UNITED STATES GOVERNMENT
MEMORANDUM

February 2, 2005

To: Public Information (MS 5034)

From: Plan Coordinator, FO, Plans Section (MS 5231)

Subject: Public Information copy of plan

Control #	-	N-08330
Type	-	Initial Exploration Plan
Lease(s)	-	OCS-G26204 Block - 945 Viosca Knoll Area
Operator	-	Walter Oil & Gas Corporation
Description	-	Well A
Rig Type	-	SEMISUBMERSIBLE

Attached is a copy of the subject plan.

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

Robert Stringfellow
Plan Coordinator

Site Type/Name	Botm Lse/Area/Blk	Surface Location	Surf Lse/Area/Blk
WELL/A	G26204/VK/945	5187 FNL, 4177 FWL	G26204/VK/945

NOTED - SCHEXNAILDRE

ISS FEB 3'05AM11:05

WALTER OIL & GAS CORPORATION

February 1, 2005

Mr. Donald C. Howard
Regional Supervisor
Office of Field Operations
U.S. Department of the Interior
Minerals Management Service
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

CONTROL No. [illegible]-8330
REVIEWER: Robert Stringfellow
PHONE: (504) 736-2437

RE: Initial Exploration Plan
Lease OCS-G 26204, Viosca Knoll Block 945
OCS Federal Waters, Gulf of Mexico, Offshore, Louisiana & Mississippi

Gentlemen:

In accordance with the provisions of Title 30 CFR 250.203 and NTL 2002-G08, Walter Oil & Gas Corporation hereby submits for your review and approval two (2) hard copies of an Initial EP (Plan) for Lease OCS-G 26204, Viosca Knoll Area, Block 945, Offshore Louisiana and Mississippi. One (1) copy is "Proprietary Information" and one (1) copy is "Public Information". Included in this package are one Proprietary and one Public Information copy of this plan on separate CD-ROM's in a PDF format for the Minerals Management Service. A Public Information copy of the Plan on CD-ROM is included for the States of Louisiana and Mississippi CZM offices and the Mississippi Governor's Office.

Excluded from the Public Information copies are certain Geologic discussions, depths of well(s) and structure maps.

Walter anticipates drilling activities will commence under this proposed Plan on approximately April 1, 2005.

Should additional information be required, please contact the undersigned at 713/659-1221.

Sincerely,

WALTER OIL & GAS CORPORATION

Judy Archer /kc

Judy Archer
Regulatory / Environmental Coordinator

PUBLIC INFORMATION

JA:KC

Enclosures

Walter Oil & Gas Corporation
Initial Exploration Plan
Viosca Knoll Area, Block 945
Lease OCS-G 26204
February 1, 2005

Table of Contents

Attachments

Appendix A
CONTENTS OF PLAN

In accordance with 43 CFR 2.13 (c)(9), those items considered proprietary have been omitted from the Public Information copy and have been referenced accordingly.

A. LEASE DESCRIPTION / ACTIVITY

Walter Oil & Gas Corporation (Walter) is the designated operator of Lease OCS-G 26204. The referenced lease was purchased at the Central Gulf of Mexico Lease Sale 185. The lease was issued with an effective date of May 1, 2003 and primary term ending date of April 30, 2008.

Under this Initial Exploration Plan, Walter Oil & Gas plans to drill, complete and test one (1) subsea well (Location A) in Viosca Knoll Block 945.

PROPRIETARY DATA

PROPRIETARY DATA

Attachment A-1 is MMS Form 137 with details of the proposed drilling, completion and potential testing as provided for in this Plan along with a tentative schedule.

B. LOCATION / MAPS

Included in this section is the Well Location Map **(Attachment A-2)**. The map shows the surface location(s) of all existing and proposed well(s). The proposed / existing bottom hole location(s), depth of well(s) (MD and TVD) and the associated water depths for each subsea well are provided in tabular format. Please note, bottom hole locations, MD & TVD depths are omitted from the Public Information Copy.

The anchor pattern associated with the drilling of the proposed subsea well is illustrated on the attached anchor drawing **(Attachment A-3)**.

C. DRILLING

Offshore exploratory and development activities are carried out from mobile drilling rigs. The five most common types of mobile rigs employed for exploratory drilling offshore are submersible drilling rigs, semi-submersible drilling rigs, jack-up drilling rigs, drill ships, and drill barges.

The proposed well(s) will be drilled and completed with the Ocean Lexington. Rig specifications will be made a part of the appropriate Application for Permit to Drill.

Safety features on the MODU will include well control, pollution prevention, welding procedure, and blowout prevention equipment as described in Title 30 CFR Part 250, Subparts C, D, E, G and O; and as further clarified by MMS Notice to Lessees, and current policy making invoked by the MMS, Environmental Protection Agency and the U.S. Coast Guard. The appropriate life rafts, life jackets, ring buoys, etc., as prescribed by the U.S. Coast Guard will be maintained on the facility at all times.

In accordance with Title 30 CFR Part 250, Subpart 0, an operator is to ensure Well Control Training is provided for lessee and contractor personnel engaged in oil and gas operations in the OCS Gulf of Mexico. Further, the operator is charged with the responsibility to not create conditions that will pose unreasonable risk to the public health, life, property, aquatic life, wildlife, recreation, navigation, commercial fishing, or other uses of the ocean.

Supervisory and certain designated personnel on-board the facility are to be familiar with the effluent limitations and guidelines for overboard discharges into the receiving waters, as outlined in the NPDES General Permit GMG290000. Some of these pollution prevention measures include installation of curbs, gutters, drip pans, and drains on drilling deck areas to collect all contaminants and debris.

The MMS is required to conduct onsite inspections of offshore facilities to confirm operators are complying with lease stipulations, operating regulations, approved plans, and other conditions; as well as to assure safety and pollution prevention requirements are being met. The National Potential Incident of Noncompliance (PINC) List serves as the baseline for these inspections. The MMS also inspects the stockpiles of equipment listed in the operator's approved Oil Spill Response Plan that would be used for the containment and cleanup of hydrocarbon spills.

ATTACHMENT A-1

U.S. Department of the Interior
Minerals Management Service

OMB Control Number: 1010-0049
OMB Approval Expires: August 31, 2006

OCS PLAN INFORMATION FORM

General Information

Type of OCS Plan:	X	Exploration Plan (EP)		Development Operations Coordination Document (DOCD)	
Company Name:	Walter Oil & Gas Corp.		MMS Operator Number:	0730	
Address:			Contact Person:	Judy Archer	
1100 Louisiana, Suite 200 Houston, TX 77002			Phone Number:	713/659-1222	
			E-Mail Address:	jarcher@walteroil.com	

Lease: OCS-G 26204	Area: Viosca Knoll						Block: 945	Project Name (If Applicable): NA			
Objective(s):	X	Oil	X	Gas		Sulphur		Salt	Onshore Base: Venice, LA		Distance to Closest Land (Miles): 22

Description of Proposed Activities (Mark all that apply)

X	Exploration drilling		Development drilling
X	Well completion		Installation of production platform
X	Well test flaring		Installation of production facilities
	Installation of well protection structure		Installation of satellite structure
X	Installation of subsea wellheads and/or manifolds		Installation of lease term pipelines
	Temporary well abandonment		Commence production
	Other (Specify and describe)		

Do you propose to use new or unusual technology to conduct your activities?		Yes	X	No
Do you propose any facility that will serve as a host facility for deepwater subsea development?		Yes	X	No
Do you propose any activities that may disturb an MMS-designated high-probability archaeological area?		Yes	X	No

Tentative Schedule of Proposed Activities

Proposed Activity	Start Date	End Date	No. of Days
Drill and Complete Location A	04/01/2005	04/27/2005	27
Set Subsea Tree while rig on location	04/28/2005	04/29/2005	2
Test well	04/30/2005	04/30/2005	1

Description of Drilling Rig				Description of Production Platform			
	Jackup		Drillship		Caisson		Tension leg platform
	Gorilla Jackup		Platform rig		Well protector		Compliant tower
X	Semisubmersible		Submersible		Fixed platform		Guyed tower
	DP Semisubmersible		Other (Attach Description)		Subsea manifold		Floating production system
Drilling Rig Name (If Known): Ocean Lexington					Spar		Other (Attach Description)

Description of Lease Term Pipelines

From (Facility/Area/Block)	To (Facility/Area/Block)	Diameter (Inches)	Length (Feet)
NA			

PUBLIC INFORMATION COPY

OCS PLAN INFORMATION FORM (CONTINUED)
Include one copy of this page for each proposed well / structure

Proposed Well/Structure Location						
Well or Structure Name/Number:	**Location A**			Subsea Completion		
Anchor Radius (if applicable) in feet:	5380				Yes	X	No

	Surface Location		Bottom-Hole Location (For Wells)
Lease No.	OCS-G 26204		
Area Name	Viosca Knoll		
Block No.	945		
Block line Departures (in feet)	N/S Departure:	5187 FNL	
	E/W Departure:	4177 FWL	
Lambert X-Y coordinates	X:	1,112,977	
	Y:	10,544,253	
Latitude/ Longitude NAD 27	Latitude:	29° 02' 41.182" N	
	Longitude:	88° 39' 04.006" W	

TVD (Feet):	MD (Feet):	Water Depth (Feet): **872**

Anchor Locations for Drilling Rig or Construction Barge

Anchor Name or No.	Area	Block	X Coordinate	Y Coordinate	Length of Anchor Chain on Seafloor
1					
2					
3					
4					
5					
6					
7					
8					

Paperwork Reduction Act of 1995 Statement: The Paperwork Reduction Act of 1995 (44 U.S.C. Chapter 35) requires us to inform you that MMS collects this information as part of an applicant's Exploration Plan or Development Operations Coordination Document submitted for MMS approval. We use the information to facilitate our review and data entry for OCS plans. We will protect proprietary data according to the Freedom of Information Act and 30 CFR 250.196. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget Control Number. The use of this form is voluntary. The public reporting burden for this form is included in the burden for preparing Exploration Plans and Development Operations Coordination Documents. We estimate that burden to average 580 hours per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to the Information Collection Clearance Officer, Mail Stop 4230, Minerals Management Service, 1849 C Street, N.W., Washington, DC 20240.

