

Operator BOLD ENERGY, LP		Well Name Oxy Checker State #2		TD 10,100'				
Surface Location 1980' FNL & 660 FWL		Section - Township - Range 8 - T19S - R29E		County Eddy				
State New Mexico								
BHL 1980' FNL & 660 FWL		Field Turkey Track						
Primary Objective Canyon @ 9890'		Secondary Objective Wolfcamp @ 8880'		API Number TBA				
Project Type Development <input checked="" type="checkbox"/> Single <input type="checkbox"/> Workover <input type="checkbox"/> Dual <input checked="" type="checkbox"/> Recompletion <input type="checkbox"/> Multiple <input type="checkbox"/>		Data Processing Information AFE No. <input type="text"/> Original <input checked="" type="checkbox"/> Supplement <input type="checkbox"/> Version # <input type="text" value="1"/>						
Tangible Costs		Before Casing Point			After Casing Point			Gross Total
		Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
1. Tubulars Setting Depths		72,800		2 0 4	232,000		4 0 4	304,800
13-3/8 " OD 0' to 375'		12,800						
8 5/8 " OD 0 to 3000'		60,000						
5 1/2 " OD 0 to 10,100'					175,000			
2 7/8 " OD 0 to 10,100'					57,000			
" OD 0 to "								
" OD " to "								
2. Casinghead, Tubinghead, Christmas Tree		10,500		2 9 3	20,500		4 9 3	31,000
3. Tubing Accessories					9,500		4 1 2	9,500
Packers, Tubing Anchors					8,000			
On/off tools								
Nipples (SN & Profiles)					1,500			
Purchased RBP's, etc.								
4. Artificial Lift						75,000	4 9 4	75,000
5. Capillary System							4 1 1	
6. Production Equipment					91,000		4 3 8	91,000
Separators					50,000			
Metering Equipment					5,000			
Tanks					28,000			
Valves, Fittings & Couplings					8,000			
7. Electrical Lines & Equipment							4 2 8	
8. Flowline (WH to Production Unit)					5,000		4 5 6	5,000
Line Pipe					3,500			
Valves, Fittings & Couplings					1,500			
9. Pipeline (Production Unit to Sales Point)					45,000		4 5 7	45,000
Line Pipe					40,000			
Valves, Fittings & Couplings					5,000			
10. Water Disposal System							4 9 0	
Injection Pump								
Transfer Pump								
Gun Barrel & Tanks								
Metering Equipment								
Electrical Equipment								
Line, Valves, Fittings & Couplings								
11. Contingency 10%		8,330	0		26,200	21,600		56,130
TOTAL TANGIBLES		91,630	0		288,200	237,600		617,430
Intangible Costs		Before Casing Point			After Casing Point			Gross Total
		Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
12. Contract Field Supervision		48,000		1 0 6	35,000		3 0 6	83,000
13. Contract Engineering / Technical		8,000		1 3 0	3,000		3 3 0	11,000
14. Auto Expense (in-house field travel)		500	1,000	1 1 3	1,000		3 1 3	2,500
15. Legal / Title (permits & contract legal work)		3,500		1 4 2	2,000		3 4 2	5,500
16. Location & Road Expense		121,500		1 4 3	8,500		3 4 3	130,000
Location Prep & Anchors					3,500			
Surveys (ROW & ARC) & Staking		1,500						
Damages		10,000						
Construction & Maintenance		35,000						
Conductor, Rat Hole, Mouse Hole		7,500						
Drilling Pit Lining		7,500						
Location Cleanup					5,000			
Pit Reclamation		60,000						
17. Rig Moving Expense, Mob / Demob, Mods., Stby.		120,000		1 6 7				120,000
18. Contract Drilling		540,000		1 2 4	60,000		3 2 4	600,000
30 days \$20,000.00 per day								
19. Pulling Unit					60,000		3 1 9	60,000
15 days \$4,000.00 per day								
20. Power & Fuel (not otherwise included)		60,000		1 0 8	7,000		3 0 8	67,000
21. Onsite Supervisor Headquarters / Housekeeping		12,650		1 0 5	6,325		3 0 5	18,975
Trailer House Rental		4,500			2,250			
Generator for House Trailer								
Potable Water		750			375			
Phone / Internet / Satellite		5,400			2,700			
Waste Water Service		2,000			1,000			
22. Safety - Site Security / Equipment & Services				1 7 4			3 7 4	
Site Security								
H2S Monitoring		4,500						
Contract Safety Supervision								
23. Safety Incentive & Performance Bonus		30,000		1 4 1	1,000		3 4 1	31,000
24. Rig Monitoring Equipment		15,000		1 1 4	1,100		3 1 4	16,100
25. Water		48,000		1 9 0	39,800		3 9 0	87,800
Fresh Water Pit Construction & Lining								
Fresh Water Well Drilling								
Water Well Rental Equipment		20,000			5,000			
Water Well Usage					2,000			
Frac Tanks		3,000			19,800			
Water Hauling to Location		25,000			13,000			

