

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

**X Northern Region**  
3700 Airport Way  
Fairbanks, AK 99709  
(907) 451-2740

**Southcentral Region**  
550 W 7th Ave., Suite 900C  
Anchorage, AK 99501-3577  
(907) 269-8552

**Southeast Region**  
400 Willoughby, #400  
Juneau, AK 99801  
(907) 465-3400

**MATERIAL SALE CONTRACT  
AS 38.05.550 – 38.05.565**

**Issuance Date:**

**ADL 419959**

**Expiration Date:**

**July 3, 2025**

Under AS 38.05.550-38.05.565 (Disposal of Materials) and AS 38.05.810(a) (Public and Charitable Use) and the regulations implementing these statutes, the State of Alaska, **Department of Natural Resources** (DNR), the seller, whose address is 3700 Airport Way, Fairbanks, Alaska 99709, agrees to sell, and the State of Alaska, **Department of Transportation and Public Facilities** (DOT&PF), the buyer, whose address is 2301 Peger Road, Fairbanks, Alaska 99709, agrees to buy the material designated in this contract, subject to the provisions that follow:

**1. Description: Location, Material, Quantity, and Price.**

(a) The material sale area covered by this contract consists of approximately **427.1** acres. This area is designated by the boundaries shown on the attached sale area map, which is made a part of this contract, or as designated on the ground by the seller, and described as follows:

**MS 65-9-099-2 located at MP 390 on the eastside of the Dalton Highway, that portion lying east of the Dalton Highway Right-of-Way (ROW) and west of the of Trans Alaska Pipeline System (TAPS) ROW within Section 12, Township 6 North, Range 13 East, Umiat Meridian**

(b) The material to be removed and the price are:

| <u>Type of Material</u>            | <u>No. of Units</u> | <u>Unit Price **</u> | <u>Total Price **</u> |
|------------------------------------|---------------------|----------------------|-----------------------|
| <b>Gravel with silt &amp; sand</b> | 3,000,000cy         | \$0.50               | **                    |

*\*\* 11 AAC 05.010(e)(16) requires state, federal and local agencies to pay for materials used in constructing, reconstructing or maintaining a public project as follows: 1) no charge for the first 5,000 cy of material to be used on a project (each year of maintenance constitutes a separate project); and 2) material in excess of 5,000 cy will be charged at the unit price listed in the annual base price schedule established under 11 AAC 71.090 (currently \$ 0.50 cy).*

**2. Payments and Deposits.** No part of the materials sold under this contract may be extracted from the sale area by the buyer except in accordance with the following terms:

(a) The buyer shall remit an earnest money deposit in the amount of **\$ N/A** (consistent with 11 AAC 71.045 or 11 AAC 71.065, and no less than \$250) along with the bid for a competitive sale contract or at the time a negotiated sale buyer signs this contract. The seller will retain the deposit to cover

administrative costs incurred in offering the material sale, except that if the buyer removes and pays for at least 75% of the material volume covered by this contract, the deposit may be applied, in whole or in part, to the final payment that becomes due under this contract.

(b) Additional periodic installment payments as required in paragraph 2(c) must be made for material extracted as of the date payment becomes due but may not exceed the total purchase price.

(c) Each periodic installment payment becomes **due and payable on January 31 of each year** without prior notice to the buyer, for the value of material extracted during the calendar year of January 1 through December 31. The installment must be based on records required in paragraph 3 of this contract and must be submitted to the seller no later than January 31 of each year.

(d) **An annual report is due by January 31 of each year**, without prior notice to the buyer that details the volume of material removed during the calendar year of January 1 through December 31. This report shall be filed regardless of whether material was removed during the reporting period. Failure to file the report by the deadline may result in suspension of the contract and financial penalties. A final accounting and payment for material removed, and a completion statement, must be submitted no later than 30 days following contract completion, or when the contractor has completed removal under the contract, or following termination of the contract by the seller or by operation of law. Whether completion is satisfactory will be decided by the Director of the Division of Mining, Land & Water (DMLW) within 30 days after receiving the final accounting report and completion statement.

(e) If the buyer fails to make a payment provided for in this contract, the seller may, under paragraph 8(b) of this contract, order all material extraction suspended immediately. Materials extracted by the buyer during any period of suspension are considered taken in trespass and are to be charged to and paid for by the buyer at triple the unit contract price. Resumption of the lawful taking of materials may be authorized, in writing, by the DMLW only after the payments in arrears plus the penalty provided for in paragraph 2(f) have been paid.

(f) Material extraction in excess of the contract amount will be considered taken in trespass and at the discretion of the Director, DMLW, Lands Section, charged to and paid for by the buyer at no less than triple the current unit fair market value as established periodically by the Northern Regional Office or up to three times the pecuniary gain realized by the buyer as a result of the trespass. Said trespass penalties are in addition to any other administrative or legal proceedings imposed by state law.

(g) Late Payment Penalty will be the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) will be assessed on a past-due account until payment is received by the seller.

(h) All payments and deposits must be remitted to the DMLW and must be made payable to the Alaska Department of Revenue.

(i) The following special provisions also apply to payments and deposits under this contract:

Should the administrative base price be changed during the term of this contract, the new price will be effective and apply to the material remaining to be extracted under this contract as of the effective date of the price adjustment.

### **3. Method of Volume Determination.**

(a) The method of volume determination for purposes of payment under this contract, along with any special provisions applicable to volume determination, is:

(1) Based on a loose cubic yard quantity as determined by an "in-place" measurement multiplied by a factor of 1.3; or,

(2) Based on a loose cubic yard quantity as determined by a daily vehicle count designating type of vehicle and vehicle capacity.

(b) The buyer shall keep accurate and up-to-date records of all materials extracted. These records are subject to verification by check measure and inspection of the buyer's books by the seller at any time without notice.

(c) All measurements are to be made by or under the direct supervision of buyer personnel acceptable to the seller, including a qualified engineer where the seller deems appropriate, with quantities certified by that person.

#### **4. Operating Requirements.**

(a) Boundary Lines and Survey Monuments. No boundary mark of the sale area or any survey line or witness tree for any survey corner or monument may be severed or removed, nor may any survey corner or monument be damaged or destroyed. Any violation of this clause requires the buyer to bear the expense of re-establishing the line, corner, or monument by a registered surveyor in a manner approved by the seller.

