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NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop Cabinet Secretary Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Response Required - Deadline Enclosed

Field Inspection Program
"Trees on gifts barying of Our Lavingment"

21-Sep-09

DORAL ENERGY CORP. 415 W. WALL ST, SUITE 500 MIDLAND TX 79701 LOV NO. 02-09-074

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

30-015-01523-00-00 WENTZ STATE No.001 P-24-17S-28E *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Date Non-Compliance? Action Due By: 09/15/2009 Routine/Periodic Kimberly Wilson Yes 10/5/2009 iKMW0925847895 Nο Comments on Inspection: Idle Well, violation of NMAC 19.15.25.8. Operator must return well to benefical use, TA or submit PA procedure to OCD District II office no later than October 5, 2009. WENTZ STATE No.002 P-24-17S-28E 30-015-01524-00-00 *Significant Inspection Corrective Type Inspection Inspector Violation? Inspection No. Non-Compliance? Date Action Due By: 09/15/2009 Routine/Periodic Kimberly Wilson iKMW0925848390 No 10/5/2009 Comments on Inspection: Idle Well, violation of NMAC 19.15.25.8. Operator must return well to benefical use, TA or submit PA procedure to OCD District II office no later than October 5, 2009.

Oil Conservation Division * 1301 W Grand * Artesia, New Mexico 88210 Phone: 505-748-1283 * Fax: 505-748-9720 * http://www.emnrd.state.nm us

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Divison Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.