## **ACKNOWLEDGEMENT OF RECEIPT**

The undersigned acknowledges that the following package was received by Oxy USA WTP L.P. from Bold Energy, LP on \_\_\_//\_\_ day of \_\_\_\_\_\_, 2007.

By: ngela Shu **Printed Name:** 

**Re: Package** 

Well proposal for the Oxy-Checker State #2, located in Sec. 8, T19S, R29E, Eddy County, New Mexico.

<ul> <li>SENDER: COMPLETE THIS SECTION 1</li> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailplece, or on the front if space permits.</li> <li>Article Addressed to:</li> <li>MAY USA WAP L.P.</li> <li>HAM'. Double Evans</li> </ul>	A. Signature	Agent Addressee	
Htn: David Evans P Desta Dr., Ste. Leavo Nidland, TX 19705	3. Service Type Service Type Certified Mall Express Mall Registered Return Receipt insured Mall C.O.D.	for Merchandise	
	4. Restricted Delivery? (Extra Fee)	C Yes	ostal Service™
Article Number (Transfer from service label) 7005 11	0 0005 3908 0780		TIFIED MAIL M RECEIPT tic Mail Only; No Insurance Coverage Provided)
S Form 3811, February 2004 Domestic Retu	rn Receipt	102595-02-M-1540	ery information visit our website at www.usps.com
			Postage \$ \$0.63 0702 NT
		□ C □ Return □ (Endorseme	Certified Fee \$2.40 Receipt Fee \$1.85 Here \$1.85
Oil Conservation C Case No Exhibit No	commission		
		Sent Sent Street, Apl. or PO Box I City, State,	V USA WTP L.P. Le Desta Dr., Ste. Luco Mand, JX 79705

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

Sent Certified/Return Receipt

May 11, 2007

Oxy USA WTP L.P. 6 Desta Drive, Suite 600 Midland, Texas 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 in the Canyon and Wolfcamp formations which 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 work rapidly to commence operations to drill and complete the proposed well.

An Authorization for Expenditure is attached for a completed well cost of \$2,473,275.

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 Huly yours 1 non Peggy C. Worthington

VP of Land

AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE

IN BLANK)

Oxy USA WTP L.P.

By: \_

Date:

	BOLD ENERGY, LP	Well Name		her	ker State #2	· · · · · · · · · · · · · · · · · · ·	тв	10,100'
	Burface Location	Section - Townsh			County	ddy	8ta	
	1980' FNL & 660 FWL	O = 1	<del>33 - N23</del>	•	Turkey Ti			New MEXICO
	1980' FNL & 660 FWL	Secondary Objec				APi Number		•
	Canyon @ 9890' Project Type	Data Processing				L		<u>A</u>
	Development X Single Workover Dual X Recompletion Multiple			AFE 7000		Original Suppliment		Version # 2
	Tangible Costs	Before	Casing Poin Evaluation	t Code		Casing Point Prod Facilities	Code	Gross Total
		72,800		2:0:4	232,000	11111111111111 1111111111111111	4 0 2	304;800
	8 6/8         ° OD         0         to         3000'           5 1/2         ° OD         0         to         10,100'	80,000			175,000		1	
	27/8 OD 0 to 10,100 OD 0 to			ł	57,000		1	
	2. Casinghead, Tubinghead, Chinatmas Tree	10,500		2,0,3	20,500		4.8.3	31,000
	3. Tubing Accessories Packers, Tubing Anchors	RANDAD		90)S	9,500			9,500
	Orioff tools Nipples (SN & Profiles)				1,500			
	Purchased RBP's, etc.					75,000		75,000
	Capillary System     Separators						4 3 8	91,000
	Metering Equipment Tanky					5,000 28,000		
	Valves, Fittings & Couplings 7. Electrical Lines & Equipment	<u>en an an</u>		14144			4 2 8	
	8. Flowline (WH to Production Unit)	<u>an an an an a</u>	CHLICHMUS	W.S.S.		5,000 3,500 1,500		5,000
	Velves, Fittings & Couplings 7.0. Pipeline (Production Unit to Seles Point) Line Pipe			88			457	45,000
	Velves, Fittings & Couplings 10: Water Disposel System	En hendere	CHIER KEEP		SERVICE OF COMPANY	5.000	í	
	Injection Pump Transfer Pump							
	Gun Barrell & Tanks Metaring Equipment							
	Electrical Equipment Line, Valves, Fittinge & Couplings 11. Contingency. 02;1	65 FE FE FE FE	CHACCELEGE	80/08			anti	*.*.**.*.*.*.
	TOTAL TANGIBLES	83,300 Before	0 Casing Point		262,000	216,000 asing Point		561,300
	Intangible Costs	Drilling	Evaluation	Code 1-9-6	Completion	Prod Facilities	Code 3 0 6	Gross Total
	13: Contract Engineering / Technical 14: Auto Expense (In-house field travel)	8,000		1 3 0 1 1 3	2,000 1,000		330 313	10,000 2,500
	15, Legal / Title (permits & contract legal work) 16, Location & Road Expense	3,500 121,500		134%2 13433	8,500		342	5,500 130,000
	Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages	1,500			3,500			
	Construction & Maintenence Conductor, Rat Hole, Mouse Hole	35,000 7.500						
	Drilling Pit Lining Location Cleanup Pit Reclamation	7,500		1	5,000			······
	17 Rig Moving Expense, Mob / Demob, Mode , Stby, 16 Contract Drilling	120,000			49,500		3 2 4	120,000 495,000
,	20 deys \$16,500.00 perday	<u>er en ser s</u>	normers	\$12P	40,000		3 . 7. 9	40,000
	10 days \$4,000,00 per day 20. Power & Fuel (not otherwise included) 21. Oneite Supervisor Headquarters / Housekeeping	40,000		1.0 8				47,000 18,975
	Trailer House Rental Generator for House Trailer	4,500			2,250			
	Poteble Weter Phone / Inernet / Satellite	750 5,400 2,000			375 2,700 1,000			
	Waste Water Service 22(+: Safety - Site Security / Equipment & Services Site Security	2,600	atsi sa sesht	16754		\$*;4;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;	3,7,4	na an a
	H2S Monitoring Contract Safety Supervision	4,500						
	29: Safety incentive & Performance Bonus : 24: Rig Monitoring Equipment	30,000		1:1:4		del dal dal dal dal dal dal dal dal dal da	3 1 4	31,000 16,100 83,300
	25. Weller Fresh Water Pit Construction 4. Lining Fresh Water Well Drilling		4 <u>64</u> , 44, 48, 48, 48, 48, 48, 48, 48, 48, 48	<u>1.0920</u>			.વ. ભારપ	
	Water Well Rental Equipment Water Well Usage	20.000			5,000 2,000			
	Free Tanks Water Hauling to Location	3,000			15,300			

