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

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

Form C-101
May 27, 2004

Submit to appropriate District Office

☐ AMENDED REPORT

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

[1] Operator Name and Address	[2] OGRID Number
Bold Energy, LP **415 W. Wall, Suite 500** **Midland, Texas 79701**	233545
	[3] API Number 30 - 025-37497

[3] Property Code	[5] Property Name	[6] Well No.
35164	Caleb State	1

[9] Proposed Pool 1	[10] Proposed Pool 2
Flying M ~~Bar U~~ (Atoka) South	~~Bar U~~ (Bough "C")

[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	9 S	32 E		1980	South	1980	West	Lea

[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	[12] Well Type Code	[13] Cable/Rotary	[14] Lease Type Code	[15] Ground Level Elevation
N	G	R	S	4253.6
[16] Multiple	**[17] Proposed Depth**	**[18] Formation**	**[19] Contractor**	**[20] Spud Date**
No	11,100'	Atoka	TBD	November, 2005

Depth to Groundwater	Distance from nearest fresh water well	Distance from nearest surface water
+/- 105''	200' +	200;+

Pit: Liner: Synthetic ☒ 12 mils thick Clay ☐ Pit Volume: 15000 bbls
Closed-Loop System ☐

Drilling Method:
Fresh Water ☐ Brine ☒ Diesel/Oil-based ☐ Gas/Air ☐

[21] Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17½"	13 3/8"	48	400'	440	Circulated
11"	8 5/8"	32	3650'	1100	Circulated
7 7/8"	5½"	17	11,100'	900	3450'

[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.

Bold Energy, LP proposes to drill an Atoka test to 11,400' TD. Approximately 400' of surface casing will be set with cement circulated. Intermediate will be set at approx 3650' and cement also circulated to surface. A 3000 psi BOP stack (see attachment) will be installed after setting the 13 3/8" surface casing and the BOP and surface casing will be tested per NMOCD requirements prior to drilling out. BOPE will again be tested prior to drilling out 8 5/8" intermediate shoe. At TD, open hole logs will be evaluated and, if well appears commercial, 5½" production casing will be set at TD. The planned TOC outside the 5½" casing is 3450'= 200' above the 8 5/8" intermediate shoe. Rotary tools will be moved out and the well completed using a well servicing unit.

H_2S gas is not known to be present in this area; therefore, no contingency plan is included with this APD. However, H_2S monitoring equipment will be operational prior to drilling out the 8 5/8" shoe to timely warn personnel should this gas be encountered.

Mud Program: 0' – 400' 8.6 - 9.0 ppg Spud Mud 400' - 3650' 9.0 – 10.0 Brine w/ paper & 4-6% oil
3650' – 7300' Cut Brine 7300' - 11,400' TD Cut Brine w/ SG & Starch

[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 ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Printed name: Peggy Kerr
Title: VP Land
E-mail Address: Peggy.kerr@boldenergy.com
Date: 10/1/2005 Phone: (432) 686-1100

OIL CONSERVATION DIVISION

Approved by:
Title: PETROLEUM ENGINEER
Approval Date: OCT 12 2005 Expiration Date:
Conditions of Approval Attached ☐

Permit Expires 1 Year From Approval Date Unless Drilling Underway

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37497	76720	Flying M Atoka South

Property Code	Property Name	Well Number
35164	CALEB STATE	1

OGRID No.	Operator Name	Elevation
233545	BOLD ENERGY, LP	4254'

