

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

Northern Regional Land Office

**Preliminary Decision
ADL 422471
Schlumberger Technology Corporation
Application for Lease
AS 38.05.070**

This Preliminary Decision (PD) is the State's preliminary best interest finding regarding a proposed disposal of interest in state land. The public is invited to comment on this PD. The deadline for commenting is **5:00 pm April 24, 2025**. Please see the Public Notice section of this decision for requirements related to submitting comments for consideration.

Requested Action

Schlumberger Technology Corporation (Schlumberger) submitted an application to the Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW) to lease 9.39 acres of land for oil field support services located in Deadhorse, Alaska. The site is located within the Section 18, Township 10 North, Range 15 East, Umiat Meridain. The applicant requested a 20-year non-competitive lease. A map showing the proposed location is included as Attachment A.

Proposed Action

DMLW proposes to issue a 20-year non-competitive lease to the applicant for oil field support services in tract 21 of Deadhorse.

Scope of Decision

The scope of this decision is to determine if it is in the State's best interest to issue a 20-year non-competitive lease to the applicant. The administrative review for this authorization is defined by AS 38.05.035(e)(1)–(2) and limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) the facts pertaining to the land or resources; and (4) any issues that are material to the determination.

Authority

This lease application is being adjudicated pursuant to AS 38.05.035(e) Powers and Duties of the Director, AS 38.05.070 Generally, and AS 38.05.945 Notice.

The authority to execute the PD, Final Finding and Decision (FFD), and the lease has been delegated to the Regional Managers of DMLW under AS 38.05.035(b)(1).

Administrative Record

The administrative record for the proposed action consists of the Constitution of the State of Alaska, the Alaska Land Act as amended, applicable statutes and regulations referenced here-in, the North Slope Area Plan (2021) and other classification references described herein, the current casefile serialized by DNR as ADL 422471, and previous lease casefile, ADL 421609.

Location Information

Geographic Location

The lease area is in Deadhorse, Alaska: south of the Spine Road approximately one quarter mile east of the intersection with Lake Colleen Road.

Legal Description

A tract of land located within Section 18, Township 10 North, Range 15 East, Umiat Meridian, Alaska being within the Barrow Recording District, Fourth Judicial District, State of Alaska and more particularly described as follows:

Alaska State Land Survey No. 76-227 recorded in the Barrow Recording District on December 02, 1977 as plat No.77-3 containing 9.39 acre, more or less.

Other Land Information

Borough: North Slope Borough

Regional Corporation: Arctic Slope Regional Corporation

Approximate Lat/Long: 70.2192 N, 148.4301 W

Title

The State received title under General Selection 1338 through patent, 50-74-0092, recorded by the Barrow Recording District on March 27, 1974. The land is subject to rights-of-way excepted and reserved to the United States for ditches and canals constructed under the authority of the United States, and for the construction of railroads, telegraph, and telephone lines.

Adjacent Landowners

The State of Alaska owns the surface estate adjacent to the subject lease tracts. There are four active land interests adjacent to the proposed lease:

- ADL 421330, Competitive Lease, Issued, Arctic Pipe Inspection Inc.
- ~~ADL 418671, Oddlot Lease, Issued, Nabors AK Drilling Inc.~~
- ADL 421326, Competitive Lease, Issued, Baker Hughes Oilfield Operation
- ADL 421611, Competitive Lease, Issued, Worley Alaska Inc.

Third Party Interests

Surface Activity

There are seven easements along the Spine Road in the vicinity of the lease tract:

- ADL 63237, Public Easement, Utility, Issued, Arctic Slope Telephone Assoc. Inc
- ADL 64063, Public Easement, Utility, Issued, USDOT, FAA, Alaska Region
- ADL 400161, Private Easement, Non-Exclusive Right-of-Way, Issued, TDX North Slope Generating, Inc
- ADL 413263, Public Easement, Utility, Issued, Norgasco Inc.

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- ADL 418572, Private Easement, Upland Fiber Optic Right-of-Way, Issued, GCI Fiber Communication Company Inc.
- ADL 421325, Public Easement, Deadhorse roads, DNR DMLW

Subsurface Activity:

- ADL 28330, Oil & Gas Lease Competitive, Issued, Hilcorp North Slope, LLC. Portions of Drill Site 12 are located within Section 18 however, there are no surface activities associated with ADL 28330 within the subject lease site.

See Title Report RPT #21656 (ADL 421609) for more information. The lease was originally issued subject to ADL 28330 and ADL 63237. With these stipulations in addition to other appropriate stipulations and reservations, renewal of this lease is considered to be a reasonable concurrent use which is compatible with the third-party interests noted. There are no other known third-party interests identified at this site, and the third-party interests identified do not conflict with the lease renewal. Because RPT 21656 was issued within the last 5 years and the land is within the Deadhorse lease tracts, an updated title report was not requested.

Planning and Classification

The proposed lease site is on land within the North Slope Area Plan (NSAP), adopted in March 2021, and related to land classification order (CL) NC-04-003

Under NSAP, the proposed lease site is located on State lands within unit A-14,(NSAP, Map 3-2.2. This unit is classified as Habitat and Oil and Gas. The management intent for this unit provides: "The unit is to be managed for its habitat and oil and gas resource value. All developments must also consider potential impacts on the habitat and harvest values and include general mitigation measures that will avoid, minimize or mitigate negative impacts." (NSAP 3-48). The area plan also states that, "Consult ADF&G and USFWS prior to authorization issuance to ensure wildlife resources are protected and include stipulations to minimize impacts as needed." (NSAP 3-48). The Resource and uses for this unit provide in part: "This unit is comprised of state lands and waters of Deadhorse and includes Collen Lake. Numerous roads, pipelines, and facilities related to oil and gas development and exploration are present and many commercial and industrial facilities exist." (NSAP 3-48). Lands in this unit are available for lease, permit or other less than fee disposal.

DMLW has determined that the proposed lease is consistent with the classification, designation, and management intent of the North Slope Area Plan.

Traditional Use Finding

The proposed site is located within the North Slope Borough. Pursuant to AS 38.05.830 a traditional use finding is not required.

Access

Industrial roads (Spine Road and Lake Collen Road) connect to the Dalton Highway providing direct physical access to the lease tracts. Legal access is established via ADL 412325, a public access easement for the road system in the Deadhorse area.

Access Along Navigable and Public Waters

In an email dated December 26, 2024, the Public Access Assertion and Defense section determined there were no public or navigable waters within the proposed lease.