Defiling         Evaluation         Code         Completion         Prod Facilities         Code           266         Mud Maintais & Services         49,500         14,6         2,500         3,7,7           Mud Products & Chemisals         42,000         14,6         2,000         3,7,7           Mud Clearing Equipment and Bervices         7,500         200         200         200           Mud Clearing Equipment & Holp Openients         7,500         11,16         200         200           217< Bits Undernamons & Holp Openients         75,000         11,36         2000         2000         2000         2000         2000         <	ss Total 552,000 575,000 5105,500 5105,500 5105,500 510,0000 510,0000 510,0000 510,0000 510,0000000000
AFE No.         Original K	ss Total 552,000 575,000 5105,500 5105,500 5105,500 510,0000 510,0000 510,0000 510,0000 510,0000000000
1980' FNL & 660 FWL         Supplement         Supplement <t< td=""><td>ss Total 552,000 575,000 5105,500 5105,500 5105,500 510,0000 510,0000 510,0000 510,0000 510,0000000000</td></t<>	ss Total 552,000 575,000 5105,500 5105,500 5105,500 510,0000 510,0000 510,0000 510,0000 510,0000000000
8 - T19S - R29E         //UUUUS           Eddy County, New Mexico         Before Casing Point         After Casing Point         Gree           126: Mud Metrala & Services         40,500         14.6         2,000         4.4.2         Gree           326: Mud Metrala & Services         40,500         14.6         2,000         4.4.2         Gree           Mud Proces & Chemistia         42,000         14.6         2,000         4.4.2         Gree           Mud Atomiata & Services         75,000         200         5.4.4         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.6         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3         2.000         14.3<	52;000 75;000 105;500 8;100 35;000 13;000 13;000
8 - T195 - R29E         Eddy County, New Mexico         Before Casing Point         After Casing Point         Gree           267. Mud Materials & Services         7.00         13.6         7.200	52;000 75;000 105;500 8;100 35;000 13;000 13;000
Intranciple Costs (Continued)         Before Casing Point         After Casing Point         Code         Competent         Proof Actilities & Code         Pro	52;000 75;000 105;500 8;100 35;000 13;000 13;000
International Description         Code         Completion         Prod Facilities         Code         Cone         Code         Code <thcode< th="">         Code         <thcode< t<="" td=""><td>52;000 75;000 105;500 8;100 35;000 13;000 13;000</td></thcode<></thcode<>	52;000 75;000 105;500 8;100 35;000 13;000 13;000
Cartering of the second seco	52;000 75;000 105;500 8;100 35;000 13;000 13;000
Mud Products & Chemicals         42.000         2.000           Mud Classing Equipment and Bevrices         7.50         500           221         Bits, Undernammers & Hole Opaners         7.50         500           221         Directional Diffing Equipment & Services         7.50         500           221         Directional Diffing Equipment & Services         11:16         51:13         51:32           201         Fishing Tools & Services         33:32         51:13:3         51:32         51:90           202         Directional Diffing Equipment         86:500         11:33         51:32         33:32           901         Parking Nature Quement         86:500         11:33         51:32         19:000         33:32           902         Renal DH Tools / Packers, Pluga         0.000         7:500         11:35         6:000         31:50           323         Trubular Inpector & Testing         22;000         11:17         10:000         3:50         3:50           324         Mud Logging         5:2000         11:17         10:000         3:4:0         3:50           325         Casing Crews HULD Services : BOPE Testing         22;000         11:17         10:000         3:4:0         3:50           3	31105;500 35100 35100 35000 13;000 36;000
Mud Citaning Equipment and Berrices         7,500         500           Mud / Des Bayantor         7,500         11.5         500           28: Directional Drilling Equipment & Services         7,500         13.5         500           28: Directional Drilling Equipment & Services         13.5         500         500           20: Feriniti / Manile / Light Plants / Generators         20,000         13.5         500         53.2           30: Revine Lightprinent         38.2         39.000         53.2         39.000         53.2         500           Reverse Unit / Matting Bearts / Recks         7.000         7.000         5000	8;100 35,000 13,000 18,000
Hud / One Separator         7.500         500           27         Bils, Undersamers & Hole Openers         75,000         11.5         11.5           28         Directional Drilling Equipment & Services         11.3.6         11.3.6         11.3.6           20         Febring Tools & Services         11.3.6         11.3.2         11.3.2         11.3.2           20         Febring Tools & Services         20.00         11.3.2         11.3.2         31.3.3           30         Fortal Equipment & Generators         20.000         11.3.2         11.3.2         31.3.3           Reverse Unit / Marting Boards / Recks         10.000         5.000         11.3.2         31.3.2           Weit Control Equipment         10.000         5.000         11.3.2         31.7           Reverse Unit / Marting Boards / Recks         10.000         11.3.7         5.000         11.7           81.40, Orth Pipe & Motors         44.300         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7         5.000         11.7	8;100 35,000 13,000 18,000
27         Bits, Undernamma's & Hole Openent.         75,000         13.15         53.25           28         Directional Onling Equipment & Services         13.15         53.3           20         Ferkin / Kanell K Services         13.15         53.2           30         Rennel Equipment         13.2         13.2           Porkin / Manilar Light Plants / Generators         20.000         13.2         13.2           Porkin / Manilar Light Plants / Generators         20.000         13.2         19.000         3.3.2           Reverse Unit / Matting Beards / Recks         7.500         13.2         19.000         3.3.2           Weil Control Equipment         10.000         5.000         3.4.8         10.000         5.000           BHA, Orth Pipe & Motors         44.500         13.19         5.000         3.4.8         10.000         3.4.8         10.000         3.4.8         10.000         3.4.8         10.000         3.4.7	8;100 35,000 13,000 18,000
28         Diractional Drilling Equipment & Services         13:10         3.3.3           20:         Fleining Toole & Services         86,500         13:10         3.3.2           90:         Revise Unit / Matting Dearts / Revise         80,500         13:2         19,000         3.3.2           Ferritit / Manifit / Ught Plants / Generators         20,000         7,500	8;100 35,000 13,000 18,000
20.         Flahing Tools & Services 4: 13:3         13:3	105,500 8,100 35,000 13,000 18,000
30.         Reinal Equipment         3.9.2	8;100 35;000 13;000 18;000
ForkIRF / Maniltr / Light Plants / Generators         20,000         7,500           Reverse Unit / Matting Board's / Racks         7,500         7,500           Weil Control Equipment         10,000         6,600           BHA, Drill Pipe & Motors         44,500         11319         6,000           BHA, Drill Pipe & Motors         44,500         11319         6,000         3,5,5           322         Casing Crews / NU/LD Services - BOPE Teeling         22,5000         1127         10,000         3,5,7           333         Trucking 6/Tanglible Heims (revenues biologi)         71,100         118,70         118,70         3,4,7           343         Mud Logging         11,100         118,70         118,70         3,4,7         3,4,7           343         Mud Logging         111,100         112,13	35,000 13,000 18,000
Weil Control Equipment         18,000         5,000         6,500           BHA, Drill Pipe & Motora         48,500         9,500         9,500         9,500           33         Tubular Inpection & Testing:         2,100         115,8         6,000         9,5,00           34         Mubular Inpection & Testing:         2,100         115,8         6,000         9,5,00           32:         Casing Creves: NU/LD Services: BORE Testing:         25,000         111,7         10,000         3,4,7           33:         Tubular Inspection: A Testing:         25,000         111,7         10,000         3,4,7           34:         Mud Uogging:         111,7         10,000         3,4,7         3,4,7           34:         Mud Uogging:         111,7         10,000         3,4,7         3,4,7           34:         Mud Uogging:         112,18         12,28         12,28         12,28         12,28         12,28         12,28         12,28         12,28         12,28         12,27         12,28         12,27         12,28         12,27         12,28         12,27         12,28         12,27         12,28         12,27         12,200         12,200         14,27         12,28         12,27         12,200         12,2	35,000 13,000 18,000
Rental DH Tools, Peckers, Pluga         48.500         6.600           BHA, Drill Tipe & Motors         49.500         133 9         6.000         3.5 1           S14 Tubulan Topection & Teeting:         22,2100         133 9         6.000         3.5 2           S2 Casing Crews : NULD. Services - BOPE Teeting:         22,000         117 2         10,000         3.5 7           S4 Tubulan Topection & Teeting:         27,000         118 7         100,000         3.5 7           S4 Mod Logging:         1111         13,000         148 7         3.5 7           S4 Mod Logging:         1111         148,000         148 7         3.5 7           S4 Mod Logging:         1111         148,000         148 7         3.5 7           S4 Mod Logging:         1111         148,000         148 7         3.5 7           S4 Complexition Coming & Analysis         12.23         12.23         12.23         12.23           S4 Tobley: Addesorder:         13.000         142.26         12.26         13.07           S4 Tobley: Addesorder:         13.000         12.26         13.07         12.000           Liner Hanger, Services         3.600         2.000         10.000         14.4         17.000           Liner Hanger, Services	35,000 13,000 18,000
