Bold Energy, LP 415 W. Wall, Suite 500 Midland, Texas 79701

Main: 432-686-1100 432-686-1104 HAND DELIVERED ON 11/28/06

November 27, 2006

Oxy USA WTP L.P. 6 Desta Drive, Suite 6000 Midland, TX 79705

Attn: Mr. David R. Evans

Subject: Well Proposal Oxy Checker State #2 - 1980' FNL & 660' FWL

Section 8, T19S, R29E

Turkey Track (Canyon), Eddy County, NM

Gentlemen:

Pursuant to Article VI.B.1 of the Joint Operating Agreement dated March 1, 1997, Bold proposes the drilling of a 10,100' Canyon/Wolfcamp test to be located on the lands described above. The cost estimate is for a dual completion and both the Canyon and Wolfcamp will be included in the initial completion. Bold requests your participation in the proposed well by either joining in the cost of drilling and gaining the benefits from production or going non-consent. The current non-consent penalty under the JOA is 100%/300%. Should Oxy agree to allow Bold to drill this well, we will have a rig available on or around February 15th 2007.

An Authorization for Expenditure is attached for a completed well cost of \$3,095,305.

If you elect to participate, please sign this letter and AFE with your election shown. Please fax your election to me at 432 686-1104 and return an original in the mail.

Once you have had an opportunity to review, please do not hesitate to call me at 686-1100 with any questions regarding this proposal.

Very truly yours,	
Peggy Kerr VP of Land	
IN BLANK)	AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE
Oxy USA WTP L.P.	
Ву:	FILE COPY

Oil Conservation Commission Case No. Exhibit No.



