

**BEFORE THE OIL CONSERVATION DIVISION  
EXAMINER HEARING JANUARY 4, 2024**

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23316 AND AMEND  
ORDER NO. R-22671 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 24083:**

**Krauss 22 D #101H Well  
Krauss 22 D #201H Well  
Krauss 22 D #202H Well**

**SILVERBACK OPERATING II, LLC**

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## TAB 1

Reference for Case No. 24083

Application Case No. 24083 – Reopen Case No. 23316:

**Krauss 22 D #101H Well**

**Krauss 22 D #201H Well**

**Krauss 22 D #202H Well**

Oil Conservation Division Order No. R-22671

NMOCD Checklist Case No. 23316

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

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23316 AND AMEND  
ORDER NO. R-22671 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 24083  
Reopen Case No. 23316

**APPLICATION**

Silverback Operating II, LLC (“Silverback” or “Applicant”), OGRID No. 330968, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking an order to reopen Case No. 23316 and amend Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, as originally pooled by Division Order No. R-22671.

In support of its Application, Silverback states the following:

1. Silverback is a working interest owner in the proposed horizontal spacing and proration unit (“HSU”) and has a right to drill a well thereon.

2. Silverback proposes and dedicates to the HSU the **Krauss 22 D #101H Well, Krauss 22 D #201H Well, and Krauss 22 D #202H Well**,<sup>1</sup> as initial wells, to be drilled to a sufficient depth to test the Yeso formation.

3. Silverback proposes the **Krauss 22 D #101H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22.

4. Silverback proposes the **Krauss 22 D #201H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22.

5. Silverback proposes the **Krauss 22 D #202H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22.

6. The proposed 101H Well and 201H Well are orthodox in their locations, and the take points and completed interval comply with setback requirements under statewide rules. However, the proposed 202H Well is unorthodox in its location under applicable statewide rules. Consequently, Silverback will be applying to the Division for administrative approval of the nonstandard location.

7. Silverback's review of the Division records and the subject lands did not reveal any overlapping units, and Silverback believes there are none; should an overlapping unit be discovered, the Applicant will provide notice to affected persons during the permitting process pursuant to Rule 19.15.15.12B(1).

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<sup>1</sup> The wells originally in Case No. 23316 were proposed under the well names of Krauss 22 #101H, #201H, and #202H; however, after the hearing, Silverback applied for and received approval for name changes (pursuant to Sundry Form 103) to Krauss 22 D #101H, #201H, and #202H, hence the addition of the "D" to the names.

8. Silverback has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or the commitment of their interests to the wells for their development within the proposed HSU.

9. The pooling of all interests in the Yeso formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

10. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Silverback requests that all uncommitted interests in this HSU be pooled and that Silverback be designated the operator of the proposed horizontal wells and HSU.

WHEREFORE, Silverback requests that this Application be set for hearing on January 4, 2024, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Reopening Case No. 23316 and amending Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico;

B. Pooling all uncommitted mineral interests in the Yeso formation underlying the proposed HSU;

C. Approving the **Krauss 22 D #101H Well, Krauss 22 D #201H Well, and Krauss 22 D #202H Well** as the wells for the HSU;

D. Designating Silverback as operator of this HSU and the horizontal wells to be drilled thereon;

E. Authorizing Silverback to recover its costs of drilling, equipping, and completing the wells;

F. Approving actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Setting a 200% charge for the risk assumed by Silverback in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

ABADIE & SCHILL, PC

*/s/ Darin C. Savage*

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Darin C. Savage

William E. Zimsky  
Andrew D. Schill  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
Telephone: 970.385.4401  
Facsimile: 970.385.4901  
darin@abadieschill.com  
bill@abadieschill.com  
andrew@abadieschill.com

**Attorneys for Silverback Operating II, LLC**

***Application of Silverback Operating II, LLC, to Reopen Case No. 23316 and Amend Order No. R-22671 for a Compulsory Pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order from the New Mexico Oil Conservation Division (“Division”) to reopen Case No. 23316 and to amend Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The proposed wells to be dedicated to the horizontal spacing unit are the **Krauss 22 D #101H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22; the **Krauss 22 D #201H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22; and the **Krauss 22 D #202H Well**, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22. The **Krauss 22 D #101H** and **201H Wells** will be orthodox in their locations, as the take points and completed interval will comply with the setback requirements under the statewide Rules; however, the **Krauss 22 D #202H Well** will be unorthodox in its location, and Applicant will apply to the Division for administrative approval of the nonstandard location. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 7.8 miles south, southeast, of Artesia, New Mexico.

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

**IN THE MATTER OF APPLICATION FOR  
COMPULSORY POOLING SUBMITTED BY  
SILVERBACK OPERATING II, LLC**

**CASE NO. 23316  
ORDER NO. R-22671**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 16, 2023, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

**FINDINGS OF FACT**

1. Silverback Operating II, LLC (“Operator”) submitted an application (“Application”) to compulsory pool the uncommitted oil and gas interests within the spacing unit (“Unit”) described in Exhibit A. Operator seeks to be designated the operator of the Unit.
2. Operator will dedicate the well(s) described in Exhibit A (“Well(s)”) to the Unit.
3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

**CONCLUSIONS OF LAW**

6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
7. Operator is the owner of an oil and gas working interest within the Unit.
8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.

11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

**ORDER**

15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
17. Operator is designated as operator of the Unit and the Well(s).
18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
19. If the Unit is a non-standard horizontal spacing unit which has not been approved under this Order, Operator shall obtain the OCD's approval for a non-standard horizontal spacing unit in accordance with 19.15.16.15(B)(5) NMAC.
20. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
21. This Order shall terminate automatically if Operator fails to comply with Paragraph 20 unless Operator obtains an extension by amending this Order for good cause shown.
22. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
23. Operator shall submit each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
24. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

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ORDER NO. R-22671

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Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

25. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
26. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
27. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
28. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
29. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

- 30. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 31. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 32. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 33. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 34. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 35. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 36. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**DYLAN M FUGE**  
**DIRECTOR (ACTING)**  
DMF/hat

Date: 4/30/2023

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Exhibit A

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<b>COMPULSORY POOLING APPLICATION CHECKLIST</b>	
<b>ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS</b>	
<b>Case: 23316</b>	<b>APPLICANT'S RESPONSE</b>
Date of hearing:	February 16, 2023
Applicant:	Silverback Operating II, LLC
Designated Operator & OGRID (affiliation if applicable)	330968
Applicant's Counsel:	Darin C. Savage - Abadie & Schill, PC
Case Title:	Application of Silverback Operating II, LLC, for a Horizontal Spacing Unit and Compulsory Pooling, Eddy County, New Mexico
Entries of Appearance/Intervenors:	COG OPERATING LLC AND CONCHO OIL & GAS LLC
Well Family	Krauss
<b>Formation/Pool</b>	
Formation Name(s) or Vertical Extent:	Yeso
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Ex. A, Para. 7, 8, 9; 101H Well: TVD approx. 2294'; 201H Well: TVD approx. 3594'; 202H Well: TVD approx. 3593'
Pool Name and Pool Code:	Yeso (Atoka; Glorieta-Yeso [Pool Code 3250])
Well Location Setback Rules:	NMAC Statewide Rules
Spacing Unit Size:	160.00 acres, more or less
<b>Spacing Unit</b>	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160.00 acres, more or less
Building Blocks:	quarter-quarter sections (40 ac tracts)
Orientation:	East-West
Description: TRS/County	S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe and is approval of non-standard unit requested in this	Yes, this is a standard horizontal spacing unit. No NSP request.
<b>Other Situations</b>	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: If yes, description	N/A
Applicant's Ownership in Each Tract	See Landman Exhibit A-2
<b>Well(s)</b>	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	
Well #1	Krauss 22 #101H Well, (API No. 30-015-53329), SHL: Unit P, 490' FSL, 208' FEL, Section 22, T18S-R26E, NMPM; BHL: Unit M, 675' FSL, 100' FWL, Section 22, T18S-R26E, laydown, standard location
Horizontal Well First and Last Take Points	Krauss 22 #101H Well: FTP 675' FSL, 100' FEL, Section 22; LTP 675' FSL, 100' SL, Section 22
Completion Target (Formation, TVD and MD)	Krauss 22 #101 Well: TVD approx. 2294', TMD 8600'; Yeso Formation, See Exhibit B-3 and B-4
Well #2	Krauss 22 #201H Well, (API No. 30-015-53331), SHL: Unit P, 470' FSL, 208' FEL, Section 22, T18S-R26E, NMPM; BHL: Unit M, 350' FSL, 100' FWL, Section 22, T18S-R26E, laydown, standard location
Horizontal Well First and Last Take Points	Krauss 22 #201H Well: FTP 350' FSL, 100' FEL, Section 22; LTP 350' FSL, 100' FWL, Section 22
Completion Target (Formation, TVD and MD)	Krauss 22 #201 Well: TVD approx. 3594', TMD 8600'; Yeso Formation, See Exhibit B-3 and B-4
Well #3	Krauss 22 #202H Well, (API No. 30-015-53332), SHL: Unit P, 1085' FSL, 178' FEL, Section 22, T18S-R26E, NMPM; BHL: Unit M, 1003' FSL, 100' FWL, Section 22, T18S-R26E, laydown, nonstandard location

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Horizontal Well First and Last Take Points	Krauss 22 #202H Well: FTP 1003' FSL, 100' FEL, Section 22; LTP 1003' FSL, 100' FWL, Section 22
Completion Target (Formation, TVD and MD)	Krauss 22 #202 Well: TVD approx. 3593', TMD 8600'; Yeso Formation, See Exhibit B-3 and B-4
<b>AFE Capex and Operating Costs</b>	
Drilling Supervision/Month \$	\$8,000, Exhibit A
Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
<b>Notice of Hearing</b>	
Proposed Notice of Hearing	Exhibit C, C-1
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C-2
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C-3
<b>Ownership Determination</b>	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
Pooled Parties (including ownership type)	Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 14
Ownership Depth Severance (including percentage above & below)	N/A
<b>Joinder</b>	
Sample Copy of Proposal Letter	Exhibit A-3
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-2
Chronology of Contact with Non-Joined Working Interests	Exhibit A-4
Overhead Rates in Proposal Letter	Exhibit A-3
Cost Estimate to Drill and Complete	Exhibit A-3
Cost Estimate to Equip Well	Exhibit A-3
Cost Estimate for Production Facilities	Exhibit A-3
<b>Geology</b>	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibits B-1, B-2, B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4
Well Orientation (with rationale)	Exhibits B, B-1, B-2
Target Formation	Exhibits B, B-3, B-4, B-5
HSU Cross Section	Exhibit B-3, B-4, B-5
Depth Severance Discussion	N/A
<b>Forms, Figures and Tables</b>	
C-102	Exhibit A-1
Tracts	Exhibits A-1, A-2, B-1
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibits A-1, B-1, B-4, B-5
Structure Contour Map - Subsea Depth	Exhibit B-2
Cross Section Location Map (including wells)	Exhibits B-3, B-4, B-5
Cross Section (including Landing Zone)	Exhibit B-4, B-5
<b>Additional Information</b>	
Special Provisions/Stipulations	None
<b>CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.</b>	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin C. Savage
Date:	02.14.2023

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## TAB 2

- Exhibit D: Self-Affirmed Statement of Jake Bebermeyer, Landman
- Exhibit D-1: C-102 Forms
- Exhibit D-2: Ownership and Sectional Map
- Exhibit D-3: Well Proposal Letters and AFEs
- Exhibit D-4: Chronology of Contact with Uncommitted Owners

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

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23316 AND AMEND  
ORDER NO. R-22671 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 24083  
Re-open Case No. 23316

**SELF-AFFIRMED STATEMENT OF JAKE BEBERMEYER**

I, being duly sworn on oath, state the following:

1. I am over the age of eighteen years and have the capacity to execute this Self-Affirmed statement, which is based on my personal knowledge.
2. I am a Landman with Silverback Operating II, LLC (“Silverback”), and I am familiar with the subject application and the lands involved.
3. I graduated in 2014 from the University of Tulsa with a bachelor’s degree in Energy Management. I have worked at Silverback Exploration for approximately 4 months and have been working as a Landman for 9 years. I have previously worked for Apache Corporation and Forge Energy II and am experienced working both the Texas and New Mexico sides of the Permian Basin. I am a Registered Professional Landman and a member in good standing with the American Association of Professional Landman.
4. I have NOT previously testified before the New Mexico Oil Conservation Division as a petroleum landman. My credentials as a petroleum landman have NOT been accepted by the Division and made a matter of record. Attached is my resume, showing my educational

**EXHIBIT  
D**

background and work experience, and I respectfully request that I be accepted Oil Conservation Division as a petroleum landman.

5. This Statement is submitted in connection with the filing by Silverback of the above-referenced spacing and compulsory pooling applications pursuant to 19.15.4.12.A(1).

6. Silverback seeks to reopen Case No. 23316 and amend Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, as originally pooled by Division Order No. R-22671.

7. Under Case No. 24082, Silverback seeks to dedicate to the unit three initial oil wells, the **Krauss 22 D #101H Well, Krauss 22 D #201H Well, and Krauss 22 D #202H Well**,<sup>1</sup> as initial wells, to be drilled to a sufficient depth to test the Yeso formation, whose locations and take points remain the same as in the original pooling application and pooling order.

7. The **Krauss 22 D #101H Well**, an oil well, API No. 30-015-53329, is to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 22; approximate TVD of 3,000'; approximate TMD of 8,825'; FTP in Section 22: 675' FSL, 100' FEL; LTP in Section 22: 675' FSL, 100' FWL.

8. The **Krauss 22 D #201H Well**, an oil well, API No. 30-015-53331, is to be

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<sup>1</sup> The wells originally in Case No. 23316 were proposed under the well names of Krauss 22 #101H, #201H, and #202H; however, after the hearing, Silverback applied for and received approval for name changes (pursuant to Sundry Form 103) to Krauss 22 D #101H, #201H, and #202H, hence the addition of the "D" to the names.

horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 22; approximate TVD of 3,600'; approximate TMD of 8,600'; FTP in Section 22: 350' FSL, 100' FEL; LTP in Section 22: 350' FSL, 100' FWL.

9. The **Krauss 22 D #202H Well**, an oil well, API No. 30-015-53332, is to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of Section 22; approximate TVD of 3,600'; approximate TMD of 8,600'; FTP in Section 22: 1,003' FSL, 100' FEL; LTP in Section 22: 1,003' FSL, 100' FWL.

10. The proposed C-102 for each well is attached as **Exhibit A-1**.

11. A general location plat and a plat outlining the units being pooled is attached hereto as **Exhibit A-2**, which show the location of the proposed well within the unit.