PUBLIC INFORMATION COPY

PROPOSED LOCATIONS

LOCATION	CALLNS	CALLEW	X COORDINATE	Y COORDINATE	LATITUDE	LONGITUDE	WD	TVD	MD
A SURFACE	5,187.00' FNL	4,177.00' FWL	1,112,977.00'	10,544,253.00'	29° 02' 41.182"N	88° 39' 04.006"W	872'		
									5,000'

○ A LOCATION

VK945

OCS-G-26204

WALTER

GRID NORTH

PUBLIC INFORMATION

WALTER OIL & GAS CORPORATION

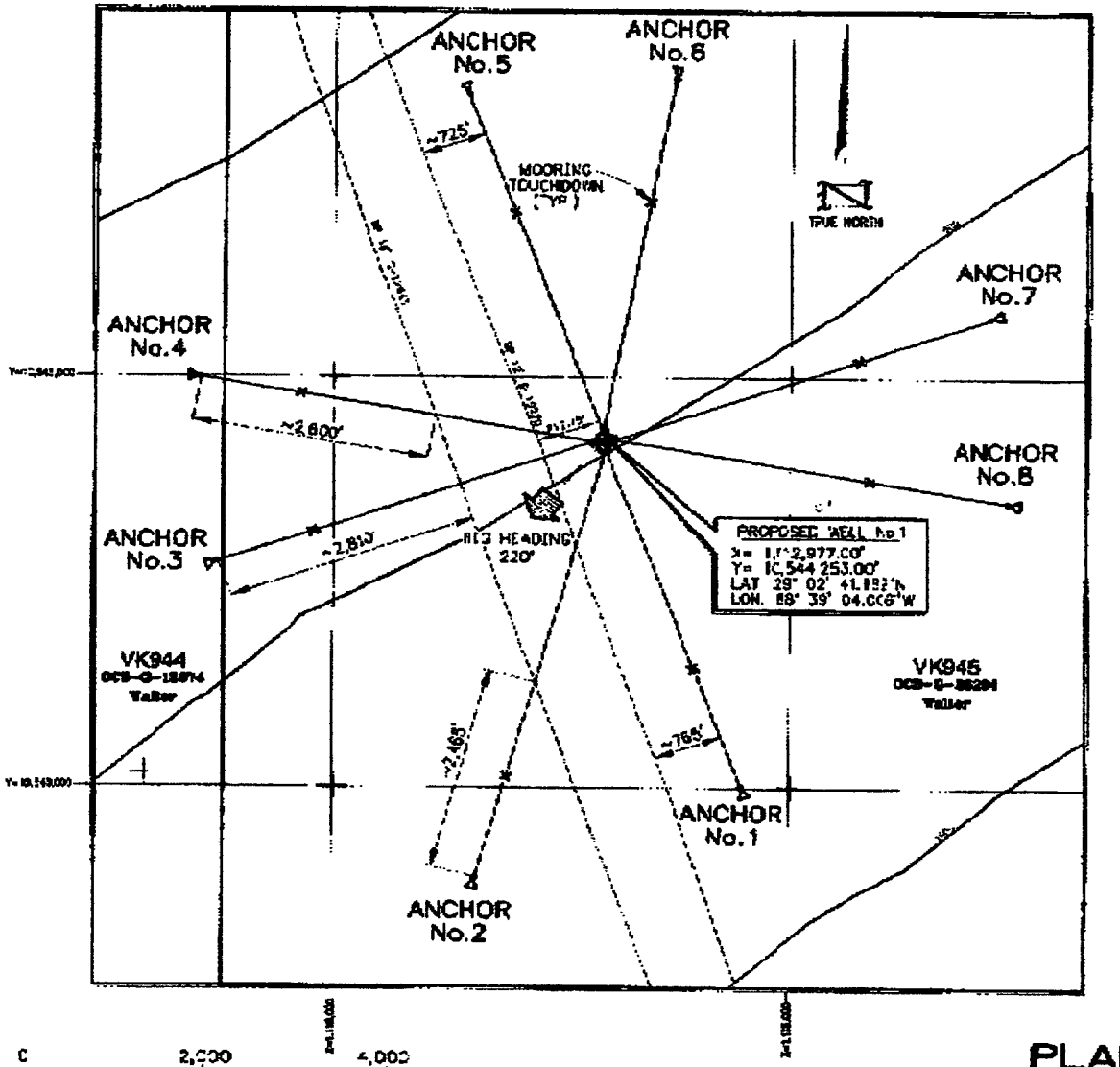
EXPLORATION PLAN
OCS-G-26204
BLOCK 945
VIOSCA KNOLL AREA
GULF OF MEXICO

FUGRO CHANCE INC.
200 Dulles Dr. Lafayette, Louisiana 70506-3001 (337) 237-1300

GEODETIC DATUM: NAD27 PROJECTION: U.T.M. 16 (NORTH) GRID UNITS: US SURVEY FEET		SCALE IN FEET 0 2,000'	
Job No.: 05-0256	Date: 1/14/05	Drwn: TCG	Chart: 1 Of: 1
Dwgfile: O:\WellPermit\UTM16\VK\Permit\945EP			

Printed: 1/14/05

CONFIDENTIAL NOTE:
THIS DRAWING IS THE PROPERTY OF AND MODIFIES CERTAIN CONFIDENTIAL INFORMATION OF ECHO OFFSHORE ENGINEERING, INC.
THIS DRAWING AND THE INFORMATION THEREON SHALL NOT BE REPRODUCED OR DISCLOSED TO ANY OTHER PARTY OR USED FOR ANY PURPOSE OTHER THAN FOR THE BENEFIT OF AND AUTHORIZED BY ECHO OFFSHORE ENGINEERING, INC.



PROPOSED MOORING INSTALLATION SPECIFICATIONS

LEG No.	LEG HEADING	FAIRLEAD TO ANCHOR HORIZ. DIST. (ft)	WATER DEPTH AT ANCHOR (ft)	GROUND CHAIN	ANCHOR FINAL POSITION (ft.)
1	160°	4,35[illegible]	890'	1,530'	X= 1,114,484 Y= 10,540,22[illegible]
2	195°	5,380'	955'	1,27[illegible]	X= 1,111,578 Y= 10,538,904
3	250°	4,350'	877'	1,11[illegible]	X= 1,108,741 Y= 10,542,732
4	280°	4,350'	840'	1,110'	X= 1,108,55[illegible] Y= 10,544,982
5	340°	4,350'	825'	1,530'	X= 1,[illegible],456 Y= 10,548,445
6	10°	4,356'	845'	1,530'	X= [illegible],113,731 Y= 10,548,649
7	70°	4,350'	920'	1,530'	X= 1,117,180 Y= 10,548,735
8	130°	4,350'	945'	1,530'	X= [illegible],1187,373 Y= 10,543,484

WALTER OIL AND GAS
MOORING OF OCEAN LEXINGTON • VK-945

PLAN VIEW OF MOORING SYSTEM

FIGURE 1

Appendix B
GENERAL INFORMATION

A. CONTACT

Inquiries may be made to the following authorized representative:

Judy Archer
1100 Louisiana St., Suite 200
Houston, Texas 77002
713 / 659-1221
Email: jarcher@walteroil.com

B. NEW OR UNUSUAL TECHNOLOGY

Walter does not propose the use of any new or unusual technology to carry out the proposed activities provided for in this Plan.

C. BONDING INFORMATION

In accordance with regulations contained in Title 30 CFR Part 256, Subpart I, and further clarified by NTL 00-G16 pertaining to general lease surety bonds, Walter has on file with the Minerals Management Service a $3,000,000 Areawide Development Bond.

D. ONSHORE BASE AND SUPPORT VESSELS

Viosca Knoll Block 945 is located approximately 22 statute miles from the nearest Louisiana shoreline and approximately 45 statute miles from the onshore support base located in Venice, LA. A Vicinity Plat showing the location of Viosca Knoll Block 945 relative to the shoreline and the onshore base is included as **Attachment B-1**.

Name	Location	Existing, New or Modified
Asco Docks	Venice, LA	Existing

This base is capable of providing the services necessary for the proposed activities. It has 24-hour service, a radio tower with a phone patch, dock space, equipment and supply storage base, drinking and drill water, etc. The base will also serve as a loading point for tools, equipment and machinery to be delivered to the MODU, crew change and transportation base, and temporary storage for materials and equipment. The facilities typically include outdoor storage, forklift and crane service, dock, trailer facilities, a radio tower with a phone patch and parking, as well as 24-hour service.

Support vessels and travel frequency during the proposed drilling, completion activities are as follows:

Type	Trips / Week – Drilling	Hours on Location
Crew Boat	5	4
Supply Boat	3	4
Helicopter	As needed	1
Anchor Handling Tugs	1 Day on and 1 Day off	24

Personal vehicles will be the main means of transportation to carry personnel from various locations to the onshore base area. During drilling operations, they will be transported to the MODU by the crew boat. A supply boat will also be utilized to transport small supplies, and on occasion, personnel. Helicopters will be utilized on an as needed basis. The most practical, direct route permitted by the weather and traffic conditions will be utilized.

During the proposed operations, Walter and contractor personnel will be employed on the rig conducting drilling and completion activities. During these periods of time, approximately 35-50 personnel may be engaged in designated activities. Personnel engaged in onshore operations will be the dispatcher at the pre-determined support base, contract personnel for off loading equipment and materials required to support the activities, as well as the personnel needed to transport same to the offshore facility.

E. LEASE STIPULATIONS

Oil and gas exploration and development activities on the OCS are subject to stipulations developed before the lease sale and would be attached to the lease instrument, as necessary, in the form of mitigating measures. The MMS is responsible for ensuring full compliance with stipulations.

