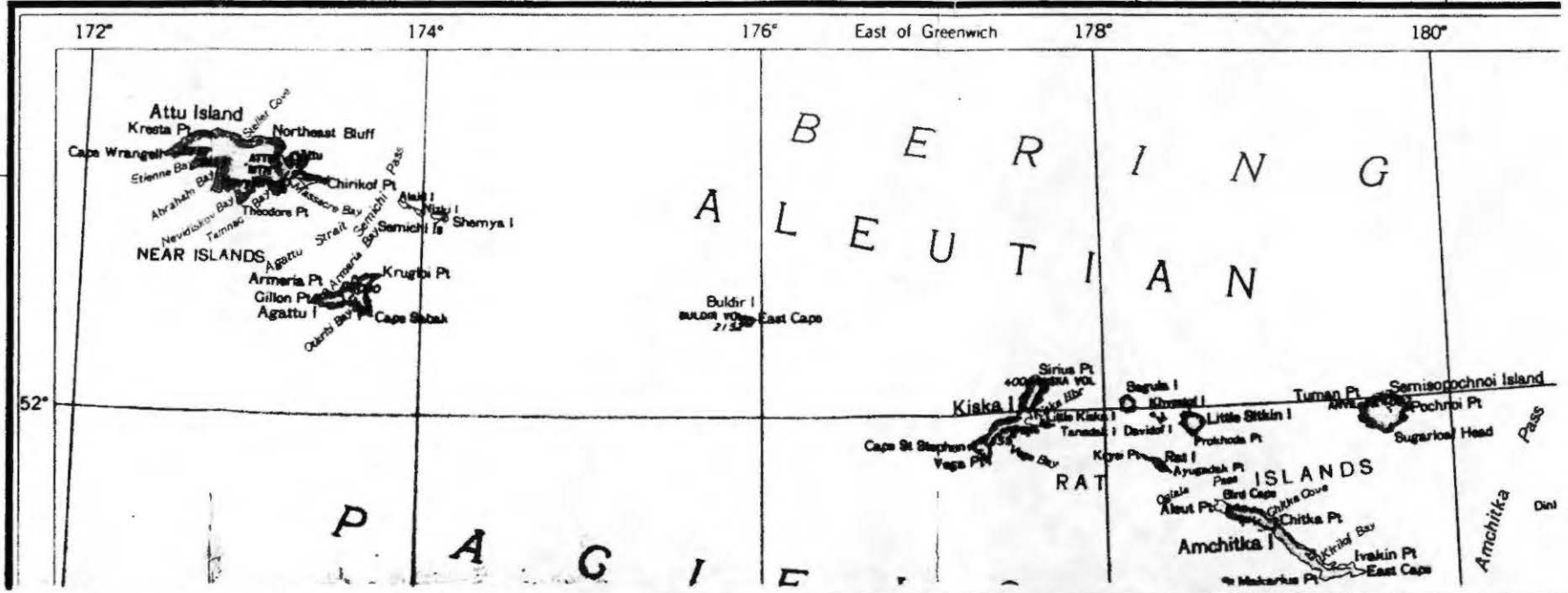
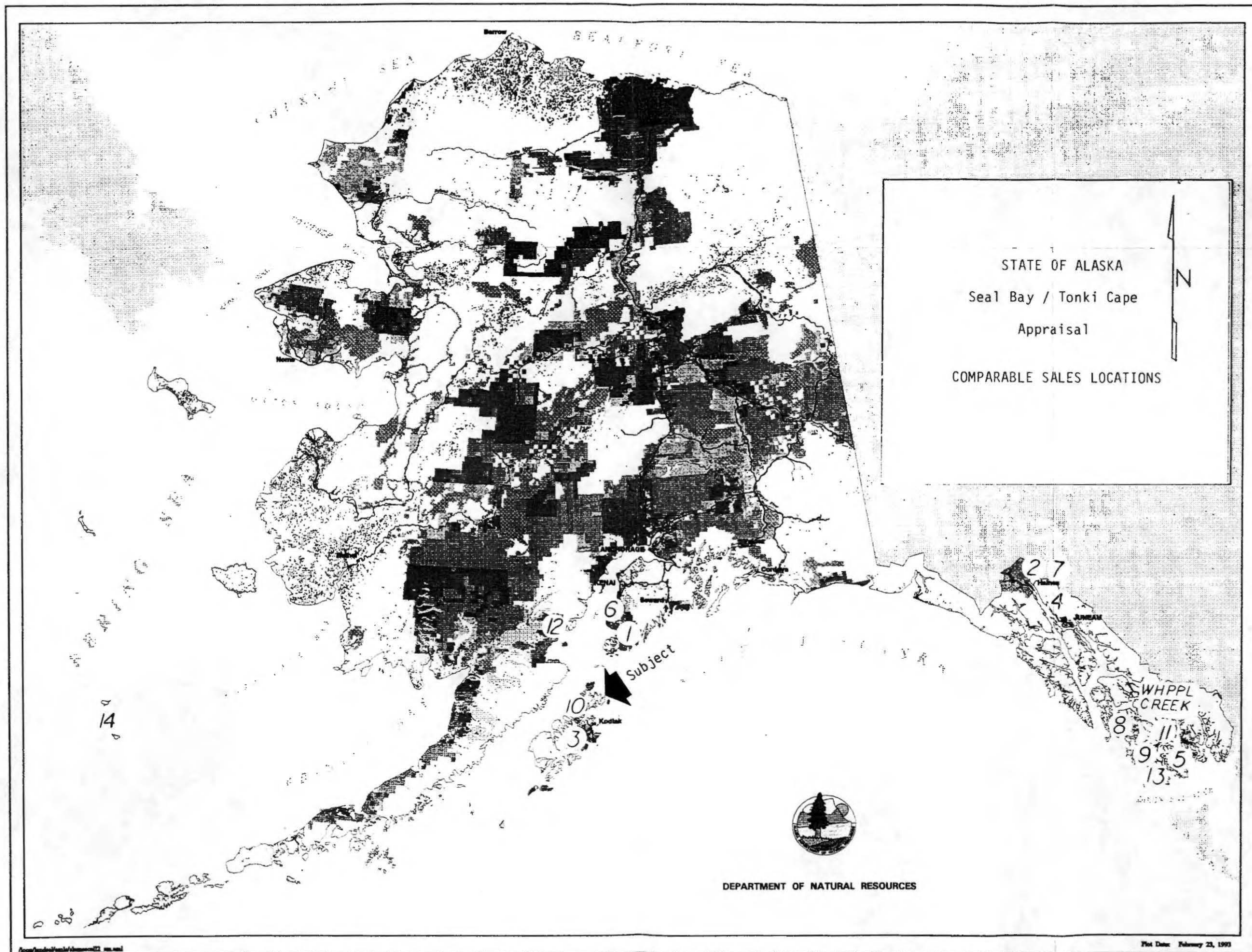
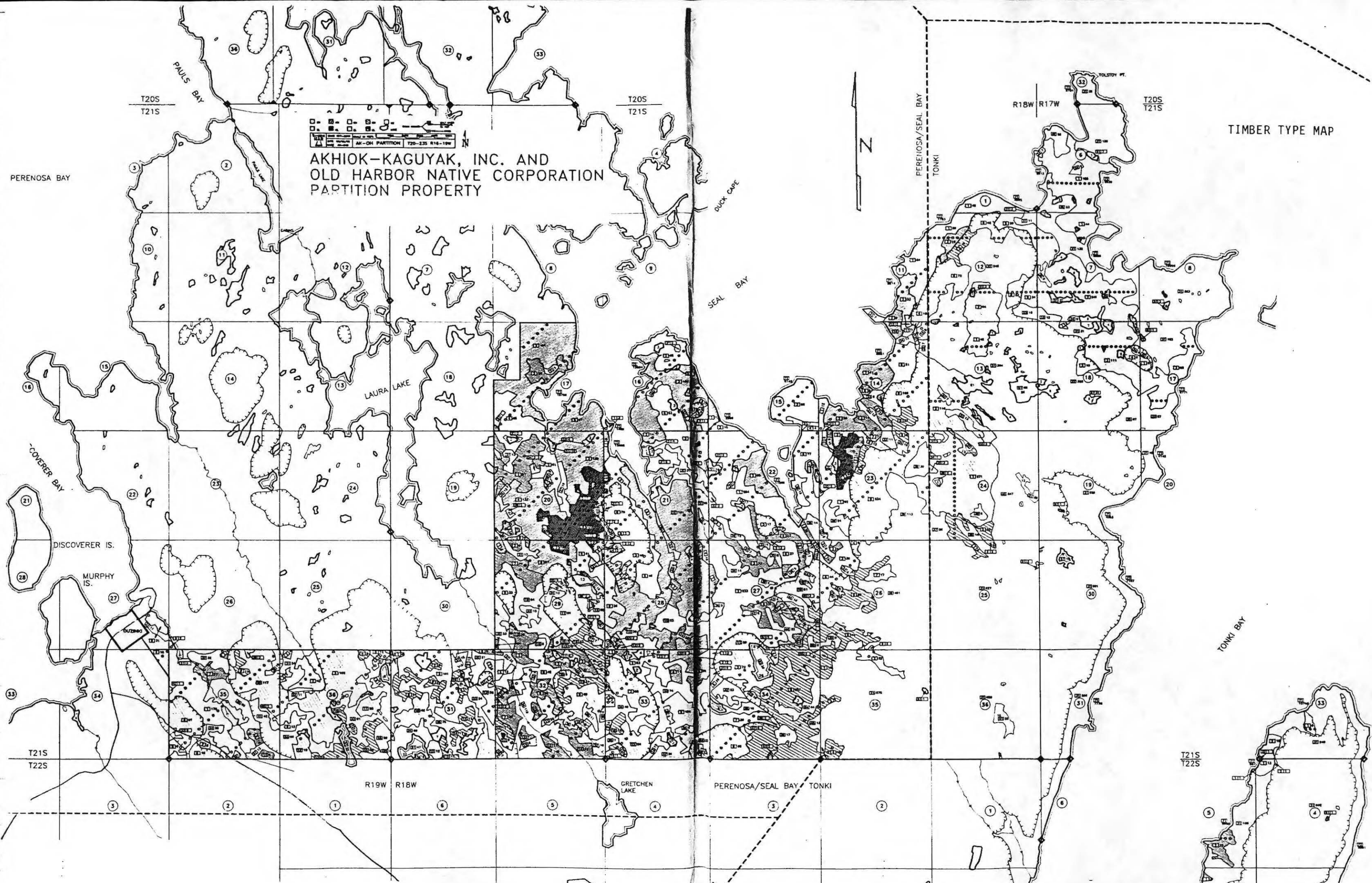


REGION AND NEIGHBORHOOD MAP
Seal Bay / Tonki Cape







AKHIOK-KAGUYAK, INC. AND
OLD HARBOR NATIVE CORPORATION
PARTITION PROPERTY

TIMBER TYPE MAP

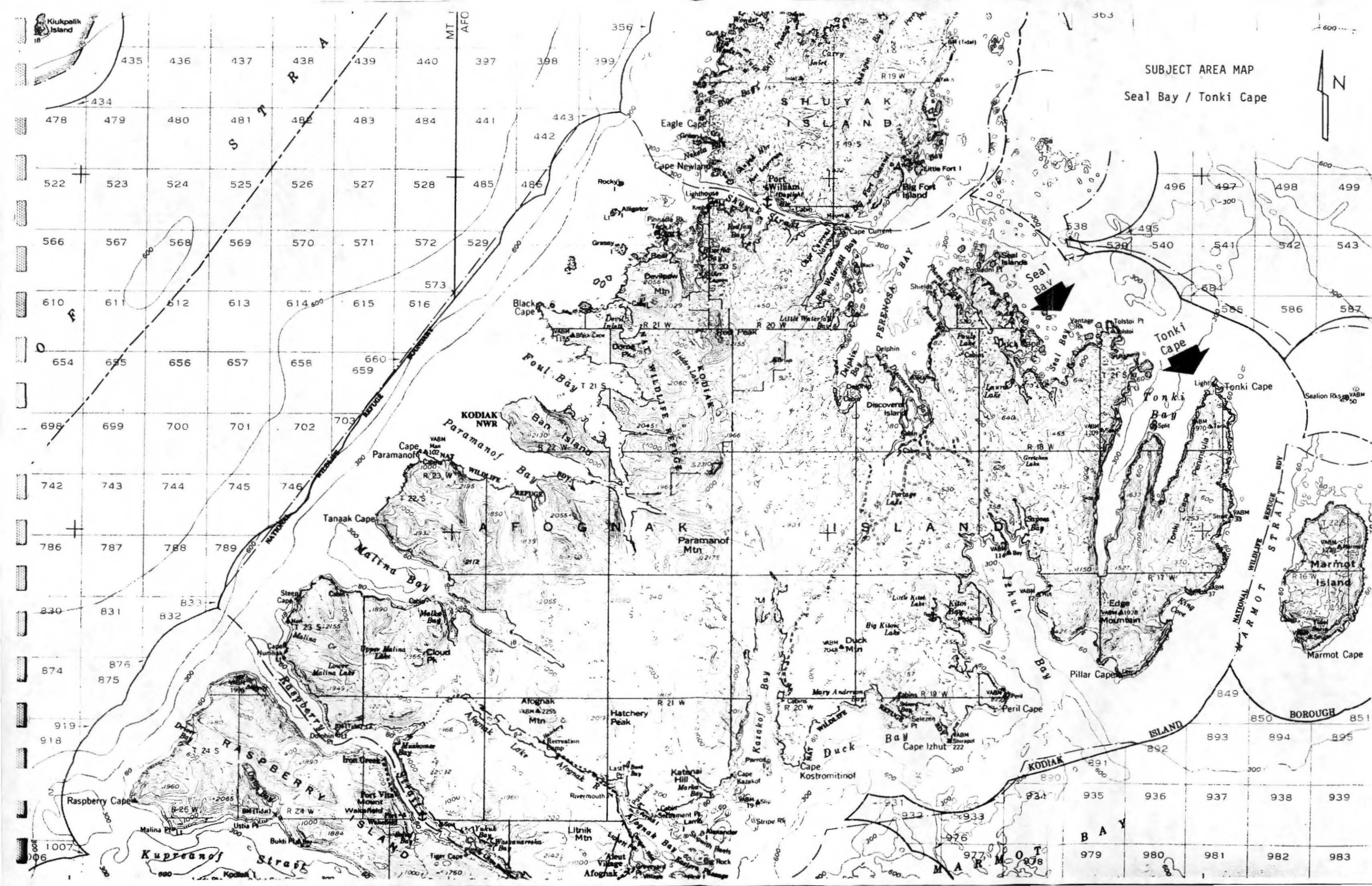
AKHIOK-KAGUYAK, INC. AND
OLD HARBOR NATIVE CORPORATION
PARTITION PROPERTY

LAURA LAKE

GRETCHEN LAKE

PERENOSA/SEAL BAY TONKI

T21S
T22S



Addendum II
Timber Appraisal

August 4, 1993 Page 2

Age: 10
Form factor: .65
Bark Ratio: 962

```
Max log len: 45
Min log len: 12
N:G ratio .828
```

----- Stand Table (per acre) -----

Unit Totals	26820	22210	92471	76575
on 1158 acres				

Acres: 1158

[illegible]

ADDENDUM
TABLE 1
Timber Inventory - Seal Bay Unit

Type No.	Acres	Species	Volume Net M b.f.	S.M.	No 1	No 2	No 3	No 4	pulp	SEE%
3-H	41	Spruce	844		3	586	175	42	38	
3-L	1,516	Spruce	38,957	299	170	21,692	11,649	2,633	2,514	
4-L	184	Spruce	3,124	19	55	1,810	830	342	68	
5-H	2,607	Spruce	42,035	23	99	21,427	14,758	3,347	2,380	
5-L	3,284	Spruce	62,583	207	161	34,653	19,786	3,747	4,029	
6-H	826	Spruce	10,474		132	5,030	3,783	897	631	
6-L	709	Spruce	11,757	38	66	6,169	3,981	635	868	
Original Cruise (Adjusted) Cut Through 5/93	9,167	Spruce	169,773	585	686	91,367	54,962	11,644	10,528	3.0
	1,158	Spruce	22,209	163	52	12,137	6,870	813	2,174	7.0
Total -- Ownership Remaining Cruise	8,009	Spruce	147,564	422	634	79,230	48,092	10,831	8,355	

ADDENDUM II

TABLE 2

Conversion Return - Seal Bay Unit

Species	Grade	Volume		Market
		(M b.f.)	(%)	Price (\$/M)
				as of 3/93
Spruce	S.M.	422		975
	No 1	634		925
	No 2	79,230	57	775
	No 3	48,092	35	750
	No 4	10,831	8	450
	pulp			250
	Total	139,209	100	742

Grand Total	139,209	742
Less marketing commissions (5%)		-37
		705

Harvest Costs	\$/M
Logging	260.00
Roads	15.00
Handling	20.00
Total	295.00

Conversion Return 410

SORTS
#3

#4

#5

360 1.5
400

Seal Bay Unit**Scenario Summary Report**

Estimate as of:	3\93	1\93	5\93
Changing Cells:			
S M	975	750	1,100
No 1	925	725	1,050
No 2	775	525	950
No 3	750	450	925
No 4	450	325	525
Pulp	250	250	250
Result Cells:			
log value	742	485	909
conversion			
Return	410	166	569

Seal Bay Unit**Scenario Summary Report**

Source of Data	Cust 92	Cust 90-92	Op 93	Op 92-93
Changing Cells:				
log value	726	704		
Result Cells:				
Conversion				
Return	395	374	470	188

Addendum III
Comparable Sales

**Statewide Office of**

Interior Alaska Regional Office
Fairbanks, Alaska
(907) 474-7421
FAX: (907) 474-7554

Main Office
Carlton Trust Building, Suite 213
2221 E. Northern Lights Blvd.
Anchorage, Alaska 99508
(907) 272-5380 FAX: (907) 272-5466

Southeast Alaska Regional Office
Auke Bay, Alaska
(907) 789-4551
FAX: (907) 789-4327

REQUEST FOR PROPOSALS**WHIPPLE CREEK 2 TIMBER SALE
KETCHIKAN, ALASKA****GENERAL INFORMATION**

The University of Alaska, Statewide Office of Land Management, 2221 East Northern Lights Boulevard - Suite 213, Anchorage, Alaska 99508, requests proposals from qualified individuals or firms (hereinafter called "PROPOSERS") interested in purchasing approximately 16.5 MMBF of timber from approximately 440 acres located in Sections 20, 21, 28 and 29, Township 74 South, Range 90 East, Copper River Meridian (hereinafter called "Property"). The Property is located 7 miles north of Ketchikan, Alaska. Please refer to Attachment A which generally depicts the location of the Property and contains its legal description.

The University of Alaska is a Land Grant Institution. Revenue from this timber sale will be deposited in the University's Land Grant Trust Fund. The proceeds of this Fund are used for, among other things, natural resources related research. The goals of this timber sale are: 1) to maximize timber revenue for deposit into the Fund, 2) to insure that this renewable resource is properly utilized and regenerates for future use, and 3) to provide that the property is effectively managed and available for additional uses.

In order to insure that these goals are met, the University will select a PROPOSER with proven experience, a high level of operational efficiency, the financial capability to properly and timely complete the project and a commitment to environmentally sound timber harvesting.

The successful PROPOSER will be required to operate in accordance with an approved operating plan and comply with all applicable laws, rules and regulations, including Federal EPA and State of Alaska DEC water quality standards, Federal wetlands regulations as well as Alaska Statute 16 regarding anadromous fish streams and Alaska Statute 41 regarding forest resources and practices.

GENERAL REQUIREMENTS

TERM: The term of the Timber Sale Agreement (hereinafter called "Agreement") shall be a maximum of twenty-four (24) months from the mailing date of the Notice of Intent to Award (hereinafter called "Sale Date").

Whipple 2 RFP

Page 2

MERCHANTABILITY STANDARDS: Merchantable trees shall contain at least one merchantable product. Minimum specified merchantable products shall be 16 feet long and 8 inches in diameter inside bark at the small end meeting minimum Northwest Log Rules Advisory Group Official Log Scaling and Grading Rules ("Bureau") for scaling and grading specifications for utility or better log grades. Net log volumes shall be a minimum of 50 board feet and shall be measured utilizing Scribner Log Rule, long log basis.

COMPENSATION TO THE UNIVERSITY: This is a scaled sale. The PROPOSER must specify in its financial offer the price it will pay for each species of timber removed from the Property. Minimum acceptable offers are as follows:

*Sold to Aloha
Lumber at
base rates
except spruce
at \$575/M*

Spruce sawlogs	\$ 510.00	per thousand board feet
Spruce utility logs	\$ 10.00	per thousand board feet
Hemlock sawlogs	\$ 175.00	per thousand board feet
Hemlock utility logs	\$ 10.00	per thousand board feet
Yellow Cedar sawlogs	\$ 400.00	per thousand board feet
Yellow Cedar utility logs	\$ 10.00	per thousand board feet
Red Cedar sawlogs	\$ 50.00	per thousand board feet
Red Cedar utility logs	\$ 10.00	per thousand board feet

Timber located within riparian and other restricted zones, if so designated, shall be excluded from the provisions of this sale.

Financial offers must be submitted on the form entitled Financial Offer Schedule (Attachment B of this RFP).

The University reserves the right to negotiate final price and terms with the three PROPOSERS that submit the three highest offers.

PAYMENT SCHEDULE: An initial payment equal to the greater of \$835,000.00 or 15% (fifteen percent) of the value of PROPOSER'S offer shall be remitted upon signing the Agreement. Such initial payment shall be calculated as follows:

Species	Estimated Volume		Stumpage Price Offered by PROPOSER (Illustration Only)		Subtotal
Spruce	8,257 MBF	x	\$525.00 per thousand	=	\$4,335,000
Hemlock	6,523 MBF	x	\$185.00 per thousand	=	\$1,207,000
Yellow Cedar	540 MBF	x	\$400.00 per thousand	=	\$ 216,000
Red Cedar	60 MBF	x	\$ 50.00 per thousand	=	\$ 3,000
	15,380 MBF				\$5,761,000

Initial payment = .15 x \$5,761,000 = \$864,150

Subsequent payments shall be made by the tenth of each month thereafter for logs presented for scaling during the prior one month period.

The above is an example. PROPOSER'S initial payment may vary and will be based on price offered by PROPOSER and accepted by the University.

Whipple 2 RFP
Page 3

INSURANCE: The successful PROPOSER shall be required to keep and maintain broad form comprehensive commercial general liability insurance including loggers broad form, worker's compensation insurance, employer's liability insurance, and automobile liability insurance. With the exception of worker's compensation and employer's liability insurance, all such insurance shall name the University of Alaska as an additional insured party and loss payee to the extent of its interest therein. The minimum amount of general liability and automobile liability insurance shall be two million dollars (\$2,000,000.00) each.

INDEMNIFICATION: The successful PROPOSER shall be required to defend, indemnify and hold harmless the University of Alaska, its Board of Regents, officers, agents and employees from and against all claims, demands, judgments, costs and expenses including reasonable attorney's fees which may arise by reason of injury or death to any person or damage to any property attributable to the negligent or wrongful acts or omissions of the PROPOSER, its officers, agents, employees, successors or assigns in connection with PROPOSER'S performance of its obligations under the Agreement and its use or enjoyment of or presence on the Property.

OPERATING PLAN: Prior to commencing operations, PROPOSER will be required to submit for the University's approval an operating plan covering harvest unit designation, proposed road location and construction specifications, rock source sites and development plans, logging methods, scheduling, slash disposal and demobilization. PROPOSER will be responsible for compliance with the State of Alaska Forest Practices Act regeneration requirements and could be required to plant areas that do not meet the State's stocking requirements as determined by the post-logging regeneration survey that is conducted by State of Alaska Division of Forestry personnel. PROPOSER and the University will work together to design this sale to recover the maximum volume of timber possible while taking into consideration that portions of this sale may require special treatment due to terrain considerations. The University, at its option, and where appropriate as determined by topographic and soil conditions, may require full span ("skyline") yarding of certain units within this sale. If practicable, the harvest unit design will attempt, to the extent possible, to create a "softened" or non-geometric look to the units so as to minimize the visual impact of the units on the viewshed of the area.

PROPOSAL DEPOSIT: Each proposal must include a proposal deposit in the amount of \$100,000.00 in the form of either a certified or cashier's check payable to the University of Alaska. This deposit will be returned to unsuccessful PROPOSERS but will be retained as liquidated damages, and not as a penalty, in the event the successful PROPOSER fails to execute an agreement with the University.

SECURITY AND PERFORMANCE DEPOSIT: Upon signing the Agreement, the successful PROPOSER must provide, in a form acceptable to the University, a negotiable security and performance deposit in the amount of \$500,000.00. This deposit will be returned upon complete compliance with the terms of the Agreement and road easements.

Whipple 2 RFP

Page 4

BUSINESS QUESTIONNAIRE: The PROPOSER must submit with its proposal a completed, signed copy of Attachment C - Business Questionnaire.

ACCESS/ROAD CONSTRUCTION: The successful PROPOSER shall be responsible for acquiring, if necessary, additional legal access to the Property. Road access currently is available to within several hundred yards of the Property and an access easement exists through land owned by the Ketchikan Gateway Borough. Copies of the easement across Ketchikan Gateway Borough Property are available upon request and should be reviewed by all interested parties. PROPOSER must make arrangements directly with Cape Fox Corporation which has agreed to allow the use of its access road. All roads shall be built by the successful PROPOSER in accordance with specifications now in effect for similar roads in the Tongass National Forest and maintenance shall be the responsibility of the successful PROPOSER. In addition to other requirements, it will be the successful PROPOSER'S responsibility to upgrade and maintain all roads at its own expense.

LOG EXPORT: There are no restrictions on the export of timber from this sale.

FIRE PRECAUTIONS: Normal fire precautionary measures for the Tongass National Forest shall be required for this sale.

LOCATION/DESCRIPTION OF TIMBER: Refer to Attachment A for location of the Property. This sale of approximately 16.5 MMBF of timber is located on 440 acres in Sections 20, 21, 28 and 29, Township 74 South, Range 90 East, Copper River Meridian. It is estimated that 380 acres contain merchantable timber. The sale area is located approximately 7 miles north of Ketchikan, Alaska. This unit has been surveyed and a copy of that survey is available upon request. The unit is to be clearcut and yarded by cable yarder or other acceptable method. The yarder shall not operate off of the road or landing without approval. Some streams and topography may require logs to be fully or partially suspended when yarding. This will require helicopter yarding and/or rigging a running skyline or some other type of skyline configuration to protect these resources. Other protection measures for streams, such as bridges and culverts, may be necessary. There will be no yarding down V notches and V notches must be kept clear of all debris. All slash remaining on or near landings must be stockpiled in areas not exceeding 50 feet in circumference and burned if permissible. The sale area must be left free of all litter, debris, machinery, cable and all foreign materials.

It will be the successful PROPOSER'S responsibility to properly locate the sale area, access and its operations on the Property.

Where appropriate, 1-2 stable snags (5-6 along channels of Whipple Creek) per acre shall be left standing to provide wildlife perching and nesting areas.

A report on the soil conditions of Whipple 2 has been prepared by a soil scientist and should be reviewed by PROPOSERS prior to submitting proposals. Special attention must be given to mapping units 54F and 75F since they will require special yarding techniques.

Whipple 2 RFP

Page 5

Whipple Creek is an anadromous fish stream below the sale area. This may require permits pursuant to Alaska Statute 16.

This is a scaled sale. Timber shall be scaled by an independent scaling bureau approved by the University. All merchantable trees are to be cut and maximum volume removed. All costs associated with this sale shall be paid by the successful PROPOSER.

PROPOSER will be required to repair and maintain the gate controlling access to the Property.

Successful PROPOSER will be required to execute an agreement with the University substantially similar to the one on file in the offices of the University of Alaska Statewide Office of Land Management.

**PROPOSERS ARE ADVISED TO INSPECT THE HIGH VOLUME AND
HIGH GRADE SPRUCE STAND ON THE WESTERN SLOPES OF THE
PROPERTY.**

Whipple 2 RFP
Page 6

Following is a summary of the most recent cruise:

SPECIES	SORT	VOLUME (MBF)
<u>SPRUCE</u>		
	High Grade	1607
	J-Sort	3884
	K-Sort	2277
	Shop	260
	Saw Pulp	229
	Utility Pulp	313
	Subtotal	8570
<u>HEMLOCK</u>		
	High Grade	1115
	J-Sort	1947
	K-Sort	2808
	Shop	283
	Saw Pulp	370
	Utility Pulp	1240
	Subtotal	7763
<u>RED CEDAR</u>		
	Sawtimber	60
	Utility	5
	Subtotal	65
<u>YELLOW CEDAR</u>		
	Sawtimber	540
	Utility	150
	Subtotal	690
TOTAL		17,088

Whipple 2 RFP
Page 7

The cruise is based on the following sort specifications:

HIGHGRADE

SM and better with highline #2 sawlogs

Minimum diameter	12 in
Minimum length	20 ft
Maximum defect	20 %
Rings/in (Spruce)	12 outer 1/3

J-SORT

#2 sawlog and better

Scattered knots

Twist 2 in per foot

Minimum diameter 12 in

Minimum length 20 ft

Maximum defect 25 %

K-SORT

#3 sawlog and better

Some oversized knots if scattered

Minimum diameter 6 in

Minimum length 13 ft

Maximum defect 25 %

(No rough tops)

SHOP

Highgrade, high defect

Clear cutting equivalent to 1 quadrant

Minimum diameter (Hemlock) 20 in

(Spruce) 24 in

Minimum length 13 ft

Maximum defect 50 %

PULP

Minimum 50% chips

Minimum diameter 6 in

Minimum length 12 ft

INFORMATION LISTED HEREIN IS MADE AVAILABLE WITH THE UNDERSTANDING THAT VALUES AND VOLUMES SHOWN ARE NOT ESTIMATES OF A PROPOSER'S OWN RECOVERY OF SUCH VALUES AND VOLUMES. WILL NOT BE GUARANTEED AND WILL NOT BE MADE PART OF THE TIMBER SALE CONTRACT. THE VOLUMES AND VALUES OF THE TIMBER OFFERED FOR SALE ARE EXCLUSIVELY THE RESPONSIBILITY AND LIABILITY OF THE SUCCESSFUL PROPOSER.

EXCLUSION OF WARRANTIES: LIMITATION OF LIABILITY: THE UNIVERSITY MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO QUANTITY, QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE CONCERNING THE TIMBER OFFERED HEREIN FOR SALE. THE UNIVERSITY SHALL NOT BE LIABLE UNDER ANY CIRCUMSTANCES FOR ANY DAMAGES RELATING TO THE USE OF SUCH TIMBER OR FOR ANY SPECIAL CONSEQUENTIAL OR INCIDENTAL DAMAGES. FURTHERMORE, IN NO EVENT SHALL THE UNIVERSITY'S LIABILITY EXCEED THE AGGREGATE AMOUNT OF PAYMENTS ACTUALLY RECEIVED BY THE UNIVERSITY.

