Form 3160-3 (July 1992)

Bold Energy, LP

New Mexico Oil Conservation Division, District I
1625 N. French Drive
Hobbs, NM 88240

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.: ~~NM064153~~ LC

6. IF INDIAN, ALLOTEE OR TRIBE NAME: ---

7. UNIT AGREEMENT NAME: ---

1a. TYPE OF WORK: DRILL [X] DEEPEN [ ]

b. TYPE OF WELL: OIL WELL [ ] GAS WELL [X] OTHER — SINGLE ZONE [X] MULTIPLE ZONE [ ]

8. FARM OR LEASE NAME, WELL NO.: Jacob Federal #1 <35404>

2. NAME OF OPERATOR: Bold Energy, LP <233545>

9. API WELL NO.: 30-025-37674

3. ADDRESS AND TELEPHONE NO.: 415 W. Wall, Suite 500, Midland, Texas 79701, (432) 686-1100

10. FIELD AND POOL, OR WILDCAT: Buffalo (Penn Gas)

4. LOCATION OF WELL (REPORT LOCATION CLEARLY AND IN ACCORDANCE WITH ANY STATE REQUIREMENTS)
AT SURFACE: 660' FSL & 660' FWL Section 3 T19S-R33E Lea Co.

11. Sec., T., R., M., or Blk. and Survey or Area: Section 3 - T19S - R33E

AT PROPOSED PROD. ZONE: SAME Unit M

12 COUNTY OR PARISH: Lea

13. STATE: New Mexico

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately nine miles NE of Halfway

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	16. NO. OF ACRES IN LEASE	17. NO. OF ACRES ASSIGNED TO THIS WELL
660'	320	320
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	**19. PROPOSED DEPTH**	**20. ROTARY OR CABLE TOOLS**
No wells	13,620'	ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3714' GL

APPROX. DATE WORK WILL START: 1st QT - 2006

23. PROPOSED CASING AND CEMENTING PROGRAM

Caution Controlled Water Basin

SIZE OF HOLE	GRADE, SIZE OF CASING	WT PER FT	SETTING DEPTH	QUANTITY OF CEMENT
26"	20" Conductor	N/A	40'	Cement to surface with Redi-Mix
17 1/2"	13 3/8" H-40	48	475'	525 sx - circulate to surface WITNESS
11"	8 5/8" J-55	32	3000'	725 sx - circulate to surface WITNESS
7 7/8"	5 1/2" P & HCP-110	17	13,620'	1275 sx - TOC estimated @ 2800'

ALL CASING WILL BE NEW, OR USED MEETING BLM SPECS.

PROPOSED MUD PROGRAM

0' - 475'	Freshwater mud	8.6 - 9.2 ppg	32 - 36 vis	No filtrate control
475' - 1465'	Freshwater - native mud	8.5 - 9.2 ppg	28 - 32 vis	No filtrate control
1465' - 5200'	Brine	10.0 - 10.2 ppg	30 - 34 vis	No filtrate control
5200' - 10,500'	Freshwater-Cut Brine	8.4 - 9.6 ppg	28 - 30 vis	No filtrate control
10,500' - 13,620'	Cut Brine w/ Polymer & Starch	9.6 - 10.5 ppg	30 - 40 vis	30 & lowered to < 8cc

MUD PROGRAM SUBJECT TO CHANGE DUE TO HOLE CONDITIONS

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED Joe T. Janica TITLE Agent DATE 11/27/05

(THIS SPACE FOR FEDERAL OR STATE OFFICE USE)

PERMIT NO. _____ APPROVAL DATE _____

APPLICATION APPROVAL DOES NOT WARRANT OR CERTIFY THAT THE APPLICANT HOLDS LEGAL OR EQUITABLE TITLE TO THOSE RIGHTS IN THE SUBJECT LEASE WHICH WOULD ENTITLE THE APPLICANT TO CONDUCT OPERATIONS THEREON.

CONDITIONS OF APPROVAL IF ANY:

APPROVED BY /s/ Joe G. Lara TITLE ACTING FIELD MANAGER DATE JAN 27 2006

APPROVAL FOR 1 YEAR

TITLE 18 U.S.C. SECTION 1001, MAKES IT A CRIME FOR ANY PERSONS KNOWINGLY AND WILLFULLY TO MAKE TO ANY DEPARTMENT OR AGENCY OF THE UNITED STATES ANY FALSE, FICTITIOUS OR FRAUDULENT STATEMENTS OR REPRESENTATIONS AS TO ANY MATTER WITHIN ITS JURISDICTION

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

KZ

BOLD ENERGY, LP.
JACOB "3" FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

1. Drill 26" hole to 40'. Set 40' of 20" conductor pipe and cement to surface with Redi-mix.

2. Drill 17½" hole to 475'. Run and set 475' of le 3/8" 48# H-40 ST&C casing. Cement with 525 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx., circulate cement to surface.

3. Drill 11" hole to 3000'. Run and set 3000' of 8 5/8" 32# J-55 ST&C casing. Cement with 725 Sx. of Class "C" cement + additives, circulate cement to surface.

4. Drill 7 7/8" hole to 13,620'. Run and set 13,620' of 5½" 17# HCP-110 on bottom and P-110 on top. Cement with 1275 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 2800' from surface.

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Carlsbad Resource Area
620 East Greene Street
Carlsbad, New Mexico 88220-6292

Statement Accepting Responsibilities for Operations

Operator Name: **Bold Energy, LP**
Street or Box: **415 W. Wall, Suite 500**
City, State: **Midland, Texas**
Zip Code: **79701**

The undersigned accepts all applicable terms, conditions, stipulations, and restrictions concerning operations conducted on the leased land or portion thereof, as described below.

Lease No. **NM064153**

Lease Name: **Jacob Federal #1**

Legal description of land: **Section 3 - T19S - R33E Lea County, New Mexico**
660' FSL & 660' FWL

Formation(s) (if applicable): **Morrow**

Bond Coverage: (State if individually bonded or another's bond): **Statewide Bond**

BLM Bond File No.: **NMB000314**

Authorized Signature: Peggy Kerr

Title: Vice President, Land

Date: December 1, 2005

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410

DISTRICT IV
1220 S. ST. FRANCIS DR., SANTA FE, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION
1220 SOUTH ST. FRANCIS DR.
Santa Fe, New Mexico 87505

Form C-102
Revised JUNE 10, 2003
Submit to Appropriate District Office
State Lease – 4 Copies
Fee Lease – 3 Copies

WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37674	73000	Buffalo Penn (Gas)

Property Code	Property Name	Well Number
35404	JACOB FEDERAL	1

OGRID No.	Operator Name	Elevation
233545	BOLD ENERGY, LP	3714'

Surface Location

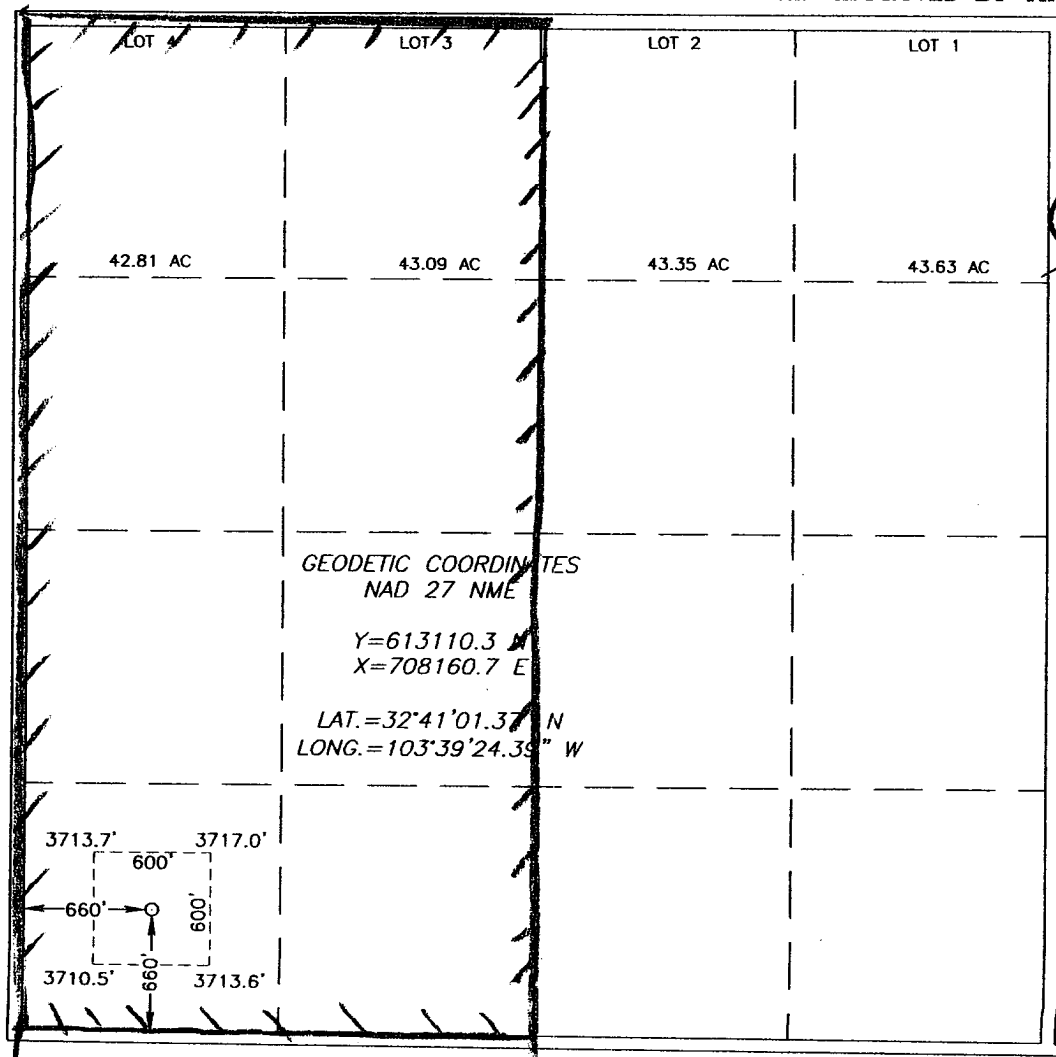
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	19-S	33-E		660	SOUTH	660	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



OPERATOR CERTIFICATION

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Signature

PEGGY KERR

Printed Name

VP Land

Title

10/11/05

Date

SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

RONALD J. EIDSON
NEW MEXICO
SEPTEMBER 30, 2005
3239
REGISTERED PROFESSIONAL SURVEYOR

Date Surveyed

Signature & Seal of Professional Surveyor

10/06/05

05.11.1525

Certificate No. RONALD J. EIDSON 3239

DISTRICT I
1625 N. FRENCH DR., HOBBS, NM 88240

DISTRICT II
1301 W. GRAND AVENUE, ARTESIA, NM 88210

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Form C-102
Revised JUNE 10, 2003
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WELL LOCATION AND ACREAGE DEDICATION PLAT

☐ AMENDED REPORT

API Number	Pool Code	Pool Name
30-025-37674	73000	BUFFALO PEN (GAS)

Property Code	Property Name	Well Number
35404	JACOB FEDERAL	1

OGRID No.	Operator Name	Elevation
233545	BOLD ENERGY, LP	3714'

