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

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

Case No. 21252

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

Case No. 21253



## El Campeon Fed Com Wells 322H, 432H, 512H

August 20, 2020

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Tab 1

## **COMPULSORY POOLING APPLICATION CHECKLIST**

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21252	APPLICANT'S RESPONSE			
Date	August 20, 2020			
Applicant	Titus Oil & Gas Production, LLC			
Designated Operator & OGRID (affiliation if applicable)	373986			
	Montgomery & Andrews, P.A. (Sharon Shaheen & John McIntyre)			
Applicant's Counsel:				
Case Title:	Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico			
Entries of Appearance/Intervenors:	None			
Well Family	El Campeon Wells			
Formation/Pool				
Formation Name(s) or Vertical Extent:	Bone Spring Formation			
Primary Product (Oil or Gas):	Oil			
Pooling this vertical extent:	Bone Spring Formation			
Pool Name and Pool Code:	WC-025 G-08 S263412K; Bone Spring [96672]			
Well Location Setback Rules:	Statewide rules			
Spacing Unit Size:	240 acres, more or less			
Spacing Unit				
Type (Horizontal/Vertical)	Horizontal			
Size (Acres)	240 acres, more or less			
Building Blocks:	Quarter-quarter section (40 ac)			
Orientation:	North-South			
Description: TRS/County	E2W2 of Section 29 and E2NW4 of irregular Section 32, 26S-35E, Lea County, NM			
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes			
Other Situations				
Depth Severance: Y/N. If yes, description	No			
Proximity Tracts: If yes, description	No			
Proximity Defining Well: if yes, description	No			
Applicant's Ownership in Each Tract	Tract 1, part a (100%); Tract 1, part b (100%); Tract 2 (25%); Tract 3 (100%); see Ex. A-2			
Well(s)				
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)				

Well #1	El Campeon Fed Com 322H, API No. 30-025-Pending
	SHL: 579' FSL and 2077' FWL, Section 20-T26S-R35E, NMPM BHL: 10' FSL and 1650' FWL, Section 32-T26S-R35E, NMPM
	Completion Target: Third Bone Spring at approx. 12,500 Feet TVD Well Orientation: North to South Completion location expected to be standard
Horizontal Well First and Last Take Points	FTP (~100' FNL and 1650' FWL of Section 29-T26S-R35E); LTP (~100' FSL and 1650' FWL of Section 32-T26S-R35E)
Completion Target (Formation, TVD and MD)	Third Bone Spring - TVD (~12,500'), MD (~20,420')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 19
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 19
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 20
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; see Exhibit A-8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibits A-2, A-3, & A-4
Tract List (including lease numbers and owners)	Exhibits A-2, A-3, & A-4
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled	none
Ownership Depth Severance (including percentage above & below)	none
Joinder	
Sample Copy of Proposal Letter	Exhibit A-7
List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	n/a
Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
Cost Estimate to Equip Well	See AFE at Exhibit A-7
Cost Estimate for Production Facilities	See AFE at Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B-1
Spacing Unit Schematic	Exhibit B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B-1
1	

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HSU Cross Section	Exhibit B-6				
Depth Severance Discussion	n/a; see Exhibit A, ¶ 12				
Forms, Figures and Tables					
C-102	Exhibit A-6				
Tracts	Exhibit A-2				
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2, A-3, & A-4				
General Location Map (including basin)	Exhibit A-1				
Well Bore Location Map	Exhibit B-3				
Structure Contour Map - Subsea Depth	Exhibit B-4				
Cross Section Location Map (including wells)	Exhibit B-2				
Cross Section (including Landing Zone)	Exhibit B-6				
Additional Information					
CERTIFICATION: I hereby certify that the information provided in this checklist is complete and accurate.					
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen				
Signed Name (Attorney or Party Representative):	Sharon of Shakeen				
Date:	8/18/2020				

## **COMPULSORY POOLING APPLICATION CHECKLIST**

### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 21253	APPLICANT'S RESPONSE			
Date	August 20, 2020			
Applicant	Titus Oil & Gas Production, LLC			
Designated Operator & OGRID (affiliation if applicable)	373986			
Applicant's Counsel:	Montgomery & Andrews, P.A. (Sharon Shaheen & John McIntyre)			
Case Title:	Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico			
Entries of Appearance/Intervenors:	None			
Well Family	El Campeon Wells			
Formation/Pool				
Formation Name(s) or Vertical Extent:	Wolfcamp Formation			
Primary Product (Oil or Gas):	Oil			
Pooling this vertical extent:	Wolfcamp Formation			
Pool Name and Pool Code:	WC-025 G-09 S263619C; Wolfcamp [98234]			
Well Location Setback Rules:	Statewide rules			
Spacing Unit Size:	240 acres, more or less			
Spacing Unit				
Type (Horizontal/Vertical)	Horizontal			
Size (Acres)	240 acres, more or less			
Building Blocks:	Quarter-quarter section (40 ac)			
Orientation:	North-South			
Description: TRS/County	E2W2 of Section 29 and E2NW4 of irregular Section 32, 26S-35E, Lea County, NM			
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes			
Other Situations				
Depth Severance: Y/N. If yes, description	No			
Proximity Tracts: If yes, description	No			
Proximity Defining Well: if yes, description	No			
Applicant's Ownership in Each Tract	Tract 1, part a (100%); Tract 1, part b (100%); Tract 2 (25%); Tract 3 (100%); see Ex. A-2			
Well(s)				
Name & API (if assigned), surface and bottom hole location, footages, completion target, orientation, completion status (standard or non-standard)				

Well #1	El Campeon Fed Com 432H, API No. 30-025-Pending
	SHL: 579' FSL and 2137' FWL, Section 20-T26S-R35E, NMPM BHL: 10' FSL and 2308' FWL, Section 32-T26S-R35E, NMPM
	Completion Target: Wolfcamp A at approx 12,760 Feet TVD Well Orientation: North to South
	Completion location expected to be standard
Well #2	El Campeon Fed Com 512H, API No. 30-025-Pending
	SHL: 579' FSL and 2107' FWL, Section 20-T26S-R35E, NMPM BHL: 10' FSL and 1850' FWL, Section 32-T26S-R35E, NMPM
	Completion Target: Wolfcamp B at approx. 13,050 Feet TVD Well Orientation: North to South Completion location expected to be standard
Horizontal Well First and Last Take Points	4221 FTP (24201 FN)
Well #1	432H: FTP (~100' FNL and 2310' FWL of Section 29-T26S-R35E); LTP (~100' FSL and 2308' FWL of Section 32-T26S-R35E)
Well #2	512H: FTP (~100' FNL and 1850' FWL of Section 29-T26S-R35E); LTP (~100' FSL and 1850' FWL of Section 32-T26S-R35E)
Completion Target (Formation, TVD and MD)	
Well #1	432H: Wolfcamp A - TVD (~12,760'), MD (~20,680')
Well #2	512H: Wolfcamp B - TVD (~13,050'), MD (~20,970')
AFE Capex and Operating Costs	
Drilling Supervision/Month \$	\$8000; see Exhibit A, ¶ 19
Production Supervision/Month \$	\$800; see Exhibit A, ¶ 19
Justification for Supervision Costs	Please see AFE at Exhibit A-7
Requested Risk Charge	200%; see Exhibit A, ¶ 20
Notice of Hearing	
Proposed Notice of Hearing	Submitted with online filing of Application
Proof of Mailed Notice of Hearing (20 days before hearing)	Exhibit C; see Exhibit A-8
Proof of Published Notice of Hearing (10 days before hearing)	Exhibit C
Ownership Determination	
Land Ownership Schematic of the Spacing Unit	See Exhibits A-2, A-3, & A-4
Tract List (including lease numbers and owners)	Exhibits A-2, A-3, & A-4
Pooled Parties (including ownership type)	Exhibit A-4
Unlocatable Parties to be Pooled	none
Ownership Depth Severance (including percentage above &	
below)	none
below)  Joinder	none

List of Interest Owners (ie Exhibit A of JOA)	Exhibit A-4
Chronology of Contact with Non-Joined Working Interests	Exhibit A-5
Overhead Rates In Proposal Letter	n/a
Cost Estimate to Drill and Complete	See AFE at Exhibit A-7
Cost Estimate to Equip Well	See AFE at Exhibit A-7
Cost Estimate for Production Facilities	See AFE at Exhibit A-7
Geology	
Summary (including special considerations)	Exhibit B-1
Spacing Unit Schematic	Exhibit B-3
Gunbarrel/Lateral Trajectory Schematic	Exhibit B-7
Well Orientation (with rationale)	Exhibit B-1
Target Formation	Exhibits B-5 & B-6
HSU Cross Section	Exhibit B-6
Depth Severance Discussion	n/a; see Exhibit A, ¶ 12
Forms, Figures and Tables	
C-102	Exhibit A-6
Tracts	Exhibit A-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibits A-2, A-3, & A-4
General Location Map (including basin)	Exhibit A-1
Well Bore Location Map	Exhibit B-3
Structure Contour Map - Subsea Depth	Exhibit B-4
Cross Section Location Map (including wells)	Exhibit B-2
Cross Section (including Landing Zone)	Exhibit B-6
Additional Information	
CERTIFICATION: I hereby certify that the information provi	ided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Sharon T. Shaheen
Signed Name (Attorney or Party Representative):	Sharon of Shakeen
Date:	8/18/2020
	<del>.</del>

Tab 2

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

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

Case No. 21252

### **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 formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. 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 1.5-mile well in the proposed HSU: El Campeon Fed Com 322H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL of Section 32, T26S-R35E.
- 3. The completed interval and first and last take points will 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 May 14, 2020, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico;
  - B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;
  - C. Allowing the drilling of the 1.5 mile El Campeon Fed Com 322H well in the HSU;
  - 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 well;
- 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 well against any interest owner who does not voluntarily participate in the drilling of the well.

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) 986-2678
sshaheen@montand.com
jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

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

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

### **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 Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. 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 1.5-mile wells in the proposed HSU:
    - El Campeon Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2310' FWL of Section 32, T26S-R35E.

- El Campeon Fed Com 512H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1850' FWL of Section 32, T26S-R35E.
- 3. The completed intervals and first and last take points will 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 Wolfcamp 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 May 14, 2020, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico;
  - B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;
- C. Allowing the drilling of the 1.5 mile El Campeon Fed Com 432H and the 1.5-mile El Campeon Fed Com 512H well in the HSU;

- 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) 986-2678
sshaheen@montand.com
jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

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

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

Case No. 21252

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

Case No. 21253

### **AFFIDAVIT OF REED BRUNETTE**

I, being duly sworn on oath, state the following:

- 1. I am over the age of 18 and have the capacity to execute this Affidavit, which is based on my personal knowledge.
- 2. I am employed as a Staff Landman with Titus Oil & Gas Production, LLC ("Titus"), and I am familiar with the subject applications and the lands involved.
- 3. This affidavit is submitted in connection with the filings by Titus of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
- 4. I have not previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My education and work experience are as follows: I graduated from The University of Texas in 2014 with a liberal arts degree in earth science and a certificate in the Energy Management Program. I have been employed by Titus since 2018. Prior to being employed by Titus, I worked for Apache Corporation as a Land Analyst in Texas and Bergman Resources, LLC as a Landman in Texas and New Mexico. I have been working on New Mexico oil and gas matters for approximately 5 years.

**EXHIBIT A** 

1

- 5. The purpose of these applications is to force pool working interest owners and uncommitted mineral interest owners into the horizontal spacing and proration units ("HSU") described below, and in the wells to be drilled in those units.
- 6. No opposition is expected. The interest owners being pooled have been contacted regarding the proposed well, but have failed or refused to voluntarily commit their interests in the wells.
- 7. In Case No. 21252, Titus seeks an order pooling all uncommitted interests in the Bone Spring (Oil) formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, HSU comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. Titus proposes to drill the following well in the HSU: El Campeon Fed Com 322H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL (Unit N) of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL (Lot 3) of Section 32, T26S-R35E. The proposed true vertical depth is approximately 12,500' and the total measured depth is approximately 20,420'. The first take point will be located at approximately 100' FNL and 1650' FWL of Section 29-T26S-R35E, and the last take point will be located at approximately 100' FSL and 1650' FWL of Section 32-T26S-R35E. The completed interval and first and last take points for this well will meet statewide setback requirements for horizontal wells.
- 8. In **Case No. 21253**, Titus seeks an order pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, HSU comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the

E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. Titus proposes to drill the following wells in the HSU:

- El Campeon Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL (Unit N) of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2308' FWL (Lot 3) of Section 32, T26S-R35E. The proposed true vertical depth is approximately 12,760' and the total measured depth is approximately 20,680'. The first take point will be located at approximately 100' FNL and 2310' FWL of Section 29-T26S-R35E, and the last take point will be located at approximately 100' FSL and 2308' FWL of Section 32-T26S-R35E. The completed interval and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.
- El Campeon Fed Com 512H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL (Unit N) of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1850' FWL (Lot 3) of Section 32, T26S-R35E. The proposed true vertical depth is approximately 13,050' and the total measured depth is approximately 20,970'. The first take point will be located at approximately 100' FNL and 1850' FWL of Section 29-T26S-R35E, and the last take point will be located at approximately 100' FSL and 1850' FWL of Section 32-T26S-R35E. The completed interval and first and last take points meet the setback requirements set forth in the statewide rules for horizontal oil wells.
- 9. A general location map, including the basin, is included as **Exhibit A-1**.