Public Trust Doctrine

Pursuant to AS 38.05.126, all authorizations for this site will be subject to the principles of the Public Trust Doctrine; specifically, the right of the public to use navigable waterways and the land beneath them for: navigation, commerce, fishing, hunting, protection of areas for ecological studies, and other purposes. These rights must be protected to the maximum extent practicable while allowing for the development of this project. As such, DMLW is reserving the right to grant other authorizations to the subject area consistent with the Public Trust Doctrine.

Reservation of Mineral Estate

In accordance with section 6(i) of the Alaska Statehood Act and AS 38.05.125, the state, in this decision, reserves unto itself the mineral estate, including oil and gas, and the rights expressed in the reservation clause of the statute, that being the right to reasonable access to the surface for purposes of exploring for, developing and producing the reserved mineral resources. Exploration and development, if any, which could occur, would be consistent with AS 38.05.130 and other applicable statutes and regulations.

Mineral Orders

Mineral entry within the proposed leasehold is not currently restricted. It is not necessary to restrict entry to leasehold locations only or to close the area to mineral entry.

Hazardous Materials and Potential Contaminants

Hazardous materials, specifically fuel, power generators, human waste, trash, gray water, will be stored within the proposed leasehold. Stipulations will be included in the lease to ensure proper handling and storage. The use and storage of all hazardous substances must be done in accordance with existing federal, state, and local laws. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance, and must be removed from the leasehold and disposed of in accordance with state and federal law.

~~On June 28, 2012, ADEC Contaminated-Sites Program provided a decision that the contaminant concentrations remaining at Tract 21 do not pose an unacceptable risk to human health or the environment; therefore, the site was closed in the ADEC Contaminated Site database. Based on the information available at the time, ADEC determined that no further assessment or cleanup action was required.~~

During a DMLW routine inspection in the fall of 2017, significant contamination was observed on Tract 21, however there were no follow-up actions taken by the state at that time. In the fall of 2020, DMLW staff observed significant sheening on the western portion of the pad within surface water between Tract 21 and Tracts 20A and 20B. The source of the sheening remains unknown. Along with sheening, some areas exhibited dark sediment and odor when disturbed. The gravel pad itself appeared to be clean with no obvious spills or stains observed, however it should be

noted that the pad space was maximized to hold additional equipment and several vehicles that had been consolidated from Tract 13 to Tract 21. Secondary containment was observed for the storage of drums and boxes and most vehicles that were slated for long term storage had duck ponds present. Although the pad itself appeared to be in good condition, the sheen observed requires further monitoring and investigation.

While there is known contamination within Tract 21, there are currently no institutional Controls within the tract. DMLW does not believe that continued use of the pad will significantly increase the impact of the contamination to surrounding lands. DMLW will continue to work with the lessee and the Alaska Department of Environmental Contamination (ADEC) to contain and remediate existing contamination.

Due to the long-term use of this lease tract for industrial uses, undiscovered contamination may be present. Accordingly, prior to the issuance of this lease, DMLW will require an environmental transaction screen questionnaire to establish the level of risk of petroleum hydrocarbon and/ or hazardous substances present at the lease site. Prior to the issuance of the lease, Schlumberger will coordinate with SAIL to develop an approved plan for Tract 21's inspection and maintenance schedule for the gravel pad and generator. Additional site characterization may be required in the future throughout the term of the lease.

Agency Review

An agency review was conducted on December 26, 2024. The deadline for agency comments was January 27, 2025

The following agencies were included in the review:

DNR, Division of Oil and Gas

DNR, Division of Parks, Office of History and Archeology

DNR, State Pipeline Coordinator's Section

DNR, Division of Parks

SOA, DOA, Division of Risk Management

DOT&PF, Department of Transportation and Public Facility

ADF&G, Alaska Division of Fish and Game, Access Defense

ADF&G, Alaska Division of Fish and Game, Habitat Division

USF&WS, United States Fish and Wildlife

USACE, United States Army Corp of Engineers

North Slope Borough

BLM, Borough of Land Management

ADEC, Department of Environmental Conservation, Contaminated Sites Program

ADEC, Department of Environmental Conservation, Contaminated Waters Program

Agency Review Comment and Response

ADEC-Water provided a comment and noted that the lease is near an active registered Public Water Source. They request that the applicant adhere to the Recommendations for General Construction Projects where applicable.

Response: DMLW forwarded the comments and recommendations to the applicant.

OHA provided a comment stating that if inadvertent discoveries of cultural resources occur during the duration of the project or lease, work must stop, and our office be notified so that we may evaluate whether the resources should be preserved in the public interest.

Response: This requirement is already noted in stipulations for leases issued by DMLW.

The following Agencies had no objections to the proposed lease: ADF&G, State Pipeline Coordinator's Section, Department of Transportation and Public Facility, Department of Environmental Conservation, Contaminated Sites Program.

Background

A public auction was held for multiple lease tracts in July 1979, and Camco Wireline, Inc. was awarded a 40-year lease for Tract 21. That following September, Camco Wireline, Inc. constructed a 70-foot X 140-foot shop and a 26-person ATCO camp. The gravel pad was expanded in 1981 and 1983 by 2.1 and 1.7 acres, respectively. The shop building was expanded in 1983.

Effective August 31, 1998, Schlumberger Technology Corporation purchased and merged with Camco Wireline, Inc. The state was not notified of the merger until a year later. At the time of merger, the lease remained under the Camco Wireline, Inc. name. In 2005, Camco Wireline, Inc. requested a change of name on the lease to Schlumberger Technology Corporation (Schlumberger).

Besides the history of contamination that was detailed in the **Hazardous Materials and Potential Contaminants** section, no other environmental concerns are documented in the case file records. The annual inspection reports completed since Schlumberger assumed the lease for Tract 21 show that the lease has been kept in a clean and organized condition.

In February 2021, ADL 421609 was created for the assigned lease. Previous billing issues complicated the case file, and the new case file is intended to simplify the billing process and lease file overall. The old case file, ADL 67189, remains available for reference and history. This change is reflected online in the DNR Lands Administration System.

Schlumberger current lease expires in 2028. An application for a 20 year lease on tract 21 was submitted on January 19, 2024. ADL 422471 was created for the reissuance of the lease. With the exception of the defunct nitrogen plant, which was removed and sold, no changes to Schlumberger development plan are anticipated. Any changes to business operations will be subject to agency review and/or public notice before making a determination on the appropriateness of the proposed activity.

Discussion

Schlumberger has requested a new lease for 20 years to be effective on July 8th, 2028. This lease is used for oil field support consisting of equipment maintenance shops, a pressure test facility, and yard storage. The proposed development plan is unchanged from the currently authorized plan.

