

**COMPETITIVE LAND LEASE
FINAL FINDING AND DECISION
AS 38.05.070**

ADL 417979
Ultimate Arctic Adventures

This final finding and decision (FFD) is intended to complement and update the preliminary finding and decision dated July 31, 2008 for this lease application. The preliminary and final decisions together constitute the agency decision. In the event of any conflict, this decision supersedes the preliminary decision.

PROPOSED ACTION

The Division of Mining, Land and Water (DMLW) Northern Region Office (NRO) proposes to lease the site known as Ivishak Camp at competitive auction. Robert Thoft, dba Ultimate Arctic Adventures, submitted an application to the Department of Natural Resources (DNR) requesting a 25-year lease for a base of operations located at existing improvements, known as Ivishak Camp, in the Brooks Range. The lease will support various forms of unguided recreation in addition to lodging rental and bed and breakfast operations. Pursuant to AS 38.05.070, the lease will be offered competitively and an auction will be held. Should Mr. Thoft not be the winning bidder at auction, the development plan submitted by the highest bidder must be evaluated and approved by the DNR. The lease decision, stipulations and auction terms are discussed in the remainder of this document.

In order to dispose an interest in this parcel of state land, the Department of Natural Resources (DNR) has adopted the Site Specific Plan (SSP) for the area surrounding Ivishak Camp and the land has been classified Resource Management Land under Land Classification Order (LCO) NC-08-003.

AUTHORITY

This land lease application is being adjudicated pursuant to AS 38.05.035(e), AS 38.05.070, AS 38.05.075, AS 38.05.080, AS 38.05.085, AS 38.05.090, AS 38.05.103, AS 38.05.105, 11 AAC 58.020 and 11 AAC 58.300 - 11 AAC 58.910. The authority to execute the Final Finding and Decision and the lease contract is delegated to the Regional Manager of the Northern Region Office, Division of Mining, Land and Water.

MODIFICATIONS FROM THE PRELIMINARY FINDING AND DECISION (PFD)

This final finding and decision is intended to complement and update the PFD dated July 31, 2008. The FFD changes the PFD by updating the legal description for the subject parcel, further clarifying the motorized vehicle restrictions within the North Slope Special Use Area and the Dalton Highway Corridor and revising the lease auction terms.

ALASKA COASTAL MANAGEMENT PROGRAM CONSISTENCY DETERMINATION

The project was found consistent with the Alaska Coastal Management Program (ACMP) without modifications. The final concurrence (filed under ADL 417979) was issued December 8, 2008.

PLANNING, CLASSIFICATION AND RELATED ACTIONS

Land Management Plan: A Site Specific Plan (SSP) was completed for Ivishak Camp. The SSP classifies the 80-acres surrounding and encompassing Ivishak Camp as Resource Management Land (11 AAC 55.200). This is consistent with the remote location of the parcel and its past and current use since it was established in the 1980s. The Resource Management Land classification is also consistent with the North Slope Borough Conservation Zone that encompasses the undeveloped areas of the borough. The Final Site Specific Plan was signed December 16, 2008.

Land Classification Order: An official land classification order (LCO) was prepared under NC-08-003 and issued December 16, 2008. (See Attachment E)

AGENCY COMMENTS

Agency comments for both the SSP and the PFD were solicited from the DNR Office of Habitat Management and Permitting (OHMP), the DNR State Historic Preservation Office (SHPO), the DNR Water Section, the DNR Municipal Entitlement Office, the U.S. Army Corps of Engineers (ACOE), the North Slope Borough (NSB) and the Alaska Department of Environmental Conservation (DEC).

Site Specific Plan: No objections or changes to the SSP or classification were received.

Preliminary Finding and Decision: Agency comments consisted of the following:

DNR Water Section

The DNR Water Section sent a water rights application directly to Mr. Thoft and indicated that they had no other comments.

Response: Water rights are transferred with the property. Mr. Thoft currently has a water right on file with the DNR Water Section, therefore this water right will transfer to the new lessee should Mr. Thoft not win the bid.

DNR Office of Habitat Management and Permitting (OHMP)

There was no objection to the proposed activity identified by OHMP.

Alaska Department of Environmental Conservation (DEC)

DEC indicated that the operation will be required to address food, public accommodations, waste water and solid waste disposal through their agency. In addition, the operation is classified as Class C for drinking water which requires registration with their office.

Response: The lessee will be required to address these issues with the DEC. *See Special Stipulation 8.*

North Slope Borough (NSB)

The NSB would like to see more detail in the development plan and identified site specific contradictions within the plan submitted by Mr. Thoft. The NSB recommended that these issues be resolved prior to any lease.

Response: Mr. Thoft clarified his development plan to the DMLW in response to the NSB concerns. At this time the lease development plan only allows for one additional building constructed to accommodate couples and singles at the camp. The building location is clearly marked in the updated development plan. Given that this is an application for a 25-year lease, it is possible that future needs may dictate different development patterns on site such as building additions, reorganization of fuel storage, water systems, etc. Any changes to the development plan submitted will require DNR approval before they can be implemented.

The NSB submitted a variety of stipulations and an advisory that they asked be added to the final contract.

Response: These stipulations and advisory are not under the purview of the DNR; the DNR has neither the authority or the resources to enforce NSB regulations. The lessee is responsible for conforming with all NSB zoning codes (Special Stipulations 6, 8 and 10). The suggested stipulations provided by the NSB are addressed either partially or in full by the following stipulations included in the standard contract or special stipulations:

Stipulation 1. Reporting of newly discovered historic or archeological sites to the NSB. *See Special Stipulation 12.*

Stipulation 2. Minimize aircraft disturbance on caribou resources. This is not a land management issue and the DMLW can not regulate such behavior under this lease agreement. Additionally, should the lessee act to disturb caribou resources off of the lease site, the DMLW does not have the authority to take action against the perpetrator. However, actions that can be taken on the lease site that aid in protecting wildlife and subsistence resources have been considered. *See Special Stipulation 19.*

Stipulation 3. Solid waste disposal plan must be in accordance with state and federal law and be reported to the NSB. *See Special Stipulation 17.*

Stipulation 4. Spill prevention. *See Standard Contract Stipulation 34 and Special Stipulation 5.*

Stipulation 5. No displacement of subsistence activities. As stated above, this is not a land management issue that the DMLW can enforce outside the bounds of the lease. However, actions that can be taken on the lease site that aid in protecting wildlife and subsistence resources have been considered. *See Special Stipulation 19.*

Stipulation 6. Maintaining permafrost integrity. *See Special Stipulations 6, 8 and 22.*

Advisory 1. Contacting the NSB Department of Planning and Community Services to determine related lease activities that require Borough approval. *See Special Stipulation 8.*

PUBLIC NOTICE

Pursuant to AS 38.05.945(b)(3) a public notice, announcing the SSP, PFD and ACMP Consistency Review and soliciting comments, was published in the Fairbanks Daily News-Miner, the Fairbanks and Barrow post offices and was posted to the DNR public notice webpage for the 50 day comment period. The public notice was subsequently extended until November 14, 2008 to include posting in the Arctic Sounder (a paper of local circulation) and repeated in the publication, post offices and webpage. Notice pursuant to AS 38.05.945 and .946 was sent to the North Slope Borough. The following comments and the NRO's responses are addressed below. Since many comments received addressed similar topics, the collected comments were summarized and considered.

- 1. The price paid by Mr. Thoft for Ivishak Camp must be placed in an escrow account or bonded by interested bidders prior to the auction. This amount should include all reimbursable expenses and maintenance of the site totaling \$175,000.**

Response: The NRO will honor the request from October 2006, requesting an escrow account be required of all bidders. However, the amount required of the escrow account must be established by the purchase price paid by Mr. Thoft when he procured the improvements from Mr. Rivers. As Mr. Thoft has an active authorization for the camp since January 2007, site maintenance and improvements are part of the costs of doing business and will not be included. Mr. Thoft has provided the NRO with a bill of sale (Attachment F) from the original transaction that sets the value of the improvements at \$114,990. Therefore, all bidders at auction, excepting Mr. Thoft as the owner of the improvements, will be required to deposit this amount in an escrow account prior to auction.

According to AS 38.05.075(a), the only reimbursable expenses are those costs incurred for the public notice and auction postings and the costs of the survey and appraisal for the state land in question. A bid deposit for these reimbursable expenses will be required. Additionally, the successful bidder will be required to pay, in advance, the rental amount for the first year.

- 2. The high bidder should be able to demonstrate that s/he is able to be permitted for the activities by the North Slope Borough.**

Response: The state requires that all other authorizations required for the lease activity be obtained from the appropriate agency or the lease may be invalidated. The DNR does not normally require this in advance and sees no reason to do so in this circumstance.

3. The land must be surveyed and appraised at the bidders expense (reimbursed by the high bidder).

Response: Survey and appraisal costs are reimbursable expenses pursuant to AS 38.05.075(a). In this situation, the survey may not be completed prior to the completion of the auction. In the event that the survey is not complete by the auction date and Mr. Thoft is not the high bidder, the survey will be completed and paid for by the high bidder directly. Appraisal costs were not incurred as a pre-appraisal was conducted by the DMLW and the determined fair market value annual rent was under the regulatory minimum of \$1000 (11 AAC 58.410). Therefore, no appraisal costs need be reimbursed.

4. Bidding should be for a 25-year lease.

Response: Mr. Thoft submitted an application for a 25-year lease. DNR has determined that 25 years is a reasonable timeframe in which to amortize the infrastructure investment at the site. Therefore bidding will be for a 25-year lease. Bidding for another lease period will not be accepted.

5. Under the ‘best interest finding’ directive, the State is obligated to ensure the maximum value for the use of state lands.

Response: The DNR is directed per AS 38.05.840(a) to lease land for no less than the appraised market value or the minimum annual rent determined by 11 AAC 58.410. The DNR is further directed to design the lease compensation method to maximize the return on the lease to the state (AS 38.05.075(a)). The methods for lease compensation are described in AS 38.05.073(m).

The method used to arrive at the compensation amount must be in the state’s best interest and in the best interest of the public. It must also be commensurate with the value to be derived from the use of state land. The annual fair market value rent for the lease area falls below the minimum annual rent, therefore bidding will start at this amount (\$1000 per year). The final method of lease compensation is described in the “lease compensation” section of the Final Finding and Decision. The DNR has determined that this is the compensation method that will provide the state with a maximum return commensurate with the land use.

6. The value of the improvements should be settled before bidding takes place and the price should be less than \$100,000.

Response: The price for the improvements, established by the bill of sale from Mr. Rivers to Mr. Thoft, is \$114,990. No credible documentation has been provided that supports a value for the improvements that is less than the purchase price. In accordance with the auction terms, all bidders will be required to establish an escrow account in this amount.

7. The successful bidder should have the option of buying the improvements but should also retain the option to decline to purchase the improvements. In the event that the successful bidder refuses to purchase the camp improvements, Mr. Thoft should be given 60-days to remove all improvements from the site.

Response: The improvements are fixtures of the parcel of state land on which they reside. If the camp was not in existence, this particular parcel of state land would be no more desirable than any other remote parcel of state land in the area. Some measure of value is derived from the improvements and they should remain on site; the improvements will not be removed from the site and must be sold to the highest bidder should Mr. Thoft not win the lease bid. Given the controversy and disputes between interested parties, allowing the winning bidder to state

that he will not purchase the improvements for any price and still retain the lease is not reasonable. It assures that the parcel will not be generating any commercial income for at least the next season as removal of the current improvements by Mr. Thoft and establishment of new improvements by the new leaseholder will hamper the commercial activities that can take place on the parcel. This will result in a loss of compensation to the state. Additionally, the travel restrictions within the Dalton Highway Corridor and general inaccessibility of the camp makes it impractical to remove the improvements and establish a new camp on site.

In accordance with the auction terms, bidders will be required to escrow funds in the amount of the purchase price (established by the original sale from Mr. Rivers to Mr. Thoft) prior to the auction. Should Mr. Thoft not be the winning bidder at auction, the funds from the winning bidder's escrow account will be transferred to Mr. Thoft before the lease is issued.

8. At no time should an appraisal be required; appraisals are not objective. Spending money on appraisals is unnecessary and additional costs that add risk to the state and potential bidders.

Response: The NRO respectfully disagrees. The appraisal process is a well established profession and is a generally accepted method for determining value in business transactions. An appraisal of the improvements will not be required as the value of the improvements has been established by the bill of sale of the improvements from Mr. Rivers to Mr. Thoft, a willing seller and a willing buyer.

Appraisals will be required to adjust the annual rent. AS 38.05.105 requires DMLW to reevaluate and adjust the annual rent at five year intervals in order to maximize the return on the lease to the State. The subject parcel will be required to undergo a reappraisal, at the expense of the lessee, every five years. Should the parcel be reappraised at a higher fair market value annual rent than the rent currently being paid by the lessee, the annual rent will be increased to the new appraised price.

9. DNR acted as an "agent" for Larry Rivers to facilitate the sale of the improvements to Robert Thoft.

Response: The statement that "DNR staff acted as an agent" for the original sale of the improvements to Mr. Thoft is entirely false and was addressed multiple times in the "Appeal of April 18, 2007 Decision to Issue Land Use Permit in ADL 417979". This comment is not relevant to the competitive lease adjudication.

10. The asking price for the improvements and the price paid for the improvements must be made known to all bidders prior to the auction. The price for the improvements must be set prior to bidding.

Response: The price paid for the improvements is documented in this decision. This purchase price is not negotiable.

11. The value of the improvements without the furnishings should be available to purchase and that value is less than \$100,000.

Response: The price for the improvements has been established by the transaction between Mr. Rivers and Mr. Thoft at \$114,990. This price includes all those improvements and furnishings that were part of the original sale agreement, a full inventory will be included with the bid packet. All structures and furnishings listed in this inventory will be transferred to the new owner of the improvements should Mr. Thoft not be the winning bidder.

12. Mr. Thoft has established his own inflated value of the improvements at \$200,000. Allowing Mr. Thoft to establish his own value for the improvements will put him at an advantage for the auction.