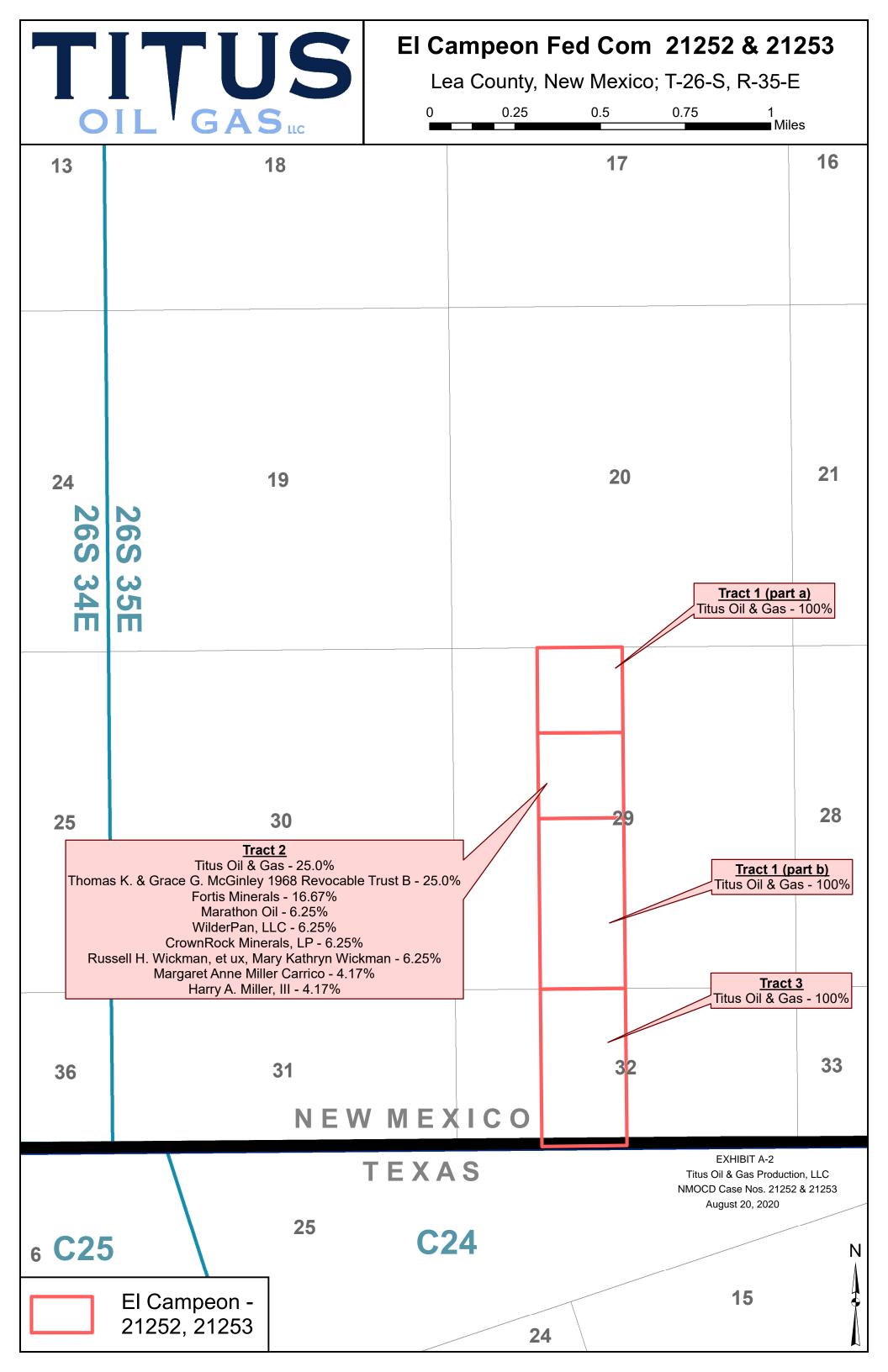
- 10. Maps illustrating the tracts in the proposed HSUs and the ownership of each individual tract can be found in the exhibit package as **Exhibit A-2**.
- 11. **Exhibit A-3** is a list of owners in the HSU, with lease numbers and the location of the wellbores.
- 12. The ownership breakdown of interests and list of parties to be pooled can be found at **Exhibit A-4**. There are no depth severances.
- 13. A chronology of contacts with the non-joined working interest owners is attached as **Exhibit A-5**.
- 14. The locations of the proposed wells within the respective HSUs are depicted in the draft C-102 Forms attached as **Exhibit A-6**. The draft C-102 Forms also indicate the locations of the surface hole, the bottom hole, and the first and last take points.
- 15. I have conducted a diligent search of the public records in Lea County, New Mexico, where the wells will be located, and conducted phone directory and computer searches to obtain contact information for parties entitled to notification. I mailed all parties well proposals, including an Authorization for Expenditure ("AFE") for each well.
- 16. **Exhibit A-7** includes sample copies of the well proposal letters and AFEs for the proposed wells. The estimated costs of the wells set forth in the AFEs are fair, reasonable, and comparable to the costs of other wells of similar depths and lengths drilled in this area of New Mexico.
- 17. Titus has made a good faith effort to obtain voluntary joinder of the working interest owners in the proposed wells.
- 18. **Exhibit A-8** include copies of the notice letters that were sent with the applications to all of the uncommitted interest owners in the proposed HSUs.

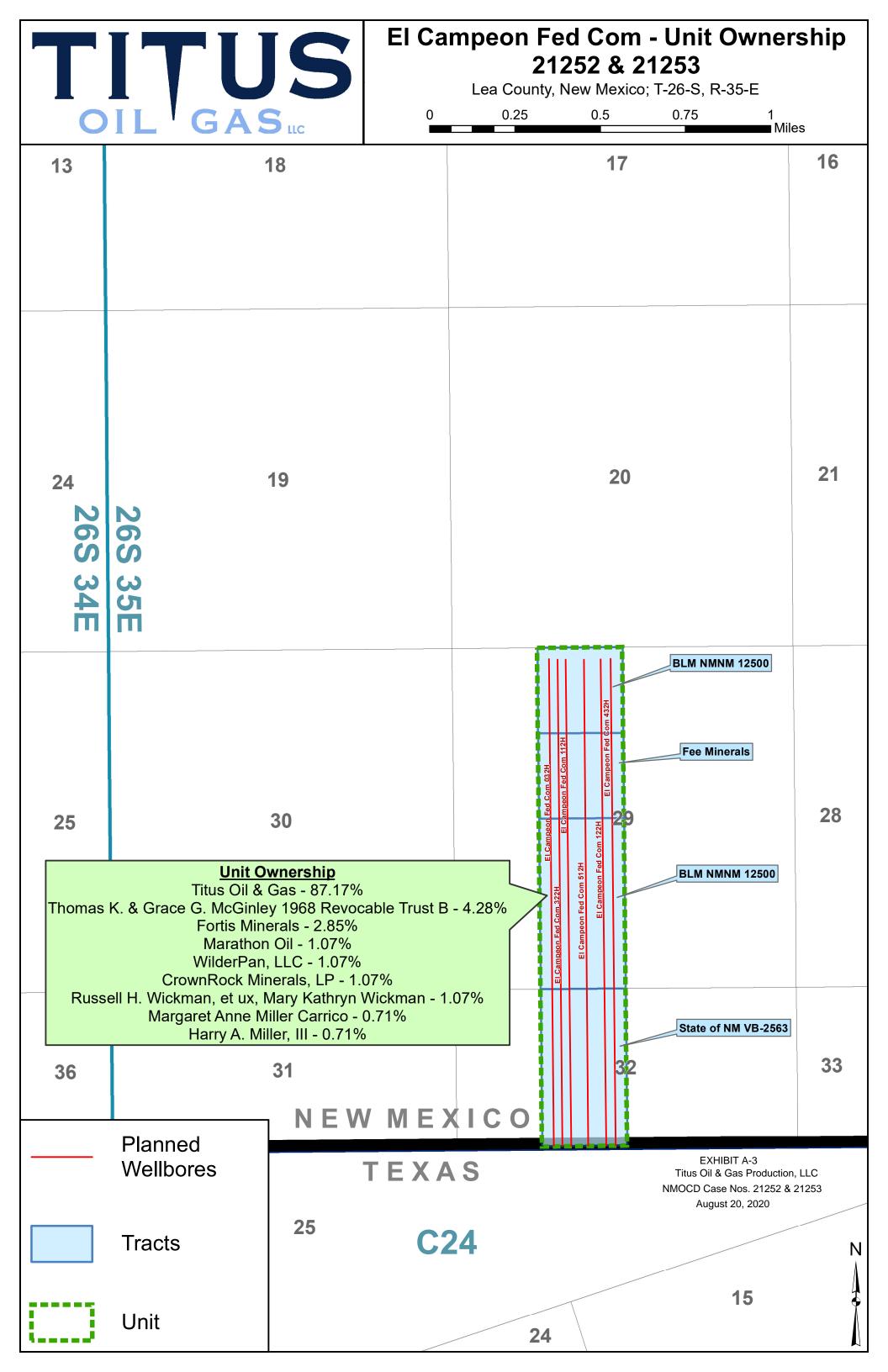
- 19. Titus requests the Division to approve operating charges and costs of supervision while drilling of \$8,000/month and, after completion, \$800/month, together with a provision adjusting the rates pursuant to the COPAS accounting procedures
- 20. Titus requests the maximum cost, plus 200% risk charge, be assessed against non-consenting working interest owners.
  - 21. Titus requests that it be designated operator of the wells.
- 22. The Exhibits to this Affidavit were prepared by me, or compiled from Titus's business records.
- 23. The granting of these Applications is in the interests of conservation, the prevention of waste, and the protection of correlative rights.
  - 24. The foregoing is correct and complete to the best of my knowledge and belief.

FURTHER AFFIANT SAYET	TH NAUGHT
	Reed Brunette
STATE OF TEXAS )	
)	SS
COUNTY OF TARRANT )	
DOLLIE SUE KING Notary ID #11711427 My Commission Expires April 11, 2021	e me this 18th day of August, 2020.  Notary Public
My Commission expires	-11-24.

Tab 4

El Campeon - Delaware Basin Lea County, New Mexico; T-26-S, R-35-E  0 5 10 15 20 Miles									
	IL	GAS	шс		_	5 10	15	20 Miles	
17S 30E	17S 31E	17S 32E	17S 33E	17S 34E	17S 35E	17S 36E	17S 37E	17S 38E 17S 39E	A8 (
18S 30E	18S 31E	18S 32E	18S 33E	18S 34E	18S 35E	18S 36E	18S 37E	N18S 38E 18S 39E	Gaine
19S 30E	19S 31E	19S 32E	19S 33E	19S 34E	19S 35E	19S 36E	Lea County Regional Airport 19S 37E	19S 38E 19S 39E	A10
20\$ 30E	20S 31E	20S 32E	20S 33E	20S 34E	20S 35E	20S 36E	NM8 20S 37E	20S 38E 20S 39E	A28
	21S 30E	21S 31E	21S 32E ^	21S 33E	21S 34E	21S 35E	21S 36E	21S 37E 21S 38E	A29
22\$ 29E	22S 30E James Ranch Unit	22S 31E	22S 32E	22S 33E	22S 34E	22S 35E	22S 36E	22S 37E 22S 38E	A39
23S 29E Remud Basin Unit		23S 31E	23S 32E	23S 33E	23S 34E	23S 35E	23S 36E	NM 23S 37E 23S 38E	A40 Andr
24S 29E  Pecos River / Canyons Complex ACEC	24S 30E	24S-31E	24S 32E	24S-33E	245v34E	24S 35E	24S 36E	24S 37E 24S 38E	A52
25S 29E	Unit 25S 30E	25S 31E	Unit 25\$ 32E	25S 33E El Camp	25S 34E	25S 35E	25S 36E	25S-37E NM 12 25S 38E	A55
26S 29E	26S 30E	26S 31E	26S 32E	26S 33E	26S 34E	26S 35E	26S 36E	26S 37E 26S 38E	A56
Red (off Reserv)	56 T1	55 T1	54 T1	76	C25	C24	C23	77 TX18 B3	
57 T2S	56 T2S	55 T2	54 T2	ving 53 T2		28	TX 302	Winkler	
<b>Ree</b>	ves US 285	2	33	1 TX 302	29	19 20	21	EXHIBIT A-1 us Oil & Gas Production, LECD Case Nos. 21252 & 212 August 20, 2020	e N
	C21			ANK THE		19	Ward	F (X115)	





### **CONTRACT AREA:**

T26S-R35E

Section 29: E/2 W/2

Section 32: E/2 NW/4

Lea County, New Mexico, containing 233.79 acres, more or less.

