

# PXP

## Plains Exploration & Production Company

March 24, 2005

from the desk of:  
Robert E. Huguenard  
V.P. WBU - Offshore

Ms. Ellen Aronson  
Regional Manager  
Pacific OCS Region  
Minerals Management Service  
770 Paseo Camarillo  
Camarillo, CA 93010-6064

Subject: Additional Clarification to Bonito Unit Suspension Request

Dear Ms. Aronson:

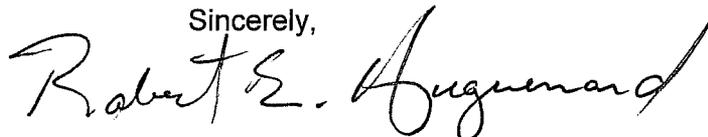
In follow up to the conversation between David Rose of our office and Joan Barminski we are providing additional clarifications to our Bonito Unit suspension request.

Attached is an updated GANTT chart reflecting minor changes. We removed the references to specific dates and instead have added task number one "*MMS Approves SOP*" and set this task as time-zero with all future tasks keyed to this point in time.

As has been stated in Nuevo Energy's April 20, 2004 updated Suspension Request, we provide this information without waiving any of the rights of the lessees, and specifically without waiving their assertion that the application of the 1990 CZMA amendments to the Bonito and other undeveloped offshore California leases constituted a material breach of those leases as asserted in the *Amber* case.

If you have any questions or comments, please contact me at (805) 934-8222.

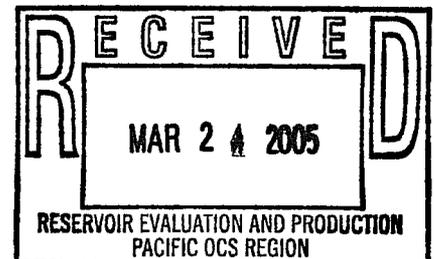
Sincerely,



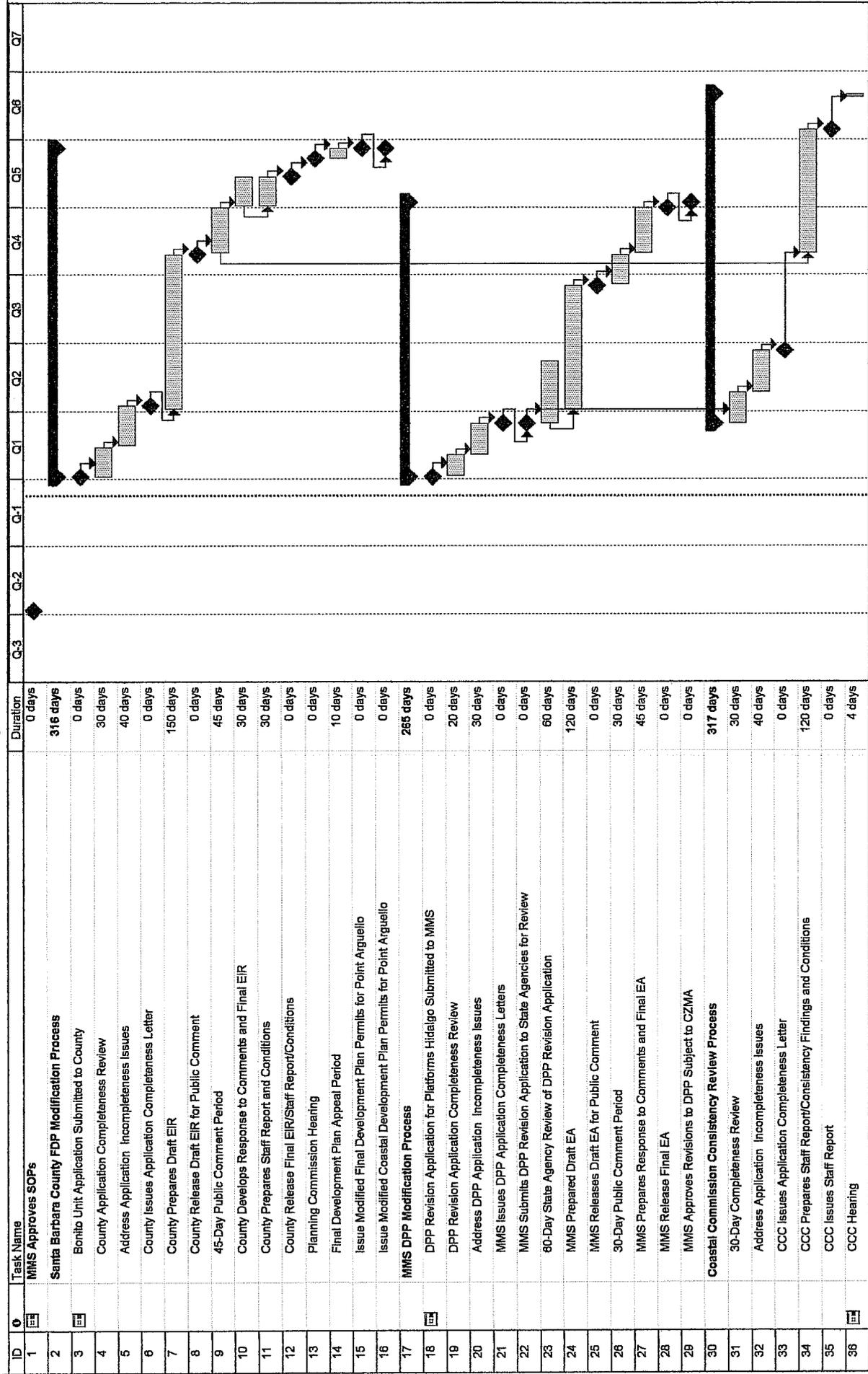
Robert E. Huguenard  
Vice President  
Western Business Unit - Offshore

REH/als

Attachment



# Estimated Permitting Schedule for the Bonito Unit



Project: Permit Schedule-No Appeals-F  
Date: Wed 3/9/05

Page 1

**Legend:**

- Task:
- Split:
- Progress:
- Milestone:
- Summary:
- Rolled Up Task:
- Rolled Up Split:
- Rolled Up Milestone:
- External Tasks:
- Project Summary:
- External Milestone:
- Deadline:

# PXP

## Plains Exploration & Production Company

December 28, 2004

from the desk of:  
Robert E. Huguenard  
V.P. WBU - Offshore

Mr. Peter Tweedt  
Regional Manager  
Pacific OCS Region  
Minerals Management Service  
770 Paseo Camarillo  
Camarillo, CA 93010-6064

Subject: Additional Clarification to Bonito Unit Suspension Request

Dear Mr. Tweedt:

In follow up to the conversation between David Rose of our office and Joan Barminski we are providing additional clarifications to our Bonito Unit suspension request.

