

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL [x] DEEPEN []
b. TYPE OF WELL OIL WELL [x] GAS WELL [] OTHER [] SINGLE ZONE [] MULTIPLE ZONE [x]

2. NAME OF OPERATOR Basin Exploration, Inc. (303) 685-8000

3. ADDRESS AND TELEPHONE NO. 1670 Broadway, Suite 2800, Denver, Co. 80202

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.*) At surface 88' FNL & 768' FWL 645086 E 4116713 N At proposed prod. zone Same

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 6 air miles SSW of Montezuma Creek, Ut.

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) 768' 16. NO. OF ACRES IN LEASE 2,640

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING COMPLETED OR APPLIED FOR, ON THIS LEASE, FT. N/A 19. PROPOSED DEPTH 5,550'

21. ELEVATIONS (Show whether DF, RT, GR, etc.) 4,768' ungraded ground

5. LEASE DESIGNATION AND SERIAL NO. 14-20-603-248
6. IF INDIAN, ALLOTTEE OR TRIBE NAME Navajo
7. UNIT AGREEMENT NAME N/A
8. FARM OR LEASE NAME, WELL NO. Desert Creek 11-35
9. AM WELL NO.
10. FIELD AND SCHOOL OR WILDCAT Undesignated
11. SEC., T., R., QM., OR BLK. AND SURVEY OR AREA 35-41s-23e SLBM
12. COUNTY OR PARISH San Juan
13. STATE Ut.
17. NO. OF ACRES ASSIGNED TO THIS WELL 40
20. ROTARY OR CABLE TOOLS Rotary
22. APPROX. DATE WORK WILL START* Dec. 1, 2000

23. PROPOSED CASING AND CEMENTING PROGRAM

Table with 5 columns: SIZE OF HOLE, GRADE SIZE OF CASING, WEIGHT PER FOOT, SETTING DEPTH, QUANTITY OF CEMENT. Rows include 12-1/4" and 7-7/8" hole sizes.

Request exception because of geology (location was picked based on a specific seismic shot point {see Page 13}). Exception is to section line (88' instead of >=460'), not to a well. Orthodox location would be a dry hole.

Orthodox well could be drilled at 460 FN & 460 FW 35-41s-23e, but it would be a dry hole. Request permission to drill at 88' FNL & 768' FWL 35-41s-23e. This is the only well in the quarter-quarter. There are no producing wells within +5,280'. Wells (see Page 11) could be drilled in 8 offsetting units. Basin is owner of all drilling units and leases within minimum 768' radius of proposed exception.

cc: BIA, BLM, Gentry, Tribe, UDOGM

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Consultant (505) 466-8120 DATE 9-1-00

PERMIT NO. 43037-31806 APPROVAL DATE

APPROVED BY [Signature] TITLE BRADLEY G. HILL DATE SEP 11 2000

Federal Approval of this Action is Necessary

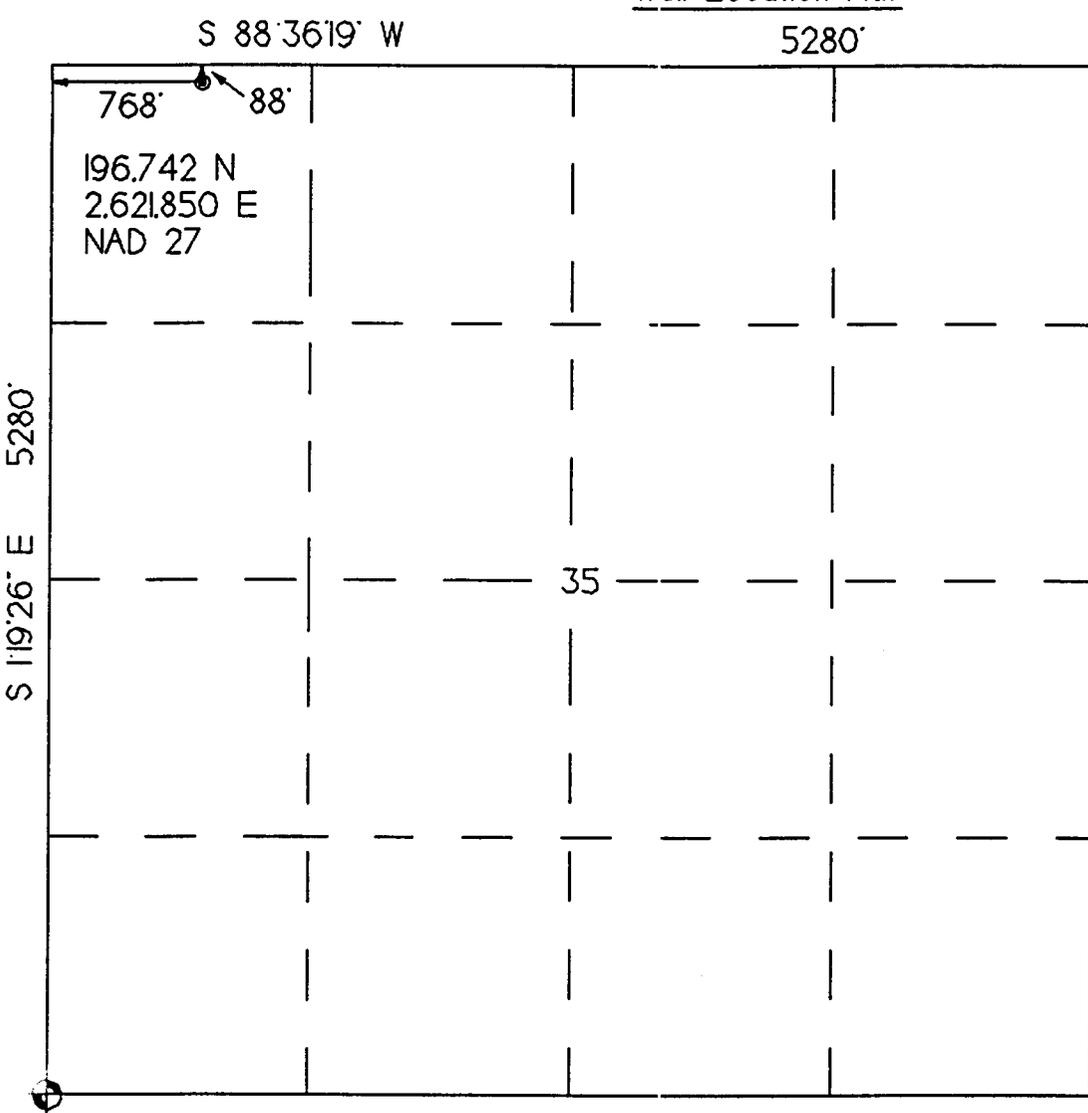
*See Instructions RECLAMATION SPECIALIST III

RECEIVED SEP 11 2000 10/11/00 DIVISION OF OIL, GAS AND MINING

Well Location Plat

201.724 N
2.631.528 E

N 120°45' W
4656.3'
6233.7' from BLM
Sec. 30



0' 1000'
1" = 1000'

grid bearings

 brass cap

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

191.533 N
2.621.202 E

Well Location Description

BASIN EXPLORATION, INC.
DESERT CREEK # 11 - 35
88' FNL & 768' FWL
Section 35, T.41 S., R.23 E., SLM
San Juan County, UT
4768' grd. el. (from GPS)



26 June 2000

Gerald G. Huddleston
Gerald G. Huddleston, LS

The above is true and correct to my knowledge and belief.

