UNITED STATES GOVERNMENT
MEMORANDUM

December 19, 2005

To: Public Information (MS 5030)

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

Subject: Public Information copy of plan

Control #	-	N-08631
Type	-	Initial Exploration Plan
Lease(s)	-	OCS-G23303 Block - 346 Garden Banks Area OCS-G23312 Block - 390 Garden Banks Area
Operator	-	Walter Oil & Gas Corporation
Description	-	Subsea 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.

Michelle Griffitt
Plan Coordinator

Site Type/Name	Botm Lse/Area/Blk	Surface Location	Surf Lse/Area/Blk
WELL/A	G23303/GB/346	3955 FNL, 3670 FWL	G23312/GB/390

DEC 2 0 2005

WALTER OIL & GAS CORPORATION

November 11, 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

RE: Initial Exploration Plan
Leases OCS-G 23303 / 23312, Garden Banks Blocks 346 / 390
OCS Federal Waters, Gulf of Mexico, Offshore, Louisiana

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 Leases OCS-G 23303 / 23312, Garden Banks Area, Blocks 346 / 390, Offshore Louisiana. 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 State of Louisiana CZM.

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 March 1, 2006.

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

JA:KC

Enclosures

Walter Oil & Gas Corporation
Initial Exploration Plan
Garden Banks Area, Blocks 346 / 390
Lease OCS-G 23303 / 23312
November 11, 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 23312, Garden Banks Block 390 and is pending designation of a portion of Lease OCS-G 23303, Garden Banks Block 346.

Under this Initial Exploration Plan, Walter Oil & Gas plans to drill and mudline suspend one (1) subsea well (Location A) from a surface location in Garden Banks Block 390 to a proposed bottom hole location in Garden Banks Block 346.

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 described 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: 1010-0151
OMB Approval Expires: July 31, 2008

OCS PLAN INFORMATION FORM

General Information

Type of OCS Plan:	X	Exploration Plan (EP)		Development Operations Coordination Document (DOCD)	
Company Name:	Walter Oil & Gas Corporation		MMS Operator Number:	0730	
Address: 1100 Louisiana, Suite 200 Houston, TX 77002			Contact Person:	Judy Archer	
			Phone Number:	713.659.1222	
			E-Mail Address:	jarcher@walteroil.com	

Lease(s): OCS G23303	Area: Garden Banks						Block(s): 346/390		Project Name (If Applicable): NA		
Objective(s):	X	Oil	X	Gas		Sulphur		Salt	Onshore Base: Fourchon, LA		Distance to Closest Land (Miles): 123

Description of Proposed Activities (Mark all that apply)

X	Exploration drilling		Development drilling
	Well completion		Installation of production platform
	Well test flaring (for more than 48 hours)		Installation of production facilities
	Installation of caisson or platform as well protection structure		Installation of satellite structure
	Installation of subsea wellheads and/or manifolds		Commence production
	Installation of lease term pipelines		Other (Specify and describe)

Have you submitted or do you plan to submit a Conservation Information Document to accompany this plan?		Yes	X	No
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
Have all of the surface locations of your proposed activities been previously reviewed and approved by MMS?		Yes	X	No

Tentative Schedule of Proposed Activities

Proposed Activity	Start Date	End Date	No. of Days
Drill Location A	03/01/2006	05/30/2006	91

Description of Drilling Rig

	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			

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 (If renaming well or structure, reference previous name: Location A				Subsea Completion	
Anchor Radius (if applicable) in feet: NA				Yes	X No
	Surface Location		**Bottom-Hole Location (For Wells)**		
Lease No.	OCS-G 23312				
Area Name	Garden Banks				
Block No.	390				
Block line Departures (in feet)	N/S Departure: 3955.00 FNL				
	E/W Departure: 3670.00 FWL				
Lambert X-Y coordinates	X: 1,936,150.00				
	Y: 10,022,765.00				
Latitude/ Longitude	Latitude: 27° 37' 01.365" N				
	Longitude: 92° 05' 11.303" W				
	TVD (Feet):	MD (Feet):	Water Depth (Feet): 2350		

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	GB	389	1,930,116.50	10,020,804.60	1464
2	GB	389	1,929,838.01	10,024,106.65	1418
3	GB	390	1,934,142.32	10,028,944.01	1473
4	GB	390	1,937,500.39	10,029,118.07	1434
5	GB	390	1,942,290.97	10,024,760.32	1437
6	GB	390	1,942,447.31	10,021,426.46	1516
7	GB	390	1,938,124.00	10,016,689.65	1442
8	GB	390	1,934,822.28	10,016,518.55	1418

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 600 per response, or 640 with an accompanying EP, or 690 with an accompanying DPP or DOCD, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the forms associated with subpart B. 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.

PROPOSED LOCATION										
LOCATION	BLOCK	CALLNS	CALLEW	X COORDINATE	Y COORDINATE	LATITUDE	LONGITUDE	WD	TVD	MD
A SURF	390	3,955.00' FNL	3,670.00' FWL	1,936,150.00'	10,022,765.00'	27° 37' 01.365"N	92° 05' 11.303"W	2,350'		
										23,452'

