



**Preliminary Decision  
Era Helicopters LLC  
ADL 108853 – Lease Amendment  
AS 38.05.075(c)**

**I. Requested Authorization**

On January 26, 2018, Era Helicopters LLC, the Applicant, applied to amend lease ADL 27108 to add an additional approximate half acre of filled tideland to the existing 6.5-acre leasehold area within the Mendenhall Wetlands State Game Refuge in Gastineau Channel, Juneau, Alaska.

The leasehold ADL 27108 was executed in 1967 as a 55-year lease for the operation of a heliport facility in the Gastineau Channel and is inclusive of Alaska Tideland Survey 602. The requested additional filled tideland area, was filled in 1976 to maintain the existing fill, but has never been formally included in the leasehold area. This proposed amendment in conjunction with an Unauthorized Use Agreement executed by the Applicant and DNR (ADL 108854) will resolve and authorize the additional area under ADL 27108. A diagram of the pre-amendment leasehold, ATS 602, and the subject additional area, is included as Attachment 1.

The total additional area requested by the applicant is approximately half an acre.

**II. Proposed Authorization**

DMLW plans to amend ADL 27108 to include the additional filled tideland area, and to adjust the assessed fair market rent amount owed to the state based on the additional area. A new tideland survey of the revised leasehold area will be required before a renewal of ADL 27108 is issued. The original 55-year term for ADL 27108 expires in March 2022.

**III. Authority**

AS 38.05.035, AS 38.05.070, AS 38.05.075 and Alaska Administrative Code 11 AAC 55 and 11 AAC 58.

**IV. Administrative Record**

Case file ADL 108853 is the administrative record for this adjudication. Case file ADL 27108 is the subject lease agreement. Also incorporated by reference is ADL 108854 (Unauthorized Use Agreement), and the Mendenhall Wetlands State Game Refuge Management Plan (1990). LAS 27005 was a permit application to authorize the subject fill area, it is now closed.

**V. Scope of the Decision**

The scope of administrative review for this authorization [AS 38.05.035(e)(1)–(2)] is limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) the facts pertaining to the land or resources; and (4) issues that are material to the determination that issuing the authorization will best serve the interest of the State of Alaska.

## **VI. Description**

### **Geographic Location**

The parcel is located in the Gastineau Channel, Juneau, Alaska. The site is on state tideland within the Mendenhall Wetlands State Game Refuge.

### **Legal Description**

Three parcels of land are affected:

Parcel 1 – A fraction of USS 471 Tract A and Tract B, in the Juneau Recording District (upland).

Parcel 2 – ATS 602, a leasehold parcel of tideland within Section 8, Township 41 South, Range 67 East, Copper River Meridian containing approximately 6.5 acres of state-owned tideland (ADL 27108). The parcel is located within the Mendenhall Wetlands State Game Refuge immediately adjacent to and seaward of Parcel 1, in the Juneau Recording District.

Parcel 3 – An unsurveyed parcel of tideland within the NW¼ of Section 8, Township 41 South, Range 67 East, Copper River Meridian containing approximately half an acre of state-owned tideland. The parcel is located immediately adjacent to Parcel 2 as depicted in Attachment A.

### **Other Land Information**

**i. Municipality:** Juneau

**ii. Regional Corporation:** Sealaska Corp.

**iii. Village Corporation:** Goldbelt Inc.

**iv. Federally Recognized Tribe:** Central Council of Tlingit and Haida Tribes

## **VII. Title**

The State of Alaska holds title to the subject tideland estates of the project area under the Equal Footing Doctrine and the Submerged Lands Act of 1953.

Title is subject to valid existing rights, including reservations, easements, and exceptions in the U.S. Patent or other State or federal conveyance, and in acts authorizing the issue thereof, easements, rights-of-way, covenants, conditions, reservations, notes on the plat, and restrictions of record, if any.

## **VIII. Planning and Classification**

The subject land is within the Mendenhall Wetlands State Game Refuge (MWSGR), a legislatively designated refuge under AS 16.20.034. As such, the Juneau State Land Plan does not apply. Rather the area is managed in accordance with the MWSGR Management Plan (1990). This Management Plan sets forth three primary goals: 1) the protection of wildlife and wildlife habitat; 2) the protection of fish and marine habitat; and 3) public use – to maintain and enhance use of fish, wildlife, and refuge lands.<sup>1</sup>

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<sup>1</sup> MWSGR Management Plan, p.4-5  
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ADF&G, as the agency primarily responsible for management of the MWSGR, indicated that it did not object to the subject fill when it was placed in 1976, and plans to issue a Special Area Permit for the subject fill.<sup>2</sup>

#### **Mineral Orders**

There is no mineral leasing in the Game Refuge under the Management Plan. There is no mineral order for the easement area.

#### **Traditional Use Finding**

AS 38.05.830 requires the consideration of effects that the proposed lease will have on the density of the population near the proposed site, and potential for conflicts with the traditional uses of the land that could result from the lease. However, because the requested parcel is within the City and Borough of Juneau, a traditional use finding is not required.

### **IX. Access**

#### **Physical and Legal Access**

The physical access to the proposed lease site is via the North Douglas Highway and across the adjacent upland parcel (Parcel 1), or via the tide and submerged lands of the Gastineau Channel.

Legal access to the proposed site is provided by the North Douglas Highway and upland parcel (Parcel 1), which is also owned by the Applicant.

#### **Access To and Along Public Waters:**

Pursuant to AS 38.05.126(a), the public has a constitutional right to free access to, and use of, navigable or public waters of the State of Alaska. Pursuant to AS 38.05.127(a)(1), a fifty (50) foot public access easement is reserved seaward of mean high water. Pursuant to provisions of AS 38.05.127(a)(2) this easement may be temporarily closed to public access for short periods when operations are occurring that may pose a risk to public safety. DMLW will defer to the Lessee to determine the appropriate level of notification to be provided to the public should temporary closure occur. If DMLW received notification of concerns or issues related to access at this site, DMLW may require alternative measures to address site-specific access issues to ensure that public access can be reasonably provided.

### **X. Environmental Risk**

It is our management responsibility to protect the overall public interest if there is a reasonable expectation that a hazardous condition, or hazardous, toxic or radiological material or contamination from such material exists or is known to exist on the land being disposed of. No hazardous material or contamination from hazardous material is known to exist on the land proposed for lease.

Hazardous materials, specifically fuel and lubricants, will be stored and used on site. Stipulations are included in the existing lease to ensure proper handling and storage. Environmental risk associated with this proposed amendment should be minimal, as it does not change the historic and existing use of the site.

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<sup>2</sup> Comment Letter from ADF&G, RE MWSGR Existing Fill Era Helicopters, Feb 14, 2018.

## **XI. Background**

The applicant owns the adjacent upland parcel (Parcel 1), which along with the subject tideland lease area has been used as a heliport facility since 1967. The subject unauthorized fill was placed on state land in 1976 by previous owners of the heliport. In 2008, during the adjudication of an earlier amendment to the lease (ADL 27108), it was documented that part of the heliport area was outside of the lease area, which is described as being all lands within ATS 602. The Applicant submitted a permit application (LAS 27005) to address the additional area in 2008. However, DMLW did not finalize an adjudication of LAS 27005. A permit issued under AS 38.05.850 would not be an appropriate authorization of the permanent placement of fill on state land. Upon receipt of this amendment request, LAS 27005, was closed.

### **Unauthorized Use**

The subject area has been used since 1976 without authorization from the state. The Applicant and DNR executed an Unauthorized Use Agreement in February 2018 (ADL 108854). Under the Agreement, the Applicant paid retroactive use fees for the period 2008 to 2018. Upon finalizing this amendment to ADL 27108, the case file for ADL 108854 will be closed.

## **XII. Application Reviews**

### **Agency Review**

ADF&G commented that:

The Mendenhall Wetlands State Game Refuge was established the same year the fill was placed and the Alaska Department of Fish and Game (ADF&G) Division of Habitat Restoration Regional Supervisor issued a letter of no objection to the U.S. Army Corps of Engineers dated May 24, 1976 for placement of the fill.

