

**District I**

1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**

811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

Form C-101  
August 1, 2011

Permit 331680

**APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE**

|                                                                                                               |                              |                               |
|---------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------|
| 1. Operator Name and Address<br>Silverback Operating II, LLC<br>IH10 West, Suite 201<br>San Antonio, TX 78257 |                              | 2. OGRID Number<br>330968     |
|                                                                                                               |                              | 3. API Number<br>30-015-53273 |
| 4. Property Code<br>333447                                                                                    | 5. Property Name<br>MARGARET | 6. Well No.<br>104H           |

**7. Surface Location**

|               |               |                 |              |         |                   |               |                  |               |                |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>I | Section<br>22 | Township<br>18S | Range<br>26E | Lot Idn | Feet From<br>2186 | N/S Line<br>S | Feet From<br>158 | E/W Line<br>E | County<br>Eddy |
|---------------|---------------|-----------------|--------------|---------|-------------------|---------------|------------------|---------------|----------------|

**8. Proposed Bottom Hole Location**

|               |               |                 |              |              |                   |               |                  |               |                |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|
| UL - Lot<br>I | Section<br>23 | Township<br>18S | Range<br>26E | Lot Idn<br>I | Feet From<br>2227 | N/S Line<br>S | Feet From<br>100 | E/W Line<br>E | County<br>Eddy |
|---------------|---------------|-----------------|--------------|--------------|-------------------|---------------|------------------|---------------|----------------|

**9. Pool Information**

|                     |      |
|---------------------|------|
| ATOKA;GLORIETA-YESO | 3250 |
|---------------------|------|

**Additional Well Information**

|                           |                            |                                        |                           |                                    |
|---------------------------|----------------------------|----------------------------------------|---------------------------|------------------------------------|
| 11. Work Type<br>New Well | 12. Well Type<br>OIL       | 13. Cable/Rotary                       | 14. Lease Type<br>Private | 15. Ground Level Elevation<br>3316 |
| 16. Multiple<br>N         | 17. Proposed Depth<br>8792 | 18. Formation<br>Yeso                  | 19. Contractor            | 20. Spud Date<br>1/17/2023         |
| Depth to Ground water     |                            | Distance from nearest fresh water well |                           | Distance to nearest surface water  |

☒ We will be using a closed-loop system in lieu of lined pits

**21. Proposed Casing and Cement Program**

| Type | Hole Size | Casing Size | Casing Weight/ft | Setting Depth | Sacks of Cement | Estimated TOC |
|------|-----------|-------------|------------------|---------------|-----------------|---------------|
| Surf | 12.25     | 9.625       | 36               | 1250          | 239             | 0             |
| Prod | 8.75      | 7           | 32               | 3721          | 152             | 0             |
| Prod | 8.75      | 5.5         | 20               | 8792          | 1491            | 2324          |

**Casing/Cement Program: Additional Comments**

|  |
|--|
|  |
|--|

**22. Proposed Blowout Prevention Program**

| Type       | Working Pressure | Test Pressure | Manufacturer |
|------------|------------------|---------------|--------------|
| Double Ram | 5000             | 5000          | Shaffer      |

|                                                                                                                                                                                                                                                                                                    |                                  |                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------------|
| 23. I hereby certify that the information given above is true and complete to the best of my knowledge and belief.<br>I further certify I have complied with 19.15.14.9 (A) NMAC <input checked="" type="checkbox"/> and/or 19.15.14.9 (B) NMAC <input checked="" type="checkbox"/> if applicable. | <b>OIL CONSERVATION DIVISION</b> |                                 |
| Signature:                                                                                                                                                                                                                                                                                         |                                  |                                 |
| Printed Name: Electronically filed by Matthew Alley                                                                                                                                                                                                                                                | Approved By: Katherine Pickford  |                                 |
| Title: Chief Financial Officer                                                                                                                                                                                                                                                                     | Title: Geoscientist              |                                 |
| Email Address: malley@silverbackexp.com                                                                                                                                                                                                                                                            | Approved Date: 1/12/2023         | Expiration Date: 1/12/2025      |
| Date: 1/4/2023                                                                                                                                                                                                                                                                                     | Phone: 303-513-0990              | Conditions of Approval Attached |

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

|                                          |                                                            |                                               |
|------------------------------------------|------------------------------------------------------------|-----------------------------------------------|
| <sup>1</sup> API Number<br>30-015- 53273 | <sup>2</sup> Pool Code<br>3250                             | <sup>3</sup> Pool Name<br>ATOKA;GLORIETA-YESO |
| <sup>4</sup> Property Code<br>333447     | <sup>5</sup> Property Name<br>MARGARET                     | <sup>6</sup> Well Number<br>104H              |
| <sup>7</sup> OGRID No.<br>330968         | <sup>8</sup> Operator Name<br>SILVERBACK OPERATING II, LLC | <sup>9</sup> Elevation<br>3,316'              |

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| I             | 22      | 18-S     | 26-E  |         | 2,186'        | SOUTH            | 158'          | EAST           | EDDY   |

|               |         |          |       |         |               |                  |               |                |        |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
| I             | 23      | 18-S     | 26-E  |         | 2,227'        | SOUTH            | 100'          | EAST           | EDDY   |

|                                      |                               |                                  |                         |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|
| <sup>12</sup> Dedicated Acres<br>320 | <sup>13</sup> Joint or Infill | <sup>14</sup> Consolidation Code | <sup>15</sup> Order No. |
|--------------------------------------|-------------------------------|----------------------------------|-------------------------|

| LINE TABLE |             |        |
|------------|-------------|--------|
| LINE #     | BEARING     | LENGTH |
| L1         | S89°21'29"E | 2,653' |
| L2         | N89°53'54"E | 2,649' |
| L3         | S89°27'06"E | 2,638' |
| L4         | S89°27'06"E | 2,638' |
| L5         | S0°19'20"W  | 2,636' |
| L6         | S0°19'20"W  | 2,636' |
| L7         | N89°47'10"W | 2,629' |

| LINE TABLE |             |        |
|------------|-------------|--------|
| LINE #     | BEARING     | LENGTH |
| L8         | N89°49'29"W | 2,637' |
| L9         | N89°49'23"W | 2,647' |
| L10        | N89°49'31"W | 2,647' |
| L11        | N0°34'17"E  | 2,648' |
| L12        | N0°20'04"W  | 2,666' |
| L13        | N0°12'31"E  | 2,646' |
| L14        | N0°12'31"E  | 2,659' |

**SURFACE HOLE LOCATION (SHL)**  
 NAD 83, NM EAST ZONE, U.S. FOOT  
 X: 532605.26  
 Y: 630064.27  
 LAT.: N32.732082  
 LONG.: W104.361731

