CROSS BORDER RESOURCES, INC.
Form 424B3
November 15, 2011

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-175761

PROSPECTUS SUPPLEMENT NO. 2 TO PROSPECTUS DATED AUGUST 2, 2011

THE DATE OF THIS SUPPLEMENT IS NOVEMBER 15, 2011

CROSS BORDER RESOURCES, INC.

7,209,375 Shares of Common Stock

This Prospectus Supplement No. 2 supplements the information previously provided in the prospectus dated August 2, 2011(including any supplements thereto, the "Prospectus") relating to the resale by selling stockholders identified therein of up to an aggregate of 7,209,375 shares of common stock of Cross Border Resources, Inc.

This Prospectus Supplement is filed for the purpose of including our Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission on November 14, 2011. This Prospectus Supplement is not complete without the Prospectus and should be read in conjunction with the Prospectus which is required to be delivered with this Prospectus Supplement. The attached information modifies and supersedes, in part, the information in the Prospectus. Any information that is modified or superseded in the Prospectus shall not be deemed to constitute a part of the Prospectus, except as modified or superseded by this Prospectus Supplement.

You should consider carefully the risks that we have described in the section entitled "Risk Factors" beginning on page 2 of the Prospectus before deciding whether to invest in our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to ________

COMMISSION FILE NUMBER 000-52738

CROSS BORDER RESOURCES, INC.
(Exact name of registrant as specified in its charter)

NEVADA (State or other jurisdiction of incorporation or organization)	98-0555508 (I.R.S. Employer Identification No.)
22610 US Highway 281 N., Suite 218 San Antonio, TX (Address of principal executive offices)	78258 (Zip Code)

(210) 226-6700
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required

to submit and post such files).
x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes x No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

As of November 8, 2011, the Registrant had 16,151,946 shares of common stock outstanding.

Cross Border Resources, Inc.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 8-03 of Regulation S-X, and, therefore, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, cash flows, and stockholders' equity in conformity with generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation of the results of operations and financial position have been included and all such adjustments are of a normal recurring nature. Operating results for the three- and nine-month periods ended September 30, 2011 are not necessarily indicative of the results that can be expected for the year ending December 31, 2011.

As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our," and the "Company" mean Cross Border Resources, Inc. unless otherwise indicated. All dollar amounts in this Quarterly Report are in U.S. dollars unless otherwise stated.

Cross Border Resources, Inc.
Balance Sheets

		September 30, 2011 (Unaudited)		Predecessor Entity December 31, 2010 (As Restated)
ASSETS				
Current Assets				
Cash and Cash Equivalents	$	621,318	$	975,123
Accounts Receivable - Production		965,194		512,624
Accounts Receivable - Related Party		—		250,000
Prepaid Expenses		686,492		—
Derivative Asset - Current Portion		309,340		—
Current Tax Asset		100,734		—
Total Current Assets		2,683,078		1,737,747
Oil and Gas Properties		32,413,915		19,421,621
Less: Accumulated Depletion		(9,746,862)		(7,328,326)
Net Oil and Gas Properties		22,667,053		12,093,295
Other Assets				
Other Property and Equipment, net of Accumulated Depreciation of $118,572 and $94,759 in 2011 and 2010, respectively		103,889		124,776
Deferred Bond Costs, net of Accumulated Amortization of $331,704 and $293,915 in 2011 and 2010, respectively		172,150		209,939
Deferred Bond Discount, net of Accumulated Amortization of $122,819 and $108,827 in 2011 and 2010, respectively		63,741		77,733
Derivative Asset, net of Current Portion		110,386		—
Other Assets		126,943		112,532
Total Other Assets		577,109		524,980
TOTAL ASSETS	$	25,927,240	$	14,356,022

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		September 30, 2011 (Unaudited)		Predecessor Entity December 31, 2010 (As Restated)
LIABILITIES AND PARTNERS' CAPITAL				
Current Liabilities				
Accounts Payable - Trade	$	311,486	$	875,881
Accounts Payable - Revenue Distribution		213,000		49,880
Interest Payable		47,736		107,875
Accrued Expenses		34,940		28,460
Deferred Revenues		64,958		162,394
Bonds Payable - Current Portion		720,000		660,000
Creditors Payable - Current Portion		180,000		150,000
Total Current Liabilities		1,572,120		2,034,490
Non-Current Liabilities				
Asset Retirement Obligations		1,223,515		508,588
Deferred Income Tax Liability		26,609		—
Line of Credit		1,000		1,582,426
Notes Payable		764,278		—
Bonds Payable, net of Current Portion		2,935,000		3,555,000
Creditors Payable, net of Current Portion		1,359,545		1,656,305
Total Non-Current Liabilities		6,309,947		7,302,319
Total Liabilities		7,882,067		9,336,809
Stockholders' Equity (Deficit)				
Retained Earnings (Accumulated Deficit) (1)		(14,611,013)		5,019,213
Common Stock ($0.001 par value; 36,363,637 authorized and 16,151,946 shares issued and outstanding at September 30, 2011)		16,152		—
Additional Paid in Capital		32,640,034		—
Total Stockholders' Equity		18,045,173		5,019,213
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	25,927,240	$	14,356,022

(1) Retained Earnings as of December 31, 2010 (As Restated) includes all equity accounts, including all Predecessor Entity Partners' Capital accounts.

The accompanying notes are an integral part of these financial statements.

