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

Form 3160-5
(March 2012)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

HOBBS OCD
MAY 24 2013
RECEIVED

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.

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

5. Lease Serial No.
NM 013418

6. If Indian, Allottee or Tribe Name

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

1. Type of Well
☑ Oil Well ☐ Gas Well ☐ Other

8. Well Name and No.
Amoco Federal #3

2. Name of Operator
Cross Borders Resources, Inc.

9. API Well No.
30-005-20634

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

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

10. Field and Pool or Exploratory Area
Tom-Tom; San Andres

4. Location of Well *(Footage, Sec., T.,R.,M., or Survey Description)*
Sec 26, T-7S, R-31E
660' FWL and 660' FSL

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			
☑ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☐ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Well Work over
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☐ 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.

Please See Attached Timing Lease Stipulation/Condition Of Approval For Lesser Prairie Chicken

APPROVED FOR 3 MONTH PERIOD
ENDING AUG 21 2013

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

Title Agent

Signature

Date 04/12/2013

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by /S/ DAVID R. GLASS

Title PETROLEUM ENGINEER

Date MAY 21 2013

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.

Office ROSWELL FIELD OFFICE

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, 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)

AUG 20 2015

Cross Borders Resources, Inc.

Amoco Federal #3
Sec 26,T-7-S,R-31-E
660'FWL & 660'FSL
Chaves Co, New Mexico
Tom Tom Field
API No: 30-005-20634

Workover procedure for well remediation and recompletion

Casing

Surf	8.625"	J-55	24#	1606'	cmt circ to surf
Prod	4.500"	K-55	10.5#	4100'	TOC @ 2245' (calc)
Tbg	2.375"	J-55	4.7#	4006'	

Logs

Mud Log: 6/1/78
Neutron Porosity Log: 5/22/78
Dual Laterolog: 5/22/78

PERFORATIONS

San Andres Interval – (3,966' – 4,027') 1 SPF

(3,966' – 3,968') – 2' (2 Holes) *Existing Perfs
(3,972' – 3,974') – 2' (2 Holes) *Existing Perfs
(3,987' – 3,989') – 2' (2 Holes) *Existing Perfs
(3,993' – 3,995') – 2' (2 Holes) *Existing Perfs
(4,001' – 4,003') – 2' (2 Holes) *Existing Perfs
(4,008' – 4,010') – 2' (2 Holes) *Existing Perfs
(4,016' – 4,018') – 2' (2 Holes) *Existing Perfs
(4,025' – 4,027') – 2' (2 Holes) *Existing Perfs

PROPOSED PERFORATIONS

(4,088' to 4,092') -2' – 8 holes
(open hole 4,100' to 4160')

Objective

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

Discussion

A geological review of the Amoco Federal #3 was performed by Earl Sebring and reviewed by Tommy Folsom. The mud logs completed at the time of drilling show a drilling break between 4,076' and 4,090' which is indicative of high porosity in that interval. The mud logs were correlated with the neutron

porosity and dual lateral logs. The potential for producing pay was confirmed in the P3 lower interval by the correlation of these logs. The same production interval can be found in the Southard A-3, an offset well that sits 6' higher in elevation to the NE of the Amoco Federal #3. The Southard A-3 was completed only in this lower P3 interval in March of 1982 and as of November 2012 has produced 37,652 BO, 31,416 MCF, 31,333 BW. Correlating logs show the corresponding potential pay in the Amoco Federal #3 in the lower San Andres (P3) starting approximately 4095'. The same pay zone in the Southard A-3 begins at 4,088' and continues down hole 40' below csg shoe to 4,140'. The Amoco Federal #3 was TD'd at 4,100'. In order to access the potential pay, the well would have to be deepened and completed in open hole. Recommendations for this well are to perform an initial cleanup on existing perforations and test for economic production. If the test shows no signs of increased production, then operations will commence to deepen and complete well in the potential pay zone in open hole.

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
6. RIH w/ 3 ¾" bit and scrapper
7. RIH to TD, testing in hole above slips
8. While on bottom, attempt to reverse circulate wellbore, report whether or not well can be circulated
9. POH and lay down tools

NOTE:

A. If circulation is established, circulate hole clean and establish volume loss during circulation.
   1. RU wireline and junk basket and gauge ring, run CBL log from TD 100' above cement top. Look for perforated intervals and cmt top.
   2. If loss is minimal POOH w/ tbg and tools.
   3. TIH w/ 3 ¾" bit 20 - 2 7/8" drill collars and tbg. (3 ¾" jetted bit)
   4. Drill out conventional to total depth of 4160' EOC is 4100' - 40' open hole.
   5. RU wireline and perforate 4,088' to 4,092' – 4 JSPF 90 degree phasing 16 holes.
   6. TIH with PPI packer set packer across and acid treat down tbg into open hole with 3000 gals 15% HCL NEFE at 4 to 5 BPM. Drop dart and acid treat perforations 4,088' to 4,092' with 1000 gals 15% HCL NEFE.