(b) Location. The buyer is responsible for the accurate location of operations under this contract, including any survey that may be necessary for accurate location unless otherwise specified in this contract.

(c) Survey. An as built survey of the material site is not required at this time.

(d) Extraction Area. This contract authorizes removal of material only from the area defined in Section 1(a) of this contract. The buyer is responsible for properly locating the material site and the working limits within that area, as shown on the attached map.

(e) Potential Processing Activities and Other Authorizations. The issuance of this authorization does not alleviate the necessity of the purchaser to obtain authorizations required by other agencies for this activity. Any asphalt processing or related activities and associated structures will not be allowed without prior approval from DNR, the Department of Environmental Conservation and other agencies that require authorizations from the buyer.

(f) Standard of Operations. The buyer shall properly locate the buyer's operations and buyer's improvements within the sale area, and may not commit waste, whether ameliorated or otherwise. In addition to complying with all laws, regulations, ordinances, and orders, the buyer shall maintain the land in a reasonably neat and clean condition. No construction material, fill, waste asphalt, damaged culverts or any other debris shall be stockpiled within pit boundaries. Stockpiled material and/or overburden shall not be placed in wetlands. After completion, expiration, or termination of the contract, the site will be left in a condition that is acceptable to the seller, and reclaimed in accordance with the approved reclamation plan.

(g) Erosion Control and Protection of Waters. Operations in connection with this contract must be conducted so as to avoid damage to streams, lakes, or other waters and land adjacent to them. Vegetation and materials may not be deposited into any stream or other waters. Locations and improvements necessary for stream crossings for haul roads must be approved in advance by the seller. All roads to be abandoned must be treated with measures necessary to prevent erosion in a manner acceptable to the seller. Any damage resulting from failure to perform these requirements must be repaired by the buyer to the satisfaction of the seller. Waters include waters defined in 5 AAC 95.010, Protection of Fish and Game Habitat.

(h) Roads. Before constructing any main haul, secondary or spur road across state land, the buyer shall obtain written approval of the proposed location and construction standards of the road from the seller.

Road construction must be conducted so as to avoid damage to streams, lakes, or other waters and land adjacent to them.

(i) Water Quality. The buyer shall comply with the State of Alaska water quality standards pursuant to 18 AAC 70, including discharge standards when conducting material washing operations.

(j) Other Authorizations. The issuance of this authorization does not alleviate the necessity of the purchaser to obtain authorizations required by other agencies for this activity.

(k) Fire Protection. The buyer shall take all necessary precautions for the prevention of wildfires and is responsible for the suppression, and must bear the suppression costs, of all destructive or uncontrolled fires occurring in or outside the sale area resulting from any of the buyer's operations under this contract. The buyer shall comply with all laws, regulations, and ordinances promulgated by all governmental agencies responsible for fire protection in the area.

(l) Supervision. The buyer shall maintain adequate supervision at all times when operations are in progress to ensure that the provisions of this contract and all applicable federal, state, and local laws, regulations, and ordinances governing the operations are enforced. At all times when operations are in progress, the buyer, or a person authorized by the buyer to assume the responsibilities imposed by this contract, shall be present on the sale area.

(m) Agents. The provisions of this contract apply with equal force upon an agent, employee, or contractor designated by the buyer to perform any of the operations relating to extraction of the materials sold under this contract. The buyer is liable for noncompliance caused by any such agent, employee, or contractor.

(n) Access. The seller makes no representations that it will construct or maintain access to the land. Access over any route not under the seller's control is the responsibility of the buyer. The buyer agrees that any permanent access or right-of-way obtained over privately owned property will provide a permanent easement to the seller.

(o) Alaska Historic Preservation Act. The buyer will 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 and will be notified immediately.

(p) Vehicle Maintenance. Vehicle maintenance will be performed only over an effective impermeable barrier.

(q) Fuel and hazardous substances. No fuel or hazardous substances are to be stored on the subject parcel. Prior written approval from the seller is required for a change in this restriction. Such approval may include additional operating requirements and a change in the amount required for the performance guarantee. The disposal of hazardous substances or hydrocarbons is prohibited.

(r) Notification. The buyer will immediately notify the Department of Natural Resources and the Department of Environmental Conservation by phone of any unauthorized discharges of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons solely to land and outside an impermeable revetment. If a discharge of oil is greater than 10 gallons but less than 55 gallons it must be reported within 48 hours by phone or fax. If a discharge is less than 10 gallons it may be reported in writing on a monthly basis. If an unauthorized discharge greater than 55 gallons is made to a secondary containment, it must be reported within 48 hours by phone or fax. All fires and explosions must also be reported. The DNR 24 hour spill report number is (907) 451-2678; the fax

number is (907) 451-2751. The DEC oil spill report number is (800) 478-9300. DNR and DEC will be supplied with all follow-up incident reports.

(s) Reclamation. Upon completion, expiration, or termination of the contract, the site will be left in a condition that is acceptable to the DMLW and reclaimed in accordance with the DNR approved Mining and Reclamation Guidelines. Reclamation shall be to the standards of the DMLW and shall include repair of access roads to and within the site, disposal of remaining stockpiles, other procedures that will be used to stabilize and reclaim the area and any other site specific measures that may be necessary. This contract is subject to the attached approved Mining and Reclamation Guidelines in accordance with AS 27.19.

Prior to use of the site for any project, the contractor or user shall submit a Project Mining and Reclamation Plan, in accordance with AS 27.19 and 11 AAC 97, to DNR for approval, subject to DOTPF review. The Plan describes the proposed plan of operation and shall be in compliance with guidelines listed in the approved DOTPF Mining and Reclamation Guidelines. Upon approval, the Plan will be followed by the contractor or user. The Plan should include a sketch map, narrative, and supplements and amendments as outlined in the DOTPF Mining and Reclamations Guidelines.

(t) SWPP and APDES. The buyer shall comply with the requirement of the Alaska Pollutant Discharge Elimination System (APES) and if applicable, to maintain and operate the site in accordance with an approved Storm Water Pollution Prevention Plan (SWPP).

(u) Use of Material. This contract authorizes the excavation and use of material for the express purpose of providing material for construction and maintenance of public projects.