12. The proposed 101H Well and 201H Well are orthodox in their locations, and the take points and completed intervals comply with setback requirements under the statewide rules. However, the proposed 202H Well is unorthodox in its location under applicable statewide rules. Consequently, Silverback will be applying to the Division for administrative approval of the nonstandard location.

13. The parties being pooled, the nature of their interests, and their last known addresses are listed on **Exhibit A-2** attached hereto. **Exhibit A-2** includes information regarding working interest owners.

14. There are no depth severances in the Yeso formation in this acreage, and we did not find any overlapping units.

15. I provided the law firm of Abadie & Schill P.C. a list of names and addresses for the uncommitted interest owners shown on **Exhibit A-2**. In compiling these addresses, I

conducted a diligent search of the public records in Eddy County, New Mexico, where the wells are located, and of phone directories and did computer searches to locate the contact information for parties entitled to notification. Notice for one Interest owner is listed as Undeliverable: Chester Russell. Silverback thereby views Chester Russell as unlocatable at this time. Silverback published notice in the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, to account for any unlocatable parties and cover any contingencies regarding notice. Notice by publication was timely.

16. Silverback has made a good faith effort to negotiate with the interest owners, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the wells or in the commitment of their interests to the well for its development within the proposed horizontal spacing unit. **Exhibit A-4** provides a chronology and history of contacts with the owners.

17. Silverback has been in ongoing discussions with some of the interest owners to voluntarily enter into a Joint Operating Agreement. If a mutually agreeable Joint Operating Agreement is reached between Silverback and another interest owner or owners, Silverback requests that the voluntary agreement become operative and supersede the Division's order for said parties, except to the extent the Division deems it necessary to maintain spacing criteria for the purpose of conservation, the prevention of waste, and protection of correlative rights.

19. **Exhibit A-3** is a sample proposal letter and the AFEs for each proposed well. The estimated cost of the wells set forth in the AFEs is fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.

20. Silverback requests overhead and administrative rates of \$8,000/month for drilling each well and \$800/month for producing each well. These rates are fair and comparable to the rates

charged by other operators for wells of this type in this area of southeastern New Mexico. Silverback requests that these rates be adjusted periodically as provided in the COPAS Accounting Procedure.

21. Silverback requests the maximum cost, plus 200% risk charge be assessed against non-consenting working interest owners to the extent needed.

22. Silverback requests that it be designated operator of the units and wells.

23. The Exhibits to this Statement were prepared by me or compiled from Silverback's company business records under my direct supervision.

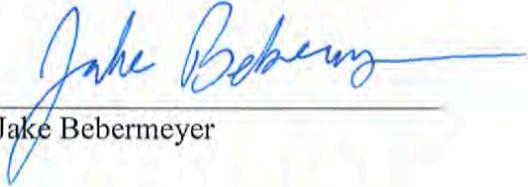
24. The granting of this Application is in the best interests of conservation, the prevention of waste, and the protection of correlative rights, and will avoid the drilling of unnecessary wells.

25. The foregoing is correct and complete to the best of my knowledge and belief.

*[Signature page follows]*

*Signature page of Self-Affirmed Statement of Jake Bebermeyer:*

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 24083 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

  
\_\_\_\_\_  
Jake Bebermeyer

12-21-2023  
\_\_\_\_\_  
Date Signed

# WILLIAM “JAKE” BEBERMEYER, RPL

918-519-4421 | San Antonio, Texas | BebermeyerLandCo@gmail.com

## REGISTERED PROFESSIONAL LANDMAN

Landman experienced in mineral and surface land work, general land management, and cross functional collaboration to execute exploration and development projects. Accustomed to managing rig lines, working with operations teams, negotiations, and project management. Background includes the entire spectrum of land work, from taking leases and doing acreage trades to managing infrastructure projects and drilling locations.

## EXPERIENCE

### FORGE ENERGY II | San Antonio, TX Landman: In-House Contract

December 2020 – Present

- Contract In-House Landman working with the Vice President of Land and Land Manager to manage a ~34,000 net acre, ~150 well position that ultimately resulted in a successful exit to a public E&P company. I performed a variety of functions in the department from surface and subsurface land work to land administration and business development.

#### Key Accomplishments:

- Managed a two-rig development program, performing all surface land functions through the course of the forty-five well D&C program.
- Contributed to ~\$700MM worth of acquisition and divesture projects including a sale of produced water infrastructure and a sale of company assets to a public E&P company.
- Surface Land Responsibilities:
  - New well location acquisition and preparation.
  - Infrastructure acquisition (ROW, Easements, Surface Sites).
  - Point of contact and interfacing with surface owners inside of Forge’s operating area.
- Mineral Land Responsibilities:
  - Tracking and updating WI and NRI for Forge operated and non-operated wells.
  - Title reviews ahead of any new drill wells.
  - Circulating and managing any AFEs or ballots with working interest partners.
- Other Company Responsibilities:
  - Land Administration – Document processing and notarizing
  - Permitting – Assisted regulatory team in generating permit plats and sorting through details of the well permitting process.

### BEBERMEYER LAND COMPANY | Tulsa, OK & San Antonio, TX Managing Member & Principal

March 2020 – Present

- Independent Landman providing a variety of services ranging from general Land Services, Minerals & Surface Management, Mineral & Surface Acquisition and Divestiture, Land, Negotiations, & Business Development Consulting, and Exploration, Development, Operations & Infrastructure Management.

#### Key Accomplishments:

- Conducted a business development and property management review for a client’s ~1500 acres of surface lands in the Midland Basin.
- Built run sheets in Garfield County, Colorado for a mineral buying firm.
- Performed title ownership checks in Texas and Oklahoma for various clients.
- Assisted a client in putting together Production Sharing Agreements for an Eagleford prospect.
- Executed a lease buying project inside of a 24,000 acre AOI for a public E&P client.

Continued Next Page...

## WILLIAM "JAKE" BEBERMEYER, RPL | PAGE 2

**APACHE CORPORATION | Midland & San Antonio, TX****December 2014 - March 2020****Landman I & II****Landman I & II – North American Unconventional Resources (2016-2020)**

- Managed all Apache fee surface lands (~25,000 acres) in the Delaware Basin and negotiated agreements with third parties worth over \$9 MM to the company.
- Led a business development push to actively manage these properties to increase value and revenue from the portfolio of Apache-owned property.
- Built out forms, systems, and processes to improve management of company owned property.

Key Accomplishments:

- Managed and executed land responsibilities for a 3-rig exploitation program inside a ~10,000 acre project area in the core of the Delaware Basin.
- Led the Land team that successfully executed the build out of a ~6 mile pipeline project along with tank batteries and compressor sites inside a new Delaware Basin project area on time and under budget, allowing Apache to meet drilling commitments.
- Successfully closed over 175 transactions: prepared and negotiated a multitude of agreements and contracts, including minerals leases, Water Sales Agreements, along with various easements.
- Contributed to execution of the infrastructure build out for over 100 miles of pipeline system in Apache's Alpine High play.

**Landman I - West Permian Land Team (2014-2016)**

- Handled Apache mineral leases and wells in Lea County, New Mexico and multiple Permian Basin Counties in Texas.
- Worked with multiple business units across the Permian Basin, including Conventional, Unconventional, and Improved Recovery assets.

Key Accomplishments:

- Spearheaded land research and leasing for a ~169,000 acre AOI for an exploratory unconventional play project.

**CONTINENTAL RESOURCES | Oklahoma City, OK****May 2014 - August 2014****Land Intern**

- Worked on the Bakken assets in the Williston Basin.
- Performed duties including checking Pooling and Spacing Orders to monitoring North Dakota well permitting.

Key Accomplishments:

- Contributed to the establishment of a new Red River C drilling program in Montana.
- Prepared Communitization Agreements that allowed for the release of \$1,000,000.00 in BLM Royalties held in suspense.

**CIMAREX ENERGY | Tulsa, OK****May 2013 - August 2013****Land Administration Intern**

- Gained experience with multiple state regulatory agency databases (from North Dakota to Texas).
- Worked with Production Reports, Well Status Reports, and Joint Interest Billing Decks

**SAMSON ENERGY | Tulsa, OK****May 2011 - August 2011****Division Order Temp**

- Assisted with Title Opinions, Ownership Reports, Well Files, and other Title Curative Documents to prepare Royalty Owner Reconciliation Reports for wells in Oklahoma

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## **EDUCATION, LICENSING & TRAINING**

BSBA, Energy Management | The University of Tulsa | Tulsa, OK | 2014

AAPL - Registered Professional Landman

Apache Corporation - Landman Development Program Graduate

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## **AFFILIATIONS & SERVICE**

Member, American Association of Professional Landmen | 2010 – Present

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

WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-53329		<sup>2</sup> Pool Code 3250		<sup>3</sup> Pool Name ATOKA, GLORIETA-YESO	
<sup>4</sup> Property Code 333708		<sup>5</sup> Property Name KRAUSS 22 D			<sup>6</sup> Well Number 101H
<sup>7</sup> OGRID No. 330968		<sup>8</sup> Operator Name SILVERBACK OPERATING II, LLC			<sup>9</sup> Elevation 3,317'

<sup>10</sup> Surface Location

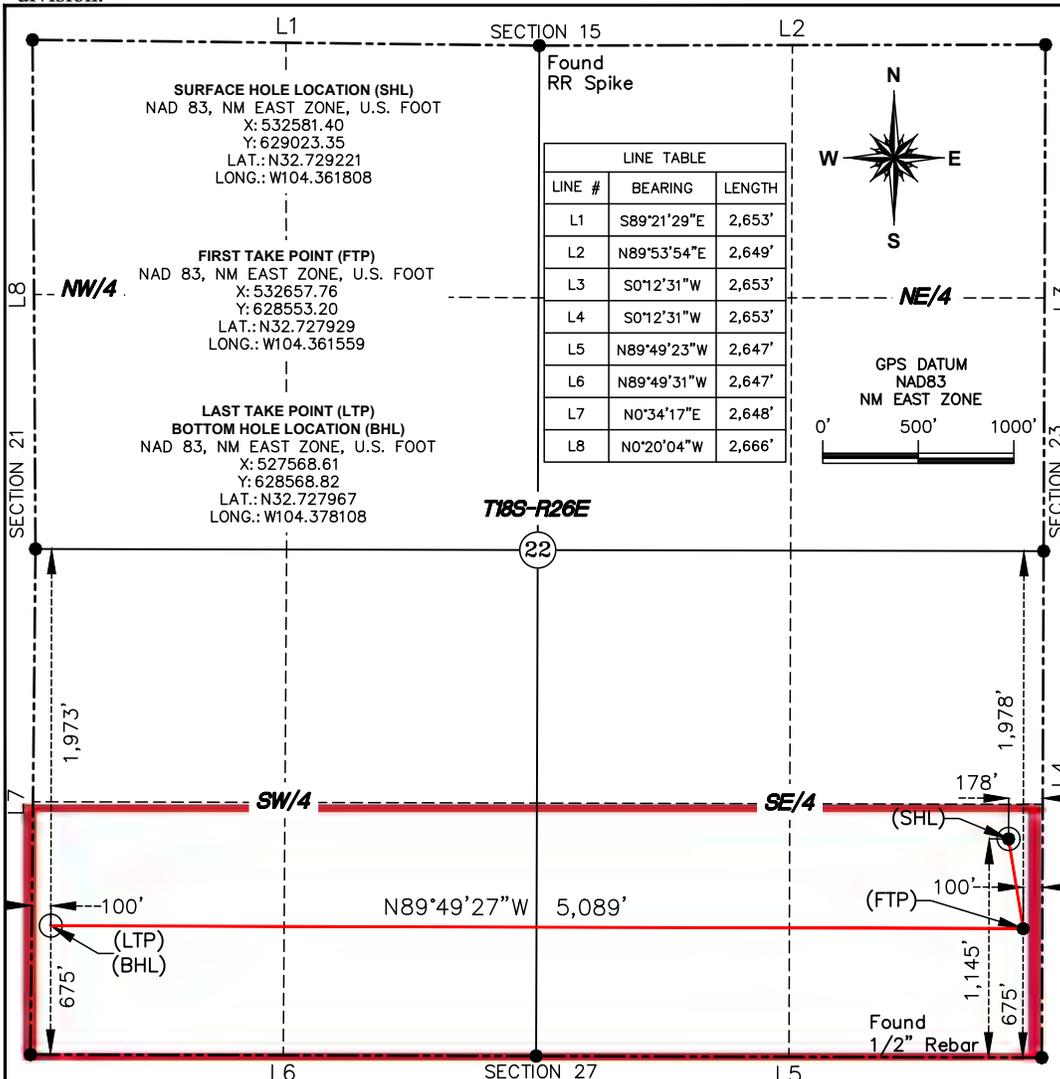
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	18-S	26-E		1,145'	SOUTH	178'	EAST	EDDY

<sup>11</sup> 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
M	22	18-S	26-E		675'	SOUTH	100'	WEST	EDDY

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



<sup>17</sup> OPERATOR CERTIFICATION

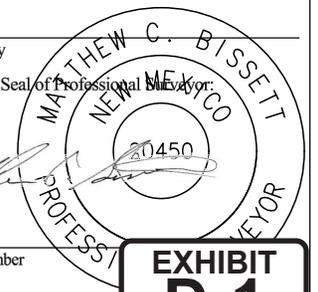
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this 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.

*Fatma Abdallah* 09/30/2023  
Signature Date  
Fatma Abdallah  
Printed Name  
fabdallah@silverbackexp.com  
E-mail Address

<sup>18</sup> 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.

