

PATINA
OIL & GAS CORPORATION

1625 Broadway Suite 2000
Denver, Colorado 80202
(303) 389-3600
(303) 595-7406 Fax

December 5, 1996

Mr. Richard T. Griebing, Director
Oil & Gas Conservation Commission
The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203

Dear Mr. Griebing:

The purpose of this letter is to put into writing the agreement reached between Patina Oil & Gas Corporation ("Patina") and the Colorado Oil & Gas Conservation Commission ("COGCC") with respect to the wells listed on Schedule I.

With respect to those wells, Patina will, during the six month calendar period commencing July 1, 1996, either (i) plug and abandon, (ii) comply with the requirements of Rule 326b, or (iii) return to production not less than 24 of the wells.

One half of the wells listed on Schedule I that have not (i) been plugged and abandoned, (ii) tested pursuant to Rule 326b, or (iii) returned to production as of January 1, 1997 will be (i) plugged and abandoned, (ii) tested pursuant to Rule 326b, or (iii) returned to production on or before December 31, 1997 with the remaining half to be (i) plugged and abandoned, (ii) tested pursuant to Rule 326b, or (iii) returned to production on or before December 31, 1998.

For the purposes of the six month period that expires on December 31, 1996, Patina may count against the initial 24 well commitment any wells plugged and abandoned tested pursuant to Rule 326b or returned to production by Patina, Snyder Oil Corporation or Gerrity Oil & Gas Corporation from May 1, 1996.

Patina's obligations shall be subject to weather conditions, equipment availability, delays caused by farming operations and other surface owner issues or restrictions and the relevant compliance periods shall be extended by the number of days Patina's operations were delayed by any such condition. If Patina claims that such an extension is necessary, it will notify, in writing, the COGCC of the condition that justifies the extension and the date the condition commenced and ceased. If Patina assigns or causes the assignment of any well listed on Schedule I, the terms of this Agreement shall apply thereto. Patina agrees to deliver a copy of this Agreement to any transferee of a well or wells listed on Schedule I. If Patina assigns or causes the assignment of any well or wells listed on Schedule I to an Operator who is in compliance with the COGCC financial assurance rules as they currently exist or as they may be amended from time to time, such well or wells will count against Patina's commitments hereunder.

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As long as Patina is in material compliance with the terms of this Agreement, the COGCC will not issue to Patina or Gerrity Oil & Gas Corporation ("Gerrity") any Notices of Alleged Violations ("NOAV") alleging a violation of Rule 326b with respect to the wells listed on Schedule I and upon the execution hereof by Patina and the Director of the COGCC, all NOAVs currently issued alleging a violation of Rule 326b for any of the wells listed on Schedule I are hereby canceled.

Patina and the COGCC agree that this Agreement may be enforced by the COGCC pursuant to its rules and regulations. Nothing in this Agreement will prevent the COGCC from enforcing its rules and regulations in connection with wells operated by Patina and Gerrity which do not appear on Schedule I, provided, however, if the COGCC issues an NOAV alleging a violation of Rule 326b for a well or wells not listed on Schedule I, Patina or Gerrity may resolve the NOAV by amending Schedule I, with the agreement of COGCC, in writing to include any such well or wells. If Schedule I is so amended, the terms of this Agreement shall apply to such wells. Further, if a complaint is received by COGCC from a member of the public alleging that a well or wells listed on Schedule I has been shut in for more than two years and has not been tested for mechanical integrity and if the complaint is factually correct, Patina will, within six months from the first day of the month following such complaint, either plug and abandon the well, comply with the requirements of Rule 326b, or return the well to production in accordance with the terms of this Agreement.

This Agreement shall not prevent the COGCC from commencing appropriate enforcement proceedings for alleged rules violations for matters not addressed in this Agreement for the wells listed on Schedule I.

As wells are removed from Schedule I by plugging and abandonment, compliance with Rule 326, returning a well to production or by disposition, additional wells may be added to the Agreement by mutual agreement of Patina and the COGCC.

On or before January 31 and July 31 of each year while this Agreement remains in effect, Patina will provide to COGCC a written report detailing operations hereunder for the six month periods ending on December 31 and June 30 each year. If for any annual compliance period, Patina has not complied with the terms of this Agreement, the COGCC may elect to commence enforcement proceedings for alleged violations of Rule 326b against the number of wells listed on Schedule I necessary to bring the total for the applicable compliance period to the number required by the terms of this agreement. Any such enforcement proceedings shall not reduce the obligations of Patina hereunder for any other compliance period.

Any notice required hereunder must be in writing and will be deemed delivered (i) if given by fax, upon the electronic confirmation by the sender that the fax was received by the party to whom sent, (ii) on the date of delivery, if personally delivered to the person to whom addressed, or (iii) if mailed by certified mail, return receipt requested, on the date received by the person to whom addressed.

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The addresses for the giving notices are as follows:

If to Patina

1625 Broadway, Suite 2200
Denver, CO 80202
Attention: Senior Vice President, Operations
Fax Number: 303-592-8600

If to COGCC

The Chancery Building
1120 Lincoln Street, Suite 801
Denver, CO 80203
Attention: Director
Fax Number: 303-894-2109

This Agreement is being entered into by Patina as the operator of the wells listed on Schedule I that are owned by SOCO Wattenberg Corporation and as the owner of all of the issued and outstanding shares of Gerrity, and Patina represents to the COGCC that it has the authority to enter into this Agreement and to cause compliance with the same by Gerrity.

Finally, the terms of this agreement will be reviewed within thirty (30) days of the date of any final rule promulgated by the COGCC with respect to financial surety for the plugging and abandonment of wells drilled in the State of Colorado and this agreement shall be amended as may be necessary to comply with such rules.

If the foregoing represents the agreements reached by COGCC and Patina concerning the subject matter hereof, please so indicate by signing one original of this letter in the space provided and return one original to me.

Very truly yours,

PATINA OIL & GAS CORPORATION

A handwritten signature in cursive script, reading "Ronald E. Dashner", written over a horizontal line.

By: Ronald E. Dashner
Senior Vice President, Operations

COLORADO OIL & GAS CONSERVATION COMMISSION

A handwritten signature in cursive script, reading "Richard T. Griebeling", written over a horizontal line.
By: Richard T. Griebeling, Director