

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

Southcentral Regional Land Office

Preliminary Decision

ADL 234758

Black Ops Valdez LLC

Application for Lease

AS 38.05.070(b)

This Preliminary Decision (PD) is the State's preliminary best interest finding regarding a proposed disposal of interest in state land. The public is invited to comment on this PD. The deadline for commenting is **11:59 pm August 14, 2026**. Please see the Public Notice section of this decision for requirements related to submitting comments for consideration.

Requested Action

Black Ops Valdez LLC (BOV) submitted an application to the Department of Natural Resources (DNR), Division of Mining, Land & Water (DMLW), Southcentral Regional Land Office (SCRO) to lease 4 acres of land for an operational base in support of their commercial tourism business located at the confluence of Lowe River and Bear Creek on the Richardson Highway between milepost 16 and 17. The site is located within the Township 9 South, Range 4 West, section 12, Copper River Meridian. The applicant requested a 10-year land lease. A map showing the proposed location is included as Figure 1.

Requested Improvements:

Fencing surrounding the helicopter pad and semi pup fuel trailer
Post and beam roof structure over semi pup fuel trailer
300-foot by 20-foot utility easement

Existing Improvements:

7 10-foot by 10-foot cabins
2 4-foot by 4-foot outhouses

Proposed Action

DMLW proposes to issue a 10-year land lease to BOV for the construction, operation, and maintenance of an operational base in support of their commercial tourism business.

Background

On October 1, 2025, BOV submitted an application to convert LAS 28702 to a 10-year land lease serialized as ADL 234758 for the operation and maintenance of a base supporting their commercial tourism business.

BOV is currently operating under a five-year Commercial Recreation Camp Land Use Permit (LUP), serialized as LAS 28702, and has maintained continuous active status under this authorization since February 1, 2013. Due to a documented history of vandalism incidents at the site, the permittee has applied for a lease to establish a higher level of security over its operational area, including, but not limited to, perimeter fencing and running underground power in support of their security system.

Scope of Decision

The scope of this decision is to determine if it is in the State's best interest to issue a lease for the requested activity. The administrative review for this authorization is defined by AS 38.05.035(e)(1)–(2) and limited to (1) reasonably foreseeable, significant effects of the uses to be authorized; (2) applicable statutes and regulations; (3) the facts pertaining to the land or resources; and (4) any issues that are material to the determination.

Authority

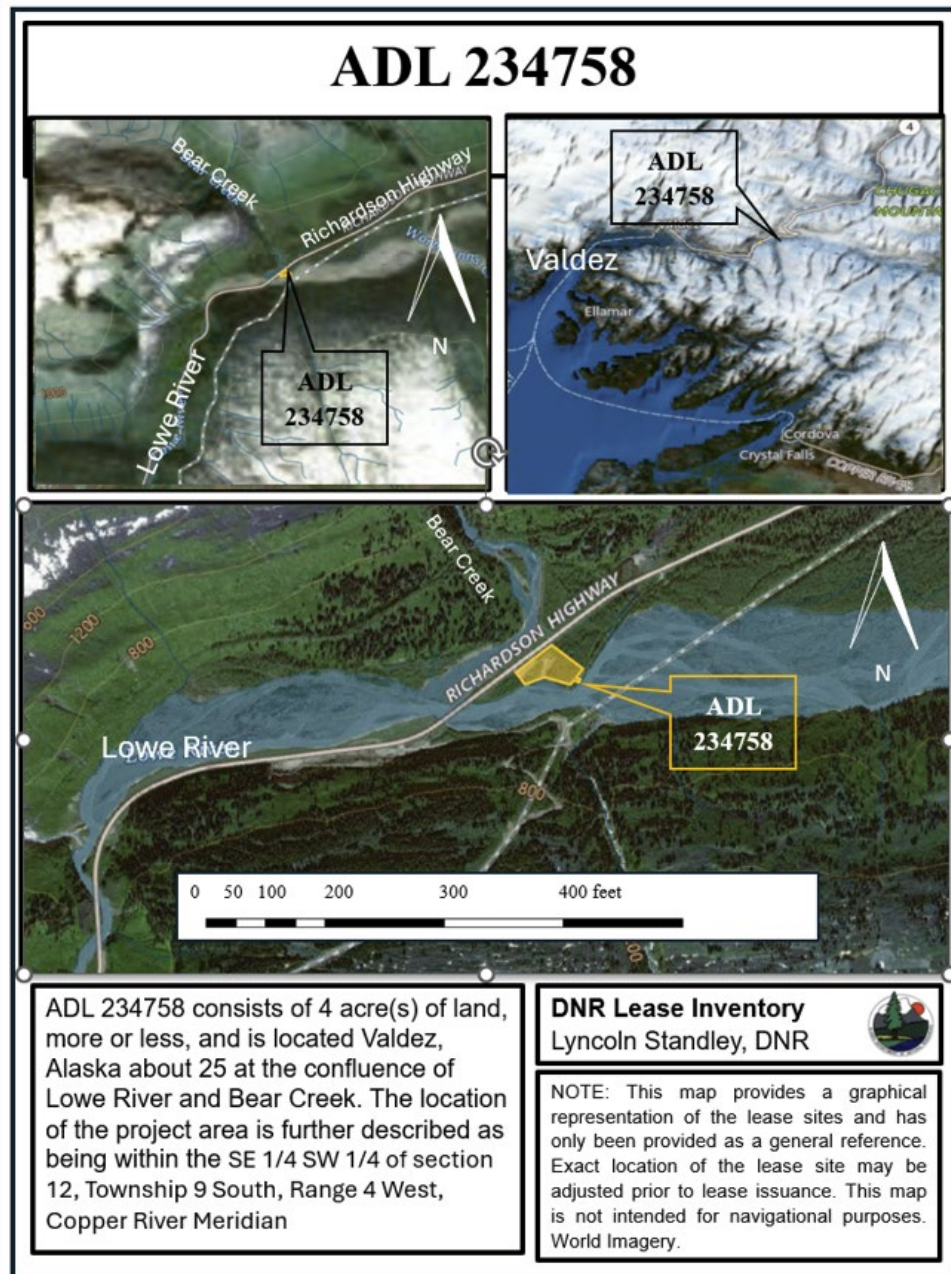
This lease application is being adjudicated pursuant to AS 38.05.035(e) Powers and Duties of the Director, AS 38.05.070 Generally, and AS 38.05.075 Leasing Procedures.

The authority to execute the PD, Final Finding and Decision (FFD), and the lease has been delegated to the Regional Managers of DMLW under AS 38.05.035(b)(1).

Administrative Record

The administrative record for the proposed action consists of the Constitution of the State of Alaska, the Alaska Land Act as amended, applicable statutes and regulations referenced herein, the 1988 Prince William Sound Area Plan and other classification references described herein, and the casefile for the application serialized by DNR as ADL 234758.

Figure 1: Overview Map of Project Area



Legal Description, Location, and Geographical Features

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

- **Geographical location:** Adjacent to the Lowe River at the confluence of Bear Creek on the Richardson Highway between milepost 16 and 17
- **Approximate Lat/Long:** 61.0976 N, 145.8619 W
- **Area geographical features:** Riverfront Cottonwood Alder Forest

- **Legal description:** SE1/4 SW1/4 of Section 12, Township 9 South, Range 4 West, Copper River Meridian
- **Recording district:** Valdez Recording District
- **Native Corporations/Federally Recognized Tribes:** Chugach Alaska Corporation
- **Size:** 4 acres, more or less

Title

SCRO requested a title report from DMLW's Realty Services Section on May 8, 2026, which has not been received at the time of this decision. Should the title report note any major changes, they will be addressed in the FFD.

Third Party Interests

The Trans Alaskan Pipeline (TAP) serialized as ADL 63574 runs adjacent to this lease site.

Planning and Classification

The project area is subject to the 1988 Prince William Sound Area Plan (PWSAP), Management Unit 21: City of Valdez, Subunit 21P: Keystone Canyon. This unit is co-designated as Public Recreation and Transportation, which convert to the classifications of Public Recreation Land and Transportation Corridor Land (4-5). Additionally, the site is within the Thompson Pass Special Use Area (ADL 226446).

The management intent of Subunit 21P states in part that this area will be retained in state ownership and managed for multiple uses with emphasis on maintaining the scenic qualities of the area and accommodating the right-of-way needs of existing and future transportation corridors.

To support this intent, the management guidelines for Settlement and Shoreline Development are listed below:

Settlement Management Guideline D-10: Uses Allowed in Easements, Setbacks, and Publicly Owned Buffers Adjacent to Waterbodies.

Water-dependent structures such as docks and boathouses, are allowed within easements, setbacks, and publicly owned buffers adjacent to waterbodies. If a structure will block public access along the shoreline, alternate access will be provided. Other uses, such as commercial and industrial uses, transportation facilities, pipelines, or uses associated with residential areas, may be allowed adjacent to waterbodies if these uses are consistent with the management intent for the easement, setback, or publicly owned buffer. Residential structures, fences, or other nonwater-dependent structures that obstruct passage will not be allowed within the fifty-foot-access easement retained above mean high water along the tidelands or ordinary high water along lakes and streams, or within public access/utility

easement on individual parcels unless adequate alternative public access can be established.