09/21/23  
Date of Survey  
Signature and Seal of Professional Surveyor:  
20450  
Certificate Number



**EXHIBIT D-1**

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  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-		<sup>2</sup> Pool Code 3250		<sup>3</sup> Pool Name ATOKA, GLORIETA-YESO	
<sup>4</sup> Property Code		<sup>5</sup> Property Name KRAUSS 22			<sup>6</sup> Well Number 201H
<sup>7</sup> OGRID No. 330968		<sup>8</sup> Operator Name SILVERBACK OPERATING II, LLC			<sup>9</sup> Elevation 3,321'

<sup>10</sup> Surface Location

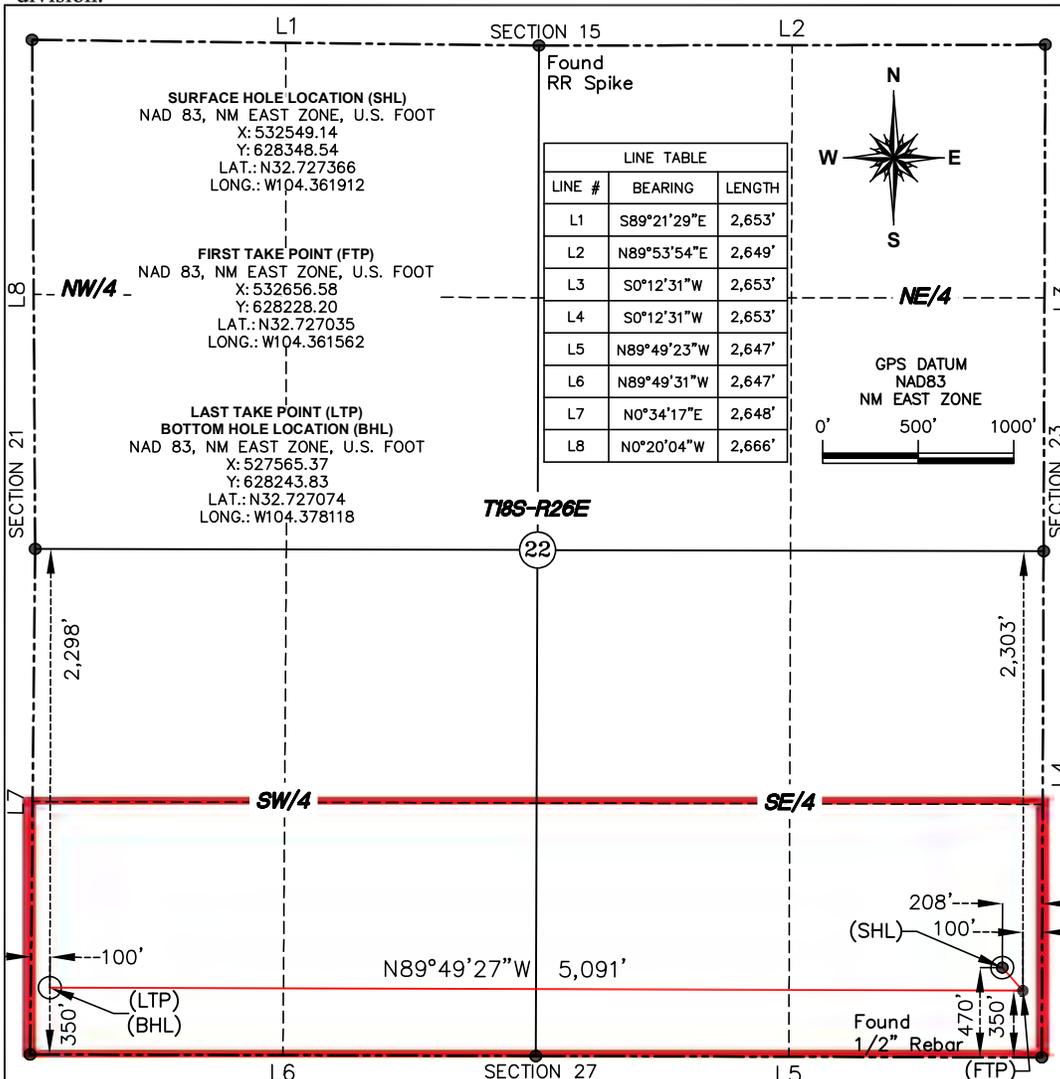
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	18-S	26-E		470'	SOUTH	208'	EAST	EDDY

<sup>11</sup> 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
M	22	18-S	26-E		350'	SOUTH	100'	WEST	EDDY

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> Order No.
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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.



<sup>17</sup> 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.

*Fatma Abdallah* 1/12/23  
Signature Date

Fatma Abdallah  
Printed Name

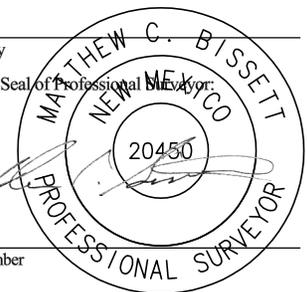
fabdallah@silverbackexp.com  
E-mail Address

<sup>18</sup> 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.

1/03/23  
Date of Survey

Signature and Seal of Professional Surveyor



20450  
Certificate Number

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720  
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WELL LOCATION AND ACREAGE DEDICATION PLAT

<sup>1</sup> API Number 30-015-53332		<sup>2</sup> Pool Code 3250		<sup>3</sup> Pool Name ATOKA, GLORIETA-YESO	
<sup>4</sup> Property Code 333708		<sup>5</sup> Property Name KRAUSS 22 D			<sup>6</sup> Well Number 202H
<sup>7</sup> OGRID No. 330968		<sup>8</sup> Operator Name SILVERBACK OPERATING II, LLC			<sup>9</sup> Elevation 3,317'

<sup>10</sup> Surface Location

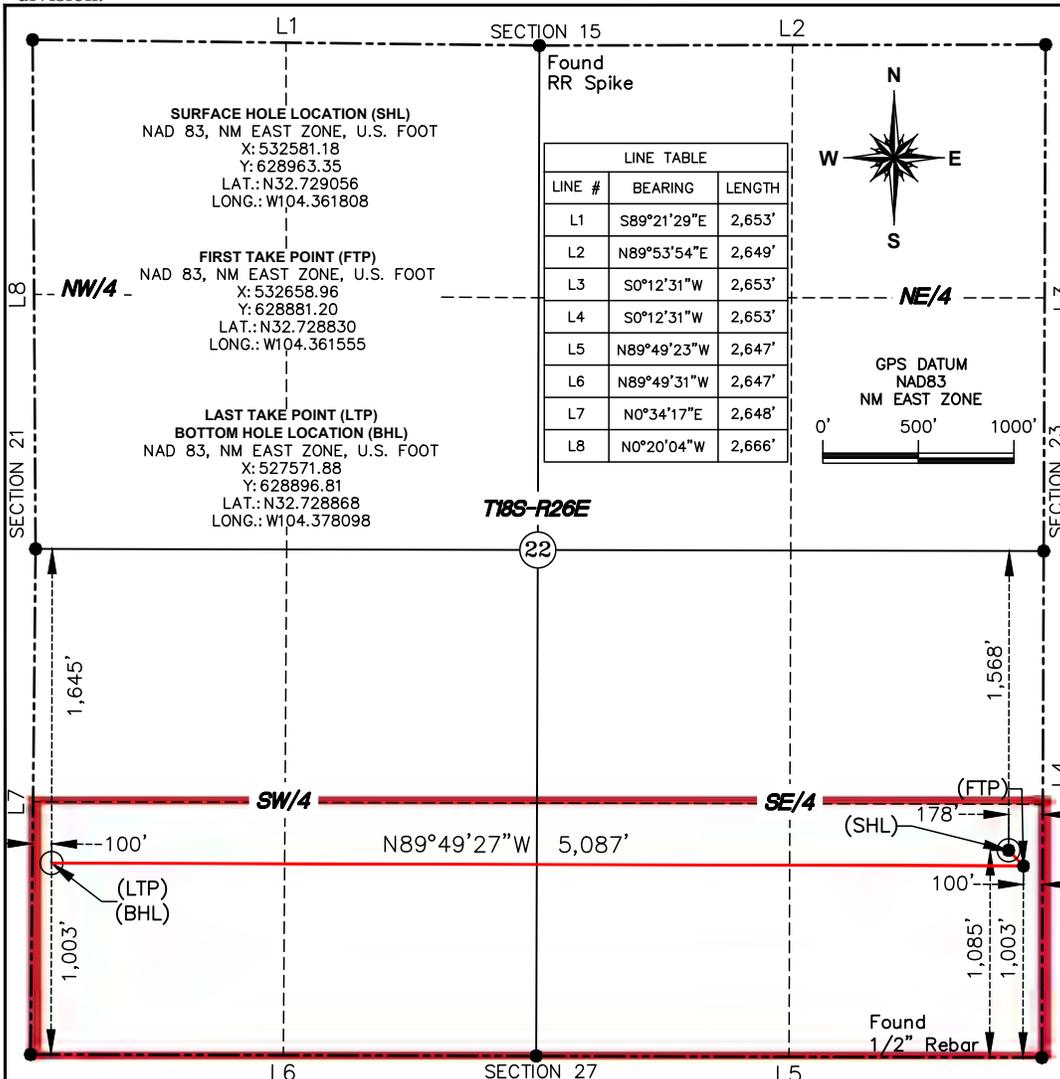
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
P	22	18-S	26-E		1,085'	SOUTH	178'	EAST	EDDY

<sup>11</sup> 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
M	22	18-S	26-E		1,003'	SOUTH	100'	WEST	EDDY

<sup>12</sup> Dedicated Acres 160	<sup>13</sup> Joint or Infill	<sup>14</sup> Consolidation Code	<sup>15</sup> 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.



**<sup>17</sup> 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.

*Fatma Abdallah* 09/30/2023  
 Signature Date

Fatma Abdallah  
 Printed Name

fabdallah@silverback.com  
 E-mail Address

**<sup>18</sup> 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.

08/04/23  
 Date of Survey

*Matthew C. Bissett*  
 Signature and Seal of Professional Surveyor

20450  
 Certificate Number

MATTHEW C. BISSETT  
 NEW MEXICO  
 20450  
 PROFESSIONAL SURVEYOR

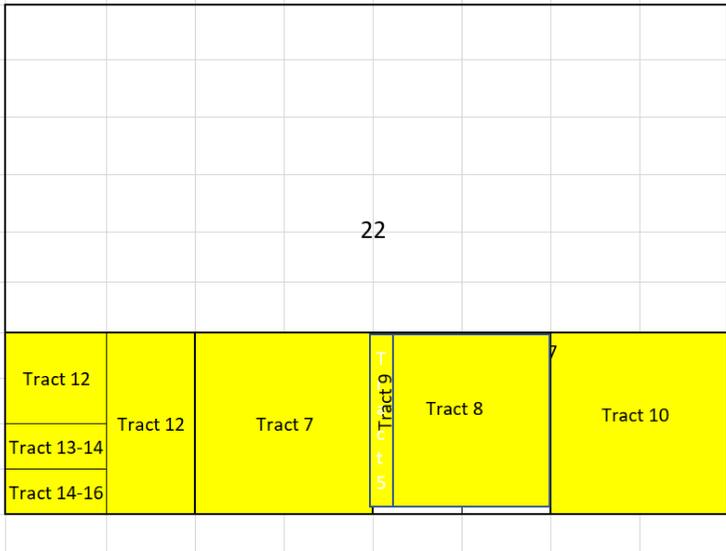
Silverback Operating II, LLC  
**Summary of Interests: Case No. 24083**

<b>Silverback Operating II, LLC Working Interest</b>		<b>55.140860%</b>
<b>Voluntary Joinder</b>		<b>9.198627%</b>
<b>Previously Compulsory Pool Interest Total:</b>		<b>21.207388%</b>
<b>Interest Currently being Compulsory Pooled Total:</b>		<b>14.453125%</b>
<b>Total</b>		<b>100.000000%</b>
<b>Interest Owner:</b>	<b>Description:</b>	<b>Interest:</b>

Wells Fargo National Bank, Successor Trustee of the Blanche Widaman Trust dated September 27, 1961	Uncommitted Working Interest Owner	6.250000%
Chester Russell	Uncommitted Working Interest Owner	5.468750%
AmeriPermian Holdings, LLC	Uncommitted Working Interest Owner	2.734375%



**S2S2 of Section 22, 18S-26E**





November 1, 2023

**VIA CERTIFIED MAIL/ RETURN RECEIPT**

To: Interest Owners  
Listed on Attached Exhibit "A"

RE: Well Proposal - Horizontal Wells  
Silverback Operating II, LLC: **Krauss 22 D #101H, Krauss 22 D #201H, and Krauss 22 D #202H**  
S/2S/2 of Section 22-T18S-R26E  
Eddy County, New Mexico

Dear Sir or Madam,

Silverback Operating II, LLC ("SILVERBACK"), an affiliate of Silverback New Mexico, LLC, hereby proposes to drill and complete the **Krauss 22 D #101H, Krauss 22 D #201H, and Krauss 22 D #202H** (the "Subject Wells") to the approximate total vertical depths as referenced below to target the Yeso Formation based on the following proposed locations (subject to change upon staking and survey).

**Krauss 22 D #101H - Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location - 1145' FSL & 178' FEL, Section 22, T18S-R26E
- Proposed Bottom Hole Location - 675' FSL & 100' FWL, Section 22, T18S-R26E
- PROJECTED MD/TVD: 8825' / 3000'; Lateral Length: ~4900'

**Krauss 22 D #201H- Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 470' FSL & 178' FEL, Section 22, T18S-R26E
- Proposed Bottom Hole Location – 350' FSL & 100' FWL, Section 22, T18S-R26E
- PROJECTED MD/TVD: 8600' / 3600'; Lateral Length: ~4900'

**Krauss 22 D #202H - Horizontal Yeso Well, Eddy County, NM**

- Proposed Surface Hole Location – 1,158' FSL & 178' FEL, Section 22, T18S-R26E
- Proposed Bottom Hole Location – 1,003' FSL & 100' FWL, Section 22, T18S-R26E
- PROJECTED MD/TVD: 8600' / 3600'; Lateral Length: ~4900'

6608 N. Western Ave #607, Oklahoma City, OK 73116  
Email: [jbebermeyer@silverbackexp.com](mailto:jbebermeyer@silverbackexp.com)



Krauss 22 D #101H, Krauss D #201H, Krauss D #202H  
S2S2 of Section 22, 18S-26E

Included herewith is SILVERBACK’s Authority for Expenditure (“AFE”) for each of the Subject Wells. The AFEs are an estimate only and those parties electing to participate in the Subject Wells shall be responsible for their share of actual well costs. SILVERBACK is proposing to drill this well under the terms of a modified 1989 A.A.P.L Form 610 Model Form Operating Agreement covering the S/2S/2 of Section 22, Township 18 South, Range 26 East, Eddy County, New Mexico (the “JOA”). It has the following terms:

- 100%/300% Non-Consenting penalty
- \$8,000/\$800 Drilling and Producing Rate
- SILVERBACK named as Operator

If you wish to participate in the proposed operation, please indicate in the space provided below, along with a signed AFE and deliver to 6608 N. Western #607, Oklahoma City, OK 73116 or by email to [Darren.gagliardi@pakenergy.com](mailto:Darren.gagliardi@pakenergy.com) and SILVERBACK will provide the completed JOA for your review.

If you do not wish to participate under the JOA, SILVERBACK would like to lease your interest under an oil and gas lease with the following general terms:

- 3 year term with an option to extend for an additional 2 years
- 1/5<sup>th</sup> royalty on production
- \$700/acre bonus

Should you be interested in leasing your interest, please contact Blaine Gamble at (817) 223-4189 or at [bgamble@equitasenergy.com](mailto:bgamble@equitasenergy.com). This lease offer is subject to verification of title.

