



PHILLIPS ALASKA NATURAL GAS CORPORATION

HOUSTON, TEXAS 77251 1967
BOX 1967

BEAIRE, TEXAS
6330 WLSI LOOP SOUTH
PHILLIPS BUILDING

December 15, 1999

99-110-LNG

Office of Fossil Energy
U. S. Department of Energy
Forrestal Building
Room 3F-056, FE-50
1000 Independence Avenue, SW
Washington, DC 20585

RECD DOE/FE
MAR 16 P 3:59

Re: Application of Phillips Alaska Natural Gas Corporation
and Marathon Oil Company for Blanket Authorization to
Export Liquefied Natural Gas to Various International Markets

Ladies and Gentlemen:

Pursuant to 10 C.F.R. §590.202, Phillips Alaska Natural Gas Corporation and Marathon Oil Company have enclosed for filing the original and fifteen (15) copies of its "Application for Blanket Authorization to Export Liquefied Natural Gas." The application seeks approval of the Office of Fossil Energy for a blanket authorization to export up to 10 trillion Btu's of liquefied natural gas over a two-year period.

Also enclosed is a check for fifty dollars (\$50.00) in payment of the filing fee for this application.

Please indicate the date and time of filing by stamping the four enclosed additional copies of this letter and returning the same to the undersigned.

Very truly yours,

Phillips Alaska Natural Gas Corporation

Virgil R. Spurgeon

Virgil R. Spurgeon
Regulatory Affairs Agent

VRS:sw

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of

FE Docket No. 99-110-LNG
LNG

PHILLIPS ALASKA NATURAL GAS CORPORATION)
AND)
MARATHON OIL COMPANY)

APPLICATION OF PHILLIPS ALASKA NATURAL GAS CORPORATION
AND
MARATHON OIL COMPANY
FOR BLANKET AUTHORIZATION TO EXPORT
LIQUEFIED NATURAL GAS

Pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. §717b, Department of Energy Delegation Order No. 0204-111 and 10 C.F.R. Part 590, Phillips Alaska Natural Gas Corporation ("PANGC") and Marathon Oil Company ("Marathon"), hereby submit this application to request a blanket authorization to export up to 10 trillion Btu's of liquefied natural gas from the United States to various countries over a two-year period beginning on the date of first export.

In support of its application, applicants submit the following:

I. GENERAL INFORMATION

The exact legal name of PANGC is Phillips Alaska Natural Gas Corporation. PANGC is a Delaware corporation with principal offices in Bartlesville, Oklahoma. PANGC is a wholly owned subsidiary of Phillips Petroleum Company, a publicly traded

Delaware Corporation. PANGC is authorized to do business in Alaska, Oklahoma and Delaware.

The exact legal name of Marathon is Marathon Oil Company. Marathon is an Ohio corporation with principal offices in Houston, Texas. Marathon is a wholly owned subsidiary of USX Corporation, a publicly traded Delaware corporation. Marathon is authorized to do business in all states in which it does business, including the State of Alaska. PANGC and Marathon are not affiliated with each other.

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

PANGC:

Mr. Virgil R. Spurgeon, Agent for
Phillips Alaska Natural Gas Corporation
P. O. Box 1967
Houston, Texas 77251-1967
Phone: (713) 669-7993

Mr. G. M. Schuppert
Vice President, Marketing
Phillips Alaska Natural Gas Corporation
1000B Plaza Office Building
Bartlesville, Oklahoma 74004
Phone: (918) 661-4118

Mr. David B. Soper, Attorney for
Phillips Alaska Natural Gas Corporation
P. O. 1967
Houston, Texas 77251-1967
Phone: (713) 669-7973

Marathon:

Mr. Daniel W. Mowrey
Manager, International Natural Gas
P. O. Box 3128
Houston, Texas 77253-3128
Phone: (713) 296-3723

Ms. Lauren D. Boyd, Attorney for
Marathon Oil Company
P. O. Box 3128
Houston, Texas 77210-4813
Phone: (713) 296-2539

The applicants hereby certify that the undersigned persons and those named above are the only authorized representatives of the applicants.

There are no other proceedings related to this application pending at any other part of the DOE.

II. AUTHORIZATION REQUESTED

PANGC and Marathon request blanket authorization to export to various international markets up to a maximum quantity of 10 trillion Btu's of liquefied natural gas (LNG) for short-term or spot sales for a two-year period, beginning on the date of first delivery under the export authorization. PANGC and Marathon propose to export LNG that may be manufactured with natural gas produced from Phillips Petroleum Company's reserves, produced from Marathon's reserves or purchased from other producers in Alaska. PANGC and Marathon further request that such authorization be granted on a blanket basis to provide applicants with the flexibility necessary to respond quickly to changing conditions in the LNG markets. PANGC and Marathon propose to effectuate the proposed exports using applicants' LNG facilities at Kenai, Alaska to manufacture the LNG and applicants' LNG tankers or chartered LNG tankers to transport the LNG to its destination.

The blanket authorization requested herein is similar to that previously granted by the DOE to PANGC and Marathon¹, and more recently to other applicants.² PANGC and Marathon hereby state their willingness to comply with the export requirements typically imposed therein by the Department, as follows:

1. Applicants shall notify the Office of Fossil Energy ("FE") in writing of the date of first delivery within two weeks after the date exports commence.
2. Applicants shall file with the FE, within 30 days following each calendar quarter, quarterly reports indicating whether sales of LNG exported under the authority requested herein have occurred, and if so, applicants shall provide, by month, details of each export transaction, including volumes, average sales price, the name(s) of the seller(s), the purchaser(s), estimated or actual duration of the agreements, transporter(s), points of exit, and market(s) served.

III. THE REQUESTED EXPORTS SERVE THE PUBLIC INTEREST

Section 3 of the Natural Gas Act ("NGA"), in addressing natural gas imports and exports, provides in part: "The Commission shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest." FE regulations (10 C.F.R. Section 590.202) governing applications to export natural gas set forth several factors that an applicant must address or describe in support of its application. PANGC and Marathon

¹ DOE/FE granted a similar request by PANGC and Marathon for blanket authorization to export LNG on March 17, 1993 in DOE/FE Order No. 786. That authorization has expired.

² See e.g., International Gas Imports, L.L.C. DOE/FE Order No. 1478 (April 22, 1999); Texaco Natural Gas, Inc. DOE/FE Order No. 1488 (June 11, 1999). Some twenty-two (22) orders of the FE issued in April, May and June of 1999 approving short-term export and import proposals similar to this application are listed in *Foster Natural Gas Report* No. 2244 at 32 (July 29, 1999).

submit that the export authorization requested herein is consistent with the public interest and should be authorized pursuant to Section 3 of the NGA and the FE regulations, as shown below.

A. Scope of the Project

PANGC and Marathon currently have contracted to sell to Japanese customers under long-term sales arrangements LNG production from the Kenai facilities pursuant to the export authorization granted in DOE/FE Opinion and Order No. 261-D (March 2, 1995) and DOE/FE Opinion and Order No. 1473 (April 2, 1999).

At times, the Kenai facilities can manufacture LNG in excess of the applicants' current export authorization. To make this additional LNG available for market, PANGC and Marathon seek authorization to export up to 10 trillion Btu's of LNG to international customers over a two-year period, commencing with the date of first deliveries under the export authorization.

B. Source and Security of Natural Gas Supply

The gas used to manufacture LNG for export under the requested authorization will come from Phillips Petroleum Company production, from Marathon production, or from other suppliers in Alaska. The gas will be from various production areas with surplus supplies of natural gas or will consist of supplies which are incremental to the needs of current purchasers. Thus, the proposed exports will benefit Alaskan producers/suppliers who otherwise might not have a market for their excess supplies and will benefit Alaskan citizens by generating tax and other revenues related to gas

production which might not otherwise have a market under current domestic market requirements.

C. Identification of Participants in the Transaction

No contracts for the sale of the proposed LNG export described in this application have been executed by PANGC and Marathon at this time; thus, the identity of actual purchasers is presently unknown. The identity of the participants will be reported in applicants' quarterly filings with the FE.

D. Terms of the Transactions and Provision of the Export Arrangements

PANGC and Marathon anticipate that the spot market transactions with purchasers, for the most part, will be short-term in duration (e.g. individual tanker load sales or month to month), but some such arrangements could possibly be for terms of up to two years, coincident with the term of the export authorization requested herein. The contractual arrangements will be the product of arms-length negotiations with an emphasis on competitive factors and contract flexibility. PANGC and Marathon expect that the price of the LNG exported will be adjusted on a monthly basis as required by market conditions and available competing fuels, but could also be for fixed prices over a short term (less than two years) basis. The contracts will likely permit either party to terminate upon relatively short notice. The provisions of any contracts affecting price and volume of the LNG exported will be reported quarterly to FE.

E. Lack of U.S. Need for the Gas to be Exported

The gas used to manufacture LNG for export is incremental to the needs of current domestic purchasers in the area from which the supplies will come. The lack of any national need for the gas to be exported is evidenced by the continuing surplus in domestic natural gas supplies and the fact that gas from this area cannot currently be delivered to the lower 48 states on an economic basis. The amount of gas used to manufacture the LNG proposed to be exported would be insignificant for either the Alaska region or the lower 48 states. Producers would benefit from the incremental sales of gas, as would the state. The exports would serve to lower the overall U.S. trade deficit. In any event, the short-term nature of the authorization requested by PANGC and Marathon will ensure that gas supplies will be readily available to domestic markets in the event a future national or regional need arises for such gas.

