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

APPLICATION OF POWDERHORN OPERATING, LLC FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO. **CASE NO. _____**

APPLICATION

Pursuant to NMSA § 70-2-17, Powderhorn Operating, LLC (OGRID No. 332857) ("Applicant") applies for an order pooling all uncommitted interests in the Wolfcamp formation underlying a 1,920-acre, more or less, standard horizontal spacing unit comprised of Sections 35 and 36, Township 24 South, Range 25 East, and Section 31, Township 24 South, Range 26 East, Eddy County, New Mexico ("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 wells thereon.

2. The Unit will be dedicated to the following wells ("Wells"):

   a. **Shale Ale Fed Com 401H** and **Shale Ale Fed Com 501H**, which will produce from first take points located in the NW/4 NW/4 (Unit D) of Section 35 to last take points located in the NE/4 NE/4 (Unit A) of Section 31;

   b. **Shale Ale Fed Com 402H** and **Shale Ale Fed Com 502H**, which will produce from first take points located in the SW/4 NW/4 (Unit E) of Section 35 to last take points located in the SE/4 NE/4 (Unit H) of Section 31;

   c. **Shale Ale Fed Com 403H** and **Shale Ale Fed Com 503H**, which will produce from first take points located in the NW/4 SW/4 (Unit L) of Section 35 to last take points located in the NE/4 SE/4 (Unit I) of Section 31; and

d. **Shale Ale Fed Com 404H** and **Shale Ale Fed Com 504H**, which will produce from first take points located in the SW/4 SW/4 (Unit M) of Section 35 to last take points located in the SE/4 SE/4 (Unit P) of Section 31.

3. The completed intervals of the Wells will be orthodox.

4. The completed interval of the **Shale Ale Fed Com 402H** well will be located within 330' of the half-section line separating the N/2 and S/2 of Sections 35 and 36 of Township 24 South, Range 35 East, and the N/2 and S/2 of Section 31, Township 24 South, Range 26 East, to allow for the creation of a 1,920-acre standard, horizontal spacing unit.

5. 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.

6. The pooling of uncommitted interests will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

7. 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 the Unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on November 13, 2025, and, after notice and hearing as required by law, the Division enter an order:

A. Pooling all uncommitted interests in the Unit;

B. Designating Applicant as operator of the Unit and the Wells to be drilled thereon;

C. Authorizing Applicant to recover its costs of drilling, equipping and completing the Wells;

D. 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

E. 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,

HARDY MCLEAN LLC

/s/ Dana S. Hardy

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