

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

5. LEASE DESIGNATION AND SERIAL NO.
UTU-79131

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

7. UNIT AGREEMENT NAME
N/A

8. FARM OR LEASE NAME, WELL NO.
Diablo Fed. 42-24

9. API WELL NO.

10. FIELD AND POOL OR WILDCAT
Undesignated

11. SEC., T., R., M., OR BLK. AND SURVEY OR AREA
24-40s-22e SLBM

12. COUNTY OR PARISH
San Juan

13. STATE
UT

1a. TYPE OF WORK
DRILL DEEPEN

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

2. NAME OF OPERATOR
Stone Energy, L. L. C. (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 **2144' FNL & 731' FEL** *4128657N*
At proposed prod. zone **Same** *638102E*

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)
496'

16. NO. OF ACRES IN LEASE
160

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
5,650'

20. ROTARY OR CABLE TOOLS
Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)
4,520' ungraded

22. APPROX. DATE WORK WILL START*
May 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	5,650'	≈1,110 cu. ft. & to surface

Federal Approval of this Action is Necessary

RECEIVED
MAR 26 2001
DIVISION OF
OIL, GAS AND MINING

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 3-24-01

(This space for Federal or State office use)
PERMIT NO. 43-037-31814 APPROVAL DATE _____

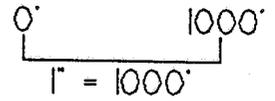
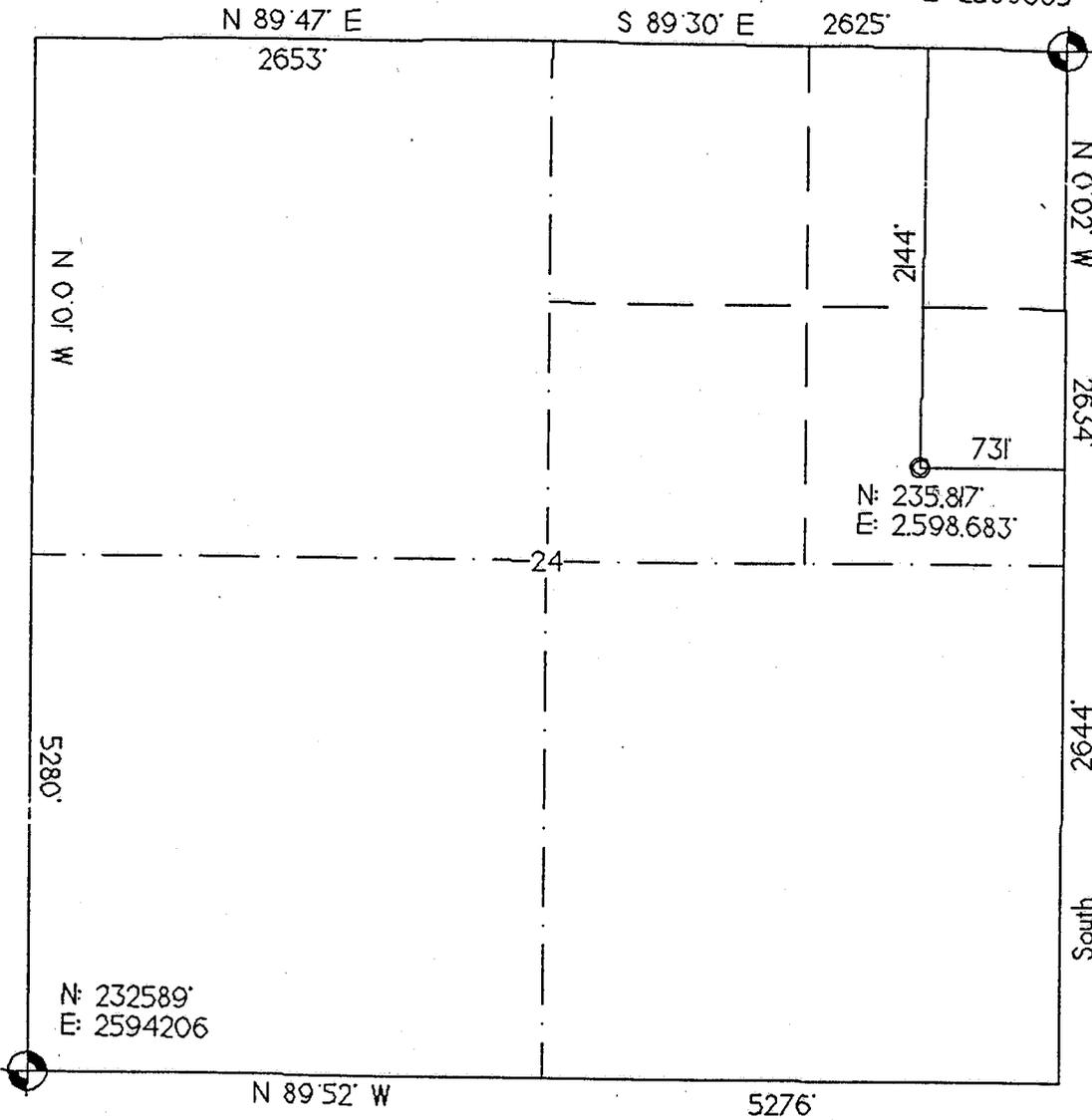
Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY *[Signature]* **BRADLEY G. HILL**
TITLE RECLAMATION SPECIALIST III DATE 05-02-01

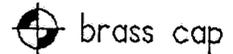
*See Instructions On Reverse Side

Location Plat

N: 237970
E: 2599365



ROTATION ANGLE + 115:45



Well Location Description

STONE ENERGY, L.L.C.
 DIABLO FEDERAL 42 - 24
 2144' FNL & 731' FEL
 Section 24, T.40 S., R.22 E., SLM
 San Juan County, UT
 4520' grd. el. (from GPS)



20 MARCH 2001

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, L. L. C.
Diablo Federal 42-24
2144' FNL & 731' FEL
Sec. 24, T. 40 S., R. 22 E.
San Juan County, Utah

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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'	+4,520'
Entrada/Carmel Ss	60'	72'	+4,460'
Navajo Ss	360'	372'	+4,160'
Chinle Sh	1,430'	1,442'	+3,090'
Cutler Ss	2,530'	2,542'	+1,990'
Organ Rock Sh	2,600'	2,612'	+1,920'
Hermosa	4,460'	4,472'	+60'
Upper Ismay	5,275'	5,287'	-755'
Hovenweep Sh	5,385'	5,397'	-865'
Lower Ismay	5,390'	5,402'	-870'
Gothic Sh	5,435'	5,447'	-915'
Desert Creek	5,475'	5,487'	-955'
Chimney Rock Sh	5,590'	5,602'	-1,070'
Akah Sh	5,620'	5,632'	-1,100'
Total Depth (TD)*	5,650'	5,662'	-1,130'

* all elevations reflect the proposed graded ground level of 4,520'

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.

