

**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-21443,
LEA COUNTY, NEW MEXICO**

**Case No. _____
Order No. R-21443
(Re-Open)**

APPLICATION

Titus Oil & Gas Production, LLC, OGRID No. 373986 ("Titus"), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Troy S. Lawton), hereby files this application with the Oil Conservation Division to amend Order No. R-21443 entered in Case No. 21252 to extend the time for drilling the **El Campeon Fed Com 322H** ("El Campeon 322H Well") approved in Order No. R-21443-A. In support of its application, Titus states as follows:

1. Order No. R-21443 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 E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, dedicated to the El Campeon 322H Well. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border.
2. Titus is a working interest owner in the HSU and has the right to drill thereon.
3. Order No. R-21443 designated Titus as the operator of the El Campeon 322H Well and the HSU.
4. The Division hearing in the original proceeding, Case No. 21252, was held on August 20, 2020.

5. The Division entered Order No. R-21443 in Case No. 21252 on September 3, 2020 and thus the deadline for drilling was September 3, 2021.

6. Subsequently, in Case No. 22022, Titus requested and the Division granted an extension of time to commence drilling until September 3, 2022 in Order No. R-21443-A.

7. The Division hearing in the second proceeding, Case No. 22022, was held on July 1, 2021.

8. The Division entered Order No. R-21443-A in Case No. 22022 on July 16, 2021, extending the time to drill to September 3, 2022.

9. Titus requests the Division to re-open the matter to extend the time to commence drilling the Campeon 322H Well to be no later than September 3, 2023, which will be a one-year extension from the time to commence drilling approved in Order No. R-21443-A.

10. Paragraph 19 of Order No. R-21443 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." Paragraph 20 of Order No. R-21443 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."

11. In paragraph 7 of Order No. R-21443-A, the Division extended the time for drilling to September 3, 2022. Paragraph 8 of Order No. R-21443-A 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-21443 for good cause shown."

12. Under Order No. R-21443-A, Titus would be required to commence drilling the well by September 3, 2022.

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

14. 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, as well as delays caused by issues related to Titus's efforts to drill across the Texas state line. 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.

WHEREFORE, Titus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on May 5, 2022, and that, after notice and hearing as required by law, the Division enter an order amending Order No. R-21443 to extend the time to commence drilling the El Campeon 322H Well to be no later than September 3, 2023.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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Application of Titus Oil & Gas Production, LLC to Amend Order No. R-21443, Lea County, New Mexico (Re-Open). Applicant in the above-styled cause seeks to re-open Case No. 21252 for the limited purpose of amending Order No. R-21443 to extend by one year, through September 3, 2023, the time to commence drilling the **El Campeon Fed Com 322H** well, proposed to be drilled into the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) underlying the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. The well and lands are located approximately 14 miles southwest of Jal, New Mexico.