



March 30, 2007

Mr. Robert Corbin  
Natural Gas Regulatory Activities Manager  
U.S. Department of Energy  
Office of Oil & Gas  
Global Security and Supply, Office of Fossil Energy  
Room 3E-042  
1000 Independence Ave., SW  
Washington, D.C. 20585

Dear Mr. Corbin,

I am writing on behalf of Cook Inlet Region, Inc. ("CIRI") to express CIRI's support for the request filed by ConocoPhillips and Marathon seeking a two-year extension of the export license for the Kenai LNG plant.

CIRI is an Alaska Native Regional Corporation created under the Alaska Native Claims Settlement Act of 1971 ("ANCSA"). The company, which is owned by more than 7,400 Alaska Native Shareholders, is headquartered in Southcentral Alaska and owns approximately 600,000 acres of surface lands and 1.4 million acres of subsurface lands, making it the largest private landowner in the Cook Inlet Basin.

Oil and gas development in the Cook Inlet has played an important role in CIRI's history, with royalties from Swanson River, Kenai, and other oil and gas fields providing much of the early "seed money" for the growth of the company. These revenues have benefited, and continue to benefit, not only CIRI's shareholders, but Alaska Natives statewide. Through the operation of sections 7(i) and 7(j) of ANCSA, CIRI has shared more than \$206 million in resource revenues with other Alaska Native regional corporations, villages and at-large shareholders in the 34 years since the company's inception. Almost all of these revenues came from Cook Inlet oil and gas production. Today, over 160,000 acres of CIRI land is currently under lease for oil and gas development, and production from CIRI lands provides hundreds of direct and indirect jobs to residents of the Kenai Peninsula and elsewhere in the State.

Because LNG sales currently represent close to 40% of the total market for Cook Inlet gas, we believe that an abrupt termination of exports from the LNG plant in 2009 could result in lasting, and perhaps permanent, damage to the economic interests of CIRI, its shareholders and the many thousands of other Alaska Natives and Alaska Native institutions that benefit from Cook Inlet oil and gas production. Further, we believe that

such a move could harm the Southcentral economy as a whole by causing a precipitous decline in gas prices for new production (ironically, the price to the residential consumer is not likely to immediately decrease in light of long-term supply contracts that remain in place). This sudden shift in market conditions could, in turn, severely curb new exploration in Cook Inlet, a critical element in ensuring future gas supply in the region. Faced with such a severely limited market in the short term, producers may be forced to shut production in, which could mean permanent loss of production from the shut-in wells. Accordingly, a move intended to increase gas supply in the very short term could ultimately result in an even more severe gas shortage in the future. Such a result would not serve the interests of Alaska or Alaskans.

There is no doubt that Southcentral Alaska faces significant challenges on the supply side and that it is critical to ensure that, during very high use periods, gas for industrial uses can be cut back to accommodate residential heating and electricity. Through a carefully tailored extension order, the Commission can ensure that gas is diverted from commercial to residential use where the need is great, thus allowing the LNG terminal to serve a backup supply function, which could actually improve deliverability prospects on Alaska's coldest days. We believe this approach makes far more sense than abrupt termination of the plant's license in 2009.

In summary, CIRI believes, for the reasons described above, that it is in the long term best interests, not only of CIRI shareholders and the Alaska Native Community, but of the public as a whole, to extend the export license for the Kenai LNG plant for an additional two years. Thank you for the opportunity to comment on this important matter.

Sincerely,

COOK INLET REGION, INC.

A handwritten signature in black ink, appearing to read "Margaret L. Brown", with a long horizontal flourish extending to the right.

Margaret L. Brown  
President & CEO