SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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PATINA OIL & GAS CORP

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SIC: **1311** Crude petroleum & natural gas

Mailing Address
777 MAIN ST
STE 2500
FORT WORTH TX 76102

Business Address
1625 BROADWAY
STE 2000
DENVER CO 80202
3035928500

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to _________

Commission file number 1-14344

PATINA OIL & GAS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	75-2629477
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
1625 Broadway Denver, Colorado	80202
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code (303) 389-3600

Title of class	Name of exchange on which listed
Common Stock, $.01 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No .

There were 21,365,206 shares of common stock outstanding on July 31, 2001.

PART I. FINANCIAL INFORMATION

Patina Oil & Gas Corporation (the "Company") was formed in 1996 to hold the assets and operations of Snyder Oil Corporation ("SOCO") in the Wattenberg Field and to facilitate the acquisition of Gerrity Oil & Gas Corporation. The financial statements included herein have been prepared in conformity with generally accepted accounting principles. The statements are unaudited but reflect all adjustments, which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations.

PATINA OIL & GAS CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands except share data)

<TABLE>
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	December 31, 2000	June 30, 2001
		(Unaudited)
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and equivalents	$ 2,653	$ 1,670
Accounts receivable	31,830	22,761
Inventory and other	4,885	3,916
Unrealized hedging gains	-	25,569
	39,368	53,916
Oil and gas properties, successful efforts method	709,248	733,397
Accumulated depletion, depreciation and amortization	(353,344)	(376,598)
	355,904	356,799
Gas facilities and other	4,580	5,244
Accumulated depreciation	(3,098)	(3,541)
	1,482	1,703
Other assets	24,500	341
Unrealized hedging gains	-	26,811
	$421,254	$ 439,570
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 23,073	$ 31,167
Accrued liabilities	7,794	18,392
Unrealized hedging losses	-	601
	30,867	50,160
Senior debt	177,000	93,000
Deferred income taxes	15,776	28,171
Other noncurrent liabilities	21,165	13,668
Commitments and contingencies		
Stockholders' equity		
Preferred Stock, $.01 par, 5,000,000 shares authorized, none issued	-	-
Common Stock, $.01 par, 100,000,000 shares authorized, 20,043,859 and 21,707,577 shares issued and outstanding	200	217
Capital in excess of par value	151,392	157,571
Retained earnings	24,854	63,645
Other comprehensive income	-	33,138
	176,446	254,571
	$ 421,254	$ 439,570

</TABLE>

The accompanying notes are an integral part of these statements.

PATINA OIL & GAS CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share data)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	2001	2000	2001

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(Unaudited)

Revenues				
<S>	<C>	<C>	<C>	<C>
Oil and gas sales	$31,569	$53,194	$62,843	$116,759
Other	288	1,509	590	2,396
	31,857	54,703	63,433	119,155
Expenses				
Direct operating	4,909	9,910	10,492	21,813
Exploration	6	117	25	220
General and administrative	1,755	2,840	3,394	5,405
Interest and other	2,393	1,734	4,954	4,783
Depletion, depreciation and amortization	9,528	11,840	19,809	23,741
	18,591	26,441	38,674	55,962
Pre-tax income	13,266	28,262	24,759	63,193
Provision for income taxes				
Current	-	5,087	-	11,375
Deferred	2,653	5,087	4,952	11,375
	2,653	10,174	4,952	22,750
Net income	$10,613	$18,088	$19,807	$ 40,443
Net income per share				
Basic	$ 0.59	$ 0.86	$ 1.06	$ 1.99
Diluted	$ 0.46	$ 0.79	$ 0.87	$ 1.79
Weighted average shares outstanding				
Basic	16,422	21,129	16,343	20,371
Diluted	22,910	22,914	22,165	22,653

</TABLE>

The accompanying notes are an integral part of these statements.

PATINA OIL & GAS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands)

<TABLE>
<CAPTION>

	Preferred Stock		Common Stock		Capital in Excess of Par Value	Deferred Compensation	Retained Earnings (Deficit)	Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1999	2,383	$ 24	16,131	$161	$188,545	$(279)	$(22,561)	$ -	$165,890
Repurchase of common and preferred	(514)	(5)	(1,638)	(16)	(41,575)	-	(549)	-	(42,145)
Conversion of preferred into common	(1,869)	(19)	4,934	49	(31)	-	-	-	(1)
Issuance of common	-	-	617	6	4,453	-	-	-	4,459
Preferred and common dividends	-	-	-	-	-	-	(4,477)	-	(4,477)
Net income	-	-	-	-	-	279	52,441	-	52,720
Balance, December 31, 2000	-	-	20,044	200	151,392	-	24,854	-	176,446

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Repurchase of common and warrants	-	-	(1,792)	(18)	(38,135)	-	-	-	(38,153)
Issuance of common	-	-	578	6	8,368	-	-	-	8,374
Conversion of warrants	-	-	2,878	29	35,946	-	-	-	35,975
Common dividends	-	-	-	-	-	-	(1,652)	-	(1,652)
Comprehensive income:									
Net income	-	-	-	-	-	-	40,443	-	40,443
Cumulative effect of accounting change, net of tax	-	-	-	-	-	-	-	(25,077)	(25,077)
Reclassifications adjustments	-	-	-	-	-	-	-	10,224	10,224
Change in unrealized hedging gains	-	-	-	-	-	-	-	47,991	47,991
Total comprehensive income	-	-	-	-	-	-	40,443	33,138	73,581
Balance, June 30, 2001 (unaudited)	-	$ -	21,708	$217	$157,571	$ -	$ 63,645	$ 33,138	$254,571

</TABLE>

The accompanying notes are an integral part of these statements.

PATINA OIL & GAS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	2000	2001
	(Unaudited)	
<S>	<C>	<C>
Operating activities		
Net income	$ 19,807	$ 40,443
Adjustments to reconcile net income to net cash provided by operations		
Exploration expense	25	220
Depletion, depreciation and amortization	19,809	23,741
Deferred income taxes	4,952	11,375
Deferred compensation expense	140	-
Amortization of deferred credits	(703)	15
Amortization of loan fees	152	14
Changes in current and other assets and liabilities		
Decrease in		
Accounts receivable	415	9,069
Inventory and other	250	807
Increase (decrease) in		
Accounts payable	311	10,533
Accrued liabilities	11	1,111
Other assets and liabilities	(2,274)	(2,628)
Net cash provided by operating activities	42,895	94,700
Investing activities		
Acquisition, development and exploration	(17,376)	(40,058)
Disposition of oil and gas properties	-	15,285
Other	(186)	(149)
Net cash used by investing activities	(17,562)	(24,922)
Financing activities		
Decrease in indebtedness	(11,000)	(84,000)
Debt issuance fees	-	(168)
Repayment from affiliate	-	24,500
Deferred credits	1,446	(13,209)

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Issuance of common stock	3,262	41,921
Repurchase of common stock	(3,033)	(38,153)
Repurchase of preferred stock	(12,846)	-
Preferred stock redemption premium	(549)	-
Preferred and common dividends	(2,756)	(1,652)
Net cash used by financing activities	(25,476)	(70,761)
Decrease in cash	(143)	(983)
Cash and equivalents, beginning of period	626	2,653
Cash and equivalents, end of period	$ 483	$ 1,670

</TABLE>

The accompanying notes are an integral part of these statements.

