



Department of Natural Resources
Division of Mining, Land and Water
Northern Region Office

Attachments

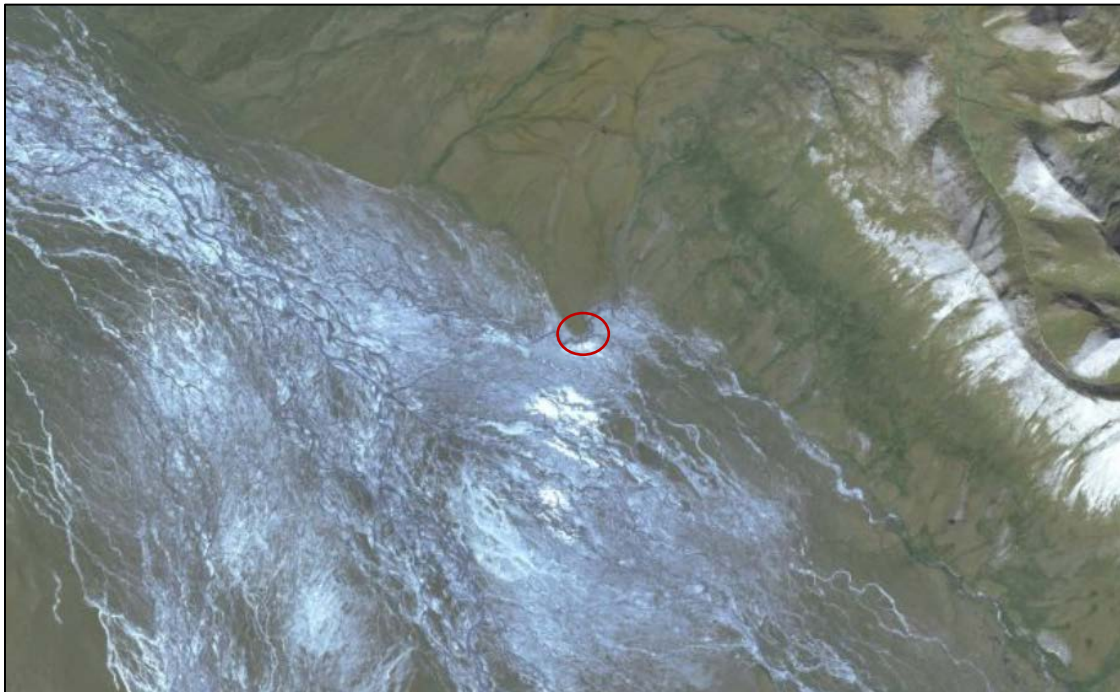
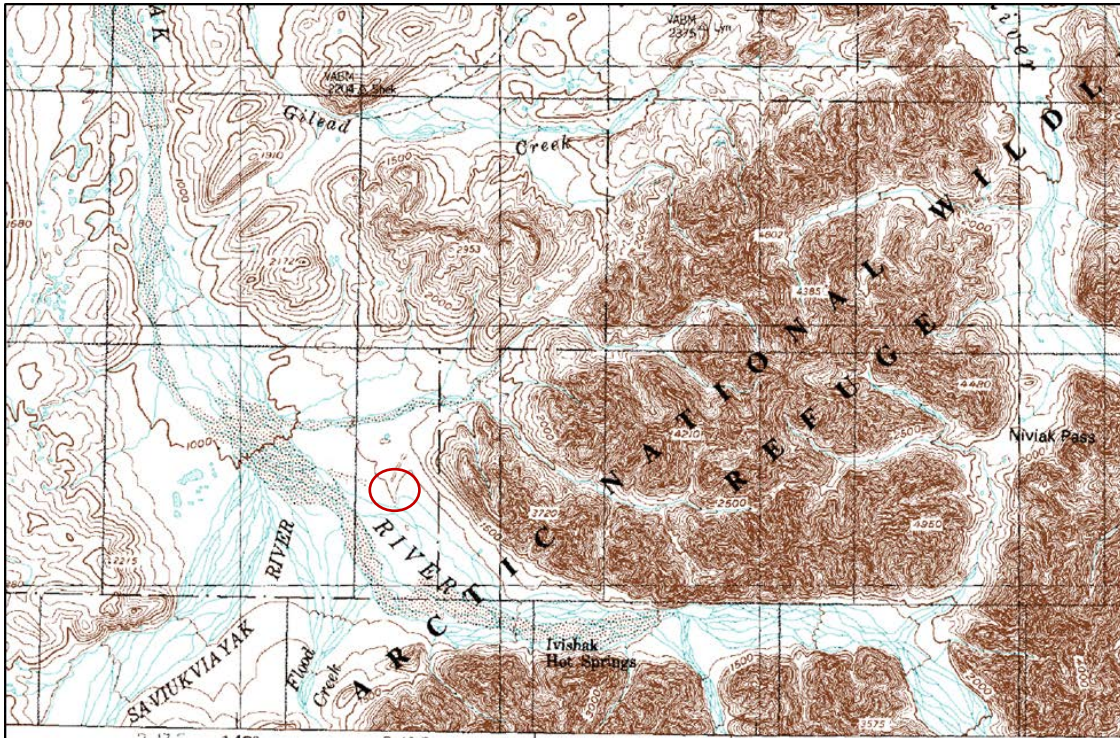
Auction #466
Ivishak Camp Commercial Recreation Lease
ADL 417979

Contents

Attachment A – Overview Maps	3
Attachment B – Structure Overview	5
Attachment C – Description of Structures	7
Attachment D - Non-Structural Improvements	9
Attachment E – 2008 Photographs.....	10
Attachment F – Current Improvements Owner’s Agreement to Sell	13
Attachment G – Bill of Sale	15
Attachment H – Currently Approved Development Plan	17
Attachment I – Sample Lease	19

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Attachment A – Overview Maps



The approximately .84-acre parcel is located within Portions of Tract A within:
Protracted Section 19: the SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ and NE $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$; and
Protracted Section 20: SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;
within Township 4 South, Range 18 East, Umiat Meridian,
according to survey plat accepted by the United States Department of the Interior,
Bureau of Land Management in Washington, D.C. on July 24, 2015.

Auction #466
Attachment A
ADL 417979- Ivishak Camp
Lease Area: ~0.84 acres
AS 38.05.035(e)

DEVELOPMENT PLAN

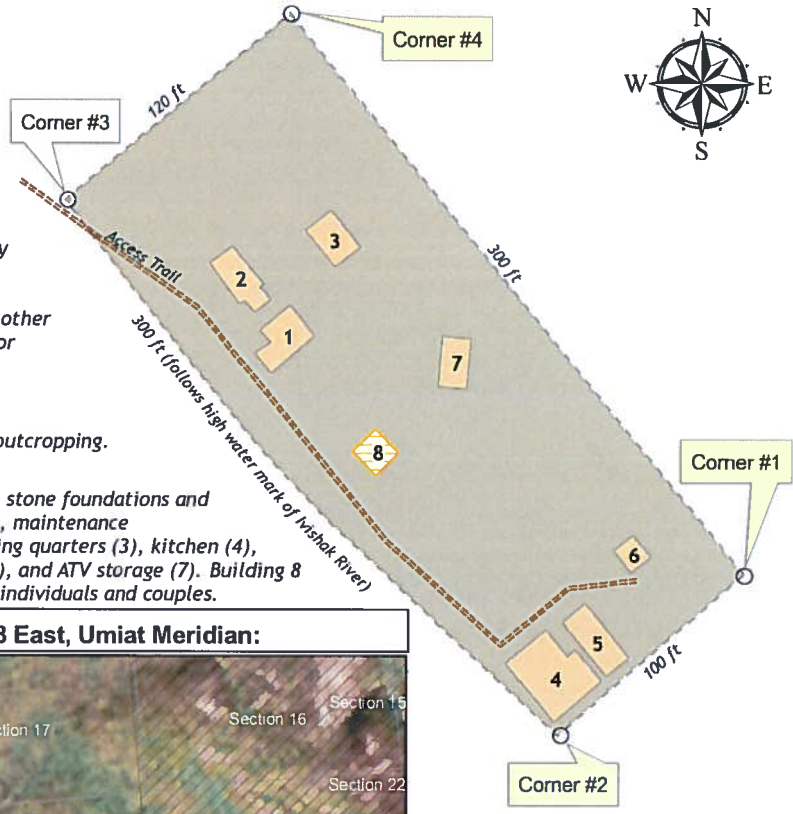
Base of operations for a bed and breakfast, ecotourism, photography and trekking, sportfishing, rafting, unguided hunting and recreation. Lodging rental for universities and other organizations conducting research or exploration in the area.

