

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
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: **1773' FNL & 750' FEL** *4133543 H*
 At proposed prod. zone: **Same** *SENE* *634814 E*

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

15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drlg. unit line, if any)	750'	16. NO. OF ACRES IN LEASE	1,480	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.	>2,500'	19. PROPOSED DEPTH	5,800'	20. ROTARY OR CABLE TOOLS	Rotary
21. ELEVATIONS (Show whether DF, RT, GR, etc.)				22. APPROX. DATE WORK WILL START*	
4,600' ungraded				July 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"	K-55 8-5/8"	32	1,625'	≈1,480 cu. ft. & to surface
7-7/8"	K-55 5-1/2"	15.5	5,650'	≈1,190 cu. ft. & to surface

Request exception because of geology (location is based on year 2000 3-D seismic data) and topography. Exception is to quarter-quarter line (453' instead of ≥460'), not to a well.

Orthodox well could be drilled at 1780 FN & 750 FE 3-40s-22e, but it could be a marginal producer. Well site has already been moved 128' northwest of its originally requested location due to topography. Request permission to drill at 1773 FNL & 750 FEL 3-40s-22e. This is the only well in the quarter-quarter. There are no producing wells closer than 2099'. Wells (see Page 13) could be drilled in 7 of the 8 offsetting units. The 8th (NWSW Sec. 2) has a producing oil well (Recapture #7) 2099' southeast. An orthodox well could actually be closer to this producing well. Stone is owner of all drilling units and leases within minimum 750' radius of proposed exception. This includes the drilling unit toward which the well would encroach.

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 *B. Wood* TITLE Consultant (505) 466-8120 DATE 5-5-01

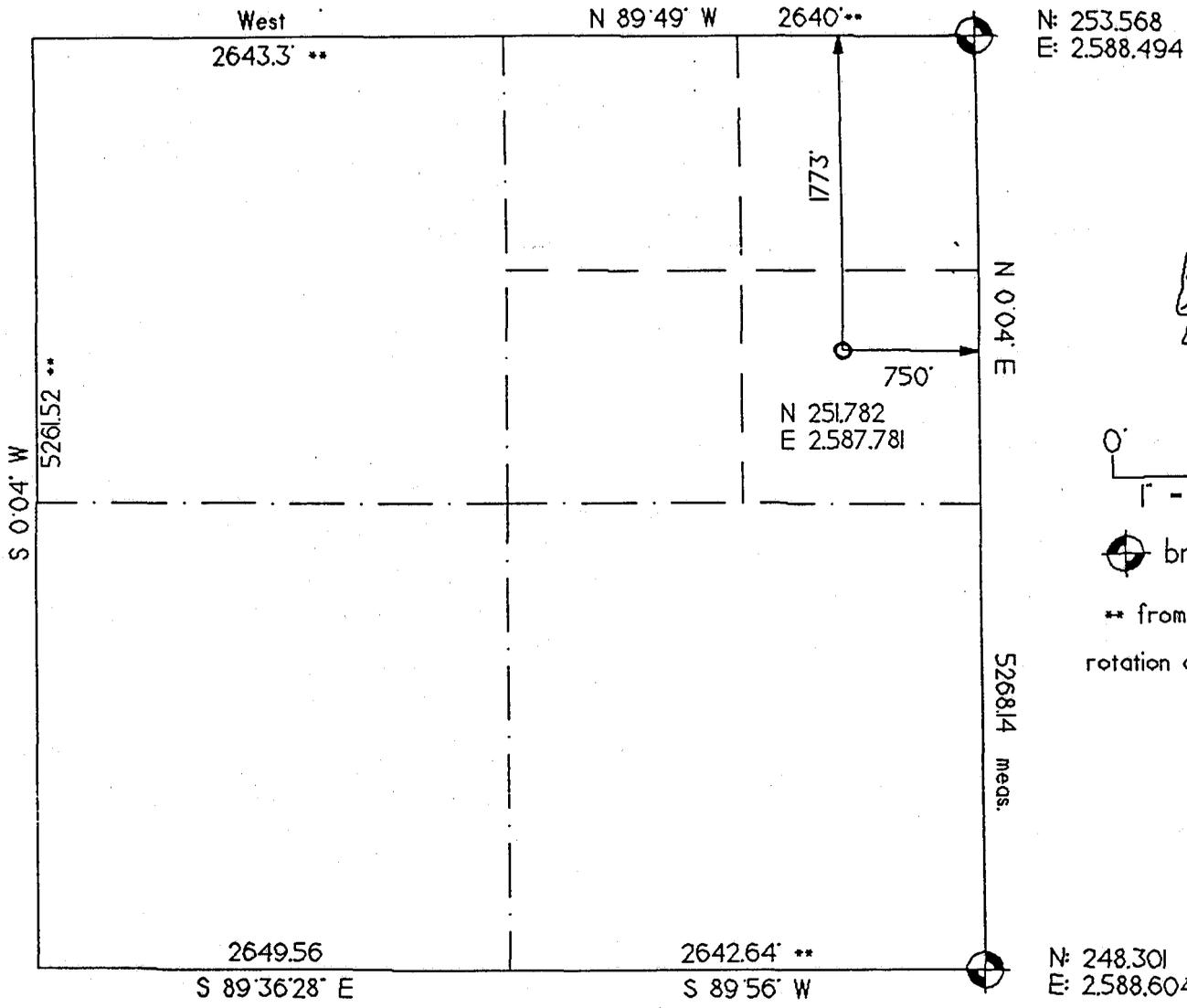
PERMIT NO. 43-037-31819 APPROVED BY Utah Division of Oil, Gas and Mining

