

ORIGINAL

**UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY**



In the matter of,)
)
CONOCOPHILLIPS ALASKA NATURAL)
GAS CORPORATION)
)
and)
MARATHON OIL COMPANY)

FE Docket No. 07-02-LNG

**MOTION FOR LEAVE TO FILE SUPPLEMENTAL COMMENTS AND
SUPPLEMENTAL COMMENTS OF ENSTAR NATURAL GAS COMPANY**

Pursuant to 10 C.F.R. § 590.302, ENSTAR Natural Gas Company (“ENSTAR”) respectfully requests leave to file, and hereby files, supplemental comments in this proceeding. ENSTAR wishes to inform the Department of Energy (“DOE”) that, following recent discussions between ENSTAR and the Applicants – ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company – regarding the supply of gas to ENSTAR during the proposed export period, ENSTAR supports the prompt approval of the Applicants’ requested authorization without condition. ENSTAR withdraws its previous requests that DOE approve the requested authorization subject to conditions that would ensure that domestic supply needs can be met.

I. Supplemental Comments.

In its Initial Comments and Reply Comments, ENSTAR recognized that the continued operation of the Kenai LNG Facility would provide certain benefits to the regional community.¹ ENSTAR has been concerned, however, that the lack of cooperation among producers,

¹ Motion to Intervene and Initial Comments of ENSTAR Natural Gas Company, FE Docket No. 07-02-LNG, p. 2 (Apr. 9, 2007) (“Initial Comments”); Motion for Leave to Replay Out of Time and Reply Comments of ENSTAR Natural Gas Company, FE Docket No. 07-02-LNG, pp. 9-10 (June 28, 2007) (“Reply Comments”).

consumers, and the State of Alaska regarding the region's supply issues would leave ENSTAR unable to meet the needs of its customers. Accordingly, although ENSTAR has not opposed the Applicants' requested authorization, ENSTAR has urged DOE to condition its authorization on the development of a plan to meet domestic supply needs and provide market compensation to the Applicants.²

While the Applicant's request for export authorization has been pending before DOE, ENSTAR and the Applicants have negotiated in good faith to address ENSTAR's concerns. These negotiations have resulted in agreements in principle covering significant aspects of ENSTAR's projected supply shortfall through the first quarter of 2011. ENSTAR is now confident that it will be able to obtain firm commitments for its remaining requirements through further negotiations. ENSTAR is further encouraged by the Settlement Agreement among the Applicants and the State of Alaska, which was filed for information purposes as an attachment to the State's January 2 supplemental comments.³ Pursuant to the Settlement Agreement, the Applicants have committed to undertake substantial exploration and development work in Cook Inlet⁴ and to reduce LNG export quantities under certain circumstances to meet the needs of Chugach Electric Association.⁵ The Applicants have also agreed to take certain steps designed to encourage exploration and development by third parties.⁶

ENSTAR's agreements in principle with each of the Applicants and the Settlement Agreement collectively fulfill most of the conditions requested by ENSTAR in its Initial

² Initial Comments, pp. 1-3, 27-28; Reply Comments, pp. 8-10.

³ Motion for Leave to File Supplemental Comments and Supplemental Comments of the State of Alaska, FE Docket 07-02-LNG, Exhibit 1 (Jan. 2, 2008).

⁴ Settlement Agreement, §§ 3(b)(i) – (iii).

⁵ Settlement Agreement, § 3(a)(ii).

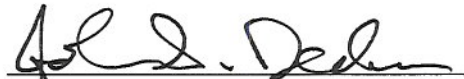
⁶ Settlement Agreement, §§ 3(b)(iv) and 3(c).

Comments and Reply Comments. Thus, the requested conditions are no longer necessary.

II. Conclusion.

For the foregoing reasons, ENSTAR respectfully requests that (i) DOE accept these supplemental comments and (ii) promptly grant the Applicants' requested export authorization without condition.

Respectfully submitted,



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Dated: January 23, 2008

CERTIFICATE OF REPRESENTATIVE

I hereby certify that I am a duly authorized representative of ENSTAR Natural Gas Company and that I am authorized to sign and file with the Office of Fossil Energy, on behalf of ENSTAR Natural Gas Company, the foregoing document.

Dated at Washington, D.C. this 23rd day of January, 2008.



John S. Decker

VERIFICATION

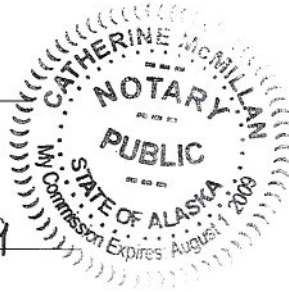
STATE OF ALASKA)
) ss:
THIRD JUDICIAL DISTRICT)

I, M. Colleen Starring being first duly sworn, on oath states that she is the Regional Vice President of ENSTAR Natural Gas Company and is authorized to execute this verification; that he has read the foregoing document and that all allegations of fact therein contained are true and correct to the best of his knowledge, information, and belief.

M. Colleen Starring
M. Colleen Starring

Subscribed and sworn to before me this 22nd day of January, 2008

Catherine McMillan
Notary Public, State of Alaska



My Commission Expires: August 1, 2009