Expires: February 28, 1995

DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

New Mexico Oil Conservation Division

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

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

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

2. NAME OF OPERATOR: JUMBO AMERICAN PETROLEUM CORP. (432-682-6495) (22678)

3. ADDRESS AND TELEPHONE NO.: 550 WEST TEXAS SUITE 1303 MIDLAND, TEXAS 79701 (432-682-6495)

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*)
At surface: 1650' FNL & 1650' FWL SECTION 19 T26S-R35E LEA CO. NM
At proposed prod. zone: SAME
Unit F

5. LEASE DESIGNATION AND SERIAL NO.: NM-93223

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

7. UNIT AGREEMENT NAME: ---

8. FARM OR LEASE NAME, WELL NO.: MADERA "19" FEDERAL # 4 (33613)

9. API WELL NO.: 30-025-37610

10. FIELD AND POOL, OR WILDCAT: JABALINA-ATOKA SW. (GAS)

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA: SECTION 19 . T26S-R35E

12. COUNTY OR PARISH: LEA CO. 13. STATE: NEW MEXICO

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: Approximately 17 miles Southwest of Jal New Mexico

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any): 990'

16. NO. OF ACRES IN LEASE: 320

17. NO. OF ACRES ASSIGNED TO THIS WELL: 320

18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.: 1750'

19. PROPOSED DEPTH: 16,500'

20. ROTARY OR CABLE TOOLS: ROTARY

21. ELEVATIONS (Show whether DF, RT, GR, etc.): 3199' GR.

22. APPROX. DATE WORK WILL START*: WHEN APPROVED

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
26"	CONDUCTOR	NA	40'	Redi-mix cement to surface
17½"	J-55 13 3/8"	54.5#	1000'	1000 Sx. circulate cement
12¼"	HCK-55 J-55 9 5/8"	40#	5300'	2050 Sx. circulate cement
8 3/4"	P-110 7"	29#	13,400'	2100 Sx. top of cement 5000'
6 1/8"	P-110 4½"	15.1#	3300' Liner	300 Sx. cement to top of liner.

SEE ATTACHED SHET

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED

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 10/07/05

(This space for Federal or State office use)

PERMIT NO. Chris Williams APPROVAL DATE 12/29/05

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 DEC 27 2005

*See Instructions On Reverse Side

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001, makes it a crime for any person 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.

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

2. Drill17½" hole to 1000'. Run and set 1000' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 800 Sx. of Class "C" 35/65 POZ + 6% Gel, + 2% CaCl, + ¼# Flocele/Sx. Tail in with 200 Sx. of Class "C" cement + 2% CaCl, circulate cement to surface.

3. Drill 12¼" hole to 5300'. Run and set 5300' of 9 5/8" casing as follows: 1800' of 9 5/8" 40# HCK-55 LT&C, 3500' of 9 5/8" 40# J-55 LT&C casing. Cement with 1850 Sx. of 35/65 Class "C" POZ + 5% Salt, + 6% GEL, + ¼# Celoflakes/Sx. Tail in with 200 Sx. of Class "C" cement circulate cement to surface.

4. Drill 8 3/4" hole to 13,400'. Run and set 13,400' of 7" 29# P-110 LT&C casing. Set DV Tool at 7500'±. Cement 1st stage with 1400 Sx. of 50/50 POZ Class "H" cement + 3# LCM/Sx. + .4% fluid loss additive, + .2% Retarder, + 10% GEL, tail in with 250 Sx. of 50/50 POZ Class "H" cement + .8% fluid loss additive, + 2% GEL. Cement 2nd stage with 250 Sx. of Premium Lite cement + 6% GEL, + .4% fluid loss additive, tail in with 200 Sx. of Premium Plus cement + additives estimate top of cement 5000' from surface. Cement volumes will be calculated from logs and calculated volumes may differ from the above volumes.

5. Drill 6 1/8" hole to 16.500'. Run and set a 3300' 4½" 15.1# P-110 LT&C liner from 13,200' to 16,500'. Cement with 300 Sx. of Class "H" Premium Plus cement+ additives, cement to top of liner.

DISTRICT I
1625 N. French Dr., Hobbs, NM 88240

DISTRICT II
P.O. Drawer DD, Artesia, NM 88211-0719

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

DISTRICT IV
2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
2040 South Pacheco
Santa Fe, NM 87505

Form C-102
Revised August 15, 2000
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-37610	79123	JABALINA-ATOKA SOUTHWEST (GAS)

Property Code	Property Name	Well Number
33613	MADERA 19 FED	4

OGRID No.	Operator Name	Elevation
226678	JUMBO AMERICAN PETROLEUM CORPORATION	3199'

Surface Location

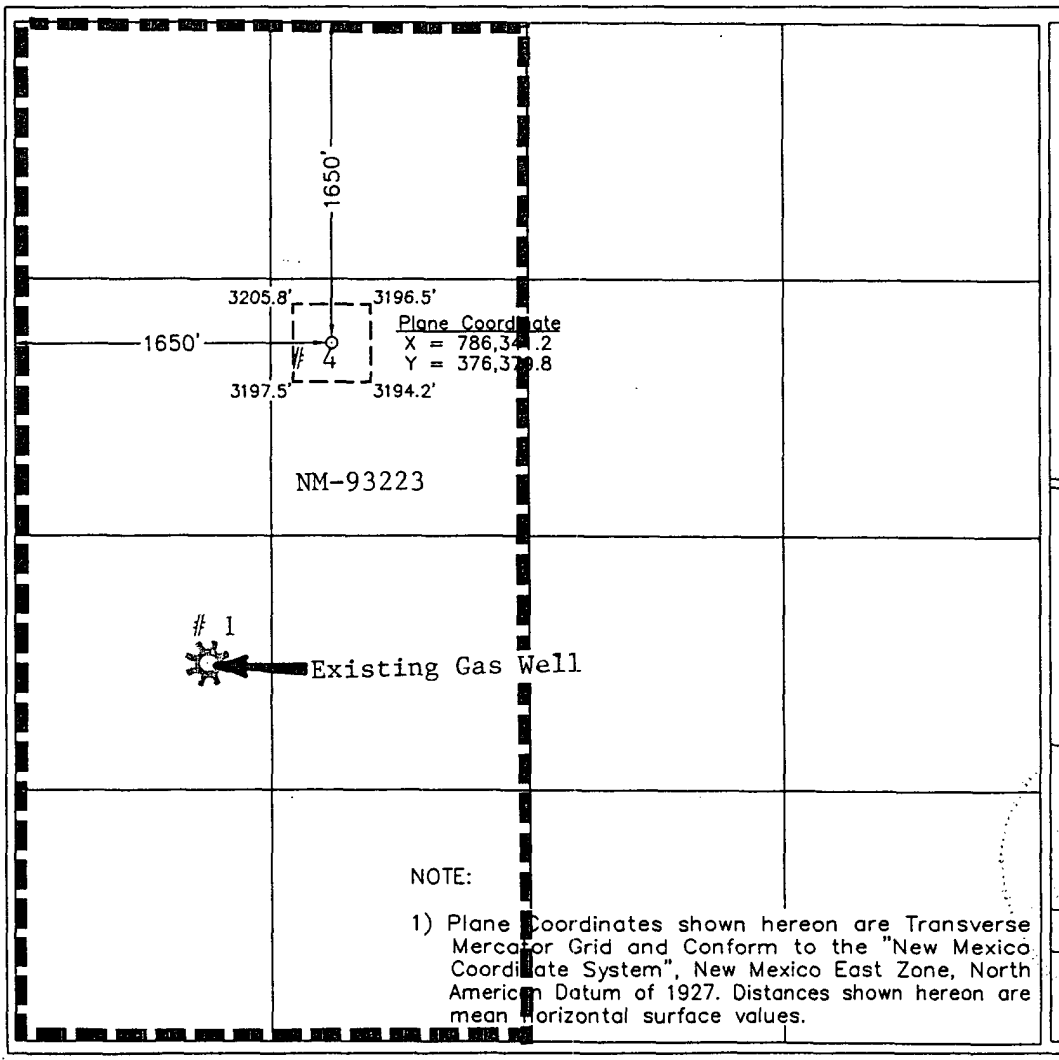
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
F	19	26 S	35 E		1650	NORTH	1650	WEST	LEA

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



NOTE:

1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

OPERATOR CERTIFICATION

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

Bascom L. Mitchell
Signature

BASCOM L. MITCHELL
Printed Name

AGENT
Title

9/09/05
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 upervison and that the same is true and orrect to the best of my belief.

