



A Clean, Secure Energy Future for Maine & the Maritimes

Calais LNG Project Company
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August 12, 2010

Governor John E. Baldacci
Office of the Governor
#1 State House Station
Augusta, ME 04333-0001

Dear Governor:

Over the last 42 months Calais LNG has invested over \$24 million dollars in a project that if constructed will have positive impact on the state of Maine. In the course we've worked with agencies to do environmental impact studies and satisfy regulatory requirements and permitting from the City of Calais, from Maine and Federal agencies. Our end goal is the construction of a 1,000 foot pier, three storage tanks, and 20 miles of underground pipeline to connect to the Spectra Energy Maritimes & Northeast Pipeline (MNE) that runs through Maine.

Since 2008 Calais LNG has worked with MNE representatives to establish a natural gas transport rate on its pipeline to markets in Maine and New England. Calais LNG maintains a strong working relationship with MNE and continues to work with representatives for MNE to establish a competitive natural gas transports rates that will allow consumers in Maine and New England to have a more abundant and reliable source of clean-burning natural gas than is currently available today.

Late in 2008 some of the Calais LNG team members initiated an independent study for construction of a second interstate pipeline that contemplated the use of some of the State of Maine's ROW. This would serve as another option to transport natural gas south to industrial manufacturers and homeowners in Maine, and further onto Boston and other regions to the south. The work completed to date, although preliminary, demonstrates considerable value to Maine and to a facility like Calais LNG. From here it warrants further investigation by our team in consultation with the appropriate state agencies.

Our team has identified several models that could create significant revenue to the State of Maine in the form of land lease, private-public partnerships, and in consultation with legal advisors in Washington, DC. Maine could actually own and finance such a pipeline at a more advantageous rate than industry. This could further reduce construction and transportation costs — and ultimately the cost to both commercial and residential customers that rely on natural gas for heating, electric power generation and wind power firming. Governor, I would like to arrange a meeting with you and my team, along with the Commissioner for Transportation and the head of the Turnpike Authority, to discuss a natural gas pipeline traversing the Maine Energy Corridors as a more viable and less predatory alternative to MNE.

Sincerely,

A handwritten signature in black ink, appearing to read "Art Gelber", written over a horizontal line.

Art Gelber
Development Manager