

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

PRELIMINARY DECISION

ADL 234405
Equinox Oyster Company
Application for Lease
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 **11:59PM January 20, 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 Equinox Oyster Company to lease 1.31 acres more or less, of state-owned tide and submerged lands for 10 years for the purpose of installing a floating upweller production system (FLUPSY) to cultivate Pacific oysters (*Magallana gigas*) located near Kodiak, Alaska. The location of the project area is further described as being within the NE1/4 of Section 3, Township 27 South, Range 21 West, and the NW 1/4 of Section 35, Township 26 South, Range 21 West, Seward Meridian, Alaska.

Requested Improvements:

Parcel 1: FLUPSY main location, 34 feet by 141 feet by 236 feet by 160 feet by 130 feet = 0.97 acres, more or less

Parcel 2: FLUPSY winter storage location, 134 feet by 111 feet = 0.34 acres, more or less

Proposed Action:

SCRO is considering the issuance of a 10-year aquatic farmsite lease to Equinox Oyster Company for the purpose of installing a FLUPSY to cultivate Pacific oysters.

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.

Authority:

This lease 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) 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 2004 Kodiak Area Plan and other classification references described herein, and the casefile for the application serialized by DNR as 234405.

Legal Description, Location, and Geographical Features:

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

- **Site reference name:** Anton Larsen Bay FLUPSY
- **Geographical locations:** Located within Anton Larsen Bay, seasonally located to the south of Anton Larsen Island, with winter storage in a small unnamed bay north of Anton Larson Island, approximately 11 miles northeast of Kodiak, Alaska
- **Approximate Lat/Longs (NAD 83):**

Parcel 1: FLUPSY main site, 134 feet by 141 feet by 236 feet by 160 feet by 130 feet = 0.97 acres, more or less

NE Corner: 57° 52.2822'N, 152° 39.1794'W
SE Corner: 57° 52.2462'N, 152° 39.7076'W
SW Corner: 57° 52.2570'N, 152° 39.2532'W
W Corner: 57° 52.2786'N, 152° 39.2520'W
N Corner: 57° 52.2918'N, 152° 39.2190'W

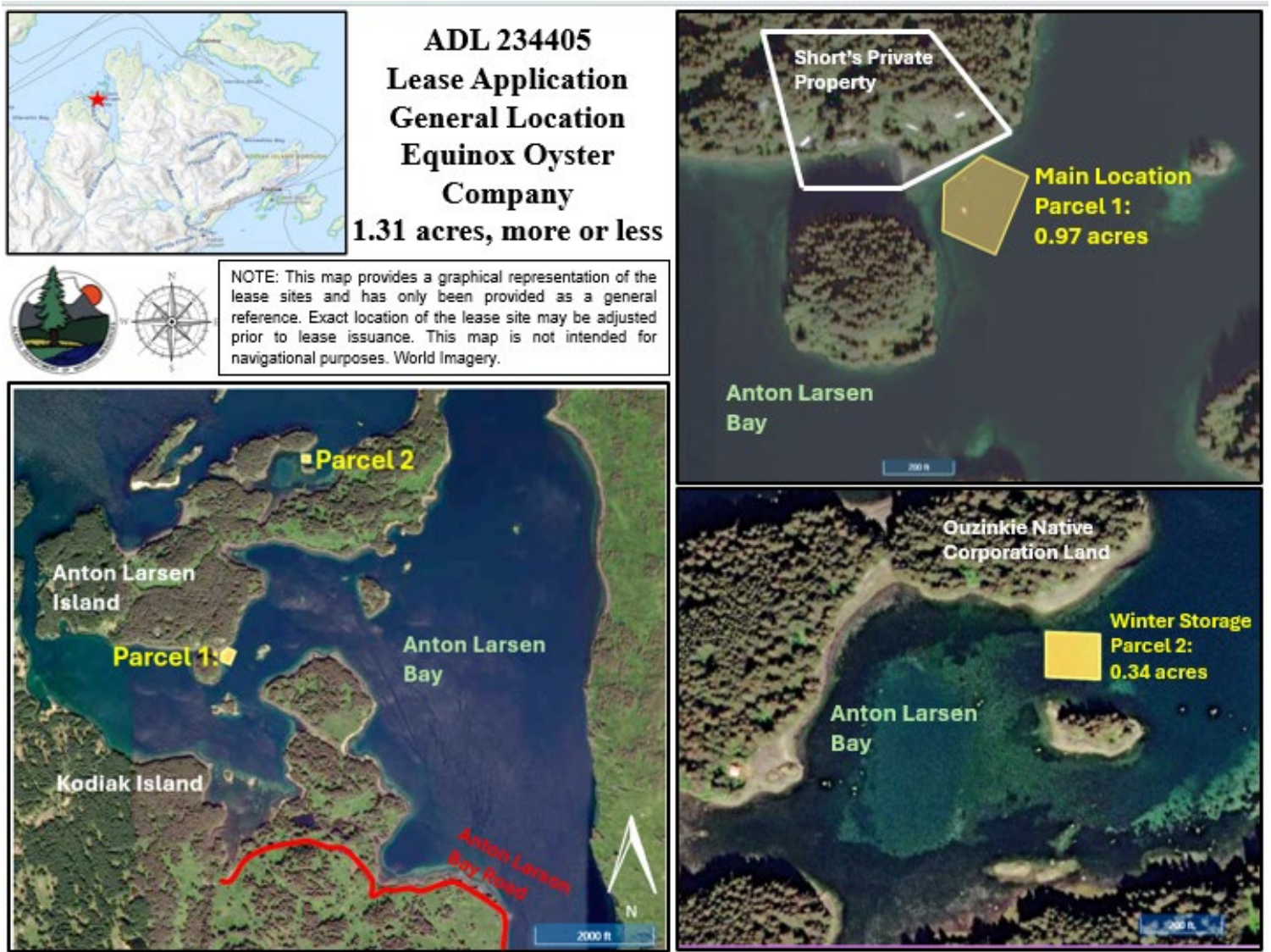
Parcel 2: FLUPSY winter storage site, 134 feet by 111 feet = 0.34 acres, more or less

NE Corner: 57° 52.812'N, 152° 38.790'W
SE Corner: 57° 52.794'N, 152° 38.790'W
NW Corner: 57° 52.813'N, 152° 38.831'W
SW Corner: 57° 52.795'N, 152° 38.831'W

- **Legal description:** NE1/4 of Section 3, Township 27 South, Range 21 West, and the NW 1/4 of Section 35, Township 26 South, Range 21 West, Seward Meridian, Alaska
- **Recording district:** Kodiak
- **Existing parcel survey, if applicable:** None
- **Municipality/Borough:** Kodiak Island Borough

- **Native Corporations/Federally Recognized Tribes:** Koniag, Inc., Afognak Native Corporation, Woody Island Corporation, Womens Bay Corporation, Litnik Corporation, Ouzinkie Corporation, Port Lions Corporation, Sun'aq Tribe of Kodiak, Tangirnaq Native Village, Native Village of Ouzinkie, Native Village of Port Lions, Native Village Afognak
- **Size:** 1.31 acres, more or less, combined

Figure 1



Title:

A DNR Title Report (RPT-23798) was requested on November 29, 2024, 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:

The proposed location of Parcel 1 is directly adjacent to the upland property owned by Bruce and Midge Short, who are the co-applicants for this lease proposal along with Annie Brewster.

Classification and Planning:

The project area is subject to the 2004 Kodiak Area Plan (KAP), Kodiak Region, KT-08: Anton Larsen Bay, Map: 3-4. The tideland designations for this site are Habitat (Ha) and Harvest (Hv), which converts to the classification of Wildlife Habitat Land.

The Aquatic Farming section of the Areawide Land Management Policies, Chapter 2, in the KAP states that the goal for aquatic farm authorization is to "provide opportunities to increase income and diversify the state's economy through the use of state tide and submerged lands for aquatic farming" (2-5). This section describes that the general conditions for authorization are provided by Alaska Statute that "state tidelands and submerged lands may be used, under lease, for aquatic farming" (2-5) as long as the mandated State and Federal regulations are upheld and there is no "significant conflict with other uses of the immediate area" (2-6).

The management intent and resource allocations, described in Chapter 3, specify that authorizations designated as Ha in tidelands unit KT-08 must "Protect heritage sites, estuarine wetland areas, bald eagle nest sites, anadromous streams, herring spawning areas, seabird colonies, waterfowl wintering areas and marine mammals and their haul out areas" (3-100). The KAP recommends consultation with the National Marine Fisheries Service or the US Fish and Wildlife Service in regard to marine mammals (3-100), this application complies with the 2024 guidelines set forth by the Alaska Department of Fish and Game marine mammal mariculture policy.

The KAP notes there is Salmon Sanctuary Area which exists within portions of this unit, the parcels associated with this lease proposal do not affect the closed areas outlined in the Fish and Wildlife Habitat and Harvest Areas described by ADFG in Chapter 2 (2-20). These areas, Salmon Special Harvest Areas and Terminal Special Harvest Areas, were found to not be affected by this authorization. Proposed lease activities located in an Hv designation should "avoid disruption of the harvest within traditional herring fishery areas including the sac roe and wild kelp harvest fishery areas" (2-19).

In accordance with the KAP, 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:

Traditional use findings will not be discussed in this Preliminary Decision because the proposed lease site is located within the Kodiak Island Borough, an organized borough. Pursuant to AS 38.05.830 a traditional use finding is not required. However, 11 AAC 63.050(b)(5)(B) require consideration of whether the lease site impacts traditional and existing uses of the site. Known traditional and existing uses of the area include, but are not limited to, residential use, sightseeing, recreation, tourism, sport fishing, salmon hatcheries, and upland access. The proposed aquatic farm should not interfere with traditional and/or existing uses of the area, including commercial or sport fishing, subsistence activities, navigation, 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 a final best interest finding.

Access:

Access to the aquatic farm is by skiff. Access sites from Kodiak Island are at the west end of Anton Larsen Bay Road, or from a public use dock and boat launch on the Anton Larsen Bay Road system approximately 15 miles from the city of Kodiak. Access is available from the upland property owners homestead located on Anton Larsen Island directly upland of the proposed Parcel 1 lease boundary.

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 Anton Larsen Bay 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:

Equinox Oyster Company submitted an application for a DNR aquatic farm lease for the installation of a FLUPSY on April 30, 2024. This application was deemed complete November

13, 2024, and went out for Agency Review on November 20, 2024. During the adjudication process, SCRO gained clarification that the applicant intended to store the FLUPSY in state owned tide and submerged lands in a second location that was not previously explained by SCRO or highlighted as part of the scope of lease authorization. On July 9, 2025, SCRO requested that Equinox Oyster Company revise their application to include the FLUPSY's winter storage site so that all uses of state-owned tide and submerged lands were accounted for in the application and review. In response to this request for additional information from SCRO and ADF&G, Equinox Oyster Company submitted a complete revised application on October 20, 2025.

The proposed lease will be comprised of two parcels, consisting of 1.31 acres total, more or less. Parcel 1 will measure 134 feet by 141 feet by 236 feet by 160 feet by 130 feet, totaling 0.97 acres, more or less, and will serve as the main location of the FLUPSY. Parcel 2 will measure 134 feet by 111 feet, totaling 0.34 acres, more or less, and will serve as the in-water winter storage location of the FLUPSY. The FLUPSY structure will be 25 feet by 35 feet, and including the anchor system the gear will cover an area of 61 feet by 71 feet in each parcel.

PARCEL 1:

Parcel 1 is intended to be the main working site for this leasehold and the proposed lease's intended use of operating and maintaining a FLUPSY. This parcel location is directly offshore of the upland property owners', Bruce and Midge Short, homestead. The Short's live on the adjacent uplands year-round and are co-applicants for this proposal. Proximity to the upland property owners ensures daily monitoring and observation of the FLUPSY as well as access to the parcel. There is a preexisting line that runs from the upland owner's private dock to tie the work skiff to. The parcel is effectively tucked into an inlet away from vessel navigation for subsistence, sport, or commercial fishing is not inhibited.

The FLUPSY will be anchored into place by four 110-pound high tensile steel claw anchors and supported by fender buoys measuring 40 inches long and 18 inches around. The FLUPSY array will include 126 silos in a 2 foot by 2foot formation. Silos are accessed from stainless steel boardwalks strategically placed around the FLUPSY. This FLUPSY will be situated 250 feet from mean high water mark and 150 feet from mean low water mark. Anchor lines, the scope, will extend 32.5 feet on the offshore (east) side and 18.5 feet on the nearshore (west) side. Baskets and silos are submerged 3 feet. At low tide, water depth to the west side of the FLUPSY low tide is 14 feet and 16 feet to the east boundary of the equipment.

Out-planting will take place over a five-month period beginning in April or May. During this season, oyster seed is sorted by size using mesh trays and placed into silos equipped with steel mesh screen for predator mitigation. Once sorted, the product is placed into baskets. A 25-foot aluminum work skiff with a davit will be utilized for harvesting, sorting, and managing the FLUPSY and product. On the onset of operation, out planting will be limited to a portion of the available silos. Each year, the applicant intends to increase capacity and seed numbers. Equinox

Oyster Company's phased approach toward growth may shift planting seasons and harvesting as needed to accommodate buyers' schedules and provide flexibility.

PARCEL 2:

Parcel 2, referenced as "Site 2" or "winter storage location" in this PD and Equinox Oyster Company's development plan, will serve as an in-water seasonal storage site to protect the FLUPSY from winter ice that Parcel 1 is prone to. The FLUPSY remains in the water year-round, and during icy conditions equipment will be towed to Parcel 2, located 2.3 miles north of Parcel 1. The upland owners are the Ouzinkie Native Corporation, and the FLUPSY lease boundary is approximately 92 feet from the mean high tide mark. FLUPSY baskets and silos are submerged 3 feet. At low tide, water depth to the west side of the FLUPSY is 6 feet, and 8 feet to the east boundary of the equipment. Parcel 2 is located on the north side of Anton Larsen Island in a bay locally referred to as "Back Bay." The winter location is outside regular vessel navigation and will not interfere with subsistence, sport, or commercial fishing.

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.

Should the proposed lease be approved, the lease will be issued for a 10-year term beginning no later than one year following the effective date of the Final Finding and Decision. The proposed lease will be subject to the terms of DMLW's standard lease document, and any Additional Stipulations based, in part, upon the following considerations.

Development Plan:

The Development Plan dated October 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, Equinox Oyster Company will be required to submit 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 leases.

