

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

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

Case No. 20712

APPLICATION

Titus Oil & Gas, LLC (OGRID No. 372527) applies for an order pooling all mineral interests in the Bone Spring formation underlying a horizontal spacing unit comprised of the W/2SE/4 of Section 20, the W/2E/2 of Section 29, and Lot 2 and the NW/4NE/4 (the W/2E/2) of irregular Section 32, Township 26 South, Range 35 East, NMPM, Lea County, New Mexico, and in support thereof, states:

1. Applicant is an operator in the W/2SE/4 of Section 20, the W/2E/2 of Section 29, and Lot 2 the W/2E/2 of Section 32, and has the right to drill a well thereon.
2. Applicant proposes to drill the El Campeon South 20-29-32 Fed. Well No. 323H, with a first take point in the NW/4SE/4 of Section 20 and a final take point in Lot 2 of Section 32.
3. Applicant has in good faith sought to obtain the voluntary joinder of all other mineral interest owners in the W/2SE/4 of Section 20, the W/2E/2 of Section 29, and the W/2E/2 of Section 32 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 well or to otherwise commit their interests to the well, 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 Bone Spring

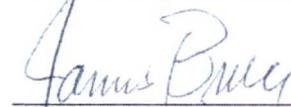
formation underlying the W/2SE/4 of Section 20, the W/2E/2 of Section 29, and the W/2E/2 of Section 32, pursuant to NMSA 1978 §70-2-17.

5. The pooling of all mineral interests in the Bone Spring formation underlying the W/2SE/4 of Section 20, the W/2E/2 of Section 29, and the W/2E/2 of Section 32 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 Bone Spring formation underlying the S W/2SE/4 of Section 20, the W/2E/2 of Section 29, and the W/2E/2 of Section 32;
- B. Designating applicant as operator of the well;
- C. Considering the cost of drilling and completing the well, 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 well in the event a working interest owner elects not to participate in the well.

Respectfully submitted,



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