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 Submit to appropriate District Office

☐ AMENDED REPORT

APPI	<u> ICATI</u>	ON FO				ENTER, I	<u> DEEPEN</u>	i, PLUGBA			
			¹ Operator Na	me and Add nergy, LF				233545	² OGRID	Number	p
			415 W. Wa	II, Suite	500			20	³ API N	umber,	00
³ Prope	erty Code		Midland, T	exas /9	⁵ Property 1	Name		30 - 2	45-3	⁶ Well	No.
1100	rty Code 5164	7			Caleb S					1	1140.
Flying Prop			Proposed Pool 1						osed Pool 2		
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					⁷ Surface	Location					
UL or lot no.	Section 36	Township 9 S	Range 32 E	Lot I	Idn Feet fro		/South line outh	Feet from the 1980	East/Wes We		County Lea
			⁸ Propo	sed Botto	om Hole Locat	ion If Differ	ent From S	Surface		•	
UL or lot no.	Section	Township	Range	Lot I			/South line	Feet from the	East/Wes	st line	County
	-	1		Ad	Iditional We	ll Informa	tion				
	Type Code N		¹² Well Type Co	de	¹³ Cable	e/Rotary	14	Lease Type Code			nd Level Elevation 4253.6
¹⁶ M	Iultiple		17 Proposed Dep 11,100'	th	¹⁸ Forn	mation Oka		19 Contractor TBD	222	20	⁰ Spud Date
Depth to Grou	ındwater		11,100	Distance	e from nearest fres		0' +	Distance fro	from nearest surface party 200;+		
Pit: Liner	+/- 10		ls thick Clay	Pit Volu	me: <u>15000</u> bbls	Dri	lling Method		000		E)
	Closed-Loop System					Fre	sh Water 🔲	Brine Diesel	/Oil €8888 1iO	☐ Gas/A	Air 🛅
			21	Propos	sed Casing a			n 9	b8yi ⊜≘	୍ଷ -	80
Hole S	lize	Ca	sing Size		g weight/foot	Setting		ks of C	<u> </u>	jiu	Estimated TOC
171/2		 	33/8"	48		40		240			Girculated
11'		1	35/8"	32		365		11000/20			
77/8			5½"		17		11,100' 90		~ ~ ~ ~ ~ ~		3450'
			- * - · · · · · · · · · · · · · · · · ·				71,100				
							a on the pres	ent productive zor	ne and propo	osed new	productive zone.
Bold Energy, 3650' and ce casing will be be evaluated	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 appro 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.									the BOP and surface D, open hole logs will	
					ingency plan is inc as be encountered		s APD. How	ever, H ₂ S monitor	ing equipm	ent will t	be operational prior to
Mud Program	n: <u>0' - 400</u>)' 8.6 - 9.0	ppg Spud Mud	400' - 30	650' 9.0 – 10.0 B	rine w/ paper &	. 4-6% oil				
	3650' - 7300' Cut Brine 7300' - 11,400' TD Cut Brine w/ SG & Starch										
²³ I hereby cer	²³ I hereby certify that the information given above is true and complete to the						OIL CONSERVATION DIVISION				
best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD gradelines , a general permit , or an (attached) alternative OCD-approved plan						Approved by:					1011
Printed name	: Peggy K	етт	Jeans	$\mathcal{L}_{\mathcal{L}}$	un	Title:		200 PETROI	EUM E	NGINE	ER
Title: VP La	and		- 777			Approval Da	.е: С1 <u>Т у</u>	Z 11073 T	Expiration D		
E-mail Addre	ss: Peggy.	kerr@bolde	nergy.com							_	
Date: 10/1/2005 Phone: (432) 686-1100					Conditions of Approval Attached						

State of New Mexico

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

Energy, Minerals and Natural Resources Department

Form C-102

Revised JUNE 10, 2003

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

OIL CONSERVATION DIVISION 1220 SOUTH ST. FRANCIS DR.

Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

DISTRICT III 1000 Rio Brazos Rd., Aztec, NM 87410 Santa Fe, New Mexico 87505

DISTRICT IV WELL LOCATION AND ACREAGE DEDICATION PLAT ☐ AMENDED REPORT 1220 S. ST. FRANCIS DR., SANTA FE, NM 87505 Pool Code Pool Name API Number 30-025-37 South Well Number Property Name Property Code CALEB STATE 1 35164 OGRID No. Operator Name Elevation BOLD ENERGY, LP 233545 4254

