

ALASKA LEGISLATURE COMMITTEE FILES

1993-1994

8672

8071

HOUSE RESOURCES

336

On October 4, 1990 the State of Alaska received title by Quitclaim Deeds from Afognak Joint Venture (surface estate) and Koniag, Inc. (subsurface estate) for lots 1 and 2 of section 6, T. 23 S., R. 17 W., Seward Meridian 234.21 acres (recorded October 15, 1990 in Book 103 page 434 and Book 103 page 432, respectively). Our File - OSL 1056. These lands may be considered in any legislative action designating these and the land to be acquired for a specific use.

A portion of the log transfer facility on Discoverer Bay is located on State-owned tide and submerged lands adjacent to the subject lands, and is currently operating under a pending application for a tideland lease ADL 221676. Early entry was authorized on November 8, 1991, but no lease has been issued to date (awaiting appraisal). Alaska Tidelands Survey 1029 is being revised to support the lease application. This log transfer facility is the subject of the "First Amended Discoverer Bay Log Transfer Facilities Agreement - July 24, 1991. Apparently, access to this facility is one purpose for the First Amended Afognak Island Road Use Agreement.

KNOWN ENCUMBRANCES NOT OF RECORD:

Navigable waters were not addressed by the Bureau of Land Management.² There exists the possibility that these waters were not segregated by survey prior to the conveyance from the United States to Afognak Joint Venture and Koniag, Inc. We may be purchasing some land we already own under the equal footing doctrine as confirmed by the 1953 Submerged Lands Act extended by Section 6(m) of the Alaska Statehood Act.

Former Forest Service recreation cabins were apparently conveyed to the native corporation with the conveyance of the surface estate. These cabins represent potential liability and occupancy trespass problems, since we will not be able to restrict sport hunting and fishing in the surrounding area. We were unable to determine the number and location of these cabins. If personal property, a time limit should be imposed to have them removed.

A network of forest development roads exist on the land. Some of these roads were sanctioned with Forest Service road permits (1100, 1110, 1120 roads, and the 1200 road). The 1100 road is

² July 21, 1991 U.S.D.I., Bureau of Land Management, Memorandum - *Navigable Water Bodies on Land Conveyed by Interim Conveyances 053, 064, 641 and 863, Within Survey Group 133 (Window 1570).*

"Navigability determinations are not made for water bodies on Afognak Island. Title to the beds of water bodies within the Chugach National Forest at the time of statehood, if navigable in fact, did not pass to the State of Alaska."

used in locating one boundary of the "Sortyard" parcel. The road system remaining after the acquisition must be determined. Liability for the roads must be addressed. Maintenance and the life of the improvements (such as bridges) must be considered for public safety reasons. In addition, the State may become a "party" in the Afognak Island Road use Agreement by acquiring a participating party's interest (and obligations) in the subject land. This agreement appears to create private easements, that may survive even if an "owner" terminate participation in the agreement. These easements is not limited to road access, but may include easements for utilities needed in support of logging operations. This agreement should be closely reviewed by the Attorney General's Office.

DISCUSSION:

Some of the land has been logged and may not now possess a forest stand of marketable timber. These logged areas may have to be identified and the acreage determined, if reforestation requirements have been imposed and not waived.

Timber harvesting was made possible by the construction of forest development roads throughout the area. These roads are not public roads, at present, but some of these roads may be necessary for Afognak Joint Venture, Seal Bay Timber Company, Akhiok-Kaguyak, Inc. or Old Harbor Native Corporation [collectively called the grantor(s)] to gain access to other timber lands or resource development areas outside of the area to be acquired. If any portion of the road system will continue in existence after the acquisition, the ownership of this road system needs to be addressed.

Two small parcels of land³ identified above may have been inadvertently left out of the original conveyance from Afognak Joint Venture to Akhiok-Kaguyak, Inc. and Old Harbor Native Corporation, as tenants in common. If the Seal Bay Timber Company is going to acquire the fee interest in the land where they presently hold timber rights, then it is possible that they may acquire the two small isolated parcels that were left out of the original conveyance.

³ One parcel in the Seal Bay unit being all of section 29, T. 21 S., R. 17 W., Seward Meridian (0.09 acres), and the other in the Tonki Bay unit being all of section 34, T. 21 S., R. 17 W., Seward Meridian (0.12 acres).

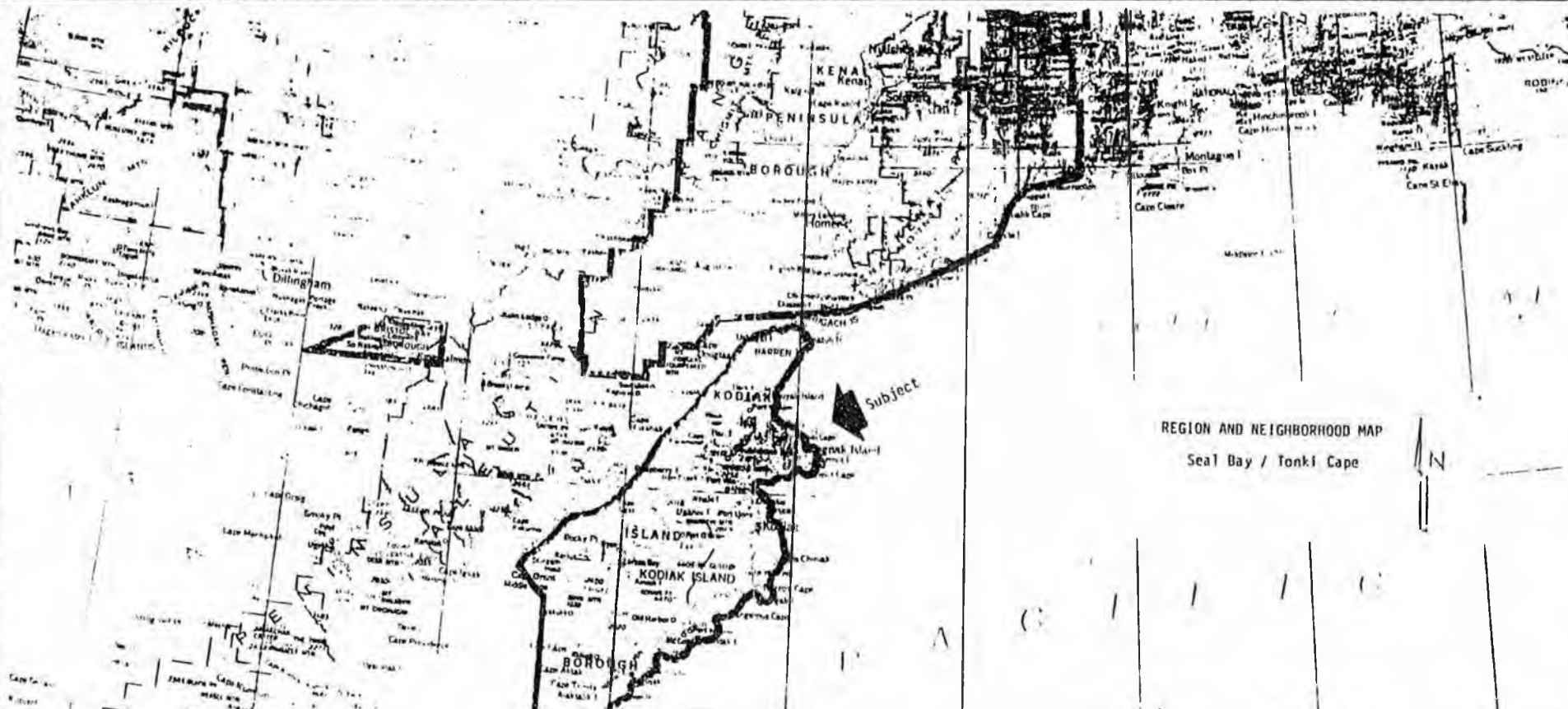
The Preliminary Commitment for Title Insurance indicates that section line easements are in place for the subject land. No dedication for section line easements under AS 19.10.010 will occur until the State gains ownership of the land. No acceptance of RS 2477 easements under AS 19.10.010 was possible while the land was reserved under federal ownership and unsurveyed (it was not surveyed until 1989). There are no surveyed sections - the sections are protracted. We do not believe that section line easements exist for the area.

Finally, the conveyance we receive should reflect the legal descriptor found in the current plat(s) of survey for the land involved. Any deviation from the approved plat of survey is a subdivision and must be supported by an approved and recorded plat of survey.⁴ Lots in an approved cadastral survey cannot be legally subdivided and described as aliquot parts as was done in Sec. 17, T. 21 S., R. 18 W., Seward Meridian. If the whole lot is not to be conveyed then the lot must be subdivided. This also holds true for the "Sortyard" parcel, which is unsurveyed.

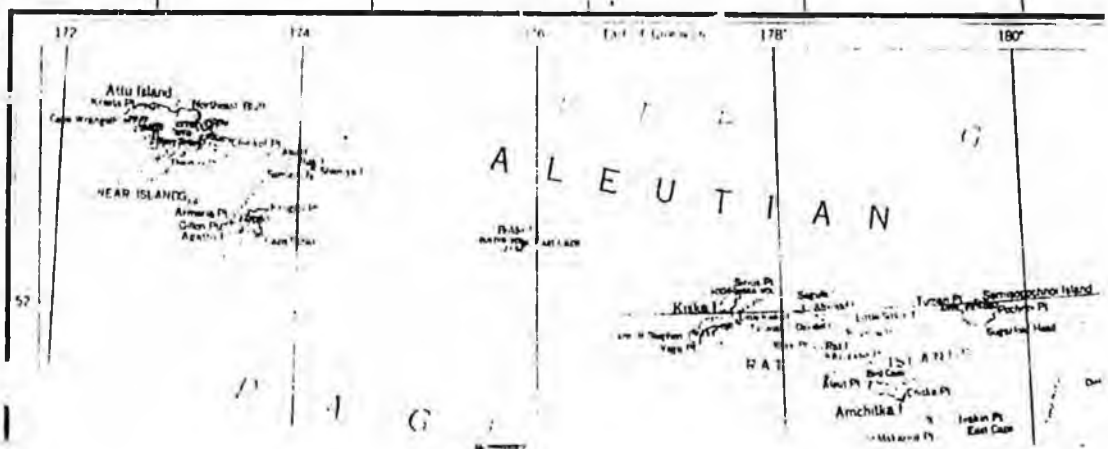
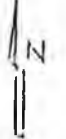
ATTACHMENTS:

- A copy of the computerized title record as indicated on the State recording system.
- Survey Plats for the subject land.
- Bureau of Land Management- Master Title Plats
- State of Alaska - Status Plats
- U.S.G.S. Quads
- United States Patent No. 50-90-0647
- United States Patent No. 50-90-0648
- Preliminary Commitment for Title Insurance accomplished by Western Alaska Land Title Co.

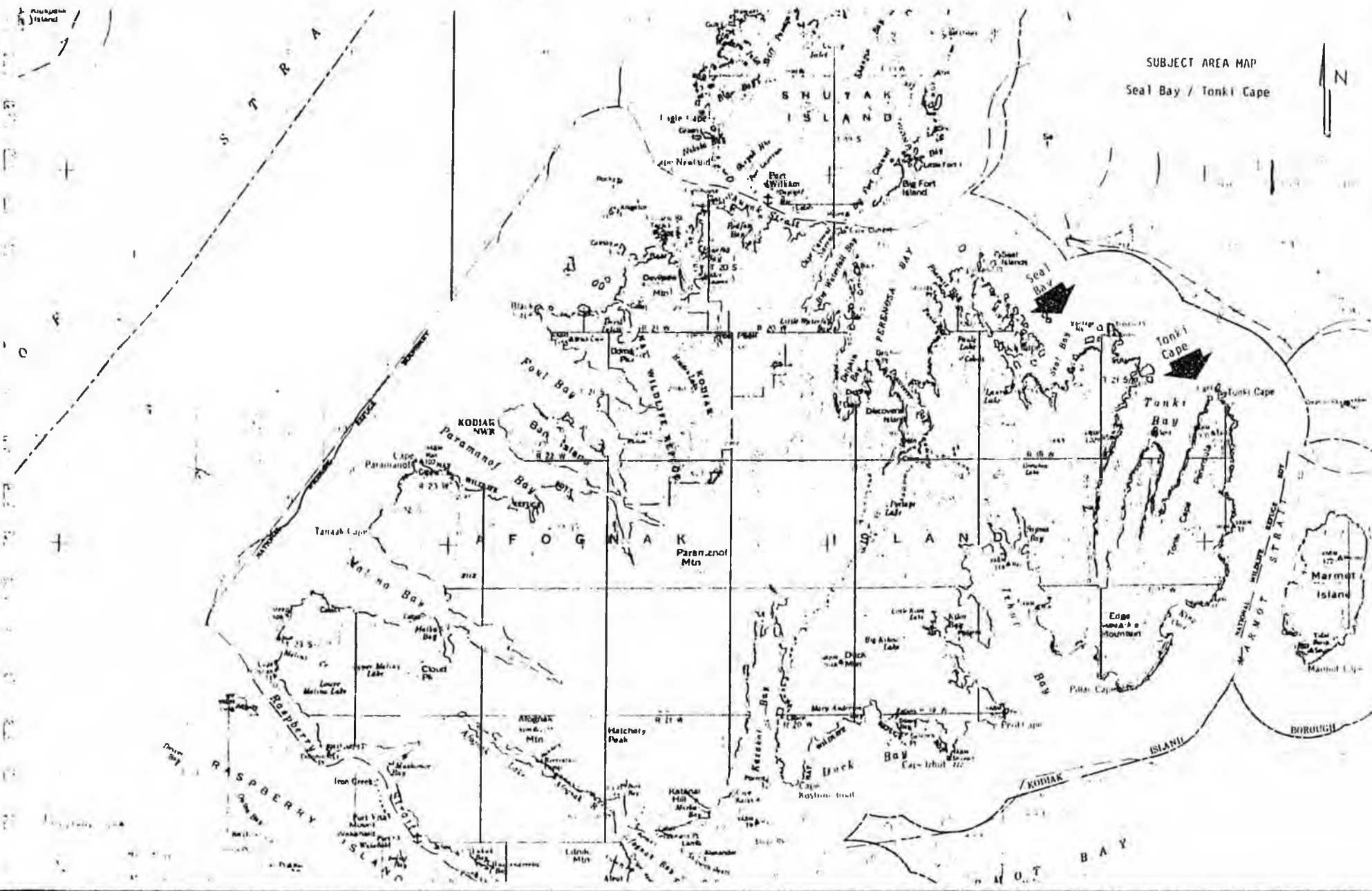
⁴ Ch.115 SLA 1953; codified as AS 40.15.010; See also July 10, 1989, Att'y Gen Opin # 661-89-0111, *Dedicated Easements in Rocky Lake Subdivision*.

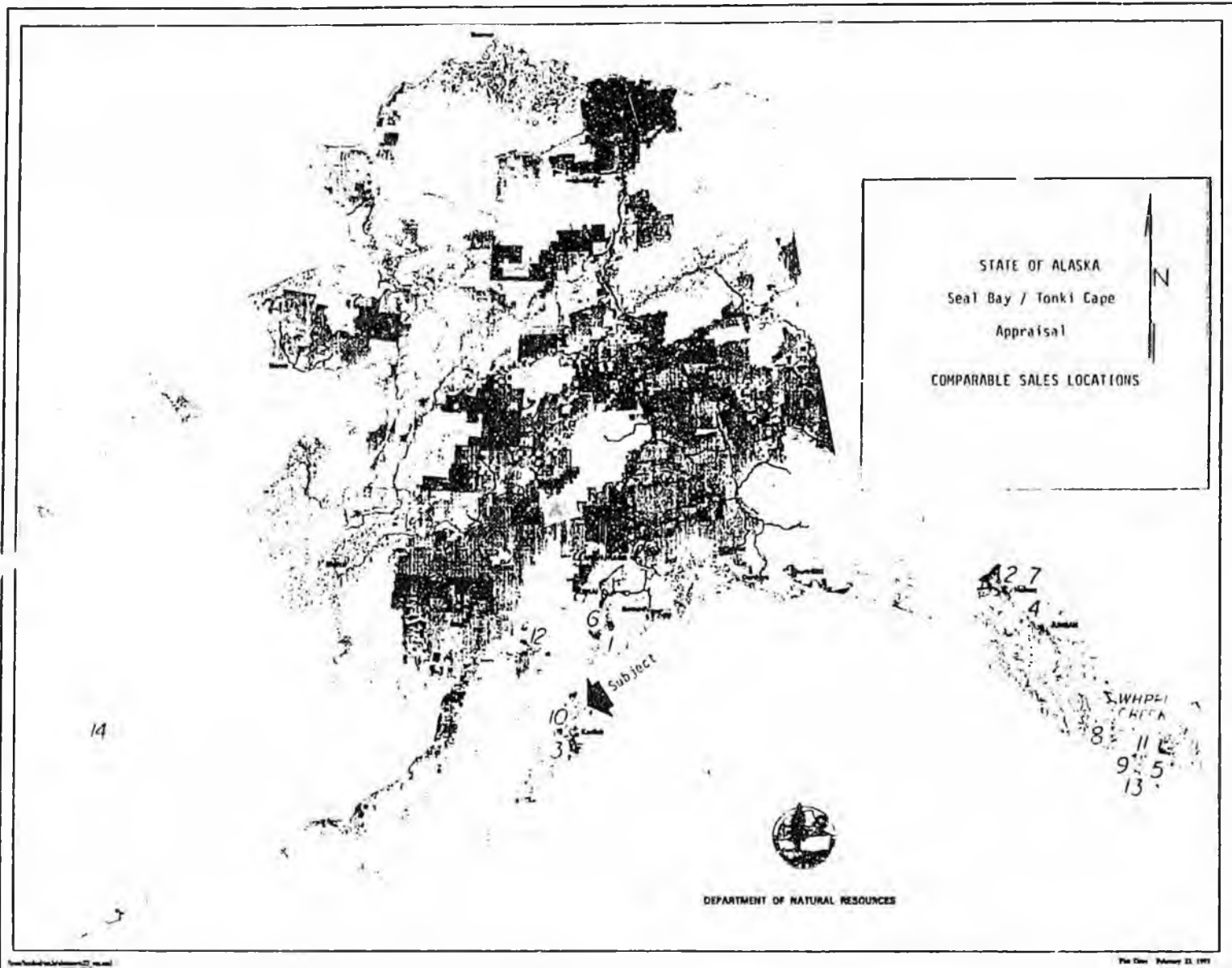


REGION AND NEIGHBORHOOD MAP
Seal Bay / Tonki Cape

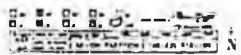


SUBJECT AREA MAP
Seal Bay / Tonki Cape

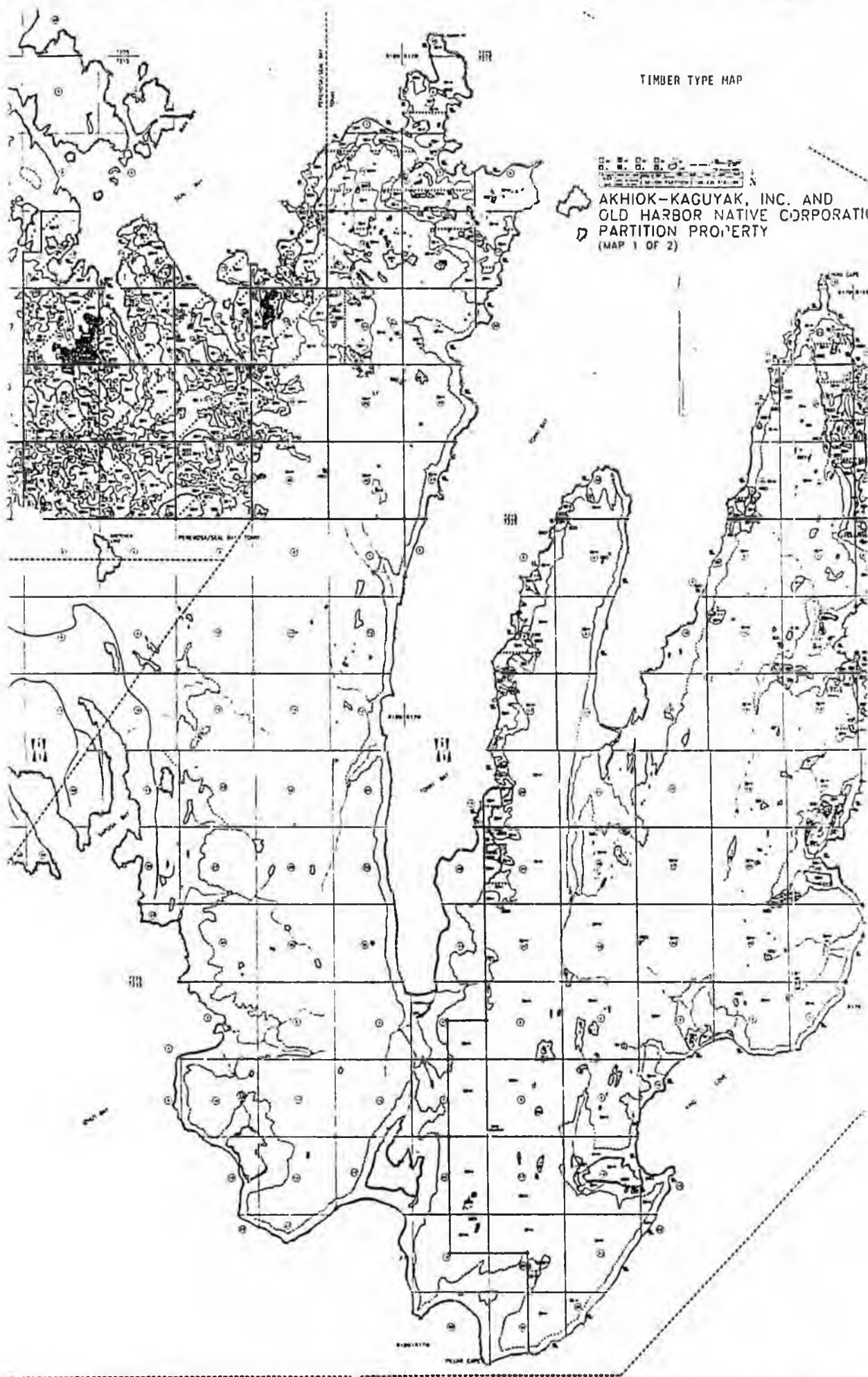




TIMBER TYPE MAP



AKHIOK-KAGUYAK, INC. AND
OLD HARBOR NATIVE CORPORATI
D PARTITION PROPERTY
(MAP 1 OF 2)



