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

### APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC TO AMEND ORDER NO. R-21259, LEA COUNTY, NEW MEXICO

Case No. 21690 Order No. R-21259 (Re-Open)



# *El Campeon South Fed Com Well* 431H

March 4, 2021

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Tab 1

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

### APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC TO AMEND ORDER NO. R-21259, LEA COUNTY, NEW MEXICO

Case No. 21690 Order No. R-21259 (Re-Open)

#### AFFIDAVIT OF WALTER JONES

I, being duly sworn on oath, state the following:

1. I am over the age of 18, and have the capacity to execute this Affidavit, which is based on my personal knowledge.

2. I am a landman employed as Vice President of Land with Titus Oil & Gas Production, LLC ("Titus"), and I am familiar with the subject application and the lands involved.

3. This affidavit is submitted in connection with the filing by Titus of the abovereferenced application pursuant to 19.15.4.12.A(1) NMAC.

4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials as a petroleum landman have been accepted by the Division and made a matter of record previously. My education and work experience are as follows: I graduated from the University of Mississippi in 2005 with a business degree in marketing. From 2007 through 2009, I worked as an independent landman for a broker in the Barnett Shale in the Fort Worth area. From 2009 to 2017, I worked for BOPCO, LP, overseeing assets predominately in Eddy and Lea Counties, New Mexico. I have been with Titus from 2017 to present. I have been working on New Mexico oil and gas matters for approximately 11 years.

Exhibit A Titus Oil & Gas Production, LLC NMOCD Case No. 21690 March 4, 2021

5. The purpose of this Application is to amend Order No. R-21259 previously issued in Case No. 21128 to extend the time for drilling the **El Campeon South Fed Com 431H** well (API #30-025-47828) ("El Campeon South 431H Well"), which was previously approved in Order No. R-21259.

6. The Application is attached as **Exhibit 1**.

7. Order No. R-21259 is attached as **Exhibit 2**. Order No. R-21259 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C [98234]) in a standard 160-acre, more or less, horizontal spacing and proration unit comprised of the W/2 SW/4 of Section 29, Township 26 South, Range 35 East, and the NW/4 NW/4 and Lot 4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the El Campeon South 431H Well.

8. The Division issued a second order in Case No. 21128, Order No. R-21259-A. Order No. R-21259-A corrected one non-substantive error in Order No. R-21259. Order No. R-21259-A provided that Order No. 21259 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21259-A be amended.

9. Order No. R-21259 designated Titus as the operator of the El Campeon South 431H Well and the HSU.

10. Titus is a working interest owner in the HSU and has the right to drill thereon.

11. Titus requests the Division to re-open this matter previously heard in Case No. 21128 to extend the time to commence drilling the above-referenced well to be no later than April 18, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21259.

12. The Division Hearing in Case No. 21128 was held on March 5, 2020.

13. The Division entered Order No. R-21259 in Case No. 21128 on April 18, 2020.

14. At paragraph 19, Order No. R-21259 states, "The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well." At paragraph 20, Order No. R-21259 states, "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown."

15. Under Order No. R-21259, Titus would be required to commence drilling the above-referenced well by April 18, 2021.

16. Good cause exists for the Division to grant the extension.

17. Titus requests an extension of time because there have been changes in Titus's drilling schedule due to COVID-19 and current market conditions. In addition, the new federal administration has recently entered an executive order that may impact federal permitting, right-of-way, and sundries among other federal approvals needed prior to drilling.

18. Titus's operations and drilling activity have been impacted by COVID-19, oil and gas market conditions, and the changes and uncertainty resulting from the executive order.

19. Titus is in good standing under the statewide rules and regulations.

20. Titus notified all parties pooled under Order No. R-21259 regarding the request to re-open this matter to amend the order for the purposes stated herein. A sample notice letter is attached hereto as **Exhibit 3**. No parties entered appearances in this matter and no opposition is expected. Proof of notification, including proof of publication, can be found at Tab 2 of the exhibit package.

21. Titus incorporates all exhibits provided and admitted into the record at the hearing for the original Case No. 21128 by reference herein.

22. Titus is not requesting changes to any provisions in Order No. R-21259, other than the change requested herein, and asks that all other rights and privileges granted to Titus in the Order remain the same.

23. The Exhibits to this Affidavit were prepared by me, or compiled from Titus's business records.

24. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

25. The foregoing is correct and complete to the best of my knowledge and belief.

### FURTHER AFFIANT SAYETH NAUGHT

Walter P. Jones

STATE OF TEXAS

COUNTY OF TARRANT

Subscribed to and sworn before me this  $2^{NP}$  day of March, 2021.

