

July 27, 2007

VIA HAND DELIVERY

Mark Fesmire, P. E.
Director
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1221 Saint Francis Drive
Santa Fe, New Mexico 87505

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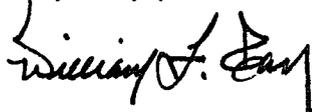
Re: Commission Case No. 13877: In the matter of the de novo Application of Bold Energy, LP for approval of an application for permit to drill and to allow two operators on a well unit, Eddy County, New Mexico.

Dear Mr. Fesmire:

Pursuant to Order Paragraph (2) of Order No. R-12747-B, the parties hereby advise the Oil Conservation Division that their respective counsel have met to arrange for the exchange of information covered by the subpoenas issued by the Division in this case and to generally discuss settlement issues. Both attorneys are now reviewing the status of the dispute and the current status of the Termination Agreement with their respective clients.

Counsel will meet again next week to pursue their negotiations.

Very truly yours,



William F. Carr

cc: Mr. Richard Ezeanyim
James Bruce, Esq.