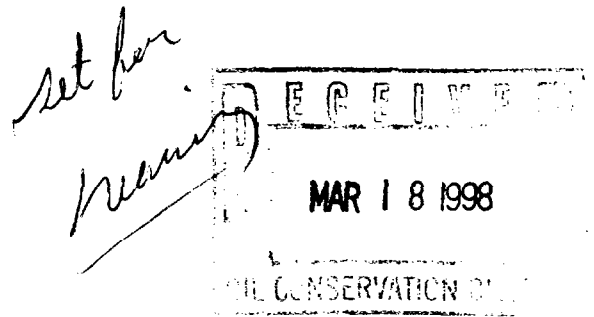


MERRION

OIL & GAS



March 13, 1998

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

11962

**Re: Application of Merrion Oil & Gas
Compulsory Pooling
Farmington C Com #1
Fulcher Kutz Pictured Cliffs Pool
SW/4 Section 15, T29N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corporation recently purchased and now operates the subject well which is currently producing in the Basin Dakota Pool. The well is located within the City of Farmington and has a spacing unit that encompasses literally hundreds of fee leases. While most of these minerals were leased up by Merrion's predecessors, a large number had to be force-pooled prior to drilling the Dakota well.

Merrion now plans to recomplete the Farmington C Com #1 to the Pictured Cliffs Formation. We have made a second effort to obtain leases from the unleased mineral owners or requested they join us as working interest owners in the recompletion. In addition, we have attempted to get some minor working interest owners to sell or join us in the recompletion. We have not been entirely successful. Therefore, Merrion requests your approval for compulsory pooling of these interests for the recompletion 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 recompleting, 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 200%;

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March 13, 1998

- 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 is a list of all unleased mineral owners or uncommitted working interest owners who have received copies of this application.

Please let me know if additional information is needed. Please schedule this matter for hearing for Thursday, April 16, 1998.

Sincerely,

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

George F. Sharpe
Manager - Oil & Gas Investments

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

Exhibit 1

Application of Merrion Oil & Gas Corp.
Compulsory Pooling
Farmington C Com #1, Fulcher Kutz Pictured Cliffs Pool
SW/4 Section 15, T29N, R13W
San Juan County, New Mexico

The following unleased mineral owners and uncommitted working interest owners received certified copies of this application.

To: Unleased Mineral Owners and Uncommitted Working Interest Owners

Any objections to this application or requests for appearances need to be made in writing to the NMOCD within 20 days from receipt of notice. We have requested that this matter be set for hearing on April 16, 1998.

See attached list.

WAIVER

_____ hereby waives any objection to this application.
Company

Signature _____ Date _____

Please return to:

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

Farmington C Com #1						
Unlease Mineral Owners, Uncommitted Working Interest Owners						
FNAME	LNAME	COMPANY	ADDRESS	CITY	ST	ZIP
		J. Gregory and Rita V. Merrion Tr	610 Reilly Ave.	Farmington	NM	87401
		Merrion Petroleum Corp.	610 Reilly Ave.	Farmington	NM	87401
T. Greg	Merrion		504 McDonald Rd.	Farmington	NM	87401
Michael K.	Merrion		3002 Crescent	Farmington	NM	87401
Steven S.	Dunn		3100 Western Ave.	Farmington	NM	87401
George F.	Sharpe		2400 North Wagner	Farmington	NM	87401
Paul W.	Long		2101 Municipal Dr.	Farmington	NM	87401
Michael A.	Barnes		304 Gladeview	Farmington	NM	87401
Crystal J.	Williams		2305 Cliffside Dr.	Farmington	NM	87401
Arthur D.	Henry		1003 E. 27th	Farmington	NM	87401
Raymond	Martinez		713 S. Laguna Street	Farmington	NM	87401
Ben and Marcella	Espinoza		700 S. Laguna Street	Farmington	NM	87401
Donald R.	Miller		908 E. Highway 550	Flora Vista	NM	87415
Nellie	Henderson		10508 Ravencroft Dr.	Dallas	TX	75230
Luis F. and Rosalita A.	Lucero		701 S. Mesa Drive	Farmington	NM	87401
Donald and Gayle	Becker		2601 Harvard	Farmington	NM	87401
Jimmy T.	Torres		811 S. Butler	Farmington	NM	87401
Ray	Condit		566 Highway 544	Aztec	NM	87410
Mary A.	Newlon		1300 Basin Road	Farmington	NM	87401
Eleuterio	Casas		P.O. Box 1273	Farmington	NM	87499
Alvin and Preddy	Kemper		P.O. Box 1274	Flora Vista	NM	87415
Felix R.	Munoz		1017 Acacia	Farmington	NM	87401
Clarence and Emma	Romero		1021 Acacia	Farmington	NM	87401
		District Council Assemblies of G	222 Alvarado Dr. NE	Albuquerque	NM	87108
Estella	Fiveash		1013 Alpine	Farmington	NM	87401
Harry Dean	Gonzales		1021 Alpine	Farmington	NM	87401
Orlando and Yolando	Sena		602 S. Laguna	Farmington	NM	87401

FNAME	LNAME	COMPANY	ADDRESS	CITY	ST	ZIP
William Olen	Triplett	Steiner Corporation	P.O. Box 2317	Salt Lake City	UT	84102
Nestor	Sanchez		1013 E. Cedar St.	Farmington	NM	87401
Alton D. and Ruby S.	Hall		412 W. Pinon St.	Farmington	NM	87401
Richard W. and Tawanna R.	Roybal		930 E. Murray Dr.	Farmington	NM	87401
Roderick Allen	Markham		711 Hydro Plant Road	Farmington	NM	87401
Manon	Markham McMullen		1500 Broadway, Ste 1212	Lubbock	TX	79401
		Christmann Mineral Co.	2200 Berkeley	Wichita Falls	TX	76308
		Herd Partners Ltd.	1500 Broadway, Ste 800	Lubbock	TX	79401
		Diamond-Head Prop., LP	P.O. Box 130	Midland	TX	79702
		Kerr McGee Corp.	P.O. Box 2127	Midland	TX	79702
Anna M.	Ransom		P.O. Box 730330	Dallas	TX	75373
Eloise	Vogel		2103 S. Washington	Beeville	TX	78102
Edwin L.	Foutz					
John Dent	Lamar		4929 Prickey Pear	Paradise Vally	AZ	85253
Billie D.	Barnes		39 CR 386	Farmington	NM	87402
Larry L.	Barnes		3012 CR 234	Durango	CO	81301
Delbert H.	Hatley		16016771 N. Rhodeodendr	Florence	OR	97439
Homer E.	Hartley		P.O. Box 571	Dolores	CO	81323
J.F. and Narcissa	Cross					
Rudy	Lucero		PO Box 601	Farmington	NM	87499
Margaret	Flewellen		804 S. Laguna	Farmington	NM	87401