Response: The value of the improvements is established by the price paid by Mr. Thoft when he purchased the improvements and furnishings from Mr. Rivers. This price is documented in this decision. Mr. Thoft will not be allowed to ask for a higher purchase price for the improvements.

13. The competitive lease process should have been initiated before Larry Rivers sold the camp improvements to Mr. Thoft.

Response: The DNR did not initiate a competitive lease process prior to Mr. Rivers' sale of the improvements because he was under a legal authorization with the state (LAS 22598) and was the legal owner of the improvements. As such, Mr. Rivers was free to sell the camp improvements to whoever he chose. It was not until the lease application arrived that the lease process began; there was nothing to adjudicate prior to the submittal of the land lease application by Mr. Thoft. This is not relevant to the current lease process and was addressed in the "Appeal of April 18, 2007 Decision to Issue Land Use Permit in ADL 417979".

14. Mr. Thoft has had "free use" of the Ivishak Camp for two years.

Response: Mr. Thoft has not had "free use" of the site despite this assertion. Mr. Thoft has been permitted to use the site under a land use permit (ADL 417979) and has paid all use fees and associated costs since its issuance in January 2007. Additionally, this has been addressed in "Appeal of April 18, 2007 Decision to Issue Land Use Permit in ADL 417979". This comment is not relevant to the competitive lease adjudication.

15. The state only has the authority to lease the land for commercial purposes.

Response: This has been made clear throughout this decision and the preliminary decision.

16. Is the successful bidder obligated to follow the procedures described in the Terms of the Auction section of the PFD?

Response: The terms of the auction detailed in the PFD were intended to describe the options the NRO was considering for transfer of the improvements to the high bidder should the bidding result in a different owners of the lease and the improvements. The final decision on those terms and conditions for the bidding process are outlined in this document.

17. The bid protocols do nothing but guarantee that the state will not receive the maximum value from bidders and puts Mr. Thoft at a bidding advantage.

Response: The NRO respectfully disagrees. The auction procedures are designed to facilitate the transaction of the improvements from the owner to the new lessee in a timely manner by requiring each bidder to escrow funds for purchase of the improvements of Mr. Thoft prior to bidding. With the price of the improvements established and the funds secured for purchase, transfer of the improvements from Mr. Thoft to the winning bidder will be completed efficiently.

DESCRIPTION, CLASSIFICATION AND RESTRICTIONS

I. Legal Description

The legal description for the Ivishak Camp and the classification area has been updated. A field inspection in August 2008 revealed that the camp was improperly described since the 1980s. The new legal descriptions are as follows:

Ivishak Camp Lease Area (Attachment B)

Within 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 $\frac{1}{4}$ of Section 19 and SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$, N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ and N $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 20, Township 4 South, Range 18 East, Umiat Meridian.

Resource Management Classification (NC-08-003) (Attachment C)

Within the E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19 and NW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 20, Township 4 South, Range 18 East, Umiat Meridian.

II. Site Specific Plan and Classification

The 80-acres surrounding Ivishak Camp is classified under NC-08-003 and has been designated Resource Management Land. This classification indicates that the area will be managed with the intent of maintaining public access and generally allowed uses (11 AAC 96.020) permitted on general state land. The Director of the Division of Mining, Land and Water has approved the Site Specific Plan for the area and the Land Classification Order, included with this decision (Attachment E) has been signed by the DNR Commissioner pursuant to AS 38.05.300.

III. Airstrip Use

An unmaintained, public airstrip is located along the shore of the Ivishak River, west of the lease parcel. This airstrip is not part of the lease parcel and will remain in use for the public. Access to the airstrip may not be restricted in any way.

IV. Motorized Vehicle Restrictions

The lease area falls within the North Slope Special Use Lands (ADL 50666). This designation requires that a permit be obtained for motorized vehicle use within the extent of the Umiat Meridian, unless that use is for subsistence purposes or is on a graveled road. Additionally, AS 19.40.210 prohibits vehicular travel within the Dalton Highway corridor 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. This corridor is defined as the highway right-of-way and lands within five miles of the right-of-way. DNR issues permits for activities under these circumstances, subject to the rules found under the Alaska Coastal Management Program Generally Consistent Determination 19.

Access to the unmaintained public airstrip from the lease parcel has historically been by All-Terrain Vehicle (ATV) on a gravel trail. The lessee will be permitted to access the airstrip via motorized vehicle on the existing gravel trail that extends off of 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 Division of Mining, Land and Water.

LEASE COMPENSATION AND APPRAISAL

Pursuant to AS 38.05.075, the lease compensation method shall be designed to maximize the return on the lease to the state and shall be a form of compensation set out in AS 38.05.073(m). Those methods may include, in the discretion of the commissioner, the following: 1) a percentage of annual gross receipts as reported to the United States Internal Revenue Service; 2) a guaranteed annual minimum rent or a percentage of gross receipts, whichever is greater; 3) the fair market rental value; 4) a fixed annual rent that is not less than the fair market rental value of the land; 5) a fee for each user; 6) other compensation acceptable to the commissioner; or 7) a combination of the above.

The NRO evaluated a number of options and decided that the most appropriate method of compensation and the method that will most likely maximize the return on the lease to the state, is the combination of annual rent and the percentage of gross receipts. Bidders at auction should be aware that the percentage of annual gross receipts fee is non-negotiable and will not be part of the bidding process; lease bids will be for the annual rental cost only.

I. Annual Rent

As authorized under AS 38.05.073(m)(7), the minimum annual rent shall, at the State's discretion, be the greater of \$1,000 per year or an amount equal to the fair market rent for the land as determined by an approved fair market value appraisal. This proposal has undergone a preliminary appraisal within the DNR Appraisal Unit to estimate the potential

minimum annual rent (11 AAC 58.410). Based on comparable sales, the market value of the site is approximately \$10,000 and based on a land capitalization rate of 8 percent, annual rent for the site would be \$800. The calculated amount of rent generated by market indicators is less than the regulatory annual minimum of \$1,000. Therefore, an official appraisal is not required. The actual annual rent paid for the lease will be determined by the competitive bidding process. Bidding will start at \$1000.

II. Percent of Gross Receipts Fee

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%

III. 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. The subject parcel will be required to undergo a reappraisal, at the expense of the lessee, every five years. 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.

TERMS OF AUCTION

The auction may result in different owners of the improvements and the lease. To this end, prior to the auction, bidders will be required to secure funds for purchase of the improvements prior to the auction in an escrow account. The auction terms are designed to facilitate the transaction of the improvements from Mr. Thoft to the high bidder, should Mr. Thoft (the owner of the improvements) not be the successful bidder. The NRO evaluated several options for possible inclusion in the lease option terms. The following terms will be included in the auction brochure.

I. Improvements tied to parcel

In similar circumstances, should the successful bidder at auction not be the owner of the improvements, the owner would have the option of selling the improvements to the highest bidder or remove the improvements from the site entirely. In this case, the improvements add significantly to the value of the property. The improvements are well maintained and functional and have been used for base camp activities for many years (Attachment D). Removing the improvements would not only be a waste of resources, but the act of removing them may cause harm to the site and the surrounding tundra. Additionally, the travel restrictions within the Dalton Highway Corridor (AS 19.40.210) and general inaccessibility of the camp makes it impractical to remove the improvements and establish a new camp on site. As the land owners, the NRO will require that the improvements remain on site.

II. Escrow account for the cost of the improvements

In accordance with a letter sent to the applicant from the NRO, all bidders at auction will be required to deposit funds for the cost of the improvements in an escrow account prior to the auction. Proof of the account must be submitted by all bidders before bidding may begin. The cost of the improvements established by the bill of sale from the transaction between Mr. Rivers and Mr. Thoft is \$114,990.

III. Deposit and reimbursable expenses

Pursuant to AS 38.05.075(a), the costs incurred for the public notice and auction postings and the costs of the survey, incurred prior to the auction, are reimbursable. Prior to bidding, a bid deposit for these reimbursable expenses will be required. Additionally, the successful bidder will be required to pay, in advance, the rental amount (high bid amount) for the first year.

IV. Auction

Bidding will be conducted by outcry auction at the DNR Northern Region Office in Fairbanks, Alaska. The starting bid price will be \$1000, the minimum annual rent as determined by the preliminary appraisal for the land.

V. Transaction of improvements

If the successful bidder at auction is not the owner of the improvements and does not complete the sale of the improvements within 30 days of the auction date, the lease will go to the second highest bidder.

VI. Early entry authorization and lease issuance

The lease can not be issued until the site survey is completed. In the interim, an Early Entry Authorization (EEA) will be issued to the winning bidder after the funds from the escrow account have been successfully transferred to Mr. Thoft should he not win the auction.

VII. Development plan and contract stipulations

Should the applicant not be the winning bidder at auction, the auction winner will be required to submit a detailed development plan for activities taking place on the lease parcel. The development plan must be completed according to the DNR Division of Mining, Land and Water "Instructions for Completing a Development Plan" guidance document. This document can be accessed at the following internet address: http://dnr.alaska.gov/mlw/forms/land/devplan_merged.pdf. The development plan submitted must be evaluated and approved by the DMLW. In this event, the DMLW may revise the stipulations of the lease contract. Additionally, Mr. Thoft may choose to submit a revised development plan if he is the winning bidder at auction. Upon evaluation, if the activities proposed warrant changes to the contract, the contract stipulations may be revised by the DMLW.

FINAL FINDING AND DECISION

The finding presented above has been reviewed and considered. The case file has been found to be complete and the requirements of all applicable statutes have been satisfied. It is the finding of the Northern Regional Manager that it is in the best interest of the State to proceed with this competitive lease under the authority of AS 38.05.035(e), AS 38.05.070, AS 38.05.075, AS 38.05.080, AS 38.05.085, AS 38.05.090, AS 38.05.103, AS 38.05.105, 11 AAC 58.020 and 11 AAC 58.300 - 11 AAC 58.910.



Chris Milles, Regional Manager
Division of Mining, Land and Water- Northern Region Office
Department of Natural Resources

5/13/09
Date

APPEAL

A person affected by this decision who provided timely written comment or public hearing testimony on this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received by June 2, 2009 and may be mailed or delivered to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, AK 99501; faxed to 1-907-269-8918; or emailed to dnr.appeals@alaska.gov. If no appeal is filed by that date, this decision goes into effect as a final order and decision on June 15, 2009. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Attachment A

SPECIAL STIPULATIONS ADL 417979

1. **Compliance with Governmental Requirements; Recovery of Costs.** Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization and other governmental permits. Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
2. **Site Disturbance.**
 - 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 attentions must be paid to prevent pollution and siltation of streams, lakes, ponds, waterholes seeps and marshes, and to prevent 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 landing areas (i.e. leveling the ground or removing or modifying a substantial amount of vegetation) is prohibited.
3. **Alaska Coastal Management Program.** Pursuant to AS 46.40 and 6 AAC 50 and the Conclusive Consistency Determination #ADL 417979 dated December 8, 2008, the lessee shall comply with the following stipulations: None.
4. **Fire Prevention, Protection and Liability.** The permittee 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 is not responsible for forest fire protection of the lessee's activity.
5. **Fuel and Hazardous Substances.** The use and storage of hazardous substances by the lessee must be done in accordance with existing federal, state, and local laws, regulations, and ordinances. Hazardous substances must be removed from the site and managed in accordance with state and federal law. Debris (such as gravel) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance. 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 permittee'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. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons that contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.

- d. **Spill cleanup.** Oil spill clean up materials must be stocked on site.
- e. **Exceptions.** The Authorized Officer may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.
- f. **Definitions.**

"**Containers**" means any item that 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., drips pans, fold-a-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. **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 applicable building and zoning codes.
- 7. **Operation of Vehicles.** Vehicles shall be operated without disturbing the vegetative mat and underlying substrate. The permittee must obtain a permit from the DNR Division of Mining, Land and Water for any off road vehicular travel with the exception of generally authorized vehicles.
- 8. **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.
- 9. **Airstrip Access.** The lessee is permitted to access the airstrip via motorized vehicle on the existing gravel trail that extends off of 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 Division of Mining, Land and Water.
- 10. **Violations.** At the discretion of the authorized officer, 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 Division of Mining, Land and Water. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to lessee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, lessee, at its expense shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.
- 11. **Preference Right.** No preference right for long term use or conveyance of the land is granted or implied by the issuance of this authorization.

12. 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. The North Slope Borough Inupiat History, Language Commission (IHLC) at (907) 852-0422 has additionally requested notification.

13. Site Restoration.

- a. Upon expiration, completion, or termination of this authorization, the site shall be vacated and all improvements, personal property, and other chattels shall be removed or they will become the property of the state.
- b. The site shall be left in a clean, safe condition acceptable to the Authorized Officer. All solid waste debris and any hazardous wastes that are used and stored on the site shall be removed and backhauled to a Alaska Department of Environmental Conservation (ADEC) approved solid waste facility.

14. 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. The permittee shall notify the Authorized Officer of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the permittee's expense in accordance with accepted survey practices of the Division of Land.

15. 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).

16. Storage of Equipment. The site shall be protected from leaking or dripping hazardous substances or fuel from stored equipment. The permittee 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.

17. Solid Waste.

- a. All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by the Alaska Department of Environmental Conservation (DEC) prior to the expiration, completion, or termination of the authorization or activities. There shall be no burial of garbage on State land.
- b. 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.
- c. Temporary storage and accumulation of solid waste (prior to its removal) shall conform to the following:
 - i) solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080 and prevents polluted run-off water;
 - ii) 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;
 - iii) the premises shall be maintained free of solid waste that might create a health or safety hazard.

- d. Pit privies, chemical toilets, or other suitable waste disposal systems are required and must be operated in conformance with DEC requirements. They must be located at least 100 feet from any waterbodies.

18. 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. Any proposed revisions to the plan of operations must be approved in writing by the Authorized Officer before the change in use or development occurs. Changes to the development plan may result in a lease amendment.

19. 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.

20. Off-Road Access.

- a. 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, subject to the rules found under the Alaska Coastal Management Program Generally Consistent Determination 19.
- b. 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.

