

## New Mexico Oil Conservation Division, District I

UNITED STATES 1625 N. French Drive  
Hobbs, NM 88240FORM APPROVED  
OMB No. 1004-0137  
Expires: July 31, 2010DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

## SUDDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an  
abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No.

NM-13418

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE - Other instructions on page 2.

## 1. Type of Well

☒ Oil Well☐ Gas Well☐ Other

## 2. Name of Operator

Doral Energy Corporation

## 3a. Address

3300 North "A" Street, Bldg. 2, Suite 218  
Midland, TX 79705

## 3b. Phone No. (include area code)

432-789-1180

## 4. Location of Well (Footage, Sec., T., R., M., or Survey Description)

660' FSL &amp; 660' FEL of UL M, Sec 26, T 7S, R 31E

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
Amoco Federal #39. API Well No.  
30-005-2063410. Field and Pool or Exploratory Area  
Tom Tom; San Andres11. Country or Parish, State  
Chaves Co., New Mexico

## 12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other <u>Change of Operator</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Change of Operator from John R. Stearns dba Stearns to Doral Energy Corporation.

Effective 6/1/2010, Doral Energy Corporation will assume operations of the well and certifies that it is authorized by proper lease interest owners to conduct lease operations and is responsible under the terms and conditions of the lease associated with this well. Bond coverage under BLM Bond # NM000546.

NM000546

Doral accepts the responsibility for the  
attached written order 04-047-11W  
work needs to be completed by 04-26-2011  
pending an Incident of Noncompliance  
issued to Doral.

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)

Everett Willard "Will" Gray II

Title Chairman &amp; CEO

Signature

E.W. Gray II

Date 12/08/2010

## THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

/S/ DAVID R. GLASS

PETROLEUM ENGINEER

Title

Date

APR 19 2011

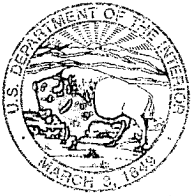
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Office

ROSWELL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Pecos District

2909 West Second Street

Roswell, New Mexico 88201-2019



In Reply Refer To:

Case/Lease: NMNM-13418

3160(NMP0130)

04-047-11W

MAR 29 2011

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

7008 1830 0002 6036 5698

John R. Stearns

HC 65 Box 988

Crossroads, NM 8814

Subject: Lease NMNM-13418 Amoco #3 located 660 FSL & 660 FWL of Sec. 26, T. 7 S., R 31 E., Chaves County, NM

Re: Environmental problems

## NOTICE OF ORDER(S) OF THE BLM AUTHORIZED OFFICER

Gentlemen:

The above referenced well operated by John R. Stearns was reviewed on December 10, 2010 by BLM Jared Reese (Natural Resource Specialist). The following items were found to be in noncompliance with environmental regulations as in 43 CFR 3162.5-1. And 43 CFR 3162.5-3

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 problems were identified during the latest inspection of the subject location.

- o Spill around tanks
- o Stored Equipment on pad

Corrective Action: Operator must submit reclamation plan for removal of oily saturated soils. .  
Operator must also remove equipment not being used.

In accordance with 43 CFR 3162.1(a), please comply with the corrective actions for identified environmental problems on or before April 26, 2011. If you fail to comply within the time frames specified, you may be subject to an assessment or additional enforcement actions as deemed necessary to gain compliance.

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.

### 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, Roswell Field office.

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.

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 Incident of Noncompliance with the New Mexico State Director, Bureau of Land Management, P.O. Box 27115, Santa Fe, New Mexico 87502-0115 (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, MS 300-QC, Arlington, Virginia 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

