

SHORELINE OIL & GAS COMPANY  
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(505) 327-6908  
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February 27, 2006

Oil Conservation Division  
ATTN: Ms. Jane Prouty  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

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

Dear Ms. Jane Prouty:

This letter is in response to your letter dated February 23, 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 on January 18, 2006, with the equipment and have reported that the well did produce a small amount. The January production reports have reflected the production has come back on this well. We are hoping that it will continue. 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

Cc. Aztec District Office