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REED BRUNETTE Notary Public, State of Texas Comm. Expires 11-15-2022 Notary ID 131798223

Notary Public

My Commission expires <u>11/15/2022</u>

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

### APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC TO AMEND ORDER NO. R-21259, LEA COUNTY, NEW MEXICO

Case No. 21690 Order No. R-21259 (Re-Open)

#### **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 to amend Order No. R-21259 entered in Case No. 21128 to extend the time for drilling the **El Campeon South Fed Com 431H** well (API #30-025-47828) ("El Campeon South 431H Well") approved in Order No. R-21259. In support of its application, Titus states as follows:

1. Order No. R-21259 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C [98234]) in a standard 160-acre, more or less, horizontal spacing and proration unit comprised of the W/2 SW/4 of Section 29, Township 26 South, Range 35 East, and the NW/4 NW/4 and Lot 4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the El Campeon South 431H Well.

2. Titus is a working interest owner in the HSU and has the right to drill thereon.

3. Order No. R-21259 designated Titus as the operator of the El Campeon South 431H Well and the HSU.

## Exhibit 1

Titus Oil & Gas Production, LLC NMOCD Case No. 21690 March 4, 2021 4. Titus requests the Division re-open the matter to extend the time to commence drilling the El Campeon South 431H Well to be no later than April 18, 2022, which will be a onevear extension from the time to commence drilling granted in Order No. R-21259.

5. The Division Hearing in the original proceeding, Case No. 21128, was held on March 5, 2020.

6. The Division entered Order No. R-21259 in Case No. 21128 on April 18, 2020.

7. The Division issued a second order in Case No. 21128, Order No. R-21259-A, on June 2, 2020. Order No. R-21259-A corrected one non-substantive error in Order No. R-21259. Order No. R-21259-A provided that Order No. 21259 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21259-A be amended.

8. Order No. R-21259, ¶ 19 states: "The Operator shall commence drilling the Well(s) within one (1) year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well." Order No. R-21259, ¶ 20 states: "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown."

9. Under Order No. R-21259, Titus would be required to commence drilling the well by April 18, 2021.

10. Good cause exists for the Division to grant the extension.

11. Titus requests an extension of time because there have been changes in Titus's drilling schedule due to COVID-19 and current market conditions. In addition, the new federal administration has recently entered an executive order that may impact federal permitting, right-of-way, and sundries among other federal approvals needed prior to drilling.

12. Titus's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

WHEREFORE, Titus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 4, 2021, and that, after notice and hearing as required by law, the Division enter an order amending Order No. R-21259 to extend the time to commence drilling the El Campeon South 431H Well to be no later than April 18, 2022.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen Sharon T. Shaheen John F. McIntyre Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> <u>jmcintyre@montand.com</u>

Attorneys for Titus Oil & Gas Production, LLC

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

### IN THE MATTER OF APPLICATION FOR COMPULSORY POOLING SUBMITTED BY TITUS OIL & GAS, LLC

CASE NO. <u>21128</u> ORDER NO. <u>R-21259</u>

#### **ORDER**

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on March 5, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

#### **FINDINGS OF FACT**

- 1. Titus Oil & Gas, LLC ("Operator") submitted an application ("Application") to compulsory pool the uncommitted oil and gas interests within the spacing unit ("Unit") described in Exhibit A. The Unit is expected to be a standard horizontal spacing unit. 19.15.16.15(B) NMAC. Operator seeks to be designated the operator of the Unit.
- 2. Operator will dedicate the well(s) described in Exhibit A ("Well(s)") to the Unit.
- 3. Operator proposes the supervision and risk charges for the Well(s) described in Exhibit A.
- 4. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice was given.
- 5. The Application was heard by the Hearing Examiner on the date specified above, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

### CONCLUSIONS OF LAW

- 6. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 7. Operator is the owner of an oil and gas working interest within the Unit.
- 8. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 9. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC. Exhibit 2

Titus Oil & Gas Production, LLC NMOCD Case No. 21690 March 4, 2021

- 10. Operator has the right to drill the Well(s) to a common source of supply at the depth(s) and location(s) in the Unit described in Exhibit A.
- 11. The Unit contains separately owned uncommitted interests in oil and gas minerals.
- 12. Some of the owners of the uncommitted interests have not agreed to commit their interests to the Unit.
- 13. The pooling of uncommitted interests in the Unit will prevent waste and protect correlative rights, including the drilling of unnecessary wells.
- 14. This Order affords to the owner of an uncommitted interest the opportunity to produce his just and equitable share of the oil or gas in the pool.