This lease was originally offered as a long term lease under AS 38.05.070. In 2021, the applicant was offered a 25 year term renewal. The applicant declined the 25 year term, and signed a lease with an 8 year term. While commercial leases such as this typically require Solicitation of Interest, AS 38.05.102 allows for direct negotiation of a lease without the need for Solicitation in limited circumstances where the applicant has a long term lease created under 38.05.070. While the current lease term is only for 8 years, it is the result of a renewal of a long term lease and qualifies for direct negotiation. Given the importance of the oil support services to the continued development and operations of the oilfields, it is in the State's best interest to allow for direct negotiation where an applicant is actively utilizing a parcel in compliance with all the terms and conditions in their current lease.

The reissuance of the lease to Schlumberger will provide Schlumberger with the ability to continue operations on Deadhorse Lease Tract 21. Schlumberger remains in good standing with the state, having no unresolved compliance issues.

The proposed lease will be subject to the terms of DMLW's standard lease document effective at the time the lease is signed. The current standard lease document is available for review upon request. The lease will also be subject to additional stipulations based, in part, upon the following considerations.

Development Plan

The Development Plan (DP) attached to this decision (Attachment B) and dated 10-29-2024 is under consideration by DMLW. Should the proposed lease be granted, it is anticipated that the DP will need to be updated throughout the life of the lease as activities and/or infrastructure are added or subtracted. All updates must be approved, in writing, by DMLW before any construction, deconstruction, replacement of infrastructure, or change in activity will be authorized. DMLW reserves the right to require additional agency review and/or public notice for changes that are deemed by DMLW to be beyond the scope of this decision.

Performance Guaranty

Performance guaranties provide a means to pay for corrective action if the lessee fails to comply with the lease requirements. In accordance with AS 38.05.035(a)(4), the applicant will be required to submit a performance guaranty. The amount of the performance guaranty is based on the scope and the nature of the activity and the potential cost of restoring the site. Performance guaranties are subject to periodic adjustments being made during the term of the authorization to address increases or decreases in the costs of rectifying problems and rehabilitating state land due to inflation, changes in the level or nature of development, or other appropriate factors. The following stipulation shall be included in any authorization issued pursuant to this decision.

The Lessee must post a performance guaranty in the amount of \$400,000 to secure faithful performance with all terms and condition of the lease and to insure site restoration of the leasehold.

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The performance guarantee must remain in effect for the duration of the lease term or until released in writing by the AO.

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

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

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

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

Insurance

To protect the State from liability associated with the use of the site, Schlumberger shall provide and maintain a comprehensive general liability insurance policy with the State of Alaska named as an additional insured party per the stipulations of the Lease Agreement. Schlumberger shall secure or purchase at its own expense, and maintain in force at all times during the term of this lease, liability coverage and limits consistent with what is professionally recommended as adequate to protect Schlumberger and the State, its officers, agents and employees from the liability exposures of ALL the insured's operations on state land. The insurance requirement may be adjusted periodically.

Survey

The site was surveyed and described as Tract 21 of Alaska State Land Survey (ASLS) No. 76-227, Survey of North Slope Lease tracts, containing 9.39 acres, more or less.

Compensation and Appraisal

In accordance with AS 38.05.840, State-owned land may only be leased if it has been appraised within two years before lease issuance. The applicant will be required to provide an appraisal of the proposed leasehold before the lease will be issued. Once the appraisal has been approved by DMLW, the annual lease fee will be set at the fair market value of the proposed leasehold. Furthermore, in accordance with AS 38.05.105, the proposed lease will be subject to reappraisal at five-year intervals after the issuance of the proposed authorization.

Subleases

Subleasing may be permissible through AS 38.05.095, if the proposed lease is approved. All potential subleases must first be approved in writing by DMLW. DMLW may conduct further agency review and/or public notice before making a determination on the appropriateness of the proposed sublease. The sublease fee will not be less than 25% of the annual fee paid to the lessee by the sublessee.

Assignment

The proposed lease, if issued, may be assigned to another individual or corporation only with written approval from the State of Alaska. A lease will not be assigned to an entity if that entity does not meet the statutory requirements of the lease, or if the lessee is considered not to be in “good standing” with this or any other agency authorization.

Reclamation

In accordance with AS 38.05.090, the leasehold must be restored to a “good and marketable condition” within 120 days after termination of the lease.

Public Notice

Pursuant to AS 38.05.945, this PD will be posted on the State of Alaska Online Public Notice website pursuant to AS 38.05.945(b)(3)(B) for a 30-day public comment period, starting on March 24, 2025. The website is located at <https://aws.state.ak.us/OnlinePublicNotices/Default.aspx>.

In accordance with AS 38.05.946, North Slope Borough is a municipality or a corporation entitled to receive notice under AS 38.05.945(c) may hold a hearing within 30 days after the receipt of the notice.

The public is invited to comment on this PD. All comments received during the public comment period will be considered in the FFD. A copy of the FFD, along with instructions on filing an appeal, will be sent to all persons who comment on the PD. If public comments result in significant changes to the PD, additional public notice may be given.

To be eligible to appeal, a person affected by the FFD must provide written comments during the public comment period per AS 38.05.035(i).

Written comments about this project must be received in this office no later than 5:00 PM on April 24, 2025 to be considered.

To submit comments please choose one of the following methods:

Mail: Department of Natural Resources
Division of Mining, Land and Water
Northern Regional Land Office
ATTN: Alex Wynne-Ballard
3700 Airport Way
Fairbank, AK 99709

Email: alex.wynne-ballard@alaska.gov

Phone: (907) 451-3010

DNR-DMLW complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services or special modifications to comment should contact Alaska Relay at 711 or 800-770-8973 for TTY services.

Signature page follows.

Recommendation

DMLW has completed a review of the information provided by the applicant, examined the relevant land management documents, agency comments, and land ownership, and has found that this project is consistent with all applicable statutes and regulations. DMLW considered both direct and indirect benefits to the State. As there are no competing projects which are incompatible with the proposed lease and in consideration of the benefits described above, DNR finds granting of the proposed lease provide the greatest benefit to the State.

I find the proposed action may be in the State's best interest and recommend approval to proceed with public notice.

Alex Wynne-Ballard 3/24/25
Alex Wynne-Ballard, Natural Resource Specialist 2 Date

Preliminary Decision

It is the determination of the Division of Mining, Land and Water that it may be in the State's best interest to issue a negotiated lease for 20 years to the applicant as described above. This lease was originally issued in 1975 and continues to provide critical support operations to development and operations of the North Slope oil fields. This Preliminary Decision shall now proceed to public notice.

