

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

PRELIMINARY DECISION
Healy Hilltop Subdivision – ADL 422452

Proposed Land Offering in the Denali Borough
AS 38.05.035(e) Powers and Duties of the Director
AS 38.05.045 Generally

RELATED ACTIONS:
None Proposed

PUBLIC COMMENT PERIOD ENDS 4:00PM, TUESDAY, MARCH 3, 2026

I. Proposed Action

Preliminary Decision: Healy Hilltop Subdivision - ADL 422452

Attachment A: Vicinity Map

Attachment B: Conceptual Design Maps

Attachment C: Public Notice

Primary Proposed Action: The primary proposed action of this Preliminary Decision of the State of Alaska, Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Land Conveyance Section (LCS) is to offer for sale State-owned land within the identified project area. If approved, surveyed parcels will be offered for sale.

LCS proposes to sell land within the Healy Hilltop project area for the purpose of providing land for settlement by developing a subdivision of no more than 20 parcels each no smaller than 1.5 acres. Subdivision design may include additional tracts of land to be retained by the state, if necessary. The project area consists of approximately 56 acres identified for disposal by this proposed action. The project area may be subdivided and offered in multiple stages.

If this proposed primary action is approved, the actual area offered for sale may consist of all or only a portion of the overall project area. After consideration of public comment, the size and boundaries of the project area will be described in a subsequent Final Finding and Decision (FFD), if the project proceeds to that step. Additional adjustments may be made prior to subdivision, as described in the applications to the platting authority, as needed to reserve areas for public use, minimize conflicts between uses, or ensure compliance with platting requirements. Although actions under this proposal are limited to the stated maximums, additional offerings may be authorized under future proposals, which could increase the density of privately-owned parcels near the project area.

Proposed Related Actions: No related actions proposed.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 2 of 17

Public Notice of Proposal: In accordance with AS 38.05.945 Notice, during a period of at least 30 consecutive days, the public will have the opportunity to submit written comment on this proposal.

See **Section XVII. Submittal of Public Comments** and *Attachment C*: Public Notice for details on how to submit a comment for consideration. If, after consideration of timely, written comments, LCS moves forward with the proposal, a FFD will be issued.

II. Method of Sale

LCS proposes to offer for sale land within the project area as described herein, through a future offering under AS 38.05.045 Generally.

Parcels offered through this action are offered fee-simple for the surface estate only. For more information about the land sales program, please visit <http://landsales.alaska.gov>.

III. Authority

DNR has the authority under AS 38.05.045 Generally to sell State-owned land if, on preparation and issuance of a written finding, it is determined to be in the best interest of the State, as required by AS 38.05.035(e) Powers and Duties of the Director. Article VIII, Section 1, of the Constitution of the State of Alaska states "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." Pursuant to AS 38.05.055 Auction Sale or Sealed Bid Procedures, bidders for commercial or agricultural land are not required to have been an Alaska resident for one year preceding the date of the sale. In addition, if it is deemed appropriate, DNR has the authority to develop and offer parcels larger than 5 acres under the allowances listed in AS 38.04.020(h) Land Disposal Bank.

IV. Administrative Record

The project file, Healy Hilltop Subdivision - ADL 422452, constitutes the administrative record for this proposed action. Also incorporated by reference are:

- Yukon Tanana Area Plan for State Lands (YTAP, adopted 2014) and associated land classification files.
- *Alaska Interagency Wildland Fire Management Plan, 2025 review.*
- *Alaska Department of Fish and Game Catalog of Waters Important for the Spawning, Rearing, or Migration of Anadromous Fishes.*
- *USDA, Natural Resource Conservation Service Custom Soil Report for this project, dated February 21, 2025.*
- DNR case files: access easement 403027; ADL 407811, Remote Lease Non-Competitive; ADL 407820, Remote Lease Non-Competitive; Agreement/Settlement, ADL 229606; and, other cases, documents, reports, etc. referenced herein.

V. Scope of the Proposal

The scope of this proposal, under the statutes described in the preceding **Section III.**

Authority, is limited and specific to LCS's proposal to offer State-owned land within the defined project area for disposal as described herein. The scope of this proposal does not include the control of post-patent use and LCS does not intend to impose deed restrictions for this purpose. The subdivision may be conducted in multiple stages.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 3 of 17

VI. Location

The project area is located within DNR's Northern Region, within Healy, within Section 24, Township 12 South, Range 8 West, Fairbanks Meridian, within the Denali Borough. The project area consists of approximately 56 acres identified for disposal by this proposed action.

Platting Authority: The project area is within the Denali Borough and subject to the borough's platting authority.

Native Regional and Village Corporations: The project area is within the boundaries of the Doyon Regional Corporation. There are no villages located within 25 miles of the project area.

VII. Property Description

That portion of Section 24, Township 12 South, Range 8 West, Fairbanks Meridian according to the plat, accepted by the U.S. Surveyor General's Office in Juneau Alaska, on June 11, 1921, lying easterly of Hilltop Road, northerly of Tract B and westerly of Tract C, Alaska State Land Survey No. 87-217 and southerly of Tract B, Alaska State Land Survey No. 86-231, containing approximately 7.7 acres.

That portion of Section 24, Township 12 South, Range 8 West, Fairbanks Meridian according to the plat, accepted by the U.S. Surveyor General's Office in Juneau Alaska, on June 11, 1921, lying easterly of Tract A and B of ASLS 87-217, southerly of Tract A of ASLS 88-188, and westerly of ASLS 88-187, excluding ASLS 90-54, containing approximately 48 acres.

All encompassing approximately 56 acres.

VIII. Title

Title Report No. 23754, current as of November 22, 2024 indicates the State of Alaska holds fee title to the land and mineral estate within the project area under Patent 50-67-0241, dated October 26, 1966. The applicable State case file is GS-765 The parcel is subject to the reservations, easements and exceptions contained in the federal patent.

State Reservations of Title:

Retention of and Access to Mineral Estate: In accordance with Section 6(i) of the Alaska Statehood Act and AS 38.05.125 Reservation [of Rights to Alaska], the State retains ownership of the mineral estate that may be in or upon the land that it sells. This retention is for all minerals, including both locatable minerals (such as gold, copper and silver, etc.), and leasable minerals (such as oil, gas, coal, etc.).

The State and its successors reserve the right to enter onto the land for the purposes of exploring for, developing, and producing these reserved mineral resources. Access reserved to these retained interests is superior to any and all surface uses. The State may also lease these retained interests to mineral developers or allow mining locations to be staked. However, AS 38.05.130 Damages and Posting of Bond also provides that the land estate owner will be compensated for damages resulting from mineral exploration and development.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 4 of 17

Navigable Waters: Per AS 38.05.126(b) Navigable and Public Water, "...the State has full power and control of all of the navigable or public water of the state, both meandered and unmeandered, and the State holds and controls all navigable or public water in trust for the use of the people of the state." This trust is in accordance with the principles of the Public Trust Doctrine, which are included in Article VIII, Section 14 of the Constitution of the State of Alaska and protected in the United States Constitution. It is vested in the title to this land, is not transferable, and the State's title to submerged lands under navigable waters cannot be relinquished by a transfer of the property. In holding with this concept, navigability determinations are made and access will be reserved per AS 38.05.127 Access to Navigable or Public Water. For more information, see **XIII**.

Access To, Within, and Beyond Project Area.

Where they exist within the project area, State third-party interests will be described in land sales brochures.

IX. Physical Characteristics and Hazards

Information about the project area is based on internal research, information received during agency review, and on-the-ground field inspections conducted on August 26, 2024 and June 17, 2025. This is by no means a complete description of the project area and if this proposal is approved and the area offered for sale, it will be the responsibility of interested parties to inspect individual parcels prior to purchase to familiarize themselves with the physical characteristics of the land.