PANGC and Marathon filed an application on December 31, 1996, requesting that the DOE extend their existing authorization to export LNG an additional five (5) years commencing April 1, 2004, until and including March 31, 2009. On April 2, 1999, the DOE granted the requested extension, DOE/FE Opinion and Order No. 1473 stating; "...the Department has determined this export extension will not be inconsistent with the public interest." (page 1); "Our determination on the issue of total recoverable gas supply available over the course of the requested extension period follows a thorough review of the extensive record in this case..." (page 25); "... the record demonstrates there are more than sufficient conventional gas supplies..." (page 29); "...the available supply of conventional gas is sufficient to meet both domestic and export demand." (page 32). The extension granted by the DOE/FE in its April 2, 1999 Opinion and Order will allow

PANGC and Marathon to export LNG volumes totaling 322 trillion Btu's from April 1, 2004 through March 31, 2009. The authority being sought by this filing is for the export of 10 trillion Btu's over a two-year period, amounting to some 3.1% of the export volumes approved by the April 2, 1999 Opinion and Order. The considerations which led to the approval of the above-referenced export extension should be equally determinative as to the relatively small incremental increase being sought herein.

PANGC and Marathon do not intend to construct any additional facilities for the proposed export transactions. Therefore, granting this application would not involve a Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act, 42 U.S.C. Section 4321, et seq. For these reasons, neither an environmental impact statement nor an environmental assessment should be required.

IV. CONCLUSION

For the foregoing reasons, PANGC and Marathon, respectfully request that the FE expeditiously issue an order, pursuant to Section 3 of the Natural Gas Act, authorizing the blanket exportation of LNG pursuant to the terms and conditions described herein.

Respectfully Submitted,
PHILLIPS ALASKA NATURAL GAS CORPORATION

By Virgil R. Spurgeon
Mr. Virgil R. Spurgeon
Regulatory Affairs Agent
P. O. Box 1967
Houston, Texas 77251-1967
Phone: (713) 669-7993

MARATHON OIL COMPANY

By Daniel W. Mowrey
Mr. Daniel W. Mowrey
Manager, International Natural Gas
P. O. Box 3128
Houston, Texas 77253-3128
Phone: (713) 296-3723

VERIFICATION

STATE OF TEXAS)
) SS:
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared VIRGIL R. SPURGEON, who having been by me first duly sworn, on oath says that he is Regulatory Affairs Agent for Phillips Alaska Natural Gas Corporation and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

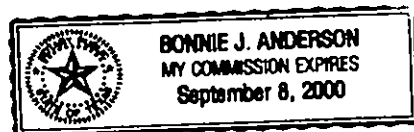
Virgil R. Spurgeon
Virgil R. Spurgeon

Subscribed and sworn to before me, a notary public, this 14th day of December, 1999.

Bonnie J. Anderson
Notary Public, State of Texas

My commission expires:

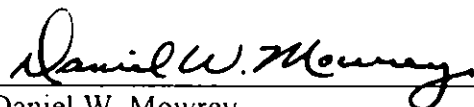
9-8-2000



VERIFICATION

STATE OF TEXAS)
) SS:
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared DANIEL W. MOWREY, who having been by me first duly sworn, on oath says that he is Manager of International Natural Gas of Marathon Oil Company and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.


Daniel W. Mowrey

Subscribed and sworn to before me, a notary public, this 14th day of December, 1999.


Notary Public, State of Texas

My commission expires:

NANCY J. FISCHER
Notary Public, State of Texas
My Commission Expires May 4, 2000

APPENDIX A

OPINIONS OF LEGAL COUNSEL REGARDING CORPORATE AUTHORITY TO
EXPORT LNG



PHILLIPS ALASKA NATURAL GAS CORPORATION

HOUSTON, TEXAS 77251-1967
BOX 1967

BELLAIRE, TEXAS
6330 WFS* LOOP SOUTH
PHILLIPS BUILDING

December 15, 1999

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

Re: Application for Authority to Export Liquefied
Natural Gas to Various International Markets

Ladies and Gentlemen:

In accordance with the requirements of 10 C.F.R. §590.202(c), I have examined the Certificate of Incorporation and bylaws of Phillips Alaska Natural Gas Corporation, a Delaware corporation, the Delaware corporation law and other authorities as necessary, and have concluded that the proposed exportation of natural gas by Phillips Alaska Natural Gas Corporation is within the corporate powers of Phillips Alaska Natural Gas Corporation. Further, Phillips Alaska Natural Gas Corporation is authorized to engage in foreign commerce. Phillips Alaska Natural Gas Corporation is a wholly owned subsidiary of Phillips Petroleum Company, a Delaware corporation, which has similar corporate powers and authority.

Very truly yours,

David B. Soper
Attorney for
Phillips Alaska Natural
Gas Corporation

Lauren D. Boyd
Attorney
Worldwide Exploration & Production



5555 San Felipe (77056-2725)
P.O. Box 4813 (77210-4813)
Houston, Texas
Telephone 713/296-2539
Fax 713/296-2581

December 14, 1999

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

Re: Application of Phillips Alaska Natural Gas Corporation and Marathon Oil
Company for Blanket Authorization to Export Liquefied Natural Gas

Dear Sir/Madam:

This opinion of counsel is furnished in accordance with the requirements of 10 C.F.R.
§ 590.202(c) in connection with the above referenced Application.

As counsel for Marathon Oil Company, I have examined Marathon's Articles of
Incorporation and Code of Regulations, and other relevant documents and am of the
opinion that the proposed exportation and sale of liquefied natural gas is within the
corporate power of Marathon Oil Company.

Respectfully submitted,

By Lauren D. Boyd
Lauren D. Boyd

Attorney for
MARATHON OIL COMPANY

110433

UNITED STATES OF AMERICA

[6450-01]

DOE/FE

DEC 16 1999 P 2:22

DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

[FE DOCKET NO. 99-110-LNG]

PHILLIPS ALASKA NATURAL GAS CORPORATION
AND
MARATHON OIL COMPANY

APPLICATION FOR BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS

AGENCY: Office of Fossil Energy, DOE

ACTION: Notice of Application

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application filed jointly on December 16, 1999, by Phillips Alaska Natural Gas Corporation (PANGC) and Marathon Oil Company (Marathon) requesting blanket authorization to export up to 10 trillion Btu's (approximately 10 billion cubic feet (Bcf)) of liquefied natural gas (LNG) to various countries. The proposed exports would take place over a period of two years, beginning on the date of first export, from the existing PANGC/Marathon LNG facilities at Kenai, Alaska.

The application is filed under section 3 of the Natural Gas Act and DOE Delegation Order Nos. 0204-111 and 0204-127. Protests, motions to intervene or notices of intervention, and written comments are invited.

DATE: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address listed below no later than 4:30 p.m., eastern time, _____, (30 days after date of publication).

ADDRESS:

Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

FOR FURTHER INFORMATION:

Patrick J. Fleming
Allyson C. Reilly
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) 586-4819
(202) 586-9394

Diane Stubbs
Office of the Assistant General Counsel
for Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 6E-042, GC-75
1000 Independence Avenue, S.W.
Washington, D.C. 20585
(202) 586-6667

SUPPLEMENTARY INFORMATION:

PANGC, a Delaware corporation with its principal place of business in Bartlesville, Oklahoma, is a wholly owned subsidiary of Phillips Petroleum Company, a Delaware corporation. Marathon, an Ohio corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of USX Corporation, also a Delaware corporation. PANGC and Marathon are

not affiliated with each other. They own and operate natural gas liquefaction and marine terminal facilities at Kenai, Alaska.

On March 17, 1993, DOE granted a request by PANGC and Marathon for a two-year blanket authorization to export up to 10 Bcf of LNG from their Kenai facilities beginning on the date of the first delivery. See DOE/FE Order No. 786 (1 FE ¶ 70,777). That authorization was first used March 25, 1997, and expired March 24, 1999. PANGC and Marathon currently have long-term authority to export to Japan up to 64.4 trillion Btu's (approximately 64.4 Bcf) of LNG per year through March 31, 2009, pursuant to DOE/FE Opinion and Order Nos. 261, et al. (July 28, 1988-March 2, 1995) and 1473 (April 2, 1999). See 1 ERA ¶ 70,130, 1 FE ¶ 70,454, ¶ 70,506, 1 FE ¶ 70,607, 1 FE ¶ 71,087, and 2 FE ¶ 70,317. In granting Order 1473, DOE determined an extension of the LNG export would not be inconsistent with the public interest. In particular, DOE found there is a sufficient supply of natural gas in Alaska to satisfy local and export demand through the extension period.

PANGC and Marathon indicate the Kenai facilities at times can manufacture LNG in excess of the volume required by their currently authorized long-term sales arrangements with Japan. They would like to make this additional LNG available to international markets. PANGC and Marathon further indicate the short-term LNG export transactions for which they now request authorization will be subject to monthly price adjustments based on market conditions and the prices of comparable competing fuels. They also assert the proposed exports will benefit Alaskan producers and suppliers who otherwise may not have a market for their excess gas. In addition, they maintain the exports will benefit Alaskan citizens by generating tax and other revenues related to gas production that may not otherwise have a market.

The decision on the application of PANGC and Marathon for export authority will be made consistent with the DOE's gas export policy guidelines, under which DOE considers the domestic need for the gas to be exported and any other issues determined to be appropriate, including whether the arrangement is consistent with the DOE policy of promoting competition in the natural gas marketplace by allowing commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this application should comment in their responses on these issues as they relate to the requested export authority. PANGC and Marathon assert the proposed export arrangement will be in the public interest. Parties opposing the arrangement bear the burden of overcoming this assertion.

NEPA COMPLIANCE:

The National Environmental Policy Act (NEPA), 42 U.S.C. § 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

PUBLIC COMMENT PROCEDURES:

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements

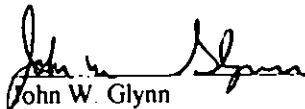
that are specified by the regulations in 10 CFR Part 590. Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Natural Gas & Petroleum Import & Export Activities at the address listed above.

It is intended that a decisional record on this application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR § 590.316.

Phillips and Marathon's application is available for inspection and copying in the Natural Gas & Petroleum Import & Export Activities Docket Room, 3E-042, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays

Issued in Washington, D.C., on January 6, 2000.



