Plan 0.2		

Design Targets

Target Name - hit/miss target - Shape	Dip Angle (°)	Dip Dir. (°)	TVD (usft)	+N/-S (usft)	+E/-W (usft)	Northing (usft)	Easting (usft)	Latitude	Longitude
LTP/PBHL - Morrison - plan hits target center - Point	0.00	360.00	2,351.00	127.38	-5,782.54	609,942.20	490,680.34	32° 40' 36.004 N	104° 29' 52.693 W
FTP - Morrison 104H - plan hits target center - Point	0.00	360.00	2,637.00	131.45	-828.62	609,946.27	495,634.26	32° 40' 36.117 N	104° 28' 54.732 W

Plan Annotations

Measured Depth (usft)	Vertical Depth (usft)	Local Coordinates +N/-S (usft)	Local Coordinates +E/-W (usft)	Comment
605.00	605.00	0.00	0.00	Build: 2°/100
855.25	854.93	10.74	2.00	Hold: 5.00° Inc, 10.54° Azm
1,895.54	1,891.26	99.96	18.61	KOP: 9°/100' @ 1895.54' MD
2,573.76	2,452.77	131.88	-300.41	Hold: 60.00° Inc, 269.95° Azm
2,773.76	2,552.77	131.74	-473.62	Build: 9°/100
3,143.80	2,637.00	131.45	-828.62	LP/Hold: 93.30° Inc, 269.95° Azm
8,105.98	2,351.00	127.38	-5,782.54	PBHL

TAB 4

EXHIBIT A-4A
SPACING UNIT PLAT

EXHIBIT A-4B
MORRISON UNIT OWNERSHIP

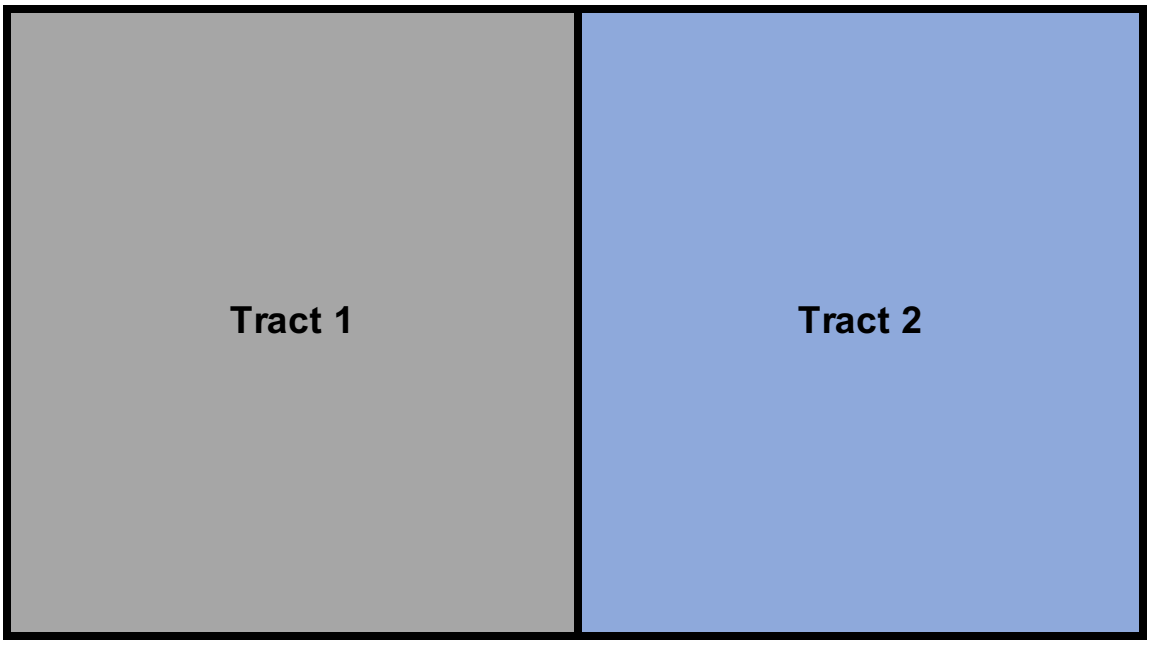
EXHIBIT A-4C
MORRISON CONTACT INFORMATION

Exhibit "A-5a"

Case No. 23175

Silverback Operating II, LLC - Applicant

TRACT MAP WITH WORKING INTEREST OWNERS



N/2 of Section 9, Township 19 South, Range 25 East NMPM, Eddy County, New Mexico

Tract 1: W/2	Silverback New Mexico, LLC - 56.84%; Vladin, LLC - 1.38%; Sharbro Energy, LLC - 2.06%; OXY Y-1 Company - 2.22%; Fasken Land & Minerals, Ltd. - 14.58%; The Toles Company - 4.17%; Graham Family Investments, LLC - 4.17%; Marshall & Winston, Inc. - 9.38%; Balwick Limited Partnership - 1.74%; Lodewick, LLC - 3.47%
Tract 2: E/2	Silverback New Mexico, LLC - 53.83%; Vladin, LLC - 0.33%; Sharbro Energy, LLC - 0.50%; Fasken Land & Minerals, Ltd. - 25%; The Toles Company - 4.17%; Graham Family Investments, LLC - 4.17%; SEP Permian, LLC - 6.38%; COG Operating, LLC 5.625%

Case No. 23424 by Silverback Operating
Morrison Unit

Plat prepared by : Larry K. Coshow, CPL
Date: March 27, 2023

SILVERBACK EXPLORATION

PROPOSED MORRISON HSU OWNERSHIP INFORMATION
TOP TO BASE OF PENASCO DRAW SA-YESO FORMATION

PROPOSED HSU TRACT PARTICIPATION FACTORS

Tract	Location	Section	Acres	Tract Part. Factor
1	NW/4	S9-T19S-R25E	160.00	0.5000
2	NE/4	S2-T19S-R25E	160.00	0.5000
Total			***320.00***	***1.0000***

PROPOSED MORRISON HSU – TRACT & UNIT OWNERSHIP INFORMATION

TRACT 1 (NW/4 S9-T19S-R25E)	INT.TYPE	TRACT WI	GROSS AC.	NET AC.	UNIT WI
Silverback Operating II, LLC	WI	56.842448%	160.0000	90.947917	0.28421224
Vladin, LLC	WI	1.375000%	160.0000	02.200000	0.00687500
Sharbro Energy, LLC	WI	2.062500%	160.0000	03.300000	0.01031250
OXY Y-1 Company	WI	2.220052%	160.0000	03.552083	0.01110026
Fasken Land & Minerals, Ltd.	WI	14.583333%	160.0000	23.333333	0.07291666
The Toles Company	UMI	4.166667%	160.0000	6.6666667	0.02083334
Graham Family Investments, LLC	UMI	4.166667%	160.0000	6.6666667	0.02083334
Marshall & Winston, Inc.	UMI	9.375000%	160.0000	15.000000	0.04687500
Balwick Limited Partnership	UMI	1.736111%	160.0000	02.777778	0.00868055
Lodewick, LLC	UMI	3.472222%	160.0000	05.555556	0.01736111
Tract 1 Total		***100.000000%***		***160.000000***	***0.50000000***

TRACT 2 (NE/4 S9-T19S-R25E)	INT.TYPE	TRACT WI	GROSS AC.	NET AC.	UNIT WI
Silverback Operating II, LLC	WI	53.833334%	160.0000	86.133334	0.26916667
Vladin, LLC	WI	0.333333%	160.0000	0.533333	0.00166667
Sharbro Energy, LLC	WI	0.500000%	160.0000	0.800000	0.00250000
Fasken Land & Minerals, Ltd.	WI	25.000000%	160.0000	40.000000	0.12500000
SEP Permian, LLC	WI	6.375000%	160.0000	10.2000000	0.03187500
COG Operating, LLC	WI	5.625000%	160.0000	9.0000000	0.02812500
The Toles Company	UMI	4.166667%	160.0000	6.6666667	0.02083333
Graham Family Investments, LLC	UMI	4.166666%	160.0000	6.6666667	0.02083333
Tract 2 Total		***100.000000%***		***160.000000***	***0.50000000***

WI = Working Interest / UMI = Unleased Mineral Interest

PROPOSED MORRISON HSU – RECORD TITLE UNIT OWNERSHIP SUMMARY

OWNER	INTEREST	UNIT WI/UMI	NET ACRES
Silverback Operating II, LLC	WI	0.55337891	177.081251
Fasken Land & Minerals, Ltd.	WI	0.19791667	63.333333
OXY Y-1 Company	WI	0.01110026	3.552083
COG Operating, LLC	WI	0.02812500	9.000000
SEP Permian, LLC	WI	0.03187500	10.200000
Vladin, LLC	WI	0.00854167	2.733333
Sharbro Energy, LLC	WI	0.01281250	4.100000
The Toles Company	UMI	0.04166667	13.333333
Graham Family Investments	UMI	0.04166666	13.333333
Marshall & Winston, Inc.	UMI	0.04687500	15.000000
Balwick Limited Partnership	UMI	0.00868055	2.777778
Lodewick, LLC	UMI	0.01736111	5.555556
Total Unit WI/NRI		***1.00000000***	***320.000000***

Exhibit A-4c
Case No. 23424
Silverback Operating II, LLC - Applicant
Compulsory Pooling Respondent List

Interest Type	Company/Owner	Address	City	State	Zip Code
WI	Fasken Oil and Ranch LTD	6101 Holiday Hill Road	Midland	TX	79707
WI	Spur Energy Partners Holdings, LLC	9655 Katy Freeway, Suite	Houston	TX	77024
WI	Sharbro Energy, LLC	PO Box 840	Artesia	NM	88211-0840
WI	Vladin, LLC	PO Box 100	Artesia	NM	88211-0100
WI	Oxy Y 1 Company	5 Greenway Plaza, Suite 1	Houston	TX	77046
UMI	The Toles Company	PO Box 1300	Roswell	NM	88202-1835
UMI	Graham Family Investments	PO Box 1835	Roswell	NM	88202-1835
UMI	Marshall & Winston, LLC	PO Box 5080	Midland	TX	79710-0880
UMI	Balwick Limited Partnership	PO Box 52336	Midland	TX	79710-2336
UMI	Lodewick, LLC	3305 Wentwood	Dallas	TX	75225

TAB 4

EXHIBIT A-5
NOTICE VIA CERTIFIED MAIL

HOLLIDAY ENERGY LAW GROUP

March 13, 2023

VIA U.S. CERTIFIED MAIL, RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS ON ATTACHED LIST

RE: Case No. 23424 – Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, NM – Morrison 101H, 102H, 103H, and 104H Wells

Dear Interest Owner:

This will advise that pursuant to NMSA 1978 § 70-2-17, Silverback Operating II, LLC ("Silverback") has filed an application with the New Mexico Oil Conservation Division for an order regarding the proposed wells described below. You are receiving this notice because you may have an interest in this well.

