

# **MERRION**

OIL & GAS

JUN - 8 1998

June 4, 1998

Mr. Michael E. Stogner  
New Mexico Oil Conservation Division  
2040 S. Pacheco St.  
Santa Fe, New Mexico 87501

**Re: Application of Merrion Oil & Gas Corporation  
Compulsory Pooling  
Hickman A-3  
Basin Fruitland Coal Pool  
S/2 Section 10, T26N, R12W  
San Juan County, New Mexico**

11997

Dear Mr. Stogner:

Merrion Oil & Gas plans to drill the Hickman A-3 in the S/2 of Section 10, T26N, R12W, San Juan County, New Mexico.

The spacing unit is made up of one lease with three other working interest owners. Merrion has been unable to get one of the working interest owners to commit to drilling the well. Therefore, Merrion requests your approval for compulsory pooling of these interests for the drilling of this well based upon terms and conditions which include:

- a.) Merrion Oil & Gas Corporation be named operator;
- b.) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping, and operating the well;
- c.) In the event a working interest owner fails to elect to participate, then provisions will be made to recoup out of production, the costs of drilling, completing equipping, and operating the well, including a risk factor penalty of 156%;
- d.) Provisions for overhead rates per month drilling and per month operating and a provision providing for an adjustment method of the overhead rates as provided by COPAS; and
- e.) For such other and further relief as may be proper.

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Attached in support of this application are the following:

- 1.) Lease plat showing lease ownership within the spacing unit.
- 2.) A list showing the uncommitted working interest owner who received a certified copy of this application.

Please let me know if additional information is needed. Please schedule this matter for hearing for Thursday, July 9, 1998.

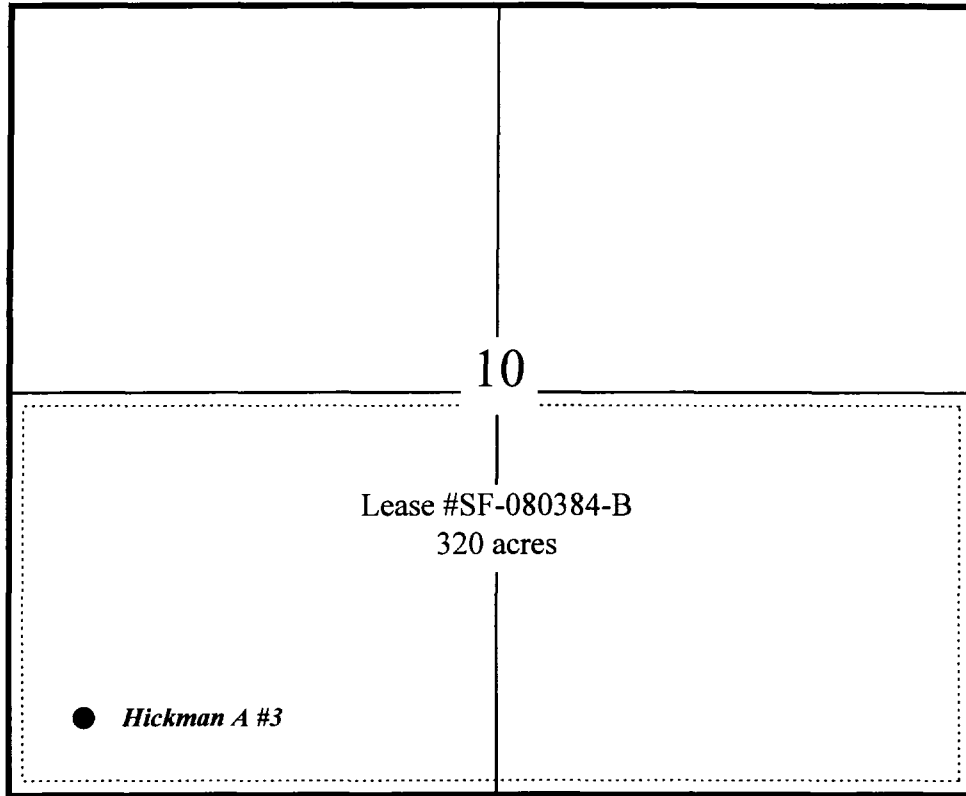
Sincerely,

A handwritten signature in cursive script, reading "George Sharpe".

George F. Sharpe  
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD-Aztec  
Well File

**EXHIBIT 1**  
Hickman A #3  
S/2 of Section 10, T26N, R12W  
San Juan County, New Mexico



**WELL OWNERSHIP**

Amoco Production Co.	50%
Merrion Oil & Gas Corp.	25%
Robert L. Bayless	15%
J. Gregory and Rita V. Merrion Revocable Trust	10%

**Exhibit 2**

Application of Merrion Oil & Gas Corporation  
Compulsory Pooling  
Hickman A-3 Basin Fruitland Coal Pool  
S/2 Section 10, T26N, R12W  
San Juan County, New Mexico

The following uncommitted working interest owners received certified copies of this application.

Steve Trevz  
Amoco Production  
P.O. Box 800  
Denver, Colorado 80201-0800

To: Uncommitted Working Interest Owners

Any objections to this application or requests for appearances need to be made in writing to the NMOCD within 20 days from receipt of notice. We have requested that this matter be set for hearing July 9, 1998.

**Waiver**

\_\_\_\_\_ hereby waives any objection to this application.  
Company

Signature \_\_\_\_\_ Date \_\_\_\_\_

Please return to:

George F. Sharpe  
Merrion Oil & Gas Corporation  
610 Reilly Avenue  
Farmington, New Mexico 87401