### **ORDER**

- 15. The uncommitted interests in the Unit are pooled as set forth in Exhibit A.
- 16. The Unit shall be dedicated to the Well(s) set forth in Exhibit A.
- 17. Operator is designated as operator of the Unit and the Well(s).
- 18. If the location of a well will be unorthodox under the spacing rules in effect at the time of completion, Operator shall obtain the OCD's approval for a non-standard location in accordance with 19.15.16.15(C) NMAC.
- 19. The Operator shall commence drilling the Well(s) within one year after the date of this Order, and complete each Well no later than one (1) year after the commencement of drilling the Well.
- 20. This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by an amendment of this Order for good cause shown.
- 21. The infill well requirements in 19.15.13.9 NMAC through 19.15.13.12 NMAC shall be applicable.
- 22. Operator shall submit to each owner of an uncommitted working interest in the pool ("Pooled Working Interest") an itemized schedule of estimated costs to drill, complete, and equip the well ("Estimated Well Costs").
- 23. No later than thirty (30) days after Operator submits the Estimated Well Costs, the owner of a Pooled Working Interest shall elect whether to pay its share of the Estimated Well Costs or its share of the actual costs to drill, complete and equip the well ("Actual Well Costs") out of production from the well. An owner of a Pooled

CASE NO. 21128 ORDER NO. R-21259 Working Interest who elects to pay its share of the Estimated Well Costs shall render payment to Operator no later than thirty (30) days after the expiration of the election period, and shall be liable for operating costs, but not risk charges, for the well. An owner of a Pooled Working Interest who fails to pay its share of the Estimated Well Costs or who elects to pay its share of the Actual Well Costs out of production from the well shall be considered to be a "Non-Consenting Pooled Working Interest."

- 24. No later than one hundred eighty (180) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the Actual Well Costs. The Actual Well Costs shall be considered to be the Reasonable Well Costs unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Reasonable Well Costs after public notice and hearing.
- 25. No later than sixty (60) days after the expiration of the period to file a written objection to the Actual Well Costs or OCD's order determining the Reasonable Well Costs, whichever is later, each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs shall pay to Operator its share of the Reasonable Well Costs that exceed the Estimated Well Costs, or Operator shall pay to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs that exceed the Estimated Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs its share of the Estimated Well Costs that exceed the Reasonable Well Costs.
- 26. The reasonable charges for supervision to drill and produce a well ("Supervision Charges") shall not exceed the rates specified in Exhibit A, provided however that the rates shall be adjusted annually pursuant to the COPAS form entitled "Accounting Procedure-Joint Operations."
- 27. No later than within ninety (90) days after Operator submits a Form C-105 for a well, Operator shall submit to OCD and each owner of a Pooled Working Interest an itemized schedule of the reasonable charges for operating and maintaining the well ("Operating Charges"), provided however that Operating Charges shall not include the Reasonable Well Costs or Supervision Charges. The Operating Charges shall be considered final unless OCD or an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If OCD or an owner of a Pooled Working Interest files a timely written objection, OCD shall determine the Operating Charges after public notice and hearing.
- 28. Operator may withhold the following costs and charges from the share of production due to each owner of a Pooled Working Interest who paid its share of the Estimated Well Costs: (a) the proportionate share of the Supervision Charges; and (b) the proportionate share of the Operating Charges.

CASE NO. 21128 ORDER NO. R-21259

- 29. Operator may withhold the following costs and charges from the share of production due to each owner of a Non-Consenting Pooled Working Interest: (a) the proportionate share of the Reasonable Well Costs; (b) the proportionate share of the Supervision and Operating Charges; and (c) the percentage of the Reasonable Well Costs specified as the charge for risk described in Exhibit A.
- 30. Operator shall distribute a proportionate share of the costs and charges withheld pursuant to paragraph 29 to each Pooled Working Interest that paid its share of the Estimated Well Costs.
- 31. Each year on the anniversary of this Order, and no later than ninety (90) days after each payout, Operator shall provide to OCD and each owner of a Non-Consenting Pooled Working Interest a schedule of the revenue attributable to a well and the Supervision and Operating Costs charged against that revenue.
- 32. Any cost or charge that is paid out of production shall be withheld only from the share due to an owner of a Pooled Working Interest. No cost or charge shall be withheld from the share due to an owner of a royalty interests. For the purpose of this Order, an unleased mineral interest shall consist of a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest.
- 33. Except as provided above, Operator shall hold the revenue attributable to a well that is not disbursed for any reason for the account of the person(s) entitled to the revenue as provided in the Oil and Gas Proceeds Payment Act, NMSA 1978, Sections 70-10-1 *et seq.*, and relinquish such revenue as provided in the Uniform Unclaimed Property Act, NMSA 1978, Sections 7-8A-1 *et seq.*
- 34. The Unit shall terminate if (a) the owners of all Pooled Working Interests reach a voluntary agreement; or (b) the well(s) drilled on the Unit are plugged and abandoned in accordance with the applicable rules. Operator shall inform OCD no later than thirty (30) days after such occurrence.
- 35. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.

