## **BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING – DECEMBER 1, 2022**

## **CASE NO. 21394**

## NETHERLIN STATE COM 102H Netherlin State Com 103H

### **EDDY COUNTY, NEW MEXICO**



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

#### APPLICATION OF SILVERBACK, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 23194

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## **COMPULSORY POOLING CHECKLIST**

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#### COMPULSORY POOLING APPLICATION CHECKLIST

#### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 23194	APPLICANT'S RESPONSE
Hearing Date: 12/1/2022	
Applicant	Silverback Operating II, LLC
Designated Operator & OGRID (affiliation if applicable)	Silverback Operating II, LLC ( OGRID #: 330968)
Applicant's Counsel:	Benjamin Holliday
Case Title: Entries of Appearance/Intervenors:	Application of Silverback Operating II, LLC for Complusory Pooling creating standard 320-acre, more or less, overlapping horizontal spacing unit covering S/2 of Section 16-T18S-R26E, N.M.P.M., Eddy County, New Mexico Michael H. Feldewert, Adam G. Rankin, Julia Broggi, Paula M. Vance
	(Holland & Hart) for MRC Delaware Resources, LLC (Matador)
Well Family	Netherlin State Com #101H, Netherlin State Com #102H, and Netherlin State Com #103H
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:	Atoka; Glorieta-Yeso (#3250)
Well Location Setback Rules:	Statewide
Spacing Unit Size:	320-acre, more or less; S/2 of Section 16-T18S-R26E. N.M.P.M., Eddy County, New Mexico
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320-acres, more or less, covering S/2 of Section 16-T18S-R26E, N.M.P.M., Eddy County, New Mexico
Building Blocks:	quarter - quarter: Two (2) state lease tracts make up the S/2 unit: NW/4 SW/4; E/2 SE/4 and W/2 SE/4, E/2 SW/4 SW/4 SW/4
Orientation:	East / West - Laydown - S/2
Description: TRS/County	S/2 of Section 16-T18S-R26E, 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 the strategraphic equivalent of 2,964'
Proximity Tracts: If yes, description	Yes. The completed interval of the Netherlin State Com #102H well will be located within 330' of the quarter-quarter section line separating the S/2 S/2 and N/2 S/2 of Section 16 to allow the creation of a 320-acre standard horizontal spacing unit.
Proximity Defining Well: if yes, description	Netherlin State Com #102H. 102H is within 330' of adjoining quarter quarter section tracts separating N2 S2 and S2 N2.
Applicant's Ownership in Each Tract	Exhibit A-5b.
Well(s)	
Well #1	Netherlin State Com #101H (API No.: 30-015-pending) SHL: 1,606' FSL & 283' FEL of Section 16-T18S-R26E BHL: 350' FSL & 100' FWL of Section 16-T18S-R26E Target: Yeso Orientation: horizontal Completion status: standard TMD: 7,738'; TVD: 3,022'; LL: 5,000'
Well #2	Netherlin State Com #102H (API No.: 30-015-50082) SHL: 1,626' FSL & 283' FEL of Section 16-T18S-R26E BHL: 1,132' FSL & 100' FWL of Section 16-T18S-R26E Target: Yeso Orientation: horizontal Completion status: standard TMD: 7,738'; TVD: 3,022'; LL: 5,000'

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	Netherlin State Com #103H (API No.: 30-015-50083)
	SHL: 1,646' FSL & 283' FEL of Section 16-T18S-R26E BHL: 1,523' FSL & 100' FWL of Section 16-T18S-R26E
	Target: Yeso
	Orientation: horizontal
	Completion status: standard
	TMD: 7,735'; TVD: 3,022'; LL: 5,000'
Horizontal Well First and Last Take Points	Exhibit 4
Completion Target (Formation, TVD and MD)	See above information. See also Exhibit B2-B5.
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000.00
	\$800.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
Notice of Hearing	
	Exhibit A-2
· · · ·	Exhibit C-1
	Exhibit C-2
Ownership Determination	
	Exhibit A-5a
	Exhibit A-5b
	Exhibit A-5b
	No
Ownership Depth Severance (including percentage above & below)	Yes; see line #26 above. No depth severance in targe
Joinder	
Sample Copy of Proposal Letter	Exhibit A-8
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-5b
Chronology of Contact with Non-Joined Working Interests	Exhibit A-9
Overhead Rates In Proposal Letter	Exhibit A-8
· · · · · · · · · · · · · · · · · · ·	Exhibit A-8
•	Exhibit A-8
	Exhibit A-8
Geology	
	Exhibit B
	Exhibit B-2
0	Exhibit B-5
	Exhibit B and B-2
с. С	Exhibit B - Yeso
	Exhibit B-4
•	N/a
Forms, Figures and Tables	
C-102	Exhibit A-4
Tracts	Exhibit A-5a, A-5b
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5b
General Location Map (including basin)	Exhibit A-3
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
	Exhibit B-4
Cross Section Location Map (including wells)	
	Exhibit B-4, B-5
Cross Section (including Landing Zone) Additional Information	Exhibit B-4, B-5
Cross Section (including Landing Zone) Additional Information Special Provisions/Stipulations	
Cross Section (including Landing Zone) Additional Information Special Provisions/Stipulations CERTIFICATION: I hereby certify that the information provided in	

## **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 S2 Section 16, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico ("Unit"), and (2) pooling all uncommitted interest within the Atoka Glorieta Yeso Formation, designated as an oil pool (Pool Code 3250), 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. Netherlin State Com 102H, API No. 30-015-50082, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL;
  - b. Netherlin State Com 103H, API No. 30-015-50083, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, 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 its 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 December 1, 2022, 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 Atoka Glorieta Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 Section 16, Township 18 South, Range 26 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Netherlin State Com #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL, and the Netherlin State Com #103H well ("103H Well"), which will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, and approximately 100 feet FWL. The 102H Well and 103H 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 8 miles South of Artesia, New Mexico.

## 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. 23194

#### **AFFIDAVIT OF LARRY COSHOW**

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

1. My name is Larry Coshow, and I am a landman with Silverback Operating II, LLC ("Silverback"). I have worked horizontal developments in Oklahoma, New Mexico, and Texas. I am a graduate of the University of Oklahoma with a Bachelor's in Petroleum Land Management, and a Master of Business Administration from Oklahoma City University. I am accredited as a Certified Professional Landman by the American Association of Professional Landmen, and am a member in good standing of this organization and the Oklahoma City Association of Professional Landmen. I believe that my education and work experience qualify me to testify as an expert in oil and gas land matters. A copy of my resume is attached as Silverback Exhibit A-1.

2. I am submitting this affidavit in support of Silverback's application in the abovereferenced 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-2.

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 Atoka Glorieta Yeso Formation, Pool Code 3250, comprised of the S2 Section 16, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico ("Spacing Unit"). The Spacing Unit includes proximity tracts, and the defining well for proximity tract purposes is the Netherlin State Com 102H. The completed interval of the Netherlin State Com 102H well is within 330 feet of the adjoining quarter-quarter section tracts separating the N/2 S/2 and S/2 S/2 of Section 16 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"):
  - Netherlin State Com 102H, API No. 30-015-50082, which is an oil well that will be horizontally drilled into the Atoka Glorieta Yeso Formation from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL;
  - ii. Netherlin State Com 103H, API No. 30-015-50083, which is an oil well that will be horizontally drilled into the Atoka Glorieta Yeso Formation from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4

of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, and approximately 100 feet FWL;

6. Silverback Exhibit A-3 contains a general location map outlining the Spacing Unit being pooled in Case No. 23194 in relation to the surrounding area in Eddy County. The acreage in the Spacing Unit contains state lands.

7. Silverback Exhibit A-4 contains the form C-102s for the Wells. The Oil Conservation Division has placed the Wells in the Atoka Glorieta Yeso Formation, Pool Code 3250. The location of each of the Wells is orthodox and meets the Division's offset requirements.

8. There are no depth severances in the Atoka Glorieta Yeso Formation underlying the subject acreage.

9. Silverback Exhibit A-5 contains a plat outlining the Spacing Unit being pooled in Case No. 23194. 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 "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. All parties Silverback seeks to pool were locatable, notice was provided, and a green card returned; see Silverback Exhibit A-6 for proof of mailing. Out of an abundance of caution, Silverback caused notice to be published more than ten (10) business days prior to the compulsory pooling hearing in the Carlsbad Current Argus in accordance with 19.15.4.12(B) NMAC; Silverback Exhibit A-7 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-8 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 all 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-9 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 working interest owners in the Wells.

15. The working interest owners being pooled either have been contacted regarding the Wells or have been provided notice by publication as set forth above, but in either case have failed or refused to voluntarily commit their interest in the Wells. If a mutually agreeable 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-9 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  $\frac{29}{4}$  day of November, 2022.

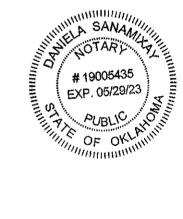
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Silverback Operating II, LLC

STATE OF OKLAHOMA ) ) COUNTY OF OKLAHOMA )

SUBSCRIBED AND SWORN to before me this <u>24</u><sup>*H*</sup> day of November, 2022, by Larry Coshow, Landman for Silverback Operating II, LLC.

Witness my hand and official seal.



Notary Public, Qklahom

## EXHIBIT A-1 LARRY COSHOW RESUME

### LARRY K. COSHOW, CPL

#### Edmond, OK 73012 | (405)-312-3930 | lcoshow@zacaleresources.com

#### LAND MANAGER

Accomplished Land Executive, Land Manager, Land Advisor, Land Director and landman with significant experience in overseeing and managing land activities, maintenance and acquisitions for leading oil & gas organizations. Background in planning and executing land acquisition and drilling programs, cultivating deal flow from prospect inception to gas/oil sales, recruiting, training, mentoring and aligning employees, managing and organizing small-to-large land staffs, negotiating and drafting leases, contracts and agreements and overseeing and managing mergers and acquisitions of up to \$6B. Core Competencies include:

Negotiations | Communications | Relationship Building | Strategic Planning | Contracts | Business Development

#### **PROFESSIONAL EXPERIENCE**

#### Silverback New Mexico, LLC, San Antonio/Oklahoma City Contract Land Professional, Eddy County Asset Team

- Oversee acquisition/divestiture of assets in Eddy County, New Mexico, including negotiation, preparation and execution of purchase and sale agreements, due diligence, closing documents.
- Liason with legal counsel to obtain title opinions and requisite regulatory authority to drill and produce company assets.
- Draft and prepareddiverse land contracts and agreements used in oil and gas operations in exploration, acquisitions, regulatory, title, etc.
- Oversee lease and prospect acquisitions, title procurement, acreage trades, and all matters related to developing Silverback's position in Eddy County.

BP America Production Company | BPX Energy, Inc, Oklahoma City/Houston/DenverSept. 2015 – May 2022Land Director, Mid-Con Development Business Unit | Senior Land Advisor, Permian & Haynesville Development Business UnitsSupervised, planned, directed and coordinated a land department staff of one Land Manager, four Staff Landmen, three contractlandmen, one regulatory analyst, and one surface landman handling rig count from 2-5 rigs in Oklahoma and Texas Panhandle.

- Led recruiting, interviews and hiring of current staff in Oklahoma City office from relocating after Hurricane Harvey, involved in interviews with other land staff needs in the other company business units.
- Served as mentor, teacher, leader, guide, collaborator, etc. to the young land staff to help in their understanding and development in the land department and company.
- Reviewed existing BP land practices, processes and policies and put into play guidelines to make land department more effective internally and across the other company disciplines in Land Administration, division orders, regulatory, reserves, accounting and finance.
- Conducted weekly land team meetings and individual meetings with the land staff to discuss, share and set corporate, department and individual strategic priorities and goals on individual work projects, land related issues, land policies, rig schedule, lease maintenance issues, etc.
- Met with SVP of Development weekly to review and discuss land projects, business development opportunities, trade strategies, processes/practices, personnel, rig lines, land budget and spend, day-to-day responsibilities, etc. and update on department progress and performance.
- Worked with the Land Managers in the other Business Units to ensure practices, policies and processes are followed company-wide, discuss successes, failures and lessons learned,
- Planned, prepared and presented at monthly business review meetings with senior/executive leadership the previous month's land highlights, successes, land leasing activity, business development opportunities and land budget spend.
- Attended and participated in industry-sponsored events to network with industry partners, operators, landmen, business development and industry contacts and promote company.

#### ZaCale Resources Company, LLC, Oklahoma City, OK

#### President/Owner-Landman consulting firm

Delivered outsourced in-house landman consulting services for small to large independent companies in Arkansas, Kansas, Louisiana, Montana, North Dakota, New Mexico, Wyoming, Colorado, Oklahoma and Texas from prospect inception to first sales.

- Provided consulting services to up to six clients.
- Delivered acquisition/divestiture services to oil and gas companies from negotiation, preparation and execution of purchase and sale agreement, due diligence, closing documents, preparation, working with third-party Buyer and Seller legal counsel, and closing and post-closing adjustments. Worked with acquisition and divestiture packages totaling over \$10B in the U.S., Canada, and South America. Researched and analyzed A&D opportunities and screened these opportunities for clients.
- Drafted and prepared diverse land contracts and agreements used in oil and gas operations in exploration, acquisitions, regulatory, title, etc.

#### May 2022 - Present

#### April 2008 – Present

May 2014 – May 2015

- Handled lease and prospect acquisitions, title procurement and closing of these transactions.
- Analyzed a company organization, policies and procedures and aid in their efforts to streamline their company processes to become more effective and efficient and to cut any unnecessary expenses.
- Examined records of companies involved in a litigation dispute to obtain necessary documents required contract obligations and establish well files and system for client.
- Analyzed and aided in the research of various land/accounting-based computer software systems on the market to best fit the right program for the needs of the client.
- Worked geological generated prospects from prospect inception through seeing the well drilled and completed.
- Set up division order decks for a small company producer and worked with staff and IT department to monitor proper payment and updates as needed.
- Worked an area for a mid-size company to put wells together on their rig schedule by proposing wells, filing regulatory applications, negotiating and preparing oil and gas leases, contracts and agreements, settling surface damages, obtaining drilling permits, title procurement, assignments, etc.
- Acquired right-of-way and easements to get injection/disposal well-drilled and hooked up located in a housing addition.
- Prepared assignments to third-party obligations associated with contracts and agreements.

#### Matador Resources Company, Dallas, TX

#### General Land Manager-Small public-traded Independent Oil & Gas Company in Mid-Continent area

Supervised a land department staff of six landmen, three land techs, two lease analysts and three-division order personnel handling rig schedules from 3-6 drilling rigs covering company assets in Louisiana/East Texas (Cotton Valley/Haynesville), South Texas (Eagle Ford, Buda, Austin Chalk), West Texas/New Mexico (Bone Springs, Wolfcamp, Spraberry, Clear Fork, Avalon, Brushy Canyon).

