## 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 callowed 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.

Operator accepts and acknowledges responsibility for any and all costs associated 14.

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.

Notwithstanding the foregoing provisions; 16.

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

4/18/2022 Date:

Director

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CROSS BORDER RESOURCES, INC.

Alan Barksdale

Date: 3/18/22

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Exhibit A									
Operator Name:		Cross Border Resources, Inc.							
Operator OGRID:		286614							
SFO Execution Date:		3/18/2022							
Total Number of Non-Compliant Wells:		24							
Number of Wells per month brought into									
production or plugged:		24							
production of plugged.									
List of Noncompliant Wells									
API Well Name/Number		Plug or Produce?	Date of plugging or production	Date of Last Production, as of Date of NOV	Financal Assurance Single well or Blanket bond?	Amount of Financial Assurance			
30-005-20665	HAHN FEDERAL #006	PRODUCE	12/30/2022	Apr-20	BLANKET				
30-005-20774	HAHN FEDERAL #007	PRODUCE	12/30/2022	Apr-20	BLANKET				
30-005-20692	LOVELESS LQ STATE #001	PRODUCE	3/31/2023	Jul-20	BLANKET				
30-005-20787	LOVELESS LQ STATE #002	PRODUCE	12/30/2022	Jul-20	BLANKET				
30-005-20826	LOVELESS LQ STATE #003	PRODUCE	3/31/2023	Jul-20	BLANKET				
30-005-20829	LOVELESS LQ STATE #006	PRODUCE	12/30/2022	Jul-20	BLANKET				
30-005-20833	LOVELESS LQ STATE #008	PRODUCE	3/31/2023	Jul-20	BLANKET				
30-005-20944	NEW MEXICO BA STATE #001	PRODUCE	3/31/2023	Feb-17	BLANKET				
30-005-21021	NEW MEXICO BA STATE #003	PRODUCE	3/31/2023	Feb-17	BLANKET				
30-005-21023	NEW MEXICO BA STATE #004	PRODUCE	3/31/2023	Feb-17	BLANKET				
30-005-20693	PAUL LR #001	PRODUCE	12/30/2022	Aug-18	BLANKET				
30-005-20694	PAUL LR #002	PRODUCE	3/31/2023	Sep-18	BLANKET				
30-005-20785	PAUL LR #003	PRODUCE	12/30/2022	Sep-18	BLANKET				
30-005-20786	PAUL LR #004	PLUG	12/30/2022	Aug-18	BLANKET				
30-005-20816	PAUL LR #005	PRODUCE	12/30/2022	Sep-18	BLANKET				
30-005-20821	PAUL LR #007	PRODUCE	3/31/2023	Sep-18	BLANKET				
30-005-20674	STATE 32 #002	PLUG	3/31/2023	Aug-20	BLANKET				
30-005-20695	STATE 32 #003	PLUG	3/31/2023	Aug-20	BLANKET				
30-005-20735	STATE 32 #004	PLUG	3/31/2023	Aug-20	BLANKET				
30-005-20789	STATE 32 #005	PLUG	3/31/2023	Aug-20	BLANKET				
30-005-21036	SUNRAY STATE #002	PRODUCE	12/30/2022	Feb-20	BLANKET				
30-005-21015	TOM 36 STATE #004	PRODUCE	3/31/2023	Jul-15	BLANKET				
30-005-21105	TOM 36 STATE #005	PRODUCE	3/31/2023	Jul-15	BLANKET				
30-005-20811	WATTAM FEDERAL #002H	PRODUCE	12/30/2022	Aug-20	BLANKET				