\$2,500.00 Performance Guaranty: This bond will remain in place for the life 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. 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 insure 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. Equinox Oyster Company 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 1.31-acre aquatic farm lease is a fee of \$450 for the first acre or portion thereof, and \$125 for each additional acre. In accordance with the Aquatic Farmsite Fee Schedule, Report No. 2522-16, a breakdown of the lease fee will be as follows:

1.31 acres: $(1 \text{ acre} \times \$450) + (0.31 \text{ acre} \times \$125) = \text{\$575.00 per year}$

If the applicant does not agree with the fee schedule amount of \$575.00, 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 \$575.00 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 Tidelands 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 DMLW. 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.

Subleases:

Subleasing is permissible through AS 38.05.095, if the proposed lease is approved. A sublease is defined as improvements not owned by the lessee that are located within the leasehold on the land or located on structures owned by the lessee. A sublease pertaining to the proposed lease includes but is not limited to, user agreements, license agreements, or any contracts between the lessee and other commercial entities. 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 be 25% of the annual fee paid to the lessee by the sublessee. All sublessees and activities must meet the statutory qualifications under which the original lease was issued.

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 Review:

An Agency Review was conducted starting on November 3, 2025, and ending on November 24, 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. Fish and Wildlife Service

- U.S. National Park Service
- National Oceanic and Atmospheric Administration
- U.S. Environmental Protection Agency
- U.S. Coast Guard

Agency Review Comment(s):

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

U.S. Army Corps of Engineers (USACE) Comment: On November 21, 2025, USACE provided this comment:

Department of the Army (DA) authorization is required if anyone proposes to place dredged and/or fill material into waters of the U.S., including wetlands and/or perform work in navigable waters of the U.S.

After reviewing the development plan, it does not appear there is an existing USACE authorization for proposed project sites. Section 10 of the Rivers and Harbors Act of 1899 requires that a DA permit be obtained for structures or work in or affecting navigable waters of the U.S. (33 U.S.C. 403). Section 10 waters are those waters subject to the ebb and flow of the tide shoreward to the mean high-water mark, and/or other waters identified by the Alaska District. Aquaculture structures and work would require Section 10 Authorization.

SCRO Response:

SCRO acknowledges USACE's comment. SCRO has provided a copy of the USACE agency's comment via email to Equinox Oyster Company on November 24, 2025, and notified them to contact the USACE for their specific permit information.

Alaska Department of Fish & Game (ADF&G) Comment: On November 20, 2025, ADF&G provided a letter, as well as this comment:

The Alaska Department of Fish and Game (ADF&G) has completed a preliminary review of the updated project proposal, ADL 234405 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 review of the updated application to include a second parcel. There are no concerns pertaining to an aquatic farm operation permit 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 which will be issued within 30 days of the lease being issued. Recommendations from this preliminary review are summarized below.

Within the November 20, 2025, 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 November 20, 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:

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).

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 November 20, 2025, letter to the applicant. As requested by ADF&G, the PD herein contains ADF&G's letter, with the full Department Advisory, which will be advertised for a 30-day public comment period.

DNR's statutes and regulations for aquatic farmsite leases do not specify management of aquatic farms relating to fish and game but authorize SCRO to consider issuing a lease on state owned tideland, shoreland, and submerged land to develop aquatic farms. Management of fish and game is within the authority of ADF&G, and as such, SCRO must defer to them and encourages the applicant to work directly with them. ADF&G may include the conditions it deems appropriate regarding fish and game to its operation permit authorization.

Public Notice of the Preliminary Decision:

Pursuant to AS 38.05.945, this PD will be noticed for a 30-day public comment period starting on December 19, 2025. The Kodiak, Chiniak, Port Lions, and Ouzinkie post office(s) 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, Regional Corporations, Village Corporations, Municipality/Borough, to neighboring property owners, and nearby DMLW authorization holders.

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 20, 2026, to be considered.

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

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

DNR-DMLW complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who many 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 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.



12/18/2025

Emily Gettis
Natural Resource Specialist

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 an aquatic farmsite lease to Equinox Oyster Company as described above. This Preliminary Decision shall now proceed to public notice.



12/18/2025

Cinnamon Micelotta, Acting Natural Resource Manager 2
Southcentral Regional Land Office
Division of Mining, Land & Water

Date

Attachments

- Attachment A – Development Plan
- Attachment B – ADF&G Letter
- Attachment C – SAMPLE Lease
- Attachment D – SAMPLE Additional Stipulations

Attachment A Development Plan

PROJECT DESCRIPTION

DATE SUBMITTED: 4/30/2024

date submitted:
10/20/2025

Company Name

Equinox Oyster Co.

Site Location *[Include water body, distance from nearest community, any landmarks, general region of Alaska, and whether on state tidal and/or submerged lands or private. Provide enough information to understand where it is located.]*

See attached answer document.

Site Dimensions, Acres for Each Parcel

See attached answer document.

Total Acres of All Parcels

1.31 acres.

Species You Intend to Farm *[Include scientific and common species name]*

Pacific oyster, Magallana gigas

Attachment A Development Plan

Access to and from Site [Include nearest community, transportation type used and how many times traversing back and forth]

See attached answer document.

Storage Location of Equipment and Gear When Not in Use [Include whether on private lands and nearest community]

See attached answer document.

C. PROJECT OPERATION PLAN

1. How will support facilities, culture gear and anchoring systems be maintained?

- a. How often, in days per month, do you intend to monitor your site for things such as adequate anchoring, disease, exotic species settlement, fouling, gear drift, snow load, wind damage, vandalism, etc.?

Growing season 15 (days/month) Off months 3 (days/month)

- b. How will you keep the gear and shellfish free of fouling organisms (hot-dip, air dry, pressure washing, etc.)?

Both pressure washing and air drying.

- c. How will you manage reduction of competing species over the course of operations (relocate sea stars, grow-out cages, or other possible protection from competing species)?

See attached answer document.

- d. If you intend to use predator netting, how long will you keep netting over your product?

N/A (months)

- e. If using predator netting, how will you minimize impacts on non-target species, including seabirds, seals, sealions, walrus and whales?

N/A

2. Projected Harvest Rotation Consistent with Life History

- a. How often do you intend to harvest your product by species?

See attached answer document.

- b. Do you plan on utilizing density manipulation by culling or redistribution?

See attached answer document.

Attachment A Development Plan

- c. What techniques will be used to optimize growth or condition of product?

[See attached answer document.](#)

3. Acquisition of hatchery or wild seed

- a. Will you use a certified or approved shellfish seed source(s)? Yes ☒ No ☐
- b. Will you use an Alaska kelp hatchery? Yes ☐ No ☒
- c. How do you intend to collect wild seed? (Applicable for indigenous species: i.e. clams, natural set kelp, invertebrates, etc.)

[N/A](#)

4. Describe how operation of the aquatic farm will improve the productivity of species intended for culture not covered by the previous questions (examples: predator exclusion, reduction of competing species, density manipulation by culling/redistribution, importing natural or hatchery seed, program harvest to optimize growth/condition and habitat improvement)?

[See attached answer document.](#)

D. PROJECT LOCATION

1. Coordinates

Please provide latitude and longitude coordinates for each corner of each parcel at the proposed farm site. Identify each parcel to be used. For example, Parcel 1 - growing area, Parcel 2 - hardening area, etc. Latitude and longitude coordinates must be in NAD83 datum using degrees and decimal minutes format to the nearest .001 minute (Example: Longitude -133° 17.345), obtained using a Global Positioning System (GPS). If you are applying for more than three parcels or your proposed parcels have other than four corners, please provide those coordinates in your project description or on a separate sheet.

Parcel 1: Working FLUPSY Parcel	NE Corner	No. 1: Latitude	<u>57° 52.2822</u>	Longitude	<u>152° 39.1794</u>
	SE Corner	No. 2: Latitude	<u>57° 52.2462</u>	Longitude	<u>152° 39.2076</u>
	SW Corner	No. 3: Latitude	<u>57° 52.257</u>	Longitude	<u>152° 39.2532</u>
	W Corner	No. 4: Latitude	<u>57° 52.2786</u>	Longitude	<u>152° 39.252</u>
Parcel 2: Winter FLUPSY Storage Parcel	N Corner	No. 5: Latitude:	<u>57° 52.2918</u>	Longitude:	<u>152° 39.219</u>
	NE Corner	No. 1: Latitude:	<u>57° 52.8120</u>	Longitude:	<u>152° 38.7900</u>
	SE Corner	No. 2: Latitude:	<u>57° 52.7940</u>	Longitude:	<u>152° 38.7906</u>
	SW Corner	No. 3: Latitude:	<u>57° 52.7946</u>	Longitude:	<u>152° 38.8314</u>
	NW Corner	No. 4: Latitude:	<u>57° 52.8126</u>	Longitude:	<u>152° 38.8314</u>

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2. Site Size

Please use the following formula to compute area. For more complex parcel shapes, you may wish to use the Measure Area tool in Alaska Mapper found at <https://mapper.dnr.alaska.gov/>. If you are applying for more than three parcels or your parcels are not rectangular, you may provide this information in the project description or on a separate sheet.

1. To compute the total area (sq. ft), multiply the width (ft) by the length (ft) of Parcel 1. The outside length and width of the Parcel must include your anchors and anchoring system plus any scope.
2. Divide the area (sq. ft) of Parcel 1 by 43,560, to convert the area from sq. ft to acres.
3. Repeat for each separate Parcel of your proposed farm site.
4. Add the acreage of each Parcel to get the total tideland acreage for your proposed farm site.
5. Write the Total Acreage on the line where indicated.
6. Note that the number of acres must correspond to your farm site maps and drawings.

Parcel 1: 134ft x 141ft x 236ft x 160ft x 130ft = 42,253 square feet (using Heron's formula) (÷) 43,560 = 0.97 acres

Parcel 2: 134ft x 111ft = 14,874 square feet (÷) 43,560 = 0.34 acres

Parcel 3: _____ feet (x) _____ feet = _____ square feet (÷) 43,560 = _____
(Width of Parcel 3) (Length of Parcel 3) (Area) (Acres)

How many total acres of state-owned tidelands are you applying for (add all parcel acres): 1.31 (Total Acreage)

If you are also applying for state owned uplands for support facilities, how many total upland acres? N/A
(Total Upland Acreage)

3. Maps and Diagrams

Provide copies of maps and diagrams including general and detailed location maps, site plan map (an overview), cross-sectional diagram and detailed drawings. If the project has multiple parcels, you must provide maps of each parcel. Copies of the maps and drawings should be no larger than 8½" x 11" (standard letter size). Examples are provided at the end of the application.

A list of mapping resources is provided below:

Alaska Mapper

<https://mapper.dnr.alaska.gov/>

Alaska Ocean Observing System Mariculture Map

<https://mariculture.portal.aos.org/>

NOAA Nautical Charts

www.charts.noaa.gov

ShoreZone Mapping System

<https://www.fisheries.noaa.gov/alaska/habitat-conservation/alaska-shorezone>

Catalog of Anadromous Streams

<https://www.adfg.alaska.gov/sf/sarr/awc/>

*Be sure to include a legend box on all maps and diagrams you provide with your application with the following information:

FORMATTING

Figure No. and Title
Applicant Name (Business Name)
Waterbody
Area/Region
Today's Date

LEGEND BOX EXAMPLE

Figure 1 Detailed Location Map
Alaska's Best Oysters
Jerryton Bay
East of Prince of Wales Island, Southeast AK
March 30, 2012

Attachment A Development Plan

E. SITE SUITABILITY – PHYSICAL AND BIOLOGICAL CHARACTERISTICS

1. Is the proposed location protected from severe storms, strong currents, winter ice, etc. and if not, is the farm designed for extremes?
Yes ☒ No ☐ Additional Information: It is in Anton Larsen Bay which is protected.
2. Does your site have suitable water exchange for species of culture? Yes ☒ No ☐
3. Are water temperatures suitable for proposed species of culture? Yes ☒ No ☐
(Note: temperatures > 60° and < 31° F may pose problems such as Vibrio bacteria contamination or icing.)
4. Is there any significant freshwater influence near the farm? Yes ☐ No ☒
(Note: freshwater may impact shellfish growth and/or survival or carry fecal coliform or other pollutants)
5. Is the salinity concentration at your proposed farm site appropriate for species of culture? Yes ☒ No ☐
6. Have you monitored the phytoplankton (microalgae) abundance and types during the main grow-out season?
Yes ☒ No ☐ If yes, findings: See attached answer document.
(Note: shellfish depend on phytoplankton for food, but harmful phytoplankton can prevent harvest/sales.)
7. Have you monitored suspended sediments or turbidity (e.g. water clarity/transparency using a secchi disc) at your proposed farm site? Yes ☒ No ☐ If yes, findings: Can still see Secchi disk at bottom at high tide (25' deep) in April
(Note: This is used as rough check for microalgae densities, run-off, and glacial silt (milky- grey color).)
8. For on-bottom culture, are the bottom characteristics suitable for the proposed species? Yes ☐ No ☐
Substrate and vegetation? N/A
9. For on-bottom culture, how will bottom characteristics be made suitable if not already?
N/A
10. For suspended culture, is the water depth sufficient to prevent gear from grounding and impacting the benthos under floating structures? Depth of Gear (in ft): 3' Water depth at low tide (in ft): 14'
11. Is your proposed site more than 300 ft from an anadromous fish stream? Yes ☒ No ☐
12. Are you aware of any eelgrass or kelp beds on or near your proposed farm site? Yes ☒ No ☐ If yes, describe:
The closest eelgrass bed is 0.7 miles away due south, kelp beds are at a greater distance.
13. For farming using on-bottom culture methods, is there insignificant wild stock of the species to be cultured on the proposed farm site? (Reference 5 AAC 41.235) Yes ☐ No ☐ Additional information
N/A
14. Are there existing uses near your proposed farm site such as boat traffic, existing fisheries or a sensitive area as listed in section C of Part 1, etc. that may be impacted by the farm operation? Yes ☐ No ☒ If yes, describe how your farm can be sited to mitigate conflicting uses?
See attached answer document.

Attachment A Development Plan

F. KNOWN EXISTING USES

Please check the boxes below, to indicate existing human and/or wildlife uses observed or known to exist at or within one mile of the proposed farm site. Indicate the locations of these existing uses on the Site Plan Map if specific locations are known (refer to page 8, Section 3c).

