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U.S. Department of the Interior

PORT GRAHAM CORPORATION
KENAI FJORDS SELECTIONS
KENAI FJORDS NATIONAL PARK

National Park Service

Appraisal Report



CONFIDENTIAL

**PORT GRAHAM CORPORATION
KENAI FJORDS SELECTIONS
KENAI FJORDS NATIONAL PARK**

CONFIDENTIAL

**AS OF
NOVEMBER 8, 1994**

RECEIVED

DEC 06 1994

Div. of Land & Water Mgmt.

**LYNN A. WILLHITE
CHIEF APPRAISER
SOUTHEAST REGION**

RECEIVED

DEC 06 1994

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF LAND

LAND & RESOURCES SECTION
3601 C STREET
P.O. BOX 107005
ANCHORAGE, ALASKA 99510-7005

December 7, 1994

Carl Rasmussen
U.S. Fish and Wildlife Service
1011 E. Tudor Road
Anchorage, Alaska 99503

Dear Mr. Rasmussen,

I have reviewed the National Park Service (NPS) appraisal of Port Graham lands located within Kenai Fjords National Park.

On December 1, 1994 I forwarded comments to you related to my review of a similar appraisal of English Bay land in Kenai Fjords completed by the same NPS appraiser. Those same comments apply to this report.

Sincerely,



Dennis L. Lattery
Review Appraiser

cc: Rich Goossens



United States Department of the Interior

FISH AND WILDLIFE SERVICE

1011 E. Tudor Rd.

Anchorage, Alaska 99503-6199

IN REPLY REFER TO:
RE/504.CR

DEC 14 1994

Memorandum:

To: Chief, Land Resources Division, National Park Service, Alaska

Through: Chief, Division of Realty, Fish and Wildlife Service, Alaska *gms*

From: Review Appraiser, Fish and Wildlife Service, Alaska

Subject: Appraisal Review, Port Graham Corporation

As requested I have reviewed the subject appraisal. A three-page review report is attached.

It is important to note that the appraiser provides separate value estimates for each of seven parcels. While listed in tabular form, the separate values are not totaled by the appraiser. Such a summation may have little market relevance. It is realistic to assume that users of the appraisal will, for negotiation purposes, total those acres and values. Those numbers are:

46,170.63 Surface acres \$ 5,268,800

Recognizing the possibility of title and boundary clarification, the basic component values developed in the appraisal will remain valid. However, significant parcel modification may require re-analysis by the appraiser.

Please note that approval of the subsurface appraisal has been deferred.

A copy of the review report should be affixed to each copy of the appraisal report.

Attachments

Bob Rasmussen

RECEIVED

JAN - 9 1995

TITLE ADMINISTRATION

APPRAISAL REVIEW
PORT GRAHAM

SUMMARY

Appraiser: Lynn A. Willhite, Review Appraiser,
National Park Service

Ownership: Surface Estate - Port Graham Corporation
Subsurface Estate - Chugach Alaska Corporation

Project: Exxon Valdez Oil Spill Trustee Council/
Kenai Fjords National Park

Estate: Fee Simple, modified (see appraisal)

Location: South-eastern Kenai Peninsula, Kenai Peninsula
Borough, Alaska

Legal Description: Numerous and complex. See Appraisal Addenda

Highest & Best Use: Speculation (with specific interim uses) and
limited recreational/commercial development

Size: Multiple parcels. See page three of the appraisal

Appraised Value: Multiple parcels. See page three of the appraisal

Appraisal date: November 08, 1994

Received: December 08, 1994

Review Date: December 12, 1994

Extent of Review: Desk review of technique, logic, conclusion and
Standards compliance (see attached SCOPE)

Review Action: Surface Estate - Approved
Subsurface Estate - Deferred

Certification: Attached

SCOPE OF THE REVIEW

An appraisal review is not a re-appraisal of a subject property. It is, rather, an appraisal of the appraisal. The subject under review here is the appraisal, not the Port Graham or Chugach Alaska Corporations' properties or interests therein.

It is understood that expediency is required in the processing of this review assignment. Accordingly, without compromising quality control, the reviewer(s) waive immediate need to physically inspect the subject(s) and comparables. However, should it be necessary to revisit the appraisal or this review I (we) reserve the right to future physical inspection.

Similarly, reasonable effort was made to confirm arithmetic and descriptions. Guarantee is not implied.

In accordance with the Trustee Council's 12-STEP-PROCESS FOR APPRAISAL/APPRAISAL REVIEW/APPROVAL, the subject appraisal has been reviewed also by Mr. Richard M. Goossens, Regional Appraiser, U.S. Forest Service-Alaska Region and by Mr. Dennis L. Lattery, Review Appraiser, Alaska Department of Natural Resources. I have considered their comments in preparing this report.

This review was conducted in accordance with the Uniform Appraisal Standards for Federal Land Acquisitions and Standards Rule (SR) 3-1 of the Uniform Standards of Professional Appraisal Practice (USPAP). It is reported in accordance with USPAP SR 3-2. Items (a) and (b) of SR 3-1, identification and scope, are addressed above and in the foregoing summary. Items (c) through (f), opinions of the reviewer, are all affirmative.

This review is complete only with the attached statement of assumptions and limiting conditions and certification of the reviewer.

DISCUSSION - Subsurface Estate

The appraiser recognizes the absence of a formal minerals appraisal and the vagueness of comparable market data. He provides a reasonable and logical analysis, and assigns a nominal value of \$10 per acre. As a stand-alone analysis and conclusion the estimate would seem approveable. However, in the larger scenario we know that formal minerals appraisals of remote Alaska lands often provide value estimates of considerably less.

Accordingly, I find it necessary to exercise my prerogative to request a formal minerals appraisal. Pending that report, approval of the subsurface value estimate of this report is deferred.

ACTION

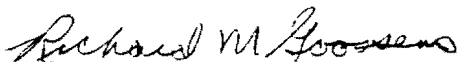
The surface estate conclusion of the report is approved.

The subsurface estate conclusion is deferred.


A handwritten signature in cursive script, reading "Carl W. Rasmussen".

Carl W. Rasmussen RPRA

Concur:

A handwritten signature in cursive script, reading "Richard M. Goossens".

Richard M. Goossens

A handwritten signature in cursive script, reading "Dennis L. Lattery".

Dennis L. Lattery

REVIEWER ASSUMPTIONS & LIMITING CONDITIONS

- 1 The Appraisal Review Memorandum attached is based on information & data contained in the appraisal report which is the subject of the review. Data & information from other sources may be considered. If so, they are identified and noted as such.
- 2 It is assumed that such data and information are factual and accurate.
- 3 The REVIEWER reserves the right to consider any new or additional data or information which may subsequently become available.
- 4 Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report, which is the subject of this appraisal review, are also conditions of this review.

REVIEWER CERTIFICATION

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

- 1 The facts and data reported by the review appraiser and used in the review process are true and correct.
- 2 The analyses, opinions, and conclusion in this review are limited only by the assumptions and limiting conditions stated in this review report and are my personal, unbiased professional analyses and conclusions.
- 3 I have no present or prospective interest in the property which is the subject of this report, and I have no personal interest bias with respect to the parties involved.
- 4 My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this review report.
- 5 My analyses, opinions, and conclusions were developed, and this review report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice and Uniform Appraisal Standards for Federal Land Acquisitions, along with the Code of Professional Ethics and the Standards of Professional Practice of those organizations to which the review appraiser belongs, as well as State licensing or certification requirements (OMB Bulletin #92-06) where the appraised property is located.
- 6 The REVIEW APPRAISER (☒ have | | have not) completed the requirements of the continuing education programs of the various States and professional appraisal organizations to which I belong.
- 7 The REVIEW APPRAISER (☒ have | | have not) made a personal inspection of the property that is the subject of the review report.
- 8 The REVIEW APPRAISER (☒ have | | have not) inspected and analyzed all sales contained in the original report and acknowledged in the review report.
- 9 The APPRAISAL REPORT (☒ is | | is not) adequately documented with market evidence supporting the conclusion of defined and as presented.
- 10 No one other than those parties identified in this review provided significant professional assistance to the person signing this review report.
- 11 I do not authorize the out-of-context quoting from, or partial reprinting of, this review report. Further, neither all nor any part of this review report shall be disseminated to the general public by the use of media for public consumption or public communication without prior written consent of the review appraiser signing below.

