

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR COMPULSORY POOLING AND FOR APPROVAL OF
NON-STANDARD LOCATIONS,
EDDY COUNTY, NEW MEXICO**

Case No. _____

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 pursuant to the provisions of NMSA 1978, § 70-2-17, for an order pooling all mineral interests in the Wolfcamp formation (Purple Sage; Wolfcamp (Gas) [98220]) underlying a standard 480-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the W/2 of Section 2 and the NW/4 of Section 11, all within Township 26 South, Range 25 East, NMPM, in Eddy County, New Mexico. In support of its application, Titus states as follows:

1. Titus is a working interest owner in the proposed HSU and has the right to drill thereon.
2. Titus proposes to drill the following 1.5-mile wells in the proposed HSU:
 - **Chicken Noodle Fed Com 401H** well, to be horizontally drilled from an approximate surface hole location 2433’ FSL and 604’ FWL of Section 11, T26S-R25E, to an approximate bottom hole location 10’ FNL and 380’ FWL of Section 2, T26S-R25E.
 - **Chicken Noodle Fed Com 402H** well, to be horizontally drilled from an approximate surface hole location 2437’ FSL and 1662’ FWL of Section 11, T26S-

R25E, to an approximate bottom hole location 10' FNL and 2325' FWL of Section 2, T26S-R25E.

3. The surface and bottomhole locations are within the designated setbacks in the applicable special pool rules. The completed intervals are within the designated setbacks in the applicable special pool rules. Statewide pool rules apply to the first and last take points, which are not within the requisite setbacks. Applicant therefore requests approval of an unorthodox location for these wells.

4. Titus has in good faith sought and been unable to obtain voluntary agreement for the development of these lands from all of the mineral interest owners in the HSU.

5. Approval of the HSU and the pooling of all mineral interest owners in the Wolfcamp formation underlying the HSU will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

6. In order to permit Titus to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this HSU should be pooled and Titus should be designated the operator of the HSU.

WHEREFORE, Titus requests that this application be set for hearing before an Examiner of the Oil Conservation Division on January 7, 2020, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 480-acre, more or less, horizontal spacing and proration unit comprised of the W/2 of Section 2, Township 26 South, Range 25 East, and the NW/4 of Section 11, Township 26 South, Range 25 East, NMPM, in Eddy County, New Mexico;

B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;

- C. Allowing the drilling of the following 1.5 mile wells in the HSU: (1) Chicken Noodle Fed Com 401H, and (2) Chicken Noodle Fed Com 402H;
- D. Approving the non-standard location of the first and last take points for both wells;
- E. Designating Titus as operator of the HSU and the wells to be drilled thereon;
- F. Authorizing Titus to recover its costs of drilling, equipping, and completing the wells;
- G. Approving the operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- H. Imposing a 200% penalty for the risk assumed by Titus in drilling and completing the wells against any interest owner who does not voluntarily participate in the drilling of the wells.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

/s/ Sharon T. Shaheen

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