

**BOLD ENERGY, LP**

415 W. WALL, SUITE 800  
MIDLAND, TEXAS 79701

MAIN: 432-696-1100  
FAX: 432-696-1104

May 8, 2007

Mr. David R. Evans  
OXY USA WTP Limited Partnership  
6 Desta Drive, Suite 6000  
Midland, TX 79705

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

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

Mr. Thomas M. Beall  
550 W. Texas, Suite 220  
Midland, TX 79701

Mr. Thomas M. Beall  
Fuel Products, Inc.  
PO Box 3098  
Midland, TX 79702

Oil Conservation Commission  
Case No. 9  
Exhibit No. 7

Subject: Termination of Farmout Agreement dated 3/27/97  
Turkey Track - Sec. 8 & 9, T19S, R29E  
Eddy County, NM

Gentlemen:

By agreement ("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. ("OXY") certain ownership interests in Sec. 8, as to all depths below three thousand feet subsurface, and in Section 9, as to all depths below five thousand feet subsurface, all in Township 19 South, Range 29 East, Eddy County, New Mexico. The Agreement required OXY to commence drilling operations on the referenced lands and earn certain rights in said lands, subject to a continuous development obligation. The Parties named above are the original parties to that Agreement.

The successors and assigns to the Agreement as to the Farmors are Bold Energy LP, Monarch Resources, Inc., and Herbert F. Boles. The successors and assignees of OXY are OXY USA WTP Limited Partnership, Thomas M. Beall and Fuel Products, Inc.

The obligation wells have been drilled and completed pursuant to the Agreement. The reversionary, after payout interests are vested in the Farmors.

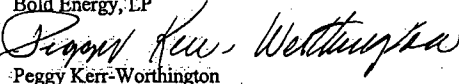
The parties to the Agreement have made and delivered some, but not all, assignments and transfers of interests in the leases and lands that are called for by, and are the subject of the Agreement.

The parties now desire to terminate the Agreement and stipulate as to their current interest in the leases and lands which are the subject of the Agreement. A Stipulation of Interest (the "Stipulation") has been prepared and is attached as Attachment "A" to this letter.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties named above, being all of the parties in interest to the Agreement, or their successors and assigns, hereby terminate the Agreement and each of them release one another from any and all obligations created by the Agreement, from and after the date that this letter is fully executed, except that the parties agree that the Operating Agreement appended to the Agreement as Exhibit "C", is a valid agreement, and from and after the execution of this letter by all parties, and the execution of the Stipulation by all parties, shall be the only agreement between the parties to govern all rights, duties, liabilities and obligations of the parties, and among them, as to the leases and lands the subject of the Agreement. By executing this letter as provided for hereinbelow, each of the parties accepts, ratifies, and confirms that the Operating Agreement dated March 1, 1997 attached as Exhibit "C" to the Agreement is fully effective and binding as if all parties had executed a single, original instrument.

If you concur the obligations have been satisfied under this agreement, we ask for you to please execute this letter in the space provided below, and further execute the unattached Stipulation of Interest. Please return one original of each to the attention of Peggy Kerr-Worthington. This Letter may be executed in any number of counterparts, no one of which need bear the signatures of all of the parties, but any one of which will constitute an original hereof for all purposes. This letter shall not become effective unless and until executed by all current parties to the Agreement.

Sincerely,  
Bold Energy, LP

  
Peggy Kerr-Worthington

OXY USA WTP Limited Partnership  
May 8, 2007  
Page 3  
(Signature spaces on the following page.)

OXY USA WTP Limited Partnership.

Monarch Resources, Inc.

By: W. B. Boles  
Printed Name: William B. Boles  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Herbert Boles

\_\_\_\_\_  
Thomas M. Beall

\_\_\_\_\_  
Norma Jean Boles

\_\_\_\_\_  
Carolyn R. Beall

Bold Energy LP

\_\_\_\_\_  
Joseph Castillo  
President of Bold Energy, LP

ATTACHMENT "A"

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 29 East, 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 F. 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 F. 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 F. 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 F. 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 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;
- 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, Attorney in Fact

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 \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
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

