Form 3160-3
(August 1999)

RECEIVED

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of Work: [X] DRILL [ ] REENTER	5. Lease Serial No. **NM 059848**
	6. If Indian, Allottee or Tribe Name
	7. If Unit or CA Agreement, Name and No.
b. Type of Well: [ ] Oil Well [X] Gas Well [ ] Other [ ] Single Zone [X] Multiple Zone	8. Lease Name and Well No. **Freeman #1B**
2. Name of Operator **Patina San Juan, Inc.**	9. API Well No. **30045 32254**
3A. Address **c/o Walsh Engineering,7415 E. Main, Farmington, NM 87402**	3b. Phone No. *(include area code)* **(505) 327-4892**
	10. Field and Pool, or Exploratory **Basin Dakota/Blanco Mesa Verde**
4. Location of Well *(Report location clearly and in accordance with any State requirements.*)* At surface **1950' FNL and 2200 FEL** At proposed prod. Zone	11. Sec., T., R., M., or Blk, and Survey or Area **G Sec. 11, T31N, R13W**
14. Distance in miles and direction from nearest town or post office* **1 mile southeast of La Plata, NM**	12. County or Parish **San Juan** 13. State **NM**

15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) **660'**	16. No. of Acres in lease **640 +**	17. Spacing Unit dedicated to this well **N/2 320 acres** N/320
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. **1500'**	19. Proposed Depth **6800' +/-**	20. BLM/BIA Bond No. on file
21. Elevations (Show whether DF, KDB, RT, GL, etc.) **5721' GR**	22. Approximate date work will start* **June 1, 2004**	23. Estimated duration **2 weeks**

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office.
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized office.

25. Signature Paul C. Thompson	Name *(Printed/Typed)* **Paul C. Thompson, P.E.**	Date **3/18/2004**
Title **Agent**		
Approved by *(Signature)* /s/ Manuel Mancio	Name *(Printed/Typed)*	Date 11/9/04
Title AFM	Office FFO	

Application approval 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.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001and 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 reverse)*

SC

This action is subject to technical and procedural review pursuant to 43 CFR 3165.3 and appeal pursuant to 43 CFR 3165.4

NMOCD

OPERATIONS AUTHORIZED ARE SUBJECT TO COMPLIANCE WITH ATTACHED "GENERAL REQUIREMENTS".

District I
PO Box 1980, Hobbs, NM 88241-1980

District II
PO Drawer DD, Artesia, NM 88211-0719

District III
1000 Rio Brazos Rd., Aztec, NM 87410

District IV
PO Box 2088, Santa Fe, NM 87504-2088

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
PO Box 2088
Santa Fe, NM 87504-2088

Form C-102
Revised February 21, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

1 API Number	2 Pool Code	3 Pool Name
30-045-32254	72319 / 71599	BLANCO MESAVERDE / BASIN DAKOTA

4 Property Code	5 Property Name	6 Well Number
24032	FREEMAN	1B

7 OGRID No.	8 Operator Name	9 Elevation
173252	PATINA SAN JUAN, INC.	5721'

10 Surface Location

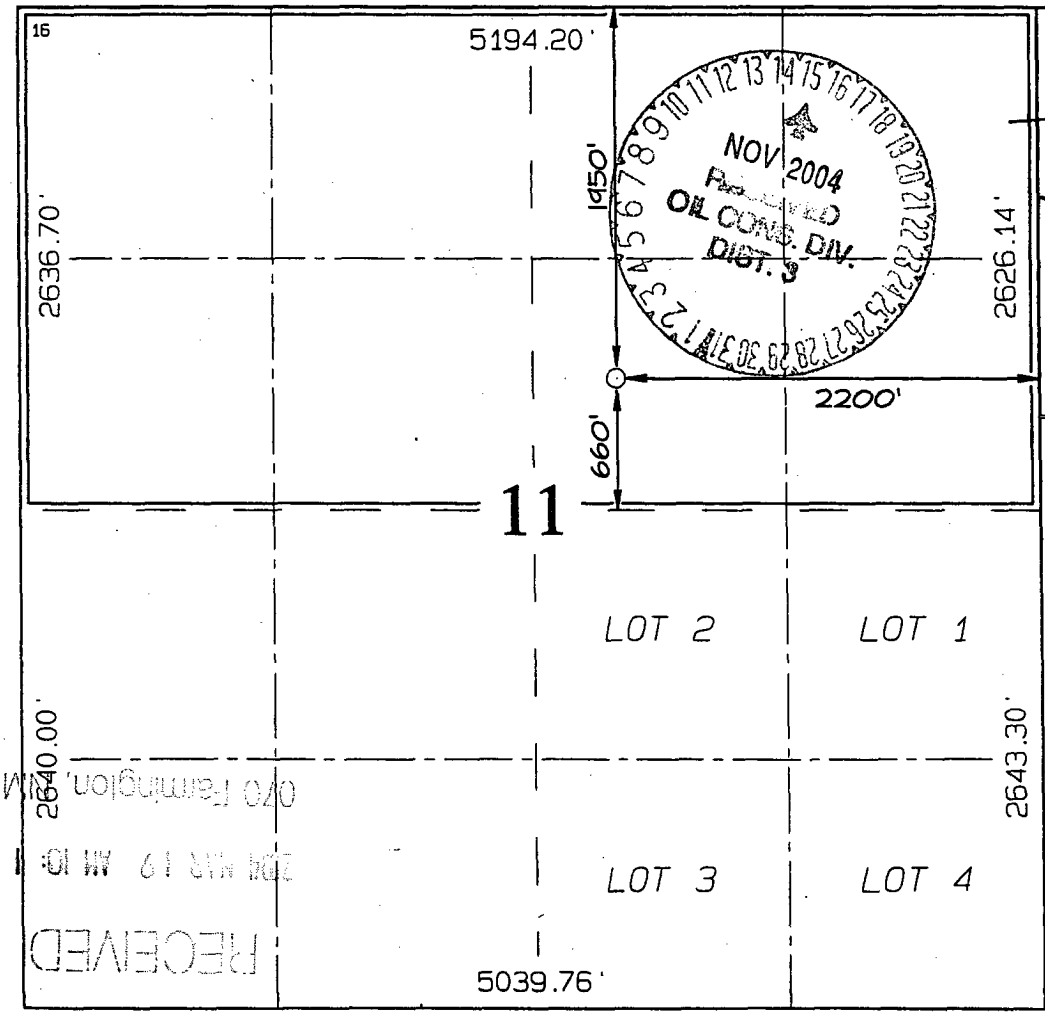
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	11	31N	13W		1950	NORTH	2200	EAST	SAN JUAN