Operator		Well Name					TO		
BOLD ENERGY,	<u>LP</u>			ck (C	anyon) "Se	ection 8"		10,100'	
Burface Location 1980' FNL & 660 FWL		Section - Tow	^{nahlp - Range} F19 S - R2	9E	County	Eddy		New Mexico	
BHL		Field							
1980' FNL & 660 FWL		Secondary Ob	sjective		Turkey	API Number			
Canyon @ 9890'		'	Wolfcamp	@	8880'	<u></u>	TE	BA	
Project Type Development X Single		Data Processi	ng Information	AFI	E No.	Original	X		
Workover Dual	X					Suppliment		Version # 1	
Recompletion Multiple			<u></u>		BA ————				
Tangible Costs			re Casing Po			Casing Point	1	Gross Tota	
1. Tubulars Setting Dept	hs	Drilling 72,8(Evaluation	2 0		Prod Facilities 0	Code 4 0		
13-3/8 " OD 0' to 8 5/8 " OD 0 to	375' 3000'	12,8 60,0		4			1		
51/2 * OD 0 to	10,100				175,00		1		
2 7/8 "OD 0 to to	10,100				57,00	0	1		
to				_			-		
2. Casinghead, Tubinghead, Christmas Tree		10,50	0	2 9			493		
3. Tubing Accessories Packers, Tubing Anchors		Marine e		-	9,500 8,00	0	4 1 2	9,50	
On/off tools Nipples (SN & Profiles)				7	1,50	0]		
Purchased RBP's, etc.								75.00	
Artificial Lift Capillary System		<u>lika sa 15.</u> Kabupatèn		\exists		75,000	4 9 4	75,00	
6. Production Equipment Separators				4		91,000 50,000	4 3 8	91,00	
Metering Equipment	ļ]		5,000			
Tanks Valves, Fittings & Couplings	. }		 	\dashv		28,000 8,000			
7. Electrical Lines & Equipment 8. Flowline (WH to Production Unit)]		5,000	4 2 8	5,00	
Line Pipe						3,500			
Valves, Fittings & Couplings 9. Pipeline (Production Unit to Sales Point)						1,500 45,000	4 5 7	45,00	
Line Pipe	ľ					40,000			
Valves, Fittings & Couplings 10. Water Disposal System						5,000	490		
Injection Pump Transfer Pump	·		 	\dashv					
Gun Barrell & Tanks Metering Equipment	F			7					
Electrical Equipment	- 			1					
Line, Valves, Fittings & Couplings 11. Contingency 10%		8,330		5	26,200	21,600	ļ	58,130	
TOTAL TANG	BIBLES	91,630	4. v.	٠	288,200	237,600	ENT C	617,430	
Intangible Costs	-	Before Drilling	Casing Poir	Code	After Completion	Prod Facilities	Code	Gross Total	
12. Contract Field Supervision	a, managada	48,000		1 0 6	35,000	1 1 1 1 1	3 0 6	83,000	
Contract Engineering / Technical Auto Expense (in-house field travel)		8,000 500		130			3 3 0 3 1 3	11,000 2,500	
Legal / Title (permits & contract legal work) Location & Road Expense		3,500 121,500		1 4 2	2,000 8,500		3 4 2	5,500 130,000	
Location Prep & Anchors	F				3,500				
Surveys (ROW & ARC) & Staking Damages		1,500 10,000		1					
Construction & Maintenance Conductor, Rat Hole, Mouse Hole	-	35,000 7,500	<u> </u>				ŀ		
Drilling Pit Lining Location Cleanup	F	7,500]	5,000		F		
Pit Reclamation 17. Rig Moving Expense, Mob / Demob, Mods., S	9-17	60,000 120,000		1 6.7			F	120,000	
18. Contract Drilling	wy.	540,000		1 2 4	60,000	3	2 4	600,000	
30 days \$20,000,00 per day 19. Pulling Unit			. Toga Again		60,000	3	1.9	60,000	
15 days \$4,000.00 per day 20. Power & Fuel (not otherwise included)		60,000	125 gr	1.0.8	7,000	3	0.8	67,000	
21. Onsite Supervisor Headquarters / Housekeepi	ng	12,650		1 0 5	6,325		0 5	18,975	
Trailer House Rental Generator for House Trailer		4,500			2,250		L		
Potable Water Phone / Inernet / Satellite		750 5,400			2,700		-		
Waste Water Service 22. Safety - Site Security / Equipment & Services	—— <u>—</u>	2,000	8 .2 .5 . 1	1.7 4.	1,000	3	7 4		
Site Security							_		
H25 Monitoring Contract Safety Supervision	· -	4,500							
23. Safety Incentive & Performance Bonus 24. Rig Monitoring Equipment		30,000 15,000		1 4 1	1,000 1,100		1 4	31,000 16,100	
25. Water		48,000		1 9 0	39,800		9 0	87,800	
Fresh Water Pit Construction & Lining Fresh Water Well Drilling				E					
Water Well Rental Equipment Water Well Usage		20,000		F	5,000 2,000		-		
Frac Tanks Water Hauling to Location		3,000 25,000		F	19,800 13,000		F		
						·			