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES

State of Alaska

DIVISION OF LAND

762-2425

TO: Paul Fuhs
Office of the Governor

FROM: Dick Mylius
Land and Resources Section

DATE: March 26, 1992

SUBJECT: Kachemak Bay Appraisals

This memo responds to your request for background on the values of Seldovia Native Association's (SNA) inholdings within Kachemak Bay State Park. From 1988 to 1990, I served as the department's lead staff for a land exchange to acquire this land. The current land and timber values evolved through the exchange process.

For fifteen years DNR worked on various land exchange proposals to acquire SNA's 24,000 acres of inholdings within Kachemak Bay State Park. The land was state owned when the park was established in 1970, but then it was acquired by SNA under the Alaska Native Claims Settlement Act. In 1987, the timber on a portion of SNA's land was sold to Timber Trading Company (TTC), a subsidiary of Koncor Forest Products.

From October 1988 until March 1990, DNR, SNA, and TTC were involved in developing a land exchange. DNR was working towards separate exchanges with SNA for the land and TTC for the timber rights. Efforts to develop a final exchange agreement were slowed because of significant disagreements over the appraised value of the land and public opposition to some of the land and timber parcels proposed for exchange.

An appraiser hired by SNA arrived at two different values of SNA's land (excluding commercial timber) in the park - \$ 22.7 million and \$25.6 million. DNR disagreed with both appraisals because the appraiser used only parklands as comparable properties to set the value of SNA land and made few adjustments to the comparables used in the appraisals. DNR contracted for an independent appraisal that valued the land (also excluding commercial timber) at \$12 million, which SNA disagreed with.

In February, DNR established an appraisal review panel to render their opinion of the value of SNA's land. The panel concluded that the value of SNA's land, with the timber still in place, is \$17.82 million. Assuming that the timber was cut on a portion of the land, the panel arrived at values for SNA's land that ranged from \$11.6 to \$15.49 million. A separate re-appraisal of the timber, agreed to by DNR and TTC, valued the timber at \$ 6.4 million.

The \$22 million value that is included in current legislation is a negotiated value that is based

Appraisals of Seldovia Native Association's Inholdings in Kachemak Bay State Park

LAND APPRAISALS

Land Appraisals Prepared for Seldovia Native Association (SNA):

September 1989 appraisal of 19,367 acres prepared by Mundy-Day-Bunn: \$25,170,000
September 1989 appraisal of 4,435 acres of cut-over timber land prepared by Mundy-Day-Bunn: \$443,500
November 1989 supplemental appraisal of 19,367 acres prepared by Mundy-Day-Bunn: \$22,277,050

Land Appraisal Prepared for Department of Natural Resources:

December 26, 1989 appraisal of entire SNA parcel prepared by Follett and Associates: \$11,950,000 - \$12,575,000 depending on assumptions regarding the impacts of timber harvest. This appraisal included information that 1,269 acres in residential quality lands was valued at \$3,213,500.

Land Appraisal Arbitration Report

February 16, 1990 letter containing appraisal review panel report on SNA land by Charles Horan, David Derry and John Dillman: \$17,820,000 for entire parcel -- \$11,620,000 to \$15,490,000 with timber cut.

TIMBER APPRAISALS

Timber Cruise Prepared for Timber Trading Company and Department of Natural Resources

May 1989 Kachemak Bay Timber Cruise prepared by Kerr and Associates 48 million board feet - commercially viable

Timber Cruise Prepared for Timber Trading Company (TTC)

June 30, 1989 Kachemak Bay Fair Market Valuation by Cronk and Holmes: \$7,422,855
December 1, 1989 letter to TTC with revisions to timber valuation: \$10,632,231

Timber Appraisal Prepared for Department of Natural Resources

March 12, 1990 Timber Appraisal by Cascade Appraisals: \$5,875,000

Timber Mediation Letter

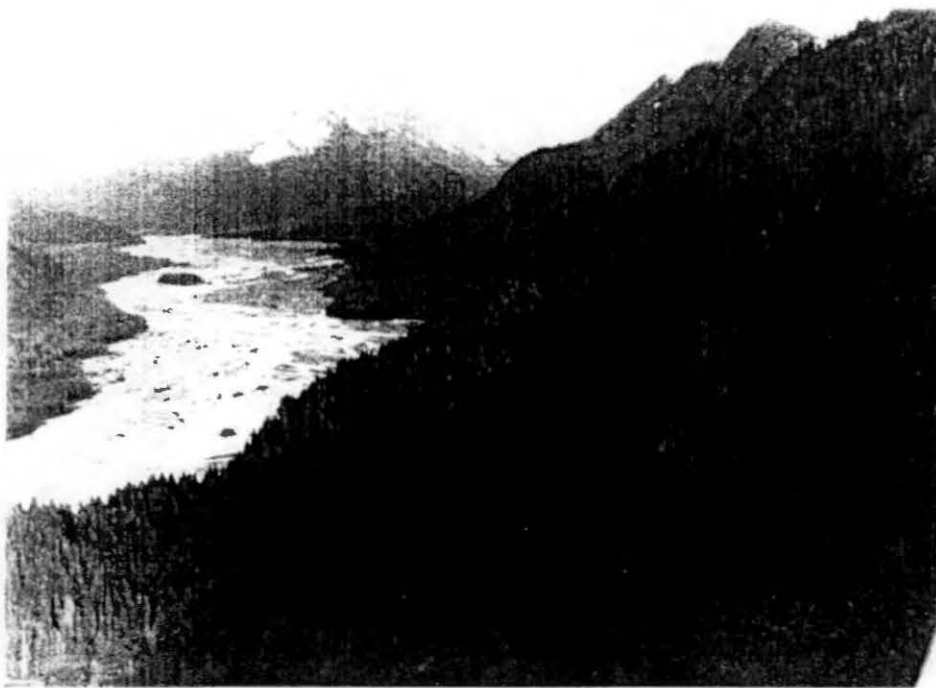
March 21, 1990 letter from Al Cronk and Ray Granvall: \$6,400,000

on the land and timber appraisals and an estimated value of the surface resources. The \$22 million includes \$15.49 million for SNA's land, \$4.51 million for Timber Trading Company (TTC) timber, and \$2 million for Cook Inlet Region, Inc. (CIRI) subsurface. These values were arrived at as follows:

- \$15.49 million - the value of the land determined by the appraisal arbitration panel, assuming that a portion (4432 acres) of SNA's land was logged, but the remainder was in its pristine condition (that is, not adjacent to logged off land). This is the lowest amount that SNA would agree to as the cash value for their land.
- \$4.51 million - is a negotiated value for commercial timber based on discounting the appraised value of the timber (\$6.4 million) to its net present value. Net present value is today's value of the \$6.4 million, recognizing that it will take several years for TTC to actually harvest and receive full payment for its timber. \$6.4 million is the value of TTC's timber reached through agreement by DNR's and TTC's appraisers. DNR's appraiser valued the timber at \$5.9 million, while TTC's appraised values ranged from \$7.4 million to \$10.6 million.
- \$2 million - is a value for subsurface resources owned by Cook Inlet Region, Inc. (CIRI). There is no appraisal of the subsurface because CIRI was not involved in the land exchange process. The legislature added acquisition of the CIRI subsurface to the package, and the value was arrived at through negotiations between CIRI, DNR, and several legislators. The primary subsurface resource is gravel.

The attached summary of land appraisals shows numerous values for the land. As you can see, the land exchange process resulted in a wide variety of potential values.

cc: Harold C. Heinze, Commissioner
Ron Swanson, Director, Division of Land
Janet Burleson, DNR, Southeast Regional Office



Block B, China Poot Mud Flats



Block F, China Poot Bay



Block C, Peterson Point



Barbara Heights Subdivision

VACANT LAND

COMPARABLE NO. 2

LOCATION: Chilkoot River Valley about 9 miles north of Lukat Road
north of Chilkoot Lake by 4 1/2 miles, Haines, Alaska

LEGAL DESCRIPTION: USS 6989, Haines, AK See Attached Deed

RECORDING INSTRUMENT: BOOK: PAGE:

GRANTOR: Bob Lee Cox GRANTEE: ~~NA~~ English & Austin
\$90,000

DATE: 11/25/91 Listed April 1988, has exp. ~~ASKING~~ PRICE: ~~\$120,000~~
8-90, for sale by owner. May negotiate down, if terms right

TERMS: Negotiable, would prefer cash

PROPERTY DESCRIPTION: ZONE:
UTILITIES: WATER: River SEWER: No POWER: No TELEPHONE: NO
SIZE: 160 Acres FRONTAGE: Nearly 3000' on river
ACCESS: Road without easement on Chilkoot River, 9 mi. to State rd.
TOPO/VEG/SOIL: River bottom, grass marsh, light timber of unknown commercial value. It
was logged several years ago. Land had been partially farmed as a
homestead.

PRESENT USE: Old homestead, deteriorating cabin with snow caved roof. Log structures
partially built. No value for log structures. Property borders Bald Eagle
Preserve

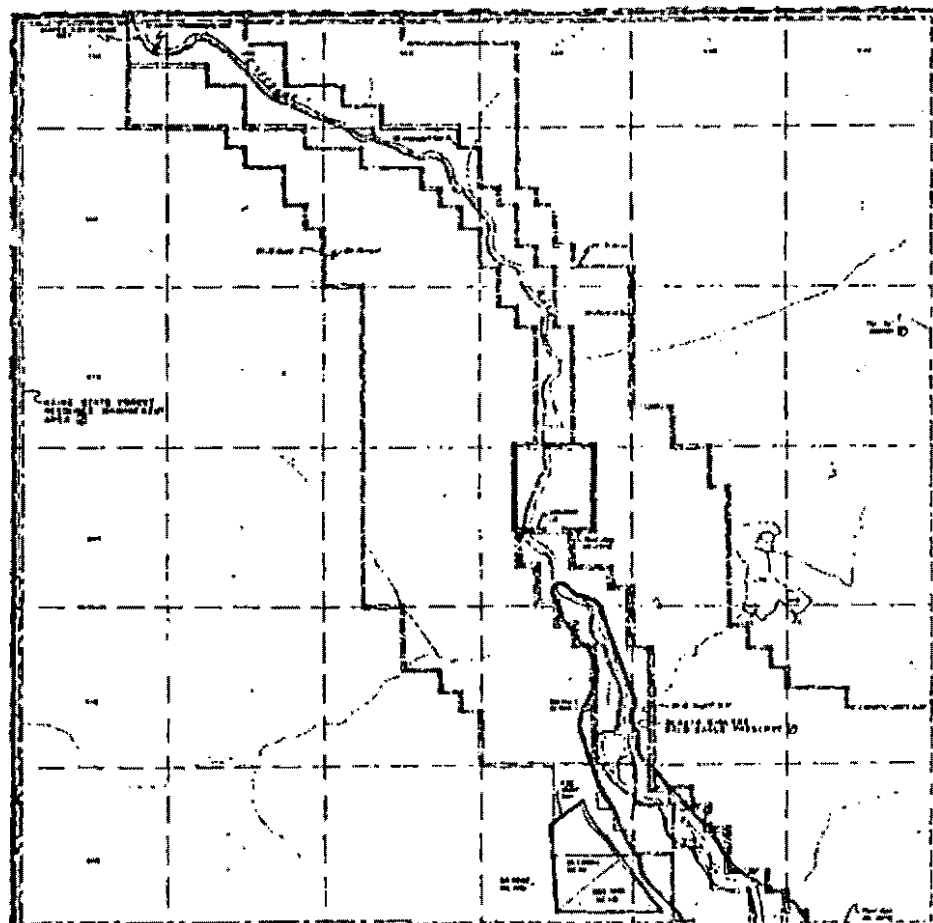
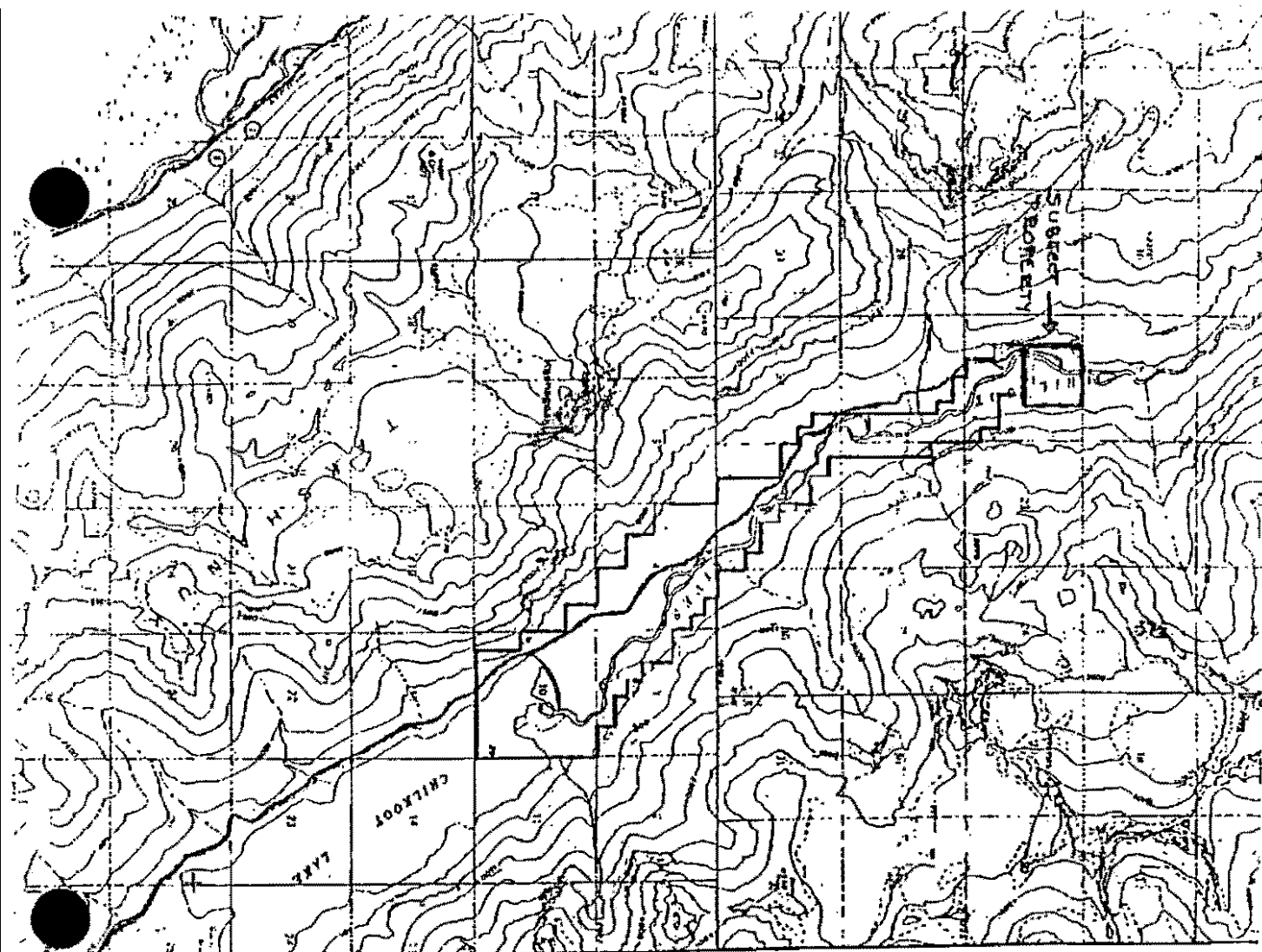
INTENDED USE: Possible lodge site, or recreation/resort site

CONFIRMED WITH: Barbara Craig Realtor DATE: 4/6/89 BY: C. Horan
Mrs. JoeAnn Cox 8/23/90 C. Horan

REMARKS: In April of 1989 a tentative offer to by for \$110,000 was never completed.
According to local sources the property
could sell for as low as \$100,000. According to Mrs. Cox, the asking price
is still \$120,000 but seller would consider offers.

ANALYSIS: @ \$120,000 = \$750/acre; @ \$100,000 = \$625/acre



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$$\frac{d}{dt} \left(\frac{\partial L}{\partial \dot{x}} \right) = \frac{\partial L}{\partial x}$$
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Figure 1. Schematic diagram illustrating the experimental design. The subjects were divided into two groups: the control group and the intervention group. The control group received standard care, while the intervention group received a combination of standard care and a specific intervention. The outcomes measured were the primary outcome and secondary outcomes.

NAME _____ **DATE** _____

SUBJECT _____

2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 2182 2183 2184 2185 2186 2187 2188 2189 2190 2191 2192 2193 2194 2195 2196 2197 2198 2199 2200 2201 2202 2203 2204 2205 2206 2207 2208 2209 2210 2211 2212 2213 2214 2215 2216 2217 2218 2219 2220 2221 2222 2223 2224 2225 2226 2227 2228 2229 2230 2231 2232 2233 2234 2235 2236 2237 2238 2239 2240 2241 2242 2243 2244 2245 2246 2247 2248 2249 2250 2251 2252 2253 2254 2255 2256 2257 2258 2259 2260 2261 2262 2263 2264 2265 2266 2267 2268 2269 2270 2271 2272 2273 2274 2275 2276 2277 2278 2279 2280 2281 2282 2283 2284 2285 2286 2287 2288 2289 2290 2291 2292 2293 2294 2295 2296 2297 2298 2299 2300 2301 2302 2303 2304 2305 2306 2307 2308 2309 2310 2311 2312 2313 2314 2315 2316 2317 2318 2319 2320 2321 2322 2323 2324 2325 2326 2327 2328 2329 2330 2331 2332 2333 2334 2335 2336 2337 2338 2339 2340 2341 2342 2343 2344 2345 2346 2347 2348 2349 2350 2351 2352 2353 2354 2355 2356 2357 2358 2359 2360 2361 2362 2363 2364 2365 2366 2367 2368 2369 2370 2371 2372 2373 2374 2375 2376 2377 2378 2379 2380 2381 2382 2383 2384 2385 2386 2387 2388 2389 2390 2391 2392 2393 2394 2395 2396 2397 2398 2399 2400 2401 2402 2403 2404 2405 2406 2407 2408 2409 2410 2411 2412 2413 2414 2415 2416 2417 2418 2419 2420 2421 2422 2423 2424 2425 2426 2427 2428 2429 2430 2431 2432 2433 2434 2435 2436 2437 2438 2439 2440 2441 2442 2443 2444 2445 2446 2447 2448 2449 2450 2451 2452 2453 2454 2455 2456 2457 2458 2459 2460 2461 2462 2463 2464 2465 2466 2467 2468 2469 2470 2471 2472 2473 2474 2475 2476 2477 2478 2479 2480 2481 2482 2483 2484 2485 2486 2487 2488 2489 2490 2491 2492 2493 2494 2495 2496 2497 2498 2499 2500 2501 2502 2503 2504 2505 2506 2507 2508 2509 2510 2511 2512 2513 2514 2515 2516 2517 2518 2519 2520 2521 2522 2523 2524 2525 2526 2527 2528 2529 2530 2531 2532 2533 2534 2535 2536 2537 2538 2539 2540 2541 2542 2543 2544 2545 2546 2547 2548 2549 2550 2551 2552 2553 2554 2555 2556 2557 2558 2559 2560 2561 2562 2563 2564 2565 2566 2567 2568 2569 2570 2571 2572 2573 2574 2575 2576 2577 2578 2579 2580 2581 2582 2583 2584 2585 2586 2587 2588 2589 2590 2591 2592 2593 2594 2595 2596 2597 2598 2599 2600 2601 2602 2603 2604 2605 2606 2607 2608 2609 2610 2611 2612 2613 2614 2615 2616 2617 2618 2619 2620 2621 2622 2623 2624 2625 2626 2627 2628 2629 2630 2631 2632 2633 2634 2635 2636 2637 2638 2639 2640 2641 2642 2643 2644 2645 2646 2647 2648 2649 2650 2651 2652 2653 2654 2655 2656 2657 2658 2659 2660 2661 2662 2663 2664 2665 2666 2667 2668 2669 2670 2671 2672 2673 2674 2675 2676 2677 2678 2679 2680 2681 2682 2683 2684 2685 2686 2687 2688 2689 2690 2691 2692 2693 2694 2695 2696 2697 2698 2699 2700 2701 2702 2703 2704 2705 2706 2707 2708 2709 2710 2711 2712 2713 2714 2715 2716 2717 2718 2719 2720 2721 2722 2723 2724 2725 2726 2727 2728 2729 2730 2731 2732 2733 2734 2735 2736 2737 2738 2739 2740 2741 2742 2743 2744 2745 2746 2747 2748 2749 2750 2751 2752 2753 2754 2755 2756 2757 2758 2759 2760 2761 2762 2763 2764 2765 2766 2767 2768 2769 2770 2771 2772 2773 2774 2775 2776 2777 2778 2779 2780 2781 2782 2783 2784 2785 2786 2787 2788 2789 2790 2791 2792 2793 2794 2795 2796 2797 2798 2799 2800 2801 2802 2803 2804 2805 2806 2807 2808 2809 2810 2811 2812 2813 2814 2815 2816 2817 2818

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 McGraw-Hill



TransAlaska Title

391-619

FILED FOR RECORD AT REQUEST OF

TransAlaska Title Insurance Agency, Inc.

GRANTOR'S MAILING ADDRESS:

BOBBY LEE COX

Box 123

Haines, Alaska 99827

GRANTEE'S MAILING ADDRESS:

JOSEPH E. ENGLISH, III and NOAH C. AUSTIN

2497 N. Beachwood Drive

Hollywood, California 90068

p 210-05-6787

BOOK 21 PAGE 204

THIS SPACE PROVIDED FOR
RECORDER'S USE:

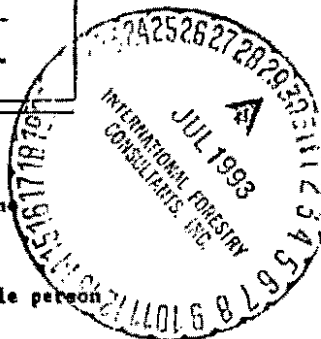
9 1-0 453

RECORDED—FILED
HAINEA REC.
DISTRICT

Dec 16 9 41 AM '91

REQUESTED BY IT
ADDRESS

1500



STATUTORY WARRANTY DEED

THE GRANTOR BOBBY LEE COX and JOANNE J. COX, husband and wife as tenants by the entirety for and in consideration of Ten dollars and other consideration

In hand paid, conveys and warrants to JOSEPH E. ENGLISH, III and NOAH C. AUSTIN, each a single person

the following described real estate situated in the Haines Recording District, First Judicial District, State of Alaska:

U.S. Survey 6989, Haines Recording District, First Judicial District, State of Alaska.

Subject to patent reservation, conditions, restrictions, encumbrances and taxes of record, if any.

SP. 70.000 PM
DAN DUNN

Dated November 23, 1991

Bobby Lee Cox
BOBBY LEE COX

Joanne J. Cox
JOANNE J. COX

STATE OF ALASKA

Haines RECORDING DISTRICT SS.
First JUDICIAL DISTRICT

On this day personally appeared before me BOBBY LEE COX & JOANNE J. COX to me known to be the individual described in and who executed the within and foregoing instrument, and acknowledged that they signed the same as their free and voluntary act and deed, for the uses and purposes therein mentioned.

Under my hand and official seal this 23rd day of November, 1991.

Notary Public in and for the State of Alaska
My commission expires: 6-16-93

STATE OF ALASKA

RECORDING DISTRICT SS.
JUDICIAL DISTRICT

On this day of 19 before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared

and to me known to be the President and Secretary, respectively, of the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

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

COMPARABLE ACREAGE LAND SALE NO. 3

LOCATION: Salonie Creek Rifle Range area, Kodiak, Alaska

LEGAL DESCRIPTION: Lot 9, U.S. Survey 2539

GRANTOR: Leisnoi Native Corporation

GRANTEE: Kodiak Island Borough

RECORD NUMBER: 6

DATE OF SALE: 10-91

RECORDING DATE: Unknown

INSTRUMENT: Offering

BOOK/PAGE: 112/635

SALES PRICE: \$537,500

TOTAL ASSESSMENTS: None

TERMS: Cash

CE/ADJ. PRICE: \$537,500

AREA (ACRE): 660.00

PRICE/ACRE: \$814

PRESENT USE: Rifle range

ANTICIPATED USE: Rifle range

SOILS: Good

FLOOD ZONE: Unknown

WATERFRONT: Stream

ELECTRIC/PHONE: Yes

TOPOGRAPHY: Level to hilly

PUBLIC SEWER: No

ROAD IMPROVEMENTS: Gravel

PUBLIC WATER: No

ROAD ACCESS: Gravel

NATURAL GAS: No

SITE SHAPE: Rectangular

EASEMENTS: Normal

ROAD GRADE: At grade

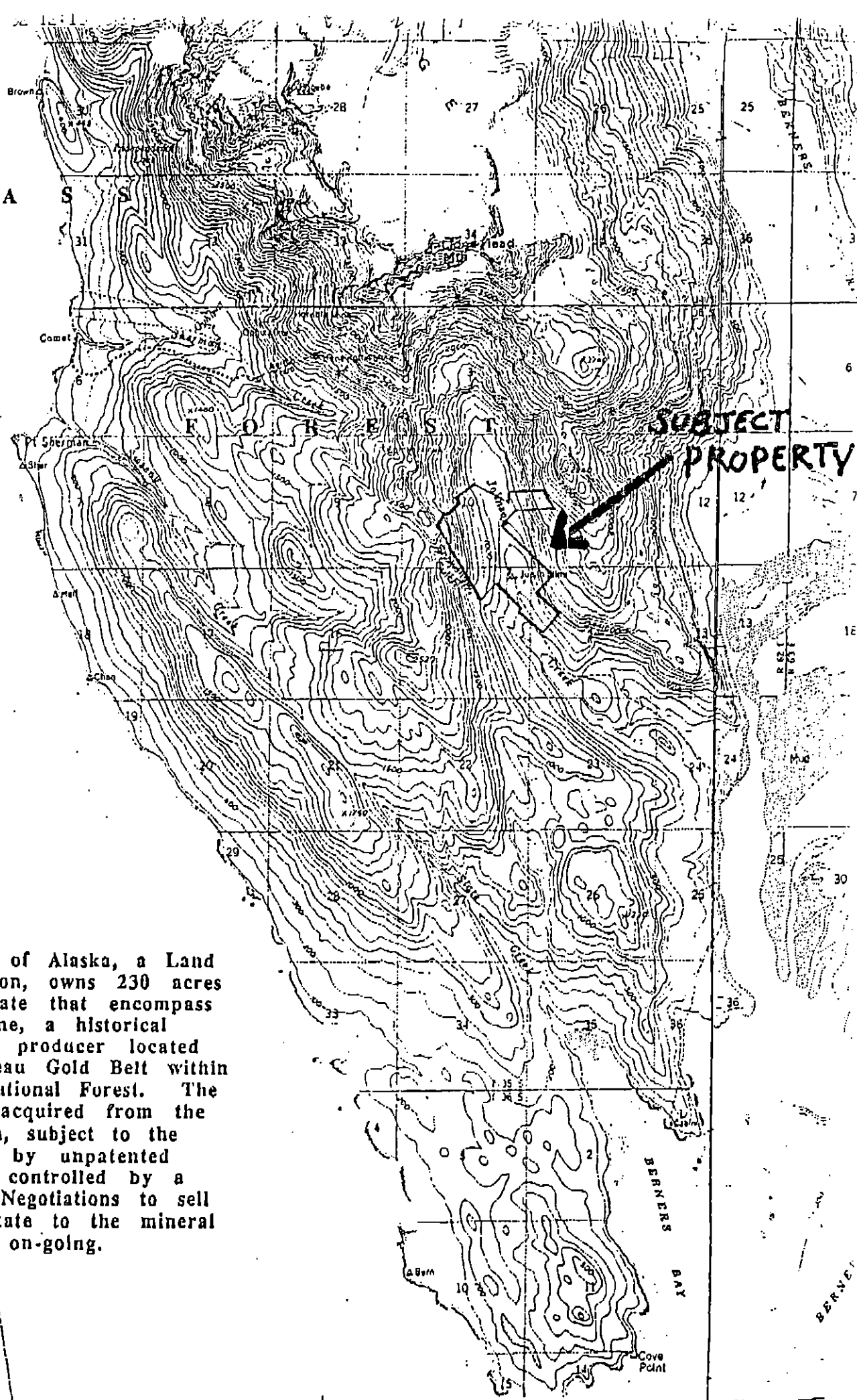
ZONING: RR, Rural Residential

CONFIRMED WITH: Bud Cassidy, Kodiak Island Borough and
Mike Pagano, Leisnoi Native Corporation

BY/DATE: TRD/6-91 and 11-91
SDD/5-92
TRD/5-92

PROPERTY DESCRIPTION:

This is a large rectangular shaped tract of land encompassing two hillside/mountain areas and river valley containing Salonie Creek. The river valley area tends to be low and wet, and the mountain area has little organic overburden and substantial rock outcroppings. The intent of the purchase by Kodiak Island Borough is to make use of an old existing military rifle range located near the center of the parcel. The sales price is to include Koniag, Inc.'s subsurface rights.



The University of Alaska, a Land Grant Institution, owns 230 acres of surface estate that encompass the Jualin Mine, a historical hardrock gold producer located along the Juneau Gold Belt within the Tongass National Forest. The property was acquired from the State of Alaska, subject to the interests held by unpatented mining claims controlled by a third party. Negotiations to sell the surface estate to the mineral claimant are on-going.

VACANT LAND

COMPARABLE NO. 4

ADDRESS: Johnson Creek Above Burners Bay, 60± miles north of downtown Juneau

LEGAL DESCRIPTION: US Mineral Surveys 261, 264, 265, 266, and 578 within sections 10, 11, 14, and 15, T35S, R62E, CRM

RECORDING INSTRUMENT: BOOK: PAGE:

GRANTOR: University of Alaska GRANTEE: Hyak Mining Co.

SALES DATE: 5/22/91 PRICE: \$125,000

TERMS: 10% down, DOT \$112,500, 10% interest, 60 quarters

PROPERTY RIGHTS: Surface only

PROPERTY DESCRIPTION: ZONE: None

UTILITIES: None

SIZE: 229.06 Acres reported, 247.85 estimated by seller

ACCESS: Logging road on site; not touching shore. Buyer extended road to shore.

TOPO/VEG/SOIL: Some rocky hillsides, timber and creek bottom land, varies in soil and topography.

