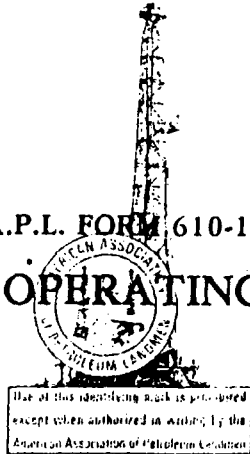


EXHIBIT 11

A.A.P.L. FORM 610-1982 MODEL FORM OPERATING AGREEMENT



Smith #1
Vine #1
Farmington Com #1
Farmington A Com #1
Farmington B Com #1
Farmington B Com #1E
Farmington C Com #1

OPERATING AGREEMENT

DATED

March 1, 19 98,

OPERATOR Merrion Oil & Gas Corporation

CONTRACT AREA Township 29 North, Range 13 West, NMPM

Sections 11, 14, 15, 12

COUNTY OR PARISH OF San Juan STATE OF New Mexico

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AMERICAN ASSOCIATION OF PETROLEUM
LANDMEN, 2408 CONTINENTAL LIFE BUILDING,
FORT WORTH, TEXAS, 76102, APPROVED FORM.
A.A.P.L. NO. 610 - 1982 REVISED

NMOCD Examiner Hearing
April 16, 1998
Docket No. 10-98
Case No. 11962
Exhibit #11