



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Carol Leach
Acting Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

February 1, 2002

Phyllis R. Gunter, Agent
Phoenix Hydrocarbons Operating Corp.
P. O. Box 3638
Midland, TX 79702

Re: Largo Federal #2, I-13, T27N, R8W, API # 30-045-20963
Federal E #2A, J-23, T27N, R8W, API # 30-045-23465

Dear Ms. Gunter:

The Largo Federal #2 well has been inactive by our records since December 1998, which is a violation of Rule 201. The Federal E # 2A has been inactive since October 2000. Rule 201 allows a 90-day period to bring a well into compliance after one year of inactivity. This well will be in violation after February 2002.

These wells must either be plugged and abandoned or temporarily abandoned (see Rules 202 and 203) to bring them into compliance.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven N. Hayden".

Steven N. Hayden
Deputy Oil & Gas Inspector
shayden@state.nm.us

SNH/mk

Cc: Well files