

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

PRELIMINARY DECISION

ADL 233396

Royal Ocean Kelp Company, LLC

Application for Lease Amendment

AS 38.05.083

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 **11:59 pm on January 19, 2026**. Please see the Public Notice section of this decision for requirements related to submitting comments for consideration.

Requested Action:

The Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Southcentral Regional Land Office (SCRO) has received a request from Royal Ocean Kelp Company LLC (ROKC) to amend aquatic farmsite lease ADL 233396 by moving Parcel 1 approximately 500 feet to the southeast in Windy Bay, and adding an additional 3.27 acres to the existing 2.89 acres, for a total of 6.16 acres, more or less, of state-owned tide and submerged lands for the purpose of commercial cultivation and harvest of kelp located near Cordova, Alaska. Three additional local species of kelp are included in the lease amendment: bull kelp (*Nereocystis luetkeana*), three-ribbed kelp (*Cymathere triplicata*), and split kelp (*Saccharina groenlandica*). Sugar kelp (*Saccharina latissima*) and ribbon kelp (*Alaria marginata*) were previously authorized for commercial culture and harvest on the leasehold. Gear and equipment will be added to modify the farm to a catenary system design in closer to an octagonal shape than a rectangle. The location of the project area is further described as being within the SE1/4 of Section 17, Township 15 South, Range 4 West, Copper River Meridian.

Requested Improvements:

- Move Parcel 1 approximately 500 feet to the southeast in Windy Bay
- Expand Parcel 1 from 2.89 acres to 6.16 acres in closer to an octagon-like shape
- Add three additional species of kelp: bull kelp (*Nereocystis luetkeana*), three-ribbed kelp (*Cymathere triplicata*), and split kelp (*Saccharina groenlandica*).
- Add gear and equipment to modify the farm to a catenary system design, by adding associated grow-lines and anchors

Proposed Action:

SCRO is considering the issuance of an amendment to ADL 233396 for the remaining term of the lease. The proposed amended farmsite will consist of one parcel moved 500 feet to the southeast encompassing an area measuring 6.16 acres, more or less, for the purpose of the commercial growth and harvest of five local species of kelp: sugar kelp (*Saccharina latissima*), ribbon kelp (*Alaria marginata*), bull kelp (*Nereocystis luetkeana*), three-ribbed kelp (*Cymathere triplicata*), and split kelp (*Saccharina groenlandica*). The proposed amended lease will include gear and equipment to modify the farm to a catenary system design in closer to an octagonal shape than a rectangle.

Scope of Decision:

The scope of this decision is to determine if it is in the State's best interest to issue this aquatic farmsite lease amendment to add 3.27 acres, more or less, and move the existing authorized 2.89-acre parcel to approximately 500 feet to the southeast in Windy Bay, and to add three additional local species of kelp: bull kelp, three-ribbed kelp, and split kelp.

Authority:

This lease amendment application is being adjudicated pursuant to Alaska Statute (AS) 38.05.035(e) Delegation of the Powers and Duties of the Director, AS 38.05.070(b) Leases Generally, and AS 38.05.083 Aquatic Farming and Hatchery Site Leases.

The authority to execute the Preliminary Decision, Final Finding and Decision, and the lease has been delegated to the Regional Manager of SCRO 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 herein, the 1988 Prince William Sound Area Plan and other classification references described herein, and the casefile for the application serialized by DNR as 233396.

Legal Description, Location, and Geographical Features:

The state land where this proposed lease site is located is described as follows:

- **Site reference name:** Windy Bay
- **Geographical locations:** Located within Windy Bay, on the north side of Hawkins Island, on the eastern side of Prince William Sound, approximately 13.5 nautical miles northwest of Cordova, Alaska.

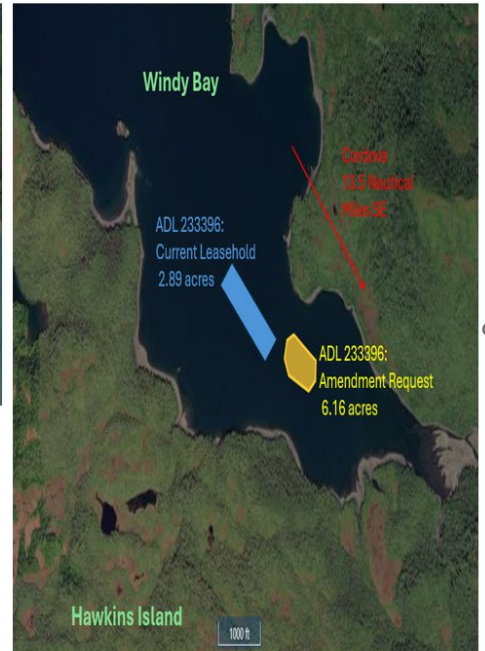
Amendment Application

General Location

ADL 233396

**Royal Ocean Kelp Company
LLC**

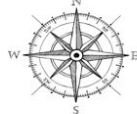
6.16 acres, more or less



ADL 233396 consists of 6.16 acres of land, more or less, and is located 13.5 nautical miles NW of Cordova, Alaska in Prince William Sound. The location of the project area is further described as being within the SE1/4 of Section 17, Township 15 South, Range 4 West, Copper River Meridian, Alaska

DNR Lease Inventory

Drawn by Karen Cougan, DNR



NOTE: This map provides a graphical representation of the lease sites and has only been provided as a general reference. Exact location of the lease site may be adjusted prior to lease issuance. This map is not intended for navigational purposes. World Imagery.

• **Approximate Lat/Longs (NAD 83):**

Parcel 1: Suspended grow-out area, 6.16 acres, more or less, measuring 107 feet by 478 feet by 165 feet by 199 feet by 189 feet by 503 feet by 184 feet by 195 feet

Corner ID Latitude/Longitude Coordinates

E1 Corner: 60° 33.764'N, 145° 57.521'W
NE Corner: 60° 33.772'N, 145° 57.552'W
NW Corner: 60° 33.808'N, 145° 57.696'W
W1 Corner: 60° 33.798'N, 145° 57.748'W
W2 Corner: 60° 33.767'N, 145° 57.769'W
SW Corner: 60° 33.740'N, 145° 57.737'W
SE Corner: 60° 33.713'N, 145° 57.577'W
E2 Corner: 60° 33.730'N, 145° 57.524'W

- **Legal description:** SE1/4 of Section 17, Township 15 South, Range 4 West, Copper River Meridian, Alaska
- **Recording district:** Cordova Recording District
- **Existing parcel survey, if applicable:** None
- **Municipality/Borough:** None
- **Native Corporations/Federally Recognized Tribes:** Chugach Alaska Corporation, The Eyak Corporation, Native Village of Eyak
- **Size:** 6.16 acres, more or less (2.89 acres authorized prior to lease amendment)

Title:

A DNR Title Report (RPT-24054) was requested on July 31, 2025 from DMLW's Realty Services Section. A Title Report issued from DMLW's Realty Services Section will state whether the State of Alaska holds title to the subject tidelands under the Equal Footing Doctrine and the Submerged Lands Act of 1953. SCRO reserves the right to modify the Final Finding and Decision based upon information contained within the Title Report.

Third Party Interests:

No third-party interests are known at this time.

Classification and Planning:

The project area is subject to the Prince William Sound Area Plan (PWSAP), Management Unit 26, Hawkins Island, Subunit 26B, Windy and Cedar Bays, Map: "Hawkins Island" (3-226). The tideland designations for this site are Public Recreation, Wildlife Habitat and Harvest, and Forestry, which converts to a joint classification of Public Recreation Land, Wildlife Habitat Land, and Settlement Land, described in Chapter 4 of the PWSAP (4-6). Upland ownership at the proposed site includes The Eyak Corporation, Chugach National Forest, and State of Alaska.

Within Chapter 2 of the PWSAP, Areawide Land Management Policies, Mariculture section, goals are to "provide opportunities to increase income and diversify the state's economy through the use of state tide and submerged lands for mariculture" as well as "maximize the optimum use of the most suitable mariculture areas" (2-19). Chapter 2 guidelines state that "mariculture may be allowed on state tidelands where there is no significant conflict" (2-19).

