

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL			5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22060		
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>			6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A		
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>			7. UNIT or CA AGREEMENT NAME: N/A		
2. NAME OF OPERATOR: STONE ENERGY CORPORATION			8. WELL NAME and NUMBER: STONE RUSH 44-32-8-17		
3. ADDRESS OF OPERATOR: 950 17TH ST., #2600 CITY DENVER STATE CO ZIP 80202-2828			PHONE NUMBER: (303) 685-8000		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 260 FSL & 185 FEL			9. FIELD AND POOL, OR WILDCAT: MONUMENT BUTTE		
AT PROPOSED PRODUCING ZONE: SAME			10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 8S 17E S		
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 9 AIR MILES SSE OF MYTON			11. COUNTY: DUCHESNE		12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 185		15. NUMBER OF ACRES IN LEASE: 599		16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,871' (Newfield's Gilsonite 15-32I)		18. PROPOSED DEPTH: 15,500		19. BOND DESCRIPTION: STATE WIDE RLB0008065	
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,198 GL		21. APPROXIMATE DATE WORK WILL START: 6/1/2006		22. ESTIMATED DURATION: 4 MONTHS (to drill & complete)	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12-1/4	9-5/8	J-55	40	4,000	ROCKIES LIGHT	460 SX	1.81 CF/SK	13.5 #/SK
					ROCKIES LIGHT	510 SX	2.62 CF/SK	12.0 #/SK
7-7/8	4-1/2	P-110	13.5	15,500	HALLIBURTON HIGH	461 SX	3.84 CF/SK	11.0 #/SK
					50/50 POZ	920 SX	1.47 CF/SK	14.3 #/SK

24. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) BRIAN WOOD PHONE: (505) 466-8120 TITLE CONSULTANT FAX: (505) 466-9682
SIGNATURE *Brian Wood* DATE 5/1/2006

(This space for State use only)

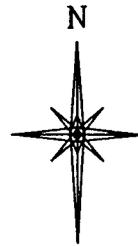
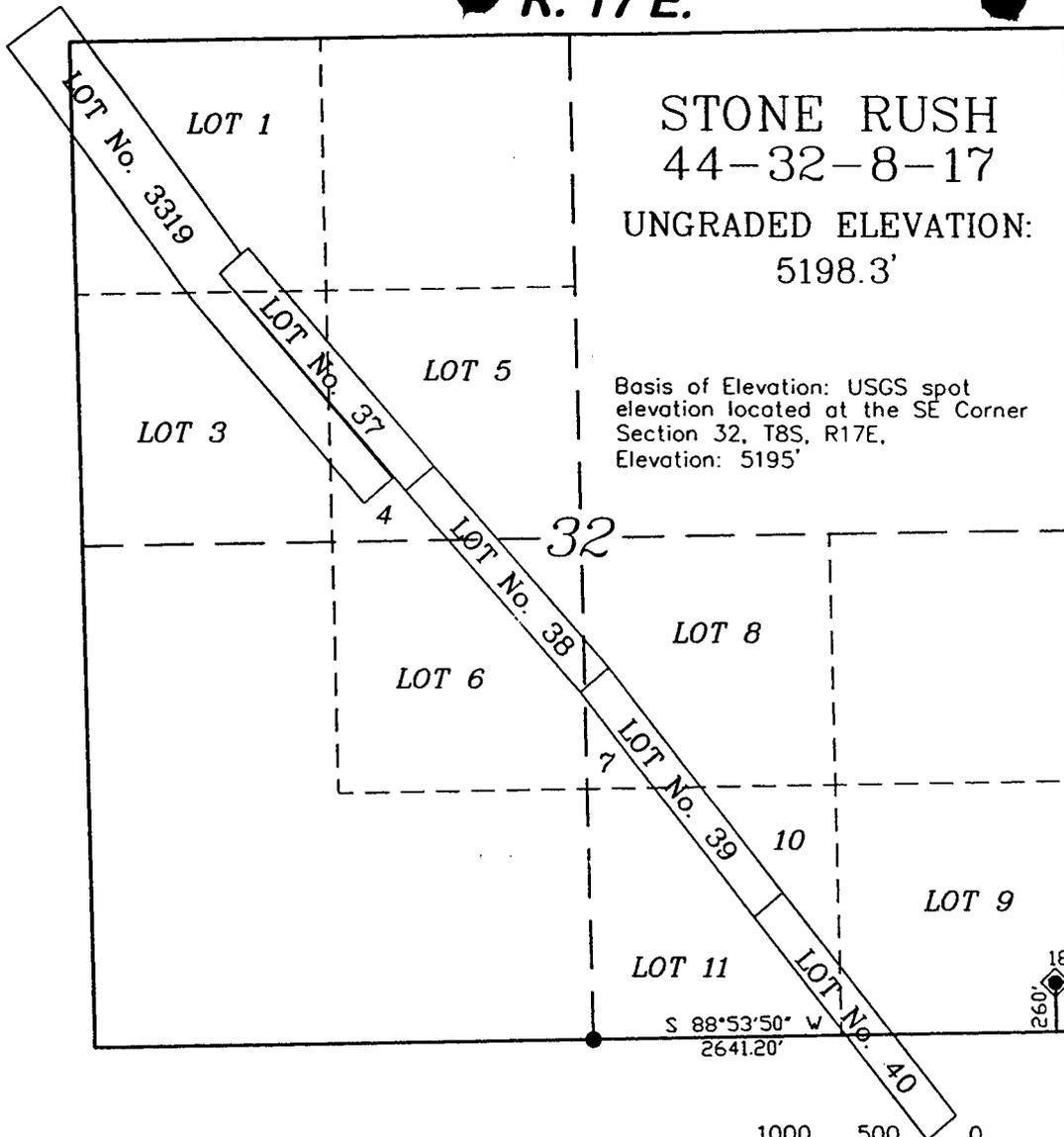
API NUMBER ASSIGNED: 43-013-33173

APPROVAL:

RECEIVED
MAY 04 2006

DIV. OF OIL, GAS & MINING

R. 17 E.



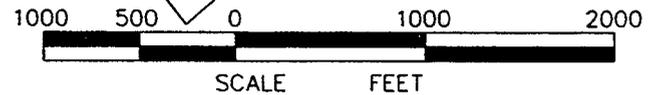
SCALE: 1" = 1000'

T. 8 S.

LATITUDE
NORTH 40.067922 DEG.
LONGITUDE
WEST 110.020934 DEG.

NORTHING
635208.09
EASTING
2413922.32

DATUM
SPCS UT CENTRAL (NAD 27)



SURVEYOR'S STATEMENT

I, Louis A. Pence, of Rock Springs, Wyoming, hereby state: This map was made from notes taken during an actual survey under my direct supervision on NOVEMBER 3, 2005, and it correctly shows the location of STONE RUSH 44-32-8-17.

NOTES

- ◆ WELL LOCATION
- FOUND MONUMENT (GLO BC)

PROFESSIONAL LAND SURVEYOR
No. 5918405
Louis Pence
UTAH PLS No. 5918405
STATE OF UTAH
11-11-05

EXHIBIT 1

DRG RIFFIN & ASSOCIATES, INC.

**PLAT OF DRILLING LOCATION
FOR
STONE ENERGY**

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 1000'
JOB No. 13433
DATE: 11/11/05

**260' F/SL & 185' F/EL, SECTION 32,
T. 8 S., R. 17 E., SALT LAKE P.M.
DUCHESNE COUNTY, UTAH**

CULTURAL RESOURCE INVENTORY OF
STONE ENERGY'S PROPOSED STONE RUSH
#44-32-8-17 WELL LOCATION, T8S, R17E, Sec. 32
DUCHESNE COUNTY, UTAH

Meg Thornton
and
Jody J. Patterson

Prepared For:

State of Utah School and Institutional
Trust Lands Administration

Prepared Under Contract With:

Stone Energy
1801 Broadway, Ste 700
Denver, CO 80202-3866

Prepared By:

Montgomery Archaeological Consultants, Inc.
P.O. Box 147
Moab, Utah 84532

MOAC Report No. 05-488

November 17, 2005

United States Department of Interior (FLPMA)
Permit No. 05-UT-60122

State of Utah Antiquities Project (Survey)
Permit No. U-05-MQ-1351s

RECEIVED

MAY 04 2006

DIV. OF OIL, GAS & MINING

ABSTRACT

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in November 2005 for Stone Energy's proposed Stone Rush #44-32-8-17 well location with the associated access route. The project area is located to the east of Hwy 216 on Pariette Bench in Duchesne County. The inventory area is located on State of Utah School and Institutional Trust Lands Administration (SITLA) property.

This inventory resulted in the documentation of one new archaeological site, 42Dc2073. Site 42Dc2073 is a collapsed historic cairn and is recommended as not eligible to the NRHP. Based on the findings, a determination of "no historic properties affected" pursuant to Section 106, CFR 800 is proposed for this project.

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INTRODUCTION

A cultural resource inventory was conducted by Montgomery Archaeological Consultants (MOAC) in November 2005 for Stone Energy's proposed Stone Rush #44-32-8-17 well location with the associated access route. The project area is located to the east of Hwy 216 on Pariette Bench in Duchesne County. The survey was implemented at the request of Mr. Brian Wood, Permits West, Santa Fe, New Mexico. The inventory area occurs on State of Utah School and Institutional Trust Lands Administration (SITLA) property, public land administered by the Bureau of Land Management (Vernal Field Office) and private land.

The objectives of the inventory were to locate, document, and evaluate any cultural resources within the project area in accordance with Section 106 of 36 CFR 800, the National Historic Preservation Act of 1966 (as amended). Also, the inventory was implemented to attain compliance with a number of federal and state mandates, including the National Environmental and the Historic Preservation Act of 1969, the Archaeological and Historic Conservation Act of 1972, the Archaeological Resources Protection Act of 1979, and the American Indian Religious Freedom Act of 1978.

The fieldwork was conducted by Jody Patterson (Project Archaeologist) under the direction of Keith Montgomery (Principal Investigator) on November 15, 2005 under the auspices of U.S.D.I. (FLPMA) Permit No. 05-UT-60122 and State of Utah Antiquities Project (Survey) No. U-05-MQ-1351s.

A file search for previous projects and documented cultural resources in the inventory area was conducted by Keith Montgomery at the Bureau of Land Management, Vernal Field Office on November 14, 2005. This consultation indicated that a few surveys have been conducted in the vicinity of this project area. In 2001, MOAC conducted an inventory for Inland Resources for a 120 acre parcel in T 8S, R 17E, Section 31 (Kinneer-Ferris 2001). This inventory resulted in the documentation of one prehistoric site (42Dc1407) and two isolated finds of artifacts (IF-A and IF-B). Site 42Dc1407 is a lithic scatter containing debitage and four lithic tools. It was recommended as eligible for listing on the NRHP due to its potential for buried deposits, however it is not located within the current inventory area.

In 2004, MOAC conducted an inventory for Inland Resources of various parcels in Duchesne county (Elkins and Montgomery 2004). The project areas were in the following locations: Township 8 South, Range 17 East, Sections 20, 33, and 34; Township 9 South, Range 16 East Section 15; Township 9 South, Range 17 East, Sections 17 and 20; and Township 9 South, Range 18 East Section 7. The inventory resulted in the documentation of eight new historic and prehistoric sites (42Dc1724 through 42Dc1731), the location of four previously recorded sites (42Dc541, 42Dc761, 42Dc1374, and 42Dc3007) of which one site (42Dc541) was re-recorded, and the recordation of eight isolated finds of artifacts (IF-A through IF-H).

Five of the new sites (42Dc1724, 42Dc1725, 42Dc1726, 42Dc1728, and 42Dc1729), and three of the previously recorded sites (42Dc761, 42Dc1374, and 42Dc3007) are not recommended eligible to the NRHP. Site 42Dc1724 is a modified canal segment, 42Dc761 and 42Dc1374 are limited lithic scatters, and the remainder of the non-eligible sites are historic scatters. Three of the new sites (42Dc1727, 42Dc1730, and 42Dc1731), and one of the previously recorded sites (42Dc541) are recommended eligible to the NRHP. Site 42Dc1727 is an isolated prehistoric hearth. Site 42Dc1730 is an extensive series of Fremont petroglyph panels and historic inscriptions which is a rare site type in the area. Site 42Dc1731 and site 42Dc541 are both prehistoric temporary camps. However none of these sites are located within the current inventory area.

DESCRIPTION OF PROJECT AREA

The project area lies on the east side of Hwy 216 on the Pariette Bench, south of the Uintah and Ouray Indian Reservation. The proposed Stone Rush #44-32-8-17 well location parcel is situated in Sections 32 (SITLA) and 33 T8S, R17E and T9S, R17E, Sections 4 and 4 (Figure 1).

Environmental Setting

The project area lies within the Uinta Basin physiographic unit, a distinctly bowl-shaped geologic structure (Stokes 1986:231). The Uinta Basin ecosystem is within the Green River drainage, and is the northernmost extension of the Colorado Plateau. Geologically, the area consists of the Tertiary age Uinta formation, which is basically "gravel, sand and silt washed south off the Uinta Mountains" (Chronic 1990:45). The area is characterized by steep-sided narrow ridges and benches dissected by intermittent drainages. Outcrops of the Uinta formation are characterized by a dense dendritic drainage pattern and topographic relief. This Eocene-age formation occurs as fluvial deposited interbedded sandstone and mudstone and is well-known for its fossil vertebrates.

Surface materials in the project area are Quaternary alluvial deposits. These manifest as shallow, rocky, light brown sandy silts with deeper alluviums in the drainages. The elevation of the inventory areas ranges from 6500 ft to 8065 ft a.s.l. The project area is in the Upper Sonoran lifezone, and vegetation communities include the pinyon-juniper woodland, sagebrush, saltbush, and greasewood. Modern impacts include ranching activities, roads, fences, recreational activities, power lines, and oil and gas development.