Addendum II
Timber Appraisal

ADDENDUM II
INTERNATIONAL FORESTRY CONSULTANTS, INC.
Project: Tonki Cape Unit
Parcel: Logged Units, Type: Selected plots in units

August 4, 1993 Page 2

Spruce

Age: Max log len: 45
Form factor: .65 Min log len: 12
Bark Ratio: 962 N:G ratio .828

----- Stand Table (per acre) -----

DBH	T/AC	--- 8d Ft ---		--- Cubic ---	
		GROSS	NET	GROSS	NET
8-10	2.5	81	67	37	30
12-14	22.9	1140	944	599	496
16-18	26.9	3112	2577	1365	1130
20-22	21.1	5311	4398	1930	1598
24-26	11.7	4840	4008	1583	1311
28-30	7.1	4392	3637	1305	1081
32+	4.5	4285	3548	1166	966
Total		23161	19179	7985	6613
Ave Tree		240	198	83	68
Unit Totals		26820	22210	92471	76575

on 1158 acres

Species: Form Class Net:Gross Log Min Max Minimum Inch %DBN BTR: 962
Spruce or Factor 65 Ratio:.828 Lengths---> 12 45 Top DIB---> 06 01 Age: Acres: 1158

Spp Code	Sort/Grade	UNIT TOTALS		PER ACRE DATA			AVERAGE LOG SIZE INFORMATION						VOLUME BY LOG LENGTH CLASS						
		Net Bdft	% of Logs	Net Bdft	Net Cubic	% of Logs	Scaling	DIB	Log Length	Net Bdft	Net Cubic	Total	Net	Scribner	on Unit				
SS	Spec. Mill	163644	538	141	39	0.5	16	17.5	99	12	30.3	40	351	96					
SS	No. 1 Saw	52450	179	45	12	0.2	19.0	99	16	25.0	44	337	87						
SS	No. 2 Saw	12136892																	
		52750	10481	3294	45.6	12	14.0	99	12	37.3	44	266	84						
SS	No. 3 Saw	6870113	86661	5933	2365	74.8	06	8.0	99	12	36.8	44	92	37	26575	148958	1267194	10694174	
SS	No. 4 Saw	813327	31489	702	315	27.2	01	6.2	99	12	24.5	44	30	13	41918	107698	871316	5849191	
SS	Pulp	2173519	12290	1877	588	10.6	01	12.4	99	12	32.1	44	204	64	125181	311204	320995	55947	
SS	TOTALS:	22209842	183907	19179	6613	158.8		9.7			33.3		146	50	87417	171337	690929	1223836	
	Scaled Volume	25556020	Cruise = 87% of volume scaled.																

ADDENDUM II
TABLE 1
Timber Inventory - Tonki Cape Unit

Type No.	Acres	Species	Volume								SE%
			Net M b.f.	S.M.	No 1	No 2	No 3	No 4	pulp		
5-H	298	Spruce	3,751	21	5	2,007	1,177	409	131		
5-L	1,083	Spruce	17,362	88	32	9,120	5,911	1,438	772		
6-H	183	Spruce	1,457	3		615	564	239	36		
6-L	678	Spruce	9,449	28		5,389	2,787	820	425		
Original Cruise (Adjusted) Cut Through 5/93	2,242	Spruce	32,018	139	38	17,131	10,440	2,905	1,364	3.0	
Total -- Ownership	0	Spruce	0								
Remaining Cruise	2,242	Spruce	32,018	139	38	17,131	10,440	2,905	1,364		

ADDENDUM II

TABLE 2

Conversion Return - Tonki Cape Unit

Species	Sort	Volume		Market
		(M b.f.)	(%)	Price
				as of 3/93
Spruce	S.M.	139		975
	No 1	38		925
	No 2	17,131	56	775
	No 3	10,440	34	750
	No 4	2,905	9	450
	pulp			250
	Total	30,654	100	737
Grand Total		30,654		737
Less marketing commissions (5%)				-37
				700

Harvest Costs	\$/M
Logging	280
Roads	180
Handling	20
Total	480

Conversion Return 220

Tonki Cape Unit

Scenario Summary Report

Estimate as of: May-93 Jan-93 Mar-93

Changing Cells:

SM	1,100	750	975
No 1	1,050	725	925
No 2	950	525	775
No 3	925	450	750
No 4	525	325	450
Pulp		250	250

Result Cells:

Log			
Value	902	482	737
Conversion			
Return	377	-22	220

Tonki Cape Unit

Scenario Summary Report

Estimate basis: Cust 92 Cust 90-92 Op 93 Op 92-93

Changing Cells:

log value	726	704		
-----------	-----	-----	--	--

Result Cells:

Conversion				
Return	210	189	285	3

Addendum III
Comparable Sales



Statewide Office of

Interior Alaska Regional Office
Fairbanks, Alaska
(907) 474-7421
FAX: (907) 474-7554

Main Office
Carlton Trust Building, Suite 213
2221 E. Northern Lights Blvd.
Anchorage, Alaska 99508
(907) 272-5380 FAX: (907) 272-5466

Southeast Alaska Regional Office
Auke Bay, Alaska
(907) 789-4551
FAX: (907) 789-4527

REQUEST FOR PROPOSALS

**WHIPPLE CREEK 2 TIMBER SALE
KETCHIKAN, ALASKA**

GENERAL INFORMATION

The University of Alaska, Statewide Office of Land Management, 2221 East Northern Lights Boulevard - Suite 213, Anchorage, Alaska 99508, requests proposals from qualified individuals or firms (hereinafter called "PROPOSERS") interested in purchasing approximately 16.5 MMBF of timber from approximately 440 acres located in Sections 20, 21, 28 and 29, Township 74 South, Range 90 East, Copper River Meridian (hereinafter called "Property"). The Property is located 7 miles north of Ketchikan, Alaska. Please refer to Attachment A which generally depicts the location of the Property and contains its legal description.

The University of Alaska is a Land Grant Institution. Revenue from this timber sale will be deposited in the University's Land Grant Trust Fund. The proceeds of this Fund are used for, among other things, natural resources related research. The goals of this timber sale are: 1) to maximize timber revenue for deposit into the Fund; 2) to insure that this renewable resource is properly utilized and regenerates for future use, and 3) to provide that the property is effectively managed and available for additional uses.

In order to insure that these goals are met, the University will select a PROPOSER with proven experience, a high level of operational efficiency, the financial capability to properly and timely complete the project and a commitment to environmentally sound timber harvesting.

The successful PROPOSER will be required to operate in accordance with an approved operating plan and comply with all applicable laws, rules and regulations, including Federal EPA and State of Alaska DEC water quality standards, Federal wetlands regulations as well as Alaska Statute 16 regarding anadromous fish streams and Alaska Statute 41 regarding forest resources and practices.

GENERAL REQUIREMENTS

TERM: The term of the Timber Sale Agreement (hereinafter called "Agreement") shall be a maximum of twenty-four (24) months from the mailing date of the Notice of Intent to Award (hereinafter called "Sale Date").

Whipple 2 RFP
Page 2

MERCHANTABILITY STANDARDS: Merchantable trees shall contain at least one merchantable product. Minimum specified merchantable products shall be 16 feet long and 8 inches in diameter inside bark at the small end meeting minimum Northwest Log Rules Advisory Group Official Log Scaling and Grading Rules ("Bureau") for scaling and grading specifications for utility or better log grades. Net log volumes shall be a minimum of 50 board feet and shall be measured utilizing Scribner Log Rule, long log basis.

COMPENSATION TO THE UNIVERSITY: This is a scaled sale. The PROPOSER must specify in its financial offer the price it will pay for each species of timber removed from the Property. Minimum acceptable offers are as follows:

Spruce sawlogs	\$ 510.00	per thousand board feet
Spruce utility logs	\$ 10.00	per thousand board feet
Hemlock sawlogs	\$ 175.00	per thousand board feet
Hemlock utility logs	\$ 10.00	per thousand board feet
Yellow Cedar sawlogs	\$ 400.00	per thousand board feet
Yellow Cedar utility logs	\$ 10.00	per thousand board feet
Red Cedar sawlogs	\$ 50.00	per thousand board feet
Red Cedar utility logs	\$ 10.00	per thousand board feet

*Sold to Aloha
Lumber - at
base rates
except spruce
at \$575/M*

Timber located within riparian and other restricted zones, if so designated, shall be excluded from the provisions of this sale.

Financial offers must be submitted on the form entitled Financial Offer Schedule (Attachment B of this RFP).

The University reserves the right to negotiate final price and terms with the three PROPOSERS that submit the three highest offers.

PAYMENT SCHEDULE: An initial payment equal to the greater of \$835,000.00 or 15% (fifteen percent) of the value of PROPOSER'S offer shall be remitted upon signing the Agreement. Such initial payment shall be calculated as follows:

Species	Estimated Volume	Stumpage Price Offered by PROPOSER (Illustration Only)	Subtotal
Spruce	8,257 MBF	\$525.00 per thousand =	\$4,335,000
Hemlock	6,523 MBF	\$185.00 per thousand =	\$1,207,000
Yellow Cedar	540 MBF	\$400.00 per thousand =	\$ 216,000
Red Cedar	60 MBF	\$ 50.00 per thousand =	\$ 3,000
	15,380 MBF		\$5,761,000

Initial payment = .15 x \$5,761,000 = \$864,150

Subsequent payments shall be made by the tenth of each month thereafter for logs presented for scaling during the prior one month period.

The above is an example. PROPOSER'S initial payment may vary and will be based on price offered by PROPOSER and accepted by the University.

Whipple 2 RFP

Page 4

BUSINESS QUESTIONNAIRE: The PROPOSER must submit with its proposal a completed, signed copy of Attachment C - Business Questionnaire.

ACCESS/ROAD CONSTRUCTION: The successful PROPOSER shall be responsible for acquiring, if necessary, additional legal access to the Property. Road access currently is available to within several hundred yards of the Property and an access easement exists through land owned by the Ketchikan Gateway Borough. Copies of the easement across Ketchikan Gateway Borough Property are available upon request and should be reviewed by all interested parties. PROPOSER must make arrangements directly with Cape Fox Corporation which has agreed to allow the use of its access road. All roads shall be built by the successful PROPOSER in accordance with specifications now in effect for similar roads in the Tongass National Forest and maintenance shall be the responsibility of the successful PROPOSER. In addition to other requirements, it will be the successful PROPOSER'S responsibility to upgrade and maintain all roads at its own expense.

LOG EXPORT: There are no restrictions on the export of timber from this sale.

FIRE PRECAUTIONS: Normal fire precautionary measures for the Tongass National Forest shall be required for this sale.

LOCATION/DESCRIPTION OF TIMBER: Refer to Attachment A for location of the Property. This sale of approximately 16.5 MMBF of timber is located on 440 acres in Sections 20, 21, 28 and 29, Township 74 South, Range 90 East, Copper River Meridian. It is estimated that 380 acres contain merchantable timber. The sale area is located approximately 7 miles north of Ketchikan, Alaska. This unit has been surveyed and a copy of that survey is available upon request. The unit is to be clearcut and yarded by cable yarder or other acceptable method. The yarder shall not operate off of the road or landing without approval. Some streams and topography may require logs to be fully or partially suspended when yarding. This will require helicopter yarding and/or rigging a running skyline or some other type of skyline configuration to protect these resources. Other protection measures for streams, such as bridges and culverts, may be necessary. There will be no yarding down V notches and V notches must be kept clear of all debris. All slash remaining on or near landings must be stockpiled in areas not exceeding 50 feet in circumference and burned if permissible. The sale area must be left free of all litter, debris, machinery, cable and all foreign materials.

It will be the successful PROPOSER'S responsibility to properly locate the sale area, access and its operations on the Property.

Where appropriate, 1-2 stable snags (5-6 along channels of Whipple Creek) per acre shall be left standing to provide wildlife perching and nesting areas.

A report on the soil conditions of Whipple 2 has been prepared by a soil scientist and should be reviewed by PROPOSERS prior to submitting proposals. Special attention must be given to mapping units 54F and 75F since they will require special yarding techniques.

Whipple 2 RFP
Page 3

INSURANCE: The successful PROPOSER shall be required to keep and maintain broad form comprehensive commercial general liability insurance including loggers broad form, worker's compensation insurance, employer's liability insurance, and automobile liability insurance. With the exception of worker's compensation and employer's liability insurance, all such insurance shall name the University of Alaska as an additional insured party and loss payee to the extent of its interest therein. The minimum amount of general liability and automobile liability insurance shall be two million dollars (\$2,000,000.00) each.

INDEMNIFICATION: The successful PROPOSER shall be required to defend, indemnify and hold harmless the University of Alaska, its Board of Regents, officers, agents and employees from and against all claims, demands, judgments, costs and expenses including reasonable attorney's fees which may arise by reason of injury or death to any person or damage to any property attributable to the negligent or wrongful acts or omissions of the PROPOSER, its officers, agents, employees, successors or assigns in connection with PROPOSER'S performance of its obligations under the Agreement and its use or enjoyment of or presence on the Property.

OPERATING PLAN: Prior to commencing operations, PROPOSER will be required to submit for the University's approval an operating plan covering harvest unit designation, proposed road location and construction specifications, rock source sites and development plans, logging methods, scheduling, slash disposal and demobilization. PROPOSER will be responsible for compliance with the State of Alaska Forest Practices Act regeneration requirements and could be required to plant areas that do not meet the State's stocking requirements as determined by the post-logging regeneration survey that is conducted by State of Alaska Division of Forestry personnel. PROPOSER and the University will work together to design this sale to recover the maximum volume of timber possible while taking into consideration that portions of this sale may require special treatment due to terrain considerations. The University, at its option, and where appropriate as determined by topographic and soil conditions, may require full span ("skyline") yarding of certain units within this sale. If practicable, the harvest unit design will attempt, to the extent possible, to create a "softened" or non-geometric look to the units so as to minimize the visual impact of the units on the viewshed of the area.

PROPOSAL DEPOSIT: Each proposal must include a proposal deposit in the amount of \$100,000.00 in the form of either a certified or cashier's check payable to the University of Alaska. This deposit will be returned to unsuccessful PROPOSERS but will be retained as liquidated damages, and not as a penalty, in the event the successful PROPOSER fails to execute an agreement with the University.

SECURITY AND PERFORMANCE DEPOSIT: Upon signing the Agreement, the successful PROPOSER must provide, in a form acceptable to the University, a negotiable security and performance deposit in the amount of \$500,000.00. This deposit will be returned upon complete compliance with the terms of the Agreement and road easements.

Whipple 2 RFP
Page 5

Whipple Creek is an anadromous fish stream below the sale area. This may require permits pursuant to Alaska Statute 16.

This is a scaled sale. Timber shall be scaled by an independent scaling bureau approved by the University. All merchantable trees are to be cut and maximum volume removed. All costs associated with this sale shall be paid by the successful PROPOSER.

PROPOSER will be required to repair and maintain the gate controlling access to the Property.

Successful PROPOSER will be required to execute an agreement with the University substantially similar to the one on file in the offices of the University of Alaska Statewide Office of Land Management.

**PROPOSERS ARE ADVISED TO INSPECT THE HIGH VOLUME AND
HIGH GRADE SPRUCE STAND ON THE WESTERN SLOPES OF THE
PROPERTY.**

Whipple 2 RFP

Page 7

The cruise is based on the following sort specifications:

HIGHGRADE

SM and better with highline #2 sawlogs

Minimum diameter	12 in
Minimum length	20 ft
Maximum defect	20 %
Rings/in (Spruce)	12 outer 1/3

J-SORT

#2 sawlog and better

Scattered knots	
Twist	2 in per foot
Minimum diameter	12 in
Minimum length	20 ft
Maximum defect	25 %

K-SORT

#3 sawlog and better

Some oversized knots if scattered

Minimum diameter	6 in
Minimum length	13 ft
Maximum defect	25 %
(No rough tops)	

SHOP

Highgrade, high defect

Clear cutting equivalent to 1 quadrant

Minimum diameter	(Hemlock)	20 in
	(Spruce)	24 in
Minimum length		13 ft
Maximum defect		50 %

PULP

Minimum 50% chips

Minimum diameter	6 in
Minimum length	12 ft

INFORMATION LISTED HEREIN IS MADE AVAILABLE WITH THE UNDERSTANDING THAT VALUES AND VOLUMES SHOWN ARE NOT ESTIMATES OF A PROPOSER'S OWN RECOVERY OF SUCH VALUES AND VOLUMES. WILL NOT BE GUARANTEED AND WILL NOT BE MADE PART OF THE TIMBER SALE CONTRACT. THE VOLUMES AND VALUES OF THE TIMBER OFFERED FOR SALE ARE EXCLUSIVELY THE RESPONSIBILITY AND LIABILITY OF THE SUCCESSFUL PROPOSER.

EXCLUSION OF WARRANTIES: LIMITATION OF LIABILITY: THE UNIVERSITY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO QUANTITY, QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE CONCERNING THE TIMBER OFFERED HEREIN FOR SALE. THE UNIVERSITY SHALL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY DAMAGES RELATING TO THE USE OF SUCH TIMBER OR FOR ANY SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES. FURTHERMORE, IN NO EVENT SHALL THE UNIVERSITY'S LIABILITY EXCEED THE AGGREGATE AMOUNT OF PAYMENTS ACTUALLY RECEIVED BY THE UNIVERSITY.

Whipple 2 RFP
Page 6

Following is a summary of the most recent cruise:

SPECIES	SORT	VOLUME (MBF)
<u>SPRUCE</u>		
	High Grade	1607
	J-Sort	3884
	K-Sort	2277
	Shop	260
	Saw Pulp	229
	Utility Pulp	313
	Subtotal	8570
<u>HEMLOCK</u>		
	High Grade	1115
	J-Sort	1947
	K-Sort	2808
	Shop	283
	Saw Pulp	370
	Utility Pulp	1240
	Subtotal	7763
<u>RED CEDAR</u>		
	Sawtimber	60
	Utility	5
	Subtotal	65
<u>YELLOW CEDAR</u>		
	Sawtimber	540
	Utility	150
	Subtotal	690
TOTAL		17,088

MEMORANDUM
DEPARTMENT OF NATURAL RESOURCES

State of Alaska
DIVISION OF LAND
762-2425

TO: Paul Fuhs
Office of the Governor

FROM: Dick Mylius
Land and Resources Section

DATE: March 26, 1992

SUBJECT: Kachemak Bay Appraisals

This memo responds to your request for background on the values of Seldovia Native Association's (SNA) inholdings within Kachemak Bay State Park. From 1988 to 1990, I served as the department's lead staff for a land exchange to acquire this land. The current land and timber values evolved through the exchange process.