Case No. 23424. Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Penasco Draw SA-Yeso Formation, designated as an oil pool (Pool Code 50270) into a standard 320-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of N2 Section 9, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. The HSU is to be dedicated to the following wells (collectively the "Wells"):

1. **Morrison 101H**, API No. 30-015-50070, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;

2. **Morrison 102H**, API No. 30-015-50071, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
3. **Morrison 103H**, API No. 30-015-50072, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and
4. **Morrison 104H**, API No. 30-015-50073, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL.

The first and last takepoints for the Wells meet the setback requirements set forth in the statewide rules for horizontal oil wells, and the completed laterals for Wells will comply with the standard setbacks. Also to be considered will be the cost of drilling and completing the Wells and the allocation of costs, the designation of Silverback as operator of the Wells, and a 200% charge for the risk involved in drilling and completing the wells.

The attached Application has been set for a hearing on April 6, 2023, before a Division Examiner at the New Mexico Oil Conservation Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on April 6, 2023 beginning at 8:15am. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: https://www.emnrd.nm.gov/ocd/hearing-info/. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by March 29, 2023, and serve the Division, counsel for Applicant, and other parties with a pre-hearing statement by March 20, 2023, in accordance with Division Rule 19.15.4.13.

Please feel free to contact me if you have any questions about this Application.

Regards,

Benjamin Holliday

Holliday ENERGY Law Group
4040 Broadway, Suite 350
San Antonio, Texas 78209
O: 210.469.3187 M: 210.219.9126
E: ben@theenergylawgroup.com
W: theENERGYlawgroup.com

ATTACHED OWNER LIST

WORKING INTEREST OWNERS

Fasken Oil and Ranch LTD	6101 Holiday Hill Road, Midland, TX 79707
Spur Energy Partners Holdings, LLC	9655 Katy Freeway, Suite 500, Houston, TX 77024
Toles Company	P.O. Box 1300, Roswell, NM 88202-1300
Graham Family Investments, LLC	P.O. Box 1835, Roswell, NM 88202-1835
Sharbro Energy, LLC	P.O. Box 840. Artesia, NM 88211-0840
Vladin, LLC	P.O. Box 100, Artesia, NM 88211-0100
Marshall & Winston, Inc.	P.O. Box 50880, Midland, TX 79710-0880
Oxy Y 1 Company	5 Greenway Plaza, Suite 110, Houston, TX 77046
Balwick Limited Partnership	P.O. Box 52336, Midland, TX 79710-2336
Lodewick, LLC	3305 Wentwood, Dallas, TX 75225

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. _____**

APPLICATION

Pursuant to NMSA § 70-2-17, Silverback Operating II, LLC ("Applicant") (OGRID No. 330968), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico ("Division") for an order (1) creating a 320-acre, more or less, standard horizontal well spacing unit comprised of the N2 Section 9, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico ("Unit"), and (2) pooling all uncommitted interest within the Penasco Draw SA-Yeso Formation, designated as an oil pool (Pool Code 50270), underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following wells, referred to collectively as the Wells:
    a. **Morrison Unit 101H**, API No. 30-015-50070, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    b. **Morrison Unit 102H**, API No. 30-015-50071, which is an oil well that will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL;
    c. **Morrison Unit 103H**, API No. 30-015-50072, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10,

Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and

d. **Morrison Unit 104H**, API No. 30-015-50073, which is an oil well that will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL.

3. The completed interval of the Wells will be orthodox and remain within 330-feet of the adjoining quarter-quarter section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(1)(6).
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Wells but has been unable to obtain voluntary agreements from all interest owners.
5. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. In order to allow Applicant to obtain it's just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Wells and Unit.

WHEREFORE, Applicant requests this Application be set for hearing April 6, 2023, and that after notice and hearing, the Division enter an order

A. Pooling all uncommitted interests in the Unit;

B. Approving the Wells in the Unit;

C. Designating Applicant as operator of the Unit and the Wells;

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% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday
Benjamin B. Holliday
4040 Broadway, Suite 350
San Antonio, Texas 78209
Phone: (210) 469-3197
ben@theenergylawgroup.com
ben-svc@theenergylawgroup.com
Counsel for Silverback Operating II, LLC

7022 2410 0000 4481 6870

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Fasken Oil and Ranch LTD
6101 Holiday Hill Road
Midland, TX 79707

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SENDER: COMPLETE THIS SECTION

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1. Article Addressed to:

Fasken Oil and Ranch LTD
6101 Holiday Hill Road
Midland, TX 79707

9590 9402 7314 2028 0502 79

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6870

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x Cynthia Moreno ☐ Agent ☐ Addressee

B. Received by (Printed Name) Cynthia Moreno
C. Date of Delivery 3/15/23

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

3. Service Type
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Street and Apt.: P.O. Box 1300
City, State, ZIP: Roswell, NM 88202-1300

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Roswell, NM 88202-1300

9590 9402 7314 2028 0504 60

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7022 2410 0000 4481 6894

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A. Signature
X Susan James ☐ Agent ☐ Addressee

B. Received by (Printed Name) Susan James
C. Date of Delivery

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

ROSWELL, NM 88201 MAR 16 2023

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Graham Family Investments, LLC
P.O. Box 1835
Roswell, NM 88202-1835

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1. Article Addressed to:

Graham Family Investments, LLC
P.O. Box 1835
Roswell, NM 88202-1835

9590 9402 7314 2028 0504 77

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7022 2410 0000 4481 6900

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x Jimi S Gadzia ☐ Agent ☐ Addressee

B. Received by (Printed Name) JIMI S. GADZIA C. Date of Delivery

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

3. Service Type
☐ Adult Signature
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Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-0840

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1. Article Addressed to:

Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-0840

9590 9402 7314 2028 0504 84

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6917

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Kristen ☐ Agent ☐ Addressee

B. Received by (Printed Name) Kristen
C. Date of Delivery

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

3. Service Type
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Vladin, LLC
P.O. Box 100
Artesia, NM 88211-0100

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Vladin, LLC
P.O. Box 100
Artesia, NM 88211-0100

9590 9402 7314 2028 0504 91

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7022 2410 0000 4481 6924

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A. Signature
X Dora Rivera ☐ Agent ☐ Addressee

B. Received by (Printed Name) Dora Rivera C. Date of Delivery 3-16-23

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Street an: P.O. Box 50880
City, Stat: Midland, TX 79710-0880

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Marshall & Winston, Inc.
P.O. Box 50880
Midland, TX 79710-0880

9590 9402 7314 2028 0505 07

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☐ Addressee

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C. Date of Delivery
3.14.23

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SAN ANTONIO, TEXAS 78209

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Sent To: Oxy Y 1 Company
Street and: 5 Greenway Plaza, Suite 110
City, State: Houston, TX 77046

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1. Article Addressed to:

Oxy Y 1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046

9590 9402 7314 2028 0505 38

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6948

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A. Signature
X
☑ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery
3/16/23

D. Is delivery address different from item 1? ☐ Yes
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3. Service Type
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- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
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- ☐ Registered Mail Restricted Delivery
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Street a P.O. Box 52336
City, Sta Midland, TX 79710-2336

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1. Article Addressed to:

Balwick Limited Partnership
P.O. Box 52336
Midland, TX 79710-2336

9590 9402 7314 2028 0505 21

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6955

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A. Signature
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☐ Agent
☐ Addressee

B. Received by (Printed Name) C. Date of Delivery
3/21/23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

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☐ Return Receipt (hardcopy) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage
$
Total Postage and Fees
$
Sent To
Street and
City, State,

Lodewick, LLC
3305 Wentwood
Dallas, TX 75225

ALAMO HEIGHTS RETAIL STATION
MAR 13 2023
SAN ANTONIO, TEXAS 78209

Postmark Here

7022 2410 0000 4481 6962

PS Form ... or Instructions

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Lodewick, LLC
3305 Wentwood
Dallas, TX 75225

9590 9402 7314 2028 0505 14

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6962

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☑ Agent
☐ Addressee

B. Received by (Printed Name) Lodewick (In Box)
C. Date of Delivery 3/16/23

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

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery (over $500)
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

TAB 4

EXHIBIT A-6
NEWSPAPER AFFIDAVIT OF PUBLICATION AND ADVERTISEMENT

Carlsbad Current Argus.
PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005640893

This is not an invoice

HOLLIDAY ENERGY LAW GROUP
4040 BROADWAY ST, SUITE 350

SAN ANTONIO, TX 78209

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 in editions dated as follows:

03/24/2023

Legal Clerk

Subscribed and sworn before me this March 24, 2023:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005640893
PO #: 5640893
# of Affidavits 1