**BOLD ENERGY, LP**

415 W. WALL, SUITE 500  
MIDLAND, TEXAS 79701

 **SIGN &  
RETURN**

MAIN: 432-686-1100  
FAX: 432-686-1104

May 8, 2007

Mr. David R. Evans  
OXY USA WTP LP  
6 Desta Drive, Suite 6000  
Midland, TX 79705

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

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

Mr. Thomas M. Beall  
550 W. Texas, Suite 220  
Midland, TX 79701

Mr. Thomas M. Beall  
Fuel Products, Inc.  
PO Box 3098  
Midland, TX 79702

Subject: Termination of Farmout Agreement dated 3/27/97  
Turkey Track - Sec. 8 & 9, T19S, R29E  
Eddy County, NM

Gentlemen:

By agreement ("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. ("Oxy") certain ownership interests in Sec. 8, as to all depths below three thousand feet subsurface, and in Section 9, as to all depths below five thousand feet subsurface, all in Township 19 South, Range 29 East, Eddy County, New Mexico. The Agreement required Oxy to commence drilling operations on the referenced lands and earn certain rights in said lands, subject to a continuous development obligation. The Parties named above are the original parties to that Agreement.

The successors and assigns to the Agreement as to the Farmors are Bold Energy LP, Monarch Resources, Inc., Herbert F. Boles. The successors and assignees of Oxy are OXY USA WTP Limited Partnership, Thomas M. Beall and Fuel Products, Inc.

The obligation wells have been drilled and completed pursuant to the Agreement. The reversionary, after payout interests are vested in the Farmors.

The parties to the Agreement have made and delivered some, but not all, assignments and transfers of interests in the leases and lands that are called for by, and are the subject of the Agreement.

The parties now desire to terminate the Agreement and stipulate as to their current interest in the leases and lands which are subject to the Agreement. A Stipulation of Interest (the "Stipulation") has been prepared and is attached as Attachment "A" to this letter.

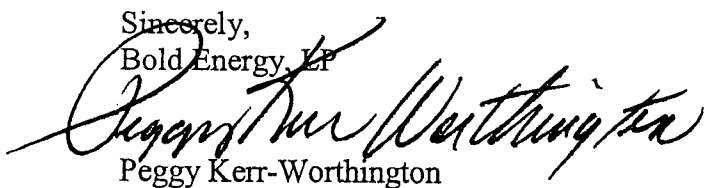
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JUN 26 2007



For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties named above, being all of the parties in interest to the Agreement, or their successors and assigns, hereby terminate the Agreement and each of them release one another from any and all obligations created by the Agreement, from and after the date this letter is fully executed, except that the parties agree that the Operating Agreement appended to the Agreement as Exhibit "C", is a valid agreement, and from and after the execution of this letter by all parties, and the execution of the Stipulation by all parties, shall be the only agreement between the parties to govern all rights, duties, liabilities and obligations of the parties, and among them, as to the leases and lands subject of the Agreement. By executing this letter as provided for herein below, each of the parties accepts, ratifies, and confirms that the Operating Agreement dated March 1, 1997 attached as Exhibit "C" to the Agreement is fully effective and binding as if all parties had executed a single, original instrument.

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Sincerely,  
Bold Energy, LP

  
Peggy Kerr-Worthington

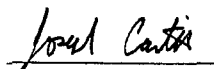
OXY USA WTP L.P.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

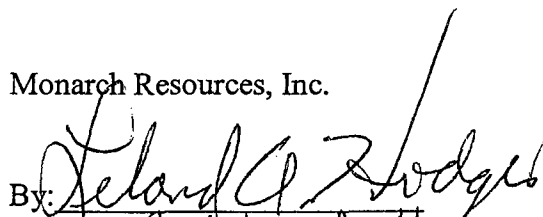
\_\_\_\_\_  
Herbert Boles

\_\_\_\_\_  
Norma Jean Boles

Bold Energy LP

  
\_\_\_\_\_  
Joseph Castillo  
President of Bold Energy, LP

Monarch Resources, Inc.