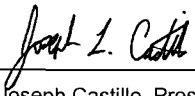
Well Name: Oxy Checker State #2		Data Processing Information						
Location: 1980' FNL & 660 FWL 8 - T19S - R29E Eddy County, New Mexico		AFE No. TBA			Original <input checked="" type="checkbox"/> Supplement <input type="checkbox"/>		Version # 1	
Intangible Costs (continued)		Before Casing Point			After Casing Point			Gross Total
		Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
26. Mud Materials & Services		49,500		1 4 6	2,500		3 4 7	52,000
Mud Products & Chemicals		42,000			2,000			
Mud Cleaning Equipment and Services								
Mud / Gas Separator		7,500			500			
27. Bits, Underreamers & Hole Openers		75,000		1 1 5				75,000
28. Directional Drilling Equipment & Services				1 3 6				
29. Fishing Tools & Services				1 3 3			3 3 3	
30. Rental Equipment		86,500		1 3 2	19,000		3 3 2	105,500
Forklift / Manlift / Light Plants / Generators		20,000						
Reverse Unit / Matting Boards / Racks					7,500			
Well Control Equipment		18,000			5,000			
Rental DH Tools, Packers, Plugs					6,500			
BHA, Drill Pipe & Motors		48,500						
31. Tubular Inspection & Testing		2,100		1 3 9	6,000		3 3 9	8,100
32. Casing Crews - NU/LD Services - BOPE Testing		25,000		1 1 7	10,000		3 1 7	35,000
33. Trucking of Tangible Items (not otherwise included)		13,000		1 8 7			3 8 7	13,000
34. Mud Logging			18,000	1 4 7				18,000
35. Conventional Coring & Analysis				1 2 3				
36. Drill Stem Test Equipment & Services				1 2 6				
37. DH Completion Tools					8,000		3 1 6	8,000
38. Casing Accessories		3,500		1 0 7	2,000		3 0 7	5,500
Float Equip, Centralizers, DV Tools		3,500			2,000			
Liner - Hangers, Services								
39. Logging, Wireline / Slickline & Associated Rentals		14,000	46,000	1 4 4	73,000		3 4 4	133,000
Electrical Logs			40,000					
RFT / Sidewall Coring			6,000					
Cased Hole Logs & CBL					11,000			
Temperature Surveys		2,000			1,000			
Gyro, Multi-Shot, Single Shot		12,000						
Perforating, Plug / Packer Setting					55,000			
Rental Lubricator & Flanges					6,000			
40. Cementing Services		51,000		1 1 8	35,000		3 1 8	86,000
13 3/8 " OD 400 Sacks		21,000						
8 5/8 " OD 1700 Sacks		30,000						
5 1/2 " OD 900 Sacks					35,000			
" OD Sacks								
" OD Sacks								
Squeeze Cementing								
Cement Plugs								
41. Coiled Tubing Service					92,500		3 4 5	92,500
CT and N ₂ Service					85,000			
Rental Crane, Lubricator, Flanges					7,500			
42. Stimulation Materials & Services					250,000		3 1 0	250,000
43. Pump Truck (not otherwise included)				1 5 5	4,500		3 5 5	4,500
44. Production Testing Equipment & Services					45,000		3 3 5	45,000
45. Water Haul off and Disposal				1 7 3	13,000		3 7 3	13,000
46. Chemicals (Corrosion Control / Packer Fluid)				1 4 8	3,000		3 4 6	3,000
47. Roustabout Service (Labor not otherwise included)		18,000		1 6 9	5,000	25,000	3 6 9	48,000
48. Supplies		2,000		1 7 6	1,000	10,000	3 7 6	13,000
49. Meter Calibration & Repair						2,000	3 7 2	2,000
50. Repair Surface Equipment								
51. Repair Downhole Equipment								
52. Capitalized Overhead %				1 0 2			3 0 2	
53. Insurance - New Drill (<12,500' \$10K, >12,500' \$50K)		10,000		1 4 0			3 4 0	10,000
54. Contingency 10%		135,700	6,500		80,000	2,700		224,900
TOTAL INTANGIBLES		1,492,450	71,500		874,225	39,700		2,477,875

Cost Summary	
TOTAL COST (Tangibles + Intangibles)	1,584,080 71,500 1,162,425 277,300
EVALUATED COST	\$1,655,580 Estimated By: S.L. Klier
COMPLETED WELL COST INCLUDING FACILITIES	\$3,095,305 Date: 11/27/06

WELL CONTROL: Unless otherwise indicated below, you, as a non-operating working interest owner, agree to be covered by Operator's well control insurance procured by Operator so long as Operator conducts operations hereunder and to pay your prorated share of the premiums therefor. If you elect to purchase your own well control insurance, you must provide a certificate of such insurance acceptable to Operator, as to form and limits, at the time this AFE is returned, if available, but in no event later than commencement of drilling operations. You agree that failure to provide the certificate of insurance, as provided herein, will result in your being covered by insurance procured by Operator.

☐ I elect to purchase my own well control insurance policy. Well control insurance procured by Operator for the benefit of non-operating working interest owners provides, among other terms, for \$5,000,000 (100% W.I.) of Combined Single Limit coverage for well control and related redrilling and clean-up/pollution expense covering drilling (through completion) only with a \$100,000 (100% W.I.) deductible.

The above costs are estimates only and anticipate trouble free operations without any foreseeable change in plans. The actual costs may exceed the estimated costs without affecting the authorization for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay its proportionate share of actual legal, curative, regulatory and well costs under term of the joint operating agreement, regulatory order or other applicable agreement covering this well.

BOLD ENERGY, LP		Co-Owner Authorization	
Approved <input checked="" type="checkbox"/>	Rejected <input type="checkbox"/>	Approved <input type="checkbox"/>	Rejected <input type="checkbox"/>
			
Name/Title: Joseph Castillo, President		Company: _____	
Date: _____		Name/Title: _____	
		Date: _____	