



Kevin A. Tabler  
Manager, Land &  
Government Affairs  
MidContinent/Alaska

**Chevron North America  
Exploration and Production**  
3800 Centerpoint Drive  
Suite 100  
Anchorage, AK 99503  
Tel 907 263 7600  
Fax 907 263 7698  
Email [tablerk@chevron.com](mailto:tablerk@chevron.com)

RECEIVED

MAR 24 2011

DIVISION OF  
OIL AND GAS

March 24, 2011

Mr. Kevin Banks, Director  
Alaska Department of Natural Resources  
Division of Oil and Gas  
550 West 7<sup>th</sup> Avenue, Suite 800  
Anchorage, AK 99501-3560

**Re: Ivan River Gas Storage Lease Application**

Dear Mr. Banks:

On March 17, 2011, Union Oil Company of California ("Union Oil") reinstated its application for a gas storage lease located in the Ivan River Unit. By telephone, DNR has inquired as to our intent to ask for a gas storage credit available under AS 43.20.046.

At all times, Union Oil's intention has been to use the leased storage space exclusively for storage of Union Oil's gas and at no time has Union Oil had any intention to offer storage to third parties.

In 2010, the legislature adopted 2010 Alaska Laws Ch. 16 (H.B. 280). This legislation amended AS 38.05.180(u) to allow a public utility to request an exemption from the payment of a storage fee or rental on the stored gas. The same legislation enacted AS 43.20.046 which provides a tax credit for gas storage offered as a "public utility" pursuant to AS 42.05.990(4)(G).

Union Oil is not a public utility and has no intention of applying with the Regulatory Commission of Alaska for approval of a commercial gas storage facility, seeking a tax credit under AS 43.20.046 or applying to DNR for exemption from the payment of a storage fee or rental.

Union Oil reserves the right to claim tax credits which may be available outside of the provisions of AS 43.20.046. Should you have any further questions, please do not hesitate to contact us.

Sincerely,  
UNION OIL COMPANY OF CALIFORNIA

By:

  
Kevin A. Tabler

cc: Wendy Woolf, Division of Oil and Gas (via email to [wendy.woolf@alaska.gov](mailto:wendy.woolf@alaska.gov))