

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-21320,
LEA COUNTY, NEW MEXICO**

**Case No. 21691
Order No. R-21320
(Re-Open)**

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LCC
TO AMEND ORDER NO. R-21321,
LEA COUNTY, NEW MEXICO**

**Case No. 21692
Order No. R-21321
(Re-Open)**



Love Shack Fed Com Wells
321H, 431H, & 511H

March 4, 2021

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Tab 1

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

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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 applications and the lands involved.

3. This affidavit is submitted in connection with the filing by Titus of the above-referenced applications 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.

5. The purpose of these Applications is to amend Order Nos. R-21320 and R-21321 previously issued in Case Nos. 21200 and 21201, respectively, to extend the time for drilling the following wells:

- a. The **Love Shack Fed Com 321H** well (API # 30-025-48402) (“Love Shack 321H Well”) approved in Order No. R-21320 (previous Case No. 21200); and
- b. The **Love Shack Fed Com 431H** well (API #30-025-48145) (“Love Shack 431H Well”) and the **Love Shack Fed Com 511H** well (API #30-025-48144) (“Love Shack 511H Well”) approved in Order No. R-21321 (previous Case No. 21201).

6. The following Applications are attached:

- a. **Case No. 21691**, regarding amending Order No. 21320 for the Love Shack 321H Well, is attached as **Exhibit 1-A**; and
- b. **Case No. 21692**, regarding amending Order No. 21321 for the Love Shack 434H Well and the Love Shack 511H Well, is attached as **Exhibit 1-B**.

7. **Order No. R-21320** pooled uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 321H Well. Order No. R-21320 is attached as **Exhibit 2-A**.

8. **Order No. R-21321** pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 320-acre, more or less,

horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 431H Well and the Love Shack 511H Well. Order No. R-21321 is attached at **Exhibit 2-B**.

9. The Division issued a second order in Case No. 21200, Order No. R-21320-A. Order No. R-21320-A corrected one non-substantive error in Order No. R-21320. Order No. R-21320-A provided that Order No. 21320 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21320-A be amended.

10. The Division also issued a second order in Case No. 21201, Order No. R-21321-A. Order No. R-21321-A corrected one non-substantive error in Order No. R-21321. Order No. R-21321-A provided that Order No. 21321 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21321-A be amended.

11. The Orders designated Titus as the operator of the foregoing wells and HSUs.

12. Titus is a working interest owner in the HSUs and has the right to drill thereon.

13. Titus requests the Division to re-open these matters previously heard in Case Nos. 21200 and 21201 to extend the time to commence drilling the above-referenced wells to be no later than May 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order Nos. R-21320 and R-21321.

14. The Division Hearings in Case Nos. 21200 and 21201 were held on April 30, 2020.

15. The Division entered Order No. R-21320 in Case No. 21200 and Order No. R-21321 in Case No. 21201 on May 7, 2020.

16. At paragraph 19, Order Nos. R-21320 and R-21321 state, “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 Nos. R-21200 and R-21201 state, “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.”

17. Under Order Nos. R-21320 and R-21321, Titus would be required to commence drilling the above-referenced wells by May 7, 2021.

18. Good cause exists for the Division to grant the extensions.

19. Titus requests extensions 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.

20. 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.

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

22. Titus notified all parties pooled under Order Nos. R-21320 and R-21321 regarding the requests to re-open these matters to amend the orders for the purposes stated herein. A sample notice letter is attached hereto as **Exhibit 3**. No parties entered appearances in these matters and no opposition is expected. Proof of notification, including proof of publication, can be found at Tab 2 of the exhibit package.

23. Titus incorporates all exhibits provided and admitted into the record at the hearing for the original Case Nos. 21200 and 21201 by reference herein.

24. Titus is not requesting changes to any provisions in Order Nos. R-21320 and R-21321, other than the changes requested herein, and asks that all other rights and privileges granted to Titus in the Orders remain the same.

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

26. The granting of these Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.

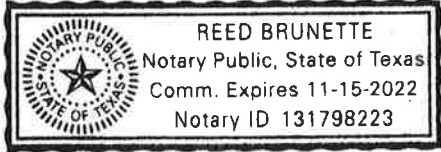
27. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NAUGHT

Walter P. Jones
Walter P. Jones

STATE OF TEXAS)
)ss
COUNTY OF TARRANT)

Subscribed to and sworn before me this 2ND day of March, 2021.