11 Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

12 Dedicated Acres	13 Joint or Infill	14 Consolidation Code	15 Order No.
320.0 Acres - (N/2)	y		

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



17 OPERATOR CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief

Paul C. Thompson
Signature

Paul C. Thompson
Printed Name

Agent
Title

3/17/04
Date

18 SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

Survey Date: FEBUARY 17, 2004

Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

JASON C. EDWARDS
Certificate Number 15269

PATINA SAN JUAN, INC.
OPERATIONS PLAN
Freeman #1B

I. Location: 1950' FNL & 2200' FEL Date: March 17, 2004
Sec 11 T31N R13W
San Juan County, NM

Field: Blanco MV & Basin DK Elev: GL 5721'
Surface: BLM
Minerals: NM 059848

II. Geology: Surface formation _ Ojo Alamo

A.

Formation Tops	Depths
Pictured Cliffs	2000'
Cliff House	3640'
Menefee	3765'
Point Lookout	4374'
Greenhorn	6410'
Dakota	6530'
Total Depth	6800'

Estimated depths of anticipated water, oil, gas, and other mineral bearing formations which are expected to be encountered:
Water and gas - 2000'; gas - 4374', 6530'.

B. Logging Program: Induction/GR and density logs at TD.

C. No over pressured zones are expected in this well. No H_2S zones will be penetrated in this well. Max. BHP = 2500 psig.

III. Drilling
A. Contractor:

B. Mud Program:

The surface hole will be drilled with a fresh water mud.

The intermediate hole will be drilled with a fresh water polymer mud. The weighting material will be drill solids or if conditions dictate, barite. The maximum mud weight expected is 8.5 ppg.

The production hole will be drilled with air or air/mist.

C. Minimum Blowout Control Specifications:

Double ram type 2000 psi working pressure BOP with a rotating head. See the attached Exhibit #1 for details on the BOP equipment. All ram type preventers and related equipment will be hydraulically tested at nipple-up and after any use under pressure to 1000 psi.

The blind rams will be hydraulically activated and checked for operational readiness each time pipe is pulled out of the hole. All checks of the BOP stack and equipment will be noted on the daily drilling report. The BOP equipment will include a kelly cock, floor safety valve, and choke manifold all rated to 2000 psi.

IV. Materials

A. Casing Program:

Hole Size	Depth	Casing Size	Wt. & Grade
12-1/4"	250'	9-5/8"	36# J-55
8-3/4"	3825'	7"	20# J-55
6-1/4"	6800'	4-1/2"	11.6# N-80

B. Float Equipment:

a) Surface Casing: Notched collar on bottom and 3 centralizers on the bottom 3 joints.

b) Intermediate Casing: 7" cement guide shoe and self fill insert float collar. Place float one joint above shoe. Ten centralizers spaced every other joint above shoe and ten turbolizers every other joint from 1500'.

c) Production Casing: 4-1/2" whirler type cement nosed guide shoe and a float collar on top of the bottom joint.

V. Cementing:

Surface casing: 9-5/8" - Use 140 sx (165 cu. ft.) of Cl "B" with 2% $CaCl_2$ (Yield = 1.18 cu. ft./sk; slurry weight = 15.6 PPG). 100% excess to circulate cement to surface. WOC 12 hours. Pressure test surface casing to 1000 psi for 30 min.

Intermediate Casing: 7" - Before cementing circulate hole with at least 1-1/2 hole volumes of mud. Precede cement with 30 bbls of fresh water. **Lead** with 485 x (1014 cu.ft) of Type III 65/35 poz with 8% gel, 1% $CaCl_2$, ¼#/sk. Celloflake. (Yield = 2.09 cu.ft./sk; slurry weight = 12.1 PPG). **Tail** with 100 sx (139 cu.ft.) of Type III with 1% $CaCl_2$, ¼#/sk. Celloflake. (Yield = 1.39 cu. ft./sk; slurry weight = 14.5 PPG). Total cement volume is 1152 cu.ft. (100% excess to circulate cement to surface). WOC for 12 hrs. Pressure test the BOP and casing to 1500 psi.

