

UNITED STATES GOVERNMENT
MEMORANDUM

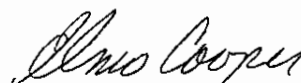
September 29, 2003

To: Public Information (MS 5034)
From: Plan Coordinator, FO, Plans Section (MS 5231)

Subject: Public Information copy of plan
Control # - N-07904
Type - Initial Development Operations Coordinations Document
Lease(s) - OCS-G21093 Block - 258 Vermilion Area
Operator - Petsec Energy Inc.
Description - Platform A and Wells A, B, and C
Rig Type - JACKUP

Attached is a copy of the subject plan.

It has been deemed submitted as of this date and is under review for approval.



Elmo Cooper
Plan Coordinator

Site Type/Name	Botm Lse/Area/Blk	Surface Location	Surf Lse/Area/Blk
FIXED/A		629 FNL, 3738 FWL	G21093/VR/258
WELL/A	G21093/VR/258	629 FNL, 3738 FWL	G21093/VR/258
WELL/B	G21093/VR/258	629 FNL, 3738 FWL	G21093/VR/258
WELL/C	G21093/VR/258	629 FNL, 3738 FWL	G21093/VR/258

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NOTED - SCHEXNAILDRE

N-7904
EC

PETSEC ENERGY INC.

September 15, 2003

Minerals Management Service
Attn: Regional Supervisor (MS 5231)
Office of Field Operations
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394



Re: Development Operations Coordination Document (Initial)
Vermilion Area, Block 258, G-21093
Proposed Development/Production Activities

CONTROL No. N-7904
REVIEWER: Elmo Cooper
PHONE: (504) 731-3083

Dear Sir or Madam:

In accordance with the requirements of NTL 2003-G17, Petsec Energy Inc., proposes the following development activities at the above referenced location.

- Install a 4-pile production structure (structure application submitted under separate cover).
- Tieback/complete and produce existing exploratory wells.
- Production/sales of hydrocarbons will be transported via a lease-term DOI pipeline (pipeline application submitted under separate cover).

An existing shore base at Cameron, Louisiana will be utilized. No modification of this shore base or addition of personnel is anticipated for this project.

Petsec's Oil Spill Response Plan (OSRP) was approved June 3, 2002 by Minerals Management Service.

Installation of platform and pipeline is scheduled for commencement by February 1, 2004.

Should you have questions or require additional data, please contact me immediately at (337) 989-1942, Ext. 210.

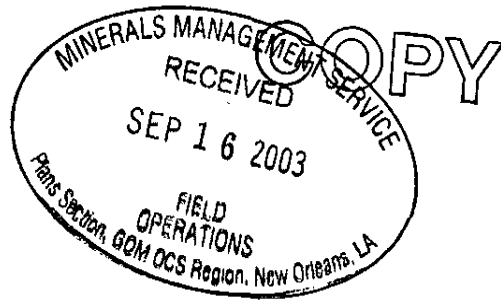
Sincerely,

A handwritten signature in black ink, appearing to read "Norman M. Fakier". To the right of the signature, the date "15/03" is written.

Norman M. Fakier
Vice President, Operations

Enclosure:

PROPRIETARY



**Development Operation Coordination Document (Initial)
Vermilion Area, Block 258 OCS-G 21093
Proposed Development/Production Activities**

CONTROL No. N-7804
REVIEWER: Elmo Cooper
PHONE: (504) 731-3083

FOR:

**Petsec Energy Inc.
4023 Ambassador Caffery Pkwy, Suite 550
Lafayette, LA 70503
(337) 989-1942**

Date Submitted:

September 15, 2003

PUBLIC INFORMATION

DEVELOPMENT OPERATIONS COORDINATION DOCUMENT
(Initial)

Petsec Energy Inc.
Vermilion Block 258
OCS-G 21093

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Appendix A Contents of Plan

- (A) **Description, Objectives and Schedule:** In accordance with NTL No. 2003-G17 and 30 CFR 250.204(a)(b), Petsec Energy Inc. proposes to conduct development activities at Vermilion Block 258. Current plans are to install a production platform and lay a product pipeline (lease-term). Subsequent to the installation of Platform "A" and lease-term pipeline, existing exploratory well(s) will be tied back to platform and completed for production. Exploratory wells submitted under separate Exploratory Plan. Additional wells, as needed to further development lease, will be submitted under a supplement to this DOCD. Following is a schedule of proposed activities and approximated time requirements:

Exploratory Activities: (previously submitted to MMS under an I/EP).

<u>Activity</u>	<u>Start</u>	<u>Finish</u>
Mob rig at VR 258.....	11-01-03.....	11-02-03
Install Caisson	11-02-03.....	11-07-03
Drill Exploratory Loc. "A"	11-07-03.....	11-22-03
Permit/Complete Well A001.....	11-22-03.....	12-13-03
Install NAV-AID on Caisson.....	12-13-03.....	12-14-03

Suspend Operations at VR 258. Begin design of platform and product pipeline. Work on product marketing/sales agreements and tie-in agreements with transporters.

Development/Production Activities: (I/DOCD).

<u>Activity</u>	<u>Start</u>	<u>Finish</u>
Begin installation of platform.....	2-01-04.....	2-15-04
Begin laying of lease-term pipeline.....	2-15-04.....	2-28-04
Hook-up pipeline to platform.....	2-28-04.....	3-01-04
Bring well on-line.....	3-01-04.....	

Drill additional well(s), as needed to further development VR-258 lease.