ADF&G plans to follow up with the applicant about obtaining a Special Area Permit for the subject fill.

## **XIII. Discussion**

The proposed amendment will include the actual area of state tideland used under the existing lease ADL 27108, and revise the annual lease fee to account for the additional area added. The pre-amendment area is approximately 6.5 acres. The additional area is approximately half an acre. Once amended Once ADL 27108 is amended as proposed, this case file (ADL 108853) will be merged into ADL 27108 and closed.

## **XIV. Recommendation and Preliminary Decision**

### **Authorization Type and Term**

Pursuant to AS 38.05.075(c), ADL 27108 will be amended to include the additional area of filled tideland and the annual use fee adjusted to account for the additional area. All other terms and conditions of ADL 27108 will remain unchanged. The original 55-year term for ADL 27108 will expire in March 2021.

### **Survey**

As there are less than 4 years left under the original term of ADL 27108, a new tideland survey will not be required at this time. However, pursuant to AS 38.05.045(b), DMLW will require a

new tideland survey if the Applicant or an assignee to ADL 27108 requests a renewal of ADL 27108 for a term greater than 10 years.

### **Compensation**

#### **Annual Land Use Fees**

The current annual use fee under ADL 27108 is based on the fair market rental value of the site: \$14,253. Based on a prorated per acre annual use fee of \$2193, the amended annual use fee will be \$15,349, unless otherwise adjusted in accordance with AS 38.05.105. Under the terms of ADL 27108 and in accordance with AS 38.05.105 the annual land use fee payment is subject to adjustment at five-year intervals.

### **Performance Guaranty**

Performance guaranties provide a means to pay for corrective action if the lease-holder fails to comply with the lease requirements. As the additional area is inconsequential to the use or risks associated with ADL 27108, the original guaranty amount will remain unchanged.

Performance guaranties are subject to periodic adjustments being made during the term of the authorization to address increases or decreases in the costs of rectifying problems and rehabilitating state land due to inflation, changes in the level or nature of development, or other appropriate factors.

### **Insurance**

All insurance requirements under ADL 27108 remain unchanged.

## **XV. Adjudicator Recommendation**

Based on the information provided by the applicant and other agencies, as well as review of planning documents, statutes, and regulations, I recommend amending ADL 27108 as described above. I recommend proceeding to public notice for the purpose of providing the members of the public and those entities identified in AS 38.05.945 an opportunity to review and submit comments.

**SIGNATURE PAGE FOLLOWS**

  
Adam Moser, Natural Resources Specialist

02/15/2018  
Date

**Unit Manager Concurrence**

  
Steve Winker, Natural Resources Manager

Feb 15, 2018  
Date

**Regional Manager Decision**

The file has been reviewed and found to be complete. It is the finding of the Division of Mining, Land & Water, Southeast Region Land Manager, that the amendment to ADL 27108 is appropriate.

  
Lee V. Cole, Acting Southeast Regional Manager

February 16, 2018  
Date

**ATTACHMENTS:**

Attachment 1. Site Diagram  
Attachment 2. ADL 27108

## **PUBLIC NOTICE, FINAL DECISION AND APPEAL PROCESS:**

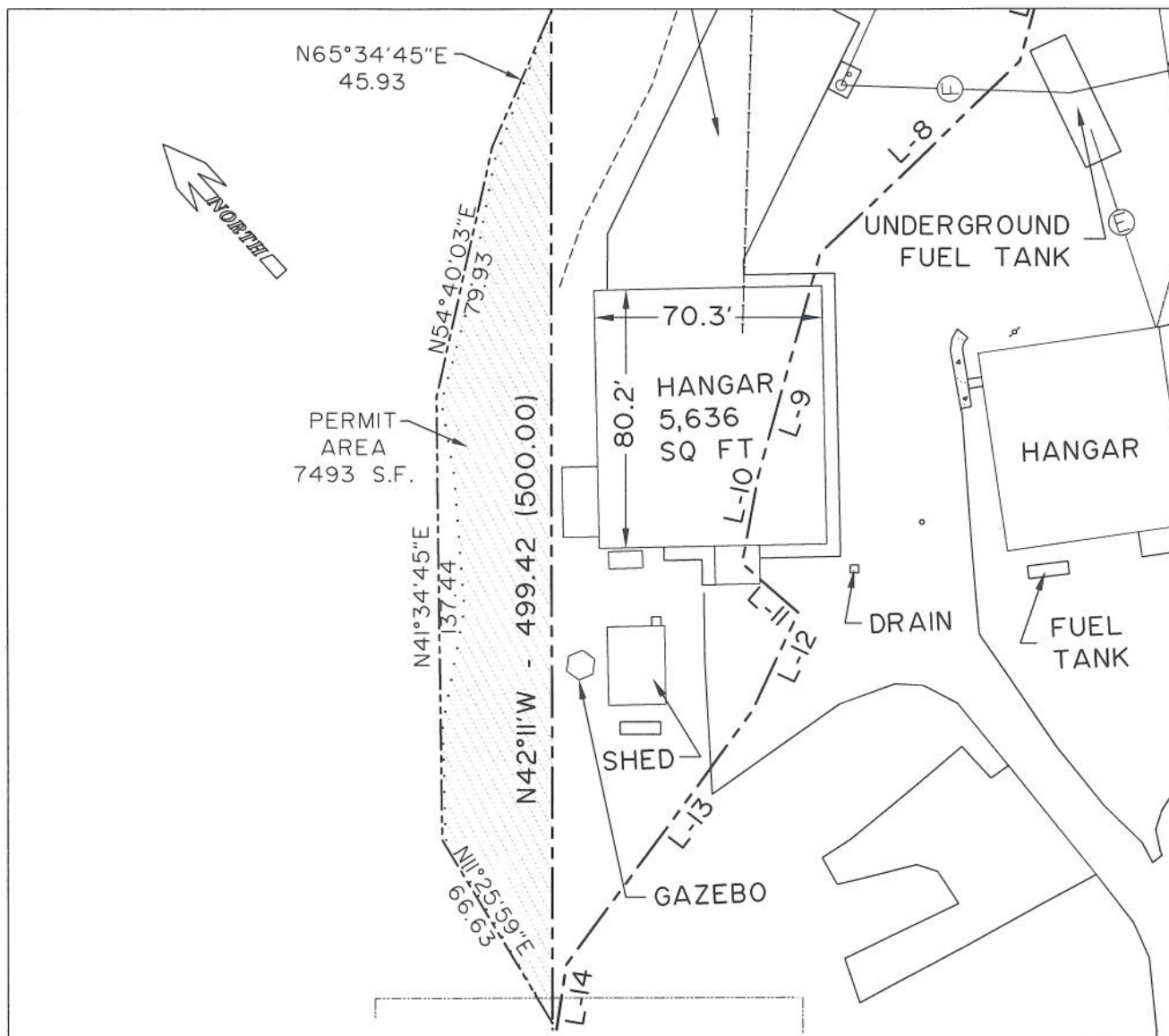
In accordance with the provisions of AS 38.05.945, public notice seeking comments on this preliminary decision will be given to those parties who have requested notice. We will request that Juneau area post offices post the notice. It will be available on the internet as the Alaska Online Public Notice website, which can be accessed at [www.state.ak.us](http://www.state.ak.us).

The public is invited to comment on this preliminary decision. Comments must be received in writing by the DNR Division of Mining, Land & Water by mail at 400 Willoughby Avenue, P.O. Box 111020, Juneau, AK 99811-1020; by fax at (907) 465-3886; or by electronic mail to [adam.moser@alaska.gov](mailto:adam.moser@alaska.gov) by the close of business on **March 15, 2018** in order to ensure consideration. Please include your mailing address and telephone contact. To establish appeal rights regarding this decision, you are required by law to meaningfully participate in the decision process by commenting on the decision, in writing, prior to the comment deadline. Following the deadline, all timely written comments will be considered, and DNR may modify this decision based on public comments received.

