



August 5, 2010

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Ms. Florene Davidson
NMOCD
1220 S. St Francis Drive
Santa Fe, New Mexico 87505

CERTIFIED RETURN RECEIPT

Case 14540

**RE: Application for Compulsory Pooling
Basin Fruitland Coal Pool – W/2 of Section 9
West Kutz Pictured Cliffs Pool – NW/4 of Section 9 (Glade Park 1)
West Kutz Pictured Cliffs Pool – SW/4 of Section 9 (Glade Park 2)
T29N - R13W, San Juan County, New Mexico**

Dear Ms Davidson:

Merrion Oil & Gas plans to drill the Glade Park #1 and #2 wells to develop the Fruitland Coal and the Pictured Cliffs formations in the W/2 of Section 9, T29N, R13W within the city limits of Farmington. We plan to complete and commingle the Pictured Cliffs and the Fruitland Coal formations in each wellbore.

Because we are in the city limits of Farmington, the ownership is complex, with dozens of different mineral and leasehold owners. Merrion anticipates that not all of the owners will choose to either lease or participate in the drilling of the wells. **Therefore, the purpose of this application is to compulsory pool the Basin Fruitland Coal Pool on the 320 acre tract in the W/2 of Section 9, and to compulsory pool the West Kutz Pictured Cliff Pool on 160 ac tracts in each of the quarter sections.** We ask that these compulsory pooling requests be joined in the same hearing process. **We request that this matter be set for hearing on your September 16, 2010 docket.**

Merrion requests that the compulsory pooling be subject to the following terms and conditions:

1. Merrion be named as operator.
2. Provisions be included for applicant and all working interest owners to participate in the costs of drilling, completing, equipping, and operating the wells.
3. In the event a mineral owner or working interest owner fails to elect to participate in the wells, then provisions be included to recoup out of production, the costs of drilling, completing, equipping, and operating the wells, including a risk factor penalty of 200%.
4. Provisions for overhead rates per month drilling and per month operating and a provision providing for a method of adjusting the overhead rates as provided

by COPAS.

5. For such other and further relief as may be proper.

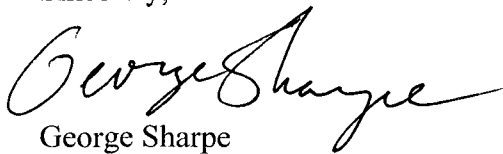
OTHER ASSOCIATED APPLICATIONS

Merrion is aware that it will need NMOCD approval on a number of other applications. We will need approval for Downhole Commingling (DHC) and Non-Standard Locations (NSL) for both wells. Applications for DHC, NSL will be submitted for approval through the administrative process.

NOTIFICATION

Attached is a list of all mineral owners and leasehold owners who received copies of this application through certified mail. Tommy Roberts, our attorney, will be preparing a prehearing statement and will represent Merrion Oil & Gas at the hearing. Please let me know if you have any questions or issues with our application.

Sincerely,



George Sharpe
Investment Manager
Merrion Oil & Gas
505-324-5314
gsharp@merrion.bz

cc Aztec NMOCD
 Tommy Roberts

W/2 Section 9, 29N, 13W San Juan County NM						
Mineral Interests	Address	City	State	ZIP	Acres	% of Qtr
NW/4 -						
Merrion Oil & Gas Leased					74.4171	46.51%
XTO Leased	810 Houston Street	Fort Worth	TX	76102	32.237	20.15%
Bonnie Frazer Trust	900 Schofeild Lane	Farmington	NM	87401	5	3.13%
E.O. & June Johnston	2303 N Tucker Ave	Farmington	NM	87401	20	12.50%
Neuman Petty	3609 N Melrose Dr	Farmington	NM	87401	20	12.50%
Darrell Ponthieux	710 W Boyd Dr	Farmington	NM	87401	0.1388	0.09%
Colter & Stacie Hamblin	708 W Boyd Dr	Farmington	NM	87401	0.1708	0.11%
Cameron & Candace Garrett	706 W Boyd Dr	Farmington	NM	87401	0.2605	0.16%
Cameron & Candace Garrett	707 W Boyd Dr	Farmington	NM	87401	0.1716	0.11%
Rita Garrett	821 Shady Lane	Farmington	NM	87402	0.126	0.08%
Carl E & Cora Hopkins	710 Ashurst Dr	Farmington	NM	87401	0.1636	0.10%
David & Sue Brackman	704 Ashurst Dr	Farmington	NM	87401	0.4484	0.28%
Louis C & Jennie Haynie	709 Ashurst Dr	Farmington	NM	87401	0.6576	0.41%
Billy Lock	110 E. La Plata	Farmington	NM	87401	0.3656	0.23%
Nancy J Jenkins Trust	707 W Gladden Dr	Farmington	NM	87401	0.318	0.20%
Mitchell & Theresa Thomas	1402 1/2 Mossey Cup Dr	Farmington	NM	87401	0.278	0.17%
Kenneth King	700 Ashurst Dr	Farmington	NM	87401	0.15	0.09%
Alice B Nuno (move to unleased)	PO BOX 676	Chama	NM	87520	0.2038	0.13%
Danny & Sherrie Carrell	600 Linden Dr	Farmington	NM	87401	0.4245	0.27%
Francis & Jeannette McGough	1401 St. James Place	Farmington	NM	87401	0.8046	0.50%
Nexstar I, LLC	4300 Main	Farmington	NM	87402	0.1686	0.11%
Roberta De Field	156 Road 3950	Farmington	NM	87401	0.1627	0.10%
Lesa S. Christian	613 Ashurst Dr	Farmington	NM	87401	0.1708	0.11%
Specialty Lending Group LLC	2810 E. 20th St	Farmington	NM	87401	0.1752	0.11%
Norman Waddoups	1316 St. James Place	Farmington	NM	87401	0.2005	0.13%
Waverley Lamb Trustee	2302 Camino Rio	Farmington	NM	87401	0.23	0.14%
W. Blain Crezee	601 Glade Rd	Farmington	NM	87401	1.55	0.97%
Barbara Tedrow	1117 A N. Auburn	Farmington	NM	87401	0.2	0.13%
Davy & Ragsdale Attn: Barbara Tedrow	1115 N. Auburn Ave	Farmington	NM	87401	0.36	0.23%
Barbara L Tedrow	3101 McColm Dr.	Farmington	NM	87402	0.1616	0.10%
Curtis & Karla McCurry	1402 Mossey Cup Dr	Farmington	NM	87401	0.2847	0.18%
Total Uncommitted Mineral Owners					53.3459	33.34%
Grand Total NW/4					160.0000	100.00%