Surface Location

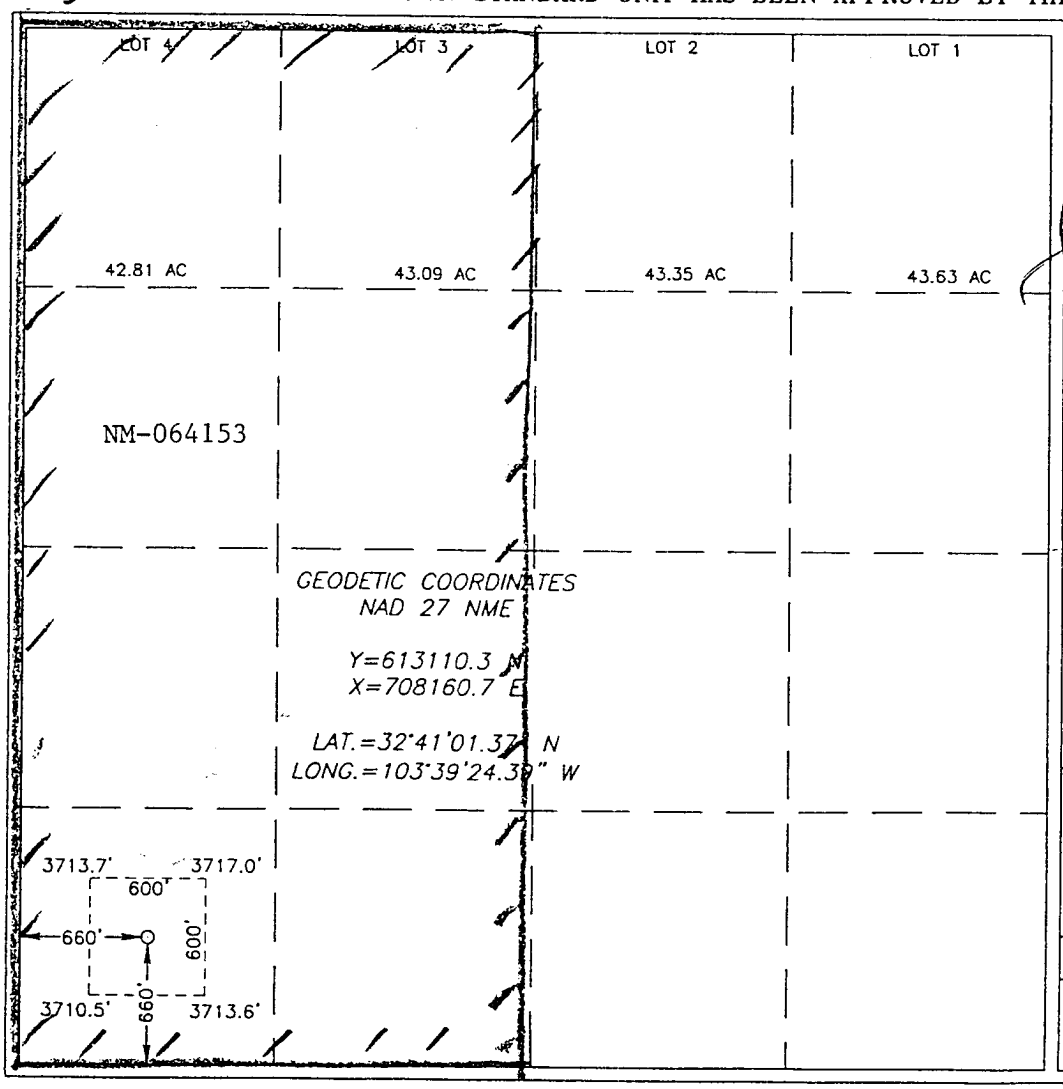
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
M	3	19-S	33-E		660	SOUTH	660	WEST	LEA

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

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
320			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



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Signature

PEGGY KERR
Printed Name

VP Land
Title

10/11/05
Date

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I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervison, and that the same is true and correct to the best of my belief.

NEW MEXICO
RONALD J. EIDSON
3239
REGISTERED PROFESSIONAL SURVEYOR

SEPTEMBER 30, 2005
Date Surveyed

Signature & Seal of Professional Surveyor

10/06/05

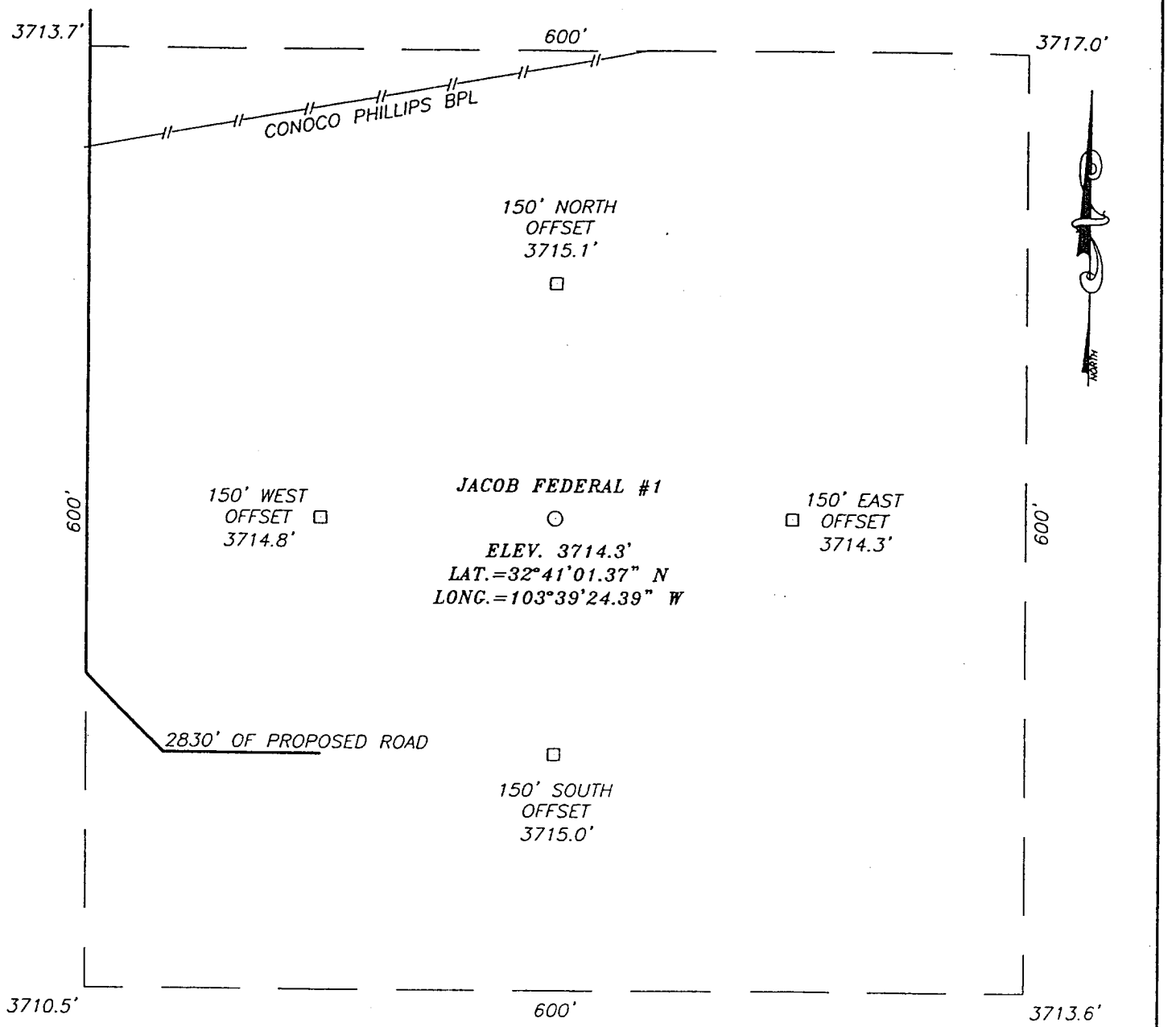
05.11.1525

Certificate No. RONALD J. EIDSON 3239

EXHIBIT #A

SECTION 3, TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.,

LEA COUNTY, NEW MEXICO



DIRECTIONS TO LOCATION

FROM THE INTERSECTION OF U.S. HWY. 62-180 AND CO. RD. H-55 (SMITH RANCH RD.) GO NORTHWEST APPROX. 2.0 MILES. TURN LEFT AND GO WEST APPROX. 0.1 MILES. ROAD BENDS RIGHT AND GOES NORTH APPROX. 0.22 MILES. TURN LEFT AND GO SOUTHWEST APPROX. 0.6 MILES. TURN RIGHT AND GO NORTHWEST APPROX. 0.8 MILES. TURN RIGHT AT "Y" INTERSECTION AND GO NORTH APPROX. 0.33 MILES. TURN RIGHT AND GO NORTHEAST APPROX. 0.1 MILES. ROAD BENDS LEFT AND GO NORTH APPROX. 3.2 MILES. TURN LEFT AT "T" INTERSECTION AND GO WEST APPROX. 0.92 MILES TO A PROPOSED ROAD SURVEY. FOLLOW ROAD SURVEY SOUTH APPROX. 2830 FEET TO THIS LOCATION.

100 0 100 200 Feet

Scale:1"=100'

