

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

**APPLICATION OF ALPHA ENERGY
PARTNERS II, LLC, FOR COMPULSORY
POOLING, EDDY COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Alpha Energy Partners II, LLC (“Alpha”), 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 an order pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 317.15-acre, more or less, horizontal spacing unit comprised of Lot 2, SE/4 NW/4, and S/2 NE/4 (a/k/a S/2 N/2) of Section 19 and the S/2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico.

In support of its Application, Alpha states the following:

1. Alpha is a working interest owner in the proposed horizontal spacing unit (“HSU”) and has a right to drill a well thereon.
2. Alpha seeks to have the Division designate Paloma Permian AssetCO, LLC (“Paloma”) (OGRID No. 332449) as the operator of the proposed horizontal wells and HSU.
3. Alpha proposes and dedicates to the HSU two (2) initial wells: **The Dude Fee 20-19 503H** and **The Dude Fee 20-19 553H** to be drilled to a sufficient depth to test the Bone Spring formation.

4. Alpha proposes **The Dude Fee 20-19 503H** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location of Lot 2 (SW/4 NW/4) of Section 19.

5. Alpha proposes **The Dude Fee 20-19 553H** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location of Lot 2 (SW/4 NW/4) of Section 19.

6. All the wells proposed herein are orthodox in their location, and the take points and completed intervals comply with setback requirements under the Division's statewide rules.

7. Alpha's review of records did not show any overlapping units.

8. Alpha has sought in good faith, but has been unable to obtain, voluntary agreement from all interest owners to participate in the drilling of the well or in the commitment of their interests to the well for their development within the proposed HSU.

9. The pooling of all interests in the Bone Spring formation within the proposed HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

10. In order to provide for its just and fair share of the oil and gas underlying the subject lands, Alpha requests that all uncommitted interests in this HSU be pooled and that Paloma Permian AssetCO, LLC be designated the operator of the proposed horizontal wells and HSU.

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

A. Pooling all uncommitted mineral interests in the Bone Spring formation underlying a standard 317.15-acre, more or less, horizontal spacing unit comprised of Lot 2, SE/4 NW/4, and

S/2 NE/4 (a/k/a S/2 N/2) of Section 19 and the S2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico;

B. Approving **The Dude Fee 20-19 503H** and **The Dude Fee 20-19 553H** as the wells for the HSU;

C. Designating Paloma Permian AssetCO, LLC (“Paloma”) (OGRID No. 332449) as operator of this HSU and the horizontal wells to be drilled thereon;

D. Authorizing Alpha or Paloma to recover its costs of drilling, equipping, and completing the wells;

E. Approving 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

F. Setting a 200% charge for the risk assumed by Alpha in drilling and completing the wells in the event a working interest owner elects not to participate in the well.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Alpha Energy Partners II, LLC, for Compulsory Pooling, Eddy County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted mineral interests in the Bone Spring formation, designated as an oil pool, underlying a standard 317.15-acre, more or less, horizontal spacing unit comprised of Lot 2, SE/4 NW/4, and S/2 NE/4 (a/k/a S/2 N/2) of Section 19 and the S/2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico. The proposed wells to be dedicated to the horizontal spacing unit are **The Dude Fee 20-19 503H** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location of Lot 2 (SW/4 NW/4) of Section 19, and the **The Dude Fee 20-19 553H** to be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 20 to a bottom hole location of Lot 2 (SW/4 NW/4) of Section 19. The proposed wells will be orthodox, and their take points and completed intervals will comply with the Division's statewide rules. Also to be considered will be the cost of drilling and completing the wells and the allocation of the costs thereof; actual operating costs and charges for supervision; the designation of Paloma Permian AssetCO, LLC (OGRID No. 332449) as Operator of the wells and unit; and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 1.5 miles south-southeast from the center of Carlsbad.