

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
TO AMEND ORDER NO. R-21204,
LEA COUNTY, NEW MEXICO.

CASE NO. 22552
Order No. R-21204
(Re-Open)

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
TO AMEND ORDER NO. R-21205,
LEA COUNTY, NEW MEXICO.

CASE NO. 22553
ORDER NO. R-21205
(Re-Open)

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
TO AMEND ORDER NO. R-21206,
LEA COUNTY, NEW MEXICO.

CASE NO. 22556
ORDER NO. R-21206
(Re-Open)

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
MARCH 3, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing before
the New Mexico Oil Conservation Division, HEARING OFFICER
WILLIAM BRANCARD and TECHNICAL EXAMINER DEAN McCLURE on
Thursday, March 3, 2022, through the Webex Platform.

Reported by: Irene Delgado, NMCCR 253
PAUL BACA PROFESSIONAL COURT REPORTERS
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A P P E A R A N C E S

For the Applicant:

SHARON SHAHEEN
MONTGOMERY & ANDREWS
325 Paseo de Peralta
Santa Fe, NM 87501

I N D E X

CASE CALLED

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Admitted

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1 HEARING EXAMINER BRANCARD: I believe the next
2 three cases are together, so we will do Case 22552, 22553
3 and 22556, Titus Oil & Gas.

4 MS. SHAHEEN: Thank you, Mr. Examiner. Sharon
5 Shaheen, Montgomery and Andrews for Titus Oil & Gas
6 Production LLC?

7 HEARING EXAMINER BRANCARD: Are there any other
8 interested persons for Cases 22552, 553 or 556?

9 (No audible response.)

10 HEARING EXAMINER BRANCARD: Thank you. Ms.
11 Shaheen, you may proceed.

12 MS. SHAHEEN: Thank you. And in these cases --
13 sorry, I'm getting to my summary here. Titus seeks to amend
14 Order Numbers R-21204, R-21205 and R-21206 which were
15 previously issued in Case Numbers 20897, 20898 and 20899,
16 respectively, to extend the time for drilling the Pakse
17 South 24-25-36 Fed Com 111H and Fed Com 112H, the Pakse
18 South 24-25 Fed Com 221H and 222H, and the Pakse South
19 24-25-36 Fed Com 321H and 322H.

20 In Case Numbers 20 -- in Case Numbers 2 -- 22552
21 and 22526, in those two cases, the previous orders pooled
22 the same spacing unit which is the W/2 of Section 24 and 25,
23 and the NW/4 of Section 36, Township 20 South, Range 32 East
24 in Lea County, New Mexico.

25 In Case Number 22553, the order pooled only the

1 W/2 of Sections 24 and 25, Township 20 South, Range 32 East
2 in Lea County. It did not include the NW/4 of Section 36.

3 These wells were originally -- should have been
4 drilled originally by April 7 of 2021. In subsequent
5 orders, Order Numbers 21205-A and 21206-A, starting with
6 21205-A the Division extended the time for drilling until
7 April 7 of April 2022, and now Titus is asking that the
8 Division, similarly, extend the time to commence drilling by
9 another year to April 7, 2023.

10 We have attached the applications in this case,
11 both sets of orders and the notice letter that went out. We
12 have also attached the affidavit of publication, and I was
13 not aware that President's Day was not a business day in New
14 Mexico.

15 There were, I believe, some folks who did not
16 receive notice by certified mail, so I will fall on my sword
17 there, and the Division, I assume, will want us to continue
18 this to the next scheduled hearing date, which I believe
19 would be March 17.

20 HEARING EXAMINER BRANCARD: Mr. McClure, any
21 questions?

22 TECHNICAL EXAMINER McCLURE: Yeah, I do. On
23 these three cases, essentially we are asking for a second
24 year of extensions. One of the reasoning -- well, one of
25 the reasons that Titus includes in their application is

1 potash surface challenges. I guess I'm wondering if you
2 could maybe elaborate on that a little more.

3 MS. SHAHEEN: You know, that's true, and I meant
4 to explain the reason for this request, and it is in the
5 affidavit that there's been changes in the drilling schedule
6 due to current labor shortages and supply chain issues
7 resulting from Covid 19 policies, and delays caused by
8 particular surface challenges associated with the potash
9 area.

10 I do not know at this time specifically what
11 those challenges are, but I'm happy to follow up with the
12 client since it looks like we will have to come back for the
13 next docket and provide you with that information, or I'm
14 happy to provide that to you in between now and then.

15 TECHNICAL EXAMINER McCLURE: Please do. I know
16 the developmental area with the BLM looks like it was
17 approved in February last year. Now, having said that, the
18 NW/4 of Section 36 for two of these cases, it's state owned
19 and I don't know if there was discussions involving there or
20 involved with there.

21 I guess another question I would have is, if we
22 believe -- if Titus believes another full year would be
23 required to get it on their schedule, or a lesser time of
24 say a six-month extension would be sufficient. But if you
25 just wanted to follow up with Titus in the meantime and just

1 be prepared to speak on it two weeks from now assuming
2 Mr. Brancard is in agreement there, anyway.

3 MS. SHAHEEN: I'm happy to do that.

4 HEARING EXAMINER BRANCARD: Thank you. Any other
5 questions, Mr. McClure?

6 TECHNICAL EXAMINER McCLURE: No, I don't think I
7 have any other questions for these cases. Thank you.

8 HEARING EXAMINER BRANCARD: Thank you. That was
9 my question. So with that I think the issue is the notice,
10 and we will need to let the publication notice run one more
11 day and continue these cases. Is there anyone else here for
12 Cases 22552, 553 or 556?

13 (No audible response.)

14 HEARING EXAMINER BRANCARD: Hearing none, Cases
15 22252, 553 and 556 will be continued to the March 17 docket.
16 In the meanwhile, Titus can provide us a little more
17 information about these surface challenges. Is that
18 correct, Mr. McClure?

19 TECHNICAL EXAMINER McCLURE: Yeah, or be prepared
20 to discuss it two weeks from now, unless you prefer they
21 submit something in the meantime.

22 HEARING EXAMINER BRANCARD: I will leave that up
23 to Titus. If they want to dismiss submit something, that's
24 fine, or if they want to chat about it in two weeks, that's
25 fine, too.

1 TECHNICAL EXAMINER McCLURE: That's fine with me.

2 MS. SHAHEEN: Thank you for that.

3 HEARING EXAMINER BRANCARD: Thank you. And you
4 don't need to file a continuance because we are continuing
5 this.

6 MS. SHAHEEN: Thank you. And should I wait until
7 next week to ask that the exhibits be admitted into the
8 record?

9 HEARING EXAMINER BRANCARD: I'm sorry. I will
10 admit -- the exhibits you have so far will be admitted into
11 the record.

12 MS. SHAHEEN: Thank you.

13 (Exhibits admitted.)

14 (Continued.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court
7 Reporter, CCR 253, do hereby certify that I reported the
8 foregoing virtual proceedings in stenographic shorthand and
9 that the foregoing pages are a true and correct transcript
10 of those proceedings to the best of my ability.

11 I FURTHER CERTIFY that I am neither employed by
12 nor related to any of the parties or attorneys in this case
13 and that I have no interest in the final disposition of this
14 case.

15 I FURTHER CERTIFY that the Virtual Proceeding was
16 of extremely poor to good quality.

17 Dated this 3rd day of March 2022.

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/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-22

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