Please indicate your elections as to each of the Subject Wells in the space provided below and execute and return one (1) copy of this letter (together with a signed copy of each AFE for any well(s) you elect to participate in) to the undersigned within thirty (30) days of receipt of this proposal in the self-addressed stamped envelope provided to the following address: 6608 N. Western #607, Oklahoma City, OK 73116 or by email to [Darren.gagliardi@pakenergy.com](mailto:Darren.gagliardi@pakenergy.com). Silverback reserves the right to modify the locations and drilling plans in order to address surface and subsurface concerns. Should you have any questions regarding this proposal, please contact Jake Bebermeyer at [jbebermeyer@silverbackexp.com](mailto:jbebermeyer@silverbackexp.com). Thank you very much for your assistance and cooperation.

Sincerely,  
**SILVERBACK NEW MEXICO, LLC**

Jake Bebermeyer, RPL  
Contract Landman

Enclosures  
Exhibit "A"  
AFE

Krauss 22 D #101H, Krauss D #201H, Krauss D #202H  
S2S2 of Section 22, 18S-26E

**Krauss 22 D #101H**

\_\_\_\_\_ I/We hereby elect to participate in the Krauss 22 D #101H  
\_\_\_\_\_ I/We hereby elect ***not*** to participate in the Krauss 22 D #101H  
\_\_\_\_\_ I/We hereby agree to lease our minerals to SILVERBACK at the terms herein proposed. Please contact  
Blaine Gamble at (817) 223-4189 or at [bgamble@equitasenergy.com](mailto:bgamble@equitasenergy.com)

**Well Insurance:**

\_\_\_\_\_ The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.  
\_\_\_\_\_ The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_ day of \_\_\_\_\_, 2023.

**Company / Individual** \_\_\_\_\_

By: \_\_\_\_\_

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

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

**Krauss 22 D #201H**

\_\_\_\_\_ I/We hereby elect to participate in the Krauss 22 D #201H  
\_\_\_\_\_ I/We hereby elect ***not*** to participate in the Krauss 22 D #201H  
\_\_\_\_\_ I/We hereby agree to lease our minerals to SILVERBACK at the terms herein proposed. Please contact  
Blaine Gamble at (817) 223-4189 or at [bgamble@equitasenergy.com](mailto:bgamble@equitasenergy.com)

**Well Insurance:**

\_\_\_\_\_ The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.  
\_\_\_\_\_ The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_ day of \_\_\_\_\_, 2023.

**Company / Individual** \_\_\_\_\_

By: \_\_\_\_\_

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

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

Krauss 22 D #101H, Krauss D #201H, Krauss D #202H  
S2S2 of Section 22, 18S-26E

**Krauss 22 D #202H**

\_\_\_\_\_ I/We hereby elect to participate in the Krauss 22 D #202H  
\_\_\_\_\_ I/We hereby elect **not** to participate in the Krauss 22 D #202H  
\_\_\_\_\_ I/We hereby agree to lease our minerals to SILVERBACK at the terms herein proposed. Please contact  
Blaine Gamble at (817) 223-4189 or at [bgamble@equitasenergy.com](mailto:bgamble@equitasenergy.com)

**Well Insurance:**

\_\_\_\_\_ The undersigned requests Well Insurance coverage provided by Silverback Energy Partners.  
\_\_\_\_\_ The undersigned elects to obtain individual Well Insurance coverage.

Agreed to and Accepted this \_\_\_ day of \_\_\_\_\_, 2023.

**Company / Individual** \_\_\_\_\_

By: \_\_\_\_\_

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

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

Krauss 22 D #101H, Krauss D #201H, Krauss D #202H  
S2S2 of Section 22, 18S-26E

EXHIBIT "A"  
Interest Owners

Chester Russell  
ADDRESS UNKNOWN

Cliff G. Currier  
PO Box 329  
Artesia, New Mexico 88211

Michael C. Currier  
1517 Vineyard Court  
Carlsbad, New Mexico

Missi Currier Barton  
1204 S Country Club Circle  
Carlsbad, New Mexico, 88220

AmeriPermian Holdings, LLC  
1733 Woodstead Court, Suite 206  
The Woodlands, Texas 77380

Robin Kay Nix, Successor Trustee  
of the Nix 2002 Trust, dated April 5, 2002  
3322 W Ohio Ave  
Midland, Texas 79703

Wells Fargo Bank, Successor Trustee  
of the Blanche Widaman Trust dated September 27, 1961  
Attn: Megan McLain  
201 Main St, Suite 400  
MAC T9639-042  
Fort Worth, Texas 76102



Authority for Expenditure

D&C AFE#: 10084D  
 Facilities AFE#: 10084F

Date: Nov 28, 2022

Lease: Krauss 22 101H  
 Well Name: Eddy  
 County: NM  
 State: NM  
 SHL: 18S-26E-22; 350 FSL, 100 FEL  
 BHL: 18S-26E-22; 350 FSL, 100 FWL

Target: Paddock  
 Project MD/TVD: 8600 / 3000  
 Lateral Length: 4,900

**Total**  
**DRILLING: \$1,817,284.00**  
**COMPLETIONS: \$3,002,470.00**  
**FACILITIES: \$664,997.00**  
**COMPLETED WELL COST: 5,484,751.00**

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Tangible Drilling</b>			\$ 476,067.00	\$ -	\$ 476,067.00
850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523	
850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836	
850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708	
<b>Tangible Completion</b>			\$ -	\$ 103,537.00	\$ 103,537.00
860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950	
860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355	
860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232	
<b>TOTAL TANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00
INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Intangible Drilling</b>			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
830.010	IDC - PERMITS,LICENSES,ETC	\$ 2,158	\$ -	\$ 2,158	
830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297	
830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199	
830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838	
830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442	
830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254	
830.065	IDC - FUEL, POWER	\$ 54,293	\$ -	\$ 54,293	
830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790	
830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160	
830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107	
830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160	
830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948	
830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414	
830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790	
830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064	
830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662	
830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589	
830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573	
830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935	
830.215	IDC - MUD - BRINE	\$ 13,017	\$ -	\$ 13,017	
830.060	IDC - BITS, TOOLS, STABILIZERS	\$ 44,239	\$ -	\$ 44,239	
830.130	IDC - MANCAMP	\$ 30,775	\$ -	\$ 30,775	
830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872	
830.035	IDC - MOBILIZATION/DEMOBILIZATN	\$ 85,781	\$ -	\$ 85,781	



Authority for Expenditure

830.170	IDC - INSPECTIONS	\$ 18,343	\$ -	\$ 18,343
830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$ 15,281	\$ -	\$ 15,281
830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
830.115	IDC - COMPANY LABOR	\$ 4,800	\$ -	\$ 4,800
830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111
830.030	IDC - DAMAGES/ROW	\$ 43,160	\$ -	\$ 43,160
<b>Intangible Completion</b>		\$ -	\$ 2,898,933.00	\$ 2,898,933.00
840.177	ICC - CONSULTING SERVICES	\$ -	\$ 140,810	\$ 140,810
840.125	ICC - EQUIPMENT RENTALS	\$ -	\$ 16,994	\$ 16,994
840.120	ICC - CONTRACT LABOR	\$ -	\$ 11,276	\$ 11,276
840.055	ICC - CHEMICALS	\$ -	\$ 223,894	\$ 223,894
840.145	ICC - PERFORATING/WIRELINE SERV	\$ -	\$ 192,170	\$ 192,170
840.071	ICC - WATER TRANSFER	\$ -	\$ 21,580	\$ 21,580
840.025	ICC - ROAD, LOCATIONS	\$ -	\$ 1,241	\$ 1,241
840.130	ICC - COMPLETION RIG	\$ -	\$ 4,894	\$ 4,894
840.050	ICC - PROPPANT	\$ -	\$ 819,366	\$ 819,366
840.160	ICC - WELL TESTING	\$ -	\$ 67,977	\$ 67,977
840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$ -	\$ 19,422	\$ 19,422
840.065	ICC - FUEL, POWER	\$ -	\$ 221,423	\$ 221,423
840.090	ICC - EQUIPMENT RENTALS SURFACE	\$ -	\$ 118,906	\$ 118,906
840.070	ICC - DRILL WATER	\$ -	\$ 226,590	\$ 226,590
840.180	ICC - OVERHEAD	\$ -	\$ 6,417	\$ 6,417
840.156	ICC - STIMULATION	\$ -	\$ 728,325	\$ 728,325
840.035	ICC - PUMP DOWN	\$ -	\$ 45,102	\$ 45,102
840.108	ICC - TRANSPORTATION	\$ -	\$ 1,295	\$ 1,295
840.175	ICC - SUPERVISION	\$ -	\$ 3,884	\$ 3,884
840.091	ICC - MANCAMP	\$ -	\$ 18,570	\$ 18,570
840.166	ICC - ENVIRONMENTAL/SAFETY	\$ -	\$ 2,698	\$ 2,698
840.107	ICC - SALTWATER DISPOSAL	\$ -	\$ 6,099	\$ 6,099
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>		\$ 1,341,217.00	\$ 2,898,933.00	\$ 4,240,150.00
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>		\$ 1,817,284.00	\$ 3,002,470.00	\$ 4,819,754.00

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

TANGIBLE FACILITY COSTS			Facility	Total
<b>Tangible Facilities</b>			\$ 458,280.00	\$ 458,280.00
865.055	TFC - FLOWLINES	\$ 12,150	\$ 12,150	\$ 12,150
865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$ 52,303	\$ 52,303	\$ 52,303
865.075	TFC - INSTRUMENT/ELECT PANELS	\$ 9,890	\$ 9,890	\$ 9,890
865.020	TFC - METERING EQUIPMENT	\$ 21,907	\$ 21,907	\$ 21,907
865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$ 8,571	\$ 8,571	\$ 8,571
865.040	TFC - CONTAINMENT	\$ 4,286	\$ 4,286	\$ 4,286
865.005	TFC - VESSELS	\$ 190,854	\$ 190,854	\$ 190,854
865.025	TFC - LACT UNIT	\$ 25,733	\$ 25,733	\$ 25,733
865.200	TFC - CONTINGENCY	\$ 30,929	\$ 30,929	\$ 30,929
865.045	TFC - PUMP/SUPPLIES	\$ 16,200	\$ 16,200	\$ 16,200
865.035	TFC - ELECTICAL FACILITY	\$ 28,774	\$ 28,774	\$ 28,774



**Authority for Expenditure**

	865.030	TFC - TANKS	\$ 46,346	\$ 46,346
	865.065	TFC - FLARE/COMBUSTOR	\$ 5,323	\$ 5,323
	865.070	TFC - AIR COMPRESSION	\$ 5,014	\$ 5,014
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 458,280.00</b>	<b>\$ 458,280.00</b>
<b>INTANGIBLE FACILITY COSTS</b>				
			<b>Facility</b>	<b>Total</b>
<b>Intangible Facilities</b>			<b>\$ 206,717.00</b>	<b>\$ 206,717.00</b>
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$ 105,714	\$ 105,714
	845.025	IFC - CONTRACT LABOR PIPELINE	\$ 17,650	\$ 17,650
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$ 11,429	\$ 11,429
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$ 7,143	\$ 7,143
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$ 10,857	\$ 10,857
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$ 36,288	\$ 36,288
	845.050	IFC - TRANSPORTATION/TRUCKING	\$ 15,493	\$ 15,493
	845.020	IFC - ENVIRONMENTAL	\$ 2,143	\$ 2,143
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 206,717.00</b>	<b>\$ 206,717.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 664,997.00</b>	<b>\$ 664,997.00</b>

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

**WI Owner:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Approved By:** \_\_\_\_\_ **Title:** \_\_\_\_\_  
**Printed Name:** \_\_\_\_\_

We elect to carry our own well control insurance: Yes / No (circle one)  
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)



Authority for Expenditure

D&C AFE#: 10083D  
 Facilities AFE#: 10083F

Date: Nov 28, 2022

Lease: Krauss 22 201H  
 Well Name: Eddy  
 County: NM  
 State: NM  
 SHL: 18S-26E-22; 673 FSL, 100 FEL  
 BHL: 18S-26E-22; 673 FSL, 100 FWL

Target: Blinebry  
 Project MD/TVD: 8600 / 3000  
 Lateral Length: 4,900

**Total**  
**DRILLING: \$1,817,284.00**  
**COMPLETIONS: \$3,002,470.00**  
**FACILITIES: \$664,997.00**  
**COMPLETED WELL COST: 5,484,751.00**

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Tangible Drilling</b>			\$ 476,067.00	\$ -	\$ 476,067.00
850.015	TDC - SURFACE CASING	\$ 62,708	\$ -	\$ 62,708	
850.025	TDC - PRODUCTION CASING	\$ 359,523	\$ -	\$ 359,523	
850.145	TDC - WELLHEAD EQUIPMENT	\$ 53,836	\$ -	\$ 53,836	
<b>Tangible Completion</b>			\$ -	\$ 103,537.00	\$ 103,537.00
860.145	TCC - WELLHEAD EQUIPMENT	\$ -	\$ 12,232	\$ 12,232	
860.140	TCC - PRODUCTION TUBING	\$ -	\$ 37,355	\$ 37,355	
860.166	TCC - ARTIFICIAL LIFT	\$ -	\$ 53,950	\$ 53,950	
<b>TOTAL TANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 476,067.00	\$ 103,537.00	\$ 579,604.00

INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Intangible Drilling</b>			\$ 1,341,217.00	\$ -	\$ 1,341,217.00
830.010	IDC - PERMITS,LICENSES,ETC	\$ 2,158	\$ -	\$ 2,158	
830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589	
830.115	IDC - COMPANY LABOR	\$ 4,800	\$ -	\$ 4,800	
830.145	IDC - CEMENT	\$ 86,442	\$ -	\$ 86,442	
830.055	IDC - DIRECTNL DRILLING & SURVEY	\$ 133,254	\$ -	\$ 133,254	
830.035	IDC - MOBILIZATION/DEMOBILIZATN	\$ 85,781	\$ -	\$ 85,781	
830.105	IDC - TRANSPORTATION, TRUCKING	\$ 12,948	\$ -	\$ 12,948	
830.030	IDC - DAMAGES/ROW	\$ 43,160	\$ -	\$ 43,160	
830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054	
830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414	
830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111	
830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751	
830.185	IDC - WELL CONTROL INSURANCE	\$ 10,790	\$ -	\$ 10,790	
830.075	IDC - MUD & CHEMICALS	\$ 43,107	\$ -	\$ 43,107	
830.020	IDC - STAKING & SURVEYING	\$ 10,790	\$ -	\$ 10,790	
830.170	IDC - INSPECTIONS	\$ 18,343	\$ -	\$ 18,343	
830.025	IDC - ROAD, LOCATIONS	\$ 74,573	\$ -	\$ 74,573	
830.125	IDC - EQUIPMENT RENTALS	\$ 45,935	\$ -	\$ 45,935	
830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199	
830.040	IDC - DAYWORK CONTRACT	\$ 250,297	\$ -	\$ 250,297	
830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872	
830.155	IDC - DISPOSAL	\$ 43,160	\$ -	\$ 43,160	
830.065	IDC - FUEL, POWER	\$ 54,293	\$ -	\$ 54,293	
830.175	IDC - SUPERVISION	\$ 65,064	\$ -	\$ 65,064	

