

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

**APPLICATION OF PALOMA
PERMIAN ASSETCO, LLC FOR
COMPULSORY POOLING, LEA
COUNTY, NEW MEXICO.**

CASE NO. _____

APPLICATION

Paloma Permian AssetCo, LLC (“Paloma” or “Applicant”), OGRID No. 332449, through its undersigned attorneys, hereby files this application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, § 70-2-17, seeking an order pooling all uncommitted mineral interests within a standard 320-acre, more or less, Bone Spring horizontal spacing unit (“Unit”) comprised of the W/2 W/2 of Sections 20 and 29, Township 23 South, Range 34 East, Lea County, New Mexico. In support of this application, Paloma states the following:

1. Applicant is a working interest owner in the proposed Unit and has the right to drill thereon.
2. Applicant proposes to drill the following wells in the proposed Unit (collectively, the “Wells”):
 - a. **Limping Chicken 20-29 Fed 201H** well, to be horizontally drilled from an approximate surface hole location 207 FSL and 1860 FWL of Section 17, T23S-R34E, to an approximate bottom hole location 20 FSL and 660 FWL of Section 29, T23S-R34E.
 - b. **Limping Chicken 20-29 Fed 351H** well, to be horizontally drilled from an approximate surface hole location 207 FSL and 1,900 FWL of Section 17, T23S-

R34E, to an approximate bottom hole location 20 FSL and 330 FWL of Section 29, T23S-R34E.

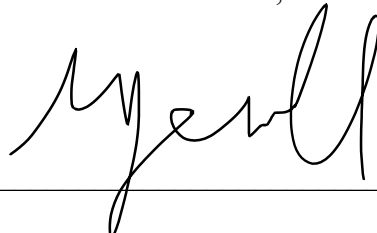
- c. **Limping Chicken 20-29 Fed 501H** well, to be horizontally drilled from an approximate surface hole location 207 FSL and 1,940 FWL of Section 17, T23S-R34E, to an approximate bottom hole location 20 FSL and 1,210 FWL of Section 29, T23S-R34E.
 - d. **Limping Chicken 20 Fed 601H** well, to be horizontally drilled from an approximate surface hole location 207 FSL and 1,960 FWL of Section 17, T23S-R34E, to an approximate bottom hole location 20 FSL and 660 FWL of Section 20, T23S-R34E.
3. The proposed Wells are orthodox in their location, and the take points and completed intervals comply with setback requirements under statewide rules.
 4. Applicant has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the Wells or in the commitment of their interests to the Wells for their development within the proposed Unit.
 5. The pooling of all interests in the Bone Spring formation within the proposed Unit, and the establishment of the standard spacing unit, will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
 6. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Applicant requests that all uncommitted interests in this Unit be pooled and that Applicant be designated the operator of the proposed horizontal Wells and Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 13, 2025, and, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 20 and 29, Township 23 South, Range 34 East, Lea County, New Mexico.
- B. Pooling all uncommitted mineral interests in the Bone Spring formation underlying the Unit.
- C. Allowing the drilling of all proposed Wells in the Unit;
- D. Designating Applicant as the operator of the Unit and the horizontal Wells to be drilled thereon;
- E. Authorizing Applicant to recover its costs of drilling, equipping, and completing the Wells;
- F. Approving the actual operating charges and costs of supervision, to the maximum extent allowable, while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- G. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the wells against any working interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

Paloma Permian AssetCo, LLC



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