

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

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

**Case No. _____
Reopen Case No. 25495;
Amend Order No. R-23977**

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. 25495 and amend Division Order No. R-23977 ("Order") in order to accomplish the following: (1) pool additional uncommitted mineral interests in the Bone Spring formation, underlying a standard 316.84-acres, more or less, horizontal spacing unit comprised of the N/2 N/2 of Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico; and (2) remove from the Order the Hollywood Star 17-18 Fee 554H Well as an initial well and retain the Hollywood Star 17-18 Fee 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 HSU and has a right to drill a well thereon. Furthermore, Paloma is the designated operator under Order No. R-23977, which it seeks to amend.
2. In the Order, the HSU was dedicated to the Hollywood Star 17-18 Fee 504H Well and the Hollywood Star 17-18 Fee 554H Well, as the initial wells.

3. The Hollywood Star 17-18 Fee 504H Well was timely drilled under 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 not able to timely drill the Hollywood Star 17-18 Fee 554H Well as an initial well. Therefore, Paloma seeks to amend Order No. R-23977 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-23977 to pool additional owners newly discovered in the HSU. Accordingly, Paloma has sought in good faith, but has been unable to obtain, voluntary agreement from the additional 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 HSU.

5. Amending the Order to remove the 554H Well as an initial well and pooling the additional 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 in the HSU be pooled pursuant to the terms of the original Order No. R-23977 in which Paloma was designated the operator of the 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-23977 to pool the additional uncommitted mineral interests in the Bone Spring formation underlying a standard 316.84-acre, more or less, horizontal spacing

unit comprised of the N/2 N/2 of Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico;

B. Removing the Hollywood Star 17-18 Fee 554H Well as an initial well and retaining the drilled Hollywood Star 17-18 Fee 504H Well as the initial well dedicated to the HSU.

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

D. Maintaining the interests already pooled under Order No. R-23977 so that they remain pooled and operations continue without incurring waste;

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

F. Maintaining the terms under Order No. R-23977 not subject to the requested amendments, including but not limited to reimbursement of operational charges and costs to the operator and the 200% risk penalty.

Respectfully submitted,

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Application of Paloma Permian AssetCO, LLC, to Reopen Case No. 25495 and Amend OCD Order No. R-23977 to Pool Additional Interests and Adjust Initial Wells, Eddy County, New Mexico. Applicant in the above-styled cause seeks to reopen Case No. 25495 to amend Division Order No. R-23977 to remove an initial well and to pool additional uncommitted mineral interests in the Bone Spring formation underlying a standard 316.84-acre, more or less, horizontal spacing unit comprised of the N/2 N/2 Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. The initial wells listed in the order were the Hollywood Star 17-18 Fee 504H Well that was drilled to a sufficient depth to test the Bone Spring formation; and the Hollywood Star 17-18 Fee 554H Well which Applicant is requesting to be removed from Order No. R-23977 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-23977, 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 Carlsbad, New Mexico.