21. Wastewater Disposal. Disposal of wastewater from any operation associated with this authorization must satisfy the requirements of the Alaska Department of Environmental Conservation (ADEC).

- a. An on-site privy is required and must be located at least 100 feet from any waterbodies. Prior to abandonment or termination, the permittee must apply lime to the wastes in the pit and backfill the pit to the original grade. For additional information, contact the local ADEC office.
- b. All grey water must be disposed of in the pit privy or self-contained waste disposal system.
- c. Disposal of wastewater from any operation associated with this authorization to state lands or waters is specifically prohibited, unless otherwise approved by ADEC.

22. Holes and Excavations. All holes shall be backfilled with sand, gravel, native materials, or a substitute approved by the Authorized Officer.

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)

23. 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.

24. 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. This includes 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.

25. Reservation of Rights.

- a. The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization.
- b. The Division may require authorized concurrent users of state land to enter into an equitable operation and/or maintenance agreement.
- c. 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.

26. 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.

27. Rent Adjustment. Pursuant to AS 38.05.105, the subject parcel will be required to undergo a reappraisal, at the expense of the lessee, every five years. 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.

28. Registration of Commercial Recreation “Day Use” Activities. Prior to beginning seasonal operations each calendar year covered under this authorization, the lessee shall register commercial recreation “day use” activities in accordance with 11 AAC 96.018. Registration may be completed on line at www.dnr.state.ak.us/mlw/commrec or at one of the DNR public information offices (PIC). For more information call 269-8400 or 451-2705 or email PIC@alaska.gov.

29. 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 Division of Land reserves the right to grant other interests consistent with the Public Trust Doctrine.

30. Public Access.

- a. All operations must be conducted in a manner that will ensure minimum conflict with other users of the area. There shall be no interference with free public use of state lands and waters.
- b. Public access may not be restricted without prior approval of the Authorized Officer.

31. Use of Short Term (portable) Camps. The following conditions apply to short-term (portable) camp use:

- a. **Location.** The permittee is authorized to use short-term (portable) camps on state lands in those areas (i.e. guide use areas, game management units, river drainages, lakes, etc.) the permittee has registered with the Division of Mining, Land and Water. It is the responsibility of the permittee to maintain a current register of areas in which short-term (portable) camps are being used.
- b. **Quantity.** This permit authorizes the simultaneous use of a combined total of two (2) short-term (portable) camps by the permittee and one additional short term (portable) camps for each assistant guide employed by the permittee at any point in time during the term of the permit.
- c. **Duration and relocation.** On most state owned land, short-term (portable) camps may remain in one specific location for up to 14 days. On or before the last day, short-term (portable) camps must be dismantled and moved at least two miles. All short-term (portable) campsites shall be left vacant and in a clean, safe condition. Relocation starts a new 14-day period.
- d. **Siting.** Short-term (portable) camps must be sited in a manner that impacts the least amount of ground necessary.
- e. **Site disturbance.** Site disturbance shall be kept to a minimum to protect local habitats. All activities shall be conducted in a manner that will minimize the disturbance of the soil and vegetation and changes in the character of natural drainage systems. Particular attention must be paid to prevent pollution and siltation of streams, lakes, ponds, seeps and marshes, and to disturbances to fish and wildlife populations and habitats.
- f. **Solid waste.** All solid waste, debris and hazardous substances generated from short-term (portable) camp use must be removed to a facility approved by ADEC. Prior to removal, all garbage subject to decomposition must be stored in bear-proof containment. Trails and campsites must be kept clean and safe.
- g. **Greywater and human waste disposal.**
 - i) All greywater and human waste must be disposed of in a pit, or containment that can easily be transported and disposed of at an ADEC approved disposal site. If a pit is used, it must be limed and back-filled prior to leaving a site. For additional information, contact the local ADEC District Office.
 - ii) 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 cathole at least 100 feet away from the ordinary high water mark of streams, rivers, or lakes in accordance with ADEC 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 ADEC facility is encouraged.
- h. **Fuel storage.** The total combined fuel stored at a short-term (portable) campsite shall not exceed 50 gallons. All containers must be clearly marked with the contents and the grantee's name. The grantee is responsible for preventing spillage and contamination of contiguous land and water as well as cleaning up any oil or other pollutants that result from authorized activities. Drip pans and absorbent pads must be available to contain and clean up spills from any transfer or handling of fuel.
- i. **Removal of property.** All components of short-term (portable) camps, personal property (i.e. camp gear, fuel containers, etc.), hazardous substances and solid waste and debris must be removed from state owned land on or before the end of each seasonally authorized term of use.

Attachment B

ADL 417979- Ivishak Camp

Robert Thoft, Ultimate Arctic Adventures

Lease Area

AS 38.05.035(e)

DEVELOPMENT PLAN

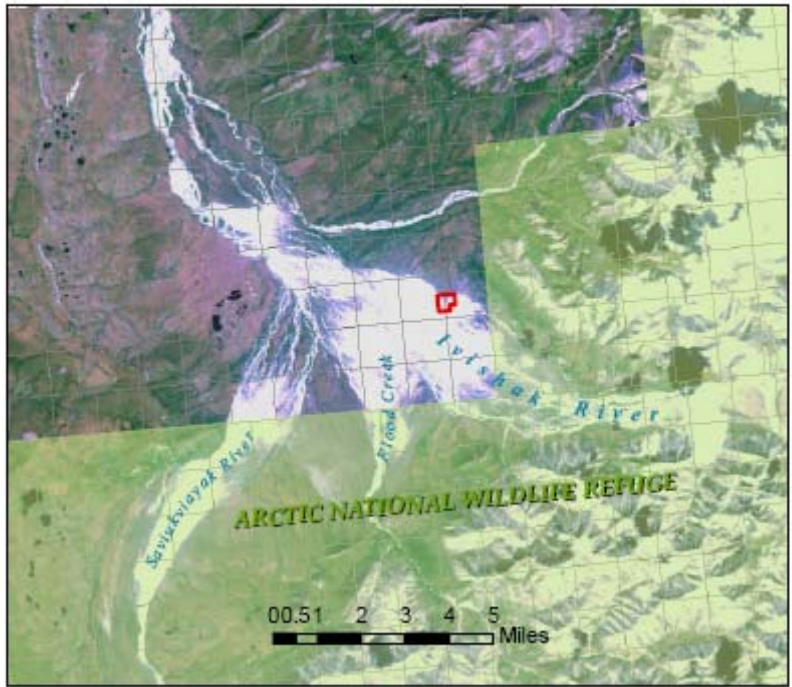
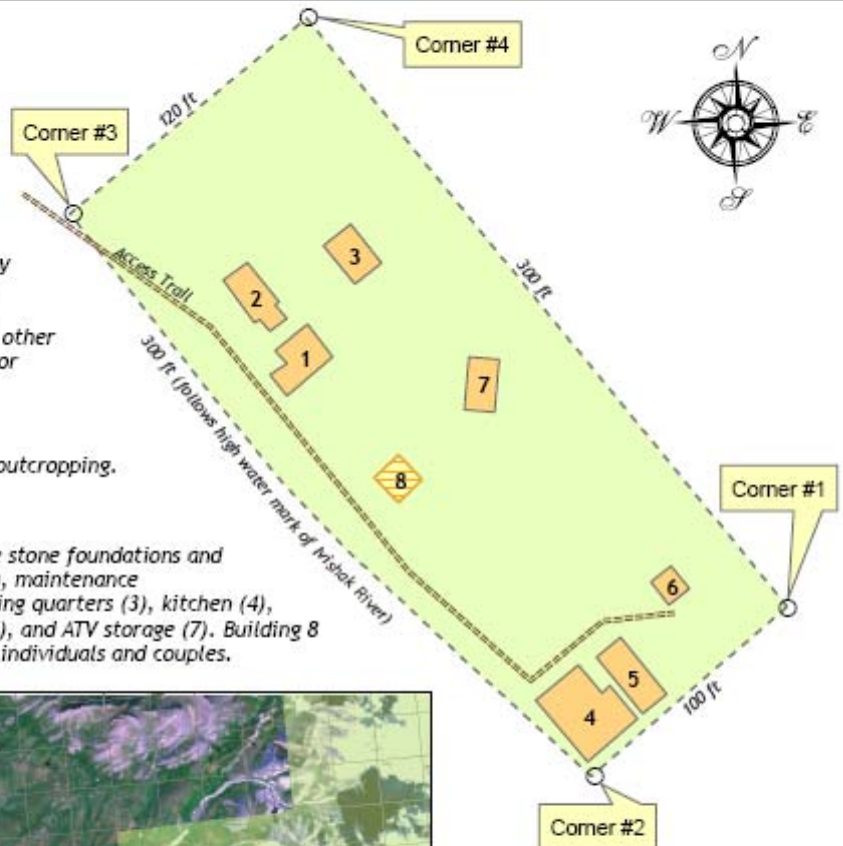
Base of operations for a bed and breakfast, ecotourism, photography and trekking, sportfishing, rafting, unguided hunting and recreation. Lodging rental for universities and other organizations conducting research or exploration in the area.

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.



Projection: Alaska Albers Equal Area Conic
Geographic: North American Datum 1983
Data Source: DNR, AlaskaMapped.org
Date: 28 October 2008
Created by: Melissa Head
For display only.



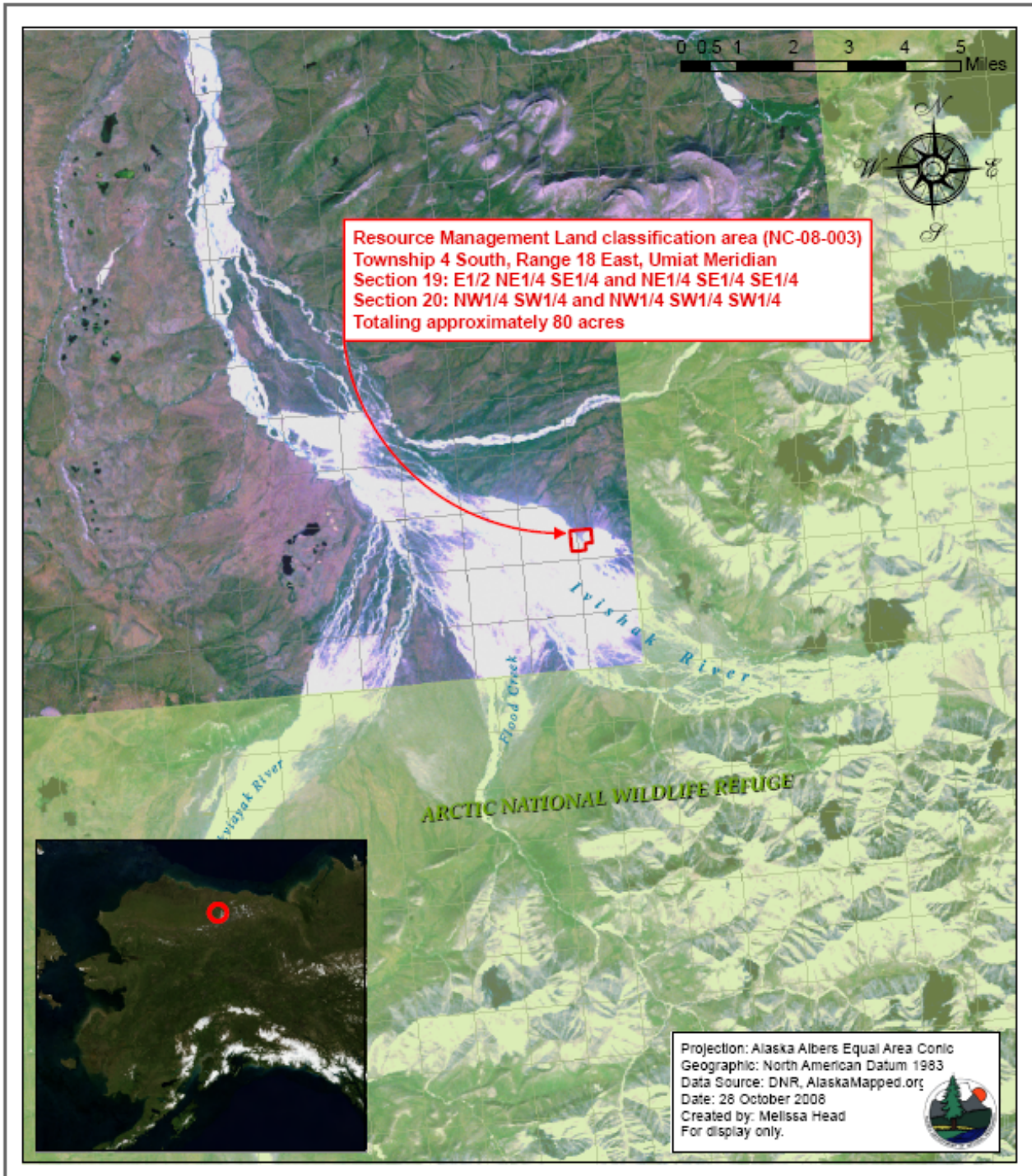
Attachment C

ADL 417979- Ivishak Camp

Robert Thoft, Ultimate Arctic Adventures

Classification Area (NC-08-003)

AS 38.05.300



Attachment D

Ivishak Camp Improvements
Photos dated August 19, 2008

Photo 1
Aerial view of camp
from the west.



Photo 2
Aerial view from the
south.