- Reviewed, recommended, and implemented best practices, procedures and policies to organize the land well files, lease records, land database and reporting to the other departments within the company. Upon arrival the company didn't have this system in place.
- Planned and led weekly land-legal meetings reviewing projects and tasks between land and legal department on land operations matters and presented weekly status of wells on the rig schedule as they are being worked by the land department and building inventory of wells getting them ready to drill.
- Conducted land team meetings and individual meetings with the land staff to discuss individual work projects, land-related issues, land policies, rig schedule, lease maintenance issues, etc.
- Created a landforms template system on company server so that land staff personnel would have access to land and legal approved title curative forms, assignment forms, lease forms, lease provisions, operating agreement, farmout/farmin agreement, surface use agreement, ROW/Easement agreement, regulatory forms, etc. Upon arrival the company didn't have a system like this in place.
- Prepared, updated and maintained various reports for land department tracking company oil and gas leases owned and being acquired, assignment obligations, consent to assign, contract/agreement obligations, surface contract report, pre-drill checklist report, lease expiration reports, lease obligation report, critical/must spud dates and issued weekly and monthly reports and built a well property list of company-operated and non-operated wells.
- Created and maintained a virtual well file system on company server that contains all of the information electronically and digitally on the company hard copy oil and gas lease files, contract files, assignment files and land well files for company-operated and non-operated wells. Upon arrival the company didn't have this system in place.
- Reviewed daily regulatory hearing applications on company-operated and non-operated wells and incorporated the appropriate action as needed based on team lead directives.
- Monitored competitor activity for opportunities and acquire interest to participate in wells being planned by third-party operators in areas defined by the management team that the company wants to be involved in.
- Reviewed and screened acquisition opportunities and third-party prospect deals for the company and make recommendations to CEO on deals worth pursuing possible participation by company.
- Coordinated and participated in company due to diligence duties in acquisition data rooms the company is pursuing and reported finding to CEO and other company personnel.
- Designed and set up land administration and division order policies and procedures and training within the company.
- Drafted and prepared for execution of all types of land contracts and agreements used in oil and gas operations in exploration, acquisitions, regulatory, title, etc.

#### ADDITIONAL PROFESSIONAL EXPERIENCE

- Sierra Resources, Inc., Land Manager
- Highland Oil & Gas, LLC, VP Land & Business Development
- SandRidge Energy Company (SD), Executive Vice President of Land
- Chesapeake Energy Corp. (CHK), Land Manager
- JMA Energy Company, Land Manager
- Samson Resources Company, Senior Landman
- Texas Oil & Gas Corp. (now known as Marathon Oil), Landman

#### EDUCATION AND PROFESSIONAL DEVELOPMENT

- Master of Business Administration (MBA), Oklahoma City University
- Bachelor of Business Administration (BBA), Petroleum Land Management, University of Oklahoma
- Certified Professional Landmen (CPL), American Association of Professional Landmen (AAPL)

## EXHIBIT A-2 CASE NO. 21375 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**

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 S2 Section 16, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico ("Unit"), and (2) pooling all uncommitted interest within the Atoka Glorieta Yeso Formation, designated as an oil pool (Pool Code 3250), 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. Netherlin State Com 102H, API No. 30-015-50082, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL;
  - b. Netherlin State Com 103H, API No. 30-015-50083, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, 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 its 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 December 1, 2022, 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,

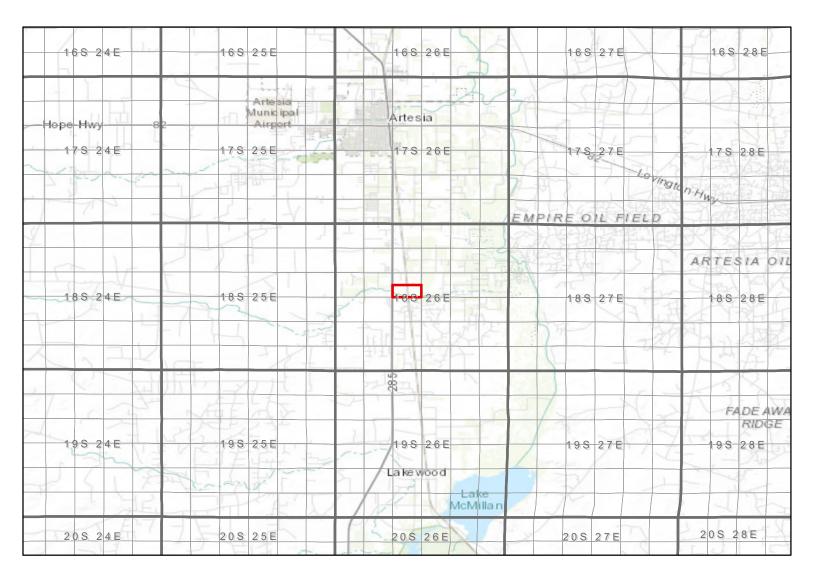
#### HOLLIDAY ENERGY LAW GROUP, PC

/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 Atoka Glorieta Yeso Formation underlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 Section 16, Township 18 South, Range 26 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Netherlin State Com #102H well ("102H Well"), which will be horizontally drilled from a surface hole location in the surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL, and the Netherlin State Com #103H well ("103H Well"), which will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, and approximately 100 feet FWL. The 102H Well and 103H 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 8 miles South of Artesia, New Mexico.

## EXHIBIT A-3 LOCATION MAP

**Released to Imaging: 11/30/2022 8:51:05 AM** 

### Netherlin State Com Unit Location Map



## EXHIBIT A-4 NETHERLIN STATE COM C102s

### 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

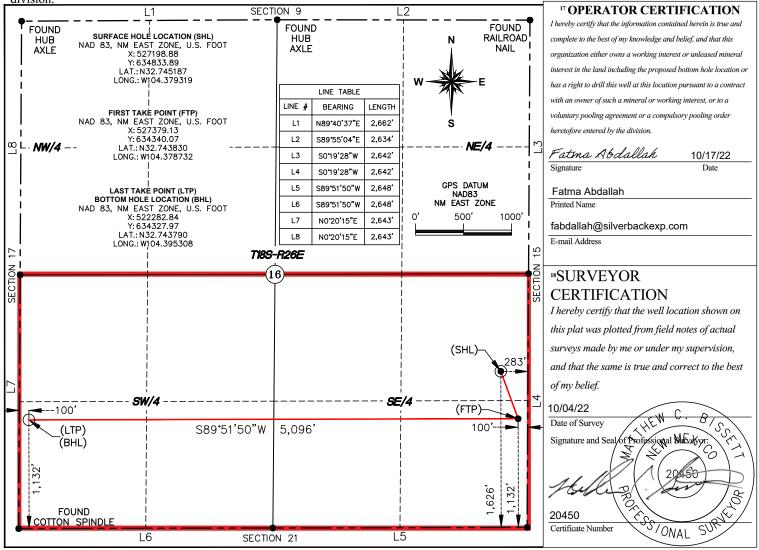
AMENDED REPORT

Page 31 of 118

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> A	PI Number	r		<sup>2</sup> Pool Code <sup>3</sup> Pool Name							
30-015 <b>50</b>	082			3250	ATOKA; GLORIETA-YESO						
<sup>4</sup> Property C	ode		<sup>5</sup> Property Name						6 V	<sup>6</sup> Well Number	
333472					NETHERLIN ST	ATE COM				102H	
<sup>7</sup> OGRID N	0.				<sup>8</sup> Operator 1	Name				<sup>9</sup> Elevation	
330968				SIL	VERBACK OPER	RATING II, LLC				3,354'	
	<sup>10</sup> Surface Location										
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East	/West line	County	
I	16	18-S	26-E		1,626'	SOUTH	283'	EAS	Т	EDDY	
			<sup>11</sup> Bo	ttom Ho	le Location If	Different Fron	n Surface				
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East	/West line	County	
М	16	18-S	26-E		1,132' SOUTH 100' WEST EDDY					EDDY	
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint of	r Infill	Consolidation	Code <sup>15</sup> Or	der No.		1				
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.



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### 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

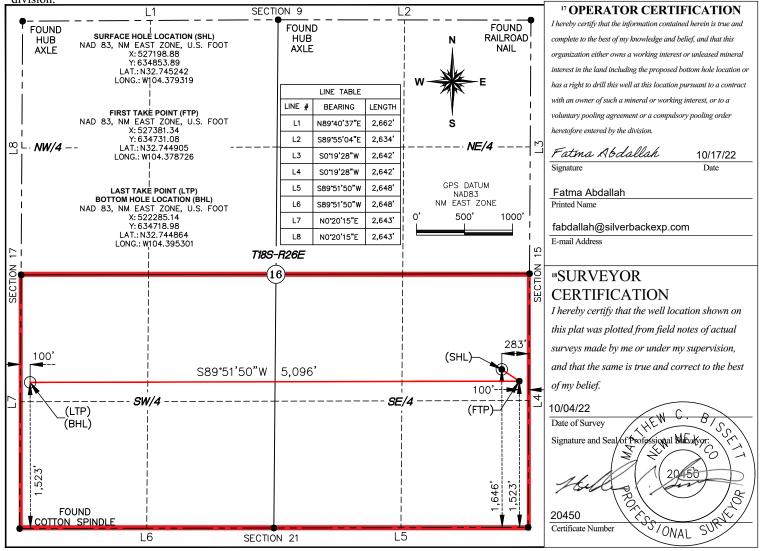
AMENDED REPORT

Page 32 26/18

#### WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number <sup>2</sup> Pool Code <sup>3</sup> Pool Name											
30-015 5	50083		32	3250 ATOKA; GLORIETA-YESO							
<sup>4</sup> Property C 333472	ode		<sup>5</sup> Property Name NETHERLIN STATE COM						<sup>6</sup> Well Number 103H		
<sup>7</sup> OGRID N	0.				perator Name				<sup>9</sup> Elevation		
330968				SILVERBACK	OPERATING II, LLC				3,353'		
	<sup>10</sup> Surface Location										
UL or lot no.	Section	Township	Range L	ot Idn Feet fi	rom the North/South l	ine Feet from the	East	/West line	County		
I	16	18-S	26-E	1,646	S' SOUTH	283'	EAS	т	EDDY		
			<sup>11</sup> Bottom	Hole Locat	ion If Different Fr	om Surface					
UL or lot no.	Section	Township	Range L	ot Idn Feet fi	rom the North/South l	ine Feet from the	East	/West line	County		
L	16	18-S	26-E	1,523	3' SOUTH	100'	WE:	ST	EDDY		
<sup>12</sup> Dedicated Acres	<sup>13</sup> Joint o	r Infill <sup>14</sup> Con	solidation Code	<sup>15</sup> Order No.		1	1				
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.



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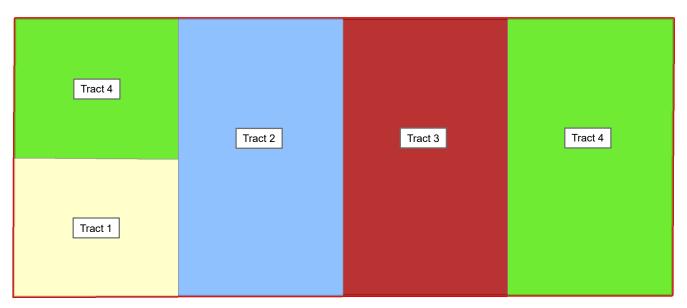
## EXHIBIT A-5A Overlapping Unit Plat

## EXHIBIT A-5B Netherlin Unit Ownership

## **EXHIBIT A-5C NETHERLIN CONTACT INFORMATION**

#### Exhibit "A-5" Case No. 23194 Silverback Operating II, LLC - Applicant

### TRACT MAP WITH WORKING INTEREST OWNERS



### S/2 of Section 16, Township 18 South, Range 26 East NMPM, Eddy County, New Mexico

Tract 1 (SWSW):	Silverback New Mexico, LLC; Vladin, LLC
Tract 2 (E2SW):	Silverback New Mexico, LLC; Vladin, LLC
	Silverback New Mexico, LLC; Vladin, LLC; Susan M. Shope, Gates
Tract 3(W2SE):	Properties, Ltd., John W. Gates, LLC, Sharbro Energy, LLC, Nancy Helen
TTACE 5(WZSE).	Castillo, Kenneth William Irish, Robert Morley Irish, Russell Sanford Gates,
	William Allen Gates
	Silverback New Mexico, LLD, Yates Energy Corporation, Explores Petroleum
Tract 4(NWSW, E2SE):	Corporation, Spiral, Inc., PrimeEnergy Corporation, Jalapeno Corporation,
	MRC Delaware Resources, LLC

## Case No. 23194 by Silverback Operating II, LLC ("Applicant") Netherlin State Com Unit

Plat prepared by : Larry K. Coshow, CPL Date: November 23, 2022



#### PROPOSED NETHERLIN STATE COM HSU OWNERSHIP INFORMATION TOP TO BASE OF ATOKA GLORIETA YESO FORMATION

#### PROPOSED HSU TRACT PARTICIPATION FACTORS

<b>Tract</b>	Location	Section	Acres	Tract Participation Factor
1	SW/4 SW/4	S16-T18S-R26E	40.0000	0.1250
2	E/2 SW/4	S16-T18S-R26E	80.0000	0.2500
3	W/2 SE/4	S16-T18S-R26E	80.0000	0.2500
4	E/2 SE/4, NW/4 SW/4	S16-T18S-R26E	120.0000	<u>0.3750</u>
Total			320.0000	1.0000

#### PROPOSED NETHERLIN STATE COM HSU – TRACT & UNIT OWNERSHIP INFORMATION

Tract 1	Int.Type	<u>WI</u>	Gross Ac.	<u>Net Ac.</u>	<u>Unit WI</u>
Silverback Operating II, LLC	WI	0.85677083	40.0000	34.2708	0.10709635
Sharbro Energy, LLC	WI	<mark>0.08593750</mark>	<mark>40.0000</mark>	<mark>3.4375</mark>	<mark>0.01074219</mark>
Vladin, LLC	WI	0.05729167	40.0000	2.2917	0.00716146
Tract 1 Total		1.00000000		40.0000	0.12500000

Tract 2	Int.Type	<u>WI</u>	Gross Ac.	<u>Net Ac.</u>	<u>Unit WI</u>
Silverback Operating II, LLC	WI	0.75000000	80.0000	60.0000	0.18750000
Sharbro Energy, LLC	<mark>WI</mark>	0.25000000	<mark>80.0000</mark>	20.0000	0.06250000
Tract 2 Total		1.00000000		80.0000	0.25000000

Tract 3	Int.Type	WI	Gross Ac.	<u>Net Ac.</u>	<u>Unit WI</u>
Silverback Operating II, LLC	WI	0.75000000	80.0000	60.0000	0.18750000
Sharbro Energy, LLC	WI	0.25000000	<mark>80.0000</mark>	<mark>20.0000</mark>	<mark>0.06250000</mark>
Tract 3 Total		1.00000000		80.0000	0.25000000

Tract 4	Int.Type	WI	Gross Ac.	Net Ac.	<u>Unit WI</u>
Silverback Operating II, LLC	WI	0.08000000	120.0000	9.6000	0.03000000
Yates Energy Corporation	<mark>WI</mark>	0.17769667	120.0000	21.3236	0.06663625
Explores Petroleum Corporation	WI	0.05970000	120.0000	7.1640	0.02238750
Spiral, Inc.	WI	0.05970000	120.0000	7.1640	0.02238750
PrimeEnergy Corporation	WI	0.12400000	120.0000	<mark>14.8800</mark>	<mark>0.04650000</mark>
Jalapeno Corporation	<mark>WI</mark>	0.08474080	120.0000	10.1689	<mark>0.03177780</mark>
MRC Delaware Resources, LLC	WI	0.41416253	120.0000	<mark>49.6995</mark>	<mark>0.15531095</mark>
Tract 4 Total		1.00000000		120.0000	0.37500000