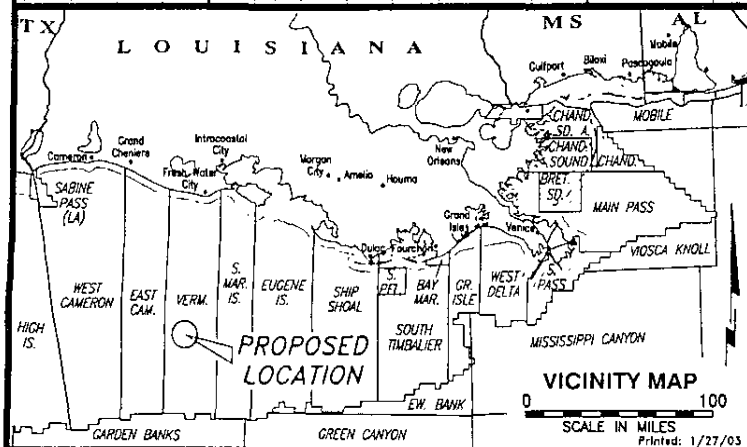
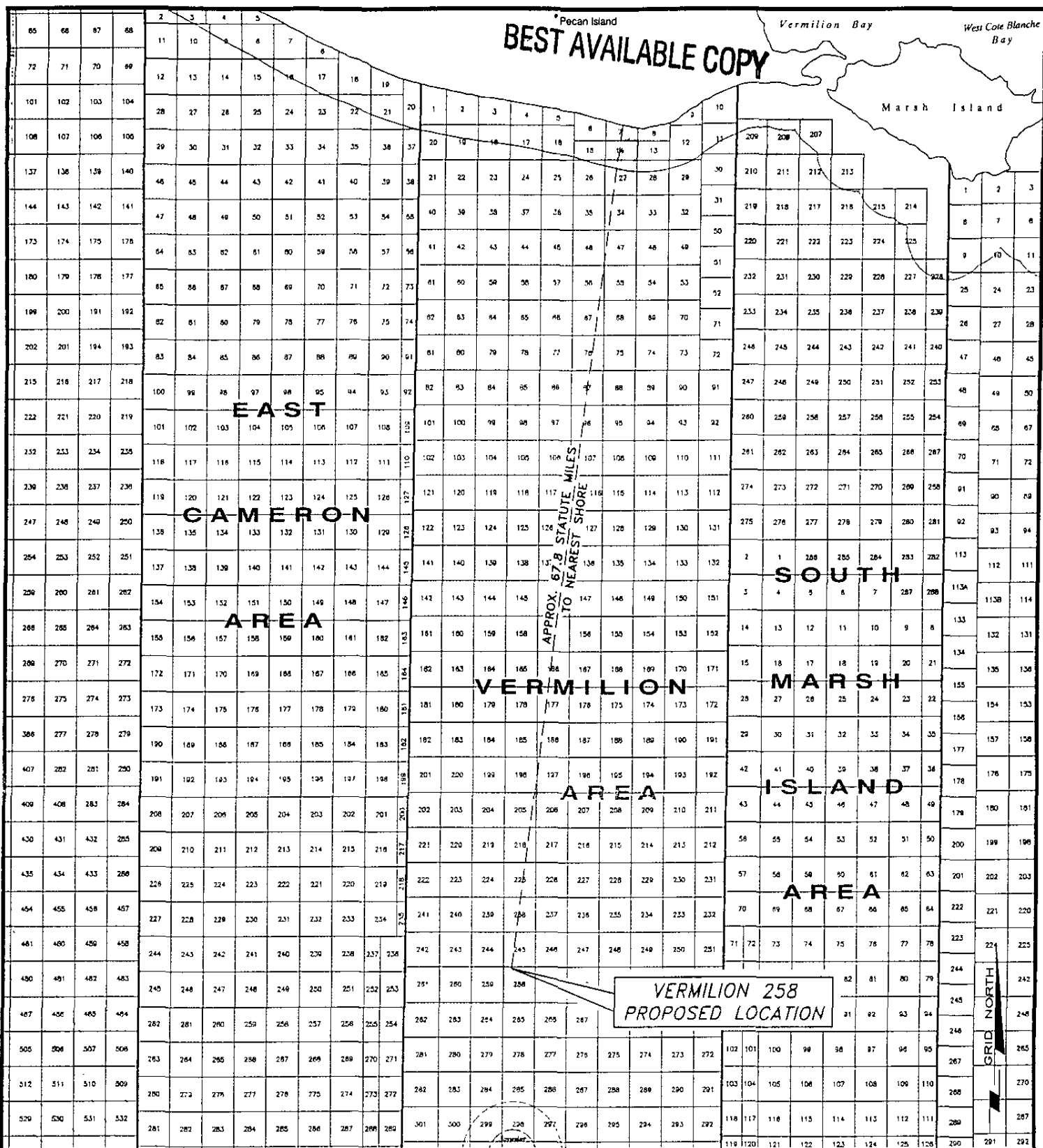
- (B) **Location:** Vermilion Block 258 is located almost due south of Pecan Island. Nearest land is the Vermilion Parish coastline located approximately 67.8 statute miles N-NE of Block 258. Water depths in Block 258 range from 132 feet at the northwest corner to 160 feet along the southern boundary. Water depth at proposed Platform "A" is 153 feet. A vicinity map referencing the coast and location of Block 258 is included as an attachment to Appendix A. Other maps, if not considered proprietary, are also attached.

(C) **Drilling Unit:** A jack-up cantilever type rig will be utilized for proposed development drilling activities. Subject rig is undesignated at this time, however the rig will be equipped with numerous safety and environmental features, such as, curbs, gutters, drip pans and drains to collect all contaminants not authorized to discharge. Safety and pollution prevention features will include well control and blowout prevention equipment as described in 30 CFR 250.406 and 30 CFR 250.300.

(D) **Production facility:** A 72" tapered caisson will be installed during the exploratory drilling of the first well. Subject caisson will be supported by the installation of 4-pile jacket prior to the commencement of development activities. Two additional wells will be drilled through this caisson after jacket and decks are added. The drilling/production deck will be an unmanned 4-legged deck with sufficient space to house a 20-ton crane, space for coil tubing unit including temporary quarters, a heliport and space for setting of production/processing equipment. Such equipment would be but not limited to production-separators, dehydration equipment if necessary, a compressor and miscellaneous equipment for production measurement, pumps and fuel storage tanks.

Attachments to Appendix A

- Vicinity map of Block 258 relative to the Louisiana Coast. (Public Info.)
- Base map of activity area depicted. (Public Info.)



PETSEC ENERGY INC.

VICINITY MAP
OCS-G-21093
BLOCK 258
VERMILION AREA
GULF OF MEXICO

FUGRO CHANCE INC.

200 Dallas Dr., Lafayette, Louisiana 70506-3001 (337) 237-1300

GEOIDETIC DATUM: NAD27
PROJECTION: LOUISIANA SOUTH
GRID UNITS: US SURVEY FEET

SCALE
IN FEET 0 60,000'

Job No.: 03-0368

Date: 1/27/03

Drwn: RDT

Chart: Of:

Dwgfile: H:\2003\030368\CAD\Marine\030368VIC

1 1

Appendix B General Information

(A) Contact: The following person(s) should be contacted pertaining to questions and/or additional data requirements.

Norman M. Fakier
Vice President, Operations
Phone: (337) 989-1942 Ext. 210
Fax: (337) 989-7271
E-mail: nfakier@petsec.com

Prent H. Kallenberger
Vice President - Exploration
Phone: (337) 989-1942 Ext. 214
Fax: (337) 989-7271
E-mail: prentk@petsec.com

Rouven Fontenot
Regulatory Consultant
Phone: (337) 237-4373 Ext. 115
Fax: (337) 234-1805
E-mail: rouven@commengineering.com

(B) Project Name:

Vermillion Block 258, G-21093
Platform & Lease-Term P/L installation

(C) Production rates & life of reserves:

Proprietary Information

(D) New or unusual technology: The proposed activities will be completed with the guarantee of the following items:

- 1) The most reliable and safest technologies will be utilized throughout the project. This includes meeting all applicable requirements for equipment types, general project layout, safety systems and equipment monitoring systems.
- 2) All operations will be covered by Petsec's Regional Oil Spill Response Plan (OSRP), which was approved June 3, 2002 by Minerals Management Service. Activities proposed, under this Development Operations Coordination Document will be covered by the Regional OSRP. This OSRP is the guide, which Petsec would follow in case of an oil spill.

- 3) All applicable Federal, State and local permit requirements regarding air emissions, water quality and discharges for the proposed activities, as well as any other permit conditions, will be complied with.
- 4) Statement: No new or unusual technology will be applied during this exploration activity.

(E) Bonding information:

Petsec Energy Inc. maintains with the GOM Regional Director a "No Operations" \$50,000 lease surety bond (RLB 0002690) that guarantees compliance with all the terms and conditions of Lease G-21093. Additional bonds when required by the Gulf of Mexico Regional Office will be submitted.

(F) Onshore base & support vessels:

The onshore support base for development activities at Vermilion Block 258 will be located at Cameron, Louisiana. Vermilion Block 258 is located approximately 100 statute miles S-SE of the Cameron shore base.

Existing facilities at Cameron, Louisiana will be utilized for proposed operations at Vermilion Block 258. These facilities consist of offices, dispatchers, dock facilities and other services, which are manned 24 hours a day.

Helicopters, crew boats, supply boats and utility boats will be utilized to transport personnel and supplies to proposed locations at Vermilion Block 258. It is anticipated the following will be utilized for transporting supplies and personnel.

- Crew-boat – Estimate 3 - 4 round trips per week.
- Supply boat – Estimate 4 - 5 round trips per week.
- Helicopter – Emergency evacuation only.

The route utilized by each mode of transportation will normally be a straight line from shore base at Cameron to Vermilion Block 258.