GROUND COVER

Tundra vegetation overlying shale outcropping.

IMPROVEMENTS

Buildings 1-7 constructed on native stone foundations and include lower sleeping quarters (1), maintenance shed/storage tent (2), upper sleeping quarters (3), kitchen (4), storage tent (5), generator shed (6), and ATV storage (7). Building 8 is a proposed cabin to accommodate individuals and couples.



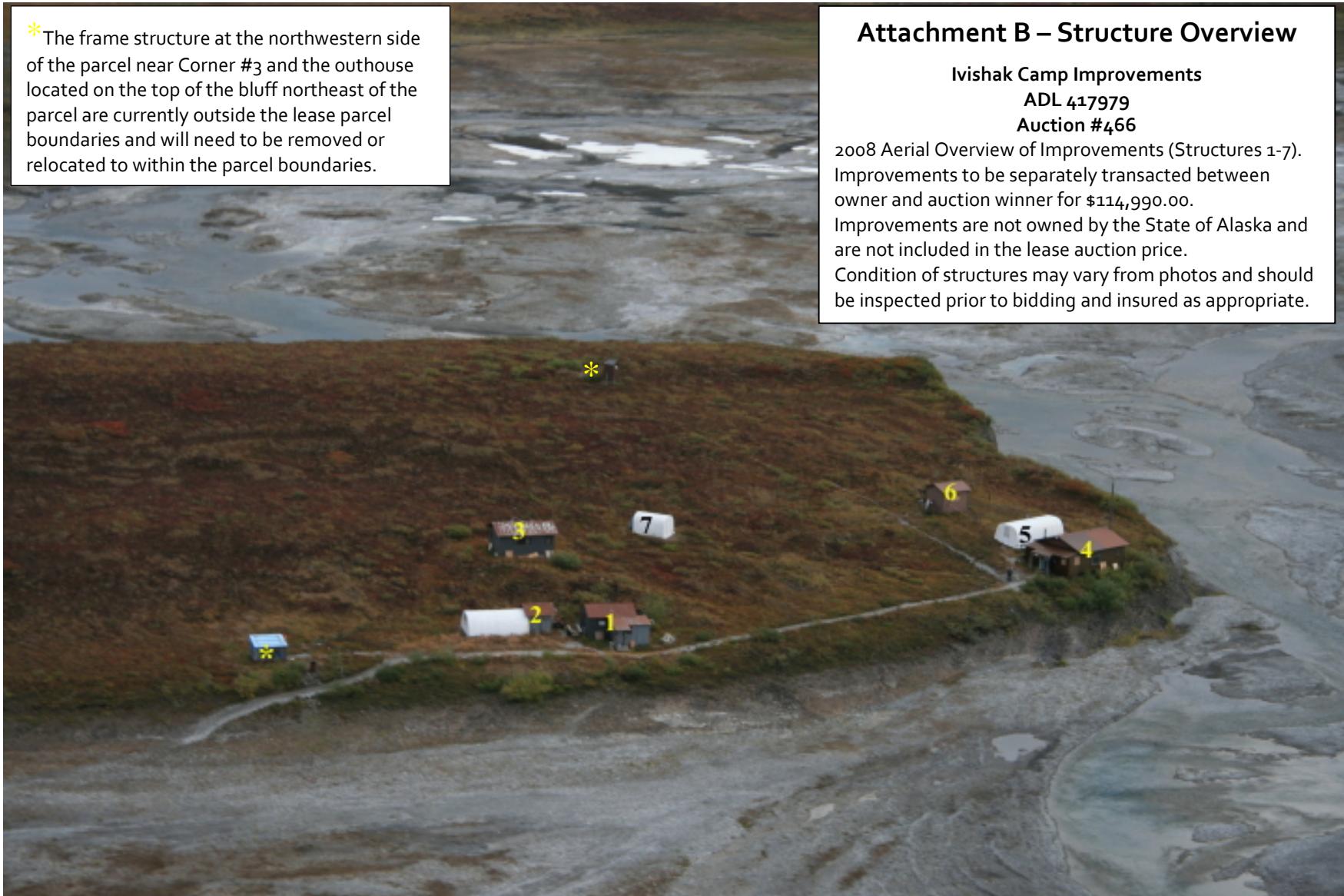
Township 4 South, Range 18 East, Umiat Meridian:



Projection: Alaska Albers Equal Area Conic
 Geographic: North American Datum 1983
 Data Source: DNR, AlaskaMapped.org
 Date: 9 December 2010
 Created by: R. Bruce Sackinger
 For display only.



* The frame structure at the northwestern side of the parcel near Corner #3 and the outhouse located on the top of the bluff northeast of the parcel are currently outside the lease parcel boundaries and will need to be removed or relocated to within the parcel boundaries.



Attachment B – Structure Overview

Ivishak Camp Improvements

ADL 417979

Auction #466

2008 Aerial Overview of Improvements (Structures 1-7). Improvements to be separately transacted between owner and auction winner for \$114,990.00. Improvements are not owned by the State of Alaska and are not included in the lease auction price. Condition of structures may vary from photos and should be inspected prior to bidding and insured as appropriate.

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Attachment C – Description of Structures

(Structure 8 not built)

Ivishak Lease Application Structure Locations

Robert Thoft

Description of structures on ADL 411959 —
As of November 29,2006

Correct ADL 417979

Structure #.

1. Lower sleeping quarters. Permanent. A 12' x 16' wood frame building with metal roof and metal siding. It has an 8' x 12' enclosed entry way and a 5' x 18' non-enclosed shed on the back. Floors are plywood and are carpeted. Foundations are native stone. The main building has oil heat and the oil storage (a 55 gallon barrel set up to hold 50 gal of fuel) is located under the back shed. The storage barrel has a containment system. Also under the back shed is a 500 gallon storage tank used to store motor fuel. The storage tank has a containment system.
2. Accommodations/storage tent/maintenance shed. Permanent & Semi Permanent. A 12' x 20' Weatherport on a wood floor. There is a 8' x 8' attached frame construction storage shed on the south end of the Weatherport. The shed has plywood sides with a metal roof. Floors are plywood and are not carpeted. Foundations are native stone. The Weatherport has oil heat and the oil storage (a 35 gallon barrel) is located in the attached shed. The storage barrel has a containment system.
3. Upper sleeping quarters. Permanent. A 12' x 16' wood frame building with metal roof and metal siding. It has a 8' x 4' enclosed entry way. Floors are plywood and are carpeted. Foundations are native stone. The building has oil heat and the oil storage (a 55 gallon) is located on the east side of the building. The oil storage barrel has a containment system.
4. Kitchen and sleeping quarters. Permanent. A 20' x 24' wood frame building with metal roof and metal siding. It has a 6' x 20' enclosed entry way and a 7' x 14' enclosed storage shed on the east side of the building. Floors are plywood with a portion being covered with vinyl and the sleeping quarters are carpet. Foundations are native stone. The building has oil heat and the oil storage (a 55 gallon barrel) is located on the east side of the building. The oil storage barrel has containment system.
5. Storage Tent. Semi Permanent. A 12' x 28' Weatherport on a wooden floor. This is a storage structure with sleeping accommodations. Floors are plywood. The storage area has no floor cover, the sleeping quarters have carpet. Foundations are native stone. The Weatherport has oil heat and the oil storage (a 35 gallon barrel) is located in the Weatherport. The storage barrel has a containment system.