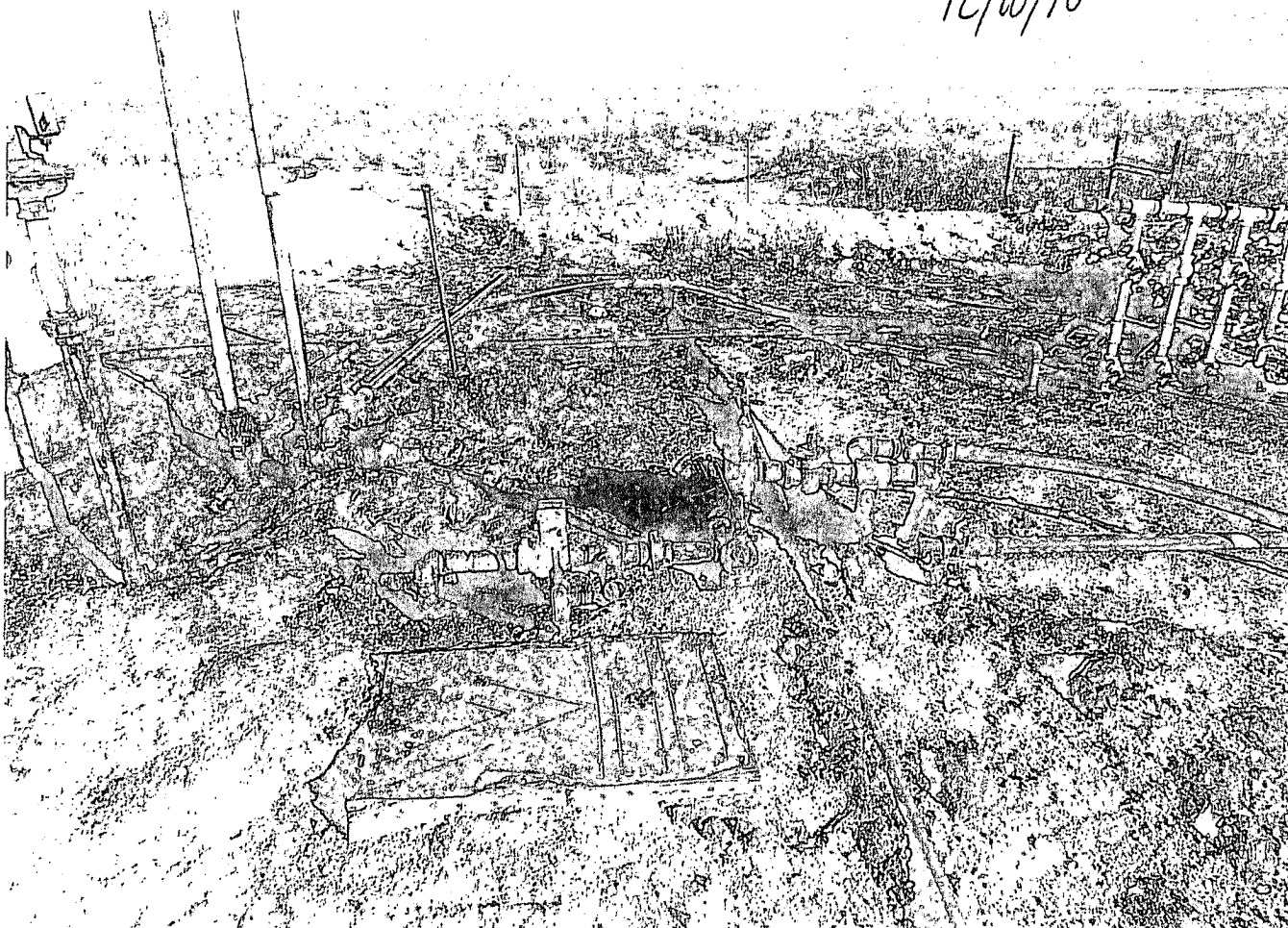
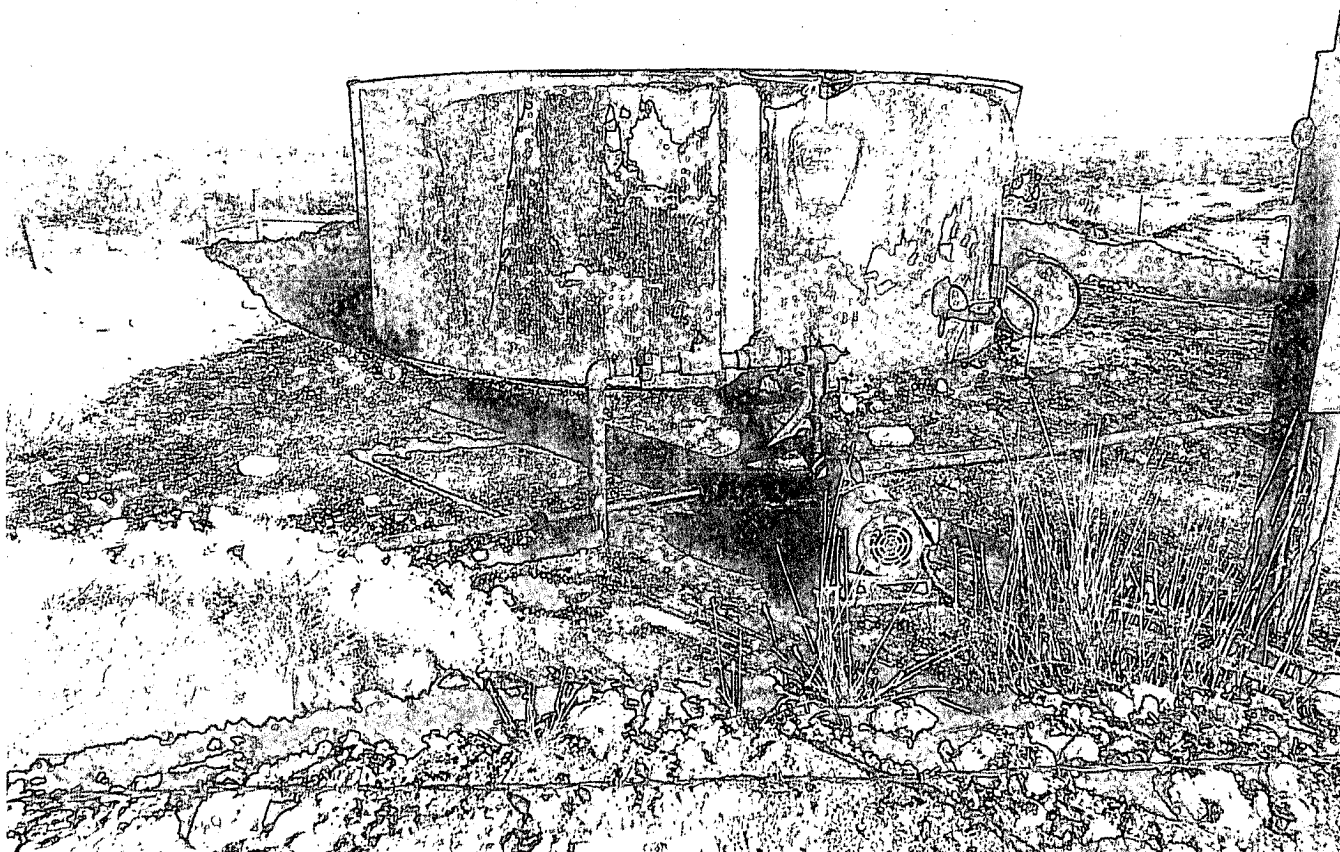
We appreciate your cooperation in responding to this request. Please contact Glen Garnand (Environmental Protection Specialist) at (575)-627-0209 if there are questions regarding this matter.

