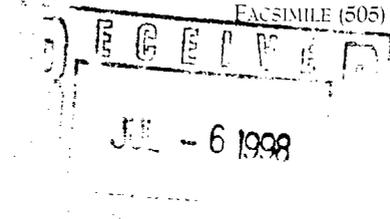


LAW OFFICES
ROBERTS & STROTHER, P. C.

TOMMY ROBERTS
ROBIN D. STROTHER

101 SOUTH ORCHARD, SUITE B
POST OFFICE BOX 129
FARMINGTON, NEW MEXICO 87499
TELEPHONE (505) 325-6810
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July 1, 1998

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

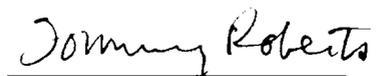
Attn: Lori Wrotenbery

Re: Application of Merrion Oil & Gas Corporation
Case Nos. 11988

Dear Ms. Wrotenbery:

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

Sincerely,



Tommy Roberts

TR:nk
Enclosures

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

Handwritten note:
Copied to [unclear]

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. 11988

APPLICATION OF MERRION OIL &
GAS CORPORATION FOR COMPULSORY
POOLING, 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

ATTORNEY

Merrion Oil & Gas Corporation

Tommy Roberts

610 Reilly Avenue

P.O. Box 129

Farmington, New Mexico 87401

Farmington, New Mexico 87499

Attn: George Sharpe

505/325-6810

505/327-9801

OPPOSITION OR OTHER PARTY

ATTORNEY

The following have not yet agreed to

Not Known

join their interests:

Conoco, Inc.

Burlington Resources, Inc.

63 JUL -6 10 3:43
OIL CONSERVATION DIV.

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 Basin Dakota Pool underlying Lots 1 through 4 and the S/2N/2 (N/2 equivalent) of Section 5, Township 29 North, Range 11 West, thereby forming a standard 293.68 acre gas spacing and proration unit for said pool. Said unit is to be dedicated to its proposed Fifield Com Well No. 1-E to be drilled at a standard gas well location in the NW/4 equivalent of Section 5. Also to be considered will be the cost of drilling and completing said 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 unit and a charge for risk involved in drilling said well.

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)

George F. Sharpe
- Petroleum Engineer

EST. TIME

30 minutes

EXHIBITS

- 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

NOT APPLICABLE

Pre-Hearing Statement

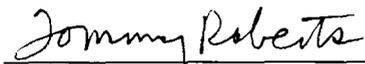
NMOCD Case No. 11988

Page 4

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: July 1, 1998