

# Quanico Oil & Gas, Inc.

203 WEST MAIN ST., P.O. BOX 1714

EL DORADO, ARKANSAS 71730

PHONE (501) 863-7170

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O. C. D.  
ARTESIA, OFFICE

July 29, 1988

Mr. Mike Williams  
Oil & Gas Inspector  
Energy, Minerals and Natural Resources  
Department  
P. O. Drawer DD  
Artesia, New Mexico 88210

Re: Latham State #1  
P-25-10-26 Chaves Co.

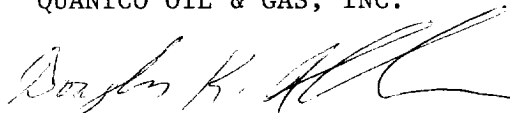
Dear Mr. Williams:

I am writing regarding your letter of July 21st concerning the expiration of our Exception to No-Flare Rule 306. This well was tested for 3-4 days in June and then shut-in. The well is presently shut-in and will remain in this status until a gathering system for the gas is found, or until oil goes up to a level that would make it economically feasible to continue development and install our own gathering system.

Thank you for your assistance in this matter.

Yours very truly,

QUANICO OIL & GAS, INC.

  
Douglas Alexander

DA:sa