Cultural-Historical Overview

The cultural history of the Eastern Ute, comprising the bands living east of the Green River, has been divided into four phases (Reed 1988). The earliest and most tenuous phase is the Chipeta Phase, dated between ca. 1250 and 1400. Diagnostic artifacts include Desert Side-notched, Cottonwood Triangular, and small corner-notched arrow points, and possibly Shoshonean knives. The Canalla phase (ca. A.D. 1400-1650) designates the period between the appearance of well-dated Uncompahgre brown ware ceramics and the adoption of an equestrian lifeway. Diagnostic artifacts include Uncompahgre Brown Ware ceramics, Desert Side-notched and Cottonwood Triangular points, and Shoshonean knives. The pedestrian hunter and gatherers probably lived in wickiups. Near the end of the phase, some groups may have obtained trade items from Spanish settlements in New Mexico (Horn, Reed, and Chandler 1994:131). The Antero phase (ca. A.D. 1650-1881) represents a shift to a fully equestrian lifestyle and integration of Euroamerican trade goods into Ute material culture. The horse permitted hunting of bison on the Plains and led to an increase in the importance of raiding for economic gain (Ibid 131). Euroamerican trade goods became important, and tepees as well as wickiups were inhabited. The early Utes in Uintah County were Uinta-ats, a small band of a few hundred members (Burton 1996:20). In pre-horse days, Ute family groups lived largely independently of others with key gathering, hunting, and fishing sites being communal and granted to all, within both the local and extralocal Ute communities (Ibid 340). According to Smith's (1974) informants both deer and buffalo were important game for the White River Ute band. Before the buffalo became extinct in the Uintah Basin in the 1830s, the Ute would make trips northeast of Fort Bridger in the vicinity of what is now Rock Springs and Green River, Wyoming using the horse to surround and drive the

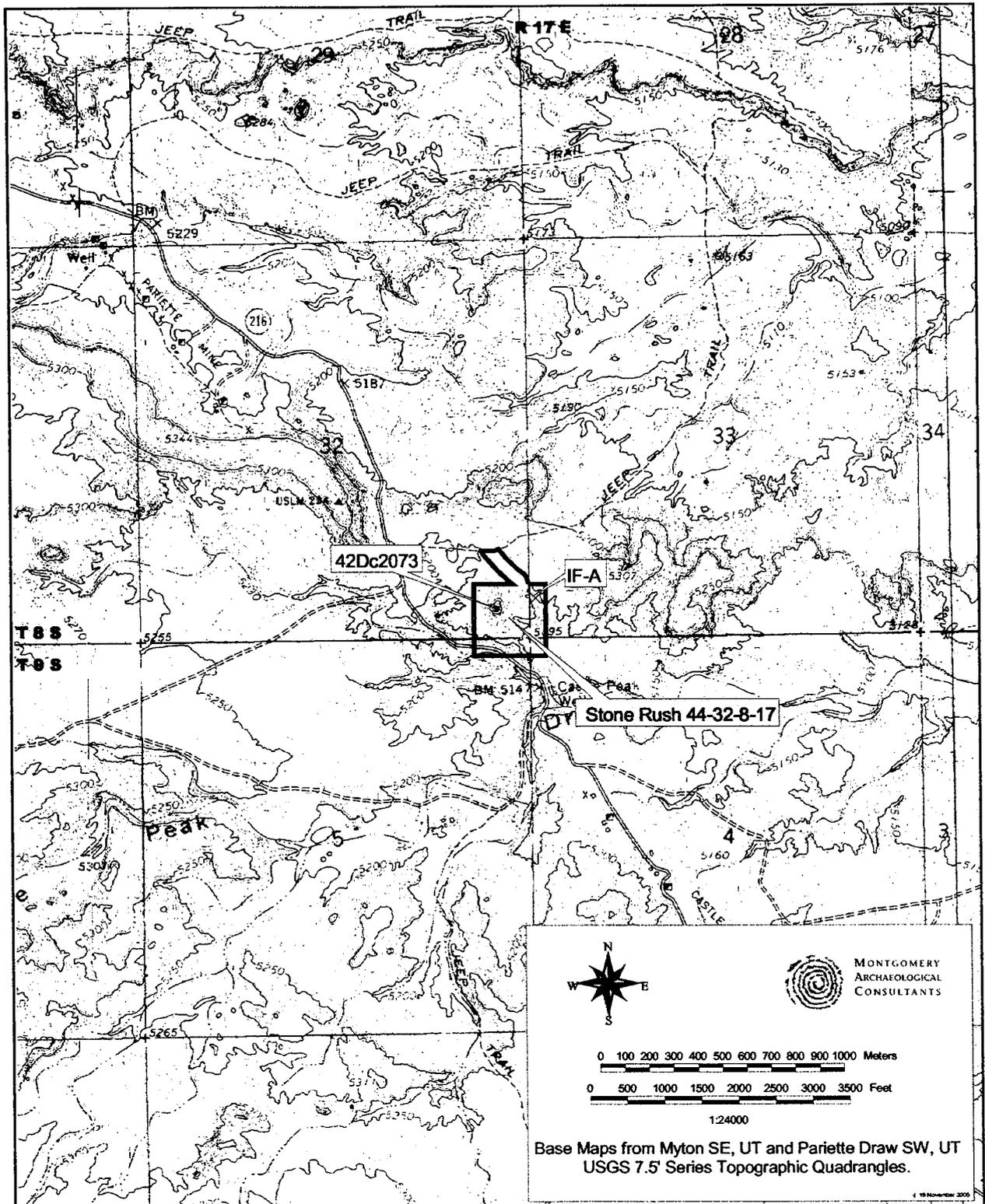


Figure 1. Inventory Area of Stone Energy's Stone Rush Proposed Well Location #44-32-8-17, Duchesne County, Utah.

buffalo over a precipice (Callaway, Janetski, and Stewart 1986; Smith 1974). All Ute groups made tripod or conical houses with a three or four-pole foundation and a circular ground plan some 10 to 15 feet in diameter with covering brush or bark.

The first Euro-Americans in the Uinta Basin were Spanish missionaries, traveling between Sante Fe, New Mexico up through western Colorado, towards the Utah Valley, and on to California. In 1776, under the leadership of Fray Francisco Atanasio Dominguez and Fray Silvestre Velez de Escalante, the Spanish commenced to explore a northern route from Santa Fe to the garrison of Monterey on the California coast (Spangler, Rands, and Bilbey 1995). Euro-American traders were another early factor in the history of the Uinta Basin. Some of these were Spaniards, who continued to visit the region until the Mexican war of independence in 1821, when most Spanish were expelled from the Southwest. It was the beaver trade in the early part of the nineteenth century, that cemented trade with Ute and Shoshone in the area, and resulted in the establishment of trading posts along the major rivers in the area, including the Duchesne, Green, and Uinta (Ibid 1995).

The settlement of the Uinta Basin differs from that of much of Utah in that early settlement occurred around Indian "agencies" assigned to the Uinta and Ouray Reservations, rather than under the direction of the Mormon church (Spangler, Rands, and Bilbey 1995). Early scouting parties sent out by the Mormon church had deemed the area unfit for settlers, and it was not until later that the region began to be homesteaded. In 1861, President Lincoln established the Uintah Indian Reservation, which was recognized by an act of Congress in 1864 (Burton 1996). The Indian agencies consisted of cabins and a trading post with farms cropping up around the agency, and were directed by a government Indian agent. The first agency was constructed at the mouth of Daniels Canyon in 1864, and was moved several times before 1868. In 1880 the White River Utes and the Uncompahgre Utes were forced to move to an adjacent area of land, southeast of the Uintah Reservation, and within a few years, the reservations were combined into the Uintah-Ouray Reservation.

By 1876, only a handful of ranchers, had settled the area, to be joined that year by a group of Mormons. They formed a settlement around the ranch of Pardon Dodds, an Indian agent, located in Dry Fork Canyon; later to become known as Old Ashley Town (Burton 1996). Another small group of Mormon settlers arrived in 1878, camping near the confluence of Ashley Creek, and naming their settlement Incline. In 1878, additional Mormon settlers ventured into the area; locating near what is today Vernal. Myton, located to the northeast of the project area, started as a trading post on the Uintah Indian Reservation sometime in the mid-1880s. The trading post served a small segment of the Indian population until 1886, when the army, as part of building the road between Price and the newly established Fort Duchesne, built a bridge over the Duchesne River (Barton 1998:154). Myton was originally known as Bridge, and quickly changed from a small, bustling way-station and Indian trading post to a town of tents and a few wooden buildings prior to the opening of the Uintah Indian Reservation around 1905. The settlement attracted people from various parts of the world including Denmark, England, Switzerland, Sweden, Wales, and Germany, as well as many states of the Union (Ibid 156).

Livestock was a primary industry in the region from early on, along with agriculture timbering, mining, bee keeping, and freighting (Burton 1996). Most of the early Mormon settlers had only a few head of cattle, that were grazed in cooperative herds on shared pasture lands, however, large herds of cattle had been seasonally grazed in the region from as early as the 1850s (Ibid 108). Before the early 1930s, grazing in the Tavaputs Plateau region, at the southern edge

of the Uintah Basin, was mostly unregulated. This, combined with the lush grassland environment of the area at the time, attracted many ranchers with their cattle, horses, and sheep (Barton 1998). By 1893, a record number of cattle were being sold. Sheep quickly became an important commodity, after their introduction to the region in 1879, and by the early 1890s, more sheep were being ranged in the region than cattle (Burton 1996). By 1935, herds of both cattle and sheep were being decreased to halt overgrazing. In 1996, only two large, year-round herds remained in Uintah County, although small farms and ranches in the region still keep small quantities of stock animals.

SURVEY METHODOLOGY

An intensive pedestrian survey was performed for this project which is considered 100% coverage. At the 20 acre well location the archaeologist walked parallel transects spaced no more than 10 m (30 ft) apart. The access routes were surveyed in the same manner to a width of 200 ft. Ground visibility was considered excellent. A total of 23.7 (11.7 acres on SITLA lands, 3 acres on private land, and 6 acres on BLM Land) acres was surveyed.

INVENTORY RESULTS

The inventory of Stone Energy's proposed Stone Rush #44-32-8-17 well location resulted in the documentation of one new archaeological site and an isolated find of artifact (IF-A).

Smithsonian Site No.: 42Dc2073
Temporary Site No.: 05-488-01
Legal Description: T8S, R17E, Sec. 32
NRHP Eligibility: Not Eligible

Description: This site consists of a large cairn and a small scatter of wire. The cairn was constructed around a pinyon branch pole with approximately 35 unshaped sandstone rocks collected from the area. These rocks appear to have been piled around the center pole and not carefully stacked in any way. The cairn and the branch/pole are both collapsed and the remains are only approximately 0.5 m above ground surface. Also around this cairn is a scatter of more than fifteen fragments of bailing wire of unknown use.

Isolated Find A (IF- A) is a single historic artifact located in the SW/SW/SW of Sec. 33, T 8S, R 17S (UTM 583540E-4435680N). This is a crushed hole-in-top milk can located south of a jeep trail.

NATIONAL REGISTER OF HISTORIC PLACES EVALUATION

The National Register Criteria for Evaluation of Significance and procedures for nominating cultural resources to the National Register of Historic Places (NRHP) are outlined in 36 CFR 60.4 as follows:

The quality of significance in American history, architecture, archaeology, and culture is present in districts, sites, buildings, structures, and objects of State and local importance that possess integrity of location, design, setting, material, workmanship, feeling, and association, and that they:

- a)...are associated with events that have made a significant contribution to the broad patterns of our history; or
- b)...are associated with the lives of persons significant to our past; or
- c)...embody the distinctive characteristics of a type, period, or method of construction; or that represents the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- d)...have yielded or may be likely to yield information important in prehistory or history.

The cultural resource inventory resulted in the documentation of a historic site (42Dc2073) This site is a historic cairn which is a very common site type in this area. This site has does not contain good contextual or temporal information and can not provide much additional information about the history of the region. Therefore, this site has been recommended not eligible for listing on the NRHP. On the basis of the findings a determination of "no historic properties affected" is proposed for this project pursuant to Section 106, CFR 800.

RECOMMENDATIONS AND CONCLUSIONS

The inventory of Stone Energy's proposed Stone Rush #44-32-8-17 well location with associated access route resulted in the documentation of a historic cairn (42Dc2073) and an isolated historic tin can (IF-A). Site 42Dc2073 is recommended as not eligible to the NRHP. Based on the findings, a determination of "no historic properties affected" pursuant to Section 106, CFR 800 is proposed for this project.

