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December 11, 2013

Mr. John Anderson
U.S. Department of Energy
Office of Fossil Energy
Docket Room 3F-056, FE-50
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1000 Independence Avenue, S.W.
Washington, D.C. 20585

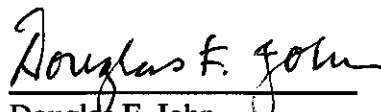
**Re: ConocoPhillips Alaska Natural Gas Corp., Docket No. 13-155 -LNG
Application for Blanket Authorization to Export Liquefied Natural
Gas from Alaska to Non-Free Trade Agreement Countries**

Dear Mr. Anderson:

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. § 717b, and Part 590 of the regulations of the Department of Energy, 10 C.F.R. Part 590 (2013), ConocoPhillips Alaska Natural Gas Corporation hereby files an original and fifteen (15) copies of its "Application for Blanket Authorization to Export Liquefied Natural Gas from Alaska to Non-Free Trade Agreement Countries." An electronic copy of the application is provided on the enclosed compact disk. A check in the amount of \$50 is enclosed as the filing fee stipulated by 10 C.F.R. § 590.207 (2013).

I have enclosed four (4) copies of the application to be date stamped and returned to our messenger. Thank you for your attention to this matter. If you have any questions regarding this filing, please contact the undersigned at (202) 429-8801.

Respectfully submitted,



Douglas F. John
Elizabeth A. Zembruski

Counsel for ConocoPhillips Alaska Natural
Gas Corporation.

Enclosures

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

In the matter of:

**CONOCOPHILLIPS ALASKA
NATURAL GAS CORPORATION**

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FE Docket No. 13-____-LNG

**APPLICATION FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS FROM ALASKA
TO NON-FREE TRADE AGREEMENT COUNTRIES**

Pursuant to Section 3 of the Natural Gas Act (“NGA”), 15 U.S.C. § 717b, and Part 590 of the Department of Energy’s (“DOE”) regulations, 10 C.F.R. Part 590 (2013), ConocoPhillips Alaska Natural Gas Corporation (“CPANGC”) hereby submits this application to DOE’s Office of Fossil Energy (“DOE/FE”) for an order granting blanket authorization to export a quantity of liquefied natural gas (“LNG”) in an amount up to the equivalent of 40 billion cubic feet (“Bcf”) of natural gas on a cumulative basis over a two-year period.¹ CPANGC seeks blanket authorization to export this volume of LNG from facilities located near Kenai, Alaska, on its own behalf or as agent for others, to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy (“non-FTA countries”). CPANGC seeks such authorization for a two-year period to commence on the date of issuance of the order granting the requested authorization. In support of this application, CPANGC submits the following:

¹ CPANGC is contemporaneously filing with DOE/FE an “Application for Blanket Authorization to Export Liquefied Natural Gas from Alaska to Free Trade Agreement Countries.” CPANGC seeks blanket authorization to export up to the equivalent of 40 Bcf of LNG on an aggregate basis under both the FTA and non-FTA authorizations.

I.
COMMUNICATIONS AND CORRESPONDENCE

All correspondence and communications concerning this application, including all service of pleadings and notices, should be directed to the following persons:²

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Pursuant to the requirements of 10 C.F.R. § 590.103(a) (2013), CPANGC hereby certifies that the persons listed above and undersigned are its duly authorized representatives.

II.
DESCRIPTION OF APPLICANT

The exact legal name of CPANGC is ConocoPhillips Alaska Natural Gas Corporation. CPANGC is a Delaware corporation with its principal place of business in Anchorage, Alaska. CPANGC is a wholly-owned subsidiary of ConocoPhillips Company (“ConocoPhillips”), a publicly-traded Delaware corporation. CPANGC is authorized to do business in the State of

² CPANGC requests waiver of 10 C.F.R. § 590.202(a) (2013) to the extent necessary to include outside counsel on the official service list in this proceeding.

Alaska, among other states. CPANGC is the operator and indirect owner of natural gas liquefaction and marine terminal facilities located near Kenai, Alaska (“Kenai LNG Facility”).³

III. AUTHORIZATION REQUESTED

CPANGC seeks blanket authorization to export up to 40 Bcf of LNG from the Kenai LNG Facility, acting on its own behalf or as agent for others, to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy. CPANGC is willing to comply with the agency requirements imposed by DOE/FE in a series of recent orders.⁴ CPANGC seeks such authorization for a two-year period to commence on the date of issuance of the order granting the requested authorization. CPANGC expects that LNG prices will vary from time to time to reflect changes in market conditions. Consistent with DOE/FE precedent, natural gas purchase and sales contracts are not being filed as part of this application for blanket authorization to export LNG from the Kenai LNG Facility.⁵ CPANGC certifies that there are no other proceedings related to this application currently pending at either DOE or any other Federal agency.

³ Effective August 2, 2011, CPANGC became the sole owner of the stock interests and assets in the natural gas liquefaction and export facilities at Kenai, Alaska, having taken ownership of the 30% interest in such stock and assets previously owned by Marathon Oil Company (“Marathon”). From and after that date, Marathon has ceased to have any direct or indirect ownership or operating interest in such facilities.

⁴ See, e.g., *Freeport LNG Expansion, L.P. and FLNG Liquefaction, LLC*, DOE/FE Order No. 2913 (Feb. 10, 2011) (approving applicants’ proposal to register each LNG title holder for whom they seek to export LNG as agent, with such registration including a written statement by the title holder acknowledging and agreeing to comply with all applicable requirements included by DOE/FE and to include those requirements in any subsequent purchase or sale agreement entered into by that title holder).

⁵ *Phillips Alaska Natural Gas Corp. and Marathon Oil Co.*, DOE/FE Order and Opinion No. 1580, 2 FE ¶ 70,472 (Apr. 10, 2000) (Order No. 1580).

IV. BACKGROUND

CPANGC has the ability to manufacture LNG from natural gas that is produced from fields in the Cook Inlet region of Southcentral Alaska and transported by CPANGC or its affiliate-owned pipeline to the Kenai LNG Facility. As discussed below, CPANGC or its predecessors exported LNG from the State of Alaska for over forty-five years pursuant to several, sequential export authorizations granted by DOE/FE or its predecessor agencies.

The original long-term authorization to export LNG to Japan was granted to CPANGC predecessor Phillips Petroleum Company (“Phillips”) and Marathon by the Federal Power Commission (“FPC”) in 1967.⁶ Phillips and Marathon were specifically authorized to export LNG from the State of Alaska to supply Tokyo Electric Power Company Inc. (“Tokyo Electric”) and Tokyo Gas Company Limited (“Tokyo Gas”) for a 15-year period terminating on May 31, 1984. The 1967 order also authorized Phillips and Marathon to construct the necessary liquefaction and marine terminal facilities in the Cook Inlet Basin near Kenai, Alaska. The original export authorization was subsequently amended by DOE/FE’s predecessor, Economic Regulatory Administration (“ERA”),⁷ in 1982, 1986, 1987, and 1988.⁸

On July 28, 1988, ERA granted Phillips 66 Natural Gas Company and Marathon an extension of the long-term authorization to export LNG to Japan for a 15-year period ending

⁶ *Phillips Petroleum Co. and Marathon Oil Co.*, 37 FPC ¶ 777 (Apr. 19, 1967).

⁷ In 1977, the FPC’s regulatory authority over imports and exports of natural gas was transferred to the Secretary of Energy by the Department of Energy Organization Act, 42 U.S.C. §§ 7151, 7172. In turn, the Secretary of Energy delegated the authority to the Administrator of the Economic Regulatory Administration, Delegation Order No. 0204-111, 49 Fed. Reg. 6690 (Dep’t of Energy Feb. 22, 1984), and then to the Assistant Secretary of Fossil Energy, Delegation Order No. 0204-127, 54 Fed. Reg. 11436 (Dep’t of Energy Mar. 10, 1989). On September 23, 2005, this authority was delegated to the Assistant Secretary of Fossil Energy in Redelegation Order No. 00-002.04B.