**FIRST TAKE POINT (FTP)**  
 NAD 83, NM EAST ZONE, U.S. FOOT  
 X: 532863.47  
 Y: 630119.98  
 LAT.: N32.732235  
 LONG.: W104.360891

**LAST TAKE POINT (LTP)**  
**BOTTOM HOLE LOCATION (BHL)**  
 NAD 83, NM EAST ZONE, U.S. FOOT  
 X: 537934.22  
 Y: 630087.08  
 LAT.: N32.732148  
 LONG.: W104.344401

GPS DATUM  
 NAD83  
 NM EAST ZONE

0' 1000' 2000'

N  
W  
S  
E

**T18S-R26E**

SECTION 15 SECTION 14

L1 L2 L3 L4

Found RR Spike

FOUND 1/2" IRON ROD

NW/4 NE/4 NW/4 NE/4

22 23

(SHL) (FTP) (LTP) (BHL)

100' 158'

S89°37'42"E 5,071'

L13

SW/4 SE/4 SW/4 SE/4

2,186' 2,242' 2,227'

Found 1/2" Rebar

FOUND RAILROAD SPIKE

FOUND 3/8" IRON ROD

SECTION 27 SECTION 26

10 9 8 7

L12 L11

SECTION 21 SECTION 24

L1 L2 L3 L4

*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.*

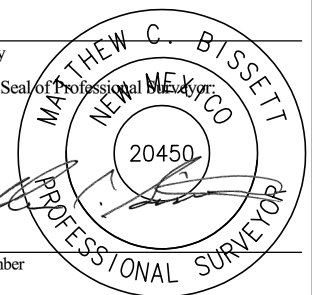
|                             |
|-----------------------------|
| Fatma Abdallah              |
| Printed Name                |
| fabdallah@silverbackexp.com |
| E-mail Address              |

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

Date of Survey \_\_\_\_\_

Signature and Seal of Professional Surveyor: \_\_\_\_\_

20450  
Certificate Number



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

Form APD Comments  
Permit 331680

PERMIT COMMENTS

|                                                                                                                      |                                         |                             |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------|
| Operator Name and Address:<br>Silverback Operating II, LLC [330968]<br>IH10 West, Suite 201<br>San Antonio, TX 78257 |                                         | API Number:<br>30-015-53273 |
|                                                                                                                      |                                         | Well:<br>MARGARET #104H     |
| Created By                                                                                                           | Comment                                 | Comment Date                |
| kpickford                                                                                                            | Defining well 3001550074 MARGARET #202H | 1/12/2023                   |

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**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

Form APD Conditions

Permit 331680

**PERMIT CONDITIONS OF APPROVAL**

|                                                                                                                      |                             |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Operator Name and Address:<br>Silverback Operating II, LLC [330968]<br>IH10 West, Suite 201<br>San Antonio, TX 78257 | API Number:<br>30-015-53273 |
|                                                                                                                      | Well:<br>MARGARET #104H     |

| OCD<br>Reviewer | Condition                                                                                                                                                                                                                                                            |
|-----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| kpickford       | Notify OCD 24 hours prior to casing & cement                                                                                                                                                                                                                         |
| kpickford       | Will require a File As Drilled C-102 and a Directional Survey with the C-104                                                                                                                                                                                         |
| kpickford       | The Operator is to notify NMOCD by sundry (Form C-103) within ten (10) days of the well being spud                                                                                                                                                                   |
| kpickford       | Once the well is spud, to prevent ground water contamination through whole or partial conduits from the surface, the operator shall drill without interruption through the fresh water zone or zones and shall immediately set in cement the water protection string |
| kpickford       | Cement is required to circulate on both surface and intermediate1 strings of casing                                                                                                                                                                                  |
| kpickford       | Oil base muds are not to be used until fresh water zones are cased and cemented providing isolation from the oil or diesel. This includes synthetic oils. Oil based mud, drilling fluids and solids must be contained in a steel closed loop system                  |

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

Submit Electronically  
Via E-permitting

## NATURAL GAS MANAGEMENT PLAN

This Natural Gas Management Plan must be submitted with each Application for Permit to Drill (APD) for a new or recompleted well.

### Section 1 – Plan Description Effective May 25, 2021

**I. Operator:** Silverback Operating II, LLC **OGRID:** 330968 **Date:** 01 / 04 / 2023

**II. Type:** ☒ Original ☐ Amendment due to ☐ 19.15.27.9.D(6)(a) NMAC ☐ 19.15.27.9.D(6)(b) NMAC ☐ Other.

If Other, please describe: \_\_\_\_\_

**III. Well(s):** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

| Well Name          | API | ULSTR | Footages | Anticipated Oil BBL/D | Anticipated Gas MCF/D | Anticipated Produced Water BBL/D |
|--------------------|-----|-------|----------|-----------------------|-----------------------|----------------------------------|
| See attached table |     |       |          |                       |                       |                                  |
|                    |     |       |          |                       |                       |                                  |
|                    |     |       |          |                       |                       |                                  |
|                    |     |       |          |                       |                       |                                  |

**IV. Central Delivery Point Name:** MARGARET CDP [See 19.15.27.9(D)(1) NMAC]

**V. Anticipated Schedule:** Provide the following information for each new or recompleted well or set of wells proposed to be drilled or proposed to be recompleted from a single well pad or connected to a central delivery point.

| Well Name          | API | Spud Date | TD Reached Date | Completion Commencement Date | Initial Flow Back Date | First Production Date |
|--------------------|-----|-----------|-----------------|------------------------------|------------------------|-----------------------|
| See attached table |     |           |                 |                              |                        |                       |
|                    |     |           |                 |                              |                        |                       |
|                    |     |           |                 |                              |                        |                       |
|                    |     |           |                 |                              |                        |                       |

**VI. Separation Equipment:** ☒ Attach a complete description of how Operator will size separation equipment to optimize gas capture.

**VII. Operational Practices:** ☒ Attach a complete description of the actions Operator will take to comply with the requirements of Subsection A through F of 19.15.27.8 NMAC.

**VIII. Best Management Practices:** ☒ Attach a complete description of Operator's best management practices to minimize venting during active and planned maintenance.

## **Section 2 – Enhanced Plan**

### **EFFECTIVE APRIL 1, 2022**

Beginning April 1, 2022, an operator that is not in compliance with its statewide natural gas capture requirement for the applicable reporting area must complete this section.

☒ Operator certifies that it is not required to complete this section because Operator is in compliance with its statewide natural gas capture requirement for the applicable reporting area.