Drilling Program

1. FORMATION TOPS

The estimated tops of important geologic markers are:

<u>Formation Name</u>	<u>GL Depth</u>	<u>KB Depth</u>	<u>Subsea El.</u>
Entrada/Carmel Ss	0'	12'	4,764'
Navajo Ss	411'	423'	4,365'
Chinle Sh	1,407'	1,419'	3,369'
Cutler Ss	2,486'	2,498'	2,290'
Organ Rock Sh	2,759'	2,771'	2,017'
Hermosa	4,373'	4,385'	403'
Hatch Sh	5,146'	5,158'	-370'
Upper Ismay	5,179'	5,191'	-403'
Hovenweep Sh	5,276'	5,288'	-500'
Lower Ismay	5,280'	5,292'	-504'
Gothic Sh	5,316'	5,328'	-540'
Desert Creek	5,336'	5,248'	-560'
Chimney Rock Sh	5,510'	5,522'	-734'
Akah Sh	5,525'	5,537'	-749'
Total Depth (TD)*	5,550'	5,562'	-774'

* all elevations reflect the proposed graded ground level of 4,764'

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

2. NOTABLE ZONES

Oil and gas are possible in the Ismay and Desert Creek. Fresh water may be found in the Entrada/Carmel and Navajo. Oil and gas shows which appear to the well site geologist to be commercial will be tested. All fresh water and prospectively valuable minerals will be recorded by depth and protected with casing and cement.

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

3. PRESSURE CONTROL

A 3000 psi double ram and annular preventer with a 3,000 psi choke manifold will be used. A diagram of a typical BOP is on Page 3. Actual model will not be known until bid is let.

BOP controls will be installed before drilling the surface casing plug, and will stay in use until the well is completed or P&A. Pressure tests will be conducted before drilling out from under all casing strings which are set and cemented in place. All BOP mechanical and pressure tests will be recorded on the driller's log. BOPs will be inspected and operated at least daily to assure good mechanical working order. The inspection will be recorded on the daily drilling report.

4. CASING & CEMENT

<u>Hole Size</u>	<u>O.D.</u>	<u>Weight</u>	<u>Grade</u>	<u>Thread</u>	<u>Age</u>	<u>GL Set. Depth</u>
12-1/4"	8-5/8"	24 #/ft	J-55	ST&C	New	1,500'
7-7/8"	5-1/2"	15.5 #/ft	K-55	LT&C	New	5,550'

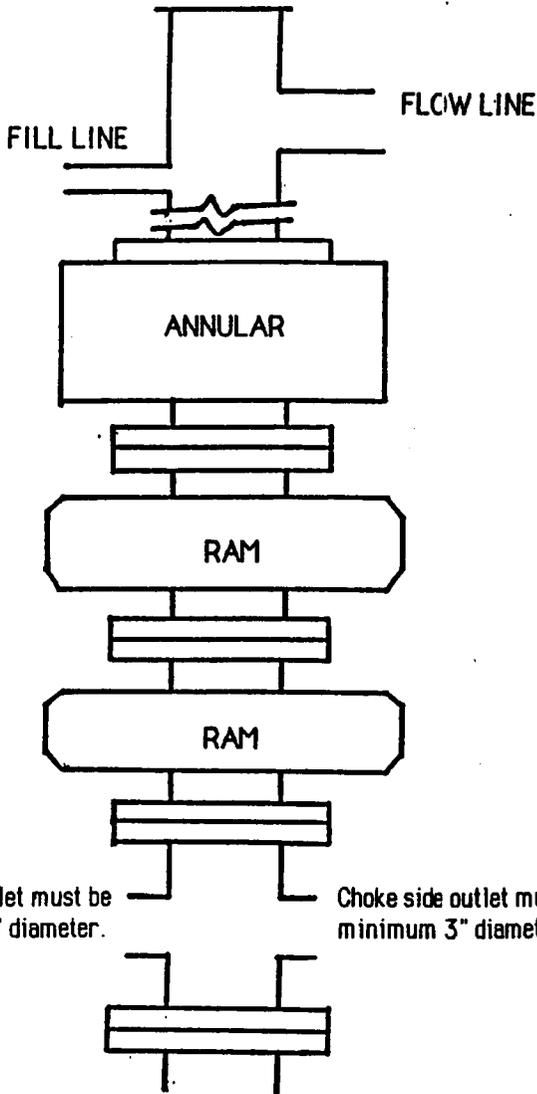
Surface casing will be cemented to the surface with 400 sx Premium Lite with 2% CaCl₂ + 1/4 #/sk celloflake + 8% bentonite (= 12.0 ppg and 2.27 cf/sk) and 390 sx Class G with 2% CaCl₂ + 1/4 #/sk celloflake (= 15.8 ppg and 1.16 cf/sk). Volumes are calculated at 100% excess. Centralizers will be set on the bottom joint, second joint, third joint, and then every 4th joint.

Production casing will be cemented to the surface with 275 sx Premium Lite with 0.4% retarder + 0.3% sodium metasilicate + 10% bentonite (= 11.0 ppg and 3.15 cf/sk) and 175 sx Class G with 0.15% retarder and 0.3% bentonite additive (= 15.6 ppg and 1.18 cf/sk). Volumes are calculated at 10% excess. Centralizers will be run every other joint from TD to 4,000'.

RECEIVED

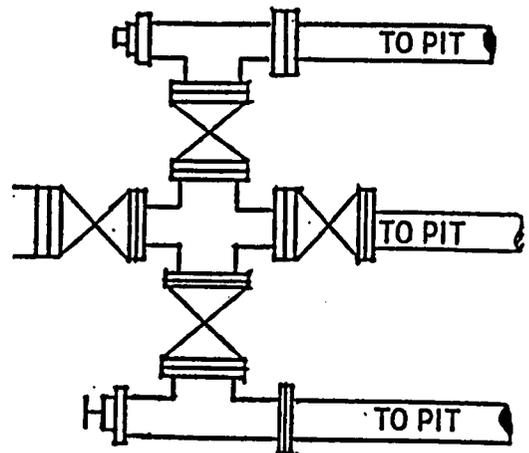
SEP 11 2000

DIVISION OF
OIL, GAS AND MINING



TYPICAL BOP STACK
& CHOKE MANIFOLD

There will be at least 2 chokes and 2 choke line valves (3" minimum). The choke line will be 3" in diameter. There will be a pressure gauge on the choke manifold.



Kill side outlet must be minimum 2" diameter.

Choke side outlet must be minimum 3" diameter.

Kill line will be minimum 2" diameter and have 2 valves, one of which shall be a minimum 2" check valve.

Upper kelly cock will have handle available.
 Safety valve and subs will fit all drill string connections in use.
 All BOPE connections subjected to well pressure will be flanged, welded, or clamped.

RECEIVED

PERMITS WEST 198000
 PROVIDING PERMITS for the ENERGY INDUSTRY

DIVISION OF
 OIL, GAS AND MINING

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

5. MUD PROGRAM

<u>Interval</u>	<u>Weight</u>	<u>Viscosity</u>	<u>Fluid Loss</u>	<u>Type</u>
0-1500'	8.4-8.9	27-30	N/C	Fresh water gel & lime
1500'-5000'	8.4-8.5	27	N/C	Fresh water + PHPA
5000'-TD	8.8-9.2	36-40	10-12	LSND

6. CORING, TESTING, & LOGGING

A 120' conventional core may be cut in the Desert Creek. DSTs may be run in any possible producing zone if deemed necessary while drilling. Sonic (2" and 5") logs will be run from TD to surface. Two inch DIL log will be run from TD to surface. Five inch DIL log will be run from TD to 4500'. FDC/CNL (5") will be run from TD to 4500'. Micro-log (5") will be run from TD to 4500'.