### STATE OF NEW MEXICO OIL CONSERVATION DIVISION

**VE SANDOVAL** ADRIE DIRECTOR

Date: 4/18/2020

CASE NO. 21128 ORDER NO. R-21259

AES/jag

### Exhibit A

1	ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS			
	Case: 21128	APPLICANT'S RESPONSE		
	Date	March 5, 2020		
5	Applicant	Titus Oil & Gas Production, LLC		
	Designated Operator & OGRID (affiliation if applicable)	373986		
	Applicant's Counsel:	Sharon Shaheen		
	Case Title:	Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico		
	Entries of Appearance/Intervenors:	Deana Bennett/Franklin Mountain Energy, LLC		
,	Well Family	El Campeon Wells		
1	Formation/Pool			
l	Formation Name(s) or Vertical Extent:	Wolfcamp Formation		
	Primary Product (Oil or Gas):	Oil		
l	Pooling this vertical extent:	Wolfcamp Formation		
ŀ	Pool Name and Pool Code:	WC-025 G-09 S263619C (98234)		
ħ	Well Location Setback Rules:	Statewide rules		
1	pacing Unit Size:	160 acres, more or less		
1	Spacing Unit			
þ	Type (Horizontal/Vertical)	Horizontal		
5	Size (Acres)	160 acres, more or less		
E	Building Blocks:	Quarter-quarter section (40 ac)		
¢	Drientation:	North-South		
C	Description: TRS/County	W2SW of Section 29 and NWNW & Lot 4 of irregular Section 32, 26S-35E, Lea County, NM		
S	tandard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes		
c	Other Situations			
D	Pepth Severance: Y/N. If yes, description	No		
P	roximity Tracts: If yes, description	No		
P	roximity Defining Well: if yes, description	No		
A	pplicant's Ownership in Each Tract	Tract 1 (0%), Tract 2 (100%)		
	Vell(s)			

CASE NO. 21128 ORDER NO. R-21259

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Well #1	El Campeon South Fed Com 431H, API No. Pending
	SHL: 1828' FNL and 682' FWL, Section 29-T26S-R35E, NMPM
	BHL: 10' FSL and 989' FWL, Section 32-T26S-R35E, NMPM
	Completion Target: Wolfcamp A at approx 12,741 Fee TVD
	Well Orientation: North to South
	Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: 2543' FSL and 989' FWL of Section 29-T26S-R35E LTP: 100' FSL and 989' FWL of Section 32-T26S-R35E
Completion Target (Formation, TVD and MD)	For Formation & TVD, see Well #1 info above. MD is approximately 18,271
24	
AFE Capex and Operating Costs	
Prilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
ustification for Supervision Costs	Ex. A-7
Requested Risk Charge	Ex. A-7
Notice of Hearing	
Proposed Notice of Hearing	Ex. A-8
Proof of Mailed Notice of Hearing (20 days before hearing)	Ex. C
Proof of Published Notice of Hearing (10 days before hearing)	Ex. C
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	Ex. A-2, A-3, & A-4
Tract List (including lease numbers and owners)	Ex. A-3
Pooled Parties (including ownership type)	Ex. A-4
Unlocatable Parties to be Pooled	none
Ownership Depth Severance (including percentage above & below)	
Joinder	none
Sample Copy of Proposal Letter	Ex. A-7
List of Interest Owners (ie Exhibit A of JOA)	Ex. A-4
hronology of Contact with Non-Joined Working Interests	Ex. A-5
Overhead Rates In Proposal Letter	See AFE, attached to Ex. A-7
Cost Estimate to Drill and Complete	See AFE, attached to Ex. A-7