(G) Lease Stipulations:

Lease OCS-G 21093, Vermilion Block 258 carries Lease Stipulation Number 3 Military Areas (W-59). Petsec Energy will comply with stipulation by (a) Hold and Save Harmless as required by Section 14 of lease, (b) Control Electromagnetic Emissions as required while operating in lease and (c) enter into an Operating Agreement with military at Naval Air Station – JRB.

(H) Related OCS facilities & operations:

It is unknown at this time whether there are proposed or will have ongoing drilling in the vicinity of Vermilion Block 258. There are however production platforms in adjacent blocks. Chevron has an "F" structure NE of proposed location in Block 245

approximately 6,500 feet away. Vermilion Block 265, to the south of activity area, is leased by Amerada Hess. Hess has an A-Drilling and an A-Production facility just south of VR-258. There are several pipelines servicing both the Chevron and Amerada Hess facilities. A base map depicting these pipelines and facilities is attached.

(I) Transportation information:

There are two pipelines traversing Block 258, a Shell 20" and an Equilon 12". These pipelines are located south of the proposed activity area. The 12" is approximately 4,000 feet away and the 20" is about 6,500' away. Marketing and tie-in agreements to either of the above mentioned product pipelines will begin after the first exploratory well is drilled and well Producibility determined. A base map depicting these pipelines is attached.

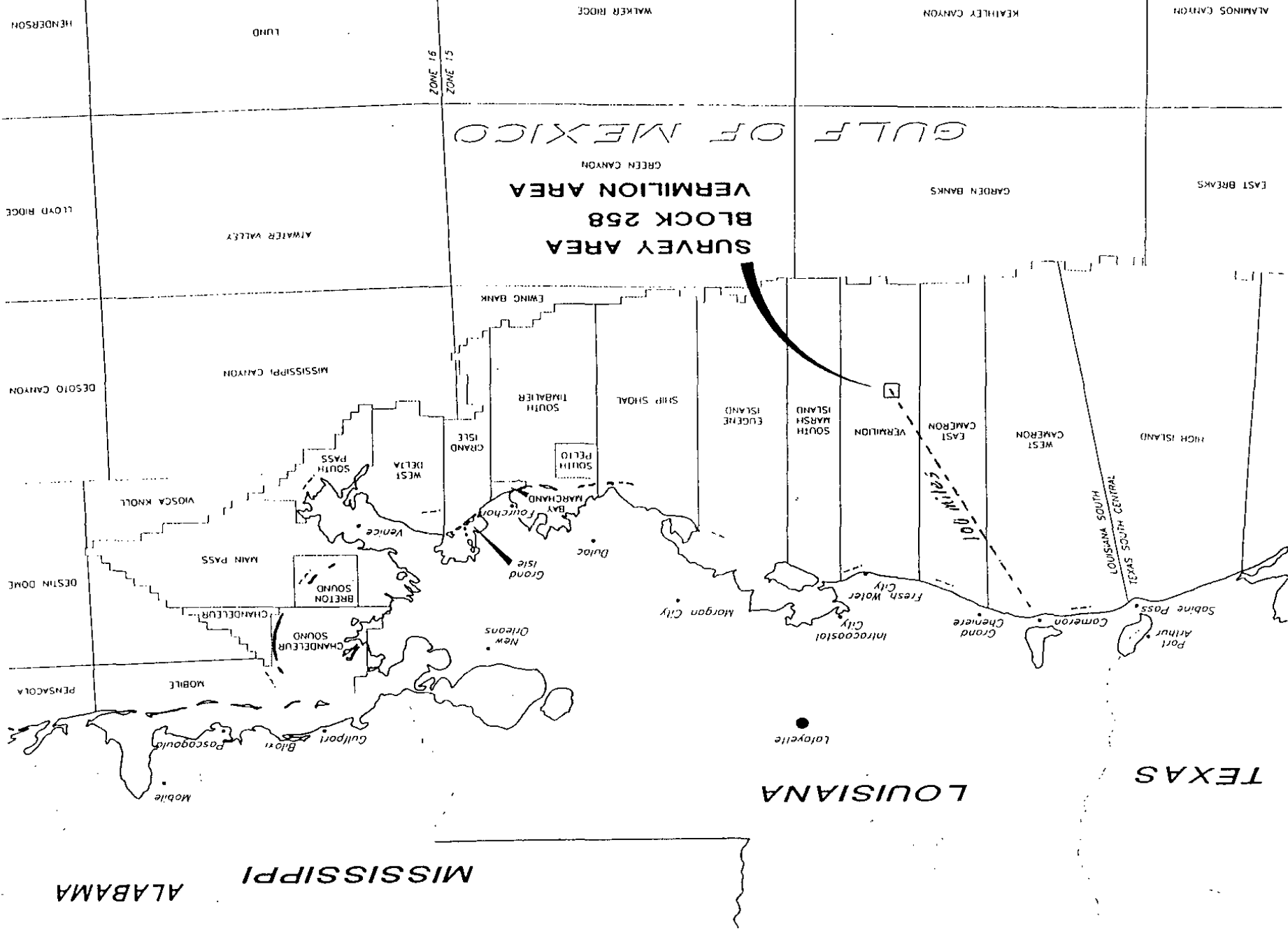
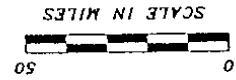
Attachments to Appendix B:

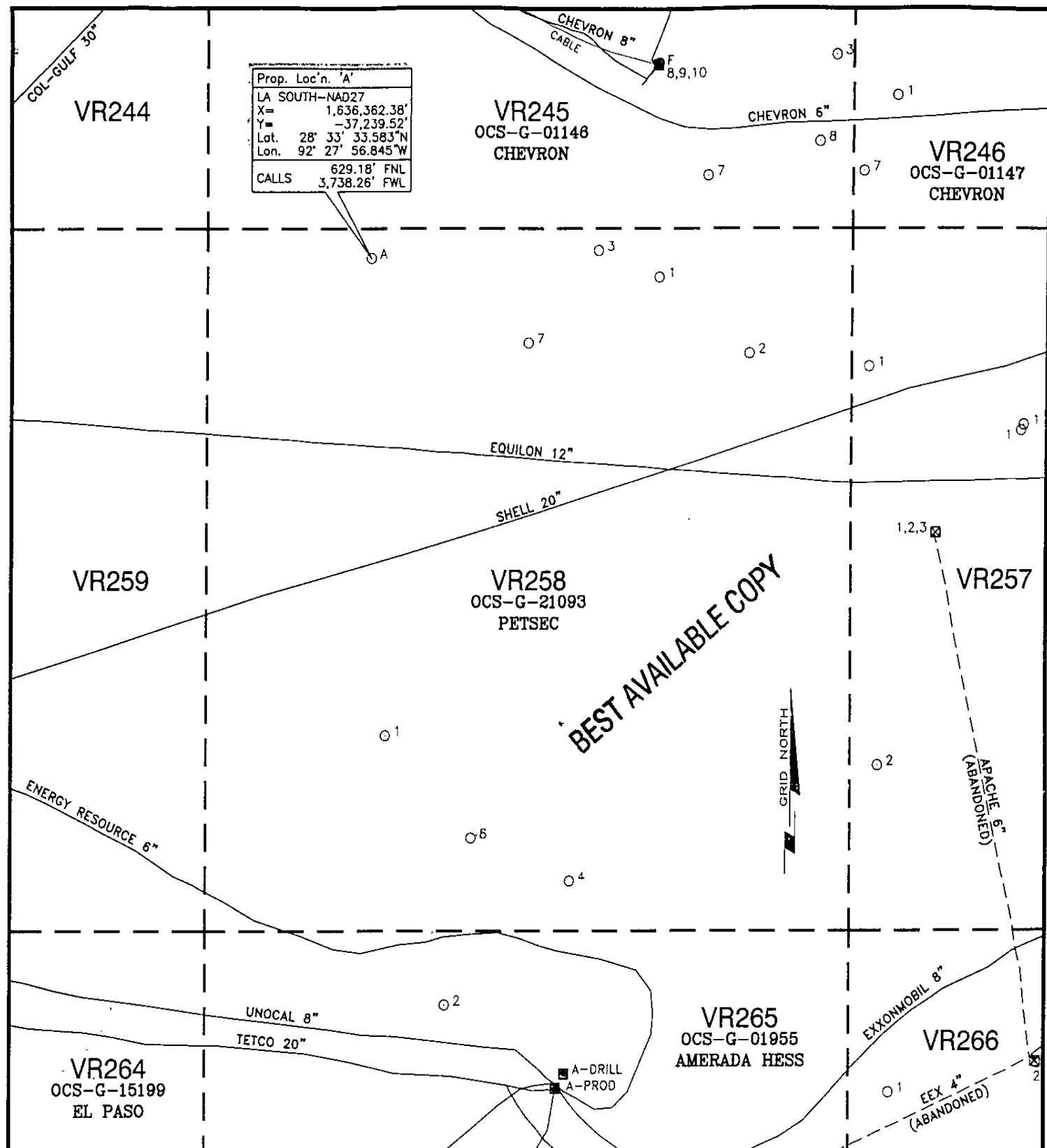
- Map depicting shore base at Cameron, Louisiana
- Base-map depicting pipelines & facilities in vicinity.



