

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

**APPLICATION OF ALPHA ENERGY
PARTNERS II, LLC TO POOL ADDITIONAL
INTERESTS UNDER ORDER NO. R-23006
AND TO ADD ADDITIONAL WELLS TO
THE APPROVED HORIZONTAL WELL
SPACING UNIT, EDDY COUNTY,
NEW MEXICO**

**CASE NO. 25186
ORDER NO. R-23005-A**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on March 13, 2025, and after considering the testimony, evidence, and recommendation of the Hearing and Technical Examiners, issues the following Order.

FINDINGS OF FACT

1. On January 10, 2024, OCD issued Order R-23006 to Alpha Energy Partners, LLC (“Alpha”) to pool the uncommitted oil and gas interests within the specified spacing unit (“Unit”).
2. Subsequent to the issuance of Order R-23006, Alpha Energy Partners II, LLC (“Alpha II”) succeeded to the interest of Alpha in the Unit.
3. On July 1, 2024, Alpha II entered into a agreement with Paloma which designates Paloma the Operator (“Operator”) under Alpha II interest.
4. Subsequent to the issuance of Order R-23006, Operator discovered previously unidentified interest owner(s) in the Unit.
5. Subsequent to the issuance of Order R-23006, Operator decided to modify the original development plan to include the wells (“Wells”) to the Unit as described in Exhibit A.
6. Operator provided evidence that it gave notice of the Application and the hearing to the previously pooled interest owners.
7. 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

8. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.

9. Operator is the owner of an oil and gas working interest within the Unit.
10. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
11. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.
12. Operator has the right to drill the Well to a common source of supply at the depth and location in the Unit described in Exhibit A.
13. This Order affords to each owner of an uncommitted interest the opportunity to produce its just and equitable share of the oil or gas in the pool.

ORDER

14. The previously unidentified uncommitted interest in the Unit is hereby pooled in the Unit.
15. The Wells will now be dedicated to the Unit established by Order R-23006.
16. If the location of the 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.
17. The Operator shall commence drilling the Well within one year after the date of this Order and complete the Well no later than one (1) year after the commencement of drilling the Well.
18. This Order shall terminate automatically if Operator fails to comply with Paragraph 14 unless Operator obtains an extension by an amendment of this Order for good cause shown.
19. Order R-23006 shall remain in full force and effect.
20. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



GERASIMOS RAZATOS
DIRECTOR (Acting)
GR/jag

Date: 5/7/2025

Exhibit A

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UPDATED COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 25186, pooling additional owners under Order No. R-2300	APPLICANT'S RESPONSE
Date: March 13, 2025 (Scheduled hearing)	
Applicant	Alpha Energy Partners II, LLC
Designated Operator & OGRID (affiliation if applicable)	Paloma Permian AssetCO, LLC - OGRID No. 332449
Applicant's Counsel:	Darin C. Savage, Abadie & Schill, P.C.
Case Title:	APPLICATION OF ALPHA ENERGY PARTNERS II, LLC, TO POOL ADDITIONAL INTEREST UNDER ORDER NO. R-23005, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	MRC Permian Company
Well Family	The Dude 20-19 Fee
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp formation
Primary Product (Oil or Gas):	Gas
Pooling this vertical extent:	Wolfcamp formation
Pool Name and Pool Code:	Purple Sage; Wolfcamp; Pool Code: [98220]
Well Location Setback Rules:	Division's Special Rules for the Purple Sage Wolfcamp as established in Order No. R-14262
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	634.28-acre, more or less
Building Blocks:	Quarter Sections (160 Acre Blocks)
Orientation:	East to West
Description: TRS/County	N/2 of Section 19 and 20, all in Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe <u>and</u> is approval of non-standard unit requested in this application?	Yes, Standard Spacing Unit
Other Situations	
Depth Severance: Y/N. If yes, description	No, N/A
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	See Exhibit A-2, breakdown of ownership
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	Add wells as needed
Well #1	The Dude 20-19 Fee 704H Well (API No. 30-015-Pending), SHL: Unit A, 778' FNL, 460' FEL, Section 20, T22S-R27E; BHL: Lot 1, 556' FNL, 200' FWL, Section 19, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard location