-
6. Generator shed. Permanent. Floors are plywood and uncovered. Foundation is native stone. A 10' x 12' wooden building with metal roof and metal sides. This small building houses two oil (diesel) generators. A 300 gallon oil tank is located on the east side of the building and has a containment system
 7. ATV storage. Temporary. Plywood floor with indoor/outdoor carpeting. Native stone foundation. A 12' x 20' Weatherport with temporary wood floor. Used for storage of equipment and temporary sleeping accommodation when needed. When occupied the structure has oil heat and the oil storage (a 55 gallon) is located on the east side of the building. The oil storage barrel has a containment system. Storage and containment is removed during portions of the year when the lease is not occupied. The structure can be easily dismantled or moved.
 8. Proposed Accommodation: Permanent. Frame building with carpeted plywood floor. Size expected to be under 150 sq. ft. foundation native stone.
(Structure 8 not built)

Attachment D - Non-Structural Improvements

INVENTORY LIST

NAME:	MAKE:	MODEL#	SERIAL#	misc. info
Water heater	Paloma	PH6DP	876004630	max wrk pressure 150psi
Generator	toro 1983	T1800	3206727ST2A12	
Generator	toro	T2500D	3785ST2A31-99	H.P. 14.6 1800 rpm
Lights	Humphrey	Opalite	Series 9	preformed mantles
Washmachine	G.E.	Spacemaker	WWP117OG or WWP1180G	
Heater	Kero-sun	Moonlighter	Kerosene	
Water pump	ACE			
Refrigerator	consul	QM2846	C4099043	super deluxe-senior

Shop-vac
1.5 peak H.P.
10 gallon WET-DRY Vaccum
Model 333.1
120volt/60Hz/7.4 Amps

Kenmore Chest Freezer
Color: Almond
"coldspot" (name of freezer)
Refrigerant R12 9.0oz. 255 gram
Honda big red 3 wheeler
Trash compactor
Clothes Dryer

Attachment E – 2008 Photographs

Photo 1: Aerial view of camp from the south.

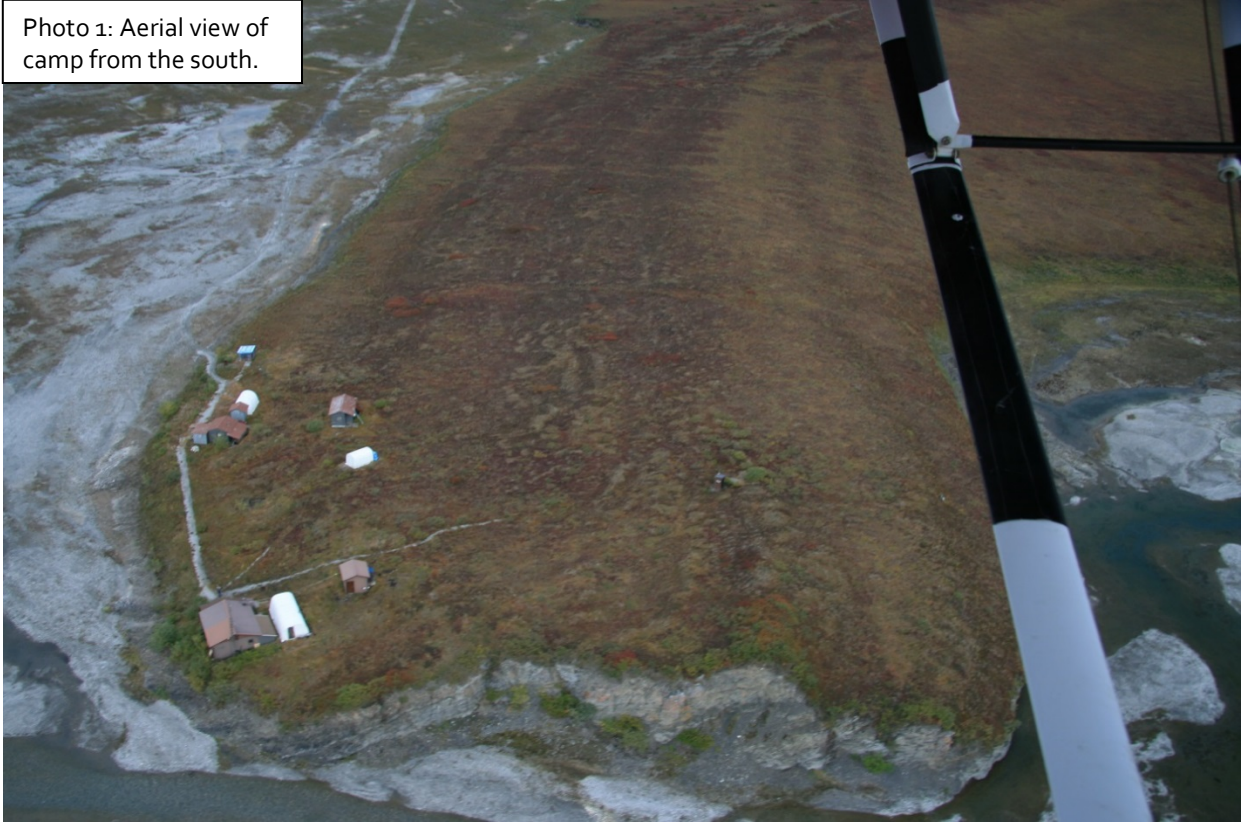


Photo 2: East side of camp facing west.



Photo 3:
Structures 4 & 5.



Photo 4:
Structure 4 from



Photo 5: View of Airstrip looking northwest.



Attachment F – Current Improvements Owner’s Agreement to Sell
(Attachments Set Forth Above)

AGREEMENT TO SELL IVISHAK CAMP IMPROVEMENTS

Agreement by and between:

Seller	Landowner
Mr. Robert Thoft Ultimate Arctic Adventures 32408 Red Horn Road St. Ignatius, MT 59865	State of Alaska Department of Natural Resources—Division of Mining, Land & Water 3700 Airport Way Fairbanks, AK 99709-4699

Whereas the Seller is the owner of certain structural improvements and furnishings located on an approximately 0.84-acre parcel commonly known as “Ivishak Camp” located within

Portions of Tract A within:
 Protracted Section 19: the SE¼ SE¼ NE¼ SE¼ and NE¼ NE¼ SE¼ SE¼; and
 Protracted Section 20: SW¼ SW¼ NW¼ SW¼, NW¼ NW¼ SW¼ SW¼;
 within Township 4 South, Range 18 East, Umiat Meridian,

according to survey plat accepted by the United States Department of the Interior, Bureau of Land Management in Washington, D.C. on July 24, 2015.

Whereas the Landowner is the owner of the land underlying Ivishak Camp and has the right to offer said land for competitive lease.

Whereas the Landowner desires to offer the land underlying Ivishak Camp for competitive lease at public auction.

Whereas the Seller desires to lease the land underlying Ivishak Camp and desires the Landowner to offer the parcel for lease.

Whereas the Landowner wishes to offer the parcel competitively, but also desires to ensure that the auction winner/eventual lessee will own the improvements.

Whereas the Seller may not necessarily win the auction and barring an agreement by Seller to sell the improvements to the auction winner (if not Seller), the auction would result in the improvements being owned by a party other than the auction winner/lessee of the parcel.

NOW, THEREFORE, the parties hereto agree, and covenant as follows:

A competitive public outcry auction for the Ivishak Camp land lease (Auction #466) will be conducted. All bidders, except Seller as the owner of the improvements, will, in order to bid, be required to submit to Landowner a cashier’s check or certified check in the amount of \$114,990.00 payable to Seller.

