

HB

76

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 4/21/93

FURTHER:

DATE TURNED INTO OFFICE: _____

The Finance Committee considered HOUSE BILL NO. 76

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association and the Cook Inlet Region, Inc., and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

*Died in SFC 1994.
See SB 63*

and recommends:

- replace with _____ CS _____ (FINANCE)
- or adopt previous _____ CS _____
- attaches amendment(s)

- same title
- new title
- technical title change (HB only)

adopts _____ Letter of Intent

further referral to the _____

do pass

do not pass

no recommendation

individual recommendations

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

Appropriation No Fiscal Notes

DO PASS:

OTHER RECOMMENDATIONS:

1. _____
Co-Chair: Signature/Recommendation

2. _____
Co-Chair: Signature/Recommendation

SENATE COMMITTEE REPORT

Frank

DATE: 4/19/93

FURTHER: FINANCE

DATE TURNED INTO OFFICE: 4.21.93

RESOURCES Committee considered HOUSE BILL NO. 76

"An Act making a special appropriation to the Department of Natural Resources for the purchase of the inholdings of the Seldovia Native Association and the Cook Inlet Region, Inc., and the timber rights of the Timber Trading Company, within the Kachemak Bay State Park; and providing for an effective date."

and recommends:

+ rpts it for a floor

[] replace with _____ CS _____ ()

or [] adopt previous _____ CS _____ ()

[] attaches amendment(s)

[] same title
[] new title
[] technical title change (HB only)

[] adopts _____ Letter of Intent

[] further referral to the _____

[] do pass

[] do not pass

[] no recommendation

[] individual recommendations

APP

NEW FISCAL NOTES

Department	Date	Zero	Fiscal

PREVIOUS FISCAL NOTES

Department	Date	Zero	Fiscal

[X] Appropriation No Fiscal Note

DO PASS:

Due 1000000. 10/22/93
[Signature]
[Signature]

OTHER RECOMMENDATIONS:

[Signature] No Rec - Frank
[Signature] No Rec

[Signature]
Chair: Signature and Recommendation

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 76

Revision Date: _____

Department Affected: Fish and Game

Title: Purchase of Inholdings and Timber

BRU: Habitat & Restoration and Commissioner's Office

Rights in Kachemak Bay State Park

Component: Habitat & Restoration & Commissioner's Office

Sponsor: Gail Phillips

Requestor: Community and Regional Affairs

COMPONENT SERIAL NO. 04860477

EXPENDITURES/REVENUES:

(Thousands of Dollars)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING:

(Thousands of Dollars)

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of current year (FY93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

Prepared By: Frank Rue *Frank Rue* Phone: 465-4105

Division: Habitat and Restoration Date: _____

Approved by Commissioner: Carl F. Rosier

Agency: Department of Fish and Game Date: 2/21/93

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

ALASKA STATE LEGISLATURE
HOUSE BILL NO. 76

HISTORY IN THE HOUSE

HISTORY IN THE SENATE

1993
V22
Read first time and referred to:
CRA RES FIN

3/24 CRA RPT CS() New Title
3 DP 0 DNP 3 NR 0 AM
FN 1 OFN Previous FN

3/29 RES RPT CS() New Title
6 DP 0 DNP 1 NR 0 AM
FN OFN 10 Previous FN

4/2 FIN RPT CS() New Title
4 DP 0 DNP 6 NR 0 AM
FN OFN Previous FN

4/16 Read second time
CS() Adopted

Amended

4/16 Advanced

4/16 Read third time

Return to second for specific amendment

4/16 PASSED EFD Same or
Yeas 36 Yeas
Nays 2 Nays
Excused 2 Excused
Absent 0 Absent

Intent adopted

Reconsideration
Reconsideration not taken up

PASSED ON RECON. EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Intent adopted

4/16 Reported correctly engrossed
Signed by Speaker, to the Senate

[Signature]
Chief Clerk of the House

1993
4/18
Read first time and referred to:
RES FIN

4/27 RPT() CS 3 DP 3 NR DNP AM
New Title Same Title X Previous FN
FN OFN To *[Signature]*

RPT() CS DP NR DNP AM
New Title Same Title Previous FN
FN OFN To

RPT() CS DP NR DNP AM
New Title Same Title Previous FN
FN OFN To

Rules Calendar() CS AM Other
New Title Same Title Previous FN
FN OFN

Read second time

CS Adopted () New Title
Amended Advanced

Read third time

Letter of Intent adopted
Return to second for specific amendment

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reconsideration
Reconsideration not taken up