Shoreline Development Management Guideline G: Public Access Adjacent to Water Bodies.

Permits, leases, and plans of operation for commercial and industrial uses, transportation facilities, pipelines and other uses may be authorized on state uplands adjacent to water bodies if their activities are consistent with the management intent for the area and if they can maintain tideland and streambank access and protect adjacent fish habitat, public water supplies, and public recreation. Where feasible and prudent, there should be setbacks between these activities and adjacent water bodies. The width of this setback may vary depending upon the type and size of the use, but will be adequate to maintain public access to and along riparian areas and adequate to protect water quality in accordance with DEC water quality standards. For nonwater-dependent uses adjacent to designated anadromous fish waters, this setback to the extent feasible, should never be less than 100 feet landward of mean high tide or ordinary high water. Where it is not feasible and prudent to maintain a setback adjacent to fish habitat, public water supplies, or recreational waters, other measures will be implemented to meet the intent of this guideline (p. 2-42).

Based on the area plan guidelines, the current base of operations site includes structures located approximately 80 feet from ordinary high water. Although this distance is less than the recommended 100-foot minimum setback for non-water-dependent uses adjacent to anadromous waters, the existing structures that fall within this buffer are part of the pre-existing condition of the lease site. All future construction or expansion on the site shall adhere to the area plan's minimum buffer requirements.

Based on the above considerations, the proposed lease is consistent with the PWSAP.

Traditional Use Finding

The proposed lease parcel is not located within an organized borough. An additional consideration is required under AS 38.05.830 for the sale, lease or other disposal of land not located within an organized borough. The consideration must include the effect that the disposal may have on the density of the population in the vicinity, and the potential for conflicts with traditional uses that may result from the disposal. If necessary, the commissioner will develop a plan to resolve or mitigate conflicts. Additional traditional uses may be identified during the public notice period. If further traditional uses become known, they will be discussed in the final finding and decision.

The proposed leasehold falls within the Alaska Department of Fish and Game (ADF&G) Game Management Unit (GMU) 6D and the Prince William Sound Management Area for commercial fisheries. ADF&G hunting regulations list black bear, brown/grizzly bear, deer, goat, moose, wolf, and wolverine as species that can be hunted. There are federal subsistence hunting regulations in

addition to state subsistence hunting regulations. Federal subsistence regulations list black bear, deer, goat, moose, and several other species that can be taken. Trapping regulations for GMU 6 list beaver, coyote, red fox, lynx, marten, and several other furbearers. The proposed lease site is located within the Prince William Sound subsistence fishing area. ADF&G regulations for the Prince William Sound subsistence fishery state that salmon can be harvested.

The configuration of the proposed lease should not interfere with traditional and/or existing uses of the area, including commercial or sport fishing, subsistence activities, boat travel, and recreation. There are no anticipated impacts to the population density in the vicinity of the proposed lease. Public and Agency Notice may reveal more unknown uses. If such information becomes available, any potential or existing conflicts will be addressed in the Final Finding and Decision.

Access

Practical and legal access to the proposed leasehold is via helicopter.

Access Along Navigable and Public Waters

The site is located adjacent to Lowe River. Pursuant to AS 38.05.126(a), the public has a constitutional right to free access to, and use of, navigable or public waters of the State of Alaska. Under 11 AAC 51.045 and AS 38.05.127, DMLW is required to reserve specific public-access easements to and along these waters. Unless comments and other information submitted to DMLW provide justifiable and convincing evidence to do otherwise, the proposed lease will be subject to a 50-foot public access easement seaward and landward of the line of mean high water. This easement must be depicted on any required survey.

Public Trust Doctrine

Pursuant to AS 38.05.126, all authorizations for this site will be subject to the principles of the Public Trust Doctrine; specifically, the right of the public to use navigable waterways and the land beneath them for: navigation, commerce, fishing, hunting, protection of areas for ecological studies, and other purposes. These rights must be protected to the maximum extent practicable while allowing for the development of this project. As such, DMLW is reserving the right to grant other authorizations to the subject area consistent with the Public Trust Doctrine.

Reservation of Mineral Estate

In accordance with section 6(i) of the Alaska Statehood Act and AS 38.05.125, the state, in this decision, reserves 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. Exploration and development, if any, which could occur, would be consistent with AS 38.05.130 and other applicable statutes and regulations.

Mineral Orders

Mineral entry within the proposed leasehold is not currently restricted. It is not necessary to restrict entry to leasehold locations only or to close the area to mineral entry.

Hazardous Materials and Potential Contaminants

Hazardous materials, specifically fuel, human waste, trash, gray water, will be stored within the proposed leasehold. Stipulations will be included in the lease to ensure proper handling and storage.

The use and storage of all hazardous substances must be done in accordance with existing federal, state, and local laws. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance, and must be removed from the leasehold and disposed of in accordance with state and federal law.

Agency Review

Information and comments received from sections within DMLW prior to and during agency review have been considered and included in the preparation of this preliminary decision. An agency review was conducted on April 22, 2026. The deadline for agency comments was May 11, 2026.

The following agencies were included in the review:

- DNR Division of Agriculture
- DNR Division of Forestry & Fire Protection
- DNR Division of Oil and Gas / State Pipeline Coordinator Service
- DNR Division of Parks and Outdoor Recreation / Office of History and Archaeology – State Historic Preservation Office
- Department of Commerce, Community and Economic Development
- Department of Environmental Conservation
- Department of Fish & Game
- Department of Transportation & Public Facilities
- U.S. Army Corps of Engineers
- U.S. Bureau of Land Management
- U.S. Coast Guard
- U.S. Environmental Protection Agency
- U.S. Fish and Wildlife Service
- U.S. Forest Service
- U.S. National Park Service
- U.S. Natural Resources Conservation Service

- U.S. National Oceanic and Atmospheric Administration - National Marine Fisheries Service

Agency: On May 11, 2026, the Alaska Department of Fish and Game, responded:

ADF&G provides the following comments and recommendations for your consideration:

1. **Public Use:** Aside from restricting access on the helicopter pad during active operations for safety, the activity at the lease site should not interfere with public use of state waters or lands for recreation, fishing, or access.

2. **Permanent Spill Containment:** The permanent spill containment will be a good site improvement.

3. **Avoiding Conflict with Wildlife:**

a. **Wildlife Safety & Attractants:**

All fuel, trash, food, gray water, and other potential wildlife attractants (including petroleum-based products) must be secured in bear-resistant containers. These containers must be constructed of durable materials such as metal or hard-sided plastic and have lids with lockable, secure latches. Only containers specifically designed and approved for bear resistance should be used. Where feasible, electric fencing should also be installed around food and waste storage areas. Camps must be kept clean at all times to minimize odors and attractants and no attractants may be left unattended overnight. Failure to properly secure attractants may be considered negligent and unlawful feeding of wildlife, subject to enforcement under applicable state regulations.

b. Both human waste and the blue liquid in mobile outhouse (“port-a-potty”) reservoirs may be potential attractants for bears. It is recommended that mobile outhouses be anchored to prevent tip-over due to wind and bears. Mobile outhouses becoming tipped over could result in human waste contaminating the local area. Mobile outhouses should also be locked at the end of each business day to minimize access to bears.

b. **Bear Safety:**

Guidance on staying safe in bear country and avoiding negative interactions, including the use of bear-resistant containers and electric fences, is available on the ADF&G website:

<http://www.adfg.alaska.gov/index.cfm?adfg=livingwithbears.main>

c. Reporting Wildlife Interactions:

Any human-wildlife conflicts or concerning encounters should be reported to ADF&G's Division of Wildlife Conservation:
<https://www.adfg.alaska.gov/index.cfm?adfg=reportwildlifeencounter.main>

d. Helicopter Use

We remind the applicant that, to minimize the negative impacts of helicopter use, ADF&G recommends maintaining an altitude of 1,500 meters above observed wildlife whenever possible.

Response: SCRO acknowledges the comment and informs the applicant that they shall adhere to the guidelines and recommendations provided by ADF&G regarding wildlife encounters, conflicts, and interferences.

Discussion

The proposed lease will be subject to the terms of DMLW's standard lease document effective at the time the lease is signed. The current standard lease document is available for review upon request. The lease will also be subject to additional stipulations based, in part, upon the following considerations.

BOV intends to continue to provide recreation opportunities for clients. Recreation opportunities include heliskiing, snowcat skiing and snowmobile tours during the months of December-May depending on the year and helicopter supported hiking, kayaking rafting and scenic flight tours May-September.

The permittee has requested a lease to enhance security measures at the site due to a documented history of vandalism. The proposed upgrades include establishing greater control over the operational area through improvements such as perimeter fencing and installation of underground power to support their security system.

Given that BOV's commercial recreation activity meets the requirements of AS 38.05.070(b), SCRO is proposing to authorize a 10-year land lease. Issuance of this 10-year lease is in the State's best interest as it provides security for the lessee, flexibility for the State to adjust to changing environmental conditions and enables economic development through remote commercial recreation opportunities in the Keystone Canyon.