B. If unable to circulate POOH with tbg and tools.
   1. RU wire line and junk basket and gauge ring, run CBL log from TD 100' above cement top. Look for perforated intervals and cmt top.
   2. TIH w/ AS1 packer and set above perforations at 3900'.
   3. Load casing with 40 Bbls produced water and pressure test to 300 psi.
   4. If csg integrity test, acid treat existing perforations with 1500 gals 15% HCL NEFE, to clean perfs.
   5. Swab test potential production rate. If well swab rate is 6 BOPD or better place well back on pump. If swab rate is less than 6 BOPD. Squeeze existing perforations and continue with procedure to drill out casing shoe and open hole to 4140' – 40' open hole.

C. If csg does not test POOH and go in hole with RBP and packer isolate break down in casing. A squeeze procedure will be prepared.
   1. The perforations will be squeezed first and then the casing break down will be squeezed.
   2. When drilling out squeeze continue drilling and drill 4 ½" shoe at 4100' and 40'open hole as above.
   3. When squeeze work is completed continue with step B

10. RIH w/ 4" perforating guns at 4 SPF 90 degree phasing, correct on depth and perforate as follows:
11. POH w/ wireline.
12. PU AS1 pkr and RIH w/ pkr, SN, tbg, set pkr @ 4,080'
13. Acidize perforated interval w/ 3,000 gal 15% NEFE
14. RU swab unit, swab acid treated zones and report results
15. Release pkr, POH w/ tbg and lay down tools
16. RU wireline
17. RIH w/ 4" perforating guns at 4 SPF 90 degree phasing, correct on depth and perforate as follows:

San Andres Interval – (3,966' – 4,027') 4 SPF

(3,966' – 3,968') – 2' (8 Holes)
(3,972' – 3,974') – 2' (8 Holes)
(3,987' – 3,989') – 2' (8 Holes)
(3,993' – 3,995') – 2' (8 Holes)
(4,001' – 4,003') – 2' (8 Holes)
(4,008' – 4,010') – 2' (8 Holes)
(4,016' – 4,018') – 2' (8 Holes)
(4,025' – 4,027') – 2' (8 Holes)

Total Interval – 61' (64 Holes)

18. POH w/ wireline
19. PU RBP, treating pkr and RIH w/ RBP, pkr and tbg
20. Set RBP @ 4,050'+/-, pull up hole and set treating pkr @ 3,940'+/-
21. Acidize perforated interval w/ 3,000 gal 15% NEFE
22. RU swab unit, swab acid treated zones and report results
23. Release pkr and move down hole and release RBP
24. POH w/ tbg and lay down tools
25. RIH w/ 2 3/8" production tbg and BHA
26. 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 4090'

27. Set TAC w/ 15k tension @ 3,904' ±
28. Set SN at 4059' ±
29. ND BOP and NU well head
30. RIH w/ rods and pmp
31. Run rods and pmp as follows
    - PR
    - 1 - ¾" rod
    - Required ¾"space out rods
    - 160 - ¾" Rods
    - 6 - 7/8" Rods
    - 2" pump (pump will be sized from swab test
32. Space out rods and pmp, check for pmp action
33. Hang on horse head and rods
34. Put well back on production and report production daily
35. RD PU, clean up location

Post Work-over

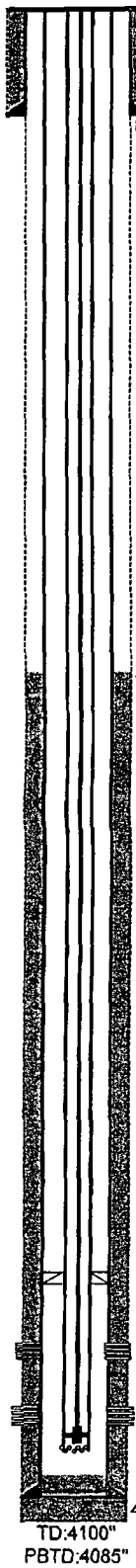
- *Track production daily*
- Check and report fluid level on weekly basis following work over until fluid level is pumped off then continue monitoring on schedule.
- Follow up on production at 1 month, 3 month, and 6 month, make applicable changes to ensure well is producing at optimal efficiency

Procedure Written By: Casey Satterfield

Approved By: Tommy W. Folsom

Cross Border Resources, Inc.