PASSED EFD Same ___ or
Yeas Yeas
Nays Nays
Excused Excused
Absent Absent

Reported correctly engrossed
Signed by President, to the House

[Signature]
Secretary of the Senate

HOUSE-SENATE HISTORY Continued

19

Received from the Senate _____

Concur in Senate amendment
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

Failed to concur Senate amendment, ask Senate recede
 Y ___ N ___ E ___ A ___

Senate failed to \ receded from amendment
 Y ___ N ___ E ___ A ___

CC appointed by House _____ Chair

CC appointed by Senate _____ Chair

(H) Granted Limited Powers of Free Conference

(S) Granted Limited Powers of Free Conference

19

(H) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

(S) Adopted CC Rpt _____
 Y ___ N ___ E ___ A ___
 ___ Efd same or Y ___ N ___ E ___ A ___

To enrolling
 Reported enrolled and sent to Governor

_____ By Governor

Legislative Resolve Number _____

Filed with Lieutenant Governor

Alaska State Legislature

House of Representatives

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

HOUSE BILL 76 (PURCHASE OF INHOLDINGS AND TIMBER RIGHTS IN KACHEMAK BAY STATE PARK)

HISTORY OF KACHEMAK BAY BUYBACK

IN 1970 THE ALASKA STATE LEGISLATURE SET ASIDE 250,000 ACRES ACROSS FROM HOMER, CREATING KACHEMAK BAY STATE PARK IN ORDER TO PROTECT THESE PRISTINE LANDS AND WATERS FOR THEIR UNIQUE AND EXCEPTIONAL SCENIC BEAUTY AND RECREATIONAL USE.....

DURING THE YEARS 1971 THRU 1974, THE ALASKA NATIVE CLAIMS SETTLEMENT ACT ALLOWED THE SELDOVIA NATIVE ASSOCIATION (SNA) TO MAKE A SELECTION OF 69,000 ACRES OF LAND IN THE SELDOVIA AREA; HOWEVER, THE STATE PROTESTED TWO OF SNA'S SELECTIONS LEAVING THEM NO ALTERNATIVE BUT TO SELECT THE REMAINING 30,000 ACRES WITHIN KACHEMAK BAY STATE PARK.

IN 1975, THEN GOVERNOR JAY HAMMOND AGREED THAT THE STATE WOULD WORK WITH THE SELDOVIA NATIVE ASSOCIATION TO ATTAIN A LAND TRADE FOR SNA'S PARK INHOLDINGS.

FOUR YEARS LATER, SNA SIGNS A MEMORANDUM OF UNDERSTANDING TO EXCHANGE ITS INHOLDINGS FOR STATE LANDS OF EQUIVALENT VALUE.

FOUR MORE YEARS GO BY, AND DURING THE PERIOD OF 1982 THRU 1986, ONLY TWO SMALL LAND TRADES TAKE PLACE TOTALING 5,000 ACRES AND FURTHER NEGOTIATIONS FAILED TO TRADE THE REMAINING INHOLDINGS DUE TO A SHRINKING POOL OF STATE LANDS AND DISAGREEMENTS OVER LAND VALUES.

SGN
4-21-93

IN 1987 LAND TRADE NEGOTIATIONS FAILED AGAIN WITH THE STATE AND THE SELDOVIA NATIVE ASSOCIATION SELLS ITS TIMBER RIGHTS TO TIMBER TRADING COMPANY (TTC).

THE STATE IN 1988 APPROACHES TIMBER TRADING AND THE SELDOVIA NATIVE ASSOCIATION WITH AN OFFER OF A TREES-FOR-TREES AND A LAND-FOR-LAND TRADE.

A YEAR LATER, THE STATE, (SNA) AND (TTC) SIGN A PRELIMINARY EXCHANGE AGREEMENT OUTLINING THE PROCESS FOR CONDUCTING APPRAISALS AND CREATING REPLACEMENT POOLS FOR LAND AND TIMBER. THAT SAME YEAR, SNA'S LAND VALUE IS APPRAISED BY SEPARATE APPRAISERS AT DIFFERENT AMOUNTS AND A THREE PARTY REVIEW PANEL MAKES A DETERMINATION AS TO A LAND CASH VALUE. TIMBER TRADING RECEIVES APPRAISAL FIGURE FOR THE SELDOVIA AREA TIMBER WHILE A COMBINED STATE AND TTC ARBITRATER SETS THE VALUE AT A DIFFERENT LEVEL FOR EXCHANGE PURPOSES.

FORMER GOVERNOR STEVE COWPER, IN 1990, INTRODUCES AN APPROPRIATIONS BILL TO PROVIDE FOR THE CASH PURCHASE OF SNA'S PARK INHOLDINGS AND TTC'S TIMBER IN LIEU OF THE STATE PRESENTING ANY TIMBER OR LAND EXCHANGE PACKAGE. FOUR DAYS BEFORE THE CLOSE OF THE LEGISLATIVE SESSION, COOK INLET REGION, INC. (CIRI) ENTERS THE PROPOSED PURCHASE FOR SUBSURFACE RIGHTS WITHIN THE PARK. THE APPROPRIATIONS BILL FAILS THE HOUSE ON A 20-20 VOTE.