### **DEPTH RESTRICTIONS:**

All depths.

### **INTEREST OF THE PARTIES:**

Interest Owners	Ownership %
Titus Oil & Gas Production, LLC	87.168%
Thomas K. & Grace G. McGinley 1968 Revocable Trust B	4.277%
Fortis Minerals	2.852%
Marathon Oil	1.069%
WilderPan, LLC	1.069%
CrownRock Minerals, LP	1.069%
Russell H. Wickman, et ux, Mary Kathryn Wickman	1.069%
Margaret Anne Miller Carrico	0.713%
Harry A. Miller, III	0.713%
Total:	100.000%

### OIL AND GAS LEASES SUBJECT TO THIS AGREEMENT:

Lessor: United States of America – USA NMNM 125400

Lessee: Santa Fe Energy Resources, Inc.

Date: December 1, 1996

Description: NE/4 NW/4, E/2 SW/4 of Section 29, T26S, R35E, NMPM

Lea County, NM

Lessor: State of New Mexico VB-2563
Lessee: Reagan Smith Energy Solutions, Inc.

Date: August 1, 2015

Description: E/2 NW/4 of Section 32, T26S, R35E, NMPM

Lea County, NM

Lessor: Various Fee Leases and Unleased Mineral Owners

Lessee: Various Date: Various

Description: SE/4 NW/4 of Section 29, T26S, R35E, NMPM

Lea County, NM

Contact	Туре	Notes	Contact Info
Wilderpan, LLC	Emails and Phone Calls	6/12/2020 - interested in leasing, but could not come to an agreement on lease bonus. Said they intend to speak with other parties in the area. Requested that they advise us if/when they lease to another party.	Dustin Pannell
Crownrock Minerals	Emails and Phone Calls	6/30/2020 - interested in leasing, but they felt that our offer was too low. Said they intend to speak to other parties in the area to attempt to lease their interest. Requested that they advise us if/when they lease to another party.	Tim Wimberly
McGinley Trust B	Emails and Phone Calls	5/7/2020 - Sent offer letter to Bank of America Trustee. They advised that they had received multiple offers and were seeking "best and final" offers. Advised them that our offer would remain as sent.  7/30/2020 - Trustee advised us that they had leased their interest but it was not yet filed of record and they could not send us a copy yet.	Bank of America Trustee
Margaret Carrico and Harry Miller	Emails and Phone Calls	8/12/2020 - these parties are interested in leasing. We are negotiating lease form and final payment, etc.	Margaret Carrico and Harry Miller

District I

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

District II

811 S. First St., Artesia, NM 88210 Phone: (575) 748-1283 Fax: (575) 748-9720

District III

1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

# State of New Mexico Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

1220 South St. Francis Dr Santa Fe, NM 87505 Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 96672	one Spring				
4 Property Code		5 Property Name EL CAMPEON FED COM					
7 OGRID No. 373986		8 Operator Name TITUS OIL & GAS PRODUCTION LLC					

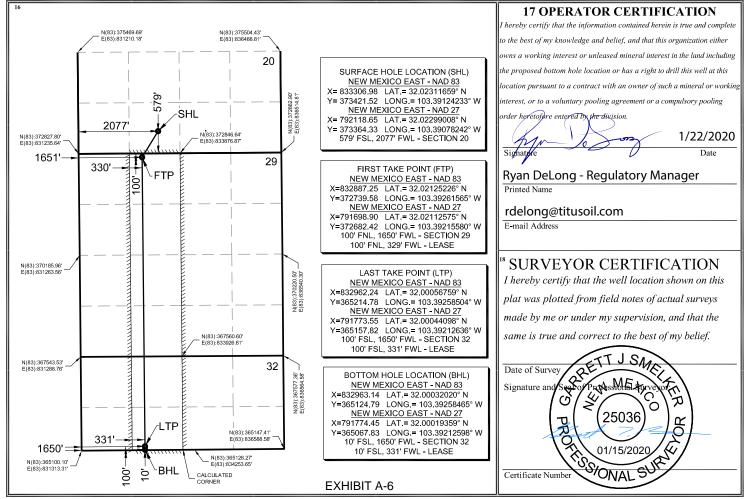
### <sup>10</sup> Surface Location

UL o	or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	N	20	26-S	35-E		579'	SOUTH	2077'	WEST	LEA

### <sup>11</sup> Bottom Hole Location If Different From Surface

					Ottom 1	Tole Eccation	i Different i ic	m Sarrace		
I	UL or lot no.	Section	Townshi	p Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	3	32	26-S	35-E		10'	SOUTH	1650'	WEST	LEA
	12 Dedicated Acres	13 Joint o	or Infill	14 Consolidati	on Code 1	5 Order No.				
	240	Y	7							

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

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1000 Rio Brazos Road, Aztec, NM 87410 Phone: (505) 334-6178 Fax: (505) 334-6170 District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462

## State of New Mexico

### Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number		2 Pool Code 98234	3 Pool Name WC-025 G-09 S263619C; Wolfcamp				
4 Property Code		5 Property Name EL CAMPEON FED COM					
7 OGRID No. 373986		9 Elevation 3174'					

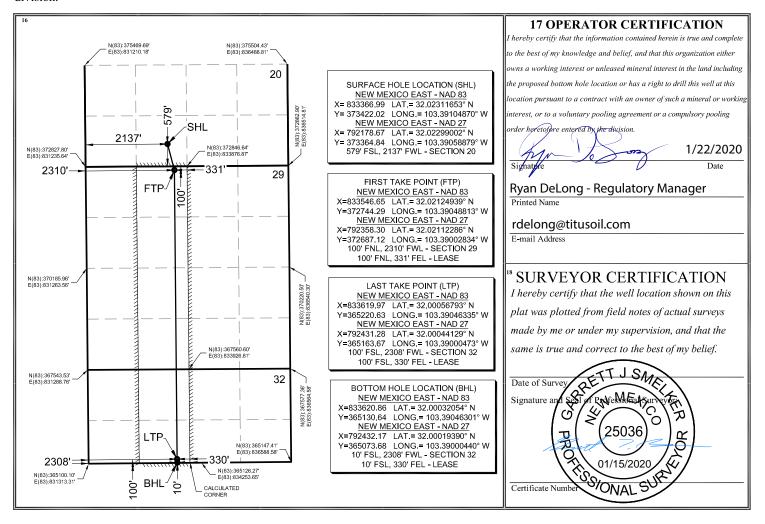
### <sup>10</sup> Surface Location

Г	UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	N	20	26-S	35-E		579'	SOUTH	2137'	WEST	LEA

#### 11 Bottom Hole Location If Different From Surface

				ttom 110	ie Eccation i	i Different i ic	III Surrace		
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	32	26-S	35-E		10'	SOUTH	2308'	WEST	LEA
12 Dedicated Acre	13 Joint o	or Infill 1	4 Consolidation	Code 15 O	rder No.				
240	Y	7							

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



District I

1625 N. French Dr., Hobbs, NM 88240 Phone: (575) 393-6161 Fax: (575) 393-0720

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1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone: (505) 476-3460 Fax: (505) 476-3462 State of New Mexico

Energy, Minerals & Natural Resources Department OIL CONSERVATION DIVISION 1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102 Revised August 1, 2011 Submit one copy to appropriate District Office

☐ AMENDED REPORT

### WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Numbe	1 API Number		3 Pool Name WC-025 G-09 S263619C; Wolfcamp				
4 Property Code		5 Property Name EL CAMPEON FED COM					
7 OGRID No. 373986		8 Operator Name TITUS OIL & GAS PRODUCTION LLC					

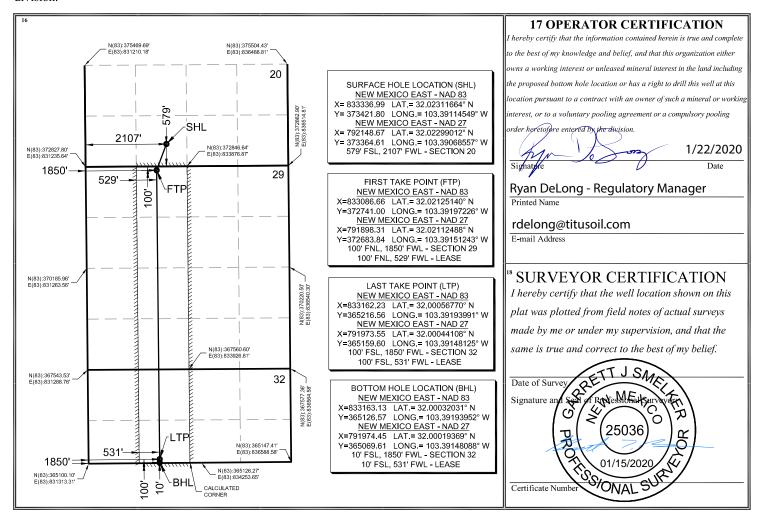
### <sup>10</sup> Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
N	20	26-S	35-E		579'	SOUTH	2107'	WEST	LEA

### <sup>11</sup> Bottom Hole Location If Different From Surface

					Ottom 11	ole Eccation i	i Different i ic	m Sarrace		
I	UL or lot no.	Section	Townshi	p Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	3	32	26-S	35-E		10'	SOUTH	1850'	WEST	LEA
	12 Dedicated Acres	13 Joint o	or Infill	14 Consolidati	on Code 15	Order No.				
	240	Y	7							

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



### Titus Oil & Gas Production, LLC

420 Throckmorton St., Ste. 1150 Fort Worth, Texas 76102

June 3, 2020

USPS WilderPan, LLC PO Box 50088 Midland, TX 79710

RE:

El Campeon Fed Com 512H Well Proposal

T26S-R35E

Lea County, New Mexico

Dear Mineral Interest Owner,

Titus Oil & Gas Production, LLC ("Titus"), as Operator, hereby proposes the drilling of the El Campeon Fed Com 512H ("Subject Well") to an approximate True Vertical Depth of 13,050' and an approximate Total Measured Depth of 20,970' in order to test the Wolfcamp formation. The proration unit will include the E2W2 Section 29 & E2NW4 Section 32, T26S-R35E, Lea County, New Mexico.

The estimated cost of drilling, completing, and equipping the Subject Well is \$7,018,949, as itemized on the enclosed Authorization for Expenditure ("AFE"), dated April 28, 2020. The Subject Well's surface location will be located approximately 579' FSL and 2107' FWL of Section 20, T26S-R35E. The Subject Well's bottom-hole location will be approximately 10' FSL and 1850' FWL of Section 32, T26S-R35E. The Subject Well's first take point will be approximately 100' FNL and 1850' FWL of Section 29, T26S-R35E, and the last take point will be approximately 100' FSL and 1850' FWL of Section 32, T26S-R35E. The proposed location and drilling plans described above are subject to change if surface or subsurface issues are encountered which necessitate a change.

Your mineral interest was previously subject to an existing oil and gas lease and Titus sent well proposals to the leaseholder in January 2020. In the time since those proposals were sent, it appears as though the previous lease no longer covers the tract in the SE4NW4 of Section 29, 26S-35E. Accordingly, we are now sending this proposal for your review. Please note that our AFE has been updated to reflect the reduction in drilling and completion costs after the economic downturn.

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to Titus within 30 days. Titus proposes the drilling of the well under the terms of a modified AAPL Form 610-1989H Operating Agreement ("JOA"), which is available for your review upon request. The proposed JOA will cover all depths of Section 29: E2W2 and Section 32: E2NW4 of T26S-R35E, Lea County, New Mexico. If you would prefer a single well JOA that is also available upon request.

If you do not wish to participate in the drilling of the well, Titus would like to offer the following terms:

- Oil & Gas Lease, 3-year primary term
- 20% Royalty Interest, proportionately reduced
- \$750 per net acre bonus consideration

If an agreement has not been reached within 30 days from the date of this letter, Titus reserves the right to apply to the New Mexico Oil Conservation Division for compulsory pooling.

Should you have any questions, please feel free to contact the undersigned at the contact information outlined below.