#### **IX. Anticipated Natural Gas Production:**

| Well | API | Anticipated Average Natural Gas Rate MCF/D | Anticipated Volume of Natural Gas for the First Year MCF |
|------|-----|--------------------------------------------|----------------------------------------------------------|
|      |     |                                            |                                                          |
|      |     |                                            |                                                          |

#### **X. Natural Gas Gathering System (NGGS):**

| Operator | System | ULSTR of Tie-in | Anticipated Gathering Start Date | Available Maximum Daily Capacity of System Segment Tie-in |
|----------|--------|-----------------|----------------------------------|-----------------------------------------------------------|
|          |        |                 |                                  |                                                           |
|          |        |                 |                                  |                                                           |

**XI. Map.** ☐ Attach an accurate and legible map depicting the location of the well(s), the anticipated pipeline route(s) connecting the production operations to the existing or planned interconnect of the natural gas gathering system(s), and the maximum daily capacity of the segment or portion of the natural gas gathering system(s) to which the well(s) will be connected.

**XII. Line Capacity.** The natural gas gathering system ☐ will ☐ will not have capacity to gather 100% of the anticipated natural gas production volume from the well prior to the date of first production.

**XIII. Line Pressure.** Operator ☐ does ☐ does not anticipate that its existing well(s) connected to the same segment, or portion, of the natural gas gathering system(s) described above will continue to meet anticipated increases in line pressure caused by the new well(s).

☐ Attach Operator's plan to manage production in response to the increased line pressure.

**XIV. Confidentiality:** ☐ Operator asserts confidentiality pursuant to Section 71-2-8 NMSA 1978 for the information provided in Section 2 as provided in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and attaches a full description of the specific information for which confidentiality is asserted and the basis for such assertion.

### **Section 3 - Certifications**

**Effective May 25, 2021**

Operator certifies that, after reasonable inquiry and based on the available information at the time of submittal:

☒ Operator will be able to connect the well(s) to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system; or

☐ Operator will not be able to connect to a natural gas gathering system in the general area with sufficient capacity to transport one hundred percent of the anticipated volume of natural gas produced from the well(s) commencing on the date of first production, taking into account the current and anticipated volumes of produced natural gas from other wells connected to the pipeline gathering system.

***If Operator checks this box, Operator will select one of the following:***

**Well Shut-In.** ☐ Operator will shut-in and not produce the well until it submits the certification required by Paragraph (4) of Subsection D of 19.15.27.9 NMAC; or

**Venting and Flaring Plan.** ☐ Operator has attached a venting and flaring plan that evaluates and selects one or more of the potential alternative beneficial uses for the natural gas until a natural gas gathering system is available, including:

- (a) power generation on lease;
- (b) power generation for grid;
- (c) compression on lease;
- (d) liquids removal on lease;
- (e) reinjection for underground storage;
- (f) reinjection for temporary storage;
- (g) reinjection for enhanced oil recovery;
- (h) fuel cell production; and
- (i) other alternative beneficial uses approved by the division.

### **Section 4 - Notices**

1. If, at any time after Operator submits this Natural Gas Management Plan and before the well is spud:

(a) Operator becomes aware that the natural gas gathering system it planned to connect the well(s) to has become unavailable or will not have capacity to transport one hundred percent of the production from the well(s), no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised venting and flaring plan containing the information specified in Paragraph (5) of Subsection D of 19.15.27.9 NMAC; or

(b) Operator becomes aware that it has, cumulatively for the year, become out of compliance with its baseline natural gas capture rate or natural gas capture requirement, no later than 20 days after becoming aware of such information, Operator shall submit for OCD's approval a new or revised Natural Gas Management Plan for each well it plans to spud during the next 90 days containing the information specified in Paragraph (2) of Subsection D of 19.15.27.9 NMAC, and shall file an update for each Natural Gas Management Plan until Operator is back in compliance with its baseline natural gas capture rate or natural gas capture requirement.

2. OCD may deny or conditionally approve an APD if Operator does not make a certification, fails to submit an adequate venting and flaring plan which includes alternative beneficial uses for the anticipated volume of natural gas produced, or if OCD determines that Operator will not have adequate natural gas takeaway capacity at the time a well will be spud.

I certify that, after reasonable inquiry, the statements in and attached to this Natural Gas Management Plan are true and correct to the best of my knowledge and acknowledge that a false statement may be subject to civil and criminal penalties under the Oil and Gas Act.

|                                                                                                  |
|--------------------------------------------------------------------------------------------------|
| Signature: <i>Fatma Abdallah</i>                                                                 |
| Printed Name: Fatma Abdallah                                                                     |
| Title: Regulatory Manager                                                                        |
| E-mail Address: fabdallah@silverbackexp.com                                                      |
| Date: 01/04/2023                                                                                 |
| Phone: 210-585-3316                                                                              |
| <b>OIL CONSERVATION DIVISION</b><br><b>(Only applicable when submitted as a standalone form)</b> |
| Approved By:                                                                                     |
| Title:                                                                                           |
| Approval Date:                                                                                   |
| Conditions of Approval:                                                                          |



**III. Wells**

| <u>Well Name</u> | <u>API</u>  | <u>ULSTR</u> | <u>Footages</u> | <u>Anticipated Oil BBL/D</u> | <u>Anticipated Gas MCF/D</u> | <u>Anticipated Produced Water BBL/D</u> |
|------------------|-------------|--------------|-----------------|------------------------------|------------------------------|-----------------------------------------|
| Margaret 103H    | 30-15-      | P-22-18S-26E | 1115' S 238' E  | 515                          | 800                          | 3000                                    |
| Margaret 102H    | 30-15-50076 | P-22-18S-26E | 1095' S 238' E  | 515                          | 800                          | 3000                                    |
| Margaret 202H    | 30-15-50074 | P-22-18S-26E | 1105' S 178' E  | 515                          | 800                          | 3000                                    |
| Margaret 104H    | 30-15-      | P-22-18S-26E | 2186' S 158' E  | 515                          | 800                          | 3000                                    |
| Margaret 203H    | 30-15-      | P-22-18S-26E | 2126' S 158' E  | 515                          | 800                          | 3000                                    |
|                  |             |              |                 |                              |                              |                                         |
|                  |             |              |                 |                              |                              |                                         |
|                  |             |              |                 |                              |                              |                                         |
|                  |             |              |                 |                              |                              |                                         |