7. DOWNHOLE CONDITIONS

No abnormal temperatures or pressures or hydrogen sulfide are expected. Maximum pressure will be $\approx 2,220$ psi.

8. OTHER INFORMATION

The anticipated spud date is upon approval. It is expected it will take ≈ 2 weeks to drill and ≈ 2 weeks to complete the well.

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 10 & 11)

From the Montezuma Creek Post Office, go S 0.6 mi. on BIA Road N-5064.
Then turn left and go SE 6.4 mi. on paved BIA Road N-35.
Then turn right and go W 1.45 mi. on dirt County Road 406
Then turn right at the Desert Creek 2 and go NW 0.15 mi. to a battery
Cross the tank battery and go W 0.5 mi. on a pipeline patrol road
Then turn right and go NE 1.2 mi. on a pipeline patrol road
Then turn left and go W 4906' on a staked route to the well site

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

2. ROAD TO BE BUILT

The final 4906' of access will be flat bladed 15' wide. Maximum disturbed width will be 40'. Some sandy segments will be rock surfaced. A minimum 36" x 40' CMP culvert will be installed in Small Salt Creek. No fence is crossed. Maximum cut or fill is 15'. Maximum grade is 10%.

3. EXISTING WELLS (See Page 11)

There are two plugged and abandoned wells and no existing oil, gas, water, or disposal wells within a mile radius.

4. PROPOSED PRODUCTION FACILITIES

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

PAGE 6

A wellhead, pump, separator, meter run, dehydrator, and above ground tank battery will be installed. All will be painted a flat earth tone color. Gas will be transported 4906' east along the new road via a $\approx 4\text{-}1/2$ " OD welded steel pipeline laid on the surface to an existing gas pipeline. Wall thickness will be 0.109". Operating pressure will be ≈ 300 psi. Burst pressure is $\approx 1,530$ psi. Pipe will be tested with gas to ≈ 500 psi before use. Test gas will discharge into the existing pipe. All of the pipeline is on lease. No powerline is planned.

5. WATER SUPPLY

Water will be trucked from a BLM water well west of Montezuma Creek. It is approved under state water permit 09-1834.

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

Topsoil and brush will be stripped and stockpiled on the west. Rock will be hauled from an existing source off the reservation.

RECEIVED

SEP 11 2000

7. WASTE DISPOSAL

DIVISION OF
OIL, GAS AND MINING

The reserve pit will be lined with either 24 tons of commercial bentonite or ≥ 10 mil plastic liner. It will be fenced sheep tight on 3 sides with woven wire fence topped with barbed wire. The 4th side will be fenced once the rig moves off. The fence will be kept in good repair while the pit dries. Once dry, contents of the reserve pit will be buried in place.

Human waste will be disposed of in chemical toilets, which will be hauled to state approved dump stations. All trash will be placed in a portable trash cage. It will be hauled to a state approved landfill off the reservation. There will be no trash burial or burning.

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

PAGE 7

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

8. ANCILLARY FACILITIES

There will be no air strips or camps. Camper trailers may be on location for the company man, tool pusher, and mud loggers.

9. WELL SITE LAYOUT

See PAGES 12 & 13 for depictions of the well pad, cross section, cut and fill diagram, reserve pit, trash cage, access onto the location, parking, living facilities, and rig orientation.

10. RECLAMATION & REVEGETATION

Reclamation starts once the reserve pit is dry. It usually takes a year for a reserve pit to fully evaporate, at which point it will be backfilled. The pad and pit will be recontoured to a natural appearance. Stockpiled topsoil and brush will be evenly spread. Compacted areas will be ripped before seeding. The new road will be blocked and totally reclaimed. Water bars will be installed. Disturbed areas will be broadcast seeded with the Navajo Dept. of Agriculture desert grassland mix of 1.5 lb/ac alkali sacaton, 1.5 lb/ac curly grass, 2 lb/ac Indian ricegrass, 1.5 lb/ac sand dropseed, 3 lb/ac western wheatgrass, 2 lb/ ac four wing saltbush, 1.5 lb/ac shadscale, and 0.5 lb/ac bandera penstemon. Soil will be raked, harrowed, or drug to lightly cover the seed.

If the well is a producer, then the reserve pit, pipeline route, and any other areas not needed for workovers will be reclaimed as previously described.

11. SURFACE OWNER

The well, new road, and pipeline are all on the same lease and on Navajo Tribal

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

PAGE 8

Trust surface.

12. OTHER INFORMATION

The nearest hospital is a 1 hour drive away in northeast Shiprock.

13. REPRESENTATION

Anyone having questions concerning the APD should call:

Brian Wood, Consultant
Permits West, Inc.
37 Verano Loop
Santa Fe, NM 87505
(505) 466-8120 FAX: (505) 466-9682 Cellular: (505) 699-2276

The field representative will be:

Gerald Gentry
Basin Exploration, Inc.
1670 Broadway, Suite 2800
Denver, Co. 80202-4801
(303) 685-8000

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

Basin Exploration, Inc. has the necessary consents from the proper lease owners to conduct lease operations in conjunction with this well. Bond coverage pursuant to 43 CFR 3104 for lease activities and operations is being provided by Basin Exploration, Inc.

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Basin Exploration, Inc.

Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

PAGE 9

and its contractors and subcontractors in conformity with this plan and the terms and conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.



