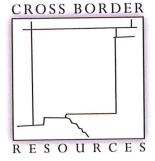
2515 McKinney Ave., Suite 900 Dallas, Texas 75201

> Phone: (214) 871.0400 Fax: (214) 871.0406



April 23, 2015

RECEIVED

By OCD District 1 at 1:33 pm, Apr 30, 2015

U.S. Department of the Interior Bureau of Land Management 2909 W. Second Street Roswell, New Mexico 88201-2019 Attention: Jim Stovall

Re:

Oil Spill on Wattam Federal Tank Battery, Lease # NMNM15016 NENE of Section 7, T-8-S, R-31-E, Chaves County, New Mexico

Dear Mr. Stovall:

Pursuant to my conversation with Mr. Harley C. Davis of the Bureau of Land Management ("BLM") Roswell office, Cross Border Resources, Inc. ("Cross Border") respectfully wishes to inform the BLM of an oil spill that occurred on the Wattam Federal tank battery due to a power failure on the lease which prevented the transfer pump to move the produced water to the Wattam Federal #6 salt water disposal well. Production from the nearby wells continued to fill the tanks until they ran over. The spill occurred at the end of February 2015 and was fully contained with the firewall. The spill was found by Mr. Davis, and the BLM owns the surface and the mineral rights associated with the Wattam Federal Lease #NMNM15016.

Attempts were made to pull the oil out of the firewall with the vacuum truck, but some oil remained within the area contained by the firewall. The area of contaminated dirt is approximately 30' by 100'with an approximate depth of penetration between four and eight inches.

A meeting was held with Mr. Davis on April 8, 2015 to discuss remediation procedures, and it was determined that the contaminated soil should be hauled to a registered land farm facility located in New Mexico. Cross Border is planning to use Gandy Marley Inc. located in Roswell, New Mexico for the designated registered land farm.

We estimate a total spill volume of approximately 35 barrels. In order to avoid future disturbances, a gas fired transfer pump will be set along with electric transfer pump as back up. Cross Border has notified all field personnel of notification, containment and remediation protocol for oil and saltwater spills to ensure compliance with the Bureau of Land Management rules and guidelines.

Sincerely,

Ross Pearson

Vice President of Operations

Ross Pears

Form 3160-18 (October, 1999)

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## **UNITED STATES** DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

NOTICE	OF	WR	ITTEN	<b>ORDER</b>	

	Page	of
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Number 15HD004W

ROSWE Telephone 575. Inspector  Site Name WATTAM FEDERAL Site Name  Site Name  The follow	SECONIELL NM 8i .627.0272  DAVIS  Well/Facilit  Well/Facilit  wing condition  Time bur clock)	D ST. 8201  2  ty/FMP 6  ty/FMP  n(s) were for	NENE 7 1/4 1/4 Section 1/4 1/4 Section	Townsh Townsh	BS nip	CR ss 251	5 MCKINNE DALL Meridian NMP	ER RESOURCES, INC Y AVENUE, SUITE 90 AS TX 75201	State
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A person contesting a decision shall re	equest a Sta	te Director	review of the V	Vritten (	Order	al Rights This request m	ust be filed with	in 20 working days of receip	pt of the Notice with
A person contesting a decision shart re- appropriate State Director (see 43 CFF Suite 300, Arlington, VA 22203 (see 4	R 3165 3)	The State I	lirector review	decision	n mav t	se appealed to t	ne interior boar	d of Land Appears, our nor	th Quincy Street,
Signature of Bureau of Land Management		Officer				Date 4/3/	2015	Time	
7	Authorized C		FOR	OFFIC	E US	E ONLY			
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## BLM Remarks, continued

REMOVE ALL CONTAMINATED SOIL AND PROPERLY DISPOSE AT AN APPROVED DISPOSAL FACILITY WITH RECORD OF DISPOSAL (HAUL TICKET) RETURNED UPON COMPLETION. A BLM REPRESENTATIVE MUST BE ON SITE FOR REMOVAL OF CONTAMINATED SOIL AND NOTIFIED AT LEAST 3 DAYS PRIOR TO THE WORK BEING DONE.

THE PAD AND BERMS ARE TO BE RECONSTRUCTED PER BLM SPECS. THE BERM MUST BE ABLE TO CONTAIN 110% OF THE LARGEST TANK PLUS 24 HOURS OF PRODUCTION.

THE EXCLOSURE FENCE SHALL BE REPAIRED TO PREVENT WILDLIFE AND LIVESTOCK FROM ENTERING THE CONTAINMENT BERM.