GB346

OCS-G-23303

SHELL, WALTER

A SURF

GB390

OCS-G-23312

SHELL, WALTER

GRID NORTH

PUBLIC INFORMATION

DIGITAL COPY
ORIGINAL PLAT 11/15/05

Printed: 11/15/05

WALTER OIL & GAS CORPORATION

EXPLORATION PLAN
OCS-G-23303
BLOCK 346
GARDEN BANK AREA
GULF OF MEXICO

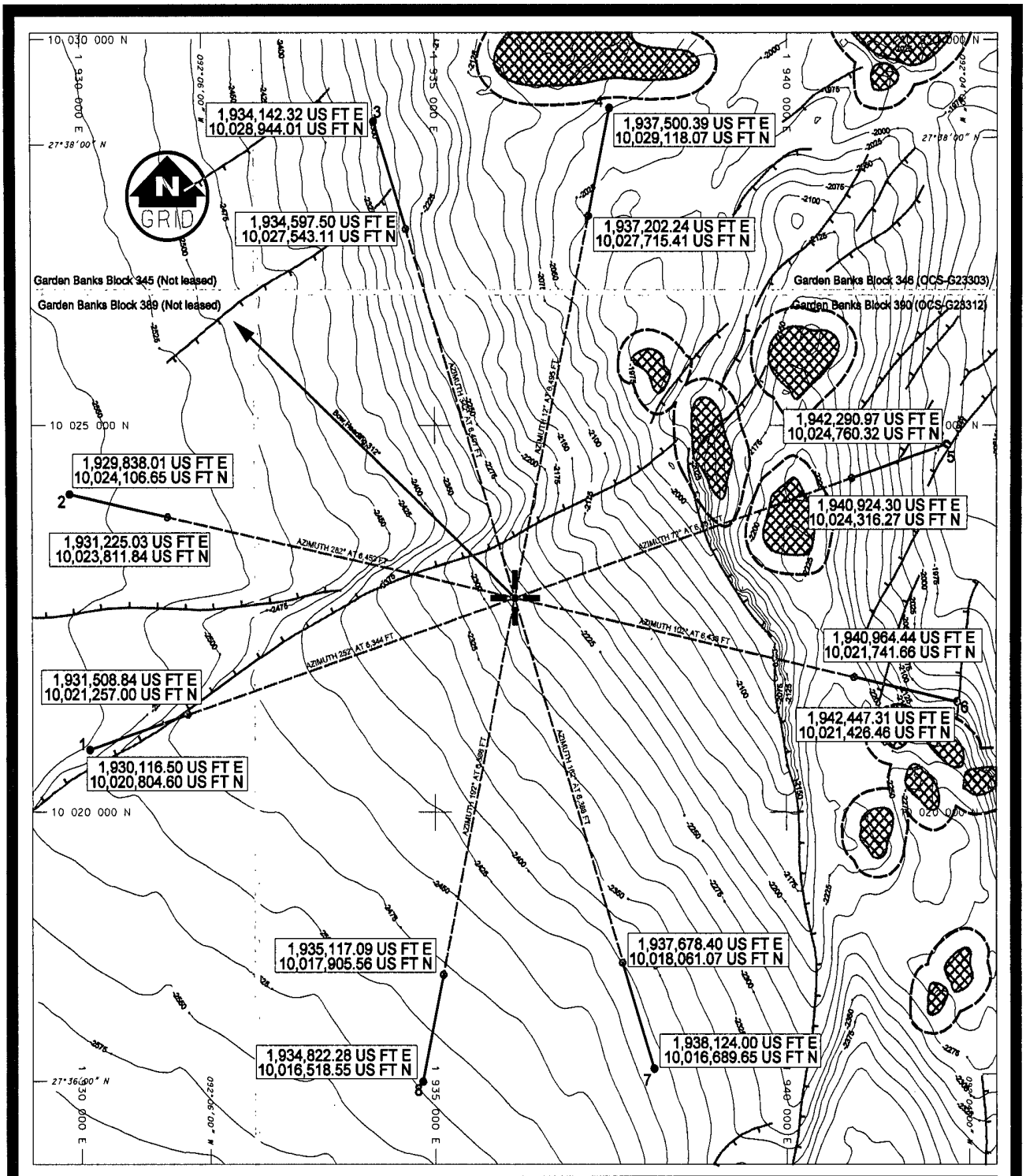
FUGRO CHANCE INC.
200 Dulles Dr. Lafayette, Louisiana 70506-3001 (337) 237-1300

GEODETIC DATUM: NAD27
PROJECTION: U.T.M. 15 (NORTH)
GRID UNITS: US SURVEY FEET

SCALE IN FEET 0 2,000'

Job No.: 05-4645 | Date: 11/15/05 | Drwn: TCG | Chart: 1 Of: 1

Dwgfile: O:\WellPermit\UTM15\GB\Permit\346s390ep



LEGEND

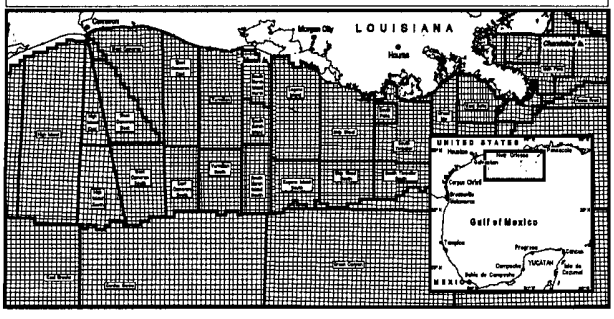
PROPOSED LOCATION GB390-A

BATHYMETRIC CONTOURS AT INTERVALS OF 25 FEET (-2450)

SEABED FAULT, TICK DENOTES DOWNTHROWN SIDE

POSSIBLE FLUID SEEP OF SEABED, FAVORABLE FOR POTENTIAL DEVELOPMENT OF CHEMOSYNTHETIC COMMUNITIES

250ft EXCLUSION ZONE SURROUNDING CHEMOSYNTHETIC COMMUNITIES



SURVEY CONTRACTOR

GARDLINE SURVEYS INC.