This is not an invoice

This is to notify the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted mineral owners: Fasken Oil and Ranch LTD; Spur Energy Partners Holdings, LLC; Toles Company; Graham Family Investments, LLC; Sharbro Energy, LLC; Vladin, LLC; Marshall & Winston, Inc.; Oxy Y 1 Company; Balwick Limited Partnership; and Lodewick, LLC. Case No. 23424, Application of Silverback Operating II, LLC for the Compulsory Pooling of the N/2 Section 9, Township 19 South, Range 25 East Eddy County, New Mexico, as to the Penasco Draw SA-Yeso Formation is set for hearing on Thursday, April 6, 2023 at 8:15 a.m. before a Division Examiner at the New Mexico Oil Conservation Division. Hearing may be viewed online by going to https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant's attorney is Benjamin Holliday, Holliday Energy Law Group, 4040 Broadway, Suite 350, San Antonio, TX 78209, ben@theenergylawgroup.com, and the Application is on behalf of Silverback Operating II, LLC, whose address is 19707 West IH 10, Suite 201, San Antonio, Texas, 78257. Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Penasco Draw SA-Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 Section 9, Township 19 South, Range 25 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells: a) Morrison Unit #101H well ("101H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximate-

ly 1,000 feet FNL, and approximately 100 feet FWL; b) the Morrison Unit #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; c) the Morrison Unit #103H well ("103H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and d) the Morrison Unit #104H well ("104H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL. The 101H Well, 102H Well, 103H Well, and 104H Well are referred to collectively herein as the "Wells." The completed interval of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 20 miles South of Artesia, New Mexico.
#5640893, Current Argus, Mar. 24, 2023

TAB 4

EXHIBIT A-7
WELL PROPOSAL LETTER

September 26, 2022

VIA CERTIFIED MAIL/ RETURN RECEIPT AND E-MAIL
Sally Kvansicka (sallyk@forl.com)

FASKEN OIL AND RANCH, LTD.
601 HOLIDAY HILL ROAD
MIDLAND, TEXAS 79707

ATTN: Ms. Sally Kvansicka – Land Manager

RE: Horizontal Well Proposals
Silverback Operating II, LLC: **Morrison #101H, Morrison #102H, Morrison #103H, Morrison #104H**
N/2 of Section 9-T19S-R25E
Eddy County, New Mexico

Dear Working Interest Owner,

Silverback Operating II, LLC ("SILVERBACK"), an affiliate of Silverback New Mexico, LLC, hereby proposes to drill and complete the **Morrison #101H, Morrison #102H, Morrison #103H and Morrison #104H** wells to the approximate total vertical depths as referenced below as horizontal Yeso wells (the "Subject Wells") at the following proposed locations (subject to change upon staking and survey).

Morrison #101H - Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point - 340' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location - 340' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600’ / 3,000’; Lateral Length: ~4,900’

Morrison #102H - Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point – 1,000' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 1,000' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600’ / 3,000’; Lateral Length: ~4,900’

19707 IH 10 West, Suite 201, San Antonio, Texas 78257-1748
Phone: (405) 312-3930 Email: lcoshow@silverbackexp.com

Morrison #103H- Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point – 1,660' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 1,660' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600’ / 3,000’; Lateral Length: ~4,900’

Morrison #104H- Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point – 2,320' FNL & 100' FEL, Section 9, T19S-R25E
- Proposed Bottom Hole Location – 2,320' FNL & 100' FWL, Section 9, T19S-R25E
- PROJECTED MD/TVD: 8,600’ / 3,000’; Lateral Length: ~4,900’

SILVERBACK proposes to form a Drilling Spacing Unit ("DSU") covering the N/2 of Section 9, T19S-R25E, Eddy County, New Mexico, containing 320.00 acres of land, more or less, from the surface to the base of the Yeso formation. In this 320.00-acre DSU covering the N/2 of Section 9, SILVERBACK plans to drill the **Morrison #101H, Morrison #102H, Morrison #103H and Morrison #104H** wells.

It is known that the proposed DSU lands are governed by one (1) existing Joint Operating Agreement covering the proposed depths and lands herein. Joint Operating Agreement dated November 1, 2013 (“JOA 2013”), covers the NW/4 of Section 9 from the surface of the earth down to 3,000’ and between Yates Petroleum Corporation, as Operator (SILVERBACK current Operator) and Fasken Land and Minerals, Ltd. et als, as Non-Operators (covers Marshall API #1 & #4, Patrick API #2 wells). SILVERBACK owns the balance of the remaining 200.00 Net Acres in the S/2 of Section 23 outside the 120.00 Net Acres covered by the JOA 1984.

It is SILVERBACK’S desire and request that the current JOA 2013 working interest partners, including, SILVERBACK, execute a ratification/amendment/extension/adoption document (“Amended Agreement”) to the JOA 2013 wherein this document/agreement extends and covers all of the N/2 of Section 9 as to any horizontal well drilled in the N/2 of Section 9 going forward only. This is a much easier alternative over sending out a new Operating Agreement to basically the partners covering all of the S/2 of Section 9 when the other 160.00 Net Acres being added to the JOA 2013 is owned by basically some of the same WI owners, adding some Spur Energy Partners Holdings, LLC (NE/4), the current Operator under the JOA 2013 and proposed the wells to be drilled. We have enclosed a Revised Exhibit “A” to the JOA 2013 that shows the updated contract area, current interest owners, addresses, leases, etc. that would be added and included as an exhibit to an Amended Agreement SILVERBACK can provide under separate cover. This

Revised Exhibit "A" calculates in a "50/50" tract participation factor that will be modified based on the amount of perforated interval in the NE/4 and NW/4.

The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs, whether more or less than those shown on the enclosed AFEs.

SILVERBACK respectfully requests that you select one (1) of the following four (4) options regarding your interest in each of the proposed wells:

- **Option 1:** Participate in the drilling and completion of the proposed well under terms and conditions under JOA 2013; or

- **Option 2:** Not participate in the proposed well (an election of "Non-Consent"); or

- **Option 3** - **Term Assignment:** Assign/Lease your leasehold/unleased mineral working interest in the N/2 of Section 9, T19S-R25E, exclusive of existing wellbores, to SILVERBACK through a term assignment and/or lease with a primary term of one (1) year and as long thereafter as production is obtained in paying quantities, and a bonus consideration of $750 per net mineral acre, delivering a 75% net revenue interest (limited to the surface to the base of the Yeso formation) reserving an ORRI equal to the difference between existing leasehold burdens of record and 25%, proportionally reduced; or

- **Option 4** - **Assignment:** Assign/Lease your leasehold/unleased working interest in the N/2 Section 9, T19S-R25E, exclusive of existing wellbores, to SILVERBACK for a bonus consideration of $ 1,500 per net mineral acre, delivering an 75% leasehold net revenue interest (all rights owned) reserving an ORRI equal to the difference between existing leasehold burdens of record and 25%, proportionally reduced.

Should you elect **Option 1** or **Option 2**, said election will be pursuant to the terms and conditions of governing operating agreement (JOA 2013). In the event you elect to assign/lease your leasehold/unleased interest under the terms outlined above in **Option 3** - **Term Assignment**, or **Option 4** - **Assignment**, please so indicate by signing the enclosed Assignment Election page. Upon receipt, SILVERBACK will submit an Assignment and/or Lease to you for your review and execution.

SILVERBACK looks forward to working with you on this matter. However, if an agreement cannot be reached within thirty (30) days of the receipt date of this proposal, please be advised SILVERBACK may apply to the New Mexico Oil Conservation Division for additional Compulsory Pooling of any uncommitted interest owners into a spacing unit for the proposed wells.

Please indicate your elections as to each of the Subject Wells in the spaces provided below and execute and return one (1) copy of this letter (together with a signed copy of each AFE for any well(s) you elect to participate in) to the undersigned within thirty (30) days of receipt of this proposal in the self-addressed stamped envelope provided.

Should you have any questions regarding this proposal, please contact Larry K. Coshow at 405-312-3930 or lcoshow@silverbackexp.com. Thank you very much for your assistance and cooperation.

Sincerely,

SILVERBACK NEW MEXICO, LLC

Larry K. Coshow, CPL
Contract Landman

Enclosures
Exhibit "A"
AFEs

September 26, 2022

Morrison #101H

_____***Option 1)*** *The undersigned elects to participate in the drilling and completion of the* ***Morrison #101H*** *well and has no objection to drilling of said Well and agrees to the formation of the DSU and to the terms of the existing operating agreement as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____***Option 2)*** *The undersigned elects not to participate in the drilling and completion of the* ***Morrison #101H*** *but has no objection to drilling of said well and agrees to the formation of the DSU by SILVERBACK.*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

Well Insurance:

_____. *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this _____day of _____, 2022.

Company/Individual: _____

By: _____

Name:_____

Title: _____

September 26, 2022

Morrison #102H

_____***Option 1)*** *The undersigned elects to participate in the drilling and completion of the* ***Morrison #102H*** *well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____***Option 2)*** *The undersigned elects not to participate in the drilling and completion of the* ***Morrison #102H but*** *has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK.*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

Well Insurance:

_____. *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this ___day of _____, 2022.

Company/Individual: _____

By: _____

Name:_____

Title: _____

September 26, 2022

Morrison #103H

_____***Option 1)*** *The undersigned elects to participate in the drilling and completion of the* ***Morrison #103H*** *well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____***Option 2)*** *The undersigned elects not to participate in the drilling and completion of the* ***Morrison #103H,*** *but has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

Well Insurance:

_____. *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this ___day of _____, 2022.

Company/Individual: _____

By: _____

Name:_____

Title: _____

September 26, 2022

Morrison #104H

_____***Option 1)*** *The undersigned elects to participate in the drilling and completion of the* ***Morrison #104H*** *well and has no objection to drilling of said well and agrees to the formation of the DSU and to the terms of the existing operating agreements and/or pooling orders as detailed in this proposal, with the cost and maintenance of all surface facilities, including any shared well pads, being reapportioned between each well drilled in the DSU.*

_____***Option 2)*** *The undersigned elects not to participate in the drilling and completion of the* ***Morrison #104H,*** *but has no objection to drilling of said Well and agrees to the formation of the DSU by SILVERBACK*

Should you elect to participate, please also indicate your Well Insurance election below and your approval to a ratification/amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. If you elect to obtain individual Well Insurance coverage, please provide SILVERBACK with a copy of your Certificate of Insurance.