Well Name:	Data Processing	information			, 		
Turkey Track (Canyon) "Secti	on 8"		AFE I	No.	Origina	ıΧ	Version# 1
1980' FNL & 660 FWL 8 - T19S - R29E		TBA					
Eddy County, New Mexico		<u> </u>			5		
Intangible Costs (continued)	Before	Casing Pol	nt	After	Casing Point		Gross Total
	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
26. Mud Materials & Services	49,500		1 4 6			3 4 7	52,00
Mud Products & Chemicals	42,000	 	-	2,000		-	·
Mud Cleaning Equipment and Services Mud / Gas Separator	7,500	,	-	500	<u> </u>	1	
27. Bits, Underreamers & Hole Openers	75,000		1.1.5			1	75,00
28. Directional Drilling Equipment & Services			1 3 6			1	
29. Fishing Tools & Services			1 3 3			3 3 3	
30. Rental Equipment	86,500		1 3 2	19,000		3 3 2	105,50
Forklift / Manlift / Light Plants / Generators	20,000)	1			1	
Reverse Unit / Matting Boards / Racks	·	ļ	4	7,500		1	
Well Control Equipment	18,000	· 	4	5,000		1	ļ
Rental DH Tools, Packers, Plugs BHA, Drill Pipe & Motors	48,500	 	-	6,500		1	
31. Tubular Inpection & Testing	2,100		1 3 9	6,000		3 3 9	8,100
32. Casing Crews - NU/LD Services - BOPE T			117			3.17	35,000
33. Trucking of Tangible Items (not otherwise include			187			3 8 7	13,000
34: Mud Logging		18,000	1 4 7				18,000
35. Conventional Coring & Analysis			1 2 3]	
36. Drill Stem Test Equipment & Services			1 2 6				
37. DH Completion Tools			1	8,000		3 1 6	8,000
38. Casing Accessories	3,500	 	1.0.7	2,000	<u> </u>	3 0 7	5,500
Float Equip, Centralizers, DV Tools Liner - Hangers, Services	3,500	<u>'</u>	-	2,000		1	
39. Logging, Wireline / Slickline & Associated F	Rentals 14,000	46,000	11.4.4	73,000		3 4 4	133,000
Electrical Logs	14,000	40,000	-	13,000			100,00
RFT / Sidewall Coring	\ \ 	6,000	4		-	1 :	
Cased Hole Logs & CBL			1 .	11,000		1	
Temperature Surveys	2,000] :	1,000]	
Gyro, Multi-Shot, Single Shot	12,000]				
Perforating, Plug / Packer Setting				55,000		[
Rental Lubricator & Flanges			ļ.,	6,000			
40. Cementing Services	51,000		3 1 8	35,000	<u> </u>	3 1 8	86,000
13 3/8 OD 400 Sacks	21,000		4				
8 5/8 OD 1700 Sacks 5 1/2 OD 900 Sacks	30,000	 	-	25.000]]	
51/2 *OD 900 Sacks *OD Sacks			1	35,000			<u> </u>
*OD Sacks			i d				
05		ļ	1 1			1	
Squeeze Cementing			1 1	-		1 1	
Cement Plugs			1				
41. Colled Tubing Service]. [92,500		3 4 5	92,500
CT and N ₂ Service				85,000			
Rental Crane, Lubricator, Flanges		<u></u>		7,500	,		
42. Stimulation Materials & Services				250,000		3 1 0	250,000
43. Pump Truck (not atherwise included)			1 5 5	4,500		3 5 5	4,500
Production Testing Equipment & Services Water Haul off and Disposal		<u> </u>	173	45,000		3 3 5	45,000 13,000
46. Chemicals (Corrosion Control / Packer Fluic			1.48	13,000 3,000	DE LA DE LA COMPANION DE LA CO	3 4 6	3,000
47. Roustabout Service (Labor not otherwise included)	18,000		1 6 9	5,000	25,000		48,000
48. Supplies	2,000		178	1,000	10,000		13,000
49. Meter Calibration & Repair				.,,,,,,	2,000		2,000
50. Repair Surface Equipment					2,000		
51. Repair Downhole Equipment							
52: Capitalized Overhead%		<u>.</u>	1 0 2			302	
53. Insurance - New Drill (<12,500' \$10K; >12,500'			1 4 0			3 4 0	10,000
54. Contingency 10%	135,700	6,500		80,000	2,700		224,900
TOTAL INTAN	GIBLES 1,492,450	71,500		874,225	39,700		2,477,875

TOTAL COST	(Tangibles + Intangibles)	1,584,080	71,500	1,162,425	277,300	
EVALUATED COST		\$1,65	5,580		Estimated E	By; S.L.∣Klier
COMPLETED WELL	COST INCLUDING FACILITIES	\$3,09	5,305		Da	te: 14/27/06

WELL CONTROL: Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

lelect to purchase my own well control insurance policy. Well control insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (100% W.I.) deductible.

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

	BOLD ENERGY, LP			Co-Owner Authorization				
	Approved X	Rejected		Approved		Rejected		
	Jo	at 1. Cold	Company:					
Name/Title:	Jose	oh Castillo, President	Name/Title:					
Date:			Date:					

686-1109 2 pages

Bold Energy, LP 415 W. Wall, Suite 500 Midland, Texas 79701

> Main: 432-686-1100 Fax: 432-686-1104

Certified Mail

November 27, 2006

Mr. Herbert Boles 223 W. Wall, Suite 825 Midland, TX 79701

Subject: Well Proposal Oxy Checker State #2 - 1980' FNL & 660' PWL Section 8, T19S, R29E | Turkey Track (Canyon), Eddy County, NM

Gentlemen:

Pursuant to Article VI.B.1 of the Upint Operating Agreement dated March 1, 1997, Bold proposes the drilling of a 10,100' Canyon/Wolfeamp test to be located on the lands described above. The cost estimate is for a dual completion and both the Canyon and Wolfeamp will be included in the initial completion. Bold requests your participation in the proposed well by either joining in the cost of drilling and gaining the benefits from production or going non-consent. The current non-consent penalty under the JOA is 100%/300%. Should Oxy agree to allow Bold to drill this well, we will have a rig available on or around February 15th 2007.