⁸ See DOE/ERA Opinion and Order No. 49, 1 ERA ¶ 70,116 (Dec. 14, 1982) (extending export authority through May 31, 1989); DOE/ERA Opinion and Order 49-A, 1 ERA ¶ 70,127 (Apr. 3, 1986) (transferring export authorization from Phillips Petroleum Company to Phillips 66 Natural Gas Company); DOE/ERA Opinion and Order No. 206, 1 ERA ¶ 70,128 (Nov. 16, 1987) (amending pricing formula for LNG exports); DOE/ERA Opinion and Order No. 261, 1 ERA ¶ 70,130 (Jul. 28, 1988) (approving extension and modification of export authorization).

March 31, 2004. DOE/FE subsequently approved the transfer of the authorization from Phillips 66 Natural Gas Company to Phillips Alaska Natural Gas Corporation (“PANGC”) and approved amendments of the long-term export authorization in 1991, 1992, and 1995.⁹

On April 2, 1999, DOE/FE granted PANGC, which was subsequently renamed ConocoPhillips Alaska Natural Gas Company, and Marathon another five-year extension of the long-term authorization to annually export up to 64.4 Trillion British thermal units (“TBtus”) of LNG from the State of Alaska to Japan for a period commencing April 1, 2004 and terminating March 31, 2009.¹⁰ DOE/FE approved amendments to this long-term export authorization in 2000 and 2008.¹¹

On April 10, 2000, DOE/FE granted CPANGC and Marathon blanket authorization to export up to 10 TBtus of LNG from the Kenai LNG Facility to international markets over a two-year period.¹² This blanket authorization, which supplemented the long-term authorization issued by DOE/FE on April 2, 1999, was activated on September 29, 2007. DOE/FE later granted the request of CPANGC and Marathon to vacate this blanket authorization on April 1, 2009, contemporaneous with the effective date of the blanket authorization granted in Order No. 2500 (discussed below).

On June 3, 2008, DOE/FE issued Order No. 2500, which authorized CPANGC and Marathon to export up to 99 TBtus of LNG on a short-term or spot-market basis from the Kenai

⁹ See DOE/FE Opinion and Order No. 261-A, 1 FE ¶ 70,454 (Jun. 18, 1991) (amending pricing formula for LNG exports); DOE/FE Opinion and Order No. 261-B, 1 FE ¶ 70,506 (Dec. 19, 1991) (transferring export authorization from Phillips 66 Natural Gas Company to PANGC); DOE/FE Opinion and Order No. 261-C, 1 FE ¶ 70,607 (Jul. 15, 1992) (increasing annual export authority to Japan from 52 TBtus to 64.4 TBtus); DOE/FE Opinion and Order No. 261-D, 1 FE ¶ 71,087 (Mar. 2, 1995) (amending pricing formula for LNG exports); DOE/FE Opinion and Order No. 261-E, 2 FE ¶ 71,429 (Jul. 18, 1997) (dismissing complaint).

¹⁰ DOE/FE Opinion and Order No. 1473, 2 FE ¶ 70,317 (Apr. 2, 1999) (Order No. 1473).

¹¹ See DOE/FE Opinion and Order No. 261-F (Jun. 20, 2000) (amending pricing provisions of Japanese sales contracts); DOE/FE Opinion and Order No. 261-G, 2 FE ¶ 71,597 (Jan. 30, 2008) (reflecting name change from PANGC to CPANGC).

¹² DOE Opinion and Order No. 1580, 2 FE ¶ 70,472 (Apr. 10, 2000).

LNG Facility to Japan and/or one or more countries in the Pacific Rim over a two-year period commencing on April 1, 2009 and terminating March 31, 2011.¹³ DOE/FE affirmed this authorization on rehearing in Order No. 2500-A.¹⁴

Most recently, on October 5, 2010, DOE/FE issued Order No. 2860, which granted CPANGC and Marathon blanket authorization to export the balance of the 99 TBtus of LNG authorized for export in Order Nos. 2500 and 2500-A which had not been exported by the termination of that authorization on March 31, 2011.¹⁵ This most recent authorization to export LNG from the Kenai LNG Facility to Japan and/or one or more other countries in the Pacific Rim with which trading is not prohibited by United States law commenced on April 1, 2011 and expired on March 31, 2013. CPANGC did not apply to extend this export authorization beyond March 31, 2013 due to then-perceived uncertainties regarding the near-term adequacy of natural gas supplies in the Cook Inlet region for regional needs. As discussed below, circumstances have changed to remove those uncertainties and justify the instant application.

V. PUBLIC INTEREST ANALYSIS

Under Section 3 of the NGA, DOE/FE must authorize an export of natural gas from the United States to a foreign country unless there is a finding that the export “will not be consistent with the public interest.”¹⁶ DOE/FE has found that Section 3 of the NGA creates a statutory presumption in favor of approval of a properly-framed export application, which opponents bear

¹³ DOE/FE Order and Opinion No. 2500, 2 FE ¶ 71,623 (Jun. 3, 2008) (Order No. 2500).

¹⁴ DOE/FE Order and Opinion No. 2500-A, 2 FE ¶ 71,652 (Jul. 30, 2008) (Order No. 2500-A).

¹⁵ DOE Order and Opinion No. 2860 (Oct. 5, 2010). Of the 99 TBtus authorized by DOE/FE in Orders Nos. 2500, 2500-A and 2860, approximately 82 TBtus were exported prior to the expiration of the last authorization on March 31, 2013.

¹⁶ 15 U.S.C. § 717b. Natural gas is defined to include LNG in 10 C.F.R. § 590.102(i) (2013).

the burden of overcoming.¹⁷ DOE/FE's public interest determination is guided by DOE Delegation Order No. 0204-111, which "designates domestic need for the natural gas proposed to be exported as the only explicit criterion that must be considered in determining the public interest."¹⁸ DOE/FE has found the regional need for the natural gas proposed to be exported to be the principal focus of its review for an application for authorization to export LNG from the State of Alaska.¹⁹ DOE/FE has in turn evaluated regional need in Southcentral Alaska by determining whether there is sufficient evidence that regional natural gas supplies will be adequate to meet both regional needs and the proposed LNG export during the relevant export period. DOE/FE has also considered other factors to the extent they are shown to be relevant to the public interest determination for an export authorization.

As demonstrated below, CPANGC's application for blanket authorization to export LNG from the Kenai LNG Facility to non-FTA countries is not inconsistent with the public interest. The natural gas to be exported by CPANGC under the requested blanket authorization is not needed to meet regional demand for natural gas during the proposed export period. Moreover, by providing an additional source of demand, particularly during the warmer months when domestic demand is low, the requested export authorization will also provide tangible benefits to the local community by not only preserving gas well deliverability and enhancing the current supply security of Southcentral Alaska but also by providing an economic incentive and market opportunity for continued exploration and additional gas supply development in the Cook Inlet.

¹⁷ DOE/FE Opinion and Order No. 1473 at p. 13, *citing*, *Panhandle Producers and Royalty Owners Association v. ERA*, 822 F. 2d 1105, 1111 (D.C. Cir. 1987), the court found Section 3 of the NGA "requires an affirmative showing of inconsistency with the public interest to deny an application" and that a "presumption favoring...authorization...is completely consistent with, if not mandated by, the statutory directive." *See also Independent Petroleum Association v. ERA*, 870 F. 2d 168, 172 (5th Cir. 1989); *Panhandle Producers and Royalty Owners Association v. ERA*, 847 F. 2d 1168, 1176 (5th Cir. 1988).

¹⁸ Order No. 1473 at p. 14, *citing*, Delegation Order No. 0204-111, 49 Fed. Reg. 6684 (Feb. 22, 1984).

¹⁹ Order No. 1473 at p. 15, n. 48; Order No. 2500 at pp. 44-45.

A. There Are Sufficient Natural Gas Supplies to Meet Regional Needs During the Proposed Export Period

1. Letter from the State of Alaska's Department of Natural Resources

A recent letter from the State of Alaska's Department of Natural Resources ("DNR") to ConocoPhillips Alaska, which is being filed in Appendix C to this application, discusses the recent change in circumstances and highlights the vital role that the Kenai LNG Facility plays in providing natural gas supply security in Southcentral Alaska. The letter also addresses the unique role played by the Kenai LNG Facility as an additional source of demand during warmer periods, which will help preserve gas well deliverability and provide an economic incentive and market opportunity for continued exploration in the Cook Inlet.

