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

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State of New Mexico
Energy Minerals and Natural Resources

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

Form C-144
June 1, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☐ Closure of a pit or below-grade tank ☒

Operator: BOLD ENERGY, LP Telephone: 432-686-1100 / 432-661-8803 e-mail address: DONNYMONEY@BOLDENERGY.COM
Address: 415 W. WALL STE 500 MIDLAND, TX 79701
Facility or well name: BELL LAKE UNIT #27 API #: 30-025-38562 U/L or Qtr/Qtr L Sec 5 T 24S R 34E
County: LEA, NM Latitude 32° N 42.3" N Longitude 103° 29' 54.5" W NAD: 1927 ☐ 1983 ☐
Surface Owner: Federal ☐ State ☐ Private ☒ Indian ☐

Pit	Below-grade tank	
Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☒ Unlined ☐ Liner type: Synthetic ☒ Thickness 20 mil Clay ☐ Pit Volume 2500 bbl	Volume: ____ bbl Type of fluid: N/A Construction material: ____ Double-walled, with leak detection? Yes ☐ If not, explain why not.	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.) 75' BGS	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more	(20 points) (10 points) 10 (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more	(20 points) (10 points) 0 (0 points)
	Ranking Score (Total Points)	10

If this is a pit closure: (1) Attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: (check the onsite box if your are burying in place) onsite ☒ offsite ☐ If offsite, name of facility ____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☒ Yes ☐ If yes, show depth below ground surface ____ ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

Additional Comments:
PLEASE SEE ATTACHED WORK PLAN FOR PIT CLOSURE

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I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**

Date: ____
Printed Name/Title Donny Money / Prod. Supt. Signature [signature]
Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Printed Name/Title ____ Signature [signature] ENVIRONMENTAL ENGINEER Date: 2.11.08

Bell Lake Federal #27

Located in SECTION 5, T24S, R34E of Lea Co., NM

GPS Reading of 32°-14'-42.3"-N & 103°-29'-54.5"-W

API # 30-025-38562

Reserve Drilling Pit Closure Report

Presented to:

Bold Energy, LP

415 W. Wall Suite 500
Midland, Texas 79701

Prepared by:

Phoenix Environmental, LLC.

P.O. Box 1856
Hobbs, New Mexico 88240

TABLE OF CONTENTS

SECTION I

PHOENIX ENVIRONMENTAL LLC

P.O. Box 1856 2113 French Dr. Hobbs, NM 88241-1856 Office 505-391-9685 Fax 505-391-9687

February 1, 2008

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

Attn: Mr. Shannon Klier
Operations Engineering Manager

RE: Work Plan to Clean Up the Bell Lake #27 Drilling Pit Located in UL L Sec 5, T24S and R34E of Lea County, New Mexico

Dear Mr. Klier:

Phoenix Environmental, LLC (Phoenix) would like to take this time to thank you and Bold Energy, for the opportunity to provide our professional services. Please find attached our work plan for the above listed site.

If you have any questions and/or need more data in regards to projects please call at any time. My cell phone is 505-631-8314.

Sincerely,

Allen Hodge, REM
VP Operations
Phoenix Environmental LLC

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Summary/Overview

The Bell Lake #27 Drilling Pit site should be completed and remediated in accordance with the standards of the NMOCD. It is our understanding that any potential contamination from the site was a result of activities associated with the drilling and production of oil and gas.

The potential contaminates of concern are mid to high-level concentrations of drilling mud and cuttings that were left after drilling operations were completed.

The lands primary use is domestic pasture for ranching and the production of oil and gas.

The ground water depth data available for this area showed the depth to ground water to be in the 75' range BGS.

Pursuant to the standards of the NMOCD, the clean up level for this site will be at <1,000ppm of TPH, <50ppm for BTEX and Chlorides less than <250ppm.

The following scope of work was based on data from our site visit and the requirements of the NMOCD for site clean up.

Scope of Work for Entombment of Impacted Soils

NOTE: Phoenix, for the purpose of this work plan, will estimate that there is approximately 2,500cyds of impacted cuttings and drilling mud at the site that needs to be addressed for site closure.

1. First Phoenix will call One-Call for line spot clearance before any excavation at the site is started.

2. Phoenix will mobilize to the site located in the Bell Lake area southwest of Eunice, NM equipment and personnel necessary to start and complete the site remediation as required, getting the site back into compliance.

3. The site will be cleared of brush and debris and a staging area set up for site control and safety.

4. Phoenix will move the stockpile of soils on the side of the drilling pit back to allow room to excavate the tomb to hold the contents of the drilling pit. While leaving the top of the impacted soils at a minimum of three feet below grade, the size of the tomb will need to be 150x30x20 and will yield an estimated 3,334cyds of total material and will hold an estimated 2,800cyds of impacted soils.

5. Once the tomb area has been excavated it will be lined with 12mil HDPE bottom and a 20mil sewn on top above the impacted soils before backfilling.

6. Impacted soils at the site will then be transported and placed in the lined tomb area until the top of the impacted soils are at a minimum of three feet below grade.

7. Phoenix will field screen the site during the excavation, and, once the TPH and CL has dropped below clean-up requirements, final samples will be taken and sent to a third party lab for analysis.

8. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the site. The site will be contoured with a slight crown to prevent the ponding of any water and reseeded.

9. Once all of the closure criteria have been met, a final closure report will be prepared by Phoenix. This report will include a summary of remediation operations, findings on-site and lab analysis, site maps and project photos.

If you have any questions and/or need more data in regards to this project please call 505-631-8314 at any time.

Sincerely,

Allen Hodge, REM
VP Operations
Phoenix Environmental LLC

SECTION II

Project Overview

Phoenix Environmental, LLC. (Phoenix) was contracted for the closure of a reserve-drilling pit on the Bell Lake #27, belonging to Bold Energy, LP. The Bell Lake #27 is located in Section 5 T24S R34E. The GPS Reading is 32°14'42.3"N & 103°29'54.5"W, with an elevation of 3585 feet above sea level. The land, in and around the site, is primarily used as domestic pasture for ranching and the production of oil and gas. The pit site is located on the north side of the location.