19707 West IH 10, Suite 201, San Antonio, TX 78257  
 Tel. 210-585-3316 www.silverbackexp.com



Authority for Expenditure

830.080	IDC - MUD LOGGING	\$ 10,360	\$ -	\$ 10,360
830.100	IDC - CEMENT SERV/FLOAT EQUIP	\$ 15,281	\$ -	\$ 15,281
830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160
830.140	IDC - MUD AUXILLARY	\$ 19,662	\$ -	\$ 19,662
830.215	IDC - MUD - BRINE	\$ 13,017	\$ -	\$ 13,017
830.120	IDC - CONTRACT LABOR	\$ 27,838	\$ -	\$ 27,838
830.130	IDC - MANCAMP	\$ 30,775	\$ -	\$ 30,775
830.060	IDC - BITS, TOOLS, STABILIZERS	\$ 44,239	\$ -	\$ 44,239
<b>Intangible Completion</b>		\$ -	\$ 2,898,933.00	\$ 2,898,933.00
840.125	ICC - EQUIPMENT RENTALS	\$ -	\$ 16,994	\$ 16,994
840.035	ICC - PUMP DOWN	\$ -	\$ 45,102	\$ 45,102
840.177	ICC - CONSULTING SERVICES	\$ -	\$ 140,810	\$ 140,810
840.071	ICC - WATER TRANSFER	\$ -	\$ 21,580	\$ 21,580
840.166	ICC - ENVIRONMENTAL/SAFETY	\$ -	\$ 2,698	\$ 2,698
840.091	ICC - MANCAMP	\$ -	\$ 18,570	\$ 18,570
840.025	ICC - ROAD, LOCATIONS	\$ -	\$ 1,241	\$ 1,241
840.065	ICC - FUEL, POWER	\$ -	\$ 221,423	\$ 221,423
840.175	ICC - SUPERVISION	\$ -	\$ 3,884	\$ 3,884
840.070	ICC - DRILL WATER	\$ -	\$ 226,590	\$ 226,590
840.107	ICC - SALTWATER DISPOSAL	\$ -	\$ 6,099	\$ 6,099
840.090	ICC - EQUIPMENT RENTALS SURFACE	\$ -	\$ 118,906	\$ 118,906
840.130	ICC - COMPLETION RIG	\$ -	\$ 4,894	\$ 4,894
840.156	ICC - STIMULATION	\$ -	\$ 728,325	\$ 728,325
840.120	ICC - CONTRACT LABOR	\$ -	\$ 11,276	\$ 11,276
840.180	ICC - OVERHEAD	\$ -	\$ 6,417	\$ 6,417
840.050	ICC - PROPPANT	\$ -	\$ 819,366	\$ 819,366
840.160	ICC - WELL TESTING	\$ -	\$ 67,977	\$ 67,977
840.055	ICC - CHEMICALS	\$ -	\$ 223,894	\$ 223,894
840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$ -	\$ 19,422	\$ 19,422
840.108	ICC - TRANSPORTATION	\$ -	\$ 1,295	\$ 1,295
840.145	ICC - PERFORATING/WIRELINE SERV	\$ -	\$ 192,170	\$ 192,170
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>		\$ 1,341,217.00	\$ 2,898,933.00	\$ 4,240,150.00
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>		\$ 1,817,284.00	\$ 3,002,470.00	\$ 4,819,754.00

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

TANGIBLE FACILITY COSTS			Facility	Total
<b>Tangible Facilities</b>			\$ 458,280.00	\$ 458,280.00
865.075	TFC - INSTRUMENT/ELECT PANELS	\$ 9,890	\$ 9,890	\$ 9,890
865.070	TFC - AIR COMPRESSION	\$ 5,014	\$ 5,014	\$ 5,014
865.200	TFC - CONTINGENCY	\$ 30,929	\$ 30,929	\$ 30,929
865.005	TFC - VESSELS	\$ 190,854	\$ 190,854	\$ 190,854
865.035	TFC - ELECTRICAL FACILITY	\$ 28,774	\$ 28,774	\$ 28,774
865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$ 52,303	\$ 52,303	\$ 52,303
865.055	TFC - FLOWLINES	\$ 12,150	\$ 12,150	\$ 12,150
865.030	TFC - TANKS	\$ 46,346	\$ 46,346	\$ 46,346
865.045	TFC - PUMP/SUPPLIES	\$ 16,200	\$ 16,200	\$ 16,200
865.025	TFC - LACT UNIT	\$ 25,733	\$ 25,733	\$ 25,733
865.040	TFC - CONTAINMENT	\$ 4,286	\$ 4,286	\$ 4,286



**Authority for Expenditure**

	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$ 8,571	\$ 8,571
	865.020	TFC - METERING EQUIPMENT	\$ 21,907	\$ 21,907
	865.065	TFC - FLARE/COMBUSTOR	\$ 5,323	\$ 5,323
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 458,280.00</b>	<b>\$ 458,280.00</b>
<b>INTANGIBLE FACILITY COSTS</b>				
			<b>Facility</b>	<b>Total</b>
<b>Intangible Facilities</b>			<b>\$ 206,717.00</b>	<b>\$ 206,717.00</b>
	845.020	IFC - ENVIRONMENTAL	\$ 2,143	\$ 2,143
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$ 105,714	\$ 105,714
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$ 36,288	\$ 36,288
	845.050	IFC - TRANSPORTATION/TRUCKING	\$ 15,493	\$ 15,493
	845.025	IFC - CONTRACT LABOR PIPELINE	\$ 17,650	\$ 17,650
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$ 7,143	\$ 7,143
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$ 10,857	\$ 10,857
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$ 11,429	\$ 11,429
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 206,717.00</b>	<b>\$ 206,717.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			<b>\$ 664,997.00</b>	<b>\$ 664,997.00</b>

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

**WI Owner:** \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Approved By:** \_\_\_\_\_ **Title:** \_\_\_\_\_  
**Printed Name:** \_\_\_\_\_

We elect to carry our own well control insurance: Yes / No (circle one)  
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)



Authority for Expenditure

D&C AFE#: 10086D  
 Facilities AFE#: 10086F

Date: Dec 1, 2022

Lease: Krauss 22 202H  
 Well Name: Eddy  
 County: NM  
 State: NM  
 SHL: 18S-26E-22; 1513 FSL, 100 FEL  
 BHL: 18S-26E-22; 1513 FSL, 100 FWL

Target: Blinebry  
 Project MD/TVD: 8600 / 3000  
 Lateral Length: 4,900

	<b>Total</b>
<b>DRILLING:</b>	<b>\$1,817,284.00</b>
<b>COMPLETIONS:</b>	<b>\$3,002,470.00</b>
<b>FACILITIES:</b>	<b>\$664,997.00</b>
<b>COMPLETED WELL COST:</b>	<b>5,484,751.00</b>

TANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Tangible Drilling</b>			<b>\$ 476,067.00</b>	<b>\$ -</b>	<b>\$ 476,067.00</b>
850.025	TDC - PRODUCTION CASING		\$ 359,523	\$ -	\$ 359,523
850.145	TDC - WELLHEAD EQUIPMENT		\$ 53,836	\$ -	\$ 53,836
850.015	TDC - SURFACE CASING		\$ 62,708	\$ -	\$ 62,708
<b>Tangible Completion</b>			<b>\$ -</b>	<b>\$ 103,537.00</b>	<b>\$ 103,537.00</b>
860.140	TCC - PRODUCTION TUBING		\$ -	\$ 37,355	\$ 37,355
860.166	TCC - ARTIFICIAL LIFT		\$ -	\$ 53,950	\$ 53,950
860.145	TCC - WELLHEAD EQUIPMENT		\$ -	\$ 12,232	\$ 12,232
<b>TOTAL TANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			<b>\$ 476,067.00</b>	<b>\$ 103,537.00</b>	<b>\$ 579,604.00</b>

INTANGIBLE D&C COSTS			Dry Hole	Completion	Total
<b>Intangible Drilling</b>			<b>\$ 1,341,217.00</b>	<b>\$ -</b>	<b>\$ 1,341,217.00</b>
830.115	IDC - COMPANY LABOR		\$ 4,800	\$ -	\$ 4,800
830.130	IDC - MANCAMP		\$ 30,775	\$ -	\$ 30,775
830.010	IDC - PERMITS,LICENSES,ETC		\$ 2,158	\$ -	\$ 2,158
830.140	IDC - MUD AUXILLARY		\$ 19,662	\$ -	\$ 19,662
830.060	IDC - BITS, TOOLS, STABILIZERS		\$ 44,239	\$ -	\$ 44,239
830.120	IDC - CONTRACT LABOR		\$ 27,838	\$ -	\$ 27,838
830.175	IDC - SUPERVISION		\$ 65,064	\$ -	\$ 65,064
830.040	IDC - DAYWORK CONTRACT		\$ 250,297	\$ -	\$ 250,297
830.035	IDC - MOBILIZATION/DEMOBILIZATN		\$ 85,781	\$ -	\$ 85,781
830.125	IDC - EQUIPMENT RENTALS		\$ 45,935	\$ -	\$ 45,935
830.145	IDC - CEMENT		\$ 86,442	\$ -	\$ 86,442
830.170	IDC - INSPECTIONS		\$ 18,343	\$ -	\$ 18,343
830.100	IDC - CEMENT SERV/FLOAT EQUIP		\$ 15,281	\$ -	\$ 15,281
830.020	IDC - STAKING & SURVEYING		\$ 10,790	\$ -	\$ 10,790
830.030	IDC - DAMAGES/ROW		\$ 43,160	\$ -	\$ 43,160
830.080	IDC - MUD LOGGING		\$ 10,360	\$ -	\$ 10,360
830.065	IDC - FUEL, POWER		\$ 54,293	\$ -	\$ 54,293
830.105	IDC - TRANSPORTATION, TRUCKING		\$ 12,948	\$ -	\$ 12,948
830.075	IDC - MUD & CHEMICALS		\$ 43,107	\$ -	\$ 43,107
830.025	IDC - ROAD, LOCATIONS		\$ 74,573	\$ -	\$ 74,573
830.155	IDC - DISPOSAL		\$ 43,160	\$ -	\$ 43,160
830.185	IDC - WELL CONTROL INSURANCE		\$ 10,790	\$ -	\$ 10,790
830.055	IDC - DIRECTNL DRILLING & SURVEY		\$ 133,254	\$ -	\$ 133,254
830.215	IDC - MUD - BRINE		\$ 13,017	\$ -	\$ 13,017



Authority for Expenditure

	830.070	IDC - DRILL WATER	\$ 45,589	\$ -	\$ 45,589
	830.135	IDC - SOLIDS CONTROL	\$ 41,111	\$ -	\$ 41,111
	830.210	IDC - ROUSTABOUTS	\$ 6,872	\$ -	\$ 6,872
	830.190	IDC - LEGAL, TITLE SERVICES	\$ 43,160	\$ -	\$ 43,160
	830.110	IDC - CASING CREW & EQPT	\$ 23,199	\$ -	\$ 23,199
	830.205	IDC - SAFETY & ENVIRONMENTAL	\$ 7,054	\$ -	\$ 7,054
	830.180	IDC - OVERHEAD	\$ 2,751	\$ -	\$ 2,751
	830.050	IDC - MOUSE/RATHOLE/CONDUCT PIPE	\$ 25,414	\$ -	\$ 25,414
<b>Intangible Completion</b>			\$ -	\$ 2,898,933.00	\$ 2,898,933.00
	840.065	ICC - FUEL, POWER	\$ -	\$ 221,423	\$ 221,423
	840.145	ICC - PERFORATING/WIRELINE SERV	\$ -	\$ 192,170	\$ 192,170
	840.108	ICC - TRANSPORTATION	\$ -	\$ 1,295	\$ 1,295
	840.090	ICC - EQUIPMENT RENTALS SURFACE	\$ -	\$ 118,906	\$ 118,906
	840.050	ICC - PROPPANT	\$ -	\$ 819,366	\$ 819,366
	840.120	ICC - CONTRACT LABOR	\$ -	\$ 11,276	\$ 11,276
	840.035	ICC - PUMP DOWN	\$ -	\$ 45,102	\$ 45,102
	840.055	ICC - CHEMICALS	\$ -	\$ 223,894	\$ 223,894
	840.126	ICC - BITS/TOOLS/PLUGS/STABILIZERS	\$ -	\$ 19,422	\$ 19,422
	840.160	ICC - WELL TESTING	\$ -	\$ 67,977	\$ 67,977
	840.180	ICC - OVERHEAD	\$ -	\$ 6,417	\$ 6,417
	840.175	ICC - SUPERVISION	\$ -	\$ 3,884	\$ 3,884
	840.130	ICC - COMPLETION RIG	\$ -	\$ 4,894	\$ 4,894
	840.091	ICC - MANCAMP	\$ -	\$ 18,570	\$ 18,570
	840.125	ICC - EQUIPMENT RENTALS	\$ -	\$ 16,994	\$ 16,994
	840.025	ICC - ROAD, LOCATIONS	\$ -	\$ 1,241	\$ 1,241
	840.166	ICC - ENVIRONMENTAL/SAFETY	\$ -	\$ 2,698	\$ 2,698
	840.156	ICC - STIMULATION	\$ -	\$ 728,325	\$ 728,325
	840.177	ICC - CONSULTING SERVICES	\$ -	\$ 140,810	\$ 140,810
	840.071	ICC - WATER TRANSFER	\$ -	\$ 21,580	\$ 21,580
	840.107	ICC - SALTWATER DISPOSAL	\$ -	\$ 6,099	\$ 6,099
	840.070	ICC - DRILL WATER	\$ -	\$ 226,590	\$ 226,590
<b>TOTAL INTANGIBLE D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 1,341,217.00	\$ 2,898,933.00	\$ 4,240,150.00
<b>TOTAL D&amp;C COSTS &gt;&gt;&gt;</b>			\$ 1,817,284.00	\$ 3,002,470.00	\$ 4,819,754.00

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

TANGIBLE FACILITY COSTS			Facility	Total
<b>Tangible Facilities</b>			\$ 458,280.00	\$ 458,280.00
	865.030	TFC - TANKS	\$ 46,346	\$ 46,346
	865.075	TFC - INSTRUMENT/ELECT PANELS	\$ 9,890	\$ 9,890
	865.010	TFC - ELECTRICAL OH/TRANSFORMERS	\$ 8,571	\$ 8,571
	865.055	TFC - FLOWLINES	\$ 12,150	\$ 12,150
	865.025	TFC - LACT UNIT	\$ 25,733	\$ 25,733
	865.045	TFC - PUMP/SUPPLIES	\$ 16,200	\$ 16,200
	865.005	TFC - VESSELS	\$ 190,854	\$ 190,854
	865.015	TFC - CONNECTIONS/FITTINGS/SUPPLIES	\$ 52,303	\$ 52,303
	865.200	TFC - CONTINGENCY	\$ 30,929	\$ 30,929
	865.040	TFC - CONTAINMENT	\$ 4,286	\$ 4,286
	865.035	TFC - ELECTRICAL FACILITY	\$ 28,774	\$ 28,774