For fifteen years DNR worked on various land exchange proposals to acquire SNA's 24,000 acres of inholdings within Kachemak Bay State Park. The land was state owned when the park was established in 1970, but then it was acquired by SNA under the Alaska Native Claims Settlement Act. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

From October 1988 until March 1990, DNR, SNA, and TTC were involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land and public opposition to some of the land and timber parcels proposed for exchange.

An appraiser hired by SNA arrived at two different values of SNA's land (excluding commercial timber) in the park - \$ 22.7 million and \$25.6 million. DNR disagreed with both appraisals because the appraiser used only parklands as comparable properties to set the value of SNA land and made few adjustments to the comparables used in the appraisals. DNR contracted for an independent appraisal that valued the land (also excluding commercial timber) at \$12 million, which SNA disagreed with.

In February, DNR established an appraisal review panel to render their opinion of the value of SNA's land. The panel concluded that the value of SNA's land, with the timber still in place, is \$17.82 million. Assuming that the timber was cut on a portion of the land, the panel arrived at values for SNA's land that ranged from \$11.6 to \$15.49 million. A separate re-appraisal of the timber, agreed to by DNR and TTC, valued the timber at \$ 6.4 million.

The \$22 million value that is included in current legislation is a negotiated value that is based

Appraisals of Seldovia Native Association's Inholdings in Kachemak Bay State Park

LAND APPRAISALS

Land Appraisals Prepared for Seldovia Native Association (SNA):

September 1989 appraisal of 19,367 acres prepared by Mundy-Day-Bunn: \$25,170,000
September 1989 appraisal of 4,435 acres of cut-over timber land prepared by Mundy-Day-Bunn: \$443,500
November 1989 supplemental appraisal of 19,367 acres prepared by Mundy-Day-Bunn: \$22,277,050

Land Appraisal Prepared for Department of Natural Resources:

December 26, 1989 appraisal of entire SNA parcel prepared by Follett and Associates: \$11,950,000 - \$12,575,000 depending on assumptions regarding the impacts of timber harvest. This appraisal included information that 1,269 acres in residential quality lands was valued at \$3,213,500.

Land Appraisal Arbitration Report

February 16, 1990 letter containing appraisal review panel report on SNA land by Charles Horan, David Derry and John Dillman: \$17,820,000 for entire parcel -- \$11,620,000 to \$15,490,000 with timber cut.

TIMBER APPRAISALS

Timber Cruise Prepared for Timber Trading Company and Department of Natural Resources

May 1989 Kachemak Bay Timber Cruise prepared by Kerr and Associates 48 million board feet - commercially viable

Timber Cruise Prepared for Timber Trading Company (TTC)

June 30, 1989 Kachemak Bay Fair Market Valuation by Cronk and Holmes: \$7,422,855
December 1, 1989 letter to TTC with revisions to timber valuation: \$10,632,231

Timber Appraisal Prepared for Department of Natural Resources

March 12, 1990 Timber Appraisal by Cascade Appraisals: \$5,875,000

Timber Mediation Letter

March 21, 1990 letter from Al Cronk and Ray Granvall: \$6,400,000

on the land and timber appraisals and an estimated value of the surface resources. The \$22 million includes \$15.49 million for SNA's land, \$4.51 million for Timber Trading Company (TTC) timber, and \$2 million for Cook Inlet Region, Inc. (CIRI) subsurface. These values were arrived at as follows:

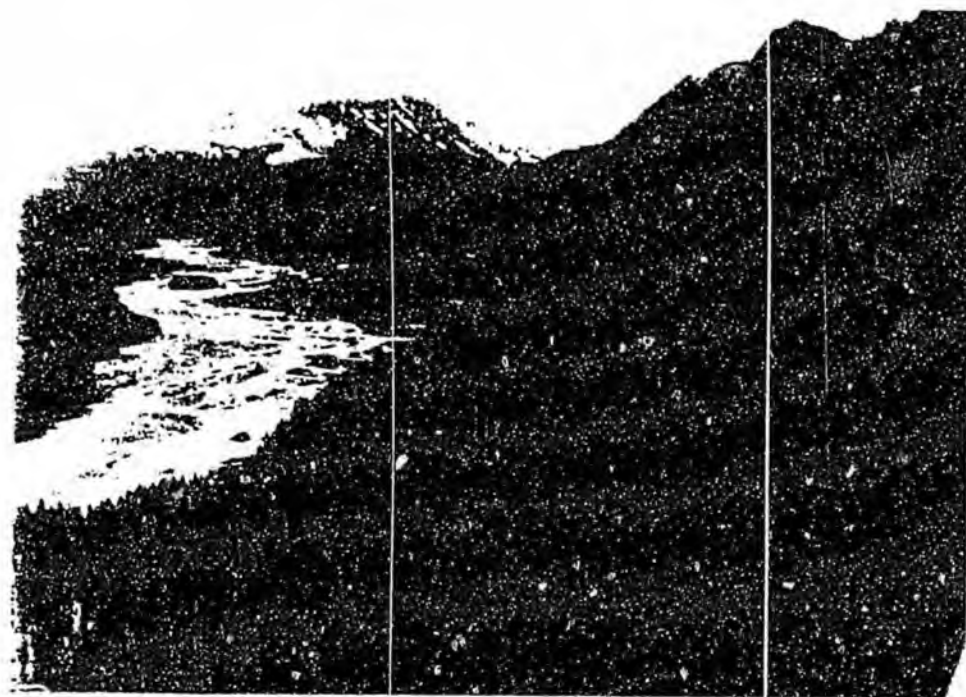
\$15.49 million - the value of the land determined by the appraisal arbitration panel, assuming that a portion (4432 acres) of SNA's land was logged, but the remainder was in its pristine condition (that is, not adjacent to logged off land). This is the lowest amount that SNA would agree to as the cash value for their land.

\$4.51 million - is a negotiated value for commercial timber based on discounting the appraised value of the timber (\$6.4 million) to its net present value. Net present value is today's value of the \$6.4 million, recognizing that it will take several years for TTC to actually harvest and receive full payment for its timber. \$6.4 million is the value of TTC's timber reached through agreement by DNR's and TTC's appraisers. DNR's appraiser valued the timber at \$5.9 million, while TTC's appraised values ranged from \$7.4 million to \$10.6 million.

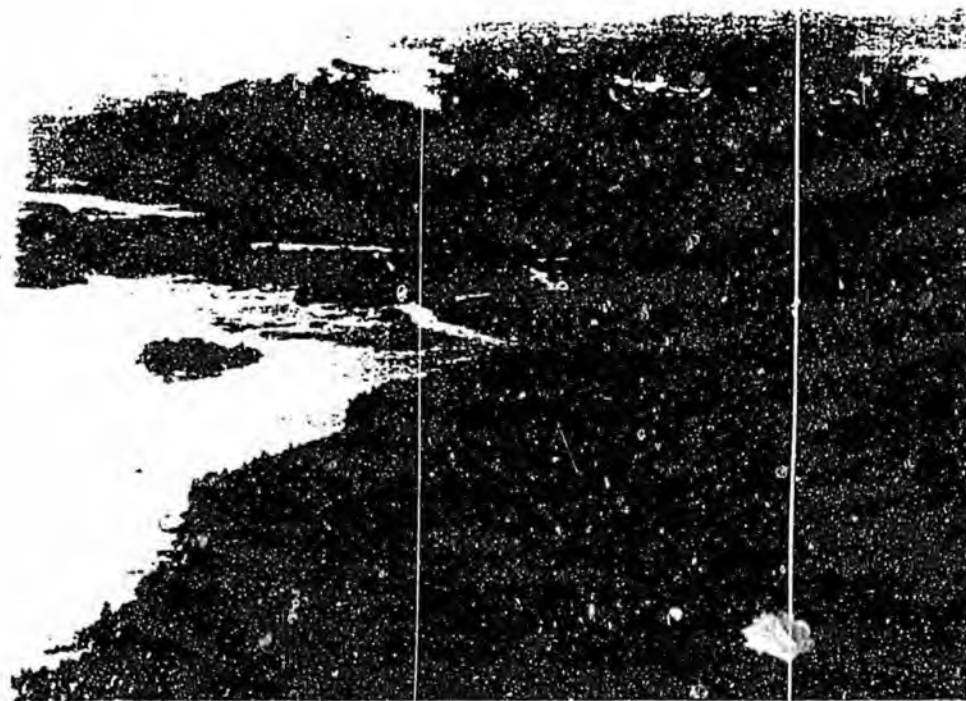
\$2 million - is a value for subsurface resources owned by Cook Inlet Region, Inc. (CIRI). There is no appraisal of the subsurface because CIRI was not involved in the land exchange process. The legislature added acquisition of the CIRI subsurface to the package, and the value was arrived at through negotiations between CIRI, DNR, and several legislators. The primary subsurface resource is gravel.

The attached summary of land appraisals shows numerous values for the land. As you can see, the land exchange process resulted in a wide variety of potential values.

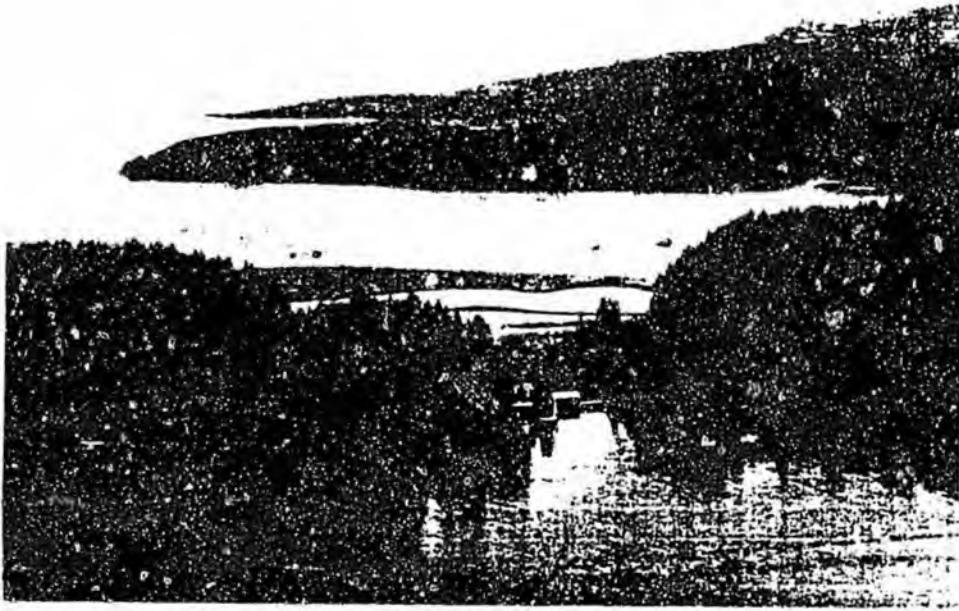
cc: Harold C. Heinze, Commissioner
Ron Swanson, Director, Division of Land
Janet Burleson, DNR, Southeast Regional Office



Block B. China Poot Mud Flats



Block B, China Poot Bay



Block C, Peterson Point



Barbara Heights Subdivision

Sale No. 5

Comparable Photograph
Comparable LRG-009



VACANT LAND

COMPARABLE NO. 2

LOCATION: Chilkoot River Valley about 9 miles north of Lukat Road north of Chilkoot Lake by 4 1/2 miles, Haines, Alaska

LEGAL DESCRIPTION: USS 6989, Haines, AK See Attached Deed

RECORDING INSTRUMENT: BOOK: PAGE:

GRANTOR: Bob Lee Cox GRANTEE: ~~NA~~ English & Austin \$90,000

DATE: 11/25/91 Listed April 1988, has exp. 8-90, for sale by owner. ~~ASKING PRICE: \$120,000~~ May negotiate down, if terms right

TERMS: Negotiable, would prefer cash

PROPERTY DESCRIPTION: ZONE: UTILITIES: WATER: River SEWER: No POWER: No TELEPHONE: NO SIZE: 160 Acres FRONTAGE: Nearly 3000' on river ACCESS: Road without easement on Chilkoot River, 9 mi. to State rd. TOPO/VEG/SOIL: River bottom, grass marsh, light timber of unknown commercial value. It was logged several years ago. Land had been partially farmed as a homestead.

PRESENT USE: Old homestead, deteriorating cabin with snow caved roof. Log structures partially built. No value for log structures. Property borders Bald Eagle Preserve

INTENDED USE: Possible lodge site, or recreation/resort site

CONFIRMED WITH: Barbara Craig Realtor DATE: 4/6/89 BY: C. Horan Mrs. JoeAnn Cox 8/23/90 C. Horan

REMARKS: In April of 1989 a tentative offer to buy for \$110,000 was never completed. According to local sources the property could sell for as low as \$100,000. According to Mrs. Cox, the asking price is still \$120,000 but seller would consider offers.

ANALYSIS: @ \$120,000 = \$750/acre; @ \$100,000 = \$625/acre



13 2110 05-6787



TransAlaska Title

391-619
FILED FOR RECORD AT REQUEST OF
TransAlaska Title Insurance Agency, Inc.

GRANTOR'S MAILING ADDRESS:
BOBBY LEE COX
Box 123
Haines, Alaska 99827
GRANTEE'S MAILING ADDRESS:
JOSEPH E. ENGLISH, III and NOAH C. AUSTIN
2497 N. Beachwood Drive
Bollywood, California 90068

BOOK 21 PAGE 204

THIS SPACE PROVIDED FOR
RECORDER'S USE:

9 1-0 453

1500
RECORDED - FILED
HAINES REC.
DISTRICT
Dec 15 9 42 AM '91
REQUESTED BY TT
ADDRESS _____



STATUTORY WARRANTY DEED

THE GRANTOR BOBBY LEE COX and JOANNE J. COX, husband and wife as tenants by the entirety for and in consideration of Ten dollars and other consideration

in hand paid, conveys and warrants to JOSEPH E. ENGLISH, III and NOAH C. AUSTIN, each a single person

the following described real estate situated in the _____ Range _____ Recording District, _____ First Judicial District, State of Alaska:

U.S. Survey 6989, Haines Recording District, First Judicial District, State of Alaska.

Subject to patent reservation, conditions, restrictions, easements and taxes of record, if any.

S.P. 70.000 PM
DAN WATSON

Dated .. November 25
Bobby Lee Cox
BOBBY LEE COX

Joanne J. Cox
JOANNE J. COX

STATE OF ALASKA
Haines RECORDING DISTRICT 55.
First JUDICIAL DISTRICT

(I) In this day personally appeared before me BOBBY LEE COX & JOANNE J. COX to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that they sign the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.



Witnessed under my hand and official seal this 25 day of November, 1991
Dan Watson
Notary Public in and for the State of Alaska
My commission expires: 6-16-93

STATE OF ALASKA
RECORDING DISTRICT 55.
JUDICIAL DISTRICT

On this _____ day of _____, 19____, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____ and _____ to me known to be the _____ President and _____ Secretary, respectively, of _____ the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that _____ authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Notary Public in and for the State of Alaska
My commission expires: _____

COMPARABLE ACREAGE LAND SALE NO. 3

LOCATION: Salonie Creek Rifle Range area, Kodiak, Alaska

LEGAL DESCRIPTION: Lot 9, U.S. Survey 2539

GRANTOR: Leisnoi Native Corporation

GRANTEE: Kodiak Island Borough

RECORD NUMBER: 6

DATE OF SALE: 10-91

RECORDING DATE: Unknown

INSTRUMENT: Offering

BOOK/PAGE: 112/635

SALES PRICE: \$537,500

TOTAL ASSESSMENTS: None

TERMS: Cash

CE/ADJ. PRICE: \$537,500

AREA (ACRE): 660.00

PRICE/ACRE: \$814

PRESENT USE: Rifle range

ANTICIPATED USE: Rifle range

SOILS: Good

FLOOD ZONE: Unknown

WATERFRONT: Stream

ELECTRIC/PHONE: Yes

TOPOGRAPHY: Level to hilly

PUBLIC SEWER: No

ROAD IMPROVEMENTS: Gravel

PUBLIC WATER: No

ROAD ACCESS: Gravel

NATURAL GAS: No

SITE SHAPE: Rectangular

EASEMENTS: Normal

ROAD GRADE: At grade

ZONING: RR, Rural Residential

CONFIRMED WITH: Bud Cassidy, Kodiak Island Borough and
Mike Pagano, Leisnoi Native Corporation

BY/DATE: TRD/6-91 and 11-91
SDD/5-92
TRD/5-92

PROPERTY DESCRIPTION:

This is a large rectangular shaped tract of land encompassing two hillside/mountain areas and river valley containing Salonie Creek. The river valley area tends to be low and wet, and the mountain area has little organic overburden and substantial rock outcroppings. The intent of the purchase by Kodiak Island Borough is to make use of an old existing military rifle range located near the center of the parcel. The sales price is to include Kodiak, Inc.'s subsurface rights.

ST. PAUL HARBOR

Comparable Sale No. 3

VICINITY DIAGRAM

R. D
M.
2

T. 27 S., R. 20 W., S.M.
TR. 37

U.S.S. 3945

U.S.S. 2537 B
TR. A

U.S.S. 1673

ST. PAUL HARBOR
CHINIAK BAY

U.S.S. 1464

U.S.S. 444
TR. N

U.S.S. 444
TR. I

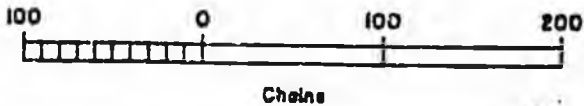
WOMENS BAY

MIDDLE BAY

U.S. SURVEY No. 2539

0

SALONIE CREEK



KIBS178815

K

VACANT LAND

COMPARABLE NO. 4

ADDRESS: Johnson Creek Above Burners Bay, 60± miles north of downtown Juneau

LEGAL DESCRIPTION: US Mineral Surveys 261, 264, 265, 266, and 578 within sections 10, 11, 14, and 15, T35S, R62E, CRM

RECORDING INSTRUMENT: BOOK: PAGE:

GRANTOR: University of Alaska GRANTEE: Hyak Mining Co.
SALES DATE: 5/22/91 PRICE: \$125,000
TERMS: 10% down, DOT \$112,500, 10% interest, 60 quarters

PROPERTY RIGHTS: Surface only

PROPERTY DESCRIPTION: ZONE: None

UTILITIES: None
SIZE: 229.06 Acres reported, 247.85 estimated by seller
ACCESS: Logging road on site; not touching shore. Buyer extended road to shore.
TOPO/VEG/SOIL: Some rocky hillsides, timber and creek bottom land, varies in soil and topography.

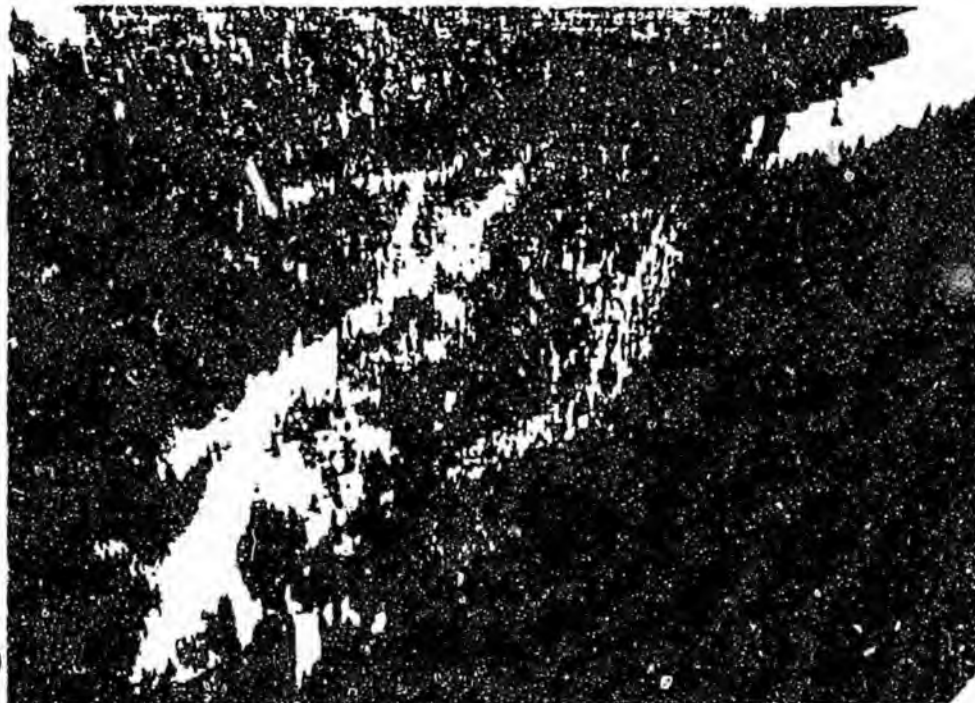
PRESENT USE: Was an underground mine site, purchased by subsurface land owner.