Surface Location

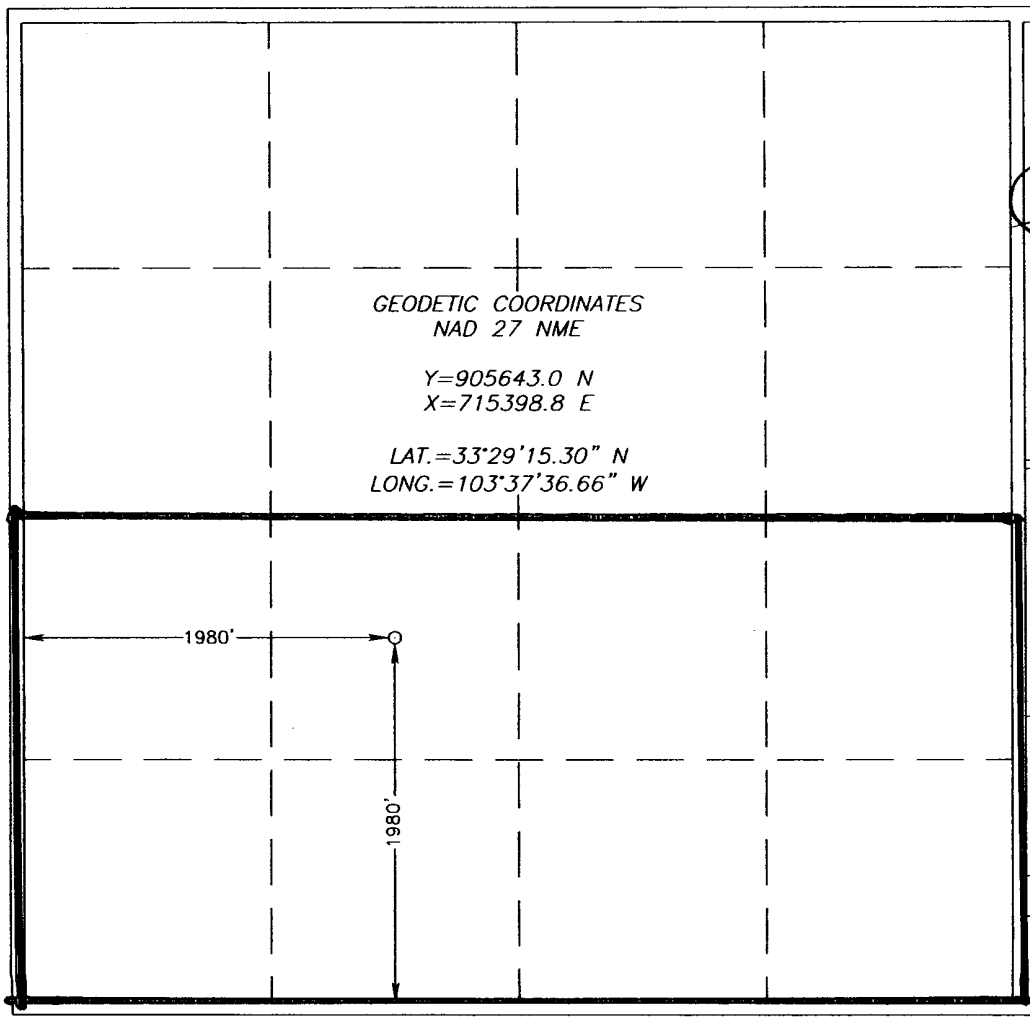
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	36	9-S	32-E		1980	SOUTH	1980	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

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 the the information contained herein is true and complete to the best of my knowledge and belief.

Signature: Peggy Kerr

Printed Name: PEGGY KERR

Title: VP Land

Date: 10-1-05

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 supervison, and that the same is true and correct to the best of my belief.

Date Surveyed: SEPTEMBER 15, 2005 JR

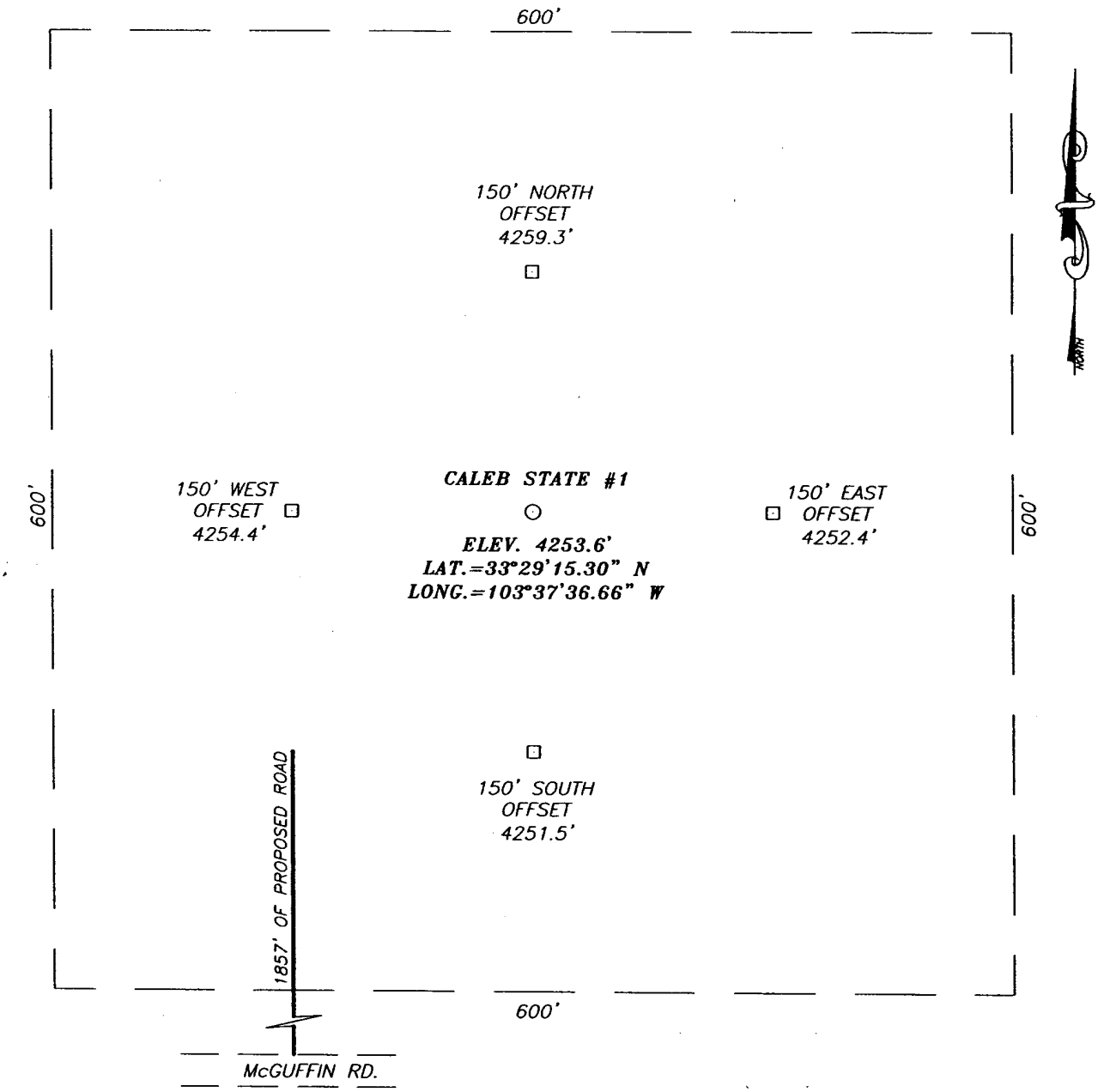
Signature & Seal of Professional Surveyor: GARY G. EIDSON NEW MEXICO 12641 REGISTERED PROFESSIONAL SURVEYOR — 9/28/05