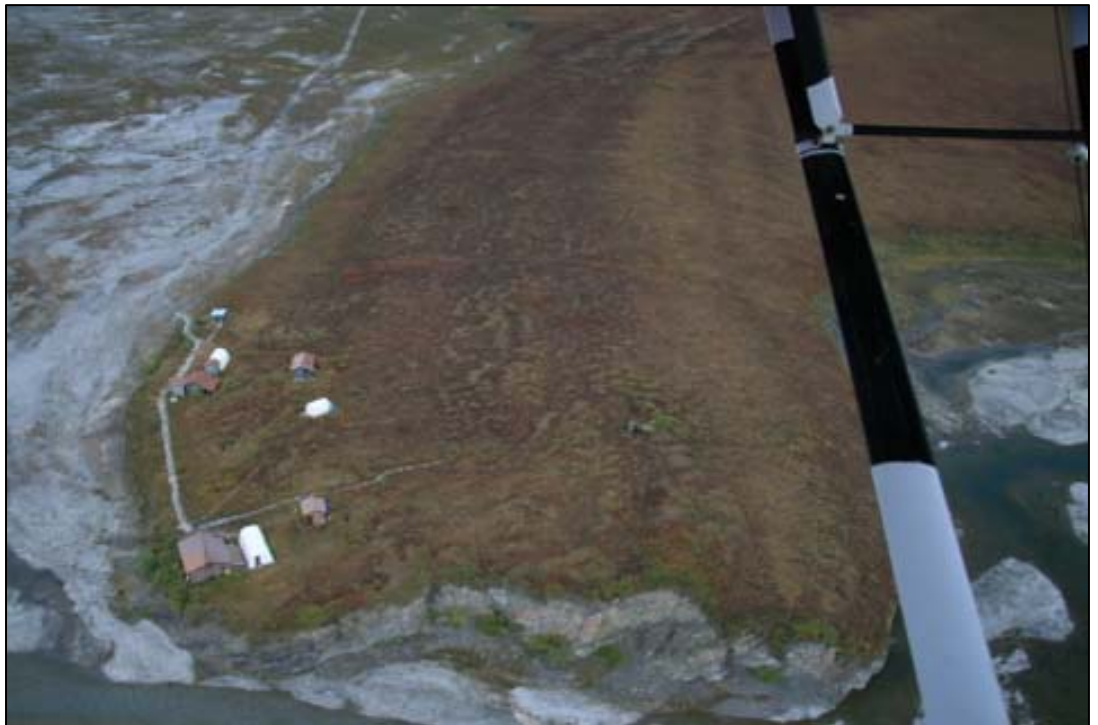


Photo 3
Generator shed from south.



Photo 4
Generator shed from east.



Photo 5
Main cabin (front)
from west.



Photo 6
View of camp from trail
that leads to the airstrip.



Photo 7
View of airstrip looking
northwest.



Photo 8
View from parcel into
the Ivishak River Valley
(looking southeast).



Attachment E

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

**LAND CLASSIFICATION ORDER
NO. NC-08-003**

I. Name: **Ivishak Camp Competitive Land Lease**

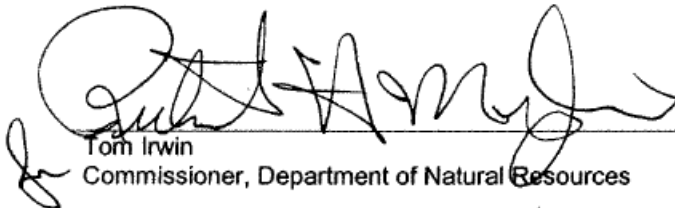
II. The classifications in Part III are based on written justification contained in the Ivishak Camp Site Specific Plan dated December 16, 2008.

The Site Specific Plan (SSP) determined that the 80-acres surrounding and encompassing Ivishak Camp is best classified as Resource Management Land (11 AAC 55.200). This is consistent with the remote location of the parcel and its past and current use since it was established in the 1980s. The Resource Management Land classification is also consistent with the North Slope Borough Conservation Zone that encompasses the undeveloped areas of the borough.

III.

<i>Legal Description</i>	<i>Acreeage</i>	<i>Acquisition Authority</i>	<i>Existing Classification</i>	<i>Classification by this action</i>
Within the E $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ and NE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19 and NW $\frac{1}{4}$ SW $\frac{1}{4}$ and NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 20, Township 4 South, Range 18 East, Umiat Meridian.	80 acres	GS-5120	None	Resource Management

IV. This order is issued under the authority granted by AS 38.04.065 and AS 38.05.300 to the Commissioner of the Department of Natural Resources. The above described lands are hereby designated and classified as indicated. Nothing shall prevent the reclassification of these lands if warranted in the public interest.


Tom Irwin
Commissioner, Department of Natural Resources

12/16/08
Date

Tom
12/16/08

Attachment F

BILL OF SALE

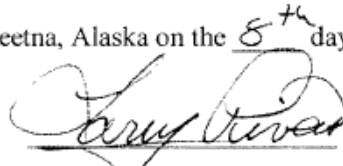
Larry Rivers, Seller, of P O Box 107, Talkeetna, Alaska 99676, USA, in consideration of \$114,990.00 paid by Bob Thoft, Buyer, of 32408 Red Horn Road, St Ignatius, MT 59865, receipt and deposit of which, into sellers account, will acknowledged said sale, does grant, sell, and transfer, to buyer all structures located on:

A parcel located within the S1/2SW 1/4 of Section 19, Township 4 South, Range 18 East, Umiat Meridian, with a reference point being a distinct, nearly vertical rock bluff located at the high point of the southeast edge of a peninsula of land which extends west into the flood plain of the Ivishak River at the confluence of Flood Creek and the Saviukviayak River. From said reference point, thence southwest 240 degree 170 feet to Corner No. 1, the true point of beginning, a 4"x4" wooden post identified by a permanent metal placard; thence southwest 225 degree 100 feet to Corner No. 2, a 4"x4" wooden post identified by a permanent metal placard; thence in a northwesterly direction approximately 315 degree 300 feet along the ordinary high water mark of the Ivishak River to Corner No. 3, a 4"x4" wooden post identified by a permanent metal placard; thence northeast 45 degree 120 feet to Corner No. 4, a 4"x4" wooden post identified by permanent metal placard; thence southeast 135 degree 300 feet to Corner No. 1, the true point of beginning of this metes and bounds description, containing approximately 0.84 acres, more or less.

and

All personal property of any kind or type located on said real property or in the structures thereon except those items listed on Exhibit A hereto.

Seller has executed this bill of sale at Talkeetna, Alaska on the 8th day of January, 2007.


Larry Rivers

LR

**COMPETITIVE LAND LEASE
PRELIMINARY FINDING AND DECISION
DRAFT SITE-SPECIFIC PLAN (LAND CLASSIFICATION)**

ADL 417979
Ultimate Arctic Adventures

SUMMARY OF ACTIONS

Robert Thoft, dba Ultimate Arctic Adventures, submitted an application to the Department of Natural Resources (DNR) requesting a 25-year lease for a base of operations located at existing improvements, known as Ivishak Camp, in the Brooks Range. The lease will support various forms of unguided recreation in addition to lodging rental and bed and breakfast operations. Pursuant to AS 38.05.070, the lease must be offered competitively. This preliminary decision evaluates the efficacy of the current application, however, should Mr. Thoft not be winning bidder at auction, the development plan submitted by the highest bidder must be evaluated and must be approved by the DNR.

In order to dispose an interest in this parcel of state land, the Department of Natural Resources (DNR) proposes to adopt a Site Specific Plan (SSP) for the area surrounding Ivishak Camp. Additionally, an Alaska Coastal Management Program Consistency Determination must be conducted. Both the SSP and ACMP Consistency Determination will be conducted concurrently with the leasing process.

PROPOSED ACTIONS

There are two proposed actions: 1) adopt a SSP to determine the management intent and the appropriate classification for the Ivishak Camp area; and 2) approve Mr. Thoft's proposal for a commercial recreation lease through a Preliminary Finding and Decision (PFD).

Site Specific Plan: The proposed Site Specific Plan (SSP) would classify 80-acres surrounding and encompassing Ivishak Camp as Resource Management Land (11 AAC 55.200). This is consistent with the remote location of the parcel and its past and current use since it was established in the 1980s. The Resource Management Land classification is also consistent with the North Slope Borough Conservation Zone that encompasses the undeveloped areas of the borough. A Land Classification Order (LCO) will accompany the Final Finding and Decision (FFD) and final SSP.

Preliminary Finding and Decision: Robert Thoft, dba Ultimate Arctic Adventures, is requesting a 25-year lease for a base of operations located at existing improvements known as Ivishak Camp, purchased by Mr. Thoft in January 2007. The lease will support ecotourism, photography, trekking, sport fishing, snow machining, rafting and other forms of recreation in addition to lodging rental for universities or other organizations conducting research or exploration in the area. Ultimate Arctic Adventures currently holds an active land use permit authorizing the use of the site for these purposes. The permit is issued under same file number (ADL 417979) and is currently under appeal. The proposed land lease will be processed competitively.

SCOPE OF REVIEW AND PROPOSED FINDING

The scope of the SSP is to seek comments on the Division's request to classify the parcel encompassing Ivishak Camp as Resource Management Land. The scope of the PFD is to provide preliminary approval of this lease and proceed to public notice. The scope is based on the statutes, regulations and other facts contained in case files ADL 411959, LAS 22598, ADL 417979 (comprising the current temporary authorization) and the body of this decision.

AUTHORITY

Site Specific Plan: The preparation of this Site Specific Plan is authorized under AS 38.04.065, 11 AAC 55.020 - 11 AAC 55.040 and 11 AAC 55.200. The proposed classifications, which are implemented through a Land Classification Order, are authorized pursuant to AS 38.05.300. The SSP requires approval from the Director of the Division of Mining, Land and Water and the LCO must be signed by the DNR Commissioner before the final decision on this proposal can be approved.

Preliminary Finding and Decision: This land lease application is being adjudicated pursuant to AS 38.05.035(e), AS 38.05.070, AS 38.05.075, AS 38.05.080, AS 38.05.085, AS 38.05.090, AS 38.05.103, AS 38.05.105, 11 AAC 58.020 and 11 AAC 58.300 - 11 AAC 58.910. The authority to execute the Final Finding and Decision and the lease contract is delegated to the Regional Manager of the Northern Region Office, Division of Mining, Land and Water.

ADMINISTRATIVE RECORD

The administrative record for this case consists of the following four case files: 1) LAS 22598, a closed LUP authorized to Larry Rivers; 2) ADL 416242, a closed lease application from Larry Rivers and contained within LAS 22598; 3) ADL 411959, a negotiated lease assigned to Larry Rivers and closed in 1998; and 4) this case file, ADL 417979. Also incorporated by reference is the Alaska Coastal Management Program (ACMP) and ADL 50666.

LOCATION AND LEGAL DESCRIPTION

Site Specific Plan: The SSP proposes to classify 80 acres described as the S1/2 SW1/4 of Section 19, Township 4 South, Range 18 East, Umiat Meridian (Attachment C).

Preliminary Finding and Decision: The subject parcel within the S1/2 SW1/4 of Section 19, Township 4 South, Range 18 East, Umiat Meridian is located by the following metes and bounds description:

With a reference point being a distinct, nearly vertical rock bluff located at the high point of the southeast edge of a peninsula of land which extends west into the flood plain of the Ivishak River at the confluence of Flood Creek and the Saviukviayak River, from said reference point, thence southwest 240° 170 feet to Corner No.1, the true point of beginning, a 4"x4" wooden post identified by a permanent metal placard; thence southwest 225° 100 feet to Corner No.2, a 4"X4" wooden post identified by permanent metal placard; thence in a northwesterly direction approximately 315° 300 feet along the ordinary water mark of the Ivishak River to Corner No. 3, a wooden post identified by a permanent metal placard; thence northeast 45° 120 feet to Corner No.4, a 4"x4" wooden post identified by permanent metal placard; thence southeast 135° 300 feet to Corner No.1, the true point of beginning of this metes and bounds description, containing approximately 0.84 acres, more or less.

Borough/Municipality: North Slope Borough

Alaska Coastal District: North Slope Borough Coastal District

Regional/Village Corporation/Council: Arctic Slope Regional Corporation

U.S.G.S. Map: Sagavanirktok A-2, 1:63,360

TITLE AND LAND STATUS

Acquisition: GS-5120 Tentatively Approved June 23, 1983 BLM Serial # FF080065

Restrictions: Standard, reservation of rights-of-way and subject to ANCSA.

Encumbrances and Pending Interests: Two interests in the surface activity of the parcel have been filed and are currently active. The North Slope Borough has selected the area as part of their municipal entitlement selections filed under ADL 414837 and Robert Thoft has submitted a water rights application for the area (LAS 26680). There is no subsurface activity as of the date of this decision document.

Mineral Status: The subsurface is owned by the State of Alaska and is open to mineral entry. There are no mining claims or leasehold location orders present.

Unauthorized Use/Trespass: No statements of unauthorized use of the site have been reported to the Northern Region Office.

PLANNING, CLASSIFICATION AND LAND USE

Land Management Plan and Classification: There is no DNR land use plan (area or site specific) for this area. A DNR Special Use Land designation (ADL 50666) affects the selection area. The tract is designated as the North Slope Area Special Use Lands (11 AAC 96.014) and requires a permit for motorized vehicle use, unless the use is for subsistence purposes or is operated on a gravel road.

Alaska Coastal Management Plan: The site is within the coastal zone, as defined by the ACMP. The proposed land lease qualifies as a "C" List Activity under AS 38.05.070-.075 and is therefore subject to a 50-day consistency review.

Borough Zoning: North Slope Borough's Conservation zone. There are no use activities or facilities that are prohibited, but any development requires a North Slope Borough development permit.

Land Use (Current): As previously indicated, the site is currently authorized under a Land Use Permit (ADL 417979) for the same activities described in the proposed development plan that is the subject of this decision. The land surrounding Ivishak Camp is vacant but is used during the summer months for commercial recreation, primarily guided hunting.

RESOURCE VALUES AND CURRENT AND POTENTIAL USES

Topography: Ivishak Camp lies generally within the northern foothills of the Brooks Range, an area characterized by rolling hills, plateaus, defined drainage patterns and fewer lakes than the coastal plain to the north. The camp itself is located on a bluff within the Ivishak River floodplain at an elevation of approximately 1050 feet above sea level.

Soils: The Brooks Range is underlain by folded and faulted limestone, the foothills by various sediments. Glacial and alluvial deposits occur in valleys and at the base of mountain slopes. Gelisols, soils of very cold climates that contain permafrost within 2 meters of the soil surface, are predominant throughout the area. The soils are rocky, poorly drained, acidic and poorly developed. Low soil temperatures and the short thaw season cause soil-forming processes, such as the decomposition of organic matter, to proceed slowly. Portions of the area may exhibit thick layers of organic material lying on the surface. Extensive mixing by frost action (cryoturbation) may also be evident.