The DNR letter, dated September 5, 2013, requested that CPANGC file an application with DOE/FE for authorization to export LNG from the Kenai LNG Facility in order to provide an additional market opportunity for natural gas produced in the Cook Inlet. The DNR discusses several reasons why there has been a resurgence in investment and exploration in the Cook Inlet in recent years. Among those are legislative support for tax credits, ownership transitions and state advocacy. These have led to significant and successful spending in Cook Inlet by new companies with substantial exploration budgets and in-field developments that are revitalizing existing fields. The DNR explains that this investment not only brings energy security, but also jobs and economic opportunities to Alaskans.

However, the DNR expresses concern that future exploration budgets may be scaled back now that local utility demand is contracted until 2018. More specifically, the DNR is concerned that companies will lack the incentive to invest in continued exploration activities if there are no market opportunities for natural gas, which could in turn lead to supply contractions in the future as existing wells' production levels decline.

The DNR also notes that current lack of natural gas demand threatens the long-term deliverability of both existing and future Cook Inlet area wells. Specifically, during periods of low domestic demand (such as the warmer seasons) producing wells may need to be shut-in, allowing water encroachment/saturation and destabilization of the reservoir near the well bore, with a consequent loss of both well deliverability as well as ultimate recovery of the gas resource. The DNR notes that renewed operations and export from the Kenai LNG Facility would provide an additional market for produced gas during the warmer seasons and avoid these negative impacts to well deliverability and resource recovery.

The DNR concludes that the reopening of the Kenai LNG Facility is the only viable means of creating the incremental near-term market (*e.g.*, one that can materialize within the period covered by the export authorization described in this application) needed to sustain exploration and development budgets and activity in the Cook Inlet.

2. Cook Inlet Natural Gas Supply

In DOE Opinion and Order No. 2680, DOE/FE found that there were sufficient supplies of natural gas to satisfy both local demand and the export volume during the two-year export period which expired on March 31, 2013. DOE/FE reached that conclusion based in part on three studies filed by CPANGC as part of its application in Docket No. FE10-63-LNG, including the “Preliminary Engineering and Geological Evaluation of Remaining Cook Inlet Gas Reserves” (“2009 DNR Study”) issued by the DNR’s Division of Oil and Gas and Division of Geological & Geophysical Surveys in December 2009.²⁰ The DNR undertook this study to quantify remaining accessible reserves in major natural gas fields in the Cook Inlet and

²⁰ State of Alaska, Department of Natural Resources, Division of Oil and Gas and Division of Geological & Geophysical Surveys, *Preliminary Engineering and Geological Evaluation of Remaining Cook Inlet Gas Reserves* (Dec. 2009), available at: http://dog.dnr.alaska.gov/ResourceEvaluation/Documents/Cook_Inlet_Natural_Gas_Production_Cost_Study.pdf.

categorize these volumes based on readiness and certainty of production. The 2009 DNR Study concluded that “enough proved and probable gas reserves exist in Cook Inlet Reservoirs to satisfy local demand well into, and possibly beyond the next decade.”²¹

In June 2011, the DNR’s Division of Oil and Gas issued a new study entitled, “Cook Inlet Natural Gas Production Cost Study” (“2011 DNR Study”), which built upon the 2009 DNR Study.²² The 2011 DNR Study analyzed what investment and associated producer revenues would be required to generate specific rates of return from developing the Cook Inlet natural gas reserves identified in the 2009 DNR Study to meet existing Cook Inlet natural gas demand requirements through 2025. The 2011 DNR Study estimated that there is approximately 1,500 Bcf of natural gas reserves in existing fields in Cook Inlet.²³ Among the conclusions reached in the 2011 DNR Study is that, given sufficient continued investments, the Cook Inlet basin is capable of supplying regional natural gas needs through 2018-2020²⁴ while inclusion of the most likely pay category of resource would extend this past 2025.²⁵ The 2011 DNR Study assumed that there would be no LNG export demand, but also assumed the absence of exploratory success. The DNR’s September 5, 2013 letter indicates that, based in large part on the exploratory successes that have occurred in the interim, the DNR now believes that there will be

²¹ *Id.* at p. 34. The study assumed that CPANGC and Marathon would produce and export the full 99 TBtus of LNG authorized in Order No. 2500 by March 31, 2011, and that LNG exports would cease as of that date. However, the 2009 DNR Study did not conclude that regional demand would only be met after March 2011 if that premise held true, and DNR subsequently clarified that its study should not be interpreted to imply such a conclusion. In a letter dated March 15, 2010, the DNR clarified that the 2009 DNR Study provided a basis for there being a supply of natural gas for continuation of LNG exports after March 31, 2011 (pursuant to the export authorization granted to CPANGC in DOE Opinion and Order No. 2860) while also meeting local demand. CPANGC filed a copy of that letter with DOE/FE as part of its application in Docket No. FE10-63-LNG.

²² State of Alaska, Department of Natural Resources, Division of Oil and Gas, *Cook Inlet Natural Gas Production Cost Study* (Jun. 2011), available at: http://dog.dnr.alaska.gov/ResourceEvaluation/Documents/Cook_Inlet_Natural_Gas_Production_Cost_Study.pdf.

²³ *Id.* at p. 9, Figure 6.

²⁴ *Id.* at pp. 23-24.

²⁵ *Id.* at p. 4, Figure 2, Geologic Analysis, Pay + 50%-risk Potential_Pay Category (643 BCF increment, 4 fields).

enough natural gas to support both regional natural gas needs and LNG exports during the proposed export period. Aside from DNR discovered reserves assessments, the DNR's September 2013 letter also indicates that the United States Geological Survey ("USGS") has estimated that the Cook Inlet area basin may also contain trillions of cubic feet of undiscovered gas resources. Specifically, the USGS latest assessment of Cook Inlet undiscovered gas resources indicates total undiscovered gas resource estimates for Cook Inlet ranging from a minimum (F95) of over 3,100 Bcf to a maximum (F5) of over 28,000 Bcf with a mean estimate of over 13,000 Bcf from the conventional gas resource category alone²⁶ while even the more conservative gas resource estimating methods of the Potential Gas Agency, Colorado School of Mines indicates a total most likely gas resource of over 4,400 Bcf.²⁷

3. Southcentral Alaskan Utilities' Needs Are Satisfied

Confirmation that the volumes for which export authorization is here being sought will be surplus to local needs is provided by the fact that the regional demand for Cook Inlet natural gas attributable to Southcentral Alaskan utilities is contracted through the first quarter of 2018. The Regulatory Commission of Alaska ("RCA") has approved natural gas supply contracts which will meet all of Chugach Electric Association, Inc.'s ("Chugach") – the largest utility in Southcentral Alaska – natural gas requirements through the first quarter of 2018.²⁸ All of

²⁶ *Assessment of Undiscovered Oil and Gas Resources of the Cook Inlet Region, South Central Alaska, 2011*, USGS Fact Sheet 2011-3068, available at: <http://pubs.usgs.gov/fs/2011/3068/fs2011-3068.pdf>.

²⁷ *Assessment of Potential Gas Resources of the United States* at p. 56 (Dec. 31, 2012). CPANGC is providing a copy of the relevant pages from the report in Appendix D to this application with the written permission of the Potential Gas Committee, Colorado School of Mines.

²⁸ *See Chugach Electric Ass'n Inc.*, Docket No. TA305-8, Letter Order No. L0900456 (Aug. 21, 2009) (approving Base Contract for Sale and Purchase of Natural Gas with ConocoPhillips and ConocoPhillips Alaska that satisfies 50% of Chugach's needs through December 2014, approximately 70% of such needs during 2015, and approximately 35% of such needs in 2016); *Chugach Electric Ass'n Inc.*, Docket No. TA316-8, Letter Order No. L1000175 (May 17, 2010) (approving Base Contract for Sale and Purchase of Natural Gas with Marathon, which was subsequently assigned to Hilcorp, that meets the remaining 50% of Chugach's needs through December 2014); *Chugach Electric Ass'n Inc.*, Docket No. TA377-8, Letter Order No. L1300429 (Sept. 10, 2013) (approving Gas

ENSTAR Natural Gas Company's ("ENSTAR") natural gas requirements through the first quarter of 2018 will also be met pursuant to RCA-approved natural gas supply contracts.²⁹ Municipal Light and Power ("ML&P") recently entered into a supplemental natural gas purchase agreement with ConocoPhillips, ConocoPhillips Alaska, Inc. ("ConocoPhillips Alaska"), and CPANGC for gas purchases through 2019.³⁰ Matanuska Electric Association also recently filed a natural gas supply contract with Hilcorp Alaska, LLC ("Hilcorp") for RCA approval in Docket No. Docket U-13-160, which would meet its fuel requirements for a new power plant through the first quarter of 2018. Under these circumstances, the LNG to be exported by CPANGC pursuant to the requested blanket authorization can be safely assumed not to be needed to satisfy the requirements of utilities in Southcentral Alaska during the proposed export period.

