Executive Summary
of Cook Inlet LNG Agreement
Between the State of Alaska, Marathon Oil Company
and ConocoPhillips Alaska Natural Gas Corporation
January 2, 2008

- The State of Alaska, Marathon Oil Company, and ConocoPhillips Alaska Natural Gas Corporation have entered into an agreement that addresses the State's previous concerns about continued LNG exports, enabling the State to provide unconditional support for the applicants' LNG export application currently pending before the U.S. Department of Energy (**DOE**).

- In the agreement, the State and the applicants sought to advance their mutual interest in the continued operation of the Kenai LNG Facility, which (i) serves an important reliability role in the supply and demand balance in the Cook Inlet region, providing for the ability to divert, on a real time basis, natural gas for heating and electricity generation during times of peak demand, (ii) has a positive impact on investment in the development of regional gas supplies, and (iii) provides employment and private and local government income in the Kenai Peninsula Borough as well as royalty and tax income to the State.

- As part of the agreement, the applicants each agreed to continue negotiations with ENSTAR Natural Gas Company and Chugach Electric Association, Inc. on gas supply agreements to satisfy local gas supply needs; and if certain local gas supply milestones are not met, the companies agreed to reduce exports below the LNG export quantities requested in the application. Additionally, ConocoPhillips agreed to approve 2008 drilling plans for at least two wells, and Marathon agreed to approve five wells. The companies also agreed to make data available to other potential oil and gas explorers in the Cook Inlet region on a commercially reasonable basis to encourage exploration and development, and to purchase natural gas produced by other natural gas producers when practical for the production of LNG at the Kenai LNG Facility.

- The agreement includes a framework for cooperation between the State and the applicants on future applications to the DOE for additional LNG export authorizations, with the common goal of making a minimum of 30 million standard cubic feet per day (MMscfpd) of plant inlet capacity available for natural gas purchased from other producers. If additional application(s) are filed, the State has agreed to support the application(s), provided, among other things, that the natural gas to be exported is excess to the requirements of the regional utilities for the period covered by the application. The State and the companies recognize that the local market alone is not large enough or flexible enough to sustain exploration and development activities.

- Approval of the current application by DOE in the export amount requested and the ability of the applicants to make LNG sales are the underlying bases for the applicants' commitments in the agreement. If these conditions are not met, then the agreement will terminate with no further obligations.