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Once you have had an opportunity to review, please do not hesitate to call me at 686-1100 with any questions regarding this proposal.

ours, Lew

THE RICE PERSONNEL PLEASE WRITE R

Asofert J. Bolos

2/20/07

Note

Porticipation is subject to Boid Energy, LP being Operator AND

The state of the s

				•••			Page 2
Turkey Track (Canyon) "Section 6"	Sua Fraceauing	kriorme Evir					
Leaving : 1	1		AFE	Vo.	- Chichres	[X]	Vareion# 1
1980' FNL & 660 PWL	1		TB		Sypplement		
8 - T195 - R29E	i	L	1 10	A	İ		
Eddy County, New Mexico							,
Intappible Coats (compued)		Gesting Poin			being Point	4,4	Gross Total
26. Mad Hyteriata & Benicas	20,500	Exokuation	1 4 4	Co-distan	Pres Framper	3 4 7	52,000
Mud Preducts & Chargeste	A2,000		11.3.3	2.000			
Mud Cleaning & suipmore and Samilage			1				
Mod. / Gas Separaçor : : 87, Bits, Unoerreament & Hole Openers: :	7.503		1,45	500			75,000
27. Bits, Uncorresment & Hole Openers: 20. Directional Orking Squipment & Services:	73,000		730		<u> </u>	1	73,000
29, - Fighing Foots & Services			1 3 2			773	
50. Asnual Equipment	: 88.600		1163	10,000		2 2 2	105,500
Person / Marine / Marine Pipms / Gurrenbee Persona Unit / Marine Boards / Rapins (₹0,050		1	7,822		١.	
Well Control Environment 1	15-500		j	\$,650		•	
Rental DM Toda, Packers, Purps]	4.700		١.	
31. Tubular Impection & Tasting.	4,100	 	1 1 1 1	-6,000		719	8,100
12 Casing Crame - NULO SANCES - BOPE Testing	25,600	1 / 1	117	10,000		917	35.50¢
33. Trucking of Tengton Home produced Phonos	10,000		117	· · · ·		307	12,000
34. haid Logging	ļ	18,000	1.2 3		<u> </u>		18,000
.3d. Ovid Stum Twee.Equipment X. Servicos	1.5	 `	13	 :			
37. CH Camplesion Tools :				00B,8		014	6,000
36. Coslog Accessories	3,500		9 6:7			9 0 7	6,500
Prost Equap, Gantralliana, BU Palis 5	2,520		ł	2,646			
99. Logging, Wireline / Sections & Associates Regula.	74,646	48,000	144	. 73.000		1 4.4	733,000
Statutes Laga		14,000				•	
KET / BIOGRAM COPYED		6,000	1				
Temperature Surveyor ()	1,000		1 :	1,000			
Gyrp, Blythathat, Mingle Shat	12,500			1200			
Reference Plug / Packet Setting				69,200			
Remai Luti Icanor & Plangua 40. Comenina Sarviceia:	724.004			6,000		27 8	26,000
40. Comentina Services;	\$1,000 81,000		r 4· 8	13,600		213	88,000
150 °00 4700 \$456	50,000		i i				
614 '00 100 Sacto			۱ ۱	26,000			
*00 \$edu					3-1-1	- }	·
CO Section						Į	
Squiete Cerrenton			()			ĺ	
Common Plates							
45. Called Tubing Barvics			1	92.500		2 4 1	92,300
GT end the Bendine Renus Crane, substance Flanges ! 1				\$3,000 9,800		- 1	
42. Stimulation Materials & Sorvices		, .		250,000		3 7 0	950,000
43. Pumo Truck (not atherwise inchides): 1:	••		1 3 3	4,500		3 8 #	4,300
44. Propystica Yearing Equipment & Service			177	45,000		375	. #\$,¢¢0 13,¢00
48: Chomicals:(Corresion Consest / Packer Fight)			1 6 3	. 43,000		3 7 3	3,000
47, Marstabour-Service pointer temporary that	· 18,000		2 6 6	\$,600	25,000	2 8 9	43,000
46 Bupolles	2,000		774	1,000	10,400		13,000
AT Mater Cultiration & Roger	<u> </u>				2,000	-73	2,000
61. Regair Downhole Equipment			.			1	
62. Capitalized Overhead . 16			1.0 2			108	
63. Instrume - New Oral (-12,500 510K a 12,500 510K)	.10.000		F4 6			3 4 0	10,000
54. Confingency 10% TOTAL INTANGIBLES	1,492,450	71,900	│	86,000 874,225	39,700	- }	2,417,875
Cost Summary	1,084,630)			6/4,225	38,700}		4MITO15
		-				1100	
TOTAL COST [Tangistes + injungities]	1,884,080	71,500		1,160,428	277,360		
GW III The AAA							

