



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401



IN REPLY REFER TO:
NMNM73279 *et. al.* (CA)
3105 (07100)

March 12, 2004



Peoples Energy Production
909 Fannin Street, Suite 1300
Houston, Texas 77010

Dear Mr. Parish:

We received copies in this office of a "Designation of Successor Operator" for the following Communitization Agreements:

CA Number
NMNM 73279
NMNM 76283
NMNM 86309
NMNM 86333
NMNM 95759

Well Name and Number

Gardner #1 & 1A — 30-045-11123 / 30-045-29742
Blancett Com #1 & 1A — 30-045-25575 / 30-045-30281
Gardner #1C & 1A — 30-045-29742 / 30-045-27982
Federal Blancett Com C #1 & 1A — 30-045-28277 / 30-045-31389
Blancett Com PC #1 ?

by which Peoples Energy Production replaces Koch Exploration Company as the operator of the communitized area. Pursuant to section three of the above Communitization Agreements, the designation of Peoples Energy Production as successor operator is hereby approved, effective February 1, 2004. Copies of the instrument are being distributed to the appropriate Federal offices and one copy is returned herewith.

In approving this designation, the Authorized Officer neither warrants nor certifies that the designated party has obtained all required approvals that would entitle it to conduct operations under the above mentioned Communitization Agreements.

If you have any questions, please contact me at the above address or telephone (505) 599-6355.

Sincerely,

/s/ Geneva M. McDougall
Geneva M. McDougall
Legal Instruments Examiner
Petroleum Management Team

Enclosure

1- Approved Desig. of Succ. Oper list

cc:

NMOCD-Aztec (Steve Hayden) w/o encl.