(v) Project Specific Operating Requirements.

- (1) Alyeska access road buffer. This material sale is subject to the Alyeska private easement (ADL 403064) 133-APL/AMS-3.
- (2) Trans-Alaska Pipeline System (TAPS) buffer. A 200' buffer between TAPS and mining activities must be maintained. A low gravel berm (~3 to 4 feet high) shall be installed and maintained along the easterly edge of the pit. And, a 4H:1V side slope should be maintained at all times along the easterly pit boundary (pipeline side) of any portion of the pit edge is within 300 feet of the pipeline.
- (3) Invasive Species. Implement best management practices for minimizing the introduction and proliferation of invasive plant species, including thoroughly washing equipment before deploying onsite. This is particularly important for work at sites adjacent to rivers, where introduced species can be transported downstream and spread throughout areas that would not otherwise be exposed to invasive species.
- (4) Land Clearing Activities. The Migratory Bird Treaty Act (MBTA) prohibits the willful killing or harassment of migratory birds. To protect nesting migratory birds and to ensure compliance with the MBTA, it is recommended that initial land disturbing activities be completed before June 1 or after July 31 in Northern Alaska. This will render the area unsuitable for breeding birds prior to their spring arrival and would minimize the likelihood for impacts to nesting birds. Guidelines for timing land clearing to protect nesting birds can be found at [http://alaska.fws.gov/fisheries/fieldoffice/anchorage/pdf/vegetation\\_clearing.pdf](http://alaska.fws.gov/fisheries/fieldoffice/anchorage/pdf/vegetation_clearing.pdf).
- (5) Eagle Nests. The Bald Eagle and Golden Eagle Protections Act protects eagles from take, as well as disturbance of their nests, roosts, and foraging sites. Should an eagle nest be observed within ½ mile the project area at any time during the project, contact the FWS Regional Office at 907-786-3685 or at [permitsR7MB@fws.gov](mailto:permitsR7MB@fws.gov).

## **5. Indemnity of Seller and Bonding. Not applicable.**

(a) The buyer shall indemnify and hold the seller harmless from:

- (1) all claims and demands for loss or damage, including property damage, personal injury, wrongful death, and wage or employment claims, arising out of or in connection with the use or occupancy of the land or operations by the buyer or the buyer's successors, or at the buyer's invitation; and
- (2) any accident or fire on the land; and
- (3) any nuisance on the land; and
- (4) any failure of the buyer to keep the land in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and
- (5) any assignment, sublease, or conveyance, attempted or successful, by the buyer that is contrary to the provisions of this contract.

The buyer will keep all goods, materials, furniture, fixtures, equipment, machinery, and other property on the land at the buyer's sole risk, and will hold the seller harmless from any claim of loss or damage to them by any cause.

(b) At the seller's discretion, a buyer may be required to file a bond designed to ensure the buyer's performance and to help protect the seller against any liability that may arise as a result of the activities of the buyer. If required, a bond acceptable to the seller in the amount of **\$N/A** must be filed with the seller at the time of execution of this contract to ensure the buyer's performance and financial responsibility.

## **6. Improvements and Occupancy.**

- (a) Any improvements or facilities including crushers, mixing plants, buildings, bridges, roads, etc., constructed by the buyer in connection with this sale and within the sale area must be in accordance with plans approved by the seller.
- (b) The buyer must, within 60 days after contract completion or termination of the contract by the seller or by operation of law, remove the buyer's equipment and other personal property from the sale area. After removal, the buyer must leave the land in a safe and clean condition that is acceptable to the seller. If the buyer can demonstrate undue hardship, the time for removal of the improvements under this paragraph may be extended at the seller's discretion.
- (c) If any of the buyer's property having an appraised value in excess of \$10,000, as determined by the seller, is not removed within the time allowed, that property may, upon 30 days' notice to the buyer, be sold at public auction under the direction of the seller. The proceeds of the sale will inure to the buyer after satisfaction of the expense of the sale and deduction of all amounts then owed to the seller. If there are no other bidders at the sale, the seller may bid on the property, and the seller will acquire all rights, both legal and equitable, that any other purchaser could acquire through a sale and purchase.
- (d) If any of the buyer's property having an appraised value of \$10,000 or less, as determined by the seller, is not removed within the time allowed, title to that property automatically vests in the seller.
- (e) Special provisions. Special provisions applicable to improvements and occupancy under this contract are listed in paragraph 4 of this contract.

## **7. Inspection.**

(a) The seller must be accorded access, at all times, to the sale area and to the books and records of the buyer, the buyer's contractors, and any sub-contractors relating to operations under this contract for purposes of inspection to assure the faithful performance of the provisions of this contract and other lawful requirements.

(b) At all times when construction or operations are in progress, the buyer shall have a representative readily available to the area of operations who is authorized to receive, on behalf of the buyer, any notices and instructions given by the seller in regard to performance under this contract, and to take appropriate action as is required by this contract.

## **8. Termination and Suspension.**

(a) The seller may terminate the buyer's rights under this contract if the buyer breaches the contract and fails to correct this breach within 30 days after written notice of the breach and an opportunity to be heard.

(b) If the buyer fails to comply with any of the provisions of this contract, the seller may shut down the buyer's operations upon issuance of written notice, until corrective action, as specified by the seller in its notice, is taken. If this corrective action is not taken within 30 days after written notice is served upon the buyer, the seller may terminate the contract under paragraph 8(a) of this contract. The buyer's failure to take immediate corrective action when ordered to remedy dangerous conditions or unwarranted damage to natural resources may be corrected by the seller to prevent danger or additional damage. Any cost incurred by the seller as a result of this corrective action, or by the buyer's failure to take corrective action, must be paid by the buyer.

(c) This contract may also be terminated by mutual agreement of both parties on terms agreed to in writing by both parties.

