Bell Lake Unit Federal #27

(Located in SECTION 5, T24S, R34E of Lea County, NM)

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

(API # 30-025-38562)

Spill Remediation Report

Presented to:

Bold Energy, LP

415 W. Wall Ste. 500
Midland, Texas 79701

Prepared by:

Phoenix Environmental, LLC.

P.O. Box 1856
Hobbs, New Mexico 88240

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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-141
Revised October 10, 2003

Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company Bold Energy LP	Contact Donny Money
Address 415 W. Wall, Midland, TX 79701	Telephone No. 432-661-8803
Facility Name Bell Lake #27	Facility Type New Drilled Well

Surface Owner Bert Madera	Mineral Owner Fed	Lease No. API # 30-025-38562

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	5	24S	34E					Lea

Latitude 32°-14'-42.3" Longitude 103°-29'-54.5"

NATURE OF RELEASE

Type of Release Brine Water	Volume of Release 4600 bbl	Volume Recovered ∅
Source of Release Drilling Pits	Date and Hour of Occurrence	Date and Hour of Discovery 11-30-07
Was Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Gary Wink 11-30-07	
By Whom?	Date and Hour 11-30-07 @ 11:00 AM	
Was a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse. N/A	

If a Watercourse was Impacted, Describe Fully.*

N/A

Describe Cause of Problem and Remedial Action Taken.*
A hole in the liner, brine water was pumped off and transfer to frac tanks on location

Describe Area Affected and Cleanup Action Taken.*
Impact area was the underlying soils at the pit
Impacted soils were excavated & taken off site for disposal @ Sundance
(See work plan)

I hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and regulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger public health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability should their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health or the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other federal, state, or local laws and/or regulations.

Signature: Donny Money	OIL CONSERVATION DIVISION
Printed Name: Donny Money	Approved by District Supervisor: ENVIRONMENTAL ENGINEER
Title: Prod. Supt.	Approval Date: 12-11-07 Expiration Date: —
E-mail Address: donny.money@boldenergy.com	Conditions of Approval: Attached ☐
Date: 11-30-07 Phone: 432-661-8823	

Attach Additional Sheets If Necessary

Received Hobbs OCD DEC 2007

trict I
N. French Dr., Hobbs, NM 88240
ict II
1 W. Grand Avenue, Artesia, NM 88210
trict III
0 Rio Brazos Road, Aztec, NM 87410
ict IV
0 S. St. Francis Dr., Santa Fe, NM 87505

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Release Notification and Corrective Action

OPERATOR

☐ Initial Report ☒ Final Report

ame of Company Bold Energy LP	Contact Donny Money
dress 415 W. Wall Midland Tx 79701	Telephone No. 432-686-8803
acility Name Bell Lake #27	Facility Type New Drilled Well

face Owner Bert Madera	Mineral Owner Fed	Lease No. API # 30-025-38962

LOCATION OF RELEASE

it Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
L	5	24S	34E					Lea

Latitude 32°-14'-42.3" Longitude 103°-29'-54.5"

NATURE OF RELEASE

pe of Release Brine Water	Volume of Release 4500 BBLS	Volume Recovered 0
rce of Release Drilling Pit 5	Date and Hour of Occurrence	Date and Hour of Discovery 11-30-07
as Immediate Notice Given? ☒ Yes ☐ No ☐ Not Required	If YES, To Whom? Gary Wink	
Whom?	Date and Hour 11-30-07 @ 11:00 Am	
as a Watercourse Reached? ☐ Yes ☒ No	If YES, Volume Impacting the Watercourse. N/A	

Watercourse was Impacted, Describe Fully.*

N/A

escribe Cause of Problem and Remedial Action Taken.*
A hole in the liner, Brine water was pumped off and transfer to frac tanks on location.

cribe Area Affected and Cleanup Action Taken.*
Impact area was the underlying soils at the pit. Impacted soils were excavated & taken off site for disposal @ Sundance (see work plan)

hereby certify that the information given above is true and complete to the best of my knowledge and understand that pursuant to NMOCD rules and ulations all operators are required to report and/or file certain release notifications and perform corrective actions for releases which may endanger lic health or the environment. The acceptance of a C-141 report by the NMOCD marked as "Final Report" does not relieve the operator of liability ould their operations have failed to adequately investigate and remediate contamination that pose a threat to ground water, surface water, human health r the environment. In addition, NMOCD acceptance of a C-141 report does not relieve the operator of responsibility for compliance with any other eral, state, or local laws and/or regulations.

nature: Donny Money	OIL CONSERVATION DIVISION
rinted Name: Donny Money	Approved by District Supervisor: Johnson ENVIRONMENTAL ENGINEER
e: Prod. Supt.	Approval Date: 2-11-08 Expiration Date: 4.19.08
-mail Address:	Conditions of Approval: IRP# 1679 Attached
ate: Phone: 432-686-8823	

ttach Additional Sheets If Necessary

RECEIVED
FEB 11 2008
HOBBS OCD

PHOENIX ENVIRONMENTAL LLC

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

December 5, 2007

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 Spill Located in UL-L, Sec 5, T24S and R34E of Lea County, New Mexico

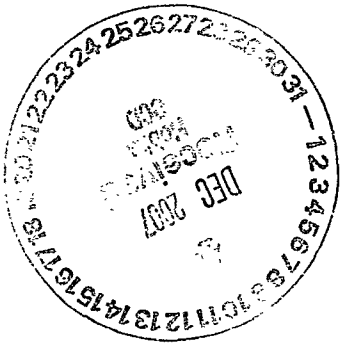
Dear Mr. Klier:

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



Summary/Overview

The Bell Lake # 27 spill 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 brine water, that was lost due to a hole in the liner. There was 4,500bbl of brine water that was lost and absorbed by the underlying soils. This spill caused the emergency shut down of the drilling operations to address the environmental impact due to shallow ground water.

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 60' 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 to Address Impacted Soils

NOTE: Phoenix, for the purpose of this work plan, will estimate that there is approximately 6,000cyds of impacted soils at the site that needs to be addressed for site closure.

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

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

3. The saturated impacted soils will be excavated and placed on plastic to prevent additional impact to the site.

4. Once the impacted soils have been excavated bottom samples will be taken to confirm the site is below NMOCD levels for clean up.

5. Impacted soils at the site will then be transported to a NMOCD approved disposal facility for disposal.

6. 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.

7. Once all of the remediation criteria have been met for site closure and compliance, the site will be backfilled with clean material from the landowner and the drilling pits rebuilt.

8. 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 contacted by Donny Money with Bold Energy LLC to consult and oversee the clean up on the Bell Lake Federal #27 Unit. The Bell Lake Federal #27 is located at, Sec. 5, T24S, R34E of Lea Co. New Mexico with a GPS Reading: 32°14'-42.3"N & 103°29'-54.5"W with an elevation of 3585' above sea level and belongs to Bold Energy LP. The land, in and around the site, is primarily used as pasture for cattle and the production of oil and gas. The spill site was located in the brine side of the reserve pit for the Patterson drilling rig # 504, on the north side of location.

It appeared that in excess of 6,000 cubic yards of soil could have been impacted below the pit area with the dimensions of 90 feet by 120 feet. This is due to the fact that there was 4,500bbl of brine water lost from holes in the liner.

The potential contaminates of concern were high level concentrations of brine water containing elevated chlorides that were lost from the spill and absorbed by the surrounding near surface soils below the drilling pit.

The ground water depth data that was available for this section for the State of New Mexico Engineers' office showed that the vertical depth to the top of water was in the 60 feet range below ground surface.

Pursuant to the NMOCD guidelines for clean up of leaks and spills, the clean up level for this site will be at <1000 ppm for TPH (Total Petroleum Hydrocarbons) and <50 ppm for BTEX (Benzene, Toluene, Ethylbenzene, and Xylene). The NMOCD has also asked for CL (Chlorides) to be returned back as close to background levels as possible or <250 ppm.

Findings and Conclusion

At the site there was approximately 4,500bbl of brine water that was lost due to a hole in the liner and absorbed by underlying soils below the drilling pit. The problem that caused the spill was a hole in the liner of the reserve drill pit. This spill caused the emergency shut down of the drilling operations.

It appeared that in excess of 6,020 cubic yards of soil was impacted below the pit area that would have to be removed to complete the excavation of the project. The affected soils were taken off site for disposal at a NMOCD permitted commercial waste disposal facility. Clean backfill was taken from a barrow pit that was excavated next to the spill

site to fill in the excavated area and rebuild the drilling pits. Once the drilling pits were rebuilt a 20mil BR liner was used with a felt apron on the rig side of the pits, this will insure that the pits do not leak.

The bottom of the excavation at (approximately 27 feet) was tested for Chlorides to make certain that the target limits had been met prior to backfilling, compaction for rebuilding drilling pits. The site cleaned up very well with the vertical depth of impact, listed above at 27 feet and not impacting groundwater. All of the final lab analysis was below the NMOCD guidelines for leaks and spills (refer to attached laboratory analysis report for actual levels).

Chronology of Operations

1. *December 1, 2007 – Phoenix was called to an emergency meeting by Joe Castillo with Bold Energy, LP to discuss the shutdown and site remediation. Photos were taken (See attached Sierra Engineering Daily Operations Report).*

2. *December 2, 2007 – Phoenix mobilized to the site, with the first order being 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). The fencing around the reserve pit was removed. The front half and back half of the liner were pulled out. A ramp was cut into the drilling pit. A 12mil plastic liner was laid down in the truck staging area to stockpile impacted soil on.*

3. *December 3, 2007 – Excavator was mobilized. Holes were dug in three areas of the brine pit to determine how deep the brine water migrated. It appeared that the vertical depth of impact had gone past 25 feet, soil samples were taken and tested for CL (Please refer to attached on site analysis report for actual levels). Excavation at the spill site began, with the impacted soils being stockpiled in the staging area. The impacted soils were loaded into trucks and transported off-site for disposal to a NMOCD approved disposal facility. There was 1120 cubic yards of impacted soils taken out. The excavation at the site was running around the clock or 24 hours a day and the transportation was running on a 12 hour day.*

4. *December 4, 2007 – Crew continued to excavate impacted soils and stockpiling in the staging area running 24 hours a day. The impacted soils were loaded into trucks and transported off site for disposal. There was 1500 cubic yards of impacted soils taken off-site for disposal.*

5. *December 5, 2007 – Crew continued to excavate impacted soil and stockpiling in the staging area running 24 hours a day. Operations were shut down for about three hours for a meeting with Mr. Madera. Mr. Madera informed Mr. Foley, with Sierra Engineering and Mr. Hodge, with Phoenix Environmental LLC that all equipment being used in the remediation efforts must be removed from adjacent pasture land onto the Bell Lake #27 pad. In the meeting Mr. Madera agreed to allow loading to resume, provided trucks stayed on the Bell Lake #27 location. After visit from the Sheriffs Department, operations returned to normal. The impacted soil was loaded into trucks and transported off-site for disposal. There was 2,360 cubic yards of impacted soils taken off-site for disposal. Adjacent to the excavation, a barrow pit was opened to speed up the backfilling and to rebuild the drilling pits to get the drilling rig back up and running as soon as possible. After the bottom of the excavated area was cleaned samples were taken and tested on site for CL levels. These same samples were sent out for analysis to a third party laboratory and tested for CL (Chlorides) for final verification of clean up standards for the NMOCD (Please refer to attached laboratory analysis report).*

6. *December 6, 2007 – Sweatt completes backfilling operations with caliche taken from the adjacent burrow pit. Phoenix Environmental resumes hauling impacted soil out for off-site disposal. Trucks transported out 1,040 cubic yards to complete haul-off operations. The crew then began to rebuild the reserve pit for the drilling rig.*

7. *December 7, 2007 – Crew completes the new drilling pits and they are then lined with 20mil BR liner to insure that another leak does not occur. At this point all of the impacted soils have been taken off site for disposal with the total taken out being 6,020 cubic yards. Phoenix and crew shut down for the weekend.*

8. *December 10, 2007 – At the Madera caliche pit, Phoenix mobilized a loader and six 12cyd dump trucks and started to backfill the barrow pit at the drilling rig with a dozer pushing in and compacting.*

9. *December 11, 2007 –Loader and trucks completed the backfilling of the barrow pit with caliche with the dozer compacting.*

10. *December 12, 2007 – Phoenix utilized the dozer to push back the topsoil that was saved from the barrow pit excavation, once this was completed and final photos taken, remediation operations were complete and shut down.*

Disposal Manifest Summary

Company Name Bold Energy LP
LEASE NAME Bell Lake #27
Disposal Site Sundance

Date	Truck #	Manifest ticket	Amount	Driver Name	Type of Material	Total
12/3/07	37	68674	20	Buck Hall	Impacted Soil	
	02	68677	20	CN Farms	Impacted Soil	
	2	68679	20	Lopez	Impacted Soil	
	1	68680	20	CN Farms	Impacted Soil	
	4	68681	20	Grando's	Impacted Soil	
	38	68685	20	Hall Trucking	Impacted Soil	
	21	68731	20	JR Trucking	Impacted Soil	
	22	68732	20	JR Trucking	Impacted Soil	
	005	68746	20	Carrasco	Impacted Soil	
	2	68761	20	CN Farms	Impacted Soil	
	37	68762	20	Buck Hall	Impacted Soil	
	38	68764	20	Hall Trucking	Impacted Soil	
	1	68765	20	CN Farms	Impacted Soil	
	2	68767	20	Lopez	Impacted Soil	
	21	68802	20	JR Trucking	Impacted Soil	
	22	68803	20	JR Trucking	Impacted Soil	
	25	68815	20	A & A	Impacted Soil	
	005	68816	20	Carrasco	Impacted Soil	
	04	68826	20	Pando's	Impacted Soil	
	401	68837	20	Triple J	Impacted Soil	
	2	68838	20	CN Farms	Impacted Soil	
	2	68839	20	Lopez	Impacted Soil	
	37	68840	20	Buck Hall	Impacted Soil	
	1	68845	20	CN Farms	Impacted Soil	
	38	68848	20	Hall Trucking	Impacted Soil	
	24	68853	20	Wildcat Truck	Impacted Soil	
	22	68869	20	JR Trucking	Impacted Soil	
	21	68876	20	JR Trucking	Impacted Soil	
	005	68887	20	Carrasco	Impacted Soil	
	25	68891	20	A&A	Impacted Soil	
	4	68892	20	Grando's	Impacted Soil	
	04	68895	20	Pando's	Impacted Soil	
	2	68896	20	CN Farms	Impacted Soil	
	37	68899	20	Buck Hall	Impacted Soil	
	2	68908	20	Lopez	Impacted Soil	
	1	68912	20	CN Farms	Impacted Soil	