Brian Wood, Consultant

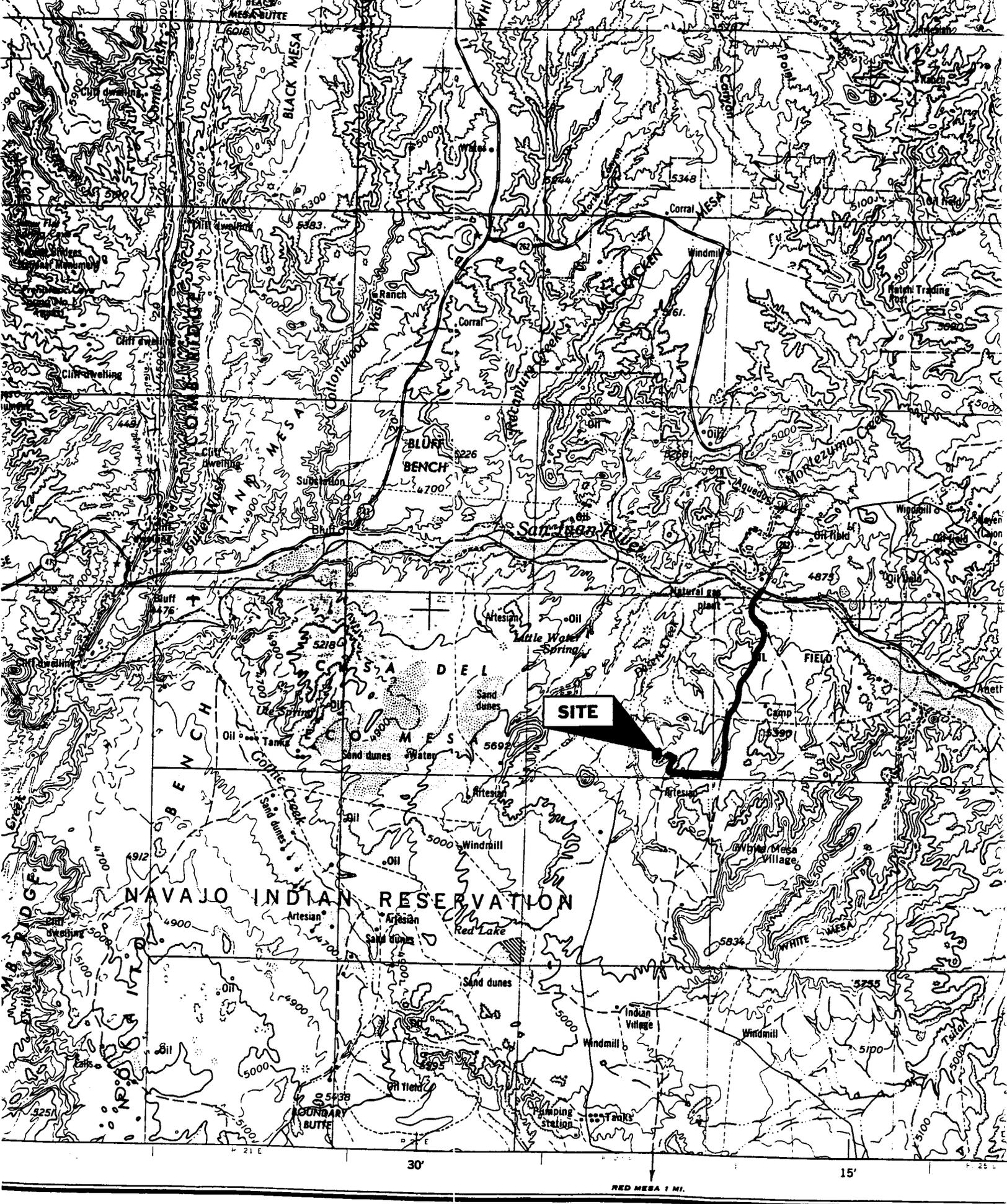
September 1, 2000
Date

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

PERMITS WEST .INC.
PROVIDING PERMITS for LAND USERS

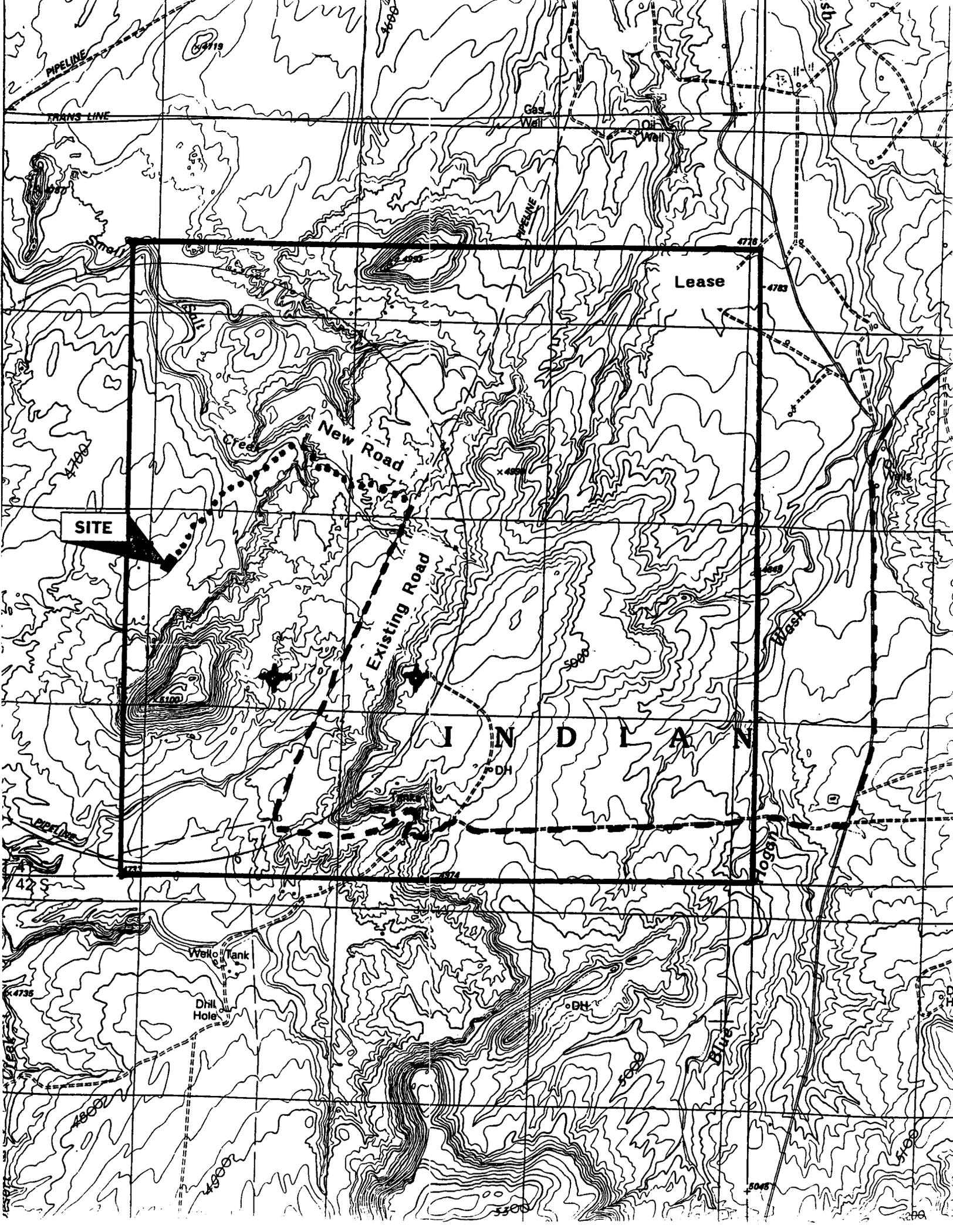


LEGEND

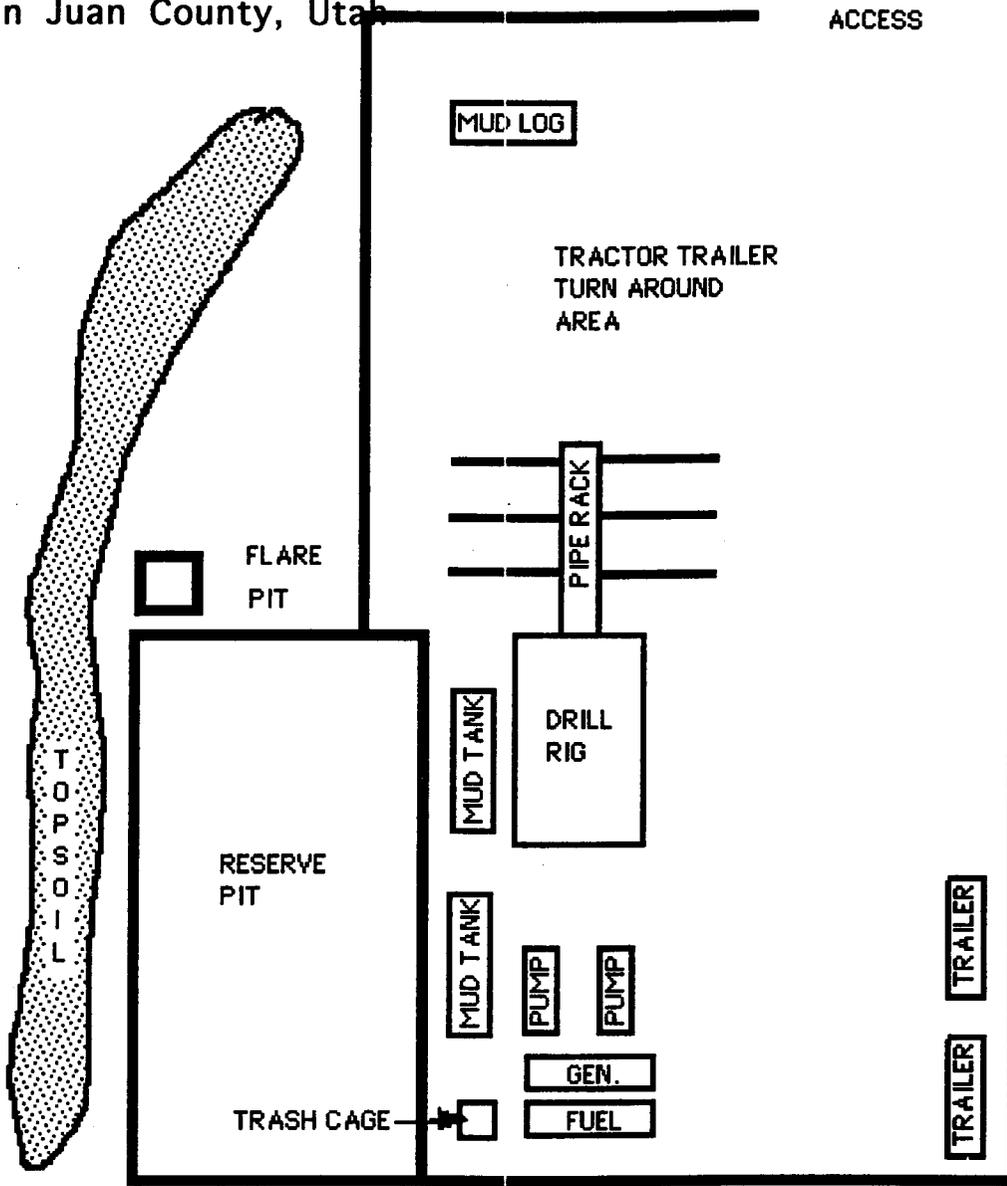
Figures in red denote approximate distances in miles between stars

- POPULATED PLACES
- ROADS Primary, all-weather, hard surface