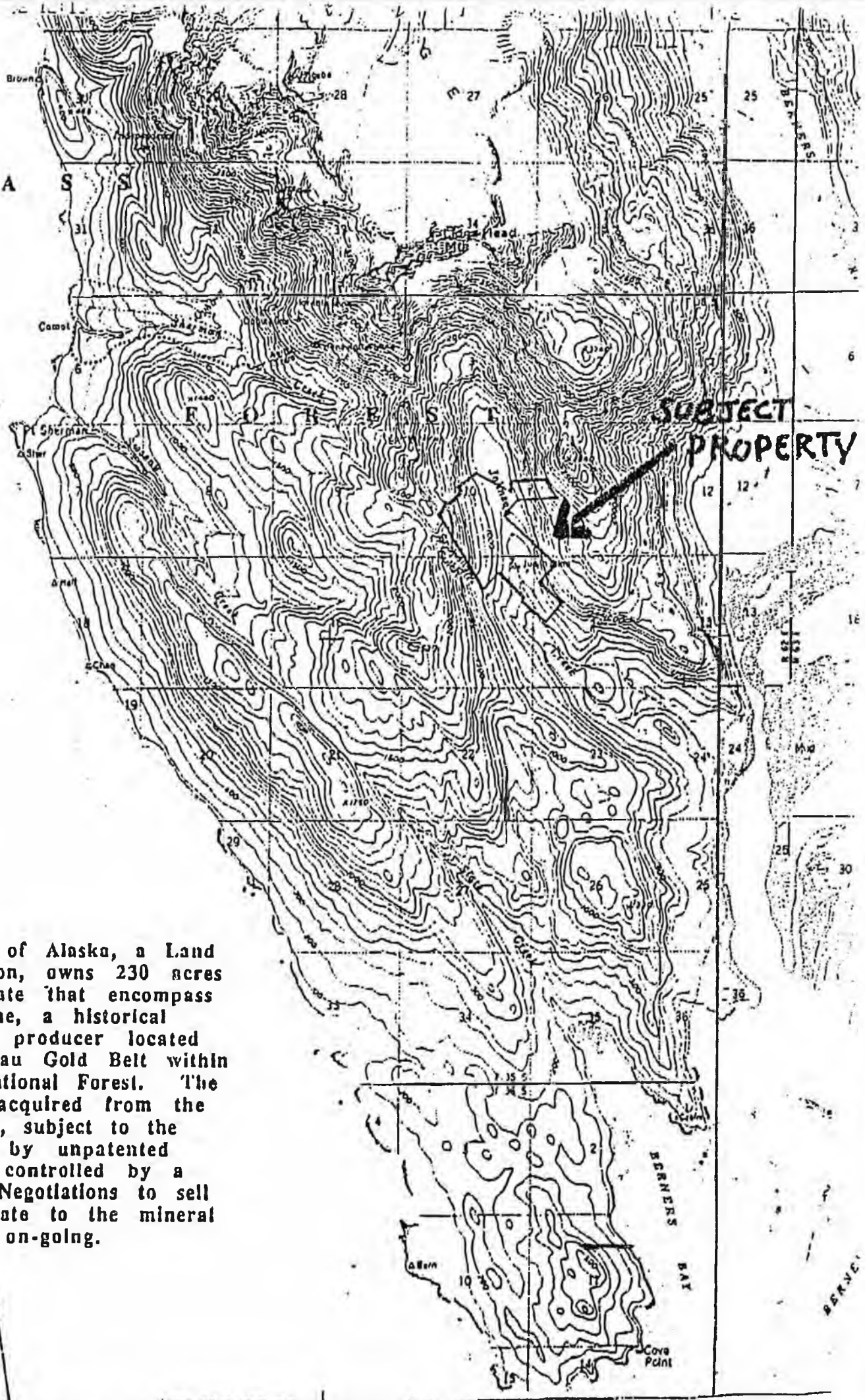
INTENDED USE: Develop surface support for industrial mine, shops, roads, etc. on surface.

CONFIRMED WITH: Gene Whiting, Broker DATE: 9/11/91 BY: C Horan
Univ of AK, Mary Montgomery 9/1/92 BY: K Wiers

ANALYSIS: \$545.71/Acre @ 229.06 acres; or \$504.34 @ 247.85 acres

NEGOTIATIONS & MOTIVATION: Apparently the buyer and seller had negotiated this price over a long period of time and both felt it was an arms length transaction. The buyer was operating mine under the subject and nearby adjacent properties and wanted to purchase to develop surface support facilities. The seller had no other immediate buyer prospects and wanted to limit the liability. Both properties felt it was a clear up of a nuisance situation.





The University of Alaska, a Land Grant Institution, owns 230 acres of surface estate that encompass the Jualin Mine, a historical hardrock gold producer located along the Juneau Gold Belt within the Tongass National Forest. The property was acquired from the State of Alaska, subject to the interests held by unpatented mining claims controlled by a third party. Negotiations to sell the surface estate to the mineral tenant are on-going.

LARGE LAND SALE

COMPARABLE NO. 5

LOCATION: Northeasterly shore of Copper Harbor off Hetta Inlet, Prince of Wales Island, 20 miles southeast of Craig, Alaska.

LEGAL DESCRIPTION: USMS 419A and portions of USMS 419B, USMS 1023 within Sections 3, 4, 5, 8 and 9, T77S, R58E, CRM, Ketchikan Recording District.

RECORDING INSTRUMENT: QCD BOOK: 197 PAGE: 659

GRANTOR: Key Bank of Alaska GRANTEE: Southcentral Timber Development, Inc.
Dan Mock 564-0446 Joe Henry 279-1493

SALES DATE: 12/31/91 PRICE: \$800,000

TERMS: Mostly financed with extra collateral. Note to be paid off out of logging operations within one year.

PROPERTY DESCRIPTION: This is a remote parcel, not within any zoning or municipal taxing jurisdiction. There are no public utilities available to the site. Access to the site is by water or float plane or helicopter only. The site is very irregular, having about 1,410' of salt water frontage on copper harbor. The combined 23 mining claims stretch up to the highest parts of the mountain laying against the steep mountain, rising in a northward direction, extending approximately 6,000', having a width of 3,000' rising in elevations to nearly 3,500'. It contains 340.7 acres. Two creeks run through the site. Approximately 15 acres are fairly level and cleared near the beach. There is a relatively well protected anchorage in Copper Harbor. Vegetation is mostly old growth hemlock, spruce and cedar. Merchantable timber volumes have been estimated as high at 8 to 10 MMBF and as low as 5 MMBF. Seller felt most likely volume was between 5 and 7 MMBF. Buyer would not comment on volume.

PRESENT USE: Prior owner, T. Ferguson Construction of Anchorage, had been foreclosed on by Key Bank. The property had been purchased in 12/84 for \$370,000 with allocation of timber value of \$125,000. Property was eventually foreclosed on. Prior owner had an idea of developing some hydro-electric potential on the site with a possibility of a lodge/resort.

INTENDED USE: The buyer presently logging the site. There was no formal stumpage value estimate or detailed logging program developed at time of purchase. The purchasers obtained Sullivan Logging Company to do the logging and Charlie Nash is on-site consultant. Buyer tried to sell stumpage but could not find a purchaser, perhaps due to high asking price.

BUYER MOTIVATION: The buyer had five or six different ideas of what type of development could occur on the site. He felt at the time of purchase that the timber had to pay the entire price with no particular residual to the cut over land or sub-surface mineral estate. Buyer was vague on timber values or stumpage estimates. His subjective analysis was that there was enough margin on his estimate of timber sales price beyond the purchase price to make it work. He also pointed out that this appeared to be his only investment idea with the relative risk at the time. A realtor had listed the site a year or so prior to the sale for in excess of \$1.5 million. There were several offers and inquiries between \$1.0 and \$1.2 million but the seller (Ferguson) never accepted or fully executed any of these offers. The property then went into foreclosure, the lender/owner (Key Bank) tries to market it for \$1.2 Million and was eventually resold.

CONFIRMATION: Realtor, Leif Stanford

DATE: 11/5/92

BY: C. Horan

PRICING: Key Bank, Dan Mock

DATE: 11/17/92

BY: C. Horan

BUYER MOTIVATION: Joe Henry

DATE: 11/12/92

BY: C. Horan

Comparable Sale Number 6 Obtained from Norman Lee

COMP. # LT-1 TYPE: Vacant Land KL93-18

LOCATION: Six remote tracts within 8 miles north, south and east of Anchor Point on the Kenai Peninsula

LEGAL DESCRIPTION: See attached - within T3S - T5S, R14W, SM

PRICE: \$450,000 ZONING: None

CASH EQUIV: \$500,000⁽¹⁾ H&B USE: Recreational

DATE: 8/3/90 ACCESS: Generally no access
Does have access

INSTR: Deed (closed) SIZE: 222 paper plat
10 acre lots

TERMS: \$50,000 down, AREA: 2,220 acres
DT \$400,000 at 10% for 30 years
Buyer/broker put in 10% commission

GRANTOR: Security National Trust (SNT)

GRANTEE: Charles Holman, Jr. (40%), & Clyde Moser (60%) et al

VERIFIED: Chuck Holman by S. McSwain and closing statement;
(EGF-4/93)

PROPERTY DETAILS: The property is in six subdivisions, subdivided into 222 paper plat undeveloped 10-acre tracts; seller paid all closing costs. These "Paper Plat" lots can be sold individually "as is" without physical access, since they were platted prior to newer subdivision regulations. The tracts are typically located } to 3 miles from existing roads or the Sterling Highway, with section line easements for future road access. The Inlet View Tract (200 Ac.) has gravel road access, east one mile from the Highway. This is a popular recreation area with good hunting in the fall and snow machining in the winter. Vegetation ranges from low bog plants in the wet peat areas (40%) to good gravel soils on the higher ground (60%) with birch and spruce trees. There are no lakes, ponds nor fishable creeks located on the property.

ANALYSIS: \$500,000 ÷ 2,220 acres = \$225/acre

(1) The closing document indicates the property sold for \$450,000 and the seller did not pay a commission. The buyer (Moser) was also the broker, and he in effect used his commission as part of the down payment. Thus, the purchase price was effectively \$500,000 with \$100,000 down.

Note:

There was a March, 1990 Liquidation Sale from First National Bank of Anchorage to Security National Trust for \$250,000.

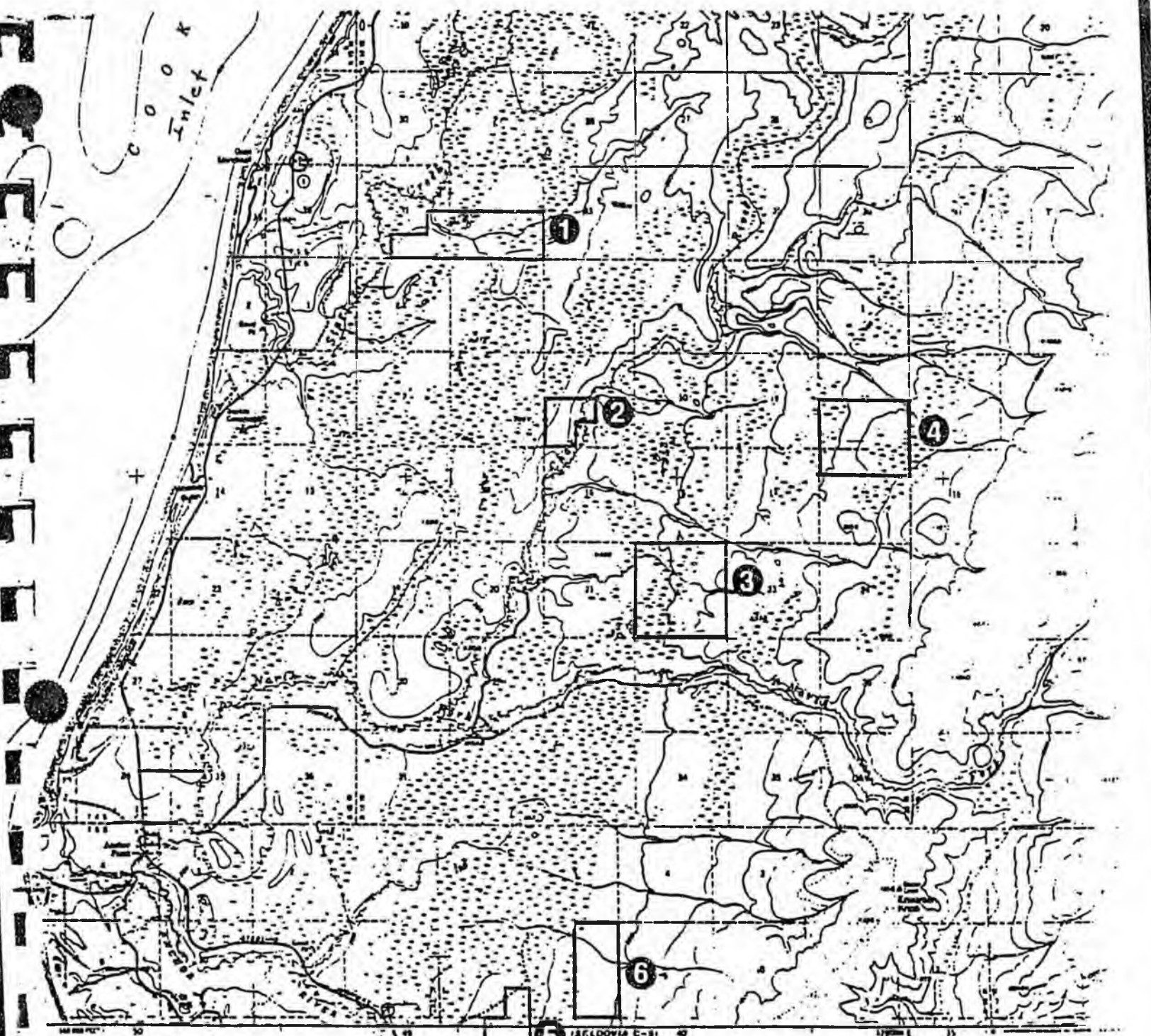
Comparable Sale Number 6

Comp. # LT-1, Vacant Land - Anchor Point, #KL93-18 continued

LEGAL DESCRIPTION:

1. Tr 1-46 Stariski Creek Acres #2 (460 acres)
Section 31 & 32, T3S R14W, S.M.
2. Tr 1-8 & 11-14 Chakok Acres (120 acres)
Section 9, T4S, R14W, S.M.
3. Tr 1-64 Terrace View (640 acres), Sec. 22, T4S, R14W, S.M.
4. Tr 1-48 High Line Acres (480 acres), Sections 12, 13,
T4S, R14W, S.M.
5. Tr 1-20 Inlet View (200 acres, Sec. 7 & 18, T5S, R14W, S.M.
6. Tr 1-32 Salmon Heights (320 acres), Sec. 8, T5S, R14W, S.M.

FOR SALE



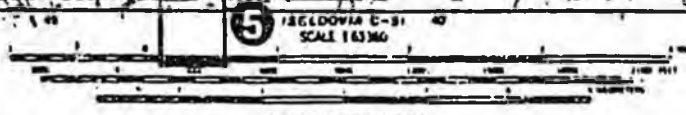
Jointly edited and published by the Geological Survey
 and the USACE

This photostatic reproduction is based on the original
 and 1951. This photostatic, 1961. This has been checked
 against data obtained from USGCS charts
 1000 of 1951 and 85-4 of 1951. This 1951
 information is not intended for navigation purposes.

This topographic projection is 1927 North American datum
 U.S. map grid based on NAD 27. All other datum
 systems are shown on the map.

This is a preliminary map and should not be
 used for the purpose of land management
 without the approval of the Bureau of Land Management.

This is a preliminary map and should not be
 used for the purpose of land management
 without the approval of the Bureau of Land Management.



CENTROID INTERVAL, 100 FEET
 SPACING OF LINES, 100 FEET
 SPACING OF LINES, 100 FEET
 SPACING OF LINES, 100 FEET
 SPACING OF LINES, 100 FEET

FOR SALE BY U.S. GEOLOGICAL SURVEY
 FAIRBANKS, ALASKA 99701, DENVER, COLORADO 80272, OR WASHINGTON, D.C. 20242
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST



Comparable LT-1
 also LT-4

VACANT LAND

COMPARABLE NO. 7

LOCATION: Approx. 7 miles north of Lutak Highway on Cox Homestead trail/road about 1 mile north of Chilkoot Lake, Haines

LEGAL DESCRIPTION: USS 7314, Haines, AK

RECORDING INSTRUMENT: NA BOOK: PAGE:

GRANTOR: Erma Reeves

GRANTEE: Chris & Dan Turner; Heathe & Claire Eversmeyer; Robert & Karen Day

SALES DATE: EM 7/1/90; Scheduled to close with probate of estate 12/15/90

PRICE: \$80,000 (\$5,000 allocated to bldg, \$75,000 to land)

TERMS: \$18,000 down, 10%, 10 year on balance

PROPERTY DESCRIPTION:

UTILITIES: None public; They must be developed on site

SIZE: 160 acres FRONTAGE: NE corner touches river

ACCESS: Over dirt logging road without easement

TOPO/VEG/SOIL: Slopes, has been logged, located in Bald Eagle Preserve

PRESENT USE: 30' x 40' cabin with loft built in 1970. Significant rot at time of purchase, Buyer assign maximum value of \$5,000.

INTENDED USE: Future development as possible lodge

CONFIRMED WITH: Dan Turner DATE: 7/31/90 BY: C. Horan

ANALYSIS: \$75,000 land; \$468.75 Acre



VACANT LAND

COMPARABLE NO. 8

ADDRESS: Edna Bay on Kosciuko Island, West of Prince of Wales Island, 60 miles west of Wrangell, Alaska
LEGAL DESCRIPTION: Within Section 28, 29 and 33, T68S, R 76E, CRM, Ketchikan Recording District, First Judicial District, State of Alaska
RECORDING INSTRUMENT: WD BOOK: 169 PAGE: 650-657
GRANTOR: Alcoa Aluminum
GRANTEE: William (Skip) Ritcher, WAP 7917, Flying Tiger Rats Mountain or Craig Marine Operator
SALES DATE: 07/21/89 PRICE: \$400,000
TERMS: Cash to seller; buyers financing unknown.

PROPERTY DESCRIPTION: Varied most 20% +/- slope, approx. 25% high ridge with 50% + slope vegetation hemlock and spruce. According to the buyer, there was about 130 acres of harvestable land, about 360 acres of land that was logged in 1966, about a 20 acre lake. The timber mix is about 22% spruce, 77% hemlock, 1% cedar. No public on site utilities.

FRONTAGE/VIEW: 3,520' Edna Bay
ACCESS: Boat and float plane, island logging roads estimated at 4 to 8 miles through the site.

PRESENT USE: Old abandoned limestone quarry, overgrown, some squatter cabins may be on site. Land had been listed in 1986 for \$550,000. Price dropped to \$450,000 in March of 1987.

INTENDED USE: The purchaser intended to log the timber lands had unspecific future development plans for the remainder. He supposes that it could be used for home sites. It was important to the purchaser that there was waterfront for deep water access with possible shipping potential. Other potential uses include reinvestigating the limestone quarry potential as the sites were originally patent. The site was also important because it represented a large contiguous ownership in an area where these types of large pieces are extremely rare.

