

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

2006 JAN 9 AM 8

RECEIVED

APPLICATION FOR PERMIT TO DRILL OR REENTER

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

5. Lease Serial No.
NMSF078463A

6. If Indian, Allottee or Tribe Name

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

8. Lease Name and Well No.
TRUE GRIT 35 #13

9. API Well No.
30-045-33512

10. Field and Pool, or Exploratory
Blanco NW/Basin DK/Basin FC

11. Sec., T. R. M. or Blk. and Survey or Area

M SEC 35-T31N-R13W

12. County or Parish
SAN JUAN

13. State
NM

1a. Type of work: ☒ DRILL ☐ REENTER

1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☒ Single Zone ☐ Multiple Zone

2. Name of Operator
PATINA OIL AND GAS

3a. Address **5802 US HIGHWAY 64
FARMINGTON, NEW MEXICO 87401**

3b. Phone No. (include area code)
505-632-8056

4. Location of Well (Report location clearly and in accordance with any State requirements.)*

At surface **660' FSL and 675' FWL**

At proposed prod. zone **SAME**

14. Distance in miles and direction from nearest town or post office*
4 miles north of Farmington, NM

15. Distance from proposed*
location to nearest
property or lease line, ft.
(Also to nearest drig. unit line, if any)

16. No. of acres in lease
325.22 ACRES

17. Spacing Unit dedicated to this well
W/2 325.22 ACRES; S/2 320.0 ACRES DK

18. Distance from proposed location*
to nearest well, drilling, completed,
applied for, on this lease, ft.

19. Proposed Depth
6450'

20. BLM/BIA Bond No. on file
LMP8720503

21. Elevations (Show whether DF, KDB, RT, GL, etc.)
5870' GR

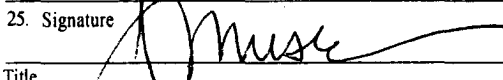
22. Approximate date work will start*
01/31/2006

23. Estimated duration
16 DAYS

24. Attachments

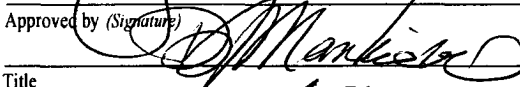
The following, completed in accordance with the requirements of Onshore Oil and Gas Order No. 1, shall be attached to this form:

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 officer.

25. Signature 
Title **REGULATORY/ENGINEERING TECHNICIAN**

Name (Printed/Typed)
JEAN M. MUSE

Date
01/04/2006

Approved by (Signature) 
Title **AFM**

Name (Printed/Typed)

Date
3/15/06

Office
PFO

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.

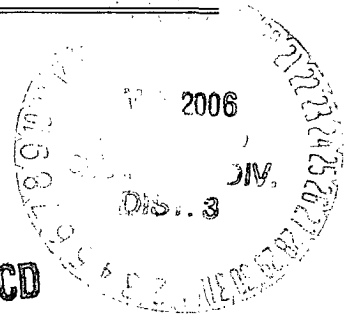
Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

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

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

NMOCB



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

2006 JAN 9 AM 8 17 AMENDED REPORT

RECEIVED
WELL LOCATION AND ACREAGE DEDICATION PLAT

*API Number 30-045-33512		*Pool Code 71599 / 71629	*Pool Name BASIN DAKOTA / BASIN FRUITLAND COAL
*Property Code 35701	*Property Name TRUE GRIT 35		*Well Number 13
*OGRID No. 173252	*Operator Name PATINA SAN JUAN, INC.		*Elevation 5870'

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
M	35	31N	13W		660	SOUTH	675	WEST	SAN JUAN

