

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

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

Case Nos. 23315 & 23316

NOTICE OF FILING: REVISED & UPDATED EXHIBITS A-2

Silverback Operating II, LLC, (“Silverback”) through its undersigned attorneys, hereby submits for filing the following Revised & Updated Exhibits A-2, attached hereto as “Revised & Updated Exhibit A-2 for Case No. 23315” and as “Revised & Updated Exhibit A-2 for Case No. 23316” (“Revised & Updated Exhibits”). After a hearing before the Oil Conservation Division (“Division”) on February 16, 2023, it was determined that Silverback should submit the Revised & Updated Exhibits in the above-referenced cases. Consequently, Silverback provides herein said Exhibits.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
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Attorneys for Silverback Operating II, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on February 15, 2023:

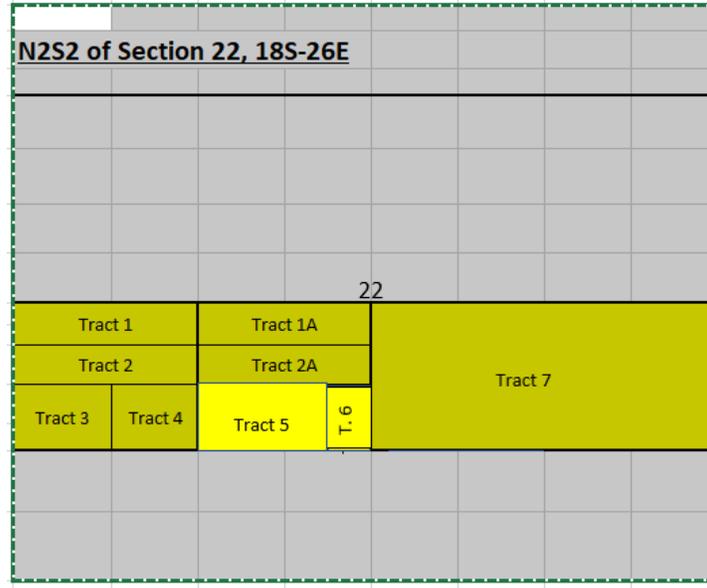
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***Attorneys for COG Operating LLC
and Concho Oil & Gas LLC***

/s/ Darin C. Savage

Darin C. Savage

Exhibit A-2 Ownership Breakdown (N/2 S/2 Case No. 23315)



Tract 1 - N/2 N/2 NW/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75000000	Committed
Oxy Y-1 Company	0.25000000	Uncommitted
Total:	1.00000000	
Tract 1A - N/2 N/2 NE/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 2 - S/2 N/2 NW/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 2A - S/2 N/2 NE/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	

Revised & Updated Exhibit A-2 for Case No. 23315

**Revised & Updated
Exhibit A-2 for
Case No. 23315**

Tract 3 - SW/4 NW/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 4 - SE/4 NW/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 5 - SW/4 NE/4 SW/4 and W/2 SE/4 NE/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 6 - E/2 SE/4 NE/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.6875	Committed
Oxy Y-1 Company	0.1875	Uncommitted
COG Operating, LLC	0.11875	Committed
Concho Oil and Gas LLC	0.00625	Committed
Total:	1.00000000	
Tract 7 - N/2 SE/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted

RECAPULATION

Owner	Working Interest
Silverback New Mexico, LLC	0.74804688
Oxy Y-1	0.24804688
COG Operating LLC	0.00371094
Concho Oil and Gas LLC	0.00019531
	1.00000000

