

REVIEWED

By Kellie Jones at 4:00 pm, Feb 03, 2016

APPROVED *CONDITIONALLY*

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1. Chloride delineation has not occurred. At this time there are several sample points that are above the delineation value of 250 ppm.
2. Provide a sampling plan to indicate how often the areas applied with Microblaze will be sampled or inspected.
3. Ensure SLO approval/concurrence.

January 26, 2015

State of New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico 88240
Attention: Kellie Jones

Re: East half Clean-up on Sunray State Tank Battery spill, API # 30-005-21036
1980' FNL and 1650' FWL of Section 16, T-8-S, R-31-E, Chaves County, New Mexico

Dear Kellie,

This is an update on the Sunray State Tank Battery, API #30-005-21036, located at latitude of 33.639 degrees and longitude of 103.808 degrees. The tank battery is located in unit letter "F" of section 16, T-8-S, R-31-E in Chaves County, New Mexico. A site inspection was held on January 20th, 2016 with Amber Groves, Mark Naranjo, Troy Kinch, and Ross Pearson. After a visual inspection of the site, it was mutually agreed there is not an active leak on the Sunray State site. The west side of the spill site did show good improvement with vegetation after the microblaze treatment. The meeting concluded with the following plan to test and remediate the east half of the spill site.

Cross Border Resources, Inc. ("Cross Border") has delineated the elevated chloride levels on the East half of the spill area (see attachment #1). Cross Border now proposes to complete the east half (see attachment #1) of Sunray State site by removing the top six to twelve inches of asphaltene hardpan that exists on the east half of the Sunray site. In order to remove the asphaltene hardpan, the water tank will have to be moved to a new location between the oil tanks and the heater treater inside the original tank battery. The flow line will also have to be moved so that the hardpan can be removed and staged on the original caliche location prior to be loaded onto dump trucks. It is imperative that the asphaltene hardpan be removed from underneath the water tank. The material will then be taken to the Gandy Marley Inc. Land Farm located in Roswell New Mexico. Once the hardpan is removed, it is planned to re-sample the east side of Sunray State site for chlorides and hydrocarbons utilizing Hall Environmental as the testing laboratory. It is Cross Border intent to delineate the chloride exposure in a vertical sense of the east side of the spill area. Hydrocarbons will be delineated in the vertical section if the re-sampling suggests there is an issue with TPH in excess of 5000 ppm. Cross Border understands that the horizontal extent has been identified, but vertical delineation value of 250ppm chlorides has to be determined before any remediation work can be started.

East half clean-up plan
Sunray State Tank Battery
API# 30-005-21036
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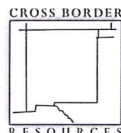
Cross Border intends to vertically delineate the Chlorides only in the chloride-soil remediation area (attachment #1). Depending on hydrocarbon levels after the asphaltene hardpan is removed, Microblaze will be utilized in a 3% solution with fresh water and tilled into the soil. Initial estimates suggest the site contains between 500 and 750 cubic yards of soil requiring remediation. This will require 75 gallons of Microblaze and 60 bbls of fresh water. Cross Border has a farming tractor on site. Cross Border plans to apply the Microblaze and till the soil with our own equipment. Surface remediation of the chlorides will be brought down to 1000 ppm or less.

It is Cross Border's intentions to keep the NMOCD informed throughout the in-situ remediation, soil sampling and final restoration of the Sunray State tank battery. If you have any questions during this process, I can be reached at the email address or my personal cell phone number shown below. I look forward to working with you on the remediation and restoration of this site.

Sincerely,



Ross Pearson
Vice President of Operations
ross@redmountainresources.com
Cell: 469-995-0425





North

Microblaze
Treatment Completed

Asphaltene Hardpan
To Be Removed (6" to 12")
Microblaze
Area To Be Treated

Sampling Map
Sunray-State Tank Battery
Sec-16, T-8S, R-31E
Chaves, NM

- = Sample Points
- ⊕ = New Sample Test For Chlorides Only



Water Tank
210bbl
Open Top

Chloride-Soil Remediation
Area

