

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK
 DRILL DEEPEN

b. TYPE OF WELL
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

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

5. LEASE DESIGNATION AND SERIAL NO.
 UTU-01890

6. IF INDIAN, ALLOTTEE OR TRIBE NAME
 N/A

7. UNIT AGREEMENT NAME
 N/A

8. FARM OR LEASE NAME WELL NO.
 Holy Cross Fed. 14-21

9. API WELL NO.

10. FIELD AND POOL OR CREEK
 Recapture Creek

11. SEC. T., R., M., OR BLK. AND SURVEY OR AREA
 21-40s-23e SLBM

12. COUNTY OR PARISH
 San Juan

13. STATE
 UT

3. ADDRESS AND TELEPHONE NO.
 1670 Broadway, Suite 2800, Denver, Co. 80202-4801

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)*
 At surface: 150' FSL & 1257' FWL
 At proposed prod. zone: Same
 CONFIDENTIAL 4127828 N 641914 E

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*
 9 air miles east of Bluff

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	1257'	16. NO. OF ACRES IN LEASE	1,360	17. NO. OF ACRES ASSIGNED TO THIS WELL	40
18. DISTANCE FROM PROPOSED LOCATION* TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.	884'	19. PROPOSED DEPTH	5,650'	20. ROTARY OR CABLE TOOLS	Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.)				22. APPROX. DATE WORK WILL START*	
4,510' ungraded				Dec. 1, 2000	

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	J-55 8-5/8"	24	1,650'	≈1,600 cu. ft. & to surface
7-7/8"	K-55 5-1/2"	15.5	5,650'	≈1,110 cu. ft. & to surface

Request exception because of geology (location is based on year 2000 3-D seismic data). Exception is to quarter-quarter lines (63' & 150' instead of ≥460'), not to a well. Reservoir is separate from rest of field.

Orthodox well could be drilled at 460 FS & 860 FW 21-40s-23e, but it would be a dry hole or marginal producer. Request permission to drill at 150' FSL & 1257' FWL 21-40s-23e. This is the only well in the quarter-quarter. There are no producing wells closer than 884'. Wells (see Page 12) could be drilled in 4 offsetting units. Producing wells are in the other 4 quarter-quarters. Basin is owner of all drilling units and leases within minimum 884' radius of proposed exception. This includes the drilling units (N2NW4 Sec. 28) toward which the well would encroach. There are no producing wells in the latter 80 acres.

cc: BLM (M&M), Gentry, 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 11-9-00

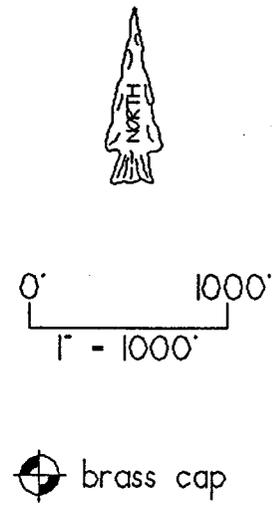
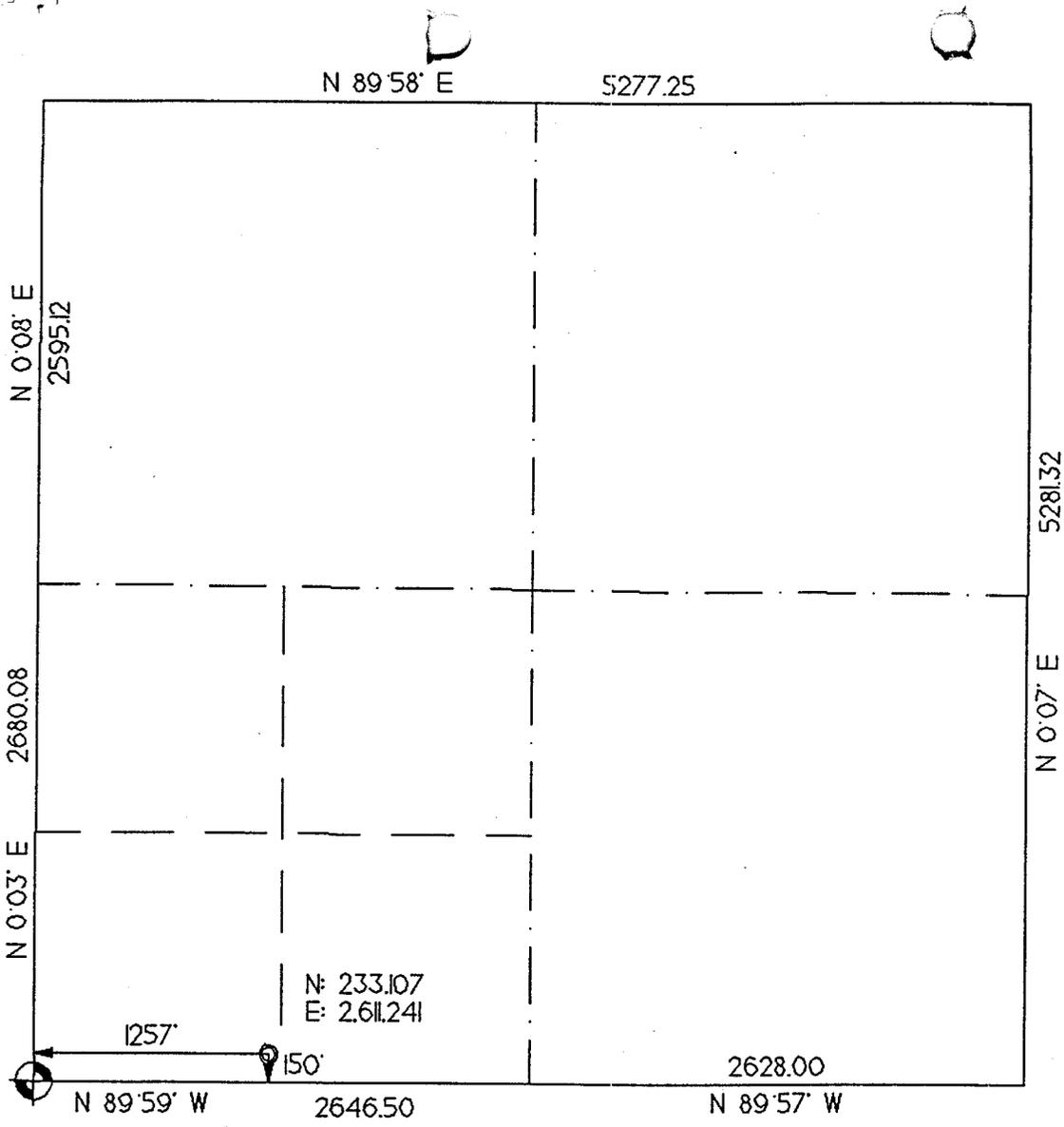
(This space for Federal or State office use)
 PERMIT NO. 43-037-31808 APPROVAL DATE _____

Application approval does not warrant or certify that the applicant has legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL, IF ANY:
 APPROVED BY [Signature] TITLE BRADLEY G. HILL RECLAMATION SPECIALIST III DATE NOV 13 2000
 DIVISION OF OIL, GAS AND MINING

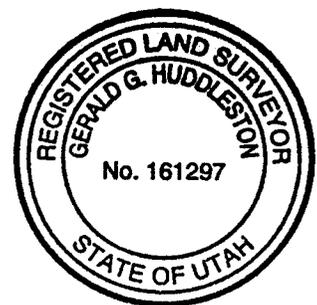
*See Instructions On Reverse Side

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Well Location Description

BASIN EXPLORATION, INC.
 HOLY CROSS FEDERAL 14-21
 150' FSL & 1257' FWL
 Section 21, T.40 S., R.23 E., SLM
 San Juan County, UT
 4510' grd. el. (from GPS)



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20 Sept. 2000

Gerald G. Huddleston
 Gerald G. Huddleston, LS
 DIVISION OF OIL, GAS AND MINING

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

Basin Exploration, Inc.
 Holy Cross Federal 14-21
 150' FSL & 1257' FWL
 Sec. 21, T. 40 S., R. 23 E.
 San Juan County, Utah

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>
Morrison	0'	12'	+4,510'
Entrada/Carmel Ss	50'	62'	+4,460'
Navajo Ss	351'	363'	+4,159'
Chinle Sh	1,421'	1,433'	+3,089'
Cutler Ss	2,518'	2,530'	+1,992'
Organ Rock Sh	2,588'	2,600'	+1,922'
Hermosa	4,448'	4,460'	+62'
Upper Ismay	5,268'	5,280'	-758'
Hovenweep Sh	5,375'	5,387'	-865'
Lower Ismay	5,379'	5,391'	-869'
Gothic Sh	5,427'	5,439'	-917'
Desert Creek	5,467'	5,479'	-957'
Chimney Rock Sh	5,582'	5,594'	-1,072'
Akah Sh	5,610'	5,622'	-1,100'
Total Depth (TD)*	5,650'	5,662'	-1,120'

* all elevations reflect the proposed graded ground level of 4,510'

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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.