As specified within the PWSAP in Chapter 2, Management Intent and Guidelines, "mariculture may be allowed on state tidelands if it can be made consistent" with "the primary intent for a particular area" (2-21). According to Chapter 2,

The siting of mariculture may be more difficult on tidelands designated for log transfer or storage, mineral transfer or access, commercial activities, crucial fish and wildlife habitat, or recreation. However, these areas will be available for mariculture if it is possible to site, design, and operate mariculture in a manner compatible with the designated use, or if there is no feasible and prudent alternative for mariculture while one exists for the competing use (2-21).

In Chapter 3 under Management Intent for Subunit 26B, it is specified that,

The Eyak Corporation expects to harvest timber in this area during the life of the plan. A log transfer site will probably be needed on the state-owned tidelands. The state tidelands should be used to preserve anchorages and public use of the beaches. As much as practical

state land management should maintain the quality of views from the marine route while allowing suitable tideland areas to be used for a log transfer site. (3-226)

In the Chapter 3 background section for Hawkins Island, it is stated that “in addition to the timber resources, Hawkins Island is used for hunting, sport and commercial fishing, and general recreation for Cordova. A private subdivision also exists on the northeast shore of Canoe Passage” (3-225).

In accordance with the PWSAP, aquatic farming is an allowable use and is therefore consistent with the plan. The proposed operation must be in the best interest of the state before an authorization may be issued. Factors that are to be considered in this decision are identified in 11 AAC 63.050(b).

Traditional Use Findings

The proposed lease site is not located within an organized borough. AS 38.05.830 and 11 AAC 63.050(b)(5)(B) require consideration of whether the lease site impacts traditional and existing uses of the site.

Known traditional uses in the area consist of subsistence and recreational hunting and fishing, and include the following areas and species, as regulated by the Alaska Department of Fish & Game (ADF&G) and the U.S. Fish and Wildlife Service (USFWS):

Hunting, Trapping, and Subsistence Hunting: The proposed leasehold falls within the ADF&G Game Management Unit (GMU) 6 and 6D: North Gulf Coast-Prince William Sound. The hunting regulations for GMU 6D list black bear, brown/grizzly bear, deer, moose, mountain goat, wolf, and wolverine as species that can be hunted. ADF&G trapping regulations for this GMU list marten, beaver, coyote, wolf, fox, lynx, wolverine, mink, red fox, and several other furbearers that can be taken. Subsistence hunting depending on the community and area are moose, caribou, deer, bears, Dall sheep, mountain goats, and beavers are commonly used land animals. Waterfowl are jointly managed by the state and federal governments and a caucus representing eligible Alaska Native tribes. A state hunting license and state waterfowl stamp are required to subsistence hunt waterfowl. Subsistence hunting for marine mammals is managed by the National Marine Fisheries Service and the US Fish and Wildlife Service (USFWS). USFWS Federal Subsistence Wildlife Hunting Regulations for Unit 6: Cordova-Valdez lists black bear, deer, goat, beaver, coyote, hare, lynx, wolf, wolverine, grouse, and ptarmigan as species that can be taken.

Subsistence Fisheries: The proposed leasehold falls within the ADF&G Prince William Sound subsistence finfish fishery, which includes salmon, lingcod, halibut, rockfish, and shark. Depending on the area, salmon can be harvested with set gillnets, drift gillnets, gaffs, spears, beach seines, dip nets, cast nets, and hand purse seines. The Prince William Sound subsistence shellfish fishery species include golden king crab, Tanner crab, and shrimp. Prior to the opening of the

commercial fishing season, residents of Prince William Sound harvest the salmon that they require for subsistence. Halibut may also be caught by residents of rural communities through the federal subsistence halibut program. Rural communities within Prince William Sound include Chenega, Cordova, Tatitlek, and Whittier. Although Valdez is located within Prince William Sound, with its larger population and road access it has been deemed a non-subsistence use area.

Commercial Fisheries: The ADF&G Central Region: Prince William Sound Management Area for commercial fishing encompasses all coastal waters and inland drainages entering the Gulf of Alaska between Cape Suckling and Cape Fairfield. This area is home to five salmon hatcheries, including the largest pink salmon and the second largest chum and sockeye salmon enhancement programs in the state. Salmon fisheries are a major economic driver within Prince William Sound, harvesting annually upwards of 74 million fish, according to ADF&G. Beginning in the early 1900s with razor clams, diverse shellfish fisheries including those for shrimp, scallops, king crab, Dungeness crabs, and Tanner crabs sustained area residents through the 1980s. As shellfish resources declined, fisheries developed for groundfish including Pacific cod, sablefish, and pollock.

Sport Fisheries: The proposed leasehold falls within the ADF&G Southcentral: Prince William Sound Management Area for sport fisheries, which targets five species of Pacific salmon, several species of groundfish, shrimp, clams, cutthroat trout, and Dolly Varden. These fisheries depend primarily on wild stocks. However, six private, non-profit hatcheries contribute significantly to salmon fisheries while state hatcheries support the stocking of lakes and king salmon fisheries in Valdez, Cordova, and Whittier.

The proposed aquatic farm amendment should not interfere with traditional and/or existing uses of the area, including commercial or sport fishing, subsistence activities, boat travel, and recreation. Public and Agency Notice may reveal more unknown uses. If such information becomes available, any potential or existing conflicts will be addressed in the Final Finding and Decision.

Access:

Access to and from the aquatic farm is by boat from Cordova, Alaska. All equipment when not in use is to be located on their privately-owned uplands.

Access To and Along Navigable and Public Waters:

AS 38.05.127 and 11 AAC 51.045 require that before leasing land, DMLW determines if a body of water is navigable and if it is, that DMLW provides for easements or reservations as necessary to ensure free access to and along the waterbody. The waters of Prince William Sound are tidally influenced and thus navigable. However, the lease is entirely within these waters and located further than 50 feet from Mean High Water, thus a .127 easement is not necessary.

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, and other purposes. These rights must be protected to the maximum extent practicable while allowing for the development of this project. As such, SCRO is reserving the right to grant other authorizations to the subject area consistent with the Public Trust Doctrine.

Lease Discussion:

ROKC was issued a 10-year aquatic farmsite lease on December 10, 2020, with an expiration date of December 9, 2030. The lease consists of one parcel measuring 2.89 acres, more or less. ROKC submitted a lease amendment application to ADF&G and DNR on November 21, 2024. In response to a request for additional information from SCRO and ADF&G, ROKC submitted a complete amendment application on May 20, 2025.

The existing lease farmsite is comprised of one parcel, 1,050 feet by 120 feet. ROKC proposed to use a maximum of nine 1,000-foot submerged longlines used as grow-lines to cultivate sugar kelp and ribbon kelp. Each grow line is anchored with a 1000-pound concrete weight, mooring line, and mooring buoy at each end of it. After harvesting the kelp, all the grow-lines are removed from the farm site in Windy Bay and dried and stored on private property in Cordova, Alaska. In the fall the grow-lines are reinstalled and reused. The anchors at the Windy Bay farm site remain in place year-round.

In the amendment application, it is requested to add 3.27 acres to Parcel 1 for a total combined acreage of 6.16 acres, more or less. Three additional species of kelp will be added: bull kelp, three-ribbed kelp, and split kelp. Parcel 1 will be moved approximately 500 feet to the southeast in Windy Bay. The parcel will be moved towards the back of the bay to be in closed fishing waters, to not interfere with a traditional salmon seine fishing area.

Gear and Equipment

ROKC indicated that their original design of grow-lines in 1000-foot in lengths was not feasible for creating and sustaining tension on the kelp grow-lines. For the lease amendment, the farm is shaped closer to an octagon, than a rectangle. The design is modified to a catenary system, having 16 to 32, 400-foot long parallel and submerged 3/8-inch poly grow-lines. There are two 100-foot by 400-foot catenaries side by side within the octagon-like shape, for a total grow area of 200 feet by 400 feet. The square footage of the farm would be 268,275 square feet, with a perimeter of 2,031 feet covering 6.16 acres. This results in 6,400 to 12,800 feet of seeded grow-line. A2 or A3 buoys will be placed every 50 to 100 feet along each grow-line.