AJ Wait 3/24/25
AJ Wait, Natural Resource Manager 2 Date
Northern Regional Land Office, Division of Mining, Land and Water

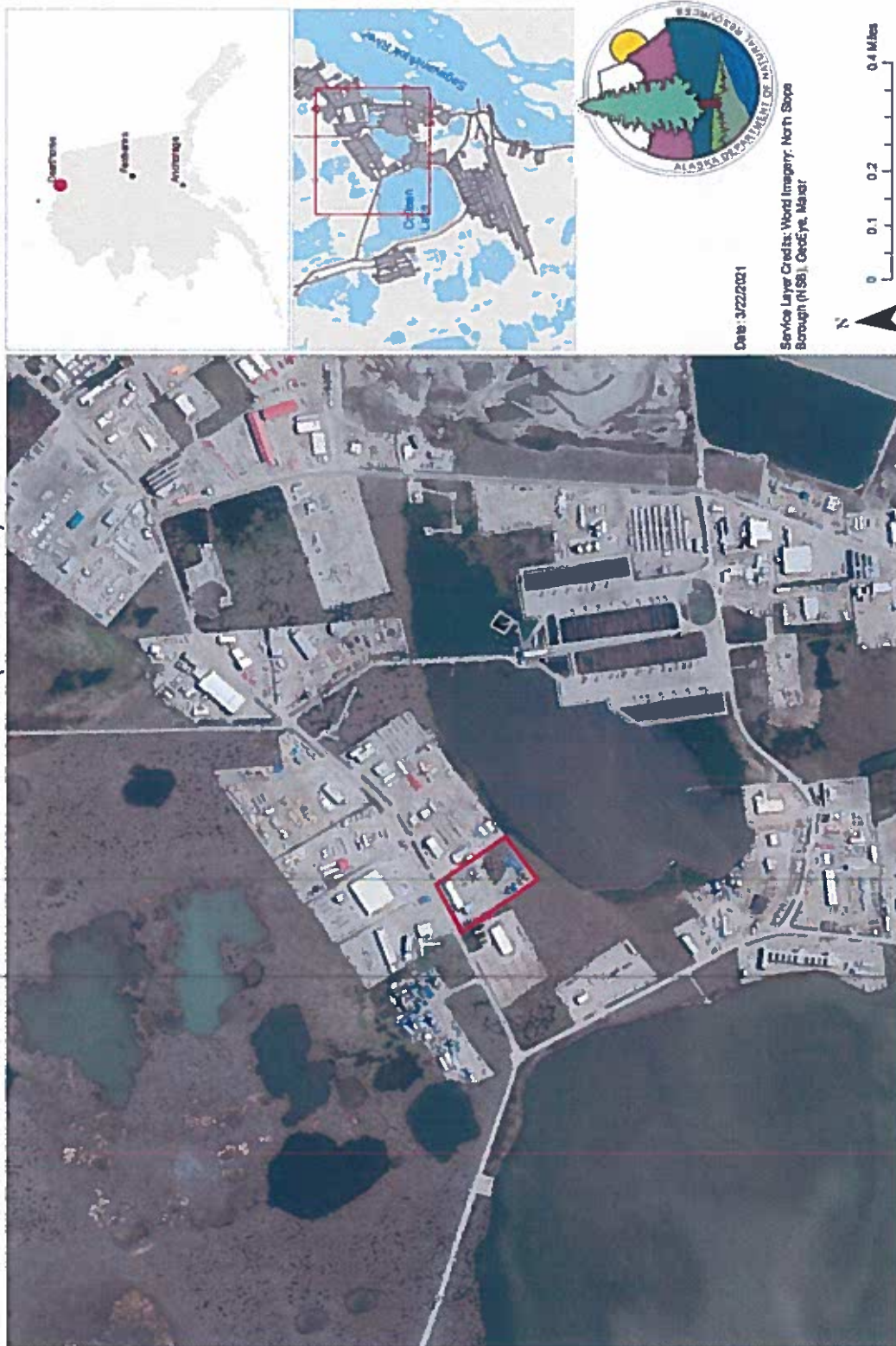
Attachments

- Attachment A – Location Map
- Attachment B – Development plan
- Attachment C – Additional Stips



Attachment A
Location Map

Deadhorse Lease Tract (ADL 422471)



Attachment B
Development Plan



December 17, 2024

State of Alaska
Department of Natural Resources
Division of Mining, Land and Water
3700 Airport Way
Fairbanks, AK 99709

Development Plan Update ADL #421609, Tract 21

Business Activities:

SLB is a provider of technology for reservoir characterization, drilling, production, and processing to the oil and gas industry. SLB supplies the industry with a range of products and services, from exploration through production and integrated bore-to-pipeline solutions for hydrocarbon recovery that optimize reservoir performance. Such as, Fishing of lost equipment downhole, well logging and other well intervention services.

Development Plan

Currently Schlumberger has no further planned developments for this location at this time.

Legal Description:

The site is located south of the Spine Road approximately one-quarter mile east of the intersection with Lake Colleen Road in Deadhorse, Alaska and is described as Tract 21 of Alaska State Land Survey 78-227, Survey of North Slope Lease Tracts, Deadhorse, Alaska; within Section 1B, Lease Renewal Decision ADL 421609 Schlumberger Technology Corp. Page 2 of 11 Township 10 North, Range 15 East, Umiat Meridian, encompassing approximately 9.39 acres, more or less. Latitude 70.22034 Longitude 148.43189.

Terrain:

Gravel pad on level Tundra. Access to the pad is from the Spine Road.

Buildings:

Tract 21 contains workshops that were constructed in three stages, 1977, 1980 and 1998 main building on the north end of the pad. A nitrogen plant was constructed in 1999 on the southwest corner of the pad and was taken out of service in 2001.

The abandoned Nitrogen facility was removed from site and sold to a 3rd party company in 2020.

Power:

TDX provides electrical power and Norgasco provides natural gas. The main shop has a diesel back-up generator. There is a diesel tank (300 gal) indoors next to generator/ see attached pictures. We always keep the tank 1/2 full of 160 gal max.

In general, no fluid transfers happen at this site/ once every year or two some diesel will be added to the gen. storage tank, this is the only time



Hazardous Substances:

No hazardous materials stored on this site.

Waste Streams:

The types of waste generated on this site are general in nature i.e. wood pallets, metals, floor sweepings, cardboard etc. The waste is segregated and disposed of by either Colville solid waste or Service Area 10. There is an above floor steel sump used for equipment washing. The fluids are tested by Arctic Fox Laboratories on the slope and the results are sent to Hilcorp Environmental who supplies an authorization letter to dispose of the fluid at Pad 3. SLB will abide by local, state and federal regulations and ordinances in handling and transporting waste materials.

Water Supply:

Potable and utility water is hauled in by a properly permitted contractor and supplied by North Slope Borough Service Area 10.

Sewage

Sewage is stored in poly tank located in the shop. Fluid is picked up and disposed of by Service Area 10.

