

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

PRELIMINARY DECISION
ADL 422813

Proposed Noncompetitive Sale to Alaska Railroad Corporation
AS 42.40.360, AS 42.40.370

RELATED ACTIONS:
None

PUBLIC COMMENT PERIOD ENDS 4:30 PM, FRIDAY, AUGUST 14, 2026

Executive Summary: The State of Alaska (State), Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW) proposes to convey approximately 6.31 acres of State-owned land near Alaska Railroad milepost 379.6-379.8 in the Denali Borough to the Alaska Railroad Corporation (ARRC) through a noncompetitive sale. The conveyance will enable mainline track realignment to address ongoing Nenana River bank erosion and maintain safe, efficient rail operations that serve the public interest. The proposed conveyance is subject to existing authorizations, third-party interests, and the borough zoning and platting authority. With due consideration given to the cumulative impacts and purpose of the proposed conveyance, DNR finds that the disposal of the subject parcels to ARRC at appraised fair market value is in the public interest and is in the best interests of the State.

I. Proposed Actions

Preliminary Decision: Approval of Noncompetitive Sale ADL 422813

Attachment A: Vicinity Map

Attachment B: Exhibit 1 – MP 379.6-379.8 Realignment

Attachment C: Public Notice

Primary Proposed Action, Noncompetitive Sale: The State of Alaska, DNR, DMLW, Land Conveyance Section (LCS), has received Resolution No. 2026-08 from the ARRC board requesting a conveyance of state-owned land necessary for present or future railroad purposes pursuant to AS 42.40.360(b) Request for Land. The request includes two separate parcels, hereinafter referred to as 'subject parcels', adjacent to the current ARRC track alignment and its associated right-of-way (ROW) that have been negatively impacted by ongoing riverbank erosion from the Nenana River. The proposed decision will allow the subject parcels to be conveyed to ARRC through a noncompetitive sale. The subject parcels are located within DNR's Northern Region, approximately 20 miles north of Healy in the Denali Borough. The property description for the parcels is: Two parcels within Sections 13 and 24, Township 9 South, Range 9 West, Fairbanks Meridian, Alaska, adjacent to lots 4 and 5, US Survey No. 9056 and further depicted on the ARRC Exhibit 1 MP 379.6 to 379.8 Realignment Plan, dated April 27, 2026, containing approximately 6.31 acres. See *Attachment A: Vicinity Map* for a depiction of the subject parcels.

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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. Public notice includes the Preliminary Decision (PD) for the noncompetitive sale (ADL 422813).

See Section **XVI. Submittal of Public Comments** and *Attachment C: Public Notice* for details on how to submit a comment for consideration. After consideration of timely, written comments, LCS will issue a Final Finding and Decision (FFD) stating whether the State intends to move forward with the proposed action and identifying any changes from the PD.

II. Authority

DNR has the authority under AS 42.40.370 Conveyance of Land, to convey land to the ARRC upon receipt of a request from the ARRC board under AS 42.40.360 Request for Land. The request must include a statement of and justification for the present or future railroad use. Upon receipt of a request, the commissioner shall temporarily reserve the land identified in the request for railroad purposes and defer disposal or lease of that land under other laws to a party other than the corporation. The temporary reservation of land is subject to valid existing rights and remains in effect for 180 days.

AS 42.40.370(a) Conveyance of Land, states “Within 90 days after receiving a request under AS 42.40.360(b) the commissioner of natural resources shall by written decision:

- (1) designate the identified land for railroad purposes and, subject to valid existing rights, convey the state's interests in the land to the corporation;
- (2) notify the corporation of reasons for refusal to designate the identified land for railroad purposes; or
- (3) approve the request in part and deny it in part and convey as appropriate.”

DNR has the authority under AS 42.40.370(b) Conveyance of Land, to convey land under this section for less than its appraised value, as determined by the commissioner of natural resources. Additionally, proposed actions in this PD are authorized pursuant to AS 38.05.035(e) Powers and Duties of the Director and AS 38.05.127 Access to Navigable or Public Water.