Reed Brunette
Notary Public

My Commission expires 11/15/2022

**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-21320,
LEA COUNTY, NEW MEXICO**

Case No. 21691
Order No. **R-21320**
(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-21320 entered in Case No. 21200 to extend the time for drilling the **Love Shack Fed Com 321H** well (API # 30-025-48402) (“Love Shack 321H Well”).¹ In support of its application, Titus states as follows:

1. Order No. R-21320 pooled uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 321H Well.

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

3. Order No. R-21320 designated Titus as the operator of the Love Shack 321H Well and the HSU.

Exhibit 1-A
Titus Oil & Gas Production, LLC
NMOCD Case No. 21691
March 4, 2021

¹ Order No. R-21320 entered in Case No. 21200 is one of two orders relating to Titus’s “Love Shack” well group. By separate application, Titus is seeking to amend Order No. R-21321 entered in Case No. 21201.

4. Titus requests the Division re-open the matter to extend the time to commence drilling the Love Shack 321H Well to be no later than May 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21320.

5. The Division Hearing in the original proceeding, Case No. 21200, was held on April 30, 2020, in conjunction with one other Titus case, Case No. 21201.

6. The Division entered Order No. R-21320 in Case No. 21200 on May 7, 2020.

7. The Division issued a second order in Case No. 21200, Order No. R-21320-A, on June 3, 2020. Order No. R-21320-A corrected one non-substantive error in Order No. R-21320. Order No. R-21320-A provided that Order No. 21320 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21320-A be amended.

8. Order No. R-21320, ¶ 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-21320, ¶ 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. 21320, Titus would be required to commence drilling the well by May 7, 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, oil and gas market conditions, and the changes and uncertainty resulting from the executive order.

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-21320 to extend the time to commence drilling the Love Shack 321H Well to be no later than May 7, 2022.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

Sharon T. Shaheen

John F. McIntyre

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**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-21321,
LEA COUNTY, NEW MEXICO**

Case No. 21692
Order No. **R-21321**
(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-21321 entered in Case No. 21201 to extend the time for drilling (1) the **Love Shack Fed Com 431H** well (API #30-025-48145) (“Love Shack 431H Well”) and (2) the **Love Shack Fed Com 511H** well (API #30-025-48144) (“Love Shack 511H Well”).¹ In support of its application, Titus states as follows:

1. Order No. R-21321 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 431H Well and the Love Shack 511H Well.

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

3. Order No. R-21321 designated Titus as the operator of the Love Shack 431H Well, the Love Shack 511H Well, and the HSU.

¹ Order No. R-21321 entered in Case No. 21201 is one of two orders relating to Titus’s “Love Shack” well group. By separate application, Titus is seeking to amend Order No. R-21320 entered in Case No. 21200.

4. Titus requests the Division re-open the matter to extend the time to commence drilling the Love Shack 431H Well and the Love Shack 511H Well to be no later than May 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21321.

5. The Division Hearing in the original proceeding, Case No. 21201, was held on April 30, 2020, in conjunction with one other Titus case, Case No. 21200.

6. The Division entered Order No. R-21321 in Case No. 21201 on May 7, 2020.

7. The Division issued a second order in Case No. 21201, Order No. R-21321-A, on June 3, 2020. Order No. R-21321-A corrected one non-substantive error in Order No. R-21321. Order No. R-21321-A provided that Order No. 21321 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21321-A be amended.

8. Order No. R-21321, ¶ 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-21321, ¶ 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-21321, Titus would be required to commence drilling the wells by May 7, 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, oil and gas market conditions, and the changes and uncertainty resulting from the executive order.

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-21321 to extend the time to commence drilling (1) the Love Shack 431H Well and (2) the Love Shack 511H Well to be no later than May 7, 2022.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

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John F. McIntyre

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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 PRODUCTION, LLC**

**CASE NO. 21200
ORDER NO. R-21320**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 30, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Titus Oil & Gas Production, 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.
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.

