

**ALASKA LEGISLATURE COMMITTEE FILES**

**1985-1986 86/2**

**3575 HRES HB 559 - HB 570**

*45*

MAJOR CONTRACTORS USED BY PETRO STAR INC.  
SINCE FORMATION

AAA Communications	Fairbanks
Acme Electric	Fairbanks
Airtite Insulation	Fairbanks
Aerolaska	Fairbanks
Alaska Aerofuel	Fairbanks
Alaska Contracting	Fairbanks
Alaska Controls	Anchorage
Alaska Freighters	Fairbanks
Alaska West Express	Fairbanks
Aurora Drilling	Fairbanks
Aurora North Fuels	Fairbanks
C&S Mechanical	Fairbanks
CATCO	Anchorage
Chase Arctic Pumping & Thawing	Fairbanks
City Electric	Fairbanks
D-8 Construction	Fairbanks
Daniel Construction Co.	Anchorage
Dycon, Inc.	Fairbanks
Earth Movers	Fairbanks
Fairbanks Machine & Steel	Fairbanks
Fairbanks Pumping & Thawing	Fairbanks
Filco Oil & Gas	Fairbanks
Forward Alaska Joint Venture	Anchorage
Frontier Transportation	Fairbanks
Hector's Welding	Fairbanks
Industrial & Commercial Const.	Fairbanks
Jackovich	Fairbanks
Kittrell Plumbing	Fairbanks
Lynden Transport	Fairbanks
Na-Cor. Services	Redmond, Wa.
NC Machinery	Fairbanks
OceanTech	Anchorage
Rampart Floors	Fairbanks
Ray's Electric	Fairbanks
Schuchart & Associates	Seattle
Seattle Boiler Works	Seattle
Sims Mechanical	Fairbanks
Steel Fabricators	Anchorage

# STATE OF ALASKA



POUCH V  
JUNEAU, ALASKA 99811  
(907) 465-4941

## HOUSE SPECIAL COMMITTEE ON OIL AND GAS

### HB 559

Agreement for the sale and purchase of state royalty oil  
between the State of Alaska and Petro Star, Inc. and  
Chevron U.S.A., Inc., dated December 9, 1985

Relationship between Petro Star and Chevron. Chevron will sell the royalty oil it purchases under the contract to Petro Star at TAPS Pump Station #1, and will repurchase the oil at the TAPS terminus at Valdez.

Petro Star will use as refinery charge Chevron's volume of royalty oil sold under the contract. After Petro Star processes the oil there will remain a portion of oil or oil products which will be shipped through TAPS, and sold by Petro Star to Chevron at Valdez. The quantity will approximate Chevron's purchase volume under the royalty oil contract.

Volume. Approximately 6,500 barrels per day (bpd) of Kuparuk River Unit royalty oil, of which a maximum of 2,500 bpd will be sold to Petro Star and about 4,000 bpd will be sold to Chevron. Petro Star initially will take approximately 2,000 bpd, and will have the option to increase its take by Nov. 1, 1987 to the maximum quantity of approximately 2,500 bpd.

Price. The total price to be received by the state consists of the following:

1. The Prudhoe Bay in value price.
2. A 35 cent per barrel premium for Petro Star.
3. A 50 cent per barrel premium for Chevron.

Petro Star matched the highest premium offered by any existing in-state refiner, and Chevron offered the highest premium for export purchase.

Price Adjustments. Petro Star has agreed to escrow \$1.12 per barrel in an interest-bearing account to be credited against future Amerada Hess adjustments. The department has agreed to a ceiling retroactive Amerada Hess price adjustment of \$2.50 per barrel of royalty oil purchased.

Price Adjustments (Continued). The tariff charge for the Kuparuk Pipeline and the applicable TAPS quality bank adjustment are deducted from the sale price of the oil.

Price Reopener. Any time after two years from the date of first delivery of royalty oil to Petro Star and Chevron, the state or either of the purchasers may exercise the price reopener clause upon giving a one month written notice. Two years after a new purchase price becomes effective, that price will be subject to renegotiation under the price reopener provision of the contract.

Term. Delivery of oil will commence the first day of the first month seven months after the contract is approved by the legislature and the governor. The contract terminates Sept. 30, 1996.

In-State Processing and Best Efforts. Petro Star will process not less than 85% of the total royalty oil sold under the agreement. Petro Star also agrees to use its "best efforts" to produce and market in Alaska an amount of refined petroleum products from its refinery near North Pole, not less in volume than 23% of the total royalty oil sold under the agreement.

Reporting. Petro Star will be required to provide the department a quarterly statement showing the quantity of refined products it produced and marketed in Alaska over that period.

Security. Petro Star will provide a letter of credit worth 60 days of oil, and Chevron will provide a letter of credit worth 90 days of oil. In the event of default by Petro Star, Chevron agrees to purchase Petro Star's volume on five days notice.

Default. Should Chevron default in its share of the agreement, Petro Star could continue to receive its portion of oil under the agreement. Petro Star could also increase its take of oil to include all or part of the Chevron volume upon agreement with the commissioner to meet specified requirements.

Should Petro Star default, continuation of the disposal to Chevron would be at the commissioner's discretion, and would be contingent on Chevron's agreement to process the oil at its Nikiski refinery.

In-State Benefit Analysis. Petro Star is its own distributor of refined products, having purchased North Pole Fuel. Petro Star has also received financial backing from the Arctic Slope Regional Corporation in exchange for an ownership interest of 30 percent in the company.

In-State Benefit Analysis (Continued). Petro Star officials say the company is marketing much of its present refinery production at prices lower than those charged by MAPCO. Refinery production, based on crude oil purchased under contract from Sohio, is about 1,000 bpd. Examples of lower market prices include heating oil sales to five rural villages and to construction companies operating on the North Slope. Petro Star officials also believe that recent favorable changes in MAPCO's product prices, which are said to be at a three-year low, were influenced by their company's prospective and present operations.

While the price discounts mentioned by Petro Star are only on the order of pennies per gallon, a one cent decrease in the price of a gallon of refined product that could be made from 1,000 bpd translates to an annual consumer savings of about \$153,000.

However, the extent to which a royalty oil disposal to Petro Star may maintain or extend these price reductions cannot be readily determined. DNR anticipates no more than modest favorable impacts on the price of refined products as a result of the sale to Petro Star.

The department's decision to proceed with this contract is largely based on the need to foster regional competition among in-state refiners and provide additional in-state benefits that result from in-state refining, and to provide equity of access to royalty oil among existing refiners.

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL AND GAS

ESTIMATED PRODUCTION AND SALES FOR NORTH SLOPE ROYALTY OIL (1)

YEAR	ESTIMATED TOTAL PRODUCTION (BARRELS PER DAY)					ESTIMATED ROYALTY (BARRELS PER DAY)					ESTIMATED SALES OF ROYALTY OIL (BARRELS PER DAY)							ROYALTY IN VALUE			
	(1) TOTAL PRODUCTION	(2) TOTAL KUPARUK	(3) TOTAL LISBURN	(4) TOTAL CARDIGBY	(5) TOTAL RILWE PT.	TOTAL	PRUDHOE ROYALTY	KUPARUK ROYALTY	LISBURN ROYALTY	CARDIGBY ROYALTY	RILWE PT. ROYALTY	TOTAL ROYALTY	AMCO	(2) GVA	(3) TESORO (OLD)	(4) TESORO (NEW)	(5) CHEVRON		(6) COMPETITIVE SALE 12-11-84	(7) PETRO/CHEVRON (PROPOSED)	(8) COMPETITIVE SALE 2-0-86 (PROPOSED)
1983	1,350,000	180,000			3,000	1,733,000	193,750	22,500			375	216,625	15,000	5,167	47,333	26,867	18,600	63,000			18,450
1984	1,350,000	270,000			30,000	1,800,000	193,750	27,500			3,400	226,650	15,000	5,167	47,333	26,867	18,600	63,000	6,000	10,000	27,483
1987	1,350,000	270,000	54,000		30,000	1,854,000	193,750	27,500			6,750	232,400	15,000	5,167	47,333	26,867	18,600	63,000	6,500		33,233
1988	1,376,000	270,000	64,000		50,000	1,754,000	172,000	27,500			7,500	219,400	15,000	5,100	47,197	23,931	16,317	6,500			30,753
1989	1,187,000	270,000	70,000		25,000	1,599,000	147,875	27,500			8,750	202,625	15,000	5,945	54,270	20,504	14,196	6,500			26,292
1990	1,010,000	187,000	80,000		20,000	1,405,000	121,250	23,375			10,000	178,225	15,000	5,630	31,210	17,644	12,216	5,375			21,277
1991	970,000	150,000	90,000		15,000	1,297,000	111,000	19,875			11,250	163,875	15,000	5,093	28,458	14,084	11,134	4,670			16,254
1992	846,000	135,000	100,000		10,000	1,196,000	105,750	16,875			12,500	149,000	15,000	4,700	25,944	14,444	10,152	3,989			12,256
1993	772,000	127,000	100,000		10,000	1,089,000	96,500	15,250			12,500	137,650	15,000	4,575	23,674	13,382	9,264	3,605			9,264
1994	760,000	109,000	100,000		10,000	1,000,000	88,250	13,625			10,500	126,675	15,000	4,353	21,650	12,230	8,472	3,270			8,472
1995	646,000	90,000	90,000		10,000	914,000	81,750	12,250			9,600	115,850	15,000					2,895			77,953
1996	591,000	89,000	80,000		0	875,000	73,875	11,125			9,100	104,100	15,000					2,630			64,478
1997	541,000	80,000	72,000		0	753,000	67,625	10,000			8,400	95,025	15,000					2,075			59,075
1998	498,000	72,000	65,000		0	690,000	62,750	9,000			8,125	87,875	15,000					1,875			54,000
1999	458,000	65,000	58,000		0	631,000	57,250	8,125			7,600	79,625	15,000					1,675			49,675
2000	421,000	58,000	52,000		0	579,000	52,625	7,250			6,300	72,675	15,000					1,500			45,675
2001	387,000	52,000	47,000		0	524,000	48,375	6,500			5,600	64,350	15,000					1,350			41,350
2002	357,000	47,000	42,000		0	484,000	44,625	5,875			4,900	59,350	15,000					1,200			37,350
2003	328,000	42,000	38,000		0	448,000	41,000	5,250			4,300	52,400	15,000					1,050			33,350
2004	302,000	38,000	34,000		0	414,000	37,750	4,750			3,800	46,750	15,000					900			29,750
2005	278,000	34,000	31,000		0	383,000	34,750	4,250			3,375	42,875	15,000					750			26,375
2006	255,000	31,000	28,000		0	354,000	31,875	3,875			3,000	39,750	15,000					600			23,250
2007	235,000	28,000	25,000		0	328,000	29,375	3,500			2,675	36,000	15,000					450			20,250
2008	216,000	25,000	20,000		0	291,000	27,000	3,125			2,500	32,625	15,000					300			17,625
2009	199,000	20,000	15,000		0	254,000	24,875	2,500			1,875	28,250	15,000					150			15,250
2010	183,000	15,000	10,000		0	208,000	22,875	1,875			1,750	24,000	15,000					100			13,000
2011	168,000	10,000	0		0	178,000	21,000	1,750			0	22,250	15,000					50			11,000
2012	153,000	0	0		0	153,000	19,375	0			0	19,375	15,000					0			9,375

(1) OUR ESTIMATE OF FIELD PERFORMANCE, DECEMBER 1985.

(2) GVA'S TEN-YEAR CONTRACT COMMENCED JULY 1, 1985. QUANTITY 1.2667% OF DAILY PRUDHOE ROYALTY OIL.

(3) TESORO'S CONTRACT IS CURRENTLY AT ITS MAXIMUM QUANTITY OF 21,533% OF DAILY PRUDHOE ROYALTY OIL. THE CONTRACT EXPIRES JANUARY 1995.

(4) ON OCTOBER 1, 1985 TESORO COMMENCED DELIVERIES UNDER 12/1/83 PRUDHOE CONTRACT WHICH HAS A MAXIMUM QUANTITY OF 13,041% OF DAILY PRUDHOE ROYALTY OIL AND EXPIRES JAN. 1, 1995.

(5) CHEV ON'S CONTRACT CALLS FOR A MAXIMUM QUANTITY OF 9.6% OF DAILY PRUDHOE ROYALTY OIL. THE CONTRACT EXPIRES JANUARY 1, 1995.

(6)

(6) DELIVERIES COMMENCED APRIL, 1985 FOR 50,000 BPD OF PRUDHOE BAY UNIT ROYALTY OIL AND 15,000 BPD OF KUPARUK RIVER UNIT ROYALTY OIL, AND WILL CONTINUE FOR ONE YEAR AS A RESULT OF THE DEC. 11, 1984 COMPETITIVE SALE AND THE SUBSEQUENT KUPARUK SOLICITATION. PRIOR TO THAT TIME THIS OIL REMAINED "IN VALUE."

(7) A PROPOSED PETRO STAR/CHEVRON CONTRACT WILL BE SUBMITTED TO THE LEGISLATURE FOR APPROVAL. A SALE OF 6,500 BPD ROYALTY OIL FROM THE KUPARUK RIVER UNIT. PETRO STAR/CHEVRON INITIALLY WOULD PURCHASE 6,000 BPD. THE CONTRACT IS EXPECTED TO COMMENCE IN LATE 1986 AND EXPIRE SEPTEMBER 30, 1996.

(8) ON FEBRUARY 4, 1986 THE STATE WILL SELL BY COMPETITIVE BID APPROXIMATELY 10,000 BPD FOR A SIX-MONTH TERM COMMENCING JUNE 1, 1986.

(9) Includes only fields in, or planned for production in the near future.

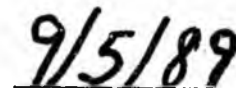


# RECORDS CERTIFICATION



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Signature of Camera Operator

  
Date

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HOUSE  
COMMITTEE REPORT

(9)

Date referred: 2/11/86

FURTHER REFERRALS: FINANCE

DATE: 3/12/86

The RESOURCES Committee has considered HB 561

"An Act relating to public use cabins; and providing for an effective date.