Minerals Management Service invoked the following stipulation(s) for Lease OCS-G 26204, Viosca Knoll Block 945:

Stipulation No. 6 – Marine Protected Species
To reduce the potential taking of federally protected species (e.g., sea turtles, marine mammals, Gulf sturgeon, and other listed species):

a) MMS will condition all permits issued to lessees and their operators to require them to collect and remove flotsam resulting from activities related to exploration, development, and production of this lease.

b) MMS will condition all permits issued to lessees and their operators to require them to post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated.

NOTE: The Minerals Management Service issued NTL 2003-G11 pursuant to 30 CFR 150.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

c) MMS will require that vessel operators and crews watch for marine mammals and sea turtles, reduce vessel spread to 10 knots or less when assemblages of cetaceans are observed and maintain a distance of 90 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles.

NOTE: The Minerals Management Service issued NTL 2003-G10 pursuant to 30 CFR 250.103, 250.23(o) and 250.204(s) to explain how Operators must implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species effective June 19, 2003. We will ensure that our contract vessel operators are aware of their requirement to report sightings of any injured or dead protected species immediately to the MMS Protected Species Biologist by telephone.

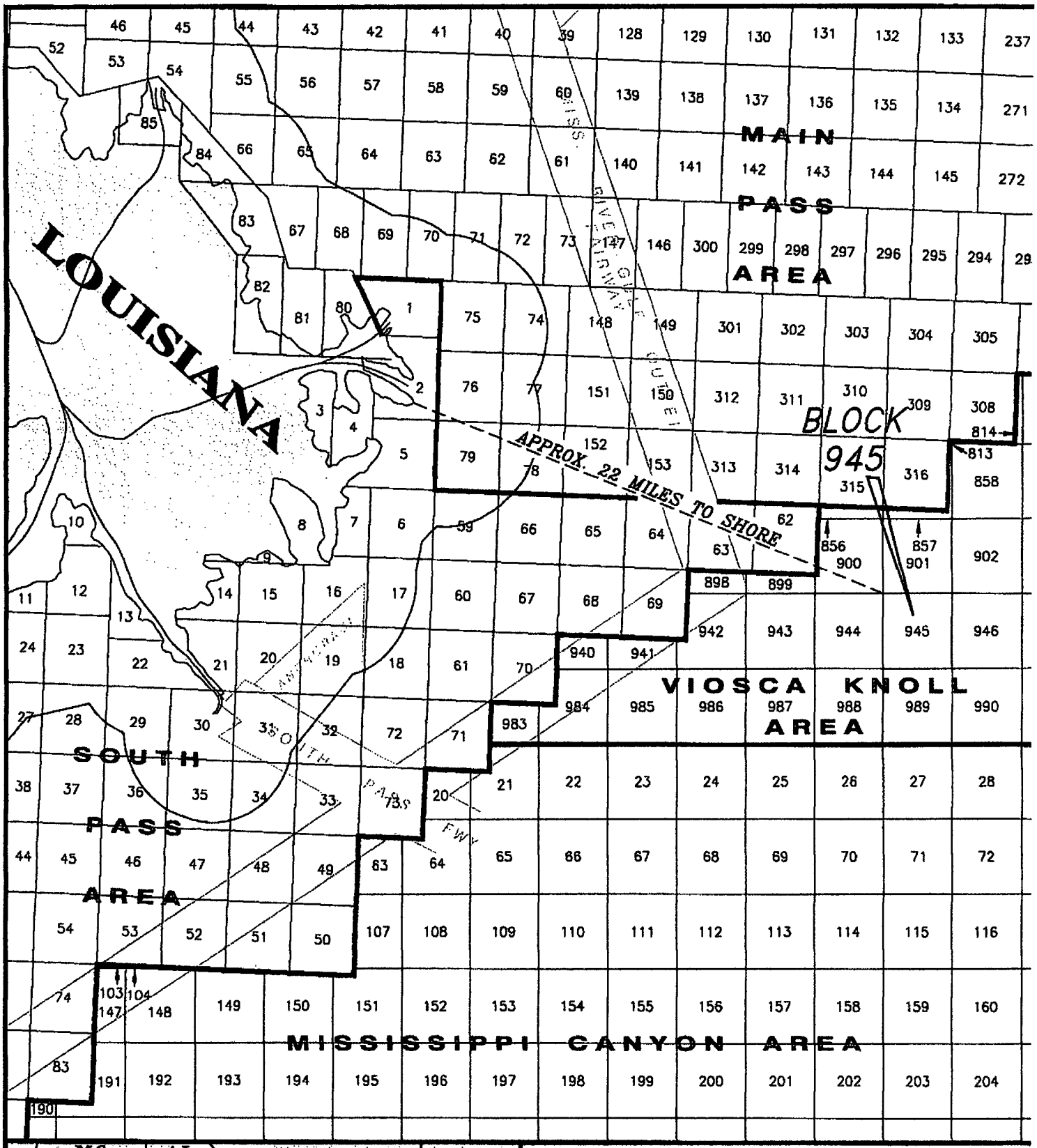
d) MMS will require that all seismic surveys employ mandatory mitigation measures to include the use of a 500-meter "exclusion zone" based upon the appropriate water depth, ramp-up and shut-down procedures, visual monitoring and reporting. Seismic operations must immediately cease when certain marine mammals are is detected within the 500-meter exclusion zone. Ramp-up procedures and seismic surveys may be initiated only during daylight unless alternate monitoring methods approved by MMS are used.

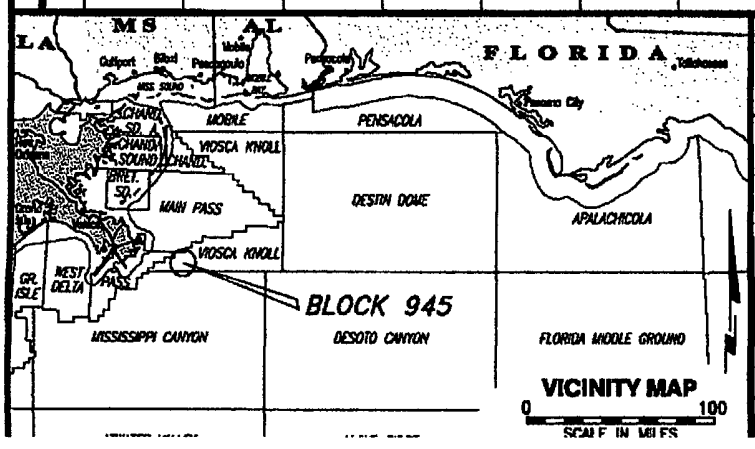
NOTE: The Minerals Management Service issued NTL 2004-G01 pursuant to 30 CFR 250.103, to explain how to implement seismic survey mitigation measures, requiring ramp-up procedures, protected species observer training, visual monitoring and reporting. This NTL applies to all marine mammals, some of which may be encountered in water depths less than 200 meters in certain areas of the Gulf of Mexico.

e) The MMS will require lessees and operators to instruct offshore personnel to immediately report all sightings and locations of injured or dead protected species (marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animals (e.g. because of a vessel strike), the responsible parties should remain available to assist the stranding network. If the injury or death was caused by a collision with your vessel, you must notify MMS within 24 hours of the strike.

NOTE: The Minerals Management Service issued NTL 2003-G10 pursuant to 30 CFR 250.103, 250.23(o) and 250.204(s) to explain how Operators must implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species effective June 19, 2003. We will ensure that our contract vessel operators are aware of their requirement to report sightings of any injured or dead protected species immediately to the MMS Protected Species Biologist by telephone.

f) MMS will require oil spill contingency planning to identify important habitats, including designated critical habitat, used by listed species (e.g. sea turtle nesting beaches, piping clover critical habitat), and require the strategic placement of spill cleanup to be used only by personnel trained in less-intrusive cleanup techniques on beach and bay shores.





WALTER OIL & GAS CORPORATION

VICINITY MAP
OCS-G-26204

BLOCK 945
VIOSCA KNOLL AREA
GULF OF MEXICO

FUGRO CHANCE INC.
200 Dulles Dr. Lafayette, Louisiana 70506-3001 (337) 237-1300

GEODETIC DATUM: NAD 1927 PROJECTION: U.T.M. 16 GRID UNITS: US SURVEY FEET		SCALE IN FEET	0 — 30,000'
Job No.: 05-0439	Date: 1/27/05	Drwn: VAG	Chart: Of:

Appendix C
Geological, Geophysical & H_2S INFORMATION

In accordance with 43 CFR 2.13 (c)(9), those items considered proprietary have been omitted from the Public Information copy and have been referenced accordingly.

A. STRUCTURE CONTOUR MAPS – Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

B. INTERPRETED 2-D or 3-D SEISMIC LINES - Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

C. GEOLOGICAL STRUCTURE CROSS-SECTIONS – Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

D. SHALLOW HAZARDS REPORT – Proprietary Data (Omitted from PI Copy)

Tesla Offshore LLC performed a High Resolution Geophysical Survey of Viosca Knoll Block 945, Offshore, Louisiana in July 2004. The purpose of the survey was to evaluate geologic conditions and inspect for potential hazards or constraints to lease exploration.

Copies of the report have been submitted to the Minerals Management Service under separate cover.

E. SHALLOW HAZARDS ASSESSMENT – Proprietary Data (Omitted from PI Copy)

Shallow hazards assessments have been prepared for the proposed surface locations, evaluating seafloor and subsurface geologic and manmade features and conditions, and are included as **Attachment C-4**.

