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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,

Approval of the Kenai LNG plant export license extension is important to the economy and energy security of Southcentral Alaska. Specifically, the continued operation of the plant provides the following positive contributions:

- The LNG plant generates over $70 million per year in wages, taxes, royalties and local spending. In addition, the plant directly supports 58 jobs and indirectly supports an estimated 128 jobs. Maintaining this part of the Alaskan economy is important to the over- all economic health of the Kenai Peninsula.
- The LNG plant provides gas supply stability for Southcentral Alaska by backing up gas supplies for local utilities during periods of peak demand on cold days or when disruptions occur in the gas supply system. There is currently no alternative to the backup gas supply provided by the LNG plant. If the plant ceases operation in 2009, the local utilities will need to invest or pay others to invest in costly peaking gas facilities. This cost will ultimately get passed on to consumers.
- The LNG plant drives investment in the development of natural gas resources. Resources developed for the LNG plant can and will be used both during the life of the LNG plant and after exports end to meet local demand. Maintaining natural gas demand is vital to the economics of gas exploration and development in the Cook Inlet.
- All independent third parties that have published studies agree that the resource base in the Cook Inlet is substantial. There is little doubt that the known and potential gas resources in Cook Inlet are sufficient to meet local needs for the foreseeable future as well as the export volumes requested by ConocoPhillips and Marathon.
- Preservation of the LNG plant infrastructure provides options to either continue exports into the future or convert the plant into a regasification facility should the need ever arise.
- There is no utility market demand for the gas planned for export in the 2009 to 2011 timeframe. If the gas cannot be exported, it may be shut-in which would likely result in lost reserves and reduced deliverability.

For the reasons described above, the continued operation of the Kenai LNG plant is in the public interest. I respectfully request that the Department of Energy approve the LNG export license extension as requested by ConocoPhillips and Marathon.

Sincerely,

Merle L Mullin

M. L. Mullin

04-01-07

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