FOLLOWING THE BILL'S FAILURE, TCC BEGINS THE APPLICATION PROCESS TO SECURE THE NECESSARY PERMITS TO BEGIN TIMBER HARVESTING.

IN 1991, LEGISLATION IS INTRODUCED IN BOTH THE HOUSE AND SENATE TO PURCHASE LAND, TIMBER AND SUBSURFACE RIGHTS WITHIN KACHEMAK BAY STATE PARK. NEITHER BILL IS ENACTED AND TCC FORMALLY SUBMITS PRELIMINARY PERMIT APPLICATIONS TO THE STATE OF ALASKA. THE STATE HOLDS PUBLIC HEARINGS IN ANCHORAGE, HOMER AND SELDOVIA.

MAJOR FOCUS IS ON THE KACHEMAK BAY BUYBACK DURING 1992. SNA, TCC AND CIRI AGREE TO A \$22 MILLION CASH BUYOUT PACKAGE. LEGISLATION IS INTRODUCED IN BOTH THE HOUSE AND SENATE FOR THE PURCHASE FROM EXXON OIL SPILL MONIES AND/OR THROUGH A CONTINGENT APPROPRIATION FROM THE RESTORATION ENDOWMENT. LEGISLATION FAILS TO PASS THE 17TH LEGISLATURE.

BEFORE THE 18TH LEGISLATURE CONVENES ON JANUARY 11, 1993, THE FOLLOWING EVENTS OCCURED: \$20,500,000 IS DEPOSITED IN THE ALYESKA SETTLEMENT FUND FROM AN AGREEMENT & CONSENT DECREE (CIVIL SETTLEMENT) ENTERED NOVEMBER 25, 1992 WHICH INCLUDES AN ALLOCATION OF \$7,500,000 FOR THE PURCHASE OF THE INHOLDINGS IN KACHEMAK BAY STATE PARK; ADDITIONALLY THE OIL SPILL TRUST COUNCIL OKAYS A \$7,500,000 APPROPRIATION FROM SETTLEMENT FUNDS FOR KACHEMAK PURCHASE AND HOUSE BILL 76, REPRESENTATIVE GAIL PHILLIPS INTRODUCES ON JANUARY 22, PROVIDES FOR THE REMAINING APPROPRIATION OF \$7,000,000 FROM THE CRIMINAL FINES LEVIED AGAINST EXXON TO COMPLETE THE FUNDING PACKAGE FOR THE PURCHASE.

ON MARCH 4, GOVERNOR HICKEL FORMALLY ANNOUNCES AN AGREEMENT BETWEEN ALL CONCERNED PARTIES TO BUYBACK THE PRIVATE INHOLDINGS IN KACHEMAK BAY STATE PARK. THE AGREEMENT IS FORMALLY SIGNED BY THE SELDOVIA NATIVE ASSOCIATION, COOK INLET REGION, INC., TIMBER TRADING COMPANY, INC., AND THE STATE OF ALASKA.

NEWS RELEASE

STATE OF ALASKA

OFFICE OF THE GOVERNOR
Post Office Box 110001
Juneau, Alaska 99811-0001

WALTER J. HICKEL
Governor

JOSEF P. HOLBERT
Director of Communications



JOHN MANLY
Press Secretary

JOHN HENDRICKSON
Deputy Press Secretary
Anchorage Office: 561-4228

BRIAN HART
Assistant Press Secretary

907-465-3500
FAX: 907-586-8369

FOR RELEASE: March 4, 1993
No. 93-053

GOVERNOR HICKEL ANNOUNCES KACHEMAK BUYBACK

JUNEAU--Kachemak Bay State Park will be made whole again under an agreement to buyback private inholdings announced today by Governor Walter J. Hickel.

The purchase agreement between the State of Alaska and the Seldovia Native Association, Timber Trading Company and Cook Inlet Region Inc., would transfer all rights to 23,802 acres of timberland within the park back to the state. The purchase price is \$22 million.

"This has taken a long time to put together, but I think we have a workable agreement where everybody wins," Governor Hickel said. "I want to thank all the interested parties for their patience and perseverance. And I hope the Legislature will look the agreement over and act quickly to approve it."

Of the \$22 million purchase price, \$15.5 million will go to SNA, \$4.5 to TTC, and \$2 million to CIRI. The agreement is subject to the Legislature appropriating \$7 million from the \$50 million criminal restitution fund resulting from the Exxon Valdez spill and endorsing the Alyeska settlement, which provides another \$7.5 million. The Exxon Valdez settlement trustees have agreed to fund the final \$7.5 million.