Development Plan

The Development Plan (DP) attached to this decision (Attachment A) and dated April 8, 2026, is under consideration by DMLW. Should the proposed lease be granted, it is anticipated that the DP will need to be updated throughout the life of the lease as activities and/or infrastructure are added

or subtracted. All updates must be approved, in writing, by DMLW before any construction, deconstruction, replacement of infrastructure, or change in activity will be authorized. DMLW reserves the right to require additional agency review and/or public notice for changes that are deemed by DMLW to be beyond the scope of this decision.

Performance Guaranty

In accordance with AS 38.05.035 and AS 38.05.860, the applicant will be required to submit performance guaranties for the lease to incentivize performance of the conditions of the EA (if applicable) and the lease and to provide a mechanism for the state to ensure that the lessee shares in financial burden in the event of noncompliance for site cleanup, restoration and any associated costs after termination or expiration of the leases, the following bonds will be required.

\$7,000.00 Performance Guaranty Performance guaranties provide a means to pay for corrective action if the lessee fails to comply with the lease requirements. In accordance with AS 38.05.035(a)(4), the applicant will be required to submit a performance guaranty. The amount of the performance guaranty is based on the scope and the nature of the activity and the potential cost of restoring the site. Performance guaranties are subject to periodic adjustments being made during the term of the authorization to address increases or decreases in the costs of rectifying problems and rehabilitating state land due to inflation, changes in the level or nature of development, or other appropriate factors.

The Lessee must post a performance guaranty in the amount of \$7,000.00 to secure faithful performance with all terms and condition of the lease and to ensure site restoration of the leasehold. The performance guarantee must remain in effect for the duration of the lease term or until released in writing by the AO.

Failure by the Lessee to provide replacement security, upon notice of non-renewal of an existing form of security, shall be grounds for the AO to make a claim upon the existing security to protect the Lessor's interests.

The guaranty amount will be subject to periodic adjustments and may be adjusted upon approval of any amendments to the lease, assignments, re-appraisals, changes in the development plan, approval of a reclamation plan, any change in the activities conducted or performance of operations conducted on the leased premises and as a result of any violations to the lease agreement.

The guaranty may be utilized by the AO to cover actual costs incurred by the State of Alaska to pay for any necessary corrective actions in the event the Lessee does not comply with the site utilization, restoration requirements and/or other stipulations contained in the lease agreement. If the Lessee fails to perform the obligations under the lease agreement within a reasonable timeframe, the AO may perform the Lessee's obligations at the Lessee's expense. The Lessee

agrees to pay within 20 days following demand, all costs and expenses reasonable incurred by the State of Alaska as a result of the failure of the Lessee to comply with the terms and conditions of the lease agreement. The provisions of these authorizations shall not prejudice the State's right to obtain a remedy under any law or regulation.

The performance guaranty will be released upon expiration of the lease provided that all terms and conditions of the lease have been met, including complete removal and restoration of the leased area leaving the site in a safe and clean condition.

Reclamation Bond The State will reserve the right to require a reclamation bond due to noncompliance issues during the term of the lease or near the end of the life of the project.

Insurance

To protect the State from liability associated with the use of the site, the applicant shall provide and maintain a comprehensive general liability insurance policy with the State of Alaska named as an additional insured party per the stipulations of the authorization. The applicant shall secure or purchase at its own expense and maintain in force at all times during the term of this lease, liability coverage and limits consistent with what is professionally recommended as adequate to protect the applicant and the State, its officers, agents and employees from the liability exposures of ALL the insured's operations on state land. The insurance requirement may be adjusted periodically.

In accordance with AS 38.04.045, this lease does not require a survey. However, the State of Alaska reserves the right to require one in the future, should the need arise due to changes in statutes or increased use of the area. The applicant will be required to submit rectangular GPS coordinate points for the leased area.

Compensation and Appraisal

In accordance with AS 38.05.840, State-owned land may only be leased if it has been appraised within two years before lease issuance. The applicant will be required to provide an appraisal of the proposed leasehold before the lease will be issued. Once the appraisal has been approved by DMLW, the annual lease fee will be set at the fair market value of the proposed leasehold. Furthermore, in accordance with AS 38.05.105, the proposed lease will be subject to reappraisal at five-year intervals after the issuance of the proposed authorization.

Visitor Day Use Fee

All commercial recreation authorizations are subject to a \$4.00/day "Visitor Day" fee under 11 AAC 96.250(18), for each client using state land. *A Visitor Day is defined as meaning all or any part of a calendar day which a commercial recreation client is present, with each client*

representing a separate visitor day if multiple clients are present at any time during a calendar day. This fee is collected once a year and will be due on the same day as the annual fee.

Entry Authorization (EA)

DMLW proposes to authorize the applicant entry onto state land through the issuance of an EA while they are completing the required development, survey and/or appraisal. The term of the EA will be for a term of 3 years. The proposed EA would be issued after the FFD goes into effect. The term of the Entry Authorization is included in the term of the lease.

The estimated annual fee for the proposed EA is **\$2,000.00**. Should the appraisal indicate that the EA annual fee is less than estimated, those overages will be credited to the applicant's account. Should the report indicate that the value of the land is greater than anticipated, the shortfall must be remedied before the lease will be issued.

Subleases

Subleasing is permissible through AS 38.05.095, if the proposed lease is approved. A sublease is defined to include any lease, rental, storage, or accommodation agreement between the Lessee and another individual, business or corporation utilizing or benefiting from the lease parcel. Sublessee shall be defined to mean any individual or business entity executing an agreement, as above, with the Lessee. A sublease pertaining to the proposed lease includes but is not limited to, user agreements, license agreements, communication site agreements, or any contracts between the lessee and other commercial entities. All potential subleases must first be approved in writing by DMLW. DMLW may conduct further agency review and/or public notice before making a determination on the appropriateness of the proposed sublease. The sublease fee will be 25% of the annual fee paid to the lessee by the sublessee. All sublessees and activities must meet the statutory qualifications under which this original lease was issued.

Assignment

The proposed lease, if issued, may be assigned to another individual or corporation only with written approval from the State of Alaska. A lease will not be assigned to an entity if that entity does not meet the statutory qualifications or requirements of the lease, or if the lessee is considered not to be in "good standing" with this or any other agency authorization.

Reclamation

In accordance with AS 38.05.090, the leasehold must be restored to a "good and marketable condition" within 120 days after termination of the lease.

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

constitutes as being “good and marketable” is at the discretion of DMLW. DMLW reserves the right to require a reclamation bond due to non-compliance issues during the term of the lease or near the end of the life of the project.

Public Notice

Pursuant to AS 38.05.945, this PD will be noticed for a 30-day public comment period, starting on July 15, 2026. The Valdez post office(s) located near the proposed leasehold will be requested to post the notice pursuant to AS 38.05.945(b)(3)(C). The notice will also be posted on the State of Alaska Online Public Notice website pursuant to AS 38.05.945(b)(3)(B) located at:

<https://aws.state.ak.us/OnlinePublicNotices/Default.aspx>. Additionally, Public Notice will be sent to all third party interests, The Valdez City of Commerce, and Ahtna, Inc.

The public is invited to comment on this PD. All comments received during the public comment period will be considered in the FFD. A copy of the FFD, along with instructions on filing an appeal, will be sent to all persons who comment on the PD. If public comments result in significant changes to the PD, additional public notice may be given.

To be eligible to appeal, a person affected by the FFD must provide written comments during the public comment period.

**Written comments about this project must be received in this office no later than
11:59 PM on August 14, 2026 to be considered.**

To submit comments please choose one of the following methods:

Mail: Department of Natural Resources
Division of Mining, Land and Water
South Central Regional Land Office
ATTN: Lyncoln Standley
550 W 7th Ave Unit 900C
Anchorage, AK

Email: Lyncoln.standley@alaska.gov

Fax: (907) 269-8619

DNR-DMLW complies with Title II of the Americans with Disabilities Act of 1990. Individuals with disabilities who may need auxiliary aids, services or special modifications to comment should contact Alaska Relay at 711 or 1-800-770-8973 for TTY services.

Signature page follows.

Recommendation

DMLW has completed a review of the information provided by the applicant, examined the relevant land management documents, agency comments, and land ownership, and has found that this project is consistent with all applicable statutes and regulations. DMLW considered both direct and indirect benefits to the State. DNR finds granting of the proposed lease provides the greatest benefit to the State.

I recommend proceeding to public notice for the purpose of providing the members of the public and those entities identified in AS 38.05.945 an opportunity to review and submit comments.

<u><i>Lincoln Standley</i></u>	<u>7/14/2026</u>
Lincoln Standley, Natural Resource Specialist 2	Date

Preliminary Decision

It is the determination of the Division of Mining, Land and Water that it may be in the State's best interest to issue a 10-year land lease to the applicant, as described above. This Preliminary Decision shall now proceed to public notice.

<u><i>Kate Dufault</i></u>	<u>7/14/2026</u>
Kate Dufault, Natural Resource Manager 2	Date
Southcentral Regional Land Office, Division of Mining, Land and Water	

Attachments

- Attachment A – Development Plan
- Attachment B – Sample Entry Authorization
- Attachment C – Sample Lease
- Attachment D – Sample Additional Stipulations

Attachment A Development Plan

This lease request and application is for existing site under LAS #28702, and the surrounding land. The current site would expand to 4 acres to include the area to the SE of our current site, and include the route of underground power run from Copper Valley Electric Association (CVEA)'s current underground power, into our current base area.