Parking Areas:

Vehicle Parking located on both north and south sides of the main shop. Site currently has several vehicles parked in the back. These vehicles are no longer in service and will be transported back to Anchorage in the future.

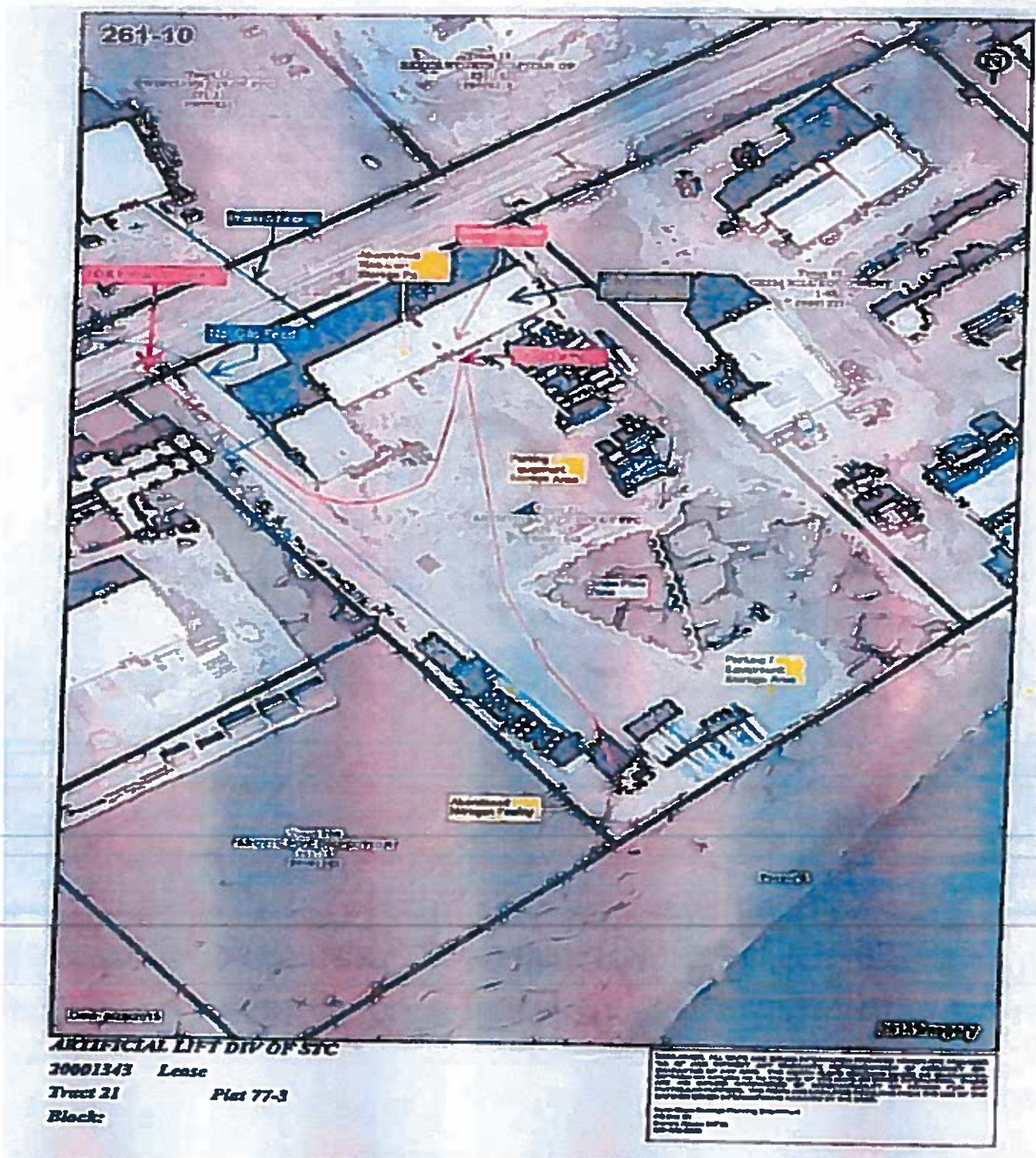
Population:

Occupied only during working hours. Onsite working staff is between 6 and 12 SLB employees.

Maintenance:

SLB Facility Maintenance staff carries out routine facility and grounds maintenance. Work outside the scope of their expertise is done by qualified contractors as needed.

[REDACTED]
Facilities Manager
North America Offshore
[REDACTED]



Additional Lease Stipulations

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

1. **“Lessee.”** as used in the lease and these Stipulations, shall expressly include Lessee’s predecessors, successors in interest, and assigns.

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

3. **Preference Right.** No preference right to a subsequent long-term lease is granted or implied by issuance of this lease.

4. **Modifications to Development Plan.** Section 4 of the lease is hereby amended to include the following: To adequately address any future development or additions to the Development Plan, the Lessee will be required to provide advance written notice to the AO for approval of any modification prior to construction. The AO reserves the right to re-evaluate the lease compensation and other terms and conditions of the lease prior to approving any modification to the development plan. Based upon the extent of the modifications a survey and appraisal may be required at the Lessee’s expense. No changes are approved unless specifically authorized in writing by the AO.

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

6. **Waste and Debris Disposal.** Section 4 of the lease is hereby amended to include the following: On-site refuse disposal is prohibited. All waste generated during operation, maintenance and termination activities under this authorization shall be removed and disposed of at an off-site DEC approved disposal facility. Waste, in this paragraph, means all discarded matter, including but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and discarded equipment. The site must be kept clean at all times.

7. **Site Disturbance.** Section 4 of the lease is hereby amended to include the following: The Lessee, its contractors, and sub-contractors shall take all reasonable precautions to prevent water pollution, erosion, or sedimentation on or in the vicinity of the leased area.

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. Any ground disturbances that may occur shall be contoured to blend with the natural topography to protect human and wildlife health and safety. Particular attention must be paid to preventing pollution and siltation of any waterways and to preventing disturbances to fish and wildlife populations and habitats.

b) Fire. The Lessee shall take all reasonable precautions to prevent, and all reasonable actions to suppress; forest, brush and grass fires. The Department of Natural Resources does not assume any

responsibility for protecting any temporary improvements or personal property in cases of grass, brush, or forest fires.

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

9. Relinquishment. The lease may be relinquished if it is in good standing (rental payments are current and Lessee is in compliance with all other conditions and stipulations), the Lessee files a written relinquishment form certifying the condition of the parcel, and the Lessor accepts the relinquishment. Provided that the lease site is in good standing and free of contamination, Lessor's acceptance of the relinquishment shall not be unreasonably withheld. Lease rental payments are non-refundable regardless of whether the lease is relinquished or terminated for cause.