John W. Glynn
Manager, Natural Gas Regulation
Office of Natural Gas & Petroleum
Import & Export Activities
Office of Fossil Energy

DEPARTMENT OF ENERGY**[FE Docket No. 99-110-LNG]****Office of Fossil Energy; Phillips Alaska Natural Gas Corporation and Marathon Oil Company; Application for Blanket Authorization To Export Liquefied Natural Gas****AGENCY:** Office of Fossil Energy, DOE.**ACTION:** Notice of application.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy (DOE) gives notice of receipt of an application filed jointly on December 16, 1999, by Phillips Alaska Natural Gas Corporation (PANGC) and Marathon Oil Company (Marathon) requesting blanket authorization to export up to 10 trillion Btu's (approximately 10 billion cubic feet (Bcf)) of liquefied natural gas (LNG) to various countries. The proposed exports would take place over a period of two years, beginning on the date of first export, from the existing PANGC/Marathon LNG facilities at Kenai, Alaska.

The application is filed under section 3 of the Natural Gas Act and DOE Delegation Order Nos. 0204-111 and 0204-127. Protests, motions to intervene or notices of intervention, and written comments are invited.

DATES: Protests, motions to intervene or notices of intervention, as applicable, requests for additional procedures and written comments are to be filed at the address listed below no later than 4:30 p.m., eastern time, February 11, 2000.

ADDRESSES: Office of Natural Gas and Petroleum Import and Export Activities, Office of Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3E-042, FE-34, 1000 Independence Avenue, SW, Washington, DC 20585.

FOR FURTHER INFORMATION:

Patrick J. Fleming, Allyson C. Reilly,

Office of Natural Gas and Petroleum Import and Export Activities, Office of Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 3E-042, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-4819, (202) 586-9394

Diane Stubbs, Office of the Assistant General Counsel for Fossil Energy, U.S. Department of Energy, Forrestal Building, Room 6E-042, GC-75, 1000 Independence Avenue, SW, Washington, DC 20585, (202) 586-6667

SUPPLEMENTARY INFORMATION:

PANGC, a Delaware corporation with its principal place of business in Bartlesville, Oklahoma, is a wholly owned subsidiary of Phillips Petroleum Company, a Delaware corporation.

Marathon, an Ohio corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of USX Corporation, also a Delaware corporation. PANGC and Marathon are not affiliated with each other. They own and operate natural gas liquefaction and marine terminal facilities at Kenai, Alaska.

On March 17, 1993, DOE granted a request by PANGC and Marathon for a two-year blanket authorization to export up to 10 Bcf of LNG from their Kenai facilities beginning on the date of the first delivery. See DOE/FE Order No. 786 (1 FE ¶ 70.777). That authorization was first used March 25, 1997, and expired March 24, 1999. PANGC and Marathon currently have long-term authority to export to Japan up to 64.4 trillion Btu's (approximately 64.4 Bcf) of LNG per year through March 31, 2009, pursuant to DOE/FE Opinion and Order Nos. 261, *et al.* (July 28, 1988-March 2, 1995) and 1473 (April 2, 1999). See 1 ERA ¶ 70.130, 1 FE ¶ 70.454, ¶ 70.506, 1 FE ¶ 70.607, 1 FE ¶ 71.087, and 2 FE ¶ 70.317. In granting Order 1473, DOE determined an extension of the LNG export would not be inconsistent with the public interest. In particular, DOE found there is a sufficient supply of natural gas in Alaska to satisfy local and export demand through the extension period.

PANGC and Marathon indicate the Kenai facilities at times can manufacture LNG in excess of the volume required by their currently authorized long-term sales arrangements with Japan. They would like to make this additional LNG available to international markets. PANGC and Marathon further indicate the short-term LNG export transactions for which they now request authorization will be subject to monthly price adjustments based on market conditions and the prices of comparable competing fuels. They also assert the proposed exports will benefit Alaskan producers and suppliers who otherwise may not have a market for their excess gas. In addition, they maintain the exports will benefit Alaskan citizens by generating tax and other revenues related to gas production that may not otherwise have a market.

The decision on the application of PANGC and Marathon for export authority will be made consistent with the DOE's gas export policy guidelines, under which DOE considers the domestic need for the gas to be exported and any other issues determined to be appropriate, including whether the arrangement is consistent with the DOE policy of promoting competition in the natural gas marketplace by allowing

commercial parties to freely negotiate their own trade arrangements. Parties that may oppose this application should comment in their responses on these issues as they relate to the requested export authority. PANGC and Marathon assert the proposed export arrangement will be in the public interest. Parties opposing the arrangement bear the burden of overcoming this assertion.

NEPA Compliance

The National Environmental Policy Act (NEPA), 42 U.S.C. 4321 *et seq.*, requires DOE to give appropriate consideration to the environmental effects of its proposed decisions. No final decision will be issued in this proceeding until DOE has met its NEPA responsibilities.

Public Comment Procedures

In response to this notice, any person may file a protest, motion to intervene or notice of intervention, as applicable, and written comments. Any person wishing to become a party to the proceeding and to have the written comments considered as the basis for any decision on the application must, however, file a motion to intervene or notice of intervention, as applicable. The filing of a protest with respect to this application will not serve to make the protestant a party to the proceeding, although protests and comments received from persons who are not parties will be considered in determining the appropriate action to be taken on the application. All protests, motions to intervene, notices of intervention, and written comments must meet the requirements that are specified by the regulations in 10 CFR Part 590. Protests, motions to intervene, notices of intervention, requests for additional procedures, and written comments should be filed with the Office of Natural Gas and Petroleum Import and Export Activities at the address listed above.

It is intended that a decisional record on this application will be developed through responses to this notice by parties, including the parties' written comments and replies thereto. Additional procedures will be used as necessary to achieve a complete understanding of the facts and issues. A party seeking intervention may request that additional procedures be provided, such as additional written comments, an oral presentation, a conference, or trial-type hearing. Any request to file additional written comments should explain why they are necessary. Any request for an oral presentation should identify the substantial question of fact, law, or policy at issue, show that it is

material and relevant to a decision in the proceeding, and demonstrate why an oral presentation is needed. Any request for a conference should demonstrate why the conference would materially advance the proceeding. Any request for a trial-type hearing must show that there are factual issues genuinely in dispute that are relevant and material to a decision and that a trial-type hearing is necessary for a full and true disclosure of the facts.

If an additional procedure is scheduled, notice will provide notice to all parties. If no party requests additional procedures, a final opinion and order may be issued based on the official record, including the application and responses filed by parties pursuant to this notice, in accordance with 10 CFR 590.316.

Phillips and Marathon's application is available for inspection and copying in the Natural Gas and Petroleum Import and Export Activities Docket Room, 3E-042, at the above address. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, D.C., on January 6, 2000.

John W. Glynn,

Manager, Natural Gas Regulation, Office of Natural Gas and Petroleum Import and Export Activities, Office of Fossil Energy.
[FR Doc. 00-747 Filed 1-11-00; 8:45 am]
BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

[FE Docket No. 99-93-LNG]

Office of Fossil Energy; Sonat Energy Services Company, Order Granting Long-Term Authorization To Import Liquefied Natural Gas From Trinidad and Tobago

AGENCY: Office of Fossil Energy, DOE.
ACTION: Notice of order.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy gives notice that it has issued an order granting Sonat Energy Services Company (Sonat) long-term authorization to import up to 82 billion cubic feet of liquefied natural gas (LNG) per year from Trinidad and Tobago over a period of 22 years beginning on the date of the first delivery, in accordance with Sonat's final supply agreement with British Gas Trinidad and Tobago Limited, ACIP Trinidad and Tobago Limited, Veba Oil & Gas Trinidad GmbH, and Petroleum Company of Trinidad and Tobago Limited and authorizations of the Federal Energy Regulatory Commission.

This order is available for inspection and copying in the Office of Natural Gas and Petroleum Import and Export Activities docket room, 3E-042, Forrestal Building, 1000 Independence Avenue, SW, Washington, DC 20585. (202) 586-9478. The docket room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays. The Order may also be found on the FE website at <http://www.fe.doe.gov>, or on the electronic bulletin board at (202) 586-7853.

Issued in Washington, DC, on December 17, 1999.

John W. Glynn,

Manager, Natural Gas Regulation, Office of Natural Gas and Petroleum Import and Export Activities, Office of Fossil Energy.

[FR Doc. 00-746 Filed 1-11-00; 8:45 am]
BILLING CODE 6450-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RP98-404-008]

Mississippi River Transmission Corporation; Notice of Tariff Filing

January 6, 2000.

Take notice that on December 30, 1999, Mississippi River Transmission Corporation (MRT) tendered for filing as part of the General Terms and Conditions to FERC Gas Tariff, Third Revised Volume No. 1, the following revised tariff sheet:

5th Substitute Original Sheet No. 99-D

MRT states that the purpose of this filing is to comply with Commission order of December 16, 1999, to include required language that MRT will disclose the identity of successful bidders of available capacity via its electronic bulletin board and designated internet site.

MRT states that a copy of this filing is being mailed to each of MRT's customers and to the state commissions of Arkansas, Illinois and Missouri.

Any person desiring to be heard or to protest said filing should file a motion to intervene or a protest with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, in accordance with Sections 385.214 or 385.211 of the Commission's Rules and Regulations. All such motions or protests must be filed in accordance with Section 154.210 of the Commission's Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceedings.

Any person wishing to become a party must file a motion to intervene. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference Room. This filing may be viewed on the web at <http://www.ferc.fed.us/online/rims.htm> (call 202-208-2222 for assistance).

Linwood A. Watson, Jr.,

Acting Secretary.

[FR Doc. 00-666 Filed 1-11-00 8:45 am]
BILLING CODE 6717-01-M

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. RP99-176-011]

Natural Gas Pipeline Company of America; Notice of Proposed Changes in FERC Gas Tariff

January 6, 2000.

Take notice that on January 4, 2000, Natural Gas Pipeline Company of America (Natural) tendered for filing to be a part of its FERC Gas Tariff, Sixth Revised Volume No. 1, Original Sheet No. 26C, to be effective January 1, 2000.

Natural states that the purpose of this filing is to implement Negotiated Rate transactions with North Shore Gas Company and The Peoples Gas Light and Coke Company under Rate Schedule FTS pursuant to Section 49 of the General Terms and Conditions (GT&C) of Natural's Tariff.