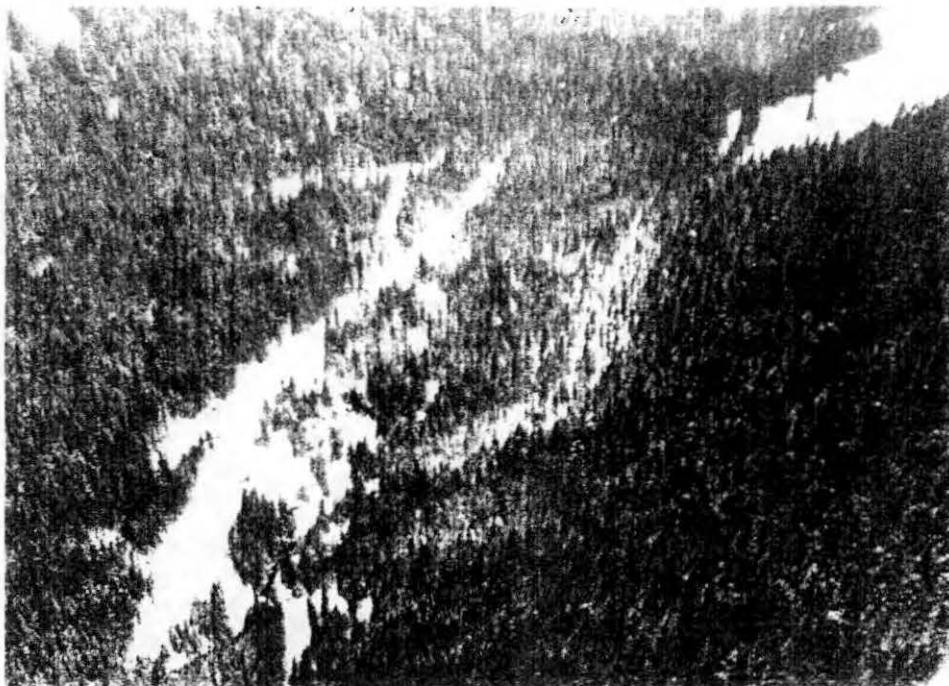
PRESENT USE: Was an underground mine site, purchased by subsurface land owner.

INTENDED USE: Develop surface support for industrial mine, shops, roads, etc. on surface.

CONFIRMED WITH: Gene Whiting, Broker DATE: 9/11/91 BY: C Horan
Univ of AK, Mary Montgomery 9/1/92 BY: K Wams

ANALYSIS: \$545.71/Acre @ 229.06 acres; or \$504.34 @ 247.85 acres

NEGOTIATIONS & MOTIVATION: Apparently the buyer and seller had negotiated this price over a long period of time and both felt it was an arms length transaction. The buyer was operating mine under the subject and nearby adjacent properties and wanted to purchase to develop surface support facilities. The seller had no other immediate buyer prospects and wanted to limit the liability. Both properties felt it was a clear up of a nuisance situation.



LARGE LAND SALE

COMPARABLE NO. 5

LOCATION: Northeasterly shore of Copper Harbor off Hetta Inlet, Prince of Wales Island, 20 miles southeast of Craig, Alaska.

LEGAL DESCRIPTION: USMS 419A and portions of USMS 419B, USMS 1023 within Sections 3, 4, 5, 8 and 9, T77S, R58E, CRM, Ketchikan Recording District.

RECORDING INSTRUMENT: QCD BOOK: 197 PAGE: 659

GRANTOR: Key Bank of Alaska GRANTEE: Southcentral Timber Development, Inc.
Dan Mock 564-0446 Joe Henry 279-1493

SALES DATE: 12/31/91 PRICE: \$800,000

TERMS: Mostly financed with extra collateral. Note to be paid off out of logging operations within one year.

PROPERTY DESCRIPTION: This is a remote parcel, not within any zoning or municipal taxing jurisdiction. There are no public utilities available to the site. Access to the site is by water or float plane or helicopter only. The site is very irregular, having about 1,410' of salt water frontage on copper harbor. The combined 23 mining claims stretch up to the highest parts of the mountain laying against the steep mountain, rising in a northward direction, extending approximately 6,000', having a width of 3,000' rising in elevations to nearly 3,500'. It contains 340.7 acres. Two creeks run through the site. Approximately 15 acres are fairly level and cleared near the beach. There is a relatively well protected anchorage in Copper Harbor. Vegetation is mostly old growth hemlock, spruce and cedar. Merchantable timber volumes have been estimated as high at 8 to 10 MMBF and as low as 5 MMBF. Seller felt most likely volume was between 5 and 7 MMBF. Buyer would not comment on volume.

PRESENT USE: Prior owner, T. Ferguson Construction of Anchorage, had been foreclosed on by Key Bank. The property had been purchased in 12/84 for \$370,000 with allocation of timber value of \$125,000. Property was eventually foreclosed on. Prior owner had an idea of developing some hydro-electric potential on the site with a possibility of a lodge/resort.

INTENDED USE: The buyer presently logging the site. There was no formal stumpage value estimate or detailed logging program developed at time of purchase. The purchasers obtained Sullivan Logging Company to do the logging and Charlie Nash is on-site consultant. Buyer tried to sell stumpage but could not find a purchaser, perhaps due to high asking price.

BUYER MOTIVATION: The buyer had five or six different ideas of what type of development could occur on the site. He felt at the time of purchase that the timber had to pay the entire price with no particular residual to the cut over land or sub-surface mineral estate. Buyer was vague on timber values or stumpage estimates. His subjective analysis was that there was enough margin on his estimate of timber sales price beyond the purchase price to make it work. He also pointed out that this appeared to be his only investment idea with the relative risk at the time. A realtor had listed the site a year or so prior to the sale for in excess of \$1.5 million. There were several offers and inquiries between \$1.0 and \$1.2 million but the seller (Ferguson) never excepted or fully executed any of these offers. The property then went into foreclosure, the lender/owner (Key Bank) tries to market it for \$1.2 Million and was eventually resold.

CONFIRMATION: Realtor, Leif Stanford

DATE: 11/5/92

BY: C. Horan

PRICING: Key Bank, Dan Mock

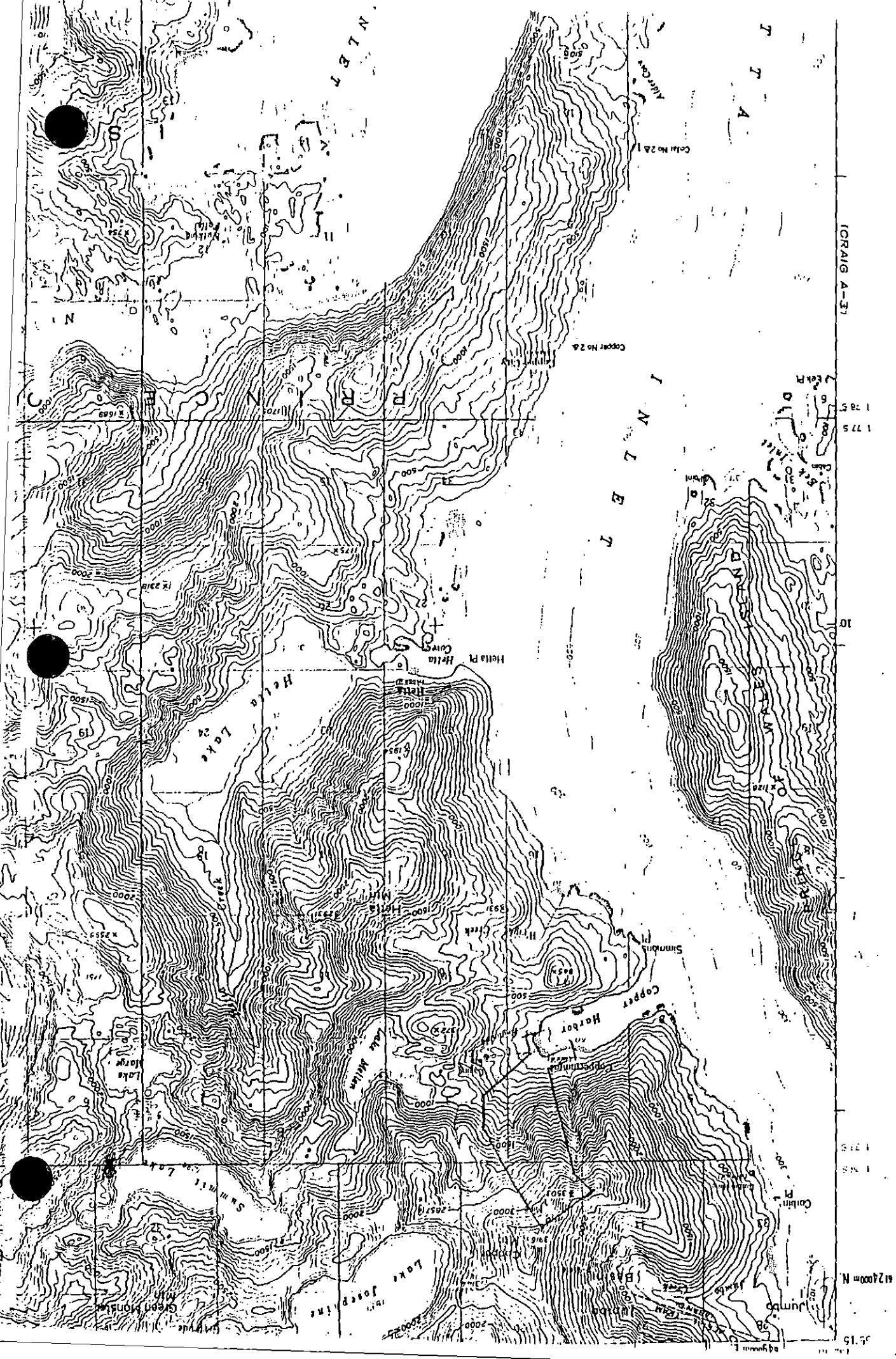
DATE: 11/17/92

BY: C. Horan

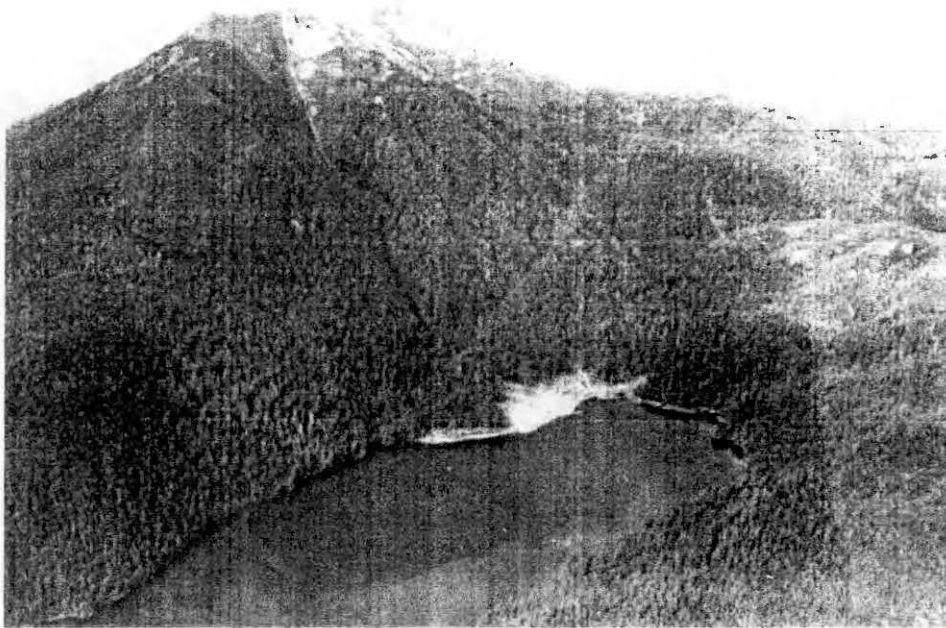
BUYER MOTIVATION: Joe Henry

DATE: 11/12/92

BY: C. Horan



Comparable Photograph
Comparable LRG-009



COMP. # LT-1 TYPE: Vacant Land KL93-18

LOCATION: Six remote tracts within 8 miles north, south and east of Anchor Point on the Kenai Peninsula

LEGAL DESCRIPTION: See attached - within T3S - T5S, R14W, SM

PRICE: \$450,000 ZONING: None

CASH EQUIV: \$500,000⁽¹⁾ H&B USE: Recreational

DATE: 8/3/90 ACCESS: Generally no access
Does have access

INSTR: Deed (closed) SIZE: 222 paper plat
10 acre lots

TERMS: \$50,000 down, AREA: 2,220 acres
DT \$400,000 at 10% for 30 years
Buyer/broker put in 10% commission

GRANTOR: Security National Trust (SNT)

GRANTEE: Charles Holman, Jr. (40%), & Clyde Moser (60%) et al

VERIFIED: Chuck Holman by S. McSwain and closing statement;
(EGF 4/93)

PROPERTY DETAILS: The property is in six subdivisions, subdivided into 222 paper plat undeveloped 10-acre tracts; seller paid all closing costs. These "Paper Plat" lots can be sold individually "as is" without physical access, since they were platted prior to newer subdivision regulations. The tracts are typically located 1/2 to 3 miles from existing roads or the Sterling Highway, with section line easements for future road access. The Inlet View Tract (200 Ac.) has gravel road access, east one mile from the Highway. This is a popular recreation area with good hunting in the fall and snow machining in the winter. Vegetation ranges from low bog plants in the wet peat areas (40%) to good gravel soils on the higher ground (60%) with birch and spruce trees. There are no lakes, ponds nor fishable creeks located on the property.

ANALYSIS: \$500,000 ÷ 2,220 acres = \$225/acre

- (1) The closing document indicates the property sold for \$450,000 and the seller did not pay a commission. The buyer (Moser) was also the broker, and he in effect used his commission as part of the down payment. Thus, the purchase price was effectively \$500,000 with \$100,000 down.

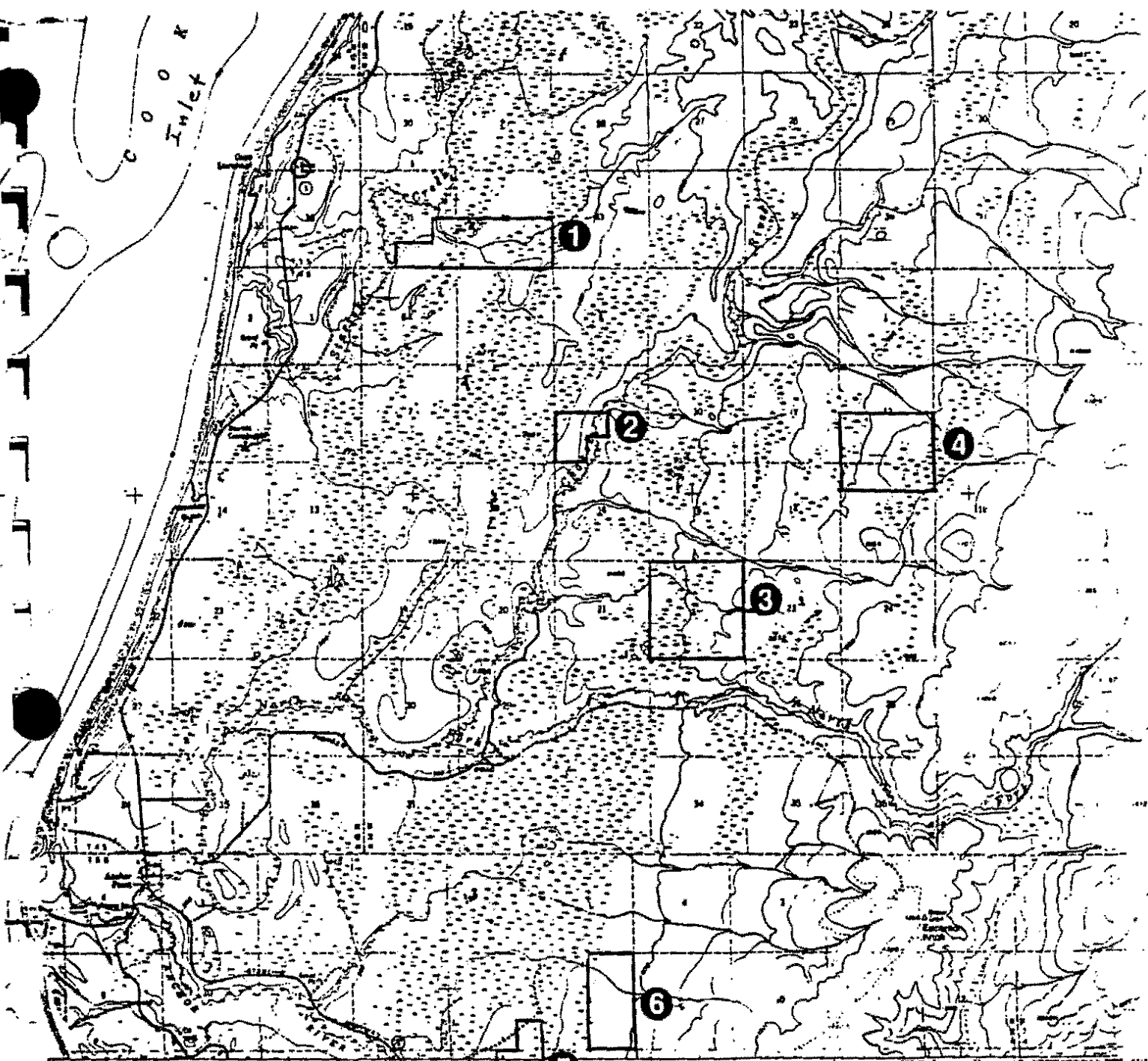
Note:

There was a March, 1990 Liquidation Sale from First National Bank of Anchorage to Security National Trust for \$250,000.

Comp. # LT-1, Vacant Land - Anchor Point, #KL93-18 continued

LEGAL DESCRIPTION:

1. Tr 1-46 Stariski Creek Acres #2 (460 acres)
Section 31 & 32, T3S R14W, S.M.
2. Tr 1-8 & 11-14 Chakok Acres (120 acres)
Section 9, T4S, R14W, S.M.
3. Tr 1-64 Terrace View (640 acres), Sec. 22, T4S, R14W, S.M.
4. Tr 1-48 High Line Acres (480 acres), Sections 12, 13,
T4S, R14W, S.M.
5. Tr 1-20 Inlet View (200 acres, Sec. 7 & 18, T5S, R14W, S.M.
6. Tr 1-32 Salmon Heights (320 acres), Sec. 8, T5S, R14W, S.M.



1960 edition and published by the Geological Survey
 from the USGS

A topographic map of the Fairbanks area, Alaska, showing the city and surrounding areas. The map is based on data compiled from USGS maps and other sources. The map is published by the Geological Survey, U.S. Department of the Interior.

APPROXIMATE BEAR
 DECLINATION, 1960.



CONTOUR INTERVAL, 100 FEET
 ELEVATION IN FEET - ABOVE MEAN SEA LEVEL
 DEPTH CURVES IN FEET - BELOW MEAN LOW WATER
 SPOT ELEVATIONS ARE THE HIGHEST ELEVATION OF ANY ONE POINT
 THE HIGHEST ELEVATION OF THE AREA IS 1,775 FEET



FOR SALE BY U.S. GEOLOGICAL SURVEY
 FAIRBANKS, ALASKA 99701, DENVER, COLORADO 80225, OR WASHINGTON, D.C. 20542
 A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

5500

Comparable LT-1
 also LT-4

VACANT LAND

COMPARABLE NO. 7

LOCATION: Approx. 7 miles north of Lutak Highway on Cox Homestead trail/road about 1 mile north of Chilkoot Lake, Haines

LEGAL DESCRIPTION: USS 7314, Haines, AK

RECORDING INSTRUMENT: NA

BOOK:

PAGE:

GRANTOR: Erma Reeves

GRANTEE: Chris & Dan Turner; Heathe & Claire Eversmeyer; Robert & Karen Day

SALES DATE: EM 7/1/90; Scheduled to close with probate of estate 12/15/90

PRICE: \$80,000 (\$5,000 allocated to bldg, \$75,000 to land)

TERMS: \$18,000 down, 10%, 10 year on balance

PROPERTY DESCRIPTION:

UTILITIES: None public; They must be developed on site

SIZE: 160 acres

FRONTAGE: NE corner touches river

ACCESS: Over dirt logging road without easement

TOPO/VEG/SOIL: Slopes, has been logged, located in Bald Eagle Preserve

PRESENT USE: 30' x 40' cabbit with loft built in 1970. Significant rot at time of purchase, Buyer assign maximum value of \$5,000.

INTENDED USE: Future development as possible lodge

CONFIRMED WITH: Dan Turner

DATE: 7/31/90

BY: C. Horan

ANALYSIS: \$75,000 land; \$468.75 Acre



FOR ORDERS EFFECTING DISPOSAL OR USE OF
UNIDENTIFIED LANDS. REFER TO INDEX OF
MISCELLANEOUS DOCUMENTS.

ABR170 Total Area 854 23 57. 1/1/1971
R11-31 2/1/1971 1/1/1971 1/1/1971

210 210 210 210 210 210 210 210 210 210
210 210 210 210 210 210 210 210 210 210

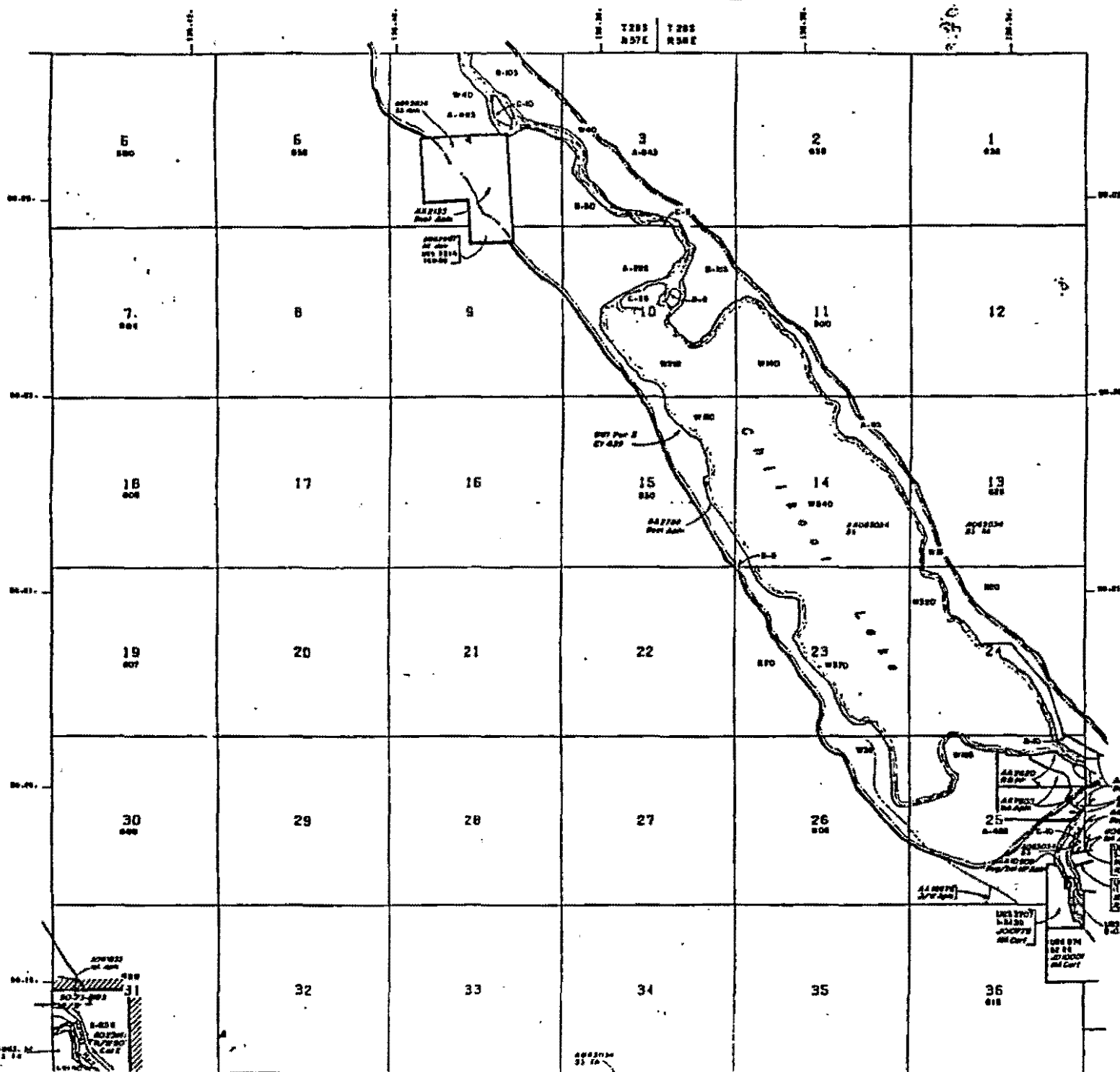
CAUTION

Alaska National Wildlife Refuge
Conservation Act wilderness have
been plotted to the land status
records using the USGS Quadrangle
maps of 1:250,000 scale. Discrepancies
may occur between the actual
boundaries and those which are
plotted in the records. As
appropriate scale maps become
available, these discrepancies will
be corrected.

WARNING
THIS MAP IS THE PROPERTY OF THE U.S. GOVERNMENT
AND IS NOT TO BE REPRODUCED OR TRANSMITTED IN ANY
FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL,
INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY
INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT
PERMISSION IN WRITING FROM THE U.S. GOVERNMENT
PRINTING OFFICE: 1970 O - 340-000

CURRENT TO

APR 11 1971



VACANT LAND

COMPARABLE NO. 8

ADDRESS: Edna Bay on Kosciuko Island, West of Prince of Wales Island, 60 miles west of Wrangell, Alaska
LEGAL DESCRIPTION: Within Section 28, 29 and 33, T68S, R 76E, CRM, Ketchikan Recording District, First Judicial District, State of Alaska
RECORDING INSTRUMENT: WD BOOK: 169 PAGE: 650-657
GRANTOR: Alcoa Aluminum
GRANTEE: William (Skip) Rltcher, WAP 7917, Flying Tiger Rats Mountain or Craig Marine Operator
SALES DATE: 07/21/89 PRICE: \$400,000
TERMS: Cash to seller, buyers financing unknown.

PROPERTY DESCRIPTION: Varied most 20% +/- slope, approx. 25% high ridge with 50% + slope vegetation hemlock and spruce. According to the buyer, there was about 130 acres of harvestable land, about 360 acres of land that was logged in 1966, about a 20 acre lake. The timber mix is about 22% spruce, 77% hemlock, 1% cedar. No public on site utilities.

FRONTAGE/VIEW: 3,520' Edna Bay
ACCESS: Boat and float plane, island logging roads estimated at 4 to 8 miles through the site.

PRESENT USE: Old abandoned limestone quarry, overgrown, some squatter cabins may be on site. Land had been listed in 1986 for \$550,000. Price dropped to \$450,000 in March of 1987.

INTENDED USE: The purchaser intended to log the timber lands had unspecific future development plans for the remainder. He supposes that it could be used for home sites. It was important to the purchaser that there was waterfront for deep water access with possible shipping potential. Other potential uses include reinvestigating the limestone quarry potential as the sites were originally patent. The site was also important because it represented a large contiguous ownership in an area where these types of large pieces are extremely rare.

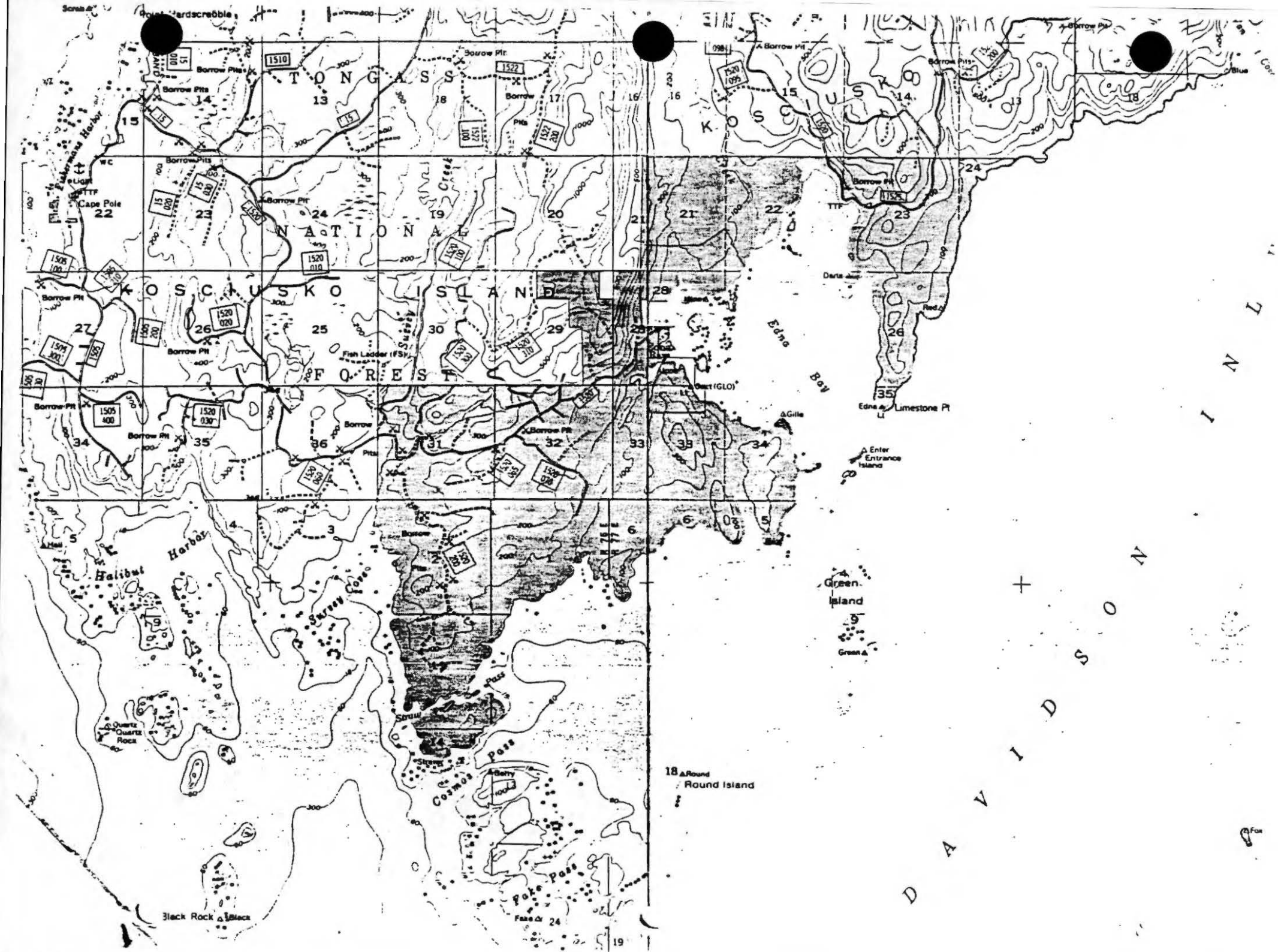
BUYER MOTIVATION

The buyer felt there was about 2 MMBF of merchantable timber. After logging about 800 MBF he felt there was only about 200,000 left to log. The project ran in to cost overruns and the expectations of a return on logging was not achieved. Originally, he had estimated that the logging should have netted the value of the land with no increment of value cutover land, sub-surface or mineral value.

