

STIPULATION OF INTEREST

Reference is here made for all purposes to those certain leases (the "Leases") and lands (the "Lands") described below:

Lessor: State of New Mexico B-8096
State of New Mexico VA-0465
State of New Mexico VB-0455

Lessee: Continental Oil Company
Mitchell Energy Corporation
Ameristate Oil and Gas, Inc...

Dated: April 10, 1939
December 1, 1991
December 1, 1995

Recording Data: Not Available

Lands: All of Section 8, as to all depths below three thousand feet subsurface, and Section 9, as to all depths below five thousand feet subsurface, Township 19 South, Range 29 East, N.M.P.M., Eddy County, New Mexico

Under that certain Letter Agreement (the "1997 Agreement") dated March 27, 1997, Threshold Development Company, Broad Street Financial Company, Leland Hodges and Herbert F. Boles, ("Farmors") farmed out to OXY USA Inc., an interest in Section 8, as to all depths below three thousand feet subsurface, and Section 9 as to all depths below five thousand feet subsurface in Township 19 South, Range 29East, Eddy County, New Mexico.

OXY USA Inc. has performed pursuant to the 1997 Agreement, and received assignments, as therein provided, subject to certain after payout rights of the Farmors. Whereas, certain Assignments reflecting after payout rights as provided for in the 1997 Agreement as to Section 8 were executed, delivered or filed of record in Book 629, Page 553 and Book 629, Page 555 of the Public Records of Eddy County, New Mexico.

Through various conveyances, the ownership of the rights in the Leases and Lands are now vested in Bold Energy LP, Monarch Resources, Inc., Herbert F. Boles, Thomas M. Beall, Fuel Products, Inc. and OXY USA WTP Limited Partnership (collectively, the "Owners").

Now, therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Owners identified above do hereby covenant, stipulate and agree that:

- a) Payout has occurred for all wells drilled under the 1997 Agreement.
- b) Pursuant to the 1997 Agreement:
 - (i) The OXY Checker State Com No. 1 well was drilled in the W/2 of Section 8, T-19-S, R-29-E, NMPM, to a total depth of 11,470' subsurface, and the W/2 of said Section 8 was established as the earned spacing unit for such well (the "W/2 Unit");
 - (ii) The OXY Auto State No. 1 well was drilled in the E/2 of Section 8, T-19-S, R-29-E, NMPM, to a total depth of 11,460' subsurface, and the E/2 of said Section 8 was established as the earned spacing unit for such well (the "E/2 Unit");
 - (iii) The OXY Champion State No. 1 well was drilled in the N/2 of Section 9, T-19-S, R-29-E, NMPM, to a total depth of 11,500' subsurface, and the N/2 of said Section 9 was established as the earned spacing unit for such well (the "N/2 Unit"); and
 - (iv) The OXY Sparkplug State No. 1 well was drilled in the S/2 of Section 9, T-19-S, R-29-E, NMPM, to a total depth of 11,550' subsurface, and the S/2 of said Section 9 was established as the earned spacing unit for such well (the "S/2 Unit").

- c) The ownership of the Leases, insofar as the same cover Section 8, T-19-S, R-29-E, NMPM, in depths below the base of the Bone Spring Formation down to 100 feet below the total depth drilled respectively in the earning well drilled on each of the E/2 Unit and W/2 Unit shall be as follows:

Herbert T. Boles	.00290625	WI
Monarch Resources	.05521875	WI
Thomas M. Beall	.03477500	WI
Fuel Products, Inc.	.03477500	WI
Bold Energy, LP	.40687500	WI
Oxy USA WTP Limited Partnership	.46545000	WI

- d) Ownership of the Leases and Lands, insofar as the same cover Section 8, T-19-S, R-29-E, NMPM, in depths below 3,000 feet subsurface down to and including, but not below, the base of the Bone Spring Formation:

Herbert T. Boles	.00312500	WI
Monarch Resources	.05937500	WI
Thomas M. Beall	.03250000	WI
Fuel Products, Inc.	.03250000	WI
Bold Energy, LP	.43750000	WI
OXY USA WTP Limited Partnership	.43500000	WI

- e) The ownership of the Leases, insofar as the same cover Section 9, T-19-S, R-29-E, NMPM, in depths below the base of the Bone Spring Formation down to 100 feet below the total depth drilled respectively in the earning well drilled on each of the N/2 Unit and S/2 Unit shall be as follows:

Herbert T. Boles	.00290625	WI
Monarch Resources	.05521875	WI
Thomas M. Beall	.03477500	WI
Fuel Products, Inc.	.03477500	WI
Bold Energy, LP	.40687500	WI
Oxy USA WTP Limited Partnership	.46545000	WI

