

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

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

Case Nos. 23315 & 23316

**NOTICE OF FILING: SUPPLEMENTAL GEOLOGY STATEMENT
EXHIBITS B-SUPPLEMENT**

Silverback Operating II, LLC, (“Silverback”) through its undersigned attorneys, hereby submits for filing the following Exhibits B-Supplements, attached hereto as “Exhibit B-Supplement for Case No. 23315” and as “Exhibit B-Supplement for Case No. 23316.” At a hearing of the above-referenced cases before the Oil Conservation Division (“Division”) on February 16, 2023, the Division requested additional testimony to address any risks with respect to drilling and completing new wells in the Yeso formation. In order to provide the Division further context and background for evaluating the cases, Silverback provides herein the supplemental testimony as requested.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

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Attorneys for Silverback Operating II, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on March 1, 2023:

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***Attorneys for COG Operating LLC
and Concho Oil & Gas LLC***

/s/ Darin C. Savage

Darin C. Savage

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**APPLICATION OF SILVERBACK OPERATING II, LLC,
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Case No. 23315

SUPPLEMENTAL SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON

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

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

2. I am providing this statement, as requested by the Division’s technical examiner, to supplement the written testimony that I had provided at the February 16, 2023, hearing in the above-referenced case. This supplemental statement addresses the concerns expressed by the Oil Conservation Division (“Division”) regarding any potential risk to existing wells from completion procedures in the Yeso formation as well as concerns regarding any potential that completion fluids might travel through existing wellbores in unpredictable ways.

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

4. Silverback has examined the Division’s records for each well in the proposed Horizontal Spacing Unit and reviewed the drilling, completion, recompletion(s) and abandonment of those wellbores. Based on the information recorded with the Division Silverback has estimated the risk of hydraulic fracture fluids communicating with each wellbore and the ability to contain any communication within that wellbore. Based on the risk assessment



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

5. **Silverback Exhibit B-6**, prepared by me or under my supervision and attached hereto, illustrates the existing wellbores within the proposed Horizontal Spacing Unit. The total depth drilled, as reported to the Division, is listed below each well symbol. Wellbores drilled sufficiently deep to penetrate the top of the Yeso Formation are noted with a red box around the well symbol.

6. With one exception, all active and non-active wells contained within the proposed Horizontal Spacing Unit have a total depth shallower than the depths proposed for Silverback's intended development. Based on observations from prior hydraulic fracturing operations, wellbores that have a total depth shallower than the proposed lateral present low risk for damage or to act as conduits for hydraulic fracturing fluids. One well, the Flint GU #4 (API: 30015002210002) was drilled to a depth of 9263 feet and is located approximately 75 feet south of the proposed Krauss 22 103H. This well originally was a Pennsylvanian gas producer that was recompleted in the Yeso Formation followed by the San Andres Formation. Silverback is

the operator of the Flint GU #4 and intends to plug and abandon the wellbore, in accordance with the Division's requirements, prior to starting hydraulic fracturing operations. Additionally, Silverback intends to not complete portions of laterals that are adjacent to the Flint GU #4. It is my opinion that Silverback's intended development poses low risk for damage to existing wellbores and reduced risk of existing well bores acting as a conduit for completion fluids to reach the surface during hydraulic fracturing operations, enabling Silverback to be a prudent operator in this area of the Yeso formation.

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

[Signature page follows]

Signature page of Self-Affirmed Statement of Nathaniel Gilbertson:

I understand that this Supplemental Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23315 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

Nath Gilbertson
Nathaniel Gilbertson

February 27, 2023
Date Signed

Exhibit B-6: Existing wells in proposed HSU



(Case No. 23315)