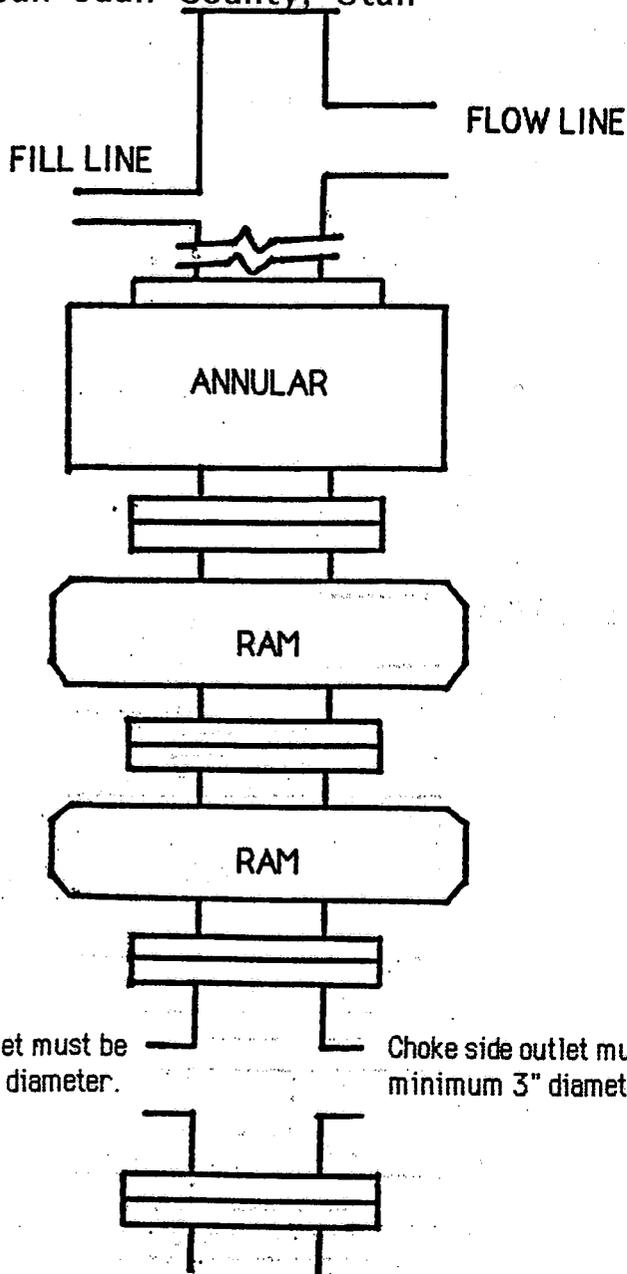
4. CASING & CEMENT

<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.

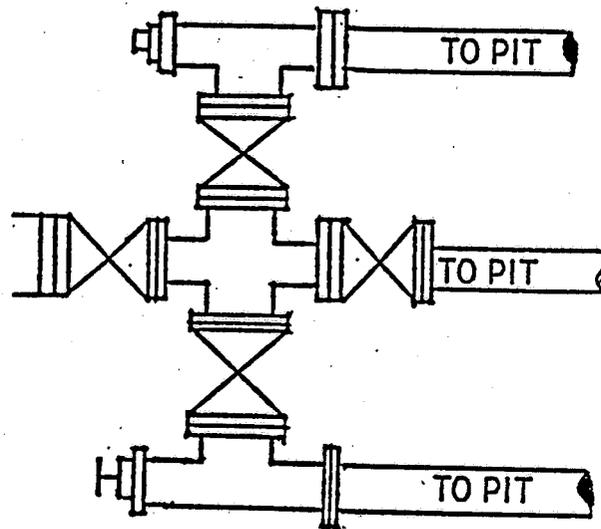
Production casing will be cemented to the surface with 285 sx Premium Lite with 0.4% retarder + 0.3% sodium metasilicate + 10% bentonite (= 11.0 ppg and 3.15 cf/sk) and 180 sx Class G with 0.15% retarder and 0.8% fluid loss additive (= 15.6 ppg and 1.18 cf/sk). Volumes are calculated at 10% excess. Centralizers will be run every other joint from TD to 4,000'.

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 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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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 May 1, 2001. It is expected it will take \approx 2 weeks to drill and \approx 2 weeks to complete the well.

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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 8.1 miles on U-163 to the equivalent of Milepost 47.9
Then turn left and go SW 0.3 mi. on dirt County Road 267/216
Then turn left and go SE 250' on a flagged route to the well pad

Roads will be maintained to a standard at least equal to their present condition. Warning signs will be posted on the hill tops east and west of 267.

2. ROAD TO BE BUILT (See Pages 12 & 15)

Dirt contractor will 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 250' 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.

If the well is a producer, the final 250' 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.

3. EXISTING WELLS (See Page 12)

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

4. PROPOSED PRODUCTION FACILITIES (See Page 13)

A wellhead, pump, separator, meter run, dehydrator, and above ground tank battery will be installed on the 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.

Gas will be piped north 2,741.24' along the west side of the county road to an Elkhorn valve. Off lease (1,218.48') authorization will be sought via a BLM right-of-way application. On lease (1,522.76') authorization is being sought via this APD. Pipe will be a ≈ 4 " O. D. welded steel pipeline laid on the surface, except where crossing the county and state roads. 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 Elkhorn's existing pipeline.

5. WATER SUPPLY

Stone will use Montezuma Well Service's permitted existing well in NWNE 36-40s-23e (#09-1428) or Melvin Gaines' permitted existing wells (#09-135 and #09-224 in 30-40s-22e).

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

Dirt contractor will have an approved copy of the surface use plan on site.

Any cultural and/or paleontology resource (historic or prehistoric site or object) discovered by Stone, or any person working on their behalf, will be

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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.

