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

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC TO AMEND ORDER NO. R-21395, LEA COUNTY, NEW MEXICO

Case No. 22662 Order No. R-21395 (Re-Open)



Lonesome Dove Fed Com 323H

April 7, 2022

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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, LLC TO AMEND ORDER NO. R-21395, LEA COUNTY, NEW MEXICO

Case No. 22662 Order No. R-21395 (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 above-referenced 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. LLC
NMOCD Case No. 22662
April 7, 2022

- 5. The purpose of this Application is to amend Order No. R-21395 previously issued in Case No. 21205 to extend the time for drilling the **Lonesome Dove Fed Com 323H** well ("Lonesome Dove 323H Well"), which was approved in Order No. R-21395-A entered in Case No. 21863.
 - 6. The Application is attached as **Exhibit 1**.
- 7. Order No. R-21395 pooled uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the W/2 NE/4 of Section 17 and the W/2 E/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Lonesome Dove 323H Well. Order No. R-21395 is attached as **Exhibit 2**.
- 8. Order No. R-21395 designated Titus as the operator of the Lonesome Dove 323H Well and the HSU.
 - 9. Titus is a working interest owner in the HSU and has the right to drill thereon.
- 10. The Division issued a second order in Case No. 21863. In Order No. R-21395-A, the Division granted Titus an extension to commence drilling the Lonesome Dove 323H Well until July 22, 2022. Order No. 21395-A is attached as **Exhibit 3**.
- 11. Titus requests the Division to re-open this matter to extend the time to commence drilling the Lonesome Dove 323H Well to be no later than July 22, 2023, which will be a one-year extension from the time to commence drilling approved in Order No. R-21395-A.
- 12. The Division hearing in the original proceeding, Case No. 21205, was held on June 25, 2020.
 - 13. The Division entered Order No. R-21395 in Case No. 21205 on July 22, 2020.

- 14. Order No. R-21395, ¶ 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-21395, ¶ 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."
- 15. The Division Hearing in Case No. 21863, regarding the first extension of time to drill, was held on May 6, 2021.
- 16. In Order No. R-21395-A, ¶ 7 (entered May 17, 2021), the Division extended the time for drilling to July 22, 2022. Order No. R-21395-A, ¶ 8 states, "This Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21395 for good cause shown."
- 17. Under Order No. R-21395-A, Titus would be required to commence drilling the well by July 22, 2022.
 - 18. Good cause exists for the Division to grant the extension.
- 19. Titus requests an extension of time because there have been changes in Titus's drilling schedule due to current labor shortages and supply chain issues resulting from COVID-19 policies. Since early 2021, Titus has drilled +/- 40 wells in New Mexico and is currently operating three drilling rigs. Titus has endeavored to drill its wells by way of batch drilling, drilling three to four wells sequentially on the same pad. This means, however, that a rig could stay on one pad for 50-75 days while drilling multiple wells covered by one pooling order. If there are unforeseen delays in the drilling of any well, it has compounding effects on the timing of future pad development. For this reason, Titus requests that the time for drilling be extended by one year, to

provide the flexibility needed for its drilling schedule to safely and efficiently develop under these circumstances.

- 20. Titus is in good standing under the statewide rules and regulations.
- 21. Titus notified all parties pooled under Order No. R-21395 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 4**. 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.
- 22. Titus incorporates all exhibits provided and admitted into the record at the hearing for the original Case No. 21205 by reference herein and for Case No. 21863, wherein Titus sought the first extension of time to drill this well.
- 23. Titus is not requesting changes to any provisions in Order Nos. R-21395 and R-21395-A, other than the change requested herein, and asks that all other rights and privileges granted to Titus in the Order remain the same.
- 24. The Exhibits to this Affidavit were prepared by me, or compiled from Titus's business records.
- 25. The granting of this Application is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
 - 26. The foregoing is correct and complete to the best of my knowledge and belief.