III. Administrative Record

The case file for ADL 422813 constitutes the administrative record for this proposed action. Also incorporated by reference are:

- Yukon Tanana Area Plan (YTAP, adopted January 2014) and associated land classification files;
- DNR case files: ADL 417401, CL NC-10-005, GS 24, LAS 33294, and MCO 232;
- Federal patents No. 1232740 and 50-2005-0240.

IV. Scope of the Proposal

The scope of this proposal, under the statutes described in the preceding Section **II. Authority**, is limited and specific to the following: (1) determining whether it is proper and in the state's interest to dispose of the subject parcels to the ARRC under AS 42.40.370 based on the justification stated in the resolution received from the ARRC board, and (2) what restrictions or reservations may be needed in order to protect the state's interest. This proposed decision will

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allow these parcels to be non-competitively conveyed to the applicant. Restrictions regarding land use will be handled by the local zoning authority, if any.

V. Description

- a. Location: The subject parcels are located within DNR's Northern Region, approximately 20 miles north of Healy in the Denali Borough, east of the Nenana River in the vicinity of ARRC mileposts 379.6 to 379.8, within Sections 13 and 24, Township 9 South, Range 9 West, Fairbanks Meridian. See *Attachment A: Vicinity Map* for additional information.

USGS Map Coverage: Fairbanks A-5

Platting Authority: Denali Borough

Regional Corporation: Doyon Limited

Village Corporation: None

Federally Recognized Tribe: None

- b. Property Description:

Two parcels within Sections 13 and 24, Township 9 South, Range 9 West, Fairbanks Meridian, Alaska, adjacent to lots 4 and 5, US Survey No. 9056 and further depicted on the ARRC Exhibit 1 MP 379.6 to 379.8 Realignment Plan, dated April 27, 2026, containing approximately 6.31 acres.

VI. Title

Based on preliminary title research, the State of Alaska holds fee title to the land and mineral estate under federal patent number 1232740, dated September 11, 1963. The applicable State case file is General Grant (GS) 24. The parcel is subject to the reservations, easements, and exceptions contained in the federal patent. A Title Report for the subject parcels has been requested from the DMLW Realty Services Section. As of the date of issuance of this decision, the title report remains outstanding. A title report will verify the preliminary title research and confirm the State of Alaska holds title to the subject parcels. To avoid delaying the issuance of this decision, a careful review of the area was carried out to identify title issues associated with the subject parcels. Any title issues identified upon issuance of the title report and omitted from this decision will be incorporated in the FFD and addressed accordingly.

State Reservation of Title:

Retention of and Access to Mineral Estate: The State routinely reserves the mineral estate in accordance with Section 6(i) of the Alaska Statehood Act and AS 38.05.125 Reservation. However, both the land and mineral estate, known as fee simple or full estate, will be transferred to the ARRC. Pursuant to AS 42.40.370(c), in the absence of a reservation to the contrary, a conveyance of land under this section vests in the corporation ownership, control of the surface, material and mineral estate, including the right to extract or use timber and other construction materials, sand, gravel, rock, and the right to tunnel, ditch, recontour, excavate, or otherwise use the land for railroad, transportation, transmission, communication, and related purposes.

The subject parcels are closed to mineral entry by Mineral Closing Order 232. For more information, see Section **VIII. Planning, Classification, and Mineral Orders** of this document.

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Navigable Waters: Per AS 38.05.126(b) Navigable and Public Waters, "...the state has full power and control of all of the navigable or public water of the state, both meandered and not meandered, 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 and Along Public and Navigable Water. For more information, see Section **X. Access, Including Access To and Along Public and Navigable Water** of this document.

The Bureau of Land Management has determined the Nenana River navigable based on commercial barge and river boat use to Ferry in Section 28, Township 10 South, Range 8 West, Fairbanks Meridian, 8.5 miles upstream from the project location. This determination makes the Nenana River navigable and public water per AS 38.05.127. However, the ARRC is not requesting lands to the edge of the river, so reserving a public access easement under AS 38.05.127 is not required.

Native Interest: The subject parcels are within the boundaries of Doyon, Limited regional corporation. There are no Native interests identified within these parcels.

