



**NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION
DISTRICT I HOBBS
1625 N. French Drive, Hobbs, NM 88241
(505) 393-6161
FAX (505) 393-0720

Jennifer A. Salisbury
CABINET SECRETARY

March 20, 2000

Fi-Ro Corp.
RR 4
6228 Devoian
Roswell, NM 88201

RE: Hondo Holloway State # 1
Unit Letter F , Section 36, Township 12 South, Range 31 East
Gulf State H #1
Unit Letter H, Section 23, Township 13 South, Range 31 East
North Caprock Queen #5Y
Unit Letter E, Section 8, Township 13 South, Range 32 East

Dear Mr. McDonald:

Per our phone conversation on 3/6/2000 even though the above properties are up for sale the NMOCD is requesting the following concerning the future of the above wells and the unlined surface impoundments at each well.

The following options are available regarding the future disposition of these wells:

1. Restore the wells to production.
2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the well, proceed with plugging on a timely basis after the proposal has been evaluated, amended and or approved.

The NMOCD is also requesting that a pit closure plan be submitted and approved for each of the above referenced locations. To avoid further action, we request that you exercise one of the above options no later than April 4, 2000. We request that you notify this office 24 hours prior to any operation in order to witness the operation, either repair or plugging and pressure test upon completion of repairs or to request TXA status.

Very truly yours
OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

BP:pc

Xc: Chris Williams
Gary Wink
Donna Williams
Sylvia Dickey
Stephen Ross
File

BEFORE EXAMINER CAYANACH	
OIL CONSERVATION DIVISION	
OCD	EXHIBIT NO. 5
CASE NO:	12758