## **ACKNOWLEDGEMENT OF RECEIPT**

The undersigned acknowledges that the following package was received by

	P. from Bold Energy,   2007	LP on/_	
	By: <u>(Market)</u> rinted Name: <u>fr</u>	ng ela Sh	du
Well proposal fo	Re: Pac r the Oxy-Checker Sta Eddy County, I	ite #2, loc	ated in Sec. 8, T195, R29E, o.
Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits.  Artifle Addressed to:  WAR WAR L.P.  HOW DEVANS  DESTA DV. SHE- LOOP	D. Is delivery address different from item If YES, enter delivery address below.  3. Service Type	Agent Addressee C: Date of Delivery	
nidland, TX 19705	☐ Registered ☐ Return Receip ☐ Insured Mall ☐ C.O.D.  4. Restricted Delivery? (Extra Fee)	ot for Merchandise	ostal Service⊪
	60 0005 3908 0780		TIFJED MAIL <sub>TM</sub> RECEIPT tic Mail Only; No Insurance Coverage Provided)
Oil Conservation C Case No. Exhibit No.		Return (Endorseme	Postage \$ \$0.63 0702 AND Postmark Here and Receipt Fee nt Required) \$1.85 05/11/2007 15 Not age & Fees \$ \$4.88 05/11/2007 15 Not age & Fees &
			(

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

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.

Yen truly yours,  1 9 1 1  Peggy C. Worthington  VP of Land	Ter thing to
IN BLANK)	AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE
•	
Oxy USA WTP L.P.	
Ву:	·
Date:	<del></del>

BOLD ENERGY, LP	Well Name	Oxv.0	hec	ker State #2	•	10	10,100'		
1980' FNL & 660 FWL	Oxy Checker State #2           Section - Township - Range         County           8 - T19S - R29E         Eddy					State			
1980' FNL & 660 FWL	Fleid								
Primary Objective	Secondary Object		TR	ТВА					
Canyon @ 9890'	Data Processing	olfcamp	(ന ദ				<u>^</u>		
Development X Single Vorkover Dust X  Recompletion Multiple			7000		Original Suppliment	×	Version # 2		
	Before	Casing Poin	it	After	Casing Point		Gross Total		
Tangible Costs	Dritting	Evaluation	Code	Completion	Prod Facilities	Code			
13-3/8 "OD 6" to 375"	72,800		2:0:4	232,000		4 0 4	304,800		
8 5/8 " OD 0 to 3000"	80,000	<del></del>	1			1			
51/2 OD 0 to 10,100° 27/8 OD 0 to 10,100°		<del> </del>	1	175,000 57,000		1			
"OD 0 to			1			1			
*OD to		<del> </del>	1	<del></del>		<u>L</u> _			
2: Casinghead, Tubinghead, Christmas Tree				20,500		4.0.3	31,000 9,500		
Tubing Accessories     Packers, Tubing Anchors		2000000	anter:	3,000	98: FB: FB: CP: C. 88: CB: C	4.1.2	#. \$ C. E. S. D. S. <b>B</b> (300		
On/off tools			-	1,500					
Nipples (SN & Profiles) Purchased RBP's, etc.	<u> </u>		1	1,500					
≰. > Artificial Lift					75,000	494	75,000		
5. Capillary System 6. Production Equipment				200 M			91,000		
Separators			]		50,000				
Metering Equipment Tanks		<del> </del>	1		5,000 28,000	ł			
Valves, Fittings & Couplings	. જ્યારા સુધારા સ	(8)(6)(6)(6)	]	acererent er	8,000	2927	######################################		
7. Electrical Unes & Equipment  8. Flowline (WH to Production Unit)	The second second				5,000				
Line Pipe			]		3,500				
Velves, Fittings & Couplings  9. Pipoline (Production Unit to Sales Point)	acacaca		1000		1,500 45,000	657	45,000		
Line Pipe					40.000				
Valves, Fittings & Couplings 10: Water Disposal System	RINGELL	AARSENIA			5.000	4 9 0	35 3 3 3 6 3 6 7 7 7 7 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
Injection Pump									
Transfor Pump Gun Barrell & Yanka			1						
Metering Equipment			}						
Electrical Equipment Line, Valves, Fittings & Couplings			İ						
11 Contingency 9%: TOTAL TANGIBLES	83,300	0	N.C.S	262,000	216,000		561,300		
	***	Casing Point		أواراه فيتهيئ السابات	asing Point				
ntangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total		
12. Contract Field Supervision 13. Contract Engineering / Technical		3.5		25,000 2,000			73,000 10,000		
14. Auto Expense (In-house field travel)	500	1,000	1 1 9	1,000		3%3	2,500		
15. Legal / Title (permits & contract legal work) 16. Location & Road Expense							5,500 130,000		
Location Prep & Anchors	1,500			3,500					
Surveys (ROW & ARC) & Staking Damages	10,000								
Construction & Maintenance Conductor, Rat Hole, Mouse Hole	35.000 7,500								
Drilling Pit Lining	7,500								
Location Cisanup Pit Recismation	80,000			5,000					
17: Rig Moving Expense, Mob / Demob, Mode , Stby.	120,000 445,500		1 8 7				120,000 495,000		
16. Contract Orilling 30 days \$16,500,00 per day									
19 Pulling Unit 10 days \$4,000,00 perday	(30 - 30 - 30 - 30 ) (1 - 3 - 2 - 3 - 3 - 3 - 3 - 3 - 3	(\$1.50.5.5.6) and (\$1.50.5.6.5.6) (\$2.5.6.6)		40,000	water and	3 1, 9	40,000		
20. Power & Fuel (not otherwise included)	40,000	72.00	1,08	7,000		108	47,000		
<ol> <li>Onsite Supervisor Headquarters/ Housekeeping Trailer House Rental</li> </ol>	12,650	istosciatis?	1 0 5	6,325 2,250	PRARESIES	3.0 5	18,975		
Generator for House Trailer									
Potable Water  Phone / Inernet / Satellite	750 5,400			375 2,700					
Waste Water Service	2,000	311333110	(3)	1,000	1101111111111111	3,7,4			
22: Safety Site Security / Equipment & Services Site Security			····	<u>* 128* ( P. 189 ( S. 184)</u>	A - B - C B - A - A - A - A - A - A - A - A - A -	eristry 200			
H2S Monitoring Contract Safety Supervision	4,590								
23. Safety Incentive & Performance Bonus	30,000	0.50000					31,000		
24: Rig Monitoring Equipment 25: Weler	15,000 48,000			1,100 35,300			16,100 83,300		
Fresh Water Pit Construction & Lining			,,,,,,						
Frash Water Well Drilling Water Well Rental Equipment	20.000			5,000					
Water Well Usage				2,000					
Frac Tanks	3,000		, ,	15,300					

