

BEFORE THE OIL & GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

IN THE MATTER OF THE PROMULGATION	)	CAUSE NO. 112
AND ESTABLISHMENT OF FIELD RULES TO	)	
GOVERN OPERATIONS IN IGNACIO-BLANCO	)	DOCKET NO. 0702-AW-05
FIELD, LA PLATA COUNTY, COLORADO	)	

NOTICE OF HEARING

TO ALL INTERESTED PARTIES AND TO WHOM IT MAY CONCERN:

On June 17, 1988, the Commission issued Order No. 112-60, which established 320-acre drilling and spacing units for production of gas from the Fruitland coal seams, with the permitted well to be located no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line, including certain lands in Township 33 North, Range 7 West, N.M.P.M.

On July 11, 2000, the Commission issued Order No. 112-157, which allowed an optional second Fruitland coal seam well to be drilled in each 320-acre drilling and spacing unit with such additional well being located no closer than 990 feet to any outer boundary of the unit, nor closer than 130 feet to any interior quarter section line, including certain lands in Township 33 North, Range 7 West, N.M.P.M.

On December 28, 2006, Merrion Oil & Gas Corporation ("Merrion"), by its attorney, filed with the Commission a verified application for an order to allow an optional third or fourth well, for a total of up to four (4) wells, to be drilled in the 320-acre drilling and spacing unit consisting of N½ of Section 23, Township 33 North, Range 7 West, N.M.P.M. for production of gas from the Fruitland coal seams, with the permitted well to be located no closer than 660 feet from the unit boundary, with no interior section line setback. The surface location of each of the optional wells shall be located on a common or expanded pad with the existing well such that a total of four (4) Fruitland coal well pads shall be authorized in each governmental section.

Merrion further states that the requested additional wells can be developed in a manner consistent with protection of public health, safety and welfare. To this end, Merrion shall propose to incorporate a portion of a proposed Memorandum of Understanding with La Plata County into the Commission's Order as a Health, Safety and Welfare Plan ("HS&W Plan") which shall apply to operations on lands not within the jurisdiction of the Southern Ute Indian Tribe. Merrion requests a finding by the Commission that such HS&W Plan adequately addresses concerns related to the environment and public health, safety and welfare not otherwise addressed by Commission rule on such non-tribal lands. Moreover, Applicant will commit to the Southern Ute Indian Tribe that new compressor installations shall use the best available emission control technology and shall also provide a plan to the Southern Ute Indian Tribe to evaluate the modification of older compression installation emission technology in the field over the next five (5) years.

NOTICE IS HEREBY GIVEN, that the Oil and Gas Conservation Commission of the State of Colorado, pursuant to the above, has scheduled the above-entitled matter for hearing on:

Date: Monday, February 12, 2007  
Tuesday, February 13, 2007

Time: 9:00 a.m.

Place: Suite 801, The Chancery Building  
1120 Lincoln Street  
Denver, Colorado 80203

In accordance with the Americans with Disabilities Act, if any party requires special accommodations as a result of a disability for this hearing, please contact Margaret Humecki at (303) 894-2100 ext. 139, prior to the hearing and arrangements will be made.

Pursuant to said hearing in the above-entitled matter at the time and place aforesaid, or at any adjourned meeting, the Commission will enter such orders as it deems appropriate to protect the health, safety and welfare of the public and to prevent the waste of oil and gas, either or both, in the operations of said field, and to carry out the purposes of the statute.

In accordance with Rule 509., any interested party desiring to protest the granting of the application or to intervene on the application should file with the Commission a written protest or intervention no later than January 29, 2007, briefly stating the basis of the protest or intervention. Such interested party shall, at the same time, serve a copy of the protest or intervention to the person filing the application. An original and nine (9) copies shall be filed with the Commission (Rule 503.). **Anyone who files a protest or intervention must be able to participate in a prehearing conference during the week of January 29, 2007.** Pursuant to Rule 503.f., if a party who has received notice under Rule 503.b. wishes to receive further pleadings in the above-referenced matter, that party must file a protest or intervention in accordance with these rules. In accordance with the practices of the Commission, should no protests or interventions be filed in this matter by **January 29, 2007, the Applicant may request that an administrative hearing be scheduled for the week of January 29, 2007.** In the alternative, pursuant to Rule 511.b., if the matter is uncontested, the applicant may request, and the Director may recommend approval on the basis of the merits of the verified application and the supporting exhibits.

IN THE NAME OF THE STATE OF COLORADO

OIL AND GAS CONSERVATION COMMISSION  
OF THE STATE OF COLORADO

By \_\_\_\_\_  
Patricia C. Beaver, Secretary

Dated at Suite 801  
1120 Lincoln Street  
Denver, Colorado 80203  
January 12, 2007

Attorney for Applicant:  
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