- | | |
|------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <input type="checkbox"/> mining | <input type="checkbox"/> other aquatic farm projects |
| <input type="checkbox"/> timber harvest or transfer | <input type="checkbox"/> commercial fishing |
| <input checked="" type="checkbox"/> residential use | <input type="checkbox"/> sport fishing |
| <input type="checkbox"/> harbor development | <input type="checkbox"/> salmon hatcheries |
| <input type="checkbox"/> sheltered boat anchorage | <input type="checkbox"/> hunting |
| <input type="checkbox"/> seaplane landing | <input type="checkbox"/> seafood processing plant |
| <input type="checkbox"/> commercial lodges | <input type="checkbox"/> upland access route(s) areas, bear trails, etc. |
| <input type="checkbox"/> sightseeing | <input type="checkbox"/> wildlife use, (e.g. shorebirds, sea mammal haul-outs) |
| <input checked="" type="checkbox"/> recreation | <input type="checkbox"/> subsistence; list species and frequency |
| <input type="checkbox"/> tourism | |
| <input type="checkbox"/> historical/cultural/archaeological site | |
- ☒ navigational channels: We have established that this proposed FLUPSY will not impede boat traffic in any way.
- ☐ other; list _____

G. SUPPORT FACILITIES

- Personnel/Caretaker Housing (additional annual fees apply)
Are you proposing any personnel/caretaker housing? Yes ☐ No ☒
If yes, the proposed size will be: _____ (Width) _____ (Length) _____ (Height)
Please attach diagrams/drawings with labels clearly showing the Personnel/Caretaker housing.
Note: you may stay a maximum of 14 consecutive days at your site on state-owned uplands or tidelands without applying for personnel/caretaker housing.
- Enclosed Processing Facility
Are you proposing any enclosed processing facility? Yes ☐ No ☒
If yes, the proposed size will be: _____ (Width) _____ (Length) _____ (Height)
Please be sure the processing facilities are included in the maps and diagrams described in the Maps and Diagrams section above.
- Upland Property
Do you currently own or lease upland property adjacent to, or near, the proposed farm site that you plan to use in conjunction with your proposal? Yes ☒ No ☐ If yes, attach a copy of ownership deed or lease.
If you are the adjacent upland owner, are you applying for a preference right under 11 AAC 63.040(f)?
Yes ☐ No ☒

Attachment A Development Plan

Annie Brewster

Equinox Oyster Co.

4/30/2024

Alaska Aquatic Farm Program Joint Agency Application – Part II Attached Answers

B. PROJECT DESCRIPTION In the space provided below, please provide a general description of your proposed aquatic farm site and operations. This should be a narrative of your proposal that includes where your project will be located, overall size including any hardening area, all species you intend to culture, type of farm gear, equipment, support facilities, and associated housing to be used including size, number, and construction materials. Your narrative should match the rest of the application information you provide. If additional space is necessary, please attach a separate document labeled "PROJECT DESCRIPTION". Example information for project narrative can be found in Attachment I. Alaska Aquatic Farm Program – Part II Page 2 of 13 Rev. 10/2021 (ADNR, ADF&G, ADEC) PROJECT DESCRIPTION DATE SUBMITTED:
Company Name: Equinox Oyster Co.

Site Location [Include water body, distance from nearest community, any landmarks, general region of Alaska, and whether on state tidal and/or submerged lands or private. Provide enough information to understand where it is located.]

Our site will be located in Anton Larsen Bay, which is part of the Kodiak Archipelago. Anton Larsen Bay is located at the west end of the Kodiak road system, 16.5 miles from the City of Kodiak. There is a public use dock and boat launch in Anton Larsen Bay that is 15.1 miles from the City of Kodiak, which is used by residents of Anton Larsen Island and residents of Kodiak. Our proposed site can be accessed by boat from both the public use dock and the end of the Anton Larsen road system. Our proposed FLUPSY will be anchored directly adjacent to land privately owned by two of the individuals involved in this proposed operation on Anton Larsen Island, Bruce and Midge Short. This FLUPSY will be 250' from the high tide line and 150' from the low tide line, on a point of the shoreline that is 0.16 miles from the neighboring property to the east and 0.2 miles from the neighboring property on the west. The FLUPSY will be tucked into a small inlet in a location that will not obstruct navigation of vessels or subsistence, sport, or commercial fishing. The winter FLUPSY storage location will be on the north side of Anton Larsen Island in what is locally known as Back Bay. This winter storage site is similarly a location without boat traffic and will not obstruct navigation of vessels or subsistence, sport, or commercial fishing. There are six year-round, full time residents on Anton Larsen Island in Anton Larsen Bay. Although Anton Larsen Island is populated, it is sparse, and the nearest established communities are further away: the city of Kodiak is 16 miles away (16.5 miles by road and 0.7 miles by boat), the village of Ouzinkie is 10 miles away by boat, and the village of Port Lions is 9.2 miles away by boat.

Site Dimensions, Acres for Each Parcel

Parcel 1 total parcel size measurements are 134' x 141' x 236' x 160' x 130', which gives a total parcel area of 42,253 square feet, or 0.97 acres. The FLUPSY itself will be 25' X 35'. For the anchoring system, the scope will be 32.5' long on the offshore (East) side and 18.5' long on the nearshore (West) side, extending from each corner of the FLUPSY down to a 110lbs West Marine high-tensile steel claw anchor. There will be 4 anchors in total. With the high tide depth

Attachment A Development Plan

at 25' on the offshore side of the FLUPSY and 21' on the nearshore side, the scope will be at a 50° angle to the FLUPSY, and the scope will extend 25' from the FLUPSY itself. Thus, the full footprint of the FLUPSY plus anchoring system will be 61' X 71' (dimensions rounded up). Parcel 2 total parcel size measurements are 134' x 111', which give s a total parcel area of 14,874 square feet, or 0.34 acres.

Culture Method [Describe operation activities to be done onsite such as outplanting of seedstock, husbandry techniques to be used (culling, sorting, washing, etc.), maintenance and monitoring activities, management of fouling organisms and incidental species, predator control measures, and schedule of activities such as timing of outplanting seeded lines or adding seedstock into trays, etc. Describe what methods you plan to use based on the definition in 5 AAC 41.400(6). "Culture" means to use or the use of methods to manipulate the biology and the physical habitat of a desired species to optimize survival, density, growth rates, uniformity of size, and use of the available habitat, and to efficiently produce a product suitable for a commercial market.]

Our culture method will begin by receiving oyster seed from Hawaiian Shellfish. We have calculated that our FLUPSY will have a maximum capacity of ten million oyster seed. We have achieved this figure through calculating seed per square foot of silo space from data that other FLUPSY growers have provided to us. We plan to start smaller with one million seed, but we intend to scale up as our business grows, as we iterate our methods, and as there is increasing demand as the mariculture industry in Alaska grows. From our research and from data provided to us from other FLUPSY growers we have determined that we will initially outplant a high density of seed in just a few silos at a density of about 100,000 to 200,000 seed per silo, and will disperse seed into other silos at lower densities as growth is occurring. We intend to outplant seed into the FLUPSY at the end of April or beginning of May. Once per month for a period of approximately five months, the seed will be sorted based on size using mesh trays of different sizes, and like sizes will be placed back into the FLUPSY baskets, but we are prepared to iterate this itinerary and adjust our sorting schedule based on our observations. Growth rates and density will be optimized with the FLUPSY design, as the upwelling action created by the pump will increase phytoplankton availability. We will be optimizing uniformity in size every time we sort sizes and clean biofouling, by shifting the seed to different silos in the FLUPSY, which will ensure that if a certain silo/silos have higher nutrient flow, that many seed will rotate through that position. We plan to manage biofouling on a biweekly schedule, but we are also prepared to adapt this schedule in accordance with the conditions, as we may need to manage biofouling more or less frequently. Two of the individuals involved in this proposition, Midge and Bruce, have experience with raising oysters as part of a feasibility study in this exact location before, and thus they have experience and data on the specific nature of biofouling for this site. We furthermore plan on collecting quantitative data of temperature, current, salinity, phytoplankton density, and dissolved oxygen, and qualitative data on biofouling, in order to evaluate fouling trends and better tailor our fouling management for the future. For this biweekly biofouling management schedule, we intend to remove baskets and silos from the FLUPSY, temporarily transfer the oyster seed to a holding tank (5 gallon bucket with sea water), and pressure wash the silos and baskets to remove fouling. We have electricity on site, so a pressure washer can be plugged in on shore adjacent to the FLUPSY. All of the electricity on site is solar power and 100% renewable.

For predator mitigation, in addition to using stainless steel mesh screens on the bottoms of the baskets, we plan to put stainless steel mesh screens on the outflow of each silo in the FLUPSY to ensure that predators (i.e. starfish, chitons, etc.) can't enter silos from this direction. From our research, the FLUPSY appears to be fairly predator resistant as the silos are fully contained and there will be covers on top of the silos. We will be optimizing survival by

Attachment A Development Plan

protecting the seed from predators with these described methods. If there are any incidental species that make their way into the FLUPSY through the stainless steel mesh screens in the larval stage and grow in size within the baskets, such as barnacles or mussels, they will be found and rogued out during each biofouling check. As this site will be right next to Bruce and Midge's property, daily monitoring and observation will be easy. Bruce and Midge will be able to observe the FLUPSY every day as it is just off the beach from their homestead, right next to their running lines, and in full view from the cabin windows. This observation will be helpful for making sure the anchors and lines are in place, silo covers are on, no predators are getting into the silos, etc. The site for the FLUPSY is in such a location that the tidal current can maximize the Venturi effect of the water moving through the site, thus further increasing phytoplankton availability in an efficient manner.

Culture Gear and Equipment (Type, Size, Number, Configuration, Material, and Anchoring System) [If more than one parcel, indicate what parcel specific gear will be located on. If more than one species, indicate gear to be used for each. Gear includes any structure that holds or protects the organism like trays, tiers of lantern nets, Vexar bags, OysterGro system, grow-out submerged longlines, predator netting, longlines, buoys, depth control systems, etc. Include approximate installation schedule, or if and what gear will remain installed year-round etc.]

We will build a FLUPSY ourselves, utilizing as many local materials and as much local labor as we can. The FLUPSY will be constructed from untreated local Sitka spruce milled by the Island Lake Sawmill in the City of Kodiak and will be constructed in town using local labor. We will use 40" long, 18" diameter polymer polyethylene fender buoys, four West Marine high-tensile steel claw 110lb anchors, line, and miscellaneous hardware that we already own. We are hoping to collaborate with the Ocean Plastics Recovery Project, who plan to have their Kodiak facility ready and operational by 2025, around the time we get permitted and are able to begin building the FLUPSY. The Ocean Plastics Recovery Project has injection molding and extruding equipment, and we will ideally be able to commission OPRP to mold our silos and baskets out of plastics that have been recovered from waters and beaches around the Kodiak Archipelago. Our FLUPSY will be 25' x 35' and will have an array of 126 silos that are 2' x 2'. There will be a boardwalk 3.5' wide around the entire perimeter of the FLUPSY. We will build a sliding boardwalk spanning the width (shorter distance) of the FLUPSY silos. This boardwalk will be 4' wide and 19' long and will have stainless steel v-groove wheels that will be set on the stainless steel v-groove tracks that run along the inside of the boardwalk along the length (longer distance) of the FLUPSY so that the boardwalk can be slid from one end to the other in order to access all of the silos. There will be chocking mechanisms on the boardwalk that can easily be locked into place, allowing us to safely access the silos in the middle of the array. This design will maximize space on the FLUPSY, unlike traditional FLUPSY designs that have a central boardwalk. Although the FLUPSY will be close to the beach, we plan to access it for work purposes using a skiff.. Sorting and sizing will take place in the skiff. For biofouling management, we plan to transfer the seed into holding tanks in the skiff, collect the silos and baskets in the skiff, and transport them to shore for pressure washing, then return them and the seed to the FLUPSY with the use of the skiff. We intend to keep the gear in the water year-round. At the onset of building sea ice that occasionally forms in the winter, the FLUPSY will be towed to Back Bay on Anton Larsen Island which has protected ice-free water on the north side of Anton Larsen Island, and will be towed back to our site in the spring. The winter FLUPSY storage parcel is a 2.3 mile drive by skiff from the working FLUPSY parcel.

Seed Acquisition Plan (Commercially produced and/or wildstock) [Commercially produced juveniles or seed stock must be obtained from an approved seed source. Do you intend to collect wildstock juveniles or natural set organisms for direct culture on your proposed site? Yes/No. If yes, describe collection methods (applicable for indigenous species: i.e. mussels,

Attachment A Development Plan

scallops, abalone, natural set aquatic plants, etc. This does not refer to broodstock collection on behalf of hatcheries for propagation. If increasing number of acquisitions per year, indicate projected amounts per year. Aquatic plant species can be combined into total feet of line per year.]

We will be obtaining seed from Hawaiian Shellfish LLC, a hatchery owned by Nisbet Oyster Co. We are acquainted with Dave Nisbet, owner of Nisbet Oyster Co. and Hawaiian Shellfish LLC, as well as Brian Koval, the Hawaiian Shellfish LLC hatchery manager. We have spoken at length with both Dave and Brian; they are expecting to do business with us and Brian will make sure to produce enough stock to accommodate our orders. Our FLUPSY will have a maximum capacity of ten million seed, but we aim to start with one million seed our first growing season.

Harvest Equipment and Method [Describe harvest equipment and methods to be used, activities to be done onsite, and schedule of harvest of aquatic farm product. If more than one species, include harvest information for each species or group of species like macroalgae if the harvest information is the same.]

We have a 25' aluminum work skiff with a davit, and we intend to use the davit to lift the baskets out of the silos in the FLUPSY and bring them into the skiff for ergonomic purposes. This methodology will be used for biofouling management, sorting, and harvest.

Support Facilities (Type, Size, Number, Configuration, Material, and Anchoring) [Support facilities include caretaker facility, storage rafts, work rafts, processing rafts, etc.]
Because the FLUPSY site will be located mere fathoms from property owned by Bruce and Midge, the existing structures on this privately owned property will be used, and there will be no support facilities within the parcel itself.

