

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division

Response Required – Deadline Enclosed

*Underground Injection Control Program
"Protecting Our Underground Sources of Drinking Water"*

07-Jul-11

DORAL ENERGY CORP.

22610 US HIGHWAY 281, N. SUITE 218
SAN ANTONIO TX 78258--756

**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

MILLER FEDERAL No.006

30-005-20530-00-00
M-34-7S-31E

Active Salt Water Disposal Well

Test Date:	7/7/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	Repair Due:
Test Type:	Bradenhead Test	FAIL TYPE: Tubing	FAIL CAUSE:
Comments on MIT:	RULE 19.15.26.11 BHT FAILED. NEED TO REPAIR AND RESCHEDULE FOR PRESSURE TEST/ MIT BEFORE WELL CAN RETURN TO INJ. THIS IS 1ST LETTER OF NON-COMPLIANCE		

HAHN FEDERAL No.005

30-005-20532-00-00
K-27-7S-31E

Active Salt Water Disposal Well

Test Date:	7/7/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	Repair Due:
Test Type:	Std Annulus Pres Test	FAIL TYPE: Equipment - Specify in Co	FAIL CAUSE:
Comments on MIT:	RULE 19.15.26.11 UNABLE TO RUN MIT/PRESSURE TEST THERE IS NO TBG, PKR OR CIBP IN WELL. NEED TO REPAIR AND RETURN TO INJ, T/A OR P/A WELL THIS IS 1ST LETTER OF NON-COMPLIANCE		

TOM 36 STATE No.001

30-005-20686-00-00

Active Salt Water Disposal Well

A-36-7S-31E

Test Date:	7/7/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	F
Test Type:	Bradenhead Test	FAIL TYPE:	Tubing
Comments on MIT:	RULE 19.15.26.11. FAILED BHT. STRONG VAC ON PROD CSG. THIS IS 1ST LETTER OF NON-COMPLIANCE.		

WATTAM FEDERAL No.006

30-005-20814-00-00

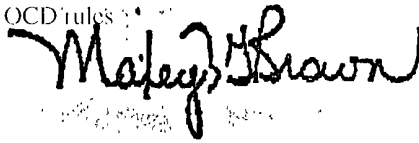
Active Salt Water Disposal Well

A-7-8S-31E

Test Date:	7/7/2011	Permitted Injection PSI:	Actual PSI:
Test Reason:	Annual IMIT	Test Result:	F
Test Type:	Std. Annulus Pres Test	FAIL TYPE:	Tubing
Comments on MIT:	RULE 19.15.26.11. FAILED MIT/ PRESSURE TEST. BARRY LEE REPORTED THAT WELL WOULD NOT PT. SCHEDULED FOR REPAIRS		

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. Such a hearing may result in imposition of CIVIL PENALTIES for your violation of OCD rules.

Sincerely,

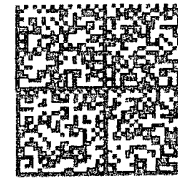


COMPLIANCE OFFICER

Hobbs 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.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER	015H14150977	US POSTAGE
	\$0.44	
	07/07/11	
	Mailed From 88240	

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SAN ANTONIO TX 78258-756