AE Order Number Banner

Application Number: pMSG2325246506

SWD-2565

Silverback Operating II, LLC [330968]

SILVERBACK
EXPLORATION

19707 IH 10 West
SUITE 201
SAN ANTONIO, TEXAS 78257

210-585-3316
WWW.SILVERBACKEXP.COM

EXHIBIT A

New Mexico State Lands Office
Attn: Michael McMillan
310 Old Santa Fe Trail
Santa Fe NM 87501

RE: Silverback Operating II, LLC
C-108 Application for Saltwater Disposal Well
Clayton BFO State Com 1 API: 30-015-33733

Dear Mr. McMillan:

Silverback Operating II, LLC. is filing an application to convert the Clayton BFO State Com 1 well API: 30-015-33733, into a saltwater disposal well (SWD). We believe this well will be more economical for the state as an SWD than as a gas well. It is currently producing low gas volumes for the 2023 year. As an SWD, we expect this well to take somewhere in the range of 5,000 to 10,000 barrels of water per day.

With this range of injections and $10,000/yr. rental payment, this would result in the SLO getting around $85,000 to $160,000 per year. Economically speaking, this conversion would be very beneficial for the SLO rather than maintaining a low gas producer. We are requesting your cooperation not to protest our application to convert the well into an SWD well.

Please feel free to contact me if you have any questions or concerns at fabdallah@silverbackexp.com

Sincerely,

Fatma Abdallah

Fatma Abdallah
Regulatory Manager
Silverback Operating II, LLC.

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Geological & Engineering Bureau –
1220 South St. Francis Drive, Santa Fe, NM 87505

ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: Silverback Operating II, LC **OGRID Number:** 330968
Well Name: Clayton BFO State Com 1 **API:** 30-015-33733
Pool: SWD; Canyon **Pool Code:** 96184

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]
   A. Location – Spacing Unit – Simultaneous Dedication
   ☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

   B. Check one only for [I] or [II]
   [I] Commingling – Storage – Measurement
   ☐ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
   [II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery
   ☐ WFX ☐ PMX ☒ SWD ☐ IPI ☐ EOR ☐ PPR

FOR OCD ONLY
☐ Notice Complete
☐ Application Content Complete

2) **NOTIFICATION REQUIRED TO:** Check those which apply.
   A. ☒ Offset operators or lease holders
   B. ☒ Royalty, overriding royalty owners, revenue owners
   C. ☒ Application requires published notice
   D. ☒ Notification and/or concurrent approval by SLO
   E. ☐ Notification and/or concurrent approval by BLM
   F. ☒ Surface owner
   G. ☒ For all of the above, proof of notification or publication is attached, and/or,
   H. ☐ No notice required

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Brian Wood
Print or Type Name

8-3-23
Date

505 466-8120
Phone Number

Signature

brian@permitswest.com
e-mail Address

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL
RESOURCES DEPARTMENT

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

FORM C-108
Revised June 10, 2003

APPLICATION FOR AUTHORIZATION TO INJECT

I. PURPOSE: _____ Secondary Recovery _____ Pressure Maintenance ___XXX___ Disposal _____ Storage
Application qualifies for administrative approval? ___XXX___ Yes _____ No

II. OPERATOR: SILVERBACK OPERATING II, LLLC

ADDRESS: IH 10 WEST, SUITE 201, SAN ANTONIO TX 78257

CONTACT PARTY: BRIAN WOOD (PERMITS WEST, INC.) PHONE: 505 466-8120

III. WELL DATA: Complete the data required on the reverse side of this form for each well proposed for injection. Additional sheets may be attached if necessary.

IV. Is this an expansion of an existing project? _____ Yes ___XXX___ No
If yes, give the Division order number authorizing the project: _____

V. Attach a map that identifies all wells and leases within two miles of any proposed injection well with a one-half mile radius circle drawn around each proposed injection well. This circle identifies the well's area of review.

VI. Attach a tabulation of data on all wells of public record within the area of review which penetrate the proposed injection zone. Such data shall include a description of each well's type, construction, date drilled, location, depth, record of completion, and a schematic of any plugged well illustrating all plugging detail.

CLAYTON BFO STATE COM 1
30-015-33733

VII. Attach data on the proposed operation, including:

1. Proposed average and maximum daily rate and volume of fluids to be injected;
2. Whether the system is open or closed;
3. Proposed average and maximum injection pressure;
4. Sources and an appropriate analysis of injection fluid and compatibility with the receiving formation if other than reinjected produced water; and,
5. If injection is for disposal purposes into a zone not productive of oil or gas at or within one mile of the proposed well, attach a chemical analysis of the disposal zone formation water (may be measured or inferred from existing literature, studies, nearby wells, etc.).

*VIII. Attach appropriate geologic data on the injection zone including appropriate lithologic detail, geologic name, thickness, and depth. Give the geologic name, and depth to bottom of all underground sources of drinking water (aquifers containing waters with total dissolved solids concentrations of 10,000 mg/l or less) overlying the proposed injection zone as well as any such sources known to be immediately underlying the injection interval.

IX. Describe the proposed stimulation program, if any.

*X. Attach appropriate logging and test data on the well. (If well logs have been filed with the Division, they need not be resubmitted).

*XI. Attach a chemical analysis of fresh water from two or more fresh water wells (if available and producing) within one mile of any injection or disposal well showing location of wells and dates samples were taken.

XII. Applicants for disposal wells must make an affirmative statement that they have examined available geologic and engineering data and find no evidence of open faults or any other hydrologic connection between the disposal zone and any underground sources of drinking water.

XIII. Applicants must complete the "Proof of Notice" section on the reverse side of this form.

XIV. Certification: I hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

NAME: BRIAN WOOD TITLE: CONSULTANT

SIGNATURE: _____ DATE: AUGUST 2, 2023

E-MAIL ADDRESS: brian@permitswest.com

* If the information required under Sections VI, VIII, X, and XI above has been previously submitted, it need not be resubmitted. Please show the date and circumstances of the earlier submittal: _____

DISTRIBUTION: Original and one copy to Santa Fe with one copy to the appropriate District Office

Side 2

III. WELL DATA

A. The following well data must be submitted for each injection well covered by this application. The data must be both in tabular and schematic form and shall include:

(1) Lease name; Well No.; Location by Section, Township and Range; and footage location within the section.

(2) Each casing string used with its size, setting depth, sacks of cement used, hole size, top of cement, and how such top was determined.

(3) A description of the tubing to be used including its size, lining material, and setting depth.

(4) The name, model, and setting depth of the packer used or a description of any other seal system or assembly used.

Division District Offices have supplies of Well Data Sheets which may be used or which may be used as models for this purpose. Applicants for several identical wells may submit a "typical data sheet" rather than submitting the data for each well.

B. The following must be submitted for each injection well covered by this application. All items must be addressed for the initial well. Responses for additional wells need be shown only when different. Information shown on schematics need not be repeated.

(1) The name of the injection formation and, if applicable, the field or pool name.

(2) The injection interval and whether it is perforated or open-hole.

(3) State if the well was drilled for injection or, if not, the original purpose of the well.

(4) Give the depths of any other perforated intervals and detail on the sacks of cement or bridge plugs used to seal off such perforations.

(5) Give the depth to and the name of the next higher and next lower oil or gas zone in the area of the well, if any.

XIV. PROOF OF NOTICE

All applicants must furnish proof that a copy of the application has been furnished, by certified or registered mail, to the owner of the surface of the land on which the well is to be located and to each leasehold operator within one-half mile of the well location.

Where an application is subject to administrative approval, a proof of publication must be submitted. Such proof shall consist of a copy of the legal advertisement which was published in the county in which the well is located. The contents of such advertisement must include:

(1) The name, address, phone number, and contact party for the applicant;

(2) The intended purpose of the injection well; with the exact location of single wells or the Section, Township, and Range location of multiple wells;

(3) The formation name and depth with expected maximum injection rates and pressures; and,

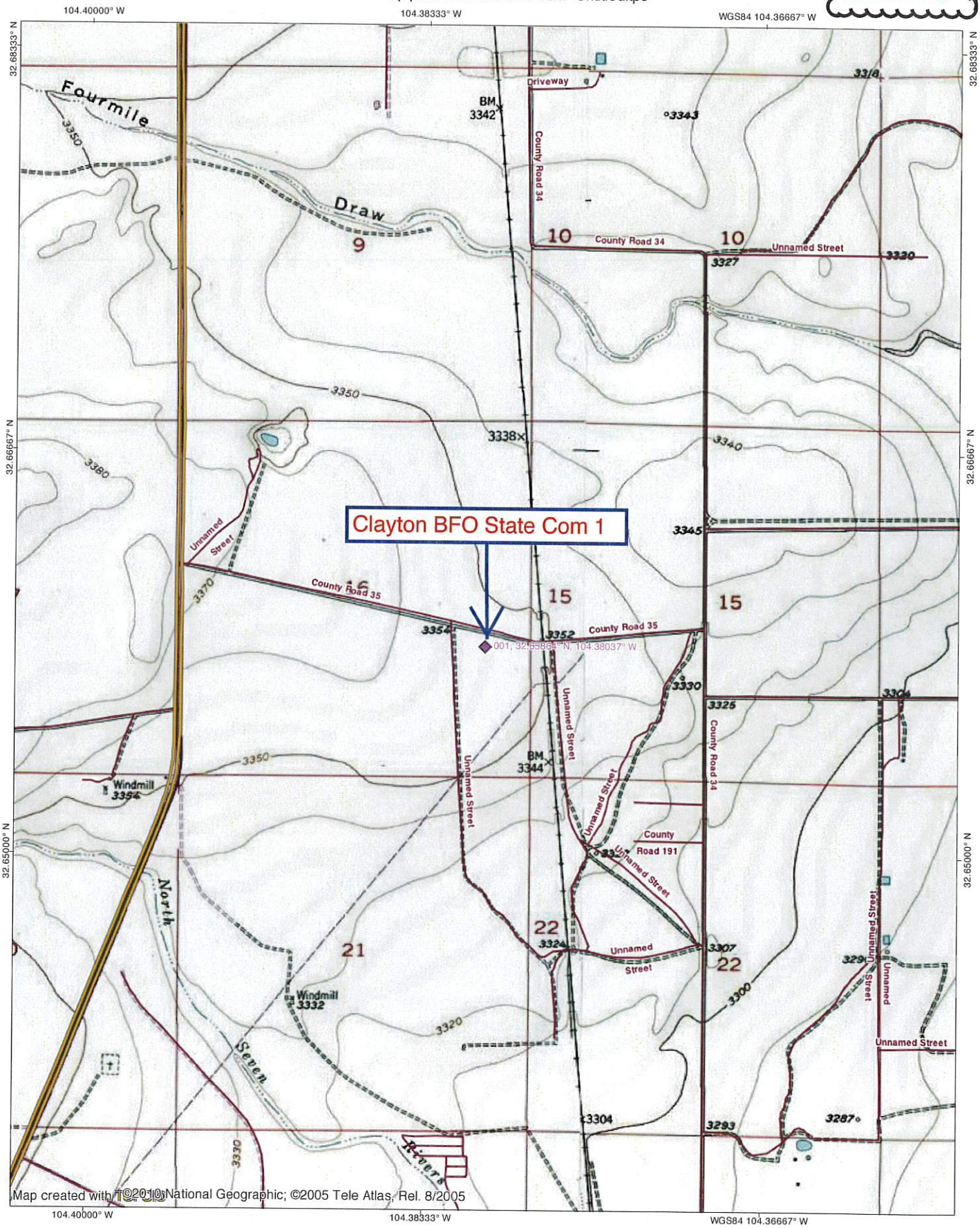
(4) A notation that interested parties must file objections or requests for hearing with the Oil Conservation Division, 1220 South St. Francis Dr., Santa Fe, New Mexico 87505, within 15 days.

NO ACTION WILL BE TAKEN ON THE APPLICATION UNTIL PROPER PROOF OF NOTICE HAS BEEN SUBMITTED.

NOTICE: Surface owners or offset operators must file any objections or requests for hearing of administrative applications within 15 days from the date this application was mailed to them.

EXHIBIT A

TOPO! map printed on 05/06/23 from "Untitled.tpo"



NATIONAL GEOGRAPHIC

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 miles
0.0 0.5 1.0 km

TN MN
6.5°
05/06/23

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Ave., Artesia, NM 88210
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505

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

Form C-102
Permit 2889

EXHIBIT A

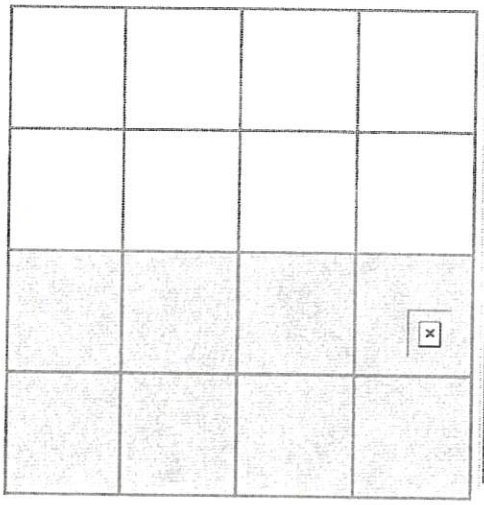
WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Name	Pool Code
30-015-33733	Wildcat Chester	
Property Code	**Property Name**	**Well No.**
34426	CLAYTON BFO STATE COM.	001
OGRID No.	**Operator Name**	**Elevation**
25575	YATES PETROLEUM CORPORATION	3354

Surface And Bottom Hole Location

UL or Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
I	16	19S	26E	I	1980	S	660	E	Eddy

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			



OPERATOR CERTIFICATION

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

Electronically Signed By: Debbie Caffall
Title: Regulatory Technician
Date: 11/22/2004

SURVEYOR CERTIFICATION

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

Surveyed By: Herchel Jones
Date of Survey: 11/19/2004
Certificate Number: 3640

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

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

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

☐ AMENDED REPORT

EXHIBIT A

WELL LOCATION AND ACREAGE DEDICATION PLAT

[1] API Number	[2] Pool Code	[3] Pool Name
30-015-33733	96184	SWD; CANYON

[4] Property Code	[5] Property Name	[6] Well Number
	CLAYTON BFO STATE COM	1

[7] OGRID No.	[8] Operator Name	[9] Elevation
330968	SILVERBACKOPERATING II, LLC	3354

