

New Mexico Oil Conservation Division, District I
1525 N. French Drive
Hobbs, NM 88240

Form 3160-3
(September 2001)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires January 31, 2004

5. Lease Serial No.
NM 93223

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No. 33613
Madera "19" Federal #1

9. API Well No.
70-025-76645

10. Field and Pool, or Exploratory
Jabalina, S.W. Atoka

11. Sec., T., R., M., or Blk. and Survey or Area
Sec. 19, T-26-S, R-35-E

1a. Type of Work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
Jumbo American Petroleum Corp 22 66 78

3a. Address 550 W. Texas, Ste. 1330-1303
Midland, TX 79701

3b. Phone No. (include area code)
432-682-6495

4. Location of Well (Report location clearly and in accordance with any State Requirements.)

At surface 1980' FSL & 1000' FWL
At proposed prod. zone Unit L

14. Distance in miles and direction from nearest town or post office*
15 miles southwest of Jal, NM

12. County or Parish
Lea

13. State
NM

15. Distance from proposed*
location to nearest
property or lease line, ft. 1000'
(Also to nearest drig. unit line, if any)

16. No. of Acres in lease
640

17. Spacing Unit dedicated to this well
320

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft. NA

19. Proposed Depth
16500

20. BLM/BIA Bond No. or file

copy of application enclosed

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
3188' GL

22. Approximate date work will start*
Jan 15, 2004

23. Estimated duration
100 days

24. Attachments

Captain Controlled Water Basin

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature Bascom Mitchell

Name (Printed/Typed)

Bascom Mitchell

Date 12/9/03

Title Agent for Jumbo American Petroleum Corp.

Approved by (Signature) /s/ JOE G. LARA

Name (Printed/Typed)

/s/ JOE G. LARA

Date JAN 26 2004

Title ACTING FIELD MANAGER

Office

CARLSBAD FIELD OFFICE

Application approval does not warrant or certify the 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, are attached.

APPROVAL FOR 1 YEAR

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make 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.

*(Instructions on reverse)

**APPROVAL SUBJECT TO
GENERAL REQUIREMENTS AND
SPECIAL STIPULATIONS
ATTACHED**

KZ

DISTRICT I
625 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 August 15, 2000

Submit to Appropriate District Office

State Lease - 4 copies

Fee Lease - 3 copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number	² Pool Code	³ Pool Name
		Jabalina, SW Atoka
⁴ Property Code	⁵ Property Name	⁶ Well Number
	MADERA "19" FEDERAL	1
⁷ OGRID No.	⁸ Operator Name	⁹ Elevation
	JUMBO AMERICAN PETROLEUM CORP.	3188'

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
3	19	26 SOUTH	35 EAST, N.M.P.M.		1980'	SOUTH	1000'	WEST	LEA

¹¹ 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
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.						
320									

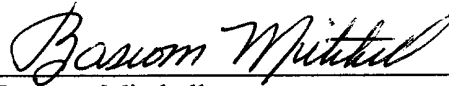
NO ALLOWABLE WELL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

<div><p>¹⁶</p><p>1</p><p>2</p><p>3</p><p>1000'</p><p>1980'</p><p>4</p></div>	<div><p>¹⁷ OPERATOR CERTIFICATION</p><p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p><p><i>Bascom Mitchell</i></p><p>Signature</p><p>Bascom Mitchell</p><p>Printed Name</p><p>Agent for Jumbo American</p><p>Title</p><p>Date</p><p>¹⁸ SURVEYOR CERTIFICATION</p><p>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 supervision, and that the same is true and correct to the best of my belief.</p><p>NOVEMBER 20, 2003</p><p>Date of Survey</p><p>Signature and Seal of Professional Surveyor</p><p>Certificate Number</p><p>V. L. BEZNER R.P.S. #7920</p><p>JOB #91537 / 21 SW / J.C.P.</p></div>
---	---

JUMBO AMERICAN PETROLEUM CORP.
MADERA "19" FEDERAL No. 1
Section 19, T-26-S, R-35-E
Lea County, New Mexico

Jumbo American Petroleum Corporation accepts all applicable terms, conditions, stipulations and restrictions concerning operations conducted on the leased land or portion thereof, as described above.

Bond Coverage: Single Well
BLM Bond File No: Copy of application enclosed.

A handwritten signature in cursive script, reading "Bascom Mitchell", is written over a horizontal line.

Bascom Mitchell
Agent for Jumbo American Petroleum Corp

DRILLING PROGRAM
Jumbo American Petroleum Corp.
Madera "19" Federal No. 1
Section 19, T-26-S, R-35-E
Lea County, New Mexico

In conjunction with Form 3160-3, Application for Permit to Drill the subject well, Jumbo American Petroleum Corp. Submits the following ten items of pertinent information in accordance with Onshore Oil & Gas Order No. 1.

1. Geologic Name of Surface Formation: Alluvium
2. Estimated Tops of Significant Geologic Markers:

Rustler Anhydrite	950'
Delaware Lime	5360'
Bone Spring	9470'
Wolfcamp	12554'
Strawn	14684'
Atoka Lime	15088'
Morrow Sand	16200'
Total Depth	16500'
3. The estimated depths at which water, oil, or gas formations are expected:

Water	None expected in area
Gas	Wolfcamp @12554' to Morrow Sand @16200'
4. Proposed Casing Program: See Form 3160-3 and Exhibit A
5. Pressure Control Equipment: See Exhibit B.
6. Drilling Fluid Program: See Exhibit C.
7. Auxiliary Equipment: A mud logging unit will be utilized to monitor penetration rate and hydrocarbon shows while drilling below the intermediate casing at 5300'.
8. Testing, Logging, and Coring Program:

Drill Stem Tests: None Planned

Logging:

Compensated Neutron/Gamma Ray (thru csg)	Surf - 5300'
Dual Laterolog w/MSFL and Gamma Ray	5300 - 13000'
Dual Induction/Gamma Ray	13000' - 16500'
Compensated Neutron/Litho-Density/Gamma Ray	5300 - 16500'

Coring: None planned.