The catenary system will require two large anchors set 90 degrees from each other at each corner of the farm. Eight coordinates are proposed that will represent the retrieval lines for each of the eight corner anchors. ROKC will have four 500-pound and four 300-pound anchors at each corner

of the farm. ROKC also has two 250-pound Danforth anchors placed at the center of the short end of the catenary. The anchor, retrieval lines, and the perimeter lines are all one-inch Samson lines. The anchor retrieval lines will be secured to the anchor crown lines to ensure that there are not loose lines in the water to reduce any opportunity for whale entanglement.

Culture Method

For the culture method, the source of the seed spools will be from permitted hatcheries. For the last four years, ROKC collected the mature sorus tissue within 50 km of their farm and transported the sorus tissue to the permitted hatcheries. When the seed spools are ready for outplanting, the spools will be stabilized in coolers and transported from the permitted hatchery to the farmsite by vessel from Cordova, Alaska.

The sporophytes will be out-planted on the submerged suspended grow-line in mid to late October. The seeded lines are left in place for approximately six months and harvested in late April or early May. The grow-lines will be removed at the time of harvest and transported to Cordova to be cleaned and prepared for the next season. After harvesting the kelp, all the grow-lines will be removed from the farm site in Windy Bay. The grow-lines will be cleaned, dried, and stored on private property in Cordova. In the fall the grow lines will be reinstalled and reused. The anchors at the Windy Bay farm site will remain in place year-round.

The ROKC team plan on visiting the farm site every two weeks to check the growth of the kelp, adjust crossed lines, and check on buoys.

Growth and Harvest

Submerged grow-lines will be installed seasonally in October. Each line will be suspended below the surface using buoys to keep the lines within 5 feet of the surface. Harvest will occur in late April or early May and all culture gear will be removed. Anchors and mooring buoys will remain onsite year- round.

Determining the exact time to harvest will depend on the intended use of the kelp, the constraints of the processor, and the quality of the kelp desired. The kelp will be placed into totes on deck of the vessel for transport to the processing facility in Cordova, or the grow-lines will be transported to an at-sea processor. Each one-foot length of grow- line should produce 2 pounds of wet weight kelp. When fully developed, the farm will conservatively produce 12,000 to 24,000 pounds of kelp. Monitoring for the kelp farm will include bi-monthly trips to the site (weather dependent) for plant sampling and structure inspection and maintenance. The plants will be monitored for biofouling.

Storage Location of Equipment

Any equipment when not in use, will be stored in private property in Cordova, Alaska and reinstalled during out-planting in October.

At this time the Commercial Use Requirement (CUR) states a farm must make annual sales of aquatic farm products of at least \$3,000.00 per acre or \$15,000.00 per farm by the fifth year of operation and continue for the rest of the lease term. Failure to meet CUR constitutes a default and may be cause for termination. Annual reports of sales are due January 31 of each year. For ROKC, the CUR is applicable beginning when sales are reported in January 2026. ROKC did report kelp sales in 2022, 2023, and 2024.

Should the proposed lease amendment be approved, the lease will be subject to the terms of DMLW's standard lease document and any Additional Stipulations based, in part, upon the following considerations.

The Project Description included within the Amendment Development Plan in Attachment A contains more detailed information about the culture method and gear. Supplemental Information related to fish and wildlife in the area, and the benefits of placing the kelp farm in this location are also included in the Project Description.

Development Plan:

The Development Plan dated May 20, 2025, is accepted by SCRO as complete but may be subject to change based on agency and public review. Should the proposed lease be granted, it is anticipated that the Development Plan 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 SCRO before any construction, deconstruction, replacement of infrastructure, or change in activity will be permitted. SCRO reserves the right to require additional agency review and/or public notice for changes that are deemed by SCRO to be beyond the scope of this decision.

Hazardous Materials and Potential Contaminants:

Hazardous materials will not be stored within the proposed leasehold. Requests to store hazardous materials in the future may require additional stipulations.

Lease Performance Guaranty (bonding):

In accordance with AS 38.05.083(e) and 11 AAC 63.080, ROKC will be required to maintain a performance guaranty for the lease site to cover the costs to the department of restoring the leased site in the event the lessee abandons the site for site cleanup, restoration, and any associated costs after termination or expiration of the lease. ROKC submitted a \$2,500.00 performance guaranty on December 12, 2020.

\$2,500.00 Performance Bond: This bond will remain in place for the life of the proposed lease. The bond amount is based upon the level of development, amounts of hazardous material/substances on site, and the perceived liability to the State. This bond will be used to ensure the applicant's compliance with the terms and conditions of the lease issued for their project. This bond amount will be subject to periodic adjustments and may be adjusted upon approval of any

amendments, assignments, re-appraisals, changes in the development plan, changes in the activities conducted, changes in the performance of operations conducted on the authorized premises, or as a result of any violations to one or more of the authorizations associated with this project. The following stipulations shall be included in any authorization pursuant to this decision.

Reclamation Bond: SCRO is reserving the right to require a reclamation bond due to non-compliance issues during the term of the lease or near the end of the life of the project.

The lessee must post a performance guaranty in the amount of \$2,500.00 to secure faithful performance with all terms and conditions of the Lease and to ensure site restoration of the leasehold. This performance guaranty must remain in effect for the duration of the Lease term or until released in writing by the Authorized Officer (AO). The AO for the State of Alaska, DNR, DMLW, is the Regional Manager or designee. Failure by the lessee to provide replacement security shall be grounds for the AO to make a claim upon the existing security to protect the lessor's interests.

If three or more lessees post an association bond to cover all of their leases, the minimum security amount is 50 percent of the amount individually calculated for each lease. The association must designate an agent for notification purposes. The association has the right to be notified of the termination of a lease covered by its association bond. If neither the former lessee nor the association completes the site restoration as required by AS 38.05.090, the department will use the association bond for this purpose, up to 100 percent of the amount individually calculated for that lease. The association may remove a lease in good standing from the coverage of its association bond after 60 days' notice to the department, during which time the affected lessee must make other arrangements to comply with this section. A lease that is in default or that has been terminated with site restoration still pending may not be removed from the coverage of the association bond. The guaranty amount will be subject to periodic adjustments and may be adjusted upon approval of any amendments to the Lease, assignments, reappraisals, changes in the Development Plan, approval of a reclamation plan, any change in the activities conducted, or performance of operations conducted on the leasehold 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 60 days following notice, all costs and expenses reasonably 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 this authorization shall not prejudice the State's right to obtain a remedy under any applicable 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 restoration of the leasehold to a safe and clean condition found acceptable by the AO.

Insurance:

To protect the State from Liability associated with the use of the site, the applicant 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 authorization. The applicant 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 the applicant 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:

In accordance with AS 38.04.045, this short-term lease does not require a survey. However, the State of Alaska reserves the right to require one in the future, should the need arise due to changes in statutes or increased use of the area. ROKC has submitted GPS coordinate point(s) for the corners of the proposed leasehold.

Compensation and Appraisal:

DMLW has approved an administrative lease fee schedule for aquatic farmsites that meet the conditions listed within the schedule. The most current lease fee schedule will be used to establish the fair market rental each lessee must pay. Fees are subject to adjustment per AS 38.05.083(c). The current annual rate for a 6.16-acre aquatic farmsite lease is a fee of \$450.00 for the first acre and \$125.00 for each additional acre or partial acre. In accordance with the Aquatic Farmsite Fee Schedule, Report No. 2522-16, a breakdown of the lease fee will be as follows:

6.16 acres (1 acre at \$450) + (6 acres x \$125) = **\$1,200.00 per year**

If the applicant does not agree with the fee schedule amount of \$1,200.00, a fair market value determination can be obtained by the applicant. Fair market value is determined by obtaining a DNR-approved appraisal of the lease site. If an appraisal is conducted to determine fair market value of the lease site, the applicant will be required to pay the appraised amount and the \$1,200.00 annual fee will no longer be an option. The appraisal cost will be borne by the applicant. The parcel may need to have an approved Alaska State Tideland Survey to accomplish the appraisal. If a survey is required, the cost will be incurred by the applicant.