REFERENCES CITED

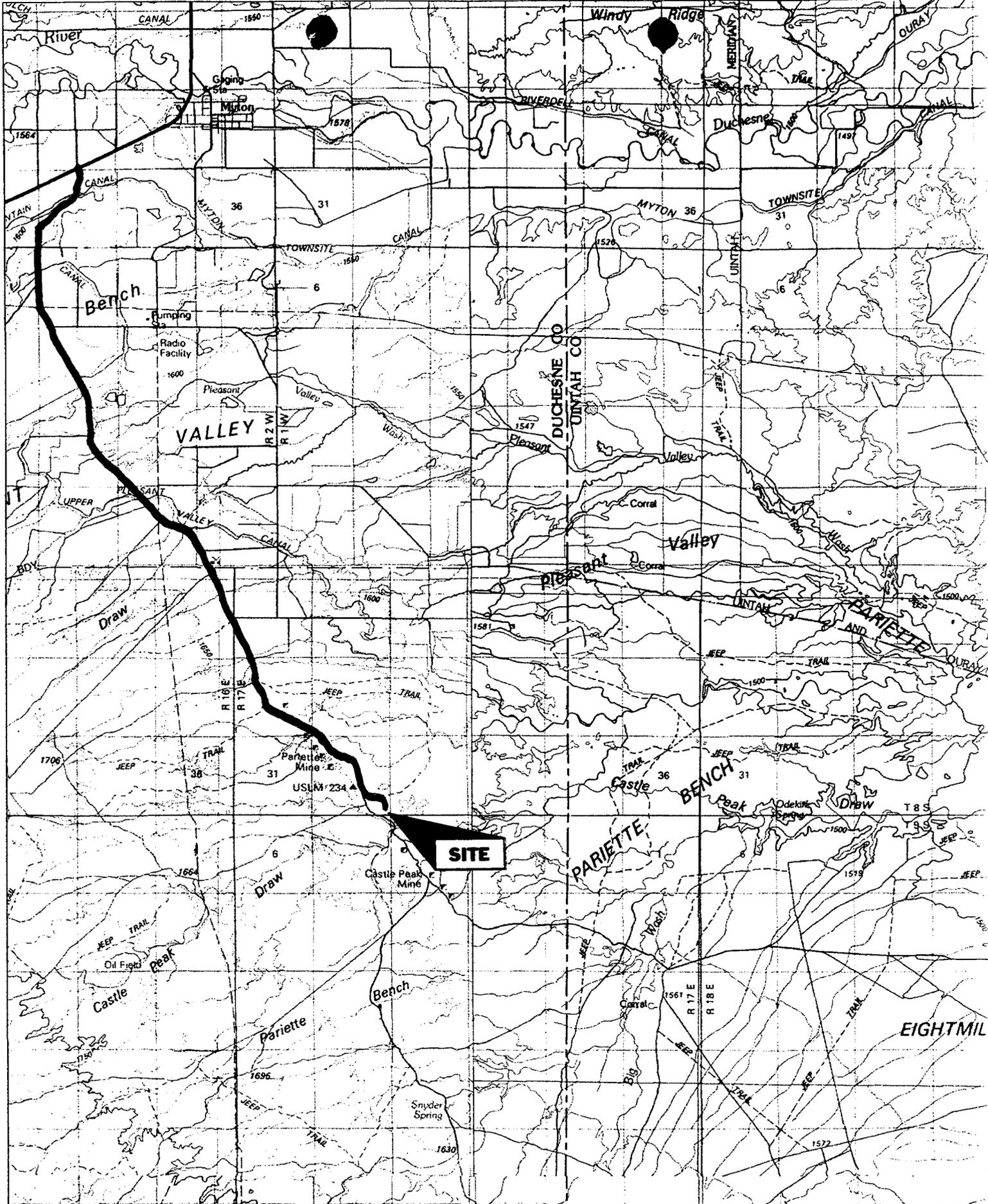
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1994 Grand Resource Area Class I Cultural Resource Inventory. Alpine Archaeological Consultants, Inc. Montrose. Bureau of Land Management, Moab, Utah.
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1988 Ute Cultural Chronology. In *Archaeology of the Eastern Ute: A Symposium* edited by Paul R. Nickens, pp 79-101. Colorado Council of Professional Archaeologists Occasional Papers No. 1 Denver.
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1995 *Paradigms and Perspectives, A Class I Overview of Cultural Resources in the Uinta Basin and Tavaputs Plateau, Volume II*. Uinta Research, Salt Lake City, Utah.
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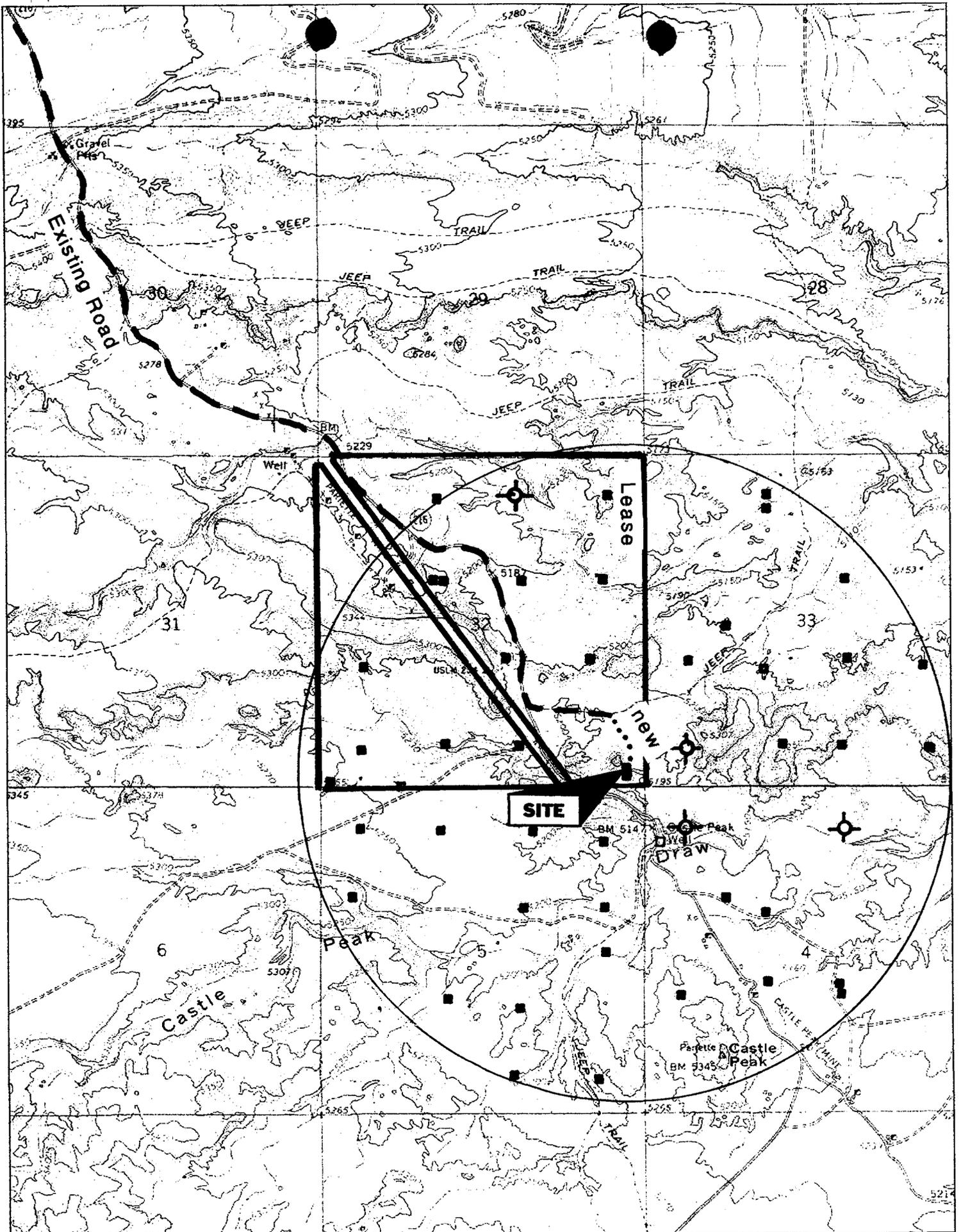
APPENDIX A

INTERMOUNTAIN ANTIQUITIES COMPUTER SYSTEM (IMACS)
SITE INVENTORY FORM 42Un2073

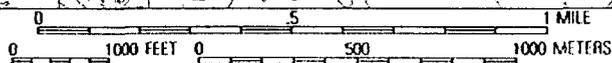
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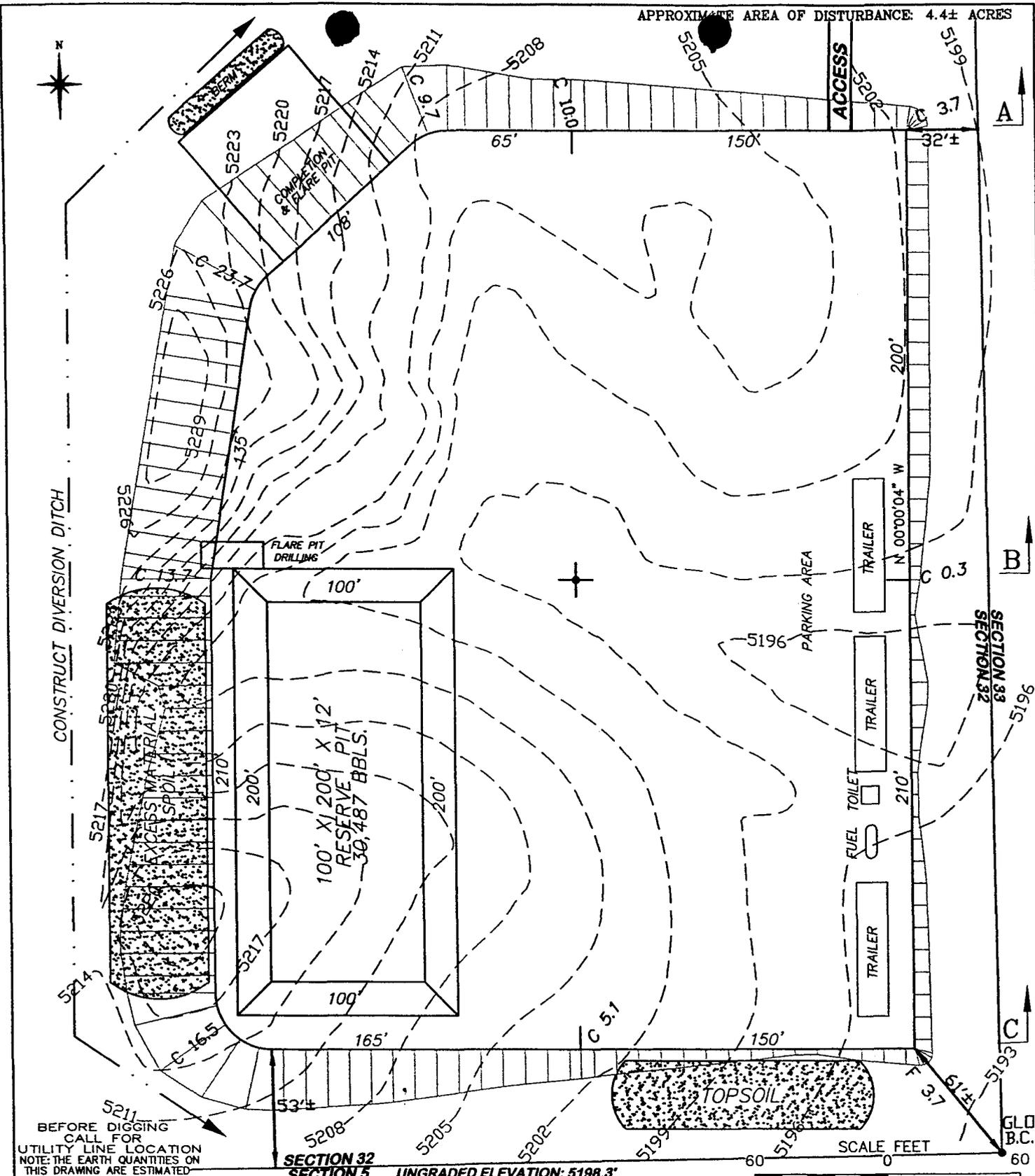
Utah Division of State History
Salt Lake City, Utah





TN \uparrow MN
 12 1/2°





BEFORE DIGGING
CALL FOR
UTILITY LINE LOCATION
NOTE: THE EARTH QUANTITIES ON
THIS DRAWING ARE ESTIMATED
AND THE USE OF IS AT THE
RESPONSIBILITY OF THE USER.

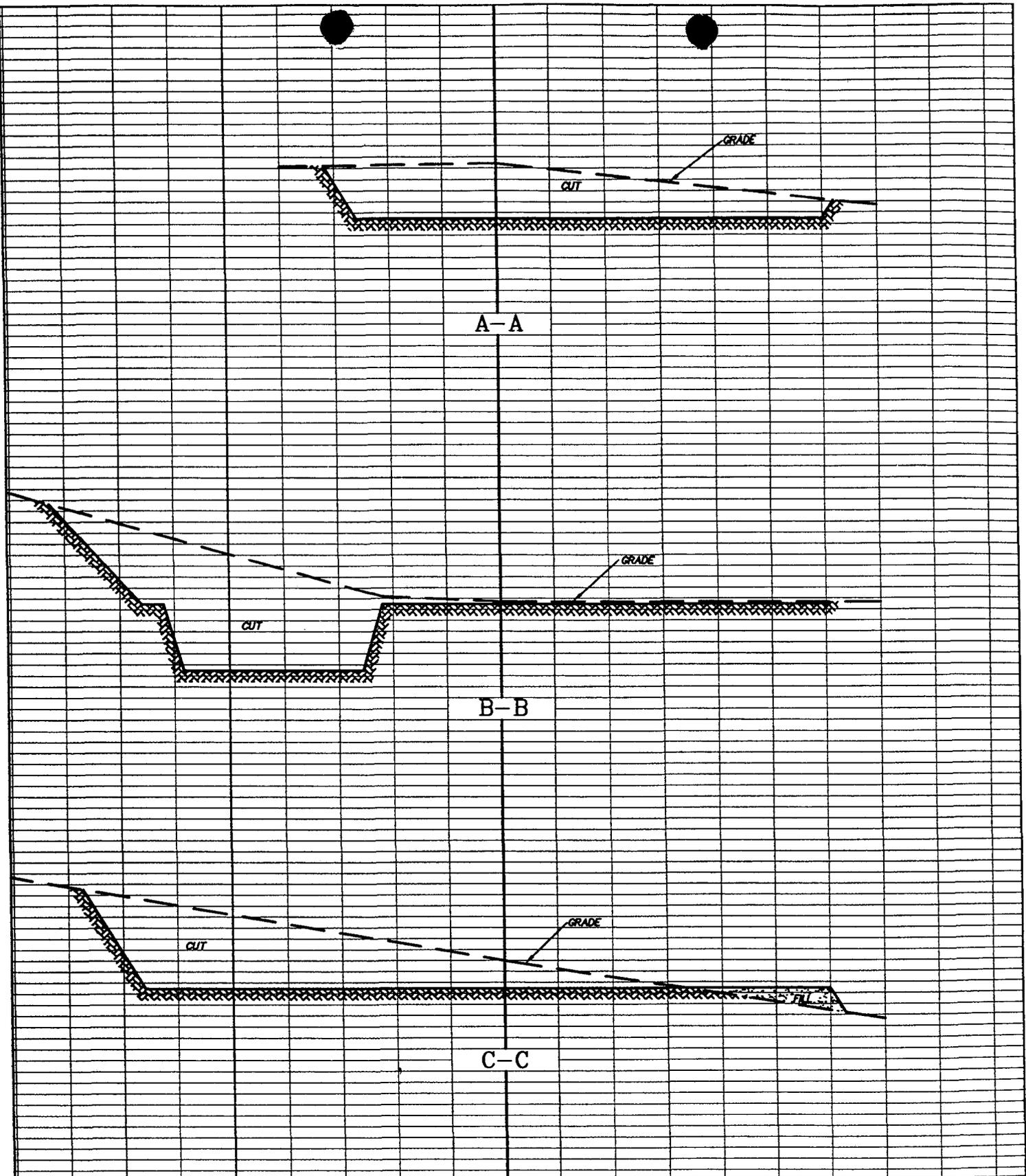
SECTION 32
SECTION 33
UNGRADED ELEVATION: 5198.3'
FINISHED ELEVATION: 5197.8'

EXHIBIT 2
SCALE FEET
GLO B.C.

DRG RIFFIN & ASSOCIATES, INC.
1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 60'
JOB No. 13433
DATE: 11/7/05

STONE ENERGY STONE RUSH 44-32-8-17				
ESTIMATED EARTHWORK				
ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	12711 CY	9691 CY	2467 CY	553 CY
PIT	6340 CY			6340 CY
TOTALS	19044 CY	9691 CY	2467 CY	6886 CY



DG RIFFIN & ASSOCIATES, INC.

STONE ENERGY
STONE RUSH 44-32-8-17



1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

JOB No. 13433

DATE: 11/7/05

HORZ. 1" = 60' VERT. 1" = 20'

UNGRADED ELEVATION: 5198.3'
FINISHED ELEVATION: 5197.8'

EXHIBIT 3

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 05/04/2006

API NO. ASSIGNED: 43-013-33173

WELL NAME: STONE RUSH 44-32-8-17
 OPERATOR: STONE ENERGY (N2745)
 CONTACT: BRIAN WOOD

PHONE NUMBER: 303-685-8000

PROPOSED LOCATION:

SESE 32 080S 170E
 SURFACE: 0260 FSL 0185 FEL
 BOTTOM: 0260 FSL 0185 FEL
 COUNTY: DUCHESNE
 LATITUDE: 40.06789 LONGITUDE: -110.0209
 UTM SURF EASTINGS: 583497 NORTHINGS: 4435541
 FIELD NAME: MONUMENT BUTTE (105)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering	DKD	5/16/07
Geology		
Surface		

LEASE TYPE: 3 - State
 LEASE NUMBER: ML-22060
 SURFACE OWNER: 3 - State

PROPOSED FORMATION: MVPD
 COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[] Ind[] Sta[] Fee[]
(No. RLB0008065)
- Potash (Y/N)
- Oil Shale 190-5 (B) or 190-3 or 190-13
- Water Permit
(No. 43-1721)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)
- Intent to Commingle (Y/N)

LOCATION AND SITING:

- R649-2-3.
- Unit: GILSONITE ~~from PA~~
- R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
- R649-3-3. Exception
- Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
- R649-3-11. Directional Drill

COMMENTS: Needs Permit (06-28-06)

STIPULATIONS: 1- Spacing Step
2- STATEMENT OF BASIS
3- Surface Csg Cost Step

**DIVISION OF OIL, GAS AND MINING
APPLICATION FOR PERMIT TO DRILL
STATEMENT OF BASIS**

OPERATOR: _____ STONE ENERGY CORPORATION
WELL NAME & NUMBER: _____ STONE RUSH 44-32-8-17
API NUMBER: _____ 43-013-33173
LOCATION: 1/4,1/4 SE/SE Sec: 32 TWP: 08S RNG: 17E 260 FSL 185 FEL

Geology/Ground Water:

Stone Energy proposes to set 4,000' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 200'. A search of Division of Water Rights records shows one water well within a 10,000 foot radius of the proposed location. This well is approximately one quarter mile from the proposed location and it's depth is not listed. The well is owned by the BLM and it's listed use is for stock watering. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. The proposed casing and cement program should adequately protect any useable ground water and nearby wells.