Production Casing: 4-1/2" - Blow hole clean. Precede cement with 20 bbls of gel water and 10 bbls of water. **Lead** with 175 sx (347 cu.ft.) of Premium Lite HS with 0.65% FL-52, 0.32% CD-32, ¼ #/sk celloflake, and 4% phenoseal. (Yield = 1.98 cu.ft./sk; slurry weight = 12.5 PPG). **Tail** with 100 sx (196 cu.ft.) of Premium Lite HS with 0.65% FL-52, and 0.32% CD-32. (Yield = 1.96 cu.ft./sk; slurry weight = 12.5 PPG). Total cement volume is 543 cu.ft. (70% excess to circulate 100' above the intermediate casing shoe).

Paul C. Thompson

Paul C. Thompson, P.E.

PATINA SAN JUAN,INC

Well Control Equipment Schematic for 2M Service

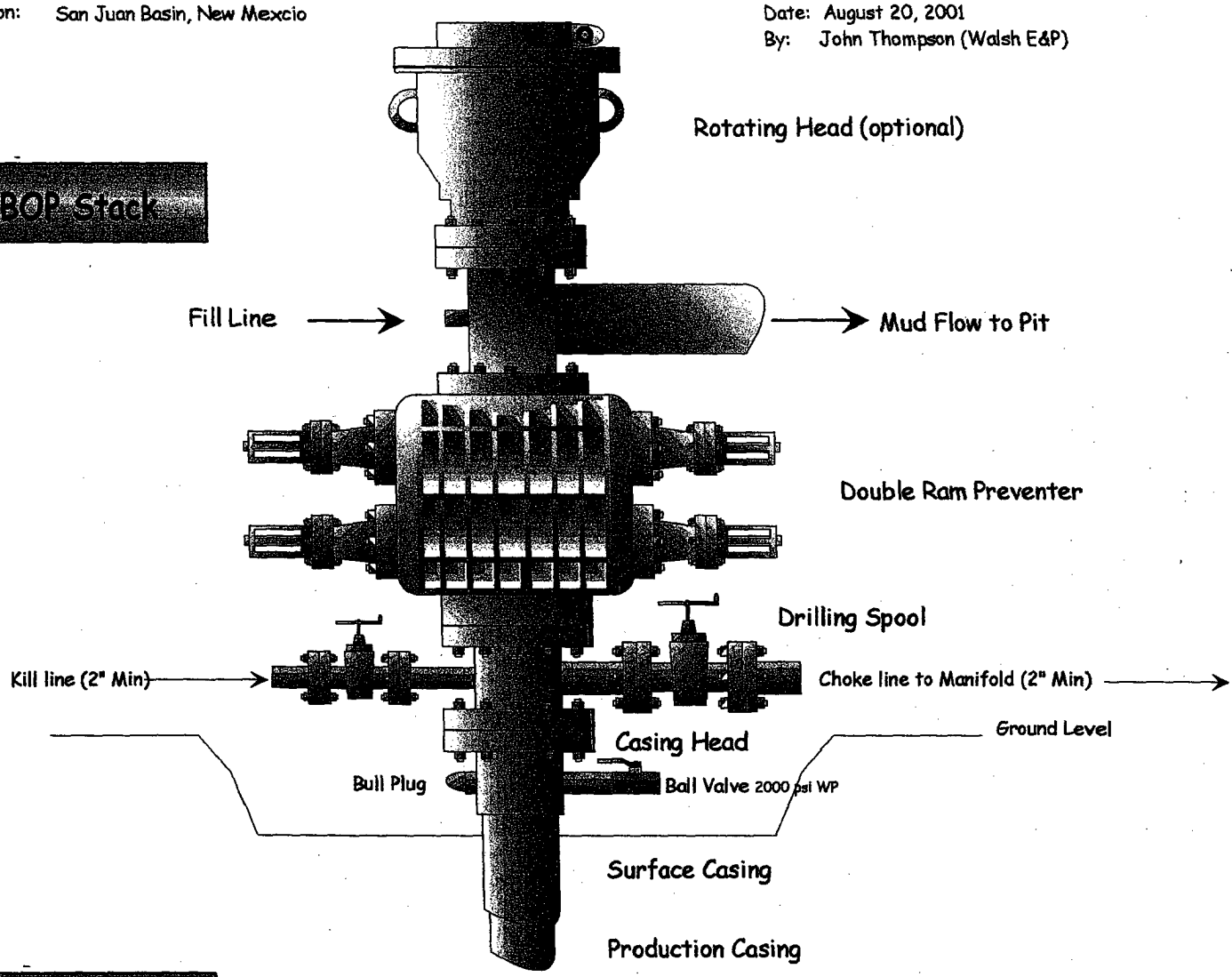
Attachment to Drilling Technical Program