- f) Ownership of the Leases and Lands, insofar as the same cover Section 9, T-19-S, R-29-E, NMPM, in depths below 5,000 feet subsurface down to and including, but not below, the base of the Bone Spring Formation:

Herbert T. Boles	.00312500	WI
Monarch Resources	.05937500	WI
Thomas M. Beall	.03250000	WI
Fuel Products, Inc.	.03250000	WI
Bold Energy, LP	.43750000	WI
Oxy USA, WTP Limited Partnership	.43500000	WI

The Owners hereby GRANT, CONVEY, SELL, TRANSFER, AND ASSIGN, without warranty of title, one to the other such interest in the Leases, as to the Lands as is necessary to give effect to the above stipulated ownership percentages, together with:

- a) A like undivided interest in, to or under or by virtue of the presently existing and valid unitization, communitization, and pooling agreements and the properties covered and the units and pooled and communitized acres created thereby (including, but not limited to, all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency), insofar and only insofar as such agreements, properties and units relate to the Leases and Lands and for which ownership is stipulated herein;
- b) A like undivided interest in or to all improvements, easements, surface leases, permits, rights-of-way, licenses, servitudes and other similar interests necessary or useful to or used in connection with the exploration, development or operation of the Leases or the Lands for which ownership is stipulated herein;

- c) A like undivided interest in or to all personal property, fixtures and improvements appurtenant to or located on or near the Lands, or used or held for use in connection with the production, treatment, storage or transportation of oil, gas, casinghead gas, condensate, distillate or other liquid or vaporous hydrocarbons or other minerals from the Leases for which ownership is stipulated herein; such personal property, fixtures and improvements shall include, but shall not be limited to, all Hydrocarbons in tanks, and all wells, tanks, boilers, buildings, plants, fixtures, machinery and other equipment, pipelines, powerlines, telephone lines, roads and other appurtenances pertaining to the Leases for which ownership is stipulated herein; and
- d) A like undivided interest in or to all rights, duties and obligations attributable to or arising from any valid oil, casinghead gas and gas sales, purchase, exchange and processing contracts and agreements, insofar and only insofar as the same are appurtenant or relate to the Leases or production therefrom or attributable thereto.

This Stipulation is expressly made subject to:

- a) A proportionate part of the covenants, provisions, royalties and terms of the Leases;
- b) The terms and conditions of all existing orders, rules and regulations and ordinances of federal, state and other governmental agencies having jurisdiction;
- c) Any valid and subsisting oil, casinghead gas and gas sales, purchase, exchange and processing contracts and agreements, insofar and only insofar as the same are appurtenant or relate to the Leases;
- d) A proportionate part of all overriding royalty interests, restrictions, exceptions, reservations, burdens, encumbrances, conditions, limitations, interests, instruments, agreements and other matters, if any, which are of record in the state and county above named and which burden or affect the properties, rights or interests herein assigned; and
- e) That certain Operating Agreement dated March 27, 1997, by and between OXY USA Inc. as Operator, and Threshold Development Company, et al., as Non-Operators, the contract area for which is the Lands; Provided, however, that this Stipulation shall have no effect on the rights of the parties pursuant to the Operating Agreement, as to existing accounts, elections, including without limitation elections previously made to participate, or not participate in any proposed operation, or existing rights, duties or obligations of the parties pursuant thereto.

This Stipulation shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, successors and assigns.

This instrument may be executed in any number of counterparts, no one of which need bear the signature of all the parties, but any one of which may serve as an original for all purposes. This instrument shall not be binding on any executing party, until signed by all parties.

Dated this ____ day of May, 2007, to be effective, however, as of the date each well drilled under the March 27, 1997 Letter Agreement reached payout status.

BOLD ENERGY, LP

OXY USA WTP LIMITED PARTNERSHIP
By: OXY USA INC., General Partner

Joseph Castillo
President

William B. Bledsoe
William B. Bledsoe, Attorney in Fact *WBC*

MONARCH RESOURCES, INC.

Leland A. Hodges
President

Thomas M. Beall

Carolyn Read Beall

Herbert F. Boles

Norma Jean Boles

STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Joseph Castillo, as President, on behalf of BOLD ENERGY, LP, a Limited Partnership.

Notary Public

STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 8 day of May, 2007, by William B. Bledsoe, as Attorney in Fact, on behalf of OXY USA INC. as General Partner of OXY USA WTP LIMITED PARTNERSHIP, a Delaware Limited Partnership



Rocio A. Rodriguez
Notary Public

STATE OF TEXAS)
) SS.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Leland A. Hodges, as President of MONARCH RESOURCES, INC., a _____ Corporation.

Notary Public

STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Thomas M. Beall and wife, Carolyn Read Beall

Notary Public

STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by Herbert F. Boles and wife, Norma Jean Boles

Notary Public