CASE NO. 21128 ORDER NO. R-21259

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Cost Estimate to Equip Well	
Cost Estimate for Production Facilities	See AFE, attached to Ex. A-7
cost estimate for Production Pacifices	See AFE, attached to Ex. A-7
Geology	
Summary (including special considerations)	Ex. 8-1
Spacing Unit Schematic	Ex. 8-3
Gunbarrel/Lateral Trajectory Schematic	Ex. B-5
Well Orientation (with rationale)	Ex. B at 3, para. 12(d)
Target Formation	See Exs. B-1 & B-4
HSU Cross Section	в-4
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Ex. A-6
Tracts	Exs. A-2 & A-3
Summary of Interests, Unit Recapitulation (Tracts)	Exs. A-3 & A-4
General Location Map (including basin)	Ex. A-1
Well Bore Location Map	Exs. A-2 & A-6
Structure Contour Map - Subsea Depth	Exs. B-6 & B-7
Cross Section Location Map (including wells)	Ex. B-2
Cross Section (including Landing Zone)	Ex. B-4
Additional Information	The state of the state of the state of the



SHARON T. SHAHEEN Direct: (505) 986-2678 Email: <u>sshaheen@montand.com</u> www.montand.com

February 11, 2021

#### Via U.S. Certified Mail, return receipt requested

#### TO: ALL INTEREST OWNERS ON ATTACHED LIST

**Re:** Case No. 21690 – Applications of Titus Oil & Gas Production, LLC to Amend Order No. R-21259, Lea County, New Mexico

Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Titus Oil & Gas Production, LLC ("Titus") has filed an application with the New Mexico Oil Conservation Division seeking to amend the previous order regarding the proposed well, to extend the time for drilling as described below. You are receiving this notice because you may have an interest in this well.

**Case No. 21690.** Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21259, Lea County, New Mexico (Re-Open). Applicant in the abovestyled cause seeks to re-open Case No. 21128 for the limited purpose of amending Division Order No. R-21259 to extend by one year, through April 18, 2022, the time to commence drilling the El Campeon South Fed Com 431H well (API #30-025-47828), proposed to be drilled into the Wolfcamp formation underlying the W/2 SW/4 of Section 29, Township 26 South, Range 35 East, and the NW/4 NW/4 and Lot 4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

The attached Application will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on **March 4, 2021** beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Exhibit 3 Titus Oil & Gas Production, LLC NMOCD Case No. 21690 March 4, 2021 All Interest Owners February 11, 2021 Page 2

Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance by **February 24, 2021**, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **February 25, 2021**, in accordance with Division Rule 19.15.4.13 NMAC.

Please feel free to contact me if you have any questions about this Application.

Very truly yours,

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen

STS/lt Enclosure cc: Titus Oil & Gas Production, LLC, *via email* 

### <u>EXHIBIT A</u>

### **INTEREST OWNERS**

### Working Interest Owners:

Franklin Mountain Energy, LLC 2401 East 2<sup>nd</sup> Avenue Suite 300 Denver, CO 80206

### **Overriding Royalty Interest Owners:**

Franklin Mountain Royalty Investments, LLC 2401 East 2<sup>nd</sup> Avenue, Suite 300 Denver, CO 80206

### Additional Party(ies):

Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157 State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501

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

### APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC TO AMEND ORDER NO. R-21259, LEA COUNTY, NEW MEXICO

Case No. 21690 Order No. R-21259 (Re-Open)

#### **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 to amend Order No. R-21259 entered in Case No. 21128 to extend the time for drilling the **El Campeon South Fed Com 431H** well (API #30-025-47828) ("El Campeon South 431H Well") approved in Order No. R-21259. In support of its application, Titus states as follows:

1. Order No. R-21259 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C [98234]) in a standard 160-acre, more or less, horizontal spacing and proration unit comprised of the W/2 SW/4 of Section 29, Township 26 South, Range 35 East, and the NW/4 NW/4 and Lot 4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the El Campeon South 431H Well.

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9. Under Order No. R-21259, Titus would be required to commence drilling the well by April 18, 2021.

10. Good cause exists for the Division to grant the extension.

11. Titus requests an extension of time because there have been changes in Titus's drilling schedule due to COVID-19 and current market conditions. In addition, the new federal administration has recently entered an executive order that may impact federal permitting, right-of-way, and sundries among other federal approvals needed prior to drilling.