Application approval does not warrant or certify that the applicant holds legal or equitable title to the right to be drilled, which would entitle the applicant to find a gas or oil thereon. CONDITIONS OF APPROVAL, IF ANY:

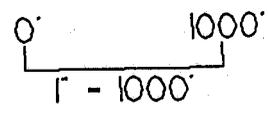
Federal Approval of this Action is Necessary
 Date: 6-7-01
 By: *A. Hunt* DATE JUN 06 2001

*See Instructions On Reverse Side

DIVISION OF OIL, GAS AND MINING



N: 253.568
E: 2.588.494

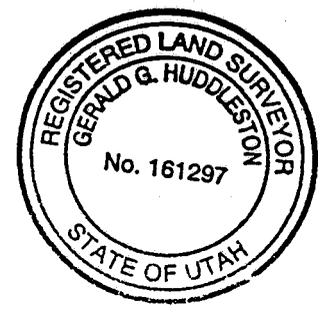


 brass cap
 ** from BLM 1983
 rotation angle +H5:45

N: 248.301
E: 2.588.604

Well Location Description

STONE ENERGY L.L.C.
 SOUTH EVANS FEDERAL 42 - 3
 1773' FNL & 750' FEL
 Section 3, T.40 S., R.22 E., SLM
 San Juan County, UT
 4600' 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.
South Evans Federal 42-3
1773' FNL & 750' FEL
Sec. 3, T. 40 S., R. 22 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'	4,600'
Navajo Ss	350'	362'	4,250'
Chinle Sh	1,400'	1,412'	3,200'
Cutler Ss	2,500'	2,512'	2,100'
Organ Rock Sh	2,600'	2,612'	2,000'
Hermosa	4,550'	4,562'	50'
Hatch Sh	5,350'	5,362'	-750'
Upper Ismay	5,400'	5,412'	-800'
Hovenweep Sh	5,500'	5,512'	-900'
Lower Ismay	5,550'	5,562'	-950'
Gothic Sh	5,600'	5,612'	-1,000'
Desert Creek	5,650'	5,662'	-1,050'
Chimney Rock Sh	5,700'	5,712'	-1,100'
Akah Sh	5,750'	5,762'	-1,150'
Total Depth (TD)*	5,800'	5,812'	-1,200'

* all elevations reflect the proposed graded ground level of 4,600'

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. Uranium may be found in the Chinle. 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.

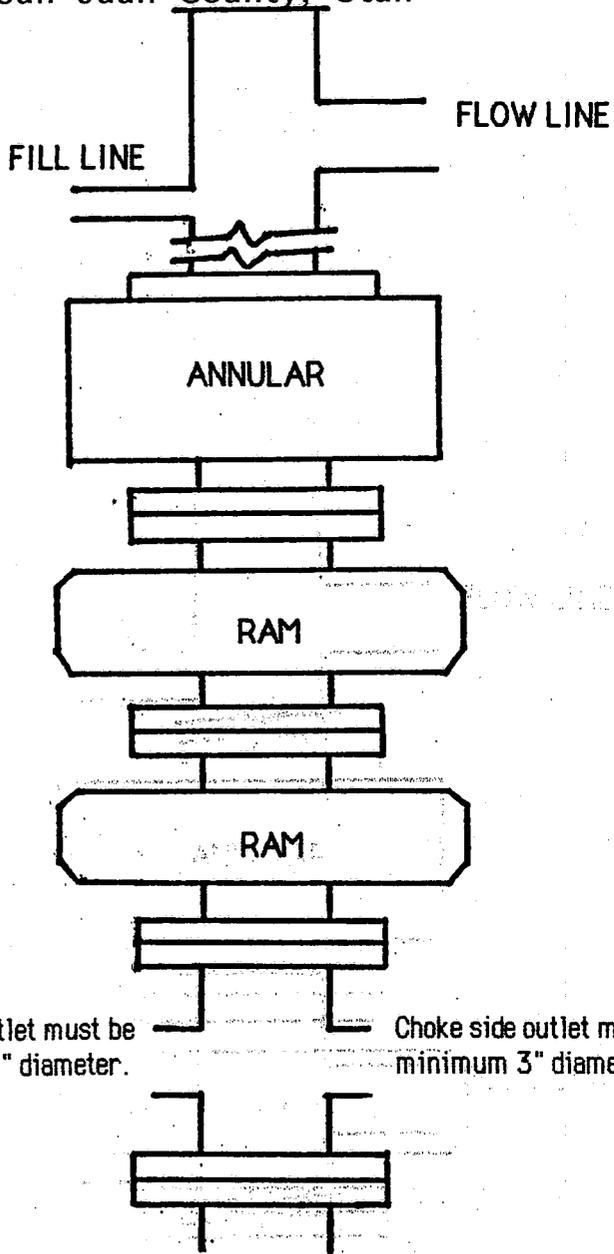
4. CASING & CEMENT

<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"	32 #/ft	K-55	ST&C	New	1,625'
7-7/8"	5-1/2"	15.5 #/ft	K-55	LT&C	New	5,800'

Surface casing will be cemented to the surface with 435 sx Premium Lite with 2% CaCl₂ + 1/4 #/sk celloflake + 8% bentonite (= 12.0 ppg and 2.27 cf/sk) and 425 sx Class G with 2% CaCl₂ + 1/4 #/sk celloflake (= 15.8 ppg and 1.16 cf/sk). Volumes are calculated at 100% excess. Will control fluid loss to 100 - 200 cc with additives. Will drop plug on fly. Will not stop pumping at any time. Centralizers will be set on the bottom joint, second joint, third joint, and then every fourth joint.

