

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

IN THE MATTER OF THE 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 PRODUCTION FROM THE
TOCITO FORMATION, NOW MANCOS FORMATION
PRODUCTION WITH DAKOTA FORMATION PRODUCTION,
RIO ARriba COUNTY, NEW MEXICO.

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CASE NO. 14395

PREHEARING STATEMENT

The Oil Conservation Division submits this reiteration of appearances and pre-hearing statement pursuant to OCD Rule 19.15.4.10 NMAC.

APPEARANCES

APPLICANT
XTO ENERGY INC.

APPLICANT'S ATTORNEY
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STATEMENT OF THE CASE

By this application, XTO is seeking to terminate the South Blanco-Tocito Oil Pool (and all special rules and regulations created specifically for that pool), and to expand the Basin-Mancos gas pool. XTO is further seeking an exception to OCD Rule 19.15.12.9 NMAC to allow for downhole commingling of production from the Tocito formation (now known as the Mancos) with that from the Dakota. The OCD, and in particular the Office for the District in which this Unit is located (District 3/Aztec) has had an opportunity to review and consider the proposal being made by XTO. With one qualification, the OCD does not oppose approval of the application.

The qualification of the OCD's non-opposition of approval of this application arises out of a concern relating to correlative rights involving wells located on the Rincon Federal Unit. There is one operator with existing South Blanco-Tocito wells in the Rincon Federal Unit: Chevron Midcontinent, LP ("Chevron"). Chevron has expressed a desire to have its holdings in the Rincon Unit, South Blanco-Tocito Pool (Sec 6, T26N, R6W and Sec 32, T27N, R6W) excluded from any Order arising out of this case and abolishing the (South Blanco-Tocito) Pool.

The OCD therefore does not oppose the approval of XTO's application, if there is an exception included that specifically excludes Chevron Midcontinent LP's holdings in the subject pool and located within the bounds of the Rincon Federal Unit (in Sec 6, T26N, R6W and Sec 32, T27N, R6W).

OCD'S PROPOSED EVIDENCE

Steven Hayden, OCD District 3 Geologist

20 minutes
(telephonic)

PROCEDURAL MATTERS

None.

Respectfully submitted
this 24th day of November, 2009 by




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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was emailed to counsel for XTO Energy, Thomas Kellahin at tkellahin@comcast.net this 24th Day of November, 2009.

A handwritten signature in black ink, appearing to read 'Mikal Altomare', written over a horizontal line.

Mikal Altomare