

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED
JUN 05 2006
Submit to appropriate District Office
OCC-ARTESIA AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Nabors Well Service LTD PO Box 5028 Hobbs, New Mexico 88241		² OGRID Number 170966
		³ API Number 30 - 015-20829
⁴ Property Code	⁵ Property Name Airport Grace	⁶ Well No # 1.
⁹ Proposed Pool 1 SWD - Delaware		¹⁰ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	36	22S	26E		1980	South	2164	West	Eddy

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code P	¹² Well Type Code S	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 3221
¹⁶ Multiple N	¹⁷ Proposed Depth 5300	¹⁸ Formation Delaware	¹⁹ Contractor Nabors Well Service LTD	²⁰ Spud Date ASAP
Depth to Groundwater 115'		Distance from nearest fresh water well 1000'		Distance from nearest surface water Greater than 1 mile
Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/>		Pit Volume: _____ bbls		Drilling Method: Fresh Water <input type="checkbox"/> Brine X <input checked="" type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>
Closed-Loop System <input type="checkbox"/>				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17	13 3/8"	48# & 72#	358	375 Class C	In Place - Surface
12 1/4	9 5/8"	36# & 40#	5391	1650	In Place - Surface
8 3/4	7	23# & 32#	11956	680	In Place - 7960

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

All well fluids will be circulated to steel pit. No earthen pits will be constructed.

Please see attached plug back procedure...

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines X , a general permit , or an (attached) alternative OCD-approved plan .

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT

Printed name: Billy E. Prichard

Title:

DISTRICT II GEOLOGIST

Title: Agent

Approval Date:

JUN 07 2006

Expiration Date:

JUN 07 2007

E-mail Address: shabillon01@warpdriveonline.com

Date:

Phone: 505-390-9100

Conditions of Approval Attached

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Wednesday, June 07, 2006 11:30 AM
To: 'shabillron@warpdriveonline.com'
Subject: Airport Grace # 1

Billy,

Please provide the following information so that I can further review this application. Please call if you have any ?
s.

Thanks,

Bryan

505-748-1283 ext. 103

I will need a detailed h2s contingency plan that meets all the requirements of submitting information in regards to NMOCD Rule 118(D)(2).

You can go to other wells recently drilled in in and @ Carlsbad for more information.

I will need the list of residences/businesses (names phone numbers, etc.) in an AOR @ 1/3 mile from the well head.

I need the distance to the nearest public dwelling.

6/7/2006

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State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised October 12, 2005
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-015-20829		² Pool Code 96100		³ Pool Name SWD; Delaware	
⁴ Property Code		⁵ Property Name Airport Grace			⁶ Well Number #1
⁷ OGRID No. 170966		⁸ Operator Name Nabors Well Service LTD			⁹ Elevation 3221

¹⁰ Surface Location

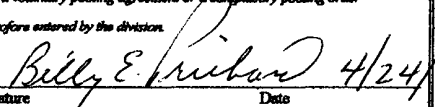
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	36	22S	26E		1980	South	2164	West	Eddy

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

¹³ Dedicated Acres 40	¹⁵ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
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No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

16				¹⁷ OPERATOR CERTIFICATION <i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or released mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i>  Signature _____ Date 4/24/06 Billy E. Prichard Printed Name _____
	2164'			
			1980'	

C101 Application to Drill, Re-enter, Deepen, Plugback or Add a Zone
Airport Grace # 1
API # 30-015-20829
1980FSL X 2164 FWL
UL "K" Section 36, T22S, R26E

5000 psi Hydraulical double BOP equipped with pipe rams and blind rams will be used during the operations.

10# brine will be used as kill and drilling fluid

All well fluids will be circulated to steel pit. No earthen pits will be constructed.

Well is currently Carlsbad, Canyon, South Gas Pool 9862-9866ft

Nabors Well Service intends to plug back with a CIBP set at 9810ft, Capped with 35' of cement by dump bailer

Cement will be circulated behind the 7" casing with 50ft of cement above the intermediate casing shoe at 5391ft remaining in the 7" casing.

