

m. meitz 11/29/99
CW Waddell 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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