BHA, Drill Pipe & Motora         48.300         1.513         7.100         1.513         6,000         3.4.5           32         Casing Crews, NULD Services - BOPE Treating         22,5000         1.1318         .6,000         3.4.7           33         Trocking of Tanglible filtems our creatives readed?         1.3,000         1.137         .000         3.4.7           34         Mud Logging         7.117         1.17         .000         1.4.7         .1.7           34         Mud Logging         7.117         1.17         .1.7         .1.7         .1.7           34         Mud Logging         7.117         1.17         .1.7         .1.7         .1.7           34         Dull Stem Test Equipment & Services         .1.7         .1.7         .1.7         .1.7           34         Dull Stem Test Equipment & Services         .1.7         .1.7         .1.7         .1.7           35         Crasting Accessories         .1.7         .1.7         .1.7         .1.7         .1.7           36         Casing Accessories         .1.7         .1.7         .1.7         .1.7         .1.7           37         Di Completion Tools         .1.7         .1.7         .1.7         .1.7         .1.7	35,000 13,000 18,000
31       Tubular Inpection & Testing       2,100       113.9       5,000       3.3.8         32       Casing Crews HULD Services BOPE Testing       25,000       11.7       10,000       4.7.7         33       Trucking of Tangible Itoms (not one was secked)       13,000       11.8.7       3.3.7         34       Mud Logging       148,000       148,7       3.3.7         35       Contentional Contrig & Anatysis       12.3       3.3.7         36       Competitor: Tools       3.7.7       3.7.7         37       DH Completion: Tools       3.7.7       3.7.7         38       Completion: Tools       3.7.7       3.7.7         39       Casing Accessories       3.7.7       3.7.7         1011 Stam Test Equipment & Services       3.500       2.000       3.7.7         30       Casing Accessories       3.500       2.000       3.7.7         30       Casing Accessories       3.500       2.000       3.7.7         31       Casing Accessories       3.500       2.000       3.7.7         32       Casing Accessories       3.500       2.000       3.7.7         33       Casing Accessories       3.6.00       3.7.7       3.7.7 <td< td=""><td>35,000 13,000 18,000</td></td<>	35,000 13,000 18,000
32         Casing Crews NULD Services - BOPE Testing         22,000         117         10,000         3.8.7           33         Tricking of Tangible Heim recommendeder/1         13,000         14.7         3.8.7           34         Mud Logging         14.7         3.4.7         3.8.7           34         Mud Logging         14.7         3.8.7         14.7           34         Mud Logging         12.3         14.7         14.7           35         Convention For the Equipment & Services         12.13         14.7           36         Convention Fools         3.8.7         12.13         14.7           37         DH Completion Fools         3.8.7         12.16         14.7           38         Convention Fools         3.8.00         12.16         14.7           39.10 Castling Addessorties         3.8.00         2.000         14.8         14.7           10.17         Hargen, Services         3.8.00         2.000         14.8         14.000           10.17         Liner Hargen, Services         14.000         14.8,000         14.8         14.000           10.010         Milesing Addesidated Partais         14.000         14.000         14.8         14.000           10.020 </td <td>35,000 13,000 18,000</td>	35,000 13,000 18,000
33       Trucking of Tangible Jennis or ensures nearest       13,000       14,87         34       Mud Logging       14,77       14,77         35       Conventional Coming & Analysis       12,18       12,28         34       Mud Logging       12,28       12,28         35       Conventional Coming & Analysis       12,28       12,28         34       Drill Stem Trait Equipment & Services       12,28       12,28         35       Convention Tools       3,8,00       2,200       3,8,7         36       Convention Tools       3,8,00       2,000       3,8,7         37       DH Completion Tools       3,8,00       2,000       3,8,7         38       Convention Tools       3,8,00       2,000       3,8,7         39       Convention Tools       3,8,00       2,000       3,8,7         1001 Flatting Advessories       3,600       2,000       2,000       1,000         Liner Hanger, Services       3,6,00       14,000       48,000       44       3,000         Cased Hole Loge & CBL       14,000       48,000       14,000       14,000       14,000       14,000       14,000       14,000       14,000       14,000       14,000       14,000       14,0	13,000 18,000
34         Mudilogging         18,000         147         18,000         147         18,000         147         112,33         112,300         112,33         112,300         112,300         112,300         112,300         112,300         112,300         112,300         112,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44         112,000         114,44	18,000
33         Conventional Contrig & Analysis         112.8         112.8         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.8         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9         12.9	
34: Drill Stam Test Equipment & Services         1218 <td></td>	
37         DH Completion Tools         35.00	31.241.21.2.
36: Colsting Accessories       3:500       1:0:7       2:000       2:000         Ploat Equip, Centralizers, OV Tools       3:000       2:000	8,000
Liner - Hargers, Services         14,000         1444         773,000         93.4.4           39*         Logging, Wireline / Slickline & Associated Rentals         40,000         1444         773,000         93.4.4         14,000           Electrical Logs         40,000         6,000         1444         11,000         1444         11,000         1444         11,000         1444         11,000         1444         11,000         1444         11,000         1444         11,000         1444         11,000	5,500
348         Logging, Wireline / Slickline & Associated Partials         14,000         144,4         773,000         9.4 &           Electrical Loga         40,000         144,4         773,000         9.4 &           RF7 / Stewall Coring         6,000         11,000         10,000         10,000           Cased Hole Loga & CBL         0,000         11,000         10,000         10,000         10,000           Temperature Surveys         2,000         11,000         10,000	
Electrical Logs         40,000           RFT / Stdewall Coring         6,000           Cased Hole Logs & CBL         011,000           Temperature Surveys         2,000           Gyro, Mattis Bot, Single Shot         12,000           Perforetung, Plag / Pecker Setting         6,000           13 2/8         OD           6 172         000           5 172         000           6 112         132/8           13 2/8         OD           6 112         1300           6 112         132/8           13 2/8         OD           6 102         1700           Sacks         30,000	
RFT / Sidewall Coring         6,000           Cased Hole Logs & CBL         11,000           Temperature Surveys         2,000           Gyro, Multi-Shot, Single Shot         12,000           Parforating, Play / Packer Setting         55,000           Rental Lubricator & Flanges         6,000           13 J8         OD         400           Sarks         21,000           13 J8         OD         400           Sarks         30,000         55,000	133,000
Cased Hole Logs & CBL         11,000           Temperature Surveys         2,000         1,000           Gyro, Muth-Shot, Single Shot         12,000         1,000           Perforsting, Phy / Pecker Setting         55,000         55,000           Rental Lubricator & Flanges         55,000         53,000           13 38         OD         400         Sacks         21,000           5 1/2         CD         900         Sacks         30,000           5 1/2         OD         Sacks         30,000         55,000	
Temperature Surveys         2,000         1,000           Gyro, Multi-Shot, Single Shot         12.000         5.000           Perforeting, Plug / Pecker Setting         55.000         5.000           Rental Lubricator & Flanges         6.000         5.000           13 3/8         °OD         400         Secks         21.000           5 1/2         °OD         Secks         30.000         5.500	
Gyro, Multi-Shot, Single Shot         12.000           Perforetting, Plag / Pecker Setting         55.000           Rental Libricator & Flanges         8.000           13.08         OD         400         Sacka           51/20         51,000         55.000         53.000           6.12         51,000         53.000         53.000           6.12         COD         900         Sacka         30.000	
Perforsting, Plug / Peoker Setting         55,000           Retail Labricator & Flanges         6,000           (40)         Cementing, Earvices         51,000           13 3/8         OD         400         Sacks         21,000           5 5/8         OD         1700         Sacks         0           6 1/2         OD         35,000	
Rental Lubricator & Flanges         0.000           140         Cementing Services         31.51,000         31.53,000	,
13 3/8         OD         400         Sacka         21,000         131/8         35,000         131/8         35,000         131/8         141/8	
13 3/8         OD         400         Sacks         21.000	86,000
a 5/8         OD         1700         Sacks         30,000           6 1/2         * OD         Sacks         35,000         35,000           * OD         Sacks         32,000         32,000         32,000	
• OD Sacks	
`OD Sacks	
	<del>; ;</del> ;
Squeeze Cementing	
Cement Plugs 41. Called 3 Ubing Service	arat i sa c
CT and N <sub>2</sub> Service	
Rental Crane, Lubricator, Flanges 42. Stimulation, Majorialis & Services 43. 0 44. 0	180 000
43 Pump Truck (not atherwise included) 3.5.5	
44 Production Testing Equipment & Services 335,000 9 3 3	
45 Water Haw off and Disposal 3 7 3	
46. Chemicals (Corrosion Control / Packer Fluid) 14.8 3,000 4.4.8	3,000
47 Roustabout Service (Lator recommended included) 18,000 16.00 16.00 17.000 9.4.0	
49: Supplies 2,000 17.6 1,000 37.6	
	40,000 13,000
50. Reput Surface Equipment	40,000
51 Repair Downhole Equipment	40,000 13,000 2,000
vz capitalized overhead	40,000 13,000 2,000
53: Insurance - New Dnll (<12,500; \$10K, >12,500; \$50K) 10,000 1.4.0 2.500	40,000 13,000 2,000
54 Contingency	40,000 13,000 2,000
TOTAL INTANGIBLES 1,242,250 65,000 575,725 29,000	40,000 13,000 2,000

