

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, LLC CASE NOs. 20712,
FOR COMPULSORY POOLING, LEA COUNTY, 20713, 20714
NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 8, 2019

Santa Fe, New Mexico

BEFORE: LEONARD LOWE, CHIEF EXAMINER
 DANA Z. DAVID, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Leonard Lowe, Chief Examiner, and Dana Z. David, Legal Examiner, on Thursday, August 8, 2019, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR
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APPEARANCES

FOR APPLICANT TITUS OIL & GAS, LLC:

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1 (4:41 p.m.)

2 MR. BRUCE: We are right at the end, and
3 all three Titus cases can be done at the same time.

4 EXAMINER LOWE: You want to consolidate all
5 these three?

6 MR. BRUCE: Yes.

7 EXAMINER LOWE: Okay.

8 EXAMINER DAVID: 57, 58 and 59?

9 MR. BRUCE: Yeah.

10 EXAMINER LOWE: I will call Case Number
11 20712, application of Titus Oil & Gas, LLC for
12 compulsory pooling in Lea County, New Mexico, and we
13 will combine that with 20713 and 20714 for compulsory
14 pooling, Lea County, New Mexico.

15 Call for appearances.

16 MR. BRUCE: Mr. Examiner, Jim Bruce of
17 Santa Fe representing the Applicant.

18 I will be presenting these cases by
19 affidavit.

20 EXAMINER LOWE: Are there any other
21 appearances?

22 Please proceed.

23 MR. BRUCE: Mr. Examiner, in these cases,
24 there are -- there are three different well units.
25 First off, there is a Bone Spring unit comprised of the

1 west half-southeast of 20, west half-east half of 29 and
2 the west half-east half of 32. So these are
3 two-and-a-half-mile-long laterals. That first one is
4 for the El Campeon South 20-29-32 323H well. And that's
5 Case 20712.

6 And 20713 is the same -- it is the east
7 half-southeast of 20, the east half-east half of 29 and
8 the east half-east half of 32 for a two-and-a-half-mile
9 well unit. This is the 324H well, which is also a Bone
10 Spring well.

11 And then in Case 20714, the well unit is
12 the southeast quarter of 20, the east half of 29 and the
13 east half of 32 to which are dedicated the 403H, 404H,
14 433H, 434H and 515H and 516H wells. Those are all
15 Wolfcamp wells. And that is one of the proximity units
16 because they're going to be encroaching on the interior
17 line of that well unit.

18 There are no depth severances in the Bone
19 Spring and Wolfcamp Formations.

20 Ah. I knew I had messed up somewhere here.
21 They didn't -- there are some land plats involved, but
22 you should have Exhibit 1A, which are all of the C-102s
23 for the wells. I'll have to get the pool codes for you.
24 I do not have those. I received these, again, a couple
25 of hours ago. But it shows the locations that the --

1 surface locations, first and last take points of the
2 wells.

3 EXAMINER LOWE: Okay.

4 MR. BRUCE: Oh, no. They do -- actually,
5 in the landman's affidavit, they do give the pool names
6 and pool codes. Looks like they are wildcat Bone Spring
7 and Wolfcamp pools.

8 EXAMINER LOWE: Okay.

9 MR. BRUCE: Attachment B to the land plat
10 shows -- although there are -- the interests vary a
11 little slightly, but the same personnel is involved.
12 The three parties being pooled are EOG Y Resources, EOG
13 M Resources and EOG A Resources. In each well, all of
14 the percentages vary. And there are no overrides that
15 need to be pooled.

16 Attachment C shows contact with EOG.
17 There's been pretty constant contact for about three or
18 four months. The well proposals are included, along
19 with the AFEs. These are all \$10 million tests for the
20 Bone Spring wells and about \$11-1/2 million for the
21 Wolfcamp wells. They're requesting \$8,000 a month for a
22 drilling well and 800 a month for a producing well and
23 request the cost plus 200 percent risk charge.

24 Exhibit 2 is my Affidavit of Notice, which
25 shows that EOG did receive actual notice of all three

1 applications.

2 Exhibit 3 is the affidavit of the
3 geologist. And there is a locator map, a structure map,
4 an isopach which shows fairly uniform thickness in the
5 3rd Bone Spring. The first affidavit is for the two
6 Bone Spring cases, 712 and 713. And I will get you
7 color copies of these. Just a little while ago --
8 because part of this is Exhibit -- the cross section,
9 which I will get you a color copy of the cross section,
10 did not originally show the test zones of the various
11 wells. I have that, but my computer -- I don't have a
12 color printer. So I will have to get you that.

13 Exhibit 3A is the cross section which shows
14 the test zones --

15 EXAMINER LOWE: Okay.

16 MR. BRUCE: -- for these wells, and I will
17 get that to you.

18 Exhibit 4 is the affidavit of the geologist
19 as to the Wolfcamp, basically the same information,
20 structure map, isopach, cross section. In each of the
21 geologic affidavits, they say that the particular Bone
22 Spring zone or the Wolfcamp is continuous across the
23 well unit and that each quarter-quarter section will
24 contribute more or less equally to production.

25 And with that, I would move the admission

1 of Exhibits 1 through -- 1 through 4, including 1A and
2 3A, and ask that the matters be taken under advisement.

3 EXAMINER DAVID: Counsel, I have a
4 question. I don't see a Notice of Publication. So was
5 it necessary in this case?

6 MR. BRUCE: No. The only parties being
7 pooled were the EOG entities, and they all received
8 actual notice.

9 EXAMINER DAVID: Okay. Thank you.

10 EXAMINER LOWE: Exhibits 1 through 4 will
11 be accepted for these cases.

12 (Titus Oil & Gas, LLC Exhibit Numbers 1
13 through 4 are offered and admitted into
14 evidence.)

15 MR. BRUCE: And I'd ask that the matters be
16 taken under advisement.

17 EXAMINER LOWE: Case Number 20712, Case
18 Number 20713, Case Number 20714 will be taken under
19 advisement.

20 (Case Numbers 20712, 20713 and 20714
21 conclude, 4:49 p.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20 DATED THIS 19th day of August 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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