REVIEW APPRAISER

Mn CG 4001298

Co CG 1328341

DATE

12/12/94

INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROJECT: Kenai Fjords National Park

OWNER: Surface Estate - Port Graham Corporation
Subsurface Estate - Chugach Alaska Corporation

LOCATION: The subject properties are situated on the southeastern side of the coastal mountain system of the Kenai Peninsula, Southcentral Alaska. These noncontiguous parcels front on the Gulf of Alaska from the Aialik Peninsula to Yalik Bay on the West Arm.

DATE OF FIELD WORK: November 1 to 25, 1994

DATE OF INSPECTION: November 8, 1994

DATE OF APPRAISAL: November 8, 1994

ESTATE APPRAISED: Fee simple interest with allocated values to both surface and subsurface interest.

HIGHEST AND BEST USE: Based on the analysis and observations found in the marketplace, a highest and best use of private or commercial recreation was reflected for a limited number of accessible waterfront sites while the cliff line or steep slope waterfront areas and mountainous back land portions are considered to have a speculative highest and best use.

ZONING: All of the parcels are situated in the Kenai Peninsula Borough. No general zoning is in place beyond the city limits. The Alaska Coastal Zone Management Plan for the Kenai Peninsula is the only zoning that limits some uses in the area.

UTILITIES: None on or reasonably near the subject parcels.

ACCESS: Access to all of the subject parcels is via boat and airplane.

PROPERTY AND MARKET VALUE DATA

<u>TRACT#</u>	<u>LOCATION</u>	<u>SIZE/ACRES</u>	<u>SURFACE VALUE</u>	<u>SUBSURFACE VALUE</u>	<u>FEE VALUE</u>
PGC1	Aialik Bay	2,665.14	\$ 527,600	\$ 26,700	\$ 554,300
PGC2	Pederson Lake	2,015.00	\$ 382,000	\$ 20,200	\$ 402,200
PGC3	Harris Bay	3,920.00	\$ 437,600	\$ 39,200	\$ 476,800
PGC4	Paguna Arm	2,770.00	\$ 336,800	\$ 27,700	\$ 364,500
PGC5	Black Bay	13,278.98	\$1,603,900	\$132,800	\$1,736,700
PGC6	Surprise Bay	11,086.53	\$ 944,500	\$110,900	\$1,055,400
PGC7	Yalik Bay	10,435.08	\$1,036,400	\$104,400	\$1,140,800
		<u>46,721.3</u>	<u>5,268,300</u>	<u>461,700</u>	<u>5,730,700</u>

EFFECT OF THE EXXON VALDEZ OIL SPILL ON VALUE

Detailed research was made on the amount of oiling each tract had received after the March 28, 1989 oil spill from the oil tanker Exxon Valdez. After a study was made by comparing what few sales occurred in the area to sales outside the oil spill area and similar in all other features, it was concluded that not enough evidence is available for a logical opinion based on the marketplace.

TABLE OF CONTENTS

INTRODUCTION - PART I

Title Page.....	1
Summary of Salient Facts and Conclusions.....	2-3
Table of Contents.....	4
Contingent and Limiting Conditions.....	5-6
Authority.....	6
Reference.....	7
Date of Inspection.....	7
Scope of Work.....	7-8

FACTUAL DATA - PART II

Purpose of Appraisal.....	9
Function of the Appraisal.....	9
Estate Appraised.....	10
State, Area and Location Data.....	11-15
Immediate Neighborhood.....	16-17
Property Data.....	18-20
Effect of Exxon Valdez Oil Spill.....	20
Mineral Resources.....	21-22

ANALYSIS AND CONCLUSIONS - PART III

Marketplace Trend Analysis/Market Time.....	23-26
Highest and Best Use.....	26-31
Approach to Value.....	31-32
Market Search.....	33-34
Sales Location Map.....	35
Waterfront Sales.....	36-49
Back Land Sales.....	50-68
Correlation to Value Limited-Use Property.....	69-73
Tract Description and Final Correlation to Value.....	74-97
Valuation of Subsurface.....	98-99
Certification of Value.....	100

ADDENDA - PART IV

Legal Description of Tracts.....	Exhibit A
Qualifications of Appraiser.....	Exhibit B

CONTINGENT AND LIMITING CONDITIONS

An appraisal and its resulting indications are naturally influenced by the term of the assignment and the limiting conditions as outlined by the client's instructions. In addition to the contingencies which form the very basis necessary for the completion of an assignment, the conditions under which this appraisal was prepared are as follows:

1. No responsibility is assumed for matters legal in nature, nor do I render any opinion as to the title, which is assumed to be marketable. Property is appraised as though under responsible ownership.

2. The sketches and maps included in this report are to assist the reader in visualizing the property, but I assume no responsibility for their accuracy. Property lines, land areas and legal descriptions as provided are assumed to be correct.

3. I assume that there are no hidden or unapparent conditions of the property or subsoil which would render it more or less valuable and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors.

4. I believe to be reliable the information identified in this report as being furnished by others, but I assume no responsibility for its accuracy.

5. The appraiser reserves the right to alter his opinion of value on the basis of information that would not be uncovered during the normal course of a diligent investigation.

6. The appraisal represents an opinion as to the current fair market value without regard to a particular buyer or seller and assumes intelligent buyers and sellers dealing in an open market.

7. Values assigned to the land and improvement are their value in relation to each other and should not be used separately except as cited.

8. The appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal.

9. The date of the valuation is November 8, 1994.

10. No opinion as to title is rendered. The property being appraised has been selected by English Bay Corporation under the provisions of the Alaska Native Claims Settlement Act (ANCSA), Section 12(a) and 12(b). Data on ownership and the legal description were obtained from the National Park Service. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions except those

specifically discussed in the report.

11. Disclosure of the contents of this report is governed by the By-Laws and Regulations of the American Institute of Real Estate Appraisers. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers of the firm with which they are connected or any reference to the American Institute of Real Estate Appraisers or to the M.A.I. or R.M. designation), shall be disseminated to the public through media, sales media or any other public means of communication without the prior written consent and approval of the author.

12. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in this appraisal report.

13. It is assumed that the effect of the Exxon Valdez oil spill is already reflected in the valuation in that most of the waterfront comparable data was also subject to oiling.

Authority

All of the subject parcels are situated within the boundary of the Kenai Fjords National Park that was authorized by the Alaska National Interest Lands Conservation Act (ANILCA), Public Law 96-487.

The Alaska National Interest Lands Conservation Act (ANILCA) provides a general framework for land protection for the newly established conservation units in Alaska. Section 1302 of ANILCA provides the general authorities for land acquisition. The Secretary of the Interior is authorized to acquire (by purchase, donation, exchange or otherwise) any lands or interests in lands within the park. Any lands or interests in lands owned by the state or local governments or by Native village or regional corporations may be acquired only with the consent to the owners.

Reference

Data utilized in this report was obtained from Kenai Peninsula Borough and reviewed sales reports of the local Multiple-Listing Services. Sales data records of several independent appraisal offices, the Bureau of Indian Affairs, U.S. Fish and Wildlife Service and Bureau of Land Management were also reviewed and analyzed. Several publications such as the U.S. Bureau of Labor Statistics, Goldsmith, Oliver S., "Economics Projections", Alaska Business Monthly, Alaska Economic Trends, Alaska Journal of Commerce and a "Working Document" entitled Comprehensive Habitat Protections Process: Large Parcel Evaluation and Ranking (Volume 122) were reviewed and analyzed. In addition, several real estate professionals including real estate brokers/agents and appraisers were interviewed about the real estate marketplace. Many items were obtained from the files and records retained by the National Park Service Land Resources Division.

Date of Inspection

An aerial inspection was made on November 8, 1994. Accompanying the appraiser was Cyril Andrews, National Park Service Realty Specialist. Photographs and notes about physical characteristics of each parcel were made.