September 1, 2005
Date Surveyed

LVA
Signature & Seal of Professional Surveyor

W.O. Num. 2005-0763

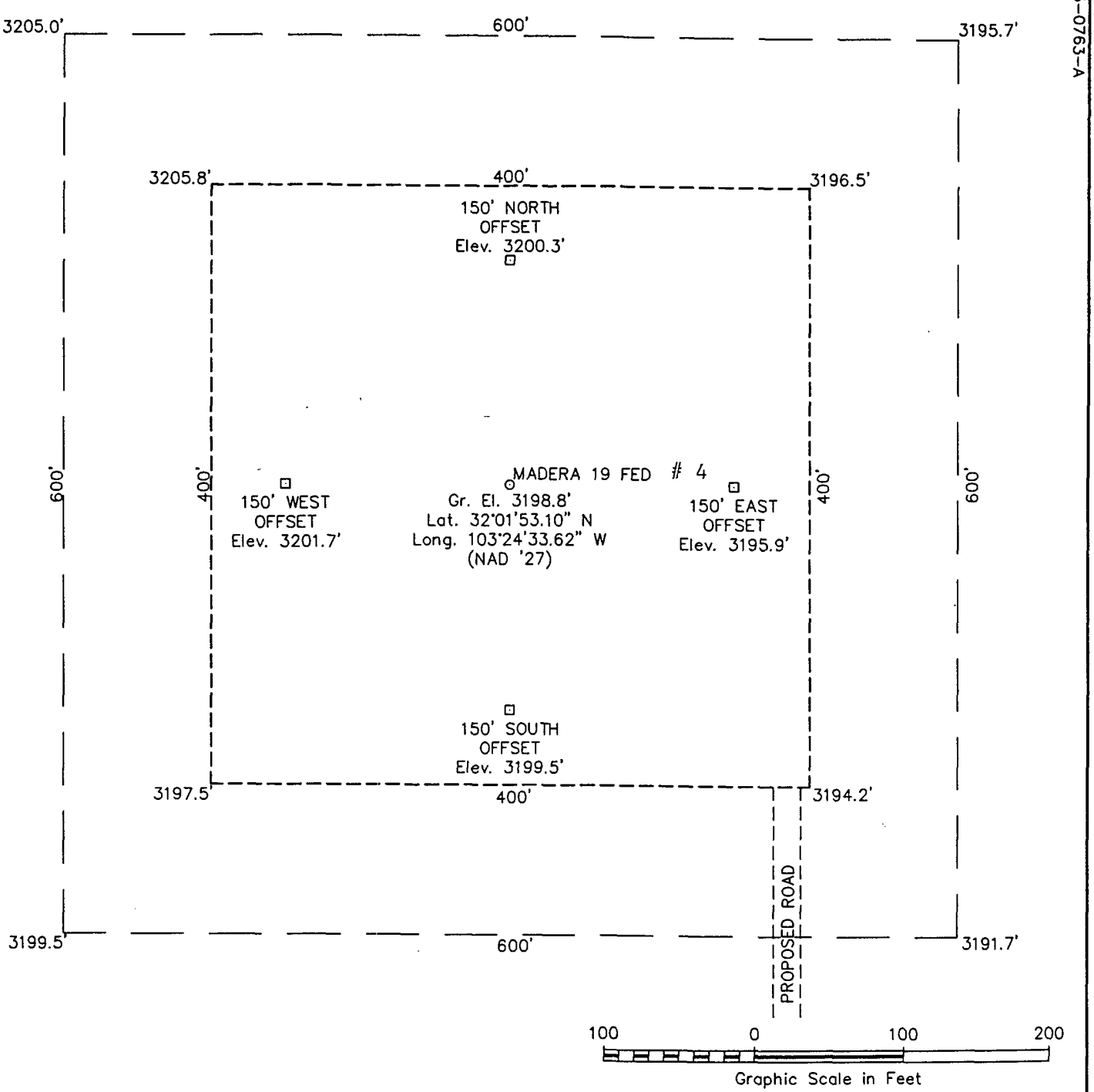
Certificate No. MACON McDONALD 12185

EXHIBIT "A"

SECTION 19, TOWNSHIP 26 SOUTH, RANGE 35 EAST, N.M.P.M.

LEA COUNTY NEW MEXICO

L-2005-0763-A



DRIVING DIRECTIONS

FROM THE INTERSECTION OF STATE HIGHWAY 302 AND COUNTY ROAD 101 ABOUT 4 MILES WEST OF KERMIT, TX GO NORTH 7.4 MILES ON SAID COUNTY ROAD 101, TURN WEST THRU CATTLE GUARD 7 MILES ON CALICHE ROAD, TURN NORTHWEST 7.6 MILES ALONG PIPELINE, TURN NORTHEAST 0.4 MILE, TURN NORTH 1.5 MILES, TURN EAST 0.5 MILE TO TO WELL IN SECTION 30, TURN NORTH ABOUT 1.5 MILES TO A TEE, TURN NORTHEAST 0.2 MILE TO POINT WHERE A PROPOSED FLAGGED OUT ROAD BEGINS, TURN NORTH ALONG SAID PROPOSED ROAD 673 FEET TO PROPOSED LOCATION.

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

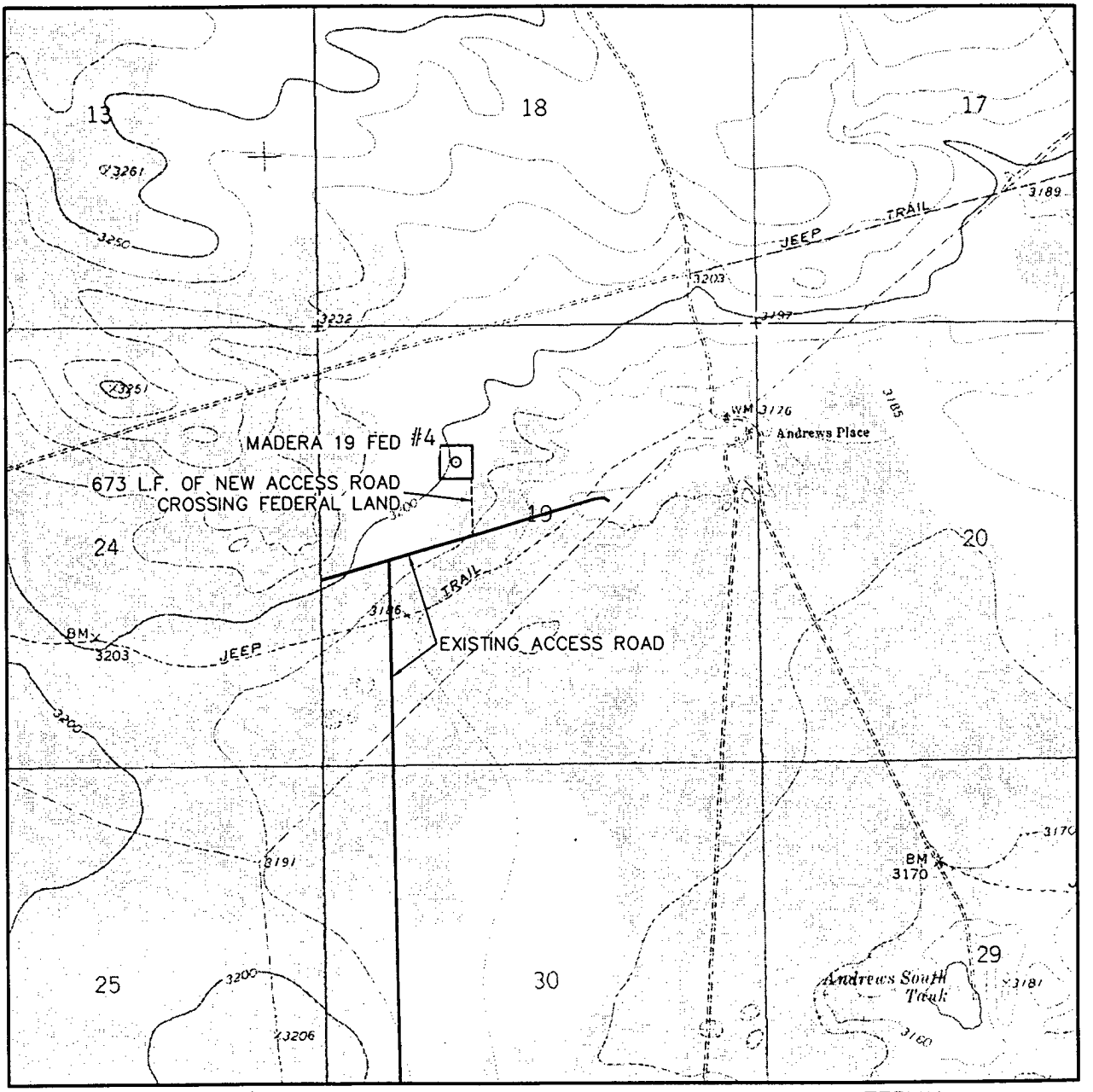
JUMBO AMERICAN PETROLEUM CORPORATION

MADERA 19 FED # 4

Located 1650' FNL & 1650' FWL, Section 19
Township 26 South, Range 35 East, N.M.P.M.
Lea County, New Mexico