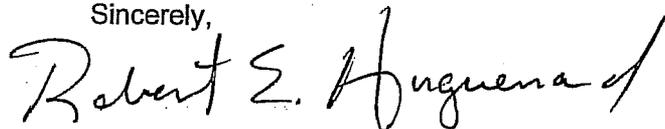
In our previous plans and correspondence we had included the option of using platform Irene as one of two possible surface locations for drilling the Bonito Unit development wells. Due to a recent review of the area geology, historic drill stem tests, etc. and considering current drilling technology we have decided not to include Bonito Unit development wells from Platform Irene in our current development plan. Our current plan is to drill all Bonito Unit development wells solely from Platform Hidalgo.

Given this change we will not be submitting a DPP revision for platform Irene nor will we be pursuing any other state or local permits to use any of the Point Pedernales project facilities in connection with the development of the Bonito Unit as previously envisioned. Attached is an updated GANTT chart reflecting these changes.

With possible advances in drilling technology, we may consider drilling Bonito Unit development wells from Platform Irene in the future. In that event, we will submit all appropriate permit applications and DPP revisions to the respective agencies at that time, but it is speculative to say whether that will ever happen.

If you have any questions or comments, please contact me at (805) 934-8222.

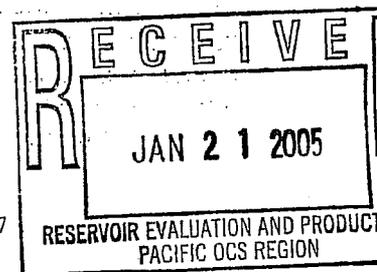
Sincerely,



Robert E. Huguenard  
Vice President  
Western Business Unit - Offshore

REH/dw

Attachment







October 8, 2004

from the desk of:  
Robert E. Huguenard  
V.P. - WBU Offshore

Peter Tweedt  
Regional Manager  
Pacific OCS Region  
Minerals Management Service  
770 Paseo Camarillo  
Camarillo, California 93010-6064

**Subject: Additional Clarification to Bonito Unit Suspension Request**

Dear Mr. Tweedt:

As follow up to our July 27, 2004 letter to you we are providing the following clarifications to our Bonito Unit Suspension Request.

In our previous correspondence the question as to whether we would be submitting an Exploration Plan or a Development and Production Plan (DPP) was left somewhat open. Since July we have had internal discussions and conversations with your staff concerning this issue and have determined that we will not be providing an Exploration Plan but rather we will go directly to a Development and Production Plan.

We have also had an opportunity to consider the implications to the time line set forth in our July 27, 2004 letter in light of the changes mentioned above. Please find attached a time line which includes the necessary estimated time for development of a modified DPP for both platforms Irene and Hidalgo and the permitting time which will be necessary to achieve a modification of our Santa Barbara County Final Development Plan for both of these facilities.

If you have any questions or comments, please contact me at (805) 934-8222.

Sincerely,

Robert E. Huguenard  
Vice President - WBU Offshore

REH/as

Attachment

# Estimated Permitting Schedule for the Bonito Unit

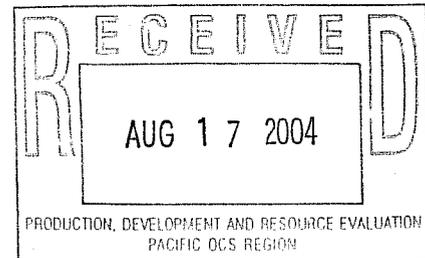
ID	Task Name	Duration	10/05	20/05	30/05	40/05	10/06	20/06	30/06	4/06/06
1	<b>Santa Barbara County RIP Modification Process</b>	<b>316 days</b>								
2	Bonito Unit Application Submitted to County	0 days								
3	County Application Completeness Review	30 days								
4	Address Application Incompleteness Issues	40 days								
5	County Issues Application Completeness Letter	0 days								
6	County Prepares Draft EIR	150 days								
7	County Releases Draft EIR for Public Comment	0 days								
8	45-Day Public Comment Period	45 days								
9	County Develops Responses to Comments and Final EIR	30 days								
10	County Prepares Staff Report and Conditions	30 days								
11	County Releases Final EIR/Staff Report/Conditions	0 days								
12	Planning Commission Hearing	0 days								
13	Final Development Plan Appeal Period	10 days								
14	Issue Modified Final Development Plan Permits for Point Arguello and Point Pedernales	0 days								
15	Issue Modified Coastal Development Plan Permits for Point Arguello and Point Pedernales	0 days								
16	<b>MMS DPP Modification Process</b>	<b>265 days</b>								
17	DPP Revision Applications for Platforms Hielgo and Irene Submitted to MMS	0 days								
18	DPP Revision Applications Completeness Review	20 days								
19	Address DPP Application Incompleteness Issues	30 days								
20	MMS Issues DPP Application Completeness Letters	0 days								
21	MMS Submits DPP Revision Applications to State Agencies for Review	0 days								
22	60-Day State Agency Review of DPP Revision Applications	60 days								
23	MMS Prepares Draft EA	120 days								
24	MMS Releases Draft EA for Public Comment	0 days								
25	30-Day Public Comment Period	30 days								
26	MMS Prepares Responses to Comments and Final EA	45 days								
27	MMS Releases Final EA	0 days								
28	MMS Approves Revisions to DPPs Subject to CZMA	0 days								
29	<b>Coastal Commission Consistency Review Process</b>	<b>317 days</b>								
30	30-Day Completeness Review	30 days								
31	Address Application Incompleteness Issues	40 days								
32	COC Issues Application Completeness Letter	0 days								
33	COC Prepares Staff Report/Consistency Findings and Conditions	120 days								
34	COC Issues Staff Report	0 days								
35	COC Hearing	4 days								