Water: The site is located within the floodplains of three primary waterways: the Ivishak River; the Saviukviayak River; and Flood Creek. The camp itself is located at the confluence of the Ivishak River and Flood Creek. The Ivishak River serves as the fresh water source for the camp. Groundwater is present only for the short summer thaw in the upper few feet of the subsurface. Little is known about the sub-permafrost groundwater.

Minerals: Deposits of copper, lead, zinc, tin, tungsten, silver and gold have been documented in the area. However, no mining claims have been staked in the area. Oil and gas resources have also been noted in the area and some exploration has been conducted.

Materials: Gravel is most likely abundant within the river floodplains, but due to the remote site, gravel resources in the area have not been explored.

Improvements/Facilities: Seven buildings constructed on native stone foundations are located on an approximately 1-acre parcel. The structures are a combination of permanent buildings and wall tents. The camp is composed of sleeping quarters (2), full kitchen facilities, generator shed, maintenance shed, storage tent and ATV storage (Attachment B).

Access: Access to the site is via an airstrip existing to the northwest of the parcel in question. This airstrip is not included in the lease parcel and is intended for public use. Happy Valley is the nearest, road accessible staging area available for parking and small flights to and from the camp. Overland access is not allowed from Happy Valley or the Dalton Highway as AS 19.40.210 prohibits off-road vehicle use within the Dalton Highway corridor.

Vegetation: The foothills are vegetated primarily by lichens, mosses and herbaceous grasses and sedges. Low, groundcover species include Northern Reindeer Lichen (*Cladina stellaris* L.), tussock grasses (*Parnassia palustris* L. and *Holcus alpinus* Sw.) and cotton grasses (*Eriophorum callitrix* Cham.). Dwarf arctic birch, (*B. glandulosa* L.) and dwarf evergreen shrubs (*Juniperus communis* L.) are common woody species. Additionally, small stands of balsam poplar (*Populus balsamifera*) are present in the northern foothills of the Brooks Range and are associated with warm springs.

Wildlife: Hunting, both for subsistence and recreation, is popular in the northern foothills due to the abundance of big game species. The open range is prime habitat for caribou (*Rangifer tarandus*) from the Porcupine and Central Arctic Herds. Muskox (*Ovibus moschatus*), moose (*Alces alces*), dall sheep (*Ovis dalli dalli*), wolf (*Canis lupus*), wolverine (*Gulo gulo*) and brown bear (*Ursus arctos*) are also prominent mammal species in the area. Smaller mammals include Alaskan hare (*Lepus othus*), ground squirrel (*Spermophilus parryi*), marmot (*Marmota broweri*), red fox (*Vulpes vulpes*), arctic fox (*Alopex lagopus*), lemming (*Lemmus sibiricus*) and pika (*Ochotona collaris*). The Brooks Range is also an important resting area for migratory waterfowl and songbirds during the summer months. Raptors such as golden eagles (*Aquila chrysetos*), Northern Harrier (*Circus cyaneus*), gyrfalcons (*Falco rusticolus*) and snowy owls (*Bubo scandiacus*) are prominent in many areas. (Bailey, 1995) The camp is located in Game Management Unit 26B. Few hunting restrictions are present in this unit (Attachment D).

Fisheries: Rivers and lakes in the area support arctic grayling (*Thymallus arcticus*), arctic char (*Salvelinus alpinus* Linnaeus) and many species of whitefish. The Ivishak, Sagavanirktok, Saviukviayak, Lupine and Echooka Rivers and Flood Creek support anadromous fish species such as Dolly Varden (*Salvelinus malma Walbaum*) and Chum Salmon (*Oncorhynchus keta*) (ADFG, 2003).

Recreation: Ivishak Camp is ideally located to allow visitors to take advantage of the variety of recreational opportunities in the area. It is one of the only permanent and well equipped camps in the area and is approximately 2 miles from the border of the Arctic National Wildlife Refuge. The area is heavily accessed during the summer for recreational hunting. Additional activities in the area include, hiking, trekking, wildlife and landscape photography, rafting and sport fishing.

Heritage Resources: There are no known archeological or cultural resources in the area. However, the foothills and Brooks Range have been used for subsistence purposes and it is not unlikely that such heritage resources may exist in the area.

TRADITIONAL USE FINDING (AS 38.05.830)

Not required as the site is within the North Slope Borough.

ENVIRONMENTAL RISK

Mr. Thoft submitted an Environmental Risk Questionnaire with the lease application. There are no known environmental contaminants within the lease area. A site visit to the previous permittee's operation at Ivishak Camp showed that the site was in excellent condition. Except for hydrocarbon fuels and vehicle lubricants, the applicant will not generate, use, store, transport, dispose of or otherwise come in contact with any materials considered toxic or hazardous. Hydrocarbons will be present on site including the following: 500 gallons of motor fuel for aircraft, ATV, snowmachine and gas generators; 100 lb. tanks of propane for cooking, refrigeration, lighting and hot water; and 800 gallons of fuel oil for heating and generator fuel. *See the chart below for further details.*

ANTICIPATED ON SITE FUEL STORAGE

Location	Number of tanks	Product	Volume in gallons
Building 1a	1	Motor fuel	500
Building 4a		Propane	100 lb tanks
Building 1	1	Fuel oil	50
Building 2	1	Fuel oil	50
Building 3	1	Fuel oil	50
Building 5	1	Fuel oil	300
Building 6	1	Fuel oil	300
Building 7	1	Fuel oil	50

The tanks will be visually inspected for leaks yearly along with inspection of secondary containment. Equipping the fuel tanks with leak detection devices is not feasible due to the remote location and lack of constant power for their operation. In lieu of leak detection devices, secondary containment structures have been constructed around all tanks and have been inspected and approved by DEC. The secondary containment structures are constructed of commercial containment cloth and covered to guard against precipitation. The propane tanks will not be tested for leaks but will be replaced with approved tanks at each filling. The applicant will be required to stock oil spill clean up materials on site. All containers will be stored greater than 100 feet from any waterbody, unless specifically approved by DNR. If a waiver is approved, the required bond amount will increase.

Damage to the vegetative mat will be minimal, should any occur. The existing structures have been built on elevated platforms using native stone foundations. Some minor excavation has occurred in the past to level the structures. Trails on site are footpaths. The previous permittee restricted traffic to these foot paths avoiding damage to the surrounding tundra. Ideally, this practice will continue under the new lessee. Electric wires have been buried in relatively shallow cuts in the tundra with the openings closed above. Since the vegetative mat was left intact other than the cut, the tundra will have good success at regeneration. The same practice will take place upon removal of the wires.

PERFORMANCE GUARANTEES AND INSURANCE

The successful bidder at auction will be required to post a bond in the amount of \$43,000 as determined by the division's performance guarantee matrix. The matrix accounts for buildings (both onsite and proposed), onsite fuel storage and other potential liabilities identified in the applicant's proposed development plan. Insurance is required.

SURVEY

Before the issuance of a long-term lease under AS 38.05.070, an official cadastral survey is required pursuant to AS 38.04.045. Should the decisions be approved to classify and lease said state land an Alaska State Land Survey (ASLS) will be conducted at the expense of the applicant. Should the applicant not win the competitive bidding process, the survey costs will be reimbursed to Mr. Thoft by the successful bidder.

LEASE COMPENSATION AND APPRAISAL

Pursuant to AS 38.05.075, the lease compensation method shall be designed to maximize the return on the lease to the state and shall be a form of compensation set out in AS 38.05.073(m). Those methods may include, in the discretion of the commissioner, the following: 1) a percentage of annual gross receipts as reported to the United States Internal Revenue Service; 2) a guaranteed annual minimum rent or a percentage of gross receipts, whichever is greater; 3) the fair market rental value; 4) a fixed annual rent that is not less than the fair market rental value of the land; 5) a fee for each user; 6) other compensation acceptable to the commissioner; or 7) a combination of the above.

The NRO evaluated the following compensation options:

Per Head Fee: Due to the short season and low visitor capacity at Ivishak Camp, a per head fee will not be assessed.

Annual Rent: As authorized under AS 38.05.073(m)(7), the minimum annual rent shall, at the State's discretion, be the greater of \$1,000 per year or an amount equal to the fair market rent for the land as determined by an approved fair market value appraisal. This proposal has undergone a preliminary appraisal within the DNR Appraisal Unit to estimate the potential minimum annual rent (11 AAC 58.410). Based on comparable sales, the market value of the site is approximately \$10,000 and based on a land capitalization rate of 8 percent, annual rent for the site would be \$800. The calculated amount of rent generated by market indicators is less than the regulatory annual minimum of \$1,000. Therefore, an official appraisal is not required. The actual annual rent paid for the lease will be determined by the competitive bidding process. Bidding will start at the minimum rent determined.

Percent of Gross Receipts Fee: 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%

Proposed Fees for this Lease: The most appropriate method of compensation and the method that will most likely maximize the return on the lease to the state, is the combination of annual rent and the percentage of gross receipts. Bidders at auction should be aware that the percentage of annual gross receipts fee is non-negotiable and will not be part of the bidding process; lease bids will be for the annual rental cost only.

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. The subject parcel will be required to undergo a reappraisal, at the expense of the lessee, every five years. 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.

TERMS OF AUCTION

The auction may result in different owners of the improvements and the lease. It is in the best interest of the state and all parties involved in the auction to reach one party as the leaseholder and owner of the improvements as soon as possible following the conclusion of the bidding process. This may result in a dispute regarding the sale of the improvements between the current owner, Mr. Thoft, and the successful bidder. The terms of the auction must therefore recognize this possibility and establish a process for resolving such a disagreement. One or a combination of options may be included in the lease auction terms to address such a situation. The state has considered the following tactics:

1. appraise the improvements before the auction is held to establish the value of the improvements;
2. require the owner of the improvements to sign an agreement stating that he will only sell said improvements to the highest bidder;
3. require the owner of the improvements to disclose the purchase price and produce a bill of sale;
4. require both the high bidder and improvements owner to agree to the terms of sale within 60 days of the conclusion of the auction or the owner of the improvements must remove the improvements from the site;
5. if a purchase agreement can not be made at the conclusion of a given time period, an independent appraisal may be conducted to establish the price of the improvements;
6. require that appraisal costs incurred by the owner be reimbursed by the high bidder; and/or
7. if an independent appraiser can not be agreed upon, both leaseholder and improvements owner hire individual appraisers (paying for those costs individually) and split the cost of an independent appraiser chosen by the state.

The state is interested in facilitating the transaction of the improvements to minimize the risk to state resources. Additionally, the state does not want to burden any one party with unnecessary monetary costs. Therefore, an appraisal of the improvements will not be required before the auction is held. Prior to the auction, Mr. Thoft will be required to sign an agreement stating that he will either remove the improvements or sell those improvements at a mutually agreeable price to the highest bidder if he should not win the auction. This transaction must be completed within 30 days following the date of the auction or an impasse must be declared. An impasse declaration will result in the following options: 1) Mr. Thoft must remove the improvements within 60 days, or 2) the improvements will be sold at their appraised value. If an appraisal is chosen, the appraisal will be scheduled and the associated costs will be shared equally by both parties. If an appraiser can not be mutually agreed upon, each party will have the buildings appraised independently and bear those costs. If the appraised values generated are equal (within \$500), the average of the two values will become the purchase price for the improvements. Should the appraisals yield disparate results (a difference greater than \$500), a third independent appraisal will be conducted by an appraiser of the DNR's choosing with both parties sharing the cost equally. The value from this appraisal will then be the final purchase price for the improvements. The lease will not be issued until this transaction has been completed. This will eliminate the possibility of ownership of the improvements changing to another non-leaseholder.

AGENCY COMMENTS

Site Specific Plan: Comments were not solicited from agencies for the SSP. The area proposed for classification is relatively small (80 acres) and expected to not be controversial. An agency review will be conducted during the public notice period. However, agency comments were gathered regarding the PFD and few substantial comments were received.

Preliminary Finding and Decision: Agency comments were solicited from the DNR Office of Habitat Management and Permitting (OHMP), the DNR State Historic Preservation Office (SHPO), the DNR Water Section, the U.S. Army Corps of Engineers (ACOE), the North Slope Borough (NSB) and the Alaska Department of Environmental Conservation (DEC). The following comments were received:

DNR Water Section

The DNR Water Section sent a water rights application directly to Mr. Thoft and indicated that they had no other comments.

DNR Response: *Water rights are transferred with the property. Mr. Thoft currently has a water right on file with the DNR Water Section, therefore this water right will transfer to the new lessee should Mr. Thoft not win the bid..*

DNR Office of Habitat Management and Permitting (OHMP)

There was no objection to the proposed activity identified by OHMP.

Alaska Department of Environmental Conservation (DEC)

DEC indicated that the operation will be required to address food, public accommodations, waste water and solid waste disposal through their agency. In addition, the operation is classified as Class C for drinking water which requires registration with their office.

DNR Response: *The lessee will be required to address these issues with the DEC. See Special Stipulation 8.*

North Slope Borough (NSB)

The NSB would like to see more detail in the development plan and identified site specific contradictions within the plan submitted by Mr. Thoft. The NSB recommended that these issues be resolved prior to any lease.

DNR Response: *At this time the lease development plan only allows for one additional building constructed to accommodate couples and singles at the camp. The building location is clearly marked in the updated development plan. Given that this is an application for a 25-year lease, it is possible that future needs may dictate different development patterns on site such as building additions, reorganization of fuel storage, water systems, etc. Any changes to the development plan submitted will require DNR approval before they can be implemented.*

The NSB submitted a variety of stipulations and an advisory that they asked be added to the final contract.