Topsoil and brush will be stripped and stockpiled west 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 $\geq 6"$ O. D. 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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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

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2144' FNL & 731' FEL
Sec. 24, T. 40 S., R. 22 E.
San Juan County, Utah

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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 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

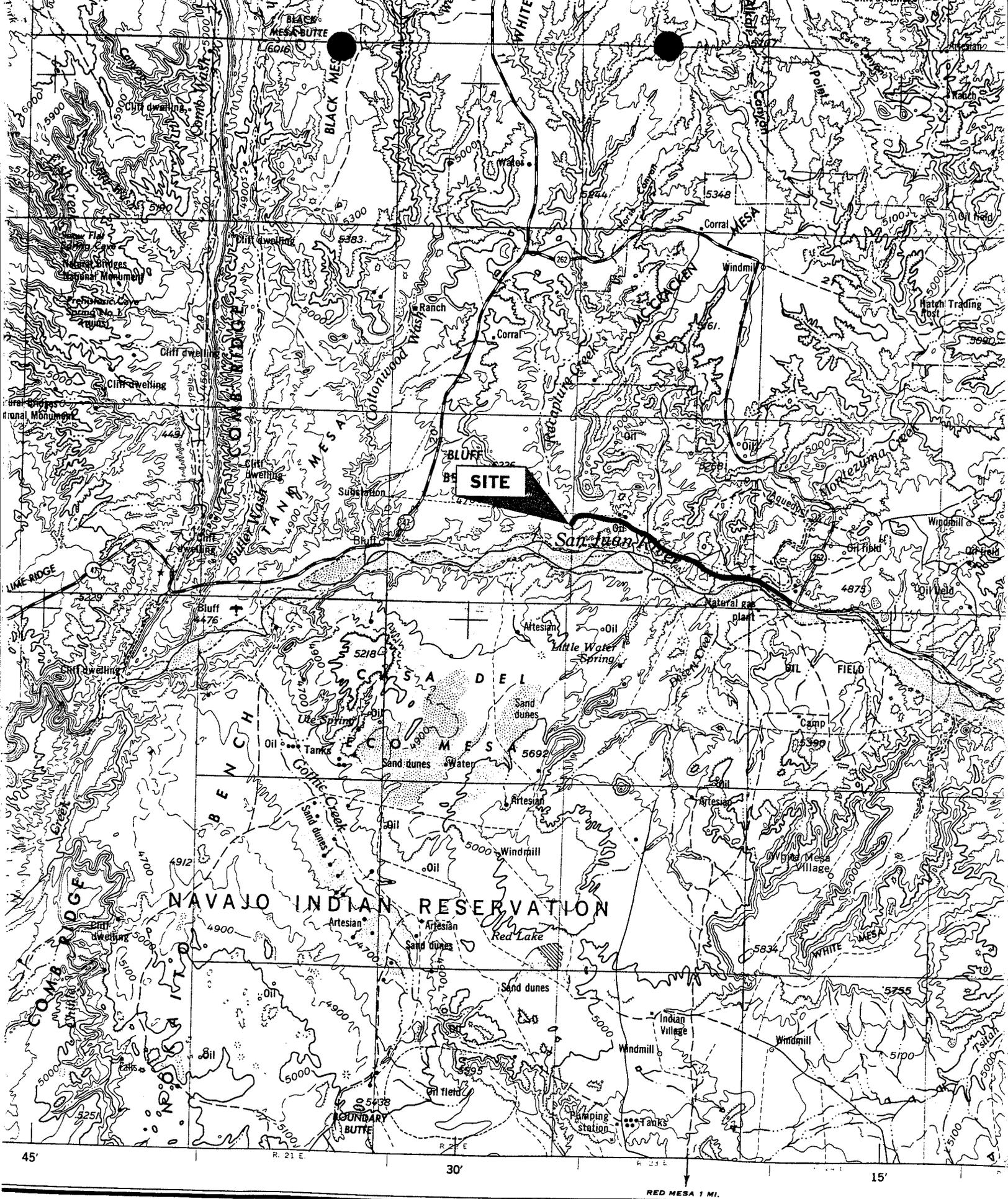
Permits West, Inc.