If DNR determines that public comments in response to this notice indicate the need for significant changes to the decision, additional public notice will be given. If no significant changes are required, the preliminary decision, after any necessary minor changes, will be issued as a final decision. A copy of the final decision, along with instructions on filing an appeal, will be sent to all persons who comment on the preliminary decision. Persons who do not submit written comments during the comment period will have no legal right to appeal the final decision.







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SCALE IN FEET

Prepared By: Toner-Nordling and Associates Inc.

Date Prepared:

**JUNE 2008**

Applicant's Name:

**ERA HELICOPTERS**

**ALASKA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND & WATER  
LAND USE PERMIT**

**SITE DEVELOPMENT DIAGRAM**

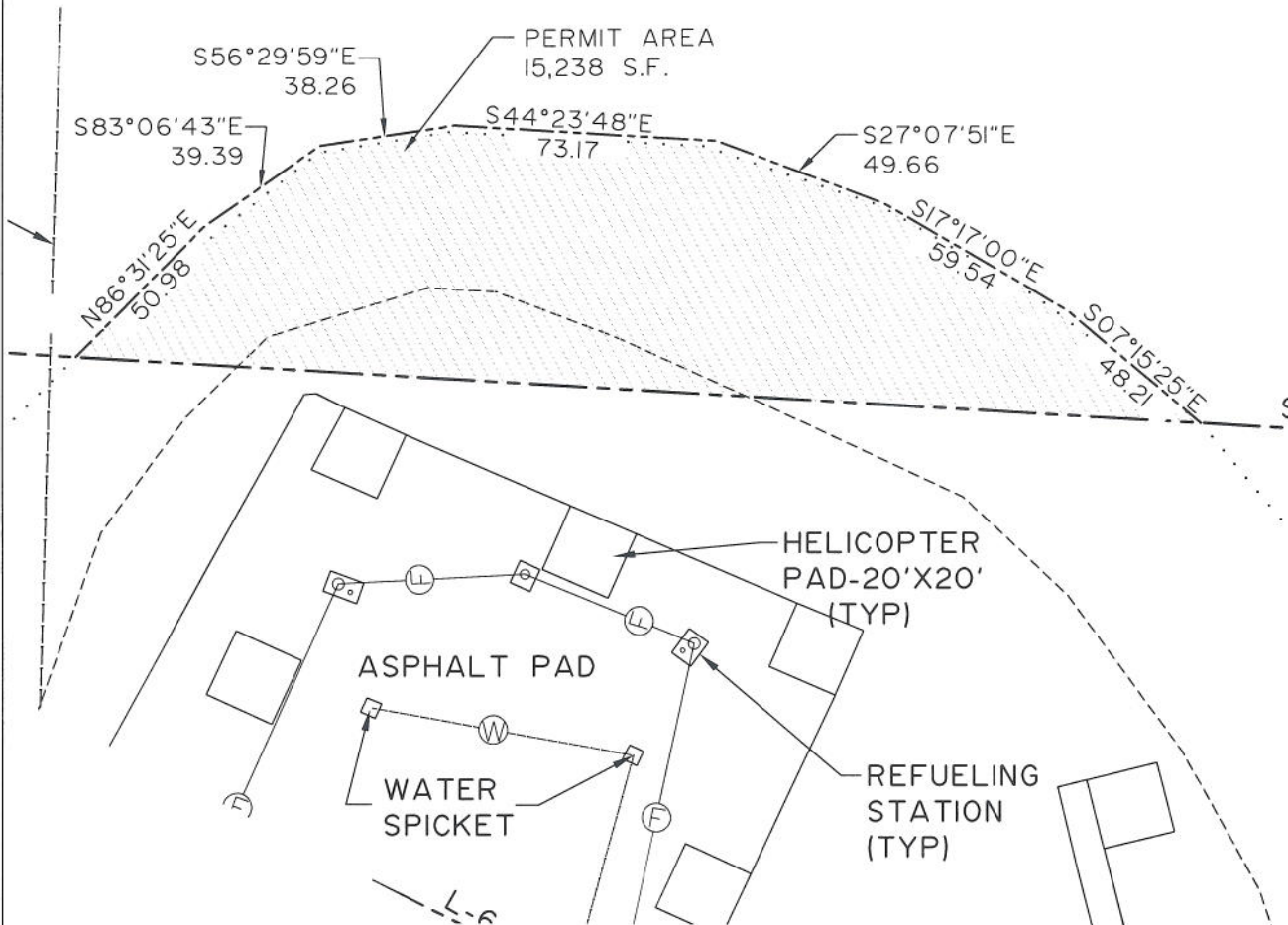
Sec.(s) 8 T. 41 S., R. 67 E., CRM

SHEET 2 OF 3

LAS#

# GASTINEAU

# CHANNEL



Prepared By: Toner-Nordling and Associates Inc.

Date Prepared:

**JUNE 2008**

Applicant's Name:

**ERA HELICOPTERS**

**ALASKA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND & WATER  
LAND USE PERMIT**

**SITE DEVELOPMENT DIAGRAM**

Sec.(s) 8 T. 41 S., R. 67 E., CRM

SHEET 3 OF 3

LAS#



**STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND AND WATER**

400 Willoughby Avenue, P.O. Box 111020  
Juneau, Alaska 99811-1020

**AMENDMENT #2 to LEASE AGREEMENT ADL 27108**

Lease amendment #2 to lease agreement ADL 27108 replaces in entirety previous lease ADL 27108 and lease amendment, which are recorded in the Juneau Recording Dist. in Book 457 Pages 423-432. It also replaces lease development plan recorded in Book 457 Page 437.

Effective the 30th day of March 2008, this amendment to lease agreement ADL 27108 is entered into by the State of Alaska, hereafter referred to as "Lessor," and Era Helicopters, LLC, hereafter referred to as "Lessee," whether one or more, whose sole addresses for purposes of notification under this lease agreement are listed in Section 29.

Lessor and Lessee agree that this lease, including all attachments and documents that are incorporated in this lease by reference, contains the entire agreement between the parties, and each of the covenants and conditions in the lease including any attachments will be binding upon the parties and upon their respective successors and assigns. Lessor and Lessee further agree that this lease is conditioned upon satisfactory performance by Lessor and Lessee of all covenants and conditions contained in this lease. Lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code and fully understands the duties and obligations of Lessee under this lease and the rights and remedies of Lessor.

This lease is subject to all applicable state, federal, and municipal statutes, regulations, and ordinances in effect on the effective date of this lease, and insofar as is constitutionally permissible, to all statutes, regulations, and ordinances placed in effect after the effective date of this lease. A reference to a statute, regulation, or ordinance in this lease includes any change in that statute, regulation, or ordinance, whether by amendment, repeal and replacement, or other means. This lease does not limit the power of the State of Alaska, its political subdivisions, or the United States of America to enact and enforce legislation or to adopt and enforce regulations or ordinances affecting, directly or indirectly, the activities of Lessee or its agents in connection with this lease or the value of the interest held under this lease. In case of conflicting provisions, statutes, regulations, and ordinances take precedence over this lease. This lease shall not be construed as a grant or recognition of authority for promulgation or adoption of municipal ordinances that are not otherwise authorized.

1. Grant. This tideland lease is issued under the authority of AS 38.05.075 for a term of 14 year(s) beginning on the 30 day of March, 2008 and ending at 12 o'clock midnight on the 29th day of March, 2022, unless sooner terminated, subject to: compensation as specified in Section 2; the attached development plan, Attachment B; approved by the State on July 15, 2008; and attached stipulations, Attachment A, that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

**Alaska Tidelands Survey 602, located within Section 8, Township 41 South, Range 67 East, Copper River Meridian and contains 6.5 acres more or less according to as-built drawing of ATS 602 and improvements submitted by Toner-Nordling dated July 2007.**

Excepting and reserving any general reservations to Lessor that are required by law and that may be stated elsewhere in this lease, and the following, which the State reserves for itself and others:

This lease is subject to all platted easements and reservations and all valid existing rights.

