

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM 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 reverse side.

1 Type of Well
☐ Oil Well ☒ Gas Well ☐ Other2 Name of Operator
Coronado Energy E & P Company, L.L.C. (Formerly Peoples Energy)3a Address
1301 McKinney, Ste. 3200 Houston, Texas 770103b Phone No (include area code)
713-890-3600

4 Location of Well (Footage, Sec, T, R, M, or Survey Description)

NE/NW S35, T32N, R9W

910' FNL & 1995' FWL

MAR 31 2008

Bureau of Land Management
Farmington Field Office

5 Lease Serial No

NMMM013642

6 If Indian, Allottee or Tribe Name

NA

7 If Unit or CA/Agreement, Name and/or No

NA

8 Well Name and No.

Gardner C 1A

9 API Well No

30-045-32058

10 Field and Pool, or Exploratory Area

Basin Fruitland Coal

11 County or Parish, State

San Juan, New Mexico

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

TYPE OF SUBMISSION

TYPE OF ACTION

☒ Notice of Intent☐ Subsequent Report☐ Final Abandonment Notice☐ Acidize☒ Alter Casing☐ Casing Repair☐ Change Plans☐ Convert to Injection☐ Deepen☐ Fracture Treat☐ New Construction☐ Plug and Abandon☐ Plug Back☐ Production (Start/Resume)☐ Reclamation☐ Recomplete☐ Temporarily Abandon☐ Water Disposal☐ Water Shut-Off☐ Well Integrity☒ Other Clean Out/Cavitate

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.)

Production as substantially decrease (-500 mcf/d) from this well due to coal fines. We plan to construct a water pit 50' L x 40' W x 10' D (lined w/ min. 8 mil plastic) and a unlined flare pit w/ drainage to water pit. Pit will be fenced until recalimed and reseeded to approved BLM specifications.

1. Cleaning out the well bore with air to TD. Possible removal of 5 1/2" liner. (if liner is removed, well will be cavitated)

2. Re-run 5 1/2" pre-perforated, tapped, & plugged liner (6spf)

3. Re-run 2 3/8" tubing

4. Run 1 1/2" downhole sucker rod pump & rods

5. Return well to production.

SEE ATTACHED FOR
CONDITIONS OF APPROVAL

RCVD APR 11 '08

OIL CONS. DIV.

DIST. 3

14 I hereby certify that the foregoing is true and correct
Name (Printed/Typed)

Brad Walls

Title Agent/Consultant

Signature

Date

3/24/08

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.

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)

Pit Permit Required By OCD
(form C-103 - or C-144)

NMOCB

BLM CONDITIONS OF APPROVAL

Workover and Recompletion Operations:

- 1. A properly functioning BOP and related equipment must be installed prior to commencing workover and/or recompletion operations.**
- 2. This well is in a Seasonal Closure for Wildlife and is closed for construction, drilling and completion operations (cavitation) between December 1 through March 31st. Adhere to the closure requirements and timeframes.**
- 3. If casing repairs are required, contact this office to obtain prior approval before conducting casing repair operations.**

SURFACE USE OPERATIONS:

The following Stipulations will apply to this well unless a particular Surface Managing Agency or private surface owner has supplied to BLM and operator a contradictory environmental stipulation. The failure of operator to comply with these requirements may result in assessments or penalties pursuant to 43 CFR 3163.1 or 3163.2. A copy of these conditions of approval shall be present on location during construction, drilling and reclamation activity.

An agreement between operator and fee landowner will take precedence over BLM surface stipulations unless (in reference to 43 CFR Part 3160) 1) BLM determines that operator's actions will affect adjacent Federal or Indian surface, or 2) operator does not maintain well area and lease premises in a workmanlike manner with due regard for safety, conservation and appearance, or 3) no such agreement exists, or 4) in the event of well abandonment, minimal Federal restoration requirements will be required.

STANDARD STIPULATIONS: All surface areas disturbed during work-over activities and not in use for production activities will be reseeded. This should occur in the first 90 days after completion of work-over activities.

SPECIAL STIPULATIONS:

- 1. Pits will be fenced during work-over operation.**
- 2. All disturbance will be kept on existing pad.**
- 3. All pits will be pulled and closed immediately upon completion of the work-over activities.**
- 4. Pits will be lined with an impervious material at least 12 mils thick.**