Exhibit #1
Typical BOP setup

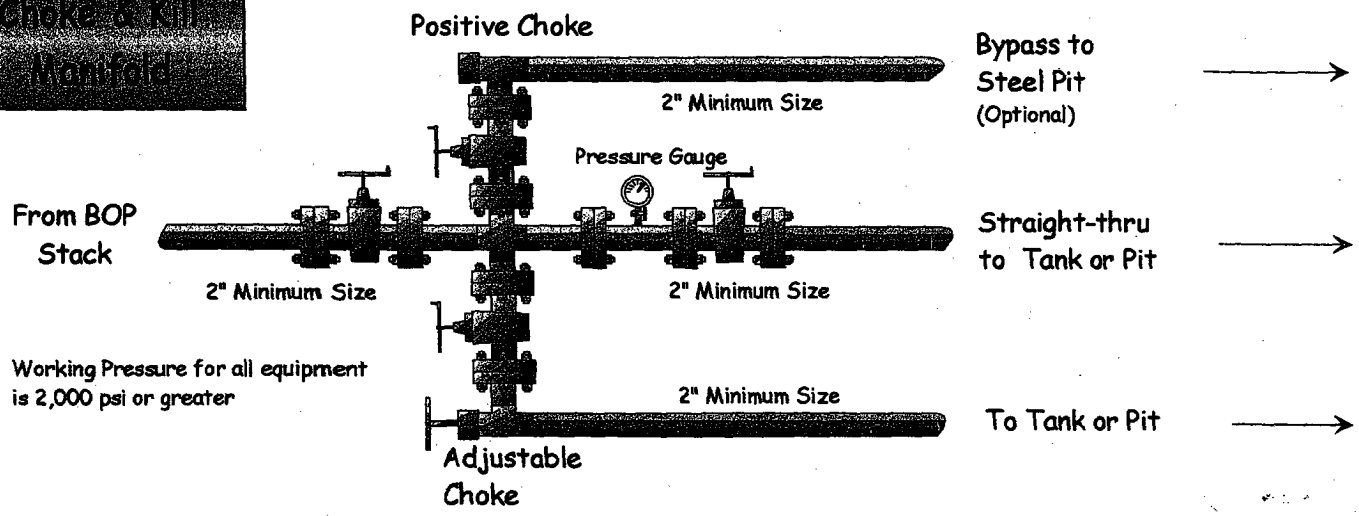
Location: San Juan Basin, New Mexcio

Date: August 20, 2001
By: John Thompson (Walsh E&P)

BOP Stack



Choke & Kill Manifold



Working Pressure for all equipment is 2,000 psi or greater

MULTI-POINT SURFACE USE PLAN
Freeman #1B

1. Existing Roads:

All existing roads used to access the proposed location are shown on attached Plat #1 and shall be maintained in the same or better condition than presently found.

2. Planned Access Roads:

Approximately 100' of new access road will be built for this well. The existing access road will be maintained in at least the current condition and will be upgraded where necessary to provide uninterrupted access to the proposed well.

3. Location of Existing Wells:

Attached map (Plat #1) shows existing wells within a one mile radius of the proposed wells.

4. Location of Production Facilities:

In the event of production, production facilities will be located on the drill pad. The actual placement of this equipment will be determined when the well's production characteristics can be evaluated after completion.

A 4.5" diameter buried steel pipeline that is 675' long will be constructed adjacent to the access road. The pipe-wall thickness will be 0.188" and the wall strength is 1750 psi. The well will be connected to Gulf Terra's gathering system southeast of the wellpad. The pipeline will not be used to transport gas to drill the well.

To protect livestock and wildlife, the reserve pit will be fenced. Any tanks will be enclosed by a dike.

Upon completion of drilling, the location and surrounding area will be cleared of all debris.

5. Water Supply:

Water for drilling and completion operations will be produced water and hauled by truck from surrounding wells or fresh water from Aztec.

6. Source of Construction Materials:

No additional construction materials will be required to build the proposed location.

7. Methods for Handling Waste Disposal:

a. The drill cuttings, fluids and completion fluids will be placed in the reserve pit. The reserve pit will be fenced prior to drilling. The reserve pit will be allowed to dry, and materials remaining in the reserve pit buried. The reserve pit will be backfilled, leveled and contoured so as to prevent any materials being carried into the watershed. Upon completion, the pad will be leveled, contoured and reseeded with the appropriate seed mixture.

b. All garbage and trash will be placed in a metal trash basket. It will be hauled off and dumped in an approved land fill upon completion of operations.

c. Portable toilets will be provided and maintained during drilling operations. See Plat 3 for location.

8. Ancillary Facilities:

Ancillary facilities are to be based on well productivity. The gas pipeline is described on Plat #4.

9. Well Site Layout:

A cross section of the drill pad with approximate cuts, fills, and pad orientation is attached as Plat #2. Location of drilling equipment, rig orientation, and access road approach is also attached as Plat #3.

10. Plans for Restoration of Surface:

When the well is abandoned, the location and access road will be cleaned and restored to the original topographical contours as much as possible. The area will be reseeded with the appropriate seed mixture.

If the well is productive, areas not used in production will be contoured and seeded with stipulated seed mixture. Production equipment will be painted the color designated by the surface managing agency.

11. Surface Ownership:

a. The surface ownership is Bureau of Land Management.

12. Other Information:

The existing fence that bisects the proposed wellpad will be re-routed to the west side of the pad.

Refer to the archaeological report for a description of the soil characteristics.

13. Lessee's or Operator's Representative:

Paul C. Thompson, P.E.
Walsh Engineering & Production Corporation
7415 East Main
Farmington, New Mexico 87402
Phone: (505) 327-4892

14. Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drillsite and access route; that I am familiar with the conditions which presently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and, that the work associated with the operations proposed herein will be performed by Patina San Juan, Inc., and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to 18 U.S. Code 001 for the filing of a false statement.

