

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-21259,
LEA COUNTY, NEW MEXICO,

CASE NO. 22559
(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
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A P P E A R A N C E S

For Titus Oil & Gas:
SHARON SHAHEEN
MONTGOMERY & ANDREWS
325 Paseo de Peralta
Santa Fe, NM 87501

I N D E X

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1 HEARING EXAMINER BRANCARD: Call Case 22559,
2 Titus Oil & Gas.

3 MS. SHAHEEN: Sharon Shaheen on behalf of Titus
4 Oil & Gas in Case 22559. This relates to the El Campeon Fed
5 Com 431H. This is a standard 160 acre unit comprised of the
6 W/2 of the SW/4 of Section 29, Township 26 South, Range 35
7 East, and the NW/4 NW/4 in Lot 4 of Irregular Section 32,
8 Township 26 South, Range 35 East in Lea County.

9 This is similar to the last two cases except for
10 the fact that this is a second request for an extension of
11 time. The order was originally entered on April 18 of 2020.
12 Subsequently in Order R-21259-B, the Division extended the
13 time for drilling to April 18 of 2022. Here Titus is asking
14 the Division to again extend the time for drilling to April
15 18 of 2023.

16 Again, there have been issues related to current
17 labor shortages and supply chain issues resulting from Covid
18 19 policies, as well as delays caused by issues related to
19 Titus's efforts to drill across the Texas state line.

20 With respect to one other well, we do have an
21 order from the Commission requiring an MOU between Texas and
22 New Mexico before Titus will be allowed to drill across the
23 state line, and that's taking place in the same area. It's
24 part of same development plan, that's my understanding.

25 Again, we can take a look here at the green

1 cards. My affidavit of notice is attached as Tab 1. Give
2 me a minute here to scroll down. Yes, and we do have one
3 party who did not receive their certified mail. So, again,
4 looks like this will have to be continued to March 17 to
5 allow that one extra day for publication to run.

6 With that, I'm happy to answer any questions, and
7 I would ask that the exhibits be admitted into the record.

8 HEARING EXAMINER BRANCARD: Thank you. Mr.
9 McClure, questions?

10 TECHNICAL EXAMINER McCLURE: I was going to say,
11 in relation to that meridian -- or that memo of
12 understanding between Texas and New Mexico, would it be
13 Titus's intent to continue to request extensions for this
14 compulsory pooling until that memo is complete and they are
15 able to drill these wells then?

16 MS. SHAHEEN: Well, I really, really hope it's
17 not going to take years to accomplish and execute the MOU.
18 I hadn't considered that it might take years. There -- the
19 Division is required to provide a status update to the
20 Commission every three months on the status of negotiations
21 related to the MOU. I understand that that's -- that
22 status update, I believe -- January, February, March,
23 April -- will take place in April, and Titus is actively
24 working and contacting folks on both sides with both states,
25 encouraging them to, to communicate with each other.

1 We do have a draft MOU that the State Land Office
2 has approved and has been submitted to the Texas Railroad
3 Commission and also to the Energy Minerals and Natural
4 Resources Department. So I, I have hopes that this will not
5 take another year.

6 TECHNICAL EXAMINER McCLURE: But essentially, you
7 are not able to proceed on this until that MOU is complete;
8 correct?

9 MS. SHAHEEN: Well, actually I think this well
10 could be drilled. This well is not proposed as an
11 interstate well, but it is part of a development plan that
12 includes some interstate wells, and my understanding is that
13 Titus is hoping to drill those, at least two or three of
14 those interstate wells in the next three or four months.

15 So I don't think it's going to be another year
16 before this well will be drilled. You know, we can -- Titus
17 can only wait so long, and here again I'm speculating here,
18 but Titus can only way wait so long on an MOU. In one
19 instance it did end up drilling a well only in New Mexico
20 because time was limited, and it did not have time to wait
21 for the MOU for that other well.

22 So -- so, you know, it's trying to juggle, but
23 it's having to wait on two states doing something that's
24 somewhat unique.

25 TECHNICAL EXAMINER McCLURE: Yeah, now you --

1 this, this was a case that was going to have to be continued
2 for two weeks now anyway; correct?

3 MS. SHAHEEN: Looks like it.

4 TECHNICAL EXAMINER McCLURE: I guess the only
5 question I would have is, if you are not having to wait on
6 that MOU, I guess I just wonder if a six-month extension
7 would be sufficient or not and if you just wanted to touch
8 base with your client and to see what the thought process is
9 there.

10 MS. SHAHEEN: I will do that.

11 TECHNICAL EXAMINER McCLURE: Thank you. I have
12 no other questions.

13 MS. SHAHEEN: Thank you very much.

14 HEARING EXAMINER BRANCARD: Thank you. Ms.
15 Shaheen, I have -- this one is a head-scratcher on notice
16 because really you only have one working interest party you
17 had to contact, and that was Franklin Mountain Energy. They
18 are not unknown to us. The next case is Franklin Mountain
19 Energy. If you looked in the case file for the next case,
20 you would find the correct address for Franklin Mountain
21 Energy, not the one you mailed it to.

22 MS. SHAHEEN: I have been beating myself up about
23 that. As we speak the notice letter went out, you are
24 absolutely right, and my assistant ran with the addresses he
25 usually -- actually, I think what happened here is she used

1 the addresses from the original notice letters, and my --
2 I'm assuming that Franklin Mountain Energy's address changed
3 between the original notice letter and the notice letter to
4 this application.

5 So I understand that's not really a justification
6 for what happened, but I think that is an explanation about
7 what happened.

8 HEARING EXAMINER BRANCARD: Okay. So here is
9 what I'm going to do in this situation. Because the address
10 for Franklin Mountain Energy is easily available, you can
11 just go our website and look at operators and find it, we
12 are going to delay this one until April 7 so you can
13 actually mail it to the correct place of mailing. Okay?

14 MS. SHAHEEN: I will do that.

15 HEARING EXAMINER BRANCARD: Is there any other
16 interested persons for Case 22559?

17 (No audible response.)

18 HEARING EXAMINER BRANCARD: Hearing none, this
19 case will be continued until April 7. Thank you.

20 MS. SHAHEEN: Thank you.

21 (Discussion with reporter.)

22 HEARING EXAMINER BRANCARD: It is 9:48. We will
23 be back on 10 a.m. Thank you all.

24 (Continued.)

25

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.

18

/s/ Irene Delgado

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

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