The potential contaminates of concern were mid- to high-level concentrations of salt water, drilling mud, cuttings, and drilling fluids that were left after drilling operations were completed.

The ground water depth data available from the State of New Mexico Engineers' office showed the vertical depth to the top of water to be about 75 feet below surface.

Pursuant to the NMOCD guidelines for clean up of unlined surface impoundments, the clean up level for this site will be at <1,000 ppm for TPH (Total Petroleum Hydrocarbons) and <50 ppm for BTEX (Benzene, Toluene, Ethylbenzene, and Xylene). The NMOCD has also asked for CL (Chlorides) be returned back as close to background levels as possible or <250 ppm.

Findings and Conclusion

It appeared that in excess of 2,500 cubic yards (cyds) of cuttings, drilling mud, and soil were impacted in the pit area with the dimensions of 120'x120'x8'.

The bottom of the excavation (approximately 12 feet) was tested for Chlorides to make certain that the target limits had been met prior to backfilling and compaction for closure. The site cleaned up well with vertical depth of impact, listed above at 12 feet and not impacting groundwater. All of the final lab analyses were below the NMOCD guidelines for unlined surface impoundments (refer to attached laboratory reports for actual levels).

The site was backfilled and compacted with clean backfill and contoured with a crown back to grade to prevent ponding on the area. The site was reseeded and should vegetate very well with upcoming rains.

Chronology of Operations

1. *February 18, 2008 – Phoenix mobilized on-site. The first order on the agenda was a tailgate safety meeting to review any potential safety concerns of the site and to cover the clean- up operations. (Please note that a daily safety meeting is the first order of the day before any work begins on site). New Mexico One Call was notified of the intent to finish the pit closure. A dozer cleared the area of vegetation and debris around the pit and the staging area.*

2. *February 19, 2008 – The crew started digging the deep bury (entombment) pit.*

3. *February 20 thru 22, 2008 – Crew continued to dig a deep bury (entombment) pit to hold reserve drilling pit contents.*

4. *February 25 thru 27, 2008 - Crew continued to dig a deep bury (entombment) pit to hold reserve drilling pit contents.*

5. *March 1 thru 4, 2008 - Crew continued to dig a deep bury (entombment) pit to hold reserve drilling pit contents.*

6. *March 5, 2008, - Crew finished digging deep bury (entombment) pit. The bottoms of the deep bury (entombment) pit was cleaned and dressed to prevent damage to liner.*

7. *March 6, 2008 – The deep bury (entombment) pit was lined with 12 mil HDPE bottom. The crew started transferring the contents of the reserve drilling pit to the deep bury (entombment) pit.*

8. *March 7, 2007 – Crew continued transferring drilling mud and cuttings from the reserve-drilling pit to deep bury (entombment) pit.*

9. *March 10, 2008 – The bottom of the reserve drilling pit was cleaned and final samples were taken and sent to a third party laboratory for analysis of Chlorides for final verification of the limits met. (Please refer to attached reports, pages 9 through 12 of this report). The deep bury (entombment) pit was capped with a 20 mil HDPE top.*

10. *March 11, 2008– A dozier was mobilized to location to push-up material to backfill deep bury entombment pit. The walls of the reserve drilling pit were back dragged.*

11. *March 12, 2008- Loader was mobilized to the ARU #1 for caliche to use as backfilling. Crew continued to push-up material at location and push in as backfill.*

12. *March 13, 2008 – Crew continued to backfill using material from location.*

13. *March 19, 2008 – Trucks were loaded with 440 cubic yards of caliche from the ARU #1, which was hauled back to location and used for backfilling.*

14. *March 20, 2008 – Trucks were loaded with 300 cubic yards of caliche from the ARU #1, which was hauled back to location and used for backfilling.*

15. *March 21, 2008 - Loader was mobilized to the Pitchfork pit. Trucks were loaded with 540 cubic yards of caliche, which was hauled back to location and used as backfill.*

16. *March 24, 2008 – Trucks were loaded with 700 cubic yards of caliche from the Pitchfork pit. The trucks then hauled it back to location and used the caliche for backfill.*

17. *March 25, 2008 - 40 cubic yards of caliche was hauled from Pitchfork pit to location and used as backfill.*

18. *March 26, 2008 – Backfill of pits completed.*

19. *March 27, 2008 - Final contouring and compaction was implemented to return the site back to grade. Contouring was completed with a crown to prevent rainwater ponding.*

20. *April 23, 2008 - The site was reseeded with native grasses and with the available moisture should vegetate very quickly.*

Certification

The following Phoenix Environmental personnel have reviewed this report and verified that to the best of their knowledge the contents are true and correct.

Allen Hodge, REM
Senior Project Manager
Phoenix Environmental, LLC

Signature:

Registered Environmental Manager #7096
National Registry of Environmental Professionals

SECTION III

SUMMARY SOIL ANALYSIS REPORT

Client: Bold Energy LP
Supervisor: Allen Hodge
Sample Matrix: Soil

Facility: Bell Lake #27
Order No.: Donny Money
Samples Received: Intact on site

Initial Project Screening

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1							
#2							
#3							
#4							
#5							
#6							

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")

Interim Project Screening

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1	3/10/08	12'	80			Outside East	EPA 325.3
#2	3/10/08	12'	78			Outside North	EPA 325.3
#3	3/10/08	10'	100			Outside West	EPA 325.3
#4	3/10/08	12'	80			Inside East	EPA 325.3
#5	3/10/08	10'	<50			Inside West	EPA 325.3
#6	3/10/08	0-6"	<50			Background	EPA 325.3
#7							
#8							
#9							
#10							
#11							
#12							
#13							
#14							
#15							
#16							

