Form 3160-3
(April 2004)

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
APPLICATION FOR PERMIT TO DRILL OR REENTER

2006 JUN 27 PM 6 39

RECEIVED

5. Lease Serial No.: **NM SF - 078464**

6. If Indian, Allottee or Tribe Name: **N/A**

7. If Unit or CA Agreement, Name and No.: **NMNM - 073556 - DK**

1a. Type of Work: [X] DRILL [ ] REENTER

1b. Type of Well: [X] Oil Well [ ] Gas Well [ ] Other [ ] Single Zone [ ] Multiple Zone

8. Lease Name and Well No. *: **True Grit 35 #03** (Federal)

2. Name of Operator: **Patina Oil and Gas Corp.**

9. API Well No.: **30-045- 33823**

3a. Address: 1625 17th St. Suite 2000, Denver, CO 80202

3b. Phone No. *(include area code)*: 303.228.4000

10. Field and Pool, or Exploratory: **Blanco MV/Basin DK/Basin FC**

4. Location of well *(Report location clearly and In accordance with any State requirements.*)*
At surface: **Lot 1 (NENW), 825' FNL, 1860' FWL**
At proposed prod. zone

11. Sec., T., R., M., or Blk. And Survey or Area: **C Section 35, T31N - R13W**

OCT 2006

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*: **Approximately 4 miles North of Farmington, NM**

12. County or Parish: **San Juan**

13. State: **New Mexico**

15. Distance from proposed* location to nearest property or lease line, ft. **825'** (Also to nearest drlg unit line, if any)

16. No. of Acres in lease: **325.22**

17. Spacing Unit dedicated to this well: W/2 325.22 ~~FC~~, **N/2 MV/DK**

18. Distance from proposed location* to nearest well, drilling completed, applied for, on this lease, ft.: **+/- 1180'**

19. Proposed Depth: **6705'**

20. BLM/ BIA Bond No. on file: **LMP 8720503**

21. Elevations (Show whether DF. RT, GR, etc.): **5822'** GR

22. Aproximate date work will start*: **Aug. 2006**

23. Estimated Duration: **16 days to drill**

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 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 a authorized officer.

Attached: Drilling Program, Surface Use Plan, BOPE Diagram and Exhibits 1 - 5.

I hereby certify that Patina Oil & Gas Corp. is responsible under the terms and conditions of the lease to conduct lease operations.
Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by BLM Bond # LMP 8720503

25. Signature	Name *(Printed/ Typed)*	Date
	Joe Mazotti	**6/9/2006**
Title: **Regulatory Analyst**		
Approved By *(Signature)*: /s/ Manuel Montoya	Name *(Printed/ Typed)*	Date: 10/4/06
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 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 reverse)

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

OPERATOR

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

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

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OIL CONS. DIV.

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹API Number	²Pool Code	³Pool Name
30-045-33823	72319 / 71599 \ 71629	Blanco M.V. / BASIN DAKOTA / BASIN FRUITLAND COAL

⁴Property Code	⁵Property Name	⁶Well Number
36059	TRUE GRIT FEDERAL 35	03

⁷OGRID No.	⁸Operator Name	⁹Elevation
173252	PATINA SAN JUAN, INC.	5822'