Production casing will be cemented to the surface with 305 sx Premium Lite with 0.4% retarder + 0.3% sodium metasilicate + 10% bentonite (= 11.0 ppg and 3.15 cf/sk) and 195 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'.

Stone Energy, L. L. C.
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 1773' FNL & 750' FEL
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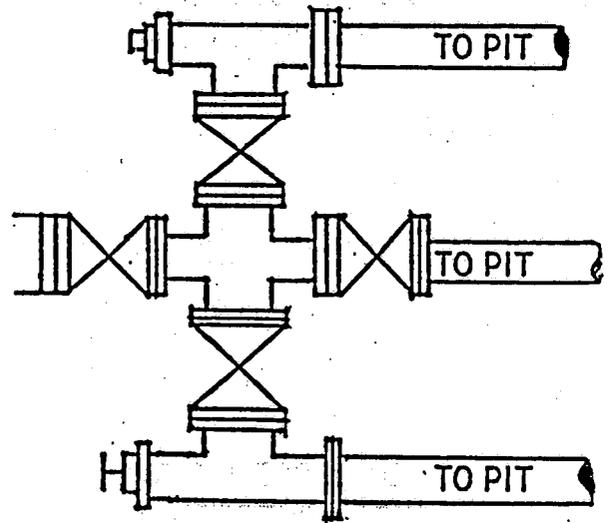
Kill side outlet must be minimum 2" diameter.

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.

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.



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 2,320 psi.

8. OTHER INFORMATION

The anticipated spud date is July 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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1773' FNL & 750' FEL
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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 9-1/2 miles on U-163
Then turn right onto County Road 2401 and go N 1.0 mile
Then turn left onto County Road 217 and go W 0.45 miles
Then turn right onto County Road 249 and go N 2.3 miles
Then bear right and Go NE 0.2 mi.
Then turn right and go E 50' cross country to the well

Roads will be maintained to a standard at least equal to their present condition. Access makes use of BLM road right-of-way UTU-78631.

2. ROAD TO BE UPGRADED AND BUILT

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 half mile of access will be flat bladed with a 16' wide running surface. Maximum disturbed width will be 25'. Topsoil will be windrowed by the side. Maximum cut or fill is 5'. Maximum grade is 7%. No cattleguard, culvert, or turnout is needed.

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. Maximum disturbed width will then be 35'. 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. Maximum disturbed width will be 35'.

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3. EXISTING WELLS (See Page 11)

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

4. PROPOSED PRODUCTION FACILITIES (See Page 15)

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.

If sufficient gas production is developed, then a ≈ 4 " O.D. coated, wrapped, welded steel gas pipeline will be run north along the east side of an existing road for 2,310.33' to Stone's proposed and applied for Evans Federal 44-34 pipeline. It will be 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 pressure will be ≈ 300 psi. Burst pressure is $\approx 1,530$ psi. Pipe will be tested with gas to ≈ 500 psi before use. All of the BLM portion is on lease. A right-of-way application will be filed with BLM to amend UTU-78632 for the north most 408.24' which is off lease.

5. WATER SUPPLY

Stone will use Montezuma Well Service's already permitted existing water well in NWNE 36-40s-23e (09-1428; A60998) or Melvin Gaines' permitted existing wells (#09-135 and #09-224) in 30-40s-22e.

6. CONSTRUCTION MATERIALS & METHODS (See PAGES 13 & 14)

An archaeologist (CASA) will be called (970-565-9229) at least 48 hours

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before construction starts to erect a wire fence with steel posts between the northwest corner of the pad and an archaeology site. Fence will be maintained until the well is plugged and reclaimed.

The dirt contractor will have an approved copy of the APD surface use plan before starting construction and keep it 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 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.

Soil and brush will be piled west of the pad and north of the reserve pit. A ditch will be cut east of the pad. Rock will be hauled from an existing source off BLM land.

If, after excavation, it appears the reserve pit will not need lining due to an abundance of natural clay; then BLM will be notified. BLM will make an inspection and decide whether lining is needed. Stone will give BLM at least 48 hours advance notice.

If the reserve is to be lined, then it 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 stands 4" and 16" above the woven wire. Steel posts will

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be set $\approx 16.5'$ apart. Corner posts will be $\geq 6"$ O.D. wood and anchored with a dead man. The fourth 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 and 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 13 and 14 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

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Sec. 3, T. 40 S., R. 22 E.
San Juan County, Utah

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

All road, well, and pipeline construction are 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

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Sec. 3, T. 40 S., R. 22 E.
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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

The field representative will be:

Gerald Gentry, Operations Manager

Stone Energy, L. L. C.

1670 Broadway, Suite 2800

Denver, Co. 80202-4801

(303) 685-8000

Stone Energy, L. L. C. is considered to be the operator of the South Evans Federal 42-3 well in the SENE 3-40s-22e, Lease UTU-23147, 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 Stone Energy, L. L. C. has the necessary consents from the

