

*m. meitz 11/29/99*  
*CW Oliver 11/29/99*  
*Clancy 22/29/99*  
*C. Meier 11/29/99*

In Reply Refer To: MS 5422

**NOV 30 1999**

Mr. Richard Kukosky  
Frontier Insurance Company  
2636 Elm Hill Pike, Suite 500  
Nashville, Tennessee 37214

Dear Mr. Kukosky:

This will acknowledge receipt of your letter dated November 8, 1999, regarding your ongoing efforts to avoid the forfeiture of the surety bonds provided by Frontier Insurance Company for Allied Natural Gas Corporation.

All information you have requested to aid Frontier in its evaluation of the situation has been provided by this office and our district offices. More specifically, you have been provided a detailed review of the physical condition of Allied's lease facilities, however this analysis should not be considered a final review, since these facilities continued to degrade due to lack of maintenance.

Further, MMS has granted Frontier additional time until December 15, 1999, to assess the situation and avoid forfeiture of its bonds. If by this time Frontier has not agreed to complete Allied's end of lease obligations and agreed to pay Allied's royalty arrearages, the general lease and supplemental plugging and abandonment bonds in the total amount of \$4,850,000 will be deemed forfeited to MMS in accordance with the terms of the bond and 30 CFR 256.59.

If we can be of further assistance, please contact Mr. Carrol Williams at (504) 736-2803.

Sincerely,

**(Orig. Sgd.) Steven K. Waddell, CPL**

*for* John Rodi  
Acting Chief  
Leasing Activities Section

cc: Ms. Vicki Turko  
Chopin, Wagar, Cole, Richard, Reboul & Kutcher  
3850 N. Causeway Blvd.  
Metairie, LA 70002

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 20530

Mr. Tom Graves  
Adair & Meyers  
(Counsel for chapter 7 Trustee  
for Allied Natural Gas Corp.)  
3200 Southwest Freeway, Suite 2300  
Houston, TX 77027

bc: 1101.02f - OCS-G 1670, OCS-G 9727, OCS-G 3280, w/ltr.  
C. Mallard, RMP (MS 3030)  
Office of the Solicitor (MS 6312)  
Lake Charles District (MS 5271)  
New Orleans District (MS 5250)  
B. Martin (MS 5200)  
C. Moser (MS 5322)  
P. Clancy (MS 5422)  
J. Haddox (MS 5422)  
S. Waddell (MS 5421)

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