

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

Main: 432-686-1100  
Fax: 432-686-1104

HAND DELIVERED ON  
11/28/06

November 27, 2006

Oxy USA WTP L.P.  
6 Dests Drive, Suite 6000  
Midland, TX 79705

Attn: Mr. David R. Evans

Subject: Well Proposal Oxy Checker State # 2 - 1980' FNL & 660' FWL  
Section 8, T19S, R29E  
Turkey Track (Canyon), Eddy County, NM

Gentlemen:

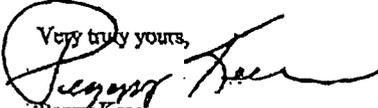
Pursuant to Article VI.B.1 of the Joint Operating Agreement dated March 1, 1997, Bold proposes the drilling of a 10,100' Canyon/Wolfcamp test to be located on the lands described above. The cost estimate is for a dual completion and both the Canyon and Wolfcamp will be included in the initial completion. Bold requests your participation in the proposed well by either joining in the cost of drilling and gaining the benefits from production or going non-consent. The current non-consent penalty under the JOA is 100%/300%. Should Oxy agree to allow Bold to drill this well, we will have a rig available on or around February 15<sup>th</sup> 2007.

An Authorization for Expenditure is attached for a completed well cost of \$3,095,305.

If you elect to participate, please sign this letter and AFE with your election shown. Please fax your election to me at 432 686-1104 and return an original in the mail.

Once you have had an opportunity to review, please do not hesitate to call me at 686-1100 with any questions regarding this proposal.

Very truly yours,

  
Peggy Kerr  
VP of Land

\_\_\_\_\_ AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE  
IN BLANK)

Oxy USA WTP L.P.

By: \_\_\_\_\_

Date: \_\_\_\_\_

Oil Conservation Commission  
Case No. \_\_\_\_\_  
Exhibit No. 2

Peggy, per my earlier e-mail it is Oxy's position that Bold does not have the right to propose a new well under the Letter Agreement dated 3-27-97 since Bold will not have an interest under the well until after payout. Articles 9 and 13 are clear as to your interest. With no expiration date to the Letter Agreement Article 18 would also apply. With no interest in a new well Bold can not propose. We hope to have this resolved in January 7. D.C.