Terrain and Major Features: The project area is situated on a narrow bench that stands approximately 250 – 300 feet in elevation above the main commercial district in Healy. In the project area vicinity, this bench slopes at approximately 3% to the northeast.

View: Most parts of the project area have views of the mountains bordering Healy.

Vegetation: Primarily brushy shrubs and sparse to moderate-density, partially stunted spruce. The stunting of the spruce trees within the project area is typical of the Healy vicinity and is likely due to the climate and elevation instead of drainage limitations.

Soils: DNR Division of Geological & Geophysical Surveys (DGGS) describes the project area as existing with a broader area of glacial drift deposits. The US Department of Agriculture (USDA) Web Soil Survey reports that all the project area is within a colluvial slope setting and is likely underlain by a sequence of a thin organic layer, loam, silt loam, and very gravelly loamy sand. Well logs in the immediate vicinity record a wide variety of subsurface sediments ranging from silt to gravel, often with cobbles or boulders, several hundred feet thick.

Wetlands: Discontinuous freshwater forested/shrub wetland habitat exists within the project area. Dredging or filling of wetlands may require a permit from the US Army Corps of Engineers.

Geologic Hazards: According to information provided by DGGS, the project area is close to active faults, including the Healy fault immediately to the south and Denali National Park Road fault 10 miles to the south. Both of these faults have been active in the last 15,000 years and overall the region's seismic hazard potential is moderate to moderately high. The risk posed by building within an active seismic zone should be accommodated

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 5 of 17

by following appropriate construction best practices. There are currently no residential building code requirements within the Denali Borough for residential construction, however, the International Residential Code (IRC) provides guidance on building design and construction. The International Code Council provides public access to the IRC available on their website.

DGGS notes that the project area is within the zone of the state where permafrost is discontinuous and is estimated to underly 50 to 90% of the region. However, DGGS provided no information specific to probable permafrost distribution in the Healy area. Most water well logs within the project area vicinity did not note frozen ground beyond the active layer that is subject to seasonal freezing and thawing. However, some potential exists for permafrost within the project area, which DGGS notes could be problematic, especially in soils with high silt content.

DGGS cautioned that there is significant potential for radon gas intrusion into occupied buildings in the immediate vicinity of the project area. DGGS and the IRC provide guidance on testing for radon and radon mitigation systems.

DGGS noted that the project area has been subject to ash fall from volcanoes located in Cook Inlet and the Alaska Peninsula.

Fire Information: Pursuant to observations from field inspection, fire risk in the area is likely moderate to high. No input was received from the Division of Forestry & Fire Protection. There is no reported history of fires within the vicinity. The project area is served by the Tri-Valley Volunteer Fire Department.

Potential for wildland fire is high in Interior Alaska. Landowners with structures are encouraged to follow the Alaska Wildland Fire Coordinating Group *Firewise Alaska* recommendations. Offering materials include information regarding wildland fire prevention.

Fire management options and policies for the area are identified in the *Alaska Interagency Wildland Fire Management Plan* available from DNR Division of Forestry & Fire Protection. The current fire management option for the project area is “critical.” The policy on areas with the “critical” management option reads that fires “occurring in the Critical Management Option or that threaten Critical sites are assigned the highest priority for suppression actions and assignment of available firefighting resources.” The plan also states that there is no guarantee of protection from wildland fire in any management option or at any site. It is the responsibility of landowners to mitigate and minimize risk to their property before it becomes threatened by wildland fire.

Flood Hazard: There is no Flood Insurance Rate Map available for the project area. There is potential for seasonal flooding and erosion of parcels adjacent to water bodies, especially in low-lying areas.

Water Resources: All surface and subsurface waters on all lands in Alaska are a public resource, subject to appropriation in accordance with AS 46.15 Water Use Act. There are 11 issued subsurface water rights within approximately one mile of the project area.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 6 of 17

The primary source of water in the area is private wells. Information from well logs indicate that well depths in the vicinity typically range from 200 to 480 feet deep with yields ranging from 6 to 30 gallons per minute. Subsurface water rights in the vicinity are for volumes between 500 to 9,100 gallons per day. There are no municipal water sources in the project area. Water quality is unknown. Additional information on wells, water quality, and drinking water may be obtained from the Alaska Department of Environmental Conservation.

Utilities: This area is currently served by Golden Valley Electric Association and Matanuska Telecom Association.

Waste Disposal: The Healy transfer station is located approximately five miles to the north at milepost 253 of the Parks Highway. All on-site wastewater disposal systems must meet the regulatory requirements of the Alaska Department of Environmental Conservation.

X. Background

DNR is proposing to create the Healy Hilltop Subdivision to offer parcels for private ownership within an area with established use for residences and vacation rentals. Based on input from the Denali Borough and local residents, there is a demand for parcels in the developed Healy area, ideally for parcels sized between 1.25 to 5 acres. The Denali Borough stated that several local property owners have chosen to retain large parcels without further subdivision, which limits the potential to accommodate demand for private land. Offering the project area for private ownership aligns with DNR's mission to serve the interests of local government and Alaska residents.

The Healy Hilltop project area consists of remnants of state land surrounded by private property sold via the DNR Remote Parcel Program in the 1980s. In this former state land sale program, applicants staked parcels of their chosen geometry within the boundaries of the McPherson Remote Parcel Selection Area. The parcels staked around the project area ranged from approximately 6 to 20 acres in area. Some of these parcels have since been subdivided into smaller parcels and developed for housing and vacation rentals, whereas some remain as larger parcels with minimal or no development.

The northern portion of the project area directly adjacent to Hilltop Road was formerly a leased parcel (ADL 407811) between 1982 and 1991. No evidence of development was observed during the August 2024 and June 2025 field inspections. A portion of the southern project area was also formerly a leased parcel (ADL 407820) between 1982 and 1991, and similarly no evidence of development was observed during the August 2024 and June 2025 field inspections. The land within the project area returned to DNR after leases were terminated and remained unobligated until selected by the Alaska Mental Health Trust (MHT) as part of "replacement lands" awarded to MHT in a court case. However, as more replacement lands were selected than could be awarded, these specific replacement lands were not conveyed and are no longer eligible for conveyance to MHT. There are no known conflicts with third-party interests within the project area.

The northern portion of the project area appears to have no current uses. An old meandering foot trail crosses from Hilltop Road to private property to the east. This trail has been mostly grown over by native vegetation. Part of Dora Vista Court might extend across the southern boundary of this northern project area parcel. DNR will provide public access rights-of-way for

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 7 of 17

Dora Court as required by the platting authority or mirroring legal access corridors on adjacent parcels.

The southern portion of the project area appears to have only occasional use along unimproved, narrow trails. A pedestrian trail follows the section line easement (SLE) along the southern boundary. Dirt roads and trails from adjacent property to the south lead up to this SLE in a few locations. This SLE trail leads to a less-traversed trail that travels north-south through the eastern portion of the southern project area parcel. Thorofare Road may extend across the northern boundary of this southern project area parcel. DNR will provide public access rights-of-way for Thorofare Road as required by the platting authority or mirroring legal access corridors on adjacent parcels.

The project area soils generally appear to be sufficiently drained to allow for offering parcels in the range of 1.5 to 5 acres. Small, isolated areas of standing water were found in the northern center and southwest corner of the southern project area parcel. The topography around the project area features generally shallow slopes, primarily oriented to the north or northeast. Offering parcels in excess of 5 acres may be necessary to provide adequate buildable area around wet areas or to reduce the length of road necessary to construct. While it is preferable to create parcels between approximately 1.5 to 5 acres in area, DNR may elect to sell parcels greater than 5 acres to ensure the subdivision is feasible to develop and parcels are configured appropriately based on the drainage and soil conditions.

The northern project area parcel has direct frontage on Hilltop Road (DOT maintained) and Dora Vista Court (no government organized maintenance). Thorofare Road appears to connect to the northern boundary of the southern project area parcel. Salmonberry Avenue travels east from Hilltop Road to within approximately 360 feet of the southwest corner of the southern project area parcel. Thorofare Road and Salmonberry Avenue have no government organized maintenance. DNR would likely use a combination of these corridors for accessing the southern project area parcel.