PROVIDING SURVEYING SERVICES SINCE 1946

JOHN WEST SURVEYING COMPANY

412 N. DAL PASO

HOBBS, N.M. 88240

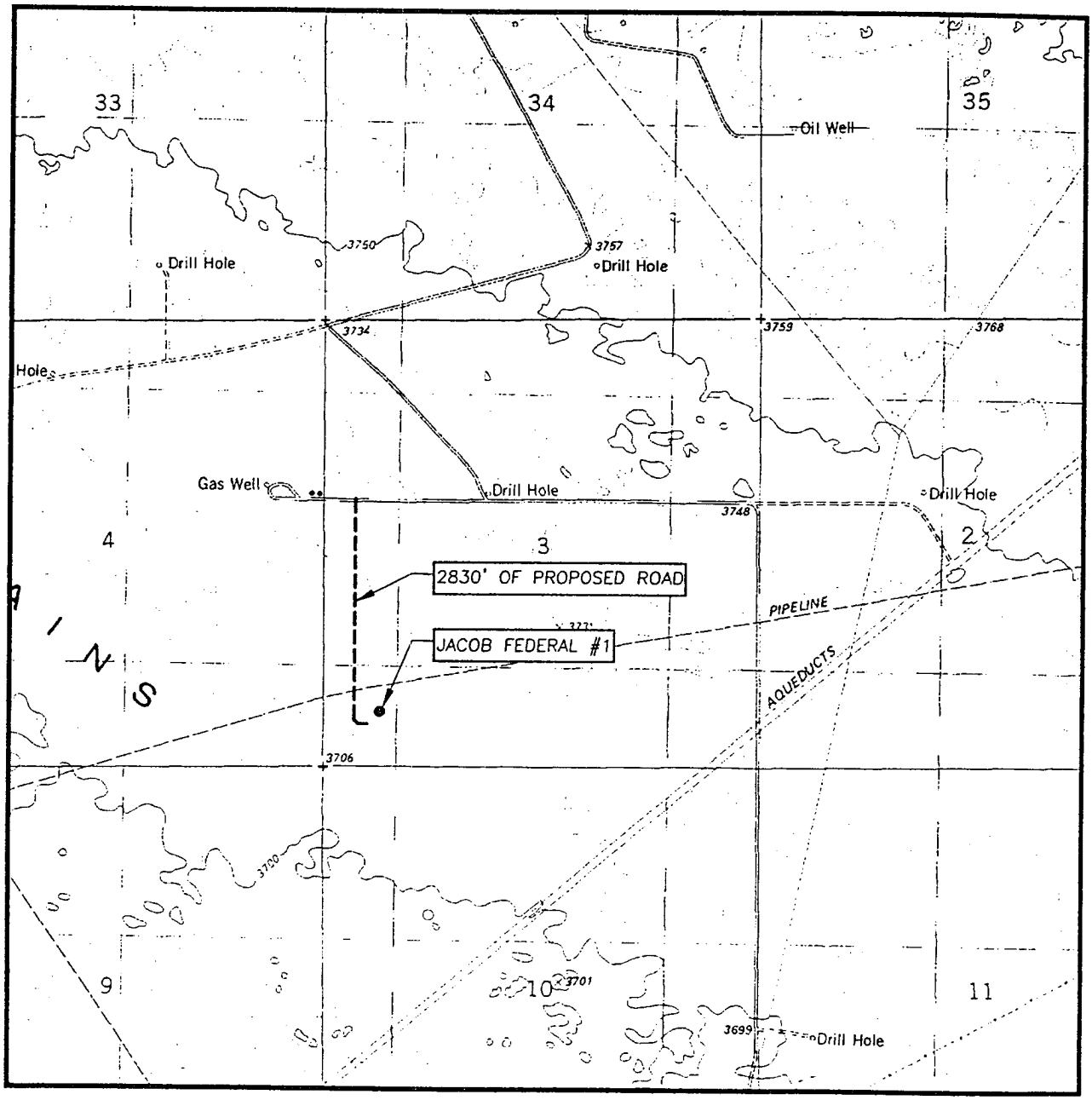
(505) 393-3117

BOLD ENERGY, LP

JACOB FEDERAL #1 WELL
LOCATED 660 FEET FROM THE SOUTH LINE
AND 660 FEET FROM THE WEST LINE OF SECTION 3,
TOWNSHIP 19 SOUTH, RANGE 33 EAST, N.M.P.M.,
LEA COUNTY, NEW MEXICO.

Survey Date: 9/30/05	Sheet 1 of 1 Sheets		
W.O. Number: 05.11.1525	Dr By: LA	Rev 1:N/A	
Date: 10/5/05	Disk: CD#4	05111525	Scale:1"=100'

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
LAGUNA GATUNA, N.M. – 10'

SEC. 3 TWP. 19-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3714'

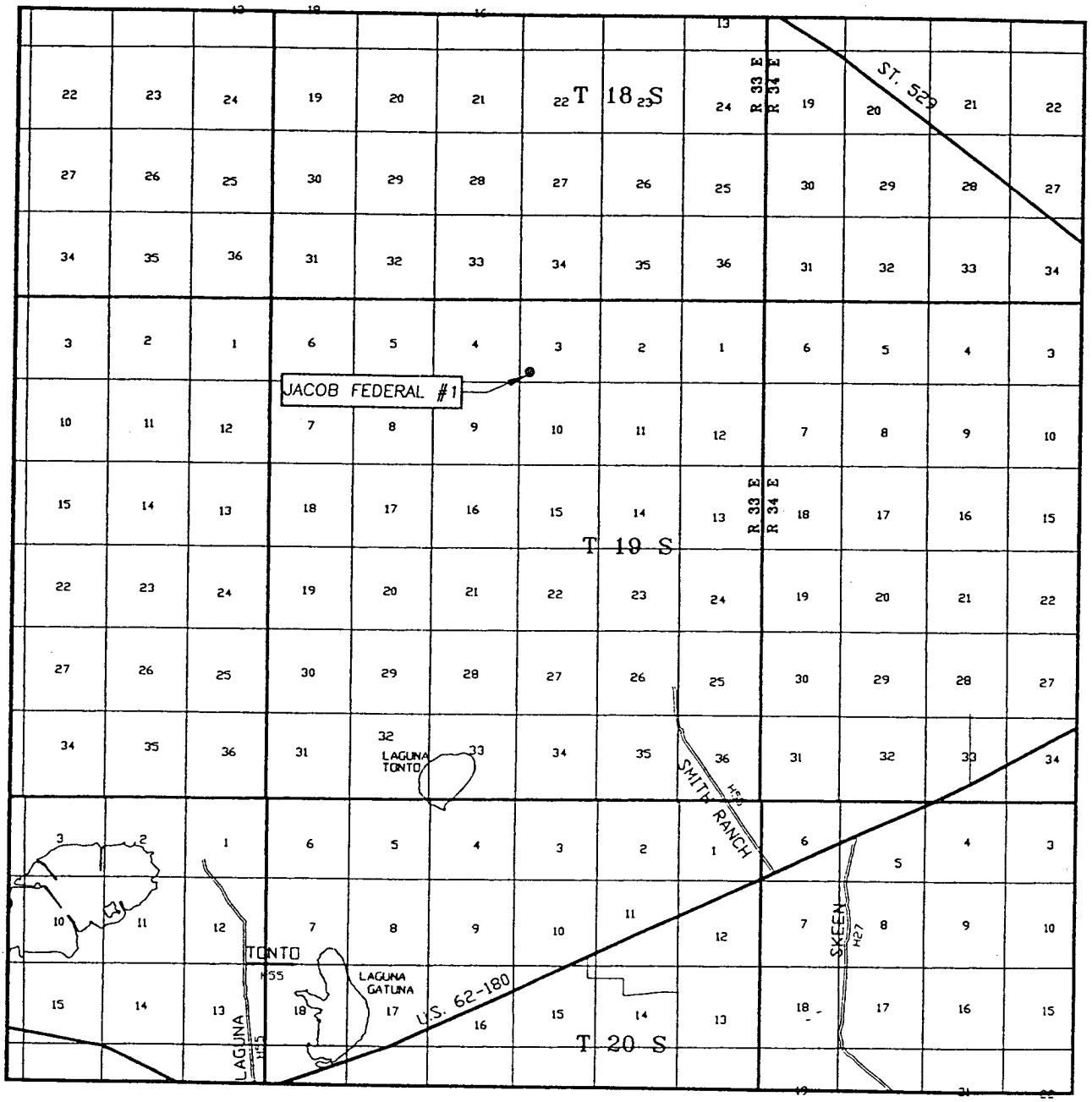
OPERATOR BOLD ENERGY, LP

LEASE JACOB FEDERAL

U.S.G.S. TOPOGRAPHIC MAP
LAGUNA GATUNA NW, N.M.

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

VICINITY MAP



SCALE: 1" = 2 MILES

SEC. 3 TWP. 19-S RGE. 33-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 660' FSL & 660' FWL

ELEVATION 3714'

OPERATOR BOLD ENERGY, LP

LEASE JACOB FEDERAL

PROVIDING SURVEYING SERVICES
SINCE 1946
JOHN WEST SURVEYING COMPANY
412 N. DAL PASO
HOBBS, N.M. 88240
(505) 393-3117

APPLICATION TO DRILL

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

In response to questions asked under Section II of Bulletin NTL-6 the following information on the above well is providedfor your consideration.

1. Location of well: 660' FSL & 660' FWL SECTION 3 T19S-R33E LEA CO. NM

2. Ground Elevation above Sea Level: 3714' GR.

3. Geological age of surface formation: Quaternary Deposits:

4. Drilling tools and associated equipment: Conventional rotary drilling rig using drilling mud as a circulating medium to remove solids from hole.

5. Proposed drilling depth: 13,620'

6. Estimated tops of geological markers:

Rustler Anhydrite	1465'	Strawn	11,950'
Delaware	5130'	Atoka	12,305
Bone Spring	7997'	Morrow	12,890'
Wolfcamp	10,580'	Mississippian	13,620'

7. Possible mineral bearing formations:

Bone Spring	Oil	Atoka	Gas
Wolfcamp	Gas	Morrow	Gas
Strawn	Gas		

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40'	20"	Conductor	NA	NA	Conductor
17½"	0-475'	13 3/8"	48#	8-R	ST&C	H-40
11"	0-3000'	8 5/8"	32#	8-R	ST&C	J-55
7 7/8"	0-13,620'	5½"	17#	8-R	LT&C	P-110 & HCP-110

APPLICATION TO DRILL

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

9. CEMENTING & SETTING DEPTH:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
17½"	Surface	Set 475' of 13 3/8" 48# H-40 ST&C casing. Cement with 525 Sx. of Class "C" cement + 2% CaCl, + ¼# Flocele/Sx. Circulate cement to surface.
11"	Intermediate	Set 3000' of 8 5/8" 32# J-55 ST&C casing. Cement with 725 Sx. of Class "C" cement + additives. Circulate cement to surface.
5½"	Production	Set 13,620' of 5½" 17# HCP-110 and P-110 LT&C casing. Cement with 1275 Sx. of Class "H" Premium Plus cement + additives, estimate top of cement 2800' from surface.

10. PRESSURE CONTROL EQUIPMENT: Exhibit "E" shows a 1500 Series 5000 PSI working pressure B.O.P. consisting of an annular bag type preventor, middle blind rams and bottom pipe rams. The B.O.P. will be nippled up on the 13 3/8" casing and tested to API specifications. The B.O.P. will be operated at least once in each 24 hour period and the blind rams will be operated when drill pipe is out of hole on trips. Full opening stabbing valve and upper kelly cock will be utilized. Exhibit "E-1" shows a hydraulically operated closing unit and a 2" 5000 PSI choke manifold with dual adjustable chokes. No abnormal pressures or temperatures are expected.

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-475'	8.6-9.2	29-36	NC	Fresh water Spud mud add paper to control seepage.
475-1465'	8.5-9.2	28-32	NC	Fresh water, native mud add paper to control seepage.
1465-5200'	10-10.2	30-34	NC	Brine water
52-10,500'	8.4-9.6	28-30	NC	Fresh water and cut Brine
10,500-13,620'	9.6-10.5	30-40	8 cc or less	Cut brine with a polymer, add starch for water loss control.

Sufficient mud materials will be kept on location at all times in order to combat lost circulation, or unexpected kicks. In order to run DST's , open hole logs, and casing viscosity and/or water loss may have to be adjusted to meet these needs.

APPLICATION TO DRILL

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

12. LOGGING, CORING, AND TESTING PROGRAM:

A. Open hole logs: Dual laterlog, MSFL, DENSITY, SONIC, Gamma Ray & Caliper from TD back to 8 5/8" casing shoe. Gamma Ray, CNL from 8 5/8" casing shoe back to surface.

B. Cores and DST's are not anticipated but may be run depending on open hole logs.

C. Mud logger will be placed on hole after 8 5/8" casing is run and cemented.

13. POTENTIAL HAZARDS:

No abnormal pressures or temperatures are expected. There is no known presence of H^2S in this area. If H^2S is encountered the operator will comply with the provisions of Onshore Oil and Gas Order No. 6. No lost circulation is expected to occur. All personnel will be familiar with all aspects of safe operation of equipment being used to drill this well. Estimated BHP 6500 PSI, and Estimated BHT 200°.