March 17,2004

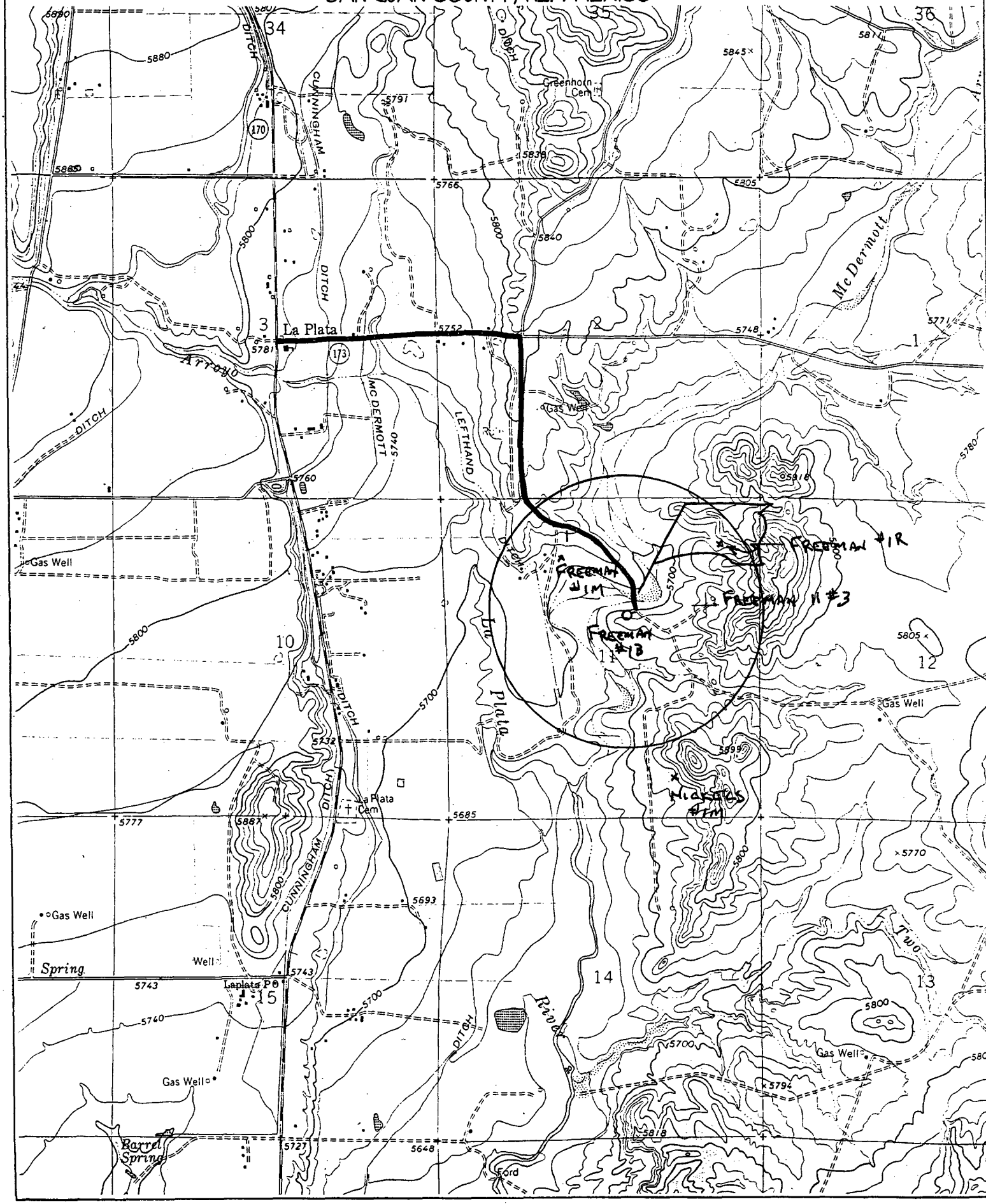
Paul C. Thompson, P.E.

