

CIRCAC Charter Funding Companies

Rod Ficken

Cook Inlet Pipeline Co: VP/Manager
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"The mission of the Council is to represent the citizens of Cook Inlet in promoting environmentally safe marine transportation and oil facility operations in Cook Inlet."

Members

Alaska State
Chamber of
Commerce

Alaska Native
Groups

Environmental
Groups

Recreational
Groups

Aquaculture
Associations

Fishing
Organizations

City of Kodiak

City of Kenai

City of Seldovia

City of Homer

Kodiak Island
Borough

Kenai Peninsula
Borough

Municipality of
Anchorage

August 12, 2009

Rod Ficken
Cook Inlet Pipeline Co.
P.O. Box 91159
Anchorage, AK 99503

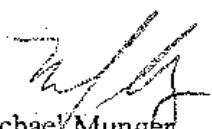
Dear Mr. Ficken:

Attached for your signature is the 2010-2012 Letter of Agreement for Funding between Cook Inlet Pipeline Company and Cook Inlet RCAC. Please sign the Agreement and return it as soon as possible at which time we will forward a signed copy to you for your records

Please note that Attachment A of the Agreement does not reflect the individual funding amounts for each company at this time, as these amounts will be provided to Cook Inlet RCAC no later than December 1, 2009 as per this Agreement. At that time we will provide you with a copy of the completed Attachment A along with an invoice reflecting Cook Inlet Pipeline's first payment to Cook Inlet RCAC, with the due date of January 1, 2010. The second 2010 invoice will be sent to you in May. The due date for that invoice will be June 1, 2010.

If you have any questions, please feel free to contact me at 907-283-7222 or munger@circac.org.

Sincerely,


Michael Munger
Executive Director

Enclosure: 2010-2012 Letter of Agreement

LETTER OF AGREEMENT FOR COOK INLET RCAC FUNDING

The companies listed below (hereafter the "Charter Funding Companies") are required to file an oil spill contingency plan for the Cook Inlet Regional Citizens Advisory Council's (hereafter the "Cook Inlet RCAC") region of operation and agree to provide a minimum of \$967,000 per year for three years, starting January 1, 2010, to fund the operations of Cook Inlet RCAC subject to the terms set forth herein. Each undersigned company agrees as follows:

1. The undersigned company shall provide its share of the funding in the amount described in Attachment A. Fifty percent (50%) of each annual payment will be made on January 1, 2010; January 1, 2011; and January 1, 2012, and the other fifty percent (50%) of each annual payment shall be made on June 1, 2010; June 1, 2011; and June 1, 2012.
2. The undersigned company agrees to participate with other Charter Funding Companies in providing the funding. The funding will be adjusted annually, as of January 1 of each year, using the following formula:
2010 - \$967,000.00
2011 - \$967,000.00 plus an increase equal to the Anchorage Consumer Price Index (CPI) multiplied by \$967,000.
2012 - Total funding for 2011 plus an increase of 2.2% multiplied by total funding for 2011.
3. The payments will be made by the Charter Funding Companies directly to Cook Inlet RCAC. Attachment A may be modified from time to time by the Charter Funding Companies to reflect membership additions or changes in activities of the Charter Funding Companies consistent with the terms set forth herein. The Charter Funding Companies will submit an up-to-date Attachment A to Cook Inlet RCAC by December 1st of each year, in the event of any changes. CISPRI will confirm the accuracy and provide documentation of the annual amounts for the individual companies based on the volumes reported to them by the Charter Funding Companies before Attachment A is forwarded to Cook Inlet RCAC.
4. It is understood that the share of funding provided by individual Charter Funding Companies may vary from year to year, and that companies may be added or deleted to Attachment A depending upon industry activity in the Cook Inlet. It is also understood that if additional production or transportation sources are developed that will require additional filing of oil spill contingency plans, monitoring or oversight by Cook Inlet RCAC, funding shall be increased to cover this increased activity and the parties shall in good faith negotiate said increase.
5. Cook Inlet RCAC will submit an invoice to each Charter Funding Company for the amount due from that company thirty (30) days prior to the due date.
6. Cook Inlet RCAC will provide the Charter Funding Companies with an annual summary of all monies received (both industrial and non-industrial) along with a summary of Cook Inlet RCAC's budget and current financial balances. The Charter Funding Companies may jointly audit Cook Inlet RCAC accounts once

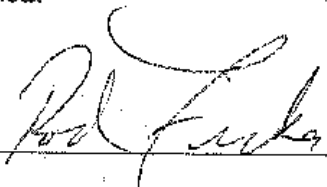
per year, at the companies' expense. Cook Inlet RCAC will also provide the Charter Funding Companies at no charge with copies of the minutes of all Council and Committee meetings, along with any reports, recommendations or position papers which are prepared by the Council or its Committees, if requested by the Charter Funding Companies.