2. Compensation. (a) Lessee shall pay to Lessor compensation as follows, without the necessity of any billing by Lessor, Fourteen Thousand Two Hundred Fifty Three Dollars (\$14,253.00) annually, due on March 30 of each year the lease is in effect. Lessor may, upon 10 days' notice, review and copy any records of Lessee that are necessary to verify Lessee's compliance with this paragraph.

(b) In accordance with AS 38.05.105, the lease compensation is subject to adjustment by Lessor at the commencement of the sixth year of the term and every fifth year thereafter (the "adjustment date"). The compensation adjustment takes effect on the applicable adjustment date, regardless of whether the adjustment determination occurs before or after that date. All reasonable costs of the adjustment, including reappraisal if required by Lessor, will be borne by Lessee.

(c) Lease compensation may also be adjusted as a condition of Lessor's approval of a proposed assignment or sub-lease, under sections 6 and 7.

3. Denial of Warranty. Lessor makes no warranty, express or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of the leasehold, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the profitability or fitness of the leasehold for any use. Lessee represents that Lessee has inspected the leasehold and determined that the leasehold is suitable for the use intended, or has voluntarily declined to do so, and accepts the leasehold "as is" and "where is."

4. Use of Leasehold. Prior to execution of this lease and to commencing use or development of the leasehold, Lessee shall submit a development plan for the leasehold to Lessor and obtain Lessor's approval of the plan. Any use or development of the leasehold must be consistent with the development plan approved by Lessor. Any proposed revisions to the development plan must be submitted to Lessor for approval before any change in use or development occurs. Lessee shall use and occupy the leasehold in compliance with the approved development plan and all applicable laws, regulations, ordinances, and orders that a public authority has put into effect or may put into effect, including those of a building or zoning authority and those relating to pollution and sanitation control. Lessee may not permit any unlawful occupation, business, or trade to be conducted on the leasehold. Lessee shall properly locate all activities and improvements on the leasehold, and may not commit waste of the parcel. Lessee shall maintain and repair the leasehold including improvements in a reasonably neat and clean condition, and shall take all necessary precautions to prevent or suppress grass, brush, or forest fires, and to prevent erosion, unreasonable deterioration, or destruction of the land or improvements. Lessee agrees not to place any aboveground or underground fuel or chemical tanks on the leasehold without the prior written approval of Lessor.

5. Encumbrance of Leasehold. Lessee may not encumber or cloud Lessor's title to the leasehold, or any portion of the leasehold, nor enter into any lease, easement, or other obligation of Lessor's title without the prior written approval of Lessor.

6. Assignment or Sublease of Interest. Lessee may not assign or sublet any interest held under this lease, including a security interest, without the prior written approval of Lessor. Lessor may approve such assignment or subletting if Lessor finds it to be in the best interest of the state. No such assignment or subletting will be effective until approved by Lessor in writing, and the assignee or sub-lessee agrees to be subject to and governed by the provisions of this lease, any subsequent amendments to this lease, any additional stipulations, or reappraisal as deemed appropriate by



Lessor, and all applicable laws, regulations, and ordinances in the same manner as the original Lessee. No assignment or subletting of the leasehold, or any portion thereof, by Lessee will annul Lessee's obligation to pay the compensation required for the full term of this lease. Except as provided in this lease, no subdivision of the leasehold interest may occur without the prior written approval of Lessor.

7. Sublease and Rental Agreements. Lessor may require an increased annual compensation as a condition of a sublease approval. Said increase shall be determined by negotiation between Lessee and Lessor, but shall not be less than 25% of all compensation paid annually to Lessee by the sub-lessee. Neither the terms of this sublease provision nor any actual compensation derived from a sublease shall have any effect upon a determination of appraised market value pertaining to AS 38.05.840 and or this lease parcel. Sublease shall be defined to include any lease, rental, storage or accommodation agreement between Lessee and another individual, business or corporation utilizing or benefiting from the lease parcel. Sub-lessee shall be defined to mean any individual, business or corporation executing an agreement, as above, with Lessee. The amount of sublease compensation shall be subject to change at the same time as the lease compensation adjustment discussed above, and whenever the terms or conditions of the agreement between Lessee and Sub-lessee change. Approval of a sublease shall also be conditioned upon:

(a) submission by Lessee of a signed copy of the agreement(s) which govern the relationship and compensation provisions between Lessee and Sub-lessee; failure of Lessee to provide complete, true and accurate information regarding sublease compensation will, at Lessor's discretion, be grounds for termination of the lease;

(b) submission by Lessee of a complete plan of operations and development for the subleased area and, if necessary, an amended plan of operations and development for the entire lease area; and,

(c) execution by Lessor of a best interest finding and amendments to the lease contract as necessary, if significant changes to the use and development are proposed.

8. Conditional Lease. If all or part of the leasehold has been tentatively approved, or approved, but not yet patented, by the United States to Lessor, then this lease will be conditioned upon receipt by Lessor of such patent. If for any reason Lessor does not receive patent, any compensation paid to Lessor under this lease will not be refunded. Any prepaid compensation for land to which patent is denied Lessor will be refunded to Lessee of record in the amount of the pro-rata portion of the unexpired term. Lessor will have no further liability to Lessee for the termination of the lease.

9. Payment of Taxes and Assessments. Lessee shall pay prior to delinquency all taxes and assessments accruing against the leasehold.

10. Section Line Rights-of-Way. If the leasehold borders on or includes one or more section lines, Lessor hereby expressly reserves unto itself and its successors and assigns a right-of-way or rights-of-way pursuant to AS 19.10.010.

11. Navigable and Public Waters. (a) Pursuant to AS 38.05.127 and 11 AAC 51.045, Lessor reserves a public access easement to and along all public or navigable water bodies that border on or are included in this leasehold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without the prior written approval of Lessor.

(b) The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other



purposes. This lease is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. Lessor reserves the right to grant other interests to the leasehold consistent with the Public Trust Doctrine.

12. Condemnation of Leasehold or Improvements. If the whole or any part of the leasehold is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

(a) Taking of the entire leasehold. If all of the leasehold is taken by condemnation, this lease and all rights of Lessee will immediately terminate, and the compensation will be adjusted so that it is due only until the date Lessee is required to surrender possession of the leasehold. Lessor is entitled to all the condemnation proceeds, except that Lessee will be paid the portion of the proceeds attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned leasehold by Lessee in accordance with the approved development plan.

(b) Taking of substantial part of the leasehold. If the taking is of a substantial part of the leasehold, the following rules apply:

(i) If the taking by condemnation reduces the ground area of the leasehold by at least 30 percent or materially affects the use being made by Lessee of the leasehold, Lessee has the right to elect to terminate the lease by written notice to Lessor not later than 180 days after the date of taking.

(ii) If Lessee elects to terminate, the provisions in subsection (1) of this section govern the condemned portion of the leasehold and the covenants and conditions of the lease govern disposal of the remainder of any buildings or improvements made by Lessee in accordance with the approved development plan.

(iii) If Lessee does not elect to terminate, the lease continues and Lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned portion of the leasehold by Lessee in accordance with the approved development plan. Compensation at the existing rate will terminate on the date Lessee is required to surrender possession of the condemned portion of the leasehold. Except as it may be adjusted from time to time under the covenants and conditions of the lease and applicable statutes, compensation for the balance of the term will be adjusted by Lessor to reflect the taking.

(c) Taking of insubstantial part of the leasehold. If the taking by condemnation reduces the ground area of the leasehold by less than 30 percent and Lessor determines that the taking is of such an insubstantial portion that Lessee's use of the leasehold is not materially affected, Lessee may not elect to terminate the lease and the compensation provisions of subsection 2(c) of this section will govern.

13. Valid Existing Rights. This lease is subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this lease. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.