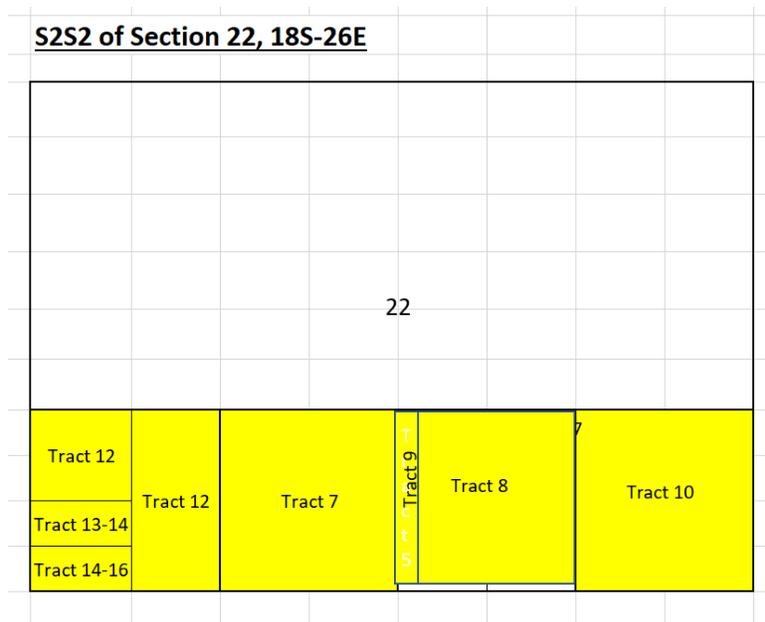
Overriding Royalty Interest Owners to be pooled:

Joan T. Garland

*Uncommitted owners to be pooled highlighted in yellow

Revised & Updated Exhibit A-2 for Case No. 23315

Exhibit A-2 Ownership Breakdown (S/2S/2 Case No. 23316)



<u>Tract 7A- SWSESW</u>			
Owner		Working Interest	
Silverback New Mexico, LLC		0.375	Committed
Oxy Y-1 Company		0.125	Uncommitted
COG Operating LLC		0.475	Committed
Concho Oil and Gas LLC		0.025	Committed
Total:		1.0000000	
<u>Tract 7B- NWSESW, W2W2W2SWSE</u>			
Owner		Working Interest	
Silverback New Mexico, LLC		0.75	Committed
Oxy Y-1 Company		0.25	Uncommitted
Total:		1.0000000	
<u>Tract 7C- SESESW, E2NESESW and W2W2W2SWSE</u>			
Owner		Working Interest	
Silverback New Mexico, LLC		0.375	Committed
Oxy Y-1 Company		0.125	Uncommitted
Slash Exploration LP		0.375	Uncommitted
Tex Zia Properties, Ltd		0.0625	Uncommitted
COG Operating LLC		0.059375	Committed
Concho Oil and Gas LLC		0.003125	Committed
Total:		1.0000000	

Revised & Updated Exhibit A-2 for Case No. 23316

**Revised & Updated
Exhibit A-2 for
Case No. 23316**

Tract 8 -7/8ths of the SW/4 SE/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.71875	Committed
Oxy Y-1 Company	0.125	Uncommitted
COG Operating, LLC	0.11875	Committed
Concho Oil and Gas LLC	0.00625	Committed
Victoria Shipp Young	0.03125	Uncommitted
Total:	1.00000000	
Tract 10 - SE/4 SE/4		
Owner	Working Interest	
Silverback New Mexico, LLC	1	Committed
Total:	1.00000000	
Tract 12 - NW/4 SW/4 SW/4, E/2 SW/4 SW/4		
Owner	Working Interest	
Silverback New Mexico, LLC	0.75	Committed
Oxy Y-1 Company	0.25	Uncommitted
Total:	1.00000000	
Tract 13 - Lots 16-19, Block 1 of the N/2SW/4SW/4SW/4		
Owner	Working Interest	
Nancy H. Miller, Trustee of the McCullough Trust	1.00	Uncommitted
Total:	1.00000000	
Tract 14 - Lots 1-15 and 20-24, Block 1 and all of Block 2 of N2SWSWSW and 3 na in S/2SW/4SW/4SW/4, being 7.62121 na		
Owner	Working Interest	
Silverback New Mexico, LLC	0.0625	Committed
COG Operating LLC	0.2375	Committed
Concho Oil and Gas LLC	0.0125	Committed
Nix 2002 Trust	0.25	Uncommitted
Sharbro Holdings, LLC	0.1875	Uncommitted
Stanley Jones Estate – Charlie Nelms, representative	0.125	Uncommitted
Jonell R Gilmore Estate – Charlie Nelms, representative	0.125	Uncommitted
Total:	1.00000000	
Tract 15 - 1 acre in S/2SW/4SW/4SW/4		
Owner	Working Interest	
Vernon D. Dyer	1.00	Uncommitted
Total:	1.00000000	
Tract 16 - 1 acre in S/2SW/4SW/4SW/4		
Owner	Working Interest	
Yates Brothers	1.00	Committed
Total:	1.00000000	