[10] Surface Location

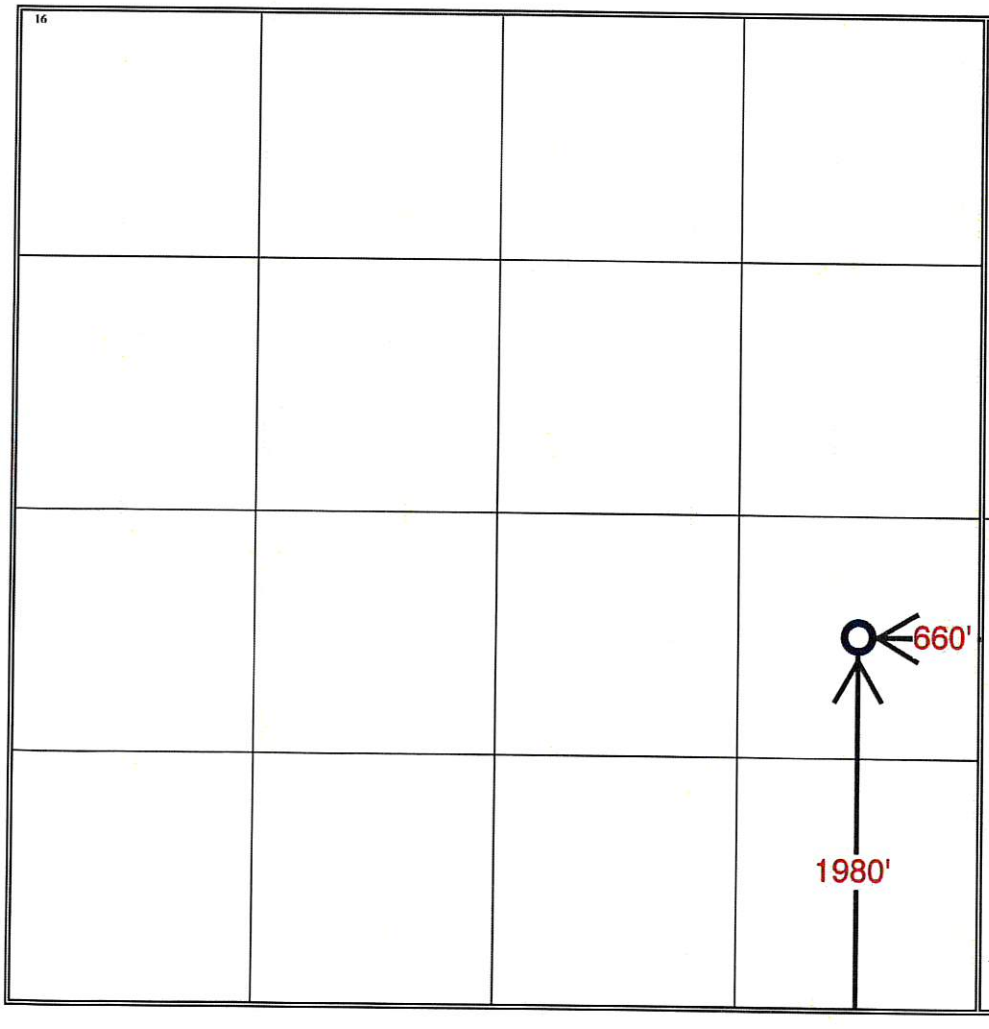
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	19 S	26 E		1980	SOUTH	660	EAST	EDDY

[11] Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
I	16	19 S	26 E		1980	SOUTH	660	EAST	EDDY

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

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



[17] OPERATOR CERTIFICATION

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

Signature: B Wood — Date: 5-29-23

Printed Name: BRIAN WOOD

E-mail Address: brian@permitswest.com

505 466-8120

[18] SURVEYOR CERTIFICATION

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

Date of Survey: 11-19-2004

Signature and Seal of Professional Surveyor:

As filed with OCD:
Surveyor: Herschel Jones
Number: 3640

Certificate Number

Released to Imaging: 9/9/2023 12:59:57 PM

Received by OCD: 9/9/2023 12:58:19 PM

Side 1

INJECTION WELL DATA SHEET

OPERATOR: SILVERBACK OPERATING II, LLC

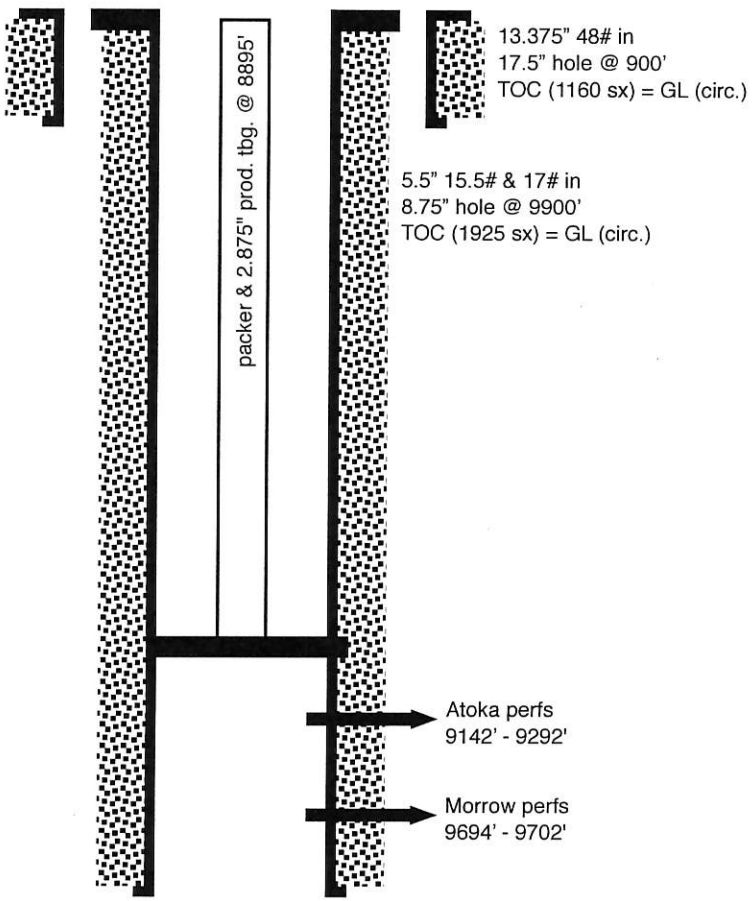
WELL NAME & NUMBER: CLAYTON BFO STATE COM 1

WELL LOCATION: 1980' FSL & 660' FEL | I | 16 | 19 S | 26 E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

"AS IS"



TD 9900'
NOT TO SCALE

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17.5" Casing Size: 13.375"

Cemented with: 1160 sx. *or* _____ ft^3

Top of Cement: SURFACE Method Determined: CIRC.

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. *or* _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 8.75" Casing Size: 5.5"

Cemented with: 1925 sx. *or* _____ ft^3

Top of Cement: GL Method Determined: CIRC.

Total Depth: 9900'

Injection Interval

7858 feet to 8220'

(Perforated or Open Hole; indicate which)

Released to Imaging: 9/9/2023 12:59:57 PM

Received by OCD: 9/9/2023 12:58:19 PM

Side 1

INJECTION WELL DATA SHEET

OPERATOR: SILVERBACK OPERATING II, LLC

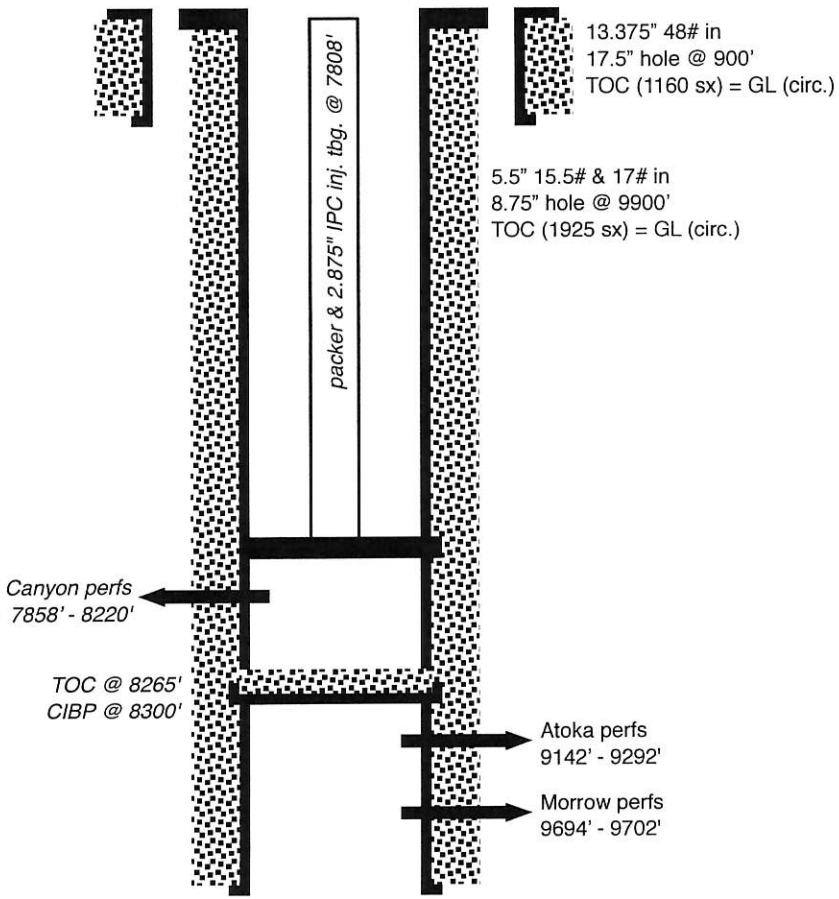
WELL NAME & NUMBER: CLAYTON BFO STATE COM 1

WELL LOCATION: 1980' FSL & 660' FEL | I | 16 | 19 S | 26 E

FOOTAGE LOCATION | UNIT LETTER | SECTION | TOWNSHIP | RANGE

WELLBORE SCHEMATIC

"PROPOSED"



TD 9900'
NOT TO SCALE

WELL CONSTRUCTION DATA

Surface Casing

Hole Size: 17.5" Casing Size: 13.375"

Cemented with: 1160 sx. *or* _____ ft^3

Top of Cement: SURFACE Method Determined: CIRC.

Intermediate Casing

Hole Size: _____ Casing Size: _____

Cemented with: _____ sx. *or* _____ ft^3

Top of Cement: _____ Method Determined: _____

Production Casing

Hole Size: 8.75" Casing Size: 5.5"

Cemented with: 1925 sx. *or* _____ ft^3

Top of Cement: GL Method Determined: CIRC.

Total Depth: 9900'

Injection Interval

7858 feet to 8220'

(Perforated or Open Hole; indicate which)

Released to Imaging: 9/9/2023 12:59:57 PM

Received by OCD: 9/9/2023 12:58:19 PM

INJECTION WELL DATA SHEET

Tubing Size: 2.875", 6.5", J-55 or L-80 Lining Material: IPC

Type of Packer: NICKEL PLATED OR STAINLESS STEEL ASI-X

Packer Setting Depth: 7808'

Other Type of Tubing/Casing Seal (if applicable): _____

Additional Data

1. Is this a new well drilled for injection? _____ Yes XXX No

   If no, for what purpose was the well originally drilled? NOT NEW DRILLED IN 2005 AS AN ATOKA MORROW GAS WELL.

2. Name of the Injection Formation: CANYON

3. Name of Field or Pool (if applicable): SWD; CANYON (POOL CODE 96184)

4. Has the well ever been perforated in any other zone(s)? List all such perforated intervals and give plugging detail, i.e. sacks of cement or plug(s) used. NO

5. Give the name and depths of any oil or gas zones underlying or overlying the proposed injection zone in this area:

   OVER: SAN ANDRES (1238'), GLORIETA (2905'), YESO (3005'), BONE SPRING (6558'), & WOLFCAMP (6932')

   UNDER: ATOKA (9071') & MORROW (9455')

Affidavit of Publication

No. 26533

State of New Mexico

County of Eddy:

Danny Scott

being duly sworn sayes that he is the **Publisher**

of the Artesia Daily Press, a daily newspaper of General circulation, published in English at Artesia, said county and state, and that the hereto attached

Legal Ad

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive weeks/day on the same day as follows:

First Publication May 11, 2023

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Sixth Publication

Seventh Publication

Subscribed and sworn before me this

11th day of May 2023

LATISHA ROMINE
Notary Public, State of New Mexico
Commission No. 1076338
My Commission Expires
05-12-2027

Latisha Romine

Latisha Romine

Notary Public, Eddy County, New Mexico

Copy of Publication:

EXHIBIT K

Legal Notice

Silverback Operating II, LLC will apply to convert its Clayton BFO State Com 1 gas well to a saltwater disposal well. The well will dispose into the Canyon from 7858' to 8220'. It is located 12 miles south of Artesia at 1980' FSL & 660' FEL Sec. 16, T. 19 S., R. 26 E., Eddy County. Maximum disposal rate will be 7,500 bwpd. Maximum injection pressure will be 1,571 psi. Interested parties must file objections or requests for hearing with the NM Oil Conservation Division, 1220 South Saint Francis Dr., Santa Fe, NM 87505, or OCD.Engineer@emnrd.nm.gov, within 15 days. Additional information can be obtained by contacting: Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM 87508. Phone number is (505) 466-8120.

Published in the Artesia Daily Press, Artesia, N.M., May 11, 2023 Legal No. 26533.

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 (505) 466-8120

EXHIBIT L

August 2, 2023

BLM
620 E. Greene St.
Carlsbad NM 88220

Silverback Operating II, LLC is applying (see attached application) to convert its Clayton BFO State Com 1 gas well to a saltwater disposal well. As required by NM Oil Conservation Division (NMOCD) rules, I am notifying you of the following proposal. This letter is a notice only. No action is needed unless you have questions, protests, or objections.

Well: Clayton BFO State Com 1 TD = 9,900'
Disposal Zone: Canyon (7,858' - 8,220')
Location: 1980' FSL & 660' FEL Sec. 16, T. 19 S., R. 26 E, Eddy County, NM
Approximate Location: 12 miles south of Artesia, NM
Applicant Name: Silverback Operating II, LLC (210) 585-3316
Applicant's Address: IH 10 West, Suite 201, San Antonio TX 78257

Submittal Information: Application for a saltwater disposal well will be filed with the NMOCD. If you have an objection, protest, or wish to request a hearing, then it must be filed with the NMOCD within 15 days of receipt of this letter. The New Mexico Oil Conservation Division address is 1220 South St. Francis Dr., Santa Fe, NM 87505. NMOCD phone number is (505) 476-3441. E-mail address is: OCD.Engineer@emnrd.nm.gov

Please call me if you have any questions.

