

EXHIBIT 10

Merrion Oil & Gas Corporation Authority for Expenditure (AFE) Drilling Well Cost Estimate

April 16, 1998
Docket No. 10-98
Case No. 11963
Exhibit #10

AFE No. 98010 AFE Type: 1

Lease: VINE COM

Well No: 1

Accounting Well No.
Location: 670' Int & 1290' (NW) (NE) NW
Sec 15, T29N, R13W

Project: Drill Pictured Cliffs Well
Lease No: Fee
Spacing: 160 acres
Unit:

Field: Fulcher Kutz PC
TD: 1,350 ft
Operator: Merrion Oil & Gas
By: George F. Sharpe

County: San Juan State: NM

THE COST ESTIMATE BELOW IS A PLANNING ESTIMATE ONLY. PARTNER'S SHARE OF PROJECT COST WILL EXTEND TO ACTUAL COSTS INCURRED

Division of Interest:	Owner Share of		Interest
	Dry Hole	Completed	
WORKING INTEREST	\$ 69,225	\$ 239,125	63.117860%
ROYALTIES & OVERRIDES	\$ -	\$ -	36.882140%
TOTAL	\$ 69,225	\$ 239,125	100.000000%

Intangibles - Drilling (1605)		Dry Hole	Completed
230 ROW Acquisition & Surface Damages		\$ 10,000	\$ 35,000
220 Survey, Archaeology, Permitting		\$ 2,000	\$ 2,000
201 Drilling Rig Footage Cost	1,350 feet @ \$12.00 per foot....	\$ 16,200	\$ 16,200
202 Daywork	1 days @ \$2,000 per day....	\$ 2,000	\$ 2,000
203 Location Construction, Pit Liner		\$ 1,250	\$ 1,250
204 Cement & Cementing Surface Casing		\$ 1,500	\$ 1,500
204 Long String		\$ 3,000	\$ 6,000
206 Open Hole Surveys		\$ 4,500	\$ 4,500
207 Legal Fees		\$ 15,000	\$ 15,000
208 Drilling Supervision	6 days @ \$450 per day....	\$ 2,700	\$ 2,700
210 Miscellaneous		\$ 1,500	\$ 1,500
211 Trucking		\$ 350	\$ 1,000
212 Drilling Water		\$ 250	\$ 250
212 Drilling mud		\$ -	\$ -
213 Administrative & General Expense	14 days @ \$63 per day....	\$ 875	\$ 875
Contingency 5%		\$ 3,100	\$ 4,500
Total Intangibles - Drilling		\$ 64,225	\$ 94,275

Intangibles - Completion (1610)		Dry Hole	Completed
301 Completion Rig	6 days @ \$1,950 per day....	\$ -	\$ 11,700
303 Perforating & Logging		\$ -	\$ 2,500
304 Stimulation		\$ -	\$ 30,000
306 Location Cleanup		\$ 2,500	\$ 1,250
308 Company Supervision	10 days @ \$400 per day....	\$ 350	\$ 4,000
309 Roustabouts... Hookup Equipment on Location	6 days @ \$900 per day....	\$ -	\$ 5,400
309 Welder... Hookup Equipment on Location	2 days @ \$350 per day....	\$ -	\$ 700
309 Contract Installation of Gas Sales Line		\$ -	\$ 19,800
310 Bit & Scraper		\$ -	\$ 1,000
310 Tool, bkg & equipment Rental		\$ -	\$ 1,000
310 Tank & Miscellaneous rentals		\$ -	\$ 500
311 Water (includes trucking)		\$ -	\$ 3,000
311 Trucking		\$ -	\$ 1,000
Contingency 5.0%		\$ -	\$ 4,000
Total Intangibles - Completion		\$ 2,850	\$ 85,850
Total Intangibles - Drilling & Completion		\$ 67,075	\$ 180,125

Tangibles - Drilling & Completion (1640)		Dry Hole	Completed
805 Casing Surface	7" 23# 120 feet @ \$ 7.00 per foot	\$ 800	\$ 800
806 Production	4-1/2 10.5# 1,350 feet @ \$ 4.65 per foot	\$ -	\$ 6,300
811 Tubing	2-3/8" 4.7# EUE J55 1,300 feet @ \$ 2.35 per foot	\$ -	\$ 3,100
815 Float equipment		\$ 500	\$ 1,500
820 Wellhead equipment		\$ 850	\$ 3,000
840 Tank & Separator		\$ -	\$ 15,500
850 Gas Sales Line 2" Line Pipe Coated & Wrapped	4,000 feet @ \$ 2.00 per foot	\$ -	\$ 8,000
851 Flowline 2.5" Line Pipe	500 feet @ \$ 1.50 per foot	\$ -	\$ 800
860 Key Valve @ Tie-in		\$ -	\$ 3,000
860 Fittings, valves, fencing, concrete & miscellaneous		\$ -	\$ 3,000
865 Meter Run & Watt Meter		\$ -	\$ 8,500
896 Noise Abatement		\$ -	\$ 5,000
896 Miscellaneous		\$ -	\$ 500
Total Tangibles		\$ 2,150	\$ 59,000
Total Estimated Cost		\$ 69,225	\$ 239,125

