

In Reply Refer To: MS 5421
OCS-G 3280, WC 405

AUG 21 1998

JRW
8/19/98
SKW
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E-21-9

Enron Oil & Gas Company
Attention: Mr. James B. Lewis, Jr.
1400 Smith Street
Houston, Texas 77002

Dear Mr. Lewis:

As a result of a pending assignment from Elf Exploration, Inc., and Enron Oil & Gas Company to Allied Natural Gas Corporation covering all of Block 405, West Cameron Area, we have completed our review of the need for a supplemental bond for this lease as provided for under 30 CFR 256.61.

Because of the potential financial risk to the Government for the cost of platform removal, site clearance and plugging and abandoning wells, we now require a supplemental bond in the amount of \$1,300,000 which is in addition to any other bond currently maintained in this office.

We have sent a copy of this letter to the current record title holders and pending assignee informing them of this requirement. We encourage you to coordinate this supplemental bond requirement with them and agree on how this additional bonding requirement will be met. For your information and guidance, we have enclosed a copy of the supplemental bond procedures, along with the appropriate bond forms.

As the designated operator, you must contact us on or before September 10, 1998, with a proposal for meeting this supplemental bond requirement.

Upon receipt of this letter, please sign, date and return the duplicate to this office. Should you have questions, please contact Ms. J. B. Johnson at 504/736-2811.

Sincerely,
(Orig. Sgd.) Chuck Hopson
Chuck Hopson
Chief
Leasing and Environment

Enclosures

cc: Elf Exploration, Inc.
Attention: Mr. Harry D. Martin
1000 Louisiana Street, Suite 3800
Houston, Texas 77002

Enron Oil & Gas Company
Attention: Mr. James B. Lewis, Jr.
1400 Smith Street
Houston, Texas 77002

Allied Natural Gas Corporation
Attention: Mr. D. Kent Singleton
1001 Fannin, Suite 900
Houston, Texas 77002

ACKNOWLEDGED AND RECEIVED:

Enron Oil & Gas Company

By_____

Title_____

Date_____

JBJohnson:8/19/98

bcc: Case File, Clancy, Johnson

Nancy Tedder,

Here are requested supplemental bond values for leases listed below.

The following leases have wells that are not P&A'ed and/or platforms:

<u>OCS-G</u>	<u>Area/Block</u>	<u>Wells/Plat</u>	<u>Water Depth</u> (FEET)	<u>ABANDONMENT LIABILITY</u> (\$)
G 1249	ST 162	12/3	95	3,600,000
G 1972	EC 33	3/1	36	900,000
G 2845	WC 426	0/1	108	700,000
G 2846	WC 427	7/0	108	800,000
G 3235	HI 139	5/1	43	1,100,000
G 3280	WC 405	6/1	92	1,300,000
G 3386	WC 601	8/1	269	2,500,000
G 4140	BA 437	9/2	59	1,500,000
G 4258	BA 436	4/2	69	1,600,000
G 4997	MI 588	2/1	85	900,000
G 5315	WC 368	7/7	75	3,300,000
G 6052	MI 687	1/1	82	700,000
G 6094	GA 211	1 /2	39	1,100,000
G 7684	VR 175	1/1	98	850,000
G 7746	SS 58	2/2	16	1,200,000
G 7793	WD 98	3/0	180	300,000
G 8101	MI 564	2/1	43	750,000
G 8155	HI 262	2/0	62	200,000
G 8407	WC 315	2/2	56	1,100,000
G 8546	MI 566	1/1	62	750,000
G 9109	HI A-224	1/0	95	100,000
G10572	WC 306	4/1	43	1,050,000
G10744	EI 277	2/1	148	1,150,000
G11274	BA 476	3/2	56	1,600,000
G11896	VR 328	4/1	141	1,400,000
G12631	GB 117	2/0	827	1,000,000
G13363	GB 72	5/1	692	7,400,000
G13787	GA 380	1/0	89	175,000
G13975	MO 866	1/0	72	150,000
G14373	EC 236	2/1	154	1,000,000
G16360	EI 248	1/0	138	200,000
G17805	WC 478	1/0	144	200,000

The following leases have an approved plan:

<u>OCS-G</u>	<u>Area/Block</u>	<u>Wells/Plat</u>	<u>Water Depth</u> (FEET)	<u>ABANDONMENT LIABILITY</u> (\$)
G14454	SM 277	2-POE/0	46	200,000
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G14544	ST 235	5-POE/0	180	500,000
G16501	MP 150	1-POE/0	226	100,000
G17128	GA 270	6-POE/0	43	600,000
G17157	HI A-12	3-POE/0	52	300,000
G17782	WC 299	6-POE/0	39	600,000
G18005	SS 85	1-POE/0	20	100,000

B. J. Kruse

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