F. HIGH RESOLUTION SEISMIC LINES – Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

G. STRATIGRAPHIC COLUMN – Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

H. TIME VERSUS DEPTH TABLES – Proprietary Data (Omitted from PI Copy)

PROPRIETARY DATA

I. DEPTH OF GEOPRESSURE

PROPRIETARY DATA

J. HYDROGEN SULFIDE INFORMATION – Proprietary Data (Omitted from PI Copy)

In accordance with Title 30 CFR 250.417(c), Walter requests Viosca Knoll Block 945 be classified by the Minerals Management Service as an area where the absence of hydrogen sulfide has been confirmed based upon the following:

PROPRIETARY DATA

INITIAL EXPLORATORY PLAN
OCS-G 26204, BLOCK 945
VIOSCA KNOLL AREA
WELL LOCATION "A"

SHALLOW HAZARDS STATEMENT

Walter Oil & Gas Corporation contracted Tesla Offshore LLC to conduct a High Resolution Geophysical Survey of Block 945, Viosca Knoll, Offshore, Louisiana.

The data acquisition was performed by Tesla Offshore LLC aboard the M/V TESLA 1 on July 24th and 25th, 2004. Navigation and field mapping were accomplished with differential enabled GPS receivers interfaced to an EZ-Nav navigation package by Geonav Marine Systems. The survey grid consisted of seventeen (17) north-south survey lines spaced 300-meters apart with five (5) east-west tie lines spaced 900-meters apart for correlation of bathymetric and geologic features.

Remote sensing equipment included a 100 kHz dual channel side scan sonar, 24 kHz echo sounder and a chirp (2 – 10 kHz) subbottom profiler. Analog seismic records were recorded to 500 milliseconds below mud line, with a delay to eliminate the water column, utilizing a sparker seismic source and a single channel streamer. Use of the magnetometer was waived by the Minerals Management Service by letter dated July 26, 2004.

In addition to the High Resolution Geophysical Survey Report, Tesla Offshore LLC furnished annotated field sections and completed certain data interpretation and mapping including the Bathymetry and Seafloor Features Map, Isopach Map and Structure and Amplitude Anomalies Map.

Based upon the results of the survey, Walter Oil & Gas Corporation proposes to drill the subject well from a proposed surface location of 5187' FNL & 4177' FWL of Viosca Knoll Area Block 945. Walter has reviewed all available data over and proximal to the proposed surface location and has found no indication of shallow high-pressure gas accumulation.

WALTER OIL & GAS CORPORATION
Lessee or Operator

Pete Hetherington, Geologist

January 31, 2005
Date

Appendix D
BIOLOGICAL INFORMATION

CHEMOSYNTHETIC INFORMATION

Chemosynthetic communities that lie in water depths in excess of 400 meters (1312 feet) are of concern for environmental protection measures. Water depth is approximately 872 feet at the surface locations proposed in this plan; therefore, this section of the plan is not applicable. A bathymetry map is included as **Attachment D-1**.

TOPOGRAPHIC FEATURES INFORMATION

MMS and the National Marine Fisheries Service (NMFS) have entered into a programmatic consultation agreement for Essential Fish Habitat that requires that no bottom disturbing activities, including anchors or cables from a semi-submersible drilling rig, may occur within 500 feet of the no-activity zone of a topographic feature. If such proposed bottom disturbing activities are within 500 feet of a no activity zone, the MMS is required to consult with the NMFS.

A topographic feature does not affect the activities proposed in this plan.

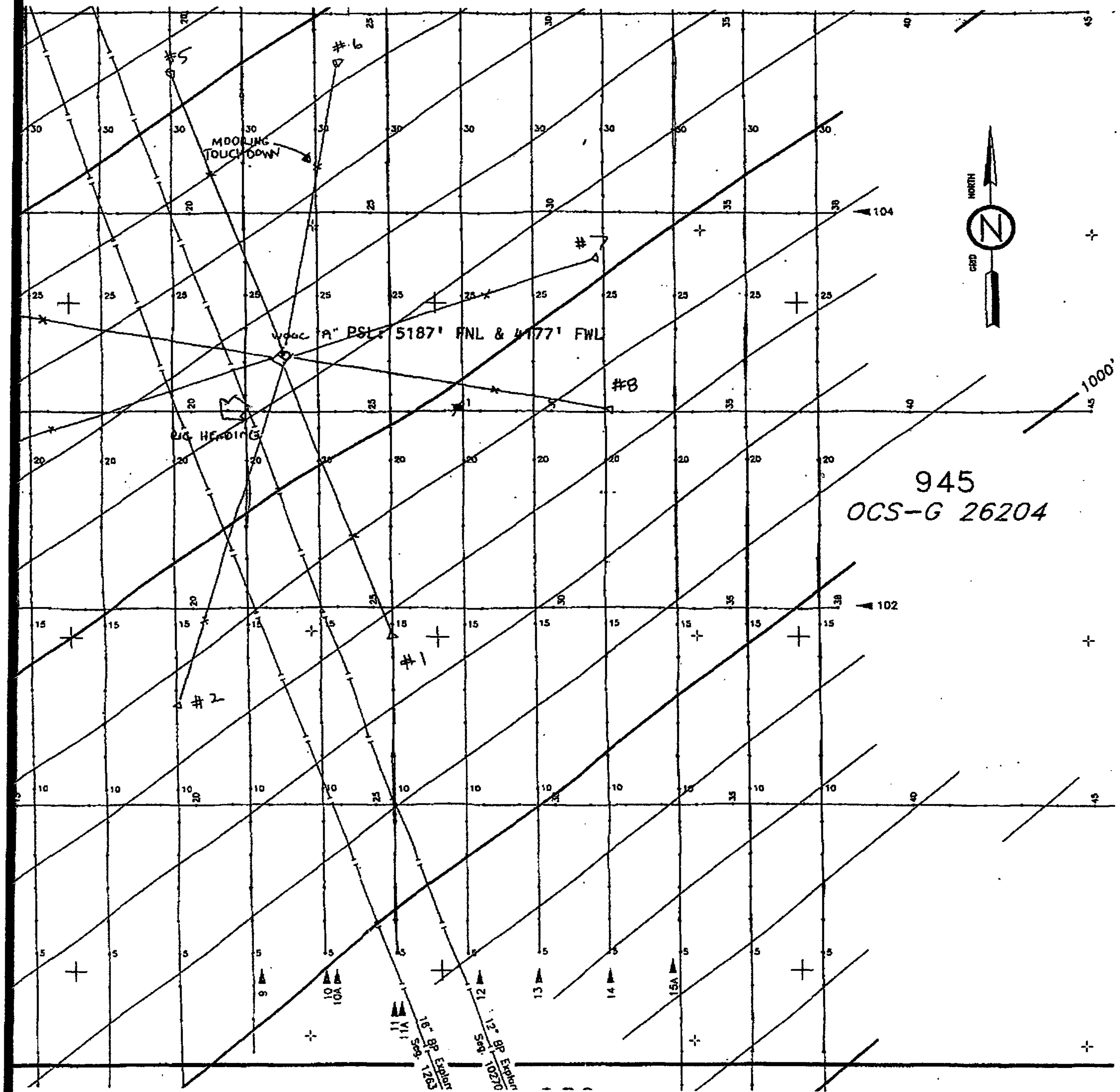
LIVE BOTTOM (PINNACLE TREND) INFORMATION

MMS and the National Marine Fisheries Service (NMFS) have entered into a programmatic consultation agreement for Essential Fish Habitat that relates to bottom-disturbing activities occurring within 100 feet of any pinnacle trend feature with vertical relief greater than or equal to 8 feet. If any bottom-disturbing activities are proposed (including anchors or cables from a semi-submersible drilling rig), within 100 feet of any pinnacle trend feature as defined above, the MMS is required to consult with the NMFS.

The activities proposed in this plan are not affected by a live bottom (pinnacle trend) stipulation.

ROV SURVEY INFORMATION (If required)

Walter Oil & Gas Company is familiar with the ROV survey and reporting provisions of NTL 2003-G03 in water depths greater than 400 meters (1312 feet). Viosca Knoll Block 945 is not located in water depths ≥ 400 meters and therefore does not require Walter to submit an ROV Monitoring Survey Plan.


945
OCS-G 26204
NORTH
GRID
1000'
104
102
#1
#2
#5
#6
#7
#8
MOORING TOUCHDOWN
WOOC "A" PSL: 5187' FNL & 4177' FWL
RIG HEADING
16" BP Explor Seg. 1263
12" BP Explor Seg. 10270
9
10
10A
11
11A
12
13
14
15A

Appendix E
WASTES AND DISCHARGES INFORMATION

All offshore discharges associated with Walter's proposed operations will be conducted in accordance with the regulations implemented by Minerals Management Service (MMS), U.S. Coast Guard (USCG) and the U.S. Environmental Protection Agency (EPA).

Walter has submitted intent to be covered under EPA Region VI NPDES General Permit GMG290000 by letter dated November 8, 2004, which regulates overboard discharges, including restrictions and limitations of waste generated from oil and gas operations in the Western and Central Gulf of Mexico.

A. Discharges

The type and general characteristic of the wastes, the amount to be discharged (volume or rate), the maximum discharge rate, a description of any treatment or storage, and the discharge location and method for each type of discharge is provided for in tabular format as **Attachment E-1**.

B. Disposed Wastes

The type and general characteristics of the wastes, the amount to be disposed of (volume, rate, or weight), the daily disposal rate, the name and location of the disposal facility, a description of any treatment or storage, and the methods for transporting and final disposal is provided for in tabular format as **Attachment E-2**.

