

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement is entered into this _____ day of _____, 2009, by and between Nations Petroleum E&P (California) LLC, whose mailing address is 11001 River Run Blvd., Suite 200, Bakersfield, CA 93311 (the **“Disclosing Party”**) and _____, whose mailing address is _____ (the **“Receiving Party”**), both of which may hereinafter be referred to individually as a “Party” or collectively as the “Parties.”

In connection with the evaluation and the possible acquisition by the Receiving Party or its Affiliated Company (as defined in Paragraph 3 below) of some or all of the rights related to petroleum exploration and production held by the Disclosing Party within the areas delineated by the heavy dark outline shown on **EXHIBIT 1** attached hereto (hereinafter referred to as the **“Asset Area”**), Receiving Party has been or will be furnished certain information, on a nonexclusive basis, that is proprietary, non-public and/or confidential concerning the Asset Area, which includes, but is not limited to, geological, geophysical, and engineering data, core samples, maps, models and interpretations, and which may also include commercial, contractual, and financial materials, documents, and information (all such information actually disclosed by or on behalf of the Disclosing Party is collectively hereinafter referred to as the **“Confidential Information”**). The term **“Confidential Information”** shall also include (a) all notes, analyses, documents, compilations, studies, interpretations or other materials, regardless of form or medium, prepared by the Receiving Party or any person to whom the Confidential Information was disclosed pursuant to Paragraph 4 (collectively, the **“Receiving Party Representatives”**) which contain, reflect, or are based upon, in whole or in part, any of the Confidential Information, and (b) the fact and the contents of discussions and negotiations between the Parties concerning all or part of the Asset Area.

1. In consideration of the disclosure referred to above, the Receiving Party agrees that the Confidential Information shall be kept strictly confidential and shall not be sold, traded, published or otherwise disclosed to anyone in any manner whatsoever, including by means of photocopy, reproduction or electronic media, without the Disclosing Party's prior written consent, except as provided in this Agreement.
2. The Receiving Party may disclose the Confidential Information without the Disclosing Party's prior written consent only to the extent such information:
 - (a) is already known to the Receiving Party as of the date of disclosure hereunder;
 - (b) is already in possession of the public or becomes available to the public other than through the act or omission of the Receiving Party or of any other person to whom Confidential Information is disclosed pursuant to this Agreement;
 - (c) is required to be disclosed under applicable law, stock exchange regulations or by a governmental order, decree, regulation or rule

(provided that the Receiving Party shall make all reasonable efforts to give prompt written notice to the Disclosing Party prior to such disclosure);

- (d) is acquired independently from a third party that represents that it has the right to disseminate such information at the time it is acquired by the Receiving Party; or
 - (e) is developed by the Receiving Party independently of the Confidential Information received from the Disclosing Party.
3. The Receiving Party may disclose the Confidential Information without the Disclosing Party's prior written consent to an Affiliated Company (as hereinafter defined), provided that the Receiving Party guarantees the adherence of such Affiliated Company to the terms of this Agreement. "Affiliated Company" shall mean any company or legal entity which controls, or is controlled by, or which is controlled by an entity which controls, a Party. "Control" means the ownership directly or indirectly of more than fifty (50) percent of the voting rights in a company or other legal entity.
4. The Receiving Party shall be entitled to disclose the Confidential Information without the Disclosing Party's prior written consent to such of the following persons to the extent that they have a clear need to know in order to evaluate the Asset Area:
- (a) employees, officers and directors of the Receiving Party;
 - (b) employees, officers and directors of an Affiliated Company; provided that the Receiving Party guarantees the adherence of such Affiliated Company to the terms of this Agreement;
 - (c) any consultant or agent retained by the Receiving Party or its Affiliated Company; or
 - (d) any bank or other financial institution or entity funding or proposing to fund the Receiving Party's participation in the Asset Area, including any consultant retained by such bank or other financial institution or entity.
5. Prior to making any such disclosures to persons under subparagraphs (c) and (d) above, however, the Receiving Party shall obtain an undertaking of confidentiality, enforceable by both the Disclosing Party and the Receiving Party, substantially in the same form and content as this Agreement, from each such person; provided, however, that in the case of outside legal counsel, the Receiving Party shall only be required to procure that such legal counsel is bound by an obligation of confidentiality.
6. The Receiving Party and its Affiliated Companies, if any, shall only use or permit the use of the Confidential Information to evaluate the Asset Area and determine whether to enter into negotiations concerning the acquisition of all or part of the Disclosing Party's rights in the Asset Area.

