

SB

249

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/9/00

FURTHER:

REPORTED DATE OF
SFC 3/21/00

DATE TURNED IN TO OFFICE: 3/21/00

Finance Committee considered

SENATE BILL NO. 249

"An Act authorizing a land exchange between the Department of Natural Resources and Alaska Hard Rock, Inc.; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ (_____)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by _____ Committee
- further referral to the _____ Committee

- Senate Bill:**
- same title
 - new title
- House Bill:**
- same title
 - technical title
 - new: SCR# _____

| SIGNING DP PASS | DP | OTHER RECOMMENDATIONS | NR | DNP | AM |
|------------------------------|----|-----------------------|----|-----|----|
| <i>Scott Green</i> | ✓ | <i>John Kelly</i> | ✓ | | |
| <i>Steven D. Herman</i> | ✓ | <i>Pat Kelly</i> | ✓ | | |
| | | <i>Tom Uhl</i> | ✓ | | |
| | | <i>Jan Dorely</i> | ✓ | | |
| Co-Chair: <i>[Signature]</i> | ✓ | Co-Chair: | | | |
| Co-Chair: | | Co-Chair: | | | |

NEW FISCAL NOTE(S):

| Department | Date | Zero | Fiscal |
|------------|------|------|--------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

PREVIOUS FISCAL NOTE(S):*

| Department | Date | Zero | Fiscal |
|-----------------------|----------------|------|--------|
| <i>Nat. Resources</i> | <i>3/21/00</i> | ✓ | |
| | | | |
| | | | |
| | | | |
| | | | |

APPROPRIATION -- no fiscal note

*include fiscal notes accompanying Governor's bill

REPORTED OUT OF
3/21/00

FISCAL NOT:

**STATE OF ALASKA
2000 LEGISLATIVE SESSION**

Bill No. 1
Bill Version: SB 249
(S) Publish Date: 2-8-00

Revision Date/Time: _____ Dept Affected: Natural Resources
 Title: Independence Mine Land Exchange between BRU: Parks & Recreation Management
DNR and Alaska Hard Rock, Inc. Component: Parks Management
 Sponsor: Rules
 Requestor: Governor Component No #452

Expenditures/Revenues (Thousands of Dollars)
 Note: Amounts do not include inflation unless otherwise noted below.

| OPERATING EXPENDITURES | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|------------------------|------------|------------|------------|------------|------------|------------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS & CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

| | | | | | | |
|-----------------------------|------------|------------|------------|------------|------------|------------|
| CAPITAL EXPENDITURES | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|-----------------------------|------------|------------|------------|------------|------------|------------|

| | | | | | | |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| CHANGE IN REVENUES (fund code) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|

FUND SOURCE (Thousands of Dollars)

| FUND SOURCE | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|--------------------------|------------|------------|------------|------------|------------|------------|
| 1002 Federal Receipts | | | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | | | | | |
| Other (Specify Type) | | | | | | |
| TOTAL | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimate of any current year (FY2000) cost: \$ n/a

POSITIONS

| POSITIONS | FY2001 | FY2002 | FY2003 | FY2004 | FY2005 | FY2006 |
|-----------|--------|--------|--------|--------|--------|--------|
| FULL-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| PART-TIME | 0 | 0 | 0 | 0 | 0 | 0 |
| TEMPORARY | 0 | 0 | 0 | 0 | 0 | 0 |

ANALYSIS:

(Attach a separate page if necessary)

This land exchange will have no immediate fiscal impact on the Division's budget. It will provide an opportunity to seek a viable concession contract for a private operator to manage and maintain all of the historic buildings at Independence Mine State Historical Park. This exchange would allow for the concessionaire to operate underground mine tours.

A concession contract would eventually generate some revenue to the state. A revenue stream is at a minimum four years away. The land exchange is just the first step in the process.

Prepared by: Jim Stratton Phone: 269-8701
 Division: Parks & Outdoor Recreation Date: 19-Jan-00
 Approved by Commissioner: _____ Date: _____
John Shively
 Agency: Natural Resources

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SENATE FINANCE COMMITTEE
2000 COMMITTEE ACTION

| | |
|-----------------------------------|---------------------|
| Bill Number | SB249 |
| Amendment | |
| Motion | more from committee |
| <u>Motion by</u> | JG |
| <u>Objection</u> | |
| <u>Objection by</u> | |
| <u>Removed</u> | |
| <u>Second Objection by</u> | |
| <u>Committee Member</u> | <u>Vote</u> |
| Senator Dave Donley | |
| Senator Loren Leman | |
| Senator Al Adams | |
| Senator Gary Wilken | |
| Senator Pete Kelly | |
| Senator Lyda Green | |
| Senator Randy Phillips | |
| Co-Chair Sean Parnell | |
| Co-Chair John Torgerson | |
| | |
| <u>Tally</u> | |
| Yea | 0 |
| Nay | 0 |
| Absent | 0 |
| | |
| <u>MOTION</u> | passed |

TONY KNOWLES
GOVERNOR
governor@gov.state.ak.us

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

P.O. Box 1190
Juneau, Alaska 99801-1190
(907) 465-3500
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www.gov.ak.us

11-249

February 3, 2000

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

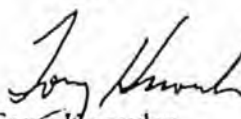
This bill I transmit today would provide legislative approval of a land exchange agreement between the state Department of Natural Resources, and Alaska Hard Rock, Inc. The purpose of the land exchange is for the state to acquire private land located within and adjacent to Independence Mine State Historical Park, near Hatcher Pass. The land to be acquired would be developed to enhance the interpretive and recreational uses of the park. The land the state is exchanging is also located in the Hatcher Pass area and is presently under permit to Alaska Hard Rock, Inc., which is interested in receiving title.

State law requires legislative approval of land exchanges involving lands of unequal appraised value. In this proposed exchange, the state will receive land appraised at \$87,000 while conveying land appraised at \$66,500. Alaska Hard Rock, Inc. is agreeable to this unequal exchange and will be receiving a federal tax credit for the difference.

Adding this land to the Independence Mine State Historical Park, particularly the underground mine tunnels, will greatly add to the tourism potential of the park. The DNR expects to contract with a private concession to run tours and maintain the historic buildings in the park, saving a part of Alaska's history while increasing economic activity in the area.

A copy of the land exchange agreement between the DNR and Hard Rock, Inc., is being provided to the legislature. The DNR has available a report that explains the proposed exchange in more detail.

Sincerely,


Tony Knowles
Governor

**Final Exchange Agreement
Independence Mine SHP Exchange
with Alaska Hardrock, Inc.**

This Final Exchange Agreement for the unequal value exchange of land ("Agreement") is made and entered into this 26th day of January, 2000, by and between the State of Alaska, Department of Natural Resources, Division of Land and Division of Parks and Outdoor Recreation ("State"), 550 W 7th Ave, Suite 1380, Anchorage, AK 99501-3561, and Alaska Hardrock, Inc., ("AHI"), PO Box 2407, Palmer, AK 99645, pursuant to AS 38.50 and 11 AAC 67.200-.280.

WITNESS

WHEREAS, AHI owns the mineral/subsurface estate to eight patented federal mining claims listed below and consisting of approximately 118 acres in T20N R1E SM, Sec 28, 29 and 33, shown in Exhibit A. These lands are adjacent to, or within, Independence Mine State Historic Park. AHI purchased this estate from Enserch Processing Partners, Ltd. as stated in a statutory warranty deed recorded in the Palmer Recording District on Book 0505 page 772. Chain of title has been shown in the Commitment to Insure Report AF99-8419 by Alaska First Title Insurance Agency, Inc.

Independence Lode, Granite Mountain and Granite Mountain #1, within USMS 958-A
Granite Mountain #2 and Granite Mountain #3, within USMS 961/2046
Lois Fraction and Snowbird, within USMS 2041
Homestake 4, within USMS 980

WHEREAS, the State owns land in Willow Creek Valley, consisting of approximately 107 acres, in five different parcels described below and shown in Exhibit B. Transfer to AHI will be for land estate and the land will be closed to new mineral entry. The State received tentative approval to these lands as general grant lands under the Statehood Entitlement Act on September 26, 1984, and July 15, 1994. The applicable case file is GS 1224.

Parcel One named Lucky Shot Mill Site: Tract B of ASLS 98-45, within the NE1/4, Sec. 2, T19N R1W SM, excluding R/W for Willow Creek Road, also known as Hatcher Pass Road. Approximate acreage: 29

Parcel Two named Willow Creek Decline: ASLS 98-44 and federal mining claim Brightness 2, USMS 2047, within the SE1/4, Sec 29 and NE1/4, Sec 32; T20N R1E SM. Approximate acreage for entire parcel: 41

Parcel Three named Lucky Shot Tunnel: Tract A of ASLS 98-45, within the SW1/4, Sec 35, T20N R1W SM, excluding R/W for Willow Creek Road, also known as Hatcher Pass Road. Approximate acreage: 27

Parcel Four: Tract B of US Rectangular Survey dated September 28, 1978, in section 35, T20N R1W, SM. Approximate acreage: 8

Parcel Five: Tract C of US Rectangular Survey dated September 28, 1978, in sections 34 and 35, T20N R1W, SM. Approximate acreage: 2

WHEREAS, the parties intend that the State will acquire the mineral estate described in Exhibit A in exchange for the state owned land estate described in Exhibit B, and that AHI will acquire the state owned land estate described in Exhibit B in exchange for mineral estate described in Exhibit A. Both parties understand that the value of the exchanged lands is unequal.

WHEREAS, the benefits to be achieved by this exchange are:

- a. Land to be acquired by the State includes a major portion of the old water tunnel and an important part of the old Independence Mine tunnels. The Division of Parks and Outdoor Recreation intends to open the water tunnel for public tours. This supports the division's goal of preserving and interpreting Alaska's cultural heritage. Should the park be offered for private concession, the option of including underground tours will make a concession contract more viable. This supports the division's goal of providing support to the state's tourism industry.
- b. AHI has existing leases, mining claims, and facilities on the parcels to be acquired by them. This will solidify ownership for the company and facilitate the business goals in gold mining and tourism.

WHEREAS, the State has followed the specific procedures that are required to protect the public interest.

WHEREAS, the legislature has approved the exchange.