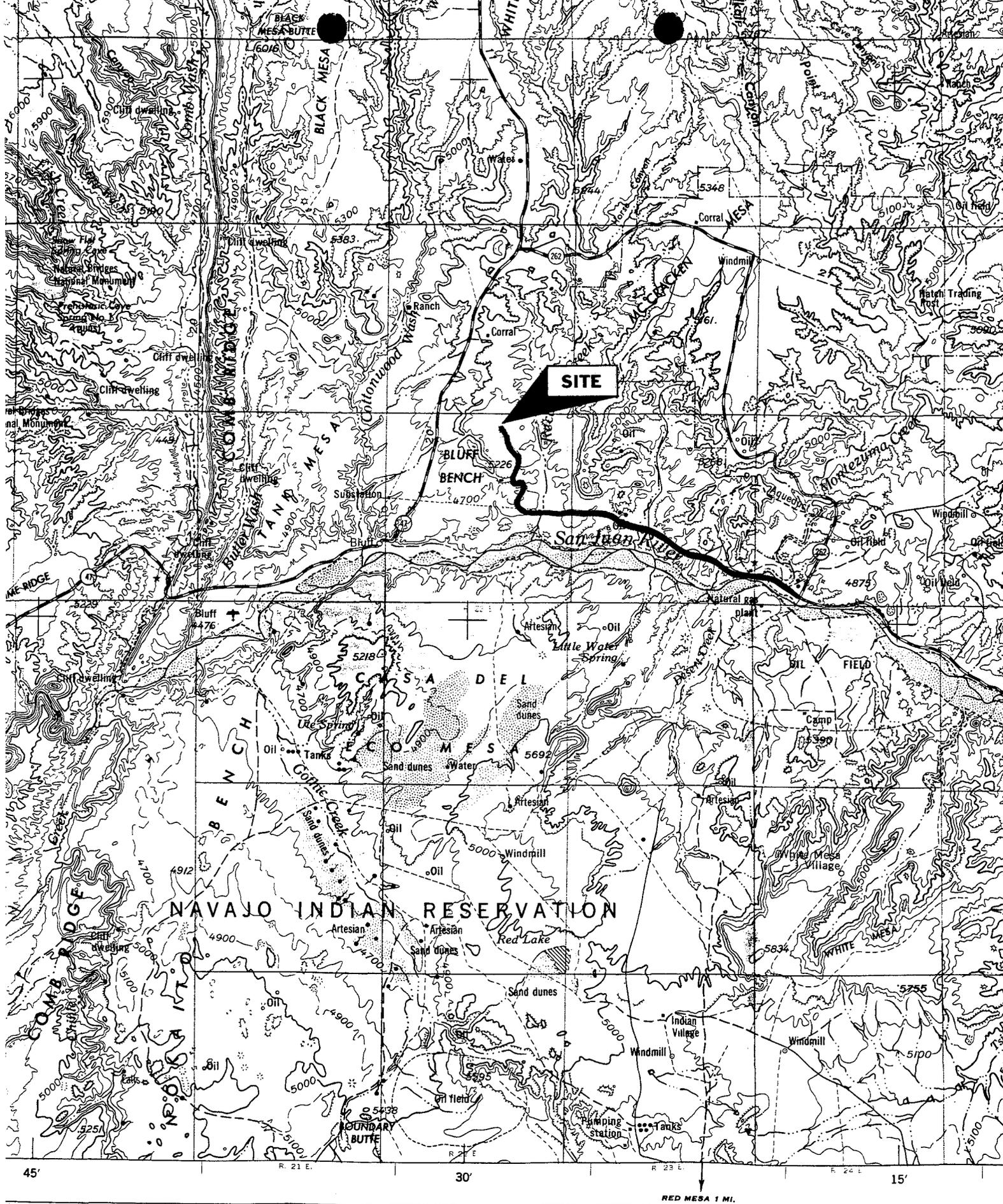
Stone Energy, L. L. C.
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1773' FNL & 750' FEL
Sec. 3, T. 40 S., R. 22 E.
San Juan County, Utah

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 Stone Energy, L. L. C. 