

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:

CASE NOS: 21208-21212

APPLICATION OF TITUS OIL & GAS PRODUCTION LLP
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS

EXAMINER HEARING

JUNE 25, 2020

SANTA FE, NEW MEXICO

This matter came on for virtual hearing before the New Mexico Oil Conservation Division, EXAMINERS FELICIA ORTH, KURT SIMMONS and LEONARD LOWE and on Thursday, June 25, 2020, through 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: Irene Delgado, NMCCR 253
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A P P E A R A N C E S

For the Applicant:

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For Chevron:

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I N D E X

CASES CALLED

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1 HEARING EXAMINER ORTH: Let's move then to the
2 next handful of cases that we referenced a moment ago,
3 21208, 09, 10, 11 and 12. Still Titus Oil & Gas, compulsory
4 pooling application, the well name is Cattlemen.

5 And I trust Mr. McIntyre, you will proceed with
6 these?

7 MR. McINTYRE: Yes, Madam Hearing Examiner. If I
8 could also request for 21203 to 21207, if the exhibits that
9 I had identified be moved into the record.

10 HEARING EXAMINER ORTH: Yes, all of your exhibits
11 are accepted --

12 MR. McINTYRE: Thank you.

13 HEARING EXAMINER ORTH: -- if I didn't say that
14 explicitly. And Ms. Callahan, are you, you are still here
15 for Chevron in the second set of cases, 08 through 012
16 except not 08 or 09.

17 MS. CALLAHAN: That's correct.

18 HEARING EXAMINER ORTH: Okay. Let me pause for a
19 moment to see if there are any other appearances.

20 (No audible response.)

21 HEARING EXAMINER ORTH: No? All right. If you
22 would, please, Mr. McIntyre.

23 MR. McINTYRE: Yes, Madam Hearing Examiner. So
24 the Cattlemen wells are very similar to the development for
25 the Lonesome Dove wells. In fact the wells sit on the same

1 surface locations as the -- and within the corresponding
2 horizontal spacing units, the primary difference being that
3 the Lonesome Dove Wells will be running south to north,
4 while the Cattlemen Wells will be running north to south.

5 And if I could, I will just go through the
6 various spacing units for each application. Again, it
7 includes nine wells overall in the Cattlemen well family.
8 In 21208 the spacing unit will consist of the E/2 SW/4 of
9 Section 17 and E/2 W/2 of Section 20. That will be the same
10 for 21209 as well. 21208 will be one well in the Bone
11 Spring. 21209 consists of two wells in the Wolfcamp.

12 Cases 21210 and 21211 both have a spacing unit
13 consisting of the W/2 SE/4 of Section 17, and W/2 E/2 of
14 Section 20, 21210 comprising of one well in Bone Spring,
15 21211, two wells in the Wolfcamp.

16 And then the final application 21212 the spacing
17 unit will consist of the E/2 SE/4 of Section 17 and the E/2
18 E/2 of Section 20. Again, this will just be three wells
19 being developed under this case and all being in the
20 Wolfcamp, now Bone Spring wells.

21 The exhibits are laid out exactly in the same
22 manner that I have described for the Lonesome Dove wells.
23 And I would also like to note that we have identified a few
24 errors in our exhibits just so that, clerical errors,
25 really, nothing material for both the Lonesome Dove wells

1 and the Cattlemen wells. Some of our exhibits were
2 mislabeled and we included a couple of additional AFEs.

3 So we would like to request to resubmit the
4 exhibit package just correcting the exhibit numbers and
5 deleting the additional AFEs and document included as well,
6 but there will be no material changes in either one of the
7 exhibit packages.

8 HEARING EXAMINER ORTH: When would you propose to
9 resubmit those?

10 MR. McINTYRE: We can do those by the end of the
11 day.

12 HEARING EXAMINER ORTH: All right. Thank you.
13 Let me ask if Ms. Callahan has any questions around matters
14 21210, 11 or 12?

