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April 12, 2010

Delaware River Basin Commission Secretary
P.O. BOX 7360
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Subject: Public Comment - Stone Energy Dockets

Stone Energy Corporation (Stone) is an independent oil and natural gas exploration and production company based in Lafayette, Louisiana. Stone has been in Pennsylvania exploring the Marcellus Shale over the last four years. Stone is committed to Pennsylvania and to the region. Stone currently has approximately 45,000 acres in the region under lease and plans to grow its position to 70,000 acres by the beginning of 2011 with a longer term vision to reach approximately 100,000 acres.

According to U.S. Senator Arlen Specter (D-Pa.), "The Marcellus Shale has the potential to create nearly 200,000 jobs and generate nearly \$15 billion in the next decade."

America needs its own supplies of clean, natural gas, and hydraulic fracturing is essential to produce it. Natural gas is critical to American manufacturing jobs, to farmers for fertilizer and energy, and to help address climate change concerns because of its low carbon-content.

While huge potential for gas development exists in Pennsylvania, safely accessing this resource has very specific challenges and very specific solutions, both of which Stone is prepared for.

To date, Stone Energy has drilled or participated in 13 Marcellus Shale wells in Pennsylvania and West Virginia (4 in PA and 9 in WV). Stone Energy has its sights on more than a dozen additional horizontal wells in 2010. Stone Energy is currently active in the Pennsylvania counties of Susquehanna, Wayne, Clinton, and Clarion.

Currently, Stone Energy's operations for Eastern Marcellus Shale, including Pennsylvania, are supervised from our regional office in Morgantown, WV,

where we employ 16 professionals. It is our hope that with the growth of Pennsylvania Marcellus Shale production we will open an office in Pennsylvania and grow our labor force from local resources for both office and field personnel.

COMMITMENT TO SAFE DEVELOPMENT

The vast majority of the nation's newly drilled natural gas wells do not produce gas at sufficient rates to make the wells economical. Hydraulic fracturing is a proven technique used to allow natural gas and crude oil to move more freely from the rock pores, where it is trapped, and flow into the wellbore so it can be produced at economic rates. Hydraulic fracturing technology was developed in the late 1940's and has been continuously improved upon since that time.

In a hydraulic fracturing job, "fracturing fluids" consisting primarily of water and sand are injected under high pressure into the desired formation to create fractures. Water typically makes up 99 percent of the liquid phase of fracturing fluids. Some fracturing fluid also contains a "gelling agent" to make the fluid more viscous and better able to carry the sand that is necessary to hold the fractures open and allow the oil or gas to make its way to the well. Fracturing fluids may also contain very limited amounts of other materials (the contents of which are publicly accessible on Stone's Appalachia website – www.stoneenergyappalachia.com) depending on the nature of the formation being fractured.

Stone believes that hydraulic fracturing is a safe, effective and proven method to access the vast potential of natural gas in Pennsylvania.

COMMITMENT TO GROWING THE BUSINESS

Stone's long term vision for Marcellus Shale is to continue forming Joint Ventures and/or leasing acreage to allow for an extended drilling program. It is our expectation that the Marcellus will become a significant revenue source to both the Commonwealth of Pennsylvania and Stone. Dependent on this year's success in its drilling program, Stone will likely double the investment next year and continue to expand our staffing levels to support the larger activity areas.

Stone is committed to the region and has devoted a tremendous amount of resources into its exploration and development in Pennsylvania. As Stone grows, so will its economic impact in Pennsylvania. The 2010 impact of Stone's Marcellus Shale program investments will exceed \$100,000,000.

Stone looks forward to working with the Pennsylvania General Assembly as the Commonwealth crafts future legislation regarding natural gas development.

COMMITMENT TO SAFETY

It is the policy of Stone Energy Corporation to ensure that all employees are provided with a work place safe from recognized hazards and to comply with established Safety and Environmental Standards, provisions of the Occupational Safety and Health Act and other applicable federal, state or local safety codes. Stone Energy places the highest priority on the well-being and safety of people, and the preservation of property.

Stone operates under a Safety Management System that includes specific components in training, behavioral based safety, contractor selection and retention, hazard analysis, incident reporting and investigation, routine audits, job safety analysis, recognition and reward and management of change. Every Stone employee and contractor has the authority and responsibility of STOPPING THE JOB if they deem a job or an act is unsafe.

Stone management promotes a strong safety culture that in the last three years has resulted in total recordable incident rates or TRIR – number of incidents per 200,000 man hours worked- of less than 1. In 2009, Stone employee and full time contractor TRIR was 0.20 compared to our record five years ago of 4.0. This is credited to our culture change and commitment to safety and the environment executed through the processes outlined above.

Stone also has a strong compliance program and has earned the National Safe Award from the Minerals Management Service for its operations in the Gulf of Mexico.

COMMITMENT TO THE ENVIRONMENT

Stone Energy Corporation is committed to protecting the environment in which it conducts its business in addition to the health and safety of its employees and the communities in which it operates. Each employee, contract consultant, and contractors, which we utilize, has a responsibility to contribute to a safe and healthful workplace and protect the environment.

Stone Energy Corporation strives to conduct its operations in compliance within both the spirit and the letter of applicable laws, regulations and standards. Stone's Management will commit the funds, manpower and resources necessary to accomplish the objectives of this Environmental, Health and Safety Policy and has proven this time and time again by its actions.

