

**REGISTRATION PURSUANT  
TO THE ENVIRONMENTAL PROTECTION ACT  
(Part 10, Environmental Assessment)**

**NAME OF UNDERTAKING:**

Road and site for drilling Parsons Pond #1, a Petroleum Exploration Well.

**PROPONENT:**

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| iv) Principal Contact Person   |  |
| Mr. Terry Brooker, P. Eng.<br>Principal, On Management Ltd.<br>225 Scarboro Ave. S. W.<br>Calgary, AB T3C 2H4    | Ph. (403) 813 – 1195<br>Fx. (403) 229 – 9642<br>Email: brooker@on-management.com     |

**THE UNDERTAKING:**

- i) To build an access road and site for drilling an exploration oil and gas well. The route and location are shown on the attached maps.
- ii) The well is being drilled under oil and gas Exploration Permit No. 03 – 103 to evaluate the hydrocarbon potential of the Humber Arm Allochthon and Daniel's Harbour member.

**DESCRIPTION OF THE UNDERTAKING:**

**i) Geographical Location:**

**General Location** - The access road and wellsite will be located in western Newfoundland to the south of Parsons Pond and north of the boundary of Gros Morne National Park. The location and access road are shown on the attached 1:50,000 National Topographic map (Map sheet St Pauls Inlet 12 H/13) and on the attached air photo of the area. The access leaves Highway #430 about 0.5 km south of Three Mile Rock on an existing road to a gravel pit, and then follows an old logging road. It will then be necessary to construct about 1300 m of new road to the location at 57° 42" W and 49° 59" N GPS reading metric 21u 0449745 Easting, 5536500 Northing.

**Drill Location** – The well site is about 1.6 km north of the boundary of Gros Morne National Park and about 1.5 km south of Parsons Pond. The perimeter of the drill site will be about 250 m to the north east of an unnamed pond and about 250 m east of an unnamed stream which flows into Parsons Pond (Parsons Pond River and tributary streams is a scheduled salmon river). The drilling location will be about 80 m square, an area of about 0.64 hectares.

**Alternate Route** - The existing road around the south side of Parsons Pond Hill was investigated as an alternate route, however it is much wetter, and although it is slightly shorter, it would be a more costly alternative.

**ii) Physical Features:**

The new road will be about 1300 m long by about 4 m wide (plus about 1 m on each side for the ditch, a total cleared width of about 6 m) and is generally across very wet, boggy ground with small shrubs and small fir and alder trees. The trees are too small to log commercially or salvage for firewood. A small creek will be crossed by installing a 1.2 m diameter culvert. The drill location is on high, dry, sandy ground covered in 2-3 foot low scrubby spruce.

**iii) Construction:**

The new construction is proposed to commence the first week of December 2003 and take about 3 weeks to complete. Construction will consist of digging drainage ditches on the sides of the road with an excavator. A small creek will be crossed by installing a 1.2 m diameter culvert. The equipment will knock down the shrubs and cover them with the material from the ditches to establish the road. The drill location itself is on high, dry ground that will need to be cleared and levelled. It may be necessary to haul some fill material to the low wet spots on the road.

The drill location will be bermed to ensure that no fluids can escape from the site without prior testing and approvals. It may be necessary to line the drill site (and the berm) to ensure that an impermeable barrier exists to prevent fluids from seeping off the drill site.

The only major equipment for road construction will be a tracked excavator and perhaps a dump truck and loader. As a result there will be the normal fuel requirements and emissions from the equipment.

There are no major apparent resource conflicts on the new road or on the drill location. The very wet, boggy ground conditions have restricted other users from this area. The existing road is very difficult to traverse in the summer and has had limited use. In winter, the existing road is probably used by snowmobiles.

**Decommissioning** - Once the drilling project is completed the new access road will be cross - ditched to prevent unauthorized use. If the well is abandoned the culverts will also be removed and the creek area restored.

**iv) Operation:**

The drilling operation is proposed to commence in late December or early January with a small water well rig for about 10 days and a drilling rig for about 80 days, a total of about 90 days. The water well rig will be the same type as used for residential water well drilling and the drilling rig will be a slim hole, mining coring, drill rig modified for oil well drilling (attachment #3 is a general layout for the coring drill rig). There will be the associated vehicle traffic to service the drilling operation once the rig is on site, including personal transportation and various technical oilfield equipment.

The fuel and motor emissions from the trucks and drilling rig are similar in nature. The drilling fluids will be biodegradable and completely recycled within steel tanks during the drilling operation. After drilling, the fluids will be tested for approval for onsite disposal or hauled to an approved disposal site.

The fuel and oils will be stored in containers approved for use as site storage and fuel transfer operations will follow procedures as designed by the fuel distributor and the drilling contractor. In any event all such transfers will take place on the drill site within the impermeable barrier. Any contaminated fluids collected within the berm will be recovered by a vacuum truck and hauled to an approved site for disposal.

The program of modern drilling well is designed to seal off the shallow ground water from the drilling fluids and any possible hydrocarbon contamination. The water well rig will set a conductor pipe to about 10 m and then set surface pipe to about 125 m depth. The surface casing will be cemented in place and thus seal off the ground water from contact with the drilling operation.

**v) Occupations:**

During the construction phase there will be an estimated 3 workers for about 3 weeks; a supervisor and two heavy equipment operators.

During the water well drilling operation there will be a total of about 5 workers on the rig, including a supervisor, two drillers and two helpers. The drilling rig will employ a total of about 10 workers, including a rig supervisor and Contact Exploration drilling foreman, two drillers and six helpers. There will also be a number of technical specialists on the drill site as required, including electricians, welders, cementers, open hole loggers, truck drivers and other labourers. Total drilling time is estimated to be about 90 days.

**vi) Project Related Documents:**

There has been no environmental work done on this project to date and no formal applications have yet been submitted to government. Preliminary drilling design and cost estimates, along with site inspections, have been completed.

**APPROVAL OF THE UNDERTAKING:**

The principal approvals required for this project are:

- i) applications will be submitted to the Department of Mines and Energy under the Petroleum Exploration Referral System for approvals from the various government departments; as well as applications for a Drilling Licence and approval of the Drilling Program
- ii) an application will be submitted to Crown Lands for surface use approval
- iii) permits from Department of Government Services and Lands (GSC) for fuel storage, Waste Water and Solid Waste Disposal, as necessary
- iv) permits from the Water Resources Management Division Department of Environment for stream crossing
- v) permits as required from DFO for stream crossing and to protect nearby rivers.
- vi) various other miscellaneous approvals as necessary

**SCHEDULE:**

Due to the significant wet ground in this area, access and drilling needs to take place on the frost. It is proposed that road construction start about December 1, 2003. The drilling operation will take about 90 days and therefore it is necessary to commence drilling about January 1, 2004 in order to remove the rig about March 31, 2004.

**FUNDING:**

The total cost is estimated to be about \$1.2 million to be paid by Contact Exploration and their partners. No government funding is anticipated.

September 25, 2003

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Date

Original signed by Terry Brown

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Signature of CEO