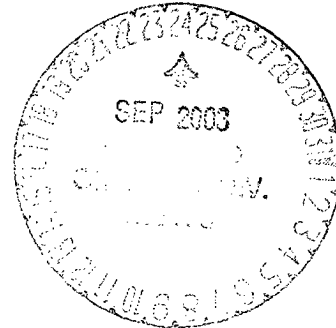


MERRION

OIL & GAS

August 29, 2003

Mr. Michael Stogner
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, New Mexico 87505



Re: Withdrawal of Application (Ref # pKRV0-325126694)
Non-Standard Location
Basin Fruitland Coal Pool
Shank Com #3, API # 30-045-31831
W/2 Section 2, T26N, R13W
San Juan County, New Mexico

Dear Mr. Stogner:

Merrion Oil & Gas Corp. (Merrion) withdraws its application for a non-standard location for the Shank Com #3. We have decided to pick a different surface location and to drill a horizontal well. We may need to submit a new non-standard application for the new location, but will do so after we have developed a final plan.

If you have questions or need additional information, please call me at 505-327-9801 x114.

Sincerely,

George Sharpe
Manager, Oil & Gas Investments

cc. Coleman Oil & Gas
Steve Hayden - NMOCD, Aztec

S/invest/gfs/2003 corres/09-23-03 Shank 3 Withdraw Nonstandard Loc