12/3/07	1	68912	20	CN Farms	Impacted Soil	
	38	68913	20	Hall Trucking	Impacted Soil	
	24	68923	20	Wildcat	Impacted Soil	
	401	68927	20	Triple J	Impacted Soil	
	1	68937	20	JR Trucking	Impacted Soil	
	21	68944	20	JR Trucking	Impacted Soil	
	005	68947	20	Carrasco	Impacted Soil	
	25	68948	20	A&A	Impacted Soil	
	04	68950	20	Pando's	Impacted Soil	
	02	68951	20	CN Farms	Impacted Soil	
	37	68953	20	Hall Trucking	Impacted Soil	
	02	68956	20	Lopez	Impacted Soil	
	38	68957	20	Hall Trucking	Impacted Soil	
	1	68958	20	CW Trucks	Impacted Soil	
	24	68962	20	Wildcat	Impacted Soil	
	401	68964	20	Triple J	Impacted Soil	
	1	68966	20	JR Trucking	Impacted Soil	
	07	68969	20	Pando's	Impacted Soil	
	25	68970	20	A&A	Impacted Soil	
	005	68971	20	Carrasco	Impacted Soil	
					Total for Day	**1120 cyds**
12/4/07	21	68974	20	JR Trucking	Impacted Soil	
	005	68976	20	Carrasco	Impacted Soil	
	04	68978	20	Pando's	Impacted Soil	
	25	68979	20	A&A	Impacted Soil	
	2	68980	20	CN Farms	Impacted Soil	
	38	68981	20	Buck Hall	Impacted Soil	
	1	68983	20	CN Farms	Impacted Soil	
	401	68984	20	Triple J	Impacted Soil	
	2	68985	20	Lopez	Impacted Soil	
	38	68987	20	Hall Trucking	Impacted Soil	
	01	68988	20	Hall Trucking	Impacted Soil	
	4	68996	20	Grando's	Impacted Soil	
	005	69014	20	Carrasco	Impacted Soil	
	37	69020	20	Buck Hall	Impacted Soil	
	2	69022	20	CN Farms	Impacted Soil	
	04	69024	20	Pando's	Impacted Soil	
	25	69025	20	A&A	Impacted Soil	
	1	69030	20	CN Farms	Impacted Soil	
	401	69036	20	Triple J	Impacted Soil	
	2	69037	20	Lopez	Impacted Soil	
	38	69048	20	Hall Trucking	Impacted Soil	
	01	69049	20	Hall Trucking	Impacted Soil	
	19	69053	20	JR Trucking	Impacted Soil	
	4	69056	20	Grando's	Impacted Soil	
	005	69065	20	Carrasco	Impacted Soil	
	37	69075	20	Buck Hall	Impacted Soil	

12/4/07	2	69084	20	CN Farms	Impacted Soil
	04	69105	20	Pandlo's	Impacted Soil
	01	69106	20	Burrola	Impacted Soil
	25	69113	20	A&A	Impacted Soil
	401	69115	20	Triple J	Impacted Soil
	1	69116	20	CN Farms	Impacted Soil
	2	69117	20	Lopez	Impacted Soil
	38	69119	20	Hall Trucking	Impacted Soil
	01	69120	20	Hall Trucking	Impacted Soil
	19	69121	20	JR Trucking	Impacted Soil
	21	69127	20	JR Trucking	Impacted Soil
	4	69128	20	Grando's	Impacted Soil
	005	69133	20	Carrasco	Impacted Soil
	38	69136	20	Buck Hall	Impacted Soil
	20	69138	20	Wildcat	Impacted Soil
	24	69139	20	Wildcat	Impacted Soil
	2	69140	20	CN Farms	Impacted Soil
	04	69168	20	Pando's	Impacted Soil
	01	69169	20	Burrola	Impacted Soil
	1	69171	20	CN Farms	Impacted Soil
	2	69175	20	Lopez	Impacted Soil
	21	69176	20	JR Trucking	Impacted Soil
	19	69177	20	JR Trucking	Impacted Soil
	401	69179	20	Triple J	Impacted Soil
	37	69180	20	Buck Hall	Impacted Soil
	2	69185	20	CN Farms	Impacted Soil
	4	69190	20	Grando's	Impacted Soil
	05	69194	20	Carrasco	Impacted Soil
	38	69196	20	Hall Trucking	Impacted Soil
	01	69197	20	Hall Trucking	Impacted Soil
	20	69202	20	Wildcat	Impacted Soil
	21	69203	20	Wildcat	Impacted Soil
	37	69222	20	Buck Hall	Impacted Soil
	01	69223	20	Barrola	Impacted Soil
	04	69224	20	Pando's	Impacted Soil
	401	69225	20	Triple J	Impacted Soil
	19	69226	20	JR Trucking	Impacted Soil
	21	69227	20	JR Trucking	Impacted Soil
	2	69236	20	CN Farms	Impacted Soil
	2	69237	20	Lopez	Impacted Soil
	38	69238	20	Hall Trucking	Impacted Soil
	01	69239	20	Hall Trucking	Impacted Soil
	207	69241	20	Phoenix	Impacted Soil
	005	69243	20	Carrasco	Impacted Soil
	1	69244	20	CN Farms	Impacted Soil
	20	69247	20	Wildcat	Impacted Soil
	24	69248	20	Wildcat	Impacted Soil
12/4/07	37	69255	20	Buck Hall	Impacted Soil

	04	69259	20	Pando's	Impacted Soil	
					Total for Day	**1500 cyd**
12/5/07	25	69267	20	A&A	Impacted Soil	
	2	69268	20	CN Farms	Impacted Soil	
	005	69270	20	Carrasco	Impacted Soil	
	207	69271	20	Phoenix	Impacted Soil	
	04	69272	20	Pando's	Impacted Soil	
	401	69273	20	Triple J	Impacted Soil	
	2	69274	20	Lopez	Impacted Soil	
	21	69275	20	JR Trucking	Impacted Soil	
	19	69277	20	JR Trucking	Impacted Soil	
	37	69278	20	Buck Hall	Impacted Soil	
	38	69282	20	Hall Trucking	Impacted Soil	
	01	69283	20	Hall Trucking	Impacted Soil	
	04	69288	20	Grando's	Impacted Soil	
	01	69299	20	Anchondo	Impacted Soil	
	12	69300	20	Anchondo	Impacted Soil	
	04	69301	20	Glezz	Impacted Soil	
	02	69302	20	Glezz	Impacted Soil	
	25	69306	20	Martinez	Impacted Soil	
	7	69308	20	Martinez	Impacted Soil	
	2	69311	20	CN Farms	Impacted Soil	
	207	69318	20	Phoenix	Impacted Soil	
	95	69320	20	Martinez	Impacted Soil	
	005	69321	20	Carrasco	Impacted Soil	
	98	69322	20	Martinez	Impacted Soil	
	25	69325	20	A&A	Impacted Soil	
	04	69326	20	Pando's	Impacted Soil	
	37	69327	20	Buck Hall	Impacted Soil	
	2	69328	20	Lopez	Impacted Soil	
	401	69329	20	Triple J	Impacted Soil	
	19	69331	20	JR Trucking	Impacted Soil	
	21	69332	20	JR Trucking	Impacted Soil	
	4	69351	20	Grando's	Impacted Soil	
	2	69357	20	Glezz	Impacted Soil	
	01	69358	20	Hall Trucking	Impacted Soil	
	38	69359	20	Hall Trucking	Impacted Soil	
	007	69361	20	Anchondo	Impacted Soil	
	12	69362	20	Anchondo	Impacted Soil	
	04	69364	20	Glezz	Impacted Soil	
	2	69366	20	CN Farms	Impacted Soil	
	207	69372	20	Phoenix	Impacted Soil	
	25	69373	20	Martinez	Impacted Soil	
	7	69375	20	Martinez	Impacted Soil	
	37	69379	20	Buck Hall	Impacted Soil	
	005	69382	20	Carrasco	Impacted Soil	

12/5/07	95	69385	20	Martinez	Impacted Soil
	99	69386	20	Martinez	Impacted Soil
	04	69391	20	Pando's	Impacted Soil
	25	69392	20	A&A	Impacted Soil
	401	69393	20	Triple J	Impacted Soil
	21	69394	20	JR Trucking	Impacted Soil
	19	69395	20	JR Trucking	Impacted Soil
	2	69396	20	Lopez	Impacted Soil
	4	69415	20	Grando's	Impacted Soil
	2	69418	20	Glezz	Impacted Soil
	007	69419	20	Anchondo	Impacted Soil
	12	69420	20	Anchondo	Impacted Soil
	04	69421	20	Glezz	Impacted Soil
	37	69425	20	Buck Hall	Impacted Soil
	2	69426	20	CN Farms	Impacted Soil
	38	69427	20	Hall Trucking	Impacted Soil
	207	69428	20	Phoenix	Impacted Soil
	01	69429	20	Hall Trucking	Impacted Soil
	25	69434	20	Martinez	Impacted Soil
	7	69436	20	Martinez	Impacted Soil
	95	69441	20	Martinez	Impacted Soil
	99	69444	20	Martinez	Impacted Soil
	02	69476	20	Glezz	Impacted Soil
	21	69448	20	JR Trucking	Impacted Soil
	19	69450	20	JR Trucking	Impacted Soil
	25	69452	20	A&A	Impacted Soil
	20	69453	20	Lopez	Impacted Soil
	401	69455	20	Triple J	Impacted Soil
	04	69456	20	Pando's	Impacted Soil
	4	69466	20	Grando's	Impacted Soil
	007	69473	20	Anchondo	Impacted Soil
	12	69474	20	Anchondo	Impacted Soil
	04	69475	20	Glezz	Impacted Soil
	2	69480	20	CN Farms	Impacted Soil
	37	69481	20	Buck Hall	Impacted Soil
	207	69483	20	Phoenix	Impacted Soil
	7	69493	20	Martinez	Impacted Soil
	25	69494	20	Martinez	Impacted Soil
	95	69495	20	Martinez	Impacted Soil
	99	69496	20	Martinez	Impacted Soil
	38	69500	20	Hall Trucking	Impacted Soil
	21	69499	20	JR Trucking	Impacted Soil
	19	69501	20	JR Trucking	Impacted Soil
	01	69509	20	Hall Trucking	Impacted Soil
	25	69511	20	A&A	Impacted Soil
	2	69512	20	Lopez	Impacted Soil

12/5/07	401	69514	20	Triple J	Impacted Soil	
	04	69518	20	Pando's	Impacted Soil	
	4	69523	20	Grando's	Impacted Soil	
	007	69536	20	Anchondo	Impacted Soil	
	02	69537	20	Glezz	Impacted Soil	
	12	69538	20	Anchondo	Impacted Soil	
	04	69540	20	Glezz	Impacted Soil	
	37	69541	20	Buck Hall	Impacted Soil	
	2	69542	20	CN Farms	Impacted Soil	
	207	69545	20	Phoenix	Impacted Soil	
	21	69562	20	JR Trucking	Impacted Soil	
	19	69563	20	JR Trucking	Impacted Soil	
	25	69570	20	Martinez	Impacted Soil	
	7	69571	20	Martinez	Impacted Soil	
	95	69572	20	Martinez	Impacted Soil	
	99	69573	20	Martinez	Impacted Soil	
	25	69574	20	A&A	Impacted Soil	
	401	69575	20	Triple J	Impacted Soil	
	04	69576	20	Pando's	Impacted Soil	
	12	69593	20	Anchondo	Impacted Soil	
	007	69594	20	Anchondo	Impacted Soil	
	02	69595	20	Glezz	Impacted Soil	
	4	69597	20	Glezz	Impacted Soil	
	37	69601	20	Buck Hall	Impacted Soil	
	2	69602	20	CN Farms	Impacted Soil	
	207	69603	20	Phoenix	Impacted Soil	
	38	69604	20	Hall Trucking	Impacted Soil	
	01	69605	20	Hall Trucking	Impacted Soil	
	04	69607	20	Pando's	Impacted Soil	
					Total for Day	**2360 cyds**
12/6/07	2	69608	20	CN Farms	Impacted Soil	
	1	69609	20	CN Farms	Impacted Soil	
	4	69611	20	Pando's	Impacted Soil	
	401	69612	20	Triple J	Impacted Soil	
	207	69613	20	Phoenix	Impacted Soil	
	4	69615	20	Grando's	Impacted Soil	
	12	69616	20	Anchondo	Impacted Soil	
	19	69617	20	JR Trucking	Impacted Soil	
	21	69618	20	JR Trucking	Impacted Soil	
	007	69619	20	Anchondo	Impacted Soil	
	02	69620	20	Glezz	Impacted Soil	
	04	69621	20	Glezz	Impacted Soil	
	7	69623	20	Martinez	Impacted Soil	
	25	69624	20	Martinez	Impacted Soil	
	99	69625	20	Martinez	Impacted Soil	

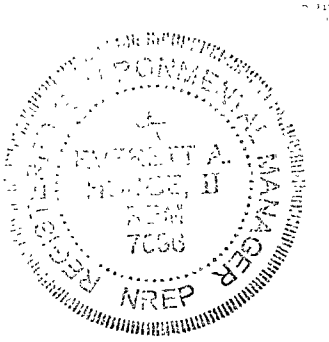
12/6/07	95	69626	20	Martinez	Impacted Soil	
	38	69628	20	Hall	Impacted Soil	
	37	69629	20	Hall	Impacted Soil	
	01	69630	20	Hall	Impacted Soil	
	2	69631	20	Lopez	Impacted Soil	
	2	69647	20	CN Farms	Impacted Soil	
	207	69652	20	Phoenix	Impacted Soil	
	401	69654	20	Triple J	Impacted Soil	
	1	69655	20	CN Farms	Impacted Soil	
	4	69661	20	Grando's	Impacted Soil	
	04	69662	20	Pando's	Impacted Soil	
	12	69663	20	Anchondo	Impacted Soil	
	4	69666	20	Glezz	Impacted Soil	
	007	69667	20	Anchondo	Impacted Soil	
	02	69668	20	Glezz	Impacted Soil	
	21	69672	20	JR Trucking	Impacted Soil	
	19	69673	20	JR Trucking	Impacted Soil	
	37	69684	20	Hall	Impacted Soil	
	25	69687	20	Martinez	Impacted Soil	
	95	69688	20	Martinez	Impacted Soil	
	7	69689	20	Martinez	Impacted Soil	
	99	69690	20	Martinez	Impacted Soil	
	25	69692	20	A&A	Impacted Soil	
	2	69694	20	Lopez	Impacted Soil	
	01	69695	20	Hall	Impacted Soil	
	38	69696	20	Hall	Impacted Soil	
	207	69707	20	Phoenix	Impacted Soil	
	2	69708	20	CN Farms	Impacted Soil	
	1	69713	20	CN Farms	Impacted Soil	
	37	69729	20	Hall	Impacted Soil	
	207	69744	20	Phoenix	Impacted Soil	
	2	69749	20	CN Farms	Impacted Soil	
	1	69751	20	CN Farms	Impacted Soil	
	37	69757	20	Hall	Impacted Soil	
	207	69776	20	Phoenix	Impacted Soil	
	2	69782	20	CN Farms	Impacted Soil	
	1	69786	20	CN Farms	Impacted Soil	
					Total for Day	**1040 cyds**
					Grand Total	**6020 cyds**

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
VP Operations
Phoenix Environmental, LLC.

Signature:



Registered Environmental Manager #7096
National Registry of Environmental Professionals

Sierra Engineering
Daily Operations Report (Exhaustive)

Operator:	Bold Energy, LP c/o Sierra Engineering P.O. Box 50203 Midland, TX 79710 O- (432) 683-8000 F- (432) 683-8250
Well:	**Bell Lake Unit #27**
Drilling Superintendent:	Russ Ginanni C- (432) 425-7450 Mike Whitefield (relief) C- (432) 210-8787
On-Site Drilling Consultant:	Terry Foley Sierra Engineering C- (432) 638-1168
Drilling Contractor:	Patterson-UTI Rig #504 Rig Phone- (806) 893-1246
Pit Lining Contractor:	Mesquite (Carlsbad, NM) Tommy Wilson O- (505) 390-8796
Water Hauling:	Riverside Transportation Armando Hearera (Truck Pusher) C- (505) 706-3223
Re:	**Brine Release @ Bell Lake Unit 27**

Events to Date (Recorded by Terry Foley, Sierra Drilling Consultant)

11-20-07: Called Mesquite manager (Tommy Wilson) and ordered 12mil plastic liner to be installed on the Bell Lake 27. Asked that crew order hold down water in pits from Riverside Transportation.

11-21-07: Pit lining installed on 11-21-07. Begin hauling fresh water and brine water #10 to fill pits. Water was hauled by Riverside Transport, Inc.

11-23-07: Finish filling pits, fresh & brine water sides.