CONFIRMED

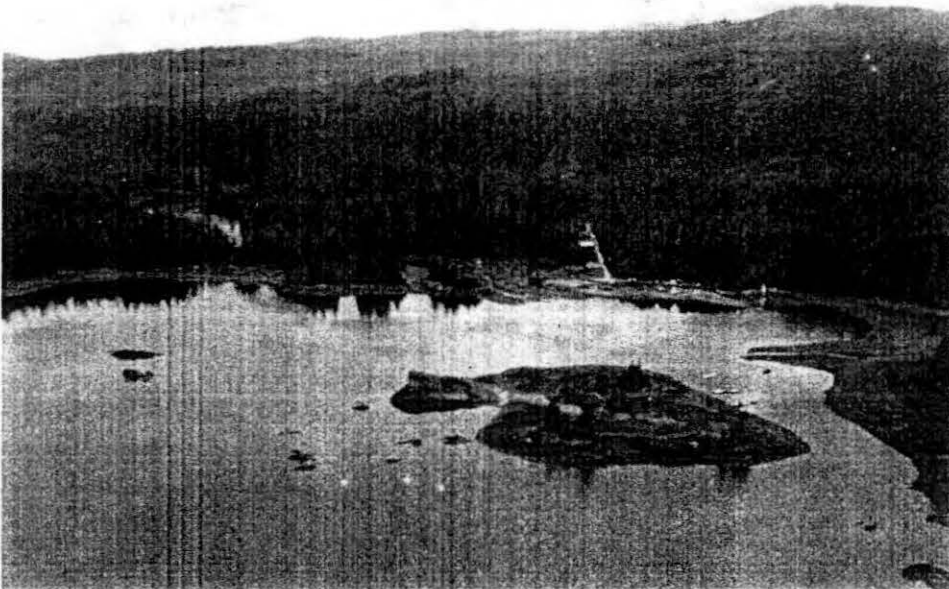
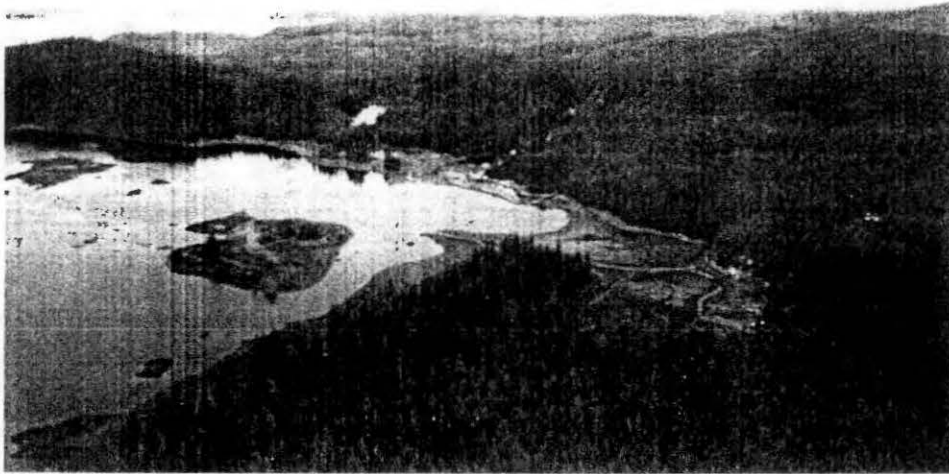
PRICE AT \$450,000: Capital Realty, Bev Davis DATE: 9/5/91 BY: C. Horan INVESTORS
MOTIVE: Skip Rltcher DATE: 9/7/91 BY: C. Horan
PRICE AT \$400,000: Broker & Buyer via Marty McDowell of DOT
DATE: 11/3/92 BY: C. Horan
PRICE: Linda at Capital Investments DATE: 5/19/92 BY: KLFW

ANALYSIS: \$400,000 + 512 Acres = \$781.25/Acre



Comparable Photographs
Comparable MV2-066

Sale No. 8



Comparable Photographs
Comparable MV2-066



LARGE LAND SALE

COMPARABLE NO. 9

LOCATION: Wadleigh Island, approximately 1.5 miles west of Klawock, Alaska

LEGAL DESCRIPTION: This site is an assemblage of 33 patented mining claims within T72S, R80E, CRM, Sections 33 and 34; and T73S, R80E, CRM, Sections 5, 6, 7 and 8, totaling 623.427 acres, and more particularly described in Book of Deeds 171, Pages 261, Ketchikan Recording District, First Judicial Districts, State of Alaska.

RECORDING INSTRUMENT: Mining Deed BOOK: 171 PAGE: 257-262

GRANTOR: USX Corporation of Delaware GRANTEE: Robert Reed & Mike Blair dba
B & M Logging of Estacada,
Oregon

SALES DATE: July 18, 1989 PRICE: \$1,000,000

TERMS: Unspecified down payment, a minimum \$50,000 deposit was paid. Balance paid out of logging royalty within 2.3 years. In our understanding of the transaction, the terms approximate cash.

PROPERTY DESCRIPTION: The site consist of contiguous mining claims which comprise a large portion of Wadleigh Island, consisting of 623.427 acres. There is an estimated 7,000' of salt water frontage. The topography is moderate to undulating with elevations generally below 500' down to water level. There are several drainages and draws on the site. The site has thin organic soil, typical for the region, and supports a heavy growth of timber. The site is remote and has no utilities. The site is not within a municipal boundary and there are no zoning designations or tax assessments on the property. Merchantable timber quantity estimates ranged from 10.7 MMBF to 22 MMBF. Estimated 75% hemlock, 24% spruce and 1% cedar. The sale held out 2% gross revenue FOB site from limestone quarrying.

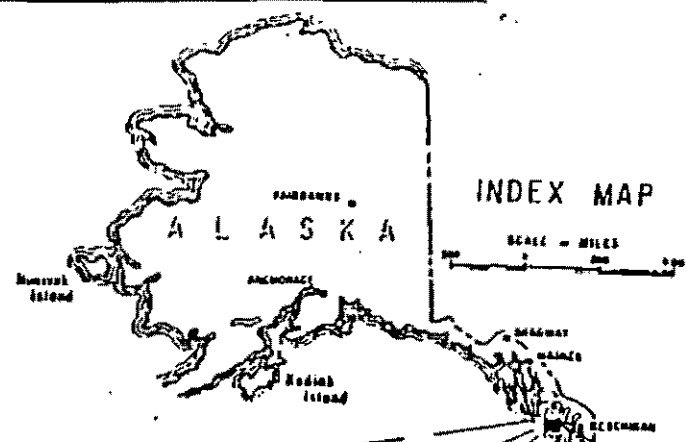
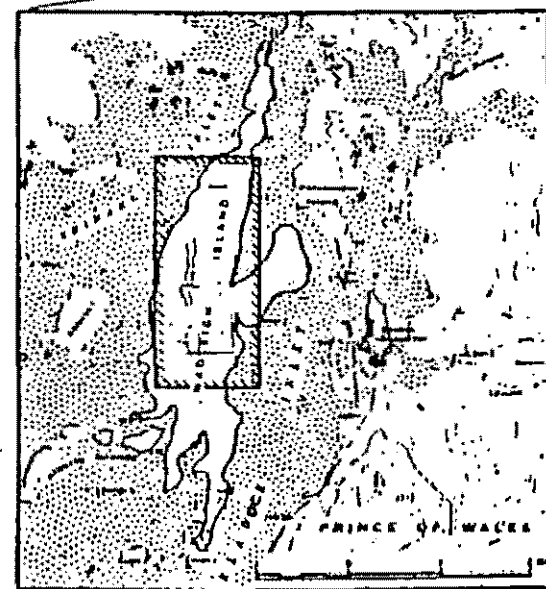
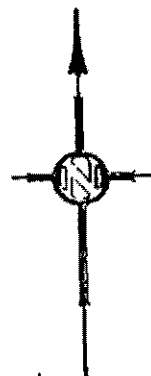
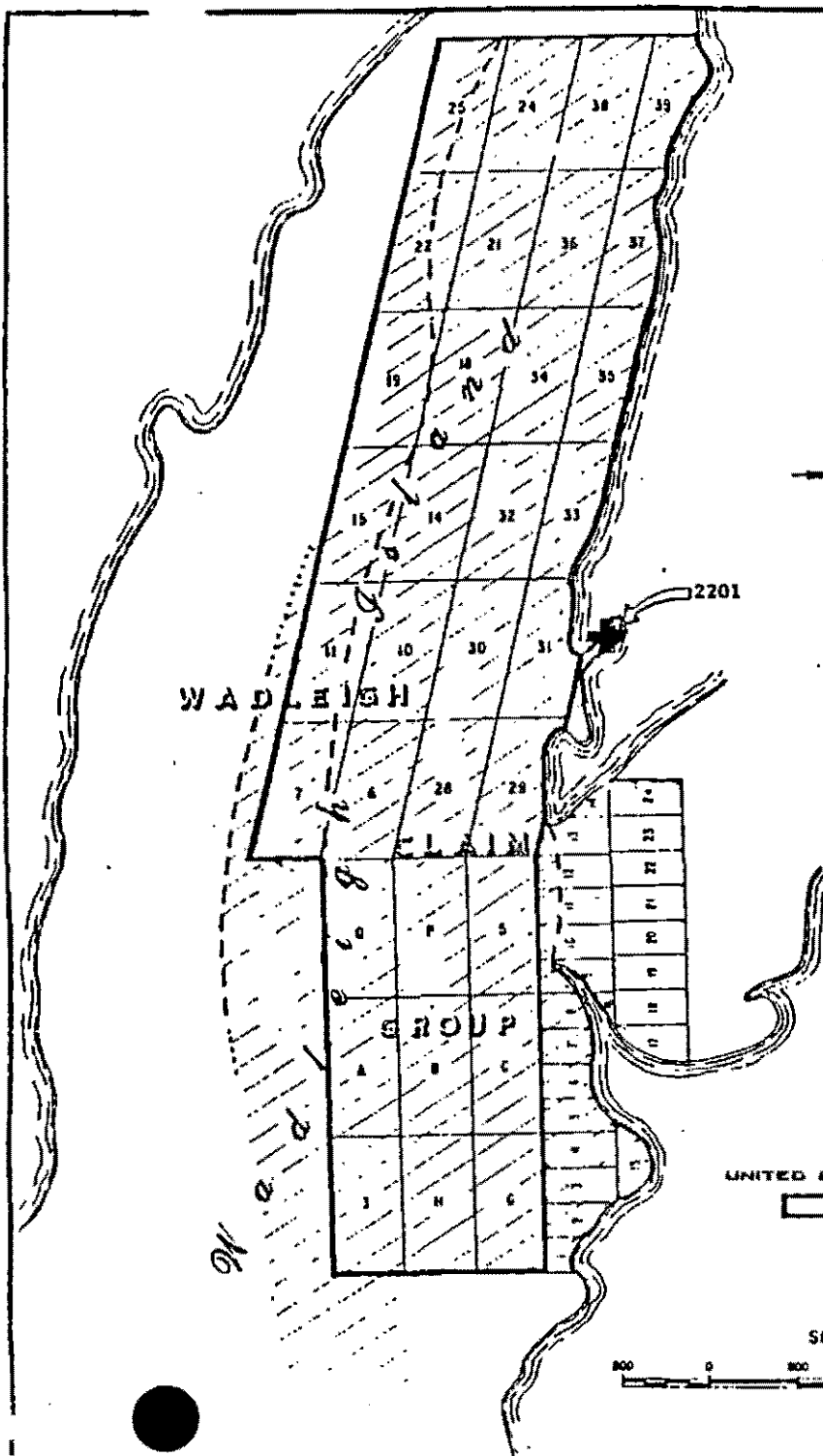
PRESENT USE: This site was originally patented as mining claims. It was reported while in USX's ownership, assaying had been done to identify its limestone quarrying potential.

INTENDED USE: Purchasers were motivated by its timber potential and had at least two offers to sell stumpage when the sale took place. The stumpage was sold for \$1,000,000 to Murphy Timber on September 29, 1989, Book 171, Page 266. Buyers felt there was about 12 to 15 MMBF of exportable timber on the site at time of sale.

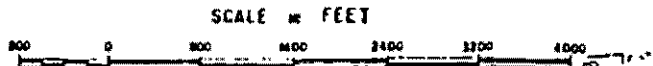
NEGOTIATIONS AND SALES MOTIVATION: The buyers had been negotiating with an option holder for a price of about \$800,000. The option holder lost his position and the land went to bid. The buyers bid \$1,000,000 and put in a 2% limestone royalty since they felt the sellers had a higher regard for its mining potential. The buyers were motivated, primarily, by timber and the buyer felt that their offer price could be recouped through stumpage sales alone. No portion of the price was allocated as an increment for sub-surface mineral or cut over land values. There was, of course, some thought to the residual values in so far as they were not willing to give them away with the timber sale.

CONFIRMED WITH: Michael Blair DATE: 11/13/92 BY: C. Horan

ANALYSIS: $\$1,000,000 + 623,427 \text{ Acres} = \$1,604/\text{Acre}$
 $\$1,000,000 + 12 \text{ to } 15 \text{ MMBF} = \$83.30 \text{ to } \$71.42/\text{MMBF}$



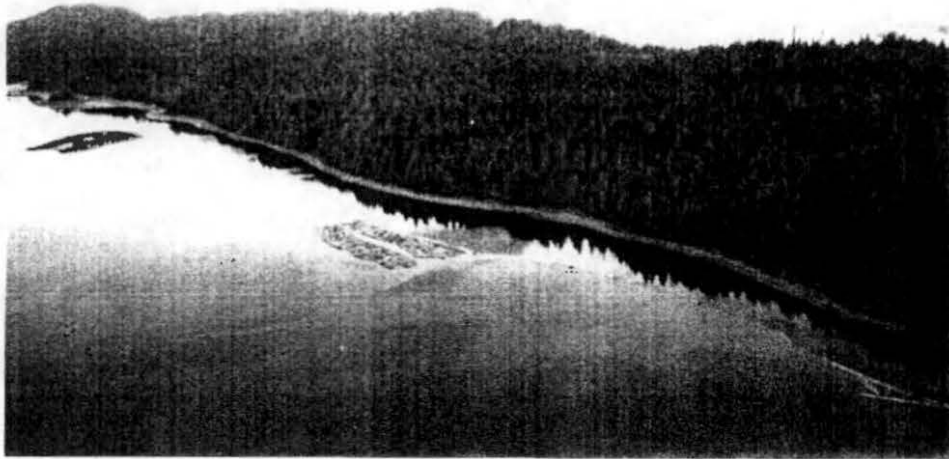
UNITED STATES STEEL CORPORATION
 PLACER CLAIMS (Wadleigh) PATENTED



| | | |
|-----|---|--------|
| USS | UNITED STATES STEEL CORPORATION
RAW MATERIALS SERVICES DIVISION
RAW MATERIALS EXPLORATION | |
| | PROPERTY MAP
WADLEIGH LIMESTONE
ALASKA | |
| | IRON TON - U.S. | 34-286 |
| | 1944-1945 | |

Sale No. 9

Comparable Photograph
Comp LRG-008



Comparable Sale Number 10

PROPERTY TYPE: REMOTE

LOCATION: Narrow Straits on Raspberry Island

AREA: North End

LEGAL DESCRIPTION: T25S, R22W, Southerly Portions of Section 17 & 18

GRANTOR: BIA for Mullan M. & E.

GRANTEE: Aleneva Joint Venture

SALES PRICE: \$1,194,375

AGREEMENT DATE: 5/1/89

CASH EQUIVALENT: \$1,044,937

TERMS: Owner

LOT SIZE: 272.73 MEA: Acre

ZONING: CON

USE AT SALE: Fish Site

PLANNED USE: New Village

ACCESS: Float Plane, Boat

UTILITIES: None

EASEMENTS/RESTRICTIONS: Typical

SALE CONFIRMED WITH: BIA/USFW

BY/DATE: PC-1/90

INSTRUMENT: QCD DEED BOOK: 92 PAGE: 766 DATE: 11/27/89

PROPERTY DESCRIPTION: This is two native allotments, and although there is no beach and boat access and anchorage is poor, the parcel offers very good topography and is nicely wooded with large stands of spruce. The sale included improvements valued at \$30,000.

UNIT VALUE: 3,831.40

OCEAN FRONTAGE: 10,067 FRONTAGE/SIZE FACTOR: 37

\$PER F/F: 104

>

COMPARABLE ACREAGE LAND SALE NO. 10

LOCATION: Southwest side of Afognak Island facing Raspberry Straits, Alaska

LEGAL DESCRIPTION: Tract B, Sheet No. 2 of 2 sheets, Plat 89-8-RS, Sections 17 and 20, Township 25 South, Range 22 West, Seward Meridian, Kodiak Recording

GRANTOR: Enola Mullan

GRANTEE: Aleneva Joint Ventures

RECORD NUMBER: 7

DATE OF SALE: 11-89

RECORDING DATE: 11-89

INSTRUMENT: MOA

BOOK/PAGE: 977/66

SALES PRICE: \$585,000

TOTAL ASSESSMENTS: None known

TERMS: \$100,000 down, 7% interest, \$99,252.22 per year till paid in full.

CE/ADJ. PRICE: \$165,839

AREA (ACRE): 146.89

PRICE/ACRE: \$1,129

PRESENT USE: Vacant

ANTICIPATED USE: Religious community

SOILS: Good

FLOOD ZONE: No

WATERFRONT: Ocean

ELECTRIC/PHONE: No

TOPOGRAPHY: Gently rolling

PUBLIC SEWER: No

ROAD IMPROVEMENTS: N/A

PUBLIC WATER: No

ROAD ACCESS: None

NATURAL GAS: No

SITE SHAPE: Irregular

EASEMENTS: Normal

ROAD GRADE: N/A

ZONING: Conservation/5 acre

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs
Rose Brady, Bureau of Indian Affairs
Sharon Sullivan, Real Estate Agent,
Associates, Inc.

BY/DATE: TRD/1-15-90

PROPERTY DESCRIPTION:

This land was purchased in tandem with Comparable No. 35 by the same grantee and from related grantors. The site is irregularly shaped, has approximately one-half mile of waterfront and has marketable timber. According to the timber appraisal comparable data sheet, the timber's estimated market value was \$400,826. This leaves a net value to the land of \$1,254 as forested. If the low interest rate is discounted for a cash equivalent yield of 11%, the adjusted price is a proportional cash equivalent allocation for untimbered land of (\$1,254 x .90) \$1,129 per acre. Access is by boat or float plane. The property is in a fairly well protected area fronting Raspberry Strait Narrows. It is well drained with rolling hillside and in close proximity to good fishing. The property was purchased by a Russian religious group formerly known as the Old Believers for the establishment of a new community.

COMPARABLE ACREAGE LAND SALE NO. 10

LOCATION: Southwest side of Afognak Island facing Raspberry Straits, Alaska

LEGAL DESCRIPTION: Tract B, Sheet No. 2 of 2 sheets, Plat 89-8-RS, Sections 17 and 20, Township 25 South, Range 22 West, Seward Meridian. Kodiak Recording

GRANTOR: Mike Mullan

GRANTEE: Aleneva Joint Ventures

RECORD NUMBER: 10

DATE OF SALE: 11-89

RECORDING DATE: 11-89

INSTRUMENT: MOA

BOOK/PAGE: 977/66

SALES PRICE: \$609,375

TOTAL ASSESSMENTS: None

TERMS: \$100,000 down, 7% interest, \$99,252.22 per year till paid in full.

CE/ADJ. PRICE: \$233,075

AREA (ACRE): 126.74

PRICE/ACRE: \$1,839

PRESENT USE: Vacant

ANTICIPATED USE: Religious community

SOILS: Good

FLOOD ZONE: No

WATERFRONT: Ocean

ELECTRIC/PHONE: No

TOPOGRAPHY: Gently rolling

PUBLIC SEWER: No

ROAD IMPROVEMENTS: N/A

PUBLIC WATER: No

ROAD ACCESS: None

NATURAL GAS: No

SITE SHAPE: Irregular

EASEMENTS: None

ROAD GRADE: N/A

ZONING: Conservation/5 acre

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs
Rose Brady, Bureau of Indian Affairs
Sharon Sullivan, Real Estate Agent,
Associates, Inc.

BY/DATE: TRD/1-15-90

PROPERTY DESCRIPTION:

This is the property that purchased in tandem with Comparable No. 34 with related grantors to the same grantee. It is immediately adjacent to Comparable No. 34 and has approximately a mile of waterfront. It is irregular in shape and has no utilities or road access. The BIA timber appraisal comparable data sheet indicates that of the 126.74 acres about 86 acres has marketable timber with an appraised value of \$316,489. This leaves a net price to the land of \$2,043 per acre excluding \$34,000 to cabin and outbuilding as stated in a BIA appraisal. If the low 7% interest rate is discounted for a cash equivalent yield of 11%, the adjusted price is $(\$448,152 + \$100,000) \$548,152$. Subtracting out cash equivalent $(\$34,000 \times .90) \$30,600$ for the cabin indicates a price of \$517,552 or \$4,084 per acre. Allocation to land without timber is $(.90 \times \$2,043) \$1,839$. This property is accessed only by boat or float plane and is located in a relatively protected area

Affiliated Appraisers of Alaska

LARGE LAND SALE

COMPARABLE NO. 11

LOCATION: This sale consists of four parcels, two are located at the northeast end of Thome Arm on Revillagegado Island near Ketchikan and two are located on the north end of Prince of Wales Island at Red Bay & California Bay.

| | | | |
|---------------------------|----------|------------------------|-------------|
| LEGAL DESCRIPTION: | Parcel 1 | USMS 1598 (Waterfront) | 40.7± acres |
| | Parcel 2 | USMS 423 | 20.0 acres |
| | Parcel 3 | USMS 1040 | 40.0 acres |
| | Parcel 4 | USMS 1042 (Waterfront) | 37.9 acres |

These parcels are legally describe in Book of Deeds 163, Page 214 at Ketchikan.

RECORDING INSTRUMENT: QCD **BOOK:** 163 **PAGE:** 213

Valuable mineral deposits are excluded from Parcels 3 and 4 which were discovered or known prior to the patent dates.

GRANTOR: David & Kay Syre
Bellingham, WA

GRANTEE: Ketchikan Pulp Co.
Ketchikan, Alaska

SALES DATE: 1/6/89

PRICE: \$650,000

TERMS: Cash

PROPERTY DESCRIPTION: These four parcels contained a total of 138.627 acres. Parcel 1 has about 600' of frontage. It is very close to Parcel 2, lying in a hillside creek drainage. These sites are located in the Misty Fjords National Monument and are timbered. Parcel 3 consists of two adjacent mining claims, forming two offset rectangles. They are on a knoll above Red Bay and sloping downward to within 1,200' of the bay. They are heavily forested with hemlock and spruce. The site is well drained and has thin layer of overburden on marble bedrock. The immediate adjacent lands are USFS and have been clearcut. There is a logging road which ends near the subject. Parcel 4 is 13 miles east of Pt. Baker, 35 miles NW of Wrangell, 118 miles NW Ketchikan. The site has about 400' of frontage on Sumner Straight, is heavily forested, gentle sloping and well drained. The beach may be exposed to strong easterly winds during the winter months. Logging roads are in the area but not extended to the site.

PRESENT USE: Patented mining claims, undeveloped in recent times.

INTENDED USE: Purchased for timber value with no significant residual value assigned to the cutover land or mineral potential. Price paid was for timber only.

CONFIRMATION

BUYER MOTIVATION &

INTENDED USE: Ralph Lewis of Ketchikan Pulp

DATE: 11/12/92

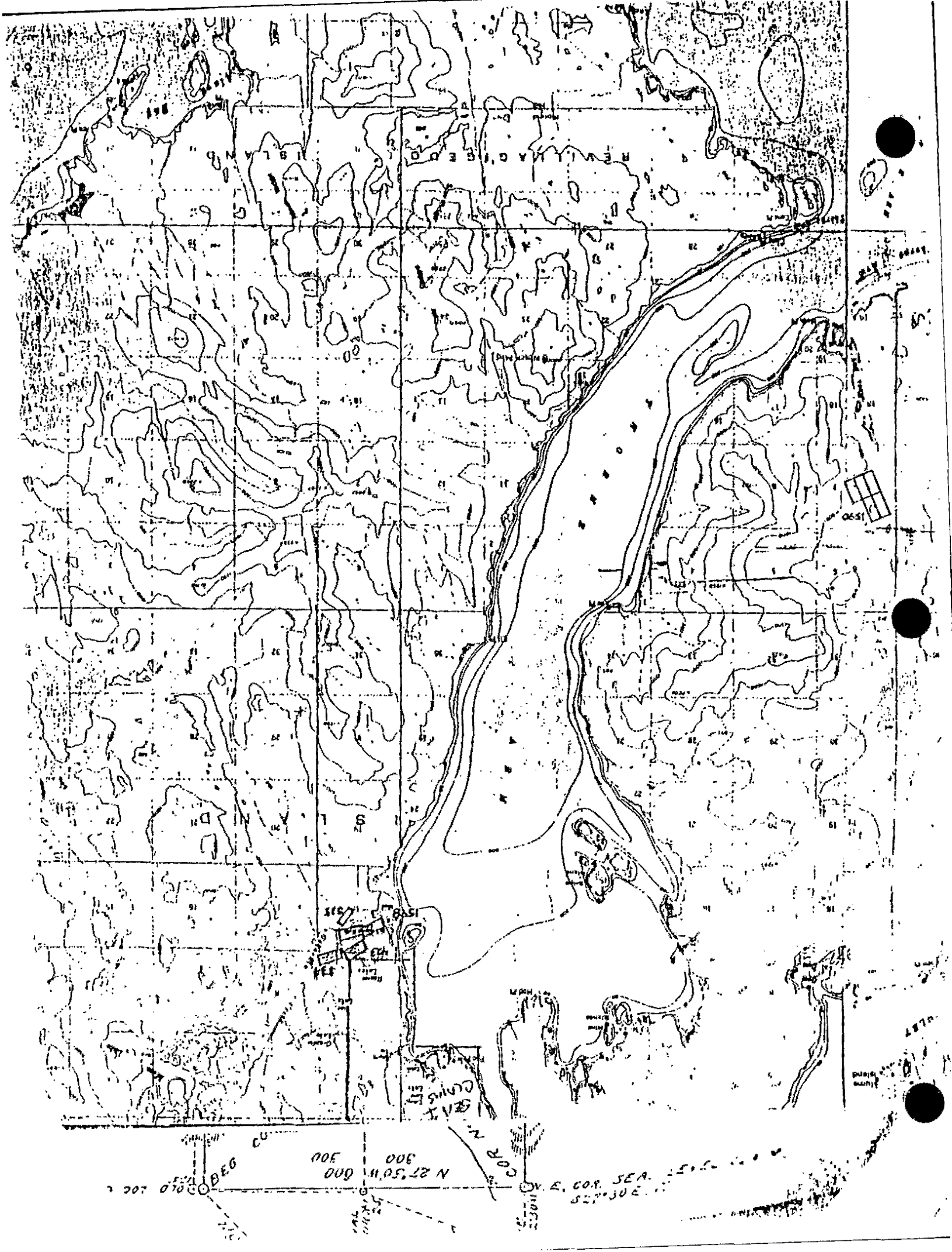
BY: C. Horan

PRICE: Ralph Lewis, Ketchikan Pulp

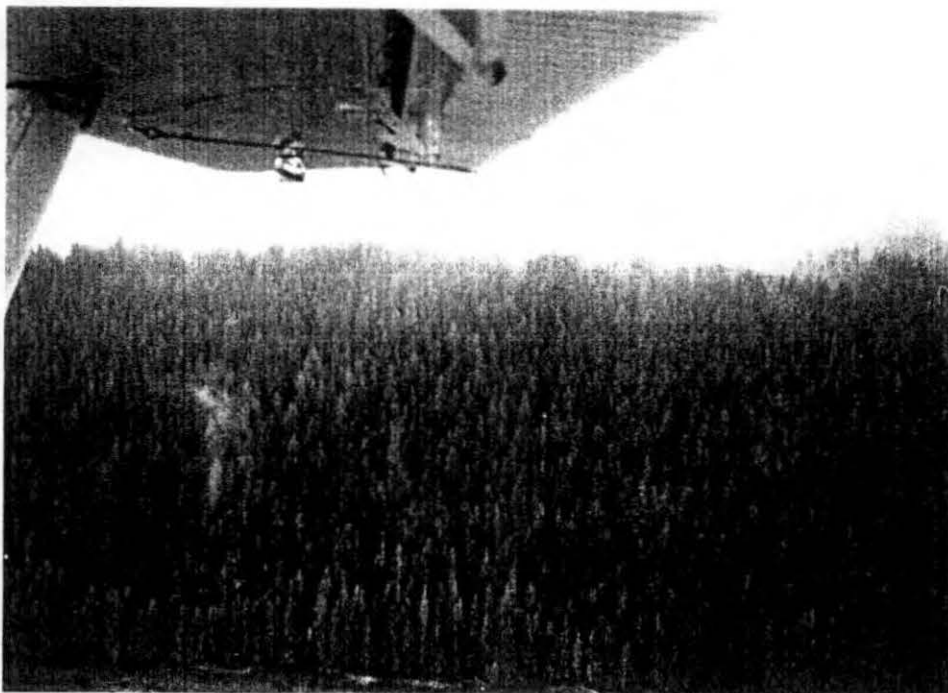
DATE: 11/16/92

BY: C. Horan

Appraiser Wold allocated land value after logging at between \$200 and \$1,000 per acre. Lewis felt waterfront lands would have more demand as cutover land than non-waterfront parcels. Also, the Misty Fjords property was felt to have a higher demand. Lewis allocated land at nominal book value of \$100/acre, but the sale was not motivated by the value of timber.



Comparable Photographs
Comparable LRG-010



~~COMPS~~
~~12~~
~~1~~
COMPARABLE LAND SALE NO. 12

~~Probably a better~~
~~comparison than the~~
~~Air Force Sales~~

LOCATION: Goat Island, one mile west of Hydaburg, Alaska

LEGAL DESCRIPTION: Goat island and South Pass Islands within Township 77 South, Range 83 East, Copper River Meridian Sec 2,3,4,5,8,9,10,16,17,20,21,22

GRANTOR: Haida Corporation

INSTRUMENT: WD

GRANTEE: USA

SALES PRICE: \$9,000,000

DATE OF SALE: 5-88

TERMS: Cash

AREA: Goat Island 4,146.25 Ac.
41 other Isl. 593.00 Ac.
Hydaburg 10.00 Ac.
Total 4,749.25 Ac.

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE:
Public Interest

ACCESS: Boat or float plane

ASSESSMENTS: None
Known

UTILITIES: None

EASEMENTS/
RESTRICTIONS: Normal

CONFIRMED WITH: Charles Horan, MAI

BY/DATE: Paul Dirkson

PROPERTY DESCRIPTION: Goat Island and the surrounding South Pass Islands (41 islands ranging from 1/4 to 173 acres) is a unique recreational area of pristine wilderness containing its own ecosystem. It contains many protected coves and over 37 miles of coastline ranging from rugged rocky coastline to sandy beaches. It contains estuary and habitat areas for many species of birds and animals. The islands are ringed with eagle nests and there are several streams, including one salmon stream headed by a lake. Recreational opportunities include boating, kayaking, picnicking, camping, clam digging, fishing, berry picking, deer hunting, wildlife viewing etc. The property is heavily wooded with "old growth" timber with a value estimated by the grantor \$13 million, less about \$4 million for setbacks, buffer strips, etc., based on a timber cruise made in 1979, updated with 1988 timber values.