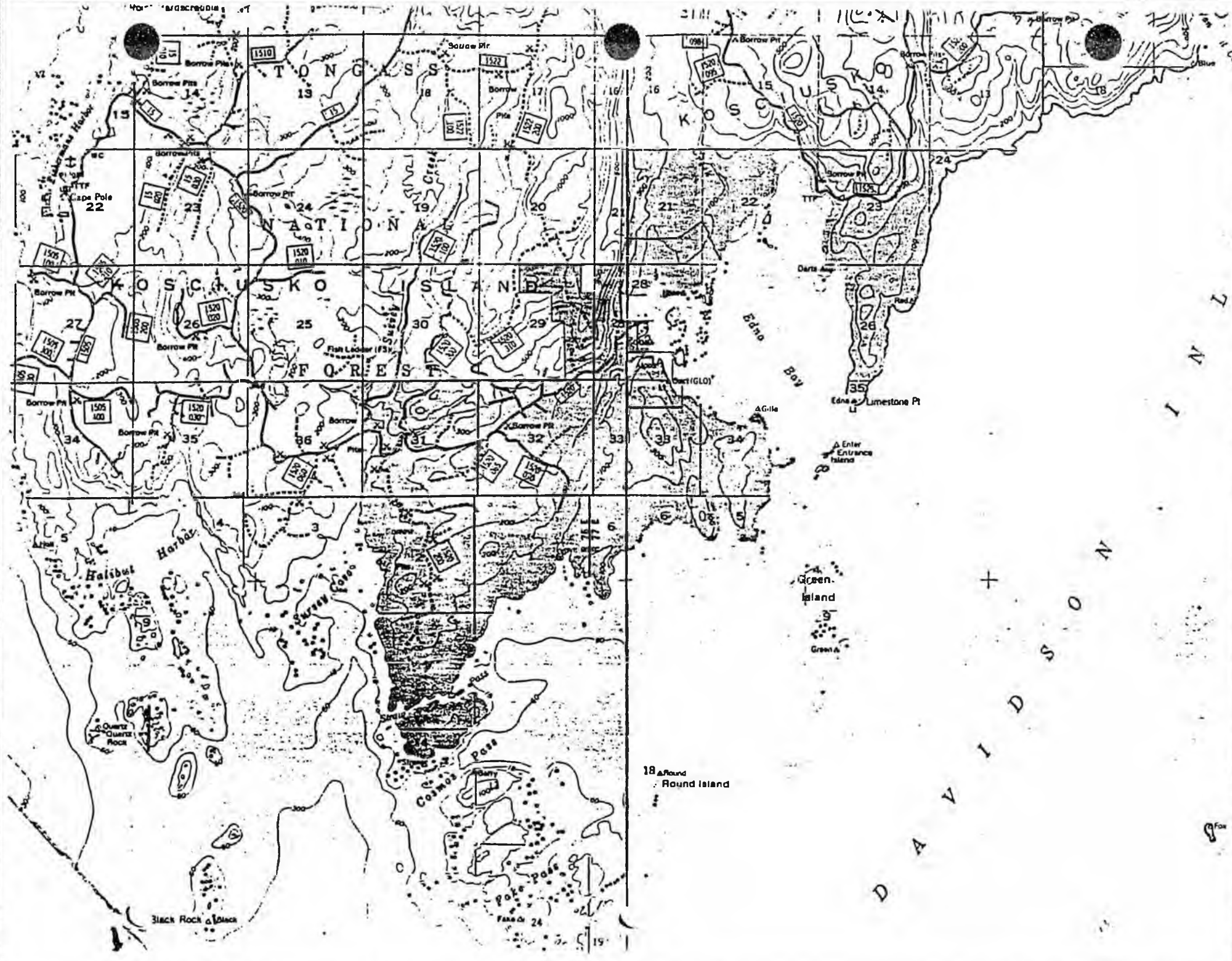
BUYER MOTIVATION

The buyer felt there was about 2 MMBF of merchantable timber. After logging about 800 MBF he felt there was only about 200,000 left to log. The project ran in to cost overruns and the expectations of a return on logging was not achieved. Originally, he had estimated that the logging should have netted the value of the land with no increment of value cutover land, sub-surface or mineral value.

CONFIRMED

PRICE AT \$450,000: Capital Realty, Bev Davis DATE: 9/5/91 BY: C. Horan INVESTORS
MOTIVE: Skip Ritcher DATE: 9/7/91 BY: C. Horan
PRICE AT \$400,000: Broker & Buyer via Marty McDowell of DOT
DATE: 11/3/92 BY: C. Horan
PRICE: Linda at Capital Investments DATE: 5/19/92 BY: KLFW

ANALYSIS: \$400,000 + 512 Acres = \$781.25/Acre

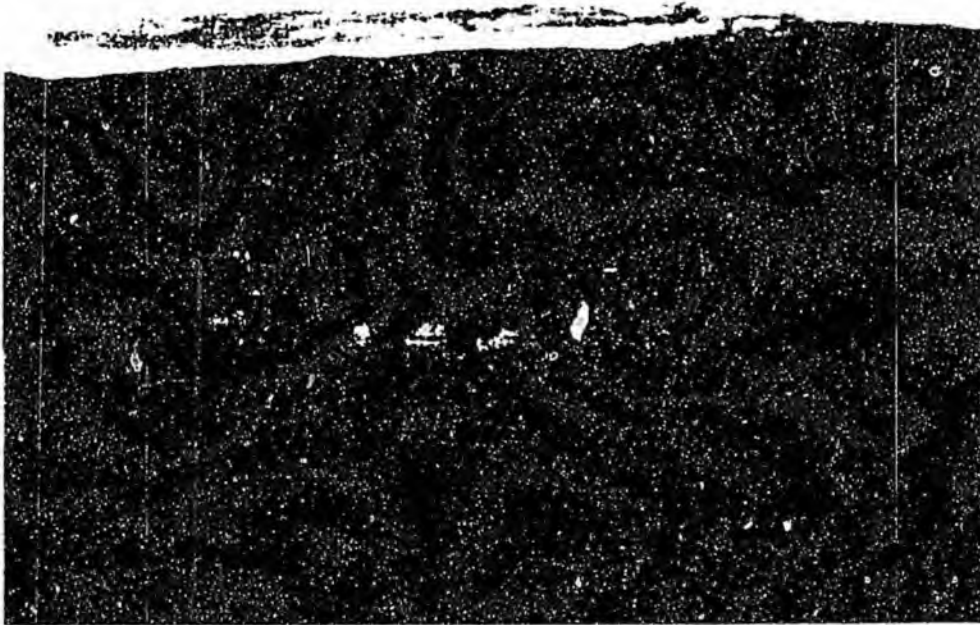
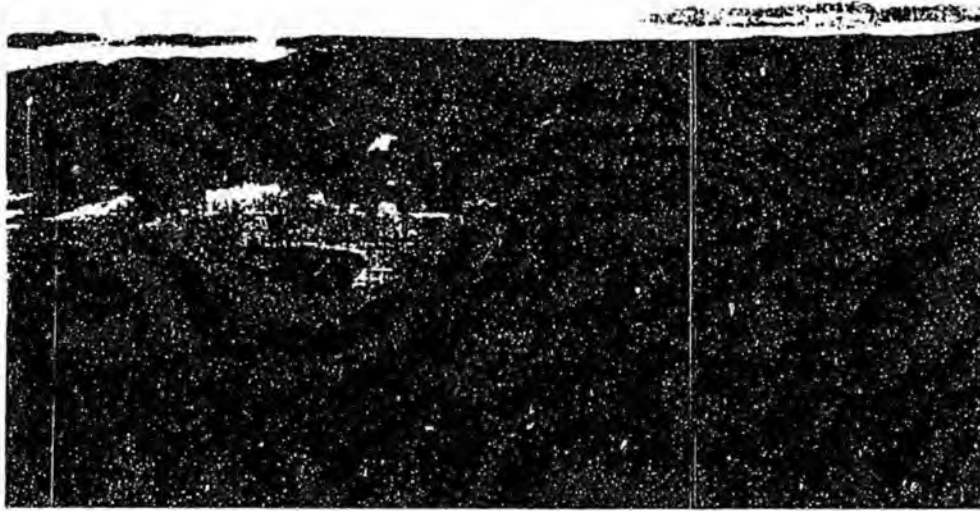


18 Round Island

THE
FOLLOWING
DOCUMENTS
ARE
POOR
ORIGINAL
COPIES

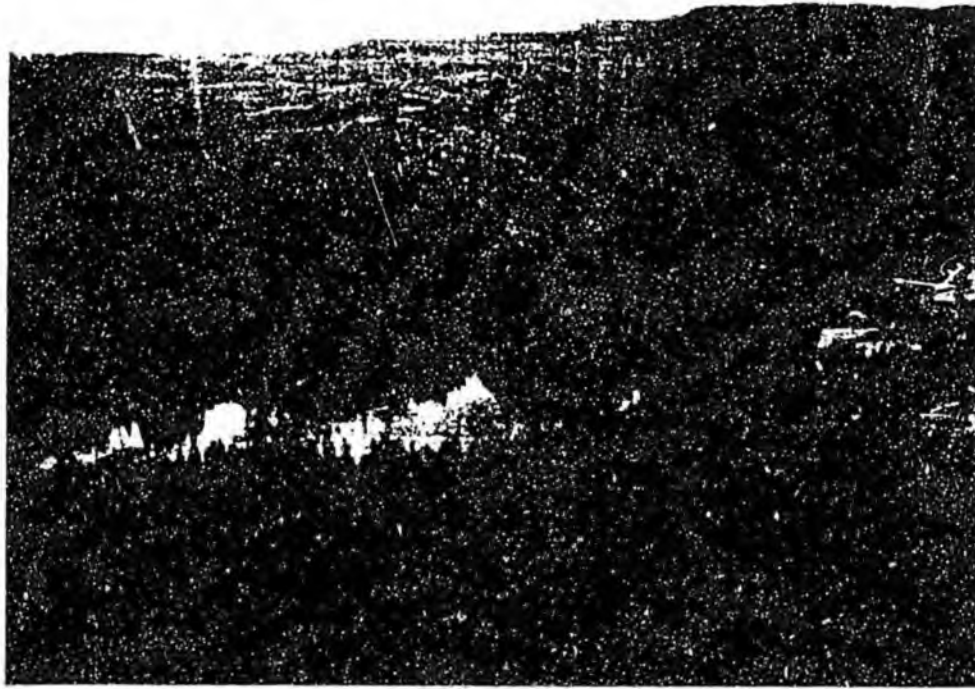
Comparable Photographs
Comparable MV2-066

Sale No. 8



Sale No. 8

Comparable Photographs
Comparable MV2-066



LARGE LAND SALE

COMPARABLE NO. 9

LOCATION: Wadleigh Island, approximately 1.5 miles west of Klawock, Alaska

LEGAL DESCRIPTION: This site is an assemblage of 33 patented mining claims within T72S, R80E, CRM, Sections 33 and 34; and T73S, R80E, CRM, Sections 5, 6, 7 and 8, totaling 623.427 acres, and more particularly described in Book of Deeds 171, Pages 261, Ketchikan Recording District, First Judicial Districts, State of Alaska.

RECORDING INSTRUMENT: Mining Deed BOOK: 171 PAGE: 257-262

GRANTOR: USX Corporation of Delaware GRANTEE: Robert Reed & Mike Blair dba
B & M Logging of Estacada,
Oregon

SALES DATE: July 18, 1989 PRICE: \$1,000,000

TERMS: Unspecified down payment, a minimum \$50,000 deposit was paid. Balance paid out of logging royalty within 2.3 years. In our understanding of the transaction, the terms approximate cash.

PROPERTY DESCRIPTION: The site consist of contiguous mining claims which comprise a large portion of Wadleigh Island, consisting of 623.427 acres. There is an estimated 7,000' of salt water frontage. The topography is moderate to undulating with elevations generally below 500' down to water level. There are several drainages and draws on the site. The site has thin organic soil, typical for the region, and supports a heavy growth of timber. The site is remote and has no utilities. The site is not within a municipal boundary and there are no zoning designations or tax assessments on the property. Merchantable timber quantity estimates ranged from 10.7 MMBF to 22 MMBF. Estimated 75% hemlock, 24% spruce and 1% cedar. The sale held out 2% gross revenue FOB site from limestone quarrying.

PRESENT USE: This site was originally patented as mining claims. It was reported while in USX's ownership, assaying had been done to identify its limestone quarrying potential.

INTENDED USE: Purchasers were motivated by its timber potential and had at least two offers to sell stumpage when the sale took place. The stumpage was sold for \$1,000,000 to Murphy Timber on September 29, 1989, Book 171, Page 266. Buyers felt there was about 12 to 15 MMBF of exportable timber on the site at time of sale.

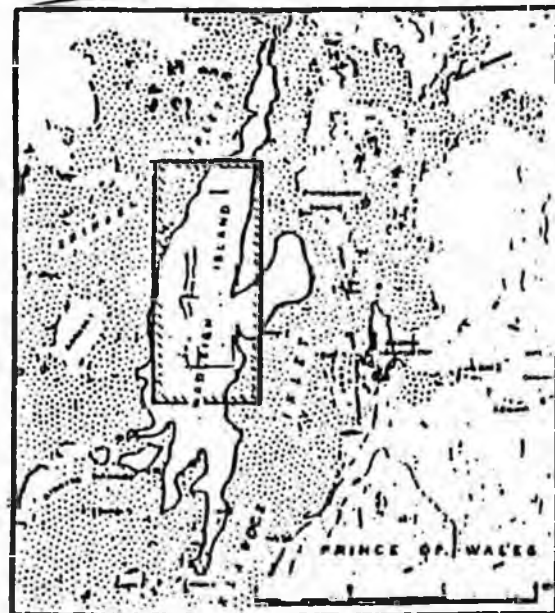
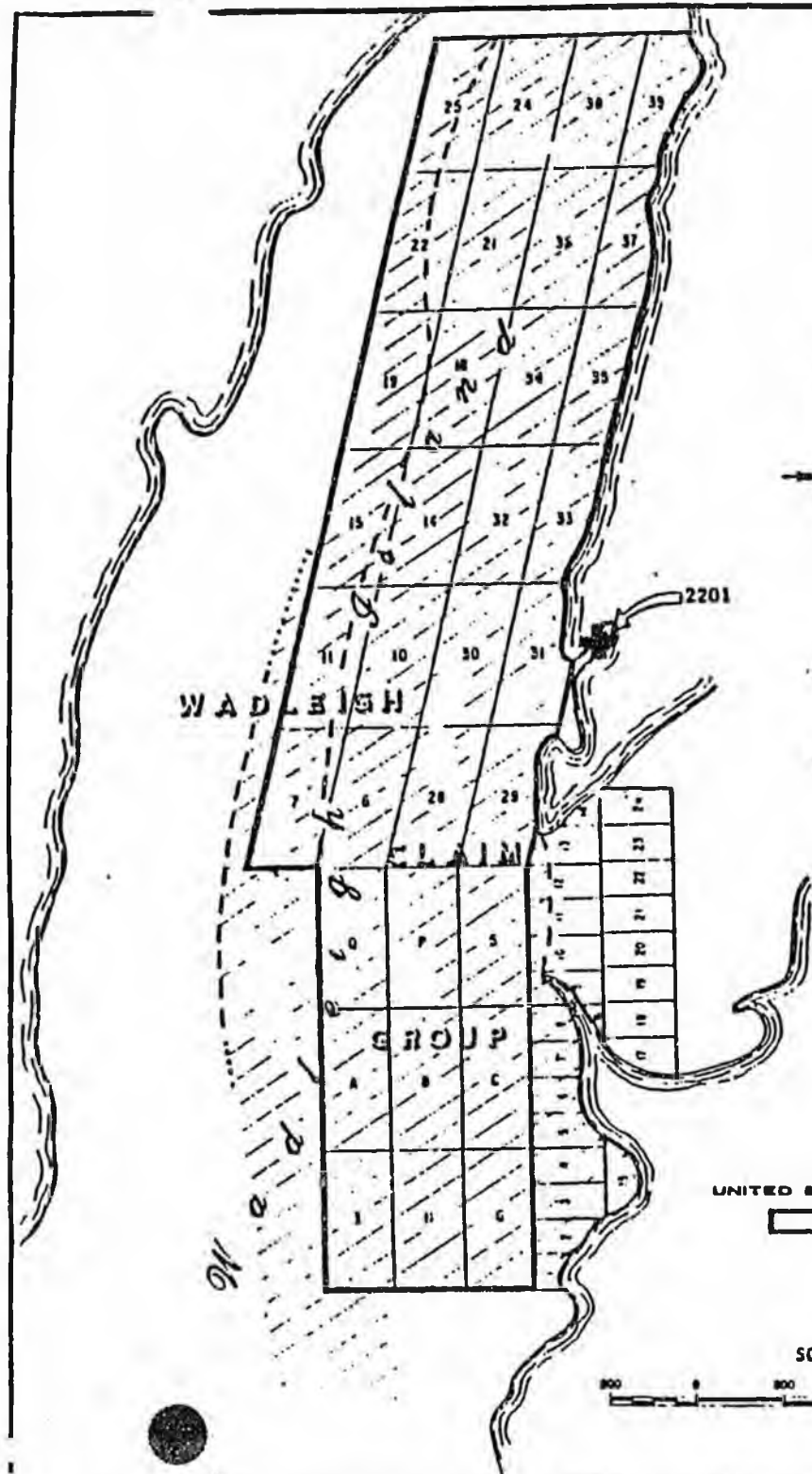
NEGOTIATIONS AND SALES MOTIVATION: The buyers had been negotiating with an option holder for a price of about \$800,000. The option holder lost his position and the land went to bid. The buyers bid \$1,000,000 and put in a 2% limestone royalty since they felt the sellers had a higher regard for its mining potential. The buyers were motivated, primarily, by timber and the buyer felt that their offer price could be recouped through stumpage sales alone. No portion of the price was allocated as an increment for sub-surface mineral or cut over land values. There was, of course, some thought to the residual values in so far as they were not willing to give them away with the timber sale.

CONFIRMED WITH: Michael Blair

DATE: 11/13/92

BY: C. Horan

ANALYSIS: $\$1,000,000 + 623,427 \text{ Acres} = \$1,604/\text{Acre}$
 $\$1,000,000 + 12 \text{ to } 15 \text{ MMBF} = \$83.30 \text{ to } \$71.42/\text{MMBF}$



UNITED STATES STEEL CORPORATION
 [] PLACER CLAIMS (Wadleigh) PATENTED

(UNITED STATES PATENT OFFICE)

UNITED STATES STEEL CORPORATION
 RAW MATERIALS SERVICES DIVISION
 RAW MATERIALS EXPLORATION

PROPERTY MAP
 WADLEIGH - WESTONE
 ALA
 IRVINGTON - U.S. GEOLOGICAL SURVEY

34-486

Wadleigh 9/54/5, Wadleigh 9/54/6, Wadleigh 10/54/7, Wadleigh 11/54/10, 12/54/11, Wadleigh 1/55/14, Wadleigh 2/55/15, Wadleigh 3/55/18, Wadleigh 4/55/19, Wadleigh 5/56/21, Wadleigh 6/56/22, Wadleigh 7/56/23, Wadleigh 8/56/29, Wadleigh 9/56/30, Wadleigh 10/56/31, Wadleigh 11/56/32, Wadleigh 12/56/33, Wadleigh 1/57/34, Wadleigh 2/57/35, Wadleigh 3/57/36, Wadleigh 4/57/37, Wadleigh 5/57/38, Wadleigh 6/57/39, mining claims designated as Mineral Survey No. 2201, situated at Latitude 55 degrees 34' North, Longitude 133 degrees 08' West in the Ketchikan Recording District, First Judicial District, State of Alaska.

EXCEPTING THEREFROM these claims all of that portion of ground within the boundaries of the Wadleigh 10/53/D, Wadleigh 10/53/E, Wadleigh 10/53/F, 10/53/J, Wadleigh 3/54/K, Wadleigh 3/54/L, Wadleigh 4/54/M, Wadleigh 4/54/N, Wadleigh 5/54/O, Wadleigh 6/54/R, Wadleigh 7/54/1, Wadleigh 7/54/2, Wadleigh 8/54/3, Wadleigh 8/54/4, Wadleigh 10/54/8 Wadleigh 11/54/9, Wadleigh 12/54/12, Wadleigh 1/55/13, Wadleigh 2/55/16, Wadleigh 3/55/17, Wadleigh 4/55/20, Wadleigh 4/56/23, Wadleigh 6/56/26 and Wadleigh 7/56/27.