Attachment E-1
WASTE AND DISCHARGE INFORMATION

Projected Ocean Discharges:

Type of Waste / approximate composition	Amount to be Discharged (volume, weight or rate)	Maximum Discharge Rate	Treatment and /or Storage, Discharge Location and Discharge Method
Water-based drilling fluids	3608 bbls / well	400 bbls/hr	VK 945 – discharged overboard
Drill cuttings associated with water-based fluids	1443 bbls / well	400 bbls/hr	VK 945 – discharged overboard
Drill cuttings associated with synthetic drilling fluids	NA	NA	NA
Mud, cuttings and cement at the seafloor	Gel - 70 bbls WBM - 70bbls Cuttings – 70 bbls SW & caustic – 70 bbls	NA	VK 945 – discharged overboard
Sanitary wastes	20 gal/person/day	NA	VK 945- chlorinate and discharge
Domestic waste	30 gal/person/day	NA	VK 945 – remove floating solids and discharge
Deck drainage	3309 bbl/year Based on 65" / year rainfall average	102 bbl Based on 2" / hour of rainfall	VK 945 – filter oil and grease and discharge
Well treatment, workover or completion fluids	800 bbl/ well	100 bbl / hr	VK 945- Discharge used fluids overboard, return excess to shore for credit
Uncontaminated fresh or seawater	NA – Unmanned	NA	NA
Desalinization unit water	110 bbl/day (max unit capacity)	NA	VK 945 – discharge overboard
Uncontaminated bilge water	NA	NA	NA
Uncontaminated ballast water	NA	NA	NA

Attachment E-2
Projected Wastes to be Disposed of:

Type of Waste / approximate composition	Amount (volume, weight or rate)	Rate per day	Name/Location of Disposal Facility	Treatment and /or Storage, Transport and Disposal Method
Spent oil-based drilling fluids and cuttings	NA	NA	NA	NA
Spent synthetic-based drilling fluids and cuttings	NA	NA	NA	NA
Waste Oil	NA	NA	NA	NA
Trash and debris	20 ft^3 / day	20 ft^3 / day	ASCO DOCKS Venice, LA	Transport in storage bins on crew boat to shore base – Picked up at shore base and trucked to public facility

Appendix F
OIL SPILL INFORMATION

Information to Comply with the Oil Pollution Act of 1990 (OPA) and the Coastal Zone Management Act (CZMA)

A. Site-Specific OSRP

Lease OCS-G 26204 is not located in the Eastern Gulf of Mexico therefore a site-specific OSRP is not required.

B. Regional OSRP Information

Walter Oil & Gas Corporation's Regional Oil Spill Response Plan (OSRP) was approved on August 20, 2003 for period ending July 31, 2005. The latest revision was approved on August 11, 2004 and is presently being revised to increase the WCD for drilling by letter dated January 13, 2005. The Regional OSRP will cover activities proposed in this Supplemental EP.

C. OSRO Information

Walter's primary equipment provider is Clean Gulf Associates (CGA). The Marine Spill Response Corporation's (MSRC) STARS network will provide closest available personnel, as well as an MSRC supervisor to operate the equipment.

D. Worst Case Scenario Comparison

The worst-case discharge (WCD) proposed in this Initial EP does not supersede the worst-case discharge as approved in our Regional OSRP. See below:

Category	Regional OSRP	EP
Type of Worst-case Scenario[1]	Drilling	Drilling
Facility Location (area/block)	EI 143	VK 945
Facility Designation[2]	JU	Ocean Crusader
Distance to Nearest Shoreline	23.7	22
Worst-case Scenario Volume[3]		
Storage tanks (maximum capacity)		
Flowlines (maximum capacity)		
Lease term pipelines (calculated)		
Uncontrolled blowout (daily volume)		6 bbls
Total Worst-case Scenario Volume	1500 bbls	6 bbls
Type of Oil (crude oil, condensate)	Condensate	Condensate
API Gravity(s)[4]	NA	NA

[1] Types of worst-case discharge scenarios include (1) oil production platform, including caissons, subsea completions or manifolds, (2) exploratory or development drilling operations including subsea completion or manifold, and mobile drilling rig, and (3) pipeline facility (see 30 CFR 254.47(a),(b), and (c)).

[2] E.g., Well No. 2, Platform JA, Pipeline Segment No. 6373.

[3] Take your regional OSRP worst-case scenario volume from the appropriate section of your regional OSRP. For EP's, determine the worst-case scenario volume using the criteria at 30 CFR 254.47(b). For DOCD's, determine the worst-case scenario volume using the criteria at 30 CFR 254.47(a), (b), and (c), as appropriate.

[4] Provide API gravity of each oil given under "Type of Oil" above. Estimate for EP's.

Since Walter has the capability to respond to the WCD spill scenario included in its Regional OSRP and since the WCD scenario determined for our Initial EP does not replace the WCD scenario determined for our Regional OSRP, I hereby certify that Walter Oil & Gas has the capability to respond, to the maximum extent practicable, to a WCD resulting from the activities proposed in our Initial EP.

Information for MMS to Comply with the National Environmental Policy Act (NEPA) and Coastal Zone Management (CZMA)

Facility tanks, production vessels

Tanks with a capacity of 25 bbls or more of oil as defined at 30 CFR 254.6 are listed below.

Type of Storage Tank	Type of Facility	Tank Capacity (bbls)	Number of Tanks	Total Capacity (bbls)	Fluid Gravity (API)
NA	NA	NA	NA	NA	NA

Diesel oil supply vessels

There will be no supply vessels required for the operations proposed in this exploration plan.

Size of Fuel Supply Vessel	Capacity of Fuel Supply Vessel	Frequency of Fuel Transfers	Route Fuel Supply Vessel will Take
NA	NA	NA	NA

Support vessels fuel tanks

Type of Vessel	Number in Field Simultaneously	Estimated Maximum Fuel Tank Storage Capacity
Tug boat(s)	NA	140,000 gals
Supply boat(s)	1	25,000 - 35,000 gals
Service boat(s)	NA	25,000 - 35,000 gals
Crew boat(s)	1	25,000 – 35,000 gals

Produced Liquid Hydrocarbons Transportation Vessels

If liquid hydrocarbons are produced, they will not be transported by means other than a pipeline.

Oil-base and synthetic-based drilling fluids

Type of Fluid	Est. Vol. of Mud Used/Well	Mud Disposal Method	Est. Vol. of Cuttings Generated/Well	Cuttings Disposal Method
NA	NA	NA	NA	NA

Spill Response Sites

Primary Response Equipment Location	Preplanned Staging Location(s)
Houma, LA and Lake Charles, LA	Morgan City, LA

Spill response Discussion for NEPA Analysis

Should a WCD spill scenario occur from this exploration operation, Walter Oil & Gas Corporation's Qualified Individual (QI) would notify OOPS who will call together the Incident Command (IC) Team. The Incident Command Post would be determined. The IC would relay the actual conditions to determine the trajectory of the spill and the probability of impacting a land segment.

An over flight will be conducted to determine the extent of the spill and how quickly it is dissipating. Mechanical recovery (Skimmers) may include a fast response unit. If an offshore response is necessary, dispersants, if approved by the USCG would be applied by Airborne Support Inc. The dispersant rational would depend upon the size of the slick. PHI or Air Logistics would supply the spotter aircraft and spotter personnel.

If the spill went unabated, shoreline impact would depend upon existing environmental conditions. Onshore response may include the deployment of shoreline boom on beach areas, or protection and sorbent boom on vegetated areas. Strategies would be based upon surveillance and real time trajectories that depict areas of potential impact given actual sea and weather conditions. Detailed spill response discussions are included in Appendix H of Walter Oil & Gas Corporation's Regional Oil Spill Response Plan.

The probability that an oil spill starting within Viosca Knoll Block 945 will contact a County or Parish has been projected utilizing information from the MMS Oil Spill Risk Analysis Model (OSRAM). The results are as follows:

Area / Block	Lease No.	Launch Area	Land Segment	% Probability within 3 / 10 / 30 days
VK945	G-26204	54	Terrebonne, LA	- / 1 / 2
			La Fourche, LA	- / 1 / 2
			Plaquemines, LA	9 / 21 / 29
			St. Bernard, LA	- / 3 / 6
			Hancock & Harrison, MS	- / - / 1
			Jackson, MS	- / 1 / 2
			Mobile, AL	- / - / 1
			Baldwin, AL	- / - / 2
			Escambia, FL	- / - / 1
			Okaloosa, FL	- / - / 1
			Walton, FL	- / - / 1
			Bay, FL	- / - / 1

NOTE: "-" equals < .5 percent

Walter will make every effort to respond to the Worst Case Discharge as effectively as possible.

Pollution Prevention Measures

Walter Oil & Gas Corporation does not propose any additional safety, pollution prevention, or early spill detection measures beyond those required by 30 CFR 250.

Walter Oil & Gas Corporation will utilize the best management practices available for ensuring all operations are performed in a safe and workmanlike conduct.

Appendix G
AIR EMISSIONS INFORMATION

Included in this section, as **Attachment G-1** is the Projected Air Quality Emissions Report prepared in accordance with Appendix G of NTL No. 2003-G17 addressing drilling and potential completion and testing operations.

There are no existing facilities or activities co-located with the current proposed activities; therefore, the Complex Total Emissions are the same as the Plan Emissions.

Screening Questions for EP	Yes	No
Is any calculated Complex Total (CT) Emission amount (in tons) associated with your proposed exploration activities more than 90% of the amounts calculated using the following formulas: CT = $3400D^{2/3}$ for CO, and CT = 33.3D for other other air pollutants (where D = distance to shore in miles)?		X
Do your emission calculations include any emission reduction measures or modified emission factors?		X
Are your proposed exploration activities located east of 87.5° W longitude?		X
Do you expect to encounter H_2S at concentrations greater than 20 parts per million (ppm)?		X
Do you propose to flare or vent natural gas for more than 48 hours from any proposed well?		X
Do you propose to burn produced hydrocarbon liquids?		X

The following information was prepared by:

Kathy Camp
K. Camp & Associates
713.201.9627
Email: Kathy.camp@kcampassociates.com

SUMMARY

COMPANY	AREA	BLOCK	LEASE	PLATFORM	WELL
Walter Oil & Gas	Viosca Knoll	945	G-26204		A

Year	Emitted Substance				
	PM	SOx	NOx	VOC	CO
2005	6.91	31.69	237.63	7.27	52.78
Allowable	732.60	732.60	732.60	732.60	26694.84

EXPLORATION PLAN (EP)
AIR QUALITY SCREENING CHECKLIST

OMB Control No. 1010-0049
OMB Approval Expires: August 31, 2006

COMPANY	Walter Oil & Gas
AREA	Viosca Knoll
BLOCK	945
LEASE	G-26204
PLATFORM	
WELL	A
COMPANY CONTACT	Judy Archer
TELEPHONE NO.	713/659-1221
REMARKS	Drill, complete and test (1) subsea well

Appendix H
ENVIRONMENTAL IMPACT ANALYSIS (EIA)

A. ENVIRONMENTAL IMPACT ANALYSIS MATRIX

Walter Resources has placed an "X" in each IPF category that we believe (by using good engineering judgment) would be impacted by the activity proposed in this plan.