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, L. L. C. 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

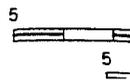
May 5, 2001
Date



LEGEND

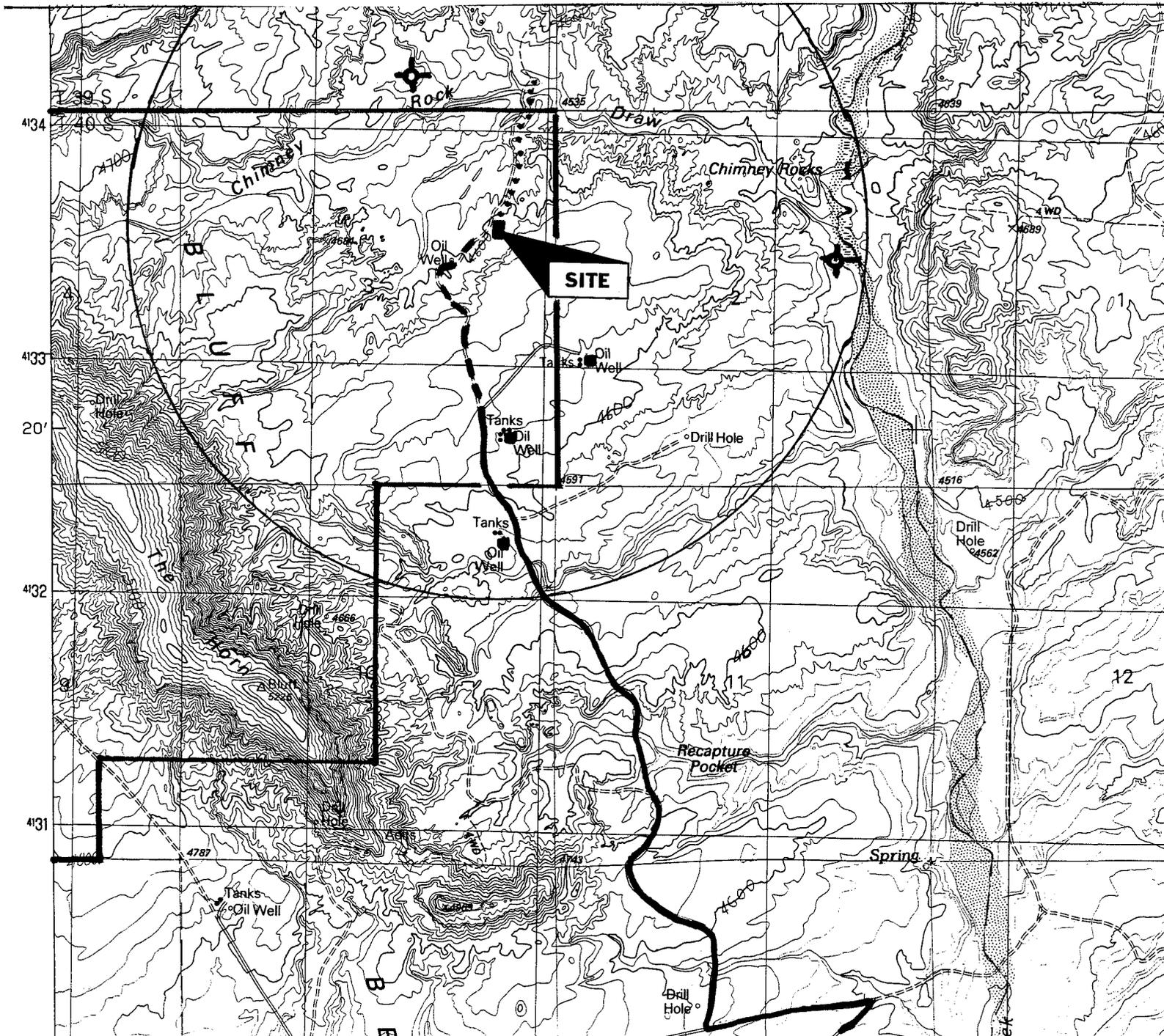
Figures in red denote approximate distances in miles between stars