House Majority Leader Gail Phillips, R-Homer, commented, "Many, many Alaskans have worked for years to get to this day. My appreciation goes to the Governor and the A.G. and all Alaskans for achieving this finality. I'm very, very pleased for the Seldovia Native Association for their lands issue finally to be resolved."

Rep. Mike Navarre, D-Kenai, who's been working on the issue for many years, said, "I was always confident this would eventually be

2-2-2-2

93-053

Mar. 4, 1993

accomplished, and I'm glad to see it's finally been resolved. I'm hopeful the Legislature and the SNA board will approve the components of the agreement. My congratulations to Governor Hickel and Charlie Cole and to the Citizens' Coalition for all their help."

Senator Suzanne Little, D-Soldotna, added, "While the progress we've made is terrific, there's much remaining to be done. There are three bills currently in, but a lot needs to be done to put together the legislation. I'm looking forward to working on it."

All three legislators expressed their thanks to SNA President Fred Elvsaas for his tenacity on the issue.

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United States
Department of
Agriculture

Forest
Service

Alaska Region
S&PF

201 E. 9th Ave.
Suite 206
Anchorage, AK 99501
907-271-2575

Reply to: 3400

Date: March 12, 1993

Kimberley Benton, President
Communication Essentials
621 W. 90th Ave.
Anchorage, AK 99515

Dear Kimberley:

Thanks for your letter of February 28. Hopefully the following information will help clarify the spruce bark beetle/Kachemak Bay situation:

(1) Large areas of blowdown occurred in 1981 near the Aurora Spit/Mallard Bay areas. Approximately 2-3 years later, spruce bark beetle activity increased in these areas and has increased up through 1988. The following table shows, by year, the number of acres infested (also depicted in the enclosed graph), the general area(s) of the infestation, the number of acres infested that occur within the proposed Seldovia Native Association "Buy-out" lands and the percentage of the total infested area that occurs within or close to the proposed "Buy-out" lands.

YEAR	TOTAL ACRES INFEST.	AREAS	SNLA ACRES	% OF TOTAL
1992	12,454	AURORA SPIT; HALIBUT	100	0.8
1991	6,820	AURORA SPIT--BATTLE	15	0.2
1990	10,000	AURORA SPIT--BATTLE	275	3.0
1989	10,000	AURORA SPIT--BATTLE	10	0.1
1988	10,000	AURORA SPIT--BATTLE	55	0.5
1987	2,587	MALLARD BAY	20	0.7
1986	3,660	MALLARD BAY/BEAR COVE	0	0.0
1985	200	MALLARD BAY	25	12.5
1984	312	AURORA SPIT--MALLARD	30	10.0
1983	0		0	0.0
1982	0		0	0.0
1981	0	BLOWDOWN OCCURRED		

As you can see, very few of the infested areas have and are occurring in the proposed "buy-out" area. The majority of the infestation has occurred in the Halibut Cove/Aurora Spit and Mallard Bay areas. The infestation has gradually spread towards Battle Creek and not towards Seldovia.





Kimberley Benton

2

(2) Even though the number of acres infested in 1992 is 12,454 vs. 6,820 in 1991, I don't believe this represents a significant increase in spruce beetle activity. These differences probably represent mapping errors brought about by weather conditions that affect visibility when mapping and different aerial survey crews. Aerial sketch mapping is not meant to be a precise tool but rather a method of obtaining a good estimate.

(3) The species of spruce occurring on Seldovia Native Association lands is Sitka spruce (Picea sitchensis). Research studies have demonstrated that white spruce is the "best" host in terms of progeny production followed by the hybrid, Lutz spruce, followed by Sitka spruce. Black spruce is rarely attacked. The majority of past spruce beetle outbreaks have occurred in the white and Lutz spruce stands of south-central and interior Alaska. Sitka spruce stands are less susceptible to spruce beetle outbreaks. This is primarily due to the suitability differences noted above and the harsher climatic conditions associated with maritime Sitka spruce stands which moderate spruce beetle dispersal and developmental times. However, spruce beetle outbreaks in Sitka spruce have and are occurring as is evident in the Kachemak Bay, Haines, and Glacier Bay National Park areas.

I hope this answers your questions. If you need further clarification or information, please give me a call at 271-2573.

Sincerely,

EDWARD H. HOLSTEN
Forest Entomologist

Enclosure

cc:

R. Burnside-DOF/State of Alaska



**AGREEMENT FOR SALE AND PURCHASE OF LANDS AND INTERESTS WITHIN
KACHEMAK BAY STATE PARK**

THIS AGREEMENT is made by and between the Seldovia Native Association (SNA), Timber Trading Company (TTC), Cook Inlet Region, Inc. (CIRI), as "Sellers", and the State of Alaska as "Purchaser" (collectively, the "Parties").