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")

Final (Third Party Laboratory) Project Screening Verification

Sample	Date	Depth	Chlorides	TPH	BTEX	Location	Test Method
#1	6/23/08	12'	64			Outside East	See Report
#2	6/23/08	12'	64			Outside North	See Report
#3	6/23/08	10'	64			Outside West	See Report
#4	6/23/08	12'	64			Inside East	See Report
#5	6/23/08	10'	16			Inside West	See Report
#6	6/23/08	0-6"	<16			Background	See Report
#7							

Samples reported in parts per million (ppm) and depth is in feet (') and inches (")

Phoenix Environmental, LLC.
P.O. Box 1856 – 2113 French Drive
Hobbs, New Mexico 88241
505.391.9685 – FAX: 505.391.9687

SOIL ANALYSIS REPORT

Date: 3/10/08
Client: Bold Energy LP
Supervisor: *Allen Hodge*
Sample Matrix: *Soil*

Facility: Bell Lake #27
Test Method: *EPA 325.3*
Order No.: Donny Money
Sample Received: *Intact on site*

Sample	CL (ppm)	Depth (feet)	Location
#1	80	12′	Outside East
#2	75	12′	Outside North
#3	100	10′	Outside West
#4	80	12′	Inside East
#5	<50	10′	Inside West
#6	<50	0-6″	Background

COMMENTS: *These samples are field screen samples taken to confirm regulator limits prior to final lab analysis.*

CARDINAL LABORATORIES

PHONE (575) 393-2326 • 101 E. MARLAND • HOBBS, NM 88240

ANALYTICAL RESULTS FOR
PHOENIX ENVIRONMENTAL, LLC
ATTN: ALLEN HODGE
P O. BOX 1856
HOBBS, NM 88241
FAX TO: (575) 391-9687

Receiving Date: 06/23/08
Reporting Date: 06/23/08
Project Number: BOLD ENERGY
Project Name: BULL LAKE 27
Project Location: LEA CO., NM

Analysis Date: 06/23/08
Sampling Date: 06/17/08
Sample Type: SOIL
Sample Condition: INTACT
Sample Received By: ML
Analyzed By: HM

LAB NUMBER	SAMPLE ID	Cl^- (mg/kg)
H15035-1	1-OUTSIDE EAST @ 12'	64
H15035-2	2-OUTSIDE NORTH @ 12'	64
H15035-3	3-OUTSIDE WEST @ 10'	64
H15035-4	4-INSIDE EAST @ 12'	64
H15035-5	5-INSIDE WEST @ 10'	16
H15035-6	6-BACKGROUND @ 0-6"	< 16
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		2.0

METHOD: Standard Methods	4500-ClB

Note: Analyses performed on 1:4 w:v aqueous extracts.

Chemist

06-23-08
Date

H15035 PHOENIX

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240
(575) 393-2326 Fax (575) 393-2476

Page____ of ____

Company Name:	PHOENIX ENVIRONMENTAL LLC	**BILL TO**	
Project Manager:	ACLAY Hodges	P.O. #:	
Address:	PO BOX 1856	Company:	SAME
City:	Hobbs	State: NM Zip:	88241
Attn:		Phone #:	575-391-9685
Address:		Fax #:	575-391-9687
City:		Project #:	
State:	Zip:	Project Owner:	BOLD ENERGY
Phone #:		Project Name:	BILL LAKE 27
Fax #:		Project Location:	LEA CO NM
		Sampler Name:	ACLAY HODGES

FOR LAB USE ONLY Lab I.D.	Sample I.D.	(G)RAB OR (C)OMP	# CONTAINERS	MATRIX: GROUNDWATER	WASTEWATER	SOIL	OIL	SLUDGE	OTHER :	PRESERV.: ACID/BASE	ICE / COOL	OTHER	SAMPLING: DATE	TIME	ANALYSIS REQUEST: CL CHLORIDES
H15035-1	1-OUTSIDE EAST @ 12'	C	1			X					X		6/24/08	8:00 AM	X
-2	2-OUTSIDE NORTH @ 12'	C	1			X					X			8:15 AM	X
-3	3-OUTSIDE WEST @ 10'	C	1			X					X			9:30 AM	X
-4	4-INSIDE EAST @ 12'	C	1			X					X			9:45	X
-5	5-INSIDE WEST @ 10'	C	1			X					X			9:00	X
-6	6-BACKGROUND @ 0-6"	C	1			X					X			9:30	X

PLEASE NOTE: Liability and Damages. Cardinal's liability and client's exclusive remedy for any claim arising whether based in contract or tort, shall be limited to the amount paid by the client for the analyses. All claims including those for negligence and any other cause whatsoever shall be deemed waived unless made in writing and received by Cardinal within 30 days after completion of the applicable service. In no event shall Cardinal be liable for incidental or consequential damages, including without limitation, business interruptions, loss of use, or loss of profits incurred by client, its subsidiaries, affiliates or successors arising out of or related to the performance of services hereunder by Cardinal, regardless of whether such claim is based upon any of the above stated reasons or otherwise.

Terms and Conditions. Interest will be charged on all accounts more than 30 days past due at the rate of 24% per annum from the original date of invoice, and all costs of collections, including attorney's fees.