Drawn By: LVA	Date: September 1, 2005
Scale: 1"=100'	Field Book: 314 / 12-18
Revision Date:	Quadrangle: Andrews Place
W.O. No: 2005-0763	Dwg. No.: L-2005-0763-A

LOCATION VERIFICATION MAP



SCALE: 1" = 2000'

CONTOUR INTERVAL:
ANDREWS PLACE – 10'

SEC. 19 TWP. 26-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1650' FNL & 1650' FWL

ELEVATION 3199'

OPERATOR JUMBO AMERICAN PETROLEUM CORPORATION

LEASE MADERA 19 FED

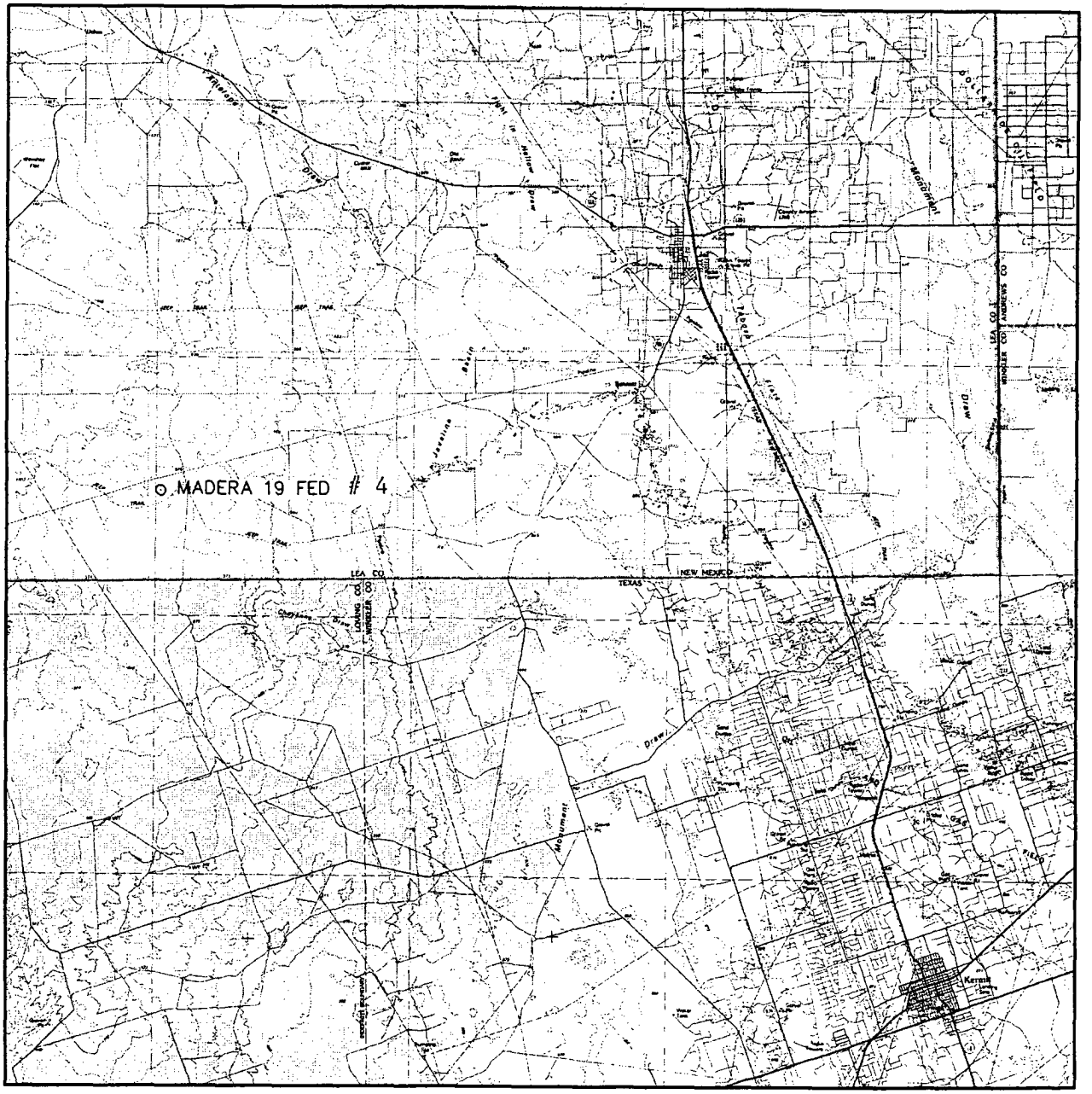
U.S.G.S. TOPOGRAPHIC MAP
ANDREWS PLACE, N.M.

NORTH

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 – (432) 687-0868 FAX

VICINITY MAP



SCALE: 1" = 4 MILES

SEC. 19 TWP. 26-S RGE. 35-E

SURVEY N.M.P.M.

COUNTY LEA

DESCRIPTION 1650' FNL & 1650' FWL

ELEVATION 3199'

OPERATOR JUMBO AMERICAN PETROLEUM CORPORATION

LEASE MADERA 19 FED

WEST COMPANY of Midland, Inc.

110 W. LOUISIANA, STE. 110
MIDLAND TEXAS, 79701
(432) 687-0865 - (432) 687-0868 FAX

APPLICATION TO DRILL

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4:
UNIT "F" SECTION 19
T26S-R35E 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: 1650' FNL & 1-50' FWL SECTION 19 T26S-R35E

2. Ground Elevation above Sea Level: 3199'

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: 16,500'

6. Estimated tops of geological markers:

Rustler Anhydrite	950'	Wolfacmp	12554'
Delaware Lime	5330'	Strawn	14600'
		Atoka Lime	15000'
Delaware Sand	5360	Atoka Sand	15200'
Bone Spring	9470'	Atoka Lime	15400'
		TD	16500'

7. Possible mineral bearing formations:

Wolfcamp	Gas
Atoka Lime @15400'	Gas

8. Casing Program:

Hole Size	Interval	OD of Casing	Weight	Thread	Collar	Grade
26"	0-40	20"	NA	NA	NA	Conductor
17½"	0-1000'	13 3/8"	54.5#	8-R	ST&C	J-55
12¼"	0-5300'	9 5/8"	40#	8-R	LT&C	HCK-55 J-55
8 3/4"	0-13,400'	7"	29#	8-R	LT&C	P-110
6 1/8"	13,200-16,500'	4½"	15.1#	8-R	LT&C	P-110

APPLICATION TO DRILL

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

9. CEMENTING AND SETTING DEPTHS:

20"	Conductor	Set 40' of 20" conductor pipe and cement to surface with Redi-mix.
13 3/8"	Surface	Set 1000' of 13 3/8" 54.5# J-55 ST&C casing. Cement with 800 Sx. of Class "C" 35/65 POZ + 6% Gel + 2% CaCl, + ¼# Flocele/Sx, tail in with 200 Sx. of Class "C" cement + additives, circulate cement to surface.
9 5/8"	1st Inermediate	Set 5300' of 9 5/8" casing as follows: 1800' of 9 5/8" 40# HCK-55 LT&C, 3500' of 9 5/8" 40# J-55 LT&C casing. Cement with 1850 Sx. of 35/65 Class "C" POZ, + 5% Salt, + 6% Gel, + ¼# Celo flakes/Sx., tail in with 200 Sx. of Class "C" cement,circulate cement to surface.
7"	2nd Intermediate	Set 13,400' of 7" 29# P-110 LT&C casing. Cement in 2 stages with DV Tool at 7500'±. Cement 1st stage with 1400 Sx. of 50/50 POZ Class "H" cement + 3# LCM/Sx., + .4% fluid loss additive, + .2% retarder, + 10% Gel, tail in with 250 Sx. of 50/50 POZ Class "H" cement + .8% fluid loss additive, + 2% Gel, Cement 2nd stage with 250 Sx. of Premium Lite cement + 6% Gel, + .4% fluid loss additive, tail in with 200 Sx. of Premium Plus cement + additives, estimate top of cement 5000' from surface. Volumes of cement will be calculated from caliper log and alterations made if necessary.
4½"	Production liner	Set a 3300' production liner from 13,200' to 16,500' Liner to be a 4½" 15.1# P-110 LT&C. Cement with 300 Sx. of Class "H" Premium Plus cement + additives, cement to top of liner.