14. ANTICIPATED STARTING DATE AND DURATION OF OPERATION:

Road and location construction will begin after the BLM has approved the APD. Anticipated spud date will be as soon after BLM approval and as soon as a rig will be available. Move in operation and drilling is expected to take 45 days. If production casing is run then an additional 30 days will be needed to complete well and construct surface facilities and/or lay flowlines in order to place well on production.

15. OTHER FACETS OF OPERATIONS:

After running casing, cased hole Gamma Ray, Neutron Collar logs will be run from TD back to all possible productive zones. The MORROW formation will be perforated and stimulated in order to establish production. The well will be swab tested and potentialed as a gas well.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

1. All Company and Contract personnel admitted on location must be trained by a qualified H_2S safety instructor to the following:

   A. Characteristics of H_2S
   B. Physical effects and hazzards
   C. Proper use of safety equipment and life support systems.
   D. Principle and operation of H_2S detectors, warning system and briefing areas.
   E. Evacuation procedure, routes and first aid.
   F. Proper use of 30 minute pressure demand air pack.

2. H_2S Detection and Alarm Systems

   A. H_2S detectors and audio alarm system to be located at bell nipple, end of blooie line (mud pit) and on derrick floor or doghouse.

3. Windsock and/or wind streamers

   A. Windsock at mudpit area should be high enough to be visible.
   B. Windsock at briefing area should be high enough to be visible.
   C. There should be a windsock at entrance to location.

4. Condition Flags and Signs

   A. Warning sign on access road to location.
   B. Flags to be displayed on sign at entrance to location. Green flag, normal safe condition. Yellow flag indicates potential pressure and danger. Red flag, danger, H_2S present in dangerous concentration. Only emergency personnel admitted to location.

5. Well control equipment

   A. See exhibit "E"

6. Communication

   A. While working under masks chalkboards will be used for communication.
   B. Hand signals will be used where chalk board is inappropriate.
   C. Two way radio will be used to communicate off location in case of emergency help is required. In most cases cellular telephoned will be available at most drilling foreman's trailer or living quarters.

7. Drillstem Testing

   A. Exhausts will be watered.
   B. Flare line will be equipped with an electric ignitor or a propane pilot light in case gas reaches the surface.
   C. If location is near any dwelling a closed D.S.T. will be performed.

HYDROGEN SULFIDE DRILLING OPERATIONS PLAN

8. Drilling contractor supervisor will be required to be familiar with the effects H_2S has on tubular goods and other mechanical equipment.

9. If H_2S is encountered, mud system will be altered if necessary to maintain control of formation. A mud gas seperator will be brought into service along with H_2S scavengers if necessary.

SURFACE USE PLAN

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

1. EXISTING AND PROPOSED ROADS: Area maps: Exhibit "B" is a reproduction of a County General Hi-way map showing access roads to the location. Exhibit "C" is a reproduction of a USGS Topographic map showing existing roads in close proximity to the location and the proposed access roads. All existing roads will be maintained in a condition equal to or better than their current conditions. All new roads will be constructed to BLM specifications.

   A. Exhibit "A" shows the location of the proposed well site as staked.

   B. From Hobbs New Mexico take U.S. Hi-way 62-180 West toward Carlsbad New Mexico go 15 miles to the junction with State Hi-way 529 bear Right and take 529 West, go approximately 14 miles just as you drop off the caprock turn Left (South), go approximately .6 miles bear Right and follow well traveled least road 6± mi to PAN. AM. WELL Whelan # 1 (D&A) go West .5 mi turn South .5 mi to location.

   C. Exhibit "C" shows possible flowlines, powerlines that will be used to produce this well.

2. PLANNED ACCESS ROADS: Approximately .6 miles of new road will be constructed.

   A. The access road will be crowned and ditched to a 12' wide traveled surface with a 40' Right-Of-Way.

   B. Gradient on all roads will be less than 5% if possible.

   C. Turn-outs will be constructed where necessary.

   D. If needed roads will be surfaced to the BLM requirements with material obtained from a local source.

   E. Center line of new road will be flagged.

   F. The new road will be constructed to utilize low water crossings where drainage currently exists, and culverts will be installed where necessary.

3. EXHIBIT "A-1" SHOWS THE BELOW LISTED TYPE WELLS WITHIN A 1 MILE RADIUS:

   A. Water wells - One approximately 1.75 miles Northwest of location.

   B. Disposal wells - None known

   C. Drilling wells - None known

   D. Producing wells - As shown on Exhibit "A-1"

   E. Abandoned wells - As shown on Exhibit "A-1

SURFACE USE PLAN

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

4. If on completion this well is a producer the operator will lay pipelines and construct powerlines along existing road R-O-W's or other existing R-O-W's. Exhibit "C" shows proposed routes of roads, flowlines and powerlines.

5. LOCATION AND TYPE OF WATER SUPPLY:

Water will be purchased locally from a commercial source and trucked over the access roads or piped to location in flexible lines laid on top of the ground.

6. SOURCE OF CONSTRUCTION MATERIAL:

If possible construction material will be obtained from the excavation of drill site, if additional material is needed it will be obtained from a local source and transported over the access roads as shown on Exhibit "C".

7. METHODS OF HANDLING WASTE MATERIAL:

A. Drill cuttings will be disposed of in the reserve pits.

B. All trash, junk and other waste material will be contained in trash cages or trash bins to prevent scattering. When the job is completed all contents will be removed and disposed of in a approved sanitary land fill.

C. Salts remaining after completion of well will be picked up by the supplier, including broken sacks.

D. Waste water from living quaters will be drained into holes with a minium of 10'. These holes will be covered during drilling and will be back filled when the well is completed. A Porto-John will be provided for the rig crews. This equipment will be properly maintained during the drilling and completion operations and will be removed when all operations are complete.

E. Remaining drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry enough to be broken out for furthed drying. If the drilling fluids do not evaporate in a reasonable time they will be hauled off by transports to a state approve disposal site. Later pips will be broken out to speed drying. Water produced during completion will be put in reserve pits. Oil and condensate produced will be put in storage tanks and sold.

8. ANCILLARY FACILITIES:

A. No camps or air strips will be constructed on location.

SURFACE USE PLAN

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

9. WELL SITE LAYOUT:

A. Exhibit "D" shows the proposed well site layout.

B. This Exhibit shows the location of reserve pit, sump pits, and living facilities.

C. Mud pits in the active circulating system will be steel pits and the reserve pits will be unlined unless subsurface conditions encontered during pit construction indicate that a plastic liner is required to contain lateral migration.

D. If needed the reserve pits will be lined with polyethelene. The pit liner will be no less than 6 mils thick and the liner will be extended at least 3 feet over the top of the dikes and secured in place to keep edge of liner in place.

E. The reserve pit will be fenced on three sides and fenced with four strands of barbed wire during drilling and completionphases. The 4th side will be fenced after drilling operations are complete and the drilling rig has moved out.If the well is a producer the mud pits will remain fenced in until the mud has dried up enough to break out the pits and reclaimed according to BLM requirements.

10. PLANS FOR RESTORATION OF SURFACE:

Rehabilitation of the location and reserve pits will be allowed to dry properly, fluids may be moved and disposed of in accordance with article 7-E as previously noted. The pit area will then be leveled and contoured to conform to the original and surrounding area. Drainage systems, if any will be reshaped to the original configuration with provisions made to alleviate furture erosion. In case of the well completed as a producer the drilling pad will be necessary to construct production facilities. After the area has been shaped and contoured top soil from the spoil pile will be placed over the disturbed area to the extent possible so that revegetation procedures can be accomplished to comply with the BLM specifications.

If the well is a dry hole the pad and road area will be contoured to match the existing terrain. Top soil will be spread to the extent possible and revegetation will be carried out according to the BLM specifications.

Should the well be a producer the previously noted procedures will apply to those areas which are not required for production facilities.

SURFACE USE PLAN

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

11. OTHER INFORMATION:

A. The topography indicates a relatively low dip to the West toward the Querecho Plains, with low relief sand dunes, vegetation consists of Shinnery Oak an occasional mesquite tree, and Broom weed. Soil is a sandy loam in isolated places.

B. The surface and minerals are owned by The U.S. Department of Interior and is administered by The Bureau of Land Management. The surface is used for the grazing of livestock and the production of oil and gas.

C. An archaeological survey will be conducted on the roads and location the results of this survey will be filed with The Bureau of Land Management in the Carlsbad Field Office.

D. There are no dwellings within 2 miles of the location.

12. OPERATOR'S REPRESENTATIVE:

A. The representative responsible for assuring compliance with the approved Surface Use Plan is:

Person's Name Ms. Peggy Kerr
Company Name Bold Energy, LP
Address 415 W. Wall, Suite 500
Midland, Texas 79701

Phone 432 / 686-1100

13. CERTIFICATION:

I certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; that the work associated with operations proposed herein will be performed by Bold Energy, LP and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of Title 18 U.S.C. Section 1001 for the filing of a false statement.

