

m. maly 9/3/99

3 SEP 1999

In Reply Refer To: MS 5422

Ms. Patricia Crisp
Frontier Insurance Company
2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

Dear Ms Crisp:

On June 21, 1999, this office received letters from Frontier Insurance Company dated June 14, 1999, requesting immediate cancellation of five surety bonds, Nos. 119111, 122819, 122820, 123707 and 123708. These were bonds issued by your company to secure the general lease obligations for Leases OCS-G 1670, G 3280, G 9727, G 3500 and G 5186 of the Allied Natural Gas Corporation. Leases OCS-G 3500 and OCS-G 5186 expired in July, 1999, Leases OCS-G 1670, OCS-G 3280 and OCS-G 9727 expired in August, 1999. These leases expired by operation of law for failure to resume production or other lease-holding operations.

Bonds provided to MMS pursuant to the regulations at 30 CFR Part I are not subject to your unilateral cancellation or termination of the period of liability. MMS cannot give you a written cancellation instrument under 30 CFR 256.58(c) because we cannot make the determinations set forth in 30 CFR 256.58(b). The lessee has not secured a replacement bond and the lease obligations for which the bond was given have not been performed or satisfied.

If we can be of further assistance, please contact Mr. John Rodi at (504) 736-2768.

Sincerely,

(Orig. Sgd.) Chuck Hopson

Chuck Hopson
Chief, Leasing Activities Section
Leasing and Environment

cc: Mr. David H. Rhodes
Frontier Insurance Company
2636 Elm Hill Pike, Suite 500
Nashville, Tennessee 37214

Mr. Dillon Murchison
Petro-Marino, Inc.
225 Baronne Building, Suite 1704
New Orleans, Louisiana 70112

Mr. Charles A. Sharman
Allied Natural Gas Corporation
1001 Fannin, Suite 900
Houston, Texas 77002

Ms. E. Kathleen Shahan
Civil Division
U. S. Department of Justice
1100 L Street, NW, Room 10026
Washington, DC 20530

Mr. Dennis Daugherty
Office of the Solicitor
Division of Mineral Resources
1849 C St., N.W., Room 6312
Washington, DC 20240

Mr. John S. Brannon
(Counsel for Chapter 7 Trustee
for Allied Natural Gas Corp.)
Morris & Campbell
600 Jefferson, Suite 800
Houston, Texas 77002

bc: Chief, Office of Enforcement, RMP (MS 3030)
Lake Charles District (MS 5271)
New Orleans District (MS 5250)
1101-02f - OCS-G 1670, 3280, 9727, 3500, 5186 (MS 5032)
ORD Reading File (MS 5000)
B. Martin (MS 5200)
C. Moser (MS 5322)
S. Waddell (MS 5421)

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