NOW THEREFORE, in consideration of their mutual covenants and promises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged and confessed, the parties covenant and agree as follows:

1. Ownership. AHI has sole ownership to the mineral estate described in Exhibit A, and the State owns the lands described in Exhibit B. It is the parties' understanding that AHI holds mineral interest in the lands to be conveyed to the State and that conveyance of this interest is sufficient to achieve the State's goals of public recreation, presentation and interpretation within the old Independence Mine tunnels.
2. Legal Descriptions: The parties agree that the legal descriptions of the lands and interests in lands which are the subject of this Agreement, as set forth in Exhibits A and B hereto, are subject to further review and changes, as necessary after formal title review, and subsequent negotiations have been done.

3. Taxes and Third Party Interests: There are no outstanding taxes or third party interests in the lands to be exchanged.

4. Authority. Each signatory to this Agreement has the authority to negotiate this exchange on behalf of its principals, subject to any necessary Board of Directors or legislative approval.

5. Conveyance. The State and AHI will exchange their respective rights, titles and interests in the lands identified in Exhibits A and B on an unequal value basis, subject to valid existing rights and other reservations as mutually agreed upon. The State will receive a warranty deed from AHI, and AHI will receive a quit claim deed for the land estate from the State. Land estate is the fee simple estate less the mineral rights reserved under AS 38.05.125(a). The right-of-way for Willow Creek Road, also known as Hatcher Pass Road is excluded as well. The mineral estate under the land estate going to AHI will be closed to mineral entry and the creation of third party interests. The warranty deed to the State, from AHI, will include language specifying that lands conveyed by AHI are to be owned and managed by the Division of Parks and Outdoor Recreation as part of Independence Mine State Historical Park.

6. Value of Land. The land to be exchanged by the parties is of unequal appraised fair market value. According to the *Appraisal of Hatcher Pass Properties for a Land Exchange, Palmer, Alaska, Valuation Date of September 21, 1999, Appraiser: Eric G Follett, MAI*, the value of the 107 acres of state land going to AHI is \$66,500 and the value of the 118 acres of AHI land going to the State is \$87,000. AHI agrees to receive land of less value, is donating to the State, and does not expect compensation from the State for the \$20,500 difference in value.

7. Mineral Closing Order. The State will, as necessary, classify or reclassify the land identified in Exhibit A and B, and concurrently complete a mineral closing order on the same lands pursuant to AS 38.05.185(a) and 11 AAC 67.230(b).

8. ACMP. The property involved in this land exchange is outside the boundaries of the Alaska Coastal Management Program.

9. Third Party Interests. There are no known third party interests in the parcels belonging to each party.

10. Binding Effect. This Agreement shall be binding on and inure to the benefit of the respective parties hereto, their successors and assigns. This agreement shall be executed by an exchange of deeds thirty days after signature, or thirty days after any appeals are resolved.


11. Construction: This Agreement shall be construed and enforced in accordance with the laws of the State of Alaska.

12. Appeals: This is a final administrative order and decision of the department for purposes of an appeal to Superior Court. A person adversely affected by this final order and decision may (1) appeal to Superior Court within 30 days in accordance with the rules of the court, and to the extent permitted by applicable law, or (2) first request reconsideration of this decision, in accordance with AS 44.62.540 and 11 AAC 02.020, to John Shively, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501-3561. Please include the appeal code number provided below. Any such request for reconsideration must be received at that address, or received by being faxed to 1-907-269-8918, within 15 calendar days after the date of "delivery" of this decision, as defined by 11 AAC 02.040(c) and (d). Failure of the commissioner to act on a request for reconsideration within 30 days after delivery of this decision is a denial of reconsideration and is also a final administrative order and decision for purposes of an appeal to Superior Court. It may then be appealed to Superior Court within a further 30 days in accordance with the rules of the court, and to the extent permitted by applicable law. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources. If no request for reconsideration is filed before the end of the period specified, this decision then goes into effect.

13. Legislative Approval: This final land exchange agreement is subject to approval by the Alaska Legislature under AS 38.50.140. Without legislative approval by the end of the legislative session in the year 2001, this agreement is null and void.

IN WITNESS WHEREOF, the parties have set their hands and seals as of the date first above written.

ALASKA HARDROCK, INC.

By: 
Scott Eubanks, President

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES


By: 
John Shively, Commissioner

Exhibit A
Page 1 of 5

Final Exchange Agreement
with Alaska Hardrock, Inc.

Legal Description of AHI lands going to the State:

Mineral/Subsurface Estate of the Following Eight Patented Federal Mining Claims:

T20N R1E SM

Section 28:

Independence Lode, USMS 958-A
Granite Mountain, USMS 958-A
Granite Mountain #1, USMS 958-A
Granite Mountain #2, USMS 961/2046
Granite Mountain #3, USMS 961/2046
Lois Fraction, USMS 2041
Snowbird, USMS 2041
Homestake 4, USMS 980

Section 29:

Independence Lode, USMS 958-A
Granite Mountain, USMS 958-A

Section 33:

Homestake 4, USMS 980

TOWNSHIP 20N RANGE 1E OF THE SEWARD MERIDIAN, ALASKA

LEGEND

SYMBOLS

- INTERSECTION
- STREET LINE
- STREET LOT LINE
- TOWNSHIP SECTION GRID
- SECTION LINE
- ROADWAY
- ROAD
- TRAIL
- RAILROAD
- ELECTRICAL POWER LINE
- TELEPHONE LINE
- PIPELINE
- ADJUTANT GENERAL STRIP
- HORIZONTAL CONTROL
- CONTROL POINT

NOTATIONS

- TITLE
- BOUNDARY
- CLASSIFICATION
- OWNER
- RESTRICTION
- FEDERAL ACTION
- MENTAL HEALTH TRUST
- LIMITS OF ACTION
- NAVIGATIONAL AID
- CADN PERMIT
- TRAPPING CABIN PERMIT
- TRESPASS LOCATION

WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

SURFACE WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

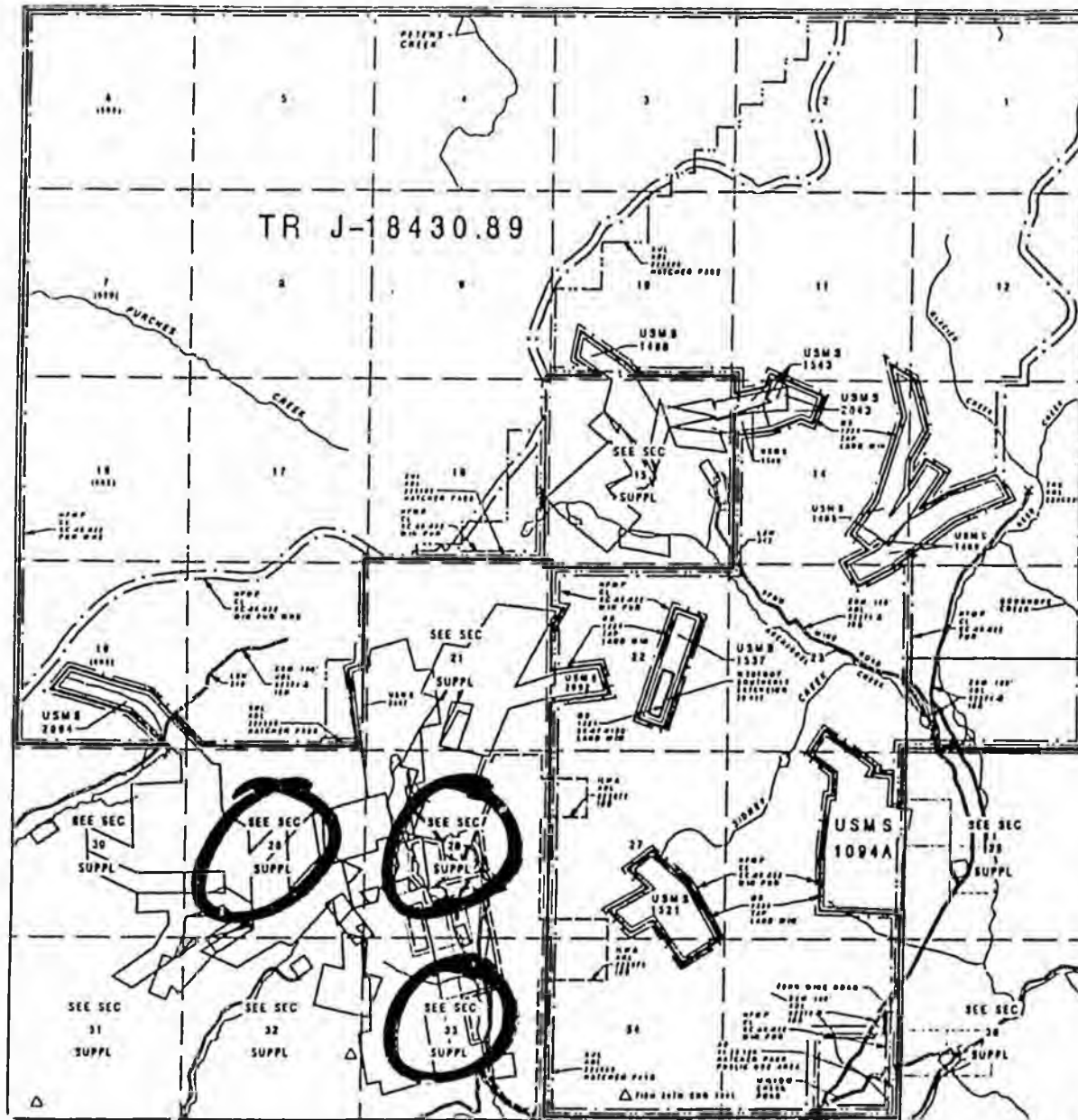
STREAM FLOW RESERVATION

- APPLICATION
- CERTIFICATE

WATER BARRIERS

- APPLICATION
- PERMIT
- CERTIFICATE

| | | | | | |
|----|----|----|----|----|----|
| 6 | 5 | 4 | 3 | 2 | 1 |
| 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | 32 | 33 | 34 | 35 | 36 |



LAND ESTATE

THIS MAP SHOWS THE LAND ESTATE AS OF THE DATE OF THE SURVEY AND IS SUBJECT TO THE FEDERAL LAND MANAGEMENT SYSTEM AND THE DEPARTMENT OF THE INTERIOR.

