

**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. 25610**

**PRE-HEARING STATEMENT**

Powderhorn Operating, LLC (“Powderhorn”) submits its Pre-Hearing Statement in accordance with the Second Amended Pre-Hearing Order issued by the New Mexico Oil Conservation Division (“Division”) on February 11, 2026.

**APPLICANT**

Powderhorn Operating, LLC

**ATTORNEYS**

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**OPPONENT**

Avant Operating II, LLC  
*\*Objection withdrawn*  
*\*Competing Application dismissed*

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*\*Objection withdrawn*  
*\*Competing Applications dismissed*

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Marathon Oil Permian LLC  
**\*Objection maintained**  
*\*Competing Application withdrawn*

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### APPLICANT'S STATEMENT OF THE CASE

In Case No. 25610, Powderhorn Operating, LLC. ("Applicant") (OGRID No. 332857), through its undersigned attorney, seeks an order: (1) establishing a 959.60-acre, more or less, standard horizontal well spacing unit comprised of the E/2 Section 3 and all 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 Wolfcamp formation underlying the unit. The unit will be dedicated to the following initial wells:

- a. **Super Hornet State Com 401H**, which is gas well that will be horizontally drilled from a surface hole location 2550' FEL & 1,380' FNL of Section 3, to a bottom hole location 100' FEL & 990' FNL of Section 2, Township 24 South, Range 26 East;
- b. **Super Hornet State Com 402H**, which is gas well that will be horizontally drilled from a surface hole location 2550' FEL & 1,1410' FNL of Section 3, to a bottom hole location 100' FEL & 2,330' FNL of Section 2, Township 24 South, Range 26 East;
- c. **Super Hornet State Com 403H**, which is gas well that will be horizontally drilled from a surface hole location 2535' FEL & 1,380' FSL of Section 3, to a bottom hole location 100' FEL & 1,650' FSL of Section 2, Township 24 South, Range 26 East;
- d. **Super Hornet State Com 404H**, which is gas well that will be horizontally drilled from a surface hole location 2535' FEL & 1,350' FSL of Section 3, to a bottom hole location 100' FEL & 330' FSL of Section 2, Township 24 South, Range 26 East.

Powderhorn proposes to fully develop the Wolfcamp formation underlying the E/2 of Section 3 and all of Section 2 by drilling four (4) 1.5-mile laterals as initial wells and subsequently infilling additional Wolfcamp targets.

On March 2, 2026, Marathon Oil Permian, LLC ("Marathon"), through its parent company ConocoPhillips Company ("COP"), proposed a competing 1-mile development plan traversing

strictly the N/2 of Section 2. Powderhorn is extremely concerned with COP's newly communicated plan that appears to strand the NE/4 of Section 3. As Powderhorn will demonstrate, Powderhorn's proposed development will result in prevention of waste and protection of correlative rights, whereas COP's new March 2, 2026, plan will strand the NE/4 of Section 3 resulting in waste and severe impairment of correlative rights. In addition, as Powderhorn will demonstrate, COP's development plan will present additional and unnecessary parent-child effects.

COP is expected to present evidence that the existence of a legacy JOA appointing it as operator for the N/2 Section 2, along with its intended development plan for the same, does or should prevent the Division from pooling this acreage into Powderhorn's larger proposed Super Hornet Wolfcamp horizontal spacing unit. This issue has been repeatedly litigated to the Division, and the Division has settled the argument over legacy JOAs and compulsory pooling. NMOCD Order No. R-14140 and R-23869 recognize the Division's right to pool acreage subject to a JOA within a larger proposed spacing unit.

Also to be considered will be the cost of drilling and completing the Wells and the allocation of the costs, the designation of Powderhorn as the operator of the Wells, and a 200% charge for the risk involved in drilling and completing the Wells.

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**APPLICANTS PROPOSED EVIDENCE**

<b><u>WITNESS Name and Expertise</u></b>	<b><u>ESTIMATED TIME</u></b>	<b><u>EXHIBITS</u></b>
Travis Macha, Landman	Affidavit / As Needed	Approximately 19
Leonard Wood, Geologist	Affidavit / As Needed	Approximately 7
Brendan Tippen, Reservoir Engineer	Affidavit / As Needed	Approximately 6
Ben Holliday, Attorney	Affidavit / As Needed	Approximately 4

**PROCEDURAL MATTERS**

This case was originally consolidated with numerous other cases filed by Avant Operating II, LLC, Coterra Energy Production Company (and its affiliates/subsidiaries), and COP/Marathon. All competing applications have been dismissed, though COP/Marathon has maintained its objection to Powderhorn's plan, and intends to present evidence supporting its position at hearing. Powderhorn reserves the right to present rebuttal testimony and exhibits at hearing.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday

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 Counsel for Powderhorn Operating, LLC

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing Pre-Hearing Statement was sent to the following counsel of record on this 4th day of March 2026.

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
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QUESTIONS

Action 559715

**QUESTIONS**

Operator: Powderhorn Operating, LLC 600 N Marienfeld Midland, TX 79701	OGRID: 332857
	Action Number: 559715
	Action Type: [HEAR] Prehearing Statement (PREHEARING)

**QUESTIONS**

<b>Testimony</b>	
<i>Please assist us by provide the following information about your testimony.</i>	
Number of witnesses	3
Testimony time (in minutes)	<i>Not answered.</i>