15 MS. CALLAHAN: The only question I have, I guess,
16 I would like confirmation that Titus has no problem with
17 Chevron's proposed language for payments set out in its
18 prehearing statement.

19 MR. McINTYRE: That is -- Titus also agrees in
20 21210, 21211 and 21212 to include the special language.

21 MS. CALLAHAN: Thank you.

22 HEARING EXAMINER ORTH: Ms. Callahan and Mr.
23 McIntyre, let me ask if the Technical Examiners, Mr. Simmons
24 or Mr. Lowe, have questions on the cases related to the
25 Cattlemen Well.

1 TECHNICAL EXAMINER LOWE: This is Leonard. I
2 just wanted to -- can you please re-verbalize what you
3 reference in cases 10, 11 and 12, what exactly (inaudible)
4 just real quick.

5 MR. McINTYRE: As far as the language that we
6 have agreed to with Chevron, is that what you are referring
7 to?

8 TECHNICAL EXAMINER LOWE: Yes.

9 MR. McINTYRE: So Chevron had filed a prehearing
10 statement asking for some special payment language that is
11 very similar if not identical to language that would be
12 included in the joint operating agreement to be included in
13 the order for these wells. We have addressed that in
14 Exhibit A, which is the landman's affidavits for both of
15 these wells, and Ms. Callahan could probably speak better to
16 the reasons for that, but Titus has agreed that, that if the
17 Division sees so fit, for that order or for that language to
18 be included in the orders.

19 TECHNICAL EXAMINER LOWE: Okay. So what did you
20 intend to do or what intends to happen? You're going to
21 amend the exhibits, is that what's going to happen?

22 MR. McINTYRE: No. The only amendments that we
23 are doing is just correcting some labeling, so --

24 TECHNICAL EXAMINER LOWE: Okay.

25 MR. McINTYRE: Yes, sir. So nothing else will be

1 changed.

2 TECHNICAL EXAMINER SIMMONS: This is Mr. Simmons.
3 In looking at your checklist, and I don't see that you used
4 the -- there is a notice on something special language in
5 there, so that would be where you typically include where
6 you get us stipulated language like this for a payment
7 provision would be noted in the checklist, and then it will
8 come in through there and we will have it caught to our
9 attention, because the people sitting in hearings are not
10 always the people who review the package and draft the
11 order.

12 So if you are going to resubmit this package, it
13 might be advisable to just go ahead and include, use the
14 updated version of the checklist that has a place for the
15 stipulated language so that it's not overlooked when the
16 order is drafted and can be included by reference in it.

17 MR. McINTYRE: We can do that if we can get your
18 permission, then we will amend the checklist. That would be
19 a material change, but it has been reflected in the
20 prehearing statement so no one will be prejudiced by doing
21 so.

22 TECHNICAL EXAMINER SIMMONS: Right, right. Okay,
23 I have no further questions. Thank you.

24 HEARING EXAMINER ORTH: Thank you, Mr. Simmons.
25 Thank, you, Mr. McIntyre. So we will accept the exhibits as

1 you make the corrections you have described and include as
2 part of the new exhibit package the language that was
3 already there in the prehearing pleadings that you have
4 agreed to with Ms. Callahan, and the matters will be taken
5 under advisement after that has been submitted.

6 MR. McINTYRE: Thank you Madam Hearing Examiner,
7 and thank you Technical Examiners.

8 HEARING EXAMINER ORTH: Thank you.

9 (Exhibits admitted.)

10 (Taken under advisement.)

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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 proceedings in stenographic shorthand and that the
9 foregoing pages are a true and correct transcript of those
10 proceedings that were reduced to printed form by me to the
11 best of my ability.

12 I FURTHER CERTIFY that I am neither employed by
13 nor related to any of the parties or attorneys in this case
14 and that I have no interest in the final disposition of this
15 case.

16 I FURTHER CERTIFY that the Virtual Proceeding was
17 of fair quality.

18 Dated this 25th day of June 2020.

19

/s/ Irene Delgado

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Irene Delgado, NMCCR 253
License Expires: 12-31-20

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