PATINA OIL & GAS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION AND NATURE OF BUSINESS

Patina Oil & Gas Corporation (the "Company" or "Patina"), a Delaware corporation, was formed in 1996 to hold the assets of Snyder Oil Corporation ("SOCO") in the Wattenberg Field and to facilitate the acquisition of Gerrity Oil & Gas Corporation ("Gerrity"). In conjunction with the Gerrity acquisition, SOCO received 14.0 million shares of Patina common stock. In 1997, a series of transactions eliminated SOCO's ownership.

In November 2000, Patina acquired various property interests out of a bankruptcy. The assets were acquired through Elysium Energy, L.L.C. ("Elysium"), a New York limited liability company, in which Patina holds a 50% interest. Patina invested $21.0 million of equity and provided a $60.0 million credit facility to Elysium. See Note (9). The accompanying consolidated financial statements were prepared on a proportionate consolidation basis, including Patina's 50% interest in Elysium's assets, liabilities, revenues and expenses. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company's operations currently consist of the acquisition, development, exploitation and production of oil and natural gas properties. Historically, Patina's properties were primarily located in the Wattenberg Field of Colorado's D-J Basin. Through Elysium, the Company now has oil and natural gas properties in central Kansas, the Illinois Basin, and the San Joaquin Field of California.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Producing Activities

The Company utilizes the successful efforts method of accounting for its oil and gas properties. Leasehold costs are capitalized when incurred. Unproved properties are assessed periodically within specific geographic areas and impairments in value are charged to expense. Exploratory expenses, including geological and geophysical expenses and delay rentals, are charged to expense as incurred. Exploratory drilling costs are capitalized, but charged to expense if the well is determined to be unsuccessful. Costs of productive wells, unsuccessful developmental wells and productive leases are capitalized and amortized on a unit-of-production basis over the life of the associated oil and gas reserves. Oil is converted to natural gas equivalents (Mcfe) at the rate of one barrel to six Mcf. Amortization of capitalized costs has generally been provided on a field-by-field basis. An accrual of approximately $1.0 million has been provided for estimated future abandonment costs on certain Elysium properties as of June 30, 2001. No accrual has been provided for the Wattenberg properties, as management believes the salvage value will approximate abandonment costs.

The Company follows Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets," which requires the Company to assess the need for an impairment of capitalized costs of oil and gas properties on a field-by-field basis. While no impairments were recorded for the six months ended June 30, 2000 and 2001, changes in underlying assumptions or the amortization units could result in impairments in the future.

Gas facilities and other

Depreciation of gas gathering and transportation facilities is provided using the straight-line method over an estimated useful life of five years. Equipment is depreciated using the straight-line method with estimated useful

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lives, generally ranging from three to five years.

Other Assets

At December 31, 2000, Other Assets was comprised of $24.5 million advanced under a revolving credit facility to Elysium by Patina. In May 2001, Elysium entered into a new credit facility with a third party bank. Proceeds from this facility were used to retire and cancel Elysium's credit facility with Patina. See Note (9).

Section 29 Tax Credits

Between 1996 and 2000, the Company entered into certain arrangements to monetize its Section 29 tax credits. These arrangements resulted in revenue increases of approximately $0.40 per Mcf on production volumes from qualified Section 29 properties. As the Company's profitability now allows it to utilize these credits, they were reacquired in March 2001. The Company recorded additional gas revenues of $1.8 million and $602,000 related to the Section 29 credits during the six months ended June 30, 2000 and 2001, respectively.

Gas Imbalances

The Company uses the sales method to account for gas imbalances. Under this method, revenue is recognized based on the cash received rather than the Company's proportionate share of gas produced. Gas imbalances at December 31, 2000 and June 30, 2001 were insignificant.

Comprehensive Income

The Company follows SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting comprehensive income. In addition to net income, comprehensive income includes all changes in equity during a period, except those resulting from investments and distributions to the owners of the Company. The Company had no such changes for the six months ended June 30, 2001. The components of other comprehensive income and related tax effects for the six months ended June 30, 2001 are as follows (in thousands):

<TABLE>
<CAPTION>

	Gross	Tax Effect	Net of Tax
<S>	<C>	<C>	<C>
Cumulative effect of accounting change	$(39,183)	$ 14,106	$(25,077)
Change in derivative fair value of hedge	74,988	(26,997)	47,991
Reclassifications adjustments - contract settlements	15,975	(5,751)	10,224
	$ 51,780	$(18,642)	$ 33,138

</TABLE>

Financial Instruments

The book value and estimated fair value of cash and equivalents was $2.7 million and $1.7 million at December 31, 2000 and June 30, 2001, respectively. The book value and estimated fair value of the senior debt was $177.0 million and $93.0 million at December 31, 2000 and June 30, 2001, respectively. The book value of these assets and liabilities approximates fair value due to the short maturity or floating rate structure of these instruments.

Derivative Instruments and Hedging Activities

From time to time, the Company enters into commodity derivative contracts and fixed-price physical contracts to manage its exposure to oil and natural gas price volatility. Commodity derivative contracts, which are generally placed with major financial institutions or with counter parties of high credit quality that the Company believes are minimal credit risks, may take the form of futures contracts, swaps or options. The oil and gas reference prices of these commodity derivative contracts are based upon oil and natural gas futures which have a high degree of historical correlation with actual prices received by the Company. Currently, the Company's oil and gas swap contracts are designated as cash flow hedges and the remaining discussion will relate exclusively to this type of derivative instrument.

The Company entered into various swap contracts for oil based on NYMEX prices for the first six months of 2000 and 2001, recognizing losses of $4.7 million and $537,000, respectively, related to these swap contracts. The Company entered into various swap contracts for natural gas based on the Colorado

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Interstate Gas ("CIG") index during the first six months of 2000 and 2001, recognizing losses of $2.4 million and $15.4 million, respectively, related to these swap contracts.

At June 30, 2001, the Company had entered into swap contracts for oil based on NYMEX prices covering approximately 5,125 barrels of oil per day for the remainder of 2001 at fixed prices ranging from $23.05 to $29.87 per barrel and 2,825 barrels of oil per day for the first six months of 2002 at fixed prices ranging from $25.88 to $27.32 per barrel. These swaps are summarized in the table below. The overall weighted average hedged price for the swap contracts is $26.74 per barrel for the remainder of 2001 and $26.43 per barrel for the first six months of 2002. The unrecognized gains on these contracts totaled $1.2 million based on estimated market values at June 30, 2001.

At June 30, 2001, the Company had entered into swap contracts for natural gas based on CIG index prices covering approximately 49,600 MMBtu's per day for the remainder of 2001 at fixed prices ranging from $3.11 to $5.64 per MMBtu. The Company also entered into natural gas swap contracts for 2002, 2003, 2004 and 2005 as of June 30, 2001, which are summarized in the table below. The unrecognized gains on these contracts totaled $50.6 million based on estimated market values at June 30, 2001.