**Exhibit 2-A
Titus Oil & Gas Production, LLC
NMOCD Case No. 21691
March 4, 2021**

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 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 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.
 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**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/tgw

Date: 5/07/2020

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21200	APPLICANT'S RESPONSE
Date	April 30, 2020
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:	None
Well Family	Love Shack Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Bone Spring Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Bone Spring Formation
Pool Name and Pool Code:	WC-025 G-08 S263412K; Bone Spring [96672]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-quarter section (40 ac)
Orientation:	South-North
Description: TRS/County	W2W2 of Section 17 and W2W2 of Section 8, 26S-35E, Lea County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Tract 1 (100%); Tract 2 (97%)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

CASE NO. 21200
ORDER NO. R-21320

Page 5 of 7

Well #1	Love Shack Fed Com 321H, API No. Pending SHL: 269' FSL and 644' FWL, Section 17-T26S-R35E, NMPM BHL: 10' FNL and 330' FWL, Section 8-T26S-R35E, NMPM Completion Target: 3rd Bone Spring at approx 12,500 Feet TVD Well Orientation: South to North Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP: 100' FSL and 330' FWL of Section 17-T26S-R35E LTP: 100' FNL and 330' FWL of Section 8-T26S-R35E
Completion Target (Formation, TVD and MD)	For Formation & TVD, see Well #1 info above. MD is approximately 23,060'
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification 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)	None
Joinder	
Sample Copy of Proposal Letter	Ex. A-7
List of Interest Owners (ie Exhibit A of JOA)	Ex. A-4
Chronology 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
Cost Estimate to Equip Well	See AFE, attached to Ex. A-7
Cost Estimate for Production Facilities	See AFE, attached to Ex. A-7
Geology	

Summary (including special considerations)	Ex. B-1
Spacing Unit Schematic	Ex. B-3
Gunbarrel/Lateral Trajectory Schematic	Ex. B-6
Well Orientation (with rationale)	Ex. B at 5, para. 20(d)
Target Formation	See Exs. B-1 & B-4
HSU Cross Section	Ex. B-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	Ex. B-7
Cross Section Location Map (including wells)	Ex. B-2
Cross Section (including Landing Zone)	Ex. B-4
Additional Information	None
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	<i>Sharon T. Shaheen</i>
Date:	28-Apr-20

**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 PRODUCTION, LLC**

**CASE NO. 21201
ORDER NO. R-21321**

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on April 30, 2020, and after considering the testimony, evidence, and recommendation of the Hearing Examiner, issues the following Order.

FINDINGS OF FACT

1. Titus Oil & Gas Production, 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.
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.

**Exhibit 2-B
Titus Oil & Gas Production, LLC
NMOCD Case No. 21692
March 4, 2021**

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 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 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.
 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**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/tgw

Date: 5/07/2020

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST	
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS	
Case: 21201	APPLICANT'S RESPONSE
Date	April 30, 2020
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:	None
Well Family	Love Shack Wells
Formation/Pool	
Formation Name(s) or Vertical Extent:	Wolfcamp Formation
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Wolfcamp Formation
Pool Name and Pool Code:	WC-025 G-09 S263619C; Wolfcamp [98234]
Well Location Setback Rules:	Statewide Rules
Spacing Unit Size:	320 acres, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	320 acres, more or less
Building Blocks:	Quarter-quarter section (40 ac)
Orientation:	South-North
Description: TRS/County	W2W2 of Section 17 and W2W2 of Section 8, 26S-35E, Lea County, NM
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	No
Proximity Defining Well: if yes, description	No
Applicant's Ownership in Each Tract	Tract 1 (100%); Tract 2 (97%)
Well(s)	
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)	

Well #1	Love Shack Fed Com 431H, API No. Pending SHL: 269' FSL and 704' FWL, Section 17-T26S-R35E, NMPM BHL: 10' FNL and 990' FWL, Section 8-T26S-R35E, NMPM Completion Target: Wolfcamp A at approx 12,760 Feet TVD Well Orientation: South to North Completion location expected to be standard
Well #2	Love Shack Fed Com 511H, API No. Pending SHL: 269' FSL and 674' FWL, Section 17-T26S-R35E, NMPM BHL: 10' FNL and 530' FWL, Section 8-T26S-R35E, NMPM Completion Target: Wolfcamp B at approx 13,050 Feet TVD Well Orientation: South to North Completion location expected to be standard
Horizontal Well #1 First and Last Take Points	FTP: 100' FSL and 990' FWL of Section 17-T26S-R35E LTP: 100' FNL and 990' FWL of Section 8-T26S-R35E
Horizontal Well #2 First and Last Take Points	FTP: 100' FSL and 660' FWL of Section 17-T26S-R35E LTP: 100' FNL and 660' FWL of Section 8-T26S-R35E
Completion Target (Formation, TVD and MD)	For Formation & TVD, see Well #1 & Well #2 info above. MD is approximately 23,320' for 431H and approximately 23,610' for 511H
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8,000
Production Supervision/Month \$	\$800
Justification 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)	None
Joinder	
Sample Copy of Proposal Letter	Ex. A-7
List of Interest Owners (ie Exhibit A of JOA)	Ex. A-4
Chronology 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
Cost Estimate to Equip Well	See AFE, attached to Ex. A-7
Cost Estimate for Production Facilities	See AFE, attached to Ex. A-7
Geology	
Summary (including special considerations)	Ex. B-1
Spacing Unit Schematic	Ex. B-3
Gunbarrel/Lateral Trajectory Schematic	Ex. B-6
Well Orientation (with rationale)	Ex. B at 5, para. 20(d)
Target Formation	See Exs. B-1 & B-5
HSU Cross Section	Ex. B-5
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	Ex. B-8
Cross Section Location Map (including wells)	Ex. B-2
Cross Section (including Landing Zone)	Ex. B-5
Additional Information	
None	
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	<i>Sharon T. Shaheen</i>
Date:	4/28/2020