Nabors will selectively test the lower, middle and upper Delaware for disposal

Lower Zone 4512-5084ft with a pressure limit of 902psig

Middle Zone 3544-4153ft with a pressure limit of 708psig

Upper Zone 1992-2892ft with a pressure limit of 398psig

Nabors will test the zones for disposal rate and pressure before moving up hole to test the next interval.

Applications are being made to the NMOCD engineering bureau for SWD permit

Applications are being made to the City of Carlsbad for permit to perform the above work and operated SWD well and facility in the City Limits of Carlsbad, New Mexico

No work will be performed until NMOCD approved SWD permit is received

No work will be performed until City of Carlsbad permit is approved

Well: AIRPORT GRACE **No.:** 001
Operator: Nabors Well Service LTD
API: 3001520829
1980 FSL X 2164 FWL
Township: 22.0S **Range:** 26E
Section: 36 **Unit:** K
Land Type: S **County:** Eddy **True Vertical Depth:** 11956

Well was spudded 3/28/1973 by Michael P. Grace as a Morrow test
Cement volumes and tops were taken and calculated from NMOCD records
Well is currently a non-producing Carlsbad, Canyon, South Gas Well
Please see attached wellbore schematic for available well data
Well is located on Fee surface and state minerals with in the City limits of Carlsbad, NM

Spud 3/28/1973

13 3/8" 48# & 72# casing was set at 358ft in a 17" hole
Cemented with 375 sacks of Class "C" cement with 2% CaCl
Cement circulated to the surface

9 5/8" 36# & 40# casing was set at 5391ft in a 12 1/4" hole
Cemented with 1250 sacks of Halliburton lite and 400 sacks Class "C"
No record in well file of cement circulating
Cement volumes sufficient to circulate at 70% fill

7" 23# & 32# casing was set at 11956ft in a 8 3/4" hole
Cemented with 320 sacks of Class "C" 50-50 poz mix Followed by 360 sacks Class "H"
cement.
Calculated TOC at 7960ft using 70% fill

Morrow Perforations 11610 -11712ft
Cast iron bridge plug set at 11400ft, capped with 35ft of cement
Atoka Perforations 10900 -10904ft
Cast iron bridge plug set at 10865ft, capped with 35ft of cement
Strawn Perforations 10435 - 10564ft
Cast iron bridge plug set at 10395ft, capped with 35ft of cement
Wolfcamp Perforations 10200 - 10205ft
Cast iron bridge plug set at 10160ft, capped with 35ft of cement
Canyon Perforations 9862 - 9866ft

Airport Grace # 1
 API 30-015-20829
 1980 FSL X 2164 FWL
 UL"K", Section 36, T22S, R26E
 Eddy County, New Mexico
 Prior to Conversion to SWD

Spud 3/28/1973

Lamar - 1828
 Delaware - 1993
 Bone Springs - 5233
 Wolfcamp - 8916
 Canyon - 10083
 Strawn - 10430
 Atoka - 10666
 Morrow - 11287

13 3/8" 48# & 72# csg 358ft in
 17" hole. Cmt w/ 375sx
 Class C cmt
 Cmt Circ.

9 5/8" 36# & 40# csg 539ft in
 12 1/4" hole. Cmt w/ 1250sx Howco
 Lite/400sx Class C cmt
 Cement circ by calc w/ 70% fill