Walter P. Jones

STATE OF TEXAS

)ss

COUNTY OF TARRANT

Subscribed to and sworn before me this 5th day of April, 2022.

REED BRUNETTE

Notary Public, State of Texas

Comm. Expires 11-15-2022

Notary ID 131798223

Notary Public

My Commission expires 11/15/2022

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

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC TO AMEND ORDER NO. R-21395, LEA COUNTY, NEW MEXICO

Case No. ____ Order No. R-21395 (Re-Open)

APPLICATION

Titus Oil & Gas Production, LLC, OGRID No. 373986 ("Titus"), files this application with the Oil Conservation Division to amend Order No. R-21395 entered in Case No. 21205 to extend the time for drilling the **Lonesome Dove Fed Com 323H** well ("Lonesome Dove 323H Well") to be no later than July 22, 2023. In support of its application, Titus states as follows:

- 1. Order No. R-21395 pooled uncommitted interest owners in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the W/2 NE/4 of Section 17 and the W/2 E/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the Lonesome Dove 323H Well.
 - 2. Titus is a working interest owner in the HSU and has the right to drill thereon.
- Order No. R-21395 designated Titus as the operator of the Lonesome Dove 323H
 Well and the HSU.
- 4. In Order No. 21395-A, the Division granted Titus an extension to commence drilling the Lonesome Dove 323H Well until July 22, 2022.

Exhibit 1
Titus Oil & Gas. LLC
NMOCD Case No. 22662
April 7, 2022

- 5. Titus requests the Division re-open the matter to extend the time to commence drilling the Lonesome Dove 323H Well to be no later than July 22, 2023, which will be a one-year extension from the time to commence drilling approved in Order No. R-21395-A.
- 6. The Division hearing in the original proceeding, Case No. 21205, was held on June 25, 2020.
 - 7. The Division entered Order No. R-21395 in Case No. 21205 on July 22, 2020.
- 8. Order No. R-21395, ¶ 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-21395, ¶ 20 states "This Order shall terminate automatically if Operator fails to comply with Paragraph 19 unless Operator obtains an extension by amending this Order for good cause shown."
- 9. In Order No. R-21395-A, ¶ 7, the Division extended the time for drilling to July 22, 2022. Order No. R-21395-A, ¶ 8 states "This Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21395 for good cause shown."
- 10. Under Order No. R-21395-A, Titus would be required to commence drilling the well by July 22, 2022.
 - 11. Good cause exists for the Division to grant the extension.
- 12. Titus requests an extension of time because there have been changes in Titus's drilling schedule due to current labor shortages and supply chain issues resulting from COVID-19 policies.

WHEREFORE, Titus requests that this application be set for hearing before an examiner of the Oil Conservation Division on April 7, 2022, and that, after notice and hearing as required

by law, the Division enter an order amending Order No. R-21395 to extend the time to commence drilling the Lonesome Dove 323H Well to be no later than July 22, 2023.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen
Sharon T. Shaheen
Troy S. Lawton
Post Office Box 2307
Santa Fe, NM 87504-2307
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sshaheen@montand.com
tlawton@montand.com

Attorneys for Titus Oil & Gas Production, LLC

Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21395, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21205 for the limited purpose of amending Division Order No. R-21395 to extend by one year, through July 22, 2023, the time to commence drilling the Lonesome Dove Fed Com 323H well, proposed to be drilled into the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) underlying the W/2 NE/4 of Section 17 and the W/2 E/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. The wells and lands are located approximately 14 miles southwest of Jal, New Mexico.

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. 21205 ORDER NO. R-21395

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on June 25, 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.