11-24-07: Called Tommy Wilson @ Mesquite and informed him of leak on fresh water side. Mesquite crew arrived and said they found the problem and that the leak had been repaired. Notified Russ Ginanni of situation.

Noticed 8" to 10" drop in water level on brine side of pit, but there was no further drop in level over a 10 hour period of time. Determined that the pit had possibly settled and caused the level to drop. Called Riverside and told them to not put anymore brine in pit till I gave them notice.

11-25-07: No one on location. I not drive to location.

11-26-07: Lost approx 3' of fresh water in a 48 hour period. Notified Russ Ginanni of loss and called Mesquite to inspect liner. Tommy Wilson indicated that the stitching used to secure and seal the seam was faulty and that it had been repaired. Called Russ Ginanni and explained the situation. Called Riverside to once again fill the f/w reserve.

Noticed slight loss, (approx. 3" on brine side).

11-27-07: Fresh water side had approximately a 4" to 6" loss.)

Did not notice any loss on Brine side.

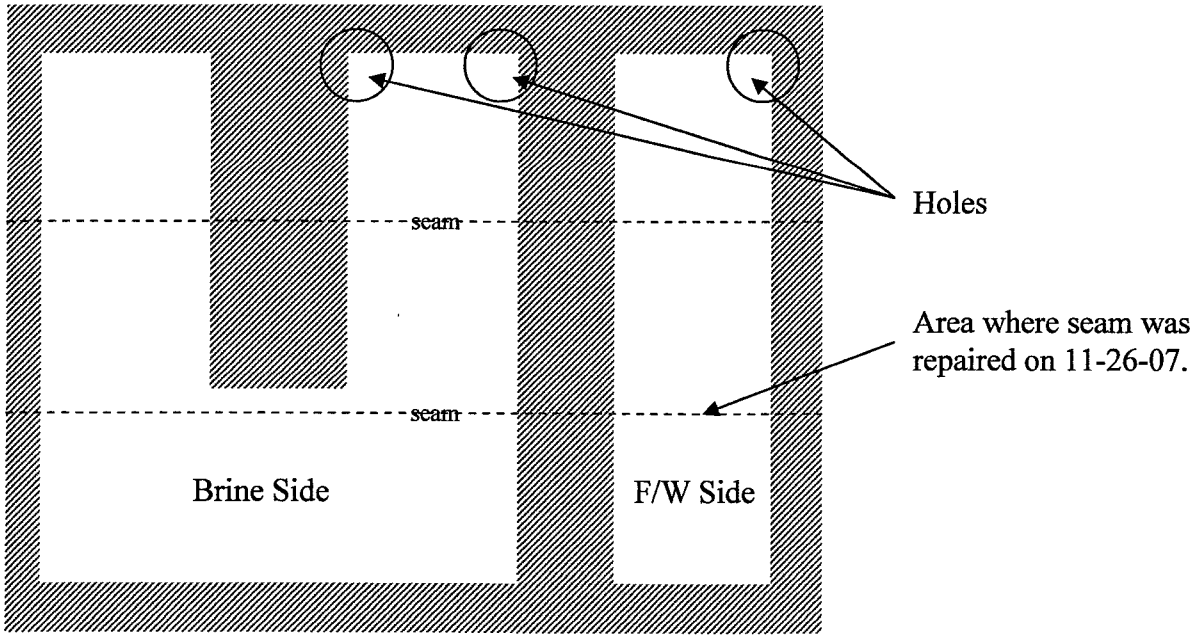
11-28-07

Brine water pit lost an additional 12" to 16" in 24 hour period. Called Tommy Wilson and explained situation. Russ Ginanni made visual inspection and ordered that all brine be removed from pit and placed in on-site frac tanks.

11-29-07
Setup frac tanks (ordered from Riverside Transport) and began transferring brine form pit to frac tanks.

11-30-07
With Tommy Wilson and crew present, an inspection of the 12mil plastic liner was conducted. Found multiple holes, ranging from 1" to 6" in diameter, in isolated areas of (brine) pit. Diagram below shows the areas where holes were found.

Rig Side (South)



12-01-07
At the request of Joe Castillo, President of Bold Energy, a meeting was held at the release site @ 8:00AM (CST) which included:

Joe Castillo, Bold Energy, LP
Shannon Klier, Bold Energy, LP
Donny Money, Bold Energy, LP
Mike Whitefield, Sierra Engineering
Terry Foley, Sierra Engineering
Allen Hodge, Phoenix Environmental, LLC
Jessie Lopez, Patterson-UTI Drilling
Tommy Wilson, Mesquite Services, Inc.
Owner, Riverside Transportation, Inc.
Armando Herrera, Riverside Transportation, Inc.
Bert Medera, Pitchfork Cattle Company
Dan Sweatt, Sweatt Construction, Inc. (Mr. Sweatt arrived later in the day, was briefed on the situation.)

First, each of the individuals listed above were shown the release site and the holes within the pits where the release occurred. It was determined by the majority of those present that the following combination of factors most likely caused the release:
1. Sweatt Construction, Inc., (the service company who built the location and pits), did not inspect the pits for large rocks laying within and protruding from the floor and walls of the pits. The owner indicated to Mr. Castillo that his quality assurance person was unable or failed to visit the location for a final inspection before lining the pits.
2. Mesquite Service, (the service company who lined the pits with 12 mill plastic), should not have laid the liner until the pits were properly prepared. A failure in Mesquite's seam on the fresh water side was, most likely, responsible for the release of fresh water within the freshwater pit.
3. The majority thought that impact pressure generated by the offloading of brine water from Riverside Transportation, (the service company hauling and offloading the brine water), may have contributed to holes forming in the plastic due to the fact that the plastic was supported by sharp rocks rather than a firm consistent foundation.

The primary discussion, after probable cause was determined, focused around a safe, efficient, and timely plan of remediation. It was determined that:
1. The 208' wellbore should be temporarily plugged to protect an existing fresh water zone.
2. Drilling equipment adjacent to the release site should be removed in order to properly excavate the contaminated soil. The drilling rig, (Patterson-UTI #504), would remain over the well bore and placed on standby.
3. The necessary equipment and services would be immediately placed on site to remove the contaminated soil. Operation would need to be conducted 24 hour per day until all environmental concerns were addressed.
4. All remediation would need to meet both BLM and OCD requirements.
5. Phoenix Environmental would oversee the remediation project lead by Allen Hodge.
6. Terry Foley, (Well Site Supervisor, Sierra Engineering) would record all remediation details, as a third party.

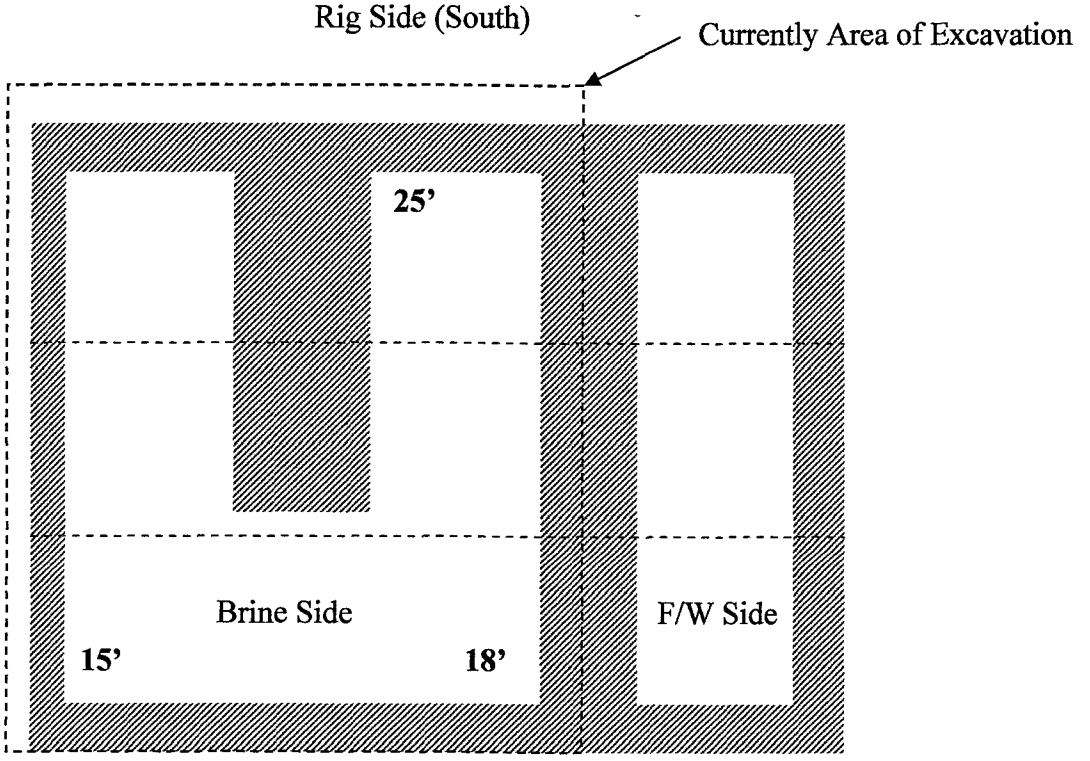
(See Sierra Daily Drilling Report for the day's events in chronological order.)
Prepared by: Terry Foley, Sierra Engineering

12-03-07 Operations Report (From 6:00AM to 6:00AM , Past 24hrs of Operation)

6:00am – 11:00am (5 hrs)
Patterson-UTI trucks and forklift arrived and began moving drill pipe, collars, pipe racks and steel pits to the Bell Lake #25 location. Alan Hodges and crew arrived and began removing plastic from brine side pit. A containment area is cleared and draped in plastic in order to stockpile contaminated soil while waiting to be delivered to the disposal site. Pictures are taken of the pits as the plastic is removed and after. (Pictures Attached)

11:00am – 6:00am (19 hrs)
Alan Hodges holds safety meeting with equipment operators and all involved parties. He explains the plan of excavation. Directly following the meeting a ramp is created in order to get equipment down into the pit.

First, holes are dug, (using an excavator), in three areas within the brine pit to determine how deep the brine water has migrated. The diagram below shows the approximate depth of migration from ground level and the area now being excavated. Soil tests are being conducted on site by Phoenix Environmental.



After determining migration depths the actual excavation began. As the soil is removed from the pit it is being placed on the containment barrier. (See Pictures Provided) We will begin moving the soil from the containment area to the disposal site Monday mid morning.

Reports and documentation from Phoenix Environmental, as well as disposal tests, service receipts, etc. are being filed in the Sierra on site office.

12-04-07 Operations Report (From 6:00AM to 6:00AM, Past 24hrs of Operation)

6:00AM – 6:45AM
A meeting with Alan Hodges, Terry Foley and the equipment operators from Sweatt Construction was held. We discussed the next 24hrs operation, safety, and scheduled events:

1. The vertical migration of brine was thought to be 100% contained. Lateral migration was expected to not be more than a few feet outside the brine pit's original perimeter. Test ran at 25' from GL indicated that the Chlorides in the soil were 175ppm; the BLM/OCD benchmark being 250ppm.
2. As of 6:00AM today approximately 3000 cu/yrds of contaminated soil had been moved to the containment area, awaiting trucks.
3. Trucks are in route to begin removing soil from site.
4. Disposal tickets will be collected by Phoenix Environmental and recorded on a spreadsheet at there office. Copies will then be provided to Terry Foley.
5. Various safety operating measures were discussed.

At 3:00PM Trisha Bad Bear from the BLM and Larry Johnson from the OCD arrived on site to inspect operations.

6:45AM
Operations continued to 8:00PM before shutting down overnight.

At 6:45PM almost all of the excavation has been completed, approximately 6000 yrds.

12-05-07 Operations Report (From 6:00AM to 6:00AM, Past 24hrs of Operation)

6:30AM
After safety and operations meeting, Sweatt crew continued the excavation stockpiling contaminated soil from the pit to containment area. Transport off-site to disposal (Sundance).

9:37AM
Mr. Foley receives e-mail message from Joe Castillo asking that Mr. Madera not be allowed on location.

9:45AM
Terry Foley asks Mr. Madera, respectfully, to leave location. Mr. Madera leaves location.

10:00 AM
Mr. Madera returns, just off location, and informs Mr. Foley and Mr. Hodges that all equipment being used in remediation effort, must be removed from adjacent pasture land onto the Bell Lake #27 pad. He also informed us that we had no right-of-way between the Bell Lake #27 and the Bell Lake #25. This caused operations to shut down due to the fact that equipment had to be relocated and dump trucks were unable to navigate the location to be loaded.

In addition, Mr. Foley and Mr. Hodges are informed by Mr. Madera that no barrow pit may be dug before Bold Energy has met his terms for damages.

12:15 PM
After a brief meeting between Burt Madera, Donny Money and Terry Foley, Burt agreed to allow loading operations (contaminated soil) to resume provided trucks stayed on the Bell Lake #27. The inability to turn trucks on the Bell Lake #25 has slowed load time of each truck from 1/2 to 1/3 of the rate before using the Bell Lake #25 to turn.

12:30 PM
PM Sheriff arrives on location to visit with Mr. Madera. Shortly after operations return to normal.

5:00 PM
Take samples from pit bottom for third party analyses. A third party analyses is performed.

6:00 PM
The delivery of on-site contaminates are shut down for the night. The last of materials and equipment are removed from excavation site and work begins on staging for backfill operations.

11:00 PM – 6:00 AM
Push topsoil to side and backfill excavated area using soil from adjacent barrow pit..

Total yrds of contaminates disposed to date: 2500
Total actual excavating hours to date: 50

12-05-07 Operations Report (From 6:00AM to 6:00AM, Past 24hrs of Operation)

6:30AM
After safety and operations meeting, Sweatt crew continued the excavation stockpiling contaminated soil from the pit to containment area. Transport off-site to disposal (Sundance).

9:37AM
Mr. Foley receives e-mail message from Joe Castillo asking that Mr. Madera not be allowed on location.

9:45AM
Terry Foley asks Mr. Madera, respectfully, to leave location. Mr. Madera leaves location.

10:00 AM
Mr. Madera returns, just off location, and informs Mr. Foley and Mr. Hodges that all equipment being used in remediation effort, must be removed from adjacent pasture land onto the Bell Lake #27 pad. He also informed us that we had no right-of-way between the Bell Lake #27 and the Bell Lake #25. This caused operations to shut down due to the fact that equipment had to be relocated and dump trucks were unable to navigate the location to be loaded.

In addition, Mr. Foley and Mr. Hodges are informed by Mr. Madera that no barrow pit may be dug before Bold Energy has met his terms for damages.

12:15 PM
After a brief meeting between Burt Madera, Donny Money and Terry Foley, Burt agreed to allow loading operations (contaminated soil) to resume provided trucks stayed on the Bell Lake #27. The inability to turn trucks on the Bell Lake #25 has slowed load time of each truck from 1/2 to 1/3 of the rate before using the Bell Lake #25 to turn.

12:30 PM
PM Sheriff arrives on location to visit with Mr. Madera. Shortly after operations return to normal.

5:00 PM
Take samples from pit bottom for third party analyses. A third party analyses is performed.

6:00 PM
The delivery of on-site contaminates are shut down for the night. The last of materials and equipment are removed from excavation site and work begins on staging for backfill operations.

11:00 PM – 6:00 AM
Push topsoil to side and backfill excavated area using soil from adjacent barrow pit..