4. Natural Gas Storage Developments in Cook Inlet

There have also been significant natural gas storage developments in Cook Inlet since CPANGC filed its previous export application with DOE/FE in June 2010. Cook Inlet Natural Gas Storage Alaska, LLC ("CINGSA"), a new underground natural gas storage facility located in Kenai, Alaska, began operations in 2012. The natural gas storage facility currently has a working gas capacity of 11 Bcf which may be expanded in the future. Natural gas injected into the storage facility during summer months by CINGSA's firm customers – Chugach, ENSTAR and ML&P – provided incremental deliverability in periods of peak demand during the winter of

Sale and Purchase Agreement with Hilcorp that will satisfy up to 100% of Chugach's unmet natural gas requirements for 2015 through the first quarter of 2018).

²⁹ See *ENSTAR Natural Gas Co.*, Docket No. TA239-4, Letter Order No. L1300387 (Aug. 2, 2013) (approving Gas Sales Agreement with Buccaneer Alaska, LLC that will help satisfy ENSTAR's needs for 2014 through June 2016); *ENSTAR Natural Gas Co.*, Docket No. TA241-4, Letter Order No. L1300408 (Aug. 16, 2013) (approving Gas Sales Agreement with ConocoPhillips, ConocoPhillips Alaska and CPANGC that will help satisfy ENSTAR's needs for 2016 and 2017); *ENSTAR Natural Gas Co.*, Docket No. TA242-4, Letter Order No. L1300428 (Sept. 9, 2013) (approving Gas Sale and Purchase Agreement with Hilcorp Alaska, LLC that satisfies ENSTAR's unmet needs through the first quarter of 2018).

³⁰ See *Municipality of Anchorage d/b/a Municipal Light & Power*, Docket No. TA331-121, Letter Order No. L1300506 (Nov. 8, 2013) (approving inclusion of the ML&P-ConocoPhillips Alaska GSA in ML&P's cost of power).

2012-2013. The availability of natural gas storage further reduces any risk that the natural gas supplies to be exported through the Kenai LNG Facility during the short duration of the requested blanket authorization will be needed to meet local demand.

5. Diversion of LNG Feedstock Gas In Times of Peak Need

Historically, CPANGC has diverted gas from the Kenai LNG Facility during times of peak need.³¹ As required, CPANGC will continue this practice to meet its supply obligations to local utilities during times of peak demand. However, as noted above, the largest Southcentral Alaska utilities' natural gas requirements are met through the first quarter of 2018 or longer. In addition, the new CINGSA natural gas storage facility provides winter peaking deliverability. DOE/FE predicted in Order No. 2500 that "market forces will drive the installation of adequate [local] delivery mechanisms . . . " such as "additional natural gas storage and other peak-shaving resources"³² As this prediction has proved true, in the prospective license period, CPANGC anticipates the Kenai LNG Facility primarily will support local winter deliverability by balancing demand during warmer periods and avoiding negative impacts to wells and resource recovery.

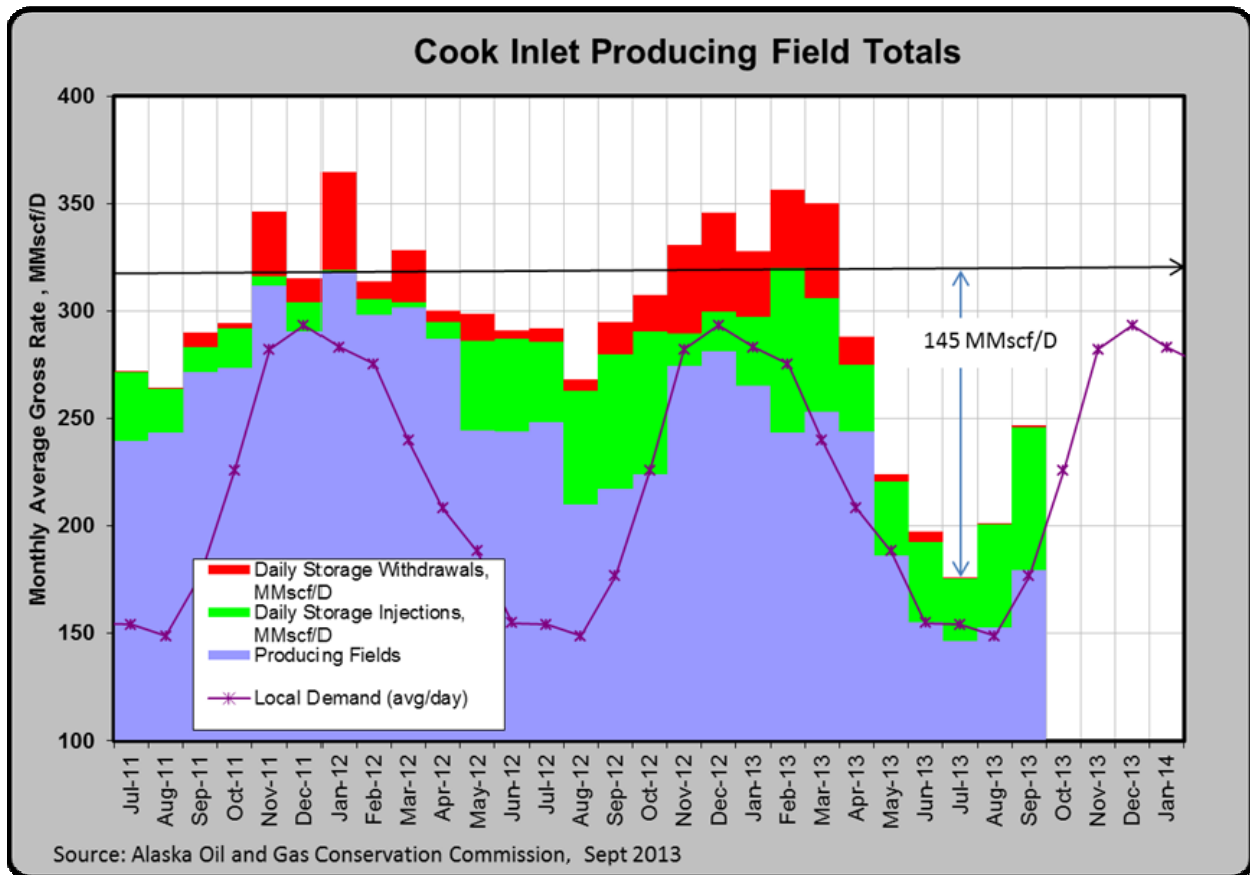
6. The Kenai LNG Facility Will Provide a Base Level of Demand to Prevent Well Shut-In

The Kenai LNG Facility has historically provided a base level of demand for natural gas during the summer months, which ensured that natural gas wells were not curtailed or shut-in due to decreased local utility demand during those months, hence protecting reserves and well deliverability to serve utility demand during the colder months. The Kenai LNG Facility's historical demand for natural gas in the warmer months was absent this past summer due to the fact that CPANGC's export authorization had expired on March 31, 2013. As illustrated below,

³¹ Order No. 2500 at p. 52; Order No. 2860 at p. 16.

³² Order No. 2500 at p. 52-53.

publicly-available data indicate that this lack of base demand for natural gas led to the shut-in of as much as 145 MMcf per day, as a monthly average, of Cook Inlet production during summer 2013.