Cross Border Resources, Inc.
Statements of Operations
(Unaudited)

	Three months ended September 30, 2011	2010 Predecessor Entity
Revenues and Gains		
Oil and gas sales	$ 1,867,914	$ 1,361,503
Other	32,479	11,063
Total revenues and gains	$ 1,900,393	$ 1,372,566
Expenses:		
Operating costs	444,697	146,015
Production taxes	150,150	85,051
Depreciation, depletion, and amortization	972,972	273,991
Abandonment expense	49,234	—
Accretion expense	31,596	14,817
General and administrative	862,717	235,768
Total expense	2,511,366	755,642
Gain (loss) from operations	(610,973)	616,924
Other income (expense):		
Bond issuance amortization	(28,461)	(12,596)
Gain (loss) on derivatives	346,555	—
Interest expense	(100,365)	(101,840)
Miscellaneous other income (expense)	99,815	31,313
Total other income (expense)	317,544	(83,123)
Gain (loss) before income taxes	(293,429)	533,801
Current tax benefit (expense)	50,996	(74,525)
Deferred tax benefit (expense)	(7,122)	74,525
Income tax benefit (expense)	43,874	—
Net income (loss)	$ (249,555)	$ 533,801
Net loss per share:		
Basic and diluted	$ (0.02)	$ —
Weighted average shares outstanding:		
Basic and diluted	16,151,946	—

The accompanying notes are an integral part of these financial statements.

Cross Border Resources, Inc.
Statements of Operations
(Unaudited)

	Nine months ended September 30, 2011	2010 Predecessor Entity
Revenues and Gains		
Oil and gas sales	$ 4,899,777	$ 3,288,467
Gain on sale of oil and gas properties	599,100	—
Other	97,436	52,139
Total revenues and gains	$ 5,596,313	$ 3,340,606
Expenses:		
Operating costs	959,922	329,639
Production taxes	420,714	271,337
Depreciation, depletion, and amortization	2,045,863	898,826
Abandonment expense	49,234	—
Accretion expense	84,428	44,452
General and administrative	2,836,008	699,232
Total expense	6,396,169	2,243,486
Gain (loss) from operations	(799,856)	1,097,120
Other income (expense):		
Bond issuance amortization	(37,789)	(37,789)
Gain (loss) on derivatives	452,678	—
Interest expense	(347,959)	(304,161)
Miscellaneous other income (expense)	152,443	74
Total other income (expense)	219,373	(341,876)
Loss before income taxes	(580,483)	755,244
Current tax benefit (expense)	136,024	(53,167)
Deferred tax benefit (expense)	(26,609)	53,167
Income tax benefit (expense)	109,415	—
Net income (loss)	$ (471,068)	$ 755,244
Net loss per share:		
Basic and diluted	$ (0.03)	$ —
Weighted average shares outstanding:		
Basic and diluted	14,539,309	—

The accompanying notes are an integral part of these financial statements.

Cross Border Resources, Inc.
Statements of Cash Flows
For the Nine Months Ended September 30, 2011 and 2010
(Unaudited)

	Nine Months Ended September 30, 2011	Nine Months Ended September 30, 2010 Predecessor Entity
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (471,068)	$ 755,244
Adjustments to reconcile net income (loss) to cash used by operating activities:		
Depreciation, depletion, amortization	2,045,863	884,834
Accretion	84,428	44,452
Gain on Disposition of Assets	(583,766)	—
Share-based Compensation	569,638	—
Amortization of debt discount and deferred financing costs	51,781	51,782
Changes in operating assets and liabilities:		
Accounts receivable	(452,570)	(430,713)
Prepaid expenses and other current assets	(826,384)	(2,404)
Accounts payable	(843,969)	159,997
Derivative asset - current portion	(419,726)	—
Accrued expenses	(175,630)	(27,331)
Deferred income tax	(74,124)	—
Deferred revenue	(97,436)	194,873
Other current liabilities	(60,138)	(118,613)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(1,253,101)	1,512,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures - oil and gas properties	(2,312,880)	(1,191,698)
Disposal of oil and gas properties	799,100	—
Capital expenditures - other assets	(36,744)	—
NET CASH USED IN INVESTING ACTIVITIES	(1,550,524)	(1,191,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of common stock, net of expenses	5,090,728	—
Net borrowings (payments) on line of credit	(1,581,426)	—
Proceeds from renewing notes	139,359	—
Repayments of notes payable	(382,081)	—
Repayments of bonds	(550,000)	(490,000)
Repayments to creditors	(266,760)	(122,895)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	2,449,820	(612,895)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(353,805)	(292,472)
Cash and cash equivalents, beginning of period	975,123	757,119
Cash and cash equivalents, end of period	$ 621,318	$ 464,647

Supplemental disclosures of cash flow information:				
Interest paid	$	165,009	$	340,385
Income taxes paid	$	—	$	—

The above changes in current assets and current liabilities differ from changes between amounts reflected in the September 30, 2011 balance sheet due to current assets and current liabilities acquired in connection with the Company’s reverse acquisition with Pure Energy Group, Inc. and Pure Gas Partners II, LP, as more fully described in Note 1 to the unaudited financial statements.

The accompanying notes are an integral part of these financial statements.

Cross Border Resources, Inc.
Notes to Unaudited Financial Statements

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS

Nature of Operations

The Company is an independent natural gas and oil company engaged in the exploration, development, exploitation, and acquisition of natural gas and oil reserves in North America. The Company's primary area of focus is the State of New Mexico, particularly southeastern New Mexico.

