

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

Application of Titus Oil & Gas
Production for Approval of
Production Allocation (Agenda No. 6)
Lea County, New Mexico CASE NO. 21872

Application of Titus Oil & Gas
Production for Approval of
Production Allocation (Agenda No. 7)
Lea County, New Mexico CASE NO. 22473

REPORTER'S TRANSCRIPT OF PROCEEDINGS
THURSDAY, APRIL 14, 2022

CASE NO. 21872
STATUS CONFERENCE

CASE NO. 22473
COMMISSION HEARING

This matter came on for hearing before the
New Mexico Oil Conservation Commission on Thursday,
April 14, 2022, via Webex Virtual Conferencing
Platform hosted by the New Mexico Energy, Minerals
and Natural Resources Department.

PRESENT:

COMMISSION CHAIR: Adrienne Sandoval
COMMISSIONER: Greg Bloom (State Land Office)
COMMISSIONER: William Ampomah (EMNRD)
COMMISSION COUNSEL: John Kreienkamp, Esq.
COMMISSION SECRETARY: Florene Davidson

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1 (Time noted 9:54 a.m.)

2 COMMISSION CHAIR SANDOVAL: All right. The next
3 item to the agenda is Agenda Item No. 6, update on Case
4 No. 21872, which was and Application of Titus for approval
5 of production allocation. I believe the Division will be
6 providing us an update on the status of the MOU in that
7 case.

8 Is there somebody available from the
9 Division?

10 MR. TREMAINE: Madam Chair, this is Jesse
11 Tremaine for the Oil Conservation Division. Our general
12 counsel Mr. Fuge is available for this update.

13 I just want to point out as we are
14 addressing Item No. 6 that the update I think is going to
15 be directly relevant to Item No. 7, as well, so however
16 the Commission wants to handle that, I think it might
17 be -- if you want to open both cases at the same time,
18 however that needs to proceed, but I think it would be
19 beneficial to provide that update once.

20 COMMISSION CHAIR SANDOVAL: Mr. Kreienkamp, are
21 we able to sort of merge 6 and 7 and start sort of Case
22 No. 22473 with the update from the Division on 21872?

23 MR. KREIENKAMP: Yeah, Madam Chair, from an Open
24 Meetings Act standpoint, yes, you can do that. You're
25 limited to taking action on those items listed on the

1 agenda but, you know, for the sake of efficiency if you
2 wanted to take up the one and then return to the other
3 item, you certainly could do that.

4 COMMISSION CHAIR SANDOVAL: Okay. Let's do
5 that, then.

6 Let's see. Ms. Shaheen, are you here?

7 MS. SHAHEEN: Yes, I am, Madam Chair and
8 commissioners. Sharon Sheehan on behalf of Titus Oil &
9 Gas Production, LLC.

10 COMMISSION CHAIR SANDOVAL: All right.

11 MS. SHAHEEN: I -- I'm sorry. I also have my
12 client Walt Jones is available. He's viewing from the
13 public link, so if you have any questions for him, I think
14 you'll need to allow him to present.

15 COMMISSION CHAIR SANDOVAL: Okay. I just moved
16 him into a panelist position.

17 To start, before we go into opening
18 statements in Case No. 22473, let's provide an update from
19 the Division on 21872.

20 MS. HARDY: Madam Chair, I apologize. This is
21 Dana Hardy with Hinkle Shanor. I had also entered an
22 appearance in both of these cases on behalf of Pegasus,
23 Fortis Minerals and Santa Elena Minerals.

24 COMMISSION CHAIR SANDOVAL: Good morning. Are
25 you okay with merging these two, as well?

1 MS. HARDY: Yes, absolutely.

2 COMMISSION CHAIR SANDOVAL: Okay. Great.

3 MS. HARDY Thank you.

4 COMMISSION CHAIR SANDOVAL: All right. I think,
5 Mr. Fuge, you're up to provide an update in 21872.

6 MR. FUGE: Good morning, Madam Chair,
7 commissioners.

8 Consistent with the Commission's Order,
9 uhm, you know, I'm here to provide an update on work with
10 and on behalf of OCD negotiating an MOU with the Texas
11 Railroad Commission to govern the development of the
12 proposed, you know, intrastate oil and gas production
13 wells.

14 Since my prior update I can report that the
15 Oil and Gas Conservation Division, my office received a
16 copy of a draft MOU prepared by the Railroad Commission
17 that we have since, you know, marked that up and prepared
18 a redline which was returned to the Railroad Commission on
19 April 8th, and we currently have a meeting on the calendar
20 to talk with Railroad Commission leadership and legal
21 counsel on April 20th to walk through our redlines and see
22 what areas of remaining differences there are, or if, you
23 know, the current draft of the MOU is largely acceptable
24 to the parties.

