

**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**

**POWDERHORN OPERATING, LLC'S NOTICE OF SUBMISSION
OF PROPOSED FORM OF STAY ORDER**

Powderhorn Operating, LLC ("Powderhorn"), by and through undersigned counsel, respectfully submits the attached proposed form of order (Exhibit A) to assist the Commission in its drafting of any order on Marathon Oil Permian LLC's Motion to Stay Order No. R-24349, which the Commission took under advisement at the July 16, 2026 status conference.

The attached proposed form of order is consistent with the Commission's statements at the status conference that any stay would be tailored as narrowly as possible in geography, duration, and restricted activity, so as to minimize the impact of these proceedings on all parties, and with counsel for Marathon's statement that any stay should be limited to the north half equivalent of Irregular Section 2. Powderhorn submits this proposed form solely as a drafting aid; it does not waive, and expressly preserves, its opposition to the Motion and all arguments presented in its response and at the status conference. An editable version has been provided to the Commission Clerk and to all counsel of record.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC
/s/ Benjamin B. Holliday
Benjamin B. Holliday
Jeremy Horn
P.O. Box 6166
San Antonio, Texas 78209
Phone: (210) 469-3187
ben@helg.law | jeremy@helg.law |
nieve@helg.law
Counsel for Powderhorn Operating, LLC

CERTIFICATE OF SERVICE

I hereby certify that on July 24, 2026, I served a copy of the foregoing document to the following counsel of record via Electronic Mail:

Adam G. Rankin
Paula M. Vance
A. Raylee Starnes
Post Office Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421
(505) 983-6043 Facsimile
agrarkin@hollandhart.com
pmvance@hollandhart.com
arstarnes@hollandhart.com
Attorneys for Marathon Oil Permian, LLC

James P. Parrot
Miguel A. Suazo
Jacob L. Everhart
Ryan McKee
Beatty & Wozniak, P.C.
500 Don Gaspar Ave.
Santa Fe, NM 87505
(505) 946-2090
jparrot@bwenergylaw.com
msuazo@bwenergylaw.com
jeverhart@bwenergylaw.com
rmckee@bwenergylaw.com
*Attorneys for Magnum Hunter Production,
Cimarex Energy of Colorado, and
Coterra Energy Operating Co.*

Kaitlyn A. Luck
P.O. Box 483
Taos, NM 87570
(361) 648-1973
kaitlyn.luck@outlook.com
Attorney for Avant Operating II, LLC

James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
505-982-2043
jamesbruc@aol.com
Attorney for Kaiser-Francis Oil Company

Dana S. Hardy
Jaclyn M. McLean
Yarithza Peña
HARDY MCLEAN LLC
125 Lincoln Ave., Suite 223
Santa Fe, NM 87505
(505) 230-4410
dhardy@hardymclean.com
jmclean@hardymclean.com
ypena@hardymclean.com
*Attorneys for Permian Resources Operating,
LLC*

EXHIBIT A**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****[PROPOSED] 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 that prohibits only the spudding of wells in the acreage in dispute between the parties, thereby preserving the status quo as to that acreage while permitting all other activities authorized by Order No. R-24349 to continue pending the hearing de novo, will protect the interests of all parties and minimize the potential prejudice of these proceedings to any party.

4. This Order is entered solely to preserve the status quo pending the hearing de novo. It is not a determination of the merits of any issue in Case No. 26206, including any party's likelihood of success, and it shall not be cited or construed as such a determination.

IT IS THEREFORE ORDERED THAT:

1. **Limited Stay.** Order No. R-24349 is stayed only to the extent it authorizes the commencement of drilling operations (spudding) of 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 and construction; (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, and the hearing de novo shall be set at the earliest date practicable. 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. If the hearing de novo has not commenced within one hundred twenty (120) days of the date of this Order, any party may move to dissolve or modify this stay.
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: _____