9. Abnormal Conditions, Pressures, Temperatures, & Potential Hazards:

Pressures and temperatures are expected to be normal to the Wolfcamp at 12554'. Abnormal pressures and temperatures are anticipated from 12554 total depth. Estimated bottom hole pressure is 11000 psi and estimated bottom hole temperature is 200° at TD.

10. Anticipated Starting Date and Duration of Operations:

Road and location work will not begin until approval has been received from the BLM. The anticipated spud date is January 15, 2004. Once spudded, the drilling operation should be completed in approximately 100 days. If the well is productive, an additional 30 days will be required for completion and testing before permanent facilities are installed.

EXHIBIT A
OPERATIONS PLAN
Jumbo American Petroleum Corp.
Madera "19" Federal No. 1
Section 19, T-26-S, R-35-E
Lea County, New Mexico

1. Set 20" 78.6 ppf PELP conductor casing in a 26" hole to approximately 40' below ground level with rathole machine before moving rig. Cement to cellar floor with approximately 5 yards of 5 sack ready mixed concrete.
2. Drill a 17 ½" hole to approximately 1000'.
3. Run 13 3/8" 54.5 ppf J-55 ST & C casing to 1000'. Cement to surface with 700 sx Class "C" cement containing 4% gel and CaCl₂ followed by 250 sx Class "C" cement containing 2% CaCl₂. Run centralizers on every 3rd joint above the bottom.
4. Wait on cement six hours prior to cutting off.
5. Install 13 5/8" 5000 psi annular BOP and test to 1000 psi. WOC 12 hours prior to drilling out.
6. Drilling a 12 1/4" hole to approximately 5300'.
7. Run 1800' of 10 3/4" 45.5 ppf HCK-55 ST & C casing on bottom with 3500' of 10 3/4" 45.5 ppf K-55 ST & C casing to surface. Cement to surface with 1000 sx Premium Plus "Lite" cement containing 6% gel and 12 pps salt followed by 350 sx Premium Plus cement. Run centralizers on every 2nd joint to 500' from bottom and place 3 centralizers in surface casing.
8. Wait on cement six hours prior to cutting off.
9. Install three 13 5/8" 10000 psi ram type BOP and one 13 5/8" 5000 psi annular BOP system with 10000 psi choke manifold.
10. Test BOP system and 10 3/4" casing to 2500 psi. WOC 24 hours prior to drilling out.
11. Drill a 9 7/8" hole to approximately 13000' and run electric logs.
12. Run 7 5/8" 33.7 ppf P-110 LT & C casing to 13000'. Cement to 5000' from surface in two stages with DV tool at ±7500'. Cement around casing shoe at 13000' with 500 sacks Premium "Lite" cement containing 6% gel, 3 pps salt, 4 pps gilsonite and .4% fluid loss additive followed by 425 sx Premium Trinity cement containing .5% fluid loss additive and .3% retarder. Cement through DV tool at 7500' with 250 sacks Premium "Lite" cement containing 6% gel and .4% fluid loss additive followed by 250 sacks Premium cement

containing .6% fluid loss additive. Run centralizers on every 2nd joint to 500' from bottom and 1 joint above and below the DV tool.

13. Utilize the BOP system and choke manifold from 9 7/8" hole section (step 9).
14. Test BOP system to 10000 psi. Test 7 5/8" casing to 3000 psi. WOC 24 hours prior to drilling out.
15. Drill a 6 1/2" hole to approximately 16500' and run electric logs.
16. Either run and cement 3900' of 5" 21.40# P-110 FL4S casing liner from 16500' to 12600' or plug and abandon as per BLM requirements.

PROPOSED 10-M BOPE AND CHOKE ARRANGEMENT

EXHIBIT B

Jumbo American Petroleum Corp.