25 That meeting date is contingent upon, you

1 know, Texas Railroad Commission's counsel and leadership
2 being able to review -- you know, sufficiently review the
3 redlines provided.

4 COMMISSION CHAIR SANDOVAL: Thank you, Mr. Fuge.

5 Are there any questions from the
6 commissioners regarding the status?

7 COMMISSIONER BLOOM: No, Madam Chair, not at
8 this time. Thank you.

9 COMMISSIONER AMPOMAH: No, Madam Chair.

10 COMMISSION CHAIR SANDOVAL: Mr. Fuge, will you
11 be available for questions as this -- later, I guess as
12 this relates to 22473?

13 MR. FUGE: Yes, Madam Chair.

14 COMMISSION CHAIR SANDOVAL: All right. Thank
15 you.

16 All right. Let's move into opening
17 statements for Case No. 22473.

18 Ms. Shaheen, would you like to start?

19 MS. SHAHEEN: Yes. Thank you, Madam Chair.

20 This application is very similar to the
21 case, to the application that was filed in the previous
22 case, No. 21872.

23 A brief history might be helpful. Titus
24 produced its development plan for these interstate wells,
25 of which there's numerous wells, in September of 2020. In

1 November of 2020 Titus began conferring with the Oil
2 Conservation Division, at which time it was instructed to
3 request approval for allocation of production.

4 About the same time Titus began conferring
5 with the Railroad Commission.

6 In January of 2021, Titus began conferring
7 with the State Land Office and the BLM.

8 One year ago they filed the application in
9 the case in which we just had the update seeking approval
10 of production allocation for the El Campion 4 Fed Com 404H
11 interstate well. The matter was heard by the Division.
12 The case was then referred to the Commission in September,
13 and on September 28th the Commission issued Order No.
14 R-21931-A approving the application but providing that
15 Titus could not commence production until an MOU had been
16 entered. Unfortunately Titus determined that it was not
17 economically feasible to wait until an MOU had been
18 reached, and they went ahead and drilled the El Campion
19 404H fully within New Mexico.

20 Nonetheless, they have a number of wells
21 that they still intend to drill across the interstate
22 line, including the well that is the subject of this
23 application, the El Campion Fed Com 204H.

24 So turning to the exhibit package, I'm not
25 sure if you all have the exhibit package, but it includes

1 the Written Direct Testimony of landman Walter Jones, who
2 is available to answer any questions. I can walk briefly
3 through his Written Testimony with him or without him, or
4 he can just stand for any questions that the commissioners
5 may have. We don't want to take up a whole lot of time if
6 it's unnecessary, but -- it's about a five- or six-page
7 document with written testimony explaining what -- where
8 this well will be located. It will be located in the
9 exact same spacing unit. The difference is that it will
10 be a slightly different location and it will be through
11 the Bone Spring Formation instead of the Wolfcamp
12 Formation.

13 We have a couple of exhibits. One is the
14 C-102, the newly proposed interstate well, the 204H; and
15 the second is the Notice Letter that went out to all of
16 the parties who have interests in acreage surrounding the
17 spacing unit. And that was who we were instructed to
18 Notice previously.

19 My Affidavit of Notice is also part of that
20 Notice Letter, and we have the spreadsheet reflecting who
21 received Notice; and, miracle of miracles, everyone in
22 this case received Certified Mail of the Notice Letter and
23 application.

24 With that I will proceed as you prefer, and
25 I note that Mr. Jones is available for any questions.

1 COMMISSION CHAIR SANDOVAL: Okay. Let's provide
2 the other parties an opportunity for an opening statement
3 in this, and then we can come back to you for...

4 You know, I would be -- and I'll let the
5 other commissioners weigh in, but I am fine if you want to
6 provide kind of a brief summary of the testimony and then
7 provide an opportunity for questions to Mr. Jones.

8 Commissioners, do you have -- do you either
9 agree or have a difference of opinion?

10 COMMISSIONER BLOOM: Madam Chair, I agree with
11 that. Thank you.

12 COMMISSIONER AMPOMAH: I agree with that, too,
13 Madam Chair.

14 COMMISSION CHAIR SANDOVAL: Okay. All right.

15 Would the Division like to make any opening
16 statements?

17 MR. TREMAINE: Madam Chair, as consistent with
18 our Prehearing Statement, the Division's position in this
19 case is, I think, very straightforward. We're asking the
20 Division to take Notice of the testimony and exhibits in
21 Case 21872 because for purposes of the MOU and interstate
22 development the Division sees this as essentially
23 indistinguishable from that other matter. We have the
24 same exact concerns and we take no position on the
25 technical components of the proposal, and do not object to

1 it on any of those grounds, and ask the Commission if it
2 determines that it's appropriate to approve this
3 application by Titus that it conditions the application
4 approval and issue an Order consistent with the Order
5 issued in 21872.