)			-		)		Page 2
Well Name:	Data Processing	Information	1	· · · · · · · · · · · · · · · · · · ·			
Oxy Checker State #2	i .						
Location:	1		AFE	No.	Original	X	Version # 1
1980' FNL & 660 FWL					Supplement		
8 - T19S - R29E	, ·	1 7	7,000	105			
	ſ		i		•		
Eddy County, New Mexico	Bafara	Casing Poin	,	After	Casing Point		T
Intangible Costs (continued)		Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
	Drilling		1 4 6		53346591965	3.4.7	52,000
26. Mud Materials & Services.	49,500		7,7,9	2,000	39.575.575.555.575.57		
Mud Products & Chemicals  Mud Cleaning Equipment and Services	1	<del> </del>	1	<del></del>		i	
Mud / Gas Separator	7,500		1	500		1	
27: Bits, Underregmers & Hole Openers	75,000		1 1 5	14114610464	Value 0 18 18 18 18 18 18 18 18 18 18 18 18 18	2466	75,000
28. Directional Drilling Equipment & Services			1.3.6	1813 3 (1818 U 1818) 1821 1822 1824 1818	\$1,\$4\$ \$1\$ (0.00,\$1.2) (0.00,\$0.00,\$1.12)		
29. Fishing Tools & Services		\$20 S. B. S.	1.3.3	\$ 33,333,000		3 3 3	
30, Rental Equipment	86,500	12001511213	1.3.2	19,000		3 3 2	105,500
Forklift / Manlift / Light Plants / Generators	20,000		]				
Reverse Unit / Matting Boards / Racks			1	7,500			<u> </u>
Well Control Equipment	18,000	<u> </u>	ų į	5.000		1	
Rental DH Tools, Packers, Plugs		<u> </u>	4	6,500		1	<b></b>
BHA, Drill Pipe & Motors	48,500		141614	6,000	reconstant	3 3 3	9 8 100
31. Tubular Inpection & Testing 32. Casing Crews NU/LD Services BOPE Testing	2,100	And the second second	1 1 7	3537171317773			35,000
32 Casing Crews : NU/LD Services - BOPE Testing 33 Trucking of Fangible Items (not offerwise included)	25,000 13,000		187	10,000		3 8 7	13,000
34: Mud.Logging	13,000	18,000					18,000
35 Conventional Coring & Analysis	8,000,28,23		1.2.3	25.03.2332	######################################		38.838.838.83
36. Drill Stem Test Equipment & Services		3.335.335	1.2.8	\$600 \$100 BB			
37. DH Completion Tools	15,115, \$7, \$7, 1, 51, 51, 51, 51, 51, 51, 51, 51, 51,	(Care 1 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 - 2 -	135 X 3	8,000		3 % 8	8,000
38. Casing Accessories	3,500	ELECTRONIC TO	1:0:7	2,000		3 0 7	0 (3.1.1.1.5,500
Float Equip, Centralizers, DV Tools	3,500		]	2,000			
Liner - Hangers, Services	ļ					7	
39. Logging, Wireline / Silckline & Associated Rentals	14,000		1.4.4	73,000		3 4 4	133,000
Electrical Logs		40,000					
RFT / Sidewall Coring		6,000					
Cased Hole Logs & CBL		<del></del>		11,000			
Temperature Surveys	2,000	<u> </u>	(	1,000			
Gyro, Multi-Shot, Single Shot	12.000	ļ		55,000			
Perforating, Plug / Packer Setting	ļ	-	1	5,000			
Rental Libricator & Flanges 40 Cementing Sarvices	51,000		10100	35,000	21 12 2 2 1 1 1 1 1 1 1 2 1 2 2	334	86,000
13 3/8 * OD 400 Sacks	21.000	1	72729	30,000	7 840 W-920-074 (3.5		
8 5/8 * OD 1700 Sacks	30,000					ľ	
51/2 *OD 900 Sacks				35,000		- 1	
"OD Sacks		;				J	
OD Sacks		l l					
		į.					
Squeeze Consenting		!				- 1	
Cement Plugs		i i					
41 Coiled Tubing Service		423,55225	323.5		History William (c)	3 4 5	
CT and N <sub>2</sub> Service	L. —	<u> </u>				ŀ	
Rental Crane, Lubricator, Flanges	<u> </u>	3333333	31333	180,000		222	180,000
42 Stimulation Materials & Services						3 6 6	4,500
43: Pump Truck (not atherwise included) 44: Production Testing Equipment & Services		333333333	323	35,000		3 3 5	35,000
45: Water Haut off and Disposal	31131313131	101 N 1 N 1 N 1 N 1 N 1 N 1 N 1 N 1 N 1	1 7 3	13,000		373	13,000
48. Chemicals (Corrosion Control / Packer Fluid)	. X 1 (1) (1)		1.4.8	3,000	12 21 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	3 4 6	3,000
47 Roustabout Service (tabor not observine included)	18,000		1 8 9	5,000			40,000
48 Supplies	2,000	7177700	** ***	1,000			13,000
49: Meter Calibration & Repair			333		2,000		2,000
50. Repair Surface Equipment				HATE STREET			
51 Repair Downhole Equipment			88	\$780° (\$160° (\$1	100000		
52. Capitalized Overhead %			102			3 0 2	5 2 5 2 3 5 5 5
53: Insurance - New Orll (<12,500: \$10K; >12,500: \$50K)	10,000	Control of the Contro	1.4.0	<u> </u>	Commission	3 4 0	10,000
54: Contingency: 0%	g2003000		103	120000000000000000000000000000000000000		3333	4 044 075
TOTAL INTANGIBLES	1,242,250	65,000		575,725	29,000		1,911,975
Cost Summary		- 1					
TOTAL COST (Tangibles + Intangibles)	1,325,550	65,000	8 T 2	837,725	245,000	10 To 1	
EVALUATED COST	1,020,000				2-0,000	State of	

\$1,390,550 Estingtion BY II S. (Germany St. COMPLETED WELL COST INCLUDING FACILITIES

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

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.