Natural requested waiver of Section 49.1(e) of the GT&C of Natural's Tariff and of the Commission's Regulations, including the 30-day notice requirement of Section 154.207, to the extent necessary to permit Original Sheet No. 26C to become effective January 1, 2000.

Natural states that copies of the filing are being mailed to its customers, interested state commissions and all parties set out on the Commission's official service list in Docket No. RP99-176.

Any person desiring to protest this filing should file a protest with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, in accordance with Sections 385.211 of the Commission's Rules and Regulations. All such protests must be filed as provided in Section 154.210 of the Commission's Regulations. Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceedings. Copies of this filing are on file with the Commission and are available for public inspection in the Public Reference

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3886

3601 C STREET, SUITE 1210
ANCHORAGE, ALASKA 99503-5921
PHONE: (907) 269-8431
FAX: (907) 269-8918

February 2, 2000

Office of Natural Gas and Petroleum Import and Export Activities
Office of Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, SW
Washington, DC 20585

RE: FE Docket No. 99-110-LNG

Greetings:

The State of Alaska has reviewed DOE notice regarding the application of Phillips Alaska Natural Gas Corporation and Marathon Oil Company (P/M) to increase their authorization to export up to 10 BCF of LNG from Cook Inlet fields beyond the current level. The state did not intervene or comment when the DOE authorized an extension of P/M's exports to 2009 nor will the state intervene in the action before the DOE now. Nevertheless, the state reserves the right to intervene or comment should P/M request additional exports in the future.

The State Division of Oil and Gas estimate that 2.755 trillion cubic feet of natural gas are available in the Cook Inlet area from fields that are either developed or under development. This provides an annual reserve to production ratio of about 12 years. The large gas fields first put in production over 30 years ago are in decline and may have problems maintaining historical annual and peak production rates later this decade. Given this uncertainty, under current usage and current reserves, any request to the DOE to export LNG from Cook Inlet fields beyond the volumes authorized through 2009, will be closely monitored by the state.

There is probably more natural gas to be discovered in Cook Inlet but the basin is mature and the existence of new geologic structures containing major gas reserves is speculative. The State of Alaska offers exploration incentives such as exploration licensing, royalty reduction and areawide leasing but the future level of success of these programs is uncertain at this time. Future Cook Inlet gas supply shortages will be solved if a major North Slope natural gas project results in a gas pipeline from the North Slope to the Cook Inlet, but such a project is still struggling to be economic. Unless significant new gas reserves are discovered and developed in the Cook Inlet region or North Slope gas is delivered to the region, in the future the state may object to any additional exports of LNG from the P/M facility, beyond those being currently requested.

"Develop, Conserve and Enhance Natural Resources for Present and Future Alaskans"

U.S. Dept. of Energy

REC'D DOE/FE
2000 FEB 15 P 3:16

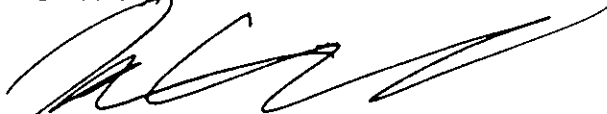
U.S. Department of Energy

February 2, 2000

Page 2

Thank you for the opportunity to comment. If the Office of Fossil Energy has any questions or needs specific information. Please do not hesitate to call (907) 269-8785.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Shively', written over a horizontal line.

John Shively
Commissioner

cc: Kenneth A. Boyd, Director, DNR, Division of Oil & Gas
John Katz, Office of the Governor
Mike Abbott, Office of the Governor
Jim Konst, Phillips Petroleum
John Barnes, Marathon Oil

UNITED STATES OF AMERICA
Before the
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of:

PHILLIPS ALASKA NATURAL GAS CORPORATION
and
MARATHON OIL COMPANY

)
)
)
)
)

Docket No. 99-110-LNG

REC'D DOE/FE
FEB 11 P 2:20

PROTEST AND MOTION TO INTERVENE
OF
UNION OIL COMPANY OF CALIFORNIA

This responds to the notice issued in this docket by the Department of Energy's (DOE) Office of Fossil Energy (FE) on January 12, 2000.¹ Pursuant to the DOE's Administrative Procedures,² Union Oil Company of California ("Unocal") hereby (i) respectfully moves for leave to intervene as an interested party in this proceeding, and (ii) protests the request by Phillips Alaska Natural Gas Corporation and Marathon Oil Company ("Applicants") to export yet more natural gas from Cook Inlet's precariously low reserve base. The export request is not consistent with the public interest and should be denied.

In support of the foregoing, Unocal submits the following:

¹ 65 Fed. Reg. 1856 (January 12, 2000) ("Notice of application").

² 10 C.F.R. Part 590 (1999).

I. SERVICE

All correspondence and communications regarding this proceeding, including the service of pleadings and notices, should be directed to the following duly authorized Unocal representatives:

Patrick C. Rock
GARDNER, CARTON & DOUGLAS
1301 K Street, N.W.
Suite 900, East Tower
Washington, D.C. 20005
Tel: (202) 408-7136
Fax: (202) 289-1504

Daniel B. Thomas
Land Advisor
UNOCAL ALASKA RESOURCES
P.O. Box 196247
909 West 9th Avenue
Anchorage, Alaska 99519-6247
Tel: (907) 263-7624
Fax: (907) 263-7828

Marc D. Bond
Assistant Counsel
UNOCAL ALASKA RESOURCES
P.O. Box 196247
909 West 9th Avenue
Anchorage, Alaska 99519-6247
Tel: (907) 263-7813
Fax: (907) 263-7828

II. EXPORT REQUEST

The Applicants are seeking blanket authority under the Natural Gas Act to export the liquefied natural gas (LNG) equivalent of up to ten trillion British thermal units over a two-year period beginning on the date of first delivery. Although the Applicants do not precisely specify the source of the gas proposed for export, it appears to be Alaska's Cook Inlet basin. The export destination is identified as "various countries" and "various international markets."³

³ "Application of Phillips Alaska Natural Gas Corporation and Marathon Oil Company for Blanket Authorization to Export Liquefied Natural Gas," (hereinafter, the "Application") at pp. 1 and 3.

The Applicants state that their Kenai gas liquefaction plant from time-to-time can manufacture LNG in excess of their "current export authorization."⁴ They claim that this gas is "incremental to the needs of current [domestic] purchasers," and that an export outlet will "benefit producers/suppliers who *might* not have a [domestic] market for their excess supplies."⁵ As support for their claim of no domestic need for the proposed export supply, the Applicants primarily rely upon the DOE findings made last year in extending the Applicants' long-term authorization to export LNG to Japan.⁶

III. MOTION TO INTERVENE

Unocal is a California corporation with diversified energy operations worldwide. Unocal is the largest leaseholder in Cook Inlet, and operates properties producing an average of 250 million cubic feet per day (MMcf/D). This equates to approximately 45% of the region's natural gas production. Unocal supplies an average of 150 MMcf/D of feedstock natural gas to Alaska Nitrogen Products, LLC ("ANP") for the manufacture of nitrogen-based fertilizers at ANP's chemical plant located in Nikiski on the shore of Cook Inlet.⁷ In 1998, the plant accounted for 25% of South-central Alaska's gas demand, or roughly 40% of domestic use of Cook Inlet gas.⁸

⁴ Application p. 5.

⁵ Id. (emphasis supplied).

⁶ Id., p. 7. See DOE/FE Opinion and Order No. 1473, 2 FE ¶ 70,317 (April 2, 1999).

⁷ ANP is a subsidiary of Unocal. Unocal recently reached agreement to sell ANP to Agrium, Inc., including the Nikiski fertilizer plant. Agrium is a Calgary-based producer and marketer of fertilizer in North America and a major retail supplier of agricultural products and services in both North America and Argentina. The sale should be completed in the second quarter of this year, whereafter Unocal will be obligated to supply the natural gas requirements of Agrium's plant on a long-term basis.

⁸ By comparison, utility gas and power generation accounted for 28%, while LNG exports accounted for 36%. See Alaska Department of Natural Resources, Division of Oil and Gas,

Unocal has a strong interest in ensuring a long-term gas supply for the Cook Inlet region. It has been exploring aggressively for new supplies as the proved reserve base continues to shrink. New reserves are needed for Unocal to meet its long-term commitments to the Nikiski fertilizer plant, and to support the needs of Alaska's other commercial and residential users. Consumers of natural gas in South-central Alaska are relying on producers like Unocal to satisfy their future supply needs.

For these reasons, Unocal has a direct, unique, and substantial interest in the outcome of this proceeding that cannot be adequately represented by any other party. Accordingly, it is both appropriate and in the public interest that Unocal be allowed to intervene as a party to this proceeding. Unocal therefore respectfully requests that FE grant it party status with full rights of participation.

IV. PROTEST

As FE is well aware, Unocal is gravely concerned about the adequacy of Cook Inlet's reserves, and even more concerned about the ability to deliver those reserves to meet future demand. These concerns were fully detailed and supported by Unocal in the context of Docket No. 96-99-LNG, which culminated in DOE/FE Opinion and Order No. 1473.⁹ Order 1473 extends the Applicants current, long-term LNG export authority for another 5 years (from 2004 to 2009).

"Historical and Projected Oil and Gas Consumption", May 1999, p. 35. "South-central Alaska" includes the City of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough. Its inhabitants comprise the majority of Alaska's population.

⁹ See note 6, supra.

Unocal hereby incorporates by reference into this protest all comments and analyses submitted by Unocal in Docket No. 96-99-LNG. In that docket, Unocal projected that continued LNG exports would cause daily and annual deliverability shortfalls in South-central Alaska beginning as early as 2001 and 2005, respectively. Unocal emphasized that even using very aggressive (indeed unprecedented) exploration and production assumptions, Cook Inlet's proved reserve base is unlikely to be replenished and brought on line at a rate adequate to avert shortfalls. Nevertheless, FE issued its Order 1473 granting the export, avoiding any meaningful independent analysis and ignoring the probability of a shortfall. The order represents a giant leap of faith.

