

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

**APPLICATION OF PALOMA PERMIAN
ASSETCO, LLC FOR
COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Paloma Permian AssetCo, LLC (“Paloma”), OGRID Number 332449, through its undersigned attorneys, hereby submits this application to the Oil Conservation Division pursuant to the provisions of NMSA (1978), Section 70-2-17, for an order pooling all uncommitted mineral interests within a standard 320-acre, more or less, Wolfcamp spacing unit comprised of the E/2 of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico. In support of this application, Paloma states as follows:

1. Paloma has an interest in the subject lands and has a right to drill and operate a well thereon.
2. Paloma seeks to dedicate the E/2 of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico to form a 320-acre, more or less, Wolfcamp horizontal spacing unit.
3. Paloma seeks to dedicate the unit to the following wells:
 - a. **Fat Chicken 8 Fed Com 701H, Fat Chicken 8 Fed Com 751H, and Fat Chicken 8 Fed Com 801H** wells with proposed first take points in the SW/4SE/4 (Unit O) of Section 8 and proposed last take points in the NW/4NE/4 (Unit B) of Section 8; and
 - b. **Fat Chicken 8 Fed Com 702H, Fat Chicken 8 Fed Com 703H, Fat Chicken 8 Fed Com 752H, and Fat Chicken 8 Fed Com 802H** wells with proposed

first take points in the SE/4SE/4 (Unit P) of Section 8 and proposed last take points in the NE/4NE/4 (Unit A) of Section 8.

4. The producing area for the wells is expected to be orthodox.
5. The completed interval for the **Fat Chicken 8 Fed Com 702H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit under Rule 19.15.16.15(B)(1)(b) NMAC.
6. Paloma sought, but has been unable to obtain, a voluntary agreement from all interest owners in the Wolfcamp formation underlying the proposed spacing unit to participate in the drilling of the wells or to otherwise commit their interests to the wells.
7. The pooling of all interests in the Wolfcamp formation underlying the proposed unit will prevent the drilling of unnecessary wells, prevent waste and protect correlative rights.

WHEREFORE, Paloma requests that this case be set for hearing before an Examiner of the Oil Conservation Division on August 7, 2025, and after notice and hearing as required by law, the Division enter its order:

- A. Pooling all uncommitted mineral interests in the Wolfcamp formation underlying a horizontal spacing unit within the E/2 of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico;
- B. Designating Paloma as operator of this unit and the wells to be drilled thereon;
- C. Authorizing Paloma to recover its costs of drilling, equipping and completing the wells;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure;

E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,

MODRALL, SPERLING, ROEHL, HARRIS
& SISK, P.A.

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CASE NO. ____: Application of Paloma Permian AssetCo, LLC for approval compulsory pooling, Lea County, New Mexico. Applicant seeks an order from the Division pooling all uncommitted interests within a 320-acre, more or less, Wolfcamp horizontal spacing unit comprised of the E/2 of Section 8, Township 26 South, Range 33 East, NMPM, Lea County, New Mexico. This spacing unit will be dedicated to the following wells: **Fat Chicken 8 Fed Com 701H, Fat Chicken 8 Fed Com 751H, and Fat Chicken 8 Fed Com 801H** wells with proposed first take points in the SW/4SE/4 (Unit O) of Section 8 and proposed last take points in the NW/4NE/4 (Unit B) of Section 8; and **Fat Chicken 8 Fed Com 702H, Fat Chicken 8 Fed Com 703H, Fat Chicken 8 Fed Com 752H, and Fat Chicken 8 Fed Com 802H** wells with proposed first take points in the SE/4SE/4 (Unit P) of Section 8 and proposed last take points in the NE/4NE/4 (Unit A) of Section 8. The producing area for the wells is expected to be orthodox. The completed interval for the **Fat Chicken 8 Fed Com 702H** well is expected to be less than 330 feet from the adjoining tracts thereby allowing for the inclusion of the proximity tracts within the proposed spacing unit. Also to be considered will be the cost of drilling, completing, and equipping said wells, the allocation of these costs as well as the actual operating costs and charges for supervision while drilling and after completion, designation of as Paloma Permian AssetCo, LLC as operator of the wells, and a 200% charge for risk involved in drilling said wells. Said area is located approximately 24 miles southwest of Jal, New Mexico.