

MERRION

OIL & GAS

JUN - 8 1998

June 4, 1998

Mr. Michael E. Stogner
New Mexico Oil Conservation Division
2040 S. Pacheco St.
Santa Fe, New Mexico 87501

**Re: Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Hickman A-3
Basin Fruitland Coal Pool
S/2 Section 10, T26N, R12W
San Juan County, New Mexico**

11997

Dear Mr. Stogner:

Merrion Oil & Gas plans to drill the Hickman A-3 in the S/2 of Section 10, T26N, R12W, San Juan County, New Mexico.

The spacing unit is made up of one lease with three other working interest owners. Merrion has been unable to get one of the 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 156%;
- 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 showing the uncommitted working interest owner who received a certified copy of this application.

Please let me know if additional information is needed. Please schedule this matter for hearing for Thursday, July 9, 1998.

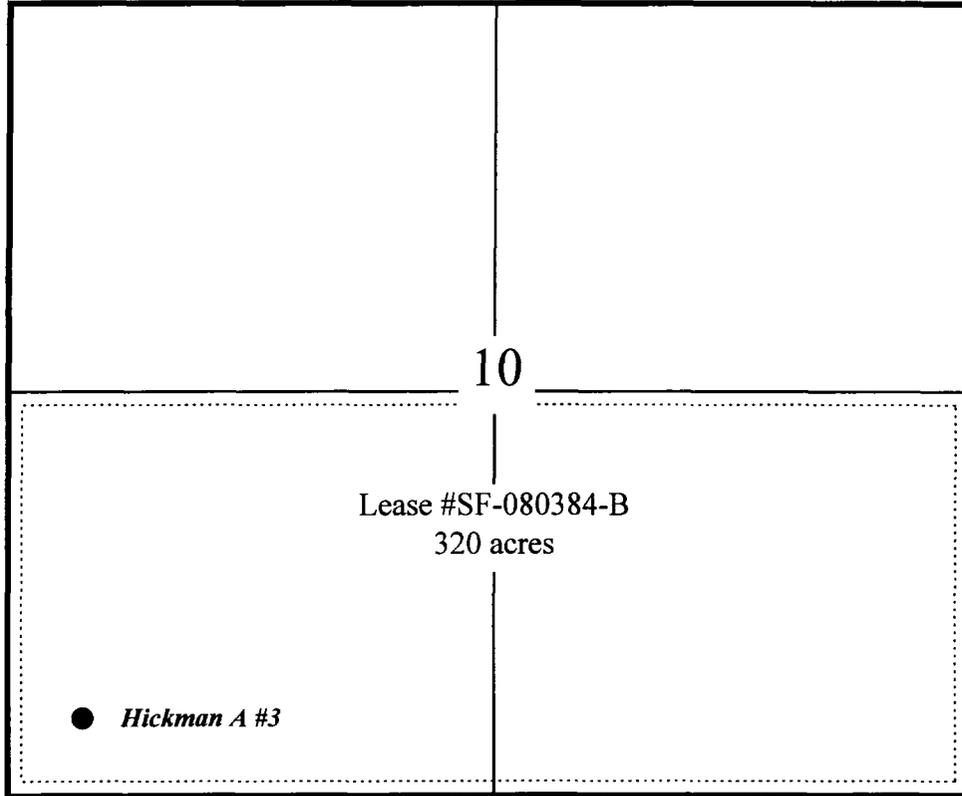
Sincerely,



George F. Sharpe
Manager - Oil & Gas Investments

xc: Frank Chavez - OCD-Aztec
Well File

EXHIBIT 1
Hickman A #3
S/2 of Section 10, T26N, R12W
San Juan County, New Mexico



WELL OWNERSHIP

Amoco Production Co.	50%
Merrion Oil & Gas Corp.	25%
Robert L. Bayless	15%
J. Gregory and Rita V. Merrion Revocable Trust	10%

Exhibit 2

Application of Merrion Oil & Gas Corporation
Compulsory Pooling
Hickman A-3 Basin Fruitland Coal Pool
S/2 Section 10, T26N, R12W
San Juan County, New Mexico

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

Steve Trevz
Amoco Production
P.O. Box 800
Denver, Colorado 80201-0800

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 July 9, 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