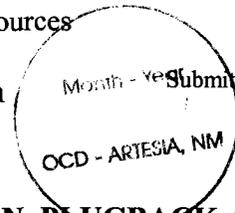


District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
S Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-101
May 27, 2004



AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

| | | |
|---|--|---|
| ¹ Operator Name and Address BOLD ENERGY, LP 415 W. Wall Street, Suite 500 Midland, TX 79701 | | ⁴ OGRID Number 233545 |
| | | ⁵ API Number 30 - 015 - 20573 |
| ³ Property Code 26664 | ⁹ Property Name Grace Carlsbad | ⁶ Well No. 001 |
| ⁹ Proposed Pool 1 Carlsbad; Canyon, South (Gas) | | ¹⁰ Proposed Pool 2 |

⁷ Surface Location

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| I | 36 | 22S | 26E | | 1980 | S | 660 | E | Eddy |

⁸ Proposed Bottom Hole Location If Different From Surface

| UL or lot no. | Section | Township | Range | Lot Idn | Feet from the | North/South line | Feet from the | East/West line | County |
|---------------|---------|----------|-------|---------|---------------|------------------|---------------|----------------|--------|
| | | | | | | | | | |

Additional Well Information

| | | | | |
|---|---|--|------------------------------------|---|
| ¹¹ Work Type Code P | ¹² Well Type Code G | ¹³ Cable/Rotary N/A | ¹⁴ Lease Type Code S | ¹⁵ Ground Level Elevation 3,207.8 |
| ¹⁶ Multiple NO | ¹⁷ Proposed Depth 10,000' | ¹⁸ Formation Canyon | ¹⁹ Contractor TWS | ²⁰ Spud Date 6/15/07 |
| Depth to Groundwater | | Distance from nearest fresh water well | | Distance from nearest surface water |
| Pit: Liner: Synthetic <input type="checkbox"/> _____ mils thick Clay <input type="checkbox"/> Pit Volume: _____ bbls Drilling Method: | | | | |
| Closed-Loop System <input type="checkbox"/> None Required For Workover Fresh Water <input type="checkbox"/> Brine <input type="checkbox"/> Diesel/Oil-based <input type="checkbox"/> Gas/Air <input type="checkbox"/> | | | | |

²¹ Proposed Casing and Cement Program

| Hole Size | Casing Size | Casing weight/foot | Setting Depth | Sacks of Cement | Estimated TOC |
|-----------|-------------|--------------------|-------------------|-----------------|----------------|
| 17.5" | 13.375" | 48# | 382' | 400 | Surface (circ) |
| 12.25" | 9.625" | 36/40# | 5,200' | 1,200 | 1,451' (TS) |
| 8.75" | 7" | 23/26# | 10,727' | 335 | 8,660' (TS) |
| 6.125" | 4-1/2" | 11.6# | 10,630' - 11,875' | 200 | 10,630' (circ) |

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

Current completion (Dual String - Multiple Zone): 11,875' TD 11,764' PBDT Morrow Perfs: 11,486' - 11,526' Strawn Perfs: 10,270' - 10,484'

Proposed procedure: Plug back and re-complete to the Canyon. Detailed procedure, current and proposed wellbore diagrams attached. Summary as follows:

1) Pull existing tubing and packer. 2) WL set CIBP at 11,450' & bail 35' cmt. 3) WL set CIBP at 10,230' & bail 35' cmt. 4) Perforate Canyon 9,946' - 9,962'. 5) WL set retrievable pkr at 9,900' and run production tbg. 6) Acidize Canyon w/ 4,000 gals 15% NEFE + 50 ballsealers. 7) Flowback and test. 8) Return well to sales.

Alternative Option: If unable to retrieve packers 1) Cut both tubing strings above top packer at 10,169'. 2) Set CR at 10,100' and pump sufficient cement to squeeze Morrow and Strawn intervals and fill tubing and casing below CR. 3) WL set CIBP at 10,000' & bail 35' cmt. 4) Continue with step 4 above.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines , a general permit , or an (attached) alternative OCD-approved plan .