14. Inspection. Lessor will have reasonable access to the leasehold for purposes of inspection.



15. Mineral Reservations. This lease is subject to the reservations required by AS 38.05.125 and the rights and obligations imposed by AS 38.05.130.

16. Concurrent Use. This lease is subject to reasonable concurrent uses as provided under Article VIII, Section 8 of the Constitution of the State of Alaska. The concurrent user who is found to be at fault for damage or injury arising from noncompliance with the terms governing the user's concurrent use is liable for damages and the user's interest is subject to forfeiture or termination by Lessor. In this context, the term "concurrent user" includes Lessee and any other person or entity who lawfully uses the land subject to this lease, but does not include the State of Alaska.

17. Surface Resources. Unless otherwise provided by this lease or other written authorization, Lessee may not sell or remove from the leasehold any timber, stone, gravel, peatmoss, topsoil, or any other material valuable for building or commercial purposes. Material required for the development of the leasehold may be used only in compliance with the approved development plan.

18. Appropriation or Disturbance of Waters. During the term of this lease, Lessee will have the right to apply for an appropriation of ground or surface water on the leasehold in accordance with AS 46.15 and 11 AAC 93.060.

19. Acquisition of Rights or Interests. Any right or interest acquired during the term of this lease and accruing to the benefit of the leasehold will remain appurtenant to the leasehold, and may not be severed or transferred from the leasehold without the prior written approval of Lessor. In the event of termination or forfeiture of this lease, any such right or interest will vest in Lessor.

20. Land Alterations Due to Natural or Artificial Causes. The interest described in this lease constitutes the entire leasehold. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the leasehold, Lessee has no right to occupy or use the accreted land unless a separate lease is entered with Lessor with respect to such lands. The rules of law usually applicable to accretion or reliction of land do not apply to this lease or to the interest described in this lease.

21. Waiver or Forbearance. The receipt of compensation by Lessor, with or without knowledge of any default on the part of Lessee, is not a waiver of any provision of this lease. No failure on the part of Lessor to enforce a covenant or condition of this lease, nor the waiver of any right under this lease by Lessor, unless in writing, will discharge or invalidate the application of such covenant or condition. No forbearance or written waiver affects the right of Lessor to enforce any covenant or condition in the event of any subsequent default. The receipt of compensation by Lessor after termination or any notice of termination will not reinstate, continue, or extend this lease, or destroy, or in any manner impair the validity of any notice of termination that may have been given prior to receipt of the compensation, unless specifically stated by Lessor in writing.

22. Default and Remedies. (a) Time is of the essence in this lease. If Lessee defaults on the performance of any of the covenants or conditions of this lease, and the default is not remedied within 60 days after Lessor issues written notice of such default to Lessee and to the holder of a security interest in the leasehold approved by Lessor, or within any additional period Lessor allows for good cause, Lessee will be subject to legal or any other administrative action deemed appropriate by Lessor, including termination of this lease. Lessor may, in the notice of the default or in a separate written notice, state that if the default is not remedied, this lease shall terminate on a date certain, which shall be at least 60 days after issuance of the notice of default. Upon the date specified in such notice, unless the default has been remedied, the lease shall expire automatically without further notice or action by Lessor and this lease and all rights of Lessee under the lease shall terminate. Upon termination of the lease Lessor shall have an immediate right to possession of the leasehold and any possession by Lessee shall be unlawful. It is specifically agreed that no





judicial action shall be necessary to terminate this lease or to allow Lessor to retake possession in the event of default by Lessee. No improvements may be removed from the leasehold while the lease is in default except with Lessor's prior written approval. If this lease is terminated for default, all compensation paid by Lessee is forfeited to Lessor. Lessor is not liable for any expenditures made or undertaken by Lessee under this lease. Any costs or fees, including attorney's fees, reasonably incurred by Lessor for the enforcement of this lease, shall be added to the obligations due and payable by Lessee.

(b) The rights, if any, of third-party security interest holders or lien holders are controlled solely by AS 38.05.103 and 11 AAC 58.590. If Lessee fails to remedy the default within the time allowed in subsection (a) of this section, the holder of an approved security interest who has received notice under subsection (a) of this section may remedy the default. The holder shall act within 60 days from the date of receipt of notice under subsection (a) of this section, or within any additional period Lessor allows for good cause.

(c) Lessor may, at Lessor's option, following Lessee's default and failure to remedy, or after termination of this lease due to such default and failure to remedy, accelerate the unpaid compensation for the remainder of the term of this lease. Lessee's obligation to pay such accelerated rent to Lessor survives termination of this lease.

(d) If this lease is terminated, or all or any portion of the leasehold is abandoned by Lessee, Lessor may immediately enter, or re-enter and take possession of the leasehold, and without liability for any damage, remove all persons and property from the leasehold and may, if necessary, use summary proceedings or an action at law. The words "enter" and "re-enter" as used are not restricted to their technical legal meaning. Any entry, re-entry, possession, repossession, or dispossession by Lessor, whether taken with or without judicial action, does not absolve, relieve, release, or discharge Lessee, either in whole or part, of any liability under the lease.

(e) Lessor, upon or at any time after giving written notice of any default, may enter or re-enter the leasehold to remedy any default by Lessee or exercise any right given under this lease, all without the intervention of any court being required. The curing of such default shall not be deemed for any purpose to be for the benefit of Lessee.

(f) At any time after termination of this lease, Lessor may re-let the leasehold, or any part thereof, in the name of Lessor for such term and on such conditions as Lessor may determine, and may collect and receive the compensation therefore. Lessor shall not be responsible or liable for failure to re-let the leasehold or for any failure to collect any compensation due upon such re-letting, nor shall Lessor be required to account for or pay to Lessee any excess compensation received as a result of such re-letting. Lessee shall be liable for any deficiency, and for all costs, expenses, and fees incurred by Lessor arising out of the default, including Lessor's efforts to re-let the leasehold.

(g) No right or remedy conferred upon or reserved to Lessor in this lease or by statute, or existing in law or equity, is intended to be exclusive of any other right or remedy, and each and every right shall be cumulative.

23. Disposition of Improvements and Chattels After Termination. AS 38.05.090 will govern disposition of any Lessor-approved chattels or improvements left on the leasehold after termination. At Lessor's sole option, improvements not approved by Lessor shall be removed from the leasehold and the site restored to its original condition at Lessee's sole expense, or be forfeited to Lessor. Lessee shall be liable to Lessor for any costs, expenses, or damages arising out of the disposition of improvements not approved by Lessor, and may be required to pay rent on any improvements or chattels left on the parcel in accordance with 11 AAC 58.680.

 Lessee






24. Indemnity to Lessor. Lessee shall indemnify, defend, and hold Lessor harmless from and against all claims, demands, judgments, damages, liabilities, penalties, and costs, including attorney's fees, for loss or damage, including but not limited to property damage, personal injury, wrongful death, and wage, employment, or worker's compensation claims, arising out of or in connection with the use or occupancy of the leasehold by Lessee or by any other person holding under Lessee, or at Lessee's sufferance or invitation; and from any accident or fire on the leasehold; and from any nuisance made or suffered on the leasehold; and from any failure by Lessee to keep the leasehold in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by Lessee of all or any portion of the leasehold or interest therein contrary to the covenants and conditions of this lease. Lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of Lessee, and shall defend, indemnify and hold Lessor harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.

25. Insurance. If required by Lessor, Lessee shall obtain insurance in an amount determined by Lessor to be sufficient. Lessor shall be named as an additional insured party of any such insurance. The types and amount of insurance shall be specified in the attached stipulations made a part of this lease agreement and may be adjusted periodically. Lessee shall maintain that insurance as long as required by Lessor. Any insurance acquired by Lessee for the purpose of providing insurance coverage under this lease must be issued by an insurer authorized to do business in the State of Alaska under the provisions of AS 21.09.010 and AS 21.27.010 for the type of policy being written.