As of June 30, 2001, the Company was a party to the following fixed price swap and physical arrangements summarized below:

	Oil (NYMEX Swaps)		
Time Period	Daily Volume Bbl	$/Bbl	Unrealized Gain / (Loss) ($/thousand)
07/01/01 - 09/30/01..	5,000	26.98	$ 389
10/01/01 - 12/31/01..	5,250	26.52	258
01/01/02 - 03/31/02..	3,500	26.62	339
04/01/02 - 06/30/02..	2,165	26.13	210

	Natural Gas (CIG Swaps)		
Time Period	Daily Volume MMBtu	$/MMBtu	Unrealized Gain / (Loss) ($/thousands)
07/01/01 - 09/30/01..	50,000	3.63	$8,776
10/01/01 - 12/31/01..	49,200	4.02	5,064
01/01/02 - 03/31/02..	40,000	5.07	6,315
04/01/02 - 06/30/02..	26,650	3.98	3,619
07/01/02 - 09/30/02..	20,000	4.04	2,938
10/01/02 - 12/31/02..	11,630	4.40	1,294
2003.................	20,000	4.05	7,670
2004.................	20,000	4.12	7,559
2005.................	20,000	4.18	7,350

The Company follows SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 became effective for the Company on January 1, 2001.

The financial statement impact of adopting of SFAS No. 133 on January 1, 2001 was as follows (in millions):

Balance Sheet	Amount
Unrealized hedging losses..	$(43.2)

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Unrealized hedging gains	4.0
Deferred tax liability	(1.4)
Deferred tax asset	15.5
Cumulative effect of a change in accounting principle (other comprehensive loss)	$(25.1)

</TABLE>

During the first six months of 2001, net hedging losses of $16.0 million ($10.2 million after tax) were transferred from other comprehensive income and the change in the fair value of outstanding derivative net liabilities decreased by $75.0 million ($48.0 million after tax). As of June 30, 2001, the Company had net unrealized hedging gains of $51.8 million ($33.1 million after tax), including derivative assets of $52.4 million and derivative liabilities of $600,000. The Company expects to reclassify as an increase to earnings during the next twelve months $25.6 million ($16.4 million after tax) of net unrealized hedging gains to other comprehensive income based on estimated market values at June 30, 2001.

In October 1998, the Company entered into an interest rate swap contract for a two-year period. The contract was for $30.0 million principal with a fixed interest rate of 4.57% payable by the Company and the variable interest rate, the three-month LIBOR, payable by the third party. The difference between the fixed rate of 4.57% and the three-month LIBOR rate, which was reset every 90 days, was received or paid by the Company in arrears every 90 days. The Company received $234,000 in the first six months of 2000 pursuant to this contract, which lapsed in October 2000.

Stock Options and Awards

The Company accounts for its stock-based compensation plans under principles prescribed by the Accounting Principles Board's Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees." Accordingly, stock options awarded under the Employee Plan and the non-employee Directors Plan are considered to be "noncompensatory" and do not result in recognition of compensation expense. However, the restricted stock awarded under the Restricted Stock Plan is considered to be "compensatory" and the Company recognized $140,000 of non-cash general and administrative expenses for the six months ended June 30, 2000. No costs were incurred in 2001 as these costs were fully amortized in 2000. See Note (6).

Per Share Data

The Company uses weighted average shares outstanding in calculating earnings per share data. When dilutive, options and warrants are included as share equivalents using the treasury stock method and are included in the calculation of diluted per share data. Common stock issuable upon conversion of convertible preferred securities was included in the calculation of diluted per share data if their effect was dilutive.

Risks and Uncertainties

Historically, oil and natural gas prices have experienced significant fluctuations and have been particularly volatile in recent years. Price fluctuations can result from variations in weather, levels of regional or national production and demand, availability of transportation capacity to other regions of the country and various other factors. Increases or decreases in prices received could have a significant impact on future results.

Other

All liquid investments with a maturity of three months or less are considered to be cash equivalents. Certain amounts in the prior period-consolidated financial statements have been reclassified to conform to the current classifications. The consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and 50% of the accounts of Elysium.

All significant intercompany balances and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In the opinion of management, those adjustments to the financial statements (all of which are of a normal and recurring nature) necessary to present fairly the financial position and results of operations have been made. These interim financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

(3) OIL AND GAS PROPERTIES

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The cost of oil and gas properties at December 31, 2000 and June 30, 2001 included approximately $1.1 million and $8.2 million in net unevaluated costs for certain properties. Acreage that is generally held for exploration or resale and its value is excluded from amortization. The following table sets forth costs incurred related to oil and gas properties:

	Year Ended December 31, 2000	Six Months Ended June 30, 2001
	(In thousands)	
Acquisition...........	$49,015	$ 5,601
Development...........	39,996	34,237
Exploration and other..	293	220
	$89,304	$ 40,058
Disposition...........	$ -	$(15,285)

Elysium sold certain properties in the Lake Washington Field in Louisiana for $30.5 million in March 2001 ($15.25 million net to the Company).

(4) INDEBTEDNESS

The following indebtedness was outstanding on the respective dates:

	December 31, 2000	June 30, 2001
	(In thousands)	
Bank facility - Patina	$177,000	$ 87,000
Bank facility - Elysium, net	-	6,000
Less current portion	-	-
Senior debt, net	$177,000	$ 93,000

In July 1999, the Company entered into a Second Amended and Restated Bank Credit Agreement (the "Credit Agreement"). The Credit Agreement is a revolving credit facility in an aggregate amount up to $200.0 million. The amount available under the facility is adjusted semi-annually, each May 1 and November 1, and equaled $200.0 million at June 30, 2001.

The Company may elect that all or a portion of the credit facility bear interest at a rate equal to: (i) the prime rate or (ii) the rate at which Eurodollar deposits for one, two, three or six months are offered in the interbank Eurodollar market plus a margin which fluctuates from 1.00% to 1.50%, determined by a debt to EBITDA ratio. The average interest rate under the facility approximated 6.6% during the first six months of 2001 and was 5.5% at June 30, 2001.

The Credit Agreement contains certain financial covenants, including but not limited to a maximum total debt to EBITDA ratio and a minimum current ratio. The Credit Agreement also contains certain negative covenants, including but not limited to restrictions on indebtedness; certain liens; guaranties, speculative derivatives and other similar obligations; asset dispositions; dividends, loans and advances; creation of subsidiaries; investments; leases; acquisitions; mergers; changes in fiscal year; transactions with affiliates; changes in business conducted; sale and leaseback and operating lease transactions; sale of receivables; prepayment of other indebtedness; amendments to principal documents; negative pledge causes; issuance of securities; and non-speculative commodity hedging. Borrowings under the Credit Agreement mature in July 2003, but may be prepaid at anytime. The Company has periodically negotiated extensions of the Credit Agreement; however, there is no assurance the Company will be able to do so in the future. The Company had a restricted payment basket, as defined in the Credit Agreement, of $33.0 million as of June 30, 2001, which may be used to repurchase equity securities, pay dividends or make other restricted payments.

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In May 2001, Elysium entered into a Bank Credit Agreement (the "Elysium Credit Agreement"). The Elysium Credit Agreement is a revolving credit facility in an aggregate amount up to $60.0 million. The amount available under the facility is adjusted semi-annually, each May 1 and November 1, and equaled $30.0 million at June 30, 2001. Elysium had borrowed $12.0 million under the Elysium Credit Agreement as of June 30, 2001 ($6.0 million net to Patina).