The auction winner, if not the Seller, shall be required to purchase the improvements owned by Seller, from Seller for the price of \$114,990.00. Seller agrees to duly execute a bill of sale in favor of the apparent auction winner at the conclusion of the auction. The bill of sale shall not be effective unless and until the apparent auction winner is declared by Landowner to be the auction winner in the "Notice to High Bidder", full payment is mailed to Seller, and the bill of sale is mailed to Buyer.

The check and bill of sale will be distributed in accordance with the procedures described in the Auction Brochure for DMLW Auction #466.

The total purchase price for all structures, furnishings and equipment as described in Attachments B, C, and D of the Auction Brochure--and attached hereto as Attachments B, C, and D--is \$114,990.00 Dollars payable in a certified or cashier's check.

Seller promises and agrees to convey good, clear, and marketable title to all the property to be sold hereunder, the same to be free and clear of all liens and encumbrances. Full possession of said property will be delivered in the same condition that it is now, reasonable wear and tear expected.

Until the delivery of the Bill of Sale, the Seller shall maintain insurance on said property in the amount that it is presently insured. The premises shall be in the same condition, reasonable wear and tear expected, on the date of passing as they are currently in.

All of the terms, representations and warranties shall survive the closing. This Agreement shall bind and inure to the benefit of the Seller and Landowner and their respective heirs, executors, administrators, successors and assigns. This Agreement shall bind and inure to the benefit of the Buyer and his/her respective heirs, executors, administrators, successors and assigns, when the apparent auction winner is declared to be the auction winner in the Landowner's "Notice to High Bidder."

If this Agreement shall contain any term or provision which shall be invalid or against public policy or if the application of same is invalid or against public policy, then, the remainder of this Agreement shall not be affected thereby and shall remain in full force and effect.

Nothing in this Agreement shall preclude the Landowner from administering the Auction in accordance with the Final Finding and Decision in ADL 417979, the Auction Brochure, and all applicable statutes and regulations. Landowner may reoffer the parcel at auction if it is in the best interest of the state of Alaska. If it is in the best interest of the State of Alaska or otherwise authorized by statute or regulation, the Landowner may cancel the auction and return the bill of sale and any checks received to the persons (or agents) from whom they were received without liability therefor.

Signed:

Mr. Robert Thoft, Date
Ultimate Arctic Adventures

Authorized Agent, State of Alaska, Date
Department of Natural Resources

Attachment G – Bill of Sale

BILL OF SALE FOR IVISHAK CAMP IMPROVEMENTS

1. I, Robert A. Thoft, of Ultimate Arctic Adventures, in the County/Borough of _____, State of _____, in consideration of \$114,990 dollars, hereby sell the improvements to Ivishak Camp, located within
Portions of Tract A within: Protracted Section 19: the SE¼ SE¼ NE¼ SE¼ and NE¼ NE¼ SE¼ SE¼;
and Protracted Section 20: SW¼ SW¼ NW¼ SW¼, NW¼ NW¼ SW¼ SW¼;
within Township 4 South, Range 18 East, Umiat Meridian,
according to survey plat accepted by the United States Department of the Interior,
Bureau of Land Management in Washington, D.C. on July 24, 2015;
and listed and described in Attachments B, C, and D hereto, to _____,
the apparent auction winner of the State of Alaska, Department of Natural Resources Auction #466
in ADL 417979, effective upon:
 - a. Mailing by the State of Alaska to the apparent auction winner of a “Notice to High Bidder”
declaring the apparent auction winner described above to be the actual auction winner;
 - b. Mailing by the State of Alaska to Robert A. Thoft of the certified or cashiers check received at
auction from the auction winner as full valid payment for the improvements in the amount of
\$114,990.00; and
 - c. Mailing by the State of Alaska to the auction winner of this bill of sale.
2. The full purchase price for the improvements is \$114,990.
3. Seller warrants that Seller is the legal owner of the improvements and that the improvements are
free of all liens and encumbrances.
4. Other than the warranty of ownership in paragraph 3, seller makes no express warranties. **The
Buyer takes all improvements as is.** Seller hereby disclaims the implied warranty of merchantability
and all other implied warranties which may apply to the extent that such disclaimers are permitted
in the state having jurisdiction over this bill of sale.
5. Buyer shall take possession of the improvements on the date the bill of sale becomes effective
pursuant to paragraph 1.

BY SIGNING THIS BILL OF SALE, Robert Thoft, as seller, and the buyer, agree to be bound by its provisions as set out above:

_____ Date _____
 Mr. Robert Thoft Apparent Winner, Auction #466 Date
 Ultimate Arctic Adventures (Buyer)
 (Seller)

STATE OF ALASKA)
) ss.
 4th Judicial District)

THIS IS TO CERTIFY that on _____, _____, before me appeared _____, known by me to be (check one) [] Robert Thoft, [] a duly authorized representative of Robert Thoft, who executed this Bill of Sale on behalf of Robert Thoft, and who is fully authorized by him to do so.

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

STATE OF ALASKA)
) ss.
 4th Judicial District)

THIS IS TO CERTIFY that on _____, _____, before me appeared _____, known by me to be the person named in and who executed this Bill of Sale and acknowledged voluntarily signing it as buyer.

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

Attachment H – Currently Approved Development Plan

Ivishak Lease Development Plan

Plans for use of this parcel including a base of operations as described below.

The intended use for this lease is as follows..

- A. A base of operations for a bed and breakfast, eco-tourism, photography, trekking, sportfishing, rafting, unguided hunting, or other forms of recreation which may become viable in the area. Activities may be either commercial or personal.
- B. Lodging rental for universities and other organizations conducting studies, research, or exploration in the area.
- C. Other services and activities as they become profitable.

Ground cover is tundra overlying a shale formation approximately 6 inches below the surface. The location is on a predominant stone out cropping elevated above both summer and winter levels of the Ivishak River. Changes to the ground cover have included minor excavation to level for structures and some trail building for access between structures. Holes may be dug for outhouse use. Electric wires have been buried in slits in the tundra and the openings closed above them. A small area of concrete and stone was poured at some point in the past and serves as an entry to the kitchen(building 4).

Ninety percent of all improvements are in place at this time, having been constructed under the previous lease. All buildings rest on natural and native stone foundations.

The only additional improvements we foresee would be the construction of a small building to accommodate couples. The existing buildings are constructed as bunkrooms, which make it very difficult for women that come alone or with their husbands. We may need to construct one additional building to handle such situations at some point in the future.

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Attachment I – Sample Lease

**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
3700 Airport Way
Fairbanks, Alaska 99709
LEASE AGREEMENT**

ADL No.

Effective this day of , , this lease agreement is entered into by the State of Alaska, hereafter referred to as "lessor," and , hereafter referred to as "lessee," whether one or more, whose sole addresses for purposes of notification under this lease agreement are listed in section 28.

The lessor and the 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 this lease including any attachments will be binding upon the parties and upon their respective successors and assigns. The lessor and the lessee further agree that this lease is conditioned upon satisfactory performance by the lessor and the lessee of all covenants and conditions contained in this lease. The lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the lessee under this lease, and the rights and remedies of the 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 the 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 lease is issued under the authority of , for a term of year(s) beginning on the day of and ending at 12 o'clock midnight on the day of , unless sooner terminated, subject to: compensation as specified in section 2; the attached development plan approved by the state on ; and attached stipulations, if any, that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

Excepting and reserving any general reservations to the 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:

2. **Compensation.** (a) The lessee shall pay to the lessor compensation as follows, without the necessity of any billing by the lessor: . The lessor may, upon 10 days' notice, review and copy any records of the lessee that are necessary to verify the lessee's compliance with this paragraph.

(b) In accordance with AS 38.05.105, the lease compensation is subject to adjustment by the 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 the lessor, will be borne by the lessee.