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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	1,650'
7-7/8"	5-1/2"	15.5 #/ft	K-55	LT&C	New	5,650'

Surface casing will be cemented to the surface with 485 sx Premium Lite with 2% CaCl₂ + 1/4 #/sk celloflake + 8% bentonite (= 12.0 ppg and 2.27 cf/sk) and 430 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 285 sx Premium Lite with 0.4% retarder + 0.3% sodium metasilicate + 10% bentonite (= 11.0 ppg and 3.15 cf/sk) and 180 sx Class G with 0.15% retarder and 0.8% fluid loss 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'.

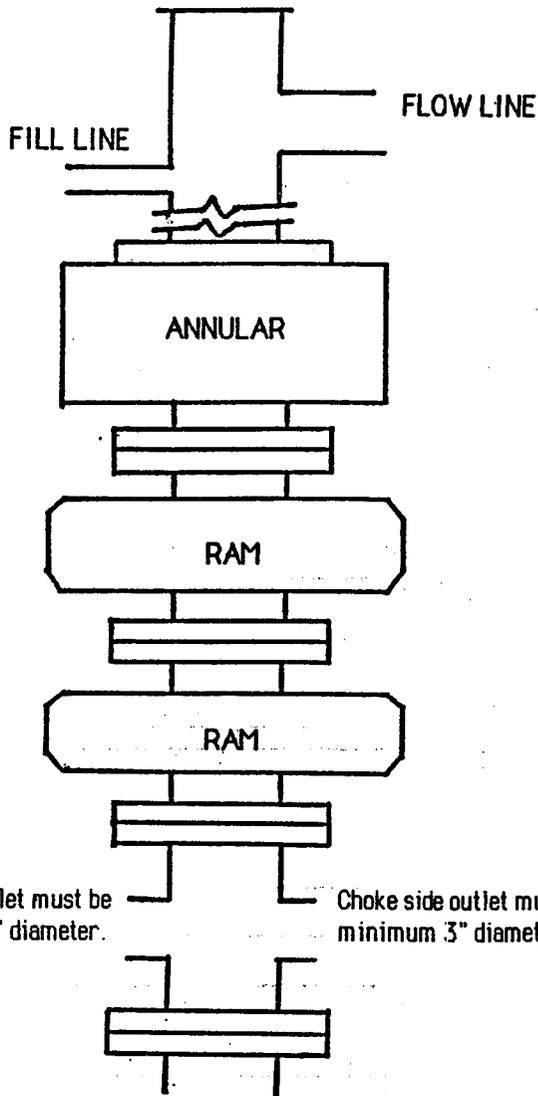
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PERMITS WEST INC.
PROVIDING PERMITS for LAND USERS

Basin Exploration, Inc.
 Holy Cross Federal 14-21
 150' FSL & 1257' FWL
 Sec. 21, T. 40 S., R. 23 E.
 San Juan County, Utah



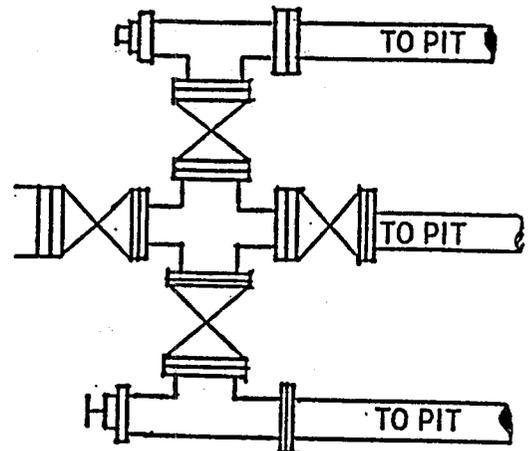
TYPICAL BOP STACK
& CHOKE MANIFOLD

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.

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 PROVIDING PERMITS for the ENERGY INDUSTRY

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Holy Cross Federal 14-21
150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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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

Samples will be collected every 30' from base of surface casing to \approx 4300'. Samples will be collected every 10' from \approx 4300' to TD. A two man mud logging unit will be on location from \approx 4700' to TD.

6. CORING, TESTING, & LOGGING

A 90' 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 December 1, 2000. It is expected it will take \approx 2 weeks to drill and \approx 2 weeks to complete the well.

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150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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Surface Use Plan

1. DIRECTIONS & EXISTING ROADS (See Pages 11 & 12)

From the junction of U-163 & U-262 in Montezuma Creek ...
Go W 5-1/2 miles on U-163 to the equivalent of Milepost 50.4
Then turn left and go SW 620' on a flagged route to the well pad

Roads will be maintained to a standard at least equal to their present condition.

2. ROAD TO BE UPGRADED

Call BLM (435-587-2141) 48 hours before starting construction. Surface disturbance and vehicle travel will be limited to the pad and road. Any additional area needed must be approved in advance by BLM.

The final 620' of access will be flat bladed with a 16' wide running surface. Maximum disturbed width will be 20'. Maximum cut or fill is 3'. Maximum grade is 2%. No cattleguard or turnout is needed.

An 18" x 50' CMP culvert will be installed on the south side of U-163. New road will drain away from pavement. The 60' of road closest to the pavement will be perpendicular to the pavement and surfaced with ≈6" of pit run and ≈2" of crushed gravel.

If the well is a producer, the final 560' of access will be upgraded to Class 3 Road Standards within 60 days of dismantling the rig. If the deadline cannot be met, BLM will be notified so temporary drainage control can be installed. Class 3 Road Standards control drainage by using topography, ditch turnouts, dips, out sloping, crowning, low water crossings, gravel, and culverts.

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Holy Cross Federal 14-21
150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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3. EXISTING WELLS (See Page 12)

There are six oil, six plugged and abandoned, and three water wells within a mile. There are no gas or disposal wells within a mile.

4. PROPOSED PRODUCTION FACILITIES (See Page 13)

Production will be piped north $\approx 2,575'$ to an existing battery. No new facilities are planned for the battery. The route will parallel existing roads. Pipe will be a $\approx 4"$ OD welded steel pipeline laid on the surface. 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.

The wellhead and pump will be painted a flat Desert Brown color.

5. WATER SUPPLY

Basin is filing to use an existing water well in NWSE 20-40s-23e. In interim, Basin will use already permitted existing water wells in NENW 27-40s-23e (09-1419; A60809) or NWNE 36-40s-23e (09-1428; A60998).

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 14 & 15)

The dirt contractor will be have an approved copy of the surface use plan.

Any cultural and/or paleontology resource (historic or prehistoric site or object) discovered by Basin, or any person working on their behalf, will be immediately reported to BLM (435-587-2141). Basin will suspend all operations in the immediate area of such discovery until written approval to proceed is issued by BLM. An evaluation of the discovery will be made by BLM

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Holy Cross Federal 14-21
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Sec. 21, T. 40 S., R. 23 E.
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to determine appropriate action to prevent the loss of significant cultural or scientific values. Basin will be responsible for the cost of evaluation. Any decision as to proper mitigation measures will be made by BLM after consulting with Basin.

Topsoil and brush will be stripped and stockpiled east of the reserve pit. Rock and gravel will be hauled from an existing source off BLM land.

The reserve pit will be lined with at least 24 tons of commercial bentonite worked into 3:1 sides. At least half of the capacity will be in cut. No liquid hydrocarbons will be discharged to the pit, pad, or road. Should hydrocarbons escape, they will be cleaned up and removed within 48 hours.

The pit will be fenced 48" high on 3 sides with 32" high woven wire topped with 2 smooth wire strands 4" and 16" above the woven wire. Steel posts will be set $\approx 16.5'$ apart. Corner posts will be $\geq 6"$ OD wood and anchored with a deadman. The 4th side will be fenced the same when drilling stops. The fence will be kept in good repair while the pit dries.

The top of the reserve pit will be netted once the drill rig is down. Fence and net will be maintained to prevent animal entry.

7. WASTE DISPOSAL

The reserve pit will be lined with 24 tons of commercial bentonite. 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 a state approved dump station. All trash will be placed in a portable trash cage. It will be hauled to the county landfill. There will be no trash burial or burning.

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Basin Exploration, Inc.
Holy Cross Federal 14-21
150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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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 14 & 15 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

Upon completion of drilling, the well site will be cleared of all debris, material, and junk not needed for production.

Reclamation will start when the reserve pit is dry. All areas not needed for production will be backfilled, recontoured to natural contours, and reserved topsoil spread. If the well is a producer, then enough topsoil will be saved to reclaim the rest of the pad. The topsoil pile and all reclaimed areas will be broadcast seeded between October 1 and February 28 with the following mix. Sown areas will be left rough and lightly harrowed (4" deep) after seeding.