37 Verano Loop

Santa Fe, NM 87505

(505) 466-8120 FAX: (505) 466-9682

Cellular: (505) 699-2276



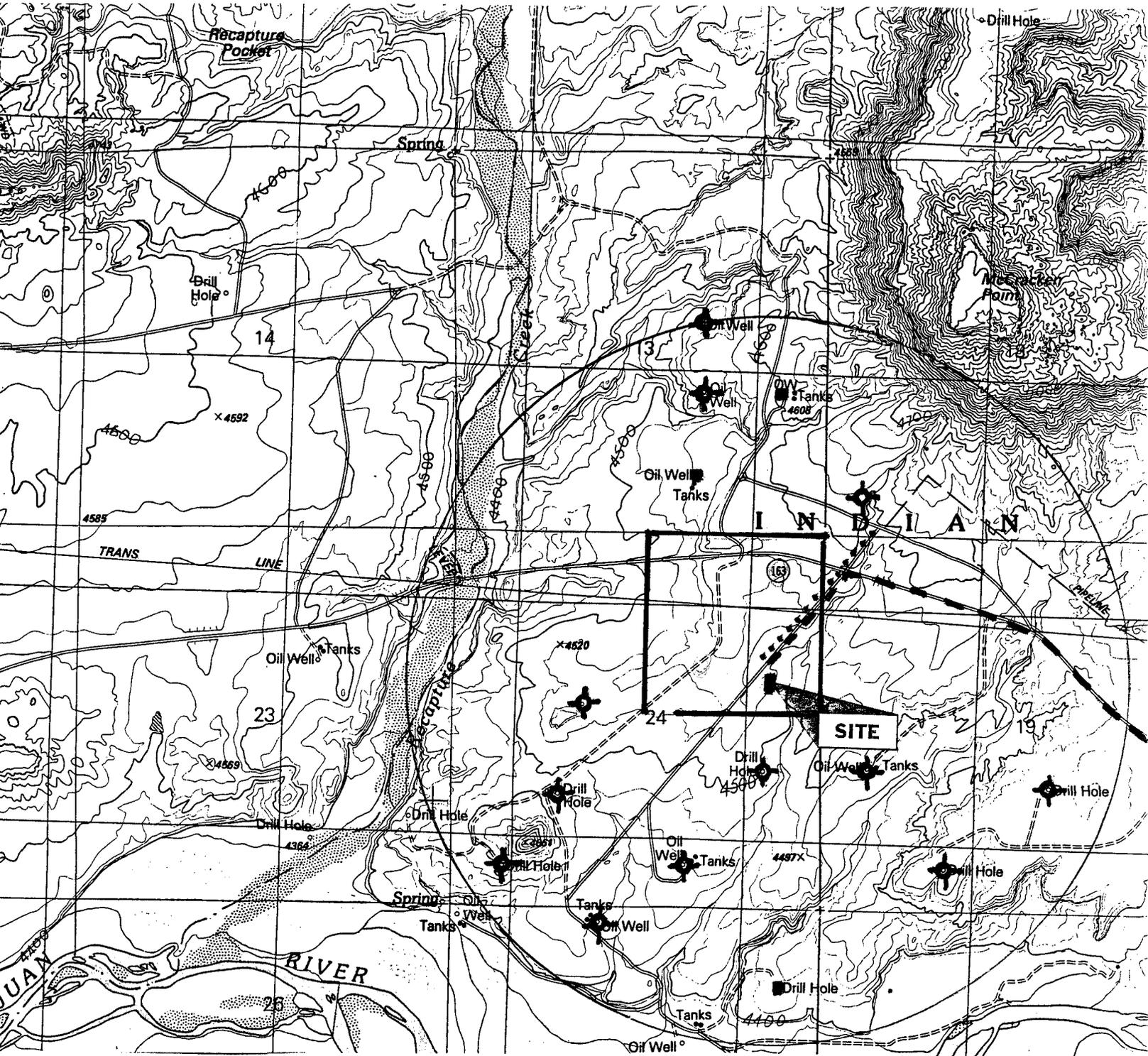
LEGEND

Figures in red denote approximate distances in miles between stars

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

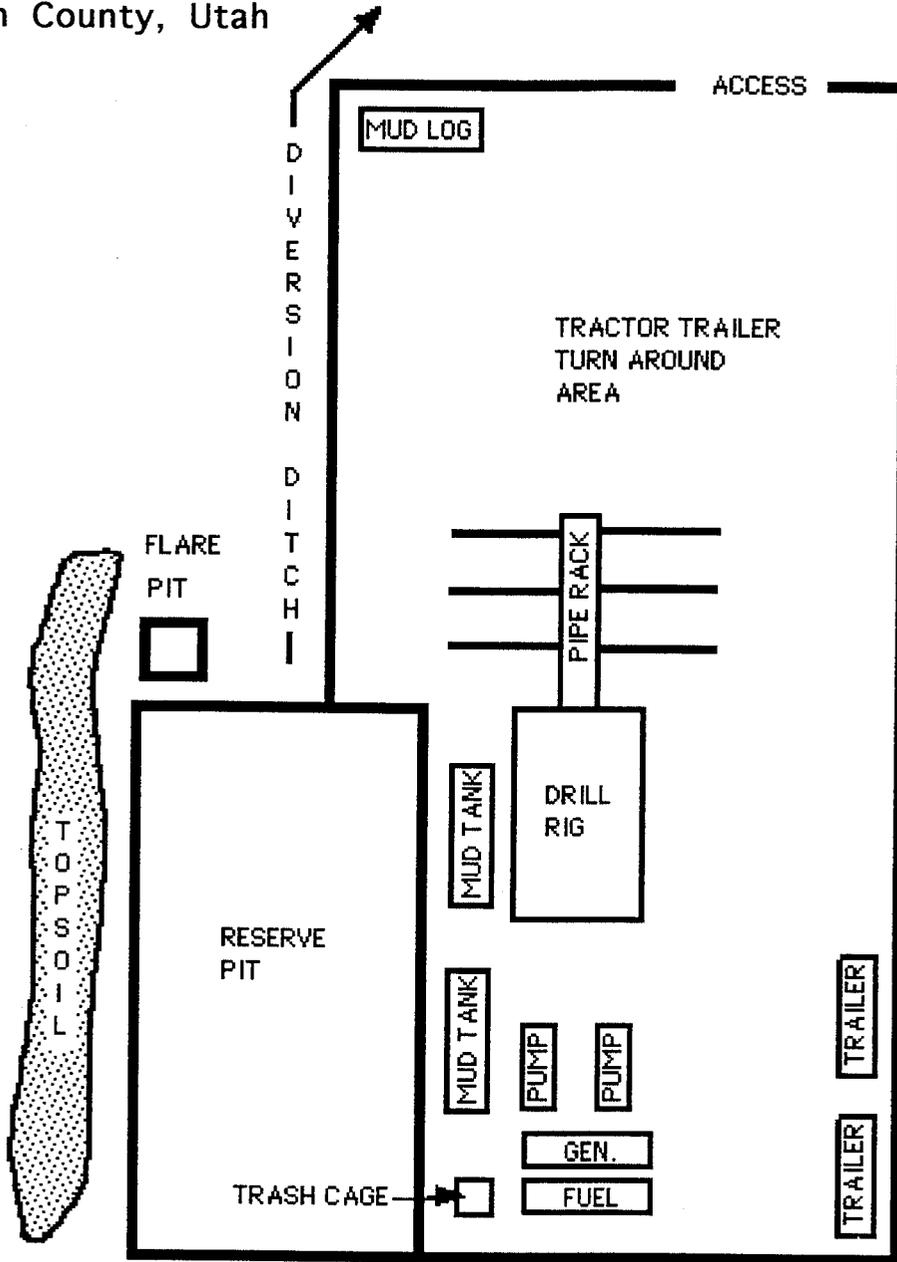


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 Diablo Federal 42-24
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 San Juan County, Utah