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS HB 561 (Resources)  same title
- new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

SIGNING DO PASS:

Shultz Dick Shultz

Cato Bette Cato

Pearce Irene Pearce

Sund Ch. L. Sund

Herrmann Adelheid Herrmann

F. Kay Wallis

SIGNING OTHER RECOMMENDATIONS:

M.W. Miller No Rec  
Miller (NP)

Rogena Jenkins No Rec  
Jenkins

Adelheid Herrmann No Rec  
Thompson

F. Kay Wallis No Rec  
Wallis

Dick Shultz  
Co-Chairman Shultz

**STATE OF ALASKA 1986 LEGISLATIVE SESSION  
FISCAL NOTE**

Revision Date : 03-13-86

**REQUEST**

Bill/Resolution No. : HB 561  
 Title : Establishing an Alaskan  
 Recreation Cabin Program  
 Sponsor : Rep. Clocksin  
 Requestor : House Resources  
 Date of Request : 03-13-86

**FISCAL DETAIL**

Agency Affected : Natural Resources  
 BRU : Parks & Recreation Mgmt  
 Components : \_\_\_\_\_

**EXPENDITURES/REVENUES : (Thousands of Dollars)**

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES	-	6.6	10.0			
TRAVEL	-	2.5	2.5			
CONTRACTUAL	-	48.3	44.4			
SUPPLIES	-	42.0	43.0			
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		99.4	99.9			

CAPITAL						
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REVENUE		72.0	96.0			
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**FUNDING : (Thousands of Dollars)**

GENERAL FUND		99.4	99.9			
FEDERAL FUNDS						
OTHER						
TOTAL		99.4	99.9			

**POSITIONS :**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS :** Attach a separate page if necessary

Personal Services - inspection & maintenance of cabins by field personnel  
 Contractual - rehabilitation of public cabins using local labor.  
 Supplies - building materials for cabins.

Revenue - FY 87 based on operation of 24 cabins; FY 88 - 36 cabins.

Prepared by : Fred Vreeman Phone : 762-4506  
 Division : Parks & Outdoor Recreation Date : 03-13-86

Approved by Commissioner : Thomas J. Zimel, Deputy Date : 3/13/86  
 Agency : Natural Resources

**Distribution (by Agency preparing fiscal note) :**

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)



# Alaska State Legislature

HOUSE OF REPRESENTATIVES  
COMMITTEE ON RESOURCES

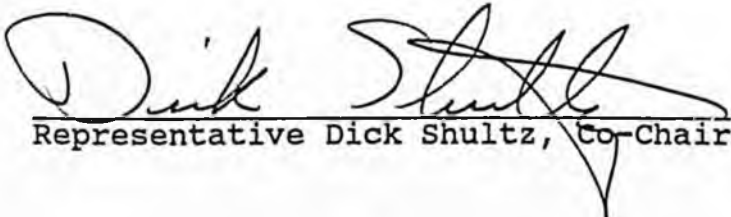
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## PUBLIC USE CABINS

Letter of Intent for CSHB 561 (Res)

Resources Committee

It is the intent of the Legislature that citizens of the State and visitors to the State be able to enjoy the natural environment to the greatest extent possible. The establishment of new public cabins may be particularly appropriate in areas of heavy recreational interest or use. In more remote locations public use cabins should be established only after consideration of the weather and physical environment in the surrounding area, and the reasons the area is most often used. Public cabins should be established on a priority basis with more remote cabins being added to the system only after a specific need for a public facility is determined. Such need shall be based on Department findings and public comment from users and residents of the area.

  
Representative Dick Shultz, Co-Chair



## Alaska Environmental Lobby, Inc.

204 N. Franklin Street, Suite 3 Juneau, Alaska 99801

907-586-2345

TESTIMONY ON HB 561 - Public Use Cabins  
2/28/86 by Kate Pendleton

Good morning. The Alaska Environmental Lobby would like to express it's support of HB 561. We feel this bill would provide for convenient, remote recreational experiences while minimizing resource conflicts.

Much of the driving force behind the land disposal program is the public's desire for those "fabled" Alaskan experiences. Everyone wants a wilderness cabin. While the remote parcel and homestead programs will fill some of that demand, the number and size of land disposals in the future will eventually eliminate the wilderness character and locally deplete the subsistence resources which draw people to these areas. And as a practical matter, only a relative few will be able to take advantage of these programs.

An alternative way to provide recreational opportunities is to adopt HB 561. This would provide the public with a smorgasboard of superior recreational opportunities presently unavailable. Unlike most remote parcels which will probably remain undeveloped for many years and remote cabins which are frequently used only a few days each year, public use cabins will likely receive substantial use.

The popular US Forest Service Cabin system which was begun in 1954 now includes over 200 cabins statewide. Many of the cabins are used 12 months of the year and are accessible by a variety of means such as hiking, cross-country skiing, dog mushing, snow machines, boat and plane. In 1985, statistics for cabins in Yakutat, Admiralty Island and the Juneau area report use by 4,321 visitors. There was heavy request for the very popular walk-in cabins that are close to Juneau. The Forest Service has not been building cabins because of the high cost, but does work with volunteer groups such as the Taku Conservation Society to build and maintain cabins within the system. The current charge for overnight use of a cabin is \$10.

Page 2

Testimony on HB 561

We envision a system with a wide variety of cabins and locations, something to appeal to all, from hikers looking for a weekend trip near Anchorage to those seeking a week long, remote experience deep in the heart of the Alaska Range. A carefully planned and managed system would be able to provide, for a reasonable fee, use of a cabin and an opportunity to take advantage of Alaska's vast and beautiful public lands.

Actually the environmental and resource impacts at each public cabin site will probably be greater than for less used private lands. However, management problems could be resolved through adequate language addressing issues such as location and resource impacts. We are especially concerned about cabin use in areas of critical habitat. In addition, we would hope that serious consideration would be given to the impact of motorized vehicle access in these areas. We would expect the Commissioner to consider the wishes and concerns of local residents and users, and other state residents by means of a public comment, as the system is developed.

The increasing interest and demand for recreational opportunities demonstrates the desire for a public cabin system around the state for short-term use. We feel that HB 561 would provide for those needs and make good use of the abandoned and unauthorized cabins in the state.

# STATE OF ALASKA

## DEPARTMENT OF NATURAL RESOURCES

OFFICE OF THE COMMISSIONER

BILL SHEFFIELD, GOVERNOR

POUCH M  
JUNEAU, ALASKA 99811  
PHONE: 907-465-2400

The Honorable Dick Shultz  
Co-Chair, Resources Committee  
Alaska State House  
P.O. Box V  
Juneau, AK 99811

February 28, 1986

Dear Representative Shultz:

I am writing to suggest some amendments to HB 561, on public use cabins. Yesterday my staff presented these amendments to your staff and to Representative Clocksin's, and I am now submitting them for the Committee's consideration.

The department strongly supports the concept of the proposed bill. After adopting regulations for privately owned cabins on state land in 1984, we have made an important new beginning for cabins on state land. The bill before you will allow the people of the state to make beneficial use of abandoned and unauthorized cabins and may help reduce recreational and land disposal pressures statewide. The bill also provides our citizens better access to public lands and resources.

Contrary to a recent newspaper editorial, there is no conflict between HB 561 and SB 269, also under consideration by the committee. The intent of HB 561 is to establish a public cabins system for general public use, a very different goal from that in SB 269. Although the department does not support the passage of SB 269, I believe that both bills could be passed by the Legislature without conflict.

The purpose of each suggested amendment is given on the attached pages. I have also provided a marked-up copy of the original bill incorporating the proposed amendments.

Please contact me or my staff if you have questions or comments.

Sincerely,

*Bill Amundson*  
fr Esther C. Wunnicke  
Commissioner

cc: Rep. Clocksin

HB 561  
DNR AMENDMENT 1

The following amendments are technical in nature and are not intended to change the intent of the bill. They are suggested to facilitate interpretation of the statute and management of the public cabins system.

1. p. 1, line 11: delete "all"
2. p. 3, line 10: delete "shall", insert "may"
3. p. 3, line 17: after "the cost of" insert "administering reservations and"
4. p. 3, line 24: add a new sentence: "Under state contracting procedures the commissioner may contract for the construction, rehabilitation, operation, and maintenance of cabins within the system."
5. p. 4, line 2: add at the end of the line: "cabins designated by the commissioner"
6. p. 4, line 3: delete "cabins"
7. p. 4, line 5: add after "future": "and meet minimum standards for safety and liability requirements"
8. p. 4, line 7: delete "and" and insert "or"
9. p. 4, line 6, delete "cabins"

2/28/86

HB 561  
DNR AMENDMENT TWO

The following amendment will allow the department to operate the public cabin system on a program receipts basis.

p. 3, line 13, after "cabins": insert "and may recover program costs through the administration of a program receipts account, subject to legislative approval"

2/28/86

HB 561  
DNR AMENDMENT THREE

This amendment would allow the department discretion to select the most appropriate cabins for designation into the public use cabin system with public participation, and to develop a system plan as needed.

p. 3, line 23, after "System.": insert "The commissioner shall evaluate existing and potential cabin sites and conduct resource planning and public review in the process of designating cabins into the system. The commissioner may develop an operational plan for the renovation, construction, or removal of cabins."

2/28/86

HB 561  
DNR AMENDMENT FOUR

This amendment allows the Department of Fish and Game to control the designation of public use cabins within refuges, critical habitats, and sanctuaries. This amendment, proposed by the Department of Fish and Game, is acceptable to DNR.

p. 3, line 26: add at the end "The commissioner shall obtain the concurrence of the Department of Fish and Game in establishing and managing a public use cabin system on state game refuges, critical habitat areas, and game sanctuaries established pursuant to AS 16.20."

2/28/86

DNR MARK-UP 2/28

Introduced: 2/11/86  
Referred: Resources and  
Finance

BY CLOCKSIN, SZYMANSKI, SHULTZ,  
PETTYJOHN, BOUCHER, COTTEN, DAVIS,  
GOLL, GRUENBERG, KOPONEN, M.M. MILLER,  
NAVARRE, PIGN. LEBERI AND POURCHOT

1 IN THE HOUSE

2 HOUSE BILL NO. 561

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to public use cabins; and providing  
7 for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. LEGISLATIVE PURPOSE. The legislature determines that it  
10 is in the public interest to create the Alaska Public Use Cabin System and  
11 place within that system [all] cabins owned or built by the state on the  
12 reserved or unreserved public land of the state and that the system be  
13 managed for the benefit of the residents of the state and visitors to the  
14 state.

15 \* Sec. 2. AS 41.21.020(a) is amended to read:

16 (a) The Department of Natural Resources shall

17 (1) develop a continuing plan for the conservation and  
18 maximum use in the public interest of the scenic, historic, archaeo-  
19 logic, scientific, biological, and recreational resources of the  
20 state;

21 (2) plan for and develop a system of state parks and recre-  
22 ational facilities, to be established as the legislature authorizes  
23 and directs;

24 (3) acquire by gift, purchase, or transfer from state or  
25 federal agencies, or from individuals, corporations, partnerships or  
26 associations, land necessary, suitable and proper for roadside, pic-  
27 nic, recreational, or park purposes;

28 (4) control, develop and maintain state parks and recre-  
29 ational areas;

1 (5) provide for the acquisition, care, control, super-  
2 vision, improvement, development, extension, and maintenance of public  
3 recreational land, and make necessary arrangements, contracts, or  
4 commitments for the improvement and development of land acquired under  
5 AS 41.21.010 - 41.21.040;

6 (6) adopt, in accordance with this section and the Adminis-  
7 trative Procedure Act (AS 44.62), regulations governing the use and  
8 designating incompatible uses within the boundaries of state park and  
9 recreational areas to protect the property and to preserve the peace;

10 (7) cooperate with the United States and its agencies and  
11 local subdivisions of the state to secure the effective supervision,  
12 improvement, development, extension, and maintenance of state parks,  
13 state monuments, state historical areas, and state recreational areas,  
14 and secure agreements or contracts for the purpose of AS 41.21.010 -  
15 41.21.040;

16 (8) encourage the organization of state public park and  
17 recreational activities in the local political subdivisions of the  
18 state;

19 (9) provide for consulting service designed to develop  
20 local park and recreation facilities and programs;

21 (10) provide clearing-house services for other state agen-  
22 cies concerned with park and recreation matters; and

23 (11) perform other duties as are prescribed by executive  
24 order or by law;

25 (12) maintain memorials to Alaska veterans located in state  
26 parks;

27 (13) adopt, in accordance with the Administrative Procedure  
28 Act (AS 44.62), regulations governing the use of the Chena River State  
29 Recreation Area and designating incompatible uses within the

1 boundaries of the Chena River State Recreation Area in accordance with  
2 AS 41.21.490;

3 (14) manage the cabins owned by the state under AS 41.-  
4 21.880.

5 \* Sec. 3. AS 41.21 is amended by adding a new section to article 7 to  
6 read:

7 Sec. 41.21.880. PUBLIC USE CABINS. (a) There is established a  
8 system of public use cabins to be managed by the commissioner and  
9 called the Alaska Public Use Cabin System. The commissioner shall  
10 publicize the existence of the public use cabins and shall <sup>in a</sup> establish a  
11 reservation system for the cabins.

12 (b) The commissioner <sup>may</sup> shall establish a fee schedule for the use  
13 ~~of the cabins. In establishing the fees, the commissioner shall~~ <sup>and may recover program costs through the administration of a program receipts account, subject to legislative approval.</sup>  
14 consider

15 (1) the cost to the state of building, renovating, and  
16 maintaining the cabins;

17 (2) <sup>administering reservations and</sup> the cost of collecting the fees charged for use of the  
18 cabins; and

19 (3) the public interest.

20 (c) Cabins that were constructed on public land without proper  
21 authority and that have been or will be acquired by the state may be  
22 renovated by the commissioner for inclusion in the Alaska Public Use  
23 Cabin System. <sup>(insert DNR amendment three)</sup> Within available appropriations, the commissioner may

24 build or acquire cabins for inclusion in the cabin system. <sup>Under state contracting procedures the commissioner may contract for the construction, rehabilitation, operation and maintenance of cabins with the system</sup>

25 (d) The commissioner may cooperate with local groups and with <sup>(insert DNR amendment four)</sup>  
26 state and federal agencies to maintain and improve the cabin system. A

27 (e) The commissioner shall make an annual report to the legisla-  
28 ture on the costs, occupancy rates, fees collected, the number and  
29 location of cabins in the system, and other information considered

1 relevant by the commissioner.

