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

432-686-1100 Main: Fax: 432-686-1104 HÀND DELIVERED ON

11/28/06

November 27, 2006

Oxy USA WTP L.P. 6 Desta 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 15th 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.		
Ву:		FILE COPY
Date:		8 E 2020 vanne

Oil Conservation Commission Case No. Exhibit No.



Operator	Well Name					TD	· · · · · · · · · · · · · · · · · · ·
BOLD ENERGY, LP	т.	irkov Trad	·k (C	anyon) "Se	ction 8"		10,100'
Surface Location	Section - Town		-K (C	County	CHOIL O	St	
1980' FNL & 660 FWL	ł	19 S - R2	9F	1 '	ddy		New Mexico
BHL 1980 FIAL & 000 FAAF	Field	100 - 102.					,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
1980' FNL & 660 FWL				Turkey T	rack		
Primary Objective	Secondary Ob	ective			API Number		
Canyon @ 9890'	1	Volfcamp	@	8880'		TB	SA .
Project Type	Data Processir	 			, , , , , , , , , , , , , , , , , , , ,		
Development X Single			AFE	No.	Original	X	
Workover Dual X			TB	• A	Suppliment		Version# 1
Recompletion Multiple			15	PA			
	* Refor	e Casing Po	Int	After	Casing Point		
Tangible Costs	Drilling	Evaluation	Code		Prod Facilities	Code	Gross Total
1. Tubulars Setting Depths	72,80		2 0		(100120111100	4 0 4	304,800
13-3/8 "OD 0' to 375'	12,80		1				
8 5/8 " OD 0 to 3000°	60,00	00]]	
5 1/2 OD 0 to 10,100'			4	175,000		4	
2 7/8 "OD 0 to 10,100"		- 	-	57,000		}	
to			┨			1	
						1	
2. Casinghead, Tubinghead, Christmas Tree	10,50	0	29;	20,500		493	
3. Tubing Accessories	A Branch Control		4	9,500		4 1 2	9,500
Packers, Tubing Anchors On/off tools			-	8,000		1	
Nipples (SN & Profiles)			┪	1,500		1	
Purchased RBP's, etc.			7				
4. Artificial Lift]		75,000		75,000
5. Capillary System	<u> </u>		4		04.000	4.1.1	01 000
6. Production Equipment Separators			<u> </u>	<u> </u>	91,000 50,000	4 3 8	91,000
Metering Equipment			┪		5,000		
Tanks			7		28,000		
Valves, Fittings & Couplings]		8,000		
7. Electrical Lines & Equipment			_			4 2 8	5.000
8. Flowline (WH to Production Unit)					5,000 3,500	4:58	5,000
Line Pipe Valves, Fittings & Couplings		+	┪		1,500	}	
9. Pipeline (Production Unit to Sales Point)			1		45,000	4 5 7	45,000
Line Pipe]		40,000		
Valves, Fittings & Couplings]		5,000		
10. Water Disposal System		ļ				490	
Injection Pump Transfer Pump			-			}	
Gun Barrell & Tanks			1			ľ	
Metering Equipment						[
Electrical Equipment]			1	
Line, Valves, Fittings & Couplings 11. Contingency 10%	8,330	ļ	-	26,200	21,600	-	56,130
TOTAL TANGIBLES	91,630		- 1	288,200	237,600	}	617,430
	* * ** C3 #	Casing Poin		VII. T. C. ASSESSED BY THE	asing Point	et te	THE THE PARTY OF T
Intangible Costs	Drilling	Evaluation	Code	Completion		Code	Gross Total
12. Contract Field Supervision	48,000	CVERGETION	1 0 6	35,000		3 0 8	83,000
13. Contract Engineering / Technical	8,000		130	3,000	ing experience of	3 3 0	11,000
14. Auto Expense (in-house field travel)	500	1,000	/	1,000		3 1 3	2,500
15. Legal / Title (permits & contract legal work) 16. Location & Road Expense	3,500		1 4 2	2,000		4 2	5,500 130,000
Location of Road Expense	121,500	<u> </u>	1.4.3	8,500 3,500	3	7.3	130,000
Surveys (ROW & ARC) & Staking	1,500					·E	
Damages	10,000						
Construction & Maintenance Conductor, Rat Hole, Mouse Hole	35,000 7,500					-	
Drilling Pit Lining	7,500		 -			_ -	
Location Cleanup				5,000			
Pit Reclamation	60,000						
17. Rig Moving Expense, Mob / Demob, Mods., Stby. 18. Contract Drilling	120,000 540,000		1 6 7	60,000	3	2 4	120,000 600,000
30 days \$20,000.00 per day		and the Cal		00,000			500,000
19. Pulling Unit		7.3		60,000	3	1.9	60,000
15 days \$4,000.00 per day							
Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping	60,000 12,650		108	7,000 6,325		0.8	67,000 18,975
Trailer House Rental	4,500			2,250		-	10,010
Generator for House Trailer							
Potable Water	750			375			
Phone / Inernet / Satellite Waste Water Service	5,400 2,000		}-	1,000		-	
22. Safety:- Site Security / Equipment & Services	2,000		1.7 4	1,000	3	7 4	
Site Security			-t				
H2S Monitoring	4,500						
Contract Safety Supervision 23. Safety Incentive & Performance Bonus	30.000			4 000	3:	4 1	31,000
24. Rig Monitoring Equipment	30,000 15,000		1 4 1	1,000		1 4	16,100
25. Water	48,000		1 9 0	39,800		9 0	87,800
Fresh Water Pit Construction & Lining							
Fresh Water Well Drilling	20,000		-	£ 000		-	
Water Well Rental Equipment Water Well Usage	20,000		\vdash	2,000		-	
Frac Tanks	3,000			19,800			
Water Hauling to Location	25,000			13,000			

