

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

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

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Silverback Operating II, LLC (“Applicant”) (OGRID No. 330968), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico (“Division”) for an order (1) creating a 320-acre, more or less, standard horizontal well spacing unit comprised of the S2 Section 16, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico (“Unit”), and (2) pooling all uncommitted interest within the Atoka Glorieta Yeso Formation, designated as an oil pool (Pool Code 3250), underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following wells, referred to collectively as the Wells:
 - a. **Netherlin State Com 102H**, API No. 30-015-50082, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1626 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the SW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1132 feet FSL, and approximately 100 feet FWL;
 - b. **Netherlin State Com 103H**, API No. 30-015-50083, which is an oil well that will be horizontally drilled from a surface hole location in Lot I, located in the NE4 SE4 of Section 16, Township 18 South, Range 26 East, being approximately 1646 feet FSL, and approximately 283 feet FEL, to a bottom hole location in the NW4 SW4 of Section 16, Township 18 South, Range 26 East, being approximately 1523 feet FSL, and approximately 100 feet FWL;

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

WHEREFORE, Applicant requests this Application be set for hearing December 1, 2022, and that after notice and hearing, the Division enter an order

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

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