Reviewer: Brad Hill **Date:** 07/05/06

Surface:

The Roosevelt Field Office Staff did schedule and perform a presite meeting to address issues and take input regarding the construction and drilling of this wellsite. SITLA was shown as the landowner of record and was therefore invited to the presite meeting by email. Both Ed Bonner and Jim Davis were notified; Mr. Davis attended the meeting. This location is outside the window of tolerance for the 40-acre spacing rule for this area, and therefore Stone Energy has submitted an exception spacing request to the Division along with the Application to Drill. The surface does slope to the east and has a shallow ditch that drains from the west to the east. A rocky knoll is found just west of the proposed reserve pit site; the pit will cut into the lower portion of that hill. A diversion ditch should be constructed around the pit area to help move any run off from storms away from the location. The cut and fill sheet provided by Stone Energy has already allowed for that problem. Brian Wood claimed that Stone Energy planned to install a 12 mil liner to help contain fluids in the reserve pit. Mr. Wood also claims they plan this well along with three other deep tests on Federal lands, this being the first. He did not know the start up date as the company now has new owners.

Reviewer: Dennis L. Ingram **Date:** June 28, 2006

Conditions of Approval/Application for Permit to Drill:

1. A synthetic liner with a minimum thickness of 12 mils shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION
Division of Oil, Gas and Mining

OPERATOR: Stone Energy Corporation
WELL NAME & NUMBER: Stone Rush 44-32-8-17
API NUMBER: 43-013-33173
LEASE: ML-22060 **FIELD/UNIT:** MONUMENT BUTTE
LOCATION: 1/4,1/4 SE/SE **Sec:** 32 **TWP:** 08S **RNG:** 17E 260 **FSL** 185 **FEL**
LEGAL WELL SITING: F **SEC. LINE;** F **1/4,1/4 LINE;** F **ANOTHER WELL.**
GPS COORD (UTM): X =0583492 E; Y =4435547 N **SURFACE OWNER:** SITLA

PARTICIPANTS

Dennis L Ingram (DOGM); Brian Wood (consultant for Stone); Jim Davis (SITLA)

REGIONAL/LOCAL SETTING & TOPOGRAPHY

Well is proposed approximately 11.5 miles south off Highway 40 from the Pleasant Valley road access into the Monument Butte Field. The pad itself is only .3 miles east of the Pariette Road just north of the Castle Peak Draw; other landmarks are the Jonah turn off that is found just west of this location. New wells have been drilled in this section under the experimental 20-acre spacing. The location surface itself slopes to the east and has a shallow drainage that runs across the pad and intersects the well stake. A large, rocky knoll towers over the location to the west, along with a small slope or knob to the south. The topography in the area has broad, tabletop benches that is broken up with buttes and shallow washes the drain east toward Pariette.

SURFACE USE PLAN

CURRENT SURFACE USE: grazing (cattle or sheep); antelope, recreation and hunting.

PROPOSED SURFACE DISTURBANCE: Proposed 310'x 410' soil spoils and top soil stored outside of the described area, also plans a slope cut taper north and west of location because of cut that is outside the location measurements (approximate area of disturbance 4.4+ acres) Also proposed 1,021' of new road crowned and ditched with a 14' wide running surface; also plan a 18"x 30' culvert at the well pad entrance.

LOCATION OF EXISTING WELLS WITHIN A 1 MILE RADIUS: There are 42 existing oil or injection wells, 4 plugged and abandoned wells, and one water well within a mile radius.

LOCATION OF PRODUCTION FACILITIES AND PIPELINES: All or any production equipment shall remain on the pad unless otherwise authorized, gas sales line route not yet determined. Those plans will be submitted when they are final.

SOURCE OF CONSTRUCTION MATERIAL: Native cut and fill using borrowed material.

ANCILLARY FACILITIES: None requested

WILL DRILLING AT THIS LOCATION GENERATE PUBLIC INTEREST OR CONCERNS?
(EXPLAIN): THE BLM MIGHT NOT APPROVE OF THE FLAT JUNIPER GREEN
COLOR THE OPERATOR HAS CHOSEN FOR THE EQUIPMENT

WASTE MANAGEMENT PLAN:

Submitted to the division with Application to Drill under their Surface
Use Plan, item number 7.

ENVIRONMENTAL PARAMETERS

AFFECTED FLOODPLAINS AND/OR WETLANDS: None

FLORA/FAUNA: Sparse shadscale/cheat grass vegetation; potential antelope
Coyote, bobcat, rabbit and birds of prey type habitat

SOIL TYPE AND CHARACTERISTICS: tan to light brown fine grained clays
with some sand present, does have underlying or layered sandstone

SURFACE FORMATION & CHARACTERISTICS: Uinta Formation

EROSION/SEDIMENTATION/STABILITY: some erosion potential, slopes to
east, northeast, with the high ground the reserve pit, any sedimentation
should be diverted as planned with ditches around high side of location,
no stability problems noted during the presite visit.

PALEONTOLOGICAL POTENTIAL: None observed.

RESERVE PIT

CHARACTERISTICS: Proposed in cut on the west side of location and
Measuring 100'x 200'x 12' deep

LINER REQUIREMENTS (Site Ranking Form attached): 25 points, the
Operator has proposed a 12 mil liner in the Application to Drill,
potential ground water and distance to other wells

SURFACE RESTORATION/RECLAMATION PLAN

According to SITLA and/or as per stated in the Surface Use Plan under
item #10, Reclamation of reserve pit and wellsite.

SURFACE AGREEMENT: **SITLA**

CULTURAL RESOURCES/ARCHAEOLOGY: Was done by Montgomery of Moab, copies were
submitted to DOGM and SITLA

OTHER OBSERVATIONS/COMMENTS

Large rocky knoll on the west side of location, the reserve pit will
cut into this hillside (see photos), shallow drainage down the center of
location from that knoll that makes a V-type surface, near section line

and an exception spacing wellsite.

ATTACHMENTS

Photos of this location were taken and placed on file.

Dennis L. Ingram
DOGM REPRESENTATIVE

June 28, 2006 10:00 AM
DATE/TIME

**Evaluation Ranking Criteria and Ranking Score
For Reserve and Onsite Pit Liner Requirements**

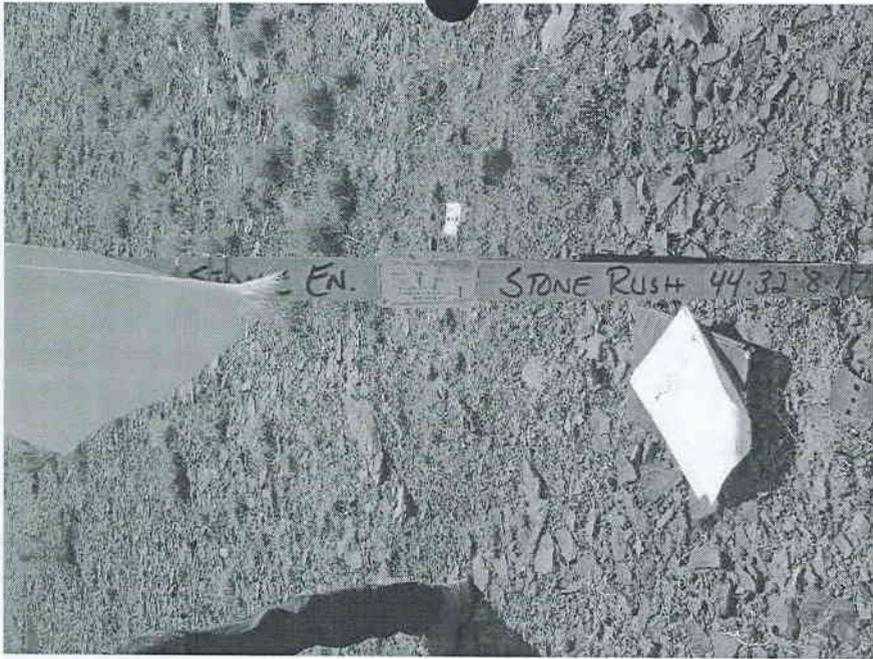
<u>Site-Specific Factors</u>	<u>Ranking</u>	<u>Site Ranking</u>
Distance to Groundwater (feet)		
>200	0	
100 to 200	5	
75 to 100	10	
25 to 75	15	
<25 or recharge area	20	<u>5</u>
Distance to Surf. Water (feet)		
>1000	0	
300 to 1000	2	
200 to 300	10	
100 to 200	15	
< 100	20	<u>0</u>
Distance to Nearest Municipal Well (feet)		
>5280	0	
1320 to 5280	5	
500 to 1320	10	
<500	20	<u>0</u>
Distance to Other Wells (feet)		
>1320	0	
300 to 1320	10	
<300	20	<u>10</u>
Native Soil Type		
Low permeability	0	
Mod. permeability	10	
High permeability	20	<u>10</u>
Fluid Type		
Air/mist	0	
Fresh Water	5	
TDS >5000 and <10000	10	
TDS >10000 or Oil Base Mud Fluid	15	
containing significant levels of hazardous constituents	20	<u>0</u>
Drill Cuttings		
Normal Rock	0	
Salt or detrimental	10	<u>0</u>
Annual Precipitation (inches)		
<10	0	
10 to 20	5	
>20	10	<u>0</u>
Affected Populations		
<10	0	
10 to 30	6	
30 to 50	8	
>50	10	<u>0</u>
Presence of Nearby Utility Conduits		
Not Present	0	
Unknown	10	
Present	15	<u>0</u>

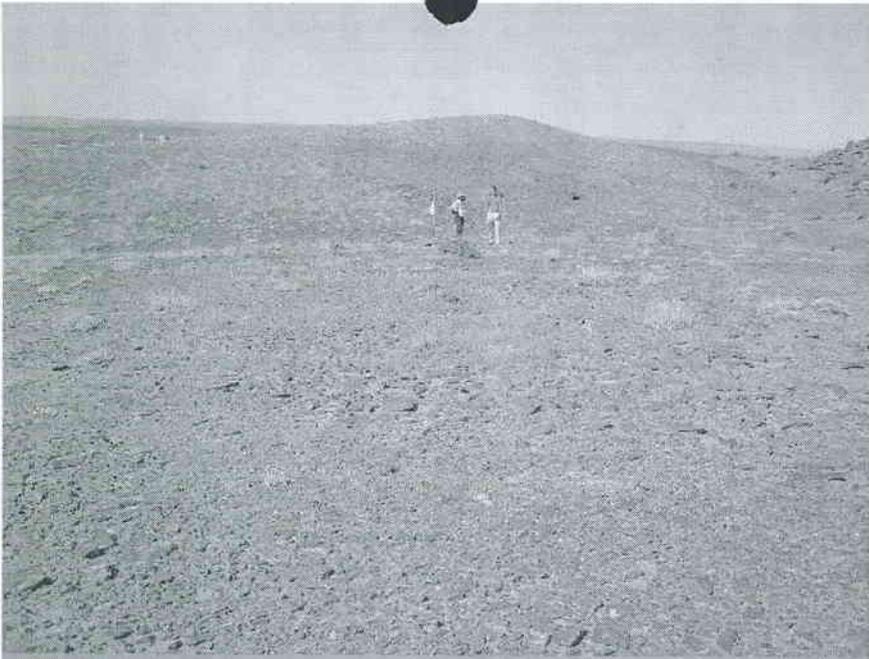
Final Score 25 (Level I Sensitivity)

Sensitivity Level I = 20 or more; total containment is required, consider criteria for excluding pit use.

Sensitivity Level II = 15-19; lining is discretionary.

Sensitivity Level III = below 15; no specific lining is required.









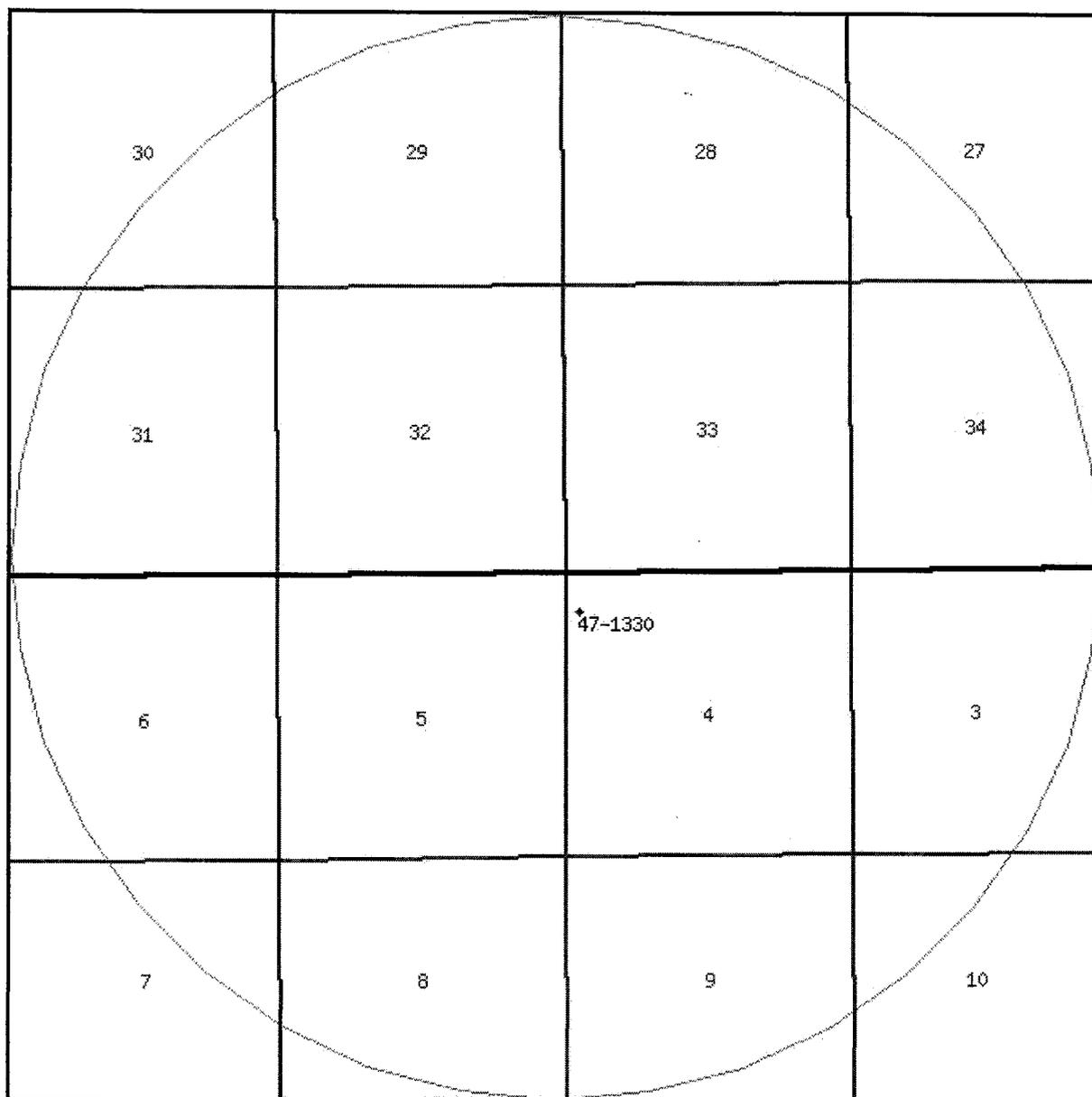

[State Online Services](#)
[Agency List](#)
[Business.utah.gov](#)