Resumption of LNG exports by CPANGC pursuant to the requested blanket authorization will help alleviate this problem by restoring the base level of natural gas demand historically provided by the Kenai LNG Facility during warmer months.

B. Other Factors Relevant to the Public Interest

DOE/FE has previously stated that domestic need is the only explicit public interest consideration identified by DOE Delegation Order No. 0204-111, but that it will consider other factors to the extent they are shown to be relevant to its public interest determination, including benefits to the Alaskan economy³³ The Kenai LNG Facility has historically played an important role in the economy of Southcentral Alaska. When the Kenai LNG Facility is in operation, the plant employs approximately 50 people directly and 128 people indirectly generating an estimated \$13.4 million in personal income. The Kenai LNG Facility's impact on the state and local economy has been estimated by CPANGC to be \$20.1 million per year. In part by purchasing gas during warmer periods when local demand is low, the plant also facilitates the generation of many millions per year in royalties and taxes for the State of Alaska, as well as other tax revenues for the Kenai Peninsula Borough.

C. Letters and Resolutions in Support

In addition to the DNR letter discussed above, letters in support of the requested export authorization have been provided by Southcentral utility, production and exploration companies. Copies of these letters are being filed in Appendix E to this application. These letters provide corroborating evidence that the requested blanket authorization to export LNG will be consistent with the public interest and is important to the supply security of the Cook Inlet region.

³³ Order No. 2500 at pp. 55-56. *See also Yukon Pacific Corp.*, DOE Opinion and Order No. 350, 1 FE ¶ 70,259 (1989), *reh'g denied*, 1 FE ¶ 70,259 (1990) (considering the potential effects of the export on other aspects of the public interest).

VI. REQUEST FOR EXPEDITED ACTION

CPANGC requests that DOE/FE act upon this application as expeditiously as possible, preferably within 90 days, in order that the requested LNG export activity can be resumed during the second quarter of 2014. CPANGC believes that expedited action is warranted under the circumstances. CPANGC does not expect material, substantive opposition to the requested export authorization from key stakeholders in Southcentral Alaska. The DNR letter reproduced in Appendix C and the letters in support filed in Appendix E demonstrate support for issuance of the requested blanket authorization to CPANGC. In addition, CPANGC is relying upon a supply and demand study that DOE/FE has already evaluated in Order Nos. 2860, as supplemented by the 2011 DNR Study that is incorporated by reference in this application.

VII. ENVIRONMENTAL IMPACTS

Approval of this application is not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act of 1969, 42 U.S.C. § 4321 *et seq.*, and no environmental impact statement or environmental assessment is required. The proposed export of LNG would not require any changes to the Kenai LNG Facility.³⁴ The LNG manufacturing and storage facilities that will be utilized during the blanket authorization already exist and have been operated safely without major disruption of supply or accident from their startup in 1969.

³⁴ The Kenai LNG Facility has been maintained in cold standby mode since March 31, 2013, and has met all Federal Energy Regulatory Commission requirements necessary to re-commence export activity once DOE/FE export authorization has been secured.

VIII. APPENDICES

The following appendices are attached to this application and incorporated by references herein:

Appendix A: Verification

Appendix B: Opinion of Counsel

Appendix C: Letter from Department of Natural Resources

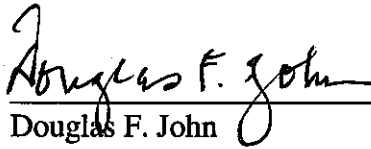
Appendix D: Report of the Potential Gas Committee

Appendix E: Letters in Support

IX. CONCLUSION

For the foregoing reasons, CPANGC respectfully requests that DOE/FE grant its request for blanket authorization to export LNG from the State of Alaska to any country with which the United States does not have a free trade agreement requiring national treatment for trade in natural gas and with which trade is not prohibited by United States law or policy as expeditiously as possible. The public interest test – which, as noted, is dependent on a showing that domestic needs will not go unmet – is satisfied. Rather than viewing the export and local markets as mutually exclusive, in this instance they should instead be seen as symbiotic. Resumption of LNG export activity will help ensure that regional natural gas demands will be satisfied by providing an economic incentive and market opportunity for continued exploration in the Cook Inlet.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Douglas F. John", is written over a horizontal line.

Douglas F. John

Elizabeth A. Zembruski

JOHN & HENGERER

Suite 600

1730 Rhode Island Avenue, N.W.

Washington, D.C. 20036

Phone: (202) 429-8800

Email: djohn@jhenergy.com

ezembruski@jhenergy.com

Counsel for ConocoPhillips Alaska Natural Gas
Corporation

Dated: December 11, 2013.


Appendix A

Verification

VERIFICATION

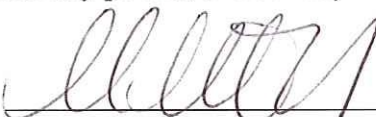
STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT) SS:

BEFORE ME, the undersigned authority, on this day personally appeared Darren Meznarich, who, having been by me first duly sworn, on oath says that he is Vice President of ConocoPhillips Alaska Natural Gas Corporation and is duly authorized to make this Verification; that he has read the forgoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.



Darren Meznarich

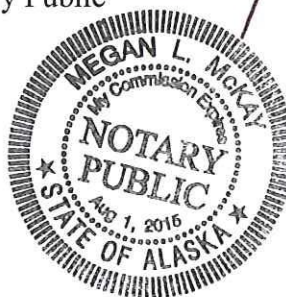
Subscribed and sworn to before me, a notary public, this 9th day of December, 2013.



Notary Public

My Commission expires:

08/01/2015



Appendix B

Opinion of Counsel



Joseph A. Farrell
Legal

ConocoPhillips Alaska
Natural Gas Corporation

P. O. Box 100360
Anchorage, AK 99510-0360
Phone: 907.265.6056
Fax: 907.263.4438

December 10, 2013

Office of Fuels Program
Fossil Energy, U.S. Department of Energy
Docket Room 3F-056, FE 50
Forrestal Building
1000 Independence Avenue, S.W.
Washington, D.C. 20585

**Re: Application of ConocoPhillips Alaska Natural Gas Corporation
Company for Blanket Authorization to Export Liquefied Natural Gas
from Alaska to Non-Free Trade Agreement Countries**

Dear Sir or Madam:

This opinion of counsel is provided in accordance with the requirements of Section 590.202(c) of the U.S. Department of Energy's regulations, 10 C.F.R. § 590.202(c) (2013). I have examined the Certificate of Incorporation and Bylaws of ConocoPhillips Alaska Natural Gas Corporation ("CPANGC"), a Delaware corporation, the Delaware corporation law and other authorities as necessary, and have concluded that the proposed exportation of liquefied natural gas by CPANGC is within its corporate powers. Further, CPANGC is authorized to do business in Alaska and engage in foreign commerce.

Respectfully,

A handwritten signature in blue ink, appearing to read "Joe Farrell".

Joe Farrell

Attorney for ConocoPhillips Alaska Natural Gas Corporation

Appendix C

Letter from Department of Natural Resources



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

Office of the Commissioner

550 West 7th Avenue, Suite 1400
Anchorage, Alaska, 99501-3650
Phone: 907.269.8431
Fax: 907.269.8918

September 5, 2013

Trond-Erik Johansen
President
ConocoPhillips Alaska
700 G Street, ATO 2100 (99501)
P.O. Box 100360
Anchorage, AK 99510-0360

Dear Mr. Johansen,

I am writing to you to request that ConocoPhillips take action to support the State's broad interests in continued investment and exploration in Cook Inlet. Recent filings at the Regulatory Commission of Alaska (RCA) indicate that local utility demands will be supported by contracts that cover the next five years, or until 2018. The State's objective is to foster an environment in Cook Inlet that continues to provide supplies of gas that are adequate to meet demand and can be reliably contracted for by local utilities. This requires market opportunities in the near term that incentivize companies to invest in the exploration and development today that will lead to secure supplies in the future. Robust oil and gas activity in the Inlet is critical to the State's primary focus on energy security – that an adequate supply of natural gas from Cook Inlet is available for Alaskans' heating and electricity needs.