Approved

Merrion Oil & Gas Corporation

Date

3-11-98

Approved

Partner

Date

3-19-98

Division of Interest:	Owner Share of		To Casing Point		After Casing Point	
	Dry Hole	Completed	WI	NRI	WI	NRI
1) Josue E & Ruth C Serrano	\$ 320	\$ 1,106	0.462500%	0.462500%	0.462500%	0.462500%
2) Joanne Loreit	\$ 160	\$ 553	0.231250%	0.231250%	0.231250%	0.231250%
3) Paul W & Anna M Ransom	\$ 65	\$ 224	0.093750%	0.093750%	0.093750%	0.093750%
4) Nedda D Lee	\$ 65	\$ 224	0.093750%	0.093750%	0.093750%	0.093750%
5) Otis Snooks	\$ 675	\$ 2,331	0.975000%	0.975000%	0.975000%	0.975000%
6) Evelyn Stange, Trustee	\$ 169	\$ 583	0.243750%	0.243750%	0.243750%	0.243750%
7) Corinne Ritchey*	\$ 169	\$ 583	0.243750%	0.243750%	0.243750%	0.243750%
8) Herbert A Gephardt*	\$ 164	\$ 568	0.237500%	0.237500%	0.237500%	0.237500%
9) GR Hardin	\$ 446	\$ 1,539	0.643750%	0.643750%	0.643750%	0.643750%
10) Eloise Vogel	\$ 446	\$ 1,539	0.643750%	0.643750%	0.643750%	0.643750%
11) W.E.L.*	\$ 52	\$ 179	0.075000%	0.075000%	0.075000%	0.075000%
12) Hornuzd Rassam*	\$ 61	\$ 209	0.087500%	0.087500%	0.087500%	0.087500%
13) William & Mary Souther	\$ 268	\$ 927	0.387500%	0.387500%	0.387500%	0.387500%
14) WB & Bessie Green	\$ 195	\$ 673	0.281250%	0.281250%	0.281250%	0.281250%
15) Gerald L Cochran	\$ 61	\$ 209	0.087500%	0.087500%	0.087500%	0.087500%
16) Anna M Perez, etals	\$ 156	\$ 538	0.225000%	0.225000%	0.225000%	0.225000%
17) BN Strunk*	\$ 1,060	\$ 3,662	1.531250%	1.531250%	1.531250%	1.531250%
18) John Dent Lamar	\$ 216	\$ 747	0.312500%	0.312500%	0.312500%	0.312500%
19) Delbert & Nora Boice, Tr	\$ 394	\$ 1,360	0.568750%	0.568750%	0.568750%	0.568750%
20) Thomas E Campbell	\$ 606	\$ 2,092	0.875000%	0.875000%	0.875000%	0.875000%
21) Flavio & Sixta Martinez	\$ 112	\$ 389	0.162500%	0.162500%	0.162500%	0.162500%
22) Graves Oil & Butane Co.*	\$ 303	\$ 1,046	0.437500%	0.437500%	0.437500%	0.437500%
23) Nick Candelana	\$ 91	\$ 314	0.131250%	0.131250%	0.131250%	0.131250%
24) Memon Oil & Gas	\$ 46,506	\$ 160,647	67.181230%	39.693880%	67.181230%	39.693880%
25) JG & RVM Rev Trust	\$ 6,201	\$ 21,420	8.957500%	5.292510%	8.957500%	5.292510%
26) Memon Petroleum	\$ 3,100	\$ 10,710	4.478750%	2.646260%	4.478750%	2.646260%
27) T Greg Memon	\$ 1,137	\$ 3,927	1.642210%	0.970300%	1.642210%	0.970300%
28) Michael K Memon	\$ 1,137	\$ 3,927	1.642210%	0.970290%	1.642210%	0.970290%
29) Steven S Dunn	\$ 1,137	\$ 3,927	1.642210%	0.970290%	1.642210%	0.970290%
30) George F Sharpe	\$ 775	\$ 2,677	1.119690%	0.661560%	1.119690%	0.661560%
31) Paul W Long	\$ 620	\$ 2,142	0.895750%	0.529250%	0.895750%	0.529250%
32) Michael A Barnes	\$ 620	\$ 2,142	0.895750%	0.529250%	0.895750%	0.529250%
33) Crystal J Williams	\$ 620	\$ 2,142	0.895750%	0.529250%	0.895750%	0.529250%
34) Carl Menilatt	\$ 155	\$ 535	0.223940%	0.132310%	0.223940%	0.132310%
35) Jack Markham	\$ 241	\$ 833	0.348440%	0.290360%	0.348440%	0.290360%
36) Chnstmann Mineral Co	\$ 241	\$ 833	0.348440%	0.290360%	0.348440%	0.290360%
37) Herd Partners, Ltd	\$ 161	\$ 555	0.232290%	0.193580%	0.232290%	0.193580%
38) Diamond Head Properties, LP	\$ 241	\$ 833	0.348440%	0.290360%	0.348440%	0.290360%
39) Kerr-McGee N A OS	\$ 80	\$ 278	0.116150%	0.096800%	0.116150%	0.096800%
45) ROYALTIES & OVERRIDES	\$ -	\$ -		36.882140%		36.882140%
TOTAL	\$ 69,225	\$ 239,125	100.000000%	100.000000%	100.000000%	100.000000%