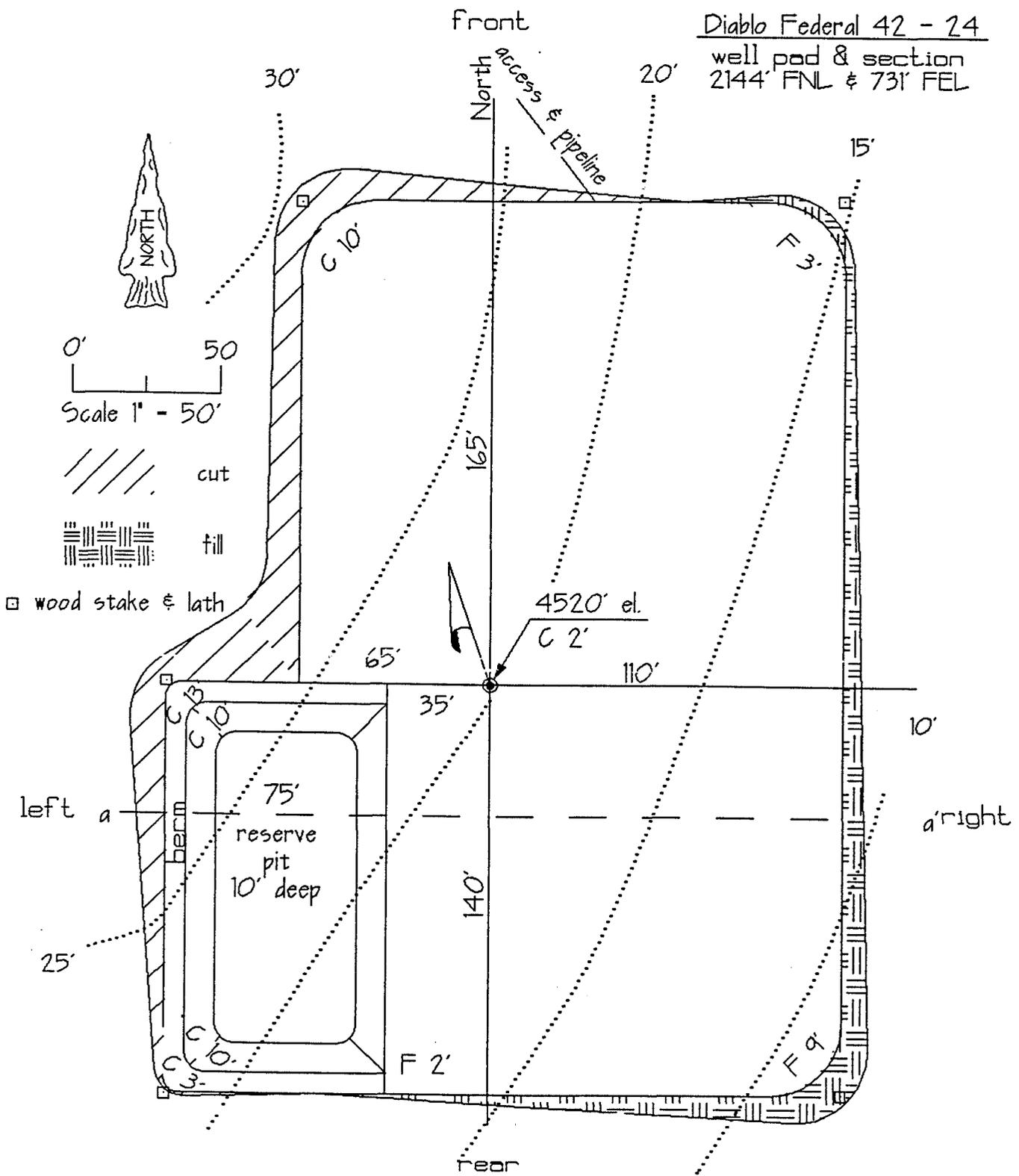


- PROPOSED WELL:
- EXISTING WELL:
- P&A WELL:
- PROPOSED GAS LINE:
- EXISTING ROAD:
- LEASE:

Stone Energy, L. L. C.
Diablo Federal 42-24
2144' FNL & 731' FEL
Sec. 24, T. 40 S., R. 22 E.
San Juan County, Utah



Diablo Federal 42 - 24
 well pad & section
 2144' FNL & 731' FEL



0' 50'
 Scale 1" = 50'

cut
 fill

□ wood stake & lath

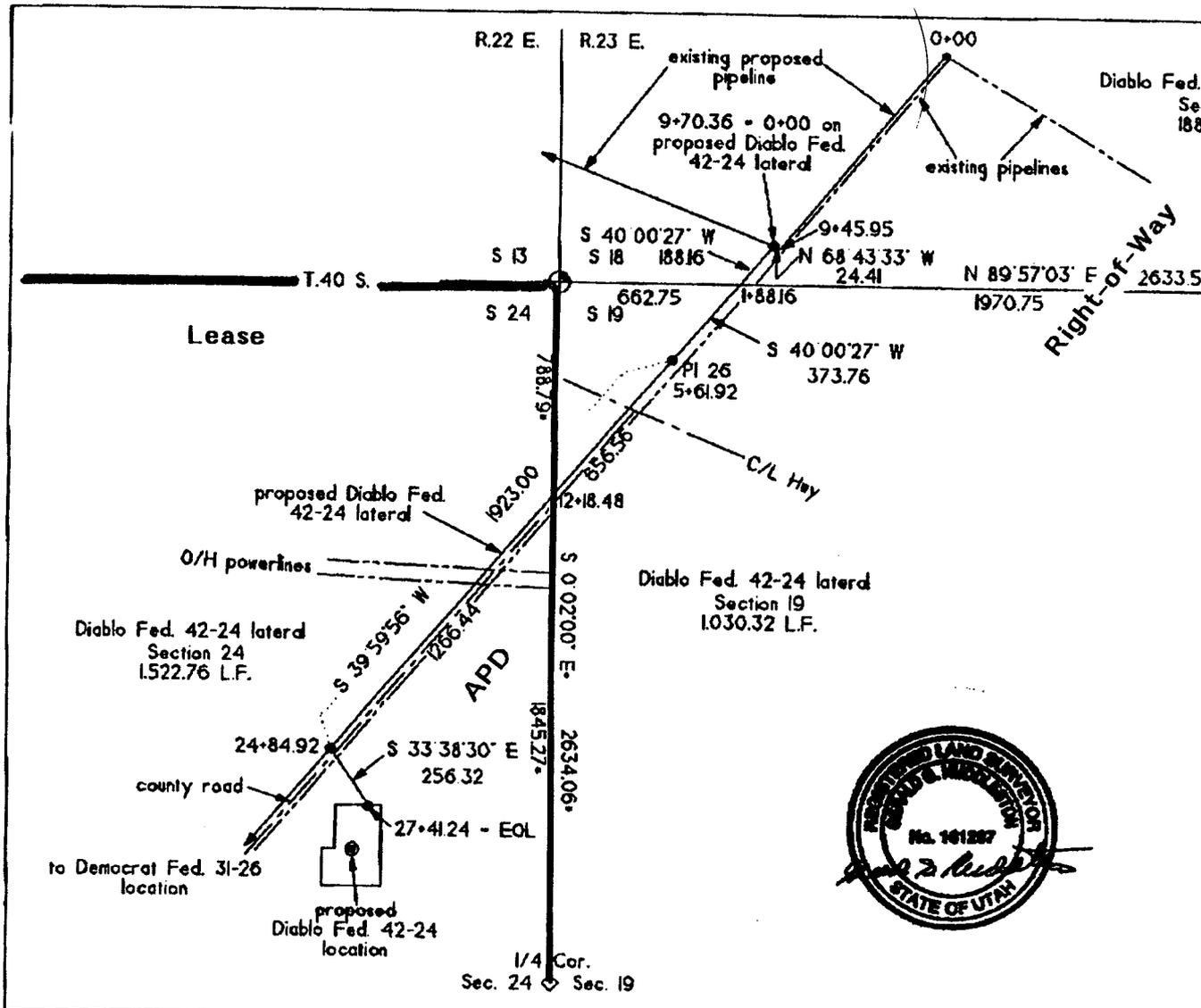
left a

a' right

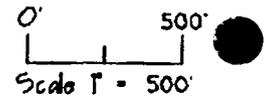
a

Cross section

a'



Basis of Bearing:
GPS state plane coordinates rotated.