The Elysium facility is non-recourse to Patina and contains certain financial covenants, including but not limited to a maximum total debt to EBITDA ratio, a minimum current ratio and a minimum tangible net worth. Borrowings under the Elysium Credit Agreement mature in May 2004, but may be prepaid at anytime. Elysium may elect that all or a portion of the credit facility bear interest at a rate equal to: (i) the prime rate or (ii) the rate at which Eurodollar deposits for one, two, three or six months are offered in the interbank Eurodollar market plus a margin which fluctuates from 1.50% to 2.00%, determined by a debt to EBITDA ratio. The average interest rate under the facility approximated 7.6% during the first six months of 2001 and was 5.6% at June 30, 2001.

Scheduled maturities of indebtedness for the next five years are zero for 2001 and 2002, and $87.0 million in 2003 and $6.0 million in 2004. Management intends to extend the maturity of its credit facility on a regular basis; however, there can be no assurance it will be able to do so. Cash payments for interest totaled $4.9 million and $4.7 million for the first six months of 2000 and 2001, respectively.

(5) STOCKHOLDERS' EQUITY

A total of 100,000,000 common shares, $0.01 par value, are authorized of which 21,707,577 were issued and outstanding at June 30, 2001. The common stock is listed on the New York Stock Exchange. A quarterly cash dividend of $0.01 per common share was initiated in December 1997. The dividend was increased to $0.02 per common share in the fourth quarter of 1999 and to $0.04 per common share in the fourth quarter of 2000. The Company has a stockholders rights plan designed to insure that stockholders receive full value for their shares in the event of certain takeover attempts. The following is a schedule of the changes in outstanding shares of the Company's common stock:

<TABLE>
<CAPTION>

<S>	Twelve Months Ended December 31, 2000 <C>	Six Months Ended June 30, 2001 <C>
Beginning shares	16,131,300	20,043,900
Exercise of stock options	249,300	366,800
Shares issued under Stock Purchase Plan	52,400	97,800
Shares issued in lieu of salaries & bonuses	128,300	67,900
Shares issued for directors fees	2,800	700
Conversion of 7.125% preferred	148,000	-
Conversion of 8.50% preferred	4,785,600	-
Exercise of $12.50 warrants	2,400	2,878,000
Shares issued to deferred compensation plan	13,700	11,000
Vesting of stock grant	138,600	33,300
401(K) profit sharing contribution	29,600	-
Shares repurchased and retired	(1,638,100)	(1,791,800)
Ending shares	20,043,900	21,707,600

</TABLE>

In the first six months of 2001, the Company repurchased 1,791,800 shares of its common stock for $38.0 million, including 1,517,000 common shares repurchased from a major financial institution at $20.50 a share for $31.1 million.

During the first six months of 2001, 2,878,000 $12.50 warrants were converted into common stock with the Company receiving cash proceeds of $36.0 million. There are no remaining common stock warrants outstanding as they expired on May 2, 2001.

A total of 5,000,000 preferred shares, $0.01 par value, are authorized of which none were issued at June 30, 2001.

In January 2000, the Company redeemed all remaining 7.125% preferred stock. Of the 564,800 preferred shares called, 51,000 were converted into 148,000 shares of common stock and the remaining 513,800 were redeemed for $13.4 million in cash. The Company paid $600,000 in preferred dividends during in the first six months of 2000, including $549,000 of redemption premiums paid to shareholders that elected to redeem their preferred stock for cash in the first

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quarter of 2000.

In August 2000, the Company called for redemption the 8.50% preferred stock. The shares were converted into 4.8 million shares of common stock, including more than 500,000 shares of common stock issued upon conversion in June 2000. The Company paid $1.9 million in preferred dividends in the first six months of 2000.

The Company follows SFAS 128, "Earnings per Share," which specifies computation, presentation and disclosure requirements for earnings per share for entities with publicly held common stock or potential common stock.

Three Months Ended June 30,

	2000			2001		
	Net Income	Common Shares	Per Share	Net Income	Common Shares	Per Share
Basic net income	$10,613	16,422		$18,088	21,129	
8.50% preferred dividends	(966)	-		-	-	
Basic net income attributable to common stock	9,647	16,422	$ 0.59	18,088	21,129	$0.86
Effect of dilutive securities:						
8.50% preferred stock	966	4,573		-	-	
Stock options	-	1,124		-	1,302	
Stock grant	-	139		-	-	
$12.50 warrants	-	652		-	483	
Diluted net income attributable to common stock	$10,613	22,910	$ 0.46	$18,088	22,914	$0.79

Six Months Ended June 30,

	2000			2001		
	Net Income	Common Shares	Per Share	Net Income	Common Shares	Per Share
Basic net income	$19,807	16,343		$40,443	20,371	
7.125% preferred dividends	(600)	-		-	-	
8.50% preferred dividends	(1,932)	-		-	-	
Basic net income attributable to common stock	17,275	16,343	$ 1.06	40,443	20,371	$1.99
Effect of dilutive securities:						
8.50% preferred stock	1,932	4,679		-	-	
Stock options	-	901		-	1,223	
Stock grant	-	153		-	14	
$12.50 warrants	-	89		-	1,045	
Diluted net income attributable to common stock	$19,207	22,165	$ 0.87	$40,443	22,653	$1.79

(6) EMPLOYEE BENEFIT PLANS

401(k) Plan

The Company maintains a 401(k) profit sharing and savings plan (the "401(k) Plan"). Eligible employees may make voluntary contributions to the 401(k) Plan. The Company may, at its discretion, make additional matching or profit sharing contributions to the 401(k) Plan. The Company made profit sharing contributions of $483,000 and $589,000 for 1999 and 2000, respectively. The profit sharing contributions were made in common stock. A total of 61,300 and 29,600 common shares were contributed in 1999 and 2000, respectively.

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Stock Purchase Plan

The Company maintains a shareholder approved stock purchase plan ("Stock Purchase Plan"). Pursuant to the Stock Purchase Plan, officers, directors and certain managers are eligible to purchase shares of common stock at prices ranging from 50% to 85% of the closing price of the stock on the trading day prior to the date of purchase ("Closing Price"). In addition, employee participants may be granted the right to purchase shares with all or a part of their salary and bonus. A total of 500,000 shares of common stock are reserved for possible purchase under the Stock Purchase Plan. In May 1999, an amendment to the Stock Purchase Plan was approved by the stockholders allowing for the annual renewal of the 500,000 shares of common stock reserved for possible purchase under the Plan. In 2000, the Board of Directors approved 116,300 common shares (exclusive of shares available for purchase with participants' salaries and bonuses) for possible purchase by participants at 75% of the Closing Price during the current Plan Year. As of June 30, 2000, participants had purchased 85,800 shares of common stock with participant's 1999 bonuses, at $9.19 per share ($6.89 net price per share) and 52,400 shares of common stock at prices ranging from $16.50 to $17.31 per share ($12.38 to $12.98 net price per share), resulting in cash proceeds to the Company of $665,000. The Company recorded non-cash general and administrative expenses of $89,000 associated with these purchases in 2000. In 2001, the Board of Directors approved 121,300 common shares (exclusive of shares available for purchase with participants' salaries and bonuses) for possible purchase by participants at 75% of the Closing Price during the current Plan Year. As of June 30, 2001, participants had purchased 97,800 shares of common stock, at prices ranging from $23.00 to $33.40 per share ($17.25 to $25.05 net price per share), resulting in cash proceeds to the Company of $2.0 million. The Company recorded non-cash general and administrative expenses of $261,000 associated with these purchases in 2001.