SCOPE OF WORK

As part of this appraisal assignment, several investigations and interviews were conducted. Information was collected and analyzed as to its relevance and use in this appraisal. The major areas of investigation and sources of interviews are summarized below.

Area and Neighborhood Analyses

The geographic areas of Kenai Peninsula Borough and other Southcentral Gulf of Alaska subregions were inspected for compatible land uses and trends. Interviews were conducted with local real estate brokers/agents on the availability of properties and the motivation behind typical buyers. Various publications, reports, and surveys were reviewed and local industry experts were interviewed in order to identify significant trends and indicators that affect the area and the subject neighborhood. Publications/reports include: U.S. Bureau of Labor Statistics; Alaska Economic Trends; Alaska Journal of Commerce; National Geographic (November 1993); Kodiak Alaska 1994 Visitors Guide; as well as regular newspaper articles and commentaries by local industry experts.

Site Analysis

Legal descriptions of the subject parcels were obtained from the records retained by the National Park Service Land Resources Division. This description was transferred to U.S. Geological Service topographical maps, scale 1:63,360). Prior to inspection these maps were inspected with Bud Rice, former back country ranger stationed at Kenai Fjords National Park for eight years. Mr. Rice is considered one of the few people who has expert knowledge of the subjects. Topic of the review was access by boat and floatplane and geographic/physical features most likely to attract a developer entrepreneur, such as confluence of two anadromous rivers/streams, favorable topography and soil. Using the above reference maps, all boundaries and interior areas were identified during the inspection.

Highest and Best Use

The properties being appraised were analyzed to determine the highest and best use. All legal uses were noted, while possible and permissible uses were considered, as well as the feasible and most profitable use. Location of the subject properties and the use of the most comparable parcels on the Kenai Peninsula and other Southcentral Gulf of Alaska Subregions were given the most weight.

Valuation Analysis

In order to obtain the most recent data, we researched the files of the Kenai Peninsula Borough, government agencies and several private appraisal companies. In addition, we spoke with several real estate professionals. Sales were identified and verified with the principals involved, when possible, to ascertain an arms-length transaction. Real estate agents and appraisers in the area were interviewed for market transactions and data on lands available for sale. Sales were analyzed for comparison to the property being appraised to estimate the market value of the subject property.

FACTUAL DATA

Purpose of the Appraisal

The purpose of this appraisal is to estimate the market value of Port Graham Corporation's Kenai Fjords selections, identified as parcels and PGC1 to PGC7. Note: Port Graham Corporation owns only the surface interest while Chugach Alaska Corporation owns the subsurface estate. The surface and subsurface interests are to be allocated and the sum of the two shall not exceed the value of the fee simple interest.

The term "Market Value" is defined as; The amount of cash, or on terms reasonable equivalent to cash, for which in all probability the property would be sold by a knowledgeable owner willing, but not obligated to sell, to a knowledgeable purchaser who desired, but is not obligated to buy.

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 each acting in what he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in cash or its equivalent.
5. Financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.
6. The price represents a normal consideration for the property sold unaffected by special financial amount and/or terms, services, fees, costs, or credits incurred in the transaction.¹

Function of the Appraisal

This appraisal report has been prepared for the function of estimating the market value of the Port Graham Corporations's selections in Kenai Fjords National Park.

¹ Uniform Appraisal Standards for Federal Land Acquisition, Interagency Land Acquisition Conference 1992, Stock No. ISBN 0-16-038050-2, page 3.

Estate Appraised

The property rights appraised herein include the entire bundle of rights (rights to sell, lease, use, give the property away and the right to refuse to exercise any of these privileges inherent with the unencumbered fee simple interest in the subject property). These fee simple rights include the subsurface rights which are defined as follows:

The rights to the use and profits of the underground portion of a designated property; refers to the right to extract coal, minerals, oil, gas or other hydrocarbon substances as designated in the grant; may include a right-of-way over designated portions of the surface.

In Alaska, with lands acquired under the provisions of the Alaska Native Claims Settlement Act (ANCSA), the subsurface includes sand and gravel, and any construction materials in situ. Therefore, the subsurface estate on the subject property is considerably more encompassing than the mineral rights. No formal definition has been found of Native subsurface estate and further litigation is likely before it is truly defined, but no doubt it is a much more comprehensive estate than are normally held by individuals on private land.

It should pointed out that various court cases have given definition to certain rights held by the owners of surface and subsurface estates created by ANCSA conveyances. Federal courts have determined that sand and gravel is a subsurface interest (Ninth Circuit Court of Appeals, 588F 2nd, p. 723). State court cases have helped to define other related issues, such as ownership of silt and mud, and the right to build cellars and put pilings into the ground.

STATE, AREA AND LOCATION

State Economy

Due to the lack of a widely diversified industrial base, the state's economy is more susceptible to cyclical variations. Oil revenues have been the driving force behind economic growth in Alaska since 1977. It is estimated that 75% to 80% of the state's annual operating budget is from oil revenues. Between the 1970 and 1990 census, Alaska experienced an economic boom and considerable in-migration. The primary reason for this boom was the construction of the Trans-Alaska Pipeline and the oil production from the North Slope, which began in 1977. Alaska's economy suffered a downturn beginning in about 1986, primarily due to a decline in oil prices.²

Beginning in 1986, the economy of the state of Alaska suffered a serious decline, caused by the collapse of world oil prices. Oil revenues were and are a major source of the state's income, and with the drop in oil prices, the revenues declined by more than half. Anchorage, Fairbanks and Juneau, the major population centers, were hard hit by this downturn. Construction activity slowed to a halt. During the three-year period, Alaska lost 20,000 jobs (or nearly 10 percent of all jobs in the state), and thousands of people left the state.³

Real estate values, especially housing, went into a steep decline during the period from 1986 through 1988. This was due not only to the drop in oil prices, but also because of Alaska's over built real estate markets.⁴ Prices for residential properties in Anchorage and surrounding communities plummeted. As a result of the exodus of people from the state, thousands of houses and apartments stood empty. Commercial and industrial prices were also depressed. From 1986 through 1988, price declines of 10 to 20 percent annually were common in Anchorage, the Mat-Su Valley and Fairbanks.

The market for more remote recreational properties was also depressed. Established recreational subdivisions in Kachemak Bay, Big Lake, and Nancy Lake all suffered declining prices and demand during the period from 1986 to 1989, and have still not returned to pre-1986 levels. Since 1989, prices have remained essentially steady, although interest in the market has declined.

² The Alaska Economy, An Overview (Anchorage: University of Alaska Anchorage, June 1990), pp.99-14.

³ ISER Report, p.4.

⁴ Alaska Economic Outlook (Federal Home Loan Bank of Seattle, March 1991).p

For more remote areas such as Blying Sound and the Kenai Fjords on the Gulf of Alaska there is very little data from which to draw conclusions about market trends. However, if Keyes Point development on Lake Clark is examined it is noted that approximately 72% of the lots were reported sold during the mid 80's (approximately 4 years), no re-sales of Keyes Point lots have been reported in the Anchorage MLS IN 1991 or 1993. Individual listings of seven lots had expired by the end of March 1994. It appears that other remote areas have experienced the same market trends within the state marketplace.

Other important sectors of the Alaska economy are commercial fishing, government, mining, the military, forestry, transportation, and heavy construction. The state is dependent on the Lower-48 and other countries for food, most types of manufactured goods, wholesale and retail trade, and a number of services. Tourism is an important and growing industry.

In summary, the greatest potential for growth is in the petroleum, mining and tourism sector and some short-term growth in timber and seafood industry. The overall economy is generally considered to have stabilized by 1990 and continued to this date. "Alaska's economy will continue to be influenced by the oil industry. As Prudhoe Bay oil production declines, statewide economic revenues are expected to decline. Alaskan citizens and the state and municipal governments have real concerns about the economic future."⁵

Lower Kenai Peninsula Regional Data

Location

As indicated by the map on the opposite page, the subject properties are situated on the southeastern side of the coastal mountain system of the Kenai Peninsula, Southcentral Alaska. The peninsula extends from Southcentral Alaska toward the Gulf of Alaska along the east side of Cook Inlet. The Kenai Peninsula Borough encompasses all of the Kenai Peninsula and includes lands located across Cook Inlet. The major peninsula communities and their distances from Anchorage are summarized as follows:

Anchorage to	1990 Population*	Road(Miles)	By Air(min)
Kenai	6,327	161	30
Soldotna	3,482	150	35
Homer	3,660	227	40
Seward	2,699	128	35
Seldovia	316	175	50

* U.S. Bureau of Census

⁵ Alaska Economic outlook (Federal Home Loan Bank of Seattle, March 1991)

Transportation

Access to the Kenai Peninsula is by highway, air, water, and occasionally railroad. The Railroad now provides summer pass service.