Reverse Acquisition

Effective December 27, 2010, the Company completed a 1-for-55 reverse split of its common stock in accordance with Article 78.207 of the Nevada Revised Statutes (the "Reverse Split"). The Reverse Split resulted in a decrease in the Company's authorized share capital from 2,000,000,000 shares of common stock, par value $0.001 per share, to 36,363,637 shares of common stock, par value, $0.001 per share, with a corresponding decrease in the number of issued and outstanding shares of the Company's common stock from 135,933,086 shares to 2,471,544 shares (after accounting for fractional share interests being rounded up to the next whole number). Completion of the Reverse Split was a condition precedent for the merger with Pure Gas Partners II, L.P. ("Pure").

Effective January 3, 2011, the Company completed the acquisition of Pure Energy Group, Inc. ("Pure Sub") as contemplated pursuant to the Agreement and Plan of Merger dated December 2, 2010 (the "Pure Merger Agreement") among the Company, Doral Acquisition Corp., the Company's wholly owned subsidiary ("Doral Sub"), Pure Gas Partners II, L.P. ("Pure") and Pure Sub, a wholly owned subsidiary of Pure (Pure Sub and Pure being collectively referred to herein as the "Pure Energy Group").

Pursuant to the provisions of the Pure Merger Agreement, all of Pure's oil and gas assets and liabilities were transferred to Pure Sub. Pure Sub was then merged with and into Doral Sub, with Doral Sub continuing as the surviving corporation (the "Pure Merger"). Upon completion of the Pure Merger, the outstanding shares of Pure Sub were converted into an aggregate of 9,981,536 shares of the Company's common stock. As a result of the Pure Merger, the previous Pure shareholders own approximately 80% of the Company's total outstanding shares on a fully diluted basis, with the Company's previous stockholders owning the remaining 20%.

The purchase price of the assets of the Company arising from the reverse acquisition with the Pure Energy Group was $8,085,984, representing eighty percent (80%) of the appraised value of 2,471,511 post-split shares of the Company which were issued and outstanding immediately prior to the reverse acquisition. The allocation of the purchase price and the purchase price accounting is based upon preliminary estimates of the assets and liabilities effectively acquired on January 3, 2011 in accordance with ASC topic 805, Business Combinations.

The preliminary allocation of the purchase price is as follows:

Cash and cash equivalents	$	(62,798)
Accounts receivable		94,810
Prepaid expenses and other current assets		5,769
Proved oil and gas properties		10,336,219
Property and equipment		12,643
Other assets		228,268
Total assets		10,614,911

Accounts payable		(378,079)
Accounts payable- related party		(69,917)
Accrued liabilities		(182,110)
Long-term debt		(1,018,322)
Notes payable to related party		(250,000)
Asset retirement obligation		(630,499)
Purchase price	$	8,085,984

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NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS (continued)

The statements of income include the results of operations for Cross Border Resources, Inc. commencing on January 4, 2011. As a result, information provided for the nine months ended September 30, 2011 presented below includes the actual results of operations from January 4, 2011 to September 30, 2011 and the combined historical financial information for the Cross Border Resources, Inc. (formerly Doral Energy) and Pure for the period January 1, 2011 to January 3, 2011. The unaudited pro forma financial information for the nine months ended September 30, 2010 presented below combines the historical financial information for the Cross Border Resources, Inc. and Pure for that period. The following unaudited pro forma information is not necessarily indicative of the results of future operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010 Predecessor Entity	2011	2010 Predecessor Entity
Revenues	$ 1,900,393	$ 1,582,662	$ 5,596,314	$ 4,254,011
Operating income (loss)	(610,973)	253,646	(811,086)	(10,417,958)
Net income (loss)	(249,555)	184,336	(483,982)	(10,968,482)
Earnings (loss) per share *	$ (0.02)	$ 0.01	$ (0.03)	$ (0.88)

* For purposes of this pro forma presentation of earnings per share we have assumed the same number of shares outstanding in the prior year periods as were outstanding in the current year periods.

Basis for Presentation

The unaudited condensed balance sheet as of September 30, 2011 and the unaudited condensed statements of operations and cash flows for the nine months ended September 30, 2011 include the accounts of the predecessor company Pure for the period of January 1, 2011 to January 3, 2011 and the accounts of Pure and the Company for the period January 4, 2011 (date of reverse acquisition as discussed below) to September 30, 2011 (collectively, "Cross Border Resources, Inc." or the "Company"). The comparative consolidated balance sheet as of December 31, 2010 and the unaudited condensed consolidated statements of operations and cash flows for the three and nine month periods ended September 30, 2010 represent the accounts of Pure only. The consolidation effected by the business combination has been accounted for as a reverse acquisition wherein Pure is treated as the acquirer for accounting purposes.

In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Certain reclassifications have been made to the prior period to conform to current presentation.

Interim financial statements

The unaudited financial information furnished herein reflects all adjustments, which in the opinion of management are necessary to fairly state the Company's financial position and the results of its operations for the periods presented. This report on Form 10-Q should be read in conjunction with the Company's financial statements and notes thereto included in the Pure audited financial statements for the fiscal period ended December 31, 2010 as filed on Form 8-K/A on April 7, 2011. The Company assumes that the users of the interim financial information herein have read or have access to the audited financial statements for the preceding fiscal year and that the adequacy of additional disclosure needed for a fair presentation may be determined in that context. Accordingly, footnote disclosure, which would substantially duplicate the disclosure contained in Pure's audited financial statements for the fiscal period ended

December 31, 2010 has been omitted. The results of operations for the three and nine month periods ended September 30, 2011 are not necessarily indicative of results for the entire year ending December 31, 2011.

