

**WALTER OIL & GAS CORPORATION  
OCS-G 31376, WELL NO. 001ST00BP00  
EUGENE ISLAND BLOCK 290**

In accordance with NTL No. 2006-G20 dated October 25, 2006, below addresses each item under the section "Converting a Mudline Suspension to a Subsea Tree":

1. In the Application for Permit to Drill (APD, Form MMS-123), state clearly that you are drilling the well by using mudline suspension equipment.

***Response: Walter will drill the well with mudline suspension equipment. If the well is proven economical, a mudline suspension subsea tree will be installed.***

2. Make sure that the mudline conversion equipment allows for no less than two casings to be tied back and sealed below the tubing head and that these two casings will be the production casing and the next outer casing.

***Response: Walter has this in the Dril-Quip design and will be included in a completion program.***

3. Ensure all casing strings outside the outermost tieback have at least a 200-foot column of cement placed in their annuli. Pressure test the annuli and record the pressures on a chart for at least 15 minutes. An acceptable test has less than a 10 percent decline during temporary abandonment operations to the lessor of:
  - 1.0 pound/gallon mud weight equivalent above the estimated fracture gradient of the casing shoe.
  - 50 percent of the collapse of the inner string of the annulus, and
  - 70 percent of the burst of the outer string of the annulus.

Annuli not tested or that fail to test must be tied back.

***Response: We will tie back the 9-5/8" and 13-3/8" casings. The 13-3/8" x 20" will be tested as stated above.***

4. Monitor the annulus pressure on the production casing continuously on a mudline suspension well converted to a subsea well, and make sure that the annulus master valve (AMV) has a hydraulic actuator allowing for remote operation of the AMV from the production facilities. You do not need to monitor the pressure on the outer tied-back casing annulus.

***Response: Walter will drill/complete the well in accordance with Item No. 4.***

6. Pressure test the production casing tieback in the same manner as that required for production casing in 30 CFR 250.423(c). (Regulation attached for your reference)

***Response: The production casing tieback will be tested to the pressure test designated from the calculation of MASP, typically 500 psi greater than the MASP.***

7. Pressure test the outer casing tiebacks. Describe how you will pressure test the tieback and identify the parameters of a failed pressure test. A failed pressure test necessitates remedial action to ensure a successful pressure test.

***Response: The outer casing annulus will be tested prior to backing out to perform the final mudline subsea tieback. A successful test of the outer annulus will be attained before performing the final mudline subsea tieback. After installing the mudline subsea tieback, the outer tieback annulus will be tested, typically to 1500 psi.***

8. Pressure test the seals isolating the outer casing annuli from the production casing at the wellhead. Describe how you will pressure test the seals and identify the parameters of failed pressure test.

***Response: The outer annulus is tested at the same time as the final mudline subsea tieback in Step No. 7 via an IWOC line from the rig floor. If a failed test occurs, the tieback assembly is pulled back to change out the seals.***

9. The MMS GOMR may allow a single production-casing tieback on a case-by-case basis. You may use a single casing tie-back subsea conversion if you adhere to the guidelines in Items Nos. 1 through 8 above and the following:
  - a. Using cement, seal the annulus just outside of the production casing;
  - b. Place the cement in the annulus space by normal circulation displacement at least 500 feet above the casing shoe of the outer casing for the annulus;
  - c. Verify the cement top by log; and
  - d. Pressure test the casing annulus as specified in Item No. 3 above.

***Response: We do not plan to request for single production casing tieback on this well.***

You may not use cement packers and top cement squeezes to accomplish cement isolation of the annulus just outside of the production casing. If you cannot isolate the annulus by normal cement displacement, you may not use a single production casing tieback.