Sampler Relinquished:	Date: 6-23-08	Received By:	
	Time: 8:30		
Relinquished By:	Date:	Received By:	
	Time:		

Delivered By: (Circle One) Sampler - UPS - Bus - Other:

Temp.:

Sample Condition: Cool ☐ Yes ☐ No; Intact ☑ Yes ☐ No

CHECKED BY: (Initials) MCAB

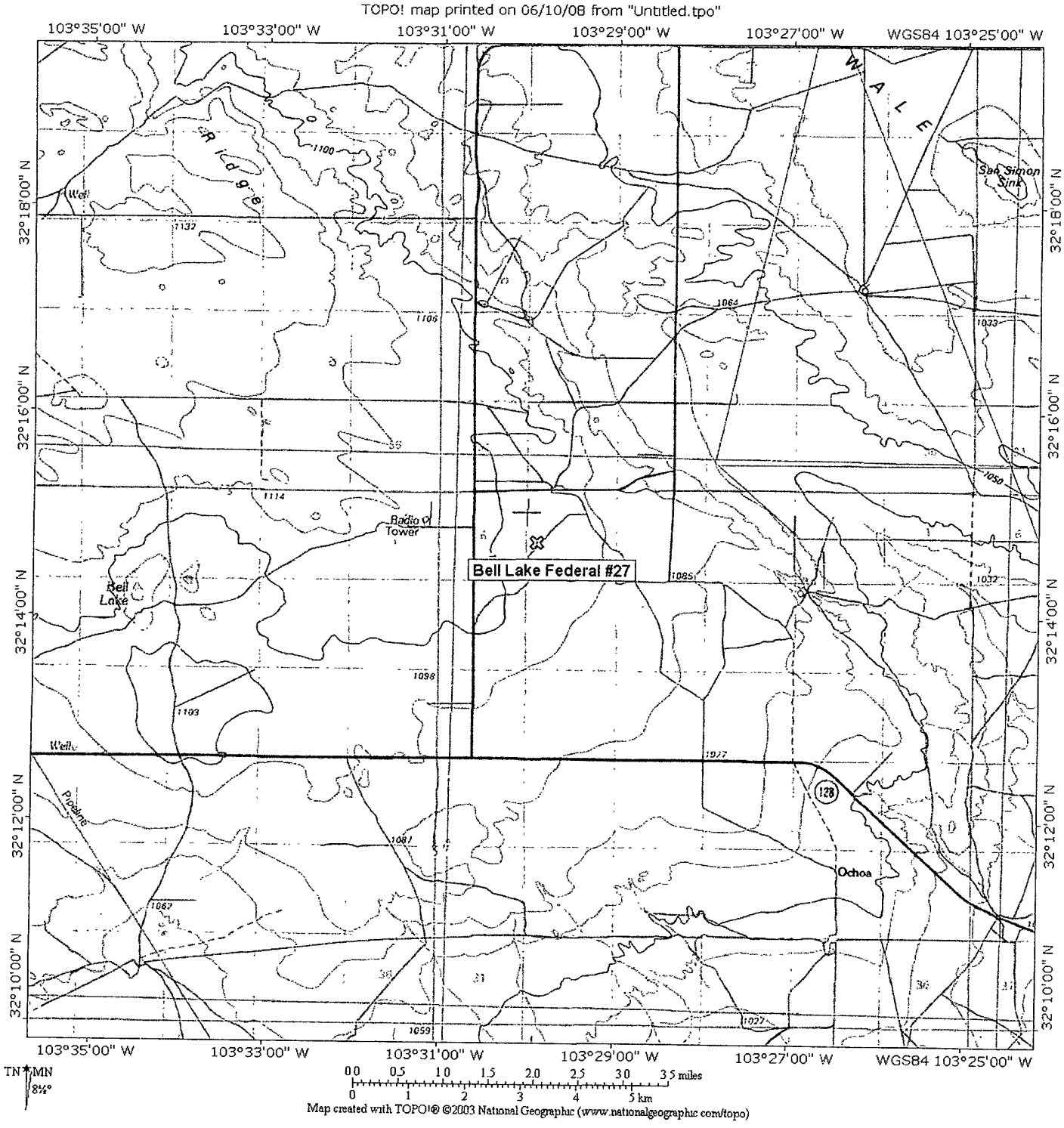
Phone Result: ☐ No Add'l Phone #:

Fax Result: ☐ No Add'l Fax #:

REMARKS: RUSH ASAP

† Cardinal cannot accept verbal changes. Please fax written changes to 575-393-2476.