- Over 500,000 Secondary, all-weather, hard surface





Basin Exploration, Inc.
Desert Creek 11-35
88' FNL & 768' FWL
Sec. 35, T. 41 S., R. 23 E.
San Juan County, Utah

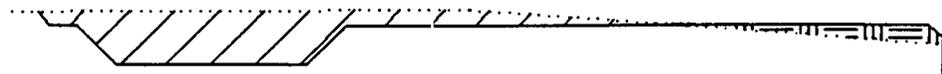
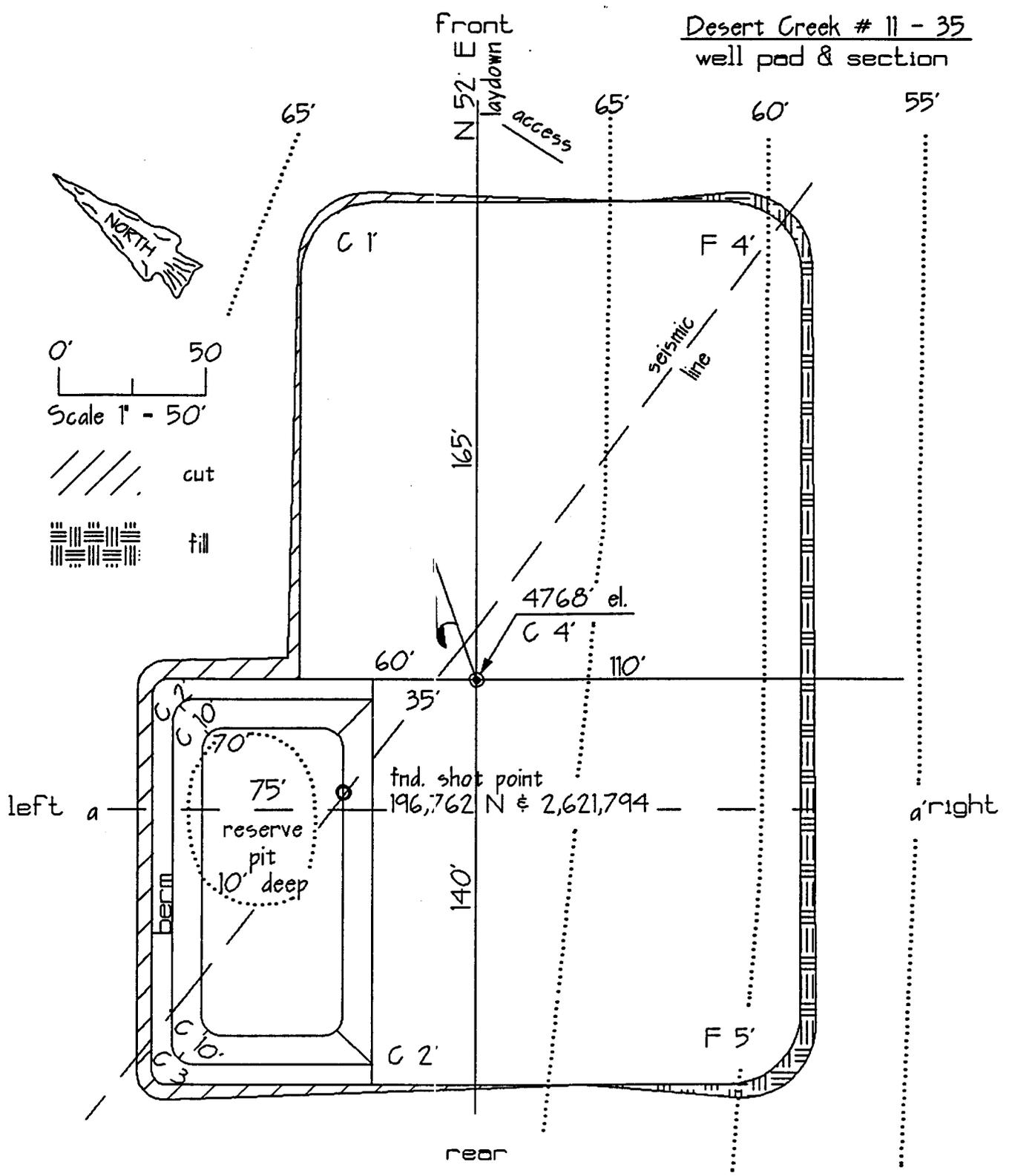


RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

Desert Creek # 11 - 35
well pad & section



a

Cross section

a'

