

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

**APPLICATION OF PALOMA PERMIAN  
ASSETCO, LLC, TO COMPULSORY POOL  
ADDITIONAL INTERESTS AND ADJUST  
INITIAL WELLS, EDDY COUNTY, NEW MEXICO**

**Case No. \_\_\_\_\_  
Reopen Case No. 25199; and  
Amend Order No. R-23797**

**APPLICATION**

Paloma Permian AssetCO, LLC ("Paloma"), OGRID No. 332449, through its undersigned attorneys, hereby files this Application with the Oil Conservation Division ("Division" or "OCD") pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking to reopen Case No. 25199 and amend Division Order No. R-23797 ("Order") to accomplish the following: (1) pool additional uncommitted mineral interests in the Bone Spring formation underlying a standard 317.13-acre, more or less, horizontal spacing unit comprised of Lot 1, NE/4 NW/4, and N/2 NE/4 (a/k/a N/2 N/2) of Section 19 and the N/2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico; and (2) remove from the Order The Dude Fee 20-19 554H Well as an initial well and retain The Dude Fee 20-19 504H Well as the initial well dedicated to the horizontal spacing unit ("HSU").

In support of its Application, Paloma states the following:

1. Paloma is a working interest owner in the proposed horizontal spacing unit ("HSU") and has a right to drill a well thereon. Furthermore, Paloma is the designated operator under Order No. R-23797, which it seeks to amend.
2. Under the Order, the HSU was dedicated to The Dude Fee 20-19 504H and The Dude Fee 20-19 554H as initial wells.

3. The Dude Fee 20-19 504H was timely drilled pursuant to the Order as an initial well to a depth to test the Bone Spring formation. The 504H Well is orthodox in its location, and the take points and completed interval complies with setback requirements under statewide rules. However, due to logistical constraints, Paloma was unable to timely drill The Dude Fee 20-19 554H Well as an initial well. Therefore, Paloma seeks to amend Order No. R-23797 to remove the 554H Well as an initial well and retain the 504H Well as the initial well dedicated to the HSU.

4. Furthermore, Paloma seeks to amend Order No. R-23797 to pool additional owners newly discovered in the HSU. Accordingly, Paloma has sought in good faith, but has been unable to obtain, voluntary agreements from the additional interest owners to participate in the drilling of the well or in the commitment of their interests to the wells for their development within the HSU.

5. Amending the Order to remove the 554H Well as an initial well and pooling the additional uncommitted interests in the Bone Spring formation within the HSU 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, Paloma requests that the additional uncommitted interests within the HSU be pooled pursuant to the terms of the original Order No. R-23797, as amended herein, under which Paloma is designated as the operator of the proposed horizontal wells and HSU.

**WHEREFORE**, Paloma requests that this Application be set for hearing on December 3, 2026, before an Examiner of the Oil Conservation Division, and after notice and hearing as required by law, the Division enter an order:

A. Amending Order No. R-23797 the additional uncommitted mineral interests in the Bone Spring formation underlying a standard 317.13-acre, more or less, horizontal spacing unit

comprised of Lot 1, NE/4 NW/4, and N/2 NE/4 (a/k/a N/2 N/2) of Section 19 and the N/2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico;

B. Removing The Dude Fee 20-19 554H Well as an initial well and retaining The Dude Fee 20-19 504H Well as the initial well dedicated to the HSU;

C. Maintaining Paloma as operator of this HSU and its well;

D. Maintaining the interests already pooled under Order No. R-23797 so that they remain pooled and operations continue without waste, and acknowledging Paloma's compliance with the Order, as amended; and

E. Acknowledging Paloma's compliance with the Order, as amended; and

F. Maintaining the terms of Order No. Order No. R-23797, including but not limited to reimbursement of supervision charges and costs to the operator and the 200% risk penalty, which are not subject to the amendments requested in this Application.

Respectfully submitted,

ABADIE & SCHILL, PC

/s/ Darin C. Savage

Darin C. Savage

Andrew D. Schill

William E. Zimsky

Olivia Atkins

555 Rivergate Lane

B4-180

Durango, CO 81301

Telephone: 970.385.4401

Facsimile: 970.385.4901

darin@abadieschill.com

andrew@abadieschill.com

bill@abadieschill.com

olivia@abadieschill.com

***Attorneys for Paloma Permian AssetCO, LLC***

***Application of Paloma Permian AssetCO, LLC, to Reopen Case No. 25199 and Amend OCD Order No. R-23797 to Pool Additional Interests and Adjust Initial Wells, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks to reopen Case No. 25199 to amend Division Order No. R-23797 to remove an initial well and to pool additional uncommitted mineral interests in the Bone Spring formation underlying a standard 317.13-acre, more or less, horizontal spacing unit comprised of Lot 1, NE/4 NW/4, and N/2 NE/4 (a/k/a N/2 N/2) of Section 19 and the N/2 N/2 of Section 20 in Township 22 South, Range 27 East, Eddy County, New Mexico. The initial wells listed in the order were The Dude Fee 20-19 504H Well that was drilled to a sufficient depth to test the Bone Spring formation; and The Dude Fee 20-19 554H which Applicant is requesting to be removed from Order No. R-23797 as an initial well while retaining the 504H Well as the initial well dedicated to the unit. The 504H Well is orthodox, and its take points and completed interval comply with statewide rules. The terms of Order No. R-23797, that maintain pooled interests, will apply to and 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 1.5 miles south-southeast from the center of Carlsbad.