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

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

	BOLD ENERGY, LP	Co-Owner Authorization
	Approved X Rejected	Approved Rejected Rejected
	Jan 1. Cold	Company:
Name/Title:	Joseph Castillo, President	Name/Title:
Date:		Date:

100

MAY 2 9 200/

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



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.

Hogy C. Northington

VP of Land

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

IN BLANK

Monarch Resources, Inc.

Date: \$-23-07

# 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

#### 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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ery truly yours,

Peggy C. Warthurgton
VP of Land

VP of Land

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

Herbert F. Boles

SIGN & RETURN

BOLD ENERGY, LP	Well Name	Ovy Cl	oock	or State #2		TD	10,100'
Surface Location	Oxy Checker State #2 Section - Township - Range County				State		
1980' FNL & 660 FWL	8 - T1	9S - R29E		Ec	ddy	<u>  N</u>	lew Mexico
1980' FNL & 660 FWL		Turkey Track					
Primary Objective  Canyon @ 9890'	Secondary Object		@ 88	880'	APi Number	TB/	4
Project Type	Data Processing i	nformation	AFE N		Original	তা	
Development X Single Workover Dual X		-	7000		Original Suppliment	<u>~</u>	Version # 2
Recompletion Multiple				03			
Tangible Costs	Before Drilling	Casing Point	Code	After (	Prod Facilities	Code	Gross Total
Tubulars Setting Depths	72,800	z.vaioz.to.i	2 0 4	232,000		4 0 4	304,800
13-3/8 OD 0 to 375'	12,800 60,000						
51/2 "OD 0 to 10,100"				175,000			
27/8 OD 0 to 10,100'				57,000			
*OD to							
2. Casinghead, Tubinghead, Christmas Tree	10,500	<u> </u>	2 9 3	20,500		4 9 3	31,000
Tubing Accessories     Packers, Tubing Anchors	<u> </u>			9,500 8,000		4 1 2	9,500
On/off tools Nipples (SN & Profiles)				1,500			
Purchased RBP's, etc.				1,000			
Artificial Lift     Capillary System		<u></u>			75,000	494	75,000
6. Production Equipment						4 3 8	91,000
Separators  Metering Equipment	<u></u>		!		50,000 5,000		
Tanks					28,000 8,000	ļ	
Valves, Fittings & Couplings 7. Electrical Lines & Equipment					8,000	4 2 8	and the second second
Flowline (WH to Production Unit)     Line Pipe	3.00		,	<u> </u>	5,000 3,500	4 5 6	5,000
Valves, Fittings & Couplings					1,500		
Pipeline (Production Unit to Sales Point)     Line Pipe	erin lagran bin est				45,000 40,000	4 5 7	45,000
Valves, Fittings & Couplings					5,000	च्याच	
10. Water Disposal System Injection Pump	a the tare of the constant			<u> Proteonor english (et</u>	<u> Rojen i proprinting</u>	490	e de la company de la comp
Transfer Pump Gun Barreil & Tanks							
Metering Equipment							
Electrical Equipment  Line, Valves, Fittings & Couplings							
11. Contingency 0%  TOTAL TANGIBLES	83,300	0		262,000	216,000	. 3	561,300
		Casing Point	<u> </u>		Casing Point		5-15 ± 2-15 #
Intangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
12. Contract Field Supervision 13. Contract Engineering / Technical	48,000 8,000	The second secon	1 0 6 1 3 0	25,000 2,000		3 0 6 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		3 1 3	2,500 5,500
16. Location & Road Expense	121,500		1 4 3	8,500		3.4.3	130,000
Location Prep & Anchors Surveys (ROW & ARC) & Staking	1,500			3,500			
Damages  Construction & Maintenance	10,000 35,000		}				
Conductor, Rat Hole, Mouse Hole	7,500						
Drilling Pit Lining Location Cleanup	7,500			5,000			
Pit Reclamation 17. Rig Moving Expense, Mob / Demob, Mods., Stby.	60,000 120,000	ka da sindia nd	1 6 7	a Ladahanana		Yang.	120,000
18. Contract Drilling  30 days \$16,500.00 per day	445,500		1 2 4	49,500	Nacional Vision and Conference	3.24	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	and a state of	3.0.8	47,000
21. Onsite Supervisor Headquarters / Housekeeping Traller House Rental	12,650 4,500	<u>ii yasa 128 la</u> estal	1 0 5	<b>6,325</b> 2,250		3 0 5	18,975
Generator for House Trailer							
Potable Water Phone / Inernet / Satellite	750 5,400			375 2,700			
Waste Water Service  22. Safety - Site Security / Equipment & Services	2,000		1.7.4	1,000		3 7 4	
Site Security							
H2S Monitoring Contract Safety Supervision	4,500						
23. Safety Incentive & Performance Bonus 24. Rig Monitoring Equipment	30,000 15,000		1 4 1 1 1 4	1,000 1,100		3 4 1	31,000 16,100
25. Water	48,000		1 9 0	35,300		3 9 0	83,300
Fresh Water Pit Construction & Lining Fresh Water Well Drilling							
Water Well Rental Equipment Water Well Usage	20,000			5,000 2,000			
Frac Tanks Water Hauling to Location	3,000 25,000			15,300 13,000			