10. PRESSURE CONTROL EQUIPMENT:

Exhibit "E shows a 1500 Series 5000 PSI working pressure B.O.P. to be installed on the 13 3/8" casing prior to drilling casing shoe. B.O.P. to be tested prior to drilling the 13 3/8" casing shoe. Exhibit "E-1" shows a choke manifold Exhibit "F" shows a 10,000 PSI working pressure B.O.P. to be installed after the 9 5/8" casing is run. Exhibit "F-1" shows a 10,000 PSI choke manifold. B.O.P.s will be operated at least once each 24 hour period and the blind rams will be operated when drill pipe is out of hole. Full opening stabbing valve and upper kelly cock will be available on derrick floor in case of need. No abnormal pressures or temperatures are expected while drilling this well.

APPLICATION TO DRILL

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

11. PROPOSED MUD CIRCULATING SYSTEM:

DEPTH	MUD WT.	VISC.	FLUID LOSS	TYPE MUD SYSTEM
40-1000'	8.4-8.7	29-40	NC	Fresh water Spud Mud add paper to control seepage, use lime for pH control.
1000-5300'	10.0-10.2	29-38	NC	Brine water use paper to control seepage, lime for pH control, use high visc. sweeps to clean hole.
5300-13,400'	10.0-9.5	29-40	NC*	Start with brine water as fluid is required use fresh water as make up volume. Use Lime for pH control to 8000' then swutch to caustic. Use high viscosity sweeps to clean hole.
13,400-16,500'	10-12	29-40	NC*	Brine water use Barite to control weight as needed to to control pressures that may be encountered.

* Water loss control may have to be used to run logs, DST's, and casing. If this is necessary use a Polymer mud system.

Sufficient mud materials to maintain mud properties, lost circulation, increased weight requirements, will be kept at the well site at all times. In order to run logs, casing, and DST's the viscosity and water loss may have to be altered. These mud materials will be on location.

APPLICATION TO DRILL

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

12. LOGGING, CORING, TESTING:

A. Compensated Neutron/ Gamma Ray thru casing 5300-Surface
Dual laterolog, MSFL, Gamma Ray 13,400'-Surface
Dual Induction, Gamma Ray 16,500'-13,400'
Compensated Neutron, Litho-Density, Gamma Ray 16,500'-5300'

B. No DST's planned

C. No cores planned

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 11,000 PSI, and Estimated BHT 215°.

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 85 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 ATOKA 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

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19 FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E 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 Jal New Mexico take 3rd street (turns into SR-205) go 8.6± miles to Beckham Ranch road, turn Right (West) go 2.3± miles to ranch house, continue West for 3± miles, turn Right (North) go .5 miles, turn Left (West) follow lease road 3.4 miles to locked gate, continue .3 miles, turn Right (North) go 700' to location.

   C. Exhibit "C" shows proposed roads and routes of flowlines that will be used to produce this lease.

2. PLANNED ACCESS ROADS: Approximately 650' 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.4 mile Northeast 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"

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.

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

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19 FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

11. OTHER INFORMATION:

A. Low relief topography in a deep aeolian sand field, soils consists of tan/ brown silty sands, and small caliche fragments. The vegetation consists of mesquite, cholla, yuccaelata, catclaw acacia, Christmas cactus and native grasses.

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 grazing of livestock and the production of oil and gas.

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

D. There are no dewllings located within 2 miles of this location.

12. OPERATORS REPRESENTIVE:

Before Construction:

TIERRA EXPLORATION, INC.
P.O. BOX 2188
HOBBS, NEW MEXICO 88241
JOE T. JANICA
OFFICE PH. 505-391-8503
CELL PH. 505-390-1598

During and After Construction:

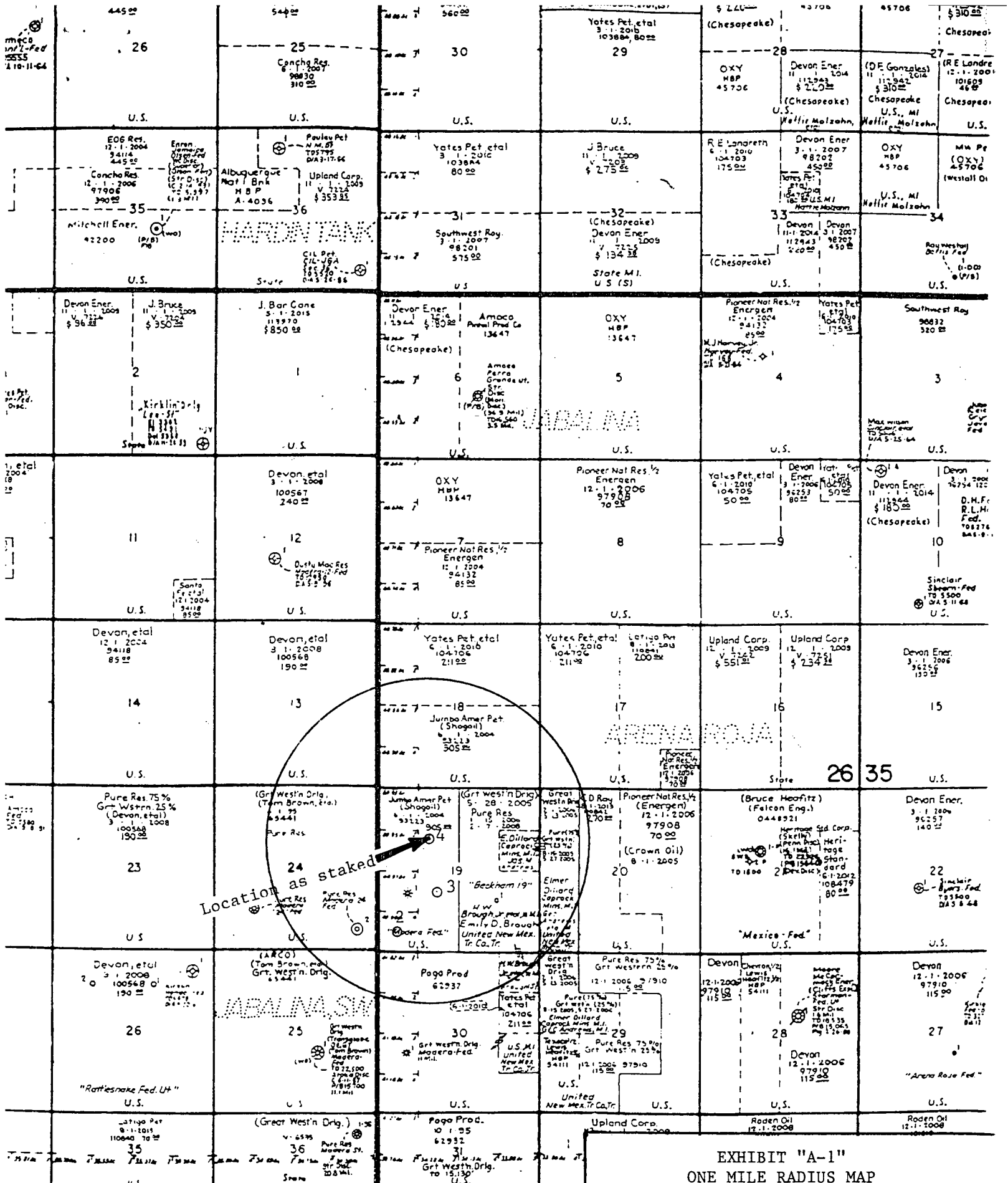
JUMBO AMERICAN PETROLEUM CORP.
550 WEST TEXAS SUITE 1303
MIDLAND, TEXAS 79701
BASCOM L. MITCHELL
PH. 432-682-6495
SIERRA ENGINEERING
DAN DODD
PH. 432-683-8000

13. CERTIFICATION: I hereby certify that I or persons under my direct supervision have inspected the proposed drill site snd access route, that I am fimiliar with the conditions which currently exist, that the statements made in this plan are to the best of my knowledge, are true and correct, and that the work associated with the operations proposed herein will be performed by JUMBO AMERICAN PETROLEUM CORP., its contractors/subcontractors is in the conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provision of U.S.C. 1001 for filing of a false report.