DNR Response: *These stipulations and advisory are not under the purview of the DNR; the DNR has neither the authority or the resources to enforce NSB regulations. The lessee is responsible for conforming with all NSB zoning codes (Special Stipulations 6 and 8). The suggested stipulations provided by the NSB are addressed either partially or in full by the following stipulations included in the standard contract or special stipulations:*

Stipulation 1. Reporting of newly discovered historic or archeological sites to the NSB. *See Special Stipulation 12.*

Stipulation 2. Minimize aircraft disturbance on caribou resources. *See Special Stipulation 20.*

Stipulation 3. Solid waste disposal plan must be in accordance with state and federal law and be reported to the NSB. *See Special Stipulation 17.*

Stipulation 4. Spill prevention. *See Standard Contract Stipulation 34 and Special Stipulation 5.*

Stipulation 5. No displacement of subsistence activities. *See Special Stipulation 20.*

Stipulation 6. Maintaining permafrost integrity. *See Special Stipulations 6, 8 and 23.*

Advisory 1. Contacting the NSB Department of Planning and Community Services to determine related lease activities that require Borough approval. *See Special Stipulation 8.*

PUBLIC NOTICE

A public notice, announcing the SSP, PFD and ACMP Consistency Review and soliciting comments, will be published in one issue of both the Fairbanks Daily News-Miner and the Arctic Sounder pursuant to AS 38.05.945(b)(3). Notice will also be sent for posting in the Fairbanks, Prudhoe Bay and Barrow post offices as well as on the DNR Public Notice webpage. The public notice period will extend for 50-days. Notice pursuant to AS 38.05.945 and .946 will be sent to the North Slope Borough. A person must comment in writing to be eligible to appeal.

BACKGROUND

The structures existing on site were originally authorized under ADL 411959, a land lease to Don Holleman issued in 1988 reassigned to Larry Rivers in 1994. One structure existed at the time of the 1985 application (and had been on site approximately 3 years). A second structure was added in 1988 in violation of the lease, but subsequently approved. Addition of a third structure was approved in 1989. A fourth unauthorized structure and several unauthorized wall tents/weatherports were found on site during a 1993 inspection, constructed and placed in trespass by Mr. Holleman.

The original lease (ADL 411959) expired in 1998. Larry Rivers applied for a new lease under ADL 416242. His application in 1998 included 8 structures (including wall tents and weatherports) with detailed descriptions. Seven of the structures were pre-existing and one was proposed. The lease application was processed as a Land Use Permit (LUP) due to concerns raised by the North Slope Borough (NSB) over a long-term lease and the status of their municipal entitlement selection (ADL 414837). The LUP was issued in September 1998 expiring in January 2000. The eight structures described in Mr. Rivers' development plan were approved in this LUP.

The 1998 LUP was not issued for five years due to competitive interest expressed by Coke Wallace. Mr. Wallace did not continue his expressions of interest but was notified by DNR regarding the intent to extend Mr. Rivers' permit for one year. No response was received and the permit was issued until January 2001 with intent to continue extending the permit in one-year terms until January 2004. In July 2003, DNR determined that it was appropriate to issue a 5-year LUP with a standard revocation clause to address the NSB concerns. The permit was issued January 8, 2004 through January 7, 2009.

In late 2005, Mr. Rivers informed DNR that he was no longer using the site for commercial purposes. Rumors that the site had been abandoned prompted a site visit in August 2006; the rumors proved to be false, as Mr. Rivers was on site for personal use and camp maintenance. The visit facilitated a conversation about allowable uses and Mr. Rivers decided to sell the improvements of Ivishak Camp. Mr. Rivers was actively advertising for a buyer and upon leaving Ivishak Camp that fall, he canvassed for more potential buyers. Mr. Rivers finalized the sale of Ivishak Camp to Robert Thoft in January 2007.

A LUP was issued to Mr. Thoft on January 8, 2008 to authorize the improvements on the site pending adjudication of the lease application. Mr. Mike McCrary expressed an interest in obtaining the lease and filed an appeal of the LUP issuance. However, the permit remains in effect pending resolution of the appeal.

DISCUSSION

Site Specific Plan: The proposed SSP seeks to classify 80 acres described as the S1/2 SW1/4 of Section 19, Township 4 South, Range 18 East, Umiat Meridian as Resource Management Land. This classification does not change the current use of the land; the SSP simply defines that the current use of the site is most appropriate for the area. Access to the parcel is difficult. Overland access is not allowed from Happy Valley or the Dalton Highway as AS 19.40.210 prohibits off-road vehicle use within the Dalton Highway corridor therefore, access to the site must occur via air. The remote and relatively inaccessible nature of the parcel suggests that further development is not likely to occur within the next ten years. The Resource Management Land classification indicates that a specific resources allocation decision is not possible due to those reasons outlined above (11 AAC 55.200).

Alternative classifications were explored but were rejected for the following reasons:

- The area does not presently exhibit significant potential for mineral or energy development purposes.
- Grazing activities are unlikely for northern Alaska.
- The area is north of the tree line, therefore there is no harvestable timber.
- The parcel is remote and not easily accessible for settlement and development purposes.
- No rights-of-way or easements exist for transportation, pipeline or utility corridors and the siting of such is not likely in the foreseeable future.
- The size of the parcel proposed for classification is inconsequential in terms of the vast regional wildlife habitat.
- Existing improvements limit the types of classification designations.

Most of the structures are permanent in nature. Therefore, the proposed operation and camp improvements are most appropriately authorized by a ten-year or longer term competitive lease. The no action alternative to this SSP will not classify the parcel and will require the area to continue under a Land Use Permit, a temporary authorization, and not allow the commercial recreation operation to fully develop. The Resource Management Land classification is also compatible with a potential conveyance to the North Slope Borough in the future.

The S1/2 SW1/4 of Section 19, Township 4 South, Range 18 East, Umiat Meridian will be managed with the intent of maintaining public access and generally allowed uses (11 AAC 96.020) permitted on general state land.

Preliminary Finding and Decision: The current authorization is issued to Mr. Thoft, dba Ultimate Arctic Adventures, under ADL 417979 in the form of a Land Use Permit. This is an interim authorization put in place to legitimize the use of Ivishak Camp while the competitive lease is adjudicated.

The development plan for Ivishak Camp submitted by the applicant is for a commercial lease that will be used as a base of operations in the Brooks Range. The lease will support ecotourism, photography, trekking, sport fishing, snow machining, rafting and other forms of recreation in addition to lodging rental for universities or other organizations conducting research or exploration in the area (Attachment B). Since Ivishak Camp is established and has been in existence since the early 1980s, no alternative site locations for the proposed operations were considered.

The infrastructure in place at Ivishak Camp is most favorable for lodging, bed and breakfast and base camp activities and the present location in the northern foothills of the Brooks Range is optimal for a variety of recreational endeavors. Tourism attributes and assets include its exotic location, arctic wilderness, unique scenery, the northern lights, national parks and wildlife refuges (ADC, et al., 2006). Ivishak Camp is ideally situated to be a potential base camp and point of access to the Arctic National Wildlife Refuge, a destination for tourists and other recreational users.

According to the Alaska Department of Economic Development, the number of tourists to rural areas is increasing. In *A Profile of Visitors to Rural Alaska* prepared by the McDowell Group, Inc. for the Department of Commerce, Community and Economic Development, survey respondents indicated that vacation/pleasure was the dominant purpose of travel among visitors to rural Alaska, accounting for 82 percent. Fifty-nine percent of respondents participated in wildlife viewing while visiting rural Alaska and 44 percent participated in hiking/nature walking. Wildlife viewing and adventure travelers participated in more activities and spent slightly more time in the state than the average rural visitor. These visitors are providing direct and indirect economic benefit to the state through tourism dollars. Expenditures per trip within Alaska for rural visitors, excluding travel to and from the state, averaged \$1,767 per person and \$4,157 per party in 2005. The commercial operation at Ivishak Camp will capture some of these tourism dollars. Additionally, operations at Ivishak Camp will require investment in products and services generated in Alaska.

Nature-based tourism is a particularly important tourism product for Alaska and is dependent on unique, high quality, natural environments and settings. Therefore, the first priority and concern is to maintain the high quality of that natural environment; without those natural settings, you have no tourism product (AOTD, 2000). The estimated economic value of the major terrestrial ecosystem services in Alaska is \$1.5 billion, adjusted for the current rate of inflation (Colt, 2001).

Whether it is ecosystem services¹, open vistas, wildlife viewing, hiking or river rafting, productive and healthy natural resources create tourist destinations and enhance visitor experiences.

Ivishak Camp is located within the arctic foothills, a relatively stable and intact ecoregion² characterized by a wide swath of rolling hills and plateaus. According to the U.S. Forest Service ecoregions webpage, the hills and valleys of the region have more defined drainage patterns than those found in the coastal plain to the north and have fewer lakes. The area is underlain by thick permafrost and is vegetated primarily by herbaceous grasses and sedges. This ecoregion supports a variety of wildlife species including caribou (*Rangifer tarandus*), moose (*Alces alces*), wolf (*Canis lupus*), brown bear (*Ursus arctos*), Alaskan hare (*Lepus othus*), ground squirrel (*Spermophilus parryi*), song birds, raptors and waterfowl. Adjacent to the Ivishak Camp is the Brooks Range, an ecoregion that traverses much of the east-west extent of northern Alaska. The range consists of several groups of rugged, deeply dissected mountains of sedimentary rock ranging from 800 meters to 2,400 meters, with those highest peaks located in the east. Small glaciers persist at elevations above 1,800 meters. Sparse vegetative cover of dwarf scrub is maintained throughout the range by an arctic climate regime and unstable slopes. Nearly 180 species of bird have been documented in the area, along with 36 species of land mammals according to the Fish and Wildlife Service website for the Arctic National Wildlife Refuge. Rivers and lakes in the area support arctic grayling (*Thymallus arcticus*), arctic char (*Salvelinus alpinus* Linnaeus) and many species of whitefish. The Ivishak, Sagavanirktok, Saviukviayak, Lupine and Echooka Rivers and Flood Creek support anadromous fish species (ADFG, 2003). Protecting these resources and thereby securing the area as a tourist and outdoor recreation destination is important for the proposed and future uses of Ivishak Camp.

As identified by the United Nations Environmental Program website, tourism has three primary impact areas: depletion of natural resources, increases in pollution and physical impacts. Sustainable tourism, otherwise referred to as ecotourism, strives to minimize these impacts. Ecotourism implies the optimum use of resources (including biological diversity), minimization of ecological, cultural and social impacts and maximization of benefits to conservation and local communities. The current proposal specifies that ecotourism will be employed at Ivishak Camp thereby protecting the cultural and natural characteristics of the area while providing ample opportunity for recreation. This type of low-impact tourism complements the uses promoted within the Arctic National Wildlife Refuge, located approximately two miles from the camp.

Measures have already been taken to minimize impacts to the natural environment prior to Mr. Thoft's acquisition of Ivishak Camp. The existing structures have been built on elevated platforms using native stone foundations protecting the permafrost from potential thaw damage. Some minor excavation has occurred in the past to level the structures. To date, damage to the vegetative mat has been minimal and anticipated vegetative mat damage will be minimal if any should occur. Trails on site are footpaths. The previous permittee restricted traffic to these foot paths avoiding damage to the surrounding tundra. Ideally, this practice will continue under the new lessee. Designated trails do not exist off the parcel site and the relatively low amount of traffic expected will most likely not cause any damage to the surrounding tundra. Electric wires have been buried in relatively shallow cuts in the tundra with the openings closed above. Since the vegetative mat was left intact other than the cut, the tundra will have good success at regeneration. The same practice will take place upon removal of the wires.

Pollution generated on site will be kept to a minimum. Generators will be used for electricity generation and oil stoves for cabin heating. Propane will be available for cooking, refrigeration, lighting and hot water. Motor vehicle operation is not anticipated to be used very often. The majority of pollution will most likely be from the burning of fossil fuels to transport tourists and supplies to and from Ivishak Camp. The fuel itself is surrounded by secondary containment structures. The fuel facilities have been previously inspected and approved by DEC. The secondary containment structures are constructed of commercial containment cloth and covered to guard against precipitation. The propane tanks will not be tested for leaks but will be replaced with approved tanks at each filling. The lessee will be required to stock oil spill clean up materials on site. All containers will be stored greater than 100 feet from any waterbody, unless a smaller distance is

1 Ecosystem services are processes and functions provided by natural ecosystems that sustain life and are critical to human welfare (as defined by the United Nations Environment Program). Examples include water filtration, waste decomposition, pollination and nutrient cycling.

2 The U.S. Environmental Protection Agency explains an ecoregion is defined as an ecologically distinct area that has broad similarities with respect to soil, relief and dominant vegetation.

specifically approved by DNR. If this change is approved, the bond may require revision. Water will be obtained from the Ivishak River via a hose and pump and there will be no discharges to waterbodies in the area; water quality is not anticipated to be impacted.

Traditional use of the land for subsistence purposes is not anticipated to be negatively impacted by patrons of Ivishak Camp. The current development plan operates the camp as a lodge/bed and breakfast and does not operate a guiding service. Outside of the camp boundaries, customers may participate in self-guided activities or contract licensed guiding services independent of the camp operation. Such activities will occur at times during the year when subsistence use of the area is low. Tourists and other users may also participate in hunting and fishing on small scales.

Additional development plan details and amendments may be necessary should the public comment period reveal changes are needed. The terms and conditions that the proposed lease will be subject to are included in the standard land lease contract and the attached special stipulations (Attachment A). The lessee is also obliged to comply with all other authorizations that may be required by federal and local governmental agencies.

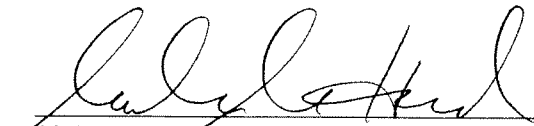
While the applicant is proposing to use the site for the stated purpose, any successful bidder at auction could use the site for another purpose within the confines of those terms and conditions that may be identified as part of the public notice process. Should this occur, a development plan must be submitted by the successful bidder for DNR approval before implementation. If Mr. Thoft, the applicant, is not the successful bidder at auction, he will be required to either remove all structures and personal property from the site or sell the improvements to the successful bidder. Additionally, survey costs (for the land only) and costs for the public notice postings incurred by the applicant will be reimbursed by the successful bidder should Mr. Thoft not win the competitive bidding process.