12. Titus's operations and drilling activity have been impacted by COVID-19 and oil and gas market conditions.

WHEREFORE, Titus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on March 4, 2021, and that, after notice and hearing as required by law, the Division enter an order amending Order No. R-21259 to extend the time to commence drilling the El Campeon South 431H Well to be no later than April 18, 2022.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

<u>/s/ Sharon T. Shaheen</u> Sharon T. Shaheen John F. McIntyre Post Office Box 2307 Santa Fe, NM 87504-2307 (505) 986-2678 <u>sshaheen@montand.com</u> jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

Tab 2

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

### APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC TO AMEND ORDER NO. R-21259, LEA COUNTY, NEW MEXICO

Case No. <u>21690</u> Order No. R-21259 (Re-Open)

#### **AFFIDAVIT OF NOTICE**

### STATE OF NEW MEXICO ) ) ss. COUNTY OF SANTA FE )

I, Sharon T. Shaheen, attorney for TITUS OIL & GAS PRODUCTION, LLC, ("Titus"), the Applicant in the above-captioned matter, being first duly sworn, upon oath and state the following:

2. I caused notice of the application to be sent by certified mail through the United States Postal Service ("USPS") on February 11, 2021, to all uncommitted interest owners sought to be pooled in this proceeding. Evidence of mailing to all such owners is attached hereto as Exhibit A. In an abundance of caution, notice was directed to all owners by publication in the Hobbs News-Sun on February 18, 2021, which is reflected in the Affidavit of Publication attached hereto as Exhibit B. Exhibit B demonstrates to my satisfaction that those owners who did not receive personal notice through the certified mailing were properly served by publication.

3. Titus has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the Application filed herein.

Exhibit B Titus Oil & Gas Production, LLC NMOCD Case No. 21690 March 4, 2021 Received by OCD: 3/2/2021 4:11:12 PM

Sharon 7 Shokeen

SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 2nd day of March, 2021.



Pa et CLOP Notary Public

My Commission Expires:

04-30-2022

Released to Imaging: 3/2/2021 4:36:34 PM





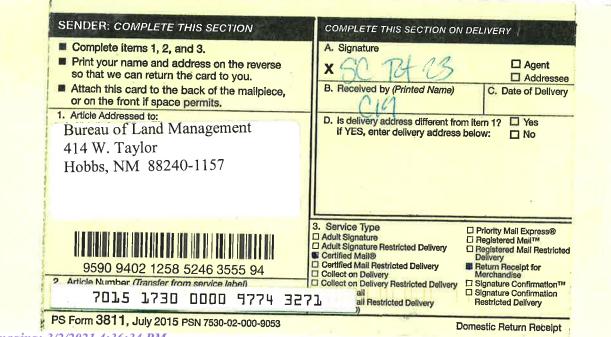
SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailplece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>State Land Office</li> <li>310 Old Santa Fe Trail</li> <li>Santa Fe, NM 87501</li> </ul>	A. Signature A. Signature A. Agent Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? Yes If YES, enter delivery address below: No
9590 9402 1258 5246 3556 00 2. Article Number (Transfer from service tabel) 7015 1730 0000 9774 32	3. Service Type       Priority Mall Express®         Adult Signature       Registered Mail™         Adult Signature Restricted Delivery       Registered Mail™         Certified Mail®       Restricted Delivery         Collect on Delivery       Restricted Delivery         Collect on Delivery       Signature Confirmation™         Signature Confirmation™       Signature Confirmation™         Bit Express®       Return Receipt for Merchandise         Signature Confirmation™       Signature Confirmation™