- 2 lb/ac galleta grass
- 4 lb/ac Indian ricegrass
- 1 lb/ac fourwing saltbush
- 1/2 lb/ac scarlet globemallow
- 1 lb/ac sand dropseed

11. SURFACE OWNER

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Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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All construction is on lease and on BLM surface.

12. OTHER INFORMATION

BLM's Moab Field Office's phone number is (435) 259-6111.
BLM's Monticello Field Office's phone number is (435) 587-2141.

Safe drilling and operating practices will be used. The nearest hospital is over a 1 hour drive away in Monticello. It is 3 blocks northwest of the intersection of US 666 and US 191. Hospital phone number is (435) 587-2116. Or dial 1-800-332-1911 from anywhere in San Juan County, Ut.

If the well is drilled between February 1 and August 31, a raptor (especially golden eagles) survey and clearance of a half mile radius area surrounding the proposed well will be made before work starts. If the raptor survey locates an active raptor nest, then no work will be allowed until the baby birds have fledged (left nest). BLM will consult with the US Fish & Wildlife Service to determine if drilling can occur closer (1/4 mile) if it can be proven activity (noise and visual impacts) can take place without impacting the nesting birds and their offspring.

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

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The field representative will be:

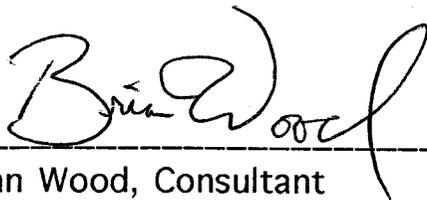
Basin Exploration, Inc.
Holy Cross Federal 14-21
150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah

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

Basin Exploration, Inc. is considered to be the operator of the Holy Cross Federal 14-21 well in the SWSW 21-40s-23e, Lease UTU-01890, San Juan County, Utah, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands. Bond (#B7680) coverage for this well will be provided via surety consent as provided for in 43 CFR 3104.2. BLM will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

I hereby certify Basin Exploration, Inc. has the necessary consents from the proper lease and unit interest owners to conduct lease operations in conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities will be provided by Basin Exploration, Inc. I hereby certify I 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. 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.