Utilities

Utilities are limited to the Borough's communities and areas along the Seward Highway and Sterling Highway.

Climate

The Kenai Peninsula has relatively mild winters and cool summers because of the influence of the North Pacific Drift that directs warm ocean currents into the Gulf of Alaska. The Kenai Peninsula can be divided generally into two distinct climatic zones separated by the Kenai Mountains: the maritime zone and the Cook Inlet transitional zone. The park lies within the maritime zone, which is characterized by moderate temperatures and high precipitation.

Spring is usually the driest time of the year; fall and early winter are the wettest. Mean annual rainfall for the Seward area is approximately 63 inches (160 centimeters). Snowfall is common at sea level from November through the end of April. Snowfall on the Harding Icefield is approximately 400 inches (1,016 centimeters) or more annually and remains year-round. Average maximum mean temperatures during the summer months on the Kenai Peninsula are in the mid to upper 50s(F), whereas mean winter lows range from 0°F to 20°F.⁶

Economic Base and Trend

The cities of Kenai and Soldotna are the business centers for the region. Kenai, on the east shore of Cook Inlet is a principal commercial fishing and processing center. Soldotna, located approximately seven miles inland along the Kenai River, is the seat of the Borough government and the location of the Central Peninsula Hospital and Kenai Community College. The Kenai Peninsula Borough has a diverse economy derived from fishing, tourism, petro-chemical industries, manufacturing and government employment.

The discovery of offshore oil deposits in Cook Inlet in the mid-1960s, and onshore gas discoveries in the area around Kenai and Soldotna, spurred a substantial amount of petro-chemical development. Since the original oil and gas discoveries, existing facilities have been expanded and new ones constructed.

⁶ Kenai Fjords National Park & Preserve General Management Plan, p.13

The cities of Anchorage, Wasilla, and Palmer are all served with natural gas from the Kenai gas fields. Natural gas generators supply nearly all of the electricity for Southcentral Alaska.

More recent growth is largely attributable to State spending of oil revenues - the driving force behind economic growth in Alaska. Between 1980 and 1986, the state distributed \$26 billion for operations, capital projects, and permanent fund appropriations. During this period, the Kenai Peninsula Borough emerged as the fastest growing region in the state. Residential building permits increased by as much as 50 percent per year, and the construction industry benefited tremendously from large public works projects. The state and the cities built harbors, highways, hospitals, airports, sports arenas, and schools.

In late 1985 early 1986, the area was hard-hit by onset of a major economic recession resulting from a dramatic decline in oil revenues. After the rapid growth experienced during the first half of 1980s (about 45 percent), employment in the Kenai Peninsula Borough began to decline in 1986. Construction employment dropped by over 60 percent. This trend generally continued through 1987, although the rate of decline slowed in some sectors of the economy. Business activity in 1987 and 1988 reflected the economic downturn in the Kenai Peninsula Borough, with declines in both taxable and gross sales. However, the rate of decline was less than it was in 1986, suggesting that the worst of the slowdown may be over.

With state and municipal budgets beginning to stabilize, employment losses are leveling off and recovery is beginning. A study completed in August of 1988 for the Alaska Power Authority, predicted employment growth between 1987 and 2010 of between .9 and 1.9 percent annually.

However, an oversupply of rural residential home sites, developed lots, housing, and commercial buildings continues to exist. Although occupancy levels of well-located functional properties are now nearing 100 percent, rent levels are not expected to support new construction for an extended term. Other than special purpose user facilities, the development of most property types is not economically feasible.

The employment base of the Kenai Peninsula Borough has been one of the most stable and diverse in Alaska. Oil and gas development, related manufacturing, retail, service, and government provide strong year-round employment supplemented by high seasonal employment in fisheries and tourism. However, of particular concern is inevitable cut-backs in state spending due to projected declines oil revenues. Furthermore, contractions in the local oil and gas industry negatively impact the marketplace. Oil production in the Cook Inlet area has been steadily declining since 1970 and several fields are reportedly 99% depleted.

Positive indicators that tend to provide an offsetting stabilizing effect include:

- (1) ARCO recently announced a new oil discovery (Sunfish), the first in Cook Inlet since the late 1970s.
- (2) Stewart Petroleum also made discovery and plans to drill a second well and construct a feeder pipeline. Additional drilling is planned for 1993.
- (3) Tourism is estimated to be a \$95 million per year industry on the Peninsula and has been growing steadily in recent years.
- (4) New construction project:
 - A. \$1.6 million Kenai Bicentennial Visitors & Cultural Center in Kenai
 - B. Recently opened 72,000 square foot Carrs Center in Kenai
 - C. First stage of the \$3 million indoor Fire Training School in Kenai
 - D. New 130,000 square foot K-Mart in Kenai
 - E. New Fred Meyer store in Soldotna

Immediate Neighborhood

All of the subject parcels are located on the Gulf of Alaska from Coleman Bay/Aialik Bay to Surprise Bay on the northern edge of the Kenai Fjords National Park. Since this area of the Park is situated between mountain ridges and the Gulf of Alaska, access is limited to light plane or marine transport.

The area is characterized as jagged ridges with sheer rock shoreline punctuated by numerous bays, coves and fjords. In many locations within the fjords, lines of boulders stand above or near the water line. Other significant geographic references include Coleman Bay, Pederson Lake, Northwestern Lagoon, Cup Cove, Sandy Bay, Paguna Arm, Black Bay, McCarty Lagoon, Delight Lake, Surprise Bay, Yalik Bay and several other small areas of the fjords. Elevations range from coastal lowlands to 3,000 feet on mountain peaks that have an average slope of 70 percent or higher.

Vegetation within the area has developed in response to such influencing factors as topography, altitude, soils, and the recency of glaciation.

Along the shoreline with more favorable, topography, Sitka spruce and western hemlock are the dominant vegetation with scattered mountain hemlock and black cottonwood. An understory is comprised of Sitka alder, willow, blueberry, various mosses, ferns and lichens. A high brush zone, composed principally of Sitka alder extends to nearly 2,000 feet in elevation, depending on slope, aspect, soil and microclimate. Only a few scattered areas are found in the general area. Due to the jagged steep rocky nature of approximately 85 to 90 percent of the area, only bare rock and scattered patches of various grasses, sedges, saxifrages, wood rush and other alpine vegetation can be found on the upper peaks.

Approximately 65 to 70 percent of the area near the subject parcels have no soils and are comprised of slate, graywacke, granite and other types of rock. Scattered areas that have soils are listed as follows:

High mountain slopes generally have high acidic, gravelly, and shallow soils. On lower slopes within the park, gravelly and well-drained stony loam is found. On the lower slopes where seeps and small rivulets are located, partially decomposed peat has accumulated locally and supports a variety of grasses and sedges.

Low-lying, flat coastal areas are made up of poorly drained, clayey, and silty sediments. Some peat is found in lower tidal areas and depressions. Recent moraines are composed of stony to very gravelly till, whereas older moraines contain some loamy acidic soils.

Erosion potential of soils in the area is moderate on lower slopes and high on older moraines and mountain slopes.⁷

Nearly all of the land in the area is owned by the Federal government (Kenai Fjords National Park, Alaska Maritime National Wildlife Refuge, Kenai National Wildlife Refuge), State (Kachemak Bay State Park and Kachemak Bay State Wilderness Park) and the Native village corporations of Port Graham and English Bay. Privately-owned lands include a handful of Native allotments and mining claims.