**V. Anticipated Schedule**

| <u>Well Name</u> | <u>API</u>  | <u>Spud date</u> | <u>TD Reached Date</u> | <u>Completion<br/>Commencement Date</u> | <u>Initial Flow Back Date</u> | <u>First Production Date</u> |
|------------------|-------------|------------------|------------------------|-----------------------------------------|-------------------------------|------------------------------|
| Margaret 103H    | 30-15-      | 5/7/23           | 5/16/23                | 6/25/23                                 | 8/10/23                       | 8/10/23                      |
| Margaret 102H    | 30-15-50076 | 4/28/23          | 5/6/23                 | 6/25/23                                 | 8/10/23                       | 8/10/23                      |
| Margaret 202H    | 30-15-50074 | 6/16/23          | 6/24/23                | 7/15/23                                 | 8/13/23                       | 8/13/23                      |
| Margaret 104H    | 30-15-      | 1/27/23          | 2/4/23                 | 2/14/23                                 | 3/8/23                        | 3/8/23                       |
| Margaret 203H    | 30-15-      | 2/6/23           | 2/14/23                | 2/14/23                                 | 3/8/23                        | 3/8/23                       |
|                  |             |                  |                        |                                         |                               |                              |
|                  |             |                  |                        |                                         |                               |                              |
|                  |             |                  |                        |                                         |                               |                              |
|                  |             |                  |                        |                                         |                               |                              |

## Separation Equipment

Silverback Operating II (LLC) has sampled existing producing wells and performed laboratory testing to determine composition. Performance of existing producing wells was analyzed to predict expected production volumes including a low probably, high volume production case (approximately 75% higher than type curve or most likely amount of production). Production composition and the volumes were utilized as inputs to a process model which predicts relative amounts of gas, oil and water throughout the process. The high volume case was used to size equipment, piping and instrumentation. Equipment sizing is based on drop settlement and limits the amount of carry over to the gas phase.

Each well has a dedicated 3 phase separator and gas from that separator is taken directly to gas sales. Facility piping and pipeline were sized to allow peak volumes to flow with minimal pressure loss and deliver to midstream gatherer at an acceptable pressure. Water is conveyed directly to tankage.

Oil from 3 phase separators is comingled and conveyed to a heated separator for enhanced liquid-liquid separation and degassing. Vapors from the heater treater are routed to a Vapor Recovery Unit (VRU).

Oil and water storage tanks vapor outlets are common and utilize a closed vent vapor system to ensure all working & breathing and flashing losses are routed to the Vapor Recovery Unit (VRU). Site VRUs are sized to accommodate peak expected production volume. Flash volumes were estimated using the high volume case and process modeling software. Gas from the VRU outlet is combined with 1<sup>st</sup> stage separation gas and sent to sales.

## Venting and Flaring

Silverback Operating II, LLC will ensure pipeline connectivity before producing hydrocarbons and will operate a closed vent vapor capture system that is designed to capture all associated and evolved gas during normal operation. Venting or flaring will only occur during start up and shut down, maintenance activities or equipment failure or upset. Silverback may utilize the following from list A-I of Section 3 for its operations to minimize flaring:

- a) Power generation on lease – Natural gas driven gen set to produce power required to run supply well pad electrical loads
- c) Compression on lease – gas lift or gas compression as required
- d) Liquids removal on lease – gas pressure will be used to convey fluids as needed

## **Best Management Practices**

Silverback utilizes automate engineering controls included in facility design to minimize venting and flaring. Additionally, operational best practices support minimization of flare and venting as described below.

If the main gas outlet becomes unavailable and pressure increases on the outlet sales line, produced gas will be routed directly to the facility flare. The facility control system will alert personnel to the need for maintenance and appropriate response to the temporary flaring event.

The facility design includes a closed vent vapor capture system to route flash or evolved from the heater treater and tanks to the Vapor Recovery Unit (VRU) Compressor. If the VRU requires planned or unplanned maintenance, vapors will automatically be routed to the facility flare.

For maintenance activities, Silverback will utilize the facility flare to blowdown equipment and piping whenever practical to minimize venting

# **Silverback Exploration**

Eddy County, NM (NAD 83 NME)

Margaret 104H

Margaret 104H

OH

Plan: Plan 0.1

## **SilverBack Plan Report**

30 December, 2022

# Aim Directional Services

## SilverBack Plan Report

Received by OCD: 1/12/2023 10:33:24 AM

|                  |                              |                                     |                             |
|------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>Company:</b>  | Silverback Exploration       | <b>Local Co-ordinate Reference:</b> | Well Margaret 104H          |
| <b>Project:</b>  | Eddy County, NM (NAD 83 NME) | <b>TVD Reference:</b>               | Well @ 3330.00usft (14' KB) |
| <b>Site:</b>     | Margaret 104H                | <b>MD Reference:</b>                | Well @ 3330.00usft (14' KB) |
| <b>Well:</b>     | Margaret 104H                | <b>North Reference:</b>             | Grid                        |
| <b>Wellbore:</b> | OH                           | <b>Survey Calculation Method:</b>   | Minimum Curvature           |
| <b>Design:</b>   | Plan 0.1                     | <b>Database:</b>                    | EDM 5000.17-Aim-DB          |

|             |                           |                              |                |
|-------------|---------------------------|------------------------------|----------------|
| Project     |                           | Eddy County, NM (NAD 83 NME) |                |
| Map System: | US State Plane 1983       | System Datum:                | Mean Sea Level |
| Geo Datum:  | North American Datum 1983 |                              |                |
| Map Zone:   | New Mexico Eastern Zone   |                              |                |

|                       |               |              |            |      |                   |            |
|-----------------------|---------------|--------------|------------|------|-------------------|------------|
| Site                  | Margaret 104H |              |            |      |                   |            |
| Site Position:        |               | Northing:    | 630,063.84 | usft | Latitude:         | 32.73208   |
| From:                 | Lat/Long      | Easting:     | 532,605.22 | usft | Longitude:        | -104.36173 |
| Position Uncertainty: | 0.00 usft     | Slot Radius: | 13-3/16    | "    | Grid Convergence: | -0.02 °    |

| Well                 |       | Margaret 104H |                     |                 |               |               |
|----------------------|-------|---------------|---------------------|-----------------|---------------|---------------|
| Well Position        | +N/-S | 0.00 usft     | Northing:           | 630,063.84 usft | Latitude:     | 32.73208      |
|                      | +E/-W | 0.00 usft     | Easting:            | 532,605.22 usft | Longitude:    | -104.36173    |
| Position Uncertainty |       | 0.00 usft     | Wellhead Elevation: | usft            | Ground Level: | 3,316.00 usft |

|           |            |             |                 |               |                     |
|-----------|------------|-------------|-----------------|---------------|---------------------|
| Wellbore  | OH         |             |                 |               |                     |
| Magnetics | Model Name | Sample Date | Declination (°) | Dip Angle (°) | Field Strength (nT) |
|           | MVHD       | 10/4/2022   | 6.87            | 60.38         | 47,650.06689813     |

|                   |  |                            |                 |                 |                  |
|-------------------|--|----------------------------|-----------------|-----------------|------------------|
| Design            |  | Plan 0.1                   |                 |                 |                  |
| Audit Notes:      |  |                            |                 |                 |                  |
| Version:          |  | Phase:                     | PLAN            | Tie On Depth:   | 0.00             |
| Vertical Section: |  | Depth From (TVD)<br>(usft) | +N/-S<br>(usft) | +E/-W<br>(usft) | Direction<br>(°) |
|                   |  | 0.00                       | 0.00            | 0.00            | 90.00            |

| Survey Tool Program |           | Date              | 12/30/2022 |                 |  |
|---------------------|-----------|-------------------|------------|-----------------|--|
| From (usft)         | To (usft) | Survey (Wellbore) | Tool Name  | Description     |  |
| 0.00                | 8,791.85  | Plan 0.1 (OH)     | MWD+HRGM   | OWSG MWD + HRGM |  |