6 Thank you.

7 COMMISSION CHAIR SANDOVAL: Thank you.

8 Ms. Hardy, do you have any opening
9 statements?

10 MS. HARDY: Yes. Thank you, Madam Chair. I'll
11 be very brief.

12 Pegasus, Fortis and Santa Elena, which I
13 will refer to collectively as Pegasus, support the
14 application of Titus. They own 434 net royalty acres in
15 Sections 29, 30, 31 and 32 in New Mexico and Section 25 in
16 Texas, and they would benefit -- all the royalty owners
17 and interests would benefit greatly from the drilling of
18 Titus's wells, and approving Titus's application. And
19 allowing the wells to be drilled across the border would
20 prevent waste and protect correlative rights, as portions
21 of Pegasus' acreage in Texas would be stranded if the
22 applications are denied, or if Titus doesn't proceed to
23 drill its wells as they had planned.

24 So we would ask the application be
25 approved.

1 And that's it. Thank you.

2 COMMISSION CHAIR SANDOVAL: Thank you.

3 Am I recalling that there was -- the State
4 Land Office had made an entry of appearance on this?

5 MS. SHAHEEN: Madam Chair, they made an -- they
6 entered an appearance in Case 21872. We reached
7 agreement, a Stipulated Agreement with respect to a draft
8 MOU, and to my knowledge the State Land Office did not
9 enter an appearance in this particular case, which is Case
10 No. 22473.

11 COMMISSION CHAIR SANDOVAL: Great. Thank you
12 for that.

13 All right. Ms. Shaheen, would you like to
14 proceed with your first witness?

15 MS. SHAHEEN: Yes. Mr. Jones, are you available
16 to be sworn in?

17 MR. JONES: Let me flip to my camera here.

18 COMMISSION CHAIR SANDOVAL: We're looking at
19 your wall.

20 MR. JONES: I may have to go to the other side
21 of the table here.

22 COMMISSION CHAIR SANDOVAL: Now it's your
23 upside-down wall.

24 MR. JONES: There I am. I apologize.

25 COMMISSION CHAIR SANDOVAL: No problem.

1 Ms. Macfarlane, would you please swear in
2 the witness.

3 WALTER JONES,
4 having been duly sworn, testified as follows:

5 COMMISSION CHAIR SANDOVAL: All right. Thank
6 you. Ms. Shaheen, go ahead.

7 DIRECT EXAMINATION

8 BY MS. SHAHEEN:

9 **Q. Good morning, Mr. Jones.**

10 A. Good morning.

11 **Q. Do you have your Written Direct Testimony in**
12 **front of you just to refresh your recollection?**

13 A. I do.

14 **Q. And you are a landman with Titus; is that**
15 **correct?**

16 A. That's correct.

17 **Q. And what is your title?**

18 A. I am the Vice President of Land at Titus.

19 **Q. And as the Vice President of Land at Titus,**
20 **you're familiar with this application; is that correct?**

21 A. Yes, that's correct.

22 **Q. And you're also familiar with the previous**
23 **application filed in Case No. 21872; is that right?**

24 A. Yes.

25 **Q. And you have previously testified before both**

1 the Commission and the Division. Is that also correct?

2 A. That's correct.

3 Q. And your credentials as a petroleum landman have
4 been accepted as a matter of record, correct?

5 A. Yes.

6 Q. And in this case can you describe -- compare the
7 well proposed in this Case 22473 with the well that was
8 proposed in Case 21872, just compare those two wells for
9 the Commission?

10 A. Yes. It's the same proration unit as the
11 previously proposed well. The only difference is that
12 this is targeting a Bone Spring, or the Bone Spring
13 Formation, whereas the former or previous well was a
14 Wolfcamp well. And there's also a slight difference in
15 surface location just because it's different wells.

16 Q. And who are the working interest owners in the
17 proposed spacing unit?

18 A. It would be 100 percent Titus in the New Mexico
19 portion and then OXY in the Texas portion.

20 Q. And do you have an agreement with OXY with
21 respect to this particular well?

22 A. We do. We have an agreement to enter into a
23 Joint Operating Agreement.

24 Q. And does the completed interval comply with the
25 statewide setback requirements for oil wells under New

1 **Mexico Regulations?**

2 A. Yes.

3 Q. And what about the first and last take points?
4 How do those -- do those comply with New Mexico
5 regulations?

6 A. Yes, I believe so.

7 Q. And with respect to the last take point, where
8 would that last take point exist in New Mexico?

9 A. That would be at the state line. So it would be
10 zero feet from the south line of Section 32.

11 Q. And does Titus anticipate requesting approval of
12 a nonstandard location under that circumstance?

13 A. If the Commission or Division would like us to,
14 then yes.

15 Q. And the last take point, as we've discussed, is
16 located in Texas; is that correct?

17 A. That's correct.

18 Q. And what leases comprise the spacing unit?

19 A. There's a federal lease in Section 31 -- I'm
20 sorry, Section 29, a state lease in Section 32, and then a
21 few fee leases in the Texas Section 25.