Competitive bidding will occur either by sealed bid or outcry auction. The minimum bid amount will be determined by the regulatory minimum annual rent of \$1,000. Fees assessed in addition to the annual rent (a percentage of gross receipts) will not be part of the bidding process.

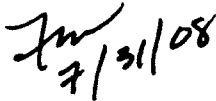
RECOMMENDATION

Site Specific Plan: The scope of the Site Specific Plan is limited to the S1/2 SW1/4 of Section 19, Township 4 South, Range 18 East, Umat Meridian. I find that it may be in the best interest of the state to classify the parcel as ~~Public Recreation Land~~ **Public Resource** with the intent to minimize the impacts on recreational resources while maintaining the integrity of the scenic vistas, wildlife resources, vegetation and natural processes of the area. A Land Classification Order (LCO) will be included with the Final Finding and Decision (FFD) and approved and signed by the DNR commissioner prior to the approval of the FFD and the final SSP.

Preliminary Finding and Decision: I find the proposed action may be in the state's best interest and approve it for public notice. Compensation paid to the state for the lease issued will be the regulatory minimum annual rent of \$1,000. This rental rate will also serve as the minimum bid. The special stipulations listed on Attachment A of this document will be included in the land lease contract. Modifications to these or additional stipulations identified during the public notice period may also be included.


Melissa M. Head
Natural Resource Specialist

July 31, 2008
Date



REFERENCES

ADL 417979

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Alaska Department of Fish and Game (ADF&G). 2003. Fish Distribution Database Atlas. Juneau, Alaska.

Attachment A

SPECIAL STIPULATIONS

ADL 417979

1. **Compliance with Governmental Requirements; Recovery of Costs.** Lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization and other governmental permits. Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
2. **Site Disturbance.**
 - 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 attentions must be paid to prevent pollution and siltation of streams, lakes, ponds, waterholes seeps and marshes, and to prevent 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 permit.
 - c. Establishment of or improvements to landing areas (i.e. leveling the ground or removing or modifying a substantial amount of vegetation) is prohibited.
3. **Alaska Coastal Management Program.**
 - a. Pursuant to AS 46.40 and 6 AAC 50 and the Conclusive Consistency Determination #AK _____ dated _____, the lessee shall comply with the following stipulations: LIST STIPS
 - b. This authorization is subject to the standard conditions of General Concurrence GC-## (copy attached).
4. **Fire Prevention, Protection and Liability.** The permittee 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 is not responsible for forest fire protection of the lessee's activity.
5. **Fuel and Hazardous Substances.** The use and storage of hazardous substances by the permittee must be done in accordance with existing federal, state, and local laws, regulations, and ordinances. Hazardous substances must be removed from the site and managed in accordance with state and federal law. Debris (such as gravel) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance. 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 permittee'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. **Storing containers within 100 feet of waterbodies.** Containers with a total capacity larger than 55 gallons that contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.
- d. **Spill cleanup.** Oil spill clean up materials must be stocked on site.
- e. **Exceptions.** The Authorized Officer may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Authorized Officer.
- f. **Definitions.**

"Containers" means any item that 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., drips pans, fold-a-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. **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 applicable building and zoning codes.
- 7. **Operation of Vehicles.** Vehicles shall be operated without disturbing the vegetative mat and underlying substrate. The permittee must obtain a permit from the DNR, Division of Mining, Land and Water for any off road vehicular travel with the exception of generally authorized vehicles.
- 8. **Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the permittee to obtain authorizations required by other agencies for this activity.
- 9. **Sale of Improvements Timeframe.** If the successful bidder at auction is not the owner of the improvements and does not complete the sale of the improvements within the timeframe allotted (and the owner of the improvements chooses not to remove the improvements from the lease site), the lease will go to the second highest bidder.
- 10. **Violations.** This authorization is revocable 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 and state). Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to lessee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, lessee, at its expense shall be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

A lessee who is charged and convicted of any violation of state or federal hunting, trapping or fishing laws and regulations may be subject to revocation of this permit.

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

12. **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. The North Slope Borough Inupiat History, Language Commission (IHLC) at (907) 852-0422 has additionally requested notification.

13. **Site Restoration.**

- a. Upon expiration, completion, or termination of this authorization, the site shall be vacated and all improvements, personal property, and other chattels shall be removed or they will become the property of the state.
- b. The site shall be left in a clean, safe condition acceptable to the Authorized Officer. All solid waste debris and any hazardous wastes that are used and stored on the site shall be removed and backhauled to a Alaska Department of Environmental Conservation (ADEC) approved solid waste facility.

14. **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. The permittee shall notify the Authorized Officer of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the permittee's expense in accordance with accepted survey practices of the Division of Land.

15. **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).

16. **Storage of Equipment.** The site shall be protected from leaking or dripping hazardous substances or fuel from stored equipment. The permittee 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.

17. **Solid Waste.**

- a. All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by the Alaska Department of Environmental Conservation (DEC) prior to the expiration, completion, or termination of the authorization or activities. There shall be no burial of garbage on State land.
- b. 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.
- c. Temporary storage and accumulation of solid waste (prior to its removal) shall conform to the following:
 - i) solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080 and prevents polluted run-off water;

- ii) 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;
 - iii) the premises shall be maintained free of solid waste that might create a health or safety hazard.
- d. Pit privies, chemical toilets, or other suitable waste disposal systems are required and must be operated in conformance with DEC requirements. They must be located at least 100 feet from any waterbodies.

17. 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. Any proposed revisions to the plan of operations must be approved in writing by the Authorized Officer before the change in use or development occurs.

18. Posting. The posting notice included with this permit shall be placed on-site in a conspicuous location, visible from the most common access route or vantage point.

19. Wildlife and Subsistence Users. Harassment of any wildlife, including chasing by vehicles or buzzing by aircraft is strictly prohibited. Particular attention must be given to not disturbing caribou. All operations must be conducted in a manner so as not to cause damage or disturbance to wildlife and minimize or avoid adversely affecting subsistence resources wherever possible. Any activity that may attract wild animals to the 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. The taking, killing, or wounding of wild animals, fish, or birds, not specifically authorized by the State of Alaska Hunting and Fishing Regulations, must be immediately reported to the State of Alaska Fish and Wildlife Protection Division at 1-800-478-3377 or the U.S. Fish and Wildlife Service law enforcement at 1-907-786-3311 or 1-907-231-3033 (after hours pager).

20. Off-Road Access. AS 19.40.210 prohibits vehicular travel within the Dalton Highway corridor, 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, subject to the rules found under the Alaska Coastal Management Program Generally Consistent Determination 19. The Highway corridor is defined as the highway right-of-way and lands within five miles of the right-of-way.

21. Wastewater Disposal. Disposal of wastewater from any operation associated with this authorization must satisfy the requirements of the Alaska Department of Environmental Conservation (ADEC).

- a. An on-site privy is required and must be located at least 100 feet from any waterbodies. Prior to abandonment or termination, the permittee must apply lime to the wastes in the pit and backfill the pit to the original grade. For additional information, contact the local ADEC office.
- b. All grey water must be disposed of in the pit privy or self-contained waste disposal system.
- c. Disposal of wastewater from any operation associated with this authorization to state lands or waters is specifically prohibited, unless otherwise approved by ADEC.

22. Holes and Excavations. All holes shall be backfilled with sand, gravel, native materials, or a substitute approved by the Authorized Officer.

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)

23. 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.

ADL 417979- Ivishak Camp

Robert Thoft, Ultimate Arctic Adventures

Lease Area

AS 38.05.035(e)

DEVELOPMENT PLAN

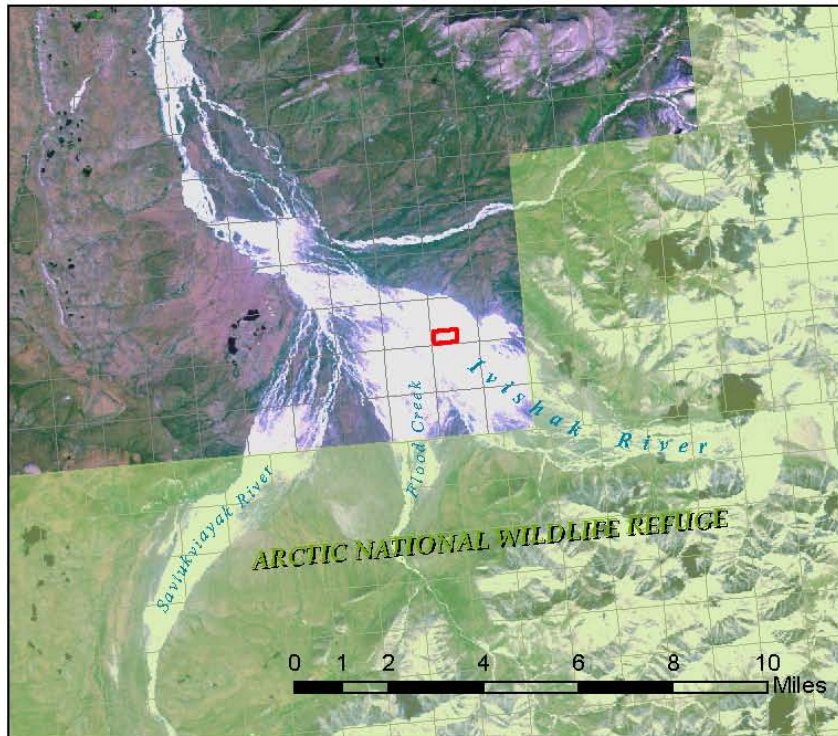
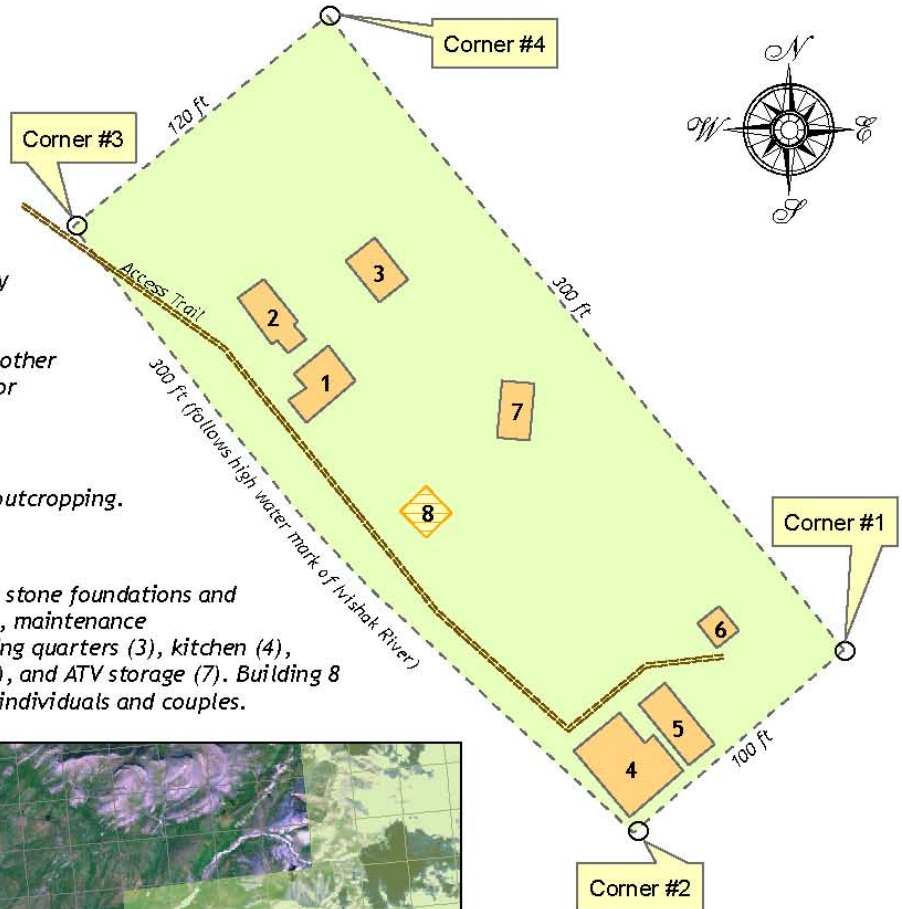
Base of operations for a bed and breakfast, ecotourism, photography and trekking, sportfishing, rafting, unguided hunting and recreation. Lodging rental for universities and other organizations conducting research or exploration in the area.

GROUND COVER

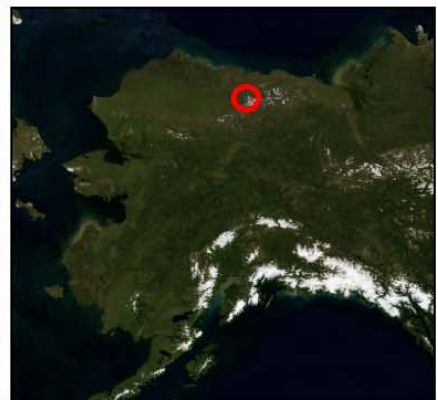
Tundra vegetation overlying shale outcropping.

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.



Projection: Alaska Albers Equal Area Conic
Geographic: North American Datum 1983
Data Source: DNR, AlaskaMapped.org
Date: 30 July 2008
Created by: Melissa Head
For display only.