# Aim Directional Services

## SilverBack Plan Report

|                  |                              |                                     |                             |
|------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>Company:</b>  | Silverback Exploration       | <b>Local Co-ordinate Reference:</b> | Well Margaret 104H          |
| <b>Project:</b>  | Eddy County, NM (NAD 83 NME) | <b>TVD Reference:</b>               | Well @ 3330.00usft (14' KB) |
| <b>Site:</b>     | Margaret 104H                | <b>MD Reference:</b>                | Well @ 3330.00usft (14' KB) |
| <b>Well:</b>     | Margaret 104H                | <b>North Reference:</b>             | Grid                        |
| <b>Wellbore:</b> | OH                           | <b>Survey Calculation Method:</b>   | Minimum Curvature           |
| <b>Design:</b>   | Plan 0.1                     | <b>Database:</b>                    | EDM 5000.17-Aim-DB          |

### Planned Survey

| MD<br>(usft)                         | Inc<br>(°) | Azi (azimuth)<br>(°) | TVD<br>(usft) | N/S<br>(usft) | E/W<br>(usft) | V. Sec<br>(usft) | DLeg<br>(°/100usft) | Latitude<br>(°) | Longitude<br>(°) |
|--------------------------------------|------------|----------------------|---------------|---------------|---------------|------------------|---------------------|-----------------|------------------|
| 0.00                                 | 0.00       | 0.00                 | 0.00          | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| 100.00                               | 0.00       | 0.00                 | 100.00        | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| 200.00                               | 0.00       | 0.00                 | 200.00        | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| 300.00                               | 0.00       | 0.00                 | 300.00        | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| 400.00                               | 0.00       | 0.00                 | 400.00        | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| 500.00                               | 0.00       | 0.00                 | 500.00        | 0.00          | 0.00          | 0.00             | 0.000               | 32.73208        | -104.36173       |
| <b>Build: 3°/100</b>                 |            |                      |               |               |               |                  |                     |                 |                  |
| 600.00                               | 3.00       | 274.25               | 599.95        | 0.19          | -2.61         | -2.61            | 3.000               | 32.73208        | -104.36174       |
| 700.00                               | 6.00       | 274.25               | 699.63        | 0.78          | -10.43        | -10.43           | 3.000               | 32.73208        | -104.36176       |
| 800.00                               | 9.00       | 274.25               | 798.77        | 1.74          | -23.45        | -23.45           | 3.000               | 32.73209        | -104.36181       |
| 900.00                               | 12.00      | 274.25               | 897.08        | 3.09          | -41.62        | -41.62           | 3.000               | 32.73209        | -104.36187       |
| 1,000.00                             | 15.00      | 274.25               | 994.31        | 4.82          | -64.90        | -64.90           | 3.000               | 32.73209        | -104.36194       |
| 1,100.00                             | 18.00      | 274.25               | 1,090.18      | 6.93          | -93.22        | -93.22           | 3.000               | 32.73210        | -104.36203       |
| 1,146.28                             | 19.39      | 274.25               | 1,134.02      | 8.03          | -108.01       | -108.01          | 3.000               | 32.73210        | -104.36208       |
| <b>Hold: 19.39° Inc, 274.25° Azm</b> |            |                      |               |               |               |                  |                     |                 |                  |
| 1,200.00                             | 19.39      | 274.25               | 1,184.69      | 9.35          | -125.79       | -125.79          | 0.000               | 32.73211        | -104.36214       |
| 1,300.00                             | 19.39      | 274.25               | 1,279.02      | 11.81         | -158.90       | -158.90          | 0.000               | 32.73211        | -104.36225       |
| 1,400.00                             | 19.39      | 274.25               | 1,373.35      | 14.27         | -192.01       | -192.01          | 0.000               | 32.73212        | -104.36236       |
| 1,500.00                             | 19.39      | 274.25               | 1,467.68      | 16.73         | -225.11       | -225.11          | 0.000               | 32.73213        | -104.36246       |
| 1,600.00                             | 19.39      | 274.25               | 1,562.01      | 19.19         | -258.22       | -258.22          | 0.000               | 32.73213        | -104.36257       |
| 1,700.00                             | 19.39      | 274.25               | 1,656.33      | 21.65         | -291.32       | -291.32          | 0.000               | 32.73214        | -104.36268       |
| 1,800.00                             | 19.39      | 274.25               | 1,750.66      | 24.11         | -324.43       | -324.43          | 0.000               | 32.73215        | -104.36279       |
| 1,900.00                             | 19.39      | 274.25               | 1,844.99      | 26.58         | -357.54       | -357.54          | 0.000               | 32.73215        | -104.36289       |
| 2,000.00                             | 19.39      | 274.25               | 1,939.32      | 29.04         | -390.64       | -390.64          | 0.000               | 32.73216        | -104.36300       |
| 2,100.00                             | 19.39      | 274.25               | 2,033.65      | 31.50         | -423.75       | -423.75          | 0.000               | 32.73217        | -104.36311       |
| 2,200.00                             | 19.39      | 274.25               | 2,127.98      | 33.96         | -456.85       | -456.85          | 0.000               | 32.73217        | -104.36322       |
| 2,300.00                             | 19.39      | 274.25               | 2,222.31      | 36.42         | -489.96       | -489.96          | 0.000               | 32.73218        | -104.36332       |

# Aim Directional Services

## SilverBack Plan Report

**Company:** Silverback Exploration  
**Project:** Eddy County, NM (NAD 83 NME)  
**Site:** Margaret 104H  
**Well:** Margaret 104H  
**Wellbore:** OH  
**Design:** Plan 0.1

**Local Co-ordinate Reference:** Well Margaret 104H  
**TVD Reference:** Well @ 3330.00usft (14' KB)  
**MD Reference:** Well @ 3330.00usft (14' KB)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 5000.17-Aim-DB