1. **GRANT OF OPTION.** Sellers hereby each grant to Purchaser the exclusive option to purchase all Sellers' property rights within the Kachemak Bay State Park, as more particularly described in Attachment A ("the Property"), such purchase to be made in accordance with the terms and conditions of this Agreement.

2. **EXERCISE OF OPTION.** Purchaser hereby agrees, subject to all appropriations required to be made by the Alaska Legislature to provide for payment of the purchase price and subsequent approval of such appropriations by the Governor of Alaska, to exercise its exclusive option to purchase the Property in accordance with the terms and conditions of this Agreement.

3. **OPTION TERMS.** The option payment is Ten Dollars (\$10.00), the receipt and sufficiency of which is hereby acknowledged by Sellers. The option may be exercised during the period beginning with Purchaser's execution of this Agreement and ending December 31, 1993 unless extended in writing by the parties. This option shall be exercised by written notice from Purchaser to Sellers at the below provided addresses.

4. **PURCHASE PRICE.** The purchase price for the Property is \$22 million, with agreed upon payments of \$15.5 million to SNA, \$4.5 million to TTC, and \$2 million to CIRI.

5. **INTEREST CONVEYED.** At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents as may be necessary to convey their respective interests to the property. SNA and CIRI do hereby warrant and represent to Purchaser as follows: (1) that SNA and CIRI are vested with title to the property to the extent conveyed to SNA and CIRI pursuant to BLM Interim Conveyance Numbers 139, 304 and 372 with respect to SNA and Interim Conveyance Numbers 102, 140, 305 and 373 with respect to CIRI, and (2) that no liens, encumbrances, defects or third party interests have been created in the Property, except that SNA has conveyed certain timber rights on the Property to TTC pursuant to the Timber Sale Agreement dated May 30, 1987 ("Timber Agreement"). TTC does hereby warrant and represent to Purchaser as follows: (1) that TTC holds all interests in the Property conveyed by the Timber Agreement; and (2) that no liens, encumbrances, defects or third party interests have been created in the interest conveyed to TTC by the Timber Agreement. At closing, Sellers each shall execute and deliver to Purchaser such deeds or assignment documents warranted as above described as may be necessary to convey their respective interests to the Property. If any Seller fails to convey title or other interest as required by this Agreement, Purchaser is no longer bound by this Agreement with respect to any Seller. No Seller shall be liable for the acts or inability of another Seller to convey title.

6. **RIGHT TO ENTER PROPERTY.** Sellers agree that from the date this Agreement is fully executed by the Parties, Purchaser and its agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement, including environmental audit purposes, provided Purchaser provides sufficient indemnification to the Sellers.

7. **CLOSING PLACE AND DATE.** The Parties agree to endeavor in good faith to close on or before 60 days after all appropriations made by the Alaska Legislature have been made and approved by the Governor, including those related to funds provided by the Alyeska settlement and the Exxon Valdez Trustee Council; provided, however, if documents that are required to be provided or completed and executed by the Parties have not been tendered by that date, the closing shall

take place within 60 days after receipt of such documentation. The date, time and location of closing shall be set by Purchaser.

8. OTHER AGREEMENTS AND ACTIONS. The Parties agree to take other action or enter into other agreements reasonably necessary to the exercise and closing of this Agreement, including Attachment C.

9. TERMINATION. Unless otherwise agreed to in writing by each of the parties, this Agreement shall terminate upon closing or on December 31, 1993, whichever is earlier; provided, however, this Agreement shall automatically terminate if, during its 1993 session, the Legislature does not appropriate all funds required to be appropriated to provide for payment of the purchase price, or if the Governor vetoes such appropriation by the Legislature.

10. SEVERABILITY. In the event any of the provisions of this Agreement are deemed to be unenforceable, the enforceability of the remaining provisions of this Agreement shall not be affected.

11. SIGNATURE AUTHORITY. Each signatory to this Agreement represents that he has the authority to bind his principal to this Agreement. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which shall constitute the same instrument.

12. NOTICE. Written notices shall be provided to the parties at the following addresses:

Seldovia Native Association
P.O. Drawer L
Seldovia, AK 99663-0250

State of Alaska
Department of Natural Resources
Director, Division of Land
P.O. Box 107005
Anchorage, AK 99510-7005

Cook Inlet Region, Inc.
P.O. Box 93330
Anchorage, AK 99509-3330

Craig Tillery
State of Alaska
Attorney General's Office
1031 West 4th Ave. Suite 200
Anchorage, AK 99501

Timber Trading Company, Inc.
3501 Denali St., Suite 202
Anchorage, AK 99503

Seldovia Native Association
By: Fred H. E. Hanson
Its: PRESIDENT
Date: 3-10-93

Timber Trading Company, Inc.
By: John L. Sturgeon
Its: President
Date: 3/15/93

Cook Inlet Region, Inc.
By: Margaret L. Mowen
Its: Senior Vice President
Date: 3/17/93