¹⁰ Surface Location

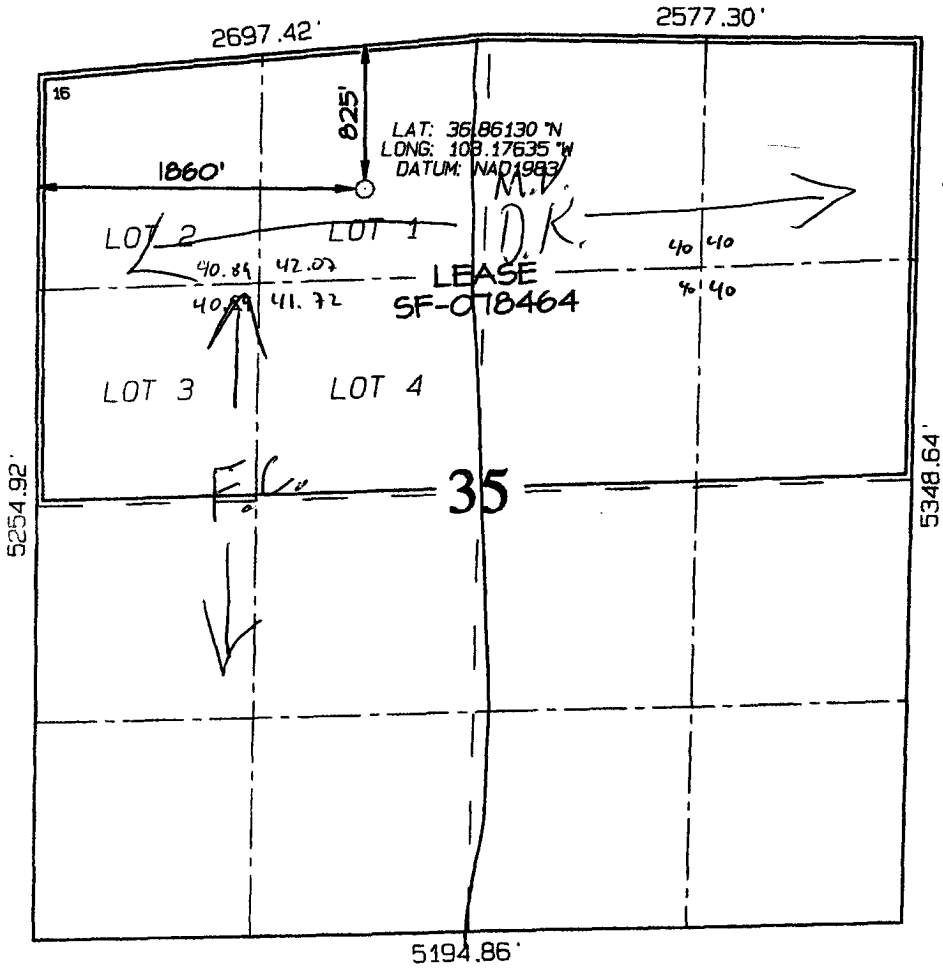
UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	35	31N	13W	1	825	NORTH	1860	WEST	SAN JUAN

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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
325.22 Acres - (N/2) DK W/2 FC			

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

Signature

Joe Mazotti

Printed Name

Regulatory Analyst

Title

6/9/06

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

Date of Survey: MAY 2, 2002

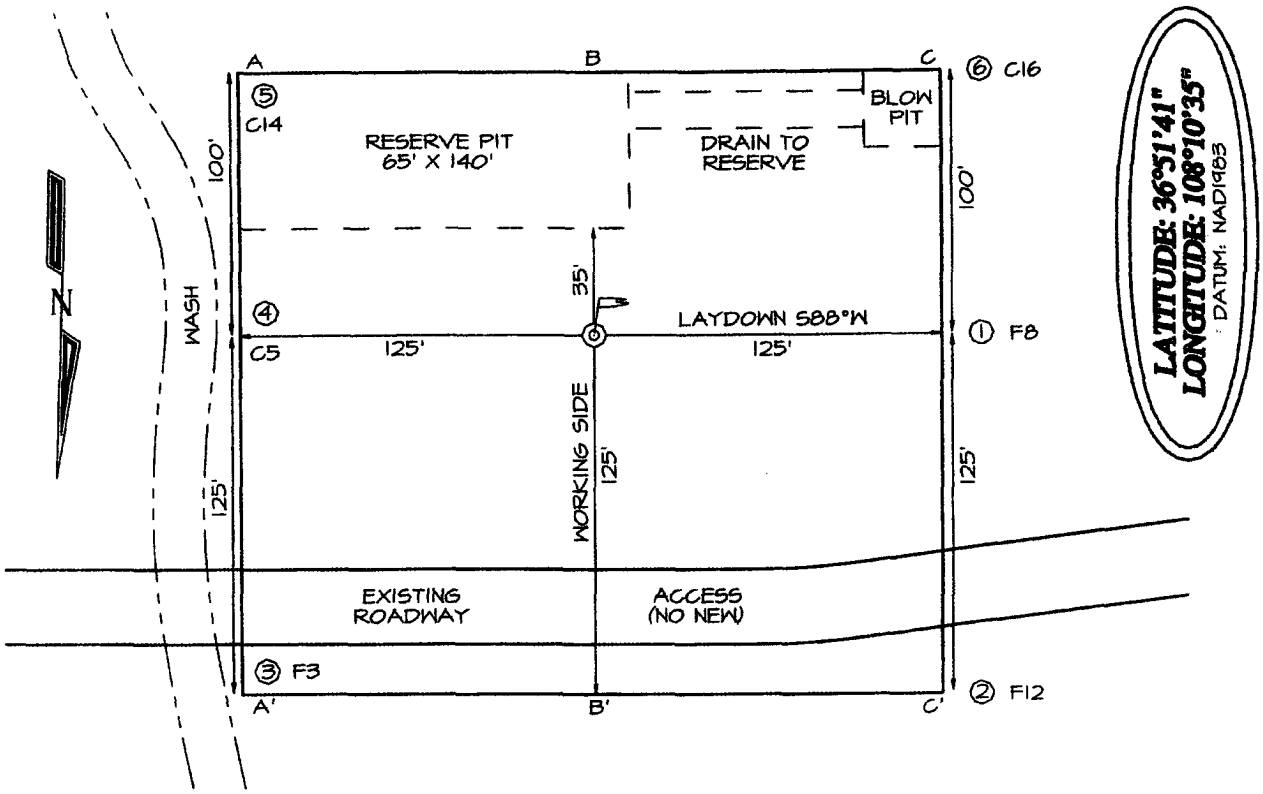
Signature and Seal of Professional Surveyor