22 Q. So the state -- would the state lease benefit
23 from taking this take point to the interstate line between
24 New Mexico and Texas?

25 A. Yes, it's going to -- there will be more treated

1 or completed lateral on New Mexico lands.

2 Q. So you'll recover more minerals as a result?

3 A. That's correct.

4 Q. And previously the Division approved the request
5 for production -- approved the production allocation
6 proposed in Case No. 21872. Does Titus propose the same
7 type of production allocation in this case, as well?

8 A. Yes, we do.

9 Q. And can you summarize what you've proposed with
10 respect to that allocation?

11 A. Yes. So the allocation would be based on
12 surface acreage that makes up the proration unit. So each
13 tract would be allocated just in accordance with how much
14 of the entire proration unit it makes up.

15 Q. With respect to permitting from Texas, what do
16 you anticipate?

17 A. The guidance we've received from Texas is that
18 this would be treated in -- this well would be treated in
19 a similar fashion as the previously proposed well. We
20 don't anticipate any issues with the permitting of this
21 well. We have not permitted it yet just because we're
22 waiting on the Memorandum of Understanding.

23 Q. And the Railroad Commission permitted the
24 previous well in Case No. 21872; is that right?

25 A. That's correct.

1 **Q. With respect to API numbers, how does Titus**
2 **anticipate dealing with reporting in New Mexico and**
3 **reporting in Texas?**

4 A. We anticipate that each portion of the well will
5 have its own unique API, so the portion in New Mexico will
6 have a New Mexico API identifier, and the portion in Texas
7 will have a Texas API, and that will really allow us to
8 effectively proportion out or divide out any reporting.
9 Any sort of production, any allocations can be made in
10 accordance with the APIs.

11 **Q. If the well was only drilled in New Mexico,**
12 **would there be stranded acreage in Texas?**

13 A. Yes, it's very likely.

14 **Q. And can you explain? And I can direct you to**
15 **the paragraph in your testimony, paragraph 25. Explain**
16 **that -- the previous development in Texas and why there is**
17 **a possibility of stranding acreage if Titus cannot drill**
18 **across the state line.**

19 A. Yes. There are already established developments
20 to the south of this acreage. The section in Texas
21 already has established development, so if another
22 operator were to come in it's very likely they would
23 continue that established development pattern, which would
24 strand this section for future development.

25 **Q. And scrolling down the exhibit package to**

1 Exhibit 1, I believe this the C-102 for the 204H. Is that
2 correct?

3 A. Yes, that's correct.

4 Q. And this illustrates the entire spacing unit,
5 including the acreage in New Mexico and the acreage in
6 Texas that's proposed to be developed; is that right?

7 A. That's correct.

8 Q. And Titus Noticed all of the mineral interest
9 owners with acreage that's adjacent to the proposed
10 spacing unit; is that correct?

11 A. Yes.

12 MS. SHAHEEN: Madam Chair, I have no further
13 questions of the witness. I will pass him for any
14 questions from the commissioners or other parties.

15 COMMISSION CHAIR SANDOVAL: Thank you.

16 Mr. Tremaine, do you have any questions for
17 Mr. Jones?

18 MR. TREMAINE: I do not have any questions.
19 Thank you.

20 COMMISSION CHAIR SANDOVAL: Ms. Hardy.

21 MS. HARDY: I do not have any questions. Thank
22 you.

23 COMMISSION CHAIR SANDOVAL: Commissioners?

24 COMMISSIONER BLOOM: No questions, Madam Chair.

25 COMMISSION CHAIR SANDOVAL: Commissioner

1 Ampomah?

2 COMMISSIONER AMPOMAH: Madam Chair, no questions
3 from my side.

4 COMMISSION CHAIR SANDOVAL: I just have one
5 question.

6 CROSS-EXAMINATION

7 BY COMMISSION CHAIR SANDOVAL:

8 Q. Mr. Jones, are you familiar with Order No.
9 R21831-A, which was the Order entered in Case No. 21872?

10 A. Uhm, I probably would need a refresher. I may
11 know it -- or I could pull it up.

12 Q. I guess are you just basically familiar with
13 what the requirements were from that case?

14 A. Yeah. Uh, yeah.

15 Q. Are you comfortable with those same requirements
16 on this proposed well?

17 A. Uh, yes. Yeah.

18 COMMISSION CHAIR SANDOVAL: Okay. That's my
19 only question.

20 Ms. Shaheen, do you have any redirect?

21 MS. SHAHEEN: No. Thank you, Madam Chair.

22 I would just -- if we are going to conclude
23 our presentation, I would ask that the exhibits and
24 Mr. Jones' Written Direct Testimony be admitted into the
25 record, along with, as we noted in our prehearing

