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AIDEA
AEA

February 2, 2015

Ted Leonard
AIDEA Executive Director
813 West Northern Lights Blvd.
Anchorage, Alaska 99503

RE: AIDEA's intent to purchase Fairbanks Natural Gas (FNG)

Dear Ted:

We were stunned to hear the announcement on Wednesday that AIDEA intends to purchase FNG and to pursue a Cook Inlet supply of gas to the Interior.

As you know, Northern Lights Energy (NLE) had a right under the concession agreement to develop, on an exclusive basis, the supply of gas for the Interior Energy Project, and had worked diligently, openly and transparently with AIDEA under the concession agreement to reach Financial Close on the North Slope LNG plant by the end of the year. Yet, we heard nothing about the FNG acquisition, or any of the other reported options to bring gas to the Interior that appear to have been under consideration by AIDEA during the Development Period under the concession agreement.

Discussions between AIDEA and third parties over these transactions were prohibited by section 27.5 of the concession agreement. Moreover, discussions regarding AIDEA's alternatives to the concession with NLE during the Development Period would be inconsistent with AIDEA's obligation to use Reasonable Efforts to reach the development milestones in the concession agreement and to satisfy, and to assist the other party in satisfying, conditions precedent to Financial Close. Please advise us regarding when AIDEA began discussions on the FNG acquisition and Cook Inlet gas supply, and with whom those discussions took place.

Going forward, MWH hopes that the fully financeable North Slope project that we presented in December is fairly and accurately represented as these other options are being vetted. We do note, in particular, that the gas supply agreement available on the North Slope continues to be unique in terms of its ability to offer a long-term supply of low-cost natural gas. This will be critical to the overall success of any project intended to deliver low-cost LNG to the Interior. We share the goal bringing low-cost energy to the Interior and we have made clear in previous communications that we stand ready to work with AIDEA to explore opportunities to lower specific costs in the IEP supply chain in order to achieve that goal.

Regards,

Jim Kuiken
Chief Corporate Officer

380 Interlocken Boulevard
Suite 200
Broomfield, Colorado 80021 United States

TEL +1 303 410 4000
FAX +1 303 410 4100
www.mwhglobal.com