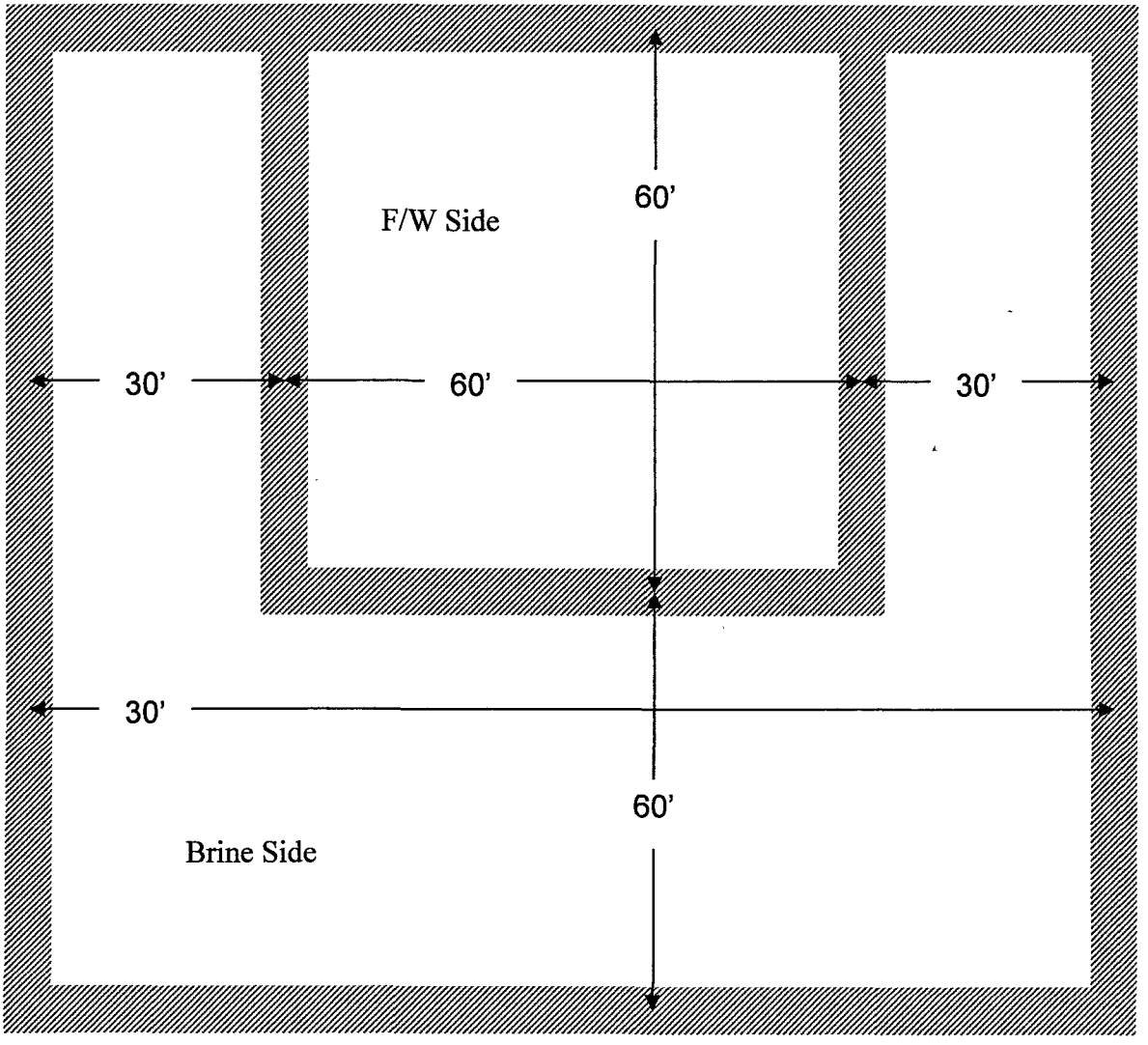
Total yrds of contaminates disposed to date: 2500
Total actual excavating hours to date: 50

12-06-07 Operations Report (From 6:00AM to 6:00AM, Past 24hrs of Operation)

7:30AM – 8:00AM
Sweatt competes backfill operations.

8:00AM – 11:00PM
Resume delivery of contaminates to Sundance site. Begin rebuilding reserve pits.
Pit layout after remediation. (Singe Horse Show w/ Center Reserve)

Rig Side (South)



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	12-3-07	15'	650 ppm			Northeast Brine Pit	EPA 325.3
#2	12-3-07	18'	475 ppm			Northwest Brine pit	EPA 325.3
#3	12-3-07	25'	320 ppm			Southwest Brine pit	EPA 325.3
#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	12-4-07	27'	175 ppm			Center Bottom	EPA 325.3
#2	12-4-07	25'	260 ppm			Northwest Bottom	EPA 325.3
#3	12-4-07	21'	<50 ppm			Northeast Bottom	EPA 325.3
#4	12-4-07	27'	200 ppm			Southwest Bottom	EPA 325.3
#5	12-4-07	27'	130 ppm			Southeast Bottom	EPA 325.3

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	12-6-07	27'	48 ppm			Center Bottom	4500
#2	12-6-07	26'	64 ppm			Northwest Bottom	4500
#3	12-6-07	21'	160 ppm			Northeast Bottom	4500
#4	12-6-07	27'	128 ppm			Southwest Bottom	4500
#5	12-6-07	27'	160 ppm			Southeast Bottom	4500
#6	12-6-07	20'	<16 ppm			North Wall	4500
#7	12-6-07	20'	32 ppm			East Wall	4500
#8	12-6-07	20'	32 ppm			South Wall	4500
#9	12-6-07	20'	64 ppm			West Wall	4500
#10	12-6-07	0-6"	<16 ppm			Background	4500

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: 12-3-07
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	650	15′	Northeast Brine Pit
#2	475	18′	Northwest Brine Pit
#3	320	25′	Southwest Brine Pit

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

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: 12-4-07
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	175	27′	Center Bottom
#2	260	25′	Northwest Bottom
#3	<50	21′	Northeast Bottom
#4	200	27′	Southwest Bottom
#5	130	27′	Southeast Bottom

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: 12/05/07
Reporting Date: 12/06/07
Project Owner: BOLD ENERGY
Project Name: BALL LAKE 27
Project Location: SEC 5, T24S, R34E LEA CO.

Analysis Date: 12/06/07
Sampling Date: 12/04/07
Sample Type: SOIL
Sample Condition: INTACT
Sample Received By: NF
Analyzed By: HM

LAB NO.	SAMPLE ID	Cl^- (mg/kg)
H13859-1	CENTER BOTTOM @ 27'	48
H13859-2	NORTH WEST BOTTOM @ 25'	64
H13859-3	NORTH EAST BOTTOM @ 21'	160
H13859-4	SOUTH WEST BOTTOM @ 27'	128
H13859-5	SOUTH EAST BOTTOM @ 27'	160
H13859-6	NORTH WALL @ 20'	<16
H13859-7	EAST WALL @ 20'	32
H13859-8	SOUTH WALL @ 20'	32
H13859-9	WEST WALL @ 20'	64
H13859-10	BACKGROUND @ 0-6"	<16
Quality Control		500
True Value QC		500
% Recovery		100
Relative Percent Difference		< 0.1

METHOD: Standard Methods	4500-ClB

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

Burton Supervisor
Chemist

12/06/07
Date

H13859 PE

CARDINAL LABORATORIES

101 East Marland, Hobbs, NM 88240 2111 Beechwood, Abilene, TX 79603
(505) 393-2326 FAX (505) 393-2476 (325) 673-7001 FAX (325)673-7020

CHAIN-OF-CUSTODY AND ANALYSIS REQUEST

Company Name: PHOENIX ENVIRONMENTAL LLC
Project Manager: ALLEN Hodge
Address: PO BOX 1856
City: Hobbs State: NM Zip: 88241
Phone #: 505-391-9685 Fax #: 391-9687
Project #: Project Owner: BOLD ENERGY
Project Name: BELL LAKE 27
Project Location: SEC 5, T24S, R34E LEA CO
Sampler Name: ALLEN Hodge

BILL TO
P.O. #:
Company:
Attn:
Address:
City:
State: Zip:
Phone #:
Fax #:

ANALYSIS REQUEST

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	CL CHLORIDES
H13859-1	CENTER BOTTOM @ 27'	C	1			X					X		12-4-07	1:00	X
-2	NORTH WEST BOTTOM @ 25'	C	1			X					X			1:30	X
-3	NORTH EAST BOTTOM @ 21'	C	1			X					X			2:00	X
-4	SOUTH WEST BOTTOM @ 27'	C	1			X					X			2:30	X
-5	SOUTH EAST BOTTOM @ 27'	C	1			X					X			3:00	X
-6	NORTH WALL @ 20'	C	1			X					X			3:30	X
-7	EAST WALL @ 20'	C	1			X					X			4:00	X
-8	SOUTH WALL @ 20'	C	1			X					X			4:30	X
-9	WEST WALL @ 20'	C	1			X					X			5:00	X
-10	BACKGROUND @ 0-1'	G	1			X					X			6:00	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 claims is based upon any of the above stated reasons or otherwise.

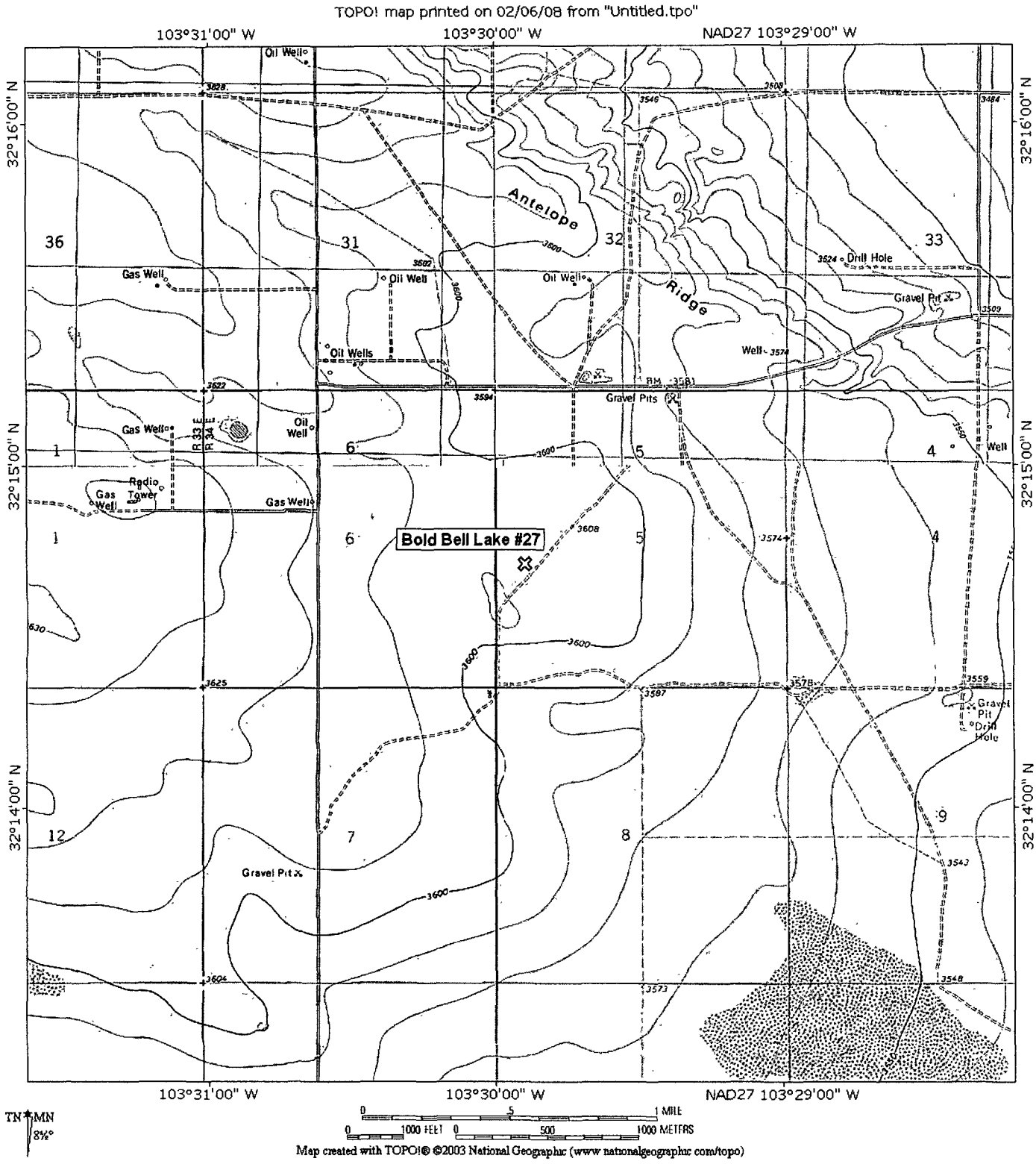
Relinquished By: Date: 12-5-07 Time: 1642 Received By:
Relinquished By: Date: Time: Received By:
Delivered By: (Circle One)
Sampler - UPS - Bus - Other:

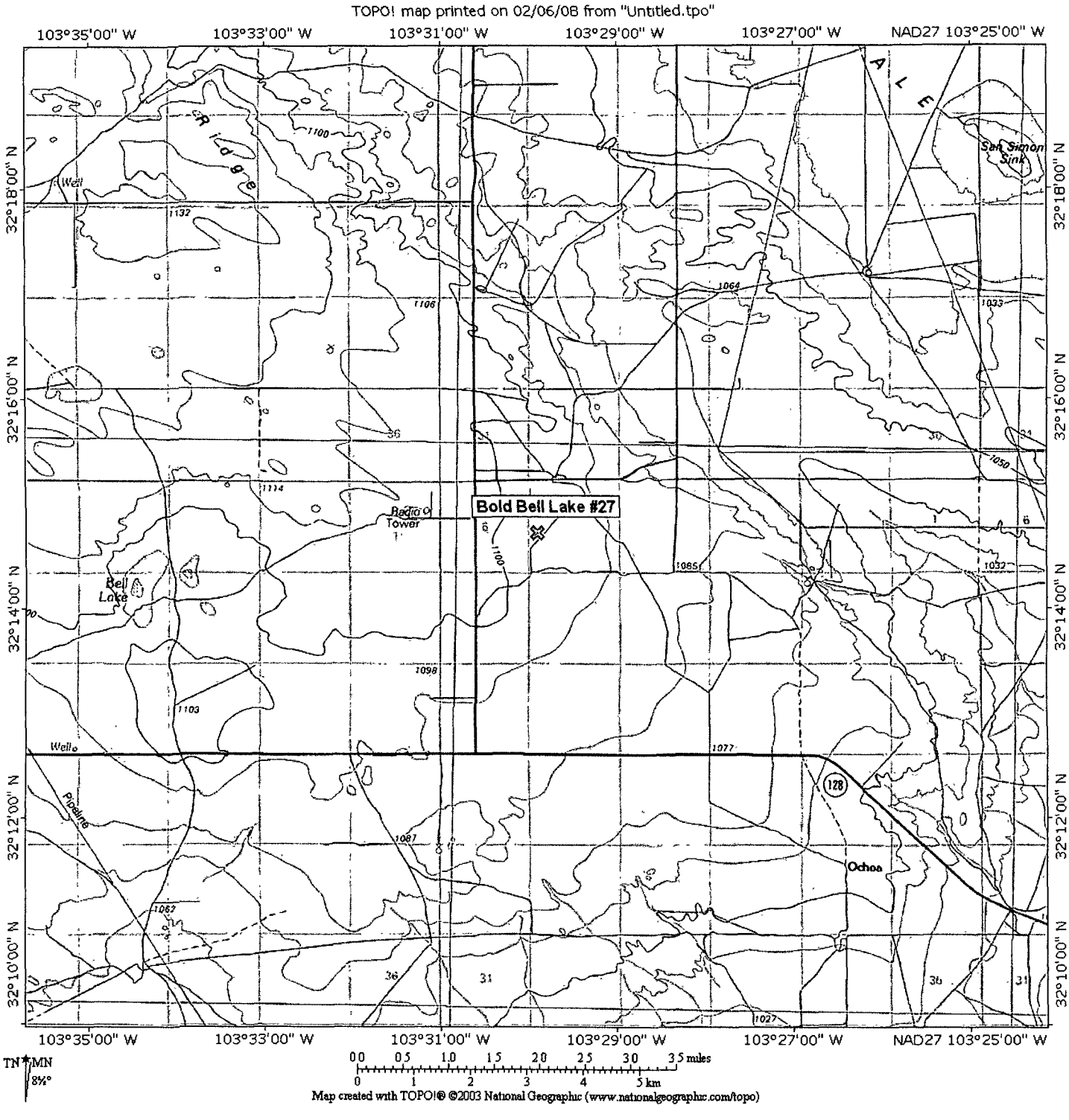
Sample Condition: Cool: ☐ Yes ☐ No; Intact: ☒ Yes ☐ No
CHECKED BY: (Initials) MT