Access to and from Site [Include nearest community, transportation type used and how many times traversing back and forth]

Although Ouzinkie and Port Lions are nearby villages, all travel will be to and from the City of Kodiak. Our site will be located in Anton Larsen Bay, which is located at the west end of the Kodiak road system. The road from Kodiak to Anton Larsen Bay is both paved and dirt, and the dirt road is well graded. The end of the road is 16.5 miles from the City of Kodiak, and some residents of Anton Larsen Island have their running lines for their skiffs in this location as this is quicker access to the island, as well as quicker access to our proposed site. There is a public use dock and boat launch in Anton Larsen Bay that is 15.1 miles from the City of Kodiak, from which it is still very easy to access the island and our proposed site. Our proposed site can be accessed by boat from both the public use dock and the end of the road; it is about 0.7 miles and about 7 minutes from the end of the road to our proposed site, and about 1.5 miles and about 15 minutes from the Anton Larsen Bay public use dock to our proposed site. In total, travel time from Kodiak to the site is about 37-45 minutes. Bruce and Midge are year-round residents at their homestead on Anton Larsen Island, so access will be very easy. Annie will be commuting from Kodiak at least every other week for our proposed biofouling management and sorting plans, but is prepared to travel to the FLUPSY site with higher frequency if biofouling management, sorting, gear maintenance, or other unforeseen snafus arise or other work needs to be accomplished. Furthermore, Annie

Attachment A Development Plan

typically spends many weekends out at the homestead anyhow, so her travel to and from the FLUPSY will not be anything but typical.

Storage Location of Equipment and Gear When Not in Use [Include whether on private lands and nearest community]

We intend to keep the gear in the water year-round. In the event of ice formation, we will tow the FLUPSY to the opposite side of Anton Larsen Island to Back Bay where Parcel 2 is located to protected ice-free water. We will store mesh trays for sorting, power washer, etc. in the aforementioned gear shed on privately owned property.

C. PROJECT OPERATION PLAN

1. How will support facilities, culture gear and anchoring systems be maintained?

c. How will you manage reduction of competing species over the course of operations (relocate sea stars, grow-out cages, or other possible protection from competing species)?

We plan to put stainless steel mesh screens on the intake and outflow of each silo in the FLUPSY to ensure that predators such as starfish can't enter silos from either direction. From our research, the FLUPSY appears to be fairly predator resistant as the silos are fully contained and there will be covers on top of the silos. For this reason, we do not expect to have problems with predators or competing species. I have spoken with Eric Wyatt from Blue Starr Oyster Co about competing species making it into the silos in the larval stage and growing within the silos amongst the oysters. It was Eric who suggested using stainless steel mesh screen for intake and outflow for this reason. If any competing species larvae do get into a silo and begin growing, they will be found and sorted out during each biofouling check and sorting. There is a chance of mussel and barnacle growth on the outside of the FLUPSY, which we plan to scrape off of the FLUPSY if these animals are in a position to interfere with phytoplankton flow to the oysters.

2. Projected Harvest Rotation Consistent with Life History

a. How often do you intend to harvest your product by species?

The typical oyster seed rotation through a nursery system that is consistent with oyster life history is focused on approximately five months during the summer when water temperatures are warmest and phytoplankton is most abundant, two key factors in fitness and growth of oysters. Seed from the hatchery will be outplanted into the FLUPSY in late April or early May and will be harvested the next year just before shipping to buyers, as other growers will most likely be outplanting in spring and summer in order to maximize phytoplankton availability, at which point they will be sold to growers. We plan to scale up our operation later on in introducing staggered cohorts rotating through the FLUPSY with different outplanting dates and harvesting dates, which will further increase our capacity and will allow buyers more flexibility. We intend to harvest initially just a few times per year in the spring, because of the reasoning provided in the above answer.

b. Do you plan on utilizing density manipulation by culling or redistribution?

c. What techniques will be used to optimize growth or condition of product?

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We plan on utilizing density manipulation not by culling but by thinning density as the oysters increase in size. As the oyster seed grow, we will redistribute some seed into empty baskets in the FLUPSY to optimize surface area to nutrient flow. We also understand that dead loss will factor into this redistribution.

4. Describe how operation of the aquatic farm will improve the productivity of species intended for culture not covered by the previous questions (examples: predator exclusion, reduction of competing species, density manipulation by culling/redistribution, importing natural or hatchery seed, program harvest to optimize growth/condition and habitat improvement)?

Above we have covered some predator exclusion, reduction of competing species, density manipulation, importing hatchery seed, and program harvest. One more thing to add in the scope of predator exclusion is to discuss sea otters. Anton Larsen Bay has a significant sea otter population that has been growing over the last 40 years. We intend for the FLUPSY to be otter-proof. The stainless steel mesh screens, sturdy silos, and silo hatch covers will prevent otters from accessing the oysters. In terms of habitat improvement, we expect the oyster seed to contribute a small degree of ecosystem service in terms of filtering the water.

E. SITE SUITABILITY – PHYSICAL AND BIOLOGICAL CHARACTERISTICS

6. Have you monitored the phytoplankton (microalgae) abundance and types during the main grow-out season?

Yes ☒ No ☐ If yes, findings: We have not specifically monitored phytoplankton abundance using phytoplankton tows but this site has previously been part of an oyster feasibility study in which the culture of oysters was extremely successful, which extrapolates out to there being abundance of phytoplankton in the water. Bruce and Midge have years of logs denoting the timing of phytoplankton every spring. (Note: shellfish depend on phytoplankton for food, but harmful phytoplankton can prevent harvest/sales.)

14. Are there existing uses near your proposed farm site such as boat traffic, existing fisheries or a sensitive area as listed in section C of Part 1, etc. that may be impacted by the farm operation?

If yes, describe how your farm can be sited to mitigate conflicting uses?

There are existing uses near our proposed site but none of which will conflict with our proposed operation. Due to the small footprint of our proposed FLUPSY, the fact that it will be relatively "tucked up" close to property that Bruce and Midge own, we are not concerned about conflicting uses and see no reason to try to mitigate. All of the neighboring residents on Anton Larsen Island have been contacted and all are in support of this project. Most of the boat traffic in Anton Larsen Bay is from residents of Anton Larsen Island, some is from sport fishermen, residents of Port Lions and Ouzinke villages, etc. Our proposed site is in no way impeding a navigation channel, existing fisheries (commercial, subsistence, or sport), cultural areas, or sensitive areas.

I. WATER QUALITY INFORMATION – Department of Environmental Conservation

1. Do you plan to use a boat on your farm site?

We do not need a MSD (marine sanitation device) as our boat is an open aluminum skiff. There are no restroom facilities on board because of this, and there won't be any future need of restroom facilities on board due to the proximity of established facilities on shore.

Attachment A Development Plan

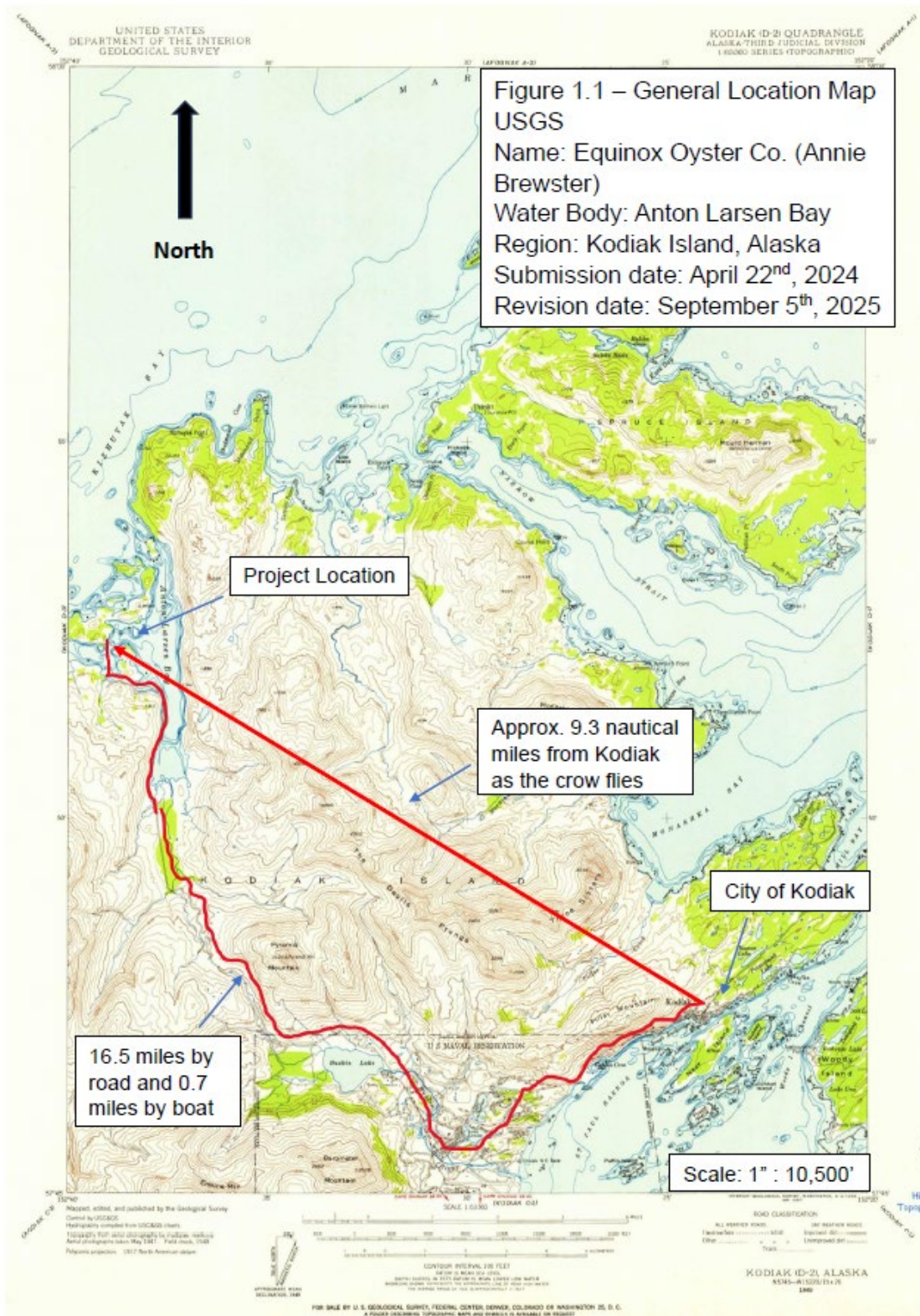
4. Are you aware of any current potential sources of human or industrial pollution in the area? (e.g. sewage outfalls, oil contamination, industrial transfer facilities upland operations, boat harbors, etc.)

a. The type of discharge(s). There is a very minimal amount of gray water discharge by the residents of Anton Larsen Island since there are only four primary residential properties on the island, and each uses either a plumbed bathroom with a septic tank or an outhouse. Besides this, the water is very pristine in Anton Larsen Bay, and is far away from industrial facilities, sewage outfalls, harbors, or other sources of contamination.

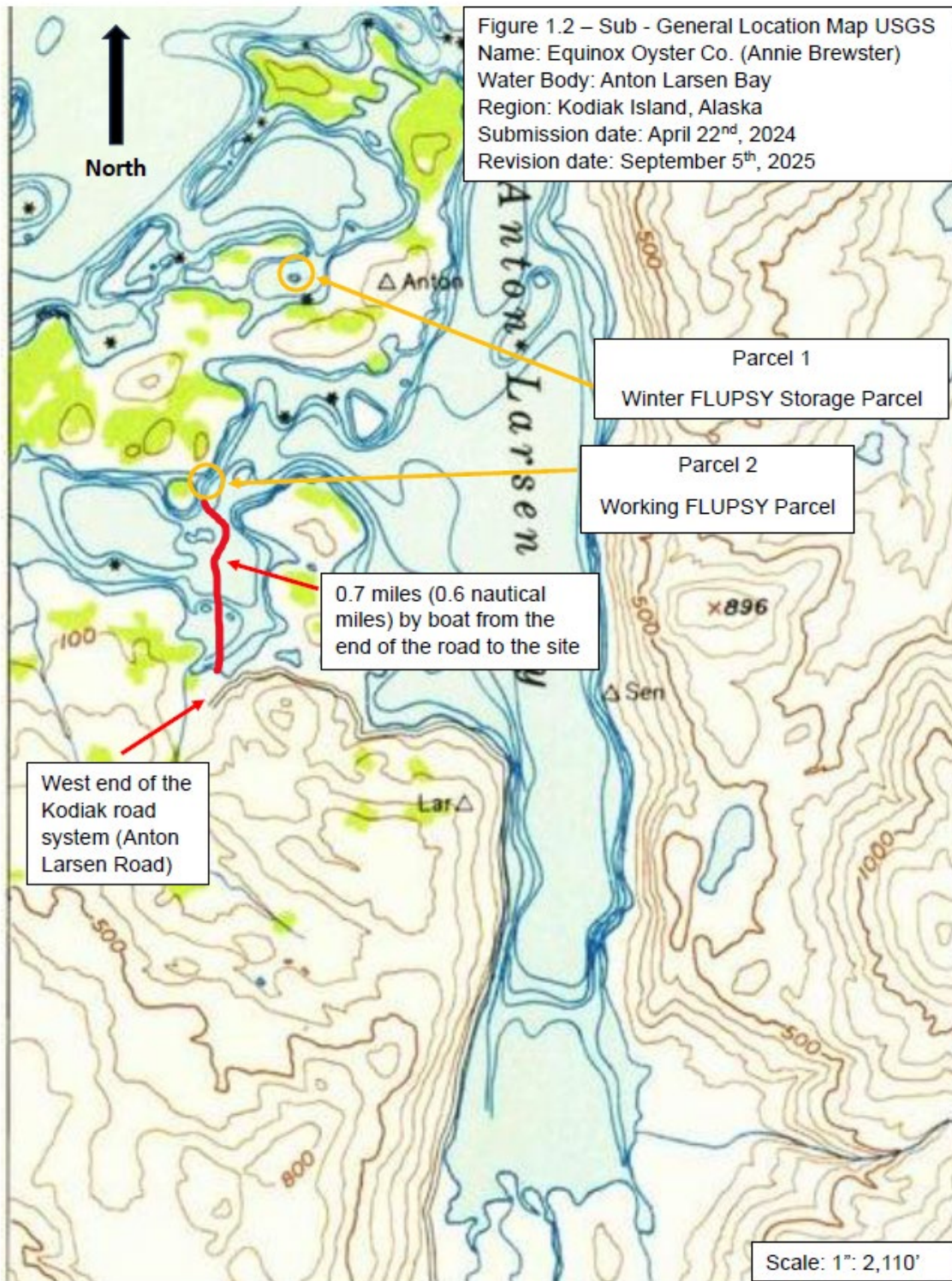
b. The location and distance from your site. There are no nearby sources of pollution.