By:   
Printed Name: LELAND A. HODGES  
Title: President

\_\_\_\_\_  
Thomas M. Beall

\_\_\_\_\_  
Carolyn R. Beall

Exhibit "A"

Attached to that certain Letter dated May 8, 2007 between Oxy, et al and Bold Energy, LP

**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:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
OXY USA WTP Limited Partnership	.43500000	.3262500

- 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 the S/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- f) 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 the N/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0023161
Monarch Resources	.05521875	.0440027
Thomas M. Beall	.03477500	.0268962
Fuel Products, Inc.	.03477500	.0268962
Bold Energy, LP	.40687500	.3133299
Oxy USA WTP Limited Partnership	.46545000	.3599964

- g) 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
Oxy USA, WTP Limited Partnership	.43500000	.3262500

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 conditions, limitations, agreements and other matters, if any, which are of record in the state and county above named and which 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.

As used in this Stipulation of Interest, the terms "WI" and "NRI" shall mean respectively "working interest" and "net revenue interests".

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 <sup>June</sup> ~~May~~ 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.

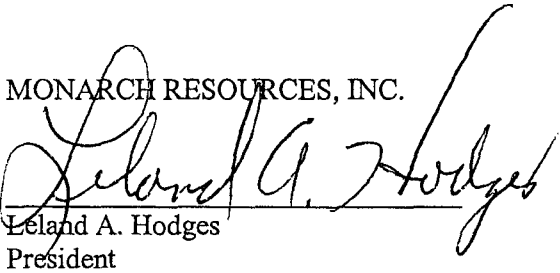
BOLD ENERGY, LP

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

\_\_\_\_\_  
Joseph Castillo, President

\_\_\_\_\_  
William B. Bledsoe, Attorney in Fact

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

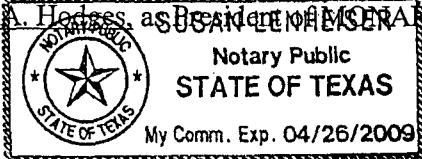
STATE OF TEXAS           )  
                                      ) SS.  
COUNTY OF MIDLAND    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
Notary Public

STATE OF TEXAS           )  
                                      ) SS.  
COUNTY OF Tarrant    )

The foregoing instrument was acknowledged before me this 25th day of June, 2007, by Leland A. Hodges, as President of MONARCH RESOURCES, INC., a Texas 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

## **BOLD ENERGY, LP**

415 W. WALL, SUITE 500  
MIDLAND, TEXAS 79701

MAIN: 432-686-1100  
FAX: 432-686-1104

May 8, 2007

Mr. David R. Evans  
OXY USA WTP Limited Partnership  
6 Desta Drive, Suite 6000  
Midland, TX 79705

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

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

Mr. Thomas M. Beall  
550 W. Texas, Suite 220  
Midland, TX 79701

Mr. Thomas M. Beall  
Fuel Products, Inc.  
PO Box 3098  
Midland, TX 79702

Subject: Termination of Farmout Agreement dated 3/27/97  
Turkey Track - Sec. 8 & 9, T19S, R29E  
Eddy County, NM

Gentlemen:

By agreement ("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. ("OXY") certain ownership interests in Sec. 8, as to all depths below three thousand feet subsurface, and in Section 9, as to all depths below five thousand feet subsurface, all in Township 19 South, Range 29 East, Eddy County, New Mexico. The Agreement required OXY to commence drilling operations on the referenced lands and earn certain rights in said lands, subject to a continuous development obligation. The Parties named above are the original parties to that Agreement.

OXY USA WTP Limited Partnership

May 8, 2007

Page 3

(Signature spaces on the following page.)

OXY USA WTP Limited Partnership.

Monarch Resources, Inc.

By: William B. Boles  
Printed Name: William B. Boles  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Herbert Boles  
Herbert Boles  
Norma Jean Boles  
Norma Jean Boles

\_\_\_\_\_  
Thomas M. Beall  
\_\_\_\_\_  
Carolyn R. Beall

Bold Energy LP

Joseph Castillo  
Joseph Castillo  
President of Bold Energy, LP

OXY USA WTP Limited Partnership  
May 8, 2007  
Page 3  
(Signature spaces on the following page.)

OXY USA WTP Limited Partnership.

Monarch Resources, Inc.