all Name:	Data Processing	information					Page
Turkey Track (Canyon) "Section 8"	-		AFE N	No.	Origina	X	Version# 1
1980' FNL & 660 FWL			TBA				
8 - T19S - R29E Eddy County, New Mexico							
ntangible Costs (continued)	3	Casing Poir	~		Casing Point		Gross Tota
	Drilling 49,500	Evaluation	Code	Completion 2,500	Prod Facilities	3 4 7	52,0
26. Mud Materials & Services Mud Products & Chemicals	42,000		1 .	2,000			02,0
Mud Cleaning Equipment and Services	7,500		4	500		-	
Mud / Gas Separator 27. Bits, Underreamers & Hole Openers	75,000		1.1.5			1	75,0
28. Directional Drilling Equipment & Services			1 3 6				
29. Fishing Tools & Services 30. Rental Equipment	86,500		133	19,000		3 3 3	105,5
Forklift / Manlift / Light Plants / Generators	20,000			10,000	· · · · · · · · · · · · · · · · · · ·	, , ,	
Reverse Unit / Matting Boards / Racks	10,000]	7,500			
Well Control Equipment Rental DH Tools, Packers, Plugs	18,000		1	5,000 6,500		1	
BHA, Drill Pipe & Motors	48,500						
31. Tubular Inpection & Testing 32. Casing Crews - NU/LD Services - BOPE Testing	2,100 25,000		139	6,000 10,000		3 3 9	8,1 35,0
33. Trucking of Tangible Items (not otherwise included)	13,000		187	10,000		3 8 7	13,0
34: Mud Logging		18,000	-				18,0
35. Conventional Coring & Analysis 36. Drill Stem Test Equipment & Services			123				
37. DH Completion Tools				8,000		3 1 6	8,0
38. Casing Accessories Float Equip, Centralizers, DV Tools	3,500 3,500		.1. 0. 7	2,000 2,000		3 0 7	5,5
Liner - Hangers, Services	3,300			2,000			
39. Logging, Wireline / Slickline & Associated Rentals	14,000	46,000	144	73,000		3 4 4	133,0
Electrical Logs RFT / Sidewall Coring		40,000 6,000	1 :				,
Cased Hole Logs & CBL		0,000		11,000			
Temperature Surveys	2,000			1,000			
Gyro, Multi-Shot, Single Shot Perforating, Plug / Packer Setting	12,000			55,000			
Rental Lubricator & Flanges			1	6,000			
40. Cementing Services:	51,000		1 1 8	35,000	1	318	86,0
13 3/8 " OD 400 Sacks 8 5/8 " OD 1700 Sacks	21,000 30,000			1			
5 1/2 *OD 900 Sacks	00,000			35,000		ł	
* OD Sacks							
* OD Sacks						}	·
Squeeze Cementing							
Cement Plugs 11. Colled Tubing Service				92,500		3 4 5	92,5
CT and N ₂ Service				85,000		3 7 3	72,0
Rental Crane, Lubricator, Flanges				7,500			
Stimulation Materials & Services Pump Truck (not atherwise included)			1 5 5	250,000 4,500		3 1 0	250,00 4,50
4. Production Testing Equipment & Services				45,000		3 3 5	45,0
5. Water Haul off and Disposal			1 7 3	13,000		373	13,00
Chemicals (Corrosion Control / Packer Fluid) Roustabout Service (Later not otherwise included)	18,000		1.4.8	3,000 5,000	25,000	3 4 6	3,00 48,00
8. Supplies	2,000		176	1,000	10,000		13,00
9. Meter Calibration & Repair					2,000	3.72	2,0
Repair Surface Equipment Repair Downhole Equipment						- -	
2. Capitalized Overhead %			102			302	· · · · · · · · · · · · · · · · · · ·
3. Insurance - New Drill (<12,500' \$10K; >12,500' \$50K)	10,000		1 4 0			3 4 0	10,00
4. Contingency 10% TOTAL INTANGIBLES	1,492,450	6,500 71,500	+	80,000 874,225	2,700 39,700	· ·	224,90 2,477,8
ost Summary		,000		0. ,,	00,.00		2,771,0
			नंतरंत्र				
TOTAL COST (Tangibles + Intangibles)	1,584,080	71,500		1,162,425	277,300		Section Control of the Control of th
EVALUATED COST	\$1,65				Estimated By		Klier
COMPLETED WELL COST INCLUDING FACILITIES	\$3,09	5,305			Date		/27/06
WELL CONTROL: Unless otherwise indicated be perator's well control insurance procured by Ope prated share of the premiums therefore. If you e such insurance acceptable to Operator, as to for	rator so long lect to purch	as Operato ase your ow	r cond	ducts operation control insura	ns hereunder : ince, you mus	and to t prov	pay your ide a certifica
an commencement of drilling operations. You as							
sult in your being covered by insurance procured	by Operator						
I elect to purchase my own well control insurance erating working interest owners provides, among well control and related redrilling and clean-up/	g other terms	, for \$5,000	,000 (100% W.I.) of	Combined Sir	ngle L	imit coverage
1/10/ 14/ 1 \ dodu-4!b!-							
00% W.I.) deductible. The above costs are estimates only and anticipa	te trouble fre	e operation	s with	out any forese	eable chance	in ni	ans. The