8584 KATY FREEWAY, SUITE 435, HOUSTON TX 77024, USA
TELEPHONE : 001 713 973 2855 FAX : 001 713 467 0887 EMAIL: GARDLINE.USA@GARDLINE.CO.UK

CLIENT

WALTER OIL & GAS CORPORATION

PROJECT TITLE

GARDEN BANKS-BLOCK 390
3D SEABED GEOHAZARD STUDY
GB390-A ANCHORING ASSESSMENT

SEABED DEPTH MAP WITH LOCATION GB390-A & ASSOCIATED ANCHOR PATTERN

ELLIPSOID	CLARKE (1866)
PROJECTION	UTM GRID ZONE 15(N) CM 93° W TRANSVERSE MERCATOR
GEODETIC DATUM	NAD 1927

Scale 1 Inch : 2000ft (Scale 1 : 24 000)

Metres 0 200 400 600
Feet 200 0 1000 2000

Job No: 6593		Compiled: CPS	GB390-A ANCHOR PLAT

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

Garden Banks Block 346 / 390 is located approximately 123 statute miles from the nearest Louisiana shoreline and approximately 140 statute miles from the onshore support base located in Fourchon, LA. A Vicinity Plat showing the location of Garden Banks Block 346 / 390 relative to the shoreline and the onshore base is included as **Attachment B-1**.

Name	Location	Existing, New or Modified
ASCO Docks	Fourchon, 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	4	4
Supply Boat	3	4
Helicopter	1	NA
Anchor Handling Tugs	2 day move on location / 2 day move off location	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.

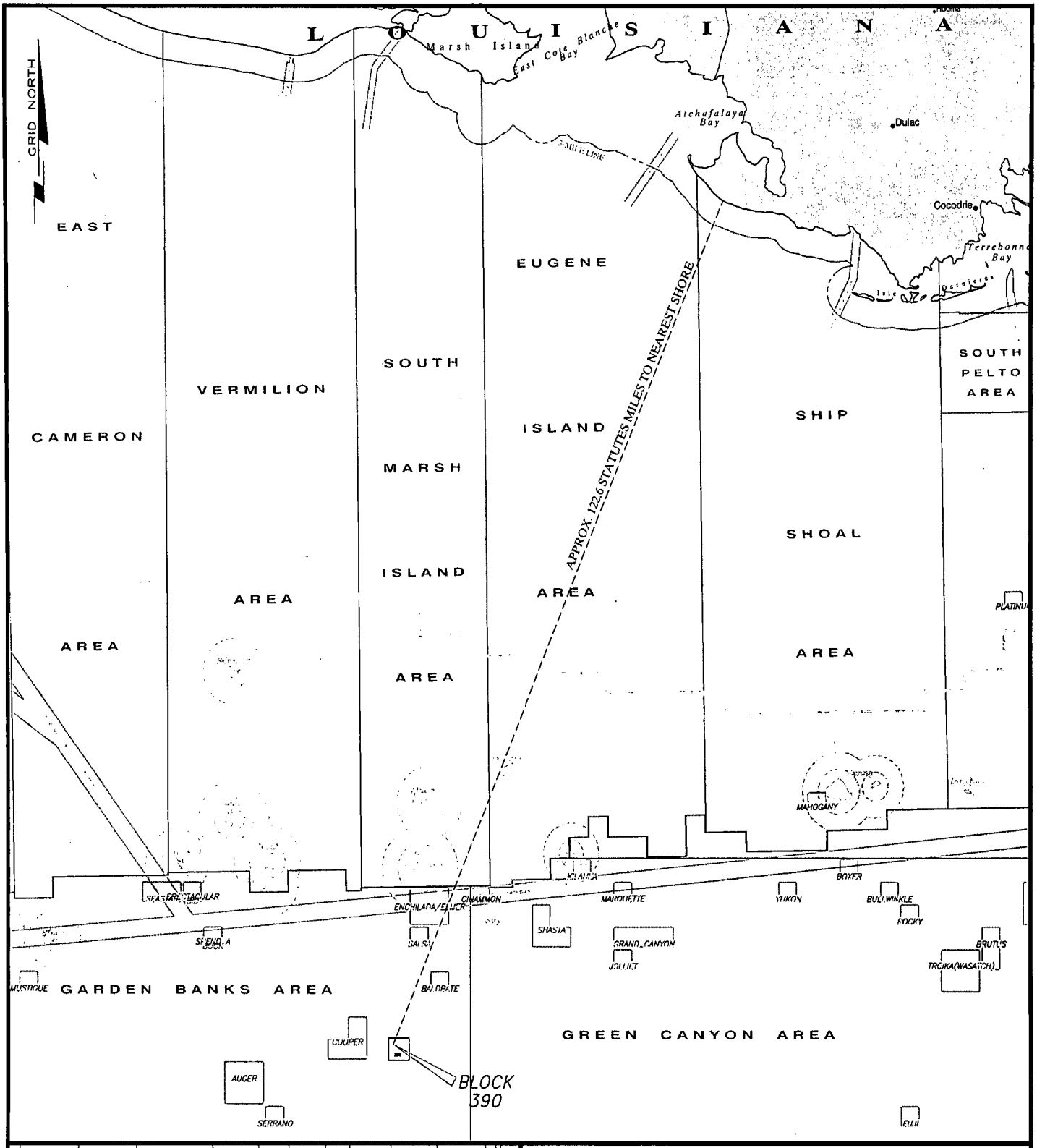
During the proposed operations, Walter and contractor personnel will be employed on the rig conducting drilling and completion activities. During these periods of time, approximately 35-50 personnel may be engaged in designated activities. Personnel engaged in onshore operations will be the dispatcher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

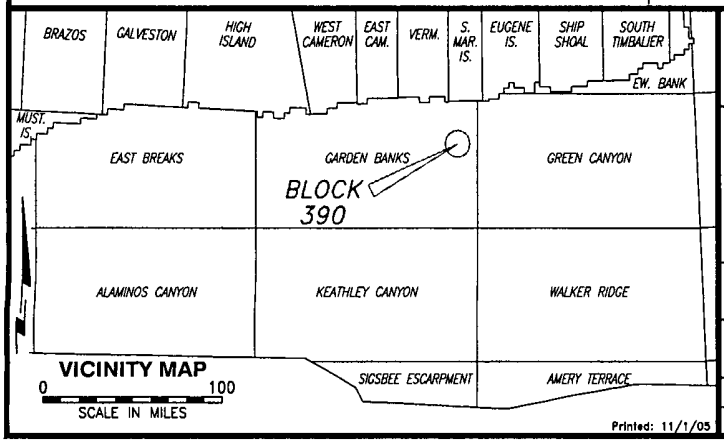
E. LEASE STIPULATIONS

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 Stipulation No. 2 (Military Warning Areas) for Lease OCS-G 23303, Garden Banks Block 346. Walter is aware that Lease OCS-G 23303 is within MWA-147AB. The activity proposed on this lease will not affect the referenced Military Warning Area since the operations proposed will be subsurface for bottom hole activity only.