MADERA "19" FEDERAL No. 1

1980' FSL & 1000' FWL

Section 19, T-26-S, R-35-E

Lea County, New Mexico

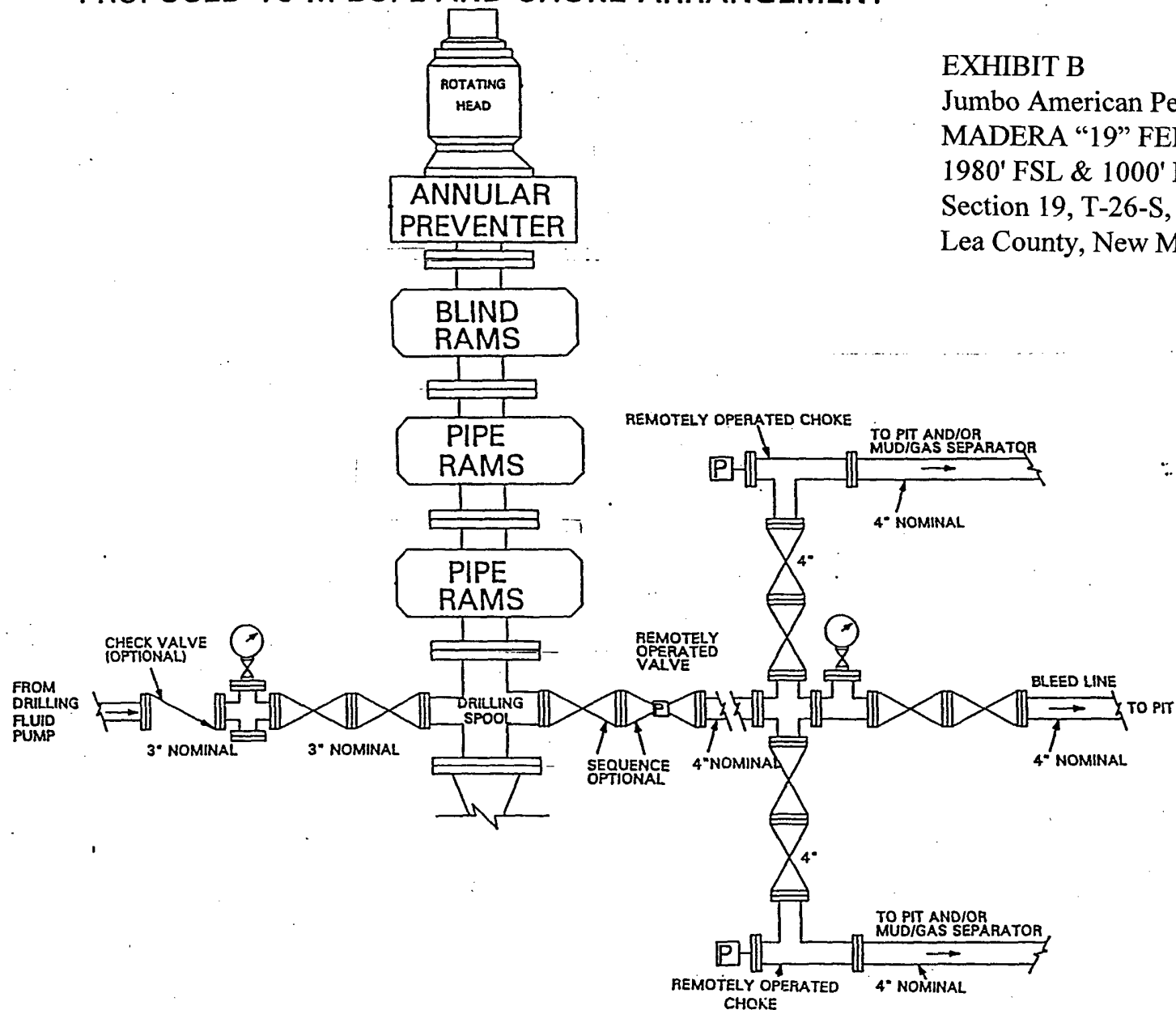


EXHIBIT C
DRILLING FLUID PROGRAM
Jumbo American Petroleum Corp.
MADERA "19" FEDERAL No. 1
Section 19, T-26-S, R-35-E
Lea County, New Mexico

0 - 1000'

Spud mud consisting of fresh water gel flocculated with lime. Use ground paper for seepage control and to sweep the hole. MW-8.5 ppg, Vis-40 and pH 10.0.

1000' - 5300'

Drill out with brine water circulating the reserve pit. Utilize lime for pH control and ground paper mixed in prehydrated fresh gel sweeps to clean the hole. MW-10.0 ppg, Vis-28 and pH 10.0.

5300' - 13000'

Drill out with brine water then add fresh water to cut brine to approximately 9.3 - 9.4 ppg (90,000 ppm chlorides) and continue circulating the reserve pit. Utilize lime for pH control to 8000' then switch to caustic. Utilize ground paper mixed in prehydrated fresh gel sweeps to clean the hole. MW-9.3 ppg, Vis-28, and pH 10.0.

13000' - 16500'

Drill out with inverted emulsion oil base mud weighted to 12.0 ppg with barite. Increase mud weight as necessary to control abnormally pressured shales or gas through this section.

EXHIBIT D
AUXILIARY EQUIPMENT
Jumbo American Petroleum Corp.
MADERA "19" FEDERAL No. 1
Section 19, T-26-S, R-35-E
Lea County, New Mexico

DRAWWORKS	OIME 1000 HP with Parmac 342 hydromatic brake and 1 1/4" drilling line.
ENGINES	Three Caterpillar D 3412 diesels rated at 485 HP each
ROTARY	Gardner Denver 27 1/2", 500 ton capacity
MAST SUB	Parco 136' raised mast rated to 750,000 lb static hook load Parco 23' height with 17' rotary beam clearance
TRAVELING EQUIPMENT	Gardner-Denver 350 ton, 5 sheave block w/Web Wilson 350 ton hook Gardner Denver 350 ton swivel
PUMPS	Gardner Denver 6 1/2" x 9" 1000 HP triplex driven by compound Gardner Denver 6 1/2" x 9" 1000 HP triplex driven by compound
STEEL PIT SYSTEM	1-Shale Pit 8' x 8' x 50' w/double screen shale shaker 1-Suction Pit 8' x 8' x 50' w/mud agitators 2-Centrifugal mud mixing pumps
LIGHT PLANT	Two Caterpillar D3412 diesel/300 KW generator sets
BOP EQUIP	Hydril 13 5/8" 10000 psi WP three ram hydraulic Hydril 13 5/8" 5000 psi WP annular hydraulic Kooimey 10 station closing unit 2/120 gallon accumulator 10000 psi WP choke manifold