By: WBB  
Printed Name: William B. Boles  
Title: \_\_\_\_\_

By: LELAND A. HODGES  
Printed Name: LELAND A. Hodges  
Title: PRESIDENT

Herbert Boles

Thomas M. Beall

Norma Jean Boles

Carolyn R. Beall

Bold Energy LP

Joseph Castillo  
President of Bold Energy, LP



ATTACHMENT "A"

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 29 East, 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 F. 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 F. 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 F. 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 F. 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, Attorney in Fact

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 \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
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

## **BOLD ENERGY, LP**

415 W. WALL, SUITE 500  
MIDLAND, TEXAS 79701

MAIN: 432-686-1100  
FAX: 432-686-1104

May 8, 2007

Mr. David R. Evans  
OXY USA WTP LP  
6 Desta Drive, Suite 6000  
Midland, TX 79705

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

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

Mr. Thomas M. Beall  
550 W. Texas, Suite 220  
Midland, TX 79701

Mr. Thomas M. Beall  
Fuel Products, Inc.  
PO Box 3098  
Midland, TX 79702

Subject: Termination of Farmout Agreement dated 3/27/97  
Turkey Track - Sec. 8 & 9, T19S, R29E  
Eddy County, NM

Gentlemen:

By agreement ("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. ("Oxy") certain ownership interests in Sec. 8, as to all depths below three thousand feet subsurface, and in Section 9, as to all depths below five thousand feet subsurface, all in Township 19 South, Range 29 East, Eddy County, New Mexico. The Agreement required Oxy to commence drilling operations on the referenced lands and earn certain rights in said lands, subject to a continuous development obligation. The Parties named above are the original parties to that Agreement.

The successors and assigns to the Agreement as to the Farmors are Bold Energy LP, Monarch Resources, Inc., Herbert F. Boles. The successors and assignees of Oxy are OXY USA WTP Limited Partnership, Thomas M. Beall and Fuel Products, Inc.

The obligation wells have been drilled and completed pursuant to the Agreement. The reversionary, after payout interests are vested in the Farmors.

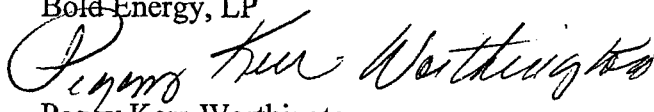
The parties to the Agreement have made and delivered some, but not all, assignments and transfers of interests in the leases and lands that are called for by, and are the subject of the Agreement.

The parties now desire to terminate the Agreement and stipulate as to their current interest in the leases and lands which are subject to the Agreement. A Stipulation of Interest (the "Stipulation") has been prepared and is attached as Attachment "A" to this letter.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties named above, being all of the parties in interest to the Agreement, or their successors and assigns, hereby terminate the Agreement and each of them release one another from any and all obligations created by the Agreement, from and after the date this letter is fully executed, except that the parties agree that the Operating Agreement appended to the Agreement as Exhibit "C", is a valid agreement, and from and after the execution of this letter by all parties, and the execution of the Stipulation by all parties, shall be the only agreement between the parties to govern all rights, duties, liabilities and obligations of the parties, and among them, as to the leases and lands subject of the Agreement. By executing this letter as provided for herein below, each of the parties accepts, ratifies, and confirms that the Operating Agreement dated March 1, 1997 attached as Exhibit "C" to the Agreement is fully effective and binding as if all parties had executed a single, original instrument.

If you concur the obligations have been satisfied under this agreement, we ask for you to please execute this letter in the space provided below, and further execute the unattached Stipulation of Interest. Please return one original of each to the attention of Peggy Kerr-Worthington. This Letter may be executed in any number of counterparts, no one of which need bear the signatures of all of the parties, but any one of which will constitute an original hereof for all purposes. This letter shall not become effective unless and until executed by all current parties to the Agreement.

Sincerely,  
Bold Energy, LP

  
Peggy Kerr-Worthington

(Signature spaces on the following page.)

OXY USA WTP L.P.  
May 8, 2007  
Page 3


OXY USA WTP L.P.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Herbert Boles

\_\_\_\_\_  
Norma Jean Boles

Bold Energy LP

  
\_\_\_\_\_  
Joseph Castillo  
President of Bold Energy, LP

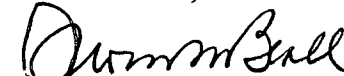
Monarch Resources, Inc.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Thomas M. Beall

\_\_\_\_\_  
Carolyn R. Beall

Fuel Products, Inc.

  
\_\_\_\_\_  
Thomas M. Beall - President

MONARCH RESOURCES, INC.

FUEL PRODUCTS, INC.