c. The name of the discharger(s), if known. N/A

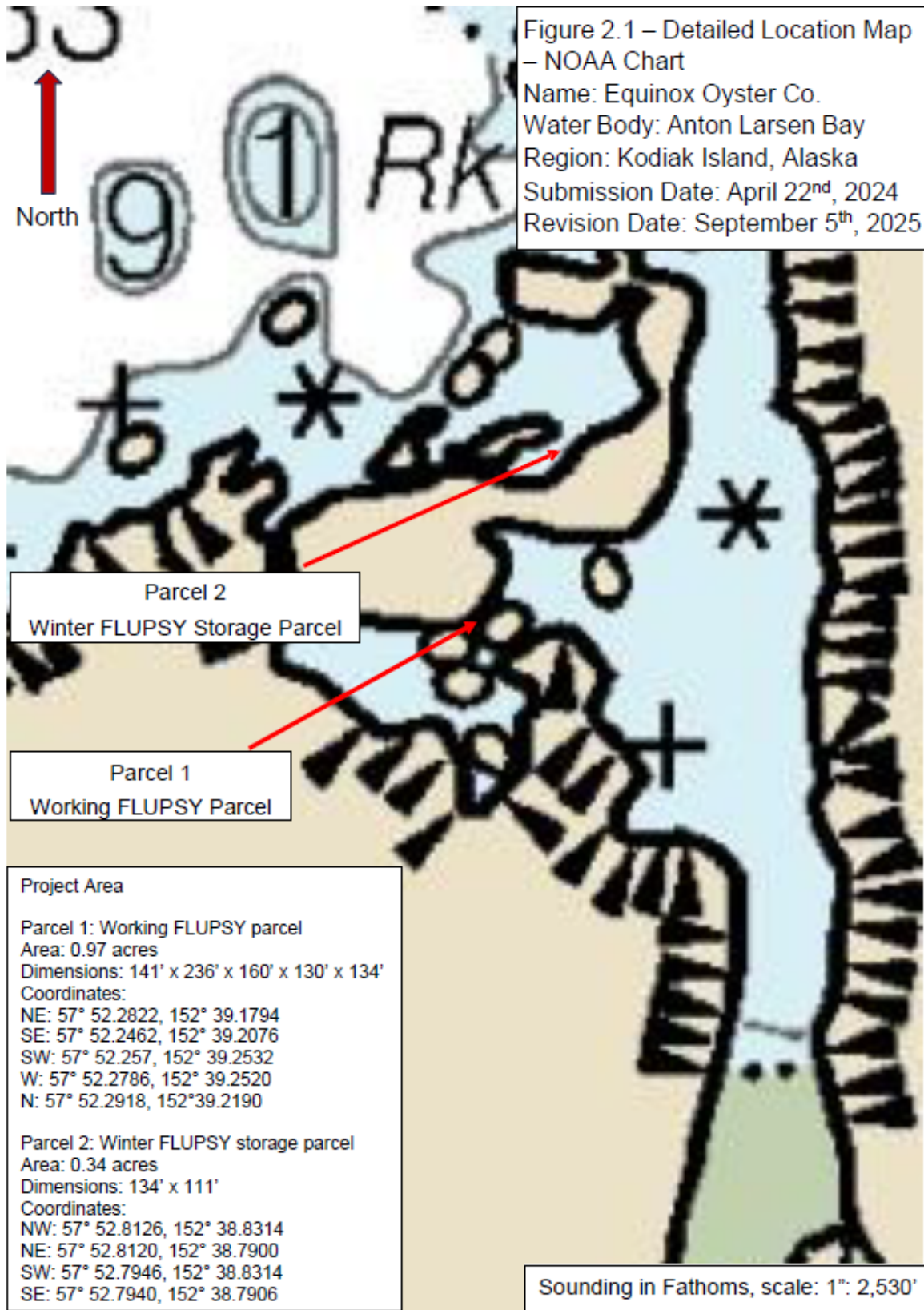
Attachment A Development Plan



Attachment A Development Plan



Attachment A
Development Plan



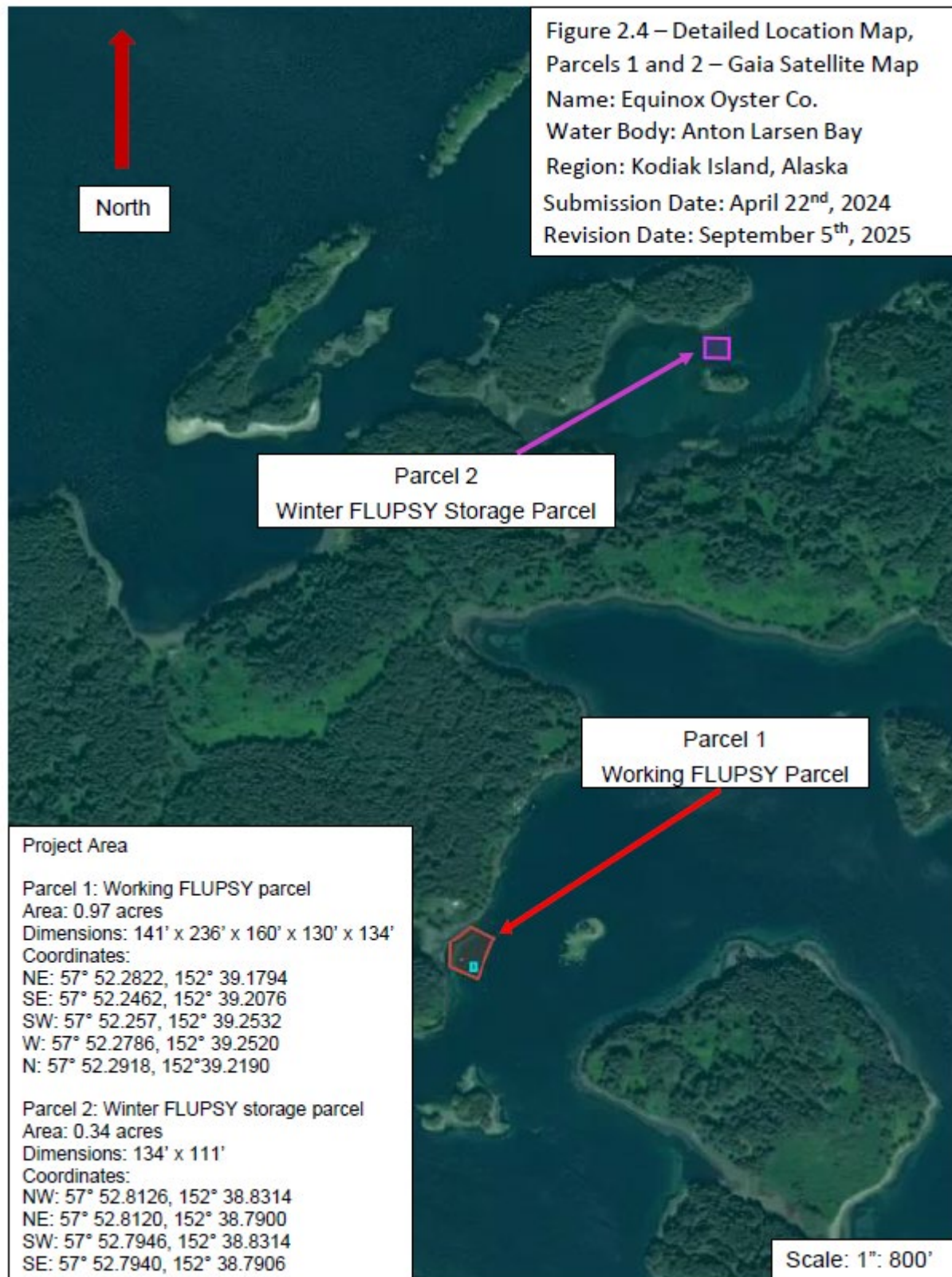
Attachment A
Development Plan



Attachment A
Development Plan

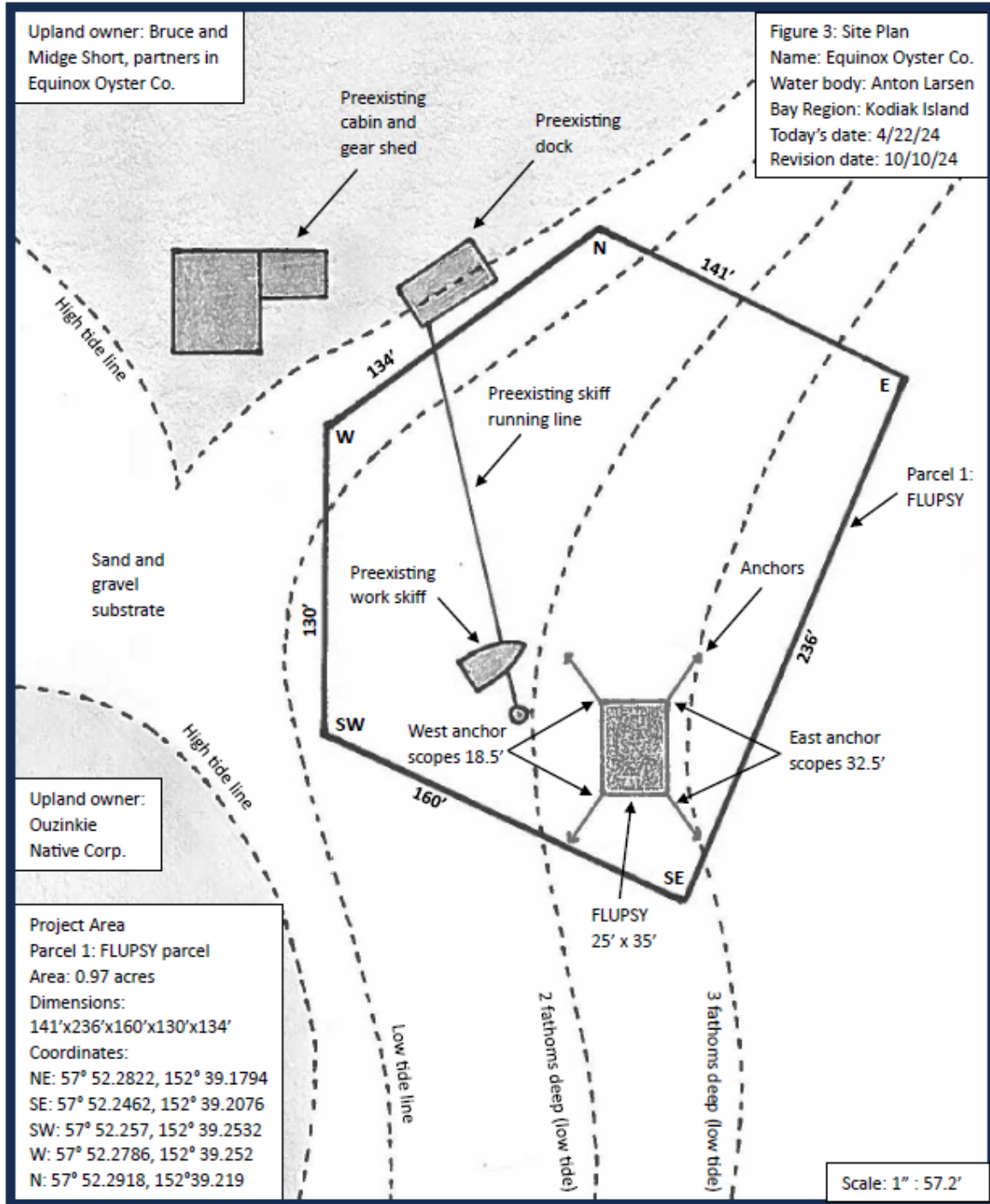


Attachment A
Development Plan

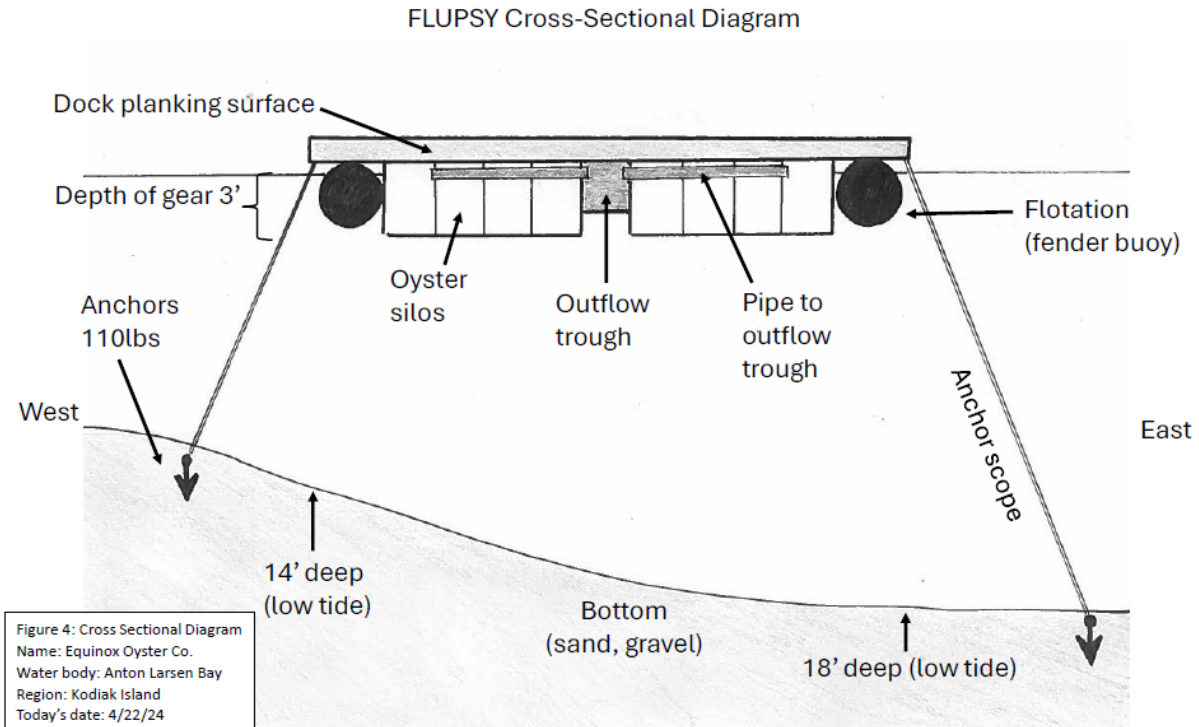


Attachment A
Development Plan

FLUPSY Site Plan



Attachment A Development Plan



Attachment A
Development Plan

FLUPSY Plan

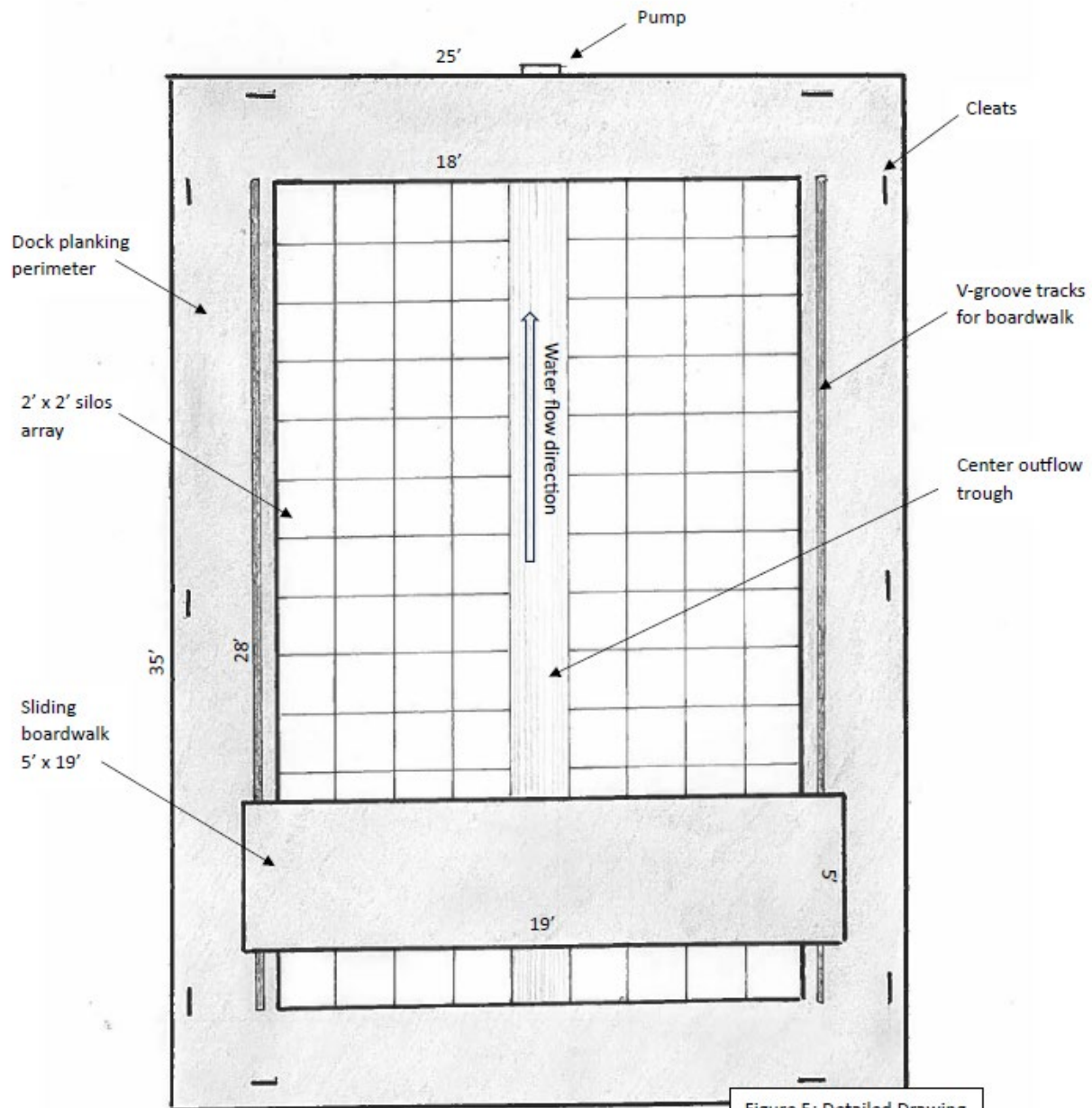
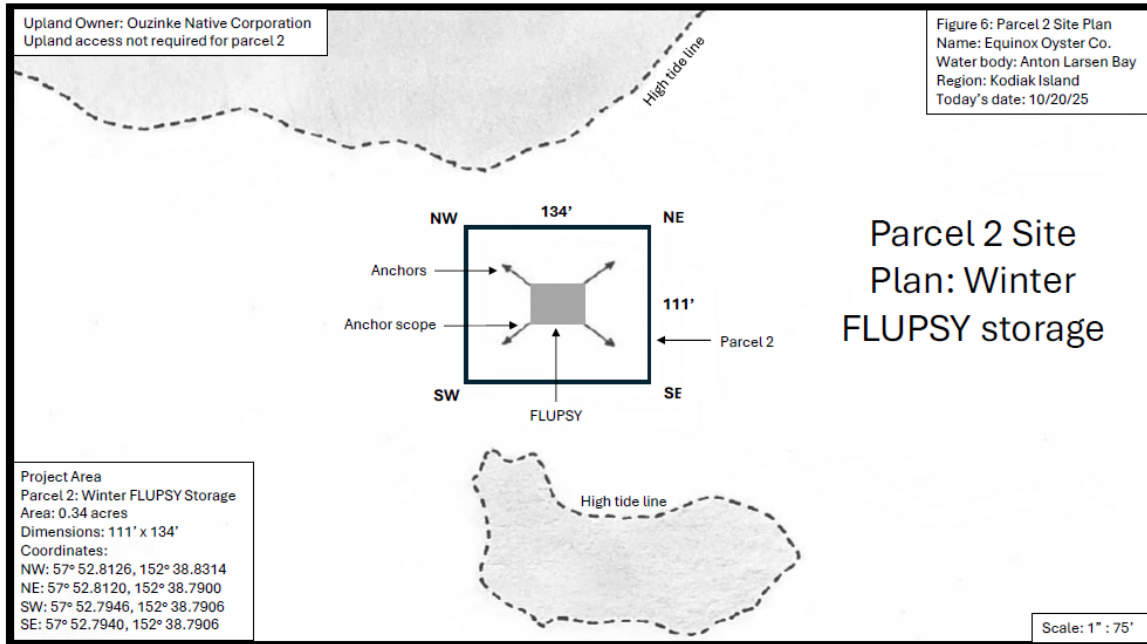
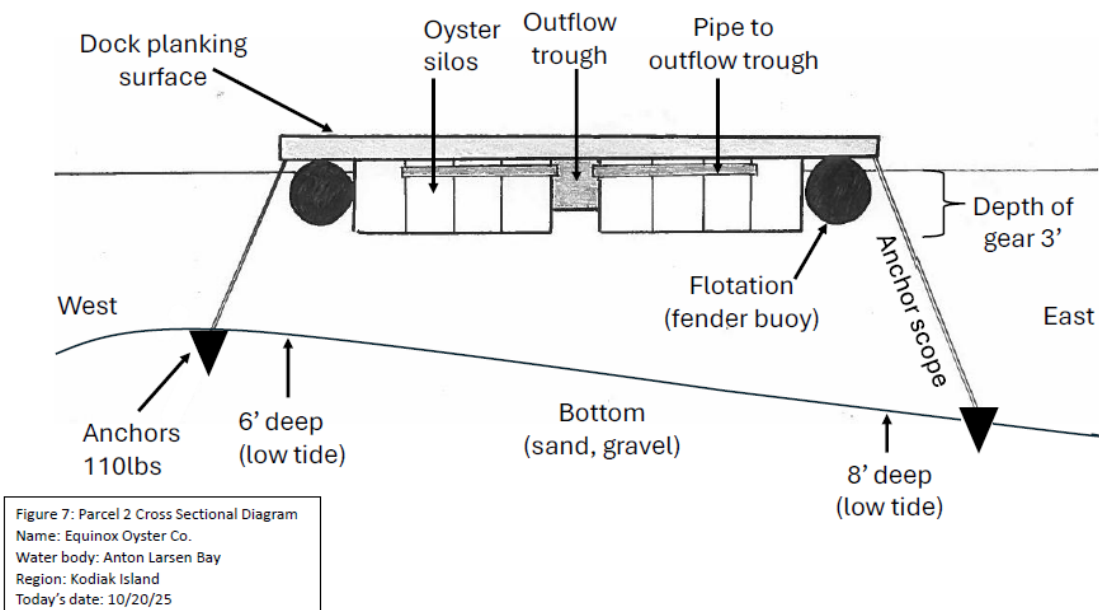


Figure 5: Detailed Drawing
Name: Equinox Oyster Co.
Water body: Anton Larsen
Bay Region: Kodiak Island
Today's date: 4/22/24

Attachment A Development Plan



Parcel 2 FLUPSY Cross-Sectional Diagram



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

November 20, 2025

Emily Gettis
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 – updated application
Brewster / Equinox Oyster Company Aquatic Farm Site Proposal – Anton Larsen Bay
DNR File No.: ADL 234405

Dear Ms. Gettis:

The Alaska Department of Fish and Game (ADF&G) has completed a preliminary review of the updated project proposal, ADL 234405 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 review of the updated application to include a second parcel. *There are no concerns pertaining to an aquatic farm operation permit 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 which will be issued within 30 days of the lease 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. In addition, site-specific conditions that have been recommended by staff may be included in the AFOP.

Division of Commercial Fisheries has no comment at this time.

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

Attachment B ADF&G Letter

Emily Gettis
Department of Natural Resources
Updated Aquatic Farm Proposal ADL 234405 ADF&G Review Comments

- 2 -

November 20, 2025

Division of Sport Fish has no comment at this time.

Invasive Species Program Coordinator did not comment at this time.

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.

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 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
Annie Brewster, Equinox Oyster Company

**Attachment C
SAMPLE Lease**

**STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER
550 W. 7th Avenue, Suite 900c
Anchorage, Alaska 99501-3577**

**LEASE AGREEMENT
AS 38.05.083**

Effective this day of , this lease agreement is entered into by the State of Alaska, hereafter referred to as "lessor," and, hereafter referred to as "lessee," whether one or more, whose sole addresses for purposes of notification under this lease agreement are listed in section 28.

The lessor and the lessee agree that this lease, including all attachments and documents that are incorporated in this lease by reference, contains the entire agreement between the parties, and each of the covenants and conditions in this lease including any attachments will be binding upon the parties and upon their respective successors and assigns. The lessor and the lessee further agree that this lease is conditioned upon satisfactory performance by the lessor and the lessee of all covenants and conditions contained in this lease. The lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the lessee under this lease, and the rights and remedies of the lessor.

This lease is subject to all applicable state, federal, and municipal statutes, regulations, and ordinances in effect on the effective date of this lease, and insofar as is constitutionally permissible, to all statutes, regulations, and ordinances placed in effect after the effective date of this lease. A reference to a statute, regulation, or ordinance in this lease includes any change in that statute, regulation, or ordinance, whether by amendment, repeal and replacement, or other means. This lease does not limit the power of the State of Alaska, its political subdivisions, or the United States of America to enact and enforce legislation or to adopt and enforce regulations or ordinances affecting, directly or indirectly, the activities of the lessee or its agents in connection with this lease or the value of the interest held under this lease. In case of conflicting provisions, statutes, regulations, and ordinances take precedence over this lease. This lease shall not be construed as a grant or recognition of authority for promulgation or adoption of municipal ordinances that are not otherwise authorized.