BEST AVAILABLE COPY

REGIONAL MAP





- IMPORTANT - PLEASE NOTE**
- 1) THIS MAP IS FURNISHED TO PETSEC ENERGY, INC. FOR ITS EXCLUSIVE USE, AND PETSEC ENERGY, INC. AGREES THAT THE MAP WILL NOT BE TRANSFERRED OR CONVEYED TO ANY PERSON OR ENTITY OTHER THAN ITS PARTNERS AND CONTRACTORS FOR ANY PURPOSE OTHER THAN USE IN CONNECTION WITH SERVICES PERFORMED FOR PETSEC ENERGY, INC..
 - 2) THIS MAP HAS BEEN PREPARED ON THE BASIS OF INFORMATION DERIVED FROM "AS-BUILT" DRAWINGS AND SURVEYS PREPARED BY OTHER PERSONS AND ENTITIES; MOREOVER, THE SERVICES PROVIDED IN THE PREPARATION OF THIS MAP INVOLVE INTERPRETATION, JUDGEMENT AND OPINION BASED UPON INFERENCE FROM INEXACT DATA AND ON SOURCES OF INFORMATION SUPPLIED BY OTHER PERSONS OR ENTITIES FOR WHOM FUGRO CHANCE INC. IS NOT RESPONSIBLE. ADDITIONALLY, THIS MAP DOES NOT REFLECT CHANGES IN THE LOCATION OF PIPELINES, UMBILICALS, CABLES AND OTHER SEA BOTTOM ASSETS WHICH MAY HAVE BEEN OCCASIONED BY (i) IMPACTS WITH VESSELS, ANCHORS, CABLES OR OTHER FLOATING OR SUBSEA OBJECTS, OR (ii) NATURALLY OCCURRING EVENTS (e.g., TROPICAL STORMS, HURRICANES, MUDSLIDES AND COMPARABLE PHENOMENA). BY REASON OF THE FOREGOING PETSEC ENERGY, INC. AGREES BY ITS ACCEPTANCE AND USE OF THIS MAP THAT FUGRO CHANCE INC. HAS NO RESPONSIBILITY OR LIABILITY FOR THE CONSEQUENCES OF ANY INACCURACY OR DEFICIENCY IN THE MAP.
 - 3) THIS MAP DOES NOT ATTEMPT TO SHOW THE LOCATION OR EXISTENCE OF ANY COMMUNICATION CABLES OR OF PIPELINES AND OBJECTS NOT DEPICTED ON THE INFORMATION REVIEWED.
 - 4) FUGRO CHANCE INC. WAS NOT APPRISED OF THE PRECISE PURPOSE FOR WHICH THIS MAP WOULD BE UTILIZED. FUGRO CHANCE INC. MAY HAVE PERFORMED A SHALLOW HAZARD SURVEY, HOWEVER, THIS MAP SHOULD NOT BE DEEMED TO CONSTITUTE RECOMMENDATIONS, EXPLICIT OR IMPLICIT, FOR ANY USE OR PURPOSE WHATSOEVER.
- Printed: 1/27/03

PETSEC ENERGY INC.			
BASE MAP			
OCS-G-21093			
BLOCK 258			
VERMILION AREA			
GULF OF MEXICO			
FUGRO CHANCE INC.			
200 Dulles Dr., Lafayette, Louisiana 70506-3001 (507) 237-1300			
GEODEIC DATUM: NAD27		SCALE 0 3,000'	
PROJECTION: LOUISIANA SOUTH		IN FEET	
GRID UNITS: US SURVEY FEET			
Job No.: 03-0368	Date: 1/27/03	Drwn: RDT	Chart: Of:
Dwgfile: H:\2003\030368\CAD\Marine\030368BASE		1 1	

Appendix C

Geological, Geophysical and H₂S Information

Geological and Geophysical Information

Statement: Petsec proposed/submitted a 3-Well Exploratory Plan (under separate cover) for the Vermilion Block 258 project. One exploratory well will be drilled and if capable of producing in commercial quantities, a 3-5 well platform will be installed. First well will be tied back to platform and completed. Product pipeline will be set at same time. Petsec will drill two additional wells under the Initial/Exploration Plan. Should additional wells be needed to further develop the VR 258 lease, a supplemental DOCD will be submitted.

(A) Structure Contour Maps:

- Submitted under EP.

(B) Interpreted 2-D and/or 3-D seismic lines:

- None available.

(C) Geological structure cross-sections:

- Submitted under EP.

(D) Shallow hazards reports:

- Submitted to Minerals Management Service under separate cover.

(E) Shallow hazards assessment:

- See attachment.

(F) High-resolution seismic lines:

- Submitted under EP.

Hydrogen Sulfide (H₂S) Information

Statement: A Hydrogen Sulfide classification/request of "H₂S absent" was submitted with the Initial/Exploration Plan. A similar classification/request of "H₂S absent" is being made for this Development Operations Coordination Document.

Attachments to Appendix C:

- Shallow Hazard Assessment for Platform "A" surface location.
- Hydrogen Sulfide (H₂S) classification/request.

Attachment To Appendix C

**Development Operations Coordination Document (Initial)
Shallow hazards Assessment**

- (E) - There have been a total of 10 wells listed below that were drilled on Vermilion Block 258 with no apparent shallow gas hazards. The Magnetometer data identified seven small unidentified anomalies on the block but none are in close proximity to Petsec's proposed Platform "A" surface location. The side scan sonar data shows the seafloor to be relatively flat and undisturbed.

Wells that have been drilled on Vermilion Blk 258 without encountering shallow hazards:
Shell No.1 (9720' MD), Shell No. 2 (11500' MD), Shell No. 3 (11030' MD), Shell No. 4 (12000' MD), Shell No. 5 (10400' MD), Shell No. 6 (11804' MD), Exxon/Mobil No. A-4 (10860' MD), Exxon/Mobil No. A-13 (10100' MD), Forest No. 7 (11000' MD), and Anadarko No. 1 (11000' MD).