SECTION IV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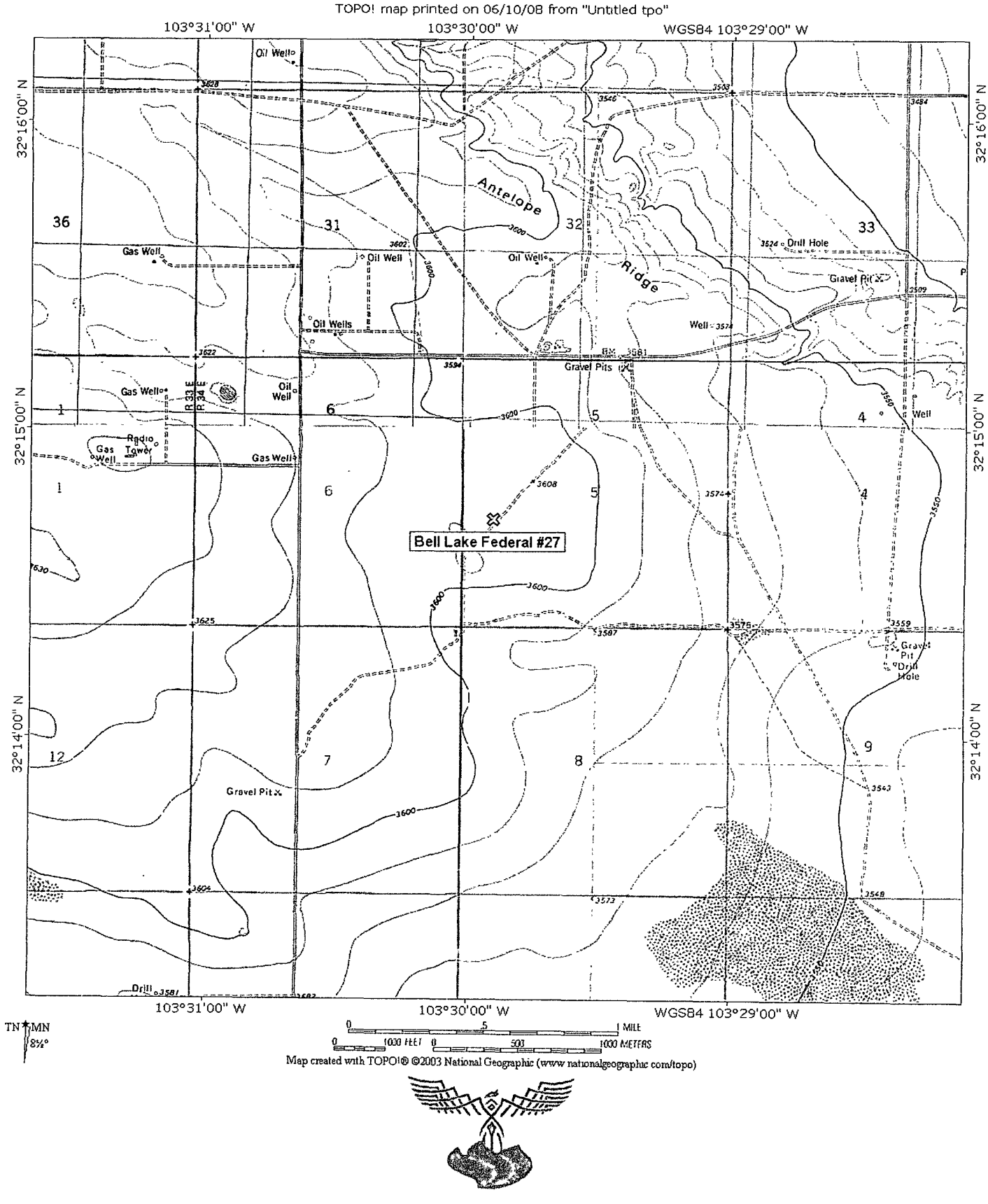
WGS84 103°25'00" W
32°18'00" N
32°16'00" N
32°14'00" N
32°12'00" N
32°10'00" N
Bell Lake Federal #27
Radio Tower
Bell Lake
Well
Pipeline
Ochoa
128
San Simon Sink
TN MN
8½°
0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles
0 1 2 3 4 5 km
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)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32°15'00" N
32°14'00" N
Bell Lake Federal #27
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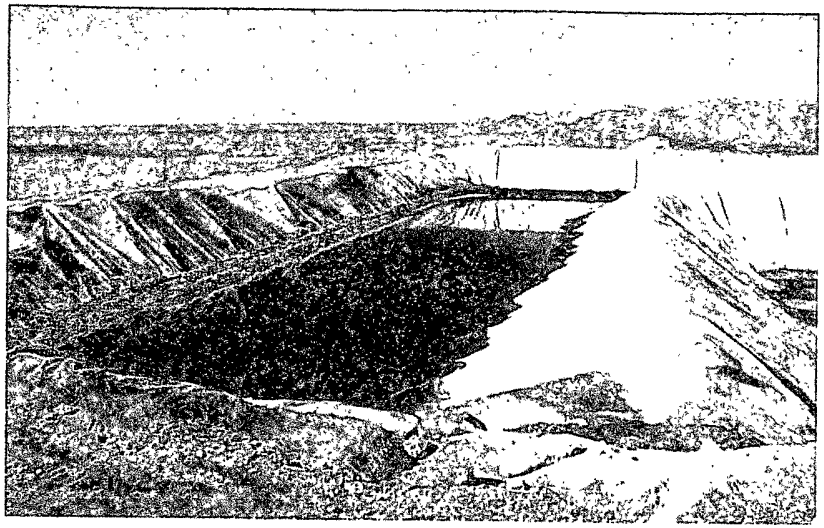
Oil Well
Gas Well
Oil Wells
Gravel Pit
Drill Hole
Radio Tower
Well
R 33 E
R 34 E
36
31
32
33
1
6
5
4
12
7
8
9
TN MN
8½°
0 5 MILE
0 1000 FEET 0 500 1000 METERS
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

SECTION V



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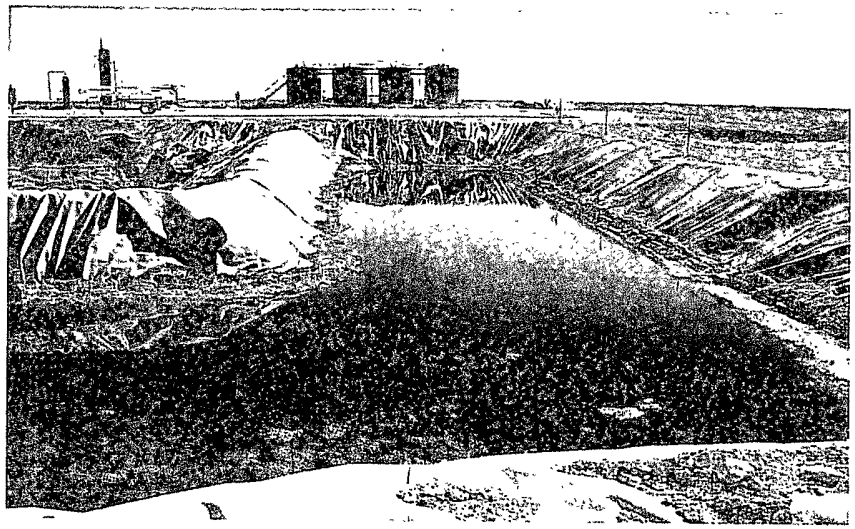