NAME : Joe T Janica

DATE : 10/07/05

TITLE : Agent



wnership Map

EXHIBIT "A-1"
ONE MILE RADIUS MAP

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

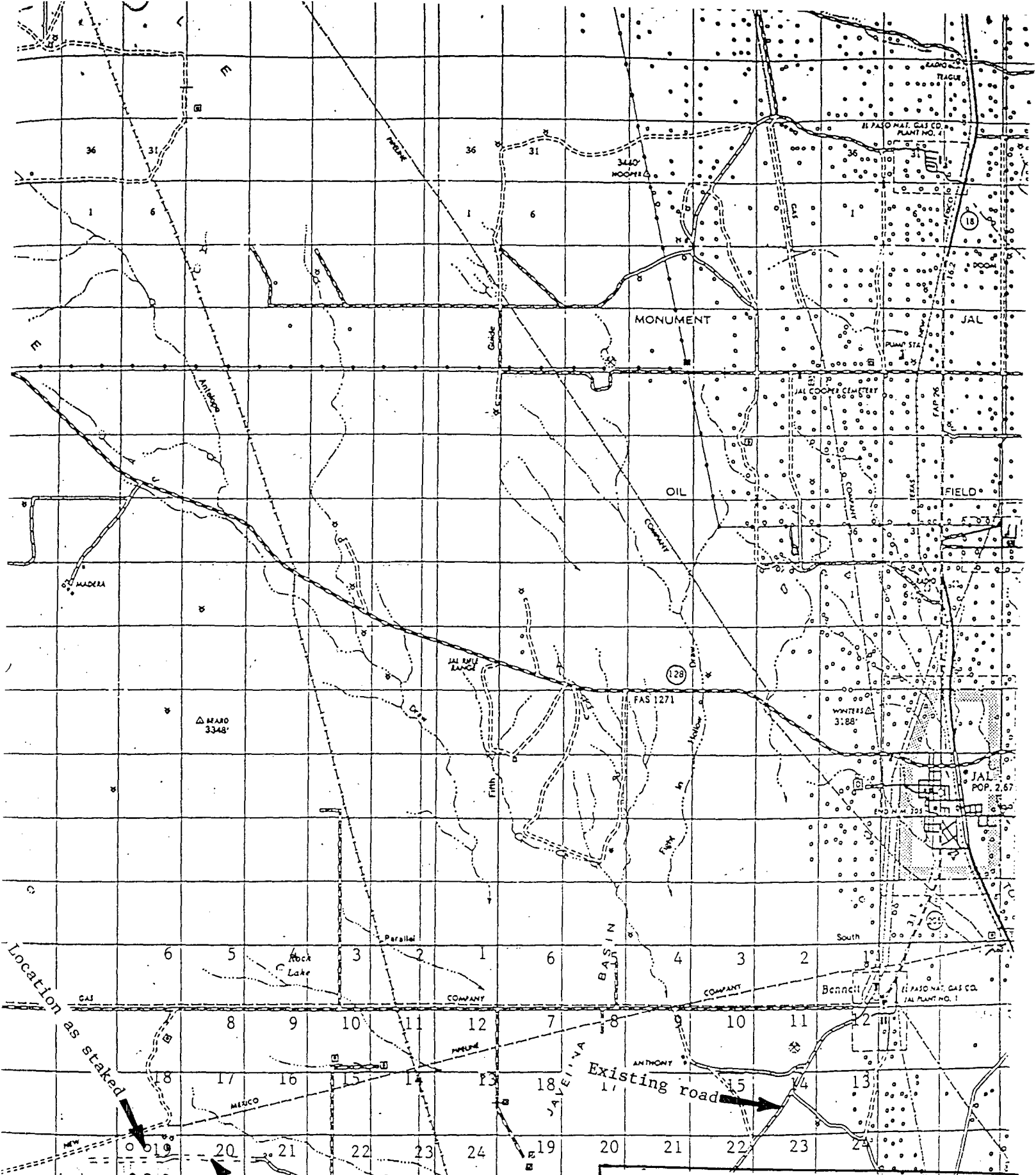


EXHIBIT "B"
LOCATION & ACCESS ROAD MAP

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

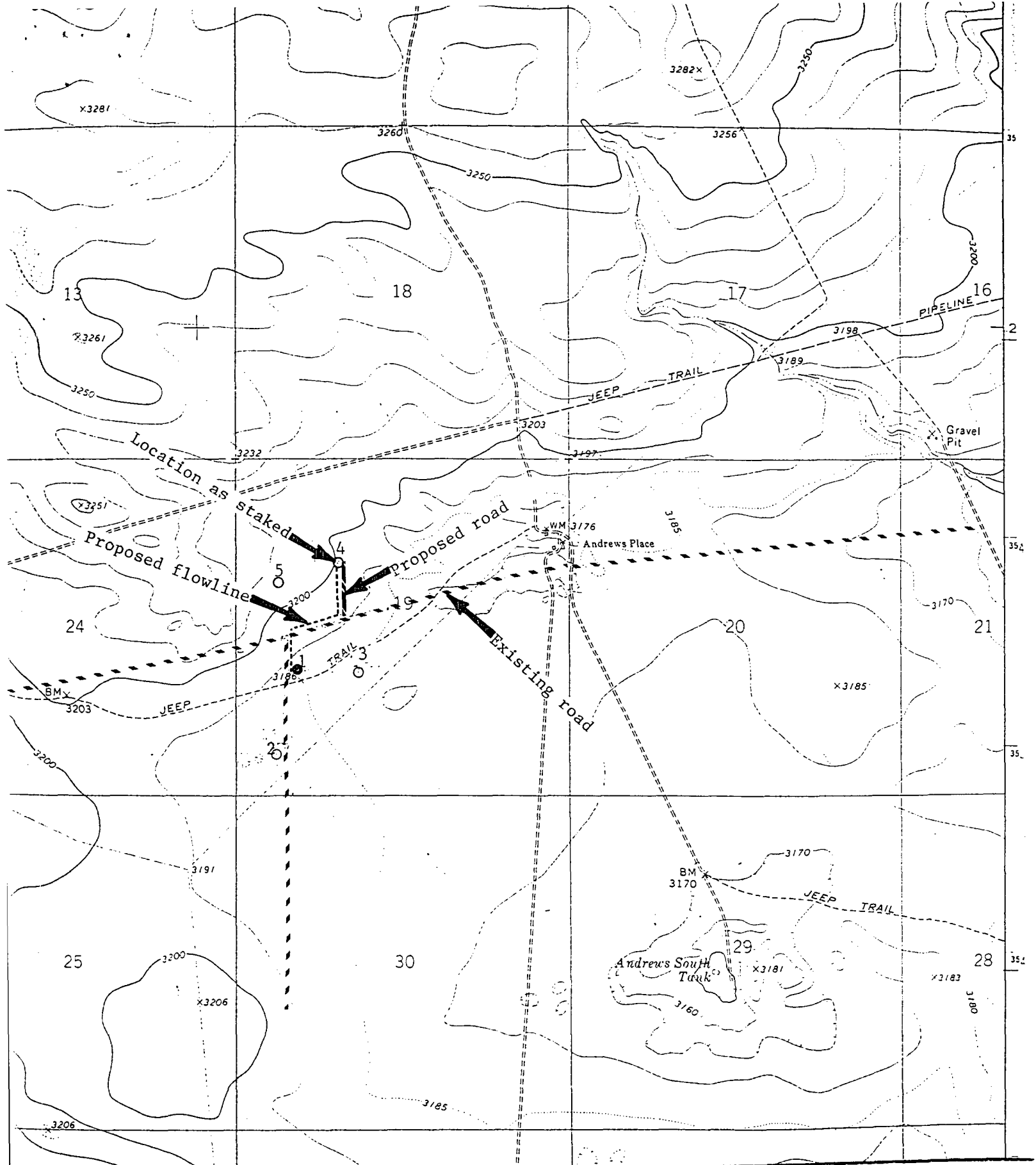
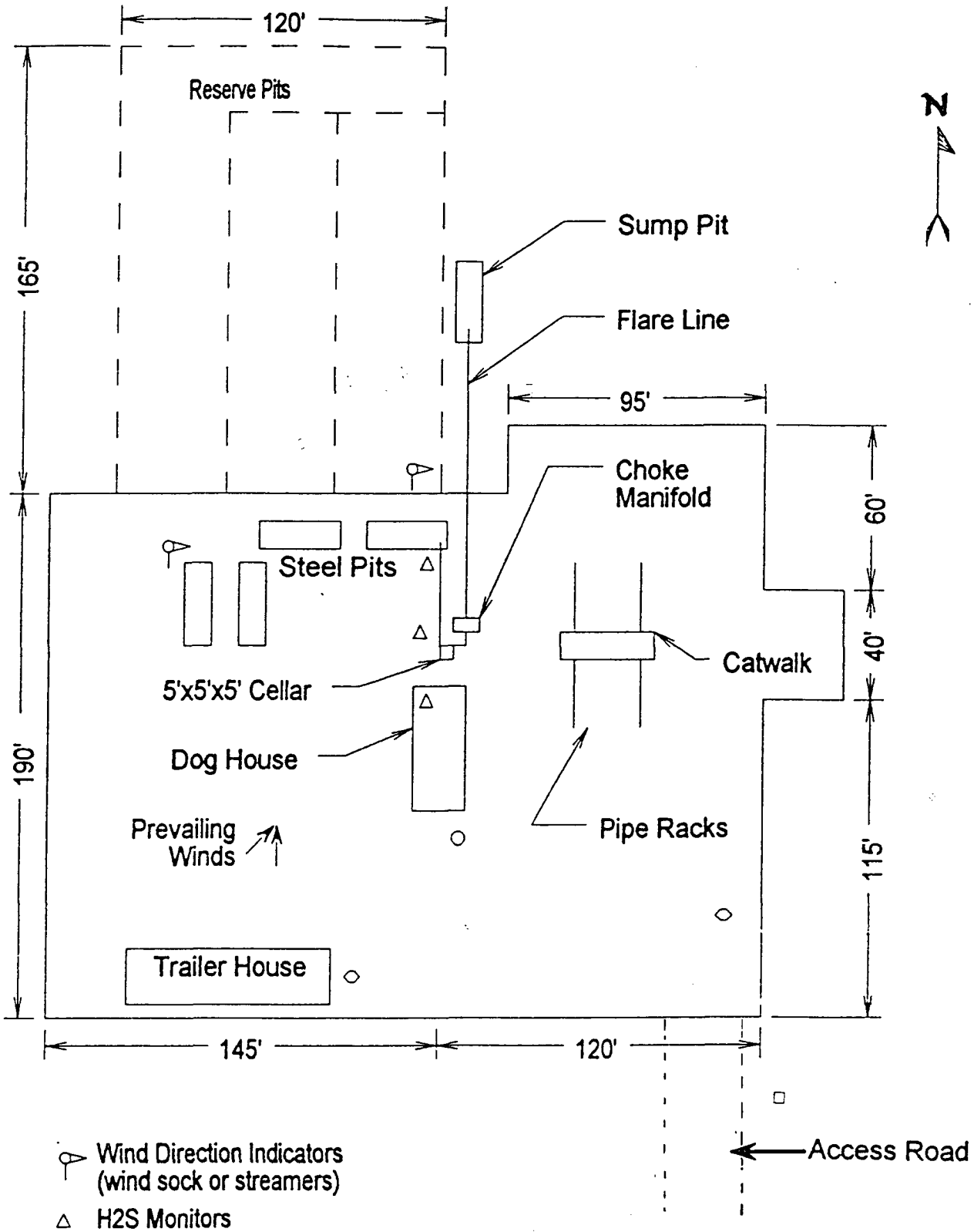