. . .

Cost Summary					
TOTAL COST	(Tangibles + Intangibles)	1,325,550	65,000	837,725	245,000
EVALUATED COST		\$1,390	,550	Par Horse	A Estimator Byll, St. Kie
COMPLETED WELL	COST INCLUDING FACILITIES	\$2,473	,275		Calls and pate 19 4/10/07 cd

 COMPLETED WELL COST INCLUDING FACILITIES
 \$2,473,275

 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.

 Image: Interest of the premiums therefore.
 Well control insurance, you must provide a certificate of such insurance, you must provide a certificate of such insurance, as provided herein, will result in your being covered by insurance procured by Operator.

 Image: Interest owners moving and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (100% W.l.) 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.l.) deductible.

 The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may acceed 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.

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	BOLD ENERG	SY, LP	(	Co-Owr	ner Aut	horization
	Approved X	Rejected	ļ	Approved		Rejected
Name/Title:		tillo, President	Company: Name/Title:			
Date:			Date:			

MAY 2 9 2001



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

Sent Certified/Return Receipt

May 11, 2007

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

Attn: Mr. Dick Frech

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 in the Canyon and Wolfcamp formations which 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 work rapidly to commence operations to drill and complete the proposed well.

An Authorization for Expenditure is attached for a completed well cost of \$2,473,275.

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.

Fruly yours. C. Nuthing Peggy C. Worthington VP of Land

Participate AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE IN BLANK

Monarch I Resources, Inc Bv Date:

RECEITED

JUN 2 5 2007

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



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

Sent Certified/Return Receipt

May 11, 2007

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

Attn: Mr. Herbert Boles

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

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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.

very truly yours, Peggy C. Warthington VP of Land

VP of Land

YARTICIPATE AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE IN BLANK)

Herbert F. Boles

By: <u>Acted & Bol</u> Date: <u>5/14/07</u>

					Ċ		SIGN
perator	Well Name						RETUF
<b>BOLD ENERGY, LP</b>		Oxy Cl	neck	er State #2			10,100'
Inface Location 1980' FNL & 660 FWL	Section - Township - Range County 8 - T19S - R29E Eddy					state New Mexico	
1980' FNL & 660 FWL	Field			Turkey Tr	ack		
Imary Objective Canyon @ 9890'	Secondary Object		8	880'	API Number	TB.	Α
oject Type Development X Single	Data Processing I	nformation	AFE N	lo.	Original	x	
Workover Dual X Recompletion Multiple		-	7000	05	Suppliment		Version # 2
	Before	Casing Point		After (	Casing Point		
Tangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
1. Tubulars Setting Depths	72,800	n The second second	204	232,000	and the second of the	4 0 4	304,800
<u>13-3/8</u> "OD <u>0'</u> to <u>375'</u>	12,800						
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							
* OD to							
2. Casinghead, Tubinghead, Christmas Tree	10,500		293	20,500		4.9.3	31,000
3. Tubing Accessories			<u> </u>	9,500		4 1 2	
Packers, Tubing Anchors			<u>ו</u>	8,000			
On/off tools				4 500		ł	
Nipples (SN & Profiles) Purchased RBP's, etc.	<u>├</u>	<u> </u>		1,500	l	1	
4. Artificial Lift					75,000	494	75,000
5. Capillary System			i tra		and a second	4 1 1	
6. Production Equipment	<u></u>	· · · · · · · · · · · ·	ta t		91,000	4 3 8	91,000
Separators Metering Equipment		<u> </u>	1		50,000	ł	
Tanks			ł		28,000	1	
Valves, Fittings & Couplings			]		8,000	1	
7. Electrical Lines & Equipment		· · · · · · · · · · · · · · · · · · ·		<u>and and the second s</u>		4 2 8	
8. Flowline (WH to Production Unit)				a san ann sa chuir an a'	<b>5,000</b> 3,500	4 5 8	5,000
Line Pipe Valves, Fittings & Couplings					1,500	i	····
9. Pipeline (Production Unit to Sales Point)	and the second second			The second s	45,000	4 5 7	45,000
Line Pipe			ļ		40,000		
Valves, Fittings & Couplings 10. Water Disposal System					5,000	4 9 C	
Injection Pump	anta tang palan pantai		1	a ha barra harran hi	<u>in di se na politika në bat d</u>	-1-1-17 	e en franski anteret del anetteret an atlet
Transfer Pump			1			1	
Gun Barrell & Tanks							
Metering Equipment							
Line, Valves, Fittings & Couplings					·····		
11. Contingency 0%		and a surply	s .	an An an an ann an an an an an an an an an a	a a tatan a ada a	. :	المراجع والمراجع والمعار والمراجع
TOTAL TANGIBLES	83,300	0		262,000	216,000		561,300
Intangible Costs	Before	Casing Poin	t	After	Casing Point		Gross Total
	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
12. Contract Field Supervision 13. Contract Engineering / Technical	48,000		106	25,000 2,000	<u>tare e e conserv</u> e	306	
14. Auto Expense (In-house field travel)	500		1 1 3			3 1 3	the second s
15. Legal / Title (permits & contract legal work)	3,500		142	2,000	and the second second	3 4 2	
16. Location & Road Expense Location Prep & Anchors	121,500		143	8,500 3,500	<u> </u>	3 4 3	130,000
Surveys (ROW & ARC) & Staking	1,500		1	3,500			· · · · · ·
Damages	10,000		]			1	
Construction & Maintenance	35,000	<b>(</b>					
Conductor, Rat Hole, Mouse Hole Drilling Pit Lining	7,500					1	
Location Cleanup				5,000			
Pit Reclamation 17. Rig Moving Expense, Mob / Demob, Mods., Stby.	60,000 120,000		1 6 7				120,000
18. Contract Drilling	445,500		124	49,500		324	
<u>30</u> days <u>\$16,500.00</u> per day							
19. Pulling Unit 10 days \$4.000.00 per day			i s	40,000	<u>Charles and an and a</u>	3 1.9	40,000
10 days \$4,000.00 per day 20. Power & Fuel (not otherwise included)	40,000	<b> </b>	1.0.8	7,000	La de Artes de A	3.0 8	47,000
21. Onsite Supervisor Headquarters / Housekeeping	12,650		1 0 5	6,325		305	
Trailer House Rental	4,500			2,250			
Generator for House Trailer Potable Water	750		ł	375		1	
Phone / Inernet / Satellite	5,400			2,700		1	
Waste Water Service	2,000			1,000			
22. Safety - Site Security / Equipment & Services			17/4	<u>ba a san a a</u> I	<u>na ana ana ana an</u>	3 7 4	<u> </u>
Site Security H2S Monitoring	4,500						
Contract Safety Supervision		Í	L				
23. Safety Incentive & Performance Bonus	30,000		141	1,000	م مراکبان و هم مد مراجع	341	31,000
24. Rig Monitoring Equipment 25. Water	15,000 48,000		114	1,100 35,300		3 1 4 3 9 0	
Fresh Water Pit Construction & Lining	40,000	een totun oorde	1.0.0	30,300	<u>ىمى ئىم ياتى يې يې مىك</u>		55,500
Fresh Water Well Drilling	h	1					
Water Mall Dentel Fault and the				}			
Water Well Rental Equipment	20,000			5,000			ļ
Water Well Usage	20,000			5,000 2,000 15,300			
Water Well Usage				2,000			