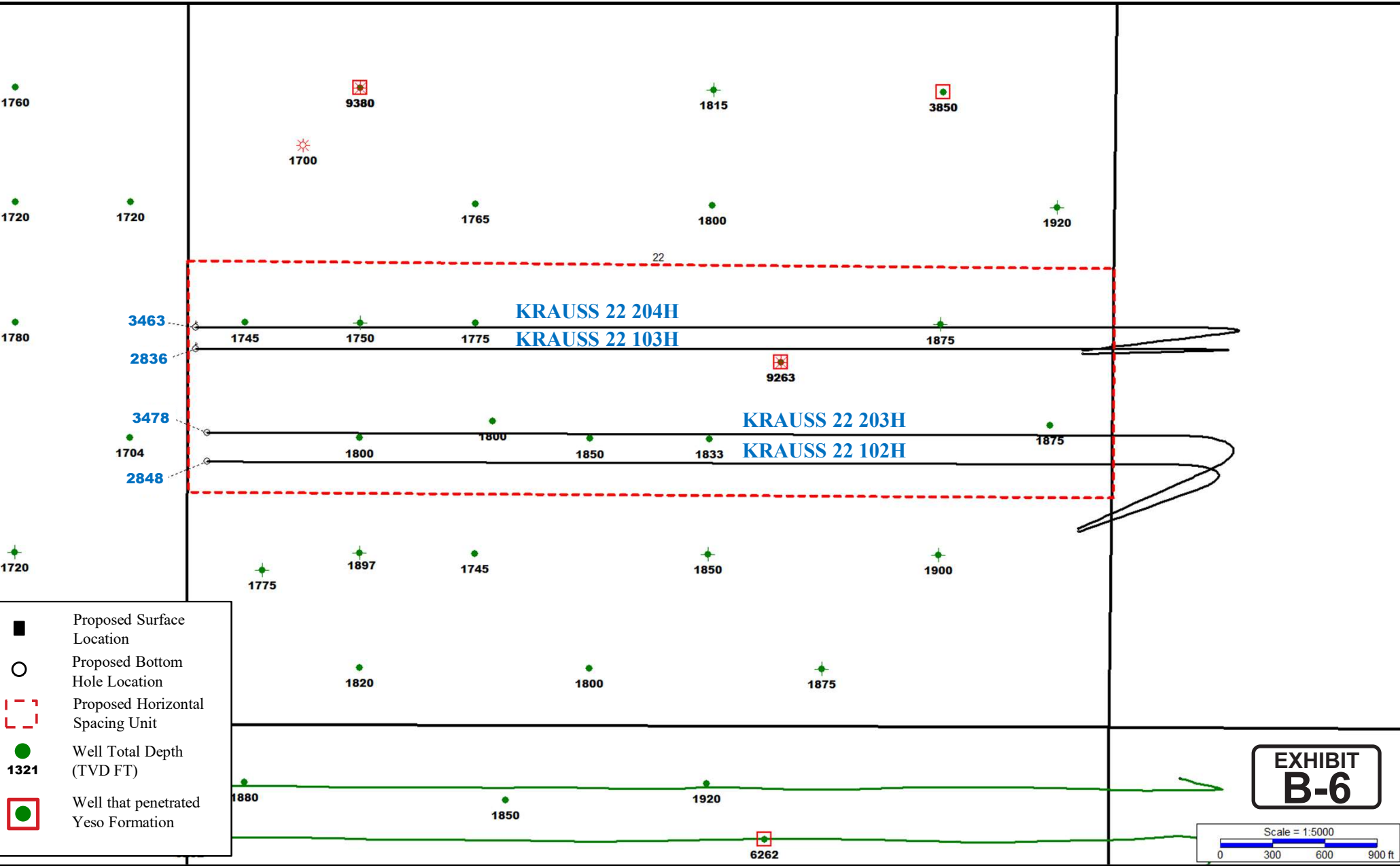


EXHIBIT B-6

**STATE OF NEW MEXICO
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OIL CONSERVATION DIVISION**

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

Case No. 23316

SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON

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

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

2. I am providing this statement, as requested by the Division’s technical examiner, to supplement the written testimony that I had provided at the February 16, 2023, hearing in the above-referenced case. This supplemental statement addresses the concerns expressed by the Oil Conservation Division (“Division”) regarding any potential risk to existing wells from completion procedures in the Yeso formation as well as concerns regarding any potential that completion fluids might travel through existing wellbores in unpredictable ways.

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

4. Silverback has examined the Division’s records for each well in the proposed Horizontal Spacing Unit and reviewed the drilling, completion, recompletion(s) and abandonment of those wellbores. Based on the information recorded with the Division, Silverback has estimated the risk of hydraulic fracture fluids communicating with each wellbore and the ability to contain any communication within that wellbore. Based on the risk assessment Silverback has determined

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

5. **Silverback Exhibit B-6**, prepared by me or under my supervision and attached hereto, illustrates the existing wellbores within the proposed Horizontal Spacing Unit. The total depth drilled, as reported to the Division, is listed below each well symbol. Wellbores drilled sufficiently deep to penetrate the top of the Yeso Formation are noted with a red box around the well symbol.