Well data as of: 4/12/2013



WELL NAME:	Amoco Federal #3	**FIELD:** Tom Tom	**LSE#:**		
STATE:	New Mexico	**COUNTY:** Chaves	**LOCATION:** 660'FWL & 660'FSL Sec 26,T-7-S,R-31-E		
API NO:	30-005-20634	**SPUD DATE:** 5/15/1978	**FORMATION:** San Andres		
TD:	4100'	**PBTD:** 4085'	**ELEVATION:** 4363' GL (+?') ?' KB		

PIPE RECORD

CSG	OD	GRADE	THD	WT/FT	TOP	BTM	# JTS
Surf	8.625"	J-55		24.0#	0'	1606'	
Prod	4.500"	K-55		10.5#	0'	4100'	
Tbg	2.375"					4006'	

CEMENT & HOLE DATA

BIT SIZE	DEPTH	SX	WT.	TOC
11.000"		550 Sx Halite 200 Sx Class C		Surf
7.875"		250 Sx Class H		2245'(calc)

Remarks:

6/4/1978 Perf San Andres: 3966' - 4003'
Acidize San Andres Perforations w/ 500 gal NE Acid
3/16/1979 Perf San Andres: 4003' - 4027'
Acidize San Andres Perforations w/ 5,000 gal 20 % NE Acid and 40 balls

Proposed Perfs: San Andres P3 Lower (4,088' - 4,160') 4SPF
(4,088'-4,092') - 4' (16 Holes)
Open Hole* (4,100'-4,160') - 60' (240 Holes)

CAPACITIES	(bbl/ft)	(ft/bbl)	(cf/ft)
4.5"/24#	.01590	62.70	.08960
2.375"/4.7#	.00390	258.65	.02170

VOL BETWEEN	(bbl/ft)	(ft/bbl)	(cf/ft)
TBGxCSG:	.01050	95.51	.05880
CSGxHOLE:	.12610	7.93	.70800

PERFORATION RECORD

DATE	TOP	BTM	ZONE	STATUS	SPF
6/4/1978	3966'	3968'	San Andres	Open	1
	3972'	3974'	San Andres	Open	1
	3987'	3989'	San Andres	Open	1
	3993'	3995'	San Andres	Open	1
	4001'	4003'	San Andres	Open	1
3/16/1979	4008'	4010'	San Andres	Open	1
	4016'	4018'	San Andres	Open	1
	4025'	4027'	San Andres	Open	1

PREPARED BY: Casey Satterfield
DATE: 3/20/2013
Updated: 3/20/2013
OFFICE:
FAX:

Timing Limitation Lease Stipulation / Condition of Approval For Lesser Prairie-Chicken: Oil and gas activities including 3-D geophysical exploration, and drilling will not be allowed in lesser prairie-chicken habitat during the period from March 1 through June 15 annually. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D seismic operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 am and 9:00 am. The 3:00 am to 9:00 am restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during this period. Additionally, no new drilling will be allowed within up to 200 meters of leks known at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

HOBBS OCD
FEB 07 2014

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

Form C-144 CLEZ
July 21, 2008

For closed-loop systems *that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure*, submit to the appropriate NMOCD District Office.

RECEIVED

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1.

Operator: Crown Quest Operating OGRID #: NM 71182

Address: P.O. Box 53310 Midland TX. 79710

Facility or well name: State Fedral 6 Com # 2

API Number: 30-025-22866 OCD Permit Number:

U/L or Qtr/Qtr D Section 6 Township 14-S Range 33-E County: Lea

Center of Proposed Design: Latitude . Longitude NAD: ☐ 1927 ☐ 1983

Surface Owner: ☐ Federal ☒ State ☐ Private ☐ Tribal Trust or Indian Allotment

2.

☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC

Operation: ☐ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☒ P&A

☒ Above Ground Steel Tanks or ☒ Haul-off Bins

3.

Signs: Subsection C of 19.15.17.11 NMAC

☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers

☒ Signed in compliance with 19.15.3.103 NMAC

4.

Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC

Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.

☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC

☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC

☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC

☐ Previously Approved Design (attach copy of design) API Number:

☐ Previously Approved Operating and Maintenance Plan API Number:

5.

Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)

Instructions: Please indentify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.

Disposal Facility Name: Gandy-Marley Inc Disposal Facility Permit Number: NM-01-0019

Disposal Facility Name: CRI Disposal Facility Permit Number: NM-01-0006

Will any of the proposed closed-loop system operations and associated activities occur on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please provide the information below) ☒ No

Required for impacted areas which will not be used for future service and operations:

☒ Soil Backfill and Cover Design Specifications - - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC

☒ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC

☒ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.

