

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE  
ORDER AGAINST CROSS BORDER RESOURCES, INC., FOR WELLS  
OPERATED IN CHAVES, LEA, AND ROOSEVELT COUNTIES, NEW  
MEXICO.**

CASE NO. 16072

**APPLICATION**

The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Cross Border Resources, Inc., ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days, and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E). This application deals specifically with Operator's violations of 19.15.5.9(A)(4) and 19.15.25.8 NMAC and does not include all violations that may exist. The OCD retains its right to bring a compliance action for any other existing and future violations. In support of this application, the Bureau states:

1. Operator is a Foreign profit corporation that operates 64 wells in Chaves, Lea, and Roosevelt Counties, New Mexico, under OGRID No. 286614. See *Exhibit 1: Well List and Financial Assurance Report*, attached hereto and incorporated by reference as if set forth in its entirety.

2. Operator's address of record with OCD is: 22610 U.S. Hwy 281 N, Suite 218, San Antonio, TX 78258.

3. The New Mexico Secretary of State has Operator registered under entity number 4041745 and identifies Earl Sebring, President, Kenneth Lamb, Secretary, Kenneth Lamb, Treasurer, and Alan Barksdale, Chairman of the Board as officers of record.

4. Operator has one blanket bond filed with the OCD, bond no. OCD1029, from Wells Fargo Bank, for the amount of \$50,000.

5. Operator has additionally furnished the OCD with 8 single well bonds on file with the OCD from Wells Fargo Bank for a total amount of \$73,667.

6. Operator's has provided single well financial assurance for the following wells:

- a. Loveless LQ State #002, API # 30-005-20787, \$9,298;
- b. Loveless LQ State #003, API # 30-005-20826, \$9,200;
- c. Loveless LQ State #006, API # 30-005-20829, \$9,207;
- d. Loveless LQ State #008, API # 30-005-20833, \$9,200;
- e. New Mexico BA State #001, API # 30-005-20944, \$8,900;
- f. Paul LR #003, API # 30-005-20785, \$9,300;
- g. Paul LR #004, API # 30-005-20786, \$9,362;

h. Paul LR #007, API #005-20821, \$9,200.

7. Wells Fargo's address of record is: 420 Montgomery Street, San Francisco, CA 94104.

8. 19.15.5.9(A) NMAC states that an operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator:

(1) currently meets the financial assurance requirements of 19.15.8

NMAC;

(2) is not subject to a division or commission order, issued after notice and hearing, finding the operator to be in violation of an order requiring corrective action;

(3) does not have a penalty assessment that is unpaid more than 70 days after issuance of the order assessing the penalty; and

(4) has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:

- a. two wells or 50 percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;
- b. five wells if the operator operates between 101 and 500 wells;
- c. seven wells if the operator operates between 501 and 1000 wells; and
- d. 10 wells if the operator operates more than 1000 wells.

9. 19.15.25.8 NMAC requires an operator to plug and abandon or temporarily abandon a well within 90 days after: (1) a 60 day period following the

suspension of drilling operations; (2) a determination that a well is no longer usable for beneficial purposes; or (3) a period of one year in which a well has been continuously inactive.

10. The Operator currently has 3 wells out of a total of 64 wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC. See *Exhibit 2: Inactive Well List*.

11. On August 1, 2017, the Bureau sent the Operator notice via first class mail that it was out of compliance with 19.15.5.9 NMAC and that the Bureau would seek formal compliance proceedings if no action was taken by the Operator to return to compliance within 60 days as required by 19.15.5.9(B) NMAC.

12. The Operator has not contacted the Bureau to resolve the outstanding compliance issues.

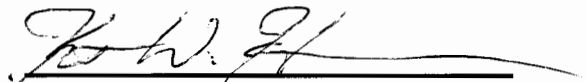
**WHEREFORE**, the Bureau, by and through its compliance and enforcement manager, hereby applies to the Director to enter an Order:

- A. determining that the Operator is in violation of 19.15.5.9(A)(4), and 19.15.25.8 NMAC;
- B. requiring the Operator to return the subject wells to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days;
- C. requiring producing wells to be shut-in pursuant to 19.15.5.10(B) NMAC until compliance with the order is achieved;
- D. in the event of non-compliance with the sought Division order by the dates established by the OCD, finding the Operator in violation of a Division order, declaring the violating wells abandoned and authorizing the

Division to plug the subject wells in accordance with a Division-approved plugging program and restore and remediate the location, and recover costs from the Operator's financial assurance as required by 19.15.8.13 NMAC and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E);

- E. upon a finding of non-compliance with the issued Division order, requiring producing wells shut-it pursuant to 19.15.5.10(B) NMAC until compliance with the order is achieved;
- F. for such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,  
this 6<sup>th</sup> day of March, 2018 by



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Attorney for the Compliance and  
Enforcement Bureau

