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SHORELINE OIL & GAS COMPANY
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January 19, 2006

Oil Conservation Division
ATTN: Mr. Mark Fesmire
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Re: Apache Flats #007, API 30-043-20229

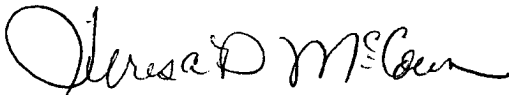
Dear Mr. Fesmire:

This letter is in response to your letter dated January 5, 2006. The Apache Flats is operated by Shoreline Oil & Gas Company and is located at B-28-23N-04W in Rio Arriba County, New Mexico. The API number is 30-043-20229 and the formation is Ballard PC.

Shoreline is in the process of cleaning the well with a compressor. Our company does not own a compressor. Therefore we have had to wait until one has come available to rent from M&M Production & Operation, Inc. We contract with M&M to pump our wells and they do have the equipment needed. M&M employees were on location yesterday, January 18, 2006, with the equipment and have reported that the well did produce a small amount. We are in hopes that this will help the well to begin producing again. If it is unsuccessful Shoreline will need to look at having a work over rig on the well.

If you have questions please call Teresa McCown at (505) 327-6908.

Sincerely,



Teresa D. McCown
President
Shoreline Oil & Gas Company

Review Rule 201.B.

Cc. Aztec District Office