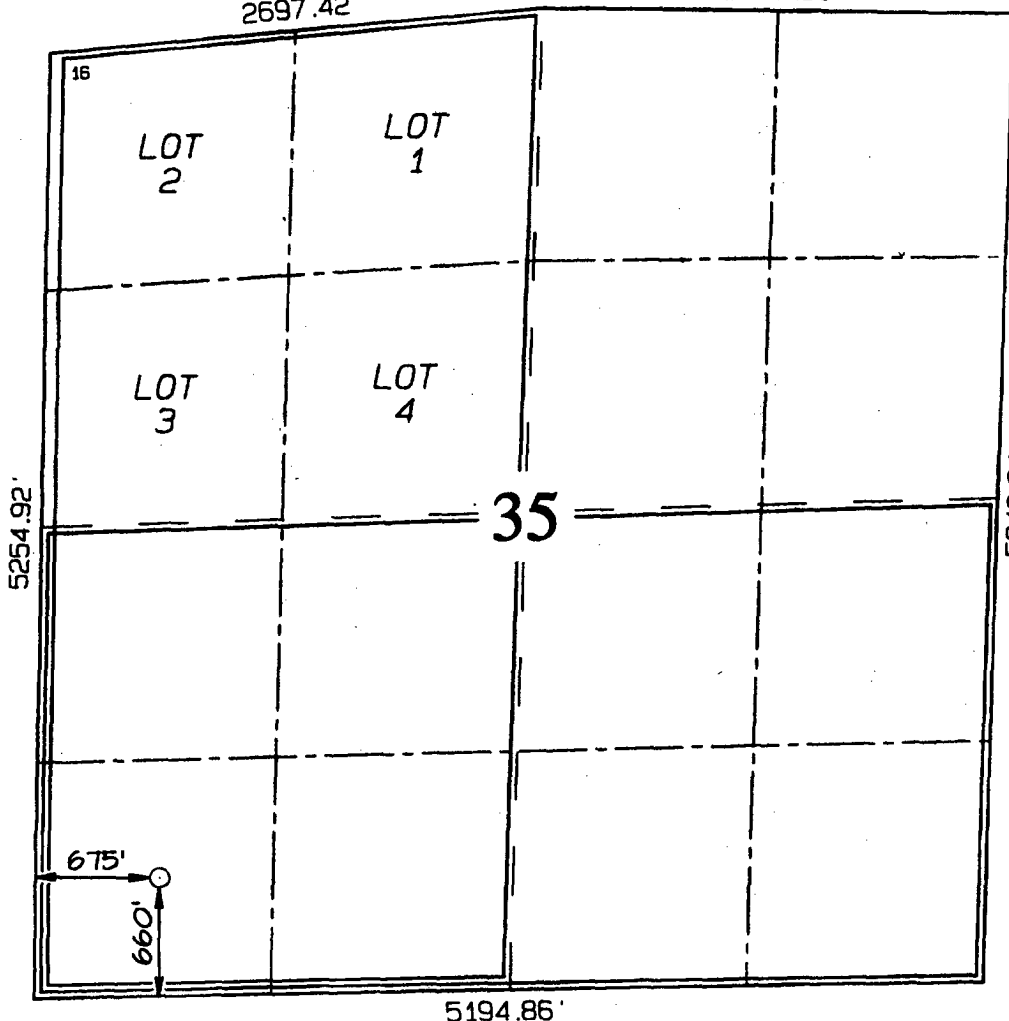
11 Bottom Hole Location If Different From Surface


UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
*Dedicated Acres 320.00 Acres - S/2 (DK) 325.22 Acres - W/2 (FC)					*Joint or Infill	*Consolidation Code	*Order No.		

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

2577.30'