**Authority for Expenditure**

	865.065	TFC - FLARE/COMBUSTOR	\$	5,323	\$	5,323
	865.070	TFC - AIR COMPRESSION	\$	5,014	\$	5,014
	865.020	TFC - METERING EQUIPMENT	\$	21,907	\$	21,907
<b>TOTAL TANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>458,280.00</b>	\$	<b>458,280.00</b>
<b>INTANGIBLE FACILITY COSTS</b>						
				<b>Facility</b>		<b>Total</b>
<b>Intangible Facilities</b>			\$	<b>206,717.00</b>	\$	<b>206,717.00</b>
	845.030	IFC - CONTRACT LABOR AUTOMATION	\$	36,288	\$	36,288
	845.065	IFC - CONTRACT LABOR-COMMISSIONING	\$	10,857	\$	10,857
	845.050	IFC - TRANSPORTATION/TRUCKING	\$	15,493	\$	15,493
	845.020	IFC - ENVIRONMENTAL	\$	2,143	\$	2,143
	845.055	IFC - MISC INTANGIBLE FAC COSTS	\$	11,429	\$	11,429
	845.040	IFC - CONTRACT LABOR CIVIL/MECHANICAL	\$	105,714	\$	105,714
	845.025	IFC - CONTRACT LABOR PIPELINE	\$	17,650	\$	17,650
	845.035	IFC - CONTR LABOR ENGINEER/TECHNICAL	\$	7,143	\$	7,143
<b>TOTAL INTANGIBLE FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>206,717.00</b>	\$	<b>206,717.00</b>
<b>TOTAL FACILITY COSTS &gt;&gt;&gt;</b>			\$	<b>664,997.00</b>	\$	<b>664,997.00</b>

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

**WI Owner:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Approved By:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

We elect to carry our own well control insurance: Yes / No (circle one)  
 We elect to take our proportionate share of non-consenting interest: Yes / No (circle one)

## **Chronology of Contact with Non-Op Working Interests (Silverback – 74% Interest)**

### **Oxy Y-1 USA (~19% interest)**

12/2/2022 – Mailed out well proposals

12/20/2022 – Discussed well proposal and Oxy's WI

12/22/2022 – Mailed out subsequent well proposals to re-adjust intervals being targeted

1/18/2023 - Had conversation with Alissa Payne (Land Negotiator at Oxy) on their interest in participating. They informed that they were not going to elect at this time and will wait until they get their elections under the force pooling order.

### **ConocoPhillips/Concho (~5% Interest)**

12/2/2022 – Mailed out well proposals

12/22/2022 – Mailed out subsequent well proposals to re-adjust intervals being targeted

1/13/2023 – Introductory Email to Baylor Mitchell and to address any questions

1/16/2023 – Follow-up email

1/19/2023 – Received email Concho/Conoco that they are looking into proposal

1/25/2023 – Email received that Concho/Conoco requesting a continuance for 30 days

1/25/2023 – Email sent that Silverback would like to continue forward with February 2<sup>nd</sup> date

1/26/2023 – Per discussion with Concho – JOA advanced

1/26/2023 -Per discussion with Conoco/Concho – Advanced ownership

1/26/2023 – Concho advances letter agreement

1/30/2023 – Silverback requests lease form Concho/Conoco would like to use

1/30/2023 – Concho/Conoco – Follow up

1/30/2023 – Silverback responds with requested changes to letter agreement

1/30/2023 – Concho/Conoco responds with request to ask for a continuance

1/31/2023 – Silverback responds to see if agreement can be reached so there isn't a continuance

2/1/2023 – Silverback responds to questions regarding the letter agreement

**EXHIBIT  
D-4**

2/6/2023 – Silverback follows up on  
2/6/2023 – Concho/Conoco responds  
2/8/2023 – Silverback request lease  
2/8/2023 – Lease is sent over  
2/13/2023 – Silverback responds back  
2/13/2023 – JOA issues worked out  
2/14/2023 – Signed letter after agreement

**Estate of Chester Russell (Deceased)**

10/31/2023 – Made phone contact with who we have identified as descendant / heir of estate.  
11/28/2023 – Mailed out Well Proposal Packets  
12/11/2023 – Attempted to make phone contact again

**Michael C Currier and Missi Currier Barton, as Joint Tenants**

10/26/2023 – Phone contact  
11/1/2023 – Phone contact and explained leasing proposal  
11/28/23 – Mailed out Well Proposal Packets  
12/11/2023 – Emailed to follow up on leasing proposal  
12/21/2023 – Phone contact, left voicemail  
12/22/2023 – Phone contact, finalizing leasing documents

**AmeriPermian Holdings, LLC**

10/26/23 - Called and left VM.  
11.2.23 - Called and spoke with owner of the LLC  
11/28/23 – Mailed out Well Proposal Packets  
11/14/23 - Followed up via email.  
12/8/23 - Followed up via email.  
12/13/23 - Called and left VM.  
12/18/23 - Called and left VM.  
12/22/23 - Followed up via email.

**Wells Fargo National Bank, Successor Trustee of the Blanche Widaman Trust dated September 27, 1961 [Less than 1% Interest]**

10/26/23 - Called and made contact with Bank Admin, said information would be relayed to appropriate person

11/1/23 - Called and unable to leave VM.

11/2/23 - Called and unable to leave VM.

11/28/23 – Mailed out Well Proposal Packets

12/11/23 - Still trying to get in direct contact with someone. Got contact info for Paul Midkiff. Left him a VM.

12/12/23 – Got new contact person, sent her an email with an offer letter and GMA/NMA.

12/14/23 – Exchanged emails

12/22/23 - Followed up via email.

**Keith U McCrary [Less than 1% Interest]**

10/26/2023 – Called and left VM

10/30/2023 – Made contact and explained the proposal

11/28/2023 – Mailed out Well Proposal Packets

12/11/2023 – Called and left VM

**Barbara Schaffer [Less than 1% Interest]**

10/26/2023 – Called and left VM

10/31/2023 – Spoke on the phone and explained the proposal

11/2/2023 – Spoke on the phone

11/28/2023 – Mailed out Well Proposal Packets

12/11/2023 – Spoke on the phone to finalize documents

## TAB 3

Exhibit E: Self-Affirmed Statement of Nathaniel Gilbertson, Geologist  
Exhibit B: Self-Affirmed Statement of Nathaniel Gilbertson, Case No. 23316  
Exhibit B-1: Base Map  
Exhibit B-2: Subsea Structure map  
Exhibit B-3: Structural Cross Section Map  
Exhibit B-4: Gun Barrel View  
Exhibit B-5: Lateral Wellbore Trajectory Schematic  
Exhibit B-Supplement for Case No. 23316  
Exhibit B-6: Existing Wellbores

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

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23315 AND AMEND  
ORDER NO. R-22655 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 24082  
Re-open Case No. 23315

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23316 AND AMEND  
ORDER NO. R-22671 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 24083  
Re-open Case No. 23316

**SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON**

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

1. My name is Nathaniel Gilbertson, and I am employed by Silverback Operating II, LLC (“Silverback”) as a petroleum geologist.
2. I have previously testified before the Oil Conservation Division (“Division”) as an expert witness in petroleum geology. My credentials have been made a matter of record and I have been recognized by the Division as an expert witness.
3. I am familiar with the applications filed by Silverback in these consolidated cases, and I have conducted a geologic study of the Yeso formation underlying the subject area.
4. The Geology Exhibits that were filed in Case Nos. 23315 and 23316 have not changed, are still relevant to, and accurately represent the geology of the Subject Lands in Case Nos. 24082 and 24083. My Self-Affirmed Statements along with Geology Exhibits from Case Nos. 23315 and 23316 are attached hereto with their corresponding exhibits, Exhibits B through B-6.

*[Signature page follows]*



*Signature page of Self-Affirmed Statement of Nathaniel Gilbertson:*

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 24082 and 24083 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.

  
\_\_\_\_\_  
Nathaniel Gilbertson

12/29/2023  
\_\_\_\_\_  
Date Signed

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

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

**Case No. 23316**

**SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON**

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

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

2. I have previously testified before the Oil Conservation Division (“Division”) as an expert witness in petroleum geology. My credentials have been made a matter of record and I have been recognized by the Division as an expert witness.

3. I am familiar with the applications filed by Silverback in these consolidated cases, and I have conducted a geologic study of the Yeso formation underlying the subject area.

4. The initial targets for Silverback’s proposed Krauss wells in Section 22 of T18S-R26E are intervals within the Yeso formation.

5. **Silverback Exhibit B-1** is a base map that shows the location of the proposed horizontal well spacing unit, the path of the proposed/drilled wellbores and offsetting well bores. Marked on the map is the location of the four wells in Cross Section A-A’ of Exhibit B-3. These wells penetrate the targeted interval, are of good quality, and are representative of the geology in the subject area.

6. **Silverback Exhibit B-2** is a subsea structure map of the top of the Glorieta/Yeso with a 25-foot contour interval. The Yeso Formation structure is dipping to the east-southeast. The formation appears consistent across the proposed spacing unit. I do not observe any



faulting, pinchouts, or other geologic impediments to horizontal drilling within the proposed spacing unit. This map also shows line B-B' which is depicted in a gun barrel diagram in Exhibit B-4 and line C-C' which is depicted in a lateral trajectory cross-section in Exhibit B-5.

7. **Silverback Exhibit B-3** is a structural cross-section that I prepared with data from open-hole logs collected over the target formation in the representative wells denoted from A to A' (Exhibit B-1). For each well in the cross-section, the exhibit shows the following logs: gamma ray, deep resistivity, neutron porosity and bulk density. The targeted zone for each well is labeled and marked on the cross-section. The logs in the cross-section demonstrate that the targeted zones are continuous and consistent through the proposed spacing unit.

8. **Silverback Exhibit B-4** is a gun barrel diagram from B to B' illustrating Silverback's intended development in the Yeso formation across the proposed spacing unit. Each proposed or existing well is identified relative to the different intervals within the Yeso formation.

9. **Silverback Exhibit B-5** is a West to East lateral trajectory cross-section illustrating Silverback's intended development in the Yeso formation across the proposed spacing unit.

10. In my opinion, the East-West orientation of the proposed wells in the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.

11. Based on my geologic study of the area, the targeted interval underlying the proposed spacing unit is suitable for development by horizontal wells and tracts comprising the proposed spacing unit with contribute more or less equally to the production of the wells.

12. The granting of this application is in the best interest of conservation, the prevention of waste and the protection of correlative rights and will avoid the drilling of unnecessary wells.