EXHIBIT "C"
TOPOGRAPHIC MAP SHOWING
ROADS & DIRECTIONS TO

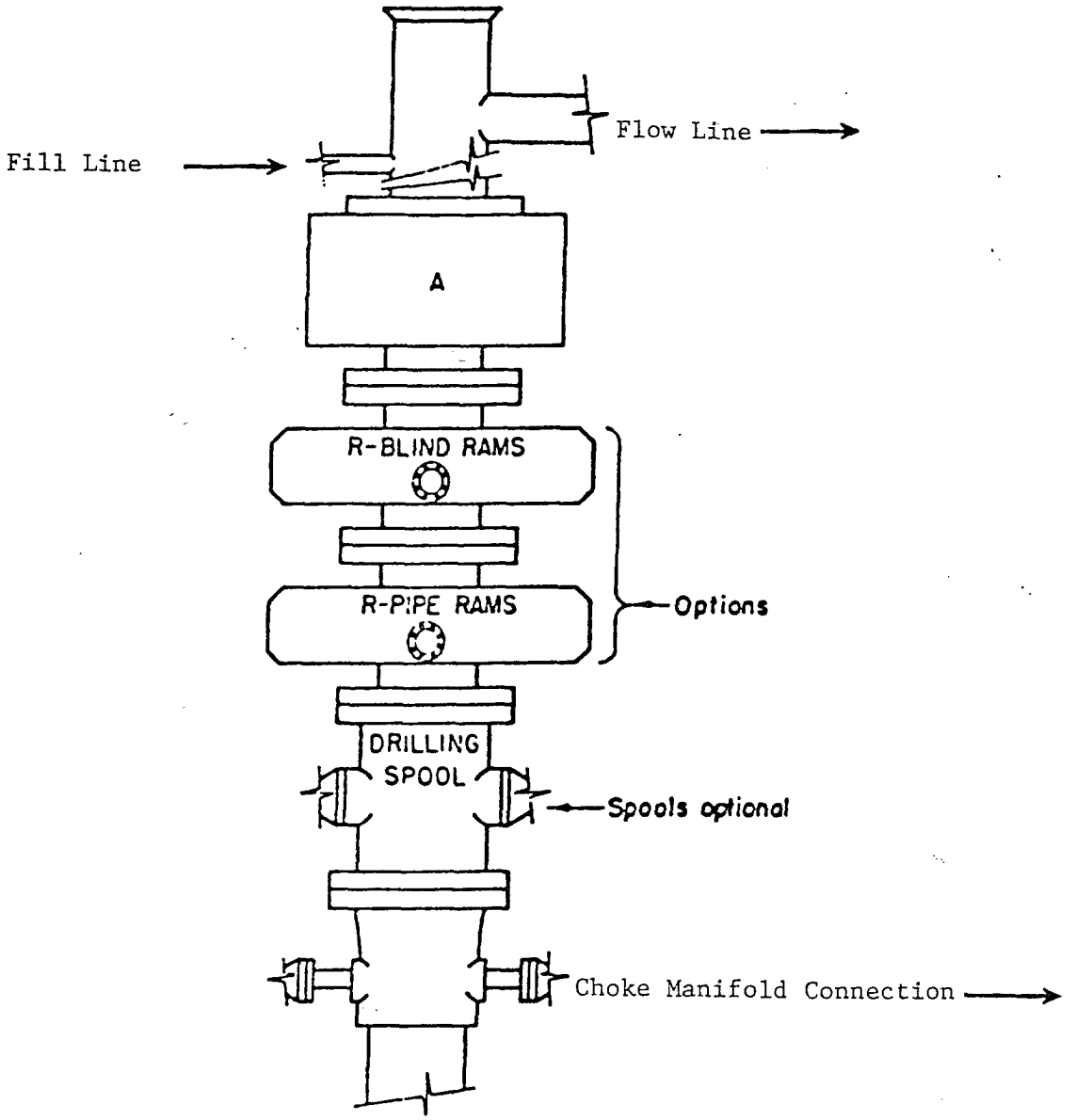
JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM



- Wind Direction Indicators (wind sock or streamers)
- △ H2S Monitors (alarms at bell nipple and shale shaker)
- ◇ Briefing Areas
- ○ Remote BOP Closing Unit
- □ Sign and Condition Flags

EXHIBIT "D"
RIG LAY OUT PLAT

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL #4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM



ARRANGEMENT SRRA

1500 Series
5000 PSI WP

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

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

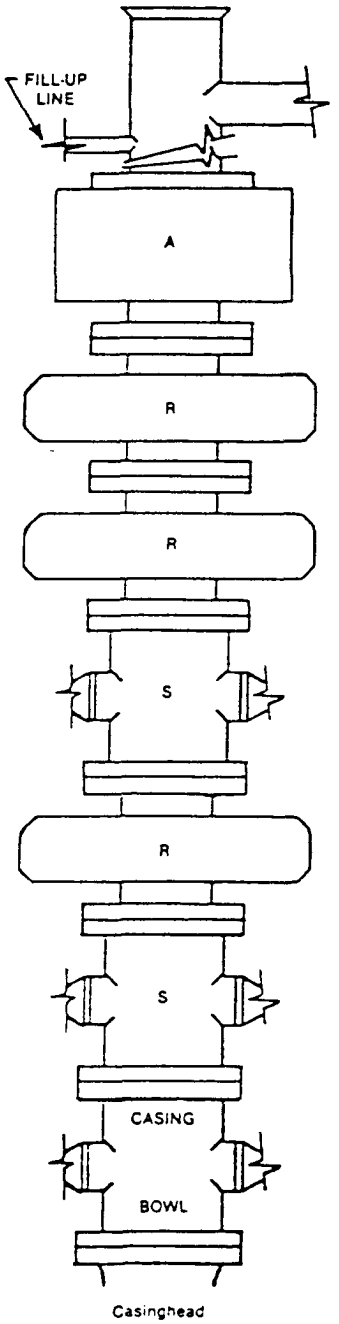


FIGURE K1-3. Recommended IADC Class 10 BOP stack arrangement SRSRRA, 10,000 psi WP. Lower drilling spool is optional with outlets on lower ram. Annular preventers 10,000 psi.