BOUNDARY
 BOUNDARY LINE
 BOUNDARY POINT
 BOUNDARY MARK
 BOUNDARY MONUMENT
 BOUNDARY SURVEY
 BOUNDARY CONTROL POINT

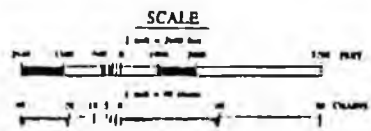
LAND USE
 LAND USE CLASSIFICATION
 LAND USE RESTRICTION
 LAND USE PERMIT
 LAND USE CERTIFICATE
 LAND USE APPLICATION
 LAND USE MONITORING
 LAND USE INSPECTION
 LAND USE ENFORCEMENT
 LAND USE COMPLIANCE
 LAND USE REPORTING
 LAND USE RECORDS
 LAND USE DATA
 LAND USE ANALYSIS
 LAND USE PLANNING
 LAND USE MANAGEMENT
 LAND USE EVALUATION
 LAND USE IMPROVEMENT
 LAND USE PROTECTION
 LAND USE RESTORATION
 LAND USE REHABILITATION
 LAND USE PRESERVATION
 LAND USE CONSERVATION
 LAND USE SUSTAINABILITY
 LAND USE RESILIENCE
 LAND USE ADAPTATION
 LAND USE MITIGATION
 LAND USE PREVENTION
 LAND USE REDUCTION
 LAND USE AVOIDANCE
 LAND USE TRANSITION
 LAND USE TRANSFORMATION
 LAND USE INNOVATION
 LAND USE REGENERATION
 LAND USE REVITALIZATION
 LAND USE REPAIR
 LAND USE RECONSTRUCTION
 LAND USE REDEMPTION
 LAND USE REDEVELOPMENT
 LAND USE REUSE
 LAND USE RECYCLING
 LAND USE REPAIR AND MAINTENANCE
 LAND USE REPAIR AND RESTORATION
 LAND USE REPAIR AND PRESERVATION
 LAND USE REPAIR AND PROTECTION
 LAND USE REPAIR AND RESTORATION AND PRESERVATION
 LAND USE REPAIR AND RESTORATION AND PROTECTION
 LAND USE REPAIR AND RESTORATION AND PRESERVATION AND PROTECTION

OTHER ACTIONS ARE BEING TAKEN OR WILL BE TAKEN BY THE STATE LANDS DEPARTMENT TO PROTECT THE PUBLIC INTEREST IN THE LANDS AND TO PROMOTE THE EFFICIENT AND ECONOMIC USE OF THE LANDS.

ENTRANCE WITH FEDERAL BUREAU OF SURVEY
 ENTRANCE WITH ALASKA DEPARTMENT OF NATURAL RESOURCES
 SUBJECT TO FEDERAL LAND MANAGEMENT SYSTEM
 CLASSIFICATION ETC. PLEASE REFER TO ADJACENT TOWNSHIPS OR LOTS TO DETERMINE IF ACTIONS EXTEND BEYOND THE BOUNDARIES SHOWN ON THIS PLAT. BOUNDARIES WILL CLASSIFICATION AND RESTRICTION LINES ALWAYS CLOSE ON ALL PLATS.

Exhibit A
 page 2 of 5

GRAPHIC ILLUSTRATION ONLY.
 SURFACE ENCUMBRANCES REMAIN THE PROPERTY OF THE LAND
 CONSISTENT LAND ADMINISTRATION SYSTEM (LAS)
 CONTACT FOR ADDITIONAL INFORMATION



ATTENTION STATUS PLAT USERS: ON THIS PLAT ALL STATUS LINES CLOSE FOR ACTIONS THAT EXTEND INTO ADJACENT TOWNSHIPS, THIS INCLUDES STATUS LINES SUCH AS DISTRICT, MUNICIPAL, STATE, CLASSIFICATION, ETC. PLEASE REFER TO ADJACENT TOWNSHIPS OR LOTS TO DETERMINE IF ACTIONS EXTEND BEYOND THE BOUNDARIES SHOWN ON THIS PLAT. BOUNDARIES WILL CLASSIFICATION AND RESTRICTION LINES ALWAYS CLOSE ON ALL PLATS.

A PRODUCT OF THE
 STATE OF ALASKA
 DEPARTMENT OF NATURAL RESOURCES
 LANDS DIVISION

PLAT PREPARED BY: [Name]
 STATE PLAT NUMBER: [Number]

LL
 TWP
 RNG

Exhibit B
Page 1 of 9

Final Exchange Agreement
with Alaska Hardrock, Inc.

Legal Description of State lands going to AHI:

Five Parcels of Land Estate with Mineral Closure:

Parcel One named Lucky Shot Mill Site: Tract B of ASLS 98-45, within the NE1/4, Sec. 2, T19N R1W SM, excluding R/W for Willow Creek Road, also known as Hatcher Pass Road. Approximate acreage: 29

Parcel Two named Willow Creek Decline: ASLS 98-44 and federal mining claim Brightness 2, USMS 2047, within the SE1/4, Sec 29 and NE1/4, Sec 32; T20N R1E SM. Approximate acreage for entire parcel: 41

Parcel Three named Lucky Shot Tunnel: Tract A of ASLS 98-45, within the SW1/4, Sec 35, T20N R1W SM, excluding R/W for Willow Creek Road, also known as Hatcher Pass Road. Approximate acreage: 27

Parcel Four: Tract B of US Rectangular Survey dated September 28, 1978, in section 35, T20N R1W, SM. Approximate acreage: 8

Parcel Five: Tract C of US Rectangular Survey dated September 28, 1978, in sections 34 and 35, T20N R1W, SM. Approximate acreage: 2

TOWNSHIP 20N RANGE 1W OF THE SEWARD MERIDIAN, ALASKA

LEGEND

INFORMATION

- INDICATE SURVEY LINE
- INDICATE SURVEY LOT LINE
- INDICATE TOWNSHIP/SECTION GRID IN SECTION LINE
- INDICATE ROAD
- INDICATE TRAIL
- INDICATE R.F.D. ROAD
- INDICATE ELECTRICAL POWER LINE
- INDICATE TELEPHONE LINE
- INDICATE PIPELINE
- INDICATE AIRPORT/LANDING STRIP
- INDICATE HORIZONTAL CONTROL
- INDICATE CONTROL MONUMENT

INFORMATION

- INDICATE TITLE
- INDICATE BOUNDARY
- INDICATE CLASSIFICATION
- INDICATE DISPOSAL
- INDICATE MUNICIPAL RESTRICTION
- INDICATE FEDERAL ACTION
- INDICATE MENTAL HEALTH TRUST
- INDICATE LIMITS OF ACTION
- INDICATE NAVIGATIONAL AID
- INDICATE CANN PERMIT
- INDICATE TRAPPING CANN PERMIT
- INDICATE TRESPASS LOCATION

SURFACE WATER RIGHTS

- INDICATE APPLICATION
- INDICATE PERMIT
- INDICATE CERTIFICATE

SURFACE WATER RIGHTS

- INDICATE APPLICATION
- INDICATE PERMIT
- INDICATE CERTIFICATE

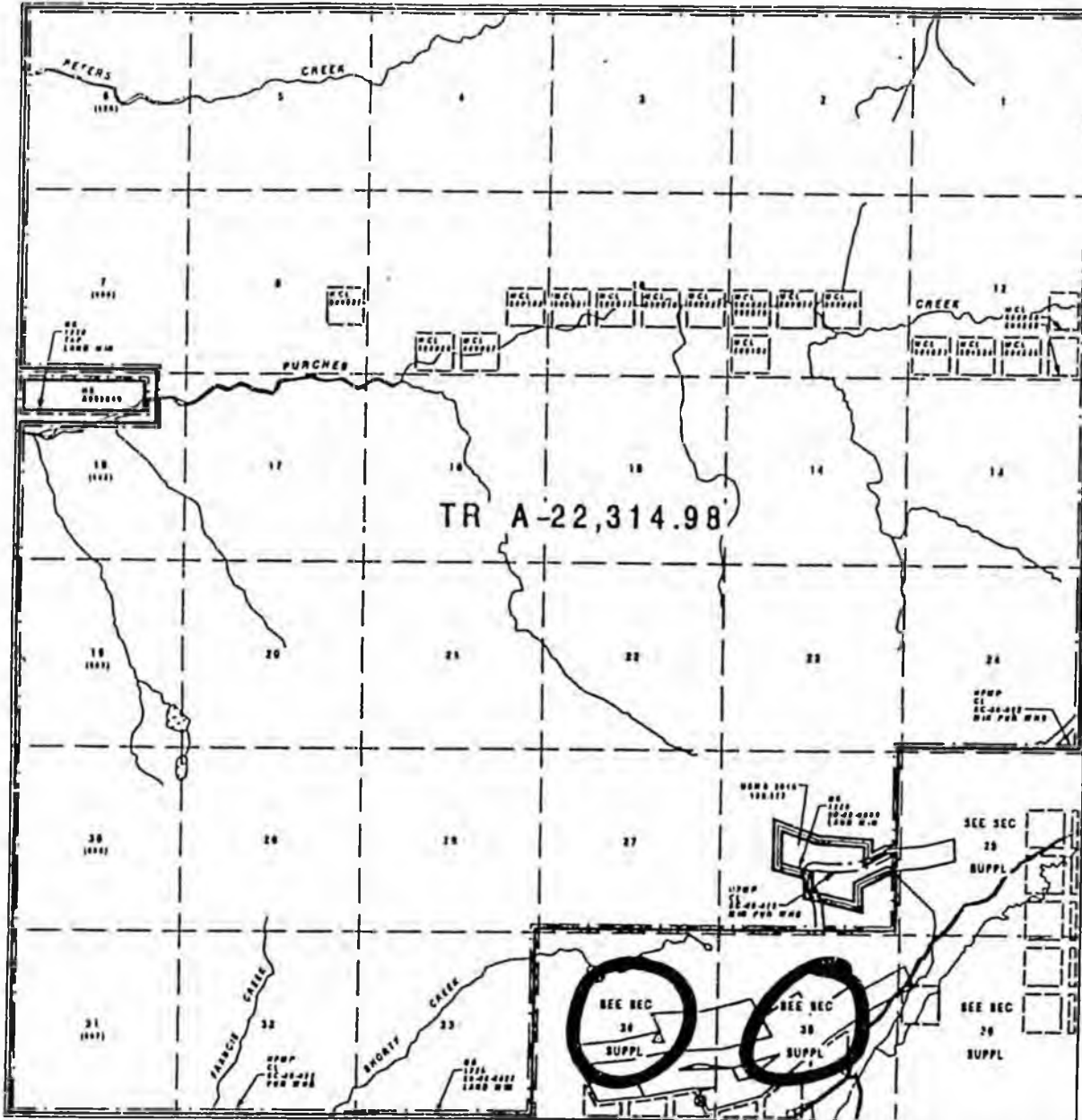
STREAM FLOW RESERVATION

- INDICATE APPLICATION
- INDICATE CERTIFICATE

CITY BARBER

- INDICATE APPLICATION
- INDICATE PERMIT
- INDICATE CERTIFICATE

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| 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | 32 | 33 | 34 | 35 | 36 |



STATUS PLAT

THE STATE HAS ALL LAND WITHIN THIS PLAT UNLESS OTHERWISE SHOWN TO THE CONTRARY BY THE PLAT AND THE STATE HAS THE RIGHT TO REPEAL OR AMEND THIS PLAT.