→ 2 (f) As used in this section, "public use cabins" include *cabins*  
→ 3 *designated by the commissioner* (1) [cabins] that were constructed on state land without

4 proper authority of law and that have been acquired by the state in  
→ 5 the past *and meet minimum standards for safety and liability requirements,* or that are acquired by the state in the future, [and] or

6 (2) [cabins] owned by the state and used for temporary recre-  
7 ational use.

8 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
9 10.070(c).

Bradley  
3/4/86

Original sponsors: Clocksin, Szymanski,  
Shultz, et al

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2  
3 CS FOR HOUSE BILL NO. 561 (Resources)

4 IN THE LEGISLATURE OF THE STATE OF ALASKA

5 FOURTEENTH LEGISLATURE - SECOND SESSION

6 A BILL

7 For an Act entitled: "An Act relating to public use cabins; and providing  
8 for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. LEGISLATIVE PURPOSE. The legislature determines that it  
11 is in the public interest to create the Alaska Public Use Cabin System and  
12 place within that system cabins owned or built by the state on the reserved  
13 or unreserved public land of the state and that the system be managed for  
14 the benefit of the residents of the state and visitors to the state.

15 \* Sec. 2. AS 41.21.020(a) is amended to read:

16 (a) The Department of Natural Resources shall

17 (1) develop a continuing plan for the conservation and  
18 maximum use in the public interest of the scenic, historic, archaeo-  
19 logic, scientific, biological, and recreational resources of the  
20 state;

21 (2) plan for and develop a system of state parks and recre-  
22 ational facilities, to be established as the legislature authorizes  
23 and directs;

24 (3) acquire by gift, purchase, or transfer from state or  
25 federal agencies, or from individuals, corporations, partnerships or  
26 associations, land necessary, suitable and proper for roadside, pic-  
27 nic, recreational, or park purposes;

28 (4) control, develop and maintain state parks and recre-  
29 ational areas;

1 (5) provide for the acquisition, care, control, super-  
2 vision, improvement, development, extension, and maintenance of public  
3 recreational land, and make necessary arrangements, contracts, or  
4 commitments for the improvement and development of land acquired under  
5 AS 41.21.010 - 41.21.040;

6 (6) adopt, in accordance with this section and the Adminis-  
7 trative Procedure Act (AS 44.62), regulations governing the use and  
8 designating incompatible uses within the boundaries of state park and  
9 recreational areas to protect the property and to preserve the peace;

10 (7) cooperate with the United States and its agencies and  
11 local subdivisions of the state to secure the effective supervision,  
12 improvement, development, extension, and maintenance of state parks,  
13 state monuments, state historical areas, and state recreational areas,  
14 and secure agreements or contracts for the purpose of AS 41.21.010 -  
15 41.21.040;

16 (8) encourage the organization of state public park and  
17 recreational activities in the local political subdivisions of the  
18 state;

19 (9) provide for consulting service designed to develop  
20 local park and recreation facilities and programs;

21 (10) provide clearing-house services for other state agen-  
22 cies concerned with park and recreation matters; and

23 (11) perform other duties as are prescribed by executive  
24 order or by law;

25 (12) maintain memorials to Alaska veterans located in state  
26 parks;

27 (13) adopt, in accordance with the Administrative Procedure  
28 Act (AS 44.62), regulations governing the use of the Chena River State  
29 Recreation Area and designating incompatible uses within the

1 boundaries of the Chena River State Recreation Area in accordance with  
2 AS 41.21.490;

3 (14) manage the cabins owned by the state under AS 41.-  
4 21.880.

5 \* Sec. 3. AS 41.21 is amended by adding a new section to article 7 to  
6 read:

7 Sec. 41.21.880. PUBLIC USE CABINS. (a) There is established a  
8 system of public use cabins to be managed by the commissioner and  
9 called the Alaska Public Use Cabin System. The commissioner shall  
10 publicize the existence of the public use cabins and may establish a  
11 reservation system for the cabins.

12 (b) The commissioner shall establish a fee schedule for the use  
13 of the cabins. The commissioner may recover program costs through the  
14 administration of a program receipts account, subject to legislative  
15 approval. In establishing the fees, the commissioner shall consider

16 (1) the cost to the state of building, renovating, and  
17 maintaining the cabins;

18 (2) the cost of administering reservations and collecting  
19 the fees charged for use of the cabins; and

20 (3) the public interest.

21 (c) Cabins that were constructed on public land without proper  
22 authority and that have been or will be acquired by the state may be  
23 renovated by the commissioner for inclusion in the Alaska Public Use  
24 Cabin System. Within available appropriations, the commissioner may  
25 build or acquire cabins for inclusion in the cabin system. Under  
26 state contracting procedures the commissioner may contract for the  
27 construction, rehabilitation, operation, and maintenance of cabins  
28 within the system.

29 (d) The commissioner may cooperate with local groups and with

1 state and federal agencies to maintain and improve the cabin system.  
 2 The commissioner shall evaluate existing and potential cabin sites and  
 3 conduct resource planning and public review in the process of des-  
 4 ignating cabins into the system. The commissioner may develop an  
 5 operational plan for the renovation, construction, or removal of  
 6 cabins.

7 (e) In establishing and managing a public use cabin system on  
 8 state game refuges, critical habitat areas, and game sanctuaries  
 9 established under AS 16.20, the commissioner shall obtain the concur-  
 10 rence of the commissioner of fish and game.

11 (f) The commissioner shall make an annual report to the legisla-  
 12 ture on the costs, occupancy rates, fees collected, the number and  
 13 location of cabins in the system, and other information considered  
 14 relevant by the commissioner.

15 (g) In this section, "public use cabins" includes cabins desig-  
 16 nated by the commissioner that

17 (1) were constructed on state land without proper authority  
 18 of law and that have been acquired by the state in the past or that  
 19 are acquired by the state in the future and meet minimum standards for  
 20 safety and liability requirements; or

21 (2) are cabins owned by the state and used for temporary  
 22 recreational use.

23 \* Sec. 4. This Act takes effect immediately in accordance with AS 01.-  
 24 10.070(c).

25  
 26  
 27  
 28  
 29



# REPRESENTATIVE DON CLOCKSIN

Alaska House of Representatives

MAJORITY LEADER

1024 WEST SIXTH AVENUE  
ANCHORAGE, ALASKA 99501  
(907) 274-4031

WHILE IN JUNEAU  
POUCH V  
JUNEAU, ALASKA 99801  
(907) 465-3704

## M E M O R A N D U M

TO: Representative Herrmann DATE: February 24, 1986  
Representative Shultz  
Co-Chairs  
Resources Committee

FROM: Representative Don Clocksin SUBJECT: HB 561  
Majority Leader *[Signature]*

Thank you for granting my request that the Resources Committee conduct hearings on House Bill 561, "an act relating to public use cabins."

This legislation would create the Alaska Public Use Cabin System to be managed by the Department of Natural Resources for recreational uses by the residents of Alaska and visitors to the state. Explanatory materials are attached.

Attachments

STATE OF ALASKA  
THE LEGISLATURE

FOURTH STATE CAPITOL  
JUNEAU ALASKA 99811  
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

February 18, 1986

SUBJECT: Public use cabins  
(HB 561)

TO: Representative Don Clocksin

FROM: Richard A. Bradley  
Legislative Counsel

John Ellis has requested a sectional analysis of the above described bill.

As a preliminary matter, note that a sectional analysis or summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1 of the bill states legislative purpose in the establishment of a public use cabin system.

Section 2 of the bill amends AS 41.21.020(a), a section dealing with the duties of the Department of Natural Resources with regard to AS 41.21, Parks and Recreational Facilities. A new paragraph (14) is added relative to the subject of this bill.

Section 3 of the bill provides the substantive provisions of the bill. It adds a new section, Sec. 41.21.880, to article 7, an article relating to "trails, footpaths, and campsites." The section establishes the "Alaska Public Use Cabin System."

Sec. 880(b) provides that the commissioner may establish a fee schedule for use of cabins within the "system". Considerations to be used in setting the fees are provided.

Representative Clocksin  
Page 2  
February 18, 1986

Sec. 880(c) provides that the commissioner may renovate the cabins "constructed on public land without proper authority". The authority to build or acquire cabins is also granted.

Sec. 880(d) permits the commissioner to "cooperate with local groups" and with other state and federal agencies to maintain and improve the "system."

Sec. 880(e) requires the commissioner to make an annual report to the legislature on stated aspects of the "system."

Sec. 880(f) defines the term "public use cabins".

Section 4 of the bill provides an immediate effective date.

If I may be of further assistance, please advise.

RAB:csh  
c5/078

## Lawmakers consider state cabin system

By BRUCE SCANDLING  
The Associated Press

JUNEAU — Backpackers, fishermen and hunters would be able to hang their bats in about 100 state-owned recreational cabins around Alaska, if a new legislative proposal becomes law.

The state program would be modeled after a cabin system run by the U.S. Forest Service in Alaska, said Sen. Joe Josephson, an Anchorage Democrat who is one of the sponsors of the proposal.

But such a program could face tough opposition from Senate President Don Bennett, a Fairbanks Republican who has fought against the state takeover of once-private cabins.

Josephson said he planned to unveil his proposal Wednesday. An identical measure was introduced Tuesday in the House by Majority Leader Don Clocksin, D-Anchorage, and more than a dozen co-sponsors.

The proposal would create

the Alaska Public Use Cabin System and set aside money for the state to refurbish private cabins it has recently taken over.

A 1984 regulation change said people who built so-called "trespass cabins" on state land could register them in exchange for lifetime title to the property.

But unregistered cabins are being taken over by the state, under that rule. The state could eventually take over dozens of unclaimed cabins, said Neil Johannsen, director of the state Division of Parks.

He said the proposal would require about \$100,000 annually to set up a reservation system — and pay for remodeling cabins. About 15 to 20 cabins could be added to the system every year, Johannsen said. It would cost between \$10 and \$15 a night to reserve a cabin.

Johannsen pegged the average remodeling cost at \$2,000 to \$3,000 per cabin, and said the program could pay for

itself within three years.

Many of the newly refurbished cabins would be located in Southcentral Alaska, since that's where dozens of unclaimed cabins are located, Johannsen said.

"The trick is to initially make sure you concentrate on quality cabins in high-demand areas," he said.

Of the 177 forest service cabins in Alaska, 140 are located in the Tongass National Forest of Southeast Alaska. The rest are in the Chugach National Forest of Southcentral Alaska.

Johannsen said the state already operates about 30 cabins in Alaska, several near Nancy Lake north of Anchorage. But the emphasis is turning away from building new cabins, which cost up to \$15,000 each.

The state could operate as many as 100 cabins within five years, under the plan, Johannsen said.

Josephson said the proposal should not scare people

who already own cabins in Alaska.

"Cabin owners will be unaffected by this bill, and even those with trespass cabins are being granted lifetime permits," he said. "Only unclaimed trespass cabins and those with expiring permits will become part of the system."

Bennett said it's not the state's business to takeover and manage cabins once owned by private citizens.

"I think we're better off to let the people own them and decide if they want to rent them out," Bennett said Tuesday. "That way, it doesn't cost anything to manage."

## Burglar strikes home twice, steals gold dust and jewelry crimestoppers/274-STOP

A house along Rabbit Creek Road was burglarized twice between November 25 and November 30. Both times entry was made through windows. The burglar was apparently familiar with the dog, the alarm system and the contents of the home.

Taken in the first burglary was a small, square, blue safe with wheels, weighing between 100 to 150 pounds. In the latter break-in, a second safe was

upened. More than 200 ounces of gold dust, gold nuggets and silver ingots, along with a quantity of coins, watches, jewelry and personal items were stolen with the two safes.

To date, Crimestoppers information has led to the arrest of 22 people in connection with more than 100 burglaries. Should your information lead to an arrest and indictment, you would be eligible for up to \$1,000 in cash.

## Official works on bid to hold Alaska summit

The Associated Press

JUNEAU — Alaska's still in the running as a site for the next summit meeting between President Ronald Reagan and Soviet Leader Mikhail Gorbachev, but it's too early to count on winning the campaign, says an Alaska official in Washington.

The Senate State Affairs Committee last week passed a resolution encouraging an Alaska summit after hearing a status report on the bid from John Katz, Gov. Bill Sheffield's Washington representative.

Katz told the committee over a telephone hook-up that State Department officials have slowed efforts to find a site because the summit, originally planned for sometime this summer, has been postponed until autumn.

"They cautioned us not to be too optimistic or too raise

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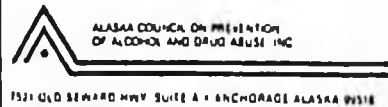
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United Way

# opinion

**Anchorage Daily News**



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## Catching the right kind of cabin fever

The "duck shack" controversy never will be resolved to everyone's satisfaction, but here's a program for using some of the so-called trespass cabins built on state land that makes sense. Under terms of identical bills introduced in the House and Senate this week, about 100 of the cabins would be converted into public recreation cabins managed by the state.

A 1984 change in state regulations mandated that people who built the cabins on state land could register them in exchange for lifetime title to them. Cabins that were not registered are being taken over by the state.

The program would be similar to the U.S. Forest Service's highly popular recreation cabin system. The 177 Forest Service cabins are so popular with campers here they're booked solid every summer. There's no reason why the state can't expect a similar response to its recreational cabins — especially since many are located in southcentral Alaska, where demand is greatest.

Division of Parks Director Neil Johannsen says the full 100 cabins could be open to the public within five years. Although Mr. Johannsen estimates it would cost between \$2,000 and \$3,000 to refurbish each cabin, he predicts the cabins will pay for themselves within three years with \$10-\$15 nightly fees.

New cabins are so expensive — about \$15,000 apiece — that the conversion of duck shacks into modest recreational cabins is a real bargain. The state shouldn't pass up this opportunity to put these abandoned duck shacks to good use.