EXHIBIT "F"
SKETCH OF B.O.P. TO BE USED ON
10,000 PSI

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

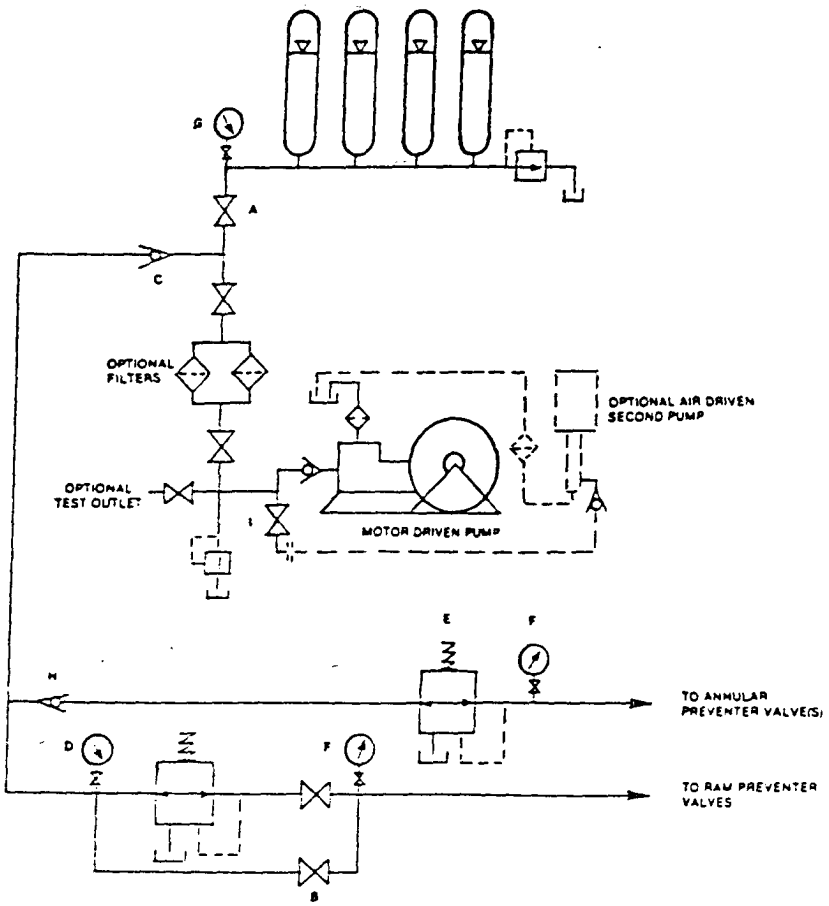


FIGURE K6-1. The schematic sketch of an accumulator system shows required and optional components.

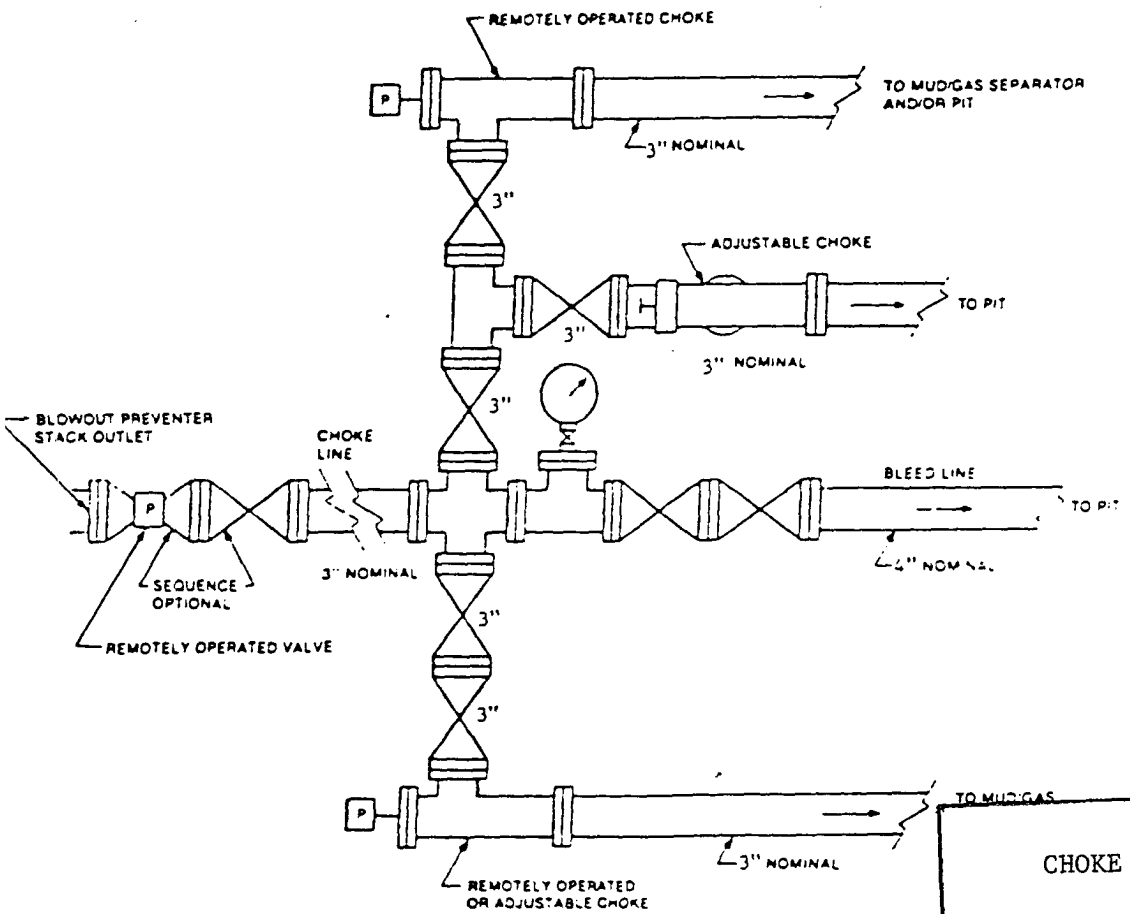


FIGURE K4-3. Typical choke manifold assembly for 10M and 15M rated working pressure service — surface installation.

EXHIBIT "F-1"
CHOKE MANIFOLD & CLOSING UNIT
10,000 PSI

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL # 4
UNIT "F" SECTION 19
T26S-R35E LEA CO. NM

SPECIAL DRILLING STIPULATIONS

THE FOLLOWING DATA IS REQUIRED ON THE WELL SIGN

Operator's Name Jumbo American Petroleum Corp. Well Name & No. Madera 19 Federal #4
Location 1650 F N L & 1650 F W L Sec. 19, T. 26 S, R 35 E.
Lease No. NM-93223 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

( ) 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.

( ) Other.

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.

( ) 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 SEE ATTACHED SEED MIXTURE

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.

( ) Other.

RESERVE PIT CONSTRUCTION STANDARDS

The reserve pit shall be constructed entirely in cut material and lined with 6 mil plastic.

Mineral material extracted during construction of the reserve pit may be used for development of the pad and access road as needed. Removal of any additional material on location must 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 borrow/caliche/gravel pit can be constructed immediately adjacent to the reserve pit and it capable of containing all reserve pit contents. The mineral material removed in the process can be used for pad and access road construction. However, a material sales contract must be purchased from the BLM prior to removal of the material.

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 recontoured, 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 processed 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.

CONDITIONS OF APPROVAL - DRILLING

Operator's Name: Jumbo American Petroleum Corporation
Well Name & No: Madera "19" Federal No 04
Location: Surface: 1650' FNL & 1650' FWL, Sec.19, T. 26 S. R. 35 E.
Lease: NMNM 93223
Lea County, New Mexico

I. DRILLING OPERATIONS REQUIREMENTS:

1. The Bureau of Land Management (BLM) is to be notified at the Roswell Field Office, 2909 West Second St., Roswell, NM 88201, (505) 627-0272 for wells in Chaves and Roosevelt Counties; the Carlsbad Field Office, 620 East Greene St., Carlsbad, NM 88220, (505) 361-2822 for wells in Eddy County; and the Hobbs Field Station, 414 West Taylor, Hobbs NM 88240, (505) 393-3612 for wells in Lea County, in sufficient time for a representative to witness:

A. Spudding

B. Cementing casing: 13⅜ inch; 9 ⅝ inch; 7 inch, 4 ½ inch liner

C. BOP Tests

2. A Hydrogen Sulfide (H2S) Drilling Plan is not required for this wellbore. However, there are some shows of H2s presence in the Strawn formation estimated to be at 14,650 ft. The APD calls to have an immediate plan applied if any signs of H2S become evident.