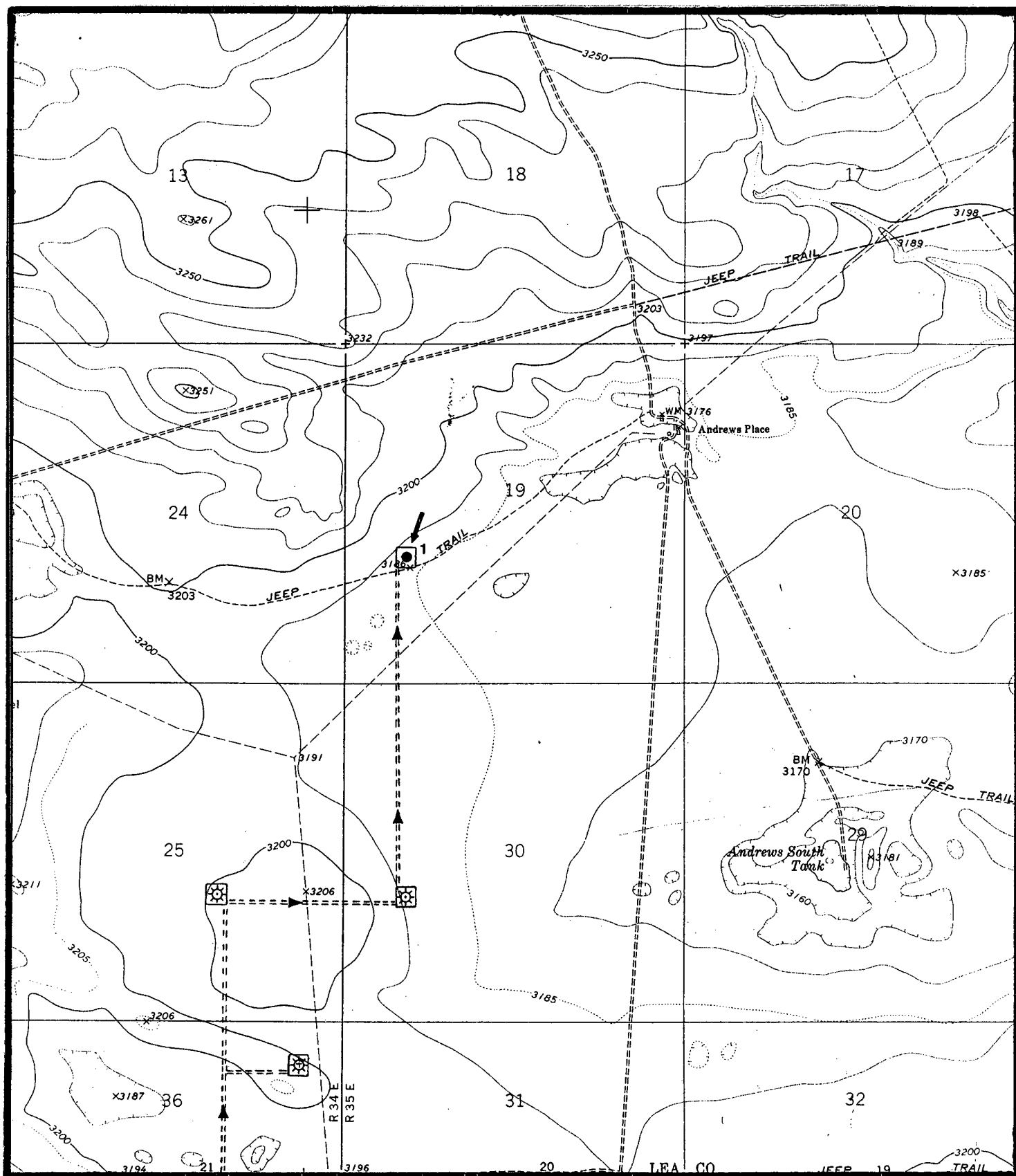
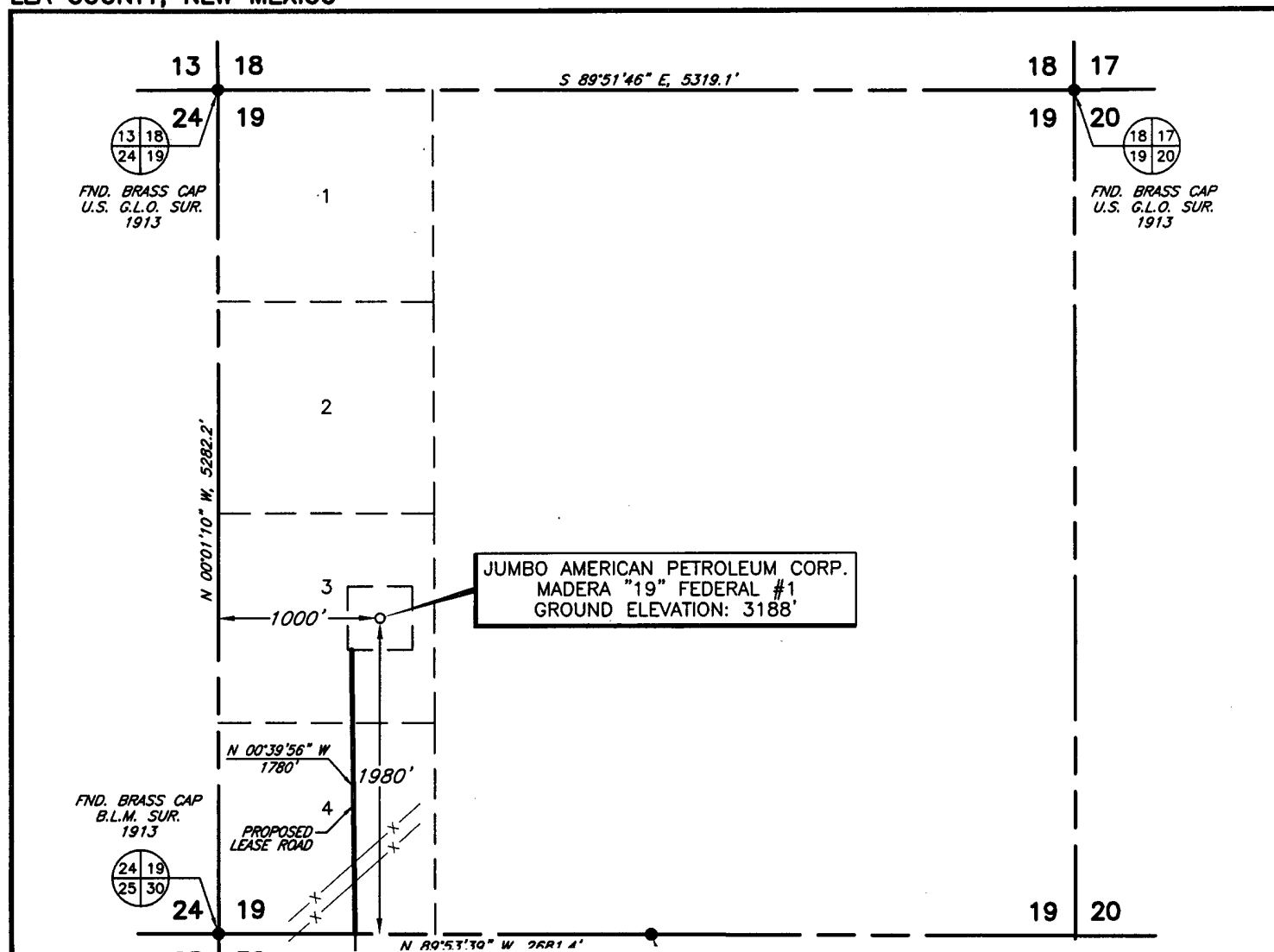