Signature: *Shannon Klier*

Printed name: Shannon Klier

Title: Operations Engineering Manager

E-mail Address: shannon.klier@boldenergy.com

Date: 5/4/07

Phone: 432-686-1100

OIL CONSERVATION DIVISION

Approved by:

BRYAN G. ARRANT
DISTRICT II GEOLOGIST

Title:

Approval Date:

MAY 10 2007

Expiration Date:

MAY 10 2008

Conditions of Approval Attached

BOLD ENERGY, LP

Grace Carlsbad #1

Canyon Workover Procedure

Sec 36 - T22S-R26E, 1980' FSL & 660' FEL

South Carlsbad Field

Eddy County, New Mexico

Well Status: Drilled in 1972 and dual completed in the Strawn / Morrow. Well currently produces below the economic limit.

Scope: Pull existing tubing strings and packers. Set CIBP's w/cmt to isolate existing zones. Perforate Canyon Lime, WL set packer w/ pump-out plug, run tubing, acidize and put well on production.

See Attached Wellbore Schematic

1. Contact the City of Carlsbad Planning Supervisor, Richard Aguilar at 505-887-1191 as a courtesy. Notify of our intent to begin operations.
2. Clear location and install rig anchors as required.
3. All fluids used will be contained in steel pits or test tank. Avoid any spills. Immediately report all spills to Donny Money at 432-661-8803.
4. MIRU service rig and steel pit.
5. Check for pressure on all casing strings. Bleed pressure to containment and check for flow. Report any fluid recovery.
6. Pump fresh water as necessary to put both tubing strings on a vacuum.
7. ND production tree. NU BOPE. Install offset rams for pulling short tubing string.
8. Send tree to Cameron. Truck in new 2-1/16" 5K psi wellhead. (Note: contact Jon Bulman 505-631-2614 to determine if Cameron is currently holding Bold property suitable for this application).
9. POOH laying down short tubing string.
10. Install centered rams for pulling long string.
11. Release packers. POOH laying down long tubing string and packers.
12. Inspect tubing. If tubing is in poor condition, send to Bold yard. If Bold stock 2-3/8" tubing is unavailable, truck in +/- 10,000' of 2-3/8" 4.7# L-80 tubing from Master Tubulars (Note: Master Tubulars may be holding Bold property suitable for this application).
13. Make bit / scraper run to 10,000'. POOH standing back tubing.
14. MIRU WL unit. Set 4-1/2" CIBP at 11,450'. Bail 35' cement on CIBP.
15. Set 7" CIBP at 10,230'. Bail 35' cement on CIBP.

NOTE: If unable to pull both packers, cut off both tubing strings above upper packer. Set CR at 10,100' and pump sufficient cement volume to squeeze Morrow and Strawn intervals and fill tubing and casing below CR. Sting out of CR and dump 35' cement on CR. Circulate out remaining cement and TOOH with tubing. WL set CIBP at 10,100' and bail 35' cement on top of plug. Continue with Step 16