JASON C. EDWARDS
NEW MEXICO
15269
REGISTERED PROFESSIONAL SURVEYOR

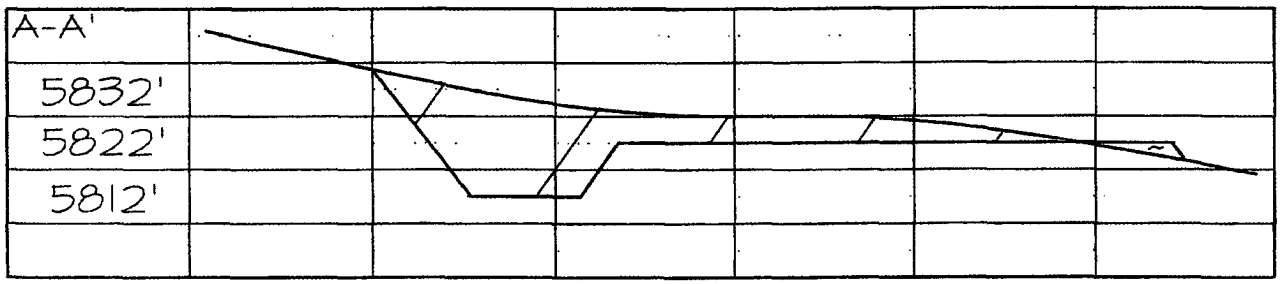
JASON C. EDWARDS

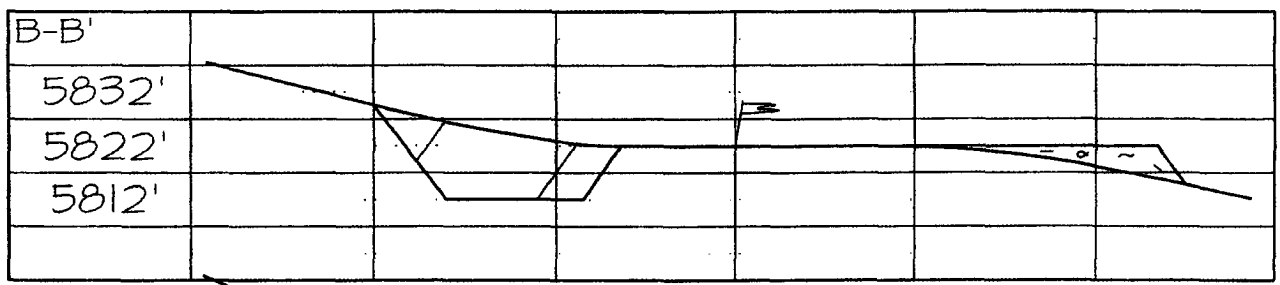
Certificate Number 15269

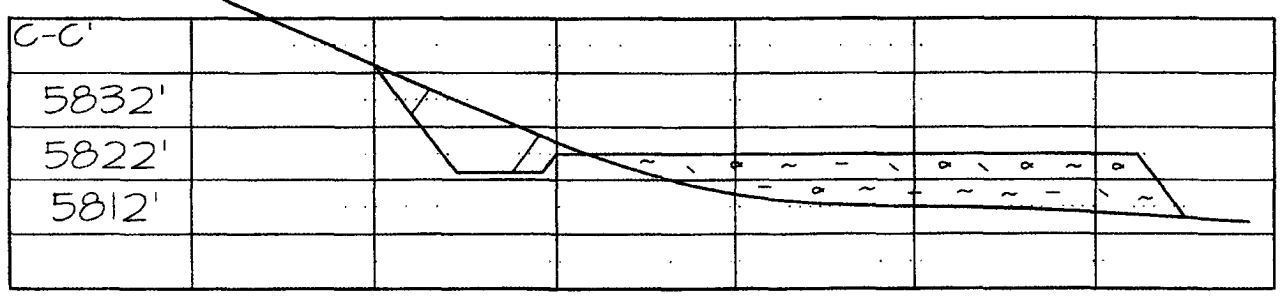
PATINA SAN JUAN, INC. TRUE GRIT 35 #03
825' FNL & 1860' FWL, SECTION 35, T31N, R13W, NMPM
SAN JUAN COUNTY, NEW MEXICO GROUND ELEVATION: 5822'



LATITUDE: 36°51'41"
LONGITUDE: 108°10'35"
DATUM: NAD1983







FILENAME: 311335T2	SHEET 2 OF 5	NCE SURVEYS, INC.	DRAWN BY: SLE	CHECKED BY: JCE

PATINA OIL & GAS CORP.

DRILLING PLAN

True Grit Federal 35 #03
NENW, Section 35, T31N – R13W
San Juan County, New Mexico

1. LOCATION:

Est. elevation: 5822'
"C" (NENW), Section 35, T31N - R13W
San Juan, New Mexico

Field: Blanco Mesa Verde & Basin DK
Surface: BLM
Minerals: BLM

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

Surface formation – Nacimiento

Formation	*Est. Formation Top (Ft)*	*Water/Mineral Zones*
Ojo Alamo	880'	Fresh Water
Kirtland	1007'	
Fruitland	1477'	Possible Minerals
Pictured Cliffs**	1915'	Possible Minerals
Lewis	2121'	Possible Minerals
Cliff House**	3512'	Possible Minerals
Menefee**	3672'	Possible Minerals
Point Lookout***	4269'	Possible Minerals
Mancos	4742'	Possible Minerals
Gallup	5840'	Possible Minerals
Greenhorn	6344'	Possible Minerals
Graneros	6402'	Possible Minerals
Dakota***	6462'	Possible Minerals
TD	6705'	