The Goat Island sale was one part of a three part transaction between the Haida Corporation and the U.S. Government (U.S. Forest Service). The Goat Island portion of the transaction sales for \$9 million, cash. The second part of the sale involved 667 acres of nonmarine landlocked timberland located on a hillside north of Eek

G. Hayden Green, Ph.D

COMPARABLE LAND SALE NO.13 (Con't)

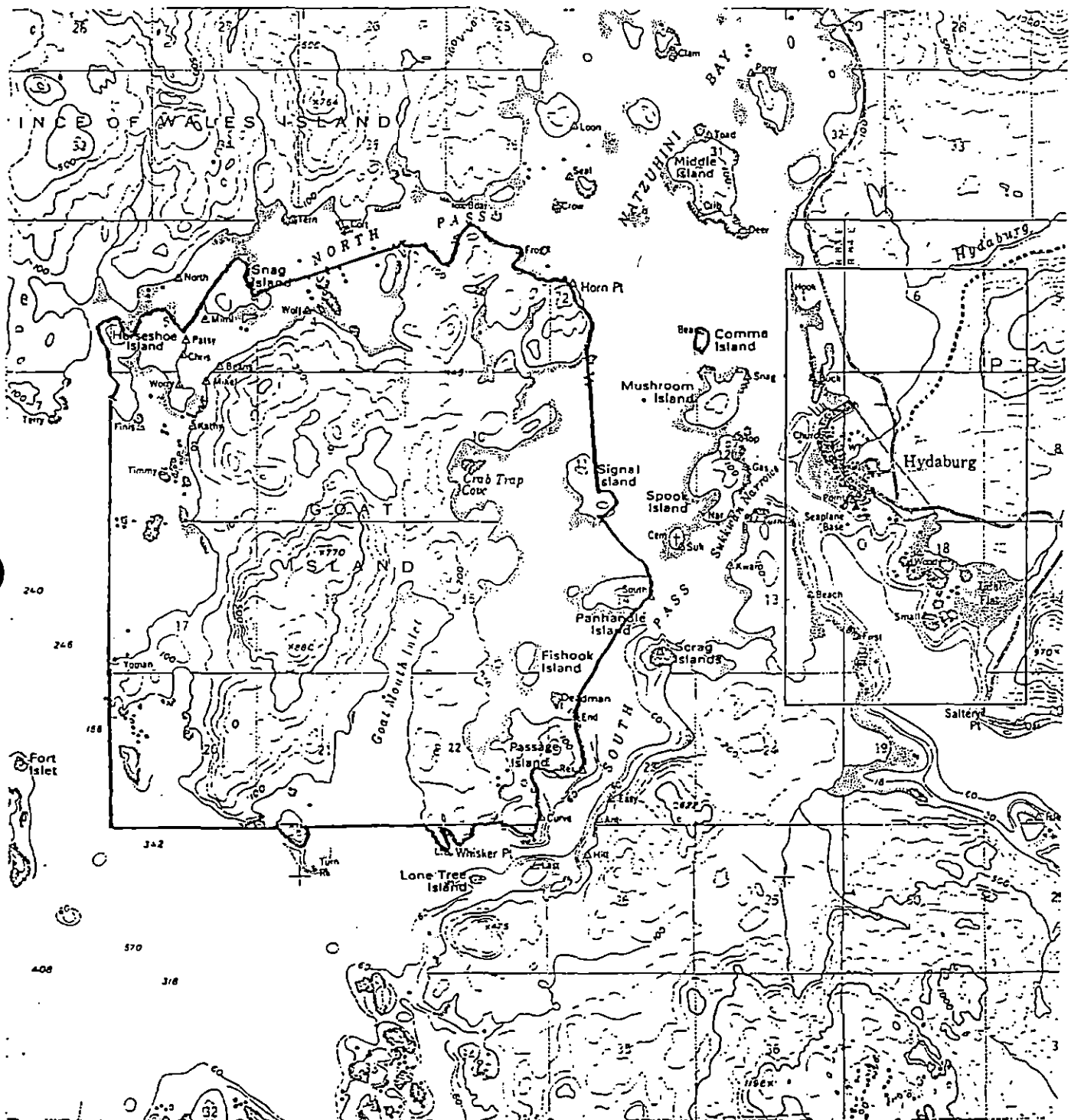
Inlet about four miles southeast of Hydaburg. This property sold for \$2 million. The third part of the transaction involved a land trade where Haida Corporation traded 4,222 acres of mostly forested uplands for 4,395 acres (consisting of 11 parcels) of considerably more valuable "Haida Traditional Use" timbered waterfront property. This part of the transaction was an attempt to correct an inequity in the original land selections settlement under the Native Claims Act.

Part 2 and 3 of the transaction were not considered to be armslength market transactions by either parties.

The Goat Island portion of the transaction was considered a sale, negotiated between Haida Corporation and the U.S. Forest Service. Originally Haida Corporation wanted in excess of \$20 million for the property but was turned down. Then they asked Congress (through Don Young) to legislate a sale asking \$18 million. The U.S. Forest Service made an in-house rough evaluation at \$6 million for the property. After much debate and testimony in Congress, including the Chief of the U.S. Forest Service testifying before the House Interior Committee in Washington DC that \$9 million was a fair price to pay for Goat Island, a sales price of \$9 million was finally agreed upon. At the time of sale, Haida Corporation was \$11 million in debt and foreclosure was threatened against the corporation's holdings. Since the Goat Island sale was insufficient to satisfy the debt, part 2 of the transaction was mandated by Congress in order to satisfy the remaining debt obligation. In an interview with John Morris, manager of Haida Corporation, he said the stumpage value of the timber on Goat Island and South Pass Islands totaled about \$13 million. However, this would be considerably reduced by the costs of logging scattered pockets of good timber, the numerous Eagle trees surrounding the islands and regulations. He said that Haida Corporation was satisfied with the price paid in this negotiated sale.

ANALYSIS: $\$9,000,000 \div 4,749.25 \text{ Acres} = \$1,895/\text{Acre}$





SALE NO. 13

LOCATION: Lower Tazimina Lake, approximately six miles east of Lake Clark and 180 miles southwest of Anchorage, Alaska

LEGAL DESCRIPTION: Sections 18, 19 & 30, T2S, R30W and Sections 23 to 26, 35 and 36, T2S, R31W, Seward Meridian

GRANTOR: Bristol Bay Native Corporation

INSTRUMENT: Conservation Easement

GRANTEE: U.S. Department of the Interior National Park Service

BOOK/PAGE: 17/480 and various others

SALES PRICE: \$858,180 (allocated to subsurface rights)

DATES OF SALE: 12-88/\$3,715,065, 03-90/\$1,467,855 & 07-91/\$901,210

TERMS: Cash

AREA: 9,173 acres (total)

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE: Recreational

ACCESS: ATU and fly-in

UTILITIES: None

CONFIRMED WITH: Norman Lee, Chief Appraiser, National Park Service
Jack Moore, Bristol Bay Native Corporation

BY/DATE: TRD/6-23-93

TRD/6-23-93

PROPERTY DESCRIPTION: This is the composite sale of 9,173 acres for \$3,715,065 or \$405 per acre from Kijik Corporation, surface estate owner, and Bristol Bay Native Corporation, subsurface estate owner to the U.S. Department of the Interior National Park Service. The surface owner sold their interest for \$2,856,885 or \$311 per acre. The subsurface owner sold their interest for \$858,180. The interest sold by the surface owner was a conservation easement effectively transferring development rights, non-exclusive rights of access and right for general public to use for recreation, with various traditional rights for subsistence use retained by the grantors. According to Norman Lee, Chief Appraiser for the National Park Service, not all of the surface estate was transferred, such as oil and gas rights. However, he felt effectively none of the rights were purchased. This area is accessed by fly-in or all-terrain vehicle and is mostly well drained alluvial plain along the Tazimina Lake. Topography is a gradual to moderate steep slope up from Tazimina Lake, with an elevation of about 655 feet to

SALE NO. 13 (Continued)

about 1,800 feet elevation in Section 30, mostly between 700 and 1,000 foot elevation. Ground cover tends to be spruce, birch and brush. This property has approximately eight to nine miles of frontage along the shores of Tazimina Lake.

SUBSURFACE RIGHTS ANALYSIS: \$858,180 ÷ 9,173 Acres = \$94/Acre

INFO Reconfirmation: Norman Lee, U.S. Park Service

Sale date was March, 1987. Payment was made in three installments, dependent on congressional appropriation of funds. Recalculation of a cash equivalent price is necessary. Surface owner receives 76.9% of the price.

| <u>Date</u> | <u>Payment</u> | <u>76.9%</u> | <u>Present Value ⁶ 3/87 *</u> |
|-------------|------------------|------------------|--|
| 10/88 | \$1,346,000 | \$1,035,074 | \$911,586 |
| 3/90 | \$1,467,855 | \$1,128,780 | \$868,519 |
| 7/91 | <u>\$901,210</u> | <u>\$693,030</u> | <u>\$473,349</u> |
| Total | \$3,715,065 | \$2,856,884 | \$2,253,454 |

\$2,253,454 ÷ 9173 acres = \$245.66 per acre

* The discount rate for present value calculations was 10%. This is the high end of the range of Prime Rate, yield on 5-year Treasury bonds and yield on Baa corporate bonds during 1987-1989. The high end was used to reflect the higher risk of this seller financing. Agreement signed 6/87

L2

COMPARABLE LAND SALE NO. 14

LOCATION: Generally a high land surrounding the islands in the cliff areas in a bank surrounding a portion of St. George and St. Paul Islands, Alaska.

LEGAL DESCRIPTION: Very long involved legal description of coastal lands surrounding St. George and St. Paul Islands, Alaska.

GRANTOR: St. George Tanag Corp.
& St. Paul Tanadgusix Corp.

INSTRUMENT: WD

GRANTEE: U.S. Department of the Interior

BOOK/PAGE: 23/665

SALES PRICE: \$7,200,000

DATE OF SALE: 11-2-84

TERMS: Cash

AREA: 8,000 Acres

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE:
Public

ACCESS: Road/water

ASSESSMENTS: None
Known

UTILITIES: Electric/telephone

EASEMENTS/
RESTRICTIONS: Normal

CONFIRMED WITH: Affiliated Appraisers
of Alaska

BY/DATE: Paul Dirkson.
5-92

PROPERTY DESCRIPTION: This is the sale of various parcels of land in the St. George and St. Paul area that generally encompasses strips of land 150 to 200 feet inland from cliff coastal areas. The purchase was by the United States Department of the Interior with the intent of preserving these areas for bird and seal sanctuaries. Negotiations on this sale began in 1982 with the final date of sale on November 2, 1984. This sale has additional complications. In the early portion of the transaction in 1982 a one acre lease for \$1 million, nonrenewable for 99 years, was included. This lease was supposed to be for future use of a Fish and Wildlife administration building. However, this was done strictly for internal purposes and was irrelevant in that the actual transaction just encompassed 8,000 acres for \$7,200,000. This did not involve power to condemn. This sale had elements of both market and possibly non-market factors. For example, both corporations needed to sell this land in order to obtain the \$7,200,000 which they strongly needed at the time of transaction. In addition, they were more or less indirectly involved in the negotiations in that most of the negotiations took place between the native lawyers and officials of the U.S. Department of the

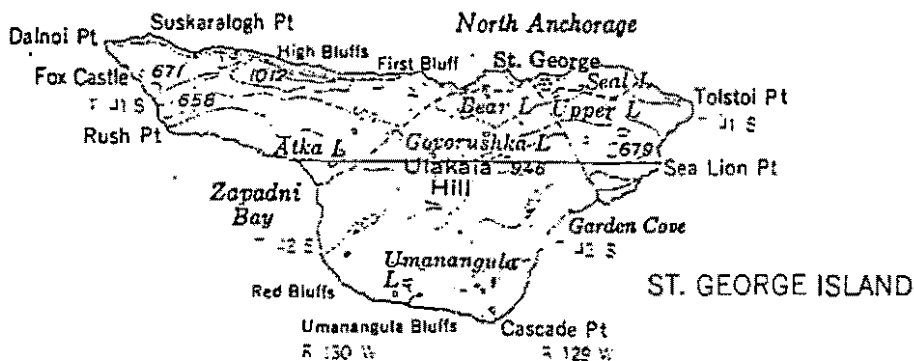
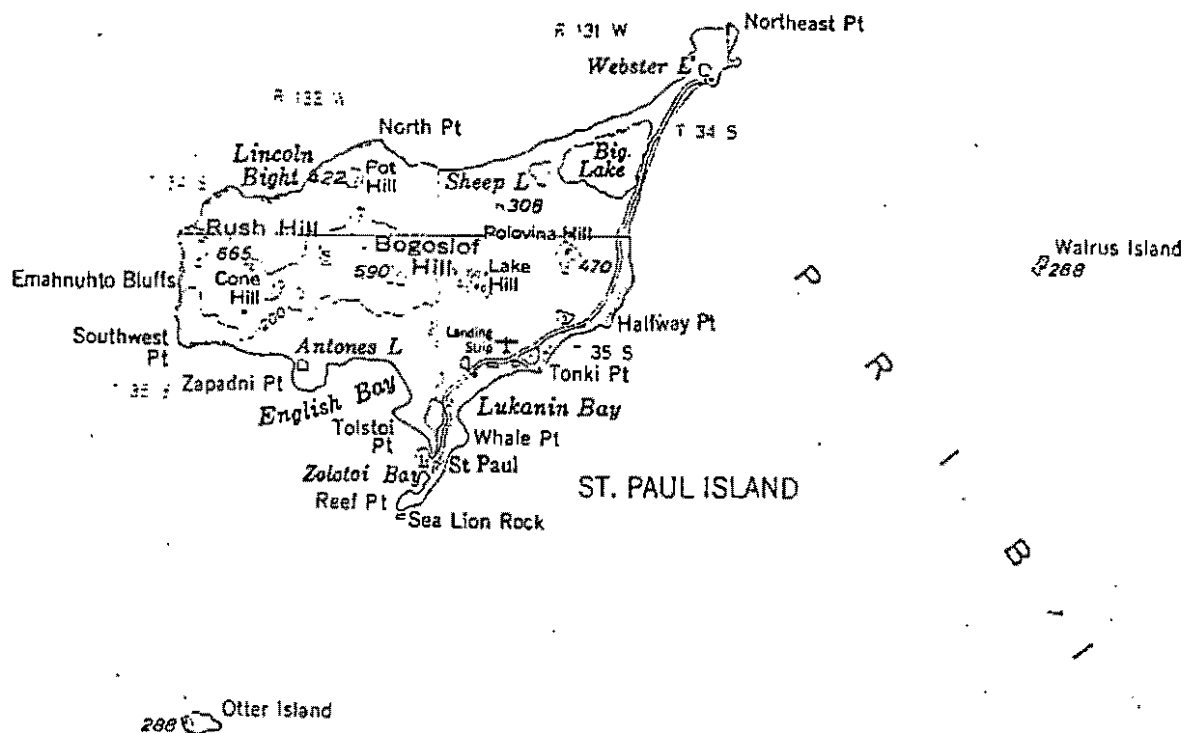
G. Hayden Green, Ph.D

COMPARABLE LAND SALE NO. 14 (Cont'd)

Interior. However, it appears they did have the option of refusing the offer, even though they had a prior signed agreement mandating this sale at a later to be determined price.

ANALYSIS: $\$7,200,000 \div 8,000 \text{ acres} = \$900/\text{Acre}$

Comparable Land Sale Number 14



Addendum IV
Qualifications of Appraisers

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

WILLIAM B. WALLACE, ACF, RPF, VICE PRESIDENT

Project Experience

Western U.S.A., Southern U.S.A., Canada. Valid Passport.

Specialization

Appraisal of timber and timberland; business valuation and feasibility analysis; forest management and planning; land use planning; timber supply analysis; forest tax compliance and planning; timber marketing and purchases; sale and acquisition of forest properties; development of forest recreation and residential properties; timber sale administration; logging operations; forest practices compliance; industry affairs and lobbying; coordination of expert testimony.

Significant Projects

- * Appraised significant tracts of timber and timberland for Washington DNR and Washington Natural Heritage program.
- * Analyzed application of I.R.S. timber accounting regulations to a large timberland transaction in California.
- * Appraised more than 1,200 acres of timber and timberland for Clackamas County, Oregon.
- * Appraised land and timber of Native Alaska Village Corporations.
- * Appraised forestland and forest residential lands in the Columbia River Gorge National scenic area.
- * Helped form real estate subsidiary to market forest lands with higher and better use. Appraised properties and formulated marketing plans.
- * Maintained market analyses and timber supply studies; monitored competitor activity; developed timber purchase and bidding strategies; appraised and administered timber sales for major timberland owner.
- * Provided administration and valuations for timber taxation at federal/state levels on more than one million acres in the West and South. Conducted audit negotiations and provided expert support for tax litigation.
- * Took part in negotiation of four major forest products acquisitions valued at \$30 million to \$285 million.
- * Developed forest management, roading and development plans for several large timberland blocks in the west and the south.
- * Conducted research in young growth timber management. Developed small timber harvest methods and equipment.

Employment

INFO, Vice President (1989-Present).

Oregon Department of Revenue, Salem, Oregon, Tax Appeals Hearings Officer, 1989.

Appraisal Group, Inc., Portland, Oregon, Contract Consultant (1987-1988).

Cavenham Forest Industries Inc., Portland, Oregon, Valuation Manager (1986).

Crown Zellerbach Corporation, San Francisco, California; Portland, Oregon; Bogalusa, Louisiana. Valuation Supervisor (1975-1986). Timber Value Analyst (1966-1975). Forester (1955-1966).

Professional Education

Master of Forestry, Forest Economics, University of California (1959).

Bachelor of Science, Forest Management, University of Idaho, Xi Sigma Pi Forestry Honorary (1955).

The Appraisal Institute Courses 1-A (1 and 2), 1-B (A and B), 3, SPP (A).

Continuing education in forest management, computer applications, appraisal practice and real estate practice.

Professional Associations

The Appraisal Institute, MAI Candidate.

Association of Consulting Foresters.

Licenses and Certificates

Registered Professional Forester, California #2063.

Certified Real Estate Appraiser -- General, Washington. #270-11 WA-LL-AW-BZ670B

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

THOMAS M. HANSON, ACF, SECRETARY TREASURER

Project Experience

Western U.S.A., Canada, Alaska. Valid Passport.

Specialization

Management of forest tree farms including negotiation of timber sale agreements and supervision of cutting contracts, arranging for silvicultural practices and site preparation. ---Timber and timberland appraisal, log market analysis and valuation of minor species and products. ---Forest inventory design, organization and implementation. --- Aerial photo interpretation, forest type mapping, and processing of inventory data for stand volume, growth and yield studies. --- Reconstruction of forest stands for damage appraisal as evidence in court testimony and trespass suits. ---Appraisal of urban trees.

Significant Projects

- * Manager of 15,000+ acres of forest land in Western Washington for non-resident owners. (Witzleben Holdings, Toerring, K.G.)
- * Appraiser for Department of Natural Resources, Lands & Minerals Division and Parks and Recreation Division.
- * Review Appraiser/Check cruiser for Department of Natural Resources, Land and Water Conservation Division.
- * Appraised land and timber on several Alaska Native Village Corporation Allotments.
- * Designed and supervised conversion of pastureland to conifer and hybrid poplar plantations (ARCO).
- * Cruises and Appraisals: Retained jointly on several exchange projects by State of Washington with City of Everett, Pierce County, Weyerhaeuser Company, Plum Creek Timber, Publishers Paper, Longview Fibre and Champion International.
- * Check cruiser for U.S.F.S./Forest Industry timberland exchanges.
- * Urban tree appraisals for damage and trespass assessments
- * Consultant to Municipality of Metropolitan Seattle for selection, appraisal and management of forest lands. (METRO, Seattle)
- * Planned and supervised forest inventory and appraisal of 180,000 acres of private timberlands and prepared data as a basis for determining values for arbitration hearings (Pack River Company)

Employment

INFO, Forester (1971-1978). Principal and Secretary-Treasurer, (1978-Present).
 U.S. Corps of Engineers, Forestry Division, Ft. Lewis, Washington, (1971-1972).
 Darrington Tree Seed Company, Seattle, Washington, (1970-1971).
 U.S.F.S. Summer Employment while attending university (1966-1971)

Professional Education

Bachelor of Science, Forest Management, University of Washington, (1971).
 Continuing Education: State Appraiser Certification Courses, Micro Computer Capabilities, Herbicide Applications, Federal Forest Taxation and Estate Planning; Washington State Real Estate Broker preparatory classes, Forest Taxation Workshop. Courses of the Practicing Foresters Institute.
 Certificates of Continuing Forestry Education from the Society of American Foresters, (1983 and 1986).

Professional Associations

Association of Consulting Foresters (Past Regional Chairman).
 Society of American Foresters.

Licenses and Certificates

Licensed Real Estate Broker, Washington

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
ENVIRONMENTAL HAZARD ASSESSMENT FORM

Please complete all sections of this form. If you are unable to provide answers, respond unknown or "not applicable". Attach maps or sketches of the subject properties showing bodies of water, swamps, wetlands, water wells, improvements, structures, man-made features, and any areas of environmental sensitivity or concern.

I. Site History and Operations

1. List all known historical and current uses of the property. This might include: residential, commercial, agricultural, forestry, timber harvest, etc. Identify all owners, operators, contractors, etc. that used the property.

Timber Harvest - Koncor Forest Products Co.; Silver Bay Logging Co.

2. List all known historic and current uses of adjacent properties.

Same

3. List all structures or development on the property and their uses.

Road Construction - Haul of logs from timber harvest.

4. What type of "hazardous substances" were evident on the property? How were they used and where? Where and how were they stored?

NOTE: Hazardous substances are defined as an element or compound which, when it enters the atmosphere, water or land presents an imminent or substantial danger to the public health or welfare, including but not limited to fish, animals, vegetation, or any part of the natural habitat in which they are found.

They might include oil, industrial materials or compounds such as cleaning solvents, lubricating agents, greases, heating fuels, petroleum hydrocarbons, pesticides, metals, and any substances defined under 42 USC 9601(14).

Gasoline, Deisel oil, motor oil and hyfraulic fluid were used in logging machinery. They were not stored on the property, but at a shop facility at the Konco log transfer facility.

5. Were any above or below ground storage tanks located on the property? If yes show locations on the property sketch and, for each tank, indicate: No
- a. Is the tank above ground? _____
Age _____
Size _____
Product stored in tank _____
- b. Is the tank still there? _____
If not - describe removal operation.
- c. Have permits ever been issued for the tanks? _____
- d. Have the tanks or associated piping ever been tested? If yes - attach results. _____
- e. Describe the area around the tanks, identifying any evidence of leaking, spills, soil staining, etc.
6. Does the property contain any septic tanks or leach fields? Did they receive industrial materials? _____
If yes -- explain. No
7. Are there any water wells on the property? No _____
If so - has the water ever been tested? _____
8. Have there ever been any transformers or power generating facilities located on the property? No _____
If so:
a. Indicate types of devices.
Are (or were) they labeled as containing PCB's? _____
- b. Is there any indication of leaking or damage?

9. Have there ever been any oil or gas wells on the property? No _____
If so - identify locations on sketch map.
Are there any pipelines? _____
If so - any indication of leaks or spills? _____
Identify the owner/operator of the wells.

II. Waste Disposal/Spills

1. Does the property indicate areas (ie. soil staining, stressed vegetation, etc.) used as waste disposal sites?
No

If so - indicate the kinds of materials disposed of and the methods of disposal (eg. burning, discharge to water body, dump, land fill, recycle, settling ponds, surface impoundment, etc.).

appliances _____
asbestos containing material _____
automobiles _____
batteries _____
chemicals _____
construction debris _____
garbage (food waste) _____
household trash _____
incinerator ash _____
industrial wastes _____
mining wastes _____
pesticide/herbicide _____
petroleum products _____
sewage sludge _____
tires _____
other (identify) _____

- a. Indicate of the sketch map where these activities occurred.
- b. How long were these activities conducted? _____
2. Has there ever been a chemical spill or leak on the property? Not known - no indications
If so - indicate what was spilled, how much, and what response actions were employed.
3. Are there any known or suspected chemical spills on adjacent property? Not known - not considered likely.

III. Studies, Records, and Enforcement

1. Has there ever been an environmental assessment been conducted on the property? Not known
If so - describe by what company and when. Also, attach a copy if available.
2. Has the current owner or operator had any communications with any government agency concerning environmental conditions on the property? _____
If so - explain. Exxon Valdez oil spill.
3. Has any government agency investigated, cited or been involved with violations of any environmental laws regarding this property or adjacent properties?
Not known

4. Does this property (or property within 1/2 mile) appear on any lists of contaminated facilities or land maintained by any environmental agency? Yes

If so - explain. Inventory of beaches affected by the Exxon Valdez oil spill.

IV. Summary

Summarize the history of this site in regards to its environmental history, to the best of your knowledge.

Development and activity that would affect the environment has taken place only recently. (since 1990) Activity has been limited to timber harvest and associated road building. There is no evidence of any environmental degradation from this activity. Beaches on Tolstoi Point and Tonki Cape were oiled by the Exxon Valdez oil spill. The extent of oiling is listed as light to moderate, with expected breakdown of the oil within 4 to 7 years of the oiling.

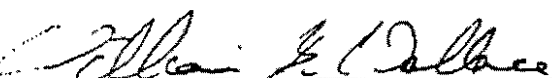
Statements in this assessment form are based, in part, on both personal observation and information provided by the owners of the property, The State of Alaska and other agencies. These statements are subject to limiting condition number 10 of the appraisal report for the property prepared for the State of Alaska dated August 6, 1993.

William B. Wallace ACF, RPF

August 19, 1993

Name of Person Preparing the Form

Date





Signature of Person Preparing the Form

Date

APPRAISAL
SUBSURFACE ESTATE
AKHIOK-KAGUYAK AND
OLD HARBOR
JOINT VENTURE

As of June 18, 1993

PREPARED FOR
STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
Under Personal Services Contract L&WM 93-1

August 30, 1993



INTERNATIONAL FORESTRY CONSULTANTS, INC.

101 Eastwood Building / 1020-108th Ave. N.E. / Bellevue, WA 98004 U.S.A. / (206) 455-8353



INTERNATIONAL FORESTRY CONSULTANTS, INC.

101 Eastwood Building 1020-108th Avenue N.E. Bellevue, WA 98004 U.S.A. (206) 455-8353

August 30, 1993

Mr. Dennis Lattery
State of Alaska
Department of Natural Resources
P.O. Box 107005
Anchorage, AK 99510-7005

RE: Personal Services Contract No. L&WM 93-1

Dear Mr. Lattery

Attached is our appraisal report for the subsurface estate in the Seal Bay Unit and Tonki Cape Unit properties on Afognak Island, owned by Koniag Corporation.

In our opinion the market value, as of June 18, 1993, is:

\$2,500,000.

The Certification on page 3 as well as the Assumptions and Limiting Conditions found on page 7 are important elements of any appraisal. The reader is urged to study those pages and be sure the statements made therein are well understood.

If you have any questions or comments please call.

Sincerely,
INTERNATIONAL FORESTRY CONSULTANTS, INC.

William B. Wallace, ACF, RPF
Certified Real Estate Appraiser - General, Washington
#270-11 WA-LL-AW-B670BZ

RECEIVED

SEP 20 1993

PART I
INTRODUCTION

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Certification

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Both William B. Wallace and Thomas M. Hanson have made a personal inspection of the property that is the subject of this report.
- Significant professional assistance was provided by Mr. Thomas Dunagan MAI of the firm Affiliated Appraisers of Alaska.

Respectfully submitted,

INTERNATIONAL FORESTRY CONSULTANTS, INC.



William B. Wallace ACF, RPF
Certified Real Estate Appraiser - General
Washington #270-11 WA-LL-AW-B670BZ

Thomas M. Hanson ACF

PHOTOGRAPHS OF SUBJECT



Native Rock Used for Road Ballast



Typical geology of Tonki Cape

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Property:

Seal Bay Unit- Portions of

- Twp. 20 S., Rge. 17 W. S.M.
Section 32
- Twp. 21 S. Rge. 17 W.
Sections 6-8, 17-20, (29) 30, 31
- Twp. 21 S. Rge. 18 W.
Sections 1, 11-14, 15-17, 20-29, 31-36
- Twp. 21 S., Rge 19 W.
Sections 35 & 36
Metes & bounds description of a sort yard in
Sections 26, 27, & 34

Area:

| | |
|-----------------------------|-----------------|
| Twp. 20 S., Rge. 17 W. S.M. | 25.99 acres |
| Twp. 21 S. Rge. 17 W. | 3,288.29 acres |
| Twp. 21 S. Rge. 18 W. | 12,513.37 acres |
| Twp. 21 S., Rge 19 W. | 1,338.96 acres |
| Aggregate | 17,166.61 acres |

Tonki Cape Unit - Portions of

- Twp. 21 S., Rge. 16 W. S.M.
Section 19, 30 & 31
- Twp. 21 S. Rge. 17 W.
Sections 6-8, 17-20, 30, 31
- Twp. 21 S. Rge. 17 W.
Sections 13, 23-26, 33, (34), 35 & 36
- Twp. 22 S., Rge 16 W.
Sections 6, 7, 18, 19 & 31
- Twp. 22 S., Rge 17 W.
Sections 1-5, 8, 9, 11-14, 17, 19, 20, 23-29,
32-36
- Twp. 23 S., Rge 17 W.
Sections 1-5, 6-10, 15-22, 28 & 29

Area:

| | |
|-----------------------------|-----------------|
| Twp. 22 S., Rge. 16 W. S.M. | 298.17 acres |
| Twp. 21 S., Rge. 17 W. | 2,439.65 acres |
| Twp. 22 S., Rge. 16 W. | 435.57 acres |
| Twp. 22 S., Rge. 17 W. | 13,639.13 acres |
| Twp. 23 S., Rge. 17 W. | 7,571.21 acres |
| Aggregate | 24,383.73 acres |
| Total Area, Both Units: | 41,550.34 acres |

Highest-and-Best Use:

Speculation on future subsurface extraction and exploration.

Date of Valuation: June 18, 1993

Access: Aircraft or Boat, and Private roads subject to cooperative right-of-way agreements.

Indications of Value:

Unit Values

| <u>Asset</u> | <u>Units</u> | <u>Income Approach</u> | <u>Sales Approach</u> |
|--------------|--------------|------------------------|-----------------------|
| Subsurface | Acres | N/A | \$60 |

Value Conclusions:

| | |
|-----------------|-------------|
| Seal Bay Unit | \$1,000,000 |
| Tonki Cape Unit | \$1,500,000 |
| Total | \$2,500,000 |

ASSUMPTIONS AND LIMITING CONDITIONS.

