

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

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

**CASE NO. 26206
(De Novo from Case No. 25610)
ORDER NO. R-24349**

**ORDER GRANTING IN PART MOTION TO STAY
ORDER NO. R-24349 AND SETTING EXPEDITED HEARING**

THIS MATTER came before the Oil Conservation Commission (“Commission”) at its July 16, 2026 regular meeting on the Motion to Stay Order No. R-24349 (the “Motion”) filed on June 3, 2026 by Marathon Oil Permian LLC (“Marathon”). The Commission heard argument from Marathon and from Powderhorn Operating, LLC (“Powderhorn”) and took the Motion under advisement. Having considered the Motion, Powderhorn’s response, Marathon’s reply, the arguments of counsel, and the requirements of 19.15.4.23(B) NMAC, and being otherwise fully advised, the Commission FINDS:

1. On May 1, 2026, the Oil Conservation Division (“Division”) issued Order No. R-24349 in OCD Case No. 25610, creating a 959.6-acre standard horizontal spacing unit in the Wolfcamp formation comprised of the east half equivalent of Irregular Section 3 and all of Irregular Section 2, Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico, pooling the uncommitted interests therein, and designating Powderhorn as operator.
2. On May 27, 2026, Marathon timely filed an application for hearing de novo pursuant to NMSA 1978, Section 70-2-13, docketed as OCC Case No. 26206.
3. A limited stay of Order No. R-24349 to preserve the on status quo on the ground will protect the interests of all parties and minimize the potential prejudice of these proceedings to any party. A limited stay of the order is also likely to prevent waste or gross negative consequences to the parties in this matter. 19.15.4.23 B NMAC.
4. This Order is entered to preserve the on status quo on the ground pending the hearing de novo. It is not a determination of the merits of any issue in Case No. 26206.

IT IS THEREFORE ORDERED THAT:

1. **Limited Stay.** Order No. R-24349 is stayed to the extent it authorizes the commencement of ground disturbing operations and drilling operations (spudding) related to any well whose wellbore or completed interval is located, in whole or in part, within the lands comprising the north half equivalent of Irregular Section 2 (Lots 1–4, S/2 N/2), Township 24 South, Range 26 East, NMPM, Eddy County, New Mexico (the “Contested Acreage”).
2. **All Other Provisions Remain in Effect.** Except as expressly provided in Paragraph 1, Order No. R-24349 remains in full force and effect. Without limiting the foregoing, nothing in this Order stays, restricts, or excuses: (a) permitting, surveying, and staking; (b) surface, road, and pad planning; (c) the negotiation, execution, and performance of contracts, including rig, completion, casing, equipment, water, power, midstream, gathering, and takeaway agreements; (d) the procurement, ordering, inspection, storage, and delivery of casing, materials, facilities, and long-lead equipment; (e) the acquisition of rights-of-way; (f) engineering, geologic, and development planning; or (g) the administration and operation of the election, cost, accounting, and reporting provisions of Order No. R-24349.
3. **Uncontested Acreage.** Nothing in this Order stays or limits any operation authorized by Order No. R-24349 with respect to any well whose wellbore and completed interval are located wholly outside the Contested Acreage.
5. **Tolling of Deadlines.** The deadlines established by Paragraph 52 of Order No. R-24349, including the one-year deadline to commence drilling, are tolled from the date of this Order and shall be extended day-for-day for the period this stay remains in effect. The Commission may further address the deadlines applicable to development of the spacing unit in its final order in Case No. 26206.
6. **Expedited Setting.** Within five (5) business days of this Order, the parties shall confer with the Commission Clerk regarding the earliest available hearing dates. The parties shall meet and confer regarding stipulation to the record of OCD Case No. 25610, the use of written testimony, and other measures to streamline the hearing.
7. **Duration and Dissolution.** This stay shall dissolve automatically upon the earliest of: (a) entry of the Commission’s final order in Case No. 26206; (b) withdrawal or dismissal of the application for hearing de novo or resolution of the matter by agreement of the parties; or (c) further order of the Commission.

8. **Retention of Jurisdiction.** The Commission retains jurisdiction of this matter for the entry of such further orders as it deems necessary.

IT IS SO ORDERED.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



ALBERT C.S. CHANG, CHAIRMAN

Date: 7/27/2026