	BOLD ENERGY, LP	Co-Owner Author	orization
	Approved X Rejected	Approved	Rejected
	Joseph 1. Cath	Company:	
Name/Title:	Joseph Castillo, President	Name/Title:	
Date:		Date:	

FAX HID

686-1104 2 pages

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

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

Certified Mail

November 27, 2006

Mr. Herbert Boles 223 W. Wall, Suite 825 Midland, TX 79701

Subject: Well Proposal Oxy Checker State #2 - 1980' FNL & 660' PWL Section 8, T19S, R29B; Turkey Track (Canyon), Eddy County, NM

Gentlemen:

Pursuant to Article VIB.1 of the Voint Operating Agreement dated March 1, 1997, Bold proposes the drilling of a 10,100' Canyon/Wolfeamp test to be located on the lands described above. The cost estimate is for a dual completion and both the Canyon and Wolfeamp 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 15th 2007.

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Sours,

AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE

Harbert J. Boles

120/01

Voto

Participation is subject to Boid Energy, LP being Operator AD

Section 1

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W-P M-A(Aus Processing	Monte Svir					
Turkey Track (Canyon) "Section 8"					_		_
Lauriere ! 1	1		AFE	Vo.			Vereion # 1
1980' FNL & 660 FWL	Į.		TB	À	Supplament		•
8-T195-R25E	l	L	- i D.	<u> </u>	i		
Eddy County, New Mexico	ļ				•		
Intengrible (Coale (continued)	Before	Cesing Poly	¢.	After	asing Paint		A
Tytaudinie/Chaptifcouluned).	Daniera	- Custuation	Cres	Comelegon	Prod Fremus	4,44	Gross Total
26. Maid Historiate & Benices	40,500		144	2,500		3 4 7	52,000
Nud Priorite & Chamicale	47,000		1	2.500			
Mud Cleaning Equipmon and Saniford			1			1	
Huti de Separator :	7.503		1	500		j	
27, Bits, Uncerreament & Hole Openiers:	73,000		4.4.4		•	1	75,000
26. Directional Orking Equipment & Services:			138			<u> </u>	
29, - Fighing Tools & Services			1 3 3			2.3.2	
30. Asno Equipment	96.600		193	19,000		3 3 2	105,500
Parkink / Marine / Lapris Prograf Courses above	\$3,020		1			{	
Reverse Unit / Marting Boards / Partie			į .	7,800			
Well Control Equipment	15,000	 	1	1,650	- 		
Rental ON Tests, Pages 1 Purps 1	64,309		1	4.500		· ·	
21. Tubular impestion & Tasting	2.100		1.19	-6,000	· .	729	\$,100
12 Casing Crams - NU/LO Services - BOPE Teaming	25,000	7 .	117	10,000		8 1 7	35.000
33. Trucking of Thingspie Horne (resintances Houris)	19,000		1 3 7			1 6 7	13,000
34. Mud Legging		18,000	1'4 7		• •		18,000
05. Conventional Coring & Analysis			1.2 5)	
. 3d. Ord Stam Year, Equipment & Service .			11				
37, CH Completion Tools			· ·	0.000		916	0,000
38. Coston Accessories	3,500	·	1 6.7	2,000	<u> </u>	9 9 7	6,500
Plast Egysp, Gangaltians, DV Palie : 5	9,508			2,650			
Linet - Hangere, Synniges }				5,04.00			
99. Lógging, Wkellne'i Bactone' & Associate Repolit.	14.640	144,000	144	73.000		24.4	733,000
4-9-1-4-1-4-1-4-1-4-1-4-1-4-1-4-1-4-1-4-		44,000				1	
RFT / Blokwall Carting		4,000	}				<u> </u>
Temperature Surveys	7,636			1,000			
Temperature Surveys ; ! Dyro, Burdushor, Single Sheet :	12,006			7,000			
Perforating Play I Packer Setting	<u> </u>		1	61,000			
Remail Lubricanor & Plangos			1	C,com		1	
40. Contentina Septoria:	51,000		14.8	13,400		24 8	16,000
12.3/8 "OO 600 Seche	\$1,203			491-52		-	
15/8 "CO 1700 Backs	50,000					l	
614 * CD 960 \$ack			('	35,000			
00 Sect.			1			1	
- OD Sache			١ ١		3- ', " ·	1	
i			1			1 1	
Squidate ComeAting							
*1800 as \$100 to 100 to 1							
41. Collett Tubing Barvica			1	¥2.500		9 4 8	. \$2,400
GT and Ma Barrica			1	85,650		1	
Nentti Crane, Lybricator Flanges ! !			l	†.jjqq		اب	
42. Stimulation Materials & Sorvices			نبنا	250,000		314	250,000 4,300
42. Pumo Truck (not otherwise inchided) : 1 :		<u> </u>	1 2 3	43,000		_	43,000
44 Propyction Teaths Equipment & Sorukok			177	12,000	•	375	13,000
48: Chomicals:(Coroglan Consrel / Packer Fulg)			1 4 3	1,000		341	3,000
47 Routtabout Sarving Comer pet otherwise Protection			1 4 4	\$,000	25,000		45,000
At Gugoffes	2.000		176	1,000	10,400		13,000
AV Mater Calibration & Regar				1,200	2,000		2,000
80: Repair Surfece Boulome N.							
51. Repair Downhole Equipment			•				
62. Cappalized Overhead 4	<u> </u>		1.0 ≥	1		108	
62. Instrunce - New Orll (-12,500 Stok: 12,500 \$10k)	·.10:000		140			340	10,000
54, Carlingancy: 10%	1125.700	6,500		86,000	2,700		124,800
TOTAL INTANGIBLES	1,402,450	71,900		674,225	39,700		2,477,875
Cost Summary	-						
		-				90 Park	
TOTAL COST [Tangettes + Initing thes]	1,584,080	71,500		1,160,438	277,300		

\$1,825,580 \$3,025,30\$ COMPLETED WELL COST DICLUDING FACILITIES

WELL CONTROL: Unless eitherwise indiceted below, you, as a non-operating working interest owner, spree to be covered by Operator's will control insurance procured by Oberator so long as Operator conducts operations hereunder and to pay your proteited share of the perations which control insurance procured by Oberator so long as Operator conducts operations hereunder and to pay your proteited share of the perations procured by Operator conducts operations hereunder and to pay your proteited share of the perations. You agree that fallers to provide the actificate of insurance, you must provide a certificate their commencement of driving operations. You agree that fallers to provide the confidence of insurance, as provided herein, will result to purchase my own well control insurance postar. Well control insurance progreed 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 opporate for wall control and related reading end crean-uproposition expense covering drilling (through completion) only with a \$100,000 (100% W.I.) deductible.

The above costs are estimated only and anticipate trouble tree operations without any foresceable change in plans. The actual may stored the estimated sports without affecting the sulhoidation for expenditure herein granted. By approval of this AFE, the working interest owner agrees to pay the proportionate share of actual legal, curstive, regulatory and well coats under term of the loint operating agreement, coullstory order or other appoinable greatment covering this well.

