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May 4, 2012

Mr. T.W. Patch, Chairman
Regulatory Commission of Alaska
701 W. 8th Avenue, Suite 300
Anchorage, AK 99501

Re: Order No. U-06-107(5)
Fairbanks Natural Gas, LLC
Our File No. : 2102

Dear Chairman Patch:

As required by Regulatory Commission of Alaska Order U-06-107(5), Fairbanks Natural Gas LLC (FNG) provides bimonthly updates to the RCA regarding FNG's progress in securing a new gas supply. The last two months have been eventful, and FNG is making progress toward more secure gas supplies from both Cook Inlet and the North Slope.

In early March, the Commission granted the application of FNG's affiliate Polar LNG, LLC [Polar] for a certificate of public convenience and necessity to construct and operate a natural gas common carrier pipeline at Prudhoe Bay. [Order No. P-11-013(7)(03/09/12)]. The pipeline will provide feed gas to an LNG plant to be constructed by Polar at Deadhorse, Alaska. The LNG plant will substantially increase the natural gas available to FNG for distribution in the Fairbanks area.

FNG recently executed an amendment to its current Cook Inlet gas supply contract to extend the contract through May 31, 2014.

Sincerely,

ROSE & FIGURA

//s//

Mark L. Figura
Attorney for Fairbanks
Natural Gas LLC

cc: Fairbanks Natural Gas LLC
Polar LNG LLC