ALSO EXCEPTING THEREFROM: Any veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper or other valuable deposits within the land above described which may have been discovered or known to exist prior to the dates of those respective patents to said placer mining claims.

EXHIBIT "B"

- 1. Reservations and exceptions as contained in the U.S. Patent and acts relating thereto.
2. The provisions and reservations contained in the Patent from the United States of America recorded in Book 24 at Page 48.
3. Unpatented tunnel claims and millsite claims.
4. The right of the proprietor and any placer claim, the vein or lode of which has its top or apex outside of the land herein described and which vein or lode will be found to penetrate, intersect, pass through or dip into said land through the side lines of said claim, to enter said land along the dip of said vein or lode for the purpose of extracting and removing the ore therefrom.
5. Rights of the public and/or governmental bodies as to any portion hereof lying below the mean high tide line.
6. Rights of the public and/or governmental bodies as to any portion hereof lying below the mean high water mark of Klawok Inlet.

894455

19-

RECORDED

Handwritten note: 'see above page 267'

WARRANTY DEED - STATUTORY FORM

ROBERT REED and MICHAEL BLAIR, dba B & M LOGGING, Grantors, convey and warrant to MURPHY TIMBER COMPANY, an Oregon corporation Grantee, the following described property situated in Ketchikan Recording District, First Judicial District, State of Alaska, to-wit: All timber and logs standing, lying or fallen upon the described real property in Exhibit "A" attached hereto and by this reference incorporated herein.

The said property is free from encumbrances except: See Exhibit "B" attached hereto and by this reference incorporated herein.

The true consideration for this conveyance is \$1,000,000.00.

Dated this 29 day of September, 1989.

Signature of Robert Reed, dba B & M LOGGING

Signature of Michael Blair, dba B & M LOGGING, Attorney in Fact

STATE OF ALASKA, Ketchikan Recording District) ss.

This instrument was acknowledged before me on September 29, 1989, by ROBERT REED.

(S E A L)

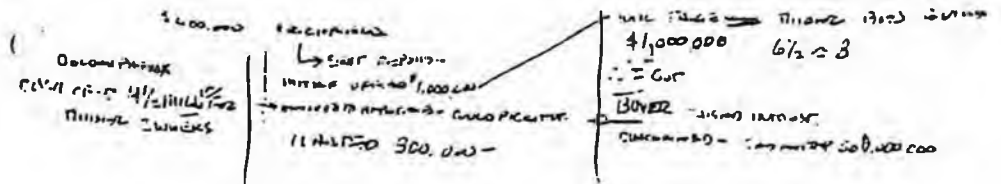
Signature of Jennifer D. Hunter, Notary Public for Alaska, My Commission Expires 08-09-92

STATE OF ALASKA, Ketchikan Recording District) ss.

This instrument was acknowledged before me on September 29, 1989, by MICHAEL BLAIR, By Robert Reed, Attorney in fact.

(S E A L)

Signature of Jennifer D. Hunter, Notary Public for Alaska, My Commission Expires 08-09-92



Wadleigh 9/54/5, Wadleigh 9/54/6, Wadleigh 10/54/7, Wadleigh 11/54/10, 12/54/11, Wadleigh 1/55/14, Wadleigh 2/55/15, Wadleigh 3/55/18, Wadleigh 4/55/19, Wadleigh 3/56/21, Wadleigh 3/56/22, Wadleigh 4/56/24, Wadleigh 6/56/25, Wadleigh 7/56/28, Wadleigh 8/56/29, Wadleigh 8/56/30, Wadleigh 9/56/31, Wadleigh 9/56/32, Wadleigh 10/56/33, Wadleigh 10/56/34, Wadleigh 11/56/35, Wadleigh 11/56/36, Wadleigh 12/56/37, Wadleigh 12/56/38, Wadleigh 1/57/39, mining claiming designated as Mineral Survey No. 2201, situated at Latitude 55 degrees 34' North, Longitude 133 degrees 08' West in the Ketchikan Recording District, First Judicial District, State of Alaska.

EXCEPTING THEREFROM these claims all of that portion of ground within the boundaries of the Wadleigh 10/53/D, Wadleigh 10/53/E, Wadleigh 10/53/P, 10/53/J, Wadleigh 3/54/K, Wadleigh 3/54/L, Wadleigh 4/54/M, Wadleigh 4/54/N, Wadleigh 5/54/O, Wadleigh 6/54/R, Wadleigh 7/54/1, Wadleigh 7/54/2, Wadleigh 8/54/3, Wadleigh 8/54/4, Wadleigh 10/54/8 Wadleigh 11/54/9, Wadleigh 12/54/12, Wadleigh 1/55/13, Wadleigh 2/55/16, Wadleigh 3/55/17, Wadleigh 4/55/20, Wadleigh 4/56/23, Wadleigh 6/56/26 and Wadleigh 7/56/27.

ALSO EXCEPTING THEREFROM: Any veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper or other valuable deposits within the land above described which may have been discovered or known to exist prior to the dates of those respective patents to said placer mining claims.

EXHIBIT "B"

1. Reservations and exceptions as contained in the U.S. Patent and acts relating thereto.
2. The provisions and reservations contained in the Patent from the United States of America recorded in Book 24 at Page 40.
3. Unpatented tunnel claims and millsite claims.
4. The right of the proprietor and any placer claim, the vein or lode of which has its top or apex outside of the land herein described and which vein or lode will be found to penetrate, intersect, pass through or dip into said land through the side lines of said claim, to enter said land along the dip of said vein or lode for the purpose of extracting and removing the ore therefrom.
5. Rights of the public and/or governmental bodies as to any portion hereof lying below the mean high tide line.
6. Rights of the public and/or governmental bodies as to any portion hereof lying below the mean high water mark of Klawok Inlet.

894455

19-

RECORDED

WARRANTY DEED - STATUTORY FORM

ROBERT REED and MICHAEL BLAIR, dba B & M LOGGING, Grantors, convey and warrant to MURPHY TIMBER COMPANY, an Oregon corporation Grantee, the following described property situated in Ketchikan Recording District, First Judicial District, State of Alaska, to-wit: All timber and logs standing, lying or fallen upon the described real property in Exhibit "A" attached hereto and by this reference incorporated herein.

The said property is free from encumbrances except: See Exhibit "B" attached hereto and by this reference incorporated herein.

The true consideration for this conveyance is \$1,000,000.00.

Dated this 29 day of September, 1989.

Robert Reed
ROBERT REED, dba
B & M LOGGING

Michael Blair
MICHAEL BLAIR, dba
B & M LOGGING, by Robert Reed,
Attorney in fact

STATE OF ALASKA, (Ketchikan Recording District) ss.

This instrument was acknowledged before me on September 29, 1989, by ROBERT REED.

(S E A L)

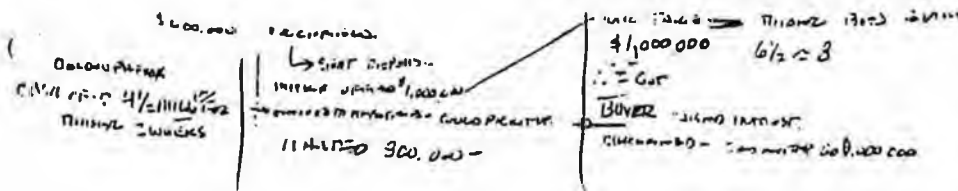
Jennifer D. Hunter
Notary Public for Alaska
My Commission Expires: 08-09-92

STATE OF ALASKA, (Ketchikan Recording District) ss.

This instrument was acknowledged before me on September 29, 1989, by MICHAEL BLAIR. By Robert Reed, Attorney in fact.

(S E A L)

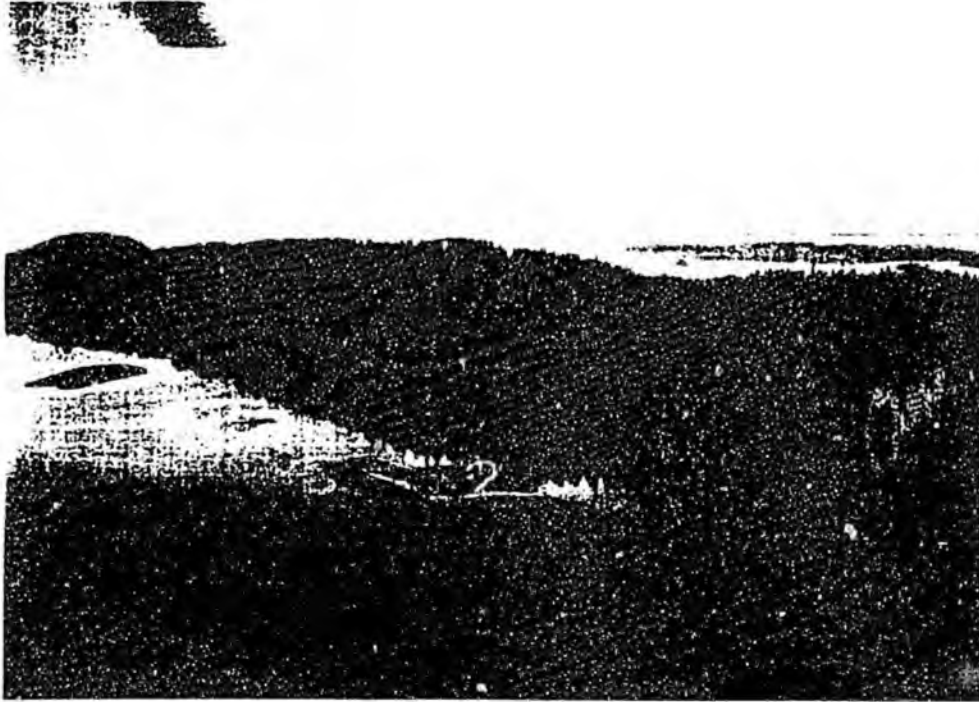
Jennifer D. Hunter
Notary Public for Alaska
My Commission Expires: 08-09-92



File
1989-09-29

Sale No. 9

Comparable Photograph
Comp LRG-008



Comparable Sale Number 10

PROPERTY TYPE: REMOTE

LOCATION: Narrow Straits on Raspberry Island AREA: North End

LEGAL DESCRIPTION: T25S, R22W, Southerly Portions of Section 17 & 18

GRANTOR: CIA for Mullan M. & E. GRANTEE: Aleneva Joint Venture

SALES PRICE: \$1,194,375 AGREEMENT DATE: 5/1/89

CASH EQUIVALENT: \$1,044,937 TERMS: Owner

LOT SIZE: 272.73 MEA: Acre ZONING: CON USE AT SALE: Fish Site

PLANNED USE: New Village ACCESS: Float Plane, Boat

UTILITIES: None EASEMENTS/RESTRICTIONS: Typical

SALE CONFIRMED WITH: BIA/USFW BY/DATE: PC-1/90

INSTRUMENT: QCD DEED BOOK: 92 PAGE: 766 DATE: 11/27/89

PROPERTY DESCRIPTION: This is two native allotments, and although there is no beach and boat access and anchorage is poor, the parcel offers very good topography and is nicely wooded with large stands of spruce. The sale included improvements valued at \$30,000.

UNIT VALUE: 3,831.40

LAN FRONTAGE: 10,067 FRONTAGE/SIZE FACTOR: 37 \$PER F/F: 104

COMPARABLE ACREAGE LAND SALE NO. 10

LOCATION: Southwest side of Afognak Island facing Raspberry Straits, Alaska

LEGAL DESCRIPTION: Tract B, Sheet No. 2 of 2 sheets, Plat 89-8-RS, Sections 17 and 20, Township 25 South. Range 22 West. Seward Meridian. Kodiak Recording

GRANTOR: Enola Mullan

GRANTEE: Aleneva Joint Ventures

RECORD NUMBER: 7

DATE OF SALE: 11-89

RECORDING DATE: 11-89

INSTRUMENT: MOA

BOOK/PAGE: 977/66

SALES PRICE: \$585,000

TOTAL ASSESSMENTS: None known

TERMS: \$100,000 down, 7% interest, \$99,252.22 per year till paid in full.

CE/ADJ. PRICE: \$165,839

AREA (ACRE): 146.89

PRICE/ACRE: \$1,129

PRESENT USE: Vacant

ANTICIPATED USE: Religious community

SOILS: Good

FLOOD ZONE: No

WATERFRONT: Ocean

ELECTRIC/PHONE: No

TOPOGRAPHY: Gently rolling

PUBLIC SEWER: No

ROAD IMPROVEMENTS: N/A ..

PUBLIC WATER: No

ROAD ACCESS: None

NATURAL GAS: No

SITE SHAPE: Irregular

EASEMENTS: Normal

ROAD GRADE: N/A

ZONING: Conservation/5 acre

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs
Rose Brady, Bureau of Indian Affairs
Sharon Sullivan, Real Estate Agent,
Associates, Inc.

BY/DATE: TRD/1-15-90

PROPERTY DESCRIPTION:

This land was purchased in tandem with Comparable No. 35 by the same grantee and from related grantors. The site is irregularly shaped, has approximately one-half mile of waterfront and has marketable timber. According to the timber appraisal comparable data sheet, the timber's estimated market value was \$400,826. This leaves a net value to the land of \$1,254 as forested. If the low interest rate is discounted for a cash equivalent yield of 11%, the adjusted price is a proportional cash equivalent allocation for untimbered land of $(\$1,254 \times .90)$ \$1,129 per acre. Access is by boat or float plane. The property is in a fairly well protected area fronting Raspberry Strait Narrows. It is well drained with rolling hillside and in close proximity to good fishing. The property was purchased by a Russian religious group formerly known as the Old Believers for the establishment of a new community.

COMPARABLE ACREAGE LAND SALE NO. 10

LOCATION: Southwest side of Afognak Island facing Raspberry Straits, Alaska

LEGAL DESCRIPTION: Tract B, Sheet No. 2 of 2 sheets, Plat 89-8-RS, Sections 17 and 20, Township 25 South. Range 22 West. Seward Meridian. Kodiak Recording

GRANTOR: Mike Mullan

GRANTEE: Aleneva Joint Ventures

RECORD NUMBER: 10

DATE OF SALE: 11-89

RECORDING DATE: 11-89

INSTRUMENT: MOA

BOOK/PAGE: 977/66

SALES PRICE: \$609,375

TOTAL ASSESSMENTS: None

TERMS: \$100,000 down, 7% interest, \$99,252.22 per year till paid in full.

CE/ADJ. PRICE: \$233,075

AREA (ACRE): 126.74

PRICE/ACRE: \$1,839

PRESENT USE: Vacant

ANTICIPATED USE: Religious community

SOILS: Good

FLOOD ZONE: No

WATERFRONT: Ocean

ELECTRIC/PHONE: No

TOPOGRAPHY: Gently rolling

PUBLIC SEWER: No

ROAD IMPROVEMENTS: N/A

PUBLIC WATER: No

ROAD ACCESS: None

NATURAL GAS: No

SITE SHAPE: Irregular

EASEMENTS: None

ROAD GRADE: N/A

ZONING: Conservation/5 acre

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs
Rose Brady, Bureau of Indian Affairs
Sharon Sullivan, Real Estate Agent,
Associates, Inc.

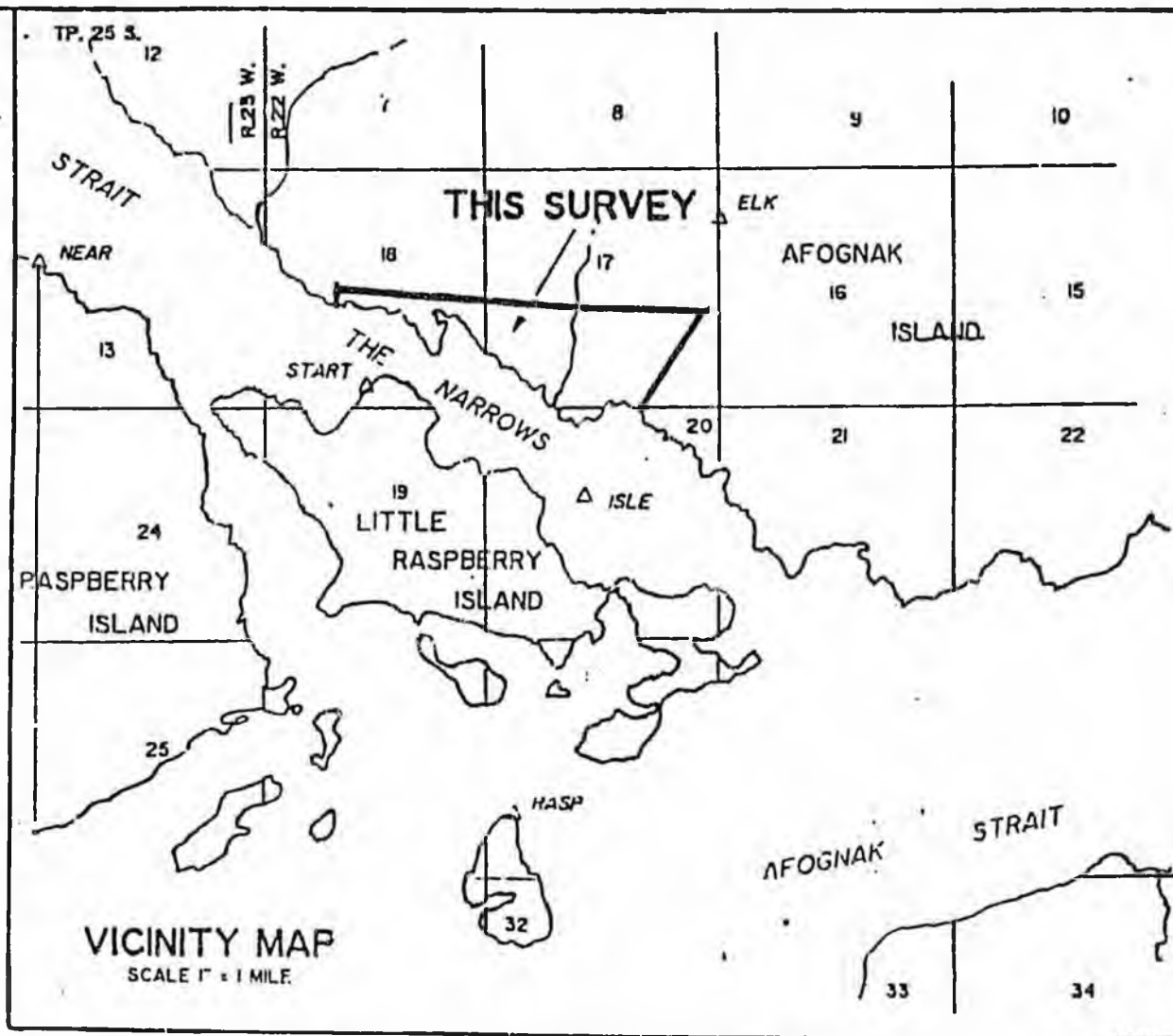
BY/DATE: TRD/1-15-90

PROPERTY DESCRIPTION:

This is the property that purchased in tandem with Comparable No. 34 with related grantors to the same grantee. It is immediately adjacent to Comparable No. 34 and has approximately a mile of waterfront. It is irregular in shape and has no utilities or road access. The BIA timber appraisal comparable data sheet indicates that of the 126.74 acres about 86 acres has marketable timber with an appraised value of \$316,489. This leaves a net price to the land of \$2,043 per acre excluding \$34,000 to cabin and outbuilding as stated in a BIA appraisal. If the low 7% interest rate is discounted for a cash equivalent yield of ~~11%~~ the adjusted price is $(\$448,152 + \$100,000) \$548,152$. Subtracting out cash equivalent $(\$34,000 \times .90) \$30,600$ for the cabin indicates a price of \$517,552 or \$4,084 per acre. Allocation to land without timber is $(.90 \times \$2,043) \$1,839$. This property is accessed only by boat or float plane and is located in a relatively protected area

Affiliated Appraisers of Alaska

Comparable Sale No. 10



LARGE LAND SALE

COMPARABLE NO. 11

LOCATION: This sale consists of four parcels, two are located at the northeast end of Thome Arm on Revillagegado island near Ketchikan and two are located on the north end of Prince of Wales Island at Red Bay & California Bay.