Other Conflicts or Pending Third-Party Interest: There are no known conflicts or pending interests. If conflicts or third-party interests are discovered during the public notice period, they will be addressed in the FFD.

VII. Background and Discussion

Background

In the early 1900's, railroad tracks were built in Alaska by the federal railroad under the Act of March 12, 1914, a legislative bill signed by President Woodrow Wilson that authorized the federal government to survey, construct, and operate a federally owned railroad system in Alaska. Railroad ROWs were typically established at a width of 200 feet, and the subject parcels are adjacent to a ROW of this width.

The State selected the land within the subject parcels under selection file General Selection (GS) 24 and received title through Patent 1232740 issued July 29, 1963. The patent also included the land within the adjacent railroad ROW with a reservation to the United States for the construction of railroads, telegraph and phone lines, in accordance with section 1 of the Act of March 12, 1914.

In the 1980s, the rights for the railroad ROW were transferred to the ARRC under the authorization of the Alaska Railroad Transfer Act (ARTA). On June 24, 2005, the ARRC received title to the land and mineral estate of the railroad ROW, described by US Survey 9056, through Patent 50-2005-0240 from the federal government. The land within the railroad ROW is included in the patents to the state and ARRC, but Patent 50-2005-0240 included an exclusive use easement (EUE) for the ROW. The State of Alaska owns all other lands described in Patent 1232740 outside of the EUE.

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On June 10, 2026, LCS received Resolution No. 2026-08 from the ARRC Board of Directors which requests conveyance of the subject parcels for present railroad purposes in accordance with the provisions of AS 42.40.370. The railroad ROW has been negatively impacted by ongoing riverbank erosion from the Nenana River, and the subject parcels are required to realign the mainline railroad ROW and mitigate erosion. Conveyance of the subject parcels will provide the ARRC with land outside of the EUE for the railroad tracks to be relocated.

The subject parcels are located approximately 20 miles north of Healy in the Denali Borough, east of the Nenana River in the vicinity of ARRC mileposts 379.6 to 379.8. The topography is mostly flat, with large areas of freshwater forested/shrub wetland that has been utilized for railroad tracks and residential homesteads authorized under the DMLW homestead program. In 2004, a 21,929-acre Remote Recreational Cabin Site staking program project was serialized as ADL 417401 within and surrounding the subject parcels, but the project stalled after distribution for agency review. In 2020, DMLW issued a 5-year Land Use Permit, serialized as LAS 33294, to the ARRC authorizing cross-country travel for subsurface/geo-technical drilling and exploration to determine if a railroad track realignment in the area of the subject parcels was feasible and cost effective. This Land Use Permit was closed December 31, 2024, upon completion of the project. There are no other known uses of the subject parcels.

Discussion

The ARRC owns, operates, and maintains a contiguous ROW between Seward and Fairbanks for the safe and efficient operation of trains and other utilities under AS 42.40. The ROW adjacent to the subject parcels has been subject to erosion from the Nenana River which has threatened the freight and passenger service that is critical to the economic welfare of the state. The ARRC has performed engineering studies to determine the most economical and efficient steps to mitigate the danger of an emergency closure due to a railroad track washout, and has determined that the best mitigation is a realignment of the existing track. The ARRC has requested that DNR convey the subject parcels that are necessary for present railroad purposes.

Under AS 42.40.370, the Commissioner of Natural Resources must respond to a request for land from ARRC under AS 42.40.360(b) by conveying the lands subject to valid existing rights, notifying ARRC of reasons for refusal to convey the lands, or granting the request in part and conveying as appropriate. It must therefore be decided which of the stated options is most appropriate for the request at issue. In making this decision, considerations will include whether conveyance will provide the greatest benefit to the state and development of its resources, whether the best use of the land requires stipulations or reservations to be applied to the conveyance, and what value shall be paid for lands conveyed.

VIII. Planning, Classification, and Mineral Orders

Planning

The subject parcels are located within Yukon Tanana Area Plan (YTAP, adopted January 3, 2014), Parks Highway and West Alaska Range Region, Unit P-78. The plan designates the subject parcels as Settlement, which converts to a classification of Settlement Land.