26. Performance Guaranty. Lessee shall provide a surety bond or other form of security acceptable to the Division in the amount of \$140,000 payable to the State of Alaska. Such performance guaranty shall remain in effect for the term of this Lease and shall secure performance of Lessee's obligations hereunder. The amount of the performance guaranty may be adjusted by the authorized officer upon approval of amendments to this Lease, changes in the development plan, upon any change in the activities conducted or performance of operations conducted on the premises. If Lessee fails to perform the obligations under this Lease within a reasonable time, the State may perform Lessee's obligations at Lessee's expense. Lessee agrees to pay within 20 days following demand, all costs and expenses reasonably incurred by the State of Alaska as a result of the failure of Lessee to comply with the terms of this Lease. The provisions of this Lease shall not prejudice the State's right to obtain a remedy under any law or regulation. Failure by Lessee to provide replacement security, upon notice of non-renewal of an existing form of security, shall be grounds for Lessor to make a claim upon the existing security to protect Lessor's interests. If the authorized officer determines that Lessee has satisfied the terms and conditions of this Lease the performance guaranty may be released. The performance guaranty may only be released in writing signed by Lessor.

27. Environmental Compliance. (a) Lessee shall, at Lessee's own expense, comply with all existing and hereafter enacted environmental responsibility laws ("Environmental Laws"). Lessee shall, at Lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws.

(b) Should the Authority require that a remedial action plan be prepared and that a remedial action be undertaken because of the presence of, or any disposal, release, spill, or discharge, or threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of this lease or arises out of or in connection with Lessee's use or occupancy of the land described in section 1 of this lease, then Lessee shall, at Lessee's

 Lessee



own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. Lessee's obligations under this section shall arise if there is any event or occurrence at the leasehold during the term of this lease, or arising out of or in connection with Lessee's use or occupancy of the land described in section 1 of this lease, that requires compliance with the Environmental Laws.

(c) At no expense to Lessor, Lessee shall promptly provide all information requested by Lessor for preparation of affidavits or other documents required by Lessor to determine the applicability of the Environmental Laws to the leasehold, and shall sign the affidavits promptly when requested to do so by Lessor.

(d) Lessee shall indemnify, defend, and hold harmless Lessor from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of or in any way connected with the presence of or any disposal, release, spill, or discharge or any threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of the lease or arises out of or in connection with Lessee's use or occupancy of the land described in section 1 of this lease; and from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of Lessee's failure to provide all information, make all submissions, and take all steps required by the Authority under the Environmental Laws or any other law concerning any spill, discharge, or contamination that occurs during the term of this lease or arises out of or in connection with Lessee's use or occupancy of the land described in section 1 of this lease.

(e) Lessee agrees that it will not discharge or dispose of or suffer the discharge or disposal of any petroleum products, gasoline, hazardous chemicals, or hazardous materials into the atmosphere, ground, wastewater disposal system, sewer system, or any body of water.

(f) In any court action or administrative proceeding, in addition to all other applicable presumptions, it shall be refutably presumed that any environmental contamination of the leasehold (i) has been released on the leasehold; (ii) has resulted from acts or omissions of Lessee or its agents; and (iii) has occurred during the term of this lease. Lessee has the burden of rebutting the presumptions by clear and convincing evidence.

(g) This section of this lease does not in any way alter the State of Alaska's powers and rights or Lessee's duties and liabilities under Title 46 (or its successor) of the Alaska Statutes or other state, federal, or municipal statutes, regulations, or ordinances. For example, notwithstanding the provisions of this lease, the State of Alaska shall not be precluded from claiming under AS 46.03.822 that Lessee is strictly liable, jointly and severally, for damages and costs incurred by the state for clean up of contamination on the leasehold. The obligations and provisions of this section shall survive the termination of this lease.

(h) As used in this lease, the term "hazardous materials" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any municipal governmental authority, the State of Alaska, or the United States government.

28. Surrender of Leasehold. Upon the expiration, termination, or cancellation of this lease, Lessee shall peacefully leave and deliver up all of the leasehold in good, sanitary, and marketable condition, order, and repair.

29. Notices. (a) Any notice or demand by Lessee will be made by hand delivery to the Director, Division of Mining, Land and Water, or by certified mail, postage prepaid, addressed as follows (or to a new address that Lessor designates in writing), with delivery occurring upon receipt by Lessor:



To Lessor:

Division of Mining, Land and Water .  
400 Willoughby Avenue, Suite 400  
P.O. Box 111020  
Juneau, Alaska 99811-1020

(b) Any notice or demand by Lessor will be issued as provided in 11 AAC 02.040(c). If issuance is by mail, the notice or demand will be addressed as follows (or to a new address that Lessee or its successor in interest designates in writing):

To Lessee:

Era Helicopters, LLC  
6160 Carl Brady Drive, Hanger 2  
Anchorage, AK 99502

Lessor will issue a copy of any such notice or demand to each holder of a security interest in the leasehold whose assignment has been approved by Lessor under section 6 of this lease. Any security interest not approved as provided in section 6 is insufficient to require notice by Lessor under AS 38.05.103.

(c) Any notice or demand regarding the lease must be in writing and will be complete if given as set out above.

30. Penalty Charges. Lessee shall pay a fee for any late payment or returned check issued by Lessee as follows:

(a) Late Payment Penalty: The greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) will be assessed on a past-due account until payment is received by Lessor. Acceptance of a late payment or of a service charge for a late payment is subject to Lessor's rights under sections 20 and 21 of this lease.

(b) Returned Check Penalty: A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the default termination date remains the same. Late penalties under subsection (1) of this section shall continue to accumulate.

31. Modification. This lease may be modified or amended only by a document signed by both parties. Any purported amendment or modification has no legal effect until placed in writing and signed by both parties.

32. Choice of Law. This lease shall be construed under the laws of the State of Alaska. Lessee confers personal jurisdiction on the courts of the State of Alaska for any litigation under this lease.

33. Severability of Clauses of Lease Agreement. If any clause or provision of this lease is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then Lessor and Lessee agree that the remainder of this lease will not be affected, and in lieu of each clause or provision of this lease that is illegal, invalid, or unenforceable, there will be added as a part of this lease a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.

 Lessee



By signing this lease amendment, Lessor and Lessee agree to be bound by its provisions.

LESSEE:

Tim Cudney  
Tim Cudney, Era Helicopters, LLC

LESSOR:

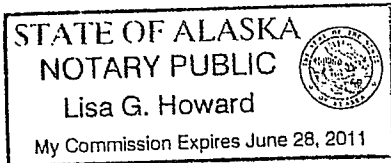
David L. Kelley  
Director

Division of Mining, Land and Water  
Department of Natural Resources

STATE OF ALASKA )

Third Judicial District ) ss.

THIS IS TO CERTIFY THAT ON THIS 21<sup>st</sup> day of August, 2008, before me personally appeared Tim Cudney, known to me to be the person named and who signed the foregoing lease and acknowledged voluntarily signing the same.



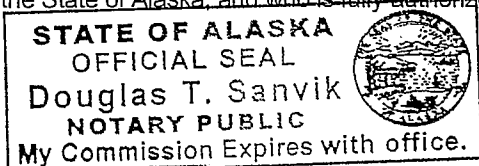
Lisa G. Howard  
Notary Public in and for the State of Alaska

My commission expires: June 28, 2011

STATE OF ALASKA )

1<sup>st</sup> Judicial District ) ss.

THIS IS TO CERTIFY THAT ON THIS 12<sup>th</sup> day of February, 2009, before me personally appeared David L. Kelley, of the Division of Mining, Land and Water of the Department of Natural Resources of the State of Alaska, who executed the foregoing lease on behalf of the State of Alaska, and who is fully authorized by the State to do so.



Douglas T. Sanvik  
Notary Public in and for the State of Alaska

My commission expires: w/office

Lease amendment #2 to lease agreement ADL 27108 replaces in entirety previous lease ADL 27108 and lease amendment, which are recorded in the Juneau Recording Dist. in Book 457 Pages 423-432. It also replaces lease development plan recorded in Book 457 Page 437.

