

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

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 ☐ Other

2. Name of Operator
Peoples Energy Prod. - TX, L.P.

3a. Address
1301 McKinney, Ste. 3200 Houston, Texas 77010

3b. Phone No. (include area code)
713-890-3600

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
S25, T32N, R9W 1170' FNL & 1820' FEL (B)

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

5. Lease Serial No.
NMNM013642

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 6

9. API Well No.
30-045-27998

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			
<input checked="" 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 Clean out & repair. Possible liner cleanout
	<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 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 (-2000 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.

- Cleaning out the well bore with air to TD. Possible removal of 5 1/2" liner. (if liner is removed, well will be cavitated)**
- Re-run 5 1/2" pre-perforated, tapped, & plugged liner (6spf)**
- Re-run 2 3/8" tubing**
- Run 1 1/2" downhole sucker rod pump & rods**
- Return well to production .**

**SEE ATTACHED FOR
CONDITIONS OF APPROVAL**

Duration: 7-10 days (clean out) 3-4 weeks (liner removal & cavitation)

With the approval of this sundry, we are asking that permission be granted to enter the closure area as soon as possible to return this well to production.

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

Melissa Betoni

Title **Production Assistant/Consultant**

Signature

Melissa Betoni

Date

02-01-06

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

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

Petr. Eng

Date

2/3/06

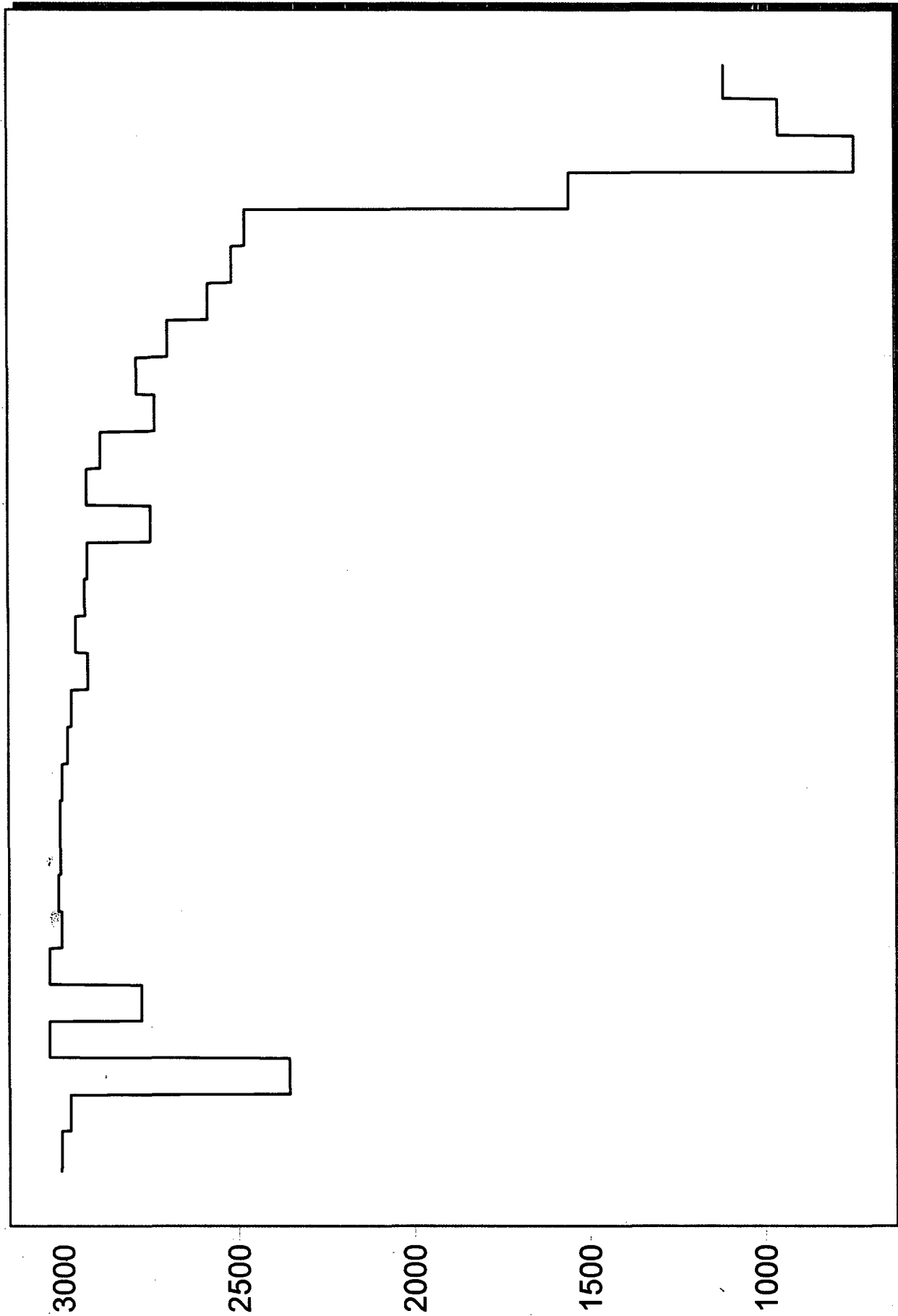
Office

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)

NMOC

12/31/2005 21:32:33 to 1/30/2006 21:32:33



1 Wed

22 Sun

15 Sun

8 Sun

1 Sun

Jan 2006

AZTEC.CVS.GR6CVG0Y



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

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



IN REPLY REFER TO:
NM0212 6500

FEB 3 - 2006

Mr. Brad Walls
People's Energy
909 Fannin - Suite 1300
Houston, Texas 77010

Dear Mr. Walls:

We are in receipt of your request for an exception to the seasonal restrictions on drilling and other human disturbances within wildlife specially designated areas (SDAs). A review of your request indicates the following:

(1) The area in question lies within the Rattlesnake Canyon SDA, specifically:

- T32N, R9W, Section 25 – Gardner C 6

(2) The nature of your requested activity is the cleaning of the well bore with air and possibly cavitating the well if the cleaning does not restore production.

(3) The Rattlesnake Canyon SDA has been placed in the "Moderate" priority category with a seasonal closure period of December 1 through March 31.

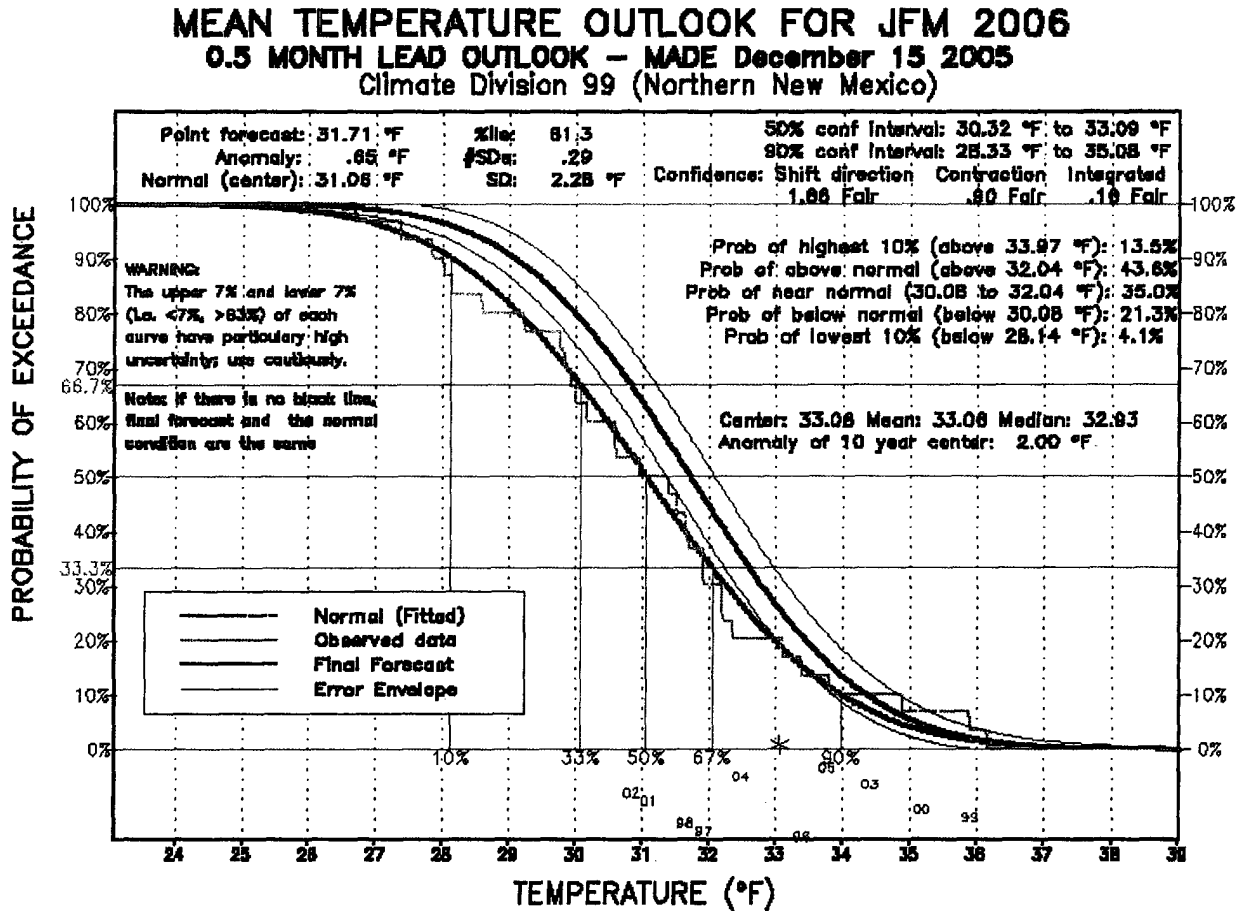
Each exception request received is evaluated against five different criteria which are described in the Farmington Field Office's "Procedures for Requesting an Exception to Seasonal Drilling Restrictions". Typically, an exception request is evaluated against the current conditions, in particular weather and animal densities.