leil Name:	Data Processing In	formation					
Oxy Checker State #2					<b>.</b>		
			AFE N	0	Original	_	Version # 1
1980' FNL & 660 FWL		700005		Supplement			
8 - T19S - R29E Eddy County, New Mexico	1						
	Before	Casing Point		After C	asing Point		r
Intangible:Costs (continued)	Driiling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
26. Mud Materials & Services		Evaluation	1 4 6	2,500	FIGUIDE	3 4 7	52,0
Mud Products & Chemicais	49,500 42,000	: <u></u>	140	2,000		<u> </u>	
Mud Cleaning Equipment and Services	42,000				·····	1	
Mud / Gas Separator	7,500			500		1	
27. Bits, Underreamers & Hole Openers	75,000		1 1 5	e de la composition d Enclar de la composition de la compositi	د. مەربەر بەرمەر مەربار مەربەر بار		75,0
28. Directional Drilling Equipment & Services	harrie and a state of the	مرجع معادمة مرجع ورواني	1.3 8		ti Alta - Azarona Sal		an a
29. Fishing Tools & Services	- 		133		a saga sa ta	3 3 3	n Na sangara ng kanalan n
30. Rental Equipment	86,500		1 3 2	19,000		3 3 2	105,5
Forklift / Manlift / Light Plants / Generators	20,000					1	
Reverse Unit / Matting Boards / Racks				7,500		Į	
Well Control Equipment	18,000			5,000		ł	
Rental DH Tools, Packers, Plugs	48,500			6,500		1	
BHA, Orill Pipe & Motors 31. Tubular Inpection & Testing			1.3.9	6,000		3.3.9	8,1
32. Casing Crews - NU/LD Services - BOPE Testing	2,100	71.2.5.4	1 1 7	10,000	<u></u>	3 1 7	35,0
33. Trucking of Tangible Items (not otherwise included)	13,000		187	10,000	<u>an an a</u>	3 8 7	13,0
34. Mud Logging	13,000	18,000	1.4.7		and a second		18,0
35. Conventional Coring & Analysis	the second second		1 2 3				n de marte accendentes.
36. Drill Stem Test Equipment & Services	and the second second	an an an an an an Arian An an Arian a	126		فتمر وأبوا أورافته والتربيق		and and the second s
37. DH Completion Tools		. se	in an	8,000	ي. گون اور کرد اور در اور د	3 1 6	8,0
38. Casing Accessories	3,500	an an that and the	1 0 7	2,000	an a	3 0 7	5,5
Float Equip, Centralizers, DV Tools	3,500			2,000			· · · · ·
Liner - Hangers, Services							
39: Logging, Wireline / Slickline & Associated Rentals	14,000	46,000	144	73,000		344	133,0
Electrical Logs		40,000					
RFT / Sidewall Coring		6,000			·····	ł	
Cased Hole Logs & CBL				11,000		{	
Temperature Surveys	2,000			1,000		ſ	
Gyro, Multi-Shot, Single Shot	12,000			55,000	<u> </u>	{	
Perforating, Plug / Packer Setting Rental Lubricator & Flanges				6,000		ł	
40. Cementing Services	51,000		1 1 8	35,000		3-1-8	86,0
13 3/8 "OD 400 Sacks	21,000	e an e e e e e	1.1.1.4		<u>dan te an concert a start a</u>		······································
8 5/8 " OD 1700 Sacks	30,000						
5 1/2 " OD 900 Sacks				35,000			
* OD Sacks						1	
" OD Sacks						1	
			1			1	
Squeeze Cementing							
Cement Plugs							
41. Coiled Tubing Service		مىرىيى بىرى يى مە				3 4 5	
CT and N <sub>2</sub> Service							
Rental Crane, Lubricator, Flanges							
42. Stimulation Materials & Services				180,000	<u></u>	3 1 0	
43. Pump-Truck (not atherwise included)			1 5 5	4,500	<u></u>	355	4,5
Production Testing Equipment & Services     Water Haul off and Disposal	1	<u>,</u>		35,000	د <u>د برید می</u> دود و د د	3 3 5	
45. Water Haul off and Disposal 46. Chemicals (Corrosion Control / Packer Fluid)	<u>ka za sa sa sa</u>		173	13,000	<u> </u>	373 348	13,0
47. Roustabout Service (Lator not otherwise included)	18,000	<u>in an ann an a</u>	1 4 8	3,000 5,000	17,000	_	3,t 40,0
48. Supplies	2,000	ng pagang di dang 17 K	1 7 8	5,000	17,000		40,0
49. Meter Calibration & Repair	<u> </u>	<u>تری بر بو بوسید در ا</u> ب		1,000	2,000		2,0
50. Repair Surface Equipment		en en la recención de la composición de La composición de la c		and a second	2,000		1997 - 1997 -
51 Repair Downhole Equipment		<u>erie de la consta</u> te La constate de la constate		<u>na na sana na na na sa</u> arata na sala	<u> </u>		<u>na prista da da este en e</u> le
52. Capitalized Overhead %			102		<u>a na na na na na na na na na</u>	302	<u>na serie de la composición de la composi Este de la composición de la composición</u>
53: Insurance - New Drill (<12,500' \$10K, >12,500' \$50K)	10,000		140		tana ya tata aki amariki ta	3 4 0	10.0
54. Contingency 0%							
TOTAL INTANGIBLES	1,242,250	65,000	1 · · ·	575,725	29,000	1	1,911,9

### **Cost Summary**

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TOTAL COST	(Tangibles + Intangibles)	1,325,550	65,000	837,725	245,000
EVALUATED COST		\$1,390,5	550	Pele Pele Colora	Estimated:By:::>S!LiKiler
COMPLETED WELL	COST INCLUDING FACILITIES	\$2,473,2	275		Date: 4/10/07

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.

El elect to purchase my own well control insurance policy. Well control insurance procured by Operator for the benefit of nonoperating 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.

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	
		Joseph 1.	Cath	
Name/Title:		Joseph Casti	llo, President	
Date:				

Approved [X] Rejected Company: Herbert F. 130105 Name/Title: Derberg 5. Apler OW MER Date: 9/14/07



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

Sent Certified/Return Receipt

May 11, 2007

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

Attn: Mr. Tom Beall

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

MAY 1 5 2007

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 in the Canyon and Wolfcamp formations which 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 work rapidly to commence operations to drill and complete the proposed well.

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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.

ery truly yours. ggy C. Worthington

VP of Land

Omb

AGREED TO PARTICIPATE OR GO NON CONSENT (PLEASE WRITE RESPONSE

IN BLANK)