Titus Oil & Gas. LLC NMOCD Case No. 22662 April 7, 2022

- 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.
- 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 amending 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 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

CASE NO. 21205 ORDER NO. R-21395

Page 2 of **7**

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 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 an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If 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 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 an owner of a Pooled Working Interest files a written objection no later than forty-five (45) days after receipt of the schedule. If 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 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/jag

Date: 7/22/2020

Exhibit A

COMPULSORY POOLING APPLICATION CHECKLIST - THIRD REVISED VERSION			
ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS			
Case: 21205	APPLICANT'S RESPONSE		
Date	June 25, 2020		
Applicant	Titus Oil & Gas Production, LLC		
Designated Operator & OGRID (affiliation if applicable)	373986		
Applicant's Counsel:	Montgomery & Andrews, P.A. (Sharon Shaheen & John McIntyre)		
Case Title:	Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico		
Entries of Appearance/Intervenors:	Candace Callahan, obo Chevron U.S.A. Inc.		
Well Family	Lonesome Dove 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:	240 acres, more or less		
Spacing Unit			
Type (Horizontal/Vertical)	Horizontal		
Size (Acres)	240 acres, more or less		
Building Blocks:	Quarter-quarter section (40 ac)		
Orientation:	South-North		
Description: TRS/County	W2NE4 of Section 17 and		
	W2E2 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 (60%)		
Well(s)			
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)			
Well #1	Lonesome Dove Fed Com 323H, API No. Pending		
	SHL: 2304' FSL and 1912' FEL, Section 17-T26S-R35E, NMPM BHL: 10' FNL and 1650' FEL, 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 (2541' FNL and 1651' FEL of Section 17-T26S-R35E); LTP (100' FNL and 1650' FEL of Section 8-T26S-R35E)	
Completion Target (Formation, TVD and MD)	Third Bone Spring; TVD (~12,500'); MD (~20,420')	
AFE Capex and Operating Costs		
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 22	
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 22	
Justification for Supervision Costs	Please see AFE at Exhibit A-7	
Requested Risk Charge	200%; please see Exhibit A, ¶ 23	
Notice of Hearing		
Proposed Notice of Hearing	Submitted with online filing of Application	
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; see Exhibit A-8	
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C	
Ownership Determination		
Land Ownership Schematic of the Spacing Unit	See Exhibits A-2, A-3, and A-4	
Tract List (including lease numbers and owners)	Exhibits A-2, A-3	
Pooled Parties (including ownership type)	Exhibit A-4	
Unlocatable Parties to be Pooled	none	
Ownership Depth Severance (including percentage above & below)	none	
Joinder		
Sample Copy of Proposal Letter	Exhibit A-7	
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4	
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5	
Overhead Rates In Proposal Letter	n/a	
Cost Estimate to Drill and Complete	See AFE at Exhibit A-7	
Cost Estimate to Equip Well	See AFE at Exhibit A-7	
Cost Estimate for Production Facilities	See AFE at Exhibit A-7	
Geology		
Summary (including special considerations)	Exhibit B-1	
Spacing Unit Schematic	Exhibit B-3	
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7	
Well Orientation (with rationale)	Exhibit B-1	
Target Formation	Exhibits B-5 & B-6	
HSU Cross Section	Exhibit B-6	
Depth Severance Discussion	n/a; see Exhibit A, ¶ 16	
Forms, Figures and Tables		
C-102	Exhibit A-6	
Tracts	Exhibit A-2	
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2, A-3, & A-4	
General Location Map (including basin)	Exhibit A-1	
Well Bore Location Map	Exhibit B-3	
Structure Contour Map - Subsea Depth	Exhibit B-4	

Cross Section Location Map (including wells)	Exhibit B-2	
Cross Section (including Landing Zone)	Exhibit B-6	
Additional Information		
Special Provisions/Stipulations	"Applicant, at its election, shall have the right from time to time to demand and receive from Chevron U.S.A. Inc. ("Chevron") payment in advance of its respective share of the estimated amount of expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to Chevron of an itemized statement of such expense, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Chevron shall pay to Operator its proportionate share of such estimate within thirty (30) days after such estimate and invoice is received. Proper adjustment shall be made monthly between advances and actual expense to the end that Chevron shall bear and pay its proportionate share of actual expenses incurred, and no more."	
CERTIFICATION: I hereby certify that the information pro-	vided in this checklist is complete and accurate.	
Printed Name (Attorney or Party Representative): Sharon T. Shaheen		
Signed Name (Attorney or Party Representative):	Sharon & Shokeen	
Date:	7/10/2020	

