

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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MEMBER

SSB Docket No. 03-034

IN THE MATTER OF
CHESTNUT PETROLEUM, INC.

§
§

Order No. CDO-1526

TO: Chestnut Petroleum, Inc.
2800 Regal Road, Suite 106
Plano, Texas 75075

CEASE AND DESIST ORDER

Be it remembered that Chestnut Petroleum, Inc. ("Respondent"), by and through its President, Mark A. Plummer, appeared before the Securities Commissioner of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act") and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2003) ("Administrative Procedure Act").
2. Respondent is a Texas corporation with a last known address of 2800 Regal Road, Suite 106, Plano, Texas 75075.
3. Mark A. Plummer is President of Respondent with the same last known business address as Respondent.
4. On or about March 3, 2003, Respondent, by and through a former representative, contacted a Texas resident ("Offeree") and made available for purchase working interests in an oil and gas drilling project known as the Chestnut Layne 16 PDNP Sidetrack ("Layne 16 Project").

5. On or about March 5, 2003, Respondent, sent, or caused to be sent, to the Offeree offering documents for the Layne 16 Project, a one-well project to be located in Gills-English Bayou, Calcasieu Parish, Louisiana. The offering documents for the Layne 16 Project states that fractional undivided working interests are being offered for purchase at a turnkey cost of \$42,5000 per unit, \$35,000 for the initial subscription, and \$7,500.00 for completion costs. Each unit has a one (1%) percent working interest and a seventy-five one hundredths (.75%) percent net revenue interest in the project well.
6. The working interests in the Layne 16 Project have not been registered with the Securities Commissioner by qualification, notification or coordination and no permit has been granted for their sales in Texas.
7. Respondent, at all times relevant to this Order, was not registered with the Securities Commissioner as a securities dealer, agent, investment adviser, or investment adviser representative.

CONCLUSIONS OF LAW

1. The working interests in the Layne 16 Project are interests in or under an oil, gas or mineral lease and are "securities" as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondent, by and through its representative, has engaged in the "offer for sale" of securities in Texas as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondent violated the Texas Securities Act by offering for sale securities in Texas at a time when the securities were not registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
4. Respondent has acted as a "dealer" as the term "dealer" is defined in Sections 4.C and 4.D of the Texas Securities Act.
5. Respondent violated the Texas Securities Act by offering for sale securities in Texas at a time when the Respondent was not registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.
6. Pursuant to Section 23 of the Texas Securities Act, the foregoing violations constitute bases for the issuance of a Cease and Desist Order against the Respondent.

ORDER

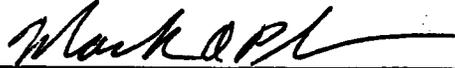
1. It is therefore ORDERED that Chestnut Petroleum, Inc. CEASE AND DESIST from acting as a dealer in Texas until it is registered with the Securities Commissioner or exempt from the dealer registration requirements of the Texas Securities Act.
2. It is further ORDERED that Chestnut Petroleum, Inc. CEASE AND DESIST from the offer and sale of securities in Texas until the securities are registered with the Securities Commissioner or exempt from the securities registration requirements of the Texas Securities Act.

SIGNED AND ENTERED by the Securities Commissioner this 18th day of August, 2003.


DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:

Chestnut Petroleum, Inc.

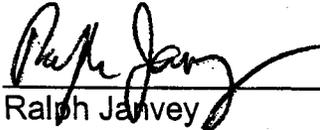


Mark A. Plummer, President

Approved as to Form:



~~David Crow~~ John R. Moran
Director
Enforcement Division

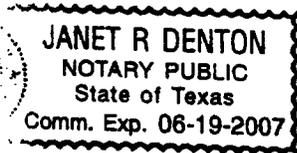


Ralph Janvey
Attorney for Respondent

ACKNOWLEDGMENT

On the 15th day of August, 2003, Chestnut Petroleum, Inc. ("Respondent"), by and through Mark A. Plummer, its President, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Mark A. Plummer is duly authorized to enter into the foregoing Order on behalf of Respondent;
2. Mark A. Plummer has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.



[affix notary seal here]

Janet R Denton
Notary Public in and for
the State of TEXAS

My commission expires on: 6-19-2007