Minerals Management Service did not invoke any stipulation(s) for Lease OCS-G 23323, Garden Banks Blocks 390.





WALTER OIL & GAS CORPORATION

VICINITY MAP
OCS-G-23312

BLOCK 390
GARDEN BANKS AREA
GULF OF MEXICO

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

GEODETIC DATUM: NAD27 PROJECTION: U.T.M. 15 (NORTH) GRID UNITS: US SURVEY FEET		SCALE IN FEET 0 100,000'	
Job No.: 05-4370	Date: 11/1/05	Drwn: TCG	Chart: 1 Of: 1
Dwgfile: H:\2005\054370\CAD\Marine\054370vic			

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

B. INTERPRETED 2-D or 3-D SEISMIC LINES

PROPRIETARY DATA

C. GEOLOGICAL STRUCTURE CROSS-SECTIONS

PROPRIETARY DATA

D. SHALLOW HAZARDS REPORT

The Minerals Management Service granted permission on October 17, 2005 for Walter Oil & Gas to conduct a shallow hazards analysis based solely on 3D seismic data in lieu of high resolution geophysical data as specified in Notice to Lessees and Operators No. 98-20. Walter contracted Gardline Surveys Houston Inc. to perform a 3D Geohazard Assessment with a well clearance letter and anchoring assessment of Block 390 in the Garden Banks Area. The report complied with the latest guidelines established by the Minerals Management Service in Notice to Lessees (NTL) 2003-G17, 2000-G20 and 98-20 for shallow drilling hazards and chemosynthetic community assessment.

Copies of the report are included with the Initial Exploration Plan.

Findings submitted in this report were based primarily on the interpretation of 3-D exploration seismic data supplied by Walter Oil & Gas from data acquired by Comap Geosurveys Inc. in 1985.

E. SHALLOW HAZARDS ASSESSMENT

A shallow hazards assessment has been prepared for the proposed surface location, evaluating seafloor and subsurface geologic and manmade features and conditions, and is included as **Attachment C-4**.

F. HIGH RESOLUTION SEISMIC LINES

PROPRIETARY DATA

G. STRATIGRAPHIC COLUMN

PROPRIETARY DATA

H. TIME VERSUS DEPTH TABLES

PROPRIETARY DATA

I. DEPTH OF GEOPRESSURE

PROPRIETARY DATA

J. HYDROGEN SULFIDE INFORMATION

In accordance with Title 30 CFR 250.417(c), Walter requests Garden Banks Block 346 / 390 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 EP
OCS-G 23312, BLOCK 390, GARDEN BANKS AREA
OFFSHORE, LOUISIANA
WELL LOCATION "A"
SHALLOW HAZARDS / CHEMOSYNTHETIC COMMUNITIES ANALYSIS

Conoco, inc. contracted Comap Geosurveys Incorporated to conduct a geohazards survey of Blocks 346 and 390 in the Garden Banks Area, Offshore, Louisiana. This report was determined by Mr. Adnan Ahmed of the MMS on October 17, 2005 that it complies with the current MMS requirements to submit this EP.

The data acquisition was performed by Comap Geosurveys Incorporated aboard the M/V American III during the period of November 24th through 29th, 1985. Navigation and field mapping were accomplished with a combined SYLEDIS and HYPER-FIX network. HYPERFIX was supplied by Racal survey Incorporated. SYLEDIS was supplied by Gulfsyl, Inc.

Remote sensing equipment included an echosounder, side scan sonar and subbottom profiler.

In addition to the Geohazards Survey Report, Comap Geosurveys Incorporated furnished annotated field sections and completed certain data interpretation and mapping, including the (1) Bathymetry Map, (2) Geohazard Survey Map, (3) Isopach and Shallow Drilling Constraints Map and (4) Survey Post-Plot Map.

In October 2005, Walter Oil & Gas Corporation contracted Gardline Surveys Houston Inc. perform a 3D Geohazard Assessment with well clearance letters and anchoring assessment of Block 390 (OCS-G 23312), Garden Banks Area, Offshore, Louisiana.

In addition to the data, Gardline Surveys Houston Inc. has also furnished Seabed Depth Map, Seabed Morphology Map, Seabed Amplitude Map, Seabed Dip Map, Seabed Digital Terrain Model with Amplitude Map, Seabed Depth Map and Seabed Morphology Map.

The well proposed in this Plan for Garden Bank Area Block 390 is located in a water depth of approximately 2350-feet therefore being subject to NTL No. 2000-G20 dated December 6, 2000 which requires an analysis of the presence of chemosynthetic communities.

The seabed within the proposed location maximum anchor pattern exhibits significant morphology change to the east, affecting anchors 5 & 6. In this eastern region of the anchor spread seabed is more rugose and disrupted due to underlying diapiric uplift. A number of faults and fluid seeps are seen in this eastern region of the anchor spread.

