

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, INC
FOR COMPULSORY POOLING
LEA COUNTY, NEW MEXICO

Case No. 22851, 22852

REPORTER'S TRANSCRIPT OF VIRTUAL PROCEEDINGS
EXAMINER HEARING
June 2, 2022
SANTA FE, NEW MEXICO

This matter came on for virtual hearing
before the New Mexico Oil Conservation Division,
HEARING OFFICER WILLIAM BRANCARD and TECHNICAL
HEARING OFFICER JOHN GARCIA on Thursday, June 2,
2022, through the Webex Platform.

Reported by: PAUL BACA COURT REPORTERS
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A P P E A R A N C E S

For Titus Oil & Gas Production, LLC:
MONTGOMERY & ANDREWS PA
PO Box 2307
Santa Fe, New Mexico 87504-2307
505-986-2678
BY: SHARON SHAHEEN
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I N D E X

	PAGE
CASE CALLED	
HEARING	3
CERTIFICATE OF REPORTER	11

EXHIBITS

NUMBER	PAGE ADMITTED
A	9
B	9

1

2 HEARING OFFICER BRANCARD: I'm on Items 79
3 and 80 from our docket worksheet for today. And
4 these are Cases 22851, 22852, Titus Oil & gas.

5 MS. SHAHEEN: Thank you, Mr. Examiner,
6 Sharon Shaheen, Montgomery & Andrews on behalf of
7 Titus Oil & gas.

8 HEARING OFFICER BRANCARD: Thank you.

9 Are there any other persons entering
10 appearance for Cases 22851 or 22852?

11 Hearing none, Ms. Shaheen, you may
12 proceed.

13 MS. SHAHEEN: Thank you.

14 In these cases Titus seeks to pool for the
15 purpose of drilling the Los Vaqueros Fed Com 214H
16 which is Bone Spring well and the Los Vaqueros Fed
17 Com 434H, which is a Wolfcamp well.

18 As a threshold matter I'll note that we
19 did file our exhibit package on Tuesday, but
20 yesterday we realized that somehow we omitted the
21 AFEs and there was also a slight error in the true
22 vertical depth, so we filed an amended exhibit
23 package. And if you take a look at the table of
24 contents there, we've noted where the exhibit
25 package has been amended.

1 HEARING OFFICER BRANCARD: Thank you,
2 that's helpful.

3 MS. SHAHEEN: In Case Number 22851 Titus
4 seeks to pool the east half-east half of Section 30
5 and the east half of the northeast quarter of
6 irregular Section 31, Township 26 South, Range 35
7 East, to pool a spacing unit of about 240 acres.

8 That irregular section sits on the Texas
9 state line and it's a little bit less than a half a
10 section, which is why you have the odd number of
11 acreage for that unit, excuse me, for that
12 Section 31.

13 In Case Number 22852 Titus seeks to pool
14 the same acreage for the purpose of drilling a
15 Wolfcamp well.

16 We have the usual exhibits which includes
17 the landman exhibits. Mr. Reed Brunette has
18 previously testified before the Division and had his
19 qualifications accepted as a petroleum landman.

20 The usual exhibits are attached to that.
21 It's actually a declaration this time around, with
22 the general location map, the tract ownership. And
23 I would note that Exhibit A2, I believe, has the
24 tract ownership and there are quite a few unleased
25 mineral owners here. Many of them are related so,

1 for example, there are about five that are related
2 to the Easterling family. There were a number --
3 there were about four who were leased by Tap Rock
4 and those leases expired recently. And then I think
5 there's another family Premera and Randall. Those
6 are heirs to a particular owner who is now deceased.

7 And turning to tract, excuse me,
8 Exhibit A3, we have the unit ownership. Titus has a
9 hundred percent in the Tract 3 and it has 65 percent
10 along with its sister company. Another 13 percent
11 in the entire unit.

12 Turning to Exhibit A4, here's the
13 chronology of contacts. If you look at the
14 affidavit of notice, you'll see that there were two
15 that were returned as undeliverable. That related
16 to Black Mountain Operating and we're not sure why
17 that was returned. It was sent to the address
18 that's of record with the Division. But Titus has
19 been communicating with them by email and has left a
20 voicemail.

21 The other entity was Talent Oil and Gas 3,
22 LLC. Basically they were unlocatable. If you look
23 on the Internet, we sent it to the only address that
24 we can find on the Internet. But they were
25 unlocatable.

1 So if you have any specific questions
2 about any of these owners, I'll do my best to answer
3 those questions and I believe the landman is on the
4 line if you have any questions that I can't answer.

