

**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 HEARING:**

**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 PRODUCITON FROM THE TOCITO FORMATION, NOW MANCOS,  
WITH DAKOTA PRODUCTION, RIO ARriba COUNTY, NEW MEXICO**

**RECEIVED NMOCD  
2009 OCT 22 PM 12:20  
CASE 14395**

**PRE-HEARING STATEMENT**

**XTO Energy Inc. submits its pre-hearing statement as required by the New Mexico  
Oil Conservation Division.**

**APPEARENCES OF THE PARTIES**

**APPLICANT**

**XTO Energy, Inc.  
810 Houston Street  
Houston, TX 76102  
Attn: Aaron Austin  
(817) 885-3064**

**ATTORNEY**

**Thomas Kellahin, Esq.  
706 Gonzales Road  
Santa Fe, NM 87501  
Fax 505-982-2047  
Ph 505-982-4285**

**OPPOSITION**

**None**

**ATTORNEY**

## **STATEMENT OF THE CASE**

### **APPLICANT**

(1) By order R-132, dated March 26, 1952, the Division established the South Blanco-Tocito Pool, then called the Pettigrew-Tocito Pool.

(2) By Order R-1191, dated June 10, 1958, the Division adopted Special Rules and Regulations for the South Blanco-Tocito Oil Pool (“the Pool”)

(3) The Rules for this Pool provide in part, that:

(a) “Rule 2. Any wells projected to or completed in the South Blanco-Tocito Oil Pool shall be located on a tract containing 80-acres, more or less....

(b) Rule 3. All wells hereafter projected to or completed in the South Blanco-Tocito Oil Pool shall be located in the center of the Northwest quarter or the Southeast quarter of a governmental quarter section, with a tolerance of 100 feet in any direction to avoid surface obstructions.”

(4) There are currently three operators (XTO Energy Inc, Burlington Resources Oil and Gas Company, LP and Chevron Midcontinent, LP) that operate 32 Tocito wells within the Pool. XTO operates 27 of these 32 wells. There are currently three operators (Chevron Midcontinent LP, Energen Resources Corporation and CDX Rio LLC) that operate 7 Tocito wells that are within one (1) mile of the Pool boundary. Chevron Midcontinent operates 5 of these 7 wells.

(5) XTO plans to drill an additional 37 wells within the Pool and 26 wells within one mile of the Pool boundary. Of the planned new drill wells, approximately 26 wells will be at locations that will be unorthodox (“NSL”) exceptions to the current well location rules for the Pool, and 17 wells will be NSL within one mile of the Pool boundary.

(6) Drilling of wells in this Pool pursuant to the current well location rules will require both the Division and the operator(s) to devote unnecessary time, money and effort to file and process unorthodox well location applications (“NSL”).

(7) The existing Tocito “oil” wells will not be adversely affected by inclusion in the Basin-Mancos Gas Pool or by being downhole commingled with production from the Dakota formation.

(8) The existing oil wells in the Tocito Pool have demonstrated a limited drainage area thereby leaving possible production at locations outside of the “standard” wells location windows for this Pool.

(9) Approval of this application will provide greater flexibility for Tocito wells and allow a small resource to be developed in conjunction with Basin Dakota Gas Pool wells

(10) By Order R-12984, dated September 3, 2008, the Division adopted operating rules for the Basin-Mancos Gas Pool but denied designation of pre-approved downhole commingling of production. See NMOCD Case 14133.

(11) The Basin Mancos Gas Pool is defined as:

- (a) Vertical limits are from the base of the Point Lookout formation, the lowest subdivision of the Mesaverde, to the base of the Greenhorn member of the Mancos formation, and
- (b) Horizontal boundaries are all of San Juan and Rio Arriba Counties and all of Section 21, Township 23 North Range 5 West in Sandoval County, NM

(12) All of XTO's planned wellbores will be drilled as gas wells in the Basin-Dakota Gas Pool with the Tocito added as a secondary target. The Tocito Member (or basal Niobrara Sandstone) is part of the Mancos Formation.

(13) The anticipated productivity of the Tocito portion of the Mancos Formation will be inadequate to justify drilling "stand-alone" wellbores into this zone. In order to be produced, these wells must be drilled in conjunction with a well that also produces from the Dakota formation.

(14) These future wellbores will be downhole commingled with production from the Tocito and the Dakota.

(15) Applicant further requests an exception to Rule 303.C(4) now Rule 19.15.12.9 NMAC based upon the demonstration by the Applicant of the following as set forth in Rule 19.15.12.11 NMAC:


### **PROPOSED EVIDENCE**

#### **APPLICANT**

<b>WITNESSES</b>	<b>EST. TIME</b>	<b>EST. EXHIBITS</b>
<b>Aaron Austin, Landman</b>	<b>15-min</b>	<b>@ 5</b>
<b>John Klutsch, Geologist</b>	<b>15-min</b>	<b>@ 4</b>
<b>John Fitzgerald, Petroleum Engineer</b>	<b>25-min</b>	<b>@ 8</b>

**PROCEDURAL MATTERS**

**None anticipated**



**KELLAHIN & KELLAHIN**

**W. Thomas Kellahin**  
**706 Gonzales Road**  
**Santa Fe, New Mexico 87501**  
**Phone 505-982-4285**  
**Fax 505-982-2047**  
**E-mail: [tkellahin@comcast.net](mailto:tkellahin@comcast.net).**