(1) Animal Density – The numbers of deer and elk in this area are relatively low compared to the available habitat. In terms of distribution these animals tend to occur in small groups in areas of desirable forage, water and cover conditions. Some areas may appear to be sparsely populated while others will appear (based upon tracks, droppings, forage utilization and direct observation) to be more heavily used.

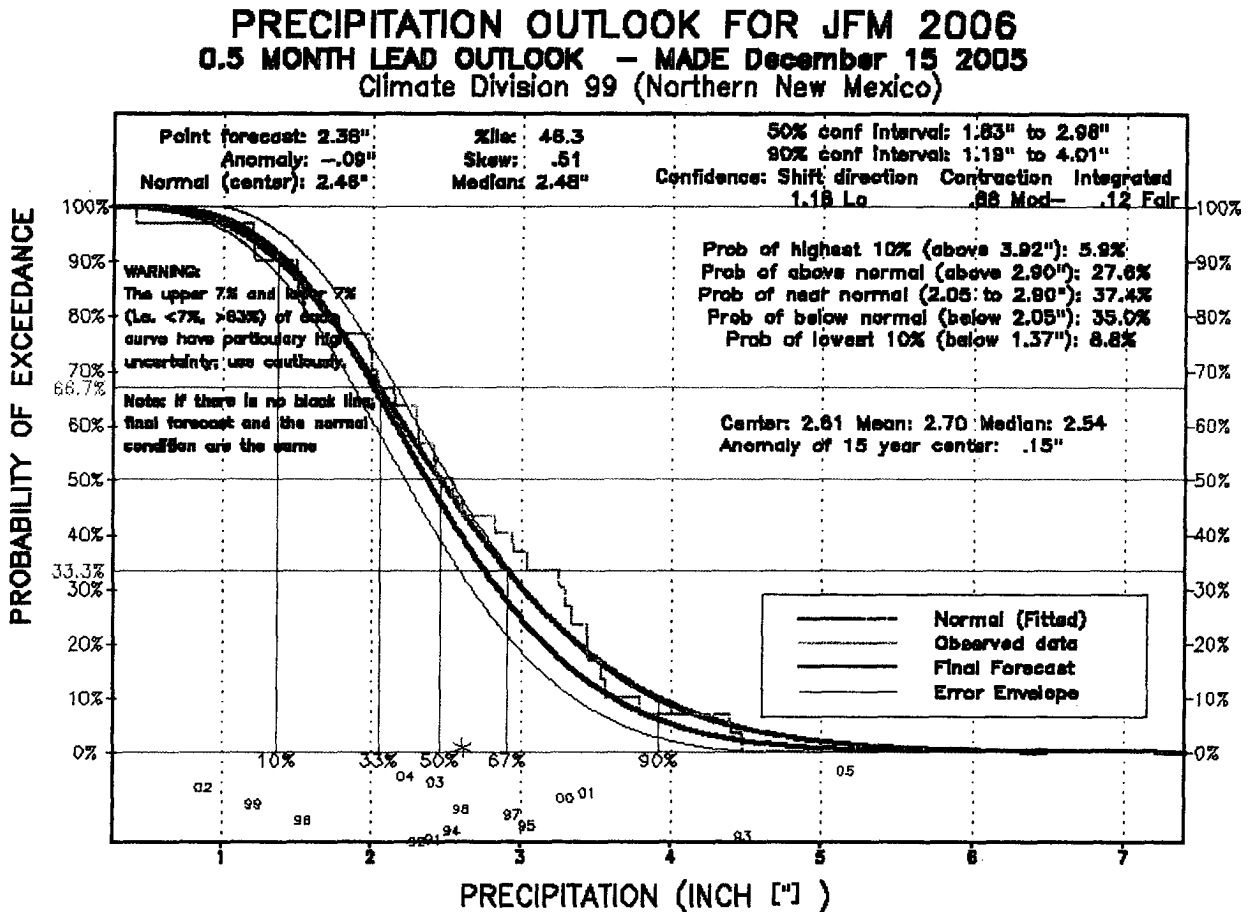
(2) Winter Severity – The area of the requested exception lies west of Pump Mesa. During mild winters there appears to be little movement of big game in response to the weather. However,