CHAPTER 65.  
PERSONAL USE CABIN PERMITS

Section

- 10. Applicability
- 20. Applications
- 30. Application fee
- 40. Renewals
- 50. Permit decision
- 60. Density within state game refuges and critical habitat areas
- 70. Conflicting applications
- 80. Ownership and removal
- 90. Conditions of permit
- 100. Appeals
- 110. Public use cabins
- 900. Definitions

11 AAC 65.010. **APPLICABILITY.** This chapter applies to the issuance of personal use cabin permits for unauthorized cabins placed on state land before August 1, 1984. Cabins built on state land after August 1, 1984 will not be authorized. A permit under this chapter does not convey an interest in state land or establish a preference right for the lease or purchase of state land. It is the express intent of this chapter to phase out the use of unauthorized cabins on state land, and where appropriate, convert them to public use. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.020. **APPLICATIONS.** (a) An application for a permit to use an existing cabin on state land must

(1) be received by the department during a 60-day application period established by the department and announced by public notice; the application period will be open for one time only by geographic location;

(2) be made on a form provided by the department;

(3) be complete and correct to the best of the applicant's knowledge;

(4) contain a description of the cabin and site;

(5) contain a description of the proposed use of the cabin and site;

(6) be signed and dated by the applicant or, in the case of a group of applicants, by the applicant's authorized agent.

(b) An application made under this section must include the following:

(1) a \$25 application fee;

(2) identification of the cabin site on a United States Geological Survey map at 1:63,360 scale (1" to 1 mile) or its equivalent;

(3) a photograph (print) of the cabin taken within the past year;

(4) documentation demonstrating historic use and occupancy;

(5) documentation of any prior investments in the cabin; and

(6) any other information required by the director. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.030. **APPLICATION FEE.** The application fee required by 11 AAC 65.020 is not refundable. However, if the department determines that an application made under this chapter should have been made under a different chapter, the application fee may be applied to an application made under another chapter. (Eff. 12/16/84, Reg. 62)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.040. **RENEWALS.** (a) Application for renewal of a permit must be made in writing at least 90 days, but not more than 180 days, before the expiration of the permit.

(b) A permit will be renewed if the continued use complies with 11 AAC 65.050 - 11 AAC 65.900.

(c) A permit issued and renewed under this chapter is valid only during the lifetime of the original holder of that permit. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.050. PERMIT DECISION. (a) The department will issue and renew an applicant's cabin permit if the director finds in writing that the application is for a cabin that complies with AS 38.04.035(4) and does not conflict with the public interest criteria as described in (b) of this section.

(b) No permit will be issued for a cabin on state land

(1) where a subdivision or agricultural sale has occurred or is anticipated or scheduled during the term of the permit;

(2) where homesteads are proposed for future disposal, unless the disposal is not anticipated within the term of the permit;

(3) if the land has been selected under the authority of the Municipal Entitlement Act, AS 29.18;

(4) in state park units, land managed under an interagency land management agreement, land classified as reserved use, or where the issuance of a permit would interfere with significant public recreational use;

(5) that is shoreland, submerged land, or tideland;

(6) that serves an important ecological function, or is especially sensitive to human disturbance, as determined by the department;

(7) located close to a center of population;

(8) where material extraction, timber sales, mining, or intensive recreational facility development is scheduled or anticipated during the term of the permit;

(9) overlying a mining location or mineral lease if the department determines that a cabin may interfere with development of the mining location or mineral lease during the term of the permit;

(10) under application or proposed for a public facility or highway right-of-way unless it is clear that the intended use will not occur during the term of the permit;

(11) for which a Native allotment application is on record with the Bureau of Land Management, or on land validly selected under the Alaska Native Claims Settlement Act;

(12) accessible by road within legislatively designated state game refuge or critical habitat area;

(13) in a legislatively designated state game sanctuary;

(14) where the cabin is used as a permanent residence; or

(15) if the department determines that the proposed use may more appropriately be allowed under another chapter of this title. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.060. DENSITY WITHIN STATE GAME REFUGES AND CRITICAL HABITAT AREAS. Densities and configurations of public cabins within state game refuges and critical habitat areas will be determined based upon habitat type, wildlife seasonal use patterns, wildlife sensitivity to disturbance, and the applicant's proposed type and season of use. Permits will be issued if the density and configuration of cabins and associated uses are not found in conflict with (1) the public interest during the term of the permit, (2) the maintenance or enhancement of fish and wildlife populations and their habitats, or (3) general public use. (Eff. 12/16/84, Reg. 92)

Authority: AS 16.20.050 AS 38.04.900  
AS 16.20.250 AS 38.05.020  
AS 38.04.035 AS 41.21.020

11 AAC 65.070. CONFLICTING APPLICATIONS. If the director determines that two or more applications for the same cabin are equally valid, the department will choose the permittee by lottery from the valid applications received. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.080. OWNERSHIP AND REMOVAL. (a) Except as otherwise provided in (b) or (c) of this section, a cabin subject to this chapter is the personal property of the

permittee, and remains so for the term of the permit.

(b) A cabin not applied for under this chapter becomes the property of the state if not removed within 60 days after notice by the department.

(c) Upon revocation or expiration of a permit, including renewals of it, or if an application was made but no permit issued, the cabin becomes the property of the state if not removed within 60 days after notice by the department. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035            AS 38.05.020  
AS 38.04.900                    AS 41.21.020

11 AAC 65.090. CONDITIONS OF PERMIT.  
A permit issued under this chapter

(1) is valid for a period of up to six years;

(2) may include site-specific conditions of use, such as seasonal use restrictions determined appropriate by the department and, on game refuges and critical habitat areas, by the Department of Fish and Game;

(3) is not valid unless signed by an authorized individual within the Department of Fish and Game if the permit is for a cabin located within a state game refuge or critical habitat area;

(4) is not valid unless an annual rental fee of \$100 is timely received by the department;

(5) is not valid unless the permit is signed by the applicant or applicant's authorized agent; and

(6) will contain the following general stipulations and conditions:

(A) the permit does not convey an interest in state land or grant any preference right for the lease or purchase of state land;

(B) the permit is revocable immediately upon violation of any of its terms, conditions, or stipulations, upon nonpayment of fees, or upon failure to comply with any other applicable statutes and regulations;

(C) the permit is not transferable or assignable;

(D) the permit must be displayed in general view on the cabin at all times;

(E) no additions to or enlargements of the cabin are allowed, except for routine maintenance and upkeep;

(F) all garbage and foreign debris brought into, or placed on, the cabin site must be removed by the permittee unless otherwise authorized by the director;

(G) the state must be held harmless from all claims, demands, suits, loss, liability, and expense for injury to, or death of, a person arising out of or connected with the uses covered by the permit;

(H) if the cabin is destroyed or damaged beyond repair, rebuilding the structure is not authorized without prior written approval of the director; this approval may not be unreasonably withheld;

(I) the cabin may not be used for a commercial activity or as a permanent residence;

(J) no new road or trail across state land is authorized under the permit, and access must be consistent with the provisions of 11 AAC 96;

(K) no restriction or interference with public access to or across state land is allowed;

(L) the permit does not relieve the permittee of the responsibility of securing other necessary state, federal, or local permits or authorizations; and

(M) the department reserves the right to require measures to mitigate disruptions to public use of the area, and to fish and wildlife populations and their habitats, which may be created by the permittee, or occur as a direct result of the permittee's failure to comply with the terms of the permit or any

applicable law. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.100. APPEALS. (a) The department will publish notice of its intent to issue a permit under this chapter in a newspaper of general circulation in the vicinity of the area covered by the permit.

(b) A person who disagrees with a permit decision by the director, or a permit decision by the Department of Fish and Game in the case of a cabin on a state game refuge or critical habitat area, may appeal to the commissioner of the department or to the commissioner of the Department of Fish and Game, as appropriate. The appeal must be in writing and must be received at the office of the appropriate commissioner within 30 days after the date of the decision. A decision of a commissioner is the final administrative decision, but does not exhaust an appellant's judicial remedies. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.110. PUBLIC USE CABINS. As of December 17, 1984, the department will consider making available for public use, any cabin for which a permit is not issued under this chapter. (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

11 AAC 65.900. DEFINITIONS. As used in this chapter,

(1) "applicant" means an individual or group of individuals at least 18 years old who have resided in Alaska not less than one year immediately preceding the date of application and does not include an organization, association, or corporation;

(2) "authorized agent" means an individual who is the designated agent for a group of individuals who are applicants, and is one of the applicants;

(3) "cabin" means a permanent structure in existence as of August 1, 1984, consisting of at least four walls and a roof, and used for eating

and sleeping; the word includes a separate sanitary device or outhouse, and storage area or cache;

(4) "commercial" means an action or operation that generates income from the buying, selling, renting, bartering, or trading of goods or services relating to use of a cabin;

(5) "department" means the Department of Natural Resources;

(6) "director" means the director of the division of land and water management of the Department of Natural Resources;

(7) "shoreland" means land belonging to the state, which is covered by nontidal water that is navigable under the laws of the United States and extends up to the ordinary high water mark as modified by accretion, erosion, or reliction;

(8) "state" means the State of Alaska;

(9) "submerged land" means land covered by tidal water between the line of mean low water and seaward to a distance of three geographical miles or further as may be properly claimed by the state; and

(10) "tideland" means land which is periodically covered by tidal water between the elevations of mean high and mean low tides (Eff. 12/16/84, Reg. 92)

Authority: AS 38.04.035 AS 38.05.020  
AS 38.04.900 AS 41.21.020

FACT SHEET  
CONCERNING PERSONAL USE CABIN PERMITS

1. Q. - Who can apply for a permit?  
A. - Any group or person 18 or older who claims an interest in an existing cabin may apply. Applications from corporations, agencies, or organizations will not be accepted.
2. Q. - What if I own a cabin used for a permanent residence or a commercial purposes such as set netting, guiding or air charter, can I get a permit?  
A. - Not under this program. However the state will accept an application under other available state programs such as a negotiated lease.
3. Q. - Will permits be issued to all persons in a group who apply for one cabin?  
A. - Only one permit will be issued. The group must designate an agent. The group may change the agent at any time provided the new agent was one of the original group applicants.
4. Q. - How many cabins or improvements can I apply for?  
A. - Only one per applicant(s) (Permits will include an outhouse and cache as well as the cabin).
5. Q. - Do I have to be a resident to apply?  
A. - Yes, you must have resided in Alaska at least one year prior to filing an application.
6. Q. - Will permits be issued within a state park unit?  
A. - No.
7. Q. - How much money will a permit cost me?  
A. - Initial application fee - \$25.00 (non-refundable)  
Annual rental fee - \$100.00/year
8. Q. - If I have a cabin and apply do I automatically get the permit?  
A. - Not necessarily. A permit will be issued if your continued use is found not to conflict with the public interest during the period of the permit.
9. Q. - If I apply and my application 's denied, can I appeal the decision?  
A. - You will have the opportunity to appeal any denial.

10. Q. - If I do not appeal the denial, or my appeal is rejected, can I remove the cabin?
- A. - Yes. You will be given a sixty-day period to remove the cabin. If the cabin is not removed, the department will pursue abatement action.
11. Q. - When can I apply for this permit?
- A. - When specific areas to be opened to permitting have been identified and advertised by the department.
12. Q. - Will there be any future application periods?
- A. - Not after the initial sixty-day filing period allowed each geographic area. This is a one-time only opportunity for those that claim an interest in a cabin in each of these areas. Permits for use of other authorized public use cabins will be available later.
13. Q. - If I receive a permit, how long is it good for?
- A. - Permits will be issued for a maximum of six years. They may be renewed only if at each renewal they are determined by the state not to conflict with the public interest. This six year renewal procedure is good for the lifetime of the permittee(s) only.
14. Q. - Can permits be transferred to someone else?
- A. - No.
15. Q. - Must I convey my cabin to the State of Alaska?
- A. - No. The cabin remains the personal property of the permittee for the term of the permit. If the permit is revoked, expires or is not renewed, the cabin becomes the property of the state if not removed within 60 days of notice by the department.
16. Q. - What if several people own an interest in the cabin?
- A. - All may apply, however, the group must designate a responsible agent. The group may change its agent at any time, but the agent must be one of those on the original application.

17. Q. - What if two or more conflicting applications are received for the same cabin?
- A. - Only one permit will be issued. The state will apply a list of criteria to each application to determine who should receive the permit. If the criteria determination is unsuccessful, there will be a drawing to determine the successful permittee.
18. Q. - Can I build a new cabin, or add on to an existing one once I receive my permit?
- A. - No. Only routine maintenance of an existing cabin is allowed.
19. Q. - If my improvement is destroyed after the permit is issued, can I rebuild it?
- A. - Yes, but only with the concurrence of the Department of Natural Resources.
20. Q. - Does the permit grant me any rights to the land that the cabin is on?
- A. - No, the permit is an authorization to use the cabin but does not convey any interest or preference to the land.
21. Q. - If I do not apply, then what?
- A. - Your cabin will be an unauthorized use of state land and will be converted to public use or removed. Prior to that action, you will be given sixty days to remove the cabin.
22. Q. - What happens if I built my cabin after August 1, 1984?
- A. - A permit will not be issued and abatement action will be taken by the department.
23. Q. - What happens to cabins not applied for - can I apply for one of them?
- A. - Not at this time. However, permits will be issued at a later date for use of public cabins under a separate program.
24. Q. - Does this program apply to all state lands?
- A. - Yes, although only specific geographic areas will be opened to application at one time. This will reduce the workload at any one time and allow for permits to be issued in a timely manner.

APPLICATION FOR PERSONAL USE CABIN PERMIT

NAME OF APPLICANT OR AGENT \_\_\_\_\_ AGE: \_\_\_\_\_ DATE OF APPLN: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_ PHONE: (H) \_\_\_\_\_  
\_\_\_\_\_  
(W) \_\_\_\_\_

other applicants claiming an interest (if any); \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CABIN LOCATION: \_\_\_\_\_ Section, \_\_\_\_\_ Township \_\_\_\_\_ Range, \_\_\_\_\_ Meridian.