Sincerely,

Brian Wood

Received by OCD: 9/9/2023 12:58:19 PM

7022 1670 0001 2803 8160

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☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Ballard E. Spencer Trust
PO Box 6
Artesia NM 88211
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8177

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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Bandon Hill Inc
309 West 7th Street
Suite 500
Fort Worth TX 76102
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8184

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
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☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Black Stone Minerals Company LP
1001 Fannin STE 2020
Houston TX 77002
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8191

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Catellus Passive LLC
66 Franklin Street
Oakland CA 94607
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Chase Oil Corporation
PO Box 1767
Artesia NM 88211
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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7022 1670 0001 2803 8214

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☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Christine V. Merchant
15543 Jessie Drive
Colorado Springs CO 80921
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
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GLORIETA, NM 87535-9998 USPS AUG 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8221

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☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Clear Fork Royalty 4 LP
309 West 7th Street
Suite 500
Fort Worth TX 76102
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Delta 08 LLC
PO Box 471288
Fort Worth TX 76174
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8245

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Devon Energy Production Company
20 N Broadway
Oaklahoma City OK 73102
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
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7022 1670 0001 2803 8252

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Featherstone Development Corporation
PO Box 4294
Roswell NM 88202
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8269

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To James S. Witt
PO Box 2121
Yelm TX 98597
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
GLORIETA, NM 87535-9998 USPS AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 8276

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To James S. Witt III
PO Box 2282
Carlsbad NM 88221
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
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GLORIETA, NM 87535-9998 USPS AUG 3 2023
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To James Warren Ream
706 Massachusetts Ave
Apt 205
Indianapolis IN 46204
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG - 3 2023
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☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Joe & Janet Cox
Joe & Janet Cox Recocable Family Trust
130 Cougar Road
Carlsbad NM 88220
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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GLORIETA NM 87535-9998
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7022 1670 0001 2803 8290
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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To John T. Witt
1330 Daisy Drive
Patterson CA 95363
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG - 3 2023
GLORIETA NM 87535-9998
USPS
7022 1670 0001 2803 8306
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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Judson Properties Inc
600 North Marienfeld
STE 825
Midland TX 79701
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG 3 2023
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USPS
7022 1670 0001 2803 8313
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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Karen Ream Sieber
4316 Sycamore Drive
Roeland Park KS 66205
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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GLORIETA NM 87535-9998
USPS
7022 1670 0001 2803 8320
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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Kellie M. Kross
1420 Knollview Drive
Dallas TX 75248
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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GLORIETA NM 87535-9998
USPS
7022 1670 0001 2803 8337
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Kona Energy Investments LLC
309 West 7th Street
Suite 500
Fort Worth TX 76102
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG - 3 2023
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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To LAJ Corporation
PO Box 10626
Midland TX 79702
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG 3 2023
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7022 1670 0001 2803 8351
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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Lanita C. Williamson Family Living Trust
5910 N. Central Expressway
Suite 1662
Dallas TX 75206
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
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7022 1670 0001 2803 8368
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☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Mad Dog Oil & Gas, Ltd.
P. O. Box 10708
Midlandd TX 79702
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
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7022 1670 0001 2803 8375
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☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Matthew N. Sorenson
23 County Road 2090
Aztec NM 87410
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
Postmark Here
AUG - 3 2023
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7022 1670 0001 2803 8382
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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To NM State Land Office
P. O. Box 1148
Santa Fe NM 87504
Silverback Clayton BFO State Com 1
Street and Apt. No., or PO Box No.
City, State, ZIP+4®
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AUG 2023
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PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Adult Signature Restricted Delivery $
Postage $
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Sent To Newmont Realty Company
Street and Apt. No., or PO Box No. 1700 Lincoln Street
City, State, ZIP+4® Denver CO 80203
Silverback Clayton BFO State Com 1
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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Ollie Energy LLC
Street and Apt. No., or PO Box No. 913 Royal Minister Blvd
City, State, ZIP+4® Lewisville TX 75056
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7583

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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To OXY USA Inc
Street and Apt. No., or PO Box No. PO Box 4294
City, State, ZIP+4® Houston TX 77210
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7590

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☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Peggy Osborn
Street and Apt. No., or PO Box No. 322 O'Connell St.
City, State, ZIP+4® Toldeo OH 43608
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7606

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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Pitch Energy Corp
Street and Apt. No., or PO Box No. PO Box 400
City, State, ZIP+4® Ruidoso NM 88355
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Ross Duncan Properties LLC
Street and Apt. No., or PO Box No. PO Box 647
City, State, ZIP+4® Artesia NM 88211
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7620

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☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Seven Rivers Inc
Street and Apt. No., or PO Box No. PO Box 1598
City, State, ZIP+4® Carlsbad NM 88221
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7637

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Spur Energy Partners
Street and Apt. No., or PO Box No. 9655 Katy Freeway
City, State, ZIP+4® Suite 500
Houston TX 77024
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7644

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☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Tascosa Energy Partners II, LLC
Street and Apt. No., or PO Box No. 901 W. Missouri Ave.
City, State, ZIP+4® Midland TX 79701
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7651

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☐ Return Receipt (electronic) $
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☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Tascosa Land Resources
Street and Apt. No., or PO Box No. PO Box 134
City, State, ZIP+4® Amarillo TX 79105
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7668

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Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Terry M. Evans
Street and Apt. No., or PO Box No. PO Box 81
City, State, ZIP+4® McKenna WA 98558
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7675

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☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Trinity Resources, LLC
Street and Apt. No., or PO Box No. 200 W. 1st St.
City, State, ZIP+4® Suite 859
Roswell NM 88203
Silverback Clayton BFO State Com 1
Postmark Here AUG - 3 2023
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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7022 1670 0001 2803 7682

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Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Tularosa Mineral Company LLC
Street and Apt. No., or PO Box No. PO Box 471349
City, State, ZIP+4® Fort Worth TX 76147
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7699

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only
For delivery information, visit our website at www.usps.com®.
OFFICIAL USE
Certified Mail Fee $
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To Twisted Tree Holdings LP
Street and Apt. No., or PO Box No. 4374 Ranger Creek Road
City, State, ZIP+4® Boerne TX 78006
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7705

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Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To WHM Energy LLC
Street and Apt. No., or PO Box No. PO Box 2378
City, State, ZIP+4® Midland TX 79702
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7712

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Certified Mail Fee $
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To William E. Harddie
Street and Apt. No., or PO Box No. 1506 N. Big Spring St.
City, State, ZIP+4® Midland TX 79701
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7729

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Certified Mail Fee $
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To William Enterprises
Street and Apt. No., or PO Box No. 1402 S. Tropez Ln
City, State, ZIP+4® Arlington TX 76013
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7022 1670 0001 2803 7736

U.S. Postal Service™
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OFFICIAL USE
Certified Mail Fee $
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) $
☐ Return Receipt (electronic) $
☐ Certified Mail Restricted Delivery $
☐ Adult Signature Required $
☐ Adult Signature Restricted Delivery $
Postage $
Total Postage and Fees $
Sent To William J. McCaw
Street and Apt. No., or PO Box No. PO Box 376
City, State, ZIP+4® Artesia NM 88211
Postmark Here AUG - 3 2023 GLORIETA, NM 87535 USPS
PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

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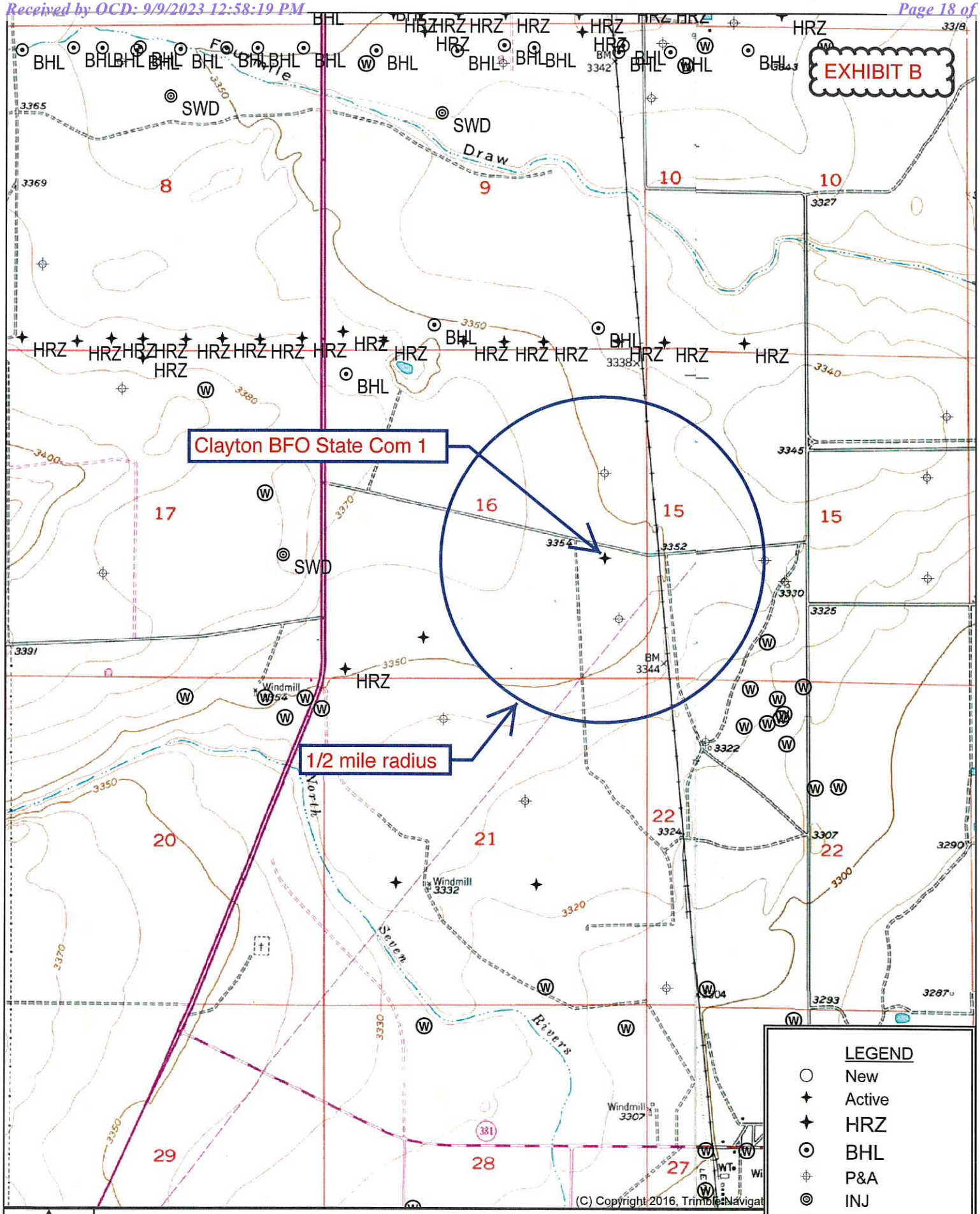
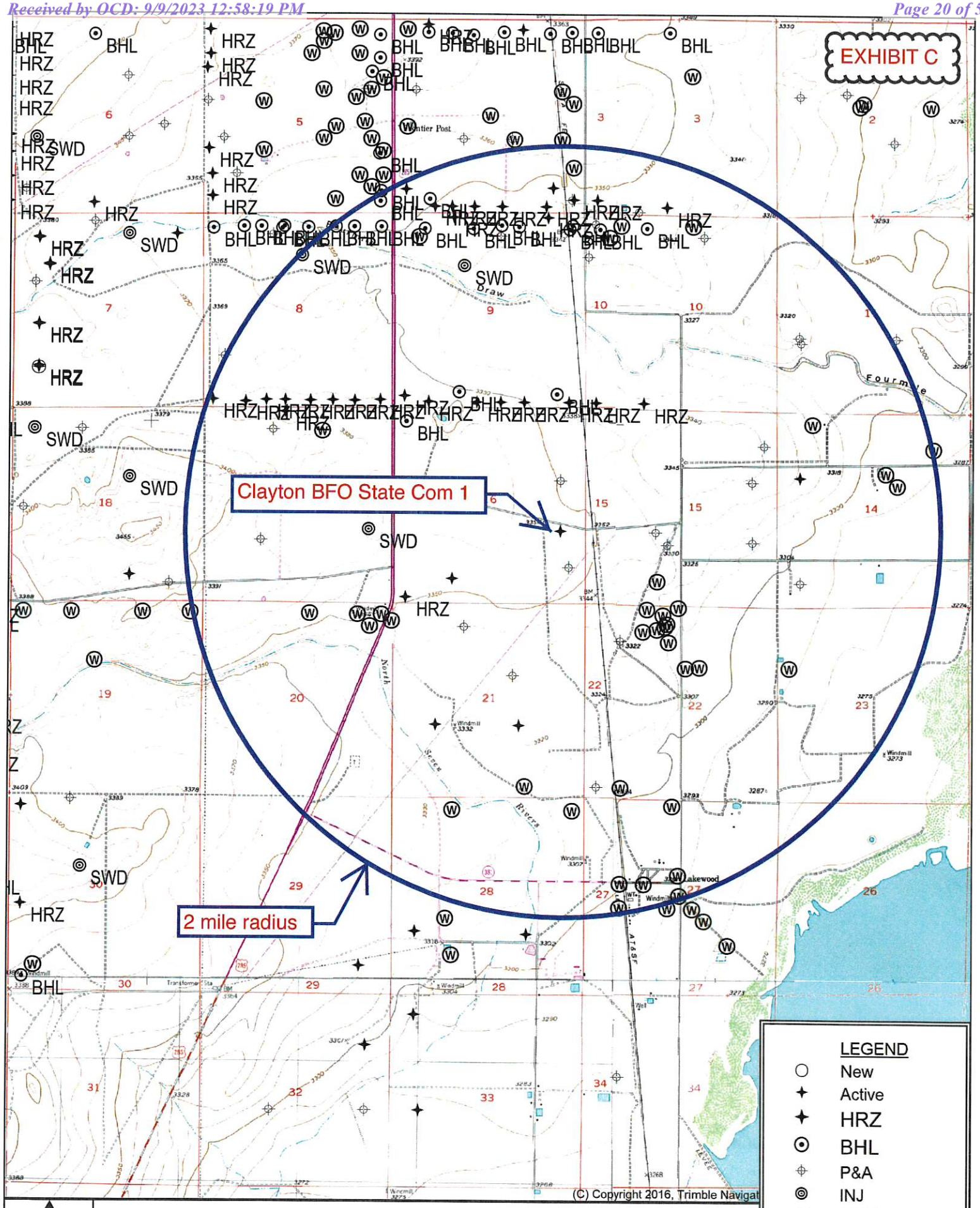


EXHIBIT B
Clayton BFO State Com 1
1/2 mile radius
Draw
North
Seven
Rivers
Windmill
LEGEND
New
Active
HRZ
BHL
P&A
INJ
SWD
Brine
Water
(C) Copyright 2016, Trimble Navigat
N
Quad: DAYTON
Scale: 1 inch = 2,000 ft.