July 27, 2004

from the desk of:  
Robert E. Huguenard  
V.P. - WBU Offshore

Peter Tweedt  
Regional Manager  
Pacific OCS Region  
Minerals Management Service  
770 Paseo Camarillo  
Camarillo, California 93010-6064



**Subject: Update to Bonito Unit Suspension Request**

**Dear Mr. Tweedt:**

Thank you for providing Arguello Inc. the opportunity to comment on the Bonito Unit Suspension update request which Nuevo Energy Company made on April 20, 2004. Since Plains Exploration and Production has acquired all Nuevo assets in a merger / acquisition action we felt it was appropriate to evaluate and reconsider the April 20, 2004 request. We have nearly completed this process and wish to communicate the current status to you in order to help avoid unnecessary MMS review and processing of the request.

Beginning on Page 4 of the April 20, 2004 submittal Nuevo discusses conducting pre-drilling surveys. We know now that we will not be using a Mobile Offshore Drilling Unit (MODU) to drill a delineation well and therefore the work to support and conduct the pre-drilling surveys, as well as the mobilization of the previously planned MODU can be deleted from our plan. We now know that any Bonito Unit wells drilled, will originate from either Platform Hidalgo or Irene. The deletion of the MODU operations will require the elimination of the February 2006 milestone noted on page seven of the April 20, 2004 request.

There is a typographical error near the bottom of page 5. The sentence refers to Plains Exploration and Production as the Operator of the Point Arguello Unit. As you are aware Arguello Inc. is the operator of this Unit.

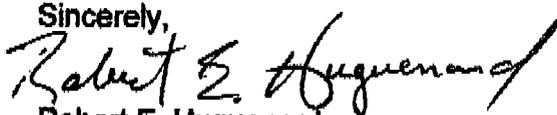
We have had preliminary discussions with Joan Barminski of your office regarding our reconsideration of Nuevo's plan for modifying the Exploration Plan and drilling delineation wells. We are considering the possibility of starting our drilling program with a development well and we would like to continue discussing this possibility with MMS. If we conclude that no delineation wells will be necessary, then we will need to further

Mr. Tweedt  
July 27, 2004  
Page 2

revise the April 20, 2004 request to reflect that no changes to the Exploration Plan will be needed and instead work would need to focus on the Development and Production Plan. Also, we are evaluating the potential time-line impacts from any Santa Barbara County permit process that may not have been accounted for in the April 20, 2004 request. These issues may impact the schedule and milestones noted in the April 20, 2004 request.

If you have any questions or comments, please contact me at (805) 934-8222.

Sincerely,



Robert E. Huguenard  
Vice President - WBU Offshore

REH/dr



# NUEVO ENERGY COMPANY

April 20, 2004

Peter Tweedt  
Regional Manager  
Minerals Management Service  
Pacific Regional Office  
770 Paseo Camarillo  
Camarillo, CA 93010-6064



Dear Mr. Tweedt:

SUBJECT: BONITO UNIT  
LEASES OCS P-0443, P-0445, P-0446, P-0449, P-0450, P-0499 AND P-0500  
OFFSHORE SANTA MARIA BASIN  
OFFSHORE CALIFORNIA  
UPDATED REQUEST FOR PREVIOUSLY APPROVED SUSPENSION OF  
PRODUCTION

## INTRODUCTION

On November 12, 1999, the Minerals Management Service ("MMS") granted Nuevo Energy Company's ("Nuevo") May 11, 1999 suspension of production ("SOP") request for the Bonito Unit ("Bonito"). As of June 20, 2001, Nuevo had complied with all milestone activities set forth in MMS' approval letter that had arisen as of that date. However, on June 20, 2001, the federal district court for the Northern District of California held that, as a result of the 1990 amendments to the Coastal Zone Management Act ("CZMA"), MMS's grant of the November 1999 SOP was "subject to a consistency determination as a federal activity affecting the coastal zone" under CZMA § 307(c) (1), 16 U.S.C. § 1456(c) (1). *California v. Norton*, 150 F. Supp.2d 1046, 1053 (N.D. Cal. 2001) ("*Norton case*"), *aff'd*, 311 F.3d 1162 (9th Cir. 2002). Based on this ruling, Nuevo joined by other lessees filed a breach of contract action against the United States in the U.S. Court of Federal Claims, *Amber Resources Co. v. United States*, No. 02-30C (the "*Amber case*").

Pursuant to the requirements of the *Norton case*, MMS on July 2, 2001, set aside its approval of the November 1999 suspension and directed a suspension of operations ("SOO") for the unit until MMS "has acted on" the lessees' suspension request.

On February 26, 2004, the California court in the *Norton case* ordered MMS to obtain "updated lease suspension applications from the lessees." By letter dated March 10, 2004, MMS directed that "in accordance with the Court's order and the requirements of 30 C.F.R. 250.171,

you must submit to the regional Manager, MMS Pacific Regional Office, updated information relating to your suspension request...”

This letter provides the updated information that MMS has instructed Nuevo to submit. The information previously submitted in connection with the SOPs granted in November 1999, which had been found by MMS to meet all of the requirements of 30 C.F.R. 250.171, remain effective, except as modified in this letter.

Nuevo submits this information without waiving any of the rights of the Bonito lessees, and specifically without waiving their assertion that the application of the 1990 CZMA amendments to the Bonito and other undeveloped offshore California leases constituted a material breach of those leases as asserted in the *Amber* case.

The “going forward” activities described in this update are based on the previously approved milestones that the lessees were prevented from completing as a result of the July 2001 SOO. Because the Bonito lessees have been barred from conducting any operations on the leases since July 2001, they have no new substantive information to report regarding their progress toward those milestones or the prospectivity of the Bonito beyond that contained in the May 1999 SOP request that MMS had already granted, Nuevo’s additional information filings dated October 14, 1999, February 29, 2000, July 31, 2000 and September 1, 2000 and the quarterly progress reports that Nuevo submitted pursuant to the November 1999 SOP. All of these documents are incorporated herein by reference as though they are set out in full.