RECAPITULATION

Owner	Working Interest
Silverback New Mexico, LLC	0.69145360
Oxy Y-1	0.12109375
Slash Exploration LP	0.04687500
Tex Zia Properties Ltd.	0.00781250
COG Operating LLC	0.07439867
Concho Oil and Gas LLC	0.00391572
Violet Shipp Young	0.00683594
Nancy H. Miller, Trustee of McCullough Trust	0.00236744
Nix 2002 Trust	0.01190814
Sharbro Holdings, LLC	0.00893111
Stanley L. Jones Estate - Charlie Nelms Representative	0.00595407
Jonell R. Gilmore Estate - Charlie Nelms Representative	0.00595407
Vernon D. Dyer	0.00625000
Yates Brothers	0.00625000
	1.00000000

Overriding Royalty Interest Owners to be pooled: Joan T. Garland

*Uncommitted owners to be pooled highlighted in yellow

**STATE OF NEW MEXICO
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OIL CONSERVATION DIVISION**

**APPLICATIONS OF SILVERBACK OPERATING II, LLC,
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COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case Nos. 23315 & 23316

**NOTICE OF FILING: SUPPLEMENTAL GEOLOGY STATEMENT
EXHIBITS B-SUPPLEMENT**

Silverback Operating II, LLC, (“Silverback”) through its undersigned attorneys, hereby submits for filing the following Exhibits B-Supplements, attached hereto as “Exhibit B-Supplement for Case No. 23315” and as “Exhibit B-Supplement for Case No. 23316.” At a hearing of the above-referenced cases before the Oil Conservation Division (“Division”) on February 16, 2023, the Division requested additional testimony to address any risks with respect to drilling and completing new wells in the Yeso formation. In order to provide the Division further context and background for evaluating the cases, Silverback provides herein the supplemental testimony as requested.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill
William E. Zimsky
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andrew@abadieschill.com
bill@abadieschill.com

Attorneys for Silverback Operating II, LLC

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed with the New Mexico Oil Conservation Division and was served on counsel of record via electronic mail on February 27, 2023:

Ocean Munds-Dry – ocean.munds-dry@conocophillips.com
Elizabeth Ryan – beth.ryan@conocophillips.com
Jobediah Rittenhouse – joby.rittenhouse@conocophillips.com

***Attorneys for COG Operating LLC
and Concho Oil & Gas LLC***

/s/ Darin C. Savage

Darin C. Savage

**STATE OF NEW MEXICO
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**APPLICATION OF SILVERBACK OPERATING II, LLC,
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COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO**

Case No. 23315

SUPPLEMENTAL 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. With one exception, 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. One well, the Flint GU #4 (API: 30015002210002) was drilled to a depth of 9263 feet and is located approximately 75 feet south of the proposed Krauss 22 103H. This well originally was a Pennsylvanian gas producer that was recompleted in the Yeso Formation followed by the San Andres Formation. Silverback is

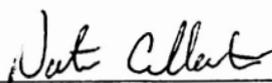
the operator of the Flint GU #4 and intends to plug and abandon the wellbore, in accordance with the Division's requirements, prior to starting hydraulic fracturing operations. Additionally, Silverback intends to not complete portions of laterals that are adjacent to the Flint GU #4. It is my opinion 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.