16. Test casing to 500 psi.
17. Run Gamma Ray tool in conjunction with guns to correlate depth to Dresser Atlas Gamma Ray / Neutron BHC Acoustilog dated 3-31-72. Perforate 9,946' – 9,962' at 3 spf w/ 120° phasing 48 total shots using 4" EXP GUN loaded with 25 gm charge (or equivalent) to achieve 0.56" EHD in 7" casing.
18. Inspect guns to ensure all shots fired.
19. WL set retrievable packer at 9,900' w/ on-off tool and pump out plug in place. Profile nipples to be located in tailpipe and on-off tool.
20. TIH w/ 2-3/8" 4.7# L-80 tubing.
21. Pickle tubing and spot 500 gallons 15% HCL acid at EOT.
22. Latch onto on-off tool. Spaced out for 12K compression.
23. ND BOPE. NU production tree.
24. Release service rig.
25. RU flowback tank and iron off of wellhead choke. No choke manifold required.
26. MIRU 1 fresh water transport and Stinger WH isolation tool.
27. Roll friction reducer in transport at 1 gpt (5 gallons per 120 bbls of water).
28. RU breakdown equipment as follows:
 - Pump truck(s) as necessary for 7 bpm at 8,000 psi
 - Acid transport containing 4,000 gallons 15% NEFE acid containing 2 gpt surfactant and 1 gpt friction reducer.
 - 50 each 1.3 SG RCN ballsealers
 - Treating vehicle capable of recording rate and pressure in one-second intervals.
 - Backside pump to maintain 500 psi annulus pressure during acid treatment.
29. Begin pumping acid at 7 bpm. Drop ball sealers evenly spaced throughout acid. Displace with 100 bbls fresh water (includes overdisplacement volume). Shutdown and record ISIP and 15 min SIP or until well goes on vacuum. Do not disturb pressure during shut-in period. RDMO BJ breakdown equipment.
30. Open well to test tank.
31. Swab as necessary to kick off flowing.
32. Return to sales and release all rental equipment.

(SLK 4-12-07)

BOLD ENERGY, LP

Grace Carlsbad #1

Surface Casing
13-3/8" set at 382'

Current

Intermediate Casing
9-5/8" set at 5,200'

TOC at 8,660' (TS)

Short String: 10' 2 3/8" Sub, 8' 2 3/8" sub, 2 3/8" pin crossover, 338 jts of 4.7# N-80 CS Hydril Tubing, Baker Stop Collar, and Baker Model K Snap Collet Packer set at 10,169' w/ 12K#.

7" C-1 Baker Model K Dual Pkr set at 10,169'

Strawn Perfs
10,270' - 10,484'

TOL: 10,630'

Long String: 1.73' 2 3/8" Sub, 2 3/8" pin crossover, 332 jts of 2 3/8" 4.7# N-80 CS Hydril Tubing, 2 3/8" pin Crossover, 2 3/8" x 7" C1 Baker Mod "K" Dual Packer, 2 3/8" 4.7# N-80 tubing string to 10,441', Crossover to 2 7/8" from 10,441' - 10,463', 2 3/8"

Baker Model A-1 Lok -Set Pkr at 11,380'

Morrow Perfs
11,486' - 11,526'

Intermediate Casing
7" set at 10,727'

Production Liner
4 1/2" set at 11,875'

TD - 11,875'

WI: 100.0%
Elevation: 3,208' GL
KB: 3,228'
Mesa. TD: 11,875'
TVD: 11,875'
FBD: 11,764'
Zone: Morrow / Strawn

NRI: 80.0%
API: 30-015-20573
Surface Location: 1980' FSL & 660' FEL
Legal Description: Section 36 - T2S - R26E
Field: South Carlsbad
County: Eddy County
State: New Mexico

| Casing | Hole | Weight | Grade | Top | Bottom | Burst | 80% Burst | TOC |
|---------|---------|---------|-----------------|---------|---------|-------|-----------|----------------|
| 13-3/8" | 17-1/2" | 48# | H-40 | 0' | 382' | 2,730 | 2,184 | Surface (circ) |
| 9-5/8" | 12-1/4" | 36#/40# | K-55 | 0' | 5,200' | 3,520 | 2,816 | 1,451' (TS) |
| 7" | 8 3/4" | 23#/26# | N-80/S-95/P-110 | 0 | 10,727' | 6,340 | 5,072 | 8,660' (TS) |
| 4.5" | 6 1/4" | 11.6# | N-80 | 10,630' | 11,875' | 7,780 | 6,224 | TOL |