Pursuant to MMS’s direction, Nuevo has updated the time-frames for accomplishing the outstanding milestones, in order to reflect current estimates for certain work and necessary equipment and permits in light of the cessation of ongoing activity that was necessitated by the June 20, 2001, court Order and the July 2, 2001 MMS directed SOO.

Specifically, at the time of the July 2001 SOO, the Bonito lessees had two months remaining before the deadline for the submission of a revised Exploration Plan (“EP”) required by MMS’ November 12, 1999 SOP approval letter. As described further below, the lessees had submitted a shallow hazards program on March 31, 2001 to the MMS and were awaiting approval of that plan so they could participate with Aera Energy LLC and Samedan in the collection of data for the shallow hazards survey. The Bonito survey was to take place in June 2001 for the ROV work and in August/September for the air gun work.

In response to MMS’s direction, Nuevo estimates that it would take four months from the time that MMS re-approves the “updated” SOP request to retain a contractor and complete the shallow hazard survey for work on both the Bonito Unit as well as for the Aera Energy LLC and Samedan shallow hazard acquisitions. We have adjusted the previously approved work schedule accordingly. For example, the enclosed schedule provides that Nuevo would submit a revised EP six months after the SOP is re-approved--four months to complete the surveying plus the previously allotted two months to finalize the revised EP. As noted, this six month period is entirely due to the premature termination of ongoing work caused by the imposition of the SOO.

For purposes of responding to MMS, we have assumed an SOP effective date of January 2005. For other assumed SOP effective dates, factors such as weather, marine mammal migration, and fisheries interaction would perhaps affect the timing of the milestone activities and thus the duration of the SOP period. We have provided the attached Table 1 to illustrate the effect different SOP starting times have on the remaining milestones.

### **SUMMARY OF ACTIVITY SINCE NOVEMBER 1999:**

#### Interpretation of Chevron 3D seismic survey:

On January 29, 2001, Nuevo geological and geophysical personnel meet with the MMS and present their interpretation of the 1989 Chevron 3D seismic survey using time/depth/velocity mapping.

#### Project Description:

On February 29, 2000, Nuevo submitted to MMS a project description for the Bonito Unit. In addition, Nuevo submitted the following supplemental reports in July of 2000:

- Oil Spill Response Plan
- Fisheries Plan
- Marine Wildlife Contingency Plan
- H2S Contingency Plan

Nuevo also provided the MMS with additional project description information as requested in its June 20, 2000 letter to Nuevo on September 1, 2000.

#### Bonito Unit Contraction:

Nuevo submitted a plan for contracting of the Bonito Unit to remove unleased acreage from the unit boundaries on September 26, 2000 and October 16, 2000. The MMS approved the unit contraction by letter dated October 25, 2000.

#### Offshore Rig Planning:

Under the November 1999 SOP, Nuevo was required to submit proof to MMS by November 2001 that a Request for Proposal (“RFP”) for a Mobile Offshore Drilling Unit (“MODU”) had been sent out to potential contractors. The operators of the undeveloped Pacific OCS units on which delineation drilling would require a single MODU formed the Offshore Rig Activation Committee (“ORA”) to prepare such an RFP. As previously reported Nuevo was an active member of ORA and participated in 20 ORA meetings between December 1998 and June 2001. Significant planning, logistical, and coordination progress was made before the June 2001 SOO, including development of a draft formal agreement between the ORA participants and submission of bid requests to hire a third party “Schedule Administrator” capable of overseeing numerous ORA tasks. While Nuevo withdrew from the ORA Group in May 2001 to pursue alternative scenarios for drilling of a delineation well from an existing platform in a unit adjacent

to the Bonito Unit, Nuevo continued to follow the ORA Groups progress should it determine the need to re-join ORA and use a semi-submersible drillship for its delineation well drilling. These and other ORA matters would have to be reactivated, updated, and finalized during the SOP period prior to the time a drilling rig is contracted.

#### North Santa Barbara Co. Siting Study.

In 1998, the Santa Barbara County Energy Division undertook a study entitled "North Santa Barbara County Facility Siting Study". The study was conducted under a state grant with partial funding from Aera Energy LLC (\$22k), and the final completed study was published in April 2001.

#### **GO FORWARD ACTIVITIES:**

##### Pre-Drilling Surveys:

To prepare a revised EP as required under the November 1999 SOP, Nuevo would have to acquire shallow hazards data. Nuevo was on track to complete this work in June 2001. However, immediately prior to the commencement of the operations on the Bonito program, Nuevo learned that, as a result of the California court's decision, further surveying had to be suspended. Nuevo was thus forced to cease operations.

In order to complete this surveying, it would be necessary to rebid the work, negotiate a contract, consult with National Marine Fisheries Service concerning marine mammal protection, consult with the Joint Oil-Fisheries Liaison Office, resubmit a plan to MMS, and make final operational planning including the vessel mobilization. It is expected that these activities would take four months, if they commenced immediately after receiving the re-approved SOP.

Nuevo had determined suitable time windows to conduct the airgun surveying taking into consideration fishery interactions, marine mammal migration, and weather. Accordingly, the months available to conduct the surveying operations would be essentially the same as those that existed during the previous SOP period. The optimum month is October; however, as experienced in 2001, year-to-year variability in the size and exact location of the commercial salmon fishery may allow surveying over the Bonito Unit area earlier in the summer. The ability to survey earlier than October 1<sup>st</sup> cannot be determined until after the season opens (May 1<sup>st</sup>). Other months present potential conflicts with gray whale migration, various fisheries, and potentially severe winter weather that could interfere with or prevent altogether the vessel operations in the Santa Maria Basin. Table 1 (enclosed) provides a sliding calendar showing when the pre-drilling surveying could first occur as a function of SOP approval date.

Other than survey timing, Nuevo has not changed or adjusted its airgun survey plans from those provided to MMS on March 31, 2001.

### Revised Exploration Plan:

As set forth in the May 1999 SOP request, Nuevo would revise its previously approved Exploration Plan proposing to drill one delineation well. The specific well location would be determined from reviewing the 3-D seismic interpretation and the shallow hazards survey. Results from the pre-drilling surveys discussed above would be included in the Exploration Plan.