1. Grant. This lease is issued under the authority of **AS 38.05.083** for a term of **ten (10)** years beginning on the, and ending at 11:59 PM on the day of , unless sooner terminated, subject to: compensation as specified in section 2; the attached development plan approved by the State on; and attached stipulations, if any, that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

Excepting and reserving any general reservations to the lessor that are required by law and that may be stated elsewhere in this lease, and the following, which the state reserves for itself and others:

Subject to: Attachment A, Special Stipulations, attached hereto and made a part of this lease agreement; and Attachment B, Site Drawings and Development Plans, attached hereto and made a part of this lease agreement, containing approximately acres more or less.

2. Compensation. (a) The lessee shall pay to the lessor compensation as follows, without the necessity of any billing by the lessor:

Equal annual payments, in advance, on or before the Day of Month of every year during said term at the rate of per annum.

The lessor may, upon 10 days' notice, review and copy any records of the lessee that are necessary to verify the lessee's compliance with this paragraph.

(b) In accordance with AS 38.05.105, the lease compensation is subject to adjustment by the lessor at the commencement of the sixth year of the term and every fifth year thereafter (the "adjustment date"). The

Attachment C SAMPLE Lease

compensation adjustment takes effect on the applicable adjustment date, regardless of whether the adjustment determination occurs before or after that date. All reasonable costs of the adjustment, including reappraisal if required by the lessor, will be borne by the lessee.

3. Denial of Warranty. The lessor makes no warranty, express or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of the leasehold, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the profitability or fitness of the leasehold for any use. The lessee represents that the lessee has inspected the leasehold and determined that the leasehold is suitable for the use intended, or has voluntarily declined to do so, and accepts the leasehold "as is" and "where is."

4. Use of Leasehold. Prior to execution of this lease and to commencing use or development of the leasehold, the lessee shall submit a development plan for the leasehold to the lessor and obtain the lessor's approval of the plan. Any use or development of the leasehold must be consistent with the development plan approved by the lessor. Any proposed revisions to the development plan must be submitted to the lessor for approval before any change in use or development occurs. The lessee shall use and occupy the leasehold in compliance with the approved development plan and all applicable laws, regulations, ordinances, and orders that a public authority has put into effect or may put into effect, including those of a building or zoning authority and those relating to pollution and sanitation control. The lessee may not permit any unlawful occupation, business, or trade to be conducted on the leasehold. The lessee shall properly locate all activities and improvements on the leasehold, and may not commit waste of the parcel. The lessee shall maintain and repair the leasehold including improvements in a reasonably neat and clean condition, and shall take all necessary precautions to prevent or suppress grass, brush, or forest fires, and to prevent erosion, unreasonable deterioration, or destruction of the land or improvements. The lessee agrees not to place any aboveground or underground fuel or chemical tanks on the leasehold without the prior written approval of the lessor.

5. Encumbrance of Leasehold. The lessee may not encumber or cloud the lessor's title to the leasehold, or any portion of the leasehold, nor enter into any lease, easement, or other obligation of the lessor's title without the prior written approval of the lessor.

