

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

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

**CASE NO. 23194**

**NOTICE OF FILING SUPPLEMENTAL EXHIBITS**

Silverback Operating II, LLC (“Applicant”) (OGRID No. 330968), through its undersigned attorney, hereby submits for filing the following supplemental exhibits:

Revised Compulsory Pooling Checklist removing errant reference to a depth severance and adding Matthew Beck as counsel for Jalapeno and Yates.

Supplemental Exhibit A-5b, that removes Jalapeno Corporation and Yates Energy Corporation from the list of pooled parties.

Supplemental Exhibit A-5c, which is the updated respondent address list removing Jalapeno and Yates from the list of pooled parties.

Supplemental Exhibit C-1a, which is the Notice letter sent out to all interest owners via certified mail, return receipt requested.

Supplemental Exhibit C-1b which is the certified green card signed for by Russell Sanford Gates on 11/15/22. As of the time of submitting the Exhibits, it had not been returned to the undersigned, and in fact was not received until 11/30/22.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday

Benjamin B. Holliday

4040 Broadway, Suite 350

San Antonio, Texas 78209

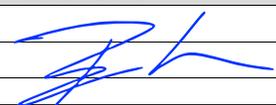
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[ben-svc@theenergylawgroup.com](mailto:ben-svc@theenergylawgroup.com)

*Counsel for Silverback Operating II, LLC*

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

Well #3	Netherlin State Com #103H (API No.: 30-015-50083) SHL: 1,646' FSL & 283' FEL of Section 16-T18S-R26E BHL: 1,523' FSL & 100' FWL of Section 16-T18S-R26E Target: Yeso Orientation: horizontal Completion status: standard TMD: 7,735'; TVD: 3,022'; LL: 5,000'
Horizontal Well First and Last Take Points	Exhibit 4
Completion Target (Formation, TVD and MD)	See above information. See also Exhibit B2-B5.
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000.00
Production Supervision/Month \$	\$800.00
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit A-2
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-1
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-2
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-5a
Tract List (including lease numbers and owners)	Exhibit A-5b
Pooled Parties (including ownership type)	Exhibit A-5b
Unlocatable Parties to be Pooled	No
Ownership Depth Severance (including percentage above & below)	Yes; see line #26 above. No depth severance in targeted formation.
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-8
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-5b
Chronology of Contact with Non-Joined Working Interests	Exhibit A-9
Overhead Rates In Proposal Letter	Exhibit A-8
Cost Estimate to Drill and Complete	Exhibit A-8
Cost Estimate to Equip Well	Exhibit A-8
Cost Estimate for Production Facilities	Exhibit A-8
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-5
Well Orientation (with rationale)	Exhibit B and B-2
Target Formation	Exhibit B - Yeso
HSU Cross Section	Exhibit B-4
Depth Severance Discussion	N/a
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-4
Tracts	Exhibit A-5a, A-5b
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-5b
General Location Map (including basin)	Exhibit A-3
Well Bore Location Map	Exhibit B-2
Structure Contour Map - Subsea Depth	Exhibit B-3
Cross Section Location Map (including wells)	Exhibit B-4
Cross Section (including Landing Zone)	Exhibit B-4, B-5
<b>Additional Information</b>	
Special Provisions/Stipulations	
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Benjamin B. Holliday
Signed Name (Attorney or Party Representative):	
Date:	12/16/22

## EXHIBIT A-5b

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

**PROPOSED HSU TRACT PARTICIPATION FACTORS**

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

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

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

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

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

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

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

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

## EXHIBIT A-5c

Case No. 23194  
Silverback Operating II, LLC – Applicant  
Compulsory Pooling Respondent List

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



**HOLLIDAY ENERGY LAW GROUP**

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November 9, 2022

*VIA U.S. CERTIFIED MAIL, RETURN RECEIPT REQUESTED*

TO: ALL INTEREST OWNERS ON ATTACHED LIST

RE: Case No. 23194 – Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, NM – Netherlin State Com 102H and 103H Wells

Dear Interest Owner:

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

**Case No. 23194. Application of Silverback Operating II, LLC for Compulsory Pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Atoka Glorieta Yeso formation, designated as an oil pool (Pool Code 3250) into a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the S2 Section 16, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The HSU is to be dedicated to the following wells:

1. **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;
2. **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;
  - a.

The first and last takepoints for the Wells meet the setback requirements set forth in the statewide rules for horizontal oil wells. The completed laterals for the 102H and 103H will comply with the standard setbacks. Also to be considered will be the cost of drilling and completing the wells and the allocation of costs, the designation of Silverback as operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells.