1 statement and Mr. Tremaine requested, we asked that the
2 exhibits and testimony from the previous Case No. 21872 be
3 included as part of the records in this matter, as well,
4 and that the Commission take this case under advisement.

5 COMMISSION CHAIR SANDOVAL: Okay. Let me make
6 sure I -- I'd like to cite your -- I just want to make
7 sure I'm going to cite this right.

8 Is there any opposition from any of the
9 parties on entering into the record Direct Testimony of
10 Landman Walter Jones, Titus Exhibit A, Exhibits 1 and 2,
11 Affidavit of Notice Exhibit B, as well as the testimony
12 and record from Case No. 21872?

13 MR. TREMAINE: No objection from OCD.

14 MS. HARDY: No objection from Pegasus, Titus and
15 Santa Elena.

16 COMMISSION CHAIR SANDOVAL: Any questions or
17 concerns from the commissioners?

18 COMMISSIONER BLOOM: No, Madam Chair.

19 COMMISSIONER AMPOMAH: No, Madam Chair.

20 COMMISSION CHAIR SANDOVAL: All right. The
21 exhibits and the record from 21872 is entered into the
22 record in this Case No. 22473.

23 MS. SHAHEEN: Thank you, Madam Chair,
24 commissioners.

25 COMMISSION CHAIR SANDOVAL: Thank you.

1 Can you -- I think let's not dismiss Mr.
2 Jones yet, just in case we have any future questions. So
3 he can step down for now, but we are not -- he's still
4 sworn in.

5 Any additional witnesses, Ms. Shaheen?

6 MS. SHAHEEN: No, Madam Chair. Just Mr. Jones
7 today.

8 COMMISSION CHAIR SANDOVAL: Okay.

9 Mr. Tremaine, do you have any witnesses?

10 MR. TREMAINE: No witnesses or testimony, Madam
11 Chair.

12 COMMISSION CHAIR SANDOVAL: Okay.

13 Would you just -- I think for the record
14 today could you provide the Commission with just a really
15 high level brief overview of what the Division's stance
16 was in Case No. 21872?

17 MR. TREMAINE: Absolutely.

18 In Case 21872, as well as in this case,
19 the Division is concerned with, at a very high level, the
20 appropriate management of New Mexico resources and
21 potential conflicts that could arise due to some fairly
22 significant differences in the regulatory structure
23 between the State of New Mexico, the Oil Conservation
24 Division, and the Railroad Commission.

25 There are -- we talked about a number of

1 issues in the prior hearing related to appropriate
2 proration, oversight of down hole factors. You know,
3 wellbore integrity, site inspections, application,
4 clarification as to proration or appropriate, uhm,
5 apportionment related to the Oil Conservation Division's
6 waste rule, and clarity on -- considerations about clarity
7 regarding how the two agencies are going work together if
8 there is some sort of transboundary issue, and highlighted
9 the concern that, uhm, OCD wanted to create a structure
10 and agreement between the Railroad Commission and New
11 Mexico that would be fair and appropriate for both
12 agencies and both states' relative interests, regardless
13 of the well location, whether that's in New Mexico or
14 whether that exists in Texas.

15 Similar to the previous case, this well is
16 situated in New Mexico and accesses Texas minerals, and so
17 there are some issues, immediate issues that OCD is
18 concerned with regarding the waste rule, how the gas that
19 is vented or flared is apportioned between New Mexico and
20 Texas, so what portions of that need to be accounted to
21 New Mexico, for instance.

22 I think that summarizes at a high level,
23 but there are various issues, and I don't think I hit on
24 this: We want to make sure we have a structure in place
25 so that OCD and Railroad Commission are not, you know,

1 creating a process on the fly if there is any kind of
2 integrity issue, or release, anything like that.

3 Thank you.

4 COMMISSION CHAIR SANDOVAL: Thank you,
5 Mr. Tremaine.

6 Do any of the parties have any questions
7 for Mr. Tremaine? (Note: No response.)

8 Ms. Shaheen.

9 MS. SHAHEEN: No, Madam Chair. If you would
10 like I could ask Mr. Jones to speak to the fact that this
11 well is in New Mexico and that Titus agrees that it is
12 subject to all New Mexico regulations with respect to this
13 particular well. I'm happy to bring him back to talk
14 about that if you like.