Surface Location

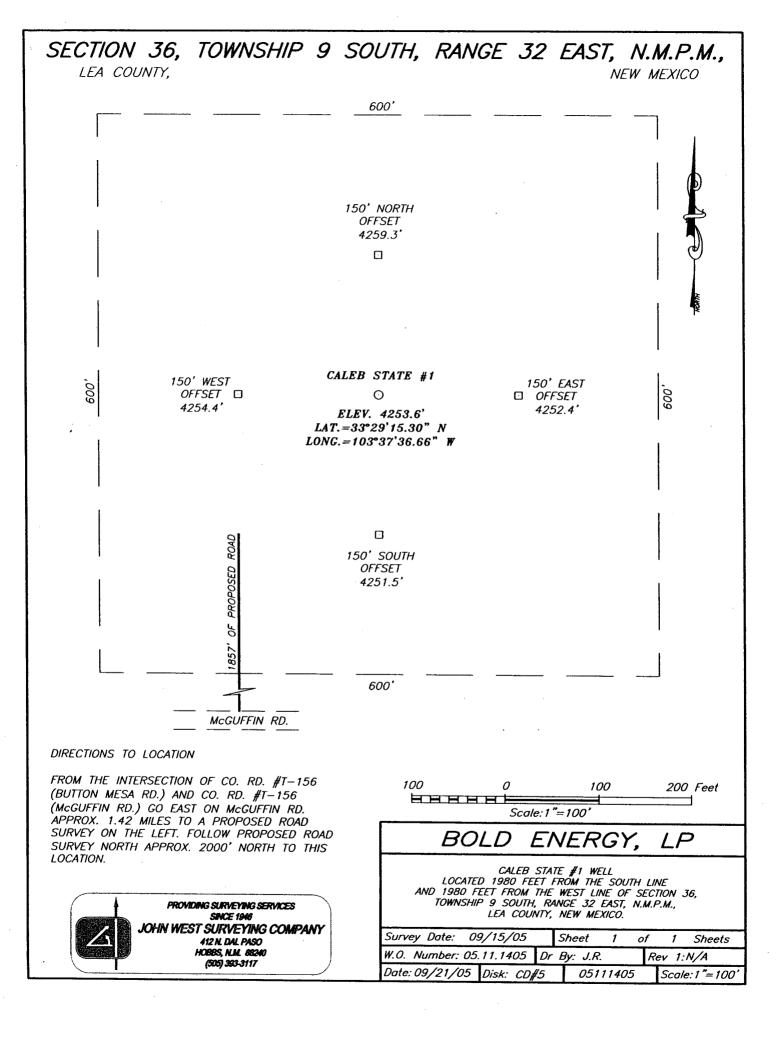
ſ	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	. K	36	9-S	32-E		1980	SOUTH	1980	WEST	LEA

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 Acre	s Joint o	r Infill Co	nsolidation	Code Or	ier No.				
300									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED

	OR A NON-STANDARD UNIT HAS BEEN APPROVE	D DI THE DIVISION
	GEODETIC COORDINATES NAD 27 NME Y=905643.0 N X=715398.8 E LAT.=33'29'15.30" N LONG.=103'37'36.66" W	OPERATOR CERTIFICATION I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief. Signature Hibby KERN Printed Mane Title 10 -/-05 Date SURVEYOR CERTIFICATION
1980'	1980,	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. SEPTEMBER 15, 2005 Date Surveyed Form JR Signature 4. Sett of O Professional Surveyor. OS-1.1405 Certificate, NoGari, EDSSN 12641



VICINITY MAP

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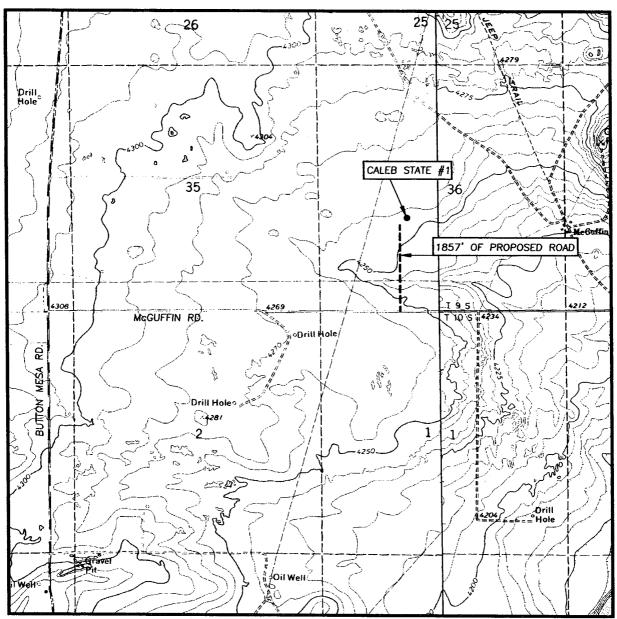
SCALE: 1" = 2 MILES

SEC. 36 TV	VP. <u>9-S</u> RGE. <u>32-E</u>
SURVEY	N.M.P.M.
COUNTY	LEA
DESCRIPTION_	1980' FSL & 1980' FWL
ELEVATION	4254'
	MARBOB ENERGY BOLD ENERGY, LP
LFASE	CALER STATE





LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

SEC. <u>36</u> TWP. <u>9-S</u> RGE. <u>32-E</u>

SURVEY_____N.M.P.M.

COUNTY____LEA

DESCRIPTION 1980' FSL & 1980' FWL

ELEVATION 4254'

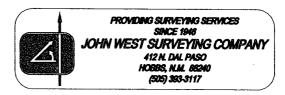
OPERATOR BOLD ENERGY, LP

LEASE CALEB STATE

U.S.G.S. TOPOGRAPHIC MAP

CAPROCK, N.M.

