

MERRION

OIL & GAS

MAR 18 1998

CONSERVATION

set for review

March 13, 1998

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

11963

**Re: Application of Merrion Oil & Gas
Non-Standard Location
Compulsory Pooling
Vine Com #1
Fulcher Kutz Pictured Cliffs Pool
NW/4 Section 15, T29N, R13W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas Corporation plans to drill the Vine Com #1 at a location of 670' fnl, 1290' fwl, Section 15, T29N, R13W. In that regard, we request approval for the following:

1.) Non-Standard Location

The footages for the well are non-standard for a 160 acre gas proration unit. The well is located within the City of Farmington, virtually a few hundred yards from Main Street. A year long search for a suitable location resulted in this site as perhaps the only suitable drilling location in this business/residential district. Therefore, for topographic reasons, Merrion requests approval to drill the well at a non-standard location.

2.) Compulsory Pooling

Because it is within the City of Farmington, the spacing unit is made up of hundreds of fee leases. Because of difficulty locating and/or negotiating with a few mineral owners, Merrion has been unable to obtain leases on all the acreage in the spacing unit. In addition, not all of the working interest owners have committed to the well. Therefore, Merrion requests your approval for compulsory pooling of these interests for the drilling of this well based upon terms and conditions which include:

- a.) Merrion Oil & Gas Corp. be named operator;

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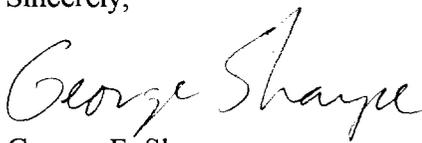
- b.) Provisions for applicant and all working interest owners to participate in the costs of drilling, completing, equipping, and operating the well;
- c.) In the event a mineral owner or working interest owner fails to elect to participate, then provision be made to recoup out of production, the costs of drilling, completing, equipping, and operating the well, including a risk factor penalty of 200%;
- 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 are the following:

- 1.) Well location plat showing spacing unit and offset operators.
- 2.) A list of all offset operators, unleased mineral owners, and uncommitted working interest owners who 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,