State of Alaska
By: Craig Tillery
Its: Attorney General
Date: 3-10-93

ATTACHMENT A

SNA LANDS TO BE ACQUIRED BY STATE

* All land described below is within Seward Meridian and is identified in BLM Interim Conveyances 139, 304, 372

<u>Legal Description</u>	<u>Approximate Acreage</u>
Township 7 South, Range 12 West	
A. Section 13 (fractional): S $\frac{1}{2}$, NW $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$	575
B. Sections 22 (fractional): excluding Lot 1 of USS 3606	370
C. Section 29: excluding ADL 41084-41085 located in NW $\frac{1}{4}$ SW $\frac{1}{4}$	410
D. Section 30: excluding USS 3912, USS 3977, Tracts A, C, and D of ASLS 76-114, ADL 41704, located in SW $\frac{1}{4}$ SW $\frac{1}{4}$	408
E. Sections 19 (fractional), 20 (fractional), 21 (fractional), 23 (fractional), 24 (fractional) 25 (fractional), 26, 27 (fractional), 28, 31, 32, 33, 34, 35, 36: All	7,629
Township 8 South, Range 12 West	
A. Sections 1, 2, 3, 4, 7, (fractional), 8 (fractional), 9, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 28: All	12,385
B. Section 5 (fractional); excluding ADL 49431 located in the W $\frac{1}{2}$ W $\frac{1}{4}$ SW $\frac{1}{4}$	615
C. Section 6 (fractional): excluding ADL 48787 and ADL 49431 located in the E $\frac{1}{2}$ SW $\frac{1}{4}$; ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, and ADL 46650 located in the N $\frac{1}{2}$ SE $\frac{1}{4}$; and ADL 41043 located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and NW $\frac{1}{4}$ SE $\frac{1}{4}$	300
D. Section 16 (fractional); excluding ADL 46773 located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$	615
E. Section 21 (fractional); excluding ADL 47665 located in the SW $\frac{1}{4}$ NW $\frac{1}{4}$, ADL 41036 located in the N $\frac{1}{2}$ SW $\frac{1}{4}$, ADL 41300 located in the S $\frac{1}{2}$ SW $\frac{1}{4}$	495
Cumulative Total	23,802

Attachment A

CIRI Lands Remaining w/in Kachemak Bay State Park

Seward Meridian, Alaska

Township 7 South, Range 12 West

Sec. 12, W2, SE4, S2NE4;
 Sec. 31, all;
 Sec. 33-34, all.

Containing 2,469.00 acres, more or less.

Township 8 South, Range 12 West

Sec. 2, W2;
 Sec. 3-4, all;
 Sec. 5, (fractional), excluding ADL 49431;
 Sec. 6, (fractional), excluding ADL 48787, ADL 49431, ADL 46149, ADL 46150, ADL 46151, ADL 46152, ADL 46153, ADL 46650 and ADL 41043;
 Sec. 7-8, (fractional), all;
 Sec. 9-11, all;
 Sec. 13-15, all;
 Sec. 16, (fractional), excluding ADL 46773;
 Sec. 21, (fractional), excluding ADL 47665, ADL 41036 and ADL 41300;
 Sec. 22-27, all;
 Sec. 28-29, (fractional), all;
 Sec. 30, (fractional), excluding U. S. Survey 3605;
 Sec. 31-33, (fractional), all;
 Sec. 34, all.

Containing 15,408.83 acres, more or less.

Township 8 South, Range 13 West

Sec. 24, Lot 8 of U. S. Survey 4742.

Containing 5.00 acres.

Township 9 South, Range 13 West

Sec. 1, (fractional), all;
 Sec. 2, E2, NW4;
 Sec 11, NE4.

Containing 1,275.00 acres, more or less.

Aggregating 19,157.83 acres, more or less.

ATTACHMENT B

Any and all property in which Timber Trading Company has an interest in the following described Seldovia Native Association land outside Kachemak Bay State Park - Peterson Bay and Island Peninsula.

Township 7 South, Range 12 West, Seward Meridian.