<u>Owner</u>	<u>Interest Type</u>	<u>Unit WI</u>	<u>Net Acres</u>
Silverback New Mexico, LLC	WI	0.51209635	163.8708
Sharbro Energy, LLC	WI	0.13574219	<mark>43.4375</mark>
Vladin, LLC	WI	0.00716146	2.2917
Yates Energy Corporation	WI	0.06663625	21.3236
Explores Petroleum Corporation	WI	0.02238750	7.1640
Spiral, Inc.	WI	0.02238750	7.1640
PrimeEnergy Corporation	WI	0.04650000	14.8800
Jalapeno Corporation	WI	0.03177780	10.1689
MRC Delaware Resources, LLC	WI	0.15531095	<mark>49.6995</mark>
Unit Total		1.00000000	320.0000

### PROPOSED NETHERLIN STATE COM HSU – RECORD TITLE UNIT OWNERSHIP SUMMARY

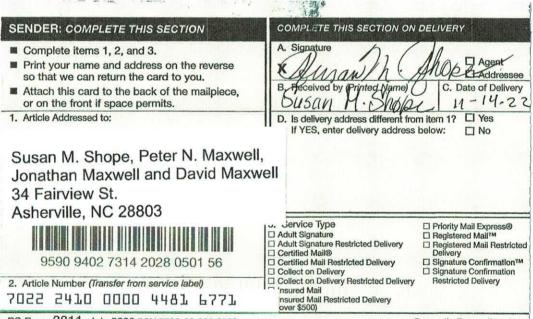
#### EXHIBIT " " Case No. 23194 Silverback Operating II, LLC - Applicant Compulsory Pooling Respondent List

Ownershi p Type	Company / Individual WI Owner	Address	City	St	Zip Code
. ,			<u> </u>		p 0000
	Susan M. Shope, for life with remainder to				
	Peter N. Maxwell, Jonathan V. Maxwell		A =  = =		00000
LHO	and David L. Maxwell	34 Fairview St.	Asherville	NC	28803
LHO	Gates Properties, LTD	PO Box 81119	Midland	ТΧ	79708
LHO	John W. Gates, LLC	706 West Grand Street	Artesia	NM	88210
LHO	Sharbro Energy, LLC	PO Box 840	Artesia	NM	88211-0840
LHO	Nancy Helen Castillo	1108 Dahlia Ct.	Calexico	CA	92231
LHO	Kenneth William Irish	43 Overhill Rd.	Orinda	CA	94563
LHO	Robert Morley Irish	15155 Modres Valley	Yamhill	OR	97148
LHO	Russell Sanford Gates	23 Stafford Square	Boyertown	PA	19512
LHO	William Allen Gates	208 Wren Drive	Greensburg	PA	15601
LHO	Vladin, LLC	PO Box 100	Artesia	NM	88211
LHO	Yates Energy Corporation	PO Box 2323	Roswell	NM	88202
LHO	Explores Petroleum Corporation	PO Box 1933	Roswell	NM	88202
LHO	Spiral, Inc.	PO Box 1933	Roswell	NM	88202
LHO	PrimeEnergy Corporation	9821 Katy Freeway, Suite 1050	Houston	ТΧ	77024
LHO	Jalapeno Corporation	PO Box 1608	Albuquerque	NM	87103
LHO	L. M. Graham Family Limited Partnership	PO Box 50550	Midland	ТΧ	79710
LHO	MRC Delaware Resources, LLC	5400 Lyndon B Johnson Fwy, Ste 1500 One Lincoln Centre	Dallas	тх	75240-1017

# TAB 4

# EXHIBIT A-6 Notice via Certified Mail

171	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> REC Domestic Mail Only	EIPT
r-	For delivery information, visit our website	at www.usps.com®.
л	Asheville, NC 28803	USE
	Certified Mail Fee \$4.00	0209
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	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions



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

Domestic Return Receipt

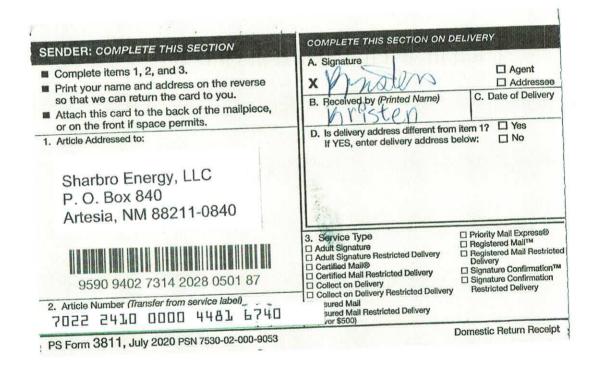












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#### FAQs >

vebsite at www.usps.com\*.

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Postmark

Here

11/10/2022

#### U.S. Postal Service<sup>™</sup> **CERTIFIED MAIL® RECEIPT** Domestic Mail Only 5 5 For delivery information, visit our Calexicos CA 92231 44BJ Certified Mail Fee \$4.00 Extra Services & Fees (check box \$0.00 Return Receipt (hardcopy) 0000 \$0.00 [] Return Receipt (electronic) Certified Mall Restricted Deliv \$0.00 **Tracking Number:** Adult Signature Required \$0.00 Adult Signature Restricted Delivery 70222410000044816757 2410 Postage \$1.44 Total Postage and Fees \$8,69 Add to Informed Delivery Copy Sent To п (https://informeddelivery.usps.com/) 702 Nancy Helen Castillo Street and A 1108 Dahlia Ct., City, State, 1 Calexico, CA 92231 PS Form 3800, April 2015 PSN 7530-02-000-9047 Latest Update This is a reminder to arrange for redelivery of your item or your item will be returned to sender. Get More Out of USPS Tracking: USPS Tracking Plus® **Delivery Attempt** Reminder to Schedule Redelivery of your item November 19, 2022 Notice Left (No Authorized Recipient Available) CALEXICO, CA 92231 November 14, 2022, 5:15 pm See All Tracking History **Text & Email Updates USPS Tracking Plus® Product Information**

See Reverse for Instruction

Feedback

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#### FAQs >

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Kenneth William Irish 43 Overhill Road	a
	\$4 . 00     \$3.25       ra Services & Fees (check box, add fee & Child Dirate)     Return Receipt (hardcopy)     \$ 0.00       Return Receipt (dectronic)     \$ 0.00       Certified Mail Restricted Delivery     \$ 0.00       Adult Signature Required     \$ 0.00       Adult Signature Restricted Delivery     \$ 0.00       stage     \$1.44       al Postage and Fees     \$8.69       ht To

**Tracking Number:** 

### 70222410000044816795

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#### Latest Update

Your item was delivered to an individual at the address at 12:36 pm on November 16, 2022 in ORINDA, CA 94563.

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#### Delivered

Delivered, Left with Individual ORINDA, CA 94563 November 16, 2022, 12:36 pm

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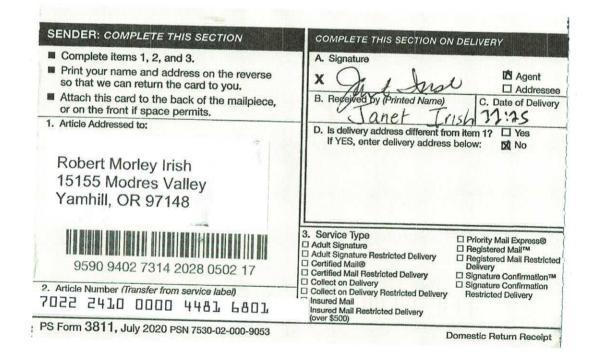
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Add to Informed Delivery meddelivery.usps.com/)	Postage \$1.44 5 Total Postage and Faes \$ \$8.69 Sent To	
Update	Russell Sanford Gates 23 Stafford Square City, State, Boyertown, PA +5667 19512. PS Form 3800, April 2015 PSN 7530-02-000-6047 See Reverse for Instruction	ons

**Tracking Num** 

### 702224

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Your item was delivered to an individual at the address at 11:20 am on November 15, 2022 in BOYERTOWN, PA 19512.

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 $\checkmark$ 

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#### Delivered

**Delivered, Left with Individual** BOYERTOWN, PA 19512 November 15, 2022, 11:20 am

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#### **Text & Email Updates**

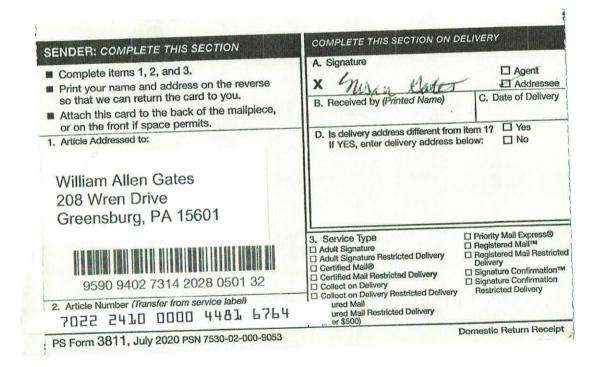
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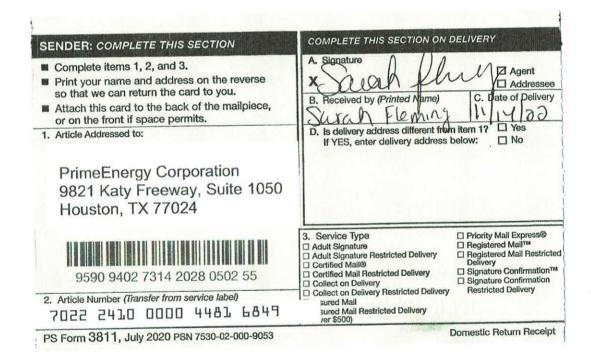
SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3.	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> </ul>	X Kut dig DAgent B. Received by (Printed Name) C. Date of Deliving C. Date of Deliving
Yates Energy Corporation P. O. Box 2323 Roswell, NM 88202-2323	D. Is delivery address different from item 1?  Yes If YES, enter delivery address below: No
9590 9402 7314 2028 0501 63 2. Article Number (Transfer from service label)	3. Service Type       Priority Mail Express@         Adult Signature       Registered Mail™         Adult Signature Restricted Delivery       Registered Mail Restricted Delivery         Certified Mail Restricted Delivery       Signature Confirmation™         Collect on Delivery       Signature Confirmation         Collect on Delivery       Signature Confirmation







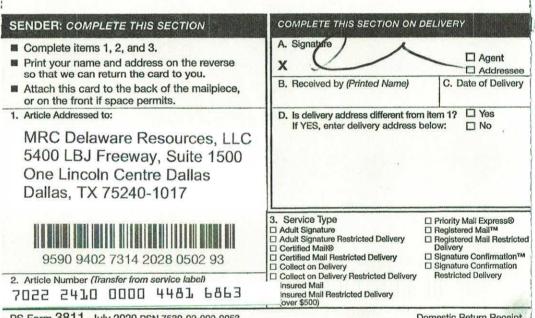
6 H	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECI Domestic Mail Only	
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5410	Postage \$1.44 \$ Total Postage and Fees \$3.69	11/10/2022
7022	Sent To Street and Street and Street and Street and PrimeEnergy Corporation 9821 Katy Freeway, Suite 1050 Houston, TX 77024	
	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions





SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>Jalapeno Corporation         <ul> <li>P. O. Box 1608</li> </ul> </li> </ul>	A. Signature X <u>Hulis</u> <u>Charges</u> BLReceived by (Printed Name) Julie A <u>Association</u> D. Is delivery address different from item 1? If YES, enter delivery address below: No	essee
Albuquerque, NM 87103-1608		





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

Domestic Return Receipt

# TAB 4

# EXHIBIT A-7 NOTICE BY PUBLICATION NEWSPAPER AFFIDAVIT OF PUBLICATION AND ADVERTISEMENT

## **Carlsbad Current Argus.**

Affidavit of Publication Ad # 0005488466 This is not an invoice

#### THE 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:

11/16/2022

Legal Clerk

Subscribed and sworn before me this November 16,

2022: e of WI, County of Brown

NOTARY PUBLIC

My commission expires

SHELLY HORA Notary Public State of Wisconsin

Ad # 0005488466 PO #: 5488466 # of Affidavits1

This is not an invoice

This is to notify the follow-ing entities, individuals, ing entities, individuals, their heirs, personal repre-sentatives, trustees, succes-sors or assigns, and any oth-er uncommitted mineral owners: Susan M. Shope, Pe-ter N. Maxwell, Jonathan Maxwell and David Max-Maxwell and David Max-well; Gates Properties, LTD; John W. Gates, LLC; Sharbro Energy, LLC; Nancy Helen Castillo; Kenneth William Irish; Robert Morley Irish; Russell Sanford Gates; Wil-liam Allen Gates; Yates En-ergy Corporation; Explores Petroleum Corporation; Spiergy Corporation; Explores Petroleum Corporation; Spi-ral, Inc.; PrimeEnergy Corpo-ration; Jalapeno Corpora-tion; and MRC Delaware Re-sources, LLC. Case No. 23194, Application of Silver-back Operating II, LLC for the Compulsory Pooling of the S/2 Section 16, Township JB South Bange 26 Eat Ed. 18 South, Range 26 East Ed-dy County, New Mexico, as to the Atoka Glorieta Yeso Formation is set for hearing on Thursday, December 1, 2022 at 8:15 a.m. before a Division Examiner at the New Mexico Oil Conserva-tion Division. Hearing may be viewed entipe by sering tion Division. Hearing may be viewed online by going to https://www.emnrd.nm.g ov/ocd/hearing-info/. Appli-cant's attorney is Benjamin Holliday, Holliday Energy Law Group, 4040 Broadway, Suite 350, San Antonio, TX 78209, ben@theenergylawgr oup.com, and the Applica-tion is on behalf of Silver-back Operating II, LLC, whose address is 19707 West IH 10, Suite 201, San Antowhose address is 19707 West IH 10, Suite 201, San Anto-nio, Texas, 78257. Applica-tion of Silverback Operating II, LLC for Compulsory Pool-ing, Eddy County, New Mexico. Applicant seeks an order pooling all uncommit-ted interests in the Atoka Clarieta Yang Cormation unted interests in the Atoka Glorieta Yeso Formation un-derlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 Section 16, Township 18 South, Range 26 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Netherlin State Com #102H Netherlin State Com #102H well ("102H Well"), which will be horizontally drilled will be horizontally drilled from a surface hole location in the surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, be-ing approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16. Township 18 location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL, and the Netherlin State Com #103H well ("103H Well"), which will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet

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rst, and approximately 100 feet FWL. The 102H Well-and 103H Well are referred to collectively herein as the "Wells." The completed in-terval of the Wells will be orthodox. Also to be consid-ered will be the cost of drill-ing 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 lo-cated approximately 8 miles South of Artesia, New Mexico. #5488466, Current Argus, November 16, 2022

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# TAB 4

# EXHIBIT A-8 Well Proposal Letter



Vladin, LLC PO Box 100 Artesia, NM 88211-0900 Attention: Jim Ball

RE: Well Proposals

Netherlin State Com 101H, 102H and 103H

S/2 Section 16-T18S-R26E,

Surface to 2,964'

Eddy County, New Mexico

Dear Working Interest Owner,

Silverback New Mexico, LLC ("SILVERBACK"), hereby proposes to drill and complete the **Netherlin State Com 101H and Netherlin State Com 102H** 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).