**9. Reservations.** The seller reserves the right to permit other compatible uses, including the sale of materials, on the land in the sale area if the seller determines that those uses will not unduly impair the buyer's operations under this contract. Under AS 38.05.125 the seller further expressly reserves to itself, and its successors, forever,

(a) all oil, gas, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every kind, that may be in or upon the land described above, or any part of it; and

(b) the right to explore the land for oil, gas, coal, ores, minerals, fissionable materials, geothermal resources, and fossils; and

(c) the right to enter by itself or its agents, attorneys, and servants on the land, or any part of it, at any time for the purpose of opening, developing, drilling, and working mines or wells on this or other land and taking out and removing from it all oil, gas, coal, ores, minerals, fissionable materials, geothermal resources, and fossils; and

(d) the right by itself or its agents, attorneys, and servants at any time (1) to construct, maintain, and use all buildings, machinery, roads, pipelines, powerlines, and railroads; (2) to sink shafts, drill wells, and remove soil; and (3) to occupy as much of the land as may be necessary or convenient for these purposes; and

(e) generally all rights to and control of the land, that are reasonably necessary or convenient to make beneficial and efficient the complete enjoyment of the property and rights that are expressly reserved.

**10. Inclusion of Applicable Laws and Regulations.** The buyer shall comply with all laws and regulations applicable to operations under this contract, including the provisions of AS 27.19 and 11 AAC 97 regarding mining reclamation, the provisions of AS 41.15 for wildfire prevention and control, the provisions of AS 38.05.550 - 38.05.565, material sale regulations 11 AAC 71, state fish and game regulations pertaining to the protection of wildlife and wildlife habitat, and state regulations pertaining to safety, sanitation, and the use of explosives. These laws and regulations are, by this reference, made a part of this contract, and a violation of them is cause for termination or suspension of this contract in addition to any penalties prescribed by law. These laws and regulations control if the terms of this contract are in conflict with them in any regard.

**11. Assignment.** This contract may not be assigned by the buyer without the seller's prior written consent to the assignment.

**12. Permits.** Any permits necessary for operations under this contract must be obtained by the buyer before commencing those operations.

**13. Passage of Title.** All right, title and interest in or to any material included in the contract shall remain in the State until it has been paid for; provided, however, that the right, title and interest in or to any material that has been paid for but not removed from the sale area by the buyer within the period of the contract or any extension thereof as provided for in this contract shall vest in the seller.

**14. Expiration and Extension.** This contract expires on the date stated at the top of the contract unless an extension is granted by the seller in accordance with 11 AAC 71.210 (material sale regulations).

**15. Warranties.** This sale is made without any warranties, express or implied, as to quantity, quality, merchantability, profitability, or fitness for a particular use, of the material to be extracted from the area under contract.

**16. Valid Existing Rights.** This contract is entered into and made subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land, in existence on the date the contract is entered into.

**17. Notices.** All notices and other writings required or authorized under this contract must be made by certified mail, postage prepaid, to the parties at the following address:

To the Seller: Alaska Department of Natural Resources  
Division of Mining, Land and Water  
3700 Airport Way  
Fairbanks, Alaska 99709-4699

To the Buyer: Alaska Department of Transportation and Public Facilities  
2301 Peger Road  
Fairbanks, Alaska 99709

**18. Integration and Modification.** This contract, including all laws and documents that by reference are incorporated in it or made a part of it, contains the entire agreement between the parties. This contract may not be modified or amended except by a document signed by both parties to this contract. Any amendment or modification that is not in writing, signed by both parties, and notarized is of no legal effect.

**19. Severability of Clauses of Sale Contract.** If any provision of this contract is adjudged to be invalid, that judgment does not affect the validity of any other provision of this contract, nor does it constitute any cause of action in favor of either party as against the other.

**20. Construction.** Words in the singular number include the plural, and words in the plural number include the singular.

**21. Headings.** The headings of the numbered paragraphs in this contract shall not be considered in construing any provision of this contract.

**22. "Extracted," "Extraction".** In this contract, use of the terms "extracted" and "extraction" encompasses the severance or removal, as well as extraction, by the buyer of any materials covered by this contract.

**23. Waiver.** No agent, representative or employee of the seller has authority to waive any provision of this contract unless expressly authorized to do so in writing by the director of the DMLW.

BY SIGNING THIS CONTRACT, the State of Alaska, as seller, and the buyer, agree to be bound by its provisions as set out above.

BUYER: State of Alaska  
DOT/IF

SELLER: State of Alaska  
Department of Natural Resources

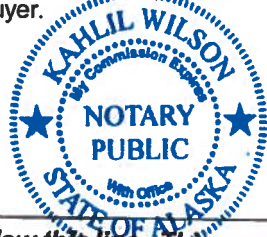
Matt [Signature]

for Jeanne Proulx  
Director, Division of Mining, Land and Water

Address:  
2301 PEGLER RD.  
FAIRBANKS AK 99709

STATE OF ALASKA )  
4<sup>TH</sup> Judicial District ) ss.  
)

THIS IS TO CERTIFY that on JULY 1, 2015, before me appeared MARTIN SHURR, known by me to be the person named in and who executed this Material Sale Contract and acknowledged voluntarily signing it as buyer.

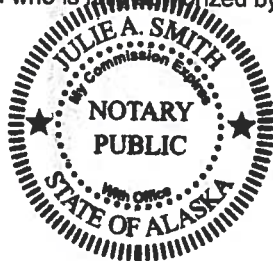


[Signature]  
Notary Public in and for the State of Alaska  
My commission expires: WITH OFFICE

*Please do not write below this line. This space reserved for Department of Natural Resources.*

STATE OF ALASKA )  
4<sup>TH</sup> Judicial District ) ss.  
)

THIS IS TO CERTIFY that on July 2, 2015, before me appeared Jeanne Proulx, known by me to be the representative of the Division of Mining, Land and Water, Department of Natural Resources, who executed this Material Sale Contract on behalf of the State of Alaska, Department of Natural Resources, and who is fully authorized by the State to do so.



Julie A Smith  
Notary Public in and for the State of Alaska  
My commission expires: with office

**State of Alaska**  
**Department of Transportation & Public Facilities**

**Mining and Reclamation Guidelines**  
**Material Site 65-9-099-2**  
**Dalton Highway MP 390**

These guidelines are subject to the Alaska Department of Natural Resources (DNR) Material Sale Contract, ADL 419959, and stipulations contained therein. For each project, the user or contractor shall submit a Project Mining and Reclamation Plan to DNR for approval, subject to DOT&PF review, prior to any mining activities.

