

**STATE OF NEW MEXICO
DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES
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 (“Titus”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and John F. McIntyre), hereby files this application with the Oil Conservation Division pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Bone Spring formation (Lea; Bone Spring [37570]) underlying a standard 1,280-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of Section 25 and Section 36, all within Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico. In support of its application, Titus states as follows:

1. Titus is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Titus proposes to drill the following 2-mile wells in the proposed HSU:
 - **Cane West Fed Com 121H** well, to be horizontally drilled from an approximate surface hole location 966’ FNL and 1234’ FWL of Section 1, T20S-R34E, to an approximate bottom hole location 10’ FNL and 330’ FWL of Section 25, T19S-R34E.
 - **Cane West Fed Com 123H** well, to be horizontally drilled from an approximate surface hole location 1047’ FNL and 1534’ FEL of Section 1, T20S-R34E, to an

approximate bottom hole location 10' FNL and 1650' FEL of Section 25, T19S-R34E.

- **Cane West Fed Com 124H** well, to be horizontally drilled from an approximate surface hole location 268' FNL and 340' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FEL of Section 25, T19S-R34E.
- **Cane West Fed Com 221H** well, to be horizontally drilled from an approximate surface hole location 996' FNL and 1234' FWL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FWL of Section 25, T19S-R34E.
- **Cane West Fed Com 223H** well, to be horizontally drilled from an approximate surface hole location 1047' FNL and 1564' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 1650' FEL of Section 25, T19S-R34E.
- **Cane West Fed Com 224H** well, to be horizontally drilled from an approximate surface hole location 268' FNL and 370' FEL of Section 1, T20S-R34E, to an approximate bottom hole location 10' FNL and 330' FEL of Section 25, T19S-R34E.

3. The completed intervals and first and last take points will meet the setback requirements set forth in the statewide rules for horizontal oil wells.

4. Titus has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Bone Spring formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Titus to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Titus should be designated the operator of the HSU.

WHEREFORE, Titus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2020, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 1,280-acre, more or less, horizontal spacing and proration unit comprised of Section 25 and Section 36, all within Township 19 South, Range 34 East, NMPM, in Lea County, New Mexico;

B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;

C. Allowing the drilling of the following 2-mile wells in the HSU: (1) Cane West Fed Com 121H, (2) Cane West Fed Com 123H, (3) Cane West Fed Com 124H, (4) Cane West Fed Com 221H, (5) Cane West Fed Com 223H, and (6) Cane West Fed Com 224H.

D. Designating Titus as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Titus to recover its costs of drilling, equipping and completing the wells;

F. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and

G. Imposing a 200% penalty for the risk assumed by Titus in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

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