•	BOLD ENERGY, LP	Co-Owner Authorization
•	Approved X Rejected	Approved Rejected
	foot 1: Cost	company: Herbart Boles
Name/Dise	loseph Castiflo, President	Name/Tille: OW, NEY
Date		Date: 2/20/07
	· · · · · · · · · · · · · · · · · · ·	

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

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

Certified Mail

November 27, 2006

Mr. Dick Frech Monarch Resources, Inc. 115 W. 7th Street, Suite 1310 Fort Worth, Texas 76102

Subject: Well Proposal Oxy Checker State #2 - 1980' FNL & 660' FWL

Section 8, T19S, R29E

Turkey Track (Canyon), Eddy County, NM

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very truly yours

Peggy Kerr VP of Land

Participate AGREED TO PARTICIPATE OR GO NON-CONSENT (PLEASE WRITE RESPONSE

IN BLANK) *

_____/

Date: //

SIGN S RETURN

	BOLD ENERGY, LP		F	(Ca	nyon) "Sec	tion 8"	State	10,100'
Surface	1980' FNL & 660 FWL	Section - Townsh	ip-Range 9 S - R29E	Ξ	County E(ddy	1	New Mexico
BHL	1980' FNL & 660 FWL	Field	•		Turkey Tr	ack		·
Primary	Objective	Secondary Object				API Number		
Project	Canyon @ 9890'	Data Processing	olfcamp	@ 8	880'		TB	<u>A</u>
	Development X Single			AFE N	lo.	Original	X	البنتما
	Workover Dual X Recompletion Multiple			TB.	A	Suppliment		Version # 1
		Before	Casing Poin	it	After (Casing Point		T 0 T-4-1
	igible Costs	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	Gross Total
1.	Tubulars Setting Depths 13-3/8 " OD 0' to 375'	72,800 12,800		2.04	232,000		4 0 4	304,800
	8 5/8 " OD 0 to 3000' 5 1/2 " OD 0 to 10,100'	50,000	ļ ·	-	175,000			
	27/8 * OD 0 to 10,100*				57,000			
	*OD to	ļ						
2,	Casinghead, Tubinghead, Christmas Tree	10,500		293	20,500		4.9.3	31,000
3.	Tubing Accessories	10,500		2 9 3	9,500		4 1 2	
	Packers, Tubing Anchors On/off tools	ļ ————		1	8,000			
	Nipples (SN & Profiles)				1,500			
4.	Purchased RBP's, etc. Artificial Lift	1 11111		┧ .	·	75,000	4.9.4	75,000
5. 6.	Capillary System Production Equipment		<u> </u>]	<u></u>	91,000	4 1 1	91,000
0,	Separators	w				50,000	+	91,000
	Metering Equipment Tanks]		5,000 28,000	4	
	Valves, Fittings & Couplings] .		8,000	4	
7. 8.	Electrical Lines & Equipment Flowline (WH to Production Unit)					5,000	428 45β	
	Line Pipe			į '		3,500		
9.	Valves, Fittings & Couplings Pipeline (Production Unit to Sales Point)			1		1,500 45,000	· · · · ·	45,000
	Line Pipe Valves, Fittings & Couplings			}		40,000 5,000	-	
10.	Water Disposal System	·				3,000	490),
	Injection Pump Transfer Pump			1				
	Gun Barrell & Tanks			1				
	Metering Equipment Electrical Equipment							
11.	Line, Valves, Fittings & Couplings Contingency 10%	8,330	0		26,200	21,600		56,130
	TOTAL TANGIBLES	91,630	0		288,200	237,600		617,430
Inta	ingible Costs	Before Drilling	Casing Poin	Code	After C	Prod Facilities	Code	Gross Total
12.	Control to the second of the s		2.0.000001	1		, , , , , , , , , , , , , , , , , , , ,		
	Contract Field Supervision	48,000		1.0.6	35,000		3 0 6	
13. 14.	Contract Field Supervision Contract Engineering / Technical Auto Expense (in-house field travel)	48,000 8,000 500	1,000	1 3.0				11,000
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work)	8,000 500 3,500	1,000	1 3 0	35,000 3,000 1,000 2,000		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors	8,000 500 3,500 121,500	1,000	130	35,000 3,000 1,000		3 0 6 3 3 0 3 1 3	11,000 2,500 5,500