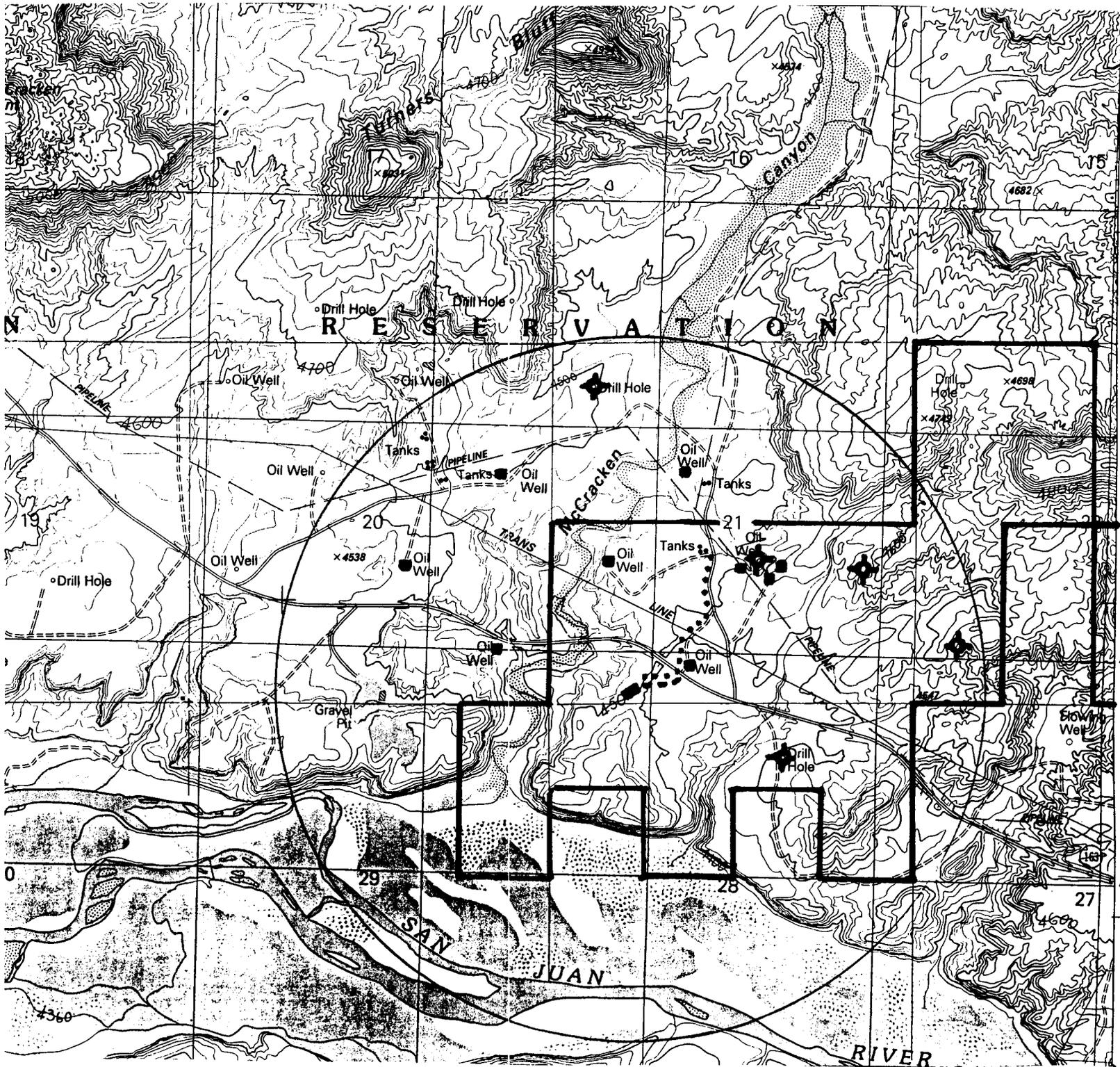
Brian Wood, Consultant

November 9, 2000
Date

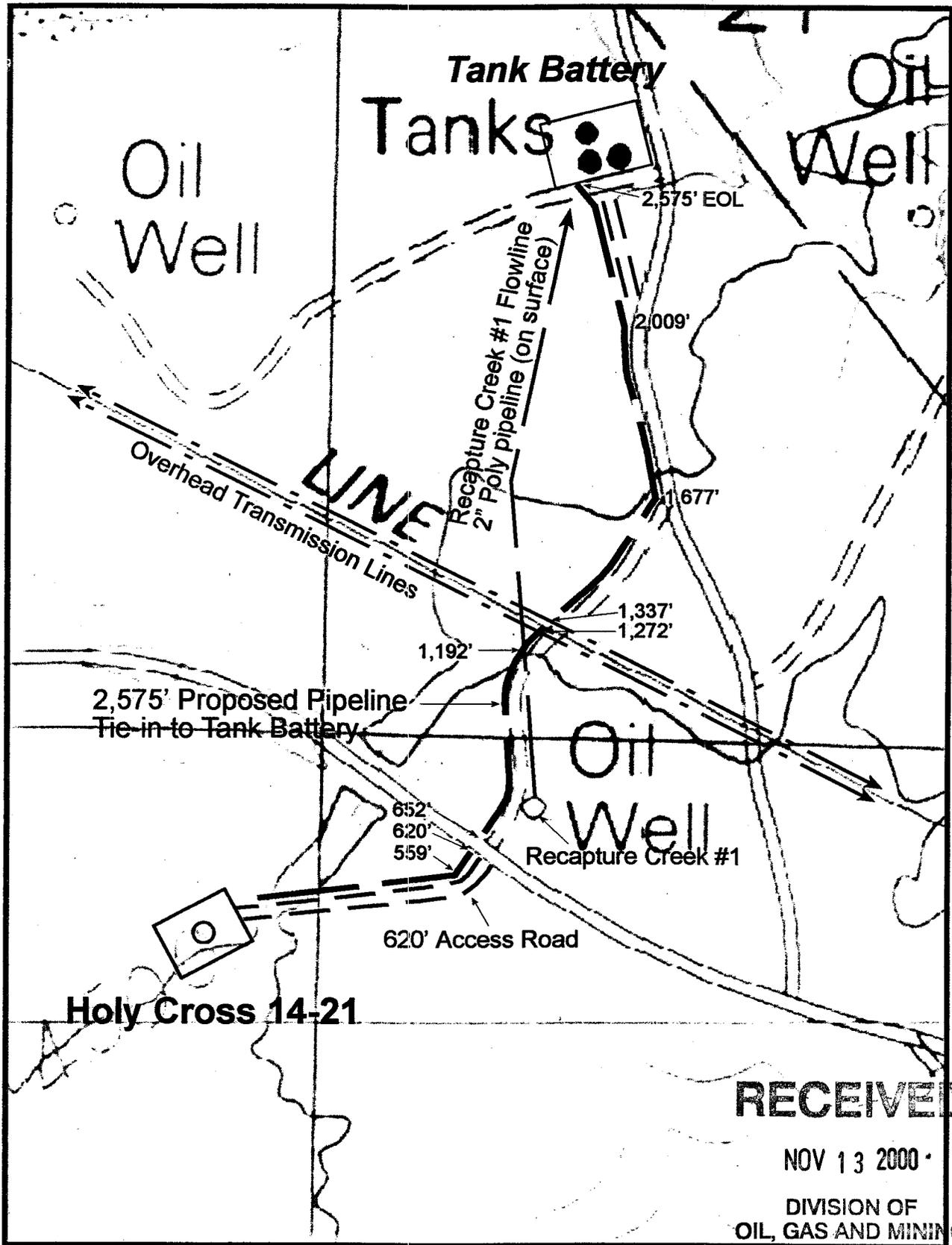
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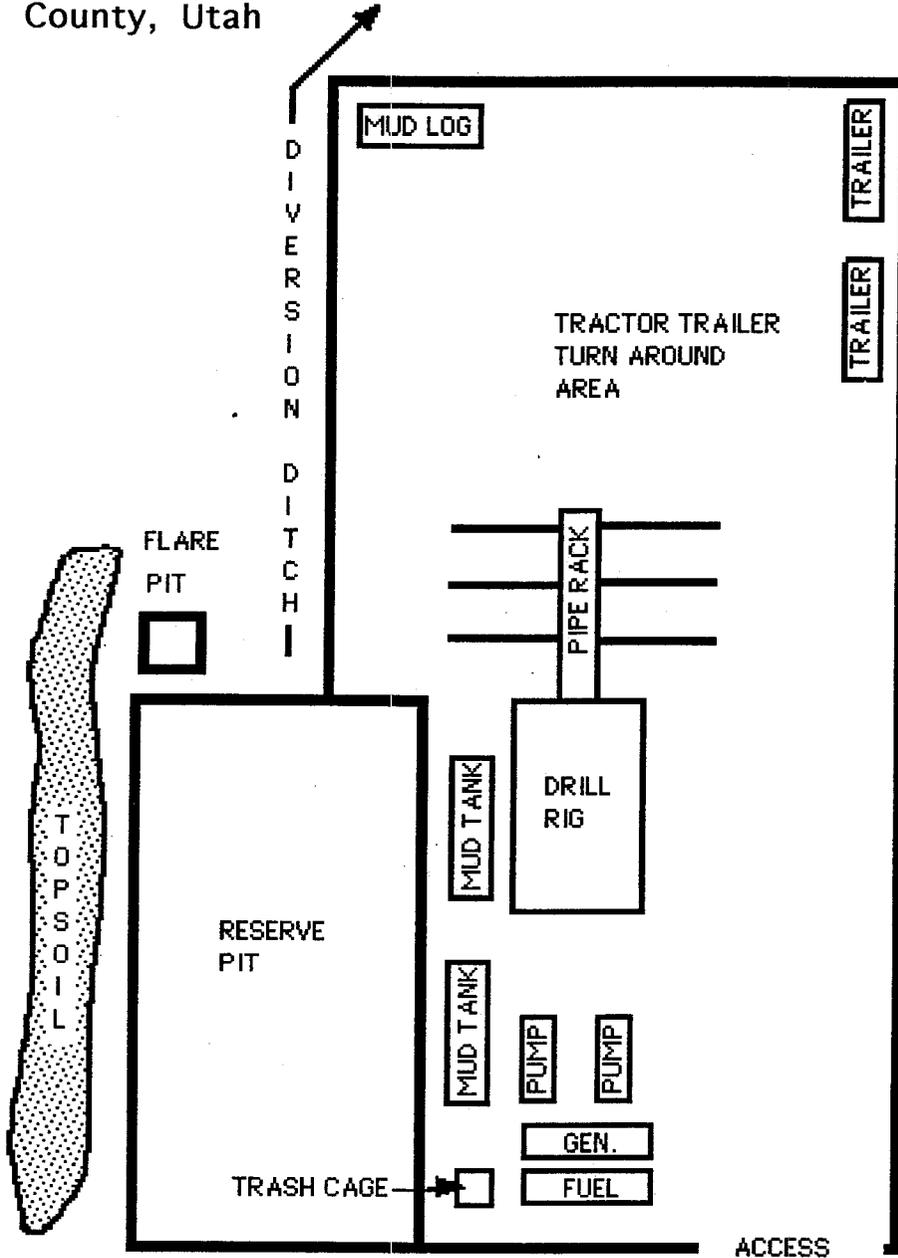


- PROPOSED WELL: 
- EXISTING WELL: 
- P&A WELL: 
- PROPOSED PIPELINE: 
- PROPOSED ROAD: 
- LEASE: 



BASIN: Holy Cross 14-21		Flowline Tie-in, Access		
Legal: SW SW Sec 21 T40S R23E	County: San Juan	Prepared by: Permits West	1" ≈ 400'	

Basin Exploration, Inc.
Holy Cross Federal 14-21
150' FSL & 1257' FWL
Sec. 21, T. 40 S., R. 23 E.
San Juan County, Utah



1" = 50'

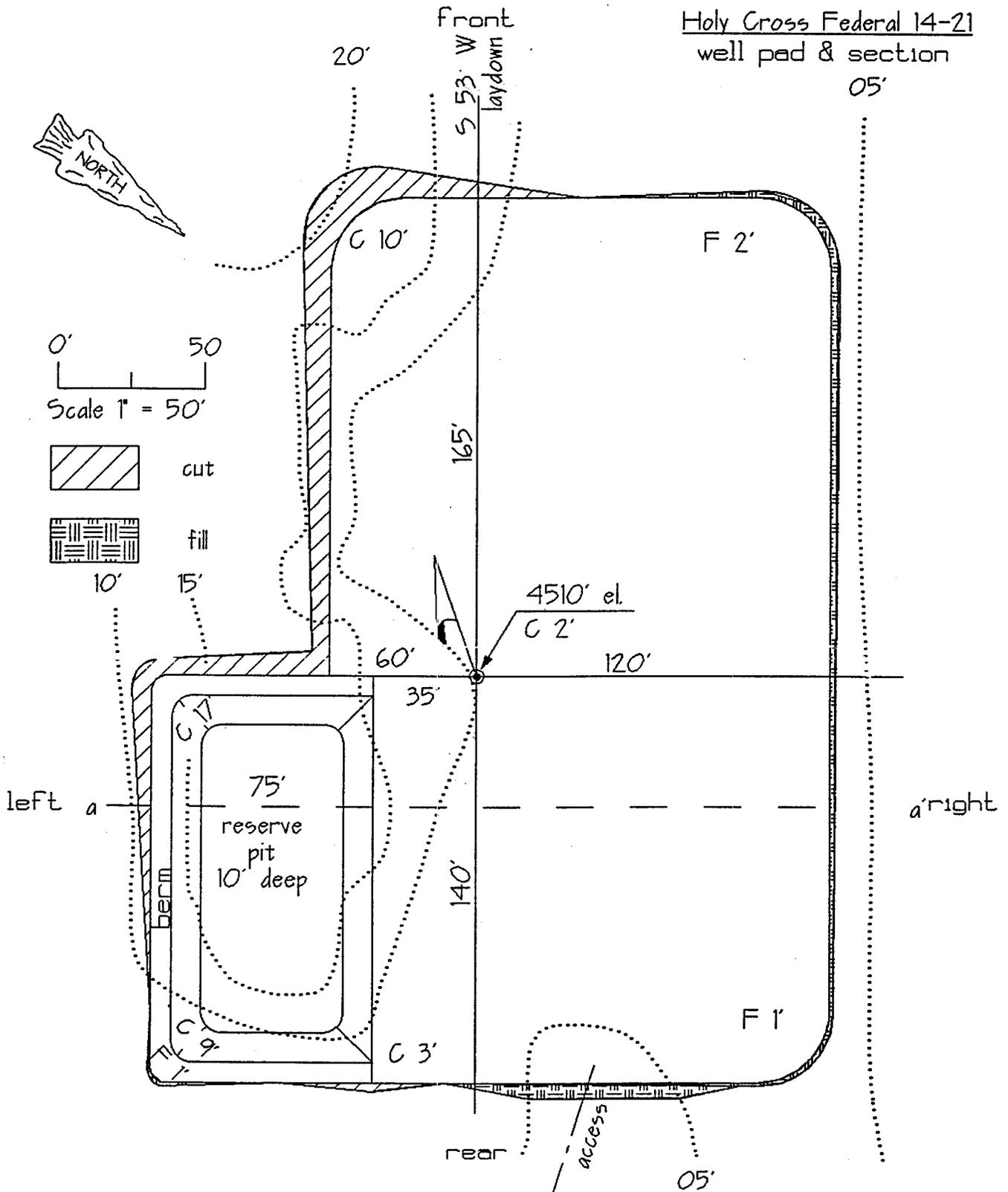


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Holy Cross Federal 14-21
well pad & section



a

Cross section

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a

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**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 11/13/2000