Prod. packer set on
 2 7/8 tubing @ 9790ft

Canyon perms 9862-9866
 CIBP@10160ft, Capped w/ 35ft cmt

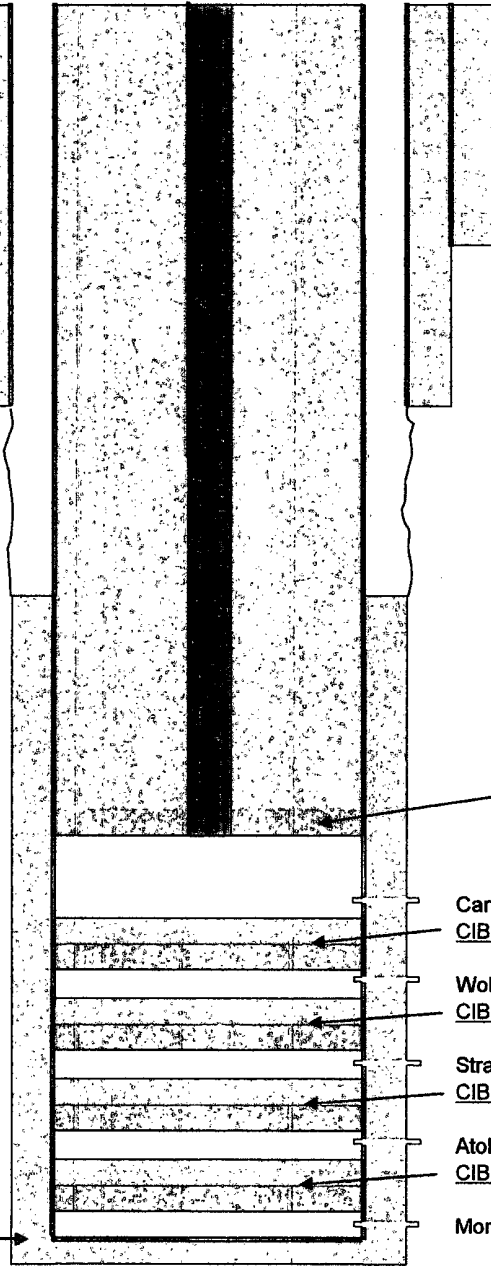
Wolfcamp perms 10200-10205
 CIBP@10395ft, Capped w/ 35ft cmt