NAME OF DESIGNATED AREA (IF ANY) \_\_\_\_\_

CABIN: size of primary cabin; \_\_\_\_\_

when constructed; \_\_\_\_\_ length of use \_\_\_\_\_

other structures present and size; \_\_\_\_\_  
\_\_\_\_\_

primary purpose of cabin; \_\_\_\_\_

seasons of use requested \_\_\_\_\_ fall, \_\_\_\_\_ winter, \_\_\_\_\_ spring, \_\_\_\_\_ summer.

DOCUMENTATION REQUIRED OF APPLICANT: \*Photo (print) of improvement taken in the past 12 months.

\*1:63,360 USGS map showing cab

\*Documentation of use, i.e., receipts of use or transportation, correspondence, affidavits from others attesting to your use, etc.

\*Application filing fee \$25.00.

If a prior application for this cabin has been made under another state program, please check the program(s); State - \_\_\_\_\_ preference right, \_\_\_\_\_ lease, \_\_\_\_\_ permit;

Federal - \_\_\_\_\_ homestead, \_\_\_\_\_ T&M site, \_\_\_\_\_ Native allotment, \_\_\_\_\_ headquarters site.



SPECIAL STIPULATIONS/CONDITIONS

(A) this permit does not convey an interest in state land or grant any preference right for the lease or purchase of state land;

(B) the permit is revocable immediately upon violation of any of its terms, conditions, stipulations, non-payment of fees, or upon failure to comply with any other applicable statutes and regulations;

(C) the permit is not transferable or assignable;

(D) the permit must be displayed in general view on the cabin at all times;

(E) no additions to or enlargements of the cabin are allowed except for routine maintenance and upkeep;

(F) all garbage and foreign debris brought onto, or placed on the cabin site shall be removed by the permittee unless otherwise authorized by the director;

(G) the state shall be held harmless from any and all claims, demands, suits, loss, liability, and expense for injury to, or death of, persons arising out of or connected with the uses covered by this permit;

(H) if the cabin is destroyed or damaged beyond repair, rebuilding the structure is not authorized without prior written approval of the director;

(I) the cabin may not be used for a commercial activity or as a permanent residence;

(J) no new roads or trails across state land are authorized under the permit and access must be consistent with the provisions of 11 AAC 96;

(K) no restrictions or interference with public access to or across state land is allowed;

(L) this permit does not relieve the permittee of the responsibility of securing other necessary state, federal or local permits or authorizations;

(M) the department reserves the right to require measures to mitigate disruptions to public use of the area, fish and wildlife populations and their habitats, which may be created by the project, or occur as a direct result of the permittee's failure to comply with the terms of this permit or any applicable law; and

(N) the permit may include site-specific conditions of use such as seasonal use restrictions determined appropriate by the department and, on game refuges and critical habitat areas by the Department of Fish and Game.

(O) other special stipulations or conditions:

PERSONAL USE CABIN PERMIT

ADL/LAS Number: \_\_\_\_\_ Cabin Site Number: \_\_\_\_\_

Issued to: \_\_\_\_\_

Address: \_\_\_\_\_

CABIN LOCATION: \_\_\_\_\_ Section, \_\_\_\_\_ Township, \_\_\_\_\_ Range, \_\_\_\_\_ Meridian.

DESCRIPTION OF CABIN: \_\_\_\_\_

\_\_\_\_\_

TERM OF PERMIT: \_\_\_\_\_

\_\_\_\_\_ Seasonal use only, from \_\_\_\_\_ until \_\_\_\_\_ of each year.

I hereby agree to all stipulations and conditions included in this permit and further agree that upon revocation or expiration of this permit including renewals, the cabin herein permitted shall become the property of the State of Alaska if not removed within 60 days of notice by the department.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PERMITTEE'S SIGNATURE

Permission is hereby granted to the above permittee to occupy and use the cabin herein described for the purposes stated, upon the conditions and stipulations identified in this permit.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
REGIONAL MANAGER, DIV. OF LAND AND WATER MANAGEMENT  
DEPARTMENT OF NATURAL RESOURCES

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DEPARTMENT OF FISH AND GAME



# RECORDS CERTIFICATION

I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

H

B

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70

Original sponsors: Taylor, Ringstad,  
Jenkins and Frank

1 IN THE HOUSE

BY THE RESOURCES COMMITTEE

2 CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 570 (Resources)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state forest management."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 \* Section 1. AS 38.05 is amended by adding a new section to article 4  
9 to read:

10 Sec. 38.05.122. FOREST MANAGEMENT AGREEMENT. (a) Notwithstand-  
11 ing AS 38.05.110 - 38.05.120, the commissioner may enter into an  
12 agreement with a person for the management on a sustained-yield basis  
13 of state forest land and state land commercially valuable for forest  
14 development. The commissioner may consult with other state agencies  
15 regarding the provisions of the agreement but the concurrence of  
16 another agency of the state is not required.

17 (b) The commissioner shall establish the limitations, condi-  
18 tions, and terms of the sale and each agreement shall set out the  
19 silvicultural specifications that govern the harvest, regeneration,  
20 and management of state land that is the subject of the agreement.

21 (c) The commissioner may provide in the agreement for

22 (1) the harvest of state timber and the prices to be char-  
23 ged for the timber;

24 (2) the construction and maintenance of roads within the  
25 area that is the subject of the agreement;

26 (3) the preparation of reports determined necessary by the  
27 commissioner;

28 (4) incentives to the person entering into the agreement,  
29 including the extension of the term of the agreement;

1 (5) penalties for a violation of a provision of the agree-  
2 ment including termination of the agreement;

3 (6) other limitations, conditions, and terms determined in  
4 the public interest by the commissioner.

5 (d) The commissioner shall provide the legislature with

6 (1) a copy of the agreement within 15 days of the execution  
7 of the agreement or within the first 15 days of the next regular  
8 session of the legislature;

9 (2) a report by March 1 on the areas of the state harvest-  
10 ed, regenerated, and managed under an agreement during the preceding  
11 calendar year.

12 \* Sec. 2. (a) The commissioner of natural resources shall request  
13 proposals for the management of not more than 200,000 acres of commercial  
14 forest land under AS 38.05.122 as enacted in sec. 1 of this Act. The  
15 proposals shall be requested within one year of the effective date of this  
16 Act and each agreement shall be in effect within 18 months of the effective  
17 date of this Act.

18 (b) Each agreement must

19 (1) mandate an annual allowable harvest level compatible with  
20 the principles of sustained yield of the timber resources within the agree-  
21 ment area;

22 (2) be for a period of 20 years subject to amendment by mutual  
23 agreement of the commissioner and the contractor regarding an extension or  
24 shortening of the term or a decrease in the area of the agreement.

25 (c) The commissioner shall evaluate a proposal received under this  
26 section on the basis of

27 (1) a potential contractor's ability to process the forest  
28 products in the state;

29 (2) the professional and financial qualifications of the

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potential contractor;

(3) the stumpage offered to the state; and

(4) the experience of the potential contractor with silviculture  
in the state.

HOUSE  
COMMITTEE REPORT

3/12

(9)

Date referred: 3/5/86

FURTHER REFERRALS: FINANCE

DATE: March 10, 1986

The RESOURCES Committee has considered SSHB 570

"An Act relating to state forest management."

and recommends:

- do pass
- do not pass
- do pass with attached amendment(s)
- no recommendation
- replace with CS SSHB 570 (Resources)  same title
- new title

and recommends do pass

further referral to the \_\_\_\_\_ Committee

- and attaches:
- letter of intent
  - first fiscal note
  - new fiscal note
  - zero fiscal note

FIRST

SIGNING DO PASS:

Cato *Bette Cato*

Pearce *Anna Pearce*

Thompson *James W. Thompson*

Miller *M. W. Miller*

Shultz *Dink Shultz*

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SIGNING OTHER RECOMMENDATIONS:

*Alfred Herrmann, No Rec*

*Herzmann*

*W. Koyfrelis do not pass*

*Walls unless done*

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*Dink*  
Co-Chairman

*Shultz*  
Shultz

Mike Nelson

276-0700

FMA legislation

Section 1. The Commissioner of Natural Resources may enter into an agreement with any person for the management of state land on a sustained yield basis and for carrying out all operations necessary for such management and, without restricting the generality of the foregoing, every such agreement shall set out,

a) the silviculture specifications that are to be observed and performed in respect of the harvesting, regeneration and tending of the state lands that are subject to the agreement; and

b) the standards of regeneration to be achieved on the state lands that are subject to the agreement,

and may provide for,

c) the cutting of state timber and prices therefore;

d) the construction, reconstruction and maintenance of any road necessary for such management and operations;

e) the preparation of plans, rules, reports and any other documents necessary for such management and operations;

f) incentives to an operator, including but not limited to, increases in the life of the agreement, for operations consistent with the harvesting, reforestation and other management objectives set out in the initial agreement.

g) penalties, including, but not limited to the termination of the agreement, for such persons conducting operations inconsistent with the harvesting, reforestation and other management objectives set out in the initial agreement.

h) any other terms and conditions which the Commissioner and such person may agree upon that are not inconsistent with the regulations,

The Commissioner of Natural Resources shall,

a) present each agreement to the legislature within 15 days of commencement of the agreement, if the legislature is in session, or at the beginning of the next session if the legislature is not in session,

b) present the legislature, by March 1 of every year, with a report in respect of the areas harvested, regenerated and tended under an agreement for the previous year,

Section 2. The Commissioner of Natural Resources shall offer an agreement for the management of state forest land as designated in AS xx.xx.xxx.

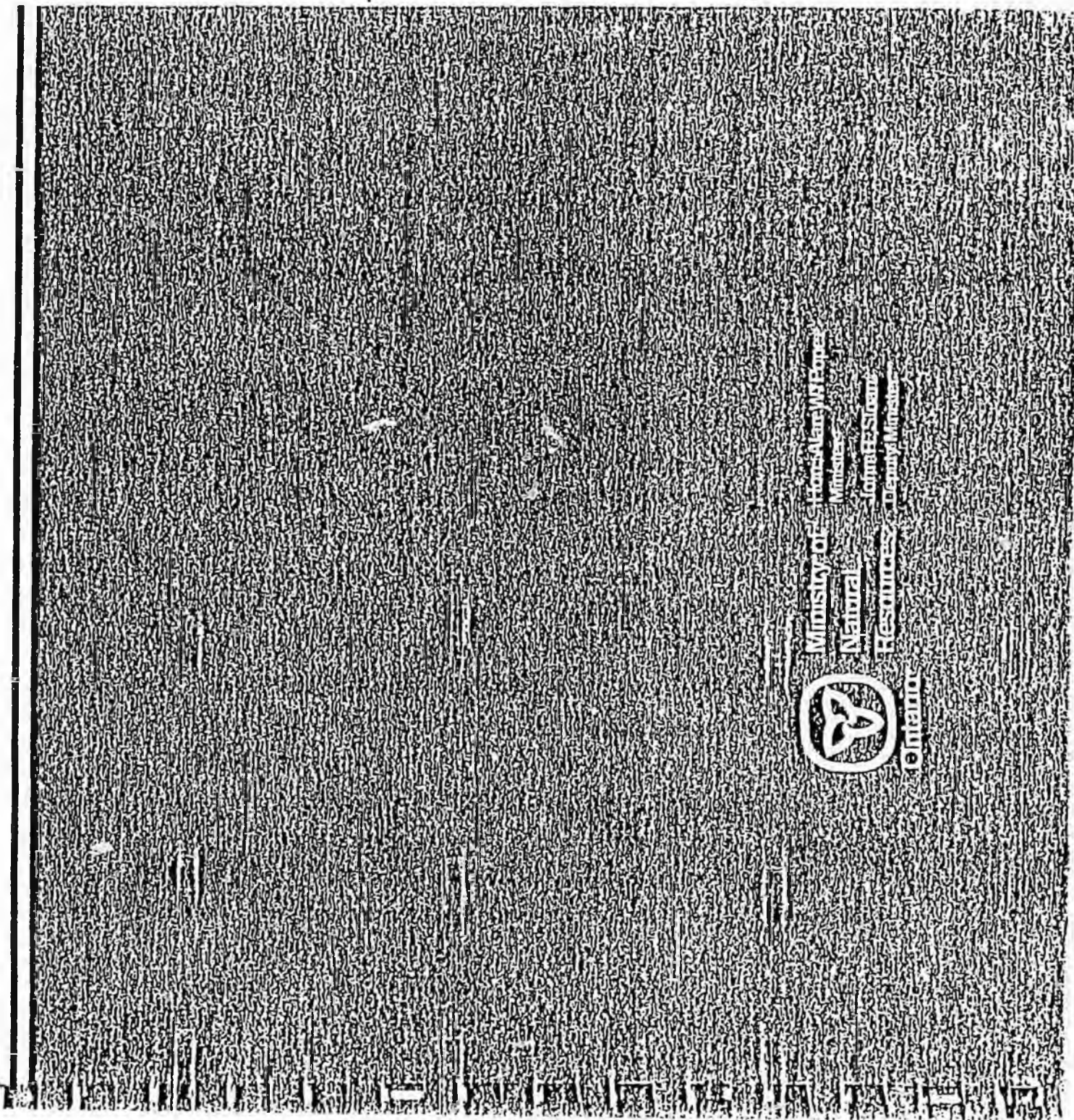
The agreement shall,

- a) include at least 200,000 acres of commercial state forest land in the Tanana Valley State Forest,
- b) be offered for proposal within one year of the effective date of this act,
- c) commence within six months of the selection of a contractor unless the contractor and the state agree that additional time is necessary to negotiate the agreement,
- d) mandate an annual allowable harvest level compatible with the sustained yield of forest resources within the agreement area,
- e) be for a period of 20 years with provisions for extension, reduction or termination of the length or area of the agreement.
- f) be offered to the public in the form of a request for proposal. Proposals will be considered on the basis of
  - 1) the operator's ability to process the forest products in-state
  - 2) professional and financial qualifications of the operator
  - 3) proposed stumpage

1984

# Great Lakes Forest Products Limited Trout Lake Forest

## Forest Management Agreement # 502300



Ministry of Natural Resources  
John H. Stewart  
Deputy Minister

AGREEMENT made in quintuplicate this 24 day of September,  
1954 under The Crown Timber Act, as amended, and The Public  
Lands Act.

