

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

5. LEASE DESIGNATION AND SERIAL NO.  
**UTU-73064**

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

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

8. FARM OR LEASE NAME WELL NO.  
**Little Bear Fed. 23-28**

9. API WELL NO.

10. FIELD AND POOL, OR WELDFIELD  
**Wildcat**  
*Undesignated*

11. SEC., T., R. M., OR BLK. AND SURVEY OR AREA  
**28-40s-23e SLBM**

12. COUNTY OR PARISH  
**San Juan**

13. STATE  
**UT**

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  
**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 **2896' FNL & 1434' FWL** *4126899 N*  
At proposed prod. zone **Same NESW** *641989 E*

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

10. DISTANCE FROM PROPOSED\* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)  
**114'**

16. NO. OF ACRES IN LEASE  
**323.62**

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.  
**N/A**

19. PROPOSED DEPTH  
**5,700'**

20. ROTARY OR CABLE TOOLS  
**Rotary**

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
**4,385' ungraded**

22. APPROX. DATE WORK WILL START\*  
**Aug. 1, 2001**

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            | 5,700'        | ≈1,130 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 (114' & 256' instead of ≥460'), not to a well.

Orthodox well could be drilled at 3100 FN & 1780 FW 28-40s-23e, but it would be a dry hole or marginal producer. Request permission to drill at 2896' FNL & 1434' FWL 28-40s-23e. This is the only well in the quarter-quarter. There are no producing wells closer than 3597'. Wells (see Page 12) could be drilled in all 8 offsetting units. Stone is owner of all drilling units and leases within minimum 1819' radius of proposed exception. This includes the drilling units (S2NW4 & NWSW Sec. 28) toward which the well would encroach.

This APD is also a BLM road right-of-way application for the north most mile of road. Dimensions are 5,280' x 20' = 2.42 acres. Road crosses SESE Sec. 20, S2NW4 Sec. 28, & E2NE4 Sec. 29, T. 40 S., R. 23 E.

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. *B. E. W.* CONSULTANT (505) 466-8120 DATE 2-2-01

SIGNED (This space for Federal or State office use) TITLE APPROVAL DATE

PERMIT NO. **43-037-31812** APPROVAL DATE

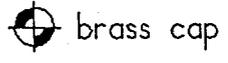
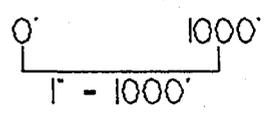
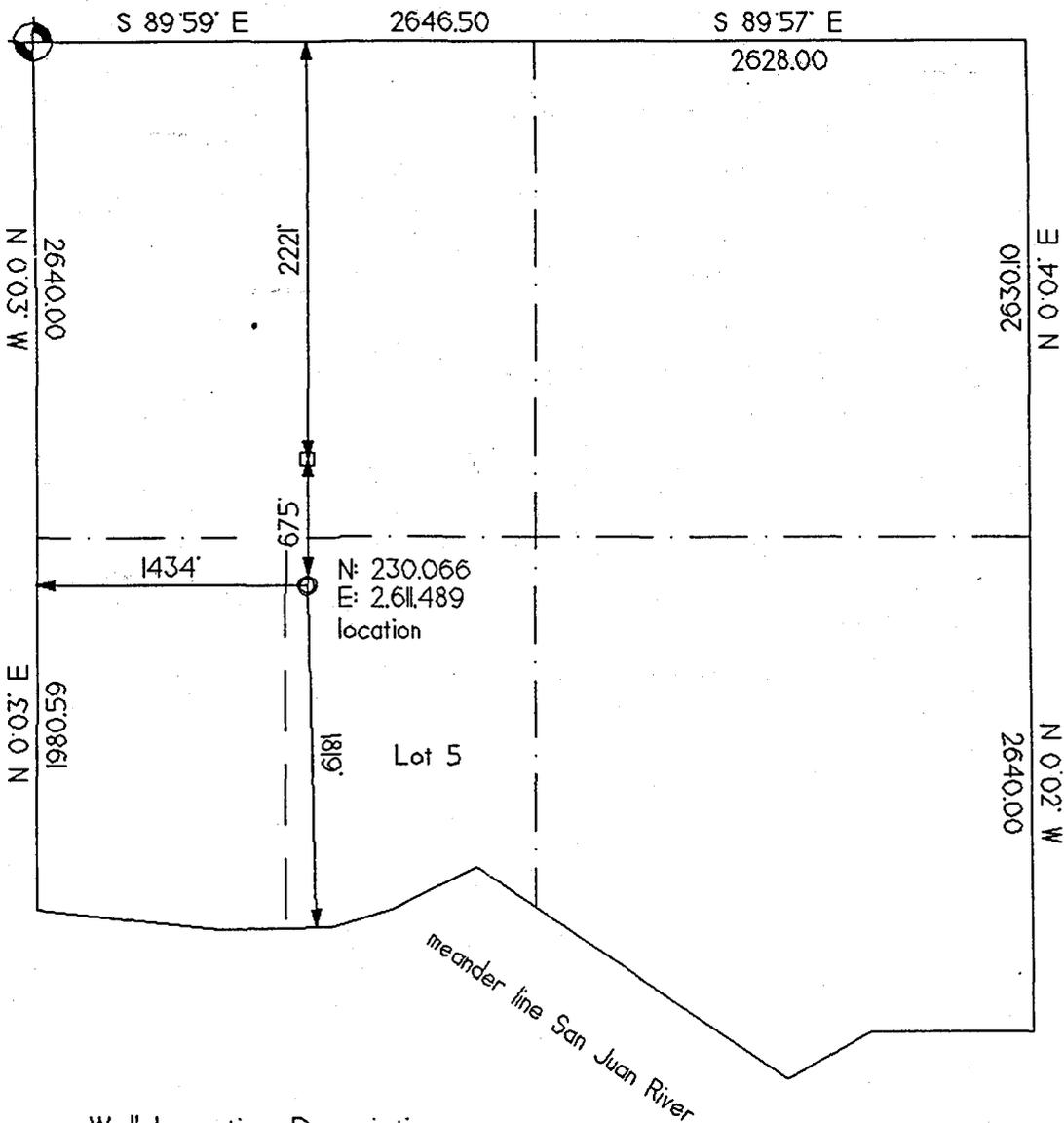
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Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

CONDITIONS OF APPROVAL IF ANY: APPROVED BY *Bradley G. Hill* TITLE **BRADLEY G. HILL RECLAMATION SPECIALIST III** DIVISION OF OIL, GAS AND MINING **02-15-01**