The attached Application has been set for a hearing on December 1, 2022 before a Division Examiner at the New Mexico Oil Conservation Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on December 1, 2022 beginning at 8:15am. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: <https://www.emnrd.nm.gov/ocd/hearing-info/>. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to present testimony or evidence at the hearing, you must enter your appearance by November 23, 2022, and serve the Division, counsel for Applicant, and other parties with a pre-hearing statement by November 24, 2022, in accordance with Division Rule 19.15.4.13.

Please feel free to contact me if you have any questions about these Applications.

Regards,

**Benjamin Holliday**

**Holliday ENERGY Law Group**

4040 Broadway, Suite 350

San Antonio, Texas 78209

**O:** 210.469.3187 **M:** 210.219.9126

**E:** ben@theenergylawgroup.com

**W:** theENERGYlawgroup.com



**ATTACHED OWNER LIST**

**WORKING INTEREST OWNERS**

Susan M. Shope, Peter N. Maxwell, Jonathan V. Maxwell and David L. Maxwell Gates Properties, LTD	34 Fairview St., Asherville, NC 28803  PO Box 81119, Midland, TX 79708-1119
John W. Gates, LLC	706 West Grand Avenue, Artesia, NM 88210
Sharbro Energy, LLC	PO Box 840, Artesia, NM 88211-0840
Nancy Helen Castillo	1108 Dahlia Ct., Calexico, CA 92231
Kenneth William Irish	43 Overhill Rd., Orinda, CA 94563
Robert Morley Irish	15155 Modres Valley, Yamhill OR, 97148
Russell Sanford Gates	23 Stafford Square, Boyertown, PA 15601
William Allen Gates	208 Wren Drive, Greensburg, PA 15601
Yates Energy Corporation	PO Box 2323, Roswell NM 88202-2323
Explores Petroleum Corporation	PO Box 1933, Roswell, NM 88202-1933
Spiral, Inc.	PO Box 1933, Roswell, NM 88202
PrimeEnergy Corporation	9821 Katy Freeway, Suite 1050, Houston, TX 77024
Jalapeno Corporation	PO Box 1608, Albuquerque, NM 87103-1608
MRC Delaware Resources, LLC	5400 Lyndon B Johnson Fwy, Ste 1500 One Lincoln Centre Dallas, TX 75240-1017

EXHIBIT C-1b

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY																	
<ul style="list-style-type: none"> <li>■ Complete items 1, 2, and 3.</li> <li>■ Print your name and address on the reverse so that we can return the card to you.</li> <li>■ Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>	<p>A. Signature <span style="float: right;"><input type="checkbox"/> Agent <input type="checkbox"/> Addressee</span></p> <p><b>X</b></p>																	
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; text-align: center;"> <p>Russell Sanford Gates 23 Stafford Square Boyertown, PA 15601</p> </div>	<p>B. Received by (Printed Name)</p> <p style="text-align: center;"><i>Gates</i></p>	<p>C. Date of Delivery</p> <p style="text-align: center;"><i>11/15</i></p>																
<div style="text-align: center;">  <p>9590 9402 7314 2028 0502 31</p> </div>	<p>D. Is delivery address different from Item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>																	
<p>Transfer from service label: 7022 2410 0000 4481 6818</p>																		
<p>3. Service Type</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> Adult Signature</td> <td><input type="checkbox"/> Priority Mail Express®</td> </tr> <tr> <td><input type="checkbox"/> Adult Signature Restricted Delivery</td> <td><input type="checkbox"/> Registered Mail™</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail®</td> <td><input type="checkbox"/> Registered Mail Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Certified Mail Restricted Delivery</td> <td><input type="checkbox"/> Signature Confirmation™</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery</td> <td><input type="checkbox"/> Signature Confirmation Restricted Delivery</td> </tr> <tr> <td><input type="checkbox"/> Collect on Delivery Restricted Delivery</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Registered Mail</td> <td></td> </tr> <tr> <td><input type="checkbox"/> Registered Mail Restricted Delivery (over \$500)</td> <td></td> </tr> </table>			<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®	<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™	<input type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery	<input type="checkbox"/> Certified Mail Restricted Delivery	<input type="checkbox"/> Signature Confirmation™	<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation Restricted Delivery	<input type="checkbox"/> Collect on Delivery Restricted Delivery		<input type="checkbox"/> Registered Mail		<input type="checkbox"/> Registered Mail Restricted Delivery (over \$500)	
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<input type="checkbox"/> Registered Mail Restricted Delivery (over \$500)																		
<p>PS Form 3811, July 2020 PSN 7530-02-000-9053</p>		<p>Domestic Return Receipt</p>																