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April 9, 1998

New Mexico Oil Conservation Division
P.O. Box 6429
Santa Fe, New Mexico 87505-6429

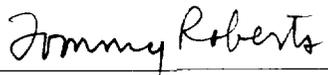
Attn: Lori Wrotenbery

Re: Applications of Merrion Oil & Gas Corporation
Case Nos. 11962 and 11963

Dear Ms. Wrotenbery:

Enclosed please find an original and two copies of Applicant's Pre-Hearing Statement for each of the above referenced matters.

Sincerely,



Tommy Roberts

TR:nk
Enclosures

cc w/enc: George Sharpe/Merrion Oil & Gas Corporation

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. 11962

APPLICATION OF MERRION OIL &
GAS CORPORATION FOR COMPULSORY
POOLING AND A NON-STANDARD GAS
WELL LOCATION, 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 in the West Kutz-Pictured Cliffs Pool underlying the SW/4 of Section 15, Township 29 North, Range 13 West, forming a standard 160 acre gas spacing and proration unit for the pool. The unit is to be dedicated to the existing Farmington "C" Com No. 1 well located at an unorthodox gas well location 1625 feet from the South line and 1250 feet from the West line (Unit L) of Section 15. Also to be considered will be the cost of recompleting the well and the allocation of the cost 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 recompleting the 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

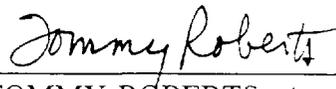
OPPOSITION

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



TOMMY ROBERTS, Attorney for
Merrion Oil & Gas Corporation

DATED: April 9, 1998