RECEIVED

SEP 11 2000

DIVISION OF
OIL, GAS AND MINING

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 09/11/2000

API NO. ASSIGNED: 43-037-31806

WELL NAME: DESERT CREEK 11-35
 OPERATOR: BASIN EXPLORATION INC (N5070)
 CONTACT: BRIAN WOOD, AGENT

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:
 NWNW 35 410S 230E
 SURFACE: 0088 FNL 0768 FWL
 BOTTOM: 0088 FNL 0768 FWL
 SAN JUAN
 UNDESIGNATED (2)

INSPECT LOCATN BY: / /		
Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 2-Indian
 LEASE NUMBER: 14-20-603-248
 SURFACE OWNER: 2-Indian

PROPOSED FORMATION: IS-DC

RECEIVED AND/OR REVIEWED:

Plat
 Bond: Fed[] Ind[2] Sta[] Fee[]
 (No. B7926)

Potash (Y/N)
 Oil Shale (Y/N) *190 - 5 (B)
 Water Permit
 (No. 09-1834)

RDCC Review (Y/N)
 (Date: _____)

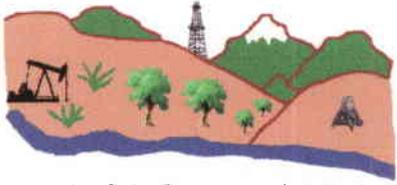
Fee Surf Agreement (Y/N)

LOCATION AND SITING:

___ R649-2-3. Unit _____
 ___ R649-3-2. General
 Siting: _____
 R649-3-3. Exception
 ___ Drilling Unit
 Board Cause No: _____
 Eff Date: _____
 Siting: _____
 ___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: ① FEDERAL APPROVAL



Utah Oil Gas and Mining

OPERATOR: BASIN EXPLORATION (N5070)

FIELD: UNDESIGNATED (002)

SEC. 35, T41S, R23E,

COUNTY: SAN JUAN SPACING: R649-3-3/EX LOC

GREATER ANETH FIELD

T41S R23E
SEC 35

DESERT CREEK 11-35



DESERT CRK 26-25



DESERT CRK 22-35



DESERT CRK 1-35



D C ANTICLINE 35K



DESERT CREEK FIELD

DESERT CREEK 26-36



STERLING 36L-1



DESERT CREEK 2



NAVAJO 80-1



DESERT CREEK 22-1



PREPARED BY: LCORDOVA
DATE: 20-SEPTEMBER-2000

PERMITS WEST, INC.

PROVIDING PERMITS for LAND USERS.

17 Verano Loop, Santa Fe, New Mexico 87505

(505) 466-8120

Fax Transmittal Cover

From: **GREG KLEIN**

Permits West, Inc.

phone: (505)-466-8120

fax: (505)-466-9682

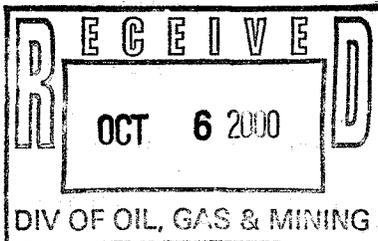
To: Leshia Cordova Date: 10/6/00

Office: Div of oil, gas, & mining

Fax No. ~~801-359-3940~~ No. pages to follow 4

801-359-3940

Comments:



UNITED STATES
BUREAU OF INDIAN AFFAIRS

BOND NO. 87926

COLLECTIVE BOND

KNOW ALL MEN BY THESE PRESENTS, That we, Basin Exploration, Inc.

of Denver, Colorado, as principal

and Underwriters Indemnity Company

of Houston, TX, as surety 7, are held and firmly bound unto the United States of America in the sum of Seventy-five thousand dollars (\$75,000.00), lawful money of the United States, for the payment of which, well and truly to be made, we bind ourselves and each of us, our and each of our heirs, successors, executors, administrators, and assigns, jointly and severally, firmly by these presents.

Sealed with our seals and dated this 28th day of November, 19 98

The condition of this obligation is such that whereas: the said principal , as lessee/operator , has heretofore or may hereafter enter into or otherwise acquire an interest in oil and gas

lease(s)/permit(s)/mineral agreement(s) on the Navajo Nation

Reservation in the State of Utah

of various dates and periods of duration, covering lands or interests in lands held by the United States in trust for individual Indians, or bands or tribes of Indians, or subject to restrictions against alienation without the consent of the Secretary of the Interior, or his authorized representative, which leases, permits or mineral agreements have been or may hereafter be granted or approved by the Secretary of the Interior, or his authorized representative, and the identification of which herein is expressly waived by both principal and surety hereto.

WHEREAS the principal and surety agree that the coverage of this bond shall extend to and include all extensions and renewals of the leases, permits and mineral agreements covered by this bond, such coverage to continue without any interruptions due to the expiration of the terms set forth therein.

WHEREAS the surety hereby waives any right to notice of any modification of any such lease, permit or mineral agreement, or obligation thereunder whether effected by extension of time for performance, by commitment of such lease/permit/mineral agreement to unit, cooperative, or communitization agreement, by waiver, suspension, or change in rental, by minimum royalty payment, or otherwise, this bond to remain in full force and effect notwithstanding.

WHEREAS the principal and surety agree that the neglect or forbearance of any obligee under this bond in enforcing the payment of any rental or royalty or the performance of any other covenant, condition, or agreement of any such lease/permit/mineral agreement or Federal regulations shall not in any way release the principal and surety , or either of them, from any liability under this bond; and

WHEREAS the principal and surety agree that in the event of any default under any such lease, permit or mineral agreement, the obligee may prosecute any claim, suit, action, or other proceeding against the principal and surety , or either of them, without the necessity of joining the other.

Now, if the said principal Basin Exploration, Inc. herein shall faithfully carry out and observe all the obligations assumed in such lease(s), permit(s) or mineral agreement(s) to which Basin Exploration, Inc. is now or may hereafter become a party, and shall observe all the laws of the United States and regulations made, or which shall be made thereunder, for the government of trade and intercourse with Indian tribes, and all rules and regulations that have been or shall hereafter be lawfully prescribed by the Secretary of the Interior relative to such lease(s), permit(s) and mineral agreement(s), and shall in all particulars comply with the provisions of such leases, permits, mineral agreements, rules, and regulations, then the obligation shall be null and void; otherwise, to remain in full force and effect. No bond liability shall be terminated without written approval of the Bureau of Indian Affairs.

The rate of premium charged on this bond is \$ _____; the total premium paid is

\$ _____

Signed and sealed in the presence of--

WITNESSES:

BY: Sharon D. Brath
370 17th Street, Suite 3400
P.O. Denver CO 80202

BY: Julie Nelson
370 17th Street, Suite 3400
P.O. Denver CO 80202

BY: Nancy
8 Greenway Plaza, #400
P.O. Houston, TX 77046

BY: Cynthia D. Taylor
8 Greenway Plaza, #400
P.O. Houston, TX 77046

* Two witnesses to all signatures.

Basin Exploration, Inc.

as to [Signature] (SEAL)
Sam D. Winegrad
Vice President of Corporate Development

Underwriters Indemnity Company

as to [Signature] (SEAL)
Roy C. Die, Attorney-in-Fac.

Replacement
Bond

DEPARTMENT OF THE INTERIOR
BUREAU OF INDIAN AFFAIRS

DEC 08 1999

19

APPROVED: Pursuant to Secretarial Delegation
Order 209 DM 8, Secretary's Order
No. 3150, as amended, and 10 BIA
Bulletin 13, as amended.