#### Netherlin State Com 101H - Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point -350' FSL & 100' FEL, Section 16, TI8S-R26E
- Proposed Bottom Hole Location 350' FSL & 100' FWL, Section 16, TI8S-R26E
- TVD 3,022

#### Netherlin State Com 102H- Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point -1,132' FSL & 100' FEL, Section 16, Tl8S-R26E
- Proposed Bottom Hole Location 1,132' FSL & 100' FWL, Section 16, Tl8S-R26E
- TVD 3,022

#### Netherlin State Com 103H- Horizontal Yeso Well, Eddy County, NM

- Proposed First Take Point -1,914' FSL & 100' FEL, Section 16, TI8S-R26E
- Proposed Bottom Hole Location 1,914' FSL & 100' FWL, Section 16, TI8S-R26E
- TVD 3,022

6608 North Western Ave. #607, Oklahoma City, OK 73116 Phone: 210-585-3329 Email: Dfrye@silverbackexp.com

Silverback proposes to form a Drilling Spacing Unit ("DSU") covering the S/2 Section 16, TI8S-R26E, Eddy County, New Mexico, containing 320 acres of land, more or less, from the **surface to 2,964'**. It is unknown if portions of the lands are governed by existing Joint Operating Agreements covering these depths, however, for the mutually exclusive development of horizontal wells, and any concept wells (i.e. micro seismic wells, pilot hole wells) within the DSU, SILVERBACK proposes creating a new joint operating agreement dated July 1, 2022, ("NJOA") to govern proposals and operations within the DSU. The NJOA shall supersede any existing operations under any JOAs, expressly limited however, to horizontal well development, concept wells and operations within the DSU. The NJOA shall have the following general provisions:

- Effective Date of July I, 2022
- Contract Area consisting of S/2 Section 16, TI8S-R26E
- Limited in depth from and below a subsurface depth from the surface to 2,964
- I00%/300%/300% non-consent penalties
- \$8,000/\$800 drilling/producing monthly overhead rates
- Silverback Operating II, LLC named as Operator

The enclosed AFEs reflect the total estimated drilling and completion costs for each well. 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. Your estimated working interest in the proposed 320-acre DSU is shown on Exhibit "A" enclosed herewith.

SILVERBACK respectfully requests that you select one of the following three options regarding your interest in each of the proposed wells:

- **Option 1:** Participate in the drilling and completion of the proposed well and agree to enter into the NJOA with the terms specified above.
- Option 2: Not participate in the proposed well (an election of "Non-Consent")
- Option 3 Term Assignment: Assign your leasehold working interest in the S/2 Section 16, T18S-R26E, exclusive of existing well bores, to SILVERBACK through a term assignment with a primary term of three (3) years and as long thereafter as production is obtained in paying quantities, and a bonus consideration of \$750 per net mineral acre, delivering a 75% leasehold net revenue interest (limited to the surface to 2,964).
- **Option 4 Assignment:** Assign your leasehold working interest in the S/2 Section 16, TI8S-R26E, exclusive of existing wellbores, to SILVERBACK for a bonus consideration of \$ 1,500 per net mineral acre, delivering a 75% leasehold net revenue interest (all rights owned).

Should you elect **Option I** or **Option 2**, SILVERBACK will send the NJOA for your review and execution. If you prefer to review the NJOA prior to making an election, please request a copy by email and we will supply it to you. In the event you elect to assign your leasehold 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 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 30 days of the receipt date of this proposal, please be advised SILVERBACK may apply to the New Mexico Oil Conservation Division for 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 a 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 30 days of receipt of this proposal. Should you have any questions regarding this proposal, please contact David Frye at 210-585-3329 or dfrye@silverbackexp.com. Thank you very much for your assistance and cooperation.

Sincerely, David

Chief Commercial Officer

Enclosures

Exhibit "A" AFEs

#### Netherlin State Com 101H

**Option** I) The undersigned elects to participate in the drilling and completion of the **Netherlin State Com 101H well** and agrees to the formation of the DSU and to the terms of the NJOA 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 **Netherlin State Com 101H.** 

Should you elect to participate, please also indicate your Well Insurance election below. 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.

\_\_\_\_\_The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_\_day of \_\_\_\_\_ 2022.

Company/Individual:

Ву: \_\_\_\_\_

Name:\_\_\_\_\_

Title: \_\_\_\_\_\_

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#### Netherlin State Com 102H

**Option** 1) The undersigned elects to participate in the drilling and completion of the **Netherlin State Com 102H well** and agrees to the formation of the DSU and to the terms of the NJOA 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 Netherlin State Com 102H.

Should you elect to participate, please also indicate your Well Insurance election below. 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.

\_\_\_\_\_\_The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_\_\_day of \_\_\_\_\_\_ 2022.

Company/Individual: \_\_\_\_\_

Ву: \_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

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#### Netherlin State Com 103H

**Option** I) The undersigned elects to participate in the drilling and completion of the **Netherlin State Com 103H well** and agrees to the formation of the DSU and to the terms of the NJOA 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 **Netherlin State Com 103H.** 

Should you elect to participate, please also indicate your Well Insurance election below. 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.

\_\_\_\_\_\_The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_\_\_day of \_\_\_\_\_\_ 2022.

Company/Individual: \_\_\_\_\_

Ву: \_\_\_\_\_

Name:\_\_\_\_\_

Title:

Released to Imaging: 11/30/2022 8:51:05 AM

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#### Exhibit A

#### S/2 Section 16-T18S-R26E, Surface to 2,964'

Estimated WI: 0.01953125



#### Authority for Expenditure - Artesia

D&C AFE #: 10054D Facilities AFE #: 10054F

Date: June 28, 2022

Target: Paddock Projected MD/TVD: 8600 / 2681

Lateral Length: 4,900

Lease: Netherlin State Com Well No: 101H County: Eddy State: NM SHL: Sec. 15, T-18S, R-26E; 720 FSL, 450 FWL BHL: Sec. 16, T-18S, R-26E; 350 FSL, 150 FWL

#### Project Description:

The proposed AFE is for the Netherlin State Com 101H, a 1 section Paddock horizontal well to be drilled in Eddy County, NM. This well is on a 3 well pad and will be batch drilled. The well is a 2 string casing design consisting of the following: 12.25" surface hole drilled on Water to 1210' and 9.625" 36# J-55 BTC casing set and cemented in place; 8.75" production hole will then be drilled on Cut Brine to TD at 8600' and a split string of 7" 32# L-80 HC PIXS and 5.5" 20# L-80HC PIXS string of casing will be set and cemented in place. There will be 4900' of treatable lateral.

_	TOTAL
DRILLING:	\$1,754,328
COMPLETIONS:	\$2,812,751
FACILITIES:	\$1,066,600
COMPLETED WELL COST:	\$5,633,678

#### Netherlin State Com 101H D&C AFE #10054D

	T.	ANGIBLE D&C COSTS		[	Dry Hole	Co	ompletion	Total
Tangible Drilling				\$	476,067	\$	-	\$ 476,067
	850.015	Surface Casing:	9.625" 36# J-55 BTC	\$	62,708	\$	-	\$ 62,708
-	850.025	Produciton Casinc	7" 32# L-80 HC PIXS x 5.5" 20# L-80HC PIXS	\$	359,523	\$	-	\$ 359,523
	850.145	Wellhead Equipement:		\$	53,836	\$	••	\$ 53,836
Tangible Completi	on			\$	-	\$	103,537	\$ 103,537
	860.140	Tubing: 2.875"	6.5# L-80 8RD	\$	-	\$	37,355	\$ 37,355
	860.145	Wellhead:		\$	-	\$	12,232	\$ 12,232
	860.166	Artifical Lift: ESP		\$	-	\$	53,950	\$ 53,950
	TOTAL	ANGIBLE D&C COSTS	>>>	\$	476,067	\$	103,537	\$ 579,604

### Received by OCD: 11/30/2022 8:49:53 AM

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	INT	ANGIBLE D&C COSTS	Dry Hole	Completion		Total
		Intangible Drilling	\$ 1,278,261	\$-	\$	1,278,26
	830.010	Permitting, Licenses, etc.:	\$ 2,158	\$ -	\$	2,15
	830.020	Staking & Survey:	\$ 10,790	\$ -	\$	10,79
	830.030	Damages, ROW:	\$ 43,160	\$ ~	\$	43,16
	830.190	Legal, Title Services:	\$ 43,160	\$ -	\$	43,16
	830,185	Insurance:	\$ 10,790	<u> </u>	\$	10,79
	830.025	Locations & Roads:	\$ 74,573	\$ -	\$	74,57
	830.050	Conductor:	\$ 25,414	\$ -	\$	25,41
	830.045	Footage Contract:	\$ -	\$ -	\$	
	830.045	Rig Move:	\$ 80,925	\$ -	\$	80,92
		Driling Daywork:	\$ 192,197	\$ -		192,19
	830.040			ф -	\$	54,29
	830.065	Fuel/Power:	\$ 54,293			44,23
	830.060	Bits & BHA:	\$ 44,239	- -	\$	
	830.055	Directional:	\$ 133,254	\$	\$	133,2
	830.075	Mud & Chemicals:	\$ 43,107		\$	43,10
	830.070	Mud - Drill Water:	\$ 45,589	\$ -	\$	45,5
	830.215	Mud Brine:	\$ 13,017		\$	13,03
	830.160	Mud - Diesel:	\$	\$ -	\$	
	830.140	Mud - Auxillary:	\$ 19,662	\$ -	\$	19,60
	830.135	Solids Control/Closed Loop:	\$ 41,111	\$-	\$	41,1
	830.155	Disposal:	\$ 43,160	\$ -	\$	43,10
	830.125	Equipment Rental:	\$ 45,935	\$-	\$	45,93
	830.130	Mancamp:	\$ 30,775	\$-	\$	30,7
	830.110	Casing Services:	\$ 23,199	\$ -	\$	23,1
	830.110	Cementing:	\$ 86,442	\$ -	\$	86,4
	830,100	Cement Float Equip, etc:	\$ 15,281	\$ ~	\$	15,2
	830.105	Transportation:	\$ 12,948	\$ -	\$	12,9
	830.170	Inspection & Repair:	\$ 18,343	\$ -	\$	18,3
· ·	830.115	Company Supervision:	\$ 4,800	\$ -	\$	4,8
	830.175	Consulting Services:	\$ 65,064	\$ -	\$	65,0
	830.120	Contract Labor:	\$ 27,838	\$ -	\$	27,8
	830.210	Roustabout Services:	\$ 6,872	\$ -	\$	6,8
	830.080	Mudlogging:	\$ 10,360	\$ -	\$	10,3
		Geo-Steering:	\$ 10,300	\$ -	\$	10,5
	830.085				\$	
	830.095	Open Hole Logging:				
	830.090	Coring & Analysis:	\$		\$	
	830.205	Safety & Enviornmental:	\$ 7,054	\$ -	\$	7,0
	830.180	Drilling Overhead:	\$ 2,751	\$ -	\$	2,7
	830.150	Miscellaneous:		\$ -	<u>\$</u>	
	830.200	Contingnecy: (%)	\$ -	\$	\$	
Intangible Comp			\$ -	\$ 2,709,214	\$	2,709,2
	840.025	Location & Roads:		\$ 1,241	\$	1,2
	840.156	Stimulation:	- \$	\$ 677,464	\$	677,4
	840.050	Proppant:	\$ -	\$ 819,366	\$	819,3
	840.070	Water:		\$ 226,590	\$	226,5
	840.071	Water Transfer:	\$	\$ 17,264	\$	17,2
	840.055	Chemicals:		\$ 214,207	\$	214,2
	840.035	Pump Down Services:	\$	\$ 34,528	\$	34,5
	840.145	Wireline/Perforating:	\$ -	\$ 126,567	\$	126,5
	840.126	Bits/Tools/Plugs/Stabilizers:	\$ -	\$ 19,422	\$	19,4
	840.090	Rental Equipment - Surface:	\$ -	\$ 106,929	\$	106,9
	840.091	Mancamp:	\$ -	\$ 18,570	\$	18,5
	840.125	Equipment Rentals:	\$	\$ 16,994	\$	16,9
	840.107	Disposal:	\$ -	\$ 6,099	\$	6,0
	840.065	Fuel, Power:	\$ -	\$ 134,336	\$	134,3
	840.140	Cased Hole Logs & Surveys	\$	\$	\$	
	840.120	Contract Labor:	\$ -	\$ 5,017	\$	5,0
	840.130	Completions Rig:	\$ -	\$ 4,894	\$	4,8
	840.175	Consulting Services:	\$ -	\$ 140,810	\$	140,8
	840.175	Company Supervision:	\$ -	\$ 3,884	\$	3,8
	840.135	Coil Tubing Unit	\$ -	\$ 56,648	\$	56,6
	840.160	Well Testing: (14 days)	\$ -	\$ 67,977	\$	67,9
	840.108	Transportation:	\$ -	\$ 1,295	\$	1,2
	840.166	Safety & Enviornmental:	\$ -	\$ 2,698	\$	2,6
	840.180	Completions Overhead:	\$ -	\$ 6,417	\$	6,4
	840.190	Miscellaneous:	\$ -	\$ -	\$	
	840.200	Contingency: (%)	\$ -	\$ -	\$	
		ITANGIBLE D&C COSTS >>>	\$ 1,278,261	\$ 2,709,214	\$	2,709,2
			1 4 .,27,0,201	<u> </u>		
	4		¢ 1751 200	\$ 2812751	¢	4 567 0
	тс	OTAL D&C COSTS >>>	\$ 1,754,328 Dry Hole	\$ 2,812,751 Completion	\$	4,567,0 Total

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

### Netherlin State Com 101H FACILITIES AFE #10054F

		TANGIBLE FACILITIES COSTS		Facilities		Total
Tangible Facil	ities		\$	773,220	\$	773,220
	865.005	Vessels:	\$	233,124	\$	233,124
	865.010	Electircal OH/Transformers:	\$	20,000	\$	20,000
	865.015	Connections/Fittings/Supplies:	\$	-	\$	-
	865.020	Metering Equipment:	\$	45,508	\$	45,508
	865.025	LACT Unit:	\$	59,223	\$	59,223
	865.030	Tanks:	\$	90,745	\$	90,745
	865.035	Electrical Facility:	\$	*	\$	-
	865.040	Containment:	\$	9,667	\$	9,667
	865.045	Pump/Supplies:	\$	36,391	\$	36,391
	865.050	Pipelines:	\$		\$	
	865.055	Flowlines:	\$	18,720	\$	18,720
	865.060	Compressors	\$		\$	
	865.065	Flare/Combustor	\$	14,882	\$	14,882
	865.070	Air Compression	\$	14.873	\$	14,873
	865.075	Instrument/Electrical Panels	\$	179,296	\$	179,296
	865.190	Miscellaneous:			\$	
	865.200	Continegnecy:	\$	50,790	\$	50,790
		AL TANGIBLE FACILITIES COSTS >>>	\$	773,220	\$	773,220
			· · · · · · · · · · · · · · · · · · ·		r	
		INTANGIBLE FACILITES COSTS		Facilities		Total
Intangible Fa		INTANGIBLE FACILITES COSTS	\$	Facilities 293,380	\$	
Intangible Fa		INTANGIBLE FACILITES COSTS	\$		\$	
Intangible Fa	cilities	Title Work/Permit Fees: Roads/Location:	\$		\$ \$	
Intangible Fa	cilities 845.005	Title Work/Permit Fees: Roads/Location: Damages/ROW:	\$ \$ \$	293,380 - - -	\$	293,380
Intangible Fa	cilities 845.005 845.010	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental:	\$ \$ \$ \$	<b>293,380</b> - - - 5,000	\$ \$ \$	293,380
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline:	\$ \$ \$ \$ \$ \$ \$ \$	<b>293,380</b> - - - 5,000 20,185	\$ \$ \$ \$ \$	293,380 
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	<b>293,380</b> - - - 5,000 20,185 66,528	\$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	<b>293,380</b> - - - 5,000 20,185 66,528	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045	Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor:         Contract Labor:         Contract Labor:         Facility Pad:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor Automation: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667 20,000
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals: Contract Labor - Commissioning	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667 20,000
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:         Equipment Rentals:         Contract Labor - Commissioning         Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 - - 8,333 -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667 20,000 8,333
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals: Contract Labor - Commissioning	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 5,000 20,185 66,528 16,667 156,667 20,000 8,333
Intangible Fa	cilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:         Equipment Rentals:         Contract Labor - Commissioning         Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	293,380 - - 5,000 20,185 66,528 16,667 156,667 - 20,000 - - 20,000 - - 38,333 - - 293,380	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,380 5,000 20,185 66,528 16,667 156,667 20,000 8,333 293,380 1,066,600

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

Approved By:

Printed Name:

We elect to carry our own well control insurance:

Title:

Yes / No (circle one)

.