15 It should be in his Written Direct
16 Testimony, as well.

17 COMMISSION CHAIR SANDOVAL: Okay. At this time
18 I don't think we need that, but thank you.

19 Ms. Hardy, do you have any questions for
20 Mr. Tremaine?

21 MS. HARDY: I do not. Thank you.

22 COMMISSION CHAIR SANDOVAL: Okay. I think maybe
23 because the update in Case 21872 is applicable in this
24 Case 22473, maybe a process question just real quick, Mr.
25 Kreienkamp.

1 If the parties -- if I want to open up for
2 an opportunity to either the parties or the Commission to
3 ask Mr. Fuge any questions on the status, do we need to
4 swear him in?

5 MR. KREIENKAMP: I probably would recommend
6 swearing him in as long as it's part of this hearing.

7 COMMISSION CHAIR SANDOVAL: Okay.
8 Ms. Macfarlane, would you swear Mr Fuge in, please.

9 DYLAN FUGE,
10 having been duly sworn, testified as follows:

11 COMMISSION CHAIR SANDOVAL: Okay. Thank you.

12 So, Mr. Fuge, you gave an update earlier on
13 the status of the MOU. I just want to provide an
14 opportunity to the parties to ask questions, and then the
15 commissioners.

16 Ms. Shaheen, do you have any questions for
17 Mr. Fuge?

18 MS. SHAHEEN: A couple.

19 EXAMINATION

20 BY MS. SHAHEEN:

21 **Q. I was wondering, Mr. Fuge, could you identify**
22 **any particular issues that have been raised by your**
23 **communications with the Railroad Commission?**

24 A. You know, at a high level the initial draft MOU
25 from the Railroad Commission was drafted to be specific to

1 Titus' original proposal, and from the State of New
2 Mexico's perspective there's no reason to deal with the
3 interstate wells on an MOU-by-MOU basis, we'd just rather
4 have a standing MOU that covers all scenarios.

5 And if you are going to have interstate
6 production intervals and you're going to have a general
7 MOU that allows for these types of development, it needs
8 to address both the scenario where surface facilities are
9 on the New Mexico side of the border and where surface
10 facilities are on the Texas side of the border, and so
11 that's the thrust of most of our red lines back to the
12 Railroad Commission so that this can just become an MOU
13 addressing interstate wells in similarly situated
14 proposals, regardless of where, you know, surface
15 facilities are located.

16 **Q. So would it be fair to say that Texas was**
17 **looking at a very narrow MOU, whereas New Mexico wants a**
18 **broader one that applies to all potential interstate**
19 **wells?**

20 A. Texas was looking at an exceedingly narrow well,
21 Ms. Shaheen, in that it would not even cover the current
22 application that you have pending, the new application
23 that you have pending, it would have just covered the
24 historical one. And from administrative efficiency and
25 others things like that, and just sort of operational

1 management, it's not in the interests of the State of New
2 Mexico to enter into a narrow one.

3 **Q. Is there any indication as to timing as to when**
4 **the states may reach an agreement on a draft, on a final**
5 **draft MOU?**

6 A. I can't speculate as to timing because there
7 isn't sort of a mandatory deadline, you know, driving,
8 frankly, a discretionary agreement on both sides.

9 But, as I indicated, we do have a meeting
10 next week where hopefully we can sit down and, you know,
11 see what areas of open dispute there are, and probably a
12 better sense of timing, you know, after that meeting
13 occurs.

14 **Q. Thank you, Mr. Fuge. I appreciate you spending**
15 **your time working on this project, as does Titus, and I**
16 **will pass the witness. Thank you.**

17 COMMISSION CHAIR SANDOVAL: Thank you.

18 Ms. Hardy, do you have any questions?

19 MS. HARDY: I do not. Thank you, Madam Chair.

20 COMMISSION CHAIR SANDOVAL: Commissioners, are
21 there any questions?

22 COMMISSIONER BLOOM: No, Madam Chair.

23 COMMISSIONER AMPOMAH: No, Madam Chair.

24 COMMISSION CHAIR SANDOVAL: Mr. Tremaine, do you
25 have any additional questions for Mr. Fuge, or any

1 redirect?

2 MR. TREMAINE: None. Thank you.

3 COMMISSION CHAIR SANDOVAL: Okay. Thank you,
4 Mr. Fuge. I think unless you just really want to stick
5 around, you're free to go. Thank you for the update.