CASE NO. 21201
ORDER NO. R-21321

Page 7 of 7



**MONTGOMERY
& ANDREWS**
LAW FIRM

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

February 11, 2021

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. **21691** - Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21320, Lea County, New Mexico (Re-Open)

Case No. **21692** – Application of Titus Oil & Gas Production, LLC, to Amend Order No. R-21321, Lea County, New Mexico (Re-Open)

Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Titus Oil & Gas Production, LLC (“Titus”) has filed two (2) Applications with the New Mexico Oil Conservation Division seeking to amend previous orders regarding the proposed wells, to extend the time for drilling as described below. You are receiving this notice because you may have an interest in one or more of these wells.

Case No. 21691. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21320, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21200 for the limited purpose of amending Order No. R-21320 to extend by one year, through May 7, 2022, the time to commence drilling the **Love Shack Fed Com 321H well** (API #30-025-48402), proposed to be drilled into the Bone Spring formation underlying the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

Case No. 21692. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21321, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21201 for the limited purpose of amending Order No. R-21321 to extend by one year, through May 7, 2022, the time to commence drilling (1) the Love Shack Fed Com 431H well (API #30-025-48145) and (2) the Love Shack Fed Com 511H well (API #30-025-48144), proposed to be drilled into the

Exhibit 3
Titus Oil & Gas Production, LLC
NMOCD Case Nos. 21691 & 21692
March 4, 2021

All Interest Owners
February 11, 2021
Page 2

Wolfcamp formation underlying the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

The attached Applications 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.

Failure to appear at that time and become a party of record will preclude you from challenging these applications 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 these Applications.

Very truly yours,

/s/ Sharon T. Shaheen

Sharon T. Shaheen

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

EXHIBIT A

INTEREST OWNERS

W/2 W/2 Sec. 17 and W/2 W/2 of Sec. 8, T26S, R35E, NMPM, Lea County, NM

Working Interest:

Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-1091

**Additional Interested
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-21320,
LEA COUNTY, NEW MEXICO**

Case No. 21691
Order No. **R-21320**
(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-21320 entered in Case No. 21200 to extend the time for drilling the **Love Shack Fed Com 321H** well (API # 30-025-48402) (“Love Shack 321H Well”).¹ In support of its application, Titus states as follows:

1. Order No. R-21320 pooled uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 321H Well.
2. Titus is a working interest owner in the HSU and has the right to drill thereon.
3. Order No. R-21320 designated Titus as the operator of the Love Shack 321H Well and the HSU.

¹ Order No. R-21320 entered in Case No. 21200 is one of two orders relating to Titus’s “Love Shack” well group. By separate application, Titus is seeking to amend Order No. R-21321 entered in Case No. 21201.

4. Titus requests the Division re-open the matter to extend the time to commence drilling the Love Shack 321H Well to be no later than May 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21320.

5. The Division Hearing in the original proceeding, Case No. 21200, was held on April 30, 2020, in conjunction with one other Titus case, Case No. 21201.

6. The Division entered Order No. R-21320 in Case No. 21200 on May 7, 2020.

7. The Division issued a second order in Case No. 21200, Order No. R-21320-A, on June 3, 2020. Order No. R-21320-A corrected one non-substantive error in Order No. R-21320. Order No. R-21320-A provided that Order No. 21320 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21320-A be amended.