Attachment To Appendix C

Development Operations Coordination Document Hydrogen Sulfide (H₂S) Information

- (A) **Classification** – Prior drilling conducted on this lease has not encountered any hydrogen sulfide gas (H₂S). Petsec is furnishing names of wells, which have been drilled from subject lease without encountering H₂S gas. As the information on these wells indicates the absence of H₂S, Petsec Energy Inc. anticipates the zones, which will be penetrated during our proposed exploration/development operations at Vermilion Block 258 will be absent of hydrogen sulfide. *We request the Minerals Management review the information and provide Petsec Energy Inc. with a determination that our operations may be classified as "zones where the absence of Hydrogen Sulfide has been confirmed".*

Wells that have been drilled on Vermilion Blk 258 without encountering H₂S: Shell No. 1 (9720' MD), Shell No. 2 (11500' MD), Shell No. 3 (11030' MD), Shell No. 4 (12000' MD), Shell No. 5 (10400' MD), Shell No. 6 (11804' MD), Exxon/Mobil No. A-4 (10860' MD), Exxon/Mobil No. A-13 (10100' MD), Forest No. 7 (11000' MD), and Anadarko No. 1 (11000' MD).

- (B) **H₂S Contingency Plan:** Not required, however, should the Minerals Management classify our operations differently, Petsec Energy Inc. shall comply with applicable requirements set forth in 30 CFR 250.417 while operating in OCS-G21093 Lease, Vermilion Block 258.

Appendix D

Biological and Physical Information

Chemosynthetic Information

Statement: Water depths at proposed activity area (Vermilion Block 258) are well under the 400-meters at which Chemosynthetic Communities are likely to occur. Amplitude extractions at the seafloor did not indicate any significant high amplitude seafloor returns indicative of features associated with rapid hydrocarbon seepage, (i.e. authigenic carbonate hard-grounds, mud volcanoes, and/or pock marks associated with near-surface gas-charged sediments).

In addition, the Chemosynthetic Ecosystems Study, Volume II MMS 2002-52 suggest that chemosynthetic communities are not likely to occur in this specific portion of the Vermilion Area.

Topographic Features Information

Statement: There is no Topographic Features Lease Stipulation or any identified biologically sensitive features in the immediate vicinity of Vermilion Block 258 area. The nearest biological sensitive feature is Sonnier Bank located approximately 12.3 statute miles S-SE of Block 258.

Live Bottom (Pinnacle Trend) Information

Statement: Vermilion Block 258 does not carry a Live Bottom Lease Stipulation and is not one of numerous blocks associated with the pinnacle trend.

Remotely Operated Vehicle (ROV) Surveys

Statement: Water depths at Vermilion Block 258 range from 132' (northwest corner of block) to 160' (southern boundary of block). Water depth at proposed surface location for Platform "A" is +/- 153 feet. A Mat-type jack-up rig will be utilized for drilling of first exploratory well. A jack-up cantilever type rig will be utilized after platform is set.

Archeological Information

Statement: An Archeological Assessment in accordance with NTL No. 2002-G01 was submitted to the Minerals Management under separate cover.

Attachments to Appendix D:

- None.

Appendix E Wastes and Discharges Information

Discharges during Development/Production Activities:

(A) Discharges:

In accordance with NTL No. 2003-G17 Appendix E *"Provide discharges information only when you propose activities under Items 1 through 6"*.

Statement: No activities proposed, at Vermilion Block 258, are in liking to Items 1 through 6.

(B) Disposed Wastes:

In accordance with NTL No. 2003-G17 Appendix E *"Disposed Waste"* is waste generated by proposed activities under this DOCD that will be disposed of by means other than discharge directly into the waters of the Gulf of Mexico.

Statement: No waste generated at VR 258 will be disposed of by off-site release, injection, encapsulation, or sent to an offshore permitted location for storage/treatment.

Attachments to Appendix E:

- None

Appendix F

Oil Spill Information

(A) Statement:

Petsec Energy Inc. is the only company covered by the Regional OSRP. The Plan was approved June 3, 2002. All activities proposed under this plan will be covered by Petsec's Regional OSRP.

(B) OSRO Information:

Should an oil spill occur while operating on OCS-G 21093 Lease, Vermilion Block 258, action will be initiated immediately by the Petsec Energy Inc. Spill Response Team and MSRC/CGA. Clean Gulf Associates maintains facilities and equipment at Intracoastal City, Venice, Grand Isle and Cameron, LA. Texas facilities are at Galveston, Port Aransas, and Texas City. A description of oil spill response equipment and materials is listed in the OSRP Manual, Volume I Section III.

(B) Worst-case Scenario Comparison:

(See Comparison Chart as attachment to Appendix F)

Statement: Since Petsec Energy Inc. has the capability to respond to the worst-case spill scenario included in its Regional OSRP approved on June 3, 2002. Also since the worst-case scenario determined for our Vermilion Block 258 DOCD does not replace the worst-case scenario in our Regional OSRP. I hereby certify that Petsec Energy Inc. has the capability to respond, to the maximum extent practicable, to a worst-case discharge, or to a substantial threat of such a discharge, resulting from the activities proposed at Vermilion Block 258.

Oil Spill Information

Vermilion Block 258

Platform "A"

(A) Facility tanks, production vessels:

Liquids (hydrocarbon) production will flow directly from production separators to a 6" sales pipeline. No storage tanks/production vessels are planned other than a small diesel storage tank (250 BBL) for platform crane.

(B) Spill response sites:

Petsec utilizes Clean Gulf Associates (CGA) for spill recovery equipment. GCA maintains spill equipment at Intracoastal City, Venice, Grand Isle and Cameron, Louisiana. Texas facilities are at Galveston, Port Aransas and Texas City. Primary response locations for both equipment and personnel would be Intracoastal City and Cameron.

(C) Diesel oil supply vessels:

All production equipment will be natural gas fired with the exception of the diesel crane. Crane usage at this unmanned platform would be minimal. Hence, the diesel supply vessel servicing the platform would be of minimal size and make few trips to service the facility.

(D) Support vessels fuel tanks:

Subsequent to the installation of the platform and lease-term pipeline, support vessels will not be servicing this unmanned facility to any great extent. One service vessel would visit the structure approximately biweekly. Subject vessel would have a storage capacity of about 500 barrels.

(E) Produced liquid hydrocarbons transportation vessels:

Liquids (hydrocarbons) production will be transported via a 6" gathering line to a trunk line.

(F) Oil and synthetic base drilling fluid:

Subsequent to installation structure, two additional wells are currently planned. Both would be drilled using native mud only.

(G) Oils characteristics:

Oil characteristics are not known at this time and will not be until the first well is drilled and liquid hydrocarbons are analyzed.

(H) Blowout scenario:

Potential for Blowout: Highly unlikely. Several wells have been drilled in Vermilion Block 258 and numerous others in adjacent blocks. There were no known blowouts and/or high pressures encountered.

Estimated Spill Flow Rate/Volume: See Worst Case Scenario attached to this Appendix.

Potential for Well to Bridge-over: Unknown.

Likelihood for surface intervention: Highly possible with a fire-less blowout.

Availability of rig & estimated time to drill a relief Well: Many rigs (Companies) are able to suspend their operations and make rigs available to drill a relief Well. Time frame to drill a relief Well would be plus or minus 5-10 days.

Rig package constraints: Probably none. A jack-up or shallow water semi-submersible could be utilized.