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

- a) the Lessee is in full compliance with lease conditions and is in good standing with all other authorizations per 11 AAC 96.145;
- b) submission by the Lessee of a draft copy of the agreement(s) which will govern the relationship and compensation provisions between the Lessee and Sublessee; failure of Lessee to provide complete, true and accurate information regarding sublease compensation will, at Lessor's discretion, be grounds for termination of the lease;
- c) submission by the Lessee of a proposed plan of operations and development for the subleased area and, if necessary, an amended plan of operations and development for the entire lease area; and; and
- d) a best interest finding by the AO and amendments to the lease contract as necessary, if significant changes to the use and development are proposed.

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

11. Inspections. Section 13 of the lease is hereby amended to include the following: The AO may designate representatives and other personnel to inspect the leased area at any time. Non-compliance

determinations will subject the site to re-inspection for which the Lessee may be assessed, at the AO's discretion, either a fee of \$100 or a fee equal to the actual expenses incurred by the Division of Mining, Land and Water (11 AAC 05.010).

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

13. Violations. Section 21 of the lease document is hereby amended to include the following: Per 11 AAC 96.145, the Lessee must be in compliance with provisions of this and other authorizations granted under AS 38.05 or 11 AAC 96 before a new authorization may be granted by DNR. This lease authorization may be terminated upon violation of any of its terms, conditions, stipulations or upon failure to comply with any applicable state, federal and local laws, statutes and regulations.

14. Indemnification. Section 23 of the lease is hereby amended to include the following:

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

In connection with the entry on or use of assigned lands, subject to the limitations and provisions of AS 09.50.250-.270 and AS 37.05.170, the Assignee shall ensure that its contractors and subcontractors shall indemnify, save harmless, and defend the State, its agents and its employees from any and all claims or actions for injuries or damages sustained by any person or property arising directly or indirectly from the construction or the contractor's performance of the contract, except when the proximate cause of the injury or damage is the State's sole negligence.

15. Insurance. As per section 24 the Lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this lease, the following policies of insurance to protect both the Lessee and the Lessor (the State, its officers, agents and employees). If the Lessee's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the AO prior to the issuance of this lease and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. The Lessee must provide for a 60-day prior notice to the State before they cancel, not renew or make material changes to conditions to the policy. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of this lease and shall be grounds, at the option of the State, for termination of the lease. All insurance policies shall comply with, and be issued by, insurers licensed to transact the business of insurance under Alaska Statute, Title 21. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Department of Administration. The State must be named as an additional named insured on the policy with respect to the operations of the Lessee on or in conjunction with the leased premises, referred to as ADL 422471.

Commercial General Liability Insurance, such policy shall have minimum coverage limits of \$ _____ combined single limit per occurrence.

16. Performance Guaranty. As per section 25 of the lease the Lessee must post a performance guaranty in the amount of 400,000 to secure faithful performance with all terms and condition of the lease and to insure site restoration of the leasehold. The performance guarantee must remain in effect for the duration of the lease term or until released in writing by the AO.

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

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

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

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

17. Environmental Provisions: Section 26 of the lease is hereby amended and replaced with the following provisions.

SECTION 26. ENVIRONMENTAL ISSUES

A. Definitions for Section 26, Environmental Issues:

Affected Property – Any property adjacent to the Leasehold that contains Contamination in, on, or under the surface, including groundwater.

Contamination – The unpermitted presence of any Released Hazardous Substance.

Environmental Assessment – An assessment of property, prepared in a manner consistent with generally accepted professional practices, that is supported by reports and tests that determine the environmental condition of a property and the presence, type, concentration, and extent of any Contamination in, on, and under the surface of the property.

Environmental Law – Any federal, state, or local statute, law, regulation, ordinance, code, permit, order, decision, or judgment from a governmental entity relating to environmental matters. It includes, but is not limited to, AS 46 (Alaska Water, Air, Energy, and Environmental Conservation Acts); 18 AAC (Environmental Conservation) implementing AS 46; 42 U.S.C. §§ 7401-7671 (Clean Air Act); 33 U.S.C. §§ 1251-1387 (Federal Water Pollution Control Act); 42 U.S.C. §§ 6901-6992 (Resource Conservation

and Recovery Act); 42 U.S.C. §§ 9601-9657 (Comprehensive Environmental Response, Compensation, and Liability Act); and 15 U.S.C. §§ 2601-2692 (Toxic Substances Control Act).

Environmental Liability Baseline – A description, accepted by the Lessor and documented by one or more Environmental Assessments and any other relevant documents, of the existence, location, level, and extent of Contamination in, on, or under the surface of the Leasehold that was neither caused nor Materially Contributed To by the Lessee, nor otherwise assumed by the Lessee.

Hazardous Substance – Any substance that is defined under an Environmental Law as hazardous waste, hazardous substance, hazardous material, toxic, pollutant, contaminant, petroleum, petroleum product, or oil.

Leasehold – The real property defined in Section 1 of this lease.

Materially Contribute To – To significantly add to or make worse, including by inaction, the Release or migration of a Hazardous Substance.

Release – means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in the environment, including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance, but excluding

(a) Any release that results in exposure to a person solely within a workplace, with respect to a claim that those persons may assert against the persons' employer; and

(b) Emissions from the engine exhaust of a motor vehicle, rolling stock, aircraft, or vessel.

- B. **Compliance with Laws.** Lessee shall comply with all Environmental Laws relating to the handling, use, generation, accumulation, storage, transportation, disposal, release, treatment or sale of Hazardous Substances in, on or under the Leasehold.
- C. **Lease Site Condition/Potential Contaminants.** Lessee has the sole responsibility under this lease to ascertain the environmental condition and presence of Contamination in, on, or under the surface of the Leasehold. Lessor makes no representations and no warranties, express or implied, concerning the existence or absence of any Hazardous Substances or Contamination on the Leasehold. Lessor does not assume any liability for the removal of Hazardous Substances, nor for the remediation of the Leasehold and any Affected Property should such substances be found.
- D. **Environmental Liability Baseline.** Lessee is conclusively presumed to have caused or to have Materially Contributed To any Contamination of, or originating on, the Leasehold. Lessee may establish an Environmental Liability Baseline that will serve as a benchmark for the condition of the Leasehold as of the effective date of the lease and as a reference for the Clearance Assessment in Subsection I, below. Lessee will not be presumed to have caused or to have Materially Contributed To any Contamination of, or originating on, the Leasehold identified in the Environmental Liability Baseline. Lessee is responsible for the acts or omissions of its employees, agents, invitees, sublessees, contractors and guests on the Leasehold, and Contamination caused or Materially Contributed To by activities of the Lessee's employees, agents, invitees, sublessees, contractors and guests on the Leasehold are deemed to be caused by or Materially Contributed To by the Lessee. Lessee shall be solely responsible for any and all costs associated with conducting the Environmental Assessment and/or establishment of the Environmental Liability Baseline.
- a. **Notice of Environmental Assessment.** If the Lessee decides to add to or establish an Environmental Liability Baseline for all or any portion of the Leasehold or Affected Property during the term of the lease, or any renewal or assignment, if applicable, thereof, the Lessee shall notify the Lessor of the intent to conduct an Environmental Assessment for that portion of the Leasehold or Affected Property. The Lessee shall provide a description of activities for conducting the Environmental Assessment. The Lessee shall provide Lessor with the final Environmental Assessment report.
- b. **Establishing an Environmental Liability Baseline.**