November 15, 2005

Peggy Kerr

Peggy Kerr, Vice President - Land

Bold Energy, LP
415 W. Wall, Suite 500
Midland, Texas 79701
432-686-1100

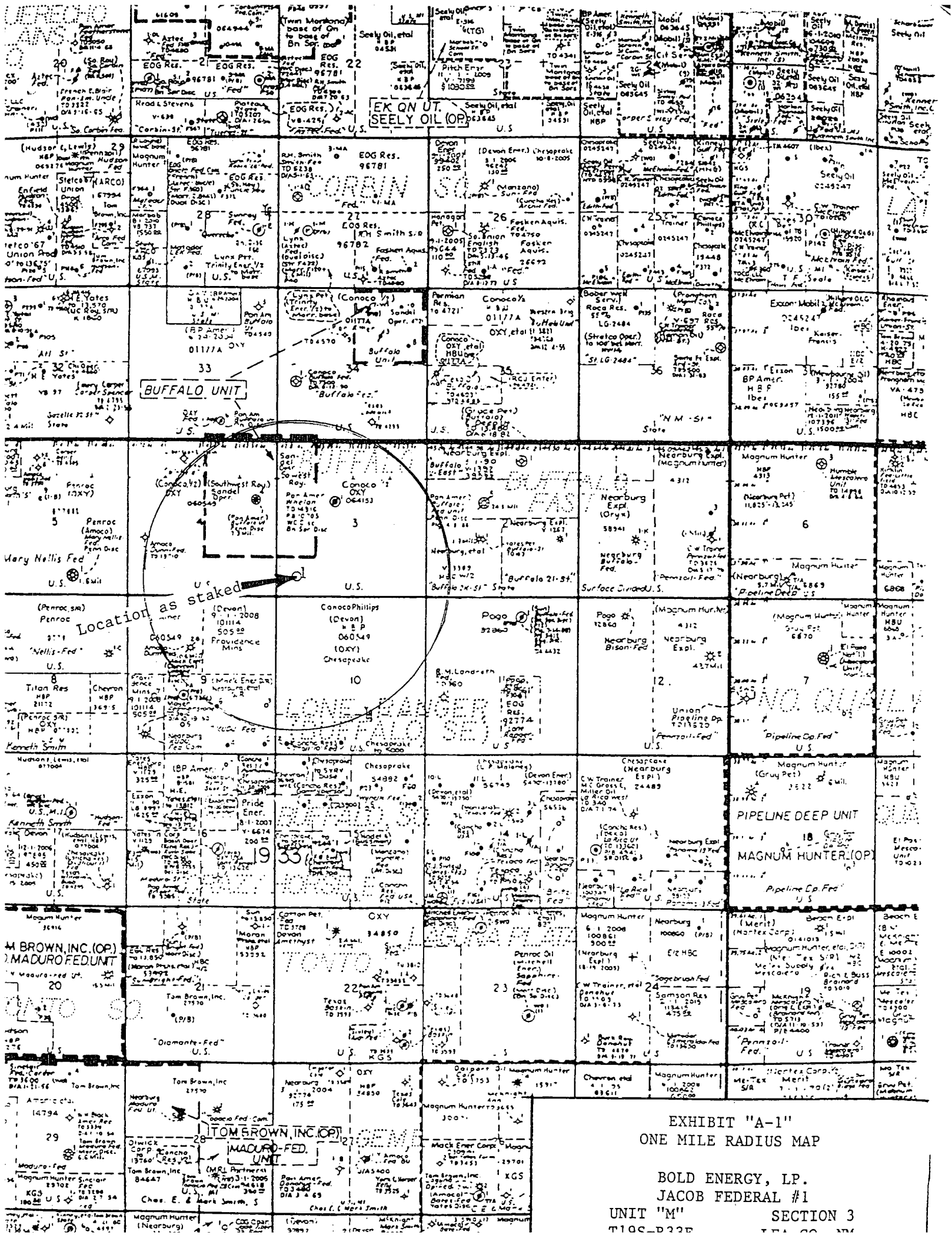


EXHIBIT "A-1"
ONE MILE RADIUS MAP

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R22E

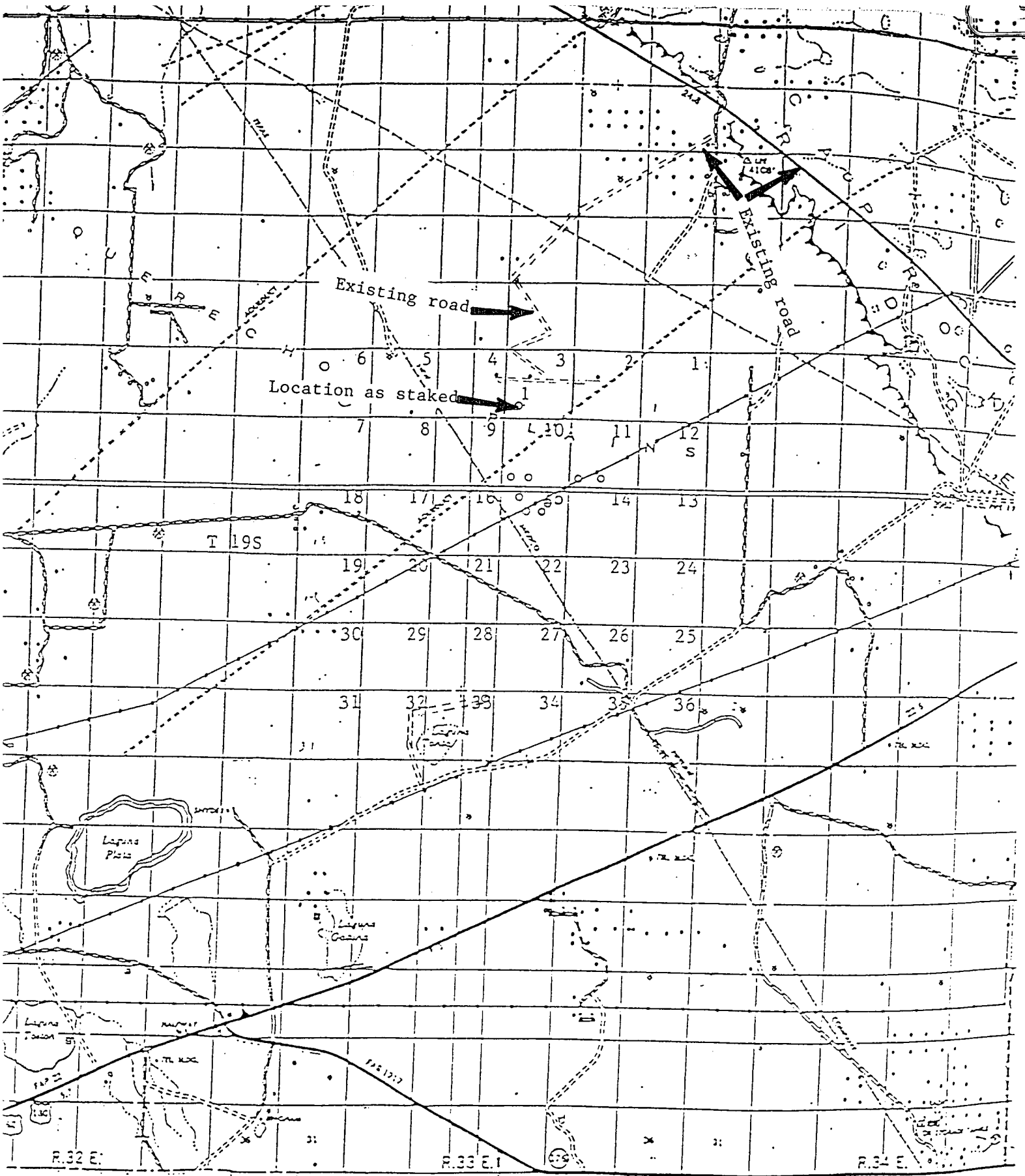


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

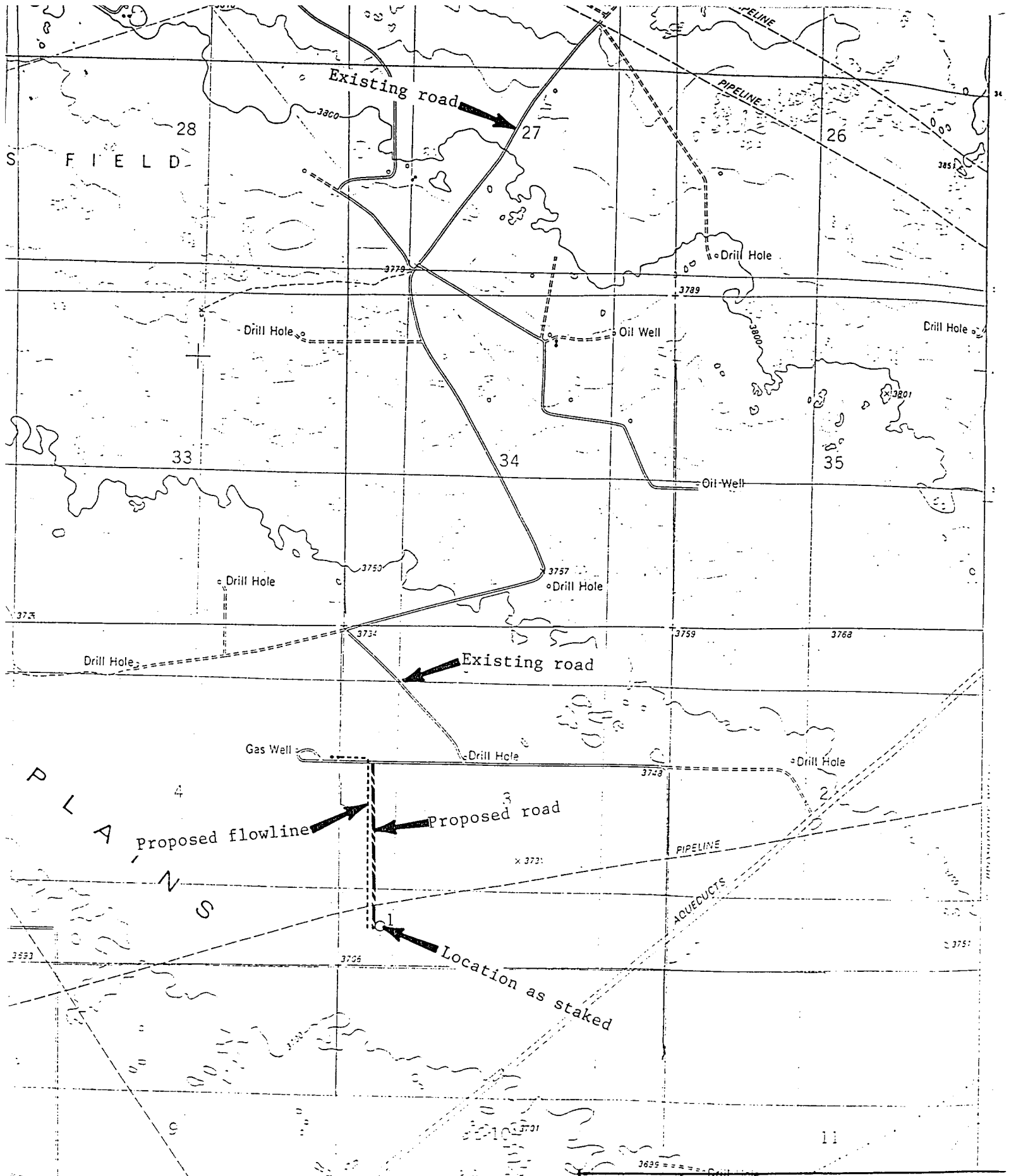


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3

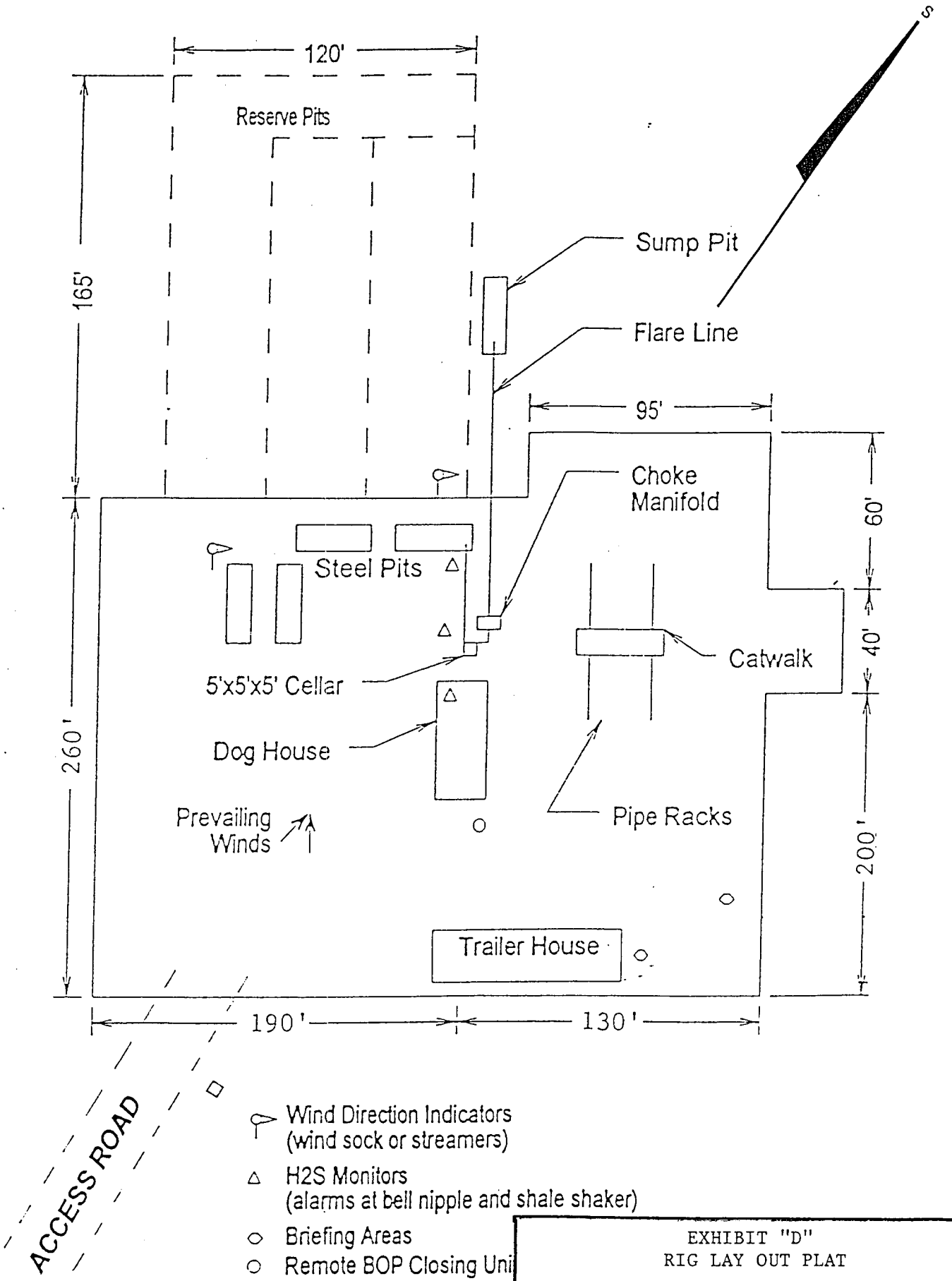
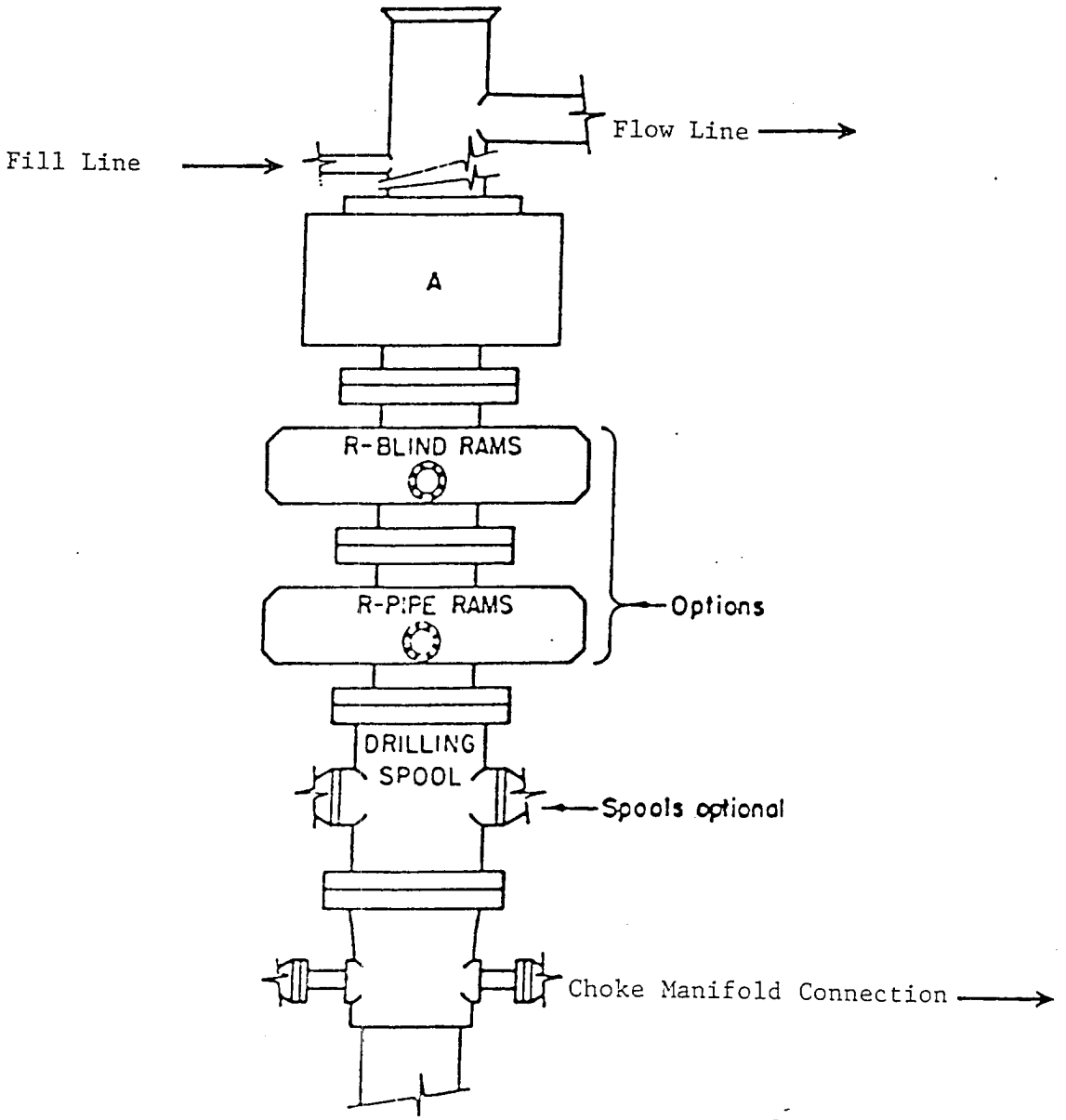


EXHIBIT "D"
RIG LAY OUT PLAT

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

EXHIBIT "E"
SKETCH OF B.O.P. TO BE USED ON

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

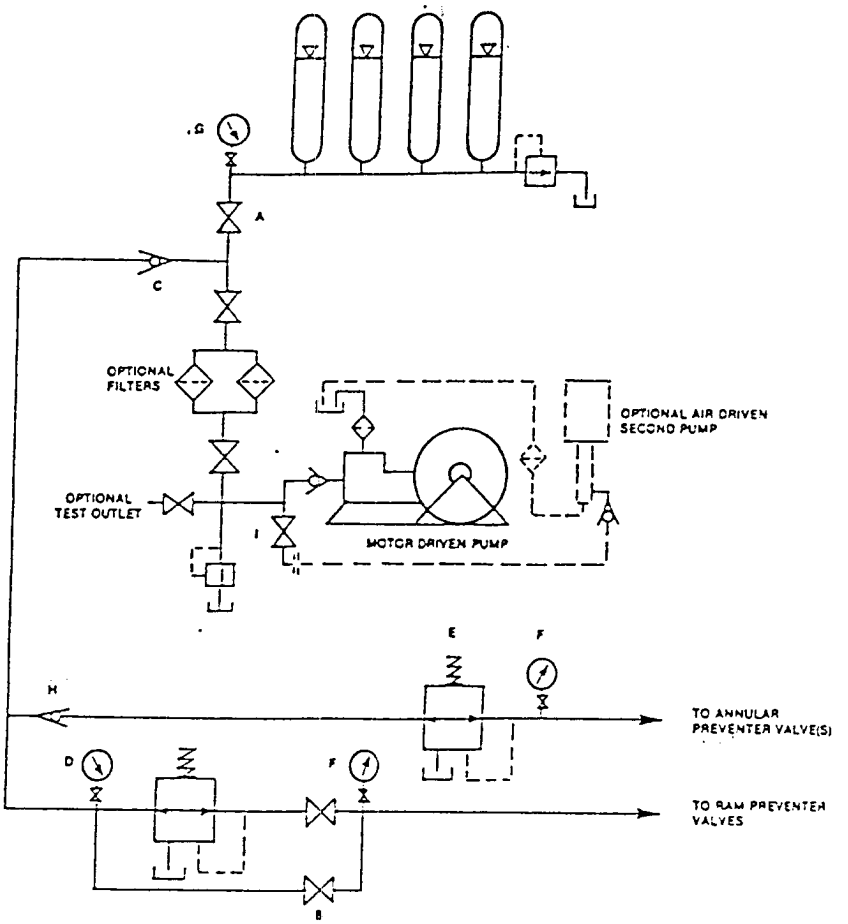


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

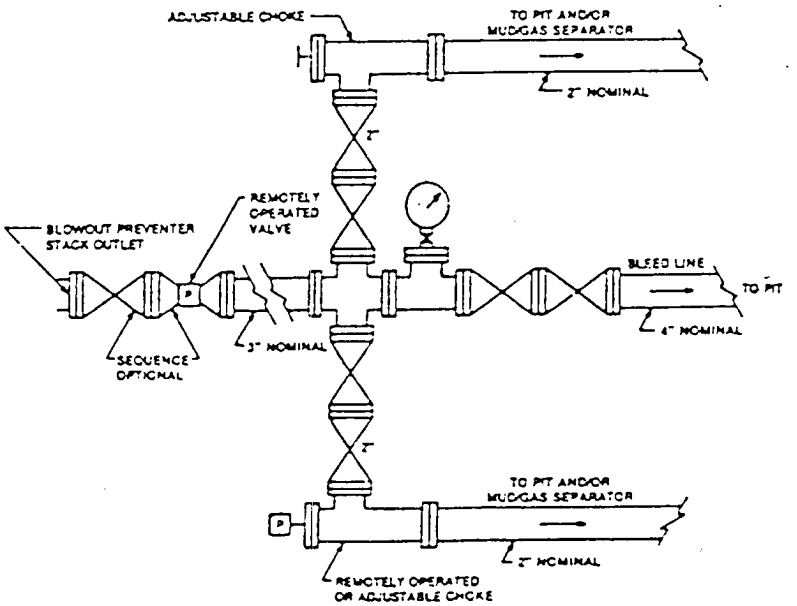


FIGURE K-2. Typical choke manifold assembly for 5M rated pressure service — surface installation.

EXHIBIT "E-1"
CHOKE MANIFOLD & CLOSING UNIT

BOLD ENERGY, LP.
JACOB FEDERAL #1
UNIT "M" SECTION 3
T19S-R33E LEA CO. NM

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name: Bold Energy, LP Well Name & #: Jacob Federal #1
Location: 660 F S L & 660 F W L Sec. 3, T. 19 S., R. 33 E.
Lease: LC-064153 County: Lea State: New Mexico

The Special stipulations check marked below are applicable to the above described well and approval of this application to drill is conditioned upon compliance with such stipulations in addition to the General Requirements. The permittee should be familiar with the General Requirements, a copy of which is available from a Bureau of Land Management office. EACH PERMITTEE HAS THE RIGHT OF ADMINISTRATIVE APPEAL TO THESE STIPULATIONS PURSUANT TO TITLE 43 CRF 3165.3 AND 3165.4.

This permit is valid for a period of one year from the date of approval or until lease expiration or termination whichever is shorter.

