

November 20, 2007

Mr. Robert Corbin
Office of Fuels Programs, Fossil Energy
U.S. Department of Energy
Docket Room 3F-056, FE-50
Forrestal Building
1000 Independence Ave, SW
Washington, DC 20585



**RE: ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil
Company, FE Docket No. 07-02-LNG**

Dear Mr. Corbin:

On November 15, 2007, Agrium U.S. Inc. (“Agrium”) received by U.S. mail a copy of a letter dated November 13 by counsel for ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company (collectively, “Applicants”) submitting a second corrected version of the Answer of ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company to Motion of Agrium U.S. Inc. (“Second Corrected Answer”). The November 13 letter explains Applicants’ reasons for seeking to make further corrections to the answer Applicants originally filed on October 26, 2007, and first corrected by letter dated October 29, 2007.

We appreciate the candor of Applicants’ counsel in acknowledging that there were factual errors and unjustified inferences contained in the prior versions of Applicants’ answer. We further agree with Applicants that these are matters “respecting facts that Applicants do not possess” and that seeking to open the record to establish the correct facts “would create a distraction in this Docket.”¹ Thus, allowing Applicants simply to withdraw certain flawed factual assertions and arguments contained in the earlier versions of their answer is appropriate.

¹ November 13 Letter at 1, 2.

We note that even as revised, the Second Corrected Answer contains several further mischaracterizations that must be corrected.² In particular, we offer the following clarifications:

- Applicants err in stating that “Agrium’s attempt to rewrite history fails to recognize that the current situation is the result of a long string of business decisions including failure to offer timely competitive offers to natural gas producers to attract investment.”³ This is yet another unsupported factual assertion “respecting facts that Applicants do not possess.” Applicants have offered no evidence about Agrium’s business decisions other than the earlier flawed assertions, now withdrawn, relating to the settlement with Unocal. Agrium has made many attempts over many years to work with producers, including, but not limited to, the Applicants, to find, and encourage development of, natural gas supply in the Cook Inlet region.⁴ Since these discussions and negotiations are subject to confidentiality agreements, the substance of these negotiations cannot be disclosed without considerable effort to get agreement from the counterparties. We believe that going down this tangent “would create a distraction in this Docket.”
- Applicants argue that the shutdown of the Kenai Fertilizer Plant confirms their forecast of a decrease in gas demand associated with the plant. Agrium stands ready to renew operations at the plant if natural gas supply can be secured.⁵ Applicants do not offer, or have, any facts to indicate otherwise. Thus, the natural gas demand associated with the plant remains at approximately 53 BCF annually.⁶

² DOE would be justified in simply striking the Answer from the record entirely. First, while Applicants are entitled to answer and oppose Agrium’s motion to submit supplement comments, they took the liberty of further replying to Agrium’s supplemental comments without seeking leave from DOE to submit such reply comments. Second, the unauthorized reply comments in the answer, as now twice corrected, do not even purport to provide any additional factual material for the record.

³ Second Revised Answer at 3.

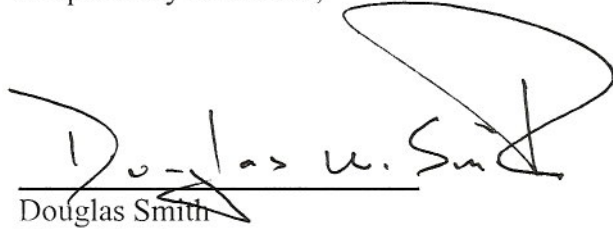
⁴ See Agrium’s Supplemental Comments at 3.

⁵ See Agrium’s Supplemental Comments at n. 10.

⁶ See Agrium’s Supplemental Comments at n. 10; Motion To Intervene, Comments And Protest Of Agrium U.S. Inc. at 4-5, 8-9.

We appreciate DOE's devotion of time and attention to these important matters. If you have any questions regarding the information discussed above, please do not hesitate to contact Douglas Smith at 202-298-1800.

Respectfully submitted,

A handwritten signature in black ink that reads "Douglas Smith". The signature is written in a cursive style with a large, sweeping loop at the end of the name.

Douglas Smith
Mona Tandon
Van Ness Feldman, P.C.
1050 Thomas Jefferson St, NW
Washington, DC 20007
(202) 298-1800

Attorneys for Agrium U.S. Inc.

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

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Docket No. 07-02-LNG

VERIFICATION

BEFORE ME, the undersigned authority, on this day personally appeared Mona Tandon, who, having been by me first duly sworn, on oath says that she is an attorney for the law offices of Van Ness Feldman, P.C., counsel for Agrium U.S. Inc. in the above referenced matter. She hereby certifies that she has read the forgoing document, knows the contents thereof, and believes that the same are true and correct to the best of her knowledge, information, and belief.



Mona Tandon
Van Ness Feldman, P.C.
1050 Thomas Jefferson St, NW
Washington, DC 20007
(202) 298-1800

Subscribed and sworn to before me, a notary public, this 20th day of November, 2007.



Notary Public

My Commission expires:

7/31/2012

Abbie Seltzer
Notary Public, District of Columbia
My Commission Expires 7/31/2012

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document by first-class mail to all parties on the service list for this proceeding.

Dated at Washington, D.C., on this 20th day of November, 2007.



Mona Tandon
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202-298-1800