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense	8,000 500 3,500	1,000	1 3 0	35,000 3,000 1,000 2,000 8,500		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance	8,000 500 3,500 121,500 1,500 10,000 35,000		1 3 0	35,000 3,000 1,000 2,000 8,500		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining	8,000 500 3,500 121,500 1,500		1 3 0	35,000 3,000 1,000 2,000 8,500		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500
14. 15.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole	8,000 500 3,500 121,500 1,500 10,000 35,000 7,500		1 3 0	35,000 3,000 1,000 2,000 8,500		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500
14. 15. 16.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby.	8,000 500 3,500 121,500 1,500 10,000 35,000 7,500 7,500 60,000		1 3 0 1 1 3 1 4 2 1 4 3	35,000 3,000 1,000 2,000 8,500 3,500		3 0 6 3 3 0 3 1 3 3 4 2 3 4 3	11,000 2,500 5,500 130,000
14 15 16	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation	8,000 500 3,500 121,500 1,500 10,000 35,000 7,500 7,500		1 3 0 1 1 3 1 4 2 1 4 3	35,000 3,000 1,000 2,000 8,500 3,500		3 0 6 3 3 0 3 1 3 3 4 2	11,000 2,500 5,500 130,000
14. 15. 16.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit	8,000 500 3,500 121,500 1,500 10,000 35,000 7,500 7,500 60,000		1 3 0 1 1 3 1 4 2 1 4 3	35,000 3,000 1,000 2,000 8,500 3,500		3 0 6 3 3 0 3 1 3 3 4 2 3 4 3	11,000 2,500 5,500 130,000 120,000 600,000
1415 1616 1718 1920	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included)	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000		1 3 0 1 1 3 1 4 2 1 4 3 1 6 7 1 2 4	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000		3 0 6 8 3 0 8 8 3 0 8 8 9 8 9 8 9 8 9 9 9 9 9 9 9 9 9 9 9	11,000 2,500 5,500 130,000 120,000 600,000 60,000
1415 1616 1718 1920	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Puilling Unit: 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental	8,000 500 3,500 121,500 1,500 10,000 35,000 7,500 7,500 60,000 120,000 540,000		1 3.0 1 1 3 3 1 4 2 1 4 3 1 6 7 1 2 4	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000		3 0.6 3 3 0 3 1 3 3 4 2 3 4 3 3 2 4 3 1 9	11,000 2,500 5,500 130,000 120,000 600,000 60,000
1415 1616 1718 1920	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000 12,650		1 3 0 1 1 3 1 4 2 1 4 3 1 6 7 1 2 4	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 6,325		3 0 6 8 3 0 8 8 3 0 8 8 9 8 9 8 9 8 9 9 9 9 9 9 9 9 9 9 9	11,000 2,500 5,500 130,000 120,000 600,000 60,000
1415 1616 1718 1920	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense; Mob / Demob, Mods.; Stby. Contract Drilling 30 days \$20,000.00 per day Puilling Unit: 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 120,000 540,000 12,650 4,500 750		1 3 0 1 1 3 1 4 2 1 4 3 1 6 7 1 2 4	\$5,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 60,000 7,000 6,325 2,250		3 0 6 8 3 0 8 8 3 0 8 8 9 8 9 8 9 8 9 9 9 9 9 9 9 9 9 9 9	11,000 2,500 5,500 130,000 120,000 600,000 60,000
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense; Mob / Demob, Mods.; Stby. Contract Drilling 30 days \$20,000.00 per day Puilling Unit: 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 120,000 540,000 12,650 4,500		1 3 0 1 1 3 1 4 2 1 4 3 1 6 7 1 2 4	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 63,25 2,250		3 0 6 8 3 0 8 8 3 0 8 8 9 8 9 8 9 8 9 9 9 9 9 9 9 9 9 9 9	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security	8,000 500 3,500 1,500 1,500 1,500 7,500 60,000 120,000 540,000 12,650 4,500 750		1 0 4 3 1 0 6 5 1 0 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$5,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 60,000 7,000 6,325 2,250		3 0 6 3 3 0 3 4 3 3 4 3 3 4 3 3 1 9 3 0 8 3 0 5	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