The reserve classification and timing issues raised by Unocal remain unanswered. Each year that passes without significant reserve additions increases the risk created by Order 1473. A grant of the current request will, of course, only exacerbate that risk by increasing the probability that reserves will not be replenished in a timely manner. Further, more of Alaska's gas will exit the country sooner, thereby accelerating the shortfalls predicted by Unocal.

The Applicants have not provided any supporting analysis or data, an omission suggesting concern about what the evidence would show. The fact is that Unocal's predictions of gas supply in Docket 96-99-LNG have thus far proven to be accurate. Unocal of course takes no comfort in this, and would prefer to have been wrong about the worsening gas supply situation in Cook Inlet. In this regard, Unocal stands ready to provide FE with an updated assessment of Cook Inlet's proved reserves, deliverability, and exploration activity.

The proposed short-term exports alone are not the real threat to Alaska's gas users. The significant threat lies in the exports approved by Order 1473. It

stands to reason, however, that the short-term exports will heighten this threat, and therefore should not be approved.

WHEREFORE, for the foregoing reasons, Unocal requests that FE (i) grant it leave to intervene as an interested party to this proceeding with full rights of participation, and (ii) deny the requested export authorization with prejudice because it is not consistent with the public interest.

Respectfully submitted,
UNION OIL COMPANY OF CALIFORNIA

By: Patrick C. Rock by KAW

Patrick C. Rock, Its Attorney

GARDNER, CARTON & DOUGLAS
1301 K Street, N.W.
Suite 900, East Tower
Washington, D.C. 20005
(202) 408-7136

Dated: February 11, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have served by first-class mail, postage prepaid, a true and correct copy of the foregoing "*Protest and Motion to Intervene of Union Oil Company of California*" upon Phillips Alaska Natural Gas Corporation and Marathon Oil Company.

Dated at Washington, D.C. this 11th day of February 2000.

Patrick C. Rock by kaw
Patrick C. Rock

DC01/325011.1



PHILLIPS ALASKA NATURAL GAS CORPORATION

HOUSTON, TEXAS 77251-1967
BOX 1967

BELLAIRE, TEXAS
6330 WEST LOOP SOUTH
PHILLIPS BUILDING

February 23, 2000

Via Hand Delivery

Office of Natural Gas & Petroleum Import
and Export Activities
Office of Fossil Energy
U. S. Department of Energy
Forrestal Building
Room 3F-056, FE-50
1000 Independence Avenue, SW
Washington, DC 20585

REC'D DOE/FE
200 FEB 24 P 3:31

Re: Application of Phillips Alaska Natural Gas Corporation and
Marathon Oil Company, Docket No. FE99-110-LNG

Dear Sir or Madam:

Please find enclosed for filing in the captioned docket the original and fifteen (15) copies of the "Answer of Phillips Alaska Natural Gas Corporation and Marathon Oil Company to Protest of Union Oil Company of California."

Also enclosed are four (4) additional copies of the filing to be time-stamped and returned to my messenger. Thank you for your assistance in this matter

Very truly yours,

Phillips Alaska Natural Gas Corporation

Virgil R. Spurgeon

Virgil R. Spurgeon
Regulatory Affairs Agent

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

In the Matter of

FE Docket No. 99-110-LNG

PHILLIPS ALASKA NATURAL GAS CORPORATION)
AND)
MARATHON OIL COMPANY)

ANSWER OF PHILLIPS ALASKA NATURAL GAS CORPORATION
AND
MARATHON OIL COMPANY
TO PROTEST OF
UNION OIL COMPANY OF CALIFORNIA

Pursuant to 10 C.F.R. Part 590, Phillips Alaska Natural Gas Corporation and Marathon Oil Company, hereinafter collectively known as "Applicants," respectfully submit their answer in opposition to the protest filed by Union Oil Company of California ("Unocal") in the captioned proceeding.

I. BACKGROUND

On December 16, 1999, Applicants filed in Docket No. FE99-110-LNG, pursuant to Section 3 of the Natural Gas Act, 15 U.S.C. 717b, Department of Energy Delegation Order No. 0204-111 and 10 C.F.R. Part 590, an application for blanket authorization to export up to 10 trillion Btu's of liquefied natural gas from the United States to various countries over a two-year period beginning on the date of first export.

On January 12, 2000 the DOE published a Notice of the Application in the *Federal Register*. On February 11, 2000 Unocal filed a protest in this docket. Unocal argues that Applicants' export request is not consistent with the public interest and should be denied. This answer responds to Unocal's protest.

II. ANSWER

The DOE must grant an export application unless it finds the proposal is not consistent with the public interest.¹ The burden of showing that this particular export authority is inconsistent with the public interest rests squarely on the shoulders of the lone opposing party, Unocal. That company's protest offers some conclusory observations and not one piece of new evidence. Instead, it incorporates by reference the data and analysis it submitted in support of its failed protest in Docket No. FE96-99-LNG. The DOE carefully reviewed all of the voluminous data and analyses filed in that docket and found in Order 1473 that, "...even using the supply and demand estimates of the protesters, DOE nevertheless concludes supply is more than sufficient to meet demand."² The small incremental increase in export volumes being sought in this docket does not alter the DOE's conclusion as to the adequacy of Alaska gas reserves to support both local and export demand. It is manifest on the face of its protest that Unocal has failed to carry its burden of proof.

Unocal's protest in this docket is simply a collateral attack on DOE/FE Opinion and Order No. 1473, issued April 2, 1999 in Docket FE96-99-LNG (hereinafter referenced as Order 1473), which became final over six months ago. As was noted in the Applicants' original filing, the LNG

¹ Section 3(A) of the Natural Gas Act, 15 U.S.C. § 717b, as amended.

² DOE/FE Opinion and Order No. 1473, 2 FE ¶ 70,317 (April 2, 1999), (hereinafter known as the "Order"), p. 46.

volumes for which export authority is being sought are supplementary to the 322 trillion Btu's of LNG for which Applicants were granted export authority running from April 1, 2004 through March 31, 2009 under Order 1473. Upon a close reading of Unocal's protest, it is impossible to escape the conclusion that its real argument lies with the DOE's decision in Order 1473 and not with the export authority sought in the instant proceeding. As Unocal blandly notes in its filing, "The proposed short-term exports alone are not the real threat to Alaska's gas users."³ The "real threat," according to Unocal, is the LNG export authority approved by Order 1473.

In that Order, the DOE concluded that the extended export authority sought by Applicants had not been shown to be inconsistent with the public interest and, in particular, that the record showed there was a sufficient regional supply of natural gas to satisfy local and export demand through the extension period. Notwithstanding the vast amounts of data analyzed by the DOE, Unocal derides the agency's conclusion as a "giant leap of faith."⁴ Once again, Unocal expresses its "grave concerns"⁵ about the adequacy and deliverability of Cook Inlet reserves. Unocal also alleges that the reserve classification and timing issues it raised in Docket FE96-99-LNG remain unanswered.

In fact, these issues were answered decisively in Order 1473. Unocal's real complaint is that the answer was not at all to its liking. Unocal's protest amounts to an improper and belated effort to revive exactly the same issues which were decided less than one year ago by the final order of the DOE in Docket No. FE96-99-LNG. Following the issuance of Order 1473, Unocal had the

³ Protest and Motion to Intervene of Union Oil Company of California (hereinafter known as the "Protest"), p. 5.

⁴ Id.

⁵ Id., p. 4.

procedural right to timely seek a rehearing. For whatever reason, Unocal chose not to exercise that right.

As to the current docket, Unocal claims that granting the Applicants' request will "only exacerbate the risk by increasing the probability that reserves will not be replenished in a timely manner,"⁶ and that "the short-term exports will heighten"⁷ the threat to Alaska gas users. Unocal notes that no analysis or data was provided in support of the application. Unocal suggests that this is because of concerns on Applicant's part about what the evidence would show. In fact, that evidence was exhaustively scrutinized in Docket No. FE96-99-LNG. The DOE estimated the total gas resources available for production over the course of the extension period to be 4,545 Bcf, with total demand estimated at 2,847 Bcf over the same period.⁸ Applicants are seeking authority to export an increment of approximately 10 Bcf. Clearly, this small incremental amount will not affect the adequacy of the region's gas supply.

Unocal's motivation in filing its protest in the instant docket is transparent. In Order 1473, the DOE noted that it was struck by "an underlying effort by Protestors to assert the Section 3 public interest standard to obtain, in effect, a private right of eminent domain to take natural gas from an exporting producer for their own use."⁹ Through its protest, Unocal continues this effort. Unocal finds it convenient to masquerade as an Alaskan gas consumer. However, the gas consumed by its Nikiski plant is used as feedstock to manufacture nitrogen-based fertilizer, all of which is exported. Unocal is, in fact, a competitor to Applicants in the purchase of gas in Alaskan markets for ultimate

⁶ Protest, p. 5.

⁷ Id., p. 6.

⁸ Order, p. 46, and at Table 2, last column.

⁹ Id., p. 47.

export purposes. Rather than face the prospect of having to purchase its gas supplies in a free market, Unocal seeks to manipulate the regulatory process so as to eliminate the LNG export demand segment of that market. The obvious intent is to assure themselves of a glut of artificially low-priced gas for its plant operations. The DOE's conclusion in Order No. 1473 remains entirely valid. There is no private right of eminent domain to take gas from an exporting producer for one's own use.

III. CONCLUSION

WHEREFORE, for the foregoing reasons, Applicants respectfully request that the DOE deny the protest of Unocal and grant their requested export authorization.

Respectfully Submitted,
PHILLIPS ALASKA NATURAL GAS CORPORATION

By Virgil R. Spurgeon
Mr. Virgil R. Spurgeon
Regulatory Affairs Agent
P. O. Box 1967
Houston, Texas 77251-1967
Phone: (713) 669-7993

MARATHON OIL COMPANY

By Lauren D. Boyd
Ms. Lauren D. Boyd
Attorney, Marathon Oil Company
P. O. Box 3128
Houston, Texas 77253-3128
Phone: (713) 296-2539

VERIFICATION

STATE OF TEXAS)
)
COUNTY OF HARRIS) SS:

BEFORE ME, the undersigned authority, on this day personally appeared VIRGIL R. SPURGEON, who having been by me first duly sworn, on oath says that he is Regulatory Affairs Agent for Phillips Alaska Natural Gas Corporation and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

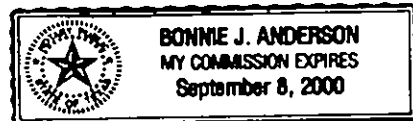
Virgil R. Spurgeon
Virgil R. Spurgeon

Subscribed and sworn to before me, a notary public, this 23 day of February, 2000.