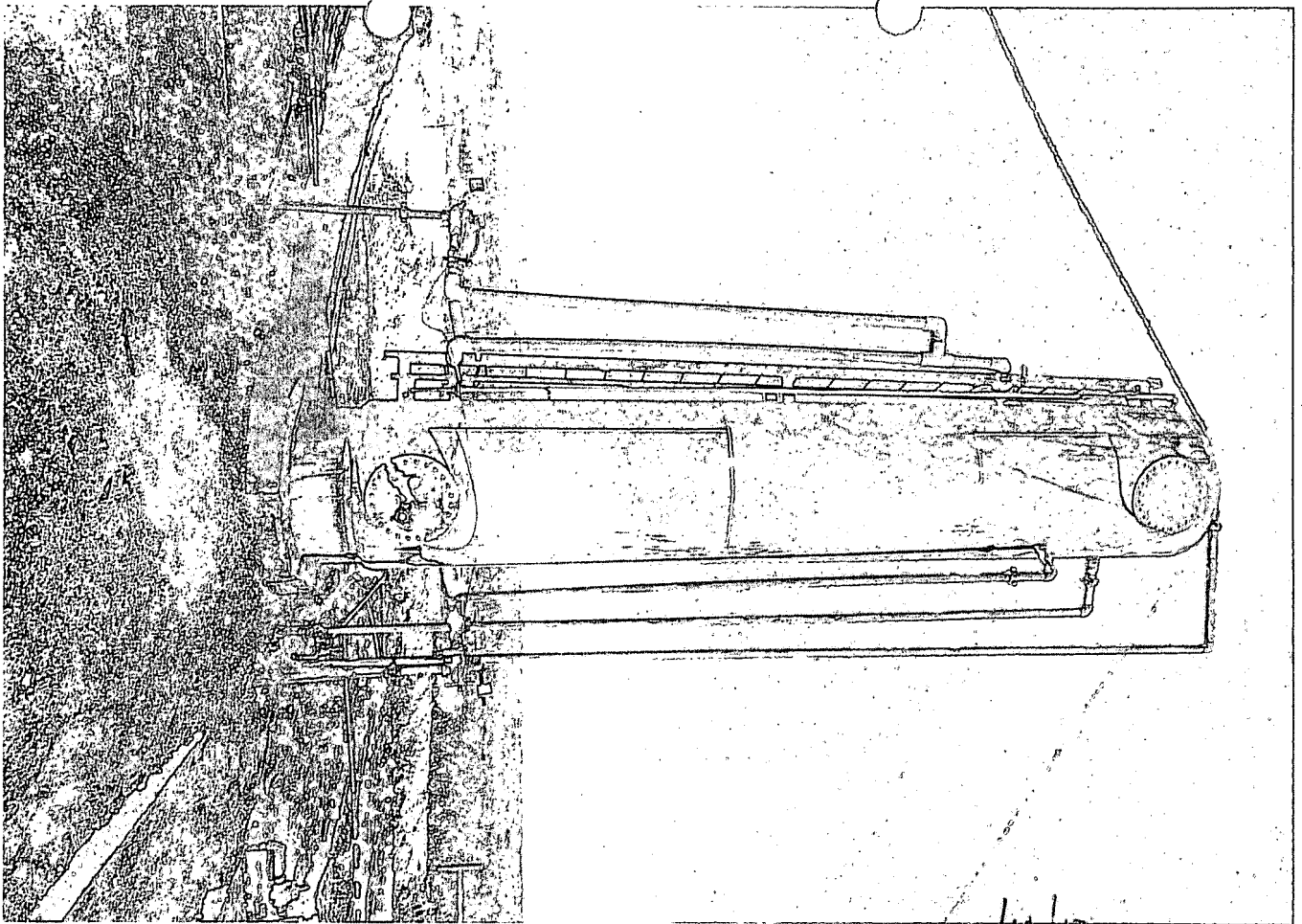
Sincerely,

*/s/ Angel Mayes*

Angel Mayes  
Assistant Field Manager  
Lands and Minerals

NM-13418 TANK BATTERY - LOCATED ADJACENT TO AM-1 FED #3