Data Event
2/11/1972 Spud
4/2/1972 TD'd well
DST (1): Interval 9910-9970. Tool opened and had gas to surface in 6 min on 1/2" choke. Rate 1780 MCFD at 260 psi. Opened 1.5 hours on 1/4" choke. Rate 850 MCFD at 585 psi. Recovered 21 bbls of gas-distillate. ISIP: 4858, IF: 483 psi. FF 1156 psi. FSIP: 4422 psi
DST (2) Interval 10255-465. Tool opened had gas to surface in 9 min on 1/2" choke. Rate 4,382 MCFD at 700 psi. ISIP: 4796 psi, IF: 1,153 psi, FF 1,370 psi, FSIP: 4783 psi
DST (3) Interval 10755-11,073. Tool opened, weak blow to surface of air. No gas.
4/4/1972 Perforate Strawn as follows: 10,270-77, 10,385-89, 10,411-14, 10,421-24, 10,444-58, and 10,484-92
2spf Thru-Tbg Gun Specs unknown.
6/14/1972 Perforate Morrow as follows: 11,486-88, 11,490-96, 11,498-11,505, 11,507-09, 11,511-14, 11,516-22, and 11,524-26. 2spf Thru-Tbg Gun Specs unknown.

7/3-4/1973

| Four Point Tests | | | |
|------------------|--------|-------|----------|
| Morrow | | | |
| Choke | Rate | BHP | WH Pres. |
| 5/64 | 1181.2 | 4,289 | 3383 |
| 10/64 | 2726.1 | 4084 | 3234 |
| 14/64 | 4482.5 | 3820 | 2924 |
| 26/64 | 7870.5 | 3224 | 1834 |

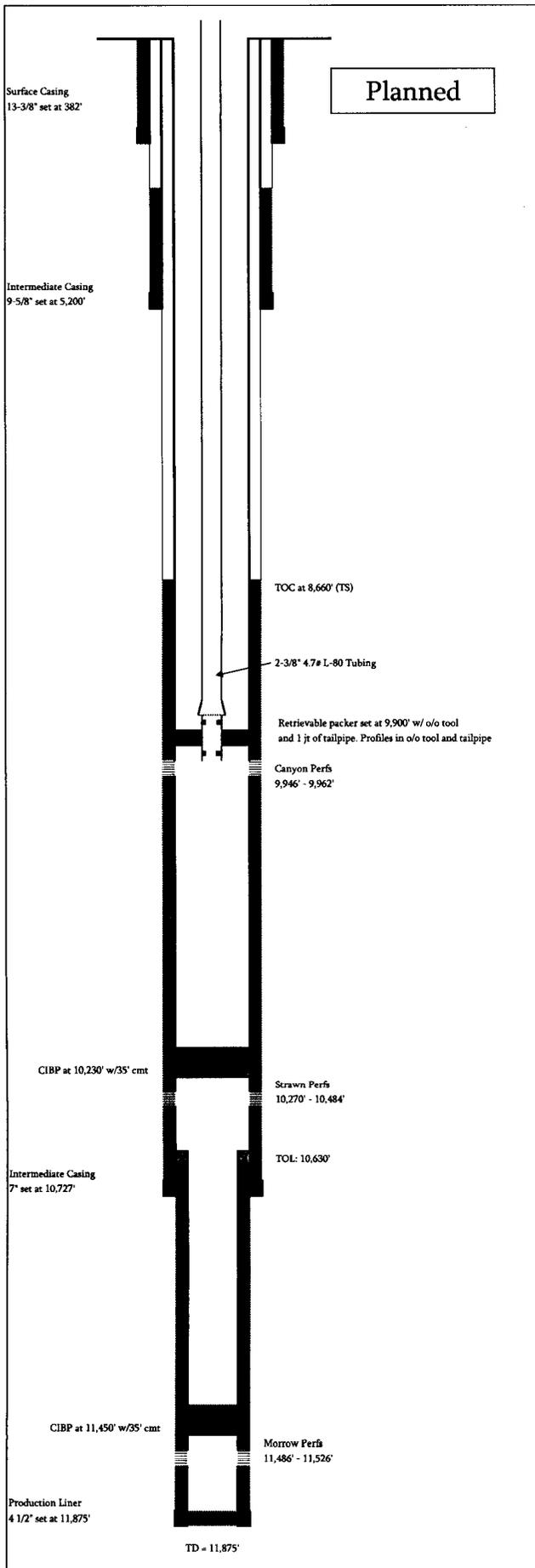
| Strawn | | | |
|--------|--------|-------|----------|
| Choke | Rate | BHP | WH Pres. |
| 9/64 | 1000.2 | 4,255 | 3121 |
| 12/64 | 1627 | 3726 | 2682 |
| 14/64 | 2209.2 | 3173 | 2254 |
| 18/64 | 2669 | 2472 | 1716 |

