

Marathon Oil Company
Comments to Agrium Task Force
July 27, 2005
John A Barnes

Good morning, my name is John Barnes and I am the Production Manager for Marathon Oil Company's Alaska Assets.

As many of you are aware, Marathon has been an active participant in the overall Cook Inlet oil and gas business for over 50 years. We operate seven Cook Inlet gas fields and anticipate bringing two new gas fields on production over the next two years. Marathon also participates in gas sales to all major gas markets, providing about half of the local utility market supply. We also are partners in the world's longest running LNG export project to Asia.

Over the course of the last several months, this Task Force has investigated many issues which were highlighted by the earlier announcement regarding closure of Agrium's Nitrogen Products plant. The ability of Agrium to procure sufficient feedstock reflects the overall supply and demand balance in the Cook Inlet for natural gas.

Marathon compliments the task force in its efforts to address not only the particularly difficult issues associated with the plant closure itself, but in also considering the larger issues which affect the overall Cook Inlet oil and gas industry.

The draft recommendations prepared by this task force reflect this important balance. Several of the recommendations reflect an excellent first step in potentially stimulating the overall Cook Inlet oil and gas exploration and development effort.

I would very much like to see us seize the momentum generated by the Task Force as well as the cooperative spirit of the all involved and

re-focus this energy to the broader issues of the Cook Inlet. Marathon believes that continuation of a “Cook Inlet Oil and Gas Task Force” will well serve the needs of Alaska in general as well as the citizens of the Cook Inlet area.

Thank you for your consideration.