3. **Denial of Warranty.** The 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. The lessee represents that the 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, the lessee shall submit a development plan for the leasehold to the lessor and obtain the lessor's approval of the plan. Any use or development of the leasehold must be consistent with the development plan approved by the lessor. Any proposed revisions to the development plan must be submitted to the lessor for approval before any change in use or development occurs. The 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. The lessee may not permit any unlawful occupation, business, or trade to be conducted on the leasehold. The lessee shall properly locate all activities and improvements on the leasehold, and may not commit waste of the parcel. The 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. The lessee agrees not to place any aboveground or underground fuel or chemical tanks on the leasehold without the prior written approval of the lessor.

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

6. **Assignment of Interest.** The lessee may not assign or sublet any interest held under this lease, including a security interest, without the prior written approval of the lessor. The lessor may approve such assignment or subletting if the lessor finds it to be in the best interest of the state. No such assignment or subletting will be effective until approved by the lessor in writing, and the assignee 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 the 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 the lessee will annul the 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 the lessor.

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

8. **Payment of Taxes and Assessments.** The lessee shall pay prior to delinquency all taxes and assessments accruing against the leasehold.

9. **Section Line Rights-of-Way.** If the leasehold borders on or includes one or more section lines, the 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.

10. Navigable and Public Waters. (a) Pursuant to AS 38.05.127 and 11 AAC 53.330, the 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 the 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. The lessor reserves the right to grant other interests to the leasehold consistent with the Public Trust Doctrine.

11. 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:

(1) Taking of the entire leasehold. If all of the leasehold is taken by condemnation, this lease and all rights of the lessee will immediately terminate, and the compensation will be adjusted so that it is due only until the date the lessee is required to surrender possession of the leasehold. The lessor is entitled to all the condemnation proceeds, except that the 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 the lessee in accordance with the approved development plan.

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

(A) 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 the lessee of the leasehold, the lessee has the right to elect to terminate the lease by written notice to the lessor not later than 180 days after the date of taking.

(B) If the 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 the lessee in accordance with the approved development plan.

(C) If the lessee does not elect to terminate, the lease continues and the 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 the lessee in accordance with the approved development plan. Compensation at the existing rate will terminate on the date the 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 the lessor to reflect the taking.

(3) 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 the lessor determines that the taking is of such an insubstantial portion that the lessee's use of the leasehold is not materially affected, the lessee may not elect to terminate the lease and the compensation provisions of subsection 2(C) of this section will govern.

12. 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.

13. Inspection. The lessor will have reasonable access to the leasehold for purposes of inspection.

14. **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.

15. **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 the lessor. In this context, the term "concurrent user" includes the lessee and any other person or entity who lawfully uses the land subject to this lease, but does not include the State of Alaska.

16. **Surface Resources.** Unless otherwise provided by this lease or other written authorization, the 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.

17. **Appropriation or Disturbance of Waters.** During the term of this lease, the 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.

18. **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 the lessor. In the event of termination or forfeiture of this lease, any such right or interest will vest in the lessor.

19. **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, the lessee has no right to occupy or use the accreted land unless a separate lease is entered with the Lessor with respect to such lands. The rules of law usually applicable to accretion or reliction of land do not apply to this lease, nor to the interest described in this lease.

20. **Waiver or Forbearance.** The receipt of compensation by the lessor, with or without knowledge of any default on the part of the lessee, is not a waiver of any provision of this lease. No failure on the part of the lessor to enforce a covenant or condition of this lease, nor the waiver of any right under this lease by the lessor, unless in writing, will discharge or invalidate the application of such covenant or condition. No forbearance or written waiver affects the right of the lessor to enforce any covenant or condition in the event of any subsequent default. The receipt of compensation by the 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 the lessor in writing.

21. **Default and Remedies.** (a) Time is of the essence in this lease. If the 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 the lessor issues written notice of such default to the lessee and to the holder of a security interest in the leasehold approved by the lessor, or within any additional period the lessor allows for good cause, the lessee will be subject to legal or any other administrative action deemed appropriate by the lessor, including termination of this lease. The 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 the lessor and this lease and all rights of the lessee under the lease shall terminate. Upon termination of the lease the lessor shall have an immediate right to possession of the leasehold and any possession by the lessee shall be unlawful. It is specifically agreed that no judicial action shall be necessary to terminate this lease or to allow the lessor to retake possession in the event of default by the lessee. No improvements may be removed from the leasehold while the lease is in default except with the lessor's prior written approval. If this lease is terminated for default, all compensation paid by the lessee is forfeited to the lessor. The lessor is not liable for any expenditures made or undertaken by the lessee under this

lease. Any costs or fees, including attorney's fees, reasonably incurred by the lessor for the enforcement of this lease, shall be added to the obligations due and payable by the lessee.

(b) The rights, if any, of third-party security interest holders or lienholders are controlled solely by AS 38.05.103 and 11 AAC 58.590. If the 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 the lessor allows for good cause.

(c) The lessor may, at the lessor's option, following the 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. The lessee's obligation to pay such accelerated rent to the lessor survives termination of this lease.

(d) If this lease is terminated, or all or any portion of the leasehold is abandoned by the lessee, the 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 the lessor, whether taken with or without judicial action, does not absolve, relieve, release, or discharge the lessee, either in whole or part, of any liability under the lease.

(e) The 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 the 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 the lessee.

(f) At any time after termination of this lease, the lessor may re-let the leasehold, or any part thereof, in the name of the lessor for such term and on such conditions as the lessor may determine, and may collect and receive the compensation therefor. The 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 the lessor be required to account for or pay to the lessee any excess compensation received as a result of such re-letting. The lessee shall be liable for any deficiency, and for all costs, expenses, and fees incurred by the lessor arising out of the default, including the lessor's efforts to re-let the leasehold.

(g) No right or remedy conferred upon or reserved to the 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.

22. 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 the lessor's sole option, improvements not approved by the lessor shall be removed from the leasehold and the site restored to its original condition at the lessee's sole expense, or be forfeited to the lessor. The lessee shall be liable to the lessor for any costs, expenses, or damages arising out of the disposition of improvements not approved by the lessor, and may be required to pay rent on any improvements or chattels left on the parcel in accordance with 11 AAC 58.680.

23. Indemnity to Lessor. The lessee shall indemnify, defend, and hold the 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 the lessee or by any other person holding under the lessee, or at the 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 the 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 the lessee of all or any portion of the leasehold or interest therein contrary to the covenants and conditions of this lease. The lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of the lessee, and shall defend, indemnify and hold the lessor harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.

24. **Insurance.** If required by the lessor, the lessee shall obtain insurance in an amount determined by the lessor to be sufficient. The 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. The lessee shall maintain that insurance as long as required by the lessor. Any insurance acquired by the 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.

25. **Bonding.** If required by the lessor, the lessee shall furnish a bond, cash deposit, certificate of deposit, or other form of security acceptable to the lessor in an amount determined by the lessor to be sufficient to ensure faithful performance of the covenants and conditions of this lease, and to cover the cost of site cleanup and restoration and any associated costs after termination of the lease. The amount and conditions of the bond shall be specified in the attached stipulations made a part of this lease agreement. The lessee shall maintain the bond as long as the lessor deems necessary, and in the amount required by the lessor, which amount may be adjusted periodically.

26. **Environmental Compliance.** (a) The lessee shall, at the lessee's own expense, comply with all existing and hereafter enacted environmental responsibility laws ("Environmental Laws"). The lessee shall, at the 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 the lessee's use or occupancy of the land described in section 1 of this lease, then the lessee shall, at the lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. The 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 the 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 the lessor, the lessee shall promptly provide all information requested by the lessor for preparation of affidavits or other documents required by the lessor to determine the applicability of the Environmental Laws to the leasehold, and shall sign the affidavits promptly when requested to do so by the lessor.

(d) The lessee shall indemnify, defend, and hold harmless the lessor from all fines, penalties, suits, judgements, 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 the lessee's use or occupancy of the land described in section 1 of this lease; and from all fines, penalties, suits, judgements, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of the 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 the lessee's use or occupancy of the land described in section 1 of this lease.

