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United States Department of the Interior
NATIONAL PARK SERVICE

Padre Island National Seashore
P.O. Box 181300
20301 Park Road 22
Corpus Christi, Texas 78418



IN REPLY REFER TO:

L3025 (PAIS)

VIA CERTIFIED MAIL – RETURN RECEIPT REQUESTED

July 22, 2002

Mr. H. Scott Taylor
Vice President Land/Regulatory Affairs
BNP Petroleum Corporation
500 N. Water Street, Suite 1000
Corpus Christi, Texas 78471

RE: Application to Directionally Drill from a surface location on Laguna Madre State Tract 211
to a bottom hole location underlying Padre Island National Seashore.

Dear Mr. Taylor:

We received your two letters dated May 15, 2002. Your first letter submits BNP Petroleum Corporation's (BNP's) application to the U.S. Army Corps of Engineers for a Section 404 permit covering the discharge of dredged or fill material associated with opening and maintaining an access channel, and drilling of the subject well. Your second letter requests a waiver from the plan of operations and performance bond requirements under the National Park Service's (NPS's) Nonfederal Oil and Gas Rights Regulations, pursuant to 36 CFR § 9.32(e).

Section 9.32(e) addresses directional drilling into a park from a surface location outside a park boundary. Before the NPS can take an action under § 9.32(e), it must fulfill its responsibilities under the National Environmental Policy Act (NEPA), and other applicable environmental protection requirements.

As compared to plans of operations that BNP has prepared for nonfederal oil and gas operations within the park, the NPS applies a different permitting process for directional drilling proposals in which the drill site is located outside the boundaries of the park and the bottom hole is underneath the park. For a directional drilling proposal, the NPS's information requirements and the permitting process is streamlined compared to that of a plan of operations. You are correct in citing that 36 CFR § 9.30 allows BNP the flexibility to permit production operations separately from exploration operations. Please submit an Application to Directionally Drill the proposed well using the information requirements listed below:

Information Requirements for an Application to Directionally Drill the Proposed Well from a Surface Location outside the Park to a Bottom Hole Underlying the Park

1. **Contact Information:** Name, address, and telephone number of the following: lessee, operator, field representative during drilling operations, emergency contact person, and surface owner at the drilling site. This information is needed because it informs NPS of who is responsible for the prospective operation, and provides a list of key contacts in case of an accident that might threaten park resources and values or visitor health and safety.
2. **Legal Ownership Information:** Copy of the legal instrument demonstrating ownership of or a legal right to oil and gas beneath the park. Examples include: deed, lease document, farmout agreement, designation of operator, or designation of agent. The NPS must have documentation from a prospective oil and gas operator that demonstrates a right to exercise nonfederal oil and gas rights located within a park unit.
3. **Maps and Plats:** Scaled map(s) and plat(s) showing the following information in relation to the park boundary: well name, proposed surface location of the drilling operation, proposed bottom hole location of the well, boundary of the oil and gas lease, boundary of the drilling unit, distance from well facility to the park boundary, area topography, location of surface waters and drainage patterns, access routes (roads or channels) for intended use (designate existing or new). This information may be shown on a survey plat, topographic map, or aerial photography, etc.
4. **Project Description:** Brief description of the proposed operation including anticipated operation timeline (e.g., estimated dates for site construction, spud, drilling, completion, etc.). The description needs to address the following: drilling program, mud program including containment and disposal of drilling mud (liquids and solids) and drill cuttings, casing and cementing program, and plugging program in the event the well is a dry hole. Note: Copies of service company proposals will likely fulfill the information under this item. If particular information is not addressed in such proposals, it can be added as a supplement. The NPS will use this information to assess whether the proposed operation comports with the regulatory requirements of § 9.32(e).

Information to Facilitate NPS NEPA Compliance

1. **Other Agency Permits and Requirements:** Copies of other federal, state or local permits (if applicable) including supporting information if available. Examples of other permits and requirements may include U.S. Corps of Engineers nationwide or individual permit for wetlands "dredge and fill" under § 404 of the Clean Water Act, Federal Emergency Management Agency certificate for operations in floodplains, Coastal Zone Management consistency determinations, EPA Spill Prevention Control and Countermeasure Plan for drilling and workover operations. At BNP's discretion, BNP can provide other reasonably available information to assist the NPS in assessing impacts on the park. The NPS will use this information to fulfill its NEPA compliance responsibilities.

2. **Proposed Actions to Minimize Environmental Threats to the Park:** List proposed proactive measures that BNP will take to protect the park from potential adverse effects of the operations based on a project scoping site visit and discussion with NPS staff. The NPS will use this information to fulfill its NEPA compliance responsibilities.

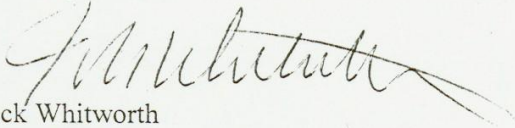
The NPS will assume full responsibility for preparing environmental assessments (EAs) in a timely manner.

The NPS will streamline public review of EAs for directional drilling operations to 15 days provided the EA concludes there are no controversial issues, and there would be no effect on threatened and endangered, cultural resources, wetlands and floodplains; otherwise the NPS's standard 30-day public review will be required. Directional drilling applications do not require publication of a Notice of Availability in the *Federal Register*; however, the park will publish a notice in the local newspaper(s) to announce the availability of the Application and EA for public review.

After the NPS has received your Application, and determined it to be substantially complete, we will prepare and release the EA for public review. The EA will analyze the potential environmental effects of the directional drilling proposal and provide a decision-making framework for the NPS to determine if the proposal would pose no significant threat of damage to Preserve resources and values so that the NPS could grant a regulatory exemption from the plan of operations and performance bonding requirements pursuant to 36 CFR §9.32(e) of its Nonfederal Oil and Gas Rights Regulations. As described above, the length of the public review period could be 15 or 30 days, and would depend on the intensity of impacts described in the EA.

Please contact Arlene Wimer, of my staff, at your earliest convenience to set a date for a meeting to discuss your proposed directional drilling proposal. This scoping meeting will facilitate preparation of your application and NPS's initiation of the NEPA process. Arlene can be reached at (361) 949-8173. If you have any questions, please contact me, Ken McMullen, or Arlene.

Sincerely,



Jock Whitworth
Superintendent