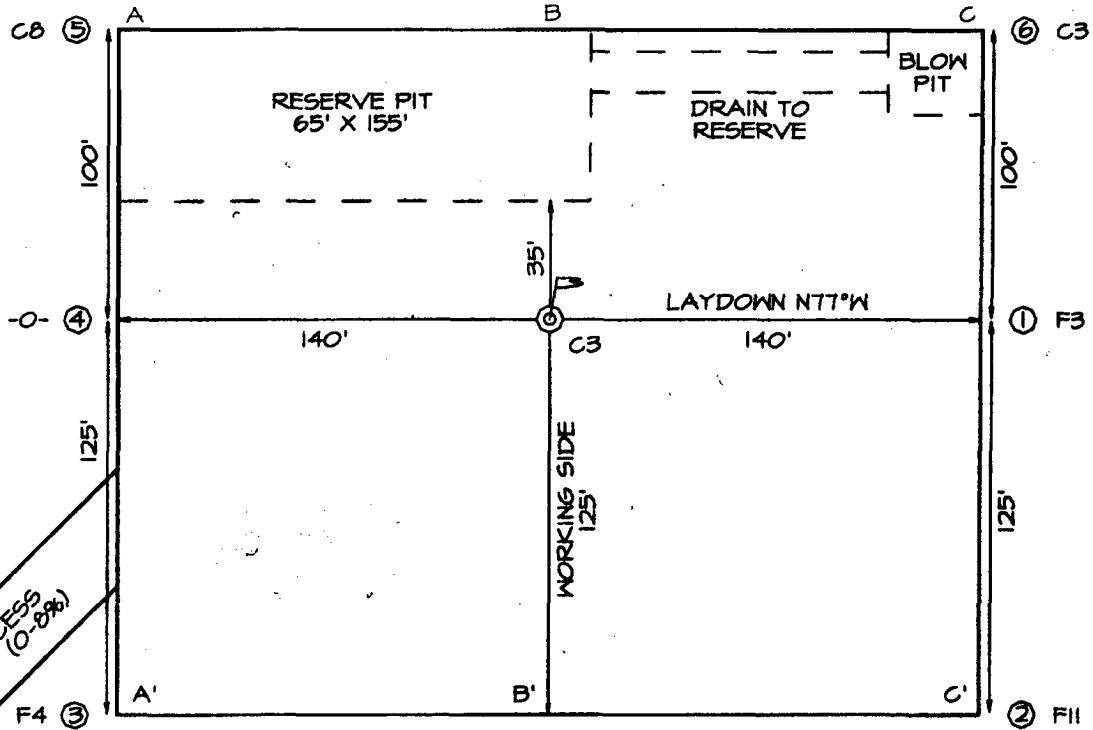
2697.42'



17 OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief. Signature: <u>JEAN M. MUSE</u> Printed Name: <u>JEAN M. MUSE</u> Title: <u>Reg/Engg Tech</u> Date: <u>January 4, 2006</u>	
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: <u>DECEMBER 1, 2005</u> Signature and Seal of Professional Surveyor:  <u>JASON C. EDWARDS</u> Certificate Number 15269	

