

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

Application of Titus Oil & Gas Production Company, LLC, to Amend Order No. R-21376 Lea County, New Mexico	Case No. 22659 Order R-21376 (Re-Open)
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Application of Titus Oil & Gas Production Company, LLC, to Amend Order No. R-21376 Lea County, New Mexico	Case No. 22660 Order R- (Re-Open)
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REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, APRIL 7, 2022

EXAMINER HEARING

This matter came on for hearing before the New Mexico Oil Conservation Division, William Brancard, Esq. Hearing Examiners, John Garcia and Philip Goetze, Technical Examiners, on Thursday, April 7, 2022, via Webex Virtual Conferencing Platform hosted by the New Mexico Energy, Minerals and Natural Resources Department.

Reported by: Mary Therese Macfarlane
New Mexico CCR #122
PAUL BACA COURT REPORTERS
500 Fourth Street NW, Suite 105
Albuquerque, New Mexico 87102
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A P P E A R A N C E S

FOR TITUS OIL & GAS PRODUCTION COMPANY, LLC.

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C O N T E N T S

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CASE CALLED:		3
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I N D E X O F E X H I B I T S

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NO.	DESCRIPTION	
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A-1	Application	9
A-2	Order No. 21376	9
A-3	Order No. 21376-A	9
A-4	Sample Notice Letter	9
B	Affidavit of Notice	9

1 (Time noted 1:43 p.m.)

2 EXAMINER BRANCARD: With that I'll call Case
3 22659, Titus Oil & Gas.

4 MS. SHAHEEN: Sharon Shaheen, Montgomery and
5 Andrews on behalf of Titus Oil & Gas.

6 EXAMINER BRANCARD: Are there any other
7 interested persons for Case 22659?

8 Are you handling this case by itself, Ms.
9 Shaheen, or with the next one?

10 MS. SHAHEEN: I'd like to consolidate 22659 and
11 22660.

12 EXAMINER BRANCARD: All right. So we are also
13 calling Case 22660. Any other persons interested in Case
14 22660?

15 Hearing none, you may proceed.

16 MS. SHAHEEN Thank you. In both these cases
17 Titus Seeks to amend the previous Order, or Orders, to
18 extend the time for drilling.

19 And I'll note for the record that it's a
20 little confusing for me because Case No. 22659 pertains to
21 the Cattlemen Fed Com 323H, whereas Case No. 22660
22 pertains to the Cattlemen Fed Com 322H. I'm a little
23 dyslexic and when it -- uh, seems to me it should be in
24 the opposite order, but it's not.

25 Attached to those are the affidavits of

1 Mr. Jones, the landman.

2 Exhibit A, attached to -- and I'll walk
3 through this quickly -- Order No. R-21376 pooled
4 uncommitted interest owners in the Bone Spring in the
5 standard 240-acre unit comprised of the west half of the
6 southeast quarter of Section 17 and the west half of the
7 west half of Section 20, Township 26 South, Range 35 East.

8 Order No. R-21731 pooled interest owners in
9 the Bone Spring in the same-size formation, 240 acres, a
10 unit comprised of the east half of the southwest quarter
11 of Section 17, and the east half of the west half of
12 Section 20, Township 26 South, Range 35 East.

13 Subsequently the Division issued a second
14 Order, and that was in Case No. 21869, extending the time
15 to drill until July 22, 2022. And the same occurred in
16 Case No. 21867. The Division issued an Order extending
17 the time to drill until July 6, 2022, and Titus is asking
18 once again that the time for drilling be extended for
19 another year, to no later than July 22, 2023.

20 It explains the language of the Orders that
21 requires us to provide good cause for seeking such an
22 extension. In paragraph 19 of the affidavit,
23 Titus/Mr. Jones explains that there have been changes in
24 the drilling schedules due to the usual current labor
25 shortages and supply chain issues that have resulted from

1 Covid 19, and then he's added a little more explanation
2 this time around in light of your questions the last time.
3 Since early 2021 Titus has drilled more or less 40 wells
4 in New Mexico and is currently operating three drilling
5 rigs, and has been doing this by a way of batch drilling,
6 drilling three to four wells sequentially on the same pad,
7 which also can cause delays because the rig will stay on
8 one pad for 50 to 75 days. And Titus is concerned. There
9 are unforeseen delays in the drilling of -- when there are
10 unforeseen delays in the drilling of any well it has
11 compounding effects on the timing of future pad
12 development.

13 And for these reasons, Titus asks that the
14 time for drilling these two wells, the Cattlemen Fed Com
15 323H and 322H by one year so that it has the flexibility
16 necessary for its drilling schedule to safely and
17 efficiently develop under the circumstances.

18 Titus notified all of the parties who were
19 previously pooled under Order No. R-21376, and the Notice
20 Letter that I sent out is attached here as Exhibit 4.