Well Insurance:

_____. *The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.*

_____ *The undersigned elects to obtain individual Well Insurance coverage.*

_____ *The undersigned agrees to SILVERBACK'S proposed ratification /amendment/extension/adoption document ("Amended Agreement") to the JOA 2013. Please forward formal agreement for review and execution.*

Agreed to and Accepted this ___day of _____, 2022.

Company/Individual: _____

By: _____

Name:_____

Title: _____

TAB 4

EXHIBIT A-8
CHRONOLOGY OF MORRISON CONTACTS

EXHIBIT "A-8"
Case No. 23424
Silverback Operating II, LLC - Applicant

STATE OF NEW MEXICO

APPLICATION OF SILVERBACK OPERATING II, LLC FOR **CASE NO. 23424**

NOTICE LETTER CHART

Company / Individual WI Owner	WI	Notice Letter Sent	Return / Received	STATUS
Spur Energy Partners Holdings, LLC 9655 Katy Freeway, Suite 500 Houston, Texas 77024	6.250%	10/6/22	10/6/2022 - sent well proposal letter via certifed mail; received green card receipt 10/11/2022; numerous calls and e-mail exchanges between respective leadership parties.	
Graham Family Investments, LLC P.O. Box 1835 Roswell, New Mexico 88202-1835	4.167%	9/27/22	9/27/2022 - sent well proposal letter via certifed mail; received green card receipt dated 9/29/2022; one (1) e-mail exchange; leased interest to Spur in NE/4; elected to not participate with JOA interest in NW/4	
OXY Y-1 Company Five Greeway Plaza, Suite 110 Houston, Texas 77046	1.107%	9/27/22	9/27/2022 - sent well proposal letter via certifed mail; green card receipt dated 10/1/2022; no election response to date; e-mailed ratification agreement 3/9/2023	
Balwick Limited Partnership P.O. Box 52336 Midland, Texas 79710-2336	0.868%	9/27/22	9/27/2022 - sent well proposal letter via certifed mail; green card receipt dated 10/3/2022; one (1) e-mail exchange; received one (1) letter electing to participate; e-mailed ratification agreement 3/9/2023	
Lodewick, LLC 3305 Wentwood Dallas, Texas 75225	1.736%	9/27/22	9/27/2022 - sent well proposal letter via certifed mail; green card receipt dated 9/28/2022; thirteen(13) e-mails; 5-6 phone calls	
	14.128%	**TOTAL AMOUNT BEING POOLED CASE NO. 23424**		
Silverback Operating II, LLC	**55.338%**			

TAB 5

EXHIBIT B
AFFIDAVIT OF NATE GILBERTSON

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

APPLICATION OF SILVERBACK OPERATING II, LLC,
FOR A HORIZONTAL SPACING UNIT AND
COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

Case No. 23424

SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON

Nathaniel Gilbertson, of lawful age and being first duly sworn, declares as follows:

1. My name is Nathaniel Gilbertson, and I am employed by Silverback Operating II, LLC ("Silverback") as a petroleum geologist.

2. I have previously testified before the Oil Conservation Division ("Division") as an expert witness in petroleum geology. My credentials have been made a matter of record and I have been recognized by the Division as an expert witness.

3. I am familiar with the application filed by Silverback in this case, and I have conducted a geologic study of the Yeso formation underlying the subject area, including the Penasco Draw SA-Yeso Formation, which is designated as an oil pool (Pool Code 50270).

4. The initial targets for Silverback's proposed Morrison Unit wells in Section 9 of T19S-R25E are the Penasco Draw SA-Yeso Formation, which is an interval within the Yeso formation.

5. **Silverback Exhibit B-1** is a base map that shows the location of the proposed horizontal well spacing unit, the path of the proposed/drilled wellbores and offsetting wellbores. Marked on the map is the location of the four wells in Cross Section A-A' of Exhibit B-3. These wells penetrate the targeted interval, are of good quality, and are representative of the geology in the subject area.

6. **Silverback Exhibit B-2** is a subsea structure map of the top of the Glorieta/Yeso with a 25-foot contour interval. The Yeso formation structure is dipping to the east-southeast. The formation appears consistent across the proposed spacing unit. I do not observe any faulting, pinchouts, or other geologic impediments to horizontal drilling within the proposed spacing unit. This map also shows line B-B' which is depicted in a gun barrel diagram in Exhibit B-4 and line C-C' which is depicted in a lateral trajectory cross-section in Exhibit B-5.

7. **Silverback Exhibit B-3** is a structural cross-section that I prepared with data from open-hole logs collected over the target formation in the representative wells denoted from A to A' (Exhibit B-1). For each well in the cross-section, the exhibit shows the following logs: gamma ray, deep resistivity, neutron porosity and bulk density. The targeted zone for each well is labeled and marked on the cross-section. The logs in the cross-section demonstrate that the targeted zones are continuous and consistent through the proposed spacing unit.

8. **Silverback Exhibit B-4** is a gun barrel diagram from B to B' illustrating Silverback's intended development in the Yeso formation across the proposed spacing unit. Each proposed or existing well is identified relative to the different intervals within the Yeso formation.

9. **Silverback Exhibit B-5** is a West to East lateral trajectory cross-section illustrating Silverback's intended development in the Yeso formation across the proposed spacing unit.

10. Silverback has procedures in place to assess the risk of damaging existing vertical wells and the risk of existing wellbores acting as conduits for completion fluids to reach the surface during hydraulic fracturing operations. These procedures are reviewed and enhanced continually based on observations and data from on-going operations.

11. Silverback has examined the Division's records for each well in the proposed Horizontal Spacing Unit and reviewed the drilling, completion, recompletion(s) and abandonment

of those wellbores. Based on the information recorded with the Division, Silverback has estimated the risk of hydraulic fracture fluids communicating with each wellbore and the ability to contain any communication within that wellbore. Based on the risk assessment Silverback has determined necessary pre-operation preparation for each operated wellbore, including, but not limited to, shutting-in producing wells, plugging and abandoning high-risk wellbores, and modifying or skipping completion stages in close proximity to offset wellbores. Operated wells are monitored during hydraulic fracturing operations and design changes, including, but not limited to, reducing pump-rate, ending stages early and removing stages if offset wells exhibit unexpected pressure increases. Silverback personnel visually monitor plugged and abandoned wellbores on reclaimed locations during hydraulic fracturing operations for any potential signs of communication. Silverback provides 30-day notice prior to commencing hydraulic fracturing operations to operators of any wellbore within the proposed Horizontal Spacing Unit.

12. **Silverback Exhibit B-6** illustrates the existing wellbores within the proposed Horizontal Spacing Unit. The total depth drilled, as reported to the Division, is listed below each well symbol. Wellbores drilled sufficiently deep to penetrate the top of the Yeso Formation are noted with a red box around the well symbol.

13. There are active and inactive/plugged wells within the planned Horizontal Spacing Unit that have a total depth sufficient to penetrate the top of the Yeso Formation. All the active wells have been recompleted in the Yeso formation. Silverback is the operator of the active wells and is evaluating them for plugging, in accordance with the Division's requirements, prior to starting hydraulic fracturing operations. Silverback intends to not complete portions of laterals that are adjacent to the plugged and abandoned wells along with the remaining active wellbores. It is my opinion that Silverback's intended development poses low risk for damage to existing

wellbores and reduced risk of existing well bores acting as a conduit for completion fluids to reach the surface during hydraulic fracturing operations, enabling Silverback to be a prudent operator in this area of the Yeso formation.

14. In my opinion, the East-West orientation of the proposed wells in the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

15. Based on my geologic study of the area, the targeted interval underlying the proposed spacing unit is suitable for development by horizontal wells and tracts comprising the proposed spacing unit with contribute more or less equally to the production of the wells.

16. The granting of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights and will avoid the drilling of unnecessary wells.

17. **Silverback Exhibits B-1** through **B-6** were either prepared by me or compiled under my direction and supervision.

18. The foregoing is true to the best of my knowledge and belief.

[Signature page follows]

Signature page of Self-Affirmed Statement of Nathaniel Gilbertson:

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23424 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