Bonnie J. Anderson
Notary Public, State of Texas

My commission expires:

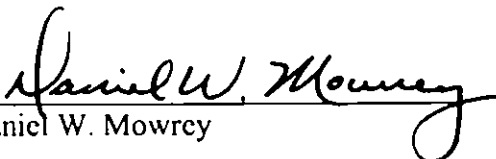
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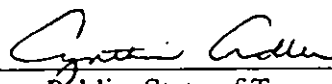
VERIFICATION

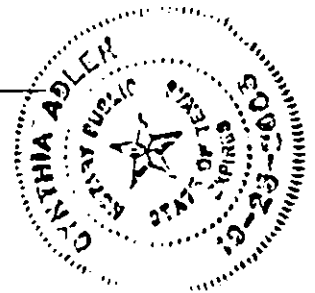
STATE OF TEXAS)
) SS:
COUNTY OF HARRIS)

BEFORE ME, the undersigned authority, on this day personally appeared DANIEL W. MOWREY, who having been by me first duly sworn, on oath says that he is Manager of International Natural Gas of Marathon Oil Company and is duly authorized to make this Verification; that he has read the foregoing instrument and that the facts therein stated are true and correct to the best of his knowledge, information and belief.


Daniel W. Mowrey

Subscribed and sworn to before me, a notary public, this 18th day of February, 2000.


Notary Public, State of Texas



My commission expires:

10/25/03

CERTIFICATION

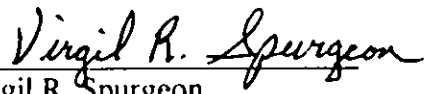
I hereby certify that I have served a copy of the foregoing upon the following individuals:

Patrick C. Rock
Gardner, Carton & Douglas
1301 K Street, N.W.
Suite 900, East Tower
Washington, DC 20005

Marc D. Bond
Assistant Counsel
Unocal Alaska Resources
P.O. Box 196247
909 West 8th Avenue
Anchorage, Alaska 99519-6247

Daniel B. Thomas
Land Advisor
Unocal Alaska Resources
P.O. Box 196247
909 West 9th Avenue
Anchorage, Alaska 99519-6247

Dated at Houston, Texas, this 23rd day of February, 2000.


Virgil R. Spurgeon

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

Phillips Alaska Natural Gas Corporation
and
Marathon Oil Company

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)
FE Docket No. 99-110-LNG

**ORDER GRANTING BLANKET AUTHORIZATION
TO EXPORT LIQUEFIED NATURAL GAS
FROM ALASKA**

DOE/FE OPINION AND ORDER NO. 1580

APRIL 10, 2000

I. Background

On December 16, 1999, Phillips Alaska Natural Gas Corporation (PANGC) and Marathon Oil Company (Marathon) jointly filed an application with the Department of Energy's (DOE) Office of Fossil Energy for blanket authorization to export up to 10 trillion British thermal units (TBtus)^{1/} of liquefied natural gas (LNG) from the Applicants' existing Kenai LNG facilities in the Cook Inlet area of Alaska to the Pacific Rim.^{2/} The proposed exports are intended for short-term or spot sales over a two-year period beginning on the date of first delivery. Previous blanket authority held by the Applicants to export the same volume of LNG to the Pacific Rim expired March 24, 1999.^{3/} The Applicants used that authority only once, on March 25, 1997, exporting a total of 0.1 Bcf of LNG to Japan.

The Applicants have maintained an uninterrupted export relationship with Japan for more than 30 years pursuant to a series of orders issued by DOE and its predecessors. They presently hold long-term authority, recently extended for five years through March 31, 2009, by DOE/FE Opinion and Order No. 1473 (Order 1473),^{4/} to export up to 64.4 Bcf annually to Japan, for sale to The Tokyo Electric Power Company, Incorporated (Tokyo Electric) and Tokyo Gas Company,

^{1/} One TBtu is equal to approximately one billion cubic feet (Bcf).

^{2/} PANGC, a Delaware corporation with its principal place of business in Bartlesville, Oklahoma, is a wholly owned subsidiary of Phillips Petroleum Company. Marathon, an Ohio corporation with its principal place of business in Houston, Texas, is a wholly owned subsidiary of USX Corporation. The Applicants are not affiliated with each other. They own and operate natural gas liquefaction and marine terminal facilities at Kenai, Alaska.

^{3/} 1 FE ¶ 70,777.

^{4/} 2 FE ¶ 70,317.

Ltd. (Tokyo Gas). This quantity is about 36 percent of the 1998 market for natural gas produced from Alaska's Cook Inlet basin.^{5/}

According to the Applicants, the Kenai facilities can at times manufacture LNG in excess of the volume required by current long-term sales arrangements with Tokyo Electric and Tokyo Gas and exported under the Applicants' long-term authority. They would like to make this additional LNG available to existing as well as other international markets. Transactions under the requested authority would be negotiated at arms length and would contain flexible, market-responsive terms. The Applicants anticipate that the price would be subject to monthly adjustment, based on market conditions and available competing fuels, but might also be fixed for a term less than two years. Contracts are expected to provide for termination by either party on short notice.

The gas used to manufacture the LNG would come from the Applicant's production in the Cook Inlet basin, or from other Alaska suppliers, and would be incremental to the needs of current domestic purchasers.^{6/} The Applicants also indicate the proposed exports would not require the construction of additional facilities.

II. Notice and Comments

The DOE issued a notice of the application on January 6, 2000, inviting protests, motions to intervene, notices of intervention, and comments.^{7/} A protest and motion to intervene was filed by Union Oil Company of California (Unocal) on February 11, 2000. Unocal argues the export

^{5/} See Alaska Department of Natural Resources, Division of Oil and Gas, *Historical and Projected Oil and Gas Consumption*, May 1999, p.35.

^{6/} Phillips Petroleum Company and Marathon have been significant operators in the Cook Inlet area for decades. They operate three of the basin's six largest fields and control approximately 48 percent of the basin's reserves.

⁷ 65 Fed. Reg. 1856 (January 12, 2000).

request is not consistent with the public interest and should be denied. The Applicants answered Unocal's motion on February 24, 2000. The DOE also received a letter on February 2, 2000, from the Commissioner of the Department of Natural Resources for the State of Alaska. The State does not protest or intervene in the proceeding, but "reserves th[is] right" if the Applicants seek additional export authority. This Order grants intervention to Unocal.

Unocal is a California corporation with diversified energy operations worldwide. Unocal indicates it is the largest leaseholder in Cook Inlet, and operates properties producing an average of approximately 45 percent of the region's natural gas production. It supplies feedstock natural gas to Alaska Nitrogen Products, LLC (ANP) for the manufacture of nitrogen-based fertilizers at ANP's chemical plant located in Nikiski on the shore of Cook Inlet.^{8/} Unocal says the plant accounted for 25 percent of demand for gas produced in the Cook Inlet, and roughly 40 percent of Cook Inlet gas consumed in Alaska in 1998.^{9/} Except for the fertilizer plant, Unocal has no other supply obligations to the local Alaskan market.

Unocal incorporated by reference in this proceeding all comments and analyses^{10/} it submitted in support of its protest and intervention in the 1996 docket for Order 1473. In that

8 ANP is a subsidiary of Unocal. Unocal recently agreed to sell ANP to Agrium, Inc., including the Nikiski fertilizer plant. Agrium, Inc. is a Canadian corporation with its principal place of business in Calgary, Alberta, Canada. It produces and markets fertilizer in North America and Argentina. Under the completed sale, Unocal will be obligated to supply the natural gas requirements of Agrium, Inc.'s plant on a long-term basis.

9 By comparison, Unocal indicates utility gas and power generation accounted for 28 percent of south-central Alaska's gas demand, while the Applicants' LNG exports to Japan accounted for 36 percent. See note 4. South-central Alaska includes the City of Anchorage, the Matanuska-Susitna Borough, and the Kenai Peninsula Borough. Its inhabitants comprise the majority of Alaska's population.

10/ *Cook Inlet Natural Gas Deliverability Analysis* (December 1997), included as Exhibit A to *Initial Comments of Union Oil Company of California* (Unocal), filed December 22, 1997. Unocal's deliverability report was supported by two companion analyses, also prepared by Unocal and included as Appendices 1 and 2, respectively, to Exhibit A: (1) *Cook Inlet Natural Gas Reserves and Resources*; and (2) *Production Capacity of Cook Inlet Gas Fields*.

docket Unocal argued the five-year extension requested by the Applicants would cause, or at least hasten, daily and annual regional supply shortfalls, including curtailments affecting its subsidiary's fertilizer plant, within the 2004-2009 extension period. Unocal argued its analysis showed a declining natural gas reserve base in Cook Inlet, which, even with reserve additions, would be insufficient to meet both the projected demand in south-central Alaska and the LNG export market. Although it is this extension to the PANGC and Marathon long-term export authority, not the short-term blanket authority sought in this docket, which Unocal claims is the "real threat" to Alaska gas users, Unocal believes the Department's approval of the current request will accelerate supply shortfalls.

In their February 24, 2000, answer to Unocal's motion and comments, the Applicants emphasized the Department's determination in Order 1473, based on the extensive record in that proceeding, that the extension of their long-term export authority had not been shown to be inconsistent with the public interest, and that "even using the supply and demand estimates of the protesters, . . . supply is more than sufficient to meet demand."^{11/} The Applicants dismiss Unocal's protest as "simply a collateral attack" on Order 1473 and one wherein Unocal has failed to meet its burden of proof in the current proceeding. The Applicants also note the Department's comment in Order 1473 that protestors, by seeking to manipulate the process in order to eliminate the LNG export demand segment of the market, were attempting "to obtain, in effect, a private right of eminent domain" to take the gas from the exporting producer.^{12/}

11 Order 1473 at 46.

12 *Id.* at 47.