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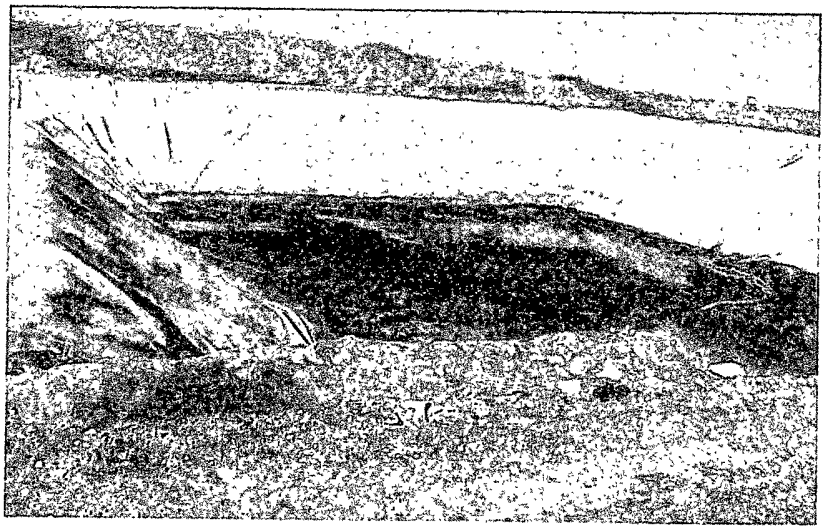

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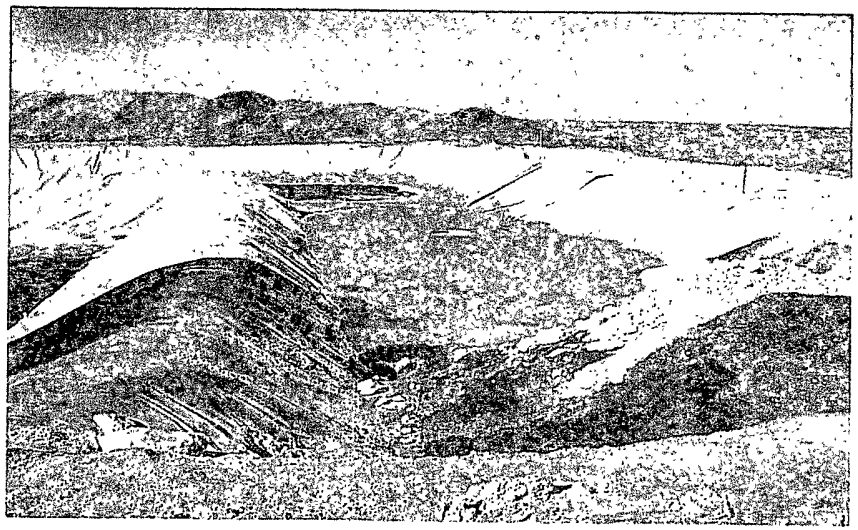

