

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

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

1. Operator Name and Address BOLD ENERGY, L.P. 415 WEST WALL MIDLAND, TX 79701		2. OGRID Number 233545
		3. API Number 30-025-38118
4. Property Code 35983	5. Property Name BELL LAKE	6. Well No. 023

7. Surface Location

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
K	31	23S	34E	K	1650	S	1650	W	LEA

8. Pool Information

BELL LAKE,MORROW, SOUTH (GAS)	71960
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Additional Well Information

9. Work Type New Well	10. Well Type GAS	11. Cable/Rotary	12. Lease Type State	13. Ground Level Elevation 3620
14. Multiple N	15. Proposed Depth 13900	16. Formation Morrow	17. Contractor	18. Spud Date 9/22/2006
Depth to Ground water 200		Distance from nearest fresh water well > 1000		Distance to nearest surface water > 1000
Pit: Liner: Synthetic <input checked="" type="checkbox"/> 12 _____ mils thick Clay <input type="checkbox"/> Pit Volume: 12000 _____ bbls Drilling Method: Closed Loop System <input type="checkbox"/> Fresh Water <input checked="" type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/>				

19. Proposed Casing and Cement Program

Type	Hole Size	Casing Type	Casing Weight/ft	Setting Depth	Sacks of Cement	Estimated TOC
Surf	17.5	13.375	48	700	700	0
Int1	12.25	9.625	40	5100	1700	0
Int2	8.75	7	26	12000	900	4800
Prod	6.125	4.5	13.5	13900	250	11500

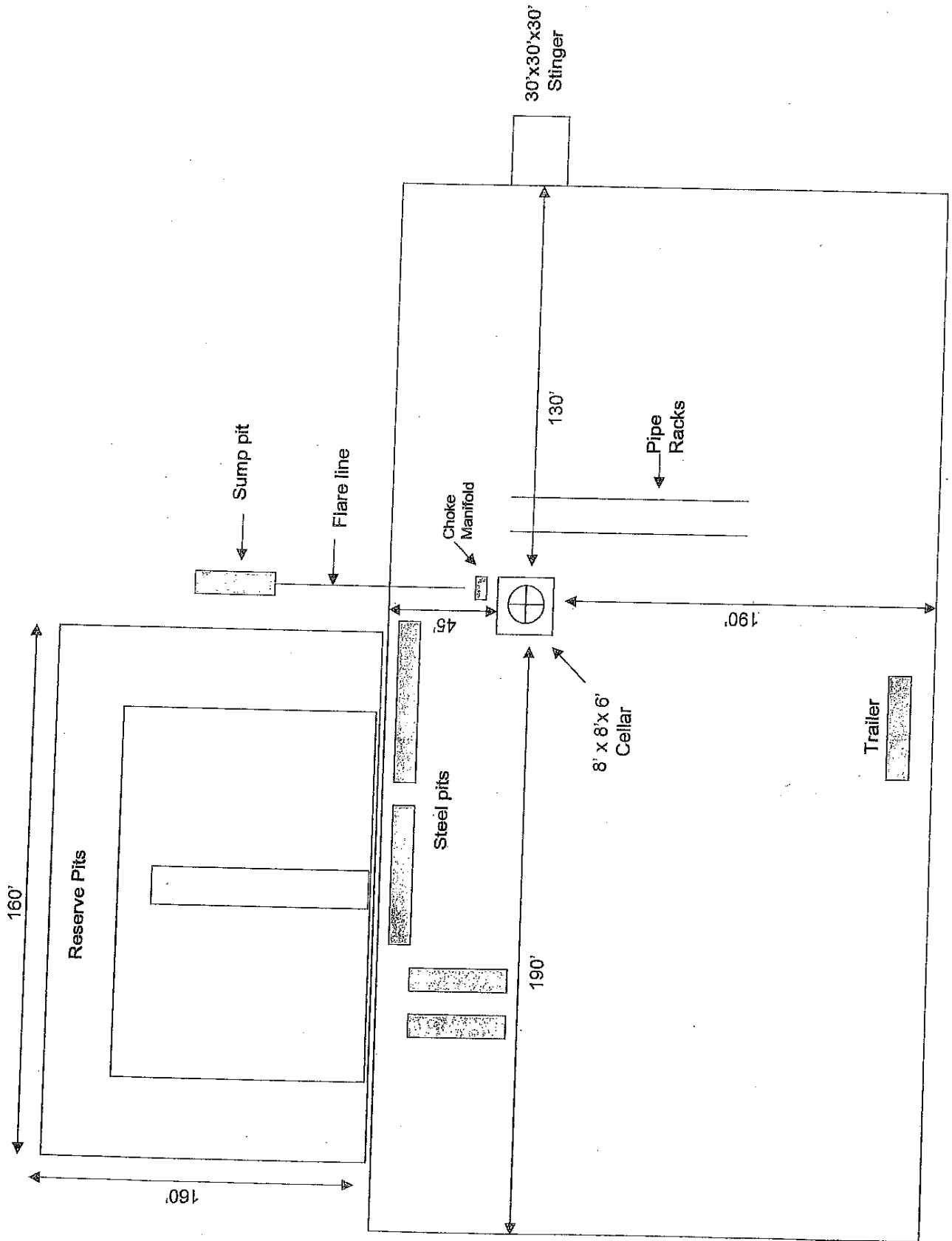
Casing/Cement Program: Additional Comments