05.11.1405

Certificate No. GARY EIDSON 12641

SECTION 36, TOWNSHIP 9 SOUTH, RANGE 32 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF CO. RD. #T-156 (BUTTON MESA RD.) AND CO. RD. #T-156 (McGUFFIN RD.) GO EAST ON McGUFFIN RD. APPROX. 1.42 MILES TO A PROPOSED ROAD SURVEY ON THE LEFT. FOLLOW PROPOSED ROAD SURVEY NORTH APPROX. 2000' NORTH TO THIS LOCATION.

100 0 100 200 Feet

Scale: 1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

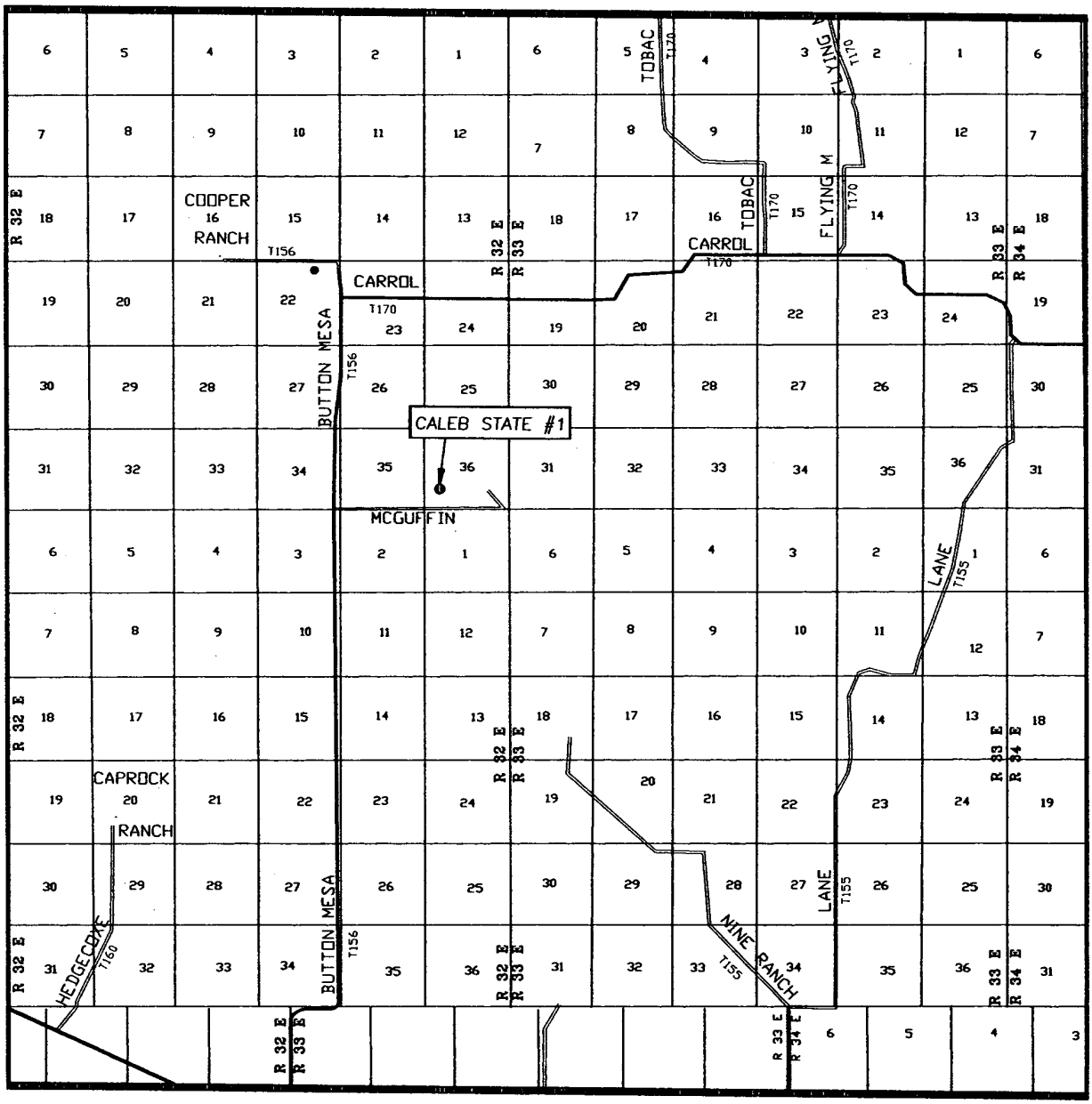
(505) 393-3117

BOLD ENERGY, LP

CALEB STATE #1 WELL
LOCATED 1980 FEET FROM THE SOUTH LINE