SORTED BY DISTANCE FROM CLAYTON BFO STATE COM 1

API	OPERATOR	WELL	WELL STATUS	UNIT-SECTION-T19S-R26E	TVD	ZONE @ TD	FEET FROM CLAYTON BFO STATE 1
3001521872	LaRue & Muncy	P V State 001	P&A	P-16	2203	San Andres	1017
3001533728	Yates	Clayton BFO State Com 002	P&A	H-16	85	Quaternary	1320
3001523593	Mack	McMillan Fee 1 (re-entry of Spencer Trust 1)	P&A	K-15	8300	Canyon	2531
	American Public Energy	Spencer Trust 1	P&A	K-15	9830	Morrow	

EXHIBIT B

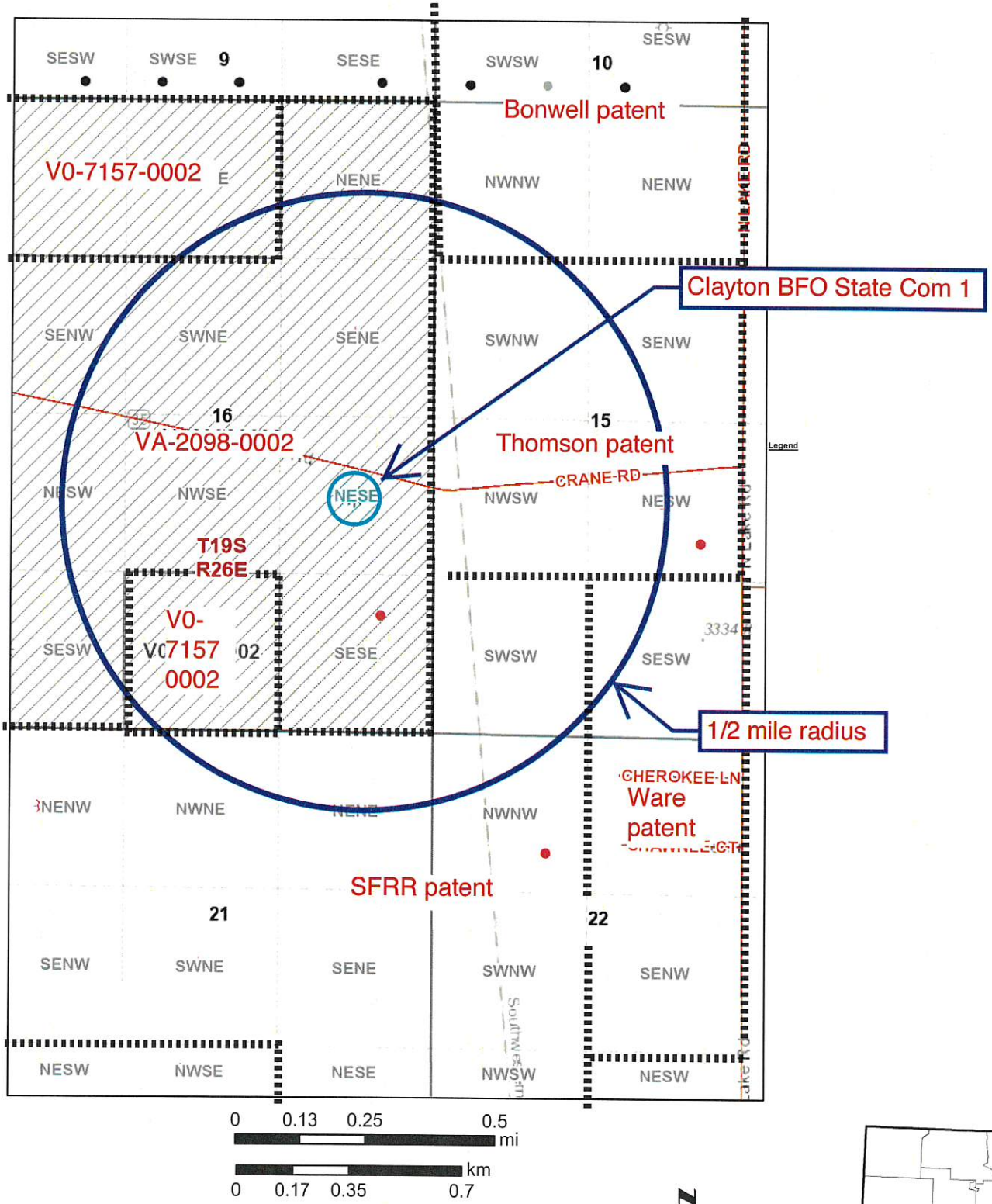


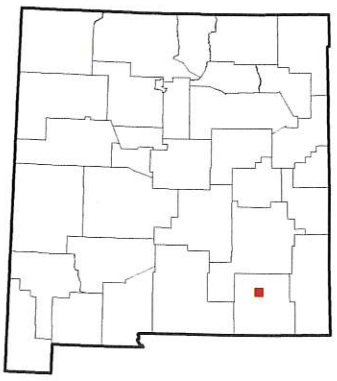
Quad: ARTESIA
Scale: 1 inch = 3,333 ft.

N

New Mexico State Land Office

EXHIBIT D





Disclaimer:
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Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office in Santa Fe, New Mexico.

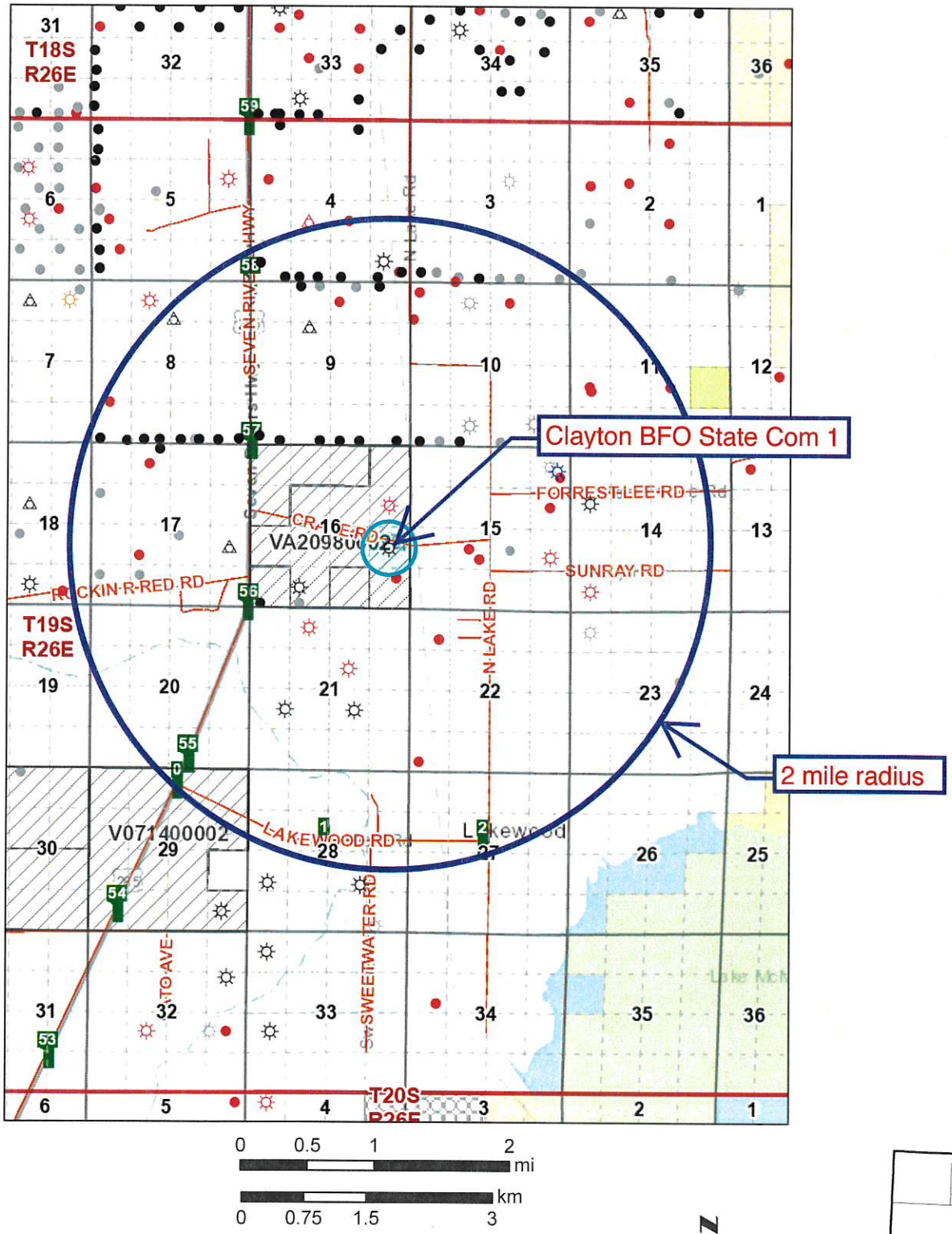
CLAYTON BFO STATE COM 1 AREA OF REVIEW LEASES

Aliquot Parts in Area of Review (T. 19 S., R. 26 E.)	Lessor	Lease	Mineral Owner or Lessee(s) of Record	Well Operators (all zones)
NWNW Sec. 15	fee	Bonwell patent	Sorenson et al	none
S2NW4 & N2SW4 Sec. 15	fee	Thomson patent	Ollie Energy et al	none
SWSW Sec. 15	fee	SFRR patent	Newmont Realty	none
SESW Sec. 15	fee	Ware patent	Spencer Trust et al	none
E2E2, SENW, SWNE, NWSE, W2SW4 Sec. 16	NMSLO	VA-2098-0002	Silverback	Silverback
NWNE Sec. 16	NMSL	V0-7157-0002	OXY USA	none
SWSE Sec. 16	NMSL	V0-7157-0002	OXY USA	Silverback
N2NE4 Sec. 21	fee	SFRR patent	Catellus et al	none
NWNW Sec. 22	fee	SFRR patent	Catellus et al	none

EXHIBIT D

New Mexico State Land Office

EXHIBIT E



0 0.5 1 2 mi

0 0.75 1.5 3 km

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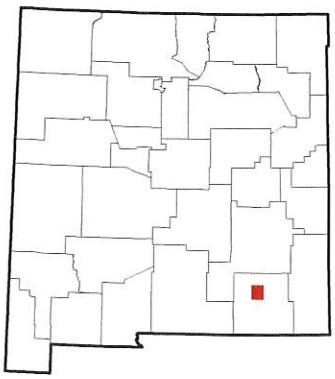

Map Created: 5/8/2023

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Received by OCD: 9/9/2023 12:58:19 PM

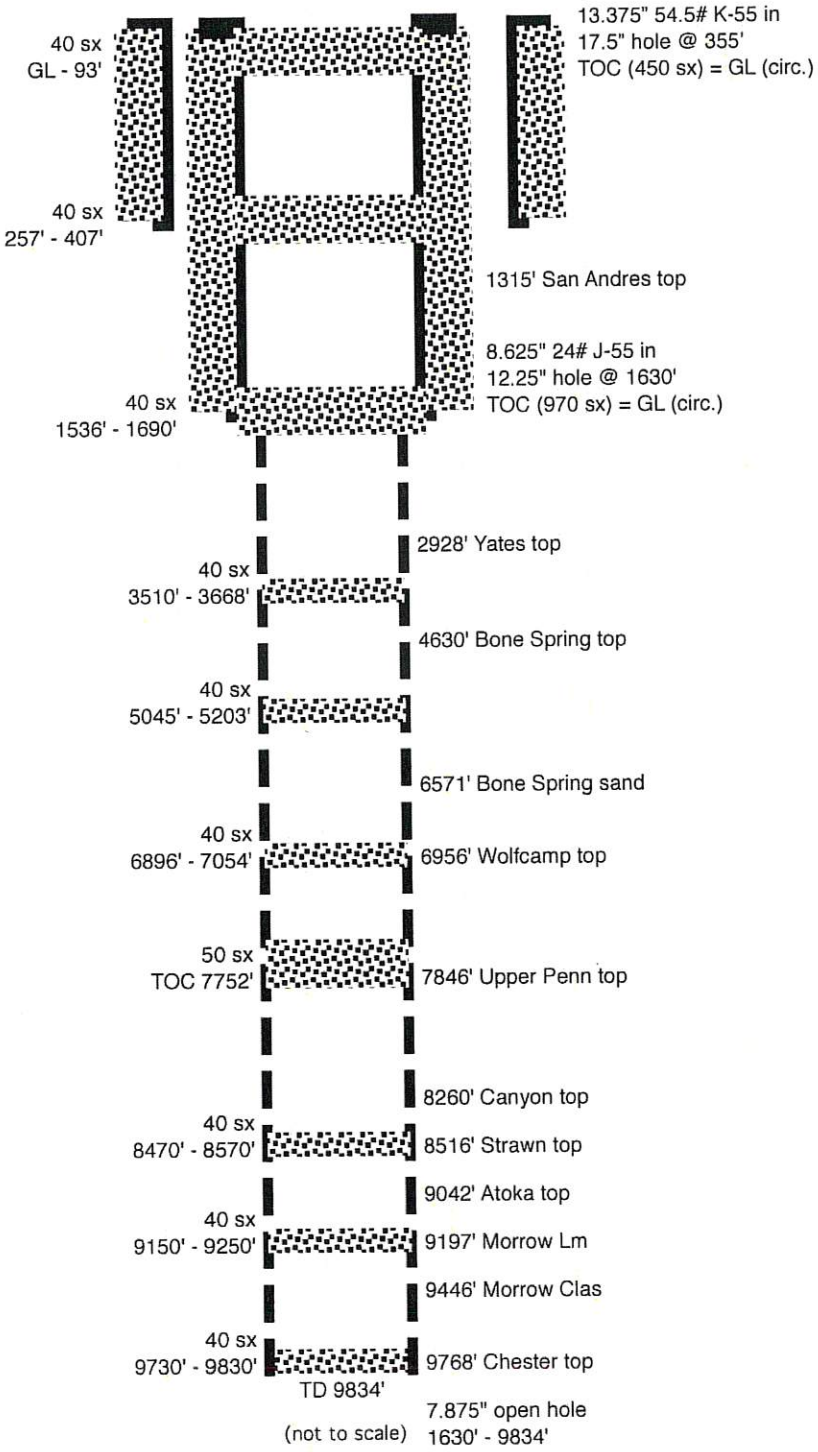
WELL CONSTRUCTION DETAILS OF CANYON PENETRATOR

WELL	SPUD	TVD	FORMATION @ TD	WELL STATUS	HOLE O.D.	CASING O.D.	SET @	CEMENT	TOC	HOW TOC DETERMINED
Spencer Trust 001	7/31/1981	9834	Chester	P&A	17.5	13.375	355	450 sx	Surface	Circ 25 sx
3001523593*					12.25	8.625	1630	970 sx	Surface	Circ
K-15-19S-26E					7.875	none run	N/A	N/A	N/A	N/A
McMillan Fee 1	5/8/2022	8300	Canyon	P&A	17.5	13.375	355	450 sx	Surface	Circ 25 sx
3001523593*					12.25	8.625	1630	970 sx	Surface	Circ
K-15-19S-26E					7.875	none run	N/A	N/A	N/A	N/A
*same well										

EXHIBIT F

EXHIBIT F

Americsan Public Energy's Spencer Trust 1
spud 7-31-81 and P&A 9-28-81
&
Mack Energy's McMillan Fee 1
spud 5-8-22 and P&A 5-14-22
K-15-19s-26e
Eddy County, NM
30-015-23593