14	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision	8,000 500 3,500 121,500 1,500 1,500 7,500 60,000 120,000 540,000 12,650 4,500 750 5,400 2,000		1.8.7 1.0.8 1.7.4	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 60,325 2,250 375 2,700 1,000		3 0 6 6 3 3 0 8 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 3 4 3 4 3 4 3 4	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring	8,000 500 3,500 1,500 1,500 1,500 7,500 60,000 120,000 540,000 12,650 4,500 750		1 0 4 3 1 0 6 5 1 0 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	\$5,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 60,000 7,000 6,325 2,250		3 0 6 3 3 0 3 4 3 3 4 3 3 4 3 3 1 9 3 0 8 3 0 5	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
14	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000 12,650 4,500 750 5,400 2,000 30,000		1.3.0 1.13 1.4.2 1.4.3 1.0.8 1.0.5	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 60,25 2,250 375 2,700 1,000		3 0 6 6 3 3 0 8 3 4 3 3 4 3 3 1 9 3 0 8 3 0 5	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water Fresh Water Pit Construction & Lining Fresh Water Well Drilling	8,000 500 3,500 1,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000 12,650 4,500 750 5,400 2,000 30,000 15,000 48,000		1.3.0 1.13 1.4.2 1.4.3 1.0.6 1.0.5	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 6,325 2,250 375 2,700 1,000		3 0 6 6 3 3 0 8 3 4 3 3 4 3 3 4 3 3 7 4 3 4 1 3 1 4	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Safety - Site Security / Equipment & Services Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water Fresh Water Pit Construction & Lining	8,000 500 3,500 121,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000 12,650 4,500 750 5,400 2,000 30,000 15,000		1.3.0 1.13 1.4.2 1.4.3 1.0.6 1.0.5	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 60,325 2,250 375 2,700 1,000		3 0 6 6 3 3 0 8 3 4 3 3 4 3 3 4 3 3 7 4 3 4 1 3 1 4	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975
17. 18. 19. 20. 21.	Contract Engineering / Technical Auto Expense (in-house field travel) Legal / Title (permits & contract legal work) Location & Road Expense Location Prep & Anchors Surveys (ROW & ARC) & Staking Damages Construction & Maintenance Conductor, Rat Hole, Mouse Hole Drilling Pit Lining Location Cleanup Pit Reclamation Rig Moving Expense, Mob / Demob, Mods., Stby. Contract Drilling 30 days \$20,000.00 per day Pulling Unit 15 days \$4,000.00 per day Power & Fuel (not otherwise included) Onsite Supervisor Headquarters / Housekeeping Traller House Rental Generator for House Traller Potable Water Phone / Inernet / Satellite Waste Water Service Site Security H2S Monitoring Contract Safety Supervision Safety Incentive & Performance Bonus Rig Monitoring Equipment Water Fresh Water Pit Construction & Lining Fresh Water Well Drilling Water Well Rental Equipment	8,000 500 3,500 1,500 1,500 1,500 7,500 7,500 60,000 120,000 540,000 12,650 4,500 750 5,400 2,000 4,600 30,000 15,000 48,000		1.3.0 1.13 1.4.2 1.4.3 1.0.6 1.0.5	35,000 3,000 1,000 2,000 8,500 3,500 5,000 60,000 7,000 6,325 2,250 375 2,700 1,000 1,100 39,800		3 0 6 6 3 3 0 8 3 4 3 3 4 3 3 4 3 3 7 4 3 4 1 3 1 4	11,000 2,500 5,500 130,000 120,000 600,000 67,000 18,975

