

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

**APPLICATION OF PALOMA PERMIAN ASSETCO,
LLC, TO POOL ADDITIONAL INTERESTS UNDER
ORDER NOS. R-23006 & R-23006-A,
EDDY COUNTY, NEW MEXICO**

Case No. _____
Amend Order Nos. R-23006 & R-23006-A

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, Section 70-2-17, for the purpose of pooling newly discovered uncommitted mineral interests under the terms of Division Order No. R-23006 in Case No. 22172 & Order No. R-23006-A in Case No. 25185 (the “Orders”), which pooled uncommitted interests in the Wolfcamp formation underlying a 634.36-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Sections 19 and 20, Township 22 South, Range 27 East, Eddy County, New Mexico (“Subject Lands”). In support of its Application, Paloma states the following:

1. On January 10, 2024, the Division entered Order No. R-23006 in Case No. 22172, which pooled uncommitted interests in the Wolfcamp formation underlying a 634.36-acre, more or less, standard horizontal spacing unit comprised of the Subject Lands. This Order designated Alpha Energy Partners, LLC (“Alpha”) as the operator.
2. The development project for the Dude wells represents a major undertaking that involving numerous owners of small, fragmented tracts near the town of Carlsbad. During its work

and due diligence efforts on this development, Alpha discovered additional uncommitted interests which were addressed through Order No. R-23006-A.

3. On July 1, 2024, Alpha entered into a Farmout Agreement with Paloma, in which Paloma would receive a portion of Alpha's leasehold interest in the unit upon its fulfillment of certain drilling and operational obligations. Paloma, who was designated as the operator in Order No. R-23006-A, has satisfied the terms of the Farmout Agreement, acquired a working interest in the unit, and obtained the right to drill thereon. Therefore, Paloma submits this Application as both Applicant and Operator.

4. While continuing the due diligent efforts, Paloma has discovered additional uncommitted interests, including owners who were viewed as held in place by shut-in payments made by other parties involved in the unit. However, further investigation based on newly obtained information received indicates that those shut-in payments may not have been effective to maintain the interests. Accordingly, Paloma seeks to pool the remaining recently identified uncommitted interests.

5. 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.

6. In order to allow all uncommitted owners to obtain their just and fair share of the oil and gas underlying the subject lands, Paloma requests that the additional interests be pooled into the unit pursuant to the terms of the original Order No. R-23006 as amended by R-23006-A. The pooling of these owners will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. The initial wells dedicated to the unit are as follows: (1) The Dude 20-19 Fee 702H Well (API No. 30-015-55728); (2) The Dude 20-19 Fee 701H Well (API No. 30-015-55727); and (3) The Dude 20-19 Fee 801H Well (API No. 30-015-55731). These wells were timely drilled to a depth to test the Wolfcamp formation.

WHEREFORE, Applicant requests this application be set for hearing before an Examiner of the Division on December 3, 2026, and, after notice and hearing, the Division amend Order Nos. R-23006 & R-23006-A:

- A. To pool the additional uncommitted interests into the unit pursuant to the terms of Division Order No. R-23006 & R-23006-A;
- B. To maintain the dedication of the drilled wells to the unit pursuant to Order No. R-23006-A.
- C. To maintain the interests already pooled under Order Nos. R-23006 & R-23006-A so that they remain pooled and operations continue without waste.
- D. To maintain all the terms under Order No. R-23006, including but not limited to reimbursement of operational charges and costs to the operator and the 200% risk penalty, which are not subject to the changes requested in this Application.

Respectfully submitted,

ABADIE & SCHILL, PC

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Application of Paloma AssetCO, LLC, to Pool Additional Interests under Order Nos. R-23006 & R-23006-A, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Order Nos. R-23006 & R-23006-A for the purpose of pooling newly discovered additional uncommitted mineral interests under the terms of Division Order No. R-23006, issued in Case No. 22172, and Division Order No. R-23006-A, issued in Case No. 25185, which pooled uncommitted interest in the Wolfcamp formation underlying a 634.36-acre, more or less, standard horizontal spacing unit comprised of the S/2 of Sections 19 and 20, Township 22 South, Range 27 East, Eddy County, New Mexico ("Subject Lands"). The initial wells that were dedicated the unit are as follows: **The Dude 20-19 Fee 702H; The Dude 20-19 Fee 701H Well; and The Dude 20-19 Fee 801H Well.** Wells are orthodox pursuant to Order No. R-14262, governing Purple Sage; Wolfcamp Pool setbacks. The terms of Order No. R-23006, 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.