Nat Gilbertson

Nathaniel Gilbertson

April 3, 2023

Date Signed

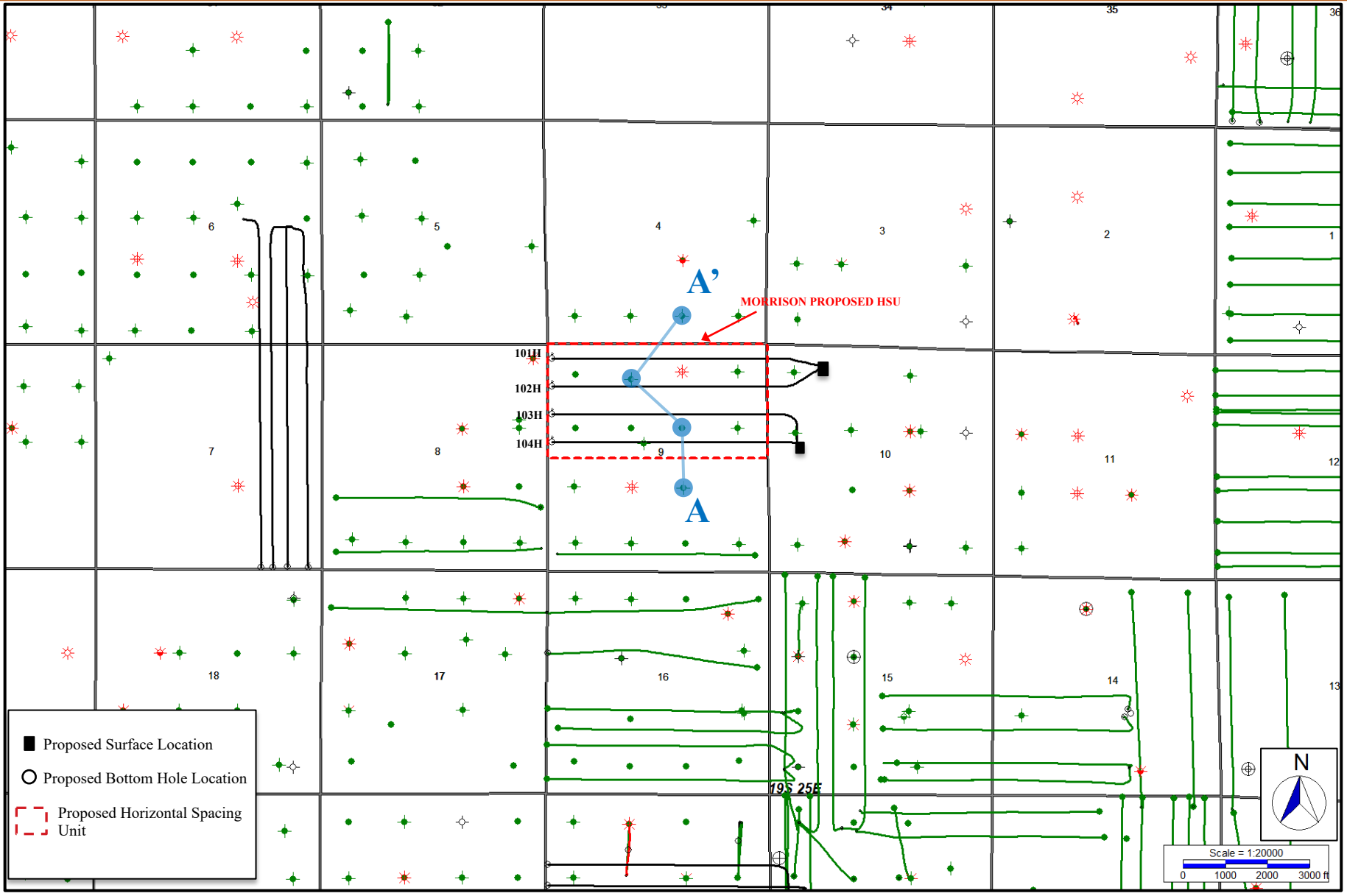
TAB 6

EXHIBIT B-1
MORRISON HSU BASEMAP

Exhibit B-1: Morrison HSU Basemap

(Case No. 23424)

SILVERBACK EXPLORATION



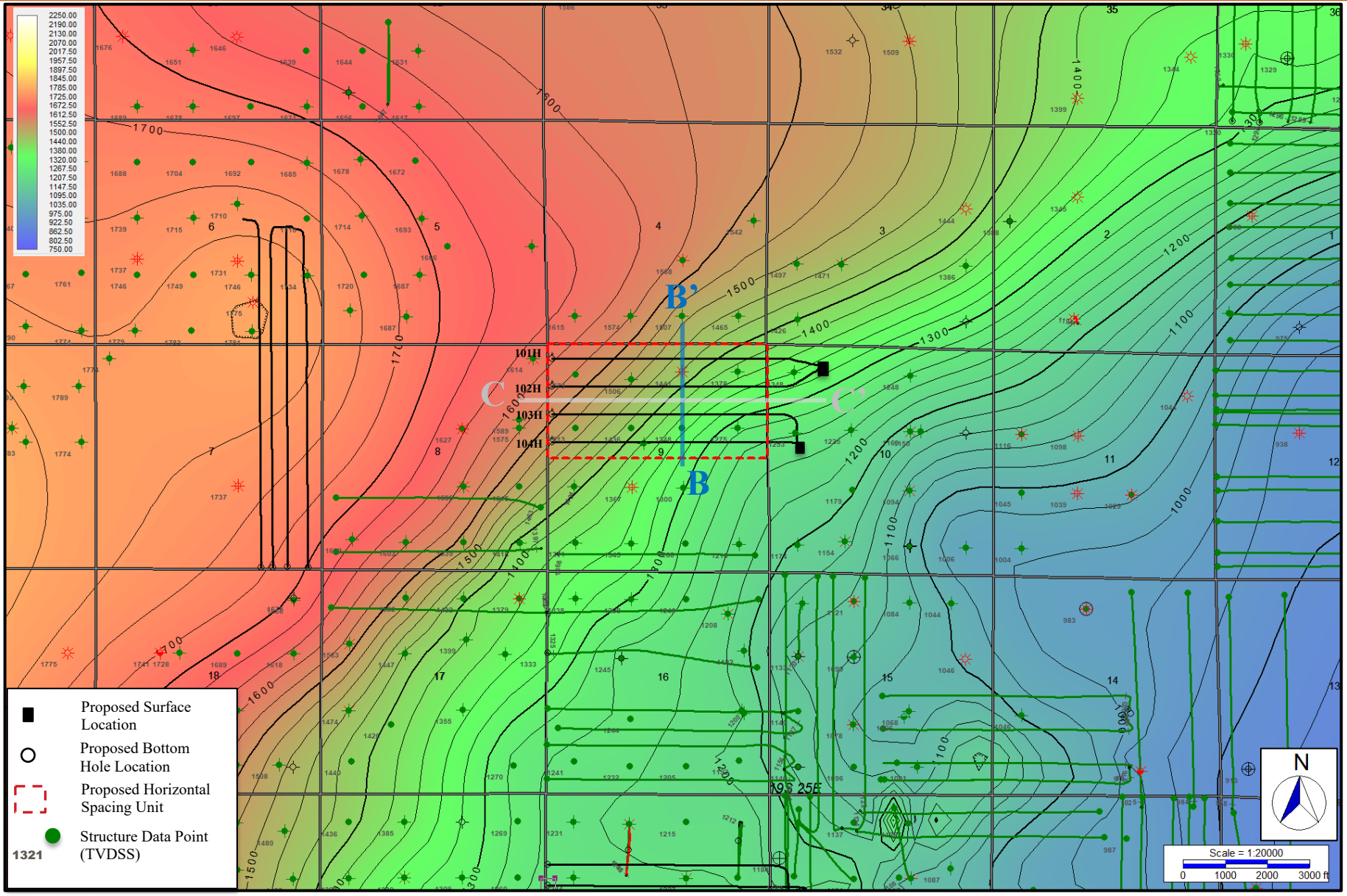
TAB 6

EXHIBIT B-2
MORRISON STRUCTURE MAP

Exhibit B-2: Structure Map: Glorieta (TVDSS)

(Case No. 23424)

SILVERBACK EXPLORATION



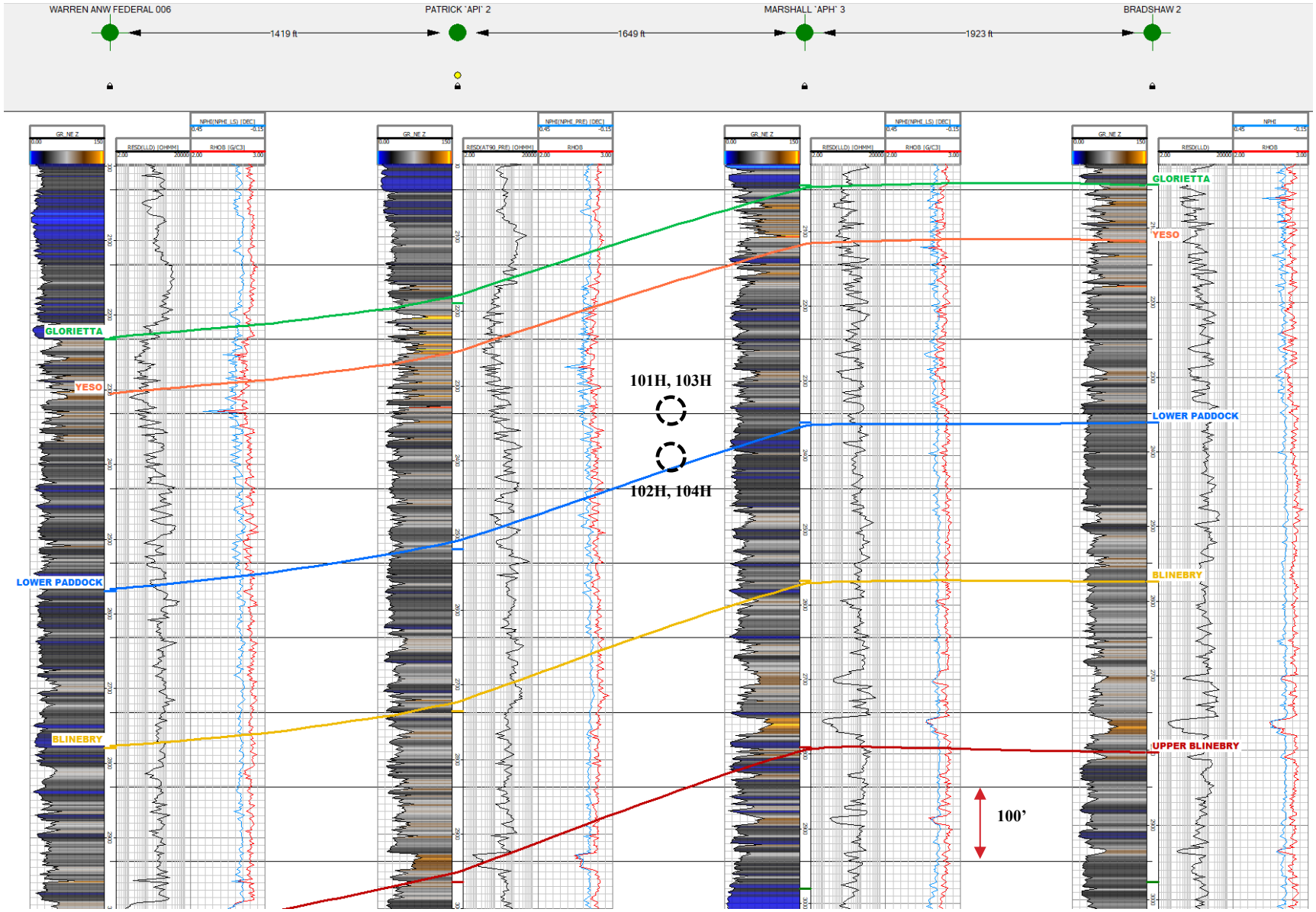
TAB 6

EXHIBIT B-3
STRUCTURAL CROSS SECTION A-A'
(TVDSS)

