

Submit 1 Copy To Appropriate District Office
District I - (575) 384-1000
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-1000
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD
FEB 19 2015
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State of New Mexico
Energy, Minerals and Natural Resources
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-103
Revised July 18, 2013

SUNDRY NOTICES AND REPORTS ON WELLS (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)		WELL API NO. 30-005-20787 ✓
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>		5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
2. Name of Operator Cross Border Resources, Inc. ✓		6. State Oil & Gas Lease No.
3. Address of Operator 2515 McKinney Ave, Suite 900, Dallas, TX 75201		7. Lease Name or Unit Agreement Name Loveless LQ State ✓
4. Well Location Unit Letter <u>F</u> : <u>1980</u> feet from the <u>North</u> line and <u>1980</u> feet from the <u>West</u> line Section <u>36</u> Township <u>7S</u> Range <u>31E</u> NMPM Chaves County		8. Well Number <u>2</u> ✓
11. Elevation (Show whether DR, RKB, RT, GR, etc.)		9. OGRID Number 286614
		10. Pool name or Wildcat Tomahawk San Andres ✓

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>			
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>		OTHER: Perforated P1, Acidized & Returned to Production <input checked="" type="checkbox"/>	

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
- 10/09/2014 Moved in and rigged up pulling unit. Moved in and unloaded 4,300' of 2 3/8" tbg. ND Well head and NU BOP.
- 10/10/2014 Opened well. Picked up bit, drill collars, and picked up tbg. Ran in and tagged up @3,984' drilled 8' and reverse unit pump broke dn. Worked on pump. Shut dn and pulled end of tbg up 40'.
- 10/13/2014 Opened well and established circulation. Drill dn to 4,014'. Lost some fluid returns and fluid began to leak around 8 5/8" well head. Determined possible hole in 4 1/2". Pulled out of the hole with tbg drill collars and bit. Picked up RBP and Packer. TIIH and set RBP at 2,708' pulled up 1 jt and set packer and tested RBP. Released packer and began to isolate hole. found hole @ 1,520' from surface. Pulled out of hole with packer. Prepare for squeeze.
- 10/14/2014 Opened well. TIIH with 2 3/8" tbg to 2600'. Pump 2 sacks of sand dn tbg and chased with 10.5 bbls. Pulled out of the hole with tbg. Rigged up reverse unit on 4 1/2" casing and return on 8 5/8" well head. Pumped dn 4 1/2" at a rate of 3.5 bpm 20 psi. fluid returns in pit. Shut dn and shut well in.
- 10/15/2014 Moved in and rigged up Warrior Services. Held tailgate safety meeting. Tested lines. Pumped water spacer and prepared cement blend. Pump 150 sx Class C + 2% cacl. Flushed cement with 21.4 bbls and shut dn for 30 min. started pump and pumped an additional .75 bbl and pressured up to 500 psi. shut well in and rigged dn Warrior services.
- 10/16/2014 Opened Well. TIIH with 3 3/4" bit, 3 1/8" drill collars, and 2 3/8" tbg. Tagged soft cement @ 1,290'. Rigged up power swivel. established circulation and began to drill out. Cement hardened a little at 1,370'. Drilled dn to 1,458' and circulated hole clean. rigged dn swivel and pulled 2 stands. Shut well in. (Continued on attached page)

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Alan Barksdale TITLE Chairman DATE 2/13/15

Type or print name Alan Barksdale E-mail address: cynthia@redmountainresources.com PHONE: 214-871-0400
For State Use Only

APPROVED BY: [Signature] TITLE Petroleum Engineer DATE 02/20/15
Conditions of Approval (if any):