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. 21863 ORDER NO. R-21395-A

<u>ORDER</u>

The Director of the New Mexico Oil Conservation Division ("OCD"), having heard this matter through a Hearing Examiner on May 6, 2021, 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") requesting an extension to drill the well(s) as required by Order R-21395.
- 2. Operator identified the owners of uncommitted interests in oil and gas minerals in the Unit and provided evidence that notice of the Application was given.
- 3. The Application was heard by the Hearing Examiner, during which Operator presented evidence through affidavits in support of the Application. No other party presented evidence at the hearing.

CONCLUSIONS OF LAW

- 4. OCD has jurisdiction to issue this Order pursuant to NMSA 1978, Section 70-2-17.
- 5. Operator satisfied the notice requirements for the Application and the hearing as required by 19.15.4.12 NMAC.
- 6. OCD satisfied the notice requirements for the hearing as required by 19.15.4.9 NMAC.

ORDER

- 7. The period to drill the well(s) is extended until July 22, 2022.
- 8. This Order shall terminate automatically if Operator fails to comply with Paragraph 7 unless prior to termination Operator applies, and OCD grants, to amend Order R-21395 for good cause shown.
- 9. OCD retains jurisdiction of this matter for the entry of such orders as may be deemed necessary.
- 10. The remaining provisions of Order R-21395 remain in force or effect. Titus Oil & Gas. LLC NMOCD Case No.

22662

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Date: _____5/17/2021

ADRIENNE SANDOVAL DIRECTOR

AES/jag

CASE NO. 21863 ORDER NO. R-21395-A

SHARON T. SHAHEEN

Direct: (505) 986-2678

Email: <u>sshaheen@montand.com</u>

www.montand.com

March 18, 2022

Via U.S. Certified Mail, return receipt requested

TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case No. 22662 - Application of Titus Oil & Gas Production, LLC, to

Amend Order No. R-21395, Lea County, New Mexico – Lonesome Dove

Fed Com 323H (BS)

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 Order No. R-21395. You are receiving this notice because you may have an interest in this well.

Case No. 22662: Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21395, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21205 for the limited purpose of amending Order No. R-21395 to extend by one year, through July 22, 2023, the time to commence drilling the Lonesome Dove Fed Com 323H well, proposed to be drilled into the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) underlying the W/2 NE/4 of Section 17 and the W/2 E/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. The wells and lands are located approximately 14 miles southwest of Jal, 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 **April 7**, **2022** 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 4
Titus Oil & Gas. LLC
NMOCD Case No. 22662
April 7, 2022

All Interest Owners March 18, 2022 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 present testimony or evidence at the hearing, you must enter your appearance by **March 30, 2022** and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by **March 31, 2022**, 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,

/s/Sharon T. Shaheen

Sharon T. Shaheen

STS/cp Enclosure

cc: Titus Oil & Gas Production, LLC, via email

EXHIBIT A

INTEREST OWNERS

Working Interest Party(ies):

Allar Company P. O. Box 1567 Graham, TX 76450 Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002 Chief Capital (O&G) II LLC 8111 Westchester, Suite 900 Dallas, TX 75225

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

Tab 2.

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

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC TO AMEND ORDER NO. R-21395, LEA COUNTY, NEW MEXICO

Case No. 22662 Order No. R-21395 (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, state the following:

1. I caused notice of the application to be sent by certified mail through the United States Postal Service on March 18, 2022, to all interest owners in this proceeding. Evidence of mailing to all such owners is attached hereto as Exhibit A. Notice was also directed to all owners by publication in the Hobbs News-Sun on March 22, 2022, 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.