The site is currently and would continue to be used as our base of operations for our seasonal recreation businesses. No major changes to its use would occur. Besides the addition of grid power, we would construct a post and beam shed roof over the existing fuel trailer tank and containment bladder.

The attached "Site Diagram" sketch shows our existing 1 acre site which contains our several cabins, a fuel trailer, and supporting equipment and aircraft parking. It also includes the new perimeter with corner point GPS locations of 4 acres to be leased. The route and location of the underground power to be installed is also noted.

LEGAL DESCRIPTION

Legal description is Township 9S, Range 4W, Section 12,
Copper River Meridian

A - 66° 05' 50.33"N
145° 5' 50.15 W

B - 61° 05' 53.28 N
145° 51' 42.30 W

G 61.0970N, 145.8601W
H 61.0971N, 145.8600W

C - 61° 05' 50.72" N
145° 51' 35.33" W

D- 61° 05' 49.01" N
145° 51' 38.15"

E- 61° 05' 49.83" N
145° 51' 43.81" W

F- 61° 05' 48.98" N
145° 51' 48.15" W

Attachment A Development Plan

TERRAIN/GROUND COVER

Existing LAS is on a larger surrounding hardened gravel site backed up to cottonwood and alder forest with several old overgrown camp sites and trails adjacent to our currently utilized site. An underground power line would be buried from the existing underground line through the old trails to our existing LAS. This would be approximately 300' easement will be 300-feet by 20-feet in dimension.

Additional acreage will be used to allow for the construction and placement of underground power and the restoration and rebrushing of old woods trails

ACCESS

Access is via the Richardson Highway via vehicles, snowcats, or helicopter, as is now. Public access is restricted on our helicopter pad year round when operating. Ropes and temporary fencing is currently used. If a lease was issued, we would install more secure fencing surrounding the helicopter pad and fueling area including security lights and cameras. No public access routes are affected.

BUILDINGS AND STRUCTURES

Currently we are permitted for several temporary cabins used for our different seasonal recreation activities , and a semi pup fuel trailer. The cabins are used year round for guests, our office and operational gear storage. The 7 cabins are 10x10 and 2 outhouses. We would install a post and beam roof structure over our existing fuel setup, with grid power, lights, and security cameras. Currently all are on trailers. The addition of a post and beam structure would be placed on concrete pier blocks at each post. A "POWER WALL" would be installed on our lower pad on 4x4 or 6x6 pressure treated posts buried in the ground with GFCI outlets for the Heli pad, and service for our cabins and fuel system.

POWER SOURCE

Currently we operate on generator power. The addition of underground service would be our primary source, with generator emergency backup.

WASTE TYPES

All waste is collected and disposed of properly in Valdez. Human waste is pumped and disposed of by Petro Management in Valdez from our porta potties. Trash or household waste is collected daily and disposed of properly in Valdez. No hazardous waste is present.

HAZARDOUS SUBSTANCES

Attachment A Development Plan

On site: engine oil, propane, gasoline, diesel fuel and Jet-A are currently used. Depending on time of year, there may be various amounts of each. Up to 300 gallons of propane in tanks for heat, up to 3500 gallons of Jet-A (in our semi-pup fuel trailer with spill bladder), up to 100 gallons of gasoline (on board generator, vehicles and in approved storage jugs) Up to 120 gallons of diesel (onboard snowcats or in truck fuel tank on vehicle)

WATER SUPPLY

Drinking Water is hauled to the site via water jugs or coolers. No waste water is generated or disposed of.

PARKING AND STORAGE

Vehicles including snowcats and helicopters are all parked and stored on hardened gravel surfaces or existing parking lots. Vehicles are monitored for fuel or oil leaks daily, and portable bladder boxes or mats are used beneath engines when stored or parked on site long term.

NUMBER OF PEOPLE ON SITE

Guest numbers vary per activity and from day to day. Estimates are from 30-40 people on peak days. Staff numbers are estimated anywhere from 2-16.

MAINTENANCE AND OPERATIONS

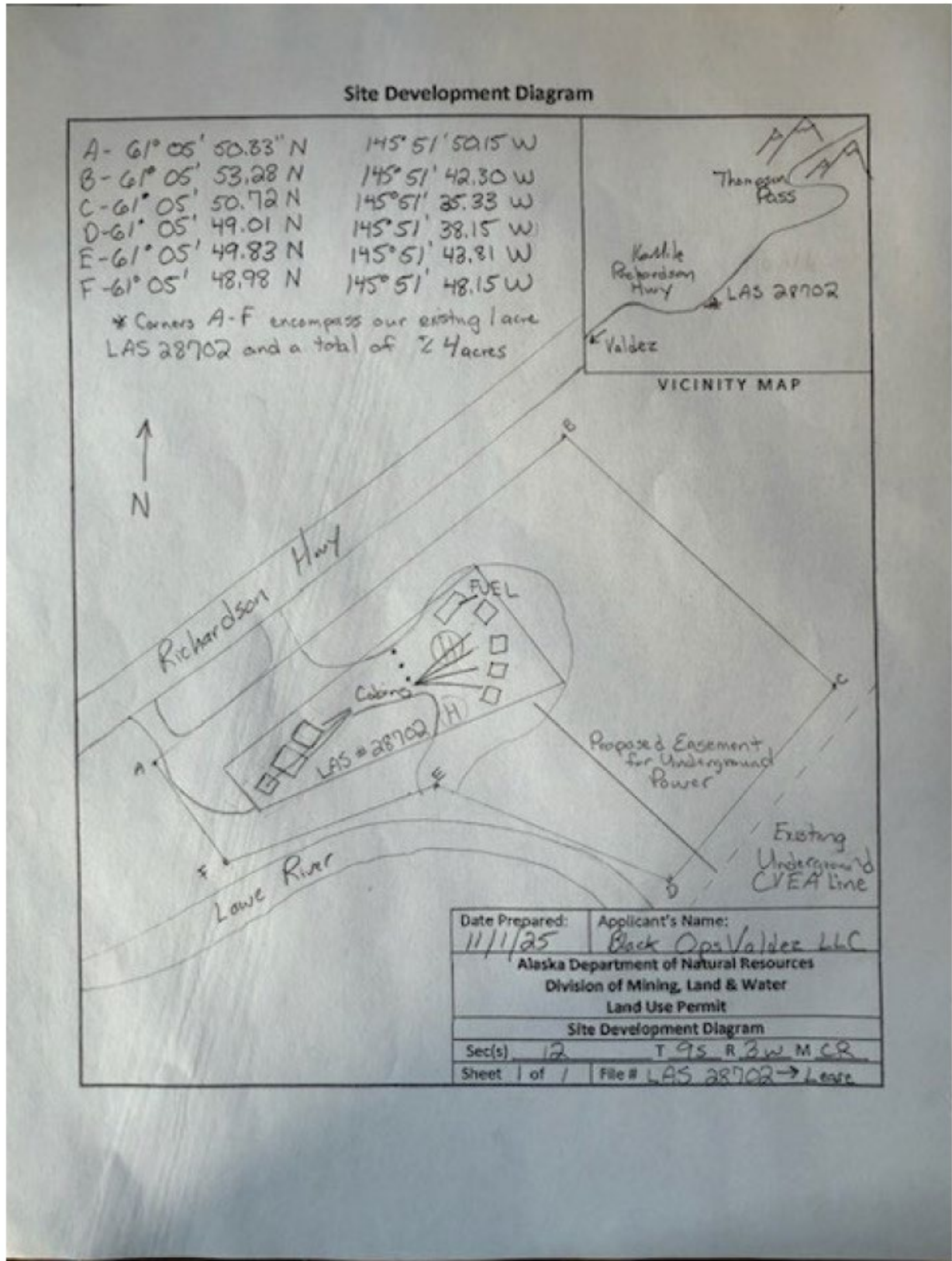
We currently mow in summer and plow in winter. We do our own maintenance of the site, along with clean the Richardson Highway mile marker 16-17 under the "Adopt a Highway" program.

CLOSURE/RECLAMATION PLAN

N/A

-Under LAS #28702 current plan is to remove all equipment, structures and improvements if required. Leave the site clean and fully evacuated of everything. Our intention and one reason for lease request will be bringing permanent power. CVEA underground power would remain on site after any lease period has ended.

Attachment A Development Plan



Attachment B
Sample Entry Authorization

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

☐ Northern Region
3700 Airport Way
Fairbanks, AK 99709
(907) 451-2705

☒ Southcentral Region
550 W. 7th Avenue, Ste. 900C
Anchorage, AK 99501-3577
(907) 269-8552

☐ Southeast Region
400 Willoughby, Ste. 400
Juneau, AK 99801
(907) 465-3400

Entry Authorization
AS 38.05.075(f)

Lease No. **ADL 234758**

Black Ops Valdez LLC, herein known as the “lessee”, is issued this Entry Authorization (EA) to use xxx acres, more or less, of state-owned land located within the:

SE 1/4 SW 1/4 of Section 12, Township 9 South, Range 4 West, Copper River Meridian

This pre-lease authorization is effective beginning **DATE** and ending **DATE**, unless sooner terminated at the State’s discretion. This EA is not valid until it has been executed by the Division of Mining, Land and Water (DMLW), Southcentral Regional Land Office (SCRO).