**Legal Description**

T6N, R13E, UM, Section 12: that portion lying east of the Dalton Hwy R/W and west of the TAPS R/W. The site is approximately 427.1 acres.

**General Information**

This site lies east of the Dalton Highway and west of TAPS, near MP 390. Gated access road 133-APL/AMS-3 leads to the site. The material site lies on vegetated uplands. There is one developed, flooded pit within the site (Alyeska OMS 133-2A). Activities shall be coordinated with Alyeska before work begins.

DOT&PF conducted exploration of the site in 2001 and 2012. Silty overburden varied across the site, ranging from 3 to 9 feet deep. Target material consists of sand and gravel with silt and cobbles. Drill holes up to 30 feet deep did not intercept bedrock at this site. Permafrost (well-bonded, ice-rich) is generally present. Groundwater may be present where not excluded by frozen ground. Additional site information is available at the DOT&PF Materials office in Fairbanks.

**Development Plan**

Mining will be conducted on a project basis with cell size based on project needs. Cells shown in the attached figure are approximate locations for planning purposes. Establish a cell for stockpiling and staging adjacent to the access road. Cells should be mined to a target depth of 30 feet to minimize the overall disturbed footprint. During active mining, isolate the target cell from surface drainage through use of diversion channels and/or berms. Dewatering may be required. Any new pit will likely fill with water, creating a pond once mining is complete.

Reclamation will be completed as part of each project. Re-establish the overall drainage pattern. Flattening overburden berms by either re-spreading on disturbed areas, removing for off-site use or placing in depleted ponds. Also, State agencies have requested the creation of littoral zones for fish habitat. The goal is for 20% of the final pond surface area to be 1-3 feet deep. Littoral zones should generally be located at perimeter slopes or by excavating unmined strips between depleted cells. At the end of each project, the (gated) access road and a work pad should be stabilized for future site use.

## **Buffers**

Maintain a 200-foot-wide buffer along the TAPS right-of-way. Maintain a 100-foot-wide buffer on the highway right-of-way, the access road (from centerline) and the north and south perimeters. Manage activities to eliminate disturbance within buffers. Do not alter drainage patterns in a way that would endanger the pipeline, roads or buffers. Do not locate mining and overburden storage areas, work pads, stockpile locations or other developments within buffers. The exception is to create access to the mining area.

## **Mining Guidelines**

The Project Mining and Reclamation Plan will adhere to the following guidelines.

1. The contractor or user shall locate the material site boundaries to verify work areas are contained within the site.
2. Locate and clearly mark buffer lines on the ground in work areas. Do not disturb, clear or place any material in buffers.
3. If blasting is considered, all appropriate and applicable regulations shall be followed and parties notified.
4. The access road 133-APL shall not be blocked during the project.
5. If possible, stockpile overburden separately from vegetation/organics for reclamation purposes or use off-site. Do not place overburden in future mining areas.
6. As appropriate, isolate the mining area from surface drainage using berms or diversion ditches. After mining is completed, re-establish drainage as part of reclamation.
7. Dewatering may be necessary to keep the excavation dry during mining. Previously-mined depleted cells may be utilized for this if permits allow.
8. Mine down a target depth of 30 feet.
9. Final slopes shall be 5H:1V above the (final) water line and 1H:1V or flatter below water except for slopes that border the highway, 133-APL or TAPS, these shall be 3H:1V or flatter.
10. Create littoral zones along pit perimeter slopes or by excavating unmined strips between depleted cells. Overburden may be placed in depleted ponds for the purpose.
11. Flatten or dispose of berms constructed during mining before demobilizing from the site. Disposal off-site or in depleted cells is acceptable.
12. After each use, remove all equipment and man-made debris from the site. No construction waste may be placed, stored, or abandoned in the site.
13. All mining and stockpiling activities shall be in accordance with applicable Construction General Permits and Storm Water Pollution Prevention Plans.

## **Reclamation Objectives and Guidelines**

Reclamation has several objectives:

1. To restore drainage through the site and stabilize slopes to protect infrastructure.
2. To create littoral zones for fish habitat.
3. To prevent/minimize erosion and sediment transport.
4. To leave the site in a safe condition that does not endanger people or wildlife.
5. Not to preclude or unduly hinder future development of un-mined areas.

Reclamation activities will follow these general guidelines:

1. Final slopes shall be 5H:1V above the (final) water line and 1H:1V or flatter below water except for slopes that border infrastructure, these shall be 3H:1V or flatter.
2. Re-establish proper drainage through the site to protect infrastructure.
3. Grade surface to match surrounding terrain. Berms and excess overburden material may be re-spread on disturbed areas, removed for off-site use (with DNR permission) or place into depleted ponds to create littoral zones.
4. For additional guidance refer to relevant sections of the Alaska Department of Fish and Game Technical Report 93-9, North Slope Gravel Pit Performance Guidelines.

## **Project Mining and Reclamation Plan**

Prior to use of the site for any project, the contractor or user shall submit a Project Mining and Reclamation Plan, in accordance with A.S. 27.19 and 11 AAC 97 to DNR for approval, subject to DOT&PF review. The Plan describes the proposed plan of operation and shall be in compliance with guidelines listed here. Upon approval, the Plan will be followed by the contractor or user and if applicable, the DOT&PF Project Engineer. The plan should include the following:

The sketch map shall include:

1. Site boundaries, access road, drainage structures, diversion ditches
2. Proposed working limits, to be marked on the ground
3. Excavation location, stockpile and staging areas
4. Dewatering and discharge areas
5. Scale of drawing, north arrow, and specific dimensions as appropriate

The narrative shall include:

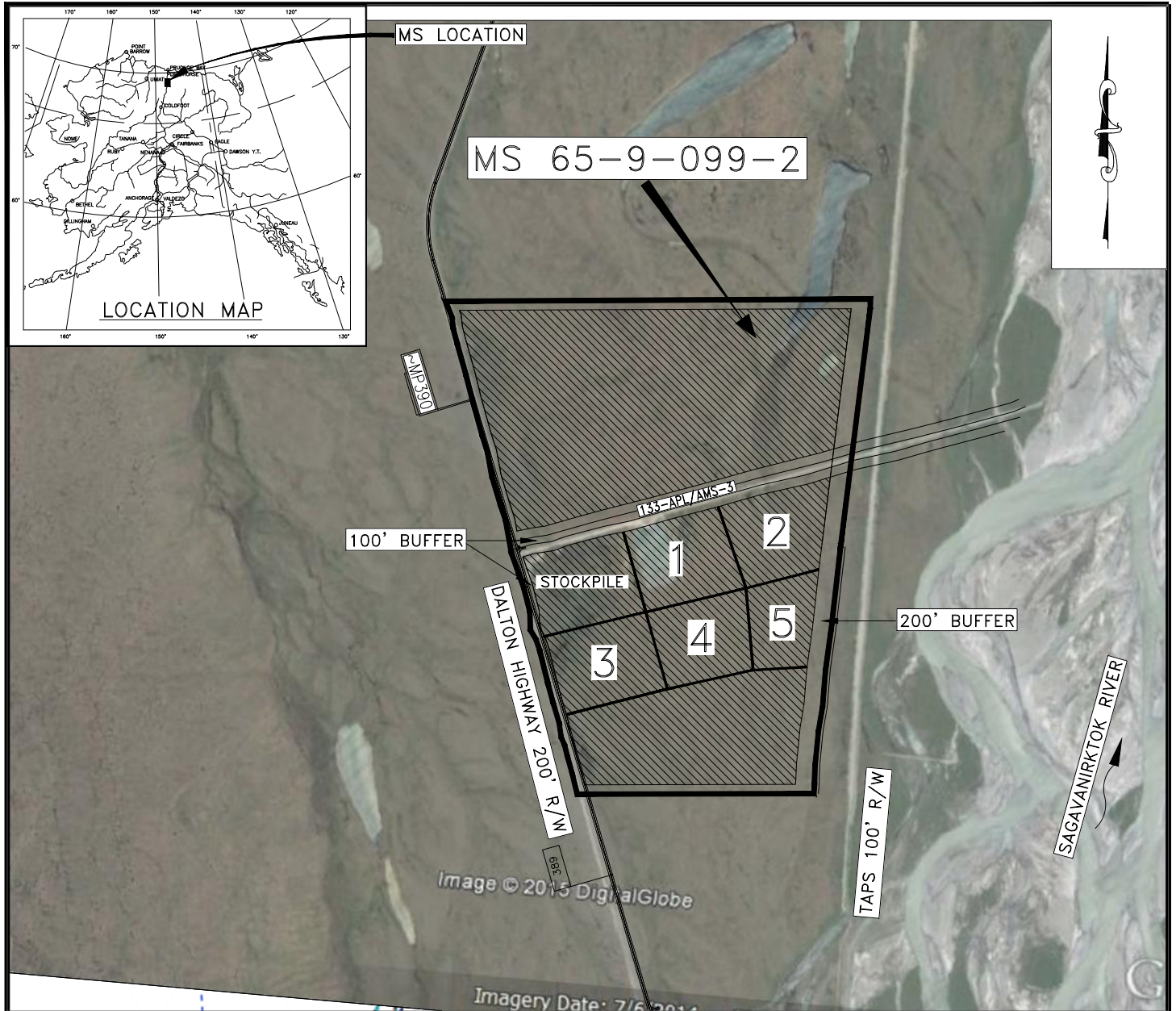
1. Methods of operation, equipment to be used
2. Length and times of operation
3. Air and water pollution control measures
4. Reclamation measures

## **Supplements and amendments**

Supplements and amendments to an approved mining and reclamation plan may be initiated by the contractor, user or the DOT&PF Project Engineer, when conditions

warrant such action. Supplements and amendments must be mutually agreed upon and proper approval obtained prior to commencement of work of a changed nature.

1. Minor changes are those that affect details of the operation, but remain in compliance with the development guidelines. These changes can be authorized by the DOT&PF Project Engineer.
2. Major changes are those which cause the final outcome of the site to be significantly different from the approved mining and reclamation plan or are not in compliance with the development guidelines. These require approval by DNR and the DOT&PF Project Engineer.



M.S. 65-9-099-2

T6N, R13E, UM

Section 12: That portion lying east of the Dalton Highway R/W and west of the TAPS R/W, subject to 133-APL/AMS-3.

Material site contains ~427.1 acres.

STATE OF ALASKA  
 DEPARTMENT OF TRANSPORTATION  
 AND PUBLIC FACILITIES  
 MATERIAL SITE PLAN  
 M.S. 65-9-099-2

|                 |              |
|-----------------|--------------|
| NORTHERN REGION | DATE: 4/3/15 |
| SCALE NTS       |              |
| DRAWN BY: BAM   |              |

H:\CAD\MTR\MatSites\65-9-099-2\65-9-099-2\_new-Layout2





September 30, 2015

LETTER OF NON-OBJECTION  
Alyeska Letter No. 33721

Alaska Department of Transportation and Public Facilities  
2301 Peger Road, MS 2553  
Fairbanks, Alaska 99709-5399

Attn.: Mr. Kahlil Wilson  
Tel: (907)451-5425 Email: [Kahlil.Wilson@alaska.gov](mailto:Kahlil.Wilson@alaska.gov)

RE: Access to/across these Trans-Alaska Pipeline System (“TAPS”) Facilities;

| Material Site No.<br>(Cubic Yards) | Acres | HWY<br>MP | TAPS Xing<br>Milepost | Access Road ID<br>(non-Xing MP) |
|------------------------------------|-------|-----------|-----------------------|---------------------------------|
| 65-9-096-2<br>(500,000)            | 288   | 365       |                       | <b>129 APL/AMS-1<br/>(51)</b>   |
| 65-9-038-2<br>(1,500,000)          | 504   | 366       | <b>48</b>             | <b>129 APL/AMS-2</b>            |
| 65-9-040-2<br>(700,000)            | 523   | 374       | <b>42</b>             | <b>130 APL-5</b>                |
| 65-9-024-2<br>(700,000)            | 320   | 381       | <b>36</b>             | <b>131 APL/AMS-3</b>            |
| 65-9-099-2<br>(3,000,000)          | 427   | 390       |                       | <b>133 APL/AMS-3<br/>(26.8)</b> |

Dear Mr. Wilson:

By Joe Sullivan’s letter dated and received via email on January 13, 2014, on behalf of Alaska Department of Transportation and Public Facilities and persons represented by it including any employees, agents and/or contractors (“ADOTPF”), you have requested non-objection from Alyeska Pipeline Service Company (“Alyeska”) to utilize those certain TAPS facilities described in the subject line above (“Subject Property”) to gain access via motor graders, backhoe loaders, D-9 dozer, D10 dozer, 385 Excavator, wheeled asphalt compactors, wheeled scrapers, wheeled loaders, construction and mining trucks and tractors, articulated trucks from the Dalton Highway to lands outside of the TAPS rights-of-way for the purpose of mining and hauling mineral material for Dalton Highway improvements and maintenance including the DHMP 362-414 project.

