



December 4, 2014

Cross Border Resources, Inc.  
2515 McKinney Ave., Suite 900  
Dallas, TX 75201

Attn: Mr. Earl M. Sebring

Re: Settlement of Objections pertaining to the Application of Owl SWD Operating, LLC to permit for salt water disposal into its McCloy SWD No.1, API No.[not assigned], located in Section 15, Township 24 South, Range 32 East, NMPM, Lea County, New Mexico.

Dear Mr. Sebring,

Considering the above, Owl SWD Operating, LLC has accepted the stipulations resulting from three separate objections to the subject application.

Specifically, the proposed interval was from 4850 feet to 7300 feet in the Delaware formation..

COG Operating, LLC objected on 10/23/2014 and subsequently agreed to a settlement stipulation of 6300 feet being the maximum depth of the interval. This agreement was reached in person with Preston Carr representing Owl on or about 10/27/2014.

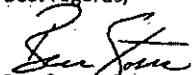
Cross Border Resources, Inc. and RMR Operating, LLC objected through their attorney on 10/23/2014 and subsequently agreed to a settlement stipulation of 5700 feet being the maximum depth of the interval. This agreement was reached by phone in a conversation with Mr. Jack Bradley and me on 11/20/2014.

The New Mexico State Land Office, Oil and Gas Division objected on 11/03/2014 and subsequently advised me during a call with NMSLO staff on 11/21/2014 that they would allow a maximum top interval of 5400 feet.

After considering the stipulations, Owl personnel made the decision to proceed with the application to complete for salt water disposal into the Delaware formation through perforations from a maximum top of 5400 feet and a maximum depth of 5700 feet.

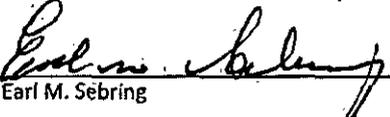
I respectfully request that Cross Border Resources, Inc. hereby waive any further objection to the proposed well and by your signature below, withdraw the current objection filed with OCD based on the agreed interval.

Best regards,

  
Ben Stone, Partner, SOS Consulting, LLC  
Agent for Owl SWD Operating, LLC

Cc for signature: COG Operating, LLC  
New Mexico State Land Office

Consent of Cross Border Resources, Inc. by:

  
Earl M. Sebring

16 Dec 2014  
Date

## Goetze, Phillip, EMNRD

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**From:** Goetze, Phillip, EMNRD  
**Sent:** Thursday, October 23, 2014 3:15 PM  
**To:** Ben Stone (ben@sosconsulting.us)  
**Cc:** Dawson, Scott, EMNRD; McMillan, Michael, EMNRD; Davidson, Florene, EMNRD; Carol Leach (cleach@concho.com); Holm, Anchor E. (aholm@slo.state.nm.us); jamesbruc@aol.com  
**Subject:** Second Protest of Application for Injection - McCloy SWD No. 1  
**Attachments:** rmr-letter-ocd.pdf

RE: McCloy SWD No. 1 (API 30-025-Pending; pMAM1428741704 ) Sec. 15, T. 24 S., R. 32 E., NMPM, Lea County.

Mr. Stone:

OCD was notified through counsel that Cross Border Resources, RMR Operating, LLC, and Red Mountain Resources, Inc. are protesting this application due to the potential for impact on their correlative rights for hydrocarbon resources in the proposed injection interval. Therefore, you are being notified that if Owl SWD Operating, LLC wishes for this application to be considered, it must either go to hearing or may be reviewed administratively if the protest is withdrawn as a result of a negotiated resolution with this party. The application will be retained by OCD, but suspended from further administrative review. Please contact OCD once you have made a decision regarding the application. Please me call with any questions regarding this matter. PRG

Contact Information:

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Phillip R. Goetze, P.G.

Engineering and Geological Services Bureau, Oil Conservation Division  
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O: 505.476.3466 F: 505.476.3462  
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2014 OCT 27 P 3: 33

October 23, 2014

Via e-mail and U.S. Mail

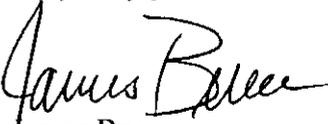
Phillip Goetze  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Owl Operating SWD, LLC  
Administrative salt water disposal application  
McCloy SWD Well No. 1  
Unit L §15-24S-32E  
Lea County, New Mexico

Dear Mr. Goetze:

Cross Border, RMR Operating, LLC, and Red Mountain Resources, Inc., offset operators or lessees to the above well, object to the application because injection into the Delaware formation will interfere with their operations.

Very truly yours,

  
James Bruce

Attorney for Cross Border, RMR Operating,  
LLC, and Red Mountain Resources, Inc.

cc: SOS Consulting, LLC (via e-mail)