Case No. 16072. **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Cross Border Resources, Inc., for Wells Operated in Chaves, Lea, and Roosevelt Counties, New Mexico.** The Oil Conservation Division Compliance and Enforcement Bureau (“Bureau”), through its undersigned attorney, hereby files this application with the Oil Conservation Division (“OCD” or “Division”) pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator Cross Border Resources, Inc., (“Operator”) is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator’s financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

# Exhibit 1: Well List and Financial Assurance Report

## Inactive Well Additional Financial Assurance Report

286614 CROSS BORDER RESOURCES, INC.

Total Well Count: 64

Printed On: Thursday, March 01 2018

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond in Place	In Violation
310378	AMOCO FEDERAL #003	F	M-26-07S-31E	M	30-005-20634	O	09/2017		4100				0	
	AMOCO FEDERAL #004	F	L-26-07S-31E	L	30-005-20643	O	09/2017		4105				0	
	AMOCO FEDERAL #006	F	K-26-07S-31E	K	30-005-20680	O	09/2017		4100				0	
	AMOCO FEDERAL #007	F	J-26-07S-31E	J	30-005-20712	O	09/2017		4174				0	
	AMOCO FEDERAL #008	F	I-26-07S-31E	I	30-005-20732	O	09/2017		4150				0	
310379	HAHN A FEDERAL #001	F	H-27-07S-31E	H	30-005-20664	O	12/2017		4100				0	
310380	HAHN FEDERAL #001	F	N-27-07S-31E	N	30-005-20466	O	08/2017		4080				0	
	HAHN FEDERAL #005	F	K-27-07S-31E	K	30-005-20532	S	03/2007		4100				0	
	HAHN FEDERAL #006	F	P-27-07S-31E	P	30-005-20665	O	12/2017		4100				0	
	HAHN FEDERAL #007	F	M-27-07S-31E	M	30-005-20774	O	12/2017		4105				0	
310382	LOVELESS LQ STATE #001	S	B-36-07S-31E	B	30-005-20692	O	12/2017	01/01/2020	4290	9290			0	
	LOVELESS LQ STATE #002	S	F-36-07S-31E	F	30-005-20787	O	12/2017	01/01/2020	4298	9298			9,298	
	LOVELESS LQ STATE #003	S	E-36-07S-31E	E	30-005-20826	O	12/2017	01/01/2020	4200	9200			9,200	
	LOVELESS LQ STATE #006	S	L-36-07S-31E	L	30-005-20829	O	12/2017	01/01/2020	4207	9207			9,207	
	LOVELESS LQ STATE #008	S	N-36-07S-31E	N	30-005-20833	O	12/2017	01/01/2020	4200	9200			9,200	
310399	LUSK 33 FEDERAL #006	F	A-33-19S-32E	A	30-025-39027	O	12/2017		5000				0	
310384	MILLER FEDERAL #001	F	P-34-07S-31E	P	30-005-20044	O	05/2017		4385				0	
	MILLER FEDERAL #003	F	H-34-07S-31E	H	30-005-20120	O	05/2017		4081				0	
	MILLER FEDERAL #005	F	F-34-07S-31E	F	30-005-20122	O	05/2017		4050				0	
	MILLER FEDERAL #006H	F	M-34-07S-31E	M	30-005-20530	S	12/2017		5674				0	
	MILLER FEDERAL #008	F	P-35-07S-31E	P	30-005-21030	O	05/2017		4200				0	
310385	MOUNTAIN FEDERAL #002	F	H-30-07S-32E	H	30-041-20462	O	12/2017		4300				0	
	MOUNTAIN FEDERAL #003	F	F-30-07S-32E	F	30-041-20463	O	12/2017		4280				0	
	MOUNTAIN FEDERAL #004	F	B-30-07S-32E	B	30-041-20489	O	12/2017		4207				0	
	MOUNTAIN FEDERAL #006	F	A-30-07S-32E	A	30-041-20507	O	12/2017		4228				0	
310386	NEW MEXICO BA STATE #001	S	D-16-08S-31E	D	30-005-20944	O	02/2017	03/01/2019	3900	8900			8,900	
	NEW MEXICO BA STATE #003	S	G-16-08S-31E	G	30-005-21021	O	02/2017	03/01/2019	3913	8913			0	
	NEW MEXICO BA STATE #004	S	K-16-08S-31E	K	30-005-21023	O	02/2017	03/01/2019	3875	8875			0	
310387	NUCKOLS 24 #001	P	M-24-07S-31E	M	30-005-20736	O	12/2017	01/01/2020	4160	9160			0	
	NUCKOLS 24 #002	P	N-24-07S-31E	N	30-005-20773	O	12/2017	01/01/2020	4160	9160			0	
310388	PAUL LR #001	P	H-25-07S-31E	H	30-005-20693	O	05/2017	06/01/2019	4260	9260			0	
	PAUL LR #002	P	E-25-07S-31E	E	30-005-20694	O	05/2017	06/01/2019	4180	9180			0	
	PAUL LR #003	P	A-25-07S-31E	A	30-005-20785	O	05/2017	06/01/2019	4300	9300			9,300	
	PAUL LR #004	P	D-25-07S-31E	D	30-005-20786	O	05/2017	06/01/2019	4362	9362			9,362	
	PAUL LR #005	P	B-25-07S-31E	B	30-005-20816	O	05/2017	06/01/2019	4456	9456			0	
	PAUL LR #007	P	F-25-07S-31E	F	30-005-20821	O	05/2017	06/01/2019	4200	9200			9,200	
310389	SOUTHARD 26 #001	P	D-26-07S-31E	D	30-005-20589	O	10/2017	11/01/2019	4100	9100			0	
	SOUTHARD 26 #002	P	E-26-07S-31E	E	30-005-20641	O	10/2017	11/01/2019	4100	9100			0	
	SOUTHARD 26 #003	P	F-26-07S-31E	F	30-005-20660	O	10/2017	11/01/2019	4100	9100			0	
310390	SOUTHARD A #001	P	G-26-07S-31E	G	30-005-20676	O	12/2017	01/01/2020	4100	9100			0	
	SOUTHARD A #002	P	H-26-07S-31E	H	30-005-20885	O	12/2017	01/01/2020	4177	9177			0	
	SOUTHARD A #003	P	A-26-07S-31E	A	30-005-20797	O	12/2017	01/01/2020	4150	9150			0	
310391	STATE 32 #002	S	J-32-07S-31E	J	30-005-20674	O	11/2017	12/01/2019	4000	9000			0	
	STATE 32 #003	S	A-32-07S-31E	A	30-005-20695	O	11/2017	12/01/2019	4000	9000			0	
	STATE 32 #004	S	N-32-07S-31E	N	30-005-20735	O	11/2017	12/01/2019	4000	9000			0	
	STATE 32 #005	S	C-32-07S-31E	C	30-005-20789	O	11/2017	12/01/2019	4000	9000			0	
310392	STRANGE FEDERAL #001	F	P-25-07S-31E	P	30-005-20717	O	12/2017		4288				0	
	STRANGE FEDERAL #005H	F	N-25-07S-31E	N	30-005-20752	O	12/2017		5006				0	
310393	SUNRAY STATE #002	S	F-16-08S-31E	F	30-005-21036	O	09/2017	10/01/2019	3794	8794			0	
310394	TOM 36 STATE #001H	S	A-36-07S-31E	A	30-005-20686	S	12/2017	01/01/2020	5678	10678			0	
	TOM 36 STATE #004	S	J-36-07S-31E	J	30-005-21015	O	07/2015	08/01/2017	4395	9395	Y		0	Y
	TOM 36 STATE #005	S	P-36-07S-31E	P	30-005-21105	O	07/2015	08/01/2017	4300	9300	Y		0	Y
310395	UNION SI FEDERAL #002	F	3-01-08S-31E	C	30-005-20866	O	12/2017		4327				0	
	UNION SI FEDERAL #004	F	1-01-08S-31E	A	30-005-20867	O	12/2017		4300				0	
	UNION SI FEDERAL #005	F	H-01-08S-31E	H	30-005-20868	O	12/2017		4300				0	
	UNION SI FEDERAL #006	F	G-01-08S-31E	G	30-005-20869	O	12/2017		4275				0	

