

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

**APPLICATION OF TITUS OIL & GAS
PRODUCTION, LLC FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

Case No. _____

APPLICATION

Titus Oil & Gas Production, LLC applies for an order pooling all mineral interests in the Wolfcamp formation underlying a horizontal spacing unit comprised of the E/2NW/4 of Section 20 and the E/2W/2 of Section 17, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the E/2NW/4 of Section 20 and the E/2W/2 of Section 17, and has the right to drill a well or wells thereon.

2. Applicant proposes to drill the following wells to a depth sufficient to test the Wolfcamp formation:

- (a) The El Campeon North 20-17 Fed. Well No. 402H;
- (b) The El Campeon North 20-17 Fed. Well No. 432H; and
- (c) The El Campeon North 20-17 Fed. Well No. 513H.

The wells have first take points in the SE/4NW/4 of Section 20 and final take points in the NE/4NW/4 of Section 17.

3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the E/2NW/4 of Section 20 and the E/2W/2 of Section 17 for the purposes set forth herein.

4. Although applicant attempted to obtain voluntary agreements from all mineral interest owners to participate in the drilling of the wells or to otherwise commit their interests to

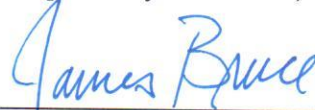
the wells, certain interest owners have failed or refused to join in dedicating their interests. Therefore, applicant seeks an order pooling all mineral interest owners in the Wolfcamp formation underlying the E/2NW/4 of Section 20 and the E/2W/2 of Section 17, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Wolfcamp formation underlying the E/2NW/4 of Section 20 and the E/2W/2 of Section 17 will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, applicant requests that, after notice and hearing, the Division enter its order:

- A. Pooling all mineral interests in the Wolfcamp formation underlying the E/2NW/4 of Section 20 and the E/2W/2 of Section 17;
- B. Designating applicant as operator of the wells;
- C. Considering the cost of drilling and completing the wells, and allocating the cost among the wells' working interest owners;
- D. Approving actual operating charges and costs charged for supervision, together with a provision adjusting the rates pursuant to the COPAS accounting procedure; and
- E. Setting a 200% charge for the risk involved in drilling and completing the wells in the event a working interest owner elects not to participate in the wells.

Respectfully submitted,



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LLC