Am.  
CF

BETWEEN: THE MINISTER OF NATURAL RESOURCES  
for the Province of Ontario, hereinafter  
referred to as the "Minister",

- AND -

GREAT LAKES FOREST PRODUCTS LIMITED, a company  
incorporated under the laws of Canada,  
having its head office in the City of  
Thunder Bay in the Province of Ontario,  
hereinafter referred to as the "Company".

WHEREAS the Minister and Company desire to enter into  
a forest management agreement under The Crown Timber Act in  
order to provide for a continuous supply of forest products  
from the lands designated in Schedule "A" to this agreement for  
the wood processing plant of the Company at Dryden, Ontario,  
and to ensure that the forests on such lands are harvested and  
regenerated to produce successive crops of timber on a  
sustained yield basis;

NOW THEREFORE in consideration of the mutual  
promises, covenants and other provisions contained in this  
agreement, the Minister and the Company agree each with the  
other as follows:

## 1. INTERPRETATION

1. In this agreement, the Minister and Company agree that,
  - 1) "AAC" means the annual allowable cut calculated by area in accordance with the provisions of the forest management manual;
  - 2) "agreement area" means the lands designated in Schedule "A" to this agreement, and the said lands are sometimes referred to as the "Trout Lake Forest";
  - 3) "annual plan" means an annual plan that is prepared under this agreement;
  - 4) "costs" means expenditures that are directly related to the work performed and that would not otherwise have been incurred but for the performance of the work;
  - 5) "final felling" means the removal of the last seed or shelter trees after regeneration has been effected under a shelterwood system or the removal of trees under a clear cut system;
  - 6) "forest management manual" means the manual that is approved by the Minister and that specifies the general structure and contents of management documents;
  - 7) "ground rules" means an agreement having a term of five years entered into under paragraph 14;
  - 8) "management documents" means the management plan, operating plan, annual plan, and ground rules;
  - 9) "management plan" means a management plan having a term of twenty years that is prepared under this agreement;
  - 10) "NSR lands" means lands referred to in Schedule "B" to this agreement;
  - 11) "nursery stock" has the same meaning as in section 1(d) of The Forestry Act;
  - 12) "operating plan" means an operating plan having a term of five years that is prepared under this agreement;
  - 13) "parties" means the Minister and Company;
  - 14) "person" includes a corporation and a firm;
  - 15) "production forest lands" means the part of the

agreement area that is used in the calculation of AAC;

- 16) "sustained yield" means the growth of timber that a forest can produce and that can be cut to achieve a continuous approximate balance between the growth of timber and timber cut;
- 17) "treatment" means any silvicultural treatment exclusive of a final felling;
- 18) "working group" means an aggregate of forest stands, including potential forest areas assigned to this category, having the same predominant species, and managed under the same rotation and silvicultural system;
- 19) "year" means a period commencing with the date of execution of this agreement by both parties and terminating with the 31st day of March next following and thereafter means a period commencing with the 1st day of April and terminating with the 31st day of March next following; and
- 20) "yield" means the volume of timber that may be harvested.

## 2. PERIOD AND AREA

2. Subject to the other provisions of this agreement, the parties agree that this agreement shall have a term of twenty years commencing with the 24<sup>th</sup> day of Sept., 1984.

3. The parties agree that this agreement applies in respect of the agreement area that is comprised of,

- a) a productive area of 7365.8 square kilometres;
  - b) an unproductive area of 2392.7 square kilometres;
- and
- c) a total area of 9758.5 square kilometres.

## 3. AUTHORITY TO HARVEST

4. (1) Subject to The Crown Timber Act and the regulations, the provisions of this agreement and the management documents, the Company is authorized to cut the following species of Crown

timber for the period of this agreement on the agreement area:

All Species

(2) The Minister reserves the right herein to cut and remove or to cause to be cut and removed, without compensation therefore to the Company, such Crown timber as may be required from time to time for the uses of Ontario.

5. (1) Subject to subparagraph 2, the Company agrees to pay to the Treasurer of Ontario for Crown timber cut under this agreement, in addition to the other Crown charges, the following prices, namely: NIL

For timber cut on the lands designated in Schedule "A",

(2) The prices mentioned in subparagraph 1 shall be subject to review by the Minister at the end of each five-year term of the period of this agreement, and if at the end of any such term it shall appear necessary or desirable that the prices should be adjusted, then such adjustments may be made by agreement between the parties, or, failing such agreement the matter of adjustment shall be referred to arbitration under The Arbitrations Act.

4. MANAGEMENT PLANS

6. (1) Within twelve months of the execution of this agreement, the Company agrees to prepare a management plan in respect of the agreement area in accordance with the forest management manual and to submit it to the Minister for approval.

(2) Within four months after receipt of the management plan, the Minister agrees to either approve the management plan as submitted and notify the Company of such approval or, after

discussion with the Company, notify the Company of the alterations to the management plan that the Minister requires.

(3) Where the Minister notifies the Company of the alterations to the management plan that the Minister requires, the Company, within two months of the date that the Minister gives notice to the Company of the alterations, agrees to make such alterations and to resubmit the altered management plan to the Minister for approval.

(4) Within two weeks of receiving the management plan as altered by the Company in accordance with the notice given by the Minister, the Minister agrees to approve the altered management plan and to give notice to the Company of such approval, and where the Minister fails to give such notice, the altered management plan shall be deemed to have been approved by the Minister upon the expiry of the said period of two weeks.

7. (1) Not later than six months prior to the expiry of the term of a management plan approved or deemed to have been approved under this agreement, the Company agrees to prepare a new management plan in respect of the agreement area in accordance with the forest management manual for the next following term of twenty years and to submit it to the Minister for approval.

(2) The parties agree that the procedure referred to in subparagraphs 2, 3 and 4 of paragraph 6 apply, with the necessary changes, in respect of the new management plan submitted under subparagraph 1.

8. The parties agree that any management plan approved

or deemed to have been approved under this agreement may be amended from time to time by mutual agreement.

9. During the term of a management plan that is approved or deemed to have been approved under this agreement, the parties agree that the agreement area shall be managed in accordance with such plan.

#### 5. OPERATING PLAN

10. (1) Within six months of the execution of this agreement, the Company agrees to prepare an operating plan in accordance with the forest management manual in respect of all operations to be conducted on the agreement area in the first term of five years of the period of this agreement and to submit it to the Minister for approval.

(2) Within two months after receipt of the operating plan, the Minister agrees to either approve it as submitted and notify the Company of such approval, or, after discussion with the Company, notify the Company of the alterations to the operating plan that the Minister requires.

(3) Where the Minister notifies the Company of the alterations to the operating plan that the Minister requires, the Company, within 30 days of the date that the Minister gives notice to the Company of the alterations, agrees to make such alterations and to resubmit the altered operating plan to the Minister.

(4) Within two weeks of receiving the operating plan as altered by the Company in accordance with the notice given by the Minister, the Minister agrees to approve the operating plan and to give notice to the Company of such approval, and where

the Minister fails to give such notice, the altered operating plan shall be deemed to have been approved by the Minister upon the expiry of the said period of two weeks.

11. (1) Not later than six months prior to the expiry of an operating plan approved or deemed to have been approved under this agreement, the Company agrees to prepare a new operating plan in accordance with the forest management manual in respect of all operations to be conducted on the agreement area in the next following term of five years of the period of this agreement and submit it to the Minister for approval.

(2) The parties agree that the procedure referred to in subparagraphs 2, 3 and 4 of paragraph 10 apply, with the necessary changes, in respect of the new operating plan submitted under subparagraph 1.

12. The parties agree that any operating plan approved or deemed to have been approved under this agreement may be amended from time to time by mutual agreement.

13. During the term of an operating plan approved or deemed to have been approved under this agreement, the Company agrees that all operations on the agreement area referred to in such plan shall be conducted in accordance with such plan.

#### 6. GROUND RULES

14. (1) The Company agrees to perform and observe the provisions of the ground rules set out in Schedule "C" commencing with the 24<sup>th</sup> day of Sept., 1984, and terminating with the 31st day of March 1989.

(2) Not later than eight months prior to the expiry of the ground rules then existing, the parties agree to commence

the preparation of the new ground rules in accordance with the forest management manual for the term of five years next following such expiry and to enter into an agreement in respect of such new ground rules on or before such expiry.

(3) The parties agree that ground rules may be amended in writing at any time or times by mutual agreement provided that the amendments are consistent with the then existing management plan and operating plan.

#### 7. ANNUAL PLAN

15. (1) Upon the execution of this agreement or as soon thereafter as is reasonably practicable, the Company agrees to prepare an annual plan in accordance with the forest management manual in respect of the operations to be conducted on the agreement area in the first year of the period of this agreement and to submit it to the Minister for approval.

(2) Within 30 days after receipt of the annual plan, the Minister agrees to either approve it as submitted and notify the Company of such approval or, after discussion with the Company, notify the Company of the alterations to the annual plan that the Minister requires.

(3) Where the Minister notifies the Company of the alterations to the annual plan that the Minister requires, the Company, within 30 days of the date that the Minister gives notice to the Company of the alterations, agrees to make such alterations and to resubmit the altered annual plan to the Minister.

(4) Within two weeks of receiving the annual plan as altered by the Company in accordance with the notice given by

the Minister, the Minister agrees to approve the annual plan and to give notice to the Company of such approval, and where the Minister fails to give such notice, the altered annual plan shall be deemed to have been approved by the Minister upon the expiry of the said period of two weeks.

16. (1) Not later than the 31st day of October prior to the expiry of an annual plan approved or deemed to have been approved under the agreement, the Company agrees to prepare a new annual plan in accordance with the forest management manual in respect of the operations to be conducted on the agreement area in the year next following such expiry and to submit it to the Minister for approval.

(2) The parties agree that the procedure referred to in subparagraph 2, 3 and 4 of paragraph 15, apply, with the necessary changes, in respect of a new annual plan submitted under subparagraph 1.

17. The parties agree that an annual plan shall relate to a part of the agreement area that is referred to in the then existing operating plan and shall be consistent with such operating plan, the existing ground rules and management plan.

18. The parties agree that an annual plan approved or deemed to have been approved under this agreement may be amended from time to time by mutual agreement.

19. During the term of an annual plan approved or deemed to have been approved under this agreement the Company agrees to ensure that all operations on the agreement area referred to in such plan are conducted in accordance with such plan.

#### 8. ANNUAL ALLOWABLE CUT

20. (1) The Company agrees that in each five-year term of

the period of this agreement the total area of a working group that is cut on the agreement area shall not exceed 110 per centum of the total of the AAC for the working group for such term and shall not be less than 90 per centum of such last mentioned total.

(2) Upon the written application of the Company, the Minister may in writing authorize variations from subparagraph 1 upon such terms and conditions as the Minister may specify, and the Company agrees to perform and observe such terms and conditions.

(3) Where the total area of a working group that is cut on the agreement area in a five-year term exceeds 110 per centum of the total AAC for the working group for such term, the Company, at its expense, agrees to promptly regenerate forests in accordance with the then existing ground rules on any part of the agreement area that is approved by the Minister and is equal in size to the difference between the aforesaid total area and 110 per centum of the aforesaid total AAC. Failure to regenerate will constitute a default of the agreement.

(4) Subject to subparagraph 3, where the total area of a working group that is cut in a five-year term, save and except the first five-year term of this agreement, is less than 90 per centum of the total AAC for the working group for such term, the Company agrees to then pay to the Minister, as liquidated damages and not as a penalty, an amount of money equal to the amount of the stumpage charges then applicable, on the volume of timber equal to the difference between 90 per centum of the

total AAC for the working group for the five-year term and the total volume of timber that is cut in the same five-year term in the working group.

(5) The parties agree that subparagraph 4 shall not apply in respect of Crown timber that is referred to in an existing management plan as surplus.

#### 9. UTILIZATION

21. Where an existing management plan provides that any Crown timber on the agreement area is surplus, the Company agrees that the Minister, after consultation with Company, may take such action as he considers advisable to have such surplus harvested, and the Company also agrees not to claim any property, lien, charge or encumbrance in or on such surplus that is so harvested.

#### 10. TREATMENTS

22. (1) Subject to subparagraph 2, the Minister agrees to pay to the Company for the performance on the agreement area of a treatment set out in column 1 of Schedule "D" at the rate set out opposite thereto in column 2.

(2) The Minister agrees to revise the rates set out in Schedule "D" as of the commencement of each year of the period of this agreement in accordance with the rate of inflation determined by the Minister of Economics, and also agrees to review and readjust, if necessary, the said rates at the end of each five-year term of the period of this agreement.

(3) The Minister agrees to supply and deliver free of charge, to the Company all nursery stock and seeds reasonably required for the performance of a treatment in accordance with

an approved annual plan, and agrees to so deliver the nursery stock and seeds to the area or areas referred to in such plan.

23. Where any increase in yield or AAC for a working group is the result of a treatment that is applied on behalf of the Company at its sole expense, save and except a treatment applied under paragraph 20(3), and such treatment and increase are certified in detail in writing by a registered professional forester on behalf of the Company, the Minister agrees that,

- (a) at the time such increase is harvested, the Company shall pay, and the Company agrees to pay, only 10 per centum of the stumpage charges that are then applicable for the volume of such increase, and
- (b) he will not dispose of such increase to any other person unless the Company consents in writing or such disposition is made under a provision of this agreement.

#### 11. PRODUCTIVITY AND NSR LANDS

24. Subject to the provisions of this agreement, the Company agrees with the Minister to keep production forest lands reforested in accordance with the ground rules.

25. Where NSR lands are of a site class III or better, as defined in the ground rules, and are, in the opinion of the parties, economically capable of being reforested, the Company agrees to reforest such NSR lands with such species of trees as are compatible with the nature and quality of such NSR lands and the timber required in the Company's plant or plants, and also agrees to so reforest five per centum of the total quantity of such NSR lands in each year of the period of this agreement or at such other rate as the parties agree upon.

26. Where forest on land forming part of the agreement area that is site class III or better, as defined in the ground rules, is destroyed by natural causes after the commencement of the period of this agreement, the parties agree to determine a plan of remedial action.

27. (1) The Company agrees to assess whether or not the stocking of regeneration within the parts of the agreement area that are site class III or better, as defined in the ground rules, is in accordance with the ground rules, and agrees to make such assessment in the fifth year after the trees on such parts are harvested or in the fifth year after such parts are treated in accordance with the ground rules.