Environmental Resources	Impact Producing Factors (IPFs) Categories and Examples					
	Emissions (air, noise, light, etc.)	Effluents (muds, cuttings, other discharges to the water column or seafloor)	Physical disturbances to the seafloor (rig or anchor emplacements, etc.)	Wastes sent to shore for treatment or disposal	Accidents (e.g., oil spills, chemical spills, H_2S releases)	Other IPFs you identify
Site-specific at Offshore Location						
Designated topographic features		(1)	(1)		(1)	
Pinnacle Trend area live bottoms		(2)	(2)		(2)	
Eastern Gulf live bottoms		(3)	(3)		(3)	
Chemosynthetic communities		(4)	(4)		(4)	
Water quality			X			
Fisheries			X	X	X	
Marine mammals	(8)X			X	(8)X	
Sea turtles	(8) X			X	(8) X	
Air quality	(9)					
Shipwreck sites (known or potential)			(7)			
Prehistoric archaeological sites			(7)			
Vicinity of Offshore Location						
Essential fish habitat		X			(6) X	
Marine and pelagic birds	X			X	X	
Public health and safety					(5)X	
Coastal and Onshore						
Beaches				X	(6) X	
Wetlands					(6) X	
Shore birds and coastal nesting birds					(6) X	
Coastal wildlife refuges					X	
Wilderness areas					X	
Other Resources You Identify						
None						

Footnotes for Environmental Impact Analysis Matrix

1. Activities that may affect a marine sanctuary or topographic feature. Specifically, if the well or platform site or any anchors will be on the seafloor within the:
   (a) 4-mile zone of the Flower Garden Banks, or the 3-mile zone of Stetson Bank,
   (b) 1000-m, 1-mile or 3-mile zone of any topographic feature (submarine bank) protected by the Topographic Features Stipulation attached to an OCS lease;
   (c) Essential Fish Habitat (EFH) criteria of 500 ft from any no-activity zone; or

(d) Proximity of any submarine bank (500 ft buffer zone) with relief greater than 2 meters that is not protected by the Topographic Features Stipulation attached to an OCS lease.

2. Activities with any bottom disturbance within a OCS lease block protected through the Live Bottom (Pinnacle Trend) Stipulation attached to an OCS lease.
3. Activities within any Eastern Gulf OCS block where seafloor habitats are protected by the Live Bottom (Low-Relief) Stipulation attached to an OCS lease.
4. Activities on blocks designated by the MMS as being in water depths 400 meters or greater.
5. Exploration or production activities where H_2S concentrations greater than 500 ppm might be encountered.
6. All activities that could result in an accidental spill of produced liquid hydrocarbons or diesel fuel that you judge would impact these environmental resources. If the proposed action is located a sufficient distance from a resource that no impact would occur, the EIA can note that in a sentence or two.
7. All activities that involve seafloor disturbances, including anchor emplacements, in any OCS block designated by the MMS as having high-probability for the occurrence of shipwrecks or prehistoric sites, including such blocks that will be affected that are adjacent to the lease block in which your planned activity will occur. If the proposed activities are located a sufficient distance from a shipwreck or prehistoric site that no impact would occur, the EIA can note that in a sentence or two.
8. All activities that you determine might have an adverse effect on endangered or threatened marine mammals or sea turtles or their critical habitats.
9. Production activities that involve transportation of produced fluids to shore using shuttle tankers or barges.

B. ANALYSIS

Site-specific at Offshore Location

1. Designated Topographic Features

The topographic features of the Central Gulf provide habitat for coral reef community organisms. Since 1973 stipulations have been made a part of leases on or near these biotic communities so that impacts from nearby oil and gas activities were mitigated to the greatest extent possible. This stipulation does not prevent the recovery of oil and gas resources, but serves to protect valuable and sensitive biological resources.

There are no IPF's (including effluents, physical disturbances to the seafloor, and accidents) from the proposed activities that could cause impacts to topographic features. The site-specific offshore location of the proposed activities is approximately 200 miles southwest from the closest designated topographic feature (Florida Middle Grounds).

It is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. Since the crests of designated topographic features in the northern Gulf are found below 10 meters, concentrated oil from a surface spill is not expected to reach their sessile biota. Even if a subsurface spill were to occur very near a designated topographic feature, subsurface oil should rise to the surface, and any oil remaining at depth would probably be swept clear of the bank by currents moving around the bank.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

2. Pinnacle Trend Area Live Bottoms

A small portion of the northeastern Central Planning Area includes portions of 70 lease blocks that are characterized by a pinnacle trend. The pinnacle trend extends into the northwest portion of the Eastern Planning Area. The pinnacles are a series of topographic irregularities with variable biotal coverage, which provide structural habitat for a variety of pelagic fish. The Live Bottom (Pinnacle Trend) Stipulation is intended to protect the pinnacle trend and associated hard-bottom communities from damage and, at the same time, provide for recovery of potential oil and gas resources.

There are no IPF's (including effluents, physical disturbances to the seafloor, and accidents) from the proposed activities that could cause impacts to pinnacle trend area live bottoms. The site-specific offshore location of the proposed activities is approximately 10 miles southwest from the closest pinnacle trend live bottom stipulated block.

It is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. Any surface oil spill resulting from the proposed action would likely have no impact on the biota of the pinnacle trend because the crests of these features are much deeper than 20 meters. Even if a subsurface spill were to occur very near pinnacle trend live bottom areas, subsurface oil should rise in the water column, surfacing almost directly over the source location and thus not impact pinnacles.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

3. Eastern Gulf Live Bottoms

A small portion of the northeastern Central Planning Area includes portions of 70 lease blocks that are characterized by a pinnacle trend. The pinnacle trend extends into the northwest portion of the Eastern Planning Area. The pinnacles are a series of topographic irregularities with variable biotal coverage, which provide structural habitat for a variety of pelagic fish. The Live Bottom (Pinnacle Trend) Stipulation is intended to protect the pinnacle trend and associated hard-bottom communities from damage and, at the same time, provide for recovery of potential oil and gas resources.

There are no IPF's (including effluents, physical disturbances to the seafloor, and accidents) from the proposed activities that could cause impacts to Eastern Gulf live bottoms. The site-specific offshore location of the proposed activities is approximately 20 miles southwest from the closest Eastern Gulf live bottom stipulated block.

It is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. Any surface oil spill resulting from the proposed action would not be expected to cause adverse impacts to Eastern Gulf live bottoms because of the depth of the features and dilution of spills (by currents and / or quickly rising oil).

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

4. Chemosynthetic Communities

There are no IPF's (including effluents, physical disturbances to the seafloor, and accidents) from the proposed activities that could cause impacts to Chemosynthetic Communities.

Chemosynthetic biologic communities that lie in water depths in excess of 400 meters (1312 feet) are of concern for environmental protection measures. The water depth at the proposed surface location in Viosca Knoll Block 945 is 872 feet. The site-specific offshore location of the proposed activity is in water depths less than 400 meters (1312 feet).

5. Water Quality

Effluents and accidents from the proposed activities in Viosca Knoll Block 945 could potentially cause impacts to water quality. Routine impact-producing factors that could result in water quality degradation from offshore OCS oil and gas operations include rig / anchor emplacement, platform and pipeline installation and removal, and the discharge of operational wastes. The major discharges from offshore oil and gas exploration and production activities include produced water, drilling fluids and cuttings, ballast water, and uncontaminated seawater. Minor discharges from the offshore oil and gas industry include drilling-waste chemicals, fracturing and acidifying fluids, and well completion and workover fluids; and from production operations, deck drainage, and miscellaneous well fluids (cement, BOP fluid); and other sanitary and domestic wastes, gas and oil processing wastes, and miscellaneous discharges. Since all discharges will be made in accordance with a general National Pollutant Discharge Elimination System (NPDES) permit issued by U.S. Environmental Protection Agency (USEPA), operational discharges are not expected to cause significant adverse impacts to water quality.

Offshore accidents, such as blowouts and spills could also occur and have the potential to alter offshore water quality. Sediment disturbance is expected to result in minor, localized, temporary increases in water-column turbidity in offshore waters. Given the low frequency of blowouts, minimum impacts on water quality due to resuspension of sediments are expected.

Oil spills related to the proposed action are assumed to be mostly very small events (and for spills greater than 50 bbl) to occur very infrequently. It is unlikely that an accidental oil spill would occur from the proposed activities. If a spill were to occur, the dissolved components and small oil droplets would temporarily affect the water quality of marine waters. Dispersion by currents and microbial degradation would remove the oil from the water column or dilute the constituents to background levels.

The activities proposed in this plan will be covered by our Regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

6. Fisheries

Effects on commercial fisheries from activities associated with this plan in Viosca Knoll Block 945 could come from temporary emplacement of a drilling rig, underwater OCS obstructions, wastes sent to shore, oil spills, and subsurface blowouts (See Section 5, Water Quality above).

An accidental oil spill that may occur as a result of the proposed action has the potential to cause some detrimental effects to fisheries. However, it is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. If a spill were to occur in open waters of the OCS proximate to mobile adult finfish or shellfish, the effects would likely be sublethal and the extent of damage would be reduced to the capability of adult fish and shellfish to avoid a spill, to metabolize hydrocarbons, and to excrete both metabolites and parent compounds. The effect of oil spills on fisheries is expected to cause less than 1 percent decrease in commercial populations or in commercial fishing. At the expected level of effect, the resultant influence on Central Gulf fisheries is negligible and will be indistinguishable from natural population variations.

