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TOMMY ROBERTS LAW OFFICE, LLC

September 7, 2010

New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

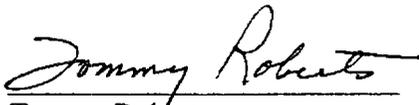
Attn: Florene Davidson, Hearing Administrator

Re: Application of Merrion Oil & Gas Corporation
For Compulsory Pooling
Case No. 14540

Dear Ms. Davidson:

Enclosed please find an original and two copies of Applicant's Pre-Hearing Statement in the above referenced matter.

Sincerely,



Tommy Roberts
Attorney for Merrion Oil & Gas Corporation

TR:nk
Enclosures

WSD 9/14/10

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
CONSIDERING:

CASE NO. 14540

APPLICATION OF MERRION OIL & GAS
CORPORATION FOR COMPULSORY POOLING,
SAN JUAN COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by Merrion Oil & Gas Corporation as required by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

ATTORNEY

MERRION OIL & GAS CORPORATION

TOMMY ROBERTS

610 REILLY AVENUE

P.O. BOX 129

FARMINGTON, NM 87401

FARMINGTON, NM 87499

Attn: GEORGE SHARPE

(505) 327-6807

(505) 324-5300

OPPOSITION OR OTHER PARTY

ATTORNEY

Numerous Uncommitted Mineral
Interest Owners And/Or Working
Interest Owners. Applicant Is Not
Aware Of Any Interested Party Who
Intends To Appear At The Hearing.

Not Known

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with the application and the reasons therefore.)

Applicant seeks an order pooling all noncommitted mineral interests and noncommitted working interest owners in the Fruitland Coal formation in the W/2 of Section 9, Township 29 North, Range 13 West, N.M.P.M., to form a standard 320-acre spacing and proration unit for the Basin-Fruitland Coal Pool. The unit is to be dedicated to the Glade Park #1 well to be drilled at an orthodox location, and the Glade Park #2 well to be drilled at an unorthodox location in the W/2 of Section 9. Applicant further seeks an order pooling all noncommitted mineral interests and noncommitted working interest owners in the Pictured Cliffs formation in the NW/4 of Section 9, Township 29 North, Range 13 West, N.M.P.M., to form a standard 160-acre gas spacing and proration unit for the West-Kutz Pictured Cliffs Pool. The unit is to be dedicated to the Glade Park #1 well to be drilled at an unorthodox location in the NW/4 of Section 9. Applicant further seeks an order pooling all noncommitted mineral interests and non-committed working interest owners in the Pictured Cliffs formation in the SW/4 of Section 9, Township 29 North, Range 13 West, N.M.P.M., to form a standard 160-acre gas spacing and proration unit for the West Kutz-Pictured Cliffs Pool. The unit is to be dedicated to the Glade Park #2 well to be drilled at an unorthodox location in the SW/4 of Section 9.

Applicant also seeks to be designated as the operator of the wells and that it be authorized to recover the costs of drilling, completing, equipping and operating the wells, together with an additional charge for the risk associated with drilling and completing the wells at the maximum rate established by the Oil Conservation Division for wells of this kind and location.

Applicant further requests that it be allowed a reasonable charge for the supervision of the wells during the drilling and production stages.

This application has been filed because Applicant has been unable to obtain the voluntary joinder of numerous owners of unleased mineral interests and uncommitted working interests underlying, or applicable to, the lands within the proposed spacing and proration unit for the wells.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

NOT APPLICABLE TO APPLICANT'S STATEMENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
George F. Sharpe -- Petroleum Engineer	45 Minutes	<ul style="list-style-type: none">- Area Map- Well Location Plat- Lease Ownership Summary- Correspondence- Authority for Expenditure- Operating Agreement- Survey of Drilling/Production Rates- Production Map- Topographic Map- Evidence of Notice

OPPOSITION

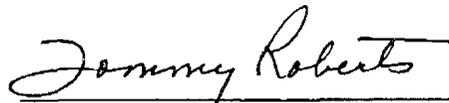
WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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NOT KNOWN

PROCEDURAL MATTERS

(Please identify any procedural matters which
need to be resolved prior to the hearing)

NONE



TOMMY ROBERTS, Attorney for
Merrion Oil & Gas Corporation

DATED: September 6, 2010