EXHIBIT B
Titus Oil & Gas. LLC
NMOCD Case No. 22662
April 7, 2022

2. 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.

SHARON T. SHAHEEN

SUBSCRIBED AND SWORN to before me this 5 day of April, 2022.

Notary Public

OFFICIAL SEAL

Vicki Ortiz

NOTARY PUBLIC
STATE OF NEW MEXICO

My Commissione Expires:

2-12-24

TITUS OIL & GAS PRODUCTION, LLC

Lonesome Dove Fed Com 323H (BS) / Case No. 22662

April 7, 2022 Hearing

Entity	Date Letter Mailed	Certified Mail Number	Status of Delivery	Date Received	
WORKING INTEREST PARTY(IES) – Lonesome Dove Fed Com 323H (BS)					
Allar Company P. O. Box 1567 Graham, TX 76450	March 18, 2022	7015 1730 0000 9774 8016	Delivered	March 21, 2022	
Chevron U.S.A., Inc. 1400 Smith Street Houston, TX 77002	March 18, 2022	7015 1730 0000 9774 8023	Ready for Pick-Up @ Post Office		
Chief Capital (O&G) II LLC 8111 Westchester, Suite 900 Dallas, TX 75225	March 18, 2022	7015 1730 0000 9774 8047	Delivered	March 21, 2022	
ADDITIONAL INTEREST PARTY(IES) – Lonesome Dove Fed Com 323H (BS)					
Bureau of Land Management 414 W. Taylor Hobbs, NM 88240-1157	March 18, 2022	7015 1730 0000 9774 8030	Delivered	March 21, 2022	
State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501	March 18, 2022	7015 1730 0000 9774 8054	Delivered	March 21, 2022	

Exhibit A
Titus Oil & Gas. LLC
NMOCD Case No. 22662
April 7, 2022

8036	U.S. Postal Service™ CERTIFIED MAIL® RECEIPT Domestic Mail Only		
石	For delivery information, visit our website		
1730 0000 9774	Certified Mail Fee \$ Exto Services & Fees (check box, add fee as appropriate) Return Receipt (herdcopy)	SANTA FE NIN WAR 1 8 2022 Wastanov 8 7504 Ustanov 8 7504	
7015	Se Allar Company 735 Elm Street Graham, TX 76450		
	PS Form 3800, April 2015 PSN 7530-02-000-9047	See Reverse for Instructions	

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
 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. Article Addressed to: Allar Company 735 Elm Street Graham, TX 76450 	A. Signature Agent Addressee B. Received by (Printed Name) C. Date of Delivery D. Is delivery address different from item 1? If YES, enter delivery address below: No	
7015 1730 0000 9774 801	3. Service Type □ Adult Signature □ Adult Signature Restricted Delivery □ Certified Mail® □ Collect on Delivery □ Collect on Delivery ■ Mail ■ Mail Restricted Delivery ■ Return Receipt for Merchandise ■ Signature Confirmation ■ Signature Confirmation ■ Restricted Delivery ■ Return Receipt for Merchandise ■ Signature Confirmation ■ Restricted Delivery	
PS Form 3811, July 2015 PSN 7530-02-000-9053	Domestic Return Receipt	



USPS Tracking®

FAQs >

Track Another Package +

Tracking Number: 70151730000097748023

Remove X

Your item arrived at the HOUSTON, TX 77002 post office at 12:06 pm on March 30, 2022 and is ready for pickup.

USPS Tracking Plus[®] Available ✓

Available for Pickup

March 30, 2022 at 12:06 pm HOUSTON, TX 77002 reedbac

Get Updates ✓

Text & Email Updates

V

Tracking History

March 30, 2022, 12:06 pm Available for Pickup

HOUSTON, TX 77002

Your item arrived at the HOUSTON, TX 77002 post office at 12:06 pm on March 30, 2022 and is ready for pickup.