6. All active and non-active wells contained within the proposed Horizontal Spacing Unit have a total depth shallower than the depths proposed for Silverback's intended development. Based on observations from prior hydraulic fracturing operations, wellbores that have a total depth shallower than the proposed lateral present low risk for damage or to act as conduits for hydraulic fracturing fluids. It is my opinion that Silverback's intended development poses low risk for damage to existing wellbores and reduced risk of existing well bores acting as a conduit for completion fluids to reach the surface during hydraulic fracturing operations, enabling Silverback to be a prudent operator in this area of the Yeso formation.

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

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23316 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

Nate Gilbertson
Nathaniel Gilbertson

February 27, 2023
Date Signed

Exhibit B-6: Existing wells in proposed HSU



(Case No. 23316)

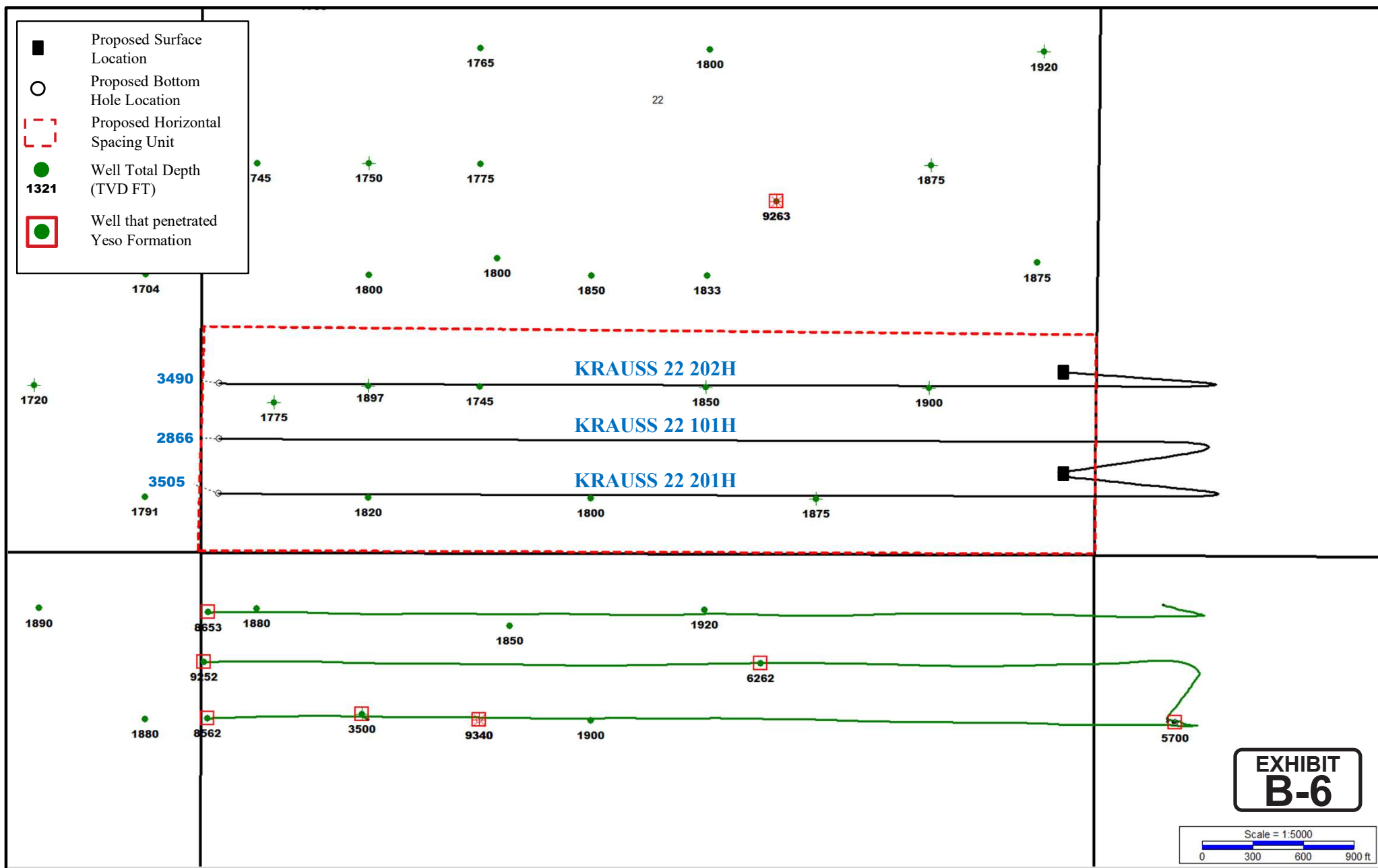


EXHIBIT B-6