\*See Instructions On Reverse Side



brass cap  
section breakdown from BLM

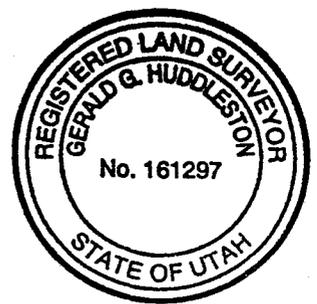
Well Location Description

BASIN EXPLORATION, INC.  
LITTLE BEAR FEDERAL 23-28  
2896' FNL & 1434' FWL  
Section 28, T.40 S., R.23 E., SLM  
San Juan County, UT  
4385' grd. el. ( from GPS)

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20 September 2000

*Gerald G. Huddleston*

Gerald G. Huddleston, LS

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

Stone Energy LLC  
 Little Bear Federal 23-28  
 2896' FNL & 1434' FWL  
 Sec. 28, 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> |
|-----------------------|-----------------|-----------------|-------------------|
| Entrada/Carmel Ss     | 0'              | 12'             | +4,385'           |
| Navajo Ss             | 249'            | 261'            | +4,136'           |
| Chinle Sh             | 1,319'          | 1,331'          | +3,066'           |
| Cutler Ss             | 2,409'          | 2,421'          | +1,976'           |
| Organ Rock Sh         | 2,517'          | 2,529'          | +1,868'           |
| Hermosa               | 4,387'          | 4,399'          | -2'               |
| Hatch Sh              | 5,263'          | 5,275'          | -878'             |
| Upper Ismay           | 5,313'          | 5,325'          | -928'             |
| Hovenweep Sh          | 5,423'          | 5,435'          | -1,038'           |
| Lower Ismay           | 5,427'          | 5,439'          | -1,042'           |
| Gothic Sh             | 5,477'          | 5,489'          | -1,092'           |
| Desert Creek          | 5,502'          | 5,514'          | -1,117'           |
| Chimney Rock Sh       | 5,647'          | 5,659'          | -1,262'           |
| Akah Sh               | 5,672'          | 5,684'          | -1,287'           |
| Total Depth (TD)*     | 5,700'          | 5,712'          | -1,315'           |

\* all elevations reflect the proposed graded ground level of 4,385'

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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        | 5,700'               |

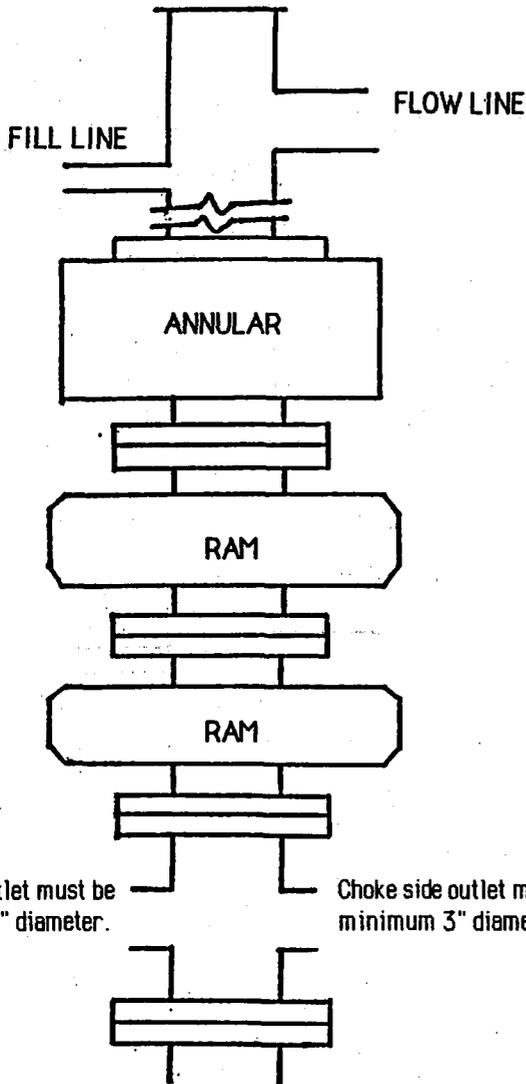
Surface casing will be cemented to the surface with 485 sx Premium Lite with 2% CaCl<sub>2</sub> + 1/4 #/sk celloflake + 8% bentonite (= 12.0 ppg and 2.27 cf/sk) and 430 sx Class G with 2% CaCl<sub>2</sub> + 1/4 #/sk celloflake (= 15.8 ppg and 1.16 cf/sk). Volumes are calculated at 100% excess. Centralizers 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 290 sx Premium Lite with 0.4% retarder + 0.3% sodium metasilicate + 10% bentonite (= 11.0 ppg and 3.15 cf/sk) and 185 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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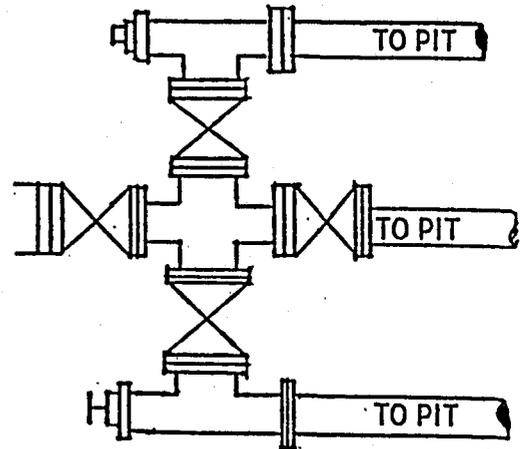
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TYPICAL BOP STACK  
 & CHOKE MANIFOLD

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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**PERMITS WEST, INC.**  
 PROVIDING PERMITS for the ENERGY INDUSTRY

Stone Energy LLC  
Little Bear Federal 23-28  
2896' FNL & 1434' FWL  
Sec. 28, 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 120' conventional core may be cut in the Desert Creek. Core point will be at the base of the Upper Desert Creek anhydrite. 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  $\approx$ 2,280 psi.

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#### 8. OTHER INFORMATION

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The anticipated spud date is August 1, 2001. It is expected it will take  $\approx$ 2 weeks to drill and  $\approx$ 2 weeks to complete the well.

Stone Energy LLC  
Little Bear Federal 23-28  
2896' FNL & 1434' FWL  
Sec. 28, T. 40 S., R. 23 E.  
San Juan County, Utah

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## Surface Use Plan

### 1. DIRECTIONS & EXISTING ROADS (See Pages 12 & 13)

From the junction of U-163 & U-262 in Montezuma Creek ...  
Go W 6 miles on U-163 to the equivalent of Milepost 49.9  
Then turn left at a pump jack on the south side of the road  
Go between the guard rail and pump jack  
Go S 0.5 mi. down the bottom of and to the mouth of McCracken Canyon  
Then turn left and go SE 0.4 mi. on a flagged route  
Then turn right and go S 0.1 mi. on a flagged route to the well pad

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

*This APD is also serving as a BLM road right-of-way application for the north most mile of road. Dimensions are 5,280' x 20' = 2.42 acres. Road crosses SESE Sec. 20, S2NW4 Sec. 28, & E2NE4 Sec. 29, T. 40 S., R. 23 E.*

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### 2. ROAD TO BE UPGRADED OR BUILT (See Page 13)

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.