The YTAP states the management intent for Unit P-78 as follows:

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Unit P-78 is appropriate for continued land disposal during the planning period. Consult with ADF&G prior to undertaking land disposals bordering the Nenana River Corridor. Setbacks of 200 feet from the Nenana River should be maintained, and cultural resources should be protected.

A sale of the subject parcels supports the management goals of the YTAP by continuing the disposal of land. A portion of the subject parcels are within 200 feet of the Nenana River, but that portion lies on the upland side of the Alaska Railroad ROW. ADF&G was consulted during the agency review period and provided a comment with no objection to the conveyance. For more information, see section **XV. DMLW and Agency Review** of this document.

Classification

The YTAP classifies the subject parcels as Settlement Land under Classification Order CL NC-10-005.

Mineral Order

The subject parcels are closed to mineral entry by Mineral Closing Order 232.

Local Planning

The project area is within the Denali Borough. All land in the borough is zoned general use unless otherwise provided by an ordinance or a local option zoning district.

Flood Risk

There are no FEMA flood maps available for this area.

IX. Traditional Use Findings

The subject parcels are located within the Denali Borough, and a traditional use finding is therefore not required per AS 38.05.830 Land Disposal in the Unorganized Borough. There are no anticipated significant changes to traditional uses of the land and resources of this area as a result of the proposed action. Additional information on traditional use is welcome during the public comment period, and if this proposal is approved, LCS will address the information received in a subsequent FFD, if one is issued. See the **Section XVI. Submittal of Public Comments** and *Attachment C: Public Notice* for details on how to submit comment.

X. Access, Including Access To and Along Public and Navigable Water

Public Access

Legal and constructed access to the subject parcels is by the ARRC ROW or the Nenana River, a public and navigable water body. Any crossing of the ARRC ROW is subject to any regulation by ARRC.

Access to and Along Public or Navigable Waters

In accordance with AS 38.05.127 Access to Navigable or Public Water, DNR will determine if a water body is navigable or public and establish easements or rights-of-way as necessary to ensure unobstructed access to and along the body of water. Regulations dictating the creation of easements or rights-of-way under this statute include 11 AAC 51.035 Determination of Navigable and Public Water, 11 AAC 51.045 Easements to and Along Navigable and Public Water, and 11 AAC 53.450 Buffer Strips, Reserved Areas, and Public Easements.

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The Nenana River adjacent to the subject parcels and the existing Alaska Railroad ROW is navigable for title purposes per AS 38.04.062. The Bureau of Land Management (BLM) determined the Nenana River navigable based on commercial barge and river boat use to Ferry, 8.5 miles upstream from the subject parcels. This makes the Nenana River navigable and public water per AS 38.05.127. However, the ARRC is not requesting conveyance of the lands to the edge of the river, so an easement pursuant to AS 38.05.127 is not necessary.

Under AS 19.10.010 Dedication of Land for Public Highways, the application of a 50-foot section line easement is required on all protracted or surveyed section or township lines on State land. There are no provisions under the law to exclude this 50-foot section line easement dedication at conveyance or reconveyance back to the federal government. However, an affected landowner may, under 11 AAC 51.065 Vacation of Easements, file a request with DNR to vacate, modify, or relocate a section line easement.

The section line easement cannot be used until the section lines and said easements have been surveyed and monumented by a licensed Professional Alaska Surveyor. If the section line is on or bordering State land the survey must be accomplished under instructions from the State of Alaska DNR. The estimated location of these easements is shown on Attachment A: Vicinity Map.

Easements and Setbacks

- Section Line Easements;
- A 200-foot-wide Exclusive Use Easement for the Alaska Railroad ROW; and
- Additional reservations and/or restrictions required through the local platting authority.