Elsewhere within the proposed anchor spread radius, the seabed is relatively smooth. Immediately south of the proposed well location, a minor surficial slump is observed. This slump is not expected to impact a short-term exploration well. Anchor 1 will cross a seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this fault and no problems are predicted. Anchor 5 will cross a minor seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this minor fault and no problems are predicted. Anchor 6 will cross a minor seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this minor fault and no problems are predicted. A number of localized seeps exhibiting potential to harbour chemosynthetic communities are observed within the east of the anchor area. The anchor spread has been designed to ensure avoidance of all these regions by at least 250 feet. All anchors will be positioned using highly accurate DGPS system.

Based upon the results of the Geohazard Survey and the 3D assessment, Walter Oil & Gas Corporation proposes to drill Well Location "A" from a proposed surface location at 3955' FNL & 3670' FWL of Garden Banks Area Block 390. Walter has reviewed all available data over and proximal to each proposed surface location and has found no indication of shallow gas or unusual structural features.

WALTER OIL & GAS CORPORATION
Lessee or Operator

J. Michael Jobe
J. Michael Jobe, Geologist

November 11, 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 at the proposed location in Garden Banks Block 390 is 2350 ft (**See Attachment D**).

Chemosynthetic communities may appear as small, highly reflective mounds located within seafloor pockmarks. Communities are known to flourish in areas of active hydrocarbon seepage. Hydrocarbon seeps tend to overlay shallow faults and zones where diapirically deformed strata outcrop at the seafloor allowing hydrocarbon gas migration up fault planes or up-dip permeable strata.

A number of localized seeps exhibiting potential to harbor chemosynthetic communities are observed within the east of the anchor area. The anchor spread has been designed to ensure avoidance of all these regions by at least 250 feet. All anchors will be positioned using a highly accurate DGPS system.

In accordance with NTL 2002-G02, Location A has been proposed at least 1500 feet from any feature(s) or area(s) that could support high-density chemosynthetic communities. The anchor placement for each referenced location will be at least 250 feet from any feature(s) or area(s) that could support high-density chemosynthetic communities.

TOPOGRAPHIC FEATURES INFORMATION

MMS and the National Oceanic and Atmospheric Administration - Fisheries (NOAA-Fisheries) 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 NOAA-Fisheries.

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

LIVE BOTTOM (PINNACLE TREND) INFORMATION

MMS and the National Oceanic and Atmospheric Administration - Fisheries (NOAA-Fisheries) 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 NOAA-Fisheries.

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.

Walter will, if required, conduct surveys immediately prior to commencing drilling operations on Location A approximately March 1, 2006 and following the completion of drilling, completion and testing operations on said well approximately 90 days later. Walter will use the **Ocean Lexington** rig based ROV equipped with video imaging capabilities. The survey pattern will consist of six transects centered on the well location with tracks extending approximately 100 meters away from the well on bearings of 30 degrees, 90 degrees, 150 degrees, 210 degrees, 270 degrees, and 330 degrees. The seafloor will be videotaped continuously along each track.

Walter will make biological and physical observations as described in NTL 2003-G03 and Form MMS-141 prior to commencing drilling operations and also following the completion of drilling operations but prior to moving the rig off location. The observations will be documented using Form MMS-141 or a reasonable facsimile and submitted to the MMS within 60 days after the second survey is completed.

The anchor plan for proposed Location A from the Ocean Lexington is enclosed in Appendix A as **Attachment A-3.**

ANCHORING ASSESSMENT – GB390-A

Proposed GB390-A Location								
GB390-A	**Intended location coordinates**							
	NAD 27 Datum - Clarke 1866 Ellipsoid					**UTM Zone 15N CM 87° West**		
OCS-G 23312	Latitude	27°	37'	01.365"	North	Easting	1,936,150	US ft E
	Longitude	092°	05'	11.303"	West	Northing	10,022,765	US ft N
	Depth	-2,267ft		FWL of Garden Banks 390			3,670	US ft
	Slope	4.8° to SW		FNL of Garden Banks 390			3,955	US ft

Anchor Pattern:

Anchor No	*Azimuth (°)*	*Water Depth (ft)*	*Horizontal Distance to Anchor (ft)*	*Grounded Length (ft)*	*Anchor X (ft)*	*Anchor Y (ft)*
1	252°	2,679	6,344	1,464	1,930,116.50	10,020,804.60
2	282°	2,752	6,453	1,418	1,929,838.01	10,024,106.65
3	342°	2,681	6,497	1,473	1,934,142.32	10,028,944.01
4	012°	2,573	6,495	1,434	1,937,500.39	10,029,118.07
5	072°	2,638	6,457	1,437	1,942,290.97	10,024,760.32
6	102°	2,875	6,438	1,516	1,942,447.31	10,021,426.46
7	162°	2,532	6,388	1,442	1,938,124.00	10,016,689.65
8	192°	2,362	6,386	1,418	1,934,822.28	10,016,518.55

Bathymetry. Water depth at the proposed GB390-A Location is –2,267ft below sea-surface. The seafloor deepens evenly to the southwest at 4.8°.

Seabed Morphology, Faults and Chemosynthetic Communities

The seabed within the proposed GB390-A anchor pattern exhibits significant morphology change to the east, affecting anchors 5 & 6. In this eastern region of the anchor spread seabed is more rugose and disrupted due to underlying diapiric uplift. A number of faults and fluid seeps are seen in this eastern region of the anchor spread.

Elsewhere within the proposed anchor spread radius, the seabed is relatively smooth. Immediately south of the proposed well location, a minor surficial slump is observed. This slump is not expected to impact a short-term exploration well.

Anchor 1 will cross a seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this fault, and no problems are predicted.