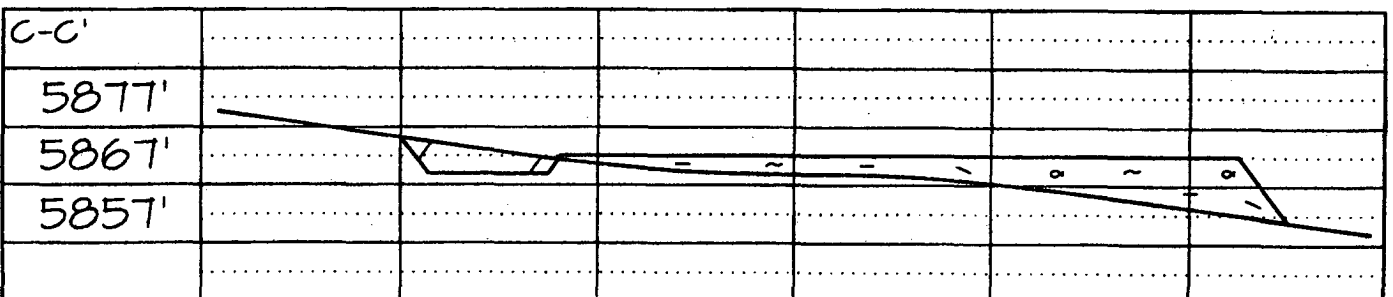
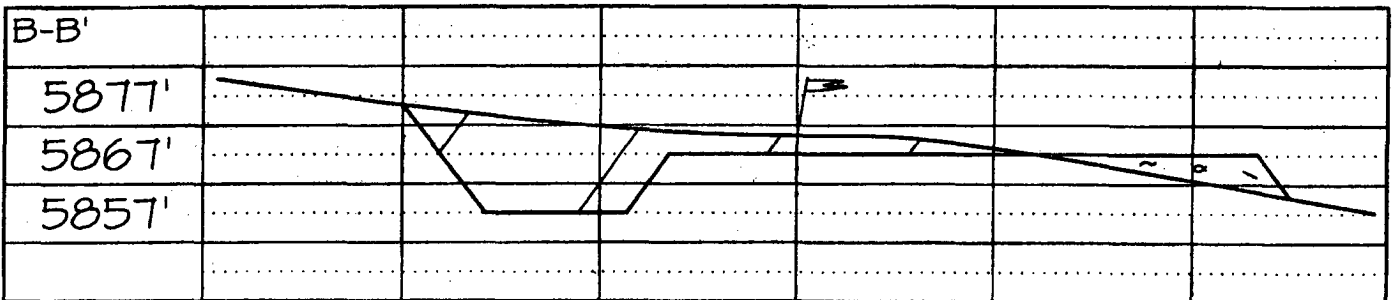
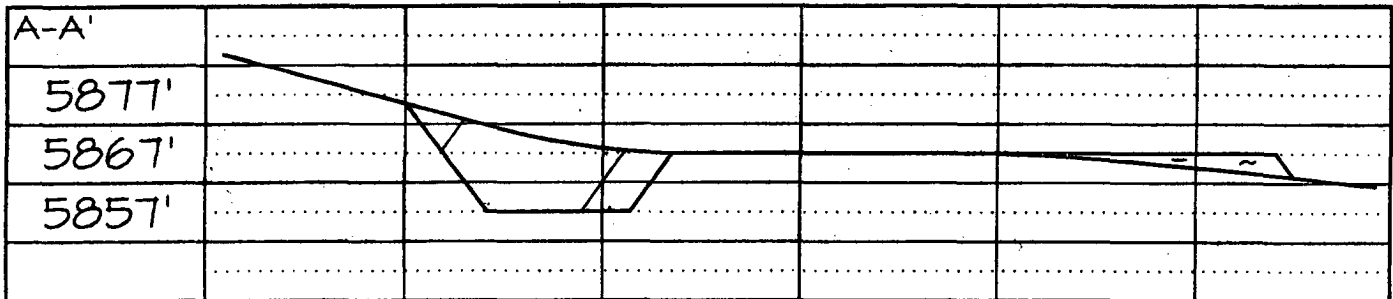
PATINA SAN JUAN, INC. TRUE GRIT 35 #13
660' FSL & 675' FWL, SECTION 35, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO ELEVATION: 5870'

LATITUDE: 36°51'02"
LONGITUDE: 108°10'47"
 DATUM: NAD1927



EXISTING ROADWAY

// WFS P/L // // WFS P/L //



**True Grit Federal 35 #13
General Drilling Plan
Patina San Juan, Inc.
San Juan County, New Mexico**

1. LOCATION:

Est. elevation: 5870'
S. NWSW of Section 35, T31N, R13W
San Juan, New Mexico

Field: Fruitland & Basin DK
Surface: BLM
Minerals: BLM

2. SURFACE FORMATION, ESTIMATED TOPS AND WATER, OIL, GAS OR MINERAL BEARING FORMATIONS (TVD):

Surface formation – Nacimiento

<u>Formation</u>	<u>Estimated Formation Top (Ft)</u>
Ojo Alamo	925
Kirtland	1054
Fruitland***	1477
Pictured Cliffs**	1950
Lewis	2159
Cliff House**	3560
Menefee**	3726
Point Lookout**	4313
Mancos	4657
Gallup	5876
Greenhorn	6393
Graneros	6454
Dakota***	6511
TD	6674

Legend: * Freshwater bearing formation
 ** Possible hydrocarbon bearing formation
 *** Probable hydrocarbon bearing formation
 # Possible H2S bearing formation

All fresh water and prospectively valuable minerals encountered during drilling will be recorded by depth and adequately protected.

3. PRESSURE CONTROL EQUIPMENT:

BOP equipment will be tested to its rated working pressure or 70-percent of the internal yield of the surface casing, but not to exceed 1,000 psi. See attachments for BOP and choke manifold diagrams.