NOTE 1 – ORGANIZATION AND BUSINESS OPERATIONS (continued)

Prior Period Correction of an Error

In the Company's 2010 financial statements, the Company recorded goodwill in connection with the 2005 acquisition of Pure Energy Group, Inc. During 2011, the Company re-evaluated its obligations with respect to its initial accounting for the transaction and determined that consideration paid in excess of the fair market value of the assets and liabilities transferred should have been allocated to the acquired oil and gas properties and subsequently tested for impairment. As a result, the Company retroactively stated its oil and gas properties as of December 31, 2010 to reflect the allocation of goodwill. In addition, the Company did not consider the need to impair the value of its acquired oil and gas properties based on the future cash flows of the assets. The correction of this error reduced net income for the three and nine months ended September 30, 2010 by approximately $80,165 and $240,495, and $320,660 was adjusted to beginning retained earnings as of January 1, 2010. The tax effect of this transaction was determined to be immaterial to the overall financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Oil and Gas Properties

The Company uses the successful efforts method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves, to drill and equip development wells and related asset retirement costs are capitalized. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Unproved oil and gas properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. Capitalized costs of producing oil and gas properties, after considering estimated residual salvage values, are depreciated and depleted by the unit-of-production method.

On the sale or retirement of a complete unit of a proved property, the cost, and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial unit of proved property, the cost is charged to accumulated depreciation, depletion, and amortization with a resulting gain or loss recognized in income.

On the sale of an entire interest in an unproved property for cash or cash equivalent, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable - Production

Accounts receivable consist of amounts due from customers for oil and gas sales and are considered fully collectible by the Company as of September 30, 2011 and December 31, 2010. The Company determines when receivables are past due based on how recently payments have been received.

Revenue Recognition

The Company recognizes oil and natural gas revenue from its interests in producing wells when oil and natural gas is produced and sold from those wells.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property, plant, and equipment are stated at cost. Depreciation of office furniture and equipment is provided using the straight-line method and the Modified Accelerated Cost Recovery System (MACRS) based on estimated useful lives ranging from three to 15 years. These methods do not materially differ from generally accepted accounting principles. Depreciation expense was $24,822 and $22,392 for the nine month periods ended September 30, 2011 and 2010, respectively.

Asset Retirement Obligations

The Company accounts for asset retirement obligations under the provisions of ASC 410, Asset Retirement and Environmental Obligations, which provides for an asset and liability approach to accounting for Asset Retirement Obligations (ARO). Under this method, when legal obligations for dismantlement and abandonment costs, excluding salvage values, are incurred, a liability is recorded at fair value and the carrying amount of the related oil and gas properties is increased. Accretion of liability is recognized each period using the interest method of allocation and the capitalized cost is depleted over the useful life of the related asset. Asset retirement obligations as of September 30, 2011 and December 31, 2010 were $1,223,515 and $508,588, respectively.

The following is a description of the changes to the Company's asset retirement obligations for the year-to-date periods ended September 30, 2011 and December 31, 2010:

		2011		Predecessor Entity 2010 (As Restated)
Asset retirement obligations at beginning of year	$	508,588	$	449,319
Asset retirement obligations acquired in acquisition		630,499		—
Accretion expense		84,428		59,269
Asset retirement obligations at end of period	$	1,223,515	$	508,588

Income Taxes

The Company is a taxable entity for federal or state income tax purposes for which an income tax provision has been made in the accompanying financial statements. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities. Differences between the enacted tax rates and the effective tax rates are primarily the result of timing differences in the recognition of depletion and accretion expenses. These differences do not create a material variance between the enacted tax rate and the effective tax rate.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from those estimates and assumptions. Significant estimates include volumes of oil and gas reserves used in calculating depletion of proved oil and natural gas properties and costs to abandon oil and gas properties.

Management believes that it is reasonably possible the following material estimates affecting the financial statements could significantly change in the coming year: (1) estimates of proved oil and gas reserves, and (2) forecast forward price curves for natural gas and crude oil. The oil and gas industry in the United States has historically experienced substantial commodity price volatility, and such volatility is expected to continue in the future. Commodity prices affect the level of reserves that are considered commercially recoverable; significantly influence the Company's current and future expected cash flows; and impact the PV10 derivation of proved reserves.

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NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Company's financial instruments include cash and cash equivalents, receivables, payables, and debt and are accounted for under the provisions of ASC Topic 825, Financial Instruments. The carrying amount of these financial instruments as reflected in the balance sheets, except for long-term, fixed-rate debt, approximates fair value. The Company estimates the fair value of its long-term, fixed-rate debt generally using discounted cash flow analysis based on the Company's current borrowing rates for similar types of debt.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by FASB that are adopted by the Company as of the specified effective date. If not discussed, management believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's financial statements upon adoption.

NOTE 3– STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE

2011 Equity Financing

On May 26, 2011, the Company closed a private offering exempt from registration under the Securities Act of 1933 pursuant to Rule 506 of Regulation D promulgated thereunder. In the offering, the Company issued an aggregate of 3,600,000 units. Each unit was sold at $1.50 and was comprised of one share of common stock and one five-year warrant to purchase a share of common stock at an exercise price of $2.25 per share. The warrants are exercisable beginning on November 26, 2011. The Company agreed to use the net proceeds from the sale of the units for general business and working capital purposes and not to use such proceeds for the redemption of any common stock or common stock equivalents.