This appraisal is subject to the following assumptions and limiting conditions:

1. The legal description is assumed to be correct.
2. No responsibility for matters legal in character is assumed.
3. All existing liens, encumbrances, and assessments, if any, have been disregarded (unless otherwise noted), and the property is appraised as though free and clear, under responsible ownership and competent management.
4. The exhibits in this report are included to assist the reader in visualizing the property, and are not necessarily shown to scale. The survey of the property is recorded in U.S. Bureau of Land Management plat of survey officially filed December 2, 1989.
5. Information, estimates and opinions cited in the report are obtained from sources considered reliable to the extent of the information provided, however no liability for their accuracy can be assumed. Where possible, information has been confirmed with parties involved. If direct confirmation was not possible, earlier confirmations by other parties or confirmation from knowledgeable sources has been relied upon.
6. This report shall be used for its intended purpose only and by the parties to whom it is addressed. Possession of this report does not include the right of disclosure, in whole or in part, to news media, or its use in material for informational dissemination or publicity without the consent of INFO.
7. The undersigned is not required to give testimony or appear in court, or at public hearings with reference to the property appraised by reason of preparation of this report unless such services are within the scope of another contract agreement.
8. No opinion is rendered as to the title of the property, or properties subject to appraisal.
9. No geologic or mineral study was available at the time of the appraisal and no opinion is rendered on physical or economic feasibility of mining or other subsurface operation.
10. Indications of possible environmental hazards observed on the surface during inspection of the property have been noted in the report for the information of the reader. No

environmental survey has been conducted and no opinion is rendered as to the existence of indications or actual environmental problems beyond those noted. International Forestry Consultants, Inc. is not qualified nor experienced in the assessment of environmental hazards. The facts of environmental concern that would reasonably be known to potential purchasers of the property have been reported to the best of our ability and analyzed as they would influence purchase and sale decisions. No responsibility is assumed for any conditions not generally known to the public.

11. No survey has been made of endangered plant and animal species. Except as noted in the report, the appraisal assumes management of the property without restraints for the protection of any such species.

12. The contract under which the appraisal is made requires adherence to "Part II - Individual Parcel Reports" within the "Uniform Appraisal Standards For Federal Land Acquisitions" circa 1992. These standards prohibit a conclusion of highest-and-best use as the use to which the government will put the property. They also preclude the use as primary evidence of value, of transactions in which the purchaser is an agency with power of condemnation. The only data available to the appraisers for transactions involving subsurface estate were purchases by government agencies. The only private transactions having any bearing on the subject of this appraisal were for surface estate and different combinations with subsurface estate. These private transactions could be used only in a subjective way to modify the conclusion reached from public purchases. A different conclusion of value might have been reached in the absence of the federal Standards, therefore the Jurisdictional Exception of Uniform Standards of Professional Appraisal Practice is invoked by the appraisers.

REFERENCES

The legal description of the subject property was provided by Alaska Department of Natural Resources in a preliminary title report. That document is reproduced in ADDENDUM I.

Maps and aerial photographs were provided by Alaska D.N.R. and representatives of Seal Bay Timber Company, and were obtained from commercial sources. Maps are also reproduced in ADDENDUM I.

Information about zoning was provided by the Planning Department of the Kodiak Island Borough. Forest Practice regulations, shoreline management requirements, and environmental regulations were provided by the Alaska Department of Natural Resources.

Data for possible comparable sales transactions were provided by Affiliated Appraisers of Alaska. Affiliated Appraisers supplied confirmed information and analyses of the data. Additional reconfirmations were made where possible and analyses were redone with additional information when appropriate.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the current market value of the subsurface estate in the real property that is the subject of the appraisal. Market value is defined as

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special creative financing or sales concessions granted by anyone associated with the sale.¹

SCOPE OF THE APPRAISAL

Property Rights Appraised

The property rights appraised are the subsurface estate. The subsurface estate is identified in federal patent No. 50-90-0647 as ... " the subsurface estate therein and all rights, privileges, immunities, and appurtenances, of whatsoever nature, accruing unto said estate pursuant to Sec. 1427(c) of the Alaska National Interest Lands Conservation Act of December 2, 1980, 94 Stat. 2371, 2523(c) and the Alaska Native Claims Settlement Act of December 18, 1971, 43 U.S.C. 1601, (f);..." The surface estate is owned by Akhiok-Kaguyak/Old Harbor Joint Venture.

¹ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 1990.

The subsurface estate is appraised as an absolute estate which is defined as follows:

"An absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxations."²

The Appraisal Process

The appraisal process is an analysis of the forces of supply and demand, and the balance reached between those forces in the market place. An orderly process is applied to the appraisal assignment to provide a logical method for considering all the factors which influence property value. The problem is defined. The pertinent data is gathered and analyzed. The overall environment surrounding the subject property is studied to understand the specific factors which influence its value.

Appraisal methodology employs three approaches for determining value: the Cost Approach; the Income Capitalization Approach; and the Sales Comparison Approach. The applicability of each approach varies depending on the nature of the particular appraisal problem. Only the Sales Comparison Approach was considered in forming an opinion of value of the subject property. The Cost Approach was not considered appropriate for the valuation of the subsurface estate and no data were available for use of the Income Capitalization Approach.

The value indications are then reconciled into a single estimate of Market Value.

The property was inspected and a general opinion of the marketability of the property was formulated.

Data were gathered from the present owners of both the surface estate and the subsurface estate in the property. This consisted of a record of ownership, financial records of timber harvest operations, depletion of the timber inventory, investments in roads and other operating facilities, and other information.

Data were gathered from public sources and the files of other appraisers. This information was verified and inspected to determine comparability to the subsurface estate in the subject property. Sources of other information, and experts in Alaska properties were interviewed.

² The Dictionary of Real Estate Appraisal, The Appraisal Institute, Chicago, 1984, p 123.

The body of information was analyzed in conformity with USPAP.

Appraisal Problems

"Uniform Appraisal Standards For Federal Land Acquisitions" circa 1992, contains prohibitions against concluding that highest-and-best use is the intended use for which a government agency will acquire the property. These standards also generally prohibit the use of purchases by condemning authorities as sales evidence. The DNR contract for this appraisal strongly discourages the use of State purchases and infers that the use of such sales evidence in the absence of any private sales is prohibited.

The federal Appraisal Standards include language which permits departure from the standards. The statement is made, "Therefore, these standards should not be considered as rigid rules which must be applied, without modification, in every instance."³ A further statement is made, "Appraisers should feel free to deviate from these standards in those unique cases in which deviation is required to properly solve the appraisal problem, and such deviation can be adequately justified."

The selection of comparable sales has purposely included a wide variety of transactions in order to consider the complete spectrum of transactions in the market for subsurface interest in lands similar to the subject property. State and other government purchases make up a large share of this body of information. When one unusual sale is disregarded and subjective adjustments are made for quality relative to the subject the spread in adjusted price from lowest to highest is 33% of the lowest. This is not an uncommon spread. The one private purchase is in the high end of the range.

This body of transaction information gives a very strong indication that in the market for subsurface rights in Alaska natural resource lands, government agencies are the primary participants on the demand side. There is additional transaction information in the form of private sales of surface estate, with and without inclusion of the subsurface estate. The information for these transactions gives no direct evidence of the values attributable to the subsurface estate. Interviews with buyers and sellers, as well as the presence or absence of subsurface operations,

³Uniform Appraisal Standards for Federal Land Acquisitions, Interagency Land Acquisition Conference, Washington D.C., 1992.

give some subjective indications of whether subsurface value did or did not enter into the transaction.

The agencies making purchases of subsurface estate have condemning authority. The sales used in this analysis have not been made with any threat of condemnation and have, for the most part, resulted from lengthy, public and open negotiation in full realization of alternatives available to buyers and sellers. It might be said in the case of the government purchases that the sellers had no market alternative to the sale to a public agency. That argument overlooks the fact that these sellers enjoyed the alternative of continued ownership, with attendant benefits; or sale of partial interests and speculation on the future value of the remainder. The supply forces at work in this market include expectations for future use of their property rights by the current owners. These expectations are as much a part of the supply/demand equation as alternatives for purchase or sale. In the negotiating process sellers have established values below which such property rights are not for sale. Thus the open market has balanced the forces of government demand, private demand and private supply.

A recent development is the creation and activity of the Exxon Valdez Oil Spill Settlement Trustee Council. As of the valuation date of the appraisal the subject had been identified by the Restoration Trust as one of the most desirable properties for acquisition. Transcripts of the minutes of that organization's meetings give clear indication that it will act as a quasi-public entity in the market for natural resource lands.⁴ A strong element of market demand from that activity must be considered in order to reach the correct solution of the appraisal problem.

The facts cited above give adequate reason to depart from strict interpretation of the federal Appraisal Standards. Purchases by public agencies must be relied upon. Subjective and indirect evidence from private purchases can and will be used to modify the indications of value from public purchases. The consideration of a wide spectrum of data that includes purchases by other agencies and private parties, as well as the State of Alaska, is considered reasonable compliance with the State contractual requirements.

⁴Exxon Valdez Oil Spill Settlement Trustee Council, Transcript of meeting, May 13, 1993.

FUNCTION OF THE APPRAISAL

The appraisal will be used in negotiation for acquisition of the subsurface estate in the property by the State of Alaska.

PART II
FACTUAL DATA

DESCRIPTION OF THE PROPERTY

Property Location and Description

Seal Bay Unit:

The real property consists of approximately 17,167 acres on Afognak Island in southwest Alaska. More specifically, the property includes Tolstoi Point, an area on the south side of Seal Bay and a strip of land between Tonki Bay and Discoverer Bay. A sort yard property adjoins Discoverer Bay. Access to the parcel is by air or water transportation. A network of gravel surfaced roads has been constructed for timber harvest operations. These roads connect to a system that has its terminus at the sort yard on Kazakof Bay. The present owners of the surface estate enjoy access to this network through their being parties to the Afognak Island Road Use Agreement and the Discoverer Bay Log Transfer Facility Agreements.

The terrain on the property is generally quite gentle. Elevation ranges from sea level to 1,209 feet at the Seal VABM on the east side of the property. Slopes are mostly under 50% except for some steep banks on Tonki Bay.

There are no improvements other than roads on the property.

Tonki Cape Unit:

The real property consists of approximately 24,384 acres on Afognak Island in southwest Alaska. More specifically, the property is located on Tonki Cape. Access to the parcel is by air or water transportation. The property is unroaded. The present owners of the surface estate enjoy access to the Afognak Island road network and log transfer facilities through their being parties to the Afognak Island Road Use Agreement and the Discoverer Bay Log Transfer Facility Agreements.

The terrain on the property is quite variable. Elevation ranges from sea level to about 1,900 feet on Edge Mountain in the south end of the property. Slopes are mostly under 50% except for some steep banks on Tonki Bay and steep slopes off Edge Mountain. Road development for access to the property would have to cross a very steep area southeast of the south end of Tonki Bay and another steep pass on the south side of Edge Mountain.

Access to the Afognak road system would require construction of nearly 15 miles of road across two or more owners of surface estate. The last 2 miles of that access road would be at very high cost. There are no improvements on the property.

Legal Description

Seal Bay Unit:

The parcel contains portions of Townships 20 South through 21 South, and Range 17 west through 19 West, Seward Meridian. A complete legal description is provided in Addendum I.

Tonki Cape Unit:

The parcel contains portions of Townships 21 South through 23 South, and Ranges 16 west and 19 West, Seward Meridian. A complete legal description is provided in Addendum I.

Maps are included in Addendum I.

Statement of Ownership and History of the Subject Properties

The subsurface estate is owned by Koniag Incorporated. The regional corporation acquired title through Section 1427 of the ANILCA process in conjunction with selections of surface estate made by the Afognak Joint Venture. More complete statements of the history of ownership are found in Addendum I.

Assessment and Taxation

The properties are exempt from ad valorem taxation.

Inspection of the Subject Property

The subject property was personally inspected by William B. Wallace, ACF, RPF and Thomas M. Hanson, ACF on June 15 through 18, 1993.

There were no indications on any of the areas visited by the appraisers of any environmental hazards, toxic waste or spills of hazardous materials. Logging operations usually produce some spillage of oil and hydraulic fluids from equipment. In the operations on the subject property such spills appear to be very well contained and have been cleaned up to an unusually high standard on completed logging units. Information from the owners of the surface estate in the property indicates that beaches on the west side of Tolstoi Point, the tip of Tonki Cape and King Cove were affected by oiling from the Exxon Valdez oil spill. There is no indication visible from the air at the present time of damage done by this oiling.

Date of Opinion of Value

The value of the property is appraised as of June 18, 1993.

Regional Analysis

For this appraisal, the region is defined as Southwest Alaska, which generally consists of the Alaska Peninsula, the Kodiak Island Borough and the Aleutian Islands.

The principal centers of population and economic activity are located in the Kodiak Island Borough and in the City of Kodiak. Transportation is provided exclusively by air and water carriers. There are limited public roads around the Kodiak vicinity and private logging roads on Afognak Island. There is a regional airport at Kodiak. Numerous lakes inlets, bays and coves provide landing opportunities for aircraft equipped with floats.

The primary sources of employment in the area are fishing, forest products harvest and tourism. The largest employers are businesses related to fishing and logging. Trade includes fish and fish products, and a significant volume of logs.

Neighborhood Analysis

The neighborhood is defined as Afognak Island.

The island is characterized by forests with a few homes, small farms and sites for recreational hunting and fishing. Electric power and telephone are provided by on-site facilities at each camp or home. Extensive timber harvest is supported by a network of private roads and logging camps. There are no subsurface extraction operations on Afognak Island. Some gravel has been quarried for use as surfacing on the road network.

A large proportion of the property on the island is owned by Alaska Native corporations. Koniag owns nearly all the subsurface estate on Afognak Island.

Urban services and amenities are available in Kodiak which can be reached only by boat or by aircraft.

PART III
DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE ANALYSIS

Legal considerations: Both units are zoned C - Conservation District by the Kodiak Island Borough. The stated purpose of this zone is:

- A. To encourage the use of the land for large lot single-family residential and agricultural purposes;
- B. to encourage the continued use of land for open space areas; and
- C. To encourage the discontinuance of existing uses that are not permitted under provisions of this chapter.

Permitted uses in this zone include forestry activities and accessory buildings. Single family dwellings are permitted on large lots. The minimum lot is 5 acres. Actual uses of land on Afognak Island are almost exclusively limited to forestry activities and the ancillary residential facilities in logging camps. Log transfer facilities and camps have been constructed on Kazakof Bay. There are a very small number of single-family residences - mostly recreation cabins - and 2 commercial lodges, 1 on Seal Bay. A multi-family development is under construction by the Aleneva Joint Venture, overlooking Raspberry Strait. Under existing zoning, recreation uses such as hunting and fishing are encouraged as passive activities.

Under the zoning ordinances, uses of the subsurface estate that may be permitted with a conditional use permit include petroleum exploration and development; resource extraction activities; and solid waste disposal sites. There are no subsurface uses on Afognak Island at the present time. Recent treatment by the Kodiak Island Borough Assembly of applications for rezoning cast considerable doubt on the likelihood of conditional use permits being approved for subsurface extraction without extensive delays and the imposition of costly operating conditions. Eventual granting of conditional use permits could reasonably enter into long-range plans for the use of the subsurface estate.

Feasibility considerations: As a participant in the Afognak Joint Venture, Koniag is party to the Afognak Island road use agreements. These would not directly apply to subsurface extraction from the subject property since subsurface rights are separate from the Afognak Joint Venture. Koniag does, however, enjoy an inherent right of access to its estate over the surface estate of the property. There are no current subsurface activities on Afognak Island and no mineral surveys or engineering studies have been made to identify subsurface potential. Anticipation of use of the subsurface estate would, therefore, seem to be in the distant future.

Market considerations: In Alaska during the 1980's and prior to the Exxon Valdez oil spill settlement, the market for the subject property rights would have been for extraction of specifically identified subsurface materials, or consolidation of property ownership with the surface estate. There is a vast amount of subsurface in Alaska. The supply in private ownership, however, is much more limited. Specific properties with proven, assayed or surveyed potential have sold along with other values in the surface estate. Market activity for only the subsurface estate seems to have been restricted to acquisitions for consolidation of ownership.

The Exxon Valdez oil spill settlement and the creation of the Exxon Valdez Spill Settlement Trustee Council (the Restoration Trust) has infused into the market a large amount of money that may be spent for the acquisition of properties with potential for preservation of habitat, wildlife, natural ecosystem and scenic values in public ownership. A reading by a legal lay person of the actions setting up the Restoration Trust finds no indication that its activity is supported by condemnation authority. The Trust is now another participant in the market for natural resource and wild lands in Alaska.⁵ The acquisition of park and wildlife properties has been identified as a priority by the national administration. That use for much of the Restoration Trust funds is also strongly supported by a number of interest groups. Where ownership of the subsurface estate is separated from ownership of the surface estate, acquisition of the separate subsurface may be necessary to protect the objectives for acquisition of the surface. The time for such acquisitions is limited and there are only a few very attractive properties that have been identified. The subject property rights affect a surface estate that has been identified as number 2 in ranking of desirability for acquisition based on habitat values.⁶ The Kachemak Bay purchase from Seldovia Native Association was ranked number 1. A conditional purchase and sale agreement has been reached between the Trust and the owners of the surface estate of the Seal Bay Unit. The agreement includes provision of a donation of the surface estate of the Tonki Cape Unit to the State. Acquisition of the subsurface estate under these units would be very important for the anticipated protection of surface values through the surface acquisition. The existence of this agreement imposes a very strong presumption that the

⁵Exxon Valdez Oil Spill Settlement Trustee Council, Transcript of meeting, May 13, 1993.

⁶Exxon Valdez Oil Spill Settlement Trustee Council, Transcript of meeting, May 13, 1993.

highest-and-best use of the surface estate in the property is management of the natural resources. Consolidation with the subsurface estate is essential for the uninterrupted enjoyment of that use. It should not be inferred from this, however, that consolidation of estates would be required until some time in the future when a disruptive extraction of sub-surface resources could be considered feasible.

Conclusion: The subject property rights can legally be used for subsurface extraction activities, although with some difficulty and likely imposition of restrictive operating conditions. The property is not likely to be used for extraction of subsurface products in the near future. The highest value of the property will be realized by consolidation of ownership with the surface estate. Taking the above factors into consideration, the highest and best use of the sub-surface estate in the property is concluded to be: Speculation on future subsurface extraction and exploration.

VALUE ANALYSIS

Income Capitalization Approach

The Income Capitalization Approach is based on the principle of anticipation and assumes that value is determined by the net income derived from exploitation of the property, after paying all factors of production at their market values. The Income Capitalization Approach is generally appropriate where transaction data involving comparable properties are not available. There are no data available from which to estimate income or capitalization rates appropriate to the subject property.

Sales Comparison Approach

The Sales Comparison Approach is based on the principle of substitution. The value of the property is estimated as the price necessary to purchase a substitute property of equivalent utility. The approach is dependent on the availability of comparable sales data. Sales of similar properties provide direct evidence of market activity.

The characteristics of the sale properties are analyzed for differences when compared to the subject. The sales prices may then be adjusted for differences in physical characteristics, geography, market, income or terms of sale. This approach is most reliable when there are sufficient comparable sales data.

Value of the Property.

A search was made of data sources throughout south-central and southwest Alaska for sales of subsurface estate in real

property comparable to the subject property. Details of the selected sales are found in ADDENDUM II. All of these sales have been confirmed by Affiliated Appraisers of Alaska and reconfirmed by INFO if possible. Highest-and-best uses of the sales include exploitation of the subsurface resources as well as protection of the surface estate. The only variable for which there is adequate information to make adjustments between the sales and the subject is subsurface resources. Differences in that unit of comparison can be recognized only subjectively in the analysis and final reconciliation.

Discussion of Comparable Sales

Sale number 1 is the purchase by the State of Alaska from Seldovia Native Association of lands within the Kachemak Bay State Park. The purchase price includes a sum to be paid to the owner of the subsurface estate. This is the only sale found of a size equivalent to the subject property. Its highest-and-best use is the same as the subject. The transaction has been confirmed with both buyer and seller by INFO and by Affiliated Appraisers of Alaska. The appraisers are also familiar with the property by virtue of having made other appraisals of SNA property in the vicinity. The sale was scheduled to close in July 1993. All conditions required for closing have been met. The only reasons for delay are details of records. The purchase and sale agreement was made before the effective valuation date of this appraisal so the sale is considered to be timely.

Sale number 1 is almost directly comparable to the subject in terms of subsurface resources. Although it may contain potential for discovery of ore quality minerals, their development is not currently considered to be economically feasible. This sale is somewhat superior to the subject for consolidation with the surface estate because of its very visible and potentially threatening location in a popular state park near an urbanizing area. That factor can only be taken into consideration in a subjective way through the appraisers' judgment in the final opinion of value.

Sale number 1 cannot be excluded under the federal Standards because the Alaska parks department does not have authority to condemn. This sale has been the subject of intense negotiation and appraisal over a period of several years. During that time it must be considered to have been on the market since the progress of negotiations was general public knowledge. The owner of the subsurface estate did not enter the negotiations until near their conclusion, but there can be no doubt that it is a valid arms-length transaction indicating the value of a sub-surface estate in real property. The seller of the sub-surface estate is said to have made clear in negotiations that exploitive alternatives would be considered for their property rights.

The price for the subsurface estate was independently negotiated between the buyer and the subsurface owner. It is not an allocation, influenced by bargaining between owners of surface and subsurface estates. It is the actual sum to be paid for this estate.

This sale was ranked number 1 for desirability of acquisition by the Restoration Trust. The subject property was ranked number 2. It is only reasonable to conclude that they are very comparable in value for consolidation with the surface estate.

This sale supports a value of \$84 per acre for the subject before adjustment. To adjust for the slight superiority due to its location in a popular State park the price has been rounded down to the next lower multiple of \$5 per acre.

Sale number 2 is the acquisition of subsurface estate along with the surface estate in land for the Scammon Bay Airport. The reported price for subsurface rights is an allocation between surface and subsurface grantors. The transaction involved only 88 acres.

The subsurface grantor reserved oil and gas below a depth of 100 feet, but agreed to a covenant for protection of the surface and all surface improvements. This sale appears to be slightly superior to the subject property.

This sale supports an unadjusted value of \$90 per acre for the subject. A subjective adjustment of approximately -10% has been made to account for the superiority relative to the subject. The adjusted price was then rounded.

Sale number 3 is the subsurface estate in a tract of 84 acres purchased for construction of the Kapaskiak Airport, west of the village of Kapaskiak. There is no indication that any direct threat of condemnation entered into the negotiations. The price paid for the subsurface estate was an allocation between the surface and subsurface grantors.

The property is located in a flood plain and potential for commercial mineral deposits is considered to be low. The subsurface grantor reserved oil and gas deposits below a depth of 100 feet, but agreed to a covenant protecting the surface and surface improvements from disturbance.

Sale number 3 is considered to be superior to the subject property. It supports an unadjusted value of the subject of \$118 per acre. A subjective adjustment of approximately -15% has been made and the result rounded.

Sale number 4 is the subsurface estate to a 94 acre parcel acquired for construction of the Crooked Creek Airport. The

purchase price for subsurface was an allocation between surface and subsurface grantors.

This subsurface property seems to contain some potential for extraction of sand and gravel deposits. Their commercial value, however, is in doubt. Reconfirmation by INFO revealed that this transaction also reserved oil and gas with the covenant for surface protection from disturbance.

Sale number 4 supports an unadjusted value of \$133 per acre for the subject. A subjective adjustment of approximately -25% was made to reflect the sand and gravel potential in addition to the normal values of sales 2 and 3. The result was rounded.

Sales 2 through 4 were reconfirmed by INFO with the appraiser employed by Alaska Department of Transportation at the date of their purchase. He confirmed that condemnation was not discussed before or during negotiations, but the agency had condemnation power and there was an implied possibility of its exercise if a satisfactory purchase agreement could not be reached. It was his opinion that the subsurface values were found throughout the entire area of each property. This would be much less likely to be the case with a large property of several thousand acres. This fact is the primary basis for the opinion that these sales are superior to the subject and for the adjustments made to them.

Sale number 5 is a purchase of limited development rights in the subsurface estate. The subsurface rights granted appear to be only the right to use the subsurface for support of surface improvements contemplated by the buyer.

The sale is very inferior to the subject in that it did not include all of the subsurface estate. It indicates an unadjusted value of the subject of \$17 per acre. A subjective adjustment of +200% was made and the result rounded. There is no evidence in data to support an adjustment of this magnitude. It is a product of the appraisers judgment.

Sale number 6 was a transaction for 9,173 acres near Lower Tazimina Lake. The grantor of the subsurface estate did not retain oil and gas rights. Reconfirmation of the terms of the sale by INFO revealed that the reported price was not a cash consideration on the date of sale. After adjusting for interest-free deferral to three payments in 1988, 1990 and 1991, the cash equivalent price is found to be \$2,930,363. The subsurface owner received 23.1% of this or \$676,914. Thus the cash equivalent price of the subsurface estate in this transaction was \$74 per acre.

The property is very comparable to the subject in terms of both highest-and-best use and subsurface potential. Direct sale of all subsurface rights with no reservations facilitates direct comparison to the subject property. The transaction is more comparable to the subject in size than the sales of less than 2,000 acres.

Sale number 6 indicates \$74 per acre for the subject before adjustment. The adjusted value from this sale is its price rounded to the nearest \$5 per acre.

Sale number 7 is the subsurface estate in a 772 acre parcel at Keyes Point and Portage Bay, Lake Clark. It was outright sale of all subsurface rights except oil, gas and minerals.

The sale includes all the subsurface below the Keyes Point recreational subdivision. The presence of significant oil, gas or mineral deposits is considered doubtful. This sale is very comparable to the subject, but indicated value per acre should be adjusted downward for the larger size of the subject. In a larger property of several thousand acres the subsurface value is less likely to be found throughout the entire land area.

Sale number 7 indicates an unadjusted value of \$100 per acre for the subject. A subjective adjustment of -10% was made and the result rounded.

The vital data for the 7 selected transactions are summarized in Table 1 on the following pages. That Table contains acre weighted averages of public purchases, private purchases, large area sales and all sales. Weighting sales by acres gives heavier weight to the larger sales that are more comparable to the subject in size. Sale number 5 is included in all averages. Sale 5 is quite unlike the rest of the transactions in that it involved conveyance of only the right to make a very specific use of a portion of the subsurface rights. The scenario summary report following Table 1 shows the effect of disregarding sale number 5. When sale 5 is left out of the calculations the averages better reflect the downward adjustments to most sale prices and are somewhat higher. It is apparent that sale number 5 is an unusual situation, is not comparable in terms of rights purchased and should not be considered.

Table 1
Comparable Sales - Subsurface Estate

| No. | Date | Seller | Buyer | Acres | Price
\$/ac | Adj.
Value
\$/ac | Highest & Best Use |
|------------------------|--------|---------------|--------------|--------|----------------|------------------------|-------------------------|
| | Jun-93 | | Subject | 41,550 | | | Future extraction |
| 1 | Jul-93 | SNA | State | 23,761 | 84 | 80 | Future extraction |
| 2 | Mar-91 | Calista | State | 88 | 90 | 80 | Future extraction |
| 3 | Jan-91 | Calista | State | 84 | 118 | 100 | Future extraction |
| 4 | Oct-90 | Calista | State | 94 | 133 | 100 | Future extraction |
| 5 | Jan-89 | Doyon Limited | Air Force | 2,935 | 17 | 50 | Subsurface Construction |
| 6 | Mar-87 | Bristol Bay | Park Service | 9,173 | 74 | 75 | Future extraction |
| 7 | Mar-87 | Bristol Bay | Kijik | 772 | 100 | 90 | Future extraction |
| Acre-weighted Averages | | | | 36,134 | 76 | 76 | Public Acquisitions |
| | | | | 772 | 100 | 90 | Private acquisitions |
| | | | | 35,869 | 76 | 76 | More Than 2,000 acres |
| | | | | 36,906 | 77 | 77 | All Sales |

Comparable Sales - Subsurface Scenario Summary Report

| | Radar In | Radar Out |
|------------------------|----------|-----------|
| <u>Changing Cells:</u> | | |
| Acres | 2,935 | |
| Price per acre | 17 | |
| adjusted price | 50 | |
| <u>Result Cells:</u> | | |
| Public | | |
| acres | 36,134 | 33,199 |
| price per acre | 76 | 81 |
| adjusted price | 76 | 79 |
| Private | | |
| acres | 772 | 772 |
| price per acre | 100 | 100 |
| adjusted price | 90 | 90 |
| More Than 2,000 acres | | |
| acres | 35,869 | 32,934 |
| price per acre | 76 | 81 |
| adjusted price | 76 | 79 |
| All Sales | | |
| acres | 36,906 | 33,971 |
| price per acre | 77 | 82 |
| adjusted price | 77 | 79 |

Individual sales, and the subject, contain different mixes of the various subsurface values, but all are necessarily involved in the protection of surface estate values. With the exclusion of sale number 5 the comparable sales all represent acquisition of property rights comparable to the most important subsurface rights of the subject. Sale 1 and the subject compare closely in terms of the current supply and demand situation. Heavy weight is given to sale number 1. The other sales are considered to provide strong support for the conclusion that would be drawn from sale number 1. The one private purchase of subsurface estate indicates a value near the high end of the range of these sales. It is, however, only one sale and is possibly also subject to rejection along with sale number 5 because of the higher values in the surface estate it was purchased to protect. The conclusion of value of the subject property is drawn from the average of sales of more than 2,000 acres. This average is a composite of the two sales most comparable to the subject, weighted in favor of sale number 1. The adjusted values for each sale are subjective in their calculation and could be challenged as unsupported opinion. There is, however, very little difference between adjusted and unadjusted averages. The greatest weight in reaching the opinion of value for the subject estate in the property is given to sales to which no adjustment was made.

In addition to the transactions analyzed above, there are a number of sales of surface estate, with and without subsurface rights, that were reported in appraisals of the surface estate in the Seal Bay and Tonki Cape units. By reference the analyses of those sales is included here. The data were not sufficient for adjustments necessary to compare presence or absence of sub-surface estate, other things being equal, to extract an indication of the value of sub-surface estate. Interviews with buyers and/or sellers of these sales indicated some recognition of sub-surface value in a few cases and no consideration of subsurface value in others. In the market for private purchase of surface estate, there appears to be little value attributable to the sub-surface estate when it is a part of the overall transaction.

It is necessary to modify the conclusion of value that would be drawn from the data for sales of sub-surface estate only, to recognize the additional information available from sales of surface estates. This added data could be interpreted as suggesting that the sub-surface sales reflect the speculative value of the sub-surface estate in the subject at some future date when a use of the sub-surface that would disrupt the use of the surface becomes feasible. The expectation of the value indicated from the sub-surface transactions must be discounted to a present value to indicate the current cash value of the asset. There is no data at all from which to develop an appropriate discount

rate for the degree of risk involved in this speculation. Neither is there any reliable information to suggest the length of time involved. The present value factor for a 7% "real" discount rate for 10 years is approximately 0.5.

The value of the subsurface estate in the subject property by the Sales Comparison Approach is estimated from subsurface sales to be:

between \$75 per acre and \$85 per acre.

The range of indications from actual sales of sub-surface estate only must be given heaviest weight. Taking this range of indications into consideration, together with other, private purchases that included sub-surface values, the most probable value of the property is estimated to be

\$60 per acre.

DISCUSSION AND RECONCILIATION OF VALUES

The Income Capitalization Approach was not used because the subject property contains no known subsurface products of quantified dimensions on which to base estimates of income and cost streams.