21 Exhibit 1 to Mr. Jones' affidavit is the
22 application in both cases.

23 Exhibit 2 is the Order.

24 Exhibit 3 is the second Order extending the time
25 to drill.

1 And Exhibit 4, again, is the Notice Letter.

2 Exhibit A to the Notice Letter identifies
3 the interest owners who have been pooled.

4 And here we've indicated that the BLM and
5 State Land Office are simply additional interested
6 parties, so maybe that will satisfactory your concerns
7 there.

8 Finally is my Affidavit of Notice, .pdf
9 page 27. It talks about the date the letter went out,
10 which is March 18th, the date of publication, March 23rd.
11 Here again we attached this little spreadsheet. And this
12 is just a little oddity in these cases that we send it to
13 Chevron USA, Inc. at a physical address but for some
14 reason it stays at the post office. And I'm not sure what
15 that is about, although in one other instance previously
16 in a different case we actually called the post office and
17 they explained that in that case, whichever party it was,
18 they had requested that they keep their Certified Mails at
19 the post office for pickup.

20 So that's my experience there.

21 Then we have the green cards and the
22 Affidavit of Publication on .pdf page 36.

23 With that I would ask that these two
24 exhibit packages be admitted into the record in the
25 respective cases and that these two cases be taken under

1 advisement.

2 EXAMINER BRANCARD: Thank you.

3 Mr. Garcia, any questions?

4 EXAMINER GARCIA: I think I don't have any. I
5 guess I'm just confused on the Chevron part, but I don't
6 have any right now.

7 EXAMINER BRANCARD: Mr. Garcia, do you have an
8 exhibit packet for the second case?

9 EXAMINER GARCIA: Let me check real quick.
10 It's not in the case files.

11 EXAMINER GARCIA; Yeah, I'm not seeing it in
12 the case files.

13 MS. SHAHEEN: I will need to double check with
14 my paralegal about that. And perhaps we should refile it
15 if it's not in the case files.

16 EXAMINER BRANCARD: Well, I think we may have to
17 continue it if it's not in the case files.

18 MS. SHAHEEN: Hmm. Let me see if I can...

19 EXAMINER GARCIA: Bear with we there for a
20 second, Mr. Brancard. I'll see if we've received it at
21 all. (Note: Pause.) I don't show no record of us ever
22 receiving it, unless Marlene knows otherwise, bt I don't
23 see no other record coming in.

24 MS. SHAHEEN: And this is 22660, just to make
25 sure?

1 EXAMINER GARCIA: Correct.

2 EXAMINER BRANCARD: Yes.

3 MS. SHAHEEN: Okay.

4 EXAMINER GARCIA: I will note we have received
5 some exhibit packets from earlier today that we have
6 requested.

7 MS. SHAHEEN: Yeah, I'm actually not finding
8 that one in my email approvals from OCD, so I'll look into
9 that.

10 And ideally if it needs to be continued, I
11 would ask that it be continued to the next docket. I know
12 that April 21st docket is full, but this should not take
13 much time.

14 EXAMINER BRANCARD: Okay. Did you have other
15 questions, Mr. Garcia?

16 EXAMINER GARCIA: I do not. I was going to
17 mention in my opinion their Exhibit A works in this
18 scenario because it's an extension and not pooling
19 additional parties.

20 MS. SHAHEEN: Good to know.

21 EXAMINER GARCIA: But that's all my questions.

22 EXAMINER BRANCARD: I would note that, Ms.
23 Shaheen, with your concern about these well numbers that
24 in your application one paragraph says 323H, one paragraph
25 says 322H.

1 MS. SHAHEEN: Material problem.

2 EXAMINER BRANCARD: It's not a material problem.
3 The issue with Chevron, what I noticed what some operators
4 do, in addition to sending it to the massive Chevron
5 building downtown Houston, they also send it to a Midland
6 address where they seem to pick up their mail more
7 regularly or sign for green cards, whatever.

8 But yes, other people have had problems
9 with Chevron not picking up their mail in Houston.

10 MS. SHAHEEN: Oh, that's good to know. We will
11 include the Midland address from now on.

12 EXAMINER BRANCARD: Other than that, I don't
13 think I have any other questions.

14 So I think we are good to go on Case 22659.
15 Are there any other interested person for Cases 22659 or
16 22660? (Note: No response.)

17 So Case 22659 will be taken under
18 advisement. I think we don't need anything else. Do we
19 need -- Mr. Garcia.

20 EXAMINER GARCIA: I don't believe so.

21 EXAMINER BRANCARD: Case 22660, we will continue
22 that to April 21. Marlene is going to kill me, but
23 whatever.

24 MS. SHAHEEN: Thank you very much.

25 (Time noted 1:51 p.m.)

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 7,

8

2022, the proceedings in the above-captioned matter were

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taken before me; that I did report in stenographic

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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

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that I have no interest whatsoever in the final

17

disposition of this case in any court.

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/S/CCR/Mary Therese Macfarlane

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MARY THERESE MACFARLANE, CCR
NM Certified Court Reporter No. 122
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