This EA is issued for the purpose of authorizing:

The lessee’s temporary entry onto state land for the construction and use of an operational base in support of their commercial tourism business in accordance with the approved Development Plan (DP) (Attachment A) while the lessee completes the required appraisal before lease issuance.

All activities authorized under the EA shall be conducted in accordance with the following stipulations:

1. **Authorized Officer (AO):** The Authorized Officer (AO) for the State of Alaska (State), Department of Natural Resources (DNR), DMLW, is the Regional Manager or designee.
2. **Compliance with Requirements:** The lessee shall, at its expense, comply with all federal, state, and local laws, regulations, and ordinances directly or indirectly related to this authorization. The lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees. The issuance of this EA does not relieve the lessee from securing any other authorizations required by federal, state, or local law.
3. **Development Plan:** Development shall be limited to the authorized area and improvements specified in the approved development plan or subsequent modifications approved by the AO. The lessee is responsible for accurately siting development and operations within the

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authorized area. Any proposed revisions to the development plan must be approved in writing by the AO before the change in use or development occurs.

4. **Annual Fee:** In accordance with 11 AAC 58.410 and for the purpose of this EA, the annual fee will be **\$XXXX.00**, which must be paid on or before **DATE** of every year during the term of this authorization. Payment for the first year of the EA, and any other fees owed, shall be required prior to issuance of the authorization. The lessee shall pay a fee for any late payment. The amount is the greater of either \$50.00 or interest accrued daily at the rate of 10.5% per annum and will be assessed on each past-due payment until paid in full.
5. **Returned Check Penalty:** A returned check penalty of \$50.00 will be charged for any check on which the bank refuses payment. Late payment penalties shall continue to accrue.
6. **Failure to Pay:** Failure to pay annual fees when due is a default of the terms and conditions of this EA. Failure to cure such a default within the 60-day period following the receipt of a "Notice of Default" will, at the AO's discretion, result in termination of this authorization.
7. **Visitor Day Use Fee:** All commercial recreation authorizations are subject to a "Visitor Day Use" fee. As defined in 11 AAC 96.250(18), Visitor Day means "all or any part of a calendar day during which a commercial recreation client is present, with each client representing a separate visitor day if multiple clients are present at any time during a calendar day." This fee, as established in 11 AAC 05.180(d)(2)(D) or (G), is collected once a year and due on the same day as the annual fee.
8. **Moving or Damaging Markers:** The lessee shall protect all survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed corner posts against relocation, damage, destruction, or obliteration. The lessee shall notify the AO of any relocated, damaged, destroyed, or obliterated markers and shall reestablish the markers at the lessee's expense in accordance with accepted survey practices of the DMLW.
9. **Appraisal:** The lessee is responsible for obtaining and submitting the required Fair Market Value appraisal for this site. Once the survey has been submitted to DMLW for review, please contact DMLW's Appraisal Unit at (907) 269-8512 to begin the appraisal process. The final appraisal report must be submitted to DMLW for approval no later than **DATE**.
10. **Performance Guaranty:** As per 11 AAC 96.060 the following bond is required:
 - a) **\$7,000.00 Performance Guaranty (Cash, CD, or Surety):** This bond shall remain in place throughout the life of this EA and the subsequent lease (if granted) to assure the lessee's compliance with the terms and conditions of both authorizations. Should the lessee fail to abide by the terms of this EA, this bond may be used by the AO to pay for any corrective actions the AO deems necessary.

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- Failure by the lessee to provide replacement security for a CD or surety upon notice of non-renewal shall be grounds for the AO to make a claim upon the existing security to protect the State's interests.
 - The Performance Guaranty amounts are subject to periodic adjustments (every 5 years) and may be adjusted upon approval of any amendments, assignments, modifications to the DP, and as a result of any violations of this authorization.
 - If a bond is taken as part of a penalty, either whole or in part, that bond must be replenished by the replacement deadline contained within the penalty notification letter. Failure to replace the bond is, at the discretion of the AO, grounds for termination of the EA and possible denial of the subsequent lease.
 - The Performance Guaranty will be released upon expiration or closure of the lease provided that all terms and conditions of the lease have been met, including removal of infrastructure and restoration of the area to the satisfaction of the AO.
11. **Indemnification:** The lessee shall indemnify, defend, and hold the State harmless from and against all claims, demands, judgments, damages, liabilities, penalties, and costs, including attorney's fees, for loss or damage, including but not limited to property damage, personal injury, wrongful death, and wage, employment, or worker's compensation claims, arising out of or in connection with the use or occupancy of the authorized site by the lessee or by any other person holding under the lessee, or at the lessee's sufferance or invitation; and from any accident or fire on the site; and from any nuisance made or suffered on the site; and from any failure by the lessee to keep the site in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the lessee of all or any portion of the site or interest therein contrary to the covenants and conditions of this EA. The lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of the lessee, and shall defend, indemnify and hold the State harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.
12. **Insurance:** The lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this contract, liability coverages and limits consistent with what is professionally recommended as adequate to protect the buyer (the insured) and seller (the State, its officers, agents and employees) from the liability exposures of ALL the insured's operations on state land. Certificates of Insurance must be furnished to the AO prior to the issuance of this lease and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. The lessee must provide for a 60-day prior notice to the AO before they cancel, not renew or make material changes to conditions to the policy. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material

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breaches of this lease and shall be grounds, at the option of the AO, for termination of the lease. All insurance policies shall comply with, and be issued by, insurers licensed to transact the business of insurance under Alaska Statute, Title 21. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Department of Administration. The State of Alaska must be named as an additional named insured on the policy. Case number **ADL 234758** is to be referenced on the policy and the certificate of insurance.

13. **Subleasing:** The AO reserves the right to require an additional annual compensation as a condition of a sublease approval. Said increase shall be determined by negotiation between the lessee and AO but shall not be less than 25% of all compensation paid annually to the lessee by the sublessee. Neither the terms of this sublease provision nor any actual compensation derived from a sublease shall have any effect upon a determination of the annual lease fee for the lease parcel pertaining to AS 38.05.075(a) or its appraised market value pertaining to AS 38.05.840. Sublease shall be defined to include any lease, rental, storage, or accommodation agreement between the lessee and another individual, business or corporation utilizing or benefiting from the lease parcel. Sublessee shall be defined to mean any individual or business entity executing an agreement, as above, with the lessee. The amount of sublease compensation shall be subject to change at the same time as the lease compensation adjustment and whenever the terms or conditions of the agreement between the lessee and sublessee change. Approval of a sublease shall also be conditioned upon:
- a) The lessee is in full compliance with lease conditions and is in good standing with all other authorization per 11 AAC 96.145;
 - b) Sublessee must meet the statutory requirement of the lease;
 - c) Submission by the lessee of a draft copy of the agreement(s) which will govern the relationship and compensation provisions between the lessee and the sublessee;
 - d) Submission by the lessee of a proposed plan of operations and development for the subleased area and, if necessary, an amended plan of operations and development for the entire lease area; and
 - e) A lessor best interest finding and amendments to the lease contract as necessary, if significant changes to the use and development are proposed.
14. **Loss of Improvements:** The lessee assumes all risk of loss of improvements resulting from natural or catastrophic events.
15. **Incurred Expenses:** The lessor shall in no way be held liable for expenses incurred by the lessee connected with the activities directly or indirectly related to this authorization.

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16. **Request for Information:** The AO, at any time, may require the lessee to provide any information directly or indirectly related to this authorization, in a manner prescribed by the AO.
 17. **Alaska Historic Preservation Act:** Under the Alaska Historic Preservation Act, AS 41.35.200, it is unlawful to appropriate, excavate, remove, injure, or destroy any historic, prehistoric, or archaeological resources of the State without a permit from the DNR Commissioner. Should any such resources or sites be discovered, the lessee shall cease any activities that may cause damage and immediately contact the AO and the Office of History and Archaeology in DNR's Division of Parks and Recreation.
 18. **Inspections:** The AO shall have reasonable access to the authorized area for inspection, which may be conducted without prior notice. If the lessee is found to be in noncompliance the authorized area may be subject to reinspection. The lessee may be charged for actual expenses of any inspection or the fee in 11 AAC 05.160.
 19. **Public Access:** The construction, operation, use, and maintenance of the authorized area shall not interfere with public use of roads, trails, waters, landing areas, and public access easements. The ability to use or access state land or public waters may not be restricted in any manner. However, if a specific activity poses a safety concern, the AO may allow the restriction of public access for a specific period of time. The lessee is required to contact the AO in advance for approval. No restriction is allowed unless specifically authorized in writing by the AO.
- This EA is subject to the following public access easement reservations:**
- a) To and Along easements; RS2477 trails, issued easements;
 - b) ETC.
20. **Concurrent Usage:** The AO reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land covered under this authorization. Authorized users of state land, their agents, employees, contractors, subcontractors and licensees shall not interfere with the operation or maintenance activities of other authorized concurrent users. Any future concurrent permit, lease or sublease will be subject to the conditions and stipulations contained in the lease, including the additional collection of fees or rents by the AO from any subordinate lessee or sublessee.
 21. **Site and Improvements Maintenance:** The authorized area shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter, except as specifically authorized. The lessor is not responsible for maintenance of authorized improvements or liable for injuries or damages related to those improvements. No action or inaction of the lessor is to be construed as assumption of responsibility.