EXHIBIT E
TOPO MAP OF LOCATION AREA
Jumbo American Petroleum Corp.
MADERA "19" FEDERAL No. 1
1980' FSL & 1000' FWL
Section 19, T-26-S, R-35-E
Lea County, New Mexico

EXHIBIT F(A)
PLAT OF LOCATION
Jumbo American Petroleum Corp.
MADERA "19" FEDERAL No. 1
1980' FSL & 1000' FWL
Section 19, T-26-S, R-35-E
Lea County, New Mexico



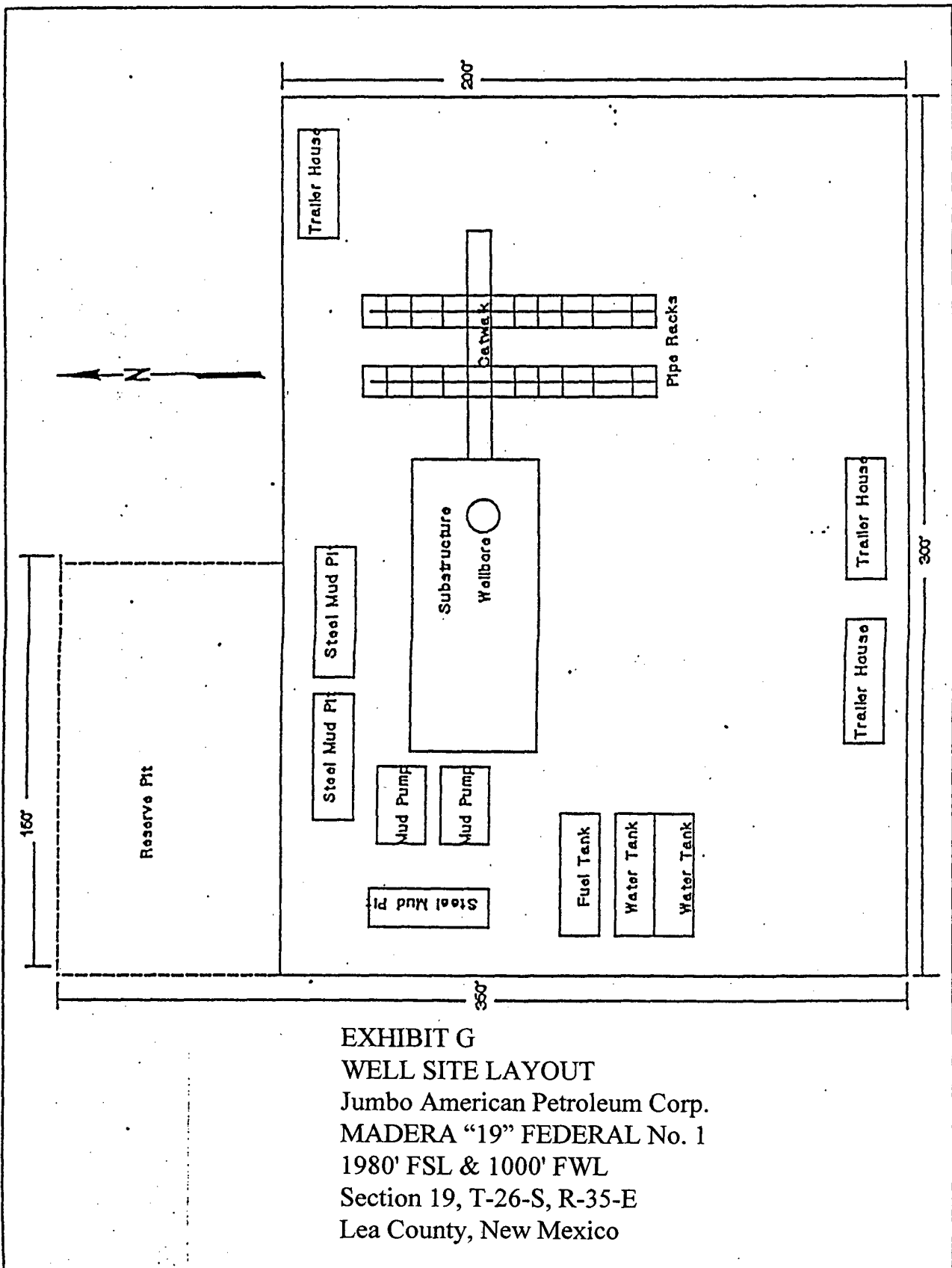


EXHIBIT G
 WELL SITE LAYOUT
 Jumbo American Petroleum Corp.
 MADERA "19" FEDERAL No. 1
 1980' FSL & 1000' FWL
 Section 19, T-26-S, R-35-E
 Lea County, New Mexico

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Jumbo American Petroleum Corp.

MADERA "19" FEDERAL No. 1

Section 19, T-26-S, R-35-E

Lea County, New Mexico

This plan is submitted with Form 3160-3, Application for Permit to Drill, covering the above described well. The purpose of this plan is to describe the location of the proposed well, the proposed construction activities and operations plan, the magnitude of necessary surface disturbance involved, and the procedures to be followed in rehabilitating the surface after completion of the operations, so that a complete appraisal can be made of the environmental effects associated with the operation.

1. EXISTING ROADS.

- a. Exhibit E is a 7.5 minute topographic map which shows location of the proposed wellsite and roads in the vicinity. The proposed location is situated approximately 16 miles Southwest of Jal, New Mexico.