API NO. ASSIGNED: 43-037-31808

WELL NAME: HOLY CROSS FED 14-21
 OPERATOR: BASIN EXPLORATION INC (-N5070)
 CONTACT: BRIAN WOOD, AGENT

Stone Energy LLC
 PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

SWSW 21 400S 230E
 SURFACE: 0150 FSL 1257 FWL
 BOTTOM: 0150 FSL 1257 FWL
 SAN JUAN
 RECAPTURE CREEK (435)

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

LEASE TYPE: 1-Federal
 LEASE NUMBER: UTU-01890
 SURFACE OWNER: 1-Federal

PROPOSED FORMATION: IS-DC

RECEIVED AND/OR REVIEWED:

- Plat
- Bond: Fed[1] Ind[] Sta[] Fee[]
(No. B7680)
- Potash (Y/N)
- Oil Shale (Y/N) *190 - 5 (B)
- Water Permit
(No. 09-1419)
- RDCC Review (Y/N)
(Date: _____)
- Fee Surf Agreement (Y/N)

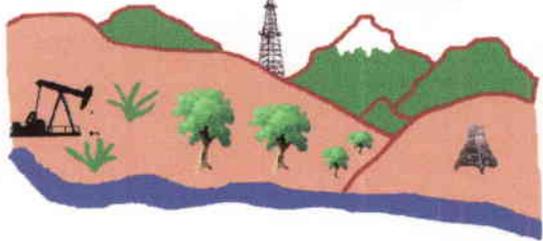
LOCATION AND SITING:

- R649-2-3. Unit Recapture Creek
- R649-3-2. General
Siting: _____
- R649-3-3. Exception
- Drilling Unit
Board Cause No: 085-05 *Suspend's Gen. Siting
Eff Date: 5-8-01
Siting: 500' fr. Unit Boundary
- R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

① FEDERAL APPROVAL



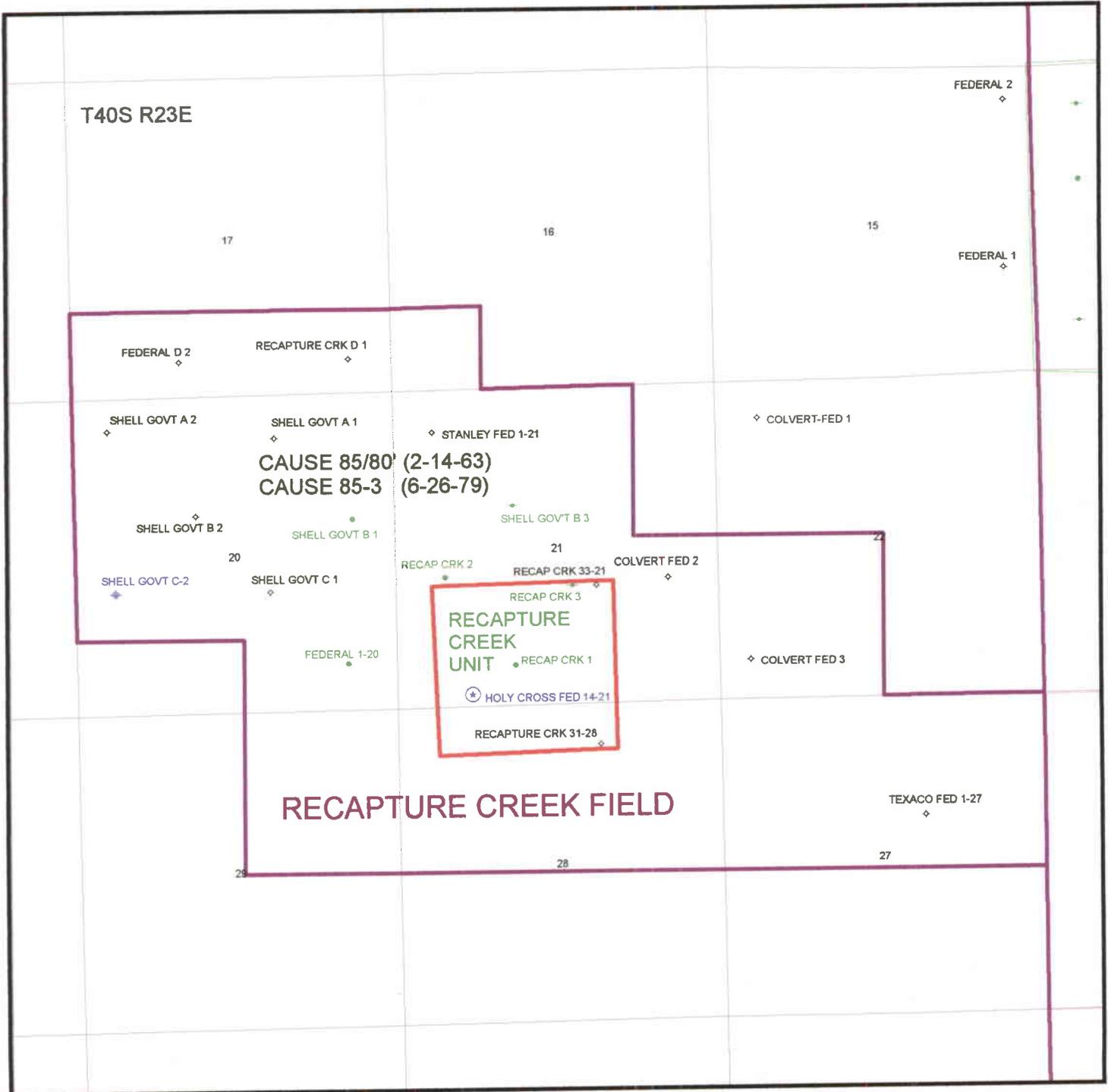
Utah Oil Gas and Mining

OPERATOR: BASIN EXPL INC (N5070)

FIELD: RECAPTURE CREEK (435)

SEC. 21, T40S, R23E,

COUNTY: SAN JUAN





Stone Energy, L.L.C.
Suite 2800
1670 Broadway
Denver, Colorado 80202-4801
Telephone: (303) 685-8000
Fax: (303) 685-8030

February 12, 2001

Mr. John Baza
Associate Director
Division of Oil, Gas and Mining
1594 W., North Temple, Suite 1210
Salt lake City, UT 84111

Re: Location Exception
Holy Cross Federal 14-21
SW/4-T40S-R23E, SLM
San Juan County, Utah

Facsimile Transmission 801-359-3940

Ladies and Gentlemen:

Please be advised that Stone Energy, LLC, successor by merger to Basin Exploration, Inc., hereby requests approval of a non-standard location for referenced well. The location is driven by 3D seismic and is also within the contracted Recapture Creek Federal Unit. Further, Stone controls 100% of the working interest within a 460' radius of the proposed drillsite. This location has been approved by the BLM.

I have enclosed a copy of the survey plat and a plat showing the outline of the Recapture Creek Unit and working interest owners in the area.

For your information, I have enclosed copies of the notice that has been provided to the BLM regarding the Basin-Stone merger. Your office has also been provided with this information.

Please contact me at 303-685-8045 should you have any questions or require further information.

Thank you.