Section 10: USS 4737, Lots 1, 2, and 3
 : That portion of Tract "A" excluding: USS 1539

Section 11: That portion of Tract "A" excluding: USS 1557
 USS 3362 - Tract B, Lots 1 and 2

Section 14 & 15: That portion of Tract "A" excluding:
 USS 1539
 USS 2893
 Tract A of USS 3362
 USS 3908
 USS 3918
 Lots 1, 2, 3, and 4 of USS 3973
 Lots 1 and 2 of USS 4736
 Lots 1 and 3 of USS 4737
 Lots 1-13 inclusive, Block 1, Harbor Heights Subdivision
 Lots 1-11 inclusive, Block 2, Harbor Heights Subdivision

Attachment C

AGREEMENT REGARDING TIMBER HARVEST RIGHTS

ON LANDS ADJACENT TO PETERSON BAY

State of Alaska agrees that nothing in that Agreement for Sale and Purchase of Lands and Interests Within Kachemak Bay State Park (the "Agreement") shall restrict the ability of Timber Trading Company, Inc. ("TTC") to pursue the permits necessary for timber harvest operations on lands subject to the Agreement provided, however, TTC shall not commence timber harvest operations on such lands until such time that the Agreement has terminated. TTC agrees not to exercise its timber harvest rights on lands adjacent to Peterson Bay, including Island Peninsula, before April 30, 1999, as more particularly described in Attachment B to the Agreement or to convey such harvest rights to any other entity except to Seldovia Native Association ("SNA"), provided if the transfer is to SNA it will be subject to this restriction against harvest prior to April 30, 1999.

Timber Trading Company, Inc.