No existing road will be upgraded. The final mile of access will be flat bladed with a 16' wide running surface. Pit run and geotextile fabric will be used as needed for surfacing. Maximum disturbed width will be 20'. Maximum cut or fill is 3'. Maximum grade is 8%.

No turnout is needed. One cattleguard will be installed in the fence at the mouth of McCracken Canyon.

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If the well is a producer, the final mile 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, gravel, culverts, and especially low water crossings. A locked gate will be installed at the guard rail if production results.

The McCracken Wash bottom portion will be an all weather linear low water road. It will be built so water flows over the road. The road will not impede the flow. Travel surface will be built so the the top of the road is at grade with the surface of the wash. This may necessitate excavating 6" to 8" deep, placing the excavated sand above the high water mark at the mouth of the canyon, lining the shallow trench with geotextile fabric, and then back filling with pit run.

The floodplain portion (south most 0.1 mi.) will be crowned and ditched. Five minimum 18" x 20' CMP culverts will be installed. Additional culverts will be added as needed so the road does not impede the flow.

### 3. EXISTING WELLS (See Page 13)

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

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### 4. PROPOSED PRODUCTION FACILITIES

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Production will be piped north  $\approx 5,211.42'$  to Stone's proposed Holy Cross well site. The route will parallel the access road for the south most 3,162.5'. Pipe will be a  $\approx 4"$  O.D. coated, wrapped, welded steel pipeline laid on the surface where above the high water line. It will be buried at least 36" deep where below the high water line. Wall thickness will be 0.109". Operating

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pressure will be  $\approx$ 300 psi. Burst pressure is  $\approx$ 1,530 psi. Pipe will be tested with water to  $\approx$ 500 psi before use. Test water will discharge into the Holy Cross reserve pit. All but the south most 92.57 pipe is off lease for which a separate right-of-way application will be filed.

A separator, meter run, dehydrator, and above ground tank battery will be installed separate from the Holy Cross facilities, but on the same pad. All will be painted a flat Desert Brown color. Tanks will be surrounded by an impermeable dike with sufficient capacity to hold 150% of the volume of the largest tank within the dike.

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

#### 5. WATER SUPPLY

Stone will use Montezuma Well Service's already permitted existing water well in NWNE 36-40s-23e (09-1428; A60998).

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

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

Any cultural and/or paleontology resource (historic or prehistoric site or object) discovered by Stone, or any person working on their behalf, will be immediately reported to BLM (435-587-2141). Stone 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 to determine appropriate action to prevent the loss of significant cultural or scientific values. Stone will be responsible for the cost of evaluation. Any decision as to proper mitigation measures will be made by BLM after consulting with Stone.

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PROVIDING PERMITS TO LAND USERS

Stone Energy LLC  
Little Bear Federal 23-28  
2896' FNL & 1434' FWL  
Sec. 28, T. 40 S., R. 23 E.  
San Juan County, Utah

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Topsoil and brush will be stripped and stockpiled east of the pad. Pad will be built up with material excavated from the east and west sides of the pad. Rip rap will be placed on the east side of the pad. Rock and gravel will be hauled from an existing source off BLM land.

#### 7. WASTE DISPOSAL

Extra steel mud tanks will be used instead of a reserve pit. Tank contents will be hauled to the Holy Cross reserve pit.

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. No trash will be buried or burned.

#### 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, 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.

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Stone Energy LLC  
Little Bear Federal 23-28  
2896' FNL & 1434' FWL  
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San Juan County, Utah

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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

All construction is 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

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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

The field representative will be:

Gerald Gentry, Operations Manager  
Stone Energy LLC  
1670 Broadway, Suite 2800  
Denver, Co. 80202-4801  
(303) 685-8000

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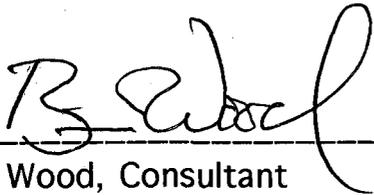
Stone Energy LLC is considered to be the operator of the Little Bear Federal 23-28 well in the NESW 28-40s-23e, Lease UTU-73064, San Juan County, Utah, and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands. Bond (#B7680) coverage for this well 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. Bond had been in the name of Basin Exploration, Inc. which has now merged into Stone Energy LLC.

I hereby certify Stone Energy LLC has the necessary consents from the proper lease and unit interest owners to conduct lease operations in

Stone Energy LLC  
Little Bear Federal 23-28  
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conjunction with this APD. Bond coverage *per* 43 CFR 3104 for lease activities will be provided by Stone Energy LLC. 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 Stone Energy LLC. 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