- POPULATED PLACES
- ROADS Primary, all-weather, hard surface



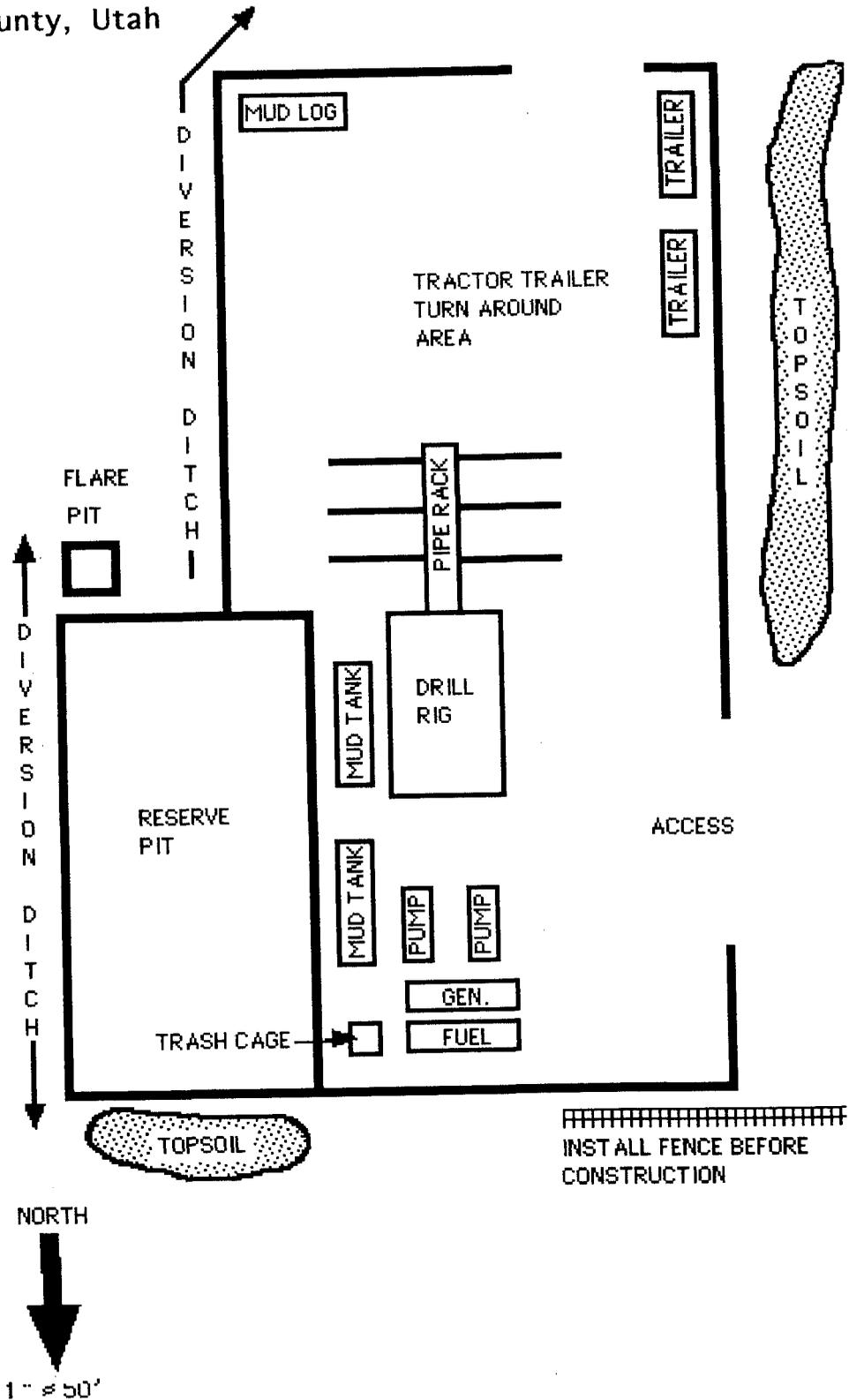
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Stone Energy, L. L. C.
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 Sec. 3, T. 40 S., R. 22 E.
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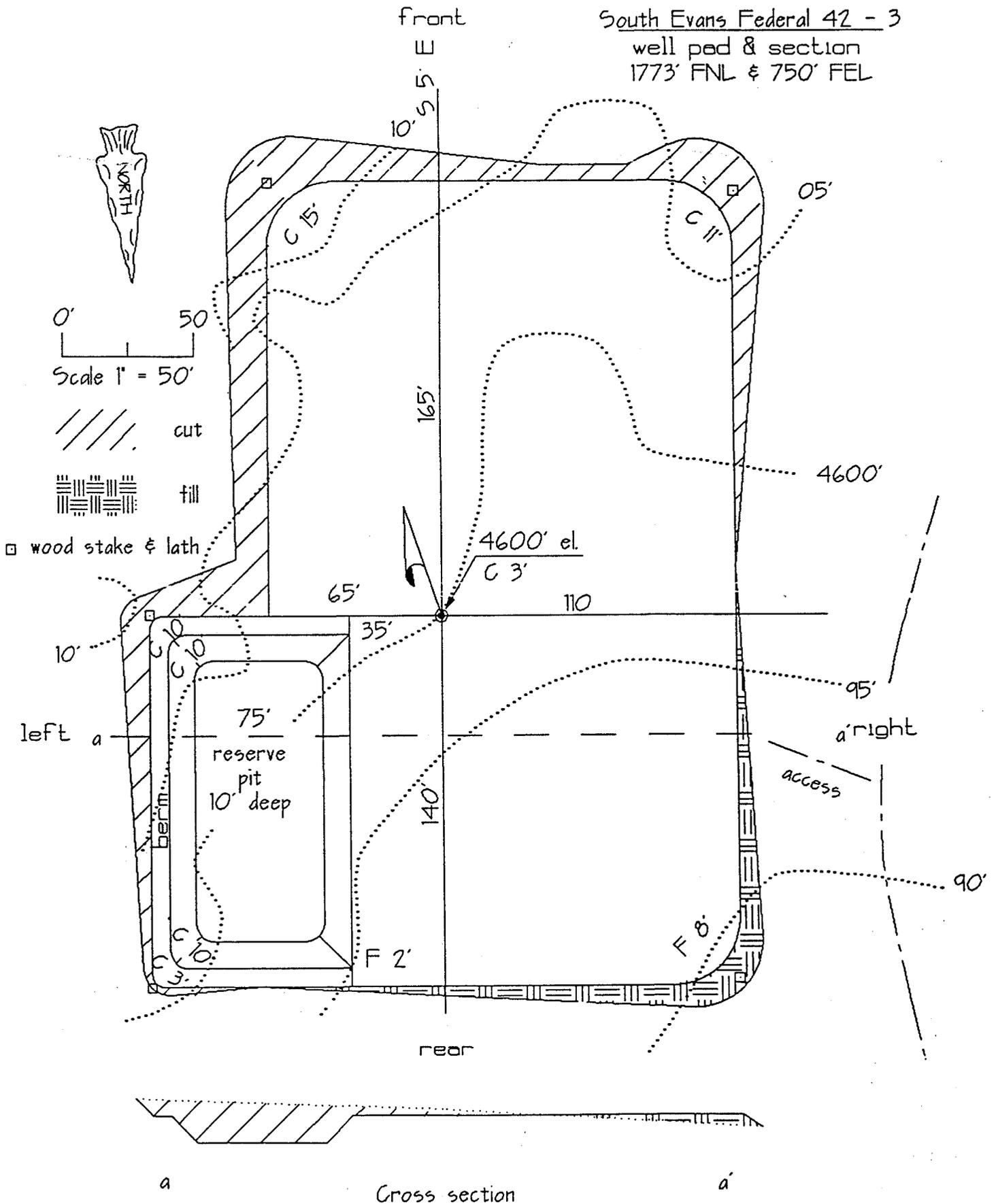


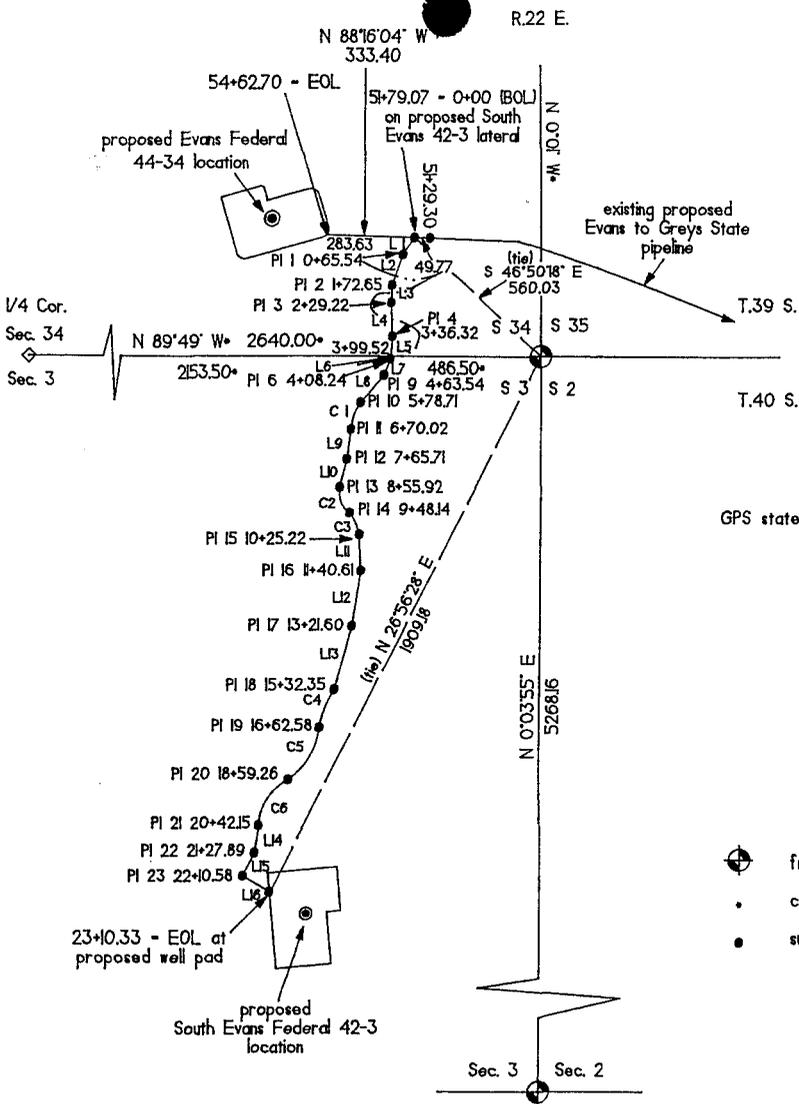
- PROPOSED WELL: ■
- EXISTING WELL: ●
- PROPOSED PIPELINE: ···
- P&A WELL: ✕
- ROAD TO BE UPGRADED: - - -
- LEASE: ┌
- EXISTING ROAD - NO UPGRADE NEEDED: ~

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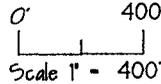


South Evans Federal 42 - 3
 well pad & section
 1773' FNL & 750' FEL





Basis of Bearing:
GPS state plane coordinates rotated.



- ⊕ fnd. stnd. BLM monument
- calculated from BLM plat of record
- survey centerline PI

CURVE DESCRIPTION TABLE

CURVE	RADIUS	LENGTH	CHORD	BEARING
1	138.56	91.31	89.67	S 20° 34' 00" W
2	81.25	92.22	87.34	S 20° 36' 49" E
3	146.93	77.08	76.19	S 25° 27' 23" E
4	338.57	130.23	129.45	S 20° 41' 49" W
5	225.41	196.68	190.53	S 30° 10' 09" W
6	177.42	182.89	174.91	S 33° 29' 08" W

LINE DESCRIPTION TABLE

LINE NO.	DIRECTION	LENGTH
1	S 34° 38' 14" W	65.54
2	S 19° 12' 53" W	107.11
3	S 2° 47' 12" W	56.57
4	S 1° 52' 22" E	107.10
5	S 5° 35' 08" W	63.20
6	S 5° 35' 08" W	8.72
7	S 22° 19' 07" W	55.30
8	S 40° 47' 49" W	115.17
9	S 7° 30' 20" W	95.69
10	S 14° 16' 46" W	90.21
11	S 2° 36' 28" E	115.39
12	S 9° 03' 35" W	180.99
13	S 14° 50' 46" W	210.75
14	S 9° 44' 13" W	85.74
15	S 27° 33' 10" W	82.69
16	S 59° 16' 52" E	99.75



STONE ENERGY, L.L.C.

Proposed South Evans Federal 42-3 pipeline and
access road right-of-way -
Section 34, T.39 S., R.22 E.
Section 3, T.40 S., R.22 E. SLM.
San Juan County, Utah

March 2001

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

**WORKSHEET
APPLICATION FOR PERMIT TO DRILL**

APD RECEIVED: 06/06/2001

API NO. ASSIGNED: 43-037-31819

WELL NAME: S EVANS FED 42-3
 OPERATOR: STONE ENERGY LLC (N1555)
 CONTACT: BRIAN WOOD, AGENT

PHONE NUMBER: 505-466-8120

PROPOSED LOCATION:
 SENE 03 400S 220E
 SURFACE: 1773 FNL 0750 FEL
 BOTTOM: 1773 FNL 0750 FEL
 SAN JUAN
 UNDESIGNATED (2)

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

LEASE TYPE: 1 - Federal
 LEASE NUMBER: UTU-23147
 SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: IS-DC

RECEIVED AND/OR REVIEWED:

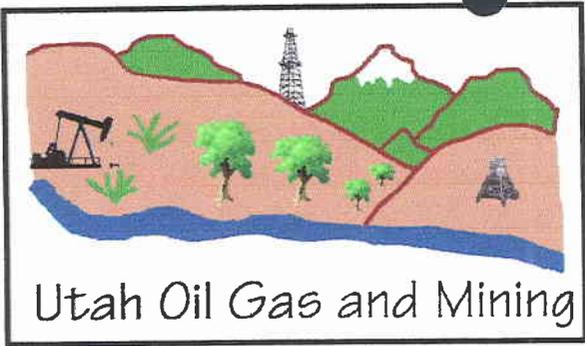
Plat
 Bond: Fed[1] Ind[] Sta[] Fee[]
 (No. B7680)
 Potash (Y/N)
 Oil Shale (Y/N) *190-5 (B) or 190-3
 Water Permit
 (No. 09-1428)
 RDCC Review (Y/N)
 (Date:)
 Fee Surf Agreement (Y/N)

LOCATION AND SITING:

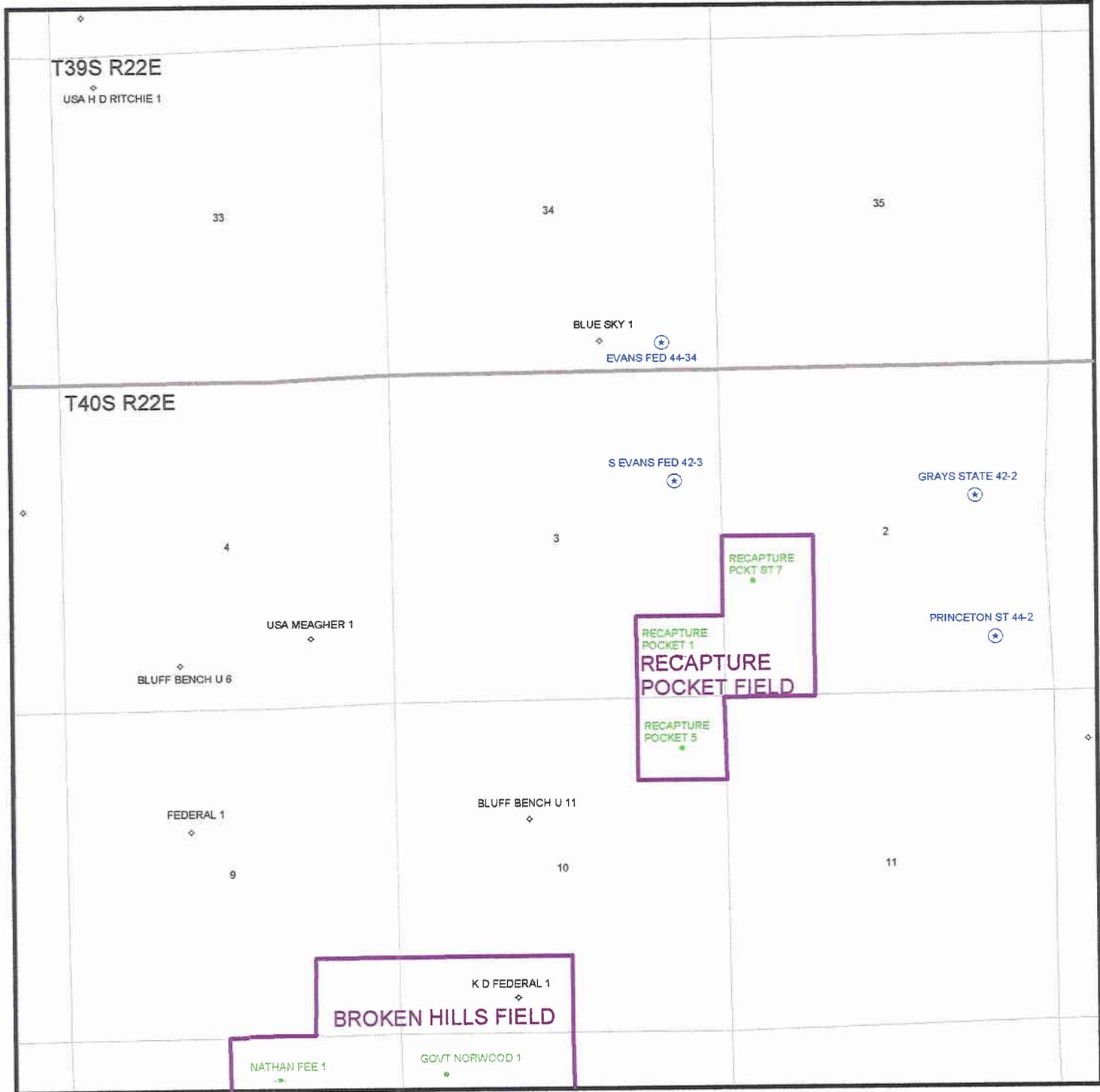
R649-2-3. Unit _____
 R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells
 R649-3-3. Exception
 Drilling Unit
 Board Cause No: _____
 Eff Date: _____
 Siting: _____
 R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1-Federal Approval



OPERATOR: STONE ENERGY LLC (N1555)
 SEC. 3, T40S, R22E
 FIELD: UNDESIGNATED (002)
 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)

June 7, 2001

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

Re: South Evans Federal 42-3 Well, 1773' FNL, 750' FEL, SE NE, Sec. 3, 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 43-037-31819.

Sincerely,

A handwritten signature in black ink that reads "John R. Baza".

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 South Evans Federal 42-3
API Number: 43-037-31819
Lease: UTU 23147

Location: SE NE **Sec.** 3 **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-23147**

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.
S. EVANS FED. 42-3

9. API Well No.
43-037-31819

10. Field and Pool, or Exploratory Area
UNDESIGNATED

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)
1773' FNL & 750' FEL 3-40s-22e

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

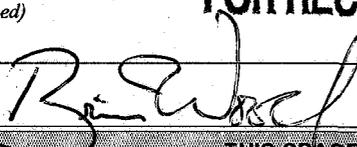
TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> 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 recomple 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 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 ≈ 385 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 = 878 cubic feet which exceeds capacity by 31%.

06-22-01
CHD

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

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

FOR RECORD ONLY

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

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

RECEIVED

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

JUN 15 2001

DIVISION OF
OIL, GAS AND MINING



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 – South Evans Federal 42-3, Sec. 3, T. 40S, R. 22E
San Juan, Utah API No. 43-037-31819

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 7, 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