

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

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 20833**

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 20834**

**APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 20835**

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 21037**

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 21038**

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 21039**

**APPLICATION OF NOVO OIL & GAS
NORTHERN DELAWARE, LLC,
FOR COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO** **Case No. 21040**

CONSOLIDATED PRE-HEARING STATEMENT

TITUS OIL & GAS PRODUCTION, LLC (“Titus”) provides this consolidated Pre-Hearing Statement as required by the rules of the Division.

APPEARANCES

APPLICANTS-OPPONENTS

TITUS OIL & GAS
PRODUCTION, LLC

NOVO OIL & GAS NORTHERN
DELAWARE, LLC

THEIR ATTORNEYS

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STATEMENT OF THE CASE

Titus and Novo have filed competing applications. As explained further below, Novo's development plan to drill fourteen wells in 640 acres will result in unnecessary over-development, thereby causing economic loss, waste, and augmentation of risks arising from drilling an excessive number of wells. *See* NMSA 1978, § 70-2-17(B).

In Case No. **20833**, Titus seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (Laguna Salado [96721]) in a 320-acre spacing unit comprised of the W/2 W/2 of Sections 15 and 10, Township 23 South, Range 29 East, Eddy County, New Mexico. Titus proposes to drill the following wells:

- The **Laguna Salado 15-10 Fed Com 201H** well, to be horizontally drilled from an approximate surface hole location 390' FSL and 1100' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 0' FNL and 330' FWL of Section 10-T23S-R29E; and
- The **Laguna Salado 15-10 Fed Com 301H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 700' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 0' FNL and 990' FWL of Section 10-T23S-R29E.

The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Titus as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 15.9 miles east-southeast of Carlsbad, New Mexico.

In Case No. **20834**, Titus seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (Laguna Salado [96721]) in a 320-acre spacing unit comprised of the E/2 W/2 of Sections 15 and 10, Township 23 South, Range 29 East, Eddy County, New Mexico. Titus proposes to drill the following wells:

- The **Laguna Salado 15-10 Fed Com 202H** well, to be horizontally drilled from an approximate surface hole location 360' FSL and 1100' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 0' FNL and 1650' FWL of Section 10-T23S-R29E; and
- The **Laguna Salado 15-10 Fed Com 302H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 950' FWL of Section 15-T23S-

R29E, to an approximate bottom hole location 0' FNL and 2310' FWL of Section 10-T23S-R29E.

The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Titus as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 15.9 miles east-southeast of Carlsbad, New Mexico.

In Case No. **20835**, Titus seeks an order from the Division pooling all uncommitted interests in the Wolfcamp (Gas) formation (Purple Sage [98220]) in a 640-acre spacing unit comprised of the W/2 of Sections 15 and 10, Township 23 South, Range 29 East, Eddy County, New Mexico. Titus proposes to drill the following wells:

- The **Laguna Salado 15-10 Fed Com 401H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 725' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 230' FNL and 330' FWL of Section 10-T23S-R29E;
- The **Laguna Salado 15-10 Fed Com 402H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 925' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 230' FNL and 1650' FWL of Section 10-T23S-R29E;
- The **Laguna Salado 15-10 Fed Com 501H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 750' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 230' FNL and 990' FWL of Section 10-T23S-R29E; and

- The **Laguna Salado 15-10 Fed Com 502H** well, to be horizontally drilled from an approximate surface hole location 375' FSL and 900' FWL of Section 15-T23S-R29E, to an approximate bottom hole location 230' FNL and 2310' FWL of Section 10-T23S-R29E.

The completed intervals and first and last take points for these wells will meet statewide setback requirements and Purple Sage special pool rule setback requirements for horizontal wells. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs, the designation of Titus as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The wells and lands are located approximately 15.9 miles east-southeast of Carlsbad, New Mexico.

