

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

**APPLICATION OF POWDERHORN OPERATING,  
LLC TO EXTEND TIME TO COMMENCE DRILLING  
OPERATIONS, EDDY COUNTY, NEW MEXICO**

**CASE NO. \_\_\_\_\_  
ORDER NO. R-23974**

**APPLICATION**

Powderhorn Operating, LLC (“Applicant”) (OGRID No. 332857), through its undersigned attorney, hereby files this Application with the Oil Conservation Division of the State of New Mexico (“Division”) requesting a one-year time extension to commence drilling the Well(s) authorized by Order No. R-23974 (the “Order”). In support of its application, Applicant states the following:

1. The Division entered Order No. R-23974 on September 2, 2025, in Case No. 25479.
2. The Order pooled all uncommitted interests in the Bone Spring formation underlying a 640-acre, more or less, non-standard horizontal spacing unit comprised of Section 21, located in Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico (“Unit”), for the purpose of drilling the Fade Away Fed Com 301H (“301H Well”), Fade Away Fed Com 302H (“302H Well”), Fade Away Fed Com 303H (“303H Well”), and Fade Away Fed Com 304H (“304H Well”). The 301H Well, the 302H Well, the 303H Well, and the 304H Well are referred to collectively herein as the “Wells.”
3. The Order designated Powderhorn Operating, LLC as operator of the Unit.
4. Paragraph 28 of the Order requires Applicant to commence drilling the Wells within one (1) year after the date of the Order. Paragraph 29 of the Order provides that the Order “shall terminate automatically” if Applicant fails to comply with Paragraph 28 “unless the Operator obtains an extension by amending this Order for good cause shown.”

5. Good cause exists for the requested extension. Applicant plans to drill the Wells and has scheduled rig line availability for this project in the fourth quarter of 2026, shortly after the current deadline to commence drilling. Commencing the Wells on that rig schedule will ensure drilling efficiencies in the development of the Unit.

6. This is Applicant's first request for extension under the Order.

7. Accordingly, Applicant requests that the Division amend the Order to extend the deadline to commence drilling the Wells until September 2, 2027.

WHEREFORE, Applicant requests that this application be set for hearing on August 6, 2026, and after notice and hearing, the Division extend the deadline to commence drilling the Wells under the Order until September 2, 2027.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday

Benjamin B. Holliday

P.O. BOX 6166

San Antonio, Texas 78209

Phone: (210) 469-3197

ben@helg.law

*Counsel for Powderhorn Operating, LLC*

**Application of Powderhorn Operating, LLC to Amend Order No. R-23974, Eddy County, New Mexico.** Powderhorn Operating, LLC seeks an order amending Order No. R-23974, entered on September 2, 2025, to extend the deadline to commence drilling the wells under the Order by one year, to September 2, 2027. Order No. R-23974 pooled all uncommitted owners in the Bone Spring formation underlying a 640-acre, more or less, non-standard horizontal spacing unit comprised of Section 21, located in Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico. Order No. R-23974 requires the commencement of drilling within one year of the date of the Order unless the operator obtains an extension by amending the Order for good cause shown. The Wells are located approximately 15.1 miles Southeast of Artesia, New Mexico.