8. Order No. R-21320, ¶ 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-21320, ¶ 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. 21320, Titus would be required to commence drilling the well by May 7, 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, oil and gas market conditions, and the changes and uncertainty resulting from the executive order.

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-21320 to extend the time to commence drilling the Love Shack 321H Well to be no later than May 7, 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

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

**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-21321,
LEA COUNTY, NEW MEXICO**

Case No. 21692
Order No. **R-21321**
(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-21321 entered in Case No. 21201 to extend the time for drilling (1) the **Love Shack Fed Com 431H** well (API #30-025-48145) (“Love Shack 431H Well”) and (2) the **Love Shack Fed Com 511H** well (API #30-025-48144) (“Love Shack 511H Well”).¹ In support of its application, Titus states as follows:

1. Order No. R-21321 pooled uncommitted interest owners in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Love Shack 431H Well and the Love Shack 511H Well.
2. Titus is a working interest owner in the HSU and has the right to drill thereon.
3. Order No. R-21321 designated Titus as the operator of the Love Shack 431H Well, the Love Shack 511H Well, and the HSU.

¹ Order No. R-21321 entered in Case No. 21201 is one of two orders relating to Titus’s “Love Shack” well group. By separate application, Titus is seeking to amend Order No. R-21320 entered in Case No. 21200.

4. Titus requests the Division re-open the matter to extend the time to commence drilling the Love Shack 431H Well and the Love Shack 511H Well to be no later than May 7, 2022, which will be a one-year extension from the time to commence drilling granted in Order No. R-21321.

5. The Division Hearing in the original proceeding, Case No. 21201, was held on April 30, 2020, in conjunction with one other Titus case, Case No. 21200.

6. The Division entered Order No. R-21321 in Case No. 21201 on May 7, 2020.

7. The Division issued a second order in Case No. 21201, Order No. R-21321-A, on June 3, 2020. Order No. R-21321-A corrected one non-substantive error in Order No. R-21321. Order No. R-21321-A provided that Order No. 21321 remained in full force and effect with respect to all other provisions. Titus is not requesting that Order No. R-21321-A be amended.

8. Order No. R-21321, ¶ 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-21321, ¶ 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-21321, Titus would be required to commence drilling the wells by May 7, 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, oil and gas market conditions, and the changes and uncertainty resulting from the executive order.

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-21321 to extend the time to commence drilling (1) the Love Shack 431H Well and (2) the Love Shack 511H Well to be no later than May 7, 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

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

Tab 2

Sharon T Shaheen

SHARON T. SHAHEEN

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



Lorraine B. Palacios
Notary Public

My Commission Expires:

04-30-2022

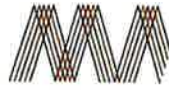


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MONTGOMERY
& ANDREWS
LAW FIRM

P.O. Box 2307
Santa Fe, New Mexico 87504-2307

Titus/Loveshack-Re-Open
21691-21692/R-21320 &
R-21321 - 15412-2004/STS

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS; FOLD AT DOTTED LINE
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7015 1730 0000 9774 3219

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Certified Mail Restricted Delivery \$ _____

Adult Signature Required \$ _____

Adult Signature Restricted Delivery \$ _____

Postage \$ _____

SANTA FE NM
FEB 11 2021
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USPO 87504

Total \$ _____

Sharbro Energy, LLC
P.O. Box 840
Artesia, NM 88211-1091

Instructions

1870333

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>Kaguy</i></p> <p>B. Received by (Printed Name) <input type="checkbox"/> C. Date of Delivery</p> <p><i>Kindra Guy</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p>Sharbro Energy, LLC P.O. Box 840 Artesia, NM 88211-1091</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery</p> <p><input checked="" type="checkbox"/> Certified Mail®</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery</p> <p><input type="checkbox"/> Collect on Delivery</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery</p> <p><input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Registered Mail™</p> <p><input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Signature Confirmation Restricted Delivery</p>
<p>2. Article Number: (Transfer from service label)</p> <p>7015 1730 0000 9774 3219</p>	

Exhibit A -
Affidavit of Notice

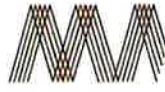


9590 9402 1258 5246 3555 63

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States
Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box*



MONTGOMERY
& ANDREWS
LAW FIRM

P.O. Box 2307
Santa Fe, New Mexico 87504-2307

Titus/Loveshack-Re-Open
21691-21692/R-21320 &
R-21321 - 15412-2004/STS

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS FOLD AT DOTTED LINE
CERTIFIED MAIL