DIRECTIONS:

1. From int. of Hwy 302 & Co. Rd 101 \pm 4 mi west of Kermit, Texas, go north 7.4 miles on Co. Rd 101, turn west thru cattle guard 7 miles on caliche road, turn northwest 7.6 miles along pipeline, turn northeast 0.4 miles, turn north 1.5 miles, turn east 0.5 mile to well located in Sec. 30. Proposed road and location are 1 mile north.

2. PLANNED ACCESS ROAD.

- a. A 16' wide compacted caliche road will be built from the existing location in section 30 north one mile to the proposed location.

3. LOCATION OF EXISTING WELLS.

- a. The well locations in the vicinity of the proposed well are shown in Exhibits E & F.

4. LOCATION OF EXISTING AND/OR PROPOSED FACILITIES.

- a. There are no existing producing oil and gas wells on this lease at this time.
- b. In the event the well is productive, the necessary production equipment will be installed on the drilling pad.

MULTI-POINT SURFACE USE AND OPERATIONS PLAN

Madera "19" Federal NO. 1

Page 2

5. LOCATION AND TYPE OF WATER SUPPLY.

- a. It is planned to drill the well with both fresh water and brine water systems. Both fresh and brine water will be trucked to location over existing roads from a commercial source.

6. SOURCES OF CONSTRUCTION MATERIALS.

- a. Any caliche required for construction of the road and drilling pad will be obtained from the reserve pit and from a pit located off the wellsite.

7. METHODS OF HANDLING WASTE DISPOSAL.

- a. Drill cuttings will be disposed of in the reserve pits.
- b. Drilling fluids will be allowed to evaporate in the reserve pits until the pits are dry.
- c. Water produced during operations will be either placed in the reserve pits and allowed to evaporate or collected in tanks until hauled to an approved disposal system or a separate disposal application will be submitted to the BLM for appropriate approval.
- d. Oil produced during operations will be stored in tanks until sold.
- e. Human waste will be disposed of per current standards.
- f. Trash, waste paper, garbage, and junk will be collected in trash trailers and disposed of in an approved waste facility such as a land fill. The trash trailers will contain all material to prevent scattering by the wind.
- g. All debris will be removed from the wellsite within 30 days after finishing drilling and/or completion operations.

8. ANCILLARY FACILITIES.

- a. None required for drilling operations.

9. WELLSITE LAYOUT.

- a. Exhibit G shows the dimensions of the well pad and reserve pits, and the location of major rig components.

- b. The ground surface of the location is relatively flat. Minor cutting will be required to level and pad area. The location will be constructed by leveling the necessary terrain and covering with at least six inches of compacted caliche.
- c. The reserve pits will be plastic lined.
- d. A 400' x 400' work area which will contain the pad and pit area has been staked and flagged.

10. PLAN FOR RESTORATION OF THE SURFACE.

- a. After finishing drilling and/or completion operations, all equipment and other material not needed for further operations will be removed. The location will be cleared of all trash and junk, to leave the wellsite in an aesthetically pleasing a condition as possible.
- b. Unguarded pits, if any containing fluid will be fenced until they have been filled.
- c. If the proposed well is non-productive, all rehabilitation and/or vegetation requirements of the Bureau of Land Management and the United States Geological Survey will be complied with and will be accomplished as expeditiously as possible. All pits will be filled and leveled within 300 days after abandonment.

11. TOPOGRAPHY.

- a. The wellsite and access route are located in a relatively flat area.
- b. The topsoil at the wellsite is sandy.
- c. The vegetation cover at the wellsite is moderately sparse with scattered mesquite, prairie grasses, and shinnery oak.
- d. No wildlife was observed, but it is likely that deer, rabbits, coyotes, and rodents traverse the area.
- e. There are no ponds, lakes, streams, or rivers within one mile of the wellsite.
- f. There is no evidence of any archaeological, historical, or cultural sites in the vicinity of the location.

12. OPERATOR'S REPRESENTATIVES.

- a. The field representatives responsible for assuring compliance with the approved surface use plan area:

Mickey Dobson
Vice President

James P. (Phil) Stinson
Operations Manager

OGE Drilling USA, Inc.
550 W. Texas, Suite 1140
Midland, Texas 79701

OGE Drilling USA, Inc.
550 W. Texas, Suite 1140
Midland, Texas 79701

432-682-6373 - office
432-557-0032 - cellular
432-694-2747 - home

432-682-6373 - office
432-557-0239 - cellular
432-362-6240 home

13. CERTIFICATION

I hereby 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 presently exist; that the statements made in this plan are, to the best of my knowledge true, and correct; and that the work associated with the operations proposed herein will be performed by Jumbo American Petroleum Corporation and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved.

SIGNED this 9th day of December, 2003. Bascom Mitchell
Bascom Mitchell
Agent for Jumbo American
Petroleum Corporation

Form 3000-4
(Rev. 1985)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

OIL AND GAS OR GEOTHERMAL LEASE BOND

Act of February 25, 1920 (30 U.S.C. 181 et seq.)
Act of August 7, 1947 (30 U.S.C. 351-359)
Department of the Interior Appropriations Act, FY 1981 (42 U.S.C. 6505)
Act of December 24, 1970 (30 U.S.C. 1001-1025)
Other Oil and Gas and Geothermal Leasing Authorities as Applicable

Bond Number

Lease Serial Number (For Individual Bond Only)

OGL-NM-93223

CHECK ONE: ☒ OIL AND GAS ☐ GEOTHERMAL RESOURCES

CHECK ONE:
☐ SURETY BOND

KNOW ALL BY THESE PRESENTS, THAT

of _____ (name)
_____ (address)

as principal, and _____ (name)
_____ (address)

of _____ (name)
_____ (address), as surety,

are held and firmly bound unto the United States of America in the sum of _____

dollar (\$ _____),

lawful money of the United States, which may be increased or decreased by a rider hereto executed in the same manner as this bond.

