

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

JUL 30 2007
Submit 2 Copies to appropriate District Office in accordance with Rule 116 on back side of form
OCD-ARTESIA

Release Notification and Corrective Action

OPERATOR

☒ Initial Report ☐ Final Report

Name of Company	BOLD ENERGY, LP <i>233545</i>	Contact	Shannon Klier
Address	415 W. Wall Street, Suite 500	Telephone No.	432 / 686-1100
Facility Name	Solomon State Com #1	Facility Type	Drilling Location
Surface Owner	State of New Mexico Steve McCutcheon - Lessee	Mineral Owner	State of New Mexico
		Lease No. (Property Code 35447)	

LOCATION OF RELEASE

Unit Letter	Section	Township	Range	Feet from the	North/South Line	Feet from the	East/West Line	County
H	10	19S	29E	1980	North	840	East	Eddy

Latitude 32° 40' 36.72" N Longitude 104° 3' 22.80" W

NATURE OF RELEASE

Type of Release	Freshwater	Volume of Release	7600 bbls	Volume Recovered	0 bbls
Source of Release	Freshwater section of drilling reserve pit	Date and Hour of Occurrence	7/19/07 - 5:00 PM MDT	Date and Hour of Discovery	Immediate
Was Immediate Notice Given?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Required	If YES, To Whom?	Tim Gum, NMOCD 2 District Director		
By Whom?	Dan Dodd / Sierra Engineering	Date and Hour	7/19/07 - 6:45 PM MDT		
Was a Watercourse Reached?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If YES, Volume Impacting the Watercourse.			

If a Watercourse was Impacted, Describe Fully.*

Describe Cause of Problem and Remedial Action Taken.*

While preparing to spud well, attempted to load 20" conductor pipe set @ 40'. Simultaneous to lost returns below conductor, two sinkholes appeared in the freshwater section of the drilling reserve pit and the entire water volume currently stored in the pit drained into these sink holes in about 15 minutes. No action could be taken to stop this loss.

Describe Area Affected and Cleanup Action Taken.*

This was a freshwater spill and no environmental damage occurred. The brine section of the reserve pit was not breached by the sinkholes and all of the brine was removed from the lined pit and stored in frac tanks. Following the decision to abandon this location due to concerns about stability of the ground beneath the rig: (1) the conductor casing was filled with a total of 125 sx of cement in three pumped stages on 7/21/07; and (2) the conductor pipe was cut 3' below GL and a regulation Dry Hole Marker installed on 7/22/07. A new location is being constructed 560' due north of this site.

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: <i>Dan C. Dodd</i>		OIL CONSERVATION DIVISION	
Printed Name: Dan C. Dodd		Accepted for record NMOCD	
Title: Agent for BOLD ENERGY, LP		Approval Date: AUG 02 2007	Expiration Date:
E-mail Address: ddodd@sierra-engineering.net		Conditions of Approval:	
Date: July 27, 2007 Phone: 432 / 683-8000		Attached <input type="checkbox"/>	

* Attach Additional Sheets If Necessary

(Signature)