WELL CONTROL: Unless otherwise indicated below, you, as a non-operating worlding interest current, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your protected share of the premiums therefore. If you sted to purchase your own well control insurance, you must provide a certificate in source of the premiums therefore. If you sted to purchase your own well control insurance, you must provide a certificate insurance gaccapitation to Operator, as to form and limits, at the time the APP is returned, if swalphie, but in no event later then commencement of ording operated by operator.

If all of the purchase my own well control insurance points well control insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit operating of working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit operation and related rediffing and chean-up/political expense covering diffing (through completion) only with a \$100,000 (100% W.I.) of Combined Single Limit operations and chean-up/political expense covering difficult in the provided for plans. The actual costs are estimated only and antidipate trouble free operations without any forescenable change in plans. The actual costs may acceed the estimated posts without affecting the subnortation for expenditure haveing provided and well costs when a feet in the world in their terms of the joint operating agreement, requiring order or other spoticable agreement covering this well.

	BOLD ENERGY, LP	Co-Owner Authorization						
	Approved X Rejected	Approved Rejected						
	fort 1: Cost	company: Herbart Boles						
Name/Titles	Joseph Castillo, President	Nome/Tille: OWNEY						
Date:		Date: 2/20/07						

Bold Energy, LP 415 W. Wall, Suite 500 Midland, Texas 79701

Main: 432-686-1100 Fax: 432-686-1104

Certified Mail

November 27, 2006

Mr. Dick Frech Monarch Resources, Inc. 115 W. 7th Street, Suite 1310 Fort Worth, Texas 76102

Subject: Well Proposal Oxy Checker State # 2 - 1980' FNL & 660' FWL Section 8, T19S, R29E
Turkey Track (Canyon), Eddy County, NM

Gentlemen:

Pursuant to Article VI.B.1 of the Joint Operating Agreement dated March 1, 1997, Bold proposes the drilling of a 10,100' Canyon/Wolfcamp test to be located on the lands described above. The cost estimate is for a dual completion and both the Canyon and Wolfcamp will be included in the initial completion. Bold requests your participation in the proposed well by either joining in the cost of drilling and gaining the benefits from production or going non-consent. The current non-consent penalty under the JOA is 100%/300%. Should Oxy agree to allow Bold to drill this well, we will have a rig available on or around February 15th 2007.

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Transcore Co

Peggy Kerr VP of Land

PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE

Monarch Resources, Inc.

