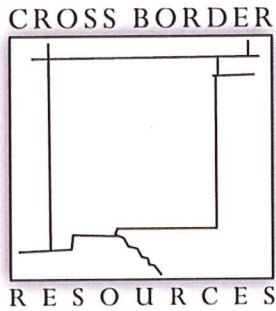


DALLAS OFFICE

2515 McKinney Ave., Suite 900
Dallas, Texas 75201

Phone: (214) 871.0400

Fax: (214) 871.0406



RECEIVED Conditional
By OCD District 1 at 1:40 pm, May 06, 2015

1. Continued concurrence by BLM
2. Submittal of samples

May 1, 2015

State of New Mexico Energy, Minerals and Natural Resources
Oil Conservation Division
1625 N. French Dr.
Hobbs, New Mexico 88240
Attention: Kellie Jones

Re: Spill Assessment and Work Plan for the Wattam Federal #6 Tank Battery, API # 30-005-20814
NE/4 NE/4 of Section 7, T-8-S, R-31-E, Chaves County, New Mexico

Dear Ms. Jones:

The oil spill on the Wattam Federal #6 Tank Battery, API #30-005-20814 is located at a Latitude of 33.639 degrees and Longitude of 103.808 degrees. The tank battery is located in the NE/4 of NE/4 of section 7, T-8-S, R-31-E in Chaves County, New Mexico. The spill occurred when the two water tanks ran over, and some oil spilled into the firewall area of the tank battery. The entire spill was contained within the firewall. The area of contaminated dirt is approximately 30' by 100' with an approximate depth of penetration between four and eight inches. Please find the attached pictures (Attachment #1) reflecting the current site with the contaminated soil.

A meeting was held with Mr. Harley Davis with U.S. Bureau of Land Management on April 8, 2015 to discuss remediation procedures, and it was determined that the contaminated soil should be hauled to a registered land farm facility located in New Mexico. Cross Border Resources, Inc. ("Crossborder") is planning to use Gandy Marley Inc. located in Roswell, New Mexico for the designated registered land farm. Attachment #2 is the BLM recommendation for clean-up of the affected area. Since the contaminated soil is being removed from the site, it has been agreed by the BLM and NMOCD that no soil samples need to be taken prior to the excavation work.

The lands primary use is for the production of oil and gas and domestic pasture for ranching operations. The elevation of the Wattam #6 tank battery is flat within the Wattam Federal #6 well site. A search was performed on the New Mexico Office of the State Engineer's website to find the average depth to potable water. Searching the T-8-S and R-31-E found only six water wells. The average depth to potable water was between 250' and 300'. Only one well recorded a water column of 197' which provided a theoretical depth to potable water of 103'. Attachment #3 is a breakout of the water well data for T-8-S and R-31-E, Chaves County, New Mexico.

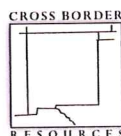
Cross Border's work plan calls for approximately 145 cubic yards of material to be removed from inside the firewall and taken to the Gandy Marley Inc. Land Farm. This volume could increase if staining is found below the one foot level. Once the contaminated soil is removed, samples will be taken at approximately 10' along the edges of the excavation area and down the center of excavation area. Approximately 30 soil samples will be taken and depths will be recorded from one foot and three foot intervals. A background sample will be taken outside the spill area. A boring machine will provide a sample below the three foot level to check for chlorides and hydrocarbons at the depths below three feet.