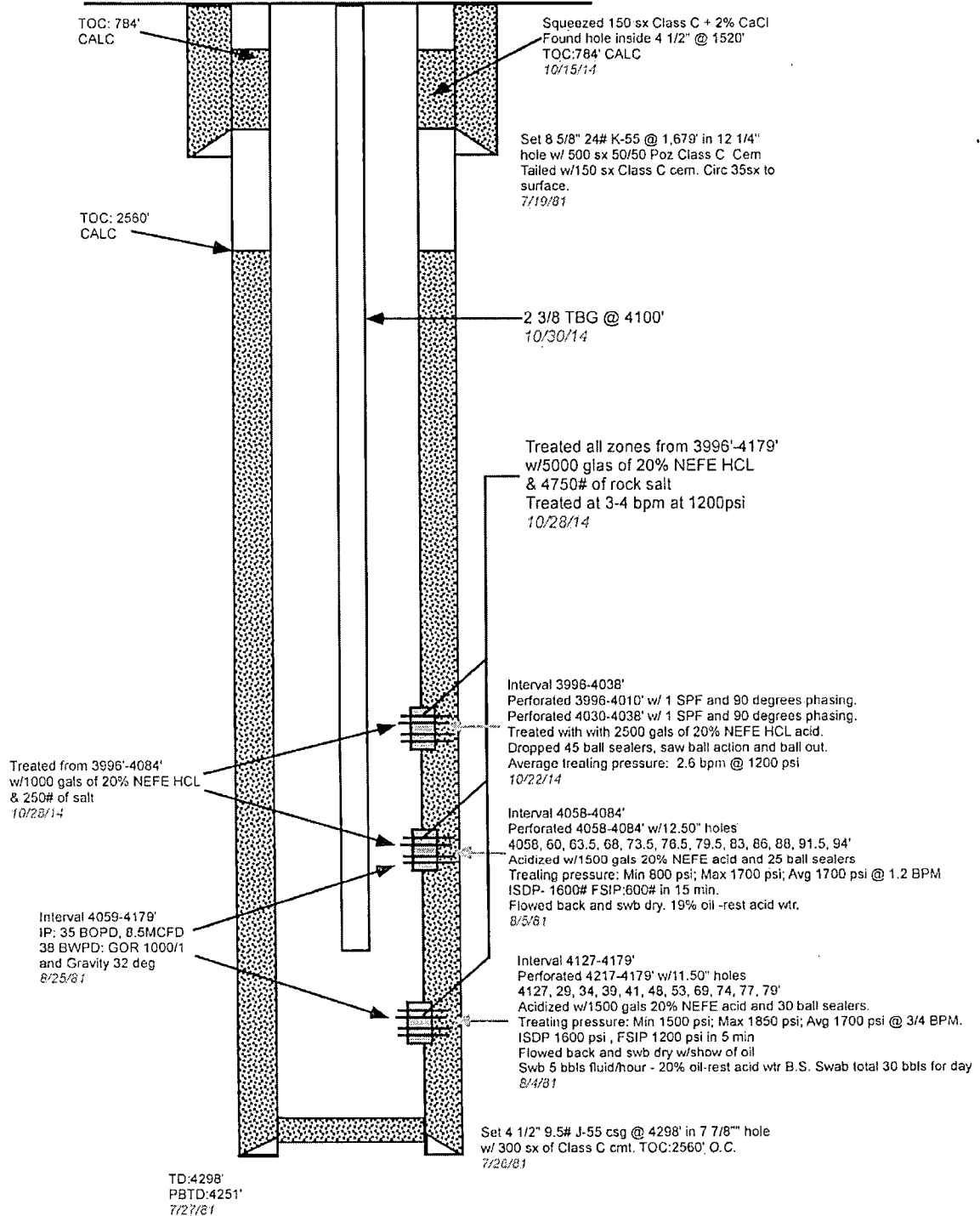
FEB 23 2015

Loveless LQ State #2 API: 30-005-20787 (Continued)