Lands not owned by government in the area and somewhat similar area are classified as follows:

- (1) Commercial recreation such as fishing and hunting lodges normally situated on shorelines of bays, lakes and rivers.
- (2) Recreational sites which are normally small water access parcels used seasonally and may be cabin sites, camping sites or anchoring sites.
- (3) Residential sites used for year-round living again found normally on small water-front parcels.
- (4) Timber land used for harvesting or management of timber resources.
- (5) The overwhelming majority of the land in the area and surrounding regions is best characterized as limited use land. Most of the land is remote wilderness land or steep terrain and has little or no potential for economic development. Most of these areas have been used for subsistence and this is considered a partial use that can co-exist with the higher and better uses most likely to become economically feasible over the long-term.

⁷ Kenai Fjords National Park General Management Plan, p. 18

PROPERTY DATA

All of the subject properties are situated in the Kenai Fjords National Park and have frontage on the Gulf of Alaska or one of the several fjords. The area is generally described in the previous discussion of the immediate neighborhood characteristic section of the report. Each of the subject parcels, geographic location, selection status and size are listed in the following table:

<u>Parcel No.</u>	<u>Location</u>	<u>Selection</u>	<u>Size Acres</u>
PGC1	Aialak Bay	P-12(b) V	2,664.14
PGC2	Pederson Lake	P-12(b) V	2,015.00
PGC3	Harris Bay	P-12(b) V	3,920.00
PGC4	Paguna Arm	P-12(b) V	2,770.00
PGC5	Black Bay	P-12(a&b) V	13,278.98
PGC6	Surprise Bay	P-12(a) V	11,086.53
PGC7	Yalik Bay	P-12(a&b) V	10,435.08

R.W. --- Requiring withdrawal
V --- Valid

NOTE: Regardless of the selection status of all the above parcels they are assumed to have marketable title for the purpose of this report. The area estimates are assumed be accurate. Ownership extends to the mean high-water line.

Many of the parcels have similar general description features and common characteristics such as utilities, access zoning/coastal management plan, real estate tax, timber and minerals. A general description of the these features and the Exxon Valdez oil spill data are summarized in the following paragraphs. Individual descriptions identifying unique features and characteristics are located in the report just before a correlation to value for that particular parcel.

Utilities

No utilities are situated on the subject parcels.

Access

Access to the subject parcels is limited to light plane and maritime transport.

Zoning

Zoning is based upon the power of local government to protect public health, safety and welfare, and other public values by regulating land use. All of the subject land lies within the Kenai Peninsula Borough. The Borough has no general zoning beyond the boundaries of the cities that are contained within the borough, and therefore the borough government does not exercise any zoning authority over private lands in the this area.

The Alaska Coastal Zone Management Plan for the Kenai Peninsula includes all the existing and potential private and state lands in the vicinity of the subject. The plan specifies what uses are appropriate within the zone. The coastal zone management plan will be effective in limiting some forms of development. Zoning is not expected to be effective in preventing some uses such as commercial logging or subdivision of private land. Contacts with the planning department of the Kenai Peninsula Borough (Mr. Dick Troeger) confirms that there have been very few instances that he can recall where coastal zone planning has had any impact whatsoever on the development intended. The Kenai Peninsula Borough is generally pro development and would typically look favorably on most reasonable land uses.

Assessed Valuation and Property Taxes

The properties are not subject to state or borough taxation and have not been assessed for such purposes.

Timber

Although there are pockets of Sitka spruce and hemlock, there are no identifiable stands of merchantable timber on the subject properties.

Flood Information

Flood data for major streams on the parcels are not available. Flooding has been known to occur in the region as a result of snowmelt, river ice jams, and winter flooding, as well as heavy localized rainfall.

Groundwater Sources

Groundwater sources within the area are most abundant in sand and gravel deposits in floodplains and alluvial fans. The inherent instability of these deposits causes problems in the development

of permanent wells. Most of the steep mountain slopes and terraces of the Kenai Mountains are poor quality groundwater sources. While the fractured bedrock near the surface in these area does contain some water, the potential for development of an appreciable water source is limited. Along the coast small aquifers are known to yield substantial volume of good quality waters.

The Effect of the Exxon Valdez Oil Spill on the Subject Parcels

On March 28, 1989, the Exxon Valdez, a 987-foot tanker, ran aground on Bligh Reef, approximately 30 miles southwest of Valdez, Alaska. The damaged ship discharged approximately 11 million gallons of Alaska crude oil into Prince William Sound. This oil was distributed unevenly by tide and wind action throughout Southcentral Alaska. Three of the parcels offered by the Port Graham Corporation were oiled in the weeks following the grounding of the Exxon Valdez. Oil impact assessment is based on beach walk surveys conducted by the Alaska Department of Environmental Conservation (ADEC) between August 15, 1989, and October 19, 1989. Additional information on subsequent oiling and remediation measures was provided by Kenai Fjords National Park.

Parcel 5 is located on a long peninsula between McCarty Fjord and the Gulf of Alaska, approximately 46 miles southwest of Seward. This parcel encompasses a portion of Thunder Bay and Black Bay on the Gulf of Alaska and McCarty Lagoon on McCarty Fjord. The entire shoreline of this parcel was surveyed. No oil was observed in the portion of Thunder Bay that is encompassed by this parcel. Black Bay was subject to very light oiling (less than 1% coverage) to light oiling (1% to 10% coverage). Treatment included hand wiping and a warm water pressure flush.

Parcel 6 is located at the southern extreme of the peninsula between McCarty Fjord and the West Arm of Nuka Bay. It includes Surprise Bay and Quartz Bay. The entire shoreline of this parcel was surveyed. No oil was observed in Surprise Bay. Very light oil (less than 1% coverage) was found at the head of Quartz Bay. Remediation was limited to manual pick-up.

Parcel 7 is located north of Nuka Passage and west of the West Arm of Nuka Bay, approximately 60 miles southwest of Seward. It includes Shelter Cove and Yalik Bay. The entire shoreline of this parcel was surveyed. No oil was observed in Shelter Cove. Very light oiling (less than 1% coverage) to light oiling (1% to 10% coverage) was found in Yalik Bay. Treatment was limited to manual pick-up.

Locatable and Leasable Mineral Resources

Dr. Dwight Bradley of the United States Geological Survey was interviewed on November 14, 1994, to ask his opinion on whether there were commercially significant locatable mineral resources in the area from Sandy Bay to Nuka Bay. He described what is known about the Nuka Bay area and the basis for his observations regarding the potential for locatable mineral resources in the area. When assessing mineral resources in extensive areas such as this, the USGS's geologists rely on information from existing mines, professional literature, studies of stream-sediment geochemistry, and their understanding of comparable areas.

According to Dr. Bradley, the Nuka Bay area was subject to active exploration, development and mining between 1920 and 1940. Approximately fifteen abandoned mines are scattered throughout the area. Peak activity occurred in the 1930's when four mines were producing gold. Mining activity subsided during World War II. Subsequent attempts to reopen certain mines were unsuccessful. None of the mines are in operation today, a clear indication that they are not economically viable.

The existing professional literature is limited. The primary reference for this area is a Geological Survey Professional Paper, "Geology and Lode-Gold Deposits of the Nuka Bay Area, Kenai Peninsula, Alaska," published in 1970 by Donald H. Richter. Dr. Richter concluded that the area appears to warrant further investigation as a potential producer of small amounts of gold.

Dr. Bradley has conducted limited mineral resource surveys on the Kenai Peninsula in an area extending from Sandy Bay to Nuka Bay. The surveys involved taking stream-sediment samples from each minor drainage basin in the region. The composition of the sediment reflects the type of bedrock in the basin and detects the presence of mineral deposits. Two sediment samples were taken at each site. A large-size gold pan was filled with sand from the stream bed. A sandwich-size bag of the sand from this pan was saved for chemical analysis. The remaining sediment in the pan was panned away, leaving in the bottom of the pan only an ounce or two of the heaviest minerals. Chemical analysis of the sediment was then done to detect certain types of deposits. Analysis of the concentrate revealed other types of deposits.

In summary, Dr. Richter concluded that there hasn't been enough research to make a conclusive statement about the potential for locatable mineral resources in the area. However, there are no indications that there is anything of commercial significance there.

