

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NOS: 21203-21207

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

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KURT SIMMONS and LEONARD LOWE and on Thursday, June 25, 2020, through the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

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For Chevron:

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I N D E X

CASES CALLED

TAKEN UNDER ADVISEMENT 10

REPORTER CERT 11

E X H I B I T S

Exhibits and All Attachments 10

1 HEARING EXAMINER ORTH: Moving then to matters
2 21203, 21204, 21205, 21206, 21207. In all of those cases
3 Titus Oil & Gas is the applicant. They are all compulsory
4 pooling applications and the well name is Lonesome Dove.

5 And then there is a second both cases, same
6 applicant relating to another well named Cattlemen, but let
7 me start with Lonesome Dove.

8 Is that you, Mr. McIntyre?

9 MR. MCINTYRE: Yes, Madam Hearing Examiner. John
10 McIntyre representing Titus Oil & Gas Production LLC. Good
11 morning, Technical Examiners.

12 HEARING EXAMINER ORTH: Okay. And I see that
13 Chevron entered an appearance. Who is here from Beatty &
14 Wozniak?

15 MS. CALLAHAN: Yes, Madam Examiner, yes, Candace
16 Callahan appearing for Chevron. I want to point out that we
17 have withdrawn our appearances in cases 21203 and 21204, as
18 well as in case 21208 and 21209. We are maintaining our
19 appearances in 21205 through 20127, as well as in 21210,
20 21211 and 21212.

21 HEARING EXAMINER ORTH: All righty. I'm sorry I
22 did not see that withdrawal when, when I was in the imaging
23 system, but I have made a note. So let me just repeat for
24 the record all of the case numbers again. 21203, 04, 05,
25 06, and 07, Titus Oil & Gas relating to a well named

1 Lonesome Dove.

2 21209, 10, 11 and 12, Titus Oil & Gas relating to
3 a well named Cattlemen, and Ms. Callahan has just clarified
4 that Chevron has withdrawn its appearances in 21203, 04, 08
5 and 09. Let me ask if there are any other appearances
6 before I --

7 (No audible response.)

8 HEARING EXAMINER ORTH: No? All right. So Mr.
9 McIntyre, what is your plan for this morning?

10 MR. McINTYRE: Madam Hearing Examiner, I would
11 like to explain the development plan for these wells. So
12 it's actually nine wells that Titus plans to develop split
13 between five applications all in the Lonesome Dove well
14 family.

15 If anybody happens to have the exhibit package
16 that we submitted, it might be helpful to view the table of
17 contents as I explain how we organized it to try to make it
18 as cohesive as possible to understand what Titus is doing.

19 So if we start with Case Numbers 21203 and
20 2120 -- both of these cases will be developing wells in the
21 E/2 of the NE/4 of Section 17 and the E/2 of W/2 of Section
22 8, Township 26 South, Range 35 East, Lea County. In fact,
23 all of these will essentially be in the same subsections
24 with the slightly different horizontal spacing units.

25 21203 is its own application because Titus will

1 be developing the Bone Spring as one well, and 21204
2 consists of two wells being developed in the Wolfcamp.

3 If we move on to 21205 and 21206, these are in
4 the W/2 NE/4 of Section 17 and W/2 E/2 of Section 8. 21205
5 is again a single well relating to the Bone Spring, and
6 21206 again consists of two wells being developed in the
7 Wolfcamp.

8 And moving on to the last case, 21207, horizontal
9 spacing unit for three wells will be E/2 NE/4 of Section 17
10 and E/2 E/2 of Section 8, and these three wells will all be
11 developed in the Wolfcamp, and there will be no Bone Spring
12 wells in this particular horizontal spacing unit.

13 HEARING EXAMINER ORTH: Okay. So, Ms. Callahan,
14 let me ask if you have an objection to the matters in which
15 Chevron remains a party, to that proceeding this morning by
16 affidavit?

17 MS. CALLAHAN: We do not, Madam Examiner,
18 contingent on the Division order including the provision
19 that we inserted into our prehearing statement which we
20 understand Titus is agreeable to.

21 HEARING EXAMINER ORTH: That was going to be my
22 next question, so thank you very much for offering that and
23 for -- I did see the language proposed and recognize it.

24 All right. So, Mr. McIntyre, going back to 03,
25 04, 05, 06 and 07, is there anything else to describe before

1 I ask the Technical Examiners if they have questions.

2 MR. McINTYRE: I would like to explain how we
3 have organized our exhibit preparation, just so that the
4 Hearing Examiner and Technical Examiners are aware of how we
5 organized it.

6 And to go back to addressing Ms. Callahan's
7 issues, I can confirm that Titus has agreed to the special
8 payment provision being included in the order for 21205,
9 21206 and 21207.

10 HEARING EXAMINER ORTH: Thank you for that. All
11 right. If you would then, please, go ahead.

12 MR. McINTYRE: So we started off with Exhibit A
13 being the landman's affidavit and then Exhibit B being the
14 geologist affidavit. In both of those affidavits the
15 landman and geologist have explained the plan and addressed
16 every single case number. And then moving into the exhibit
17 packet, we will start with the first case, 21203, and within
18 those we have essentially called (inaudible) Exhibits A-1
19 through A-8, Exhibits B-1 through B-7.