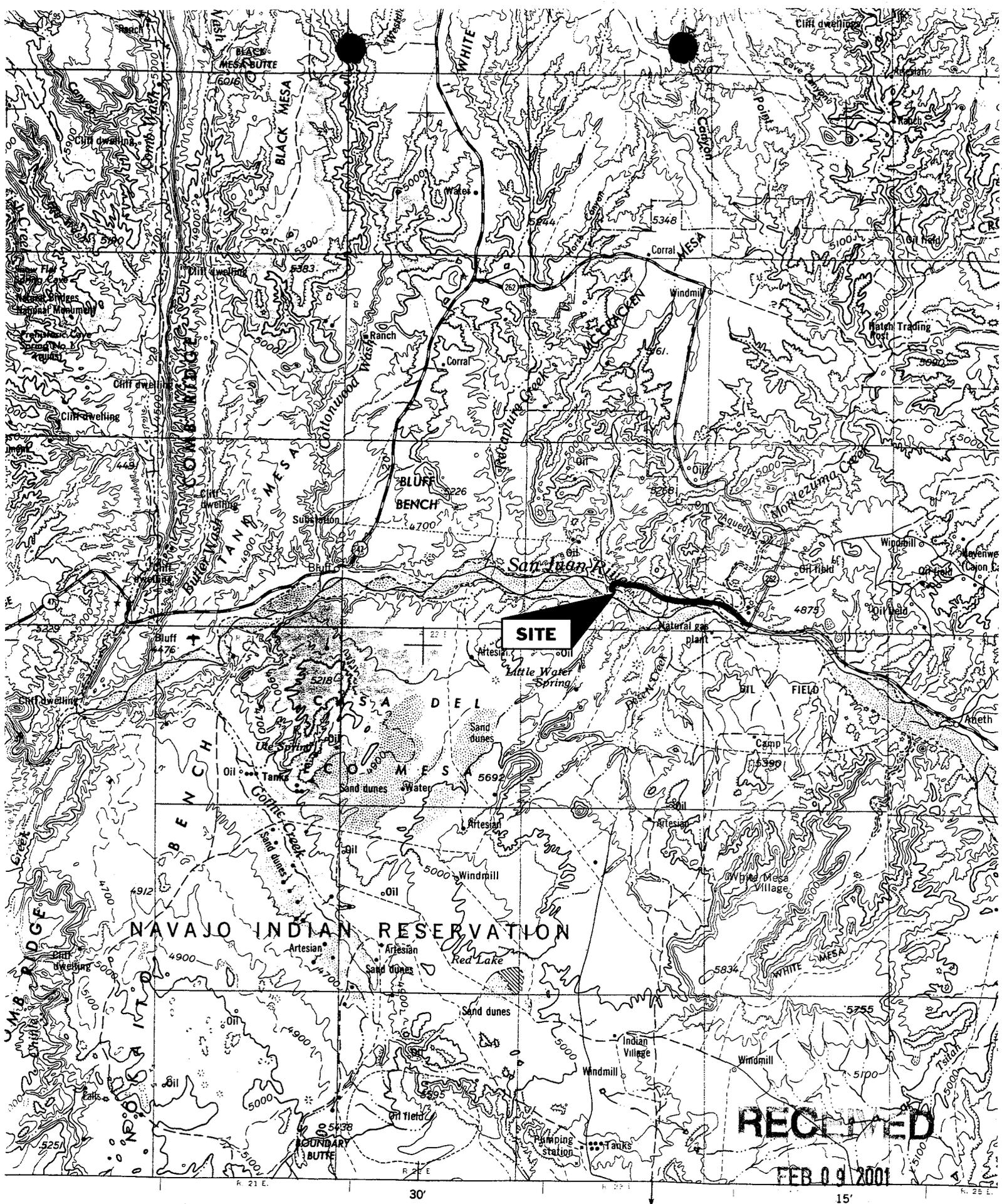
February 2, 2001  
Date

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PROVIDING PERMITS for LAND USERS



**SITE**

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**LEGEND**

Figures in red denote approximate distances in miles between stars

- POPULATED PLACES
- ROADS Primary all-weather hard surface



RED MESA 1 MI.

R. 21 E.

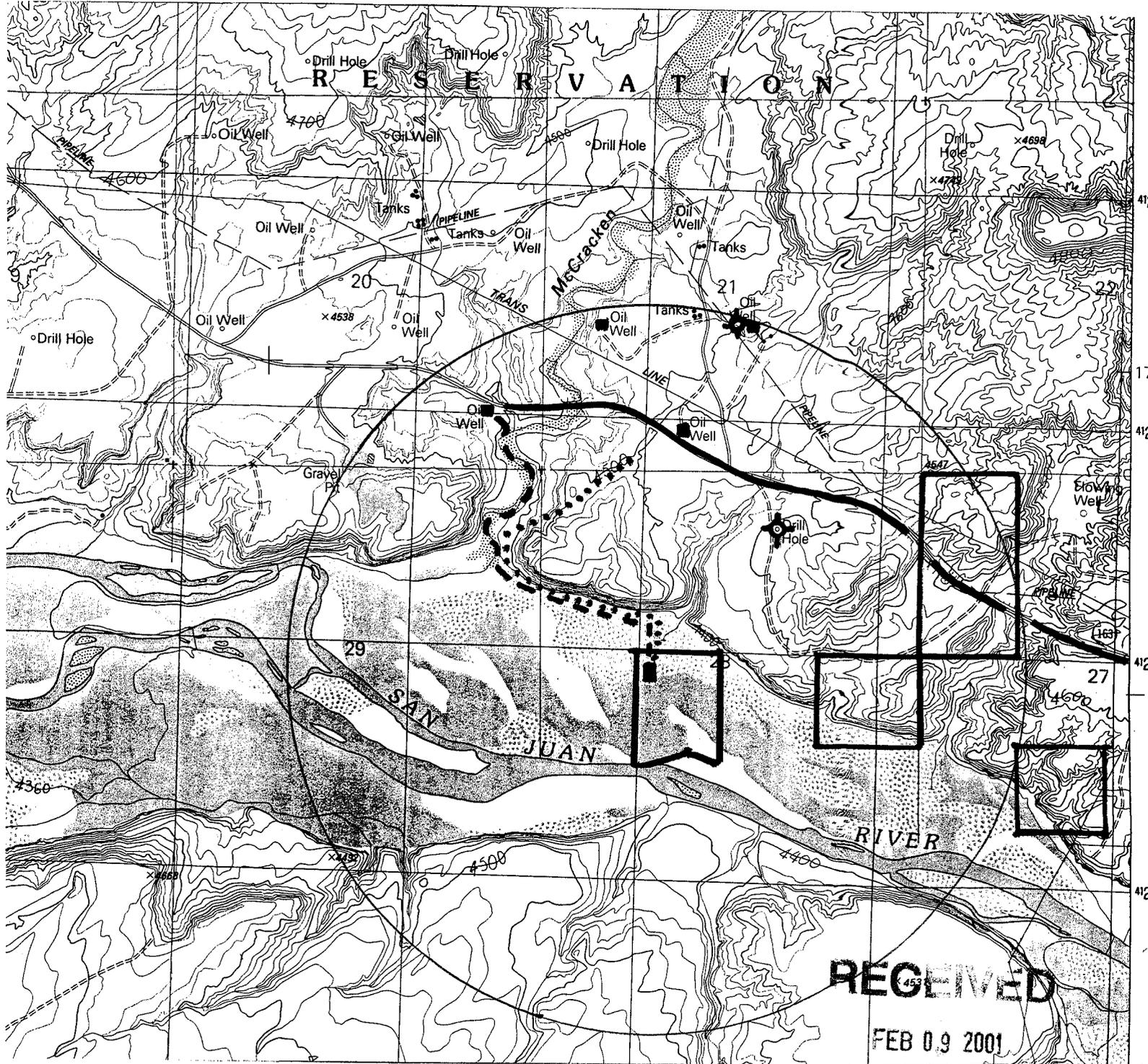
30'

R. 22 E.

15'