6 MR. FUGE: Thank you.

7 COMMISSION CHAIR SANDOVAL: Mr. Tremaine, do you
8 have any anything additional before I go to Ms. Hardy?

9 MR. TREMAINE: No, I do not, Madam Chair.

10 COMMISSION CHAIR SANDOVAL: Thank you.

11 Ms. Hardy, do you have any witnesses or
12 wish to make any additional statements?

13 MS. HARDY: I do not. Thank you, Madam Chair.

14 COMMISSION CHAIR SANDOVAL: All right. Thanks.

15 Ms. Shaheen, I will give you an opportunity
16 to either recall any witnesses or do any additional
17 statements before we go to closing statements.

18 MS. SHAHEEN: I don't have anything additional.
19 I just would once again ask that the application be
20 approved and that the parties continue to move forward
21 working on that MOU so that we can move forward with our
22 development plan.

23 COMMISSION CHAIR SANDOVAL: Commissioners,
24 before we dismiss Mr. Jones, do you have any additional
25 questions for Mr. Jones or Ms. Shaheen?

1 COMMISSIONER BLOOM: Madam Chair, no.

2 COMMISSIONER AMPOMAH: Madam Chair, no. No
3 questions.

4 COMMISSION CHAIR SANDOVAL: Okay. All right.

5 Ms. Shaheen, do you have any closing
6 statements in this case?

7 MS. SHAHEEN: I'll just briefly state that Titus
8 believes that its development plan to include interstate
9 wells will protect correlative rights, prevent waste, and
10 we ask that the Commission and the Division continue to
11 help facilitate acquiring an MOU that would allow Titus on
12 begin drilling under this particular development plan.

13 And with that I would ask the Commission to
14 take the case under advisement.

15 COMMISSION CHAIR SANDOVAL: Thank you.

16 Mr. Tremaine, do you have any closing
17 statements?

18 MR. TREMAINE: Only very briefly, Madam Chair.
19 I'll rest on the statements I already made.

20 But the Division's perspective is that this
21 development could and would be in the interest of both
22 states, and the operators, once that MOU is in place
23 ensuring that, you know, the Railroad Commission and the
24 OCD have a path forward already in place should any issues
25 arise, and that based on the -- based on what we've seen

1 so far in the proposed language -- you know, I'll always
2 be cautiously optimistic, but I think the Division is
3 optimistic that an MOU is certainly possible.

4 COMMISSION CHAIR SANDOVAL: Thank you.

5 Ms. Hardy, do you have any closing
6 statements you wish to make?

7 MS. HARDY: Madam Chair, only that the Pegasus
8 entities support Titus and request that the application be
9 approved. Thank you.

10 COMMISSION CHAIR SANDOVAL: All right. Thank
11 you.

12 So the record for this application hearing
13 is closed in Case No. 22473. The commission will
14 immediately deliberate to reach a final decision on the
15 application.

16 I would move that the meeting be closed
17 pursuant to the Administrative Adjudicatory Deliberations
18 exception to the Open Meetings Act, Section 10-15-1H3 to
19 deliberate in Case No. 22473.

20 Is there a second on that motion?

21 COMMISSIONER BLOOM: Madam Chair, I so second.

22 COMMISSION CHAIR SANDOVAL: Mr. Kreienkamp could
23 you please do a roll call vote.

24 MR. KREIENKAMP: Yes, Madam Chair.

25 So on the motion to enter into closed

1 session.

2 Chair Sandoval?

3 COMMISSION CHAIR SANDOVAL: Approved.

4 MR. KREIENKAMP: Commissioner Bloom.

5 COMMISSIONER BLOOM: Approved.

6 MR. KREIENKAMP: Dr. Ampomah?

7 COMMISSIONER AMPOMAH: Approved.

8 MR. KREIENKAMP: Madam Chair, the vote was
9 unanimous.

10 COMMISSION CHAIR SANDOVAL: All right. The
11 Commission will now close the session and the record.

12 So Commissioners, I will send a separate
13 meeting invite shortly, so watch for that, and we can jump
14 on a separate meeting. Same for Mr. Kreienkamp. I'll
15 send that to you, as well.

16 Everybody else can stay on here. I'm
17 cautiously optimistic that this is not going to take too
18 long, but we will see. So I'll say everybody should plan
19 to be back and check in at 11:00. I will provide
20 everybody an update at 11:00, either if we are still
21 deliberating, or we might come back at 11:00 if we are
22 done deliberating in this case.

23 So on the chance that we are done
24 deliberating in this case at 11:00 we can go ahead and
25 start -- you know, after we complete that we can go ahead

1 and start Agenda Item No. 8, which is de novo Case No.
2 22474.

3 All right. So we will check back in with
4 everybody at 11:00. And Commissioners, watch for that
5 other meeting invite. Thanks.

6 (Note: In recess.)