Photo #4 Beginning View

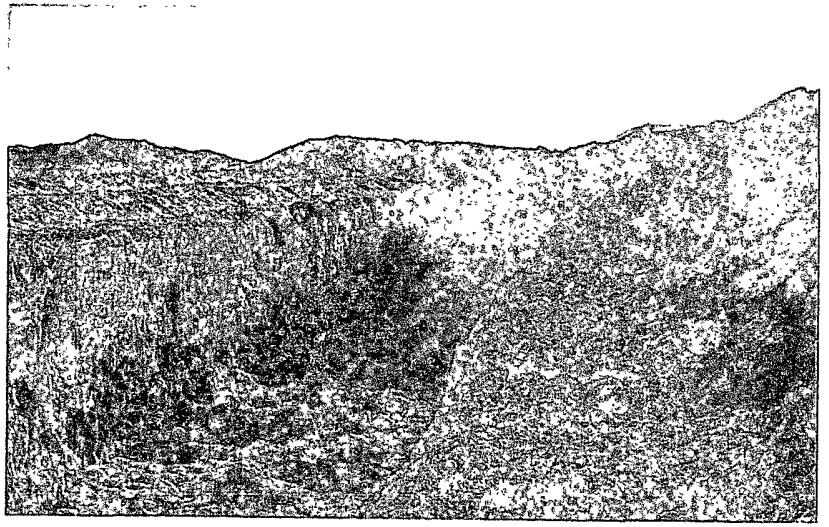

Photo #5 Excavation of the Deep Bury (entombment) Pit

Photo #6 Excavation of the Deep Bury (entombment) Pit

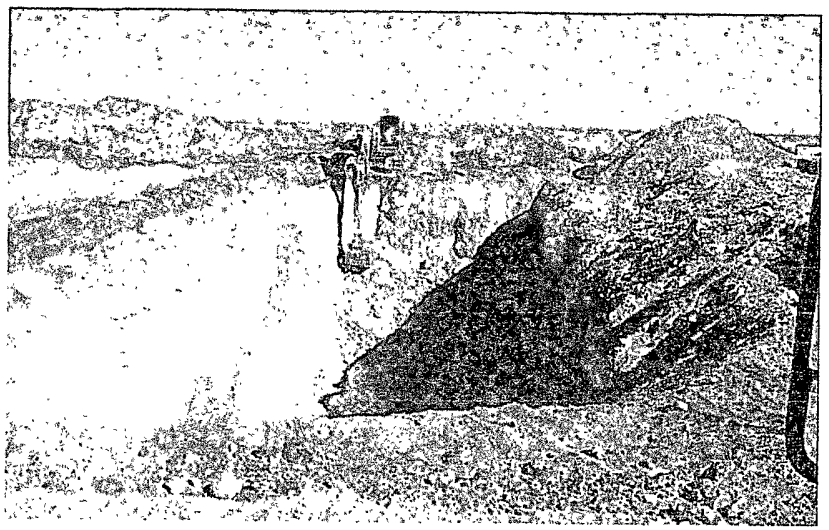

Photo #7 Excavation of the Deep Bury (entombment) Pit

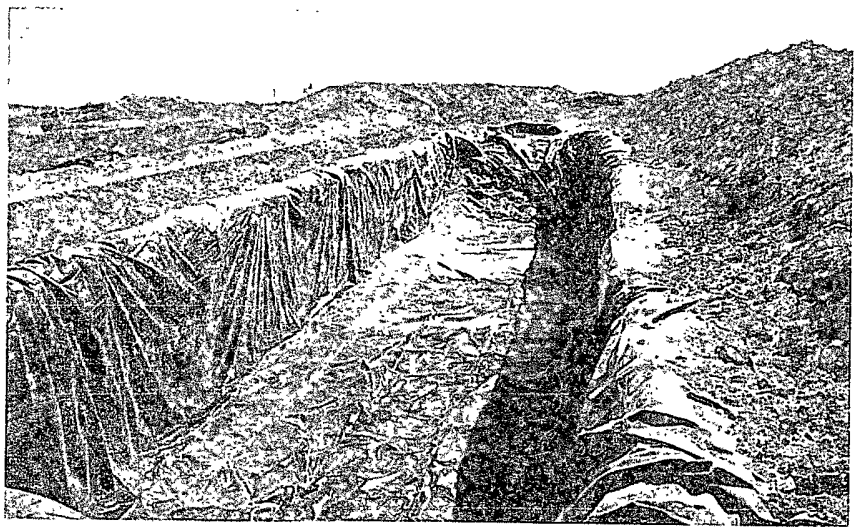

Photo #8 View of Lined Deep Bury (entombment) Pit

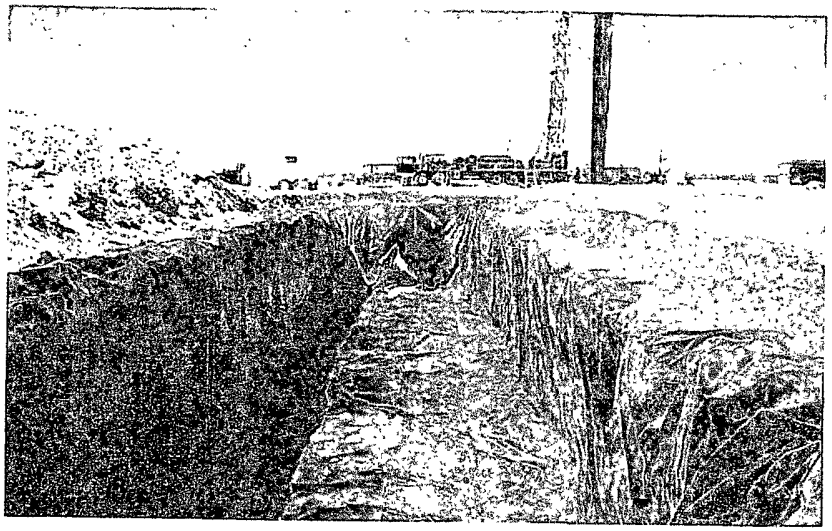

Photo #9 Lined Deep Bury Pit

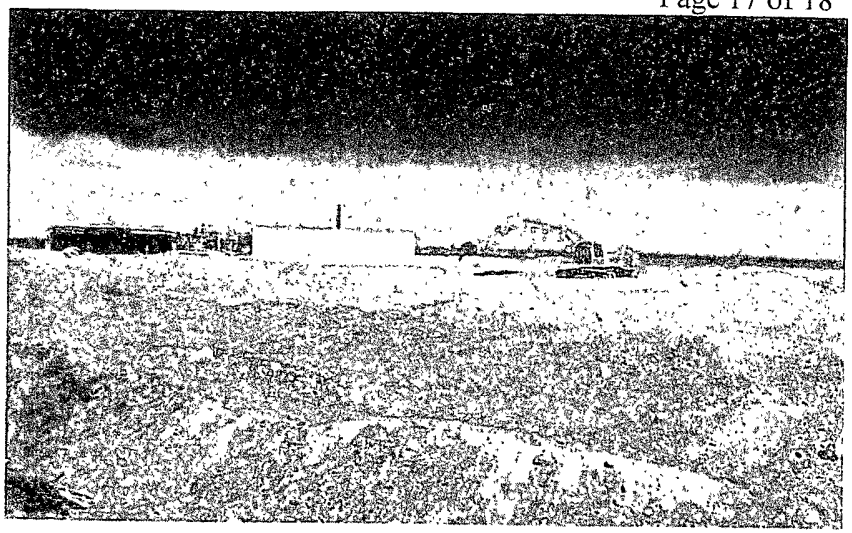