5 Moving on to Exhibit A5 you will see find
6 the C102 for the 214H and 434H. These are standard
7 locations.

8 Exhibit A6 is the well proposal. And
9 we've attached the AFEs to the two well proposal
10 letters.

11 Exhibit A7 is the notice letter from
12 myself to all of those parties identified on the
13 Exhibit A. There are two on PDF Page 40 and 41.

14 Then next we have the declaration of the
15 geologist Allen Frierson. Mr. Frierson has
16 previously testified before the Division and he has
17 had his credentials accepted as a geologist.

18 He has, again, the usual exhibits. These
19 are organized a little bit differently. I think
20 he's organized them first by case, so the first set
21 of exhibits and the second set of exhibits have the
22 same exhibit numbers but they're divided up into the
23 different cases.

24 So Case 22851 you'll see the Exhibit B1 is
25 the geological summary.

1 The locator map is Exhibit B2.

2 The spacing unit schematic is Exhibit B3.

3 The structure map is Exhibit B4.

4 The isopack Exhibit B5.

5 The type of log, Exhibit B6.

6 And the gun barrel Exhibit B7.

7 And then you have the same thing for the
8 Wolfcamp well.

9 Finally you have my affidavit of notice
10 here. We've mailed to all of the folks that are
11 identified in the notice letter and we have attached
12 a table or a spreadsheet that indicates the status
13 of delivery to each of those owners.

14 And as I mentioned earlier on the third
15 page of the spreadsheet you'll see Black Mountain
16 was returned as well as Talent Oil and Gas. Then we
17 have our green cards.

18 And then our affidavit of publication
19 which indicates, I believe it was published on
20 May -- it was published one day earlier than usual
21 because I remembered that we had a holiday for the
22 Memorial Day weekend. So this was published on
23 May 18th, which should be 20 days, 20 business days
24 prior to today.

25 With that, I would ask that -- I'll stand

1 for questions and ask that the exhibits be admitted
2 into the record and these cases be taken under
3 advisement.

4 HEARING OFFICER BRANCARD: Thank you.

5 Mr. Garcia, questions?

6 TECHNICAL HEARING OFFICER GARCIA: Are
7 these the same wells Titus had proposed to go from
8 New Mexico into Texas completed?

9 MS. SHAHEEN: I am not aware that these
10 are proposed as interstate wells. The interstate
11 wells that I'm aware of are the El Campeon wells.

12 TECHNICAL HEARING EXAMINER GARCIA: Okay.
13 They just look similar in a triangle on the Texas
14 side which is why I was curious.

15 MS. SHAHEEN: Right. Well, it could be
16 that there may be some thought about that, but I'm
17 not aware of it.

18 TECHNICAL HEARING EXAMINER GARCIA: I
19 believe I have no other questions.

20 HEARING OFFICER BRANCARD: Thank you.

21 I think we're fine.

22 MS. SHAHEEN: The only thing that I would
23 note is of all those unleased mineral owners,
24 there's several that they're in the process of
25 leasing. And then so, for example, easterling, New

1 Mexico Minerals, we're just finalizing a lease
2 there. And then with respect to the other
3 Easterling entity, they've indicated that they'll
4 intend to participate under the force pooling order.
5 And then there's a number of other owners who are in
6 the process of being leased including Premera and
7 Randall.

8 HEARING OFFICER BRANCARD: Okay. Did you
9 want to update your exhibits in any way in regards
10 to that? It's your call.

11 MS. SHAHEEN: I don't think so. I think
12 we prefer to go ahead and force pool everyone that
13 has indicated and then, obviously, once there is a
14 lease in place, then the force pooling order will no
15 longer apply with that party.

16 HEARING OFFICER BRANCARD: Correct. Okay.
17 Thank you.

18 MS. SHAHEEN: Thank you.

19 HEARING OFFICER BRANCARD: Are there any
20 other interested persons, then, in Cases 22851,
21 22852?

22 Hearing none, the exhibits in 22851 and
23 22852 will be admitted into the record and
24 Cases 22851 and 22852 will be taken under
25 advisement.

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MS. SHAHEEN: Thank you.

HEARING OFFICER BRANCARD: Thank you.

(Matter concluded.)

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REPORTER'S CERTIFICATE

I certify that the foregoing is a correct transcript from the record of proceedings in the above-entitled matter. I further certify that the transcript fees and format comply with those prescribed by the Court and the Judicial Conference of the United States.

Date: June 2, 2022

/s/ Edwina Castillo

EDWINA CASTILLO, RPR, CCR
Certified Court Reporter #407
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