20 A-1 being the general location map, A-2 being the
21 tract map, A-3 being the horizontal spacing unit ownership
22 breakdown and also containing the wellbores -- excuse me --
23 well, in Exhibit A-3 it does show the ownership breakdown,
24 but in Exhibit A-4 we have a more specific ownership
25 breakdown. Exhibit A-5 is a chronology of contacts with the

1 working interest owners. Exhibit A-6 is the C-102s for the
2 corresponding wells. Exhibit A-7 depicts -- shows the
3 sample well proposal letter and AFEs for the corresponding
4 wells. Exhibit A-8 is the notice letters that we have sent
5 out.

6 Then in moving to the sub exhibits for the
7 geologist, B-1 provides a geological summary for the wells,
8 Exhibit B-2 having a locator map with a cross sections
9 identified in that map, Exhibit B-3 being the spacing unit
10 schematic, Exhibit B-4 providing a structure map for the
11 various structures that will be developed in corresponding
12 wells, Exhibit B-5 an isopach map, it also has the various
13 formations that the wells will be developed in. B-6 is the
14 detailed (inaudible) and Exhibit B-7 depicts a gunbarrel
15 diagram.

16 And then for 21204, 21205, 21206 and 21207, that
17 repeated that same breakdown for it to -- for the various
18 wells that are being developed. Exhibit C is the last
19 exhibit in the exhibits which provides (inaudible) our
20 affidavit notice. And we can confirm that all interest
21 owners have been contacted, all interested parties have been
22 contacted by mail, but just as a caveat we also provided
23 notice by publication as well.

24 HEARING EXAMINER ORTH: Thank you very much. Mr.
25 Lowe or Mr. Simmons, do you have questions of Mr. McIntyre?

1 TECHNICAL EXAMINER LOWE: Good morning,
2 Mr. McIntyre. This is Leonard Lowe. One quick question for
3 you. When you indicated or stated that you confirm
4 notification to all the parties involved, does that mean you
5 received green cards, or what does that really mean that.

6 MR. McINTYRE: We received green cards back.
7 There are no notice issues in this case, and Exhibit C has
8 all the green cards included and they have been scanned in.

9 TECHNICAL EXAMINER LOWE: Okay. I really like
10 your exhibits, yeah, so thank you. That's all I have.

11 MR. McINTYRE: You are welcome.

12 TECHNICAL EXAMINER SIMMONS: This is Kurt
13 Simmons. Everything appears to be in order, and as we
14 review the package later, depending on the (inaudible).

15 HEARING EXAMINER ORTH: All right. Thank you
16 very much. Ms. Callahan, did you have anything further on
17 these matters 05, 06 or 07 before we wrap up?

18 MS. CALLAHAN: If you are able, is it possible to
19 confirm that the Division has no problem with the provision
20 that Chevron is asking to be incorporated into the order?

21 HEARING EXAMINER ORTH: I'm not sure if that's
22 something Mr. Simmons can address on this call or not. As I
23 said, I recognize the language. Mr. Simmons, can you speak
24 to that on this call?

25 TECHNICAL EXAMINER SIMMONS: So we do have,

1 recently we have made up a special place in the checklist
2 that is added to the applications and will be Exhibit A of
3 the order. There is a place provided for special
4 provisions. EOG is another party who typically has
5 requested this and negotiated this with applicants for
6 compulsory pooling, so what we don't know -- without knowing
7 exactly what the language is, I can't confirm or deny that
8 it would be included, but the general practice is that we
9 will, yes, we will include it unless there is something
10 specifically objectionable about it when we look at it.

11 Does that answer your question?

12 MS. CALLAHAN: This was taken from a typical JOA,
13 the language is. That's the origin of the language.

14 TECHNICAL EXAMINER SIMMONS: My guess is it's
15 probably going to be fine. As I said, we have included some
16 of the stipulated language about payments in other orders
17 that have been issued, but it would be not a place for me to
18 unequivocally confirm that we will include it in this case.
19 I can't foresee any reason to exclude it, but without
20 looking at it, for me to just make -- you know, reserve the
21 right later to call it into question.

22 MS. CALLAHAN: All right. I guess Chevron also
23 reserves the right to object and pursue I guess bringing the
24 case to the Commission if, if it is deemed unacceptable, but
25 thank you.

1 TECHNICAL EXAMINER SIMMONS: Thank you.

2 HEARING EXAMINER ORTH: Thank you, Ms. Callahan
3 and Mr. Simmons. If there is nothing else, I will refer to
4 to 21203 through 21207, we will take the matter under
5 advisement. Mr. Simmons -- Mr. Simmons and Mr. Lowe will
6 follow up, as I understand it, if there are issues presented
7 in the drafting of the order.

8 (Exhibits admitted.)

9 (Taken under advisement.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that I am neither employed by
13 nor related to any of the parties or attorneys in this case
14 and that I have no interest in the final disposition of this
15 case.

16 I FURTHER CERTIFY that the Virtual Proceeding was
17 of fair quality.

18 Dated this 25th day of June 2020.

19

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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