Stock Option and Award Plans

The Company maintains a shareholder approved stock option plan for employees (the "Employee Plan") providing for the issuance of options at prices not less than fair market value. Options to acquire the greater of three million shares of common stock or 10% of outstanding diluted common shares may be outstanding at any given time. The specific terms of grant and exercise are determinable by a committee of independent members of the Board of Directors. The options vest over a three-year period (30%, 60%, 100%) and expire five years from the date of grant. A summary by year of stock options granted under the plan for employees is summarized below:

Year	Options Granted	Range of Exercise Prices Per Common Share	Weighted Average Exercise Price Per Common Share
1999	630,000	$ 2.94 - $9.13	$ 3.54
2000	505,000	$ 9.19 - $21.94	$ 9.34
2001	594,000	$22.61 - $33.03	$22.64

The Company also maintains a shareholder approved stock grant and option plan (the "Directors' Plan") for non-employee Directors. The Directors' Plan provides for each non-employee Director to receive common shares having a market value equal to $2,500 quarterly in payment of one-half their retainer. A total of 8,600 were issued in 1999, 2,800 were issued in 2000 and 700 were issued for the first six months of 2001. It also provides for 5,000 options to be granted to each non-employee Director upon initial appointment and annually, thereafter. The options vest over a three-year period (30%, 60%, 100%) and expire five years from the date of grant. A summary by year of stock options granted under the Directors' Plan is summarized below:

Year	Options Granted	Range of Exercise Prices Per Common Share	Weighted Average Exercise Price Per Common Share
1999	30,000	$2.94 - $5.13	$4.76

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2000............	25,000	$17.44	$17.44
2001............	25,000	$24.59 - $32.85	$31.20

In 1997, the shareholders approved a special stock grant and purchase plan for certain officers and managers ("Management Investors") in conjunction with the redistribution of SOCO's ownership in the Company. The plan provided for the grant of certain restricted common shares to the Management Investors. The granted shares vested at 25% per year on January 1, 1998, 1999, 2000 and 2001. The non-vested granted common shares were recorded as Deferred Compensation in the equity section. The Management Investors simultaneously purchased additional common shares from the Company at $9.875 per share. A portion of the purchase was financed by the Company, all of which was repaid in January 2001. See Note (9). In conjunction with his appointment in March 1998, the Company's President was granted 100,000 restricted common shares that vested at 33% per year in March 1999, 2000 and 2001. The President simultaneously purchased 100,000 common shares from the Company for $6.875 per share. A portion of this purchase ($584,000) was financed by the Company. As approved by the Board of Directors, the President sold 50,000 common shares to the Company for $23.50 per share in March 2001, utilizing a portion of the proceeds to repay his note. See Note (9). The Company recognized $140,000 of non-cash general and administrative expenses for the six months ended June 30, 2000 with respect to these stock grants. No costs were incurred in 2001 as these costs were fully amortized in 2000.

(7) FEDERAL INCOME TAXES

A reconciliation of the federal statutory rate to the Company's effective rate as they apply to the provision for the six months ended June 30, 2000 and 2001 follows:

	2000	2001
Federal statutory rate.........................	35%	35%
State income tax rate, net of federal benefit..	3%	3%
Utilization of net deferred tax asset..........	(15%)	(2%)
Revision of prior estimate.....................	(3%)	-
Effective income tax rate......................	20%	36%

For tax purposes, the Company had regular net operating loss carryforwards of approximately $49.0 million and alternative minimum tax ("AMT") loss carryforwards of approximately $7.5 million at December 31, 2000. Utilization of $42.8 million of the regular net operating loss carryforwards will be limited to approximately $12.5 million per year as a result of the redistribution of SOCO's majority ownership in the Company in 1997. In addition, utilization of $25.9 million regular net operating loss carryforwards will be limited to $4.2 million per year as a result of the Gerrity acquisition in 1996. These carryforwards expire from 2008 through 2018. At December 31, 2000, the Company had AMT credit carryforwards of $1.4 million that are available indefinitely. There were no cash payments made by the Company for federal or state taxes during the first six months of 2000. The Company made cash payments of $8.2 million for federal taxes during the first six months of 2001.

(8) MAJOR CUSTOMERS

During the six months ended June 30, 2000 and 2001, Duke Energy Field Services, Inc. accounted for 32% and 27%, BP Amoco Production Company accounted for 23% and 12%, and E-Prime accounted for 7% and 12%, respectively. Management believes that the loss of any individual purchaser would not have a long-term material adverse impact on the financial position or results of operations of the Company.

(9) RELATED PARTY

In 1997, certain officers and managers purchased common shares at $9.875 per share from the Company. A portion of this purchase was financed by the Company through the issuance of 8.50% recourse promissory notes. The remaining notes balance at December 31, 2000 of $106,000 was repaid in January 2001. These notes have been reflected in the accompanying consolidated balance sheet at December 31, 2000 in Inventory and other. In conjunction with his appointment in 1998, the President purchased 100,000 shares of common stock at $6.875 per share and was granted 100,000 shares. The Company loaned him $584,000, or 85% of the purchase price, represented by an 8.50% recourse promissory note. The note matured in March 2001. As approved by the Board of Directors, the President sold 50,000 common shares to the Company for $23.50 per share in March 2001, utilizing a portion of the proceeds to repay his note. The note has been

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reflected in the accompanying consolidated balance sheet at December 31, 2000 in Inventory and other.

Patina provided Elysium a $60.0 million non-recourse revolving credit facility, on which $49.0 million was outstanding at December 31, 2000. The facility provides for a borrowing base, which is subject to adjustment semi-annually. During May 2001, the Elysium credit facility was repaid and cancelled. Elysium paid $1.0 million of interest to Patina under the revolving credit facility.

Patina provides certain administrative services to Elysium under an operating agreement. During the first six months of 2001, the Company was paid $219,000 for these services.

(10) COMMITMENTS AND CONTINGENCIES

The Company leases office space and certain equipment under non-cancelable operating leases. Future minimum lease payments under such leases approximate $750,000 per year from 2001 through 2005.

The Company is a party to various lawsuits incidental to its business, none of which are expected to have a material adverse impact on its financial position or results of operations.

PATINA OIL & GAS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Three months ended June 30, 2001 compared to three months ended June 30, 2000.

Revenues for the second quarter of 2001 totaled $54.7 million, a 72% increase from the prior year period. Net income for the second quarter of 2001 totaled $18.1 million, an increase of 70% compared to the second quarter of 2000. The increases were attributable to higher production quantities and higher oil and gas prices.

Average daily oil and gas production for the second quarter totaled 7,189 barrels and 108.4 MMcf (151.6 MMcfe), an increase of 34% on an equivalent basis from the same period in 2000. During the quarter, 16 wells were drilled or deepened and 71 refracs and one recompletion were performed in Wattenberg, compared to eight new wells or deepenings, 43 refracs and four recompletions in the same period in 2000. Current development activity, the benefits of the acquisition of a 50% interest in Elysium Energy, L.L.C. in late 2000 and continued success with the production enhancement program have resulted in steadily increasing production. The level of development activity is heavily dependent on the prices being received for production.

