

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

2009 NOV 25 P 2: 01

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

CASE NO. 14395

**APPLICATION OF XTO ENERGY INC., TO TERMINATE THE SOUTH BLANCO-
TOCITO OIL POOL, INCLUDING ITS SPECIAL RULES AND REGULATIONS, AND
TO EXPAND THE BASIN-MANCOS GAS POOL AND FOR AN EXCEPTION TO
RULE 19.15.12.9 NMAC TO PERMIT DOWNHOLE COMMINGLING OF
PRODUCTION FROM THE TOCITO FORMATION, NOW MANCOS, WITH
DAKOTA PRODUCTION, RIO ARRIBA COUNTY, NEW MEXICO.**

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart, LLP on behalf of Chevron
U.S.A., Inc. as required by Oil Conservation Rule 19.15.14.1204 B NMAC.

APPEARANCES OF PARTIES

APPLICANT

XTO Energy Inc.

ATTORNEY

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OTHER PARTIES

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OTHER PARTIES

Chevron U.S.A., Inc.

ATTORNEY

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STATEMENT OF CASE

With this application XTO Energy, Inc. seeks to terminate the South Blanco-Tocito Oil Pool and the special rules and regulations created specifically for the pool, and expand the Basin-Mancos Gas Pool. Chevron Midcontinent, LP operates the Rincon Federal Unit. It includes wells that produce from the South Blanco-Tocito Pool. There are two recognized federal Tocito Participating Areas in the Unit. Chevron will recommend that the South Blanco-Tocito Pool be contracted to the boundaries of the Rincon Unit Area. The Rincon Unit Area will thereby be excluded from this application and the current rules and regulations applicable to this pool will remain in effect for these Chevron-operated lands. At the same time the changes that XTO seeks can be approved for the XTO operated lands. This will avoid any future problem with Tocito PA's in the Rincon Unit. A similar approach was used in Case 14540 (Order No. R-13063) where the Williams Production Company obtained an order abolishing Gallup pools in the Rosa Unit. In that case the order was limited to the Rosa Unit Boundaries thereby authorizing the changes sought by Williams and, at the same time, not affecting offsetting acreage operated by other producers.

PROPOSED EVIDENCE

WITNESSES
(Name and expertise)

EST. TIME

EXHIBITS

Gregory Davis
Landman
May Call

Approx. 10 min.

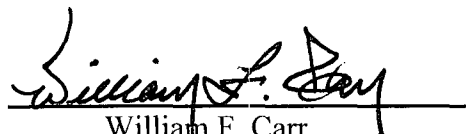
Approx. 3

PROCEDURAL MATTERS

Chevron has none at this time

Respectfully Submitted,

HOLLAND & HART LLP



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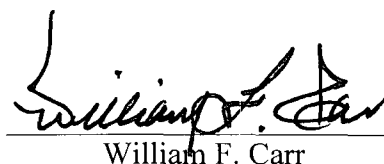
ATTORNEYS FOR CHEVRON U.S.A., INC.

CERTIFICATE OF SERVICE

I hereby certify that on November 25, 2009, I served a copy of the foregoing **Pre-Hearing Statement** in the above mentioned cause to the following counsel of record via Facsimile to:

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