



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District
Roswell Field Office
2909 West Second Street
Roswell, New Mexico 88201-2019
www.blm.gov/nm/st/en.html

HOBBS OCD

AUG 05 2011



In Reply Refer To:
Case/Lease Number: NMNM-13418
3160(NMP0130)
Order No. 04-075-10W

30-025-20634

RECEIVED

AUG 04 2011

FBI

CERTIFIED MAIL--RETURN RECEIPT REQUESTED
7006 3450 0001 4285 6263

Doral Energy Corporation
3300 North "A" Street, Bldg 2, Suite 218
Midland, TX 79705

NOTICE OF ORDERS OF THE BLM AUTHORIZED OFFICER

Gentlemen:

An inspection was performed on Federal Lease NMNM-13418, Amoco Federal #3 API No.: 30-005-20634, 660 FSL & 660 FWL, SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 26, T. 7S. R. 31E. Chaves County, New Mexico, on December 10, 2010, by Jared Reese, Natural Resource Specialist. It was found that the location has not been maintained in a manner designed to protect the mineral resources, other natural resources, and environmental quality (43 CFR 3162.5).

ORDERS OF THE AUTHORIZED OFFICER

Pursuant to Federal Regulation 43 CFR 3162.5-1(b) which states "The operator shall exercise due care and diligence to assure that leasehold operations do not result in undue damage to surface or subsurface resources or surface improvements..." the following environmental compliance problems were identified during the latest inspection of the subject location. Specifically:

• Environmental Problem No. 1: Spill Around Tanks/ Stored Equipment on Pad

Corrective Action: It is the BLM's understanding that the above mentioned well has recently become the responsibility of Doral Energy Corporation. Prior to the action, John R. Stearns was issued a Written Order requiring immediate remediation for the issues mentioned above. It is now Doral Energy Corporation's responsibility to ensure the following actions are completed: Operator must submit a reclamation plan for removal of oily saturated soils. If reclamation cannot be completed by the appointed abatement date, the Operator needs to notify the BLM on

Sundry Notice identifying a timeframe in which the remediation will be completed. Operator must also remove equipment not being used on the location. Equipment should not be stored on location.

Report your compliance with this Written Order on a Subsequent Sundry Notice on Form 3160-5 (Sundry Notice and Reports on Wells) stating the above problems have been corrected and are ready for inspection, an original and 5 copies are required.

In accordance with 43 CFR 3163.1(a), please comply with the corrective action(s) for the identified environmental problems no later than **August 31, 2011** after receipt of this Written Order. If you fail to comply within the time frames specified, you will be subject to further enforcement action as may be deemed necessary.

WARNING

Orders of the Authorized Officer or Incidents of Non Compliance and reporting time frames begin upon receipt of the Notice or 7 business days after the date it is mailed, whichever is earlier. Each problem or violation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management office at the address shown above.

For Incidents of Non Compliance, please note that you already may have been assessed for noncompliance (see amount under "Assessed for Noncompliance"). If you do not comply as noted above under "Corrective Action to Be Completed By," you may incur additional assessment under (43 CFR 3163.1) and may also incur Civil Penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time for correction.

Note: Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

REVIEW AND APPEAL RIGHTS

A person contesting an order of the authorized office or violation must request a State Director Review of the Order or Incident of Noncompliance. This request must be filed within 20 working days of receipt of the Order or Incident of Noncompliance with the appropriate State Director at PO Box 27115, Santa Fe, NM 87502-0115 (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Lands Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

If you have any questions concerning our Written Orders for the Amoco Federal #3 location, please contact Jared Reese, Natural Resource Specialist at the Roswell Field Office at 575-627-0249.

Sincerely,

/s/ Angel Mayes

Angel Mayes
Assistant Field Manager,
Lands and Minerals