Drill 17 1/2" hole to 700' using FW spud mud. Set 13 3/8" casing and cement to surface w/ 350 sx 35:65 Poz:C + 6% bentonite + 3% CaCl + 5pps kolite + 0.25 pps cello flakes. Tail w/ 350 sx Class "C" + 2% CaCl + 0.25 pps cello flakes. If necessary, use 1" tbg for top job to bring cement to surface. Install BOP and test BOP & casing. Drill 12 1/4" hole to 5100' w/ brine and sweeps. Set 9 5/8" casing and cement w/ 1450 sx 50:50 Poz:C + 10% bent + 1.5% salt + 0.1% FLA + 0.2% dispersant + 0.2% antifoamer + 0.25 pps cello flakes. Tail w/ 250 sx Class "C" neat. If necessary, use 1" tbg for top job to bring cement to surface. Install and test BOP and casing. Drill 8 3/4" hole to 12,000' w/ FW, cut brine, polymer & starch. Set 7" casing with 900 sx 50:50 Poz:H + 8% bent + 5% salt + 0.4% FLA + 0.3% antifoamer + 0.25 pps cello flakes., expected TOC @ 4800', adjusting MW-VIS-WL as needed to maintain hole stability and well control. (cont. in comments)

Proposed Blowout Prevention Program

Type	Working Pressure	Test Pressure	Manufacturer
DoubleRam	5000	5000	SRRAG

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 <input checked="" type="checkbox"/> a general permit <input type="checkbox"/> , or an (attached) alternative OCD-approved plan <input type="checkbox"/> . Printed Name: Electronically filed by Peggy Kerr Title: Vice President Email Address: peggy.kerr@boldenergy.com Date: 9/12/2006 Phone: 432-686-1100	OIL CONSERVATION DIVISION
	Approved By: Chris Williams
	Title: District Supervisor
	Approved Date: 9/14/2006 Expiration Date: 9/14/2007
	Conditions of Approval Attached



District II

1301 W. Grand Ave., Artesia, NM 88210
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505
Phone:(505) 476-3470 Fax:(505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Oil Conservation Division

1220 S. St Francis Dr.

Santa Fe, NM 87505

WELL LOCATION AND ACREAGE DEDICATION PLAT

1. API Number 30-025-38118	2. Pool Code 71960	3. Pool Name BELL LAKE,MORROW, SOUTH (GAS)
4. Property Code 35983	5. Property Name BELL LAKE	6. Well No. 023
7. OGRID No. 233545	8. Operator Name BOLD ENERGY, L.P.	9. Elevation 3620

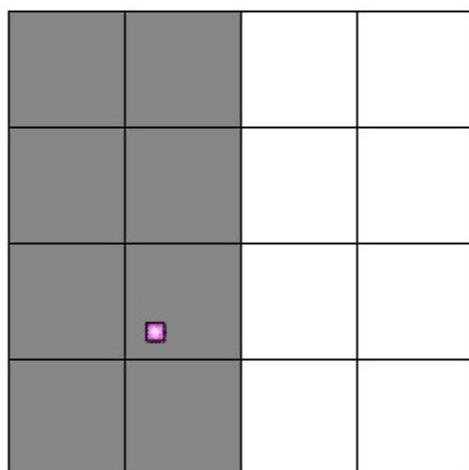
10. Surface Location

UL - Lot K	Section 31	Township 23S	Range 34E	Lot Idn	Feet From 1650	N/S Line S	Feet From 1650	E/W Line W	County LEA
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11. Bottom Hole Location If Different From Surface

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 314.80	13. Joint or Infill	14. Consolidation Code	15. Order No.						

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



OPERATOR CERTIFICATION

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 unleased mineral interest in the land including the proposed bottom hole location(s) 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.

E-Signed By: Peggy Kerr

Title: Vice President

Date: 9/12/2006

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Surveyed By: Gary Jones

Date of Survey: 9/6/2006

Certificate Number: 7977

Permit Comments

Operator: BOLD ENERGY, L.P. , 233545

Well: BELL LAKE #023

API: 30-025-38118

Created By	Comment	Comment Date
PKERR	Contacts are the Nabors Drilling toolpushers. Second contact: Roy Brumfield, same numbers.	9/11/2006
PKERR	Depth to Groundwater is estimated to be over 100'. State Engineer's Office did not have logs on file to determine.	9/11/2006
PKERR	Drilling Contractor: Nabors	9/12/2006
PKERR	Ignore first contact about toolpushers.	9/12/2006
PKERR	BOP: a 5000 psi double ram preventer w/annular will be utilized; if needed, a rotating head will be added to this stack.	9/12/2006
PKERR	H2S: Requesting waiver since we do not anticipate encountering H2S bearing formations during drilling. H2S monitoring equipment will be in use as a precaution.	9/12/2006
PKERR	Contact for APD problems and questions: Denise Menoud, Agent for Bold Energy, LP. 432-685-9158; denise@graysurfacespecialties.com	9/12/2006
PKERR	(drilling comments cont.) Drill 6 1/8" hole to 13,900' TD w/out brine, polymermer & starch. Run open hole logs & set 4 1/2" csg w/250 sx TXI Lightweight + 0.2% Uniflac + 0.2% dispersant + 0.2% antifoamer + 0.45% retarder, expected TOC @ 11,500'. Completion procedure will be based upon drilling results and log evaluation.	9/12/2006

Permit Conditions of Approval

Operator: BOLD ENERGY, L.P. , 233545

Well: BELL LAKE #023

API: 30-025-38118

OCD Reviewer	Condition
DMULL	Pit construction and closure must satisfy all requirements of your approved plan, O.C.D. Rule 19.15.2.50, and the Pit and Below-Grade Tank Guidelines