Date:

Released to Imaging: 11/30/2022 8:51:05 AM



#### Authority for Expenditure - Artesia

D&C AFE #: 10055DDate:June 28, 2022Facilities AFE #: 10055FDate:June 28, 2022Lease:Netherlin State ComTarget:PaddockWell No:102HProjected MD/TVD:8600 / 2673County:EddyLateral Length:4,900SHL:Sec. 15, T-18S, R-26E; 760 FSL, 450 FWLLateral Length:4,900BHL:Sec. 16, T-18S, R-26E; 1130 FSL, 150 FWLSec. 16, T-18S, R-26E; 1130 FSL, 150 FWLSec. 16, T-18S, R-26E; 1130 FSL, 150 FWL

#### Project Description:

The proposed AFE is for the Netherlin State Com 102H, a 1 section Paddock horizontal well to be drilled in Eddy County, NM. This well is on a 3 well pad and will be batch drilled. The well is a 2 string casing design consisting of the following: 12.25" surface hole drilled on Water to 1210' and 9.625" 36# J-55 BTC casing set and cemented in place; 8.75" production hole will then be drilled on Cut Brine to TD at 8600' and a split string of 7" 32# L-80 HC PIXS and 5.5" 20# L-80HC PIXS string of casing will be set and cemented in place. There will be 4900' of treatable lateral.

_	TOTAL
DRILLING:	\$1,754,328
COMPLETIONS:	\$2,812,751
FACILITIES:	\$1,066,600
COMPLETED WELL COST:	\$5,633,678

#### Netherlin State Com 102H D&C AFE #10055D

TANGIBLE D&C COSTS		Dry Hole		Completion		Total			
Tangible Drillin	g			\$	476,067	\$	-	\$	476,067
	850.015	Surface Casing:	9.625" 36# J-55 BTC	\$	62,708	\$	-	\$	62,708
	850.025	Produciton Casing	7" 32# L-80 HC PIXS x 5.5" 20# L-80HC PIXS	\$	359,523	\$	~	\$	359,523
	850.145	Wellhead Equipemen	t:	\$	53,836	\$	-	\$	53,836
Tangible Completion		\$	-	\$	103,537	\$	103,537		
	860.140	Tubing: 2.8	75" 6.5# L-80 8RD	\$		\$	37,355	\$	37,355
	860.145	Wellhead:		\$	-	\$	12,232	\$	12,232
	860.166	Artifical Lift: ES	P	\$		\$	53,950	\$	53,950
TOTAL TANGIBLE D&C COSTS >>>		\$	476,067	\$	103,537	\$	579,604		

		ANGIBLE D&C COSTS	Dry Hole	Completion	Total Page
		Intangible Drilling	\$ 1,278,261	\$ -	\$ 1,278,26
	830.010	Permitting, Licenses, etc.:	\$ 2,158	\$ -	\$ 2,15
	830.020	Staking & Survey:	\$ 10,790	\$ -	\$ 10,79
-			\$ 43,160	\$ -	\$ 43,16
_	830.030	Damages, ROW:			
_	830.190	Legal, Title Services:	\$ 43,160	\$ -	\$ 43,16
	830.185	Insurance:	\$ 10,790	\$ -	\$ 10,79
-	830.025	Locations & Roads:	\$ 74,573	\$-	\$ 74,57
-	830.050	Conductor:	\$ 25,414	\$ -	\$ 25,41
-			\$ -	\$ -	\$
	830.045	Footage Contract:			
	830.035	Rig Move:	\$ 80,925		\$ 80,92
	830.040	Drlling Daywork:	\$ 192,197		\$ 192,19
	830.065	Fuel/Power:	\$ 54,293	\$-	\$ 54,29
-	830.060	Bits & BHA:	\$ 44,239	\$ -	\$ 44,23
	830.055	Directional:	\$ 133,254	\$ -	\$ 133,25
_					\$ 43,10
_	830.075	Mud & Chemicals:	\$ 43,107		
	830.070	Mud - Drill Water:	\$ 45,589	\$ -	\$ 45,58
1	830.215	Mud Brine:	\$ 13,017	\$-	\$ 13,03
	830.160	Mud - Diesel:	\$ -	\$ -	\$
-		Mud - Auxillary:	\$ 19,662	\$ -	\$ 19,60
-	830.140			Amora	• • · · · · · · · · · · · · · · · · · ·
	830.135	Solids Control/Closed Loop:	\$ 41,111		\$ 41,1
	830.155	Disposal:	\$ 43,160	\$ -	\$ 43,10
an a	830,125	Equipment Rental:	\$ 45,935	\$ -	\$ 45,93
-	830.130	Mancamp:	\$ 30,775	\$ ~	\$ 30,7
-		Casing Services:	\$ 23,199	\$ -	\$ 23,1
	830.110				· · · · · · · · · · · · · · · · · · ·
	830.110	Cementing:	\$ 86,442		\$ 86,4
	830.100	Cement Float Equip, etc:	\$ 15,281	\$ -	\$ 15,28
rea	830.105	Transportation:	\$ 12,948	\$ -	\$ 12,94
	830.170	Inspection & Repair:	\$ 18,343		\$ 18,34
-			\$ 4,800	· · · · · · · · · · · · · · · · · · ·	\$ 4,80
	830.115	Company Supervision:			
	830.175	Consulting Services:	\$ 65,064		\$ 65,0
	830.120	Contract Labor:	\$ 27,838	- \$	\$ 27,8
-	830.210	Roustabout Services:	\$ 6,872	\$ -	\$ 6,8
-	830.080	Mudlogging:	\$ 10,360	\$ -	\$ 10,3
-		Geo-Steering:	\$	\$ -	Ś
-	830.085			· · · · · · · · · · · · · · · · · · ·	
	830.095	Open Hole Logging:			>
-	830.090	Coring & Analysis:	\$	\$	\$
-	830.205	Safety & Enviornmental:	\$ 7,054	\$-	\$ 7,0
-	830.180	Drilling Overhead:	\$ 2,751	\$ -	\$ 2,7
-			<u> </u>	\$ -	<u>\$</u>
-	830.150	Miscellaneous:	Ψ		
	830.200	Contingnecy: (%)	\$ -	\$	\$
Intangible Comple	etion		\$ -	\$ 2,709,214	\$ 2,709,21
	840.025	Location & Roads:	\$ -	\$ 1;241	\$ 1,2
-	840.156	Stimulation:	\$ -	\$ 677,464	
	840.050			\$ 819,366	
		Proppant:		a 0, v., t	
	840.070	Water:	\$		
	840.071	Water Transfer:	\$	\$ 17,264	
1	840.055	Chemicals:	\$ -	\$ 214,207	
=	840.035	Pump Down Services:	\$ -	\$ 34,528	\$ 34,5
	840.145	Wireline/Perforating:	\$ -	\$ 126,567	
-	840.126	Bits/Tools/Plugs/Stabilizers:		\$ 19,422	
	840.090	Rental Equipment - Surface:			
ſ	840.091	Mancamp:		\$ 18,570	
-	840.125	Equipment Rentals:	\$ -	\$ 16,994	
-	840.107	Disposal:	\$ -	\$ 6,099	\$ 6,0
ŀ	840.065	Fuel, Power:	\$	\$ 134,336	
.	840.140	Cased Hole Logs & Surveys	\$ -	\$ -	\$
				\$ 5,017	
l.	840.120	Contract Labor:		and the second	
	840.130	Completions Rig:	\$	\$ 4,894	· · · · · · · · · · · · · · · · · · ·
	840.175	Consulting Services:	\$	\$ 140,810	
	840.175	Company Supervision:	\$ -	\$ 3,884	\$ 3,8
ŀ	840.135	Coil Tubing Unit	\$ -	\$ 56,648	
ŀ	840.160	Well Testing: (14 days)	\$ -	\$ 67,977	
	840.108	Transportation:	\$ -	\$ 1,295	
	840.166	Safety & Enviornmental:		\$ 2,698	
	840.180	Completions Overhead:	\$ -	\$ 6,417	\$ 6,4
		Miscellaneous:	\$ -	\$ -	\$
	840 190			\$ -	Ś
	840.190	Contingency: (%)	15 -	10 -	
	840.200	Contingency: (%)	\$ -		
	840.200	Contingency: (%) ITANGIBLE D&C COSTS >>>	\$ 1,278,261		
	840.200				\$ 2,709,2
	840.200			\$ 2,709,214	\$ 2,709,21

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

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### Netherlin State Com 102H FACILITIES AFE #10055F

		TANGIBLE FACILITIES COSTS		Facilities		Total
rangible Faci	ilities	\$	773,220	\$	773,220	
	865.005	Vessels:	\$	233,124	\$	233,124
	865.010	Electircal OH/Transformers:	\$	20,000	\$	20,000
	865.015	Connections/Fittings/Supplies:	\$	-	\$	-
	865.020	Metering Equipment:	\$	45,508	\$	45,508
	865.025	LACT Unit:	\$	59,223	\$	59,223
	865.030	Tanks:	\$	90,745	\$	90,745
	865.035	Electrical Facility:	\$	-	\$	
	865.040	Containment:	\$	9,667	\$	9,667
	865.045	Pump/Supplies:	\$	36,391	\$	36,391
	865.050	Pipelines:	\$	-	\$	
	865.055	Flowlines:	\$	18,720	\$	18,720
	865.060	Compressors			\$	
	865.060	Flare/Combustor	·····	14,882	\$	14,882
	865.070	Air Compression		14,873	\$	14,873
	865.075	Instrument/Electrical Panels		179.296	\$	179.296
		Miscellaneous:			\$	
	865.190	Continegnecy:		50,790	\$	50,790
		IL ONTIDEOGECV	Ψ	50,150	Ψ	00,700
	865.200 <b>TOT</b> .	AL TANGIBLE FACILITIES COSTS >>>	\$	773,220	\$	773,220
,,			\$	773,220 Facilities		Total
ntangible Fa	TOT	AL TANGIBLE FACILITIES COSTS >>>	\$		\$	Total
ntangible Fa	TOT	AL TANGIBLE FACILITIES COSTS >>>		Facilities	\$ \$	Total
ntangible Fa	TOT.	AL TANGIBLE FACILITIES COSTS >>> INTANGIBLE FACILITES COSTS	\$	Facilities	\$ \$ \$	Total
ntangible Fa	TOT. acilities 845.005	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:	\$ \$ \$ \$ \$	Facilities 293,380 - - -	\$ \$ \$	Total 293,380
ntangible Fa	TOT. acilities 845.005 845.010	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:	\$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000	\$ \$ \$ \$	Total 293,380 5,00
ntangible Fa	TOT. acilities 845.005 845.010 845.015	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185	\$ \$ \$ \$ \$ \$	Total 293,38( 5,000 20,18
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528	\$ \$ \$ \$ \$ \$ \$	Total 293,380 5,00 20,18 66,52
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38( 5,00) 20,18: 66,52: 16,66
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528	\$ \$ \$ \$ \$ \$ \$	Total 293,38( 5,00 20,18 66,52 16,66
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38( 5,00) 20,18: 66,52: 16,66
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,380 5,00 20,18 66,52 16,66 156,66
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$         \$	Total 293,38( 5,00) 20,18: 66,52: 16,66 156,66
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:         Equipment Rentals:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 -	\$           \$	Total 293,38( 20,18: 66,52: 16,66 156,66 20,00
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.055 845.060 845.065	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         INTANGIBLE FACILITES COSTS         International Statement Statem	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - -	\$         \$	Total 293,38( 20,18: 66,522 16,66 156,66 20,000
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.055 845.060 845.065 845.200	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:         Equipment Rentals:         Contract Labor - Commissioning         Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 - - 8,333 -	<b>\$</b> \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38( 20,18: 66,522 16,667 156,667 20,000 8,333
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.055 845.060 845.065 845.200	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         INTANGIBLE FACILITES COSTS         International Statement Statem	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 -	\$         \$	Total 293,38( 20,18: 66,522 16,667 156,667 20,000 8,333
ntangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.055 845.060 845.065 845.200	AL TANGIBLE FACILITIES COSTS >>>         INTANGIBLE FACILITES COSTS         INTANGIBLE FACILITES COSTS         Title Work/Permit Fees:         Roads/Location:         Damages/ROW:         Enviornmental:         Contract Labor Pipeline:         Contract Labor Automation:         Contract Labor:         Contract Labor Electrical:         Facility Pad:         Transportation/Trucking:         Miscellaneous:         Equipment Rentals:         Contract Labor - Commissioning         Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 - - 8,333 -	<b>\$</b> \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:

Approved By:

Printed Name:

We elect to carry our own well control insurance:

Yes / No (circle one)

Date:\_\_\_\_\_

Title:



#### Authority for Expenditure - Artesia

D&C AFE #: 10056DDate:June 28, 2022Facilities AFE #: 10056FDate:June 28, 2022Lease:Netherlin State ComTarget:PaddockWell No:103HProjected MD/TVD:8600 / 2671County:EddyLateral Length:4,900State:NMLateral Length:4,900SHL:Sec. 16, T-18S, R-26E; 1910 FSL, 450 FWLHL:Sec. 16, T-18S, R-26E; 1910 FSL, 150 FWL

#### Project Description:

The proposed AFE is for the Netherlin State Com 103H, a 1 section Paddock horizontal well to be drilled in Eddy County, NM. This well is on a 3 well pad and will be batch drilled. The well is a 2 string casing design consisting of the following: 12.25" surface hole drilled on Water to 1210' and 9.625" 36# J-55 BTC casing set and cemented in place; 8.75" production hole will then be drilled on Cut Brine to TD at 8600' and a split string of 7" 32# L-80 HC PIXS and 5.5" 20# L-80HC PIXS string of casing will be set and cemented in place. There will be 4900' of treatable lateral.