- i. If the Lessee discovers Contamination in, on, under the surface of, or emanating from, the Leasehold, for any portion of the Contamination to be considered for inclusion in the Environmental Liability Baseline, the Lessee must demonstrate to the satisfaction of the Lessor that the Contamination proposed for inclusion was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor otherwise assumed by the Lessee. Contamination caused or Materially Contributed To by activities of the Lessee's employees, agents, invitees, sublessees, contractors and guests on the Leasehold are deemed to be Materially Contributed To by the Lessee.
 - ii. Only that portion of Contamination not caused or Materially Contributed to by the Lessee or the Lessee's operations or activities, nor otherwise assumed by the Lessee, shall be included in the Environmental Liability Baseline.
 - iii. Lessee is responsible for inspecting the Leasehold and reporting, in writing, any evidence of conditions on the Leasehold as of the effective date of the lease, which differ from the conditions reported in the Environmental Liability Baseline. By entering into the lease, Lessee expressly accepts the Leasehold and acknowledges that notwithstanding the provisions of the Environmental Liability Baseline, the Leasehold may contain Hazardous Substances not mentioned in the Environmental Liability Baseline.
 - c. Adding to an Existing Environmental Liability Baseline.
 - i. If, after an Environmental Liability Baseline is established for any portion of the Leasehold or Affected Property, the Lessee discovers Contamination in, on, under the surface of, or emanating from, that portion of the Leasehold having an Environmental Liability Baseline, which Contamination the Lessee or the Lessee's operations or activities did not cause or Materially Contribute To, and which the Lessee did not otherwise assume, the Lessee may, at its own cost, submit an additional Environmental Assessment reflecting that information to the Lessor for the Lessor's consideration to add to the Environmental Liability Baseline. The Lessee's additional Environmental Assessment must demonstrate to the satisfaction of the Lessor which portion of the additional Contamination on the Leasehold or Affected Property was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor otherwise assumed by the Lessee.
 - ii. Only that portion of Contamination not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor otherwise assumed by the Lessee, may be added to the existing Environmental Liability Baseline.
 - d. Lessor's Acceptance or Rejection of Lessee's Environmental Assessment. When the Lessor receives the Lessee's Environmental Assessment to establish an Environmental Liability Baseline or to add to an existing Environment Liability Baseline, the Lessor, in its sole discretion, will do one of the following:
 - i. Accept the findings of the Lessee's Environmental Assessment and any other relevant documents to establish an Environmental Liability Baseline for that portion of the Leasehold or Affected Property being assessed or to add to the existing Environmental Liability Baseline;
 - ii. Reject the findings of the Lessee's Environmental Assessment for that portion of the Leasehold being assessed and offer the Lessee the opportunity to perform additional environmental testing if the Lessor determines, in writing, that the findings of the Environmental Assessment are inadequate to establish an Environmental Liability Baseline or to add to an existing Environmental Liability Baseline. The Lessor's written rejection of the Lessee's Environmental Assessment will be based on failure of the Lessee's Environmental Assessment to either:
 - 1. follow generally accepted professional practices in determining the environmental condition of the Leasehold or the Affected Property and

- the presence of Contamination in, on, or under the surface of, or emanating from, the Leasehold; or
2. demonstrate to Lessor's satisfaction the portion of the Contamination that was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor otherwise assumed by the Lessee; or
 - iii. Perform additional environmental testing at the Lessor's expense to verify the environmental condition of that portion of the Leasehold being assessed. If the results of the Lessor's tests conflict with the Lessee's Environmental Assessment, the Lessor and the Lessee will negotiate in good faith an Environmental Liability Baseline or an addition to the existing Environmental Liability Baseline for the portion of the Leasehold or Affected Property being assessed.
 - e. Amending the Environmental Liability Baseline to Delete Contamination Caused, Materially Contributed To or Assumed by Lessee. If, after the Environmental Liability Baseline for any portion of the Leasehold or Affected Property is established, it is discovered that the presence of Contamination identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, or otherwise assumed by the Lessee, the Environmental Liability Baseline will be amended to delete that portion of the Contamination that was caused or Materially Contributed To by the Lessee or the Lessee's operations or activities or otherwise assumed by the Lessee.
- E. Notice of Hazardous Substance Release. Lessee shall give notice to Lessor promptly after learning of any Release of any Hazardous Substance on or at the Leasehold or surrounding environment. This notice shall include a description of the Release, measures taken or proposed to be taken by Lessee to contain and/or remedy the Release, and any resulting damage to property, persons or the environment. At Lessee's own expense, Lessee shall promptly take all steps necessary to contain and remedy any Release of Hazardous Substances in, on or under the Leasehold or surrounding environment, and all resultant damage or injury to property, persons and the environment (the "Response Action"). Lessee shall be responsible for reporting and coordinating the Response Action with the Alaska Department of Environmental Conservation and/or any other federal, state, or local agency with jurisdiction (collectively, the "Regulator"). Lessee shall provide Lessor with not less than seven days to review and comment on any submittal to a Regulator made as part of a Response Action prior to submission. Upon request by Lessor, Lessee shall provide Lessor copies of any and all documents arising from or related to the Response Action including, but not limited to, any and all communications by Lessee to a Regulator.
- F. Lessor's Right to Perform Testing. At any time, and from time to time, prior to the expiration of the Lease, Lessor shall have the right, but not obligation, to conduct appropriate tests of the Leasehold or any portion thereof to determine whether Contamination has occurred provided, however, that (a) all such testing shall be conducted at Lessor's sole cost and expense except as set forth in the next sentence, (b) Lessor shall coordinate testing activities with the Lessee and shall, to the extent practicable, minimize the impact of testing on the Lessee, (c) Lessor shall promptly repair any physical damage caused by such testing and restore the Leasehold to substantially the same physical condition it was in immediately prior to such testing, and (d) the Lessor shall not be held liable for any damages, whether direct or indirect, incurred by Lessee as part of the testing. Lessee shall pay all reasonable costs of such tests if such tests reveal that Hazardous Substances exist on the Leasehold due to the acts or omissions of Lessee in violation of state or federal Environmental Laws.
- G. Financial Responsibility for Contamination on the Leasehold and on Any Affected Property. The Lessee assumes financial responsibility to the Lessor for any Contamination in, on, and under the Leasehold and any Affected Property, except for Contamination that is identified in an Environmental Liability Baseline. Lessee shall be responsible for all costs incurred by Lessor to enforce these environmental provisions, including but not limited to action(s) to force Lessee to

address a Release of Contamination at the Leasehold or Affected Property, and all attorneys' fees and other costs of such action(s). This is without prejudice to the Lessee's right to seek contribution or indemnity from either prior lessees of the Leasehold and Affected Property, or other potentially responsible parties except for the Lessor.

