

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

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

Case No. _____
Amend Order No. R-23961

APPLICATION

Paloma Permian AssetCO, LLC (“Paloma” or “Applicant”), OGRID No. 332449, hereby files this Application with the Oil Conservation Division (“Division”) pursuant to the provisions of NMSA 1978, Section 70-2-17, seeking to amend Division Order No. R-23961 issued in Case No. 25166 to pool additional uncommitted mineral interests in the Wolfcamp formation, underlying a standard 1267.84-acres, more or less, horizontal spacing unit comprised of Section 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. In support of its Application, Paloma states the following:

1. Paloma is a working interest owner in the horizontal spacing unit (“HSU”) and has a right to drill a well thereon. Furthermore, Paloma is the designated operator under Order No. R-23961, which it seeks to amend.
2. The HSU has been dedicated to seven (7) initial wells: the Hollywood Star 17-18 Fee 701H; Hollywood Star 17-18 Fee 702H; Hollywood Star 17-18 Fee 703H; Hollywood Star 17-18 Fee 704H; Hollywood Star 17-18 Fee 801H; Hollywood Star 17-18 Fee 802H; and the Hollywood Star 17-18 Fee 803H, drilled to a sufficient depth to test the Wolfcamp formation.
3. The seven initial wells were timely drilled under Order No. R-23961.

4. The wells are orthodox in their location, and the take points and completed intervals comply with setback requirements under the special rules for the Purple Sage, Wolfcamp pool, pursuant to Order No. R-14262.

5. Paloma has sought in good faith but has been unable to obtain a 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 proposed HSU.

6. The pooling of the additional uncommitted interests in the Wolfcamp formation within the HSU will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

7. 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 this HSU be pooled pursuant to the terms of the original Order No. R-23961 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-23961 to pool the additional uncommitted mineral interests in the Wolfcamp formation underlying a standard 1267.84-acres, more or less, horizontal spacing unit comprised of Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico;

B. Maintaining the Hollywood Star 17-18 Fee 701H; Hollywood Star 17-18 Fee 702H; Hollywood Star 17-18 Fee 703H; Hollywood Star 17-18 Fee 704H; Hollywood Star 17-18 Fee

801H; Hollywood Star 17-18 Fee 802H; and the Hollywood Star 17-18 Fee 803H as the wells for the HSU;

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

D. Maintaining the interests already pooled under Order No. R-23961 so that they remain pooled and operations continue without waste; and

E. Applying the terms of Order No. R-23961 that are not amended, 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 amendment requested in this Application.

Respectfully submitted,

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Application of Paloma Permian AssetCO, LLC, to Amend Order No. R-23961 to Pool Additional Interests, Eddy County, New Mexico. Applicant in the above-styled cause seeks to amend Division Order No. R-23961 issued in Case No. 25166 to pool additional uncommitted mineral interests in the Wolfcamp formation underlying a standard 1267.84-acre, more or less, horizontal spacing unit comprised of the Sections 17 and 18 in Township 22 South, Range 27 East, Eddy County, New Mexico. The wells that were dedicated to the horizontal spacing unit are the Hollywood Star 17-18 Fee 701H Well; the Hollywood Star 17-18 Fee 702H Well; the Hollywood Star 17-18 Fee 703H Well 8; the Hollywood Star 17-18 Fee 704H Well; the Hollywood Star 17-18 Fee 801H Well; the Hollywood Star 17-18 Fee 802H Well; and the Hollywood Star 17-18 Fee 803H Well. The 802H Well is the proximity well, and proximity tracts were utilized. The wells are orthodox, and their take points and completed intervals comply with the special rules for the Purple Sage, Wolfcamp pool pursuant to Order No. R-14262. The terms of Order No. R-23961, 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.

