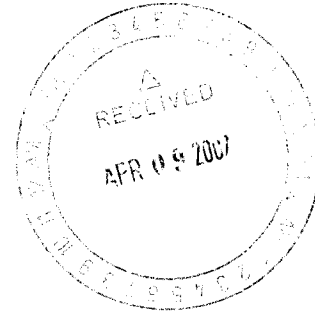




PETE LEATHARD
President

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,

VECO Supports Kenai LNG Plant Extension for two years.

VECO is an Alaskan owned and headquartered company. The company was started in Kenai in 1968, and we have continuously operated there for the past 39 years. VECO Alaska currently employs over 2,500 employees throughout the State of Alaska.

VECO is 100% in favor of granting a two year license extension from April 1, 2009 to March 31, 2011. Our primary reasons are as follows:

- Kenai LNG plant has been a world class operation since 1969. The positive economic benefits of the plant operation, and related drilling, pipeline, etc. have been enjoyed by thousands of various company employees, suppliers, etc. for almost 40 years. Bill Allen, VECO's CEO, started his Alaskan employment working on these Cook Inlet projects.
- VECO is headquartered in Anchorage and many of our employees live and work in Anchorage. Their families are dependent on Cook Inlet natural gas. The industry has been dramatically increasing drilling in this area for the past several years. As an example, from 2001-2005 there were 75 wells drilled. This five year period (2001-2005) had over four times as many wells drilled as the previous 15 years, which had 18. Companies will not actively drill for gas, or oil deposits, if there is not a ready market to sell their products at competitive prices.
- The local utility market does not have a supply need for this gas during the two year extension period. This plant provides back up energy supplies during peak winter weather conditions for consumers. Could you imagine not having heat in your Alaskan house in the middle of winter because the LNG facility was closed?



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- Through the extension period, at a minimum, there will be more supply available than demand at competitive economic prices. Can you imagine the potential cost and reservoir damage, if gas wells were shut in? We have a lot of first hand experience of this occurring in Colorado and other areas that we work.
- ConocoPhillips and Marathon have been two great long term employers and community supporters over the life of Kenai LNG. They have continuously invested in Cook Inlet and Alaska by hiring Alaskans, Alaskan contractors, Alaska suppliers, etc. They have furthered educated our kids by providing tours of the facility. Our young folks need to see good employment opportunities. These two companies have been showing their facility off to thousands of students and interns over the years.

Alaska needs the LNG license extended. At some point, we may need to import gas through this facility or export Alaska North Slope gas through it. The owners and operator of the facility have done a great job with it. Keep it open and keep hiring Alaskans.

Please contact me if further information is required.

Sincerely,

Pete Leathard

President

VECO Corporation

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