This Letter of Non-Objection does not in itself constitute authorization for entry or use of the land underlying Subject Property, and ADOTPF must secure any authorization(s) that may be required from the pertinent landowner(s). Alyeska does not warrant that the Subject Property is either suitable or safe to conduct ADOTPF's activities.

To reflect ADOTPF's acceptance, please review the conditions stated in this letter and have the appropriate official sign and return it to me. The copy of this letter, fully-signed and returned to you, may be used to demonstrate Alyeska's non-objection in obtaining any additional authorization(s) that may be required.

As agent for the Permittees/Lessees of the Trans Alaska Pipeline System rights-of-way, Alyeska provides its non-objection to the described use by ADOTPF of the Subject Property, insofar as Alyeska may do so under rights granted by the pertinent landowners, including the State of Alaska, for a period commencing on the date signed by ADOTPF and terminating December 31, 2025, subject to the following conditions:

1. **ADOTPF WILL CONTACT AND/OR LEAVE A MESSAGE FOR THE ALYESKA PIPELINE AND CIVIL MAINTENANCE SUPERVISOR (P&CM) AT PUMP STATION 1, TELEPHONE (907)659-1006**, to obtain clearance at least forty-eight (48) hours in advance of ADOTPF's requested access and to make any other necessary arrangements including scheduling a pre-construction meeting. The P&CM will require ADOTPF to submit a written work plan describing ADOTPF's procedures in detail, especially covering any excavation, drilling or blasting near TAPS or crossing the buried pipeline, for protecting the safety of Alyeska personnel, the integrity of the subject property and the environmental quality within the TAPS right(s)-of-way.

During the term of this non-objection agreement, ADOTPF agrees to notify the P&CM as frequently as requested by the P&CM and not less frequently than prior and at the end of each mining/hauling season including upon completion of the access.

2. **ADOTPF will contact Alyeska Security, 615 Bidwill Avenue, Fairbanks, telephone (907)450-5707**, in advance to provide all information requested from time to time by Alyeska Security to identify each of its persons, including employees, contractor personnel or clients and arrange for entry through any vehicle gate across Subject Property. Such gate entry arrangements may include Alyeska's locking and unlocking the gate, ADOTPF's coordinating with Alyeska installation of a temporary buddy lock or Alyeska's issuing a TAPS key. ADOTPF will remove the buddy lock or return the key/s to Alyeska Security as requested by Alyeska Security but in no case any later than 15 days after the seasonal or final termination date of this Letter of Non-Objection and will not have duplicates made of any key/s issued by Alyeska Security. If a buddy lock is not removed as agreed hereby, Alyeska will remove and dispose of it without further notice.
3. ADOTPF understands that there may be times when the access will not be possible due to adverse surface conditions, pipeline-related construction activities or security conditions, and ADOTPF agrees to abide by Alyeska's decision in this regard. ADOTPF further understands that Alyeska can provide no support to ADOTPF for water, waste, food, lodging, minor medical or fuel.
4. In developing the highway project material sites, ADOTPF will;
  - a) avoid mining on the uplands between the Sagavanirktok River and pipeline to preserve the important erosion buffer.
  - b) whether in the uplands or the river floodplain, maintain a minimum-500-foot-wide, undisturbed buffer between the mined area's westerly edge and buried pipeline.

- c) at proposed M.S. 65-9-096-2 located between the pipeline and the highway, i) maintain a minimum-200-foot-wide undisturbed buffer between the edge of mined area and pipeline, ii) install and maintain a low gravel berm (~3 to 4 feet high) along the easterly edge of the site, and iii) maintain a 4H:1V side slope at all times along the easterly pit boundary (pipeline side) of any portion of the pit edge that is within 300 feet of the pipeline.
- d) in material sites where the Subject Property are within the mining boundary (such as proposed M.S. 65-9-024-2), provide a minimum-100-foot-wide undisturbed buffer to the TAPS rights-of-way boundaries.

ADOTPF will comply with Alyeska Specification C-415, "Blasting Restrictions Near the Trans Alaska Pipeline System," as amended, prior to using explosives.

To bridge over and evenly distribute the weight of the construction equipment, ADOTPF will install in advance tundra mats, or alternative structural elements as approved by the P&CM, on Subject Property at each buried pipeline crossing. The structures will have minimum dimensions of road-width by fifteen feet long and be installed with side approaches to accommodate travel along the TAPS workpad driveline.

ADOTPF will not back up any vehicle in the direction of the pipeline(s), in either the buried or above-ground mode, will make all crossings of the oil pipeline as close as practical to a right angle to the pipeline bearing and will avoid stopping or starting within ten feet of the oil pipeline.

ADOTPF will restrict its equipment and vehicles to that speed that is most safe and prudent under the weather and terrain conditions existing at the time of ADOTPF's use of Subject Property or to the posted speed limit, whichever is slower. ADOTPF will respect all vehicle block points. Furthermore, ADOTPF will take all precautions necessary to prevent injuries to persons and damage to property including, but not limited to, roads, pads, water bars, transverse levies, survey monuments, cathodic protection devices, monitoring rods or any other Alyeska facilities and will promptly reimburse Alyeska for any related losses or damages.

ADOTPF will notify the P&CM as soon as possible after ADOTPF becomes aware of personal injuries or any disturbance or damage to property including, but not limited to, any Alyeska facility. ADOTPF shall be responsible for all repairs for damages caused by its activities within Subject Property that may be reasonably required by the P&CM including, but not limited to any rehabilitation, restoration, revegetation, re-scarification, or seeding.