AND 1980 FEET FROM THE WEST LINE OF SECTION 36,
TOWNSHIP 9 SOUTH, RANGE 32 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 09/15/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1405	Dr By: J.R.		Rev 1:N/A
Date: 09/21/05	Disk: CD#5	05111405	Scale: 1"=100'

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 36 TWP. 9-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FSL & 1980' FWL

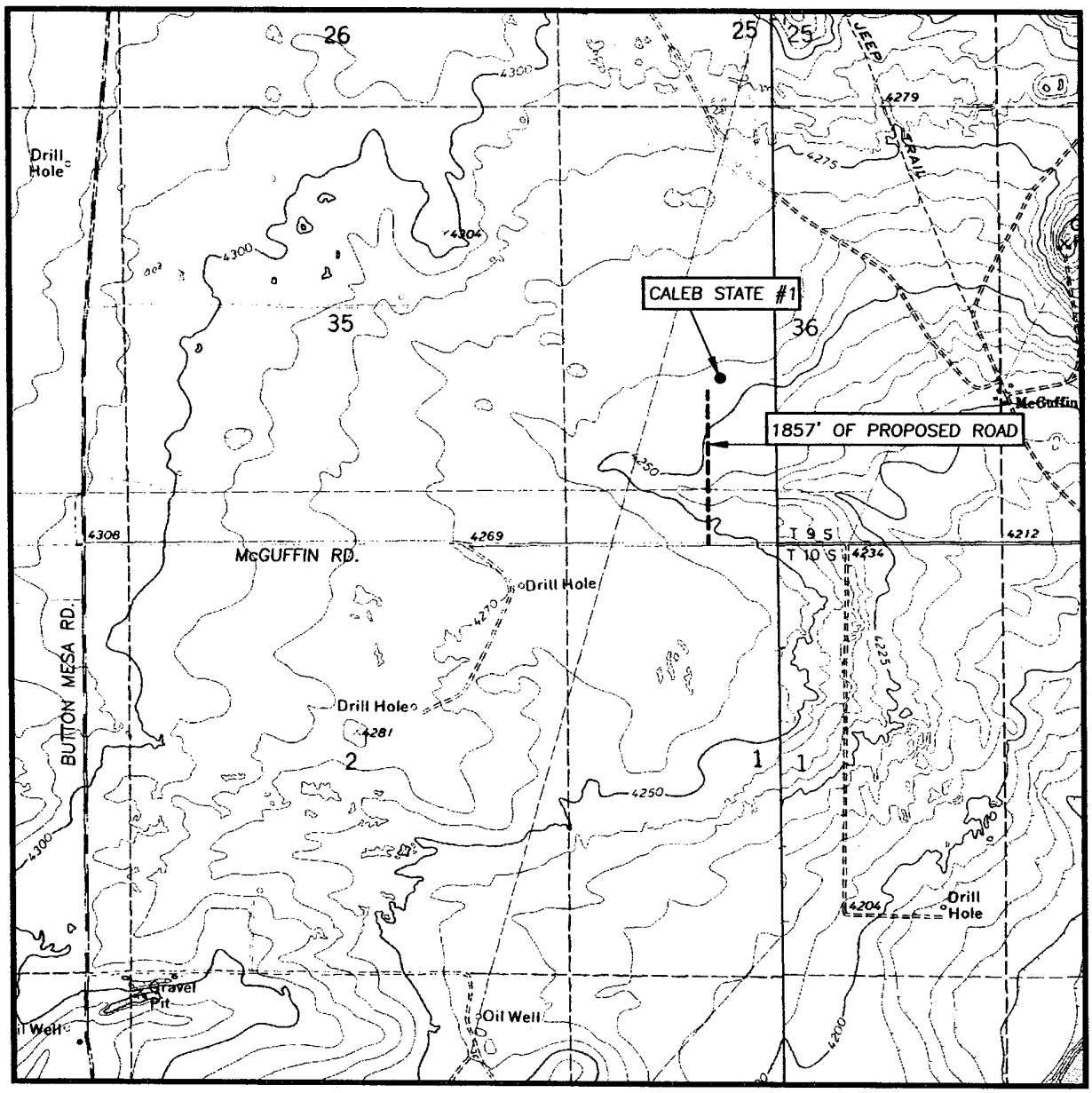
ELEVATION 4254'

OPERATOR MARBOB ENERGY
BOLD ENERGY, LP

LEASE CALEB STATE

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
CAPROCK, N.M. – 10'
LANE SALT LAKE, N.M. – 10'

