



**RICHARDSON PRODUCTION COMPANY**

RECEIVED

2008 SEP 11 PM 2 34

6400 S. Fiddler's Green Circle, Suite 1330  
Greenwood Village, CO 80111  
(303) 830-8000 Fax (303) 830-8009

September 9, 2008

By Facsimile (505) 476-3462  
and Federal Express

New Mexico Oil & Gas Conservation Commission  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Case 14162

RE: Compulsory Pooling Hearing – September 18, 2008  
W/2 Section 9-29N-13W; San Juan County, NM

Ladies and Gentlemen:

Reference is made to the attached letter from Merrion Oil & Gas as well as the attached series of emails between the undersigned and George Sharpe of Merrion.

As you can see by the attached emails, Merrion had offered Richardson \$1083/acre to acquire our leases in the above area. We accepted that offer. They then continued with compulsory pooling regarding this area without additional contact with our office. We did receive an AFE and JOA from Merrion covering their proposed wells in this area. We are very concerned about the AFE costs inasmuch as we could have our in-house drilling company complete the wells for nearly 1/3 of their projected AFE cost. Because of these high estimated costs, we are very concerned about the prospect of becoming Merrion's partner in this area. Due to these excessive costs, we would much prefer to sell our interests at a rate that is reasonable in the area.

→ We respectfully request continuance of the hearing scheduled for September 18, 2008 to allow additional time to negotiate with Merrion. I have a prior commitment on September 18<sup>th</sup>, and will be unable to attend the hearing. Therefore, I will need to obtain legal representation to protect our interests in this area.

Please consider this letter as notification of our official desire to participate in the continued hearings in this matter. It is my understanding that the pre-hearing statement is due in your office, on or before Thursday, September 11, 2008 at 5:00 p.m. In the event the matter is not continued, I do plan to have some sort of representation at the scheduled hearing to request a continuance.

If you have any additional questions, please do not hesitate to contact our office.

Sincerely yours,

**RICHARDSON OPERATING COMPANY**

Patti L. Davis, CPL  
Vice President



RECEIVED

AUG 27 2008

August 25, 2008

CERTIFIED RETURN RECEIPT REQUESTED

**RE: NOTIFICATION OF CONTINUATION OF CASE # 14162  
APPLICATION OF MERRION OIL AND GAS CORP  
FOR COMPULSORY POOLING - GLADE PARK #1 AND #2 WELLS  
BASIN FRUITLAND COAL GAS POOL  
W/2 SECTION 9, T29N, R13W  
SAN JUAN COUNTY, NEW MEXICO**

To Uncommitted Interest Owners:

By certified letter dated June 18, 2008 you were advised that Merrion Oil & Gas Corp. (Merrion) intended to drill the subject wells. The letter outlined various options as to what you might do with your interest in the spacing unit. Those options are still available to you.

In that letter, Merrion advised that the above referenced case had been set for hearing before the New Mexico Oil Conservation Division (NMOCD) on August 7, 2008. Merrion subsequently requested that the hearing be continued to the August 21, 2008 docket of the NMOCD. Merrion presented the subject case at the NMOCD Examiner Hearing on August 21, 2008. The Hearing Examiner received testimony and evidence, but continued the case until the September 18, 2008 docket of the NMOCD, and directed Merrion to provide all uncommitted interest owners with written notification of the continuance.

The purpose of this letter, therefore, is to advise you of the continuance and to further advise you that you may participate in the hearing on this application by appearing at 8:15 a.m. on September 18, 2008 at the NMOCD hearing room located at 1220 S. St. Francis Dr., Santa Fe, NM 87505. If you decide to participate at the hearing, the rules of the NMOCD require that you file a pre-hearing statement at the same address not later than 5:00 pm on Thursday, September 11, 2008.

If you have any questions about the process or concerns about our application, please call me at the number below, or call the NMOCD at 505-476-3483.

Sincerely,

A handwritten signature in cursive script that reads "Briana Campbell".

Briana Campbell

Land Analyst

505-324-5325

bcampbell@merrion.bz

**Patti L. Davis**

---

**From:** George Sharpe [GSharpe@merrion.bz]  
**Sent:** Tuesday, September 09, 2008 1:56 PM  
**To:** Patti L. Davis  
**Cc:** Martha Goats; T Greg Merrion; Tommy Roberts  
**Subject:** RE: Farmington lease trade

Patti,

We are forcepooling ALL uncommitted interests, unleased and leased. We have asked for a 200% penalty, after which any force-pooled interests will back in APO. Martha, please forward Patti a copy of the JOA that we have submitted to the State. I believe we have a pdf version.

Once the hearing is complete, the hearing officers will make a ruling within 30 days of that date. That ruling, if allowing for force pooling, will give the uncommitted parties another 30 days to decide whether to participate or not. Therefore, we still have some time to negotiate.

If you have any more questions, I'd be glad to try to answer them.

George

---

**From:** Patti L. Davis [mailto:pdavis@richardsonoil.com]  
**Sent:** Tuesday, September 09, 2008 1:56 PM  
**To:** George Sharpe  
**Subject:** RE: Farmington lease trade

I just need to be there to protect David's interests. We don't have a JOA and I'm not familiar with the process in New Mexico. I want to be sure you don't try to force pool our interests as well as the unleased interests.