- 10/20/2014 Tagged cement. Rigged up power swivel and established circulation. Drilled cement and drilled thru @ 1,545'. Circulated hole clean and tested casing to 400 psi for 30 min. Pulled out of the hole with tbg, drill collars and bit. Picked up and TIH with on/off tool and tbg. Tagged sand, circulated sand off the top of RBP. Latched on RBP and released same. Pulled out of the hole with RBP.
- 10/21/2014 Opened Well. Picked up bit and drill collars. TIH with tbg. Tagged cement @4,014'. Established circulation. Drilled cement and began to drill CIBP at 4,084'. Drilled thru CIBP. Cleaned out to 4,235'. Circulated hole clean. Pulled out of the hole with tbg and tools.
- 10/22/2014 Opened Well. Rigged up Jarrel wireline service. Correlated depth. Perforated, P-1 3,996' - 4,010' and 4,030' - 4,038' 1SPF 90 degrees phasing. Pooh with wireline and rigged dn wireline. Picked up and TIH with RBP and Packer. Set RBP @ 4,048' pulled up and set packer at 3,945'. Loaded casing and tested to 300 psi. held good. Rigged up swab. Swabbed well dry in 3 swab runs. Rigged up Warrior Energy Services. Tested lines. Acid treated P-1 with 2,500 gals of 20% NEFE HCL. Dropped 45 ball sealers, spaced in acid. Saw ball action and ball out. Did not exceed 2500 psi. treated at an average 2.6 bpm at 1,200 ISIP- 841, 5 MIN- 702, 10-MIN - 652, 15 -MIN - 580. rigged down and released Warrior. Opened well to tank and bled dn pressure released packer ran in to knock ball sealers off perms. Pulled up and re set packer @ 3,945'. shut well in.
- 10/23/2014 Opened well. Bled dn pressure to frac tank. Well died after 1 hr. Rigged up swab equipment. Initial fluid level was at 2,400' from surface. Oil cut on first run. Made 5 swab runs and swabbed well dry. Waited 1 hr. Made swab run fluid level was at 3,100 from surface. Swabbed back a total of 48 bbls and 20 swab runs. Swab samples indicate a 10-15% oil cut. SWI
- 10/24/2014 Opened well. Bled dn pressure to frac tank. Initial fluid level was at 2,400' from surface. Around a 30% oil cut on first run. Made 30 swab runs recovered 55 bbls. Swab samples show a 10 - 15% oil cut. Final fluid level @3,300' from surface.
- 10/27/2014 Opened well to frac tank. Bled off pressure. Made swab run. Fluid level was at 2,600' from surface. sample on first run was 70% oil. Moved tools and set packer to swab p-2. Made 4 swab runs swabbed fluid level dn to 3,200' from surface. Slight vacuum on casing. Possible communication with p-1. moved tools to swab p-3. Swabbed well dn to 3,500' from surface. Made a total of 18 swab runs and recovered 55 total bbls. Pulled packer above all perms and shut well in.
- 10/28/2014 Bled dn pressure. Ran in with packer and set packer at 4,106'. Moved in and rigged up Warrior services. Started job to treat p-3. Pumped 1000 gals of 20% NEFE HCL and 250# of salt. Pressure broke around to upper zone. Shut dn pulled packer and set at 3,943'. Treated all zones with remaining 5,000 gals of 20% NEFE HCL with 4,750# of rock salt for diversion. Saw good block during treatment. Treated at 3-4 bpm at 1,200 psi. Flushed with 175 bbls of fresh water. ISIP-843, 5 min- 343, 10 min-107, 15 min- 0. Left well shut in for the night.
- 10/29/2014 Opened well and bled dn to frac tank. Rigged up swab. Initial fluid level 2,200'. Made 19 swab runs. Recovered 80 bbls estimated 10% oil cut, acid is spent. Released packer and pulled out of the hole with tbg and packer.
- 10/30/2014 bled off pressure to tank. Opened well. Released packer and pulled out of the hole with tbg and packer. Ran in with 119 jts of 2 3/8" tbg, tac, 9 jts of 2 3/8", s.n. . ND BOP, set tac and NU well head. Rigged up rod equipment. Picked up pump, lift sub, 112 - 3/4", 56 - 7/8", 4' 7/8" sub. Seated pump and spaced out. Hung well. Checked for good pump action.
- 10/31/2014 Plumbed in flowline. Checked for good pump action. RDMO

Cross Border Resources Inc.
 Loveless LQ State #2
 API:3000520787
 NM, Chaves Co.
 Loc: 1980'FNL & 1980'FWL
 Sec. 36, T-7-S, R-31-E
 KB:4424'
 GL:4417'

TBG DETAIL
 119 JTS 2 3/8" TBG
 TAC
 9 JTS 2 3/8" TBG
 Sitting Nipple



NOT TO SCALE