The Bureau of Land Management was asked to provide an informal assessment of the potential for leasable minerals in the area. Based on a literature search, it was concluded that there was little potential for oil and gas on the subject lands.

ANALYSES & CONCLUSIONS

MARKETPLACE TREND ANALYSIS/MARKET TIME

Due to the somewhat unusual patterns of Alaska lands and a recent substantial modification of ownership, a general historic documentation is required. Before statehood, private ownership was generally limited to federal homesteads, a few native allotments, and mining claims.

The Alaska Statehood Act of 1959 provided for the state to select 104,350,000 acres of land over a 25 year period which was extended by 10 years in 1990. To date, the state had received patent to approximately 37,616,796, acres and tentative approval to another 51,323,122 acres.

After the governments, the next largest owners of land in Alaska are the Native Corporations. ANCSA provided for a transfer of 44,000,000 acres of land to the regional and village corporations throughout the state. As of 1990, approximately 8,300,000 acres of land had been patented to the Native corporations and another 27,200,000 acres had been interim conveyed.

Altogether, including all pending land transfers, the federal government owns approximately 59 percent of the land in Alaska, the state owns 29 percent, and the remaining 12 percent is privately held, including by Native corporations.

The supply of remote rural land in private ownership has increased substantially so that the supply of land in most areas exceed demand. Supply of these lands are coming from the following sources:

- (1) Turnover and subdivision of existing patented parcels
- (2) Borough, state and government land sales
- (3) Distribution of land from Native corporations to shareholders
- (4) Native allotment conveyances

All of these sources sufficiently re-supply the inventory of rural lands so a prospective purchase at any given time has numerous alternatives. This is supported by the market exposure periods reported for confirmed sales and a survey of available listings and their reported market exposure periods to date.

Since the appraisal is of ten noncontiguous parcels that vary in size from 613 to 5,699.9 acres and have different features that affect highest and best use along with marketing time, a study of more frequently sold remote parcels (small acreage) and less frequently sold parcels (large remote acreage) was done. The results of the study are as follows:

Small parcels

The market is most active for sites featuring water frontage on or near roads, particularly if it is located near communities or land that is adjacent to float plane lakes or boatable rivers. Land that does not have good access or land one or more tiers of lots back from the waterfront is less popular and often remains unsold years after it is offered. Floatplane access is somewhat less desirable than road access for remote recreational sites. The costs to own and operate a float plane typically are much greater than for cars, trucks or recreational vehicles, which by itself limits the pool of prospective purchasers.

Marine transportation is the least desirable of the three primary modes of transportation to recreational sites. If a property can only be reached by marine access the journey usually involves two legs: a drive to a port such as Whittier or Seward, and then travel by boat to the property. Vessels large enough to safely negotiate open stretches of water are expensive to own and operate, but smaller vessels are limited in the areas they can reach.

Foul weather, cold water, and numerous navigation hazards combine to make marine travel uncertain and sometimes risky. This is particularly true of potential recreational site locations that require travel on the Gulf of Alaska. As is the case for other land use types, inconvenience and higher transportation costs to recreational sites usually translate into lower land prices.⁸

Since all of the subject parcels are remote and have floatplane and boat access only, the study will address this type of small parcel's absorption period or marketing time.

Not all properties are sold through real estate brokers and not all brokers in Southcentral Alaska belong to shared-listing services. However, the Anchorage Multiple Listing Service (MLS) is considered to provide a representative sample of the market exposure periods that precede the sale of remote waterfront properties. Anchorage residents represent one of the largest pools of prospective purchasers for remote recreational properties. The market exposure periods preceding several recent sales are indicated in the following table:

⁸ Annual Report on State Land Offerings: FY87 and 20 Year Forecast. Alaska Department of Natural Resources, Division of Land and Water Management (Anchorage, Alaska: July 1986)

Waterfront	Acres	List	Sales	%	\$/Acre	Date	Mkt Exp.
Chandalar Lake	5.02	\$ 49,500	\$ 45,000	91%	\$ 8,964	4/10/91	148 days
Holitna River	40	\$ 50,000	\$ 50,000	100%	\$ 1,250	08/5/93	12 days
Holitna River	60	\$ 80,000	\$ 57,938	72%	\$ 966	09/7/93	131 days
Shungnak River	40	\$ 80,000	\$ 50,000	63%	\$ 1,250	4/21/93	525 days
Lake Iliamna	1	\$ 35,000	\$ 24,000	69%	\$24,000	8/26/91	71 days
Lake Iliamna	80	\$ 75,000	\$ 70,000	93%	\$ 875	7/23/91	241 days
Lake Iliamna	12.22	\$200,000	\$192,000	96%	\$15,712	7/24/91	8 days
Ugashik Lake	40	\$220,000	\$ 60,000	27%	\$ 1,500	9/19/91	354 days
Naknek River	5	\$150,000	\$105,000	70%	\$21,000	02/6/92	647 days
Uyak Bay, Kodiak	8	\$ 45,000	\$ 41,000	91%	\$ 5,125	07/9/91	121 days

The average indicated market period for these 10 sales is 226 days. However, it should be noted that the data reflects sales over a period of nearly three years. Based on this observation and the current inventory of properties in the same locales (approximately 40), there is an excess supply of available inventory.

This contention is supported by the high ratio of listings that did not sell during this same period. MLS Statistics compiled for the remote district 106 for 1991, 1992 and 1993 are summarized in the following table (includes both waterfront and non-waterfront properties):

	<u>1992</u>		<u>1992</u>		<u>1993</u>	
Total Listings	203	100%	100	100%	87	100%
Sold	9	4%	3	3%	5	6%
Pending at Year's End	0	0%	2	2%	2	2%
Not Sold or Pending	194	96%	95	95%	80	92%
% of Listed Price	76%		71%		90%	

The data suggests that demand for remote recreational properties appears to be extremely limited and lengthy market times should be expected. Upward pressure on land values is unlikely in the foreseeable future. For the ten sales summarized, the selling prices averaged only 77% of the listed prices.

In summary there is a somewhat active market for small remote plane/boat access only parcels in the subjects' area and similar areas of the state. Supply typically exceeds demand so that no upward pressures on value should be anticipated in the foreseeable future. It is also noted that previously sold waterfront parcels routinely re-supply the inventory to the extent that supply continues to exceed demand. It appears that the marketing period for small waterfront parcels would be between 3 to 4 years for (typical site), 1 to 2 years for a prime sites, and far below average sites the market is inadequate for any sort of projection.

Large Parcels

As indicated previously in this section of the report, the federal government owns approximately 59 percent of the land in Alaska, the state owns 29 percent, and 12 percent is privately owned. It is estimated that 80 percent of all of these combined ownerships fall in the remote limited access category. Most of this category (70%) is best characterized as limited use land or land with little or no potential for economic development, while 20 percent can be classified as natural resource land. Natural resource land arrives and is sold in the marketplace for resources they provide such as timber, mineral deposits, etc. The remainder is comprised of lands that are sold for more than their natural resource value (economic development potential areas).

With the exception of timberland in Southeast Alaska, we are aware of only three private-sector purchases of large tracts greater than 1,000 acres in Alaska within the past twelve years (2,053 acres in 1982, 8,300 acres in 1987 and 2,220 in 1990). Overall, the private sector participates in the market for lands in Alaska far too infrequently to be any kind of significant factor of demand for remote large parcels in the state.

Brokers who handle remote lands and various owners with whom we spoke were uniformly unable to identify any demand for large remote parcels. Thus, we simply cannot conclude that any market exists for remote land in Alaska. While occasional sales may occur, they are infrequent and unpredictable.

Highest and Best Use

The term "highest and best use" has been defined as:

"That reasonable and probable use that will support highest present value, as defined, as of the effective date of the appraisal."

"Alternatively, that use, from among reasonable, probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible and which results in highest land value."⁹

The highest and best uses of land or sites and improved properties are selected from various alternative uses. The highest and best use conclusions provide the basis for an appraiser's market value analysis. Thus, the remainder of the valuation process is conducted in relation to these conclusions.

⁹ Appraisal Institute, The Dictionary of Real Estate Appraisal, 3rd Edition, 1993, page 171.