Sincerely,

Walter P. Jones (817) 852-6875

Walter & Jones

wjones@titusoil.com

EXHIBIT A-7 Titus Oil & Gas Production, LLC NMOCD Case Nos. 21252 & 21253 August 20, 2020

Please select one of the following and return:		
I/We hereby elect to participate for our proportionate sh		ed AFE
associated with the drilling and completion of the El Campeon Fe	ed Com 512H.	
I/We hereby elect <u>NOT</u> to participate for our proportion associated with the drilling and completion of the El Campeon Fe		enclosed AFE
I/We are interested in selling or leasing our interest, ple	ase contact us to discuss further.	
WilderPan, LLC		
By:		
Printed Name:		
Title:		
Date:		

TI			oil & Gas Pr					D	Prepared by: ate Prepared:		
Well Name	El Campeon Fed Com 512		a riation Eation		experience	MD	/ TVD	20,9			050'
Legal	E2W2 Section 29 & E2W2 Se		32. T26S-R3	5E		-	/ State	Lea	,,,,	NM	
Formation	Wolfcamp B		,			Fiel	A CONTRACTOR OF THE PARTY OF TH	_	alina		
	INTANGIBLE COSTS	T	DRILL		COMPL		PROD	500.	FAC		TOTAL
Land/ Legal/	Regulatory/ Insurance	\$	45,614	\$		\$	-	\$	-	\$	45,614
Location/ Su	rveys/ Damages	\$	187,525	\$	2,170	\$	-	\$	-	\$	189,695
Daywork Cor		\$	612,243	\$	189,928	\$	22,991	\$	-	\$	825,162
Mob / Trucki	ing / Cranes/ Fork Lift	\$	50,682	\$	226,901	\$	6,844	\$	33,065	\$	317,492
Fuel & Powe	r	\$	115,556	\$	2,331	\$	-	\$	-	\$	117,887
Directional D	rilling Services	\$	301,053	\$	-	\$		\$	-	\$	301,053
Bits		\$	98,324	\$		\$	-	\$	-	\$	98,324
Mud & Chen	nicals	\$	202,729	\$	_	\$	-	\$	_	\$	202,729
Water		\$	40,546	\$	226,339	\$	-	\$	_	\$	266,885
Disposal/ Clo	osed Loop/ HES	\$	152,047	\$	12,378		95,994	\$	2	\$	260,419
	equip & services	\$	268,616	\$	-	\$	-	s		\$	268,616
Rental - Surf	The state of the s	\$	126,706	s	193,143	\$	98,821	\$		\$	418,670
Rental - Subs	surface	\$	76,023	s	36,812	0.53	12,656	\$	-	\$	125,491
Company Su		\$	13,988	\$	17,361		-	Ś		\$	31,350
Contract Sup		\$	100,949	\$	62,774	11.00	8,002	\$	-	\$	171,725
Geologic Eva		\$	28,382	\$	27,730		-	\$		\$	56,112
Perf & Wirel		\$	-	\$	108,266		6,844	\$	-	\$	115,110
Contract Lab		S	29,396	\$	11,012		29,542	\$	104,499	\$	174,449
Plugging & A		S	-	Š	-	\$		\$	-	\$	-
Fluid Hauling		5	_	5	20,576		165,717	\$	_	\$	186,293
Services Wel		Š	12,164	\$	32,070		5,264	5	-	\$	49,498
Stimulation		Š	-	\$	909,374		-	Š		\$	909,374
Material Cor	sumables	Ś		\$	307,197			Ś		\$	307,197
Contingency		5		\$	119,278		22,634	\$	6,878	\$	148,790
Total Intang		\$	2,462,543	\$	2,505,640		475,308	\$	144,442	\$	5,587,933
Total Intalig	TANGIBLE COSTS	+	DRILL	Ť	COMPL	Ť	PROD	Ť	FAC	÷	TOTAL
Casing		\$	631,502	\$	-	\$	_	\$	-	\$	631,502
	ping and Accs	\$	-	\$	-	\$	36,851	\$	-	\$	36,851
	Production Tree	s	70,955	s	65,024		6,752	\$	-	\$	142,731
	surface Lift Equipment	\$	-	\$	-	\$	61,067	\$	-	\$	61,067
Packers, Line	and the recognition of the residence of the recognition of the recogni	s		\$	_	\$	-	\$		Ś	
Material Sur		Ś	_	\$	_	\$	8,501	Ś		Ś	8,501
Compressor		s	_	\$		\$	32,200	\$	_	Ś	32,200
Tanks		Ś	-	\$	-	\$		\$	200,134	Ś	200,134
Production \	/essels	Ś	_	\$		Ś		\$	66,711	Ś	66,711
	oning/ Dehydration	Ś	_	\$	_	\$	-	\$	-	Ś	-
Flow Lines	Or many property	Ś	_	\$		\$	-	\$	143,776	Ś	143,776
	ps, Controllers	S		\$		5	_	\$	11,742	100	11,742
Electrical / G		5		\$		5		\$	20,013	Ś	20,013
	oustion/Emission	Š		5		5		\$	15,410	Ś	15,410
Communica		5	_	\$	_	5	_	\$	36,691	Ś	36,691
	T/Instrumentation	5		5	4	\$	-	\$	23,689	Ś	23,689
Total Tangib		\$	702,457	\$	65,024	_	145,370	\$	518,165	\$	1,431,016
	Total DC&E	\$	3,165,000	\$	2,570,664	_	620,678		662,607	\$	7,018,949
				_	artner Approve	_					
Company:		Ву	9						Date:		
									Dute.		

### Titus Oil & Gas Production, LLC

420 Throckmorton St., Ste. 1150 Fort Worth, Texas 76102

June 3, 2020

<u>USPS</u>

WilderPan, LLC PO Box 50088 Midland, TX 79710

RE:

El Campeon Fed Com 432H Well Proposal

T26S-R35E

Lea County, New Mexico

Dear Mineral Interest Owner,

Titus Oil & Gas Production, LLC ("Titus"), as Operator, hereby proposes the drilling of the El Campeon Fed Com 432H ("Subject Well") to an approximate True Vertical Depth of 12,760' and an approximate Total Measured Depth of 20,680' in order to test the Wolfcamp formation. The proration unit will include the E2W2 Section 29 & E2NW4 Section 32, T26S-R35E, Lea County, New Mexico.

The estimated cost of drilling, completing, and equipping the Subject Well is \$6,914,793, as itemized on the enclosed Authorization for Expenditure ("AFE"), dated April 28, 2020. The Subject Well's surface location will be located approximately 579' FSL and 2137' FWL of Section 20, T26S-R35E. The Subject Well's bottom-hole location will be approximately 10' FSL and 2310' FWL of Section 32, T26S-R35E. The Subject Well's first take point will be approximately 100' FNL and 2310' FWL of Section 29, T26S-R35E, and the last take point will be approximately 100' FSL and 2310' FWL of Section 32, T26S-R35E. The proposed location and drilling plans described above are subject to change if surface or subsurface issues are encountered which necessitate a change.

Your mineral interest was previously subject to an existing oil and gas lease and Titus sent well proposals to the leaseholder in January 2020. In the time since those proposals were sent, it appears as though the previous lease no longer covers the tract in the SE4NW4 of Section 29, 26S-35E. Accordingly, we are now sending this proposal for your review. Please note that our AFE has been updated to reflect the reduction in drilling and completion costs after the economic downturn.

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to Titus within 30 days. Titus proposes the drilling of the well under the terms of a modified AAPL Form 610-1989H Operating Agreement ("JOA"), which is available for your review upon request. The proposed JOA will cover all depths of Section 29: E2W2 and Section 32: E2NW4 of T26S-R35E, Lea County, New Mexico. If you would prefer a single well JOA that is also available upon request.

If you do not wish to participate in the drilling of the well, Titus would like to offer the following terms:

- Oil & Gas Lease, 3-year primary term
- 20% Royalty Interest, proportionately reduced
- \$750 per net acre bonus consideration

If an agreement has not been reached within 30 days from the date of this letter, Titus reserves the right to apply to the New Mexico Oil Conservation Division for compulsory pooling.

Should you have any questions, please feel free to contact the undersigned at the contact information outlined below.

Sincerely,

Walter P. Jones (817) 852-6875

Walto & Jones

wjones@titusoil.com

Please select one of the following and return:	
I/We hereby elect to participate for our proportionate share of the costs detailed in the enclose associated with the drilling and completion of the El Campeon Fed Com 432H.	d AFE
I/We hereby elect <u>NOT</u> to participate for our proportionate share of the costs detailed in the enassociated with the drilling and completion of the El Campeon Fed Com 432H.	nclosed AFE
I/We are interested in selling or leasing our interest, please contact us to discuss further.	
WilderPan, LLC	
By:	
Printed Name:	
Title:	
Date:	

	Titus Oil & Gas Production, LLC Proposed Authorization for Expenditure.					10.00	/ TVD	70	ate Prepared:		
Well Name	El Campeon Fed Com 43		22 7266 22			MD / TVD		20,6	980'		760'
egal	E2W2 Section 29 & E2W2 S	ection	32, T26S-R3	5E			/ State	Lea		NM	
ormation	Wolfcamp A			_		Field		Jaba	alina		
204/1221/	INTANGIBLE COSTS		DRILL	ć	COMPL	ć	PROD	_	FAC	_	TOTAL
	Regulatory/ Insurance	\$		\$	-	\$	-	\$	-	\$	44,966
	rveys/ Damages	\$	184,858	\$	2,120	\$	-	\$	-	\$	186,979
Daywork Cor		\$	603,538	\$	185,558	1955	22,991	\$	-	\$	812,087
	ing / Cranes/ Fork Lift	\$	49,962	\$	221,680	\$	6,844	\$	33,065	\$	311,550
uel & Powe		\$	113,913	\$	2,277	\$	-	\$	-	\$	116,190
	Orilling Services	\$	296,773	\$	-	\$	-	\$	-	\$	296,773
Bits		\$	96,926	\$		\$	-	\$	18	\$	96,926
Mud & Chen	nicals	\$	199,847	\$	-	\$	-	\$	-	\$	199,847
Water		\$	39,969	\$	221,130	\$	-	\$	-	\$	261,100
	osed Loop/ HES	\$	149,885	\$	12,093	\$	95,994	\$	-	\$	257,972
Cement/ Csg	g equip & services	\$	264,797	\$	-	\$	-	\$	=	\$	264,797
Rental - Surf	ace	\$	124,904	\$	188,699	\$	98,821	\$	-	\$	412,424
Rental - Subs	surface	\$	74,943	\$	35,965	\$	12,656	\$	-	\$	123,563
Company Su	pervision	\$	13,789	\$	16,962	\$	-	\$	-	\$	30,75
Contract Sup	pervision	\$	99,514	\$	61,329	\$	8,002	\$	-	\$	168,84
Geologic Eva	aluation	\$	27,979	\$	27,092		'≧	\$	2	\$	55,070
Perf & Wirel	ine Services	\$	_	\$	105,775		6,844	\$	-	\$	112,619
Contract Lab	oor	\$	28,978	\$	10,758		29,542	\$	104,499	\$	173,77
	Abandoment	Ś	/	Ś		\$	-	\$	-	\$	
Fluid Hauling		5		Ś	20,103	100	165,717	\$	_	\$	185,820
Services We		Ś	11,991	\$	31,332		5,264	\$	_	\$	48,58
Stimulation		Š	11,551	\$	888,447		3,204	5	_	\$	888,44
Material Cor	nsumables	3		\$	300,128	100		5		\$	300,128
Contingency		۲		\$	116,533		22,634	\$	6,878	\$	146,04
Total Intang		\$	2,427,530	\$	2,447,980		475,308	\$	144,442	\$	5,495,260
Total littalig	TANGIBLE COSTS	Ť	DRILL	Ť	COMPL	Ť	PROD	<u> </u>	FAC	Ť	TOTAL
Casing	771701222 00010	\$	622,523	Ś	-	\$	-	\$	-	\$	622,52
	oing and Accs	Ś	,	5		\$	36,851	\$	_	\$	36,85
	Production Tree	\$	69,946	\$	63,528		6,752	\$		\$	140,220
	surface Lift Equipment	\$	-	\$	00,520	\$	61,067	\$	-	\$	61,06
Packers, Line		\$		\$		\$	01,007	\$		ć	01,00
Material Sur		\$		\$		\$	8,501	ځ		Š	8,50
Compressor		\$		\$		\$	32,200	4		ć	32,20
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Production \	Vossals	۶	-	\$		\$	-	\$	200,134	۶	200,13
		\$	-	\$	-	\$	-	\$	66,711	5	66,71
	oning/ Dehydration	\$	-	\$	-	\$	-	\$	140 770	\$	442 77
Flow Lines	as Castrallas	\$		\$	-	\$		\$	143,776	۶	143,77
The state of the s	nps, Controllers	\$		\$	-	\$	-	\$	11,742		11,74
Electrical / G		\$	•	\$	-	\$	-	\$	20,013	4000	20,01
	oustion/Emission	\$	(*	\$	-	\$	*	\$	15,410		15,41
Communica		\$		\$	+	\$	-	\$	36,691	100	36,69
	T/Instrumentation	\$		\$		\$	-	\$	23,689	_	23,68
Meters/LAC			CO2 470	\$	63,528	\$	145,370	\$	518,165	\$	1,419,53
		\$	692,470	-			1112700 - 2701			_	
Meters/LAC	oles Total DC&E	\$	3,120,000	\$	2,511,508 artner Approve	\$	620,678		662,607	_	6,914,79

### Titus Oil & Gas Production, LLC

420 Throckmorton St., Ste. 1150 Fort Worth, Texas 76102

June 3, 2020

**USPS** 

WilderPan, LLC PO Box 50088 Midland, TX 79710

RE:

El Campeon Fed Com 322H Well Proposal

T26S-R35E

Lea County, New Mexico

Dear Mineral Interest Owner,

Titus Oil & Gas Production, LLC ("Titus"), as Operator, hereby proposes the drilling of the El Campeon Fed Com 322H ("Subject Well") to an approximate True Vertical Depth of 12,500' and an approximate Total Measured Depth of 20,420' in order to test the Wolfcamp formation. The proration unit will include the E2W2 Section 29 & E2NW4 Section 32, T26S-R35E, Lea County, New Mexico.