\_\_\_\_\_  
Leland A. Hodges  
President

\_\_\_\_\_  
*Thomas M. Beall*  
Thomas M. Beall, President

\_\_\_\_\_  
Thomas M. Beall

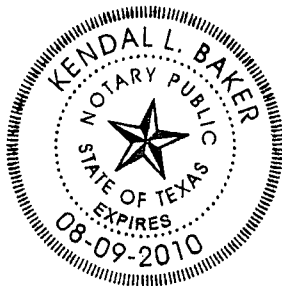
\_\_\_\_\_  
Carolyn Read Beall

\_\_\_\_\_  
Herbert F. Boles

\_\_\_\_\_  
Norma Jean Boles

STATE OF TEXAS           )  
                                      ) SS.  
COUNTY OF MIDLAND    )

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of July, 2007, by Joseph Castillo, as President, on behalf of BOLD ENERGY, LP, a Limited Partnership.



\_\_\_\_\_  
*Kendall L. Baker*  
Notary Public

STATE OF TEXAS           )  
                                      ) SS.  
COUNTY OF MIDLAND    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
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  
COUNTY OF Midland ) SS.

The foregoing instrument was acknowledged before me this 25 day of July, 2007, by Thomas M. Beall, as President of Fuel Products, Inc., a New Mexico Corporation.

\_\_\_\_\_  
*Ann Mary Saenz*  
Notary Public

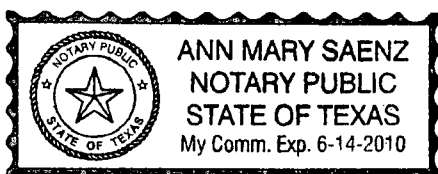




Exhibit "A"

Attached to that certain Letter dated May 8, 2007 between Oxy, et al and Bold Energy, LP

**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:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
OXY USA WTP Limited Partnership	.43500000	.3262500

- 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 the S/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- f) 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 the N/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0023161
Monarch Resources	.05521875	.0440027
Thomas M. Beall	.03477500	.0268962
Fuel Products, Inc.	.03477500	.0268962
Bold Energy, LP	.40687500	.3133299
Oxy USA WTP Limited Partnership	.46545000	.3599964

- g) 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
Oxy USA, WTP Limited Partnership	.43500000	.3262500

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 conditions, limitations, agreements and other matters, if any, which are of record in the state and county above named and which 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.

As used in this Stipulation of Interest, the terms "WT" and "NRI" shall mean respectively "working interest" and "net revenue interests".

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, Attorney in Fact

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 \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
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



**BOLD ENERGY, LP**

415 W. WALL, SUITE 500  
MIDLAND, TEXAS 79701

MAIN: 432-686-1100  
FAX: 432-686-1104

May 8, 2007

Mr. David R. Evans  
OXY USA WTP LP  
6 Desta Drive, Suite 6000  
Midland, TX 79705

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

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

Mr. Thomas M. Beall  
550 W. Texas, Suite 220  
Midland, TX 79701

Mr. Thomas M. Beall  
Fuel Products, Inc.  
PO Box 3098  
Midland, TX 79702

Subject: Termination of Farmout Agreement dated 3/27/97  
Turkey Track - Sec. 8 & 9, T19S, R29E  
Eddy County, NM

Gentlemen:

By agreement ("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. ("Oxy") certain ownership interests in Sec. 8, as to all depths below three thousand feet subsurface, and in Section 9, as to all depths below five thousand feet subsurface, all in Township 19 South, Range 29 East, Eddy County, New Mexico. The Agreement required Oxy to commence drilling operations on the referenced lands and earn certain rights in said lands, subject to a continuous development obligation. The Parties named above are the original parties to that Agreement.

OXY USA WTP L.P.

May 8, 2007

Page 2

The successors and assigns to the Agreement as to the Farmors are Bold Energy LP, Monarch Resources, Inc., Herbert F. Boles. The successors and assignees of Oxy are OXY USA WTP Limited Partnership, Thomas M. Beall and Fuel Products, Inc.

The obligation wells have been drilled and completed pursuant to the Agreement. The reversionary, after payout interests are vested in the Farmors.

The parties to the Agreement have made and delivered some, but not all, assignments and transfers of interests in the leases and lands that are called for by, and are the subject of the Agreement.