The Sales Comparison Approach is considered to be the best indication of the value of the subject property interest. The comparable sale transactions are very much like the conditions of the subject. They represented an interest in the real property that was incompatible with the highest-and-best use of the surface estate. Their purchase was made to consolidate ownership of surface and subsurface estates to protect the surface use. In theory, the price paid for the subsurface estate in each transaction was reasonable compensation for the probable speculative expectation of future benefits from alternative exploitation of the subsurface estate.

The precision of the figures used in analysis does not justify an estimate closer than the nearest \$100,000. In consideration of the facts and analyses developed, our opinion of the Market Value of the subject property, as of June 18, 1993, is:

Seal Bay Unit;

17,167 acres @ \$60 per acre = \$1,000,000.

Tonki Cape Unit;

24,384 acres @ \$60 per acre = \$1,500,000.

Total

\$2,500,000

TWO MILLION FIVE HUNDRED THOUSAND DOLLARS

PART IV

ADDENDA

Addendum I
Legal Description and Maps

MEMORANDUM

State of Alaska

Department of Natural Resources

Division of Land

TO: Dennis Lattery
Appraisal Unit

DATE: June 4, 1993

FILE NO:

THRU: Carol Shobe, Chief
Title & Contracts Section

TELEPHONE NO: 762-2352

FROM: James McAllister, NRM
Title AnalysisSUBJECT: Preliminary Title Report
Afognak Units
Seal Bay & Tonki Bay

THIS DOCUMENT IS CONFIDENTIAL UNDER ATTORNEY/CLIENT BASIS. IT IS PRODUCED FOR INTERNAL STATE USE ONLY AND MAY NOT BE DISPERSED TO THE PUBLIC, UNLESS APPROVED BY THE DIRECTOR, DIVISION OF LANDS.

We were requested to provide a preliminary Title Report in support of the acquisition of two parcels on the north side of Afognak Island. On May 28th, we were provided a copy of the Preliminary Commitment for Title Insurance accomplished by Western Alaska Land Title Co. for the attorney firm of Jamin, Ebell, Bolger & Gentry, who apparently represent the Seal Bay Timber Company. The original request was modified and we are to review the Preliminary Commitment for Title Insurance.

For the purposes of this report the two parcels are called Seal Bay Unit and Tonki Bay Unit. The Seal Bay Unit contains the following described land based on the United States, Bureau of Land Management plat of survey officially filed December 22, 1989, which was used to pass title to Afognak Joint Venture:

SEAL BAY UNIT

T. 20 S., R. 17 W., Seward Meridian,

Sec. 32.

Containing 25.99 acres.

T. 21 S., R. 17 W., Seward Meridian,

Secs. 6, 7 and 8;

Secs. 17 to 20, inclusive;

Preliminary Title Report
Afognak Island

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June 4, 1993

Sec. 29 (still held by Afognak Joint Venture);¹

Secs. 30 and 31.

Containing 3,288.29 acres.

T. 21 S., R. 18 W., Seward Meridian,

Sec. 1, *lots 1, 2 and 3;*

Secs. 11 to 14, Inclusive;

Sec. 15, *lots 1 and 2;*Sec. 16, *lots 1 and 2;*Sec. 17, *lot 1 (fractional, needs supplemental survey) and lot 2;*

Secs. 20 to 29, inclusive;

Secs. 31 to 36, inclusive.

Containing 12,513.37 acres.

T. 21 S., R. 19 W., Seward Meridian,

Secs. 35 and 36.

Containing 1,280.00 acres.

Sortyard: A parcel of land situated within Sections 26, 27, and 34, T. 21 S., R. 19 W., Seward Meridian, more fully described as follows:

Commencing at the intersection of the easterly boundary of the Ouzinkie log storage site and the southerly edge of the 1100 Road, this point being the true point of beginning and being Cor. No. 1 for this description, *[which]* bears S. 36° 00' E. a dist. of 219.36 ft. from the mean high water line of Discover Bay. (This distance is a portion of the easterly boundary of the Ouzinkie log storage site).

THENCE along the southerly edge of the 1100 Road on the following courses:

N. 63° 00' E. a dist. of 127.38 ft.

N. 55° 00' E. a dist. of 175.00 ft.

N. 46° 30' E. a dist. of 404.00 ft.

¹ The italicized descriptions indicate where the legal description has varied from how the land was surveyed and patented to Afognak Joint Venture from the United States; or, as noted, where an isolated parcel of land was left out of the description of the original conveyance from Afognak Joint Venture to Akhiok-Kaguyak, Inc. and Old Harbor Native Corporation.

Preliminary Title Report
Afognak Island

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June 4, 1993

N. 29° 00' E. a dist. of 117.00 ft.

N. 07° 45' E. a dist. of 83.00 ft.

N. 01° 15' E. a dist. of 265.00 ft. to Cor. No. 2,

THENCE S. 28° 24' E. a dist. of 2892.99 ft. to Cor. No. 3, this line traversing westerly near Mallard Creek,

THENCE West along the section line between Secs. 26 and 35, a dist. of 374.00 ft. to Cor. No 4, which is the section corner common to Secs. 26, 27, 34, 35 of said township and range,

THENCE S. 00° 02' 48" E. along the section line between Secs. 34 and 35, a dist. of 1316.70 ft. to Cor. No. 5,

THENCE N. 28° 45' W. a dist. of 2204.16 ft. to Cor. No. 6, marking a point on the southerly boundary of Ouzinkie log storage yard,

THENCE N. 54° 00' E. along the southerly boundary of the Ouzinkie log storage yard, a dist. of 137.41 ft. to Cor. No. 7,

THENCE N. 36° 00' W. along the easterly boundary of the Ouzinkie log storage yard, an approx. dist. of 1179.25 ft. to Cor. No. 1, the true point of beginning.

Containing 58.96 acres.

Aggregating 17,166.61 acres for the Seal Bay Unit.

The Tonki Bay Unit contains the following described land based on the United States, Bureau of Land Management plat of survey officially filed December 22, 1989, unless stated otherwise, which was used to pass title to Afognak Joint Venture:

TONKI BAY UNIT

T. 21 S., R. 16 W., Seward Meridian,
Sec. 19, lots 1, 2 and 3;

Preliminary Title Report
Afognak Island

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June 4, 1993

Secs. 30 and 31.

Containing 298.17 acres.

T. 21 S., R. 17 W., Seward Meridian,

Sec. 13;

Secs. 23 to 26, inclusive;

Sec. 33;

Sec. 34(still held by Afognak Joint Venture);

Secs. 35 and 36.

Containing 2,439.65 acres.

T. 22 S., R. 16 W., Seward Meridian,

Sec. 6;

Sec. 7, *lots 1 and 2;*

Secs. 18, 19 and 31.

Containing 435.57 acres.

T. 22 S., R. 17 W., Seward Meridian,

Secs. 1 to 5, inclusive;

Secs. 8 and 9;

Secs. 11 to 14, inclusive;

Sec. 17;

Secs. 19 and 20;

Secs. 23 to 29, inclusive;

Secs. 32 to 36, inclusive.

Containing 13,639.13 acres.

T. 23 S., R. 17 W., Seward Meridian,

Secs. 1 to 5, inclusive;

Sec. 6, SE $\frac{1}{4}$;

Sec. 7, E $\frac{1}{2}$;

Secs. 8 to 10, inclusive;

Sec. 15;

Sec. 16, *lots 1 and 2;*

Preliminary Title Report
Afognak Island

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June 4, 1993

Sec. 17;
Sec. 18, E1/2;
Sec. 19, NE1/4;
Sec. 20, N1/2, SE1/4;
Secs. 21, 22 and 28;
Sec. 29, lot 1.

Containing 7,571.21 acres, as shown on the plat of survey officially filed December 22, 1989, and supplemental plat of survey for Sec. 3, T. 23 S., R. 17 W., Seward Meridian, officially filed April 19, 1990.

Aggregating 24,383.73 acres for the Tonki Bay Unit, more or less.

Together the two units total 41,550.34 acres, more or less. The interests to be acquired are the surface estate, and the associated timber rights which have been constructively severed from the surface estate and held by the Seal Bay Timber Company.

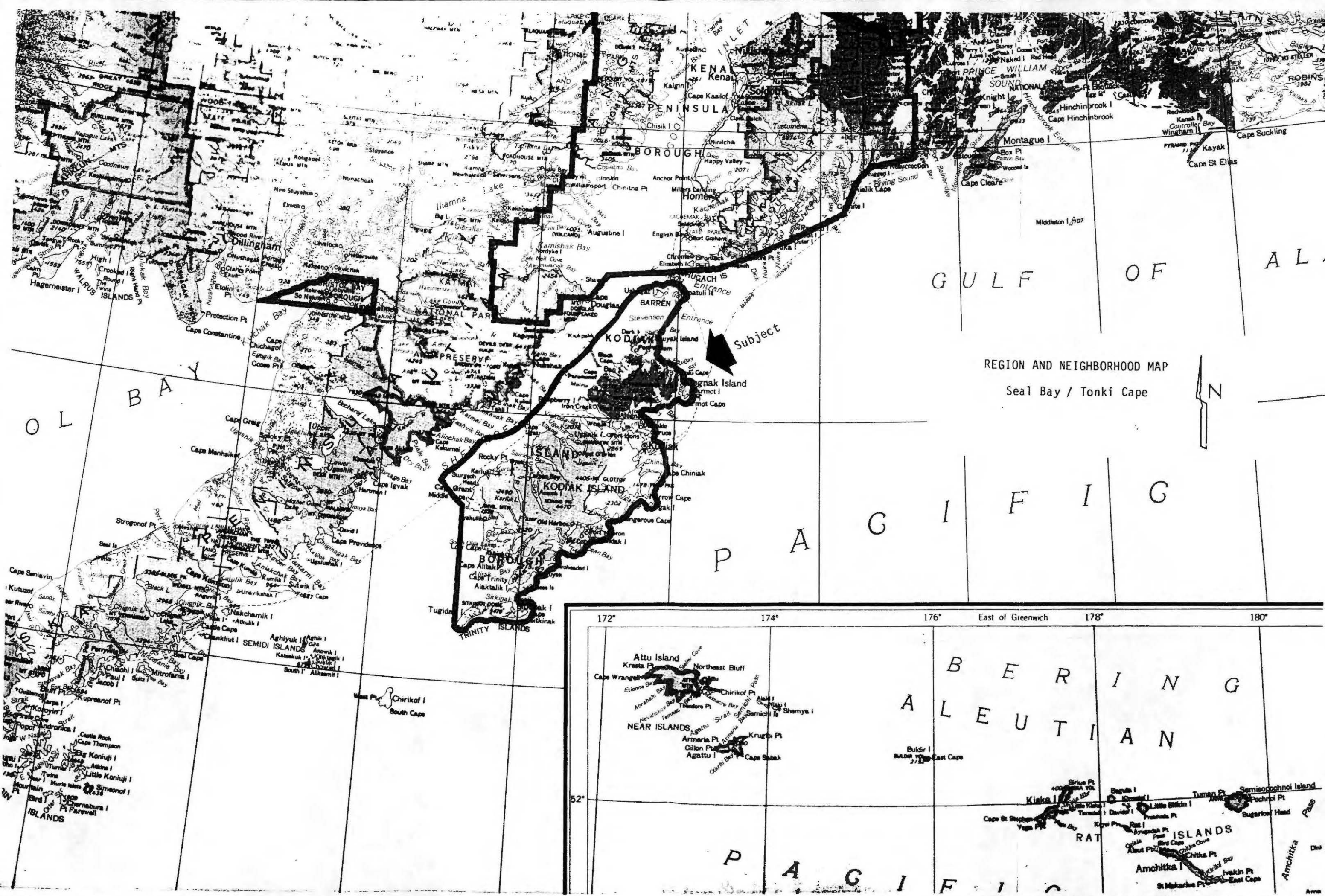
OWNERSHIP:

Afognak Joint Venture holds title from United States under Patent No. 50-90-0647 issued September 26, 1990, and recorded in the Kodiak Island Recording District on July 8, 1991 in Book 107 at Page 839, to the following described isolated tracts of land within the land to be acquired:

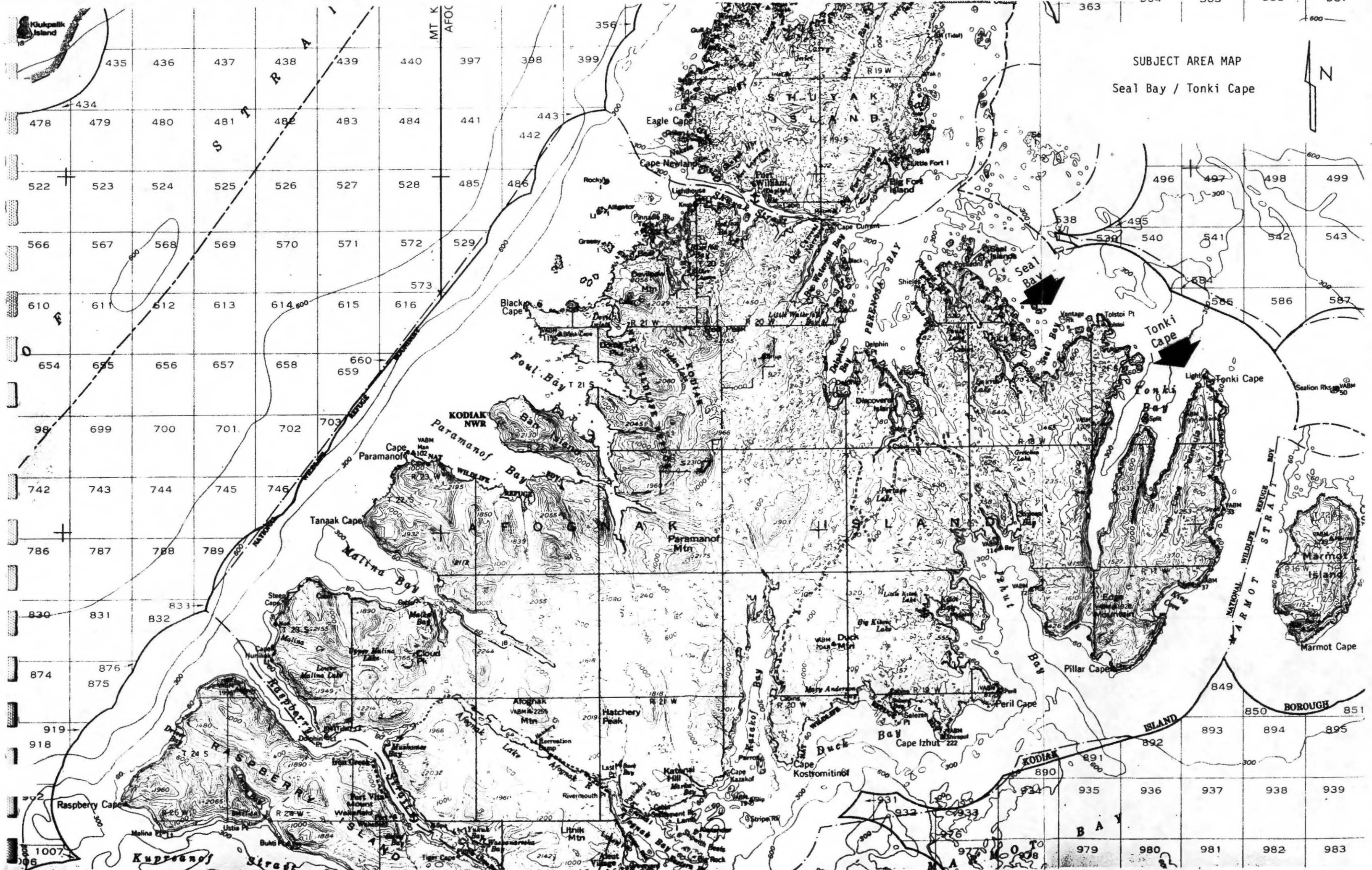
T. 21 S., R. 17 W., Seward Meridian,

Sec. 29,
Sec. 34.

Akhiok-Kaguyak, Inc. and Old Harbor Native Corporation, as tenants in common, hold title to the remainder of the land, as successor in interest to *Afognak Joint Venture*, pursuant to the Partition Parcel Limited Warranty Deed issued August 1, 1991, recorded in the Kodiak Island Recording District on August 6, 1991 in Book 108 at Page 389; and by a Sortyard Limited Warranty Deed issued on July 23, 1992, recorded in the Kodiak Island Recording District on August 6, 1992 in Book 114 at Page 637.



REGION AND NEIGHBORHOOD MAP
Seal Bay / Tonki Cape



SUBJECT AREA MAP
Seal Bay / Tonki Cape

N

Annual Meeting

The 1992 Annual Meeting of Koniag, Inc. has been tentatively scheduled for Saturday, December 5, 1992. Official notice of the meeting (with time and place) will be mailed to the shareholders along with proxy and voting information.

KONIAG, INC.

CORPORATE PROFILE

Koniag, Inc. was incorporated 20 years ago, on June 23, 1972, as a result of the Alaska Native Claims Settlement Act (ANCSA). The corporation's headquarters are in Anchorage, Alaska.

ANCSA provided land and a series of cash payments as compensation for the aboriginal land claims of Alaska Natives. The settlement also established Native regional and village corporations to manage these assets on behalf of the shareholders. Koniag, Inc. is one of the 13 regional corporations established by ANCSA. Approximately 3,400 people of Koniag heritage (most of whom are Aleut or Russian Aleut) are enrolled as shareholders to Koniag, Inc. Although each may have ancestral ties to the Kodiak Archipelago, many of Koniag's shareholders are today living elsewhere. Roughly one-third live on or around Kodiak Island, one-third on the Alaska mainland, and one-third in the remaining 49 states.

Koniag's chief enterprise is the management and development of the land it received under ANCSA. As of March 31, 1992, Koniag had received interim conveyance or patent to 160,118 acres of surface estate on Kodiak

Island and 732,802 acres of subsurface estate. Of the subsurface acreage, roughly 664,000 acres are under village land selections of surface estate in the Kodiak Archipelago; 68,000 acres of subsurface are on the Alaska Peninsula, upon which Koniag has rights to only oil and gas, as well as whatever sand and gravel is necessary to develop such oil and gas. More than 275,000 acres of subsurface estate and 7,500 acres of surface estate are yet to be conveyed.

Pursuant to legislation passed by Congress in 1980, Koniag gave up all but the above mentioned mineral rights on its Alaska Peninsula land in exchange for an ownership interest in a partnership with several village corporations in the Kodiak region. Approximately 178,000 acres of surface estate on Afognak Island is owned by the partnership, the Afognak Joint Venture (AJV). Koniag has a 45 percent ownership interest in the AJV.

The corporation also holds a partnership interest in commercial real estate.

Koniag, Inc.'s 1992 fiscal year began April 1, 1991 and ended March 31, 1992.

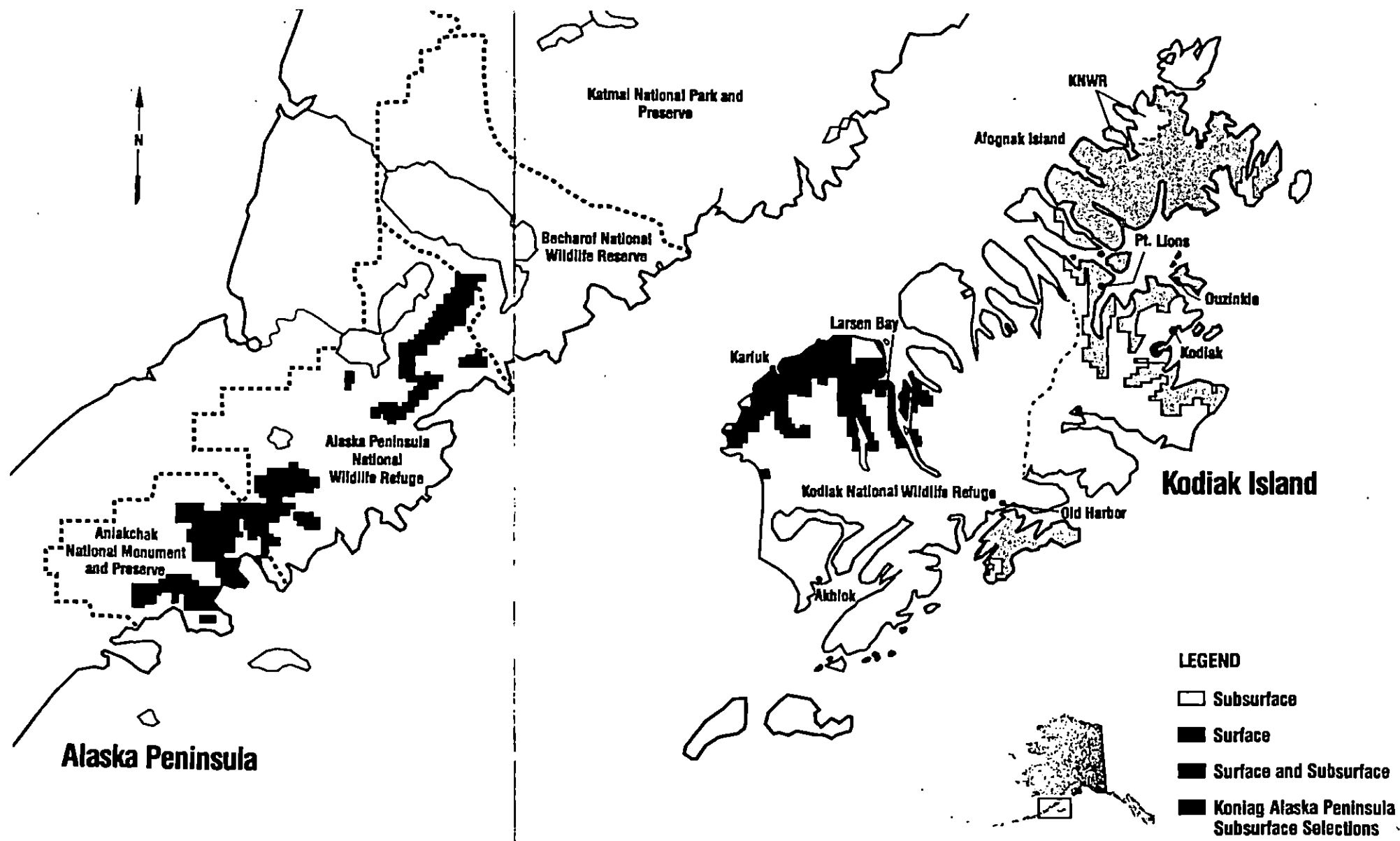
1992 Annual Report

Year ended March 31, 1992

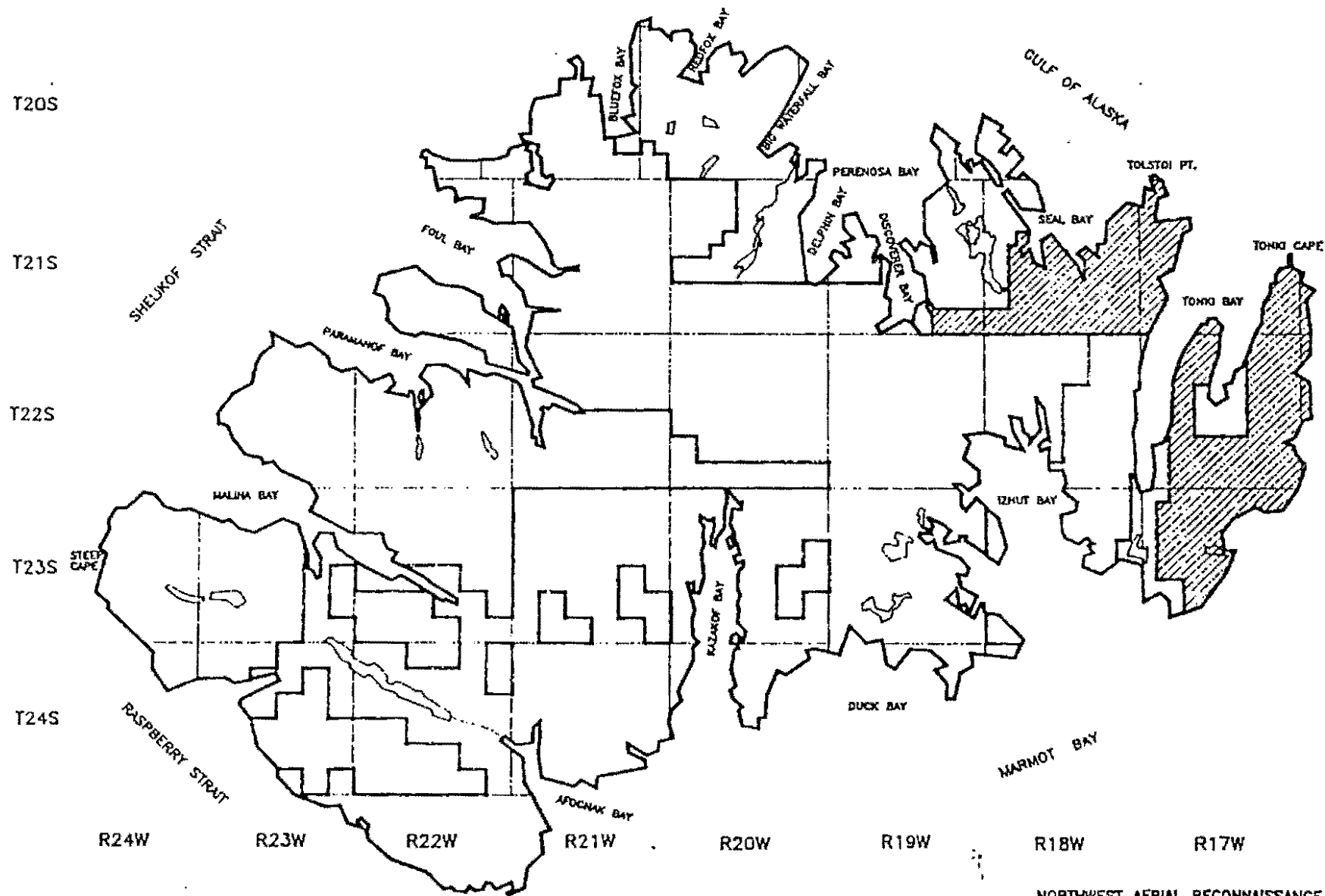
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Subject Vicinity Map

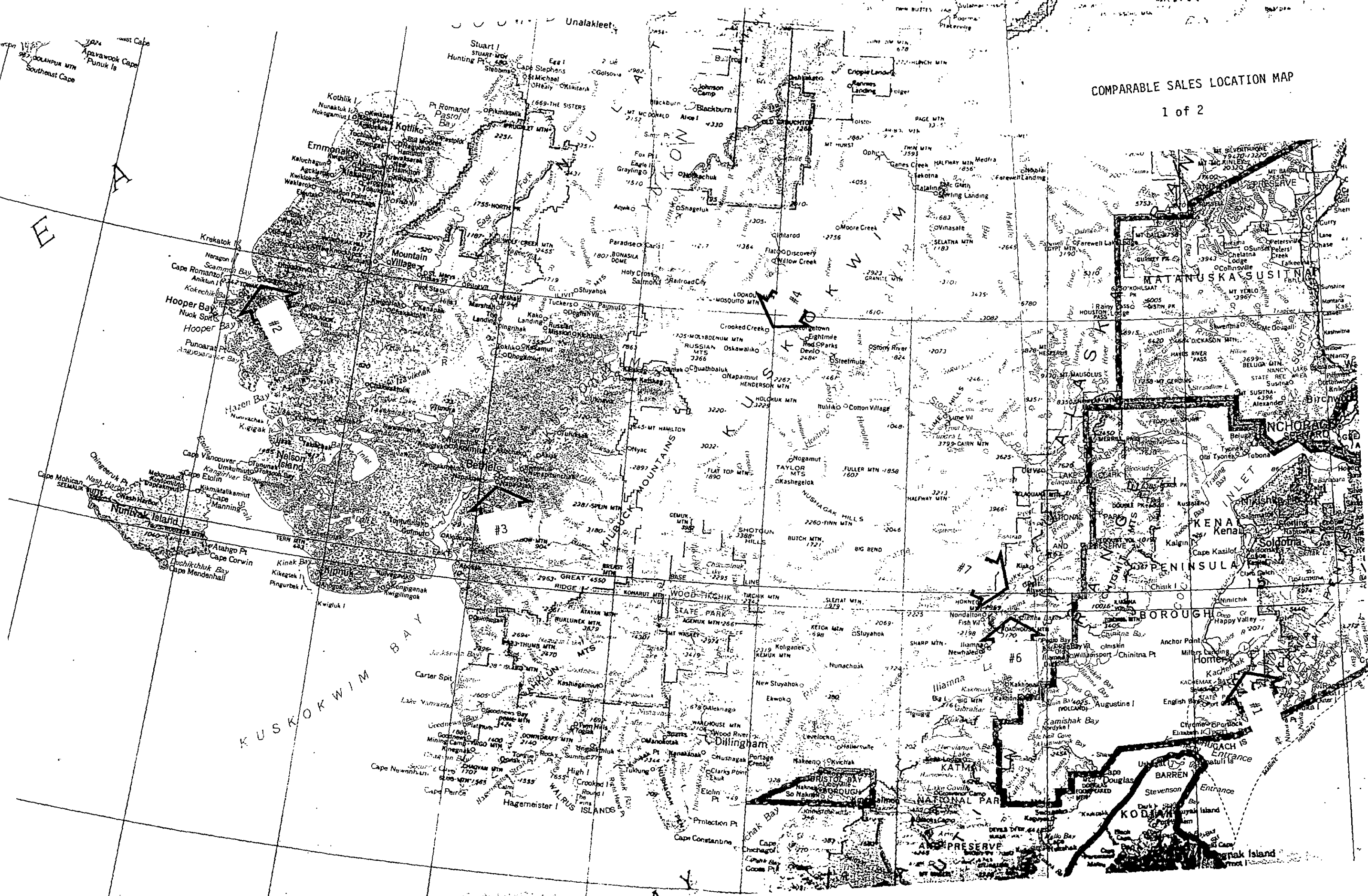


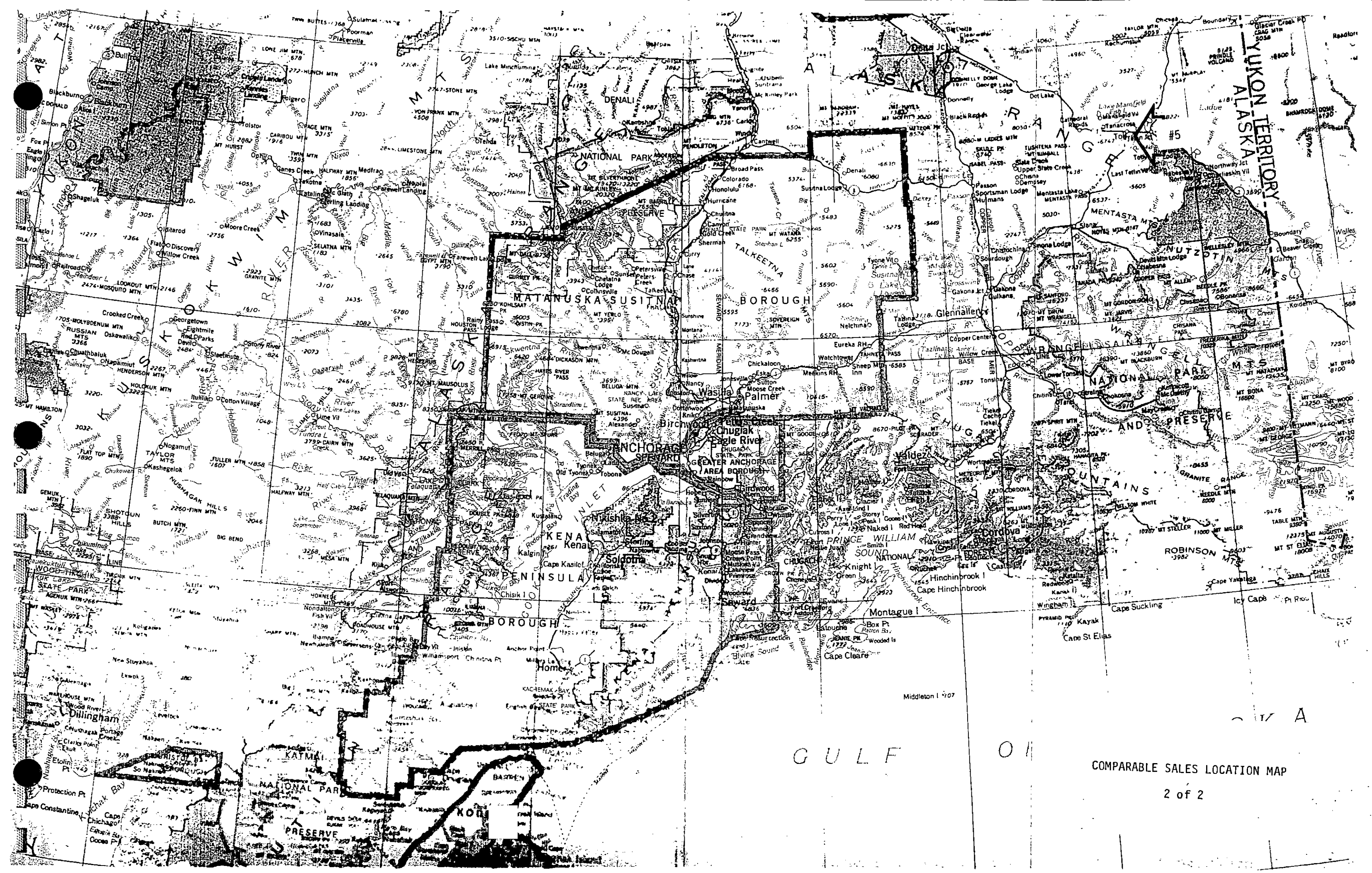
AFOGNAK JOINT VENTURE PROPERTY &
 AKHIOK-KAGUYAK, INC. AND OLD HARBOR NATIVE CORPORATION PARTITION PROPERTY
 AFOGNAK ISLAND



COMPARABLE SALES LOCATION MAP

1 of 2





COMPARABLE SALES LOCATION MAP

2 of 2

Addendum II
Comparable Subsurface Sales

COMPARABLE SUBSURFACE RIGHT SALE NO. 1

LOCATION: China Poot Bay area, south side of Kachemak Bay,
Alaska

LEGAL DESCRIPTION: Long legal, located within Townships 7 and
8 South, Range 12 West, SM

GRANTOR: Seldovia Native Assoc., INSTRUMENT: Agreement to
Koncor & CIRI Purchase

GRANTEE: State of Alaska

SALES PRICE: \$2,000,000 DATE OF SALE: In closing

TERMS: Cash

AREA: 23,761 Acres ZONING: Unzoned

PRESENT USE: Vacant ANTICIPATED USE: Inclusion

ACCESS: Water

UTILITIES: Electric in areas

CONFIRMED WITH: Fred Elvaas, BY/DATE: TRD/6-16-93

President, Seldovia Native Assoc.