Average oil prices increased 21% from $21.92 per barrel in the second quarter of 2000 to $26.56 in 2001. Average natural gas prices increased 25% from $2.90 per Mcf for the second quarter of 2000 to $3.63 in 2001. The average oil price included hedging losses of $2.3 million or $5.83 per barrel and $262,000 or $0.40 per barrel for the second quarters of 2000 and 2001, respectively. The average natural gas prices included hedging losses of $2.7 million or $0.34 per Mcf and $733,000 or $0.07 per Mcf for the second quarters of 2000 and 2001, respectively. Direct operating expenses, consisting of lease operating and production taxes, totaled $9.9 million or $0.72 per Mcfe for the second quarter of 2001 compared to $4.9 million or $0.48 per Mcfe in the prior year period. The increase in direct operating expenses was attributable to a $1.7 million rise in production taxes due to higher average oil and gas prices and a $2.5 million increase in lease operating costs relating to the acquisition of a 50% interest in Elysium.

General and administrative expenses, net of third party reimbursements, for the second quarter of 2001 totaled $2.8 million, a $1.1 million or 62% increase from the same period in 2000. The increase in expense was primarily due to the acquisition of a 50% interest in Elysium.

Interest and other expenses totaled $1.7 million in the second quarter of 2001, a decrease of $659,000 or 28% from the prior year period. The Company's average interest rate for the second quarter of 2001 was 5.9% compared to 7.6% in the second quarter of 2000.

Depletion, depreciation and amortization expense for the second quarter of 2001 totaled $11.8 million, an increase of $2.3 million from the same period in 2000. Depletion expense totaled $11.6 million or $0.84 per Mcfe for the second quarter of 2001 compared to $9.3 million or $0.90 per Mcfe in 2000. The lower depletion rate was in response to the completion of the mid-year and year-end 2000 reserve reports reflecting additional oil and gas reserves due primarily to the identification of additional refrac projects and drilling locations, upward revisions due to over-performance and the increase in oil and gas prices.

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Depreciation and amortization expense for the three months ended June 30, 2001 totaled $227,000 or $0.02 per Mcfe compared to $269,000 or $0.03 per Mcfe in 2000.

Provision for income taxes for the second quarter of 2001 totaled $10.2 million, an increase of $7.5 million from the same period in 2000. The increase was due to the increase in earnings and an increase in tax rates. The Company recorded a 36% tax provision in the second quarter of 2001 compared to a 20% tax provision in 2000. The increase in the tax rate was due primarily to the utilization of the deferred tax asset in 2000.

Six months ended June 30, 2001 compared to six months ended June 30, 2000.

Revenues for the six months ended June 30, 2001 totaled $119.2 million, an 88% increase from the prior year period. Net income for the six-month period totaled $40.4 million, an increase of 104% from the prior year period. The increases were attributable to higher production quantities and higher oil and gas prices.

Average daily oil and gas production for the first six months totaled 7,304 barrels and 108.3 MMcf (152.1 MMcfe), an increase of 31% on an equivalent basis from the same period in 2000. During the period, 34 wells were drilled or deepened and 170 refracs and three recompletions were performed in Wattenberg, compared to 26 new wells or deepenings, 77 refracs and five recompletions in the same period in 2000. Current development activity, the benefits of the acquisition of a 50% interest in Elysium Energy, L.L.C. in late 2000 and continued success with the production enhancement program have resulted in steadily increasing production. The level of development activity is heavily dependent on the prices being received for production.

Average oil prices increased 24% from $21.72 per barrel in the first six months of 2000 to $27.00 in 2001. Average natural gas prices increased 47% from $2.81 per Mcf for the first six months of 2000 to $4.13 in 2001. The average oil price included hedging losses of $4.7 million or $5.80 per barrel and $537,000 or $0.41 per barrel for the first six months of 2000 and 2001, respectively. The average natural gas prices included hedging losses of $2.4 million or $0.15 per Mcf and $15.4 million or $0.79 per Mcf for the first six months of 2000 and 2001, respectively. Direct operating expenses, consisting of lease operating and production taxes, totaled $21.8 million or $0.79 per Mcfe for the first six months of 2001 compared to $10.5 million or $0.50 per Mcfe in the prior year period. The increase in direct operating expenses was attributable to a $4.8 million rise in production taxes due to higher average oil and gas prices and a $5.0 million increase in lease operating costs relating to the acquisition of a 50% interest in Elysium.

General and administrative expenses, net of third party reimbursements, for the first six months of 2001 totaled $5.4 million, a $2.0 million or 59% increase from the same period in 2000. The increase in expense was primarily due to the acquisition of a 50% interest in Elysium.

Interest and other expenses totaled $4.8 million in the first six months of 2001, a decrease of $171,000 or 3% from the prior year period. The Company's average interest rate for the first six months of 2001 was 6.6% compared to 7.5% in the first six months of 2000.

Depletion, depreciation and amortization expense for the first six months of 2001 totaled $23.7 million, an increase of $3.9 million from the same period in 2000. Depletion expense totaled $23.3 million or $0.84 per Mcfe for the first six months of 2001 compared to $19.3 million or $0.92 per Mcfe in 2000. The lower depletion rate was in response to the completion of the mid-year and year-end 2000 reserve reports reflecting additional oil and gas reserves due primarily to the identification of additional refrac projects and drilling locations, upward revisions due to over-performance and the increase in oil and gas prices. Depreciation and amortization expense for the six months ended June 30, 2001 totaled $487,000 or $0.02 per Mcfe compared to $511,000 or $0.02 per Mcfe in 2000.

Provision for income taxes for the first six months of 2001 totaled $22.8 million, an increase of $17.8 million from the same period in 2000. The increase was due to the increase in earnings and an increase in tax rates. The Company recorded a 36% tax provision for the first six months of 2001 compared to a 20% tax provision in 2000. The increase in the tax rate was due primarily to the utilization of the deferred tax asset in 2000.

Development, Acquisition and Exploration

During the first six months of 2001, the Company incurred $40.1 million of capital expenditures. A total of $31.0 million of development costs was spent in the Wattenberg Field to drill or deepen 34 wells, perform 170 refracs and three

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recompletions. This development activity, the benefits of the Elysium acquisition and continued success with the production enhancement program resulted in a 31% increase in production over the first six months of 2000. In addition, the Company incurred $7.7 million on various grassroots projects during the first six months of 2001. The Company anticipates spending approximately $70.0 million in development expenditures during 2001, with an additional $10.0 million to $15.0 million budgeted for various grassroots projects. The decision to increase or decrease development activity is heavily dependent on the oil and gas prices.

Financial Condition and Capital Resources

At June 30, 2001, the Company had $439.6 million of assets. Total capitalization was $375.7 million, of which 68% was represented by stockholders' equity, 25% by bank debt and 7% by deferred taxes. In the first six months of 2001, net cash provided by operations totaled $94.7 million, as compared to $42.9 million in same period in 2000 ($75.8 million and $44.2 million prior to changes in working capital, respectively). At June 30, 2001, there were no significant commitments for capital expenditures. The Company anticipates 2001 capital expenditures, exclusive of acquisitions, to approximate $70.0 million with an additional $10.0 million to $15.0 million for various grassroots projects. The level of these and other future expenditures is largely discretionary, and the amount of funds devoted to any particular activity may increase or decrease significantly, depending on available opportunities and market conditions. The Company plans to finance its ongoing development, acquisition and exploration expenditures and additional equity repurchases using internal cash flow, proceeds from asset sales and bank borrowings. In addition, joint ventures or future public and private offerings of debt or equity securities may be utilized.