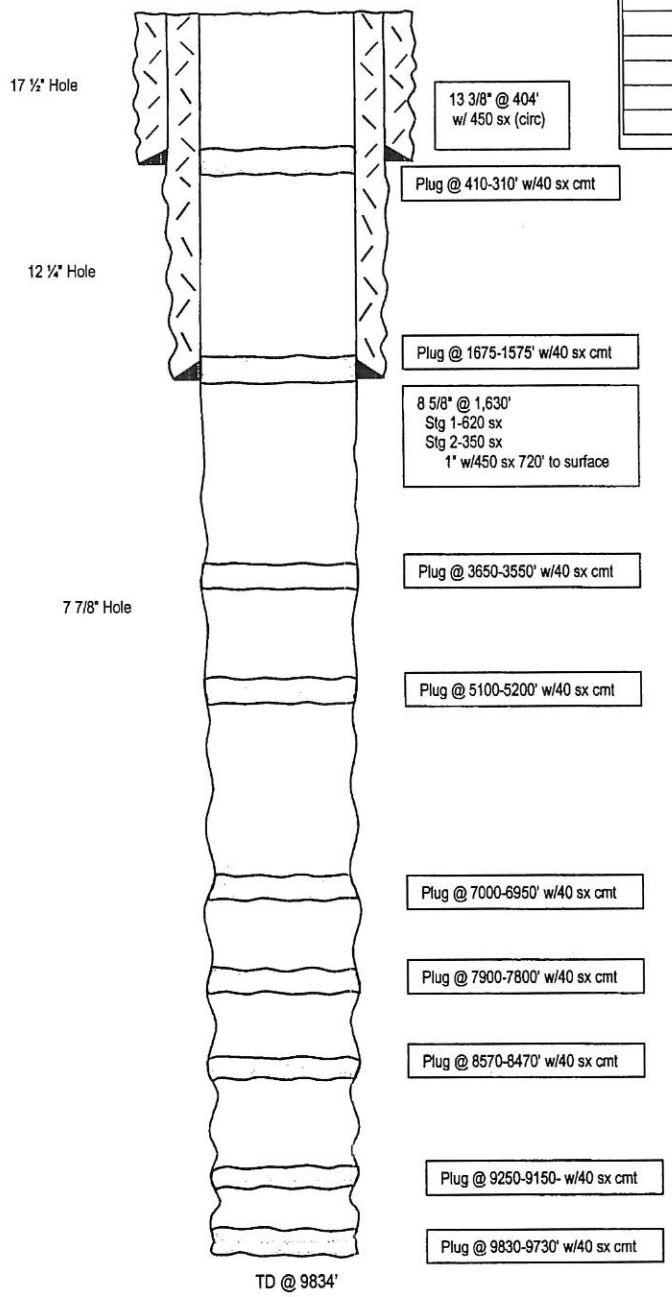
PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

EXHIBIT F

WELL NAME: Spencer Trust ADD #1 **FIELD:** Wildcat
LOCATION: Sec 15, 19S-26E 1980' FSL & 1980' FWL Eddy County NM
GL: 3335" **ZERO:** **KB:**
SPUD DATE: 07/31/81 **COMPLETION DATE:** 9/9/81
COMMENTS: P & A 9/28/81
30-015-23593

CASING PROGRAM

13 3/8" 54.5# K-55	355'
8 5/8" 24# J-55	1630'



TOPS

San Andres	1315'
Yeso	2928'
Bone Spring	4630'
Bone Spring Sd	6571'
Wolfcamp	6956'
U Penn	7846'
Canyon	8260'
Strawn	8516'
Atoka	9042'
Morrow Lm	9197'
Morrow Cl	9446'
Chester	9768'

Not to Scale
11/18/04
CAM/ MH

EXHIBIT F

WELL PROGRAM & SUMMARY — PLUGGED — Date: 5/12/2022

McMillan Fee #1

Operator: Mack Energy Corporation
Location: 15-T19S-R26E
GL Elevation: 3335

Drlg. Contractor: Stoneham Drilling
Rig No.: 5
Objective: Wolfcamp

Deviation Survey	Sand Tops & Markers	Depth	Hole Size & Cement	Plug Detail	Casing Detail	Perfs & Completion	Max Dog Leg Severity	Artificial Lift
None	None	120	Pre-Set		20" Conductor	None	None	None
	Queen 657'	355'	17 1/2" hole 450sx Class C TOC @ 0' Circ	15 sx Class C plug 40 sx Class C plug	13 3/8"-55.5#-J-55		<1°/100	Pumping Unit Tubing
	Grayburg 910' San Andres 1315'	1630'	12 1/4" hole 620sx Class C Circ	407-256' 40 sx Class C plug	8 5/8"-24#-J-55 #REF!		<2°/100	Rods Pump
	Yeso 2928' Bone Spring 4630' Bone Spring Sand 5571' Wolfcamp 6956' U Penn 7846' Canyon 8260'	8300'		1690-1536' 40 sx Class C plug 3668-3510 40 sx Class C plug 5203-5045' 40 sx Class C plug 7054-6896' 50sx Class H plug 7900-7752'	Open Hole		<2°/100	

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DownHole SAT™ Water Analysis Report

PERFORMANCE Chemical Company

EXHIBIT G

SYSTEM IDENTIFICATION

SILVERBACK OPERATING II
ARTESIA SANTA FE SWD 1
TRANSFER PUMP
B. MATHEWS

Sample ID#: 0
ID: 19509

Sample Date: 05-09-2022 at 1352
Report Date: 05-16-2022

WATER CHEMISTRY

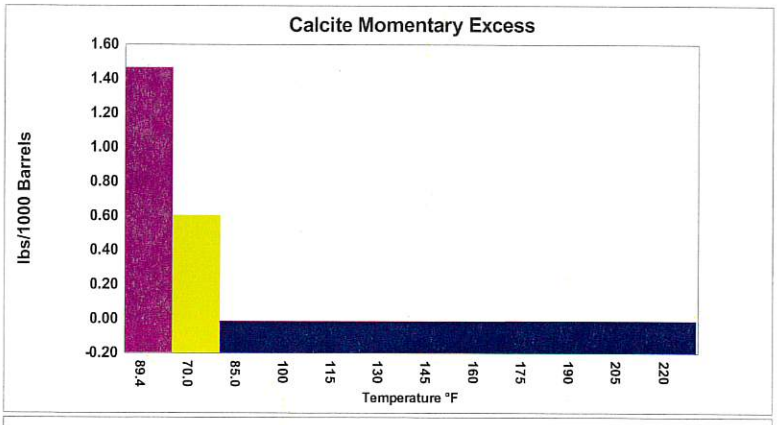
CATIONS		ANIONS	
Calcium(as Ca)	4626	Chloride(as Cl)	68000
Magnesium(as Mg)	1311	Sulfate(as SO_4)	1643
Barium(as Ba)	0.0200	Dissolved CO_2(as CO_2)	40.00
Strontium(as Sr)	87.09	Bicarbonate(as HCO_3)	939.40
Sodium(as Na)	38066	H_2S (as H_2S)	2565
Potassium(as K)	370.16		
Lithium(as Li)	12.79		
Iron(as Fe)	27.18		
Manganese(as Mn)	1.13		
Zinc(as Zn)	0.722		

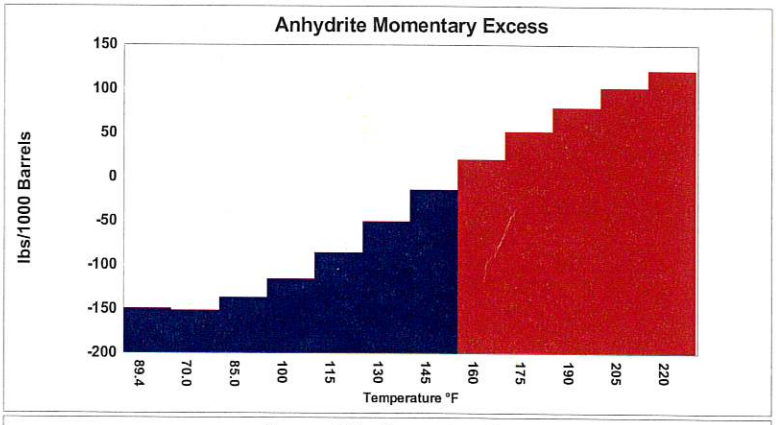
PARAMETERS			
Temperature(°F)	89.40	Sample pH	7.60
Conductivity	149642	Sp.Gr.(g/mL)	1.08
Resistivity	6.68	T.D.S.	122944

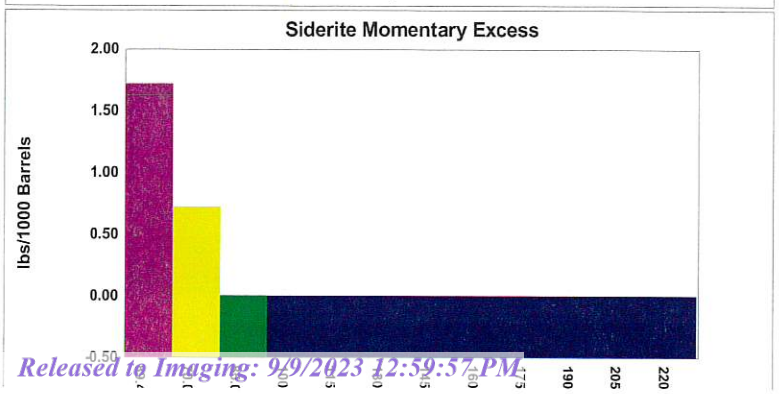
SCALE AND CORROSION POTENTIAL

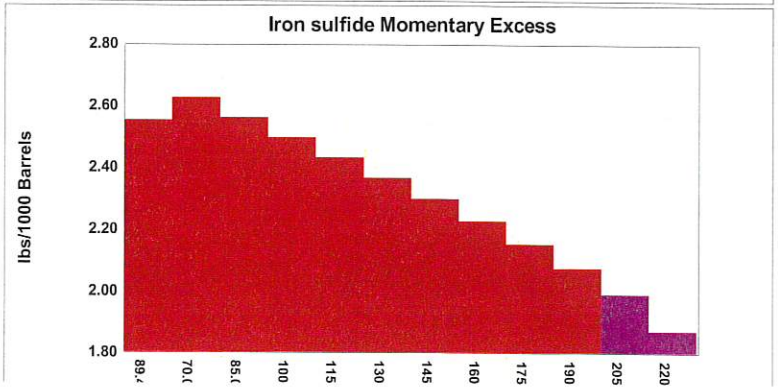
Temp. (°F)	Press. (psia)	Calcite $CaCO_3$		Anhydrite $CaSO_4$		Gypsum $CaSO_4*2H_2O$		Barite $BaSO_4$		Celestite $SrSO_4$		Siderite $FeCO_3$		Mackinawite FeS		CO_2 (mpy)	pCO_2 (psia)
		xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels	xSAT	Lbs per 1000 Barrels		
89.40	15.00	63.32	1.46	0.657	-149.53	0.872	-48.43	0.107	-0.106	0.472	-58.67	374.40	1.72	43928	2.55	0.0351	0.266
70.00	15.00	23.54	0.601	0.667	-151.97	0.982	-6.65	0.177	-0.0594	0.497	-54.28	121.27	0.720	29456	2.62	0.0234	0.266
85.00	163.50	0.241	-0.0171	0.671	-137.62	0.896	-37.61	0.116	-0.0969	0.463	-60.28	1.34	0.00158	930.08	2.56	0.314	2.90
100.00	312.00	0.0907	-0.0181	0.694	-115.85	0.823	-64.98	0.0809	-0.145	0.446	-63.20	0.552	-0.00170	439.36	2.50	0.699	5.53
115.00	460.50	0.0519	-0.0171	0.743	-85.94	0.843	-52.89	0.0583	-0.206	0.432	-65.33	0.346	-0.00205	268.51	2.43	0.895	8.16
130.00	609.00	0.0349	-0.0161	0.822	-51.21	0.882	-36.01	0.0425	-0.287	0.417	-68.03	0.255	-0.00197	180.33	2.37	1.08	10.80
145.00	757.50	0.0254	-0.0152	0.938	-15.02	0.915	-23.94	0.0312	-0.395	0.400	-71.26	0.203	-0.00181	127.01	2.30	1.28	13.43
160.00	906.00	0.0193	-0.0145	1.10	19.77	0.941	-15.53	0.0231	-0.537	0.383	-75.00	0.168	-0.00164	91.82	2.23	1.45	16.06
175.00	1054.50	0.0150	-0.0140	1.32	51.33	0.960	-9.82	0.0173	-0.722	0.364	-79.23	0.142	-0.00149	67.48	2.15	1.67	18.70
190.00	1203.00	0.0118	-0.0137	1.63	78.57	0.973	-6.36	0.0130	-0.962	0.345	-83.99	0.122	-0.00137	50.09	2.07	1.36	21.33
205.00	1351.50	0.00937	-0.0135	2.05	101.17	0.979	-4.75	0.00988	-1.27	0.326	-89.32	0.105	-0.00126	37.40	1.99	1.42	23.96
220.00	1500.00	0.00725	-0.0139	2.60	121.16	0.968	-7.28	0.00744	-1.69	0.304	-97.23	0.0883	-0.00121	26.77	1.87	1.64	26.60

Saturation Ratios (xSAT) are the ratio of ion activity to solubility, e.g. $\{Ca\}\{CO_3\}/K_{sp}$. pCO_2 (psia) is the partial pressure of CO_2 in the gas phase.
Lbs/1000 Barrels scale is the quantity of precipitation (or dissolution) required to instantaneously bring the water to equilibrium.