Exhibit B-3: Structural Cross Section A – A' (TVDSS)

(Case No. 23424)

SILVERBACK EXPLORATION



PROPOSED WELL

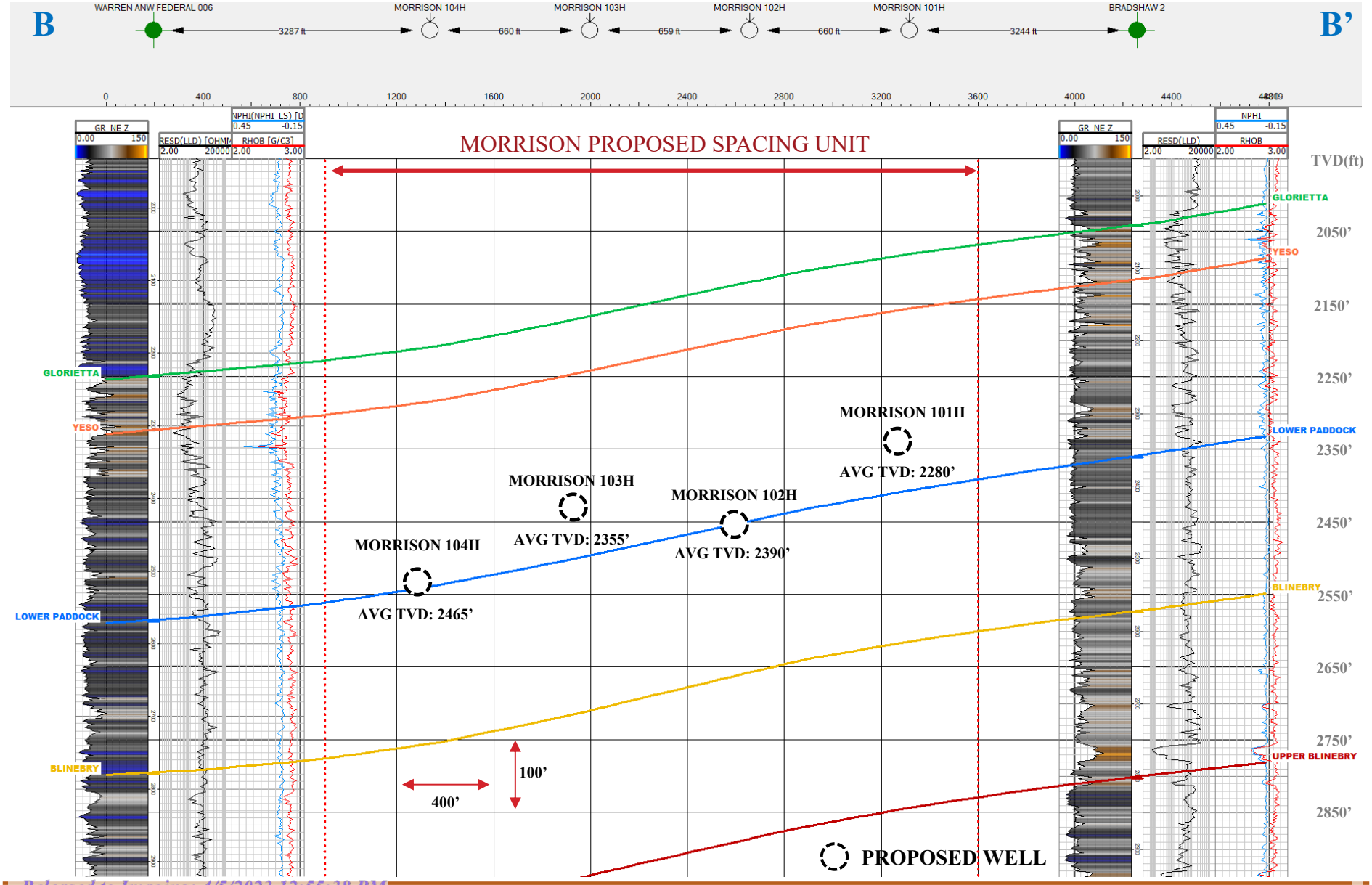
TAB 6

EXHIBIT B-4
GUN BARREL DIAGRAM B-B' (TVD)

Exhibit B-4: Gun Barrel Diagram B-B' (TVD)

(Case No. 23424)

SILVERBACK EXPLORATION



TAB 6

EXHIBIT B-5
PROPOSED WELL TRAJECTORIES C-C'
(TVD)

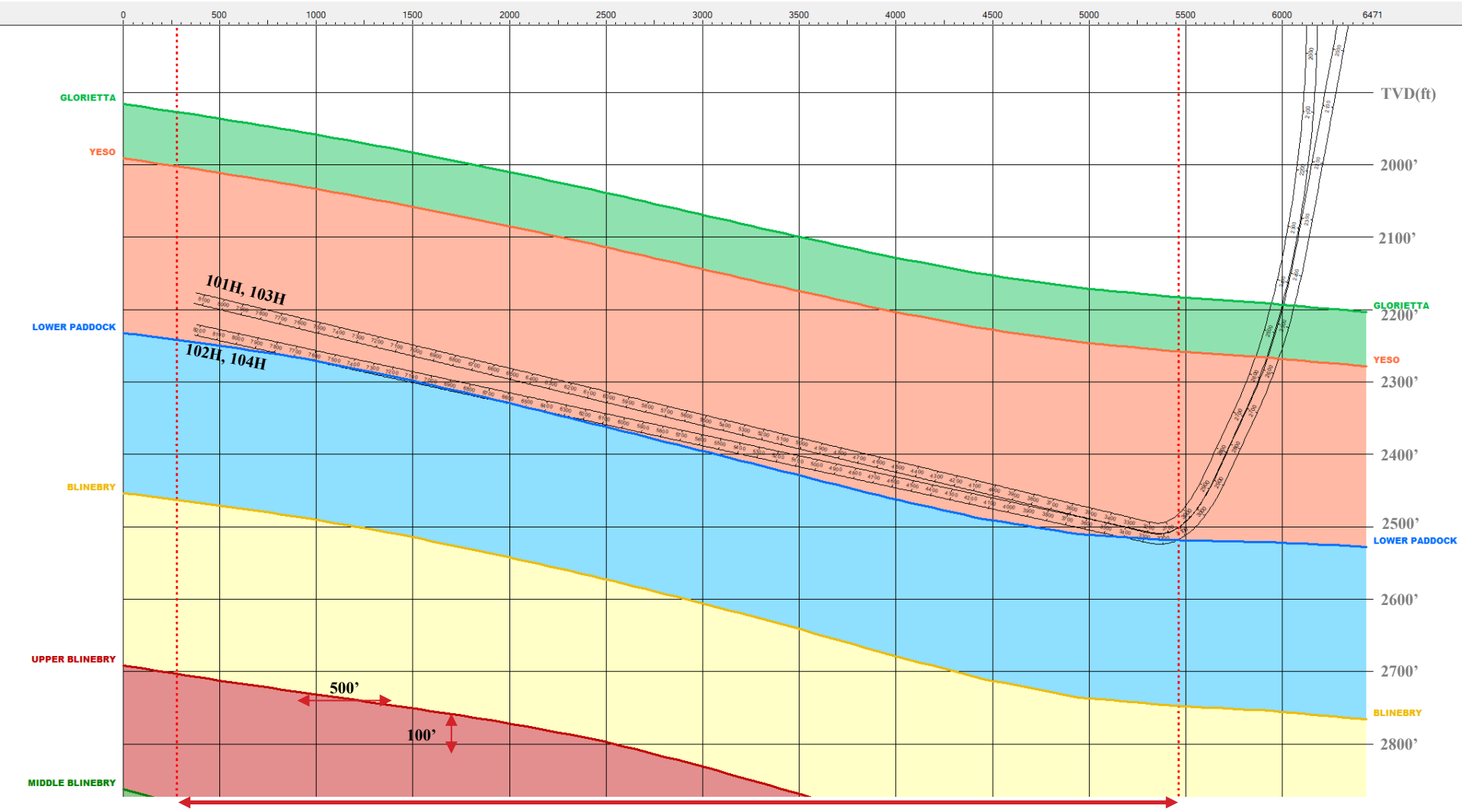
Exhibit B-5: Proposed Well Trajectories C-C' (TVD)

(Case No. 23424)