· .							Page 2
· · · · · · · · · · · · · · · · · · ·	Data Processing In	formation					
Oxy Checker State #2			AFE N	0.	Original	X	Version # 1
1980' FNL & 660 FWL	,	7	000		Supplement	=	
8 - T19S - R29E	I		000	05	' 		ſ
Eddy County, New Mexico	Potenti	Casina Baint	<del></del> 1	Affor	Casing Point		
Intangible Costs (continued)	Drilling	Casing Point Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
26. Mud Materials & Services	49,500	LVBIGUITOR	1 4 6	2,500		3 4 7	52,000
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	300	je s na tro samon stručen		75,000
28. Directional Drilling Equipment & Services	3 - <u>3 - 4 - 4 - 4 - 4 - 4 - 4 - 4 - 4 - 4 - </u>		136		a de <u>la company de de</u>		<u> </u>
29. Fishing Tools & Services 30. Rental Equipment	86,500	<u> </u>	133	19,000	<u></u>	3 3 3	105,500
Forklift / Manlift / Light Plants / Generators	20,000			19,000		0.0 =	
Reverse Unit / Matting Boards / Racks				7,500			
Well Control Equipment	18,000			5,000 6,500			
Rental DH Tools, Packers, Plugs BHA, Drill Pipe & Motors	48,500			0,300			
31. Tubular Inpection & Testing	2,100	48 37 14 34	1.39	6,000		3 3.9	8,100
32. Casing Crews - NU/LD Services - BOPE Testing 33. Trucking of Tangible Items (not otherwise included)	25,000	<u> </u>	117	10,000		3 1 7	35,000 13,000
33. Trucking of Tangible Items (not otherwise included) 34. Mud Logging	13,000	18,000		<u>Santa Paga ang atao atao atao atao atao atao atao ata</u>	<u>Grander i grander i de Ma</u>	3 6 7	18,000
35. Conventional Coring & Analysis	er de la companya de La companya de la companya de		1 2 3				a a pain a laga, plaga
36. Drill Stem Test Equipment & Services 37. DH Completion Tools		and the second	1 2 6	9,000	grants de la garginat	3 1 8	8,000
37. DH Completion Tools 38. Casing Accessories	3,500	<u>rangan</u> <u>at</u> Namarahan	107	8,000 2,000	<u> Cydronous et solonous et</u> Solonous de Salanous et salan	3 0 7	5,500
Float Equip, Centralizers, DV Tools	3,500			2,000			
Liner - Hangers, Services	44:000	46.000	4.4.4	72.000		3 4 4	133,000
. 39: Logging, Wireline / Slickline & Associated Rentals  Electrical Logs	14,000	<b>46,000</b> 40,000	1.4.4	73,000	<u> Artista se estado esta</u>	3 4 4	1,53,000
RFT / Sidewall Coring		6,000	1 1				
Cased Hole Logs & CBL			}	11,000			
Temperature Surveys  Gyro, Multi-Shot, Single Shot	2,000 12,000			1,000		}	<u> </u>
Perforating, Plug / Packer Setting	(2,000			55,000			
Rental Lubricator & Flanges				6,000		L	
40. Cementing Services  13 3/8 " OD 400 Sacks	51,000		1 1 8	35,000	<u> Caranga ang atawa ing sali</u>	3 1 8	86,000
13 3/8 " OD 400 Sacks 8 5/8 " OD 1700 Sacks	21,000 30,000						
5 1/2 * OD 900 Sacks				35,000		1	
*OD Sacks					<del></del>		ļ
* OD Sacks							
Squeeze Cementing						j	
Cement Plugs						2.77.2	[
41. Coiled Tübing Service CT and N₂ Service	<u> </u>				<u> </u>	3 4 5	
Rental Crane, Lubricator, Flanges				<del></del>			
42. Stimulation Materials & Services	Section 25	12		180,000		3 1 0	
43. Pump Truck (not atherwise included) 44. Production Testing Equipment & Services		<u> </u>	155	4,500 35,000	<u> </u>	3 5 5	4,500 35,000
45. Water Haul off and Disposal		<u> </u>	1 7 3	13,000	English and American Section 1995	3.7.3	13,000
46. Chemicals (Corrosion Control / Packer Fluid)			1.4.8	3,000	Augustus este e	3 4 6	
47. Roustabout Service (Labor not otherwise included)	18,000	فرزاء فتهيينه	169	5,000	17,000		40,000
48. Supplies 49. Meter Calibration & Repair	2,000	<u> </u>	178	1,000	10,000 2.000	3 7 2	13,000 2,000
50. Repair Surface Equipment				and the second s			
51. Repair Downhole Equipment	A Land Comment	<u> </u>	2				
52. Capitalized Overhead % 53. Insurance - New Drill (<12,500'\$10K, >12,500'\$50K)	10,000	<u> </u>	102		ang a lang and a series	3 0 2	10,000
54. Contingency 0%	10,000	<u>ali de la companya da la companya d</u>	7.7	<u>ter (graver urbor) i de gebert</u> Karlandika <u>Bertaga ur</u> al (bestalaran ara			
TOTAL INTANGIBLES	1,242,250	65,000		575,725	29,000		1,911,975
Cost Summary							
TOTAL COST (Tangibles + Intangibles)	1,325,550	65,000		837,725	245,000		
EVALUATED COST	\$1,39			ever in the second	Estimated E	100000000000000000000000000000000000000	L Klier
	<b>41,00</b>	-,				的影響	

TOTAL COST	(Tangibles + Intangibles)	1,325,550	65,000	837,725	245,000
EVALUATED COST		\$1,390,5	550	Translation (Perfection)	Estimated By: S.L.Klier
COMPLETED WELL	COST INCLUDING FACILITIES	\$2,473,2	275	eller og state fra 1920 og state fra 1 Den state fra 1920 og state fra 1920 o	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.

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

		NERGY		Lable agreement cove	Co-Owner Au	uthorization	<del></del>
	Approved [	X.	Rejected		Approved 🔀	Rejected	
		Joseph 1.	Cath	Compan	y: Herbert	F. Bole	9
Name/Title:	:J	oseph Castill	o, President	Name/Titi	. Lerbeyof	. Roles Oc	NMER
Date:				Date	o:	4/07	

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



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

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.