The investors in the offering received registration rights. The Company agreed to file a registration statement covering the resale of the common stock issued and the common stock underlying the warrants issued to the Selling Stockholders within sixty days after the closing date. If the registration statement is not declared effective by the SEC prior to the earlier of (i) five (5) Business Days after the SEC shall have informed the Company that no review of the Registration Statement will be made or that the SEC has no further comments on the Registration Statement or (ii) the 120th day after the Closing Date, then the Company will make pro rata cash payments to each Purchaser as liquidated damages in an amount equal to 1.0% of the aggregate amount invested by such Purchaser for each 30-day period or pro rata for any portion thereof following the date by which such Registration Statement should have been effective. If at the time of exercise of the warrants there is no effective registration statement covering the resale of the shares underlying the warrant, then the Selling Stockholder has the right at such time to exercise warrants in full or in part on a cashless basis.

In addition to registration rights, the Selling Stockholders were offered a right of first refusal to participate in future offerings of common stock if the principal purpose of which is to raise capital. This right of first refusal terminates upon the earlier of a sale, merger, consolidation or reorganization of the Company or the one-year anniversary of the Closing Date.

Warrants

In connection with the equity offering closed on May 26, 2011, the Company issued warrants to purchase an aggregate of 3,600,000 shares of the Company's common stock at a per-share price of $2.25. The Company also has outstanding warrants to purchase 3,125 shares of the Company's common stock at a per-share price of $5.00.

If all of these warrants are exercised for cash, the Company would receive $8,115,625 in aggregate proceeds. The warrants to purchase the 3,600,000 shares are not exercisable until November 2011. The Company does not expect the immediate exercise of these warrants as the exercise price exceeds the average closing price. Furthermore, no assurances can be made that any of the warrants will ever be exercised for cash or at all.

NOTE 3– STOCKHOLDERS' EQUITY AND EARNINGS PER SHARE (continued)

Stock Options

In January 2011, the Company issued options to purchase a total of 1,602,500 shares of its common stock at option prices ranging from $4.80 to $6.38 per share. Of that total, 1,265,000 were issued to employees, 250,000 were issued to a consultant and 87,500 were issued to the Company's directors. During the first nine months of 2011, unvested options to purchase 325,000 shares were forfeited by an employee and a consultant whose relationship with the company ended. Also vested options to purchase 225,000 shares expired unused through November 10, 2011. During October 2011, the Company's board of directors offered to buy back all options held by current employees at $0.10 per option share. All employees accepted the offer, resulting in a total payment by the Company of $96,500. At November 10, 2011, options to purchase 87,500 shares of stock at $4.80 per share remained outstanding.

Stock Issued for Services

During the second quarter of 2011, the Company issued a total of 75,000 shares of its common stock as compensation for services by consultants. No stock was issued during the third quarter of 2011.

Earnings Per Share

The following table illustrates the calculation of earnings per share for the three and nine month periods ended September 30:

	Three Month Periods		Nine Month Periods	
	2011	2010	2011	2010
Net income (loss)	$ (249,555)	$ 533,801	$ (471,068)	$ 755,244
Weighted-average number of common shares	16,151,946	n/a	14,539,309	n/a
Earnings per common share:				
Basic	$ (0.02)	n/a	$ (0.03)	n/a
Diluted	$ (0.02)	n/a	$ (0.03)	n/a

In periods where a net loss is incurred, any assumed exercise of stock options or warrants would be anti-dilutive. The exercise prices of all outstanding stock options and warrants exceeded the market price for the Company's common stock throughout the periods shown. Therefore there would have been no dilutive impact from these items if there were net income for the periods. Prior to the merger, effective January 3, 2011, the accounting acquirer was a privately held partnership. No earnings per share can be calculated for those periods.

NOTE 4– RELATED PARTY TRANSACTIONS

The Company paid $163,000 and $117,000 in consulting fees in the nine month periods ended September 30, 2011 and 2010, respectively to BDR Consulting, Inc. (BDR), a member of CCJ/BDR Investments, L.L.C., who owned a combined 64.108% limited partnership interest in the Pure Gas Partners, L.P. The president of BDR also served on the Board of Directors and was the Chief Executive Officer of Pure Energy Group, Inc. In addition, the Company rented office space from BDR on a month-to-month basis through September 2010. The Company paid BDR $18,000 in rental fees in the nine months ended September 30, 2010.

The Company has a development contract with Aztec Energy Partners I, L.P. (Aztec), whereby Aztec agreed to fund 100% of costs through completion on certain wells to be drilled in two counties in New Mexico. Certain partners in

Aztec were also indirect limited partners and members of the Board of Directors of the Pure Energy Group. On certain wells, the Company owns a working interest. On those wells, Aztec will receive working interest and net revenue interest. During the nine month periods ended September 30, 2011 and 2010, the Company paid Aztec $288,080 and $271,210, for Aztec's share of well income, net of related well costs, based on production.

Aztec Managing GP, LLC (Aztec MP) is the managing general partner of Aztec Energy Partners I, L.P. The principals of Aztec MP also served on the Board of Directors of the Pure Energy Group. During the nine month periods ended September 30, 2011 and 2010, the Company paid Aztec MP $98,357 and $112,940, respectively, for Aztec MP's share of well income, net of related well costs, based on production.