	TOTAL
DRILLING:	\$1,754,328
COMPLETIONS:	\$2,812,751
FACILITIES:	\$1,066,600
COMPLETED WELL COST:	\$5,633,678

#### Netherlin State Com 103H D&C AFE #10056D

TANGIBLE D&C COSTS			Dry Hole		Completion		Total		
Tangible Drilling				\$	476,067	\$	-	\$	476,067
1	850.015	Surface Casing:	9.625" 36# J-55 BTC	\$	62,708	\$	~	\$	62,708
=	850.025	Produciton Casing	7" 32# L-80 HC PIXS x 5.5" 20# L-80HC PIXS	\$	359,523	\$	-	\$	359,523
	850.145	Wellhead Equipem	ent:	\$	53,836	\$	-	\$	53,836
Tangible Completi	on			\$	-	\$	103,537	\$	103,537
	860.140	Tubing: 2	2.875" 6.5# L-80 8RD	\$		\$	37,355	\$	37,355
-	860.145	Wellhead:		\$	-	\$	12,232	\$	12,232
-	860,166	Artifical Lift: E	ESP	\$	-	\$	53,950	\$	53,950
TOTAL TANGIBLE D&C COSTS >>>		\$	476,067	\$	103,537	\$	579,604		

### Received by OCD: 11/30/2022 8:49:53 AM

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	INT	TANGIBLE D&C COSTS		Dry Hole	С	ompletion		Total
	······	Intangible Drilling	\$	1,278,261	\$	-	\$	1,278,26
	830.010	Permitting, Licenses, etc.:	\$	2,158	\$	-	\$	2,15
	830.020	Staking & Survey:	\$	10,790	\$	-	\$	10,79
	830.030	Damages, ROW:	\$	43,160	\$	-	\$	43,10
	830.190	Legal, Title Services:	\$	43,160	\$	-	\$	43,1
	830.185	Insurance:	\$	10,790	\$		\$	10,7
	830.025	Locations & Roads:	\$	74,573	\$	-	\$	74,5
	830.050	Conductor:	\$	25,414	\$		\$	25,4
	830.045	Footage Contract:	\$		\$		\$	
		Rig Move:	<del>\$</del>	80,925	\$		\$	80,9
	830.035			192,197	\$		\$	192,1
	830.040	Drlling Daywork:			φ •			54,2
	830.065	Fuel/Power:	\$	54,293	<u>.</u>		\$	
	830.060	Bits & BHA:	\$	44,239	\$		\$	44,2
	830.055	Directional:	\$	133,254	\$		\$	133,2
	830.075	Mud & Chemicals:	\$	43,107	\$	-	\$	43,1
	830.070	Mud - Drill Water:	\$	45,589	\$	-	\$	45,5
	830.215	Mud Brine:	\$	13,017	\$		\$	13,0
	830.160	Mud - Diesel:	\$	-	\$	-	\$	
	830.140	Mud - Auxillary:	\$	19,662	\$	-	\$	19,6
	830.135	Solids Control/Closed Loop:	\$	41,111	\$	_	\$	41,1
	830.155	Disposal:	\$	43,160	\$		\$	43,1
			\$	45,935	\$		\$	45,9
	830.125	Equipment Rental:		45,935 30,775			\$ \$	45,5 30,7
	830.130	Mancamp:	\$		\$	-		
	830.110	Casing Services:	\$	23,199	\$		\$	23,1
	830.110	Cementing:	\$	86,442	\$	-	\$	86,4
	830.100	Cement Float Equip, etc:	\$	15,281	\$	-	\$	15,2
	830.105	Transportation:	\$	12,948	\$	-	\$	12,9
	830.170	Inspection & Repair:	\$	18,343	\$	-	\$	18,3
	830.115	Company Supervision:	\$	4,800	\$	-	\$	4,8
	830,175	Consulting Services:	\$	65,064	\$	-	\$	65,0
	830.120	Contract Labor:	\$	27,838	\$		\$	27,8
	830.210	Roustabout Services:	\$	6,872	\$	_	\$	6,8
		Mudlogging:	\$	10,360	\$		\$	10,3
	830.080		\$	10,000	\$		\$	
	830.085	Geo-Steering:						
	830.095	Open Hole Logging:	\$		\$	-	\$	
	830.090	Coring & Analysis:	\$	**	\$		\$	
	830.205	Safety & Enviornmental:	\$	7,054	\$	-	\$	7,0
	830.180	Drilling Overhead:	\$	2,751	\$	-	\$	2,7
	830.150	Miscellaneous:	\$	-	\$	-	\$	
	830.200	Contingnecy: (%)	\$	-	\$	-	\$	
tangible Com	pletion		\$		\$	2,709,214	\$	2,709,2
tung.und oom	840.025	Location & Roads:	\$	_	\$	1,241	\$	1,2
	840.156	Stimulation:	\$		\$	677,464	-	677,4
	840.050	Proppant:	\$		\$	819,366	\$	819,3
			\$		\$	226,590	\$	226,5
	840.070	Water:		······································	I'			17,2
	840.071	Water Transfer:	\$	-	\$	17,264		
	840.055	Chemicals:	\$		\$	214,207	\$	214,2
	840.035	Pump Down Services:	\$		\$	34,528	<u>\$</u>	34,
	840.145	Wireline/Perforating:	\$	-	\$	126,567	\$	126,
	840.126	Bits/Tools/Plugs/Stabilizers:	\$		\$	19,422		19,4
	840.090	Rental Equipment - Surface:	\$	-	\$	106,929		106,9
	840.091	Mancamp:	\$	-	\$	18,570	\$	18,
	840.125	Equipment Rentals:	\$	-	\$	16,994		16,
	840.107	Disposal:	\$		\$	6,099		6,
	840.065	Fuel, Power:	\$	-	\$	134,336	\$	134,
	840.140	Cased Hole Logs & Surveys	\$	-	\$		\$	
	840.120	Contract Labor:	\$	-	\$	5,017	\$	5,
	840.130	Completions Rig:	\$	-	\$	4,894	\$	4,
	840.175	Consulting Services:	\$	-	\$	140,810		140,
	840.175	Company Supervision:	\$	••	\$	3,884		3,
	840.135	Coil Tubing Unit	\$		\$	56,648		56,
	840.135	Well Testing: (14 days)	\$		\$	67,977	\$	50, 67,
					\$	1,295		
	840.108	Transportation:	\$	-	· · · · · · · · · · · · · · · · · · ·			
	840.166	Safety & Enviornmental:	\$	-	\$	2,698		2,
	840.180	Completions Overhead:	\$		\$	6,417	\$	6,
	840.190	Miscellaneous:	\$	-	\$	-	<u>Ş</u>	
	840.200	Contingency: (%)	\$	-	\$		15	
	TOTAL IN	ITANGIBLE D&C COSTS >>>	\$	1,278,261	\$	2,709,214	\$	2,709,2
					·			
		DTAL D&C COSTS >>>	\$	1,754,328	\$	2,812,751	\$	4,567,0

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

### Netherlin State Com 103H FACILITIES AFE #10056F

		TANGIBLE FACILITIES COSTS		Facilities		Total
Tangible Faci	ilities		\$	773,220	\$	773,220
	865.005	Vessels:	\$	233,124	\$	233,124
	865.010	Electircal OH/Transformers:	\$	20,000	\$	20,000
	865.015	Connections/Fittings/Supplies:	\$	_	\$	-
	865.020	Metering Equipment:	\$	45,508	\$	45,508
	865.025	LACT Unit:	\$	59,223	\$	59,223
	865.030	Tanks:	\$	90,745	\$	90,745
	865.035	Electrical Facility:	\$	-	\$	
	865.040	Containment:	\$	9,667	\$	9,667
	865.045	Pump/Supplies:	\$	36,391	\$	36,391
	865.050	Pipelines:	\$	-	\$	
	865.055	Flowlines:	\$	18,720	\$	18,720
	865.060	Compressors	\$	-	\$	
	865.065	Flare/Combustor	\$	14,882	\$	14,882
	865.070	Air Compression	\$	14,873	\$	14,873
	865.075	Instrument/Electrical Panels	\$	179,296	\$	179,290
	865,190	Miscellaneous:	\$	-	\$	
	865.200	Continegnecy:	\$	50,790	\$	50,79
		AL TANGIBLE FACILITIES COSTS >>>	\$	773,220	\$	
		AL TANGIBLE FACILITIES COSTS >>> INTANGIBLE FACILITES COSTS	<b></b>	773,220 Facilities	\$	773,220 Total
Intangible Fa	TOT		<b></b>		\$	Total
Intangible Fa	TOT		\$	Facilities	\$ \$	Total
Intangible Fa	TOT	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location:	\$	Facilities	\$	Total
Intangible Fa	acilities	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW:	\$ \$ \$ \$ \$ \$	Facilities 293,380 - - -	\$ \$ \$	Total 293,38
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental:	\$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000	\$ \$ \$ \$	Total 293,38
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - - 5,000 20,185	\$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18 66,52
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18 66,52 16,66
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor: Contract Labor: Contract Labor Electrical:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - - - - - - - - - - - - - - - - -	\$ \$ \$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18 66,52 16,66
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor: Facility Pad:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18 66,52 16,66
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38 5,00 20,18 66,52 16,66 156,66
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667	\$         \$	Total 293,38 5,00 20,18 66,52 16,66 156,66
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 -	\$           \$	Total 293,381 5,00 20,18 66,52 16,66 156,66 20,00
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals: Contract Labor - Commissioning	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - - 5,000 20,185 66,528 16,667 156,667 -	\$         \$	Total 293,381 5,00 20,18 66,52 16,66 156,66 20,00
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - 5,000 20,185 66,528 16,667 156,667 - - 20,000 -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38( 5,00) 20,18 66,52 16,66 156,66 20,00 8,33
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals: Contract Labor - Commissioning Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - 5,000 20,185 66,528 16,667 156,667 - 20,000 - 8,333 - 293,380	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Total 293,38( 5,00) 20,18 66,52 16,66 156,66 20,00 8,33 293,38(
Intangible Fa	TOT. acilities 845.005 845.010 845.015 845.020 845.025 845.030 845.035 845.040 845.045 845.050 845.055 845.060 845.065 845.200	INTANGIBLE FACILITES COSTS Title Work/Permit Fees: Roads/Location: Damages/ROW: Enviornmental: Contract Labor Pipeline: Contract Labor Pipeline: Contract Labor Automation: Contract Labor: Contract Labor Electrical: Facility Pad: Transportation/Trucking: Miscellaneous: Equipment Rentals: Contract Labor - Commissioning Continegnecy:	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	Facilities 293,380 - - 5,000 20,185 66,528 16,667 156,667 - 20,000 - 8,333 -	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	773,220 Total 293,380 20,18 66,528 16,667 156,667 20,000 8,333 293,380 1,066,600

This Authority For Expenditure is based on cost estimates. Billing will reflect your proportionate share of the actual invoice costs.

WI Owner:\_\_\_\_\_

Approved By:

Printed Name:

We elect to carry our own well control insurance:

Yes / No (circle one)

Date:

Title:

## EXHIBIT A-9 Chronology of Netherlin Contacts

#### EXHIBIT " " Case No. 23194 Silverback Operating II, LLC - Applicant

#### STATE OF NEW MEXICO

#### APPLICATION OF SILVERBACK OPERATING II, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE NO. 23194

### NOTICE LETTER CHART

Company / Individual WI Owner	WI	Notice Letter Sent	Return / Received
Sharbro Energy, LLC	13.574219%		rec'd certified well proposal & AFE from SBO; 8/26/2022 - sent WI owners executed copy of proposed JOA form
Yates Energy Corporation	6.663625%	6/28/22	rec'd certified well proposal & AFE from SBO; 8/26/2022 - sent WI owners executed copy of proposed JOA form
PrimeEnergy Corporation	4.650000%	6/28/22	7/18/2022 - received e-mail from Prime considering offer to sell/assign their acreage to SBO; they want 5x what we offered; 8/26/2022 - sent WI owners executed copy of proposed JOA form; 9/12/2022 - e-mail exchange where they acknowledge receipt of JOA; they still want to sell at 5x our offer; 9/12/2022 - replied receipt of e-mail; not reached an agreement to date
Jalapeno Corporation	3.177780%		rec'd certified well proposal & AFE from SBO; 7/11/2022 - sent letter to Silverback wanting to participate in proposed wells; not willing to sign JOA with non-consent penalty terms; they proposed a letter agreement to Silverback for review and consideration; they sent us a word version of Letter Agreement to make some edits; 8/26/2022- sent WI owners executed copy of proposed JOA form; 11/15/2022; sent letter back with couple of add-on provisions to letter agreement.

MRC Delaware Resources, LLC 15.531095% 43.596719%	NMAOGA meeting; 10/26/2022 - sent e- mail to Matador landman; 10/27/2022 - Matador responded to e-mail; 11/7-9/2022 had a telephone discussion Matador landman(Nick Weeks), indicated circulating proposal/AFE for participation and getting internal signoffs, he had some 
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Table / exhibit prepared by : Larry K. Coshow, CPL Date: November 23, 2022



## EXHIBIT B AFFIDAVIT OF NATE GILBERTSON

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

#### APPLICATION OF SILVERBACK, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

### CASE NO. 23194

#### **AFFIDAVIT OF NATHANIEL GILBERTSON**

1. My name is Nathaniel Gilbertson. I work for Silverback Operating II, LLC ('Silverback'') as a Geologist. I am familiar with the application filed by Silverback in this case and I have conducted a geologic study of the lands in the subject area.

2. I have not previously testified before the Oil Conservation Division. My resume is attached as Exhibit B-1. I graduated from the Colorado School of Mines in 2002 with a Bachelor of Science degree in Geological Engineering and in 2006 with a Master of Science degree in Geology. I have over sixteen years of experience working for small and mid-sized oil and gas companies. I have worked horizontal developments in North Dakota, Utah, and Texas. I am a member in good standing of the American Association of Petroleum Geologists and the Rocky Mountain Association of Geologists. I have been accepted as an expert by the North Dakota Industrial Commission in matters of petroleum geology. I believe that my education and work experience qualify me to testify as an expert in petroleum geology matters.

3. In this case, Silverback is targeting the Yeso formation.

4. Silverback Exhibit B-2 is a base map that shows the location of the proposed horizontal well spacing unit, the path of the proposed/drilled wellbores and offsetting well bores. Marked on the map is the location of the four wells in Cross Section A-A' of Exhibit B-2. These wells penetrate the targeted interval, are of good quality, and are representative of the geology in the subject area.

5. Silverback Exhibit B-3 is a subsea structure map of the top of the Glorieta/Yeso with a 25-foot contour interval. The Yeso Formation structure is dipping gently 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-5.

6. Silverback Exhibit B-4 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'. 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.

7. Silverback Exhibit B-5 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.

8. 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.

9. 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.

10. 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.

11. Silverback Exhibits B-1 through B-5were either prepared by me or compiled under my direction and supervision.

[Remainder of page intentionally left blank.]

FURTHER AFFIANT SAYETH NAUGHT.

at allt

Nathaniel Gilbertson

Teras STATE OF NEW MEXICO

COUNTY OF BEXAR

Subscribed to and sworn before me on the 29 day of November, 2022.

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

Wristing Menly Notary Public

My commission expires: 04.19.2025

## EXHIBIT B-1 NATE GILBERTSON RESUME

19707 IH 10 West Suite 201 San Antonio, TX 78257 (210) 585-3316 ngilbertson@silverbackexp.com

Sixteen years of diversified experience as a geologist for exploration, acquisition, field-development and operation of assets in Texas, New Mexico and Rocky Mountain basins. Proven track record of adding value through acquisitions, field extensions, recompletion programs and increases in operational efficiency. Served in technical and leadership roles with teams ranging from small new ventures groups to large, multi-disciplinary development teams.

### Geologic Advisor - Silverback Exploration II, LLC: November 2021 - present

Geologist responsible for appraisal and development of assets in Eddy County, New Mexico. Planned and executed 9-well horizontal drilling program designed to gather data, test geologic targets, well-spacing and aid in full-field development planning. Incorporated results from pilot-hole into regional stratigraphic and petrophysical model to identify future drilling targets. Worked with engineers to identify optimal DSU development.

### Geologist/Co-Owner - pondi Resources, LLC: June 2020 - present

Consulting geologist for oil and mining-related projects. Generated basin-scale play and activity maps to provide focus-area recommendations for a client seeking to raise funds for investment. Prepared structure and reservoir quality maps and recommended well locations for a client interested in rejuvenating an abandoned CBM field for agriculture/domestic water production.