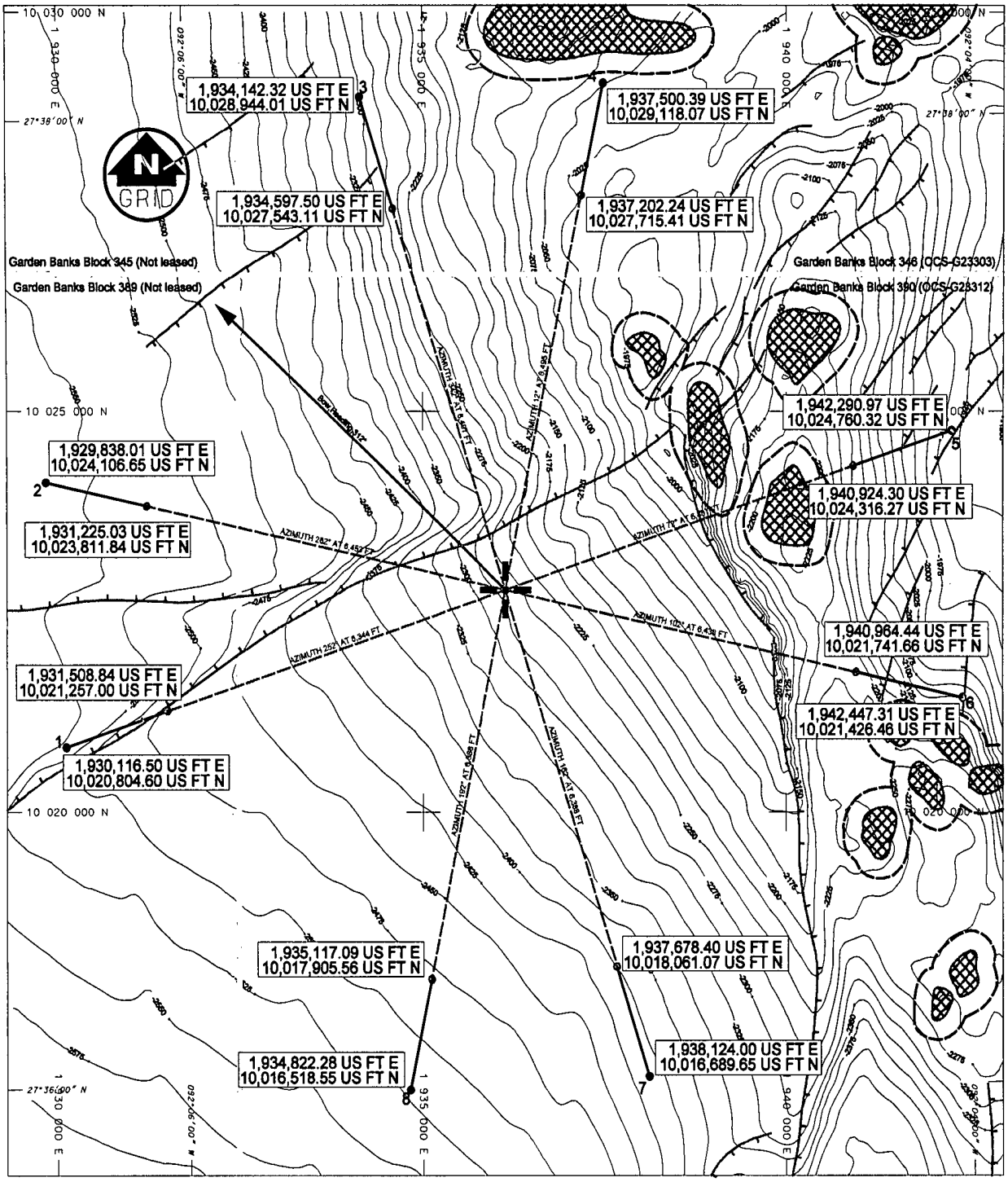
Anchor 5 will cross a minor seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this minor fault, and no problems are predicted.

Anchor 6 will cross a minor seabed fault between touchdown and anchor point. There is no evidence of any fluid seep in association with this minor fault, and no problems are predicted.

A number of localized seeps exhibiting potential to harbour chemosynthetic communities are observed within the east of the anchor area. The anchor spread has been designed to ensure avoidance of all these regions by at least 250ft.

All anchors will be positioned using highly accurate DGPS system.

Charts 6, 7, and 8 show the proposed anchor pattern for the GB390-A Location at 1"=1,000ft (1:12,000). Figure GB390-A Location Anchor Plat (overleaf) illustrates the anchor radius at 1"=2,000ft (1:24,000).



LEGEND

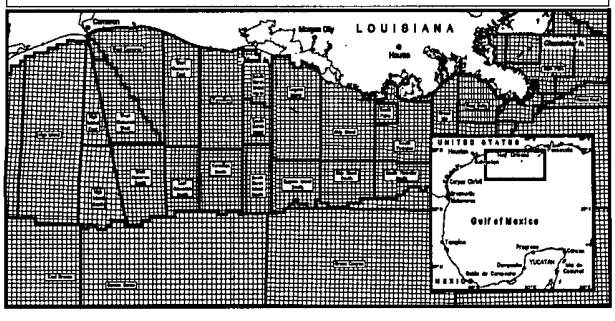
PROPOSED LOCATION GB390-A

BATHYMETRIC CONTOURS AT INTERVALS OF 25 FEET (-2450)

SEABED FAULT, TICK DENOTES DOWNTHROWN SIDE

POSSIBLE FLUID SEEP OF SEABED, FAVORABLE FOR POTENTIAL DEVELOPMENT OF CHEMOSYNTHETIC COMMUNITIES

250ft EXCLUSION ZONE SURROUNDING CHEMOSYNTHETIC COMMUNITIES



SURVEY CONTRACTOR

GARDLINE SURVEYS INC.
8584 KATY FREEWAY, SUITE 435, HOUSTON TX 77024, USA
TELEPHONE : 001 713 973 2855 FAX : 001 713 467 0887 EMAIL: GARDLINE.USA@GARDLINE.CO.UK