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~~ 1500 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~~ 1500 psi (High	250 psi (low)
c)	Choke lines:	~~1,000~~ 1500 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:

a) Manually operated kelly cock (upper and lower)
b) 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	4720'
Production	6.25	4.5	4350	6705'

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% $CaCl_2$, ¼#/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 ft^3/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:
170 sx of Type III cement plus additives
Slurry weight: 13.0 ppg
Slurry yield: 2.00 ft^3/sx

2nd Stage: (Stage tool at ±3000')
Lead: 215 sx of Type III cement plus additives
Slurry weight: 12.5 ppg
Slurry yield: 2.24 ft^3/sx

Tail: 60 sx of Type III cement plus additives
Slurry weight: 13.0 ppg
Slurry yield: 2.00 ft^3/sx

Volume Basis:	40' of 7" shoe joint	9 cu ft
	4350' of 7" x 8 ¾" hole	654 cu ft
	300' of 7" x 9 5/8" casing	50 cu ft
	30% excess (annulus)	211 cu ft
	Total	~~924~~ 942 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 ft^3/sx

Volume basis:	40' of 4 1/2" shoe joint	5 cu ft
	2010' of 4 ½" x 6 1/4" hole	206 cu ft
	300' of 4 ½" x 7" casing overlap	33 cu ft
	200' above 4.5" liner (without drill pipe)	44 cu ft
	30% excess (annulus)	72 cu ft
	Total	360 cu ft

Note:
1. Design top of cement is ±4150' (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 (±4650'), 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.