I. SPECIAL ENVIRONMENT REQUIREMENTS

(X) Lesser Prairie Chicken (stips attached)
( ) San Simon Swale (stips attached)
( ) Flood plain (stips attached)
( ) Other

II. ON LEASE - SURFACE REQUIREMENTS PRIOR TO DRILLING

(X) The BLM will monitor construction of this drill site. Notify the (X) Carlsbad Field Office at (505) 234-5972 ( ) Hobbs Office (505) 393-3612, at least 3 working days prior to commencing construction.

(X) Roads and the drill pad for this well must be surfaced with 6 inches of compacted caliche.

( ) All topsoil and vegetation encountered during the construction of the drill site area will be stockpiled and made available for resurfacing of the disturbed area after completion of the drilling operation. Topsoil on the subject location is approximately _____inches in depth. Approximately _____cubic yards of topsoil material will be stockpiled for reclamation.

(X) Other. V-door south

III. WELL COMPLETION REQUIREMENTS

( ) A Communlitization Agreement covering the acreage dedicated to the well must be filed for approval with the BLM. The effective date of the agreement must be prior to any sales.

(X) Surface Restoration: If the well is a producer, the reserve pit(s) will be backfilled when dry, and cut-and-fill slopes will be reduced to a slope of 3:1 or less. All areas of the pad not necessary for production must be re-contoured to resemble the original contours of the surrounding terrain, and topsoil must be re-distributed and re-seeded with a drill equipped with a depth indicator (set at depth of ½ inch) with the following seed mixture, in pounds of Pure Live Seed (PLS), per acre. Seeding should be done either late in the fall (September 15 - November 15, before freeze up, or early as possible the following spring to take advantage of available ground moisture. See attached seed mixture.

( ) A. Seed Mixture 1 (Loamy Sites)
Side Oats Grama (*Bouteloua curtipendula*) 5.0
Sand Dropseed (*Sporobolus cryptandrus*) 1.0

(x) B. Seed Mixture 2 (Sandy Sites)
Sand Dropseed (*Sporobolus crptandrus)* 1.0
Sand Lovegrass (*Eragostis trichodes*) 1.0
Plains Bristlegrass (*Setaria magrostachya*) 2.0

( ) C. Seed Mixture 3 (Shallow Sites)
Side oats Grama (*Boute curtipendula*) 1.0

( ) D. Seed Mixture 4 (Gypsum Sites)
Alkali Sacaton (*Sporobollud airoides*) 1.0
Four-Wing Saltbush (*Atriplex canescens*) 5.0

( ) OTHER

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6-mil plastic. Mineral material extracted from within the boundary of the APD during construction of the well pad and reserve pits and be used for the construction of this well pad and its immediate access road only, as long as that portion of the access road it is use on remains on-lease. Removal of any additional material from this location for construction or improvement of other well pads and other access or lease roads must first be purchased from BLM.

Reclamation: Reclamation of this type of deep pit will consist of pushing the pit walls into the pit when sufficiently dry to support track equipment. The pit liner is NOT TO BE RUPTURED to facilitate drying; a ten month period after completion of the well is allowed for drying of the pit contents.
The pit area must be contoured to the natural terrain with all contaminated drilling mud buried with at least 3 feet of clean soil. The reclaimed area will then be seeded as specified in this permit.

OPTIONAL PIT CONSTRUCTION STANDARDS

The reserve pit may be constructed in predominantly fill material if:

(1) Lined as specified above and

(2) A temporary or emergency pit may be constructed immediately adjacent to the reserve pit as long as the pit remains within the APD boundary. Mineral material removed from this pit may be used for the construction of this well pad only and its immediate access road, as long as that portion of the access road the material is used on remains on-lease. Removal of any material from the APD boundary for use on other well locations or roads must first be purchased from BLM.

Reclamation of the reserve pit consists of bulldozing all reserve pit contents and contaminants into the borrow pit and covering with a minimum of 3 feet of clean soil material. The entire area must be re-contoured, all trash removed, and reseeded as specified in this permit.

CULTURAL

Whether or not an archaeological survey has been completed and notwithstanding that operations are being conducted as approved, the lessee/operator/grantee shall notify the BLM immediately if previously unidentified cultural resources are observed during surface disturbing operations. From the time of the observation, the lessee/operator/grantee shall avoid operations that will result in disturbance to these cultural resources until directed to process by BLM.

TRASH PIT STIPS

All trash, junk, and other waste material shall be contained in trash cages or bins to prevent scattering and will be removed and deposited in an approved sanitary landfill. Burial on site is not permitted.

PRAIRIE CHICKENS

No surface use is allowed during the following time periods; unless otherwise specified, this stipulation does not apply to operation and maintenance of production facilities.

On the lands described below: All of Section 3, T 19 S., R 33 E.

For the purpose of: Protecting Prairie Chickens:

Drilling for oil and gas, and 3-D geophysical exploration operations will not be allowed in Lesser Prairie Chicken Habitat during the period of March 15 through June 15, each year. During that period, other activities that produce noise or involve human activity, such as the maintenance of oil and gas facilities, geophysical exploration other than 3-D operations, and pipeline, road, and well pad construction, will be allowed except between 3:00 a.m. and 9:00 a.m. The 3:00 a.m. and 9:00 a.m. restriction will not apply to normal, around-the-clock operations, such as venting, flaring, or pumping, which do not require a human presence during the period. Additionally, no new drilling will be allowed within up to 200 meters of leks know at the time of permitting. Normal vehicle use on existing roads will not be restricted. Exhaust noise from pump jack engines must be muffled or otherwise controlled so as not to exceed 75 db measured at 30 feet from the source of the noise.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Bold Energy, LP **Well No.** 1- Jacob Federal
Location: 660' FSL & 660' FWL sec. 36, T. 19 S., R. 33 E.
Lease: LC-064153 (EXH)

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at (505) 393-3612 in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13-3/8 inch 8-5/8 inch 5-1/2 inch

C. BOP tests

2. Unless the production casing has been run and cemented or the well has been properly plugged, the drilling rig shall not be removed from over the hole without prior approval.

3. Include the API No. assigned to well by NMOCD on the subsequent report of setting the first casing string

4. A Hydrogen Sulfide Contingency Plan should be activated prior to drilling in the **Delaware** formation. A copy of the plan shall be posted at the drilling site.

II. CASING:

1. 13-3/8 inch surface casing should be set **at approximately 1455 feet in the top of the Rustler Anhydrite or per the attached ALTERNATIVE CONDITIONS OF APPROVAL - DRILLING,** below usable water and circulate cement to the surface. If cement does not circulate to the surface the Hobbs BLM office shall be notified and a temperature survey or cement bond log shall be run to verify the top of the cement. Remedial cementing shall be completed prior to drilling out that string.

2. Minimum required fill of cement behind the 8-5/8 inch intermediate casing is **sufficient to circulate to the surface per the attached ALTERNATIVE CONDITIONS OF APPROVAL - DRILLING,**

3. Minimum required fill of cement behind the 5-1/2 inch production casing is **sufficient to tie back** ~~500~~ 200 **feet** ~~above the uppermost perforation in the pay zone.~~ into the 8⅝" csg. (JK)

III. PRESSURE CONTROL:

1. Before drilling below the 13-3/8 inch surface casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer or Two Ram-Type Preventers and a Kelly Cock/Stabbing Valve. Before drilling below the 8-5/8 inch intermediate casing, the blowout preventer assembly shall consist of a minimum of One Annular Preventer, Two Ram-Type Preventers, and a Kelly Cock/Stabbing Valve.

2. Before drilling below the 13-3/8 inch surface casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **2000** psi. Before drilling below the 8-5/8 inch intermediate casing, minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **5000** psi.

CONDITIONS OF APPROVAL - DRILLING (CONTINUED)

Operator's Name: Bold Energy, LP **Well No.** 1- Jacob Federal
Location: 660' FSL & 660' FWL **sec.** 34, **T.** 19 S., **R.** 33 E.
Lease: LC-064153

III. PRESSURE CONTROL (CONTINUED):

3. After setting the **8-5/8** inch intermediate casing and before drilling into the **Wolfcamp** formation, the BOPE shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

A. The BLM office shall be notified at (505) 393-3612 in sufficient time for a representative to witness the tests.

B. The tests shall be done by an independent service company.

C. The results of the test shall be reported to the BLM Hobbs Office at 414 West Taylor, Hobbs, New Mexico 88240.

D. Testing fluid must be water or an appropriate clear liquid suitable for sub-freezing temperatures. Use of drilling mud for testing is not permitted since it can mask small leaks.

E. Testing must be done in a safe workman like manner. Hard line connections shall be required.

IV. DRILLING MUD:

1. Mud system monitoring equipment, with derrick floor indicators and visual and audio alarms, shall be operating before drilling into the **Wolfcamp** formation, and shall be used until production casing is run and cemented. Monitoring equipment shall consist of the following:

A. Recording pit level indicator to indicate volume gains and losses.

B. Flow-sensor on the flow-line to warn of abnormal mud returns from the well.

ALTERNATIVE CONDITIONS OF APPROVAL - DRILLING

Drilling Fluids, Casing and Cementing Requirements for Most of Lea County:

Casing and Cementing

Surface casing is to be set at a sufficient depth to protect useable water zones and cement circulated to surface. In areas where the salt section (Salado) is present, surface casing should be set at least 25 feet into the top of the Rustler Anhydrite and cement circulated to the surface.

As an alternative, surface casing may be set through the Santa Rosa Formation or other potable water bearing zones and circulate cement to surface. For wells requiring an intermediate casing string, such string shall be cemented to the ground surface. In the case where intermediate casing is not required the operator shall case and cement the production hole to the ground surface.

While drilling from the surface casing to the Rustler formation it is recommended that operators periodically sweep the hole with viscous low water loss pills to help build a filter cake across useable water zones in the redbeds.

Drilling Fluid

Fresh water or fresh water spud mud shall be used to drill to surface casing depth. If surface casing is set at a lesser depth than the top of the Rustler formation, fresh water spud mud must be used to drill down to the first salt in the Rustler Formation after which brine or fresh water may be used.

Non-toxic or biodegradable water based polymers, drilling paper, starch and gels may be used in the mud system in order to retard seepage into the redbeds.

Two to five percent diesel or crude oil may be used in the redbed section in order to control heaving shales and mudstones.

Caustics and Lime shall not be used in the red beds but may be added when the Rustler formation is reached. However, sodium carbonate maybe used for alkalinity or ph control while drilling the redbeds above the Rustler formation.

Additionally, questions of whether an additive may be used should be referred to the Roswell Field office.

BLM Serial Number: LC-064153
Company Reference: Bold Energy, LP
Well No. & Name: Jacob Federal #1

STANDARD STIPULATIONS FOR PERMANENT RESOURCE ROADS
CARLSBAD FIELD OFFICE

A copy of the grant and attachments, including stipulations, survey plat and/or map, will be on location during construction. BLM personnel may request to you a copy of your permit during construction to ensure compliance with all stipulations.

The holder/grantee/permittee shall hereafter be identified as the holder in these stipulations. The Authorized Officer is the person who approves the Application for Permit to Drill (APD) and/or Right-of-Way (ROW).

GENERAL REQUIREMENTS

A. The holder shall indemnify the United States against any liability for damage to life or property arising from the occupancy or use of public lands under this grant.