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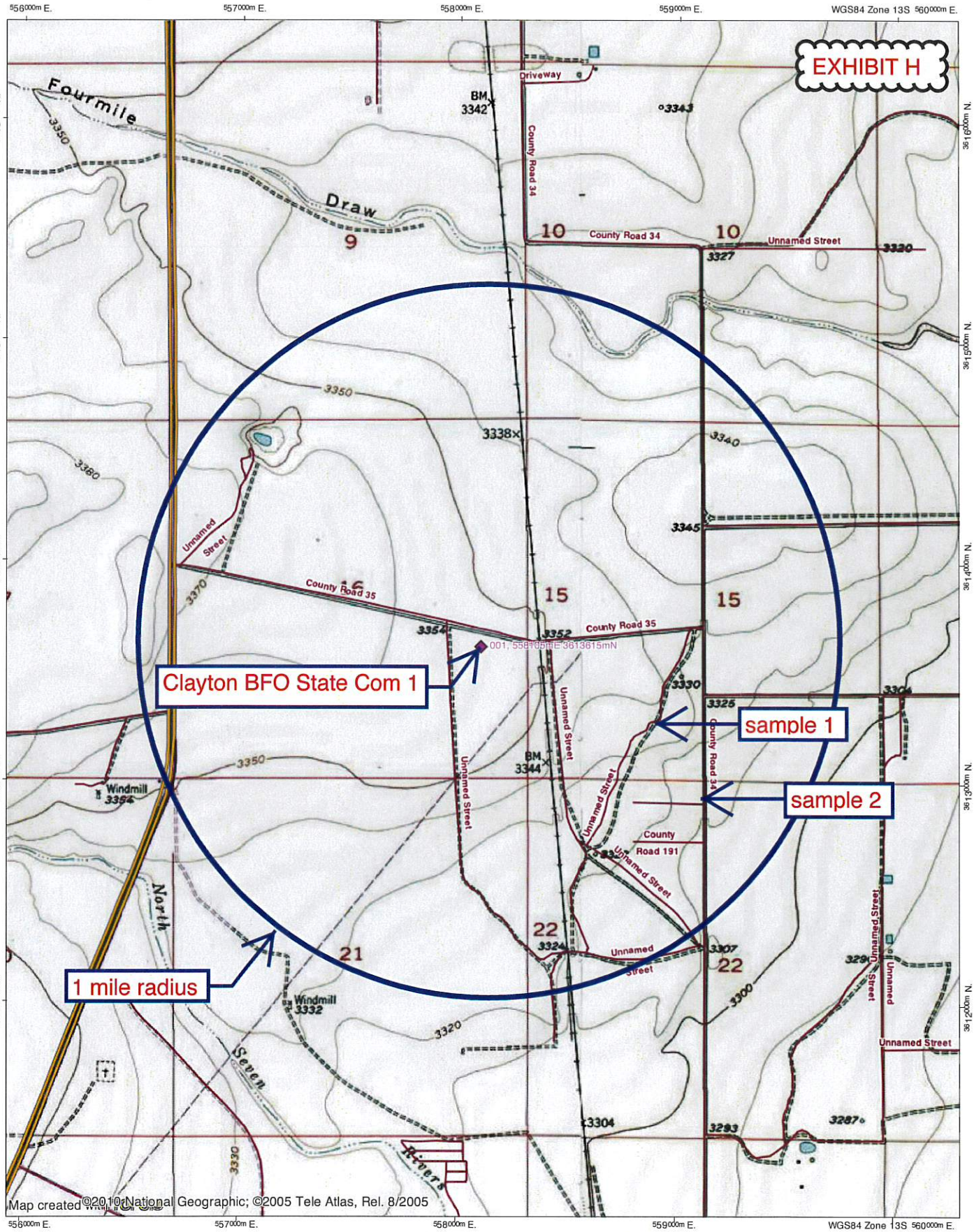


NATIONAL GEOGRAPHIC

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 miles

0.0 0.5 1.0 km

TN MN 6.5°

05/06/23

EXHIBIT H

New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced, O=orphaned, C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)
(quarters are smallest to largest) (NAD83 UTM in meters) (In feet)

POD Number	Code	POD Sub-basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Distance	Depth Well	Depth Water	Water Column
RA 04425		RA	ED		4	3	15	19S	26E	558923	3613208*	913	117	80	37
RA 12362 POD1		RA	ED	1	2	1	22	19S	26E	558838	3612975	972	140	79	61
RA 12156 POD1		RA	ED	1	2	1	22	19S	26E	558808	3612789	1084	160	85	75
RA 12555 POD1		RA	ED	2	2	1	22	19S	26E	558975	3612926	1109	126	98	28
RA 07503		RA	ED		2	1	22	19S	26E	558925	3612804*	1153	118	83	35
RA 12206 POD1		RA	ED	2	2	1	22	19S	26E	559105	3612988	1180	160	67	93
RA 12145 POD1		RA	ED	2	2	1	22	19S	26E	559008	3612852	1181	200	75	125
RA 12176 POD1		RA	ED	2	2	1	22	19S	26E	558994	3612829	1186	160	76	84
RA 01215		RA	ED	4	3	3	10	19S	26E	558603	3614739*	1229	1192		
RA 09950		RA	ED	4	2	1	22	19S	26E	559024	3612703*	1294	145	72	73
RA 12928 POD1		RA	ED	1	3	2	22	19S	26E	559166	3612487	1548	118	96	22
RA 01589 D		RA	ED	2	2	2	20	19S	26E	556688	3612860	1604	218	90	128
RA 12339 POD1		RA	ED	1	3	2	22	19S	26E	559283	3612494	1626	120	72	48
RA 01982		RA	ED	2	2	2	20	19S	26E	556604	3612913*	1657	110	45	65
RA 08074		RA	ED	2	2	2	20	19S	26E	556604	3612913*	1657	218		
RA 11018 POD1		RA	ED	3	4	2	17	19S	26E	556396	3613928*	1737	260	100	160
RA 05916		RA	ED		2	2	20	19S	26E	556505	3612814*	1789	102	25	77
RA 07128		RA	ED	1	2	2	20	19S	26E	556404	3612913*	1840	134	100	34
RA 00797		RA	ED	3	3	3	14	19S	26E	560038	3613097*	2001			
RA 02391		RA	ED	2	4	3	21	19S	26E	557416	3611696*	2038	200		
RA 10531		RA	ED	4	3	4	21	19S	26E	557820	3611493*	2141	140	90	50
RA 05037		RA	ED		1	2	17	19S	26E	556091	3614436*	2174	475	132	343
RA 09317		RA	ED	4	3	3	22	19S	26E	558629	3611489*	2189	175	70	105
RA 09050		RA	ED	1	1	2	20	19S	26E	556001	3612916*	2217	160	105	55
RA 01149		RA	ED	1	3	1	23	19S	26E	560043	3612494*	2238	702	80	622
RA 01958		RA	ED	1	3	1	23	19S	26E	560043	3612494*	2238	920		
RA 02249		RA	ED	1	3	1	23	19S	26E	560043	3612494*	2238	920	72	848
RA 02249 CLW316634	O	RA	ED	1	3	1	23	19S	26E	560043	3612494*	2238	1090		
RA 01728		RA	ED	2	1	1	14	19S	26E	560223	3614525*	2305	70		
RA 07148		RA	ED	2	2	2	28	19S	26E	558224	3611292*	2326	160	115	45

1 mile = 1610 m

RA 03080		RA	ED	3	2	1	14	19S	26E	560428	3614328*	2429	175		
RA 12679 POD1		RA	ED	2	2	1	27	19S	26E	559066	3611338	2471	160	80	80
RA 03564		RA	ED		1	1	10	19S	26E	558491	3616060*	2475	200	70	130
RA 08858		RA	ED	1	2	1	28	19S	26E	557216	3611294*	2485	197	80	117
RA 01343 -S	O	RA	CH		2	1	14	19S	26E	560529	3614429*	2557	108	67	41
RA 01215 CLW		RA	ED	2	1	1	10	19S	26E	558590	3616159*	2589	880	50	830
RA 01215 CLWPU		RA	ED	2	1	1	10	19S	26E	558590	3616159*	2589	1000		
RA 03118		RA	ED	2	1	1	10	19S	26E	558590	3616159*	2589	195		
RA 01343 -CLW-2	O	RA	CH				14	19S	26E	560742	3613801*	2643	190		
RA 01343 CLW-2	O	RA	CH				14	19S	26E	560742	3613801*	2643	190		
RA 06813		RA	CH		1	1	09	19S	26E	556883	3616056*	2729	171	97	74
RA 01312		RA	ED	1	3	4	14	19S	26E	560847	3613309*	2759	109		
RA 09549		RA	ED	1	1	2	10	19S	26E	559195	3616159*	2767	189	90	99
RA 04141		RA	ED	1	3	2	14	19S	26E	560838	3614124*	2779	200		
RA 07667		RA	ED	1	3	2	14	19S	26E	560838	3614124*	2779	150	95	55
RA 03176		RA	ED	1	2	2	27	19S	26E	559642	3611290*	2787	1000		
RA 09451		RA	ED	1	3	4	20	19S	26E	556006	3611701*	2840	200		
RA 03333		RA	ED		3	2	14	19S	26E	560939	3614025*	2863	115		
RA 09838		RA	ED		4	1	27	19S	26E	558934	3610792*	2942	150		
RA 04799		RA	ED	4	3	1	27	19S	26E	558628	3610692*	2969	106	52	54
RA 04421		RA	ED	3	4	1	27	19S	26E	558833	3610691*	3013	150	49	101
RA 12238 POD1		RA	ED	2	4	4	04	19S	26E	558180	3616638	3024	171	103	68
RA 11482 POD1		RA	ED	4	4	1	27	19S	26E	559121	3610765	3025	159	138	21
RA 03810		RA	ED	2	1	3	27	19S	26E	558628	3610493*	3165	128	45	83
RA 04581		RA	ED				27	19S	26E	559132	3610598*	3187	70	20	50
RA 10262		RA	ED	2	2	2	19	19S	26E	554994	3612917*	3188	200	85	115
RA 01343 -S3	O	RA	ED	3	2	2	14	19S	26E	561239	3614334*	3215	214	50	164

Average Depth to Water: **78 feet**

Minimum Depth: **20 feet**

Maximum Depth: **138 feet**

Record Count: 57

UTMNAD83 Radius Search (in meters):

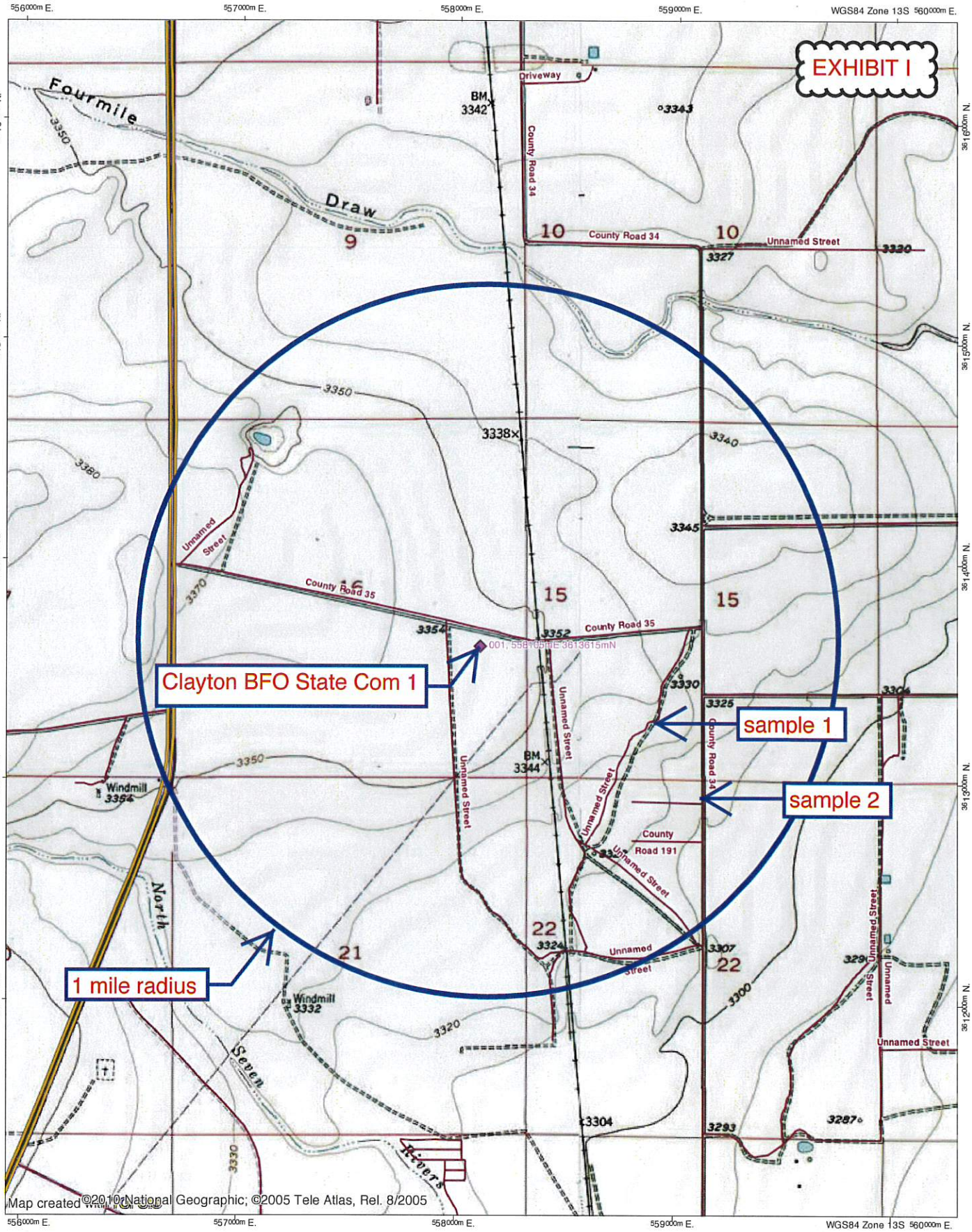
Easting (X): 558105 **Northing (Y):** 3613615 **Radius:** 3220

EXHIBIT H

***UTM location was derived from PLSS - see Help**

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.

TOPO! map printed on 05/06/23 from "Untitled.tpo"



NATIONAL GEOGRAPHIC

0.0 0.1 0.2 0.3 0.4 0.5 0.6 0.7 0.8 miles

0.0 0.5 1.0 km

TN MN 6.5° 05/06/23

EXHIBIT I

HALL ENVIRONMENTAL ANALYSIS LABORATORY

Hall Environmental Analysis Laboratory
4901 Hawkins NE
Albuquerque, NM 87109
TEL: 505-345-3975 FAX: 505-345-4107
Website: www.hallenvironmental.com

Case Narrative

WO#: **2306024**

Date: **6/12/2023**

CLIENT: Permits West
Project: Silver Clay

Analytical Notes Regarding EPA Method 1664:
A LCS and LCSD were performed. A matrix spike was not performed.

Hall Environmental Analysis Laboratory, Inc.

EXHIBIT I

Analytical Report
Lab Order **2306024**
Date Reported: **6/12/2023**

CLIENT: Permits West
Project: Silver Clay
Lab ID: 2306024-001 **Matrix:** AQUEOUS

Client Sample ID: #1
Collection Date: 5/31/2023 2:15:00 PM
Received Date: 6/1/2023 9:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed	Batch
EPA METHOD 1664B						Analyst:	**SMS**
N-Hexane Extractable Material	ND	9.45		mg/L	1	6/8/2023 7:19:00 PM	75375
EPA METHOD 300.0: ANIONS						Analyst:	**NAI**
Chloride	22	2.5		mg/L	5	6/1/2023 9:30:06 PM	A97170
SM2540C MOD: TOTAL DISSOLVED SOLIDS						Analyst:	**KS**
Total Dissolved Solids	1580	100	*D	mg/L	1	6/6/2023 2:46:00 PM	75349

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Above Quantitation Range/Estimated Value
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
PQL	Practical Quanitative Limit	RL	Reporting Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.		

EXHIBIT I

Hall Environmental Analysis Laboratory, Inc.