After Recording in the Juneau Recording District for official State business, no charge, return this document to : Department of Natural Resources, Division of Mining, Land and Water, 400 Willoughby, Suite 400, PO Box 111020, Juneau, AK 99811-1020

Tim Cudney, Lessee





notice to-the-State of Alaska in the event of cancellation, nonrenewal or material change of conditions. Failures to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of the lease contract and shall be grounds, at the option of Lessor, for termination of the lease agreement.

Generally, Lessor will rely upon the best professional judgment of the licensed insurance agent and, at renewal, the agent's annual re-assessment of the insured's liability exposure for determination of adequate levels of coverage. Lessor hereby reserves the right to require additional coverage if, in its discretion, it determines that it may be warranted. Any changes in the approved lease development and operations plan, or the existence of significant claims against the liability coverage, would warrant examination of the insurance by the State to determine adequacy.

- e) In the event Lessee becomes aware of a claim against any of its liability coverage, Lessee shall notify, and provide documentation and full disclosure of the claim to Lessor within 20 days.
- 3. Maintenance. The State assumes no responsibility for maintenance of improvements constructed on State land or liability for injuries or damages attributable to that construction.
- 4. Solid Waste. All solid waste and debris generated from the activities conducted under this lease shall be removed to a facility approved by the Alaska Department of Environmental Conservation (DEC) prior to the expiration, completion, or termination of the lease or activities. Temporary storage and accumulation of solid waste (prior to its removal) shall conform to the following: (1) Solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080; (2) Putrescible wastes (material that can decompose and cause obnoxious odors) shall be stored in a manner that prevents the attraction of or access to wildlife or disease vectors; and (3) The premises shall be maintained free of solid waste that might create a health or safety hazard.
- 5. Wastewater Disposal. Disposal of wastewater from any operation associated with this lease to State lands or water is specifically prohibited, unless otherwise approved by DEC.

Fuel and Hazardous Substances. Secondary containment shall be provided for fuel or hazardous substances.

- (a) Container marking. All independent fuel and hazardous substance containers shall be marked with the contents and the lessee's name using paint or a permanent label.
- (b) Fuel or hazardous substance transfers. Secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times. Vehicle refueling shall not occur within the annual floodplain or tidelands. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.
- (c) No storage within 100 feet of waterbodies. Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.
- (d) Exceptions. Lessor may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to Lessor.
- (e) Definitions.



"Containers" means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolder tanks or any tanks in a series must be considered as single independent containers. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.

"Hazardous substances" are defined under AS 46.03.826(5) as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

"Secondary containment" means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.

"Surface liner" means any safe, non-permeable container (e.g., drip pans, folding tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

6. Notification. Lessee shall immediately notify DEC by telephone, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail, informing DEC of: any unauthorized discharges of oil to water, any discharge of hazardous substances other than oil; and any discharge or cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, Lessee shall report the discharge within 48 hours, and immediately afterwards send DEC a written notice by facsimile, hand delivery, or first class mail. Any discharge of oil, including a cumulative discharge, solely to land greater than one gallon up to 10 gallons must be reported in writing on a monthly basis. The posting of information requirements of 18 AAC 75.305 shall be met. Scope and Duration of Initial Response Actions (18 AAC 75.310) and reporting requirements of 18 AAC 75, Article 3 also apply. Lessee shall supply DEC with all follow-up incident reports. Notification of a discharge must be made to the nearest DEC Area Response Team during working hours: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The DEC oil spill report number outside normal business hours is (800) 478-9300.
7. Inspection. Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspection. Lessee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, investigations of non-compliance, and a final close-out inspection.
8. Compliance with Governmental Requirements. Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this lease. Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
9. Destruction of Markers. All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. Lessee shall notify Lessor of any damaged, destroyed, or obliterated markers and shall reestablish the markers at Lessee's expense in accordance with accepted survey practices of the Division of Mining, Land & Water.



11. **Rent Adjustment:** AS 38.05.105 requires DMLW to reevaluate and adjust annual rent at five year intervals in order to maximize the return on the lease to the State. At an adjustment interval, DMLW, at its discretion, may adjust the amount and method of determining rent. To aid in its determination, DMLW may require the Lessee to provide a current market appraisal of the lease parcel, subject to DMLW review and approval, at Lessee's expense. The adjusted annual rent shall, at the State's discretion, be the greater of

- (1) a percentage of the annual gross receipts of the business or businesses deriving income from the activities authorized under this lease, as reported to the Internal Revenue Service,
- (2) a guaranteed minimum rent,
- (3) a rent amount based on an appropriate DMLW lease fee schedule in effect at that time;
- (4) a rent amount based on a fee for each client;
- (5) a rent amount equal to the fee that would be charged for this use under DMLW's current permit fee schedule,
- (6) the appraised fair market value rent as determined by a current appraisal, or
- (7) a combination of these or other methods set forth in AS 38.05.073(m).

13. **Annual Report.** Lessee shall submit a written annual report to DMLW due on or before May 1 of each year. The annual report, specifically business and financial data, will be held in confidence from the public. At a minimum, the report shall include the following information:

(1) A certified statement by a certified public accountant stating the gross amount of annual business revenue reported to the Internal Revenue Service for the business or businesses which derive income from the facilities utilizing the lease parcel.

(2) Any other information that DMLW determines to be necessary in order to obtain a clear and detailed understanding of the commercial operations occurring on, or being facilitated by, the lease parcel. This may include, but is not limited to, copies of all brochures and promotional materials, the total number of employees residing on the lease site, the total number of paying clients, the number of days each client utilized the lease site, the total number of non-paying clients; the maximum number of employees and clients on the lease site at any given time; and the retail sales price charged for services. The Lessee shall immediately make all necessary financial records available, and shall fully cooperate with an independent State audit if the Lessor determines that an audit is necessary.

Annual financial information gathered since the effective date of the previous rental amount may be averaged and used to determine the annual rental at the next periodic rent adjustment date as required under the section below.

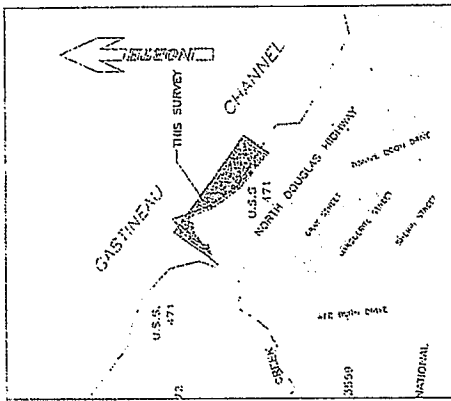
The annual reporting requirement may be adjusted, suspended, or reinstated at the discretion of DMLW.

14. **Site Restoration.** Pursuant to Conditions 22 and 23 of the lease, upon expiration or termination of this lease, the leasehold shall be restored to a condition acceptable to Lessor.

15. **Joint Agency Management.** Leasehold is located within Mendenhall Wetlands State Game Refuge, which is jointly managed by the Alaska Department of Natural Resources, Division of Mining, Land and Water and the Alaska Department of Fish and Game, Habitat Division. Approval from both State agencies is required prior to making any changes on the leasehold. Agency contact information: Alaska Department of Natural Resources, Division of Mining, Land and Water, 400 Willoughby, Suite 400, PO Box 111020, Juneau, AK 99811-1020. Phone: (907) 465-3400. Alaska Department of Fish and Game, Habitat Division, PO Box 115526, 1255 W. 8<sup>th</sup> Street, Juneau, AK 99811-5526. Phone: 465-1852.