3. 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.

4. Submit a Sundry Notice (Form 3160-5, one original and five copies) for each casing string, describing the casing and cementing operations. Include pertinent information such as; spud date, hole size, casing (size, weight, grade and thread type), cement (type, quantity and top), water zones and problems or hazards encountered. The Sundry shall be submitted within 15 days of completion of each casing string. The reports may be combined into the same Sundry if they fall within the same 15 day time frame.

5. The API No. assigned to the well by NMOCD shall be included on the subsequent report of setting the first casing string.

II. CASING:

1. The 13 ⅜ inch shall be set at **1000 Feet** with cement circulated to the surface. If cement does not circulate to the surface the appropriate 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. The minimum required fill of cement behind the 9 ⅝ inch Intermediate casing is to **circulate to surface.**

3. The minimum required fill of cement behind the 7 inch Intermediate casing is to **place TOC at approximately 5000 ft.**

4. The minimum required fill of cement behind the 4 ½ inch liner is to **circulate to top of liner**.

III. PRESSURE CONTROL:

1. All BOP systems and related equipment shall comply with well control requirements as described in Onshore Oil and Gas Order No. 2. The BOP and related equipment shall be installed and operational before drilling below the 13 ⅜ inch casing shoe and shall be tested as described in Onshore Order No. 2. Any equipment failing to test satisfactorily shall be repaired or replaced.

2. Minimum working pressure of the blowout preventer and related equipment (BOPE) shall be **5M psi.** , prior to drilling below the 9 ⅝ inch casing shoe. The operator is planning on using a 5M BOPE for surface then a 10 M installed on the 9 ⅝ through to TD.

III. Pressure Control (continued):

3. The appropriate BLM office shall be notified in sufficient time for a representative to witness the test.

-The test shall be done by an independent service company
-The results of the test shall be reported to the appropriate BLM office.
-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.
-Testing must be done in safe workman-like manner. Hard line connections shall be required.
-Both low pressure and high pressure testing of BOPE is required.

Ggourley 10/20/05

BLM Serial Number: NM-93223
Company Reference: Jumbo American Petroleum Corp.
Well No. & Name: Madera_19 Federal #4

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.

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).

/_X_/ 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, outsloping, insloping, 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).

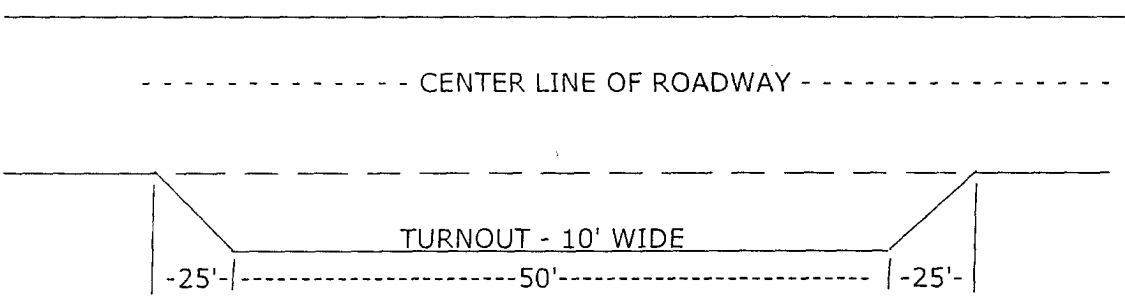
C. On road slopes exceeding 2%, drainage dips shall drain water into an adjacent lead-off ditch. Drainage dip location and spacing shall be determined by the formula:

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:

BLM Serial Number: NM-93223
Company Reference: Jumbo American Petroleum Corp.
Well No. & Name: Madera 19 Federal #4

STANDARD STIPULATIONS FOR SURFACE INSTALLED PIPELINES

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.

Holder agrees to comply with the following stipulations to the satisfaction of the Authorized Officer:

1. 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.

2. 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 USC 2601 et seq. (1982) with regards to any toxic substances that are used, generated by or stored on the right-of-way or on facilities authorized under this right-of-way 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.

3. 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 activity of the Right-of-Way holder's activity on the Right-of-Way), or resulting from the activity of the Right-of-Way holder 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.

4. The holder shall be liable for damage or injury to the United States to the extent provided by 43 CFR Sec. 2883.1-4. The holder shall be held to a standard of strict liability for damage or injury to the United States resulting from pipe rupture, fire, or spills caused or substantially aggravated by any of the following within the right-of-way or permit area:

a. Activities of the holder including, but not limited to construction, operation, maintenance, and termination of the facility.

b. Activities of other parties including, but not limited to:

(1) Land clearing.
(2) Earth-disturbing and earth-moving work.
(3) Blasting.
(4) Vandalism and sabotage.

c. Acts of God.

The maximum limitation for such strict liability damages shall not exceed one million dollars ($1,000,000) for any one event, and any liability in excess of such amount shall be determined by the ordinary rules of negligence of the jurisdiction in which the damage or injury occurred.

This section shall not impose strict liability for damage or injury resulting primarily from an act of war or from the negligent acts or omissions of the United States.

5. If, during any phase of the construction, operation, maintenance, or termination of the pipeline, any oil, salt water, or other pollutant should be discharged from the pipeline system, impacting Federal lands, the control and total removal, disposal, and cleaning up of such oil, salt water, or 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 resulting therefrom, on the Federal lands, the Authorized Officer may take such measures as he deems necessary to control and clean up 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 responsibility as provided herein.

6. All construction and maintenance activity will be confined to the authorized right-of-way width of 10 feet.

7. No blading or clearing of any vegetation will be allowed unless approved in writing by the Authorized Officer.

8. The holder shall install the pipeline on the surface in such a manner that will minimize suspension of the pipeline across low areas in the terrain. In hummocky of duney areas, the pipeline will be "snaked" around hummocks and dunes rather then suspended across these features.

9. The pipeline shall be buried with a minimum of 36 inches under all roads, "two-tracks," and trails. Burial of the pipe will continue for 20 feet on each side of each crossing. The condition of the road, upon completion of construction, shall be returned to at least its former state with no bumps or dips remaining in the road surface.

10. The holder shall minimize disturbance to existing fences and other improvements on public lands. 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 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. No permanent gates will be allowed unless approved by the Authorized Officer.

11. In those areas where erosion control structures are required to stabilize soil conditions, the holder will install such structures as are suitable for the specific soil conditions being encountered and which are in accordance with sound resource management practices.

12. Excluding the pipe, all above-ground structures not subject to safety requirement shall be painted by the holder to blend with the natural color of the landscape. The paint used shall be a color which simulates "Standard Environmental Colors" – **Shale Green**, Munsell Soil Color No. 5Y 4/2; designated by the Rocky Mountain Five State Interagency Committee.

13. The pipeline will be identified by signs at the point of origin and completion of the right-of-way and at all road crossings. At a minimum, signs will state the holder's name, BLM serial number, and the product being transported. Signs will be maintained in a legible condition for the life of the pipeline.

14. The holder shall not use the pipeline route as a road for purposes other than routine maintenance as determined necessary by the Authorized Officer in consultation with the holder. The holder will take whatever steps are necessary to ensure that the pipeline route is not used as a roadway.

15. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the holder, or any person working on his behalf, on public or Federal land shall be immediately reported to the authorized officer. 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 cultural or scientific values. The holder will be responsible for the cost of evaluation and any decision as to proper mitigation measures will be made by the authorized officer after consulting with the holder.

16. Special Stipulations:

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: JUMBO AMERICAN PETROLEUM CORP. Telephone: 432-682-6495 e-mail address:
Address: 550 WEST TEXAS SUITE 1303 MIDLAND, TEXAS 79701
Facility or well name: MADERA "19" FEDERAL #4 API #: 30-025-37650 U/L or Qtr/Qtr F Sec 19 T 26S R 35E
County: LEA Latitude 32°01'53.1" Longitude 103°24'33.6" 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.) ~~200'~~ 185'	Less than 50 feet 50 feet or more, but less than 100 feet 100 feet or more 0	(20 points) (10 points) (0 points) 0	
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 0	(20 points) (0 points) 0	
Distance to surface water: (horizontal distance to all wetlands, playas, irrigation canals, ditches, and perennial and ephemeral watercourses.) Stock tank .7 miles Eastnortheast.	Less than 200 feet 200 feet or more, but less than 1000 feet 1000 feet or more 0	(20 points) (10 points) (0 points) 0	
	Ranking Score (Total Points) 0		0

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: 10/08/05
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: 12/29/05
Printed Name/Title CHRIS WILLIAMS - DIST. SUP. Signature Chris Williams