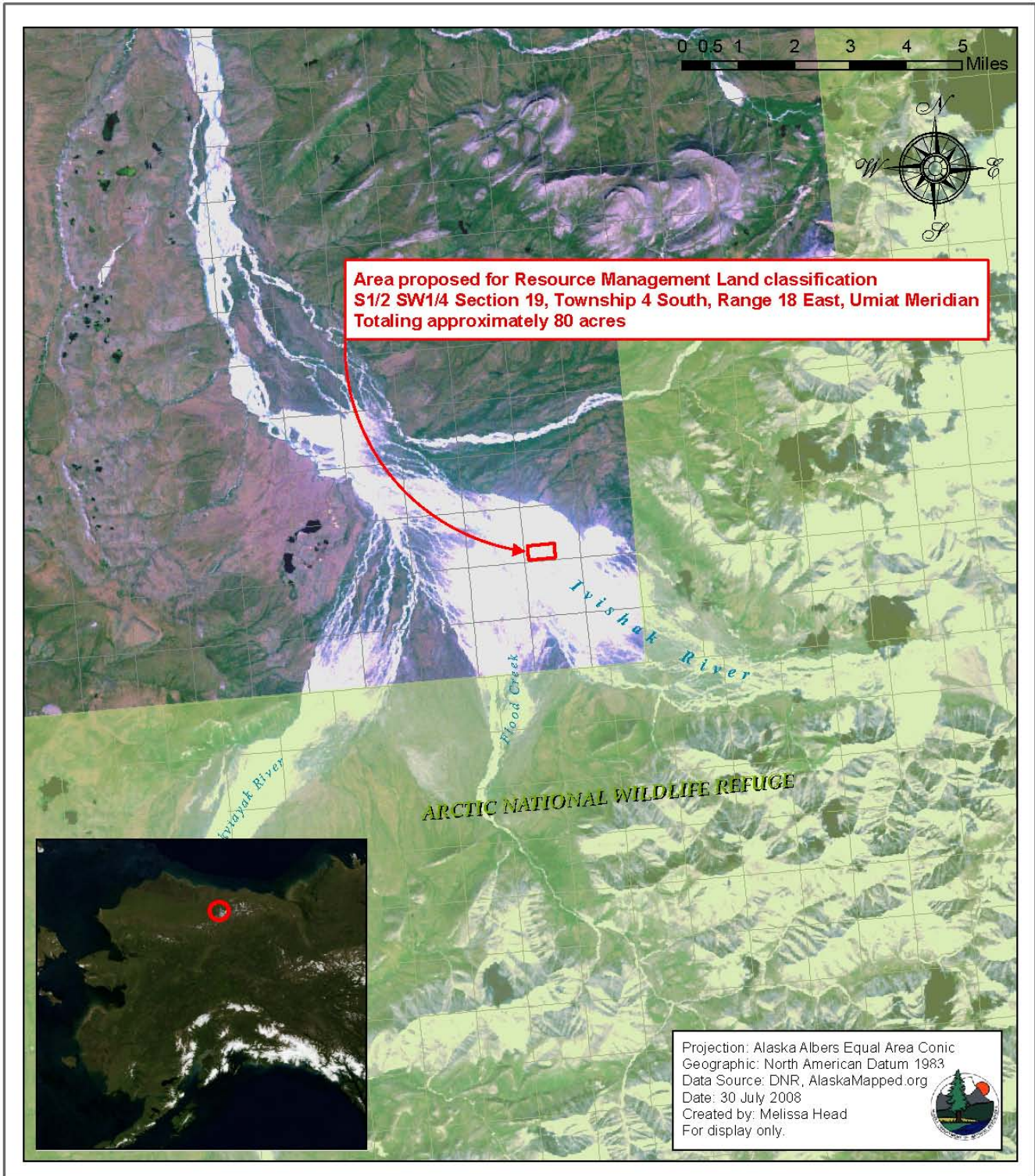


ADL 417979- Ivishak Camp

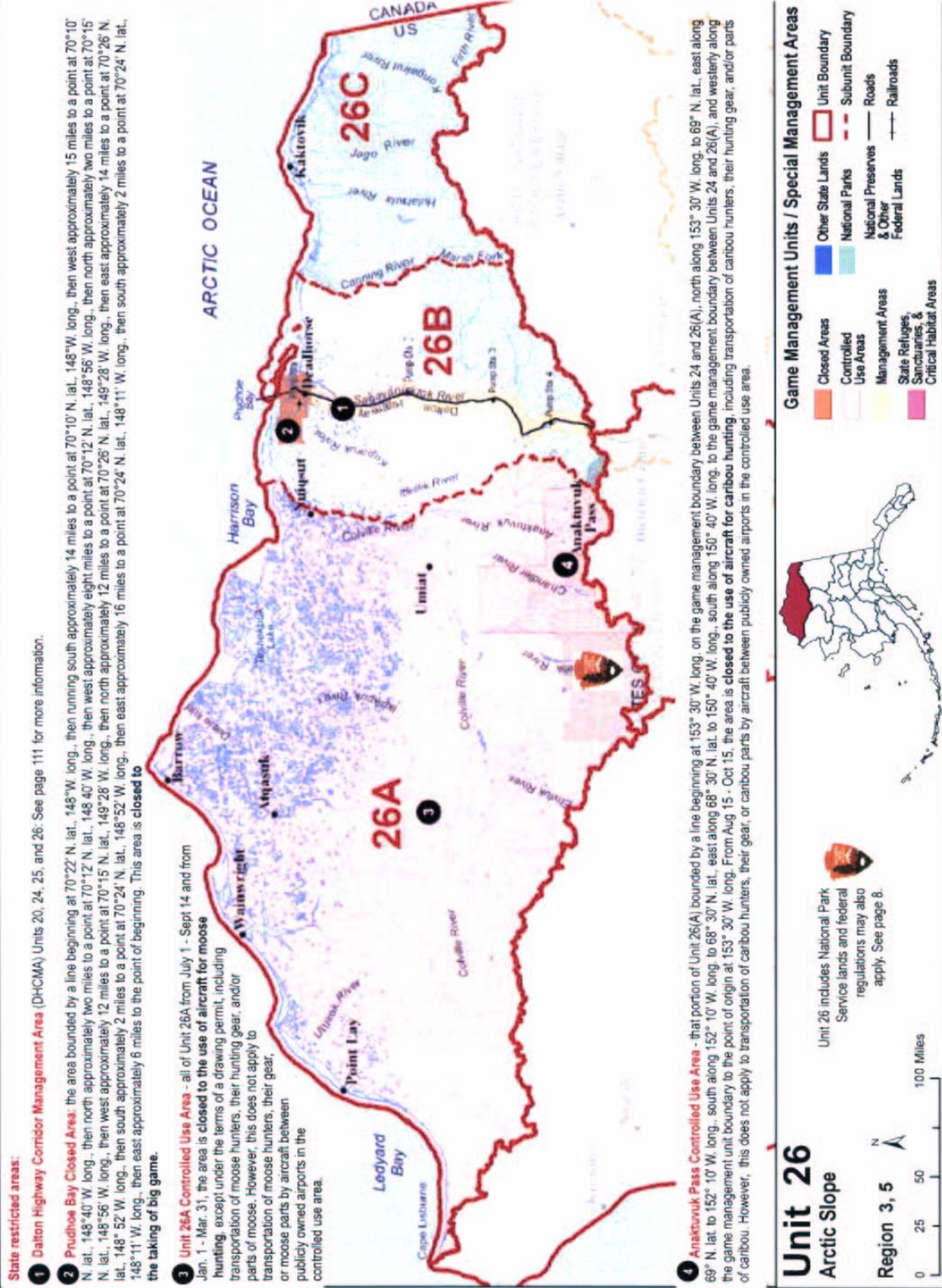
Robert Thoft, Ultimate Arctic Adventures

Classification Area

AS 38.05.300



Attachment D



Unit 26 Arctic Slope

Unit 26: the Arctic Ocean drainages between Cape Lisburne and the Alaska-Canada border, including Firth River drainage;
Unit 26A: lying west of Itkillik River drainage, and west of the east bank of the Colville River between the mouth of the Itkillik River and the Arctic Ocean;
Unit 26B: east of Unit 26A, west of the west bank of the Canning River, and west of the west bank of the Marsh Fork of the Canning River;
Unit 26C: the remainder of Unit 26.
 See map on page 113 for other state restricted areas in Unit 26.

Open to: **R** Residents ONLY **B** Residents AND Nonresidents **N** Nonresidents ONLY

Open to	Unit/area	Bag limit and special instructions	Permit/Hunt#	Open season			
Black Bear • See pages 26-28 for bear information and salvage requirements.							
B	26	Three bears		no closed season			
Brown/Grizzly Bear • See pages 26-28 for additional bear hunting information. • Nonresident hunters must be accompanied by a guide, see page 10. • Evidence of sex must remain naturally attached to the hide.							
B	26A	One bear every regulatory year		Aug 1-May 31			
R	26B that portion within the Dalton Highway Corridor Management Area	<div style="display: flex; align-items: center;"> <div style="margin-right: 10px;"> [OR] </div> <div> <p>One bear every regulatory year by permit by bow and arrow only</p> <p>One bear every regulatory year by bow and arrow only</p> </div> </div>	DB990	Aug 25-Dec 31			
R					Mar 1-May 31		
N				DB987	Aug 25-May 31		
R	26B remainder	One bear every regulatory year		Aug 25-May 31			
N		One bear every regulatory year by permit	DB987	Aug 25-May 31			
B	26C	One bear every regulatory year		Aug 10-June 30			
In addition to other regulations, subsistence regulations apply to the following "Residents Only" hunt (see page 27)							
R	26A	One bear every regulatory year by permit available in Barrow beginning July 1	RB697	July 1-May 31			
Caribou • In all hunts limited to one sex, evidence of sex must remain naturally attached to the meat. • In bag limit "caribou" means an animal of either sex; "bull" means male caribou.							
R	26A	Five caribou per day**	Bulls	Anaktuvuk Pass Controlled Use Area: Use of aircraft for caribou hunting is prohibited from Aug. 15-Oct. 15	Harvest	no closed season	
R			Cows		Harvest	July 1-May 15	
N			Five caribou total	Bulls		Harvest	no closed season
N				Cows		Harvest	July 1-May 15
R	26B Northwest portion: north of 69°30' and west of the east bank of the Kuparuk River to a point at 70°10' N. lat., 149°04' W. long., then west approximately 22 miles to 70°10' N. lat. and 149°56' W. long., then following the east bank of the Kalubik Creek to the Arctic Ocean		Ten caribou**		Harvest	July 1-Apr 30	
N			Five caribou		Harvest	July 1-Apr 30	
R	26B remainder	Two caribou total**	Bulls	A portion of this area is within the DHCMA and additional restrictions apply. See page 111.	Harvest	July 1-Sept 30	
R			Any caribou		Harvest	Oct 1-Apr 30	
N			Two bulls		Harvest	July 1-Apr 30	
R	26C	Ten caribou total**	Bulls		Harvest	June 23-June 30	
R			Any caribou		Harvest	July 1-Apr 30	
N			Five caribou		Harvest	July 1-Apr 30	

**If you live north of the Yukon River and hunt caribou in that area, you do not need caribou harvest tickets/reports but you must register with ADF&G or an authorized representative within the area.

*Hunt numbers starting with an "R" = Registration, "T" = Tier II, "D" = Drawing. Special permits required, see page 15.

Open to: **R** - Residents ONLY **B** - Residents AND Nonresidents **N** - Nonresidents ONLY

Open to	Unit/area	Bag limit and special instructions	Permit/Hunt#	Open season
Moose <ul style="list-style-type: none"> In bag limit, "moose" means an animal of either sex; "bull" means a male moose. The use of aircraft for moose hunting is prohibited in Unit 26A, except for DM980-982. In all hunts limited to one sex, evidence of sex must remain naturally attached to the meat. 				
R	26A	that portion west of 156° 00' W. longitude and excluding the Colville River drainage	One moose however, a person may not take a calf or a cow accompanied by a calf.	Harvest July 1-Sept 14
N				no open season
R	26A	that portion in Colville River drainage upstream from and including the Anaktuvuk River drainage	One bull	Harvest Aug 1-Sept 14
R			One bull by permit	DM980-982 Sept 1-Sept 14
R			One moose however, a person may not take a calf or a cow accompanied by a calf	Harvest Feb 15-Apr 15
N			NEW! One bull by permit	DM980-982 Sept 1-Sept 14
R	26A	remainder	One bull	Harvest Aug 1-Sept 14
N				no open season
R	26B	excluding the Canning River drainage	One bull by permit	DM996 Sept 1-Sept 14
R			One bull during Feb. 15-April 15, up to a 14-day season may be announced by EO	Harvest may be announced
B	26B 26C	remainder		no open season
Muskox				
B	26			no open season
Sheep <ul style="list-style-type: none"> In areas indicated by a Ⓞ federal restrictions exist, see page 8. See definition of full-curl horn and drawings on page 30. Horns must accompany meat from the field. Ram horns must be sealed within 30 days of kill in full-curl horn restricted hunts. Nonresident hunters must be accompanied by a guide, see page 10. 				
R	26A	west of Etivluk River (DeLong Mts)	One sheep by permit available at ADF&G Barrow and Kotzebue. No aircraft use allowed.	RS388 Aug 10-April 30
R			One ram with full-curl horn or larger by permit	DS384 Aug 10-Sept 20
N			One ram with full-curl horn or larger by permit	DS384 Aug 10-Sept 20
R	26A	east of Etivluk River excluding Gates of the Arctic National Park	One ram with full-curl horn or larger.	Harvest Aug 10-Sept 20
R			Three sheep by permit available at ADF&G in Barrow and Kotzebue. No aircraft use allowed.	RS389 Aug 1-April 30
N			One ram with full-curl horn or larger.	Harvest Aug 10-Sept 20
R	26A	private lands within the Gates of the Arctic National Park	Three sheep	Harvest Aug 1-April 30
N	26B			no open season
B	26A 26B	remainder	One ram with full-curl horn or larger.	Harvest Aug 10-Sept 20
R	26C		One ram with full-curl horn or larger.	Harvest Aug 10-Sept 20
R			Three sheep by permit available online at hunt.alaska.gov or in person in Fairbanks, Ft. Yukon, and Kaktovik beginning Sept 22. The use of aircraft for access to hunt sheep and to transport harvested sheep is prohibited in this hunt except into and out of the Arctic Village and Kaktovik airports. No motorized access from the Dalton Hwy.	RS595 Oct 1-April 30
N	26C		One ram with full-curl horn or larger.	Harvest Aug 10-Sept 20
Wolf • Hides must be sealed within 30 days of kill.				
B	26	Ten wolves		Aug 10-April 30
Wolverine • Hides must be sealed within 30 days of kill.				
B	26	One wolverine		Sept 1-Mar 31

*Hunt numbers starting with an "R" = Registration, "T" = Tier II, "D" = Drawing. Special permits required, see page 15.