III. Decision

This application has been evaluated to determine if the proposed export arrangement meets the public interest requirements of section 3 of the Natural Gas Act (NGA).^{13/} Under section 3, an export from Alaska to a foreign country must be authorized unless there is a finding it “will not be consistent with the public interest.”^{14/} Section 3 thus creates a statutory presumption in favor of approval of this export application which opponents bear the burden of overcoming.^{15/} Furthermore, in evaluating an export application, the Department applies the principles described in DOE Delegation Order No. 0204-111,^{16/} which focuses primarily on domestic need for the gas to be exported, and the Secretary’s natural gas policy guidelines,^{17/} which presume the normal functioning of the competitive market will benefit the public.

The PANGC and Marathon proposal to export LNG, as set forth in their application, is consistent with section 3 of the NGA and Departmental policy. The concerns raised and incorporated by Unocal were addressed at length in Order 1473. In that proceeding, which was also opposed by two other users of Cook Inlet gas, the Department evaluated the adequacy of

^{13/} 15 U.S.C. § 717b.

^{14/} *Id.*

^{15/} In *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).

^{16/} See 49 Fed. Reg. 6684, February 22, 1984. On January 6, 1989, certain functions including the regulation of natural gas imports and exports, were transferred from the Economic Regulatory Administration (a predecessor of FE) to FE. DOE Delegation Order No. 0204-127 specifies the transferred functions (54 FR 11436, March 20, 1989).

^{17/} See 49 Fed. Reg. 6684, February 22, 1984.

regional reserves to satisfy both anticipated local demand and the continued export of LNG. The record included several Cook Inlet supply and demand forecasts submitted by the parties and other published reports. Based on our evaluation of this extensive record, we concluded the five-year extension of the Applicants' long-term export authority would not adversely affect domestic gas use in the Cook Inlet area. We estimated the available supply of conventional natural gas between 1998 and 2009 would be 4,545 Bcf, and anticipated demand for the same period would be 2,847 Bcf. Even using the lowest supply and highest demand estimates of the protestors, we found supply would be more than sufficient to meet demand. In addition to our findings on regional need, we concluded, in Order 1473, that the extension of PANGC and Marathon's export authority would encourage the development of Alaska energy resources and would continue economic benefits to the Cook Inlet area and the State of Alaska as well as trade benefits of the long-standing relationship between the United States and Japan. Unocal and the other two protestors did not request rehearing of Order 1473.

Unocal complains the Department's approval of the two-year blanket authority requested in this docket will exacerbate the regional supply issues Unocal raised in Order 1473. However, the Department rejected those arguments in Order 1473, which approved a total export volume over the five-year extension of approximately 322 Bcf of LNG, compared with the 10 Bcf maximum requested here. Second, Order 1473 involved firm volumes, whereas both short-term and spot arrangements typically are interruptible or best-efforts transactions. Third, Order 1473 approved a five-year extension of a 30-year arrangement that would have ended in 2004. This proposal, however, is for two-year blanket authority (typically for arrangements under 30-day, 90-day, 6-month, and 1-year contracts), which if used and thus triggered within the next two

years, will expire before the Order 1473 extension begins. Fourth, sales would take place under the requested authority only if the Applicants have gas in excess of the volume required by their currently authorized long-term sales arrangements with Japan.

After considering all information in the record of this proceeding, and reexamining its findings in Order 1473, the Department finds that granting the Applicants blanket authority to export up to 10 TBtus (10 Bcf) of LNG over a term of two years for spot and short-term sales in the international market is not inconsistent with the public interest. The assessment took into account the potential effect the short-term LNG exports would have on Cook Inlet supplies when combined with the exports already approved. There have been no dramatic changes in the Cook Inlet supply picture since Order 1473 was issued and we conclude the record shows there is a sufficient regional supply of natural gas to satisfy local demand and the combined total of short-term and long-term LNG export demand. This blanket order authorizes transactions under contracts with terms of no longer than two years.^{18/}

ORDER

Pursuant to section 3(a) of the Natural Gas Act, it is ordered that:

A. Phillips Alaska Natural Gas Corporation and Marathon Oil Company (collectively, the Applicants) are authorized to export up to 10 Btus (10 Bcf) of liquefied natural gas (LNG) from Kenai, Alaska, to international markets over a two-year term beginning on the date of first export.

B. The motion of Union Oil Company of California (Unocal) to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of Unocal shall be limited to

¹⁸ An export authorization for natural gas in cases not involving construction is categorically excluded by DOE from further documentation under the National Environmental Policy Act (42 U.S.C. § 4321 *et seq.*) (See 40 C.F.R. § 1508.4 and 57 FR 15122, April 24, 1992).

matters specifically set forth in its motion to intervene and not specifically denied, and that the admission of Unocal shall not be construed as recognition that it might be aggrieved because of any order issued in this proceeding.

C. Within two weeks after deliveries begin, the Applicants shall provide written notification to the Office of Natural Gas & Petroleum Import & Export Activities of the date that the first export of LNG authorized in Ordering Paragraph A, above, occurred.

D. With respect to the LNG exports authorized by this Order, the Applicants shall file, within 30 days following each calendar quarter, reports indicating whether exports have been made. If no exports of LNG have been made, a report of "no activity" for that calendar quarter must be filed. If exports have occurred, the Applicants must report the following information: (1) total monthly volumes in Mcf; (2) the average monthly price for LNG exports per MMBtu delivered to each purchaser; (3) the destination(s) of the LNG exports; (4) the name of the purchaser(s); and (5) the estimated or actual duration of the agreement(s). [OMB No.: 1901-0294]

E. The notification and reports described in Ordering Paragraphs C and D of this Order shall be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, FE-34, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

F. The first quarterly report required by Ordering Paragraph D of this Order is due not later than July 30, 2000, and should cover the period from the date of this Order until the end of the second calendar quarter, June 30, 2000.

Issued in Washington, D.C., on April 10, 2000.

John W. Glynn
Manager, Natural Gas Regulation
Office of Natural gas & Petroleum
Import & Export Activities
Office of Fossil Energy

99-110-LNG



RECEIVED
FEB 16 2007
DOE/OFE/NGR

J. Scott Jepsen
Vice President
ConocoPhillips Alaska Natural Gas Corporation
700 G. Street (99501)
P. O. Box 100360
Anchorage, Alaska 99510-0360

Telephone: (907) 263-4348
Facsimile: (907) 265-1441
Email: jsjepsen@conocophillips.com

February 16, 2007

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

Sent via email and U.S. Postal Service

RE: ConocoPhillips Alaska Natural Gas Corp. and Marathon Oil Co.
(DOE/FE Docket No. 07- 02 -LNG)

Dear Mr. Corbin:

The purpose of this letter is to notify the U.S. Department of Energy ("DOE"), Office of Fossil Energy ("FE") that ConocoPhillips Alaska Natural Gas Corporation and Marathon Oil Company ("LNG Sellers") are contemplating the activation of the blanket export authorization granted in DOE/FE Opinion and Order No. 1580 dated April 10, 2000 ("Order No. 1580"). Order No. 1580 authorized the LNG Sellers to export up to 10 TBtus of LNG from the Kenai LNG facility to countries in the Pacific Rim over a two-year period beginning on the date of first delivery.

In LNG Sellers' recently filed application to DOE for a blanket authorization to export up to 99 TBtus from April 1, 2009, to March 31, 2011 ("2009-2011 Application"), LNG Sellers proposed that the DOE vacate the blanket export authorization issued in Order No. 1580 contemporaneous with, and conditioned on, the issuance of the blanket authorization sought in the 2009-2011 Application. If LNG Sellers activate Order No. 1580 as currently contemplated before DOE issues a favorable order on the 2009-2011 Application, it will not be necessary for DOE to vacate Order No. 1580. If DOE issues a favorable order on the 2009-2011 Application before LNG Sellers have activated Order No. 1580, then LNG Sellers desire to reserve the ability to activate Order No. 1580 prior to the time period covered by the 2009-2011 Application.

February 16, 2007

Page 2

Very truly yours,

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

J. Scott Jepsen

Vice President

ConocoPhillips Alaska Natural Gas Corporation

Cc: Mr. David M. Risser
Manager, Natural Gas Marketing
Marathon Oil Company

Mr. Edward B. Myers
Attorney-Advisor
Office of General Counsel
U.S. Department of Energy

KH # 88-22-LNG
FE # 96-99-LNG
FE # 99-110 LNG

Moore, Larine

From: Munoz, Leisa C. (LDZX) [Leisa.C.Munoz@conocophillips.com]
Sent: Tuesday, December 11, 2007 9:59 AM
To: Moore, Larine
Cc: Brannon, Dan H.
Subject: FE DKT 96-66-LNG - Name Change Request



Ms. Moore:

Please change the name on FE DKT ~~96-99-LNG~~ from Phillips Alaska Natural Gas Corporation to ConocoPhillips Alaska Natural Gas Corporation. I will be providing an original Secretary's Certificate certifying the name change documentation by overnight mail. The document will leave ConocoPhillips Company's Houston office today. Please let me know if you have any additional questions.

