

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

**IN RE CROSS BORDERS RECOURCES, INC.  
22224**

**CASE NO.**

**PRE-HEARING STATEMENT**

This Pre-hearing Statement is submitted by Cross Borders Resources, Inc., by and through its undersigned counsel, Ernest L. Padilla, PADILLA LAW FIRM, P.A., as required by the Oil Conservation Division.

**APPEARANCES OF PARTIES**

**APPLICANT:**

NM Oil Conservation Division

**ATTORNEY:**

Jesse K. Tremaine  
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**OPPOSITION OR OTHER PARTY:**

**ATTORNEY:**

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**STATEMENT OF CASE**

**APPLICANT:**

**OPPOSITION OR OTHER PARTY:**

Cross Borders has commenced negotiations with another oil and gas operator, capable of plugging and abandoning the wells covered under the NOV, for sale of the Cross Border leases and wells. The terms of the sale must necessarily include the plugging liability associated with the terms of the NOV issued by the Division. Due diligence for this potential transaction is ongoing. For example, based on current Commissioner of Public Lands policy and position, the state oil and gas leases involved in the potential sale must be presumed to have expired, especially since Cross Borders has already defaulted in a Santa Fe County District Court lawsuit. Additionally, ratifications of private oil and gas leases will be necessary. Part of the due diligence requires as determination which wells can be brought back into production which was shut down due to lack of gas market and the volatility price of oil.

**PROPOSED EVIDENCE**

**APPLICANT**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

**OPPOSITION**

**WITNESSES**

**EST. TIME**

**EXHIBITS**

Alan Barksdale

15 Min.

**PROCEDURAL MATTERS**

None.

Respectfully submitted,

PADILLA LAW FIRM, P.A.

/s/ Ernest L. Padilla

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**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing was electronically transmitted on this 9<sup>th</sup> day of December, 2021 to the following:

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/s/ Ernest L. Padilla  
Ernest L. Padilla

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**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

QUESTIONS

Action 66158

**QUESTIONS**

|                                                                                            |                                                          |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Operator:<br>CROSS BORDER RESOURCES, INC.<br>14282 Gillis Road<br>Farmers Branch, TX 75244 | OGRID:<br>286614                                         |
|                                                                                            | Action Number:<br>66158                                  |
|                                                                                            | Action Type:<br>[HEAR] Prehearing Statement (PREHEARING) |

**QUESTIONS**

|                                                                                    |                      |
|------------------------------------------------------------------------------------|----------------------|
| <b>Testimony</b>                                                                   |                      |
| <i>Please assist us by provide the following information about your testimony.</i> |                      |
| Number of witnesses                                                                | <i>Not answered.</i> |
| Testimony time (in minutes)                                                        | <i>Not answered.</i> |