The estimated cost of drilling, completing, and equipping the Subject Well is \$6,884,793, as itemized on the enclosed Authorization for Expenditure ("AFE"), dated April 28, 2020. The Subject Well's surface location will be located approximately 579' FSL and 2077' FWL of Section 20, T26S-R35E. The Subject Well's bottom-hole location will be approximately 10' FSL and 1650' FWL of Section 32, T26S-R35E. The Subject Well's first take point will be approximately 100' FNL and 1650' FWL of Section 29, T26S-R35E, and the last take point will be approximately 100' FSL and 1650' FWL of Section 32, T26S-R35E. The proposed location and drilling plans described above are subject to change if surface or subsurface issues are encountered which necessitate a change.

Your mineral interest was previously subject to an existing oil and gas lease and Titus sent well proposals to the leaseholder in January 2020. In the time since those proposals were sent, it appears as though the previous lease no longer covers the tract in the SE4NW4 of Section 29, 26S-35E. Accordingly, we are now sending this proposal for your review. Please note that our AFE has been updated to reflect the reduction in drilling and completion costs after the economic downturn.

In the event you elect to participate in the proposed well, please execute the enclosed AFE and return to Titus within 30 days. Titus proposes the drilling of the well under the terms of a modified AAPL Form 610-1989H Operating Agreement ("JOA"), which is available for your review upon request. The proposed JOA will cover all depths of Section 29: E2W2 and Section 32: E2NW4 of T26S-R35E, Lea County, New Mexico. If you would prefer a single well JOA that is also available upon request.

If you do not wish to participate in the drilling of the well, Titus would like to offer the following terms:

- Oil & Gas Lease, 3-year primary term
- 20% Royalty Interest, proportionately reduced
- \$750 per net acre bonus consideration

If an agreement has not been reached within 30 days from the date of this letter, Titus reserves the right to apply to the New Mexico Oil Conservation Division for compulsory pooling.

Should you have any questions, please feel free to contact the undersigned at the contact information outlined below.

Sincerely,

Walter P. Jones (817) 852-6875

Walto & Jones

wjones@titusoil.com

Please select one of the following and return:
I/We hereby elect to participate for our proportionate share of the costs detailed in the enclosed AFE associated with the drilling and completion of the El Campeon Fed Com 322H.
I/We hereby elect NOT to participate for our proportionate share of the costs detailed in the enclosed AF associated with the drilling and completion of the El Campeon Fed Com 322H.
I/We are interested in selling or leasing our interest, please contact us to discuss further.
WilderPan, LLC
By:
Printed Name:
Title:
Date:

TI	TUS		oil & Gas Pr					D	Prepared by: ate Prepared:		
Well Name		Proposed Authorization for Expenditure. El Campeon Fed Com 322H					/ TVD	20,4			500'
Legal	E2W2 Section 29 & E2W2 S		32, T26S-R3	5E		Cty / State		Lea		NM	
Formation	3rd Bone Spring					Field		_	alina		
	INTANGIBLE COSTS		DRILL		COMPL		PROD		FAC		TOTAL
Land/ Legal/	Regulatory/Insurance	\$	44,533	\$	-	\$	-	\$		\$	44,533
	rveys/ Damages	\$	183,081	\$	2,120	\$		\$	-	\$	185,20
Daywork Co		\$	597,734	\$	185,558	\$	22,991	\$		\$	806,28
Mob / Truck	ing / Cranes/ Fork Lift	\$	49,481	\$	221,680	\$	6,844	\$	33,065	\$	311,07
Fuel & Powe		\$	112,817	\$	2,277	\$	-	\$		\$	115,09
Directional D	Orilling Services	\$	293,919	\$	-	\$		Ś		\$	293,91
Bits		\$	95,994	\$		\$		\$	_	\$	95,99
Mud & Chen	nicals	\$	197,925	\$		\$	_	\$		\$	197,92
Water		\$	39,585	\$	221,130	\$		Ś		\$	260,71
	osed Loop/ HES	\$	148,444	\$	12,093	\$	95,994	\$		\$	256,53
0-12-4-11-2-2-14-1	g equip & services	\$	262,251	\$	-	\$	-	\$	_	\$	262,25
Rental - Surf		\$	123,703	\$	188,699	\$	98,821	\$		\$	411,22
Rental - Sub		\$	74,222	\$	35,965	\$	12,656	\$		\$	122,84
Company Su		\$	13,657	\$	16,962	\$	12,030	Š		\$	30,61
Contract Sup		\$	98,557	\$	61,329	\$	8,002	\$		\$	167,88
Geologic Eva		\$	27,710	\$	27,092	\$	0,002	\$		\$	54,80
	line Services	\$	27,710	\$	105,775	\$	6,844	\$		\$	112,61
Contract Lab		\$	28,699	\$	103,773	\$	29,542	\$	104,499	\$	173,49
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Material Cor	nsumables	5	-	\$	888,447	\$	-	5	-	\$	888,44
		\$	-	\$	300,128	\$		\$	- 070	\$	300,12
Contingency		\$	2,404,189	\$	116,533 <b>2,447,980</b>	\$ <b>\$</b>	22,634 <b>475,308</b>	\$	6,878 <b>144,442</b>	\$ <b>\$</b>	146,04
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	oing and Accs	\$	-	\$		\$	36,851	\$	_	\$	36,85
	Production Tree	5	69,274	\$	63,528		6,752	\$		3	139,55
	surface Lift Equipment	\$	03,274	\$	03,320	\$	61,067	\$		\$	61,06
Packers, Line		\$		\$		\$	01,007	\$		ζ.	01,00
Material Sur		3		\$		\$	8,501	Š		ć	8,50
Compressor		5		\$	-	\$	32,200	\$		Š	32,20
Tanks		5		\$		\$	32,200	\$	200,134	Ś	200,13
Production \	2lassa\V	¢	-	\$		\$		\$	66,711	ć	66,71
	oning/ Dehydration	0	-	\$	550	\$		\$	00,711	ç	00,71
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	T/Instrumentation	\$	685,811	\$	63,528	\$	145,370	\$	23,689 <b>518,165</b>	\$	23,68 <b>1,412,87</b>
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	Total DC&E	\$	3,090,000 Non Operati	\$	2,511,508		620,678	\$	662,607	\$	6,884,79
		\$ By:	Non Operati		2,511,508 artner Approva		620,678	\$	662,607	\$	6,884,79



**SHARON T. SHAHEEN** 

Direct: (505) 986-2678

Email: sshaheen@montand.com

www.montand.com

July 31, 2020

Via U.S. Certified Mail, return receipt requested

#### TO: ALL INTEREST OWNERS ON ATTACHED LIST

Re: Case Nos. 21252 and 21253 – Applications of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico

#### Dear Interest Owner:

This will advise that pursuant to NMSA 1978, § 70-2-17, Titus Oil & Gas Production, LLC ("Titus") has filed two applications with the New Mexico Oil Conservation Division for orders pooling all uncommitted interests in the proposed wells described below. You are receiving this notice because you may have an interest in one or more of these wells.

Case No. 21252: In this case, Titus seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following well: El Campeon Fed Com 322H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL of Section 32, T26S-R35E. The completed interval and first and last take points for this well 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 Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 14 miles southwest of Jal, New Mexico.

Case No. 21253: In this case, Titus seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea

**REPLY TO:** 

325 Paseo de Peralta Santa Fe, New Mexico 87501 Telephone (505) 982-3873 • Fax (505) 982-4289 EXHIBIT A-8 Titus Oil & Gas Production, LLC NMOCD Case Nos. 21252 & 21253 August 20, 2020 All Interest Owners July 31, 2020 Page 2

County, New Mexico. Applicant proposes to drill the following wells: (1) El Campeon Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2310' FWL of Section 32, T26S-R35E, and (2) El Campeon Fed Com 512H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1850' FWL of Section 32, T26S-R35E. 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 wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 14 miles southwest of Jal. New Mexico.

The attached Applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on August 20, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may be affected, you may appear and present testimony.

Failure to appear at that time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance by August 12, 2020, and serve the Division, counsel for the Applicant, and other parties with a pre-hearing statement by August 13, 2020, in accordance with Division Rule 19.15.4.13 NMAC.

Please feel free to contact me if you have any questions about this Application.

Very truly yours,

/s/ Sharon T. Shaheen

Sharon T. Shaheen

STS/It Enclosures

Titus Oil & Gas Production, LLC, via email CC:

#### **EXHIBIT A**

#### INTEREST OWNERS

#### **Working Interest Owners:**

Marathon Oil Co. 5555 San Felipe Street Houston, TX 77056-2723

#### **Overriding Royalty Interest Owners:**

C. Mark Wheeler and wife, J'Lynn Wheeler 719 W. Kansas Avenue Midland, TX 79701

Paul R. Barwis c/o Dutton, Harris & Co. P.O. Box 230 Midland, TX 79702

Sandra Mary Borden 8530 Mill Run Road Athens. TX 75751

#### **Unleased Mineral Owners:**

WilderPan, LLC P.O. Box 50088 Midland, TX 79710

Fortis Minerals 1111 Bagby Street Suite 2150 Houston, TX 77002

Thomas K. and Grace G. McGinley 1968 Revocable Trust B, Bank of America, N.A., Trustee P.O. Box 830308 Dallas, TX 75283 Penwell Employee Royalty Pool 310 W. Wall Street – Suite 1001 Midland, TX 79701

Jareed Partners, Ltd. P.O. Box 51451 Midland, TX 79710

John Kyle Thoma, Trustee P.O. Box 558 Peyton, CO 80831

CrownRock Minerals, LP P.O. Box 53310 Midland, TX 79710

Margaret Anne Miller Carrico c/o Plains Capital Bank 2705 Bee Caves Road – Suite 120 Austin, TX 78746

Russell H. Wickman, et ux, Mary Kathryn Wickman 2505 Princeton Midland, TX 79701 Harry A. Miller III, individually and as independent Executor of the Estate of Harry A. Miller, Jr. 1402 Foxwood Cove Austin, TX 78704

## Additional Party(ies):

Bureau of Land Management 625 E. Greene Street Carlsbad, NM 88220-6292 State Land Office 310 Old Santa Fe Trail Santa Fe, NM 87501

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

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

Case No. 21252

#### **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 formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. 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 1.5-mile well in the proposed HSU: El Campeon Fed Com 322H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL of Section 32, T26S-R35E.
- 3. The completed interval and first and last take points will 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 May 14, 2020, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico;
  - B. Pooling all mineral interests in the Bone Spring formation underlying the HSU;
  - C. Allowing the drilling of the 1.5 mile El Campeon Fed Com 322H well in the HSU;
  - 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 well;
- 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 well against any interest owner who does not voluntarily participate in the drilling of the well.

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) 986-2678
sshaheen@montand.com
jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

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

APPLICATION OF TITUS OIL & GAS PRODUCTION, LLC FOR COMPULSORY POOLING, LEA 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 Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Section 32 is an irregular section in which the south line of the E/2 NW/4 is the New Mexico-Texas border. 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 1.5-mile wells in the proposed HSU:
    - El Campeon Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2310' FWL of Section 32, T26S-R35E.