NOTE 5 – LONG TERM - DEBT

At September 30, 2011 and December 31, 2010, long-term debt consisted of the following items:

	September 30, 2011	Predecessor Entity December 31, 2010 (As Restated)
7½% Debentures, Series 2005	$ 3,655,000	$ 4,215,000
Notes Payable – Greenshoe Investment	367,309	—
Notes Payable – Little Bay Consulting	396,969	—
Total Long-term Debt	$ 4,419,278	$ 4,215,000

7½% Debentures, Series 2005

On March 1, 2005, Pure Energy Group, Inc. and its subsidiary Pure Gas Partners, II, L.P., issued 7 ½ % Debentures, Series 2005, in the principal amount of $5,500,000. The Debentures are secured by all revenues of the issuer and all money held in the funds and accounts created under the Indenture. The Debentures mature on March 1, 2015, with principal and interest payable semi-annually on March 1 and September 1. As of September 30, 2011 and December 31, 2010 the balance payable was $3,665,000 and $4,215,000, respectively. Interest expense for the nine months ended September 30, 2011 and 2010 was $223,505 and $251,296, respectively.

Aggregate long-term debt, consisting of the 7½% Debentures, Series 2005, is estimated to be repayable annually as follows:

2011	$ —
2012	830,000
2013	1,020,000
2014	1,175,000
2015	630,000
Total	$ 3,655,000

As permitted by the bond debt agreement, the Company purchases bonds back on the open market at its discretion. Bonds held by the Company at September 30, 2011 and December 31, 2010 totaled $0 and $185,000, respectively. These bonds were purchased at a discount of $310,067 during 2010 and 2009. The bonds held by the Company are shown as a reduction of bonds payable on the balance sheet as follows:

	September 30, 2011	Predecessor Entity December 31, 2010 (As Restated)
Bonds Payable	$ 3,655,000	$ 4,400,000
Less: Bonds held by the Company	—	(185,000)
Total	$ 3,655,000	$ 4,215,000

NOTE 5 – LONG TERM - DEBT (continued)

Notes Payable Green Shoe Investments

In connection with the merger, the Company, as the accounting acquirer, assumed an unsecured loan from Green Shoe Investments Ltd. (“Green Shoe”) in the principal amount of $487,000 at an interest rate of 5.0%

On April 26, 2011, Cross Border Resources, Inc. (the “Company”) entered into a Loan Agreement with Green Shoe, and the Company executed and delivered a Promissory Note to Green Shoe in connection therewith. The amount of the Promissory Note and the loan from Green Shoe (the “Green Shoe Loan”) is $550,936 and the purpose of the Green Shoe Loan is to consolidate and extend all of the loans owed by the Company and its predecessors to Green Shoe including without limitation the following: (i) loan dated May 9, 2008 in the principal amount of $100,000, (ii) loan dated May 23, 2008 in the principal amount of $150,000, (iii) loan dated July 18, 2008 in the principal amount of $50,000, (iv) loan dated February 24, 2009 in the principal amount of $100,000, and (v) loan dated April 29, 2009 in the principal amount of $87,000 plus accrued interest of $63,936. The Green Shoe Loan is unsecured.

Beginning March 31, 2011 (the effective date of the Promissory Note), the amounts owed under the Promissory Note began to accrue interest at a rate of 9.99%, and the Promissory Note provides that no payments of principal or interest are due until the maturity date of September 30, 2012. The Company is obligated to pay all accrued interest and make a principal payment equal to one-third of the principal owed upon the closing of an equity offering resulting in a specified amount of net proceeds to the Company. In addition, Green Shoe was granted the right to convert the principal and interest owed into shares of common stock of the Company at a conversion price of $4.00 per share. The balance of these amounts as of September 30, 2011 is $367,309.

Notes Payable Little Bay Consulting

In connection with the merger, the Company, as the accounting acquirer, assumed an unsecured loan from Little Bay Consulting SA (“Little Bay”) in the principal amount of $520,000 at an interest rate of 5%.

On April 26, 2011, the Company entered into a Loan Agreement with Little Bay, and the Company executed and delivered a Promissory Note to Little Bay in connection therewith. The amount of the Promissory Note and the loan from Little Bay (the “Little Bay Loan”) is $595,423 and the purpose of the Little Bay Loan is to consolidate and extend all of the loans owed by the Company and its predecessors to Little Bay including without limitation the following: (i) loan dated March 7, 2008 in the original principal amount of $220,000, (ii) loan dated July 18, 2008 in the original principal amount of $100,000, and (iii) loan dated October 3, 2008 in the principal amount of $200,000 plus accrued interest of $75,423. The Little Bay Loan is unsecured.

Beginning March 31, 2011 (the effective date of the Promissory Note), the amounts owed under the Promissory Note began to accrue interest at a rate of 9.99%, and the Promissory Note provides that no payments of principal or interest are due until the maturity date of September 30, 2012. The Company is obligated to pay all accrued interest and make a principal payment equal to one-third of the principal owed upon the closing of an equity offering resulting in a specified amount of net proceeds to the Company. In addition, Little Bay was granted the right to convert the principal and interest owed into shares of common stock of the Company at a conversion price of $4.00 per share. The balance of these borrowings as of September 30, 2011 is $396,968.

NOTE 6 – OPERATING LINE OF CREDIT

As of September 30, 2011 and December 31, 2010, the borrowing base on the line of credit was $4,000,000 and $2,350,000, respectively. The interest rate is calculated at the greater of the adjusted base rate or 4% and matures on

January 31, 2014.   The line of credit is collateralized by producing wells. As of September 30, 2011 and December 31, 2010, the outstanding balance on the line of credit was $1,000 and $1,582,426, respectively. Interest expense for the nine months ended September 30, 2011 and 2010 was $80,138 and $52,864, respectively. The line of credit is reported as long-term debt because the maturity date is greater than one year. During October 2011, the Company drew down a total of $850,000 on this facility, leaving an unused balance of $3,149,000.