With regards to marine trash and debris, effective June 19, 2003, the Minerals Management Service issued NTL 2003-G11 pursuant to 30 CFR 250.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

7. Marine Mammals

Marine mammals may be adversely impacted by several IPF's (including vessel traffic, noise, accidental oil spills, and loss of trash and debris, all of which could occur due to the proposed action in Viosca Knoll Block 945. Chronic and sporadic sublethal effects could occur that may stress and / or weaken individuals of a local group or population and make them more susceptible to infection from natural or anthropogenic sources. Few lethal effects are expected from oil spills, chance collisions with service vessels and ingestion of plastic material. Oil spills of any size are estimated to be aperiodic events that may contact cetaceans. Disturbance (e.g., noise) may stress animals, weaken their immune systems, and make them more vulnerable to parasites and diseases that normally would not be fatal.

The net result of any disturbance would depend on the size and percentage of the population affected, ecological importance of the disturbed area, environmental and biological parameters that influence an animal's sensitivity to disturbance and stress, and the accommodation time in response to prolonged disturbance (Geraci and St. Aubin, 1980). Collisions between cetaceans and ships could cause serious injury or death (Laist et al., 2001). Sperm whales are one of 11 whale species that are hit commonly by ships (Laist et al., 2001). Collisions between OCS vessels and cetaceans within the project area are expected to be unusual events.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

The Minerals Management Service issued NTL 2003-G10 pursuant to 30 CFR 250.103, 250.23(o) and 250.204(s) to explain how Operators must implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species effective June 19, 2003. We will ensure that our contract vessel operators are aware of their requirement to report sightings of any injured or dead protected species immediately to the MMS Protected Species Biologist by telephone.

With regards to marine trash and debris, effective June 19, 2003, the Minerals Management Service issued NTL 2003-G11 pursuant to 30 CFR 250.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and

the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

8. Sea Turtles

IPF's that could impact sea turtles include vessel traffic, noise, trash and debris, and accidental oil spills. Small numbers of turtles could be killed or injured by chance collision with service vessels or by eating indigestible trash, particularly plastic items, accidentally lost from drill rigs, production facilities, and service vessels. Drilling rigs and project vessels produce noise that could disrupt normal behavior patterns and create some stress potentially making sea turtles more susceptible to disease. Oil spills and oil-spill-response activities are potential threats that could have lethal effects on turtles. Contact with oil, consumption of oil particles, and oil-contaminated prey could seriously affect individual sea turtles. Oil-spill-response planning and the habitat protection requirements of the Oil Pollution Act of 1990 should mitigate these threats.

Most OCS-related impacts on sea turtles are expected to be sublethal. Chronic sublethal effects (e.g., stress) resulting in persistent physiological or behavioral changes and / or avoidance of effected areas could cause declines in survival or productivity, resulting in gradual population declines.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F). The Minerals Management Service issued NTL 2003-G10 pursuant to 30 CFR 250.103, 250.23(o) and 250.204(s) to explain how Operators must implement measures to minimize the risk of vessel strikes to protected species and report observations of injured or dead protected species effective June 19, 2003. We will ensure that our contract vessel operators are aware of their requirement to report sightings of any injured or dead protected species immediately to the MMS Protected Species Biologist by telephone.

With regards to marine trash and debris, effective June 19, 2003, the Minerals Management Service issued NTL 2003-G11 pursuant to 30 CFR 250.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

9. Air Quality

There would be a limited degree of air quality degradation in the immediate vicinity of the proposed activities in Viosca Knoll Block 945. The Projected Air Quality Emissions Report (Attachment G-1) indicates that the MMS exemption level will not be exceeded during the operations proposed in the Exploration Plan. There are no existing facilities or activities co-located with the current proposed activities; therefore, the Complex Total Emissions are the same as the Plan Emissions.

10. Shipwreck Sites (Known or Potential)

There are no IPF's (including physical disturbances to the seafloor) from the proposed activities in Viosca Knoll Block 945 that could cause impacts to known or potential shipwreck sites. The proposed activities are not located in or adjacent to an OCS Block designated by MMS as having high-probability for the occurrence of shipwrecks.

Although the probability for shipwrecks in this area is considered to nil, in the event items of significant cultural resource potential are discovered during the proposed operations, Walter will immediately halt all operations and notify the appropriate department at the Minerals Management Service for further evaluation and assistance.

11. Prehistoric Archaeological Sites

There are no IPF's (including physical disturbances to the seafloor) from the proposed activities in Viosca Knoll Block 945 that could cause impacts to prehistoric archaeological sites. The proposed activities are not located in or adjacent to an OCS Block designated by MMS as having high-probability for the occurrence of prehistoric archaeological sites.

In the event items of significant cultural resource potential are discovered during the proposed operations, Walter will immediately halt all operations and notify the appropriate department at the Minerals Management Service for further evaluation and assistance.

Vicinity of Offshore Location:

1. Essential Fish Habitat

IPF's that could impact essential fish habitats as a result of the proposed operations in the plan include effluents and accidents. The major effluent discharges from offshore oil and gas exploration and production activities include produced water, drilling fluids and cuttings, ballast water, and uncontaminated seawater (see Section 5, Water Quality, above). Minor discharges from the offshore oil and gas industry include drilling-waste chemicals, fracturing and acidifying fluids, and well completion and workover fluids; and from production operations, deck drainage, and miscellaneous well fluids (cement, BOP fluid); and other sanitary and domestic wastes, gas and oil processing wastes, and miscellaneous discharges. Since all discharges will be made in accordance with a general National Pollutant Discharge Elimination System (NPDES) permit issued by U.S. Environmental Protection Agency (USEPA), operational discharges are not expected to cause significant adverse impacts to water quality.

An accidental oil spill that may occur as a result of the proposed action has the potential to cause some detrimental effects on essential fish habitat. However, it is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities.

Offshore oil spillage from OCS operations is small compared with the volume of oil produced. Since 1980, OCS operators have produced about 5.5 BBO of oil, while the amount of oil spilled offshore totaled about 61,500 bbl (0.001%) or 1 bbl spilled for every 89,500 produced. In 1994, MMS revised its oil-spill occurrence rates for large spills (Anderson and LaBelle, 1994). An examination of the two major sources of OCS-related

offshore spills (platforms and pipelines) shows that the greater risk of a large spill is from a pipeline. There have been no spills ≥1000 bbls from OCS platforms since 1980.

If a spill were to occur in open waters of the OCS proximate to mobile adult finfish or shellfish, the effects would likely be sublethal and the extent of damage would be limited and lessened due to the capability of adult fish and shellfish to avoid a spill, to metabolize hydrocarbons, and to excrete both metabolites and parent compounds. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

2. Marine and Pelagic Birds

IPF's that could impact marine and pelagic birds as a result of the proposed operations in the plan include air emissions, accidents and discarded trash and debris. Emissions of pollutant into the atmosphere from the activities associated with the proposed operations in this plan are not projected to have significant impacts on air quality that could harm marine and pelagic birds because of the prevailing atmospheric conditions, emission heights, emission rates and pollutant concentrations.

An accidental oil spill that may occur as a result of the proposed action has the potential to cause some detrimental effects on marine and pelagic birds. Some physical oiling could occur during dives, as well as secondary toxic effects through the uptake of prey. However, it is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

With regards to marine trash and debris, coastal and marine birds can commonly become entangled and snared in discarded trash and debris. Effective June 19, 2003, the Minerals Management Service issued NTL 2003-G10 pursuant to 30 CFR 250.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

3. Public Health and Safety Due to Accidents

The primary IPF that could cause impacts to public health and safety from the proposed activity is an accidental H_2S release.

In accordance with 30 CFR 250.417(c) and NTL 2003-G17 (Appendix C) Walter has submitted sufficient information to justify our request that the area of proposed activities be classified by MMS as H_2S absent.

Coastal and Onshore:

1. Beaches

Primary IPF's associated with offshore oil and gas exploration and development, and most widely recognized as major threats to the enjoyment and use of recreational beaches, are oil spills (accidents) and marine trash and debris. The operations proposed in this plan are not projected to have significant impacts on coastal beaches.

An accidental oil spill that may occur as a result of the proposed action has the potential to cause some detrimental effects on coastal beaches. However, it is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. Walter is aware of the close proximity of the shore (22 miles). The level of response to a spill will be based on volume, weather, and the characteristics of the product spilled. Walter's objectives for spill response are to ensure the safety of citizens and response personnel; control the source of the spill, have a coordinated response effort; maximize the protection of environmental sensitive areas; contain, recover and remove as much of the spill product as possible; recover and rehabilitate injured wildlife; minimize economic impacts; and keep the general public informed of the response activities. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

With regards to marine trash and debris, effective June 19, 2003, the Minerals Management Service issued NTL 2002-G13 pursuant to 30 CFR 150.103 to provide guidance and assist the operators in preventing intentional and / or accidental introduction of trash and debris into the marine environment. With this assistance and with laws such as MARPOL-Annex V, the Marine Plastic Pollution Research and Control Act, and regulations imposed by various agencies including the U.S. Coast Guard and the U.S. Environmental Protection Agency, our employees will ensure that all offshore personnel, including contractors and other support services-related personnel have complete understanding of the requirement that Operators be proactive in avoiding accidental loss of solid waste items on the OCS.

2. Wetlands

The primary IPF associated with offshore oil and gas exploration and development, and most widely recognized as major threats to the wetlands are oil spills (accidents). The operations proposed in this plan are not projected to have significant impacts on wetlands.

Walter is aware of the close proximity of the Delta National Wildlife Refuge (22 miles). There are two marsh zones that occur: fresh marsh near the main tributaries and brackish marsh near the GOM. The probability that an oil spill starting within Viosca Knoll Block 945 will contact a County or Parish (thereby encountering any wetlands within same) has been projected utilizing information from the MMS Oil Spill Risk Analysis Model (OSRAM). The results can be found in Appendix F of this plan, under the "Spill Response Discussion for NEPA Analysis".