Mike Hartman, Senior Lands Admini-
strator, CIRI

← TRD/6-16-93

Dennis Lattery, Chief Appraiser,
State of Alaska, DNR

↗ TRD/6-16-93

PROPERTY DESCRIPTION: This is the sale of 23,761 acres on the south side of Kachemak Bay from Seldovia Native Association, Koncor and CIRI to the State of Alaska. This sale has an agreed upon price of \$22 million or \$926 per acre for all ownerships. Funding has been approved and this sale should close in July 1993. Of this amount, CIRI is to receive \$2 million or \$84.17 per acre for the subsurface rights. The only real identifiable subsurface values are sand and gravel which has very little marketability. There are some other mineral deposits, such as chrome and ore, however, they are not economically minable.

This is one of the most intensely negotiated large acreage purchases that has ever taken place in the State of Alaska. Negotiations to purchase this property began in the early 1980s. A review of Eric Follett's, MAI, December 26, 1989 appraisal of this land for the State of Alaska states, "The subject property contains large areas, nearly 20,000 acres of land, which due to terrain features is not viable for normal private or commercial recreational development. As a whole property it has very desirable characteristics for inclusion in the State Park."

COMPARABLE SUBSURFACE RIGHT SALE NO. 1 (Continued)

The majority of the waterfront is in China Poot Bay. China Poot Bay, although very significant, is a long tidal flat that is frequently dry consisting of deep mud and steep rocky coastal terrain. It is not generally suitable for private subdivision development because of these topographical and shoreline features. Much of this property tends to have moderately steep to very steep terrain and includes extensive mountain tops, cliffs and bluff areas. This parcel has limited value as a 23,761 acre site to the private market because there is very little, if any, private demand for mountain tops, steep bluffs and rocky terrain. Its potential highest and best use to the public is as part of the Kachemak Bay State Park. There was reputedly a timber value to Koncor in this purchase. The timber value varied from \$2½ to \$7½ million depending on who made the timber cruise. However, since these timber valuations, thousands of acres of spruce have been killed by bark beetles. Probably much of the spruce will be dead on this tract within a few years, the same as larger areas of the Kenai Peninsula. There were considerable discussions during the negotiations as to whether this timber had any market value for logging. Obtaining the permits for terminal sites in Kachemak Bay would be very difficult. Also, the generally steep terrain of this tract and small size of the spruce trees may make this property uneconomical to log. For inclusion into the state park, marketability of timber is not particularly relevant.

SUBSURFACE RIGHTS ANALYSIS: $\$2,000,000 \div 23,761 \text{ Ac.} = \$84/\text{Acre}$

Seldovia Native Association, et al
to
State of Alaska

CHINA FOOT BAY

McKeon Flats

SADIE COVE

KA O H E A K U A Y

STATE PARK

KACHENA AK
STATE PARK

COMPARABLE \ SUBSURFACE RIGHT SALE NO. 2

LOCATION: Scammon Bay Airport, Scammon Bay, Alaska

LEGAL DESCRIPTION: Tracts 1 and 2, Scammon Bay Airport

GRANTOR: Calista Corporation INSTRUMENT: QCD

GRANTEE: State of Alaska, DOT/PF BOOK/PAGE: 55/382

SALES PRICE: \$7,900 (allocated to subsurface rights) DATE OF SALE: 3-13-91

TERMS: Cash

AREA: 87.55 acres ZONING: None

PRESENT USE: Vacant at time of sale ANTICIPATED USE: Airstrip

ACCESS: Air

UTILITIES: None

CONFIRMED WITH: John Jensen, BY/DATE: TRD/6-22-93
Right of Way Agent, State of Alaska

PROPERTY DESCRIPTION: This is the purchase of land for the reconstruction of the Scammon Bay Airport. The surface owner was Askinuk Corporation. The State of Alaska paid a total price for the land of \$39,800, of which \$7,900 was allocated between the grantors for Calista Corporation's subsurface rights. Although the State of Alaska, Department of Transportation and Public Facilities has the right of eminent domain and could have exercised it on this parcel, they chose not to. The total sales price was negotiated, ~~out~~ with the amount of money going to the surface and subsurface owners determined by individual negotiation between Askinuk Corporation and Calista Corporation.

As paraphrased from the Department of Transportation appraisal:

The property is located west of the village of Scammon Bay on land that is typical of the broad sedimentary plain of the Yukon-Kuskokwim Delta. The parcels are level and probably have more actual land area than average for the Delta, although numerous ponds are scattered throughout. Tract 1 is basically rectangular, measuring 800 feet wide by an average length of approximately 4,535 feet, with a 180 by 900 foot extension on the southwesterly side to accommodate the ramp/apron portion of the airport. Tract 2 consists of a strip; 80' wide along its common boundary with Tract 1, narrowing to 60 feet and an average length of approximately 341 feet that connects between

COMPARABLE SUBSURFACE RIGHT SALE NO. 2 (Continued)

Tract 1 and U.S. Survey 5050 (village area) on which the airport access road is located. Tract 1 fronts along the left bank of Kun River for approximately 1,140 feet.

Soils appear to be typical of the area, poorly drained, deep frozen silty material layered with peat near the surface. These soils are alluvial flood plain deposits capped with a mantle of windblown silt. Other than general potential throughout the Delta for petroleum deposits, there is nothing to indicate that the parcels have definite potential for such. Vegetation is generally described as wet tussock tundra characterized by low shrubs, water tolerant sedges and grasses rooted in a mat of moss and lichens.

Access exists by a gravel surfaced road, which connects directly to the village road system and Kun River for boat and barge traffic. With the village airport located on Tract 1, access via aircraft is available.

Improvements consist of a 2,800 foot airport runway, associated ramp and parking apron, previously described access road and wood frame airport maintenance building. These improvements are all constructed and owned by the state in conjunction with the development and operation of the airport, thus it is my understanding that such improvements are not to be included in the valuation of the tracts at this time.

The subsurface rights sold by Calista are stated in the deed as follows:

"EXCEPTING AND RESERVING unto the Grantor all oil and gas below a depth of 100 feet from the surface. Grantor expressly waives, forever, any right of access and use of the surface to a depth 100 feet for the above described property. Grantor covenants and agrees that the oil and gas shall not be extracted or the subsurface developed in any manner that would disrupt the surface or disturb the lateral and subjacent support of the surface to a depth of 100 feet."

SUBSURFACE RIGHTS ANALYSIS: \$7,900 + 87.55 Acres = \$90/Acre

COMPARABLE SUBSURFACE RIGHT SALE NO. 3

LOCATION: Napaskiak Airport, Napaskiak, Alaska

LEGAL DESCRIPTION: Tracts I and VI, Napaskiak Airport

GRANTOR: Calista Corporation INSTRUMENT: QCD

GRANTEE: State of Alaska DOT/PF BOOK/PAGE: 55/589

SALES PRICE: \$9,925 (allocated to subsurface rights) DATE OF SALE: 1-10-91

TERMS: Cash

AREA: 83.95 acres ZONING: None

PRESENT USE: Vacant at time of sale ANTICIPATED USE: Airstrip

ACCESS: Air

UTILITIES: None

CONFIRMED WITH: John Jensen, BY/DATE: TRD/6-22-93
Right of Way Agent, State of Alaska
DOT/PF

PROPERTY DESCRIPTION: This is the sale of 83.95 acres by Napaskiak, Inc. of the surface rights and Calista Corporation of the subsurface rights to the State of Alaska, Department of Transportation and Public Facilities for airport construction. The total sales price was \$46,900 of which \$9,925 was allocated by the grantors for Calista's subsurface rights. There was no subsurface materials of any value on this site to the State of Alaska.

As paraphrased from the State of Alaska appraisal:

The tracts are located west of the village of Napaskiak on land that is typical of the level low-lying wetlands that border along the Kuskokwim and Yukon Rivers through much of the inland portion of the Yukon-Kuskokwim Delta. Tract I is basically trapezoidal, measuring 800 feet wide by an average length of approximately 4,350 feet, with a 150 by 1,050 foot extension on the southeasterly side to accommodate the ramp/apron portion of the airport. Tract VI is a 50 foot wide strip with an average length of approximately 350 feet that connects between the northeasterly corner of the ramp/apron extension and the existing village access road. Tract I fronts along the left bank of the Kuskokwim River and Napaskiak Slough for approximately 1,180 feet.

COMPARABLE SUBSURFACE RIGHT SALE NO. 3 (Continued)

Soils appear to be typical of the area, recent flood plain alluvial deposits of the Kuskokwim River, mostly silty-sandy material. Drainage is generally poor except for the higher ground which has fair surface drainage. Of low relief and subject to periodic flooding, permafrost is generally present on higher tundra areas only. The potential for discovering commercial petroleum or mineral deposits on the property is considered to be fairly low. Vegetation consists primarily of tall and low scrub brush, mostly willows and alder. Mosses, lichens, grasses and sedges provide ground cover over most of the property. A minimal amount of closed sloughs and ponds are found on the property.

Access exists by a gravel surfaced road, which connects directly to the village boardwalk system and the Kuskokwim River for boat and barge traffic. With the village airport located on Tract I, access via aircraft is available.

Improvements consist of a 2,500 foot airport runway, associated ramp and parking apron, previously described access road and wood frame airport maintenance building. These improvements are all constructed and owned by the state in conjunction with the development and operation of the airport, thus it is my understanding that such improvements are not to be included in the valuation of the parcels at this time. Privately owned improvements, consisting of a smoke house building and fish drying rack, are located near Napaskiak Slough on the northeasterly end of Tract I. On the basis that these improvements are to be removed by their owner, they are not included in the valuation either.

The subsurface rights sold by Calista Corporation are as follows:

"EXCEPTING AND RESERVING unto the Grantor all oil and gas below a depth of 100 feet from the surface. Grantor expressly waives, forever, any right of access and use of the surface to a depth 100 feet for the above described property. Grantor covenants and agrees that the oil and gas shall not be extracted or the subsurface developed in any manner that would disrupt the surface or disturb the lateral and subjacent support of the surface to a depth of 100 feet."

SUBSURFACE RIGHTS ANALYSIS: \$9,925 ÷ 83.95 Acres = \$118/Acre

COMPARABLE SUBSURFACE RIGHT SALE NO. 4

LOCATION: Crooked Creek Airport, Crooked Creek, Alaska

LEGAL DESCRIPTION: Tracts I and II, Crooked Creek Airport

GRANTOR: Calista Corporation INSTRUMENT: QCD

GRANTEE: State of Alaska DOT/PF

SALES PRICE: \$12,500 (allocated to subsurface rights) DATE OF SALE: 10-16-90

TERMS: Cash

AREA: 93.64 acres ZONING: None

PRESENT USE: Vacant at time of sale ANTICIPATED USE: Airstrip

ACCESS: Air

UTILITIES: None

CONFIRMED WITH: John Jensen, BY/DATE: TRD/6-22-93
Right of Way Agent, State of
Alaska DOT/PF

PROPERTY DESCRIPTION: This is the sale between Kuskokwim Corporation, surface owner, and Calista Corporation, subsurface owner, of lands for the reconstruction of the Crooked Creek Airport. The sales price was \$50,000 of which \$12,500 was allocated between the grantors for Calista's surface rights. There was no subsurface sand, gravel and/or rock that was suitable for construction purposes. Although the State of Alaska had the power of condemnation, the price was negotiated with the sellers. The allocation between the buyer and seller was also based on the negotiations between the grantors and represent basically a market allocation as to the price split.

As paraphrased from the State of Alaska appraisal:

This property is located in the flood plain of Crooked Creek near its confluence with the Kuskokwim River. It is generally level throughout, sloping very gradually up in a northwesterly direction away from its lower end near the Kuskokwim River. Its shape is basically rectangular, measuring 999.99 feet wide by 4,200.24 feet long but excluding a portion of Lot 3, U.S. Survey 7716 in the southeast corner. It does not front on either the Kuskokwim River or Crooked Creek, coming within approximately 150 feet at the closest point.

COMPARABLE SUBSURFACE RIGHT SALE NO. 4 (Continued)

Soils are predominantly alluvial with varying depths of organic silt overlying gravely silt. With reference to the aerial photo of the property, it appears that there may be scattered areas which have greater amounts of deposited gravel than others as evidenced by old stream channels and delta areas near the northwesterly end. Based on soils data prepared by the state in conjunction with planning for construction of the existing airport and a discussion with Bruce Hickok, Exploration Geologist for Calista Corporation, it is doubtful that sufficient deposits of gravel exist to be of a commercial value. The same soils data indicate the presence of discontinuous permafrost throughout the area. Portions near the northeast and southeast corners are subject to annual flooding, generally during spring breakup (mid-May this year). Vegetation is mostly tundra with alders, willows and berry brush over most of the parcels, an area near the northeast corner has some spruce and birch trees along an old closed channel of Crooked Creek.

Access exists by a fair quality, narrow, two-lane, gravel surfaced road which connects between the lower and central portions of the village of Crooked Creek, crossing through and around the southeasterly end of the airport located on the parcels. This road also connects with the road which extends to the school site located adjacent to the southwest of Tract I. The road system on the tracts also includes a spur which extends from the southeasterly end of the tract across private property to the Kuskokwim River; this spur was built and used to haul materials onto the tracts to construct the airport in the late 1970s. The occupant of the private property, Johnny John, Jr. (owner's son) indicated that such road is private and not available for public access from the Kuskokwim River to the tracts, including the airport. It is not presently signed as such, or blocked off and seems to be freely used by others as if it were public right of way, however. A winter trail extends from the northwesterly end of the tracts up Crooked Creek valley. Electrical and telephone services are available to the tracts from a distribution line that crosses near the southeasterly boundary line.

Improvements consist of a 2,100 foot gravel base and surfaced airport runway and associated ramp and parking apron, previously described road system and metal garage for storage and maintenance of airport equipment. These improvements are all constructed and owned by the state in conjunction with the development and operation of the airport, and thus it is my understanding that such improvements are not to be included in the valuation of the tracts at this time.

SUBSURFACE RIGHTS ANALYSIS: \$12,500 ÷ 93.64 Acres = ¹³³~~\$134~~/Acre

COMPARABLE SUBSURFACE RIGHT SALE NO. 5

LOCATION: Both sides of the Alaska Highway, one and three miles east of Tok, *Alaska*

LEGAL DESCRIPTION: All or portions of Sections 3, 8, 9, 10, 17, 23-26, 35 and 36, T18N, R13E, CRM

GRANTOR: Doyon Limited

INSTRUMENT: Memorandum of Covenant of Limited Development

GRANTEE: U.S. Air Force

SALES PRICE: \$50,000

DATE OF SALE: 01-89

TERMS: Cash

AREA: 2,935.20 Acres

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE: Over-the-horizon backscatter radar site

ACCESS: Alaska Highway

UTILITIES: Electricity

CONFIRMED WITH: Jim Mery, Vice President, Land Manager, Doyon, Inc. BY/DATE: TRD/06-22-93

PROPERTY DESCRIPTION: This is the sale of 2,935.20 acres between Tanacross, Inc., owner of the surface estate, and some of the rights of Doyon Limited's subsurface estate. The land has direct access along the Alaska Highway which borders it on two sides. Utilities available are electric power and telephone. The soils tend to be gently rolling to flat, with a mixture of well drained upland soils and poorly drained, low lying wetlands. Ground cover tends to be spruce, birch, aspen and brush. It was the intent of the Air Force to develop this land with an over-the-horizon backscatter radar site on a perpetual easement granted by Tanacross, Inc., owner of the surface estate. This perpetual easement included the right to develop the property, including rights of access, rights to construct, operate and maintain the system but it did not include commercial use for tourism. Following this comparable data sheet is the Memorandum of Covenant of Limited Development. As stated in item 3 of this memorandum, Doyon reserves the right to develop, mine, extract and otherwise use the subsurface estate south of the Old Alaska Canada Highway also known as the Old River Road as if the subsurface estate was not within the premise. It said the covenant shall not be construed as a grant to the Air Force of any right to mine, extract or otherwise use

COMPARABLE SUBSURFACE RIGHT SALE NO. 5 (Continued)

non-mineral sand, gravel, pumicite, rock or similar forms of the premise. It is apparent the rights conveyed are very limited. This was an arms-length negotiated deal without threat of condemnation.

SUBSURFACE RIGHTS ANALYSIS: $\$50,000 \div 2,935.20 \text{ Acres} = \$17/\text{Ac.}$

COMPARABLE SUBSURFACE RIGHT SALE NO. 6

LOCATION: Lower Tazimina Lake, approximately six miles east of Lake Clark and 180 miles southwest of Anchorage, Alaska

LEGAL DESCRIPTION: Sections 18, 19 & 30, T2S, R30W and Sections 23 to 26, 35 and 36, T2S, R31W, Seward Meridian

GRANTOR: Bristol Bay Native Corporation

INSTRUMENT: Conservation Easement

GRANTEE: U.S. Department of the Interior National Park Service

BOOK/PAGE: 17/480 and various others

SALES PRICE: \$858,180 (allocated to subsurface rights)

DATES OF SALE: 12-88/\$3,715,065, 03-90/\$1,467,855 & 07-91/\$901,210

TERMS: Cash

AREA: 9,173 acres (total)

ZONING: None

PRESENT USE: Vacant

ANTICIPATED USE: Recreational

ACCESS: ATU and fly-in

UTILITIES: None

CONFIRMED WITH: Norman Lee, Chief Appraiser, National Park Service
Jack Moore, Bristol Bay Native Corporation

BY/DATE: TRD/6-23-93

TRD/6-23-93

PROPERTY DESCRIPTION: This is the composite sale of 9,173 acres for \$3,715,065 or \$405 per acre from Kijik Corporation, surface estate owner, and Bristol Bay Native Corporation, subsurface estate owner to the U.S. Department of the Interior National Park Service. The surface owner sold their interest for \$2,856,885 or \$311 per acre. The subsurface owner sold their interest for \$858,180. The interest sold by the surface owner was a conservation easement effectively transferring development rights, non-exclusive rights of access and right for general public to use for recreation, with various traditional rights for subsistence use retained by the grantors. According to Norman Lee, Chief Appraiser for the National Park Service, not all of the surface estate was transferred, such as oil and gas rights. However, he felt effectively none of the rights were purchased. This area is accessed by fly-in or all-terrain vehicle and is mostly well drained alluvial plain along the Tazimina Lake. Topography is a gradual to moderate steep slope up from Tazimina Lake, with an elevation of about 655 feet to

COMPARABLE SUBSURFACE RIGHT SALE NO. 6 (Continued)

about 1,800 feet elevation in Section 30, mostly between 700 and 1,000 foot elevation. Ground cover tends to be spruce, birch and brush. This property has approximately eight to nine miles of frontage along the shores of Tazimina Lake.

SUBSURFACE RIGHTS ANALYSIS: $\$858,180 \div 9,173 \text{ Acres} = \$94/\text{Acre}$

INFO Reconfirmation: Norman Lee, Park Service.

Sale date was March, 1987. Payment was made in three installments, dependent on congressional appropriation of funds. Recalculation of a cash equivalent price is necessary. Subsurface owner receives 23.1% of the price.

| <u>Date</u> | <u>Payment</u> | <u>23.1%</u> | <u>Present Value 3/87 *</u> |
|-------------|------------------|------------------|-----------------------------|
| 10/88 | \$1,346,000 | \$310,926 | \$273,830 |
| 3/90 | \$1,467,855 | \$339,075 | \$260,895 |
| 7/91 | <u>\$901,210</u> | <u>\$208,180</u> | <u>\$142,190</u> |
| Total | \$3,715,065 | \$858,181 | \$676,915 |

$\$676,915 \div 9173 \text{ acres} = \73.79 per acre

* The discount rate for present value calculation was 10%. This is the high end of the range of Prime Rate, yield on 5-year Treasury bonds and yield on Baa corporate bonds during 1987-1989. The high end was used to reflect the higher risk of this seller financing.

COMPARABLE SUBSURFACE RIGHT SALE NO. 7

LOCATION: Keyes Point and Portage Bay, Lake Clark, Alaska

LEGAL DESCRIPTION: Entire Keyes Point Subdivision (Blocks 1-17, totaling 250 lots)

GRANTOR: Bristol Bay Native Corporation INSTRUMENT: QCD

GRANTEE: Kijik Native Corporation

SALES PRICE: \$77,400 DATE OF SALE: 06-85 EM
3-20-87 Closed

TERMS: Cash

AREA: 772 acres ZONING: None

PRESENT USE: Recreational subdivision ANTICIPATED USE: Recreational

ACCESS: Water and air

UTILITIES: None

CONFIRMED WITH: Ventis Plume, BIA BY/DATE: TRD/11-19-86
Melvin Trefon, Kijik Corporation TRD/11-20-86
James Moore, Bristol Bay Native Corporation TRD/11-24-86

PROPERTY DESCRIPTION: This is the sale of subsurface rights which exclude oil, gas and minerals. It does include subsurface sand and gravel and the right to build roads and/or disturb the subsurface estate. It involves all of the land in the recreational Keyes Point Subdivision and surrounding areas of approximately 774 acres. It is a negotiated arms-length sale and a cash transaction. According to Melvin Trefon, Director of Lands for Kijik Corporation, it is doubtful there are any minerals or oil deposits of significant value in the area.

The general terrain of this property tends to be hilly, with a rise in elevation away from the shores of Lake Clark. The site tends to be covered with smaller trees, brush, grass and typical Alaska vegetation. Most of the land tends to be well drained. Because this includes a finger of land extending out into Lake Clark, it has a considerable amount of waterfront in relation to depth.

SUBSURFACE RIGHTS ANALYSIS: $\$77,400 + 772 \text{ Acres} = \$100/\text{Acre}$

Addendum III
Qualifications of Appraisers

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

WILLIAM B. WALLACE, ACF, RPF, VICE PRESIDENT

Project Experience

Western U.S.A., Southern U.S.A., Canada. Valid Passport.

Specialization

Appraisal of timber and timberland; business valuation and feasibility analysis; forest management and planning; land use planning; timber supply analysis; forest tax compliance and planning; timber marketing and purchases; sale and acquisition of forest properties; development of forest recreation and residential properties; timber sale administration; logging operations; forest practices compliance; industry affairs and lobbying; coordination of expert testimony.

Significant Projects

- * Appraised significant tracts of timber and timberland for Washington DNR and Washington Natural Heritage program.
- * Analyzed application of I.R.S. timber accounting regulations to a large timberland transaction in California.
- * Appraised more than 1,200 acres of timber and timberland for Clackamas County, Oregon.
- * Appraised land and timber of Native Alaska Village Corporations.
- * Appraised forestland and forest residential lands in the Columbia River Gorge National scenic area.
- * Helped form real estate subsidiary to market forest lands with higher and better use. Appraised properties and formulated marketing plans.
- * Maintained market analyses and timber supply studies; monitored competitor activity; developed timber purchase and bidding strategies; appraised and administered timber sales for major timberland owner.
- * Provided administration and valuations for timber taxation at federal/state levels on more than one million acres in the West and South. Conducted audit negotiations and provided expert support for tax litigation.
- * Took part in negotiation of four major forest products acquisitions valued at \$30 million to \$285 million.
- * Developed forest management, roading and development plans for several large timberland blocks in the west and the south.
- * Conducted research in young growth timber management. Developed small timber harvest methods and equipment.

Employment

INFO, Vice President (1989-Present).

Oregon Department of Revenue, Salem, Oregon, Tax Appeals Hearings Officer, 1989.

Appraisal Group, Inc., Portland, Oregon, Contract Consultant (1987-1988).

Cavenham Forest Industries Inc., Portland, Oregon, Valuation Manager (1986).

Crown Zellerbach Corporation, San Francisco, California; Portland, Oregon; Bogalusa, Louisiana. Valuation Supervisor (1975-1986). Timber Value Analyst (1966-1975). Forester (1955-1966).

Professional Education

Master of Forestry, Forest Economics, University of California (1959).

Bachelor of Science, Forest Management, University of Idaho, Xi Sigma Pi Forestry Honorary (1955).

The Appraisal Institute Courses 1-A (1 and 2), 1-B (A and B), 3, SPP (A).

Continuing education in forest management, computer applications, appraisal practice and real estate practice.

Professional Associations

The Appraisal Institute, MAI Candidate.

Association of Consulting Foresters.

Licenses and Certificates

Registered Professional Forester, California #2063.

Certified Real Estate Appraiser -- General, Washington. #270-11 WA-LL-AW-BZ670B

INTERNATIONAL FORESTRY CONSULTANTS, INC.
1020 - 108th Avenue N.E. #101
Bellevue, Washington 98004
(206) 455-8353

THOMAS M. HANSON, ACF, SECRETARY TREASURER

Project Experience

Western U.S.A., Canada, Alaska. Valid Passport.

Specialization

Management of forest tree farms including negotiation of timber sale agreements and supervision of cutting contracts, arranging for silvicultural practices and site preparation. ---Timber and timberland appraisal, log market analysis and valuation of minor species and products. ---Forest inventory design, organization and implementation. --- Aerial photo interpretation, forest type mapping, and processing of inventory data for stand volume, growth and yield studies. --- Reconstruction of forest stands for damage appraisal as evidence in court testimony and trespass suits. ---Appraisal of urban trees.

Significant Projects

- * Manager of 15,000+ acres of forest land in Western Washington for non-resident owners. (Witzleben Holdings, Toerring, K.G.)
- * Appraiser for Department of Natural Resources, Lands & Minerals Division and Parks and Recreation Division.
- * Review Appraiser/Check cruiser for Department of Natural Resources, Land and Water Conservation Division.
- * Appraised land and timber on several Alaska Native Village Corporation Allotments.
- * Designed and supervised conversion of pastureland to conifer and hybrid poplar plantations (ARCO).
- * Cruises and Appraisals: Retained jointly on several exchange projects by State of Washington with City of Everett, Pierce County, Weyerhaeuser Company, Plum Creek Timber, Publishers Paper, Longview Fibre and Champion International.
- * Check cruiser for U.S.F.S./Forest Industry timberland exchanges.
- * Urban tree appraisals for damage and trespass assessments
- * Consultant to Municipality of Metropolitan Seattle for selection, appraisal and management of forest lands. (METRO, Seattle)
- * Planned and supervised forest inventory and appraisal of 180,000 acres of private timberlands and prepared data as a basis for determining values for arbitration hearings (Pack River Company)

Employment

INFO, Forester (1971-1978). Principal and Secretary-Treasurer, (1978-Present).

U.S. Corps of Engineers, Forestry Division, Ft. Lewis, Washington, (1971-1972).

Darrington Tree Seed Company, Seattle, Washington, (1970-1971).

U.S.F.S. Summer Employment while attending university (1966-1971)

Professional Education

Bachelor of Science, Forest Management, University of Washington, (1971).

Continuing Education: State Appraiser Certification Courses, Micro Computer Capabilities, Herbicide Applications, Federal Forest Taxation and Estate Planning; Washington State Real Estate Broker preparatory classes, Forest Taxation Workshop. Courses of the Practicing Foresters Institute.

Certificates of Continuing Forestry Education from the Society of American Foresters, (1983 and 1986).

Professional Associations

Association of Consulting Foresters (Past Regional Chairman).

Society of American Foresters.

Licenses and Certificates

Licensed Real Estate Broker, Washington