☒ PERSONAL BOND

KNOW ALL BY THESE PRESENTS, That JUMBO AMERICAN PETROLEUM CORPORATION
(name)

of 550 WEST TEXAS, SUITE 1303, MIDLAND, TX 79701
(address), as principal, is held and firmly

bound unto the United States of America in the sum of TEN THOUSAND

dollar (\$ 10,000.00), lawful money of the United States which may be

increased or decreased by a rider hereto executed in the same manner as this bond.

The principal, in order to more fully secure the United States in the payment of the aforesaid sum, hereby pledges as security therefore United States as portable securities of a par value equal to the amount specified. The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1962 (31 U.S.C. 9303), does hereby execute and appoint the Secretary of the Interior to act as his attorney. The interest accruing on the United States securities deposited, in the absence of any default in the performance of any of the conditions or stipulations set forth in this bond and the instrument(s) granting rights and interests in Federal lands, must be paid to the principal. The principal hereby for himself/herself, any heirs, executors, administrators, successors, and assigns, joint and severally, ratifies and confirms whatever the Secretary shall do by virtue of these presents.

The principal/surety shall apply this bond or the Secretary shall transfer this deposit as security for the faithful performance of any and all of the conditions and stipulations as set forth in this bond and the instruments granting rights and interests in Federal lands. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that: (1) for a Surety Bond, the surety/principal shall apply this bond or any portion thereof; (2) for a Personal Bond, the Secretary shall have full power to assign, appropriate, apply or transfer the deposit or any portion thereof, to the satisfaction of any damages, assessments, late payment charges, penalties, or deficiencies arising by reason of such default.

This bond is required for the use and benefit of (1) the United States; (2) the owner of any of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the oil and gas and geothermal deposits to the United States; (3) any lease, permit, or contractor, under a lease, permit, or resource sale contract issued, or to be issued, by the United States covering the same land subject to this bond, covering the use of the surface or the prospecting for, or the development of other mineral deposits in any portion of such land, to be paid to the United States. For such payment, well and truly to be made, we bind ourselves and each of our heirs, executors, administrators, successors, and assigns, jointly and severally.

This bond shall cover all surface disturbing activities related to drilling operations on a Federal leasehold(s) in accordance with authorization(s) granted under the Acts cited above for:

CHECK ONE:

☐ NATIONWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s) in the United States including the National Petroleum Reserve in Alaska (NPR-A) when a rider sufficient to bring the amount in conformance with 43 CFR 3134 is provided, and provided a rider is obtained, also coverage of multiple exploration operations.

☐ STATEWIDE BOND - Operations conducted by or on behalf of the principal(s) or on the leasehold(s) of the principal(s), except the NPR-A, and, provided a rider is obtained, also coverage of multiple exploration operations within the single state of _____

☒ INDIVIDUAL BOND - Operations conducted by or on behalf of the principal or on the leasehold of the principal on the single lease identified by the serial number above.

NATIONAL PETROLEUM RESERVE IN ALASKA (NPR-A) BOND - This bond shall cover:

☐ NPR-A LEASE BOND - The terms and conditions of a single lease.

☐ NPR-A WIDE BOND - The terms and conditions of all leases, and provided a rider is obtained, coverage of multiple exploration operations.

(Continued on reverse)

BOND CONDITIONS

The conditions of the foregoing obligations are such that:

1. WHEREAS the principal has an interest in a lease(s) and/or responsibility for operations on a lease(s) issued under the Acts cited in this bond; and

2. WHEREAS the principal and surety agree(s) that with notice to the surety the coverage of this bond, in addition to the present holding(s) of and/or authorization(s) granted to the principal, shall extend to and include:

a. Any lease(s) hereafter issued to or acquired by the obligor/principal, except under individual lease bonds, the coverage is to be confined to the principal's holding(s) and/or authorization(s) granted under the Acts cited in this bond, and to become effective immediately upon such authorization, approval or issuance of a transfer in favor of the principal; and

b. Any transfer(s) of operating rights hereafter entered into or acquired by the principal affecting lease(s); and

c. Any activity subsequent hereto of the principal as operator under a lease(s) issued pursuant to the Acts cited in this bond; and

Provided, That the surety may elect to terminate the additional coverage authorized under this paragraph. Such termination will become effective 30 days after the BLM receives notice of the election to terminate. After the termination becomes effective, the additional interest(s) identified in this paragraph will not be covered by this bond; and

3. WHEREAS the principal and surety agree(s) that with notice to the surety that this bond shall remain in full force and effect notwithstanding: Any assignment(s) of an undivided interest in any part or all of the lands in the lease(s) in which event the assignee(s) shall be considered to be coprincipal(s) on an individual or NPRA bond as fully and to the same extent as though his/her or their duly authenticated signatures appeared thereon; and

4. WHEREAS the obligor/surety hereby waives any right to notice of, and agrees that this bond shall remain in full force and effect notwithstanding:

a. Any assignment(s) of 100% of some of the lands described in the lease(s), the bond to remain in full force and effect only as to the lands retained in the lease(s); and

b. Any transfer(s) either in whole or in part, of any or all of the operating rights and further agrees to remain bound under this bond as to the interest in the operating rights retained by the principal; and

c. Any modification of a lease or operating right, or obligation thereunder, whether made or effected by continuation of lease or operating right to unit, cooperative, communitization or storage agreements, or development contracts, suspensions of

operations or production, waivers, suspensions or changes in rental, minimum royalty and royalties, compensatory royalty payments, or otherwise; and

4. Any extension of a lease(s) covered by this bond, such coverage to continue without any interruption due to the expiration of the term set forth in the lease(s); and

5. WHEREAS the principal and surety hereby agree(s) that notwithstanding the termination, expiration, cancellation or relinquishment of any lease(s), whether by operation of law or otherwise, the bond shall remain in full force and effect as to the terms and conditions of all remaining leases and obligations covered by the bond; and

6. WHEREAS the principal, as to any lease or part of a lease for land on which he/she is the operator, in consideration of being permitted to furnish this bond in lieu of the lease(s) or operating right owner(s), agrees and by these presents does hereby bind himself/herself to fulfill on behalf of each lease or operating right owner all obligations of such for the entire leasehold in the same manner and to the same extent as though he/she were lease or operating right owner; and

