

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

**APPLICATIONS OF MARATHON OIL
PERMIAN LLC. FOR COMPULSORY
POOLING, LEA COUNTY, NEW MEXICO.**

**Case No. 21169
Case No. 21170
Case No. 21171
Case No. 21172
Case No. 22330
Case No. 22331
Case No. 22332**

**APPLICATIONS OF TITUS OIL & GAS PRODUCTION, LLC
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO**

**Case No. 21197
Case No. 21198
Case No. 21199**

PRE-HEARING STATEMENT

TITUS OIL & GAS PRODUCTION, LLC (“Titus”) provides this Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANT

TITUS OIL & GAS
PRODUCTION, LLC

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OPPONENT

MARATHON OIL PERMIAN LLC

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OTHER INTERESTED PARTY

CHEVRON U.S.A, INC.

INTERESTED PARTY'S ATTORNEY:

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STATEMENT OF THE CASE

Titus's applications in Case Nos. 21197-21199 were filed on September 15, 2021. Marathon Oil Permian LLC ("Marathon") filed competing applications in Case Nos. 21169-21172 on March 3, 2020 and in Case Nos. 22330-22332 on November 2, 2021. These competing applications are set for a status conference on December 16, 2021, to determine another date for a contested hearing. In accordance with the anticipated amended pre-hearing order, Titus will file an amended prehearing statement prior to the contested hearing, summarizing the reasons that its proposals are superior to those of Marathon.

In Case No. 21197, Titus seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) 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 E/2 of Section 18 and the W/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following well: River Ranch Fed Com 323H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 1947' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 1652' FEL of Section 19, T26S-R35E. The completed interval and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 13 miles southwest of Jal, New Mexico.

In Case No. 21198, Titus seeks an order from the Division pooling all uncommitted interests 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 E/2 of Section 18 and the W/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) River Ranch Fed Com 403H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 2007' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 2313' FEL of Section 19, T26S-R35E, and (2) River Ranch Fed Com 513H well, to be horizontally drilled from an approximate surface hole location 471' FSL and 1872' FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10' FSL and 1872' FEL of Section 19, T26S-R35E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and

a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 13 miles southwest of Jal, New Mexico.

In Case No. 21199, Titus seeks an order from the Division pooling all uncommitted interests 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 E/2 E/2 of Section 18 and the E/2 E/2 of Section 19, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) River Ranch Fed Com 404H well, to be horizontally drilled from an approximate surface hole location 474’ FSL and 627’ FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10’ FSL and 330’ FEL of Section 19, T26S-R35E, (2) River Ranch Fed Com 434H well, to be horizontally drilled from an approximate surface hole location 474’ FSL and 687’ FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10’ FSL and 992’ FEL of Section 19, T26S-R35E, and (3) River Ranch Fed Com 514H well, to be horizontally drilled from an approximate surface hole location 474’ FSL and 560’ FEL of Section 7, T26S-R35E, to an approximate bottom hole location 10’ FSL and 530’ FEL of Section 19, T26S-R35E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 13 miles southwest of Jal, New Mexico

In Case Nos. 21169- 21172 and 22330-22332, Marathon seeks to develop the same or overlapping lands.

PROPOSED EVIDENCE

APPLICANT TITUS

| WITNESSES | TIME | EXHIBITS |
|---------------|--------------------------------|----------|
| Landman TBD | Dependent on cross-examination | 10-12 |
| Geologist TBD | Dependent on cross-examination | 10-12 |
| Engineer TBD | Dependent on cross-examination | 10-12 |

OPPONENT/APPLICANT MARATHON

| WITNESSES | TIME | EXHIBITS |
|-----------|------|----------|
| TBD | | |

OTHER INTERESTED PARTY

| WITNESSES | TIME | EXHIBITS |
|-----------|------|----------|
| TBD | | |

PROCEDURAL MATTERS

These cases will be heard as a status conference on December 16, 2021, to set a new date for contested hearing of the competing proposals. Assuming no opposition by the time of contested hearing, Applicant Titus will present these matters by affidavit.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on the following counsel of record by electronic mail on December 9, 2021:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

QUESTIONS

Action 66109

QUESTIONS

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| Operator: MARATHON OIL PERMIAN LLC 990 Town & Country Blvd. Houston, TX 77024 | OGRID: 372098 |
| | Action Number: 66109 |
| | Action Type: [HEAR] Prehearing Statement (PREHEARING) |

QUESTIONS

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| Testimony | |
| <i>Please assist us by provide the following information about your testimony.</i> | |
| Number of witnesses | Not answered. |
| Testimony time (in minutes) | Not answered. |