

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



December 31, 2008

Philana Thompson
Regulatory Specialist
Merrion Oil & Gas
610 Reilly Avenue
Farmington, New Mexico 87401

Dear Ms. Thompson:

Based upon the reasons stated in your letter of December 22, 2008, and in accordance with the provisions of Division Order No. R-13000, Merrion Oil & Gas Corporation is hereby granted an extension of time until September 30, 2009 in which to commence drilling the well pooled by this order.

Sincerely,

Mark E. Fesmire, P.E.
Director

fd/

cc: ✓ Case No. 14163
OCD – Aztec





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December 22, 2008

New Mexico Oil Conservation Division
Attn. Richard Ezeanyim
1220 South St. Francis Drive
Santa Fe, NM 87505

**RE: Case 14163, Order R-13000
REQUEST FOR EXTENSION
COMPULSORY POOLING - WESTLAND PARK #1 AND #2 WELLS
BASIN FRUITLAND COAL GAS POOL
N/2 SECTION 18, T29N, R13W
SAN JUAN COUNTY, NEW MEXICO**

Dear Mr. Ezeanyim:

By Order R-13000, the NMOCD approved the compulsory pooling for the subject lands as to the Fruitland Coal Formation. The Order requires that the first well be spudded prior to December 31, 2008 unless an extension is granted by the NMOCD. Merrion does not plan to spud a well by that date, and thus *respectfully requests a time extension of the drilling deadline to September 30, 2009.*

1. Merrion is actively in the process of planning a pipeline route and obtaining the Right of Way to tie in the subject wells. However, since the wells are in the city of Farmington, this is a tedious and time consuming process, with the need to get the route approved and acquire ROW from a large number of surface owners. We would like to get the line installed prior to drilling the wells so that we can bring them on immediately after completion. We certainly don't want to drill the wells before knowing for sure that we are going to have an outlet. All of this takes a great deal of time and effort, and thus our request for the time extension.
2. After further study of the area, Merrion now also believes there is Pictured Cliffs potential in the subject wells. We are proceeding with preparing paperwork to pool the PC on 320 acre spacing so the ownership will be common with the Fruitland Coal, and then will need to apply for compulsory pooling for the PC formation as well. Obviously, this has to be done before drilling the wells.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Philana Thompson", is written over the word "Sincerely,".

Philana Thompson
Regulatory Specialist
505-324-5336
pthompson@merrion.bz