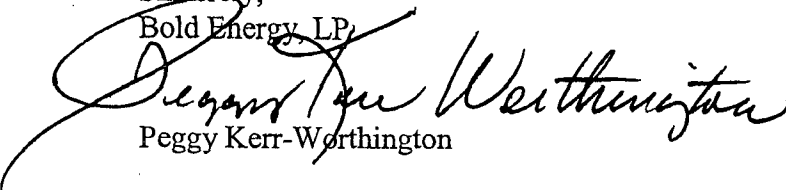
The parties now desire to terminate the Agreement and stipulate as to their current interest in the leases and lands which are subject to the Agreement. A Stipulation of Interest (the "Stipulation") has been prepared and is attached as Attachment "A" to this letter.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties named above, being all of the parties in interest to the Agreement, or their successors and assigns, hereby terminate the Agreement and each of them release one another from any and all obligations created by the Agreement, from and after the date this letter is fully executed, except that the parties agree that the Operating Agreement appended to the Agreement as Exhibit "C", is a valid agreement, and from and after the execution of this letter by all parties, and the execution of the Stipulation by all parties, shall be the only agreement between the parties to govern all rights, duties, liabilities and obligations of the parties, and among them, as to the leases and lands subject of the Agreement. By executing this letter as provided for herein below, each of the parties accepts, ratifies, and confirms that the Operating Agreement dated March 1, 1997 attached as Exhibit "C" to the Agreement is fully effective and binding as if all parties had executed a single, original instrument.

If you concur the obligations have been satisfied under this agreement, we ask for you to please execute this letter in the space provided below, and further execute the unattached Stipulation of Interest. Please return one original of each to the attention of Peggy Kerr-Worthington. This Letter may be executed in any number of counterparts, no one of which need bear the signatures of all of the parties, but any one of which will constitute an original hereof for all purposes. This letter shall not become effective unless and until executed by all current parties to the Agreement.

Sincerely,

Bold Energy, LP

  
Peggy Kerr-Worthington

(Signature spaces on the following page.)

OXY USA WTP L.P.  
May 8, 2007  
Page 3

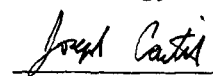
OXY USA WTP L.P.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Herbert Boles

\_\_\_\_\_  
Norma Jean Boles

Bold Energy LP

  
\_\_\_\_\_  
Joseph Castillo  
President of Bold Energy, LP

Monarch Resources, Inc.

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_


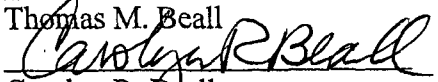
  
\_\_\_\_\_  
Thomas M. Beall  
  
\_\_\_\_\_  
Carolyn R. Beall

Exhibit "A"

Attached to that certain Letter dated May 8, 2007 between Oxy, et al and Bold Energy, LP

**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:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
OXY USA WTP Limited Partnership	.43500000	.3262500

- 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 the S/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0022524
Monarch Resources	.05521875	.0427945
Thomas M. Beall	.03477500	.0260813
Fuel Products, Inc.	.03477500	.0260812
Bold Energy, LP	.40687500	.3037031
Oxy USA WTP Limited Partnership	.46545000	.3490875

- f) 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 the N/2 Unit shall be as follows:

	WI	NRI
Herbert T. Boles	.00290625	.0023161
Monarch Resources	.05521875	.0440027
Thomas M. Beall	.03477500	.0268962
Fuel Products, Inc.	.03477500	.0268962
Bold Energy, LP	.40687500	.3133299
Oxy USA WTP Limited Partnership	.46545000	.3599964

- g) 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:

	WI	NRI
Herbert T. Boles	.00312500	.0024219
Monarch Resources	.05937500	.0460156
Thomas M. Beall	.03250000	.0243750
Fuel Products, Inc.	.03250000	.0243750
Bold Energy, LP	.43750000	.3265625
Oxy USA, WTP Limited Partnership	.43500000	.3262500

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 conditions, limitations, agreements and other matters, if any, which are of record in the state and county above named and which 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.

As used in this Stipulation of Interest, the terms "WI" and "NRI" shall mean respectively "working interest" and "net revenue interests".

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, Attorney in Fact

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 \_\_\_\_\_ day of \_\_\_\_\_, 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

\_\_\_\_\_  
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