

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

**APPLICATION OF POWDERHORN
OPERATING, LLC
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO**

CASE NO. _____

APPLICATION

Pursuant to NMSA § 70-2-17, Powderhorn Operating, LLC (OGRID No. 332857) (“Applicant”), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico (“Division”) for an order (1) creating a 240-acre, more or less, standard horizontal well spacing unit comprised of the S/2 SE/4 Section 3 and S/2 S/2 of Section 2, located in Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico (“Unit”), and (2) pooling all uncommitted interest within the Bone Spring formation underlying said Unit. In support of its Application, Applicant states the following:

1. Applicant is a working interest owner in the Unit and has the right to drill thereon.
2. Applicant seeks to dedicate the above-referenced Unit to the following well (“Well”):
 - a. **Super Hornet State Com 204H**, an oil well to be horizontally drilled from a surface hole location in SE/4 of Section 3, Township 24 South, Range 26 East, approximately 2,595 feet FEL, and approximately 1,380 feet FSL, to a bottom hole location in SW/4 Section 2, Township 24 South, Range 26 East, approximately 100 feet FEL, and approximately 660 feet FSL.
3. The completed interval of the Well will be orthodox.
4. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
5. The approval of this Unit and pooling of uncommitted interests within the Unit will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.
6. In order to allow Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in the Unit should be pooled and Applicant should be designated the operator of the Well and Unit.

WHEREFORE, Applicant requests this Application be set for hearing December 4, 2025, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Well in the Unit;
- C. Designating Applicant as operator of the Unit and the Well;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Well;
- E. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- F. Imposing a 200% penalty for the risk assumed by Applicant in drilling and completing the Well against any working interest owner who does not voluntarily participate in the drilling of the Well.

Respectfully submitted,

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