

## New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

**Joanna Prukop**  
Cabinet Secretary  
**Reese Fullerton**  
Deputy Cabinet Secretary

**Mark Fesmire**  
Division Director  
Oil Conservation Division



**\*Response Required – Deadline Enclosed\***

20-Mar-09

LOV NO. 02-09-004

**DORAL ENERGY CORP.**  
415 W. WALL ST, SUITE 500  
MIDLAND TX 79701-

**LETTER OF VIOLATION and SHUT-IN DIRECTIVE**  
**Failed Mechanical Integrity Test**

Dear Operator:

The following test(s) were performed on the listed dates on the following well(s) shown below in the test detail section.

The test(s) indicates that the well or wells failed to meet mechanical integrity standards of the New Mexico Oil Conservation Division. To comply with guidelines established by the U.S. Environmental Protection Agency, the well(s) must be shut-in immediately until it is successfully repaired. The test detail section which follows indicates preliminary findings and/or probable causes of the failure. This determination is based on a test of your well or facility by an inspector employed by the Oil Conservation Division. Additional testing during the repair operation may be necessary to properly identify the nature of the well failure.

Please notify the proper district office of the Division at least 48 hours prior to the date and time that the well(s) will be retested so the test may be witnessed by a field representative.

***MECHANICAL INTEGRITY TEST DETAIL SECTION***

**WEST ARTESIA GRAYBURG UNIT No.001**

**30-015-02645-00-00**

Active Injection - (All Types)

C-8-18S-28E

Test Date: 3/18/2009  
Test Reason: Annual IMIT  
Test Type: Bradenhead Test  
Comments on MIT: Operator reported that well would not pass and must be repaired.

Permitted Injection PSI:  
Test Result: F  
FAIL TYPE: Other Internal Failure

Actual PSI:  
Repair Due: 6/21/2009  
FAIL CAUSE:

**WEST ARTESIA GRAYBURG UNIT No.011**

**30-015-02655-00-00**

Active Injection - (All Types)

K-8-18S-28E

Test Date: 3/5/2009  
Test Reason: 5-year Test  
Test Type: Std. Annulus Pres. Test  
Comments on MIT: Unable to pressure up. Casing pressure same as tubing pressure 220psi. Shut-in well.

Permitted Injection PSI:  
Test Result: F  
FAIL TYPE: Tubing

Actual PSI:  
Repair Due: 6/8/2009  
FAIL CAUSE:

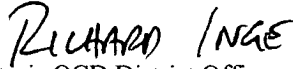


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In the event that a satisfactory response is not received to this letter of direction by the "Repair Due:" date shown above, or if the well(s) are not immediately shut-in, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Handwritten signature of Richard Inge in black ink.

Artesia OCD District Office

Note: Pressure Tests are performed prior to initial injection, after repairs and otherwise, every 5 years; Bradenhead Tests are performed annually

Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data. "Failure Type" and "Failure Cause" and any Comments are not to be interpreted as a diagnosis of the condition of the wellbore. Additional testing should be conducted by the operator to accurately determine the nature of the actual failure. \* Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.