UTAH DIVISION OF WATER RIGHTS

WRPLAT Program Output Listing

Version: 2004.12.30.00 Rundate: 07/05/2006 01:35 PM

Radius search of 10000 feet from a point N260 W185 from the SE corner, section 32, Township 8S, Range 17E, SL b&m Criteria:wrtypes=W,C,E podtypes=U status=U,A,P usetypes=all



0 1300 2600 3900 5200 ft

Water Rights

WR Number	Diversion Type/Location	Well Log	Status	Priority	Uses	CFS	ACFT	Owner
<u>47-1330</u>	Underground S725 E257 NW 04 9S 17E SL		P	19341103	S	0.015	0.000	USA BUREAU OF MANAGEMENT 2370 SOUTH 2300

[Natural Resources](#) | [Contact](#) | [Disclaimer](#) | [Privacy Policy](#) | [Accessibility Policy](#)

Casing Schematic

1st BHP

$0.052(4000)9.2 = 1914 \text{ psi}$
anticipate 8113' MW 8.3

Gas $.12(4000) = 480$
 $1914 - 480 = 1438 \text{ psi, MASP}$

BOPE 5M

Burst 1730
70% = 1211 psi

Max P @ conductor shoe

$.22(3800) = 836$
 $1914 - 836 = 1078 \text{ psi}$

test to 1078 psi

max press. allowed @ conductor shoe = 200 psi ✓

BHP

$0.052(14860)10.5 = 8114 \text{ psi}$
anticipate 8113 psi

Gas $.12(14860) = 1783$
 $8114 - 1783 = 6331 \text{ psi, MASP}$

Net $.22(14860) = 3269$
 $8114 - 3269 = 4845 \text{ psi}$

BOPE 5M ✓

Burst 5750

70% = 4025 psi

Max P @ surf. shoe

$.22(16860) = 2389$
 $8114 - 2389 = 5725 \text{ psi}$

✓ Max press. allowed @ shoe = 4000 psi (psi/ft) frac grad.

Surf. Csg. Test to 4000 psi ✓

✓ Adequate DUD 5/16/07

Surface

12 3/4"
18 1/8"
18 7/8"

2005 TOC @ Conductor 845W
TOC @ 200. MD
581. → to surf. w/13% w/o ✓
Surf. step O.K.

TOC @ 2790.

3800' Garden Gulch Surface

4780' Douglas Creek

6120' Wasatch

10730' Mesaverde

13410' Castlegate

13680' Blackhawk

14860 Mancos Production 14860. MD

Well name:	07-06 Stone Rush 44-32-8-17mod2	
Operator:	Stone Energy Corporation	Project ID:
String type:	Conductor	43-013-33173
Location:	Duchesne County	

Design parameters:

Collapse

Mud weight: 8.300 ppg
 Design is based on evacuated pipe.

Burst

Max anticipated surface pressure: 62 psi
 Internal gradient: 0.120 psi/ft
 Calculated BHP: 86 psi

 No backup mud specified.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Tension:

8 Round STC: 1.80 (J)
 8 Round LTC: 1.80 (J)
 Buttress: 1.60 (J)
 Premium: 1.50 (J)
 Body yield: 1.50 (B)

Tension is based on buoyed weight.
 Neutral point: 176 ft

Environment:

H2S considered? No
 Surface temperature: 75 °F
 Bottom hole temperature: 78 °F
 Temperature gradient: 1.40 °F/100ft
 Minimum section length: 500 ft

Cement top: Surface

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	200	13.375	48.00	H-40	ST&C	200	200	12.59	176.3

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	86	740	8.586	86	1730	20.07	8	322	38.20 J

Prepared by: Helen Sadik-Macdonald
 Div of Oil, Gas & Minerals

Phone: 801-538-5357
 FAX: 801-359-3940

Date: May 14, 2007
 Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 200 ft, a mud weight of 8.3 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:

07-06 Stone Rush 44-32-8-17mod2Operator: **Stone Energy Corporation**String type: **Surface**

Project ID:

43-013-33173

Location: **Duchesne County****Design parameters:****Collapse**Mud weight: 9.200 ppg
Design is based on evacuated pipe.**Burst**Max anticipated surface
pressure: 3,520 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 4,000 psi

No backup mud specified.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)Tension is based on buoyed weight.
Neutral point: 3,453 ft**Environment:**H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 131 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 500 ft

Cement top: 581 ft

Non-directional string.**Re subsequent strings:**Next setting depth: 14,860 ft
Next mud weight: 10.500 ppg
Next setting BHP: 8,105 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 4,000 ft
Injection pressure: 4,000 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft ³)
1	4000	9.625	40.00	L-80	LT&C	4000	4000	8.75	1702.9
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1912	3090	1.616	4000	5750	1.44	138	727	5.26 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & MineralsPhone: 801-538-5357
FAX: 801-359-3940Date: May 14, 2007
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 4000 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:

07-06 Stone Rush 44-32-8-17mod2

Operator: **Stone Energy Corporation**

String type: **Production**

Project ID:

43-013-33173

Location: **Duchesne County**

Design parameters:

Collapse

Mud weight: 10.500 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 283 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 2,790 ft

Burst

Max anticipated surface pressure: 4,836 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 8,105 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.

Neutral point: 12,557 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	14860	4.5	13.50	P-110	LT&C	14860	14860	3.795	1245.4

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	8105	10680	1.318	8105	12410	1.53	170	338	1.99 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: 801-538-5357
FAX: 801-359-3940

Date: May 14, 2007
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 14860 ft, a mud weight of 10.5 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Drilling Program

<u>1. Formation Name</u>	<u>Depth from GL</u>	<u>Depth from KB</u>	<u>Elevation</u>
Uintah	0'	20'	+5,198'
Wasatch	6,150'	6,170'	-952'
Mesa Verde seismic	10,830'	10,850'	-5,632'
Castlegate sandstone	13,410'	13,430'	-8,212'
Blackhawk	13,680'	13,700'	-8,482'
Mancos shale	14,860'	14,880'	-9,662'
Total Depth	15,500'	15,520'	-10,302'

2. NOTABLE ZONES

Potential oil or gas zones are the Green River, Wasatch, and Mesa Verde sandstones. The Mesa Verde is the primary goal. The Uintah Formation is a possible water zone.

3. PRESSURE CONTROL (Also see "5." on PAGE 2)

A 5,000 psi BOP and choke manifold will be used from the bottom of the surface casing to TD. A typical 5,000 psi BOP system is on Page 3. Actual model will not be known until the contract is signed. Details on equipment are:

casing head: 9-5/8" SOW x 11" 5,000 pound with flange at ground level

tubing head: 11" 5,000 pound x 7-1/16" 5,000 pound

spherical type annular preventer (5,000 psi)

hydraulic pipe rams (5,000 psi)

hydraulic blind ram (5,000 psi)

drilling spool with side outlets

3" diameter choke line

HCR choke line valve

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

- manual choke line valve
- 2 kill line valves & check valve
- choke manifold (with 2 manual chokes + 1 remote choke with full opening block valves for component isolation)
- upper kelly cock valve
- lower kelly cock valve
- safety valve & subs to fit all drill string connections
- appropriate size accumulator
- remote control panel for BOP stack located on rig floor
- remote control panel for hydraulic choke located on rig floor

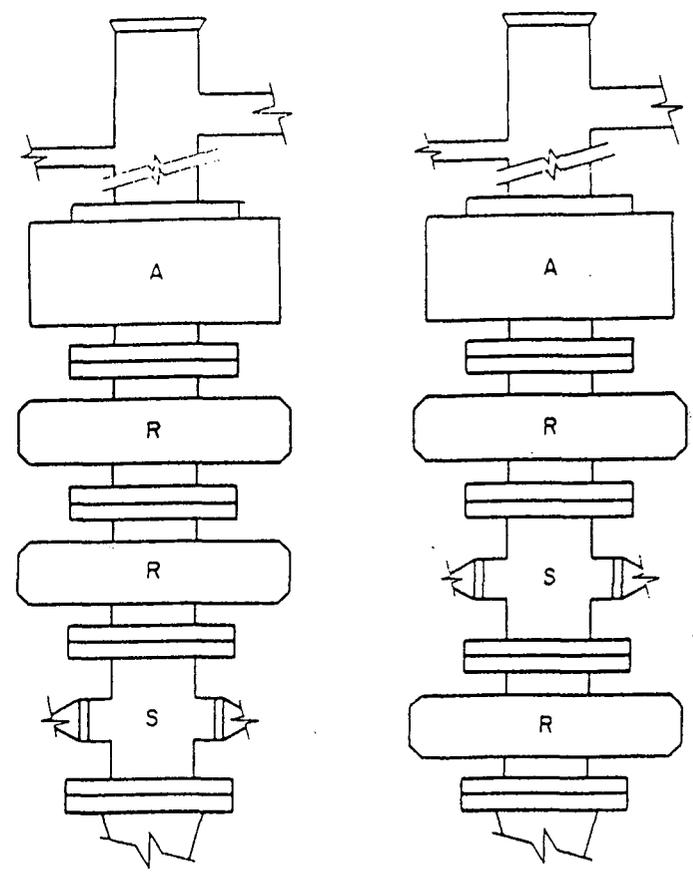
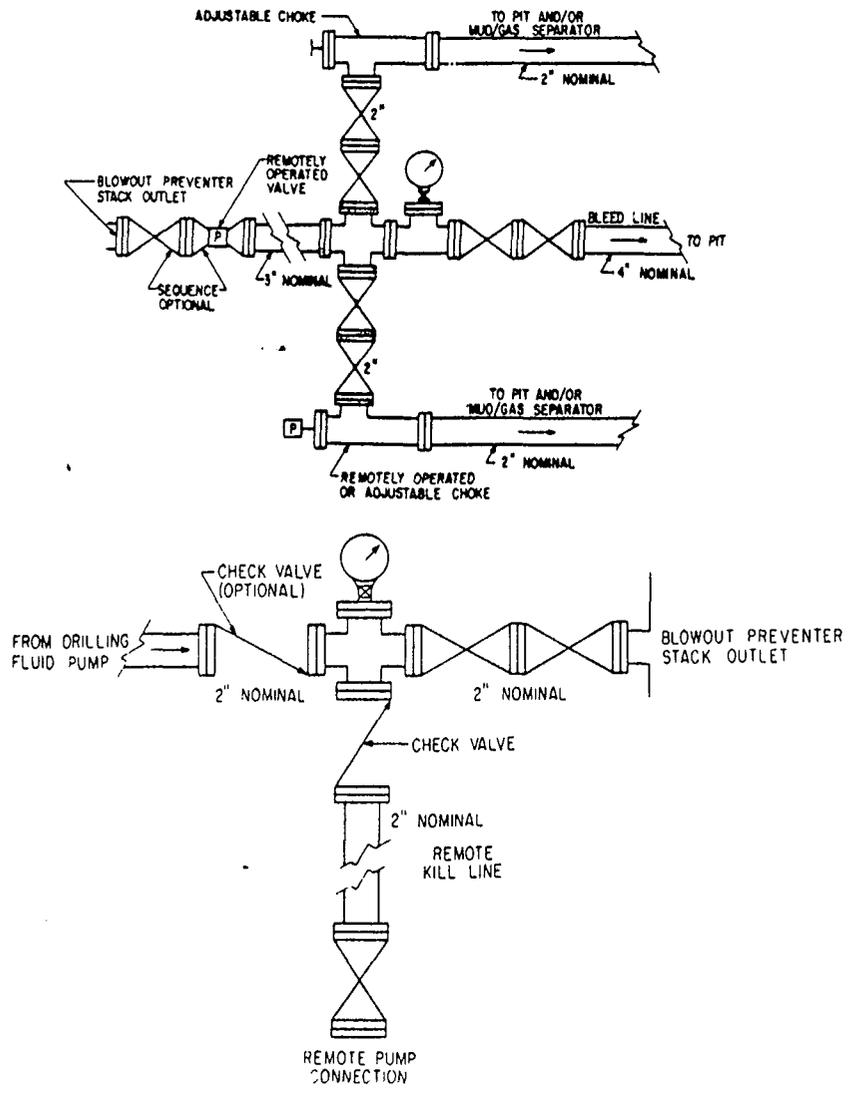
Call (435 722-3417) the Utah Division of Oil, Gas, & Mining ≥ 12 hours before BOP system tests. Blind rams, pipe rams, manifold, upper and lower kelly cock, and safety valve will be pressure tested to $\approx 5,000$ psi after surface casing is cemented, but before drilling out of the surface casing. Hydril will be tested to $\approx 2,500$ psi. Thereafter, the BOP system will be checked daily for mechanical operations. The check will be noted on the daily drilling reports. The BOP system will be similarly tested before and after running the intermediate casing. BOP will be tested at low pressure at ≈ 250 psi. Gas buster will be fully rigged up and tested for fluid integrity (using antifreeze solution) before drilling out of surface casing.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O. D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Type</u>	<u>Age</u>	<u>Setting Depth</u>
20"	16"	Conductor (0.214" wall)			New	60'
12-1/4"	9-5/8"	40	J-55	ST & C	New	4,000'
7-7/8"	4-1/2"	13.5	P-110	LT & C	New	15,500'

Minimum design safety factors are:

- burst = 1.0.
- collapse = 1.1
- joint strength = 1.6



TYPICAL 5,000 psi WORKING PRESSURE BOP STACKS

- A = Annular type blowout preventer
- R = Ram
- S = Drilling spool with side outlet connections for choke & kill lines

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

PAGE 4

Surface casing shoe will be set at least 50' below the Bird's Nest Formation, if present, or at $\approx 4,000'$ - whichever is deeper. Surface casing will be cemented to the surface with $\approx 2,168$ cubic feet ($\approx 70\%$ excess). Will cement from $\approx 4,000'$ to $\approx 2,500'$ with ≈ 460 sacks Rockies light cement with 1/4 pound per sack cellophane + 1/4 pound per sack quick seal mixed at 13.5 pounds per gallon, 1.81 cubic feet per sack, and 9.51 gallons per sack. Will cement from $\approx 2,500'$ to surface with ≈ 510 sacks Rockies light cement with 1/4 pound per sack cellophane + 1/4 pound per sack quick seal mixed at 12 pounds per gallon, 2.62 cubic feet per sack, and 15.48 gallons per sack.