7/5/1972 Acidize Strawn with 5,000 gals of Mod 202 -N2. No details on treatment
7/11/1985 RU CTU on Morrow String. Jet well. Had fill at 10,700'. Clean out to 11,200'
8/13/1985 CT Foamed acid on Morrow. Pump 2,000 gals 7.5% HCl with N2. ISIP: 4,380 psi. 15 min: 3,110 psi

| SITP Pressure Data | | |
|--------------------|--------|--------|
| | Strawn | Morrow |
| 9/15/1978 | 962 | |
| 9/20/1979 | 1018 | 300 |
| 7/16/1982 | 600 | 328 |
| 6/3/1983 | 872 | |
| 8/3/1984 | 798 | 393 |
| 7/22/1985 | 491 | 355 |
| 9/15/1986 | | 495 |
| 8/10/1987 | 448 | 457 |
| 9/11/1989 | 442 | 336 |
| 9/17/1990 | 470 | 325 |
| 12/6/1999 | 154 | 74 |
| 8/21/2000 | 153 | 160 |
| 10/6/2001 | 238 | 165 |
| 9/9/2002 | 160 | 130 |

9/25/2006 CSI compressor swapped out for Hanover compressor.

Note: Long string may be perforated allowing Morrow and Strawn production thru long tubing string.



BOLD ENERGY, LP

Grace Carlsbad #1

WI: 100.0%
Elevation: 3,208' GL
KB: 3,228'
Mesa, TD: 11,875'
TVD: 11,875'
FBD: 11764
Zone: Morrow / Strawn

NRI: 80.0%
API: 30-015-20573
Surface Location: 1980' FSL & 660' FEL
Legal Description: Section 36 - T2S - R26E
Field: South Carlsbad
County: Eddy County
State: New Mexico

| Casing | Hole | Weight | Grade | Top | Bottom | Burst | 80% Burst | TOC |
|---------|---------|---------|-----------------|--------|---------|-------|-----------|----------------|
| 13-3/8" | 17-1/2" | 48# | H-40 | 0' | 382' | 2,730 | 2184 | Surface (circ) |
| 9-5/8" | 12-1/4" | 36#/40# | K-55 | 0' | 5,200' | 3,520 | 2816 | 1,451' (TS) |
| 7" | 8 3/4" | 23#/26# | N-80/S-95/P-110 | 0 | 10,727' | 6,340 | 5072 | 8,660' (TS) |
| 4.5" | 6 1/4" | 11.6# | N-80 | 10630' | 11,875' | 7,780 | 6224 | TOL |

Date **Event**

2/11/1972 Spud

4/2/1972 TD'd well

DST (1): Interval 9910-9970. Tool opened and had gas to surface in 6 min on 1/2" choke. Rate 1780 MCFD at 260 psi. Opened 1.5 hours on 1/4" choke. Rate 850 MCFD at 585 psi. Recovered 21 bbls of gas-distillate. ISIP: 4858, IF: 483 psi. FF 1156 psi. FSIP: 4422 psi

DST (2) Interval 10255-465. Tool opened had gas to surface in 9 min on 1/2" choke. Rate 4,382 MCFD at 700 psi. ISIP: 4796 psi, IF: 1,153 psi, FF 1,370 psi, FSIP: 4783 psi

DST (3) Interval 10755-11,073. Tool opened, weak blow to surface of air. No gas.

