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

**ORIGINAL**

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 FORMATION, WITH DAKOTA  
FORMATION PRODUCTION, RIO ARRIBA  
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDING  
EXAMINER HEARING

December 17 2009  
Santa Fe, New Mexico

2009 DEC 28 A 9:15  
RECEIVED OGD

BEFORE: WILLIAM P. JONES: Hearing Examiner  
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico  
Oil Conservation Division, David Brooks Hearing Examiner,  
on December 17, 2009, at the New Mexico Energy, Minerals  
and Natural Resources Department, 1220 South St. Francis  
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88  
Paul Baca Court Reporters  
500 Fourth Street, NW, Suite 105  
Albuquerque, NM 87102

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APPLICANT'S EXHIBITS:

Exhibit A 5

COURT REPORTER'S CERTIFICATE 6

A P P E A R A N C E S

For the Applicant: W. THOMAS KELLAHIN, ESQ.  
Kellahin and Kellahin  
706 Gonzales Road  
Santa Fe, NM 87501

For the OCD: MIKAL M. ALTOMARE, ESQ.  
Assistant General Counsel  
State of New Mexico  
Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

For Enervest Operating, LLC: JAMES BRUCE, ESQ.  
Attorney at Law  
P. O. Box 1056  
Santa Fe, NM 87501

1 HEARING EXAMINER: If you guys don't mind, let's  
2 call Case 14395.

3 MR. BROOKS: Okay. Call Case No. 14395,  
4 application of XTO Energy, Inc. to terminate the South  
5 Blanco-Tocito Oil Pool, including its special rules and  
6 regulations, and to expand the Basin-Mancos Gas Pool, and  
7 for an exception to Rule 19.15.12.9 NMAC to permit  
8 downhole commingling with production from Tocito  
9 Formation, now Mancos Formation, with Dakota production,  
10 Rio Arriba County, New Mexico. Call for appearances.

11 MR. KELLAHIN: Mr. Examiner, I'm Tom Kellahin of  
12 the Santa Fe law firm of Kellahin and Kellahin appearing  
13 this morning on behalf of the applicant.

14 MR. BROOKS: Very good.

15 MS. ALTOMARE: Mikal Altomare on behalf of the  
16 Oil Conservation Division.

17 MR. BRUCE: Jim Bruce of Santa Fe representing  
18 Enervest Operating, LLC.

19 MR. BROOKS: Okay. Mr. Kellahin, I believe this  
20 was called for the purpose of making proof of notice to an  
21 additional party?

22 MR. KELLAHIN: That's true, Mr. Examiner.

23 MR. BROOKS: Okay. Are you prepared to proceed?

24 MR. KELLAHIN: Yes, sir.

25 MR. BROOKS: You may proceed.

1 MR. KELLAHIN: At the end of the hearing you  
2 presided over back on the docket for December 3, there was  
3 a question about a notice to an offset operator that was  
4 within a mile from the southeastern boundary of the Tocito  
5 pool.

6 MR. BROOKS: Right.

7 MR. KELLAHIN: And the Division records showed  
8 that there was an operator called CDX. Further review of  
9 that well file indicated an approved change of operator  
10 from CDX to someone called Enervest Operating.

11 Subsequent to that hearing, I contacted Enervest  
12 and obtained from them a waiver of notice and a waiver of  
13 any objection to this matter.

14 So with your permission, we'll introduce what  
15 I've marked as XTO Exhibit A to the hearing of this case  
16 for the docket of December 17th.

17 In addition, Mr. Examiner, there was a  
18 representative of Enervest at that hearing. I provided  
19 that individual with a copy of the exhibit book and he  
20 heard all of the testimony that was presented to you at  
21 that time.

22 Subsequently, Mr. Bruce has entered an  
23 appearance for that company.

24 MR. BRUCE: We have no objection, and we're not  
25 presenting anything in this case.

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MR. BROOKS: Ms. Altomare?

MS. ALTOMARE: No objection from the Oil Conservation Division. We understand that the offset operator has no objection, so we're fine.

MR. BROOKS: Very good. Case No. 14395 will be taken under advisement.

(Whereupon, the proceedings concluded.)

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 14395 heard by me on 12-17-2009.  
*David K. [Signature]*  
Oil Conservation Division Examiner

1 STATE OF NEW MEXICO )  
2 COUNTY OF BERNALILLO ) ss.  
3 )  
4 )

5 REPORTER'S CERTIFICATE  
6

7 I, PEGGY A. SEDILLO, Certified Court  
8 Reporter of the firm Paul Baca Professional  
9 Court Reporters do hereby certify that the  
10 foregoing transcript is a complete and accurate  
11 record of said proceedings as the same were  
12 recorded by me or under my supervision.

13 Dated at Albuquerque, New Mexico this  
14 22nd day of December, 2009.  
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20 PEGGY A. SEDILLO, CCR NO. 88  
21 License Expires 12/31/09  
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