In the first six months of 2001, the Company repurchased 1,791,800 shares of its common stock for $38.0 million, including 1,517,000 common shares repurchased from a major financial institution at $20.50 a share for $31.1 million. The Company received proceeds totaling approximately $36.0 million from the exercise of the $12.50 common stock warrants in first six months of 2001. The $12.50 common stock warrants expired on May 2, 2001.

In July 1999, the Company entered into a Second Amended and Restated Bank Credit Agreement (the "Credit Agreement"). The Credit Agreement is a revolving credit facility in an aggregate amount up to $200.0 million. The amount available under the facility is adjusted semi-annually, each May 1 and November 1, and equaled $200.0 million at June 30, 2001.

The Company may elect that all or a portion of the credit facility bear interest at a rate equal to: (i) the prime rate or (ii) the rate at which Eurodollar deposits for one, two, three or six months are offered in the interbank Eurodollar market plus a margin which fluctuates from 1.00% to 1.50%, determined by a debt to EBITDA ratio. The average interest rate under the facility approximated 6.6% during the first six months of 2001 and was 5.5% at June 30, 2001.

The Credit Agreement contains certain financial covenants, including but not limited to a maximum total debt to EBITDA ratio and a minimum current ratio. The Credit Agreement also contains certain negative covenants, including but not limited to restrictions on indebtedness; certain liens; guaranties, speculative derivatives and other similar obligations; asset dispositions; dividends, loans and advances; creation of subsidiaries; investments; leases; acquisitions; mergers; changes in fiscal year; transactions with affiliates; changes in business conducted; sale and leaseback and operating lease transactions; sale of receivables; prepayment of other indebtedness; amendments to principal documents; negative pledge causes; issuance of securities; and non-speculative commodity hedging. Borrowings under the Credit Agreement mature in July 2003, but may be prepaid at anytime. The Company has periodically negotiated extensions of the Credit Agreement; however, there is no assurance the Company will be able to do so in the future. The Company had a restricted payment basket, as defined in the Credit Agreement, of $33.0 million as of June 30, 2001, which may be used to repurchase equity securities, pay dividends or make other restricted payments.

In May 2001, Elysium entered into a Bank Credit Agreement (the "Elysium Credit Agreement"). The Elysium Credit Agreement is a revolving credit facility in an aggregate amount up to $60.0 million. The amount available under the facility is adjusted semi-annually, each May 1 and November 1, and equaled $30.0 million at June 30, 2001. Elysium had borrowed $12.0 million under the Elysium Credit Agreement as of June 30, 2001 ($6.0 million net to Patina).

The Elysium facility is non-recourse to Patina and contains certain financial covenants, including but not limited to a maximum total debt to EBITDA ratio, a minimum current ratio and a minimum tangible net worth. Borrowings under the Elysium Credit Agreement mature in May 2004, but may be prepaid at anytime. Elysium may elect that all or a portion of the credit facility bear interest at a rate equal to: (i) the prime rate or (ii) the rate at which

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Eurodollar deposits for one, two, three or six months are offered in the interbank Eurodollar market plus a margin which fluctuates from 1.50% to 2.00%, determined by a debt to EBITDA ratio. The average interest rate under the facility approximated 7.6% during the first six months of 2001 and was 5.6% at June 30, 2001.

In October 1998, the Company entered into an interest rate swap contract for a two-year period. The contract was for $30.0 million principal with a fixed interest rate of 4.57% payable by the Company and the variable interest rate, the three-month LIBOR, payable by the third party. The difference between the fixed rate of 4.57% and the three-month LIBOR rate, which was reset every 90 days, was received or paid by the Company in arrears every 90 days. The Company received $234,000 in the first six months of 2000 pursuant to this contract, which lapsed in October 2000.

In conjunction with his appointment in 1998, the Company's President purchased 100,000 shares of common stock at $6.875 per share. The Company loaned him $584,000, or 85% of the purchase price, represented by an 8.50% recourse promissory note. The note matured in March 2001. As approved by the Board of Directors, the President sold 50,000 common shares to the Company for $23.50 per share in March 2001, utilizing a portion of the proceeds to repay his note.

Between 1996 and 2000, the Company entered into certain arrangements to monetize its Section 29 tax credits. These arrangements resulted in revenue increases of approximately $0.40 per Mcf on production volumes from qualified Section 29 properties. As the Company's profitability now allows it to utilize these credits, they were reacquired in March 2001. The Company recorded additional gas revenues of $1.8 million and $602,000 related to the Section 29 credits during the six months ended June 30, 2000 and 2001, respectively.

The Company's primary cash requirements will be to finance acquisitions, fund development expenditures, repurchase equity securities, repay indebtedness, and general working capital needs. However, future cash flows are subject to a number of variables, including the level of production and oil and natural gas prices, and there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain planned levels of capital expenditures or that increased capital expenditures will not be undertaken.

The Company believes that borrowings available under its Credit Agreement, projected operating cash flows and the cash on hand will be sufficient to cover its working capital, capital expenditures, planned development activities and debt service requirements for the next 12 months. In connection with consummating any significant acquisition, additional debt or equity financing will be required, which may or may not be available on acceptable terms.

Certain Factors That May Affect Future Results

Statements that are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ from projected results. Such statements address activities, events or developments that the Company expects, believes, projects, intends or anticipates will or may occur, including such matters as future capital, development and exploration expenditures (including the amount and nature thereof), drilling, deepening or refracing of wells, reserve estimates (including estimates of future net revenues associated with such reserves and the present value of such future net revenues), future production of oil and natural gas, business strategies, expansion and growth of the Company's operations, cash flow and anticipated liquidity, prospect development and property acquisition, obtaining financial or industry partners for prospect or program development, or marketing of oil and natural gas. Factors that could cause actual results to differ materially ("Cautionary Disclosures") are described, among other places, in the Marketing, Competition, and Regulation sections in the 2000 Form 10-K and under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Without limiting the Cautionary Disclosures so described, Cautionary Disclosures include, among others: general economic conditions, the market price of oil and natural gas, the risks associated with exploration, the Company's ability to find, acquire, market, develop and produce new properties, operating hazards attendant to the oil and natural gas business, uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures, the strength and financial resources of the Company's competitors, the Company's ability to find and retain skilled personnel, climatic conditions, labor relations, availability and cost of material and equipment, environmental risks, the results of financing efforts, and regulatory developments. All written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Disclosures. The Company disclaims any obligation to update or revise any forward-looking statement to reflect events or circumstances occurring hereafter or to reflect the occurrence of anticipated or unanticipated events.

Market Risk Disclosures

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Commodity Price Risk

The Company's major market risk exposure is in the pricing applicable to its oil and natural gas production. Realized pricing is primarily driven by the prevailing domestic price for oil and spot prices applicable to the Rocky Mountain and Mid-Continent regions for its natural gas production. Historically, prices received for oil and gas production have been volatile and unpredictable. Pricing volatility is expected to continue. Natural gas price realizations during 2000 and the first six months of 2001, exclusive of any hedges, ranged from a monthly low of $2.41 per Mcf to a monthly high of $7.65 per Mcf. Oil prices, exclusive of any hedges, ranged from a monthly low of $24.36 per barrel to a monthly high of $33.85 per barrel during 2000 and the first six months of 2001. Oil and natural gas prices increased significantly in the second half of 2000 and the first quarter of 2001. A significant decline in prices of oil or natural gas could have a material adverse effect on the Company's financial condition and results of operations.