Assignment of Lease:

The proposed lease, if issued, may be transferred or assigned to another individual or corporation only with prior written approval from the DMLW. A lease will not be assigned to an entity if that

entity does not meet the statutory requirements of the lease or the lease considered not to be in “good standing” with this or any other agency authorization.

Reclamation:

In accordance with AS 38.05.090(b), all lessees must restore their lease sites to a “good and marketable condition” within 120 days after termination of the lease.

Agency Notice:

An Agency Review was conducted starting on June 24, 2025, and ending on July 14, 2025. Information and comments received from sections within DMLW prior to and during agency review have been considered and included in the preparation of this PD. The following agencies were included in the review:

- DNR Division of Parks and Outdoor Recreation
- DNR DPOR Office of History and Archaeology, State Historic Preservation Office
- DNR Natural Resource Conservation and Development Board
- DNR Division of Oil and Gas
- Alaska Department of Fish and Game
- Alaska Department of Environmental Conservation
- Alaska Department of Transportation and Public Facilities
- Alaska Department of Commerce, Community, and Economic Development
- Alaska Mental Health Trust Land Office
- Alaska Association of Conservation Districts
- U.S. Forest Service
- U.S. Army Corps of Engineers
- U.S. Environmental Protection Agency
- U.S. Fish and Wildlife Service
- U.S. National Park Service
- National Oceanic and Atmospheric Administration
- U.S. Environmental Protection Agency
- U.S. Coast Guard
- City of Cordova
- City of Valdez

Agency Review Comment(s):

During the Agency Review, SCRO received comments from three agencies.

Alaska Department of Fish & Game (ADF&G) Comment:

ADF&G’s Permit Coordinator submitted a letter on behalf of ADF&G Division of Commercial Fisheries (Management, Gene Conservation Lab and Fish Pathology), Division of

Sport Fish, Division of Wildlife Conservation, Subsistence Section and Habitat Section dated July 14, 2025. Within the letter from ADF&G is a Department Advisory, advising the applicant of general conditions pertaining to ADF&G's statutory and regulatory provisions for issuance of an Aquatic Farm Operation Permit (AFOP) if the applicant's project is approved. ADF&G also requests that the July 14, 2025, letter be included in the preliminary decision as an advisory to the applicant and for public reference.

The following concerns and recommendations are noted in the ADF&G letter and may be addressed in the AFOP:

- *Marine Mammal Research Program:* This application complies with the guidelines set forth with the ADF&G marine mammal mariculture policy updated in April 2024. Any advisories or mitigation steps recommunicated by NOAA Fisheries National Marine Fisheries Service (NMFS) or the US Fish and Wildlife Service (FWS) to reduce marine mammal disturbances should be followed. Large whales, especially humpbacks, are highly susceptible to entanglement in lines in the water; Removing all gear from the water during the non-growing season may minimize gear loss, user conflicts, and marine mammal entanglement and habitat exclusion potential. Any marine mammal entanglements should be immediately reported to the NMFS 24 hr. Stranding Hotline, phone – (877) 925-7773 and the ADF&G Permit Coordinator (907-465-4724).
- *Access Defense Program:* Has reviewed this request and have no concerns. The operation may not block access for other user groups.

SCRO Response:

SCRO acknowledges ADF&G's comment. As one of the resource managers in the area, ADF&G's input is an important source of information. SCRO relies on input from ADF&G and other stakeholders to advise of any expected impacts and solutions that may fall outside of SCRO's authority. SCRO has provided a copy of ADF&G's July 14, 2025, letter to the applicant. As requested in ADF&G's letter, the PD herein contains ADF&G's letter, which will be advertised for a 30-day public comment period. DNR's statute and regulations for aquatic farmsite leases do not specify management of aquatic farms relating to fish and game but authorize DNR to issue a lease for state-owned tideland, shoreland or submerged land to develop an aquatic farm. Management of fish and game is within the authority of ADF&G, and as such, SCRO must defer to them and encourage the applicant to work directly with them. ADF&G may add to its operation permit authorization the conditions it deems appropriate.

U.S. Army Corps of Engineers (USACE) Comment:

The USACE provided an email dated June 25, 2025, stating, "It appears that the applicant may have a permit with USACE, but it will be expiring soon. Please have them reach out to us regarding the proposed work."

SCRO Response:

SCRO acknowledges the USACE's comment. SCRO provided a copy of the email from the USACE to ROKC on November 13, 2025, and notified ROKC to contact the USACE for their specific permit information.

United States Forest Service (USFS) Comment:

The USFS submitted a letter dated July 9, 2025, stating, "The fish resources found in Windy Bay include 6 anadromous streams documented in the Alaska Department of Fish and Game's (ADFG) Anadromous Waters Catalog. Two streams noted by the applicant are on the Priority Stream List, some of the largest producers in the PWS, and included in the ADFG aerial survey program. All six of the streams contain pink salmon. Windy Creek, in addition to pink salmon, is documented to support coastal cutthroat and chum salmon. Windy Bay is a popular recreational hunting site for Sitka black-tailed deer with a season overlapping with the proposed reinstallation of the ROKC's grow lines. We would caution that the additional recreational small vessels supporting hunters could be a concern to consider.

With respect to the expansion of the aquatic farm area we would ask ADNR's consideration regarding continued public access to Forest Service managed lands year around. With respect to the number of aquatic farms and their expansions in PWS, we would ask ADNR to consider determining the maximum percentage coverage that should be allowed to operate in an area. Some locations may be reaching a high density of mariculture sites and it currently is not possible to evaluate the direct effects on forest service managed lands. Should these sites continue to be permitted there is an expectation of future access issues during certain times of the year.

The Forest Service has no concerns for this specific project and location and will continue to seek to work collaboratively with ADNR and other state agencies for the protection of forest resources."

SCRO Response:

SCRO acknowledges USFS's comment. As one of the resource managers in the area, USFS's input is an important source of information. SCRO relies on input from the USFS and other stakeholders to advise of any expected impacts and solutions that may fall outside of SCRO's authority.

Pursuant to 11 AAC 63.020(c), the commissioner will, in the commissioner's discretion, set application filing guidelines, such as minimum distances from anchorages or the mouths of anadromous fish streams at which an aquatic farmsite may be located. The current guidelines state that aquatic farmsites must be located a minimum of 300 feet from the mouths of anadromous fish streams. The proposed aquatic farmsite is located more than 300 feet from the mouths of all anadromous fish streams.

Currently, this application is the only one applied for within Windy Bay. Pursuant to 11 AAC 63.050(c), “the commissioner will not grant aquatic farmsite leases that would encumber more than a third of the surface area estimated to exist at mean lower low water of a bay, bight, or cove, unless the commissioner finds that (1) it is in the state's best interest to concentrate leases in one such bay, bight, or cove so as to keep other specified water bodies completely unencumbered, (2) the cumulative impacts will not be excessive, and (3) the upland owner will retain a right of reasonable access to tidewater”. The proposed aquatic farmsite does not encumber more than a third of the surface area estimated to exist at mean lower low water within Windy Bay.

Public Notice of the Preliminary Decision:

Pursuant to AS 38.05.945, this PD will be noticed for 30-day public comment period starting on December 19, 2025. The Cordova post office located near the proposed leasehold will be requested to post the notice pursuant to AS 38.05.945(b)(3)(C). The notice will be posted on the Alaska Online Public Notice website pursuant to AS 38.05.945(b)(3)(B) located at: <https://aws.state.ak.us/OnlinePublicNotices/Default.aspx>. Additionally, Public Notice will be sent to all interested parties, including Chugach Alaska Corporation, Eyak Corporation, Native Village of Eyak, and City of Cordova.

The public is invited to comment on this PD. All comments received during the public comment period will be considered in the Final Finding and Decision (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 the FFD, a person must provide written comments during the PD comment period.

**Written comments about this project must be received in this office no later than
11:59 PM on January 19, 2026 to be considered.**

To submit comments, please choose one of the following methods:

Postal: Department of Natural Resources
Southcentral Regional Land Office
ATTN: Karen Cougan
550 West 7th Avenue Suite 900C
Anchorage, AK 99501-3577
E-mail: karen.cougan@alaska.gov
Fax: (907) 269-8913

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 1-800-770-8973 for assistance at no cost.

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. DNR finds granting of the proposed lease amendment provides 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.