NOTE 7 – CREDITORS PAYABLE

In 2002, the prior owner of Pure Sub filed a petition for reorganization with the United States Bankruptcy Court. According to the plan of reorganization, three creditors were to receive a combined amount of approximately $3,000,000 for their claims out of future net revenues of Pure Sub (defined as revenues from producing wells net of lease operating expenses and other direct costs).

The net estimated revenue distribution due to creditors in 2012 based on 2011 net revenues is $180,000 as of September 30, 2011 and is presented as a current liability. The net revenue distribution to creditors in 2011 based on 2010 net revenues was estimated at $150,000 as of December 31, 2010 and was presented as a current liability. As of September 30, 2011 and December 31, 2010, the combined creditors' payable balance were $1,539,545 and $1,806,305, respectively.

NOTE 8 – OPERATING LEASES

The Company has a non-cancelable operating lease for office space expiring in June 2014. As of September 30, 2011, the remaining future minimum lease payments under the existing lease are as follows:

Year Ending December 31,		Operating Lease
2011	$	12,500
2012		50,000
2013		51,250
2014		26,250
2015		—
Total Minimum Lease Payments	$	140,000

Rent expense related to leases for the nine month periods ended September 30, 2011 and 2010 was $42,686 and $159,408, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Company is subject to federal and state laws and regulations relating to the protection of the environment. Environmental risk is inherent to oil and natural gas operations and the Company could be subject to environmental cleanup and enforcement actions. The Company manages this environmental risk through appropriate environmental policies and practices to minimize the impact to the Company.

From time to time, the Company is a party to various legal proceedings arising in the ordinary course of business. The Company is not currently a party to any proceeding that it believes could have a material adverse effect on the Company's financial condition, results of operation or cash flows.

NOTE 10 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to the concentration of credit risk consist primarily of cash and cash equivalents. Cash balances at one bank exceeded FDIC normal insurance protection levels at September 30, 2011. However, Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA") provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions.

The Company also maintains cash balances with two investment brokerage firms that are protected by the Securities Investor Protection Corporation (SIPC) up to $250,000. In addition to the SIPC coverage, one of the investment brokerage firms provides supplemental coverage in excess of SIPC through an insurance policy that covers cash balances up to $500,000. The cash balance at the other investment brokerage firm is held in a FDIC-Insured Deposit Account and is also protected by a supplemental coverage insurance policy that covers cash balances up to $124,500,000. As of September 30, 2011 and 2010, the Company’s cash balance with these investment brokerage firms did not exceed the combined coverage.

NOTE 11 –PRICE RISK MANAGEMENT ACTIVITIES

On March 23, 2011, the Company entered into a fixed price swap for 1,000 barrels of oil per month at a price of $104.55 NYMEX-WTI through February 28, 2013. During the nine months ended September 30, 2011, the Company recognized a gain of $452,678, which includes unrealized hedge settlements received for the difference between the hedged price and the market price. The Company recognized this asset on the balance sheet as of September 30, 2011 as Derivative Asset, with $309,340 shown in Current Assets and the long-term portion of $110,386 shown in Other Assets.

NOTE 12 – FAIR VALUE MEASUREMENTS

Cross Border Resources, Inc. commodity derivatives are measured at fair value in the financial statements. The Company's financial assets and liabilities are measured using input from three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that Cross Border Resources, Inc. has the ability to access at the measurement date.

Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 – Unobservable inputs reflect Cross Border Resources, Inc's judgments about the assumptions market participants would use in pricing the asset of liability since limited market data exists. The Company develops these inputs based on the best information available, using internal and external data.

The following table presents the Company's assets and liabilities recognized in the balance sheet and measured at fair value on a recurring basis as of September 30, 2011:

	Input Levels for Fair Value Measurements			
Description	Level 1	Level 2	Level 3	Total
Current Assets:				
Commodity derivatives, current portion	$ —	$ 309,340	$ —	$ 309,340
Other Assets:				
Commodity derivatives, long-term		110,386		110,386
	$ —	$ 419,726	$ —	$ 419,726

The fair value of derivative assets is determined using forward price curves derived from market price quotations, externally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers and direct communication with market participants.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Quarterly Report on Form 10-Q constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. These statements reflect the current views of management with respect to future events and are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from those described in the forward-looking statements. Such risks and uncertainties include those set forth under the caption "Part II – Item 1A. Risk Factors" and elsewhere in this Quarterly Report. We do not intend to update the forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information. We advise you to carefully review the reports and documents, particularly our Annual Reports, our Quarterly Reports and our Current Reports we file from time to time with the United States Securities and Exchange Commission (the "SEC"). Copies of all of our filings with the SEC may be accessed by visiting the SEC site (http://www.sec.gov) and performing a search of our electronic filings.

BUSINESS OVERVIEW

Cross Border Resources, Inc. is an oil and gas exploration company resulting from the business combination of Doral Energy Corp ("Doral") and Pure Gas Partners II, L.P. ("Pure L.P."), effective January 3, 2011. The business combination of Doral and Pure L.P. was completed by the transfer of all of Pure L.P.'s oil and gas assets and liabilities to its wholly owned subsidiary, Pure Energy Group, Inc. ("Pure Sub"), and the subsequent merger (the "Pure Merger") of Pure Sub with a wholly owned subsidiary of Doral incorporated for the purpose of completing the Pure Merger. Pure L.P. and Pure Sub are sometimes referred to as "Pure."

We currently own over 800,000 gross (approximately 300,000 net) mineral and lease acres primarily within the state of New Mexico. Over 31,000 of these net acres exist within the prolific Permian Basin. Unlike many exploration and production organizations, 99% of our acreage consists of either owned mineral rights or leases held by production.