6. Assignment of Interest. The lessee may not assign or sublet any interest held under this lease, including a security interest, without the prior written approval of the lessor. The lessor may approve such assignment or subletting if the lessor finds it to be in the best interest of the state. No such assignment or subletting will be effective until approved by the lessor in writing, and the assignee agrees to be subject to and governed by the provisions of this lease, any subsequent amendments to this lease, any additional stipulations, or reappraisal as deemed appropriate by the lessor, and all applicable laws, regulations, and ordinances in the same manner as the original lessee. No assignment or subletting of the leasehold, or any portion thereof, by the lessee will annul the lessee's obligation to pay the compensation required for the full term of this lease. Except as provided in this lease, no subdivision of the leasehold interest may occur without the prior written approval of the lessor.

7. Conditional Lease. If all or part of the leasehold has been tentatively approved, or approved, but not yet patented, by the United States to the lessor, then this lease will be conditioned upon receipt by the lessor of such patent. If for any reason the lessor does not receive patent, any compensation paid to the lessor under this lease will not be refunded. Any prepaid compensation for land to which patent is denied the lessor will be refunded to the lessee of record in the amount of the pro-rata portion of the unexpired term. The lessor will have no further liability to the lessee for the termination of the lease.

8. Payment of Taxes and Assessments. The lessee shall pay prior to delinquency all taxes and assessments accruing against the leasehold.

9. Section Line Rights-of-Way. If the leasehold borders on or includes one or more section lines, the lessor hereby expressly reserves unto itself and its successors and assigns a right-of-way or rights-of-way pursuant to AS 19.10.010.

10. Navigable and Public Waters. (a) Pursuant to AS 38.05.127 and 11 AAC 51.045, the lessor reserves a

Attachment C SAMPLE Lease

public access easement to and along all public or navigable water bodies that border on or are included in this leasehold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without the prior written approval of the lessor.

(b) The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This lease is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The lessor reserves the right to grant other interests to the leasehold consistent with the Public Trust Doctrine.

11. Condemnation of Leasehold or Improvements. If the whole or any part of the leasehold is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

(1) Taking of the entire leasehold. If all of the leasehold is taken by condemnation, this lease and all rights of the lessee will immediately terminate, and the compensation will be adjusted so that it is due only until the date the lessee is required to surrender possession of the leasehold. The lessor is entitled to all the condemnation proceeds, except that the lessee will be paid the portion of the proceeds attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned leasehold by the lessee in accordance with the approved development plan.

(2) Taking of substantial part of the leasehold. If the taking is of a substantial part of the leasehold, the following rules apply:

(A) If the taking by condemnation reduces the ground area of the leasehold by at least 30 percent or materially affects the use being made by the lessee of the leasehold, the lessee has the right to elect to terminate the lease by written notice to the lessor not later than 180 days after the date of taking.

(B) If the lessee elects to terminate, the provisions in subsection (1) of this section govern the condemned portion of the leasehold and the covenants and conditions of the lease govern disposal of the remainder of any buildings or improvements made by the lessee in accordance with the approved development plan.

(C) If the lessee does not elect to terminate, the lease continues and the lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned portion of the leasehold by the lessee in accordance with the approved development plan. Compensation at the existing rate will terminate on the date the lessee is required to surrender possession of the condemned portion of the leasehold. Except as it may be adjusted from time to time under the covenants and conditions of the lease and applicable statutes, compensation for the balance of the term will be adjusted by the lessor to reflect the taking.

(3) Taking of insubstantial part of the leasehold. If the taking by condemnation reduces the ground area of the leasehold by less than 30 percent and the lessor determines that the taking is of such an insubstantial portion that the lessee's use of the leasehold is not materially affected, the lessee may not elect to terminate the lease and the compensation provisions of subsection 2(C) of this section will govern.

12. Valid Existing Rights. This lease is subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this lease.

13. Inspection. The lessor will have reasonable access to the leasehold for purposes of inspection.

14. Mineral Reservations. This lease is subject to the reservations required by AS 38.05.125 and the rights and obligations imposed by AS 38.05.130.

Attachment C SAMPLE Lease

15. Concurrent Use. This lease is subject to reasonable concurrent uses as provided under Article VIII, Section 8 of the Constitution of the State of Alaska. The concurrent user who is found to be at fault for damage or injury arising from noncompliance with the terms governing the user's concurrent use is liable for damages and the user's interest is subject to forfeiture or termination by the lessor. In this context, the term "concurrent user" includes the lessee and any other person or entity who lawfully uses the land subject to this lease, but does not include the State of Alaska.

16. Surface Resources. Unless otherwise provided by this lease or other written authorization, the lessee may not sell or remove from the leasehold any timber, stone, gravel, peatmoss, topsoil, or any other material valuable for building or commercial purposes. Material required for the development of the leasehold may be used only in compliance with the approved development plan.

17. Appropriation or Disturbance of Waters. During the term of this lease, the lessee will have the right to apply for an appropriation of ground or surface water on the leasehold in accordance with AS 46.15 and 11 AAC 93.060.

18. Acquisition of Rights or Interests. Any right or interest acquired during the term of this lease and accruing to the benefit of the leasehold will remain appurtenant to the leasehold, and may not be severed or transferred from the leasehold without the prior written approval of the lessor. In the event of termination or forfeiture of this lease, any such right or interest will vest in the lessor.

19. Land Alterations Due to Natural or Artificial Causes. The interest described in this lease constitutes the entire leasehold. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the leasehold, the Lessee has no right to occupy or use the accreted land unless a separate lease is entered with the Lessor with respect to such lands. The rules of law usually applicable to accretion or reliction of land do not apply to this lease, nor to the interest described in this lease.

20. Waiver or Forbearance. The receipt of compensation by the lessor, with or without knowledge of any default on the part of the lessee, is not a waiver of any provision of this lease. No failure on the part of the lessor to enforce a covenant or condition of this lease, nor the waiver of any right under this lease by the lessor, unless in writing, will discharge or invalidate the application of such covenant or condition. No forbearance or written waiver affects the right of the lessor to enforce any covenant or condition in the event of any subsequent default. The receipt of compensation by the lessor after termination or any notice of termination will not reinstate, continue, or extend this lease, or destroy, or in any manner impair the validity of any notice of termination that may have been given prior to receipt of the compensation, unless specifically stated by the lessor in writing.

21. Default and Remedies. (a) Time is of the essence in this lease. If the lessee defaults on the performance of any of the covenants or conditions of this lease, and the default is not remedied within 60 days after the lessor issues written notice of such default to the lessee and to the holder of a security interest in the leasehold approved by the lessor, or within any additional period the lessor allows for good cause, the lessee will be subject to legal or any other administrative action deemed appropriate by the lessor, including termination of this lease. The lessor may, in the notice of the default or in a separate written notice, state that if the default is not remedied, this lease shall terminate on a date certain, which shall be at least 60 days after issuance of the notice of default. Upon the date specified in such notice, unless the default has been remedied, the lease shall expire automatically without further notice or action by the lessor and this lease and all rights of the lessee under the lease shall terminate. Upon termination of the lease the lessor shall have an immediate right to possession of the leasehold and any possession by the lessee shall be unlawful. It is specifically agreed that no judicial action shall be necessary to terminate this lease or to allow the lessor to retake possession in the event of default by the lessee. No improvements may be removed from the leasehold while the lease is in default except with the lessor's prior written approval. If this lease is terminated for default, all compensation paid by the lessee is forfeited to the lessor. The lessor is not liable for any expenditures made or undertaken by the lessee under this lease. Any costs or fees, including attorney's fees, reasonably incurred by the lessor for the enforcement of this lease, shall be added to the obligations due and payable by the lessee.

(b) The rights, if any, of third-party security interest holders or lienholders are controlled solely by AS 38.05.103

Attachment C SAMPLE Lease

and 11 AAC 58.590. If the lessee fails to remedy the default within the time allowed in subsection (a) of this section, the holder of an approved security interest who has received notice under subsection (a) of this section may remedy the default. The holder shall act within 60 days from the date of receipt of notice under subsection (a) of this section, or within any additional period the lessor allows for good cause.

(c) The lessor may, at the lessor's option, following the lessee's default and failure to remedy, or after termination of this lease due to such default and failure to remedy, accelerate the unpaid compensation for the remainder of the term of this lease. The lessee's obligation to pay such accelerated rent to the lessor survives termination of this lease.

(d) If this lease is terminated, or all or any portion of the leasehold is abandoned by the lessee, the lessor may immediately enter, or re-enter and take possession of the leasehold, and without liability for any damage, remove all persons and property from the leasehold and may, if necessary, use summary proceedings or an action at law. The words "enter" and "re-enter" as used are not restricted to their technical legal meaning. Any entry, re-entry, possession, repossession, or dispossession by the lessor, whether taken with or without judicial action, does not absolve, relieve, release, or discharge the lessee, either in whole or part, of any liability under the lease.

(e) The lessor, upon or at any time after giving written notice of any default, may enter or re-enter the leasehold to remedy any default by the lessee or exercise any right given under this lease, all without the intervention of any court being required. The curing of such default shall not be deemed for any purpose to be for the benefit of the lessee.

(f) At any time after termination of this lease, the lessor may re-let the leasehold, or any part thereof, in the name of the lessor for such term and on such conditions as the lessor may determine, and may collect and receive the compensation therefor. The lessor shall not be responsible or liable for failure to re-let the leasehold or for any failure to collect any compensation due upon such re-letting, nor shall the lessor be required to account for or pay to the lessee any excess compensation received as a result of such re-letting. The lessee shall be liable for any deficiency, and for all costs, expenses, and fees incurred by the lessor arising out of the default, including the lessor's efforts to re-let the leasehold.

(g) No right or remedy conferred upon or reserved to the lessor in this lease or by statute, or existing in law or equity, is intended to be exclusive of any other right or remedy, and each and every right shall be cumulative.

22. Disposition of Improvements and Chattels After Termination. AS 38.05.090 will govern disposition of any lessor-approved chattels or improvements left on the leasehold after termination. At the lessor's sole option, improvements not approved by the lessor shall be removed from the leasehold and the site restored to its original condition at the lessee's sole expense, or be forfeited to the lessor. The lessee shall be liable to the lessor for any costs, expenses, or damages arising out of the disposition of improvements not approved by the lessor, and may be required to pay rent on any improvements or chattels left on the parcel in accordance with 11 AAC 58.680.

23. Indemnity to Lessor. The lessee shall indemnify, defend, and hold the lessor harmless from and against all claims, demands, judgments, damages, liabilities, penalties, and costs, including attorney's fees, for loss or damage, including but not limited to property damage, personal injury, wrongful death, and wage, employment, or worker's compensation claims, arising out of or in connection with the use or occupancy of the leasehold by the lessee or by any other person holding under the lessee, or at the lessee's sufferance or invitation; and from any accident or fire on the leasehold; and from any nuisance made or suffered on the leasehold; and from any failure by the lessee to keep the leasehold in a KF and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the lessee of all or any portion of the leasehold or interest therein contrary to the covenants and conditions of this lease. The lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of the lessee, and shall defend, indemnify and hold the lessor harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.

24. Insurance. If required by the lessor, the lessee shall obtain insurance in an amount determined by the lessor

Attachment C SAMPLE Lease

to be sufficient. The lessor shall be named as an additional insured party of any such insurance. The types and amount of insurance shall be specified in the attached stipulations made a part of this lease agreement and may be adjusted periodically. The lessee shall maintain that insurance as long as required by the lessor. Any insurance acquired by the lessee for the purpose of providing insurance coverage under this lease must be issued by an insurer authorized to do business in the State of Alaska under the provisions of AS 21.09.010 and AS 21.27.010 for the type of policy being written.

25. Bonding. If required by the lessor, the lessee shall furnish a bond, cash deposit, certificate of deposit, or other form of security acceptable to the lessor in an amount determined by the lessor to be sufficient to ensure faithful performance of the covenants and conditions of this lease, and to cover the cost of site cleanup and restoration and any associated costs after termination of the lease. The amount and conditions of the bond shall be specified in the attached stipulations made a part of this lease agreement. The lessee shall maintain the bond as long as the lessor deems necessary, and in the amount required by the lessor, which amount may be adjusted periodically.

26. Environmental Compliance. (a) The lessee shall, at the lessee's own expense, comply with all existing and hereafter enacted environmental responsibility laws ("Environmental Laws"). The lessee shall, at the lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws.

(b) Should the Authority require that a remedial action plan be prepared and that a remedial action be undertaken because of the presence of, or any disposal, release, spill, or discharge, or threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of this lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease, then the lessee shall, at the lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. The lessee's obligations under this section shall arise if there is any event or occurrence at the leasehold during the term of this lease, or arising out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease, that requires compliance with the Environmental Laws.

(c) At no expense to the lessor, the lessee shall promptly provide all information requested by the lessor for preparation of affidavits or other documents required by the lessor to determine the applicability of the Environmental Laws to the leasehold, and shall sign the affidavits promptly when requested to do so by the lessor.

(d) The lessee shall indemnify, defend, and hold harmless the lessor from all fines, penalties, suits, judgements, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of or in any way connected with the presence of or any disposal, release, spill, or discharge or any threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of the lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease; and from all fines, penalties, suits, judgements, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of the lessee's failure to provide all information, make all submissions, and take all steps required by the Authority under the Environmental Laws or any other law concerning any spill, discharge, or contamination that occurs during the term of this lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease.

(e) The lessee agrees that it will not discharge or dispose of or suffer the discharge or disposal of any petroleum products, gasoline, hazardous chemicals, or hazardous materials into the atmosphere, ground, wastewater disposal system, sewer system, or any body of water.

(f) In any court action or administrative proceeding, in addition to all other applicable presumptions, it shall be rebuttably presumed that any environmental contamination of the leasehold (i) has been released on the leasehold; (ii) has resulted from acts or omissions of the lessee or its agents; and (iii) has occurred during the term of this lease. The lessee has the burden of rebutting the presumptions by clear and convincing evidence.

Attachment C SAMPLE Lease

(g) This section of this lease does not in any way alter the State of Alaska's powers and rights or the 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 the lessee is strictly liable, jointly and severally, for damages and costs incurred by the state for cleanup of contamination on the leasehold. The obligations and provisions of this section 26 shall survive the termination of this lease.

(h) As used in this lease, the term "hazardous materials" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any municipal governmental authority, the State of Alaska, or the United States government.

27. Surrender of Leasehold. Upon the expiration, termination, or cancellation of this lease, the lessee shall peacefully leave and deliver up all of the leasehold in good, sanitary, and marketable condition, order, and repair.