Very truly yours,

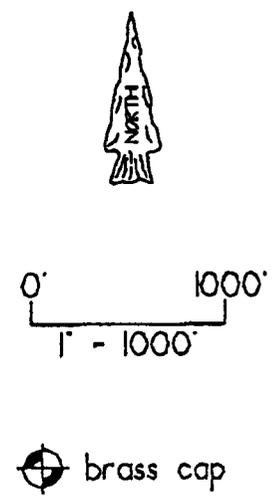
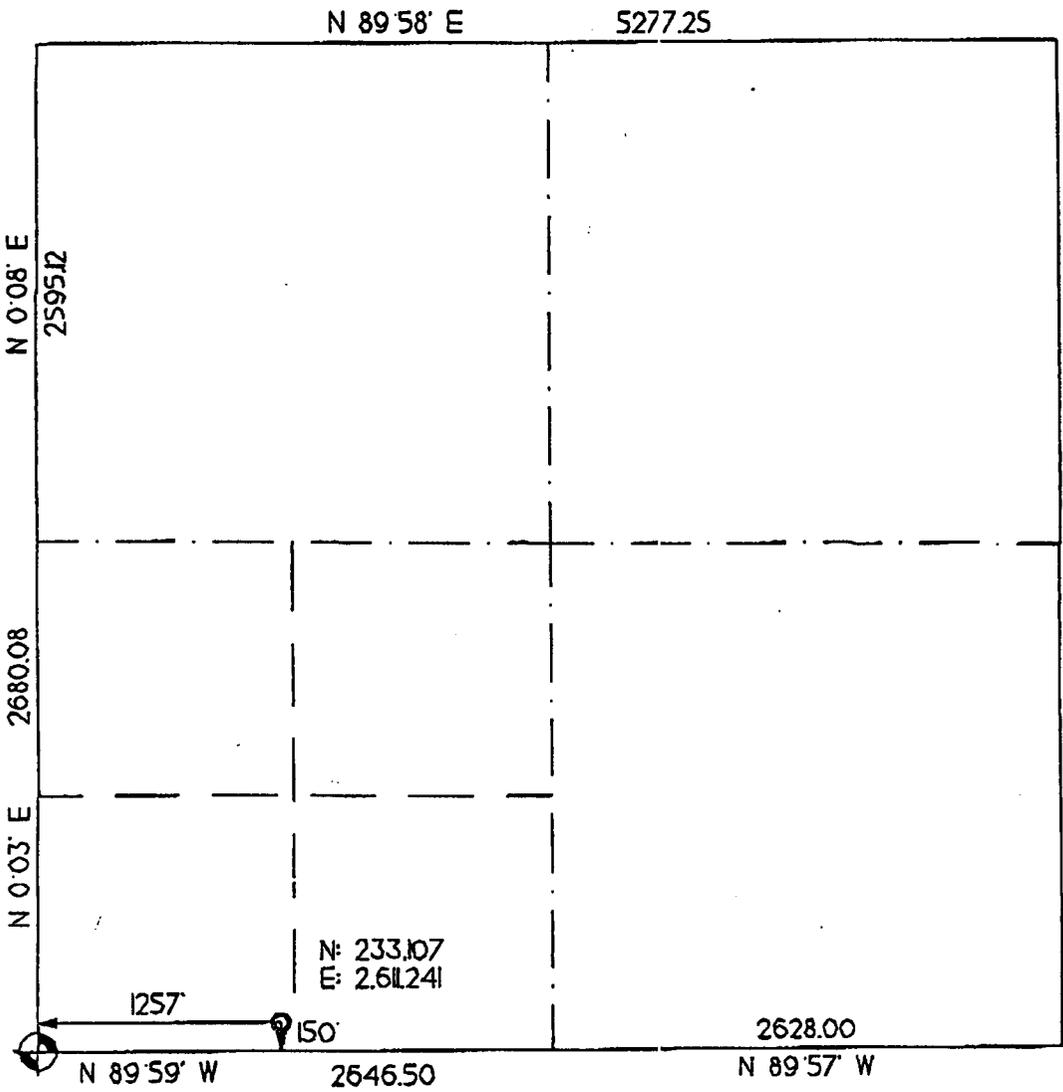
A handwritten signature in black ink, appearing to read "Michael E. Cuba".

Michael E. Cuba
Rocky Mountain Land Manager

RECEIVED

FEB 13 2001

DIVISION OF
OIL, GAS AND MINING



Well Location Description

BASIN EXPLORATION, INC.
 HOLY CROSS FEDERAL 14-21
 150' FSL & 1257' FWL
 Section 21, T.40 S., R.23 E., SLM
 San Juan County, UT
 4510' grd. el. (from GPS)

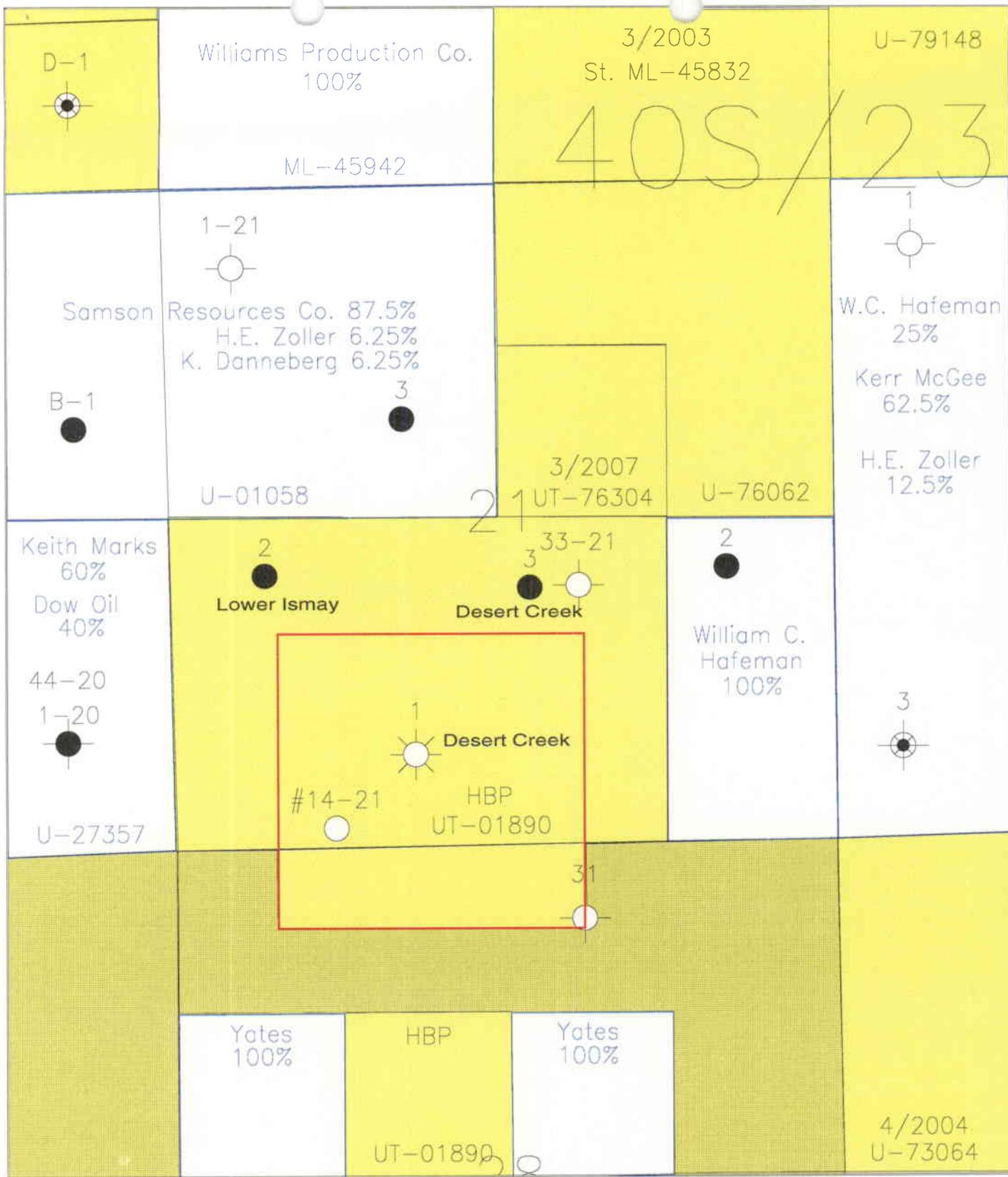


20 Sept. 2000

Gerald G. Huddleston
 Gerald G. Huddleston, LS

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

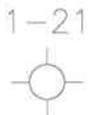
HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565 -3330



3/2003
St. ML-45832
40S/23

Williams Production Co.
100%
ML-45942

U-79148



Samson Resources Co. 87.5%
H.E. Zoller 6.25%
K. Danneberg 6.25%



W.C. Hafeman
25%
Kerr McGee
62.5%
H.E. Zoller
12.5%



U-01058

3/2007

21 UT-76304

U-76062

Keith Marks
60%
Dow Oil
40%

2
Lower Ismay

33-21
3
Desert Creek

William C.
Hafeman
100%

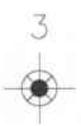


Desert Creek

#14-21

HBP
UT-01890

U-27357



Yates
100%

HBP

Yates
100%

UT-01890

4/2004
U-73064



Contracted Recapture Creek Unit



100% Stone Energy (Basin Exploration)



37.5% Stone Energy
62.5% Kerr-McKee Oil & Gas Onshore, LP



Stone Energy, L.L.C.

PARADOX BASIN
San Juan County, Utah
HOLY CROSS FEDERAL #14-21

Desert Creek	Sec 21-T40S-R23W	2/9/2001
scj	Scale 1:13000	hcf1421.gpf



Stone Energy, L.L.C.
Suite 2800
1670 Broadway
Denver, Colorado 80202-4801
Telephone: (303) 685-8000
Fax: (303) 685-8030

February 7, 2001

Bureau of Land Management
U. S. Department of the Interior
Wyoming State Office
5353 Yellowstone Road
Cheyenne, WY 82009

RE: Basin Exploration, Inc. Name Change

Ladies/Gentlemen:

Effective February 1, 2001, Basin Exploration, Inc., a Delaware corporation, has converted into Stone Energy, L.L. C., a Delaware limited liability company. Basin Exploration, Inc. is now, for all purposes, Stone Energy, L.L.C. Attached is an original Certificate of Conversion from the Secretary of State of the State of Delaware evidencing this conversion. Basin's corporate documents are kept in case file #WYW132016.

