

Howard and Mark:

Re: Manzano

I spoke with Mark after the March 15, 2004, site visit with Arlene Wimer, PINS. Harry Thomas was in attendance. Several issues were discussed at the site visit and several decisions need to be made. I have prepared a summary below:

1. Arlene approved the south access road and pad that BEI had previously selected and staked. No wetlands would be impacted. Jeff Nelson will get you drawings later this week. Arlene said that the northerly location and two access routes we previously staked would be adequate as alternatives.
2. Arlene approved widening the road at two of the sharp turns so long as the total disturbed surface width remains less than the 40-ft road R.O.W.
3. Harry did not think turnouts would be needed. **However, if you review the drawings and decide there is any chance turnouts may be needed, please let us know ASAP.** Rather tall dunes block visibility from road points 1-5 to road points 6-8 and to the pad. If turnouts are not in the Plan of Operations, you cannot build them. Let Jeff or me know if you want to add turnouts.
4. **Novus needs to decide on preferred and alternative locations for the production facility, as well as the size.** Mark indicated the BNP Peach production facility would probably be the preferred location. This is at the Vektor 4A pad. I explained to Mark that this pad has contaminant problems and that BNP has been working on resolving these. I think some arrangement for clean-up and limiting liability may have been reached. However, I am not fully informed on this issue. **Please let Jeff or me know if you want the Peach production facility to be your preferred location.** There is sufficient upland alongside the access road to site an alternate production facility. When we go back out to map the vegetation, we will select an alternate production facility with 150-ft by 150-ft dimensions or whatever dimensions you decide on. **Let us know ASAP whether the BNP Peach production facility is your preferred site and what size the facility needs to be.**
5. Arlene wants Novus to include the possibility of drilling multiple wells in the Plan of Operations. Mark indicated to me that a 300-ft by 300-ft pad would allow drilling three wells from the original pad. It is important that you give detailed attention to how the future drilling will be carried out, where various equipment will fit, and how vehicles will enter, turn, and exit. **If you decide you need more than a 300-ft by 300-ft area, please let Jeff or me know ASAP.** We have room to expand the pad. If this initial Plan of Operations does not cover all the needs and impacts for drilling additional wells, a new Plan will be needed for such drilling. If additional production facility space, additional flowlines, etc. may be needed, include such items in this Plan.
6. **If multiple wells are contemplated, Novus should approximate the surface and bottom hole locations and total depth of each well.** Novus can assume that the mud program and drilling details will be same for all wells. It is a simple matter to modify and obtain PINS approval to change these types of things SO LONG AS the basic activity and project features are included in the original Plan.

7. **Novus needs to decide which sales line it will tie-in to.** BNP will tie Peach into a line west of and very near the Vektor 4A pad. The Duke line is east of the proposed Manzano pad. Arlene would prefer Novus tie into the Duke line so that Duke will be required to get its line into compliance with burial depth requirements. Novus may want to include the BNP Peach tie-in point as its preferred option and the Duke line as an alternate tie-in. **Let Jeff or me know your decision.**
8. **Arlene asked that Novus get with BNP to determine how repair and maintenance of the existing road will be handled in the near and long term.** Work up some agreement that covers who is responsible if BNP hits a dry hole, if BNP ceases production first, if Novus hits a dry hole, if Novus ceases production first, etc. Arlene wants all scenarios covered. This needs to be covered in the Plan of Operations. **Please get Jeff or me a copy of this agreement when it is done.**
9. **Arlene asked that flowlines be placed in the access road R.O.W. Novus will need to have maps drawn up by a surveyor showing the pipeline routes.**
10. Arlene asked for several culvert placements in the road. BEI staked seven possible culvert locations. Jeff will show them in the map he will send later this week. **Novus needs to decide on culvert sizes, material type, etc.** At the request of PINS, BNP had to retain a hydrologist to identify culvert locations and to size culverts on the Peach road in order to retain surface drainage to nearby wetlands. **Arlene did not request a hydrology evaluation for the Manzano road.** Jeff will get you a copy of the Peach culvert plan so you can decide on a culvert plan for Manzano.
11. Arlene asked that the Plan of Operations provide for moving dune vegetation from the Manzano pad to the side slopes of the existing access road where it crosses the dunes near the Gulf beach. Irrigation should be provided. BEI will include re-vegetation in the Plan of Operations.
12. Arlene asked that the surveyor get topo points on a 10-ft grid in the pad area because there are many drastic and sharp changes in elevation.
13. Arlene will get USFWS people out within two weeks to evaluate endangered species issues. She will let me know the timing.

Please note that items in **BOLD** print require a decision and/or information from Novus.

To proceed with the Plan of Operations, we will need to get a complete project description from Novus that includes the above items and all of the information listed in Parts I-VII of the NPS Plan of Operations Guidelines. You can find these guidelines in Appendix C of the Peach No. 1 Plan of Operations. BEI will prepare Sections VII-XI. We will initiate vegetation mapping as soon as we know your preference for the pad size (to include multiple wells), production facility (location and size), pipeline tie-in points, and turnout locations (if any). Once the project foot print is fixed, we can map vegetation, prepare instructions to the surveyor and the archaeologist, and prepare our wetland report to the COE. Give Jeff (361-729-1241) or me a call with any questions you may have.

Thanks!
Charlie Belaire
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