SILVERBACK EXPLORATION

WEST **C**

EAST **C'**



MORRISON PROPOSED SPACING UNIT

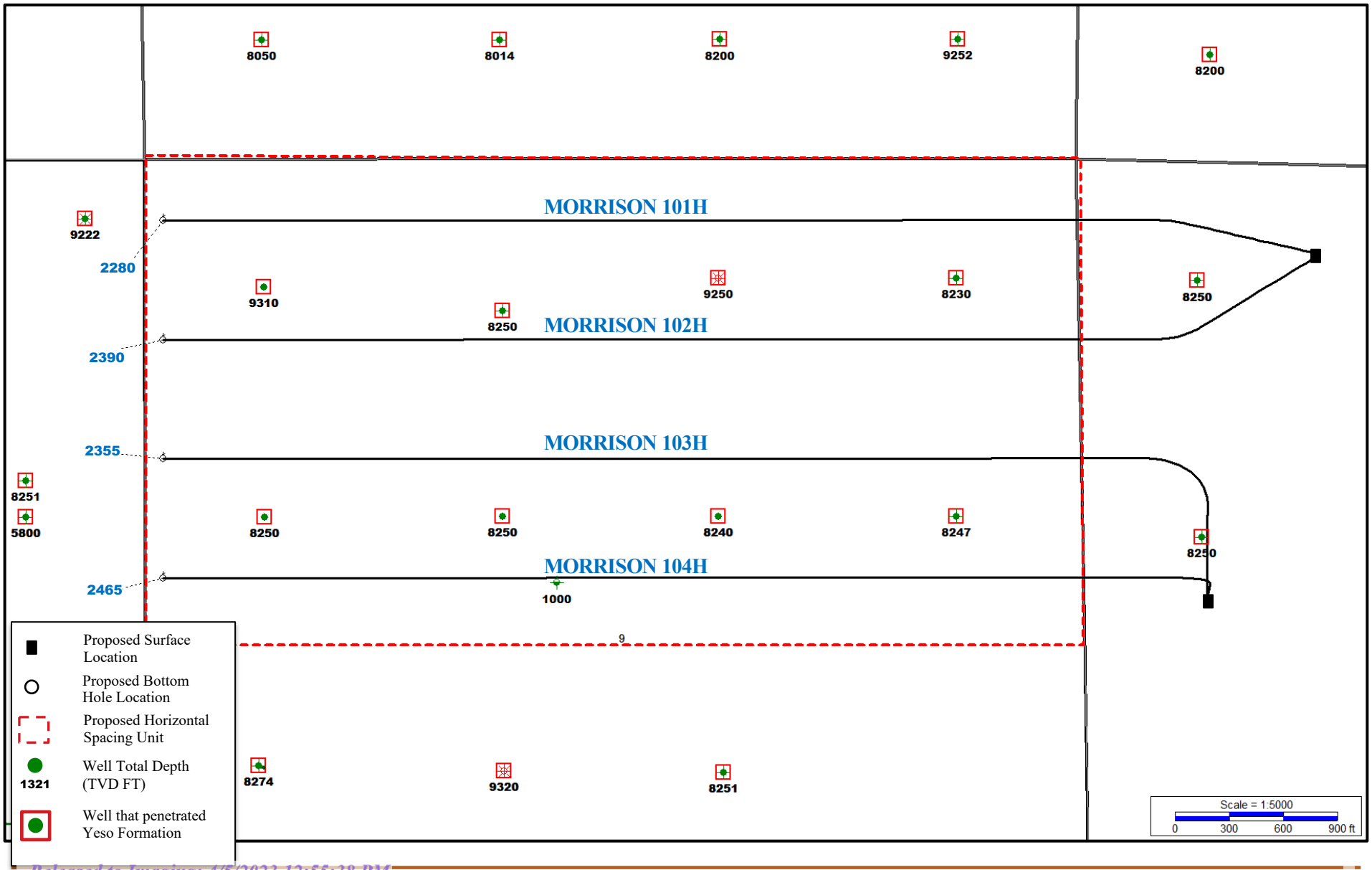
TAB 6

EXHIBIT B-6
EXISTING WELLS IN PROPOSED HSU

Exhibit B-6: Existing wells in proposed HSU

(Case No. 23424)

SILVERBACK EXPLORATION



TAB 7

EXHIBIT C
AFFIDAVIT OF BEN HOLLIDAY

STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

APPLICATION OF SILVERBACK, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO **CASE NO. 23424**

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF BEXAR §

I, Benjamin B. Holliday, attorney for SILVERBACK OPERATING II, LLC. ("Silverback"), the Applicant in the above-captioned matters, being first duly sworn, states the following:

I caused notice of the applications to be sent by certified mail through the United States Postal Service on March 13, 2023, to all the interest owners sought to be pooled in these proceedings. Evidence of mailing to all such owners is attached hereto as Exhibit "C-1." Out of an abundance of caution, notice was also directed to all such owners by publication in the Carlsbad Current Argus on March 24, 2023, which is reflected in the Affidavit of Publication attached hereto as Exhibit "C-2." Exhibit "C-2" demonstrates to my satisfaction that those owners who did not receive personal notice through the certified mailing were properly served by publication.

Silverback has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to received notice of the Applications filed herein.

[Remainder of the page intentionally left blank.]

BENJAMIN B. HOLLIDAY
Counsel for Silverback Operating II, LLC

SUBSCRIBED AND SWORN to before me this 4th day of April, 2023.

CHRISTINA MENDEZ
Notary Public, State of Texas
Comm. Expires 04-19-2025
Notary ID 4238408

Notary Public, State of Texas

TAB 8

EXHIBIT C-1
CERTIFIED MAIL RECEIPTS

Exhibit C-1

Silverback Exploration II

Case No. **23424** – Application of Silverback Operating II, LLC for Compulsory Pooling,
Eddy County, NM – **Morrison Units 101H, 102H, 103H and 104H Wells**
April 6, 2023 Hearing

WORKING INTEREST PARTY(IES)

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
Fasken Oil and Ranch LTD 6101 Holiday Hill Road Midland, TX 79707	March 13, 2023	7022 2410 0000 4481 6870	Delivered	03/15/2023 Green card received.
Spur Energy Partners Holdings, LLC 9655 Katy Freeway, Suite 500 Houston, TX 77024	March 13, 2023	7022 2410 0000 4481 6887	Delivered	03/12/2023 Green card received.
Toles Company P.O. Box 1300 Roswell, NM 88202-1300	March 13, 2023	7022 2410 0000 4481 6894	Delivered	03/16/2023 Green card received.
Graham Family Investments, LLC P.O. Box 1835 Roswell, NM 88202-1835	March 13, 2023	7022 2410 0000 4481 6900	Delivered	03/16/2023 Green card received.
Sharbro Energy, LLC P.O. Box 840 Artesia, NM 88211-0840	March 13, 2023	7022 2410 0000 4481 6917	Delivered	03/16/2023 Green card received.
Vladin, LLC P.O. Box 100 Artesia, NM 88211-0100	March 13, 2023	7022 2410 0000 4481 6924	Delivered	03/16/2023 Green card received.
Marshall & Winston, Inc. P.O. Box 50880 Midland, TX 79710-0880	March 13, 2023	7022 2410 0000 4481 6931	Delivered	03/16/2023 Green card received.
Oxy Y 1 Company 5 Greenway Plaza, Suite 110 Houston, TX 77046	March 13, 2023	7022 2410 0000 4481 6948	Delivered	03/16/2023 Green card received.

Balwick Limited Partnership P.O. Box 52336 Midland, TX 79710-2336	March 13, 2023	7022 2410 0000 4481 6955	Delivered	03/21/2023 Green card received.
Lodewick, LLC 3305 Wentwood Dallas, TX 75225	March 13, 2023	7022 2410 0000 4481 6962	Delivered	03/16/2023 Green card received.

7022 2410 0000 4481 6870

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

Postage
$

Total Postage and Fees
$

Sent To
Street and Ap
City, State, Zi

ALAMO HEIGHTS RETAIL STATION
MAR 13 2023
SAN ANTONIO, TEXAS 78209
Postmark Here

Fasken Oil and Ranch LTD
6101 Holiday Hill Road
Midland, TX 79707

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

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Fasken Oil and Ranch LTD
6101 Holiday Hill Road
Midland, TX 79707

9590 9402 7314 2028 0502 79

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6870

COMPLETE THIS SECTION ON DELIVERY

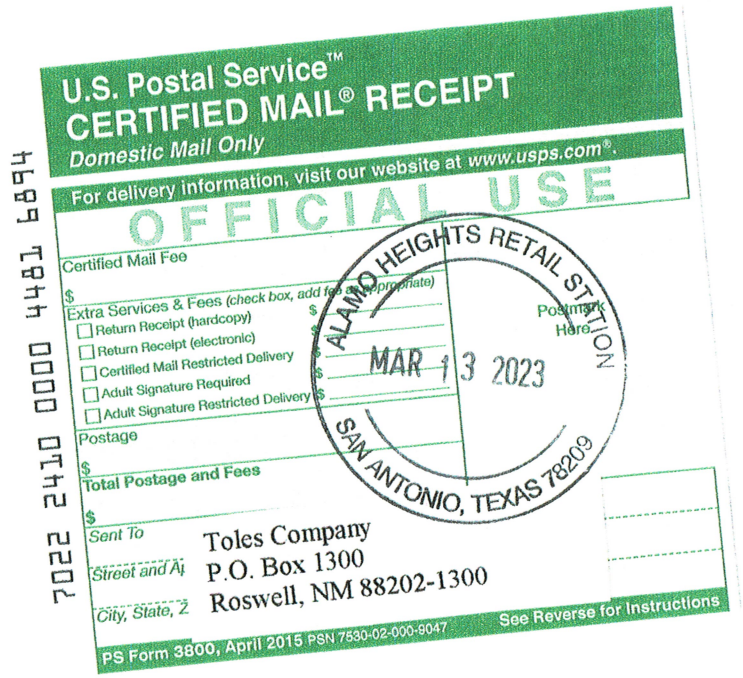
A. Signature
x Cynthia Moreno ☐ Agent ☐ Addressee

B. Received by (Printed Name) Cynthia Moreno
C. Date of Delivery 3/15/23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt



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Extra Services & Fees (check box, add fee as appropriate)
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☐ Return Receipt (hardcopy)
☐ Return Receipt (electronic)
☐ Certified Mail Restricted Delivery
☐ Adult Signature Required
☐ Adult Signature Restricted Delivery $

Postage
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Total Postage and Fees
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Sent To
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City, State, Z

Toles Company
P.O. Box 1300
Roswell, NM 88202-1300

ALAMO HEIGHTS RETAIL STATION
MAR 13 2023
SAN ANTONIO, TEXAS 78209

Postmark Here

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

7022 2410 0000 4481 6894

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Toles Company
P.O. Box 1300
Roswell, NM 88202-1300

9590 9402 7314 2028 0504 60

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6894

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Susan James ☐ Agent ☐ Addressee

B. Received by (Printed Name)
Susan James

C. Date of Delivery

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

ROSWELL, NM 88201 MAR 16 2023

3. Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☐ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Insured Mail
☐ Insured Mail Restricted Delivery (over $500)
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

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- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

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LLANO HEIGHTS RETAIL STATION
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SAN ANTONIO, TEXAS 78209

Postage
$

Total Postage and Fees
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Sent To

Street and Apt. No.