Current development of Cross Border Resources Inc.'s acreage is focused on our prospective Bone Spring acreage located in the heart of the 1st and 2nd Bone Spring play. This play encompasses approximately 4,390 square miles across both New Mexico and Texas. We currently own varying, non-operated working interest in both Eddy and Lea Counties, New Mexico, in conjunction with our working interest partners that include Cimarex, Apache, and Mewbourne, all having significant footprints within this play.

Additional development is currently underway on our Abo, Yeso, and San Andres acreage with our other working interest partners, Concho Resources and Cimarex. Cross Border Resources, Inc. currently has a drilling inventory across these formations with varying non-operated working interests ranging from 3%-90%.

The company's management team has worked diligently to provide Cross Border Resources, Inc. shareholders a platform to capitalize on the current Bone Spring trend and will seek additional non-operated opportunities within the Permian Basin that will produce accretive value to shareholders. Ultimately, Cross Border Resources, Inc. will seek to become the premier non-operated working interest owner in the various emerging plays within the Permian Basin, in addition to participating in more conventional plays to provide a balanced oil and gas portfolio to shareholders.

RESULTS OF OPERATION

Summary of Production

The following summarizes our net production sold of oil, expressed in barrels ("bbl"), and of natural gas, expressed in thousand cubic feet ("mcf") for the three and nine month periods ended September 30:

	Three Month Periods		Nine Month Periods	
	2011	2010	2011	2010
Oil (bbls)	15,650	10,583	41,506	27,670
Gas (mcf)	82,557	64,699	195,637	190,074
Total Barrels of Oil Equivalent (boe)*	29,409	21,366	74,112	59,349
Average Barrels of Oil Equivalent per day (boed)				

* Oil and natural gas were combined by converting oil to natural gas mcfe on the basis of 1 barrel of oil = 6 mcfe of gas.

This increase in oil and gas sales volumes is due primarily to a combination of increased production from wells added period over period and increased production brought on through the Pure Merger.

Set forth in the following schedule is the average sales price per unit and average cost of production produced by us for the three and nine month periods ended September 30:

	Three Months Ended		Nine Month Periods	
	2011	2010	2011	2010
Average sales price:				
Oil ($ per bbl)	$85.42	$72.36	$86.44	$74.01
Gas ($ per mcf)	$6.34	$5.33	$6.19	$5.77
Average cost of production:				
Average production cost ($/boe)	$10.71	$4.72	$10.77	$4.84
Average production taxes ($/boe)	$6.48	$3.97	$6.25	$4.56

Three months ended September 30, 2011 and 2010

Summary of Third Quarter Results

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010 Predecessor Entity	Percentage Increase / (Decrease)
Revenue and Gains	$ 1,900,393	$ 1,372,566	38%
Operating Expenses	(2,511,366)	(755,642)	232%
Other Income (Expense)	317,544	(83,123)	n/m
Income Tax (Expense) Benefit	43,874	—	100%
Net Income (Loss)	$ (249,555)	$ 533,801	n/m

n/m - When moving from income to expense, or from expense to income, the percentage change is not meaningful.

Revenues

We recognized $1,867,914 in revenues from sales of oil and natural gas for the three months ended September 30, 2011 (the “2011 Quarter”), compared to $1,361,503 for the three months ended September 30, 2010 (the “2010 Quarter”). This increase in oil and gas sales revenue is due primarily to a combination of increased production from wells added period over period and increased production brought on through the Pure Merger. Sales volumes on a boe basis were up approximately 38% for the 2011 Quarter over the 2010 Quarter. In addition, average prices for the oil and natural gas sold period over period increased. We report our revenues on wells in which we have a working interest based on information received from operators. The recognition of revenues in this manner is in accordance with generally accepted accounting principles. We recognized miscellaneous income of $11,063 during the 2010 Quarter.

Operating Expenses

Our operating expenses for the 2011 Quarter and 2010 Quarter consisted of the following:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010 Predecessor Entity	Percentage Increase / (Decrease)
Operating Costs	$ 444,697	$ 146,015	205%
Production Taxes	150,150	85,051	77%
Depreciation, Depletion, and Amortization	972,972	273,991	255%
Abandonment - Oil & Gas Properties	49,234	—	100%
Accretion Expense	31,596	14,817	113%
General and Administrative	862,717	235,768	266%
Total	$ 2,511,366	$ 755,642	232%

Operating costs were higher primarily as a result of costs related to operated assets acquired in the Pure Merger (the Stearn properties in Chavez County, New Mexico) and environmental remediation. Production taxes and depletion were all higher as a result of higher production, primarily on wells recently placed on production. We wrote off a dry hole (the Full Moon 29#1, with a working interest of 4.69%) that will be plugged and abandoned by the operator. General and administrative expense increased as a result of an increase from two employees to five employees as a result of the Pure Merger, as well as $200,000 in investment banking fees and $114,408 in non-cash stock compensation expense during the 2011 Quarter, compared to $0 for the 2010 Quarter.

Price Risk Management Activities

During the 2011 Quarter, we recognized a gain of $346,555, which includes $52,619 of realized hedge gains received for the difference between the hedged price and the market price, as well as a $293,936 mark to market gain on the remaining term of our crude oil fixed price swap. Our crude oil fixed price swap covers 1,000 barrels of oil per month at a price of $104.55 NYMEX-WTI through February 28, 2013.

Nine months ended September 30, 2011 and 2010

Summary of Year to Date Results

Nine Months Ended September 30,