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22. Site Disturbance:

- a) Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems. Any ground disturbances that may occur shall be contoured to blend with the natural topography to protect human and wildlife health and safety. Particular attention must be paid to preventing pollution and siltation of any waterways and to preventing disturbances to fish and wildlife populations and habitats.
- b) Brush clearing is allowed only to the extent necessary to maintain the present development. The lessee may use dead timber that is down. The lessee shall not cut standing timber within the leased area unless specifically authorized by DNR's Division of Forestry.

The removal of vegetation shall be kept to a minimum and areas requiring disturbance should be seeded or planted as soon as possible after disturbance. To the extent possible, associated vegetation should be left intact to enhance stability, control erosion, and enhance scenic qualities.

23. Hazardous Substances, Explosives:

- a) No storage of hazardous material/substances or explosives is authorized within the leased area.
- b) The use of hazardous substances or explosives must be done in accordance with existing federal, state, and local laws, regulations, and ordinances. Debris (including soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed from the sites and managed and disposed of in accordance with state, federal and local laws, statutes, and regulations.

24. Use and Storage of Fuel: All fuel storage container(s) with a total combined capacity larger than 55 gallons shall not be placed within 100 feet from the high or ordinary water mark of any waterbody. When fuel storage container(s) exceed a total combined capacity of 110 gallons, the containers must be stored within a double-walled tank, an impermeable diked area, or a portable impermeable containment structure capable of containing 110% of the capacity of the largest independent container. All containers must be approved by the Department of Environmental Conservation (DEC) and clearly marked with the contents and the lessee's name and authorization number. Drip pans and other spill response materials, such as sorbent pads, must be on hand to contain and clean up any spills.

25. Spill Response: The lessee is responsible for preventing fuel spills, hydraulic fluid spills, and oil spills that could result in contamination of contiguous land and water. Petroleum product

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Sample Entry Authorization

spills shall be cleaned up immediately, and any contaminated earth or vegetative materials shall be disposed of as required by DEC regulations. To facilitate rapid spill response, adequate sorbent materials (i.e., material that collects or absorbs petroleum products while at the same time repels water) will be kept onsite to be used in the event a spill should occur. Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to lessee activities, the lessee shall, at their expense, be obligated to clean the area to the reasonable satisfaction of the State.

26. **Notification of Discharge:** The Grantee shall immediately notify the Department of Environmental Conservation (DEC) and AO of any unauthorized discharge of any amount of oil to water, a discharge of any amount of a hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported immediately.

If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Grantee shall report the discharge within 48 hours. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis.

Notification of discharge must be made to DEC online at ReportSpills.alaska.gov or by phone at 1-800-478-9300.

Notification of discharge must be made to the appropriate DNR Office, preferably by e-mail: Anchorage email dnr.scro.spill@alaska.gov, (907) 269-8528; Fairbanks email dnr.nro.spill@alaska.gov, (907) 451-2739; Juneau email dnr.sero.spill@alaska.gov, (907) 465-3513. The Grantee shall supply the AO with all incident reports submitted to DEC.

27. **Waste and Debris Disposal:** Onsite refuse disposal is prohibited. All waste generated during construction, operation, and termination activities under this EA shall be removed and disposed of at an offsite DEC-approved disposal facility. Until the waste can be removed from the site, it must be stored in a manner to prevent attracting wildlife.
28. **Lease Issuance:** Upon completion and fulfillment of all conditions and stipulations of this EA, a lease will be issued to the lessee containing approximately xx acres, more or less, of state land/tidelands.
29. **Termination:** This authorization may be terminated upon violation of any of its terms, conditions, stipulations or upon failure to comply with any applicable laws, statutes, and regulations (state and federal).
30. **Agents:** The lease provisions and stipulations apply with equal force upon an agent, employee, contractor, or subcontractor designated by the lessee to perform any lease or lease-related

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Sample Entry Authorization

operations. The lessee is liable for noncompliance caused by any such agent, employee, contractor, or subcontractor.

31. **Additional Authorizations or Permits:** If activities other than those authorized by the lease provisions and stipulations are needed, additional written authorizations or permits and their associated additional fees may be required.
32. **Access and Road Construction:** The lessee is responsible for providing access to the leasehold. Before constructing any road across state land, the lessee shall obtain prior approval and authorization from DMLW for the location and construction standards of the road.

Definitions:

- a) "AO" means the Authorized Officer, who is the Regional Manager, Southcentral Region
- b) "DEC" means the Alaska Department of Environmental Conservation
- c) "DMLW" means the Division of Mining, Land and Water
- d) "DNR" means the Alaska Department of Natural Resources
- e) "DP" means the approved Development Plan
- f) "EA" means this Entry Authorization
- g) "Lessee" means **Black Ops Valdez LLC** or their officers, agents, contractors, subcontractors, and their employees.
- h) "SCRO" means the Southcentral Region Office

Any correspondence concerning this EA may be directed to the Department of Natural Resources, Division of Mining, Land and Water, Southcentral Regional Land Office, 550 W. 7th Ave., Suite 900C, Anchorage, AK 99501-3577, or by telephone to (907) 269-8503. All correspondence sent by the Division of Mining, Land and Water, Southcentral Regional Land Office in regards to this authorization will be sent to the below listed contact information.

Signature page follows

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Sample Entry Authorization

I, the lessee, have read the foregoing EA and I agree to comply with all the conditions included within this authorization.

Signature of Lessee or Authorized Representative Date

Printed Name and Title

Lessee's Address

City State Zip

Phone Numbers: Main: _____

Work: _____

Fax: _____

Email: _____

Joni Sweetman Date
Regional Manager, Southcentral Regional Land Office
Division of Mining, Land and Water



Attachment C

Sample Lease Agreement

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

550 W. 7th Avenue, Suite 900C
Anchorage, Alaska 99501-3577

Black Ops Valdez LLC
ADL No. 234758
LEASE AGREEMENT
AS 38.05.070(b)

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

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

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

1. Grant. This lease is issued under the authority of **AS 38.05.070(b)** for a term of **10** years beginning on the **Xst** day of **MONTH YEAR**, and ending at 11:59PM on the **Xth** day of **MONTH YEAR**, unless sooner terminated, subject to: compensation as specified in section 2; the attached Additional Stipulations (Attachment A); and the attached development plan approved by the State on **MONTH DAY, YEAR** (Attachment B); and if any, that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

SE1/4 SW1/4 of Section 12, Township 9 South, Range 4 West, Copper River Meridian

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

Subject to:

Platted easements and restrictions.

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The conditions and stipulations in Attachment A, Additional Stipulations.

Attachment B, Approved Development Plan, attached and made part of this lease agreement.

2. Compensation. (a) The lessee shall pay to the lessor compensation as follows, without the necessity of any billing by the lessor: **\$X,XXX.00 due** on or before **MONTH DAY** every year. The lessor may, upon 10 days' notice, review and copy any records of the lessee that are necessary to verify the lessee's compliance with this paragraph.

(b) In accordance with AS 38.05.105, the lease compensation is subject to adjustment by the lessor at the commencement of the sixth year of the term and every fifth year thereafter (the "adjustment date"). The compensation adjustment takes effect on the applicable adjustment date, regardless of whether the adjustment determination occurs before or after that date. All reasonable costs of the adjustment, including reappraisal if required by the lessor, will be borne by the lessee.

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

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

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

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

7. Conditional Lease. If all or part of the leasehold has been tentatively approved, or approved, but not yet patented, by the United States to the lessor, then this lease will be conditioned upon receipt by the lessor of such patent. If for any reason the lessor does not receive patent, any compensation paid to the lessor under this lease will not be refunded. Any prepaid compensation for land to which patent is denied the lessor will be refunded

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Sample Lease Agreement

to the lessee of record in the amount of the pro-rata portion of the unexpired term. The lessor will have no further liability to the lessee for the termination of the lease.

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

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

10. Navigable and Public Waters. (a) Pursuant to AS 38.05.127 and 11 AAC 53.330, the lessor reserves a public access easement to and along all public or navigable water bodies that border on or are included in this leasehold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without the prior written approval of the lessor.

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

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

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

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

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

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

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

(3) Taking of insubstantial part of the leasehold. If the taking by condemnation reduces the ground area of the leasehold by less than 30 percent and the lessor determines that the taking is of such an insubstantial portion

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that the lessee's use of the leasehold is not materially affected, the lessee may not elect to terminate the lease and the compensation provisions of subsection 2(C) of this section will govern.