### Offshore Rig Activation:

When the SOP is issued, ORA would renew its efforts to develop an RFP for a MODU. The enclosed Plan of Operations provides that Nuevo would supply MMS with proof that a RFP has been sent to various contractors two months after Nuevo submits its revised EP and would spud a delineation well six (6) months later. This schedule mirrors that of the November 1999 SOP.

### Proposed Delineation Drilling:

The previously approved SOP request provided that Nuevo would drill one or more delineation wells in the Bonito Unit during the SOP period. Nuevo has determined that it would drill one additional delineation well. Precise timing of the well depends on several events leading up to the spud date that are within MMS control, namely SOP approval date and Revised EP approval date. Therefore, we provide the enclosed Table 1 to illustrate when the well could spud as a function of prerequisite activities.

As always, the exact location of the well is finalized after acquiring and interpreting the planned pre-drilling surveys described above. Nuevo would intend to abandon the well once drilling and testing is concluded.

### Alternative Plan for Development of the Bonito Unit:

As indicated in Nuevo's Second Quarter 2001 Quarterly update, Nuevo was discussing with Plains Exploration Company as the Operator of the Pt. Arguello Unit, the possibility of using Platform Hidalgo, located on lease OCS P-0450 as a location from which to drill a delineation well into either the Southern or the Central field. The purpose of drilling from the platform would allow Nuevo to do a long term production test of 9-12 months to determine the producibility of either of the fields. Nuevo was finalizing plans with Plains at the time of the June 20, 2001 court decision which halted further offshore operations. Nuevo in anticipation of the MMS performing the consistency review for the May 1999 SOP during the Third and Fourth quarters of 2001 continued negotiations with Plains until MMS announces its decision to appeal the Court's June 20, 2001 ruling. At that time, all further negotiations ceased.

Nuevo prefers the drilling of a well from Platform Hidalgo into the Bonito Unit. If the use of Platform Hidalgo is not available for the drilling of such a well, Nuevo would then propose to drill a well from Platform Irene into either the Northern or the Central fields on the Bonito Unit.

Nuevo believes that two (2) months after the SOO is lifted and the SOP is reinstated, that it will file an updated project description with the MMS describing the drilling of a well from Platform Hidalgo or from Platform Irene. Four (4) months after the SOP is reinstated, Nuevo will file for the revised Exploration Plan for the appropriate lease. Ten (10) months after the SOP is issued, Nuevo will be able to be conducting operations pursuant to the provisions of the revised EP.

Enclosed herein please find the following additional information:

- Plan of Operations (adjusted in the fashion explained above)
- Alternative Plan of Operations for drilling from Platform Hidalgo (as referenced above)
- Updated chronology contained in **Summary of Past Activities** for Bonito Unit and Leases
- Lease Ownership Report (Previously Submitted)

We had attached to our May 11, 1999 SOP request timelines regarding a Proposed Schedule of Activities, and Events Leading to Production. Consistent with the discussion in this letter and Table 1 hereto, all events listed on those timelines that have not yet occurred would have to be shifted five years into the future.

Very truly yours,



Phillip E. Sorbet  
California Asset Manager

Attachments

**Plan of Operations**  
**Bonito Unit**  
**Offshore Santa Maria Basin – Pacific OCS**

Areas covered in this Common Plan of Operations are:

Bonito Unit (OCS Leases P-0443, P-0445, P-0446, P-0449, P-0450, P-0499 and P-0500).

All acreage is operated by Nuevo Energy Company

This Plan of Operations takes effect January 1, 2005, and expires August 1, 2006

**Milestones**

- |                |   |
|----------------|---|
| December 2005  | Submit a revised Exploration Plan to drill a delineation well in the Bonito Unit  |
| February 2006  | Provide a copy of the Request for Proposal (RFP) for a Mobile Offshore Drilling Unit (MODU) and proof that the RFP has been sent to prospective offerers. |
| August 1, 2006 | Commence Unit Operations by drilling in the Bonito Unit.  |

**Alternative Plan of Operations**  
**Bonito Unit**  
**Offshore Santa Maria Basin, Pacific OCS**

This Alternative Plan of Operations is presumed to take effect January 1, 2005 and expire on October 31, 2005.

- |               |  |
|---------------|--|
| February 2005 | Submit a revised Project Description to drill a delineation well from an Adjacent platform into the Bonito Unit. |
| April 2005    | Submit a Revised Exploration Plan for the appropriate lease into which the Delineation well will be drilled.     |
| October 2005  | Commence Unit operations as described in the revised Exploration Plan.   |

**Table 1 – Bonito Unit  
Suspension of Production – Starting Date vs. Milestone Dates  
Drilling Delineation Well Using a Semi-Submersible Drillship**

SOP Starting Date	Complete Shallow Hazard Surveying <sup>1,2</sup>	Submit Revised Exploration Plan <sup>3</sup>	Provide Copy of RFP for MODU <sup>4</sup>	Begin EP Operations <sup>5</sup>
October 2004	October 2005	December 2005	February 2006	August 2006
November 2004	October 2005	December 2005	February 2006	August 2006
December 2004	October 2005	December 2005	February 2006	August 2006
January 2005	October 2005	December 2005	February 2006	August 2006
February 2005	October 2005	December 2005	February 2006	August 2006
March 2005	October 2005	December 2005	February 2006	August 2006
April 2005	October 2005	December 2005	February 2006	August 2006
May 2005	October 2005	December 2005	February 2006	August 2006
June 2005	October 2005	December 2005	February 2006	August 2006
July 2005	October 2006	December 2006	February 2007	August 2007
August 2005	October 2006	December 2006	February 2007	August 2007
September 2005	October 2006	December 2006	February 2007	August 2007
October 2005	October 2006	December 2006	February 2007	August 2007
November 2005	October 2006	December 2006	February 2007	August 2007
December 2005	October 2006	December 2006	February 2007	August 2007

<sup>1</sup> Four months are required after the effective date of the SOP to rebid & negotiate a contract for survey vessel, provide notices to affected parties, and mobilize the survey vessel.

<sup>2</sup> October is the optimum month to conduct shallow hazard surveying using an airgun. This timing will avoid possible conflict with the gray whale migration (Nov. – May), commercial salmon season (May – September), and potentially rough seas common during winter weather.