4/4/1972 Perforate Strawn as follows: 10,270-77, 10,385-89, 10,411-14, 10,421-24, 10,444-58, and 10484-92
2zpf Thru-tbg Gun Specs unknown.

6/14/1972 Perforate Morrow as follows: 11,486-88, 11,490-96, 11,498-11,505, 11,507-09, 11,511-14, 11,516-22, and 11,524-26., 2zpf Thru-Tbg Gun Specs unknown.

7/3-4/1973

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|------------------|--------|-------|----------|
| Morrow | | | |
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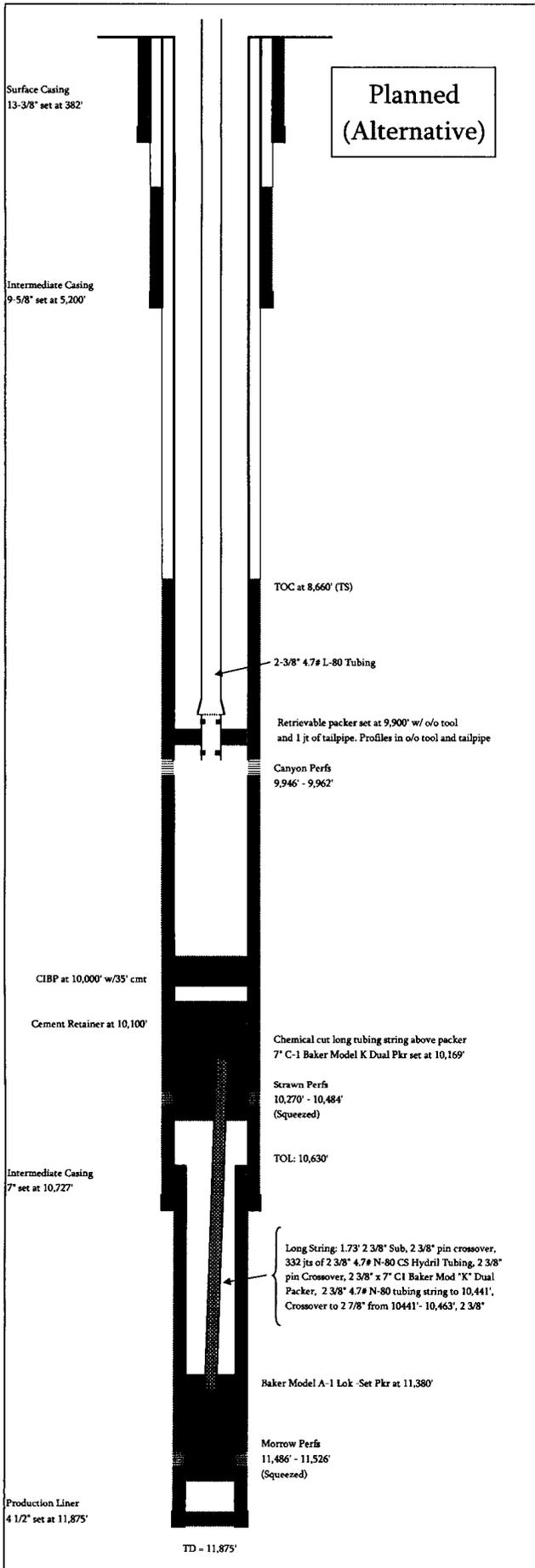
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| | SITP Pressure Data | |
|-----------|--------------------|--------|
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| 12/6/1999 | 154 | 74 |
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9/25/2006

CSI compressor swapped out for Hanover compressor.

Note: Long string may be perforated allowing Morrow and Strawn production thru long tubing string.



Planned
(Alternative)

BOLD ENERGY, LP

Grace Carlsbad #1

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