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





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EXHIBIT "C"

BOP EQUIPMENT

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

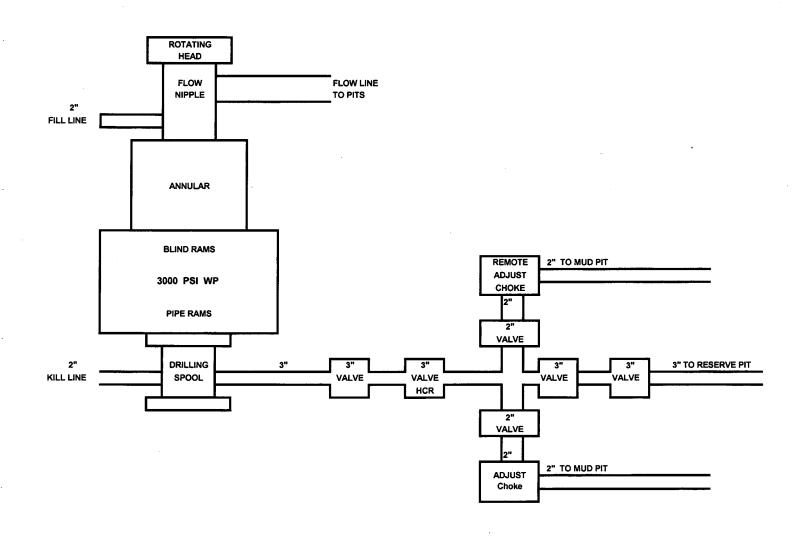
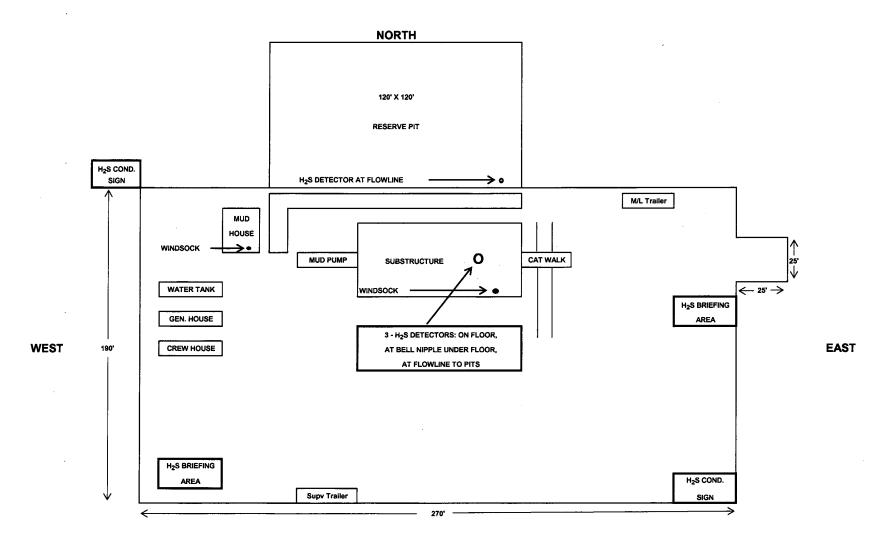


EXHIBIT "D"

LOCATION DIAGRAM

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

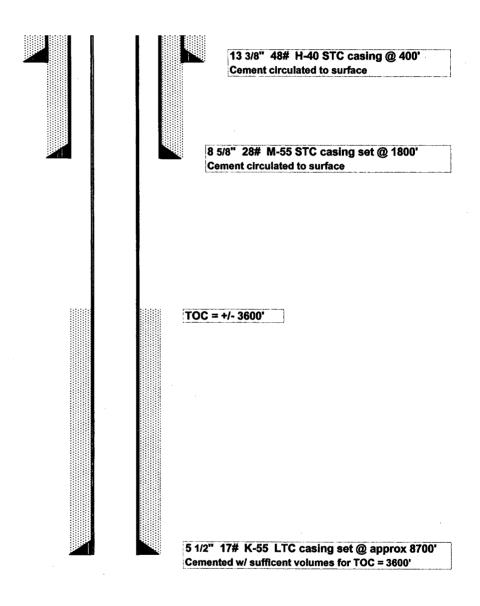


SOUTH

EXHIBIT "E"

Wellbore Plan

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



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 (H₂S).
- 2. The proper use and maintenance of personal protective equipment and life support systems.
- 3. The proper use of H₂S 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 H₂S 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 H₂S Drilling Operations Plan.

The well site is not within 3000' of any public roadway or dwelling; therefore an $\rm H_2S$ 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 H₂S 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 H₂S training.

II H₂ S Safety Equipment and Systems

All H₂S 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.

Caleb State # 1
Section 36 - T9S - R32E
LEA County, New Mexico
Exhibit "F" - H₂S Drilling Operations Plan
Page 2

II H2 S Safety Equipment and Systems - cont'd

3. H₂S 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 H₂S 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. H₂S 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.