To provide an additional market opportunity for gas from the Inlet, I request that Conoco Phillips file an application with the Department of Energy's Office of Fossil Energy for a three year authorization to export Liquefied Natural Gas (LNG) from your facility in Kenai, Alaska. In addition to promoting energy security, the oil and gas activity this market opportunity would support also advances the State's interests in economic health, robust employment, and responsible development of the State's abundant natural resources.

The current supply of local utilities' contracted gas is the result of a resurgence in investment in Cook Inlet during the last several years. A variety of factors have supported the recent increase, including legislative support for tax credits, ownership transitions, and state advocacy. Recent years have seen significant spending in the Inlet by new companies with substantial exploration budgets, as well as in-field developments that are revitalizing existing fields. This investment brings jobs and economic opportunities to Alaskans in addition to energy security. It is very much in Alaskans' interest that these high levels of Cook Inlet investment continue, both within existing fields and in new exploration areas.

Now that contracts can support local utility demands through 2018, there are concerns that future exploration budgets may be significantly scaled back. Without market opportunities for gas discoveries, companies lack the incentive to invest in continued exploration activities. In addition to the economic challenges this would present for those employed in the Cook Inlet energy industry, a lack of healthy exploration now may lead to supply contractions in the future as existing wells' production levels decline.

Diminished exploration budgets also hurt the State's interest in seeing its resources developed. State lands in Cook Inlet hold tremendous amounts of possibly recoverable natural gas, and the United States Geological Survey has estimated that the entire basin may still hold trillions of cubic feet. More market opportunities would create a more attractive business environment for gas sales that would in turn encourage aggressive exploration to utilize the State's resources.

Were exploration efforts to encounter significant success, new long-term industrial and economic opportunities in the State's interest, including long-term LNG exports, could be considered. While it appears that Agrium is interested in re-starting their facility, which would support a long-term demand for Cook Inlet supplies, their project start-up date could leave a gap in the near-term. It appears that the only near-term market opportunity for significant additional demand lies with the re-opening of the Kenai LNG facility.

As you are aware, limited market opportunities threaten the long-term deliverability of existing gas wells in addition to future exploration prospects. When existing wells that could be in production are 'shut-in' due to lack of demand for gas, water can migrate through the reservoir and mix with sandstone clays. This creates sand in the well bore and causes serious operational problems when there are attempts to restart production. Such operational problems negatively impact the State – especially in cases where the State is the resource owner – as they limit resource recovery and thus economic activity on leases. Renewed operations at the Kenai LNG facility will allow wells to maintain flow during the summer months when local utility demand is at its lowest and avoid these problems.

Consistent with the interests described above, I also request that you install an appropriate LNG truck-rack and other necessary equipment at the Kenai facility to support the shipment of LNG by truck throughout Alaska. The Governor and State Legislature have taken important steps to support the use of North Slope gas in the Interior of Alaska, including financial support for the build-out of distribution infrastructure. The installation of truck-rack equipment in Kenai would provide a back-up plan to strengthen Interior Alaska's energy security, as well as another possible outlet for Cook Inlet's gas supplies.

The operation of ConocoPhillips Kenai LNG export facility is needed to sustain exploration and development budgets and activity in the Inlet. The State's concern is that the recent rise in investment will falter if these kinds of market opportunities are not available in the near future. The State is making every effort to continue to support exploration in Cook Inlet and advance Alaska's interrelated interests in energy security, economic security, and resource recovery.

Thank you for your consideration. I would be happy to discuss these issues further and answer any questions that you may have. I look forward to continuing to work with you to support Cook Inlet's oil and gas industry.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Balash', with a long horizontal flourish extending to the right.

Joseph R. Balash
Acting Commissioner
Department of Natural Resources

Appendix D

Report of the Potential Gas Committee

Potential Supply of Natural Gas in the United States

Report of the Potential Gas Committee (December 31, 2012)

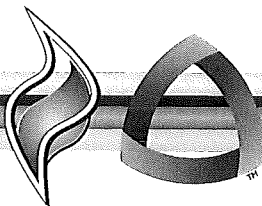
Natalie H. Reagan
President & General Chairman

Editorial Committee
Stephen D. Schwochow, Chairman

Kenneth H. Dwight
John D. Haun
J. Scott Jenkins
Allen L. Kelley

John B. Curtis (ex officio)
Michael K. Decker (ex officio)
Darrell L. Pierce (ex officio)

Colorado School of Mines
Potential Gas Agency
John B. Curtis, Director
Linda D'Epagnier, Administrative Manager



Potential Gas Agency

April 2013

Colorado School of Mines

Alaska Area

Natural gas production has been established in only four of the 31 provinces comprising the Alaska Area, but conventional resources are believed to exist in about twenty provinces. Petroleum is produced from the Alaska North Slope—both onshore (P-701) and in the nearshore Beaufort Sea (P-971)—and from Cook Inlet onshore and offshore (P-707, P-995) (Figure 37, p. 58). Cook Inlet's reserves were discovered in 1957, and Prudhoe Bay on the North Slope came online in 1968. Known and inferred conventional natural gas resources are concentrated primarily in the onshore and offshore areas surrounding the North Slope (including the northern Brooks Range foothills) and Cook Inlet, and secondarily in unexplored shallow-water shelf basins of the eastern Bering Sea. Postaccretionary Cenozoic sedimentary basins and lowlands of the Alaskan interior appear to be prospective for conventional gas accumulations and, in some cases, coalbed gas, but these areas remain almost entirely unexplored. Substantial coalbed gas resources exist in the Cook Inlet and North Slope basins.

The North Slope, Beaufort Sea, Bering Sea and Gulf of Alaska contain what the U.S. Geological Survey has indicated to be vast volumes of natural gas hydrates in place. Several projects are under way to characterize North Slope gas hydrate occurrences and properties and to evaluate drilling techniques and potential producibility. The PGC has not assessed technically recoverable natural gas hydrate resources.

To date, oil exploration and production have dominated because the region lacks the means to transport natural gas outside Alaska and to destinations within Alaska beyond the immediate North Slope and Cook Inlet production areas. Presently, all but about 0.5 Tcf of Alaska's approximately 3.2 Tcf of annual gross natural gas withdrawals is reinjected into North Slope oil reservoirs for pressure maintenance and enhanced oil recovery. North Slope associated gas that is not reinjected is consumed mostly for field operations, and 500 to 1,000 Mcfd of gas are delivered via pipeline to the Native village of Nuiqsut on the eastern boundary of the National Petroleum Reserve-Alaska (NPR-A). The only nonassociated gas presently produced on the North Slope supplies the village of Barrow.

Associated and nonassociated natural gas from Cook Inlet, where reserves are becoming depleted, is consumed in Anchorage area residential, commercial and powergen markets. On the Kenai Peninsula south of Anchorage, substantial volumes of natural gas are consumed in vital industrial

markets, specifically as oil refinery fuel and as feedstock for production of modest volumes of LNG that are exported to Japan. The latter operation, presently the country's only LNG export facility, has operated since 1969 but is now at reduced capacity and faces an uncertain future in light of the inlet's gas supply situation.

The PGC's year-end 2012 assessments of potential natural gas resources for the 31 provinces of the Alaska Area (onshore and offshore) are summarized in Table 12 (p. 56–57). The arithmetically additive grand total of the Most Likely values of Traditional resources (exclusive of coalbed gas) for all provinces is **143,050 Bcf**. The separately aggregated (nonadditive) mean grand total value is **193,831 Bcf**.

All resource assessments remained unchanged for 2012. No revisions were warranted based on the limited number of recent exploration and development wells drilled in the state's four oil-producing provinces—Cook Inlet (onshore P-707, and offshore P-995); North Slope (P-701), including the NPR-A; and state-administered waters (“submerged lands”) of the nearshore Beaufort Sea Shelf (P-971). Results of new gas-directed exploration drilling in the Brooks Range foothills are as yet unavailable for evaluation. The PGC has listed in its assessment table new potential shale plays (all unevaluated) in response to two companies' intentions to test for oil (and associated gas) in three shale horizons that represent the source rocks for Prudhoe Bay oil.