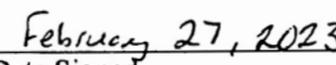
[Signature page follows]

Signature page of Self-Affirmed Statement of Nathaniel Gilbertson:

I understand that this Supplemental Self-Affirmed Statement will be used as written testimony before the Division in Case No. 23315 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



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 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)

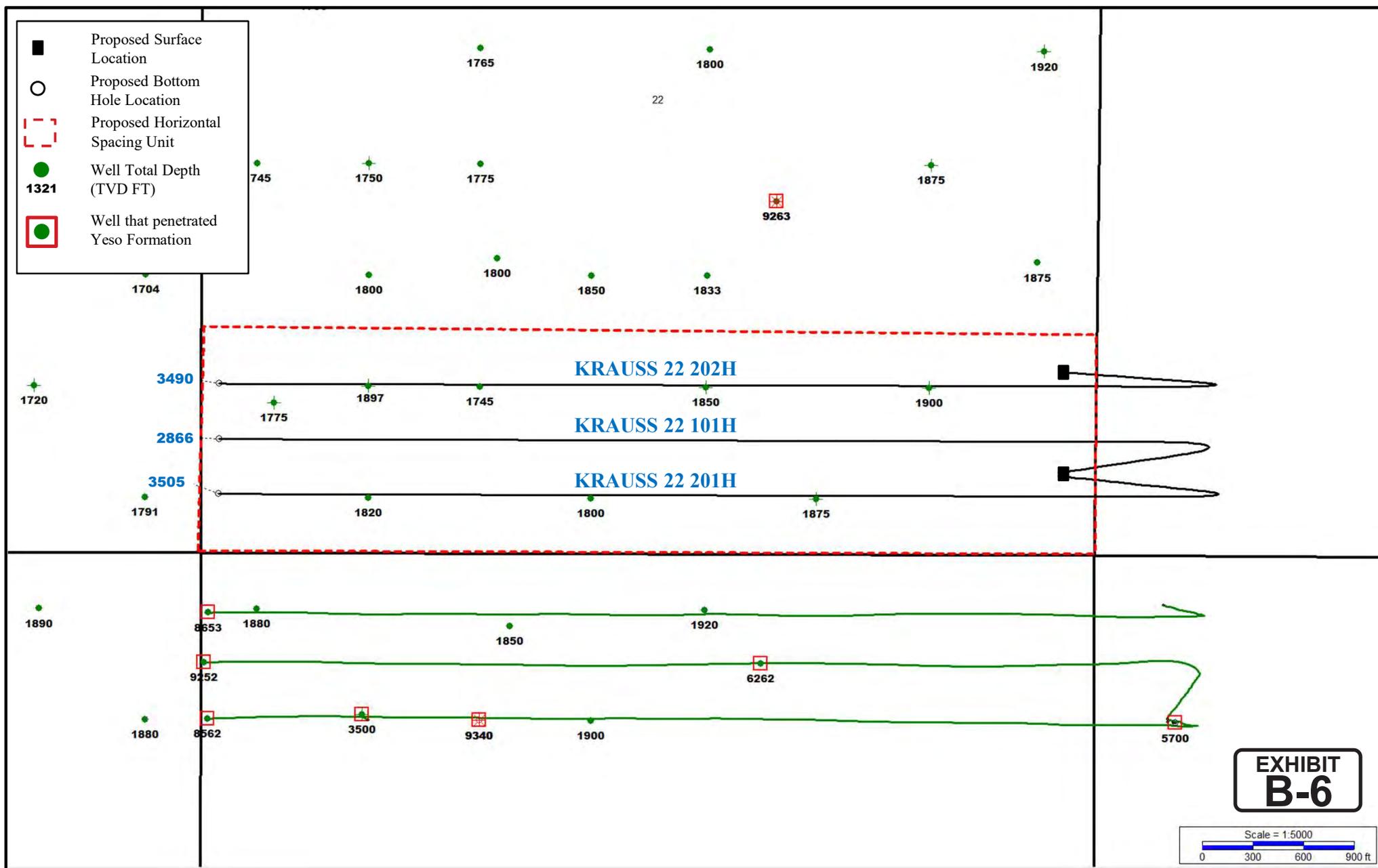


EXHIBIT B-6