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

#### LEASE TERMINATION DECISION

ADL 61169 and ADL 62776 Andrew and Brandy Gregory AS 38.05.070, AS 38.05.035, 11 AAC 58.560(d)

## **Proposed Action:**

The Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Southcentral Regional Land Office (SCRO), State of Alaska (Lessor), 550 West 7<sup>th</sup> Avenue, Suite 900C, Anchorage, Alaska 99501-3577, do hereby propose to terminate and close the leases serialized as ADL 61169 and ADL 62776, currently leased to Andrew Gregory and Brandy Gregory (Lessee), P.O. Box 1476, Gentry, Arkansas 72734, due to long-term violations of lease terms and stipulations including financial default and committing waste or injury to the leased property. The Lessee has been unresponsive to Lessor's closure notices and numerous attempts at contact.

## **Authority:**

The leases are issued pursuant to AS 38.05.070. AS 38.05.035 and 11 AAC 58.560(d) allows for leases in default to be canceled.

#### **Administrative Record:**

Case files ADL 61169 and ADL 62776 constitute the administrative records for these leases.

## **Legal Description:**

The state land where these leases are located is described as follows:

- ADL 61169: Lot 40 in Section 18, Township 2 North, Range 1 East, Copper River Meridian, Alaska and containing 3 acres, more or less.
- ADL 62776: Lot 21 in Section 18, Township 2 North, Range 1 East, Copper River Meridian, Alaska and containing 2.91 acres, more or less.

### **Third-Party Interests:**

Subject to the Richardson Highway easement 150 feet in width on each side of the centerline as established under Public Land Order 1613.

#### Fees:

Per terms of the Lessee's bankruptcy, SCRO cannot seek to recover any fees or payments in default. No performance guaranty bonding was collected by SCRO from the customer for either lease, so bond relinquishment is not applicable.

### **Background:**

ADL 61169: On June 7, 1973 the State of Alaska issued the initial 55-year land lease to Clyde C. Paustain, recorded in the Chitina Recording District on March 23, 1984 as Document No. 1984-000251-0.

- 1. Effective August 16, 1979, ADL 61169 was assigned from Clyde C. Paustain (assignor) to Clyde C. Paustain or Adele M. Martin (assignees).
- 2. Effective April 1, 1981, Nancy L. Bonin became the personal representative of the estate of Clyde C. Paustain.
- 3. Effective May 16, 1983, ADL 61169 was assigned by Clyde C. Paustain by Nancy L. Bonin and Adele M. Martin (assignors) to Duste E. Bonin and Nancy L. Bonin (assignees).
- 4. Effective August 9, 1993, ADL 61169 was assigned from Duste E. Bonin and Nancy L. Bonin (assignors) to Rex Henderson and Stacy L. Henderson (assignees).
- 5. Effective January 17, 2013, ADL 61169 was assigned from Rex Henderson and Stacy L. Henderson (assignors) to Andrew Gregory and Brandy Gregory, recorded in the Chitina Recording District on January 23, 2013 as Document No. 2013-000068-0.

#### ADL 62776:

- 1. On October 22, 1973, the initial 55-year land lease was issued to Ronald F. Marcy and Melvin G. Sanders, recorded in the Chitina Recording District on May 21, 2012 as Document No. 2012-000315-0.
- 2. Effective November 30, 1976, ADL 62776 was assigned from Ronald F. Marcy and Melvin G. Sanders (assignors) to Clyde C. Paustain (assignee).
- 3. Effective August 16, 1979, ADL 62776 was assigned from Clyde C. Paustain (assignor) to Clyde C. Paustain or Adele M. Martin (assignees).
- 4. Effective April 1, 1981, Nancy L. Bonin became the personal representative of the estate of Clyde C. Paustain.
- 5. Effective May 16, 1983, ADL 62776 was assigned by Clyde C. Paustain by Nancy L. Bonin and Adele M. Martin (assignors) to Duste E. Bonin and Nancy L. Bonin (assignees).
- 6. Effective August 9, 1993, ADL 62776 was assigned from Duste E. Bonin and Nancy L. Bonin (assignors) to Rex Henderson and Stacy L. Henderson (assignees).
- 7. Effective January 17, 2013, ADL 62776 was assigned from Rex Henderson and Stacy L. Henderson (assignors) to Andrew Gregory and Brandy Gregory, recorded in the Chitina Recording District on January 23, 2013 as Document No. 2013-000069-0.