BOUNDARY
 CLASSIFICATION
 DISPOSAL
 MUNICIPAL RESTRICTION
 FEDERAL ACTION
 MENTAL HEALTH TRUST
 LIMITS OF ACTION
 NAVIGATIONAL AID
 CANN PERMIT
 TRAPPING CANN PERMIT
 TRESPASS LOCATION

HYDROGRAPHY
 U.S. GEOLOGICAL SURVEY (USGS) 1:50,000 SCALE
 ALASKA HYDROGRAPHIC SURVEYS 1978-1983

LAND USE
 AIR PHOTOGRAPHY (A.P.) 1:25,000 SCALE
 U.S. GEOLOGICAL SURVEY (USGS) 1:50,000 SCALE
 ACCEPTED OWNERSHIP
 U.S. PATENT APPROVED (U.S. PAT. APPROVED)
 U.S. PATENT APPROVED (U.S. PAT. APPROVED)
 U.S. PATENT APPROVED (U.S. PAT. APPROVED)

OTHER ACTIONS AFFECTING INDIVIDUAL USE OF STATE LAND ARE SHOWN ON SEPARATE PLATS AND SHOULD BE REFERRED TO FOR ADDITIONAL INFORMATION.

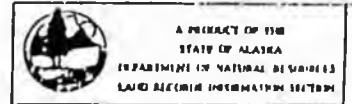
PLAT PREPARED BY PALMER RECORDING SERVICE, 2210 10TH AVENUE, SOUTHWEST, ANCHORAGE, ALASKA 99501. SUBJECT TO LITCHFIELD PASS MANAGEMENT PLAN.

Exhibit B
 page 7 of 9

GRAPHIC ILLUSTRATION ONLY. SURVEY POINTS REMAIN THE OFFICIAL RECORD. CONSULT LAND ADMINISTRATION SYSTEM (LAS) COMPASS FOR ADDITIONAL INFORMATION.



ATTENTION STATUS PLAT USERS: ON THIS PLAT, ALL STATUS LINES CLOSE FOR ACTIONS THAT EXTEND INTO ADJACENT TOWNSHIPS. THIS INCLUDES STATUS LINES SUCH AS DISPOSAL, MUNICIPAL, TITLE, CLASSIFICATION, ETC. PLEASE REFER TO ADJACENT TOWNSHIPS OR LAS TO DETERMINE IF ACTIONS EXTEND BEYOND THE BOUNDARIES SHOWN ON THIS PLAT. NUMBERS, TITLE, CLASSIFICATION, AND RESTRICTIONS (LWS)



PLAT CANNOT BE USED FOR 2025 TO THE END

SI
 TWI

SEC 34 TOWNSHIP 20N RANGE 1W OF THE SEWARD MERIDIAN, ALASKA

LEGEND

INFORMATION

- HYDROGRAPHY
- SURVEY LINE
- SURVEY LOT LINE
- TOWNSHIP SECTION (MSD)
- 1/4 SECTION LINE
- HIGHWAY
- ROAD
- TRAIL
- BARREN
- ELECTRICAL POWER LINE
- TELEPHONE LINE
- PIPELINE
- AIRPORT ANDING STRIP
- HORIZONTAL CONTROL
- CONTROL MONUMENT

INFORMATION

- TITLE
- BOUNDARY
- CLASSIFICATION
- ZONING
- MUNICIPAL
- RESTRICTION
- FEDERAL ACTION
- ☐ MENTAL HEALTH TRUST
- LIMITS OF ACTION
- NAVIGATIONAL AID
- CABIN PERMIT
- TRAPPING CABIN PERMIT
- TRESPASS LOCATION

SURFACE WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

RIVER SURFACE WATER RIGHTS

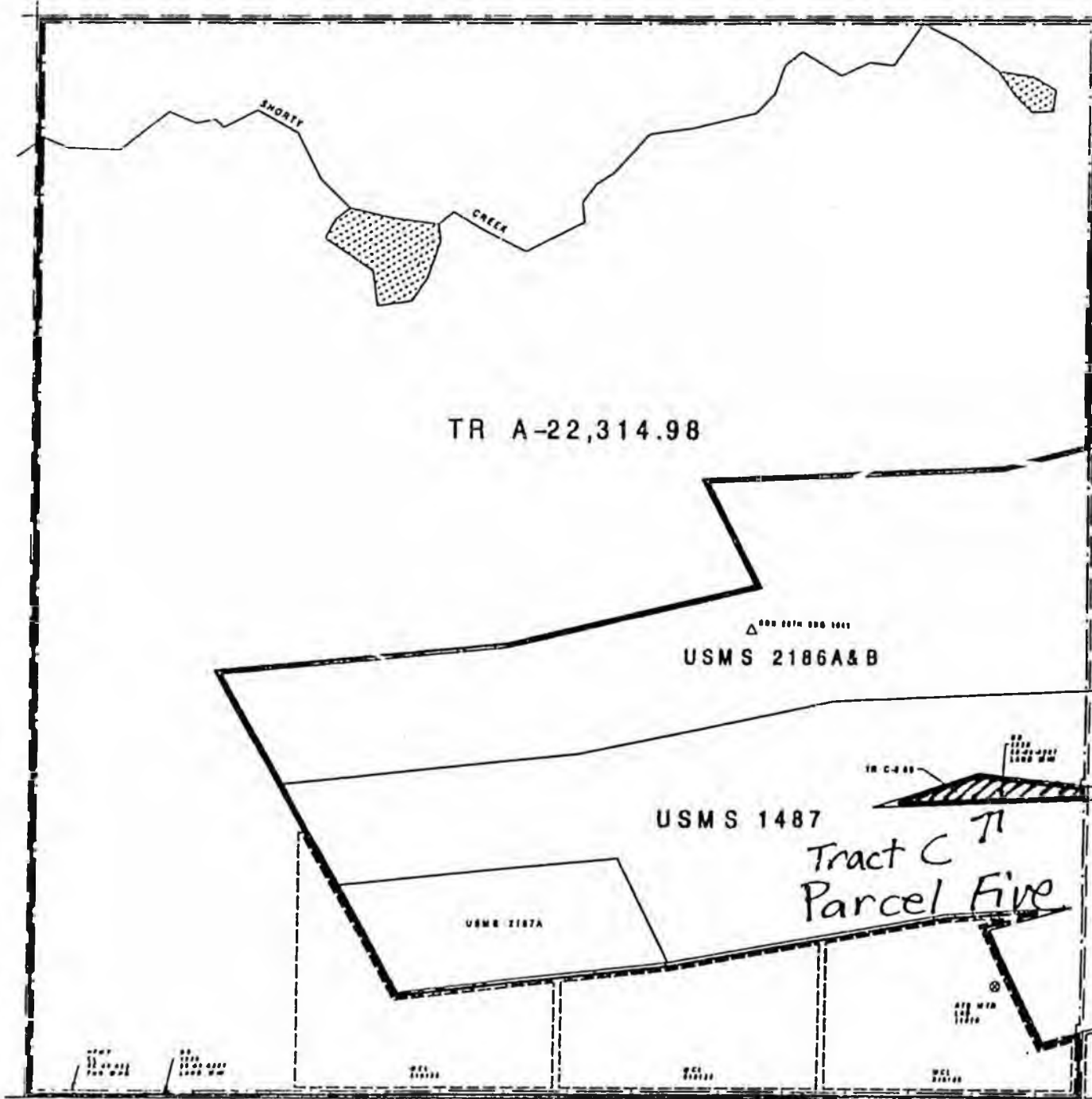
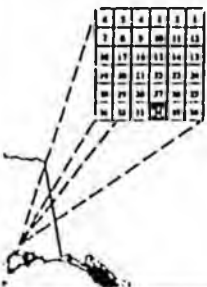
- APPLICATION
- PERMIT
- CERTIFICATE

WETLAND USE RESERVATION

- APPLICATION
- CERTIFICATE

DAM USE BARREN

- APPLICATION
- PERMIT
- CERTIFICATE



AN INDEX TO STATUS PLAT ADMINISTRATION IS INCLUDED WITH EACH APERTURE CARD SET IN STATE STATUS PLAT

SCALE
1 inch = 400 feet

STATUS PLAT

DATE OF PREPARATION: 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

THIS STATUS PLAT IS A LAND USE STATUS PLAT THAT HAS BEEN PREPARED BY THE STATE OF ALASKA AND IS SUBJECT TO THE LAND USE STATUS PLAT ACT, AS AMENDED, AND THE STATUS PLAT ACT, AS AMENDED, AND THE STATUS PLAT ACT, AS AMENDED, AND THE STATUS PLAT ACT, AS AMENDED.

BASE DATA

COORDINATES
ALASKA STATE PLAT 20N 1
34 CORNER IN TOWNSHIP
S 411111 000
E 200777 000
LAT 61 00 34 00 N
LONG 149 21 30 00 W

HYDROGRAPHY
USGS ANCHORAGE (111) REVISED BY BLM FROM AERIAL PHOTO
ALTIMETER PHOTOGRAPHY 1979-1983

LAND USE
AND RESTRICTION (USDA) 53-17 APPROVED DIVISION
USFS CANTON TRACTS A, B & C 111111 ACRES
SCHEPPEL UNCLASSED
USMS 1487 APPROVED DIVISION
USMS 2186A APPROVED DIVISION
USMS 2187A APPROVED DIVISION

OTHER ACTIONS AFFECTING DISPOSAL (OR USE) OF STATE LANDS AS THE LAST FAMILIES OR ORIGINAL SOURCE DOCUMENTS FOR ALTERNATE INFORMATION

ENTIREY FROM PUBLIC RECORDS CONTACTED
EXEMPT FROM PUBLIC RECORDS - SUBJECT TO PUBLIC RECORDS
SUBJECT TO MATERIAL PASS MANAGEMENT PLAN

Exhibit B
page 8 of 9

ATTENTION STATUS PLAT USERS: IN THIS PLAT, ALL STATUS LINE CLERK FOR ACTIONS THAT EXTEND INTO ADJACENT TOWNSHIPS. THIS INCLUDES STATUS LINE SUCH AS ZONING, MUNICIPAL, TITLE CLASSIFICATION, ETC. PLEASE REFER TO ADJACENT TOWNSHIPS (OR LARS TO DETERMINE IF ACTIONS EXTEND BEYOND) THE BOUNDARIES SHOWN IN THIS PLAT. BOUNDARY TITLE CLASSIFICATION AND RESTRICTION LINES ALWAYS CLOSE ON ALL PLATS.