R. 23 E.

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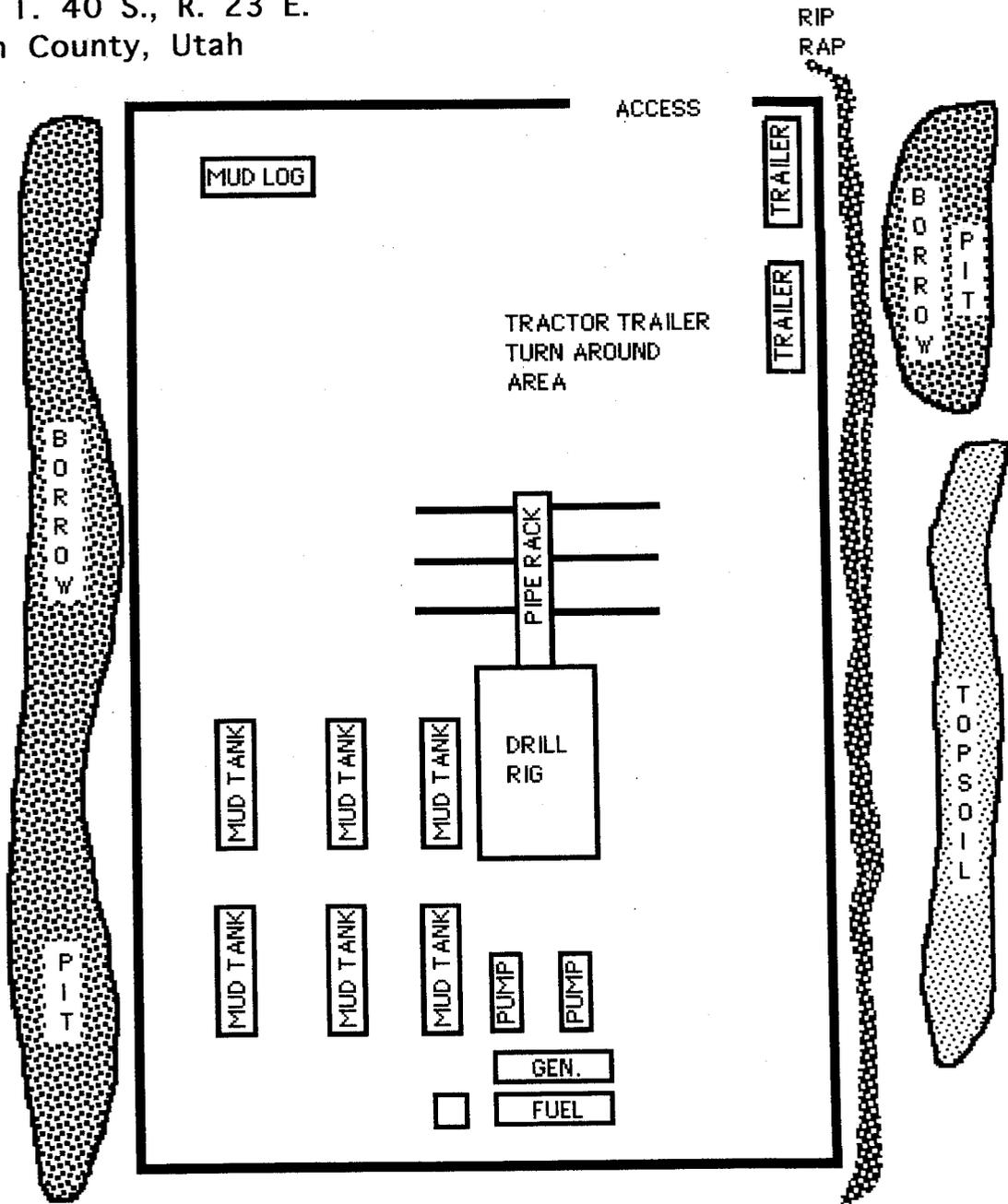
- PROPOSED WELL: ■
- EXISTING WELL: ●
- P&A WELL: ⊕
- LEASE: ⌞
- PROPOSED ROAD: - - -
- EXISTING ROAD: ~ ~ ~
- PROPOSED PIPELINE: · · ·

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NORTH



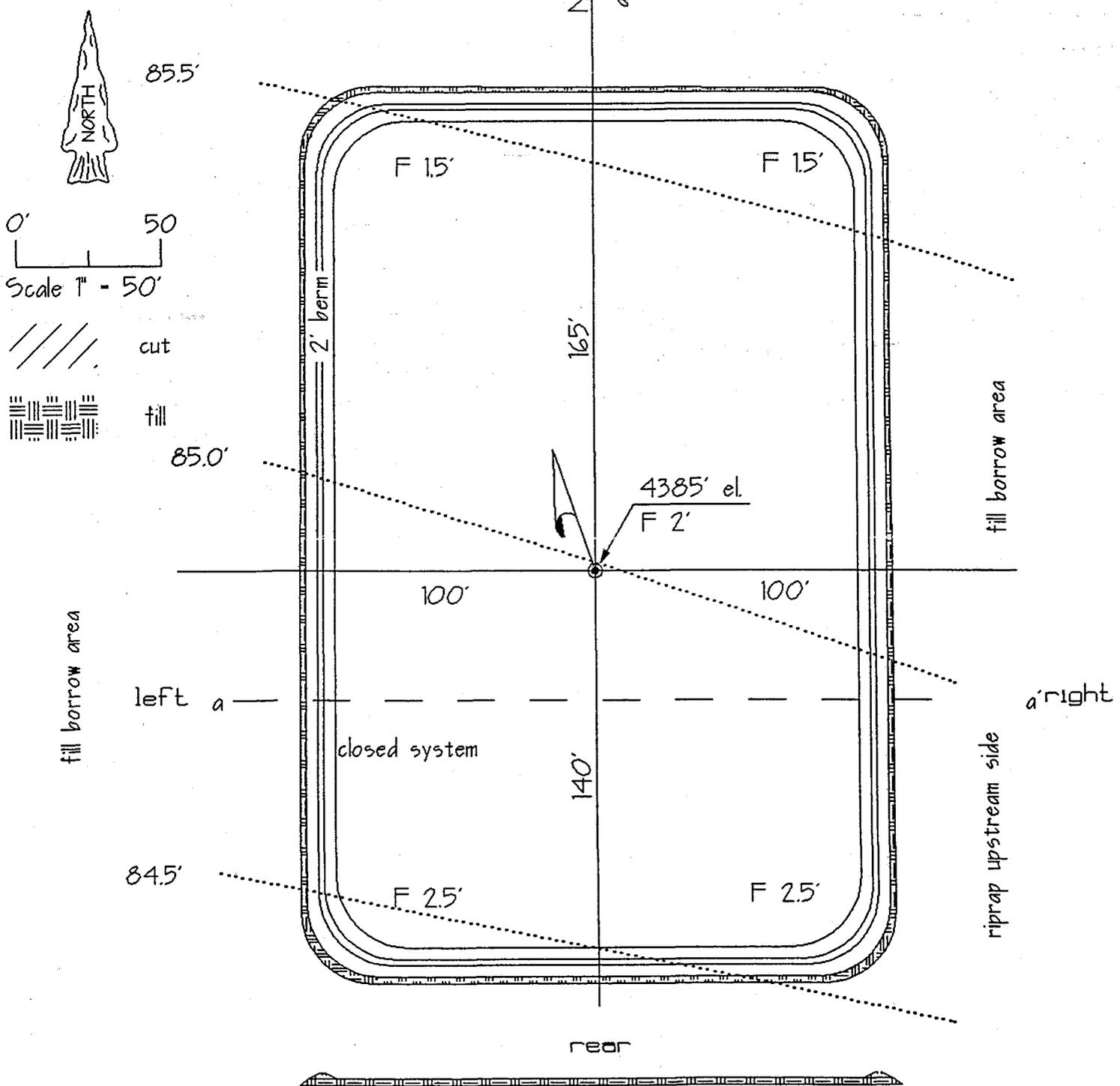
1" = 50'