<u><i>Karen Cougan</i></u>	<u>12/5/25</u>
Karen Cougan	Date
Natural Resource Specialist 3	

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 an aquatic farmsite lease amendment to ROKC, as described above. This Preliminary Decision shall now proceed to public notice.

<u><i>Cinnamon Micelotta</i></u>	<u>12/05/2025</u>
Cinnamon Micelotta, Acting Natural Resource Manager 2	Date
Southcentral Regional Land Office	
Division of Mining, Land, & Water	

Attachments

Attachment A – Amendment Development Plan

Attachment B – ADF&G Letter

Attachment A Amendment Development Plan

ROYAL OCEAN KELP CO. Project Description

Site Location

The Royal Ocean Kelp Company (ROKC) is submitting an application to amend our aquatic farm lease and operation permit. We would like to modify our aquatic farm site boundaries and location and to increase the area. We purposely moved our farm farther towards the back of the bay to be in closed fishing waters, so as to not interfere with a traditional salmon seine fishing area. Our original design of 10 grow-lines each 1000' in length was not feasible for creating and sustaining tension on the kelp grow-lines. We modified our design to the catenary system, having 16 to 32 grow-lines each 400' in length. This results in an actual grow area to be about 200' X 400'. The catenary system requires two large anchors set 90 degrees from each other at each corner of the farm. For our farm dimensions we are submitting 8 coordinates that represent the retrieval lines for each of the 8 corner anchors. The farm is not a perfect rectangle, but is shaped more like an octagon. Each Catenary is 100' X. 400'.

Our farm is located in Windy Bay on the north side of Hawkins Island in eastern Prince William Sound (PWS) in south-central Alaska. Windy Bay is approximately 13 nautical miles from Cordova, Alaska. Windy Bay was chosen because of its geography and bathymetry, its proximity to Cordova and for its history as an aquatic farming site for many years, with previous water quality testing and site permitting. The farm site in Windy Bay will be accessed from Cordova, Alaska.

Site Dimensions

PARCEL 1 will contain 16 to 32 – 400 ft longlines for the culture of aquatic plants. Submerged longlines will be installed seasonally in October. Each line will be suspended below the surface using buoys to keep the lines within 5' of the surface. Harvest will occur in May and all culture gear removed. Anchors and mooring buoys will remain onsite year round.

The kelp farm is one parcel and octagonal in shape. We very purposely moved our farm farther towards the back of the bay to be in closed fishing waters, so as to not interfere with a traditional salmon seine fishing area. The square footage of the farm would be 268,275-square feet, with a perimeter of 2031' covering 6.16 acres.

Attachment A Amendment Development Plan

The corners are located at:

E1 - NE corner Anchor #1	60° 33.764'N	145° 57.521'W	E1-NE = 107 FT
NE - NE corner Anchor #2	60° 33.772'N	145° 57.552'W	NE-NW = 478 FT
NW - NW corner Anchor #1	60° 33.808'N	145° 57.696'W	NW-W1 = 165 FT
W1 - NW corner Anchor #2	60° 33.798'N	145° 57.748'W	W1-W2 = 199 FT
W2 - SW corner Anchor #1	60° 33.767'N	145° 57.769'W	W2-SW = 189 FT
SW - SW corner Anchor #2	60° 33.740'N	145° 57.737'W	SW-SE = 503 FT
SE - SE corner Anchor #1	60° 33.713'N	145° 57.577'W	SE-E2 = 184 FT
E2 - SE corner Anchor #2	60° 33.730'N	145° 57.524'W	E2 -E1 = 195 FT

Species

The ROKC is permitted to grow five species of kelp:

- Bull kelp, *Nereocystis leutkeana*
- Split kelp, *Saccharina groenlandica*
- Three ribbed kelp, *Cymathere triplicata*
- Ribbon kelp, *Alaria marginata*
- Sugar kelp, *Saccharina latissima*

Culture Method

The source of our seed spools will be from either of the permitted hatcheries Alutiiq Pride Marine Institute in Seward, Alaska or the Prince William Sound Science Center in Cordova, Alaska. For the last four years we have collected the mature sorus tissue within 50 km of our farm and transported the sorus tissue either to Cordova to PWSSC or to Seward to APMI. When the seed spools are ready for out-planting, the spools will be stabilized in coolers and transported from the permitted hatchery to our Windy Bay site by vessel from Cordova, Alaska.

The sporophytes will be out-planted on the submerged suspended grow lines in mid to late October. The seeded lines are left in place for approximately 6 months and harvested in late April or early May. The grow lines will be removed at the time harvest and transported to Cordova to be cleaned and prepared for the next season. The Royal Ocean team would plan on visiting the farm site every two weeks to check the growth of the kelp, adjust crossed lines and check on buoys.

Gear

The ROKC kelp farm consists of one parcel with two catenaries each with 8-16 submerged 400' parallel 3/8" poly grow-lines. The grow-lines are approximately 5' below the surface and spaced 5 to 10 feet apart. This results in 6400 to 12,800

Attachment A

Amendment Development Plan

feet of seeded grow-line. The actual grow area is 200' X 400'. We have placed A2 or A3 buoys placed every 50' to 100' along each grow-line. We have up to 60+ buoys on the farm. The catenary system requires two large Danforth anchors set at 90 degrees at each corner of the farm. We have 4-500 lb and 4-300 lb anchors at each corner set at 90 degrees. We also have 2-250 lb Danforth anchors placed at the center of the short end of the catenary. For our farm dimensions we are submitting 8 coordinates that represent the retrieval lines for each of the 8 corner anchors. The anchor, retrieval and the perimeter lines are all 1" Samson line. After harvesting the kelp, all of the grow lines will be removed from the farm site in Windy Bay. The lines will be cleaned, dried and stored on private property in Cordova, Alaska. In the fall the grow lines will be reinstalled and reused. The anchors at the Windy Bay farm site will remain in place.

The anchor retrieval lines will be secured to the anchor crown lines to insure that no loose lines are in the water to reduce any opportunity for whale entanglement.

Harvest

Harvest will take place in late April or early May. Determining the exact time to harvest will depend on the intended use of the kelp, the constraints of the processor and the quality of kelp desired. The kelp will be placed into totes on deck of the vessel for transport to the processing facility in Cordova, or the grow-lines will be transported to an at-sea-processor. Each one foot length of grow line should produce 2 lbs of wet weight kelp. When fully developed the farm will conservatively produce 12,000-24,000 lbs. kelp. Monitoring for the kelp farm will include bi-monthly trips to the site (weather dependent) for plant sampling and structure inspection and maintenance. The plants will be monitored for biofouling.

Support Facilities

There will not be any support facilities at the Windy Bay site.

Access to and from Site

Access to and from the site, transport of seed spools, out planting, bimonthly observation/maintenance trips and harvest will be done using the FV Myrmidon, a 32' diesel jet bowpicker owned by Thea Thomas or FV Celtic Lady, a 46' PWS seiner owned by Cale Herschleb.

Storage Location of equipment

Attachment A Amendment Development Plan

Any equipment when not in use, will be stored in a private property in Cordova, Alaska and reinstalled during out-planting in October.