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 truly yours,

Yeggy C. Worthington
VP of Land

AGREED TO PARTICIPATE OR GO NON CONSENT (PLEASE WRITE RESPONSE

IN BLANK)

Thomas M. Beall

01.5

Date: 5/15/07



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Operator BOLD ENERGY I P	Well Name	Over C	h a ale	or State #2		ΤD	10 100'
BOLD ENERGY, LP Surface Location	Oxy Checker State #2 Section - Township - Range County			State			
1980' FNL & 660 FWL	8 - T19S - R29E Eddy						lew Mexico
1980' FNL & 660 FWL	Turkey Track						
Primary Objective  Canyon @ 9890'	Secondary Object	<sub>ive</sub> olfcamp(	<b>ത</b> ജ	880'	API Number	TBA	. 1
Project Type	Data Processing I		<u>w</u> 60	560			`
Development X Single			AFE N	o.	Original	X	Vi # [3]
Workover Dual X  Recompletion Multiple		,	7000	05	Suppliment		Version # 2
Silvatorian and Silvatorian an	Poforo	Casing Point		After (	Casing Point		
Tangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
Tubulars Setting Depths	72,800		2 0 4	232,000	tana nyaéta di	4 0 4	304,800
13-3/8 *OD 0' to 375' 8 5/8 *OD 0 to 3000'	12,800 60,000						
5 1/2 "OD 0 to 10,100" 2 7/8 "OD 0 to 10,100"				175,000 57,000			
"OD 0 to							
*OD to		<u> </u>					
2. Casinghead, Tubinghead, Christmas Tree	10,500	<u> </u>	293	20,500 9,500		493 412	31,000 9,500
3. Tubing Accessories Packers, Tubing Anchors				8,000	Maria and a sure of the		
On/off tools Nipples (SN & Profiles)				1,500			
Purchased RBP's, etc.				,,,,,,,			75.000
Artificial Lift     Capillary System	1	<u> je je bendanski</u>		Amerika, Val. 1991.	75,000	4 9 4	75,000
6. Production Equipment				Cara San San San San		4.3.8	91,000
Separators  Metering Equipment					50,000 5,000		
Tanks					28,000 8,000		
Valves, Fittings & Couplings 7. Electrical Lines & Equipment	4.2					4 2 8	of and a second
Flowline (WH to Production Unit)     Line Pipe				<u> </u>	<b>5,000</b>	4 5 6	5,000
Valves, Fittings & Couplings					1,500	<u> </u>	
Pipeline (Production Unit to Sales Point)     Line Pipe				<u> </u>	<b>45,000</b> 40,000	4 5 7	45,000
Valves, Fittings & Couplings					5,000		
10. Water Disposal System		<u> </u>	1	<u> Maria da la la la Maria de a Maria dela Maria dela Maria de la Maria dela Maria de la Maria dela /u>	<u> </u>	4 9 0	<u> </u>
Transfer Pump							
Gun Barrell & Tanks Metering Equipment						}	
Electrical Equipment Line, Valves, Fittings & Couplings		· ·	1			}	
11. Contingency 0%					( <u>, , , , , , , , , , , , , , , , , , , </u>		504.000
TOTAL TANGIBLES	83,300	Casing Poin		262,000	216,000 Casing Point	v. 97 <b>W</b>	561,300
Intangible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
12. Contract Field Supervision 13. Contract Engineering / Technical	48,000 8,000		1 0 6 1 3 0	25,000 2,000		3 0 6	73,000 10,000
14. Auto Expense (in-house field travel)	500	1,000	1 1 3	1,000		3 1 3	2,500
Legal / Title (permits & contract legal work)     Location & Road Expense	3,500 121,500		1 4 2	2,000 8,500	Salah Sa Salah Salah Sa	3 4 2	5,500 130,000
Location Prep & Anchors Surveys (ROW & ARC) & Staking	1,500			3,500			
Damages	10,000		1				
Construction & Maintenance Conductor, Rat Hole, Mouse Hole	35,000 7,500	<del></del>	1			1	
Drilling Pit Lining  Location Cleanup	7,500		}	5,000			
Pit Reciamation	60,000		1	0,000		1	400,000
17. Rig Moving Expense, Mob / Demob, Mods., Stby.	120,000 445,500		1 6 7 1 2 4	49,500	<u>ang pandahan mengahan</u> Masahan kalangan sebahan	3 2 4	120,000 495,000
30 days \$16,500.00 per day 19. Pulling Unit				40,000		3.1.9	40,000
<u>10</u> days <u>\$4,000.00</u> per day	1 1 1 1 1 1 1 1 1						
Power & Fuel (not otherwise included)     Onsite Supervisor Headquarters / Housekeeping	40,000 12,650		108			3 0 8	47,000 18,975
Trailer House Rental	4,500			2,250	<del></del>		
Generator for House Traller Potable Water	750		1	375			
Phone / Inernet / Satellite Waste Water Service	2,000		}	2,700	<del></del>	1	
22. Safety - Site Security / Equipment & Services		and a distance.	1/7.4		Marian Landin	3 7 4	
Site Security H2S Monitoring	4,500		1			1	
Contract Safety Supervision 23. Safety Incentive & Performance Bonus	30,000		1 4 1	1,000		3.4.1	31,000
24. Rig Monitoring Equipment	15,000		1 1 4	1,100	ومرور ومعيرات أمير ومواصد أندأ	3.1.4	16,100
25. Water Fresh Water Pit Construction & Lining	48,000		1.9.0	35,300	<u></u>	3 9 0	83,300
Fresh Water Well Drilling	20,000		]	5,000		]	
Water Well Rental Equipment Water Well Usage			1	2,000		1	
Frac Tanks Water Hauling to Location	3,000 25,000		1	15,300		1	