If DNR offered parcels in the range of 1.5 to 5 acres, Denali Borough subdivision code would require the construction of roads within the project area because of the number of parcels created. For this subdivision scenario, it is likely that DNR would realize significantly more revenue from parcel sales than the cost of subdivision development. DNR anticipates strong demand for road-accessible parcels between 1.5 to 5 acres in size. One subdivision scenario along these lines is shown as the small parcel idea in *Attachment B: Conceptual Design Maps*. If DNR elected to offer parcels significantly greater than 5 acres in area, then the revenue potential declines significantly due to the lower per acre value of larger parcels. These parcels would be similar in size to those created in the 1980s under DNR's former Remote Parcel Program, which could be retained as large parcels by future owners or could eventually be further subdivided by subsequent private owners. It is likely that this larger parcel development scenario would generate only modest revenue potential for DNR. Two scenarios for this are shown as the large parcel and no subdivision ideas in *Attachment B: Conceptual Design Maps*.

XI. Planning and Classification

The project area is within the Yukon Tanana Area Plan (YTAP, adopted January 2014), Parks Highway and West Alaska Range Region, Unit P-91. Lands within this unit are currently designated Settlement, and classified Settlement Land under Land Classification Order No. NC-10-005. The project area consists of approximately 56 acres of the 165-acre management unit.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 8 of 17

LCS reviewed the general management intent of the area plan and management unit for consistency with the proposed offering.

Unit P-91 Considerations: The management unit was appropriate for conveyance to the Alaska Mental Health Trust (MHT) to replace lands that were previously conveyed to MHT in error or were determined to contain hazardous materials. These replacement lands were to be segregated for eight years after the final finding and decision that authorized the conveyance was signed on June 12, 2006. This eight-year window has lapsed and the project area was not transferred to MHT. The management unit was also eligible to be conveyed to the Denali Borough via municipal entitlement, however, the Borough did not select these lands for conveyance and has exhausted its allocation for selecting state lands to receive under municipal entitlement. The management intent states that unit P-91 is appropriate for disposal by DNR if the lands are not necessary for fulfilling obligations to MHT or Denali Borough.

Areawide Considerations: LCS reviewed the area plan's guidelines in Chapter 2 Areawide Land Management Policies. LCS will incorporate these considerations into the design and development of the project. Specific areawide management intent and management guidelines affecting this proposal are discussed below.

Coordination and Public Notice: Management guidelines provide that public notice will be given for the disposal of land as required under AS 38.05.945 Notice. Public notice is being issued for this proposed action in accordance with AS 38.05.945. Refer to *Attachment C: Public Notice* and **Section XVII. Submittal of Public Comments** for more information.

Cultural Resources: Management guidelines call for coordination with the DNR Office of History and Archaeology (OHA) if OHA determines that a cultural survey may be required during agency review of a proposed land disposal. Cultural surveys should be considered when OHA reports sites or if there is a high potential for sites. OHA responded to the agency review request for this project and the coordination between LCS and OHA is summarized in **Section XVI. DMLW and Agency Review** below.

Fish and Wildlife Habitat: Management guidelines regarding Fish and Wildlife Habitat are specific to areas designated Habitat. ADF&G responded to the agency review request and had no objection to the land offering proposal. See **Section XVI. DMLW and Agency Review** for more details.

Forestry: Management guidelines state that timber harvests are appropriate in Settlement designated land if intended to support the costs of subdivision development or provide access. The trees within the project area would not support a timber sale, therefore LCS is not pursuing this option.

Material Sites: Management guidelines regarding material sites provide that settlement areas containing high value material resources should be identified during subdivision design and retained in state ownership. In agency review input, DGGs indicated that there was some potential for construction material resources to be present within the project area, but that other areas within the broader depositional

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 9 of 17

environment would likely be higher priority due to a more favorable composition. Additionally, the residential location of the project area is not compatible with a material site. LCS is not proposing to retain land within the project area for material resources.

Public Access: Management guidelines provide that prior to disposal of State lands, rights of access will be retained, and reasonable access will be provided across State land to other public or private land. LCS will ensure that practical legal access corridors are provided to and within the project area parcels.

Settlement: Relevant areawide management guidelines regarding settlement include:

- Protect life and property, such as avoiding sensitive areas, such as those with unstable soil, and considering the wildland fire risks.
- Planning and coordination regarding local governments and local plans.
- Close to mineral entry Settlement designated units prior to sale.

This proposal has considered these guidelines as addressed throughout this document. The project area has some isolated wetlands, similar to the neighboring private properties, but no known hazards attributable to unstable soil. The project area is within a Critical Fire Management Option (i.e. highest priority for wildland fire control) that covers the broader Healy vicinity. Review of the Denali Borough Comprehensive Plan (revision 3, September 9, 2015) and Denali Borough Land Use and Economic Development Plan (January 10, 2018) did not indicate any conflicts with proposed land disposal. LCS will solicit input from local landowners through the public notice and comment process, as stated in the Coordination and Public Notice subsection above. The project area is closed to mineral entry.

The proposed offering is consistent with areawide land management policies and general management intent of the YTAP and specific management unit.

Mineral Activity and Order(s): No mineral activity has been identified on these lands. The project area is closed to mineral entry under Mineral Closing Order 65.

Mineral orders which close an area to mineral entry, close the applicable area to new exploration and development of locatable minerals. Such mineral orders do not apply to leasable minerals (such as: oil, gas, coal, etc.), or exploration licensing for such, nor do they preclude reasonable surface access to these resources. However, AS 38.05.130 Damages and Posting of Bond stipulates that the land estate owner will be compensated for damages resulting from exploration and development.

Local Planning: The project area is within the Denali Borough and property purchased through this proposed offering will be subject to the applicable zoning, ordinances, and restrictions of the borough. The project area is within the boundary of the Denali Borough Comprehensive Plan. Review of that plan did not indicate any conflicts with the proposed State land disposal.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 10 of 17

XII. Traditional Use Finding

The project area is located within the Denali Borough therefore a traditional use finding is not required per AS 38.05.830 Land Disposal in the Unorganized Borough. However, information on current or traditional use is welcomed and can be given during the public comment period. See the **Section XVII. Submittal of Public Comments** at the end of this document and *Attachment C: Public Notice* for details on how to submit comment.

XIII. Access To, Within, and Beyond Project Area

Developed access to the project area's northern parcel is from Hilltop Road and Dora Vista Court. Developed access to the project area's southern parcel is from Dora Vista Court to Thorofare Road, as well as a section line easement extending east of Salmonberry Avenue; approximately 350 feet between Salmonberry Avenue and the southwest corner of DNR land is currently undeveloped. *Attachment A: Vicinity Map* illustrates these access routes. Hilltop Road is an asphalt-covered road maintained by the Department of Transportation. Dora Vista Court, Thorofare Road, and Salmonberry Avenue are gravel roads with no government-organized maintenance. There are additional legal access corridors along the perimeter of parcels created through DNR's McPherson Remote Parcel land offering, such as within parcels created by Alaska State Land Survey (ASLS) 87-217, ASLS 88-188, ASLS 90-54, and ASLS 82-105. Subdivision design will take into account topography and access to lands beyond the project area and within the project area boundaries. The project area is subject to the platting authority of the Denali Borough. Approval of platting actions and dedication of rights-of-way will require separate processes and may involve public notices through the borough.

Access To and Along Public or Navigable Waters: LCS has not identified any public, navigable, or anadromous water bodies within the project area. If any such water bodies are discovered, parcels will be subject to access reservations in accordance with AS 38.05.127 Access to Public or Navigable Water, and a building setback from the OHW of the water body.