Production casing will be cemented to $\approx 5,900'$ (i. e., $\approx 9,600'$ of fill) with $\approx 3,276$ cubic feet ($\approx 40\%$ excess). Will cement from TD to $\approx 10,660'$ with ≈ 461 sacks Halliburton high fill with 5 pounds per sack gilsonite + 1/4 pound per sack cellophane + 0.8% HR-7 + 3 pounds per sack Granulite TR 1/4; all mixed at 11 pounds per gallon, 3.84 cubic feet per sack, and 23.38 gallons per sack. Will cement from $\approx 10,660'$ to $\approx 5,900'$ with ≈ 920 sacks 50/50 poz premium cement with 0.3% Halad-344 + 0.3% Super EBL + 1/4 pound per sack cellophane + 20% SSA-1 + 0.3% Halad-413 + 3 pounds per sack silica light; all mixed at 14.3 pounds per gallon + 1.47 cubic feet per sack, and 6.35 gallons per sack.

5. MUD PROGRAM

<u>Interval</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Yield Point</u>	<u>PV</u>	<u>pH</u>	<u>Type</u>
0' - 4,000'	8.5 - 9.0	26 - 40	0 - 12	0 - 25	9 - 11	Fresh water gel & lime
4,000' - TD	8.5 - 10.9	28 - 40	0 - 13	0 - 25	9 - 11	KCl with polymer sweeps

6. DATA GATHERING

No core or drill stem test is planned. Two mud loggers will be on site from $\approx 4,000'$ to TD and will collect samples every $\approx 10'$. They will have FID and chromatograph unit. Will run conventional log suite (platform express).

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

PAGE 5

7. DOWN HOLE CONDITIONS

Maximum anticipated bottom hole pressure will \approx 6,200 psi. No abnormal pressures, temperatures, or hydrogen sulfide are expected.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take \approx 4 months to drill and complete the well.

Uintah Basin Medical Center is a \approx 2/3 hour drive away in Roosevelt on 210 West 300 North. Their phone number is (435) 722-3971.

This APD is also an application for approval of an exception location. The well is staked 200' too far south and 275' too far east. I am requesting an exception because of geology. The well location is based on seismic.

The well is staked at 260' FSL & 185' FEL on a 598.67 acre SITLA lease. Stone is requesting permission to drill at 260' FSL & 185' FEL 32-8s-17e. This is the only Mesa Verde oil or gas well, existing or planned, in the quarter-quarter. Furthermore, there are no other existing Mesa Verde wells of any type within a 1 mile radius. Closest lease line is 185' east. Stone is owner of all Mesa Verde drilling units within a minimum 5,020' radius of the proposed exception.

Surface Use Plan

1. DIRECTIONS (See PAGES 10 & 11)

From the equivalent of Mile Post 103.5 on US 40 west of Myton ...
Go South 1.7 miles on a paved road
Then bear left and go Southeast 9.5 miles on a paved road
Then turn left and go East 0.3 miles on a wide dirt road
Then turn right and go Southeast 1,021' cross country to the proposed pad

Existing roads need no upgrading. Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT (See PAGE 11)

The 1,021' of new road will be crowned and ditched with a $\approx 14'$ wide running surface. An 18" x 50' culvert will be installed in the south borrow ditch of the existing road. An 18" x 30' culvert will be installed at the entrance to the pad. Maximum disturbed width = 50'. Maximum grade = 6%. Maximum cut or fill = 5'. No up grade, vehicle turn out, or cattle guard is needed.

3. EXISTING WELLS (See PAGE 11)

There are 42 existing oil or injection wells, 4 plugged and abandoned wells, and 1 water well within a mile radius. There are no existing disposal or gas wells within a mile radius.

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

PAGE 7

4. PROPOSED PRODUCTION FACILITIES

A tank battery, separator, dehydrator, meter run, compressor, and pump may be installed on the pad. All surface equipment will be painted a flat juniper green color. Pipeline plans are being formulated.

5. WATER SUPPLY

Water will be trucked from a private (#43-1721) water source (Nebeker's water well) in 34-3s-2w south of Myton.

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 12 & 13)

Topsoil and brush will be stripped and piled south of the pad. Pit subsoil will be piled west of the pit. A diversion ditch will be cut west and north of the pad. A minimum 12 mil liner will be installed in the reserve pit. Gravel will be bought from a private source.

7. WASTE DISPOSAL

The reserve pit will be fenced 4' high on 3 sides with 4 strands of barbed wire or woven wire topped with barbed wire. The fourth side will be fenced once the rig leaves. The fence will be kept in good repair while the pit dries.

All trash will be placed in a trash cage. When full, it will be hauled to a state approved landfill. There will be no trash burning or disposal of trash in the reserve pit. Chemical toilets will be used for human waste. Their contents will be disposed of in state approved facilities.

No oil will be allowed on the reserve pit. Any oil which accumulates on the pit

will be pumped or skimmed off and hauled to a state approved recycle facility. Once dry, the reserve pit contents will be buried in place.

8. ANCILLARY FACILITIES

There will be no airstrip or formal camp. Camper trailers will be on site for the company man, roughnecks, mud logger, tool pusher, etc.

9. WELL SITE LAYOUT

See PAGES 12 & 13 for depictions of the well pad, cross sections, cut and fill diagrams, reserve pit, burn pit, access road onto the pad, parking, living facilities, and rig orientation.

10. RECLAMATION

After completing drilling, the well site and immediate area will be cleared of all debris and material not needed for production.

Reclamation will start when the reserve pit is dry. At least 2' of cover will be placed on the reserve pit. All areas not needed for production will be back filled, contoured to a natural shape, and reserved topsoil evenly spread. If the well is a producer, then enough topsoil will be kept aside to reclaim the rest of the pad. Disturbed areas will be ripped, harrowed, or scarified before seeding.

All reclaimed areas will be broadcast seeded in late fall or winter with a seed mix specified by the State. Seeded areas will be left rough and lightly harrowed or drug with a chain after seeding.

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

PAGE 9

11. SURFACE OWNER

All construction is on lease and on SITLA.

12. OTHER INFORMATION

The nearest hospital (Uintah Basin Medical Center @ (435) 722-4691) is a half hour drive away in southwest Roosevelt at 250 West 300 North.

Archaeology report MOAC 05-488 was filed by Montgomery Archaeological Consultants, Inc. on December 1, 2005.

13. REPRESENTATION

Anyone having questions concerning the APD should contact:

Brian Wood
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87508
(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

The operator's contact is:

Tracy Opp
Stone Energy Corporation
950 17th St., Suite 2600
Denver, CO 80202-2828
(303) 685-8000 FAX (303) 296-4075

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. LEASE DESIGNATION AND SERIAL NUMBER: ML-22060	
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				7. UNIT or CA AGREEMENT NAME: N/A	
2. NAME OF OPERATOR: STONE ENERGY CORPORATION				8. WELL NAME and NUMBER: STONE RUSH 44-32-8-17	
3. ADDRESS OF OPERATOR: 950 17TH ST., #2600 CITY DENVER STATE CO ZIP 80202-2828			PHONE NUMBER: (303) 685-8000	9. FIELD AND POOL, OR WILDCAT: MONUMENT BUTTE	
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 260 FSL & 185 FEL AT PROPOSED PRODUCING ZONE: SAME				10. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SESE 32 8S 17E S	
13. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 9 AIR MILES SSE OF MYTON				11. COUNTY: DUCHESNE	12. STATE: UTAH
14. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 185'		15. NUMBER OF ACRES IN LEASE: 599		16. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
17. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 1,871' (Newfield's Gilsonite 15-32)		18. PROPOSED DEPTH: 14,860		19. BOND DESCRIPTION: STATE WIDE RLB0008065	
20. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5,198 GL		21. APPROXIMATE DATE WORK WILL START: 6/1/2007		22. ESTIMATED DURATION: 4 MONTHS (to drill & complete)	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
17-1/2"	13-3/8" H-40 48	200	CLASS H	250 SX	1.18 CF/SK	15.6 #/SK
12-1/4"	9-5/8" L-80 J-55 40 36	2,500	ROCKIES LIGHT	510 SX	2.62 CF/SK	12.0 #/SK
12-1/4"	9-5/8" L-80 J-55 40 36	4,000	ROCKIES LIGHT	460 SX	1.81 CF/SK	13.5 #/SK
7-7/8"	4-1/2" P-110 13.5	9,730	HIGH LIFT	708 SX	3.04 CF/SK	11.5 #/SK
7-7/8"	4-1/2" P-110 13.5	14,860	50/50 POZ G	1,278 SX	3.04 CF/SK	14.1 #/SK

24. ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN |
| <input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |

NAME (PLEASE PRINT) BRIAN WOOD PHONE: (505) 466-8120 TITLE CONSULTANT FAX: (505) 466-9682
SIGNATURE *Brian Wood* DATE 4/19/2007

(This space for State use only)

**Approved by the
Utah Division of
Oil, Gas and Mining**

RECEIVED

API NUMBER ASSIGNED: 43-013-33173

APPROVAL:

APR 23 2007

Date: 05-16-07

By: *[Signature]*

DIV. OF OIL, GAS & MINING

Drilling Program
Rush 44-32-8-17
Section 32: T8S-R17E (SE/SE)
Duchesne County, Utah

1. **Estimated Formation Tops:** GL: 5198'
KB: 5218'

<u>Formation</u>	<u>Depth</u>
Garden Gulch	3800
Douglas Creek	4780
Wasatch	6120
Mesaverde	10730
Castlegate	13410
Blackhawk	13680
Mancos	14860
TD	14860

2. **Estimated depths at which anticipated water, oil, gas or other mineral bearing formations are expected to be encountered:**

<u>Zone</u>	<u>Depth</u>	<u>Contents</u>
Wasatch	6120	Water
Mesaverde	10730-13680'	Gas
Blackhawk	13680-14860'	Gas

3. **Casing and cementing will be done to protect potentially productive hydrocarbons, fresh water zones, abnormal pressure zones, and prospectively valuable mineral deposits.**

- A. Casinghead: 13-3/8" SOW x 11" 5M w/ flange at ground level.
 Tubinghead: 11" 5M X 7 1/16" 5M.
 Will install and test 5M BOP to 5,000 psi before drilling 13-3/8" surface casing shoe.
- B. Operator's minimum specifications for pressure control equipment are explained on attached schematic diagram. After running surface casing and prior to drilling out, blind rams, pipe rams, manifold, upper and lower kelly cock and safety valve will be pressure tested to 5,000 psi. Hydril will be tested to 2,500 psi. Thereafter, the BOP will be checked daily for mechanical operations and will be noted on IADC Daily Drilling Reports. BOP will be tested at low pressure to 250 psi.

4. **Proposed Surface, Intermediate, and Production Casing Program.**

<u>Purpose</u>	<u>Interval</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Wt/Ft</u>	<u>Grade</u>	<u>Cond</u>	<u>Thread</u>
Surface:	0-200'	17-1/2"	13 3/8"	48#	H-40	New	ST&C
Intermediate:	0-4000'	12 1/4"	9 5/8"	40#	L-80	New	LT&C
Production:	0-14860'	7 7/8"	4-1/2"	13.5#	P110	New	LT&C

Minimum design safety factors: Burst-1.0, Collapse-1.1, Joint Strength-1.6

Cementing Program: Type, Amount of Cement, and Interval to be Cemented

Surface:

0-200' 250 sx Class H, 15.6 ppg, 1.18 cu.ft./sx. Cement will be circulated to surface with 100% excess

Intermediate:

0-2500' 510 sxs of Rockies LT cement w/ 0.25 pps Flocele and 0.25 ppg Kwikseal @ 12 PPG, 2.62 FT³/sx & 15.48 gal/sk.

2500-4000' 460 sxs of Rockies LT cement w/ 0.25 pps Flocele and 0.25 ppg Kwikseal @ 13.5 ppg, 1.81 FT³/sx & 9.51 gal/sk.

(Based on 70% OH Excess) Cement will be circulated to surface.

** If cement falls back, a top out job will be performed. Due to the Bird's Nest's inability to take much hydrostatic, Flocele and Kwikseal products are being used as loss circulation additives to help bridge off any losses during the cement job and to help ensure cement circulation to surface.

Production:

3000'-9730' Use 708 sx Schlumberger Hi-Lift Class G @ 11.5 ppg, yield 3.04 ft³/sx

9730'-14860' Use 1278 sx 50/50 poz class G cement @ 14.1 ppg, yield 1.28 ftcu.ft./sx
(based on 40% excess in open hole and 0% excess inside casing-will adjust OH excess based on logs)

5. Drilling mud program, type and characteristics, weight, viscosity, fluid loss, %oil:

<u>Interval</u>	<u>Type Mud</u>	<u>Wt. ppg</u>	<u>Viscosity</u>	<u>FL</u>
0-200'	Air Drilled Pre-set Surface or Fresh Wtr w/ Gel/Lime Sweeps			
200-4000'	Fresh H ₂ O Gel/Lime Sweeps	8.5-9.2	26-45 sec/qt	No Control
4000-6000'	Water/Ancor-Drill	8.4-8.8	26-32	No Control
6000-10,700'	LSND to Weighted	9.0-10.0+	34-40	No Control to 15-20 cc's
10700-14860'	LSND/Weighted Gel/Chem	8.5-10.5+	38-50	8-12 cc's

6. Testing Program

- A. **DST's:** No DST's are anticipated or planned.
- B. **Logging Program:**
 - At TD:*
 - 1) Triple Combo (Density/Neutron/Laterolog/Gamma) TD up to 10700'
- C. **Coring Program:** None
- D. **Stimulation Program:** Evaluate open hole logs to determine interval to perforate. Perforate selected intervals. A completion program will be based upon evaluation of the logs and formation parameters.