Phone Result: ☐ Yes ☐ No Add'l Phone #:
Fax Result: ☐ Yes ☐ No Add'l Fax #:
REMARKS: Rush

† Cardinal cannot accept verbal changes. Please fax written changes to 505-393-2476

SECTION IV


TOPO! map printed on 02/06/08 from "Untitled.tpo"
103°31'00" W
103°30'00" W
NAD27 103°29'00" W
32°16'00" N
32°15'00" N
32°14'00" N
Bold Bell Lake #27
Antelope Ridge
Oil Well
Gas Well
Oil Wells
Gravel Pit
Drill Hole
Radio Tower
Gas Well
BM 3581
36
31
32
33
1
6
5
4
12
7
8
9
TN MN 8½°
0 5 1 MILE
0 1000 FEET 0 500 1000 METERS
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)


TOPO! map printed on 02/06/08 from "Untitled.tpo"
103°35'00" W
103°33'00" W
103°31'00" W
103°29'00" W
103°27'00" W
NAD27 103°25'00" W
32°18'00" N
32°16'00" N
32°14'00" N
32°12'00" N
32°10'00" N
Bold Bell Lake #27
Bell Lake
Radio Tower
Well
Pipeline
Ochoa
San Simon Sink
128
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)

SECTION V

Photo #1 View of Reserve Pit after Brine been Removed

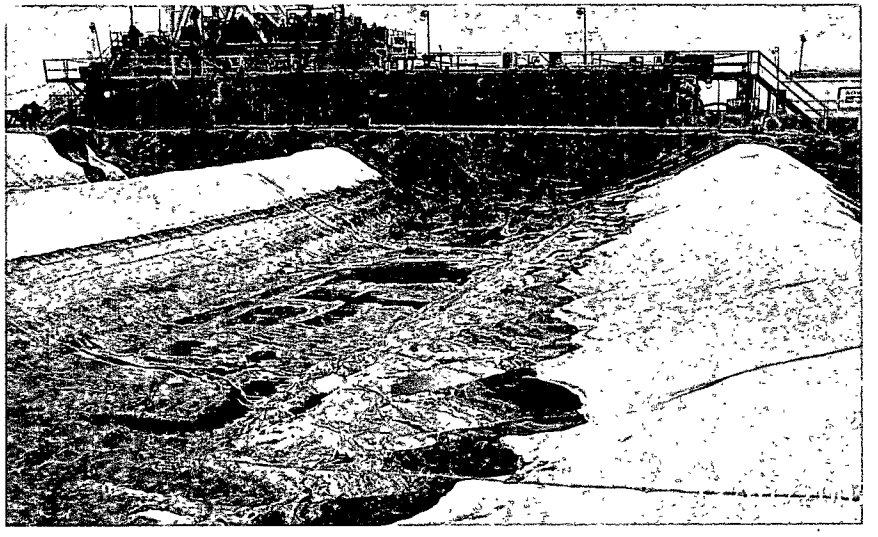


Photo #2 Liner Damage below Steel Pit

Photo #3 View of Liner Hole Damage

Photo #4 Rocks pushing Through Liner

Photo # 5 Liner being Removed

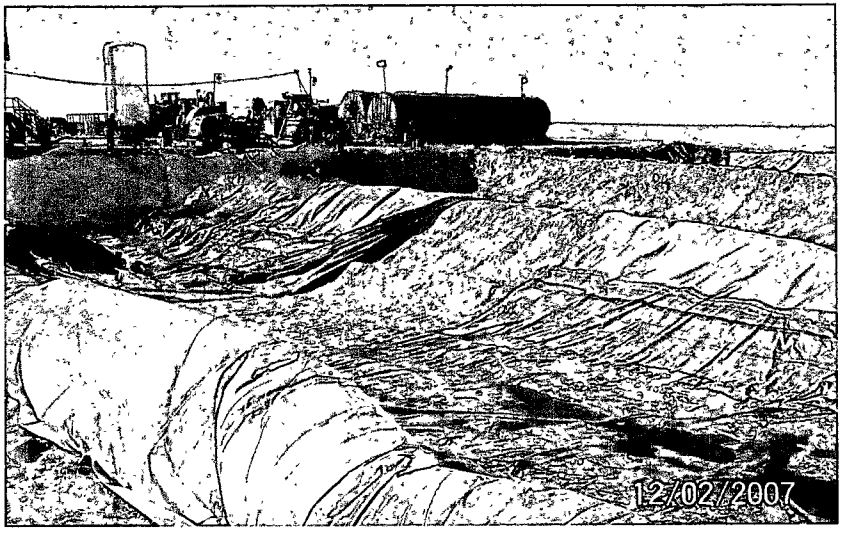