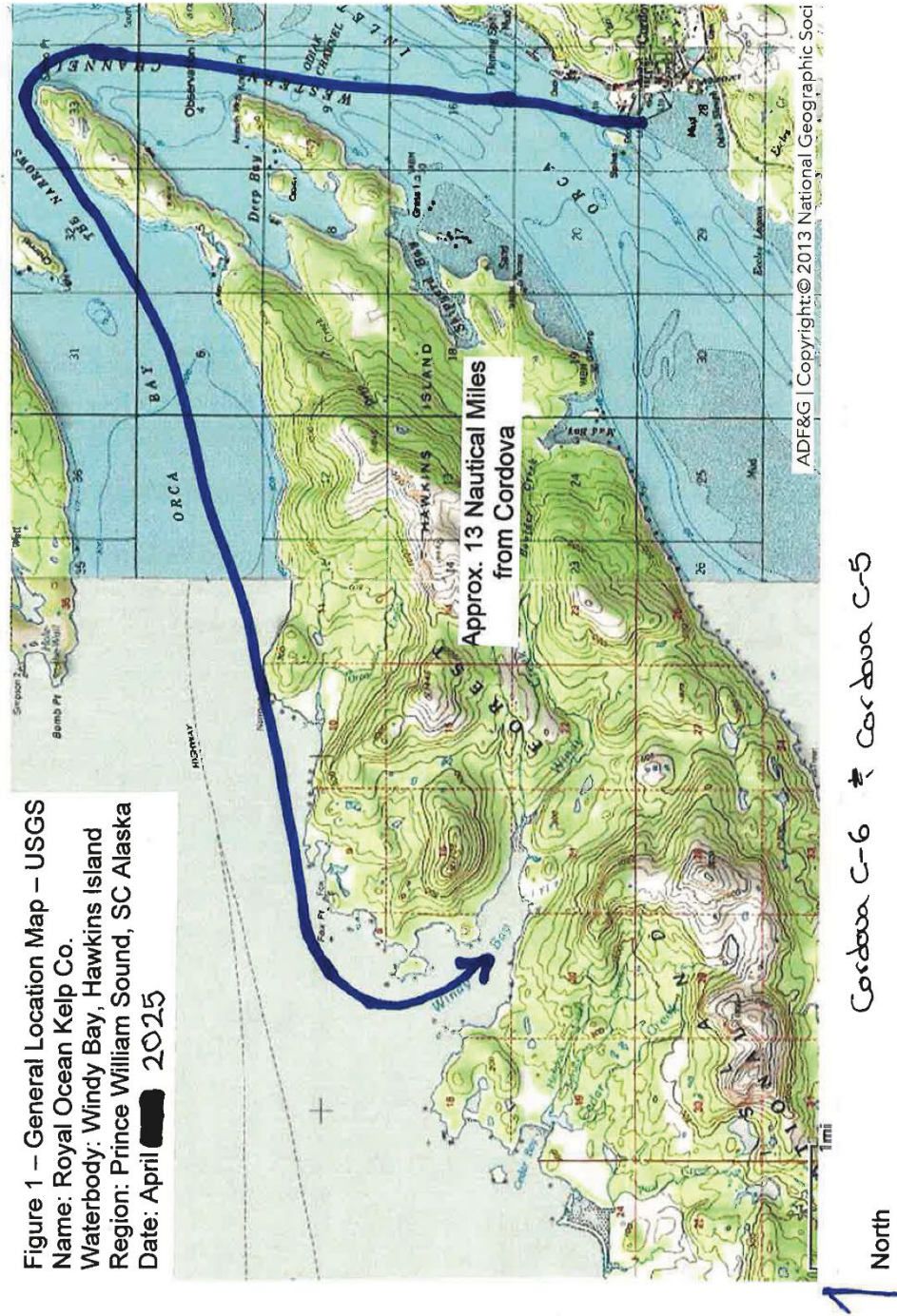
Supplemental Information

The US Forest Service lands surrounding Windy Bay are used for recreational hunting of Sitka Black-tailed deer (*Odocoileus hemionus sitkensis*). Local hunters from Cordova bring small vessels into Windy Bay from the first of August to the end of December. Hunting occurs on the uplands of Hawkins Island and access to the shoreline by hunters will not be impeded. The ROKC kelp farm would not interfere with anchoring of small vessels or access to the shoreline. The sport fishing that occurs in and around Windy Bay is near the mouth of the bay and occurs during the summer months. During this time harvest will be complete and the grow lines will have been removed. The proposed farm is compatible with fish and wildlife resources in the area, and does not adversely impact seabird colonies, sea lion haul-outs and rookeries, seal haul-outs and pupping areas.

According to the ADFG Anadromous Waters Catalog (AWC), Windy Bay has two salmon streams in the back of the bay. These streams are on the Priority Stream List, which is composed of a subset of salmon streams found in AWC and are some of the largest producers of salmon in PWS and are included in the aerial survey program. These streams are not open to commercial fishing. The kelp farm would not be within 1000 feet of the mouth of either Windy Creek or the other unnamed salmon stream in Windy Bay. There is very limited sport fishing that occurs on the Pink salmon that return to these streams. Windy Bay is a traditional seine area and the main reason for this application amendment was to move the farm into closed fishing waters so as to not interfere with commercial salmon seining in the bay.

Windy Bay was historically the site of three different oyster mariculture operations beginning in the early 1990's. It was chosen then, because of good tidal exchange with maximum tides of 18', resulting in good flushing and circulation. The large tidal exchanges result in corresponding good oxygen and salinity levels. Also the presence of the salmon streams, Windy Bay appears to be very nutrient rich. The depth of the site at mean low water is approximately 50 feet. The nature of the bottom varies from sticky clay at the entrance, to mud in the back of the bay, with medium pebbles beneath the farm site. The bay is ice-free and has an orientation to the northwest. It is protected from the prevailing southeast storms, well known in this area. The bay has some exposure to the north, but the NW orientation protects it from the due north, winter winds.