W/2 Section 9, 29N, 13W						
San Juan County NM						
Mineral Interests	Address	City	State	ZIP	Acres	% of Qtr
<u>SW/4 -</u>						
Merrion Oil & Gas Leased					104.8137	65.51%
XTO Leased	810 Houston Street	Fort Worth	TX	76102	7.2865	4.55%
NM State of Adjutant General	1100 St. Francis Dr Montoya BLDG	Santa Fe	NM	87503	2.04	1.28%
A.S. Brack	1600 Cliffside Dr	Farmington	NM	87401	2.481	1.55%
Iris Ray	PO Box 476	Kirtland	NM	87417	2.481	1.55%
El Paso Natural Gas Co	PO Box 1087	Colorado Springs	CO	80944	1.949	1.22%
Sibquad	302 E. Main	Farmington	NM	87401	5.85	3.66%
HD Rosebrough					0.6	0.38%
Hadden S. Wilson	PO Box 6793	Farmington	NM	87499	2.94	1.84%
James Phillip Collard	901 N Auburn	Farmington	NM	87401	1.3095	0.82%
Steve & Susan Nelson	4901 Crestwood Dr.	Farmington	NM	87401	0.693	0.43%
Keith Barbeau	6020 San Marcos	Farmington	NM	87402	1.39	0.87%
LCJ LLC	1500 W. Barrett	Meridian	ID	83642	0.97	0.61%
Sarah Faye Roberts	9704 Wayne Ave	Lubbock	TX	79424	0.92	0.58%
Michael Gosnell					0.1601	0.10%
Sharon Simons	210 W 38th Street	Farmington	NM	87401	0.1601	0.10%
T & B Holdings	5802 Chaparral Circle	Farmington	NM	87402	0.1601	0.10%
Tammy Garlington	PO Box 5525	Farmington	NM	87499	0.1601	0.10%
Jesus Mendoza	500 Glade Place	Farmington	NM	87401	0.2744	0.17%
B & M Investments C/O Ruby James	511 Glade Place	Farmington	NM	87401	0.1601	0.10%
Rowena Anderson C/O Frank Hoover	PO Box 935	Limon	CO	80828	0.1601	0.10%
Jeri Herrera	505 Glade Place	Farmington	NM	87401	0.1601	0.10%
Kaime Revocable Trust	5007 Mead Lane	Farmington	NM	87401	0.3201	0.20%
Monica Nagahiro	514 San Juan Place	Farmington	NM	87401	0.2262	0.14%
Child Haven Inc	807 West Apache	Farmington	NM	87401	0.2262	0.14%
Freddie Hudgins	#2 Road 2853	Aztec	NM	87410	0.2262	0.14%
Wayne Dale	1054 Road 215	Durango	CO	81301	0.3802	0.24%
Michael Rose	509 E. 16th	Farmington	NM	87401	0.1419	0.09%
BBR LLC	PO Box 2019	Farmington	NM	87499	0.2601	0.16%
El Paso Natural Gas	PO Box 1087	Farmington	NM	80944	8.627	5.39%
Jay Steigelman	1700 San Juan BLVD	Farmington	NM	87401	6.06	3.79%
Jewel S. & Leona McGee	634 W. Apache	Farmington	NM	87401	3.57	2.23%
Wade Duncan	600 Circle Dr	Farmington	NM	87401	0.1932	0.12%
Roger Allen	602 Circle Dr.	Farmington	NM	87401	0.2301	0.14%
Rosemary Trujillo	1607 N. Mesa Verde	Farmington	NM	87401	0.85	0.53%
Juraj Lucas-Klepac	PO Box 1289	Flora Vista	NM	87415	1.08	0.68%
Harold McFarling	6410 Putter Place	Farmington	NM	87402	0.49	0.31%
Total Uncommitted Mineral Owners					47.8998	29.94%
Grand Total SW/4					160.0000	100.00%
<u>Total W/2 Summation</u>						
Merrion Oil & Gas Leased					179.2308	56.01%
XTO Leased					39.5235	12.35%
Total Unleased					101.2457	31.64%
					320	100.00%