

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

**APPLICATION OF POWDERHORN ENERGY  
PARTNERS FOR COMPULSORY POOLING,  
AND TO THE EXTENT NECESSARY,  
APPROVAL OF A NON-STANDARD  
HORIZONTAL SPACING UNIT,  
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 640.00-acre, more or less, non-standard horizontal well spacing unit comprised of Section 21, located in Township 19 South, Range 27 East, NMPM, Eddy County, New Mexico (“Unit”), and (2) pooling all uncommitted interest within the Bone Spring formation, designated as an oil pool (Winchester; Bone Spring West, Pool Code 97569), 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 wells, referred to collectively as the Wells:
  - a. **Fade Away Fed Com 301H**, which is an oil well that will be horizontally drilled from a surface hole location 90’ FEL & 1,380’ FNL of Section 21, to a bottom hole location 100’ FWL & 660’ FNL of Section 21 Township 19 South, Range 27 East;
  - b. **Fade Away Fed Com 302H**, which is an oil well that will be horizontally drilled from a surface hole location 90’ FEL & 1,410’ FNL of Section 21, to a bottom hole location 100’ FWL & 1,980’ FNL of Section 21 Township 19 South, Range 27 East;
  - c. **Fade Away Fed Com 303H**, which is an oil well that will be horizontally drilled from a surface hole location 120’ FEL & 1,360’ FSL of Section 21, to a bottom hole location 100’ FWL & 1,980’ FSL of Section 21 Township 19 South, Range 27 East;

- d. **Fade Away Fed Com 304H**, which is an oil well that will be horizontally drilled from a surface hole location 120' FEL & 1,390' FSL of Section 21, to a bottom hole location 100' FWL & 660' FSL of Section 21 Township 19 South, Range 27 East;
3. The wells will be horizontally drilled, and the producing areas for the wells are expected to 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 Wells 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 Wells and Unit.

WHEREFORE, Applicant requests this Application be set for hearing August 7, 2025, and that after notice and hearing, the Division enter an order:

- A. Pooling all uncommitted interests in the Unit;
- B. Approving the Wells in the Unit;
- C. Designating Applicant as operator of the Unit and the Wells;
- D. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;
- 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 300% penalty for the risk assumed by Applicant in drilling and completing the Wells against any working interest owner who does not voluntarily participate in the drilling of the Wells.

Respectfully submitted,

HOLLIDAY ENERGY LAW GROUP, PC

/s/ Benjamin B. Holliday

Benjamin B. Holliday

107 Katherine Court, Suite 100

San Antonio, Texas 78209

Phone: (210) 469-3197

ben@helg.law

*Counsel for Powderhorn Operating, LLC*