6. EVALUATION PROGRAM:

Mud logger: From base of surface casing to TD.

Testing: No DST is planned

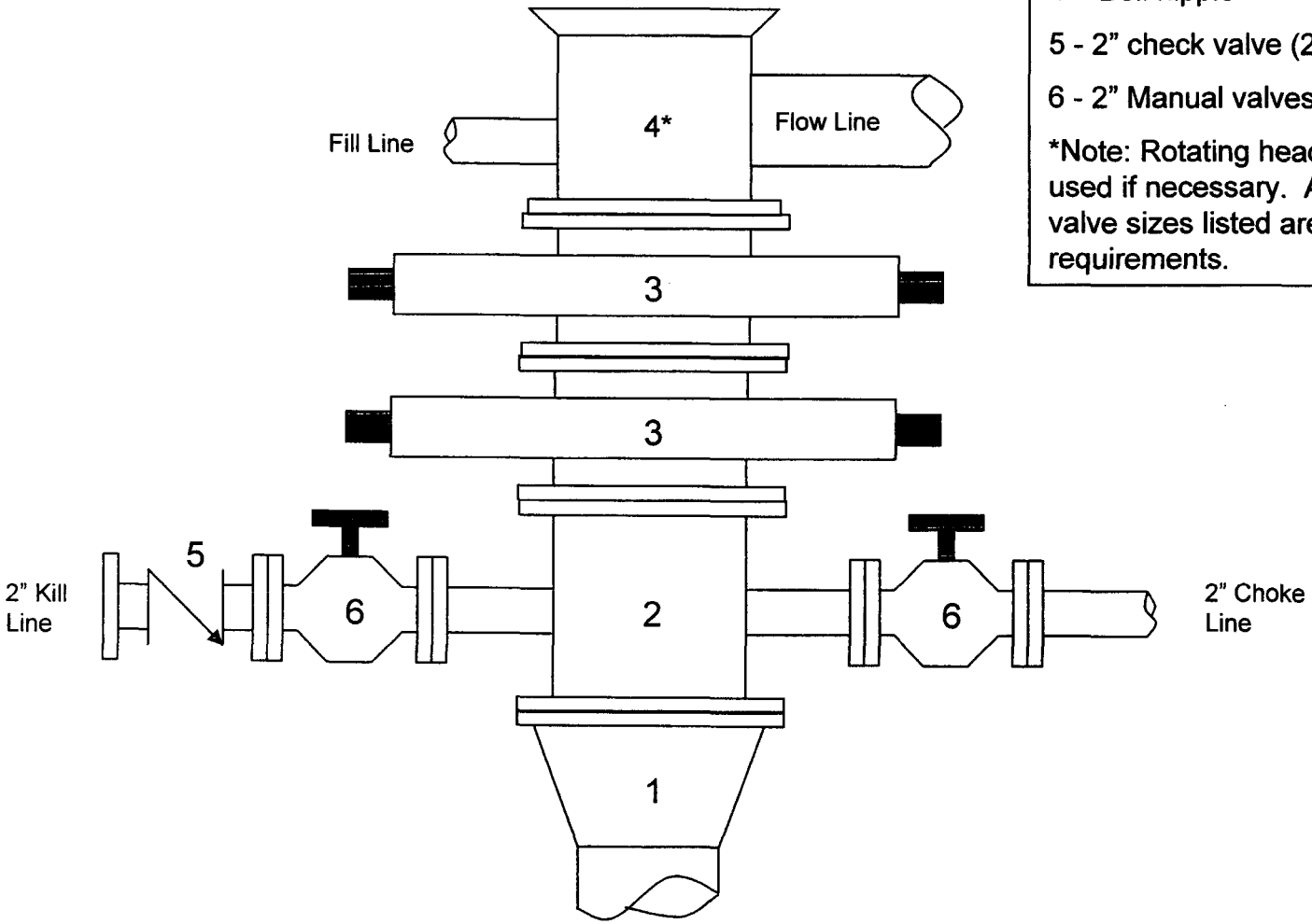
Coring: None Planned

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 35 #03

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)