A PRODUCT OF THE
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
LAND RECORDS INFORMATION SYSTEM

SEC 34
SP

SEC 35 TOWNSHIP 20N RANGE 1W OF THE SEWARD MERIDIAN, ALASKA

LEGEND

INFORMATION

- INTEGRITY
- URVEY LINE
- URVEY LINE
- TRANSSECTION GRID
- SECTION LINE
- ROADWAY
- ROAD
- TRAIL
- RAILROAD
- ELECTRICAL POWER LINE
- TELEPHONE LINE
- PIPELINE
- AIRPORT/LANDING STRIP
- HORIZONTAL CONTROL
- CONTROL MONUMENT

INFORMATION

- TITLE
- PRIMARY
- CLASSIFICATION
- DISPOSAL
- MUNICIPAL
- RESTRICTION
- FEDERAL ACTION
- MENTAL HEALTH TRUST
- LIMITS OF ACTION
- NAVIGATIONAL AID
- CROWN PERMIT
- TRAPPING CROWN PERMIT
- TRAPSPASS LOCATION

FACE WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

FACE WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

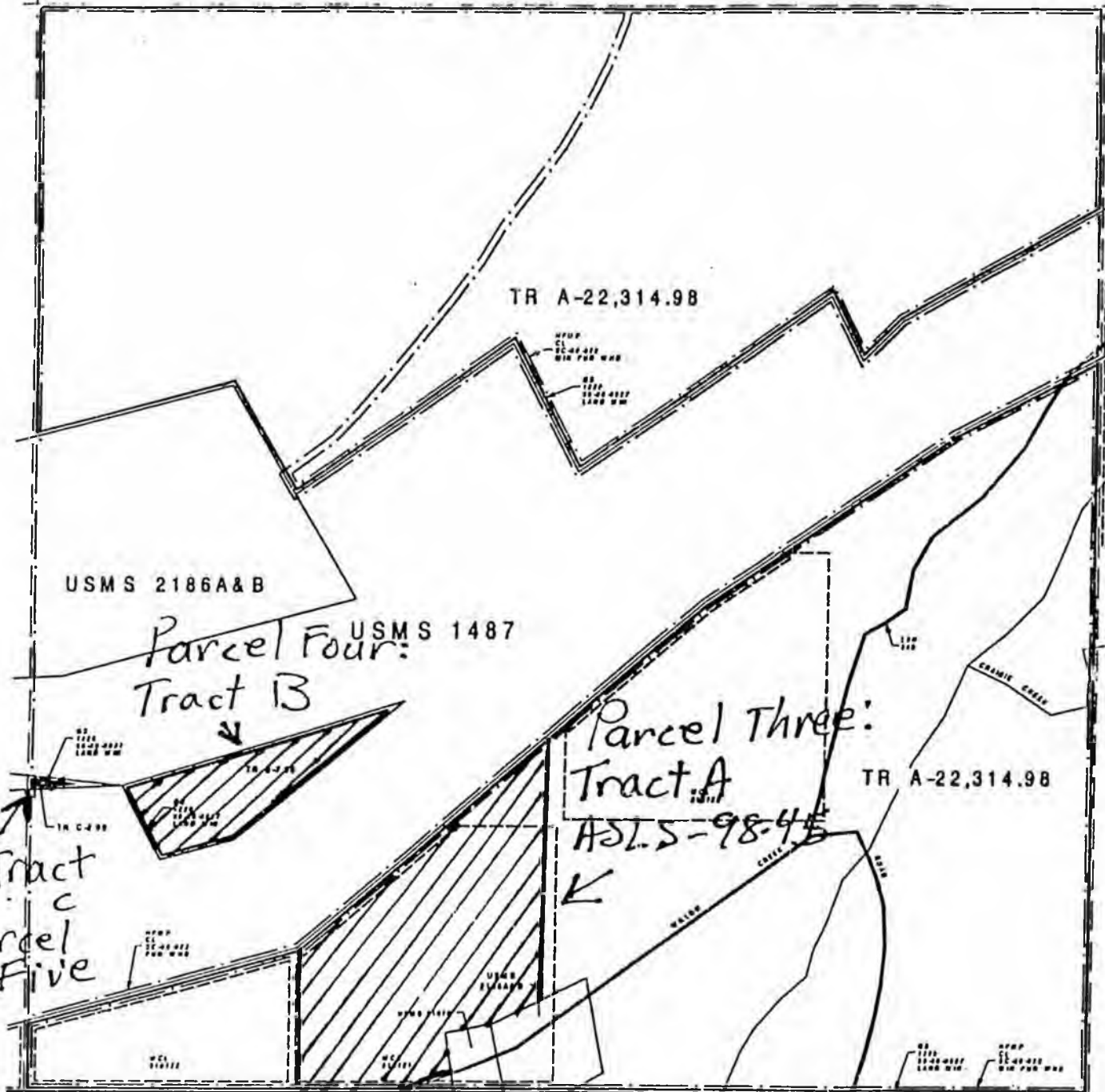
STREAM FLOW RESERVATION

- APPLICATION
- CERTIFICATE

WATER RIGHTS

- APPLICATION
- PERMIT
- CERTIFICATE

| | | | | | |
|----|----|----|----|----|----|
| 6 | 5 | 4 | 3 | 2 | 1 |
| 7 | 8 | 9 | 0 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | 32 | 33 | 34 | 35 | 36 |



STATUS PLAT

THIS STATUS PLAT IS A JUDICIAL ACT AND DOES NOT CONSTITUTE A SURVEY. IT IS SUBJECT TO THE SURVEY ACT AND THE SURVEY ACT IS THE AUTHORITY FOR THE SURVEY. IT IS SUBJECT TO THE SURVEY ACT AND THE SURVEY ACT IS THE AUTHORITY FOR THE SURVEY.

BASE DATA

CRAMIE CREEK
ALASKA STATE PLANS 2001 4
SE. CORNER OF TOWNSHIP
T 20N R 1W
LAT. 61° 14' 00" N
LONG. 149° 21' 30" W

HYDROGRAPHY
USGS ANCHORAGE (7) DIVISION BY REM FROM AERIAL PHOTO
ALTIMETER PHOTOGRAPHS 1976-1983

LAND NET
ASL PROTRACTOR DIAGRAM 52-17 APPROVED 08/11/01
USMS CREATING TRACTS A, B & C. 11/11/03 ACQUIS.
ACCEPTED 08/11/01
USMS 1487 APPROVED 08/11/01
USMS 2004 APPROVED 08/11/01
USMS 2186A&B APPROVED 08/11/01
USMS 2187A&B APPROVED 08/11/01

OTHER ACTIONS AFFECTING DISPOSAL OR USE OF STATUS PLAT AND THE LAND CANNOT BE OBTAINED FROM ORIGINAL SOURCE DOCUMENTS FOR ADDITIONAL INFORMATION

ENTIRELY OWN PALMER RECORDING DISTRICT
LIVERED BAN MAFANUSA-SUPPLY BUSINESS
SUBJECT TO PALMER FALL MANAGEMENT PLAN

Exhibit B
page 9 of 9

GRAPHIC ILLUSTRATION ONLY.
SOURCE DOCUMENTS REMAIN THE OFFICIAL RECORD.
CONSULT LAND ADMINISTRATION SYSTEM (LAS)
CASEFILE FOR ADDITIONAL INFORMATION

SCALE

ATTENTION STATUS PLAT USERS: ON THIS PLAT, ALL STATUS
LINES CLOSE PER ACTIONS THAT EXTEND INTO ADJACENT TOWNSHIPS.
THIS INCLUDES STATUS LINES SUCH AS DISPOSAL, MUNICIPAL, TITLE,
CLASSIFICATION, ETC. PLEASE REFER TO ADJACENT TOWNSHIPS OR LAS
TO DETERMINE IF ACTIONS EXTEND BEYOND THE BOUNDARIES SHOWN ON



A PROJECT OF THE
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
LAND RECORDS INFORMATION SECTION

SEC
51
TWP

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

TONY KNOWLES, GOVERNOR

400 WILLOUGHBY AVENUE
JUNEAU, ALASKA 99801-1796
PHONE: (907) 465-2400
FAX: (907) 465-3586

3601 C STREET, SUITE 1210
ANCHORAGE, ALASKA 99503-5921
PHONE: (907) 269-8431
FAX: (907) 269-8918

March 14, 2000

The Honorable John Torgerson
Co-Chair Senate Finance
State Capitol (MS 3100)
Juneau, AK 99801-1182

Dear Senator Torgerson:

The Department of Natural Resources requests a hearing on the following bill;

SB 249 Independence Mine Land Exchange. This bill requests legislative concurrence to proceed with a land exchange with Alaska Hardrock, Inc. The State Division of Parks and Outdoor Recreation will receive 118 acres of mineral/subsurface estate in Independence Valley for 107 acres of state land in Upper Willow Creek Valley. The Division of Parks and Outdoor Recreation will acquire the "water tunnel", the main tunnel of the old Independence Mine tunnel workings, for addition to Independence Mine State Historical Park. The benefit to the state will be a possible concession contract with a private operator to develop this site for public tours. This exchange will enhance the viability of tourism development in this area. Since the appraisal for the parcels involved is good for only one year, it is important that this bill be approved by the Legislature this session.

I have attached information on this bill for your review. I look forward to working with you on this bill. If I can provide other information, please call Carol Carroll of my staff at 465-4730 or me at 465-2400.

Sincerely,



John Shively
Commissioner

Attch.