### Planned Survey

| MD<br>(usft)                        | Inc<br>(°) | Azi (azimuth)<br>(°) | TVD<br>(usft) | N/S<br>(usft) | E/W<br>(usft) | V. Sec<br>(usft) | DLeg<br>(°/100usft) | Latitude<br>(°) | Longitude<br>(°) |
|-------------------------------------|------------|----------------------|---------------|---------------|---------------|------------------|---------------------|-----------------|------------------|
| 2,323.97                            | 19.39      | 274.25               | 2,244.92      | 37.01         | -497.90       | -497.90          | 0.000               | 32.73218        | -104.36335       |
| <b>KOP: 9°/100' @ 2323.97' MD</b>   |            |                      |               |               |               |                  |                     |                 |                  |
| 2,350.00                            | 17.05      | 274.77               | 2,269.64      | 37.65         | -506.01       | -506.01          | 9.000               | 32.73218        | -104.36338       |
| 2,400.00                            | 12.57      | 276.30               | 2,317.97      | 38.85         | -518.73       | -518.73          | 9.000               | 32.73219        | -104.36342       |
| 2,450.00                            | 8.10       | 279.48               | 2,367.15      | 40.03         | -527.61       | -527.61          | 9.000               | 32.73219        | -104.36345       |
| 2,500.00                            | 3.72       | 290.20               | 2,416.87      | 41.17         | -532.61       | -532.61          | 9.000               | 32.73219        | -104.36346       |
| 2,550.00                            | 1.59       | 39.33                | 2,466.83      | 42.27         | -533.70       | -533.70          | 9.000               | 32.73220        | -104.36347       |
| <b>Maximum BackBuild</b>            |            |                      |               |               |               |                  |                     |                 |                  |
| 2,600.00                            | 5.63       | 78.01                | 2,516.73      | 43.32         | -530.86       | -530.86          | 9.000               | 32.73220        | -104.36346       |
| 2,650.00                            | 10.07      | 83.70                | 2,566.25      | 44.31         | -524.11       | -524.11          | 9.000               | 32.73220        | -104.36344       |
| 2,700.00                            | 14.54      | 85.92                | 2,615.09      | 45.23         | -513.50       | -513.50          | 9.000               | 32.73220        | -104.36340       |
| 2,750.00                            | 19.03      | 87.11                | 2,662.94      | 46.09         | -499.09       | -499.09          | 9.000               | 32.73221        | -104.36335       |
| 2,800.00                            | 23.52      | 87.86                | 2,709.52      | 46.87         | -480.97       | -480.97          | 9.000               | 32.73221        | -104.36330       |
| 2,850.00                            | 28.02      | 88.38                | 2,754.54      | 47.58         | -459.24       | -459.24          | 9.000               | 32.73221        | -104.36322       |
| 2,900.00                            | 32.51      | 88.77                | 2,797.71      | 48.20         | -434.06       | -434.06          | 9.000               | 32.73221        | -104.36314       |
| 2,950.00                            | 37.01      | 89.07                | 2,838.78      | 48.73         | -405.56       | -405.56          | 9.000               | 32.73221        | -104.36305       |
| 3,000.00                            | 41.51      | 89.31                | 2,877.48      | 49.18         | -373.93       | -373.93          | 9.000               | 32.73222        | -104.36295       |
| 3,050.00                            | 46.01      | 89.52                | 2,913.59      | 49.53         | -339.36       | -339.36          | 9.000               | 32.73222        | -104.36283       |
| 3,100.00                            | 50.50      | 89.69                | 2,946.87      | 49.78         | -302.07       | -302.07          | 9.000               | 32.73222        | -104.36271       |
| 3,150.00                            | 55.00      | 89.85                | 2,977.13      | 49.94         | -262.28       | -262.28          | 9.000               | 32.73222        | -104.36258       |
| 3,200.00                            | 59.50      | 89.99                | 3,004.17      | 50.00         | -220.24       | -220.24          | 9.000               | 32.73222        | -104.36245       |
| 3,205.55                            | 60.00      | 90.00                | 3,006.97      | 50.00         | -215.44       | -215.44          | 9.000               | 32.73222        | -104.36243       |
| <b>Hold: 60.00° Inc, 90.00° Azm</b> |            |                      |               |               |               |                  |                     |                 |                  |
| 3,300.00                            | 60.00      | 90.00                | 3,054.19      | 50.00         | -133.65       | -133.65          | 0.000               | 32.73222        | -104.36217       |
| 3,405.55                            | 60.00      | 90.00                | 3,106.97      | 50.00         | -42.23        | -42.23           | 0.000               | 32.73222        | -104.36187       |
| <b>Build: 9°/100</b>                |            |                      |               |               |               |                  |                     |                 |                  |
| 3,450.00                            | 64.00      | 90.00                | 3,127.83      | 50.00         | -3.00         | -3.00            | 9.000               | 32.73222        | -104.36174       |
| 3,500.00                            | 68.50      | 90.00                | 3,147.96      | 50.00         | 42.76         | 42.76            | 9.000               | 32.73222        | -104.36159       |

# Aim Directional Services

## SilverBack Plan Report

|                  |                              |                                     |                             |
|------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>Company:</b>  | Silverback Exploration       | <b>Local Co-ordinate Reference:</b> | Well Margaret 104H          |
| <b>Project:</b>  | Eddy County, NM (NAD 83 NME) | <b>TVD Reference:</b>               | Well @ 3330.00usft (14' KB) |
| <b>Site:</b>     | Margaret 104H                | <b>MD Reference:</b>                | Well @ 3330.00usft (14' KB) |
| <b>Well:</b>     | Margaret 104H                | <b>North Reference:</b>             | Grid                        |
| <b>Wellbore:</b> | OH                           | <b>Survey Calculation Method:</b>   | Minimum Curvature           |
| <b>Design:</b>   | Plan 0.1                     | <b>Database:</b>                    | EDM 5000.17-Aim-DB          |

