

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY PALOMA PERMIAN ASSET CO, LLC ORDER NO. PLC-1075**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Paloma Permian Asset Co, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
5. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease as described in Exhibit A.
6. Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2) NMAC, 19.15.12.10(C)(4)(c) NMAC, and 19.15.12.10(C)(4)(e) NMAC, as applicable.

10. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC and 19.15.23.9(A)(6) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) NMAC or 19.15.12.10(C)(1) NMAC, as applicable.
12. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) NMAC and 19.15.12.10(C)(4)(h) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to surface commingle oil and gas production from the pools and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from the pools and leases as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
4. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.

5. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
6. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
10. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
11. If a well is not included in Exhibit A but produces from a pool and lease as described in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
12. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).

14. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 2/1/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-1075

Operator: Paloma Permian Asset Company, LLC (332449)

Central Tank Battery: Hollywood Star Fee 17 18 Battery

Central Tank Battery Location: UL L, Section 16, UL I, Section 17, Township 22 South, Range 27 East

Gas Title Transfer Meter Location: UL L, Section 16, UL I, Section 17, Township 22 South, Range 27 East

Pools

| Pool Name | Pool Code |
|----------------------------|-----------|
| ESPERANZA;BONESPRING | 97755 |
| PURPLE SAGE;WOLFCAMP (GAS) | 98220 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | UL or Q/Q | S-T-R |
|--|-----------|------------|
| Wolfcamp Compulsory Pooling Order R-23961 | ALL | 17-22S-27E |
| | ALL | 18-22S-27E |
| Bone Spring Compulsory Pooling Order R-23977 | N2N2 | 17-22S-27E |
| | N2N2 | 18-22S-27E |
| Bone Spring Compulsory Pooling Order R-23978 | S2S2 | 17-22S-27E |
| | S2S2 | 18-22S-27E |
| Bone Spring Compulsory Pooling Order R-23979 | N2S2 | 17-22S-27E |
| | N2S2 | 18-22S-27E |
| Bone Spring Compulsory Pooling Order R-23989 | S2N2 | 17-22S-27E |
| | S2N2 | 18-22S-27E |

Wells

| Well API | Well Name | UL or Q/Q | S-T-R | Pool |
|--------------|-------------------------------------|-----------|------------|-------|
| 30-015-56235 | HOLLYWOOD STAR FEE 17 18 #701H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56216 | HOLLYWOOD STAR FEE 17 18 #702H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56239 | HOLLYWOOD STAR FEE 17 18 #703H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56241 | HOLLYWOOD STAR FEE 17 18 #704H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56261 | HOLLYWOOD STAR FEE 17 18 #801H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56263 | HOLLYWOOD STAR FEE 17 18 #802H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-56264 | HOLLYWOOD STAR FEE 17 18 #803H | ALL | 17-22S-27E | 98220 |
| | | ALL | 18-22S-27E | |
| 30-015-57251 | HOLLYWOOD STAR FEE 17 18 A #501H | S2S2 | 17-22S-27E | 97755 |
| | | S2S2 | 18-22S-27E | |

| | | | | |
|---------------------|---|-------------|-------------------|--------------|
| 30-015-57252 | HOLLYWOOD STAR FEE 17 18 B #502H | N2S2 | 17-22S-27E | 97755 |
| 30-015-57249 | HOLLYWOOD STAR FEE 17 18 C #503H | S2N2 | 17-22S-27E | 97755 |
| 30-015-57250 | HOLLYWOOD STAR FEE 17 18 D #504H | N2N2 | 17-22S-27E | 97755 |
| | | | 18-22S-27E | |

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 549715

CONDITIONS

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|--|--|
| Operator: Paloma Permian AssetCo, LLC 1100 Louisiana, Ste. 5100 Houston, TX 77002 | OGRID: 332449 |
| | Action Number: 549715 |
| | Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO) |

CONDITIONS

| Created By | Condition | Condition Date |
|----------------|-----------|----------------|
| sarah.clelland | None | 2/3/2026 |