Production Hole BOP Requirements and Test Plan

11" – 2,000 psi single ram (blind)

11" – 2,000 psi single ram (pipe)

Test as follows:

- | | | |
|--------------------|------------------|---------------|
| a) Pipe rams: | 1,000 psi (High) | 250 psi (low) |
| b) Choke manifold: | 1,000 psi (High) | 250 psi (low) |
| c) Choke lines: | 1,000 psi (High) | 250 psi (low) |

All ram type preventers and related equipment will be hydraulically tested at nipple-up. They will also be retested in either of the following events:

- A pressure seal is broken.
- 30 days have elapsed since the last successful test of the equipment.

Furthermore, BOP's will be checked daily as to mechanical operating condition. All ram type preventers will have hand wheels, which will be operative and accessible at the time the preventers are installed. See attached Exhibit for details on the BOP equipment.

AUXILIARY EQUIPMENT:

- Manually operated kelly cock (upper and lower)
- Full opening manually operated safety valves in the full open position, capable of fitting all drill stem connections.

CASING DESIGN:

Hole Data				
Interval	Bit Size (Inches)	Casing Size (Inches)	Top (Ft)	Bottom (Ft)
Surface	13.50	9.625	0	300
Intermediate	8.75	7.0	0	4700
Production	6.25	4.5	4400	6450

Casing Data							
OD (Inches)	ID (Inches)	Weight (Lbs/Ft)	Grade	Thread	Collapse (psi)	Burst (psi)	Min. Tensile (Lbs)
9.625	8.921	36.0	J55	STC	2,020	3,520	394,000
7.000	6.366	23.0	L80	LTC	3,830	6,340	435,000
4.5	4.276	11.6	N80	LTC	6,350	7,780	223,000

MINIMUM CASING DESIGN FACTORS:

COLLAPSE: 1.125
BURST: 1.00
TENSION: 1.80

Area Fracture Gradient Range: 0.7 – 0.8 psi/foot
Maximum anticipated reservoir pressure: 2,500 psi
Maximum anticipated mud weight: 9.0 ppg
Maximum surface treating pressure: 3,750 psi

Float Equipment:

Surface Casing: Guide shoe on bottom and 3 centralizers on the bottom 3 joints.

Intermediate Casing: Float shoe on bottom joint and a float collar one joint up from float shoe. One centralizer 10 ft above float shoe and nine centralizers spaced every joint above the float collar. Stage tool above the Cliffhouse formation. One centralizer below stage tool and one centralizer above stage tool.

Production Casing: 4 1/2" whirler type cement nosed guide shoe and a float collar on top of bottom joint with centralizers over potential hydrocarbon bearing zones.

CEMENTING PROGRAMS:

9-5/8" Surface casing:

245 sx Type III cement with 2% CaCl₂, 1/4#/sx cellofakes. 100% excess to circulate cement to surface. WOC 12 hrs. Pressure test surface casing to 1000 psi for 30 minutes.

Slurry weight: 15.2 ppg
Slurry yield: 1.27 ft³/sack

Volume basis:	40' of 9-5/8" shoe joint	17 cu ft
	300' of 13-1/2" x 9-5/8" annulus	147 cu ft
	100% excess (annulus)	147 cu ft
	Total	311 cu ft

Note:

1. Design top of cement is the surface.
2. Have available 100 sx Type III cement with 2% CaCl_2 for top out purposes.

7" Intermediate Casing:

1st Stage:

115 sx of Type III cement plus additives

Slurry weight: 13.0 ppg

Slurry yield: 2.00 ft³/sx

2nd Stage: (Stage tool at $\pm 3200'$)

Lead: 265 sx of Type III cement plus additives

Slurry weight: 12.5 ppg

Slurry yield: 2.24 ft³/sx

Tail: 60 sx of Type III cement plus additives

Slurry weight: 13.0 ppg

Slurry yield: 2.00 ft³/sx

Volume Basis:	40' of 7" shoe joint	9 cu ft
	4400' of 7" x 8 3/4" hole	662 cu ft
	300' of 7" x 9 5/8" casing	50 cu ft
	<u>30% excess (annulus)</u>	<u>214 cu ft</u>
	Total	935 cu ft

Note:

1. Design top of cement is surface.
2. Actual cement volumes to be based on caliper log plus 30%.

4 1/2" Production casing:

180 sx of Type III cement plus additives

Slurry weight: 13.0 ppg

Slurry yield: 2.00 ft³/sx

Volume basis:	40' of 4 1/2" shoe joint	5 cu ft
	2050' of 4 1/2" x 6 1/4" hole	205 cu ft
	300' of 4 1/2" x 7" casing overlap	33 cu ft
	200' above 4.5" liner (without drill pipe)	44 cu ft
	<u>30% excess (annulus)</u>	<u>71 cu ft</u>
	Total	358 cu ft

Note:

1. Design top of cement is $\pm 4200'$ (200' above the top of the 4.5" liner w/out drill pipe).
2. Actual cement volumes to be based on caliper log plus 30%.

5. MUD PROGRAM:

The surface hole will be drilled with spud mud. Gel and polymer sweeps will be used from surface to 300 feet as necessary to keep hole clean.

The intermediate hole will be drilled with water until mud up at about 3100 ft. From mud up point to intermediate casing depth ($\pm 4700'$), it will be drilled with a LSND mud. Anticipated mud weight ranges from 8.5 – 9.2 ppg. Mud weight will be increased as required to maintain hole stability and control gas influx.

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

Sufficient mud materials to maintain stable wellbore conditions (for either well control or lost circulation scenarios) will be maintained at the well site.

No chrome-based additives will be used in the mud system.

EVALUATION PROGRAM:

Mud logger: From base of surface casing to TD.

Testing: No DST is planned

Coring: None Planned

Electric logs: Intermediate Hole:

- 1) DIL-GR-SP: TD to base of surface casing.
- 2) LDT-CNL-GR-CAL-PE: TD to base of surface casing

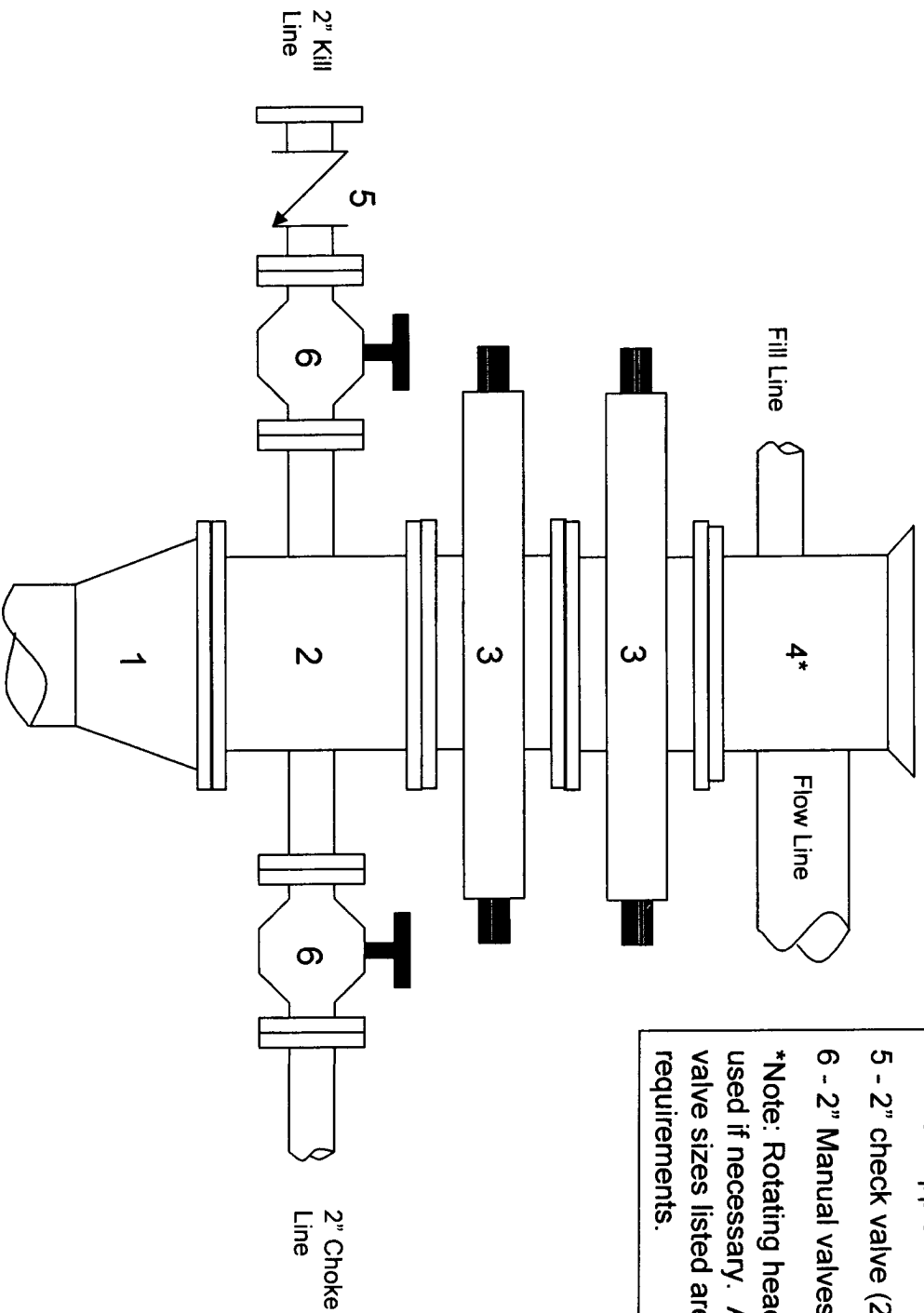
Production Hole:

- 1) No open hole logs
- 2) Cased hole resistivity & porosity logs

True Grit Federal 35 #13

2000 psi BOP stack

Minimum requirements



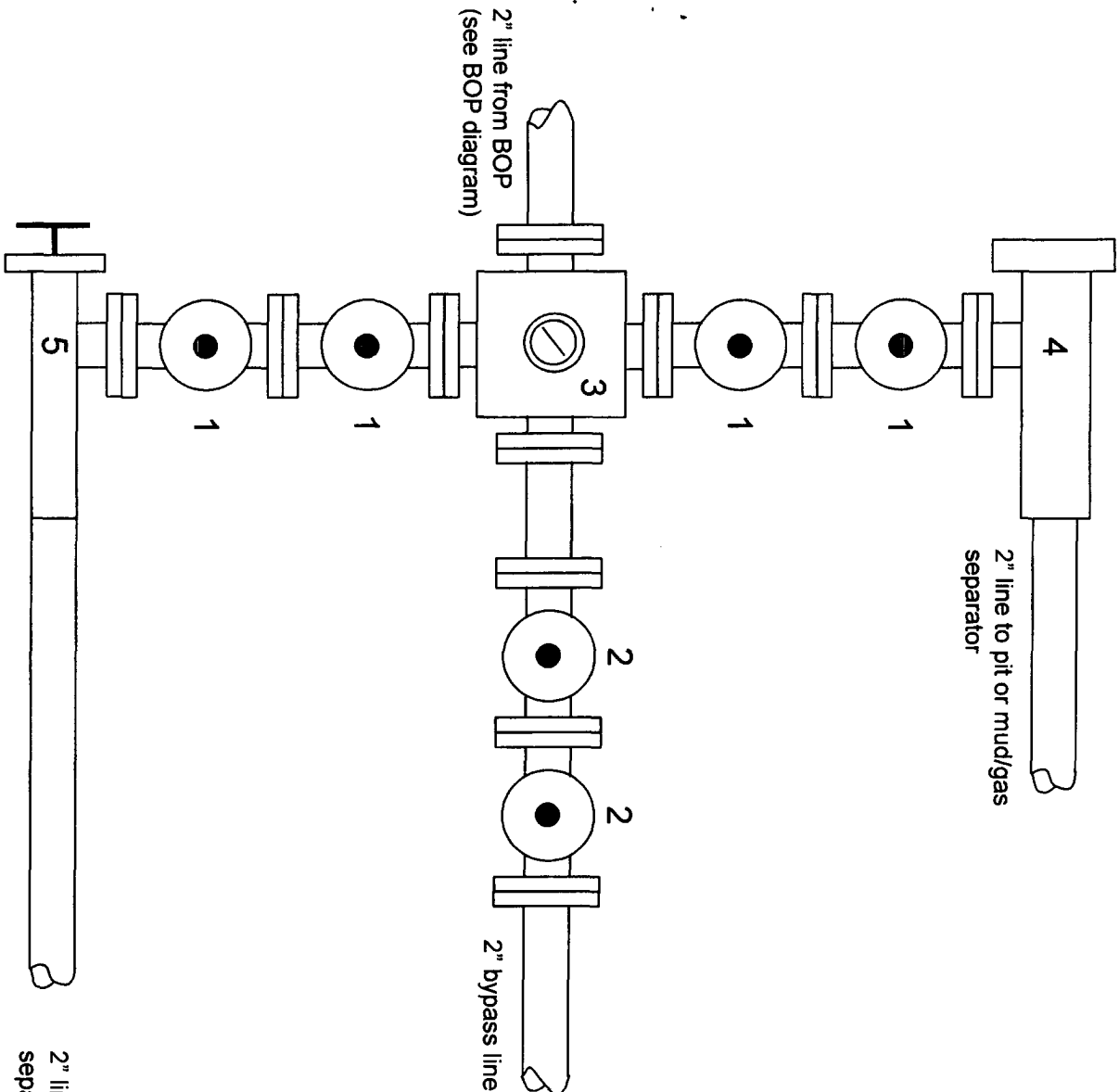
Components

- 1 - Wellhead 9-5/8" (2M)
- 2 - Drilling spool 11" (2M)
- 3 - A double or two single rams with blinds on bottom 11" (2M)
- 4 - Bell nipple*
- 5 - 2" check valve (2M)
- 6 - 2" Manual valves (2M)

*Note: Rotating head may also be used if necessary. Also, all line and valve sizes listed are minimum requirements.

True Grit Federal 35 #13 **2000 psi Choke Manifold** **Minimum requirements**

Components
1 – 2" Valve (2M)
2 – 2" Valve (2M)
3 – Mud cross with gauge (2M) flanged below the gage.
4 – Adjustable choke (2M)
5 – Adjustable choke (2M)
Note: All line and valve sizes listed are minimum requirements.



UNITED STATES
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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.

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

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well
☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator **PATINA SAN JUAN, INC.**

3a. Address
5802 US HIGHWAY 64 FARMINGTON, NM 87402

3b. Phone No. (include area code)
505-632-8056

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

**660' FSL, 675' FWL
M Sec 35 - T31N - R13W**