- fnd. std. BLM monument
- calculated corner
- from BLM plat of record
- survey centerline PI



STONE ENERGY, L.L.C.

Proposed Diablo Federal 42-24 pipeline/access road right-of-way -

Sections 18 and 19, T.40 S., R.23 E., SLM,
and Section 24, T.40 S., R.22 E., SLM,
San Juan County, Utah

March 23, 2001

HUDDLESTON LAND SURVEYING
P.O. DRAWER KK / CORTEZ, CO 81321 / 970-565-3330

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 03/26/2001

API NO. ASSIGNED: 43-037-31814

WELL NAME: DIABLO FED 42-24
 OPERATOR: STONE ENERGY LLC (N1555)
 CONTACT: BRIAN WOOD, AGENT

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:

SENE 24 400S 220E
 SURFACE: 2144 FNL 0731 FEL
 BOTTOM: 2144 FNL 0731 FEL
 SAN JUAN
 TURNER BLUFF (475)

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

LEASE TYPE: 1-Federal
 LEASE NUMBER: UTU-79131
 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) or 190-3
 Water Permit
 (No. 09-1428)
 RDCC Review (Y/N)
 (Date: _____)
 Fee Surf Agreement (Y/N)

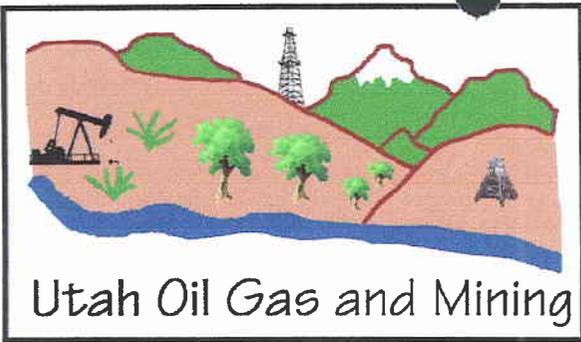
LOCATION AND SITING:

____ 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: 185-2 (80')
 Eff Date: 1-23-80
 Siting: * See order
 ____ R649-3-11. Directional Drill

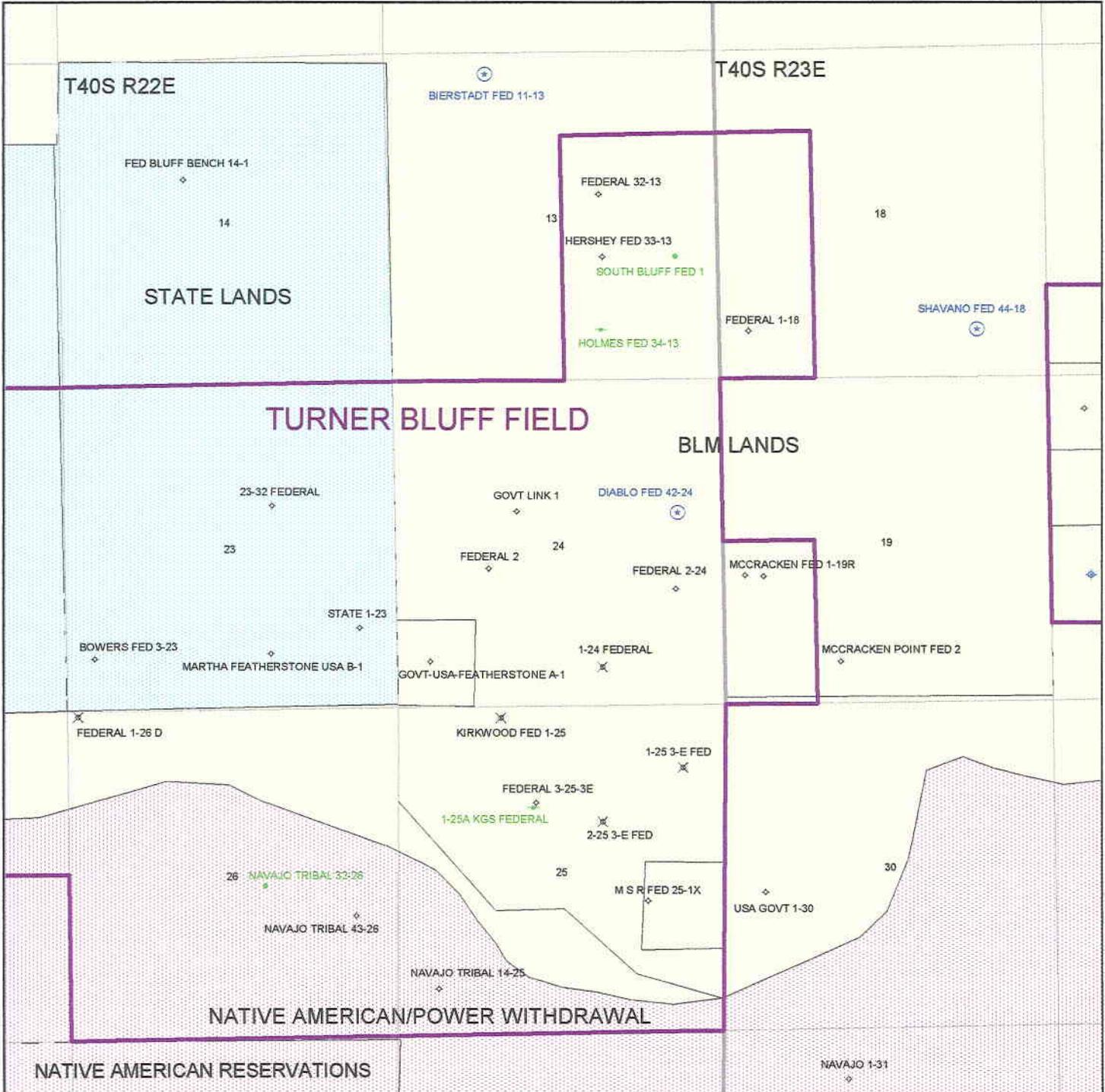
COMMENTS:

STIPULATIONS:

① FEDERAL APPROVAL



OPERATOR: STONE ENERGY LLC (N1555)
 SEC. 24, T40S, R22E
 FIELD: TURNER BLUFF (475)
 COUNTY: SAN JUAN



PERMITS WEST, INC.