SEC. 36 TWP. 9-S RGE. 32-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1980' FSL & 1980' FWL

ELEVATION 4254'

OPERATOR BOLD ENERGY, LP

LEASE CALEB STATE

U.S.G.S. TOPOGRAPHIC MAP
CAPROCK, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

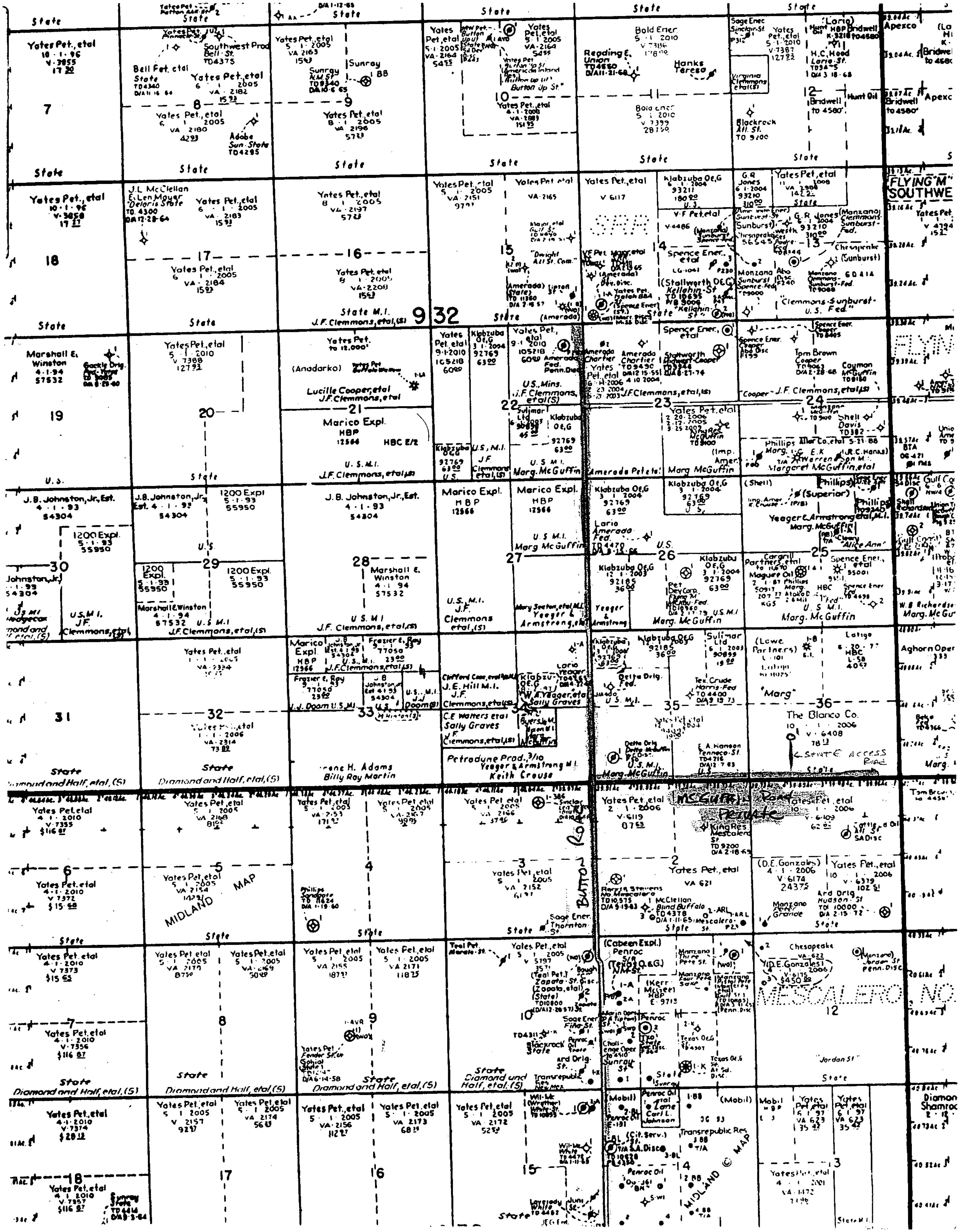

State
Yates Pet., etal
Southwest Prod
Bell Pet. etal
Sunray
Bold Ener.
Reading E.
Hanks Tereso
Blackrock All St.
Bridwell
Hunt Oil
Apexco
H.C. Hood
Sage Ener.
Adobe Sun-State
Klabzuba O.E.G
J.L. McClellan
G.R. Jones
Spence Ener.
Chesapeake
Sunburst
Clemmons Sunburst U.S. Fed.
Marshall & Winston
Anadarko
Lucille Cooper, etal
J.F. Clemmons, etal (S)
Marico Expl.
U.S. M.I.
Amerada
Stallworth
Tom Brown
U.S. Mins.
J.B. Johnston, Jr., Est.
1200 Expl.
Marg McGuffin
Lario
Phillips
Shell
Davis
Yeager & Armstrong
Spence Ener., etal
Cargill Partners, etal
Aghorn Oper
The Blanco Co.
Latigo
Frazier & Ray
J.E. Hill M.I.
C.E. Walters etal
Sally Graves
Petradyne Prod.
Keith Crouse
Billy Ray Martin
Diamond and Half, etal, (S)
MIDLAND MAP
Button Road
McGuffin Road
Tex Crude
E.A. Hansen
Sinclair
Manzano
Penroc
Mescalero
Transrepublic
Mobil
Carl L. Johnson
Penroc Oil
D.E. Gonzales
Ard Drlg.
MESCALERO, NO.
Texas O.&G.
W.B. Richardson
FLYING "M"
SOUTHWE

