

MERRION

OIL & GAS

April 1, 1997

To: Interested Parties

From: George Sharpe

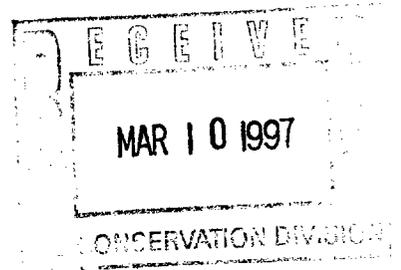
George Sharpe

**Re: Hearing Date
Powell #1 and Havasu #1
Section 22, Township 32 North, Range 13 West
San Juan County, NM**

Merrion has applied to the NMOCD for Compulsory Pooling on the above two wells and for a Non-standard Location for the Havasu #1. In your previous notification, we mistakenly stated that the case would be heard on April 10, 1997. Please be advised that the case will be heard before the NMOCD on Thursday, April 17, 1997.

Please contact me at (505) 327-9801, ext. 114 with questions or comments.

xc: Frank Chavez - OCD - Aztec
✓ Michael Stogner - OCD - Santa Fe
Burlington Resources
Harold Fields Estate
Eaon & Gretchen Waymen-Palmer
Hallwood Petroleum
Thompson Engineering
Tommy Roberts
Crystal Williams



February 24, 1997

Mr. William J. LeMay, Director
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505

117607

**Re: Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Powell #1
Basin Fruitland Coal Pool
N/2 Section 22, T 32N, R 13W
San Juan County, New Mexico**

Dear Mr. LeMay:

Merrion Oil & Gas plans to drill the Powell #1 in the SE/4 of the NE/4 of Section 22, T 32N, R 13W, San Juan County, New Mexico.

The spacing unit is made up of a number of fee and one federal lease. Because of difficulty locating and/or negotiating with one mineral owner, Merrion has been unable to obtain leases on all the acreage in the spacing unit. 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 Corp. 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 mineral owner or working interest owner fails to elect to participate, then provision be made to recoup out of production, the costs of the drilling, completing, equipping, and operating the well, including a risk factor penalty of 156%;

Page Two
February 24, 1997

- 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.

Attached in support of this application are the following:

- 1.) Lease plat showing lease ownership within the spacing unit.
- 2.) Affidavit that all lease owners and unleased mineral owners have received copies of this application.

Please let me know if additional information is needed. Please schedule this matter for hearing for Thursday, April 10, 1997.

Sincerely,

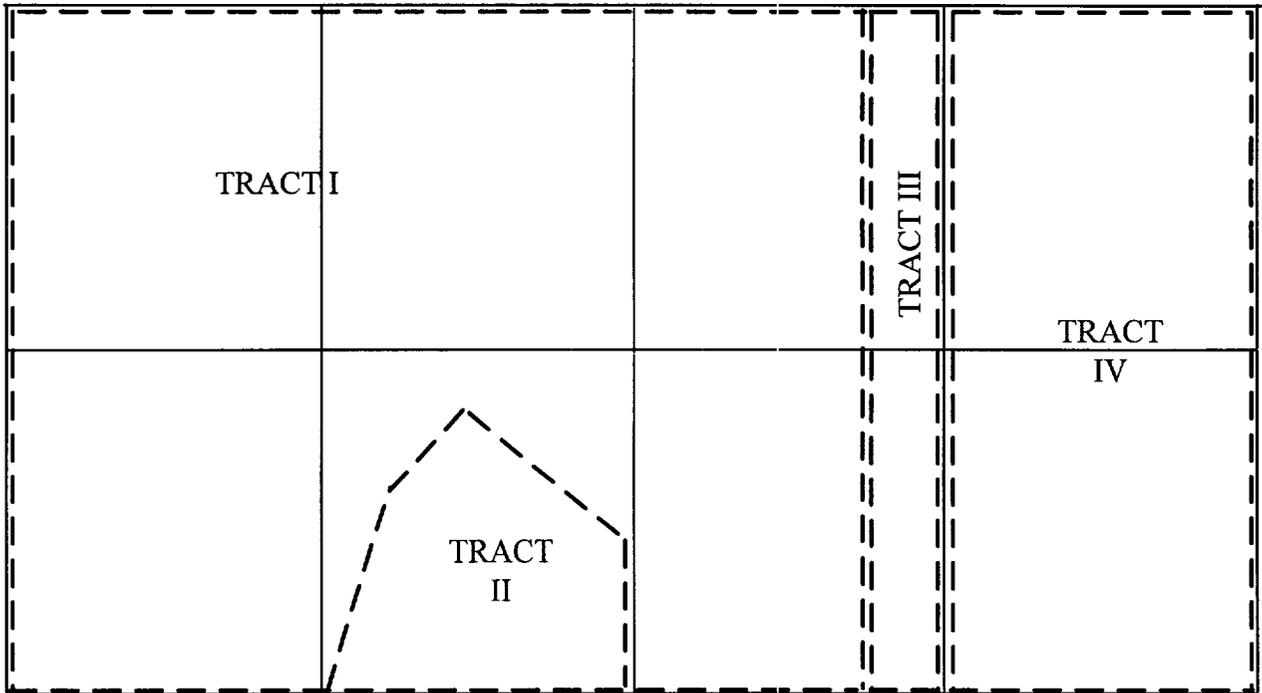


George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD - Aztec
Well File

EXHIBIT 1

POWELL #1 LEASE OWNERSHIP PLAT N/2 Sec. 22, T32N, R13W San Juan County, NM



<u>Tract</u>	<u>Acres</u>	<u>Ownership</u>
I	192.47	100% Merrion
II	17.70	80% Merrion, 20% Fields
III	29.83	100% Merrion
IV	80	100% Burlington
Total	320.0	73.89375% Merrion, 25% Burlington, 1.10625% Fields

Exhibit #2

AFFIDAVIT OF NOTIFICATION

The following individuals and companies were sent certified copies of the application for Compulsory Pooling of the Powell #1 well in the Basin Fruitland Coal Pool.

- 1.) Burlington Resources
P.O. Box 4289
Farmington, NM 87499

- 2.) Harold Fields Estate
7020 S. 12th St., Apt. 2901
Tacoma, WA 98465-1739



George F. Sharpe
MERRION OIL & GAS CORPORATION

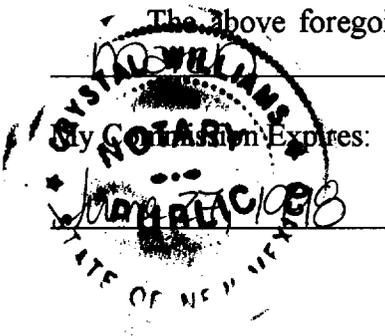
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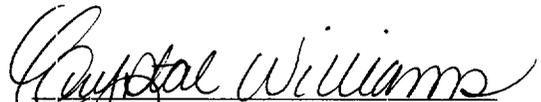
Date

ACKNOWLEDGEMENT

STATE OF NEW MEXICO)
) ss.
COUNTY OF SAN JUAN)

The above foregoing instrument was acknowledged before me this 6th day of _____, 1997.





Notary Public