Photo # 6 Liner being Removed

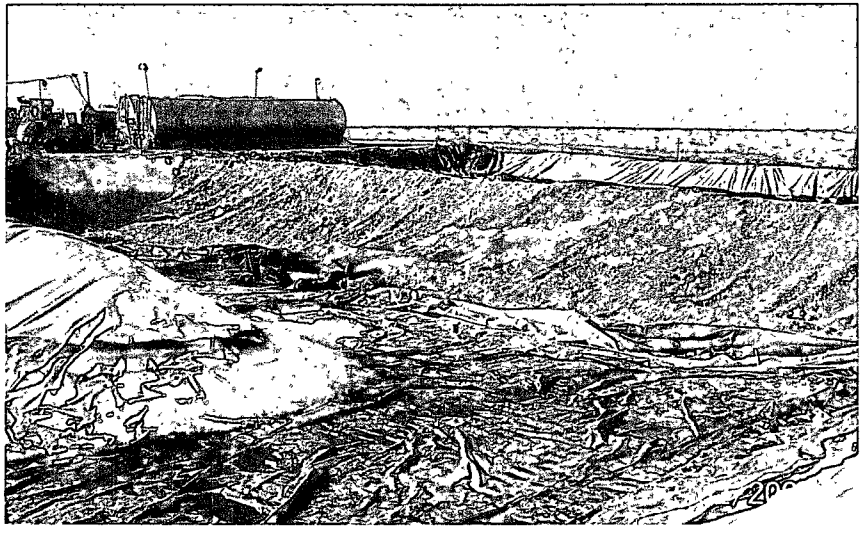


Photo # 7 Liner being Removed

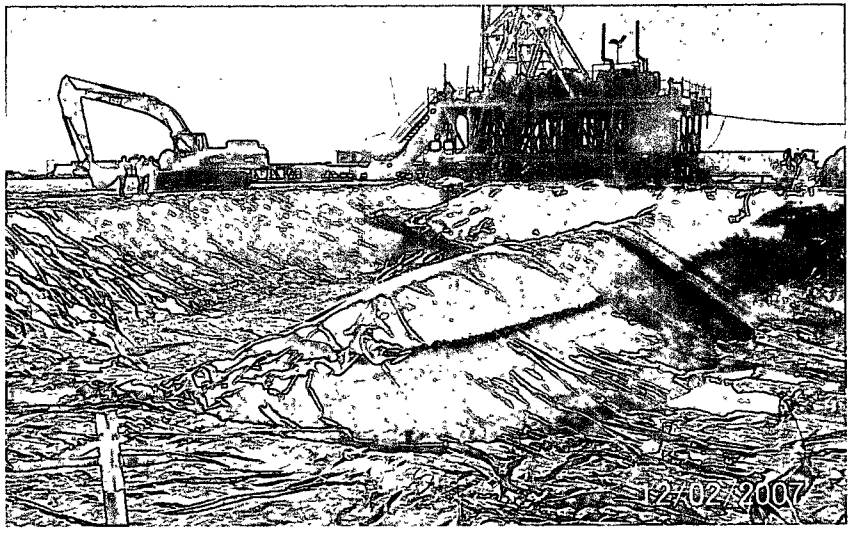


Photo # 8 Liner being Removed

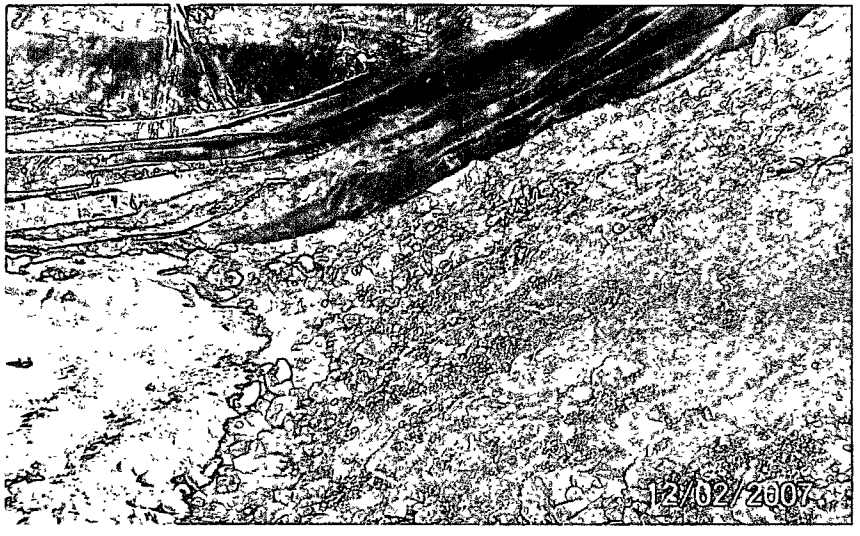


Photo # 9 Rocks Under Liner

Photo # 10 Rocks Under Liner

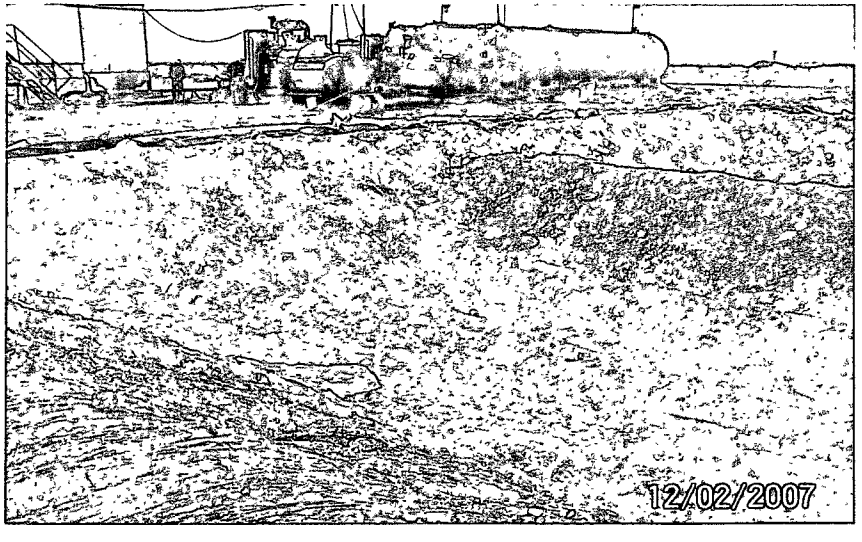


Photo # 11 Rocks Under Liner

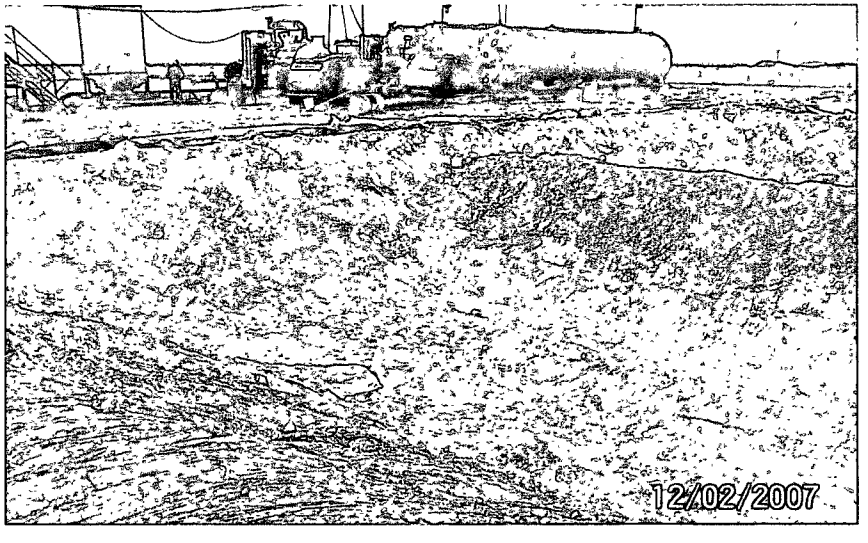


Photo # 12 Rocks Under Liner

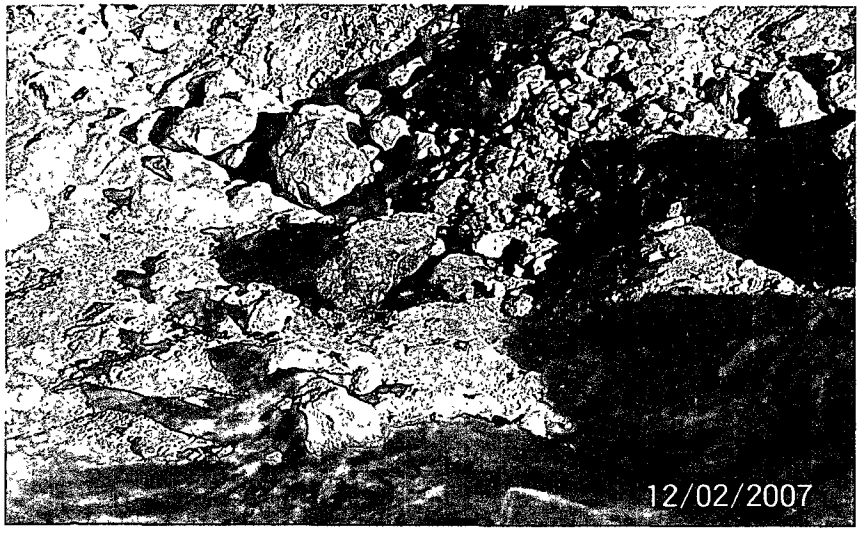


Photo # 13 Rocks Under Liner at Point of Leak

Photo # 14 Rocks Under Liner at Point of Leak

Photo # 15 Rocks Under Liner at Point of Leak

Photo # 16 Rocks Under Liner at Point of Leak

Photo # 17 Saturated Impacted Soil Under Liner

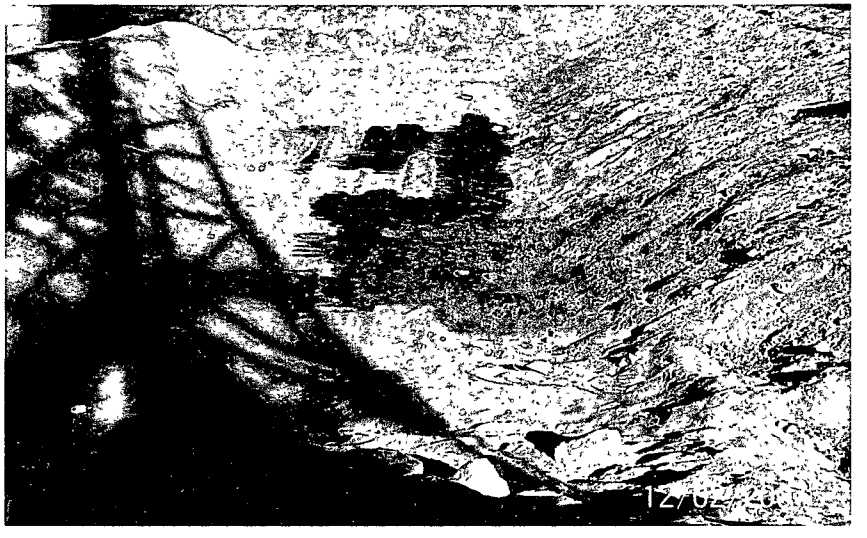


Photo # 18 Saturated Impacted Soil Under Liner

Photo # 19 Saturated Impacted Soil Under Liner

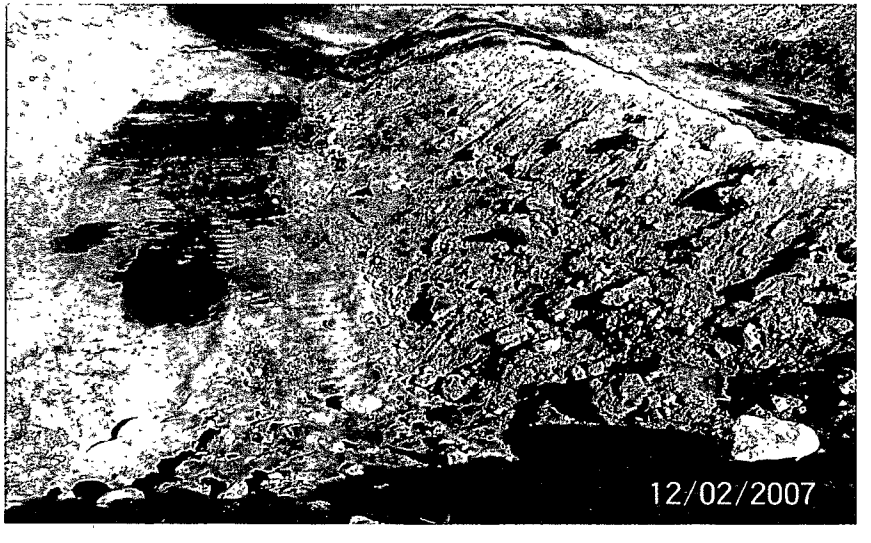


Photo # 20 Saturated Impacted Soil Under Liner

Photo #21 Excavating Impacted Soil

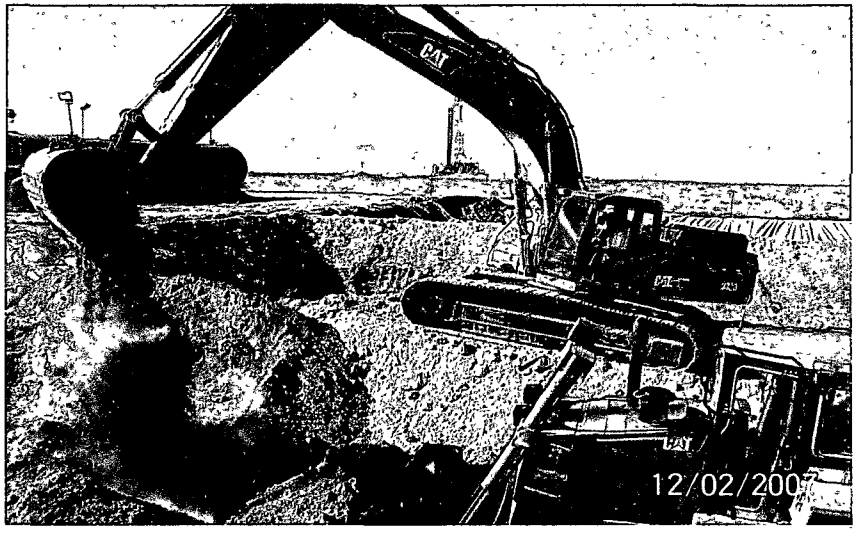


Photo # 22 Excavating Impacted Soil

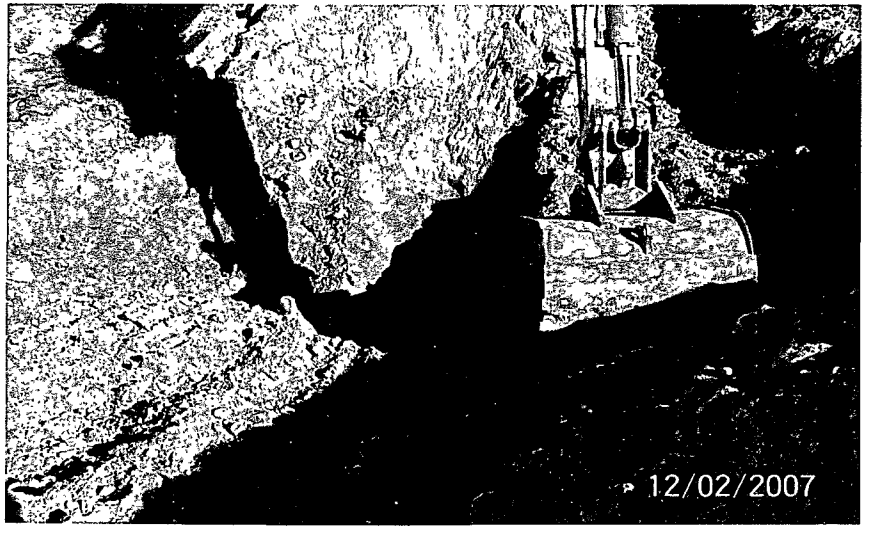


Photo # 23 Excavating Impacted Soil

Photo # 24 Moving Impacted Soil to Staging Area