All employees are made aware of the Company's commitment to the Environmental, Health and Safety Policy. Stone Energy Corporation also

provides appropriate training programs for employees in these areas to assure compliance, commitment and understanding. Employees are encouraged to become involved in environment, health and safety issues in the workplace, home, and in the community.

In addition to the commitment to conduct all operations in an environmentally sound manner, Stone Energy maintains a strong Incident reporting, response and investigation program. All incidents are reported through a notification procedure to the Vice President of operations who heads the Stone Incident Command System (ICS) organization. The organization is comprised of experienced emergency responders from Stone, consultants and Incident Response Organizations. It is modeled after the National Incident Management (NIMS) Organization the EPA and Coast Guard utilizes. This allows for continuity with State and Federal Responders.

In the Gulf of Mexico, Stone is a member of Clean Gulf Associates and maintains contractual agreements with a major provider of spill management and response equipment. In the Appalachia, Stone has contracted O'Brien's Response Management Corporation to assist Stone in the event an environmental release. All incidents are investigated and mitigation plans set in place to prevent any re-occurrence, and we are dedicated to continuously improve our operations building on our learnings and working with contractors to be pro-active in the prevention of any incident as has been demonstrated by our track record.

COMMITMENT TO THE COMMUNITIES WE LIVE IN

While it is difficult to measure Stone Energy's impact on Pennsylvania communities to date because of the relatively early stage of our activities, a useful yardstick may be a study from the Joint Urban Studies Center. The Center (a partnership among Keystone College, King's College, Luzerne County Community College, Misericordia University, Penn State Wilkes-Barre, University of Scranton, and Wilkes University) developed a white paper titled "The Economic Impact of Marcellus Shale in Northeastern Pennsylvania". The paper studied the impacts of similar Shale exploration (Barnett and Fayetteville) in Texas and Arkansas and examined the possible impacts on northeastern Pennsylvania. They concluded the exact impact to the area will be dependent on successful exploration and development and Northeastern Pennsylvania has a significant potential for growth in jobs, income and population. The impact of the Fayetteville exploration in Faulkner and White Counties Arkansas has been \$308,000,000 and \$892,000,000 respectively between 2005 and 2008.

Stone has a corporate culture that is committed to the areas in which we work and live. Our commitment to community is not shown in words but in actions.

Stone Energy Corporation recognizes its responsibility as a corporate citizen to contribute to the betterment of its communities. We strive to make an impact in our communities by targeting our philanthropic efforts on specific issues that we feel will achieve the greatest value. The Corporate Giving Program unites our efforts through a well-defined, structured effort. By strengthening our communities, we in turn improve our operating environment, attract and retain quality employees, and provide an improved quality of life for all.

Stone will work with stakeholders to identify Corporate Giving opportunities in Pennsylvania.

Our Corporate Giving Program was established with the intention of having a positive impact on our community by supporting nonprofit groups that work toward the general quality of life in our community. Since 1997, donations of over \$3 million have been made into the communities in which we live and work, including Lafayette, LA, New Orleans, LA, Houston, TX, Denver, CO, and Morgantown, WV. The primary areas of focus are education, health and welfare, culture and the arts and youth and civic organizations. The following are several of the organizations which our Company has supported through the generosity of our monetary contributions:

- United Way of Acadiana Corporate Cornerstone Partner
- United Way of Acadiana Pacesetter Corporation for Annual Campaigns
- National WWII Museum located in New Orleans, LA
- The Nature Conservancy of Louisiana located in Baton Rouge, LA
- Offshore Energy Center located in Houston, TX
- Various support of American troops (Including Blue Star Mothers of Louisiana)
- Rush Township Emergency Response, PA

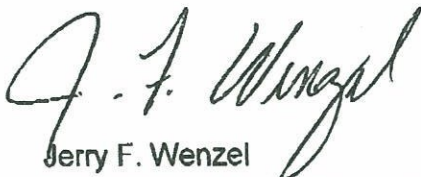
Stone also offers an Employee Matching Gift Program. The Company supports and encourages charitable giving by its employees, therefore will match contributions made by employees to qualifying organizations. The match is on a dollar-for-dollar basis for contributions of \$25 or more made by each employee to qualified organizations.

Volunteerism is also an integral part of our corporate giving character and we encourage our employees to participate in our corporate volunteer programs as well as accepting volunteer opportunities on an individual basis. Stone Energy Corporation actively supports the improvement of the general quality of life of our community and believes, through our Corporate Giving Program and volunteer efforts, we can touch the lives and make a positive impact in our local community. The following are several of the volunteer activities which our employees have participated in:

- National Day of Caring
- National Make a Difference Day
- National Day of Literacy
- March of Dimes "March for Babies"
- Miles Pierret Cancer Services "Amazing Race"
- Susan G. Komen Breast Cancer "Race for the Cure"
- Hurricane Katrina & Rita relief efforts
- Host quarterly blood drives

Stone Energy is a responsible corporate citizen who may be counted upon to help develop this region's natural gas resources in a safe and competent manner. We look forward to the DRBC's final ruling on these dockets and stand ready to answer any additional questions.

Sincerely Yours,



Jerry F. Wenzel
Sr. Vice President / Operations