CLIENT

WALTER OIL & GAS CORPORATION

PROJECT TITLE

GARDEN BANKS-BLOCK 390
3D SEABED GEOHAZARD STUDY
GB390-A ANCHORING ASSESSMENT

SEABED DEPTH MAP WITH LOCATION GB390-A & ASSOCIATED ANCHOR PATTERN

ELLIPSOID	CLARKE (1866)
PROJECTION	UTM GRID ZONE 15(N) CM 93° W TRANSVERSE MERCATOR
GEODETIC DATUM	NAD 1927

Scale 1 Inch : 2000ft (Scale 1 : 24 000)

Metres 0 200 400 600
Feet 200 0 1000 2000

Job No: 6593		Compiled: CPS	GB390-A ANCHOR PLAT

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 will request coverage under EPA Region VI NPDES General Permit GMG290000, which regulates overboard discharges, including restrictions and limitations of waste generated from oil and gas operations in the Western 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	5236 bbls / well	400 bbls/hr	GB 390 – discharged overboard
Drill cuttings associated with water-based fluids	2094 bbls / well	400 bbls/hr	GB 390 – 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	GB 390 – discharged overboard
Sanitary wastes	20 gal/person/day	NA	GB 390- chlorinate and discharge
Domestic waste	30 gal/person/day	NA	GB 390 – remove floating solids and discharge
Deck drainage	3309 bbl/year Based on 65" / year rainfall average	102 bbl Based on 2" / hour of rainfall	GB 390 – filter oil and grease and discharge
Well treatment, workover or completion fluids	800 bbl/ well	100 bbl / hr	GB 390- 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	GB 390 – 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 Dock Fourchon, 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 24479 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 June 29, 2005. The Regional Oil Spill Plan Biennial Update was approved on August 12, 2005. The Regional OSRP will cover activities proposed in this Initial 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	Supp EP
Type of Worst-case Scenario[1]	Drilling	Drilling
Facility Location (area/block)	GB 302	GB 346 / 390
Facility Designation[2]	JU	Ocean Lexington
Distance to Nearest Shoreline	118	123
Worst-case Scenario Volume[3]		
Storage tanks (maximum capacity)		
Flowlines (maximum capacity)		
Lease term pipelines (calculated)		
Uncontrolled blowout (daily volume)		
Total Worst-case Scenario Volume	2500 bbls	500 bbls
Type of Oil (crude oil, condensate)	Crude	Crude
API Gravity(s)[4]	35°	36°

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 Garden Banks Block 346 / 390 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
GB 346 / 390	G-23312	20	Kleberg TX	- / - / 1
			Nueces TX	- / - / 1
			Aransas TX	- / - / 1
			Calhoun TX	- / - / 1
			Matagorda TX	- / - / 3
			Brazoria TX	- / - / 2
			Galveston TX	- / - / 6
			Jefferson TX	- / - / 4
			Cameron LA	- / - / 9
			Vermilion LA	- / - / 3
			Iberia LA	- / - / 1
			Terrebonne LA	- / - / 2
			Plaquemines LA	- / - / 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

EXPLORATION PLAN (EP)
AIR QUALITY SCREENING CHECKLIST

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

COMPANY	Walter Oil & Gas
AREA	Garden Banks
BLOCK	346 / 390
LEASE	G-23303 / 23312
PLATFORM	
WELL	A
COMPANY CONTACT	Judy Archer
TELEPHONE NO.	713/659-1221
REMARKS	Drill and suspend 1 subsea well

SUMMARY

COMPANY	AREA	BLOCK	LEASE	PLATFORM	WELL
Walter Oil & Ga	Garden Banks	346 / 390	G-23303 / 23312		A

Year	Emitted Substance				
	PM	SOx	NOx	VOC	CO
2006	20.69	94.94	711.38	21.34	155.21
Allowable	4095.90	4095.90	4095.90	4095.90	84090.90

Appendix H
ENVIRONMENTAL IMPACT ANALYSIS (EIA)

A. ENVIRONMENTAL IMPACT ANALYSIS MATRIX

Walter Oil & Gas 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) X	(1)		(1) X	
Pinnacle Trend area live bottoms		(2)	(2)		(2)	
Eastern Gulf live bottoms		(3)	(3)		(3)	
Chemosynthetic communities		(4)	(4)		(4)	
Water quality		X			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)	
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.

IPF's that could cause impacts from the proposed activities in Garden Banks Block 390 to topographic features include effluents and accidents. The site-specific offshore location of the proposed activities is approximately 21 miles south of Parker Banks.

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.

Walter is aware of the close proximity of these bank areas and will be extremely environmentally proactive during our exploratory operations. 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 in Garden Banks Block 390 that could cause impacts to pinnacle trend area live bottoms. The site-specific offshore location of the proposed activities is approximately 21 miles away 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 in Garden Banks Block 390 that could cause impacts to Eastern Gulf live bottoms. The site-specific offshore location of the proposed activities is approximately 300 miles away 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

Chemosynthetic communities are defined as persistent, largely sessile assemblages of marine organisms dependent upon chemosynthetic bacteria as their primary found source (MacDonald, 1992). Chemosynthetic clams, mussels, and tubeworms have been discovered in association with hydrocarbon seeps in the northern Gulf of Mexico. Initial discoveries of cold-water seep communities indicated that they are primarily associated with hydrocarbon and H_2S seep areas (Kennicutt and Gallaway, 1985; Brooks et al., 1986a). Since the initial discovery in 1986 of chemosynthetic communities dependent on hydrocarbon seepage in the Gulf of Mexico, their geographic range has been found to include the Texas, Louisiana and Alabama continental slope with a depth range varying from less than 500 m to 2200 m (MacDonald, 1992). To date, there are 43 sites (in 40 blocks) across the northern Gulf of Mexico continental slope where the presence of chemosynthetic metazoans (dependent on hydrocarbon seepage) has been definitively documented (MacDonald, 1992).

There are no IPF's (including effluents, physical disturbances to the seafloor, and accidents) from the proposed activities in Garden Banks Block 390 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 site-specific offshore location of the proposed activity is in water depths greater than 400 meters (2350 feet).