(e) The 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 rebuttably presumed that any environmental contamination of the leasehold (i) has been released on the leasehold; (ii) has resulted from acts or omissions of the lessee or its agents; and (iii) has occurred during the term of this lease. The 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 the 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 the 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 26 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.

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

28. Notices. (a) Any notice or demand by the 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 the lessor designates in writing), with delivery occurring upon receipt by the lessor:

To the Lessor: Division of Mining, Land and Water
3700 Airport Way
Fairbanks, Alaska 99708

(b) Any notice or demand by the 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 the lessee or its successor in interest designates in writing):

To the Lessee:

The 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 the lessor under section 6 of this lease. Any security interest not approved as provided in section 6 is insufficient to require notice by the 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.

29. Penalty Charges. The lessee shall pay a fee for any late payment or returned check issued by the 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 the lessor. Acceptance of a late payment or of a service charge for a late payment is subject to the 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.

30. **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.

31. **Choice of Law.** This lease shall be construed under the laws of the State of Alaska. The lessee confers personal jurisdiction on the courts of the State of Alaska for any litigation under this lease.

32. **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 the lessor and the 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.

By signing this lease, the lessor and the lessee agree to be bound by its provisions.

LESSEE:

LESSOR:

Director, Division of Mining, Land and Water

APPROVED:

Commissioner, Department of Natural Resources

STATE OF ALASKA)
) ss.
_____ Judicial District)

THIS IS TO CERTIFY THAT ON THIS _____ day of _____, _____, before me personally appeared _____, known to me to be the person named and who signed the foregoing lease and acknowledged voluntarily signing the same.

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

STATE OF ALASKA)
) ss.
_____ Judicial District)

THIS IS TO CERTIFY THAT ON THIS _____ day of _____, _____, before me personally appeared _____, 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.

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

Approved as to form February 9, 1994, and September 25, 2001.

/s/ Elizabeth J. Barry, Assistant Attorney General

Recorder's Office: State Business; No Fee

**Return the recorded document to: DNR, DMLW, NRO
 3700 Airport Way
 Fairbanks, Alaska 99708**

Additional Lease Stipulations

In addition to the terms of the lease listed within the lease document, the following stipulations will be incorporated as part of the lease. The Authorized Officer reserves the right to modify the following stipulations or include additional stipulations as necessary prior to lease issuance.

33. **Authorized Officer.** The Authorized Officer (AO) for the Department of Natural Resources (DNR) is the Northern Regional Manager, or designee. The AO may be contacted at 3700 Airport Way, Fairbanks, Alaska 99709 or 907-451-2740. The AO reserves the right to modify these stipulations or use additional stipulations as deemed necessary.

34. **Percent of Gross Receipts.** 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, will be assessed in addition to the annual rent. As set forth below; each applicable percentage is applied to the amount of annual gross receipts that fall within the specified range:

\$0 - \$1,000,000	0.5%
\$1,000,001 - \$2,000,000	1.0%
\$2,000,001 - \$2,750,000	1.5%
\$2,750,001 - \$3,250,000	2.0%
\$3,250,001 and greater	2.5%

The appropriate amount will be due each year on January 31 without the need for billing by the DNR.

35. **Rent Adjustment.** Section 2 of the lease is hereby amended to include the following: Pursuant to AS 38.05.105, the subject parcel will be required to undergo a reappraisal, at the expense of the lessee. Should the parcel be reappraised at a higher fair market value annual rent than the rent being paid by the lessee, the annual rent will be increased to the new appraised price.

36. **Preference Right.** No preference right for long term use or conveyance of the land is granted or implied by the issuance of this authorization.

37. **Reservation of Rights.** The DNR, Division of Mining, Land and Water (DMLW) reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. DMLW may require authorized concurrent users of state land to enter into an equitable operation and/or maintenance agreement. Authorized concurrent users of state land, their agents, employees, contractors, subcontractors, and licensees, shall not interfere with the operation or maintenance activities of each user.

38. **Lease Site Condition/Potential Contaminants.** The lessee is expected to and has been given the opportunity to inspect the lease parcel and become familiar with the condition and quality of the land. The State of Alaska makes no representations and no warranties, express or implied, concerning the existence or absence of any hazardous substances, hazardous wastes, contaminants, or pollutants on the land here proposed for lease. The State does not assume any liability for the removal of hazardous substances, hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances be found.

39. **Development Plan/Plan of Operations.** The development activities authorized by this lease shall be limited to the plan submitted with the lease application. The lessee is responsible for accurately siting operations within the authorized area.

40. **Modifications to Development Plan.** Section 4 of the lease is hereby amended to include the following: To adequately address any future development or additions to the Development Plan, the lessee will be required to provide advance written notice to the AO for approval of any modification prior to construction. Any proposed revisions to the plan of operations must be approved in writing by the AO before the change in use or development occurs. The AO reserves the right to re-evaluate the

lease compensation and other terms and conditions of the lease prior to approving any modification to the development plan. Based upon the extent of the modifications a survey and appraisal may be required at the lessee's expense. Changes to the development plan may result in a lease amendment.

41. Lease Utilization. Pursuant to 11 AAC 58.020, all lands leased for commercial purposes shall be utilized only for these purposes and in accordance with the applicable building and zoning codes.

42. Incurred Expenses. All expenses incurred by the lessee connected with the exercise of the privilege covered by this authorization shall be borne solely by the lessee and the State of Alaska shall in no way be held liable for said expenses.

43. Specific Land Use. Section 4 of the lease is hereby amended to include the following: This lease is issued for a specific use and development plan, and use of the area for purposes other than those specified constitutes a breach of the lease agreement and may result in revocation. The lease may be terminated upon a finding by the AO that the land or a part of it has not been used by the lessee for the purpose specified in the lease for a period of two years. The lease cannot be assigned or subleased except with the consent of the AO. A lessee may not change the use specified in the lease to another or additional use except with the consent of the AO. Any attempts to depart from these conditions without the consent of the AO will cause the lease to automatically be terminated.

44. Change of Address. Any change of address must be submitted in writing to the AO.

45. Assignment. Section 6 of the lease is hereby amended to include the following: In the event the lessee desires to transfer their interest in the lease to another party the lessee shall submit to the AO a request for assignment and a copy of a draft agreement which identifies the provisions of the assignment between the parties. If the assignment changes the type or level of use such that new lease compensation or stipulations are necessary to protect the lessor's interest the AO reserves the right to require/renegeotiate new terms or conditions for the lease prior to approving any assignment. The AO reserves the right to require an assignment between the lessee and another party in the event of a change in corporate ownership, LLC/LLP membership, or name change involving the leased site.

46. Relinquishment. The lease may be relinquished if it is in good standing (rental payments are current and lessee is in compliance with all other conditions and stipulations), the lessee files a written relinquishment form certifying the condition of the parcel, and the lessor accepts the relinquishment. lessor may require lessee to contract a third party consultant to complete a phase II environmental audit to verify that the property is free from contamination. Provided that the lease site is in good standing and free of contamination, lessor's acceptance of the relinquishment shall not be unreasonably withheld. Lease rental payments are non-refundable regardless of whether the lease is relinquished or terminated for cause.