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

XI. Reservation of Mineral Estate

The ARRC received the land and all of the appurtenances, hereditaments, improvements, facilities, trackwork, roadbed, buildings, franchises, ways, waters, minerals, rights, privileges, fixtures, licenses, leaseholds, reversions, easements, rights under operating, trackage and joint facilities agreements, rents, issues, profits and other interests and items belonging to or in any way appertaining to the land received for the railroad ROW from the federal government under ARTA. ARRC has the authority to own both land and mineral estate. Therefore, it is in the best interest of the state to allow the mineral estate to stay with the parcels. Both the land and mineral estate, known as fee simple or full estate, will be transferred to the ARRC.

XII. Hazardous Materials and Potential Contaminants

Based on a desktop review, there is no known contamination of, or hazardous materials on, the subject parcels. The State makes no representations and no warranties, expressed or implied, concerning the existence or absence of any hazardous substances, hazardous wastes, contaminants, or pollutants on the land proposed for conveyance to the applicant. The State does not assume any liability for the removal of hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances ever be identified.

XIII. Survey

Preliminary Survey Determination #20265056 dated April 7, 2026, from the DMLW Survey Section determined that the subject parcels are not adequately surveyed for conveyance.

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A state-approved survey is required to determine the true location and compute accurate acreage for the conveyed parcels. Following DNR approval of the proposed conveyance of the subject parcels, ARRC will be required to complete a survey under AS 40.15.380 at ARRC's expense. The survey must be approved by DNR and filed in the appropriate recording district. The final title to ADL 422813 will not be issued until the approved survey has been reviewed and accepted by DMLW. ARRC must contact the DNR Survey Section for survey instructions prior to conducting a survey. Conveyance of the subject parcels to ARRC will require a survey acceptable to DNR, and the survey must also comply with recording requirements and any applicable portions of the Denali Borough Code. The ARRC bears the cost of the survey.

XIV. Compensation and Appraisal

Pursuant to AS 42.40.370(b) land may be conveyed to ARRC for less than its appraised value as determined by the commissioner of natural resources, however, the parcels will be conveyed to ARRC for the appraised fair market value. Following the DMLW Survey Section's acceptance of the survey, an appraisal will be required from ARRC to establish the appraised fair market value of the parcels. The valuation date of the appraisal will be set as the date of issuance of an approved Final Finding and Decision or subsequent Amended Final Finding and Decision, if applicable. At the appropriate time, LCS will notify the applicant to begin the appraisal process and will provide a list of approved appraisers. The DMLW Appraisal Unit will provide appraisal instructions to an approved appraiser. The applicant bears the cost of the appraisal. The date fixed for sale under AS 38.05.840(a) Appraisal and the valuation date of the appraisal will be set as the date of inspection by the appraiser.

XV. 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 PD. The conveyance application documents were distributed to State agencies for review from April 21, 2026, to May 21, 2026. The intent of an agency review is to request comments from agencies that may be affected by a conveyance decision. Agencies are given the opportunity to evaluate and comment on ARRC's land request to determine if the State should retain all or a portion of the subject lands, and if so, provide supporting reasons for the requested action. 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:

State of Alaska Department of Transportation & Public Facilities, DNR Division of Oil and Gas, and DNR Division of Parks and Outdoor Recreation.

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

Alaska Department of Fish and Game (ADF&G): The Alaska Department of Fish and Game had no objection to the proposed conveyance but noted that a Fish Habitat Permit will be required if any work occurs under the ordinary high water line of the Nenana River.

DNR DMLW LCS response: LCS appreciates your review of the proposal. The subject parcels are not within the Nenana River, and any future revetment work

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requests from the ARRC are beyond the scope of this decision. Information regarding a Fish Habitat Permit will be provided to ARRC with this PD.

DNR Division of Geological & Geophysical Surveys (DGGS): DGGS provided information about the soil composition, resources, and potential hazards.

DNR DMLW LCS response: LCS appreciates your review of the proposal. The soil information will be provided to the ARRC with this PD.

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

- State of Alaska Department of Commerce, Community, and Economic Development
- State of Alaska Department of Environmental Conservation (DEC)
- Alaska Mental Health Trust Land Office
- Alaska Association of Conservation Districts
- State of Alaska DNR
 - Division of Forestry and Fire Protection
 - Office of Project Management and Permitting
 - Division of Agriculture

XVI. 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 PD.

In accordance with AS 38.05.946(a) Hearings, a municipality or corporation entitled to receive notice under AS 38.05.945(c) 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 or not 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 PD, additional public notice for the affected lands will be given. Reducing the amount of land offered and making minor changes to any of the proposals will not be considered significant changes requiring additional public notice.