(I) Spill response discussion:

Should an oil spill occur while operating on OCS-G 21093 Lease, Vermilion Block 258, action will be initiated immediately by the Petsec Energy Inc. Spill Response Team and MSRC/CGA. Since Petsec Energy Inc. has the capability to respond effectively to the worst-case spill scenario included in its regional OSRP approved on June 3, 2002, and since the worst-case scenario determined for our Vermilion Block 258 I/EP and DOCD does not replace the worst-case scenario in our regional OSRP, Petsec Energy Inc. has the capability to respond, to the

maximum extent practicable, to a worst-case discharge, or to a substantial threat of such a discharge resulting from the activities proposed at Vermilion Block 258.

(J) Pollution prevention measures:

The platform will be equipped with numerous safety and environmental features, such as, curbs, gutters, drip pans and drains to collect all contaminants not authorized to discharge. Safety and pollution prevention features will include well control and blowout prevention equipment as described in 30 CFR 250.406 and 30 CFR 250.300.

Attachments to Appendix F:

- Worst-case scenario comparison
- OSRP approval letter
- Certification of Response Resources
- Proof of Contractual Agreements

Attachment to Appendix F

Worst-case Scenario Comparison

<i>Category</i>	<i>Regional OSRP</i>	<i>EP or DOCD</i>
Type of activity	Production Platform	Exploration/Jack-up Rig
Facility Location (area/block)	W. Cameron Bk. 352	Vermilion Bk. 258
Facility Designation	Platform A	Mobile Drilling Rig
Distance to Nearest Shoreline (statue miles)	52	67.8
Volume (BBL/Day)	1,000	500
Storage tanks (total barrels)	3,000	2,000
Flow-lines (on facility)	50	20
Lease term pipelines	1,000	500
Uncontrolled blowout (BBLS per day)	1,000	500
Total Volume	1,000	500
Type of Oil(s) – (crude oil, condensate, diesel)	crude, condensate & diesel	crude, condensate & diesel
API Gravity (degrees)	47	42

Statement: Since Petsec Energy Inc. has the capability to respond to the worst-case spill scenario included in its regional OSRP approved on June 3, 2002, and since the worst-case scenario determined for our Vermilion Block 258 I/EP does not replace the worst-case scenario in our regional OSRP, I hereby certify that Petsec Energy Inc. has the capability to respond, to the maximum extent practicable, to a worst-case discharge, or to a substantial threat of such a discharge resulting from the activities proposed in our Vermilion Block 258 I/EP.

GULF OF MEXICO
REGIONAL OIL SPILL RESPONSE PLAN - OFFSHORE OPERATIONS
APPENDIX H - WORST CASE DISCHARGE SCENARIOS
PETSEC ENERGY, INC.

APPENDIX H - WORST CASE DISCHARGE SCENARIOS

A. Facility Information

1. WCD < 10-Miles Seaward of the Coastline (if applicable).

Type of Operation	Facility Name/ID No. or Pipeline Segment/ID No.	Area/ Block No. Where the Spill Originates	Distance in Miles from the Shore
	N/A		
Factors Considered:			

2. WCD > 10-Miles Seaward of the Coastline (if applicable).

Type of Operation	Facility Name/ID No. or Pipeline Segment/ID No.	Area/ Block No. Where the Spill Originates	Distance in Miles from the Shore
Exploratory	West Cameron 352-A – OCSG #2839	WC 352-A	50
Factors Considered:			

3. WCD for Exploratory drilling operations from a Mobile Offshore Drilling Unit (if applicable):

Type of Operation	Facility Name/ID No. or Pipeline Segment/ID No.	Area/ Block No. Where the Spill Originates	Distance in Miles from the Shore
	N/A		

4. WCD for operations within the Flower Garden Banks Oil Spill Planning Area (if applicable):

Type of Operation	Facility Name/ID No. or Pipeline Segment/ID No.	Area/ Block No. Where the Spill Originates	Distance in Miles from the Shore
	N/A		

B. Volume

The volume of the worst-case discharge scenario Exploration Drilling operations >10 miles = 1,000 bbls was determined using criteria in Section 254.47. Calculations are shown in **FIGURE H.1**.



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394

In Reply Refer To: MS 5231

August 7, 2002

Mr. Norman Fakier
Petsec Energy, Inc.
4023 Ambassador Caffery Parkway
Caffery Plaza, Suite 550
Lafayette, Louisiana 70503-3402

Dear Mr. Fakier:

In accordance with 30 CFR 254, your regional Oil Spill Response Plan (OSRP) dated May 14, 2002, has been modified by your letter dated August 1, 2002. The plan has been modified to reflect a change in the company's address. This modification is approved.

Please be advised that the review and update of your regional OSRP, as required by 30 CFR 254.30(a), must be submitted no later than July 31, 2004. One copy of the findings of the review including any resulting updates must be submitted to this office for approval.

Sincerely,

Donald C. Howard
Regional Supervisor
Field Operations

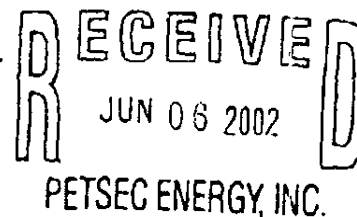
cc: Ms. Bea Stong
J. Connor Consulting, Inc.
16225 Park Ten Place, Suite 700
Houston, Texas 77084



United States Department of the Interior

MINERALS MANAGEMENT SERVICE

Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, Louisiana 70123-2394



In Reply Refer To: MS 5231

June 3, 2002

Mr. Norman Fakier
Petsec Energy, Inc.
143 Ridgeway Drive, Suite 113
Lafayette, Louisiana 70503-3402

Dear Mr. Fakier:

Your letter dated May 14, 2002, transmitted your initial regional Oil Spill Response Plan (OSRP) for our review. In accordance with 30 CFR 254, the plan is hereby approved.

Please be advised that the review and update of your regional OSRP as required by 30 CFR 254.30 must be submitted no later than July 31, 2004. One copy of the findings of the review including any resulting updates must be submitted to this office for approval.

Sincerely,

Donald C. Howard

Regional Supervisor
Field Operations

cc: Ms. Bea Stong
J. Connor Consulting, Inc.
16225 Park Ten Place, Suite 700
Houston, Texas 77084



PETSEC ENERGY INC.

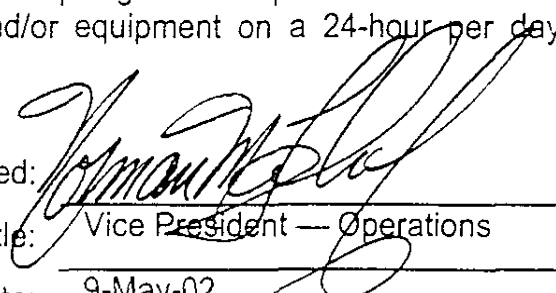
FIGURE D.1 PROOF OF CONTRACTUAL AGREEMENTS

*** * * * ***

I hereby certify that Petsec Energy, Inc. currently has a contract or membership agreement with the following Service Providers:

Service	Company	Beginning Date	Ending Date
Spill Management Team	OOPS	01-Jul-02	Auto-renewal
Equipment Provider	CGA	01-Jul-02	Auto-renewal
Response Personnel	MSRC	01-Jul-02	Auto-renewal

The subject contract or membership agreement provides immediate access to available personnel and/or equipment on a 24-hour per day basis.

Signed: 

Title: Vice President — Operations

Date: 9-May-02

Appendix G

Air Emissions Information

Statement(s):

(A) Calculating Emissions:

Plan Emissions were calculated using exemption calculation and distance from land in miles on Form MMS-139. Distance to shore is 67.8 (68) miles. Maximum emission estimates for a Jack-up rig was used.

(B) Screening Questions for DOCD's:

All questions were answered with a "No". Plan Emissions and Complex Total Emissions are the same. A summary sheet depicting calculated allowable and projected emissions is attached.