- El Campeon Fed Com 512H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1850' FWL of Section 32, T26S-R35E.
- 3. The completed intervals and first and last take points will 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 Wolfcamp 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 May 14, 2020, and that, after notice and hearing as required by law, the Division enter an order:

- A. Creating a standard 240-acre, more or less, horizontal spacing and proration unit comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico;
  - B. Pooling all mineral interests in the Wolfcamp formation underlying the HSU;
- C. Allowing the drilling of the 1.5 mile El Campeon Fed Com 432H and the 1.5-mile El Campeon Fed Com 512H well in the HSU;

- 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) 986-2678
sshaheen@montand.com
jmcintyre@montand.com

Attorneys for Titus Oil & Gas Production, LLC

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

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

Case No. 21252

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

Case No. 21253

#### **AFFIDAVIT OF ALLEN FRIERSON**

I, being duly sworn on oath, state the following:

- 1. I am over the age of 18 and have the capacity to execute this Affidavit, which is based on my personal knowledge.
- 2. I am a petroleum geologist employed as the Geology Manager for Titus Oil & Gas Production, LLC ("Titus") and familiar with the subject application and geology involved.
- 3. This affidavit is submitted in connection with the filings by Titus of the above-referenced compulsory pooling applications pursuant to 19.15.4.12.A(1) NMAC.
- 4. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology matters. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record. My education and work experience are as follows: I graduated from Washington & Lee University with a bachelor of science degree in geology. I received a master of science degree in geology from the Colorado School of Mines and a master of business administration degree from the University of Oklahoma. I have been employed at Titus as a petroleum geologist since 2017 to the present. Prior to working at Titus, I was with Devon Energy from 2013 to 2017. I have been working on New Mexico oil and gas matters for approximately five years.

**EXHIBIT B** 

- 5. **Exhibits B-1**, provided for each above-referenced application, are geological summaries for the proposed horizontal spacing units ("HSU") and related wells. *See* Table of Contents ("TOC") for the exhibit package.
  - 6. **Exhibits B-2** are locator maps with the cross-sections indicated. *See* TOC.
- 7. **Exhibits B-3** include the spacing unit schematics for each of the above-referenced applications, which illustrate the location of each HSU for each corresponding application outlined by a red-hashed polygon; the approximate location(s) of the proposed well(s); and the wells in the two-well cross-section referenced in the stratigraphic cross-section exhibits (Exhibits B-6). *See* TOC.
- 8. **Exhibits B-4**, provided for each application, are structure maps. The red-hashed polygon in each structure map indicates the proposed HSU for each corresponding application. The contour intervals of the structure maps are 50' contour intervals and are green lines on the map with depth labels. Data control points are posted in pink. I do not observe any faulting, pinchouts, or other geologic impediments or hazards to developing these targeted intervals with horizontal wells. *See* TOC.
- 9. **Exhibits B-5**, provided for each application, are isopach maps, which are formatted similarly to the structure maps (Exhibits B-4). Contour intervals are 10' on these maps. *See* TOC.
- 10. In Case No. 21252, which proposes the Bone Spring El Campeon Fed Com 322H ("322H"), **Exhibit B-5** indicates that these wells are placed in a zone that is consistently greater than 350' thick for the entirety of the lateral.
- 11. In Case No. 21253, which proposes the Wolfcamp A El Campeon Fed Com 432H ("432H"), **Exhibit B-5** for the 432H indicates that these wells are placed in a zone that is consistently greater than 310' thick for the entirety of the lateral.

- 12. Also in Case No. 21253, which proposes the Wolfcamp B El Campeon Fed Com 512H ("512H"), **Exhibit B-5** for the 512H indicates that these wells are placed in a zone that is consistently greater than 300'-thick for the entirety of the lateral.
- 13. **Exhibits B-5** further support that there are no interpreted faults, pinch-outs, or other geologic impediments or hazards to developing these targeted intervals with horizontal wells.
- 14. **Exhibits B-6**, provided for each application, are stratigraphic cross-sections portraying a triple combo log. In each **Exhibit B-6**, Track 1 is the gamma ray log, which is scaled from 0 to 150 api units. Track 2 consists of neutron (blue) and density (red) porosity logs scaled from 40% to -10%. The green shading on the density porosity log is greater than 6%. Track 3 is the deep resistivity log from 0.2 ohmm to 2000 ohmm. The red shading on the curve is greater than 20 ohmm. A combination of these logs was used to determine "pay" and select the landing zone for each well. The cross-sections identify the key tops used to evaluate reservoirs and landing targets for the proposed wells. Simplified wellbores are on the cross-sections showing the landing target intervals in the Northwest to Southeast stratigraphic cross-sections. *See* TOC.
- 15. **Exhibits B-7,** included for each application, contain gunbarrel diagrams depicting each well. These show the approximate landing zones in reference to the type logs for the area, and the associated spacing of the wellbores within the quarter-section width HSUs. *See* TOC.
- 16. The measured depths and true vertical depths for each well are approximately as follows:

	MD	TVD	CASE NO.
322H	20,420'	12,500'	21252
432H	20,680'	12,760'	21253
512H	20,970'	13,050'	21253

- 17. In Case No. 21252, which proposes the 322H, the true vertical depth of the target formation is approximately 12,137' (Top of the 3rd Bone Spring) to approximately 12,515' (Base of the 3rd Bone Spring) based on the Beckham 19 1 (API: 30025370) type log.
- 18. In Case No. 21253, the true vertical depth of the target formation for the 432H is approximately 12,645' (Top of the Wolfcamp A) to approximately 12,959' (Base of the Wolfcamp A) based on the Beckham 19 1 (API: 30025370) type log; and the true vertical depth of the target formation for the 512H is approximately 12,959' (Top of the Wolfcamp B) to approximately 13,337' (Base of the Wolfcamp B) based on the Beckham 19 1 (API: 30025370) type log.
  - 19. Based on my geologic study of the area, I conclude the following:
    - a. The horizontal spacing and proration units are justified from a geologic standpoint.
    - b. There are no structural impediments or faulting that will interfere with horizontal development.
    - c. Each quarter-quarter section in the units will contribute more or less equally to production.
    - d. The preferred well orientation in this area is north-south. This is because the inferred orientation of the maximum horizontal stress is roughly east-west.
- 20. The Exhibits to this Affidavit were prepared by me, or compiled from Titus's business records.
- 21. The granting of this Application is in the interests of conservation and the prevention of waste.
  - 22. The foregoing is correct and complete to the best of my knowledge and belief.

### FURTHER AFFIANT SAYETH NAUGHT

	Allah I	
	Allen Frierson	
STATE OF TEXAS	)	
	)ss	
COUNTY OF TARRANT		
Subscribed to and sworn bef	Fore me this 18th day of August, 2020.	
	$\bigcirc$ $\bigcirc$ $\bigcirc$ $\bigcirc$ $\bigcirc$	

REED BRUNETTE Notary Public, State of Texas Comm. Expires 11-15-2022 Notary ID 131798223

My Commission expires 11/15/2022

Bone Spring Pooling
E2 W2
CASE NO. 21252



# Summary

## Bone Spring Pooling – Lea County, New Mexico

Titus Oil & Gas Production, LLC ("Titus") seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following well: **El Campeon Fed Com 322H** well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL of Section 32, T26S-R35E. The completed interval and first and last take points for this well will meet statewide setback requirements for horizontal wells.. The well will target the 3<sup>rd</sup> Bone Spring at an approximate True Vertical Depth of 12,500'.

The well will be drilled from north-to-south for a couple of reasons. Published literature related to the maximum horizontal stress in this part of the Delaware Basin supports a near east-to-west orientation; thus, preferred drilling orientation is orthogonal to this in order to complete a more successful stimulation. Also, this aligns with the remainder of Titus' planned development in the adjoining tracts, and therefore, doesn't strand any acreage or reserves.

No depth severances apply.

See attached exhibits for spacing unit schematic, gunbarrel/lateral trajectory schematic, and horizontal spacing unit cross-section.