B. The holder shall comply with all applicable Federal laws and regulations existing or hereafter enacted or promulgated. In any event, the holder shall comply with the Toxic Substances Control Act of 1976, as amended (15 U.S.C. 2601, *et. seq.*) with regard to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized by this grant. (See 40 CFR, Part 702-799 and especially, provisions on polychlorinated biphenyls, 40 CFR 761.1-761.193.) Additionally, any release of toxic substances (leaks, spills, etc.) in excess of the reportable quantity established by 40 CFR, Part 117 shall be reported as required by the Comprehensive Environmental Response, Compensation and Liability Act, Section 102b. A copy of any report required or requested by any Federal agency or State government as a result of a reportable release or spill of any toxic substances shall be furnished to the Authorized Officer concurrent with the filing of the reports to the involved Federal agency or State government.

C. The holder agrees to indemnify the United States against any liability arising from the release of any hazardous substance or hazardous waste (as these terms are defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. 9601, *et. seq.* or the Resource Conservation and Recovery Act, 42 U.S.C. 6901, *et. seq.*) on the right-of-way (unless the release or threatened release is wholly unrelated to the right-of-way holder's activity on the right-of-way). This agreement applies without regard to whether a release is caused by the holder, its agent, or unrelated third parties.

D. If, during any phase of the construction, operation, maintenance, or termination of the road, any oil or other pollutant should be discharged, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil of other pollutant, wherever found, shall be the responsibility of the holder, regardless of fault. Upon failure of the holder to control, dispose of, or clean up such discharge on or affecting Federal lands, or to repair all damages to Federal lands resulting there from the Authorized Officer may take such measures as deemed necessary to control and cleanup the discharge and restore the area, including, where appropriate, the aquatic environment and fish and wildlife habitats, at the full expense of the holder. Such action by the Authorized Officer shall not relieve the holder of any liability or responsibility.

E. The holder shall minimize disturbance to existing fences and other improvements on public domain surface. The holder is required to promptly repair improvements to at least their former state. Functional use of these improvements will be maintained at all times.

The holder will make a documented good-faith effort to contact the owner of any improvements prior to disturbing them. When necessary to pass through a fence line, the fence shall be braced on both sides of the passageway prior to cutting of the fence.

F. The Holder shall ensure that the entire right-of-way, including the driving surface, ditching and drainage control structures, road verges and any construction sites or zones, will be kept free of the following plant species: Malta starthistle, African rue, Scotch thistle and salt cedar. The Holder agrees to comply with the following stipulations:

1. ROAD WIDTH AND GRADE

The road will have a driving surface of 14 feet (all roads shall have a minimum driving surface of 12 feet, unless local conditions dictate a different width). The maximum grade is 10 percent unless the box below is checked. Maximum width of surface disturbance from construction will be 30 feet.

/__/ Those segments of road where grade is in excess of 10% for more than 300 feet shall be designed by a professional engineer.

2. CROWNING AND DITCHING

Crowning with materials on site and ditching on one side of the road on the uphill side will be required. The road cross-section will conform to the cross section diagrams in Figure 1. If conditions dictate, ditching may be required for both sides of the road; if local conditions permit, a flat-bladed road may be considered (if these conditions exist, check the appropriate box below). The crown shall have a grade of approximately 2% (i.e., 1" crown on a 12' wide road).

/__/ Ditching will be required on both sides of the roadway as shown on the attached map or as staked in the field.

/__/ Flat-blading is authorized on segment(s) delineated on the attached map.

3. DRAINAGE

Drainage control shall be ensured over the entire road through the use of borrow ditches, out-sloping, in-sloping, natural rolling topography, lead-off (turnout) ditches, culverts, and/or drainage dips.

A. All lead-off ditches shall be graded to drain water with a 1 percent minimum to 3 percent maximum ditch slope. The spacing interval for lead-off ditches shall be determined according to the following table, but may be amended depending upon existing soil types and centerline road slope (in %):

SPACING INTERVAL FOR TURNOUT DITCHES

Percent slope	Spacing interval
0% - 4%	400' - 150'
4% - 6%	250' - 125'
6% - 8%	200' - 100'
8% - 10%	150' - 75'

A typical lead-off ditch has a minimum depth of 1 foot below and a berm 6 inches above natural ground level. The berm will be on the down-slope side of the lead-off ditch. The ditch end will tie into vegetation whenever possible.

For this road the spacing interval for lead-off ditches shall be at

/_x_/ 400 foot intervals.

/__/ _____ foot intervals.

/__/ locations staked in the field as per spacing intervals above.

/__/ locations delineated on the attached map.

B. Culvert pipes shall be used for cross drains where drainage dips or low water crossings are not feasible. The minimum culvert diameter must be 18 inches. Any culvert pipe installed shall be of sufficient diameter to pass the anticipated flow of water. Culvert location and required diameter are shown on the attached map (Further details can be obtained from the Roswell District Office or the appropriate Resource Area Office).

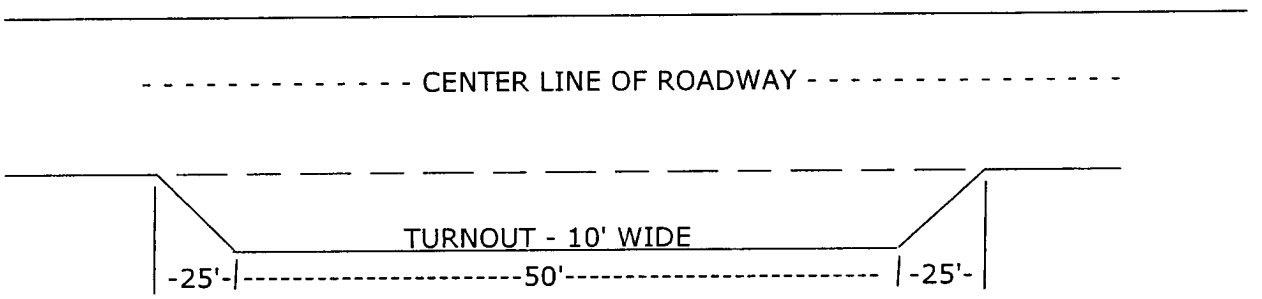
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

$$\text{spacing interval} = \frac{400'}{\text{road slope in \%}} + 100'$$

Example: 4% slope: spacing interval = $\frac{400}{4}$ + 100 = 200 feet

4. TURNOUTS

Unless otherwise approved by the Authorized Officer, vehicle turnouts will be required. Turnouts will be located at 2000-foot intervals, or the turnouts will be intervisible, whichever is less. Turnouts will conform to the following diagram:



STANDARD TURNOUT - PLAN VIEW

5. SURFACING

Surfacing of the road or those portions identified on the attached map may, at the direction of the Authorized Officer, be required, if necessary, to maintain traffic within the right-of-way with caliche, gravel, or other surfacing material which shall be approved by the Authorized Officer. When surfacing is required, surfacing materials will be compacted to a minimum thickness of six inches with caliche material. The width of surfacing shall be no less than the driving surface. Prior to using any mineral materials from an existing or proposed Federal source, authorization must be obtained from the Authorized Officer.

A sales contract for the removal of mineral materials (caliche, sand, gravel, fill dirt, etc.) from an authorized pit, site, or on location must be obtained from the BLM prior to using any such mineral material from public lands. Contact the BLM solid minerals staff for the various options to purchase mineral material.

6. CATTLEGUARDS

Where used, all cattleguard grids and foundation designs and construction shall meet the American Association of State Highway and Transportation Officials (AASHTO) Load Rating H-20, although AASHTO U-80 rated grids shall be required where heavy loads (exceeding H-20 loading), are anticipated (See BLM standard drawings for cattleguards). Cattleguard grid length shall not be less than 8 feet and width of not less than 14 feet. A wire gate (16-foot minimum width) will be provided on one side of the cattleguard unless requested otherwise by the surface user.

7. MAINTENANCE

The holder shall maintain the road in a safe, usable condition. A maintenance program shall include, but not be limited to blading, ditching, culvert installation, culvert cleaning, drainage installation, cattleguard maintenance, and surfacing.

8. PUBLIC ACCESS

Public access along this road will not be restricted by the holder without specific written approval being granted by the Authorized Officer. Gates or cattleguards on public lands will not be locked or closed to public use unless closure is specifically determined to be necessary and is authorized in writing by the Authorized Officer.

9. CULTURAL RESOURCES

Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on the holder's behalf, on public or Federal land shall be immediately reported to the authorized officer. The holder shall suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the authorized officer. An evaluation of the discovery will be made by the authorized officer to determine appropriate actions to prevent the loss of significant cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to the proper mitigation measures will be made by the authorized officer after consulting with the holder.

10. SPECIAL STIPULATIONS:

See reclamation stipulations attached.

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-144
March 12, 2004

For drilling and production facilities, submit to appropriate NMOCD District Office.
For downstream facilities, submit to Santa Fe office

Pit or Below-Grade Tank Registration or Closure

Is pit or below-grade tank covered by a "general plan"? Yes ☐ No ☒
Type of action: Registration of a pit or below-grade tank ☒ Closure of a pit or below-grade tank ☐

Operator: BOLD ENERGY, LP. Telephone: 432-686-1100 e-mail address:
Address: 415 W. WALL SUITE 500 MIDLAND. TEXAS 79701
Facility or well name: JACOB FEDERAL # 1 API #: 30-025-37614 U/L or Qtr/Qtr M Sec 3 T 19S R 33E
County: LEA Latitude 32°41'37" Longitude 103°39'24.4" NAD: 1927 ☐ 1983 ☐ Surface Owner Federal ☒ State ☐ Private ☐ Indian ☐

Pit Type: Drilling ☒ Production ☐ Disposal ☐ Workover ☐ Emergency ☐ Lined ☐ Unlined ☒ Liner type: Synthetic ☐ Thickness 12 mil Clay ☐ Volume 18M bbl	**Below-grade tank** Volume: ____bbl Type of fluid: ____ Construction material: ____ Double-walled, with leak detection? Yes ☐ If not, explain why not. ____	
Depth to ground water (vertical distance from bottom of pit to seasonal high water elevation of ground water.)	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more X	(20 points) (10 points) (0 points)
Wellhead protection area: (Less than 200 feet from a private domestic water source, or less than 1000 feet from all other water sources.)	Yes No X	(20 points) (0 points) 0
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.)	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more X	(20 points) (10 points) (0 points) 0
	Ranking Score (Total Points)	0

DEC 2005 Received Hobbs OCD

If this is a pit closure: (1) attach a diagram of the facility showing the pit's relationship to other equipment and tanks. (2) Indicate disposal location: onsite ☐ offsite ☐ If offsite, name of facility____. (3) Attach a general description of remedial action taken including remediation start date and end date. (4) Groundwater encountered: No ☐ Yes ☐ If yes, show depth below ground surface____ft. and attach sample results. (5) Attach soil sample results and a diagram of sample locations and excavations.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. **I further certify that the above-described pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☒, a general permit ☐, or an (attached) alternative OCD-approved plan ☐.**
Date: 12/28/05
Printed Name/Title Joe T. Janica/ Agent Signature Joe T Janica

Your certification and NMOCD approval of this application/closure does not relieve the operator of liability should the contents of the pit or tank contaminate ground water or otherwise endanger public health or the environment. Nor does it relieve the operator of its responsibility for compliance with any other federal, state, or local laws and/or regulations.

Approval:
Date: FEB 0 2 2006
Printed Name/Title PETROLEUM ENGINEER Signature