Easements, Setbacks, and Reservations: Subdivision design may include a variety of easements, setbacks, and retained lands, which will be identified on the subdivision plat and included in related documents. Standards for easements are provided in 11 AAC 51.015 Standards for Public Easements or by local platting ordinances. Final width and location of easements and reservations will be determined as part of the local platting process, which will include an additional opportunity for public participation.

Parcels and subdivision design may be subject to a variety of reservations or restrictions where appropriate:

- Public access easements.
- Utility easements.
- A 50-foot-wide section-line easement on each side of surveyed or protracted section-lines on State-owned land in accordance with AS 19.10.010 Dedication of Land for Public Highways and 11 AAC 51.025 Section-line Easements; section-line easements may be vacated under AS 19.30.410 Vacation of Rights-of-Way and 11 AAC 51.065 Vacation of Easements as part of the subdivision development.
- A 5-foot survey easement from the nearest practical point on the property boundary to control monuments within the parcel and an easement with a radius

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 11 of 17

around the control monument, and as applicable, a 5-foot direct line-of-sight easement from the control station to an azimuth mark or other control monument.

- Additional reservations and/or restrictions required through the local platting authority.

Where appropriate, reservations and restrictions will be depicted on the plat and described in plat notes.

Retained Lands: LCS does not currently intend to retain any portion of the project area.

XIV. Hazardous Materials and Potential Contaminants

During on-the-ground field inspections conducted on August 26, 2024 and June 17, 2025, staff did not observe any environmental hazards within the project area. There are no known environmental hazards present within the project area; however, the State makes no representations and no warranties, express or implied, concerning the existence or absence of any hazardous substances, hazardous wastes, contaminants, or pollutants on the land here proposed for conveyance. The State does not assume liability for the removal of hazardous substances, hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances ever be found. Interested parties are encouraged to inspect the property and familiarize themselves with the condition and quality of the land prior to bid or application submittal.

LCS recognizes there are potential future environmental risks when previously vacant land is occupied. Many of the activities increasing these potential risks are regulated by other agencies, such as the regulation of septic system installation by the State of Alaska, Department of Environmental Conservation. This risk is no greater than when vacant private land undergoes development. Given that this land was specifically designated Settlement for transfer into private ownership and given the high degree of interest from both the legislature and citizens in transferring State-owned land into private ownership, LCS is of the opinion that the benefits of offering the land outweigh the potential risks.

XV. Survey, Platting, and Appraisal

After evaluating public comment and conditions of the land, DNR will determine if it is in the State's best interest to offer the proposed project area. In order to offer the property, a combination of survey, subdivision, and/or platting actions may be required.

This proposed project area is located within the Denali Borough, and therefore survey and platting will be subject to the relevant subdivision standards. The borough's platting requirements may provide for separate public notice periods and processes for platting actions. Such platting actions may provide additional opportunities for public involvement after DNR issues a FFD, if this proposed action is approved.

In accordance with AS 38.05.840 Appraisal, an appraisal meeting DNR standards will be required within two years of the date fixed for the sale of any parcel developed under this proposed action. DNR will consider selling project area parcels in multiple offerings over time to mitigate "flooding" the local market.

Project research and development includes consideration of economic factors utilizing market data and project development costs compiled by DNR DMLW staff, to evaluate the economic feasibility of a project. Since it commonly takes several years for the project development

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 12 of 17

process, AS 38.05.840 Appraisal ensures the current market conditions are addressed in order to obtain a realistic minimum bid or purchase price for the sale of State land.

XVI. DMLW and Agency Review

Information and comments received from multiple sections within DMLW prior to and during agency review have been considered and included in the preparation of this preliminary decision. Agency review was conducted from March 3 through March 17, 2025. Comments pertinent to this proposed action received during agency review have been considered and addressed below. Additional timely comments received during the Public Notice period will be considered and addressed in a subsequent FFD, if one is issued.

DNR DMLW LCS received brief comments of non-objection from the following agencies:
DNR Division of Oil and Gas, DNR Division of Parks & Outdoor Recreation.

DNR DMLW LCS Response: LCS appreciates your review of the proposal.

Alaska Department of Fish and Game (ADF&G) Comment: ADF&G had no objection to the land sale proposal, but stated that the subdivision would slightly reduce habitat for local species and is located near a bird population data collection route. ADF&G recommended scheduling vegetative clearing before or after the breeding season of nesting birds and to preserve existing trails and easements to ensure continued public access.

DNR DMLW LCS Response: LCS appreciates your review of the proposal. If LCS conducts development work within the project area, such as building roads, LCS will follow agency guidance to avoid nesting bird habitat or will seek site-specific guidance if work would need to be conducted within the nesting window. If the proposed subdivision project moves forward, LCS will preserve the existing section line easement and will create new legal access corridors for access within and through the project area.

Alaska Department of Transportation (DOT) Comment: DOT stated that Dora Vista Court and Salmonberry Avenue will need upgrades to accommodate increased traffic and that access onto Hilltop Road for both roads will need improvements. DOT requested that LCS work with their Northern Region Right-of-Way (ROW) and Maintenance & Operations (M&O) Groups in Fairbanks as the project progresses.

DNR DMLW LCS Response: LCS appreciates your review of the proposal. LCS has coordinated with DOT Northern Region ROW and M&O to confirm which access roads are managed by DOT versus the Denali Borough. LCS will follow the Denali Borough's subdivision requirements and will coordinate with DOT's Northern Region during subdivision platting.

DNR Division of Parks and Outdoor Recreation, Office of History and Archaeology (OHA) Comment: OHA stated that there are several known cultural resource sites adjacent to the subdivision project area and historic trails that may be affected by the proposed subdivision, but it appears the subdivision project area has not received intensive archaeological survey. OHA requests additional information to assess the historic, prehistoric, or archaeological values and the potential effects to those values that may need to be documented or preserved. OHA recommends conducting an archaeological survey and evaluating the National Register of Historic Places eligibility of cultural sources that may be affected by the subdivision project.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 13 of 17

DNR DMLW LCS Response: LCS appreciates your review of the proposal. The proposed Healy Hilltop Subdivision encompasses approximately 56 acres of vacant state land, surrounded by parcels sold into private ownership via the DNR Remote Parcel Program in the 1980s. Based on input from the Denali Borough and local residents, there is a demand for housing in the developed Healy area. Offering the project area for private ownership aligns with DNR's mission to serve the interests of local government and Alaska residents.

The project area is within Unit P-91 of the Yukon Tanana Area Plan (YTAP, adopted January 2014). The YTAP establishes DNR policy for managing state land and resources through management intent statements, land use designations, and management guidelines. Unit P-91 is designated as Settlement, and the management intent states:

Unit is appropriate for land disposal and is considered appropriate for conveyance to the Mental Health Trust, subject to the terms of the Final Finding and Decision (ADL 229606). It is also conveyable to the Denali Borough, should the unit be determined as unnecessary to the fulfillment of the state requirement for conveyance under the FFD for compensation of land conveyed to the Trust in error. At the present time (2011) this area has not been selected by the borough, since the Mental Health selection predated Denali Borough municipal entitlement applications, and would need to amend its selections to encompass if the requirements of AS 29.65.040 are present and the Department determines that additional selections are appropriate. If this unit is not necessary for trust reconstitution or of interest to the Denali Borough and not necessary to the fulfillment of their entitlement, it is appropriate for disposal by DNR.

Accordingly, the project area was previously approved for conveyance to the Mental Health Trust without requiring an intensive archaeological survey. It was also eligible for a municipal entitlement conveyance to the Denali Borough, which would have only stipulated the protection of documented cultural resource sites within the project area boundaries.

The YTAP provides management guidelines for Cultural Resource Surveys Prior to Land Offerings, which state:

If determined by OHA during an agency review of a proposed land disposal that a cultural survey may be required, further coordination between OHA and DMLW prior to the land disposal is warranted. Cultural surveys should be considered where OHA reported sites exist or where there is a high potential for such sites to exist. The extent and type of the cultural survey within the area of the proposed land disposal shall be determined by OHA in consultation with DMLW. Detailed procedures exist governing when a survey is required and extent of the cultural resource survey and are to be consulted by DNR adjudicators.