Regards,

Leisa C. Munoz

Corporate Legal Specialist and Assistant Secretary ConocoPhillips Company 600 North Dairy Ashford Rd., ML
3166 Houston, Texas 77079

(281) 293-4746

ETN 639-4746

Fax 281-293-4111

leisa.c.munoz@conocophillips.com

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PHILLIPS ALASKA NATURAL GAS CORPORATION", CHANGING ITS NAME FROM "PHILLIPS ALASKA NATURAL GAS CORPORATION" TO "CONOCOPHILLIPS ALASKA NATURAL GAS CORPORATION", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF FEBRUARY, A.D. 2004, AT 3:25 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



0853395 8100

040122685

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State
AUTHENTICATION: 2943243

DATE: 02-20-04

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
OF
PHILLIPS ALASKA NATURAL GAS CORPORATION



Phillips Alaska Natural Gas Corporation, a Delaware corporation, does hereby certify that the following amendment to its Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

The name of the corporation is changed, effective as of February 20, 2004, by amending the present article FIRST to read as follows:

FIRST. The name of the corporation is
ConocoPhillips Alaska Natural Gas Corporation

Executed on February 20, 2004

Attest:

PHILLIPS ALASKA NATURAL GAS
CORPORATION

By: L. C. Munoz
Assistant Secretary
L. C. Munoz

By: Daniel C. Jones
Director and Vice President
D. C. Jones
Authorized Person



State of Delaware
Secretary of State
Division of Corporations
Delivered 03:29 PM 02/20/2004
FILED 03:25 PM 02/20/2004
SRV 040122685 - 0853395 FILE



CONOCOPHILLIPS ALASKA NATURAL GAS CORPORATION
A WHOLLY OWNED SUBSIDIARY OF CONOCOPHILLIPS

SECRETARY'S CERTIFICATE

I, Leisa C. Munoz, Assistant Secretary of ConocoPhillips Alaska Natural Gas Corporation, a corporation organized and existing under and by virtue of the laws of the State of Delaware, United States of America (the "Company"), hereby certify that I am duly authorized to execute this Certificate on behalf of the Company, and on behalf of the Company certify that:

1. Attached hereto as Exhibit A is a true and correct photocopy of the Certificate of Amendment to the Certificate of Incorporation of Phillips Alaska Natural Gas Corporation changing the name of the company to ConocoPhillips Alaska Natural Gas Corporation as filed with the office of the Secretary of State of Delaware on the 20th day of February 2004 and such Certificate has not been modified, amended, rescinded or revoked and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as Assistant Secretary and affixed the corporate seal of said Company this 11th day of December 2007.

Leisa C. Munoz
Assistant Secretary
ConocoPhillips Alaska Natural Gas Corporation

STATE OF TEXAS §
COUNTY OF HARRIS §

Before me, the undersigned Notary Public in and for the State of Texas, County of Harris, on this day personally appeared Leisa C. Munoz, known by me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same as the act and deed of ConocoPhillips Alaska Natural Gas Corporation in her capacity as Assistant Secretary for the purpose therein expressed, and that the seal affixed to said instrument is the corporate seal of said Company.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed my Notarial Seal in the City of Houston, County of Harris, State of Texas, this 11th day of December 2007.

Notary Public

EXHIBIT A

CERTIFICATE OF AMENDMENT TO THE
CERTIFICATE OF INCORPORATION OF
Phillips Alaska Natural Gas Corporation

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

RECEIVED
JAN 30 2008
DOE/OFE/NGR

CONOCOPHILLIPS ALASKA NATURAL GAS
CORPORATION

) ERA DOCKET NO. 88-22-LNG
) FE DOCKET NOS. 96-99-LNG
) 99-110-LNG

ORDER AMENDING AUTHORITY TO EXPORT
LIQUEFIED NATURAL GAS FROM ALASKA

DOE/FE ORDER NOS. 261-G
1473-A
1580-A

On December 11, 2007, ConocoPhillips Alaska Natural Gas Corporation (ConocoPhillips) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} to amend DOE/FE Order No. 261 (Order 261), as amended, DOE/FE Order No. 1473 (Order 1473) and DOE/FE Order No. 1580 (Order 1580) to reflect a name change from Phillips Alaska Natural Gas Corporation to

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redlegation Order No. 00-002.04 (January 8, 2002).

ConocoPhillips Alaska Natural Gas Corporation.² Phillips Alaska Natural Gas Corporation's name was changed to ConocoPhillips Alaska Natural Gas Corporation on February 20, 2004.

Accordingly, pursuant to section 3 of the Natural Gas Act, it is ordered that DOE/FE Order No. 261, as amended, DOE/FE Order No. 1473 and DOE/FE Order No. 1580, is further amended to substitute ConocoPhillips Natural Gas Corporation for Phillips Natural Gas Corporation as the importer of LNG effective the date of this Order. All terms and conditions in Order 261, as amended, Order 1473 and Order 1580 remain in full force and effect.

Issued in Washington, D.C., on January 30, 2008.



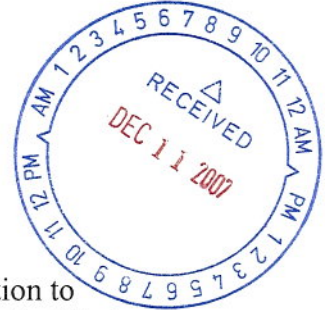
R. F. Corbin
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

²/ DOE/FE Order No. 261, as amended, and DOE/FE Order No. 1473, granted Phillips Alaska Natural Gas Corporation and Marathon Oil Company (PANGC/Marathon) long-term authorization to export liquefied natural gas (LNG) from Alaska (2 FE ¶ 70,506 and 2 FE ¶ 70,317, respectively) and DOE/FE Order No. 1580 granted (PANGC/Marathon) blanket authorization to export LNG from Alaska (2 FE ¶ 70,472).

Moore, Larine

Amendment Request

From: Munoz, Leisa C. (LDZX) [Leisa.C.Munoz@conocophillips.com]
Sent: Tuesday, December 11, 2007 9:59 AM
To: Moore, Larine
Cc: Brannon, Dan H.
Subject: FE DKT ~~96-66-LNG~~ - Name Change Request



96-99-LNG

Ms. Moore:

Please change the name on FE DKT 96-99-LNG from Phillips Alaska Natural Gas Corporation to ConocoPhillips Alaska Natural Gas Corporation. I will be providing an original Secretary's Certificate certifying the name change documentation by overnight mail. The document will leave ConocoPhillips Company's Houston office today. Please let me know if you have any additional questions.

Regards,

Leisa C. Munoz

Corporate Legal Specialist and Assistant Secretary ConocoPhillips Company 600 North Dairy Ashford Rd., ML
3166 Houston, Texas 77079

(281) 293-4746

ETN 639-4746

Fax 281-293-4111

leisa.c.munoz@conocophillips.com

*all 3 need
the name change*

Delaware

PAGE 1

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I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "PHILLIPS ALASKA NATURAL GAS CORPORATION", CHANGING ITS NAME FROM "PHILLIPS ALASKA NATURAL GAS CORPORATION" TO "CONOCOPHILLIPS ALASKA NATURAL GAS CORPORATION", FILED IN THIS OFFICE ON THE TWENTIETH DAY OF FEBRUARY, A.D. 2004, AT 3:25 O'CLOCK P.M.

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Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State
AUTHENTICATION: 2943243

DATE: 02-20-04

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Executed on February 20, 2004

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CORPORATION

By: *L.C. Munoz*
Assistant Secretary
L. C. Munoz

By: *Daniel E. Jones*
Director and Vice President
D. C. Jones
Authorized Person



State of Delaware
Secretary of State
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Delivered 03:29 PM 02/20/2004
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SRV 040122685 - 0853395 FILE



CONOCOPHILLIPS ALASKA NATURAL GAS CORPORATION
A WHOLLY OWNED SUBSIDIARY OF CONOCOPHILLIPS

SECRETARY'S CERTIFICATE

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1. Attached hereto as Exhibit A is a true and correct photocopy of the Certificate of Amendment to the Certificate of Incorporation of Phillips Alaska Natural Gas Corporation changing the name of the company to ConocoPhillips Alaska Natural Gas Corporation as filed with the office of the Secretary of State of Delaware on the 20th day of February 2004 and such Certificate has not been modified, amended, rescinded or revoked and is in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as Assistant Secretary and affixed the corporate seal of said Company this 11th day of December 2007.

Leisa C. Munoz
Assistant Secretary
ConocoPhillips Alaska Natural Gas Corporation

STATE OF TEXAS §
COUNTY OF HARRIS §

Before me, the undersigned Notary Public in and for the State of Texas, County of Harris, on this day personally appeared Leisa C. Munoz, known by me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same as the act and deed of ConocoPhillips Alaska Natural Gas Corporation in her capacity as Assistant Secretary for the purpose therein expressed, and that the seal affixed to said instrument is the corporate seal of said Company.

IN WITNESS WHEREOF, I have hereunto signed my name and affixed my Notarial Seal in the City of Houston, County of Harris, State of Texas, this 11th day of December 2007.

Notary Public

UNITED STATES OF AMERICA

DEPARTMENT OF ENERGY

OFFICE OF FOSSIL ENERGY

RECEIVED

JAN 30 2008

DOE/OFE/NGR

CONOCOPHILLIPS ALASKA NATURAL GAS
CORPORATION

) ERA DOCKET NO. 88-22-LNG
) FE DOCKET NOS. 96-99-LNG
) 99-110-LNG

ORDER AMENDING AUTHORITY TO EXPORT
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1580-A

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ConocoPhillips Alaska Natural Gas Corporation.² Phillips Alaska Natural Gas Corporation's name was changed to ConocoPhillips Alaska Natural Gas Corporation on February 20, 2004.

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Issued in Washington, D.C., on January 30, 2008.



R. F. Corbin
Manager, Natural Gas Regulatory Activities
Office of Oil and Gas Global Security and Supply
Office of Fossil Energy

²/ DOE/FE Order No. 261, as amended, and DOE/FE Order No. 1473, granted Phillips Alaska Natural Gas Corporation and Marathon Oil Company (PANGC/Marathon) long-term authorization to export liquefied natural gas (LNG) from Alaska (2 FE ¶ 70,506 and 2 FE ¶ 70,317, respectively) and DOE/FE Order No. 1580 granted (PANGC/Marathon) blanket authorization to export LNG from Alaska (2 FE ¶ 70,472).

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1473-A
1580-A

On December 11, 2007, ConocoPhillips Alaska Natural Gas Corporation (ConocoPhillips) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} to amend DOE/FE Order No. 261 (Order 261), as amended, DOE/FE Order No. 1473 (Order 1473) and DOE/FE Order No. 1580 (Order 1580) to reflect a name change from Phillips Alaska Natural Gas Corporation to

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redelegation Order No. 00-002.04 (January 8, 2002).