EXHIBIT B-1 Titus Oil & Gas Production, LLC NMOCD Case No. 21252 August 20, 2020



# Locator Map

## With Cross-Section



Pooling outline



Cross-Section line

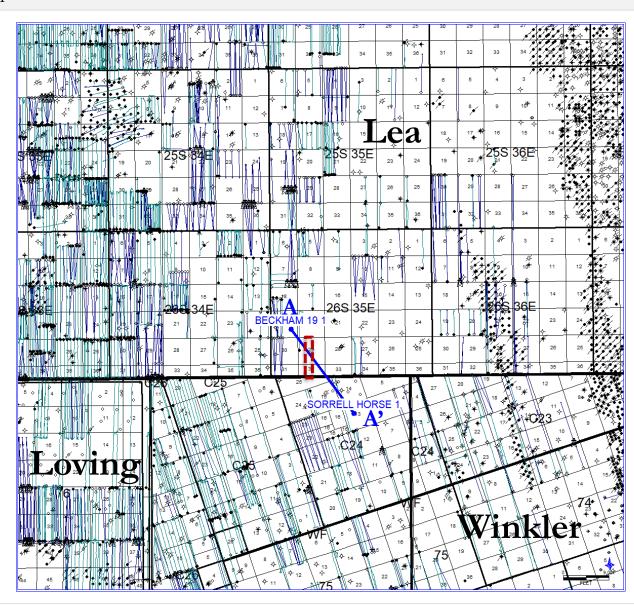


EXHIBIT B-2 Titus Oil & Gas Production, LLC NMOCD Case No. 21252 August 20, 2020



# Spacing Unit Schematic

## With Approximate Well Location



Pooling outline



Cross-Section line

El Campeon Fed
Com 322H
Wellbore

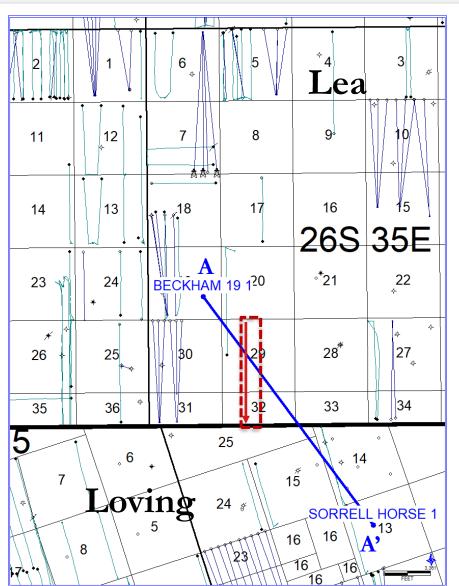


EXHIBIT B-3 Titus Oil & Gas Production, LLC NMOCD Case No. 21252 August 20, 2020

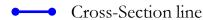


# 3<sup>rd</sup> Bone Spring Sand Structure Map

Contour Interval: 50 ft. Subsea Depth



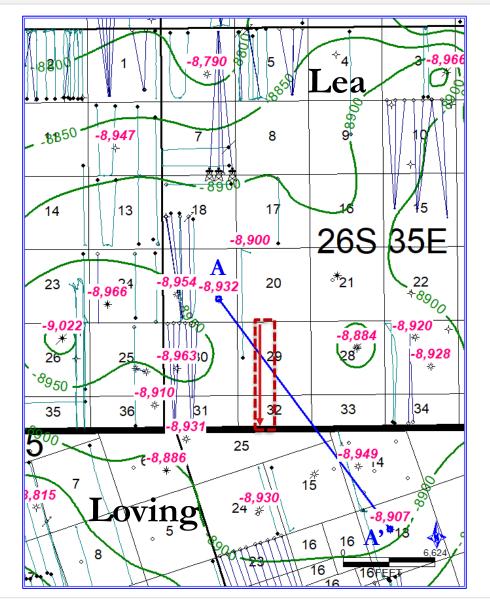
Pooling outline

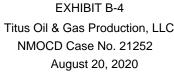


El Campeon Fed
Com 322H
Wellbore

3<sup>rd</sup> Bone Spring Sand structure contours

**.8,900** Control points







# 3<sup>rd</sup> Bone Spring Sand Isopach Map

## Contour Interval: 10 ft.



Pooling outline



Cross-Section line

El Campeon Fed
Com 322H

Wellbore

3<sup>rd</sup> Bone Spring Sand isopach contours

**300** Control points

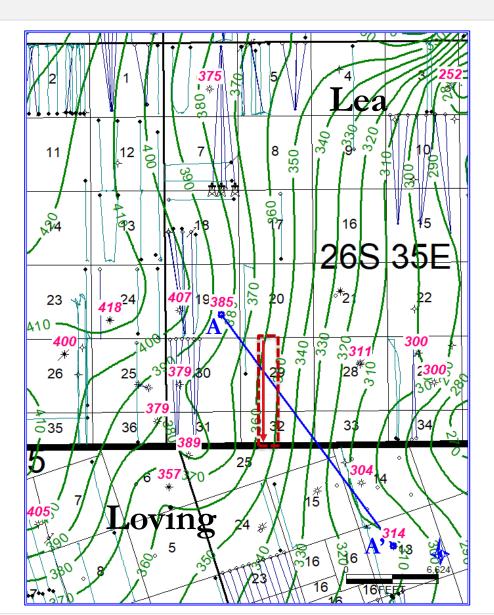


EXHIBIT B-5
Titus Oil & Gas Production, LLC
NMOCD Case No. 21252
August 20, 2020



## **HSU Cross-Section**

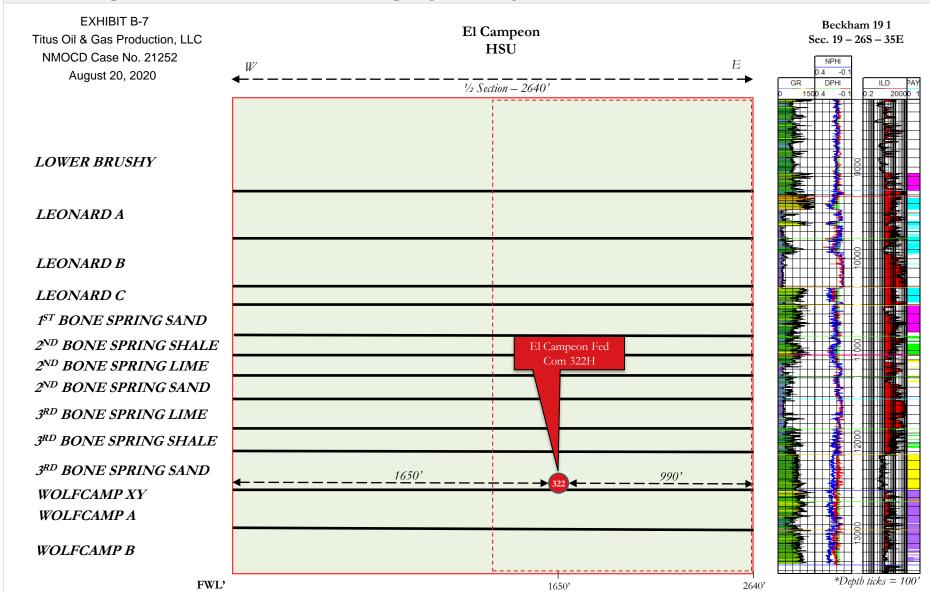
Petrophysical Logs Support 3<sup>rd</sup> Bone Spring Sand Target / Landing Zone BC24 S13 42301303570000 SORRELL HORSE 1 A' A PHI RHO Formation Top Key: 3BSSS – 3<sup>rd</sup> Bone Spring Sandstone WFMP – Wolfcamp WFMP\_100 - Wolfcamp A WFMP\_200 - Wolfcamp B 3BSSS [ANF] 3BSSS [ANF] El Campeon Fed Com 322H **Target** WFMP [ANF] WFMP [ANF] (3rd Bone Spring Sand) WFMP\_100 [ANF] WFMP 100 [ANF] **EXHIBIT B-6** Titus Oil & Gas Production, LLC NMOCD Case No. 21252 August 20, 2020 WFMP\_200 [ANF]



WFMP 200 [ANF]

# Titus' El Campeon Horizontal Spacing Unit Gunbarrel

El Campeon Fed Com 322H – 3<sup>rd</sup> Bone Spring Sand target





Tab 7

Wolfcamp Pooling
E2 W2
CASE NO. 21253



# Summary

## Wolfcamp Pooling - Lea County, New Mexico

Titus Oil & Gas Production, LLC ("Titus") seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) **El Campeon Fed Com 432H** well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2310' FWL of Section 32, T26S-R35E, and (2) **El Campeon Fed Com 512H** well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 1850' FWL of Section 32, T26S-R35E. The completed intervals and first and last take points for these wells will meet statewide setback requirements for horizontal wells. The **El Campeon Fed Com 432H** will target the Wolfcamp A Shale at an approximate True Vertical Depth of 12,760'. The **El Campeon Fed Com 512H** will target the Wolfcamp B Shale at an approximate True Vertical Depth of 13,050'.

The well will be drilled from north-to-south for a couple of reasons. Published literature related to the maximum horizontal stress in this part of the Delaware Basin supports a near east-to-west orientation; thus, preferred drilling orientation is orthogonal to this in order to complete a more successful stimulation. Also, this aligns with the remainder of Titus' planned development in the adjoining tracts, and therefore, doesn't strand any acreage or reserves.

No depth severances apply.

See attached exhibits for spacing unit schematic, gunbarrel/lateral trajectory schematic, and horizontal spacing unit cross-section.



Titus Oil & Gas Production, LLC NMOCD Case No. 21253

August 20, 2020

# Locator Map

## With Cross-Section



Pooling outline

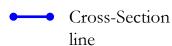
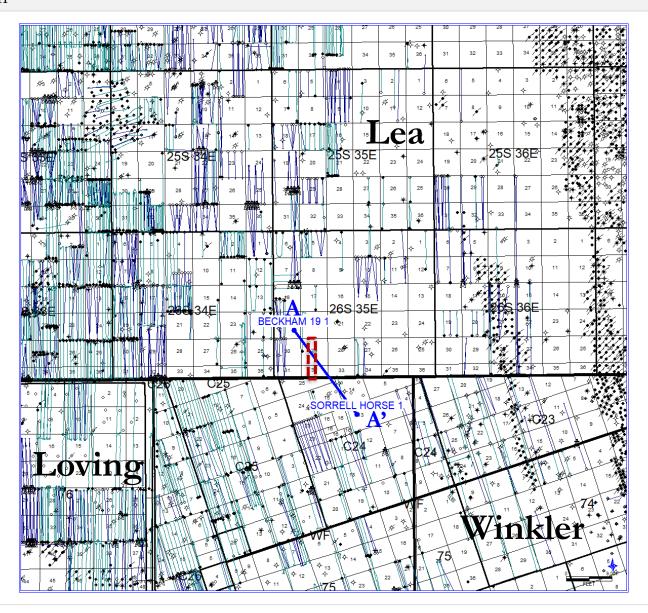


EXHIBIT B-2
Titus Oil & Gas Production, LLC
NMOCD Case No. 21253
August 20, 2020





# Spacing Unit Schematic

## With Approximate Well Location



Pooling outline



Cross-Section line

El Campeon Fed Com 432H

Wellbore

El Campeon Fed
Com 512H
Wellbore

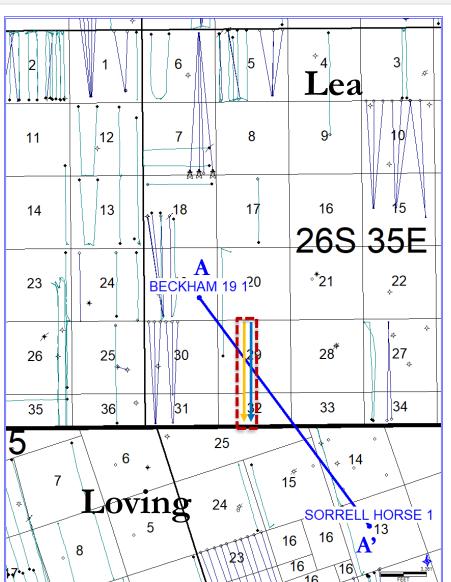


EXHIBIT B-3
Titus Oil & Gas Production, LLC
NMOCD Case No. 21253
August 20, 2020



# Wolfcamp Structure Map

## Contour Interval: 50 ft. Subsea Depth



Pooling outline

- Cross-Section line
- El Campeon Fed
  Com 432H
  Wellbore
- El Campeon Fed
  Com 512H
  Wellbore
- Wolfcamp structure contours
- -9,316 Control points

