



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

"Preserving the Integrity of Our Environment"

23-Oct-09

LOV NO. 02-09-095

DORAL ENERGY CORP.

415 W. WALL ST, SUITE 500

MIDLAND TX 79701

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

Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
10/23/2009	Routine/Periodic	Richard Inge	Yes	No	11/6/2009	iREI0929648728

Comments on Inspection:

Form C103 received on subsequent workover of this well. Violation of OCD rule 19.15.7.14 - Failure to submit form C103 Notice of Intention to perform remedial work on this well. Tubing and packer were reported pulled, perforations added, acidizing done, etc.

Violation of OCD rule 19.15.26.11 - After pulling tubing and re-seating packer, an MIT test must be performed and notification given to the OCD to witness this test. This testing must be performed prior to begin injection into the well. No notification was given to the OCD regarding the testing of this well.

This subsequent report and MIT pressure test chart has been rejected due to the above OCD rule violations. The Operator must immediately shut-in and cease injection into this well. The Operator must submit a form C103 Notice of intent stating the work they planned on performing for this well. The operator must contact the OCD District II office to set up a date and time of the MIT test so it can be witnessed. After a successful, witnessed MIT test, then the operator must submit a subsequent C103 stating what work was performed on this well and when.

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 Division 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,

RICHARD INGE

Artesia OCD District Office

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