It is my understanding that by providing this documentation to the Wyoming State Office, which is where our bond and other corporate documents are filed, there is no need for us to notify other BLM State or District offices. If this is not the case, please let me know as soon as possible.

The address for Stone Energy, L.L.C. will remain 1670 Broadway, Suite 2800, Denver, Colorado 80202.

If you have any questions or if you need any further information to change your records, please contact me direct at (303) 685-8022. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Rhonda J. Deimer". The signature is written in a cursive, flowing style.

Rhonda J. Deimer
Lease Records Supervisor

Enclosures

VIA AIRBORNE EXPRESS

State of Delaware
Office of the Secretary of State PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF A DELAWARE CORPORATION UNDER THE NAME OF "BASIN EXPLORATION, INC." TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "BASIN EXPLORATION, INC." TO "STONE ENERGY, L.L.C.", FILED IN THIS OFFICE ON THE FIRST DAY OF FEBRUARY, A.D. 2001, AT 3:30 O' CLOCK P.M.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

2289801 8100V

AUTHENTICATION: 0952442

010055393

DATE: 02-02-01

State of Delaware
Office of the Secretary of State

PAGE 2

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "STONE ENERGY, L.L.C." FILED IN THIS OFFICE ON THE FIRST DAY OF FEBRUARY, A.D. 2001, AT 3:30 O'CLOCK P.M.



Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

CERTIFICATE OF CONVERSION
OF
BASIN EXPLORATION, INC.
INTO
STONE ENERGY, L.L.C.

February 1, 2001

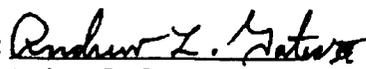
UNDER SECTION 266 OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE AND SECTION 18-214 OF THE
DELAWARE LIMITED LIABILITY COMPANY ACT

Basin Exploration, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), DOES HEREBY CERTIFY THAT:

1. *Name of Corporation to be Converted.* The name of the Company immediately prior to conversion is Basin Exploration, Inc., and the name under which the Company was originally incorporated was Basin Exploration, Inc.
2. *Original Date and Jurisdiction of Incorporation.* The original certificate of incorporation of the Company was filed on March 2, 1992 with the Secretary of the State of Delaware.
3. *Name of Limited Liability Company.* The name of the limited liability company into which the Company will be converted is Stone Energy, L.L.C.
4. *Approval of Conversion.* This conversion has been approved in accordance with the provisions of Section 266 of the General Corporation Law of Delaware and Section 18-214 of the Delaware Limited Liability Company Act.
5. *Effective Time.* The effective time of the conversion of the Company to a limited liability company contemplated hereby shall be February 1, 2001.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Conversion as of the date first written above.

BASIN EXPLORATION, INC.

By: 
Andrew L. Gates, III
Attorney In Fact

CERTIFICATE OF FORMATION
OF
STONE ENERGY, L.L.C.

This Certificate of Formation, dated February 1, 2001, has been duly executed and is filed pursuant to Section 18-201 of the Delaware Limited Liability Company Act (the "Act") to form a limited liability company (the "Company") under the Act.

1. **Name.** The name of the Company is "Stone Energy, L.L.C."
2. **Registered Office; Registered Agent.** The address of the registered office required to be maintained by Section 18-104 of the Act is:

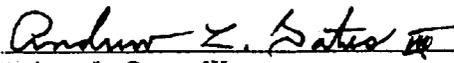
1209 Orange Street
Wilmington, Delaware 19801

The name and address of the registered agent for service of process required to be maintained by Section 18-104 of the Act are:

The Corporation Trust Company
1209 Orange Street
Wilmington, Delaware 19801

3. **Effective Time.** The effective time of the formation of the Company contemplated hereby is February 1, 2001.

EXECUTED as of the date first written above.



Andrew L. Gates, III
Authorized Person

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.

UTU-01890

6. If Indian, Allottee or Tribe Name

N/A

7. If Unit or CA, Agreement Designation

N/A

SUBMIT IN TRIPLICATE

1. Type of Well

Well Gas Well Other

8. Well Name and No.

Holy Cross Fed. 14-21

2. Name of Operator

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

9. API Well No.

43-037-31808

3. Address and Telephone No.

1670 Broadway, Suite 2800, Denver, Co. 80202

10. Field and Foot, or Exploratory Area

Recapture Creek

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

Surface: SWSW 34-40s-23e

11. County or Parish, State

San Juan, Ut.

BHL: Same

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 **Surface Casing**
- Other
- 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.)

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 pumping at any time.

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

RECEIVED

MAY 02 2001

DIVISION OF
OIL, GAS AND MINING

cc: BLM (M&M), Gentry, UDOGM

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

Signed

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

RECEIVED
MAY 29 2001

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO. **UTU-01890**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME **N/A**

7. UNIT AGREEMENT NAME **N/A**

8. FARM OR LEASE NAME WELL NO. **Cross Fed. 14-21**

9. API WELL NO. **43-037-31808**

10. FIELD AND POOL OR TRAP NAME **Recapture Creek**

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA **21-40s-23e SLBM**

12. COUNTY OR PARISH **San Juan** 13. STATE **UT**

22. APPROX. DATE WORK BEGAN **Dec. 1, 2000**

1a. TYPE OF WORK **DRILL** **DEEPEN** **2000 NOV 14 P 1:51**

b. TYPE OF WELL **OIL WELL** **GAS WELL** **OTHER** **SINGLE ZONE** **MULTIPLE ZONE**

2. NAME OF OPERATOR **Stone Energy, LLC** **(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 **150' FSL & 1257' FWL**
At proposed prod. zone **Same**

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* **9 air miles east of Bluff**

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any) **1257'**

16. NO. OF ACRES IN LEASE **1,360**

17. NO. OF ACRES ASSIGNED TO THIS WELL **40**

18. DISTANCE FROM PROPOSED* LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. **884'**

19. PROPOSED DEPTH **5,650'**

20. ROTARY OR CABLE TOOLS **Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.) **4,510' ungraded**

23. PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	K-55 5-5/8" 5-7/8"	24 3a	1,650'	≈1,600 cu. ft. & to surface
7-7/8"	K-55 5-1/2"	15.5	5,650'	≈1,110 cu. ft. & to surface

Request exception because of geology (location is based on year 2000 3-D seismic data). Exception is to quarter-quarter lines (63' & 150' instead of ≥460'), not to a well. Reservoir is separate from rest of field.

Orthodox well could be drilled at 460 FS & 860 FW 21-40s-23e, but it would be a dry hole or marginal producer. Request permission to drill at 150' FSL & 1257' FWL 21-40s-23e. This is the only well in the quarter-quarter. There are no producing wells closer than 884'. Wells (see Page 12) could be drilled in 4 offsetting units. Producing wells are in the other 4 quarter-quarters. Basin is owner of all drilling units and leases within minimum 884' radius of proposed exception. This includes the drilling units (N2NW4 Sec. 28) toward which the well would encroach. There are no producing wells in the latter 80 acres.

RECEIVED
CLEARING OR VENTING OF GAS IS SUBJECT TO NTL 4-A
Dated 1/1/80

CONDITIONS OF APPROVAL ATTACHED MAY 29 2001

DIVISION OF cc: BLM (M&M), Gentry, UDOGM
OIL, GAS AND MINING

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 *Ben Wood* TITLE Consultant (505) 466-8120 DATE 11-9-00

(This space for Federal or State office use)