### Geoscience Team Lead – Hawkwood Energy, LLC: May 2018 – May 2020

Supervised a team of five geoscientists to appraise and develop Hawkwood's acreage in the East Texas Basin while meeting budget, production, and play-assessment goals. Designed and executed data-gathering programs including coring, logging, geochemical analysis, and seismic reprocessing. Worked with engineering team to evaluate well-performance and tie results to regional geologic interpretation. Eagle Ford, Woodbine and Austin Chalk play characterization including geologic, economic evaluation and risking for drilling location selection and investment decisions.

Senior Geologist - Hawkwood Energy, LLC: March 2013 - May 2018

### East Texas Basin, Texas: 2015-2018

Geologist responsible for initial acquisition evaluations and subsequently for appraisal and development of assets in Burleson, Brazos and Robertson counties, Texas. Planned and executed 2-3 rig horizontal drilling program targeting Eagle Ford shale and Woodbine sand.

- Regional play-mapping and integration of geologic, reservoir, seismic, gravity, geochemical, drilling and completions data
- Horizontal target zone analysis and refinement for increased drilling and completions efficiency and increased EUR
- Provided geologic and reservoir data for integrated geology and engineering analytics projects
- Optimization of development area-specific completion design and well-spacing
- Detailed geologic mapping and depositional model development of Woodbine sand

### Rocky Mountain Basins: 2013-2015

Geologist responsible for regional mapping and analysis of Rocky Mountain basins to identify and quantify opportunities for investment in unconventional plays. Planned and executed a two-well exploration program for Paleozoic carbonates on 115,000 acres in Sioux County, Nebraska.

Geologist - Newfield Exploration Company: June 2005 - March 2013

### Central Basin Team, Uinta Basin: 2011-2013

Geologist focused on developing vertical and horizontal Wasatch oil plays in the Uinta Basin, Utah.

- Identified oil targets in the Wasatch formation in a previously undeveloped part of the basin
- Located, planned and drilled the first two Wasatch horizontal oil wells in Uinta Basin
- Executed a 1-2 rig vertical and horizontal appraisal program
- Central Basin production increased from 650 BOEPD to 7500 BOEPD over two years

### Greater Monument Butte Unit: 2009-2011

Worked with development team to execute 3-5 rig drilling program. Incorporated new well data in geologic maps, worked with production and reservoir engineers to maximize production and optimize waterflood, identified behind-pipe pay, tested unconventional zones and worked with permitting and regulatory staff to maintain sufficient inventory of drilling permits for continuous operations. Provided analysis and recommendation for acquisition opportunities in the Uinta Basin.

### Acquisitions/New Ventures: 2005-2009

Conducted field studies and regional mapping in several Rocky Mountain basins. Reviewed and evaluated marketed deals in Rocky Mountain Basins and prepared unsolicited bids for several producing fields in the Powder River Basin. Performed geologic assessment and risking for the evaluation of several large-marketed asset deals.

### Other

Member of campus recruiting team. Mentor summer interns and new-hires. Organize and co-lead company field trips to the Book Cliffs and Uinta Basin. Active Volunteer at the Denver Earth Resources Library.

### **Basins & Plays Worked**

Permian Basin, Texas: Wolfcamp, Bone Spring East Texas Basin, Texas: Austin Chalk, Woodbine, Eagle Ford Uinta: Entrada/Navajo, Uinta, Green River, Wasatch DJ/Las Animas Arch: Paleozoic carbonates & organic-rich shale Williston Basin: Madison, Bakken/Three Forks, Red River Powder River: Teckla/Teapot, Parkman, Turner, Muddy, Niobrara, Mowry

### **Education:**

Colorado School of Mines

Golden, Colorado

M.S. Geology (2006) GPA: 3.889/4.0 3-D Geologic Modeling and Fracture Interpretation of the Tensleep Sandstone, Alcova Anticline, Wyoming

B.S. Geological Engineering (2002) GPA: 3.836/4.0

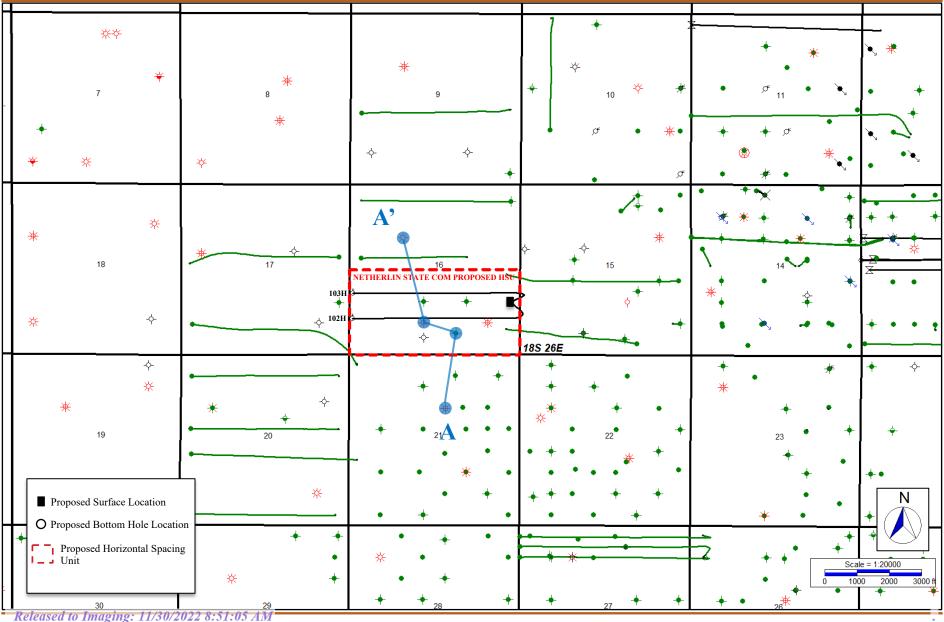
<u>Software:</u> Petra, SMT Kingdom, SES, StarSteer, GeoGraphix, ArcGIS, Global Mapper, Spotfire, MS Office Suite, IHS

## EXHIBIT B-2 Netherlin HSU Basemap

### Received by OCD: 11/30/2022 8:49:53 AM Exhibit B-2: Netherlin State Com HSU Basemap



(Case No. 23194)



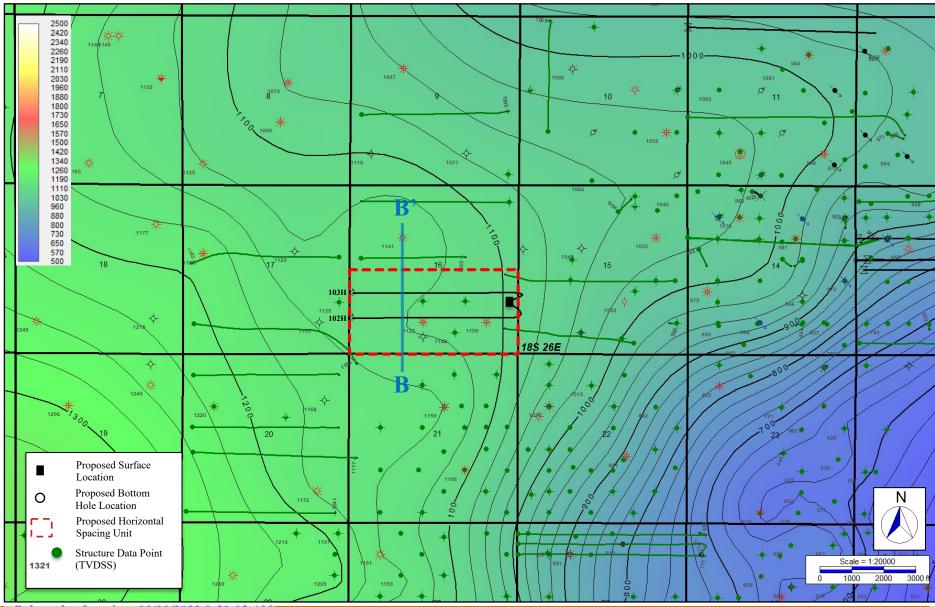
.51.05 /1/1

## EXHIBIT B-3 Netherlin Structure Map

### Received by OCD: 11/30/2022 8:49:53 AM Exhibit B-3: Structure Map: Glorieta (TVDSS)



(Case No. 23194)



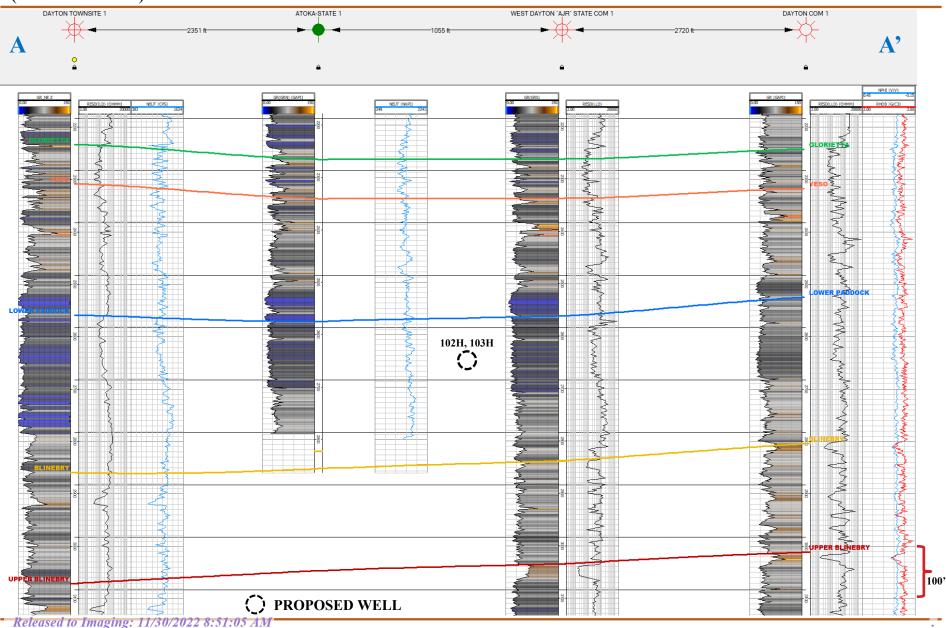
Released to Imaging: 11/30/2022 8:51:05 AM

## EXHIBIT B-4 STRUCTURAL CROSS SECTION A-A' (TVDSS)

### Received by OCD: 11/30/2022 8:49:53 AM Exhibit B-4: Structural Cross Section A – A' (TVDSS)



(Case No. 23194)

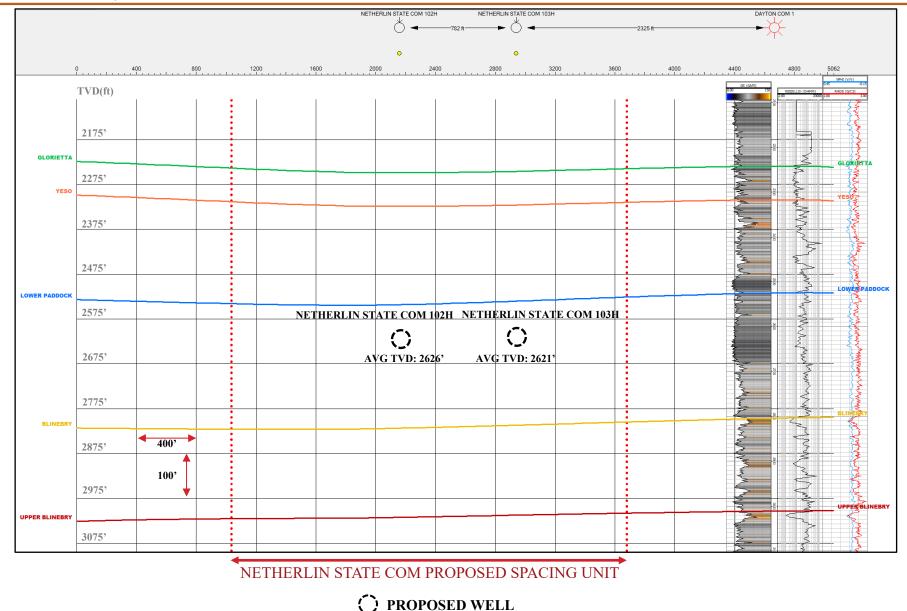


## EXHIBIT B-5 Gun Barrel Diagram B-B' (TVD)

### Received by OCD: 11/30/2022 8:49:53 AM Exhibit B-5: Gun Barrel Diagram B-B' (TVD)



(Case No. 23194)



## 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. 23194

#### 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 November 10, 2022, 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 November 16, 2022, 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.

BENJAMIN B. HOLLIDAY Counsel for Silverback Operating II, LLC

SUBSCRIBED AND SWORN to before me this  $\frac{29}{2}$  day of November, 2022.

Wristing mendly



Notary Public, State of Texas

## EXHIBIT C-1 Certified Mail Table & Receipts

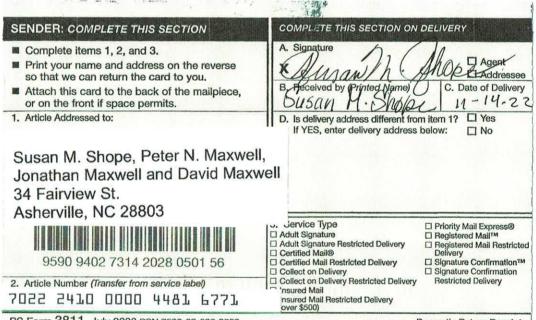
•

	Silverbac	ck Exploration II		
	y County, NM – <b>Netherl</b>	oack Operating II, LLC for Co in State Com 102H and 103F r 1, 2022 Hearing		
	WORKING IN	TEREST PARTY(IES)		
Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received
Susan M. Shope, Peter N. Maxwell, Jonathan Maxwell and David Maxwell 34 Fairview St. Asherville, NC 28803	November 10, 2022	7022 2410 0000 4481 6771	Delivered	11/14/2022
Gates Properties, LTD P. O. Box 81119 Midland, TX 79708-1119	November 10, 2022	7022 2410 0000 4481 6788	Delivered	11/17/2022
John W. Gates, LLC 706 West Grand Avenue Artesia, NM 88210	November 10, 2022	7022 2410 0000 4481 6733	Delivered	11/21/2022 Green card received back
Sharbro Energy, LLC P. O. Box 840 Artesia, NM 88211-0840	November 10, 2022	7022 2410 0000 4481 6740	Delivered but not dated	11/17/2022 Green card received back
Nancy Helen Castillo 1108 Dahlia Ct., Calexico, CA 92231	November 10, 2022	7022 2410 0000 4481 6757		
Kenneth William Irish 43 Overhill Road Orinda, CA 94563	November 10, 2022	7022 2410 0000 4481 6795		
Robert Morley Irish 15155 Modres Valley Yamhill, OR 97148	November 10, 2022	7022 2410 0000 4481 6801	Delivered	11/15/2022
Russell Sanford Gates 23 Stafford Square	November 10, 2022	7022 2410 0000 4481 6818		