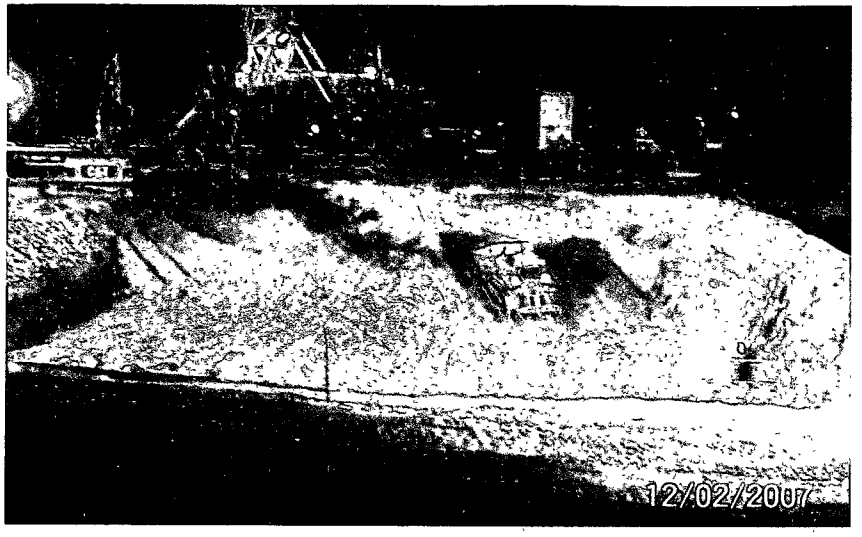


Photo # 25 Excavating Impacted Soil

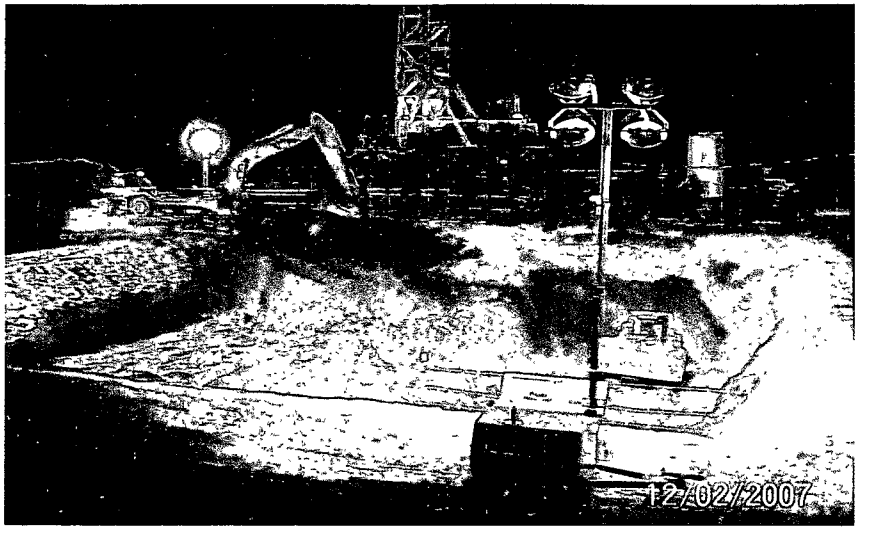


Photo # 26 Excavating Impacted Soil

Photo # 27 Excavating Impacted Soil

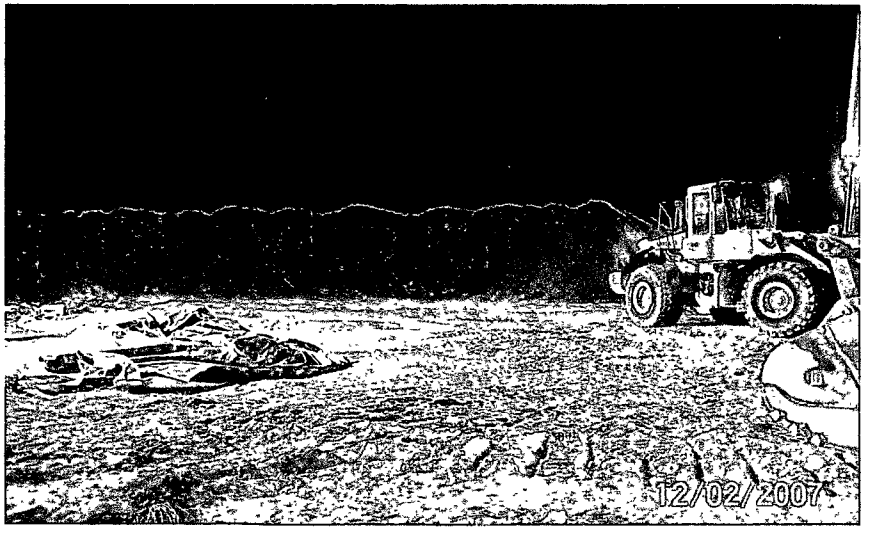


Photo # 28 Excavating Impacted Soil

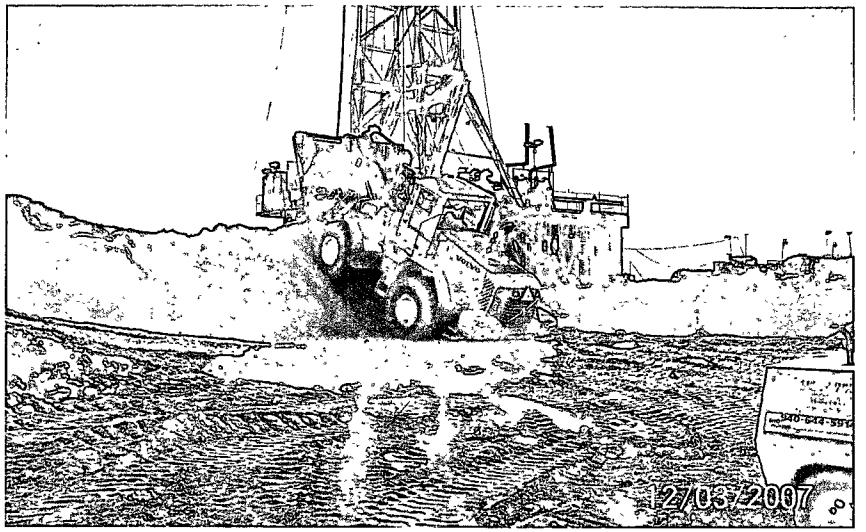


Photo # 29 Stockpiling Impacted Soil

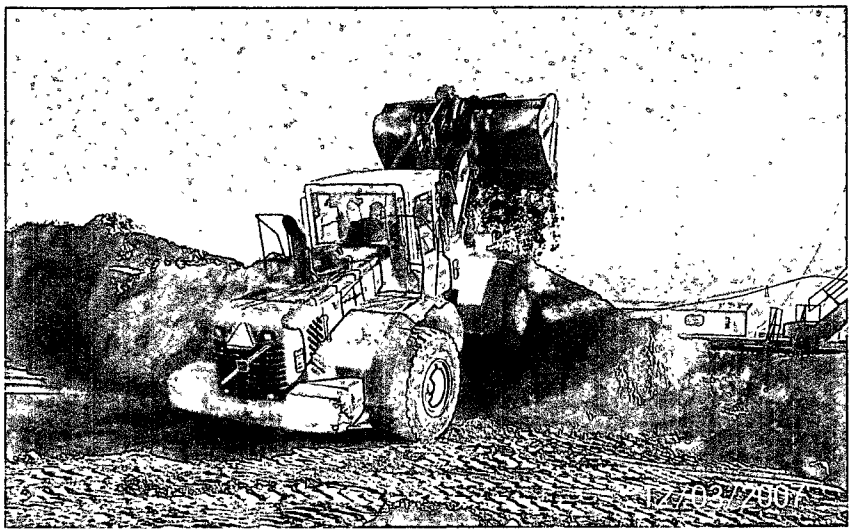


Photo # 30 Stockpiling Impacted Soil

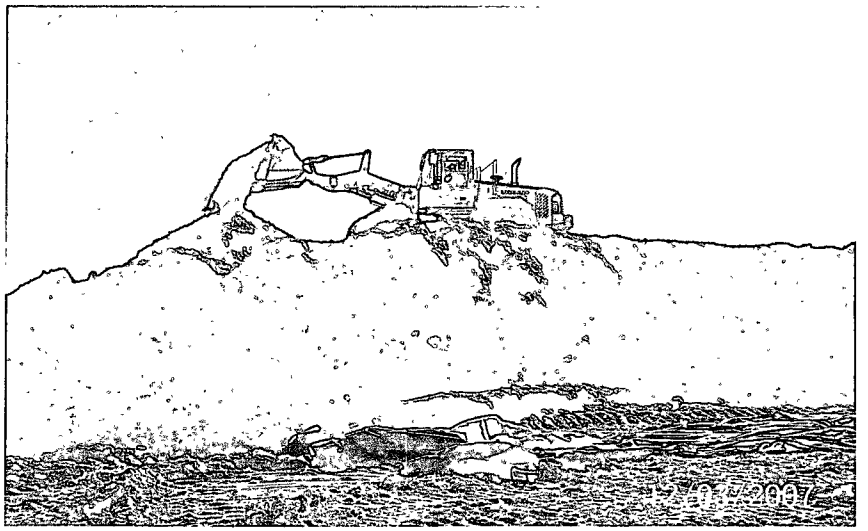


Photo # 31 Staging Area of Stockpiled Impacted Soil

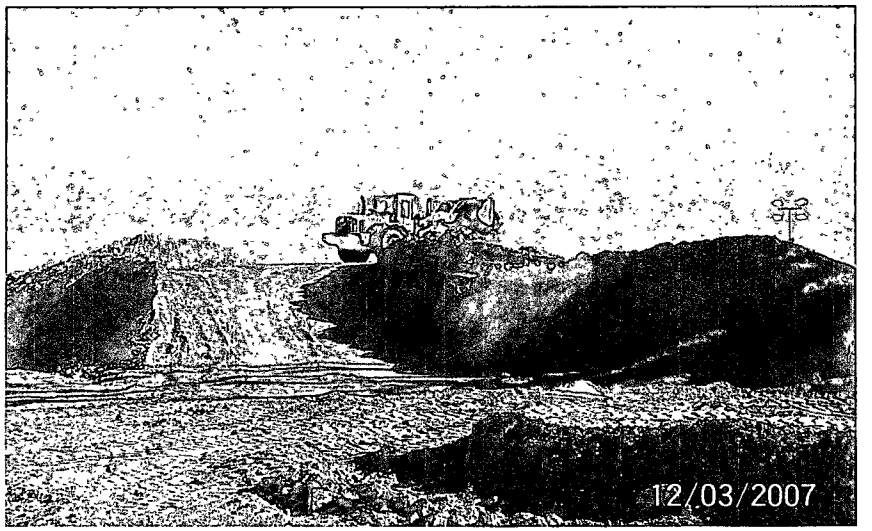


Photo # 32 Staging Area of Stockpiled Impacted Soil

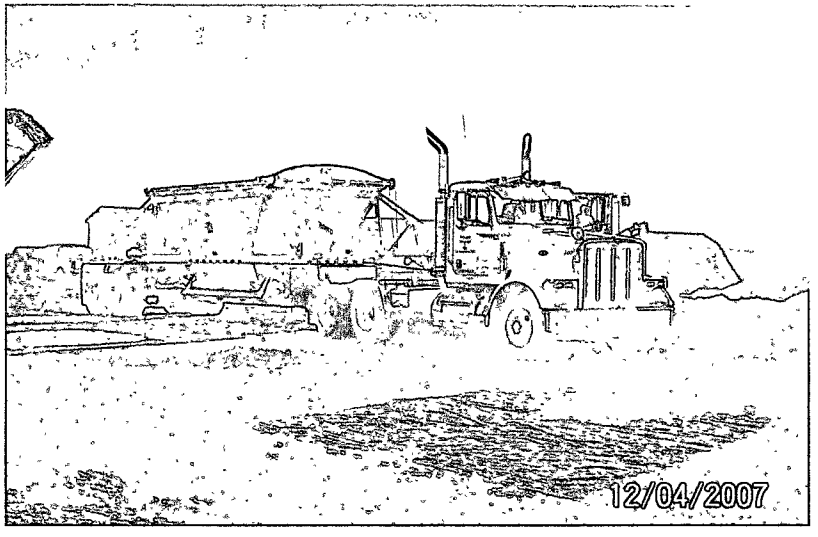


Photo # 33 Loading Trucks Out For Disposal

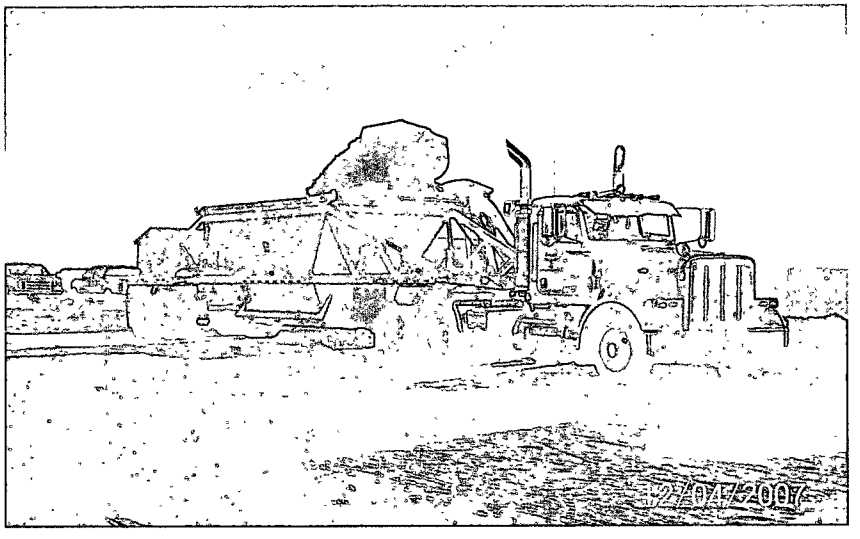


Photo # 34 Loading Trucks Out For Disposal

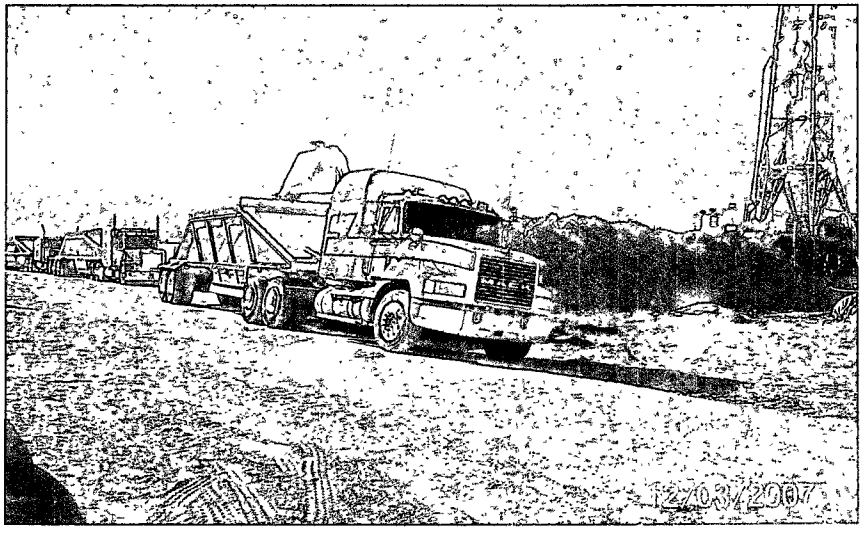


Photo # 35 Loading Trucks Out For Disposal

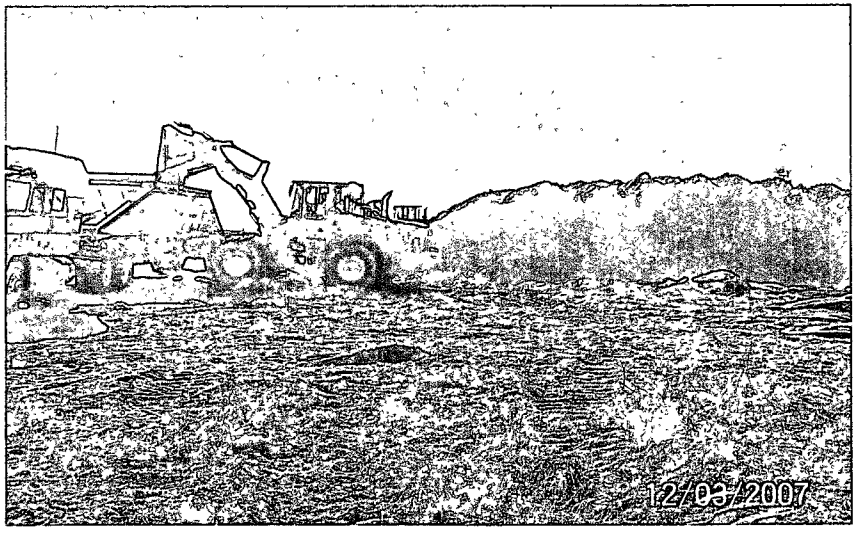


Photo # 36 Loading Trucks Out For Disposal

Photo # 37 Cleaning Bottom of Pit

Photo # 38 Cleaning Bottom of Pit

Photo # 39 Backfilling Pit

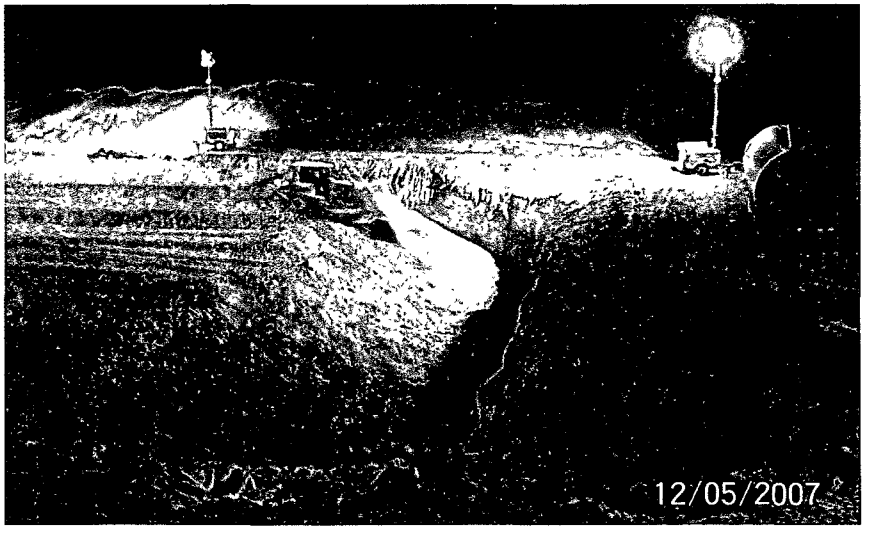


Photo # 40 Backfilling Pit

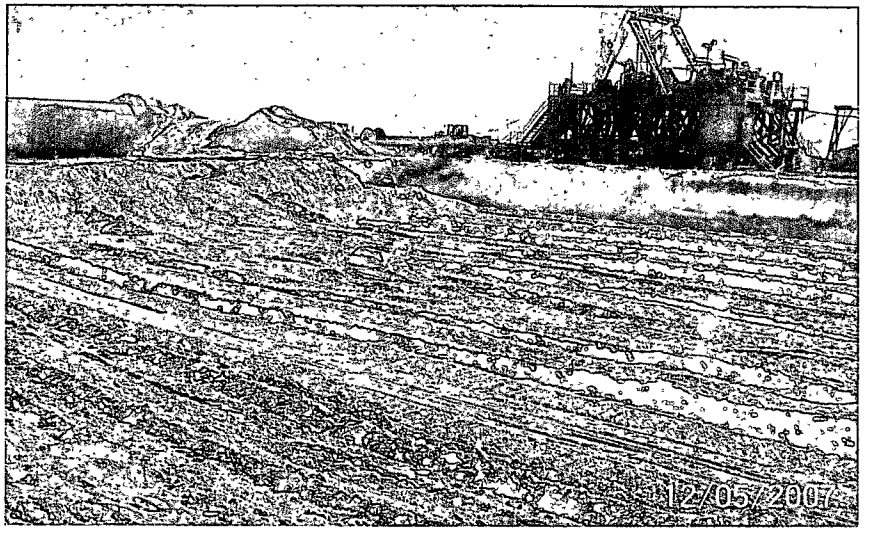


Photo # 41 Backfilling Start of New Pit

