



January 20, 2003

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

VIA FAX & US MAIL

Re: State Tract 1008S-Lemon #1
Water Usage & Synthetic Oil Mud
Second Request

Dear Arlene,

BNP Petroleum Corporation respectfully requests your approval of a modification to the State Tract 1008S-Lemon #1 Plan of Operations regarding the source of drilling water and the use of synthetic oil based mud, which are inter-related.

Our Plan of Operations contemplated two options for water supply. One option would be to haul water in by transport from outside the park and the other being drilling a new water well at the Lemon well site. Another alternative would be to use the water well BNP drilled at the Dunn-Murdock location as our source of drilling water and hauling the water by transport from the Dunn-Murdock well site to the Lemon wellsite. This alternative would require setting a diesel powered generator to power the down-hole submersible pump already in the well and setting two 500 barrel water tanks near the water well for water storage. We would use 130-barrel transports to haul the water from the Dunn-Murdock location to the Lemon location (approximately 2.5 miles on the beach road). This alternative would eliminate approximately fifty large loads associated with the drilling of a new water well and also eliminate approximately two weeks of activity within the park prior to drilling the Lemon well. This alternative would also limit the water hauling traffic (approximately 25 loads if synthetic oil mud is used) to the 2.5 miles of beach between the Lemon dune pass and the Yarborough Pass dune pass.

Our original Plan Of Operations included the use of a polymer water based mud. Since that plan was submitted, we have drilled two directional wells with the "Deep Drill" system and were not satisfied with its performance. We drilled a well in the Laguna Madre (ST145-West Bird #1) using a synthetic oil base mud with excellent results. Even

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though this system is significantly more expensive, the intangible benefits outweigh the costs. The benefits include:

- 1) It is environmentally clean and has been successfully used in other sensitive areas,
- 2) It enhances the drilling rate thereby reducing the length of the drilling operation,
- 3) It reduces the risk of stuck pipe and logging tools, and
- 4) It reduces the amount of drilling water needed to drill the well

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. The net result of using synthetic oil based mud is a reduction in traffic to and from the well site of forty-six transports.

BNP respectfully requests your approval of:

1. Using the water well at the Dunn-Murdock No. 1 well site and hauling water by transport to the Lemon well site, and
2. Using synthetic oil based mud in lieu of polymer water based mud.

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

Sincerely,

BNP Petroleum Corporation



Bowen W. Waters
President

BWW

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cc: Charlie Belaire