City, State, ZIP+4

Graham Family Investments, LLC
P.O. Box 1835
Roswell, NM 88202-1835

PS Form 3800, ... See Reverse for Instructions

7022 2410 0000 4481 6900

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Graham Family Investments, LLC
P.O. Box 1835
Roswell, NM 88202-1835

9590 9402 7314 2028 0504 77

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6900

COMPLETE THIS SECTION ON DELIVERY

A. Signature
x Jimi S Gadzia ☐ Agent ☐ Addressee

B. Received by (Printed Name) JIMI S. GADZIA C. Date of Delivery

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
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- ☐ Return Receipt (hardcopy) $
- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

Postage
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MAR 13 2023
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Sent To
Street and
City, State

Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-0840

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

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

1. Article Addressed to:

Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-0840

9590 9402 7314 2028 0504 84

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6917

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Agent
Addressee

B. Received by (Printed Name) Kristen C. Date of Delivery

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

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Extra Services & Fees *(check box, add fee as appropriate)*
- ☐ Return Receipt (hardcopy) $
- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required
- ☐ Adult Signature Restricted Delivery $

Postage
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ALAMO HEIGHTS RETAIL STATION
SAN ANTONIO, TEXAS 78209
MAR 13 2023

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Sent To
Street an
City, Stat

Vladin, LLC
P.O. Box 100
Artesia, NM 88211-0100

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

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Vladin, LLC
P.O. Box 100
Artesia, NM 88211-0100

9590 9402 7314 2028 0504 91

2. Article Number *(Transfer from service label)*
7022 2410 0000 4481 6924

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X Dora Rivera ☐ Agent ☐ Addressee

B. Received by *(Printed Name)* Dora Rivera C. Date of Delivery 3-16-23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
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- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

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MAR 13 2023

Sent To: Marshall & Winston, Inc.
Street an: P.O. Box 50880
City, Stai: Midland, TX 79710-0880

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

SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Marshall & Winston, Inc.
P.O. Box 50880
Midland, TX 79710-0880

9590 9402 7314 2028 0505 07

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6931

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery
3.14.23

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

MAR 16 2023

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
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- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
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- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required
- ☐ Adult Signature Restricted Delivery $

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MAR 13 2023
SAN ANTONIO, TEXAS 78209

Postage
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Sent To: Oxy Y 1 Company
Street and: 5 Greenway Plaza, Suite 110
City, State: Houston, TX 77046

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

SENDER: *COMPLETE THIS SECTION*

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

1. Article Addressed to:

Oxy Y 1 Company
5 Greenway Plaza, Suite 110
Houston, TX 77046

9590 9402 7314 2028 0505 38

2. Article Number *(Transfer from service label)*
7022 2410 0000 4481 6948

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☑ Agent
☐ Addressee

B. Received by *(Printed Name)*

C. Date of Delivery
3/16/23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

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

Postage
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Total Postage and Fees
$

Sent To
Street a
City, Sta

ALAMO HEIGHTS RETAIL STATION
SAN ANTONIO, TEXAS 782
MAR 13 2023

Postmark Here

Balwick Limited Partnership
P.O. Box 52336
Midland, TX 79710-2336

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

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

1. Article Addressed to:

Balwick Limited Partnership
P.O. Box 52336
Midland, TX 79710-2336

9590 9402 7314 2028 0505 21

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6955

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name) Cheryl Welsh
C. Date of Delivery 3/21/23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

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Extra Services & Fees (check box, add fee as appropriate)
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- ☐ Return Receipt (electronic) $
- ☐ Certified Mail Restricted Delivery $
- ☐ Adult Signature Required $
- ☐ Adult Signature Restricted Delivery $

Postage
$

Total Postage and Fees
$

Sent To
Lodewick, LLC

Street and
3305 Wentwood

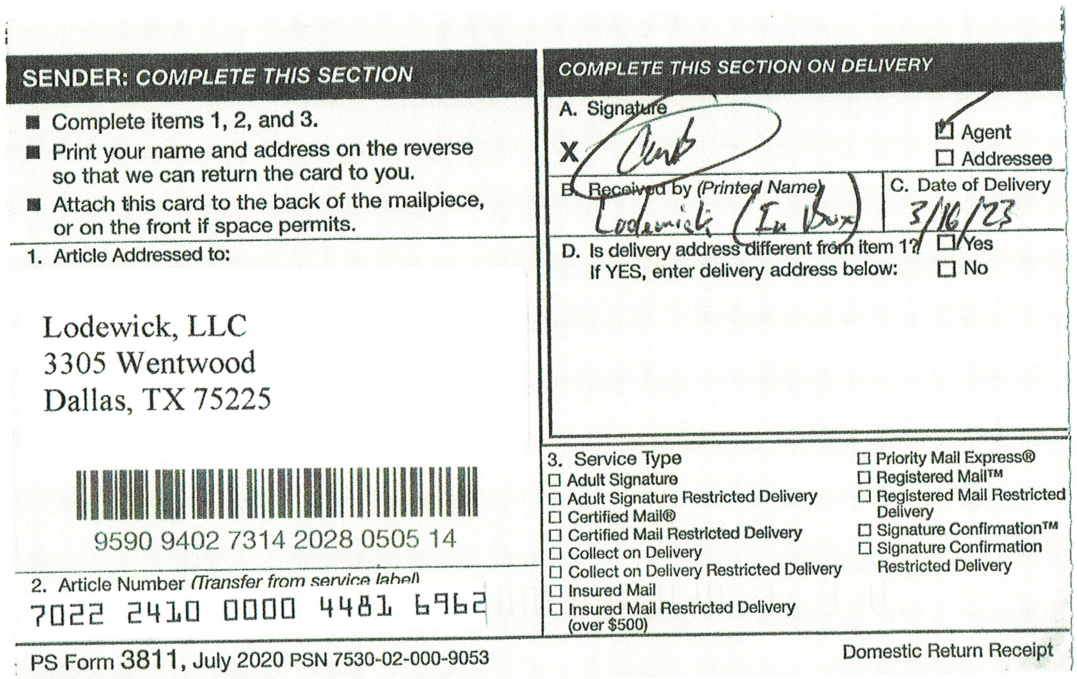
City, State,
Dallas, TX 75225

PS Form ... or Instructions

ALAMO HEIGHTS RETAIL STATION
MAR 13 2023
SAN ANTONIO, TEXAS 78209

Postmark Here

7022 2410 0000 4481 6962



SENDER: COMPLETE THIS SECTION

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

1. Article Addressed to:

Lodewick, LLC
3305 Wentwood
Dallas, TX 75225

9590 9402 7314 2028 0505 14

2. Article Number (Transfer from service label)
7022 2410 0000 4481 6962

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☑ Agent
☐ Addressee

B. Received by (Printed Name)
Lodewick (In Box
C. Date of Delivery
3/16/23

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

3. Service Type
- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail
- ☐ Insured Mail Restricted Delivery (over $500)
- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

PS Form 3811, July 2020 PSN 7530-02-000-9053 Domestic Return Receipt

TAB 8

EXHIBIT C-2
NEWSPAPER AFFIDAVIT BY PUBLICATION

Carlsbad Current Argus.
PART OF THE USA TODAY NETWORK

Affidavit of Publication

Ad # 0005640893

This is not an invoice

HOLLIDAY ENERGY LAW GROUP
4040 BROADWAY ST, SUITE 350

SAN ANTONIO, TX 78209

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 in editions dated as follows:

03/24/2023

Legal Clerk

Subscribed and sworn before me this March 24, 2023:

State of WI, County of Brown
NOTARY PUBLIC

My commission expires

KATHLEEN ALLEN
Notary Public
State of Wisconsin

Ad # 0005640893
PO #: 5640893
# of Affidavits 1

This is not an invoice

This is to notify the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted mineral owners: Fasken Oil and Ranch LTD; Spur Energy Partners Holdings, LLC; Toles Company; Graham Family Investments, LLC; Sharbro Energy, LLC; Vladin, LLC; Marshall & Winston, Inc.; Oxy Y 1 Company; Balwick Limited Partnership; and Lodewick, LLC. Case No. 23424, Application of Silverback Operating II, LLC for the Compulsory Pooling of the N/2 Section 9, Township 19 South, Range 25 East Eddy County, New Mexico, as to the Penasco Draw SA-Yeso Formation is set for hearing on Thursday, April 6, 2023 at 8:15 a.m. before a Division Examiner at the New Mexico Oil Conservation Division. Hearing may be viewed online by going to https://www.emnrd.nm.gov/ocd/hearing-info/. Applicant's attorney is Benjamin Holliday, Holliday Energy Law Group, 4040 Broadway, Suite 350, San Antonio, TX 78209, ben@theenergylawgroup.com, and the Application is on behalf of Silverback Operating II, LLC, whose address is 19707 West IH 10, Suite 201, San Antonio, Texas, 78257. Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico. Applicant seeks an order pooling all uncommitted interests in the Penasco Draw SA-Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the N/2 Section 9, Township 19 South, Range 25 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the following wells: a) Morrison Unit #101H well ("101H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 501 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximate-

ly 1,000 feet FNL, and approximately 100 feet FWL; b) the Morrison Unit #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the NW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 521 feet FNL, and approximately 1,330 feet FWL, to a bottom hole location in the NW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,000 feet FNL, and approximately 100 feet FWL; c) the Morrison Unit #103H well ("103H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,418 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 1,660 feet FNL, and approximately 100 feet FWL; and d) the Morrison Unit #104H well ("104H Well"), which will be horizontally drilled from a surface hole located in the SW4 NW4 of Section 10, Township 19 South, Range 25 East, being approximately 2,438 feet FNL, and approximately 729 feet FWL, to a bottom hole location in the SW4 NW4 of Section 9, Township 19 South, Range 25 East, being approximately 2,320 feet FNL, and approximately 100 feet FWL. The 101H Well, 102H Well, 103H Well, and 104H Well are referred to collectively herein as the "Wells." The completed interval of the Wells will be orthodox. Also, to be considered will be the cost of drilling and completing the Wells and the allocation of the cost, the designation of Applicant as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells. The Wells are located approximately 20 miles South of Artesia, New Mexico.
#5640893, Current Argus, Mar. 24, 2023