3/1/2018

OCD Permitting

UNION SI FEDERAL #007	F	F-01-08S-31E	F	30-005-20870	O	12/2017	4250	0
UNION SI FEDERAL #008	F	E-01-08S-31E	E	30-005-20871	O	12/2017	4250	0
310396 WATTAM FEDERAL #001	F	2-06-08S-31E	B	30-005-20810	O	12/2017	4231	0
WATTAM FEDERAL #002H	F	L-06-08S-31E	L	30-005-20811	O	12/2017	5689	0
WATTAM FEDERAL #003H	F	F-06-08S-31E	F	30-005-20812	O	12/2017	4016	0
WATTAM FEDERAL #004H	F	H-06-08S-31E	H	30-005-20813	O	12/2017	4290	0
WATTAM FEDERAL #006H	F	A-07-08S-31E	A	30-005-20814	S	12/2017	5371	0
WATTAM FEDERAL #007	F	4-06-08S-31E	D	30-005-20815	O	12/2017	3900	0

WHERE Ogrid:286614



## Inactive Well List

Total Well Count: 64 Inactive Well Count: 3  
Printed On: Thursday, March 01 2018

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-005-20532	HAHN FEDERAL #005	K-27-07S-31E	K	286614	CROSS BORDER RESOURCES, INC.	F	S	03/2007	TOM-TOM, INT TO TA 07/28/2011		
1	30-005-21015	TOM 36 STATE #004	J-36-07S-31E	J	286614	CROSS BORDER RESOURCES, INC.	S	O	07/2015			
1	30-005-21105	TOM 36 STATE #005	P-36-07S-31E	P	286614	CROSS BORDER RESOURCES, INC.	S	O	07/2015			

WHERE Ogrid:286614, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period