EXHIBIT "C"

BOP EQUIPMENT

Bold Energy, LP
Caleb State # 1
1980' FSL & 1980' FWL
Section 36 - T9S - R32E
LEA County, New Mexico

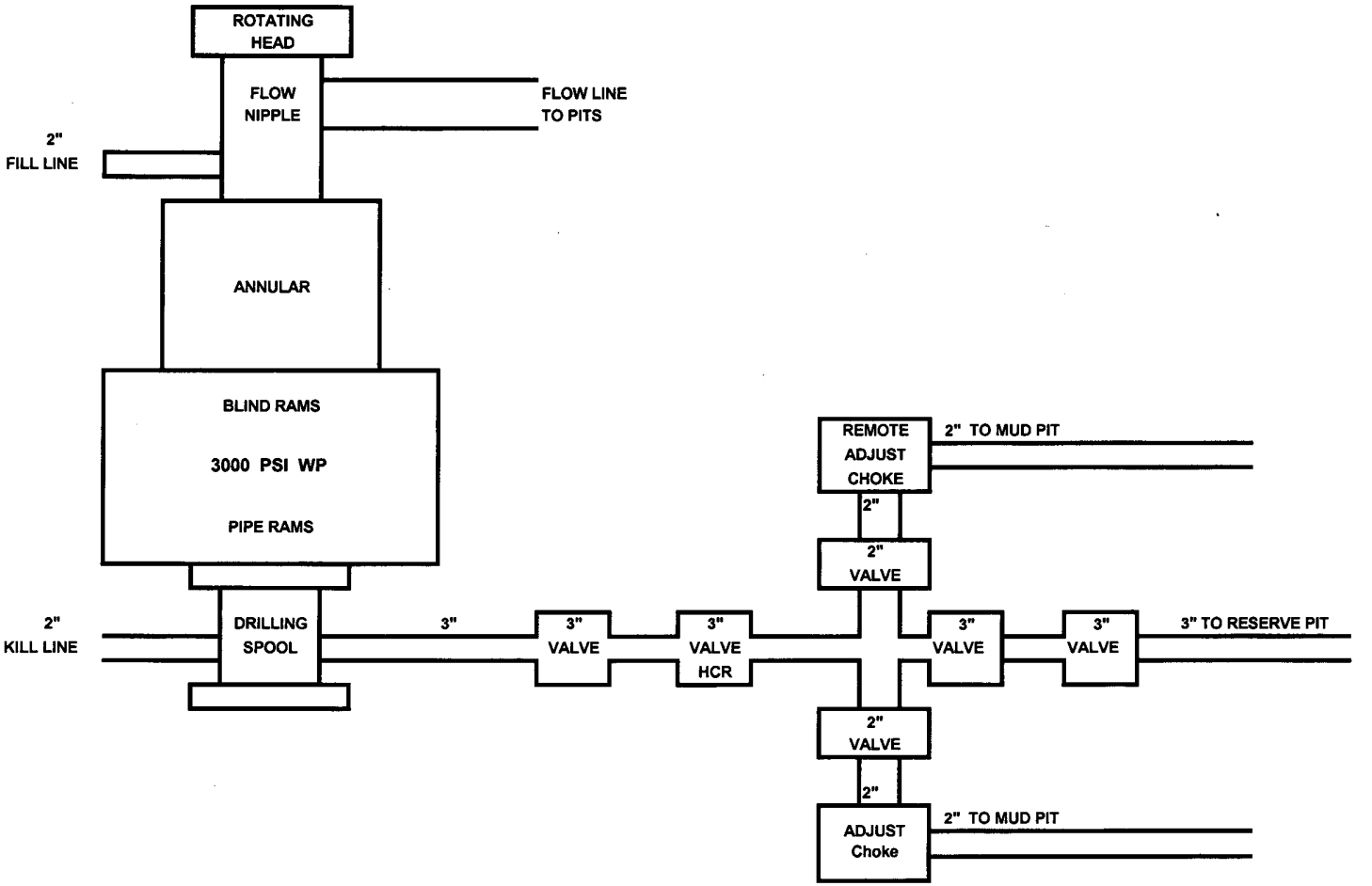


EXHIBIT "D"

LOCATION DIAGRAM

Bold Energy, LP
Caleb State # 1
1980' FSL & 1980' FWL
Section 36 - T9S - R32E
LEA County, New Mexico