47. Subleasing. Section 6 of the lease is hereby amended to include the following: The AO reserves the right to require an increased annual compensation as a condition of a sublease approval. Said increase shall be determined by negotiation between the lessee and AO, but shall not be less than 25% of all compensation paid annually to the lessee by the sublessee. Neither the terms of this sublease provision nor any actual compensation derived from a sublease shall have any effect upon a determination of the annual fee pertaining to AS 38.05.075(a) or appraised market value pertaining to AS 38.05.840 and/or this lease parcel. The sublease shall be defined to include any lease, rental, storage, or accommodation agreement between the lessee and another individual, business, or corporation utilizing or benefiting from the lease parcel. The sublessee shall be defined to mean any individual, business, or corporation executing an agreement, as above, with the lessee. The amount of sublease compensation shall be subject to change at the same time as the lease compensation adjustment and whenever the terms or conditions of the agreement between the lessee and the sublessee change. Approval of a sublease shall also be conditioned upon:

a) the lessee is in full compliance with lease conditions and is in good standing with all other authorizations per 11 AAC 96.145;

b) submission by the lessee of a draft copy of the agreement(s) which will govern the relationship and compensation provisions between the lessee and Sublessee; 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;

c) submission by the lessee of a proposed 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; and

d) a best interest finding by the AO and amendments to the lease contract as necessary, if significant changes to the use and development are proposed.

Notwithstanding other requirements described in the lease agreement and additional stipulations, assignments or subleases shall be restricted to those entities which are also eligible to obtain a lease under the same statutory authority for which this lease was issued.

48. Inspections. Section 13 of the lease is hereby amended to include the following: The AO may designate representatives and other personnel to inspect the leased area at any time. Non-compliance investigation determinations or re-inspections for non-compliance will subject the site to inspection for which the lessee may be assessed, at the AO's discretion, either a fee of \$400 or a fee equal to the actual expenses incurred by the DNR, DMLW Water (11 AAC 05.160(d)(1)(3)).

49. Concurrent Usage. Section 15 of the lease is hereby amended to include the following: The AO reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land covered under this authorization. Authorized concurrent users of state land, their agents, employees, contractors, subcontractors, and licensees shall not interfere with the operation or maintenance activities of other authorized users. Any future concurrent permit, lease or sublease will be subject to the conditions and stipulations contained in the lease, including the additional collection of fees or rents by the AO from any subordinate lessee or sublessee.

50. Violations. Section 21 of the lease document is hereby amended to include the following: At the discretion of the AO, this authorization may be placed in default immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal, state, and local). The lessee will be required to cure the default to the satisfaction of the DNR, DMLW. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to the lessee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, the lessee, at its expense shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

51. Compliance. The lessee shall inform and ensure compliance with these stipulations by its employees, agents, invitees, contractors, subcontractors, or licensees directly or indirectly conducted in connection with this lease. The lessee is responsible for the accurate location of all construction, operation, and maintenance activities within the area authorized under the terms of this lease.

52. Indemnification. Section 23 of the lease is hereby amended to include the following: the lessee assumes all responsibility, risk and liability for its activities and those of its employees, agents, contractors, subcontractors, licensees, or invitees, directly or indirectly related to this lease, including environmental and hazardous substance risk and liability, whether accruing during or after the term of this lease. Lessee shall defend, indemnify, and hold harmless the State of Alaska, its agents and employees, from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by lessee, its employees, agents, contractors, subcontractors, licensees, or invitees, unless the proximate cause of the injury or damage is the sole negligence or willful misconduct of the State or a person acting on the State's behalf. Within 15 days, the lessee shall accept any such cause, action or proceeding upon tender by the State. This indemnification shall survive the termination of the lease.

53. Insurance. As per section 24, the lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this lease, the following policies of insurance to protect both the lessee and the lessor (the State, its officers, agents and employees). If the lessee's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the AO prior to the issuance of this lease and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. The lessee must provide a 60-day notice to the State before they cancel, not renew or make material changes to conditions of the policy. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of this lease and shall be grounds, at the option of the State, for termination of the lease. All insurance policies shall comply with, and be issued by, insurers licensed to transact the business of insurance under Alaska Statute, Title 21. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Department of Administration. The State must be named as an additional named insured on the policy with respect to the operations of the lessee on or in conjunction with the leased premises, referred to as _____ [Case Number]. Commercial General Liability Insurance, such policy shall have minimum coverage limits of \$_____ combined single limit per occurrence.

54. Performance Guaranty. As per section 25 of the lease, the lessee must post a performance guaranty in the amount of _____ to secure faithful performance with all terms and condition of the lease and to insure site restoration of the leasehold. The performance guarantee must remain in effect for the duration of the lease term or until released in writing by the AO.

Failure by the lessee to provide replacement security, upon notice of non-renewal of an existing form of security, shall be grounds for the AO to make a claim upon the existing security to protect the lessor's interests.

The guaranty amount will be subject to periodic adjustments and may be adjusted upon approval of any amendments to the lease, assignments, re-appraisals, changes in the development plan, approval of a reclamation plan, any change in the activities conducted or performance of operations conducted on the leased premises and as a result of any violations to the lease agreement.

The guaranty may be utilized by the AO to cover actual costs incurred by the State of Alaska to pay for any necessary corrective actions in the event the lessee does not comply with the site utilization, restoration requirements, and/or other stipulations contained in the lease agreement. If the lessee fails to perform the obligations under the lease agreement within a reasonable timeframe, the AO may perform the lessee's obligations at the lessee's expense. The lessee agrees to pay within 20 days following demand, all costs and expenses reasonable incurred by the State of Alaska as a result of the failure of the lessee to comply with the terms and conditions of the lease agreement. The provisions of these authorizations shall not prejudice the State's right to obtain a remedy under any law or regulation.

The performance guaranty will be released upon expiration of the lease provided that all terms and conditions of the lease have been met, including complete removal and restoration of the leased area leaving the site in a safe and clean condition.

55. Spill Notification. Section 26 of the lease is hereby amended to include the following: The grantee shall immediately notify the Department of Environmental Conservation (DEC) and AO by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported immediately.

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, the grantee shall report the discharge within 48 hours. Any discharge of oil greater than one gallon up

to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis.

Notification of discharge during normal business hours must be made to the nearest DEC Area Response Team: Anchorage (907) 269-7500, fax (907) 269-7687; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-5245. For discharges in state off shore waters call (907) 269-0667. The DEC oil spill report number outside normal business hours is (800) 478-9300.

Notification of discharge must be made to the appropriate DNR Office: Anchorage (907) 269-8503, fax (907) 269-8913; Fairbanks (907) 451-2678, fax (907) 451-2751, email dnr.nro.spill@alaska.gov; Juneau (907) 465-3400, fax (907) 465-3886. The grantee shall supply the AO with all incident reports.

56. Spill Response. Section 26 of the lease is hereby amended to include the following: The lessee is responsible for preventing fuel, hydraulic fluid and oil spills that result in contamination of contiguous land and water as well as cleaning any pollutants resulting from the proposed activities. Petroleum product spills shall be cleaned up immediately and any contaminated earth or vegetative materials shall be disposed of as required by DEC Regulations. Should any unlawful discharge, leakage, spillage, emission or pollution of any type due to the lessee, at its expense, shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

57. Fuel. Section 26 of the lease is hereby amended to include the following: When fuel storage containers exceed a total combined capacity of 110 gallons, the containers must be stored within either, a DEC approved double walled-tank, or an impermeable diked area, or a portable impermeable containment structure capable of containing 110% of the capacity of the largest independent container. All containers must be clearly marked with the contents and the lessee's name. Drip pans and materials, such as sorbent pads, must be on hand to contain and clean up spills from any transfer or handling of fuel. All fuel storage containers and associated materials must be removed by the lease expiration date.

58. Hazardous Substances (other than fuel). Section 26 of the lease is hereby amended to include the following:

- a) Use of herbicides and pesticides by the lessee is prohibited.
- b) No storage of hazardous material/substances is authorized within the project area without prior written approval from the AO.
- c) The use of hazardous substances/materials must be done in accordance with existing federal, state, and local laws.
- d) Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed from the site and managed and disposed of in accordance with state and federal law.
- e) All hazardous substances/materials including petroleum, oils, and lubricants must be removed from the site and disposed of or managed in accordance with state and federal law.