From time to time, the Company enters into commodity derivative contracts and fixed-price physical contracts to manage its exposure to oil and natural gas price volatility. Commodity derivative contracts, which are generally placed with major financial institutions or with counter parties of high credit quality that the Company believes are minimal credit risks, may take the form of futures contracts, swaps or options. The oil and gas reference prices of these commodity derivative contracts are based upon oil and natural gas futures which have a high degree of historical correlation with actual prices received by the Company. Currently, the Company's oil and gas swap contracts are designated as cash flow hedges.

The Company entered into various swap contracts for oil based on NYMEX prices for the first six months of 2000 and 2001, recognizing losses of $4.7 million and $537,000, respectively, related to these swap contracts. The Company entered into various swap contracts for natural gas based on the Colorado Interstate Gas ("CIG") index during the first six months of 2000 and 2001, recognizing losses of $2.4 million and $15.4 million, respectively, related to these swap contracts.

At June 30, 2001, the Company had entered into swap contracts for oil based on NYMEX prices covering approximately 5,125 barrels of oil per day for the remainder of 2001 at fixed prices ranging from $23.05 to $29.87 per barrel and 2,825 barrels of oil per day for the first six months of 2002 at fixed prices ranging from $25.88 to $27.32 per barrel. These swaps are summarized in the table below. The overall weighted average hedged price for the swap contracts is $26.74 per barrel for the remainder of 2001 and $26.43 per barrel for the first six months of 2002. The unrecognized gains on these contracts totaled $1.2 million based on estimated market values at June 30, 2001.

At June 30, 2001, the Company had entered into swap contracts for natural gas based on CIG index prices covering approximately 49,600 MMBtu's per day for the remainder of 2001 at fixed prices ranging from $3.11 to $5.64 per MMBtu. The Company also entered into natural gas swap contracts for 2002, 2003, 2004 and 2005 as of June 30, 2001, which are summarized in the table below. The unrecognized gains on these contracts totaled $50.6 million based on estimated market values at June 30, 2001.

As of June 30, 2001, the Company was a party to the following fixed price swap and physical arrangements summarized below:

<TABLE>
<CAPTION>

	Oil (NYMEX Swaps)		
Time Period	Daily Volume Bbl	$/Bbl	Unrealized Gain / (Loss) ($/thousand)
<S>	<C>	<C>	<C>
07/01/01 - 09/30/01...........	5,000	26.98	$ 389
10/01/01 - 12/31/01...........	5,250	26.52	258
01/01/02 - 03/31/02...........	3,500	26.62	339
04/01/02 - 06/30/02...........	2,165	26.13	210

<CAPTION>

	Natural Gas (CIG Swaps)		
Time Period	Daily Volume Bbl	$/Bbl	Unrealized Gain / (Loss) ($/thousand)
<S>	<C>	<C>	<C>
07/01/01 - 09/30/01...........	50,000	3.63	$8,776

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10/01/01 - 12/31/01...........	49,200	4.02	5,064
01/01/02 - 03/31/02...........	40,000	5.07	6,315
04/01/02 - 06/30/02...........	26,650	3.98	3,619
07/01/02 - 09/30/02...........	20,000	4.04	2,938
10/01/02 - 12/31/02...........	11,630	4.40	1,294
2003..........................	20,000	4.05	7,670
2004..........................	20,000	4.12	7,559
2005..........................	20,000	4.18	7,350

</TABLE>

Interest Rate Risk

At June 30, 2001, the Company had $87.0 million outstanding under its credit facility with an average interest rate of 5.5% and $6.0 million (net) outstanding under its Elysium credit facility with an average interest rate of 5.6%. The Company may elect that all or a portion of the credit facility bear interest at a rate equal to: (i) the prime rate or (ii) the rate at which Eurodollar deposits for one, two, three or six months are offered in the interbank Eurodollar market plus a margin which fluctuates from 1.00% to 1.50% on the Patina facility or 1.50% to 2.00% on the Elysium facility, determined by a debt to EBITDA ratio. The average interest rates under the Patina and Elysium facilities approximated 6.6% and 7.6%,

respectively during the first six months of 2001. Assuming no change in the amount outstanding at June 30, 2001, the annual impact on interest expense of a ten percent change in the average interest rate would be approximately $400,000, net of tax. As the interest rate is variable and is reflective of current market conditions, the carrying value approximates the fair value.

Inflation and Changes in Prices

While certain costs are affected by the general level of inflation, factors unique to the oil and natural gas industry result in independent price fluctuations. Over the past five years, significant fluctuations have occurred in oil and natural gas prices. Although it is particularly difficult to estimate future prices of oil and natural gas, price fluctuations have had, and will continue to have, a material effect on the Company.

The following table indicates the average oil and natural gas prices received over the last five years and highlights the price fluctuations by quarter for 2000 and the first two quarters of 2001. Average price computations exclude hedging gains and losses and other nonrecurring items to provide comparability. Average prices per Mcfe indicate the composite impact of changes in oil and natural gas prices. Oil production is converted to natural gas equivalents at the rate of one barrel per six Mcf.

<TABLE>
<CAPTION>

	Average Prices		
	Oil	Natural Gas	Equivalent Mcf
Annual	(Per Bbl)	(Per Mcf)	(Per Mcfe)
<S>	<C>	<C>	<C>
1996.................	$20.47	$1.99	$2.41
1997.................	19.54	2.25	2.55
1998.................	13.13	1.87	1.96
1999.................	17.71	2.21	2.40
2000.................	29.16	3.69	3.96
Quarterly			
2000			
First................	$27.30	$2.70	$3.13
Second...............	27.75	3.23	3.55
Third................	30.85	3.63	3.96
Fourth...............	30.53	5.03	5.05
2001			
First................	$27.86	$6.16	$5.72
Second...............	26.96	3.70	3.93

</TABLE>

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this item is incorporated by reference from Notes to Consolidated Financial Statements in Part 1 of this report.

Item 4. Submission of Matters to a Vote of Security Holders

On May 22, 2001 the Annual Meeting of the Company's common stockholders was held. A summary of the proposals upon which a vote was taken and the results of the voting were as follows:

Proposals	Number of Shares Voted For	Withheld
1) Election of Directors		
Robert J. Clark	18,064,018	182,112
Jay W. Decker	15,373,913	2,872,217
Thomas J. Edelman	15,282,864	2,963,266
Elizabeth K. Lanier	18,154,903	91,227
Alexander P. Lynch	18,154,003	92,127
Paul M. Rady	18,154,803	91,327

	For	Against	Abstain
2) Approval of Arthur Andersen LLP as the Company's independent auditors	18,190,843	44,649	10,638

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) The Company filed a current report on Form 8-K on May 25, 2001 (amended June 12, 2001) to announce that its Board of Directors had adopted a stockholder rights plan and certain bylaw amendments. The plan and amendments are designed to improve the ability of the Board to protect the interests of stockholders in the event of a proposed takeover. The rights were registered on Form 8-A filed on May 25, 2001 (amended June 12, 2001).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PATINA OIL & GAS CORPORATION

BY /s/ David J. Kornder

David J. Kornder, Executive Vice President and Chief Financial Officer

August 2, 2001

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