7 COMMISSION CHAIR SANDOVAL: It is 11:00. Okay.
8 It looks like we have Dr. Ampomah and Mr. Kreienkamp. I
9 don't see Commissioner Bloom yet so we will give him a
10 second.

11 COMMISSIONER BLOOM: All right. Can you all
12 hear me?

13 COMMISSION CHAIR SANDOVAL: Yep.

14 COMMISSIONER BLOOM: All right. Thank you,
15 Madam Chair.

16 COMMISSION CHAIR SANDOVAL: All right. Well,
17 let's get rolling again.

18 It's 11:01 and we will start back up.

19 First off, is there a motion to come back
20 into open meeting, into an open meeting from the closed
21 session for deliberations, which is an exception to the
22 Open Meeting Act, Section 10-15-1H(3).

23 Is there a motion to come back into
24 session?

25 COMMISSIONER BLOOM: Yes, Madam Chair. I so

1 move to come back in from the deliberations around Case
2 22473, the only thing that we discussed during that
3 deliberation.

4 COMMISSION CHAIR SANDOVAL: Is there a second?

5 COMMISSIONER AMPOMAH: Madam Chair, I second.

6 COMMISSION CHAIR SANDOVAL: Mr. Kreienkamp,
7 would you please do a roll call vote.

8 MR. KREIENKAMP: Yes, Madam Chair.

9 To the motion to return into open session
10 and affirm that what was discussed in closed session was
11 limited to what was specified in the motion to close,
12 Chair Sandoval?

13 COMMISSION CHAIR SANDOVAL: Approve.

14 MR. KREIENKAMP: Commissioner Bloom?

15 COMMISSIONER BLOOM: Approved.

16 MR. KREIENKAMP: And Dr. Ampomah.

17 COMMISSIONER AMPOMAH: Approved.

18 COMMISSION CHAIR SANDOVAL: All right. So in
19 Case No. 22473, I would make a motion to simply add, you
20 know, conditions to this approval in a similar fashion to
21 Case No. 21872 and adopt conditions Nos. 19 through 30,
22 excluding No. 29, the required Division update, since the
23 Division update is already required per Case No. 21872.
24 So adopt the Order conditions from Order No. R-21831-A in
25 this case because it is substantially similar to Case No.

1 22473, and the records and testimony of that Case No.
2 21872 were adopted in Case 22473.

3 Is there a second?

4 COMMISSIONER BLOOM: Madam Chair I second.

5 COMMISSION CHAIR SANDOVAL: Is there any
6 discussion?

7 COMMISSIONER BLOOM: No, Madam Chair.

8 COMMISSION CHAIR SANDOVAL: Dr. Ampomah?

9 COMMISSIONER AMPOMAH: No, Madam Chair.

10 COMMISSION CHAIR SANDOVAL: I would just add
11 that, you know, due to substantial similarities between
12 the Case in 21872 and 22473 which we are discussing today,
13 the Commission sees that the Order conditions should
14 reflect and be similar to those in that Case 21872, which
15 is in Order No. R-21831-A, again with sort of that
16 exception that the Division is already providing regular
17 updates, as is required under Order No. R-21831-A.

18 Mr. Kreienkamp, would you please do a roll
19 call vote.

20 MR. KREIENKAMP: Yes, Madam Chair.

21 So on the motion in Case No. 22471, Chair
22 Sandoval.

23 COMMISSION CHAIR SANDOVAL: Approved.

24 MR. KREIENKAMP: Commissioner?

25 COMMISSIONER BLOOM: Approve.

1 MR. KREIENKAMP: And Dr. Ampomah.

2 COMMISSIONER AMPOMAH: Approved.

3 MR. KREIENKAMP: Madam Chair, the vote was
4 unanimous.

5 COMMISSION CHAIR SANDOVAL: Thank you.

6 So this Order will be drafted and
7 circulated to the Commission for review prior to the next
8 hearing, and then we will vote on a Final Order at our
9 next regularly scheduled OCC on May 12th.

10 All right. Thank you, Ms. Shaheen and Mr.
11 Tremaine and Ms. Hardy.

12 MS. SHAHEEN: Thank you, Commissioners.

13 MS. HARDY: Thank you.

14 (Time noted 11:05 a.m.)

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1 STATE OF NEW MEXICO)

2 : ss

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

6

I, MARY THERESE MACFARLANE, New Mexico Reporter

7

CCR No. 122, DO HEREBY CERTIFY that on Thursday, April 14,

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2022, the proceedings in the above-captioned matter were

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taken before me; that I did report in stenographic

10

shorthand the proceedings set forth herein, and the

11

foregoing pages are a true and correct transcription to

12

the best of my ability and control.

13

I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

15

rules) any of the parties or attorneys in this case, and

16

that I have no interest whatsoever in the final

17

disposition of this case in any court.

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