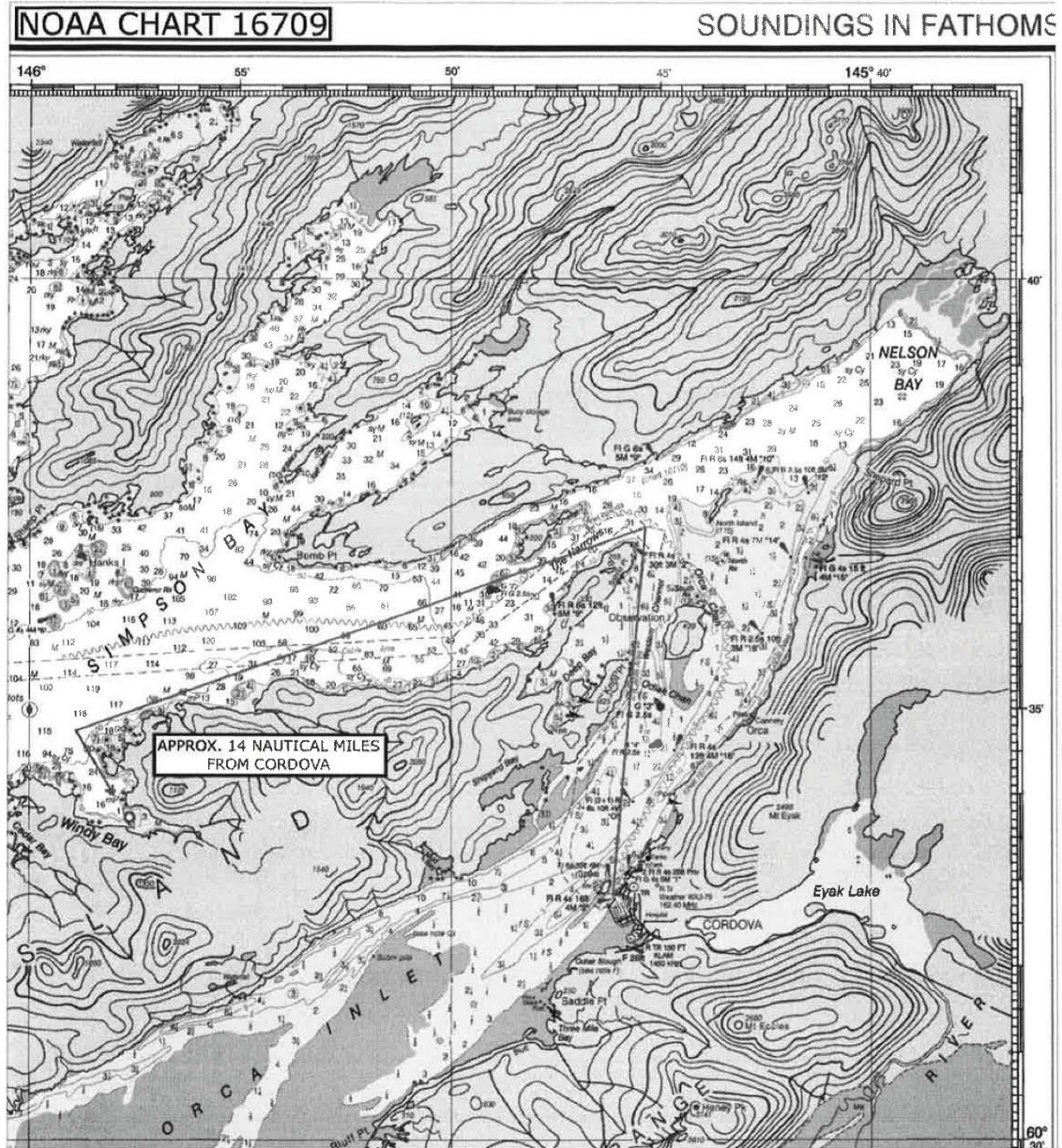
Attachment A Amendment Development Plan



Attachment A Amendment Development Plan

4/17/25, 1:31 PM

General location map.png



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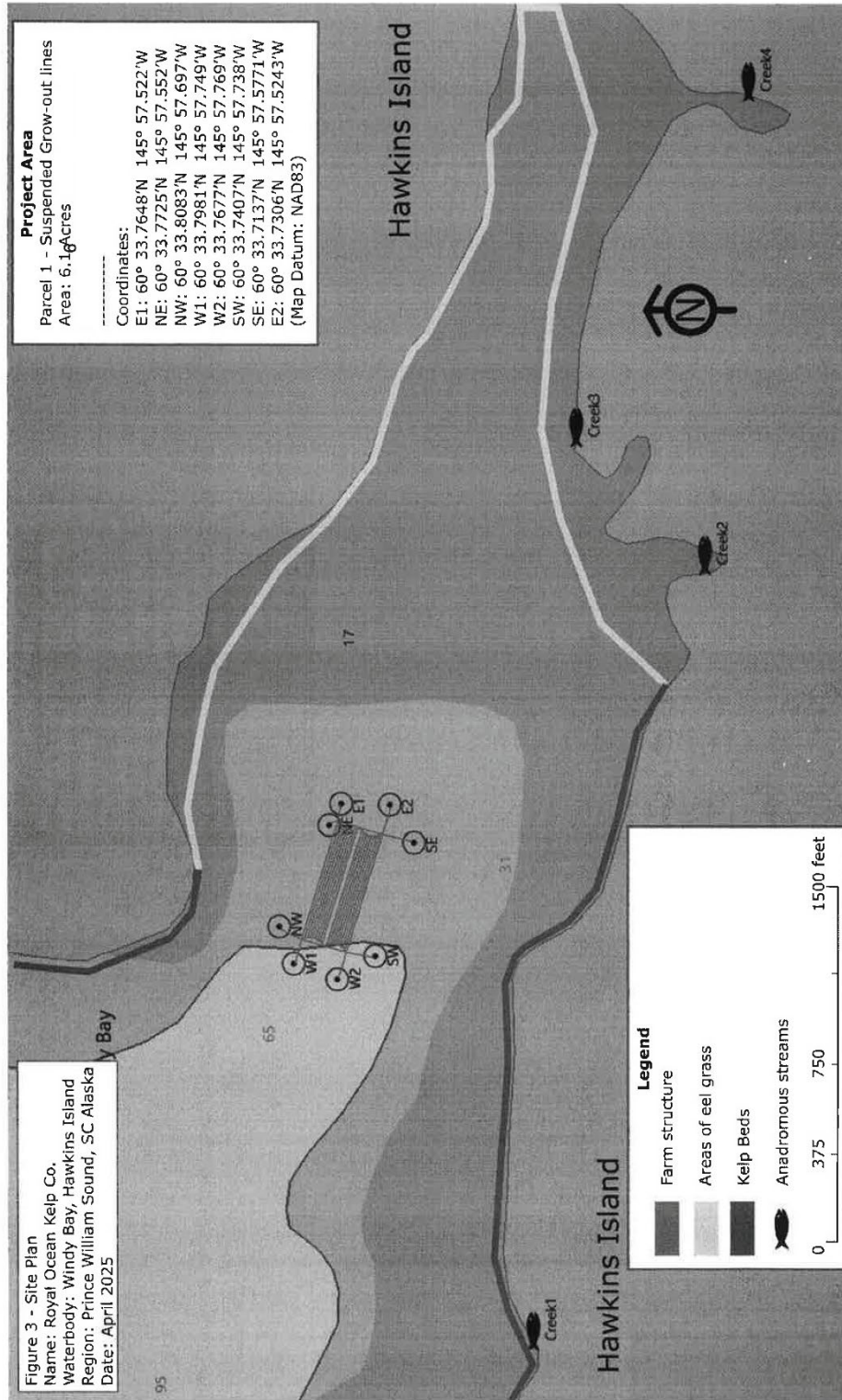
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Attachment A

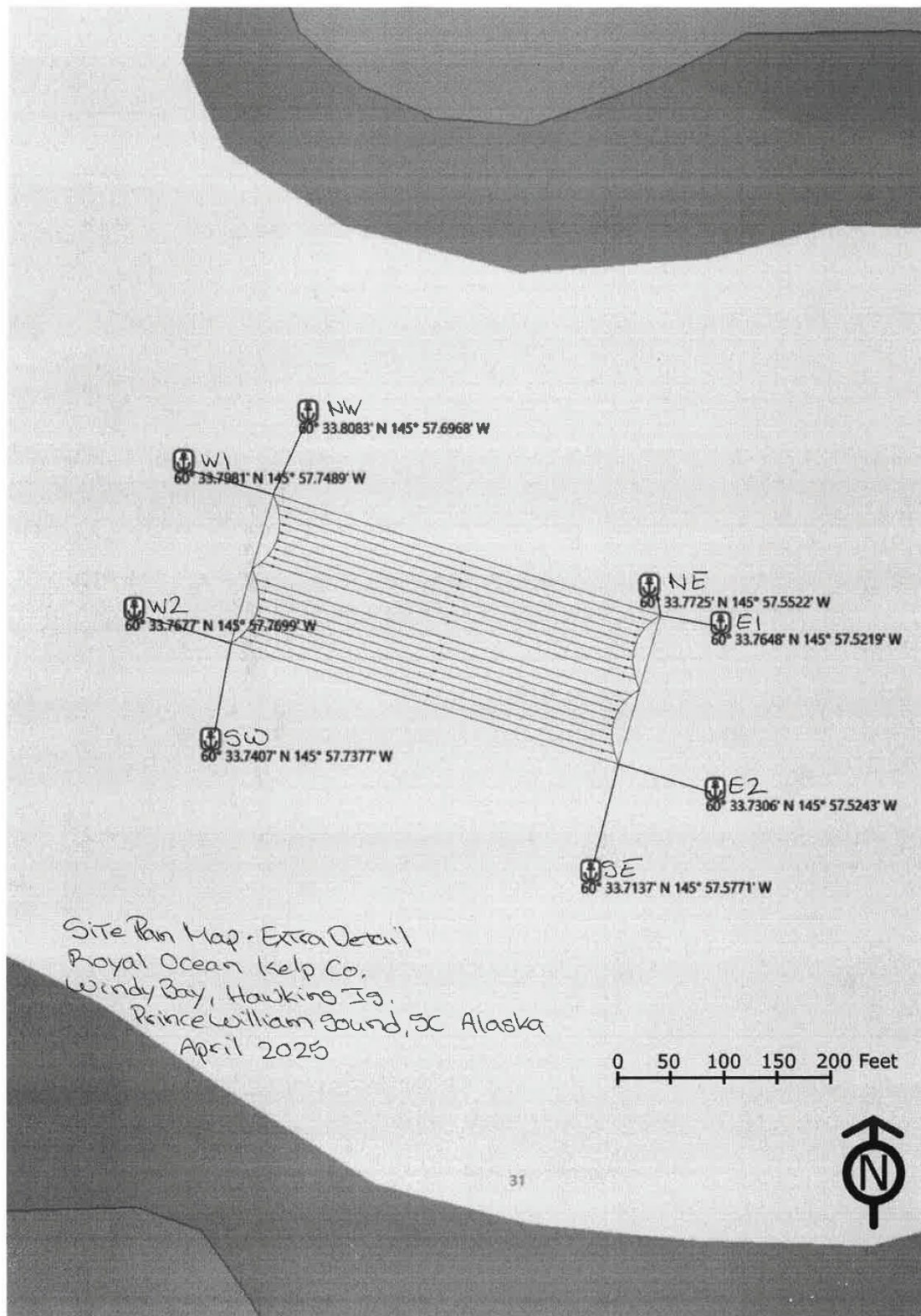
Amendment Development Plan



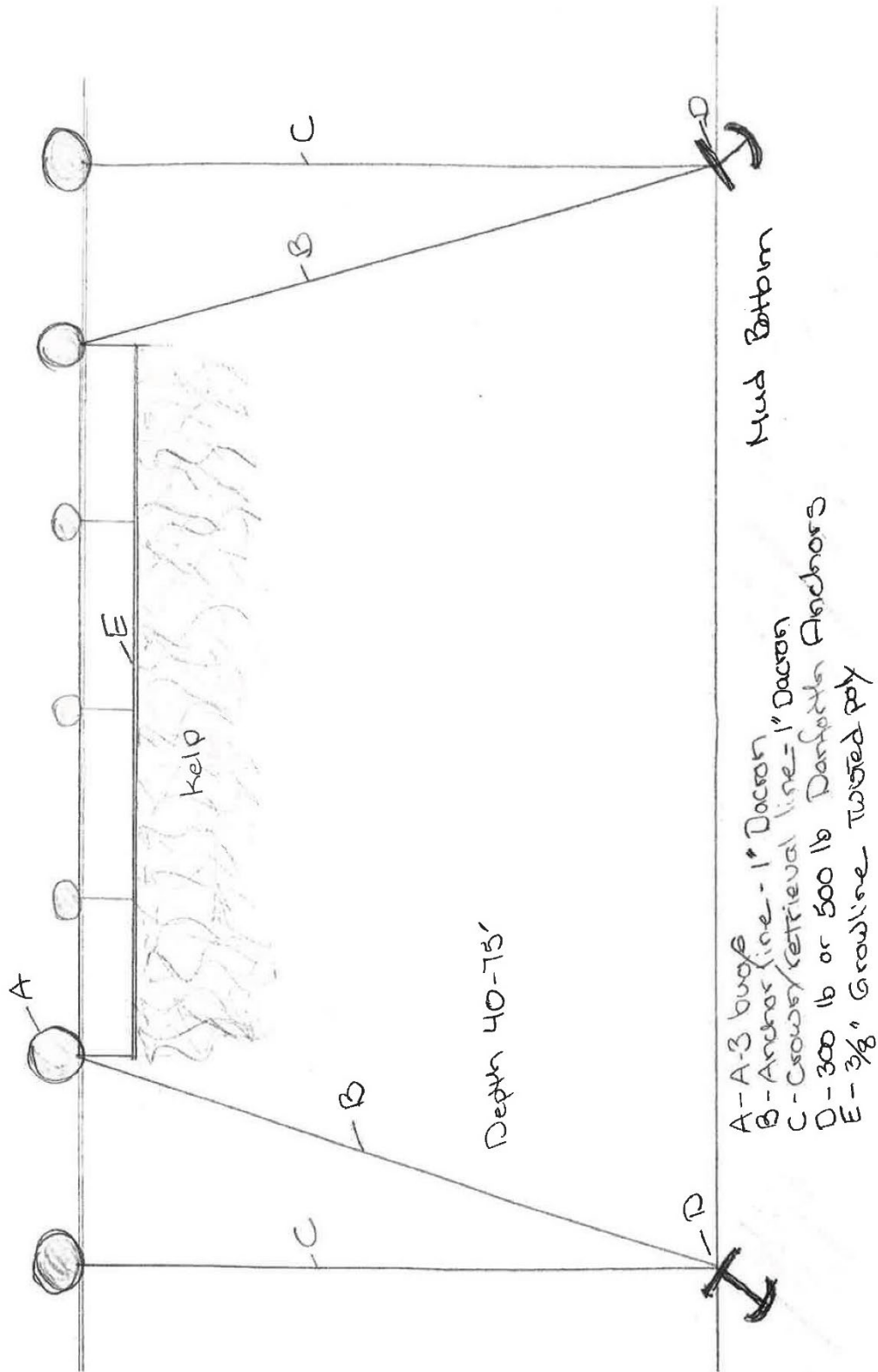
Attachment A Amendment Development Plan



Attachment A
Amendment Development Plan



Royal Oceankeeper. Cross-Sectional View
Windy Bay, AK
Hawkins Is. Prince William Sound
SC Alaska April 2025



Attachment B
ADF&G Letter



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Fish and Game

Division of Commercial Fisheries
Headquarters Office

1255 West 8th Street
P.O. Box 115526
Juneau, Alaska 99811-5526
Main: 907.465.4210
Fax: 907.465.4168
Permit Coordinator: 907.465.4724

July 14, 2025

Karen Cougan
Department of Natural Resources
Southcentral Regional Land Office
Aquatic Farm Leasing Program
550 West 7th Avenue, Suite 900C
Anchorage AK 99501

Re: Alaska Department of Fish and Game Agency Review Comments
Thomas / Royal Ocean Kelp Company Aquatic Farm Site Amendment Proposal – Windy Bay
DNR File No.: ADL 233396

Dear Ms. Cougan:

The Alaska Department of Fish and Game (ADF&G) has completed a preliminary review of the project proposal, **ADL 233396** relevant to criteria specified in authorizations for Aquatic Farming AS16.40.105 and 5 AAC 41 200-400. ADF&G Division of Commercial Fisheries (Management, Gene Conservation Lab and Fish Pathology Section), Division of Sport Fish, Division of Wildlife Conservation, Subsistence Section and Habitat Section, were part of the initial review. *There are no concerns pertaining to an aquatic farm operation permit amendment at the proposed location.* Any comments from other government agencies or from the public that may impact applicable department provisions will be considered as part of the final department review for an aquatic farm operation permit amendment which will be issued within 30 days of the lease amendment being issued. Recommendations from this preliminary review are summarized below.

Department Advisory

Please advise the applicant that if the project is approved, general conditions pertaining to Alaska Department of Fish and Game statutory and regulatory provisions for issuance of an Aquatic Farm Operation Permit (AFOP) will be included in the operation permit amendment. In addition, site-specific conditions that have been recommended by staff may be included in the AFOP.

Division of Commercial Fisheries has reviewed this request and have no concerns. This is a popular and regularly used area. The operation may not block access to existing uses.

Gene Conservation Lab has reviewed this request and have no concerns.

Attachment B ADF&G Letter

Karen Cougan
Department of Natural Resources
Aquatic Farm Proposal ADL 233396 ADF&G Review Comments

- 2 -

July 14, 2025

Fish Pathology Section has reviewed this request and have no concerns.

Division of Sport Fish did not comment at this time.

Invasive Species Program Coordinator has reviewed this request and has no concerns.

Division of Wildlife Conservation

Marine Mammal Research Program: This application complies with the guidelines set forth with the ADF&G marine mammal mariculture policy updated in April 2024. Any advisories or mitigation steps recommunicated by NOAA Fisheries National Marine Fisheries Service (NMFS) or the US Fish and Wildlife Service (FWS) to reduce marine mammal disturbances should be followed. Large whales, especially humpbacks, are highly susceptible to entanglement in lines in the water; Removing all gear from the water during the non-growing season may minimize gear loss, user conflicts, and marine mammal entanglement and habitat exclusion potential. Any marine mammal entanglements should be immediately reported to the NMFS 24 hr. Stranding Hotline, phone – (877) 925-7773 and the ADF&G Permit Coordinator (907-465-4724).

Access Defense Program: Has reviewed this request and have no concerns. The operation may not block access for other user groups.

Seabird Program: Did not comment at this time.

Habitat Section did not comment at this time.

Subsistence Section has reviewed this request and have no concerns.

Our department requests that the Department of Natural Resources consider providing this in their Preliminary Decision as an advisory to the applicant and for public reference.

Thank you for the opportunity to provide comments on this aquatic farm amendment proposal. If you have any questions, please contact me at (907) 465-4724.

Sincerely,



Michelle Morris
Permit Coordinator

ecc: Garold V. Pryor, Aquaculture Section Chief, ADF&G
Thea Thomas, Royal Ocean Kelp Company