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

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

*[Signature page follows]*

*Signature page of Self-Affirmed Statement of Nathaniel Gilbertson:*

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

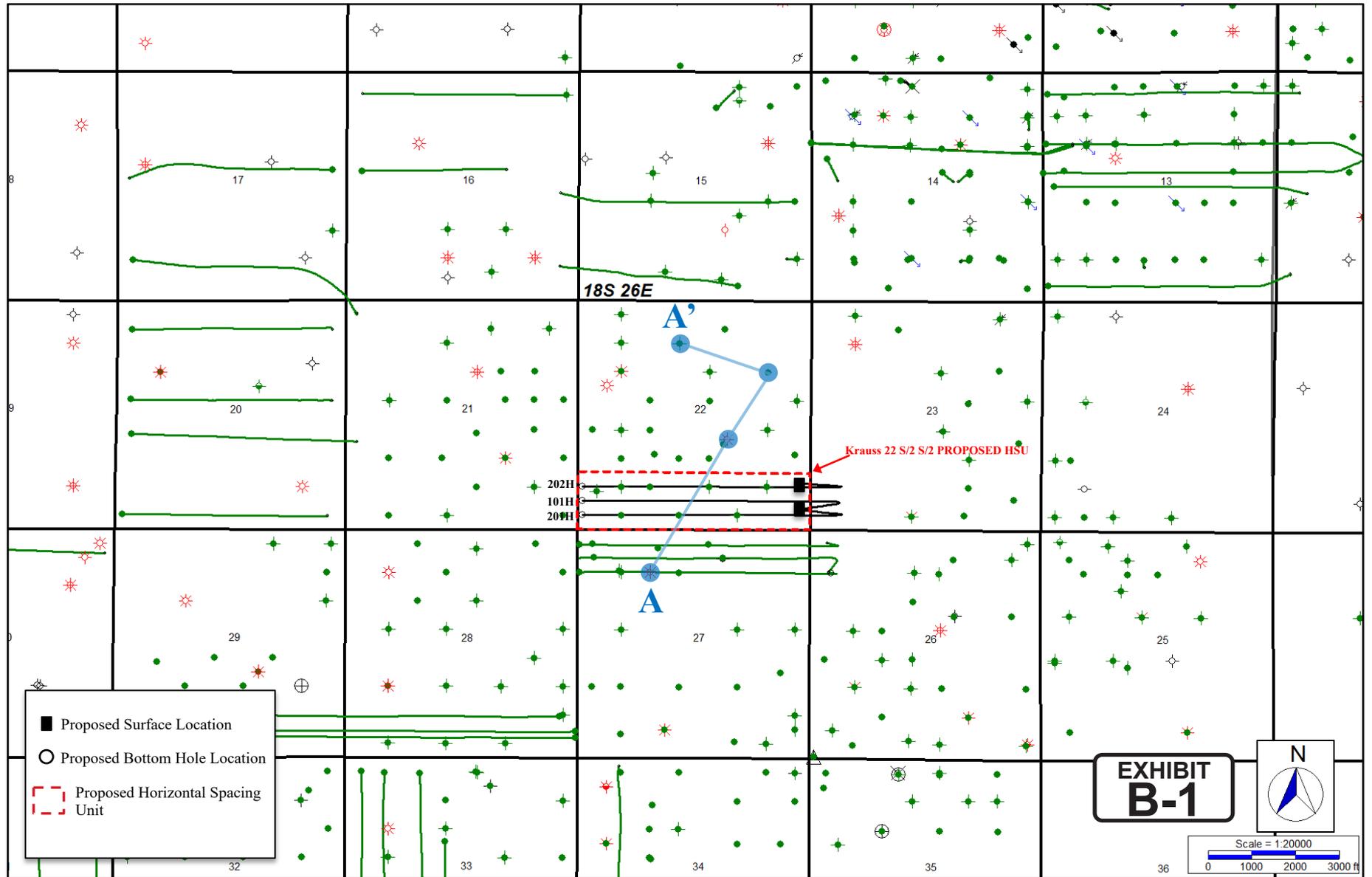
  
\_\_\_\_\_  
Nathaniel Gilbertson

1/30/2023  
\_\_\_\_\_  
Date Signed

# Exhibit B-1: Krauss 22 S/2 S/2 HSU Basemap



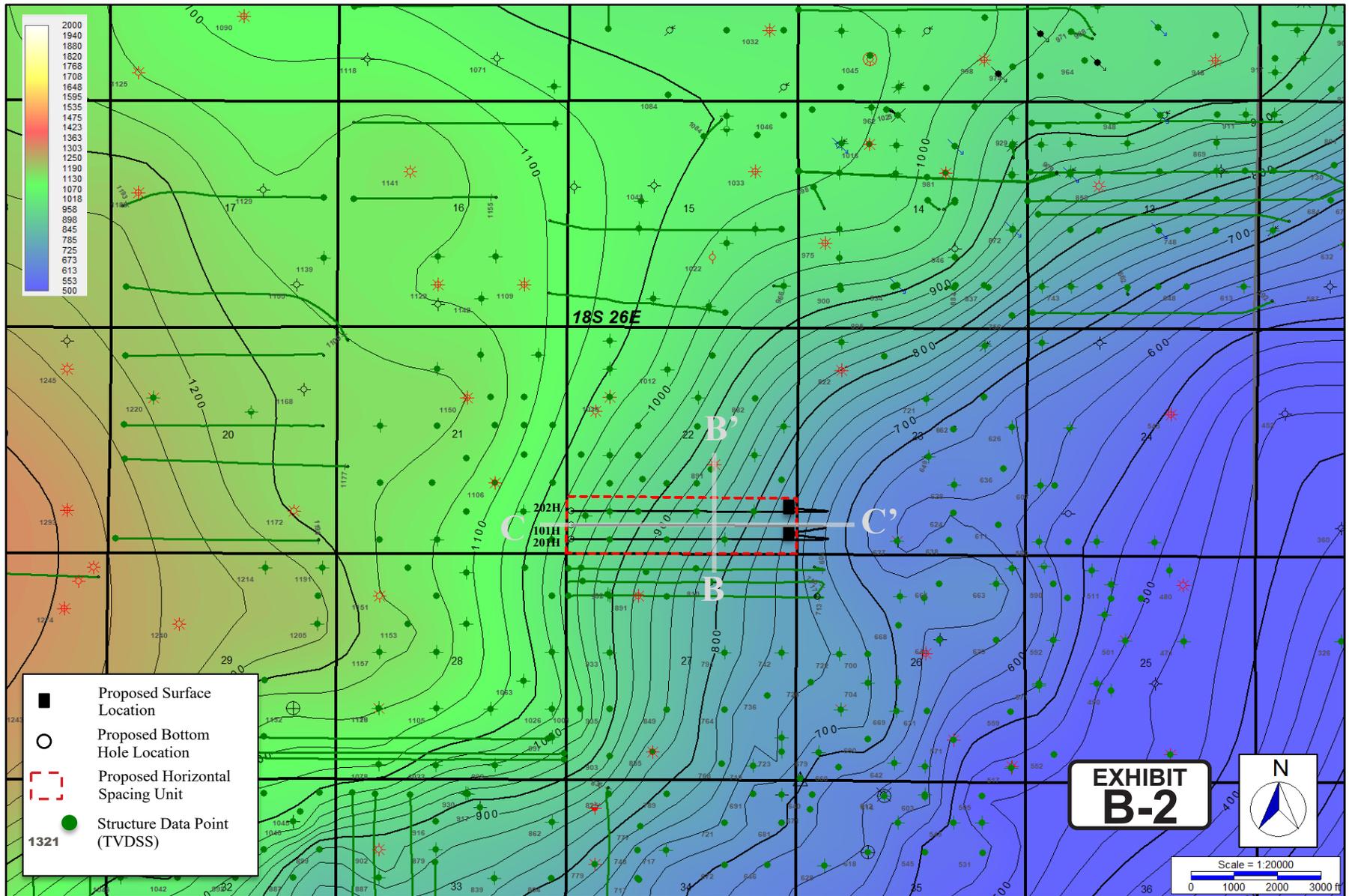
(Case No. 23316)



# Exhibit B-2: Structure Map: Glorieta (TVDSS)

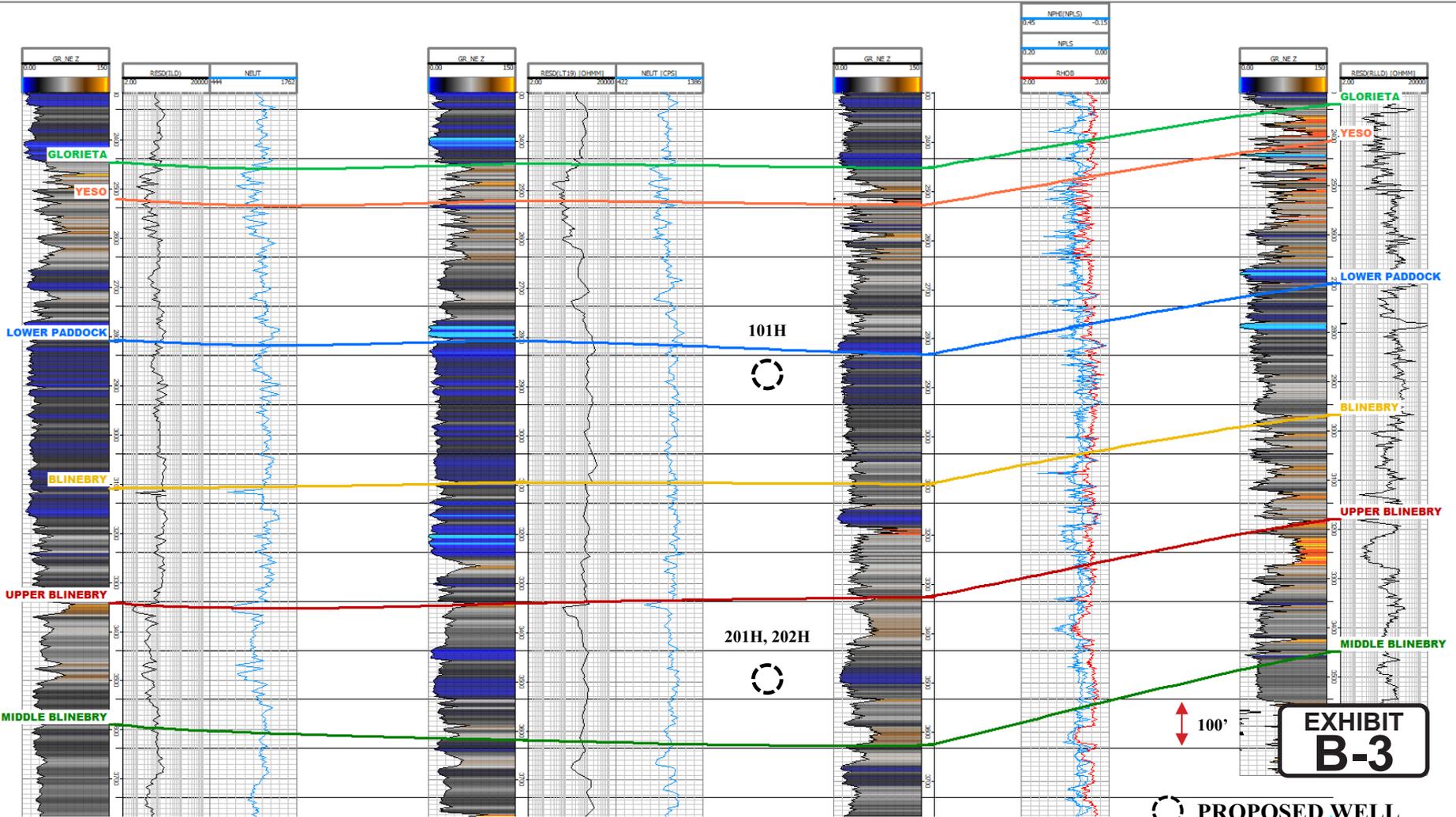


(Case No. 23316)



# Exhibit B-3: Structural Cross Section A – A' (TVDSS)

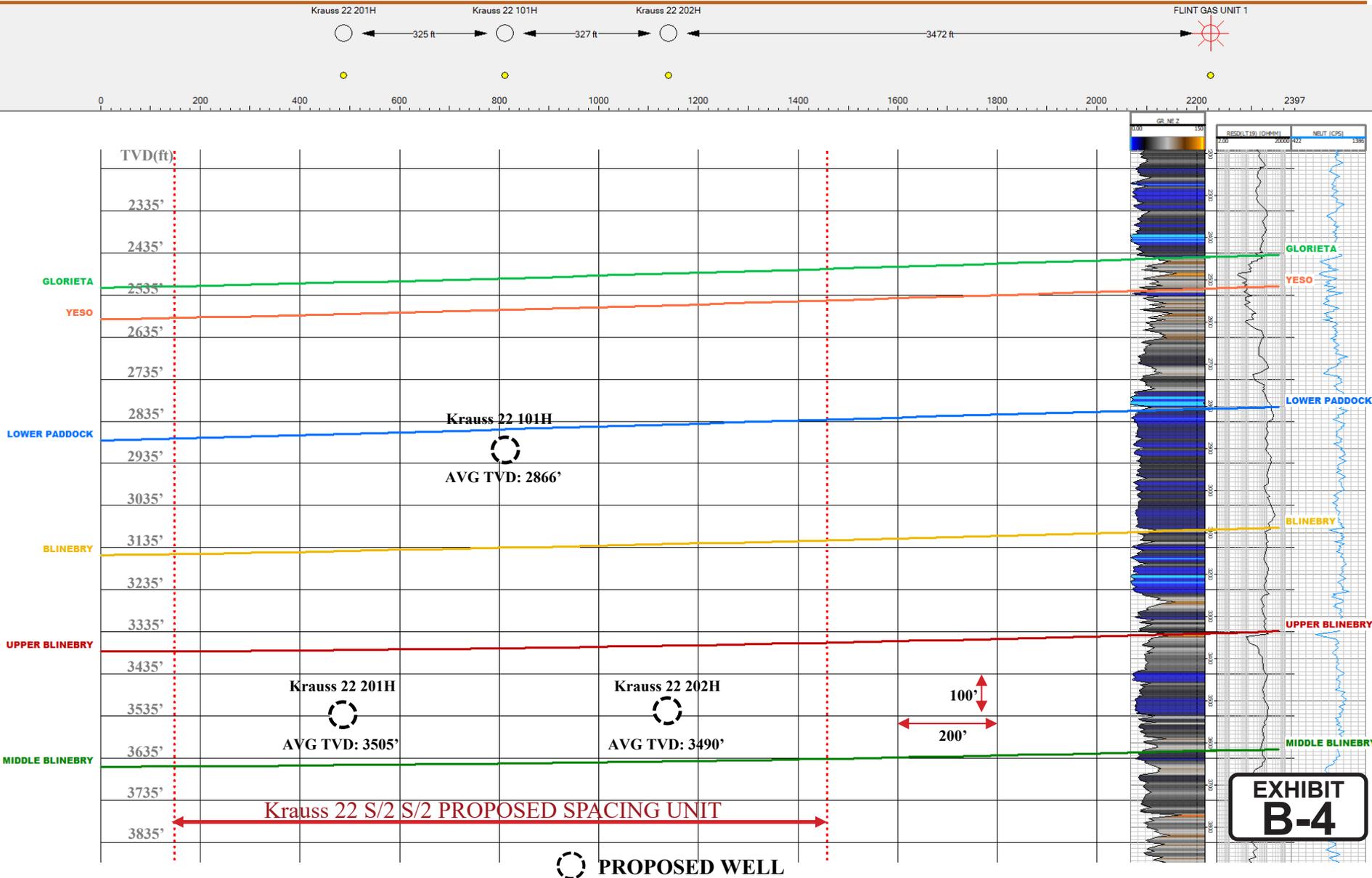
(Case No. 23316)



# Exhibit B-4: Gun Barrel Diagram B-B' (TVD)



(Case No. 23316)



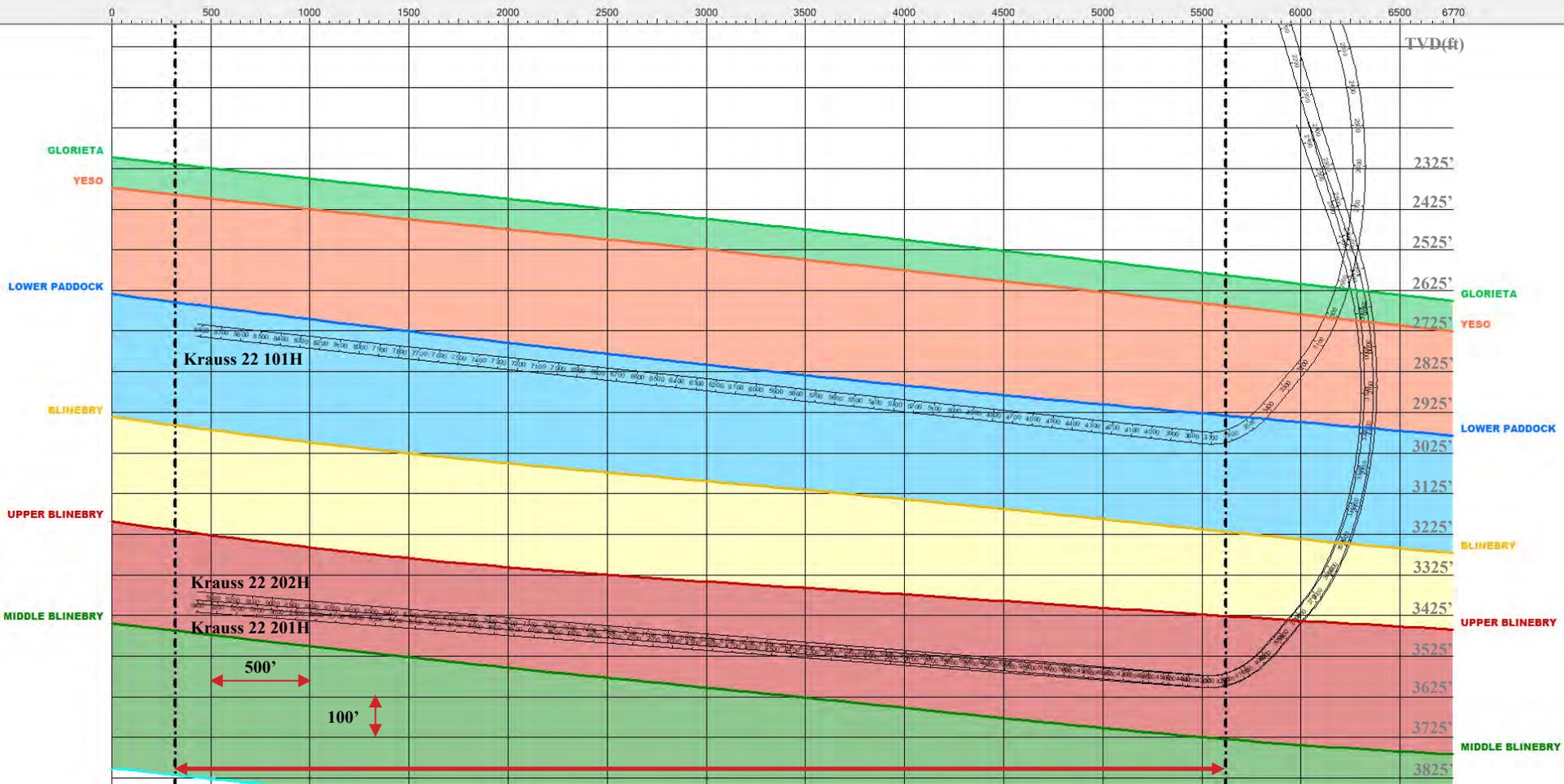
# Exhibit B-5: Proposed Well Trajectories C-C' (TVD)



