

**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. _____

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 Bone Spring (Oil) formation (Laguna Salado [96721]) in a standard 320-acre, more or less, horizontal spacing and proration unit (“HSU”) comprised of the E/2 W/2 of Sections 15 and 10, Township 23 South, Range 29 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 2-mile wells in the HSU:
 - 2-mile **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.
 - **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.

3. The completed intervals and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil 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 Bone Spring 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 November 14, 2019, and that, after notice and hearing as required by law, the Division enter an order:

A. Creating a standard 320-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Sections 15 and 10, Township 23 South, Range 29 East, NMPM, in Eddy County, New Mexico;

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

C. Allowing the drilling of the Laguna Salado 15-10 Fed Com 202H well and the Laguna Salado 15-10 Fed Com 302H well.

D. Designating Titus as operator of the HSU and the wells to be drilled thereon;

E. Authorizing Titus to recover its costs of drilling, equipping and completing the wells;

F. 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

G. 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

Sharon T. Shaheen

John F. McIntyre

Post Office Box 2307

Santa Fe, NM 87504-2307

(505) 982-3873

sshaheen@montand.com

jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC