



December 6, 2002

Padre Island National Seashore
P.O. Box 181300
Corpus Christi, Texas 78418-1300
ATTENTION: Ms. Arlene Wimer

Re: State Tract 1008S-Lemon #1, Water Usage

Dear Arlene,

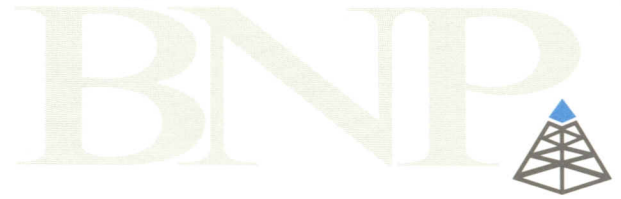
First, we greatly appreciate the time you, Darryl and Jock gave us on December 4, 2002 to discuss the Lemon/Lemon Seed Plan of Operations. During our meeting we discussed among other things, water source options, water requirements and the use of synthetic oil based mud, which are inter-related.

Our plan of operations contemplated two options for water supply. One, being hauling water in and the other being drilling a new water well at the Lemon well site. We would also like for you to consider the option of using the water well BNP drilled at the Dunn-Murdock location. Using this well would require either storing and hauling the water by transport from the Dunn-Murdock well site to the Lemon wellsite or pumping the water via a temporary 3" plastic line laid from the Dunn-Murdock to the Lemon well site.

In our plan of operations, we estimated 11,000 barrels of water would be needed if we drilled the Lemon well using a polymer water based mud. This volume can be reduced by approximately 65% or 7150 barrels if synthetic oil based mud is used. In either case, approximately 3000 barrels of water are needed while drilling the surface hole of the well. The total amount of liquid (water, synthetic oil mud and synthetic make-up oil) needed to drill the well using synthetic oil based mud is estimated at 5000 barrels.

Assuming all the required liquids are hauled to the drill site, the net result of using synthetic oil based mud is a reduction in traffic to and from the well site by forty-six transports. This number can be increased to approximately sixty-five if we are able to use the water well at Dunn-Murdock and pump the water through a plastic line to the Lemon well site. If water were hauled from the Dunn-Murdock to the Lemon well, the traffic would only impact the three miles of beach between the Lemon dune pass and the Yarborough dune pass. Based on our experience drilling the water well at Dunn-Murdock, this reduction in traffic would be totally offset by the traffic generated by the water well drilling operation.

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BNP's preferred option is to use the water well at the Dunn-Murdock well in conjunction with the synthetic oil based mud.

Thank you for your consideration. Please contact us if you have any questions.

Sincerely,

BNP Petroleum Corporation

A handwritten signature in red ink, which appears to read "Bowen W. Waters". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Bowen W. Waters
President

BWW/clm

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xc: Charlie Belaire



BNP Petroleum Corporation

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Corpus Christi, TX 78471

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