

**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-23005,
EDDY COUNTY, NEW MEXICO**

**CASE NO. _____
ORDER NO. R-23005**

APPLICATION

Alpha Energy Partners II, LLC (“Alpha” or “Applicant”), affiliate successor in interest to Alpha Energy Partners, LLC, in the Subject Lands, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, for the purpose of (1) pooling newly found additional uncommitted mineral interests under the terms of Division Order No. R-23005 (the “Order”), which pooled uncommitted interests in the Wolfcamp formation underlying a 634.28-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Sections 19 and 20, Township 22 South, Range 27 East, Eddy County, New Mexico (“Subject Lands” under the Order); (2) advising the Division and affected parties that Alpha has entered into a farmout agreement with Paloma Permian AssetCO, LLC (“Paloma”) by which Paloma, OGRID No. 332449, has the right to earn a portion of Alpha’s working interest in the Subject Lands by drilling, completing, and operating the proposed wells under the supervision of Alpha; and (3) providing notice for wells which have undergone certain name changes and adjustments. In support of its Application, Alpha states the following:

1. On January 10, 2024, the Division entered Order No. R-23005 in Case No. 22171, which pooled all uncommitted interests in the Wolfcamp formation underlying a 634.28-acre,

more or less, standard horizontal spacing unit comprised of the Subject Lands. The Order further dedicated the unit to the Dude 19/20 Fee 201H and The Dude 19/20 Fee 202H wells and designated Alpha as operator of the unit and wells.

2. Since the Order was entered, Applicant has identified additional uncommitted interests in the unit that have not been pooled under the terms of the Order. The interests pooled by the Order in the original Case No. 22171 remain pooled under the Order.

3. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from the additional interest owners but has been unable to obtain voluntary agreements from the owners.

4. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the additional interests should be pooled into the unit pursuant to the terms of the Order. The pooling of these owners will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

5. On August 29, 2024, Alpha filed an Application to pool these uncommitted interests and the OCD docketed that Application as Case No. 24826.

6. On July 1, 2024, Alpha entered into a Farmout Agreement with Paloma, in which Paloma will receive a portion of Alpha's leasehold interest in the unit upon its fulfillment of certain drilling and operational obligations, and therefore Paloma will be involved in the unit by drilling and operating the wells in compliance with Alpha's development plans. Therefore, Applicant is designating Paloma, OGRID No. 332449, as the operator of the wells.

7. The Dude 19/20 Fee 201H Well, with a proposed surface hole location ("SHL") in the NE/4 NE/4 (Unit A) of Section 20 and a bottom hole location ("BHL") in Lot 1 (NW/4 NW/4) (Unit D) of Section 19, has been renamed and revised as **The Dude 20-19 Fee 704H**, which

maintains the same quarter-quarter section for the SHL in the NE/4 NE/4 (Unit A) of Section 20 and BHL in Lot 1 (NW/4 NW/4) (Unit D) of Section 19 and remains orthodox; this initial well is re-dedicated to the spacing unit as The Dude 20-19 Fee 704H Well.

8. The Dude 19/20 Fee 202H Well, with a proposed SHL in the NE/4 NE/4 (Unit A) of Section 20 and BHL in Lot 2 (SW/4 NW/4) (Unit E) of Section 19, has been renamed and revised as **The Dude 20-19 Fee 703H Well**, which maintains the same quarter-quarter section for the SHL in the NE/4 NE/4 (Unit A) of Section 20 and BHL in Lot 2 (SW/4 NW/4) (Unit E) in Section 19; the 703H remains orthodox; this initial well is re-dedicated to the spacing unit as The Dude 20-19 Fee 703H Well.