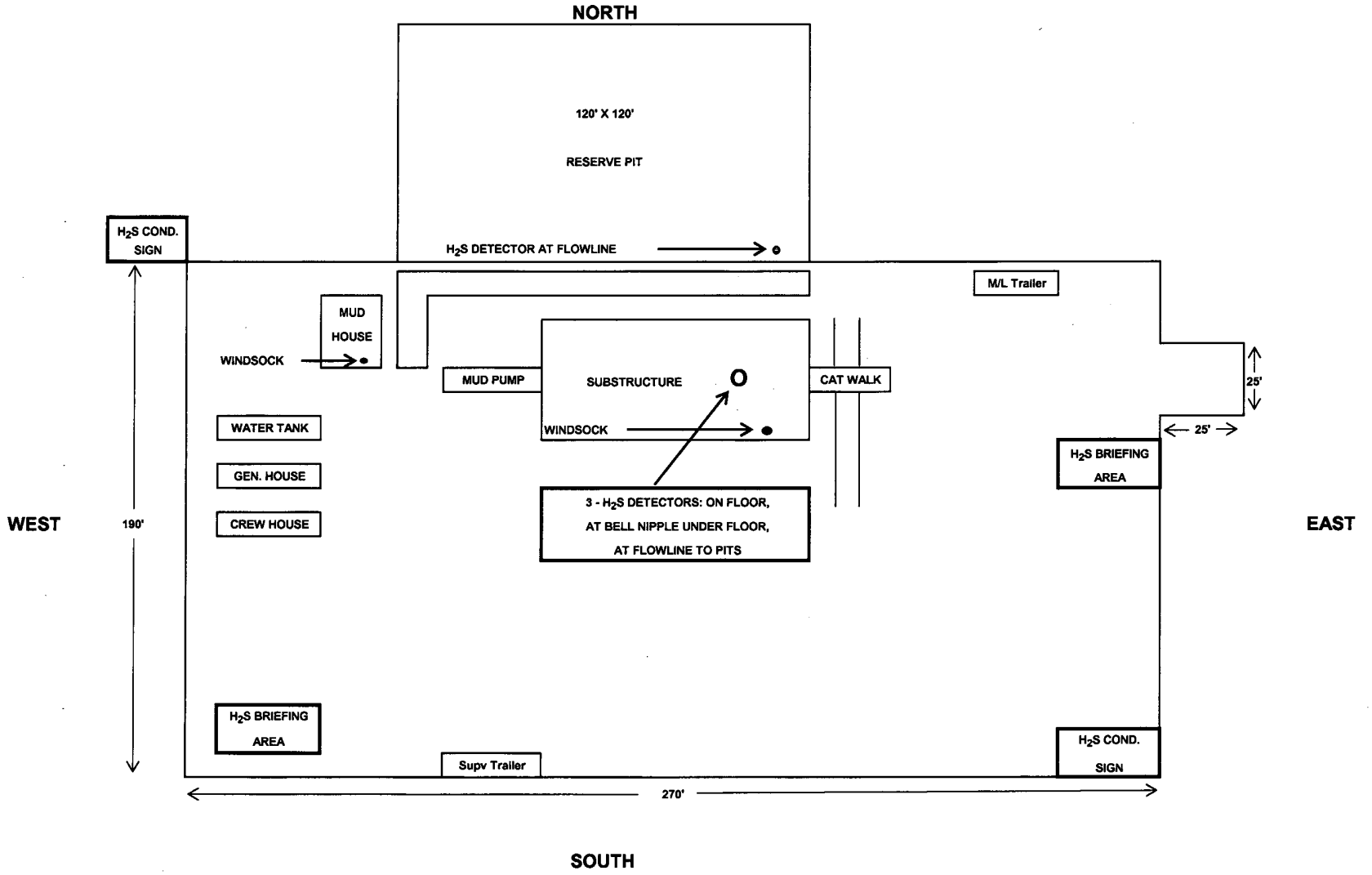
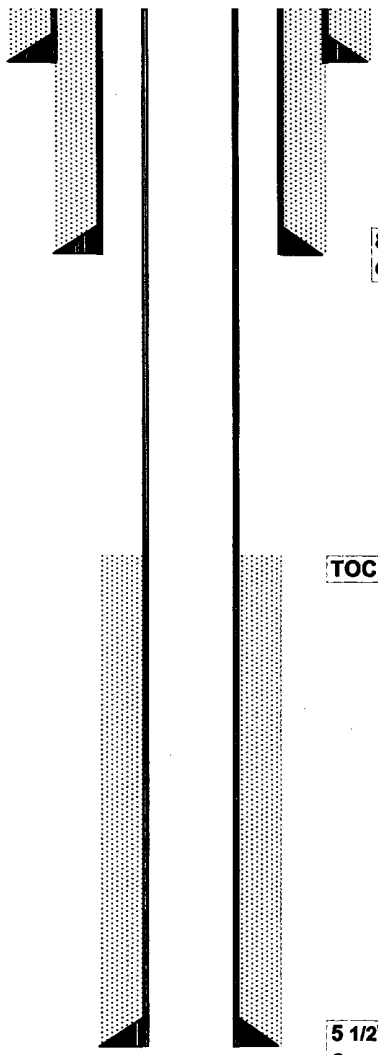


EXHIBIT "E"