7. The Receiving Party shall be responsible for ensuring that all persons to whom the Confidential Information is disclosed under this Agreement shall keep such information confidential, shall not disclose or divulge the same to any unauthorized person, shall abide by the use restriction contained in Paragraph 6 above, and for the Receiving Party Representatives' failure to comply with the same as though such failure was a failure to comply with the Agreement by the Receiving party. NEITHER PARTY SHALL BE LIABLE IN AN ACTION INITIATED BY ONE AGAINST THE OTHER FOR SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES RESULTING FROM OR ARISING OUT OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFIT OR BUSINESS INTERRUPTIONS, HOWEVER SAME MAY BE CAUSED.
8. The Receiving Party shall acquire no proprietary interest in or right to the Confidential Information and the Disclosing Party may demand the return thereof at any time upon giving written notice to the Receiving Party. Within thirty (30) days after receipt of such notice, the Receiving Party shall return all of the original Confidential Information and shall destroy or cause to be destroyed all copies and reproductions (in whatever form, including but not limited to, electronic media) in its possession and in the possession of persons to whom it was disclosed pursuant to this Agreement.
9. The Receiving Party agrees that during the term of this Agreement it shall not acquire any mineral rights which may be for sale, lease, farmin or otherwise within the Asset Area without the Disclosing Party's written consent.
10. If the Receiving Party acquires any of the Disclosing Party's rights in the Asset Area, then this Agreement shall terminate automatically on the date the Receiving Party enters into a farmout and operating agreement, purchase and sell agreement or any other agreement which contains provisions which supersede this Agreement and covers the confidentiality of the Confidential Information relating to the Asset Area.
11. Unless earlier terminated under the preceding paragraph, the confidentiality obligations and limitations on use set forth in this Agreement shall terminate on the later of Eighteen (18) months after the date of this Agreement or the date on which disclosure is no longer restricted either under the law applicable in the Asset Area.
12. The Disclosing Party hereby represents and warrants that it has the right and authority to disclose the Confidential Information to the Receiving Party. THE DISCLOSING PARTY, HOWEVER, MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY, ACCURACY AND COMPLETENESS OF THE CONFIDENTIAL INFORMATION DISCLOSED HEREUNDER, AND THE RECEIVING PARTY (ON BEHALF OF ITSELF AND ITS REPRESENTATIVES) EXPRESSLY ACKNOWLEDGES THE INHERENT RISK OF ERROR IN THE ACQUISITION, PROCESSING AND INTERPRETATION OF GEOLOGICAL AND GEOPHYSICAL DATA. THE DISCLOSING PARTY, ITS AFFILIATED COMPANIES, THEIR OFFICERS, DIRECTORS AND EMPLOYEES SHALL HAVE NO LIABILITY WHATSOEVER WITH RESPECT TO THE USE OF

OR RELIANCE UPON THE CONFIDENTIAL INFORMATION BY THE RECEIVING PARTY OR RECEIVING PARTY REPRESENTATIVES.

13. This Agreement shall be governed by and interpreted in accordance with the substantive law of the State of California, excluding the principles of conflict of laws thereof that would cause the laws of another jurisdiction to apply. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination, which cannot be amicably resolved by Parties, shall be brought in a federal or state court of competent jurisdiction of the state of California and the Parties irrevocably submit to the jurisdiction of any such court solely for the purpose of any such suit, action or proceeding.
14. Without prejudice to the rights and remedies otherwise available to the Disclosing Party, the Receiving Party agrees that money damages would not be an adequate remedy for any breach of this Agreement and that the Disclosing Party will be entitled to specific performance and other equitable relief by way of injunction if the Receiving Party or any of the Receiving Party Representatives breaches or threatens to breach any provision of this Agreement. The Receiving Party further agrees to waive any requirement for the posting of a bond in connection with any such equitable relief. The remedies in this Paragraph shall not be deemed exclusive remedies for a breach of this Agreement by the Receiving Party or any of the Receiving Party Representatives, but shall be in addition to all other remedies available to the Disclosing Party, at law or in equity.
15. Unless otherwise expressly stated in writing, any prior or future proposals or offers made in the course of the Parties' discussions are implicitly subject to all necessary management and government approvals and may be withdrawn by either for any reason or for no reason at any time. Nothing contained herein is intended to confer upon the Receiving Party any right whatsoever to the Disclosing Party's interest in the Asset Area. Each Party, in its sole discretion, shall have the right to discontinue discussions or negotiations with respect to a possible negotiated transaction contemplated hereby at any time without having to state the reasons therefor.
16. No amendments, changes or modifications to this Agreement shall be valid except if the same are in writing and signed by a duly authorized representative of each of the Parties.
17. This Agreement shall inure to the benefit of and bind the respective successors, heirs, representatives and permitted assigns of the parties. Any assignment of this Agreement, in whole or in part, by the Receiving Party without the Disclosing party's prior written consent is void.
18. The Parties agree that no failure or delay by a party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, unless such waiver is made expressly and confirmed in writing by the Party against which such waiver would be enforced, nor shall any single or partial exercise by a Party of any right, power or privilege hereunder preclude any other or future exercise thereof.

19. This Agreement with its Exhibit 1 comprises the full and complete agreement of the Parties with respect to its subject matter and supersedes and cancels all prior communications, understandings and agreements between the Parties hereto relating to the Confidential Information, whether written or oral, expressed or implied.

20. Each Party may sign any number of identical counterparts of this Agreement with the same effect as if the Parties signed the same document and all of which shall be considered on and the same agreement. A copy of this Agreement signed by a Party and delivered by facsimile or electronic transmission to the other party shall have the same effect as the delivery of an original of this Agreement containing the original signature of such Party.

IN WITNESS WHEREOF, the duly authorized representatives of the Parties have caused this Agreement to be executed on the date first written above.

NATIONS PETROLEUM E&P (CALIFORNIA) LLC

By: _____
Phillip E. Sorbet
President

[INSERT RECEIVING PARTY NAME]

By: _____

Name: _____

Title: _____

EXHIBIT 1