<sup>3</sup> Revised Exploration Plan (EP) will be submitted two months after completing shallow hazard surveys.

<sup>4</sup> Request for Proposal (RFP) for Mobile Offshore Drilling Unit (MODU) will be submitted to prospective bidders two months after submitting revised Exploration Plan.

<sup>5</sup> Operations that are approved under the Revised Exploration Plan will begin 6 Months after submitting the RFP.

## Summary of Past Activities

Nuevo Energy Company (Nuevo) is the operator of the Bonito Unit located in the western portion of the Santa Barbara Channel. The Bonito Unit includes leases OCS P 0443, 0445, 0446, 0449, 0450, 0499, and 0500. The current lease statistic including lease ownership, operator, original lease holder Events that have occurred contemporaneously with or after the May 11, 1999 Suspension of Production Request are highlighted in the *"Italics"* print.

Considerable activities have been conducted on the Unit and associated leases since their original sale by the Minerals Management Service. A chronology of these events is provided below.

### Chronology of Events

- |                           |   |
|---------------------------|---|
| <b>7/1/81</b>             | Leases for 0443, 0445, 0446, and 0450 become effective between lessor, the U.S. Department of the Interior, Minerals Management Service, Pacific OCS Region (or MMS), and lessees, Chevron U.S.A, Inc. (50% lease interest), and Phillips Petroleum Company (50% lease interest). |
| <b>7/1/81</b>             | Lease for 0449 becomes effective between lessor MMS and lessee Getty Oil Company (100% lease interest).   |
| <b>7/81</b>               | Engineering Geophysical Report of leases 0443, 0445 and 0446 (also 0447 and 0448, which are not in the Bonito Unit) completed for Chevron by Fairfield Industries.  |
| <b>11/10/81</b>           | Exploration Plan and Environmental Report submitted by Chevron for lease 0443. Up to five test wells proposed. See Table 3 and Map 2 for proposed well details.   |
| <b>1/13/82</b>            | Exploration Plan and Environmental Report for lease 0450 received from Chevron by MMS. Five test wells proposed. See Table 3 and Map 2 for proposed well details.   |
| <b>2/19/82</b>            | Environmental Assessment (EA) and Finding of no Significant Impact (FONSI) completed by MMS for Chevron Exploration Plan, lease 0450.   |
| <b>3/3/82</b>             | EA/FONSI completed by MMS for Chevron Exploration Plan, lease 0443.   |
| <b>3/17/82</b>            | California Coastal Commission (CCC) issues California Coastal Management Plan (CCMP) consistency certification for Exploration Plans, leases 0443 and 0450, allowing federal OCS drilling permits for one test well in each lease.  |
| <b>4/19/82 to 6/13/82</b> | Test well No. 1 for lease 0443 is drilled. See Table 4 and Map 3 for drilled well details.  |
| <b>7/21/82</b>            | Exploration Plan and Environmental Report received by MMS from Chevron for leases 0445 and 0446 (also 0447 and 0448).   |

## MMS 4/04 Update Chronology Activities

- Three test wells proposed for 0445, three in 0446 as well. See Table 3 and Map 2 for proposed well details.
- 8/27/82** EA/FONSI completed by MMS for Chevron Exploration Plan, leases 0445-0448.
- 9/1/82** Leases for 0499 and 0500 become effective between lessor MMS and lessees Chevron (50% lease interest) and Phillips Petroleum (50% lease interest).
- 10/1/82** CCC issues CCMP consistency certification for Exploration Plan, leases 0445-48.
- 11/4/82** MMS receives Exploration Plan and Environmental Report for lease 0449 from Getty Oil Company. Five test wells proposed. See Table 3 and Map 2 for proposed well details.
- 12/9/82** Marine Biological Survey of leases 0446 and 0450 (also 0447, 0451 and 0452) completed for Chevron by Dames and Moore. Received by MMS 3/10/83.
- 12/23/82** EA/FONSI completed by MMS for Getty Oil Exploration Plan, lease 0449.
- 1/13/83 to 3/30/83** Test well No. 1 for lease 0446 is drilled. See Table 4 and Map 3 for drilled well details.
- 3/25/83** CCC issues CCMP consistency certification for Exploration Plan, lease 0449.
- 5/1/83 to 8/7/83** Test well No. 1 for lease 0449 is drilled. See Table 4 and Map 3 for drilled well details.
- 6/3/83 to 7/24/83** Test well No. 2 for lease 0446 is drilled. See Table 4 and Map 3 for drilled well details.
- 11/21/83 to 1/28/84** Test well No. 1 (proposed well No. 4) for lease 0450 is drilled. See Table 4 and Map 3 for drilled well details.
- 1/29/84 to 3/12/84** Test well No. 2 for lease 0443 is drilled. See Table 4 and Map 3 for drilled well details.
- 2/8/84** Shallow Drilling Hazards Survey of leases 0499 and 0500 prepared for Chevron by Nekton, Inc.
- 2/11/85** Exploration Plan and Environmental Report for leases 0499 and 0500 received by MMS from Chevron. Two test wells proposed in lease 0499, four test wells proposed in lease 0500. See Table 3 and Map 2 for proposed well details.
- 5/30/85** EA/FONSI completed by MMS for Chevron Exploration Plan, leases 0499 and 0500.
- 9/15/85 to 11/19/85** Test well No. 2 for lease 0449 is drilled. See Table 4 and Map 3 for drilled well details.
- 10/24/85** CCC issues CCMP consistency certification for Exploration Plan, leases 0499 and 0500. Three test wells allowed, and three wells were eliminated due to potential impacts to commercial fisheries.