Wellbore Plan

Bold Energy, LP
Caleb State # 1
1980' FSL & 1980' FWL
Section 36 - T9S - R32E
LEA County, New Mexico



13 3/8" 48# H-40 STC casing @ 400'
Cement circulated to surface

8 5/8" 28# M-55 STC casing set @ 1800'
Cement circulated to surface

TOC = +/- 3600'

5 1/2" 17# K-55 LTC casing set @ approx 8700'
Cemented w/ sufficent volumes for TOC = 3600'

8/3/05

EXHIBIT "F"

Bold Energy, LP
Caleb State # 1
1980' FSL & 1980' FWL
Section 36 - T9S - R32E
LEA County, New Mexico

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

I Hydrogen Sulfide Training

All personnel, whether regularly assigned, contracted, or employed on an unscheduled basis will show proof of training from a qualified instructor in the following areas before commencing any work on the above named well.

1. The hazards and characteristics of hydrogen sulfide (H_2S).
2. The proper use and maintenance of personal protective equipment and life support systems.
3. The proper use of H_2S detectors, alarms, warning signs, briefing areas, and evacuation procedures.
4. The proper technique for first aid and rescues.

In addition, supervisory personnel will be trained in the following areas:

1. The effects of H_2S on metal components. If high tensile tubulars are used, personnel will be trained in their special maintenance requirements.
2. Corrective action and shut-in procedures when drilling or reworking a well and blowout prevention and well control procedures.
3. The contents and reequirements of the H_2S Drilling Operations Plan.

The well site is not within 3000' of any public roadway or dwelling; therefore an H_2S Contingency Plan is not necessary.

There will be an initial safety meeting just prior to commencing operations on the well, which shall include a review of the site-specific H_2S Drilling Operations Plan. This plan will shall be available at the well site. All personnel will be required to carry documentation that they have received the proper H_2S training.

II H_2S Safety Equipment and Systems

All H_2S safety equipment and systems will be installed upon setting 8 5/8" casing at 1800'.

1. Well Control Equipment

   A. Choke manifold with a minimum of two adjustable chokes, one remotely operated.
   B. Blind and pipe rams to accommodate all pipe in use.
   C. Auxiliary equipment to include annular preventer and rotating head.

2. Protective Equipment for Essential Personnel

   A. Four - 5 minute escape units in top dog house.
   B. One - 30 minute SCBA at each briefing area.

II H_2S Safety Equipment and Systems - cont'd

3. H_2S Detection and Monitoring Equipment

   A. Three-channel monitor located on floor, with detectors located on floor, on flow nipple and on flow line on mud pit.
   B. The mud logging unit shall have H_2S monitoring equipment.

4. Visual Warning Systems

   A. Windsock located on floor and mud pits.
   B. Briefing area signs located on NE & SW corners of pad.
   C. H_2S Condition sign located at entrance to location.

5. Mud Program

   The mud program has been designed to minimize the volume of possible H_2S circulated to surface. Proper weight, safe drilling practices, and the use of H_2S scavengers will minimize hazards when penetrating possible H_2S bearing zones.

6. Metallurgy

   All drill strings, casing, tubing, wellhead, blowout preventers, drilling spool, kill lines, choke manifolds, and associated lines and valves shall be suitable for an H_2S environment.

7. Communications

   Drilling rig and company vehicles will be equipped with two way radios or cellular telephones.

8. Well Testing

   At least One Drill Stem Test is planned for this well.

EXHIBIT "G"

Bold Energy, LP
Caleb State # 1
1980' FSL & 1980' FWL
Section 36 - T9S - R32E
LEA County, New Mexico

Temporary Condition of Approval:

Drilling Fluids, Casing and Cementing Requirements for Most of LEA County:

Casing and Cementing

Surface casing is to be set at a sufficient depth to protect useable water zones and cement circulated to surface. In areas where the salt section (Salado) is present, surface casing should be set at least 25 feet into the top of the Rustler Anhydrite and cement circulated to the surface.

As an alternative, surface casing may be set through the Santa Rosa Formation or other potable water bearing zones and circulate cement to surface. For wells requiring an intermediate casing string, such string shall be cemented to the ground surface. In the case where intermediate casing is not required the operator shall case and cement the production hole to the ground surface.

While drilling from the surface casing to the Rustler formation it is recommended that operators periodically sweep the hole with viscous low water loss pills to help build a filter cake across useable water zones in the redbeds.

Drilling Fluid

Fresh water or fresh water spud mud shall be used to drill to surface casing depth. If surface casing is set at a lesser depth than the top of the Rustler formation, fresh water spud mud may be used to drill down to the first salt in the Rustler formation, after which brine or fresh water may be used.

Non-toxic or biodegradable water based polymers, drilling paper, starch and gels may be used in the mud system in order to retard seepage into the redbeds.

Two to five percent diesel or crude oil may be used in the redbed section in order to control heaving shales and mudstones.

Caustics and Lime shall not be used in the red beds but may be added when the Rustler formation is reached. However, sodium carbonate maybe used for alkalinity or ph control while drilling the redbeds above the Rustler formation.

Additionally, questions of whether an additive may be used should be referred to the Roswell Field office.