(2) Where an assessment made under subparagraph 1 indicates that the said parts are not stocked in accordance with the ground rules, except where such parts have not been treated with a treatment by the Company in virtue of the lack of an appropriation by the Legislature of Ontario, the Company, at its expense, agrees to then reforest such lands in accordance with the ground rules.

28. Where in the Minister's opinion, brush encroachment or any other natural occurrence may inhibit reforestation of any part of the agreement area, the Ministry may give the Company written notice thereof, and the Company agrees to then reforest such parts of the agreement area in accordance with the ground rules.

29. Where injurious insects or diseases or any other natural causes reduce or may reduce the yield or AAC for any working group, the parties agree to determine and implement a

plan of remedial action.

## 12. SALVAGE

30. (1) Where Crown timber is killed or damaged on the agreement area, the Minister agrees to give notice to the Company of the location of such timber.

(2) Within 30 days of the giving of notice under subparagraph 1, the Company agrees to notify the Minister whether or not the Company desires to salvage the killed or damaged Crown timber, and,

- (a) where the Company desires to salvage such timber, the Company agrees to salvage such timber upon such terms and conditions and prices as the parties agree upon, or
- (b) where the Company does not desire to salvage such timber, the Company agrees that the Minister may salvage such timber or have such timber salvaged in such manner as the Minister considers advisable and also agrees not to claim any property, lien, charge or encumbrance in or on the salvage timber.

(3) Where the Company fails to give notice to the Minister under subparagraph 2, the Company agrees that it shall be deemed to have given notice to the Minister that it does not desire to salvage the killed or damaged Crown timber.

(4) The Company agrees that the Minister may, after consultation with the Company, permit the cutting of any other Crown timber that should in the interests of economic forest utilization, be cut with any killed or damaged Crown timber to be salvaged under subparagraph 2.

## 13. ROADS

31. (1) The Minister agrees to pay to the Company,

- (a) subject to a maximum of Forty-three Thousand, One Hundred and twenty-eight (43,128) Dollars for each kilometre, for the costs of construction or reconstruction of primary roads on public land on the agreement area in accordance with the annual plan then existing; and
- (b) The lesser of seventy-five (75) per centum of actual cost or Sixteen Thousand, One Hundred and Seventy-three (16,173) Dollars for each kilometre, for the costs of construction or reconstruction of secondary roads on public lands on the agreement area in accordance with the annual plan then existing.

(2) The parties agree that a "primary road" is a road that conforms with the specifications set out in Schedule "E" under the column entitled "Primary Road" and that a "secondary road" is a road that conforms with the specifications set out in Schedule "E" under the column entitled "Secondary Road".

(3) Unless the parties agree otherwise, the Minister agrees to annually pay the Company for road construction or reconstruction in accordance with subparagraph 1 at the end of the year.

(4) For the actual maintenance of primary roads and secondary roads that are constructed or reconstructed under this agreement, the Minister agrees to annually pay to the Company Four Hundred and Thirty-one (431) Dollars for each kilometre for the cost of maintenance of such primary roads and secondary roads at the end of each year unless the parties agree otherwise.

(5) The Minister agrees to revise the maximum rates referred to in subparagraphs 1 and 4 as of the commencement of each year of the period of this agreement in accordance with

the rate of inflation determined by the Minister of Economics, and also agrees to review and readjust, if necessary, the said maximum rates at the end of each five-year term of the period of this agreement.

(6) Where the Minister makes a payment to the Company under subparagraph 1, the Company agrees under The Public Lands Act that,

- (a) the use and occupation of the primary road or secondary road, as the case may be, in respect of which such payment is made shall be subject to the provisions of The Public Lands Act;
- (b) the primary road or secondary road, as the case may be, in respect of which such payment is made shall be open to travel by the public generally; and
- (c) notwithstanding any provision of any agreement, permit, licence, lease or any other document to the contrary, every road under the control of the Company or any subsidiary of the Company that connects in any way with the primary road or secondary road, as the case may be, in respect of which such payment is made, shall also be open to travel by the public generally.

#### 14. FINANCIAL

32. (1) The obligations of the Minister to pay monies under this agreement are each subject to the conditions precedent that monies are appropriated therefore by the Legislature of the Province of Ontario.

(2) The Company agrees to submit to the Minister invoices in triplicate setting out all the details of the payments sought under this agreement and containing the written certification of a responsible employee of the Company that the invoice is accurate, true and complete.

(3) The Crown agrees to pay invoices submitted by the Company under this agreement within 30 days after the invoices are received in the Ministry of Natural Resources.

#### 15. EVERGREEN

33. The Minister agrees to determine at the end of each term of five consecutive years of the period of this agreement whether or not the obligations of the Company under the management documents have been performed or satisfactorily performed in such term, and

- (a) where in the Minister's opinion such obligations have been performed and where the parties have agreed to an operating plan and ground rules for the next following term of five consecutive years, the Minister agrees to then extend the remaining period of this agreement a further term of five consecutive years, and
- (b) where in the Minister's opinion such obligations have not been performed or have not been satisfactorily performed, the Minister agrees to specify a period of time within which the Company may perform the obligations in default, and the Company agrees to perform such last mentioned obligations within the specified period of time, and
  - (i) where in the Minister's opinion, such last mentioned obligations have been performed within the specified period of time and where the parties have agreed to an operating plan and ground rules for the next following term of five consecutive years, the Minister agrees to then extend the remaining period of this agreement a further term of five consecutive years, and
  - (ii) where in the Minister's opinion such last mentioned obligations have not been performed within the specified period of time, the Minister on written notice to the Company may terminate this agreement.

#### 16. WITHDRAWALS

34. (i) In the twenty-year period commencing with the 24K

day of Oct, 1984, terminating with the 31st day of March 2004 and in each consecutive twenty-year period thereafter, if any, the Minister, subject to subparagraph 2, agrees that the total withdrawal of land from a working group that is made by the Minister shall not exceed the product of 20 times 5 per centum of the AAC determined for the first year of the twenty-year period, provided that the Minister may make withdrawals of land from a working group in excess of the aforesaid product, where the Minister is able to replace such excess with comparable forest lands.

(2) In determining the AAC of a working group under subparagraph 1, the parties agree that any increase in the AAC for the working group that is the result of a treatment that is applied by the Company at its sole expense, save and except a treatment applied under paragraph 20(3), shall not be reckoned.

35. Subject to paragraph 34, where an approved operating plan exists, the Company agrees that the Minister, after consultation with the Company, may from time to time withdraw land that is subject to such plan provided that in the Minister's opinion, such withdrawal is in the public interest and will not materially affect the operations under such plan, and each such withdrawal shall be effective upon the giving of notice thereof to the Company.

36. Subject to paragraph 34, where an approved operating plan exists, the Minister, after consultation with the Company, may from time to time withdraw such lands, that are not subject to that operating plan, as the Minister considers advisable in the public interest, and each such withdrawal shall be

effective upon the giving of notice thereof to the Company.

37. Where a withdrawal of lands is made under paragraph 35 or 36, the Company agrees to remove from such lands within such reasonable period of time as is specified in writing by the Minister, all chattels, all portable buildings and structures and such other non-portable buildings and structures, if any, that the Company desires to remove, and the Minister agrees to compensate the Company for,

- (a) the reasonable cost of removing the aforementioned things from the withdrawn lands and re-establishing them elsewhere on the agreement area,
- (b) the non-portable buildings and structures that are not removed by the Company from the withdrawn lands on the basis of cost less depreciation as defined in the depreciation schedules under the Income Tax Act of Canada, or on such other basis as is mutually agreeable to the parties, and
- (c) the cost of all treatments, except final felling, that have been conducted on the withdrawn lands at the sole expense of the Company, save and except all treatments applied under paragraph 20(3), provided that such treatments are certified in writing in detail by registered professional forester on behalf of the Company.

#### 17. ANNUAL REPORT

38. (1) Subject to subparagraph 2, the Company agrees to submit an annual report to the Minister on or before the 30th day of April of each year of the period of this agreement, in respect of the operations conducted on the agreement area in the preceding year.

(2) The Company agrees that the aforesaid annual report shall be prepared in accordance with the forest management

manual.

#### 18. GENERAL

39. The failure of the Minister to insist in one or more instances upon the performance by the Company of any provision of this agreement or the management documents shall not be construed as a waiver of the future performance of any such provision and the obligation of the Company with respect to such future performance shall continue in full force and effect.

40. Where the Company fails at any time to perform any of its obligations under this agreement or the management documents, the Company agrees that the Minister may give notice to the Company stating in detail the default complained of and if the default complained of is capable of being made good, requiring the Company to make good such default within the period of time specified in the notice, and at the expiration of such period of time, the Minister may, if the default complained of has not been made good by the Company,

- (a) terminate this agreement on notice to the Company, or
- (b) make good such default, and the Company agrees to pay to the Minister, as liquidated damages and not as penalty, the costs of so doing.

41. (1) Any default or delay on the part of the Minister or Company, as the case may be, in the performance or observance of any provision of this agreement or the management documents occasioned by labour disputes, strikes, lock-outs, fire, insects, wind, ice, disease, unusual delay by common carriers

or, without limitation to any of the foregoing, by any cause of any kind whatsoever beyond the control of the Minister or Company, as the case may be, shall not be or be deemed to be a default or delay on the part of the Minister or Company, as the case may be, under this agreement or the management documents.

(2) Where an event that causes a default or delay within the meaning of subparagraph 1 ceases and such default or delay can be made good, the parties agree that the time for performing and observing their respective obligations under this agreement or the management documents shall be extended for a period of time equal to the duration of such event provided that no such extension of time shall exceed the period of this agreement then remaining.

(3) Where default or delay on the part of the Company in the performance or observance of a provision of this agreement or the management documents is occasioned by any cause whatsoever within the Company's control that the Minister decides justifies such default or delay, the Minister may extend the time for the Company to perform and observe any such provision.

42. The Company agrees not to assign the whole or any part of this agreement or any agreement entered into under this agreement without the written prior consent of the Minister.

43. The parties agree that this agreement and the management documents shall be construed in accordance with the laws of Ontario.

44. (1) In the case of any dispute arising between the parties as to any matter arising under this agreement or the

management documents, either party to this agreement shall be entitled to give the other party notice of such dispute and to demand arbitration under The Arbitrations Act of Ontario, and after the expiry of 30 days from the giving of such notice, such dispute may be referred to the arbitration of a single arbitrator, if the parties agree upon one, otherwise to three arbitrators, one to be appointed by each party and a third to be chosen by the first two named before they enter upon the business of arbitration.

(2) The parties agree that the decision of the arbitrator or arbitrators shall be final and binding upon the parties who agree that their disputes shall be so decided by arbitration alone and not by recourse to any court by way of action.

45. If the Company should be adjudged a bankrupt, or if the Company should make a general assignment for the benefit of the Company's creditors, or if a receiver should be appointed on account of the Company's insolvency, the Minister may, without prejudice to any other right or remedy, terminate this agreement and the management documents on notice to the Company.

46. The Minister may on notice to the Company terminate this agreement,

- (a) where the Company fails, under this agreement, after negotiations with the Minister, to enter into an agreement in respect of ground rules,
- (b) where a management plan, operating plan or annual plan, or any of them, is not finalized under this agreement in virtue of any default on the part of the Company.
- (c) where the Company fails in its obligations

under paragraph 9, 13, 14(1) or 19, or any of them, or

- (d) where any event within the meaning of paragraph 41(1) has occurred and is continuing and in the opinion of the Minister is of such a nature that any material obligations contained in this agreement or any of the management documents will likely remain impossible to perform and as a result, will frustrate this agreement.

47. (1) Where any notice is required to be given under this agreement or the management documents, such notice shall be given in writing and shall be personally served or mailed by prepaid registered post addressed,

- (a) in the case of notice to the Minister, to the Minister of Natural Resources, Whitney Block, Parliament Buildings, Toronto, Ontario, M7A 1W3, and
- (b) in case of notice to the Company to Vice-President, Woodlands Operations  
Great Lakes Forest Products Limited  
Box 430, Thunder Bay, Ontario  
P7C 4W3

(2) Any notice mailed in accordance with subparagraph 1 shall be deemed to have been received on the fifth day next following the day it is mailed at any post office.

48. The parties agree that the headings in this agreement are inserted for convenience of reference only and shall not be used to construe the agreement.

49. Unless as otherwise expressly provided herein, this agreement shall not be interpreted as in any way limiting the authority conferred upon the Minister by statute or regulation to manage the agreement area and the resources thereon.

50. This agreement shall enure to the benefit of and be binding upon the Crown in right of Ontario, Her heirs and successors and the Company, its successors and assigns.

IN WITNESS WHEREOF the Minister has subscribed his signature and affixed the seal of the Minister of Natural Resources and the Company has affixed its corporate seal at the hands of its officers duly authorized in that behalf.