During additional coordination with OHA, LCS noted that no known cultural resource sites are located within or within approximately ½-mile of the project area. OHA, however, offered a broader interpretation of the YTAP guidelines, suggesting that all land designated settlement should undergo a cultural resource survey, ideally during

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 14 of 17

land use plan development. The main cultural resource site referenced by OHA as significant is located approximately two miles from the project area, across a significant drainage. To date, OHA has not provided written rationale reconciling this broader interpretation with the YTAP land management guidelines for cultural resources.

LCS believes that OHA's current recommendation deviates from the established process outlined in the YTAP and past interagency practices. The YTAP provides clear guidance that cultural resource surveys should be considered based on the presence of known sites or a high potential for such sites, determined during agency review. Historically, OHA's input has aligned with this approach. However, OHA's current position appears to apply a broader interpretation suggesting that all lands designated for settlement should undergo archaeological surveys regardless of site-specific factors. This interpretation is inconsistent with the YTAP's intent and introduces uncertainty into the land disposal process. Given the absence of known cultural resources within or near the project area, and the fact that the land was previously approved for conveyance without requiring a survey, LCS maintains that proceeding without an archaeological survey is consistent with YTAP guidelines and in the best interest of the State.

In accordance with AS 41.35.070(d), if in the course of performing public construction or improvements, historic, prehistoric, or archeological sites, locations, remains, or objects are discovered, LCS shall notify OHA and request concurrence before proceeding.

DNR Division of Geological and Geophysical Surveys (DGGS) Comment: DGGS summarized the geologic setting and hazards for the project area vicinity (summarized in **Section IX. Physical Characteristics and Hazards**).

DNR DMLW LCS Response: LCS appreciates your review of the proposal. DGGS's input has been integrated into this proposal.

Department of Environmental Conservation, Division of Environmental Health, Drinking Water Program Comment: DEC stated that the project area is near several active and registered public water systems and provided an illustration of the protection areas in the project area vicinity. DEC requested that the applicant follow DEC's guidance *Recommendations for General Project Activities Near a PWS Source*.

DNR DMLW LCS Response: LCS appreciates your review of the proposal. LCS is the applicant for this proposal to create the Healy Hilltop Subdivision and will consider the recommendations during subdivision development. If LCS develops subdivision infrastructure, such as access roads, LCS will follow DEC requirements for stormwater discharges from the construction activity.

The following agencies or groups were included in the agency review, but no comment was received:

- Alaska Association of Conservation Districts
- Alaska Railroad
- Department of Commerce, Community, and Economic Development
- Department of Natural Resources
 - Division of Agriculture
 - Division of Forestry & Fire Protection
 - Mental Health Trust Land Office

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 15 of 17

- Office of Project Management and Permitting
- State Pipeline Coordinator's Section
- Fairbanks Soil and Water Conservation District
- University of Alaska Land Management

XVII. Submittal of Public Comments

See Attachment C: Public Notice for specific dates and conditions.

Pursuant to AS 38.05.945 Notice, LCS is issuing public notice inviting comment on this Preliminary Decision.

In accordance with AS 38.05.946(a) Hearings, a municipality or corporation entitled to receive notice under AS 38.05.945(c) Notice may hold a hearing within 30 days after receipt of the notice. If a hearing is held, the Commissioner (or representative) shall attend the hearing. The Commissioner has discretion whether to hold a public hearing.

LCS will consider all timely, written comments received. If analysis of such comments indicates the need for significant changes to the Preliminary Decision, additional public notice for the affected lands will be given. Reducing the amount of land offered and making minor changes will not be considered significant changes requiring additional public notice.

If the proposal is approved and no significant change is required, the Preliminary Decision, including any deletions, minor changes, and summary of comments and LCS responses, will be issued as a subsequent FFD without further notice.

Only persons from whom LCS receives timely, written comment during the identified comment period will be eligible to file an appeal of the FFD. Upon approval and issuance of a FFD, a copy of the decision will be made available online at <https://dnr.alaska.gov/mlw/landsales/public-notice/> and sent with an explanation of the appeal process to any party who provides timely written comment.

LCS is prepared to accommodate individuals with disabilities by providing auxiliary aids, services, or special modifications in order to participate in this review. Individuals who may need such assistance should contact the Department's Public Information Center. For more information refer to *Attachment C: Public Notice*.

**DEADLINE TO SUBMIT WRITTEN COMMENT IS
4:00 PM, TUESDAY, MARCH 3, 2026**

XVIII. Options and Discussion

LCS is considering the following options:

Option 1: (Preferred) Survey and plat a subdivision consisting of up to 20 parcels varying in size and offer those parcels for sale. The development and offering of these parcels may be completed in multiple stages.

Option 2: (No Action) Do not offer this project area for private ownership. Retain the land in State ownership.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 16 of 17

Article VIII, Section 1 of the Alaska Constitution states, “it is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.” Furthermore, AS 38.05.045 Generally has placed this charge with DNR, and the legislature has provided funding to administer the land sale program.

Option 1 provides a method for DNR to meet the obligations stated in the Alaska Constitution and maximizes public interest by providing opportunities for Alaska residents to obtain land for settlement in a desirable area. This proposal, if approved in a subsequent FFD, will allow LCS to create a subdivision of up to 20 parcels, which will provide for the best use and development of the land and financial return to the State. Option 1 provides the greatest opportunity for Alaskans to purchase land within this area. Due to the unique amenities of the area, location relative to the community of Healy, and the proximity to existing residential private property, the project area is better suited to offering for sale. Option 1 is preferred.

Option 2 does not meet the legislative and public desire for DNR to offer State-owned land for private ownership. Retention of this land would inhibit DNR from meeting its constitutional, statutory, and legislative goals. Not offering the project area would deny many Alaskans the opportunity to obtain land in an area that is suited to settlement and consistent with the surrounding development. It is more beneficial for DNR, Alaska residents, and the public to offer the project area for private ownership considering the project area is vacant state land with no known public uses. Option 2 is not preferred.

For the aforementioned reasons, Option 1 is preferred.

Recommendation follows.

Preliminary Decision

Healy Hilltop Subdivision – ADL 422452

Page 17 of 17

XIX. Recommendation

This Preliminary Decision for the proposed disposal of State lands described throughout this document and its attachments is consistent with the overall management intent for State-owned land. Option 1 is the preferred option because it provides the maximum opportunity for offering State land to the public and helps meet the mission of the land sales program. The Preliminary Decision described above, as represented by the preferred option, has been reviewed and considered. I find that the recommended action may be in the best interest of the State and that it is hereby approved to proceed to public notice.

This is a Preliminary Decision, and analysis of subsequent public review may result in changes to the preferred option of the proposed disposal of State lands.