Analytical Report
Lab Order **2306024**
Date Reported: **6/12/2023**

CLIENT: Permits West
Project: Silver Clay
Lab ID: 2306024-002 **Matrix:** AQUEOUS

Client Sample ID: #2
Collection Date: 5/31/2023 2:30:00 PM
Received Date: 6/1/2023 9:40:00 AM

Analyses	Result	RL	Qual	Units	DF	Date Analyzed	Batch
EPA METHOD 1664B						Analyst:	**SMS**
N-Hexane Extractable Material	ND	11.9		mg/L	1	6/8/2023 7:19:00 PM	75375
EPA METHOD 300.0: ANIONS						Analyst:	**NAI**
Chloride	23	10		mg/L	20	6/1/2023 10:34:22 PM	A97170
SM2540C MOD: TOTAL DISSOLVED SOLIDS						Analyst:	**KS**
Total Dissolved Solids	1540	100	*D	mg/L	1	6/6/2023 2:46:00 PM	75349

Refer to the QC Summary report and sample login checklist for flagged QC data and preservation information.

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Above Quantitation Range/Estimated Value
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
PQL	Practical Quanitative Limit	RL	Reporting Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.		

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

EXHIBIT I

WO#: 2306024

12-Jun-23

Client: Permits West

Project: Silver Clay

Sample ID: **MB-75375** SampType: **MBLK** TestCode: **EPA Method 1664B**

Client ID: **PBW** Batch ID: **75375** RunNo: **97302**

Prep Date: **6/6/2023** Analysis Date: **6/8/2023** SeqNo: **3534607** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	ND	10.0								

Sample ID: **LCS-75375** SampType: **LCS** TestCode: **EPA Method 1664B**

Client ID: **LCSW** Batch ID: **75375** RunNo: **97302**

Prep Date: **6/6/2023** Analysis Date: **6/8/2023** SeqNo: **3534608** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	72.4	10.0	80.00	0	90.5	78	114			

Sample ID: **LCSD-75375** SampType: **LCSD** TestCode: **EPA Method 1664B**

Client ID: **LCSS02** Batch ID: **75375** RunNo: **97302**

Prep Date: **6/6/2023** Analysis Date: **6/8/2023** SeqNo: **3534609** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
N-Hexane Extractable Material	67.2	10.0	80.00	0	84.0	78	114	7.45	20	

Qualifiers:

*	Value exceeds Maximum Contaminant Level.
D	Sample Diluted Due to Matrix
H	Holding times for preparation or analysis exceeded
ND	Not Detected at the Reporting Limit
PQL	Practical Quanitative Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.
B	Analyte detected in the associated Method Blank
E	Above Quantitation Range/Estimated Value
J	Analyte detected below quantitation limits
P	Sample pH Not In Range
RL	Reporting Limit

QC SUMMARY REPORT
Hall Environmental Analysis Laboratory, Inc.

EXHIBIT I

WO#: **2306024**
12-Jun-23

Client: Permits West
Project: Silver Clay

Sample ID: **MB** SampType: **mblk** TestCode: **EPA Method 300.0: Anions**
Client ID: **PBW** Batch ID: **A97170** RunNo: **97170**
Prep Date: Analysis Date: **6/1/2023** SeqNo: **3528961** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride	ND	0.50								

Sample ID: **LCS** SampType: **lcs** TestCode: **EPA Method 300.0: Anions**
Client ID: **LCSW** Batch ID: **A97170** RunNo: **97170**
Prep Date: Analysis Date: **6/1/2023** SeqNo: **3528962** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Chloride	4.6	0.50	5.000	0	91.2	90	110			

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Above Quantitation Range/Estimated Value
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
PQL	Practical Quanitative Limit	RL	Reporting Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.		

QC SUMMARY REPORT

Hall Environmental Analysis Laboratory, Inc.

EXHIBIT I

WO#: 2306024

12-Jun-23

Client: Permits West

Project: Silver Clay

Sample ID: **MB-75349** SampType: **MBLK** TestCode: **SM2540C MOD: Total Dissolved Solids**

Client ID: **PBW** Batch ID: **75349** RunNo: **97232**

Prep Date: **6/5/2023** Analysis Date: **6/6/2023** SeqNo: **3531386** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Total Dissolved Solids	ND	50.0								

Sample ID: **LCS-75349** SampType: **LCS** TestCode: **SM2540C MOD: Total Dissolved Solids**

Client ID: **LCSW** Batch ID: **75349** RunNo: **97232**

Prep Date: **6/5/2023** Analysis Date: **6/6/2023** SeqNo: **3531387** Units: **mg/L**

Analyte	Result	PQL	SPK value	SPK Ref Val	%REC	LowLimit	HighLimit	%RPD	RPDLimit	Qual
Total Dissolved Solids	1010	50.0	1000	0	101	80	120			

Qualifiers:

*	Value exceeds Maximum Contaminant Level.	B	Analyte detected in the associated Method Blank
D	Sample Diluted Due to Matrix	E	Above Quantitation Range/Estimated Value
H	Holding times for preparation or analysis exceeded	J	Analyte detected below quantitation limits
ND	Not Detected at the Reporting Limit	P	Sample pH Not In Range
PQL	Practical Quanitative Limit	RL	Reporting Limit
S	% Recovery outside of standard limits. If undiluted results may be estimated.		

EXHIBIT J

PERMITS WEST
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87508 505-466-8120

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

Re: Geology Statement
Silverback Operating II, LLC
Clayton BFO State Com #1
Section 16, T. 19S, R. 26E
Eddy County, New Mexico

To whom it may concern:

Publicly available geologic and engineering data related to the proposed well have been thoroughly reviewed, and no evidence for open faults or any other hydrologic connection between the proposed Canyon formation disposal zone and any underground sources of drinking water has been found. Please see the attached seismic risk assessment for additional information.

Sincerely,

Cory Walk

Cory Walk
Geologist

EXHIBIT J

Seismic Risk Assessment

Silverback Operating II, LLC

Clayton BFO State Com #1

Section 16, Township 19 South, Range 26 East

Eddy County, New Mexico

Cory Walk, M.S.

Cory Walk

Geologist

Permits West Inc.

June 30, 2023

EXHIBIT J

GENERAL INFORMATION

Clayton BFO State Com #1 is located in the SE ¼, section 16, T19S, R26E, about 12 miles south of Artesia, NM in the Delaware Basin of the greater Permian Basin. Silverback Operating II, LLC proposes to dispose produced water within the Canyon Formation through perforations from 7,858'-8,220' below ground surface. The Canyon formation is primarily a dolomitic limestone. This report assesses any potential concerns relating to induced seismicity along deep penetrating Precambrian faults or the connection between the injection zone and known underground potable water sources.

SEISMIC RISK ASSESSMENT

Historical Seismicity

Searching the USGS earthquake catalog resulted in one (1) earthquake above a magnitude 2.5 within 6 miles (9.7 km) of the proposed injection site since 1970 (Fig 1). According to this dataset, the nearest historical earthquake occurred May 15, 2022 about 5.0 miles (~8 km) northwest and had a magnitude of 3.2.

Basement Faults and Subsurface Conditions

A structure contour map (Fig. 1) of the Precambrian basement shows the Clayton BFO State Com #1 is approximately 17.0 miles from the nearest basement-penetrating fault inferred by Ewing et al (1990) and about 25.8 miles from the nearest surface fault.

Snee and Zoback (2018) state, "In the western part of Eddy County, New Mexico, S_{Hmax} is ~north–south (consistent with the state of stress in the Rio Grande Rift; Zoback and Zoback, 1980) but rotates to ~east-northeast–west-southwest in southern Lea County, New Mexico, and the northernmost parts of Culberson and Reeves counties, Texas." Around the Clayton BFO State Com #1 site, Snee and Zoback indicate a **S_{Hmax} direction of N010°E and an A_φ of 0.57, indicating a normal faulting stress regime**.

Induced seismicity is a growing concern of deep injection wells. Snee and Zoback (2018) show that the nearest Precambrian fault has a fault slip potential of 20-30% (Fig. 2). However, the proposed injection zone is shallower in the Canyon Formation and therefore would be unlikely to affect the deep Precambrian faults. The vertical (approx. 3500') and horizontal (17.0 miles) separation between the proposed SWD injection zone and any deep Precambrian faults is large enough to infer that induced seismicity as a result from this injection well is unlikely.

GROUNDWATER SOURCES

There are two principal aquifers (Permian Aquifer System & Pecos Valley Alluvial Aquifer) used for potable ground water near the Clayton BFO State Com #1 location (Cikoski et. al., 2020). The Permian Aquifer System includes the San Andres and Yeso formations. Cikoski et al (2020) show the base of the Permian Aquifer System to be approximately 2500' above sea level based on water quality data shown in their report (Fig. 3). Around the Clayton BFO State Com #1 well, this elevation would be at a depth of approximately 850' TVD. This depth is the interpreted base of potable water in this area.

EXHIBIT J

STRATIGRAPHY

Several thick permeability barriers (primarily dolomite, shale and anhydrite) exist above the targeted Canyon injection zone. Well data indicates ~7,000 ft of rock separating the top of the injection zone from the previously stated lower limit of potable water at the base of the Permian Aquifer System.

CONCLUDING STATEMENT

All available geologic and engineering data evaluated around the Clayton BFO State Com #1 well show no potential structural or stratigraphic connection between the Canyon injection zone and any subsurface potable water sources.

Silverback Operating II, LLC
Clayton BFO State Com #1

SEISMIC RISK ASSESSMENT PAGE 3

EXHIBIT J

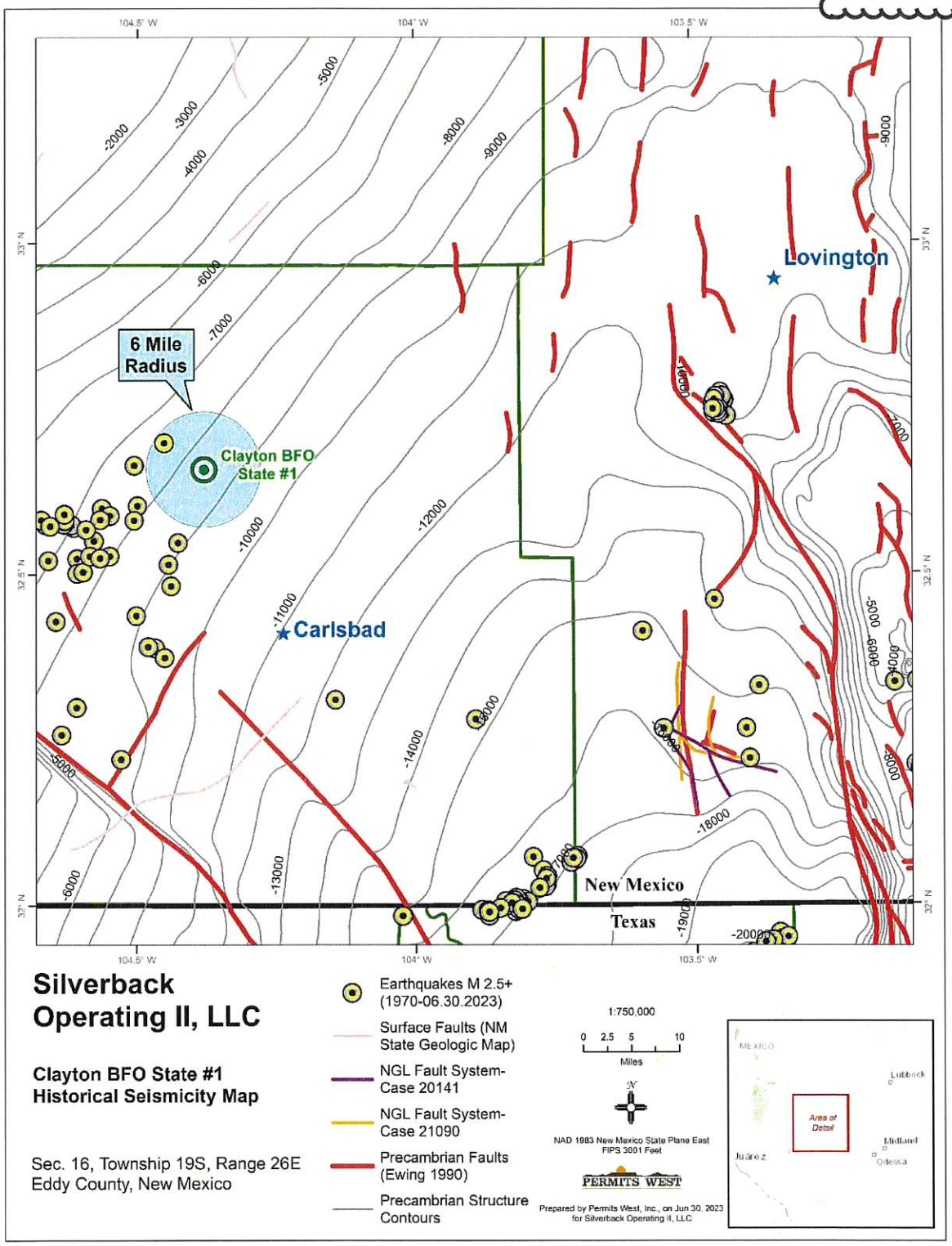


Figure 1. Structural contour map of the Precambrian basement in feet below sea level. Red lines represent the locations of Precambrian basement-penetrating faults (Ewing et al., 1990). The Clayton BFO State Com #1 well lies ~17.0 miles north of the closest deeply penetrating fault, ~25.8 miles from the nearest surface fault and ~5.0 miles from the closest historic earthquake.

