



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

July 18, 1996

Hallwood Petroleum, Inc.
c/o Kellahin & Kellahin
P. O. Box 2265
Santa Fe, New Mexico 87504-2265

Telefax No. (505) 982-2047

Attention: W. Thomas Kellahin

RE: *Case 11572: Application of Hallwood Petroleum, Inc. for an order pooling all mineral interests in the Basin-Fruitland Coal (Gas) Pool underlying the N/2 of Section 27, Township 32 North, Range 13 West, NMPM, San Juan County, New Mexico, thereby forming a standard 320-acre spacing and proration and proration unit for said pool. Said unit is to be dedicated to a well to be drilled and completed at a standard coal gas well location in the SE/4 NE/4 (Unit H) of said Section 27.*

Dear Mr. Kellahin:

The Division received the attached application from Merrion Oil & Gas Corporation and has set this matter for hearing on the August 8, 1996 Examiner's Docket. Merrion's application also included a request for the continuance of Hallwood's Case No. 11572 to the August 8th hearing, before rendering a decision on this request a response from Hallwood is appropriate.

Hopefully a mutually acceptable solution can be reached by both parties in all issues related to these cases.

Sincerely,

Michael E. Stogner
Chief Hearing Officer/Engineer

cc: OCD - Aztec
George F. Sharpe - Merrion Oil & Gas Corporation, Farmington [Telefax No. (505) 326-5900]

MERRION

OIL & GAS

July 10, 1996

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, New Mexico 87505

Fax 505-827-8177

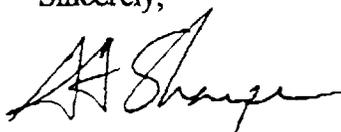
**Re: Mead 27-1 Compulsory Pooling Application
Section 27, T32N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Per our phone conversation, enclosed are two copies of our application for compulsory pooling of the subject well. This is a "parallel" application with one already made by Hallwood Petroleum which is on the July 25, 1996 docket. We hope that case will get continued so we might hear them both on August 8, 1996.

Please call with any questions.

Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: NMOCD - Aztec
CW, TGM
Tommy Roberts

Ext. 114

5. Provisions pooling any non-participating royalty interest owners; and
6. For such other and further relief as may be proper.

In accordance with the Division's notice requirements, a copy of this application has been sent by certified mail to the following working interest owners in the well:

EM Nominee Partnership Company
4582 South Ulster Street Parkway, Suite 1700
Denver, CO 80237

Hallwood Consolidated Partners, L.P
4582 South Ulster Street Parkway, Suite 1700
Denver, CO 80237

Union Oil Company of California
P.O. Box 4551
Houston, TX 77210-4551

Yours truly,

MERRION OIL & GAS CORPORATION



George F. Sharpe
Manager-Oil & Gas Investments

MERRION

OIL & GAS

July 9, 1996

TO ALL INTERESTED PARTIES ENTITLED TO NOTICE
OF HEARING OF THE FOLLOWING NEW MEXICO
OIL CONSERVATION DIVISION CASE:

RE: Application of Merrion Oil & Gas Corporation
for Compulsory Pooling
San Juan County, New Mexico

Enclosed please find our application for a compulsory pooling for the Mead 27-1 Well which has been set for hearing on the New Mexico Oil Conservation Division Examiner's docket now scheduled for August 8, 1996. The hearing will be held at the Division hearing room located in Santa Fe, New Mexico.

As an interest owner who may be affected by the application, we are notifying you of your right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application. Failure to appear at the hearing may preclude you from any involvement in this case at a later date.

Pursuant to the Division's Memorandum 2-90, you are further notified that if you desire to appear in this case, then you are requested to file a Pre-Hearing Statement with the Division no later than 4:00 PM on Friday, August 2, 1996, with a copy delivered to the undersigned.

Yours truly,

MERRION OIL & GAS CORPORATION



George F. Sharpe
Manager-Oil & Gas Investments

cc: By certified mail-Return receipt requested to all parties listed in application.