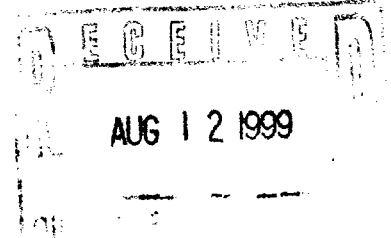


LAW OFFICES
ROBERTS & STROTHER, P.C.

TOMMY ROBERTS
ROBIN D. STROTHER

101 SOUTH ORCHARD, SUITE B

POST OFFICE BOX 129
FARMINGTON, NEW MEXICO 87499
TELEPHONE (505) 325-6810
FACSIMILE (505) 325-6167



August 11, 1999

New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87505-6429

Attn: Lori Wrotenbery

Re: Application of Merrion Oil & Gas Corporation
Case No. 12217

Dear Ms. Wrotenbery:

MS

Enclosed please find an original and two copies of Applicant's Pre-Hearing Statement in the above referenced matter.

Sincerely,

Tommy Roberts
Tommy Roberts

TR:nk
Enclosures

cc w/enc: George Sharpe/Merrion Oil & Gas Corporation

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 12217

APPLICATION OF MERRION OIL &
GAS CORPORATION FOR COMPULSORY
POOLING, SAN JUAN COUNTY,
NEW MEXICO.

PRE-HEARING STATEMENT

This prehearing statement is submitted by Merrion Oil & Gas Corporation as required
by the Oil Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Merrion Oil & Gas Corporation
610 Reilly Avenue
Farmington, New Mexico 87401
Attn: George Sharpe
505/327-9801

ATTORNEY

Tommy Roberts
P.O. Box 129
Farmington, New Mexico 87499
505/325-6810

OPPOSITION OR OTHER PARTY

The following have not yet agreed to
join their interests:
Amoco Production Co.

ATTORNEY

Not Known

STATEMENT OF CASE

APPLICANT

(Please make a concise statement of what is being sought with the application and the reasons therefore.)

Applicant seeks an order pooling all mineral interests in the Basin Fruitland Coal Gas Pool underlying the N/2 of Section 2, Township 31 North, Range 8 West, thereby forming a standard 320 acre gas spacing and proration for said pool. Said unit is to be dedicated to its proposed U-Da-Well Com #1 Well to be drilled at a previously approved unorthodox non-standard coal gas well location in the N/2 of Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of Applicant as operator of the well and a charge for risk involved in drilling said well.

OPPOSITION OR OTHER PARTY

(Please make a concise statement of the basis for opposing this application or otherwise state the position of the party filing this statement.)

NOT APPLICABLE TO APPLICANT'S STATEMENT

PROPOSED EVIDENCE

APPLICANT

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
George F. Sharpe - Petroleum Engineer	30 minutes	<ul style="list-style-type: none">- Area Map- Well Location Plat- Lease Ownership Summary- Correspondence- Authority for Expenditure- Operating Agreement- Survey of Drilling/ Producing Rates- Production Map- Topographic Map- Evidence of Notice

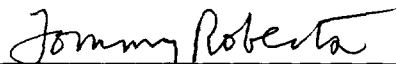
OPPOSITION

WITNESSES (Name and expertise)	EST. TIME	EXHIBITS
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NOT APPLICABLE

PROCEDURAL MATTERS
(Please identify any procedural matters which
need to be resolved prior to the hearing)

NONE



TOMMY ROBERTS, Attorney for
Merrion Oil & Gas Corporation

DATED: August 11, 1999