Plan Emissions/Complex Total Emissions & Exempt Amounts were calculated by:

Rouven Fontenot
Regulatory Consultant
Phone: (337) 237-4373 Ext. 115
Fax: (337) 234-1805
E-mail: rouven@commengineering.com

Attachments to Appendix G:

- Allowable & Projected Emission Summary

AIR EMISSION CALCULATIONS

OMB Control No. xxxx-xxxx

Expiration Date: Pending

COMPANY	AREA	BLOCK	LEASE	PLATFORM	WELL
Petsec Energy Inc.	Vermilion	258	G-21093	Proposed "A"	Exploratory Wells A, B & C
Year	Emitted Substance				
	PM	SOx	NOx	VOC	CO
2004	5.62	25.68	308.20	10.71	141.55
2005	0.15	0.69	120.81	5.06	100.66
2006	0.15	0.69	120.81	5.06	100.66
2007	0.15	0.69	120.81	5.06	100.66
2008	0.15	0.69	120.81	5.06	100.66
2009	0.15	0.69	120.81	5.06	100.66
2010	0.15	0.69	120.81	5.06	100.66
2011	0.15	0.69	120.81	5.06	100.66
Allowable	2257.74	2257.74	2257.74	2257.74	56532.57

Appendix H

Environmental Impact Analysis (EIA)

Statement No 1: An Environmental Impact Analysis Worksheet (Matrix) is attached, however there are no direct Impact Producing Factors (IPF's) of known Environmental Resources associated with this proposed development plan.

Statement No. 2: Environmental Resources with IPF's footnoted have been addressed in the attached Environmental Impact Analysis (EIA).

Attachments to Appendix H:

- Environmental Impact Analysis Worksheet (Matrix).
- Environmental Impact Analysis (EIA).

Environmental Impact Analysis (EIA)

Petsec Energy Inc.
Vermilion Block 258, OCS-G 21093,
Proposed Production Platform "A"

Introduction: I/DOCD Proposed Platform "A" will be installed following the drilling of the first exploratory well. Following the installation of platform, the well will be tied back and completed. A 6" flow line will be set from Platform "A" to connect to a 20" trunk line approximately 6,500 feet away. Two additional exploratory wells will be drilled and completed to further develop the lease. A three exploratory well have been submitted under an Initial Exploration Plan previously submitted. The potential for Site-specific Impact-producing Factors (IPF's) would occur at one location only.

(B) Analysis

Site-specific at Offshore Location

Designated Topographic Features: The nearest marine sanctuary or topographic feature is Sonnier Bank which is located approximately 12.3 statute miles south of activity area. Impacts to this biologically sensitive area and/or others from effluents, physical disturbances to the seafloor or accidents involving chemical spills are highly unlikely.

Pinnacle Trend Area/Live Bottoms: Areas characterized by the existence of live bottoms are well documented and usually carry a Lease Stipulation requiring a Live Bottom Survey. Vermilion Block 258 (surface location) does not have such a stipulation.

Eastern Gulf Live-Bottoms: Proposed activities are located in the Central Gulf Area.

Chemosynthetic Communities: Water depths at Block 258 ranges from 132 feet to 161 feet. The presents of deepwater benthic communities are highly unlikely in such shallow depths.

Water Quality: Water column may be impacted slightly from the discharge of drill cutting along with water-base drilling mud. The discharge plume could cause the water column to become opaque and thereby cause reduced amounts of sunlight penetration. This effect should be short term however because cuttings will be worked into the surrounding sediments or recolonized by benthic organisms. The overall impact to water quality should not be widespread or have long term significance. Water quality impact from the accidental spilling of chemicals is not

likely. Proposed activities (drilling) with the use of chemicals (synthetics) is not planned at this time. Should the use of synthetics become necessary, it would be for a very short period. Approximately 7-8 days total. This is a no-discharge period to the water column. Synthetic mud and related cuttings would be contained and ship to shore during the drilling phase. Deck drainage, domestic and sanitary waste will be treated prior to discharge. Most of the deck drainage (other than rainwater flowing through grating) goes to a sump for containment of oil/grease. Sanitary waste is treated prior to discharge. Overall impact to water quality should be kept at a minimum with mitigating efforts such as oil catching sumps, waste treatment and reduction in cuttings discharge due to the use of synthetic mud.

Fisheries: Impact to fish and other marine animals should be minimal because of mitigating efforts applied to water quality.

Marine mammals & Sea Turtles: Proposed activities at Vermilion Block 258 should have minimal effect to marine mammals. The only possibility of impact would be from chance collision with work/crew boats traveling to and from the activity area. Mitigating efforts are currently being done by vessel operators and crew members by using the Gulf of Mexico identification guide to identify species of whales, dolphins, sea turtle and other mammals. As mandated by NTL No. 2002-G14, vessel operators and crews must maintain a vigilant watch for marine protected species and slow down or stop their vessel to avoid striking protected species. Additionally they must report sightings of any injured or dead protected species to the MMS by telephone.

Air Quality: An air quality report was not required for the proposed activities. However, air pollutant discharges for this activity are well below the exemption level assigned for that distance from shore. Distance to shore is 68 statute miles. Exemption levels for criteria pollutants are 2,264 tons per year and 56,644 tons per year for CO. Discharges of pollutants from proposed activities are not likely to exceed these exemption levels.

Shipwreck Sites & Prehistoric Archaeological Sites: Activity area is inside the prehistoric cultural resource probability line and outside the historic cultural resource probability line. Gulf Ocean Services conducted the original Shallow Hazard Survey and Archeological Assessment in 1993. C&C Technologies conducted a new archaeological assessment in February 2003 in accordance with NTL No. 2002-G01. C&C Technologies' Conclusions and Recommendations were that: No areas shown in the sub-bottom records are recommended for avoidance on the basis of archaeological potential.

Vicinity of Offshore Location

Essential Fish Habitat: An accidental oil spill could have a detrimental impact on fish habitat. However, it is highly unlikely that this would happen. Additionally Petsec has an approved Oil Spill Response and Recovery Plan in place. In case of an accidental spill, this OSRP would be put into action immediately.

Marine and Pelagic Birds: An accidental oil spill would have the potential to impact marine and bird life. Proposed activities will not increase liquid hydrocarbon production to any great extent hence, it would not increase the potential for an oil spill of any great magnitude. Additionally the OSRP and Recovery team would be placed into action immediately should this event occur.

Public Health/Safety: There is no potential for accidental release of a dangerous substance such as H₂S gasses. As stated in Appendix C, there is sufficient evidence from the drilling/production of previous wells to deem the proposed activity area as an area that is "absent of H₂S gas".

Coastal and Onshore

Beaches & Wetlands: An accidental oil spill could impact beaches and wetlands. However, due to the distance (68 statute miles) of proposed activity area from beaches and wetlands it is highly unlikely that oil from an accidental spill would reach the shoreline. Additionally, proposed activities have minimal potential to produce liquid hydrocarbons in large quantities.

Shore Birds & Coastal Nesting Birds: Due to the activity area having a distance of 68 statute miles, it is highly unlikely that oil from an accidental spill would ever reach shore. Also activity area has minimal potential to produce liquid hydrocarbons in large quantities.

Coastal Wildlife Refuges: Due to the activity area having a distance of 68 statute miles, it is highly unlikely that oil from an accidental spill would ever reach shore. Also activity area has minimal potential to produce liquid hydrocarbons in large quantities.

Wilderness Area: Due to the activity area having a distance of 68 statute miles, it is highly unlikely that oil from an accidental spill would ever reach shore. Also activity area has minimal potential to produce liquid hydrocarbons in large quantities.