### Planned Survey

| MD<br>(usft)                           | Inc<br>(°) | Azi (azimuth)<br>(°) | TVD<br>(usft) | N/S<br>(usft) | E/W<br>(usft) | V. Sec<br>(usft) | DLeg<br>(°/100usft) | Latitude<br>(°) | Longitude<br>(°) |
|----------------------------------------|------------|----------------------|---------------|---------------|---------------|------------------|---------------------|-----------------|------------------|
| 3,550.00                               | 73.00      | 90.00                | 3,164.44      | 50.00         | 89.95         | 89.95            | 9.000               | 32.73222        | -104.36144       |
| 3,600.00                               | 77.50      | 90.00                | 3,177.17      | 50.00         | 138.29        | 138.29           | 9.000               | 32.73222        | -104.36128       |
| 3,650.00                               | 82.00      | 90.00                | 3,186.06      | 50.00         | 187.48        | 187.48           | 9.000               | 32.73222        | -104.36112       |
| 3,700.00                               | 86.50      | 90.00                | 3,191.07      | 50.00         | 237.21        | 237.21           | 9.000               | 32.73222        | -104.36096       |
| 3,720.81                               | 88.37      | 90.00                | 3,192.00      | 50.00         | 258.00        | 258.00           | 9.000               | 32.73222        | -104.36089       |
| <b>LP/Hold: 88.37° Inc, 90.00° Azm</b> |            |                      |               |               |               |                  |                     |                 |                  |
| 3,800.00                               | 88.37      | 90.00                | 3,194.25      | 50.00         | 337.16        | 337.16           | 0.000               | 32.73222        | -104.36063       |
| 3,900.00                               | 88.37      | 90.00                | 3,197.09      | 50.00         | 437.12        | 437.12           | 0.000               | 32.73222        | -104.36031       |
| 4,000.00                               | 88.37      | 90.00                | 3,199.93      | 50.00         | 537.08        | 537.08           | 0.000               | 32.73222        | -104.35998       |
| 4,100.00                               | 88.37      | 90.00                | 3,202.77      | 50.00         | 637.04        | 637.04           | 0.000               | 32.73222        | -104.35966       |
| 4,200.00                               | 88.37      | 90.00                | 3,205.61      | 50.00         | 737.00        | 737.00           | 0.000               | 32.73222        | -104.35933       |
| 4,300.00                               | 88.37      | 90.00                | 3,208.45      | 50.00         | 836.96        | 836.96           | 0.000               | 32.73222        | -104.35901       |
| 4,400.00                               | 88.37      | 90.00                | 3,211.29      | 50.00         | 936.92        | 936.92           | 0.000               | 32.73222        | -104.35868       |
| 4,500.00                               | 88.37      | 90.00                | 3,214.13      | 50.00         | 1,036.88      | 1,036.88         | 0.000               | 32.73222        | -104.35836       |
| 4,600.00                               | 88.37      | 90.00                | 3,216.97      | 50.00         | 1,136.84      | 1,136.84         | 0.000               | 32.73222        | -104.35803       |
| 4,700.00                               | 88.37      | 90.00                | 3,219.81      | 50.00         | 1,236.80      | 1,236.80         | 0.000               | 32.73222        | -104.35771       |
| 4,800.00                               | 88.37      | 90.00                | 3,222.65      | 50.00         | 1,336.76      | 1,336.76         | 0.000               | 32.73222        | -104.35738       |
| 4,900.00                               | 88.37      | 90.00                | 3,225.48      | 50.00         | 1,436.72      | 1,436.72         | 0.000               | 32.73222        | -104.35706       |
| 5,000.00                               | 88.37      | 90.00                | 3,228.32      | 50.00         | 1,536.68      | 1,536.68         | 0.000               | 32.73222        | -104.35673       |
| 5,100.00                               | 88.37      | 90.00                | 3,231.16      | 50.00         | 1,636.64      | 1,636.64         | 0.000               | 32.73222        | -104.35641       |
| 5,200.00                               | 88.37      | 90.00                | 3,234.00      | 50.00         | 1,736.60      | 1,736.60         | 0.000               | 32.73222        | -104.35608       |
| 5,300.00                               | 88.37      | 90.00                | 3,236.84      | 50.00         | 1,836.56      | 1,836.56         | 0.000               | 32.73222        | -104.35576       |
| 5,400.00                               | 88.37      | 90.00                | 3,239.68      | 50.00         | 1,936.51      | 1,936.51         | 0.000               | 32.73222        | -104.35543       |
| 5,500.00                               | 88.37      | 90.00                | 3,242.52      | 50.00         | 2,036.47      | 2,036.47         | 0.000               | 32.73222        | -104.35511       |
| 5,600.00                               | 88.37      | 90.00                | 3,245.36      | 50.00         | 2,136.43      | 2,136.43         | 0.000               | 32.73222        | -104.35478       |
| 5,700.00                               | 88.37      | 90.00                | 3,248.20      | 50.00         | 2,236.39      | 2,236.39         | 0.000               | 32.73222        | -104.35446       |
| 5,800.00                               | 88.37      | 90.00                | 3,251.04      | 50.00         | 2,336.35      | 2,336.35         | 0.000               | 32.73222        | -104.35413       |



# Aim Directional Services

## SilverBack Plan Report

**Company:** Silverback Exploration  
**Project:** Eddy County, NM (NAD 83 NME)  
**Site:** Margaret 104H  
**Well:** Margaret 104H  
**Wellbore:** OH  
**Design:** Plan 0.1

**Local Co-ordinate Reference:** Well Margaret 104H  
**TVD Reference:** Well @ 3330.00usft (14' KB)  
**MD Reference:** Well @ 3330.00usft (14' KB)  
**North Reference:** Grid  
**Survey Calculation Method:** Minimum Curvature  
**Database:** EDM 5000.17-Aim-DB