SIGNED, SEALED and DELIVERED )  
in the presence of )

W.P. Williams )  
as to execution by the )  
Minister of Natural Resources )  
for the Province of Ontario )

[Signature] )  
MINISTER OF NATURAL RESOURCES )

GREAT LAKES FOREST PRODUCTS )  
LIMITED )

By: [Signature] )  
Position: [Signature] )

And: \_\_\_\_\_ )  
Position: \_\_\_\_\_ )

SCHEDULE "A"

to the agreement between the Minister of Natural Resources  
and Great Lakes Forest Products Limited  
Trout Lake Forest

All and singular that certain territory in the Territorial District of Kenora, Patricia Portion, containing a total area of 9755.5 square kilometres, be the same more or less, the boundaries of which territory shall be more particularly described as follows:

COMMENCING at a point distant 28.968 kilometres, measured north astronomically from a point in the 7th Base Line distant 108.631 kilometres measured westerly thereon from the boundary between the Territorial Districts of Kenora and Thunder Bay;

THENCE south astronomically 16.093 kilometres;

THENCE west astronomically 8.851 kilometres;

THENCE south astronomically 12.070 kilometres, more or less, to the northwesterly bank of a stream flowing from Broadcast Lake to Broad Lake;

THENCE in a general southwesterly direction following the northwesterly bank of the said stream to its confluence with the water's edge of Broadcast Lake;

THENCE in a general northwesterly direction following the water's edge along the northeasterly shore of Broadcast Lake to the most northerly extremity thereof;

THENCE northwesterly in a straight line 1.609 kilometres, more or less, to the water's edge at the most southerly extremity of Broad Lake;

THENCE in a general northwesterly direction following the last mentioned water's edge to its junction with the southerly bank of a watercourse flowing from Broad Lake to Lac Seul;

THENCE in a general westerly direction following the southerly bank of the said watercourse to its confluence with the water's edge along the northerly shore of Lac Seul;

THENCE in a general northwesterly direction following the water's edge along the northerly shore of Lac Seul to its confluence with the water's edge along the northerly shore of the English River;

THENCE in a general westerly direction along that water's edge to the water's edge along the northerly shore of a river flowing from Pakwash Lake;

THENCE in a general northwesterly direction following that water's edge to the confluence with the water's edge along the easterly shore of Pakwash Lake;

THENCE in a general northeasterly direction along that water's edge to the southerly boundary of Pakwash Provincial Park;

THENCE in an easterly direction along that southerly boundary to the southeasterly corner of Pakwash Provincial Park;

THENCE northerly along the easterly boundary of Pakwash Provincial Park to the northeasterly corner thereof;

THENCE northwesterly along the easterly limit of the right of way of that part of the King's Highway known as No. 105 to the water's edge along the easterly bank of the Chukuni River;

THENCE in a general northerly and northwesterly direction along that water's edge to the intersection with a line drawn south astronomically from the southeast angle of the geographic Township of Willans;

THENCE north astronomically 3.219 kilometres, more or less, to the southeast angle of the said Township of Willans;

THENCE north astronomically along the east boundaries of the geographic townships of Willans, Ranger and Shaver, 28.968 kilometres, more or less, to the northeast angle of the geographic Township of Shaver;

THENCE west astronomically along the north boundaries of the geographic townships of Shaver and Bateman 19.312 kilometres, more or less, to the northwest angle of the geographic Township of Bateman;

THENCE north astronomically 11.265 kilometres;

THENCE east astronomically 0.805 kilometres;

THENCE north astronomically 8.047 kilometres;

THENCE west astronomically 1.287 kilometres, more or less, to the water's edge along the easterly bank of the Nungesser River;

THENCE in a general northeasterly and southeasterly direction along that water's edge to its confluence with Nungesser Lake;

THENCE in a general southeasterly, northeasterly and easterly direction following the water's edge along the southerly shore of Nungesser Lake to its confluence with a watercourse flowing northerly into the said lake at its easterly extremity and at a distance of 27.359 kilometres, more or less, westerly from the Sixth Meridian;

THENCE in a general southerly direction following the westerly bank of the said watercourse 3.219 kilometres, more or less, to a line drawn west astronomically from the intersection of the aforementioned Sixth Meridian with the 10th Base Line;

THENCE east astronomically 26.876 kilometres, more or less, to the intersection of the Sixth Meridian with the 10th Base Line aforesaid;

THENCE east astronomically along the said 10th Base Line 64.357 kilometres, more or less, to the intersection with a line drawn north astronomically from a point distant 34.601 kilometres measured east astronomically from the point of commencement;

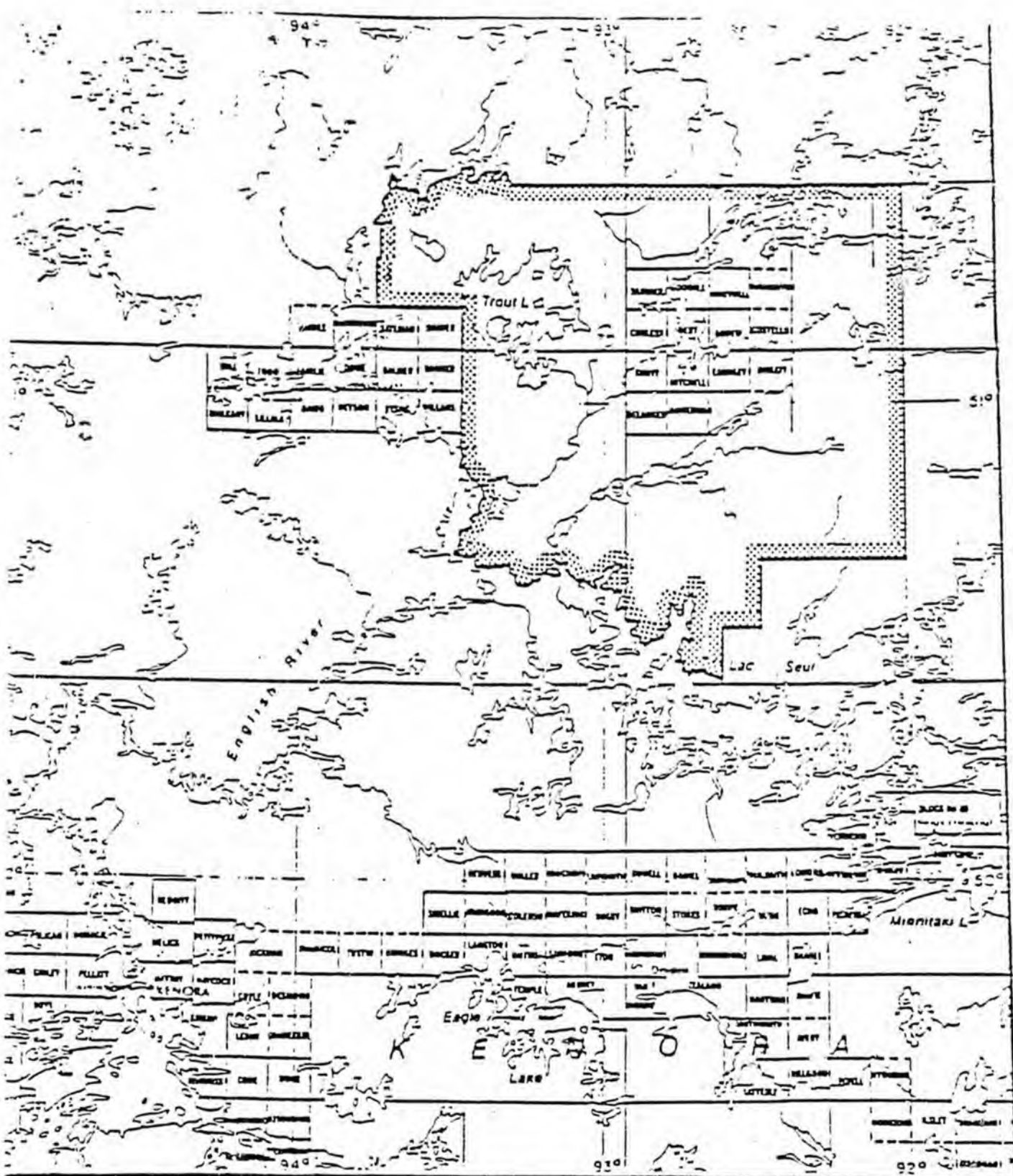
THENCE south astronomically 86.905 kilometres, more or less, to the aforementioned line drawn east astronomically from the point of commencement;


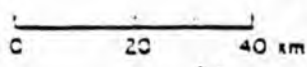

THENCE west astronomically 34.601 kilometres to the said point of commencement.

Save and Excepting therefrom all those lands which have been alienated from the Crown, Ontario, on which the trees are not reserved to the Crown.

The boundaries of the above described lands are shown in stippled form on a plan dated June 25, 1984, prepared by the Ministry of Natural Resources, Ontario, Timber Sales Branch, a print of which said plan is attached to and forms part of this schedule.

Also Saving and Excepting thereout and therefrom all reserve areas stipulated and shown coloured in red on forest stand maps prepared by the Ministry of Natural Resources, Timber Sales Branch, copies of which said maps will be provided to the Company upon execution of this agreement.



LOCATED IN THE TERRITORIAL DISTRICT OF KENORA - PATRICIA PORTION		 Ministry of Natural Resources Ontario	TIMBER SALES BRANCH
FOREST MANAGEMENT UNIT GREAT LAKES FOREST PRODUCTS LTD.			
SCALE 	SHEET NO. OF FRI	FOREST MANAGEMENT AGREEMENT GREAT LAKES FOREST PRODUCTS LTD. TROUT LAKE FOREST	
MANAGEMENT BOUNDARY 	DRAWN PECS		
COMPILED FROM MNR MAP 28-72	DATE JUNE 25 1984	Agreement No. 502300	

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SCHEDULE 'B'

to the agreement between the Minister of Natural Resources and  
Great Lakes Forest Products Limited

This schedule consists of a summary, and the priority of treatment of the NSR lands.

1. Summary

Total area surveyed 189,804 hectares of size class III or better lands.

NSR Class <sup>1</sup> area		Areas in hectares	Percent of Total surveyed
Above Minimum Stocking	1. Free-to-Grow	178,725	94
	2. Requires tending	23	
Below Minimum Stocking	3. Can be regenerated at normal costs	1,255	1
	4. Can be regenerated at costs 50% to 100% greater than normal	1,413	1
	5. Cannot be regenerated under present technology	8,363	4
<b>Total</b>		<b>189,804</b>	<b>100</b>

2. Priority of treatment

During the first term of five years of the period of this agreement, the treatments of Class 2 and Class 3 NSR lands shall receive priority, and treatment of Class 4 lands is at the option of the Company.

<sup>1</sup> Detailed definitions of the NSR classes are in the forest management manual

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SCHEDULE C - TROUT LAKE FOREST

TO THE AGREEMENT BETWEEN THE MINISTER OF NATURAL RESOURCES AND

GREAT LAKES FOREST PRODUCTS LIMITED

GROUND RULES

1. TERMS OF GROUND RULES

These ground rules provide guidelines and standards for forest management practices and treatments on Forest Management Agreement No. 502300 known as the Trout Lake Forest. The ground rules commence the 24<sup>th</sup> day of April, 1964 and end on the 31st day of March, 1969.

2. AMENDING THE GROUND RULES

These ground rules may be amended in accordance with paragraph 14(3) of the agreement. Any amendments shall be made in writing and jointly authorized by the Regional Director, Northwestern Region of the Ontario Ministry of Natural Resources, and the Resident Manager, Dryden Woodlands Operations, of Great Lakes Forest Products Limited.

3. APPLICATION

Unless stated otherwise, the definitions, methods and procedures described in the forest management manual, shall apply to the area under the agreement.

4. OPERATIONAL SURVEYS AND STANDARDS

4.1 Purpose

- Correction of the provisional allocation of stands listed for operations during the five year period;
- estimate of volume allocated for cutting;
- revision of calculated annual allowable cut;
- correction of data for the silvicultural prescriptions for each allocated area.

4.2 Type of Surveys

The following survey techniques may be used to obtain information for operational planning based on ground sampling in selected stands:

1. Point sampling method
2. Plot sampling method
3. Strip sampling method

All require that major species be tallied by diameter class at breast height, and that the average height and age of conifer species be verified. Ontario normal yield tables and provincial cull tables are

employed in compiling the sample data. Instructions for carrying out these methods of sampling are available at the Company's Dryden office.

Another technique is based on detailed photo interpretation supported by ground verification of height, age and stand classification for species content. Detail of each stand is submitted to a data processing procedure using FRI base data for volume compilation from Plonski's gross merchantable volume tables. This procedure changes the stand boundaries, usually into smaller units of area, and then creates a new data file.

This system is new and under consideration of the Dryden operations. Data is presented in a computer printout by working group and age class. In all field sampling and verification, site descriptions of topography, slope, soils, and timber quality which may affect operations is stressed. This information is also necessary for the pre-cut planning of subsequent silvicultural treatments.

## 5. SILVICULTURAL SPECIFICATIONS AND STANDARDS

### 5.1 Introduction

Silvicultural specifications will be carried out in accordance with Table 1.

The setting of specifications and standards, while providing for a degree of firmness, should not be construed as an attempt to limit innovation and the development of more effective procedures. With this in mind, the Minister will allow on an annual basis, up to 15% deviation by area, for each working group, from the specifications in the ground rules, providing that the desired objectives and standards of accomplishment are the same as those in Table 1.

Silvicultural specifications not prescribed in Table 1, or deviations in excess of 15 percent by area from those in Table 1 will be identified in the annual plan and are subject to approval by the Minister as to terms of the prescription, size of area and location. Compensation, if not set out in Schedule "D" of the forest management agreement, will be negotiated before the annual plan is approved.

### 5.2 Specifications and Standards

The silvicultural work performed will be in accordance with the specifications in Table 1, or as follows:

### 5.2.1 Site Preparation

The Company may, by altering logging methods, eliminate the need for site preparation on sites which, according to Table 1 require this treatment. These sites will be identified, where possible, in the operating plan and further detailed in the annual plan and mutually agreed upon. These areas will be compensated at an appropriate site preparation rate set out in Schedule D. In this instance, the Construction Lien Act will not apply.

On areas that the Company is site preparing for subsequent planting by the Minister, the quality of site preparation will be such that approximately 2,100 or more well distributed, plantable microsites will be available per treated hectare, unless otherwise stated in the annual plan. A plantable microsite will be defined as per Forest Management Information System (Appendix II).

Wherever possible, every effort will be made to increase this to 2,500 plantable microsites per hectare.

Sites which may require more than one site preparation treatment (not including 'altering logging methods') are to be identified in the annual plan and mutually agreed upon. On these sites treatments will be compensated for as indicated in Schedule "D".

In some cases, prescribed burning is the most appropriate site preparation technique. If the use of fire is prescribed and agreed to as an acceptable site preparation treatment, either primary or final, the Minister will conduct the treatment and will pay the costs.

The amount of area to be burned by prescription will be identified in the five year operating plan and specifically identified in the annual plan. Areas to be burned must be agreed to by the date of the annual plan submission.

Areas scheduled by agreement for prescribed burn in the spring, summer or fall of which the Minister fails to execute by July 1, September 1st or October 1st respectively, of the same year, may be site prepared using the second best alternative, by the Company, and compensated at the appropriate site preparation rate. Alternative methods of site preparation will be identified in the operating plan and further detailed in the annual plan. If used, this alternate treatment will be compensated for according to Schedule "D".