7. The Cook Inlet RCAC will provide to the Charter Funding Companies a summary of committee projects, highlighting new projects as outlined in the RCAC Strategic Plan by July 15th of each year.
8. Funds provided to Cook Inlet RCAC by the Charter Funding Companies pursuant to this agreement are to be used for the purposes defined by OPA 90, Alaska State Law, the bylaws of Cook Inlet RCAC and its Strategic Plan.
9. The undersigned company shall not be released from the obligation to provide funding as described above so long as: 1) Cook Inlet RCAC retains OPA 90 certification during the term of this agreement; 2) the funds provided by the Charter Funding Companies are used appropriately pursuant to this agreement; 3) Cook Inlet RCAC operates in accordance with OPA 90 and USCG guidelines; and 4) the undersigned company operates oil facilities in the Cook Inlet area.
10. The undersigned company agrees to provide written notice to Cook Inlet RCAC if such company intends to cease operating in Cook Inlet, at least ninety (90) days in advance of said cessation, and agrees further to cover all of its funding obligations to Cook Inlet RCAC until the end of the calendar year in which such company ceases operating in Cook Inlet.
11. The parties agree that the undersigned company is not a guarantor of the obligations of any other Charter Funding Company and shall bear absolutely no liability whatsoever to Cook Inlet RCAC in the event that any other Charter Funding Company fails to make payments to Cook Inlet RCAC.
12. Notwithstanding the provisions of Paragraph 11, if a Charter Funding Company fails to pay an installment within sixty (60) days of the date it is due, Cook Inlet RCAC may notify all Charter Funding Companies of such failure, and request a revision of Attachment A to remove the non-paying company from Attachment A and provide for full funding from the remaining Charter Funding Companies. Within forty-five (45) days of such notice and request, the remaining Charter Funding Companies will provide Cook Inlet RCAC with a revised Attachment A which provides for full funding. If the remaining Charter Funding Companies fail to make up the funding shortfall as provided in the notice within such forty-five (45) day period, Cook Inlet RCAC may terminate this agreement upon not less than thirty (30) days written notice to all the Charter Funding Companies.
13. This agreement cannot be amended, modified or supplemented in any respect except by a subsequent written agreement entered into by the affected parties.

This Letter Agreement for Cook Inlet RCAC Funding is hereby agreed to by the following Charter Funding Company which does business in Cook Inlet:

Signed:

Date:



08-13-2009

Company:

This Letter is hereby agreed to by the Cook Inlet Regional Citizens Advisory Council:

Signed:

Date:


President, Cook Inlet RCAC

8/31/09

CIRCAC Funding Calculations - 2011

Company	Total Due 1/1/2011	Total Due 6/1/2011	Total for 2011
Cook Inlet Pipeline Co.	\$ 57,116.29	\$ 9,927.94	\$ 67,044.23
Cook Inlet Energy	\$ 55,283.70	\$ 1,330.90	\$ 56,614.60
Marathon Oil	\$ 55,054.23	\$ 254.44	\$ 55,308.67
ConocoPhillips	\$ 55,031.29	\$ 146.79	\$ 55,178.08
Tesoro Alaska	\$ 142,868.17	\$ 412,207.58	\$ 555,075.75
Union Oil of CA	\$ 63,600.75	\$ 40,347.84	\$ 103,948.59
XTO Energy	\$ 60,347.57	\$ 25,086.51	\$ 85,434.08
Totals	\$ 489,302.00	\$ 489,302.00	\$ 978,604.00

APPROVING SIGNATURE:

Eric Haugstad 11-30-10
Eric Haugstad, Tesoro Date

PREPARED BY:

Colleen Vance 11/30/2010
Colleen Vance, CISPRI Date

Backup documentation in the Office Managers office at CISPRI.