Consequently, it is essential that highest and best use conclusions relate to the motivations of the market for the subject property. In ascertaining the highest and best use of the subject, the four criteria (legally permissibility, physical possibility, financial feasibility and maximum profitability) must be analyzed. In order to arrive at a logical highest and best use as reflected, the above four criteria must be analyzed.

Permissible Use (Legal)

Legal restrictions as they apply to the subject property are the public restriction of the Coastal Zone Management Plan, as previously discussed. While we were not provided a title report, we assume no other restrictions as to land use exist, and the property is not subject to the requirements of the Kenai Fjords National Park Plan, even though it is located within the confines of the park and maritime refuge boundaries. Therefore, virtually any land use is permissible.

Physical Possibility

The subject properties exhibit a variety of topographic features and physical characteristics. Approximately 90 percent of the area is characterized by average slopes of 70 percent and higher. Several favorable topography areas are scattered throughout the parcels which are normally located in many of the fjords. It is likely that several land uses could physically be accommodated at some locations within the boundaries of the 10 parcels. Several possible land uses, representing potential utilization for the subject properties are listed as follows:

Marine Commercial	Agriculture
Recreational Subdivision	Limited-Use
Recreational Sites	Timber
Settlement	Petro-chemical, Mining

As previously noted in the report, the subject properties have no commercial stands of timber, little if any petro-chemical and mineral deposits while agriculture is just impossible. Therefore, these uses are eliminated leaving only the most probable of the possible uses. Each of the remaining uses will generally be defined with a discussion afterwards.

Marine Commercial Uses

Marine commercial properties are waterfront sites with potential for marine-based commercial uses. There are a variety of marine commercial uses. They include staging areas for set net fishing operations, fishing and hunting lodge sites, sites for fish processing operations, support of offshore drilling operations, and sites for resource transfer facilities.

In remote areas, lodge operations are the most probable commercial recreation use. In spite of complicated access, it is likely that select locations offer a suitable combination of unique features and characteristics that would attract an entrepreneur within a reasonable market exposure period. Based on past history of sites purchased for lodges, it difficult to predict if a lodge will be constructed.

Another consideration would be a private retreat or wilderness lodge operating on a large tract. Since only small area with reasonable access would be required for the lodge and other accommodations, the subject parcels would have several areas that meet the requirements for such a site. However, the subject is comprised of seven noncontiguous parcels that are situated miles apart. For example, Coleman Bay the most northeast parcel is approximately 50 miles from Yalik Bay the most western parcel. As stated previously, approximately 90% of the subject parcels have average slopes of 70 percent and higher which would limit access to only the most experienced hiker or rock climber. At best, this use is possible but not very probable.

Other uses in this category such as support of offshore drilling operations, commercial marina and fish processing operations are severely limited by water access and the subjects' locations. To conduct set net fish operations, one must have a limited entry offshore fishing permit from the State of Alaska, and the number of such permits allowed is, as the name suggests, limited.

Recreational subdivision

Relatively large parcels of remote land can be developed, platted and subdivided into lots to be sold for seasonal recreational uses such as summer cabins or camp sites. Several areas located in different coves, bays and lagoons would have the access and physical requirements for this use.

Recreational site

Smaller parcels of land for seasonal recreational uses, such as hiking, camping, boating anchoring and other outdoor activities, whether in subdivisions or in remote locations. Size ranges from 40 to 200 acres. As with recreational subdivisions, several areas located in different coves, bays and lagoons of the fjords would have the access and physical requirements for this use.

Settlement

Vacant land near an established community with potential for future development of private recreational, residential, commercial, or industrial uses. Access required and location of the subject parcels severely limits this use.

Limited use

As large, remote parcels of land with no significant development potential, these parcels may have potential for sparse recreational or subsistence activities. There is a limited demand and limited market for this particular type of property. Size and location are two of the factors but the primary factors that indicate this use are topography and limited natural resources such as no commercial stands of timber and petro-chemical/mineral deposits of commercial significance.

With the exception of approximately 10% of the areas located in the coves, bays and lagoons of the fjords, all factors that reflect this use are present, indicating a high probability of limit use for the subjects.

Financially Feasible

Once physical potential and legality of uses have been determined, those uses that are not eliminated are considered further for their economic feasibility. All uses that are expected to produce a positive return are regarded as financially feasible. If a given use is not financially feasible, it cannot be considered the highest and best use for the property. In determining the most feasible use of a particular property, the appraiser must consider such items as the demand for the type of property in question, the current inventory of competitive available properties, as well as the general economic conditions of the market area.

The uses that were not eliminated during the physical potential and legality analysis are listed as follows:

- (1) Marine Commercial/Lodge Operation on 80 to 200 acre parcels, private retreat on a large acreage)
- (2) Recreational Subdivision
- (3) Recreational Site
- (4) Limited Use

Three of the uses, Lodge Operation on 80 to 200 acres, Recreational Subdivision and Recreational sites are the most legally probable uses found in the marketplace but the uses are only physically probable on small areas of the subject. Of these three uses, the recreational subdivision use is very questionable. The following is the reasoning why this use is not economically feasible.

As previously pointed out in the report, floatplane marine transportation is less desirable than road access for remote recreational sites. This is due to cost to own, operate and range/refuel factors.

More generally, we found that there is an oversupply of recreational sites available in Prince William Sound and on the Outer Kenai Peninsula. Since 1979, lots in six recreational subdivisions have been offered for sale, these subdivisions are Ellamar, Port Fidalgo and Canoe Passage Retreats in eastern Prince William Sound, the Latouche Island Townsite Subdivision, and the state sponsored land disposal programs on Blying Sound and at Petrof Subdivision. If one also includes the Horseshoe Bay on Latouche Island, which was purchased for development as recreational lots but has never been platted or offered, that would bring the total of recreational subdivisions in the region to seven.

Altogether, from Valdez to Homer, we found approximately 1,800 platted lots that can be considered recreational subdivision lots. Of these 428 are lots that may be distributed to individual shareholders of Native corporations and cannot be sold without accompanying restrictions. This is an abundant supply of properties, especially in light of the limited historical demand for such properties, as noted above. Moreover, if even a small percentage of the available private land in the area was put on the market for sale at the same time, there would be a tremendous glut of supply and prices would fall accordingly.

If Keyes Point development on Lake Clark and the recent sales of Latouche Island Townsite Subdivision are examined, it is noted that no sales have occurred during the past three years while the developers still have large inventories. Recreational subdivisions in the area would be extremely speculative and likely would not be economically feasible.

As indicated in the Physical Possibility section, a private retreat or wilderness lodge operation use is possible but not very probable because of the topography on 90% of the tracts and the noncontiguous nature of the subject parcels. The following are two examples that reflect that this use is not economically feasible.

A 4,500 acre parcel on the northern tip of the Kenai Peninsula has been offered for sale for over two years at approximately \$1,000 per acre. The parcel, situated within the Kenai National Wildlife Refuge features 4.5 miles of bluff on Cook Inlet and 36 lakes with a total of over 20 miles of shoreline. The offering is promoted as "perfect for major tourist wilderness resort, private hunting club, executive retreat, or private park". Although the broker reports that there have been two offers, both were over a year ago and neither came close to closing.

On 5/1/87, Kijik Corporation sold 8,300 acres located on the western side of Lake Clark to Lake Clark Partnership (Kijik and CSX Realty). Note the grantor was 50% owner of the purchasing partnership. After the transaction Rock Resorts, a CSX subsidiary made an extensive feasibility study and concluded that the project was not feasible. The transaction was reversed, though the cost to the buyer was reported in excess of \$200,000.

Both of the above examples are far better properties when recreation history, water frontage and terrain are considered. Both indicate that a wilderness lodge on a large acreage is not economically feasible.

Limited Use Land is a specific category, but in our analysis we also found that it sometimes served as a default classification. A land parcel that at the present cannot be put to any economic use, can only have a nominal speculative value due to its unknown income producing capability in today's marketplace and in the future.

This classification or use is considered to be the use of approximately 90 percent of the parcel. During the analysis, it also recognized that the remaining 10% has a high potential for other uses.