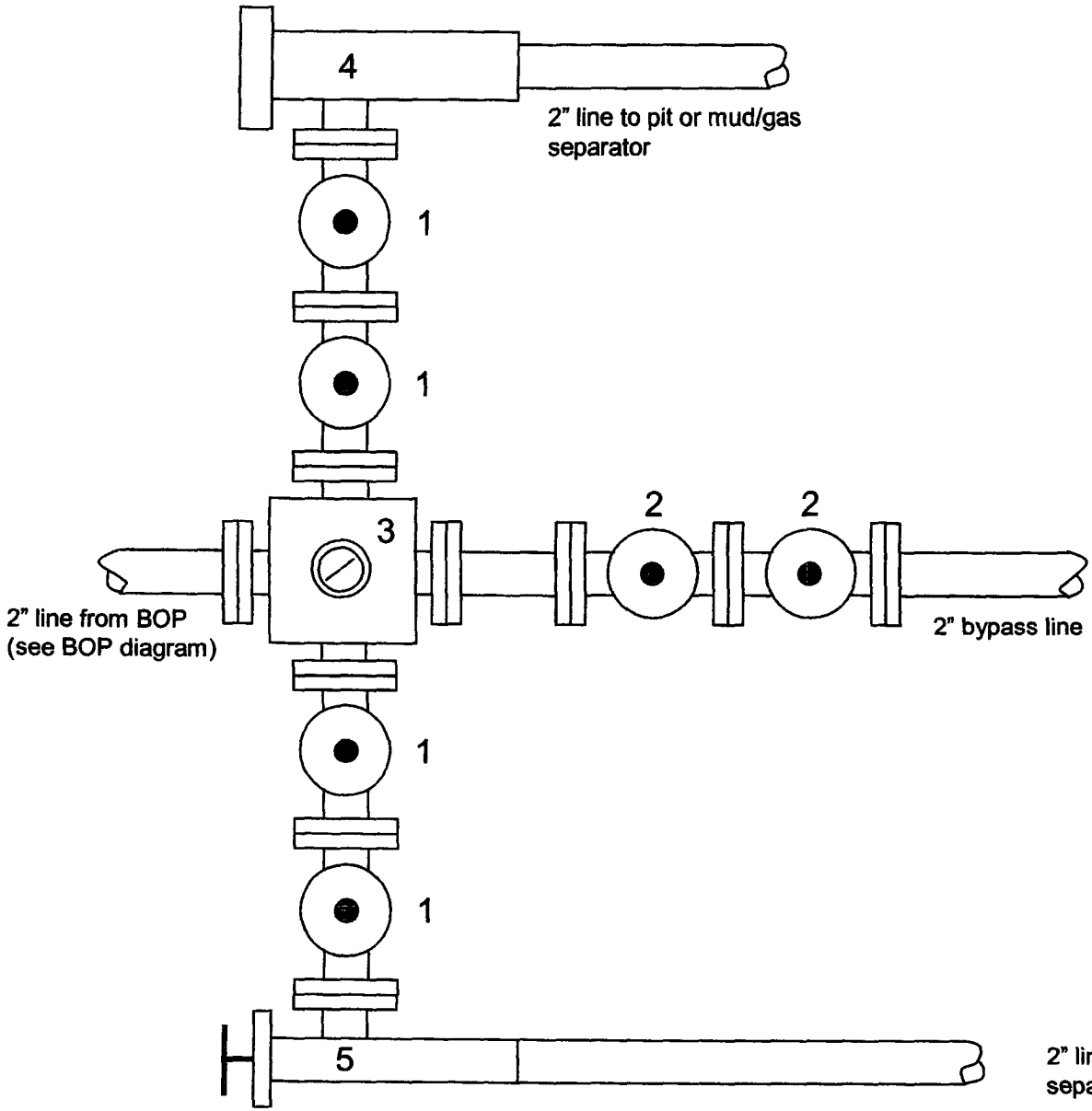
6 - 2" Manual valves (2M)

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

Attachment #1

True Grit Federal 35 #03

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.

Attachment #2