Thomas M. Beall

Rv. Olomm Sall - Prisident Date: 5/15/07

# SIGN & RETURN

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BOLD ENERGY, LP	Oxy Checker State #2						10,100'	
Surface Location 1980' FNL & 660 FWL	Section - Township - Range County 8 - T19S - R29E Eddy					State	state New Mexico	
1980' FNL & 660 FWL	Field	· · · · · · · · · · · · · · · · · · ·		Turkey Tr	ack			
Primary Objective Canyon @ 9890'	Secondary Objecti	» olfcamp (	D 88		APi Number	TB/	<u> </u>	
Project Type	Data Processing In		AFE N	0	Original	x		
Development X Single Workover Dual X Recompletion Multiple			7000		Suppliment		Version # 2	
	Before	Casing Point	. }	After (	Casing Point		Gross Total	
Tangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code 4 0 4	304,800	
1. Tubulars Setting Depths 13-3/8 * OD 0* to 375*	72,800 12,800	<u> </u>	204	232,000	ta da	4.0.4	504,000	
8 5/8 * OD 0 to 3000'	60,000							
<u>5 1/2</u> "OD <u>0</u> to <u>10,100"</u> 2 7/8 "OD <u>0</u> to <u>10,100"</u>				175,000				
<u>27/8</u> OD <u>0</u> to <u>10,100'</u> OD 0 to				07,000				
"OD to								
2. Casinghead, Tubinghead, Christmas Tree	10,500		2 9 3	20,500	and a second	4 9 3	31,000	
3. Tubing Accessories				9,500		4 1 2	9,500	
Packers, Tubing Anchors				8,000				
Nipples (SN & Profiles)				1,500				
Purchased RBP's, etc.							75:000	
4. Artificial Lift 5. Capillary System	· · · · · · · · · · · ·				75,000	494	75,000	
6. Production Equipment	a Arta a <u>a</u> tra t Tanan a <u>a</u> ra a ang ang			a standardardarda ar an sa	91,000	4 3 8	91,000	
Separators					50,000	-		
Metering Equipment					5,000 28,000			
Valves, Fittings & Couplings					8,000	[		
7. Electrical Lines & Equipment 8. Flowline (WH to Production Unit)	an a	andre and the state			5:000	428	5,000	
8. Flowline (WH to Production Unit) Line Pipe	<u></u>	· · · · · · · · · · · · · · · · · · ·		<u>terret de la cela de la c</u>	3,500	4 5.0	0,000	
Valves, Fittings & Couplings					1,500	<b></b>		
9. Pipeline (Production Unit to Sales Point) Line Pipe	• • • • • • • • • • •	<u>.,,.</u> ,		<u>lan Alan an Ind</u>	45,000 40,000		45,000	
Valves, Fittings & Couplings					5,000			
10. Water Disposal System		an tanta d			ta ya santa ita	490		
Injection Pump Transfer Pump								
Gun Barrell & Tanks			1					
Metering Equipment								
Line, Valves, Fittings & Couplings			1			ł		
11. Contingency 0%					010 000	}	561,300	
TOTAL TANGIBLES	83,300	0 Casing Dain	₩. š <u>e</u>	262,000	216,000	e du charlette	501,500	
Intangible Costs	Drilling	Casing Point Evaluation	Code	Completion	Casing Point Prod Facilities	Code	Gross Total	
12. Contract Field Supervision	48,000		106	25,000		306	73,000	
13. Contract Engineering / Technical 14. Auto Expense (In-house field travel)	8,000	1,000	130	2,000 1,000	den servicestaan of the	3 3 0	10,000 2,500	
15. Legal / Title (permits & contract legal work)	3,500		1 4 2	2,000	این ایس مانین می برد. این این این ای این این این این	3 4 2	5,500	
16. Location & Road Expense	121,500		1 4 3	8,500	<u>in internet</u>	3 4 3	130,000	
Location Prep & Anchors Surveys (ROW & ARC) & Staking	1,500		1	3,500				
Damages	10,000		1					
Construction & Maintenance Conductor, Rat Hole, Mouse Hole	35,000		ł			ł		
Drilling Pit Lining	7,500		1			1		
Location Cleanup Pit Reclamation	60,000		-	5,000		1		
17. Rig Moving Expense, Mob / Demob, Mods., Stby.	120,000	an a	1 6 7				120,000	
18. Contract Drilling 30 days \$16,500.00 per day	445,500	and the second starts	1,2,4	49,500	Barrin wasanging	324	495,000	
19. Pulling Unit				40,000		3 1 9	40,000	
10 days \$4,000.00 per day 20. Power & Fuel (not otherwise included)	40,000		1 0 8	7.000		3 0 8	47,000	
21. Onsite Supervisor Headquarters / Housekeeping	12,650		105	6,325		3 0 5	18,975	
Trailer House Rental Generator for House Trailer	4,500		-	2,250		4		
Potable Water	750		1	375		1		
Phone / Inernet / Satellite	5,400 2,000			2,700	the second s	1		
22. Safety - Site Security / Equipment & Services	2,000	and a sherman to	1.7.4	1,000	la la contra da la contra da co	3 7 4	a ta an ing a sa na sa sa sa	
Site Security						[		
H2S Monitoring Contract Safety Supervision	4,500		ł			1		
23. Safety Incentive & Performance Bonus	30,000		141	1,000		3.4.1	31,000	
24. Rig Monitoring Equipment 25. Water	15,000 48,000		114	1,100 35,300		3 1 4 3 9 0	16,100 83,300	
Fresh Water Pit Construction & Lining		<u></u>			nanarata ris ra			
Fresh Water Well Drilling Water Well Rental Equipment	20,000		-	5,000		-		
Water Well Usage	20,000	<u>.</u>	1	2,000		1		
Frac Tanks Water Hauling to Location	3,000		1	15,300		-		

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Nell Nar		Data Processing i	nformation					
.ocatior	xy Checker State #2		r	AFE N	0	Original		Version # 1
	0' FNL & 660 FWL					Supplement	=	
8 - T19S - R29E			7	000	05			
Edd	dy County, New Mexico							
Inta	ingible Costs (continued)	Before	<b>Casing Point</b>	1	After	Casing Point		Gross Total
iiita	ingible costs (continued)	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
26.	Mud Materials & Services	49,500		146	2,500	ha an	3 4 7	52,00
	Mud Products & Chemicals Mud Cleaning Equipment and Services	42,000			2,000			
	Mud / Gas Separator	7,500			500		1	
27.		75,000	an an an an ar	1 1 5	and the second	n Second Contractor (N	1.	75,00
. 28	Directional Drilling Equipment & Services	and the second	e a ser ta ana a	1 3 6	San ang pang bang bang bang bang bang bang bang b	an <u>an an an an an</u>	Sec. Sec.	an an a' san ann an a' san
29.	Fishing Tools & Services	Sec. 1. States	Car and a fait	133	المراجعة (مراجع المراجع المراجع المسابقة المسابقة المسابقة المسابقة المراجع المراجع المراجع المسابقة المسابقة المراجع المراجع المراجع المراجع ال	<u>a a standard</u>	3 3 3	
30.	Rental Equipment	86,500	ar war a stat A	132	19,000	han in the second	3 3 /2	105,50
	Forklift / Maniift / Light Plants / Generators Reverse Unit / Matting Boards / Racks	20,000			7,500		ļ	
	Well Control Equipment	18,000			5,000		Í	
	Rental DH Tools, Packers, Plugs			1	6,500		1	
	BHA, Drill Pipe & Motors	48,500						
31.	Tubular Inpection & Testing	2,100		139	6,000	<u>in a ser an and a series</u>	3 3 9	
32.	Casing Crews - NU/LD Services - BOPE Testing	25,000		1 1 7	10,000	<u> Andreas and Andreas and A</u>	3 1 7	35,0
<u>33.</u> 34.	Trucking of Tangible Items (not otherwise included) Mud Logging	13,000	18,000	187	tet gelekter til der der der der Gelekter	and an and a strain of the second	387	13,00
35.	Conventional Coring & Analysis		10,000	1 2 3	Northeast and the second s			
36.	Drill Stem Test Equipment & Services			126		tin a constantiation de la constantia.		
37.	DH Completion Tools	No. State State	an an an ta sa sa sa	- 	8,000	a haga sa ta tak	3 1 6	8,0
38.	Casing Accessories	3,500	an a	1 0 7	2,000	a ha nana ina di han yaki na	3 0 7	5,5
	Float Equip, Centralizers, DV Tools	3,500			2,000		1	
	Liner - Hangers, Services							
39.		14,000	46,000	144	73,000	<u> Sanda an an</u>	3 4 4	133,00
	Electrical Logs RFT / Sidewall Coring		40,000 6,000				ł	
	Cased Hole Logs & CBL		0,000		11,000	· · · · · · · · · · · · · · · · · · ·	1	
	Temperature Surveys	2,000		1	1,000		1	
	Gyro, Multi-Shot, Single Shot	12,000			· · · · · · · · · · · · · · · · · · ·			
	Perforating, Plug / Packer Setting				55,000			
	Rental Lubricator & Flanges				6,000			
40.		51,000	ta da seta da	118	35,000	ala and a second	3 1 8	86,00
	13 3/8 OD 400 Sacks	21,000					l l	
	85/8 OD 1700 Sacks	30,000						······
	<u>5 1/2</u> * OD <u>900</u> Sacks * OD Sacks				35,000		ł	
	"OD Sacks						ł	
							1	
	Squeeze Cementing							
	Cement Plugs							
:41:	Colled Tubing Service	and a survey	in <u>a' ann a' a</u> ai		lingen et der Stati	na an ing ang ang ang ang ang ang ang ang ang a	3 4 5	la se set se le Angelet and
	CT and N <sub>2</sub> Service						1	
42	Rental Crane, Lubricator, Flanges	an na stara			480.000		3 1 0	180,00
43.	Stimulation Materials & Services Pump Truck (not atherwise included)	rational and a second secon	<u>11 dia kaominina dia</u> Ny INSEE dia mampi	1 5 5	180,000 4,500	ata ang Kanalan ang ang kang Ma Kang sang sang sang sang sang sang sang s	3 5 5	
44.	Production Testing Equipment & Services		ng ng transformation (1997) Ing ng transformation (1997)		35,000	na <u>se assistan</u> Na satu	3 3 5	
45.	Water Haul off and Disposal	and a second	na <u>na policita de la seconda de la seconda</u> na na seconda de la seconda de	173	13,000		373	13,00
46.	Chemicals (Corrosion Control / Packer Fluid)	and the second		148	3,000	معيرين أحديده الاع	3 4 6	3,00
47.	Roustabout Service (Labor not otherwise included)	18,000	and the second	169	5,000	17,000		40,00
48.	Supplies	2,000		176	1,000	10,000		13,0
49.	Meter Calibration & Repair	in and a second	e an arte a		na tanàna minina dia kaominina dia kaominina dia kaominina dia kaominina dia kaominina dia kaominina dia kaomini	2,000	3 7 2	2,0
50.	Repair Surface Equipment				<u></u>			the second s
51.	Repair Downhole Equipment	· · · · · · · · · · · · · · · · · · ·			<u>a la sua substantia. San</u>	an a	2.0.0	
52. 53.	Capitalized Overhead <u>%</u> Insurance - New Drill (<12,500 \$10K, >12,500 \$50K)	10,000		102	kanganang salah salah salah Kanganang salah	an a	302	10,0
53.		10,000	n a ann an ann	1997 <b>- 19</b> 97 1997 - 1997	<u>deska de tako en en en ent</u> Masilato sentanta esta elemente	ne in the content of the second of the Second of the second of the	5 - 0	
		1,242,250	65,000	6 A A A	575,725	29,000	11 A. J	1,911,9