during more harsh weather there may some movement of deer and elk from the Southern Ute Reservation into this area. The extent of these movements is dependent upon the severity of the winter. At this point in time there are two to three inches of snow in the area. The 90 day statistical outlook suggests that temperatures could be slightly above normal with precipitation near or slightly below average. The graphs below depict this information.

Graph 1 – Temperature forecast for January – March 2006.



Graph 2 – Precipitation forecast for January – March 2006.



(3) Length of the proposed operation - The requested exception would require approximately 7-10 days initially to clean-out the well bore with the possibility of an additional 3 to 4 weeks for cavitation. All of this work would occur on an existing location but would likely necessitate considerable vehicle travel to and from the site.

(4) Condition of the surrounding habitat – Overall, the key browse species (true mountain mahogany and antelope bitterbrush) throughout much of this area rates as fair condition. In addition, there are significant amounts of woodland cover.

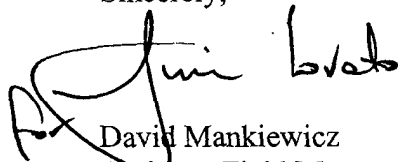
(5) Amount of existing disturbance – The area of the requested exception is being heavily developed for its natural gas reserves. Consequently, the habitat fragmentation that has resulted from imposing this type of infrastructure on the landscape is high. In November of 2003 the number of gas wells located within the Rattlesnake Canyon SDA was 1,079 or approximately 6.3 wells per square mile of land. Road densities at this time were calculated at approximately 2.3 miles of road per square mile. Since this time there has been considerably more

development. Clearly, this magnitude of fragmentation impacts the ability of big game such as deer and elk to readily escape the possible stressful effects of human activity.

In summary, the responses to the evaluation criteria listed above reflects an area with relatively low numbers of big game, browse that is in fair condition, extensive habitat fragmentation but good amounts of woodland escape cover. In addition, the current winter has been mild thus far. Given the circumstances described above, it is my decision to grant your request for an exception to the seasonal restriction in the Rattlesnake Canyon SDA contingent upon no unusually heavy snowstorms occurring (>6"). Should we receive heavy snows, you are to contact the Farmington Field office to coordinate the timing of the remaining work. Therefore, you are authorized to conduct the work above with the provision that you advise the BLM prior to cavitating the well (if necessary) through March 3, 2006. All work will be conducted during daylight hours Monday through Friday. Any activity beyond this time will require a new exception request.

Should you have any questions concerning the above, please contact John Hansen at 505-599-6325.

Sincerely,

A handwritten signature in black ink, appearing to read "David Mankiewicz", with a stylized flourish at the end.

David Mankiewicz
Assistant Field Manager for Minerals