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

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

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

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

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

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

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

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

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

21. Default and Remedies. (a) Time is of the essence in this lease. If the lessee defaults on the performance of any of the covenants or conditions of this lease, and the default is not remedied within 60 days after the lessor issues written notice of such default to the lessee and to the holder of a security interest in the leasehold approved by the lessor, or within any additional period the lessor allows for good cause, the lessee will be subject to legal or any other administrative action deemed appropriate by the lessor, including termination of this lease. The lessor may, in the notice of the default or in a separate written notice, state that if the default is not remedied, this lease shall terminate on a date certain, which shall be at least 60 days after issuance of the notice of default. Upon the date specified in such notice, unless the default has been remedied, the lease shall expire automatically

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without further notice or action by the lessor and this lease and all rights of the lessee under the lease shall terminate. Upon termination of the lease the lessor shall have an immediate right to possession of the leasehold and any possession by the lessee shall be unlawful. It is specifically agreed that no judicial action shall be necessary to terminate this lease or to allow the lessor to retake possession in the event of default by the lessee. No improvements may be removed from the leasehold while the lease is in default except with the lessor's prior written approval. If this lease is terminated for default, all compensation paid by the lessee is forfeited to the lessor. The lessor is not liable for any expenditures made or undertaken by the lessee under this lease. Any costs or fees, including attorney's fees, reasonably incurred by the lessor for the enforcement of this lease, shall be added to the obligations due and payable by the lessee.

(b) The rights, if any, of third-party security interest holders or lienholders are controlled solely by AS 38.05.103 and 11 AAC 58.590. If the lessee fails to remedy the default within the time allowed in subsection (a) of this section, the holder of an approved security interest who has received notice under subsection (a) of this section may remedy the default. The holder shall act within 60 days from the date of receipt of notice under subsection (a) of this section, or within any additional period the lessor allows for good cause.

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

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

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

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

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

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

23. Indemnity to Lessor. The lessee shall indemnify, defend, and hold the lessor harmless from and against all claims, demands, judgments, damages, liabilities, penalties, and costs, including attorney's fees, for loss or damage, including but not limited to property damage, personal injury, wrongful death, and wage, employment, or worker's compensation claims, arising out of or in connection with the use or occupancy of the leasehold by

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the lessee or by any other person holding under the lessee, or at the lessee's sufferance or invitation; and from any accident or fire on the leasehold; and from any nuisance made or suffered on the leasehold; and from any failure by the lessee to keep the leasehold in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the lessee of all or any portion of the leasehold or interest therein contrary to the covenants and conditions of this lease. The lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of the lessee, and shall defend, indemnify and hold the lessor harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.

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

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

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

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

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

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

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

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

(g) This section of this lease does not in any way alter the State of Alaska's powers and rights or the lessee's duties and liabilities under Title 46 (or its successor) of the Alaska Statutes or other state, federal, or municipal statutes, regulations, or ordinances. For example, notwithstanding the provisions of this lease, the State of Alaska shall not be precluded from claiming under AS 46.03.822 that the lessee is strictly liable, jointly and severally, for damages and costs incurred by the state for clean up of contamination on the leasehold. The obligations and provisions of this section 26 shall survive the termination of this lease.

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

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

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

To the Lessor:

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

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

To the Lessee:

Black Ops Valdez, LLC
PO Box 1126
Valdez, AK 99686

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

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

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

(1) Late Payment Penalty: The greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) will be assessed on a past-due account until payment is received by the lessor. Acceptance of

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a late payment or of a service charge for a late payment is subject to the lessor's rights under sections 20 and 21 of this lease.

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

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

31. Choice of Law. This lease shall be construed under the laws of the State of Alaska. The lessee confers personal jurisdiction on the courts of the State of Alaska for any litigation under this lease.

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

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

LESSEE:

Black Ops Valdez LLC

LESSOR:

**Kate Dufault, Natural Resource Manager 2
Southcentral Regional Land Office**

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

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

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

STATE OF ALASKA)
) ss.
Third Judicial District)

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

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

Approved as to form February 9, 1994, and September 25, 2001.

/s/ Elizabeth J. Barry, Assistant Attorney General

Recorder's Office: Return the recorded document to:
DNR DMLW, SCRO
ATTN: Lyncoln Standley
550 W 7th Ave., Suite 900C
Anchorage AK, 99501

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1. **Authorized Officer:** The Authorized Officer (AO) for the State of Alaska (State), Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), is the Regional Manager or designee.
2. **Preference Right:** No preference right to a sale of this leasehold is granted or implied by the issuance of this Lease. Any renewal of this Lease will be subject to current statutes and regulations at the time of Lease expiration.
3. **Valid Existing Rights:** This authorization is subject to all valid existing rights and reservations in and to the authorized area. The State makes no representations or warranties, whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.
4. **Change of Contact Information:** The Lessee shall maintain current contact information with the AO. Any change of contact information must be submitted in writing to the AO.
5. **Request for Information:** The AO, at any time, may require the Lessee to provide any information directly or indirectly related to this authorization, in a manner prescribed by the AO.
6. **Compliance with Government Requirements:** The Lessee shall, at its expense, comply with all federal, state, and local laws, regulations, and ordinances directly or indirectly related to this authorization. The Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
7. **Development Plan:** Development shall be limited to the authorized area and improvements specified in the approved development plan or subsequent modifications approved by the AO. The Lessee is responsible for accurately siting development and operations within the authorized area. Any proposed revisions to the development plan must be approved in writing by the AO before the change in use or development occurs.
8. **Penalty Charges: Late Payment Penalty Charges:** The Lessee shall pay a fee for any late payment. The amount is the greater of either \$50.00 or interest accrued daily at the rate of 10.5% per annum and will be assessed on each past-due payment until paid in full.
Returned Check Penalty: A returned check penalty of \$50.00 will be charged for any check on which the bank refuses payment. Late payment penalties shall continue to accrue.
9. **Visitor Day Use Fee:** All commercial recreation authorizations are subject to a "Visitor Day" fee. As defined in 11 AAC 96.250(18), Visitor Day means "all or any part of a calendar day during which a commercial recreation client is present, with each client representing a separate visitor day if multiple clients are present at any time during a calendar day." This fee, as established in 11 AAC 05.180(d)(2)(D) or (G), is collected once a year and due on the same day as the annual fee.
10. **Assignment:** Stipulation 6 of the Lease Agreement is hereby amended to include the following: In the event the Lessee desires to transfer their interest in the lease to another party

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the Lessee shall submit to the AO a request for assignment and a copy of a draft agreement which identifies the provisions of the assignment between the parties. The AO reserves the right to require/renegeotiate new terms or conditions for the lease prior to approving any assignment. The AO reserves the right to require an assignment between the Lessee and another party in the event of a change in corporate ownership, LLC/LLP membership or name change involving the leased site.

11. **Performance Guaranty:** Per section 25 of the Lease agreement: The Lessee previously posted a performance guaranty in the amount of **\$7,000.00** to secure faithful performance with all terms and conditions of the Lease and to insure site restoration of the leasehold. This performance guaranty must remain in effect for the duration of the Lease term or until released in writing by the AO. Failure by the Lessee to provide replacement security shall be grounds for the AO to make a claim upon the existing security to protect the Lessor's interests.
12. **Insurance:** The Lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this contract, liability coverages and limits consistent with what is professionally recommended as adequate to protect the buyer (the insured) and seller (the State, its officers, agents and employees) from the liability exposures of ALL the insured's operations on state land. Certificates of Insurance must be furnished to the AO prior to the issuance of this lease and must provide for a notice of cancellation, non-renewal, or material change of conditions in accordance with policy provisions. The Lessee must provide for a 60-day prior notice to the AO before they cancel, not renew or make material changes to conditions to the policy. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of this lease and shall be grounds, at the option of the AO, for termination of the lease. All insurance policies shall comply with, and be issued by, insurers licensed to transact the business of insurance under Alaska Statute, Title 21. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Department of Administration. The State of Alaska must be named as an additional named insured on the policy.
13. **Specific Land Use:** Stipulation 4 of the Lease Agreement is hereby amended to include the following: This lease is issued for a specific use and land classification, use of the area for purposes other than those specified constitutes a breach of the lease agreement and may result in revocation. The lease may be terminated upon a finding by the AO that the land or a part of it has not been used by the Lessee for the purpose specified in the lease for a period of two years. The lease cannot be assigned or subleased except with the consent of the AO. A Lessee may not change the use specified in the lease to another or additional use except with the consent of the AO. Any attempts to depart from these conditions without the consent of the AO will cause the lease to be automatically terminated.
14. **Concurrent Usage:** The AO reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land covered under this authorization. Authorized users of state land, their agents, employees, contractors, subcontractors and licensees shall not interfere with the operation or maintenance activities of other authorized concurrent users. Any future concurrent permit, lease or sub-lease will be subject to the

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conditions and stipulations contained in the lease, including the additional collection of fees or rents by the AO from any subordinate Lessee or Sublessee.