### Planned Survey

| MD<br>(usft) | Inc<br>(°) | Azi (azimuth)<br>(°) | TVD<br>(usft) | N/S<br>(usft) | E/W<br>(usft) | V. Sec<br>(usft) | DLeg<br>(°/100usft) | Latitude<br>(°) | Longitude<br>(°) |
|--------------|------------|----------------------|---------------|---------------|---------------|------------------|---------------------|-----------------|------------------|
| 5,900.00     | 88.37      | 90.00                | 3,253.88      | 50.00         | 2,436.31      | 2,436.31         | 0.000               | 32.73222        | -104.35381       |
| 6,000.00     | 88.37      | 90.00                | 3,256.72      | 50.00         | 2,536.27      | 2,536.27         | 0.000               | 32.73222        | -104.35348       |
| 6,100.00     | 88.37      | 90.00                | 3,259.56      | 50.00         | 2,636.23      | 2,636.23         | 0.000               | 32.73222        | -104.35316       |
| 6,200.00     | 88.37      | 90.00                | 3,262.40      | 50.00         | 2,736.19      | 2,736.19         | 0.000               | 32.73222        | -104.35283       |
| 6,300.00     | 88.37      | 90.00                | 3,265.24      | 50.00         | 2,836.15      | 2,836.15         | 0.000               | 32.73222        | -104.35251       |
| 6,400.00     | 88.37      | 90.00                | 3,268.08      | 50.00         | 2,936.11      | 2,936.11         | 0.000               | 32.73222        | -104.35218       |
| 6,500.00     | 88.37      | 90.00                | 3,270.92      | 50.00         | 3,036.07      | 3,036.07         | 0.000               | 32.73222        | -104.35186       |
| 6,600.00     | 88.37      | 90.00                | 3,273.76      | 50.00         | 3,136.03      | 3,136.03         | 0.000               | 32.73222        | -104.35153       |
| 6,700.00     | 88.37      | 90.00                | 3,276.60      | 50.00         | 3,235.99      | 3,235.99         | 0.000               | 32.73222        | -104.35121       |
| 6,800.00     | 88.37      | 90.00                | 3,279.44      | 50.00         | 3,335.95      | 3,335.95         | 0.000               | 32.73222        | -104.35088       |
| 6,900.00     | 88.37      | 90.00                | 3,282.28      | 50.00         | 3,435.91      | 3,435.91         | 0.000               | 32.73222        | -104.35056       |
| 7,000.00     | 88.37      | 90.00                | 3,285.12      | 50.00         | 3,535.87      | 3,535.87         | 0.000               | 32.73222        | -104.35023       |
| 7,100.00     | 88.37      | 90.00                | 3,287.96      | 50.00         | 3,635.83      | 3,635.83         | 0.000               | 32.73222        | -104.34991       |
| 7,200.00     | 88.37      | 90.00                | 3,290.80      | 50.00         | 3,735.79      | 3,735.79         | 0.000               | 32.73222        | -104.34958       |
| 7,300.00     | 88.37      | 90.00                | 3,293.64      | 50.00         | 3,835.75      | 3,835.75         | 0.000               | 32.73222        | -104.34926       |
| 7,400.00     | 88.37      | 90.00                | 3,296.48      | 50.00         | 3,935.71      | 3,935.71         | 0.000               | 32.73222        | -104.34893       |
| 7,500.00     | 88.37      | 90.00                | 3,299.32      | 50.00         | 4,035.67      | 4,035.67         | 0.000               | 32.73222        | -104.34861       |
| 7,600.00     | 88.37      | 90.00                | 3,302.16      | 50.00         | 4,135.63      | 4,135.63         | 0.000               | 32.73222        | -104.34828       |
| 7,700.00     | 88.37      | 90.00                | 3,305.00      | 50.00         | 4,235.59      | 4,235.59         | 0.000               | 32.73222        | -104.34796       |
| 7,800.00     | 88.37      | 90.00                | 3,307.83      | 50.00         | 4,335.55      | 4,335.55         | 0.000               | 32.73222        | -104.34763       |
| 7,900.00     | 88.37      | 90.00                | 3,310.67      | 50.00         | 4,435.51      | 4,435.51         | 0.000               | 32.73222        | -104.34731       |
| 8,000.00     | 88.37      | 90.00                | 3,313.51      | 50.00         | 4,535.47      | 4,535.47         | 0.000               | 32.73222        | -104.34698       |
| 8,100.00     | 88.37      | 90.00                | 3,316.35      | 50.00         | 4,635.43      | 4,635.43         | 0.000               | 32.73222        | -104.34666       |
| 8,200.00     | 88.37      | 90.00                | 3,319.19      | 50.00         | 4,735.39      | 4,735.39         | 0.000               | 32.73222        | -104.34633       |
| 8,300.00     | 88.37      | 90.00                | 3,322.03      | 50.00         | 4,835.35      | 4,835.35         | 0.000               | 32.73222        | -104.34601       |
| 8,400.00     | 88.37      | 90.00                | 3,324.87      | 50.00         | 4,935.31      | 4,935.31         | 0.000               | 32.73222        | -104.34568       |
| 8,500.00     | 88.37      | 90.00                | 3,327.71      | 50.00         | 5,035.26      | 5,035.26         | 0.000               | 32.73222        | -104.34536       |

# Aim Directional Services

## SilverBack Plan Report

|                  |                              |                                     |                             |
|------------------|------------------------------|-------------------------------------|-----------------------------|
| <b>Company:</b>  | Silverback Exploration       | <b>Local Co-ordinate Reference:</b> | Well Margaret 104H          |
| <b>Project:</b>  | Eddy County, NM (NAD 83 NME) | <b>TVD Reference:</b>               | Well @ 3330.00usft (14' KB) |
| <b>Site:</b>     | Margaret 104H                | <b>MD Reference:</b>                | Well @ 3330.00usft (14' KB) |
| <b>Well:</b>     | Margaret 104H                | <b>North Reference:</b>             | Grid                        |
| <b>Wellbore:</b> | OH                           | <b>Survey Calculation Method:</b>   | Minimum Curvature           |
| <b>Design:</b>   | Plan 0.1                     | <b>Database:</b>                    | EDM 5000.17-Aim-DB          |

### Planned Survey

| MD<br>(usft) | Inc<br>(°) | Azi (azimuth)<br>(°) | TVD<br>(usft) | N/S<br>(usft) | E/W<br>(usft) | V. Sec<br>(usft) | DLeg<br>(°/100usft) | Latitude<br>(°) | Longitude<br>(°) |
|--------------|------------|----------------------|---------------|---------------|---------------|------------------|---------------------|-----------------|------------------|
| 8,600.00     | 88.37      | 90.00                | 3,330.55      | 50.00         | 5,135.22      | 5,135.22         | 0.000               | 32.73222        | -104.34503       |
| 8,700.00     | 88.37      | 90.00                | 3,333.39      | 50.00         | 5,235.18      | 5,235.18         | 0.000               | 32.73222        | -104.34471       |
| 8,791.85     | 88.37      | 90.00                | 3,336.00      | 50.00         | 5,327.00      | 5,327.00         | 0.000               | 32.73222        | -104.34441       |
| PBHL         |            |                      |               |               |               |                  |                     |                 |                  |

### Plan Annotations

| Measured<br>Depth<br>(usft) | Vertical<br>Depth<br>(usft) | Local Coordinates |                 | Comment                         |
|-----------------------------|-----------------------------|-------------------|-----------------|---------------------------------|
|                             |                             | +N/-S<br>(usft)   | +E/-W<br>(usft) |                                 |
| 500.00                      | 500.00                      | 0.00              | 0.00            | Build: 3°/100                   |
| 1,146.28                    | 1,134.02                    | 8.03              | -108.01         | Hold: 19.39° Inc, 274.25° Azm   |
| 2,323.97                    | 2,244.92                    | 37.01             | -497.90         | KOP: 9°/100' @ 2323.97' MD      |
| 2,550.00                    | 2,466.83                    | 42.27             | -533.70         | Maximum BackBuild               |
| 3,205.55                    | 3,006.97                    | 50.00             | -215.44         | Hold: 60.00° Inc, 90.00° Azm    |
| 3,405.55                    | 3,106.97                    | 50.00             | -42.23          | Build: 9°/100                   |
| 3,720.81                    | 3,192.00                    | 50.00             | 258.00          | LP/Hold: 88.37° Inc, 90.00° Azm |
| 8,791.85                    | 3,336.00                    | 50.00             | 5,327.00        | PBHL                            |