Date: 1/2-14-01

16

SIGN & RETURN

ourface	BOLD ENERGY, LP			(Car	nyon) "Sec	tion 8"	State	10,100'
	1980' FNL & 660 FWL	Section - Townshi 8 - T1	p - Range 9 S - R29E		County	ddy	ı	lew Mexico
BHL		Field						
Primary	1980' FNL & 660 FWL Objective	Secondary Object	tive		Turkey Tr	API Number		
· · ·	Canyon @ 9890'	1		2 8	880'	_	TB	Α
Project 1	Type Development X Single	Data Processing		AFE N	lo.	Original	X	
	Workover Dual X					Suppliment		Version # 1
	Recompletion Multiple			TBA	4			
Tan	gible Costs	Before	Casing Point		After (Casing Point		Gross Total
1.	Tubulars Setting Depths	Drilling 72,800	Evaluation	Code 2 0 4	Completion 232,000	Prod Facilities	4 0 4	304,800
••	13-3/8 " OD 0' to 375'	12,800		2.0 7	232,000			
	8 5/8 " OD 0 to 3000' 5 1/2 " OD 0 to 10,100'	60,000			175,000			
	2 7/8 * OD 0 to 10,100'				57,000			
	"OD 0 to							
2. 3.	Casinghead, Tubinghead, Christmas Tree Tubing Accessories	10,500		293	20,500 9,500		493	31,000 9,500
	Packers, Tubing Anchors			:	8,000	Annie generalie de Cana		
	On/off tools Nipples (SN & Profiles)				1,500			
	Purchased RBP's, etc.				1,300			
4. 5.	Artificial Lift Capillary System			·		75,000		75,000
6.	Production Equipment	<u> </u>				91,000	4 1 1	91,000
•	Separators					50,000		
	Metering Equipment Tanks	ļ				5,000 28,000		
	Valves, Fittings & Couplings					8,000		
7. 8.	Electrical Lines & Equipment Flowline (WH to Production Unit)			: .		5.000	4 2 8 4 5 8	5,000
	Line Pipe					3,500		
9.	Valves, Fittings & Couplings Pipeline (Production Unit to Sales Point)					1,500 45,000	₩	45,000
	Line Pipe					40,000		
10.	Valves, Fittings & Couplings Water Disposal System	<u> </u>				. 5,000	490	
,	Injection Pump						1	
	Transfer Pump Gun Barrell & Tanks							
	Metering Equipment							
	Electrical Equipment Line, Valves, Fittings & Couplings							
11.	Contingency 10%	8,330	0		26,200	21,600		56,130
A.F. 18.40.00	TOTAL TANGIBLES	91,630	47 0	**	288,200	237,600	Provide Control	617,430
Inta	ngible Costs	Before Drilling	Casing Point	Code	After (Prod Facilities	Code	Gross Total
12.	Contract Field Supervision	48,000		106	35,000		3 0 8	83,000
13. 14.	Contract Engineering / Technical Auto Expense (in-house field travel):	8,000 500	1,000	130	3,000 1,000		3 3 0	11,000 2,500
15	Legal / Title (permits & contract legal work)	3,500		1 4 2	2,000		3 4 2	5,500
16.	Location & Road Expense Location Prep & Anchors	121,500		1 4 3	8,500 3,500	<u>k sa ika ika</u>	3 4 3	130,000
	Surveys (ROW & ARC) & Staking	1,500	·		0,000		1	
	Damages Construction & Maintenance	10,000 35,000					1	
	Conductor, Rat Hole, Mouse Hole	7,500					1	
	Drilling Pit Lining Location Cleanup	7,500			5,000			
	Pit Reclamation	60,000					1	
17. 18.	Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling	120,000 540,000		167	60,000	<u> </u>	3 2 4	120,000 600,000
	30 days \$20,000.00 per day							
19.	Pulling Unit 15 days \$4,000.00 per day				60,000		3 1 9	60,000
	Power & Fuel (not otherwise included)	60,000		108	7,000		3 0 8	67,000
20.		12,650		1.0.5	6,325 2,250		3 0 5	18,975
20. 21.	Onsite Supervisor Headquarters / Housekeeping Trailer House Rental	4,500					1	
	Trailer House Rental Generator for House Trailer					 	1	
	Trailer House Rental	750 5,400			375 2,700			
21.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service	750		173			374	
	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite	750 5,400		174	2,700		374	
21.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring	750 5,400		174	2,700		374	
21.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security	750 5,400 2,000		174	2,700		374	31,000
21. 22. 23. 24.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment	750 5,400 2,000 4,500 30,000 15,000		141	2,700 1,000		3 4 1	16,100
22.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus	750 5,400 2,000 4,500		141	2,700 1,000		3 4 1	16,100
21.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water Fresh Water Pit Construction & Lining Fresh Water Well Drilling	750 5,400 2,000 4,500 30,000 15,000 48,000		141	1,000 1,100 1,000 1,100 39,800		3 4 1	31,000 16,100 87,800
21. 22. 23. 24.	Trailer House Rental Generator for House Trailer Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water Fresh Water Pit Construction & Lining	750 5,400 2,000 4,500 30,000 15,000		141	2,700 1,000		3 4 1	16,100