28. Notices. (a) Any notice or demand by the lessee will be made by hand delivery to the Director, Division of Mining, Land and Water, or by certified mail, postage prepaid, addressed as follows (or to a new address that the lessor designates in writing), with delivery occurring upon receipt by the lessor:

To the Lessor:

Division of Mining, Land and Water
550 W. 7th Avenue, Suite 900C
Anchorage, Alaska 99501-3577

(b) Any notice or demand by the lessor will be issued as provided in 11 AAC 02.040(c). If issuance is by mail, the notice or demand will be addressed as follows (or to a new address that the lessee or its successor in interest designates in writing):

To the Lessee:

The lessor will issue a copy of any such notice or demand to each holder of a security interest in the leasehold whose assignment has been approved by the lessor under section 6 of this lease. Any security interest not approved as provided in section 6 is insufficient to require notice by the lessor under AS 38.05.103.

(c) Any notice or demand regarding the lease must be in writing and will be complete if given as set out above.

29. Penalty Charges. The lessee shall pay a fee for any late payment or returned check issued by the lessee as follows:

(1) Late Payment Penalty: The greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) will be assessed on a past-due account until payment is received by the lessor. Acceptance of a late payment or of a service charge for a late payment is subject to the lessor's rights under sections 20 and 21 of this lease.

(2) Returned Check Penalty: A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the default termination date remains the same. Late penalties under subsection (1) of this section shall continue to accumulate.

30. Modification. This lease may be modified or amended only by a document signed by both parties. Any purported amendment or modification has no legal effect until placed in writing and signed by both parties.

31. Choice of Law. This lease shall be construed under the laws of the State of Alaska. The lessee confers

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personal jurisdiction on the courts of the State of Alaska for any litigation under this lease.

32. Severability of Clauses of Lease Agreement. If any clause or provision of this lease is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the lessor and the lessee agree that the remainder of this lease will not be affected, and in lieu of each clause or provision of this lease that is illegal, invalid, or unenforceable, there will be added as a part of this lease a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.

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By signing this lease, the lessor and the lessee agree to be bound by its provisions.

LESSEE:

LESSOR:

Samantha Carroll
Regional Manager, Southcentral Regional Land Office

STATE OF ALASKA)
) ss.
_____**Judicial District**)

THIS IS TO CERTIFY THAT ON THIS _____ day of _____, _____, before me personally appeared _____, known to me to be the person named and who signed the foregoing lease and acknowledged voluntarily signing the same.

Notary Public in and for the State of Alaska
My commission expires: _____

STATE OF ALASKA)
) ss.
_____**Judicial District**)

THIS IS TO CERTIFY THAT ON THIS _____ day of _____, _____, before me personally appeared _____, of the Division of Mining, Land and Water of the Department of Natural Resources of the State of Alaska, who executed the foregoing lease on behalf of the State of Alaska, and who is fully authorized by the State to do so.

Notary Public in and for the State of Alaska

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-Acre Aquatic Farm Lease
Annual Lease Fee
Annual Lease Fee Due by: **Month Day**
Commercial Use Requirement (CUR): **Annually**
(CUR begins no later than the 5th year of operation)

1. **Authorized Officer (AO):** The Authorized Officer (AO) for the State of Alaska (State), Department of Natural Resources (DNR), Division of Mining, Land, and Water (DMLW), is the Regional Manager or designee.

2. **Preference Right:** No preference right to a sale of this leasehold is granted or implied by the issuance of this Lease. Any renewal of this Lease will be subject to current statutes and regulations at the time of Lease expiration.

3. **Lease Utilization:** Section 4 of the Lease document is hereby amended to include the following: In accordance with 11 AAC 58.510, the lessee is bound to the approved Development Plan submitted as part of the application for Lease. Use of the land or any portion of it, for purposes other than those specified in the Development Plan constitutes a breach of the Lease and may result in revocation. Failure to develop and/or utilize the leased site for a period of five years or more may, at the discretion of the AO, constitute grounds for termination of the Lease.

4. **Modifications to the Development Plan:** Sections 4 & 30 of the Lease document are hereby amended to include the following: To adequately address any modifications to the approved Development Plan, the lessee will be required to provide advance written notice to the AO for approval of those changes prior to construction or implementation and must be accompanied by the amendment fee required by 11 AAC 05.010. The AO reserves the right to reevaluate the Lease compensation and other terms and conditions of the Lease prior to approval. No modifications are approved unless specifically authorized in writing by the AO.

However, under this paragraph:

- (A) the following changes do not require an amendment of the Development Plan:
 - (i) any change in the species or number of shellfish or aquatic plants being raised if the change is permitted by the Department of Fish and Game;
 - (ii) a change in the number or type of rearing structures authorized within the lease boundaries, if the change does not increase obstructions to navigation or to other public use;
- (B) the department will not authorize a proposed amendment to the lease development plan for a “change of use”; for the purpose of this subparagraph and AS 38.05.083(d), “change of use” means a change from the raising of shellfish and aquatic plants to any other use; and
- (C) the approval of an amendment of an aquatic farm site lease does not relieve the lessee of the obligation to obtain other necessary authorizations.

5. **Commercial Use Requirement:** The lessee shall report annually to the department, no later than January 31, on sales during the previous year of shellfish and aquatic plants raised on the lease site, not including sales of commercially harvested wild stock that had been stored at the lease site. If the lessee provides this sales information

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SAMPLE Additional Stipulations

to the Department of Fish and Game by an annual report, by copies of fish tickets, or by other means, the lessee may fulfill this paragraph's requirement for a sales report by asking the Department of Fish and Game to give a copy of the information to the department.

Failure to comply with the commercial-use requirement set out in 11 AAC 63.030(b) is a default and cause for termination, unless the lessee shows to the AO's satisfaction that the failure is due to circumstances beyond the lessee's reasonable ability to foresee or control.

The commercial-use requirement for this -acre lease is \$ in annual sales, and must be met by the commencement of the fifth (5th) year of the term and continued annually for the remaining lease term.

6. Inspections: Section 13 of the Lease document is hereby amended to include the following: The AO may designate representatives to inspect the leased area at any time. Sites which are determined to be in noncompliance will be subject 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) for the inspection.

The AO reserves the right:

- (A) of reasonable access to the leasehold for purposes of inspection, including the lessee's improvements and rearing structures; when the department inspects the lessee's rearing structures, the department will not lift or handle underwater rearing structures without prior notice to the lessee; the notice to the lessee may include notice by the Department of Fish and Game in accordance with AS 16.40.150(b); and
- (B) upon 10 days' prior notice, to inspect records of the lessee necessary to verify the lessee's compliance with the lease provisions.

7. Request for Data/Additional Information: For purposes of information and review, the AO may require the lessee to furnish data related to the use, maintenance, and operational activities undertaken in connection with this leasehold. The lessee shall furnish the required data as soon as possible or as otherwise required under the terms of this Lease.

8. Assignment: Section 6 of the Lease document is hereby amended to include the following: In the event the lessee desires to transfer their interest of this Lease to another party, the lessee must submit a letter to the AO requesting the assignment and include a copy of the draft Assignment Agreement with that letter for review. The AO reserves the right to renegotiate 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, or LLC/LLP membership/name change.

9. Performance Guaranty: Per section 25 of the Lease agreement: The lessee must post a performance guaranty in the amount of to secure faithful performance with all terms and conditions of the Lease and to insure 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 AO. **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

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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 KF and clean condition found acceptable by the AO.

10. **Insurance:** Per section 24 of the Lease agreement: The lessee is required to carry commercial liability insurance with the State of Alaska listed as an “**additional insured party**”. The case number **ADL** is to be referenced on the policy.

Insurance is required and is subject to annual review and adjustment by the AO. The AO may require a reasonable increase based on a change in the lessee's Development Plan or with increased risk. The insurance policy(s) must be written by a company(s) on the Division of Insurance's "admitted list" and the broker/agent must be licensed to do business in the State. If surplus lines insurance is provided, the broker must have a surplus broker license and be listed on the "surplus lines insurance list". Additional information regarding the admitted and surplus lines lists may be obtained from the Division of Insurance at (907) 269-7900.

1. Consult, as appropriate, with an insurance professional licensed to transact the business of insurance under Alaska Statute, Title 21, to determine what types and levels of insurance are adequate to protect the lessee and lessor (the State, its officers, agents and employees) relative to the liability exposures of the lessee's commercial operations.
2. Secure or purchase at lessee's own expense, and maintain in full force at all times during the term of the Lease, adequate insurance policies and coverage levels recommended by an insurance professional, licensed to transact the business of insurance under Alaska Statute, Title 21, and acceptable to the State of Alaska. The State will expect to see at a minimum, the following types of coverage:
 1. **Commercial General Liability Insurance:** 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, Alaska Department of Administration.

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2. **Workers' Compensation Insurance:** The lessee shall provide and maintain, for all its employees, Workers' Compensation Insurance as required by AS 23.30.045. Where applicable, coverage must comply with any other statutory obligations, whether Federal (i.e. U.S.L. & H or Jones Act) or other State laws in which employees are engaged in work on the premises. The insurance policy must contain a waiver of subrogation clause in favor of the State of Alaska.
3. Provide proof of insurance to the AO on a yearly basis. The certificate must provide for a 30-day prior notice to the State of Alaska in the event of cancellation, nonrenewal, or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of the Lease and shall be grounds, at the discretion of the AO, for termination of the Lease. Generally, the AO will rely upon the best professional judgment of the licensed insurance agent and, at renewal, the agent's annual reassessment of the insured's liability exposure for determination of adequate levels of coverage. The AO reserves the right to require additional coverage if, in its discretion, it determines that it may be warranted.

In the event the lessee becomes aware of a claim against any of its liability coverage, the lessee shall notify, and provide documentation and full disclosure of the claim to the AO within 20 days.

11. Spill Response: [Section 26 of the Lease document is hereby amended to include the following:](#) The lessee is responsible for preventing fuel, hydraulic fluid, and oil spills that could result in contamination of contiguous land and water. Petroleum product spills shall be cleaned up immediately and any contaminated earth or vegetative materials shall be disposed of as required by the Alaska Department of Environmental Conservation regulations. To facilitate rapid spill response, adequate sorbent materials (i.e., material that collects or absorbs petroleum products while at the same time repels water) will be kept on site to be used in the event of a spill. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to lessee activities, the lessee shall, at its expense, be obligated to clean the area to the reasonable satisfaction of the State of Alaska.

12. Spill Notification: [Section 26 of the Lease document is hereby amended to include the following:](#) The lessee is responsible for notifying the State of Alaska of any pollutants they have caused to be discharged, released, or spilled in or around the project area by contacting the Division of Mining, Land and Water Hazardous Materials Coordinator at (907) 269-8552 and the Department of Environmental Conservation Southcentral Area Response Team Office at (907) 269-3063 during business hours (after hours call the Department of Environmental Conservation Spill Hotline at (800) 478-9300) for the following situations:

Oil/Petroleum Releases:

To Water

1. *Any* release of oil to water *must be reported* as soon as the lessee has knowledge of the discharge.

To Land

2. Release(s) of oil **in excess of 55 gallons** must be reported as soon as the lessee has knowledge of the discharge.
3. Release(s) of oil **between 10 and 55 gallons** must be reported within 48 hours after the lessee has knowledge of the discharge.
4. The lessee is responsible for providing, on a monthly basis, a written record of any discharge of oil **between 1 to 10 gallons**.

Within Impermeable Secondary Containment Area

5. Any release of oil **in excess of 55 gallons** must be reported within 48 hours after the lessee has knowledge

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6. of the discharge.

Hazardous Substance Releases:

7. Release(s) of all hazardous substances (other than oil) **in any amount** must be reported as soon as the lessee has knowledge of the discharge.

The lessee is responsible for following all timelines, and submitting all required information as outlined in 18 AAC 75.300 and other applicable spill regulations under Article 3.

13. Historic Preservation: The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any State-owned historic/prehistoric archaeological or paleontological site without a lease from the commissioner. Should any sites be discovered during the course of field operations, activities that may cause damage will cease and the Office of History and Archaeology in the Division of Parks and Recreation (907) 269-8721/8720/8722 and the appropriate coastal district shall be notified immediately.

14. Incurred Expenses: All expenses incurred by the lessee connected with the exercise of the privileges 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.

15. Navigation: The United States Coast Guard (USCG) shall be contacted prior to placing any aquatic farm structures under this lease to determine lighting or marking requirements, such as buoys, necessary for the protection of maritime navigation, in accordance with Title 33, Code of Federal Regulations, Part 64. Required markings of this nature are Private Aids to Navigation, and must be subject to an approved permit. The USCG may be reached at the following address and phone number: Commander, 17th Coast Guard District, P. O. Box 25517, Juneau, AK 99802-5517, telephone (907) 463-2254.

16. Site Requirements: The lessee is required to adhere to the following:

- (A) Visibly mark the corners of the site and in accordance with USCG and ADF&G (5 AAC 41.277) marking requirements;
- (B) All improvements shall be secured utilizing anchoring methods with sufficient weight and holding capability to keep them in their authorized location(s) and must be retrievable upon expiration, termination, or cancellation of the lease. Anchoring systems for floating facilities moored for periods of more than 14 days must be approved by the Regional Manager and the USCG;
- (C) The use of adjacent uplands for activities related to the aquatic farm site, including shore ties, is not authorized under this lease. Written permission from the upland owner and authorization from this department must be obtained prior to any use of the adjacent uplands; and
- (D) Any commercially harvested wild stock acquired under AS 16, a fishery administered by DFG, may be held within the lease boundary before transporting to market. If DFG allows this activity within the lease boundary, the lessee is required to comply with DFG's operation permit requirements including clearly identifying and keeping the commercially harvested wild stock separate from any farmed product.

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7. Lease Compensation: An administrative lease fee schedule for aquatic farm sites has been approved by the Division of Mining, Land and Water effective March 17, 2020 through March 16, 2022 under Appraisal Report 2522-14. The lease fee schedule is subject to review every two years. The annual rent for the proposal based on an -acre farm site is \$ (The annual fee is calculated at \$ for each additional acre, or portion thereof.) The lease is subject to review of the annual rent every 5 years. In other words, should the fee be increased during the term of a lease, the lease will be amended at five-year intervals for fee adjustment. The lease fee is due on or before the date determined with authorization of the lease. **It is the responsibility of the lessee to submit the annual lease payment.** A courtesy notice of the lease fee may not be sent by the State.

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

1. A complete renewal/reissuance lease application; or
2. An approved reclamation plan for the leasehold. *Reclamation plans must include a description of the methods and techniques that will be used to rehabilitate affected areas of the leasehold. The plan must also include a specific timeline showing when each step of the restoration process will be completed.*