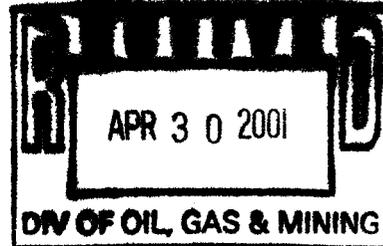
PROVIDING PERMITS for LAND USERS

47 Ventura Loop, Santa Fe, New Mexico 87505

(505) 466-8120

April 30, 2001

Lisha Cordova
Utah Div. of Oil, Gas, & Mining
P. O. Box 145801
Salt Lake City, Ut. 84114-5801
& via FAX



Dear Lisha,

On behalf of Stone Energy, L. L. C., I am requesting administrative approval of an exception location for its Diablo Federal 42-24 (2144 FNL & 731' FEL 24-40s-22e, SLBM, San Juan County).

The exception is due to geology as illustrated by the CONFIDENTIAL seismic data provided to you on April 25 by Michael Cuba and Bruce Burley. The relevant spacing order is 185-2.

The proposed well is in the SENE instead of the of the NENE or SWNE. The well is also 496' from the closest quarter-quarter line instead of the minimum 500'. The CONFIDENTIAL seismic data illustrates why the location is staked at its proposed location. Stone's lease comprises all of the NE4 Section 24. Stone owns 100% of the working interest within a minimum 660' radius of the proposed exception. Thus, no third party will be drained.

Please call me at (505) 466-8120 if you have any questions.

CONFIDENTIAL

Sincerely,

Brian Wood

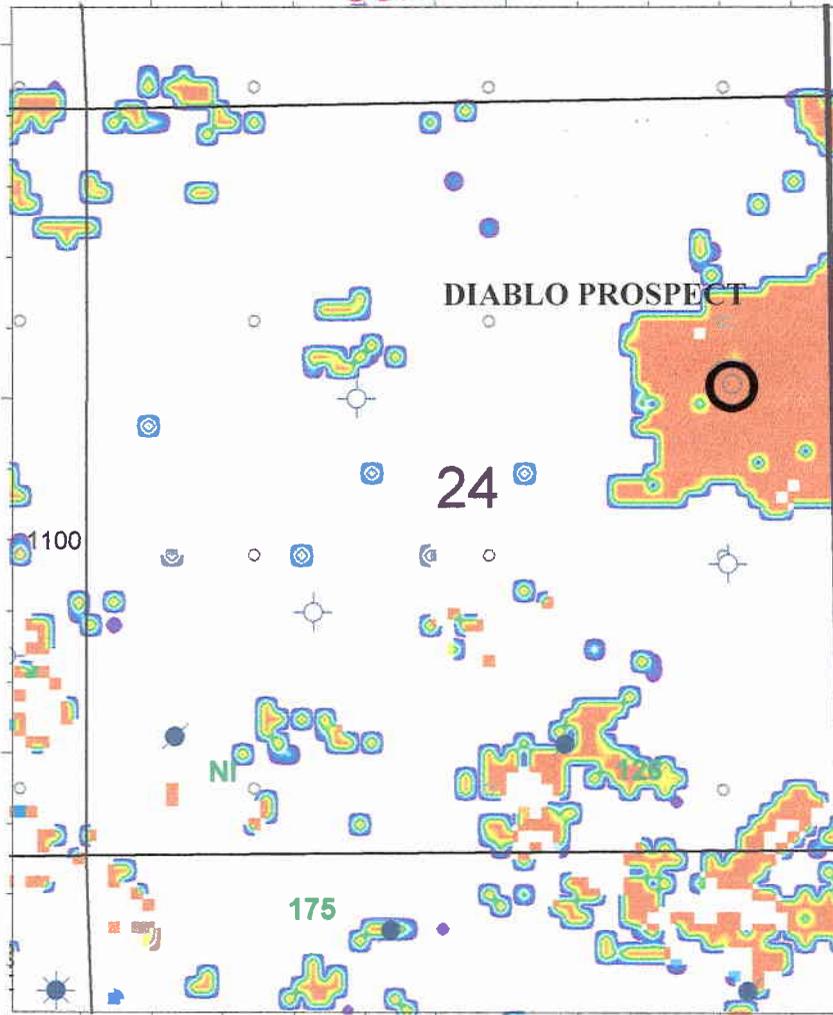
cc: Gentry

X/Y :

2594600

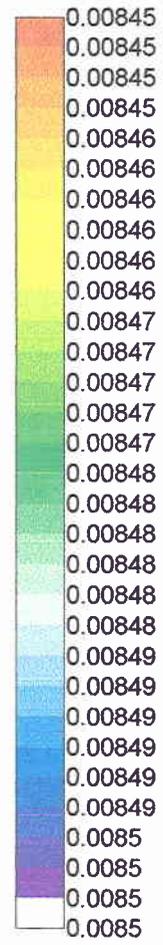
CONFIDENTIAL

235700



235700

2594600



Stone Energy
NW Aneth
Horizon: dcpk-ismay_isotime Section 24 T40S R22E

PeterM@ONSH-WS02-NT40
 04/20/01 15:25:35

The Diablo Federal #42-24 proposed wellsite is located in the SE NE Section 24 of T40S R22E. Our drilling target is based on thinning of the Desert Creek to Upper Ismay interval (shown in red).

RECEIVED

APR 25 2001

DIVISION OF OIL, GAS AND MINING

BEFORE THE BOARD OF OIL, GAS & MINING
DEPARTMENT OF NATURAL RESOURCES
IN AND FOR THE STATE OF UTAH

In the Matter of the Appli-)
cation of William W. Whitley)
for an Order Establishing) Cause No. 185-2
80-Acre Drilling and Spacing)
Units for Certain Lands)
Situated in San Juan County,)
Utah.)

ORDER

Pursuant to the application of William W. Whitley, this cause came on for hearing before the Board of Oil, Gas & Mining, Utah Department of Natural Resources, at 10:00 a.m., on Wednesday, January 23, 1980, in Room 232 of the Holiday Inn, 1659 West North Temple, Salt Lake City, Utah. The following Board members were present:

Charles R. Henderson, Chairman (presiding)

Edward T. Beck

John L. Bell

E. Steele McIntyre

C. Ray Juvelin

Also present was Cleon B. Feight, Director. The applicant was represented by Robert G. Pruitt, Jr., attorney.