### **Cost Summary**

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TOTAL COST	(Tangibles + Intangibles)	1,325,550	65,000	837,725	245,000
EVALUATED COST		\$1,390,	550		Estimated By: & S.L. Klier
COMPLETED WELL	COST INCLUDING FACILITIES	\$2,473	,275		Date: 4/10/07

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.
I elect to purchase my own well control insurance policy. Well control insurance procured by Operator for the benefit of nonoperating 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	ENERG	Y, LP
	Approved	X	Rejected
		four 1.	Cath
ame/Title:		Joseph Casti	llo, President
Date:			

**Co-Owner Authorization** 

Approved		Rejected
Company: <u>Fue  </u>	PRODUCTS	Inc
Name/Title:	mml	all . Pres.
Date: 5 15	5107	



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

Sent Certified/Return Receipt

May 11, 2007

Mr. Tom Beall 550 West Texas Midland, TX 79701

Attn: Mr. Tom Beall

MAY 1 5 2007

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 in the Canyon and Wolfcamp formations which 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 work rapidly to commence operations to drill and complete the proposed well.

An Authorization for Expenditure is attached for a completed well cost of \$2,473,275.

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.

truly yours. Worthington Worthington

VP of Land

OnB AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE IN BLANK)

Thomas M. Beall

mmark 5/15 Date:

## SIGN E RETURN

BOLD ENERGY, LP					ΠD	10,100'	
Surface Location 1980' FNL & 660 FWL	Section - Township - Range County 8 - T19S - R29E Eddy				State New Mexico		
вн. 1980' FNL & 660 FWL	Fleid Turkey Track						
Primary Objective	Secondary Object		0 8	880'	API Number	тв	Δ
Canyon @ 9890'	Data Processing I		<u>w</u> 0	550			`
Development X Single Workover Dual X	AFE No. 700005		Original X Suppliment Version # 2				
Recompletion Multiple							
Tangible Costs	Drilling	Casing Point Evaluation	Code	Completion	Casing Point Prod Facilities	Code	Gross Total
1. Tubulars Setting Depths	72,800	n Karana tan tan ta Ar	2 0 4	232,000	ە قىرىمە يېچى مەربىر كە	4 0 4	304,800
<u>13-3/8</u> "OD <u>0'</u> to <u>375'</u> 8 5/8 "OD <u>0</u> to <u>3000'</u>	12,800 60,000						
<u>8 5/8</u> "OD <u>0</u> to <u>3000"</u> 5 1/2 "OD 0 to 10,100"	00,000		1	175,000			
2 7/8 "OD 0 to 10,100"			1	57,000			
OD to OD to							
2. Casinghead, Tubinghead, Christmas Tree	10,500		293	20,500		493	31,000
3. Tubing Accessories Packers, Tubing Anchors	<u>a la seguera tra</u>	<u>r an </u>		9,500 8,000	ya, ayang sanatinat,	4 1 2	9,500
On/off tools							
Nipples (SN & Profiles)			]	1,500			
Purchased RBP's, etc. 4. Artificial Lift	the strategy of the second			Na katalan sa sa katalah	75,000	4 9 4	75,000
5. Capillary System	Which is the second	an a		vening of the second second Second second second Second second		4 1, 1	the start for the second second
6. Production Equipment	and <u>and a start of the start</u>	an a	l a si	and the second secon	91,000 50,000	4 3 8	91,000
Separators Metering Equipment					5,000		·····
Tanks					28,000		
Valves, Fittings & Couplings			Į .	·····	8.000	4 2 8	
7. Electrical Lines & Equipment. 8. Flowline (WH to Production Unit)	<u></u>	<u></u>	· ·	e deserve e contra de Contras contras de	5,000	4 5 6	5,000
Line Pipe					3,500		
Valves, Fittings & Couplings					1,500	212-2	AND A 12 ME 000
9. Pipeline (Production Unit to Sales Point) Line Pipe	hanne er er er er	<u>e dan sebela ba</u> k	rta e∆	<u> 19 al alla gedante desta</u>	45,000 40,000	4 5 /	45,000
Valves, Fittings & Couplings			1		5,000		
10. Water Disposal System	ata na bara	se statisticae	):	hala da andara	د. منابع المراجع المراجع مع معرفين ا	4 9 0	
Injection Pump Transfer Pump							
Gun Barrell & Tanks			1	······			
Metering Equipment							
Electrical Equipment Line, Valves, Fittings & Couplings							
11 Contingency	ter a frances and a start	ala est presid		a and a family and a start of the	tar-be a new my train	. A 4	Alter in del constant
TOTAL TANGIBLES	83,300	0	i Najar	262,000	216,000	i en a se	561,300
Intangible Costs	Drilling	Casing Point Evaluation	Code	Completion	Casing Point Prod Facilities	Code	Gross Total
12. Contract Field Supervision	48,000		1.0.6		Frod Facilities	3 0 8	73,000
13. Contract Engineering / Technical	8,000	an an an an an	130	2,000	Stand and a state of the second	3 3 0	10,000
14. Auto Expense (in-house field travel) 15. Legal / Title (permits & contract legal work)	500 3,500	1,000	1 1 3	1,000 2,000	a da ang ang ang ang ang ang ang ang ang an	3 1 3 3 4 2	2,500 5,500
16. Location & Road Expense	121,500	a an	1 4 3	8,500		343	130,000
Location Prep & Anchors Surveys (ROW & ARC) & Staking	1,500		{	3,500			
Damages	10,000		]				
Construction & Maintenance	35,000						
Conductor, Rat Hole, Mouse Hole	7,500 7,500		1				
Location Cleanup				5,000			
Plt Reclamation 17. Rig Moving Expense, Mob / Demob, Mods., Stby.	60,000 <b>120,000</b>		1.6.7	n - y - Kang Minan - n Minang Kang Kang Panganan - Kang Kang Kang Kang Kang Kang Kang Kang	n an	n in in Manjalah	120,000
18. Contract Drilling	445,500		124	49,500	انتیاب میں میں میں میں اور	324	495,000
<u>30</u> days <u>\$16,500.00</u> per day 19. Púilling Unit			1	40,000		3 1 9	40,000
10 days \$4,000.00 per day	· · ·	<u> </u>		40,000	<u>tan a fin e ant entret</u>		
20. Power & Fuel (not otherwise included) 21. Onsite Supervisor Headquarters / Housekeeping	40,000	<u> </u>	108		ana ang sana ang san Ing sana ang	308	47,000 18,975
21. Onsite Supervisor Headquarters / Housekeeping Trailer House Rental	<b>12,650</b> 4,500	an n' n' jan ing		6,325 2,250	prostation terre and anyth	3.0.0	
Generator for House Trailer			]				
Potable Water Phone / Inemet / Satellite	750 5,400			375			
Waste Water Service	2,000			1,000			
22. Safety - Site Security / Equipment & Services Site Security	<u>na an ing s</u> a	la ann an a' ann	1.7.4	talian ang diting ana	an ta an	3 7 4	
H2S Monitoring	4,500						
Contract Safety Supervision	2						0.4.000
23. Safety Incentive & Performance Bonus 24. Rig Monitoring Equipment	30,000 15,000		1 4 1	1,000 1,100	et de la constant de El constant de la cons	341 314	31,000 16,100
25. Water	48,000	an an an an an an an Araba. An an an an an an Araba	1.9.0		e stationalestilities, en set Sentences en sette setteren	390	83,300
Fresh Water Pit Construction & Lining							
Fresh Water Well Drilling Water Well Rental Equipment	20,000		1	5,000			
Water Well Usage			1	2,000			
Frac Tanks Water Hauling to Location	3,000 25,000		{	15,300			
mater maning to constant	20,000	L	L	1			·