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Little Bear Federal 23-28  
well pad & section



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Cross section

a

**WORKSHEET  
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 02/09/2001

API NO. ASSIGNED: 43-037-31812

WELL NAME: LITTLE BEAR FED 23-28  
 OPERATOR: STONE ENERGY LLC ( N1555 )  
 CONTACT: BRIAN WOOD, AGENT

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:  
 NESW 28 400S 230E  
 SURFACE: 2896 FNL 1434 FWL  
 BOTTOM: 2896 FNL 1434 FWL  
 SAN JUAN  
 RECAPTURE CREEK ( 435 )

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

LEASE TYPE: 1-Federal  
 LEASE NUMBER: UTU-73064  
 SURFACE OWNER: 1-Federal

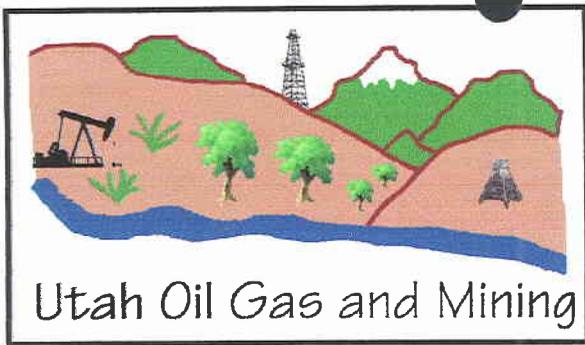
PROPOSED FORMATION: IS-DC

RECEIVED AND/OR REVIEWED:  
 Plat  
 Bond: Fed<sup>[1]</sup> Ind[] Sta[] Fee[]  
 (No. B7680 )  
 Potash (Y/N)  
 Oil Shale (Y/N) \*190-5 (B) or 190-3  
 Water Permit  
 (No. 09-1428 )  
 RDCC Review (Y/N)  
 (Date: \_\_\_\_\_ )  
 Fee Surf Agreement (Y/N)

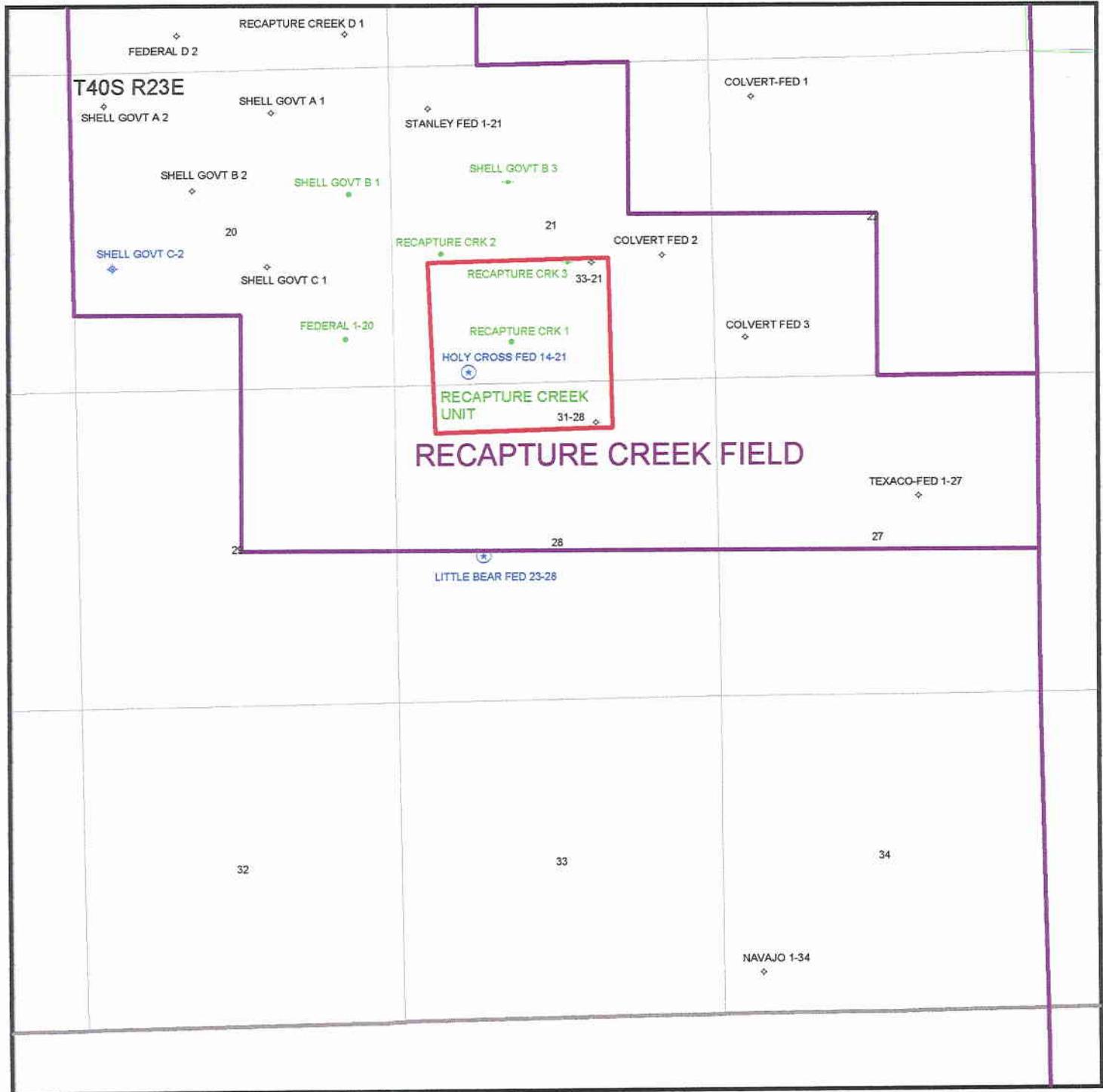
LOCATION AND SITING:  
 \_\_\_ R649-2-3. Unit \_\_\_\_\_  
 \_\_\_ R649-3-2. General  
 Siting: 460 From Qtr/Qtr & 920' Between Wells  
 R649-3-3. Exception  
 \_\_\_ Drilling Unit  
 Board Cause No: \_\_\_\_\_  
 Eff Date: \_\_\_\_\_  
 Siting: \_\_\_\_\_  
 \_\_\_ R649-3-11. Directional Drill

COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

STIPULATIONS: ① FEDERAL APPROVAL  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



OPERATOR: STONE ENERGY LLC (N1555)  
 FIELD: RECAPTURE CREEK (435)  
 SEC. 28, T40S, R23E,  
 COUNTY: SAN JUAN SPACING: R649-3-3/EX LOC





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)

February 15, 2001

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

Re: Little Bear Federal 23-28 Well, 2896' FNL, 1434' FWL, NE SW, Sec. 28, 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.

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 43-037-31812.

Sincerely,

for John R. Baza  
Associate Director

er

Enclosures

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

**Operator:** Stone Energy, LLC  
**Well Name & Number** Little Bear Federal 23-28  
**API Number:** 43-037-31812  
**Lease:** UTU-73064

**Location:** NE SW      **Sec.** 28      **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.



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-73064**

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

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

8. Well Name and No. **LITTLE BEAR FED. 23-28**

9. API Well No. **43-037-31812**

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)  
**2896' FNL & 1434' FWL 28-40s-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            |   |

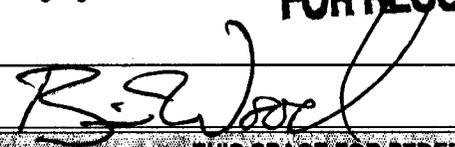
13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths 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  $\approx 800'$ . First stage will be  $\approx 305$  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  $\approx 400$  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  $\geq 30\%$ .

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

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

**FOR RECORD ONLY**

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

**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 in any document or statement 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**



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
U.S. ARMY ENGINEER DISTRICT, SACRAMENTO  
CORPS OF ENGINEERS  
1325 J STREET  
SACRAMENTO, CALIFORNIA 95814-2922

October 10, 2001

Regulatory Branch (200100566)

Stone Energy, LLC  
1670 Broadway  
Suite 2800  
Denver, Colorado 80202

Dear Sir or Madam:

*Sec. 28, T40S, R23E 43-037-31812*

This letter concerns the joint Section 404/State stream alteration permit application submitted by Stone Energy for construction of the Little Bear Fed. 23-28 well, road and pipeline in and adjacent to McCracken Wash and the San Juan River. The proposed project would traverse land managed by the Bureau of Land Management (BLM), within Sections 20, 28 and 29, Township 40 South, Range 23 East, in San Juan County, Utah.

The U.S. Fish and Wildlife Service (FWS) has indicated that this project is likely to adversely affect federally-listed species and/or designated critical habitat. Thus, on September 12, 2001, the Utah State Division of Water Rights deferred your permit application to this office for processing. Copies of the letters from the FWS and the Division of Water Rights are enclosed.

We understand that the BLM is consulting with the FWS pursuant to Section 7 of the Endangered Species Act. Therefore, we are returning your permit application as incomplete pending issuance of a biological opinion from the FWS on the impacts of the proposed project on threatened or endangered species. Once the FWS has rendered an opinion, you may resubmit a permit application to this office for processing. In the meantime, your application will be considered withdrawn.

Please reference our identification number 200100566 in any correspondence concerning this project. If you have any questions, please contact me at 278 Sawyer Drive, #1, Durango,

RECEIVED  
OCT 15 2001  
DIVISION OF  
OIL, GAS AND MINING

Colorado 81303, telephone (970) 375-9452, or by email at  
Lesley.A.McWhirter@usace.army.mil.

Sincerely,

-Original signed-

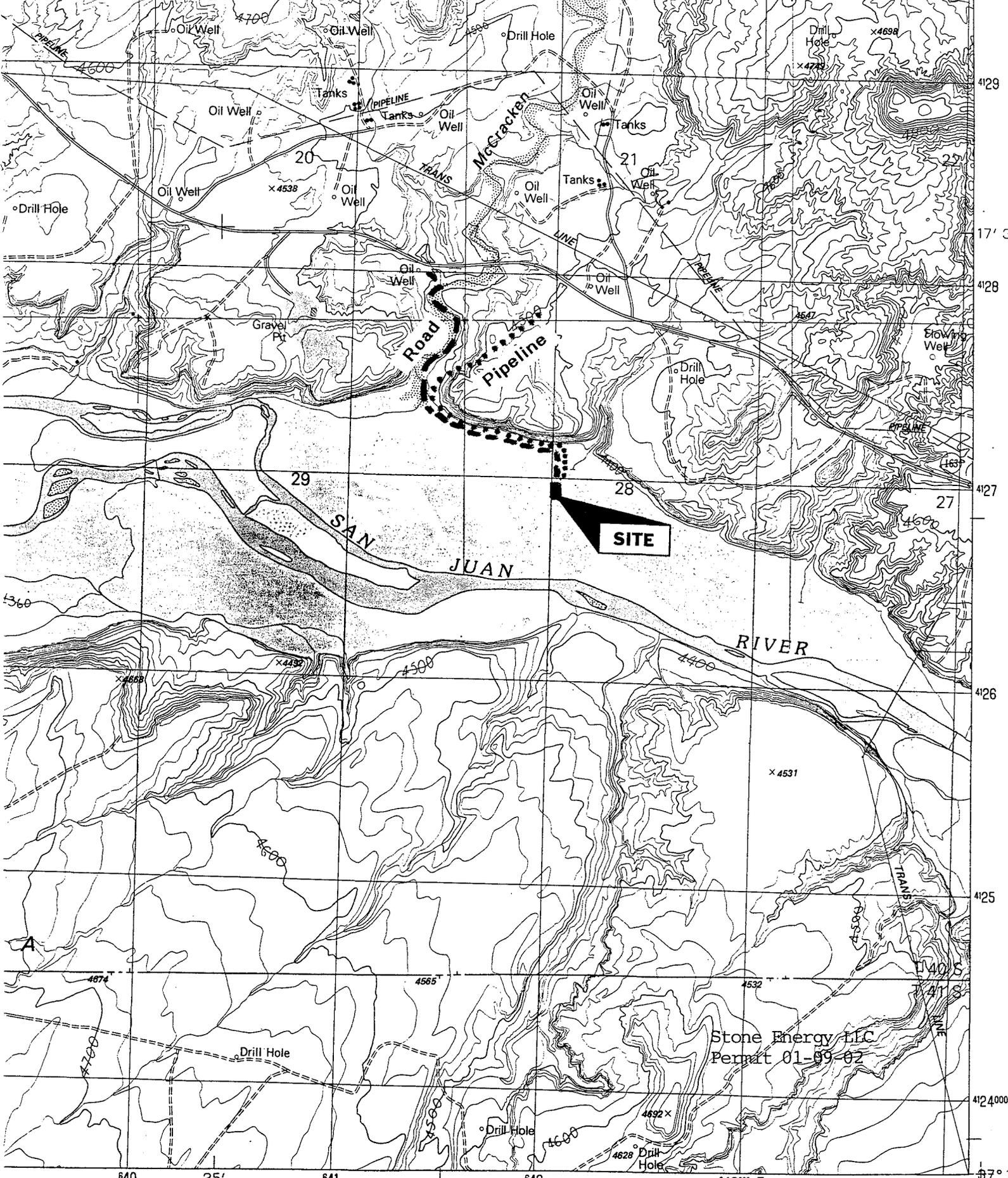
Lesley A. McWhirter  
Chief, Durango Regulatory Office  
Sacramento District