If the spill went unabated, shoreline impact would depend upon existing environmental conditions. Onshore response may include the deployment of shoreline boom on beach

areas, or protection and sorbent boom on vegetated areas. Strategies would be based upon surveillance and real time trajectories that depict areas of potential impact given actual sea and weather conditions. Detailed spill response discussions are included in Appendix H of Walter Oil & Gas Corporation's Regional Oil Spill Response Plan. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

3. Shore Birds and Coastal Nesting Birds

The primary IPF associated with offshore oil and gas exploration and development, and most widely recognized as major threats to the shore birds and coastal nesting birds are oil spills (accidents). The operations proposed in this plan are not projected to have significant impacts on shore birds and coastal nesting birds.

Viosca Knoll Block 945 is approximately 22 miles from the Delta National Wildlife Refuge (NWR). The Delta NWR supports a wide variety of wildlife species. Wintering waterfowl take advantage of the rich food resources found in the delta. Large numbers of wading birds nest on the refuge, and thousands of shorebirds can be found on tidal mudflats and deltaic splays. Commonly observed species include greater and lesser yellowlegs, long-billed dowitchers, dunlins, western sandpipers, Wilson's plovers, killdeer and willets. The operations proposed in this plan are not projected to have significant impacts on shore birds and coastal nesting birds

An accidental oil spill that may occur as a result of the proposed action has the potential to cause some detrimental effects on shore birds and coastal nesting birds. However, it is unlikely that an accidental surface or subsurface oil spill would occur from the proposed activities. Walter is aware of the close proximity of the shore (22 miles). The level of response to a spill will be based on volume, weather, and the characteristics of the product spilled. Walter's objectives for spill response are to ensure the safety of citizens and response personnel; control the source of the spill, have a coordinated response effort; maximize the protection of environmental sensitive areas; contain, recover and remove as much of the spill product as possible; recover and rehabilitate injured wildlife; minimize economic impacts; and keep the general public informed of the response activities. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

4. Coastal Wildlife Refuges

The primary IPF associated with offshore oil and gas exploration and development, and most widely recognized as major threats to the coastal wildlife refuges are oil spills (accidents). The operations proposed in this plan are not projected to have significant impacts on coastal wildlife refuges.

Viosca Knoll Block 945 is approximately 22 miles from the Delta National Wildlife Refuge (NWR). The Delta NWR supports a wide variety of wildlife species. Wintering waterfowl take advantage of the rich food resources found in the delta. Large numbers of wading birds nest on the refuge, and thousands of shorebirds can be found on tidal mudflats and deltaic splays. Commonly observed species include greater and lesser yellowlegs, long-billed dowitchers, dunlins, western sandpipers, Wilson's plovers, killdeer and willets.

Detailed spill response discussions are included in Appendix H of Walter Oil & Gas Corporation's Regional Oil Spill Response Plan. The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

5. Wilderness Areas

The primary IPF associated with offshore oil and gas exploration and development, and most widely recognized as major threats to wilderness areas are oil spills (accidents). The closest designated wilderness is the Breton Wilderness Area (designated in 1975) is located off the delta of the great Mississippi River. Breton Island actually consists of two adjacent islands (north and south) with a combined length of about three miles and a width of less than one mile. Part of a long chain of barrier islands, they comprise only a small section of Breton National Wildlife Refuge. Walter is aware of the close proximity of the Breton Islands (approximately 40 miles north). The operations proposed in this plan are not projected to have significant impacts on wilderness areas.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

Other Environmental Resources Identified: None

C. IMPACTS ON YOUR PROPOSED ACTIVITIES

The site-specific environmental conditions have been taken into account for the proposed activities under this plan. No impacts are expected on the proposed activities from site-specific environmental conditions.

A Shallow Hazards and Archaeological Report was submitted under separate cover to the Minerals Management Service to assist with the review of this Initial Exploration Plan. A Shallow Hazards Assessment of any seafloor and subsurface geological manmade features and conditions that may adversely affect operations is included in this Plan.

D. ALTERNATIVES

No alternatives to the proposed activities described in this Initial EP were considered to reduce environmental impacts.

E. MITIGATION MEASURES

No mitigation measures other than those required by regulation will be considered to avoid, lessen or eliminate potential impacts on environmental resources.

F. CONSULTATION

Robert J. Floyd with Tesla Offshore was consulted regarding the potential environmental impacts associated with the activities proposed under this Initial EP.

G. REFERENCES

Although not always cited, the following were utilized in preparing the EIA:

High Resolution Geophysical Survey of Block 945, Viosca Knoll Area, OCS-G 26204, prepared by Tesla Offshore LLC during July 2004.

Gulf of Mexico OCS Oil and Gas Lease Sales 169, 172, 175, 178 and 182; Central Planning Area, Final EIS (OCS EIS/EA MMS 97-0033)

Gulf of Mexico OCS Oil and Gas Lease Sales 2003-2007; Central and Western Planning Area Sales; Final EIS (OCS EIS/EA MMS 2002-052)

Brief Overview of Gulf of Mexico OCS Oil and Gas Pipelines: Installation, Potential Impacts, and Mitigation Measures, OCS Report MMS 2001-067.

NTL 2003-G11, effective June 19, 2003, for Marine Trash and Debris Awareness and Elimination

NTL 2003-G10, effective June 19, 2003 for Vessel Strike Avoidance and Injured / Dead Protected Species Reporting

NTL 2003-G17, effective August 27, 2003 for Information Requirements for Exploration Plans and Development Operations Coordination Documents

Appendix I
Coastal Zone Management Consistency Information

The States of Texas, Louisiana, Mississippi, Alabama and Florida have federally approved coastal zone management programs (CZMP). Applicants for an OCS plan submitted to the Minerals Management Service must provide a certification with necessary data and information for the affected State to determine that the proposed activity(s) complies with the enforceable policies of each States' approved program, and that such activity will be conducted in a manner consistent with the program.

Coastal Zone Management Consistency Certifications for the States of Louisiana and Mississippi are required for the exploratory activities proposed in this plan and are included as Attachments I-1a and I-1b.

Enforceable Policies

State of Louisiana:

Louisiana does not require the "Enforceable Policies" be discussed at this time.

State of Mississippi:

Mississippi Coastal Program (MCP) Enforceable Policies

Goal 1

To provide for reasonable industrial expansion in the coastal area and to ensure the efficient utilization of waterfront industrial sites so that suitable sites are conserved for water dependent industry.

Walter Oil & Gas will be utilizing an existing onshore support base located in Venice, LA and will not require an industrial expansion in the Mississippi coastal area. The activities proposed in this plan are approximately 45 miles from the onshore base as referenced in Appendix B.

Goal 2

To favor the preservation of the coastal wetlands and ecosystems, except where a specific alteration of specific coastal wetlands would serve a higher public interest in compliance with the public purposes of the public trust in which the coastal wetlands are held.

The activities proposed in this plan are approximately 81 miles from the Mississippi coast and are referenced in detail in the Environmental Impact Analysis (Appendix H).

Goal 3

To protect, propagate and conserve the state's seafood and aquatic life in connection with the revitalization of the seafood industry of the State of Mississippi.

The activities proposed in this plan should have little impact to the seafood industry since this location is approximately 81 miles from the Mississippi coast and are referenced in detail in the Environmental Impact Analysis (Appendix H).

Goal 4

To conserve the air and waters of the state, and to protect, maintain and improve the quality thereof for public use, for the propagation of wildlife, fish and aquatic life, and for domestic, agricultural, industrial, recreational and other legitimate beneficial uses.

The activities proposed in this plan should have little impact to the air and waters of the state. This goal is discussed in detail in the General Information (Appendix B), Air Emissions Information (Appendix G) and in the Environmental Impact Analysis (Appendix H).

Goal 5

To put to beneficial use, to the fullest extent of which they are capable, the water resources of the state; and to prevent the waste, unreasonable use, or unreasonable method of use of water.

The activities proposed in this plan will be covered by our regional OSRP (refer to information submitted in accordance with NTL 2003-G17 Appendix F).

Goal 6

To preserve the state's historical and archaeological resources, to prevent their destruction, and to enhance these resources wherever possible.

This goal is discussed in detail in the General Information (Appendix B) and in the Environmental Impact Analysis (Appendix H).

Goal 7

To encourage the preservation of natural scenic qualities in the coastal area.

The activities proposed in this plan are approximately 81 miles from the Mississippi coast and are discussed in detail in the Waste Discharge Information (Appendix E), Oil Spill Information (Appendix F), Air Emissions Information (Appendix G) and in the Environmental Impact Analysis (Appendix H).

Goal 8

To assist local governments in the provision of public facilities services in a manner consistent with the coastal program.

Walter Oil & Gas will coordinate any activities required to be reported to the local governments or permitted with the local governments when applicable.

COASTAL ZONE MANAGEMENT
CONSISTENCY CERTIFICATION

INITIAL EXPLORATION PLAN

VIOSCA KNOLL AREA BLOCK 945
OCS-G 26204

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

Walter Oil & Gas Corporation
Operator

Judy Archer
Regulatory/Environmental Coordinator
Certifying Official

January 31, 2005
Date

COASTAL ZONE MANAGEMENT

CONSISTENCY CERTIFICATION

INITIAL EXPLORATION PLAN

Viosca Knoll Block 945

LEASE OCS-G 26204

The proposed activities described in this Plan comply with the enforceable policies of the Mississippi Coastal Resources Program and will be conducted in a manner consistent with such Program.

WALTER OIL & GAS CORPORATION
Lessee / Operator

Judy Archer / kc
Judy Archer
Regulatory / Environmental Coordinator
Certifying Official

February 1, 2005
Date

Appendix J
OCS Plan Information Form

An OCS Plan Information Form was prepared in accordance with Appendix J of NTL 2003-G17 and is located in Appendix A as **Attachment A-1**.