

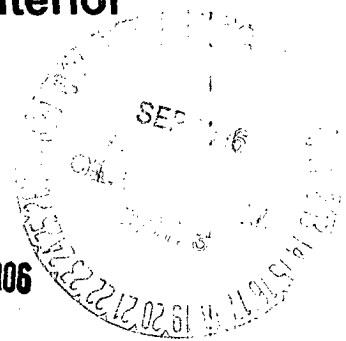


United States Department of the Interior

BUREAU OF INDIAN AFFAIRS
Navajo Region
P.O. Box 1060
Gallup, New Mexico 87305

IN REPLY REFER TO:
Real Estate Services/N425

AUG 24 2006



State of New Mexico
Energy Minerals and Natural Resources
Oil Conservation Division
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Dear Sir:

30-045-33758

An administrative review has been conducted on the following proposed Application for Permit to Drill submitted by **Merrion Oil and Gas Corporation**.

ReggaeCom #2

~~Disco COM #1~~, **State Lease No: VB-0542**. The proposed well pad, access road and pipeline is described as 815' FSL / 881' FEL, located in Section 16, T26N, R11W, San Juan County, New Mexico. Included in the approved disturbance is a well pad 0.40 acres, for a total 0.40 acres, more or less. No new access road and pipeline corridor are needed. This location is on the Navajo Trust Lands within the Navajo Indian Irrigation Project (NIIP) designated boundaries.

Resolutions of the Resources Committee of the Navajo Nation Council No: **RCMA-93-06** passed on **July 13, 2006**, approved the enclosed **Merrion Oil and Gas Corporation's APD**. Please note that the Resources Committee set certain terms and conditions which must be followed. The Navajo Nation Environmental Protection Agency also set specific terms and conditions which must be followed. Other required clearances from the Navajo Nation have been obtained and are on file.

We recommend approval of the above referenced application, provided enclosed Bureau of Indian Affairs and the Navajo Nation stipulations are adhered to and made a part of the drilling plan.

Questions regarding this matter may be directed to Mr. Chuck Yarbrough, Realty Specialist, Branch of Leases/Permits Section (Minerals) at 928/871-5922.

Sincerely,

[Signature]
Acting Regional Director

Enclosures

cc: Merrion Oil & Gas Corporation, 610 Reilly Avenue, Farmington, NM 87401
Bureau of Land Management, Farmington Field Office
Permits West, Inc., 37 Verano Loop, Santa Fe, New Mexico 87508
Navajo Nation, Attn: Minerals Department
Navajo Nation, Division of Natural Resources, Attn: Project Review Office

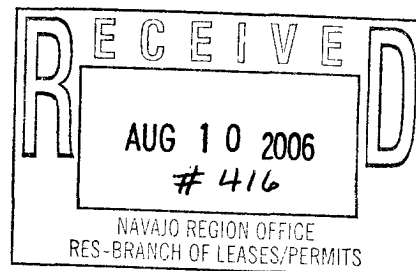


**THE
NAVAJO
NATION**

P.O. Box 9000 • WINDOW ROCK, ARIZONA • 86515

fs 8/17/06 chueh
PRESIDENT
JOE SHIRLEY, JR.
VICE PRESIDENT
FRANK J. DAYISH, JR.

August 8, 2006



Ms. Bertha Spencer, Realty Specialist
Bureau of Indian Affairs (BIA)
Division of Real Estate Services
Post Office Box 1060
Gallup, New Mexico 87305

RE: Applications for Permit to Drill to Merrion Oil & Gas Corporation

Dear Ms. Spencer:

Transmittal herewith are two (2) consent letters dated August 3, 2006, which were signed by Mr. Joe Shirley, Jr., President of the Navajo Nation. Attached also is an approved Resources Committee Resolution and Exhibits to drill, construct, operate and maintain the "Hard Rock No. 1" and "Disco Com No. 1" Gas Wells and Ancillary facilities on, over and across Navajo Nation Trust Lands within Navajo Indian Irrigation Project, San Juan County, Navajo Nation (New Mexico).

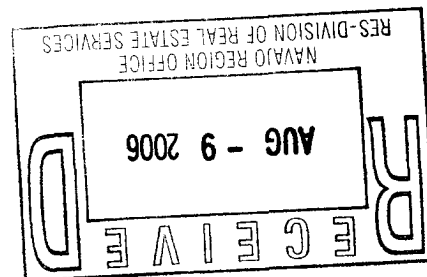
Please call our office at (928) 871-6447 or 7051, if you should have any questions. Thank you.

Sincerely,

Howard P. Draper, Project/Program Specialist
Project Review Section
Navajo Land Department/DNR

ATTACHMENTS

xc: Chrono/Project Files





**THE
NAVAJO
NATION**

P.O. Box 9000 • WINDOW ROCK, ARIZONA • 86515

128 8/17/06 *chush*
PRESIDENT
JOE SHIRLEY, Jr.
VICE PRESIDENT
FRANK J. DAYISH, Jr.

AUG 03 2006

Ms. Elouise Chicharello, Regional Director
Bureau of Indian Affairs
Navajo Region
Post Office Box 1060
Gallup, New Mexico 87305

RE: Application for Permit to Drill for Merrion Oil & Gas Corporation

Dear Ms. Chicharello:

On July 13, 2006, the Resources Committee of the Navajo Nation Council approved the Application for Permit to Drill package for Merrion Oil & Gas Corporation:

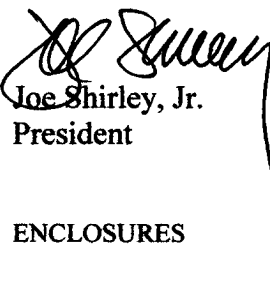
Resolution Number RCJY-93-06, entitled "Approving an Application for Permit to Drill to Merrion Oil & Gas Corporation to drill, construct, operate and maintain the "Disco Com No. 1" Gas Well and Ancillary Facilities on State Lease No. VB-0542 on, over and across Navajo Nation Trust Lands within the Navajo Indian Irrigation Project, San Juan County, Navajo Nation (New Mexico)"

Approval of this Application for Permit to Drill is given subject to the terms and conditions stipulated in the resolution approved by the Resources Committee and exhibits attached to such resolution.

Your prompt approval of this Application for Permit to Drill is appreciated.

Sincerely,

THE NAVAJO NATION


Joe Shirley, Jr.
President

ENCLOSURES