Operator Application Certification:

I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief.

Name (Print): Gary Eggleston Title: P&A Tech

Signature: Date: 2-6-14

e-mail address: gary.eggleston@basicenergyservices.com Telephone: (432) 563-3355

7.
OCD Approval: ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature: _____ **Approval Date:** _____

Title: _____ **OCD Permit Number:** _____

8.
Closure Report (required within 60 days of closure completion): Subsection K of 19.15.17.13 NMAC

Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ **Closure Completion Date:** _____

9.
Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:

Instructions: Please indentify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?

☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations:

☐ Site Reclamation (Photo Documentation)
☐ Soil Backfilling and Cover Installation
☐ Re-vegetation Application Rates and Seeding Technique

10.
Operator Closure Certification:

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print): _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

Crown Quest Operating LLC.
State Federal 6 Com # 2
Unit D Section 6, T14S, R33E
Lea County, New Mexico
API# 30-025-22866

Equipment & Design:

Basic Energy Services will used a closed loop system in the plug and abandonment of this well. The following equipment will be on location:

(1) 250 bbl steel reverse tank

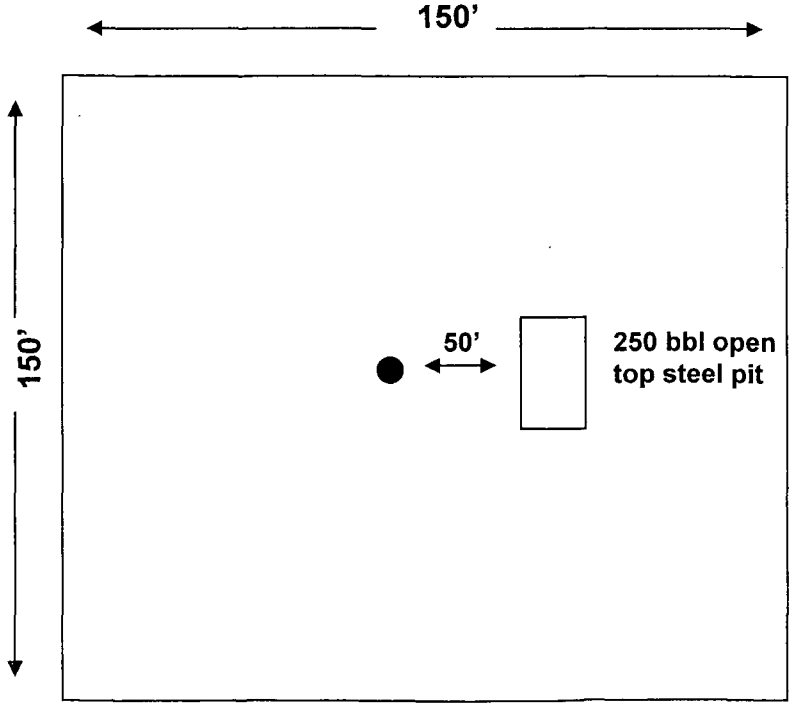
Operations & Maintenance:

During each day of operation, the rig's crew will inspect and closely monitor the fluids contained within the steel tank and visually monitor the release that may occur. Should a release, spill or leak occur, the NMOCD District 1 office in Hobbs (575-393-6161) will be notified, as required in NMOCD's rule 19.15.29.8.

Closure:

After plugging operations, fluids and solids will be hauled and disposed at Gandy-Marley Disposal's location, permit number NM 01-0019. Secondary site will be CRI Disposal, permit number NM 01-0006.

Crown Quest Operating LLC.
State Federal 6 Com # 2
Unit D, Section 6, T14S, R33E
Lea County, New Mexico
API# 30-025-22866



All distances approximate
Not to scale

I. Design Plan

Above ground steel tanks will be used for the management of all plugging fluids.

II. Operations and Maintenance Plan

Basic Energy will operate and maintain all of the above ground steel tanks involved in plugging operations in a prudent manner to prevent any spills. If a leak develops, the appropriate division district office will be notified within 48 hours of the discovery and the leak will be addressed. During an upset condition the source of the spill is isolated and addressed as soon as it is discovered. Free liquids will be removed and loose topsoil will be used to stabilize the spill. The contaminated soil will be either bio-remediated or excavated and taken to an agency approved disposal facility.

III. Closure Plan

All plugging fluids will go to above ground steel tanks and will be hauled by various trucking companies to an agency approved disposal facility.

Impacted areas which will not be used for future service or operations will be reclaimed and reseeded as stated in the APD.