NOW, THEREFORE, the Board, having considered the testimony and the exhibit received at said hearing, and being fully advised in the premises, now makes and enters the following:

FINDINGS

1. Due and regular notice of the time, place and purpose of the hearing was given to all interested in the form and in the manner and within the time required by law and the Rules and Regulations of the Board.

2. The Board has jurisdiction over the matter covered by said application and over all parties interested

therein and has jurisdiction to make and promulgate the Order hereinafter set forth.

3. The establishment of 80-acre drilling and spacing units is necessary to prevent waste of oil and associated hydrocarbons, to avoid the drilling of unnecessary wells, to protect correlative rights, to conform future well locations with existing well locations, and to insure the greatest possible economic recovery of oil and associated hydrocarbons from the Lower Ismay and Desert Creek formations. The most appropriate conformation of said 80-acre drilling and spacing units should be the $N\frac{1}{2}$ and $S\frac{1}{2}$, respectively, of each quarter section and the best location for the permitted well within each respective 80-acre drilling and spacing unit should be the $NE\frac{1}{4}$ and the $SW\frac{1}{4}$, respectively, of each quarter section within the area requested by the applicant to be spaced by this Board.

IT IS, THEREFORE, ORDERED:

1. That 80-acre drilling and spacing units, each comprising the $N\frac{1}{2}$ and $S\frac{1}{2}$, respectively, of each quarter section shall be established for the following-described lands:

Township 40 South, Range 22 East, SLM

Section 23: All
Section 24: All
Section 25: All
Section 26: $N\frac{1}{2}$

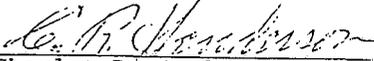
2. That the approved location for each well within each respective 80-acre drilling and spacing unit shall be designated as the $NE\frac{1}{4}$ and the $SW\frac{1}{4}$, respectively, of each quarter section within the above-described lands.

3. The permitted well for each drilling unit shall be not less than 500 feet from any property or lease line or governmental quarter-quarter section line; provided, however, that an exception location may be granted administratively by the Division without notice or hearing by the Board upon filing an application therefor and showing (a) that topographic, hydrologic or geologic conditions exist which require an

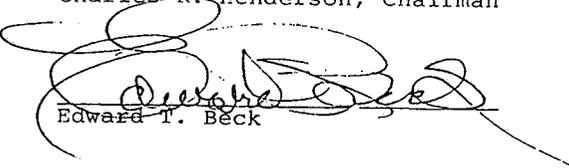
exception location, or (b) that an exception location is necessary to conform to adjacent producing well locations either within or without the spaced area; provided, further, that all owners within a radius of 660 feet of the proposed exception location have consented in writing to the proposed exception location.

4. The Board retains continuing jurisdiction of all matters covered by this Order and over all parties affected thereby.

DATED this 23rd day of January, 1980.

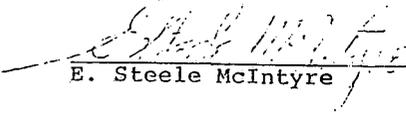


Charles R. Henderson, Chairman



Edward T. Beck

John L. Bell



E. Steele McIntyre

C. Ray Juvelin

PERMITS WEST, INC.
PROVIDING PERMITS for LAND USERS
37 Verano Loop, Santa Fe, New Mexico 87505 (505) 466-8120

April 30, 2001

Lisha Cordova
Utah Div. of Oil, Gas, & Mining
P. O. Box 145801
Salt Lake City, Ut. 84114-5801
& via FAX

CONFIDENTIAL

Dear Lisha,

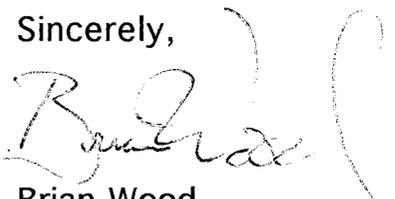
On behalf of Stone Energy, L. L. C., I am requesting administrative approval of an exception location for its Diablo Federal 42-24 (2144 FNL & 731' FEL 24-40s-22e, SLBM, San Juan County). 43-037-31814

The exception is due to geology as illustrated by the CONFIDENTIAL seismic data provided to you on April 25 by Michael Cuba and Bruce Burley. The relevant spacing order is 185-2.

The proposed well is in the SENE instead of the of the NENE or SWNE. The well is also 496' from the closest quarter-quarter line instead of the minimum 500'. The CONFIDENTIAL seismic data illustrates why the location is staked at its proposed location. Stone's lease comprises all of the NE4 Section 24. Stone owns 100% of the working interest within a minimum 660' radius of the proposed exception. Thus, no third party will be drained.

Please call me at (505) 466-8120 if you have any questions.

Sincerely,



Brian Wood

cc: Gentry



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)

May 2, 2001

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

Re: Diablo Federal 42-24 Well, 2144' FNL, 731' FEL, SE NE, Sec. 24, T. 40 South,
R. 22 East, San Juan County, Utah

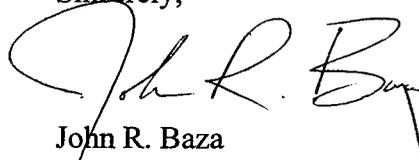
Gentlemen:

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 43-037-31814.

Sincerely,



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 Diablo Federal 42-24
API Number: 43-037-31814
Lease: UTU 79131

Location: SE NE Sec. 24 T. 40 South R. 22 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-79131**

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. **DIABLO FED. 42-34**

9. API Well No. **43-037-31814**

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)
2144' FNL & 731' FEL 35-40s-22e

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%.

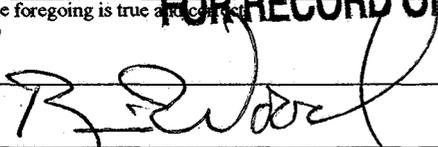
Accepted by the
Utah Division of
Oil, Gas and Mining

COPIED BY OPERATOR
Date: 06-22-01
CHD

FOR RECORD ONLY

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 _____

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 any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

RECEIVED

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
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)

July 12, 2002

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

Re: APD Rescinded – Diablo Federal 42-24, Sec. 24, T. 40S, R. 22E
San Juan, Utah API No. 43-037-31814

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 May 2, 2001. On June 24, 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 June 24, 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 "Diana Mason".

Diana Mason
Engineering Technician

cc: Well File
Bureau of Land Management, Moab