#### **Discussion:**

On August 9, 2017, both leaseholds failed field inspections on as a result of widespread collections of trash, junked vehicles, possible hazardous substances, and other exposed refuse located throughout the parcels and surrounding state land. Those field inspections also noted buried refuse and potentially unauthorized subleasing.

On November 14, 2017, the Lessee entered a Chapter 13 bankruptcy plan in the U.S. Bankruptcy Court, Western District of Arkansas. As part of that bankruptcy plan, the Lessee abandoned and surrendered their real property on the leaseholds, to the previous lessee, Rex Henderson, as collateral to satisfy their secured debt. That bankruptcy was filed April 20, 2018, and noted Mr. Henderson's legal interest in development that existed on the leaseholds.

Mr. Henderson then made attempts to begin cleaning the leaseholds, as noted in a passing field inspection dated June 28, 2019. However, despite Mr. Henderson's initial interest in taking over the leases, he did not provide payment for the Lessee's past-due annual fees or assignment paperwork. In April 2024, he stated that he had no further interest in either leasehold.

As SCRO is unable to collect past-due annual fees from the Lessee per the terms of their bankruptcy, and the potential assignee, Mr. Henderson, is uninterested in providing the fees and paperwork for an assignment, termination and closure of the lease is appropriate.

#### **Notice:**

A copy of this decision will be mailed to the address of record for the lessee.

Signature page follows

#### **Recommendation:**

The leases have been in violation of various lease terms and stipulations dating back to 2017, including financial default, and committing waste or injury to the leased property. The Lessee has been unresponsive to numerous attempts at contact, including closure notices sent certified mail to the SCRO's address of record, dated June 3, 2025, July 3, 2025, and August 3, 2025. SCRO has completed a review of the information found in the case file, examined the relevant land management documents, and has found that termination and closure of the leases is consistent with all applicable statutes and regulations.

9/3/2025

Ben Powell, Natural Resource Specialist 3

Date

Southcentral Region Land Office; Division of Mining, Land & Water

# **Decision:**

SCRO has examined the relevant land management documents and has found that termination and closure of these leases is consistent with all applicable statutes and regulations and serves the best interest of the State. It is therefore recommended that SCRO terminate and close the leases serialized as ADL 61169 and ADL 62776 under the authority of AS 38.05.070(b), AS 38.05.035, and 11 AAC 58.560(d). If no appeal is filed by the appeal deadline, this decision goes into effect on the 21st day after issuance.

Todd Derks, Natural Resource Specialist 4

9/3/2025

Southcentral Region Land Office; Division of Mining, Land & Water

Date

An eligible person affected by this decision may appeal to the DNR Commissioner per AS 44.37.011 and 11 AAC 02. Any appeal must be received within twenty (20) calendar days after issuance of this decision under 11 AAC 02.040. An eligible person must first appeal a decision to the Commissioner before seeking relief in superior court. The Alaska Court System establishes its own rules for timely appealing final administrative orders and decisions of the department.

Appeals may be mailed or hand-delivered to the DNR Commissioner's Office, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska, 99501; or faxed to (907)-269-8918; or sent by electronic mail to dnr.appeals@alaska.gov. Appeals must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a)-(b). A copy AACis available on the department's website https://dnr.alaska.gov/mlw/pdf/DNR-11-AAC-02.pdf.