



10-63-LNG

# RESOURCE DEVELOPMENT COUNCIL

Growing Alaska Through Responsible Resource Development

July 28, 2010

Mr. Robert F. Corbin  
Office of Oil and Gas Global Security and Supply  
Office of Fossil Energy, U.S. Department of Energy  
Forrestal Building, Room 3E-042, FE 24  
1000 Independence Avenue, S.W.  
Washington, D.C.

AUG 02 2010

DOE/OFE/NGR

Dear Mr. Corbin:

The Resource Development Council (RDC) is writing to express its strong support of the application filed by ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company seeking a two-year extension to their Kenai liquefied natural gas (LNG) export permit.

RDC is a statewide business association comprised of individuals and companies from Alaska's oil and gas, mining, forest products, tourism, and fishing industries. RDC's membership includes Alaska Native corporations, local communities, organized labor, and industry support firms. RDC's purpose is to encourage a strong, diversified private sector in Alaska and expand the state's economic base through the responsible development of our natural resources.

RDC members include all of the industrial and utility users of natural gas from Cook Inlet. These include ConocoPhillips and Marathon, as well as Tesoro Alaska Company, Chugach Electric Association, Anchorage Municipal Light & Power, and ENSTAR Natural Gas Company.

Studies have indicated the natural gas resource base in Cook Inlet is sufficient to meet local utility demand, in-state commercial uses, and the proposed exports over the two-year extension being requested.

It is important to note the Kenai LNG facility performs an essential gas storage function in Southcentral Alaska and plays a key role in balancing the peaks and troughs of seasonal demand. While the region currently produces gas in excess of local needs, gas production rates are declining and may soon fall short of meeting peak winter demand. While it may seem counter-intuitive to extend the export license during a period of declining production, the LNG plant is the only currently available facility that can store excess gas produced during the low-demand summer season for use during peak winter periods. Therefore, the LNG export facility is critical in meeting local needs. The export extension will allow the facility to continue storing natural gas and balancing the peaks and troughs of seasonal demand.

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ConocoPhillips and Marathon are sensitive to local needs and have diverted natural gas from the plant intended for export to meet peak demand. The companies have not requested an increase in the volume of gas to be exported, only a continuation of current amounts.

The LNG facility supports many good-paying jobs, both directly and indirectly. These jobs contribute to the local economy and the plant itself is a significant revenue source of the Kenai Peninsula Borough. The plant also pays significant royalties and taxes to the State of Alaska.

The LNG facility is also important for future exploration and development drilling in Cook Inlet. The extension is likely to encourage further industry investment in Cook Inlet as exploration and development drilling are directly linked to a company's ability to market its gas. Moreover, all current and future commercial and utility users could benefit from this investment.

In conclusion, RDC reiterates its strong support for the two-year export extension request. Given the export facility's critical importance to Southcentral Alaska, the extension is very much in the public's best interest.

Sincerely,

RESOURCE DEVELOPMENT COUNCIL  
For Alaska, Inc.



Carl Portman  
Deputy Director