To complete the statistical overview of Alaska Area assessments, the PGC presents charts that illustrate historical trends in the assessments of Traditional resources since 1968, the first year that the PGC assessed resource categories for the state as a whole. Alaska's 31 provinces then were delineated in 1984 together with those of the Lower 48 States. Coalbed gas in all of Alaska's principal coal fields combined was first assessed in 1990. Figure 38 (p. 59) tracks in side-by-side comparative and arithmetically additive fashions the total Most Likely values of Traditional Probable, Possible and Speculative resources and total coalbed gas resources. The plots for the category mean values, beginning in 1988 (Figure 39A, p. 60), show similar trends but slightly different magnitudes, which result from statistical aggregation of the minimum/most likely/maximum distributions. In Figure 39B, only the total mean values are shown, as they are separately aggregated values rather than the arithmetic sums of the Probable, Possible and Speculative mean values. Total coalbed gas (Most Likely value) is shown for comparison. (The PGC does not aggregate coalbed gas resources at the Area level.)

Table 12. Potential Gas Committee assessments of recoverable resources of Traditional natural gas (conventional, tight and shale gas) and coalbed gas for provinces of the Alaska Area, December 31, 2012 (billion cubic feet).

PROVINCE	PROBABLE			POSSIBLE			SPECULATIVE			TOTAL
	Min.	M. Likely	Max.	Min.	M. Likely	Max.	Min.	M. Likely	Max.	M. Likely
Traditional (Conventional and Tight):										
Onshore, 0–15,000 ft										
P-701, Alaska North Slope	26,200	30,200	36,100	4,000	15,000	43,000	6,000	23,000	72,000	68,200
P-702, S. Foothills and Brooks Range	—	—	—	—	—	—	*	*	1,000	0
P-703, Yukon Flats and Kandik Basins	—	—	—	—	—	—	*	200	500	200
P-704, Alaska Interior Basins	—	—	—	—	—	—	*	500	2,500	500
P-705, Northern Gulf of Alaska	—	—	—	—	—	—	100	700	3,550	700
P-706, Southeastern Alaska	—	—	—	—	—	—	*	*	*	0
P-707, Cook Inlet-Susitna Basins	400	650	1,600	700	1,400	2,800	*	2,400	4,800	4,450
P-708, Alaska Peninsula-Shelikof	—	—	—	—	—	—	*	200	300	200
P-709, Alaska Peninsula-Bristol Bay	—	—	—	—	—	—	400	700	1,400	700
P-710, Aleutian Islands	—	—	—	—	—	—	*	*	1,000	0
Onshore, 15,000–30,000 ft										
P-701, Alaska North Slope	—	—	—	—	—	—	No reliable data			—
P-702, S. Foothills and Brooks Range	—	—	—	—	—	—	No data			—
P-703, Yukon Flats and Kandik Basins	—	—	—	—	—	—	No data			—
P-704, Alaska Interior Basins	—	—	—	—	—	—	No data			—
P-705, Northern Gulf of Alaska	—	—	—	—	—	—	No reliable data			—
P-706, Southeastern Alaska	—	—	—	—	—	—	*	*	*	*
P-707, Cook Inlet-Susitna Basins	—	—	—	—	—	—	*	*	*	*
P-708, Alaska Peninsula-Shelikof	—	—	—	—	—	—	No reliable data			—
P-709, Alaska Peninsula-Bristol Bay	—	—	—	—	—	—	No reliable data			—
P-710, Aleutian Islands	—	—	—	—	—	—	No reliable data			—
Traditional (Shale):										
Onshore, 0–15,000 ft										
P-701, Alaska North Slope	—	—	—	—	—	—	—	—	—	—
P-702, S. Foothills and Brooks Range	—	—	—	—	—	—	—	—	—	—
Offshore, 0-200 m										
P-971, Beaufort Sea Shelf	1,000	2,000	11,000	3,000	12,000	41,000	3,500	19,500	62,500	33,500
P-973, Chukchi Shelf	—	—	—	—	—	—	3,500	19,500	62,500	19,500
P-974, Norton Basin	—	—	—	—	—	—	*	200	600	200
P-975, Hope Basin	—	—	—	—	—	—	*	550	2,000	550
P-979, St. Matthew Basin-	—	—	—	—	—	—	*	*	*	0
Bethel Basin Shelf										
P-981, Navarin Basin Shelf	—	—	—	—	—	—	*	1,000	4,000	1,000
P-983, St. George Basin Shelf	—	—	—	—	—	—	200	1,500	2,500	1,500
P-985, Bristol Bay Shelf	—	—	—	—	—	—	1,850	3,750	6,000	3,750
P-987, Shumagin-Kodiak Shelf	—	—	—	—	—	—	200	1,700	5,200	1,700
P-989, Aleutian Shelf	—	—	—	—	—	—	*	*	1,000	0
P-991, Northern Gulf of Alaska Shelf	—	—	—	—	—	—	100	800	2,400	800
P-993, Southeastern Alaska Shelf	—	—	—	—	—	—	200	850	2,600	850
P-995, Cook Inlet Basin	200	400	800	350	700	1,400	*	1,000	2,400	2,100
Offshore, 200-1,000 m										
P-972, Beaufort Sea Slope	—	—	—	—	—	—	Not assessed			—
P-982, Navarin Basin Slope	—	—	—	—	—	—	*	*	500	*
P-984, St. George Basin Slope	—	—	—	—	—	—	*	*	500	*
P-988, Shumagin-Kodiak Slope	—	—	—	—	—	—	Not assessed			—
P-990, Aleutian Slope	—	—	—	—	—	—	*	*	*	*
P-992, N. Gulf of Alaska Slope	—	—	—	—	—	—	450	2,650	6,550	2,650
P-994, Southeastern Alaska Slope	—	—	—	—	—	—	No data			—
Offshore, >1,000 m										
P-980, Southwest Bering Sea Slope	NOT ASSESSED—ALL WATER DEPTHS >1,000 m									

* Negligible quantity of natural gas estimated.

Note: In addition to the Probable resource assessment of 6,000 Bcf for the North Slope province P-701, reserves of approximately 24,600 Bcf have been demonstrated to exist in fields currently developed on the Alaska North Slope according to estimates of the Committee on Natural Gas Reserves of the American Gas Association. Reserves of approximately 25,000 Bcf are included in reserves estimates published by the U.S. Department of Energy's Energy Information Administration. These reserves are not carried in assessments of proved reserves prepared by some companies and have been considered as additional Probable resources.

Table 12, continued.

TOTALS	PROBABLE			POSSIBLE			SPECULATIVE			TOTAL
	Min.	M. Likely	Max.	Min.	M. Likely	Max.	Min.	M. Likely	Max.	M. Likely
Sum of Most Likely Assessments										
Onshore, 0–15,000 ft (Traditional, C/T)		30,850			16,400			27,700		74,950
Onshore, 0–15,000 ft (Traditional, Sh)		0			0			0		0
Onshore, 0–15,000 ft (Total Traditional)		30,850			16,400			27,700		74,950
Onshore, 15,000–30,000 ft (Total Trad.)		*			*			*		*
Total Onshore, all drilling depths		30,850			16,400			27,700		74,950
Offshore, 0–200 m		2,400			12,700			50,350		65,450
Offshore, 200–1,000 m		*			*			2,650		2,650
Total Offshore, all water depths		2,400			12,700			53,000		68,100
AREA GRAND TOTAL (Most Likely Values)		33,250			29,100			80,700		143,050
AREA GRAND TOTALS (Mean Values)										
Total Onshore, all drilling depths		31,720			22,300			40,420		94,430
Total Offshore, all water depths		5,140			19,500			74,790		99,370
Grand Total (nonadditive)		36,860			41,820			115,130		193,830
PROVINCE	PROBABLE			POSSIBLE			SPECULATIVE			TOTAL
	Min.	M. Likely	Max.	Min.	M. Likely	Max.	Min.	M. Likely	Max.	M. Likely
Coalbed Gas Resources										
North Slope, Kobuk, Upper and Lower Koyukuk, Yukon Flats, Middle Tanana, Nenana, Copper River, Susitna, Cook Inlet, Alaska Peninsula coal basins	—	—	—	—	—	—	15,000	57,000	76,000	57,000
Total Coalbed Gas		0			0			57,000		57,000

* Negligible quantity of natural gas estimated.