PERMITS WEST

Silverback Operating II, LLC
Clayton BFO State Com #1

SEISMIC RISK ASSESSMENT PAGE 4

EXHIBIT J

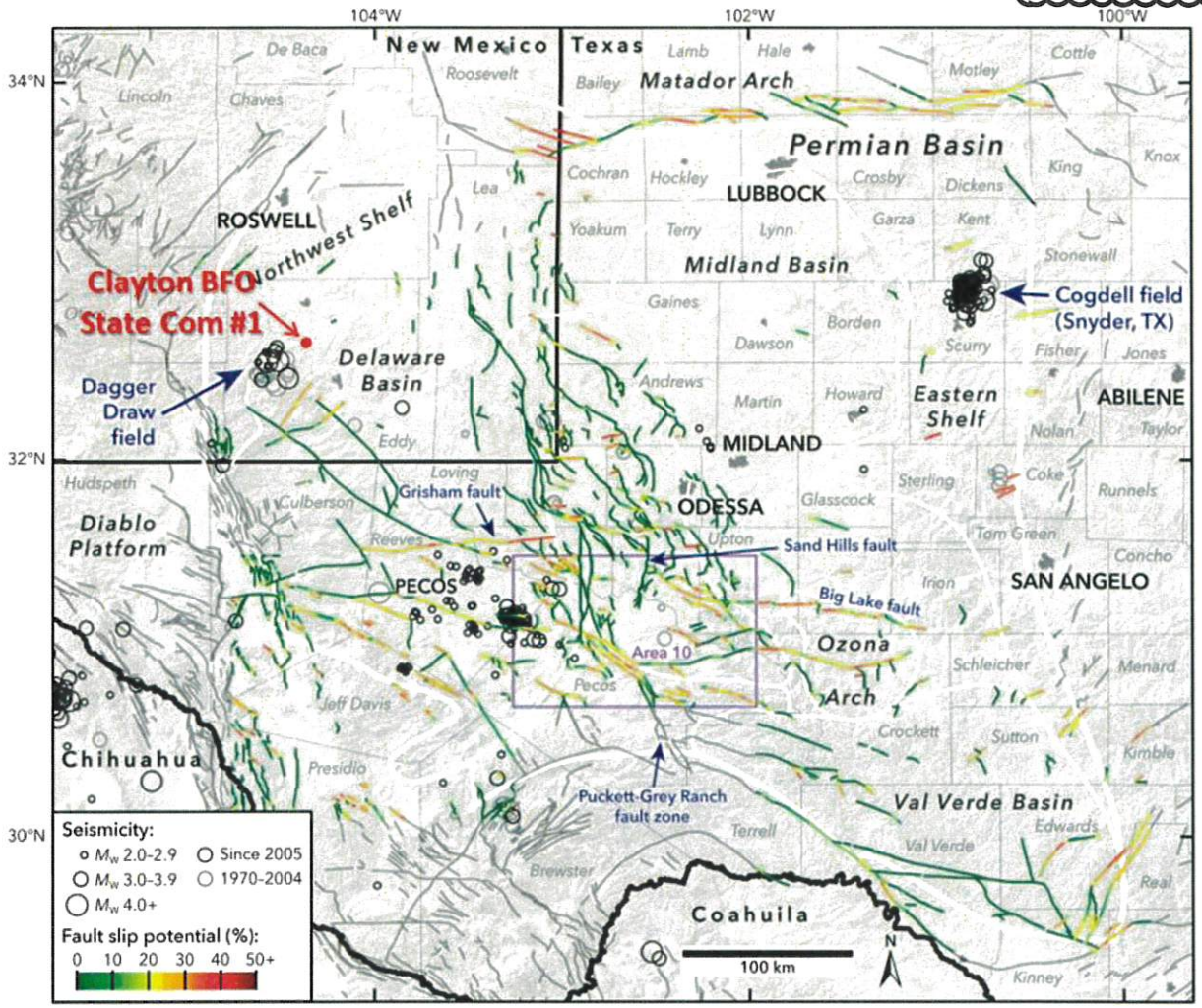


Figure 2. Modified from Snee and Zoback (2018). The nearest deep Precambrian fault lies ~17.0 miles south of the proposed SWD well. Also, the proposed injection zone is shallower in the Canyon and therefore reduces the possibility of inducing seismicity on any known fault.

PERMITS WEST

EXHIBIT J

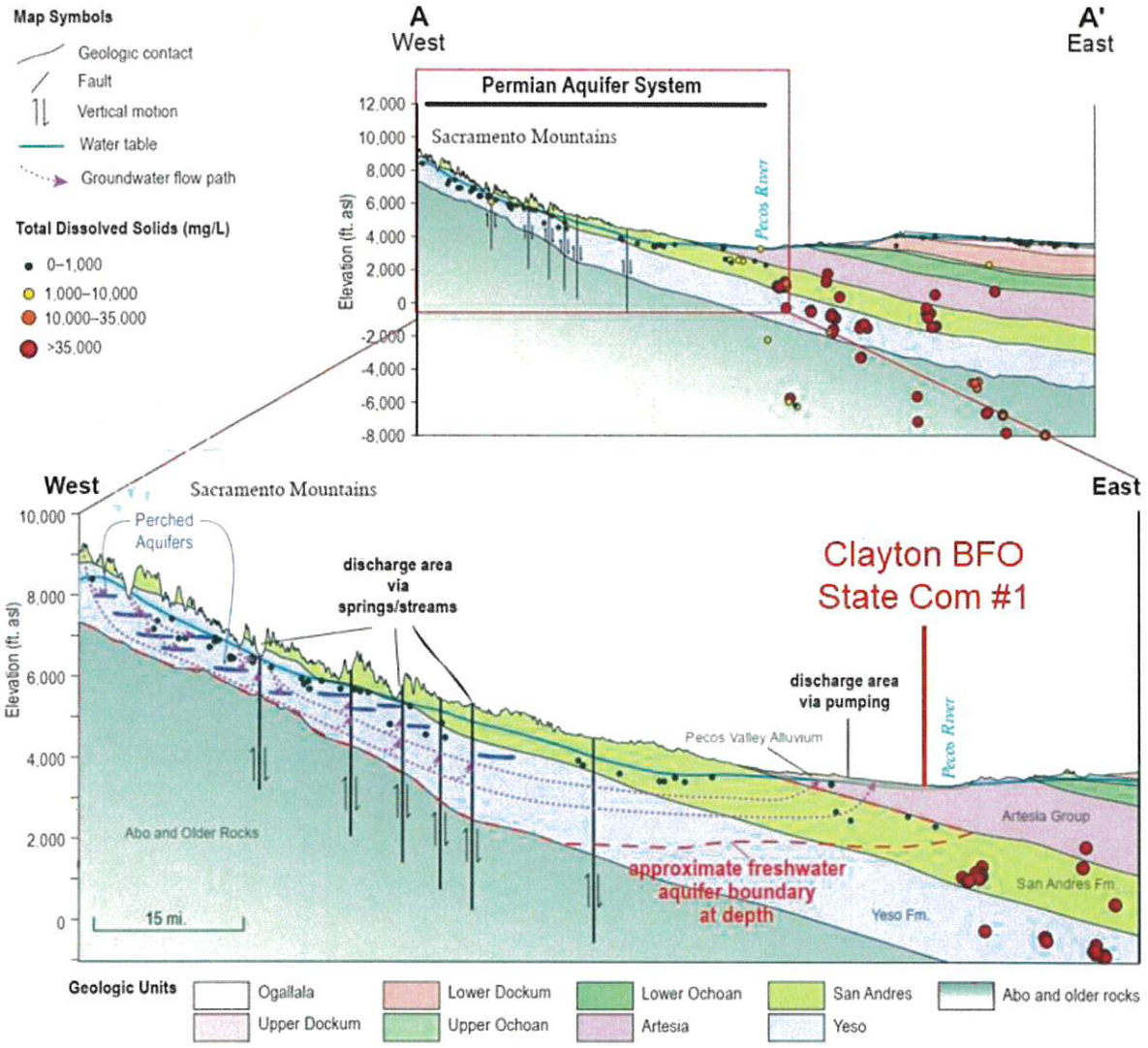


Figure 3. Modified from Cikoski et al. (2020). The base of the Permian Aquifer System is estimated by Cikoski et al. based on TDS levels down stratigraphic dip. This shows the approximate freshwater aquifer boundary depth at the Clayton BFO State Com #1 is at approximately 2500' above sea level.

PERMITS WEST

EXHIBIT J

References Cited

Cikoski, C., Fichera, M., Mamer, E., Sturgis, L., 2020, A Three-Dimensional Hydrogeologic Model from the Pecos Slop to the Southern High Plains, Southeastern New Mexico: New Mexico Bureau of Geology and Mineral Resources, Open-File Report 614, 145 pp., 29 plates.

Ewing, T. E., 1990, The tectonic map of Texas: Austin, Bureau of Economic Geology, The University of Texas at Austin.

Geologic Map of New Mexico, New Mexico Bureau of Geology and Mineral Resources, 2003, Scale 1:500,000.

Snee, J.-E.L., Zoback, M.D., 2018, State of stress in the Permian Basin, Texas and New Mexico: Implications for induced seismicity: Leading Edge, v. 37, p. 127–134.

Zoback, M. L., and M. D. Zoback, 1980, State of stress in the conterminous United States: Journal of Geophysical Research, 85, no. B11, 6113–6156, https://doi.org/10.1029/JB085iB11p06113.

SILVERBACK OPERATING II, LLC
CLAYTON BFO STATE COM 1
30-015-33733
1980' FSL & 660' FEL
SEC. 16, T. 19 S., R. 26 E., EDDY COUNTY, NM

I. Goal is to convert an existing 9900' deep low producing (16 Mcfd in January - April 2023) Atoka and Morrow gas well into a saltwater disposal well. Disposal will be in the Canyon formation (SWD; Canyon (96184)) at a depth of 7858' to 8220'. See Exhibit A for map, C-102 forms, and economic analysis. The well is on NM State Land Office (NMSLO) surface and NMSLO minerals.

II. Operator: Silverback Operating II, LLC [OGRID 330968]
Operator phone number: (210) 585-3316
Operator address: IH 10 West, Suite 201, San Antonio, TX 78257
Contact for Application: Brian Wood (Permits West, Inc.)
Phone: (505) 466-8120

III. A. (1) Lease: NMSLO VA-2098-0002
Lease Size: 400.00 acres
Lease Area: NENE, S2NE4, SENW, N2S2, SESW, & SESE 16-19s-26e
Well name and number: Clayton BFO State Com 1
Location: 1980' FSL & 660' FEL Section 16, T. 19 S., R. 26 E.

A. (2) Well was drilled in 2005. Surface casing (13.375", 48#) is set at 900' in a 17.5" hole and cemented to surface with ≥1,160 sacks. Cement circulated after a top job was performed.

Production casing (5.5", 15.5# & 17#) is set at 9900' in an 8.75" hole and cemented to surface with 1,925 sacks. Cement circulated.

A. (3) Tubing will be internally plastic coated, EUE 8rd, 2.875", 6.5#, J-55 or L-80 set at ≈7808'. (Disposal interval will be 7858' – 8220'.)

A. (4) A nickel-plated or stainless-steel injection packer will be set at ≈7808', or at least within 100' of the highest perforation. (Disposal interval will be 7858' – 8220'.)

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS

B. (1) Disposal zone will be the Canyon (SWD; Canyon (96184)).

B. (2) Disposal interval will be via perforations from 7858' to 8220'.

B. (3) Well was originally drilled and completed in 2005 as a Morrow gas well. It was subsequently completed in 2007 as an Atoka gas well. The Morrow and Atoka are downhole commingled. They will be isolated with a CIBP set at ≈8300' topped with 35' of cement (TOC = 8265').

B. (4) Atoka perforations are 9142' - 9292'. Morrow perforations are 9694' - 9702'.

B. (5) Currently, no producing zones are above the Canyon and in the area of review. Potential producing zones above the Canyon are the San Andres (1238'), Glorieta (2905'), Yeso (3005'), Bone Spring (6558'), and Wolfcamp (6932'). Atoka (9071') and Morrow (9455') are producing zones below the Canyon and in the area of review.

IV. This is not an expansion of an existing injection project. It is disposal only.

V. Exhibit B shows and tabulates the 3 existing wells (all P&A) within a 1-mile radius. One of the wells penetrated the Canyon.

Exhibit C shows all 127 existing wells (43 producers + 24 P&A + 3 SWD + 57 water) within a 2-mile radius. The SWD wells are Cisco or Canyon and are 1.00 mile west, 1.43 mile north-northwest, and 1.93 mile northwest.

All leases within a half-mile radius are fee or NMSLO. Exhibit D shows and tabulates all leases within a half-mile radius. Two-mile radius leases (Exhibit E) are fee or NMSLO.

VI. One Canyon penetrator is within a mile. Its well construction details and P&A diagrams are in Exhibit F.

VII.
1. Average injection rate will be ≈5,000 bwpd. Maximum injection rate will be 7,500 bwpd.
2. System will be open and closed. Water will both be trucked and piped.
3. Average injection pressure will be ≈1,000 psi.
   Maximum injection pressure will be 1571 psi (= 0.2 psi/foot x 7858' (highest perforation)).
4. Disposal water will be produced water from the Dayton and Dagger Draw Fields. An analysis of such disposal water is in Exhibit G. The "Artesia Santa Fe SWD 1" referenced in Exhibit G is Silverback's Santa Fe Land SWD 1 (30-015-20501). It is 1 mile west in I-17-19s-26e. At least 7,474,576 barrels have been disposed to date. No compatibility problems have been reported.
5. Closest Canyon (Upper Penn) producer is Silverback's Hooper AMP Com 4 (30-015-28374). It is 1.11 miles southwest in A-20-19s-26e. The Canyon was tested in 30-015-23593 (2531' east) and found to be dry.

VIII. The Canyon (491' thick) is a dolomitic limestone. Formation tops are:

Quaternary = 0'
San Andres = 1237'
Glorieta = 2924'
Upper Yeso = 3050'
Bone Spring = 3475'
Second Bone Spring = 3940'
Third Bone Spring = 6563'
Wolfcamp = 6926'
Canyon (aka, Upper Penn) = 7839'
disposal interval = 7858' - 8220'
proposed CIBP + 35' cement = 8265'
Strawn = 8734'
Atoka = 9071'
Morrow = 9435'
Chester = 9775'
TD = 9900'

Closest possible underground source of drinking water above the proposed disposal interval is the Quaternary. Water was reported at 354', 610', 727', 788', 832', and 870' in 30-105-21872, 10177' south of the Clayton BFO State Com 1. Quaternary base is 1237' (top of the San Andres). Deepest water well within a 2-mile radius is 1192'. The Capitan Reef is 9 miles southeast.

According to State Engineer records (Exhibit G), closest water well is 0.56-mile east. Twelve existing water wells are within 1-mile, deepest of which is 1192'. There will be 6602' of vertical separation, including confining shales, between the bottom of the Quaternary and the top of the Canyon.

No underground source of drinking water is below the proposed disposal interval.

IX. Well will be cleaned and stimulated with acid as needed. Based on Silverback's experience with nearby wells, treatment will be 50-100 gallons of 15% HCl per foot of perforation.

X. CNL, high resolution laterolog array, and cement bond logs are on file with the NMOCD.

XI. According to State Engineer records (Exhibit H), twelve existing water wells are within a 1-mile radius. Two water wells (RA 04425 and RA 12206 POD1) within a mile were sampled May 31, 2022. Analyses are in Exhibit I.

XII. Silverback Operating II, LLC (Exhibit J) is not aware of any geologic or engineering data that may indicate the Canyon is in hydrologic connection with any underground sources of water. Deepest water well within a 2-mile radius is 1192'. There are 11 active Canyon SWD wells and 13 active Cisco-Canyon SWD wells in New Mexico.

XIII. Legal ad (Exhibit K) was published on May 11, 2023. Notice (Exhibit L) and this application has been sent to the surface owner (NMSLO), all well operators regardless of depth, government lessors (only NMSLO), lessees, operating right holders, working interests, and mineral interest owners within a mile.

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

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

CONDITIONS

Action 263487

CONDITIONS

Operator: Silverback Operating II, LLC 19707 IH10 West, Suite 201 San Antonio, TX 78256	OGRID: 330968
	Action Number: 263487
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
mgebremichael	None	9/9/2023