"Develop, Conserve and Enhance Natural Resources for Present and Future Alaskans"

**Final Report and Best Interest Findings
on Proposed Land Exchange
between Alaska Hardrock, Inc. and
the State of Alaska for the
Division of Parks and Outdoor Recreation**

January 14, 2000

Introduction

The proposed land exchange between the State of Alaska for the Division of Parks and Outdoor Recreation and Alaska Hardrock, Inc. proposes to trade five parcels of state land, totaling 107 acres, in the Upper Willow Creek Valley for 118 acres of mineral/subsurface estate in Independence Valley. All parcels are in the Hatcher Pass area of the Talkeetna Mountains, approximately 20 miles north of Palmer and within the Matanuska-Susitna Borough. Refer to the map enclosed with this report, and the detail description below, for specific parcel locations.

The purpose of the exchange is for the Division of Parks and Outdoor Recreation to acquire the "water tunnel", the main tunnel of the old Independence Mine tunnel workings for addition to Independence Mine State Historical Park. Gold mining is an integral part of Alaska's history and the Division of Parks and Outdoor Recreation would like to preserve and interpret this particular piece of Alaska's gold mining history.

The Division of Parks and Outdoor Recreation and Alaska Hardrock, Inc. started serious negotiations in 1998. On June 29, 1999, both parties signed a Preliminary Exchange Agreement. According to that agreement, survey and appraisal work were done in late summer and early fall of 1999. Surveys will receive final borough approval in January, 2000. The final appraisal was received in late November. December 7, 1999 through January 10, 2000 was the 30-day public notice period on the exchange, related mineral closures, area and management plans' exceptions and land classification changes. The exchange will go before the Alaska Legislature for approval. If approval is received, deeds will be exchanged within 60 days of legislative approval.

This report is the land exchange report required by Alaska Statute 38.50.130.

Public Notice and Comment Period

Public Notice for the land exchange started Tuesday, December 7, 1999. Public comment was accepted by the two Division of Parks and Outdoor Recreation offices listed below from Tuesday, December 7, 1999 through to 4:30 pm, Monday, January 10, 2000.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

Parks Contact Person in Anchorage:

| | |
|-------------------------------------|--------------------------------------|
| Kathryn Reid | Alaska State Parks |
| ph: (907) 269-8708 | 550 W 7 th Av. Suite 1380 |
| fax: (907) 269-8907 | Anchorage, AK 99501-3561 |
| email: Kathryn_Reid@dnr.state.ak.us | (7 th and F Streets) |

Wasilla/Palmer Parks Office:

| | |
|--------------------|---|
| Mat-Su Area Office | ph: (907) 745-3975 |
| Alaska State Parks | fax: (907) 745-0938 |
| HC 32, Box 6706 | location: Mile 0.4 Bogard Rd, Finger Lake SRS |
| Wasilla, AK 99654 | Area Superintendent - Dale Bingham |

The Appraisal

The appraisal contract was awarded to Follett & Associates of Anchorage, Alaska. The appraiser is Eric G. Follett, MAI. The appraisal is titled *Appraisal of Hatcher Pass Properties for a Land Exchange, Palmer, Alaska*, herein referred to as the land exchange appraisal. The valuation date of the appraisal is September 21, 1999.

State land going to Alaska Hardrock, Inc. was appraised as land estate only. Mineral estate was not included since the State can not deed the mineral estate in this circumstance.

Mineral/subsurface estate going to the Division of Parks and Outdoor Recreation from Alaska Hardrock, Inc. was appraised at two levels. One was the remaining gold/mineral value left in these patented federal mining claims. The other is the "tourism value" of the tunnel. The Division of Parks and Outdoor Recreation plans to renovate the tunnel and conduct tours in it. This is a recreational value, not a mineral value. The basis of this portion of the appraisal was a comparison of underground mining tunnel tours conducted in the lower 48, since there is no comparable operation in Alaska. Park staff assisted in the gathering of data on these underground mining tunnel tours. Existing tours researched ranged from historic mines to active commercial mines for gold, silver and coal.

Law in Alaska is unclear as to whether the subsurface or surface estate owner has non-mining rights to underground tunnels. The Division of Parks and Outdoor Recreation has received verbal information that both surface and subsurface estate owners agree that the subsurface estate owner, Alaska Hardrock, Inc., has the non-mining rights to the underground tunnels. The Division of Parks and Outdoor Recreation has requested that Alaska Hardrock, Inc. receive this statement in writing from Starkey Wilson, surface estate owner.

There was one copy of the land exchange appraisal available for public review at each of the Division of Parks and Outdoor Recreation offices listed below.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

Parks Contact Person in Anchorage:

| | |
|-------------------------------------|--------------------------------------|
| Kathryn Reid | Alaska State Parks |
| ph: (907) 269-8708 | 550 W 7 th Av. Suite 1380 |
| fax: (907) 269-8907 | Anchorage, AK 99501-3561 |
| email: Kathryn_Reid@dnr.state.ak.us | (7 th and F Streets) |

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| Mat-Su Area Office | ph: (907) 745-3975 |
| Alaska State Parks | fax: (907) 745-0938 |
| HC 32, Box 6706 | location: Mile 0.4 Bogard Rd, Finger Lake SRS |
| Wasilla, AK 99654 | Area Superintendent - Dale Bingham |

Legal and Physical Descriptions of Land Involved plus Appraised Value

Parcels to be Acquired by the State Division of Parks and Outdoor Recreation

The Division of Parks and Outdoor Recreation will receive mineral/subsurface estate for eight federal mining claims from Alaska Hardrock, Inc. The surface estate is owned by a different party, Starkey Wilson, and therefore not part of this trade. These mining claims are in Sections 28, 29 and 33, Township 20 North, Range 1 East, Seward Meridian (T20N, R1E, SM). The eight federal mining claims are as follows:

| | | |
|--|---------------|--------------------|
| Independence Lode | USMS 958-A | 17.75 acres |
| Granite Mountain | USMS 958-A | 13.14 acres |
| Granite Mountain #1 | USMS 958-A | 12.90 acres |
| Granite Mountain #2 | USMS 961/2046 | 13.45 acres |
| Granite Mountain #3 | USMS 961/2046 | 16.53 acres |
| Lois Fraction | USMS 2041 | 7.79 acres |
| Snowbird | USMS 2041 | 18.11 acres |
| Homestake #4 | USMS 980 | 19.72 acres |
| <u>overlap of Lois Fraction and Granite Mt. #3</u> | | <u>-1.21 acres</u> |
| Total acreage to the State | | 118.18 acres |

This property has the main mining tunnel, called the water tunnel, and numerous side tunnels of the old Independence Mine tunnel workings. The first six mining claims listed are crossed by the water tunnel. Of these six, one - Granite Mountain #3 - is currently within Independence Mine State Historic Park boundary. The other five are adjacent to the park on the northwest corner of the park. The last two mining claims are also within the current Independence Mine State Historic Park boundary, but are not crossed by the water tunnel. Homestake #4 mining claim is not contiguous with the other seven claims. This property will be managed as part of Independence Mine State Historic Park. See the map enclosed with this report.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

The water tunnel is in relatively good condition except for the tunnel floor, which has a layer of mud and water. The tunnel is an average 10 feet in diameter, level, and runs in a general east-west direction. It can be cleaned and repaired, and the railroad track restored, for use in an underground tunnel tour. All other tunnels, of which there is approximately 15 miles, are small, narrow and unsafe.

The appraisal tourism value of the main tunnel is \$63,000. The remaining gold/mineral value is \$24,000. Total appraised value for these eight mining claims is \$87,000.

Parcels to be Acquired by Alaska Hardrock, Inc.

AHI will receive 5 parcels of state land in Upper Willow Creek Valley, on the other side of Hatcher Pass from Independence Mine State Historic Park. By law, the State can not give fee simple estate in this circumstance. AHI will receive land estate, defined here as fee simple estate less mineral rights reserved under Alaska Statute 38.05.125(a). The land estate includes the right to soil, gravel, etc. A state mineral closure will be placed on these parcels.

Parcel One, called the Lucky Shot Mill Site, is found in the NE1/4 of Section 2, Township 19 North, Range 1 West, Seward Meridian. This rectangular parcel sits on a mostly level, low ridge top on Hatcher Pass Road at mile 23. Some maps have this road labeled as Willow Creek Road. There are several buildings on the property related to gold mining, such as a mill building, shop, office, bunkhouse, and water treatment facility. These were built by previous leasees of the property, not the State. Therefore, the buildings are not state owned, and were not included in the land exchange appraisal. The State currently leases this parcel to Alaska Hardrock, Inc. There are two leases, one is a land lease, ADL#207065, issued to Alaska Hardrock, Inc., which Alaska Hardrock, Inc. has requested cancellation of as a duplicate, and an upland mining lease, ADL#534898, under the name of Thor Gold Alaska, Inc. Due to a joint venture and termination agreement between Alaska Hardrock, Inc. and Thor Gold Alaska, Inc. to acquire the Lucky Shot mill site, Thor Gold Alaska, Inc's name remains on the lease, but Alaska Hardrock, Inc. is the owner and user of all buildings and equipment. As part of the termination agreement, Thor Gold Alaska, Inc. will turn over the lease to AHI no later than the year 2009. The upland mining lease would be canceled if the land exchange is approved. If not, this lease will remain active. There are no utilities available in the area. The Lucky Shot Mill Site is 29.24 acres and its boundary defined as Tract B of state survey ASLS 98-45. ASLS 98-45 will receive final approval by the end of December, 1999. The appraised value for the Lucky Shot Mill Site is \$25,000, approximately \$850/acre.

Parcel Two, called the Willow Creek Decline, is found in the SE1/4 of Section 29, and the NE1/4 of Section 32 of Township 20 North, Range 1 East, Seward Meridian. This irregular shaped parcel sits in the bowl at the end of Upper Willow Creek. Access is by Upper Willow Creek Road, a one-lane dirt road with a junction at mile 20.5 of Hatcher Pass Road. This parcel has the western entrance to the water tunnel and two buildings. The buildings are from the 1980s when the parcel was used as a mill site. Both buildings are in very poor condition and were not built by the State. Therefore they are not included in the appraisal, although the tunnel entrance is. The upper two-thirds of the parcel is steep enough to be avalanche prone. Therefore, only the

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

lower one-third could be developed. One of the buildings has received major damage due to avalanche. Alaska Hardrock, Inc. has state mining claims on this parcel. If the land exchange is approved, Alaska Hardrock, Inc. will either close the claims, or alter the boundaries to exclude this parcel, since a mineral closure will be placed on it. There are no utilities available in the area. The Willow Creek Decline is 40.95 acres and its boundary defined as state survey ASLS 98-44 (21.57 acres), plus federal mining claim Brightness #2, USMS 2047 (19.38 acres). ASLS 98-44 will receive final approval by the end of January, 2000. The appraised value for the Willow Creek Decline parcel is \$26,000, approximately \$623/acre.

