

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

IN RE CROSS BORDER RESOURCES, INC.

CASE NO. 22224

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and Cross Border Resources, Inc., OGRID #286614 ("Operator"), enter into this Stipulated Final Order ("Order") to resolve the above-referenced matter.

1. OCD is charged with the administration and enforcement of the Act and the implementing rules, and has jurisdiction to regulate Operator's wells in the state of New Mexico.

2. Operator is the operator of record for the wells listed in **Exhibit A**.

3. On August 12, 2021, OCD issued a Notice of Violation ("NOV") to Operator alleging:

(a) Operator exceeded the number of inactive wells allowed by 19.15.5.9(A)(4)(a) NMAC;

(b) Operator failed to provide financial assurance in the amounts required by 19.15.8.9(C) NMAC and 19.15.8.9(D) NMAC.

4. Operator requested informal resolution of the NOV.

5. Operator admits the alleged violations.

6. To resolve the alleged violations, Operator agrees as follows:

(a) No later than the dates listed in **Exhibit A**, Operator shall take one of the following actions each well:

(i) restore the well to production and file a C-115;

(ii) plug the well in accordance with 19.15.25 NMAC and file a C-103.

(b) No later than July 1, 2022, Operator shall provide active well and inactive well financial assurance required under 19.15.8.9(C) & (D) NMAC.

7. If Operator determines that any well currently identified in **Exhibit A** as being returned to production is unable to return to production, Operator must notify OCD that the well must be plugged and abandoned and complete the plugging and abandonment on or before the production deadline in **Exhibit A**. Operator may request extensions to specific deadlines established in **Exhibit A** for good cause shown.

8. If Operator fails to comply with an obligation in Paragraph 6, Operator shall pay a stipulated penalty of \$500.00 for each day for each obligation until it demonstrates compliance with the obligation.

9. If Operator fails to pay a stipulated penalty or portion thereof no later than 30 days after OCD gives notice that such stipulated penalty has accrued, it shall pay interest on the stipulated penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent as provided in NMSA 1978, § 56-8-4(A).

10. Upon Operator's compliance with the obligations in Paragraph 6, Operator shall be released from liability for the alleged violations alleged in the NOV and the sanctions proposed therein, including the civil penalties and revocation of its authority to transport.

11. Any notice or other communication to OCD related to this Order, other than Forms C-103 which shall be filed through OCD's electronic system, and financial assurance which shall be submitted to OCD at OCD.Engineer@state.nm.us.

(a) Any notice or other communication to Operator related to this Order shall be given to Operator at santiago.garcia@npacificoil.com.

12. Operator admits OCD's jurisdiction to file the NOV, consent to the relief specified herein, and waive the right of review by the Oil Conservation Commission.

13. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.

14. Operator accepts and acknowledges responsibility for any and all costs associated with plugging and abandonment and remediation of the wells. Specifically, Operator acknowledges responsibility for any remediation required under 19.15.29 NMAC.

15. Operator shall notice any prospective buyer of assets affected by this Order of the existence of this Order and make any sale and/or transfer of assets affected by this Order contingent upon prospective buyer's acceptance of all obligations under this Order. Operator shall provide written confirmation to OCD of the same notice and acceptance.

16. Notwithstanding the foregoing provisions;

- a. OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance at an early date then specified herein if the Well poses an imminent threat to the public health or environment.
- b. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.

OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 4/18/2022

CROSS BORDER RESOURCES, INC.


Alan Barksdale *Chairman*

Date: 3/18/22