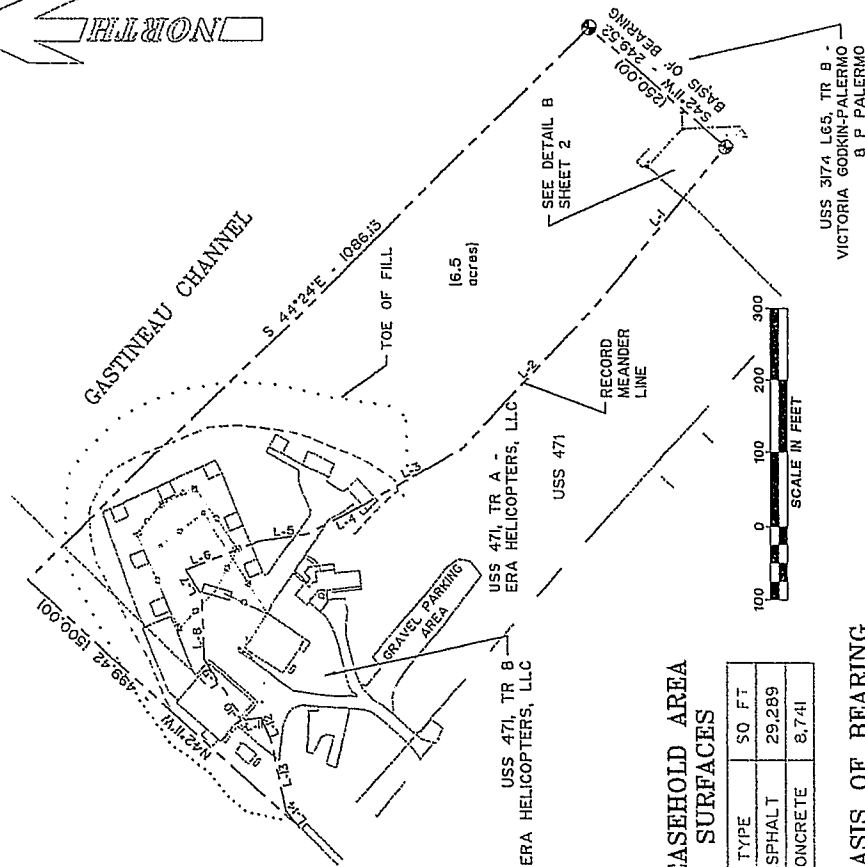
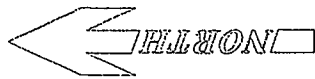
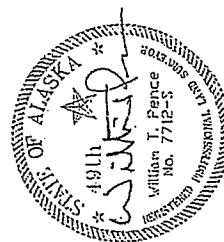


LINE TABLE

1	N50°35'W - 267.96'
2	N46°56'W - 284.46'
3	N28°42'W - 159.08'
4	N26°30'W - 85.16'
5	N08°55'W - 66.00'
6	N21°32'W - 108.90'
7	S57°24'W - 40.26'
8	S68°12'W - 85.80'
9	S57°34'W - 71.94'
10	S52°40'W - 27.72'
11	S05°10'E - 23.10'
12	S67°14'W - 33.66'
13	S78°19'W - 97.68'
14	S50°38'W - 29.04'

LEGEND

- Lease corner monuments found this survey
- ⊙ Underground fuel line
- ⊖ Water line
- ⊕ Underground electrical line
- Sanitary sewer



LEASEHOLD AREA SURFACES

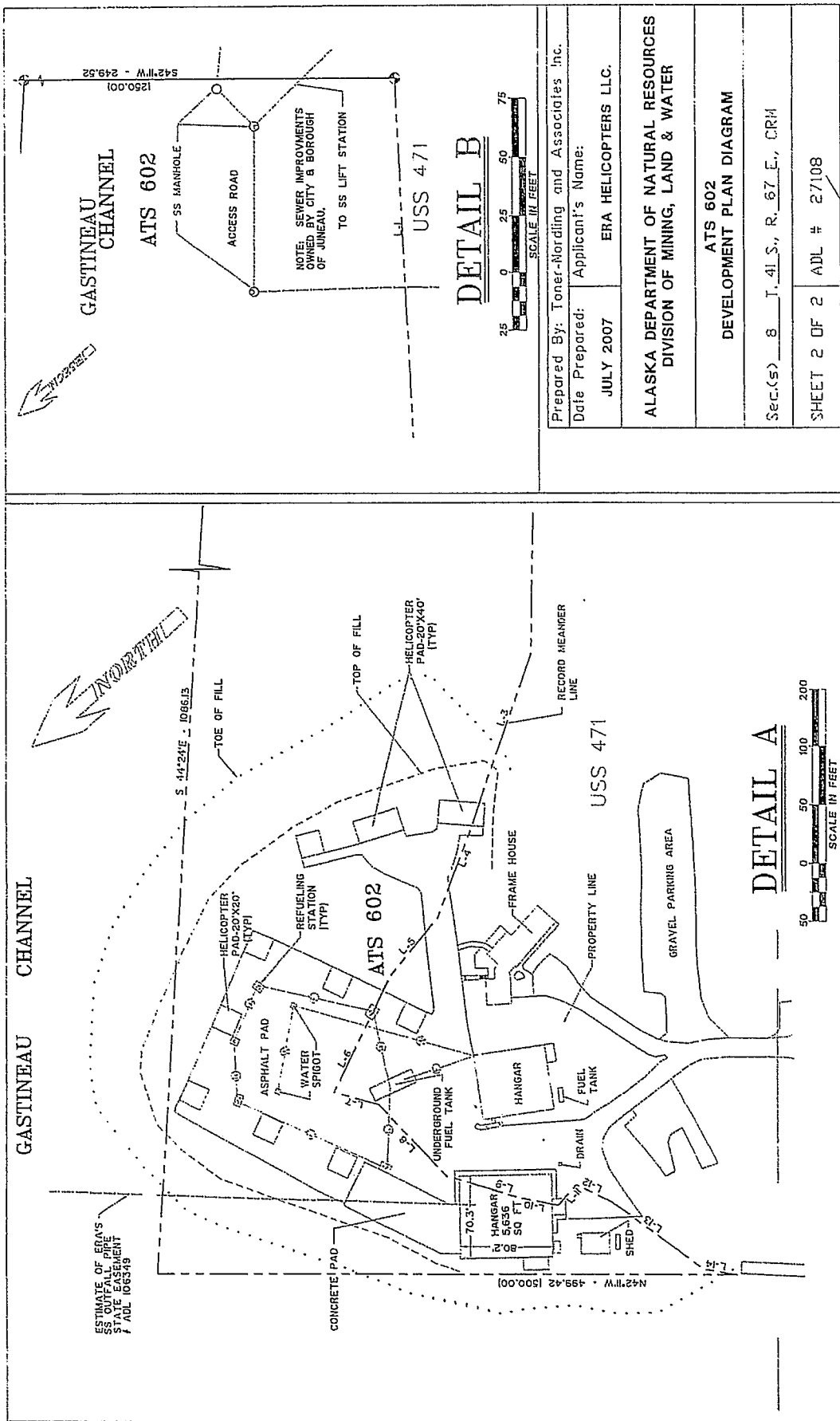
TYPE	50 FT
ASPHALT	29,289
CONCRETE	8,741

BASIS OF BEARING

The basis of bearing for this plat is the record bearing of S42°11'W, between found brass cap monuments as noted.

Prepared By: Toner-Nordling and Associates Inc.	Applicant's Name: ERA HELICOPTERS LLC.
Date Prepared: JULY 2007	
ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, LAND & WATER	
ATS 602 DEVELOPMENT PLAN DIAGRAM	
Sec.(s) 3 T 41 S., R. 67 E., CRN	
SHEET 1 OF 2	ADL # 27108





Prepared By: Toner-Nordling and Associates Inc.	
Date Prepared: JULY 2007	Applicant's Name: ERA HELICOPTERS LLC.
ALASKA DEPARTMENT OF NATURAL RESOURCES DIVISION OF MINING, LAND & WATER	
ATS 602 DEVELOPMENT PLAN DIAGRAM	
Sec(s) 8 T. 41 S., R. 67 E., CRM	
SHEET 2 OF 2	ADL # 27108

*[Handwritten Signature]*