7015 1730 0000 9774 3233
7015 1730 0000 9774 3233

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

Certified Mail Fee
\$ _____

Extra Services & Fees (check box, add fee as appropriate)

<input type="checkbox"/> Return Receipt (hardcopy)	\$ _____
<input type="checkbox"/> Return Receipt (electronic)	\$ _____
<input type="checkbox"/> Certified Mail Restricted Delivery	\$ _____
<input type="checkbox"/> Adult Signature Required	\$ _____
<input type="checkbox"/> Adult Signature Restricted Delivery	\$ _____

Postage
\$ _____

SANTA FE NM
Postmark
FEB 11 2021
USPO 87504

State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501

or Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501



9590 9402 1258 5246 3555 63

2. Article Number (Transfer from service label)

7015 1730 0000 9774 3233

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- 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

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery



9590 9402 1258 5246 3555 56

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

United States
Postal Service

• Sender: Please print your name, address, and ZIP+4® in this box•



MONTGOMERY
& ANDREWS
LAW FIRM

P.O. Box 2307
Santa Fe, New Mexico 87504-2307

Titus/Loveshack-Re-Open
21691-21692R-21320 &
R-21321 - 15412-2004/STS

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT
OF THE RETURN ADDRESS, FOLD AT DOTTED LINE
CERTIFIED MAIL



7015 1730 0000 9774 3226
7015 1730 0000 9774 3226

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

Certified Mail Fee	\$	
Extra Services & Fees (check box, add fee as appropriate)		
<input type="checkbox"/> Return Receipt (hardcopy)	\$	
<input type="checkbox"/> Return Receipt (electronic)	\$	
<input type="checkbox"/> Certified Mail Restricted Delivery	\$	
<input type="checkbox"/> Adult Signature Required	\$	
<input type="checkbox"/> Adult Signature Restricted Delivery	\$	

SANTA FE NM
FEB 11 2021
USPO 87504
Postmark Here

Postage \$

Total \$

Serial \$

Signature

City

PS Instructions

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bureau of Land Management
414 W. Taylor
Hobbs, NM 88240-1157

2. Article Number (Transfer from service label)

7015 1730 0000 9774 3226

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X SC B123 Agent Addressee

B. Received by (Printed Name)
CJ

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

<input type="checkbox"/> Adult Signature	<input type="checkbox"/> Priority Mail Express®
<input type="checkbox"/> Adult Signature Restricted Delivery	<input type="checkbox"/> Registered Mail™
<input checked="" type="checkbox"/> Certified Mail®	<input type="checkbox"/> Registered Mail Restricted Delivery
<input type="checkbox"/> Certified Mail Restricted Delivery	<input checked="" type="checkbox"/> Return Receipt for Merchandise
<input type="checkbox"/> Collect on Delivery	<input type="checkbox"/> Signature Confirmation™
<input type="checkbox"/> Collect on Delivery Restricted Delivery	<input type="checkbox"/> Signature Confirmation 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.



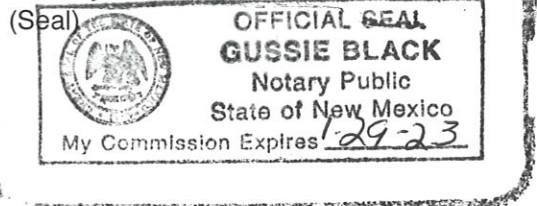
Publisher

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



Business Manager

My commission expires
January 29, 2023



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:

Sharbro Energy, 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. 21691. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21320, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21200 for the limited purpose of amending Order No. R-21320 to extend by one year, through May 7, 2022, the time to commence drilling the Love Shack Fed Com 321H well (API #30-025-48402), proposed to be drilled into the Bone Spring formation underlying the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico.

Case No. 21692. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21321, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21201 for the limited purpose of amending Order No. R-21321 to extend by one year, through May 7, 2022, the time to commence drilling (1) the Love Shack Fed Com 431H well (API #30-025-48145) and (2) the Love Shack Fed Com 511H well (API #30-025-48144), proposed to be drilled into the Wolfcamp formation underlying the W/2 W/2 of Section 17 and the W/2 W/2 of Section 8, 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 on **March 4, 2021, at 8:15 a.m.** During the COVID-19 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 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. 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. 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. #36199

01101398

00251152

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