Well Nam	ne:	Data Processing	nformation					Page
0)	ky Checker State #2							
Location				AFE N	lo.	Original	X	Version # 1
1980	D' FNL & 660 FWL		-	000	05	Supplement		
	19S - R29E			000	00			
Edd	y County, New Mexico							Y
Intai	ngible Costs (continued)	Before	Casing Poin	t	After (	Casing Point		Gross Total
0.101.6		Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
26	Mud Materials & Services	49,500	رو در و هدیر هر دریور اس	1.4.6		Standard and stand and a	3 4 7	52,00
	Mud Products & Chemicals	42,000		-	2,000	······	-	· · · · · · · · · · · · · · · · · · ·
	Mud Cleaning Equipment and Services Mud / Gas Separator	7,500		1	500			
27.	Bits, Underreamers & Hole Openers	75,000		1 1 5		and a start of the second s	-	75,00
28.	Directional Drilling Equipment & Services			136				an a
29.	Fishing Tools & Services	anta Alter anta anta anta	e National de la companya de la company	1 3 3	a alla secondari en Es	an an Arabaha	3.3.3	Alexandra and a start and
30.	Rental Equipment	86,500	an a chuid a'	132	19,000		3 3 2	105,50
	Forklift / Manlift / Light Plants / Generators	20,000						
	Reverse Unit / Matting Boards / Racks				7,500			
	Well Control Equipment	18,000			5,000		{	
	Rental DH Tools, Packers, Plugs BHA, Drill Pipe & Motors	48,500			6,500		1	
31.	Tubular Inpection & Testing	48,500		1.3.9	6,000		3.3.9	
32.	Casing Crews - NU/LD Services - BOPE Testing	25.000		117	10,000		3 1 7	35,00
33.	Trucking of Tangible Items (not otherwise included)	13,000	n an e se se se Se a contra la Statement	187	10,000	<u>national and an </u>	387	13,00
34.	Mud Logging		18,000					18,00
35.	Conventional Coring & Analysis			123		Second a state of the second		a di bara a da
36.	Drill Stem Test Equipment & Services	en an an an an	an a	126	an a			al na ha an
37.	DH Completion Tools	teres in a	e en en el		8,000	han an a	3 1 6	8,00
38.	Casing Accessories	3,500	en e	107	2,000	han an a	307	5,50
	Float Equip, Centralizers, DV Tools	3,500		1	2,000			
	Liner - Hangers, Services							
39.	Logging, Wireline / Slickline & Associated Rentals	14,000	46,000	144	73,000	ter and the second s	344	133,00
	Electrical Logs		40,000					
	RFT / Sidewall Coring		6,000					
	Cased Hole Logs & CBL				11,000		ł	
	Temperature Surveys	2,000			1,000		{	
	Gyro, Multi-Shot, Single Shot Perforating, Plug / Packer Setting	12,000			55,000		1	
	Rental Lubricator & Flanges			{	6,000		1	
40.	Cementing Services	51,000		1 1 8	35,000	en de la companya de La companya de la comp	3 1 8	86,00
	13 3/8 * OD 400 Sacks	21,000	adat an ar artain a	4.975		<u> New Marine Anna Anna A</u>	1	1999 - 1999 - 1999 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -
	8 5/8 * OD 1700 Sacks	30,000		1			1	
	5 1/2 " OD 900 Sacks			1	35,000		1	
	"OD Sacks						1	
	"OD Sacks						1	
				]			]	
	Squeeze Cementing						]	
	Cement Plugs			1			L	
41.	Colled Tubing Service	an a	and a second		a da anta anta anta anta. Anta anta anta anta anta anta anta anta	te di kana ana ang kang ka	3 4 5	aller de la caracteria
	CT and N <sub>2</sub> Service							
	Rental Crane, Lubricator, Flanges		······					
	Stimulation Materials & Services	<u></u>	<u>ta a sa d</u> i		180,000		3 1/0	180,00
43.	Pump Truck (not atherwise included)		<u> </u>	1 5 5	4,500	<u>i en esta de la casa de</u>	3 5 5	4,50
44.	Production Testing Equipment & Services				35,000	lina desarra de	3 3 5	35,00 13,00
	Water Haul off and Disposal Chemicals (Corrosion Control / Packer Fluid)	to de la consecue	<u></u>	173	13,000	<u>an an an taona an taona an taon</u> N	3 / 3	3,00
40.	Roustabout Service (Labor not otherwise included)	18,000	<u> (* 18. s. s. s.)</u> 1995 - Stationer (* 1995) 1997 - Stationer (* 1995)	169	3,000 5,000	17,000	369	40,00
	Supplies	2,000	<u>na na na na sa</u>	176	5,000 1,000	10,000		13,00
	Meter Calibration & Repair	~,000	<u>na ana aonaise na Sa</u>		1,000	2,000		2,00
	Repair Surface Equipment	and a state of the		[ ]				
	Repair Downhole Equipment	ه و <u>و م</u> رسون ه رو رو رو رو	na an a	ار بر ایکر کور		en e	1000	
52.	Capitalized Overhead %		a a ser a Na ser a s	102		والمتحديد والمتحديد والمروم والمراجع	302	
53.	Insurance - New Drill (<12,500' \$10K, >12,500' \$50K)	10,000		140		فيدار والمراجب والمراجع والمراجع	3 4 0	10,00
54.	Contingency 0%				and an			a sa
	TOTAL INTANGIBLES	1,242,250	65,000		575,725	29,000		1,911,97

#### Cost Summary

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TOTAL COST	(Tangibles + Intangibles)	1,325,550	65,000	837,725	245,000	
EVALUATED COST		\$1,390	,550		Estimated By: S.L. Klier,	
COMPLETED WELL COST INCLUDING FACILITIES		\$2,473	,275		Date: 4/10/07	

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.

I elect to purchase my own well control insurance policy. Well control insurance procured by Operator for the benefit of nonoperating 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.

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	BOLD ENERGY, LP						
	Approved	x	Rejected				
		Josef 1.	Cath				
me/Title:		Joseph Cast	illo, President				
Date:							

	Approved		Rejected	
Company:	A.	rm 3	tt _	
Name/Title:	<u> </u>	500		
Date:	511	510/		