

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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OCD-HOBBS

FORM APPROVED
OMB No 1004-0137
Expires: March 31, 2007

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 page 2.		5. Lease Serial No. NMNM082
1. Type of Well <input checked="" type="checkbox"/> Oil Well <input type="checkbox"/> Gas Well <input type="checkbox"/> Other	7. If Unit of CA/Agreement, Name and/or No. Unit N	6. If Indian, Allottee or Tribe Name
2. Name of Operator CHESTNUT PETROLEUM INC	8. Well Name and No. D & E Federal #12	9. API Well No. 30-025-08460
3a. Address 2201 N CENTRAL EXPY STE 240 RICHARDSON, TX 75080	3b. Phone No. (include area code) 972-612-7200	10. Field and Pool or Exploratory Area 42370 Lynch Yates/7 River
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) SE/4 SW/4 of Section 22, T-20-S, R-34-E		11. Country or Parish, State Lea County, NM

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

TYPE OF SUBMISSION	TYPE OF ACTION			
<input 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 <u>Transfer Operations</u>
	<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 must 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 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection.)

Effective 9/1/08 SLOAN PETROLEUM INC will transfer operations of the above referenced well to a new operator. CHESTNUT PETROLEUM INC certifies that it is authorized by the proper lease interest owners to conduct operations associated with this lease.

Previous Operator:

Accepted by: [Signature]
Name: Laurie Hagedorn
Title: Attorney at Law

14. I hereby certify that the foregoing is true and correct. Name (Printed/Typed) DEL SLOAN		Title PRESIDENT
Signature <u>[Signature]</u>		Date 8/13/08
THIS SPACE FOR FEDERAL OR STATE OFFICE USE		
Approved by		Date OCT 25 2008
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.		Title Office <u>[Signature]</u>

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.

225.13