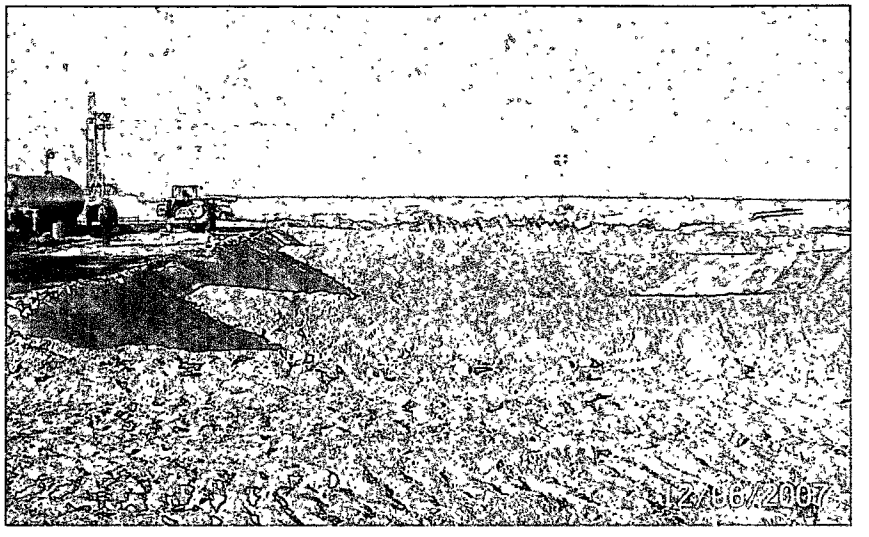


Photo # 42 New Drilling Pit

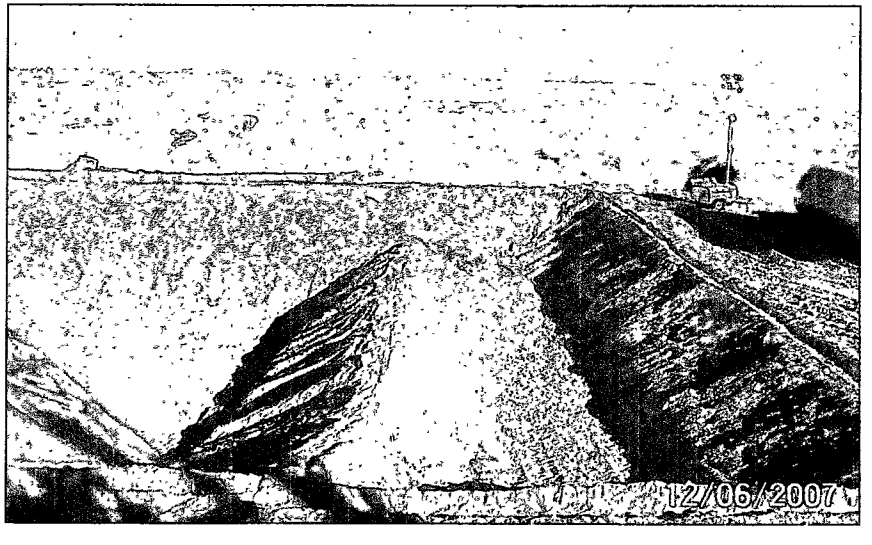


Photo # 43 New Drilling Pit

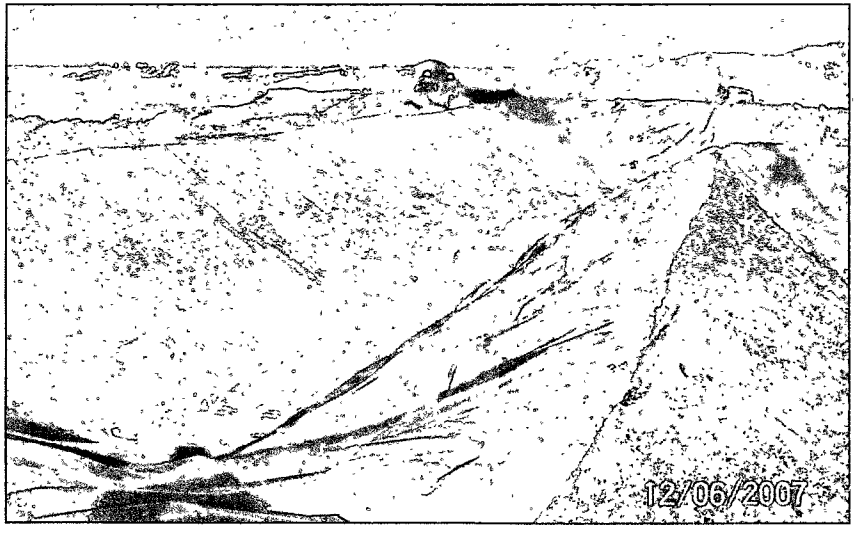


Photo # 44 New 20 Mil Brine Liner

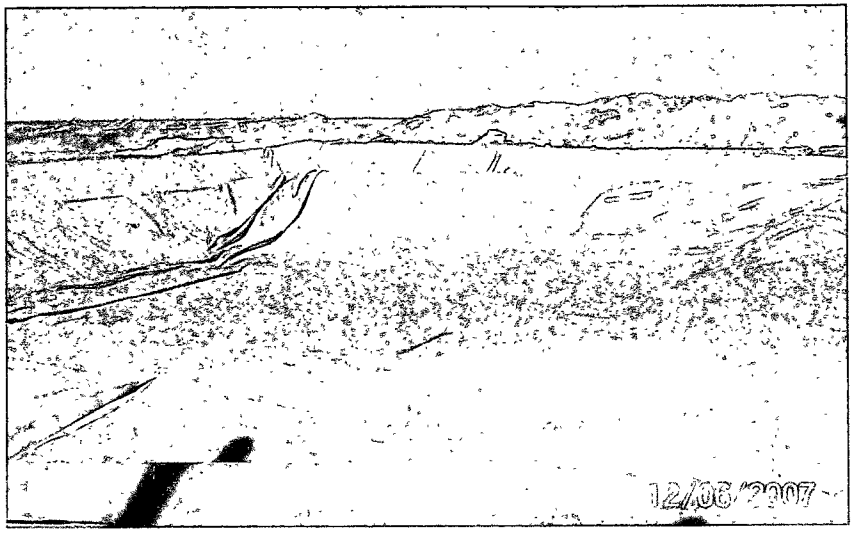


Photo # 45 New Pit with New 20 MIL Liner

Photo # 46 Felt Apron. Filling Pit with Fresh Water

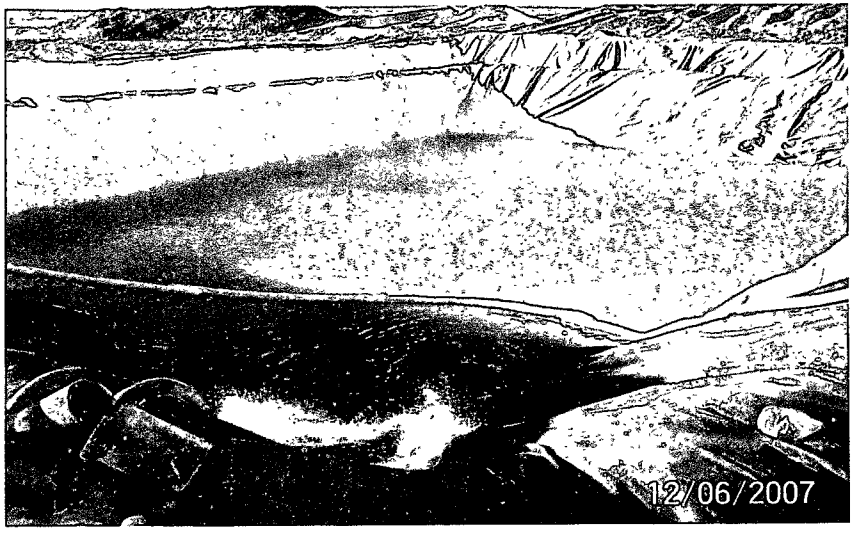


Photo # 47 Filling with Fresh Water

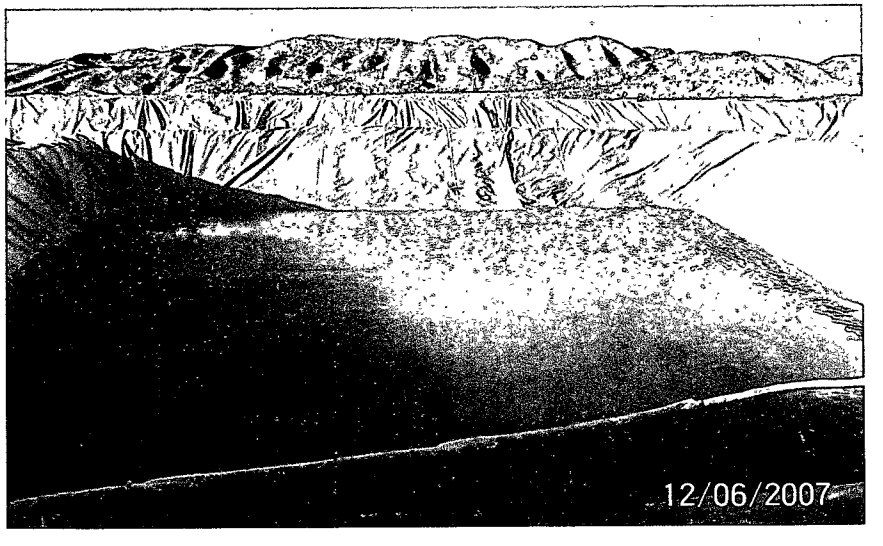


Photo # 48 Center Pit with Fresh Water

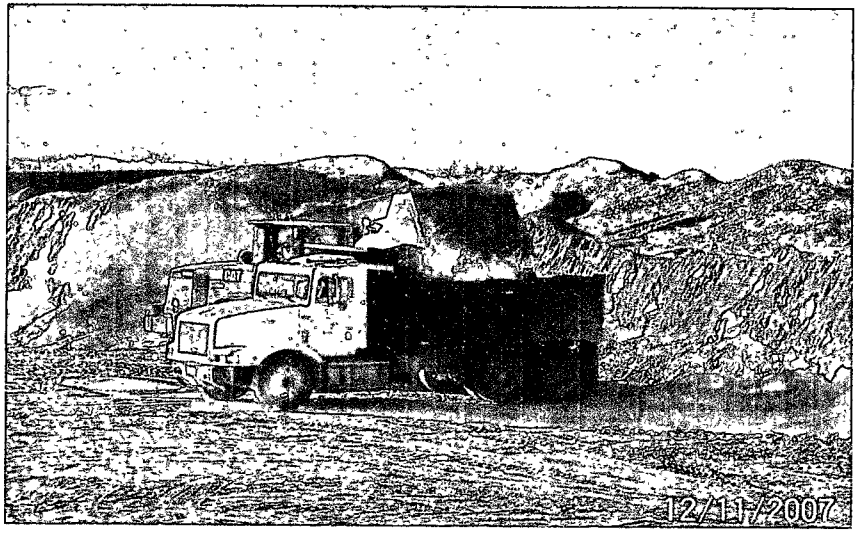


Photo # 49 Loading Truck for Backfilling Barrow Pit

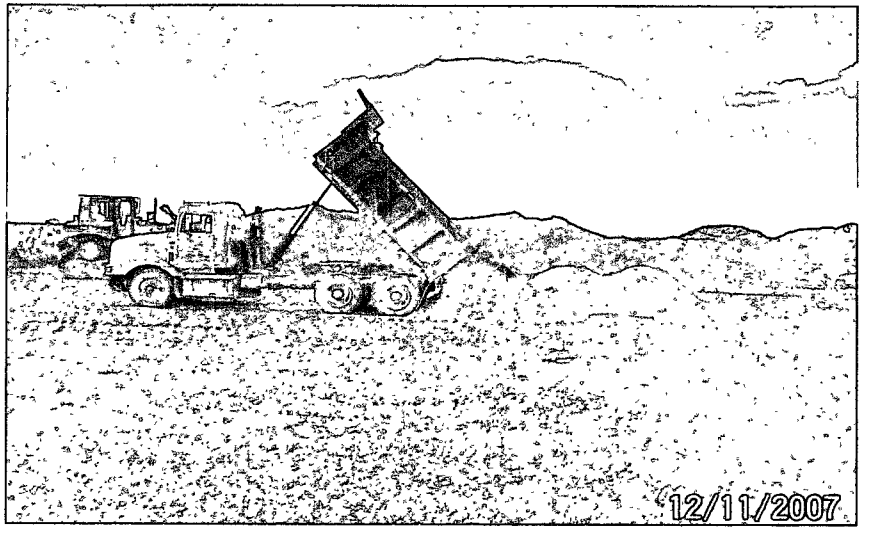


Photo # 50 Unloading Caliche into Barrow Pit for Backfilling

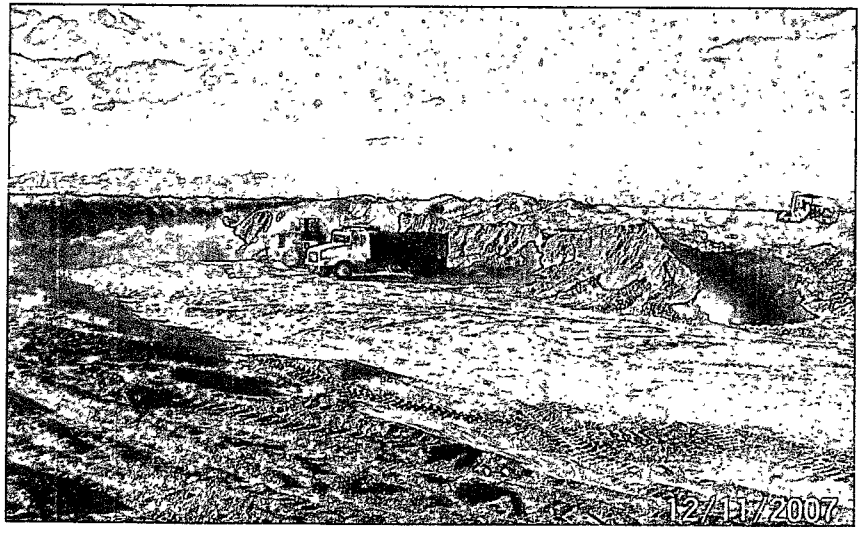


Photo # 51 Loading Truck for Backfilling Barrow Pit

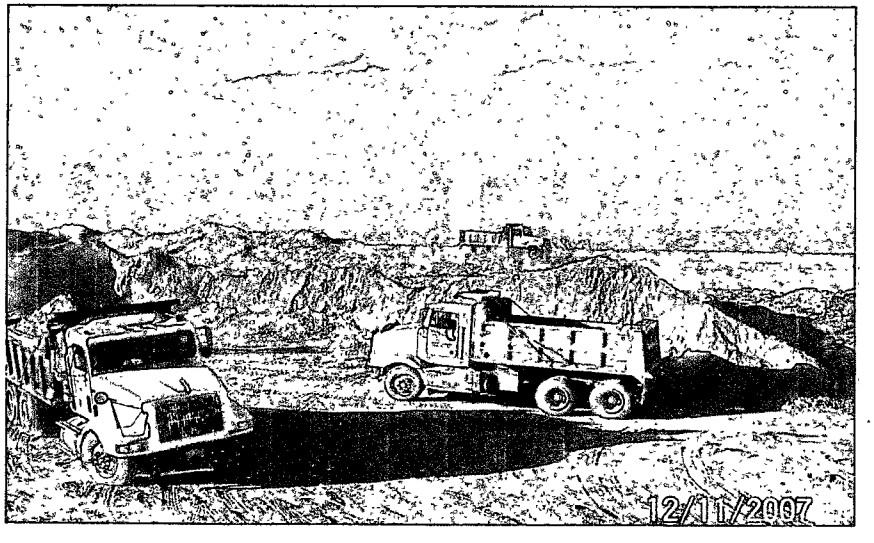


Photo # 52 Loading Truck for Backfilling Barrow Pit

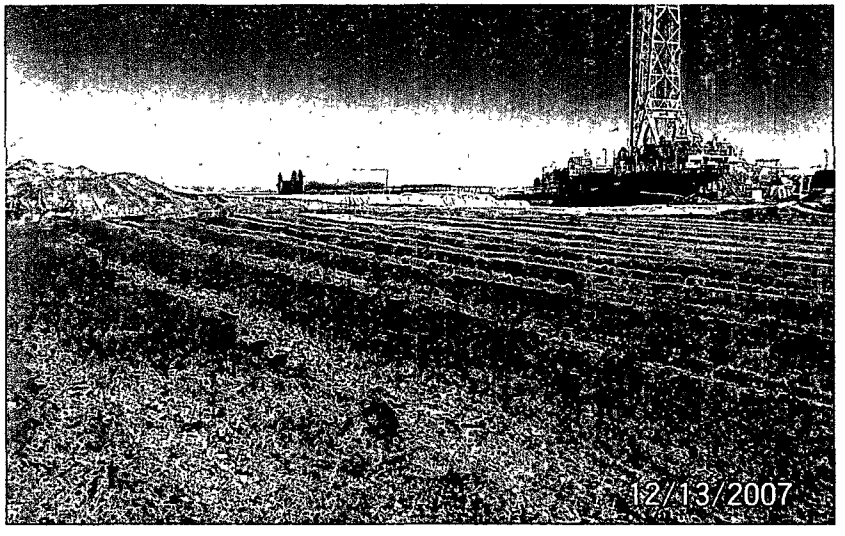


Photo # 53 View of Completed Job

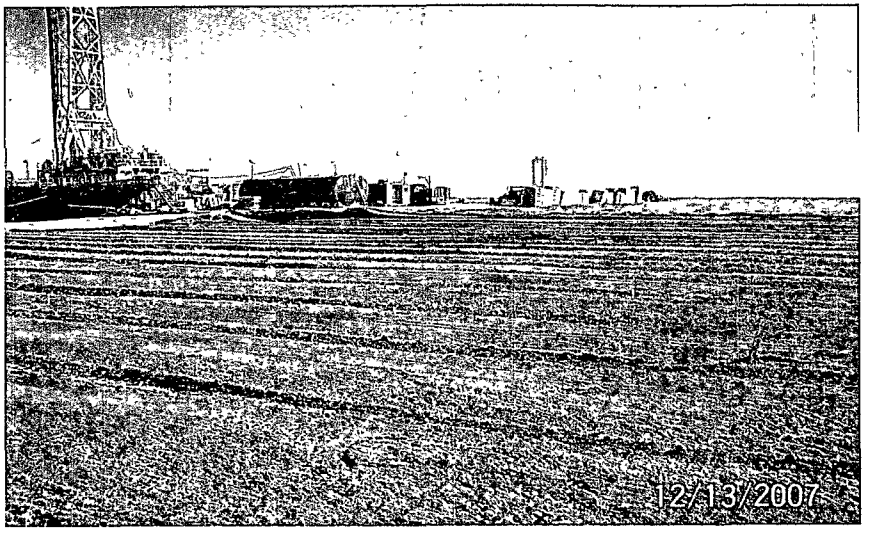


Photo # 54 View of Completed Job

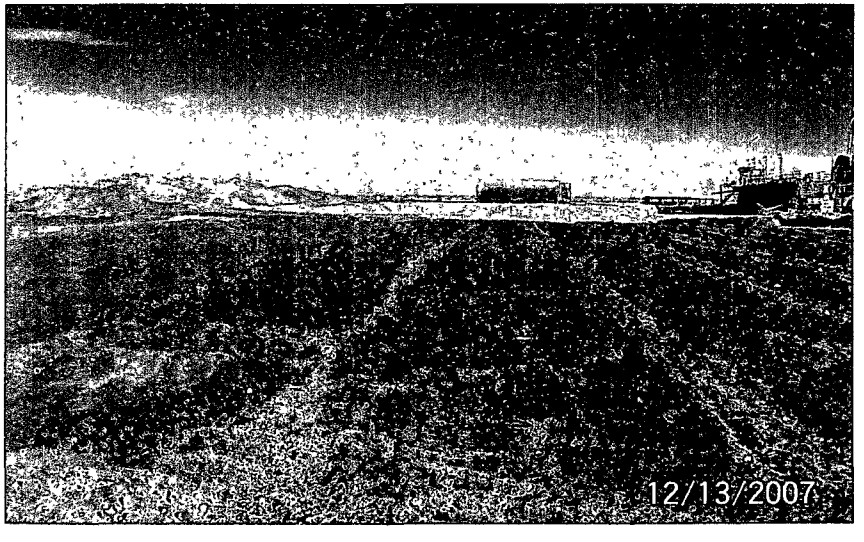


Photo # 55 View of Completed Job

Photo # 56 View of Completed Job