## MMS 4/04 Update Chronology Activities

- 12/17/85** MMS approves transfer of lease interest for 0449 from Getty Oil Company (previous 100% interest) to Texaco Producing, Inc. (50% lease interest) and Sun Exploration and Production (50% lease interest). Sun is designated lease operator.
- 5/2/86** Chevron and Phillips request of MMS unitization of leases 0443, 0445, 0446, 0499, 0500, and 0510, and also a three year suspension of operations.
- 6/26/86** Bonito Unit Agreement for leases 0443, 0445, 0446, 0449, 0450, 0499, 0500, and 0510 is reached between Chevron, Phillips Petroleum, Texaco Producing, Inc., Sun Exploration and Producing Company, and MMS. Chevron is designated as Unit Operator.
- 6/30/86** Bonito Unit Operating Agreement reached Chevron, Phillips Petroleum, Texaco Producing, Inc., Sun Exploration and Producing Company, and MMS. 3-D Seismic Survey is planned.
- 7/9/86** MMS approves transfer of Texaco's remaining 50% lease interest in 0449 to Sun Operating Limited Partnership (now 100% lease interest).
- 8/87 to 12/87** 3D seismic survey conducted on and around Bonito Unit. See Table 1.
- 12/22/89** MMS decision letter grants Suspension of Production (SOP) to all Bonito Unit leases through 12/31/94.
- 2/15/91** MMS approves 100% lease interest transfer in 0449 from Sun to Union Oil Company.
- 1/1/93** MMS ordered Suspension of Operations (SOO) begins on undeveloped OCS leases, including the Bonito Unit (0443, 0445, 0446, 0449, 0450, 0449, and 0500) during preparation of the COOGER study. SOO extended several times, most recently to 6/30/99.
- 12/19/94** Agreement reached to transfer lease interest for 0443, 0445, 0446, 0499, and 0500 from Chevron (previously 50%) and Phillips (previously 50%) to Burdette A. Ogle (100%).
- 12/23/94** Agreement reached to transfer 40% of lease interest for 0443, 0445, 0446, 0499, and 0500 from Burdette A. Ogle to Torch Operating Company. Approved by MMS on 4/17/95.
- 8/8/95** MMS approves the following transfers of lease interest for 0443, 0445, 0446, 0499, and 0500: Torch 40% lease interest (unchanged), Poseidon Petroleum LLC 60% lease interest from Burdette A. Ogle.
- 1/96** Chevron resigns as Unit Operator of the Bonito Unit, is replaced by Torch Operating Company.
- 6/27/96** MMS approves the following transfers of lease interest for 0443, 0445, 0446, 0499, and 0500: Poseidon 60% lease interest

## MMS 4/04 Update Chronology Activities

- (unchanged), Nuevo Energy Company 40% lease interest from Torch.
- 4/16/96** Nuevo acquires lease interest in 0449 from Union Oil.
- 6/30/97** *Santa Barbara County applies for grant to conduct the Northern Santa Barbara County Siting And Planning Analysis (North Coast Siting Study) from the Coastal Resources Grant Program. Partially paid for by Aera Energy LLC.*
- 7/28/97** MMS recognizes Nuevo as designated operator for leases 0443, 0445, 0446, and 0500.
- 7/28/97 – 1/26/00** *Nuevo participates in COOGER Study Steering Committee.*
- 8/10/97** MMS recognizes Nuevo as designated operator for leases 0446 and 0499.
- 1/1/98-10/00** *Santa Barbara commences the North Coast Siting Study Nuevo participates in the process and attends various hearings over the next three years.*
- 8/20/98-7/16/01** *Offshore Rig Activation Group (ORA) formed under Western States Petroleum Association auspices to co-ordinate use of a joint drilling rig for delineation well drilling between Nuevo, Aera, Samedan, Conoco and Poseidon, most of the offshore COOGER lease operators. Meetings are held monthly until June 2000.*
- 5/11/99** *Nuevo submits request to the MMS for a Suspension of Production prior to the June 30, 1999 expiration of the COOGER Directed SOO.*
- 6/2/99** *MMS initiates the Hard Substrate Process in conjunction with the California Coastal Commission, California Department of Fish and Game, California State Lands Commission, US Fish and Wildlife Service, National Marine Fisheries Service, Environmental Protection Agency and the local counties.*
- 6/25/99** *MMS issues a Directed Suspension of Operations (SOO) for the period of 7/1/99 to 8/16/99 to review the COOGER Operators suspension requests.*
- 8/13/99** *MMS issue an additional Directed Suspension of Operations for the period of 8/16/99 to 11/15/99 so the Operators can provide additional information and answer the "Seven Questions" of concern raised by the California Coastal Commission dealing with the proposed suspension requests.*
- 10/14/99** *Nuevo files with the MMS its response to the additional information requested in the MMS letter of 8/13/99 including the response to the Coastal Commissions "Seven Questions".*
- 11/12/99** *MMS issues Nuevo a Suspension of Production for the Bonito Unit until May 1, 2002. MMS establishes milestones that the lessee has to meet during this period.*

MMS 4/04 Update Chronology Activities

- 11/16/99** *State of California sues Secretary of Interior, Bruce Babbitt, Department of Interior, Minerals Management Service et.al. Over the granting of the November 12, 21999 SOPs*
- 12/10/99** *MMS advises Nuevo of the material it deems necessary to meet the first milestone of a Project Description, due in February 2000. MMS also advises Nuevo of additional material that Nuevo will need to submit in July 2000 for biological, archeological and hazards surveys and report, oil spill response plans, H2S contingency plans and impact on fisheries plans and mitigations.*
- 1/00** *Santa Barbara County issues Draft North Coast Siting Study for public review*
- 1/14/00** *Nuevo files Quarterly Report covering the period of November 12, 1999 to December 31, 1999 detailing activities engaged in during that period of the SOP.*
- 1/26/00** *MMS issues Final COOGER Report approximately seven years after its beginning.*
- 2/29/00** *Nuevo files Project description information with the MMS*
- 3/8/00** *MMS acknowledges receipt of Nuevo's project description and advises Nuevo that it has met the first milestone contained in the SOP.*
- 4/12/00** *Nuevo files First Quarter 2000 Progress Report with the MMS detailing the activities carried out during that period.*
- 5/31/00** *Santa Barbara County Planning Commission holds North Coast Siting Study hearing on public draft of the document.*
- 6/20/00** *Nuevo receives MMS letter requesting additional information based upon MMS review of February 29, 2000 Project Description. Additional Material is due August 21, 2000.*
- 7/7/00** *Nuevo files Second Quarter 2000 Progress Report with the MMS detailing the activities carried out during that period.*
- 7/31/00** *Nuevo files additional data requested by the MMS in letter of 12/10/99 with updated Oil Spill contingency Plan, H2S Contingency Plan, Marine Wildlife Contingency Plan and Fisheries Program.*
- 9/1/00** *Nuevo files additional material requested in MMS letter of June 20, 2000.*
- 9/26/00** *Nuevo files with the MMS Amended Exhibit "A" and Exhibit "B" to the Bonito Unit Agreement contracting the aerial extent of the unit to eliminate un-leased acreage tracts.*
- 10/13/00** *Nuevo files Third Quarter 2000 Progress Report with the MMS detailing the activities carried out during that period.*
- 10/16/00** *Nuevo files with the MMS Amended Exhibit "A" and "B" to the Bonito Unit Operating Agreement contracting the unit size to eliminate un-leased acreage.*

