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November 23, 2010

By Electronic and U.S. Mail

Susan M. Lessard, Chair  
Maine Board of Environmental Protection  
17 State House Station  
Augusta, Maine 04333-0017

Re: Calais LNG

Dear Chair Lessard:

This letter is in response to your letter to me of November 19, 2010 concerning a November 17, 2010 letter from Steven Carothers and Gail Roberts (hereinafter collectively "Carothers") regarding the viability of a certain option agreement regarding property owned by Carothers that makes up a significant portion of the property upon which Calais LNG is proposing to build its pier and LNG receiving terminal. Carothers states in the November 17<sup>th</sup> letter that Calais LNG failed to exercise the option or to make the August 31, 2010 payment required under the option agreement and that, as a result, the option terminated and Calais LNG no longer has title, right or interest in the property.

As you know, for purposes of the BEP proceedings to evaluate Calais LNG's permit application, the project and this proceeding have been suspended for the past three plus months while Calais LNG's managing member (GS Power Holdings LLC) has been in the process of transitioning the project to a new financial partner. As part of the process of transitioning the project to new financial backers, the parties involved initiated discussions with Carothers to re-negotiate the option agreement to more appropriately reflect the current economic climate. Those negotiations have been ongoing since prior to the expiration of the option agreement.

Calais LNG does not intend to withdraw its applications at this time. The project is in the final throes of transitioning majority ownership of the project from GS Power Holdings LLC to a new managing member for Calais LNG. Once that occurs -- and project funding is in place -- title, right and interest to the Carothers property will be secured and various modifications to the project applications will be submitted to the DEP, BEP and the parties to this proceeding (including information on financial capacity as well as on title, right and interest). Further, the additional information that was required to be provided to the various cooperating agencies (e.g., DMR, IF&W and SHPO) will be completed and submitted.

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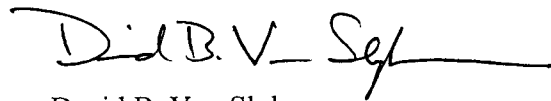
The applications should remain pending for the following reasons:

- The project has been in suspended animation since mid-August and the fact that title, right or interest has not been maintained during that entire timeframe has not impacted any party, the Department or the Board.
- The project has been actively attempting to re-secure title, right and interest during this timeframe.
- Before the project can go forward, the applicant will have to provide supplemental information on the topics of title, right and interest as well as on the financial capacity. It is the applicant's burden of proof on those issues (as well as many others) and the project, appropriately, would be summarily dismissed if the proceedings were re-started and there was not an adequate demonstration of title, right or interest.
- Calais LNG has expended over \$20M on this project to date, and the DEP and BEP have also expended significant resources reviewing this effort. Further, all of the intervenors (both for and against the project) have spent time, effort and money to be involved with the current project. Withdrawal or dismissal of the applications at this point would waste the significant efforts made to get the proceeding to this point, efforts that would need to be duplicated once Calais LNG re-files the applications.

We respectfully request, therefore, that the Board extend the continuance in this matter until January 15, 2011.

Last, Calais LNG appreciates the Chair's recognition of the significant efforts being made to bring this important project through the BEP process.

Very truly yours,

A handwritten signature in black ink that reads "David B. Van Slyke". The signature is written in a cursive style with a long horizontal line extending to the right.

David B. Van Slyke

cc: Service List