PERMIT NO. _____ APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

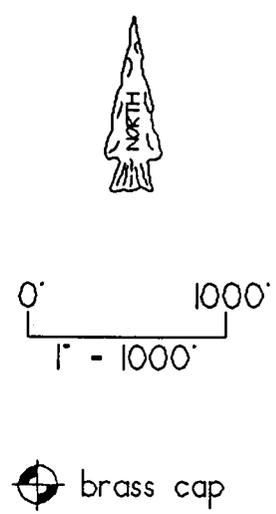
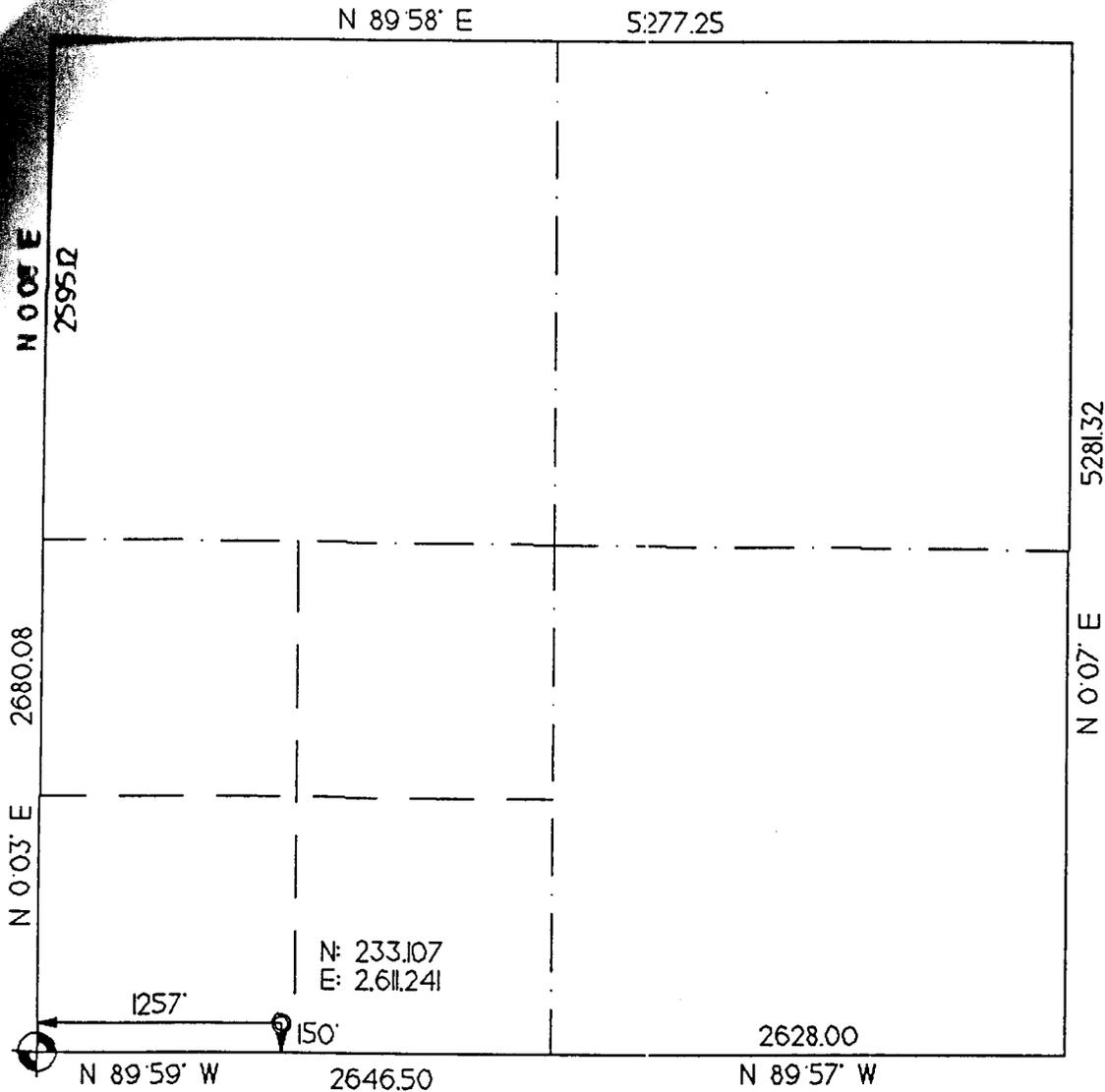
CONDITIONS OF APPROVAL, IF ANY:

/S/ WILLIAM C. STRINGER

Assistant Field Manager,
Division of Resources

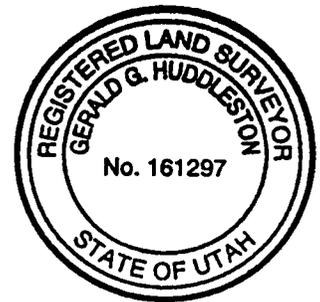
MAY 22 2001

APPROVED BY _____ TITLE _____ DATE _____



Well Location Description

BASIN EXPLORATION, INC.
 HOLY CROSS FEDERAL 14-21
 150' FSL & 1257' FWL
 Section 21, T.40 S., R.23 E., SLM
 San Juan County, UT
 4510' grd. el. (from GPS)



20 Sept. 2000

Gerald G. Huddleston
 Gerald G. Huddleston, LS

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

HUDDLESTON LAND SURVEYING - BOX KK - CORTEZ, CO - (970) 565 -3330

Stone Energy LLC
Holy Cross Fed. No. 14-21
Lease U-01890
SW/SW Section 21, T40S, R23E
San Juan County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION, from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application 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.

Be advised that Stone Energy LLC is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by CO 0944 (Principal - Stone Energy LLC) via surety consent as provided for in 43 CFR § 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR § 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR § 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. The proposed 3M BOPE configuration is adequate for the proposed depth and location. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2. Considering the anticipated down-hole pressure, testing of the BOPE to 2M standards is acceptable.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGGM) is required before conducting any surface disturbing activities. This would include DOGM approval of the proposed exception to standard well siting.
3. Due to the problems experienced while cementing the surface casing on recent wells, we anticipate modifications to the proposed cement slurry design and/or cement emplacement method. Any amendments to this APD must have prior approval. Proposals for modification should be submitted on a sundry notice (Form 3160-5).
4. If cement is not circulated to surface behind either casing string, a cement bond log (CBL) or other appropriate tool shall be run to determine the depth to the top of cement behind that casing string. Remedial action will then be determined.

B. SURFACE

No additional surface stipulations.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Contact the BLM Natural Resource Protection Specialist at least 48-hours prior to commencing construction of location.

Spud- The spud date will be reported to BLM 24-hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports shall detail the progress and status of the well and shall be submitted to the Moab Field Office on a weekly basis.

Monthly Reports of Operations- In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices- There will be no deviation from the proposed drilling and/or workover program without prior approval. "Sundry Notices and Reports on Wells" (Form 3160-5) will be filed, with the Moab Field Office, for approval of all changes of plans and subsequent operations in accordance with 43 CFR § 3162.3-2. Safe drilling and operating practices must be observed.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Monticello Field Office is to be notified.

First Production- Should the well be successfully completed for production, the Moab Field Office will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Monticello Field Office. The Monticello Field Office shall be notified prior to the first sale.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, "Well Completion or Recompletion Report and Log" (Form 3160-4) will be submitted to the Moab Field Office not later than thirty-days after completion of the well or after completion of operations being performed, in accordance with 43 CFR § 3162.4-1. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered shut-in until the gas can be captured or approval to continue the venting/flaring as uneconomic is granted. In such case, compensation to the lessor shall be required for that portion of the gas that is vented/flared without approval and which is determined to have been avoidably lost.

Produced Water- Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No. 7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment- If the well is completed as a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR § 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Jeff Brown (435-587-1525) of the ELM, Monticello Field Office for the following:

2 days prior to commencement of dirt work, construction and reclamation;

1 day prior to spudding;

50 feet prior to reaching the surface casing (8⁵/₈") setting depth

If the person at the above number cannot be reached, notify the Moab Field Office at (435) 259-2100. If unsuccessful, contact the person listed below.

Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab Field Office at (435) 259-2100. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer Office: (435) 259-2117
Home: (435) 259-2214

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. **UTU-01890**

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

7. If Unit or CA/Agreement, Name and/or No. **RECAPTURE CREEK**

8. Well Name and No. **HOLY CROSS FED. 14-21**

9. API Well No. **43-037-31808**

10. Field and Pool, or Exploratory Area **RECAPTURE CREEK**

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)
150' FSL & 1257' FWL 21-40s-23e

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

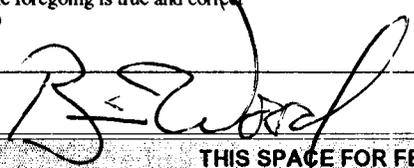
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 recomplete 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 ≈800'. First stage will be ≈305 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 ≈400 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 = 895 cubic feet which exceeds capacity by ≥30%.

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

Name (Printed/Typed) **BRIAN WOOD**

Signature 

Title **CONSULTANT** (505) 466-8120

Date **6-12-01** cc: BLM, Gentry, UDOGM

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



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)

June 18, 2001

Stone Energy, LLC
1670 Broadway, Suite 2800
Denver, CO 80202-4801

Re: Holy Cross Federal 14-21 Well, 150' FSL, 1257' FWL, SW SW, Sec. 21, T. 40 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.

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 43-037-31808.

Sincerely,

John R. Baza
Associate Director

er

Enclosures

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

Operator: Stone Energy, LLC
Well Name & Number Holy Cross Federal 14-21
API Number: 43-037-31808
Lease: UTU 01890

Location: SW SW **Sec.** 21 **T.** 40 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

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.



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor
Robert Morgan
Executive Director
Lowell P. Braxton
Division Director

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PO Box 145801
Salt Lake City, Utah 84114-5801
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July 25, 2002

Brian Wood
Stone Energy LLC
1801 Broadway Ste 700
Denver CO 80202

Re: APD Rescinded – Holy Cross Federal 14-21, Sec. 21, T. 40S, R. 23E
San Juan, Utah API No. 43-037-31808

Dear Mr. Wood:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining on June 18, 2001. On July 25, 2002, you requested that the division rescind the approved APD. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective July 25, 2002.

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 black ink, appearing to read "Diana Mason".

Diana Mason
Engineering Technician

cc: Well File
Bureau of Land Management, Moab