- 10/25/00** MMS approves Bonito Unit contraction to the present size including lease OCS P-0443, P-0445, P-0446, P-0449, P-0499 and P-0500 and including portion of lease P-0450.
- 11/30/00** MMS holds industry workshop on Environmental Impact Statement (EIS) for the delineation drilling using a semi-submersible drillship as proposed by the operators. MMS outlines timeline for the EIS and its public release in 2001.
- 1/10/01** Nuevo files Fourth Quarter 2000 Progress Report with the MMS detailing the activities conducted during that period...
- 1/29/01** Nuevo's geological and geophysical staff working on the Bonito 3D Seismic interpretation meets with the MMS and present their interpretation of the 3D data using time/depth/velocity maps
- 3/01** Nuevo attends MMS Hard Substrate Process industry meeting.
- 3/6/01** Nuevo files a revision of its Project Description reducing the number of potential drilling locations to four (4).
- 3/1/01** ORA Group mails out RFP for a ORA Schedule Administrator to co-ordinate the search, acquisition and logistical support for all of the proposed delineation wells to be drilled under the current SOPs.
- 3/15/01** ORA Group holds a pre-bid meeting in Ventura for interested companies for the ORA Schedule Administrator position. Thirteen (13) companies send representatives to discuss timing and drilling plans.
- 3/19/01** Nuevo meets with Plains Resources, Operator of the Point Arguello Unit to determine if the drilling of an extended reach well from Pt. Arguello's Platform Hidalgo would be possible. Additional discussions were held.
- 3/30/01** Nuevo files with the MMS its Side Scan Sonar and Shallow Hazards Plan for possible drilling locations using a semi-submersible drillship.
- 4/9/01** Nuevo files First Quarter 2001 Progress Report with the MMS detailing activities conducted during that period.
- 4/12/01** Santa Barbara County issues Final North Coast Siting Study document dated October 2000.
- 4/16/01** ORA Group receives three bids from the companies that attend the 3/15/01 pre-bid meeting. Bids are radically different.
- 4/30/01** ORA Group re-bids to the two lowest bidders on a structured basis to compare costs.
- 5/01** Final draft of the ORA agreement between the operators is circulated for final comments.
- 5/5/01** ORA Group receives re-bids from the two remaining bidders and final Schedule Administrator is selected. Negotiations for contract commence.

## MMS 4/04 Update Chronology Activities

- 5/16/01** *Nuevo advises the other members of the ORA Group of its decision to withdraw from the group. Nuevo will maintain an inactive participation in the group depending on its ability to reach an agreement to drill Bonito Unit delineation well from Pt. Arguello's Platform Hidalgo or from Nuevo's Platform Irene.*
- 6/01** *MMS issues draft EIS for the proposed delineation wells to be drilled from a semi-submersible drillship*
- 6/6/01** *Nuevo request a proposal from Plains for the drilling of an extended reach well from Platform Hidalgo.*
- 6/20/01** *Court hands down decision in the State of California v. Norton case that MMS should have reviewed the proposed 1999 suspensions and determine if they were consistent with the California Coastal Management Program and why a NEPA environmental review was not necessary.*
- 7/2/01** *MMS issues a directed Suspension Of Operations for the Bonito Unit and leases while it complies with the Court decision of 6/20/01.*
- 7/2/01** *Nuevo files Second Quarter 2001 Progress Report with the MMS detailing activities conducted during that period.*
- 7/16/01** *MMS requests Nuevo to update the May 1999 SOP request*
- 8/3/01** *Nuevo responds to the MMS of July 16, 2001*
- 8/24/01** *Plains provides Nuevo with a proposal for possible use of Platform Hidalgo and Pt. Arguello facilities for Bonito delineation well drilling and testing.*
- 10/24/01** *Nuevo and its contractor begin update of Bonito Exploration Plans for future filing with the MMS. Project not completed due to MMS decision to appeal June 20, 2001 court decision.*
- 3/10/04** *MMS asks Nuevo to update Bonito Unit suspension request.*

**Table 1**  
**Current Lease Holders - Bonito Unit**

Lease	Current Lease Holder(s)	Original Lease Holder, Effective Date	Royalty Rate	Cash Bonus
OCS P-0443	Poseidon 60% interest, Nuevo 40% interest	Chevron 50% interest, Phillips 50% interest, 7/1/82	Fixed sliding scale	\$10,736,200
OCS P-0445	Poseidon 60% interest, Nuevo 40% interest	Chevron 50% interest, Phillips 50% interest, 7/1/82	33 1/3%	\$13,278,800
OCS P-0446	Poseidon 60% interest, Nuevo 40% interest	Chevron 50% interest, Phillips 50% interest, 7/1/82	33 1/3%	\$31,181,600
OCS P-0449	Nuevo 100% interest	Getty Oil 100% interest, 7/1/81	33 1/3%	\$9,420,000
OCS P-0450 (See Note)	Chevron 50% interest, Phillips 50% interest	Chevron 50% interest, Phillips 50% interest, 7/1/82	16 2/3%	\$333,596,200
OCS P-0499	Poseidon 60% interest, Nuevo 40% interest	Chevron 50% interest, Phillips 50% interest, 9/1/82	Fixed sliding scale	\$153,205
OCS P-0500	Poseidon 60% interest, Nuevo 40% interest	Chevron 50% interest, Phillips 50% interest, 9/1/82	Fixed sliding scale	\$227,019

Note: Only a small portion of Lease OCS P- 0450 is located within the Bonito Unit. The larger portion of this lease is located within the Point Arguello Unit.