Appendix E

Letters in Support



October 13, 2013

Colleen Starring
ENSTAR Natural Gas Company
3000 Spenard Road
P.O. Box 190288
Anchorage, AK 99519-0288

Re: Support Letter LNG Export

Dear Colleen;

As you know, Buccaneer Alaska, LLC ("Buccaneer") is a local producer of gas in the Cook Inlet, producing from the newly discovered, and in-development, Kenai Loop Field. Buccaneer was attracted to the Inlet because of the undeveloped nature of this mature basin, the aggressive incentive programs offered by the State, and the presence of a robust market for both natural gas and oil.

Buccaneer made its entry into the Cook Inlet in March 2010, and has subsequently drilled three (3) successful gas wells at its Kenai Loop Field. We have also completed our first offshore well at the Cosmopolitan project, which resulted in the discovery of a significant new gas reserves. Prior to the end of 2013, Buccaneer will be actively exploring and drilling for natural gas on its leases at the onshore West Eagle Unit.

Buccaneer has long-term commitments to the Glacier onshore rig, the Endeavour jack-up rig and the State of Alaska equating to a multi-year program. Since March 2010, Buccaneer has spent over \$100 Million dollars. Buccaneer believes it is vital to explore for new oil and gas reserves in South Central to stem the well-documented production declines.

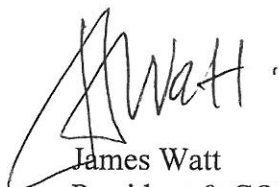
Buccaneer has always believed that these well-documented production shortfalls would eventually be satisfied by local production, but the development of a robust natural gas market would be required to ensure that the needs of the local community are met in an ongoing fashion in the long-term.

Recently, the State of Alaska requested that ConocoPhillips seek a reinstatement for its export license for the next three years. Like the State, we also agree that exporting LNG during this period makes sense for ConocoPhillips, the State and for producers like Buccaneer.

In the near term, access to the LNG market would stimulate more exploration and allow for quantities of gas in excess of the local market to be brought on-line and be available as local demand increases in the future. Allowing the LNG plant to begin liquefaction of natural gas also brings an economic benefit to the local economy in the form of increased employment and an expanded tax base.

Buccaneer is firmly committed to our exploration program in the Inlet and we are glad to support the State in asking ConocoPhillips to reopen the facility. We look forward to working with them in the very near future. We are also available at your convenience to meet and further discuss the reserve potential of Buccaneer's various projects in the Cook Inlet.

Sincerely,
BUCCANEER ALASKA, LLC

A handwritten signature in black ink, appearing to read "J Watt", is written over the printed name and title.

James Watt
President & COO

Cc Trond-Erik Johansen, ConocoPhillips



October 10, 2013

Bijan Agarwal
Vice President
Commercial Assets
ConocoPhillips Alaska
700 G Street, ATO 2126
Anchorage, Alaska 99510

RE: Potential Restart of LNG Exports from the ConocoPhillips Alaska, Kenai LNG facility

Dear Mr. Agarwal.

Cook Inlet Energy, LLC (CIE) is one of the largest independent producers of oil and natural gas in South Central Alaska. We have a robust drilling and exploration program on our 700,000 lease and exploration acres. As such we are encouraged that the State of Alaska has requested ConocoPhillips Alaska (CPA) evaluate the restart of the idle Kenai LNG facility. CIE is actively exploring for natural gas, and access to markets for the gas are an important consideration when determining our allocation of resources. CIE is interested in discussing further with CPA its LNG plans, and the commercial terms and conditions that would allow CIE to have gas processed at the LNG plant. We look forward to working with CPA regarding the overall South Central Alaska gas market and the larger LNG world market.

Regards,

David Hall
CEO



December 4, 2013

Bij Agarwal
Vice President, Commercial Assets
ConocoPhillips Alaska
700 G Street, ATO 2100
Anchorage, AK 99501

Subject: Nikiski LNG Export License

Dear Mr. Agarwal:

This letter is provided on behalf of the Matanuska Electric Association (MEA) in support of reestablishing ConocoPhillips (COP) Liquefied Natural Gas (LNG) export from the Kenai LNG plant.

MEA is Alaska's oldest and second largest electric utility serving 58,000 customers. MEA will begin generating its own natural gas-fired power in January 2015 and we currently have a gas supply contract through March 31, 2018 with Hilcorp Alaska.

There are several new players in Cook Inlet and the gas-using utilities are an inadequate market to support the investment required for a vigorous exploration effort, thus, there is a critical need for a market for new gas discoveries and the increased production from existing wells. Maintaining a vibrant market is important to all stakeholders to ensure continued investment at a level to maintain, and hopefully increase, available gas supply for utilities and a larger market. Reestablishing LNG export at Nikiski would immediately provide a place for gas produced by ConocoPhillips and others in Cook Inlet. Of course, should LNG export resume, MEA would expect that meeting local utility demand to be the priority for Cook Inlet natural gas. ConocoPhillips had always previously done this by voluntary curtailment of the LNG plant to allow gas supply to be diverted to home heating and power generation when required.

For these reasons, this letter is offered in support of reestablishing LNG export from the Kenai LNG Plant.

Sincerely,



Evan J. Griffith
General Manager

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NORDAQ ENERGY, INC.

"KNOWLEDGE AND VISION FOR ALASKA"

October 02, 2013

Bijan Agarwal
701 West Eighth Avenue, Suite 300
Anchorage, AK 99501-3469

Commissioner T. W. Patch, Chairman

Commissioner Paul Lisankie

Commissioner Norman Rokeburg

Commissioner Robert Pickett

Commissioner Jan Wilson

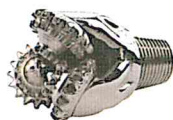
**RE: ConocoPhillips Alaska, Incorporated
Liquid Natural Gas Operations
Resumption of Operations and Export**

Dear Mr. Agarwal,

NordAq Energy, Inc. (NordAq) submits this letter of support and endorsement for the reauthorization to resume operations for the export of Liquid Natural Gas (LNG) from Cook Inlet. ConocoPhillips Alaska, Inc. (CPAI) suspended export operations from the Nikiski LNG plant and the export license lapsed on March 31, 2013. Concurrent with this action, Hilcorp Alaska LLC has assumed control of operations formerly held by UNOCAL and Marathon Oil Company (Marathon Alaska Production, LLC). The direct impact to other explorers and producers of natural gas in Cook Inlet is to face limited market access combined with prices that are below market, due to the settlement agreement required for the Marathon acquisition that is now used to determine purchase price for uncommitted natural gas.

NordAq is engaged in active exploration for additional gas reserves in Cook Inlet and is committed to finding new reserves of natural gas to both sustain the local utility market and provide an additional surplus that could be directed for LNG as an export or for in-state use. In the absence of an LNG option natural gas prices will continue to remain artificially low and create a disincentive for exploration and development.

Currently, NordAq has drilled and suspended a gas exploration well on the west side of Cook Inlet (Tiger Eye Unit) and is in the final process for obtaining access permits to a natural gas appraisal/ project (Shadura) within the Kenai National Wildlife Refuge. The latter project is to access a Cook Inlet Region, Inc. (CIRI) inholding that has been leased by NordAq.

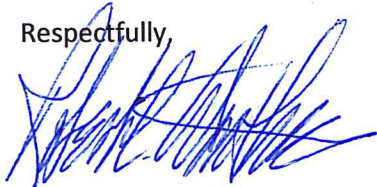


It has been well documented that Cook Inlet natural gas supplies are in decline and in the absence of new significant gas discoveries; it underscores the need for continued exploration and development. The utility market is but one component of a strong commercial market for gas sales and NordAq believes it is necessary for LNG manufacture as integral component encouraging gas exploration. Both the Hawaiian and Asian markets are candidates for receiving LNG exports. The benefits of employment and associated tax revenues will help sustain a strong economy for Southcentral Alaska residents and Boroughs.

NordAq appreciates the efforts by the Regulatory Commission of Alaska to review this consideration and believes that an export renewal should not be the singular burden of one operator to support. All companies with surplus gas reserves should be considered as candidates for providing gas to manufacture and export LNG. This action assumes the local market and utility contracts are fully met.

Should the Commission require additional information I can be reached at 907-646-9315.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Robert C. Warthen', is written over the word 'Respectfully,'.

Robert C. Warthen
President