

**New Mexico Oil Conservation Division, District 1**  
**1625 N. French Drive**  
**Hobbs, NM 88240**

Form 3160-5  
(March 2012)

UNITED STATES  
 DEPARTMENT OF THE INTERIOR  
 BUREAU OF LAND MANAGEMENT

FORM APPROVED  
 OMB No. 1004-0137  
 Expires: October 31, 2014

**SUNDRY NOTICES AND REPORTS ON WELLS**  
**Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.**

5. Lease Serial No.  
 NM 0046153A

6. If Indian, Allottee or Tribe Name

**SUBMIT IN TRIPLICATE - Other instructions on page 2.**

1. Type of Well  Oil Well  Gas Well  Other

2. Name of Operator  
 Cross Borders Resources, Inc. ✓

3a. Address  
 2515 McKinney Ave, Suite 900,  
 Dallas, Tx 75201

3b. Phone No. (include area code)  
 214-871-0400

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
 Sec 34, T.7S, R.31E  
 1980' East and 660' East ✓

7. If Unit of CA/Agreement, Name and/or No.

8. Well Name and No.  
 Miller Federal # 3 ✓

9. API Well No.  
 30-005-20120 ✓

10. Field and Pool or Exploratory Area

11. County or Parish, State  
 Chaves County, NM

**12. CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA**

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other _____
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	Well Work over _____
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation: Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Please see attached procedure.

**HOBBS OCD**  
**APR 25 2013**  
**RECEIVED**

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed)  
 Tommy W. Folsom

Title Agent

Signature *T. W. Folsom*

Date 04/12/2013

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by **/S/ DAVID R. GLASS**

Title **PETROLEUM ENGINEER** Date **APR 17 2013**

Office **ROSWELL FIELD OFFICE**

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 132, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

**APPROVED FOR 3 MONTH PERIOD**  
**ENDING JUL 17 2013**

**MAY 23 2013**

**Cross Borders Resources, Inc.**

Miller Federal #3  
Sec 34,T-7-S, 31-E  
1980'FWL & 660'FSL  
Chaves Co, New Mexico  
Tom Tom Field  
API No: 30-005-20120

Workover procedure for well remediation and recompletion

Casing

Surf	8.625"	J-55	24#	355'	cmt circ to surf
Prod	4.500"	K-55	10.5#	4081'	TOC @ 2225' (calc)
Tbg	2.375"	J-55	4.7#	4025'	

Logs

Gamma Ray Neutron Log: 8/26/67

PERFORATIONS

San Andres Interval – (3,926' – 4,022') 2 SPF

(3,926' – 3,976') – 50' (100 Holes) \*Existing Perfs P-2  
(4,002' – 4,022') – 20' ( 40 Holes) \*Existing Perfs P-3

PROPOSED PERFORATIONS

San Andres P3 Lower – (4,030' – 4,056') 4SPF

(4,030' - 4,044') -14' (56 Holes) P- 3 lower  
(4,049' - 4,056') -7' (28 Holes) P-3 lower

Objective

Research and evaluate opportunities for increased production and optimization potential for well

Discussion

A geological review of the Miller Federal #3 was performed by Earl Sebring and reviewed by Tommy Folsom. The subject well is offset of 2 wells ((Hahn Federal #1 – 113,776 BO, 40,030 MCF, 212,590 BW, Completed in P2, P3 Upper)(Southard A #3 – 37,652 BO, 31,416 MCF, 31,333 BW, Completed only in P3) in adjoining sections both of which were completed and have produced from the P3 pay similar to that of the subject well. The potential for producing pay was confirmed by correlation of the neutron porosity logs of both referenced offset wells. The closer of the offsets is the Hahn Federal #1 to the north west of the Miller Federal #3 and the P3 lower potential pay zone of the subject well is 16' up dip of the Hahn Federal #1. Recommendations for this well are to perform a cleanup of the existing perforations and wellbore, then perforate and acidize recommended new perforations and put well on production.