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Horizontal Well First and Last Take Points	The Dude 20-19 Fee 704H Well: FTP: Unit A, 556' FNL, 330' FEL, Section 20, T22S-R27E LTP: Lot 1, 556' FNL, 330' FWL, Section 19, T22S-R27E
Completion Target (Formation, TVD and MD)	The Dude 20-19 Fee 704H Well: TVD approx. 8,859', TMD 19,160'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #2	The Dude 20-19 Fee 703H Well (API No. 30-015-Pending), SHL: Unit A, 798' FNL, 460' FEL, Section 20, T22S-R27E; BHL: Lot 2, 1,865' FNL, 200' FWL, Section 19, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard location
Horizontal Well First and Last Take Points	The Dude 20-19 Fee 703H Well: FTP: Unit H, 1,865' FNL, 330' FEL, Section 20, T22S-R27E LTP: Lot 2, 1,865' FNL, 330' FWL, Section 19, T22S-R27E
Completion Target (Formation, TVD and MD)	The Dude 20-19 Fee 703H Well: TVD approx. 8,859', TMD 19,160'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #3	The Dude 20-19 Fee 802H Well (API No. 30-015-Pending), SHL: Unit A, 838' FNL, 460' FEL, Section 20, T22S-R27E; BHL: Lot 2, 2,357' FNL, 200' FWL, Section 19, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard location
Horizontal Well First and Last Take Points	The Dude 20-19 Fee 802H Well: FTP: Unit H, 2,357' FNL, 330' FEL, Section 20, T22S-R27E LTP: Lot 2, 2,357' FNL, 330' FWL, Section 19, T22S-R27E
Completion Target (Formation, TVD and MD)	The Dude 20-19 Fee 802H Well: TVD approx. 9,430', TMD 19,710'; Wolfcamp formation, See Exhibit A, A-1 & B-2
Well #4	The Dude 20-19 Fee 803H Well (API No. 30-015-Pending), SHL: Unit A, 818' FNL, 460' FEL, Section 20, T22S-R27E; BHL: Lot 1, 1,139' FNL, 200' FWL, Section 19, T22S-R27E, NMPM; Eddy County, New Mexico, laydown, standard location
Horizontal Well First and Last Take Points	The Dude 20-19 Fee 803H Well: FTP: Unit A, 1,139' FNL, 330' FEL, Section 20, T22S-R27E LTP: Lot 1, 1,139' FNL, 330' FWL, Section 19, T22S-R27E
Completion Target (Formation, TVD and MD)	The Dude 20-19 Fee 803H Well: TVD approx. 9,430', TMD 19,710'; Wolfcamp formation, See Exhibit A, A-1 & B-2
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000, Exhibit A
Production Supervision/Month \$	\$800, Exhibit A
Justification for Supervision Costs	Exhibit A
Requested Risk Charge	200%, Exhibit A
Notice of Hearing	
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
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Exhibit A-2
Tract List (including lease numbers and owners)	Exhibit A-2
If approval of Non-Standard Spacing Unit is requested, Tract List (including lease numbers and owners) of Tracts subject to notice requirements.	N/A
Pooled Parties (including ownership type)	All uncommitted WI owners; ORRI owners; and Record Title owners; including as shown on Exhibit A-2
Unlocatable Parties to be Pooled	Exhibit A, Para. 17
Ownership Depth Severance (including percentage above & below)	N/A
Joinder	
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
Geology	
Summary (including special considerations)	Exhibit B
Spacing Unit Schematic	Exhibit B-1, B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-4, B-5, B-6
Well Orientation (with rationale)	Exhibit B, B-1, B-3
Target Formation	Exhibit B-2, B-4, B-5, B-6
HSU Cross Section	Exhibit B-2, B-4, B-5, B-6
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit A-1
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit A-2
General Location Map (including basin)	Exhibit A-2
Well Bore Location Map	Exhibit A-1, A-2, B-1, B-2, B-3
Structure Contour Map - Subsea Depth	Exhibit B-1
Cross Section Location Map (including wells)	Exhibit B-1
Cross Section (including Landing Zone)	Exhibit B-2, B-4, B-5, B-6
Additional Information	
Special Provisions/Stipulations	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Darin C. Savage
Signed Name (Attorney or Party Representative):	/s/ Darin Savage
	6-Mar-25