Turkey Track (Canyon) "Section 8"	ſ		AFE N	0.	Original	X	Version# 1
1980' FNL & 660 FWL			TB/		Supplement		
8 - T19S - R29E Eddy County, New Mexico	ļ		10/	<u> </u>			
ntangible Costs (continued)	Before	Casing Point		After (Casing Point		Gross Total
	Drilling	Evaluation	Code	Completion	Prod Facilities	Code	
26. Mud Materials & Services Mud Products & Chemicals	49,500 42,000		1.4.6	2,500 2,000		3.4.7	52,000
Mud Cleaning Equipment and Services	42,000			2,000		1	
Mud / Gas Separator	7,500			500			
27. Bits, Underreamers & Hole Openers	75,000		1 1 5		<u> </u>		75,000
28. Directional Drilling Equipment & Services 29. Fishing Tools & Services	·		136 133	<u> </u>	<u> </u>	3 3 3	
29. Fishing Tools & Services 30. Rental Equipment	86,500		1 3 2	19,000		3 3 2	
Forklift / Manlift / Light Plants / Generators	20,000						
Reverse Unit / Matting Boards / Racks		,		7,500		ļ	
Well Control Equipment Rental DH Tools, Packers, Plugs	18,000			5,000			
BHA, Drill Pipe & Motors	48,500			6,500		}	ļ
31. Tubular Inpection & Testing	2,100		1 3 9	6,000	and the second	3 3 9	8,100
32. Casing Crews - NU/LD Services - BOPE Testing	25,000		1 1 7	10,000	a ji lu luut eisel	3 1 7	
33. Trucking of Tangible Items (not otherwise included)	13,000		187			3 8 7	
34. Mud Logging 35. Conventional Coring & Analysis	<u></u>	18,000	147	<u> </u>	<u> </u>		18,000
36. Drill Stem Test Equipment & Services	<u> </u>		1 2 6	<u> </u>	<u> </u>		
37. DH Completion Tools	·			8,000		3 1 8	8,000
38. Casing Accessories	3,500		107	2,000		3 0 7	5,500
Float Equip, Centralizers, DV Tools	3,500			2,000			
Liner - Hangers, Services			إجبإ				100000
39. Logging, Wireline / Slickline & Associated Rentals	14,000	46,000	1.4.4	73,000		3 4 4	133,000
Electrical Logs RFT / Sidewall Coring		40,000 6,000			<u> </u>	{	ļ
Cased Hole Logs & CBL		3,000		11,000		ĺ	
Temperature Surveys	2,000			1,000		1	
Gyro, Multi-Shot, Single Shot	12,000						
Perforating, Plug / Packer Setting				55,000]	
Rental Lubricator & Flanges	E4 000			6,000		0.4.0	96.000
40. Cementing Services 13 3/8 "OD 400 Sacks	51,000 21,000		1 1.8	35,000	 	3 1 8	86,000
13 3/8 OD 400 Sacks 8 5/8 OD 1700 Sacks	30,000				 /	1	
5 1/2 " OD 900 Sacks				35,000		1	
OD Sacks						1	
"OD Sacks]	
Squeeze Cementing				·		l	
Cement Plugs 41. Coiled Tubing Service				00 500		2.4.5	92,500
CT and N ₂ Service			-	92,500 85,000		3 4 5	92,300
Rental Crane, Lubricator, Flanges				7,500			
42. Stimulation Materials & Services				250,000		3 1.0	250,000
43. Pump Truck (not atherwise included)			1 5 5	4,500		3 5 5	
44. Production Testing Equipment & Services				45,000		3 3 5	
45. Water Haul off and Disposal			1 7 3	13,000	1	3 7 3	13,000 3,000
46. Chemicals (Corrosion Control / Packer Fluid) 47. Roustabout Service (Labor not otherwise Included).	18,000		148	3,000 5,000	25,000	3 4 6	
48. Supplies	2,000		176	1,000	10,000		
49. Meter Calibration & Repair	-,,,,,			.,000	2,000		
50. Repair Surface Equipment		to you so suit	Ì				
51. Repair Downhole Equipment							
52. Capitalized Overhead %			102			302	
53. Insurance - New Drill (<12,500' \$10K, >12,500' \$50K)	10,000		1 4 0		0.700	3 4 0	