LEGAL DESCRIPTION:	Parcel 1	USMS 1598 (Waterfront)	40.7± acres
	Parcel 2	USMS 423	20.0 acres
	Parcel 3	USMS 1040	40.0 acres
	Parcel 4	USMS 1042 (Waterfront)	37.9 acres

These parcels are legally describe in Book of Deeds 163, Page 214 at Ketchikan.

RECORDING INSTRUMENT: QCD **BOOK:** 163 **PAGE:** 213

Valuable mineral deposits are excluded from Parcels 3 and 4 which were discovered or known prior to the patent dates.

GRANTOR: David & Kay Syre
 Bellingham, WA

GRANTEE: Ketchikan Pulp Co.
 Ketchikan, Alaska

SALES DATE: 1/6/89

PRICE: \$650,000

TERMS: Cash

PROPERTY DESCRIPTION: These four parcels contained a total of 138.627 acres. Parcel 1 has about 600' of frontage. It is very close to Parcel 2, lying in a hillside creek drainage. These sites are located in the Misty Fjords National Monument and are timbered. Parcel 3 consists of two adjacent mining claims, forming two offset rectangles. They are on a knoll above Red Bay and sloping downward to within 1,200' of the bay. They are heavily forested with hemlock and spruce. The site is well drained and has thin layer of overburden on marble bedrock. The immediate adjacent lands are USFS and have been clearcut. There is a logging road which ends near the subject. Parcel 4 is 13 miles east of Pt. Baker, 35 miles NW of Wrangell, 118 miles NW Ketchikan. The site has about 400' of frontage on Sumner Straight, is heavily forested, gentle sloping and well drained. The beach may be exposed to strong easterly winds during the winter months. Logging roads are in the area but not extended to the site.

PRESENT USE: Patented mining claims, undeveloped in recent times.

INTENDED USE: Purchased for timber value with no significant residual value assigned to the cutover land or mineral potential. Price paid was for timber only.

CONFIRMATION

BUYER MOTIVATION &

INTENDED USE: Ralph Lewis of Ketchikan Pulp

DATE: 11/12/92

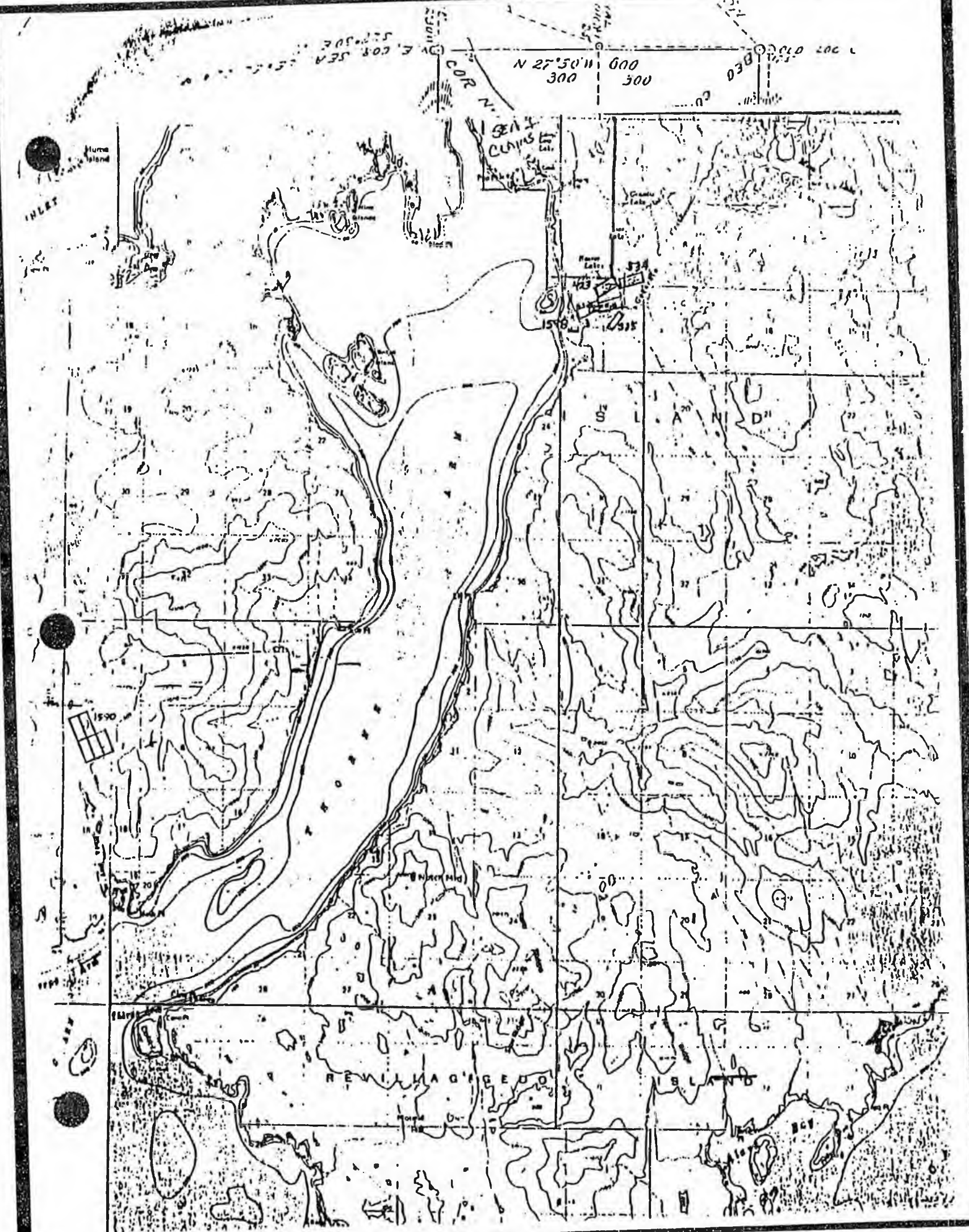
BY: C. Horan

PRICE: Ralph Lewis, Ketchikan Pulp

DATE: 11/16/92

BY: C. Horan

Appraiser Wold allocated land value after logging at between \$200 and \$1,000 per acre. Lewis felt waterfront lands would have more demand as cutover land than non-waterfront parcels. Also, the Misty Fjords property was felt to have a higher demand. Lewis allocated land at nominal book value of \$100/acre, but the sale was not motivated by the value of timber. —



Hume Island
INLET

COR N. SEA CLIFF
N 27° 50' 00" 300 600 300

BEA

SEA CLIFF

534

533

532

531

1500

REVILLA GIGEDO ISLAND

Pointe

535

536

537

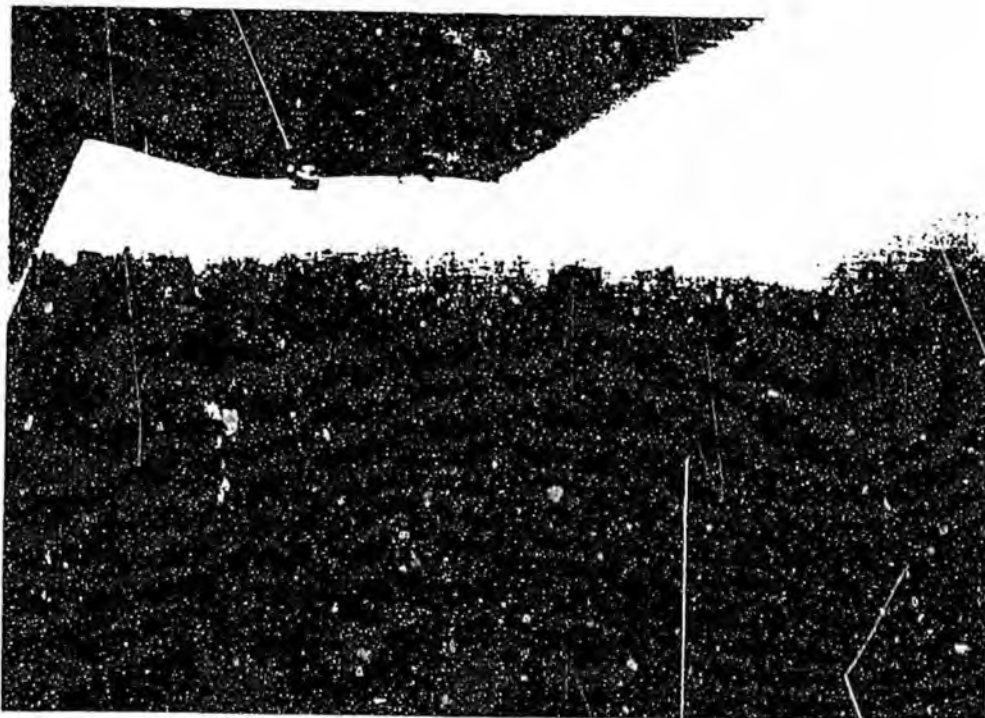
538

539

540

Sale No. 11

Comparable Photographs
Comparable LRG-010



COMPARABLE SUBSURFACE RIGHT SALE NO. 12

LOCATION: Lower Tazimina Lake, approximately six miles east of Lake Clark and 180 miles southwest of Anchorage, Alaska

LEGAL DESCRIPTION: Sections 18, 19 & 30, T2S, R30W and Sections 23 to 26, 35 and 36, T2S, R31W, Seward Meridian

GRANTOR: Bristol Bay Native Corporation INSTRUMENT: Conservation Easement

GRANTEE: U.S. Department of the Interior National Park Service BOOK/PAGE: 17/480 and various others

SALES PRICE: \$858,180 (allocated to subsurface rights) DATES OF SALE: 12-88/\$3,715,065, 03-90/\$1,467,855 & 07-91/\$901,210

TERMS: Cash

AREA: 9,173 acres (total) ZONING: None

PRESENT USE: Vacant ANTICIPATED USE: Recreational

ACCESS: ATU and fly-in

UTILITIES: None

CONFIRMED WITH: Norman Lee, Chief Appraiser, National Park Service BY/DATE: TRD/6-23-93
-Jack Moore, Bristol Bay Native Corporation TRD/6-23-93

PROPERTY DESCRIPTION: This is the composite sale of 9,173 acres for \$3,715,065 or \$405 per acre from Kijik Corporation, surface estate owner, and Bristol Bay Native Corporation, subsurface estate owner to the U.S. Department of the Interior National Park Service. The surface owner sold their interest for \$2,856,885 or \$311 per acre. The subsurface owner sold their interest for \$858,180. The interest sold by the surface owner was a conservation easement effectively transferring development rights, non-exclusive rights of access and right for general public to use for recreation, with various traditional rights for subsistence use retained by the grantors. According to Norman Lee, Chief Appraiser for the National Park Service, not all of the surface estate was transferred, such as oil and gas rights. However, he felt effectively none of the rights were purchased. This area is accessed by fly-in or all-terrain vehicle and is mostly well drained alluvial plain along the Tazimina Lake. Topography is a gradual to moderate steep slope up from Tazimina Lake, with an elevation of about 655 feet to

COMPARABLE SUBSURFACE RIGHT SALE NO.12 (Continued)

about 1,800 feet elevation in Section 30, mostly between 700 and 1,000 foot elevation. Ground cover tends to be spruce, birch and brush. This property has approximately eight to nine miles of frontage along the shores of Tazimina Lake.

SUBSURFACE RIGHTS ANALYSIS: $\$858,180 \div 9,173 \text{ Acres} = \$94/\text{Acre}$

SALE NO. 13

LOCATION: Lower Tazimina Lake, approximately six miles east of Lake Clark and 180 miles southwest of Anchorage, Alaska

LEGAL DESCRIPTION: Sections 18, 19 & 30, T2S, R30W and Sections 23 to 26, 35 and 36, T2S, R31W, Seward Meridian

GRANTOR: Bristol Bay Native Corporation INSTRUMENT: Conservation Easement

GRANTEE: U.S. Department of the Interior National Park Service BOOK/PAGE: 17/480 and various others

SALES PRICE: \$858,180 (allocated to subsurface rights) DATES OF SALE: 12-88/\$3,715,065, 03-90/\$1,467,855 & 07-91/\$901,210

TERMS: Cash

AREA: 9,173 acres (total) ZONING: None

PRESENT USE: Vacant ANTICIPATED USE: Recreational

ACCESS: ATU and fly-in

UTILITIES: None

CONFIRMED WITH: Norman Lee, Chief Appraiser, National Park Service BY/DATE: TRD/6-23-93
Jack Moore, Bristol Bay Native Corporation TRD/6-23-93

PROPERTY DESCRIPTION: This is the composite sale of 9,173 acres for \$3,715,065 or \$405 per acre from Kijik Corporation, surface estate owner, and Bristol Bay Native Corporation, subsurface estate owner to the U.S. Department of the Interior National Park Service. The surface owner sold their interest for \$2,856,885 or \$311 per acre. The subsurface owner sold their interest for \$858,180. The interest sold by the surface owner was a conservation easement effectively transferring development rights, non-exclusive rights of access and right for general public to use for recreation, with various traditional rights for subsistence use retained by the grantors. According to Norman Lee, Chief Appraiser for the National Park Service, not all of the surface estate was transferred, such as oil and gas rights. However, he felt effectively none of the rights were purchased. This area is accessed by fly-in or all-terrain vehicle and is mostly well drained alluvial plain along the Tazimina Lake. Topography is a gradual to moderate steep slope up from Tazimina Lake, with an elevation of about 655 feet to

SALE NO. 13 (Continued)

about 1,800 feet elevation in Section 30, mostly between 700 and 1,000 foot elevation. Ground cover tends to be spruce, birch and brush. This property has approximately eight to nine miles of frontage along the shores of Tazimina Lake.

SUBSURFACE RIGHTS ANALYSIS: \$858.180 + 9,173 Acres = \$94/Acre

INFO Reconfirmation: Norman Lee, U.S. Park Service

Sale date was March, 1987. Payment was made in three installments, dependent on congressional appropriation of funds. Recalculation of a cash equivalent price is necessary. Surface owner receives 76.9% of the price.

<u>Date</u>	<u>Payment</u>	<u>76.9%</u>	<u>Present Value 3/87 *</u>
10/88	\$1,346,000	\$1,035,074	\$911,586
3/90	\$1,467,855	\$1,128,780	\$868,519
7/91	<u>\$901,210</u>	<u>\$693,030</u>	<u>\$473,349</u>
Total	\$3,715,065	\$2,856,884	\$2,253,454

\$2,253,454 ÷ 9173 acres = \$245.66 per acre

* The discount rate for present value calculations was 10%. This is the high end of the range of Prime Rate, yield on 5-year Treasury bonds and yield on Baa corporate bonds during 1987-1989. The high end was used to reflect the higher risk of this seller financing.

L2

COMPARABLE LAND SALE NO. 14

LOCATION: Generally a high land surrounding the islands in the cliff areas in a bank surrounding a portion of St. George and St. Paul Islands, Alaska.

LEGAL DESCRIPTION: Very long involved legal description of coastal lands surrounding St. George and St. Paul Islands, Alaska.

GRANTOR: St. George Tanaq Corp.
& St. Paul Tanadgusix Corp.

INSTRUMENT: WD

GRANTEE: U.S. Department of the Interior

BOOK/PAGE: 23/665

SALES PRICE: \$7,200,000

DATE OF SALE: 11-2-84

TERMS: Cash

AREA: 8,000 Acres

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE:
Public

ACCESS: Road/water

ASSESSMENTS: None
Known

UTILITIES: Electric/telephone

EASEMENTS/
RESTRICTIONS: Normal

CONFIRMED WITH: Affiliated Appraisers
of Alaska

BY/DATE: Paul Dirkson
5-92

PROPERTY DESCRIPTION: This is the sale of various parcels of land in the St. George and St. Paul area that generally encompasses strips of land 150 to 200 feet inland from cliff coastal areas. The purchase was by the United States Department of the Interior with the intent of preserving these areas for bird and seal sanctuaries. Negotiations on this sale began in 1982 with the final date of sale on November 2, 1984. This sale has additional complications. In the early portion of the transaction in 1982 a one acre lease for \$1 million, nonrenewable for 99 years, was included. This lease was supposed to be for future use of a Fish and Wildlife administration building. However, this was done strictly for internal purposes and was irrelevant in that the actual transaction just encompassed 8,000 acres for \$7,200,000. This did not involve power to condemn. This sale had elements of both market and possibly non-market factors. For example, both corporations needed to sell this land in order to obtain the \$7,200,000 which they strongly needed at the time of transaction. In addition, they were more or less indirectly involved in the negotiations in that most of the negotiations took place between the native lawyers and officials of the U.S. Department of the

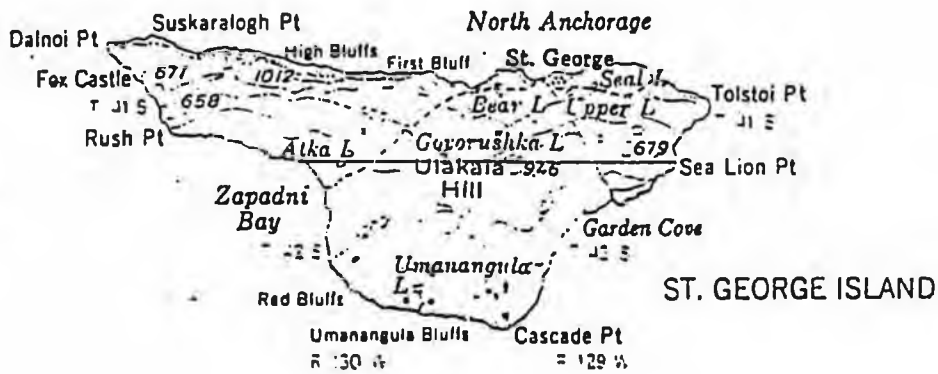
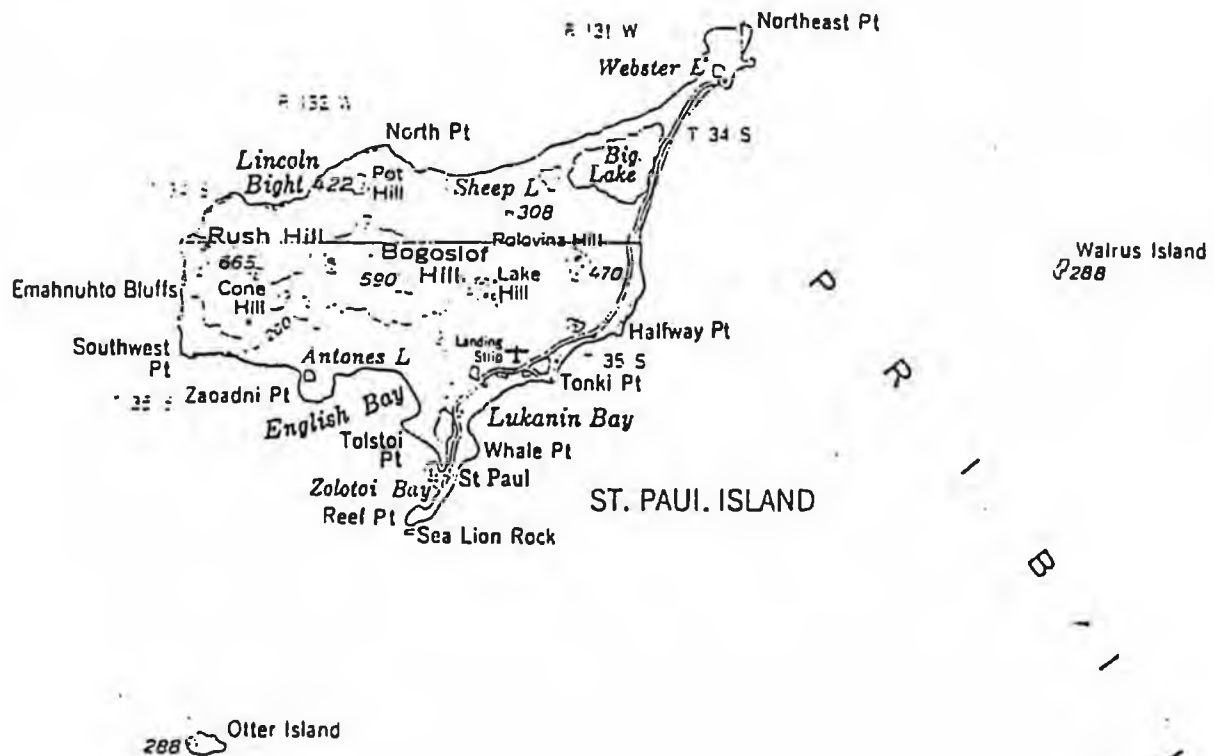
G. Hayden Green, Ph.D

COMPARABLE LAND SALE NO. 14 (Cont d)

Interior. However, it appears they did have the option of refusing the offer, even though they had a prior signed agreement mandating this sale at a later to be determined price.