(Case No. 23316)

WEST

EAST



Krauss 22 S/2 S/2 PROPOSED SPACING UNIT

**EXHIBIT B-5**

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

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

**Case No. 23316**

**SELF-AFFIRMED STATEMENT OF NATHANIEL GILBERTSON**

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

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

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

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

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



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

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

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

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

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

Nate Gilbertson  
Nathaniel Gilbertson

February 27, 2023  
Date Signed

# Exhibit B-6: Existing wells in proposed HSU

(Case No. 23316)

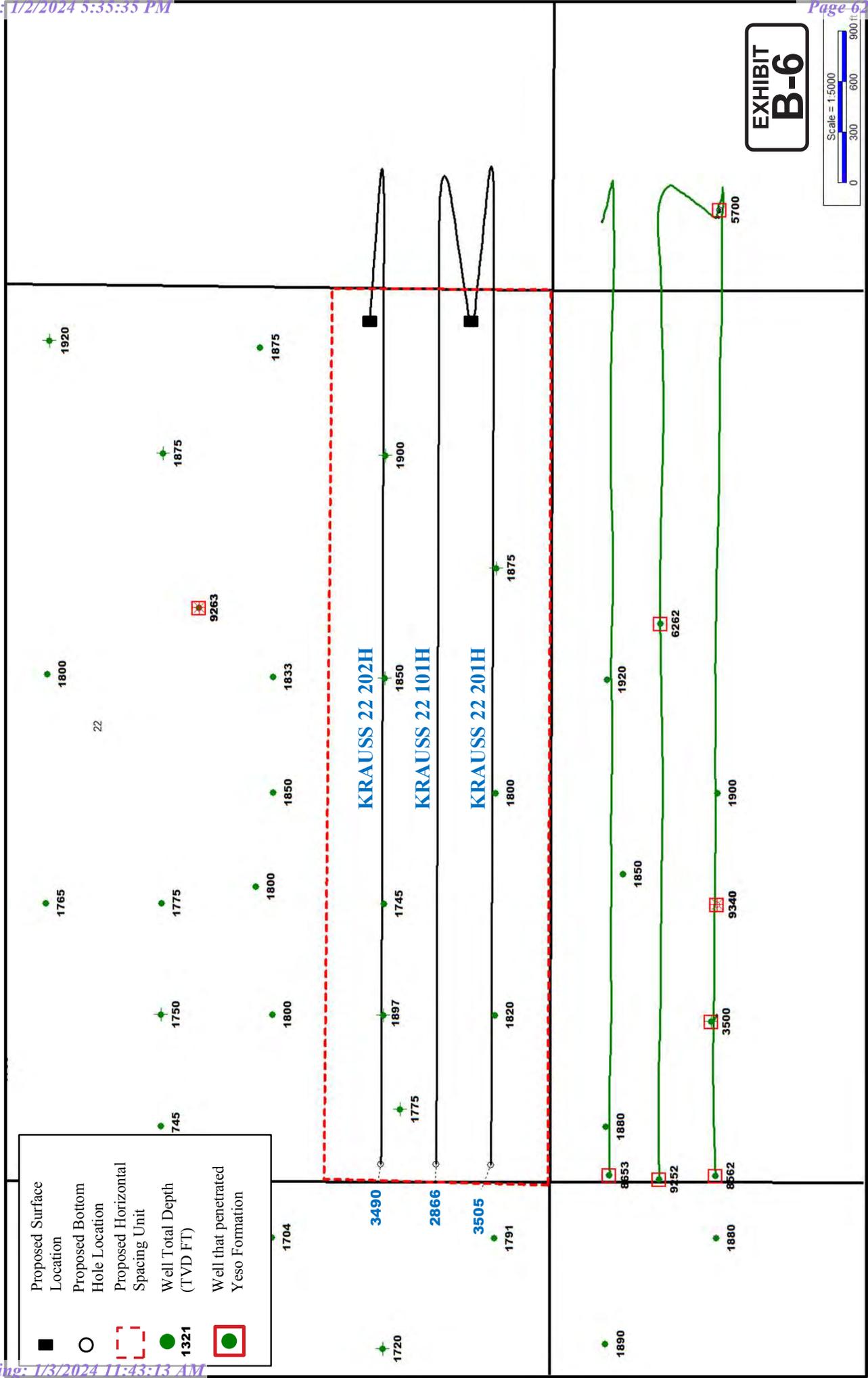
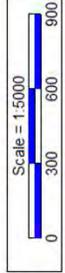


EXHIBIT B-6



## TAB 4

Exhibit F: Self-Affirmed Statement of Notice, Darin C. Savage  
Exhibit F-1: Notice Letter  
Exhibit F-2: Mailing List  
Exhibit F-3: Affidavit of Publication

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

**APPLICATION OF SILVERBACK OPERATING II, LLC,  
TO REOPEN CASE NO. 23316 AND AMEND  
ORDER NO. R-22671 FOR A COMPULSORY  
POOLING, EDDY COUNTY, NEW MEXICO**

**Case No. 24083  
Re-open Case No. 23316**

**SELF-AFFIRMED STATEMENT OF NOTICE**

I, Darin C. Savage, attorney and authorized representative of Silverback Operating II, LLC (“Silverback” or “Applicant”) the Applicant herein, states the following which is true and correct to the best of my knowledge and belief:

1. Notice of the applications and hearing in the above-reference cases was timely sent by certified mail, return receipt requested, through the United States Postal Service on December 14, 2023, to all uncommitted Interest owners sought to be pooled in this proceeding. *See* Exhibit C-2, attached hereto. Copies of notice letters and evidence of mailing to parties are attached hereto as Exhibits C-1 and C-2.

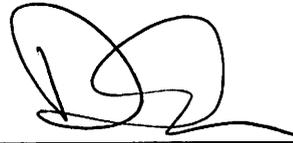
2. Notice was sent to the Carlsbad Current Argus, a newspaper of general circulation in Eddy County, New Mexico, and timely published in said newspaper on December 19, 2023. *See* Exhibit C-3.

*[Signature page follows]*



*Signature page of Self-Affirmed Statement of Darin C. Savage:*

I understand that this Self-Affirmed Statement will be used as written testimony before the Division in Case No. 24083 and affirm that my testimony herein is true and correct, to the best of my knowledge and belief and made under penalty of perjury under the laws of the State of New Mexico.



\_\_\_\_\_  
Darin Savage

1/2/2024

\_\_\_\_\_  
Date Signed

ABADIE | SCHILL PC



For the Pursuit of Energy

Colorado	New Mexico
Louisiana	Texas
Nebraska	Kansas
Montana	Wyoming
Oklahoma	California
	North Dakota

December 14, 2023

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

TO: ALL INTEREST OWNERS SUBJECT TO POOLING PROCEEDINGS

Re: Application Of Silverback Operating II, LLC,  
 To Reopen Case No. 23316 and Amend  
 Order No. R-22671 for a Compulsory  
 Pooling, Eddy County, New Mexico  
 Krauss 22 #101H Well (Case No. 24083)  
 Krauss 22 #201H Well (Case No. 24083)  
 Krauss 22 #202H Well (Case No. 24083)

Case No. 24083:

Dear Interest Owner:

This letter is to advise you that Silverback Operating II, LLC (“Silverback”), has filed the enclosed application, in Case No. 24083, with the New Mexico Oil Conservation Division (“Division”) for a compulsory pooling in the Yeso formation.

In Case No. 24083, Silverback is seeking an order to reopen Case No. 23316 and amend Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico, as originally pooled by Division Order No. R-22671.

A hearing has been requested before a Division Examiner on January 4, 2024, and the status of the hearing can be monitored through the Division’s website. Division hearings will commence at 8:15 a.m., in Pecos Hall at the Oil Conservation Division’s Santa Fe

[abadieschill.com](http://abadieschill.com)

214 McKenzie Street, Santa Fe, New Mexico, 87501

O : 970.385.4401 • F : 970.385.4901

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Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If so desired, you can attend the hearing in person at Pecos Hall or you can attend virtually through remote online access. For information about attending by remote access and reviewing the status of the case, you can visit the Division's website at: <https://www.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. It is recommended that you check with the Division to determine the best option for attendance.

You are being notified as an interest owner (subject to title examination) and are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 19.15.4.13.B NMAC to file a Pre-hearing Statement at least four business days in advance of a scheduled hearing, but in no event later than 5 p.m. mountain time on the Thursday preceding the scheduled hearing date. This statement must be filed at the Division's Santa Fe office at the above specified address and should include: The names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Jake Bebermeyer at (210) 920-0221 or at [jbebermeyer@silverbackexp.com](mailto:jbebermeyer@silverbackexp.com).

Sincerely,



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Darin C. Savage

Attorney for Silverback Operating II, LLC

Mail Activity Report - CertifiedPro.net  
Mailed from 12/11/2023 to 12/18/2023  
User Name: abadieschill  
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USPS Article Number	Date Mailed	Name 1	Name 2	Address 1	Address 2	City	State	Zip	Mailing Status	Service Options
9314869904300115149407	12/14/2023	Cliff G. Currier		289 N Lake Rd		Artesia	NM	88210	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300115149414	12/14/2023	Michael C. Currier		1517 Vineyard Court		Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300115149421	12/14/2023	Miss Currier Barton		1204 S Country Club Circle		Carlsbad	NM	88220	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300115149438	12/14/2023	AmeriPermian Holdings, LLC		1733 Woodstead Court	Suite 206	The Woodlands	TX	77380	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300115149483	12/14/2023	Wells Fargo Bank, Successor Trustee of the Blanche	W/daman Trust dated 09/27, 1961, Attn: Megan McLain	201 Main St, Suite 400	MAC T9639-042	Fort Worth	TX	76102	Delivered	Return Receipt - Electronic, Certified Mail
9314869904300115149391	12/14/2023	Chester Russell		PO Box 1363		Mount Pleasant	SC	29465-1363	Undelivered	Return Receipt - Electronic, Certified Mail

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# Carlsbad Current Argus.

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## Affidavit of Publication

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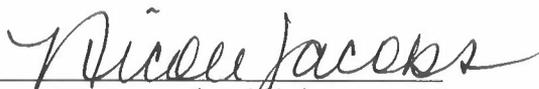
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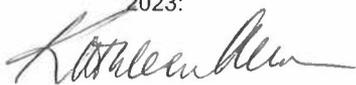
DURANGO, CO 81301-7485

I, a legal clerk of the **Carlsbad Current Argus**, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof in editions dated as follows:

12/19/2023

  
\_\_\_\_\_  
Legal Clerk

Subscribed and sworn before me this December 19, 2023:



State of WI, County of Brown  
NOTARY PUBLIC



My commission expires

KATHLEEN ALLEN  
Notary Public  
State of Wisconsin

Ad # 0005867431  
PO #: No. 24083  
# of Affidavits 1

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CASE No. 24083: Notice -- to all parties and persons having any right, title, interest or claim in this case, including owners of working interest, overriding royalty interest, and record title, among others, whether such parties or persons are listed herein or not, as well as notice to all known and unknown heirs, devisees, assigns and successors of such affected parties and persons, which based on reasonable diligence include CHESTER RUSSELL; CLIFF G. CURRIER; MICHAEL C. CURRIER; MISSI CURRIER BARTON; AMERIPERMIAN HOLDINGS, LLC; and WELLS FARGO BANK, SUCCESSOR TRUSTEE OF THE BLANCHE WIDAMAN TRUST DATED SEPT 27, 1961 ATTN: MEGAN MCLAIN -- of Silverback Operating II, LLC's application To Reopen Case No. 23316 and Amend Order No. R-22671 for a Compulsory Pooling, Eddy County, New Mexico. The State of New Mexico, through its Oil Conservation Division, hereby gives notice that the Division Examiner will conduct a public hearing at 8:15 a.m. on January 4, 2024, held in Pecos Hall at the Oil Conservation Division's Santa Fe Offices located at 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505. If so desired, you can attend the hearing in person at Pecos Hall or you can attend virtually through remote online access. For information about attending by remote access and reviewing the status of the case, you can visit the Division's website at: <https://www.w.emnrd.nm.gov/ocd/hearing-info/> or call (505) 476-3441. It is recommended that you check with the Division to determine the best option for attendance. Silverback Operating II, LLC ("Silverback") at 19707 West IH 10, Suite 201, San Antonio, TX, 78257 (Main Office), seeks from the New Mexico Oil Conservation Division ("Division") to reopen Case No. 23316 and to amend Order No. R-22671 to provide Silverback the opportunity to pool all working interest owners, including additional owner or owners recently discovered, in the Yeso formation (Atoka: Glorieta-Yeso [Pool Code 3250]), an oil pool, underlying the standard 160-acre, more or less, spacing and proration unit comprised of the S/2 S/2 of Section 22, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico. The proposed wells to be dedicated to the horizontal spacing unit are the Krauss 22 D #101H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22; the Krauss 22 D #201H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22; and the Krauss 22 D #202H Well, an oil well, to be horizontally drilled from a surface location in the SE/4 SE/4 (Unit P) of Section 22 to a bottom hole location in the SW/4 SW/4 (Unit M) of same Section 22. The Krauss 22 D #101H and 201H Wells will be orthodox in their locations, as the take points and completed interval will comply with the setback requirements under the statewide Rules; however, the Krauss 22 D #202H Well will be unorthodox in its location, and Applicant will apply to the Division for administrative approval of the nonstandard location. Also, to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of the Applicant as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 7.8 miles south, southeast, of Artesia, New Mexico. #5867431, Current Argus, December 19, 2023

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