59. Alaska Historic Preservation Act. The lessee shall consult the Alaska Heritage Resources Survey (907) 269-8721 so that known historic, archaeological and paleontological sites may be avoided. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any state-owned historic, prehistoric (paleontological) or archaeological site without a permit from the commissioner. Should any sites be discovered during the course of field operations, activities that may damage the site will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation (907) 269-8721 shall be notified immediately.

60. **Limits of Access.** No new access trails or roads are authorized on state land without the express permission of the AO. The ability of all users to use or access state land must not be restricted in any manner with the exception of fencing or enclosing structures to protect the public from possible harm.

61. **Road Construction.** The construction of new roads or trails across state land is not authorized except in accordance with the State's Generally Allowed Uses (11 AAC 96.020).

62. **Public Access.** The operation, use and maintenance of the project shall not interfere with free public use of roads, trails, waters, landing areas, or other public access easements. The ability to use or access state land or public waters must not be restricted in any manner. However, if a specific activity poses a safety concern, the AO may authorize a temporary closure of public access routes to or through the project area for a specific period of time. The lessee is required to contact the AO in advance for approval to close public access routes. No closures are authorized unless specifically authorized in writing by the AO.

63. **Public Trust Doctrine.** 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 authorization is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The DNR, DMLW reserves the right to grant other interests consistent with the Public Trust Doctrine.

64. **Navigable and Public Waters.** Section 10 of the lease is hereby amended to include the following: the lessor has not reserved a public access easement to and along the Ivishak River adjacent to the leasehold. Though no public access easement is reserved along the lease boundaries along the bluff, 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. The lessor reserves the right to grant other interests to the leasehold consistent with the Public Trust Doctrine.

65. **Airstrip Access.** The lessee is permitted to access the airstrip via motorized vehicles on the existing gravel trail that extends off the lease parcel to the shore of the Ivishak River. Apart from air travel, no other off-site motorized travel is permitted without a specific authorization from the DNR, DMLW.

66. **Operation of Vehicles.** Vehicles shall be operated without disturbing the vegetative mat and underlying substrate. The lessee must obtain a permit from the DNR, DMLW for any off road vehicular travel with the exception of vehicles authorized pursuant to the State's Generally Allowed Uses (11 AAC 96.020).

67. **Off-Road Access.** AS 19.40.210 prohibits vehicular travel within the Dalton Highway corridor, defined as the highway right-of-way and lands within five miles of the right-of-way, except for travel for oil and gas exploration and development, for a person holding a mining claim to gain access to the mining claim, or for snow machine travel where the start and end points of the route are outside of the Highway corridor. DNR issues permits for activities under these circumstances. The lease area falls within the North Slope Special Use Lands (ADL 50666). A permit is required for motorized vehicle use, unless that use is for subsistence purposes or is on a graveled road.

68. **Storage of Equipment.** The site shall be protected from leaking or dripping hazardous substances or fuel from stored equipment. The lessee shall place drip pans or other surface liners designed to catch and hold fluids under the equipment or by developing an area for storage using an impermeable liner or other suitable containment mechanism.

69. **Survey Monuments.** The lessee shall protect all survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts against damage,

destruction, or obliteration. The lessee shall notify the AO of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the lessee's expense in accordance with accepted survey practices of DNR, DMLW.

70. Compliance with Governmental Requirements; Recovery of Costs. The lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization. The lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.

71. Site Maintenance. The area subject to this authorization shall be maintained in a neat, clean and safe condition, free of any solid waste, debris, or litter.

72. Structures Residing Outside the Lease Parcel. Any structures residing beyond the bounds of the lease parcel will be removed and/or relocated to within the parcel boundaries or must be permitted under a separate authorization.

73. Fire Prevention, Protection and Liability. The lessee shall take all reasonable precautions to prevent and suppress forest, brush, and grass fires, and shall assume full liability for any damage to state land resulting from negligent use of fire. The State of Alaska is not liable for damage to the lessee's personal property and is not responsible for forest fire protection of the lessee's activity.

74. Site Disturbance. Section 4 of the lease is hereby amended to include the following:

a) Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems. Particular attention must be paid to preventing pollution and siltation of any waterways and to preventing disturbances to fish and wildlife populations and habitats.

b) Brush clearing is allowed but should be kept to the minimum necessary to conduct or complete the authorized activity. Removal or destruction of the vegetative mat is not authorized under this lease.

c) Establishment of or improvements to the landing areas (i.e. leveling the ground or removing or modifying a substantial amount of vegetation) is prohibited.

75. Wildlife. Any activity that may attract wild animals to the lease area is prohibited. Feeding or attracting wild animals or birds by improper handling and storage of food, garbage, or other waste is prohibited. Pets shall be kept under control at all times.

76. Waste and Debris Disposal. Section 4 of the lease is hereby amended to include the following:

a) Greywater and human waste disposal. All greywater and human waste must be disposed of in a pit, or containment that can easily be transported and disposed of at an DEC approved disposal site. If an on-site privy, chemical toilets, or other suitable waste disposal systems is required and must be located at least 100 feet from any waterbodies. Prior to abandonment or termination of a pit privy, the lessee must apply lime to the wastes in the pit and backfill the pit to the original grade. For additional information, contact the local DEC District Office. Human waste shall not be disposed of on state-owned shorelines (gravel bars, sand bars), in accordance with AS 46.03.800 - 810. Human waste may be disposed of in a cat hole at least 100 feet away from the ordinary high-water mark of streams, rivers, or lakes in accordance with DEC regulation 18 AAC 72.020. Human waste may only be disposed of on privately owned uplands with the concurrence of the upland owner. Hauling out human waste and disposing of it in an approved DEC facility is encouraged.

b) Solid Waste. All Solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by DEC prior to the expiration, completion, or termination of the authorization or activities. There shall be no burial of garbage on state land. Paper products may be burned on site provided that adequate measures (e.g. burn barrels with screened

covers, clearing of area to gravel pad) are taken to prevent wildfires. Temporary storage and accumulation of solid waste (prior to its removal) shall be stored in a manner that prevents a litter violation under AS 46.06.080 and prevents polluted run-off water. Putrescible wastes, including animal carcasses, shall be stored in a manner that prevents attraction of, and access by, wildlife and the creation of disease vectors. Solid waste shall be stored in bear-proof containers. No person shall intentionally feed wildlife, and the premises shall be maintained free of solid waste that might create a health or safety hazard.

77. Lease Expiration and Site Reclamation. No later than one (1) year prior to the lease expiration, the lessee shall file with the AO:

a) A request for a new lease, and/or

b) A reclamation plan for the leasehold lands, which must be approved in writing by the AO. The lessee is responsible for site reclamation within the leasehold. The reclamation plan must include a description of the methods and techniques that the lessee will use to rehabilitate all sites affected by construction and intensive use activities. Under the lease, the lessee retains all ownership rights to site improvements. In the plan, the lessee shall describe its intention to remove improvements. The plan must also include a schedule that sets forth the steps required for surface rehabilitation, and a specific time line showing when the lessee will accomplish each step.

78. Site Restoration. The site shall be left in a clean, safe condition acceptable to the AO. All solid waste debris and any hazardous wastes that are used and stored on the site shall be removed and back-hauled to a DEC approved solid waste facility. All holes shall be backfilled with sand, gravel, native materials, or a substitute approved by the AO. Land returned to the DNR for any reason shall be returned in an environmental, physical, and marketable condition acceptable to the AO. This stipulation is intended to prevent thermal soil degradation, soil erosion, and habitat loss, and to eliminate a potential human and wildlife hazard (6 AAC 80.130).

79. Gravel/Fill Placement Materials. When placed on the premises by the lessee as authorized by the AO, fill material, gravel, and pavement, including building pads, parking areas, driveways, and similar structures become a part of the realty and property of the state, must be maintained by the lessee, and may not be removed from the premises by the lessee without the prior written approval of the lessor.

80. Other Authorizations. The issuance of this authorization does not alleviate the necessity of the lessee to obtain authorizations required by other agencies for this activity.