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

Preliminary Decision
ADL 53382
Viking Lumber Company, Incorporated
Application for Lease
AS 38.05.075(c)(1)

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 December 23rd, 2026, 11:59pm. Please see the Public Notice section of this decision for requirements related to submitting comments for consideration.

Requested Action
Viking Lumber Company, Incorporated ("applicant") submitted an application to the Department of Natural Resources (DNR), Division of Mining, Land and Water (DMLW), Southeast Regional Office (SERO) for the continued use of approximately 17.72-acres of state-owned tide and submerged lands. This leasehold contains a portion of shipping dock and associated structures needed to operate a lumber mill and log transfer facility (LTF), depicted on Alaska Tideland Survey (ATS) 874 Ketchikan Recording District (Attachment 1).

Requested Improvements:
- None

Existing Improvements:
- Various storage containers, construction equipment, old vessels contained on the tidelands within the leasehold
- Approximately 60-foot x 472-foot section of steel shipping dock used for lumber shipping and storage (portions of dock that stick outside ATS 874 are authorized under ADL 105528)
- Approximately 700-foot chip chute leading from private upland lot to shipping dock
- Approximately 30-foot x 640-foot haul road leading to shipping dock
- Approximately 10,500 cubic yards of shot rock fill
- Approximately 2.4-acres of leasehold as dedicated upland log storage
- (101) 16-inch steel pilings to support shipping dock

- (21) steel pilings to stabilize chip chute
- Approximately 20-foot x 100-foot dock extension
- Approximately 100-foot x 115-foot approach to shipping dock
- Approximately 20-foot x 20-foot steel girder with timber bullrail
- Approximately 1,700 square foot section of a processing building contained within the leasehold
- Approximately 30-foot x 260-foot section of haul road near processing building

Proposed Action

DMLW proposes to issue a 25-year tideland lease to the applicant for the continued use and maintenance of the LTF, contingent on comments received during Agency Review and Public Notice.

Background

- September 3rd, 1981 – Alaska Timber Corporation submits tidelands lease application
- January 19th, 1983 – Lease issued to Alaska Timber Corporation
- July 8th, 1994 – Lease assigned to Viking Lumber Company, Inc
- April 27th, 2000 – Application received for continued use of leasehold
- April 16th, 2006 – Lease issued to Viking Lumber Company, Inc
- April 15th, 2026 – Lease expires
- April 24th, 2026 – Lease application received for continued use

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, AS 38.05.075 Leasing Procedures, and AS 38.05.945 Notice. The authority to execute the PD, Final Finding and Decision (FFD), Entry Authorization (EA), and the Lease Agreement 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 *Prince of Wales Island Area Plan, Amendment 2008* (POWAP) and other classification references described herein, and the casefile for the application serialized by DNR as ADL 53382.

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:** Klawock, Alaska; more specifically three miles southwest of Klawock Airport
- **Approximate Lat/Long:** 55.5402°N, 133.1060°W

- **Area geographical features:** Filled tidelands
- **Legal description:** C073S081E16, N ½ Section 16, Township 73 South, Range 81 East, Copper River Meridian
- **Existing parcel survey:** Alaska Tideland Survey (ATS) 874 Ketchikan Recording District
- **Municipality/Borough:** Klawock
- **Native Corporations/Federally Recognized Tribes:** Sealaska Corporation, Central Council of the Tlingit and Haida Indian Tribes of Alaska, Klawock Cooperative Association, and Klawock Heenya Corporation
- **Size:** 17.72-acres

Title

The State of Alaska holds title to lands beneath tidally influenced and navigable waterways within its jurisdiction, including lands underlying Klawock Inlet in the section(s) referenced above, on the basis of the Equal Footing Doctrine, the Submerged Lands Act of 1953 and AS 38.04.062 (Identification of State Submerged Lands).

Third Party Interests

No encumbrances or third-party interests exist that would prevent the issuance of the lease.

Planning and Classification

The leasehold is subject to the *Prince of Wales Island Area Plan, Amendment 2008* (POWAP). The leasehold is located in Unit CT-07 – South Klawock Island. The area is designated as "F" – Forestry (POWAP 2-27).

Management Intent

"Areas designated as Forestry (F) are to be managed consistent with the associated state or federal agreements/requirements, authorizations must follow state/federal permitting requirements (POWAP 2-20)."

"Manage this unit consistent with the requirements for Log Transfer Facilities and Sort Yards specified in Management Guideline C in the Forestry section of Chapter 2 and with all other applicable state and federal requirements. Protect heritage sites. (POWAP 2-27)."

Management Guidelines

"The timing, location, harvest amounts and methods of timber harvests are controlled by state statutes and regulations. The Alaska Land Act (AS 38.05.110-.123) and Regulations (11 AAC 71) provide policy and guidance for management of state forest resources. The Forest Resources and Practices Act (AS 41.17) and Regulations (11 AAC 95) provide additional policy and guidance for managing forest related activities (POWAP 2-13)."

"C. Log Transfer Facilities and Sort Yards: "Sort yards and log transfer facilities (LTF) will be constructed, sited, operated, and monitored in order to avoid or minimize the impact on state land and resources. The design, development, and use of these facilities shall be consistent with the *Log Transfer Facility Siting, Construction, Operation and Monitoring/Reporting Guidelines (October 1985),* or successors to these standards that may be approved by DNR and ADF&G (POWAP 2-14)."