*Patti L. Davis, CPL*

Vice President  
Richardson Companies  
6400 S. Fiddler's Green Circle, Suite 1330  
Greenwood Village, CO 80111  
(303) 830-8000  
Fax (303) 830-8009

---

**From:** George Sharpe [mailto:GSharpe@merrion.bz]  
**Sent:** Tuesday, September 09, 2008 1:40 PM  
**To:** Patti L. Davis  
**Cc:** T Greg Merrion; Tommy Roberts  
**Subject:** RE: Farmington lease trade

Okeedoke. We will be there anyway. Out of curiosity, what will be the basis of your objection to the force pooling?

George

---

**From:** Patti L. Davis [mailto:pdavis@richardsonoil.com]  
**Sent:** Tuesday, September 09, 2008 1:44 PM  
**To:** George Sharpe  
**Subject:** RE: Farmington lease trade

9/9/2008

Thanks for the response. See you at the hearing.

*Patti L. Davis, CPL*

Vice President

Richardson Companies

6400 S. Fiddler's Green Circle, Suite 1330

Greenwood Village, CO 80111

(303) 830-8000

Fax (303) 830-8009

---

**From:** George Sharpe [mailto:GSharpe@merrion.bz]

**Sent:** Tuesday, September 09, 2008 1:29 PM

**To:** Patti L. Davis

**Cc:** T Greg Merrion

**Subject:** RE: Farmington lease trade

Hi Patti,

Thank you for touching base. Because of rising costs and falling prices, Merrion is currently offering \$250/ac for an 85% lease in that spacing unit. We may have a little wiggle room for negotiation, but the \$1083/ac number is not on the table. Sorry.

George

---

**From:** Patti L. Davis [mailto:pdavis@richardsonoil.com]

**Sent:** Tuesday, September 09, 2008 12:13 PM

**To:** George Sharpe

**Subject:** RE: Farmington lease trade

George

It would be much easier to get a deal done up front rather than force us to appear at the hearing on the 18th. Please call me when you have time to discuss this.

Thanks

*Patti L. Davis, CPL*

Vice President

Richardson Companies

6400 S. Fiddler's Green Circle, Suite 1330

Greenwood Village, CO 80111

(303) 830-8000

Fax (303) 830-8009

---

**From:** George Sharpe [mailto:GSharpe@merrion.bz]

**Sent:** Friday, June 27, 2008 10:59 AM

**To:** Patti L. Davis

**Cc:** Heidi Hill; Martha Goats; Briana Campbell; T Greg Merrion

**Subject:** RE: Farmington lease trade

Patti,

I recognize that number. You are supposed to delete those old emails! ☺ We'll scratch our head on it and get back to you.

George

---

**From:** Patti L. Davis [mailto:pdavis@richardsonoil.com]  
**Sent:** Friday, June 27, 2008 10:30 AM  
**To:** George Sharpe  
**Subject:** FW: Farmington lease trade

Hi George

David will sell his interests to you in the W2 of Section 9 for \$1083/acre delivering an 85% NRI lease.

Thanks

*Patti L. Davis, CPL*  
Vice President  
Richardson Companies  
6400 S. Fiddler's Green Circle, Suite 1330  
Greenwood Village, CO 80111  
(303) 830-8000  
Fax (303) 830-8009

---

**From:** George Sharpe [mailto:GSharpe@merrion.bz]  
**Sent:** Thursday, January 24, 2008 2:24 PM  
**To:** Patti L. Davis  
**Cc:** Martha Goats; T Greg Merrion; Briana Campbell  
**Subject:** RE: Farmington lease trade

Patti,

I'm not sure. It was kind of a global deal to clean up interests. We would be willing to buy whatever you have in the W/2 for \$1083, but we really don't want the E/2 and the \$40K for title was to get the deal done. Speaking of tie ins, you guys have any idea on Section 9? Looks like 18 is a lot closer to production than 9 is, and being more on the edge of town, will be a lot easier.

Geo

---

**From:** Patti L. Davis [mailto:pdavis@richardsonoil.com]  
**Sent:** Thursday, January 24, 2008 11:45 AM  
**To:** George Sharpe  
**Subject:** RE: Farmington lease trade

Would you like to move forward with acquisition of title and our leases in Section 9? David is still reviewing the connection possibilities on Section 18 and has not made a final decision on acquisition of your interests in Section 18.

*Patti L. Davis, CPL*  
Vice President  
Richardson Companies  
6400 S. Fiddler's Green Circle, Suite 1330  
Greenwood Village, CO 80111  
(303) 830-8000  
Fax (303) 830-8009

---

**From:** George Sharpe [mailto:GSharpe@merrion.bz]

**Sent:** Tuesday, January 22, 2008 6:24 PM

**To:** Richardson - Patti Davis

**Subject:** Farmington lease trade

Hi Patti.

We are going to be in Denver tomorrow on business, but would have time to drop by if need be. Please call me on my cell just to touch base on that.

Respectfully,

**George Sharpe**

Investment Manager

Merrion Oil & Gas

505-324-5314

505-402-5798 cell