Exhibit A -Affidavit of Notice

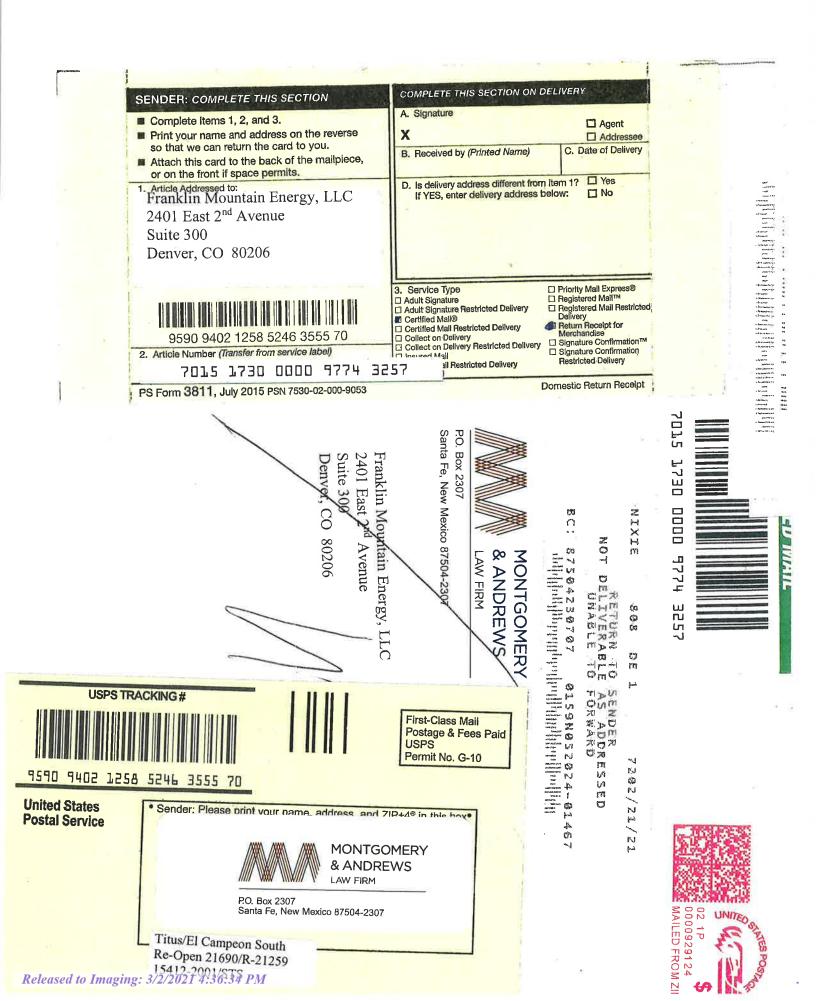
Page 29 of 34

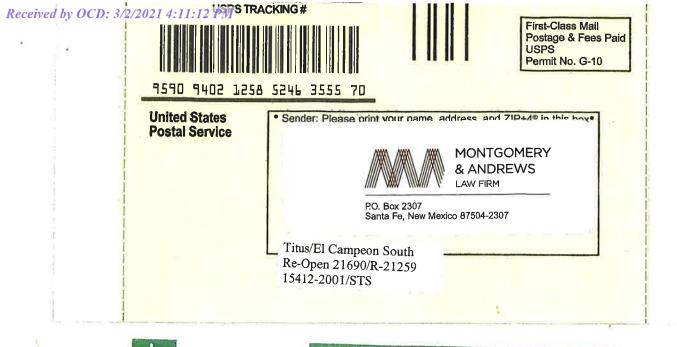






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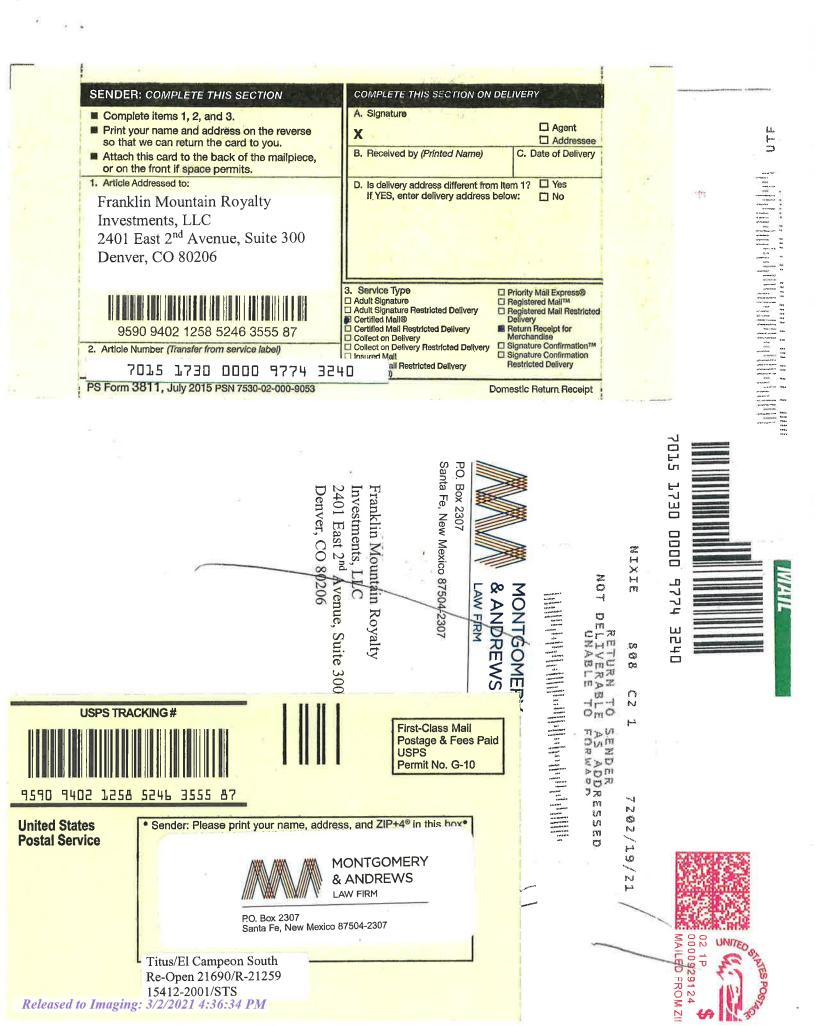