- 5. ADOTPF will ensure that any and all access control gates are kept closed and locked and will also provide for public access control and safety whenever the gates are open. Furthermore, ADOTPF will post against entry or otherwise restrict access to the pipeline workpad from the Subject Property (access roads) during periods when access activities are occurring under the Letter of Non-Objection. ADOTPF will not create snow berms from snowplowing across or otherwise block access along the pipeline workpad.

ADOTPF recognizes that the Subject Property is required for access to the pipeline and also to the river as required by the TAPS Oil Discharge Prevention and Contingency

Plan and agrees not to park its vehicles or stage equipment on Subject Property, no matter which side of the pipeline the pertinent material source is developed, without the specific authorization of the P&CM and will never block Alyeska access along Subject Property.

ADOTPF will not conduct any fueling or equipment/vehicle maintenance activities in Subject Property and will keep ADOTPF's vehicle and/or equipment in sound working order.

6. ADOTPF will comply with all applicable local, state and federal laws, regulations and ordinances.

ADOTPF will not conduct any camping, fishing, trapping, hunting or shooting within, from, or across the Subject Property.

ADOTPF will take all precautions necessary to prevent wild land fires. If a wild land fire is started, ADOTPF shall immediately report it to the appropriate public agencies and the P&CM.

ADOTPF will take all precautions necessary to prevent spills or leaks of any hazardous substance as defined by Alaska Statute 46.03.826(5) including, but not limited to, crude oil, fuels, lubricants, hydraulic fluids or antifreeze. Such precautions include but are not limited to providing containment under piping connections and monitoring constantly during fueling activities. If such a spill or leak of any amount does occur, ADOTPF shall immediately report it to the Alyeska P&CM and to any appropriate public agencies. ADOTPF is responsible for the containment and cleanup of any such spill to the satisfaction of the responsible public agencies and Alyeska.

7. Subject to a specific appropriation by the legislature for this purpose, ADOTPF agrees to indemnify Alyeska and its Owner Companies and their officers, employees, servants, and agents for any and all claims, suits, liabilities, damages, and expenses in connection with loss of life, bodily injury or property damage sustained by any person, including contract and lien claims of any nature, and all claims asserted by any governmental entity for injury to public lands or the violation of any state or federal law, which may be claimed to have arisen from or out of any occurrence in, upon, or in direct proximity to Subject Property, or from the occupancy or use by ADOTPF of Subject Property or any part thereof under the terms of this Letter of Non-objection, and which is claimed to have been occasioned wholly or in part by any act or omission of ADOTPF. All parties to this agreement recognize and agree that the agency has no appropriation currently available to it to indemnify Alyeska and its owners under this provision and that enactment of an appropriation in the future to fund a payment under this provision remains in the sole discretion of the legislature and the legislature's failure to make such an appropriation creates no further liability of obligation of ADOTPF.

In addition, ADOTPF, on behalf of itself, its employees, agents and contractors, agrees to reimburse and indemnify Alyeska, to the extent permitted by law, for all costs incurred by Alyeska for the repair or remedy of any damage or injury to persons or property (including Alyeska or Owner Company property) to the extent attributable to the acts or omissions of ADOTPF or other party acting under the ADOTPF. Payment

will be made by you to Alyeska within 45 days after presentation to you of a supported statement invoicing those costs for which Alyeska asserts the ADOTPF is responsible.

8. At a minimum, the Alaska Department of Transportation and Public Facilities will require its contractor/s to carry and maintain with carriers approved to conduct business in the State of Alaska the following insurance covering its activities on Subject Property:
  - a. Comprehensive General Liability Insurance, including Contractual Liability insuring the indemnity obligations set out in this Letter of Non-Objection, with the minimum coverage of a combined single limit of \$1,000,000 (One Million Dollars) per occurrence for bodily and property damage liability.
  - b. Business auto liability insurance covering with minimum coverage of a combined single limit of \$1,000,000 (One Million Dollars) per occurrence for bodily injury, including death, and property damage.
  - c. If aircraft are owned or chartered by Applicant and used in the performance of Applicant's activities on the Subject Property, Aircraft Liability, including Passenger Legal Liability Insurance, in the combined single limit of \$5,000,000 (Five Million Dollars).
  - d. Pollution Legal Liability Insurance, in the combined single limit of \$2,000,000 (Two Million Dollars) for any fuel deliveries in containers larger than 55-gallon drums.
  - e. Workers' Compensation Insurance as required by AS 23.30.045.

All non-statutory insurance policies required in this Letter of Non-objection agreement must be primary to any and all other insurance of Alyeska, and contain a waiver of subrogation against Alyeska, the Trans Alaska Pipeline System Permittees/Lessees and their respective agents, employees, stockholders and affiliated companies. Applicant, including its contractors and/or subcontractors, will not waive the right to select independent counsel as provided under Alaska Statute 21.89.100 or otherwise.

The insurance required in no way limits or restricts Applicant's obligations to indemnify Alyeska in accordance with other provision of this Letter of Non-Objection, nor will any limitation on the scope of Applicant's indemnity obligations set out in this Letter of Non-Objection agreement in any way limit, negate or reduce the above described insurance coverage.

Failure to fully comply with the conditions set out in this letter of non-objection may result in revocation by Alyeska of its non-objection and may also result in Alyeska's declining to provide its non-objection to ADOTPF in the future for access across the TAPS right(s)-of-way.

The undersigned accepts and agrees to all provisions described in this letter of non-objection agreement and represents that s/he has full authority to accept and agree on behalf of ADOTPF, and to bind ADOTPF to the terms of this letter of non-objection.

Please call me at (907) 787-8170 if there are any questions.

Very truly yours,

ALYESKA PIPELINE SERVICE COMPANY  
Agent for Owners of the  
Trans Alaska Pipeline System

ACCEPTED AND AGREED to this  
\_\_\_\_ day of \_\_\_\_\_, 2015.

BP PIPELINES (ALASKA), INC.  
EXXONMOBIL PIPELINE COMPANY  
CONOCOPHILLIPS TRANSPORTATION ALASKA, INC.  
UNOCAL PIPELINE COMPANY

By: \_\_\_\_\_  
Signature  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
PETER C. NAGEL  
Lands Manager

cc: State Pipeline Coordinator's Office, MS 600