PLAT #1

PATINA SAN JUAN, INC. FREEMAN #1B

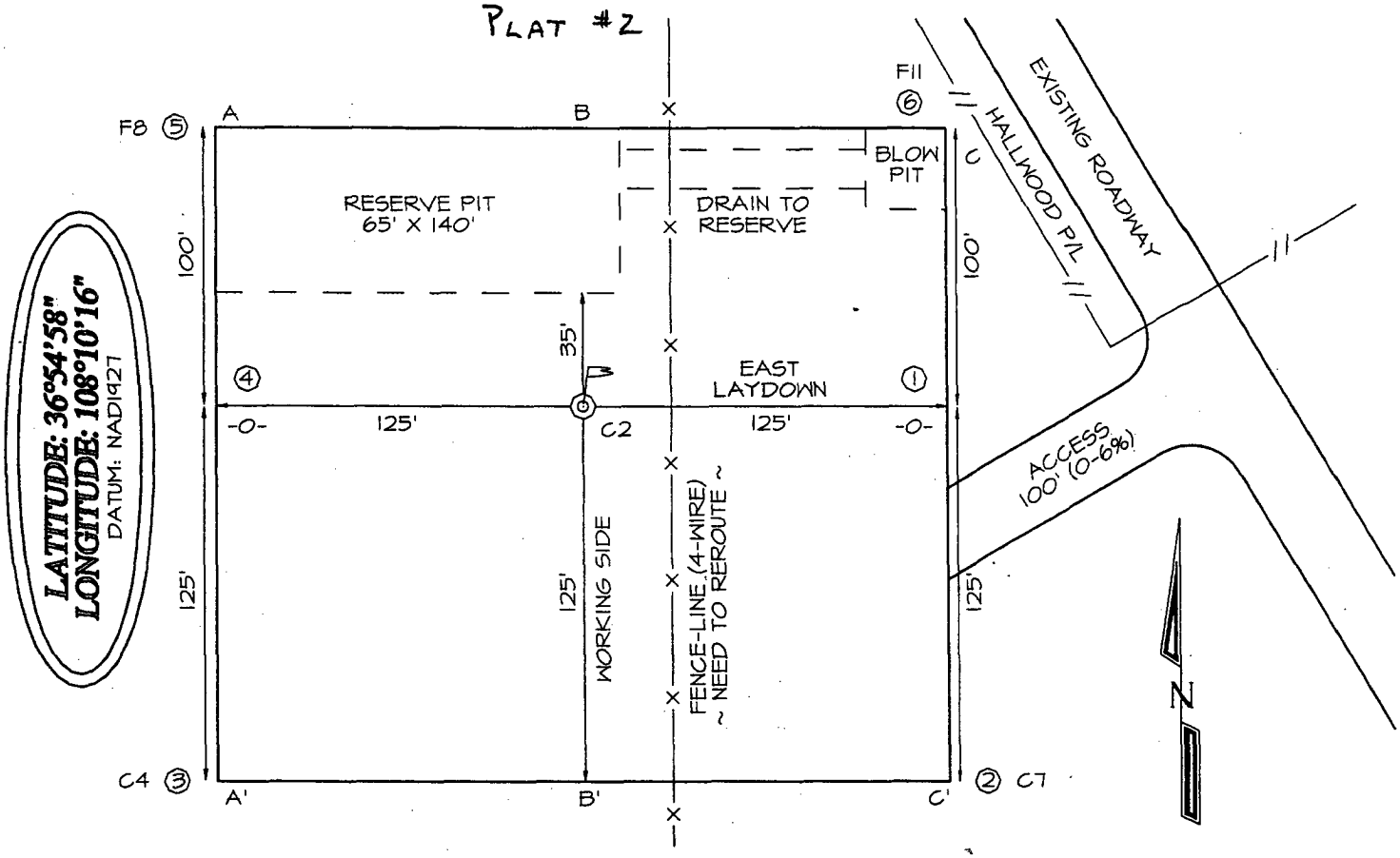
1950' FNL & 2200' FEL, SECTION 11, T31N, R13W, N.M.P.M.

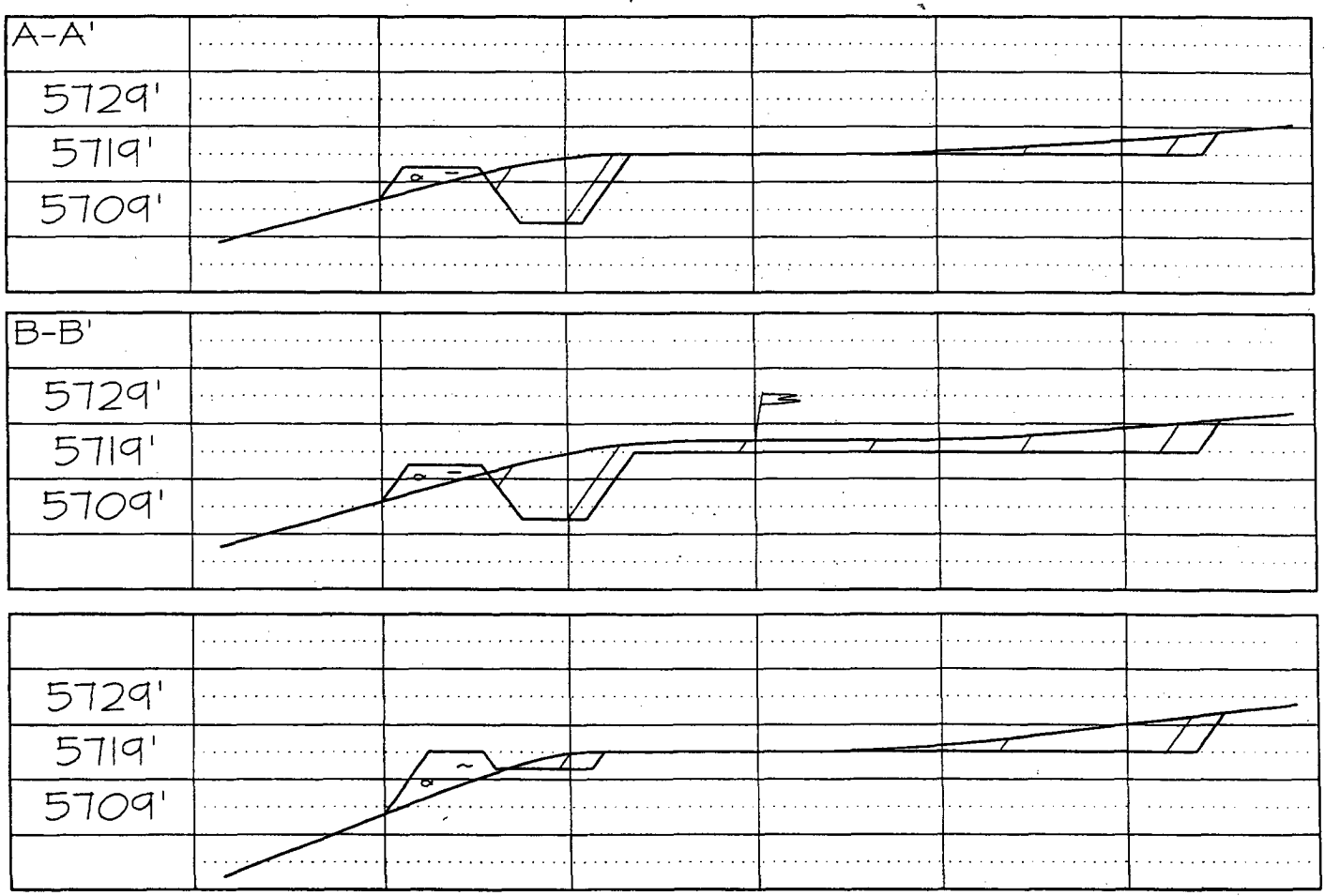
SAN JUAN COUNTY, NEW MEXICO



PATINA SAN JUAN, INC. FREEMAN #1R
1950' FNL & 2200' FEL, SECTION 11, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5721'

