

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. 12041

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

Numerous unleased mineral interest owners

and uncommitted working interest owners.

Applicant is not aware of any interested

party who intends to appear at the hearing.

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 from the surface to the base of the Pictured Cliffs formation underlying the NW/4 of Section 14, Township 29 North, Range 13 West, N.M.P.M., San Juan County, New Mexico, thereby forming a standard 160-acre gas spacing and proration unit for any and all formations and/or pools developed on 160-acre gas spacing within that vertical extent, which presently may include but is not necessarily limited to the West Kutz-Pictured Cliffs Gas Pool. Said unit is to be dedicated to its proposed Redfern Com Well No. 3 to be drilled and completed at a standard gas well location in Section 14. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs 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.

The application has been filed because Applicant has been unable to obtain the voluntary joinder of numerous owners of unleased mineral interests and uncommitted working interests underlying the lands within the proposed spacing and proration unit.

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	- 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

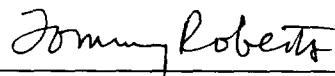
OPPOSITION

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



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TOMMY ROBERTS, Attorney for  
Merrion Oil & Gas Corporation

DATED: September 8, 1998