

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David Catanach, Director
Oil Conservation Division



Response Required - Deadline Enclosed

Field Inspection Program
"Preserving the Integrity of Our Environment"

31-Dec-15

CROSS BORDER RESOURCES, INC.
14282 GILLIS RD
FARMERS BRANCH TX 75244

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

LOVELESS SWD No.005				D-36-7S-31E	30-005-20828-00-00
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By: Inspection No.
12/31/2015	Routine/Periodic	Mark Whitaker	Yes	No	4/4/2016 iMAW1536535498
Violations					
Surface Damage/Restoration					
Comments on Inspection: OCD records show Cross Border Resources as operator of record. This well was plugged and abandoned in October of 2010. Rule 19.15.25.10 requires that no later then one year after completion of plugging operations, a location should be be restored. See conditions for release attached. OPERATOR SHOULD COMPLETE RESTORATION AND SUBMIT THE APPROPRIATE C103 FOR A FINAL INSPECTION.					

JAN 04 2016

In the event that a satisfactory response is not received to this letter of direction by the "Corrective Action Due By:" date shown above, further enforcement will occur. Such enforcement may include this office applying to the Division for an order summoning you to a hearing before a Division Examiner in Santa Fe to show cause why you should not be ordered to permanently plug and abandon this well.

Sincerely,

Mark C. Fritchen
Compliance Officer

Hobbs OCD District Office

Note: Information in Detail Section comes directly from field inspector data entries - not all blanks will contain data.

*Significant Non-Compliance events are reported directly to the EPA, Region VI, Dallas, Texas.

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Conditions for Release

Rule 19.15.25.10 requires that no later than one year after completion of plugging operations, a location should be restored. This includes leveling the location, removing deadmen anchors, portable concrete bases, and any other debris found on the well site. Concrete bases that were poured in place do not have to be removed, however any metal bolts or rods protruding from the concrete must be cut off flush with base. Transformers, meter bases, and conduit on power poles should also be removed. Gas purchasers should be notified that the well has been plugged and request that their equipment be removed. If this is the last well on the lease all power poles, flowlines, batteries, gas meters will need to be removed in addition to any necessary remediation that may need to be completed. A copy of any correspondence requesting removal of power poles or gas meter equipment should accompany the C103 check list sent in for final inspection.

EMNRD
OIL CONSERVATION DIVISION
1625 N FRENCH DRIVE
HOBBS NM 88240



HASLER

FIRST-CLASS MAIL

\$000.48⁵

12/31/2015 ZIP 88240
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US POSTAGE

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FARMERS BRANCH, TX 75244