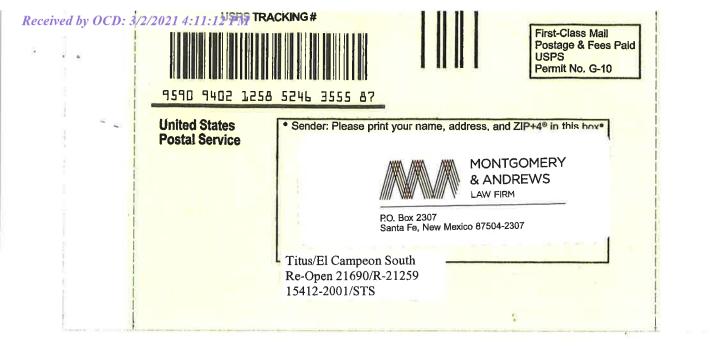




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1. Article Addressed to: Franklin Mountain Energy, LLC 2401 East 2 <sup>nd</sup> Avenue Suite 300 Denver, CO 80206	D. Is delivery address different from f If YES, enter delivery address be	tem 1? 🖾 Yes low: 🔁 No
9590 9402 1258 5246 3555 70 2. Article Number (Transfer from service label) 7015 1730 0000 9774 32	Adult Signature     Adult Signature Restricted Delivery     Certified Mail     Certified Mail	Priority Mall Express® Registered Mail™ Registered Mail Restricted Delivery Return Receipt for Merchandise Signature Confirmation™ Signature Confirmation Restricted Delivery

Page 31 of 34





Page 33 of 34



SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY		
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>Franklin Mountain Royalty Investments, LLC 2401 East 2<sup>nd</sup> Avenue, Suite 300 Denver, CO 80206</li> </ul>	A. Signature X B. Received by (Printed Name) D. Is delivery address different from If YES, enter delivery address I	Agent Addressee C. Date of Delivery mitem 1? Yes below: No	
9590 9402 1258 5246 3555 87 2. Article Number (Transfer from service label)	3. Service Type Calut Signature Restricted Delivery Certified Mall® Cortified Mall® Cortified Mall® Collect on Delivery Collect on Delivery	Priority Mail Express® Registered Mail™ Registered Mail Restricted Delivery Return Receipt for Merchandise Signature Confirmation™ Signature Confirmation	
2. And the Number (Marster Nom Service race) 7015 1730 0000 9774 32 PS Form 3811, July 2015 PSN 7530-02-000-9053		Restricted Delivery	

# Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated February 18, 2021 and ending with the issue dated February 18, 2021.

hose

Publisher

Sworn and subscribed to before me this 18th day of February 2021.

**Business Manager** 

My commission expires January 29, 2023 (Seal) OFFICIAL SEAL GUSSIE BLACK Notary Public State of New Mexico My Commission Expires

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

#### LEGAL NOTICE February 18, 2021

To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted interest owners:

Franklin Mountain Energy, LLC; Franklin Mountain Royalty Investments, LLC; State Land Office; Bureau of Land Management.

Titus Oil & Gas Production, LLC, has filed an application with the New Mexico Oil Conservation Division as follows:

Case No. 21690. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21259, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21128 for the limited purpose of amending Division Order No. R-21259 to extend by one year, through April 18, 2022, the time to commence drilling the El Campeon South Fed Com 431H well (API #30-025-47828), proposed to be drilled into the Wolfcamp formation underlying the W/2 SW/4 of Section 29, Township 26 South, Range 35 East, and the NW/4 NW/4 and Lot 4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

This application will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division in Santa Fe, New Mexico Oil Conservation Division in Santa Fe, New Mexico Oil Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. To participate in the electronic hearing, see the instructions posted on the docket for the h e a r i n g d a t e : http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance by February 24, 2021, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by February 25, 2021, in accordance with Division Hule 19.15.4.13 NMAC. For further information, contact the applicant's attorney, Sharon T. Shaheen, Montgomery & Andrews, P.A., 325 Paseo de Peralta, Santa Fe, New Mexico 87501, (505) 986-2678.

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00251153

THAT

SHARON T. SHAHEEN MONTGOMERY & ANDREWS, P.A. P.O. BOX OFFICE BOX 2307 A/C 451986 SANTA FE,, NM 87504-2307

EXHIBIT B - Affidavit of Notice