



Thursday, October 16, 2025

EMNRD – Oil Conservation Division  
ATTN: Hearing and Technical Examiner

**RE:** Amended Application – Case No. 25610

### **COVER LETTER**

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Please find attached the amended Application for Case No. 25610, in which Powderhorn Operating, LLC, has applied for 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 order pooling all uncommitted interest within the Wolfcamp formation, designated as a gas pool (Purple Sage Wolfcamp, [Gas] Pool Code 98220), underlying said Unit.

The Amended application makes the following change.

**Original Application, Paragraph 3 and 4 read as follows:**

3. The Wells will be horizontally drilled and the producing areas for the wells are expected to be orthodox.
4. The completed intervals of the wells will be orthodox and remain within 330-feet of the adjoining half section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(4).

**The Amended Application has deleted the above paragraphs, and inserted the following Paragraphs 3, 4, and 5:**

3. The Wells will be horizontally drilled and located within the Purple Sage Wolfcamp Gas Pool (Code 98220). This pool is subject to special pool rules that establish 330-foot setback requirements.
4. The Wells will comply with the Division’s setback requirements for this pool except the Wells will have non-standard first and last take points. Applicant will apply administratively for non-standard location (“NSL”) approval for the wells.



5. The completed interval of the Wells will remain within 330-feet of the adjoining half section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(4).

No other changes have been made to the Application.

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**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**

**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 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, designated as a gas pool (Purple Sage Wolfcamp, [Gas] Pool Code 98220), 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. **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;
3. The Wells will be horizontally drilled and located within the Purple Sage Wolfcamp Gas Pool (Code 98220). This pool is subject to special pool rules that establish 330-foot setback requirements.
4. The Wells will comply with the Division's setback requirements for this pool except the Wells will have non-standard first and last take points. Applicant will apply administratively for non-standard location ("NSL") approval for the wells.
5. The completed interval of the Wells will remain within 330-feet of the adjoining half section (or equivalent) tracts to allow inclusion of these proximity tracts within the proposed Unit under NMAC 19.15.16.15(B)(4).
6. Applicant has undertaken diligent, good-faith efforts to obtain voluntary agreements from all interest owners to participate in the drilling of the Well but has been unable to obtain voluntary agreements from all interest owners.
7. 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.
8. 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 November 13, 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 200% 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,

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