9. Alpha and Paloma have also updated their well proposals, the updates sent on October 31, 2024, to working interest owners in the unit, to include the 704H and 703H Well and to propose two additional wells for the lower part of the Wolfcamp formation: **The Dude 20-19 Fee 802H Well** with a SHL located in the NE/4 NE/4 (Unit A) of Section 20 and BHL located in Lot 2 (SW/4 NW/4) (Unit E) of Section 19; and **The Dude 20-19 Fee 803H Well** with a SHL located in the NE/4 NE/4 (Unit A) of Section 20 and BHL located in Lot 1 (NW/4 NW/4) (Unit D) of Section 19; the 802H and the 803H are added and dedicated to the unit as initial wells. The completed intervals of the 802H and 803H are orthodox.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on March 13, 2025, and, after notice and hearing, the Division amend Order No. R-23005:

- A. To pool the additional uncommitted interests into the unit pursuant to the terms of Division Order No. R-23005;

- B. To approve redesignating the 201H and 202H Wells as the 704H and 703H Wells, as described above in Paragraphs 7 and 8, and as will be described in a revised Compulsory Pooling Checklist submitted for the hearing;
- C. To approve the 802H and 803H Wells as described above in Paragraph 9, and thereby approving costs of drilling and completion and a 200% risk penalty.
- D. To maintain the interests already pooled under Order No. R-23005 so that they remain pooled.
- E. To approve Paloma as the operator subject to the Farmout described herein.
- F. To maintain all the terms under Order No. R-23005, including but not limited to reimbursement of charges and costs to the operator and the 200% risk penalty, which are not subject to the changes requested in this Application.

Respectfully submitted,

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Alpha Energy Partners, LLC***

Application of Alpha Energy Partners II, LLC, to Pool Additional Interests under Order No. R-23005, Eddy County, New Mexico. Alpha Energy Partners II, LLC, affiliate successor to Alpha Energy Partners, LLC, (“Applicant”) in the above-styled cause seeks to amend Order No. R-23005 for the purpose of (1) pooling newly found additional uncommitted mineral interests under the terms of Division Order No. R-23005, issued in Case No. 22171, which pooled uncommitted interest in the Wolfcamp formation underlying a 634.28-acre, more or less, standard horizontal spacing unit comprised of the N/2 of Sections 19 and 20, Township 22 South, Range 27 East, Eddy County, New Mexico (“Subject Lands” under the Order); (2) advising the Division and affected parties that Alpha has entered into a farmout agreement with Paloma Permian AssetCO, LLC (“Paloma”) by which Paloma, OGRID No. 332449, as the designated operator, has the right to earn a portion of Alpha’s working interest in the Subject Lands by drilling, completing, and operating the proposed wells under the supervision of Alpha; and (3) providing notice for and approving wells which have undergone certain name changes and adjustments, to wit: The Dude 19/20 Fee 201H Well, with a proposed surface hole location (SHL) in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location (BHL) in Lot 1 (NW/4 NW/4) (Unit D) of Section 19, has been renamed and revised as **The Dude 20-19 Fee 704H**, an initial well, which maintains the same quarter-quarter section for the SHL in the NE/4 NE/4 (Unit A) of Section 20 and BHL in Lot 1 (NW/4 NW/4) (Unit D) of Section 19 and remains orthodox; and The Dude 19/20 Fee 202H Well, with a proposed SHL in the NE/4 NE/4 (Unit A) of Section 20 to a BHL in Lot 2 (SW/4 NW/4) (Unit E) of Section 19, has been renamed and revised as **The Dude 20-19 Fee 703H Well**, an initial well, which maintains the same quarter-quarter section for the SHL in the NE/4 NE/4 (Unit A) of Section 20 and BHL in Lot 2 (SW/4 NW/4) (Unit E) in Section 19 and remains orthodox. Furthermore, Applicant proposes two additional wells, as initial wells, for the lower part of the Wolfcamp formation: **The Dude 20-19 Fee 802H Well** with a SHL located in the NE/4 NE/4 (Unit A) of Section 20 and BHL located in Lot 2 (SW/4 NW/4) (Unit E) of Section 19; and **The Dude 20-19 Fee 803H Well** with a SHL located in the NE/4 NE/4 (Unit A) of Section 20 and the BHL located in Lot 1 (NW/4 NW/4)(Unit D) of Section 19. Wells are orthodox pursuant to Order No. R-14262, governing Purple Sage; Wolfcamp Pool setbacks. The terms of Order No. R-23005, that maintain pooled interests, will inform the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1.6 miles South of Carlsbad, New Mexico.