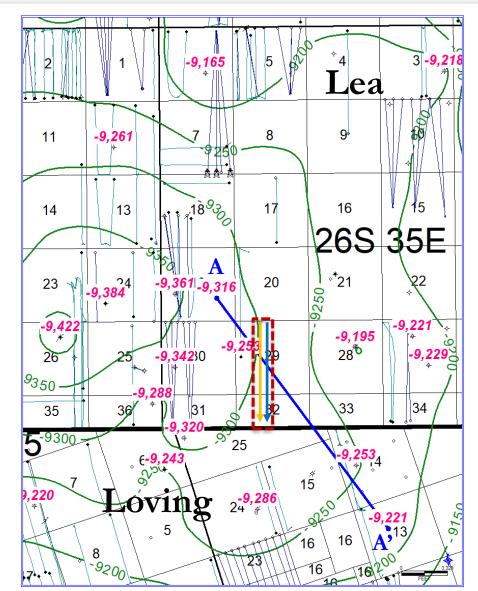


EXHIBIT B-4
Titus Oil & Gas Production, LLC
NMOCD Case No. 21253
August 20, 2020



# Wolfcamp A Isopach Map

### Contour Interval: 10 ft.



Pooling outline



Cross-Section line

El Campeon Fed

Com 432H Wellbore

Wolfcamp isopach contours

**300** Control points

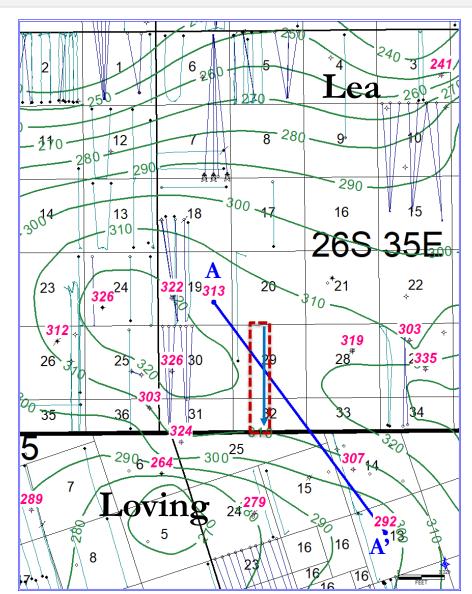


EXHIBIT B-5
Titus Oil & Gas Production, LLC
NMOCD Case No. 21253
August 20, 2020



# Wolfcamp B Isopach Map

### Contour Interval: 10 ft.



Pooling outline



Cross-Section line

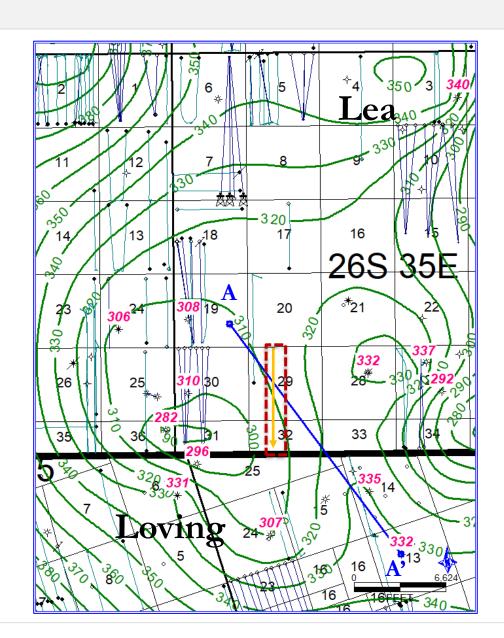
El Cor

El Campeon Fed Com 512H Wellbore

 $\sim$ 

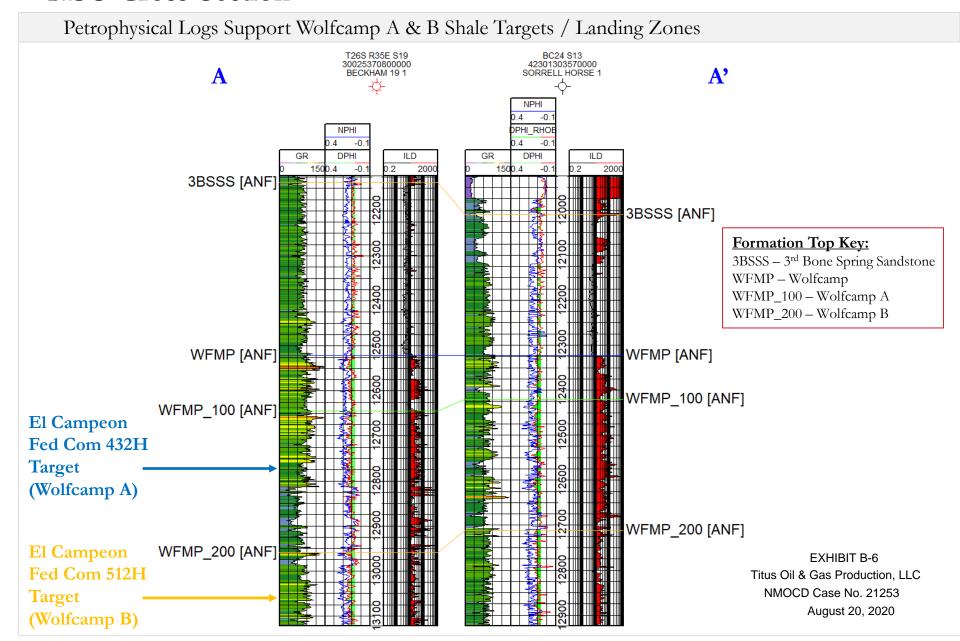
Wolfcamp isopach contours

**300** Control points





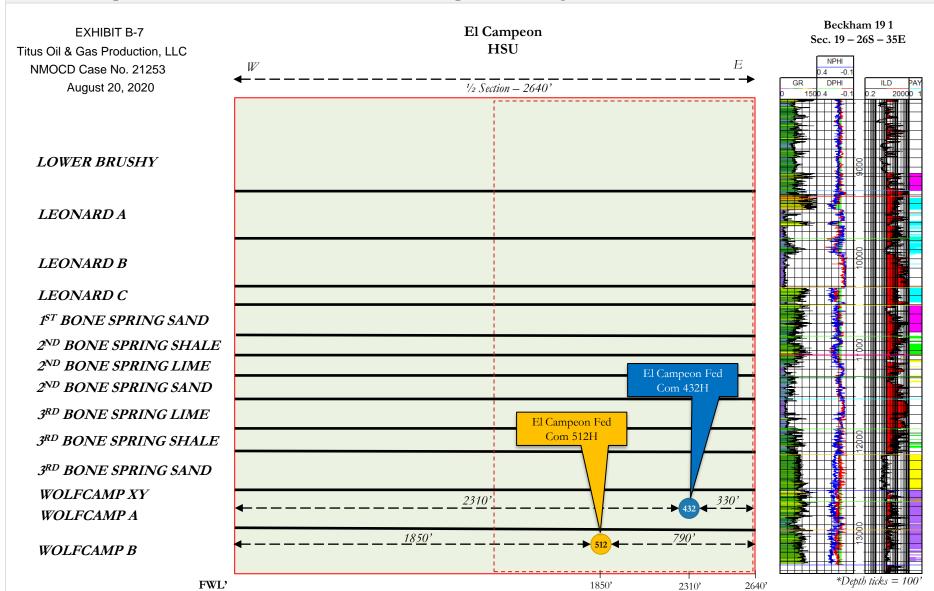
## **HSU Cross-Section**





# Titus' El Campeon Horizontal Spacing Unit Gunbarrel

El Campeon Fed Com 432H & 512H – Wolfcamp A & B Targets





Tab 8

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

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

Case No. 21252

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

Case No. 21253

### **AFFIDAVIT OF NOTICE**

STATE OF NEW MEXICO	)
	) ss.
COUNTY OF SANTA FE	)

- I, Sharon T. Shaheen, attorney for TITUS OIL & GAS PRODUCTION, LLC, ("Titus"), the Applicant in the above-captioned matter, being first duly sworn, upon oath and state the following:
- 2. I caused notice of the application to be sent by certified mail through the United States Postal Service ("USPS") on July 31, 2020, to all uncommitted interest owners sought to be pooled in this proceeding. Evidence of mailing to all parties and proof of receipt to all of the parties is attached hereto as Exhibit A. In an abundance of caution, notice was directed to all owners to whom notice was mailed by publication in the Hobbs News-Sun on August 6, 2020, which is reflected in the Affidavit of Publication attached hereto as Exhibit B. Exhibit B demonstrates to my satisfaction that those owners who did not receive personal notice through the certified mailing were properly served by publication.
- 3. Titus has conducted a good faith, diligent effort to find the names and correct addresses for the interest owners entitled to receive notice of the Application filed herein.

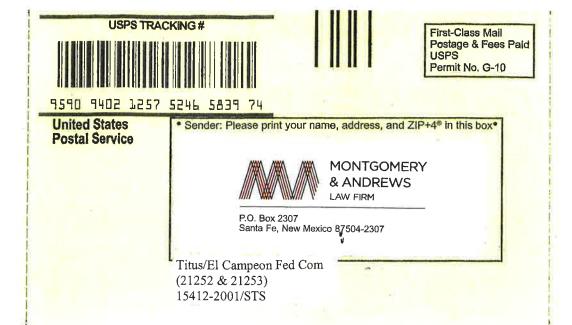
**EXHIBIT C** 

SUBSCRIBED AND SWORN to before me this 18th day of August, 2020.

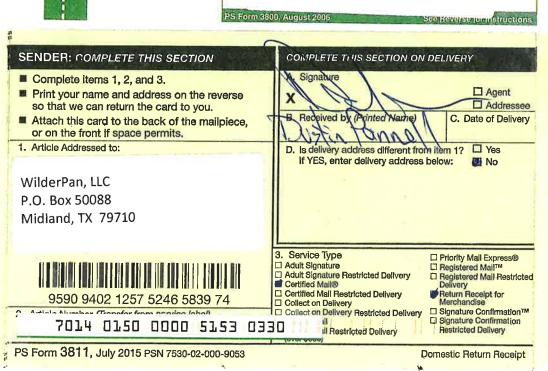
My Commission Expires:

04-30-2022

Certified/RRR Mailings - Cards Returned









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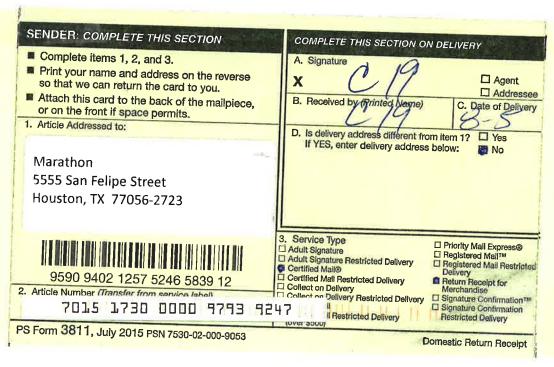
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- 1. Article Addressed to:

Paul R. Barwis c/o Dutton, Harris & Co. P.O. Box 230 Midland, TX 79702



2. Article Number (Transfer from service label)

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C. Date of Delivery

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  ☐ Collect on Delivery Restricted Delivery

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- Restricted Delivery

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Complete items 1 2 and 3	A. Signature
<ul> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> </ul>	X Agent
Attach this card to the back of the mailpiece, or on the front if space permits.	B. Received by (Printed Name) C. Date of Delivery
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Titus/El Campeon Fed Com (21252 & 21253) 15412-2001/STS



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#### PS Form 3800, April 2015 PSN 7530-02-000-9047 **SENDER: COMPLETE THIS SECTION** COMPLETE THIS SECTION ON DELIVERY Complete items 1, 2, and 3. Agent Print your name and address on the reverse Addressee so that we can return the card to you. elved by (Printed Name) Date of Delivery Attach this card to the back of the mailpiece, or on the front if space permits. 1. Article Addressed to: Is delivery address different from Item 1? If YES, enter delivery address below: Harry A. Miller III, individually and as independent Executor of the Estate of Harry A. Miller, Jr. 1402 Foxwood Cove Austin, TX 78704 3. Service Type ☐ Priority Mail Express® ☐ Registered Mail™ ☐ Registered Mail Restricted Delivery ■ Return Receipt for Merchandise □ Adult Signature □ Adult Signature Restricted Delivery Certified Mall® Certified Mall Restricted Delivery 9590 9402 1257 5246 5838 44 ☐ Collect on Delivery Collect on Delivery Restricted Delivery □ Signature Confirmation™ 2. Article Number (Transfer from service label) ☐ Signature Confirmation Restricted Delivery il Restricted Delivery 7015 1730 0000 9775 0729





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U.S. Postal Service™ CERTIFIED MAIL® RECEIPT 9276 927 Domestic Mail Only For delivery information, visit our website at www.usps.com® Ę Ш entitled Mail Fee 2 72 xtra Services & Fees (check be 0000 Return Receipt (nardcopy) Return Receipt (electronic) Certified Mail Restricted Delivery Adult Signature Required Adult Signature Restricted Delivery \$ 1,730 30 Margaret Ann Miller Carrico c/o Plains Capital Bank 2705 Bee Coves Road - Suite 120 City, : Austin, TX 78704 struction

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Margaret Ann Miller Carrico c/o Plains Capital Bank 2705 Bee Caves Road - Suite 120 Austin, TX 78704



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C. Mark Wheeler and wife, J'Lynn Wheeler 719 W. Kansas Ave. Midland, TX 79701	3. Service Type	□ Priority Mail Express®
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### Affidavit of Publication

STATE OF NEW MEXICO COUNTY OF LEA

I, Daniel Russell, Publisher of the Hobbs News-Sun, a newspaper published at Hobbs, New Mexico, solemnly swear that the clipping attached hereto was published in the regular and entire issue of said newspaper, and not a supplement thereof for a period of 1 issue(s).

> Beginning with the issue dated August 06, 2020 and ending with the issue dated August 06, 2020.

Sworn and subscribed to before me this 6th day of August 2020.

Business Manager

My commission expires

January 29, 2023

OFFICIAL SEAL **GUSSIE BLACK** Notary Public State of New Mexico My Commission Expires

This newspaper is duly qualified to publish legal notices or advertisements within the meaning of Section 3, Chapter 167, Laws of 1937 and payment of fees for said

### **LEGAL NOTICE** August 6, 2020

To the following entities, individuals, their heirs, personal representatives, trustees, successors or assigns, and any other uncommitted interest owners:

Marathon Oil Co.; C. Mark Wheeler and wife, J'Lynn Wheeler; Penwell Employee Royalty Pool; Paul R. Barwis; Jareed Partners, Ltd.; Sandra Mary Borden; John Kyle Thomas, Trustee; WilderPan, LLC; CrownRock Minerals, LP; Fortis Minerals; Margaret Anné Miller Carrico, c/o Plains Capital Bank; Thomas K. and Grace G. McGinley 1968 Revocable Trust B, Bank of America, N.A., Trustee; Russell H. Wickman, et ux, Mary Kathryn Wickman; Henry A. Miller III, Individually and as Independent Executor of the Estate of Harry A. Miller, Jr.; Bureau of Land Management; State Land Office.

Titus Oil & Gas Production, LLC, has filed applications with the New Mexico Oil Conservation Division as follows:

Case No. 21252: Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the above-styled cause seeks an order from the Division pooling all uncommitted interests in the Bone Spring (Oil) formation (WC-025 G-08 S263412K; Bone Spring [96672]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, and the E/2 NW/4 of Section 32, Township 26 South, Range 35 East, NMPM, in Lea County, New Mexico. Applicant proposes to drill the following well: El Campeon Fed Com 322H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2077' FWL of Section 20, Section 32, T26S-R35E, to an approximate bottom hole location 10' FSL and 1650' FWL of for this well 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 Applicant as Operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The well and lands are located approximately 14 miles southwest of Jal, New Mexico.

Case No. 21253: Application of Titus Oil & Gas Production, LLC for Compulsory Pooling, Lea County, New Mexico. Applicant in the abovestyled cause seeks an order from the Division pooling all uncommitted interests in the Wolfcamp formation (WC-025 G-09 S263619C; Wolfcamp [98234]) in a standard 240-acre, more or less, horizontal spacing and proration unit ("HSU") comprised of the E/2 W/2 of Section 29, Township 26 South, Range 35 East, MMPM, in Lea County, New Mexico. Applicant proposes to drill the following wells: (1) El Campeon Fed Com 432H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2137' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2310' FWL of Section 32, T26S-R35E, and (2) El Campeon Fed Com 512H well, to be horizontally drilled from an approximate surface hole location 579' FSL and 2107' FWL of Section 32, T26S-R35E, to an approximate bottom hole location 579' FSL and 2107' FWL of Section 32, T26S-R35E, to an approximate bottom hole location 579' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL and 2107' FWL of Section 20, T26S-R35E, to an approximate bottom hole location 10' FSL 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 wells and the allocation of the costs, the designation of Applicant as Operator of the wells, and a 200% charge for the risk involved in drilling and completing the wells. The wells and lands are located approximately 14 miles southwest of Jal, New Mexico.

These applications will be set for hearing before a Division Examiner at the New Mexico Oil Conservation Division in Santa Fe, New Mexico on August 20, 2020, at 8:15 a.m. During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on August 20, 2020 beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted on the docket for the hearing date: http://www.emnrd.state.nm.us/OCD/hearings.html. You are not required to attend this hearing, but as an owner of an interest that may time and become a party of record will preclude you from challenging this application at a later time. If you intend to attend the hearing and present testimony or evidence, you must enter your appearance by August 12, 2020, hearing statement by August 13, 2020, in accordance with Division Rule 19.15.4.13 NMAC. For further information, contact the applicant's attorney, Sharon T. Shaheen, Montgomery & Andrews, P.A., 325 Paseo de Peralta, #35707

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SHARON T. SHAHEEN MONTGOMERY & ANDREWS, P.A. P.O. BOX OFFICE BOX 2307 A/C 451986 SANTA FE,, NM 87504-2307