Strawn perms 10435-10560
 CIBP@10865ft, Capped w/ 35ft cmt

Atoka perms 10900-10904
 CIBP@11400ft, Capped w/ 35ft cmt

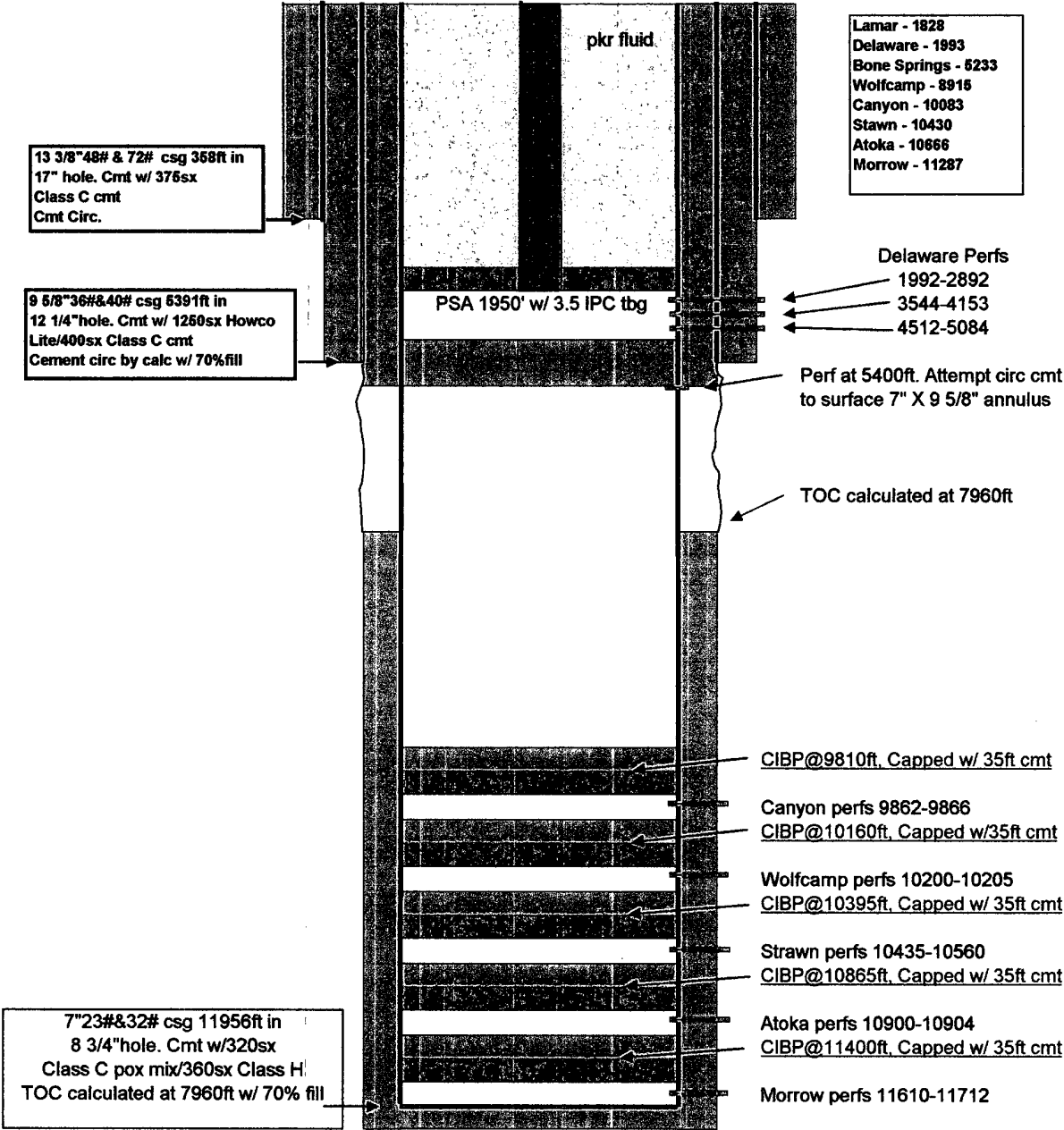
Morrow perms 11610-11712

7" 23# & 32# csg 11956ft in
 8 3/4" hole. Cmt w/ 320sx
 Class C pox mix/360sx Class H
 TOC calculated at 7960ft w/ 70% fill



Airport Grace # 1
 API 30-015-20829
 1980 FSL X 2164 FWL
 UL"K", Section 36, T22S, R26E
 Eddy County, New Mexico
 After Conversion to SWD

Spud 3/28/1973



Lamar - 1828
 Delaware - 1993
 Bone Springs - 6233
 Wolfcamp - 8915
 Canyon - 10083
 Strawn - 10430
 Atoka - 10666
 Morrow - 11287

13 3/8" 48# & 72# csg 358ft in
 17" hole. Cmt w/ 376sx
 Class C cmt
 Cmt Circ.

9 5/8" 36# & 40# csg 539ft in
 12 1/4" hole. Cmt w/ 1260sx Howco
 Lite/400sx Class C cmt
 Cement circ by calc w/ 70% fill

Delaware Perfs

1992-2892
 3544-4153
 4512-5084

Perf at 5400ft. Attempt circ cmt to surface 7" X 9 5/8" annulus

TOC calculated at 7960ft

CIBP@9810ft, Capped w/ 35ft cmt

Canyon perfs 9862-9866
 CIBP@10160ft, Capped w/35ft cmt

Wolfcamp perfs 10200-10205
 CIBP@10395ft, Capped w/ 35ft cmt

Strawn perfs 10435-10560
 CIBP@10865ft, Capped w/ 35ft cmt

Atoka perfs 10900-10904
 CIBP@11400ft, Capped w/ 35ft cmt

Morrow perfs 11610-11712

7" 23# & 32# csg 11956ft in
 8 3/4" hole. Cmt w/ 320sx
 Class C pox mix/360sx Class H
 TOC calculated at 7960ft w/ 70% fill

BOLD ENERGY, LP

415 W. WALL, SUITE 500
MIDLAND, TEXAS 79701

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

April 26, 2006

Mr. Bill E. Prichard
P.O. Box 1428
Hobbs, New Mexico 88241

Subject: Airport Grace #1, South Carlsbad Field, Eddy County, New Mexico

Dear Mr. Prichard:

This letter is to confirm for you that Bold Energy, LP and Nabors Well Service have entered into an agreement whereby Bold Energy will sell the Airport Grace #1 (wellbore only) to Nabors Well Service in exchange for a nominal fee and the guarantee of well services. The wellbore is being sold to Nabors for shallow rights only to convert this wellbore to a salt water disposal well.

Please feel free to contact me at the above number or address if there are any questions.

Sincerely for Bold Energy, LP,



Joseph Castillo
President