If the proposal is approved and no significant change is required, the PD 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 an FFD, a copy of the decision will be made available online at <http://landsales.alaska.gov/> and sent with an explanation of the appeal process to any party who provides timely written comment.

DNR 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 DNR's Public Information Center. For more information refer to *Attachment C: Public Notice*.

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DEADLINE TO SUBMIT WRITTEN COMMENT IS 4:30 PM, FRIDAY, AUGUST 14, 2026

XVII. Stipulations

If approved for conveyance, the applicant will be required to comply with the following stipulations to complete the land sale:

A. Conditions

1. Once the FFD is signed and no appeals are received, or when appeals are resolved, LCS will issue notice to proceed to survey. The applicant must hire a surveyor and the surveyor must apply to the DMLW Survey Section for Survey Instructions. The applicant's survey must be approved by DMLW and the local platting jurisdiction, if any, as set forth in the Survey Instructions. Survey costs must be borne by the applicant.
2. Upon approval and recording of the survey, LCS will issue a notice to proceed to appraisal. Within two years from the date of the notice to proceed to appraisal, the applicant must hire an appraiser from DNR's Approved Appraiser list, the appraiser must apply for appraisal instructions issued by DMLW, and then must submit a completed fair market value appraisal in accordance with the appraisal instructions. DMLW must approve the appraisal. Appraisal costs shall be borne by the applicant.
3. Upon approval of the appraisal, a notice to proceed to purchase will be issued to the applicant. Within the time period specified in this notice, the applicant must submit the following to LCS:
 - A completed and signed Declaration of Intent form; and
 - Payment in the amount of the fair market value as determined by the appraisal as well as recordation fees. Fees are established under 11 AAC 05.100 Land Disposals, and 11 AAC 05.200 Recorder's Office, and are subject to change. Some fees have been reduced by Director's Order Number 3.
4. Prior to the completion of the purchase and issuance of a state conveyance document, the applicant must remain in good standing with respect to all terms of the Contract for the Sale of Real Property throughout its term, if such a contract is issued. The applicant must also remain in compliance with all applicable state and local ordinances and regulations, including all applicable taxes. Failure to do so may result in termination of the Contract for the Sale of Real Property.
5. Pursuant to AS 42.40.370(d), the ARRC may reconvey to the state land received through this conveyance that the corporation and the commissioner of natural resources jointly identify as unnecessary or unsuitable for the corporation's purposes.

If extenuating circumstances delay any of the stipulations listed above, the applicant is responsible for notifying LCS and receiving approval from LCS for the delay with new timeframes for completion to be given. Failure to do this could result in the closure of the

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purchase application. The purchase cannot be completed until all the above stipulations have been satisfied.

B. Restrictions and Reservations

A conveyance document will be issued subject to the following restrictions and reservations:

1. Valid existing rights, including reservations, easements, and exceptions in the U.S. Patent, or other state or federal conveyance, and in acts authorizing the issue thereof; easements, rights-of-way, covenants, conditions, reservations, notes on the plat, and restrictions of record, if any.
2. A right-of-way easement fifty (50) feet in width along each side of the surveyed section line common to Sections 13 and 24, Township 9 South, Range 9 West, Fairbanks Meridian, pursuant to AS 19.10.010 Dedication of Land for Public Highways, 11 AAC 51.025 Section Line Easements, and AS 19.25.010 Use of Rights-of-way for Utilities.

XVIII. Discussion and Alternatives

The following alternatives were considered:

Alternative 1: Sell subject parcels without reservations

Approve the proposed conveyance of the subject parcels to ARRC as proposed in this decision in accordance with AS 42.40.370 Conveyance of Land.