ANALYSIS: $\$7,200,000 \div 8,000 \text{ acres} = \$900/\text{Acre}$

Comparable Land Sale Number 14



Addendum IV
Qualifications of Appraisers

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

WILLIAM B. WALLACE, ACF, RPF, VICE PRESIDENT

Project Experience

Western U.S.A., Southern U.S.A., Canada. Valid Passport.

Specialization

Appraisal of timber and timberland; business valuation and feasibility analysis; forest management and planning; land use planning; timber supply analysis; forest tax compliance and planning; timber marketing and purchases; sale and acquisition of forest properties; development of forest recreation and residential properties; timber sale administration; logging operations; forest practices compliance; industry affairs and lobbying; coordination of expert testimony.

Significant Projects

- * Appraised significant tracts of timber and timberland for Washington DNR and Washington Natural Heritage program.
- * Analyzed application of I.R.S. timber accounting regulations to a large timberland transaction in California.
- * Appraised more than 1,200 acres of timber and timberland for Clackamas County, Oregon.
- * Appraised land and timber of Native Alaska Village Corporations.
- * Appraised forestland and forest residential lands in the Columbia River Gorge National scenic area.
- * Helped form real estate subsidiary to market forest lands with higher and better use. Appraised properties and formulated marketing plans.
- * Maintained market analyses and timber supply studies; monitored competitor activity; developed timber purchase and bidding strategies; appraised and administered timber sales for major timberland owner.
- * Provided administration and valuations for timber taxation at federal/state levels on more than one million acres in the West and South. Conducted audit negotiations and provided expert support for tax litigation.
- * Took part in negotiation of four major forest products acquisitions valued at \$30 million to \$285 million.
- * Developed forest management, roading and development plans for several large timberland blocks in the west and the south.
- * Conducted research in young growth timber management. Developed small timber harvest methods and equipment.

Employment

INFO, Vice President (1989-Present).

Oregon Department of Revenue, Salem, Oregon, Tax Appeals Hearings Officer, 1989.

Appraisal Group, Inc., Portland, Oregon, Contract Consultant (1987-1988).

Cavenham Forest Industries Inc., Portland, Oregon, Valuation Manager (1986).

Crown Zellerbach Corporation, San Francisco, California; Portland, Oregon; Bogalusa, Louisiana. Valuation Supervisor (1975-1986). Timber Value Analyst (1966-1975). Forester (1955-1966).

Professional Education

Master of Forestry, Forest Economics, University of California (1959).

Bachelor of Science, Forest Management, University of Idaho, Xi Sigma Pi Forestry Honorary (1955).

The Appraisal Institute Courses 1-A (1 and 2), 1-B (A and B), 3, SPP (A).

Continuing education in forest management, computer applications, appraisal practice and real estate practice.

Professional Associations

The Appraisal Institute, MAI Candidate.

Association of Consulting Foresters.

Licenses and Certificates

Registered Professional Forester, California #2063.

Certified Real Estate Appraiser -- General, Washington. #270-11 WA-LL-AW-BZ670B

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

THOMAS M. HANSON, ACF, SECRETARY TREASURER

Project Experience

Western U.S.A., Canada, Alaska. Valid Passport.

Specialization

Management of forest tree farms including negotiation of timber sale agreements and supervision of cutting contracts, arranging for silvicultural practices and site preparation. ---Timber and timberland appraisal, log market analysis and valuation of minor species and products. ---Forest inventory design, organization and implementation. --- Aerial photo interpretation, forest type mapping, and processing of inventory data for stand volume, growth and yield studies. --- Reconstruction of forest stands for damage appraisal as evidence in court testimony and trespass suits. ---Appraisal of urban trees.

Significant Projects

- * Manager of 15,000+ acres of forest land in Western Washington for non-resident owners. (Witzleben Holdings, Toerring, K.G.)
- * Appraiser for Department of Natural Resources, Lands & Minerals Division and Parks and Recreation Division.
- * Review Appraiser/Check cruiser for Department of Natural Resources, Land and Water Conservation Division.
- * Appraised land and timber on several Alaska Native Village Corporation Allotments.
- * Designed and supervised conversion of pastureland to conifer and hybrid poplar plantations (ARCO).
- * Cruises and Appraisals: Retained jointly on several exchange projects by State of Washington with City of Everett, Pierce County, Weyerhaeuser Company, Plum Creek Timber, Publishers Paper, Longview Fibre and Champion International.
- * Check cruiser for U.S.F.S./Forest Industry timberland exchanges.
- * Urban tree appraisals for damage and trespass assessments
- * Consultant to Municipality of Metropolitan Seattle for selection, appraisal and management of forest lands. (METRO, Seattle)
- * Planned and supervised forest inventory and appraisal of 180,000 acres of private timberlands and prepared data as a basis for determining values for arbitration hearings (Pack River Company)

Employment

INFO, Forester (1971-1978). Principal and Secretary-Treasurer, (1978-Present).

U.S. Corps of Engineers, Forestry Division, Ft. Lewis, Washington, (1971-1972).

Darrington Tree Seed Company, Seattle, Washington, (1970-1971).

U.S.F.S. Summer Employment while attending university (1966-1971)

Professional Education

Bachelor of Science, Forest Management, University of Washington, (1971).

Continuing Education: State Appraiser Certification Courses, Micro Computer Capabilities, Herbicide Applications, Federal Forest Taxation and Estate Planning; Washington State Real Estate Broker preparatory classes, Forest Taxation Workshop. Courses of the Practicing Foresters Institute.

Certificates of Continuing Forestry Education from the Society of American Foresters, (1983 and 1986).

Professional Associations

Association of Consulting Foresters (Past Regional Chairman).

Society of American Foresters.

Licenses and Certificates

Licensed Real Estate Broker, Washington

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL HAZARD ASSESSMENT FORM

Please complete all sections of this form. If you are unable to provide answers, respond unknown or "not applicable". Attach maps or sketches of the subject properties showing bodies of water, swamps, wetlands, water wells, improvements, structures, man-made features, and any areas of environmental sensitivity or concern.

I. Site History and Operations

1. List all known historical and current uses of the property. This might include: residential, commercial, agricultural, forestry, timber harvest, etc. Identify all owners, operators, contractors, etc. that used the property.

Timber Harvest - Koncor Forest Products Co.; Silver Bay Logging Co.

2. List all known historic and current uses of adjacent properties.

Same

3. List all structures or development on the property and their uses.

Road Construction - Haul of logs from timber harvest.

4. What type of "hazardous substances" were evident on the property? How were they used and where? Where and how were they stored?

NOTE: Hazardous substances are defined as an element or compound which, when it enters the atmosphere, water or land presents an imminent or substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural habitat in which they are found.

They might include oil, industrial materials or compounds such as cleaning solvents, lubricating agents, greases, heating fuels, petroleum hydrocarbons, pesticides, metals, and any substances defined under 42 USC 9601(14).

Gasoline, Deisel oil, motor oil and hydraulic fluid were used in logging machinery. They were not stored on the property, but at a shop facility at the Konco log transfer facility.

5. Were any above or below ground storage tanks located on the property? If yes show locations on the property sketch and, for each tank, indicate: No
- Is the tank above ground? _____
Age _____
Size _____
Product stored in tank _____
 - Is the tank still there? _____
If not - describe removal operation.
 - Have permits ever been issued for the tanks? _____
 - Have the tanks or associated piping ever been tested? If yes - attach results. _____
 - Describe the area around the tanks, identifying any evidence of leaking, spills, soil staining, etc.
6. Does the property contain any septic tanks or leach fields? Did they receive industrial materials? _____
If yes -- explain. No
7. Are there any water wells on the property? No _____
If so - has the water ever been tested? _____
8. Have there ever been any transformers or power generating facilities located on the property? No _____
If so:
- Indicate types of devices.

Are (or were) they labeled as containing PCB's? _____
 - Is there any indication of leaking or damage?

9. Have there ever been any oil or gas wells on the property? No _____
If so - identify locations on sketch map.

Are there any pipelines? _____
If so - any indication of leaks or spills? _____
Identify the owner/operator of the wells.

II. Waste Disposal/Spills

1. Does the property indicate areas (ie. soil staining, stressed vegetation, etc.) used as waste disposal sites?
No

If so - indicate the kinds of materials disposed of and the methods of disposal (eg. burning, discharge to water body, dump, land fill, recycle, settling ponds, surface impoundment, etc.).

appliances _____
 asbestos containing material _____
 automobiles _____
 batteries _____
 chemicals _____
 construction debris _____
 garbage (food waste) _____
 household trash _____
 incinerator ash _____
 industrial wastes _____
 mining wastes _____
 pesticide/herbicide _____
 petroleum products _____
 sewage sludge _____
 tires _____
 other (identify) _____

- a. Indicate of the sketch map where these activities occurred.
- b. How long were these activities conducted? _____
2. Has there ever been a chemical spill or leak on the property? Not known - no indications
 If so - indicate what was spilled, how much, and what response actions were employed.
3. Are there any known or suspected chemical spills on adjacent property? Not known - not considered likely.

III. Studies, Records, and Enforcement

1. Has there ever been an environmental assessment been conducted on the property? Not known
 If so - describe by what company and when. Also, attach a copy if available.
2. Has the current owner or operator had any communications with any government agency concerning environmental conditions on the property? _____
 If so - explain. Exxon Valdez oil spill. _____
3. Has any government agency investigated, cited or been involved with violations of any environmental laws regarding this property or adjacent properties?
Not known

- 4. Does this property (or property within 1/2 mile) appear on any lists of contaminated facilities or land maintained by any environmental agency? Yes
If so - explain. Inventory of beaches affected by the Exxon Valdez oil spill.

IV. Summary

Summarize the history of this site in regards to its environmental history, to the best of your knowledge. Development and activity that would affect the environment has taken place only recently. (since 1990) Activity has been limited to timber harvest and associated road building. There is no evidence of any environmental degradation from this activity. Beaches on Tolstoi Point and Tonki Cape were oiled by the Exxon Valdez oil spill. The extent of oiling is listed as light to moderate, with expected breakdown of the oil within 4 to 7 years of the oiling.

Statements in this assessment form are based, in part, on both personal observation and information provided by the owners of the property, The State of Alaska and other agencies. These statements are subject to limiting condition number 10 of the appraisal report for the property prepared for the State of Alaska dated August 6, 1993.

William B. Wallace ACF, RPF August 19, 1993
 _____ Date
William B. Wallace *August 19, 1993*
 _____ Date
 Signature of Person Preparing the Form

HB

448

HOUSE COMMITTEE REPORT

(9) Date Referred: February 22, 1994 FURTHER REFERRAL Judiciary

Date of Committee Action: 3/7/94

The RESOURCES Committee considered: HB 448

HOUSE BILL NO. 448 WASTE & USE OF SALMON; HATCHERIES

"An Act relating to waste and use of salmon and parts of salmon; relating to permits for and operation of a salmon hatchery; and providing for an effective date."

RECOMMENDATIONS: the same title
 be replaced with CS HB 448 (RES) a new title
 have attached amendments(s)
 do pass
 do not pass
 no recommendations
 individual recommendations
 additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____ APPROVES PREVIOUS: (Dept-Date) _____
 fiscal impact _____ fiscal note(s) _____
 zero fiscal note _____ zero fiscal note(s) ADFG / 1-10-94

SIGNING <u>DO PASS</u>	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Bill Hudson</i>	✓				
<i>Janette James</i>	✓				
<i>Jan [unclear]</i>	✓				
<i>Alan Kald</i>	✓				
<i>[unclear]</i>	✓				
<i>W.F. William</i>	✓				

W.F. William
 CHAIRMAN'S SIGNATURE

CS FOR HOUSE BILL NO. 448(RES)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to waste and use of salmon and parts of salmon; relating to
2 permits for and operation of a salmon hatchery; and providing for an effective
3 date."

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

5 * Section 1. AS 16.05.831 is repealed and reenacted to read:

6 Sec. 16.05.831. WASTE OF SALMON. (a) A person may not waste salmon
7 intentionally, knowingly, or with reckless disregard for the consequences. In this
8 section, "waste" means the failure to use the majority of the carcass, excluding viscera
9 and sex parts, of a salmon.

10 (b) Notwithstanding (a) of this section, the commissioner, upon request, may
11 issue a permit authorizing

12 (1) the removal and sale of eggs, and the discard of the carcasses, of
13 salmon that

14 (A) originated from a hatchery; and

1 (B) return to a hatchery terminal area, a hatchery special harvest
2 area, or a hatchery remote release site and are determined by the commissioner
3 to be unsuitable for human consumption; or

4 (2) other uses of salmon that would be consistent with maximum and
5 wise use of the resource.

6 (c) The commissioner may adopt regulations to implement (b) of this section.

7 (d) A person who violates this section or a regulation adopted under this
8 section is punishable by a fine of not more than \$10,000, or by imprisonment for not
9 more than six months, or by both. In addition, a person who violates this section is
10 subject to a civil action by the state for the cost of replacing the salmon wasted.

11 * Sec. 2. AS 16.10.420 is amended to read:

12 Sec. 16.10.420. CONDITIONS OF A PERMIT. The department shall require,
13 in a permit issued to a hatchery operator, that

14 (1) salmon eggs procured by the hatchery must be from the department
15 or a source approved by the department;

16 (2) salmon eggs or resulting fry may not be placed in waters of the
17 state other than those specifically designated in the permit;

18 (3) salmon eggs or resulting fry, sold to a permit holder by the state
19 or by another party approved by the department, may not be resold or otherwise
20 transferred to another person;

21 (4) salmon may not be released by the hatchery before department
22 approval, and, for purposes of pathological examination and approval, the department
23 shall be notified of the proposed release of salmon at least 15 days before the date of
24 their proposed release by the hatchery;

25 (5) diseased salmon be destroyed in a specific manner and place
26 designated by the department;

27 (6) adult salmon be harvested by hatchery operators only at specific
28 locations as designated by the department;

29 (7) surplus viable eggs from salmon returning to the hatchery be made
30 available for sale first to the department and then, after inspection and approval by the
31 department, to operators of other hatcheries authorized by permit to operate under

1 AS 16.10.400 - 16.10.470:

2 (8) if surplus viable salmon eggs are sold by a permit holder to another
3 permit holder, a copy of the sales transaction be provided to the department;

4 (9) [REPEALED

5 (10)] a hatchery be located in an area where a reasonable segregation
6 from natural stocks occurs, but, when feasible, in an area where returning hatchery fish
7 will pass through traditional salmon fisheries.

8 * Sec. 3. AS 16.10.440(b) is amended to read:

9 (b) The Board of Fisheries may, after the issuance of a permit by the
10 commissioner, amend by regulation adopted in accordance with AS 44.62
11 (Administrative Procedure Act), the terms of the permit relating to the source and
12 number of salmon eggs from wild stock to be incubated, the harvest of fish by
13 hatchery operators, and the specific locations designated by the department for harvest.
14 The Board of Fisheries may not adopt any regulations or take any action regarding the
15 issuance or denial of any permits required in AS 16.10.400 - 16.10.470.

16 * Sec. 4. AS 16.10.450(a) is amended and:

17 (a) Except as otherwise provided in a contract for the operation of a hatchery
18 under AS 16.10.480, a hatchery operator who sells salmon returning from the natural
19 waters of the state, [OR] sells viable salmon eggs to another hatchery operating under
20 AS 16.10.400 - 16.10.470, or sells salmon eggs as authorized by a permit issued
21 under AS 16.05.831(b), after utilizing the funds for reasonable operating costs,
22 including debt retirement, expanding its facilities, salmon rehabilitation projects,
23 fisheries research, or costs of operating the qualified regional association for the area
24 in which the hatchery is located, shall expend the remaining funds on other fisheries
25 activities of the qualified regional association.

26 * Sec. 5. AS 16.10.470(a) is amended to read:

27 (a) A person who holds a permit for the operation of a salmon hatchery under
28 AS 16.10.400 - 16.10.470 shall submit an annual report no later than December 15 to
29 the department and to the qualified regional association for the area in which the
30 hatchery is located, to include [BUT NOT BE LIMITED TO] information pertaining
31 to species: brood stock source; number, age, weight, and length of spawners; number

1 of eggs taken for incubation and fry fingerling produced; and the number, age,
2 weight, and length of adult returns attributable to hatchery releases, on a form to be
3 provided by the department.

4 * Sec. 6. AS 16.40.210(b) is amended to read:

5 (b) This section does not restrict

6 (1) the fishery rehabilitation, enhancement, or development activities
7 of the department;

8 (2) the ability of a nonprofit corporation that holds a salmon hatchery
9 permit under AS 16.10.400 to sell

10 (A) salmon returning from the natural water of the state, as
11 authorized under AS 16.10.450;

12 (B) [, OR] surplus viable salmon eggs, as authorized under
13 AS 16.10.420 and 16.10.450; or

14 (C) salmon eggs, as authorized by a permit issued under
15 AS 16.05.831(b):

16 (3) rearing and sale of ornamental finfish for aquariums or ornamental
17 ponds provided that the fish are not reared in or released into water of the state.

18 * Sec. 7. This Act takes effect immediately under AS 01.10.070(c).

8-GH2028J
Utermohle
3/3/94

CS FOR HOUSE BILL NO. 448(RES)

IN THE LEGISLATURE OF THE STATE OF ALASKA

EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE RESOURCES COMMITTEE

Offered:
Referred:

Sponsor(s): **HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR**

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to waste and use of salmon and parts of salmon; relating to
2 permits for and operation of a salmon hatchery; and providing for an effective
3 date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * Section 1. AS 16.05.831 is repealed and reenacted to read:

6 Sec. 16.05.831. WASTE OF SALMON. (a) A person may not waste salmon
7 intentionally, knowingly, or with reckless disregard for the consequences. In this
8 section, "waste" means the failure to use the majority of the carcass, excluding viscera
9 and sex parts, of a salmon.

10 (b) Notwithstanding (a) of this section, the commissioner, upon request, may
11 issue a permit authorizing

12 (1) the removal and sale of eggs, and the discard of the carcasses, of
13 salmon that

14 (A) originated from a hatchery; and

1 (B) return to a hatchery terminal area, a hatchery special harvest
2 area, or a hatchery remote release site and are determined by the commissioner
3 to be unsuitable for human consumption; or

4 (2) other uses of salmon that would be consistent with maximum and
5 wise use of the resource.

6 (c) The commissioner may adopt regulations to implement (b) of this section.

7 (d) A person who violates this section or a regulation adopted under this
8 section is punishable by a fine of not more than \$10,000, or by imprisonment for not
9 more than six months, or by both. In addition, a person who violates this section is
10 subject to a civil action by the state for the cost of replacing the salmon wasted.

11 * Sec. 2. AS 16.10.420 is amended to read:

12 Sec. 16.10.420. CONDITIONS OF A PERMIT. The department shall require,
13 in a permit issued to a hatchery operator, that

14 (1) salmon eggs procured by the hatchery must be from the department
15 or a source approved by the department;

16 (2) salmon eggs or resulting fry may not be placed in waters of the
17 state other than those specifically designated in the permit;

18 (3) salmon eggs or resulting fry, sold to a permit holder by the state
19 or by another party approved by the department, may not be resold or otherwise
20 transferred to another person;

21 (4) salmon may not be released by the hatchery before department
22 approval, and, for purposes of pathological examination and approval, the department
23 shall be notified of the proposed release of salmon at least 15 days before the date of
24 their proposed release by the hatchery;

25 (5) diseased salmon be destroyed in a specific manner and place
26 designated by the department;

27 (6) adult salmon be harvested by hatchery operators only at specific
28 locations as designated by the department;

29 (7) surplus viable eggs from salmon returning to the hatchery be made
30 available for sale first to the department and then, after inspection and approval by the
31 department, to operators of other hatcheries authorized by permit to operate under