- H. Environmental Indemnification. Lessee shall indemnify, defend and hold Lessor harmless from any and all claims, demands, damages, costs, fees, penalties, and charges asserted against, imposed upon, and incurred by Lessor (including fees and costs of attorneys, consultants, laboratory testing charges and personal injury claims) as a result of (a) the handling, use, generation, accumulation, storage, transportation, disposal, treatment and/or sale of Hazardous Substances at or from the Leasehold; (b) the release of any Hazardous Substance on, at or from the Leasehold which is attributable to any act or omission of Lessee, or its employees, agents, invitees, sublessees, contractors and guests; (c) the failure of Lessee, or its employees, agents, invitees, sublessees, contractors and guests, to comply with any Environmental Laws; (d) Lessee's failure to remove all Hazardous Substances or decontaminate, decommission, or, if appropriate, sterilize all areas in the Leasehold and any Affected Property in which any of Hazardous Substances were generated, stored, handled, accumulated, or released; and (e) Lessee's failure to comply with any other requirement of this Section. This environmental indemnification is in addition to the indemnification provided for under Section 23 of the Lease.
- I. Environmental Report Upon Expiration or Termination of Lease. Two months prior to Lessee's surrender of possession of any part of the Leasehold, or the expiration or termination of this Lease, Lessee shall provide Lessor with copies of all environmental reports necessary for Lessor to determine whether the Leasehold may contain any Hazardous Substances other than those, if any, that were identified in the Environmental Liability Baseline. If reports indicate the presence of Hazardous Substances, then Lessee shall also provide Lessor with (a) a written assessment addressing any potential releases of Hazardous Substances handled on the Leasehold during the term of the Lease to the workplace, soils, sewers, drywells, surface water, or groundwater, and any threats to human health or the environment posed by Lessee's operations (the "Clearance Assessment"); the scope of the Clearance Assessment must be approved by Lessor, such approval not to be unreasonably withheld, and will include provisions complying with the standards for Phase I and II Environmental Site Assessment as specified by the ASTM standard in effect at the time or any successor standards published by ASTM International (formerly known as the American Society for Testing and Materials) or any successor organization (or, if ASTM International and its successors no longer exist, a similar entity publishing similar standards); (b) written evidence that all appropriate governmental notifications have been made or releases requested as may be required by laws in effect at that time, including laws pertaining to Releases of Hazardous Substances and the surrender of the Leasehold; and (c) a plan to address any further lease requirements or Contamination which are Lessee's responsibility under this Section. In addition, Lessee agrees to remain responsible after the surrender of the Leasehold for the remediation of any Contamination that Lessee is otherwise responsible for pursuant to this lease, to comply with any recommendations regarding such Contamination, and to continue to pay rent and insurance until the Lessee provides evidence acceptable to Lessor that all Contamination, if any, then present on the Leasehold and any Affected Property are below reportable levels under state and federal laws. Lessee's obligations under this Article shall survive the expiration or earlier termination of the lease.
- J. Removal of Hazardous Substances prior to Expiration or Termination of Lease. At least 10 days prior to termination of this lease, Lessee shall remove all Hazardous Substances which have been stored, or released onto or from, the area to be vacated and shall decontaminate vacated areas in the Leasehold in which Hazardous Substances were generated, stored, accumulated, released, or otherwise present. If Hazardous Substances were stored in tanks or containers, Lessee shall decommission such equipment. Documentation of this removal and decommissioning shall be included in the Clearance Assessment.
- K. Action Against Potentially Responsible Parties. This article does not restrict either the Lessor or the Lessee from seeking and obtaining cleanup efforts, costs, or damages from other potentially responsible parties.

- L. Authorities of the Alaska Department of Environmental Conservation. These provisions do not in any way alter the State of Alaska, Department of Environmental Conservation's powers and rights under AS 46.03 or 18 Alaska Administrative Code (implementing AS 46.03) (or their successors) and specifically AS 46.03.822. It also does not affect Lessee's duties and liabilities under Title 46 (or its successor) of the Alaska Statutes or other state, federal, or municipal statutes, regulations, or ordinances. For example, notwithstanding the provisions of this lease, the State of Alaska shall not be precluded from claiming under AS 46.03.822 that Lessee is strictly liable, jointly and severally, for damages and costs incurred by the State for cleanup of Contamination on the Leasehold and any Affected Property. The obligations and provisions of this Section shall survive the termination of this lease.

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

19. Hazardous Substances (other than fuel). Use of herbicides and pesticides by the Lessee is prohibited without prior written approval from the AO. No storage of hazardous material/substances is authorized within the project area without prior written approval from the AO.

20. 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 and shall be notified immediately.

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

22. Limits of Access. Access to the lease site is from via plane/helicopter or snowmachine access in winter. ~~No new access trails or roads are authorized on state land without the express permission of the AO.~~ The ability of all users to use or access state land must not be restricted in any manner with the exception of fencing or enclosing structures to protect the public from possible harm.

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

24. Survey Monuments. The Lessee shall protect all survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts against damage, destruction, or obliteration. The Lessee shall notify the AO of any damaged, destroyed, or obliterated

markers and shall reestablish the markers at the Lessee's expense in accordance with accepted survey practices of the Department of Natural Resources.

25. 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. Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.

26. 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.

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

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

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

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

30. 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 AO.
- c. The AO must approve a Restoration Plan at least 30 days prior to expiration, completion, or termination of this authorization, whichever is sooner. The Restoration Plan shall be in addition to any requirements for environmental compliance made a part of this lease.
- d. Land returned to the Department of Natural Resources for any reason shall be returned in an environmental, physical, and marketable condition acceptable to the AO.

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

32. Request for Data/Additional Information. For purposes of information and review, the AO at any time during normal business hours, may require the Lessee to furnish data related to the use, maintenance

and operation activities undertaken in connection with this project. The Lessee shall furnish the required data as soon as possible or as otherwise required under the terms of this lease.