March 30, 2022, 11:39 am Out for Delivery HOUSTON, TX 77002 March 30, 2022, 11:28 am Arrived at Post Office HOUSTON, TX 77002

March 30, 2022, 4:06 am

Departed USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER

March 29, 2022, 10:00 am

Arrived at USPS Regional Facility

NORTH HOUSTON TX DISTRIBUTION CENTER

March 22, 2022 In Transit to Next Facility

March 18, 2022, 9:29 pm Departed USPS Facility ALBUQUERQUE, NM 87101

March 18, 2022, 8:54 pm Arrived at USPS Facility ALBUQUERQUE, NM 87101

Product Information

USPS Tracking Plus®

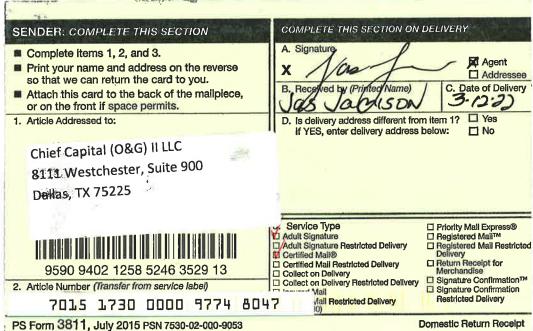
See Less ^

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

Feedbac











SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON	DELIVERY
Complete items 1, 2, and 3.	A. Signature	_
Print your name and address on the reverse so that we can return the card to you.	X	☐ Agent☐ Addressee
Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name)	C. Date of Delivery
1. Article Addressed to:	D. Is delivery address different from If YES, enter delivery address it	
State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501		
THE MARKET WAS DRIVEN BY AND DESCRIPTION OF THE PARTY.	3. Service Type Adult Signature	☐ Priority Mail Express® ☐ Registered Mail™
	Adult Signature Restricted Delivery Certified Mail®	☐ Registered Mail Restricted Delivery
9590 9402 1258 5246 3530 95	☐ Certified Mail Restricted Delivery ☐ Collect on Delivery	☐ Return Receipt for Merchandise
Article Number (Transfer from service label)	☐ Collect on Delivery Restricted Delivery	☐ Signature Confirmation™ ☐ Signature Confirmation
7015 1730 0000 9774 805		Restricted Delivery
PS Form 3811, July 2015 PSN 7530-02-000-9053	-10	omestic Return Receipt

USPS Tracking®

FAQs >

Track Another Package +

Tracking Number: 70151730000097748054

Remove X

Your item has been delivered and is available at a PO Box at 10:24 am on March 21, 2022 in SANTA FE, NM 87501.

USPS Tracking Plus[®] Available ✓

⊘ Delivered, PO Box

March 21, 2022 at 10:24 am SANTA FE, NM 87501 reedbac

Get Updates ✓

Text & Email Updates	~
Tracking History	~
USPS Tracking Plus®	~
Product Information	~

See Less ∧

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 March 22, 2022 and ending with the issue dated March 22, 2022.

Publisher

Sworn and subscribed to before me this 22nd day of March 2022.

Business Manager

January 29, 2023

My commission expires

(Seal)

GUSSIE BLACK Notary Public - State of New Mexico Commission # 1087526 My Comm. Expires Jan 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 March 22, 2022

NOTICE

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

Allar Company; Chevron U.S.A., Inc.; Chief Capital (O&G) II, LLC; Bureau of Land Management; and State Land Office.

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

Case No. 22662. Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21395, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21205 for the limited purpose of amending Order No. R-21395 to extend by one year, through July 22, 2023, the time to commence drilling the Lonesome Dove Fed Com 323H well, proposed to be drilled into the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) underlying the W/2 NE/4 of Section 17 and the W/2 E/2 of Section 8, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. The wells and lands are located approximately 14 miles southwest of Jal, 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 April 7, 2022, 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 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 March 30, 2022, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by March 31, 2022, 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.

01101398

00264948

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