Colin M. Craven

Prepared by: Colin Craven
Natural Resource Specialist
Land Conveyance Section
Division of Mining, Land and Water
Department of Natural Resources
State of Alaska

Jan. 27, 2026

Date

Tim Shilling

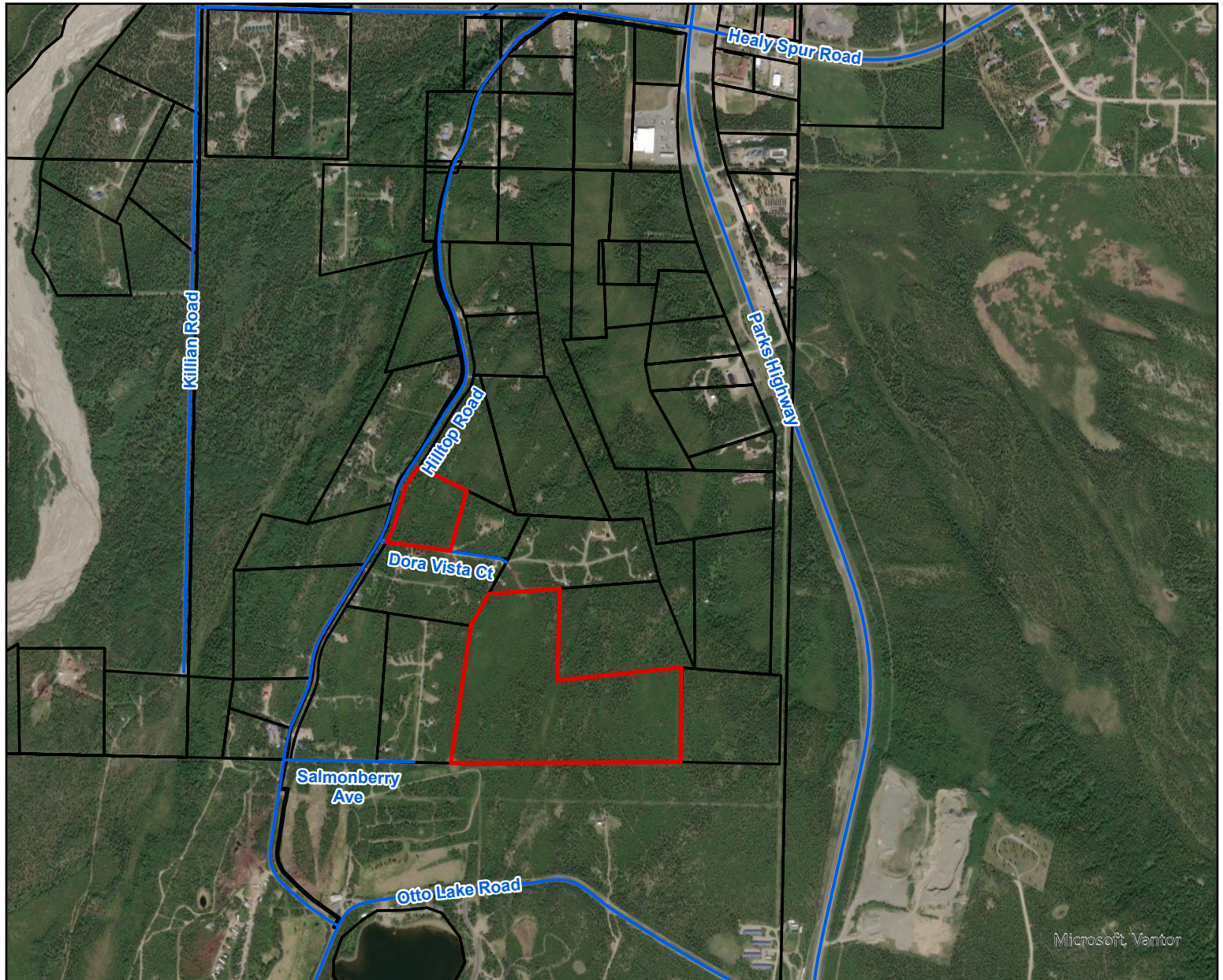
Approved by: Tim Shilling
Natural Resource Manager II
Land Conveyance Section
Division of Mining, Land and Water
Department of Natural Resources
State of Alaska

1/27/2026

Date



Attachment A: Vicinity Map Healy Hilltop Subdivision ADL 422452



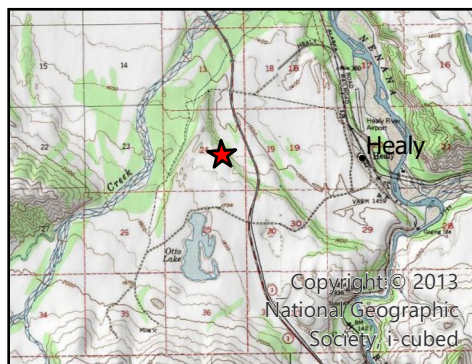
- Project Area
- Local Roads
- Parent Parcel Boundaries

0 0.25 0.5
Miles

**Township 12S Range 8W
Section 24 Fairbanks Meridian**

C. Craven
Nov. 24, 2025

For more information contact:
Colin Craven
Department of Natural Resources
Division of Mining, Land, and Water
Land Conveyance Section
907.451.2730
land.development@alaska.gov

