



United States Department of the Interior

NATIONAL PARK SERVICE

Padre Island National Seashore
P. O. Box 181300
Corpus Christi, Texas 78480-1300



IN REPLY REFER TO:

L3025

VIA CERTIFIED MAIL-RETURN RECEIPT REQUESTED

December 3, 2007

Mr. Paul Black
BNP Petroleum Corporation
Williams Tower
2800 Post Oak Boulevard, Suite 5300
Houston, TX 77056

Re: Lemon and Lemon Seed Wells

Dear Mr. Black:

By letter dated November 8, 2007, Victor D. Lopez of BNP Petroleum Corporation (BNP) forwarded to Darrell Echols of my staff with copies of the Term Pooling Agreements for the **Lemon and Lemon Seed Units** and the correspondence from the Texas General Land Office approving the units. After reviewing those documents, we find that they are sufficient. Therefore, subject to BNP's compliance with the two additional requirements set forth in the paragraph below, the National Park Services (NPS) affirms its previous approval of the plan of operation for the Lemon and Lemon Seed wells, including the NPS's discretionary decision to permit BNP to locate the wells' surface operations on the federally owned surface of Padre Island itself.

We understand that BNP no longer holds a lease to the Dunn-McCampbell-owned minerals underlying Padre Island through which BNP must drill to reach the bottomhole locations for the Lemon and Lemon Seed wells. We further understand that Dunn-McCampbell has agreed to grant BNP a subsurface easement to drill through its minerals. Therefore, in accordance with 36 C.F.R. subsection 9.36(a)(18) and 36 C.F.R. §9.40 and as a condition of the NPS's permitting BNP to use the federally owned surface of the island for its operations, we now require the following: (1) that you provide us a copy if the subsurface easement or other written instrument granting BNP permission or the right to drill through Dunn-McCampbell's minerals; and (2) that you sign and return to us the enclosed supplement to your approved plan of operations. Please provide item (1) to my office within thirty days after your receipt of this letter and item (2) to my office within sixty days after your receipt of this letter, in accordance with 36 C.F.R. §9.40(b).

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As suggested by the preceding paragraphs, the NPS's approval of the surface location for the Lemon and Lemon Seed wells represents an unusual circumstance. The NPS made its decision only after careful analysis of the information contained in the proposed plan of operations and after application of the approval standards contained in 36 C.F.R. subsection 9.37(a)(1). BNP should not interpret the NPS's approval of the surface location on the island for the Lemon and Lemon Seed wells as an indication or guarantee that the NOS will permit BNP to locate surface facilities on the island for similar future proposals. I encourage you to work with my staff early in the process of developing future proposals within or adjacent to Padre Island National Seashore so that the NPS may evaluate in a timely manner the surface locations under consideration. Early coordination should help avoid unnecessary expense and costly delays.

If you have any questions please contact or Darrell Echols of my staff at (361) 949-8173 extension 223.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joe Escoto". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Joe Escoto
Superintendent

cc: Linda Dansby, NPS, IMSF-MOG
Carol McCoy, NPS, WASO-NRPC-GRD
Rob Eaton, DOI-SOL, SAFE

Supplement to BNP's Approved Plan of Operations for the Lemon and Lemon Seed Wells

In order to drill the Lemon and Lemon Seed wells, BNP must pass through mineral interests, owned by other parties, that BNP does not currently lease. BNP hereby represents to the National Park Service (NPS) that it has obtained or will obtain the legal permission or right(s) necessary to drill through the mineral interests owned by other parties. In furtherance of 36 C.F.R. subsection 9.51(b) and in consideration of the NPS's permitting BNP to locate surface operations associated with the Lemon and lemon Seed wells on federally owned lands within Padre Island National Seashore, i.e., on Padre Island itself, BNP hereby agrees to indemnify and hold harmless the United States of American and its employees form and against any and all liability whosoever arising out of or related to BNP's passing through mineral interest owned by other parties (including but not limited to Dunn-McCampbell Royalty Interest, Inc.) while drilling or operation the wells. For purposes on interpreting this provision, the word "operating" includes all surface and downhole operations associated with the Lemon and Lemon Seed well, including but not limited to producing, maintaining, repairing, redrilling, reworking, plugging, or abandoning the wells remediating or reclaiming the surface.

Paul Black
BNP Petroleum Corporation
Williams Tower
2800 Post Oak Boulevard, Suite 5300
Houston, TX 77056

Date

Joe Escoto
Padre Island National Seashore

Date