

MERRION

OIL & GAS

August 10, 1998

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

12041

**Re: Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Redfern Com #3
West Kutz Pictured Cliffs Extension
NW/4 Section 14, T29N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas plans to drill the Redfern Com #3 in the NW/4 of Section 14, T29N, R13W, San Juan County, New Mexico.

The spacing unit is made up of a large number of fee tracts with multiple owners. Ten of the owners with a total of 2.5 net acres were never leased, and some of those owners cannot be located. In addition, two working interest owners have not yet committed to participate, with negotiations on-going. 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 200%;
- 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.

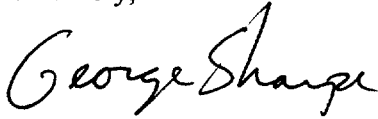
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Attached in support of this application are the following:

- 1.) A division of interest showing the working interest ownership in the well.
- 2.) A list showing the uncommitted 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 September 17, 1998.

Sincerely,

A handwritten signature in cursive script that reads "George Sharpe".

George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD-Aztec
Well File
Tommy Roberts

COMPULSORY POOLING APPLICATION

Redfern Com #3

San Juan County, New Mexico

Any objections to this application or requests for appearances need to be made in writing to the NMOCD within 20 days from receipt of this notice. We have requested that this matter be set for hearing on September 17, 1998.

Waiver

_____ hereby waives any objection to this application.
Company/Name

Signature: _____ Date _____

Please return to:

George F. Sharpe
Merrion Oil & Gas Corporation
610 Reilly Ave.
Farmington, NM 87401

EXHIBIT "1"
Application of Merrion Oil & Gas Corp.
Compulsory Pooling
Redfern Com #3 West Kutz Pictured Cliffs Extension
NW of Section 14, T29N, R13W, NMPM
San Juan County, New Mexico
8/13/98

Working Interest Division of Interest

Name	Company	WI
	Hallwood Consolidated Partners, L.P.	36.95669%
	EM Nominee Partnership Co.	36.95669%
Manon Markham McMullen		12.25894%
Roderick Allen Markham		12.25894%
Estel W. Miller		0.02207%
Vida Blakenship		0.02207%
Basil Miller		0.02207%
Robert L. Miller, Jr.		0.04723%
William W. Miller		0.06820%
Leonard E. Miller		0.06820%
Marshall James Bartlett		0.25110%
Helen Parigi		0.25110%
Raymond Miller		0.25110%
Peter & Lois Wilcox		0.56560%
TOTAL:		100.00000%

EXHIBIT "2"				
Application of Merion Oil & Gas				
Compulsory Pooling				
Redfern Com #3 West Kutz Pictured Cliffs Extension				
NW of Section 14, T29N, R13W				
San Juan County, New Mexico				
12-Aug-98				
Uncommitted Interest Owners:				
Name	Interest Type	Address	WI	
Manon Markham McMullen	Working Interest	2200 Berkeley, Wichita Falls, TX 76308	12.25894%	
Roderick Allen Markham	Working Interest	1500 Broadway, Ste. 1212, Lubbock, TX 79401	12.25894%	
Estel W. Miller	Unleased Mineral Interest	Unknown	0.02207%	
Vida Blakenship	Unleased Mineral Interest	Unknown	0.02207%	
Basil Miller	Unleased Mineral Interest	205 Pennsylvania Ave., Richlands, VA 24641-3024	0.02207%	
Robert L. Miller, Jr.	Unleased Mineral Interest	222 Spring Ave., Moorefield, WV 26836-1033	0.04723%	
William W. Miller	Unleased Mineral Interest	505 Oakville Road, Princeton, WV 24740	0.06820%	
Leonard E. Miller	Unleased Mineral Interest	Box 744, Crab Orchard, WV 24740	0.06820%	
Marshall James Bartlett	Unleased Mineral Interest	2840 So. High St., Denver, CO 80210-6321	0.25110%	
Helen Parigi	Unleased Mineral Interest	7613 W. Euclid Drive, Littleton, CO 80123	0.25110%	
Raymond Miller	Unleased Mineral Interest	Box 876, Alamo, TX 78516-0876	0.25110%	
Peter & Lois Wilcox	Unleased Mineral Interest	300 Harbor Lane, Farmington, NM 87401	0.56560%	
TOTAL:			26.08662%	