Enclosures

Copies furnished:

Ms. Jessica Gourley, U.S. Fish and Wildlife Service, Utah Field  
Office, 145 East 1300 South, Suite 404, Salt Lake City, UT  
84115  
Mr. Bob Woyedwodzic, Bureau of Land Management, P. O. Box 7,  
Monticello, UT 84535  
Mr. Daren Rasmussen, Utah Division of Water Rights, P. O. Box  
146300, Salt Lake City, UT 84114-6300  
Utah Division of Oil, Gas and Mining, 1594 W. North Temple, Suite  
1210, P. O. Box 145801, Salt Lake City, UT 84114-5801  
Mr. Brian Wood, Permits West, Inc., 37 Verano Loop, Santa Fe, NM  
87505

# RESTON



INTERIOR-GEOLOGICAL SURVEY, RESTON, VIRGINIA 1989



ROAD LEGEND

Stone Energy LLC  
Permit 01-99-02



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF WATER RIGHTS

Michael O. Leavitt  
Governor  
Kathleen Clarke  
Executive Director  
Robert L. Morgan  
State Engineer

1594 West North Temple, Suite 220  
PO Box 146300  
Salt Lake City, Utah 84114-6300  
801-538-7240  
801-538-7467 (Fax)

RECEIVED  
DURANGO REG. OFFICE  
17 SEPO1

September 12, 2001

Leslie McWhirter  
Corps of Engineers  
Durango Regulatory Office  
278 Sawyer Drive, #1  
Durango, CO 81303

RE: Stream Alteration Permit Applications No. 01-09-02SA and 01-09-04SA to build a road and well site on the San Juan River and McCracken Wash in San Juan County.

The U.S. Fish and Wildlife Service has indicated that the Colorado pike minnow (*Ptychocheilus lucius*) and the razorback sucker (*Xyrauchen texanus*), both listed as Threatened under the Endangered Species Act, currently inhabit this portion of the San Juan River. We are therefore deferring this application to you for processing.

If you have any questions or comments, please contact Leslie McWhirter at 970-375-9452.

Sincerely,

Robert L. Morgan, P.E.  
State Engineer

RLM/jm

Enclosures

cc: Mark Page - Regional Engineer  
Stone Energy, L.L.C.

APR 26 2001

Western Colorado Regulatory Office



# United States Department of the Interior FISH AND WILDLIFE SERVICE

UTAH FIELD OFFICE  
LINCOLN PLAZA  
145 EAST 1300 SOUTH, SUITE 404  
SALT LAKE CITY, UTAH 84115

RECEIVED  
APR 23 2001  
Nick

In Reply Refer To  
(CO/KS/NE/UT)

April 19, 2001

Mr. Daren Rasmussen, Stream Alteration Specialist  
Utah Division of Water Rights  
1594 West North Temple, Suite 220  
Box 146300  
Salt Lake City, Utah 84114-6300

RE: Stream Channel Alteration Application No. 01-09-02SA, Stone Energy, LLC, San Juan River, San Juan County

Dear Mr. Rasmussen:

We have reviewed the referenced Stream Channel Alteration Application. The applicant proposes to build a road and a well site to drill for oil in the floodplain of the San Juan River. If the well site is successful at producing oil, a pipeline will be built to transport water, gas, and oil from the site to a tank battery on an adjacent 150' bluff.

This area of the San Juan River is designated as critical habitat for the Federally endangered Colorado pikeminnow (*Ptychocheilus lucius*) and razorback sucker (*Xyrauchen texanus*) and populations of these fish species currently inhabit this section of the river. Due to the sensitive nature of the San Juan River, we have serious concerns regarding any activities that may impact the fish or their habitat. In accordance with recently completed Biological Opinions for similar oil and gas drilling projects (Ouray Field Oil and Gas Project, May 1999, Coastal Oil and Gas Corp. July 2000), we believe this project is likely to adversely affect the Colorado pikeminnow and razorback sucker. Therefore, formal consultation through section 7 of the Endangered Species Act will be required and we are requesting the permit be remanded to the U.S. Army Corps of Engineers.

This response has been prepared under the authority of and in accordance with the provisions of the Fish and Wildlife Coordination Act (16 U.S.C. 661 et seq.) and the Endangered Species Act (16 U.S.C. 1531 et seq.) and represents Department of Interior comments on this application.

Thank you for the opportunity to review and comment on this application. If you have any questions or need further information please contact Jessica Gourley, Fish and Wildlife Biologist, at (801) 524-5009 ext. 133.

Sincerely,

A handwritten signature in black ink that reads "Henry R. Maddux". The signature is written in a cursive style with a large, stylized "H" and "M".

Henry R. Maddux  
Utah Field Supervisor

cc: EPA-Denver  
UDWR-SLC  
COE-Bountiful



# 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

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)

March 11, 2002

Jerry Gentry  
Stone Energy LLC  
1670 Broadway, Suite 2800  
Denver, Colorado 80202

Re: APD Rescinded – Little Bear Fed 23-28, Sec. 28, T. 40S, R. 23E – San Juan  
County, Utah, API No. 43-037-31812

Dear Mr. Gentry:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on February 15, 2001. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective February 15, 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 cursive script that reads "Lisha Cordova".

Lisha Cordova  
Reclamation Specialist

cc: Well File  
Bureau of Land Management, Moab