Parcel Three, called the Lucky Shot Tunnel, is found in the SW1/4 of Section 35, Township 20 North, Range 1 West, Seward Meridian. This "L" shaped parcel sits on the northward side of Hatcher Pass Road at mile 24. The entire parcel is prone to avalanches due to the steep mountainside north of the property. The only development is the Lucky Shot Mine tunnel entrance and a private, one-lane road for tunnel access. There are no utilities available in the area. The Lucky Shot Tunnel is 26.87 acres and its boundary defined as Tract A of state survey ASLS 98-45. ASLS 98-45 will receive final approval by the end of December, 1999. The appraised value for the Lucky Shot Tunnel parcel is \$13,000, approximately \$475/acre.

Parcel Four, called Tract B, is Tract B in Section 35, Township 20 North, Range 1 West, Seward Meridian. There are no utilities available in the area and no road access to the parcel. This irregular shaped parcel is on a steep mountainside and adjacent to Tract C. Tract B is 7.96 acres and its boundary defined by the surrounding federal mining claims. The appraised value for Tract B is \$2000, approximately \$250/acre.

Parcel Five, called Tract C, is Tract C in Sections 34 and 35, Township 20 North, Range 1 West, Seward Meridian. There are no utilities available in the area and no road access to the parcel. This irregular shaped parcel is on a steep mountainside and adjacent to Tract B. Tract C is 2.09 acres and its boundary defined by the surrounding federal mining claims. The appraised value for Tract C is \$500, approximately \$250/acre.

Total acreage for all five parcels is 107.11. The total appraised value for all five parcels is \$66,500.

Summary of Appraised Values and Land Involved

The charts below, summarize with rounded figures the land acquired on both sides of the trade.

Summary of Mining Claims going to Division of Parks and Outdoor Recreation

| Mineral/subsurface Value | Acreage | Value per Acre | Total Value |
|--------------------------|------------|----------------|-----------------|
| Mineral Value | 118 | \$200/acre | \$24,000 |
| Tourism Value | n/a | n/a | \$63,000 |
| Total | 118 | n/a | \$87,000 |

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

Summary of Parcels going to Alaska Hardrock, Inc.

| Parcel Name | Acreage | Value per Acre | Total Value |
|-------------------------|------------|-------------------|-----------------|
| 1) Lucky Shot Mill Site | 29 | \$850/acre | \$25,000 |
| 2) Willow Decline | 41 | \$625/acre | \$26,000 |
| 3) Lucky Shot Tunnel | 27 | \$475/acre | \$13,000 |
| Tract B&C | 10 | \$250/acre | \$2,500 |
| Totals | 107 | \$620/acre | \$66,500 |

Both state and Alaska Hardrock, Inc. lands are not in the coastal zone. Neither are they wetlands or in a floodplain. The parcels are within the Matanuska-Susitna Borough, but there is no zoning in the area.

Although the value difference between the state land and Alaska Hardrock, Inc. land is approximately \$20,000, both parties still agree to the exchange. The acreage involved in the exchange is close and Alaska Hardrock, Inc. will receive a tax credit for the value difference.

Legislative Approval

Since this is an unequal value exchange, it must receive Legislative approval.

Land Planning and Classification

The Willow Sub-Basin Area Plan, October 1992, sets out general management intent and land classification for the Hatcher Pass area. The plan specifies that the area will be managed primarily for mining, recreation, grazing, and fish and wildlife related uses such as hunting and providing habitat. The plan classified the land as minerals and public recreation land.

The Hatcher Pass Management Plan spells out more specific management intent for the area. The management intent for the Independence Valley subunit is to protect habitat, the scenic vistas and the historic character, to encourage tourism and the continued mining on existing claims. The management intent for the Willow/Craigie Creek subunit, which includes the Upper Willow Creek Valley, is to encourage mineral development, the continuance of a variety of recreation activities, and protection of habitat and scenic vistas. The plan recognizes that a balance is needed between the protection of historic mining sites and the nourishing of current commercial mining within the area.

Both plans support the expansion of Independence Mine State Historical Park and the mineral closure for land going to the park. Both plans list the Upper Willow Valley as mineral or public recreation lands. State lands to be traded should be either unclassified, or classified as settlement, agriculture, or reserved use. Therefore, by classification, land in the Upper Willow Valley is not open for a land exchange. The intent of the plans is to support mining in the area,

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

and the state land to be receive by Alaska Hardrock, Inc. is for the support of their mining operation. In order to reclassify the land, a special exception allowing a change of classification for the five parcels of state land going Alaska Hardrock, Inc. is proposed. Please see the proposed special exception to the Willow Sub-Basin Area Plan and Hatcher Pass Management Plan and the proposed land classification order #99-003 enclosed with this report.

This reclassification is only for the 107 acres of state land going to Alaska Hardrock, Inc. No other land in the Hatcher Pass area will be reclassified because of this land exchange.

A mineral closure will be placed on the lands involved in this land exchange. The mineral closure is only for the land described in this report and part of this land exchange. No other land in the Hatcher Pass are will be closed to new mineral entry through the mineral closure related to this land exchange.

The mineral closure for the land going to the Division of Parks and Outdoor Recreation is supported by the Willow Sub-Basin Area Plan and the Hatcher Pass Management Plan. Both plans support Independence Mine State Historical Park and the need to preserve historical land marks. The park already has a mineral closure on it. Independence Valley is listed for both active mining and mineral closures for public recreation purposes.

Neither plan supports a mineral closure in the Upper Willow Valley. Both plans support public recreation or mining in this area. Yet, the state lands to be transferred to Alaska Hardrock, Inc. is for the support of their mining operation. A mineral closure on the state land going to Alaska Hardrock, Inc. prevents the disruption of the facilities Alaska Hardrock, Inc. has on these lands, and any improvements they may make, from anyone who might stake a mining claim under these parcels. Since the intent of the plan is to support mining in Upper Willow Valley, and the mineral closure on these parcels also supports mining in the same area, this mineral closure is consistent with the plan intent. Please see the proposed mineral order #753 enclosed with this report.

Benefits of the Exchange

Benefit to the State

Acquiring the old Independence Mine tunnels supports the Division of Park and Outdoor Recreation's goal of preserving and interpreting Alaska's cultural heritage. Independence Mine State Historic Park currently has the surface buildings of Independence Mine camp within the park. The camp's purpose was to mine gold. Including the tunnels in the park completes the historic picture of Independence Mine. Through a proposed concession contract with a private operator, the Division of Parks and Outdoor Recreation plans to renovate the water tunnel so public tours can be conducted underground. This will give the park visitor a better understanding of how the miners worked, as well as where they lived.

Acquiring the tunnels also supports the Division of Parks and Outdoor Recreation's goal of providing support to the state's tourism industry. Long term management plans for Independence Mine State Historic Park include the possibility of a private concession contract. The option of underground tours, either as part of a package or by itself, make a concession contract much more viable.

Note: The goals for the Division of Parks and Outdoor Recreation are listed in the *Alaska State Park System: Statewide Framework*, June 1982

Benefits to Alaska Hardrock, Inc.:

Alaska Hardrock, Inc. has a lease for the Lucky Shot Mill Site. If they own the property, they no longer have to pay the rent to the State. They also can make improvements or create new development without needing to changing their agreement with the State.

The Lucky Shot Tunnel and Willow Decline parcels have tunnel entrances which give access to state mining claims and patented federal mining claims owned by Alaska Hardrock, Inc. By possessing these parcels, Alaska Hardrock, Inc. secures permanent tunnel access and has the ability to make improvements to tunnel access areas without needing to pay fees to, or getting permission from, the State Department of Natural Resources or other state agencies, such as the Department of Environmental Conservation.

Tracts B and C sit in the middle of the patented federal mining claims owned by Alaska Hardrock, Inc. By receiving title to these parcels, Alaska Hardrock, Inc. no longer has an inholding of state land. If they expand their mining operation, they do not need to be concerned with encroaching or trespassing on state land.

Securing all five parcels allows Alaska Hardrock, Inc. to consolidate their property and secure permanent ownership to lands that are key to their mining operation. Due to the low price of gold, Alaska Hardrock, Inc. is considering running gold mine tunnel and mill site tours. Securing ownership for these lands is key to this business as well. Alaska Hardrock, Inc. is also considering a bed and breakfast or small lodge on the Lucky Shot Mill Site to help facilitate a tourist type business.

Alternatives

Independence Mine camp and tunnels is a unique resource for Alaskans. This is why the camp was made into a historical park. There is no alternative land for purchase with the cultural resource of the water tunnel. The only alternative to a land exchange would be to purchase the land from Alaska Hardrock, Inc. Alaska Hardrock, Inc. indicated that they would not want to sell, but would accept a land trade. Another benefit of this exchange is the cost to the State for the land trade is less than the appraised value of the water tunnel property. The State also does not have the funds to purchase the property. The last alternative would be to forego purchase the

tunnel altogether. As stated above, this is a unique resource. To lose this opportunity to obtain this property at a cost less than the appraised value would not be in the best interest of the State

Without the mine tunnel and tour, the opportunity for a concession contract to operate and maintain the historical buildings at Independence Mine State Historical Park would be significantly diminished. The State is not in a position to continue funding the maintenance on these historical buildings. Preliminary contacts with potential private operators indicate that a tour opportunity is needed for the entire project to be economically viable. Without a public/private partnership, the mine buildings will continue to deteriorate.

The parcels going to Alaska Hardrock, Inc. are also a unique resource for Alaska Hardrock, Inc. There are no alternatives to the mill site, or access for their mining claims and tunnels. Their only alternative would be to build other tunnel entrances or mill sites, provided they could find nearby private property to purchase. While there may be nearby private property to purchase for tunnel entrance sites, finding nearby private property to purchase for a mill site that is not prone to avalanches is very unlikely. Even if there was property to purchase that meets their requirements, to rebuild would be prohibitively expensive.

The State could sell these parcels, but the sale would have to be a competitive sale open to the public. The State could not sell the property directly to Alaska Hardrock, Inc. and Alaska Hardrock, Inc. has no guarantee of a winning bid. Since Alaska Hardrock, Inc. is unable to directly purchase the property with the existing facilities from the State, they are willing to trade for it.

This land exchange allows each party to attain what they want. No other alternative achieves this kind of win/win situation for either party.