PLAT #2



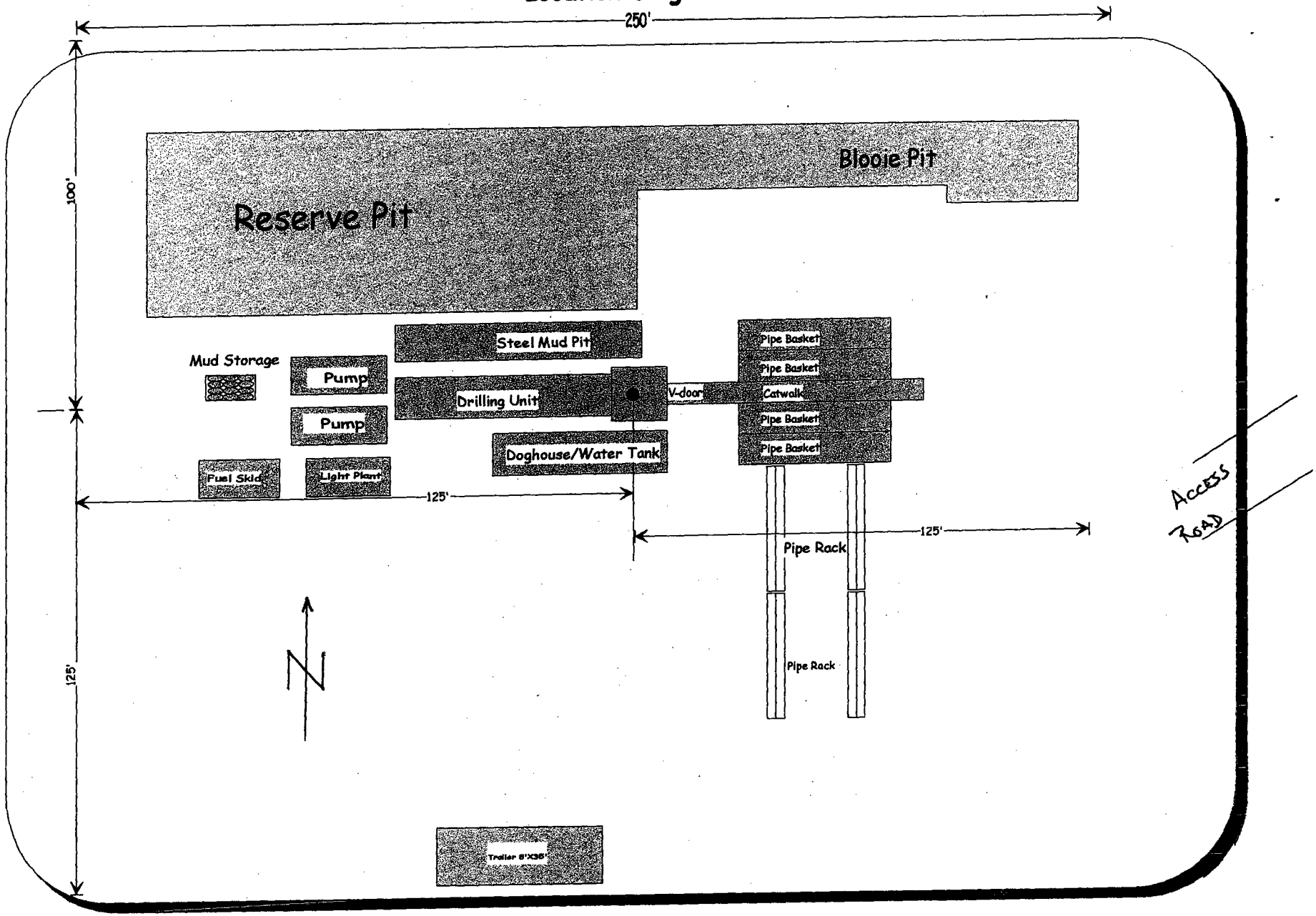


FILENAME: 31131161	SHEET 2 OF 4	NCE SURVEYS, INC.	DRAWN BY: EDO	CHECKED BY: JCE

November, 2001
John Thompson

Plat #3
Location Diagram

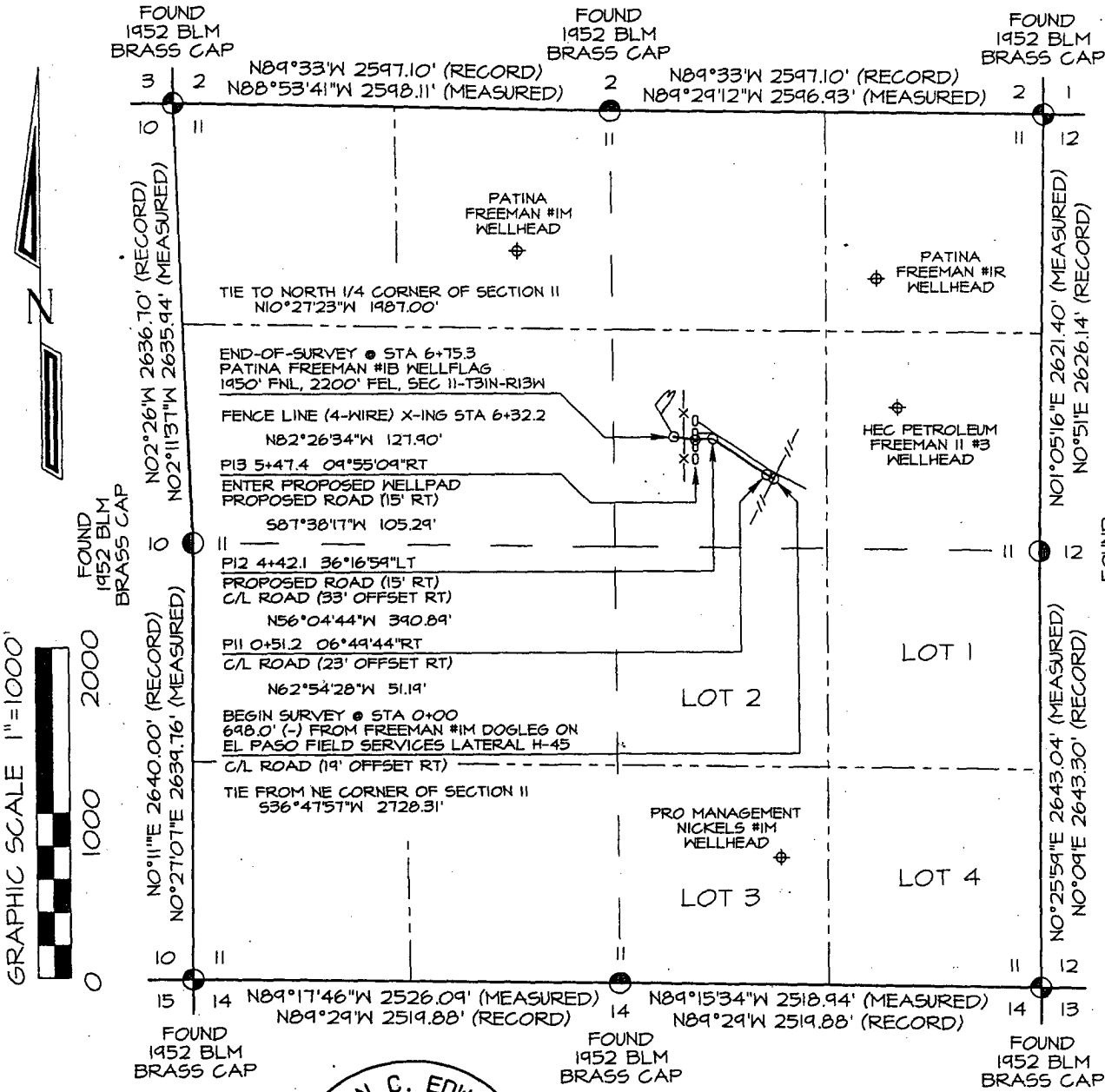
Location Dimensions 225' X 250'



Patina San Juan, Inc.

PLAT #4

PATINA SAN JUAN INC. FREEMAN #1B PROPOSED PIPELINE SURVEY
LOCATED IN THE SW/4 NE/4 OF SECTION 11, T31N, R13W NMPM, SAN JUAN COUNTY, NEW MEXICO



BASIS OF BEARING:
REAL-TIME KINEMATIC GPS SURVEY SOLUTION OBTAINED FROM SATELLITES TRACKED ON FEBRUARY 17, 2004 FROM REFERENCE STATION POSITIONED IN THE SW/4 NW/4 OF SECTION 2, T31N, R13W

PLAT NOTE:
BEFORE ANY CONSTRUCTION BEGINS, CONTRACTOR IS ADVISED TO CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED PIPELINES OR CABLES IN THE AREA OF THIS PROJECT

SURFACE OWNERSHIP ~ Bureau of Land Management ~	
0+00 TO 6+75.3	675.3 FT / 40.9 RODS

JASON C. EDWARDS NEW MEXICO 15269 REGISTERED PROFESSIONAL SURVEYOR

I, Jason C. Edwards, a registered Professional Surveyor under the laws of the State of New Mexico, hereby certify that this plat was prepared from field notes of an actual survey meeting the minimum requirements of the standards for easement surveys and is true and correct to the best of my knowledge and belief.

JASON C. EDWARDS Date: February 27, 2004
Jason C. Edwards, P.L.S.
New Mexico LS #15269

Prepared for:
PATINA SAN JUAN, INC.
5802 US Highway #64
Bloomfield, NM 87401

N C E SURVEYS, INC.
Land Surveyor: Jason C. Edwards
Mailing Address: Post Office Box 6612 Farmington, NM 87499
Business Address: 111 East Pinon Street Farmington, NM 87402
(505) 325-2654 (Office)
(505) 326-5650 (Fax)

CHECKED BY: JCE
DRAWN BY: SLE
SHEET 3 OF 4
FILENAME: 31131166