	Turkey Track (Canyon) "Section 8"	' -					(C)	torder
Location:	,	' L		AFE No		Original Supplement	=	Version# 1
8 -	80' FNL & 660 FWL T19S - R29E	!		TBA	1	Supplement	لـا	
	dy County, New Mexico	<u> </u>						
Inta	ingible:Costs (continued)	Before (Casing Point	Code	After C	Prod Facilities	Code	Gross Total
26.	Mud Materials & Services	49,500	 	1 4 6	Completion 2,500		3.4.7	52,000
1 -0,	Mud Products & Chemicals	49,500			2,000	···	+===+	
1	Mud Cleaning Equipment and Services		· ·	1			1 1	
1	Mud / Gas Separator	7,500			500		Ų L	
27.	Bits, Underreamers & Hole Openers	75,000	<u> </u>	1 1 5			\cdot 1	75,00
28.	Directional Drilling Equipment & Services	<u> </u>	<u> </u>	136			1 1	denne de la companya
29. 30.	Fishing Tools & Services Rental Equipment	86,500		1 3 3	40.000		3 3 3	105,50
50.	Rental Equipment Forklift / Manlift / Light Plants / Generators	20,000	 	. 32	19,000		- 3.2	,00,50
1	Reverse Unit / Matting Boards / Racks	20,000	t	1 +	7,500		1 t	
1	Well Control Equipment	18,000	<u> </u>	1 t	5,000		1 1	
1	Rental DH Tools, Packers, Plugs			1	6,500		1 1	
<u></u>	BHA, Drill Pipe & Motors	48,500					لبيا	
31.	Tubular Inpection & Testing	2,100	<u> </u>	1 3 9	6,000		3 3 9	8,10 35.00
32. 33	Casing Crews - NU/LD Services - BOPE Testing Trucking of Tangible Items (not otherwise Individed)	25,000	<u> </u>	117	10,000	<u> Karangan dalah</u>	3 1 7	35,000 13,000
33. 34.	Trucking of Tangible Items (not otherwise included)	13,000	46.65-	187	2. ·	فتنضيض	387	13,00 18,00
34. 35.	Mud Logging Conventional Coring & Analysis	 	18,000	1 4 7	<u> </u>	<u> </u>	Ç.	18,00
35. 36.	Conventional Coring & Analysis Drill Stem Test Equipment & Services	····		1 2 3			1. }	<u> </u>
37.	DH Completion Tools	 	† 	1 1	8,000		3 1 6	8,00
38.	Casing Accessories	3,500	<u> </u>	107	2,000		3 0 7	5,500
1	Float Equip, Centralizers, DV Tools	3,500		1	2,000		T 1	-,
	Liner - Hangers, Services			<u> </u>				
39.	Logging, Wireline / Slickline & Associated Rentals	14,000			73,000	\ <u></u>	3 4 4	133,000
1	Electrical Logs		40,000	- H			1 7	
1	RFT / Sidewall Coring		6,000	1 L			ı L	
1	Cased Hole Logs & CBL		L	1 1	11,000		1 }	
1	Temperature Surveys Gyro, Multi-Shot, Single Shot	12,000		1 -	1,000	L	ŧ ŀ	
1	Gyro, Multi-Shot, Single Shot Perforating, Plug / Packer Setting	12,000	 	1 F	55,000		1 }	
1_	Rental Lubricator & Flanges			1 +	6,000		1 }	
40.	The state of the s	51,000		1 1 8	35,000		3 1 8	86,000
1	13 3/8 "OD400 Sacks	21,000		1				
1	8 5/8 * OD 1700 Sacks	30,000		1 1		, ,	1 1	
1	5 1/2 " OD 900 Sacks			1 1	35,000	\	()	
1	" OD Sacks			1 1			1 1	
7	OD Sacks			1 [ıL	
ļ				1 [1	
1	Squeeze Cementing		L	Į L			1 1	
- ين -	Cement Plugs Colled Tubing Service	 	ļ	1 }	00:	L	3 4	92,500
41.	Coiled Tubing Service CT and N₂ Service			₹ ∤	92,500 85,000		3 4 5	∌∠,50i
1	Rental Crane, Lubricator, Flanges		 	1 F	7,500	<u> </u>	1 }	·
42.	Stimulation Materials & Services	1		1 +	250,000	·	3 1 0	250,000
43.	Pump Truck (not atherwise Included)		<u> </u>	1 5 5	4,500		3 5 5	4,500
44.	Production Testing Equipment & Services				45,000	<u> </u>	3 3 5	45,000
45	Water Haul off and Disposal		<u> </u>	1 7 3	13,000	Tanan Managaran	3 7 3	13,000
46.	Chemicals (Corrosion Control / Packer Fluid)	<u> </u>	L	1 4 8	3,000		3 4 6	3,000
47.	Roustabout Service (Labor not otherwise included)	18,000		1 6 9	5,000			48,000
48.	Supplies Meter Calibration & Panair	2,000	<u> </u>	176	1,000	10,000		13,000
49. 50.	Meter Calibration & Repair Repair Surface Equipment	*** * * * * * * * * * * * * * * * * *		1 1	<u></u>	2,000	2 7.2	2,000
50. 51.	Repair Surface Equipment Repair Downhole Equipment	 	the state of the s	1 1			ŧ ‡	<u> </u>
51. 52.	Repair Downhole Equipment Capitalized Overhead%	 	 	102			302	<u> </u>
52.	Insurance - New Drill (<12,500 \$10K, >12,500 \$50K)	10,000	(1 4 0		(3 4 0	10,000
54.	Contingency 10%	135,700			80,000	2,700	+	224,900
	TOTAL INTANGIBLES	1,492,450			874,225		1 F	2,477,87