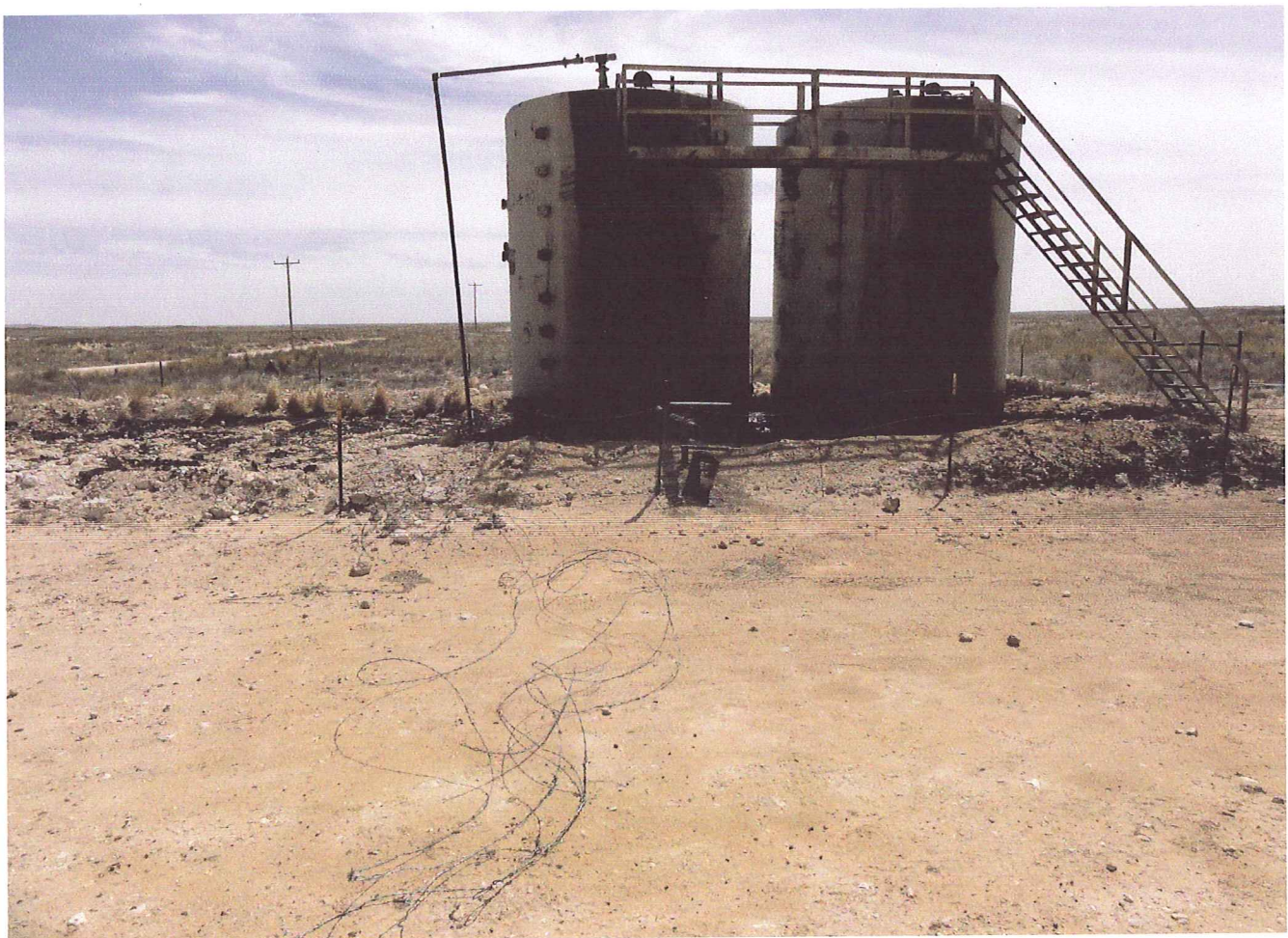
Once the samples are analyzed and provide positive feedback that the undisturbed soil indicates acceptable levels of chlorides and hydrocarbons, the hole will be filled with native soil back to ground level. Firewalls will be rebuilt and plastic liner will be laid over the firewall and inside the firewall area. It is Cross Border's intentions to keep the NMOCD and the BLM informed throughout the excavation, soil sampling and restoration of the Wattam Federal #6 tank battery. If you have any questions during this process, I can be reached at the email address below or my personal cell phone number. I look forward to working with you on the remediation of this site.

Sincerely,

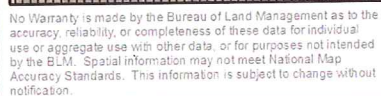


Ross Pearson
Vice President of Operations
ross@redmountainresources.com
Cell: 469-995-0425









~~NNNM 015016~~

ON SITE SPILL

T08S
R31E

WATTAM FEDERAL 6WATTAM FEDERAL 6

RAILROAD MOUNN UNIT 1RAILROAD MOUNTAIN 1

RAILROAD MOUNN UNIT 2

HANOVER

Hanover

GRAVES 7

GRAVES 1

GRAVES 6

GRAVES 8

INGRAM FEDERAL 7

INGRAM FEDERAL 15

5

INGRAM FEDERAL 8

9

RAILROAD MOUNN UNIT 2

Map Prepared by: hcdavis Date: 3/17/2015

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOTICE OF WRITTEN ORDER

IDENTIFICATION	
IID	NMNM15016*PDC
Lease	NMNM15016
CA	
Unit	
PA	

Bureau of Land Management Office ROSWELL FIELD OFFICE				Operator CROSS BORDER RESOURCES, INC.			
Address 2909 W. SECOND ST. ROSWELL NM 88201				Address 2515 MCKINNEY AVENUE, SUITE 900 DALLAS TX 75201			
Telephone 575.627.0272				Attention			
Inspector DAVIS				Attn Addr			
Site Name WATTAM FEDERAL	Well/Facility/FMP 6	1/4 1/4 Section NENE 7	Township 8S	Range 31E	Meridian NMP	County CHAVES	State NM
Site Name	Well/Facility/FMP	1/4 1/4 Section	Township	Range	Meridian	County	State
Site Name	Well/Facility/FMP	1/4 1/4 Section	Township	Range	Meridian	County	State

The following condition(s) were found by Bureau of Land Management Inspectors on the date and at the site(s) listed above.