[Signature]
Regional Director

GENERAL POWER OF ATTORNEY
CERTIFIED COPY

KNOW ALL MEN BY THESE PRESENTS, That **UNDERWRITERS INDEMNITY COMPANY**, a corporation organized and existing under the laws of the State of Texas, and having its principal office in the City of Houston, Texas, does hereby constitute and appoint:

ROY C. DIE

its true and lawful attorney-in-fact to execute, seal and deliver for and on its behalf as surety, any and all bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, which are or may be allowed, required or permitted by law, statute, rule, regulation, contract or otherwise, in an amount not to exceed:

*****SEVENTY-FIVE THOUSAND AND NO/100 DOLLARS*****

and the execution of all such instrument(s) in pursuance of these presents, shall be binding upon said **UNDERWRITERS INDEMNITY COMPANY** as fully and amply, to all intents and purposes, as if the same had been duly executed and acknowledged by its regularly elected officers at its principal office. This Power of Attorney is executed, and may be revoked, pursuant to and by authority of a resolution enacted by the Board of Directors of **UNDERWRITERS INDEMNITY COMPANY**. The following is a true transcript of said resolution.

That at all times since the formation of this corporation, the President or any Vice President, Assistant Vice President, Secretary or Assistant Secretary shall have power and authority:

- (1) to appoint attorneys-in-fact, and to authorize them to execute on behalf of the Company, and attach the Seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and
- (2) to appoint special attorneys-in-fact, who are hereby authorized to certify to copies of any power-of-attorney issued in pursuance of this section and/or any of the Bylaws of the Company, and
- (3) to remove, at any time, any such attorney-in-fact or special attorney-in-fact and revoke the authority given to him

Further, this Power of Attorney is signed and sealed by facsimile pursuant to resolution of the Board of Directors of said Company adopted by consent of which the following is a true excerpt:

"Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN TESTIMONY WHEREOF, **UNDERWRITERS INDEMNITY COMPANY** has caused this instrument to be signed and its corporate seal to be affixed by its authorized officer, E.H. Frank, III, on this the 30th day of April 1996



E.H. Frank III President

STATE OF TEXAS
COUNTY OF HARRIS

On this 30th day of April 1996, before me came the individual who executed the preceding instrument, to me personally known, and, being duly sworn, said that he is the therein described and authorized officer of **UNDERWRITERS INDEMNITY COMPANY**; that the seal affixed to said instrument is the Corporate Seal of said Company; that the said Corporate Seal and his signature were duly affixed by order of the Board of Directors of said Company

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at the City of Houston, Texas, the day and year first above written



Robin N. Nalley NOTARY PUBLIC, Harris County, Texas

CERTIFICATION

I, the undersigned officer of **UNDERWRITERS INDEMNITY COMPANY**, do hereby certify that I have compared the foregoing copy of the Power of Attorney and affidavit, and the copy of the Section of the By-Laws of said Company as set forth in said Power of Attorney, and that the same are correct transcripts thereof, and of the whole of the said originals, and that the said Power of Attorney has not been revoked and is now in full force and effect.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 28th day of November, 1998



Greg E. Chilton Assistant Secretary
Greg E. Chilton

Only a certified copy of Power of Attorney bearing the Certificate of Authority No. printed in red on the upper right corner is binding. Photocopies, carbon copies or other reproductions of this document are invalid and not binding upon the Company

ANY INSTRUMENT ISSUED IN EXCESS OF THE PENALTY AMOUNT STATED ABOVE IS TOTALLY VOID AND WITHOUT VALIDITY.

UN1020 (4/96)

PRIOR LIABILITY ASSUMPTION RIDER

BOND NO.: B7926

PRIOR BOND NO.: 137586664

In consideration for any additional premium charged for this Rider and the acceptance of this Rider by the United States, Bureau of Indian Affairs, the undersigned Principal and Surety hereby agree to extend the coverage of this Bond to assume all liability which has accrued under the above identified Prior Bond. This assumption shall continue whether or not any covered lease subsequently expires, terminates, is relinquished or canceled. Provided, however, that this Rider shall not act to increase the actual cumulative or potential liability of the Surety above the face amount of the Bond, to wit: Seventy Five Thousand and no/100 Dollars (\$75,000.00). Provided further, that nothing in this assumption shall serve to limit the Principal's liability with respect to lease obligations that are ultimately accrued.

Executed this 28th day of November, 1998.

Sharon D. Beatty
370 17th Street Suite 3404
Denver CO 80202
Witness and Address

Nancy Cruz
8 Greenway Plaza Suite 400
Houston Texas 77046
Witness and Address

Basin Exploration, Inc.
Principal
By: *[Signature]*
Sam D. Winegrad
Vice President of Corporate Development

Underwriters Indemnity Company
Surety
By: *[Signature]*
Roy C. Die, Attorney-in-Fact



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Kathleen Clarke
Executive Director
Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
801-538-5340
801-359-3940 (Fax)
801-538-7223 (TDD)

October 11, 2000

Basin Exploration, Inc.
1670 Broadway, Suite 2800
Denver, CO 80202

Re: Deseret Creek 11-35 Well, 88' FNI., 768' FWL, NW NW, Sec. 35, T. 41 South,
R. 23 East, San Juan County, Utah

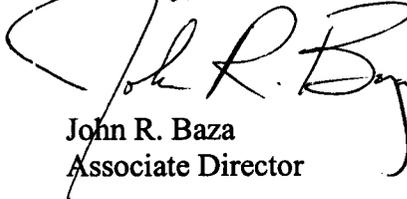
Gentlemen:

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 43-037-31806.

Sincerely,



John R. Baza
Associate Director

er

Enclosures

cc: San Juan County Assessor
Bureau of Land Management, Moab District Office

Operator: Basin Exploration, Inc.
Well Name & Number Deseret Creek 11-35
API Number: 43-037-31806
Lease: 14-20-603-248

Location: NW NW **Sec.** 35 **T.** 41 South **R.** 23 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338
- Contact Robert Krueger at (801) 538-5274.

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

From: Jim Thompson
To: Lisha Cordova
Date: 5/3/01 9:07AM
Subject: desert creek 11-35

BLM approved the merger, all the wells that could be changed were done. Paper work has been filed with the Farmington BIA office, but has not been approved as yet. Will do as soon as approval comes in.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.
14-20-603-248

6. If Indian, Allottee or Tribe Name
Navajo

SUBMIT IN TRIPLICATE

7. If Unit or CA. Agreement Designation
N/A

1. Type of Well
 Oil Well Gas Well Other

8. Well Name and No.
Desert Creek 11-35

2. Name of Operator
Stone Energy, L. L. C. *Basin Exploration Inc.* (303) 685-8000

9. API Well No.
43-037-31806

3. Address and Telephone No.
1670 Broadway, Suite 2800, Denver, Co. 80202

10. Field and Pool, or Exploratory Area
Wildcat

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
Surface: NWNW 35-41s-23e
BHL: Same

11. County or Parish, State
San Juan, Ut.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back
	<input type="checkbox"/> Casing Repair
	<input checked="" type="checkbox"/> Altering Casing Surface Casing & Name
	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change of Plans
	<input type="checkbox"/> New Construction
	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Conversion to Injection
	<input type="checkbox"/> Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Basin Exploration, Inc. has merged with Stone Energy, L. L. C.
Stone Energy, L. L. C. will operate well and provide bond.