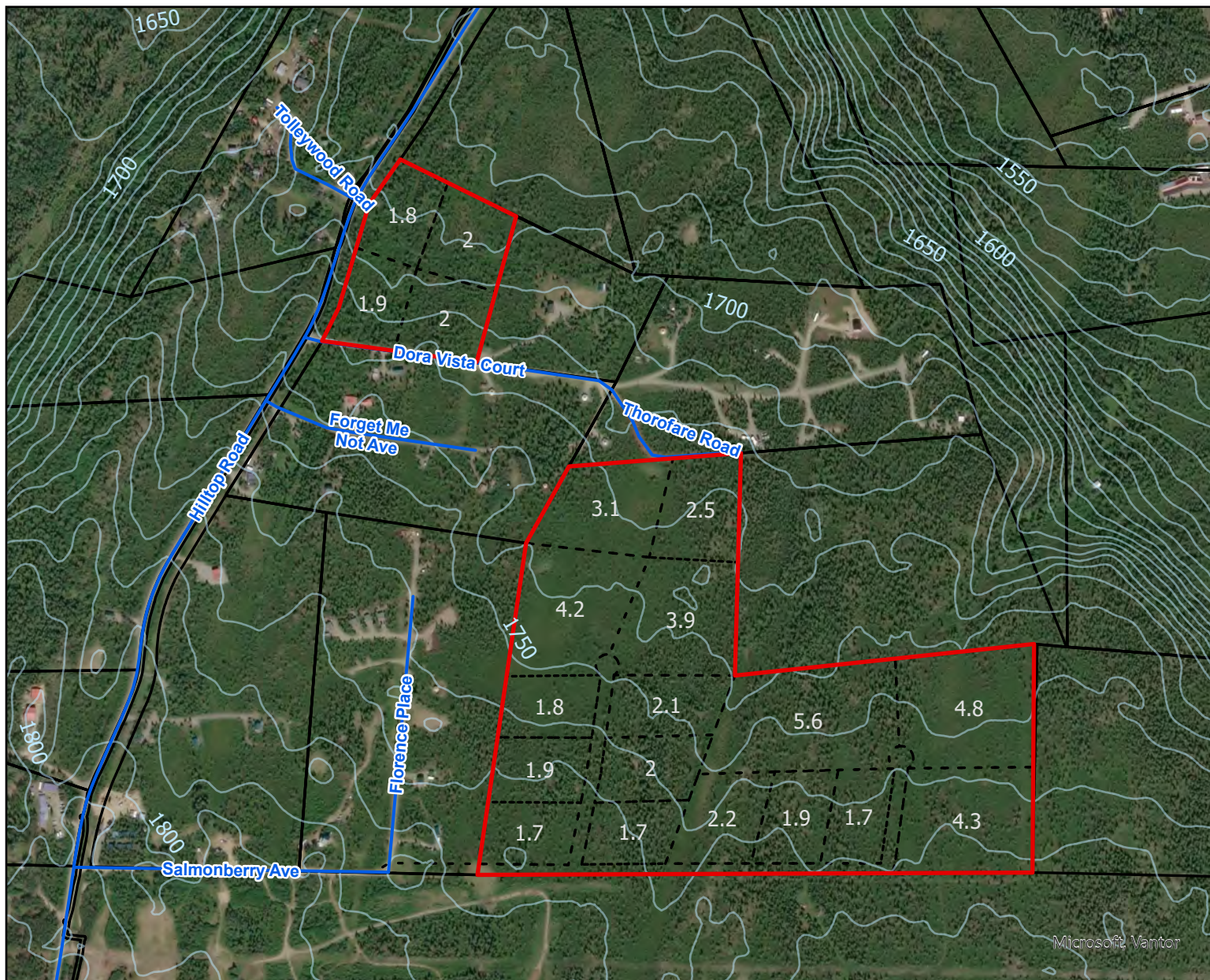




Attachment B: Conceptual Design Maps

Small Parcel Idea

Healy Hilltop Subdivision, ADL 422452



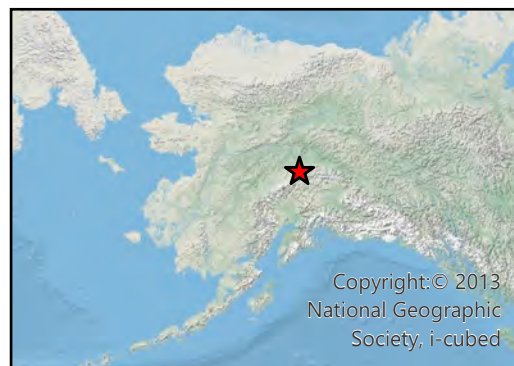
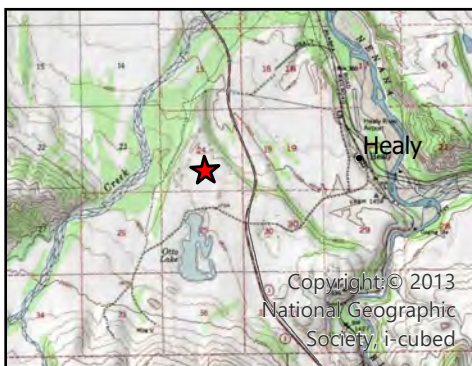
- Project Area
- Elevation Contours (10 ft)
- Local Roads
- Parent Parcel Boundaries
- Small Parcels Idea

0 0.1 0.2
Miles

Township 12S Range 8W
Section 24 Fairbanks Meridian

C. Craven
Nov. 24, 2025

For more information contact:
Colin Craven
Department of Natural Resources
Division of Mining, Land, and Water
Land Conveyance Section
907.451.2730
land.development@alaska.gov

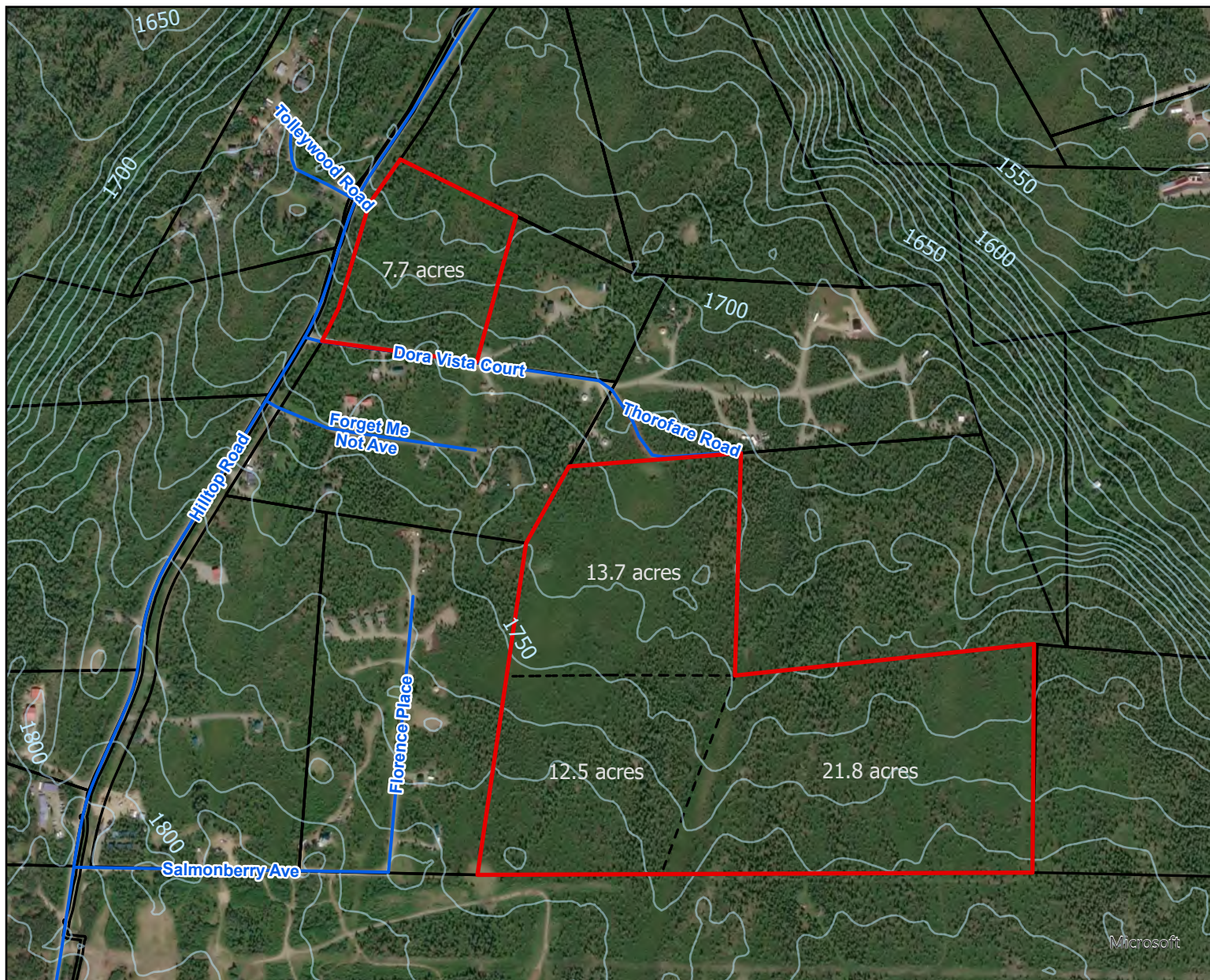




Attachment B: Conceptual Design Maps

Large Parcel Idea

Healy Hilltop Subdivision, ADL 422452



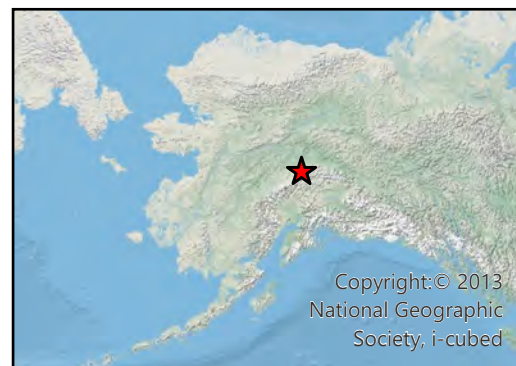
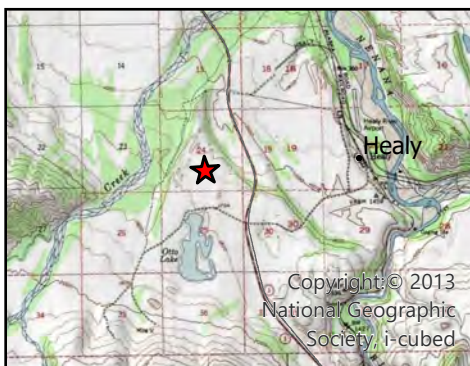
- Project Area
- Elevation Contours (10 ft)
- Large Parcels Idea
- Local Roads
- Parent Parcel Boundaries

0 0.1 0.2
Miles

Township 12S Range 8W
Section 24 Fairbanks Meridian

C. Craven
Nov. 24, 2025

For more information contact:
Colin Craven
Department of Natural Resources
Division of Mining, Land, and Water
Land Conveyance Section
907.451.2730
land.development@alaska.gov