In Case No. **21037**, Novo Oil & Gas Northern Delaware, LLC's ("Novo") seeks an order pooling all uncommitted interests in the First Bone Spring interval of the Bone Spring formation (Laguna Salado; Bone Spring (96721)), from a depth of 7,702 feet to 7,839 feet underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Section 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Novo seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Saturninus Fed Com 15 #111H Well**, to be horizontally drilled from a surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 15.

In Case No. **21038**, Novo seeks an order pooling all uncommitted interests in a portion of the Bone Spring formation (Laguna Salado; Bone Spring (96721)), from a depth of 7,839 feet to the base of the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the W/2 W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Novo seeks to dedicate the above-referenced horizontal

spacing unit to the proposed initial **Saturninus Fed Com 1510 ##121H Well and 131H Well**, to be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 10.

In Case No. **21039**, Novo seeks an order pooling all uncommitted interests in the Bone Spring formation (Laguna Salado; Bone Spring (96721)), from a depth of 7,839 feet to the base of the Bone Spring formation underlying a standard 320-acre, more or less, horizontal spacing unit comprised of the E/2 W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Novo seeks to dedicate the above-referenced horizontal spacing unit to the proposed initial **Saturninus Fed Com 1510 ##122H Well and 132H Well**, to be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 10.

In Case No. **21040**, Novo seeks an order pooling all uncommitted interests in the Wolfcamp formation (Purple Sage-Wolfcamp Gas Pool) underlying a standard 640-acre, more or less, horizontal spacing unit comprised of the W/2 of Sections 10 and 15, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico. Novo seeks to dedicate the above-referenced horizontal spacing unit to the following proposed initial **Saturninus Fed Com 1510 ##211H Well, 212H Well, 221H Well, 231H Well, and 232H Well**, to be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NW/4 NW/4 (Unit D) of Section 10; and the **Saturninus Fed Com 1510 ##215H Well, 222H Well, 225H Well, and 235H Well**, to be horizontally drilled from a common surface location in the SW/4 SW/4 (Unit M) of Section 15 to a bottom hole location in the NE/4 NW/4 (Unit C) of Section 10.

Titus and Novo have filed competing applications in these cases, each of which seeks an order pooling all uncommitted interests in the above-described units. Titus proposes to drill eight wells, two in the 2nd Bone Spring, two in the 3rd Bone Spring and four in the Wolfcamp, appropriately spaced over the W/2 of Sections 10 and 15. Novo, however, proposes a total of fourteen wells, all of which are proposed to be drilled from the same surface location in the SW/4 SW/4 of Section 15. The fourteen proposed wells include one 1-mile well in the upper Bone Spring in the W/2 of Section 15, two 2-mile wells in the 2nd Bone Spring in the W/2 of Sections 10 and 15, two 2-mile wells in the 3rd Bone Spring in the W/2 of Sections 10 & 15, three 2-mile wells in the Wolfcamp XY in the W/2 of Sections 10 & 15, three 2-mile wells in the Wolfcamp A in the W/2 of Sections 10 & 15, and three 2-mile wells in the Wolfcamp B in the W/2 of Sections 10 & 15. Novo's combined proposals will result in unnecessary over-development, thereby causing economic loss, waste, and augmentation of risks arising from drilling an excessive number of wells. *See* NMSA 1978, § 70-2-17(B). Novo's applications should therefore be denied, and Titus's application should be approved.

PROPOSED EVIDENCE

TITUS:

WITNESSES	EST. TIME	EXHIBITS
Walter Jones, Landman	30	5-7
Allen Frierson, Geologist	30	3-4

NOVO:

WITNESSES	EST. TIME	EXHIBITS
TBD	TBD	TBD

PROCEDURAL MATTERS

Titus case Nos. 20833-20835 and Novo case Nos. 20137-20140 should be consolidated for hearing because they concern the same acreage.

Respectfully submitted,

MONTGOMERY & ANDREWS, P.A.

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CERTIFICATE OF SERVICE

I hereby certify that on February 13, 2020, a true and correct copy of the foregoing ***Pre-Hearing Statement*** was served by electronic mail on the following counsel of record:

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