Will change surface casing from J-55 and 24# to K-55 and 32#.
(No change in diameters, setting depth, or threads & couplings.)
Will control fluid loss in cement to 100 - 200 cc with additives.
Will drop plug on fly. Will not stop cementing at any time.

RECEIVED

MAY 02 2001

DIVISION OF
OIL, GAS AND MINING

**Accepted by the
Utah Division of
Oil, Gas and Mining
FOR RECORD ONLY**

cc: BIA, BLM (Farm.), Gentry, Minerals, UDOGM

14. I hereby certify that the foregoing is true and correct

Signed *[Signature]* Title Consultant (505) 466-8120 Date 4-30-01

(This space for Federal or State office use)

Approved by _____ Title _____ Date _____
Conditions of approval, if any:

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
Budget Bureau No. 1004-0135
Expires: March 31, 1993

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to deepen or reentry to a different reservoir.
Use "APPLICATION FOR PERMIT—" for such proposals

5. Lease Designation and Serial No.

14-20-603-248

6. If Indian, Allottee or Tribe Name

Navajo

7. If Unit or CA, Agreement Designation

N/A

SUBMIT IN TRIPLICATE

1. Type of Well

Oil Well Gas Well Other

2. Name of Operator

Stone Energy, L. L. C. (303) 685-8000

8. Well Name and No. **Desert Creek 11-35**

3. Address and Telephone No.

1670 Broadway, Suite 2800, Denver, Co. 80202

9. API Well No.

43-037-31806

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

Surface: NWNW 35-41s-23e

10. Field and Pool, or Exploratory Area

Wildcat

BHL: Same

11. County or Parish, State

San Juan, Ut.

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

Notice of Intent
 Subsequent Report
 Final Abandonment Notice

TYPE OF ACTION

Abandonment
 Recompletion
 Plugging Back
 Casing Repair
 Altering Casing
 Other Surface Casing & Name
 Change of Plans
 New Construction
 Non-Routine Fracturing
 Water Shut-Off
 Conversion to Injection
 Dispose Water

(Note: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)

13. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)*

Basin Exploration, Inc. has merged with Stone Energy, L. L. C.
Stone Energy, L. L. C. will operate well and provide bond.

Will change surface casing from J-55 and 24# to K-55 and 32#.
(No change in diameters, setting depth, or threads & couplings.)
Will control fluid loss in cement to 100 - 200 cc with additives.
Will drop plug on fly. Will not stop cementing at any time.

L.A. Well
10/11/2001
RECEIVED
MAY 02 2001
DIVISION OF OIL, GAS AND MINING

cc: BIA, BLM (Farm.), Gentry, Minerals, UDOGM

14. I hereby certify that the foregoing is true and correct

Signed

[Signature]

Title

Consultant (505) 466-8120

Date

4-30-01

(This space for Federal or State office use)

Approved by

Conditions of approval, if any:

Title

Date

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

SUNDRY NOTICES AND REPORTS ON WELLS
Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

5. Lease Serial No. **14-20-603-248**

6. If Indian, Allottee or Tribe Name
NAVAJO

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

8. Well Name and No.
DESERT CREEK 11-35

9. API Well No.
43-037-31806

10. Field and Pool, or Exploratory Area
WILDCAT

11. County or Parish, State
SAN JUAN, UT.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well
 Oil Well Gas Well Other

2. Name of Operator
STONE ENERGY, L. L. C. 1670 BROADWAY, SUITE 2800

3a. Address **DENVER, CO. 80202** 3b. Phone No. (include area code)
(303) 685-8000

4. Location of Well (Footage, Sec., T., R., M., or Survey Description)
88' FNL & 768' FWL 35-41s-23e

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

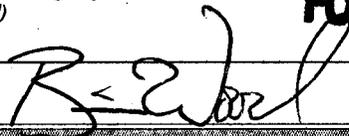
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompletes horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Surface casing will be cemented in 2 stages with the stage tool set at $\approx 750'$. First stage will be 290 sx Class B with 0.3% Halad 344 and 1/4 #/sack Flocele (yield = 14.5 pounds per gallon and 1.39 cubic feet per sack). Second stage will be ≈ 340 sx 65/35 poz mix with 6% bentonite, 0.2% Veraset, 0.9% Halad 344, and 1/4 pound per sack Flocele (yield = 15.6 pounds per gallon and 1.18 cubic feet per sack). Total cement volume = 804 cubic feet which exceeds capacity by $\geq 30\%$.

COPY SENT TO OPERATOR
DATE: 06-22-01
BY: CHD

Accepted by the
Utah Division of
Oil, Gas and Mining

14. I hereby certify that the foregoing is true and correct
Name (Printed/Typed) **BRIAN WOOD** Title **CONSULTANT** (505) 466-8120
Signature  Date **6-12-01** cc: BLM, Gentry, UDOGM

FOR RECORD ONLY

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____ Title _____ Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. Office _____

RECEIVED

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

JUN 15 2001

DIVISION OF
OIL, GAS AND MINING

Lisha Cordova - Re: Op Chg

From: Jim Thompson
To: Lisha Cordova
Date: 08/02/2001 11:09 AM
Subject: Re: Op Chg

CHECKED ON IT LAST WEEK, BIA IS APPROXIMATELY 6 MONTHS BEHIND ON APPROVALS, THE WORD I GOT WAS THEY ARE BUSY TRYING RE-ISSUING NEW LEASES-SORRY.

>>> Lisha Cordova 08/02/01 10:58AM >>>
Hi Jim,

Has Farmington BLM approved the operator change yet for Desert Creek 11-35/43-037-31806?

(Basin Exploration Inc. to Stone Energy LLC)

Last time I checked with you was early May.

Thanks for checking again!



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

December 12, 2001

Gerald Gentry
Basin Exploration Inc.
c/o Stone Energy LLC
1670 Broadway, Suite 2800
Denver, Colorado 80202-4801

Re: APD Rescinded – Desert Creek 11-35, Sec. 35, T41S, R23E, San Juan County,
Utah, API 43-037-31806

Dear Mr. Gentry:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (the Division) on October 11, 2000. No drilling activity at this location has been reported to the Division. Due to the excessive time delay in commencing drilling operations, approval to drill the well is hereby rescinded, effective October 11, 2001.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

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

Sincerely,

A handwritten signature in cursive script that reads "Lisha Cordova".

Lisha Cordova
Eng. Technician

cc: Well File
Bureau of Land Management, Moab

5. If **NO**, the operator was contacted contacted on: _____

6. (R649-9-2)Waste Management Plan has been received on: IN PLACE

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: 03/23/2001

8. **Federal and Indian Units:**
The BLM or BIA has approved the successor of unit operator for wells listed on: 03/23/2001

9. **Federal and Indian Communization Agreements ("CA"):**
The BLM or BIA has approved the operator for all wells listed within a CA on: N/A

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, **Transfer of Authority to Inj** for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

1. Changes entered in the **Oil and Gas Database** on: 06/27/2003

2. Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 06/27/2003

3. Bond information entered in RBDMS on: N/A

4. Fee wells attached to bond in RBDMS on: N/A

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: N/A

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: RLB0002054

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: _____

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The **NEW** operator of any fee well(s) listed covered by Bond Number N/A

2. The **FORMER** operator has requested a release of liability from their bond on: N/A

The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The **FORMER** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: _____

COMMENTS:
