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APR 11 2007  
APR 9 2007



**TESORO**

Tesoro Alaska Company  
P.O. Box 3369  
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April 9, 2007

Office of Global Security and Supply  
Office of Fossil Energy  
U.S. Department of Energy  
Forrestal Building  
Room 3E-042, FE-34  
1000 Independence Avenue, SW.  
Washington, D.C. 20585

Re: **Protest and Comments and Request for Additional Procedures**  
Conoco Phillips Alaska Natural Gas Corporation and Marathon  
Oil Company; Application for Blanket Authorization to Export  
Liquefied Natural Gas, FE Docket No. 07-02-LNG

To Whom It May Concern:

Tesoro Corporation and its subsidiary Tesoro Alaska Company respectfully file the enclosed Comments, Protest, Motion to Intervene and Motion for Additional Procedures to the referenced Application.

If you have any questions, please contact the undersigned.

Very truly yours,

Tesoro Alaska Company

By Stephen W. Hansen  
Stephen W. Hansen  
Vice President, Refining

Attachment

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# BRENA, BELL & CLARKSON, P.C.

---

ROBIN O. BRENA, OWNER  
JESSE C. BELL, OF COUNSEL  
KEVIN G. CLARKSON, OF COUNSEL  
DAVID W. WENSEL, OF COUNSEL  
ANTHONY S. GUERRIERO, OF COUNSEL  
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April 9, 2007

**VIA FACSIMILE AND DHL EXPRESS MAIL**

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Office of Global Security and Supply  
Office of Fossil Energy  
U.S. Department of Energy  
Forrestal Building  
Room 3E-042, FE-34  
1000 Independence Avenue, SW.  
Washington, D.C. 20585

Re: **Comments, Protest, Motion to Intervene and  
Motion for Additional Procedures**

ConocoPhillips Alaska Natural Gas Corporation and Marathon  
Oil Company; Application for Blanket Authorization To Export  
Liquefied Natural Gas, FE Docket No. 07-02-LNG

Ladies and Gentlemen:

Tesoro Corporation and its subsidiary, Tesoro Alaska Company, respectfully file the enclosed  
Comments, Protest, Motion to Intervene and Motion for Additional Procedures with regard to the  
above-referenced Application.

If you have any questions please contact the undersigned.

Very truly yours,

BRENA, BELL & CLARKSON, P.C.

By *Robin O. Brena*  
Robin O. Brena

ROB:alm  
Enclosures

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

In the matter of: )  
)  
ConocoPhillips Alaska Natural Gas ) FE Docket No. 07-02-LNG  
Corporation and Marathon Oil Company )  
Application for Blanket Authorization to )  
Export Liquefied Natural Gas )  
)

**COMMENTS, PROTEST, MOTION TO INTERVENE  
AND MOTION FOR ADDITIONAL PROCEDURES  
OF TESORO CORPORATION AND  
TESORO ALASKA COMPANY**

Tesoro Corporation, and its subsidiary, Tesoro Alaska Company (collectively  
"Tesoro"), through their counsel, Brena, Bell & Clarkson, P.C., and pursuant to 10 C.F.R.  
Part 590, hereby submit their comments to and protest of the Application for Blanket  
Authorization to Export Liquefied Natural Gas ("Export Application") of ConocoPhillips  
Alaska Natural Gas Corporation ("ConocoPhillips") and Marathon Oil Company  
("Marathon"). Further, Tesoro moves to intervene in the above-captioned docket and  
moves for additional procedures, as hereinafter specified. The facts upon which Tesoro  
claims an interest in this matter, and the factual and legal basis for Tesoro's position, is  
set forth below.

1 **A. COMMENTS AND PROTEST.**

2 **1. Summary of Comments and Protest.**

3 Natural gas supplies in Southcentral Alaska are presently insufficient to meet the  
4 local residential, commercial, industrial, and export gas requirements during winter  
5 months. Shortages occurred during November and December 2006 that impacted  
6 Tesoro's Alaska operations and the supplies relied upon by Tesoro's customers. Based  
7 upon Tesoro's experiences over the past winter, it appears reasonable, necessary and  
8 consistent with the public interest to make any liquefied natural gas ("LNG") exports  
9 conditional on first meeting the region's own vital residential, commercial, and industrial  
10 natural gas requirements. The export of natural gas at a time when industrial operations  
11 are being reduced and threatened due to lack of supply should be avoided.

12 Tesoro has contracted with Marathon ("Marathon Supply Contract") to supply  
13 natural gas to Tesoro's Kenai, Alaska Refinery ("Kenai Refinery"). Marathon has been  
14 unable to meet Tesoro's natural gas supply needs during the months of November and  
15 December 2006. This reduced level of supply has significantly impacted Tesoro's  
16 operations and has resulted in significant economic loss, as well as reduction in the supply  
17 of propane to Alaskan customers during the winter. These supply reductions occurred at  
18 a time when the largest industrial user of natural gas, Agrium U.S., Inc. ("Agrium") was

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1 not in operation.<sup>1</sup> Marathon explained the curtailments as necessary to meet its other  
2 contractual obligations due to high winter demand, as well as noting that the Marathon  
3 Supply Contract allows Marathon to curtail deliveries to Tesoro in order to meet its  
4 obligations to supply gas to its Kenai LNG facility. This explanation indicates that  
5 Marathon does not now have the available production and storage capacity to meet the  
6 needs of its domestic customers in Alaska during periods of high demand while  
7 continuing to make exports of gas to its foreign customers.

8 Based upon Tesoro's recent experiences of shortages in supply from Marathon, it  
9 appears that at least some of the Cook Inlet natural gas which ConocoPhillips and  
10 Marathon propose to export from Alaska to Japan—or to other Pacific Rim countries—will  
11 be needed to meet the local demand in Alaska, and if exported, will result in a further  
12 shortage of natural gas supplies for domestic Alaskan use. Tesoro protests the Export  
13 Application to the extent that the proposed export of LNG threatens the adequacy of  
14 natural gas supply for domestic use in Alaska as not consistent with the public interest.

## 15 2. Legal Standard Applicable to Export Permit Applications.

16 The United States Department of Energy ("DOE") and its Office of Fossil Energy  
17 ("OFE") has the obligation to review export applications pursuant to Section 3 of the  
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19 <sup>1</sup> See Export Application at 13 for the history of the operation of Agrium's ammonia-urea  
20 fertilizer plant. Agrium's Fertilizer Plant is located near Kenai, Alaska, adjacent to the Kenai  
Refinery and the ConocoPhillips/Marathon LNG facility.

1 Natural Gas Act (“NGA”),<sup>2</sup> as amended by Section 201 of the Energy Policy Act of  
2 1992,<sup>3</sup> and the authority contained in DOE Delegation Order Nos. 0204-111 and 0204-  
3 127. Under Section 3 of the NGA, the DOE/OFE is required to deny an export  
4 application if it finds that the exportation “will not be consistent with the public interest.”<sup>4</sup>

5 DOE Delegation Order No. 0204-111 clarifies the public interest at stake by  
6 requiring that exports “shall” be regulated “based on a consideration of the domestic need  
7 for the gas to be exported and such other matters as the Administrator finds in the  
8 circumstances of a particular case to be appropriate.” The DOE/OFE also has the  
9 discretionary authority to grant an export application “in whole or in part, with such  
10 modification and upon such terms and conditions as the Commission may find necessary  
11 or appropriate.”<sup>5</sup>

### 12 3. Tesoro Background.

13 Tesoro employs over 600 Alaskans in the operation of its Alaska assets, including  
14 its Kenai Refinery, which has operated since 1969 and has the capacity to process 72,000  
15 barrels of crude oil per day. The operation of Tesoro’s Kenai Refinery has a significant  
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17 <sup>2</sup> 15 U.S.C. § 717b.

18 <sup>3</sup> Pub. L. 102-486 (1992).

19 <sup>4</sup> 15 U.S.C. § 717b(a).

20 <sup>5</sup> 15 U.S.C. § 717b(a).

1 positive impact upon the economy of the State of Alaska, as well as that of the Kenai  
2 Peninsula Borough.<sup>6</sup>

3 Tesoro's Kenai Refinery is the sole in-state manufacturer of ultra-low sulfur diesel  
4 fuel, and a major source of supply for the State's gasoline and jet fuel demand. The  
5 continued expansion of the Anchorage Airport as an international cargo transportation  
6 hub has been dependent, in large part, on the reliable supply of jet fuels from Tesoro and  
7 the State's other refiners. Tesoro also markets propane, marine fuel products, and home  
8 heating oil to Alaskan customers, including end users and distributors.

9 The Kenai Refinery relies heavily on the availability of natural gas as both a  
10 feedstock and a fuel source for the operation of the processing units within the Kenai  
11 Refinery. The Kenai Refinery uses natural gas to both heat and power the refining  
12 process, including electric and steam generation, as well as to produce hydrogen  
13 feedstock for Tesoro's hydrocracker unit - a unit that allows the Kenai Refinery to meet  
14 Alaska's motor and jet fuel demand.

#### 15 **4. Marathon Supply Shortages.**

16 Up until the winter of 2006-2007, Tesoro's supply of natural gas under the  
17 Marathon Supply Contract was met each month, including supplies needed during the  
18 winter of 2005-2006 when Agrium's Fertilizer Plant was in operation. The reliability of

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20 <sup>6</sup> Tesoro's Kenai Refinery is the Kenai Peninsula Borough's largest source of property tax revenue.

1 the natural gas supply to the Kenai Refinery changed in November and December of  
2 2006, shortly after Agrium shut down its Fertilizer Plant operations for the winter. At the  
3 beginning of November 2006, Marathon reduced Tesoro's natural gas supply to the Kenai  
4 Refinery, first from a requested 16,000 mmbtu per day to 11,000 per day, then to 8,000,  
5 and then to 7,000. This pattern of natural gas supply curtailment continued during  
6 December 2006, with significant differences between the daily supply requests made by  
7 Tesoro and those delivered by Marathon.

8 The Export Application describes Agrium's Fertilizer Plant natural gas  
9 requirements as averaging 54 Bcf per year during the period of 1980-2002, and thereafter  
10 decreasing in 2003 and 2004 when fertilizer operations were reduced by approximately  
11 20%.<sup>7</sup> The Export Application further represents that "[i]n 2005, Agrium shut down  
12 additional capacity at the plant thereby reducing plant capacity to 50% . . . . On  
13 October 23, 2006, Agrium shut down its plant for winter 2006-2007."<sup>8</sup>

14 On November 3, 2006, only two weeks after Agrium's Fertilizer Plant shutdown,  
15 Marathon began to reduce its gas deliveries to Tesoro, despite the logical assumption that  
16 there should have been a large excess of natural gas available due to the Agrium  
17 shutdown. As the gas supply curtailments continued throughout November and into  
18 December 2006 (until around Christmas) Tesoro was forced to increase its electricity

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19 <sup>7</sup> Export Application at 13.

20 <sup>8</sup> Id.



1 purchases, and divert normally valuable Kenai Refinery products (such as ultra-low sulfur  
2 diesel, propane and butane) to use as Kenai Refinery fuel, instead of its normal blending  
3 of these products into heating and motor fuels for distribution to its customers. During  
4 this period, Tesoro's natural gas supply was reduced by 42% below its required volumes.

5 The financial impacts of this natural gas shortage were significant. During the  
6 period November 3, 2006, until December 24, 2006, the reduced supply of natural gas  
7 had a direct cost impact to Tesoro of almost \$3.5 million, or an average of approximately  
8 \$67,500 per day. These expenses included an estimated extra \$91,000 in electricity costs,  
9 approximately \$347,000 in lost revenue related to burning of ultra-low sulfur diesel as  
10 Kenai Refinery fuel in lieu of natural gas, and approximately \$3 million from the use of  
11 butane as a fuel gas versus as a gasoline component. An illustration of the sequence of  
12 events and cutbacks of gas supplied under the Marathon Supply Contract are presented in  
13 the table attached hereto as Appendix A.

#### 14 **5. Conclusion.**

15 Tesoro has experienced significant shortages in natural gas supplies during this  
16 past winter. Tesoro's experience is contrary to the representations made by  
17 ConocoPhillips and Marathon in their Export Application that there is an adequate natural  
18 gas supply in the Cook Inlet region to support local needs, as well as to export as LNG.  
19 The shortages that Tesoro experienced during this past winter are a relatively small  
20 percentage of the volume being sought for export. As a result, Tesoro requests that any

1 export permit volume be adjusted or conditioned to ensure that adequate supplies are  
2 available for the residential, commercial, and industrial users of Southcentral Alaska.  
3 Exports of LNG produced from Alaska's natural resources should not be authorized at the  
4 expense of threatening the viability of existing value-added manufacturing, Alaska jobs,  
5 and fuel supplies in the State of Alaska.

6 **B. Motion to Intervene.**

7 Pursuant to 10 C.F.R § 590.303, Tesoro hereby moves to intervene in the  
8 above-captioned docket. As stated in more detail above, Tesoro purchases large volumes  
9 of natural gas from the natural gas producing fields in the Cook Inlet of Alaska for use in  
10 its Kenai Refinery. Tesoro's Kenai Refinery represents not only a significant financial  
11 interest in Alaska for Tesoro, but also has a huge positive economic impact upon Alaska  
12 and Alaskans as a source of tax revenues, employment, value-added industry and  
13 domestically consumed petroleum products. In order to continue its business operations  
14 in Alaska, Tesoro requires a stable, adequate supply of natural gas from the Cook Inlet  
15 natural gas producing fields.

16 Tesoro's recent experience of natural gas shortages, as related above, calls into  
17 question the representations made by ConocoPhillips and Marathon in the Export  
18 Application that "there is no regional need for the volume of LNG for which the  
19 Applicants are requesting export authority," and the related conclusion that the export

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1 authorization being sought “should not be found to be inconsistent with the public  
2 interest.”<sup>9</sup>

3 By permitting Tesoro to intervene in this matter, Tesoro will be in a position to  
4 represent its substantial interest in ensuring that adequate natural gas reserves and  
5 deliverability will be available to meet the local domestic demand in Alaska.

6 All communications with respect to these matters should be addressed to:

7 Robin O. Brena, Esq.  
8 Anthony S. Guerriero, Esq.  
9 David W. Wensel, Esq.  
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12 Anchorage, Alaska 99501  
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14 [aguerriero@brenalaw.com](mailto:aguerriero@brenalaw.com)  
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12 Barron Dowling, Esq.  
13 Associate General Counsel, Supply  
14 Tesoro Corporation  
15 300 Concord Plaza Drive  
16 San Antonio, Texas 78216-6999  
17 E-Mail: [Bdowling@tsocorp.com](mailto:Bdowling@tsocorp.com)

16 **C. Motion for Additional Procedures.**

17 Based upon the facts stated above, and pursuant to 10 C.F.R. § 590.303, Tesoro  
18 hereby moves for additional procedures as hereinafter specified.  
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9 Export Application at 23.

1           It is incumbent upon the DOE/OFE to establish a complete record as a basis for its  
2 determination regarding whether the proposed export of LNG is consistent with the public  
3 interest, and for its ultimate decision on the Export Application. The discrepancies  
4 between the representations made in the Export Application with regard to the natural gas  
5 supply and demand balance in Southcentral Alaska, and Tesoro's actual experience with  
6 regard to that balance, dictate that Tesoro and other interested parties be provided the  
7 opportunity to probe the representations made in the Export Application and to bring to  
8 light facts and circumstances which are relevant to the determinations to be made by the  
9 DOE/OFE with regard thereto.

10           The DOE has established extensive administrative regulations which govern the  
11 permit application process, including opportunities for comments, protests, conferences,  
12 discovery and hearing.<sup>10</sup> Such additional procedures were designed to assist the  
13 DOE/OFE and interested parties in the establishment of a complete and sound record, and  
14 for that reason should be employed here. For the foregoing reasons, and based upon the  
15 facts stated above, Tesoro hereby moves for the following additional procedures in  
16 conjunction with the Export Application:

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20           <sup>10</sup> 10 C.F.R. § 590.

1           1.       An opportunity, pursuant to 10 C.F.R. § 590.310, to file reply comments to  
2 any comments filed by ConocoPhillips or Marathon in response to the Protest and  
3 Comments filed herewith by Tesoro.

4           2.       At the outset of this proceeding, a conference of the parties pursuant to  
5 10 C.F.R. § 590.311, to adjust or settle the proceedings, set schedules, delineate issues,  
6 stipulate certain issues of fact or law, set procedures, and consider other relevant matters.  
7 Such a preliminary conference will materially advance the proceeding in that it will  
8 provide an opportunity for the DOE/OFE and the parties to consider mutually acceptable  
9 terms and conditions upon which the Export Application could be approved, as well as to  
10 assist the DOE/OFE and the parties to focus on the issues to be addressed in the absence  
11 of a mutually acceptable result. Such a conference will provide the opportunity to save  
12 the expenditure of time, resources and effort, thereby streamlining the process.

13           3.       An opportunity to conduct discovery as anticipated under 10 C.F.R.  
14 §§ 590.305, 306, 307 and 308, including, but not limited to, informal discovery, written  
15 interrogatories, requests for admission, requests for production of documents, the  
16 issuance of subpoenas, and depositions. In the absence of early resolution of the issues to  
17 be determined in this proceeding, such discovery will permit the parties to fully delve into  
18 the representations and arguments presented in the Export Application, and to build a  
19 complete record to form the basis of the DOE/OFE decision thereon.

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1           4.       The opportunity to participate in a public hearing in Anchorage, Alaska, to  
2 address the local public interest issues associated with the continued exportation of  
3 natural gas from the Cook Inlet.

4           5.       An opportunity to make an oral presentation, pursuant to 10 C.F.R.  
5 § 590.312, for the purpose of identifying, illuminating and commenting upon any  
6 substantial question of fact, law, or policy at issue in the proceeding. Such presentation  
7 will materially assist the DOE/OFE in understanding the facts and circumstances at issue  
8 and the arguments of the parties, as well as provide the DOE/OFE with the opportunity to  
9 question the parties with regard to their positions.

10          6.       The opportunity to have an evidentiary trial-type hearing in Anchorage,  
11 Alaska, pursuant to 10 C.F.R. § 590.313, for the purpose of allowing the presentation of  
12 argument, expert testimony, evidence, and cross-examination on material issues of fact  
13 genuinely in dispute in this proceeding. Such material issues of fact exist in this  
14 proceeding. As discussed above, Tesoro is experiencing actual shortages of Cook Inlet  
15 natural gas, while the Export Application represents there are sufficient supplies of Cook  
16 Inlet natural gas to both meet local demand and to export as proposed. Such issues are  
17 directly relevant to a DOE/OFE determination regarding whether the proposed LNG  
18 exports are in the public interest, and related considerations regarding Alaska's domestic  
19 need for the gas to be exported.

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1 **D. SUMMARY AND CONCLUSION.**

2 The NGA provides that, as a prerequisite to the exportation of natural gas from the  
3 United States, one must obtain permission from the DOE. The DOE is precluded from  
4 granting an export application if it finds that “the proposed exportation . . . will not be  
5 consistent with the public interest.”<sup>11</sup> The Export Application of ConocoPhillips and  
6 Marathon is premised upon the contention that there are sufficient supplies of natural gas in  
7 the Cook Inlet region of Alaska to meet domestic need, as well as to export as proposed.

8 The continued efficient operation of Tesoro’s Kenai Refinery in Southcentral Alaska  
9 relies heavily upon the availability of dependable and consistent supplies of natural gas.  
10 Tesoro has recently experienced significant disruptions in the operation of its Kenai Refinery  
11 due to the unavailability of a natural gas supply, thereby calling into question the gas supply  
12 and demand picture which forms the basis for the Export Application.

13 The DOE has established extensive administrative regulations which govern the  
14 permit application process, including opportunities for comments, protests, discovery, oral  
15 presentations, and hearing.<sup>12</sup> Such procedures were designed to assist the DOE/OFE and the  
16 parties in considering and evaluating the matters at issue, and for the purpose of developing  
17 a full record as a basis for a decision on the Export Application.

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19 <sup>11</sup> 15 U.S.C. § 717b.

20 <sup>12</sup> 10 C.F.R. § 590.

1 In light of the Comments and Protest of Tesoro set forth above, Tesoro requests that  
2 the DOE/OFE:

3 1. Grant Tesoro's Motion to Intervene to provide Tesoro with the opportunity to  
4 actively and meaningfully participate in this proceeding;

5 2. Grant Tesoro's Motion for Additional Procedures so that the issues presented  
6 for consideration in this proceeding will be fully aired, and provide the DOE/OFE with a  
7 complete record upon which to base its decisions herein; and

8 3. Modify or condition any approval of the Export Application such that Alaska's  
9 domestic needs for natural gas will be met as a precondition to the export of LNG.

10 DATED this 9<sup>th</sup> day of April, 2007.

11 BRENA, BELL & CLARKSON, P.C.  
12 Attorneys for Tesoro Corporation  
and Tesoro Alaska Company

13  
14 By Robin O. Brena  
Robin O. Brena  
15 Anthony S. Guerriero  
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16 810 N Street, Suite 100  
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17 Telephone: (907) 258-2000

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**VERIFICATION**

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

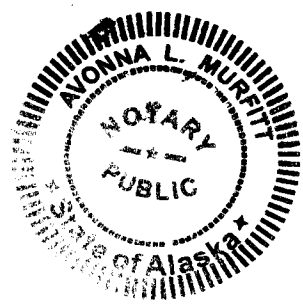
Robin O. Brena, being first duly sworn upon his oath, states as follows:

I am an attorney with the law offices of Brena, Bell & Clarkson, P.C., counsel for Tesoro Corporation and Tesoro Alaska Company in the above-referenced matter. I hereby certify that I have read the foregoing document, know the contents thereof, and believe that the same are true and correct to the best of my knowledge, information and belief.

DATED this 9<sup>th</sup> day of April, 2007.

*Robin O. Brena*  
\_\_\_\_\_  
ROBIN O. BRENA

SUBSCRIBED AND SWORN TO before me this 9<sup>th</sup> day of April, 2007.



*Avonna L. Murfitt*  
\_\_\_\_\_  
Notary Public in and for Alaska  
My Commission Expires: 3/7/09

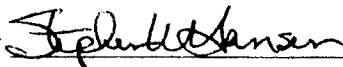
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**CERTIFICATION BY AUTHORIZED CORPORATE REPRESENTATIVE**

Pursuant to 10 C.F.R. § 590.103(b), the undersigned hereby certifies that he is the Vice President of Refining of Tesoro Alaska Company, and that Robin O. Brena of the law firm of Brena, Bell & Clarkson, P.C., is a duly authorized representative of Tesoro Corporation and Tesoro Alaska Company authorized to act on behalf of Tesoro Corporation and Tesoro Alaska Company in all matters relative to this proceeding.

DATED this 5<sup>th</sup> day of April, 2007.

