

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
OCD-HOBBSFORM APPROVED
OMB NO. 1004-0135
Expires: July 31, 2010**SUNDRY NOTICES AND REPORTS ON WELLS**
Do not use this form for proposals to drill or to re-enter an abandoned well. Use form 3160-3 (APD) for such proposals.**SUBMIT IN TRIPLICATE - Other instructions on reverse side.**

1. Type of Well <input type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input checked="" type="checkbox"/> Other: <u>INJECTION</u>		5. Lease Serial No. NMNM082
2. Name of Operator CHESTNUT PETROLEUM INC		6. If Indian, Allottee or Tribe Name
3a. Address 2201 NORTH CENTRAL EXPY, SUITE 240 RICHARDSON, TX 75080		7. If Unit or CA/Agreement, Name and/or No.
3b. Phone No. (include area code) Ph: 972-715-8808		8. Well Name and No. D&E FEDERAL 1
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) Sec 22 T20S R34E		9. API Well No. 30-025-02448
		10. Field and Pool, or Exploratory LYNCH SWD; Seven Rivers
		11. County or Parish, and State LEA COUNTY, NM

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Chestnut Petroleum proposes to install an annulus fluid monitoring vessel on the D&E Federal #1 disposal well. This vessel will contain packer fluid and will be open to the annulus at all times. The vessel will be checked on a regular basis to ensure the level of fluid in the annulus remains at the casing vents. Injection will cease if a significant (5bbl/month) loss of packer fluid is observed. A "Quarterly Gas, Injection, Disposal Well Monitoring" report will also be submitted to the proper BLM office.

A pressure relief valve will also be installed on the annulus to prevent excessive pressure buildup. A maximum pressure of 150 psi will be allowed on the annulus to maintain casing integrity.

Fluid Level Required To Be Checked weekly

RECEIVED

APR 11 2011

HOBBSOCD

14. Thereby certify that the foregoing is true and correct. Electronic Submission #105843 verified by the BLM Well Information System For CHESTNUT PETROLEUM INC, sent to the Hobbs	
Name (Printed/Typed) MARK PLUMMER	Title OWNER
Signature (Electronic Submission)	Date 04/04/2011

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved By <i>J. D. Whitlock</i>	Title <i>LPE7</i>	Date <i>4/7/11</i>
Conditions of approval, if any, are attached. Approval of this notice 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.		Office <i>CFO</i>

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.

**** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ** OPERATOR-SUBMITTED ****

Fill Vent and **CHECK**
PKR FLUID LEVEL
VALVE,
normally closed.

Once a month
close the csg valve,
open this valve,
and check the pkr
fluid level with a
dowel stick that
will reach the lower
ell connection.

These risers should
be painted and in
order (by distance)
from the wellhead
as shown

Monitor for
possible Pkr
Fluid - Tubing
Pressure
Communication

Choke

Vent and Fluid
Fill Valve,
normally closed

level line

Pkr Fluid equalizing valves, normally open

Optional Pressure ± 100 psig Relief Valve

Surface Casing, paint white
1st Interm Csg, paint blue
2nd Interm Csg, paint yellow

plug symbol for the optional profile nipple

Relative durability of the well equipment and the formation conditions should be considered when forming a safe case approach. The optional features represented on this drawing may increase a well's permitted life span.

Optional on/ of f tool above a profile nipple capable of holding formation pressure.

to fluid containment

[illegible]