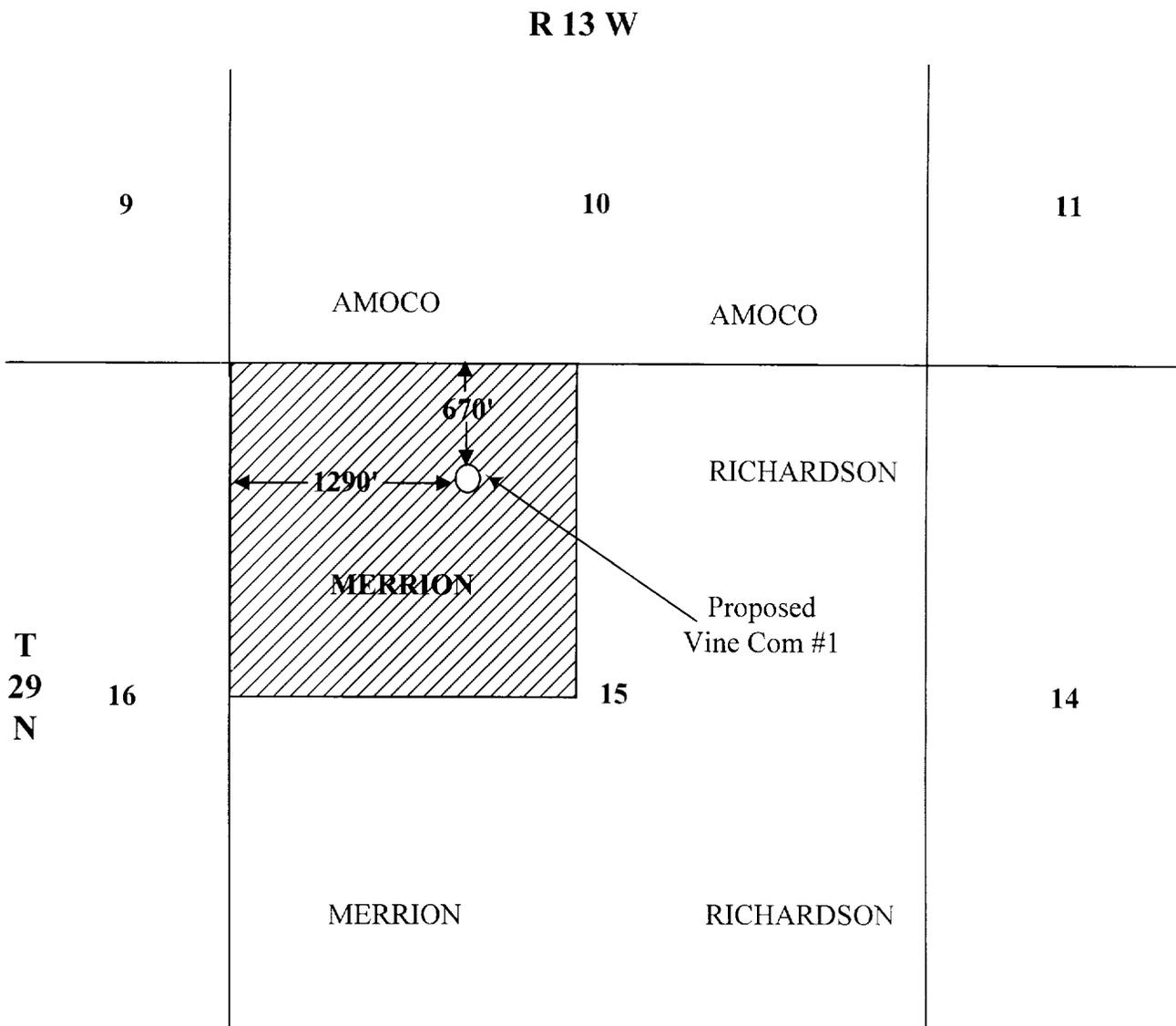


George F. Sharpe
Manager - Oil & Gas Investments

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

EXHIBIT 1

VINE COM #1 WELL LOCATION PLAT OFFSET OPERATOR PLAT T29N, R13W, San Juan County, NM



RF

State of New Mexico
Energy, Minerals & Natural Resources DepartmentForm C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 CopiesOIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088Box 1980, Hobbs, NM 88241-1980
District II
PO Drawer DD, Artesia, NM 88211-0719
District III
1000 Rio Brazos Rd., Aztec, NM 87410
District IV
PO Box 2088, Santa Fe, NM 87504-2088 AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ APT Number 3-045-29519	² Pool Code 79680	³ Pool Name WEST Fulcher Kutz Pictured Cliffs EXT
⁴ Property Code 22345	⁵ Property Name Boice Com	
⁷ OGRID No. 014634	⁶ Operator Name MERRION OIL & GAS	⁸ Well Number 1
		⁹ Elevation 5335'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	15	29 N	13 W	NWNW	670	North	1290	West	San Juan

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No. In progress
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NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED
OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶	<p style="text-align: center;">RECEIVED JAN 23 1993 OIL CON. DIV. DIST. 3</p>	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief
		<p style="text-align: center;"><i>Steven S. Dunn</i></p> Signature Steven S. Dunn Printed Name Drig & Prod Manager Title 1/22/98 Date
		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.
		<p style="text-align: center;">6 GRAND B. HUBBLE</p> Date of Survey Signature Seal of Professional Surveyor: 6844 REGISTERED LAND SURVEYOR 6844
		Certificate Number

Exhibit 2

Application of Merrion Oil & Gas Corp.
Non-Standard Location
Compulsory Pooling
Vine Com #1, Fulcher Kutz Pictured Cliffs Pool
NW/4 Section 15, T29N, R13W
San Juan County, New Mexico

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

To: Offset Operators, 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

Vine #1

Offset Operators, Unleased 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
C. Carl	Merilatt		PO Box 466	La Plata	NM	87418
Josue E. and Ruth C.	Serrano		P.O. Box 6437	Farmington	NM	87499
Joanne	Loleit	c/o Bill Duncan	2336 E. 17th Street	Farmington	NM	87401
Anna M.	Ransom		2103 S. Washington	Beeville	TX	78102
Nedda D.	Lee		321 N. Buena Vista	Farmington	NM	87401
Otis H. and Irma W.	Snooks		1307 E. 27th	Farmington	NM	87401
Shirley	Stanage Donovan		2801 Princeton NE	Albuquerque	NM	87107
Billy P.	Stanage		2801 Princeton NE	Albuquerque	NM	87107
Bonnie	Stanage Simmons		12405 Chelwood Pl. NE	Albuquerque	NM	87107
Corrine	Ritchey		P.O. Box 98	Bloomfield	NM	87413
Herbert A.	Gephardt		1207 N. Gibson	Farmington	NM	87401
G.R.	Hardin	c/o Edwin Foutz	P.O. Box 15111	Farmington	NM	87499
Eloise	Vogel					
Rameshbhai	Patel	W.E.L.	1900 E. Main	Farmington	NM	87401
Hormuzd Y.	Rassam		333 E. Main	Farmington	NM	87401
William C. and Mary T.	Souther		415 W. Broadway	Farmington	NM	87401
W.B. and Bessie	Green					
Gerald L.	Cochran		1509 Schofield Lane	Farmington	NM	87401

Anna Maria	Perez		429 E. Broadway	Farmington	NM	87401
B.N. and Dagmar	Strunk		P.O. Box 3860	Farmington	NM	87499
John Dent	Lamar					
Ronald D. and Nora M.	Boice, Trustees		534 E. Main	Farmington	NM	87401
Thomas E.	Campbell		427 E. Main	Farmington	NM	87401
Flavio and Sixta	Martinez		215 Arnold Drive	Aztec	NM	87410
		Graves Oil & Butane Co.	761 S. Miller St.	Farmington	NM	87401
Nick G.	Candelaria		511 E. Broadway	Farmington	NM	87401
Roderick Allen	Markham		1500 Broadway, Ste 121	Lubbock	TX	79401
Manon	Markham McMullen		2200 Berkeley	Wichita Falls	TX	76308
		Christmann Mineral Co.	1500 Broadway, Ste 800	Lubbock	TX	79401
		Herd Partners Ltd.	P.O. Box 130	Midland	TX	79702
		Diamond-Head Prop., LP	P.O. Box 2127	Midland	TX	79702
		Kerr McGee Corp.	P.O. Box 730330	Dallas	TX	75373
		Amoco Production Company	P.O. Box 800	Denver	CO	80201
		Richardson Operating Inc.	1700 Lincoln, Ste. 1700	Denver	CO	80203