Well Name:	Chacker State #2	Data Processing Inf	ormation					
Location:	Checker State #2	г		AFE N	0.	Original	X	Version # 1
	FNL & 660 FWL	-	7	700005		Supplement		
	OS - R29E							
san Water A	County, New Mexico	Boforo C	asing Point		Affor (	Casing Point		<u> </u>
Intang	ible Costs (continued)	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
26. M	ud Materials & Services	49,500		1 4 6	2,500		3 4 7	52,000
	Mud Products & Chemicals	42,000			2,000			
	Mud Cleaning Equipment and Services							
	Mud / Gas Separator	7,500		4 4 2	500			75,000
	ts, Underreamers & Hole Openers rectional Drilling Equipment & Services	75,000	<del></del>	1 1 5	<u>kanatan menerakan di seba</u> Kanatan bahasa	<u> </u>		70,000
	shing Tools & Services		a de la company	1 3 3			3 3 3	
	ental Equipment	86,500		1.3.2	19,000		3 3 2	105,500
-	Forklift / Manilft / Light Plants / Generators	20,000						
	Reverse Unit / Matting Boards / Racks	40,000		1	7,500		1	
_	Well Control Equipment Rental DH Tools, Packers, Plugs	18,000			5,000 6,500			
	BHA, Drill Pipe & Motors	48,500			0,000	· · · · · · · · · · · · · · · · · · ·		
31. Tu	ibular Inpection & Testing	2,100	11 1 1 1 A 1 A 1 A	1 3 9	6,000	1	3 3 9	8,100
	asing Crews - NU/LD Services - BOPE Testing	25,000		1.1.7	10,000		3 1 7	
	ucking of Tangible Items (not otherwise included)	13,000		187		<u> </u>	387	
	ud Logging onventional Coring & Analysis		18,000	147	<u> Parlanta e la Xilizar</u> M	<u> Paradia de de</u>		18,000
	ill Stem Test Equipment & Services			1 2 6	<u>Martin I. Carana a ab</u>	Company of the control of the contro		
****	H Completion Tools				8,000		3 1 6	8,000
	asing Accessories	3,500		107	2,000		3 0 7	5,500
	Float Equip, Centralizers, DV Tools	3,500			2,000			
	Liner - Hangers, Services							
	oging, Wireline / Slickline & Associated Rentals	14,000	46,000	1 4 4	73,000		3 4 4	133,000
_	Electrical Logs		40,000					
	RFT / Sidewall Coring Cased Hole Logs & CBL		6,000	1	11,000			
	Temperature Surveys	2,000			1,000			<u> </u>
	Gyro, Multi-Shot, Single Shot	12,000						
	Perforating, Plug / Packer Setting			1	55,000			
	Rental Lubricator & Flanges			1	6,000			
	ementing Services	51,000		1 1 8	35,000		3 1 8	86,000
	3 3/8 OD 400 Sacks	21,000						
	8 5/8 OD 1700 Sacks 5 1/2 OD 900 Sacks	30,000			25.000			<u> </u>
	* OD Sacks	<del></del>			35,000			
	* OD Sacks	<del></del>	· · · · · · · · · · · · · · · · · · ·					
<del></del>				1 1				
-	Squeeze Cementing			]				
	Cement Plugs						2	ļ
	olled Tubing Service	<u> </u>	<u> </u>		<u> Alberta Basak A</u>	All the second	3 4 5	Landada da esta esta esta esta esta esta esta est
	CT and N <sub>Z</sub> Service Rental Crane, Lubricator, Flanges	<del>                                     </del>						
	imulation Materials & Services			21.27	180,000	Ri sant ta i da	3 1 0	180,000
	ump Truck (not atherwise included)			1 5 5	4,500		3 5 5	4,500
	oduction Testing Equipment & Services				35,000		3 3 5	
	ater Haul off and Disposal			1.73	13,000		3 7 3	13,000
	nemicals (Corrosion Control / Packer Fluid)		<u> </u>	1 4 B	3,000		3 4 8	
	DUSTABOUT Service (Labor not otherwise included)	18,000	<u> </u>	169	5,000	17,000		
	opplies eter Calibration & Repair	2,000		176	1,000	10,000 2,000		<del></del>
	epair Surface Equipment	Reader to the second	<u> </u>		<u> 1915 o Ingelono e e el 1935</u>	2,000	3 1 2	2,000
	pair Downhole Equipment		<del></del>	j .	100			
52. C	apitalized Overhead%			1 0 2	elegistra de la companya del companya de la companya del companya de la companya	La company and a second	3 0 2	A
	surance - New Drill (<12,500 \$10K, >12,500 \$50K)	10,000		1.4.0	Asianistic e e mongi	أأدور والمالية المتعاربة	3 4 0	10,000
54. Co	ontingency 0%		الفريدل الماسلات		Majir satus ni nje it	te en en e	4.5	<u> </u>
	TOTAL INTANGIBLES	1,242,250	65,000		575,725	29,000		1,911,975
Cost S	ummary							
TOTAL	COST (Tangibles + Intangibles)	1,325,550	65,000	i din d	837,725	245,000		
<del></del>					637,725	1 2 4 4 1 4 1 1 1 2 1 2 1 2 1 2 1 2 1 2		
	ATED COST	\$1,390				Estimated B	Sellin.	L Klier
	ETED WELL COST INCLUDING FACILITIES	\$2,473		- succession (Fig. 1997)	A Committee of the comm	<b>n</b> _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 provided herein.

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

BOLD ENERGY, LP	Co-Owner Authorization
Approved X Rejected	Approved Rejected
Joseph 1. Cath	Company: FUE   PRODICTS, INC. Name/Title: Momen Mall. Pres.
Name/Title:oseph Castillo, President	Name/Title: Thomas m Bull - Pres.
Date:	Date: 5 15 107

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



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.

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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.

