



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

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

Jennifer A. Salisbury
CABINET SECRETARY

July 12, 1999

Rhombus Operating Company
200 N. Loraine Ste 1270
Midland, Tx 79701

RE: Gilliam # 1
Unit Letter I , Section 2, Township 15 South, Range 36 East
Scott # 1
Unit Letter L, Section 1, Township 15 South, Range 36 East

Gentlemen:

Through routine inspection it has come to our attention that the above referenced well has been shut in for an extended period of time. Producing wells cannot be shut in for longer than one year.

The following options are available regarding the future disposition of this well:

1. Restore the well to production.
2. Set plug, conduct mechanical integrity test, and request temporary abandoned status.
3. Submit a proposal to plug and abandon the well and proceed with plugging on a timely basis subsequent to District 1 approval.

To avoid further action, we request that you exercise one of the above options no later than October 10, 1999.

We request that you notify this office 24 hours prior to commencement of any operation in order to witness the field operations.

Very truly yours

OIL CONSERVATION DIVISION

Billy Prichard
Deputy Inspector, District 1

BP:pc

Xc: Chris Williams
Gary Wink
File