Resources
"This small unit is a LTF site (ADL 53382) that occupies an area of tidelands south of Klawock Island adjacent to ADL 105528. The adjacent uplands mainly consist of native owned lands and the AHRS reports prehistoric heritage sites in or around this unit (POWAP 2-27)."

The continued use of this leasehold is allowed per the POWAP and the Forestry designation. The leasehold has been authorized since 1983 and has operated continuously since. The facility was built and is currently managed under Management Guideline C in accordance with the POWAP.

Traditional Use Finding
The proposed site is located within the City of Klawock. Pursuant to AS 38.05.830 a traditional use finding is not required. 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.

Access
Practical and legal access to the leasehold is from the Craig-Klawock Highway, turning onto Viking Timber Road, located on the private uplands leased by the applicant from Klawock Heenya Corporation. Water access is available via Klawock Inlet.

Access Along Navigable and Public Waters
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.

The leasehold is located within Klawock Inlet and state-owned tidelands. ATS 874 dedicates a 50-foot linear pedestrian access easement along the seaward side of mean high-water.

The mill is an industrial area where heavy equipment is used to store and transfer large lumber products and could pose a danger to the general public if they were to traverse through the public access easement during periods of heavy use. Per AS 38.05.127(a)(2) and 11 AAC 51.045(a)(2), the lessee may restrict public access during times when the mill deems an activity or transfer could pose a serious hazardous situation to the public utilizing the access easement.

If the proposed lease is authorized, a public access temporary restriction stipulation will be included: "Pursuant to provisions of AS 38.05.127(a)(2), access to public waters surrounding the leasehold may be temporarily restricted for short periods when operations are occurring that may pose a risk to public safety. DMLW will defer to the lessee to determine the appropriate level of notification to be provided to the public should temporary closure occur."

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 used for vessels and heavy machinery, wood waste i.e. sediment and leachate from in-water log transfer, metals, and plastics will be used and stored within the 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.

DEC – Division of Water, Division of Air Quality, and Division of Environmental Health were included in Agency Review. No comments were received concerning the overall operation or hazardous materials used and/or stored within the leasehold.

DMLW verified, after consultation with ADFG – Division of Habitat, a Fish Habitat Permit is not required for the leasehold.

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 PD. An Agency Review was conducted on September 21st, 2026, and ended October 21st, 2026.

Distribution List:

- Alaska Association of Conservation Districts (AACD)
- Alaska Department of Fish and Game (ADFG) – Division of Habitat and Division of Wildlife Conservation – Access Defense Program
- Department of Environmental Conservation (DEC) – Commissioner's Office
- DEC – Division of Water – Director's Office and Wastewater Discharge Authorization Program
- DEC – Division of Air Quality
- DEC – Division of Environmental Health
- Department of Natural Resources (DNR) – Division of Mining, Land and Water (DMLW) – Director's Office
- DNR – DMLW – Public Access Assertion and Defense (PAAD)
- DNR – DMLW – Water Resources Section
- DNR – Parks and Outdoor Recreation (DPOR) – Office of History and Archaeology
- DNR – Division of Forestry and Fire Protection (DOF) – Director's Office
- Department of Transportation and Public Facilities (DOT&PF) – Design and Engineering Services – Right of Way Office

<u>Alaska Department of Fish and Game – Habitat Section</u>
Comment: ADFG has no concerns with the proposed continued use by Viking Lumber associated with ADL 53382.
DMLW Response: None required.

Alaska Department of Transportation and Public Facilities – Statewide Real Estate
Comment: No comment at this time.
DMLW Response: None required.

Development Plan
The Development Plan (DP) attached to this decision (Attachment 1) and dated April 2nd, 1982, is accepted 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
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 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 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.

The Lessee previously posted a performance guaranty in the amount of $10,000.00 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. No additional amount is required for this decision. DMLW reserves the right to require an additional guaranty amount if deemed necessary.

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

Survey
In accordance with AS 38.04.045, this 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.

ATS 874 Ketchikan Recording District will continue to delineate the leasehold.

Compensation and Appraisal
In accordance with AS 38.05.840 and after consultation with DNR Appraisals, the applicant will be required to provide an appraisal of the proposed leasehold prior to lease issuance. 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.

<u>The annual use fee will stay at the current amount of $22,150.00 per year until the final appraisal is completed and approved by DNR Appraisals.</u>

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

The applicant will complete the required appraisal and submit the required annual use fees during the EA term.

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 November 23rd, 2026. The Klawock Post Office is 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/Notices/View.aspx?id=225962

Additionally, Public Notice will be sent to all adjacent and nearby landowners.

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 December 23rd, 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
Southeast Regional Land Office
ATTN: *Quinn McClurg*
PO Box 111020
Juneau, AK 99811-1020

Email: quinlan.mcclurg@alaska.gov

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 provide 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.

Quinn McClurg 11/23/2026

Quinn McClurg, Natural Resource Specialist III 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 private, non-exclusive lease to the applicant for 25 years as described above. This Preliminary Decision shall now proceed to public notice.

Mason Auger 11/23/2026

Mason Auger, Natural Resource Manager II Date

Attachments

- Attachment A: Development plan
- Attachment B: Draft Lease
- Attachment C: Draft Entry Authorization