TESORO CORPORATION  
TESORO ALASKA COMPANY

By   
\_\_\_\_\_  
Stephen W. Hansen

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## CERTIFICATE OF SERVICE

The undersigned hereby certifies that on the 9<sup>th</sup> day of April, 2007, a copy of the foregoing document was served by e-mail and mail upon the following parties:

**AGRIUM U.S., INC.**

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**CONOCOPHILLIPS**

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1 **MARATHON OIL COMPANY**

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## APPENDIX A

Date	Actual Monthly Nomination (mmbtu)	Actual Delivered (mmbtu)
<b>10/23/2006</b>	<b>Agrium shut down their operations eliminating the largest industrial demand in Southcentral Alaska other than the LNG Export Facility</b>	
11/1/2006	15.5	16.34
11/2/2006	15.5	14.09
11/3/2006	14.5	11.05
11/4/2006	14.5	11.06
11/5/2006	14.5	11.19
11/6/2006	14.5	7.85
11/7/2006	14.5	7.31
11/8/2006	14.5	7.31
11/9/2006	14.5	7.48
11/10/2006	14.5	7.04
11/11/2006	14.5	7.24
11/12/2006	14.5	7.08
11/13/2006	14.5	7.21
11/14/2006	14.5	6.99
11/15/2006	14.5	6.86
11/16/2006	14.5	6.81
11/17/2006	14.5	7.59
11/18/2006	14.5	7.59
11/19/2006	14.5	7.43
11/20/2006	14.5	7.34
11/21/2006	14.5	7.33
11/22/2006	14.5	6.97
11/23/2006	14.5	7.04
11/24/2006	14.5	6.96
11/25/2006	14.5	6.96
11/26/2006	14.5	6.94
11/27/2006	14.5	7.02
11/28/2006	14.5	7.06
11/29/2006	14.5	7.27
11/30/2006	14.5	7.36
12/1/2006	14.5	7.19
12/2/2006	14.5	7.14
12/3/2006	14.5	7.06
12/4/2006	14.5	7.08
12/5/2006	14.5	7.14
12/6/2006	14.5	7.19

<b>Date</b>	<b>Actual Monthly Nomination (mmbtu)</b>	<b>Actual Delivered (mmbtu)</b>
12/7/2006	14.5	7.33
12/8/2006	14.5	7.57
12/9/2006	14.5	9.18
12/10/2006	14.5	9.17
12/11/2006	14.5	9.07
12/12/2006	14.5	7.29
12/13/2006	14.5	7.22
12/14/2006	14.5	7.46
	<b>Tesoro allocates propane due to fact that the</b>	
<b>12/15/2006</b>	<b>propane had to be used as a substitute for the undelivered natural gas</b>	
12/15/2006	14.5	7.29
12/16/2006	14.5	7.02
12/17/2006	14.5	7.07
12/18/2006	14.5	7.81
12/19/2006	14.5	8.46
12/20/2006	14.5	10.05
12/21/2006	14.5	14.39
12/22/2006	14.5	13.93
12/23/2006	14.5	12.36
12/24/2006	14.5	13.57
<b>Totals</b>	<b>785</b>	<b>452.81</b>

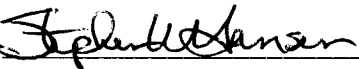
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**CERTIFICATION BY AUTHORIZED CORPORATE REPRESENTATIVE**

Pursuant to 10 C.F.R. § 590.103(b), the undersigned hereby certifies that he is the Vice President of Refining of Tesoro Alaska Company, and that Robin O. Brena of the law firm of Brena, Bell & Clarkson, P.C., is a duly authorized representative of Tesoro Corporation and Tesoro Alaska Company authorized to act on behalf of Tesoro Corporation and Tesoro Alaska Company in all matters relative to this proceeding.

DATED this 5<sup>th</sup> day of April, 2007.

TESORO CORPORATION  
TESORO ALASKA COMPANY

By   
Stephen W. Hansen