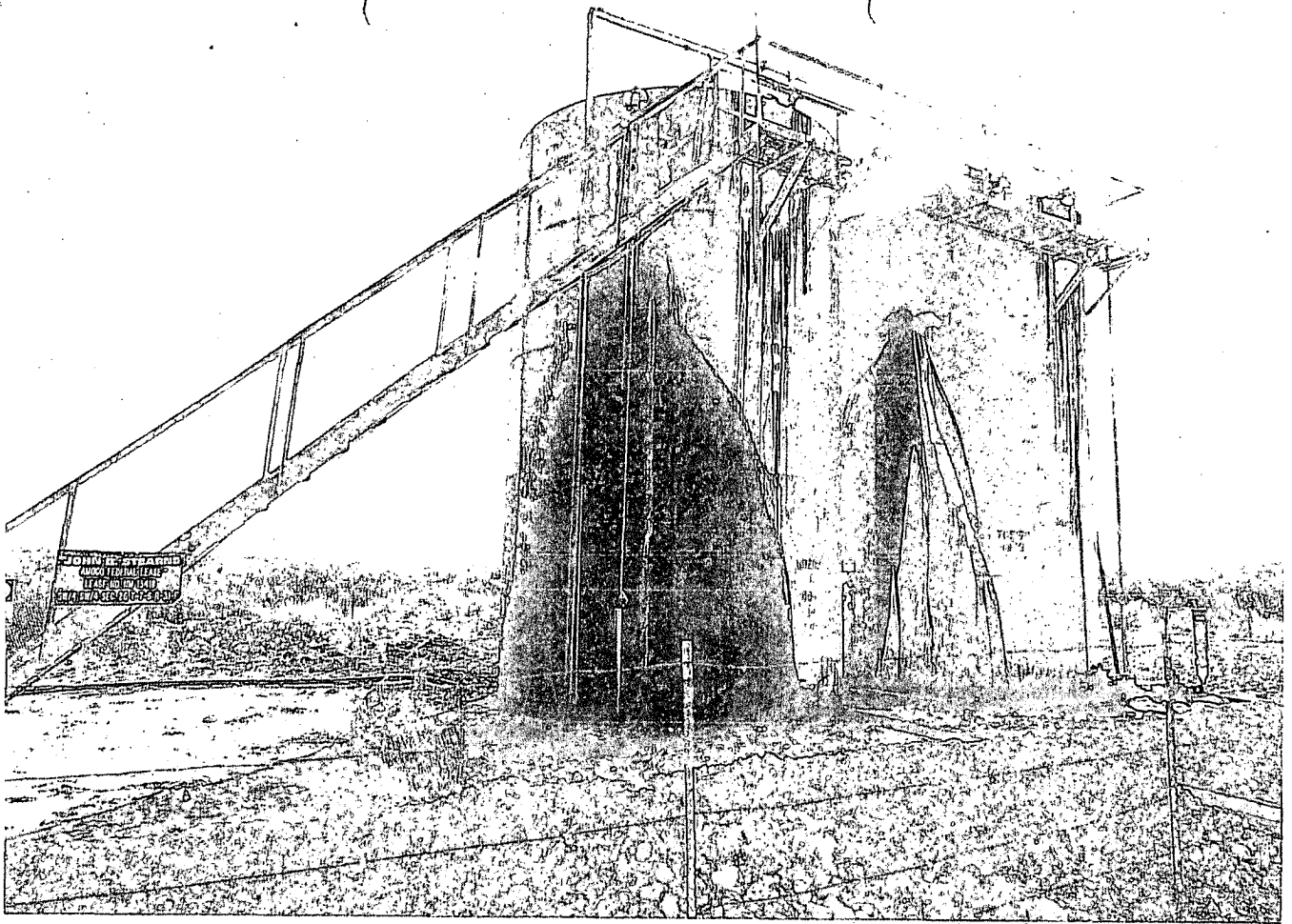


12/10/10



JOHN R. STEARN'S  
AMOCO FEDERAL LEASE  
LEASE NO. NM 13418  
SW/4 SW/4 SEC. 26 T-7-S R-31-E

GAS  
AIR  
REQUIRED.