Yery truly yours,

Peggy C. Worthington

VP of Land

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

IN BLANK)

Thomas M. Beall

Date

5/15/07



Operator		Well Name					TD		
E	BOLD ENERGY, LP			neck	er State #2		1_	10,100'	
Surface i	1980' FNL & 660 FWL	Section - Townshi 8 - T1	p-Range 9S - R29E		County E(	ddy	State	lew Mexico	
BHL.		Floid Turkey Track							
Primary	1980' FNL & 660 FWL  Objective	Secondary Object	ive	<del></del> .	· unito y	API Number			
Project 1	Canyon @ 9890'	Data Processing I		lfcamp @ 8880'			TBA		
Froject	Development X Single	Data Processing (	monitori	AFE N	lo.	Original	X		
ł	Workover Dual X		-	000	05	Suppliment		Version # 2	
	Recompletion Multiple		L						
Tan	gible Costs	Before Drilling	Casing Point Evaluation	Code	After ( Completion	Prod Facilities	Code	Gross Total	
1.	Tubulars Setting Depths	72,800		2 0 4	232,000		4 0 4	304,800	
1	13-3/8 " OD 0' to 375' 8 5/8 " OD 0 to 3000'	12,800 60,000							
ļ	5 1/2 " OD 0 to 10,100"				175,000 57,000				
1	2 7/8 * OD 0 to 10,100'				37,000				
	*OD to								
2.	Casinghead, Tubinghead, Christmas Tree.	10,500		293	20,500		493	31,000 9,500	
3.	Tubing Accessories Packers, Tubing Anchors		ee		9,500 8,000	eng i Lucye sangatigat,	4 1 2	9,500	
	On/off tools Nipples (SN & Profiles)				1,500				
<u></u>	Purchased RBP's, etc.				1,000				
4. 5.	Artificial Lift Capillary System	and the second of the second				75,000	494	75,000	
6.	Production Equipment					91,000 50,000	4 3 8	91,000	
ļ	Separators  Metering Equipment					5,000			
	Tanks Valves, Fittings & Couplings	ļ				28,000 8,000			
7.	Electrical Lines & Equipment					5,000	4 2 8	5,000	
8	Flowline (WH to Production Unit) Line Pipe	1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		1	Tarana yang at Arga	<b>5,000</b> 3,500	4 5 8	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
9.	Valves, Fittings & Couplings Pipeline (Production Unit to Sales Point)					1,500 <b>45,000</b>	4 5 7	45,000	
	Line Pipe	Providence of the State of the		,	Single Hit are signed and and one	40,000	1,050		
10.	Valves, Fittings & Couplings Water Disposal System		an Fair			5,000	4 9 0	Na jaki Kalawa Matak	
1	injection Pump								
Ì	Transfer Pump Gun Barrell & Tanks								
	Metering Equipment Electrical Equipment		<u> </u>						
1 22	Line, Valves, Fittings & Couplings					44			
254124	Contingency 0% TOTAL TANGIBLES	83,300	0		262,000	216,000	haran A	561,300	
Inta	ngible Costs		Casing Poin		<del></del>	Casing Point		Gross Total	
12.	Contract Field Supervision	Drilling 48,000	Evaluation	1:0:6	Completion 25,000	Prod Facilities	3:0.6	73,000	
13. 14.	Contract Engineering / Technical Auto Expense (in-house field travel)	8,000 500		1 3 0 1 1 3			3 3 0 3 1 3	10,000 2,500	
15.	Legal / Title (permits & contract legal work)	3,500		1.4.2	2,000	Andrews of the Comment	3 4 2	5,500	
16.	Location & Road Expense Location Prep & Anchors	121,500	e e Statemen	1 4 3	8,500 3,500	hata in the second	3 4 3	130,000	
	Surveys (ROW & ARC) & Staking  Damages	1,500	<del></del>	}					
l	Construction & Maintenance	35,000							
	Conductor, Rat Hole, Mouse Hole Drilling Pit Lining	7,500 7,500		l					
	Location Cleanup Pit Reclamation	60,000			5,000	<u> </u>			
17. 18.	Rig Moving Expense, Mob / Demob, Mods., Stby.	120,000 445,500		1 6 7		and the second	3 2 4	120,000 495,000	
<u></u>	<u>30</u> days <u>\$16,500.00</u> per day	43,300							
19.	Pulling Unit  10 days \$4,000.00 per day	<u> </u>			40,000		3 1 9	40,000	
20. 21.	Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping	40,000 12,650		108			3 0 8	47,000 18,975	
	Trailer House Rental  Generator for House Trailer	4,500			2,250				
	Potable Water	750			375				
	Phone / Inemet / Satellite Waste Water Service	5,400 2,000			1,000				
22.	Safety - Site Security / Equipment & Services Site Security	1.40 (1.50 )	Company of the	1.7.4	Legisland Districts	<u> </u>	3 7 4		
	H2S Monitoring	4,500		1					
23.	Contract Safety Supervision Safety Incentive & Performance Bonus	30,000		1.4.1			3 4 1	31,000	
24. 25.	Rig Monitoring Equipment Water	15,000 48,000		1 1 4			3 1 4 3 9 0	16,100 83,300	
	Fresh Water Pit Construction & Lining	70,000							
ļ	Fresh Water Well Drilling Water Well Rental Equipment	20,000		1	5,000	<u> </u>			
1	Water Well Usage Frac Tanks	3,000		1	2,000 15,300	+	1		
	Water Hauling to Location	25,000		<u>L</u>	13,000		1		