7. Recommended Drilling Bit Program

<u>Depth</u>	<u>Size</u>	<u>Bit Type</u>	<u>ROP(ft/hr)</u>	<u>WOB(Klb)</u>	<u>RPM</u>	<u>Time(hrs)</u>
0-4000	12 1/4	HC606Z	40.0	30-60	110-160	100
4000-8000	7 7/8	HC504ZX	60.6	5-25	80-120	166
8000-9000	7 7/8	HC506Z	40.0	5-25	80-120	191
9000-10000	7 7/8	HC506ZX	40.0	5-25	80/120	216
10000-10800	7 7/8	HC506ZX	40.0	5-25	80-120	266
10800-11600	7 7/8	HC509Z	40.0	5-25	80-120	321
11600-12200	7 7/8	HC509Z	40.0	5-25	80-120	371
12200-12800	7 7/8	HC509Z	40.0	5-25	80-120	421
12800-13800	7 7/8	HH354G8	40.0	10-25	460-480	476
13800-14860	7 7/8	HC354G8	40.0	10-25	460-480	536

8. Estimated Bottom Hole Pressure:

BHP – 8113 psi, BHT circ – 193 °F, BHT Static – 228 °F

9. Auxiliary Equipment:

- A. Spherical type annular preventer (5M)
- B. 2 hydraulic pipe rams (5M)
- C. 1 hydraulic blind ram (5M)
- D. Drilling spool with two side outlets
- E. 3" diameter choke line
- F. HCR choke line valve
- G. Manual choke line valve
- H. Two kill line valves and check valve
- I. Choke manifold consisting of two manual choke and one remote choke with full opening block valves for component isolation.
- J. Upper Kelly cock valve
- K. Lower Kelly cock valve
- L. Safety valve and subs to fit all drill string connection in use
- M. Appropriately sized accumulation for BOP system
- N. Remote control panel for BOP stack located on rig floor
- O. Remote control panel for hydraulic choke located on rig floor

10. Utah DOGM Notices

- A. 72 hrs form commencement of drilling.

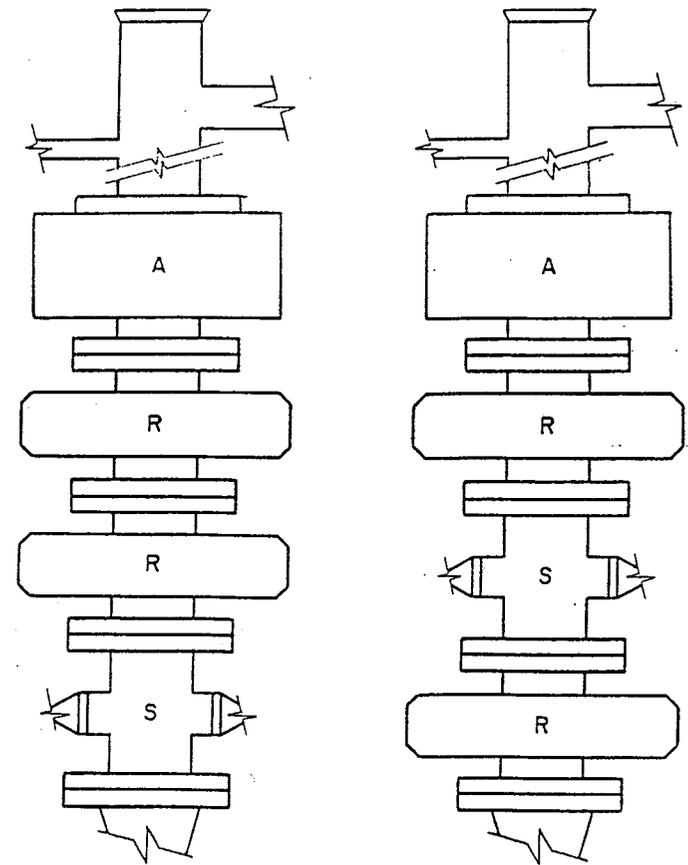
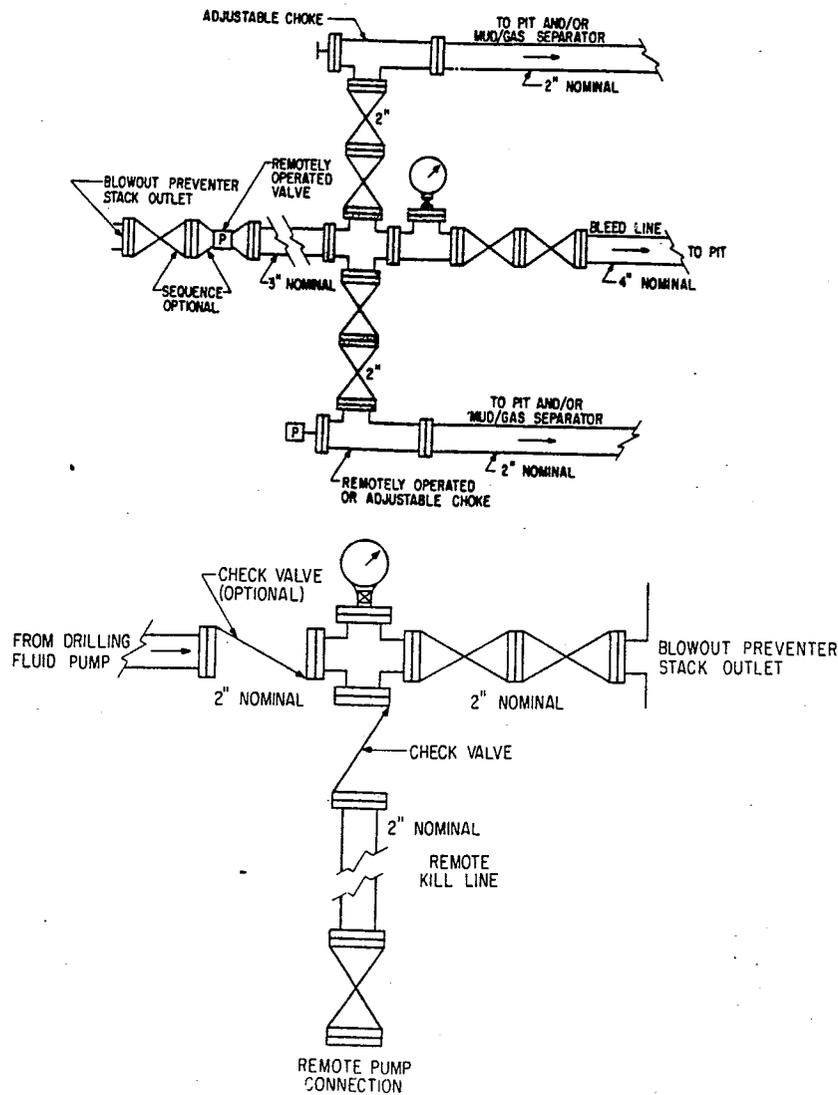
- B. 12 hrs prior to running casing or testing BOPE
 - C. 24 hrs prior to P&A
 - D. 24 hrs prior to removing fluid from reserve pit.
- Call-in spud to UDOGM @ 435.722.3417**

11. Deviation & MWD Surveys

Surface Hole: 3 deg max incl. & 1 deg/100' DLS maximum survey every 500' min
Surface to TD: Maintain inclination less than 3 deg.

12. Well Control Procedures

- Pick up Kelly & raise tool joint above floor
- Stop Pumps
- Ensure choke is closed
- Open HCR Valve
- Close BOP Ram or Annular as appropriate
- Record stabilized stand-pipe (SIDPP)
- Calculate Initial Circulating Pressure (Slow Circ Press + SIDPP)
- Calculate kill mud weight & fill out "Kill Sheet"
- Circulate out through choke system



TYPICAL 5,000 psi WORKING PRESSURE BOP STACKS

- A = Annular type blowout preventer
- R = Ram
- S = Drilling spool with side outlet connections for choke & kill lines

Stone Energy Corporation
Stone Rush 44-32-8-17
260' FSL & 185' FEL
Sec. 32, T. 8 S., R. 17 E.
Duchesne County, Utah

PAGE 6

Surface Use Plan

1. DIRECTIONS (See PAGES 10 & 11)

From the equivalent of Mile Post 103.5 on US 40 west of Myton ...
Go South 1.7 miles on a paved road
Then bear left and go Southeast 9.5 miles on a paved road
Then turn left and go East 0.3 miles on a wide dirt road
Then turn right and go Southeast 1,021' cross country to the proposed pad

Existing roads need no upgrading. Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE BUILT (See PAGE 11)

The 1,021' of new road will be crowned and ditched with a $\approx 14'$ wide running surface. An 18" x 50' culvert will be installed in the south borrow ditch of the existing road. An 18" x 30' culvert will be installed at the entrance to the pad. Maximum disturbed width = 50'. Maximum grade = 6%. Maximum cut or fill = 5'. No up grade, vehicle turn out, or cattle guard is needed.

3. EXISTING WELLS (See PAGE 11)

There are 42 existing oil or injection wells, 4 plugged and abandoned wells, and 1 water well within a mile radius. There are no existing disposal or gas wells within a mile radius.

4. PROPOSED PRODUCTION FACILITIES

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PAGE 8

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260' FSL & 185' FEL
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PAGE 9

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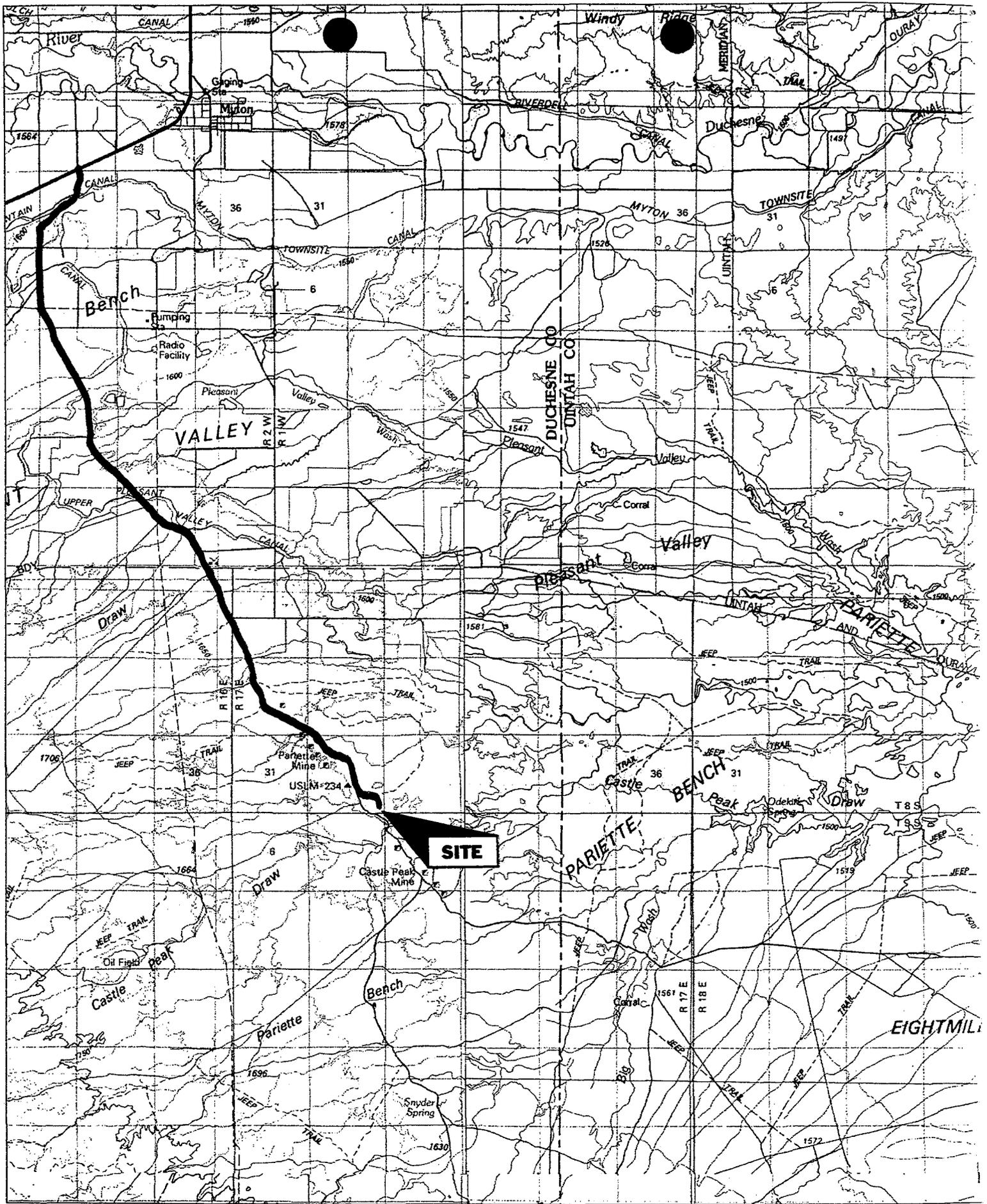
13. REPRESENTATION

Anyone having questions concerning the APD should contact:

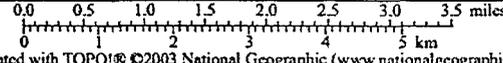
Brian Wood
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(505) 466-8120 FAX: (505) 466-9682 Mobile: (505) 699-2276

The operator's contact is:

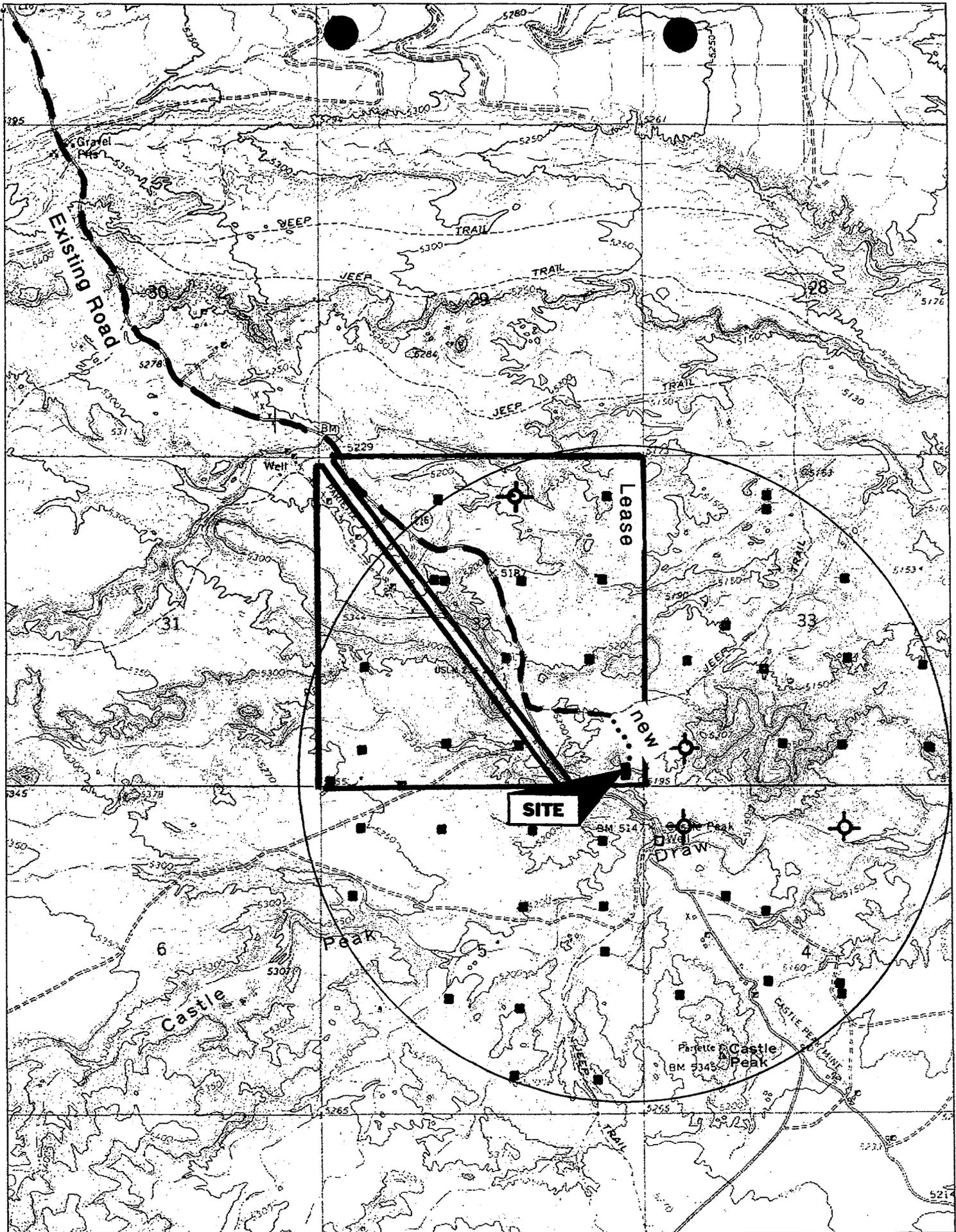
Tracy Opp
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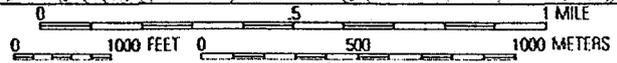
TN MN
124°