Public Comment Received

The public notice and comment period ran from December 7, 1999, through January 10, 2000. Newspaper display ads appeared in the Anchorage Daily News on Friday, December 10 and Sunday, December 19. Display ads also appeared in the Frontiersman on Friday, December 10 and Friday, December 17. Legal classified ads appeared in the Juneau Empire and the Fairbanks news Miner on Friday, December 10 and Sunday, December 19.

Documentation on the proposed land exchange was mailed in the first full week of December to the following: 1) all native corporations and villages within the Mat-Su Borough; 2) all community councils within the Mat-Su Borough; 3) all property owners within a six mile radius, including state and federal mining claim holders - this encompassed four townships; 4) all members of the legislature; 5) all state department commissioners, the governor's office, and the Mat-Su Borough; 6) user groups of the area and other interested organizations.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

In addition, a public notice sign with map was mailed to every post office for public posting in the Mat-Su Borough and the Municipality of Anchorage. The public notice was also placed on the State of Alaska and Department of Natural Resources public notice web pages. This public notice was also faxed to the media by the Anchorage Public Information Center. Further, the documentation on the land exchange was posted on the Division of Parks web site. These also happened in the first full week of December.

Only a few comments were received. The land exchange appears to be non-controversial. Negative comments are addressed below.

The Division of Parks and Outdoor Recreation received two faxes. Both were from neighboring property owners. One fax lists concerns, such as the appraisal value affecting their land value and the unknown impact, positive or negative, of the exchange on neighboring property, but did not take a positive or negative position on the land exchange itself.

The other was a list of negative comments that a person had heard from numerous people who contacted him in concern of the proposed land exchange. He encouraged these folks to make their comments directly to the State, but none did. In a phone conversation, I was able to get the term "numerous people", quantified to an "estimate of a dozen people". The person sending the fax wished to remain anonymous, since his own stance on the land exchange is neutral. The negative comments condensed to eight concerns, which are listed below. A ninth concern was the listed on the possibility of cyanide still in the reclamation pits at the Lucky Shot Mill Site. These pits are not part of the land exchange and will remain state land. Therefore, this issue does not involve the land exchange.

Comment 1: A complaint that the public notice period was during the winter. The property involved in the land exchange can not be driven to in the winter. There was a request to delay the end of the comment period, or have another public comment period during the summer.

Response: Circumstances make this prohibitively expensive. The Preliminary Exchange Agreement was signed at the end of June, allowing just enough time to complete field work on the surveys and appraisal before winter. By law, an appraisal for a land exchange is only valid for one year. Also, this exchange is unequal, therefore, by law, must be approved by the Legislature. If we were to delay public comment for summer and wait for next year's legislative session, the appraisal would be invalid and would have to be redone to accommodate the new timeline. The contract for the current appraisal was \$9,800.

Comment 2: Do not want to see commercialization on both sides, east and west, of the pass.

Response: There already is commercialization on both sides of the pass. Commercial mining has existed on the west side of Hatcher Pass for decades. Should Alaska Hardrock, Inc. create a lodge or B&B at the Lucky Shot Mill Site, this would be a new kind of commercialization on the west side.

Comment 3: This is a poor bargain since the State is only getting subsurface from Alaska Hardrock, Inc.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

Response: As stated earlier in this report, the surface estate is owned by a different party and can not be include in this exchange. Both the subsurface and surface estate owners agree that the right to use the tunnel lies with the subsurface owner, Alaska Hardrock, Inc., which is what the Division of Parks and Outdoor Recreation is interested in. The appraisal only valued the mineral/subsurface estate, so the appraised value accurately reflects what the state is acquiring.

Comment 4: The State would be taking on a liability with the tunnel in terms of visitor safety - risk of cave in.

Response: The appraisal listed the main water tunnel as in good condition. The Division of Parks and Outdoor Recreation has no intention of opening any underground tunnel to the public without insuring public safety through tunnel reconstruction and guided tours. Also, the portion of the water tunnel involved in the exchange is through solid bedrock. The portion of the tunnel that needs shoring up and securing is the entrance, which is already owned by the Division of Parks and Outdoor Recreation.

Comment 5: There would be an increase in non-resident visitation, decreasing the enjoyment of the park by residents.

Response: It is likely that there would be an increase in non-resident visitation to the park when the tunnel is opened for public tours. One of the purposes of the exchange is to encourage increased economic activity. Some residents will also enjoy the upgrades to the park. Also, the park can be used as a jump off point to other areas in Hatcher Pass for those residents who want to get to less populated areas to recreate.

Comment 6: Residents would be charged to see the park. (Unhappy with current fee as it is.)

Response: The Division of Parks and Outdoor Recreation or its commercial operator does plan on charging for the underground tour. The Division of Parks and Outdoor Recreation already has a guided tour of the buildings in the park for a fee, and a parking fee. Without a fee for the underground tour that will be utilized by the commercial operator maintenance of these historic buildings, they will continue to deteriorate. There is no other funding option for the maintenance and preservation of the buildings.

Comment 7: This land exchange violates the intent for public use in the Hatcher Pass Management Plan.

Response: The Department of Natural Resources has determined the exchange is consistent with the plan. See the section "Land Planning and Classification" on page 7.

Comment 8: Wildlife in the area would suffer further from another lodge on the western side.

Response: There is no information to substantiate this. The Department of Fish and Game did not object to, or comment on, the land exchange.

Additional comments received include a letter supporting the land exchange from the Matanuska-Susitna Borough. They believe that the addition of the land to the historic park will make a fine complement to their planned development of a ski area and four-season resort in the area.

Alaska Hardrock, Inc./Division of Parks Proposed Land Exchange Final Report

Scott Eubanks, president of Alaska Hardrock, Inc., received three phone calls from neighboring property owners stating their support as well. These were from Argel Pettit, Mike Nauman, and Allen Ervin. Conversations with all three were very supportive of the exchange. They all thought the exchange would benefit both the State and Alaska Hararock, Inc. along with helping bring some more revenue into the Mat-Su Borough.

Although there is a long list of negative concerns, they were received from one individual. It is hard to quantify these since the "estimated dozen" persons who made them did not come forth themselves. Support for the exchange came from four definite sources. It is noted that any development has a cost to the surrounding wilderness. The development proposed by the State is limited to that necessary to provide enough funding to support the historic preservation of Independence Mine. There is no other funding source for this preservation effort. Known development proposed by Alaska Hardrock Inc. is limited to supporting their existing mining operation, plus a potential small B&B or lodge similar to Hatcher Pass Lodge.

Given the positive and negative public comments received, the Department of Natural Resources plans to continue the land exchange process.

Ray Gillespie
Gillespie & Associates
Lobbying & Governmental Affairs



PLEASE REPLY TO:

SESSION (Jan. - May)
Mailing Address:
213 3rd Street, Suite 204
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Fax: (907) 463-5522

INTERIM
Mailing Address:
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Seward, AK 99664
Telephone: (907) 224-8990
Fax: (907) 224-8990

MEMORANDUM / FACIMILE

TO: Senate and House Finance Committee Co-Chairs
FROM: Ray Gillespie
DATE: March 15, 2000
SUBJECT: Resolution of Support of the Independence Mine Land Exchange

The Matanuska-Susitna Borough has asked me to distribute the attached resolution in support of the Independence Mine Land Exchange between the State of Alaska and Alaska Hard Rock Inc.

Resolution #00-016 was adopted by the Matanuska-Susitna Borough Assembly March 7, 2000.

This support is for companion bills HB 344 & SB 249.

**MATANUSKA-SUSITNA BOROUGH
RESOLUTION SERIAL NO. 00-016**

**A RESOLUTION IN SUPPORT OF THE INDEPENDENCE MINE LAND EXCHANGE
BETWEEN THE STATE OF ALASKA AND ALASKA HARD ROCK, INC.**

WHEREAS, Independence Mine State Historical Park is one of the premier visitor destinations in the Matanuska-Susitna Borough with over 51,000 summer and winter visitors; and

WHEREAS, Independence Mine Historical Park is road accessible year around; and

WHEREAS, Independence Mine State Historical Park is in close proximity to the Matanuska-Susitna Borough's proposed ski area and resort at Government Peak; and

WHEREAS, that while the buildings at Independence Mine State Historical Park are in relatively good shape and are open to public tours during the summer, they are deteriorating from lack of maintenance and need renewed attention and support to maintain their structural integrity; and

WHEREAS, the Alaska Division of Parks and Outdoor Recreation is rebuilding the access to the mine portal, improving the parking and ADA access, and establishing a good trail system in and around the historic structures; and

WHEREAS, the Director of the Alaska Division of Parks and Outdoor Recreation has determined that adaptive reuse of the historic buildings for commercial purposes is desirable and compatible with the purposes for which the park was established; and

WHEREAS, underground mine tours are necessary to make an adaptive reuse project at Independence Mine State Historical Park economically viable; and

WHEREAS, Alaska Hard Rock, Inc. has agreed to trade the underground tunnel at Independence Mine State Historical Park to the state of Alaska in exchange for general state land in the Willow Creek basin and a final exchange agreement has been signed between the State and Alaska Hard Rock, Inc.; and

WHEREAS, the exchange requires legislative approval because it is not for equal value.

NOW, THEREFORE, BE IT RESOLVED, that the Matanuska-Susitna Borough Assembly does hereby support HB 344 and SB 249, which authorizes "a land exchange between the Department of Natural Resources and Alaska Hard Rock, Inc., and providing for an effective date."

ADOPTED by the Matanuska-Susitna Borough Assembly this 7th day of March, 2000.


DARCIE K. SALMON, Borough Mayor

ATTEST:


SANDRA A. DILLION, Borough Clerk

(SEAL)

JANICE ADKIN

SB34

ANCHORAGE

in anc

JIM STRATTON
~~JIM STRATTON~~ (I think)

SB249

ANC

SB34

KENDALL THOMAS

LARRY ALLEN UNGERECHT

DAVE LLOYD

MONICA MORTERUD

SB249 JIM STRATTON



Teleconference Participants

TCN: 10586

Participant Lists

View List for

ALL Testifiers Go >>>

Participants

Unidentified Testifiers: Unidentified Observers:

1 ~~SB34/MAT~~ Name: Mr. Scott E. Phone:
 Address: Affiliation: Ak Hardroc
 City /St /Zip: Type: Testifier
 Bill: SB 34 DEPT NAT RES & AK HARD ROCK LAND EXCHANGE

Am c

SB 34 / Kendall Thomas
Larry Allen ~~subject to~~
Dave Lloyd
Monica Mor