(C) Impacts on Proposed Activities

The potential for minimal impacts were addressed under Site-specific at Offshore Location. Because of impacts being minimal and through mitigating efforts, the area of impact was not widespread and of a short duration. Potential for impacts to Vicinity of Offshore Location, Coastal and Onshore were minimal to none.

(D) Alternatives

There are no known direct impacts to the Environmental Resources in the vicinity of the proposed activity area hence, there are no known alternatives that would reduce the potential for impact.

(E) Mitigation Measures

No mitigation measures other than those required by regulations will be employed to avoid, diminish, or eliminate potential impacts on environment resources.

(F) Consultation

No agencies or persons were consulted regarding potential impacts associated with the proposed activities. Therefore, a list of such entities has not been provided.

(G) References

- Shallow Hazard Survey
- Archeological Assessment
- MMS NTL's
- MMS EIS's

Appendix I
Coastal Zone Management Consistency Certification Format

(A) Consistency Certification (See attachment below).

(B) Other Information:

(1) Description of proposed activities:

- (a) Install a 4-Pile Production Structure. Size of structure will be sufficient to handle the drilling, completion and production of 3-5 Wells. Three proposed wells have been submitted under an Initial Exploration Plan (EP).
- (b) Completion and production of Well No. 1 will commence subsequent to the installation of the platform and pipeline. Proposed pipeline is a 6" lease-term product line which will connect to either a 12" or 20" trunk line. Both trunk lines are within the VR 258 and lie approximately 4,000 feet and 6,500 feet away respectively.
- (c) An existing shore-base at Cameron, Louisiana will be utilized. No modifications to facility are planned. No addition of personnel is anticipated at this time.

(2) Specific to the State of Louisiana:

- (a) No waste from proposed activities at Vermilion Block 258 will be discharged/disposed within the Louisiana Coastal Zone, including State Waters.
- (b) Oil spill information was provided in Appendix F.

(3) Statement: All of Louisiana's enforceable policies have been considered in making this certification of consistency.

Attachments to Appendix I:

- CZM Consistency Certification

Appendix I – Figure 1

COASTAL ZONE MANAGEMENT
CONSISTENCY CERTIFICATION

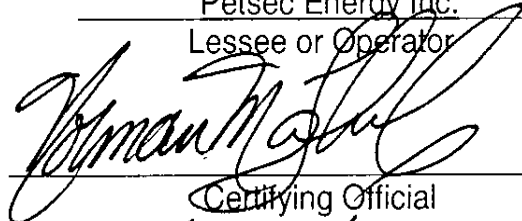
Development Operations Coordination Document (Initial)

Vermilion Block 258

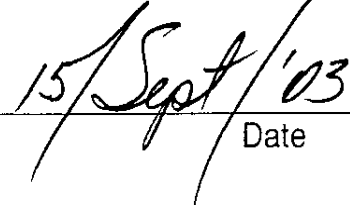
OCS-G 21093

The proposed activities described in detail in this OCS Plan comply with
Louisiana's approved Coastal Management Program and
will be conducted in a manner consistent with such Program.

Petsec Energy Inc.
Lessee or Operator



Certifying Official



Date

Appendix J
Plan Information Form

Attachments to Appendix J:

- OCS Plan Information Form

"PROPRIETARY"
OCS PLAN INFORMATION FORM
(USE SEPARATE FORM FOR EACH LEASE)

EXPLORATION PLAN	<input checked="" type="checkbox"/>	DEVELOPMENT OPERATIONS COORDINATION DOCUMENT		DEVELOPMENT & PRODUCTION PLAN	
OPERATOR: Petsec Energy Inc.			ADDRESS: 4023 Ambassador Caffery Pkwy, Suite 550		
MMS OPERATOR NO. 01586			Lafayette, LA 70503		
CONTACT PERSON: Norman M. Fakier			PHONE NO.: 337-989-1942 Ext. 210		
PROPOSED START DATE 11/01/03		RIG TYPE: JU SS PF DS OTHER	DISTANCE TO CLOSEST LAND (IN MILES): 67.8		
NEW OR UNUSUAL TECHNOLOGY		YES	NO	X	
ONSHORE SUPPORT BASE(S): Cameron, Louisiana					
NARRATIVE DESCRIPTION OF PROPOSED ACTIVITIES Drill and evaluate three (3) exploratory wells (new drill).					
PROJECT NAME, IF APPLICABLE: N/A					

PROPOSED WELL/STRUCTURE LOCATIONS

WELL/ STRUCTURE NAME	SURFACE LOCATION	BOTTOM-HOLE LOCATION (FOR WELLS)
Platform <u> </u> or Well <u>A</u>	CALLS: <u>629</u> F <u>N</u> L AND <u>3,738</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>	CALLS: <u>2,403</u> F <u>N</u> L AND <u>7,467</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>
Name: <u>Vermilion 258</u>	X: <u>1,636,362'</u> Y: <u>-37,240'</u> LAT: <u>28° 33' 33.583" N</u> LONG: <u>92° 27' 56.845" W</u> TVD (IN FEET): <u>10250'</u>	X: <u>1,640,091'</u> Y: <u>-39,013'</u> LAT: <u>28° 33' 16.392" N</u> LONG: <u>92° 27' 14.849" W</u> MD (IN FEET): <u>11438'</u>
		WATER DEPTH (IN FEET): <u>153'</u>
Platform <u> </u> or Well <u>B</u>	CALLS: <u>629</u> F <u>N</u> L AND <u>3,738</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>	CALLS: <u>1,997</u> F <u>N</u> L AND <u>9,810</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>
Name: <u>Vermilion 258</u>	X: <u>1,636,362'</u> Y: <u>-37,240'</u> LAT: <u>28° 33' 33.583" N</u> LONG: <u>92° 27' 56.845" W</u> TVD (IN FEET): <u>10000'</u>	X: <u>1,642,434'</u> Y: <u>-38,607'</u> LAT: <u>28° 33' 20.638" N</u> LONG: <u>92° 26' 48.633" W</u> MD (IN FEET): <u>12197'</u>
		WATER DEPTH (IN FEET): <u>153'</u>
Platform <u> </u> or Well <u>C</u>	CALLS: <u>629</u> F <u>N</u> L AND <u>3,738</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>	CALLS: <u>8,333'</u> F <u>N</u> L AND <u>4,829'</u> F W L OF LEASE OCS <u>G-21093</u> , <u>Vermilion</u> AREA, BLOCK <u>258</u>
Name: <u>Vermilion 258</u>	X: <u>1,636,362'</u> Y: <u>-37,240'</u> LAT: <u>28° 33' 33.583" N</u> LONG: <u>92° 27' 56.845" W</u> TVD (IN FEET): <u>10440'</u>	X: <u>1,637,453'</u> Y: <u>-44,943'</u> LAT: <u>28° 32' 17.439" N</u> LONG: <u>92° 27' 43.767" W</u> MD (IN FEET): <u>13564'</u>
		WATER DEPTH (IN FEET): <u>153'</u>
Platform <u> </u> or Well <u> </u>	CALLS: <u> </u> F <u> </u> L AND <u> </u> F <u> </u> L OF LEASE OCS <u> </u> , <u> </u> AREA, BLOCK <u> </u>	CALLS: <u> </u> F <u> </u> L AND <u> </u> F <u> </u> L OF LEASE OCS <u> </u> , <u> </u> AREA, BLOCK <u> </u>
Name: <u> </u>	X: <u> </u> Y: <u> </u> LAT: <u> </u> LONG: <u> </u> TVD (IN FEET): <u> </u>	X: <u> </u> Y: <u> </u> LAT: <u> </u> LONG: <u> </u> MD (IN FEET): <u> </u>
		WATER DEPTH (IN FEET): <u> </u>

BEST AVAILABLE COPY