54. Contingency 10% TOTAL INTANGIBLES	135,700	6,500 71,500		80,000 874,225	2,700 39,700		224,900 2,477,875
	1,482,400	/ 1,500		0/4,225	39,700		2,411,013
Cost Summary							
TOTAL COST (Tangibles + Intangibles)	1,584,080	71,500		1,162,425	277,300		
EVALUATED COST	\$1,65	L			Estimated B	Walto	L Klier
						等性學能	
COMPLETED WELL COST INCLUDING FACILITIES	\$3,09	5,305			.Dat	e: 4	1/27/06
WELL CONTROL: Unless otherwise indicated be operator's well control insurance procured by Oper rorated share of the premiums therefore. If you eld f such insurance acceptable to Operator, as to for nan commencement of drilling operations. You agreed in your being covered by insurance procured letect to purchase my own well control insurance.	rator so long lect to purch m and limits gree that fail by Operato se policy. We	g as Operatonase your ow s, at the time ure to provid or. ell control in	or con- yn wel this / le the	ducts operation of the control insur AFE is returned certificate of the control o	ons hereunder ance, you must d, if available, insurance, as y Operator for	and to the	to pay your vide a certificate n no event later ded herein, will penefit of non-
elect to purchase my own well control insurance perating working interest owners provides, among or well control and related redrilling and clean-up/p100% W.l.) deductible. The above costs are estimates only and anticipa ctual costs may exceed the estimated costs without a AFE, the working interest owner agrees to pay noder term of the joint operating agreement, regular	other terms collution exp ite trouble frout affecting its proportion	s, for \$5,000 pense covering the authorization at the share on the share of the sha	ng dri ns with ation to	(100% W.I.) o lling (through nout any fores for expenditur ual legal, cura	f Combined Si completion) o eeable change herein grant tive, regulator	ingle nly wi e in p ed. E	Limit coverage ith a \$100,000 lans. The
BOLD ENERGY, LP	itory order o	or otner appli			r Authoriza		/ //L/14

Joseph Castillo, President

Date:

THOMAS M. BEALL 550 W. TEXAS, SUITE 220 P. O. BOX 3098 MIDLAND, TX 79702 (432) 687-0008

APRIL 5, 2007

VIA FACSIMILE 432-686-1104 & HAND DELIVERY TO:

Bold Energy, LP Attn: Ms. Peggy Kerr-Worthington 415 W. Wall Street, Suite 500 Midland, TX 79701

RE: Your Well Proposal Oxy Checker State #2 – 1980' FNL & 660' FWL Section 8, T-19-S, R-29-E – Turkey Track (Canyon) Eddy County, NM

Ladies and Gentlemen:

Reference is made to your letter dated December 27, 2006 concerning the captioned proposal. Please accept this letter as confirmation of my continued desire to participate in the drilling of this well.

As we have discussed, I signed the original AFE at the time of proposal. Even though said proposal and AFE are now stale with regards to the operational limits set in the Joint Operating Agreement, I would assume that a current AFE would show that the overall costs have actually gone down since your proposal.

Please let me know the current status of your project and what plans you have for the drilling of this well.

Very Truly Yours,

Thomas M. Beall