

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION COMMISSION**

**APPLICATION OF TITUS OIL AND GAS PRODUCTION, LLC  
FOR APPROVAL OF PRODUCTION ALLOCATION,  
LEA COUNTY, NEW MEXICO**

**CASE NO. 21872**

**PRE-HEARING STATEMENT**

This Pre-Hearing Statement is submitted by undersigned counsel on behalf of the Commissioner of Public Lands and the New Mexico State Land Office.

**APPEARANCES**

**APPLICANT**

Titus Oil and Gas Production, LLC

**APPLICANT’S COUNSEL**

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**OTHER PARTIES**

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**STATEMENT OF THE CASE**

Stephanie Garcia Richard, Commissioner of Public Lands of the State of New Mexico, and the New Mexico State Land Office (collectively, “NMSLO”), through undersigned counsel, respectfully submit this Pre-Hearing Statement in this matter, the application of Titus Oil & Gas

Production, LLC (“Titus”) for issuance of an order approving the production allocation of minerals in the Wolfcamp formation.

The State of New Mexico, through the NMSLO, is owner or a portion of the mineral estate where wells would be located on the New Mexico side of the New Mexico/Texas border. The NMSLO has an interest and duty to ensure that the NMSLO obtain royalty payments which we are due and also to ensure that wells are drilled and operated in conformity with New Mexico law. The NMSLO is working actively with OCD and the TXRRC to reach a common understanding of how possible cross jurisdictional aspects of the wells will be handled, and which state will have oversight and authority over what portions of the operations.

Further, the NMSLO and Titus are actively negotiating an agreement as a condition for endorsement and withdrawal of any opposition to entry of an order approving of Titan’s application. Provided that Titus agrees and stipulates to enter into a suitable written agreement with the NMSLO and support an order to that effect before the OCC and OOC and a suitable form of order of an “MOU” between the Texas Railroad Commission (“TXRRC”) and the New Mexico Oil Conservation Commission (“NMOCC”) the NMSLO will support the application.

The NMSLO wishes to memorialize and accentuate that the Beneficiaries of NMSLO lands wish to preserve their rights with respect to the following issues. Any proposed or draft MOU with the TXRRC must include the concerns of the NMSLO and memorialize the NMSLO position on following matters:

1. Allocation of ravenous in proportion to surface area;
2. Reporting of production amounts and revenues;
3. Financial assurance and security (bonding, letters of credit, cash bonds, etc.)
4. Permitting of this and related/future operations;

5. Environmental issues (such as regulatory compliance, air and releases);
6. Notice to stakeholders and parties;
7. Inspection of operations and lands;
8. Plugging;
9. Jurisdiction for all controversies in the New Mexico administrative and judicial forums;  
and
10. Abandonment.

Provided that a suitable agreement can be entered between the NMSLO and Titus on these issues, the NMSLO will withdraw any opposition and affirmatively endorse the application. The NMSLO does not anticipate calling any witness or submitting any documentary exhibits. It may become necessary for the NMSLO to read its position into the record and cross examine any witnesses Titus puts forth.

**WITNESSES TO BE CALLED TO TESTIFY AT HEARING**

None.

**APPROXIMATE TIME THE PARTY WILL NEED TO PRESENT ITS CASE**

Ten (10) minutes.

Respectfully submitted,

*/s/Nicholas Koluncich*

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## CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of September, 2021, I served a copy of the foregoing Pre-Hearing Statement by email on the following:

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