15. **Subleasing:** The AO reserves the right to require an additional annual compensation as a condition of a sublease approval. Said increase shall be determined by negotiation between the Lessee and AO but shall not be less than 25% of all compensation paid annually to the Lessee by the Sublessee. Neither the terms of this sublease provision nor any actual compensation derived from a sublease shall have any effect upon a determination of the annual lease fee for the lease parcel pertaining to AS 38.05.075(a) or its appraised market value pertaining to AS 38.05.840. Sublease shall be defined to include any lease, rental, storage, or accommodation agreement between the Lessee and another individual, business or corporation utilizing or benefiting from the lease parcel. Sublessee shall be defined to mean any individual or business entity executing an agreement, as above, with the Lessee. The amount of sublease compensation shall be subject to change at the same time as the lease compensation adjustment and whenever the terms or conditions of the agreement between the Lessee and Sublessee change. Approval of a sublease shall also be conditioned upon:
- f) The Lessee is in full compliance with lease conditions and is in good standing with all other authorization per 11 AAC 96.145;
 - g) Sublessee must meet the statutory requirement of the Lease;
 - h) Submission by the Lessee of a draft copy of the agreement(s) which will govern the relationship and compensation provisions between the Lessee and the Sub-Lessee;
 - i) Submission by the Lessee of a proposed plan of operations and development for the subleased area and, if necessary, an amended plan of operations and development for the entire lease area; and
 - j) A Lessor best interest finding and amendments to the lease contract as necessary, if significant changes to the use and development are proposed.
16. **Alaska Historic Preservation Act:** Under the Alaska Historic Preservation Act, AS 41.35.200, it is unlawful to appropriate, excavate, remove, injure, or destroy any historic, prehistoric, or archaeological resources of the State without a permit from the DNR Commissioner. Should any such resources or sites be discovered, the lessee shall cease any activities that may cause damage and immediately contact the AO and the Office of History and Archaeology in DNR's Division of Parks and Recreation.
17. **Inspections:** Stipulation 13 of the Lease Agreement is hereby amended to include the following: The AO shall have reasonable access to the authorized area for inspection, which may be conducted without prior notice. If the lessee is found to be in noncompliance the authorized area may be subject to reinspection. The lessee may be charged for actual expenses of any inspection or the fee in 11 AAC 05.160.

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18. **Incurred Expenses:** The Lessor shall in no way be held liable for expenses incurred by the Lessee connected with the activities directly or indirectly related to this authorization.
19. **Public Access:** The construction, operation, use, and maintenance of the authorized area shall not interfere with public use of roads, trails, waters, landing areas, and public access easements. The ability to use or access state land or public waters may not be restricted in any manner. However, if a specific activity poses a safety concern, the AO may allow the restriction of public access for a specific period of time. The Lessee is required to contact the AO in advance for approval. No restriction is allowed unless specifically authorized in writing by the AO.
20. **Site and Improvements Maintenance:** The authorized area shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter, except as specifically authorized. The Lessor is not responsible for maintenance of authorized improvements or liable for injuries or damages related to those improvements. No action or inaction of the Lessor is to be construed as assumption of responsibility.
21. **Site Disturbance:** Stipulation 4 of the Lease Agreement is hereby amended to include the following:
- c) Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems. Any ground disturbances that may occur shall be contoured to blend with the natural topography to protect human and wildlife health and safety. Particular attention must be paid to preventing pollution and siltation of any waterways and to preventing disturbances to fish and wildlife populations and habitats.
 - d) Brush clearing is allowed only to the extent necessary to maintain the present development. The Lessee may use dead timber that is down. The Lessee shall not cut standing timber within the leased area unless specifically authorized by DNR's Division of Forestry.

The removal of vegetation shall be kept to a minimum and areas requiring disturbance should be seeded or planted as soon as possible after disturbance. To the extent possible, associated vegetation should be left intact to enhance stability, control erosion and enhance scenic qualities.

22. **Hazardous Substances, Explosives:**

- a) No storage of hazardous material/substances or explosives is authorized within the leased area.

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- b) The use of hazardous substances or explosives must be done in accordance with existing federal, state and local laws, regulations and ordinances. Debris (including soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed from the sites and managed and disposed of in accordance with state, federal and local laws, statutes and regulations.
23. **Proper Location:** This authorization is for activities on state lands or interests managed by DMLW. It does not authorize any activities on private, federal, native, or municipal lands, or lands which are owned or solely managed by other offices and agencies of the State of Alaska. The Lessee is responsible for proper location within the authorized area.
24. **Moving or Damaging Markers:** The Lessee shall protect all survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed corner posts against relocation, damage, destruction, or obliteration. The Lessee shall notify the AO of any relocated, damaged, destroyed, or obliterated markers and shall reestablish the markers at the lessee's expense in accordance with accepted survey practices of the DMLW.
25. **Use and Storage of Fuel:** Section 26 of the Lease document is hereby amended to include the following: All fuel storage container(s) with a total combined capacity larger than **55 gallons** shall not be placed within 100 feet from the ordinary high water mark of any water body. When fuel storage container(s) exceed a total combined capacity of **110 gallons**, the containers must be stored within an Alaska Department of Environmental Conservation (ADEC)-approved double-walled tank, or an impermeable diked area, or a portable impermeable containment structure capable of containing 110% of the capacity of the largest independent container. All containers must be clearly marked with the contents and the Lessee's name and ADL number. Drip pans and materials, such as sorbent pads, must be on hand to contain and clean up all spills.
26. **Notification of Discharge:** The Grantee shall immediately notify the Department of Environmental Conservation (DEC) and AO of any unauthorized discharge of any amount of oil to water, a discharge of any amount of a hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported immediately.

If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Grantee shall report the discharge within 48 hours. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis.

Notification of discharge must be made to DEC online at ReportSpills.alaska.gov or by phone at 1-800-478-9300.

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Notification of discharge must be made to the appropriate DNR Office, preferably by e-mail: Anchorage email dnr.scro.spill@alaska.gov, (907) 269-8528; Fairbanks email dnr.nro.spill@alaska.gov, (907) 451-2739; Juneau email dnr.sero.spill@alaska.gov, (907) 465-3513. The Grantee shall supply the AO with all incident reports submitted to DEC.

27. **Waste disposal:** On-site refuse disposal is prohibited, unless specifically authorized. All waste generated during operation, maintenance, and termination activities under this authorization shall be removed and disposed of at an off-site ADEC approved disposal facility. Waste, in this paragraph, means all discarded matter, including but not limited to human waste, trash, garbage, refuse, oil drums, petroleum products, ashes and discarded equipment.
28. **Fire Prevention, Protection and Liability:** The Lessee shall take all reasonable precautions to prevent and suppress forest, structure, brush and grass fires, and shall assume full liability for any damage to state land and structures resulting from the negligent use of fire. The State is not liable for damage to the Lessee's personal property. To report a wildfire, call 911 or 1-800-237-3633.
29. **Waiver of Forbearance:** Any failure on the part of the AO to enforce the terms of this authorization, or the waiver of any right under this authorization by the Lessee, unless in writing, shall not discharge or invalidate the authorization of such terms. No forbearance or written waiver affects the right of the AO to enforce any terms in the event of any subsequent violations of terms of this authorization.

The receipt of compensation by the AO, with or without knowledge of any default on the part of the Lessee, is not a waiver of any provision of this authorization. The receipt of compensation by the AO after termination or any notice of termination will not reinstate, continue, or extend this authorization, or destroy or in any manner impair the validity of any notice of termination, unless specifically stated by the AO in writing.

30. **Severability Clause:** If any clause or provision of this authorization is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the grantor and the Lessee agree that the remainder of this authorization will not be affected, and in lieu of each clause or provision of this authorization that is illegal, invalid, or unenforceable, there will be added as a part of this authorization a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, to be legal, valid, and enforceable.
31. **Lease Expiration and Site Reclamation:** No later than one (1) year prior to the lease expiration, the Lessee shall file with the Lessor:
- a) A request for a new lease, and/or
 - b) A reclamation plan for the leasehold lands, which must be approved in writing by the AO. The Lessee is responsible for site reclamation within the leasehold.

Attachment D

Sample Additional Stipulations

The reclamation plan must include a description of the methods and techniques that the Lessee will use to rehabilitate all sites affected by construction and intensive use activities. Under the lease, the Lessee retains all ownership rights to site improvements. In the plan, the Lessee shall describe its intention to remove improvements. The plan must also include a schedule that sets forth the steps required for surface rehabilitation, and a specific time line showing when the Lessee will accomplish each step.

32. **Violations:** Pursuant to 11 AAC 96.145, the Lessee must be in compliance with provisions of this and other authorizations granted under AS 38.05 or 11 AAC 96 before a new authorization may be granted by DMLW.
33. **Lease Termination:** This lease authorization may be terminated upon violation of any of its terms, conditions, stipulations or upon failure to comply with any applicable laws, statutes and regulations (state and federal).
34. **Lease Utilization:** Per 11 AAC 58.510, leases must be utilized for purposes within the scope of the lease and the land classification. Utilization or development for other than the allowed uses or failure to substantially utilize or develop the lease is a violation of the lease. A development plan may be required on all leases. Failure to make substantial use of the land, consistent with the development plan, within five years, will, in the director's discretion, constitute grounds for cancellation.
35. **Agents:** The lease provisions and stipulations apply with equal force upon an agent, employee, contractor or subcontractor designated by the Lessee to perform any lease or lease-related operations. The Lessee is liable for noncompliance caused by any such agent, employee, contractor, or subcontractor.
36. **Additional Authorizations or Permits:** If activities other than those authorized by the lease provisions and stipulations are needed, additional written authorizations or permits and their associated additional fees may be required.
37. **Access and Road Construction:** The Lessee is responsible for providing access to the leasehold. Before constructing any road across state land, the Lessee shall obtain prior approval and authorization from DMLW for the location and construction standards of the road.