Alternative 2: Sell subject parcels with state reservation of the mineral estate

Approve the proposed conveyance of the subject parcels to ARRC as proposed in this decision in accordance with AS 42.40.370 Conveyance of Land, but with a reservation of the mineral estate to the state.

Alternative 3: Retain subject parcels

DNR will take no action and retain the subject parcels.

Under Alternative 1, DNR will convey the state's interests in the land and mineral estate without reservations to the ARRC, subject to valid existing rights. In the absence of a reservation to the contrary, a conveyance of land under AS 42.40.370 vests in the corporation ownership, control of the surface, material and mineral estate, including the right to extract or use timber and other construction materials, sand, gravel, rock, and the right to tunnel, ditch, recontour, excavate, or otherwise use the land for railroad, transportation, transmission, communication, and related purposes. The ARRC has the authority to own both land and mineral estate as demonstrated in the patent for the railroad ROW received from the federal government under ARTA.

Alternative 1 will allow the ARRC to purchase state land that is necessary or useful for present or future railroad purposes at fair market value to realign the mainline railroad ROW and mitigate erosion from the Nenana River. This sale will generate revenue for the State, is compatible with area plan management intent, aligns with land ownership in the adjacent railroad ROW, and will support the safe and efficient operation of trains. Therefore, it is in the best interest of the State to sell the parcels as proposed in this decision.

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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.” Alternative 1 provides a method for DNR to meet the obligations laid out in the Constitution and statute and maximizes public interest. This is the preferred alternative.

Under Alternative 2, DNR will approve the request in part, deny it in part, and convey as appropriate subject to AS 42.40.370(a)(3). In accordance with section 6(i) of the Alaska Statehood Act, the State will reserve unto itself the mineral estate, including oil and gas, and the rights expressed in the reservation clause of the statute, that being the right to reasonable access to the surface for purposes of exploring for, developing and producing the reserved mineral resources. Only the land estate will be conveyed to the ARRC, with a reservation of the mineral estate to the state.

Alternative 2 would convey only the surface estate to ARRC while the mineral estate remains with the State for any future development of oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon the subject parcels. The sale at fair market value would enable mainline realignment, generate revenue for the State, and is compatible with the area plan management intent; however, withholding the mineral estate would require separate authorizations with the State for essential construction materials, increasing complexity, schedule risk, rail service disruption, and cost for erosion-mitigation work along the Nenana River. This alternative is not in the State’s best interest and is not preferred.

Under Alternative 3, the subject parcels would not be available to the ARRC for present or future railroad purposes, and the State would forego the income that could have been generated by a sale at fair market value. Retaining the subject parcels in state ownership is not in the best interest of the State. Retention would prevent ARRC from using the subject parcels for the planned mainline realignment, prolonging exposure to Nenana River erosion and increasing the risk of operational disruptions. This alternative is not preferred.

For the reasons outlined above, Alternative 1 is the preferred alternative.

Recommendation follows.

Preliminary Decision

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XIX. Recommendation and Preliminary Decision

This Preliminary Decision for the proposed disposal of State lands described throughout this document and its attachments are consistent with the overall management intent for state-owned land and consistent with the requirements of AS 42.40.360 Request for land and AS 42.40.370 Conveyance of land. Alternative 1 is the preferred alternative because it is the maximum best use of state land and is in the best interest of the public. Alternative 1 will allow ARRC to utilize the subject parcels for present or future railroad purposes.

This is a Preliminary Decision, and analysis of subsequent public review may result in changes to the preferred alternative of the proposed disposal of state lands. A Final Finding and Decision will address any significant issues or concerns during the public review process. If the applicant is unable to complete the stipulations, DMLW may decide to close this purchase request.

The Preliminary Decision described above, as represented by the preferred alternative, 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 in accordance with AS 38.05.945 Notice.

signature on file

Prepared by: John King
Natural Resource Specialist 4
Division of Mining, Land and Water
Department of Natural Resources
State of Alaska

July 13, 2026

Date of Signature

signature on file

Approved by: Hannah Uher-Koch
Section Chief
Land Conveyance Section
Division of Mining, Land and Water
Department of Natural Resources
State of Alaska

July 13, 2026

Date of Signature