Photo #10 Transferring Drilling Mud to Deep Bury Pit

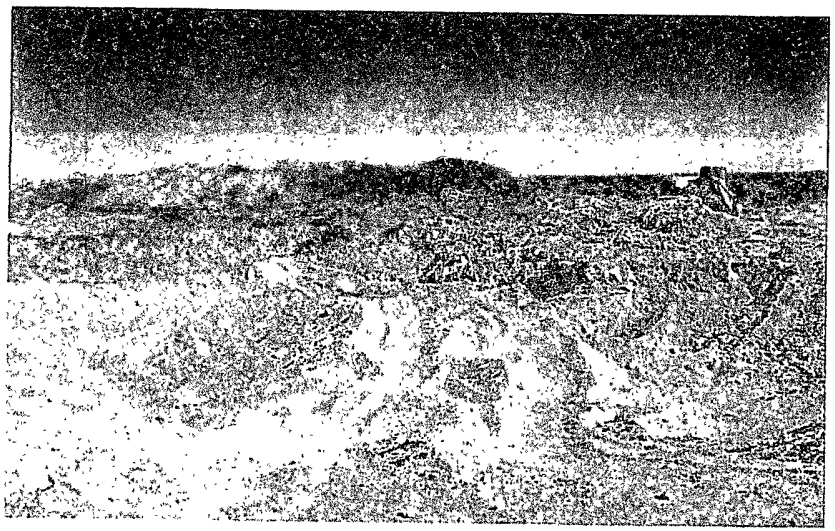

Photo #11 Transferring Drilling Mud to Deep Bury Pit

Photo #12 Transferring Drilling Mud to Deep Bury Pit

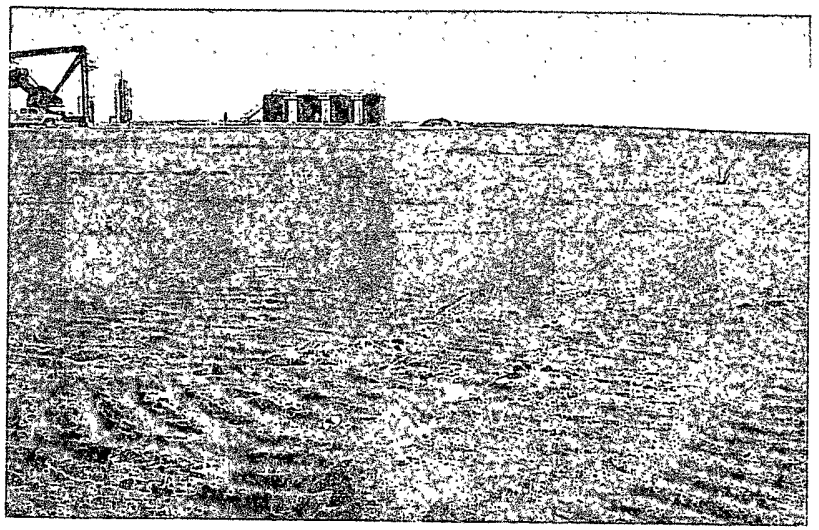

Photo #13 Final View of Location

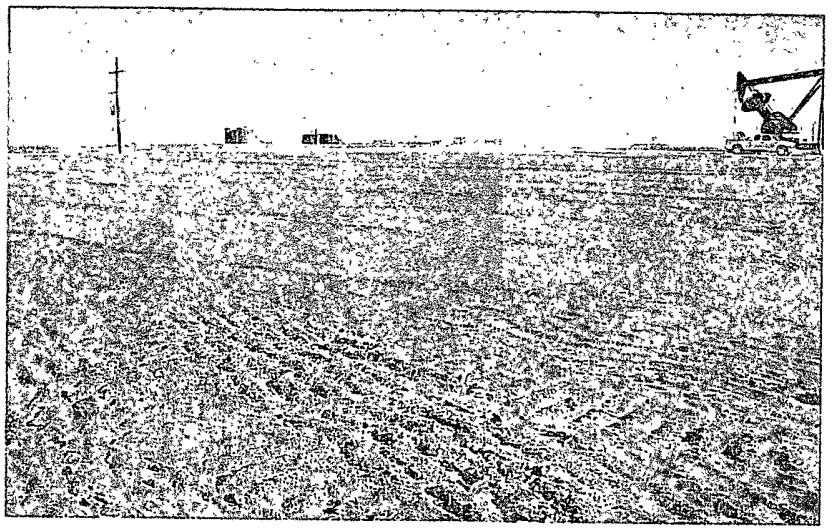

Photo #14 Final View of Location

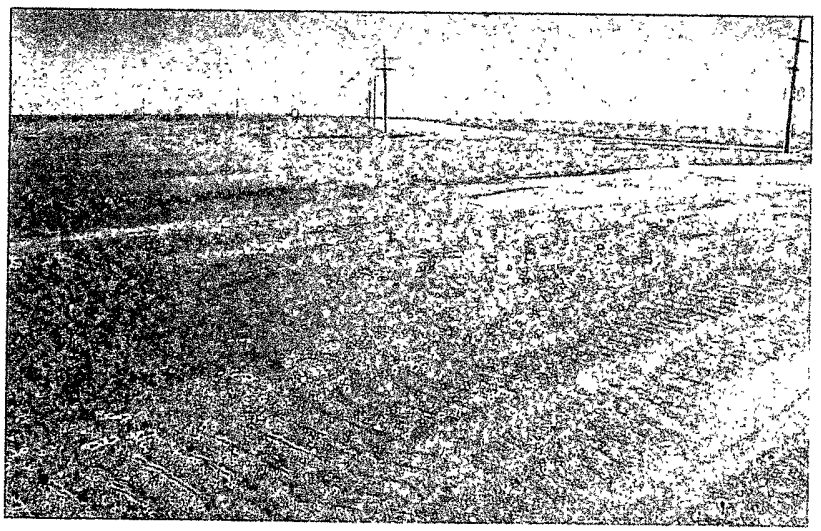

Photo #15 Final View of Location

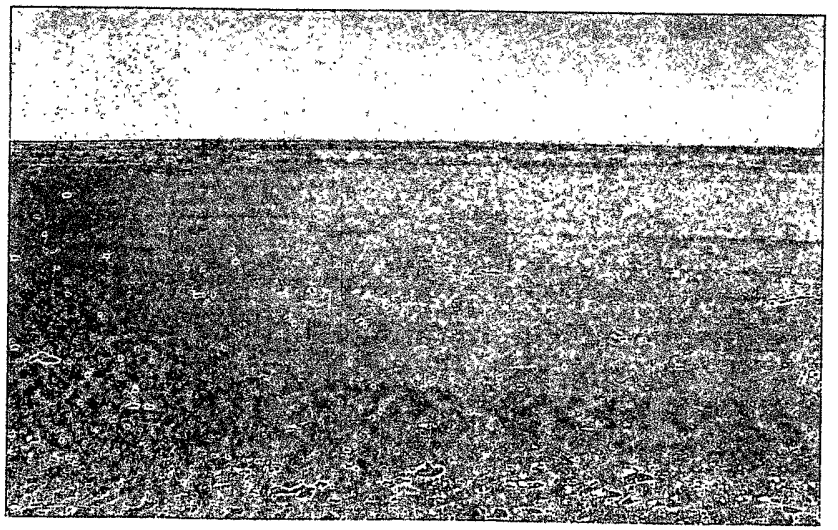

Photo #16 Final View of Location