

**State of Alaska
Department of Natural Resources
Alaska North Slope Royalty Gas Sale
Offer**

Name of Offeror Alaska Power & Telephone Co.

Address Mile 1314 Alaska Highway, Tok, Alaska 99780

Contact Person Robert Grimm Phone No 800-982-0136 x120

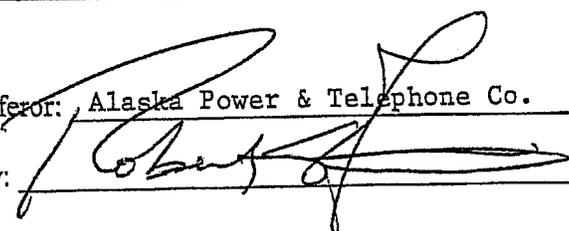
To the Commissioner of Natural Resources:

In response to the State's Solicitation for Offers issued December 26, 2001, the undersigned offeror, having been qualified by the Commissioner, makes the attached offer for Alaska North Slope Royalty Gas.

Additional information that the Commissioner may read at the public hearing to be held February 1, 2002 is below:

Offeror: Alaska Power & Telephone Co.

Date: January 25, 2002

By: 

Title: President

Attach Proposal

Offer

To Purchase Alaska North Slope Royalty Gas
By
Alaska Power & Telephone Company
January 25, 2002

1. Qualification to Offer was submitted to Department of Natural Resources, Division of Oil and Gas on January 7, 2002. A copy of that submission is attached.
2. We hereby commit to a cash bonus of \$1.00 per Mcf per day.
3. We hereby agree to a Maximum Quantity of 1600 Mcf per day.
4. We hereby agree to pay at a "minimum" the base price as established in Article 3.3.1 of the sample contract.
5. Attached is a white paper that discusses the economic benefits of converting the power plant to use natural gas as its primary fuel and also building a small natural gas distribution system. Both the power system and the natural gas system would be located in Tok, Alaska. This paper indicates significant economic benefit to our existing electric customers as well as our proposed future natural gas customers.

Alaska Power & Telephone Company

By 

Its President