

MERRION

OIL & GAS

May 20, 1998

Mr. Michael Stogner
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

**Re: Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Fifield Com #1E
Basin Dakota Pool
N/2 Section 5, T 29N, R 11W
San Juan County, New Mexico**

Dear Mr. Stogner:

Merrion Oil & Gas plans to drill the Fifield Com #1E in the NW/4 of Section 5, T 29N, R 11W, San Juan County, New Mexico.

The spacing unit is made up of three leases with two other Working Interest Owners. Merrion has been unable to get the other two Working Interest Owners to commit to drilling 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 Corporation be named operator;
- 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 working interest owner fails to elect to participate, then provisions will 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.

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Attached in support of this application are the following:

- 1) Lease plat showing lease ownership within the spacing unit.
- 2) A list of the uncommitted working interest owners who have received certified copies of this application.

Please let me know if additional information is needed. Please schedule this matter for hearing for Thursday, June 25, 1998.

Sincerely,

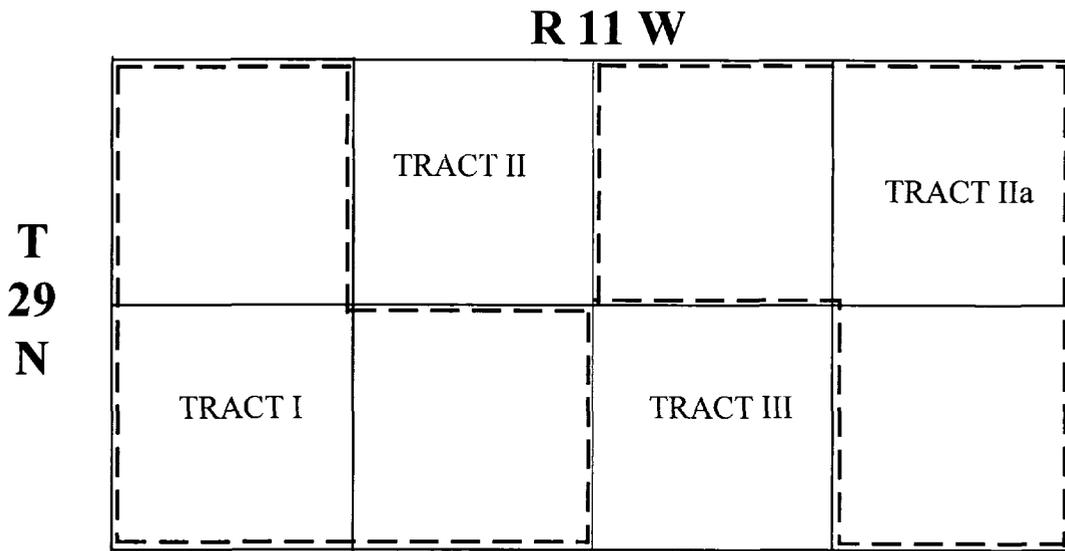


George F. Sharpe
Manager- Oil & Gas Investments

xc: Frank Chavez- OCD - Aztec
Well File

s:/shared/invest/gfs/stogner

EXHIBIT 1
FIFIELD COM #1E
Lease Ownership Plat
N/2 Section 5, T29N, R11W
San Juan County, NM



LEASE OWNERSHIP

Tract	Acres	%	Ownership
I	114.11	38.86	Merrion Oil & Gas – 100%
II	33.65	11.46	Burlington Resources – 100%
IIa	105.92	36.06	Burlington Resources – 37.5% Conoco – 62.5%
III	40.00	13.62	Burlington Resources – 37.5% Conoco – 62.5%
TOTAL	293.68	100.00	

WELL OWNERSHIP

Merrion Oil & Gas	38.86%
Burlington Resources	30.09%
Conoco Inc.	31.05%

Exhibit 2

Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Fifield Com #1E Basin Dakota Pool
N/2 Section 5, T 29N, R 11W
San Juan County, New Mexico

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

Dean Price
Burlington Resources
P.O. Box 4289
Farmington, New Mexico
87499-4289

Steve Klein
Conoco Inc.
10 Desta Drive, Suite 100W
Midland, Texas
79705-4500

To: 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 June 25, 1998.

Waiver

_____ hereby waives any objection to this application.
Company

Signature _____ Date _____

Please return to:

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