

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

OCD Hobbs  
HOBBS OCD

FORM APPROVED  
OMB No. 1004-0135  
Expires: January 31, 2004

**SUNDRY NOTICES AND REPORTS ON WELLS** FEB 20 2013

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

RECEIVED

**SUBMIT IN TRIPLICATE- Other instructions on reverse side.**

1. Type of Well  Oil Well  Gas Well  Other

2. Name of Operator **Chestnut Exploration & Production, Inc.**

3a. Address **2201 N. Central Expy Ste 240 Richardson, Tx. 75080**

3b. Phone No. (include area code) **877-412-7200**

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)  
**Unit Letter B 2310 feet from the East line and 330 feet from the North line  
Section 27 Township 20-S Range 34-E NMPM Lea County**

5. Lease Serial No. **NM-082**

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and/or No. **D & E Federal**

8. Well Name and No. **D & E Federal #2**

9. API Well No. **30-025-08460**

10. Field and Pool, or Exploratory Area **Lynch Yates (7R)**

11. County or Parish, State **Lea County, New Mexico**

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 checked="" type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete
	<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
			<input type="checkbox"/> Water Shut-Off
			<input type="checkbox"/> Well Integrity
			<input checked="" type="checkbox"/> Other <b>add perfs to existing producing zone (Yates Fm)</b>

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 recomplate 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 recompletion 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.)

**Intend to add perforations to and stimulate the existing producing Fm, Yates Fm. in March, 2013.  
1-2 day duration.**

**Pull out of hole with 143-3/4" rods, 2"x1-1/2x12' pump and 109 jts 2-3/8" tubing.  
Clean out well to PBD at 3687'  
Add perforations to Yates Fm from 3536-3558' and 3602-3618'.  
Acidize perfs with 500 to 1000 gal HCl.  
Run in hole with tubing, pump and rod string.  
Return to production.**

**Surface disturbance beyond the originally approved pad must have prior approval.  
Closed loop system required.**

Bond #: NMB-000560



14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) **Gregory Delaune** Title **Vice President**

Signature *Gregory Delaune* Date **01/25/2013**

**THIS SPACE FOR FEDERAL OR STATE OFFICE USE**

Approved by \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

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.

*ECG 2-21-2013*

Office \_\_\_\_\_

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 page 2)

FEB 21 2013

D&E Federal #2  
 330' FNL & 2310' FEL  
 Sec 27 - 20S-34E  
 Lea County, NM  
 GL = 3685'

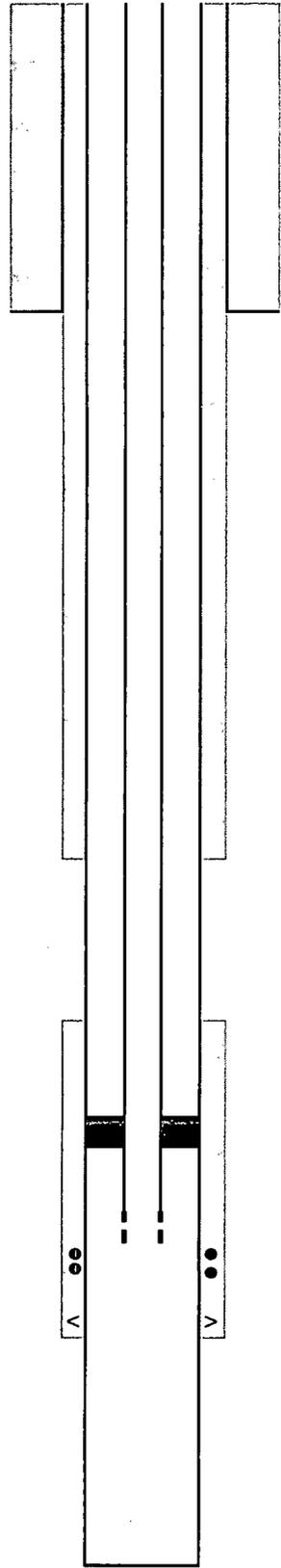
**NEW TECH**   
**ENGINEERING**

Date 10/16/2008  
 By G. Milner

Well History

Sep-60	Drilled and completed
Apr-62	Acidize
May-62	Perf & Acidize
Oct-66	Acidize
Jul-71	Equipment check
Feb-95	Rod part
Aug-97	Replace pump
Jan-98	Rod part & replace pump
Aug-98	Replace pump
Oct-98	Rod part
Sep-99	Rod part
Jul-00	Hole in tbg
Mar-01	Hole in tbg
Mar-01	Rod part
Jun-01	Replace rods & pump
Jun-04	Acidize
Jun-04	Test tbg
Sep-04	Lower tbg
Nov-04	Rod part
Dec-04	Rod part
May-05	Rod part
Aug-05	Rod part
Feb-06	Replace pitted rods
Sep-06	Hole in tbg

8 5/8 24# @ 237'  
 Circulated to surface



Btm of cmt @ 1208'

TOC @ 2727'

Yates

4 holes @ 3611'

5 1/2" 14# J-55 @ 3665'

3665'- 3701' open hole

PBTD @ 3687'  
 TD @ 3701'

109 - 2 3/8" 4.7# J-55 Tbg @ 3400'  
 Baker Mod AD-1 Pkr @ 3404'  
 6 - 2 3/8" 4.7# J-55 Tbg @ 3587'

94- 3/4" PC steel rods & 49- 3/4" steel rods  
 2" x 1 1/2" x 12' RWBC pump