## Pre Work-over

- Shoot Fluid level and run Dyno on well if available
- If well is pumping, hot water casing w/ 75 bbls to clean up paraffin and salt
- An oil sample should be collected and sent to stimulation company to be analyzed to insure emulsion is not created during stimulation.
- Notify BLM 24 hours before starting work over

## Remediation and Optimization Procedure

1. MIRU PU
2. POH w/ rods and pump  
Note:
  - While POH, look for rod pitting, wear, and fatigue, If scale or paraffin are observed take samples to be analyzed, lay down any damaged equipment or any equipment not deemed fit for service
  - With pump on surface make note of any material in pump and report any general observations about the pump. Send pump into shop for a complete teardown and report
3. ND wellhead, NU 4.5" x 2 3/8" BOP (3,000 psi)
4. Release TAC, RIH and tag for fill, report tag depth
5. POH and tally out  
Note:
  - While POH, look for pitting and wear, If scale or paraffin are observed take samples to be analyzed, lay down any damaged equipment or any equipment not deemed fit for service
  - With tbg on surface make note of any material in or on the tbg and report any general observations about the tbg
  - RIH w/ bailer and clean out to PBTB if necessary
6. RIH w/ 3 3/4" bit and scraper
7. RIH to TD, testing in hole to 4000 psi above slips
8. POH and lay down tools
9. TIH w/ AS1 packer set packer @ 3,894' ±
10. Load csg w/ 40 bbls produced water and pressure test annulus to 300 psi  
Note:
  - If test fails, POH w/ tools , RIH w/ pkr and RBP to isolate breakdown in csg, a squeeze procedure will be prepared
  - If test passes, continue on w/ procedure
11. POOH w/ tbg and tools.
12. RU wireline and junk basket and gauge ring, run CBL log from TD 100' above cement top. Look for perforated intervals and cmt top.
13. RIH w/ perforating guns at 4 SPF 90 degree phasing, correct on depth and perforate as follows:  
San Andres P3 Lower – (4,030' – 4,056') 4SPF

(4,030' - 4,044') -14' (56 Holes)  
(4,049' - 4,056') - 7' (28 Holes)

14. TIH w/ AS1 set pkr @ 4,028'±
15. Acid treat down tbg into perfs at 4,030' – 4,056' with 3500 gals 15% HCL NEFE, acid treat at 3 to 4 BPM with 3000 psi max pressure. Flush w/ produced water double the tbg capacity. Record 5, 10, 15 minute shut in pressures.
16. Release pkr, pull up hole and set pkr @ 3,911'±
17. Acid treat down tbg into perfs at 3,926' – 4,022' with 4000 gals 15% HCL NEFE, acid treat at 3 to 4 BPM with 3000 psi max pressure. Flush w/ produced water double tbg capacity. Record 5,10,15 minute shut in pressures.
18. Swab test for potential, insure live acid is not being produced.
19. Release pkr, POH and lay down tools
20. RIH w/ 2 3/8" production tbg and BHA
21. Run tbg as follows
  - Slotted tapped BP MA
  - SN
  - 6 jts 2 3/8 J-55 tbg
  - TAC
  - Remaining 2 3/8" tbg required to set EOT at 4,060'
22. Set TAC w/ 15k tension @ 3,876' ±
23. Set SN at 3,997' ±
24. ND BOP and NU well head
25. RIH w/ rods and pump
26. Run rods and pump as follows
  - PR
  - 1 - 3/4" rod
  - Required 3/4" space out rods
  - 152 - 3/4" Rods
  - 6 - 7/8" Rods
  - 2" pump ( pump will be sized from swab test
27. Space out rods and pump, check for pump action
28. Hang on horse head
29. Put well back on production and report production daily
30. RD PU, clean up location

### Post Work-over

- Track production daily
- Check and report fluid level on weekly basis following work over until fluid level is pumped off then continue monitoring on schedule.

- Follow up on production at 1 month, 3 month, and 6 month, make applicable changes to ensure well is producing at optimal efficiency

Procedure Written By: Casey Satterfield

Approved By: Tommy W. Folsom