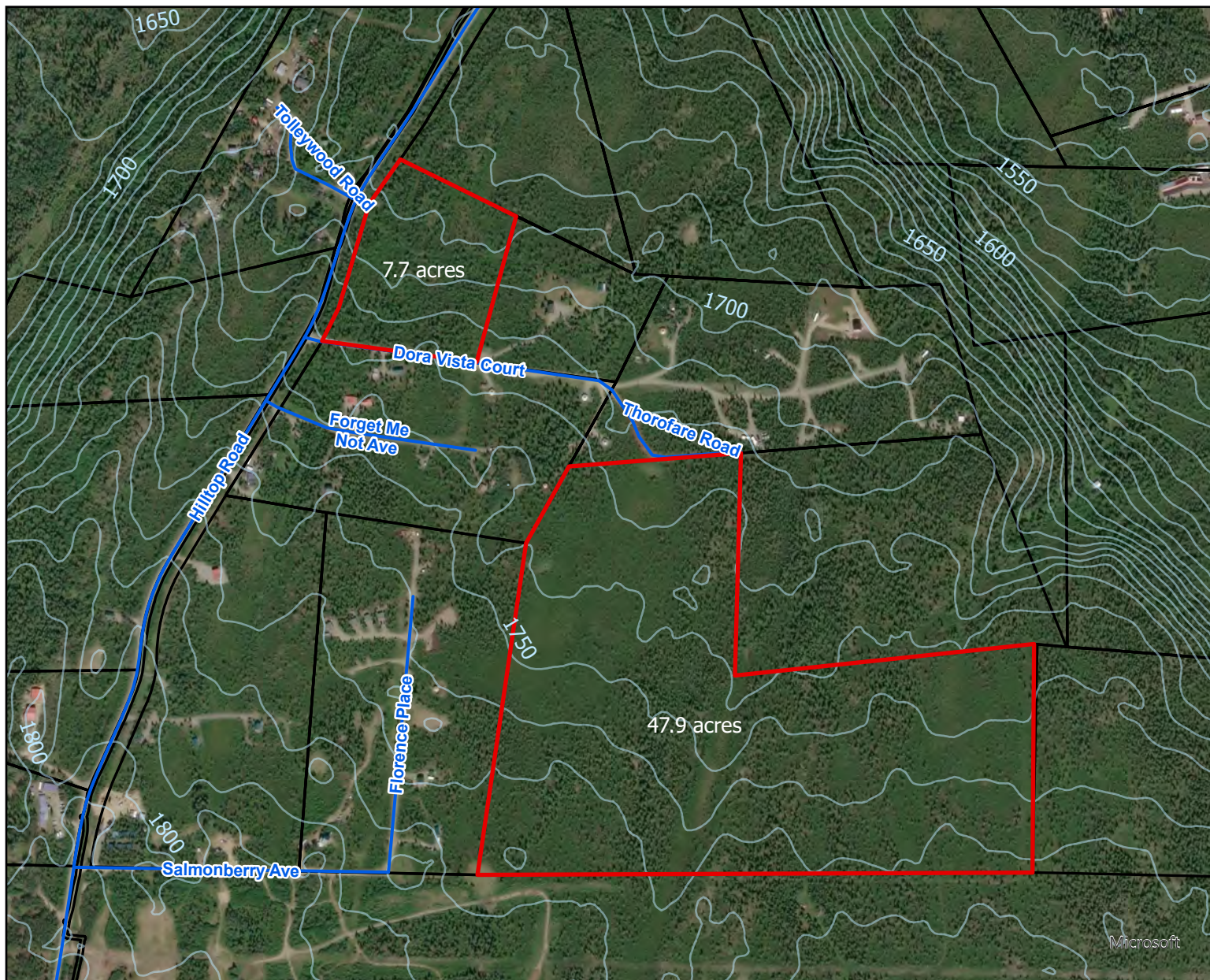




Attachment B: Conceptual Design Maps

No Subdivision Idea

Healy Hilltop Subdivision, ADL 422452



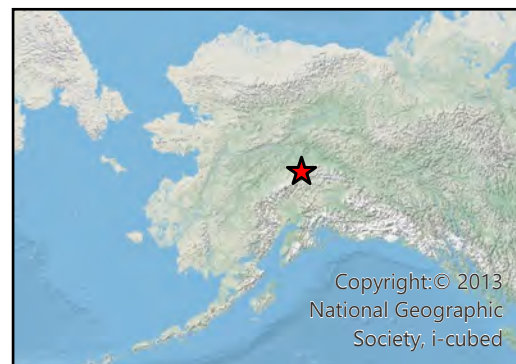
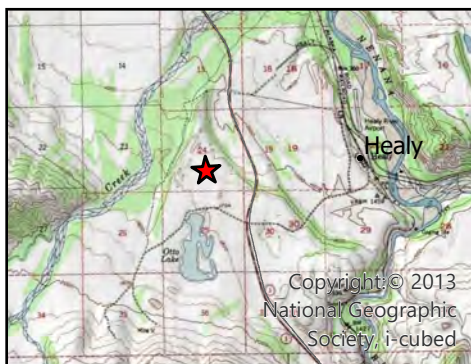
- Project Area
- Elevation Contours (10 ft)
- Local Roads
- Parent Parcel Boundaries

0 0.1 0.2
Miles

Township 12S Range 8W
Section 24 Fairbanks Meridian

C. Craven
Nov. 24, 2025

For more information contact:
Colin Craven
Department of Natural Resources
Division of Mining, Land, and Water
Land Conveyance Section
907.451.2730
land.development@alaska.gov



STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND & WATER
LAND CONVEYANCE SECTION

ATTACHMENT C: PUBLIC NOTICE

Requesting Input for a Proposed Land Offering:
Healy Hilltop Subdivision – ADL 422452

COMMENT PERIOD ENDS 4:00PM, TUESDAY, MARCH 3, 2026

This proposed project includes offering for sale surveyed parcels in a future offering under the method described in the Preliminary Decision document. The project may be subdivided and offered in multiple offerings over time.

Location: in Healy within Section 24, Township 12 South, Range 8 West, Fairbanks Meridian, within the Denali Borough.

Project size: approximately 56 acres identified for disposal by this proposed action.

To obtain a copy of the Preliminary Decision or instructions on submitting comment, go to <https://landsales.alaska.gov/> or <https://aws.state.ak.us/OnlinePublicNotices/>. For assistance in obtaining the documents by an alternative method, to request auxiliary aids, services, or special accommodations, contact DNR's Public Information Centers on State work days, Monday through Friday, between 8:30AM and 4:00PM in Anchorage at 907-269-8400, Fairbanks at 907-451-2705, or the Southeast Land Office in Juneau at 907-465-3400 (TTY for the hearing impaired for all locations: 711 for Alaska relay or 800-770-8973), or go to <https://dnr.alaska.gov/commis/pic/> for additional contact information. Individuals who require special assistance must request assistance from the Public Information Center in Anchorage no later than 4:00 PM, Tuesday, February 24, 2026.

Pursuant to AS 38.05.945 Notice, the public is invited to submit comment on the Preliminary Decision. If commenting on more than one proposed action, separate comments should be submitted for each. **The deadline for public comment is 4:00 PM, Tuesday, March 3, 2026.** Only persons from whom DNR DMLW LCS receives timely, written comment during the identified comment period will be eligible to file an appeal of the Final Finding and Decision. Written comment may be received by email, fax, or postal mail. To submit comments or for direct inquiries, contact Colin Craven: land.development@alaska.gov, fax # 907-451-2751, or 3700 Airport Way, Fairbanks, AK, 99709. If you have questions, call Colin Craven at 907-451-2730.

If no significant change is required, the Preliminary Decision including any minor changes and a summary of comments and responses, will be issued as the Final Finding and Decision without further notice. A copy of the Final Finding and Decision will be sent to any persons who commented timely on the Preliminary Decision.

DNR reserves the right to waive technical defects in this notice.