

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC
FOR APPROVAL OF PRODUCTION ALLOCATION,
LEA COUNTY, NEW MEXICO**

Case No. _____

APPLICATION

Titus Oil & Gas Production, LLC, OGRID No. 373986 (“Titus”), through its undersigned counsel Montgomery & Andrews, P.A. (Sharon T. Shaheen and Ricardo S. Gonzales), hereby files this application with the Oil Conservation Commission pursuant to the provisions of NMSA 1978, §70-2-17 and Order No. R-21831-A, for an order approving the production allocation of minerals in the Bone Spring formation (WC-025 G-08 S263412K; Bone Spring [96672]) underlying a standard 280-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 E/2 of Section 29 and the NE/4 NE/4 & Lot 1 of irregular Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico, and Lot 1 of irregular Section 25, Block C24, in Loving County, Texas. The well will cross the New Mexico/Texas border, continuing to produce in the Bone Spring formation (Sandbar (Bone Spring) [Texas Field No. 80544500, District Name: 08]). In support of its application, Titus states as follows:

1. Titus is the sole working interest owner in the New Mexico portion of the HSU and has the right to drill thereon.

2. Occidental Petroleum (“OXY”) is the sole working interest owner in the Texas portion of the HSU and has the right to drill thereon. OXY and Titus are parties to a JOA for the acreage and formation in the spacing unit.

3. Titus proposes to dedicate this spacing unit to the **El Campeon Fed Com 204H** well, to be horizontally drilled from an approximate surface hole location 332’ FSL and 620’ FEL of Section 20, T26S-R35E, Lea County, New Mexico, to an approximate bottom hole location 10’ FSL and 1912’ FEL of Section 25, Block C24, Public School Land Survey, Abstract No. 701, Loving County, Texas.

4. That portion of the spacing unit within New Mexico shall consist of approximately 230 acres. The first take point and the completed interval will meet the setback requirements set forth in the statewide rules for horizontal oil wells. The last take point within New Mexico will be on the state line between New Mexico and Texas. Titus will seek approval of this non-standard location.

5. Production will be allocated to New Mexico and Texas prorated on the basis of surface acreage in the proration unit or in any other manner mutually acceptable to the Commission and the Division and to the Railroad Commission of Texas.

6. Titus anticipates receiving an order from the Railroad Commission of Texas (“RRC”) similar to that previously issued by the RRC for the El Campeon 404H, which was the subject of New Mexico Oil Conservation Division Case No. 21872.

7. The proposed production allocation between New Mexico and Texas will avoid the drilling of unnecessary wells, prevent waste, and protect correlative rights.

8. In order to permit Titus and other New Mexico mineral interest owners to obtain their just and fair share of the oil and gas underlying the subject lands, production should be allocated between New Mexico and Texas as proposed.

WHEREFORE, Titus requests that this application be set for hearing before the Commission on January 13, 2022, and that, after notice and hearing as required by law, the Division enter an order approving the production allocation between New Mexico and Texas for minerals produced from the Bone Spring formation underlying the HSU.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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