							Page 2
Oxy Checker State #2	Data Processing In	nformation				,	
Location:	i		AFE N	lo.	Original	X	Version # 1
1980' FNL & 660 FWL		7	000	05	Supplement		
8 - T19S - R29E							
Eddy County, New Mexico	Poforo	Coolea Dalet		Afford	Cooling Boint		
Intangible Costs (continued)	Drilling	Casing Point Evaluation	Code	Completion	Casing Point Prod Facilities Code		Gross Total
26. Mud Materials & Services	49,500	LValuation	1 4 6	2,500	T TOU T BOILTION	3 4 7	52,000
Mud Products & Chemicals	42,000			2,000			
Mud Cleaning Equipment and Services							
Mud / Gas Separator 27: Bits, Underreamers & Hole Openers	7,500 <b>75,000</b>		1 1 5	500	alan da man	gala si ki	75,000
28 Directional Drilling Equipment & Services	10,000	A Michael M. V. C. Com. V. C.	1 3 6	Africa (Saudi al-Aldid	ga jaga an ar karangan ay ar ay ar Carangan daga karangan ay ar ay ar ay ar	Park and	All the second of the second o
29. Fishing Tools & Services	197 o tava a bila a si	n de la companya de l	1 3 3	Mark Land reserve	Bata Land to make Ada	3 3 3	Million of the American Service and
30. Rental Equipment	86,500 20,000	de en la capacitati	1 3 2	19,000	Whaterwell	3 3 2	105,500
Forklift / Manlift / Light Plants / Generators Reverse Unit / Matting Boards / Racks	20,000			7,500	[ <u>-</u>	1	
Well Control Equipment	18,000		1	5,000		1	
Rental DH Tools, Packers, Plugs				6,500			
BHA, Drill Pipe & Motors 31. Tubular Insection & Testing	48,500 <b>2,100</b>		1.3:9	6,000		3 3 9	8,100
32. Casing Crews - NU/LD Services - BOPE Testing	25,000	* ************************************	117	10,000		3 1 7	35,000
33. Trucking of Tangible Items (not otherwise included)	13,000	e garden in Francis	1.8.7	Arthropher And St	Land and the land of the land of the	3 8 7	13,000
34. Mud Logging	Mary Mary	18,000	1.4.7	ta Salara mada aya da kara	Albina taka basa		18,000
35. Conventional Coring & Analysis 36. Drill Stem Test Equipment & Services	with a line	<u>Carabahan da</u>	1 2 3	hand the same of the same	was in the same		<u> </u>
36. Drill Stem Test Equipment & Services 37. DH Completion Tools	<u> </u>	** 350 c	1.2.6	8,000	A	3 1 6	8,000
38. Casing Accessories	3,500		107	2,000	Trade of the state of the state of the	3 0 7	5,500
Float Equip, Centralizers, DV Tools	3,500	<del></del>		2,000	100 100 100 100 100 100 100 100 100 100		20.11. 20.01. 1. 10.01.
Liner - Hangers, Services						<u> </u>	
39. Logging, Wireline / Slickline & Associated Rentals	14,000	46,000	1.4.4	73,000	<u> </u>	3 4 4	133,000
Electrical Logs  RFT / Sidewall Coring		40,000 6,000	ĺ		<u> </u>	ł	<u> </u>
Cased Hole Logs & CBL		0,000	1	11,000		1	<del></del>
Temperature Surveys	2,000		i	1,000		1	
Gyro, Multi-Shot, Single Shot	12,000		1			1	
Perforating, Plug / Packer Setting			ļ	55,000			
Rental Lubricator & Flanges  40. Cementing Services	51,000		1.4.6	6,000		000000	86.000
13 3/8 " OD 400 Sacks	21,000	<u> Januarya da /u>	1 1 8	35,000	Martin Stranger (Accord)	3 1 8	80,000
8 5/8 " OD 1700 Sacks	30,000				ļ	1	
5 1/2 * OD 900 Sacks			1	35,000		i	
OD Sacks			]				
*OD Sacks		<del></del>	ł			}	
Squeeze Cementing			ł			ł	
Cement Plugs			İ		Y	1	
41: Coiled Tubing Service	W		k Cop		a a felializa aktiv	3 4 5	and a state of a state of a state of
CT and N <sub>2</sub> Service			]			ļ	
Rental Crane, Lubricator, Flanges 42. Stimulation Materials & Services			١	400,000		0.4.0	180,000
43. Pump Truck (not atherwise included)			155	180,000 4,500	<u> </u>	3 1 0	4,500
44. Production Testing Equipment & Services		and the second		35,000	Andrew Sandara and	3 3 5	35,000
45. Water Haul off and Disposal	yayaran ana	and the same	1 7 3	13,000	Charge out a suggest section of	3 7 3	13,000
46. Chemicals (Corrosion Control / Packer Fluid)	er in germann	<u> </u>	1 4 8		AM A COMMAND AL	3 4 6	3,000
47. Roustabout Service (Labor not otherwise Included)  48. Supplies	18,000	<u> </u>	1 6 9	5,000	17,000	3 6 9	40,000
49. Meter Calibration & Repair	2,000	<u> </u>	176	1,000	10,000 2,000		13,000 2,000
50. Répair Surface Equipment	Street American	70 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -		And the second of the second s	Z,000	- A - A - A	on an area of the second of the second
51. Repair Downhole Equipment	a company contracts	A LONG TO THE	CONT.	the following of the State	ar i de la degla de Pala. La traca de la degla de la Pala.	AND ROOM	v. VNJ te vojeja arti sastina š
52. Capitalized Overhead %	ti. Par joha Viena jalah sada		1 0 2	and the same of th	tangka pinangan pinangan pingga Pangka pinangan pinangan pingga	3 0 2	Pad har he had a Madagar i a na fair
53 Insurance - New Drill (<12,500 \$10K, >12,500 \$50K)  54 Contingency 0%	10,000	and the second	1 4 0		hay middle galleydd	3 4 0	10,000
TOTAL INTANGIBLES	1,242,250	65,000	٠.	575,725	29,000		1,911,975
Cost Summary	1,242,200	00,000		070,720	20,000		1,011,010
TOTAL COST (Tangibles + intangibles)	1,325,550	65,000		837,725	245,000	;	
EVALUATED COST	\$1,39	0,550			Estimated B	y:, - S	L Kiler
COMPLETED WELL COST INCLUDING FACILITIES	\$2,47				Dat	2.5 07 474	10/07
WELL CONTROL: Unless otherwise indicated be			ating :	working interes	unitariyasini ayra mahigibir.	SM realistic services	Service of the servic

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 provided 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 non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (100% W.I.)

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		Co-Owner Authorization					
	Approved X	Rejected		Approved	Rejected			
	Joseph 1.	Cath	Company:	A,	13			
Name/Title:	Joseph Cast	illo, President	Name/Title:	Cumm	, and			
Date:			Date:	51,510	7			