7. WHEREAS the obligor/principal and surety agree(s) that the neglect or forbearance of said lease or operator, in enforcing, as against any responsible party, the payment of rentals or royalties or the performance of any other term or condition of the lease(s) shall not, in any way, release the principal and surety, or either of them from any liability under this bond; and

8. WHEREAS the principal and surety agree(s) that in the event of any default under the lease(s) the lessor may commence and prosecute any claim, suit, or other proceeding against the principal and surety or either of them, without the necessity of joining the lease(s); and

9. WHEREAS if the principal fails to comply with any provisions of an oil and gas lease, and the noncompliance continues for thirty (30) days after written notice thereof, such lease shall be subject to cancellation and the principal shall also be subject to applicable provisions and penalties of the Federal Oil and Gas Royalty Management Act (30 U.S.C. 1701 et seq.) or the Federal Onshore Oil and Gas Leasing Reform Act. This provision shall not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

10. NOW, THEREFORE if said principal, his/her heirs, executors, administrators, successors, or assigns shall in all respects faithfully comply with all of the provisions of the instrument(s) granting rights and interests in Federal lands referred to above, then the obligations are to be void; otherwise to remain in full force and effect.

JUMBO AMERICAN PETROLEUM CORPORATION

Signed this 26th day of November, 2003, in the presence of:

NAMES AND ADDRESSES OF WITNESSES

Maureen Linsley
M.A. LINSLEY 1837 MATTHEW AVE
VANCOUVER BC V6J 1T4 CANADA

William Frederick Christensen
CASA DEL CERRO 12 HINDOONDAV
TUCKERS TOWN HS 02 BERMUDA

William Frederick Christensen
(Principal)
550 W. TEXAS, STE 1303, MIDLAND, TX 79701
(Business Address)

William Frederick Christensen
(Surety)
(Business Address)

If this bond is executed by a corporation, it must bear the seal of that corporation.

**Certificate of Deposit**

Account No. 18-9607402

(DOI-BUREAU OF LAND MANAGEMENT)

Date of Issuance 11/25/03

JUMBO AMERICAN PETROLEUM CORPORATION

ACCOUNT HOLDER(S):

550 W TEXAS STE 1303

Tax ID No.

36-4544106

MIDLAND TX 79701

OPENING BALANCE	MINIMUM BALANCE REQUIREMENT	INITIAL MATURITY DATE	TERM	INTEREST RATE	ANNUAL PERCENTAGE YIELD	FREQUENCY OF COMPOUNDING
\$10,000.00	\$1,000.00	05/25/05	18 mos	1.35%	1.35%	QUARTERLY

INTEREST DISTRIBUTION DATES BEGINNING 12/31/03 AND QUARTERLY COMPOUNDING
THEREAFTER, WITH THE LAST DISTRIBUTION ON THE FINAL MATURITY DATE.

Terms and Conditions**Rate Information**

The interest rate and Annual Percentage Yield ("APY") for your account are shown above. You will be paid this rate until the maturity date of the account. Your account will mature on the date shown. The annual percentage yield assumes interest remains on deposit until maturity. A withdrawal will reduce earnings.

Interest Features

Interest begins to accrue on the business day you deposit to the account. Interest can be paid monthly or quarterly by credit, check, or automatic transfer to another First American checking or savings account. You may withdraw interest credited to your account at any time without a penalty during the existing term.

Transaction Limitations

You may not make additions to your account except with the permission of the bank. Exceptions are the twelve-month and eighteen-month fixed rate Retirement Account certificates, which allow, but do not require, additions in the amount of \$25 or greater, at the discretion of the depositor; and the DreamSaver account, which requires monthly deposits from a First American checking account. Additions will not extend the maturity of the certificate.

Minimum Balance Requirements

The minimum to open this account is shown above. You must maintain this minimum balance in your account every day to obtain the annual percentage yield listed. We may pay a higher interest rate on accounts with larger minimum balances, or if you maintain other account relationships.

Balance Computation Method

We use the daily balance method to calculate the interest on your account. This method applies a daily periodic rate to the principal in the account each day. If you receive your interest by monthly or quarterly check, the amount of interest paid will reflect the number of days in the cycle period.

Early Withdrawal Penalty

Any withdrawal of principal before the maturity date is subject to a penalty. *For Certificates Twelve Months and Less*, one month's interest on the amount withdrawn will be charged to your account. Exceptions are the One Month CD, where the penalty is the loss of all interest whether earned or not, and the DreamSaver, which requires a penalty equal to the greater of \$50 or one month's interest on the amount withdrawn. *For Certificates Longer Than Twelve Months*, a penalty equal to three months interest on the amount withdrawn will be charged to your account. Any withdrawal which reduces the account balance below the minimum balance requirement will cause the account to be closed and subject the entire balance to the prescribed withdrawal penalty. * IRS penalties may also apply to withdrawals from Retirement Accounts.

Renewal Policy

Your account will be automatically renewed at maturity unless we notify you otherwise in writing fifteen (15) calendar days in advance of the maturity date. You have a grace period of ten (10) calendar days after the maturity date to withdraw the funds without being charged a penalty. *

Transferability

These accounts are non-negotiable and are non-transferable to third parties.

Renewal Information

DATE	ACCOUNT BALANCE	MATURITY DATE	INTEREST RATE	ANNUAL PERCENTAGE YIELD	BANK APPROVAL

First American Bank, SSB

FDIC INSURED

NON-NEGOTIABLE
Authorized Bank Signature

*It is agreed that:

- This certificate of deposit secures a lease bond.
 - Any interest penalty paid as a result of early withdrawal by the Department of the Interior-Bureau of Land Management will be paid by Jumbo American Petroleum Corporation and not from the principal of the certificate of deposit.
 - The interest on this certificate of deposit is to be payable quarterly to Jumbo American Petroleum Corporation.
- 