TOTAL COST	(Tangibles + Intangibles)	1,584,080	71,500	1,162,425	277,300			
EVALUATED COST		\$1,65	5,580		Estimated B	y S	L Klier -	Title
COMPLETED WELL	COST INCLUDING FACILITIES	\$3,09	5,305		Dat	e: 1	1/27/06	

WELL CONTROL: Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefore. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

result in your being covered by insurance procured by Operator.

Illustrates in your being covered by insurance procured by Operator.

Illustrates in your being covered by insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (100% W.I.) deductible.

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approximate this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulator, and will costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

BOLD ENERGY, L	P		Co-Own	er Autho	orization	1
· · · · · · · · · · · · · · · · · · ·						_
the joint operating agreement,	, regulatory order or	other applicable	agreement	covering t	nis well.🎾	بر

	Approved X	Rejected	•	Approved	X	Rejected
	Joseph	1. Cath	Company:	Mala	arch	RASOMICES
Name/Title:	Joseph (Castillo, President	Name/Title:	Xele	Sol Cle	Hodge
Date:			Date:	12	-14-	06 1

THOMAS M. BEALL 550 W. TEXAS, SUITE 220 P. D. BOX 3098 MIDLAND, TX 79702 (432) 687-0008

APRIL 5. 2007

VIA FACSIMILE 432-686-1104 & HAND DELIVERY TO:

Bold Energy, LP Attn: Ms. Peggy Kerr-Worthington 415 W. Wall Street, Suite 500 Midland, TX 79701

RE: Your Well Proposal Oxy Checker State #2 – 1980' FNL & 660' FWL Section 8, T-19-S, R-29-E – Turkey Track (Canyon) Eddy County, NM

Ladies and Gentlemen:

Reference is made to your letter dated December 27, 2006 concerning the captioned proposal. Please accept this letter as confirmation of my continued desire to participate in the drilling of this well.

As we have discussed, I signed the original AFE at the time of proposal. Even though said proposal and AFE are now stale with regards to the operational limits set in the Joint Operating Agreement, I would assume that a current AFE would show that the overall costs have actually gone down since your proposal.

Please let me know the current status of your project and what plans you have for the drilling of this well.

Very Truly Yours,

Thomas M. Beall