Date	Time (24-hour clock)	Corrective Action to be Completed by	Date Corrected	Authority Reference
04/08/2015		05/08/2015		43 CFR 3162.5-1

Remarks:

A VERBAL WAS GIVEN TO MR. PIERSON ON 03/09/2015 TO HAVE THE FREE STANDING OIL CLEANED FROM THE TANK BATTERY BERM. THIS WAS NOT PROPERLY DONE. THE BERMS WERE USED TO SOAK UP THE STANDING OIL AND ABANDONED.

CORRECTIVE ACTIONS: UNDERSIRABLE EVENT

SUBMIT THE PROPER PAPER WORK EXPLAINING WHAT HAPPENED, WHEN IT HAPPENED, HOW MUCH AND WHAT WAS LOST FROM THE TANK BATTERIES.

(Remarks continued on following page(s).)

When the Written Order is complied with, sign this notice and return to above address.

Company Representative Title V.P. Operations Signature Bon Pearson Date 4/9/15
Company Comments Must be hauled off

Warning

The Authorized Officer has authority to issue a Written Order in accordance with 43 CFR 3161.2. Written Order correction and reporting time frames begin upon receipt of this Notice or 7 business days after the date it is mailed, whichever is earlier. Each stipulation must be corrected within the prescribed time from receipt of this Notice and reported to the Bureau of Land Management Office at the address shown above. If you do not comply as noted above under "Corrective Action to be Completed By", you shall be issued an Incident of Noncompliance (INC) in accordance with 43 CFR 3163.1(a). Failure to comply with the INC may result in assessments as outlined in 43 CFR 3163.1 and may also incur civil penalties (43 CFR 3163.2). All self-certified corrections must be postmarked no later than the next business day after the prescribed time frame for correction.

Section 109(d)(1) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3163.2(f)(1), provides that any person who "knowingly or willfully" prepares, maintains, or submits false, inaccurate, or misleading reports, notices, affidavits, records, data, or other written information required by this part shall be liable for a civil penalty of up to \$25,000 per violation for each day such violation continues, not to exceed a maximum of 20 days.

Review and Appeal Rights

A person contesting a decision shall request a State Director review of the Written Order. This request must be filed within 20 working days of receipt of the Notice with the appropriate State Director (see 43 CFR 3165.3). The State Director review decision may be appealed to the Interior Board of Land Appeals, 801 North Quincy Street, Suite 300, Arlington, VA 22203 (see 43 CFR 3165.4). Contact the above listed Bureau of Land Management office for further information.

Signature of Bureau of Land Management Authorized Officer [Signature] Date 4/8/2015 Time

FOR OFFICE USE ONLY

Number 37 Date Type of Inspection ES

BLM Remarks, continued

REMOVE ALL CONTAMINATED SOIL AND PROPERLY DISPOSE AT AN APPROVED DISPOSAL FACILITY WITH RECORD OF DISPOSAL (HAUL TICKET) RETURNED UPON COMPLETION. A BLM REPRESENTATIVE MUST BE ON SITE FOR REMOVAL OF CONTAMINATED SOIL AND NOTIFIED AT LEAST 3 DAYS PRIOR TO THE WORK BEING DONE.

THE PAD AND BERMS ARE TO BE RECONSTRUCTED PER BLM SPECS. THE BERM MUST BE ABLE TO CONTAIN 110% OF THE LARGEST TANK PLUS 24 HOURS OF PRODUCTION.

THE EXCLOSURE FENCE SHALL BE REPAIRED TO PREVENT WILDLIFE AND LIVESTOCK FROM ENTERING THE CONTAINMENT BERM.



New Mexico Office of the State Engineer

Water Column/Average Depth to Water

(A CLW##### in the POD suffix indicates the POD has been replaced & no longer serves a water right file.)

(R=POD has been replaced,
O=orphaned,
C=the file is closed)

(quarters are 1=NW 2=NE 3=SW 4=SE)

(quarters are smallest to largest) (NAD83 UTM in meters)

(In feet)

POD Number	POD Sub-Code	basin	County	Q 64	Q 16	Q 4	Sec	Tws	Rng	X	Y	Depth Well	Depth Water	Water Column
RA 11992 POD1			CH	1	2	1	32	08S	31E	611267	3716440	300	103	197
RA 12161 POD1			CH	1	1	1	05	08S	31E	610809	3724479	250		
RA 12161 POD2			CH	1	1	1	05	08S	31E	610809	3724483	250		
RA 12161 POD3			CH	1	1	1	05	08S	31E	610809	3724489	250		
RA 12161 POD4			CH	1	1	1	05	08S	31E	610811	3724495	250		
RA 12161 POD5			CH	1	1	1	05	08S	31E	610811	3724501	250		

Average Depth to Water: **103 feet**

Minimum Depth: **103 feet**

Maximum Depth: **103 feet**

Record Count: 6

Basin/County Search:

County: Chaves

PLSS Search:

Township: 08S

Range: 31E

The data is furnished by the NMOSE/ISC and is accepted by the recipient with the expressed understanding that the OSE/ISC make no warranties, expressed or implied, concerning the accuracy, completeness, reliability, usability, or suitability for any particular purpose of the data.