•

Boyertown, PA 19512				
William Allen Gates	November 10, 2022	7022 2410 0000 4481 6764	Delivered	11/15/2022
208 Wren Drive	,			
Greensburg, PA 15601				
Yates Energy Corporation	November 10, 2022	7022 2410 0000 4481 6726	Delivered	11/14/2022
P. O. Box 2323				
Roswell, NM 88202-2323				
Explores Petroleum Corporation	November 10, 2022	7022 2410 0000 4481 6825	Delivered	11/16/2022
P.O. Box 1933				
Roswell, NM 88202-1933				
Spiral, Inc.	November 10, 2022	7022 2410 0000 4481 6832	Delivered	11/16/2022
P. O. Box 1933				
Roswell, NM 88202				
PrimeEnergy Corporation	November 10, 2022	7022 2410 0000 4481 6849	Delivered	11/14/2022
9821 Katy Freeway, Suite 1050				
Houston, TX 77024				
Jalapeno Corporation	November 10, 2022	7022 2410 0000 4481 6856	Delivered	11/14/2022
P. O. Box 1608				
Albuquerque, NM 87103-1608				
MRC Delaware Resources, LLC	November 10, 2022	7022 2410 0000 4481 6863	Delivered	11/14/2022
5400 LBJ Freeway, Suite 1500				
One Lincoln Centre Dallas				
Dallas, TX 75240-1017				





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

Domestic Return Receipt

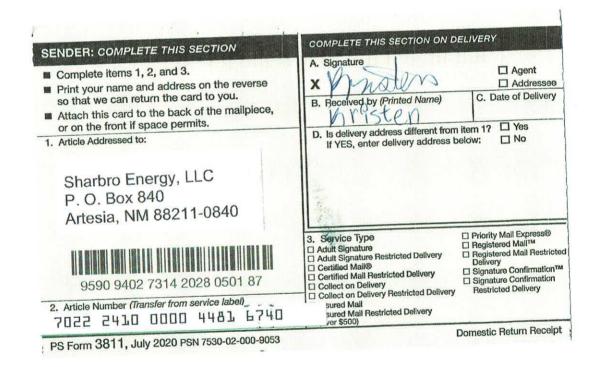












### FAQs >

### **USPS Tracking**<sup>®</sup>

	<b>P</b> -	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> REC Domestic Mail Only	EIPT
757 ivery	22 2410 0000 4401 675	For delivery information, visit our website Calexicos CA 92231 Certified Mail Fee \$ 4.00 \$ 25 Extra Services & Fees (check bex, add feese (h)Bronstee) Batum Receipt (electronic) \$ \$0.00 Cartified Mail Restricted Delivery \$ Calut Signature Required \$ \$0.00 Adult Signature Required \$ \$0.00 Adult Signature Restricted Delivery \$ Postage \$1.44 \$ Total Postage and Fees \$ 8.69 \$ Sent To	at www.usps.com <sup>*</sup> . USE 0209 7 Postmark Hero 11/10/2022
lelivery of yo	02	Street and J Street and J 1108 Dahlia Ct., City, State, 1 Calexico, CA 92231 PS Form 3800, April 2015 PSN 7590-02-000-9047 your item will be returned to ser	See Reverse for Instructions

**Tracking Number:** 

### 70222410000044816

Add to Informed Deli Copy (https://informeddelivery.usps.com/)

### Latest Update

This is a reminder to arrange for redelivery of your item or your item will be returned to sender.

Get More Out of USPS Tracking:

**USPS** Tracking Plus<sup>®</sup>

**Delivery Attempt** Reminder to Schedule Redelivery of your item November 19, 2022

Notice Left (No Authorized Recipient Available) CALEXICO, CA 92231 November 14, 2022, 5:15 pm

See All Tracking History

**Text & Email Updates** 

**USPS Tracking Plus®** 

**Product Information** 

### **USPS Tracking**<sup>®</sup>

FAQs >

For delivery information, visit ou	and the the the product and the
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Certified Mail Fee \$4.00	0209
\$ Extra Services & Fees (check box, add fee a Ch	75 7
Return Receipt (hardcopy) \$	00 Postmark
	- UD Postmark
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Postado	
\$1.44	11/10/2022
Total Postage and Fees \$8 69	
\$Sent To	
Street and, Kenneth William Irish	******
43 Overhill Road	
City, State, Orinda, CA 75219 2909	.94563
PS Form 3800, April 2015 PSN 7630-02-00	00-9047 See Reverse for inst

**Tracking Number:** 

### 70222410000044816795

Copy Add to Informed Delivery (https://informeddelivery.usps.com/)

### Latest Update

Your item was delivered to an individual at the address at 12:36 pm on November 16, 2022 in ORINDA, CA 94563.

Feedback

 $\checkmark$ 

### Get More Out of USPS Tracking:

USPS Tracking Plus®

### Delivered

Delivered, Left with Individual ORINDA, CA 94563 November 16, 2022, 12:36 pm

See All Tracking History

### **Text & Email Updates**

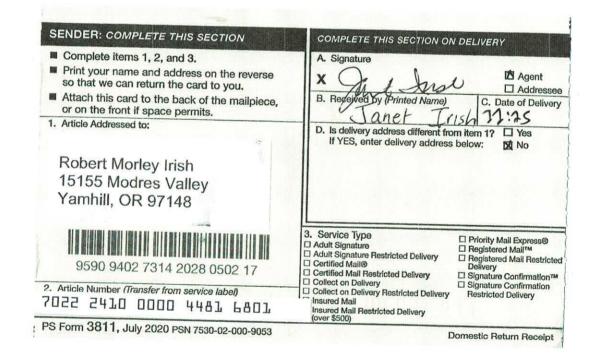
**USPS Tracking Plus®** 

### **Product Information**

See Less A

Track Another Package





FAQs >

### **USPS Tracking**<sup>®</sup>

ber:	U.S. Postal Service <sup>™</sup> <b>CERTIFIED MAIL® RECEIPT</b> Domestic Mail Only For delivery information, visit our website at www.usps.c Bosertown , PA 19512 A L US Certified Mail Fee \$4.00 \$ 52.25 Extra Services & Fees (check box, add for \$40,000) Babum Receipt (hardcopy) \$ \$0.00 Betum Receipt (hardcopy) \$ \$0.00 Certified Mail Restricted Delivery \$ \$0.00 Here	209 7 ark
10000044816818	Adult Signature Required \$ \$0.00 Adult Signature Restricted Delivery \$	
Add to Informed Delivery eddelivery.usps.com/)	Postage \$1.44 Sent To	122
	Russell Sanford Gates Street and City, State, Boyertown, PA 15601 19512	
Jpdate	PS Form 3800, April 2015 PSN 7530-02-000-8047 See Reverse for	Instructions

Tracking Numb

### 7022241

Copy (https://inform

### Latest L

Your item was delivered to an individual at the address at 11:20 am on November 15, 2022 in BOYERTOWN, PA 19512.

Feedback

 $\checkmark$ 

### Get More Out of USPS Tracking:

USPS Tracking Plus<sup>®</sup>

### Delivered

**Delivered, Left with Individual** BOYERTOWN, PA 19512 November 15, 2022, 11:20 am

See All Tracking History

### **Text & Email Updates**

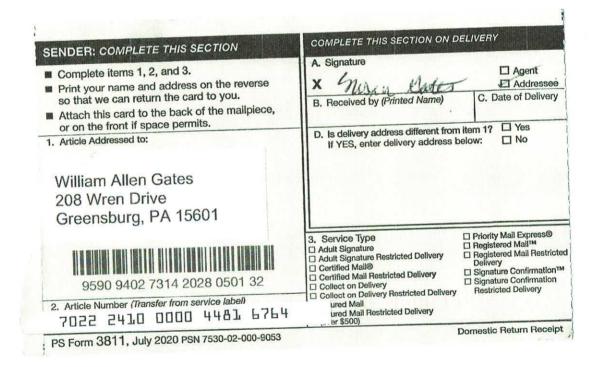
**USPS Tracking Plus®** 

#### **Product Information**

See Less A

Track Another Package





U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> REC Domestic Mail Only For delivery information, visit our website	
Roswell NI 88202	USE
Certified Mail Fee \$ Certified Mail Fee \$ Extra Services & Fees (check box, add fee \$ Extra Services & Fees	0209 7 Postmark Here
Postage \$1.44 \$ \$1.44 Total Postage and Fees \$ \$8.69 Seed To	11/10/2022
Street and Apt. P.O. Box 2323 City, State, 21P4 Roswell, NM 88202-2323	See Reverse for Instructions
	CERTIFIED MAIL® REC Domestic Mail Only For delivery information, visit our website Rosuell - NI 88202 Certified Mail Fee \$4.00 Certified Mail Fee \$4.

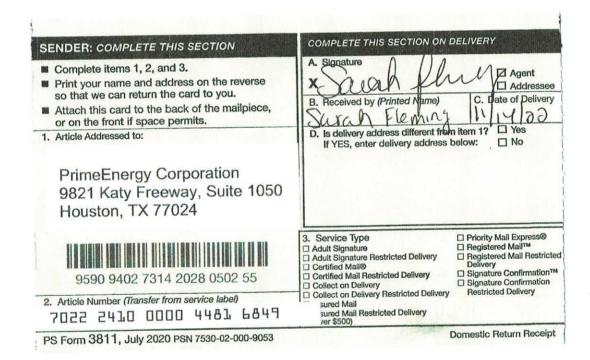
SENDER: COMPLETE THIS SECTION Complete items 1, 2, and 3.	COMPLETE THIS SECTION C	ON DELIVERY
<ul> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	X Kuty dige B. Received by (Printed Name)	C. Date of Delivery
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Yates Energy Corporation P. O. Box 2323 Roswell, NM 88202-2323	If YES, enter delivery addres	s below: 🔲 No
9590 9402 7314 2028 0501 63	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail@ Certified Mail@	Priority Mall Express®     Registered Mail™     Registered Mail Restricted     Delivery
2. Article Number (Transfer from service label)	Collect on Delivery     Collect on Delivery     Collect on Delivery Restricted Delivery     sured Mail     nsured Mail Restricted Delivery     vers \$500	☐ Signature Confirmation™ □ Signature Confirmation Restricted Delivery



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<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	A. Signature X M Carlle B-Received by (Printed Name) S M S AUNDER	C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from item 1? Yes If YES, enter delivery address below:	
Explores Petroleum Corporation P.O. Box 1933 Roswell, NM 88202-1933		MIS
9590 9402 7314 2028 0502 24	3. Service Type Adult Signature Adult Signature Restricted Delivery Certified Mail® Certified Mail Restricted Delivery Collect on Delivery	<ul> <li>Priority Mail Express®</li> <li>Registered Mail™</li> <li>Registered Mail™</li> <li>Registered Mail Restricted Delivery</li> <li>Signature Confirmation™</li> <li>Signature Confirmation</li> </ul>
2. Article Number (Transfer from service label) 7022 2410 0000 4481 6825	Collect on Delivery Restricted Delivery Insured Mail Insured Mail Restricted Delivery (over \$500)	Hoanicical Bentony
PS Form 3811, July 2020 PSN 7530-02-000-9053		Domestic Return Receipt



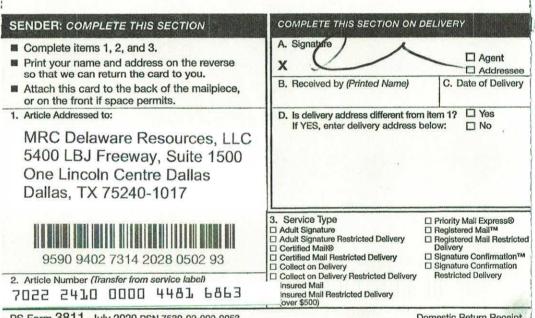
t J	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECI Domestic Mail Only			
68	For delivery information, visit our website at www.usps.com <sup>e</sup> .			
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7022	Sent To Street and Street and Street and Street and PrimeEnergy Corporation 9821 Katy Freeway, Suite 1050 Houston, TX 77024			
	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions		



956	U.S. Postal Service <sup>™</sup> CERTIFIED MAIL <sup>®</sup> RECEIPT Domestic Mail Only For delivery information, visit our website at www.usps.com*.		
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2410	Postage \$ \$1.44 Total Postage and Fees \$ \$8.69	11/10/2022	
202	Sent To Street and, Jalapeno Corporation P. O. Box 1608 City, State, Albuquerque, NM 87103-1608	]	
	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions	

	- AND	
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>Jalapeno Corporation         <ul> <li>P. O. Box 1608</li> <li>Albuquerque, NM 87103-1608</li> </ul> </li> </ul>		WZZ Tes
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PS Form 3811, July 2020 PSN 7530-02-000-9053	Domestic Return	Receipt





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

Domestic Return Receipt

## EXHIBIT C-2 NEWSPAPER AFFIDAVIT BY PUBLICATION

### **Carlsbad Current Argus.**

Affidavit of Publication Ad # 0005488466 This is not an invoice

#### THE 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:

11/16/2022

Legal Clerk

Subscribed and sworn before me this November 16,

2022: e of WI, County of Brown

NOTARY PUBLIC

My commission expires

SHELLY HORA Notary Public State of Wisconsin

Ad # 0005488466 PO #: 5488466 # of Affidavits1

This is not an invoice

This is to notify the follow-ing entities, individuals, ing entities, individuals, their heirs, personal repre-sentatives, trustees, succes-sors or assigns, and any oth-er uncommitted mineral owners: Susan M. Shope, Pe-ter N. Maxwell, Jonathan Maxwell and David Max-Maxwell and David Max-well; Gates Properties, LTD; John W. Gates, LLC; Sharbro Energy, LLC; Nancy Helen Castillo; Kenneth William Irish; Robert Morley Irish; Russell Sanford Gates; Wil-liam Allen Gates; Yates En-ergy Corporation; Explores Petroleum Corporation; Spiergy Corporation; Explores Petroleum Corporation; Spi-ral, Inc.; PrimeEnergy Corpo-ration; Jalapeno Corpora-tion; and MRC Delaware Re-sources, LLC. Case No. 23194, Application of Silver-back Operating II, LLC for the Compulsory Pooling of the S/2 Section 16, Township JB South Bange 26 Eat Ed. 18 South, Range 26 East Ed-dy County, New Mexico, as to the Atoka Glorieta Yeso Formation is set for hearing on Thursday, December 1, 2022 at 8:15 a.m. before a Division Examiner at the New Mexico Oil Conserva-tion Division. Hearing may be viewed entipe by sering tion Division. Hearing may be viewed online by going to https://www.emnrd.nm.g ov/ocd/hearing-info/. Appli-cant's attorney is Benjamin Holliday, Holliday Energy Law Group, 4040 Broadway, Suite 350, San Antonio, TX 78209, ben@theenergylawgr oup.com, and the Applica-tion is on behalf of Silver-back Operating II, LLC, whose address is 19707 West IH 10, Suite 201, San Antowhose address is 19707 West IH 10, Suite 201, San Anto-nio, Texas, 78257. Applica-tion of Silverback Operating II, LLC for Compulsory Pool-ing, Eddy County, New Mexico. Applicant seeks an order pooling all uncommit-ted interests in the Atoka Clarieta Yang Cormation unted interests in the Atoka Glorieta Yeso Formation un-derlying a 320-acre, more or less, standard horizontal spacing unit comprised of the S/2 Section 16, Township 18 South, Range 26 East, NMPM Eddy County, New Mexico ("Unit"). The Unit will be dedicated to the Netherlin State Com #102H Netherlin State Com #102H well ("102H Well"), which will be horizontally drilled will be horizontally drilled from a surface hole location in the surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, be-ing approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16. Township 18 location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL, and the Netherlin State Com #103H well ("103H Well"), which will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet

rst, and approximately 100 feet FWL. The 102H Well-and 103H Well are referred to collectively herein as the "Wells." The completed in-terval of the Wells will be orthodox. Also to be consid-ered will be the cost of drill-ing 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 lo-cated approximately 8 miles South of Artesia, New Mexico. #5488466, Current Argus, November 16, 2022

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