State of Alaska

By: [Signature]
Its: President

By: [Signature]
Its: Attorney General

Date: 3/15/93

Date: 3.10.93

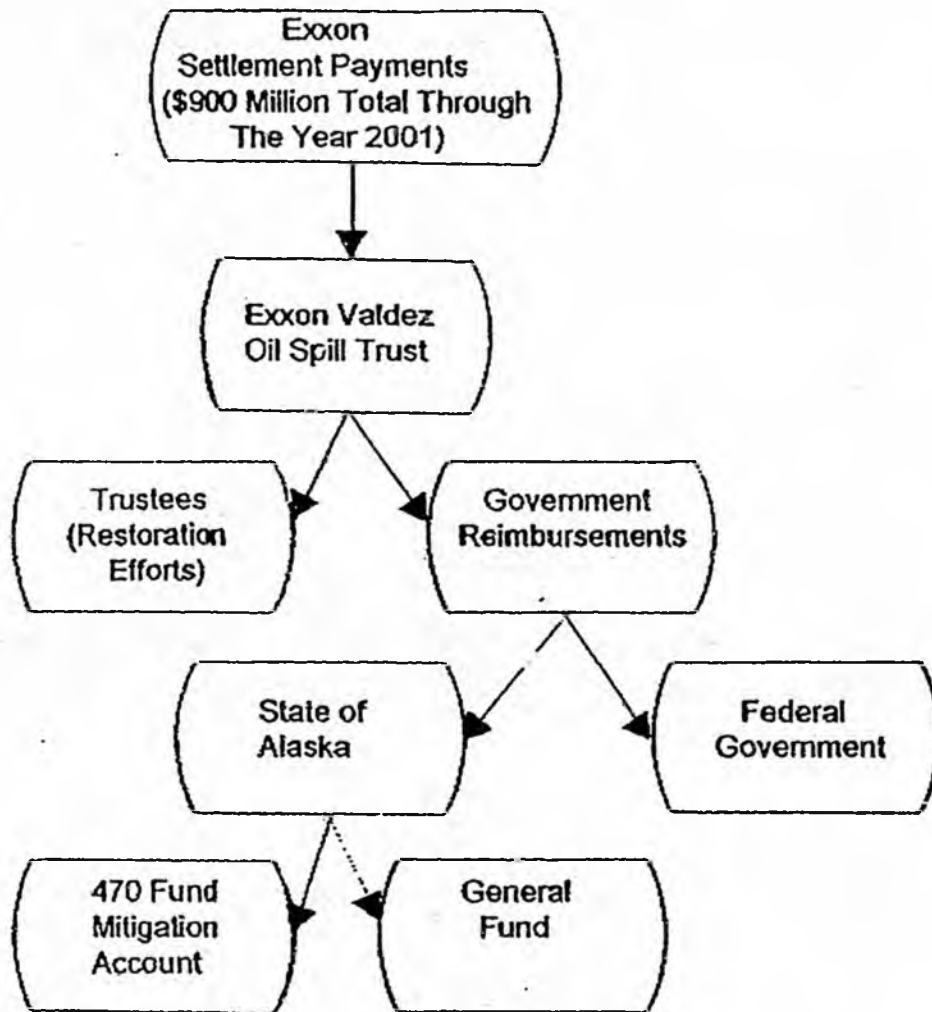
Revised and Acknowledged

Seldovia Native Association

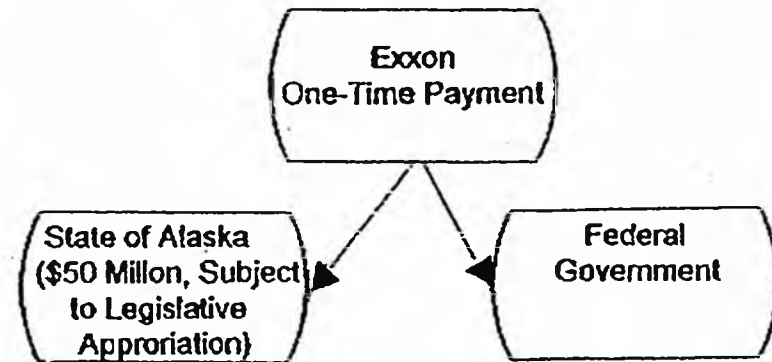
By: [Signature]
Its: PRESIDENT

Date: 3-10-93

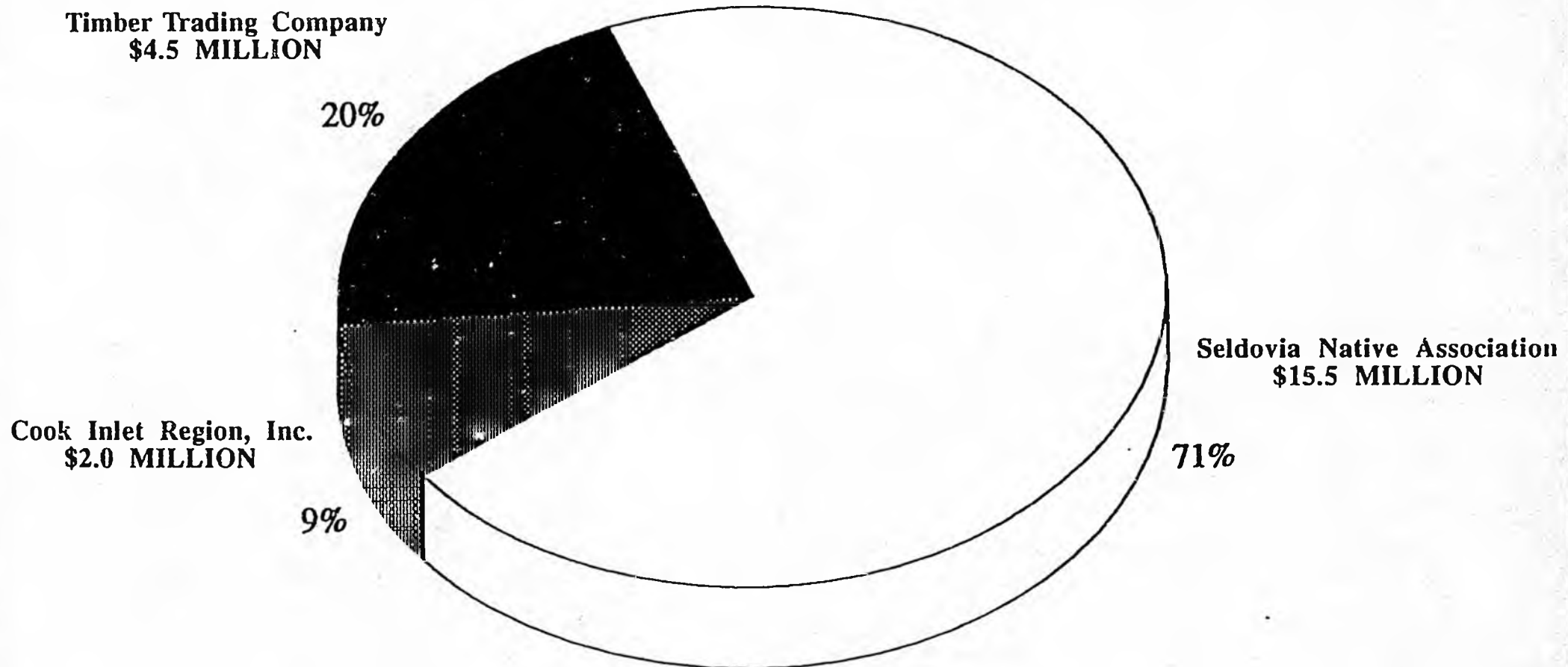
Civil Settlement



Criminal Settlement



KACHEMAK BAY \$22 MILLION PURCHASE



KACHEMAK BAY \$22 MILLION FUNDING

~~General
Funds~~

November 1992 - \$32 million Alyeska Settlement announced. **\$7.5 million** included in settlement for the purchase of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. inholdings in Kachemak Bay State Park.

January 1993- Exxon Valdez Oil Spill Trustee Council approved **\$7.5 million** from the \$900 million civil penalty monies for acquisition of imminently threatened habitat within Kachemak Bay State Park.

January 1993- House Bill 76 and Senate Bill 63 introduced appropriating **\$7 million** from \$50 million Exxon criminal penalty monies for purchase of inholdings of Seldovia Native Association, Timber Trading Company and Cook Inlet Region, Inc. within Kachemak Bay State Park.