5. Lease Serial No.

NMSE 078463A

6. If Indian, Allottee or Tribe Name

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

NMMN 73527 (OK)

8. Well Name and No.

TRUE GRIT FEDERAL 35 #13

9. API Well No.

30-045-33512

10. Field and Pool, or Exploratory Area

Basin Dakota/Basin Fruitland Coal

11. County or Parish, State

SAN JUAN COUNTY, 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 Add Basin Fruitland
	<input checked="" type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	coal-Delete Blanco
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	Mesa Verde formati

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.)

PER THE JANUARY 10, 2006 REQUEST OF CHIP HARRADEN, BLM GEOLOGIST, TO BROWN HAWKINS, PATINA SAN JUAN IS SUBMITTING THE NEW TOPS AND AMENDED DRILLING PLAN TO FACILITATE ELEVATION CORRECTION.

PATINA FURTHER REQUESTS:

1. THE ADDITION OF THE BASIN FRUITLAND COAL FORMATION AND DELETION OF BLANCO MESA VERDE FORMATION.

2. CORRECTION OF THE WELL NAME TO: TRUE GRIT FEDERAL 35 #13

ATTACHMENTS WITH NEW TOPS AND AMENDED DRILLING PLAN.

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

JEAN M. MUSE

Title **REGULATORY COMPLIANCE**

Signature

Date

05/08/2006

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)

2006 MAY 8 PM 8:10
 RECEIVED
 070 FARMINGTON NM