12/10/10

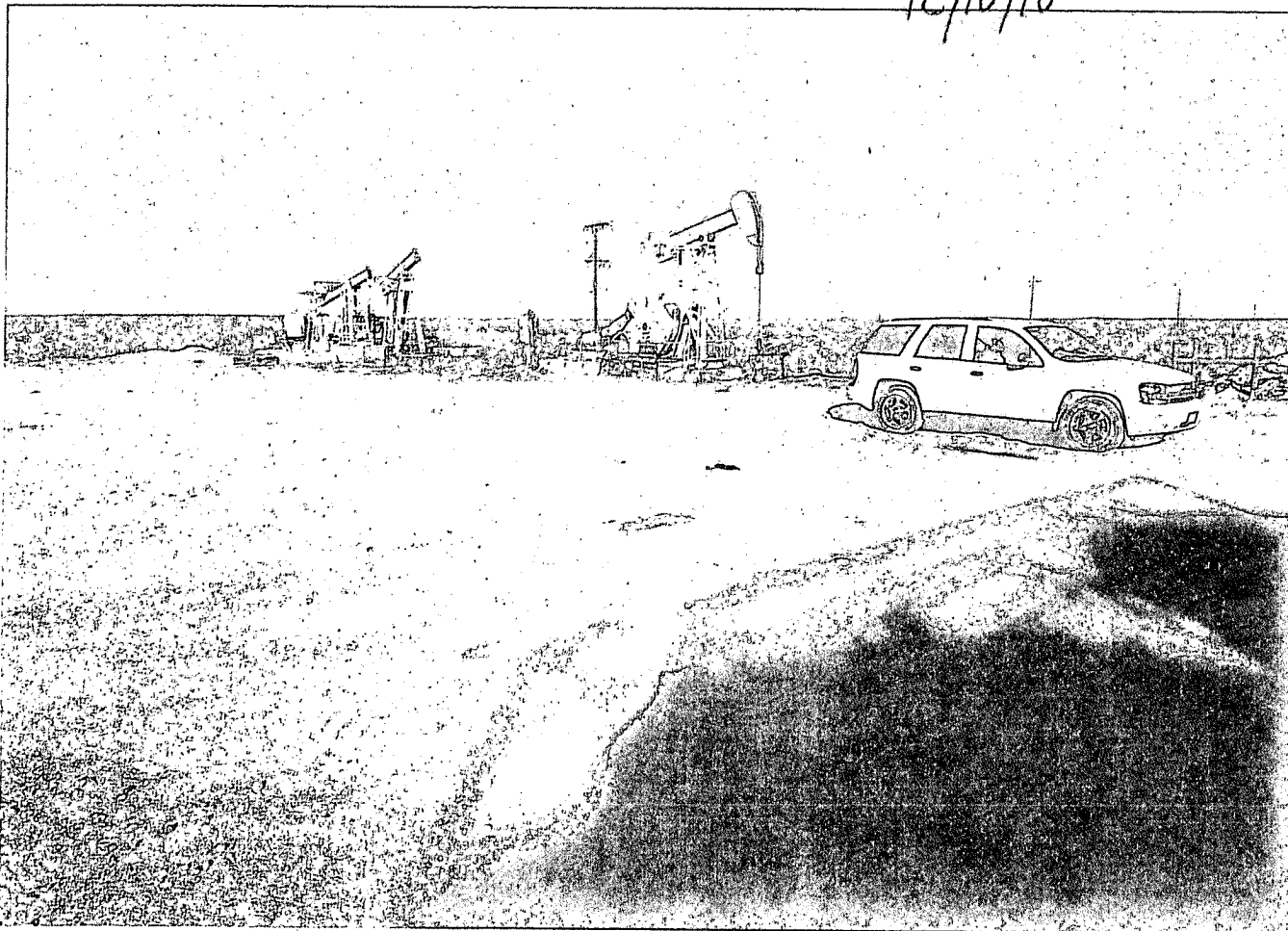


W-LSIGN

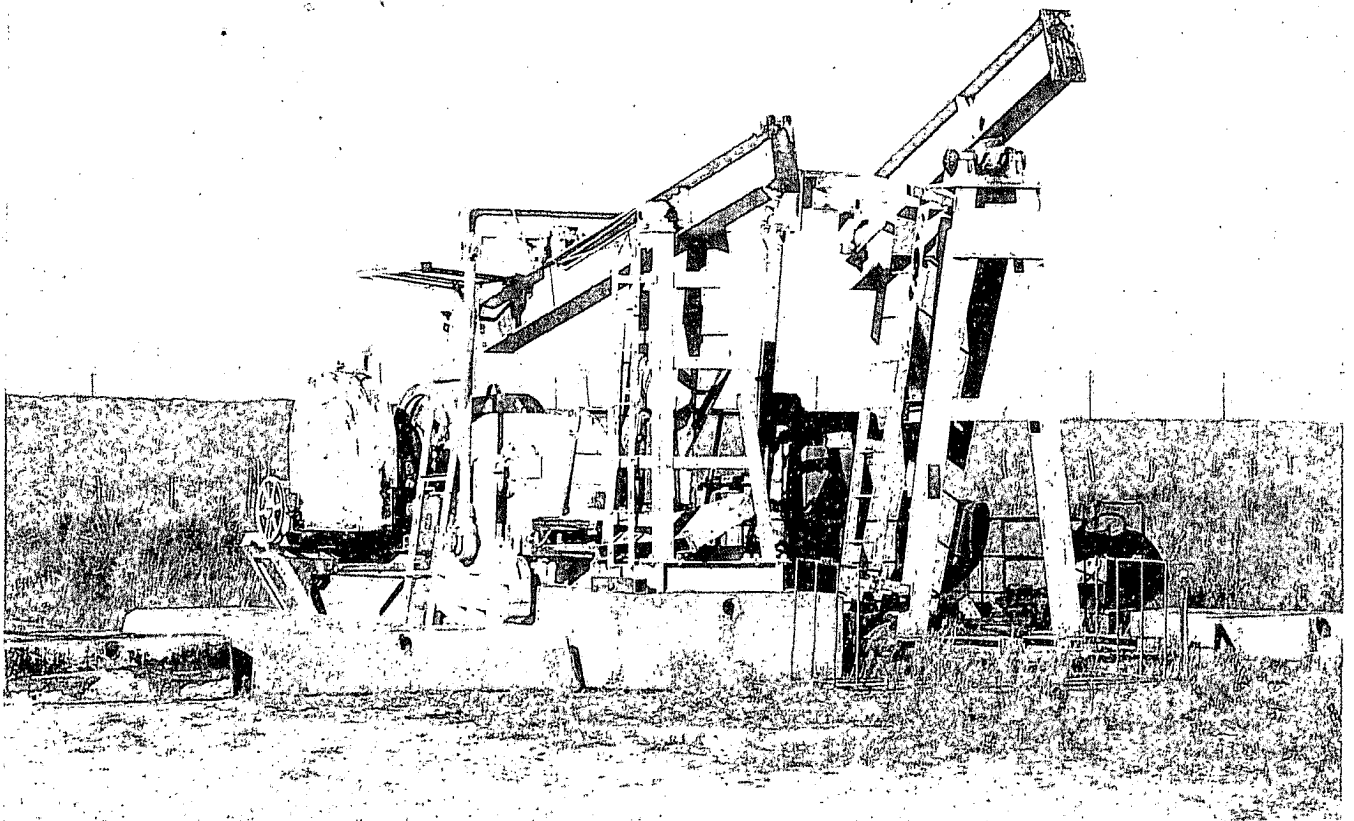
**JOHN R. STEARNS**  
AMOCO FEDERAL NO. 3  
FEDERAL LEASE NO. NM 13418  
SW/4 SW/4 SEC. 26 T-7-S R-31-E

THIS EQUIPMENT  
ARTS AUTOMATICALLY

12/10/10







PUMP JACKS NEED TO BE REMOVED