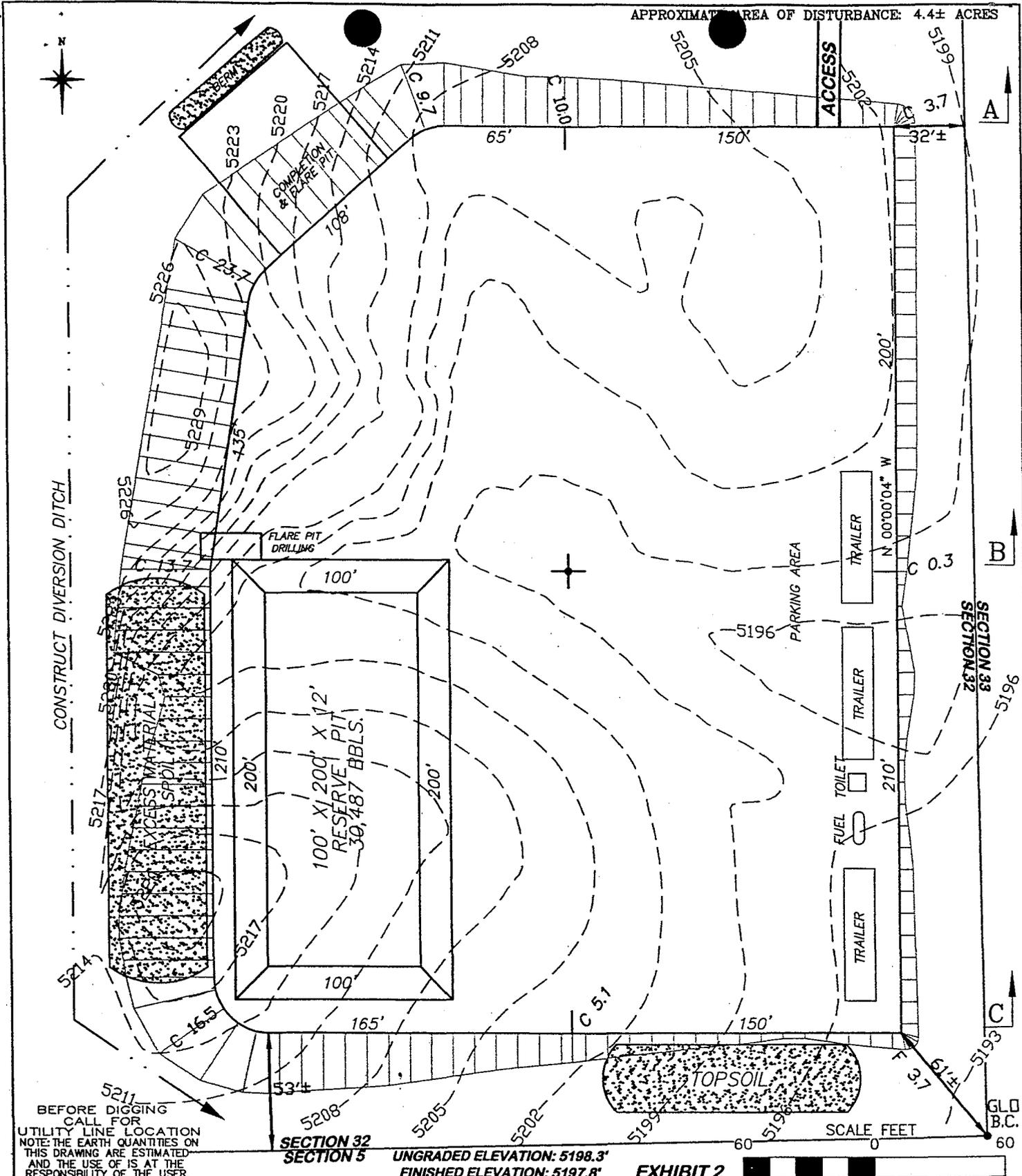
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)



TN * MN
12 1/2°



APPROXIMATE AREA OF DISTURBANCE: 4.4± ACRES



BEFORE DIGGING
CALL FOR
UTILITY LINE LOCATION
NOTE: THE EARTH QUANTITIES ON
THIS DRAWING ARE ESTIMATED
AND THE USE OF IS AT THE
RESPONSIBILITY OF THE USER.

SECTION 32
SECTION 5
UNGRADED ELEVATION: 5198.3'
FINISHED ELEVATION: 5197.8'

EXHIBIT 2

DRG RIFFIN & ASSOCIATES, INC.

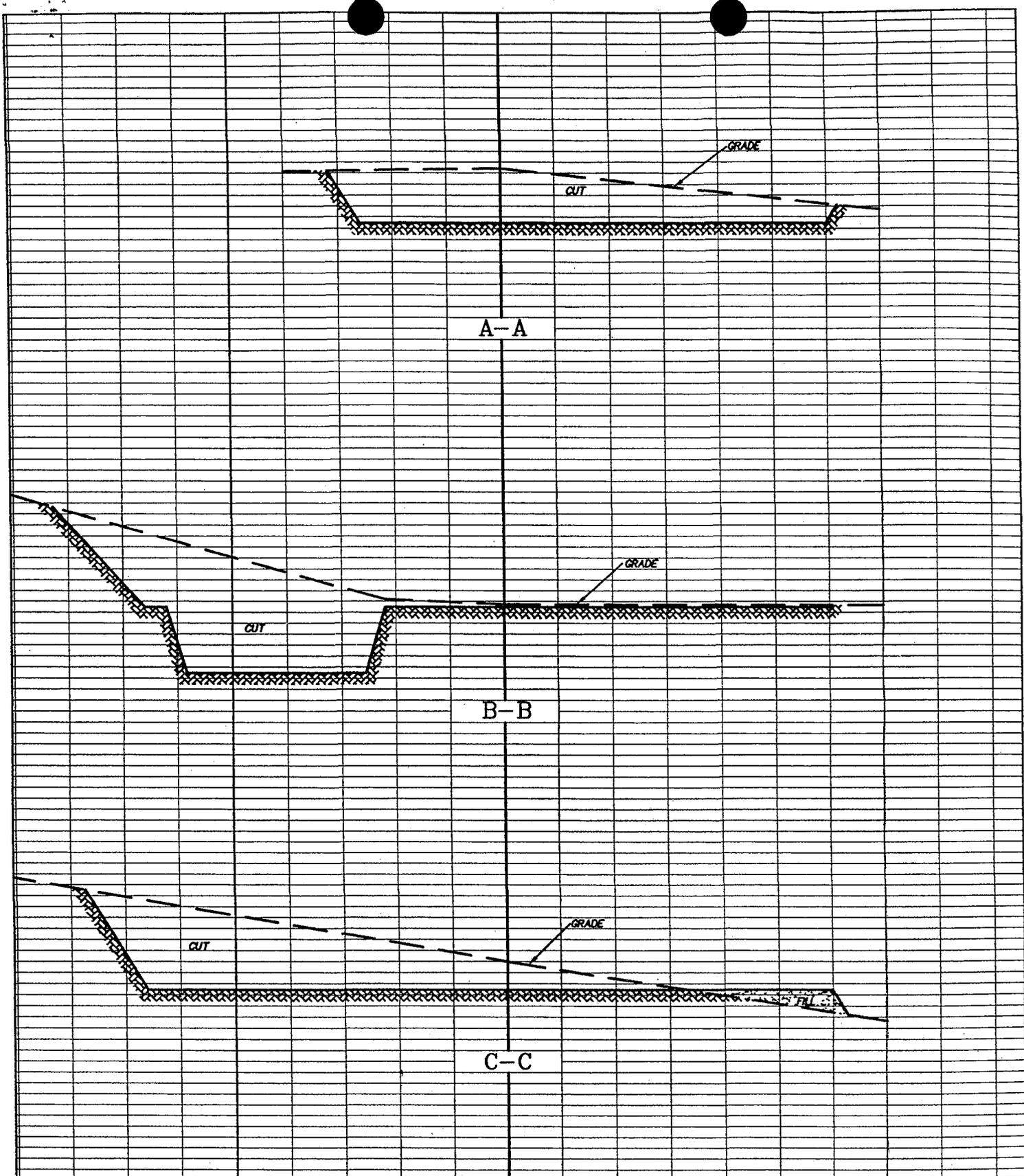
STONE ENERGY
STONE RUSH 44-32-8-17

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

SCALE: 1" = 60'
JOB No. 13433
DATE: 11/7/05

ESTIMATED EARTHWORK

ITEM	CUT	FILL	TOPSOIL	EXCESS
PAD	12711 CY	9691 CY	2467 CY	553 CY
PIT	6340 CY			6340 CY
TOTALS	19044 CY	9691 CY	2467 CY	6886 CY



DRG RIFFIN & ASSOCIATES, INC.

STONE ENERGY
STONE RUSH 44-32-8-17

STONE
ENERGY

1414 ELK ST., SUITE 202
ROCK SPRINGS, WY 82901
(307) 362-5028

JOB No. 13433

DATE: 11/7/05

HORZ. 1" = 60' VERT. 1" = 20'

UNGRADED ELEVATION: 5198.3'
FINISHED ELEVATION: 5197.8'

EXHIBIT 3

From: brianwood <brian@permitswest.com>
To: Helen Sadik-Macdonald <hmacdonald@utah.gov>
Date: 5/2/2007 4:43 PM
Subject: Stone's Rush APD
Attachments: Rush 44-32-8-17 Revised Drilling Plan 5-2-07.doc

CC: MATT PETERSON <PetersonMS@StoneEnergy.com>
Her is the revised drilling program as you discussed with Matt today

[\[img alt="broken image icon"\]](#)

Brian Wood
Permits West, Inc.
37 Verano Loop, Santa Fe, NM 87508
Phone: 505 466-8120
FAX: 505 466-9682



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

May 16, 2007

Stone Energy Corporation
950 17th St., #2600
Denver, CO 80202-2828

Re: Stone Rush 44-32-8-17 Well, 260' FSL, 185' FEL, SE SE, Sec. 32, T. 8 South,
R. 17 East, Duchesne County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-013-33173.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Duchesne County Assessor
Bureau of Land Management, Vernal Office
SITLA

Page 2

43-013-33173

May 16, 2007

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.
6. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
7. Surface casing shall be cemented to the surface.

From: Ed Bonner
To: Whitney, Diana
Date: 6/27/2006 10:17:58 AM
Subject: Well Clearance

The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Dominion E&P, Inc
LCU 1-2H

Enduring Resources, LLC
Rock House 10-23-23-32
Rock House 11-23-11-2

EOG Resources, Inc
Big Spring 3-36 GR
East Chapita 30-16

The Houston Exploration Company
North Horseshoe 1-16-6-21
North Horseshoe 13-16-6-21
North Horseshoe 13-2-6-21
North Horseshoe 15-2-6-21

Kerr McGee Oil & Gas Onshore LP
NBU 921-25A
NBU 921-25P
NBU 921-35J
NBU 922-32K2

Questar Exploration & Production
HR 2MU-2-12-23
HR 3MU-2-12-23
HR 6MU-2-12-23 (Cleared provided operator follows arch consultants recommendation to move location avoiding significant site)
HR 10MU-2-12-23
HR 12MU-2-12-23
HR 14MU-2-12-23
HR 16MU-2-12-23

Stone Energy Corporation
Stone Rush 44-32-8-17

If you have any questions regarding this matter please give me a call.

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil



P.O. Box 52807
Lafayette, Louisiana 70505
625 East Kaliste Saloom Road
Lafayette, Louisiana 70508
Telephone: (337) 237-0410
Fax: (337) 237-0996

November 27, 2007

Ms. Earlene Russell
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

43.013.33173
8S 17E 32

Re: Stone Rush 44-32-8-17 APD
Release of Blanket Bond

Dear Ms. Russell:

Effective June 29, 2007 Stone Energy Corporation sold the majority of its Rocky Mountain assets to Newfield Exploration Company, 1401 17th Street, Suite 1000, Denver, CO 80202.

All Utah assets have been transferred to Newfield, except for a drilling permit for the Stone Rush 44-32-8-17 location in Uintah County. Effective immediately, Stone will rescind the Stone Rush 44-32-8-17 permit. As a result, please release any remaining bonds currently in effect for Stone Energy Corporation. It is our understanding Stone has a \$120,000 blanket bond with the Utah Division of Oil, Gas and Mining.

Thank you for your assistance. If you have any administrative questions, please contact Heather Lecky, Stone's Risk Manager at (800) 551-3340; technical questions may be directed to Kent Davis, Stone's consulting landman at (303) 350-0409.

Sincerely,

E.J. Louviere
Senior Vice President, Land

RECEIVED

NOV 28 2007

DIV. OF OIL, GAS & MINING



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

November 30, 2007

E.J. Louviere
Stone Energy Corporation
P.O. Box 52807
Lafayette, LA 70505

Re: APD Rescinded –Stone Rush 44-32-8-17 Sec. 32, T. 8S R. 17E
Duchesne County, Utah API No. 43-013-33173

Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on May 16, 2007. On November 28, 2007, you requested that the division rescind the state approved APD.

No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective November 28, 2007.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
SITLA, Ed Bonner