Upon review of the Gardline Survey, there are no primary regions on the seabed that may harbor biologically sensitive habitats. At the proposed well location "A", the seabed is exhibits significant morphology change to the east. There are no anomalous seabed amplitudes indicative of hydrocarbon macroseep observed within a 1500 ft radius of the proposed location.

The proposed activities would be conducted in accordance with NTL 2003-G17 Appendix D. Accordingly, we have provided MMS with the required maps; analysis and statement(s) prepared using the guidance in Attachment B of NTL 2000-G20, "Deepwater Chemosynthetic Communities". Compliance with NTL No. 2000-G20 will ensure that features or areas that could support high-density chemosynthetic communities will not be impacted.

5. Water Quality

Effluents and accidents from the proposed activities in Garden Banks Block 390 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 Garden Banks Block 390 could come from oil spills, subsurface blowouts, and offshore discharges of drilling mud and produced waters.

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. 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).

Subsurface blowouts have the potential to adversely affect commercial fishery resources. Sandy sediments will be quickly redeposited within 400 m of the blowout site and finer sediments will be widely dispersed and redeposited over a period of 30 days or longer within a few thousand meters. It is expected that the infrequent subsurface blowout that may occur on the Gulf OCS will have a negligible effect on Gulf commercial fisheries.

Drilling mud discharges contain chemicals toxic to marine fishes; however, this is only at concentrations 4 or 5 orders of magnitude higher than those found more than a few meters from the discharge point. Offshore discharges of drilling muds will dilute to background levels within 1000 meters of the discharge point and have a negligible effect on Central Gulf fisheries.

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 Garden Banks Block 390. 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 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.

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 Garden Banks Block 390 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 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.

9. Air Quality

There would be a limited degree of air quality degradation in the immediate vicinity of the proposed activities in Garden Banks Block 390. 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 Garden Banks Block 390 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.

11. Prehistoric Archaeological Sites

There are no IPF's (including physical disturbances to the seafloor) from the proposed activities in Garden Banks Block 390 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.

Vicinity of Offshore Location:

1. Essential Fish Habitat

IPF's that could impact essential fish habitats as a result of the proposed operations in Garden Banks Block 390 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. 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 Garden Banks Block 390 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-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.

3. Public Health and Safety Due to Accidents

There are no IPF's (including an accidental H_2S releases) from the proposed activities in Garden Banks Block 390 that could cause impacts to public health and safety.

In accordance with 30 CFR 250.417(c) and NTL 2003-G17 (Appendix C) we have submitted sufficient information to justify our request that the area of our 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. Due to the distance from the shore (123 miles) and the response capabilities that would be implemented, 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. 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 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.

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). Due to the distance from the shore (123 miles) and the response capabilities that would be implemented, the operations proposed in this plan are not projected to have significant impacts on wetlands.

Both the historical spill data and the combined trajectory / risk calculations referenced in the publication OCS EIS/EA MMS 2002-052 indicate there is little risk of contact or impact to the coastline and associated environmental resources. 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). Due to the distance from the shore (123 miles) and the response capabilities that would be implemented, the operations proposed in this plan are not projected to have significant impacts on shore birds and coastal nesting birds.

Both the historical spill data and the combined trajectory / risk calculations referenced in the publication OCS EIS/EA MMS 2002-052 indicate there is little risk of contact or impact to the coastline and associated environmental resources. 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). Due to the distance from the shore (123 miles) and the response capabilities that would be implemented, the operations proposed in this plan are not projected to have significant impacts on coastal wildlife refuges.

Both the historical spill data and the combined trajectory / risk calculations referenced in the publication OCS EIS/EA MMS 2002-052 indicate there is little risk of contact or impact to the coastline and associated environmental resources. 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). Due to the distance from the shore (123 miles) and the response capabilities that would be implemented, the operations proposed in this plan are not projected to have significant impacts on wilderness areas.

Both the historical spill data and the combined trajectory / risk calculations referenced in the publication OCS EIS/EA MMS 2002-052 indicate there is little risk of contact or impact to the coastline and associated environmental resources. 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.

Gardline Surveys Houston Inc. performed a 3D Geohazard Assessment with a well clearance letter and anchoring assessment of Block 390 in the Garden Banks Area. The report complied with the latest guidelines established by the Minerals Management Service in Notice to Lessees (NTL) 2003-G17, 2000-G20 and 98-20 for shallow drilling hazards and chemosynthetic community assessment. This report was submitted to the Minerals Management Service with this Initial Exploration Plan. A Shallow Hazards Assessment of any seafloor and subsurface geological manmade features and conditions that may adversely affect operations is being submitted in accordance with NTL 2003-G17, Appendix C and NTL 98-20.

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

There were no outside sources 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:

Geohazard Survey of Blocks 346 and 390, Garden Banks Area, prepared for Conoco Inc. in January 1986.

3D Geohazard Assessment of Block 390, Garden Banks Area, OCS-G 23312, prepared for Walter Oil & Gas, Inc. by Gardline Surveys Houston Inc. during October 2005.

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)

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 Exploration 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.

A Coastal Zone Management Consistency Certification for the State of Louisiana is required for the exploratory activities proposed in this Initial Exploration Plan and is included as **Attachment I.**

COASTAL ZONE MANAGEMENT

CONSISTENCY CERTIFICATION

INITIAL EXPLORATION PLAN

Garden Banks Block 346 / 390

LEASE OCS-G 23303 / 23312

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

WALTER OIL & GAS CORPORATION
Lessee / Operator

Judy Archer
Regulatory / Environmental Coordinator
Certifying Official

November 11, 2005
Date

Appendix J
OCS Plan Information Form

Form MMS 137 was prepared in accordance with Appendix J of NTL 2003-G17 and is located in Appendix A as **Attachment A-1**.

BEST AVAILABLE COPY