By process of elimination, the indicated uses reflected by the highest and best use analysis, are Lodge Operation on Small Sites (80 to 200 acres), Recreation Sites on Small Acreage (80 to 200 acres) and Limited Use Lands. It is only logical to conclude that the highest and best use for the subject properties is to hold the larger mountainous areas for speculation with interim use for sparse recreation and to market the accessible smaller areas for lodge and a variety of recreation sites in the interim.

Approach to Value

Normally, where it is considered proper due to the availability of supporting data, it is a good practice to use all three of the accepted approaches to obtain the value indication of the property. The appraiser has utilized only the Market Data Approach to estimate the market value of the subject property. This technique is very simple in concept in that recent sales or listings or comparable property are related to the subject and adjusted for their superiority (negative adjustment) or inferiority (positive adjustment) in order to resemble the subject property. The adjustment factors relate to such items as time lapsed since date of sale, size, functional utility, zoning, location, condition, and quality of sale.

This approach is based on the supposition that an informed purchaser would pay no more for a property than the cost of acquiring a competitive existing property with similar functional utility.

The strength of this technique lies in the fact that it is indicative of actual market transactions and represents the thinking of buyers in the open marketplace. The approach becomes less reliable in inactive markets or in cases of special use properties or properties that lack a sufficient number of comparable properties for comparison.

The cost approach to value was not applicable in this case due to the fact that no improvements are located on the subject. Land in this area is not purchased and sold on its income-producing capabilities. Therefore, the income approach was not applicable.

Valuation Procedure

The seven subject parcels are comprised of a combination of different physical features and characteristics that have a direct relationship with component use and value. Several of the more accessible waterfront parcels have better access and more suitable terrain than others while the steeper mountainous areas and cliff line waterfront areas are more uniform in use and value. Each of these components will be analyzed and their contribution to value will be allocated in order to establish a market value for that particular site. The process will be as follows:

1. Market sales will be presented in narrative form.
2. Since the steeper mountainous areas and cliff line waterfront are very similar, their contribution to value will be estimated. This will prevent massive duplication of each parcel's analysis.
3. Each parcel will be described and the acreage of each land use will be calculated.
4. After the description of each parcel, a market value analysis will be made.
5. The final value of all the subject parcels will be estimated.

MARKET SEARCH

A comprehensive study of recent land sales has been conducted in the subject parcels and somewhat similar areas. Approximately 50 sales were reviewed and many were disqualified for the following reasons:

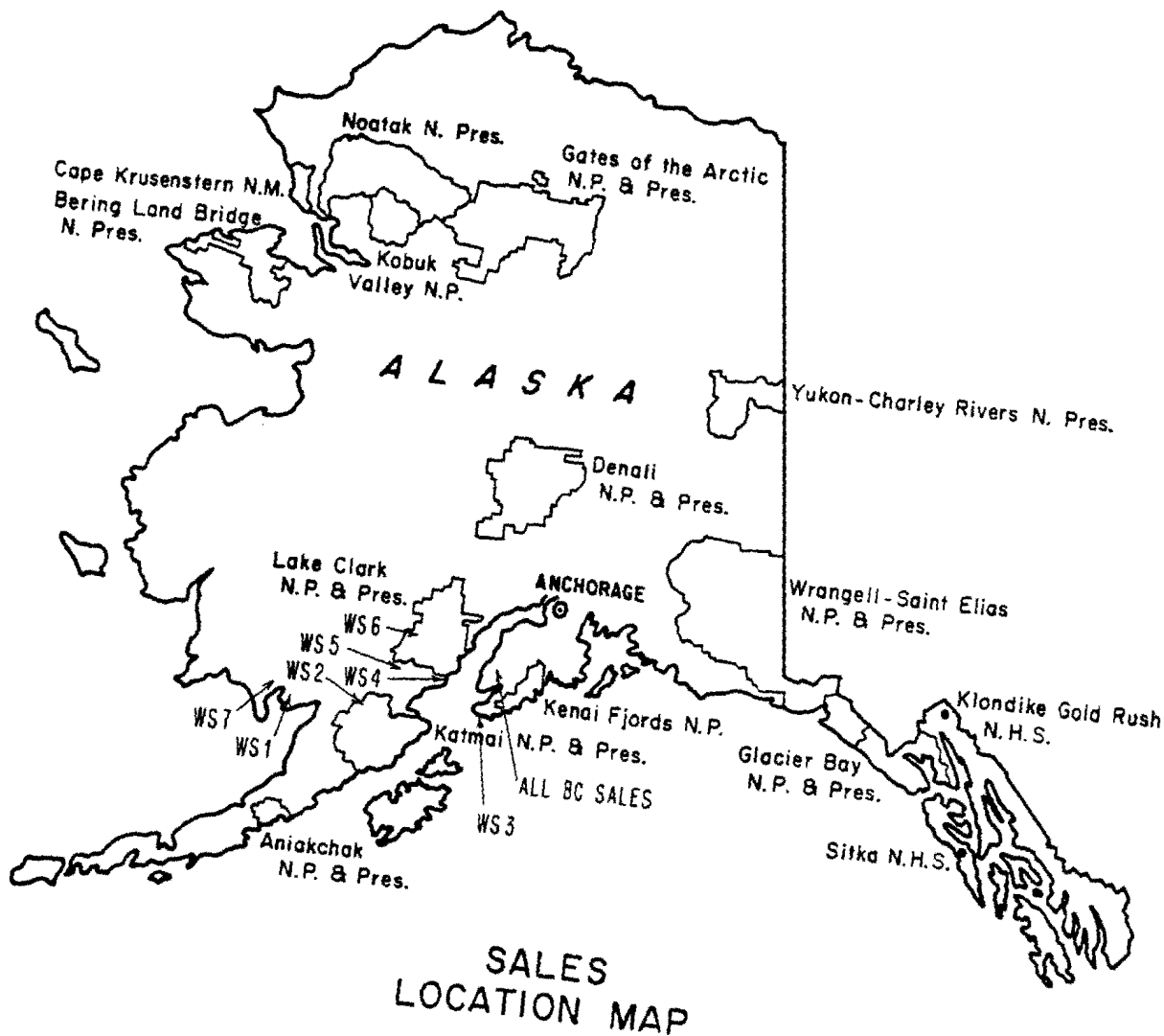
1. Several large parcel sales to the State of Alaska were disqualified because they were appraised with the highest and best use being public use or natural lands. A few values were derived by a political decision.
2. All exchanges since they normally do not represent evidence of free open-market activity.
3. Very small sites 5 to 40 acres, since it appears these are sold on site basis and not per acre value as reflected by larger sales.
4. Southeast Alaska sales that had unknown timber volumes and values.
5. Kodiak Island sales, since this area appears to have a superior market and resource base.
6. Although several state and federal government transactions appeared to be in line with similar private sales, these were not used in order to prevent the appearance of selecting certain government comparable.

The following is a tabulation of those market transactions selected as most comparable:

WATERFRONT COMPARABLES					
Sale No.	Location	Date	Adj. CEV	Acres	PAV
1	Nushagak/ Iowithla River	7-93	\$200,000	80.00	\$2,500
2	Nonvianuk River	7-93	\$229,000	119.99	\$1,908
3	Kachemak Bay	10-86	\$ 80,000	69.09	\$1,158
4	Chitina Bay	8-90	\$ 85,101	74.96	\$1,135
5	Iliamna	6-91	\$ 70,000	80.00	\$ 875
6	Lake Clark	2-94	\$105,000	159.97	\$ 656
7	Bristol Bay	7-93	\$ 90,000	79.95	\$1,126

BACKLAND COMPARABLE					
Sale No.	Anchor Point	Date	Adj. CEV	Acre	PAV
1	"	8-90	\$450,000	2,220	\$203
2	"	12-91	\$ 44,000	120	\$367
3	"	2-92	\$ 15,000	80	\$188
4	"	10-92	\$105,000	480	\$219
5	"	4-93	\$ 95,000	520	\$183
6	"	5-93	\$ 70,000	360.91	\$194
7	"	8-93	\$140,000	560	\$250
8	"	8-93	\$235,000	600	\$392

For more detailed and accurate description of each transaction, see the following pages. Comparable sale data location map, on the following page indicates the approximate location.



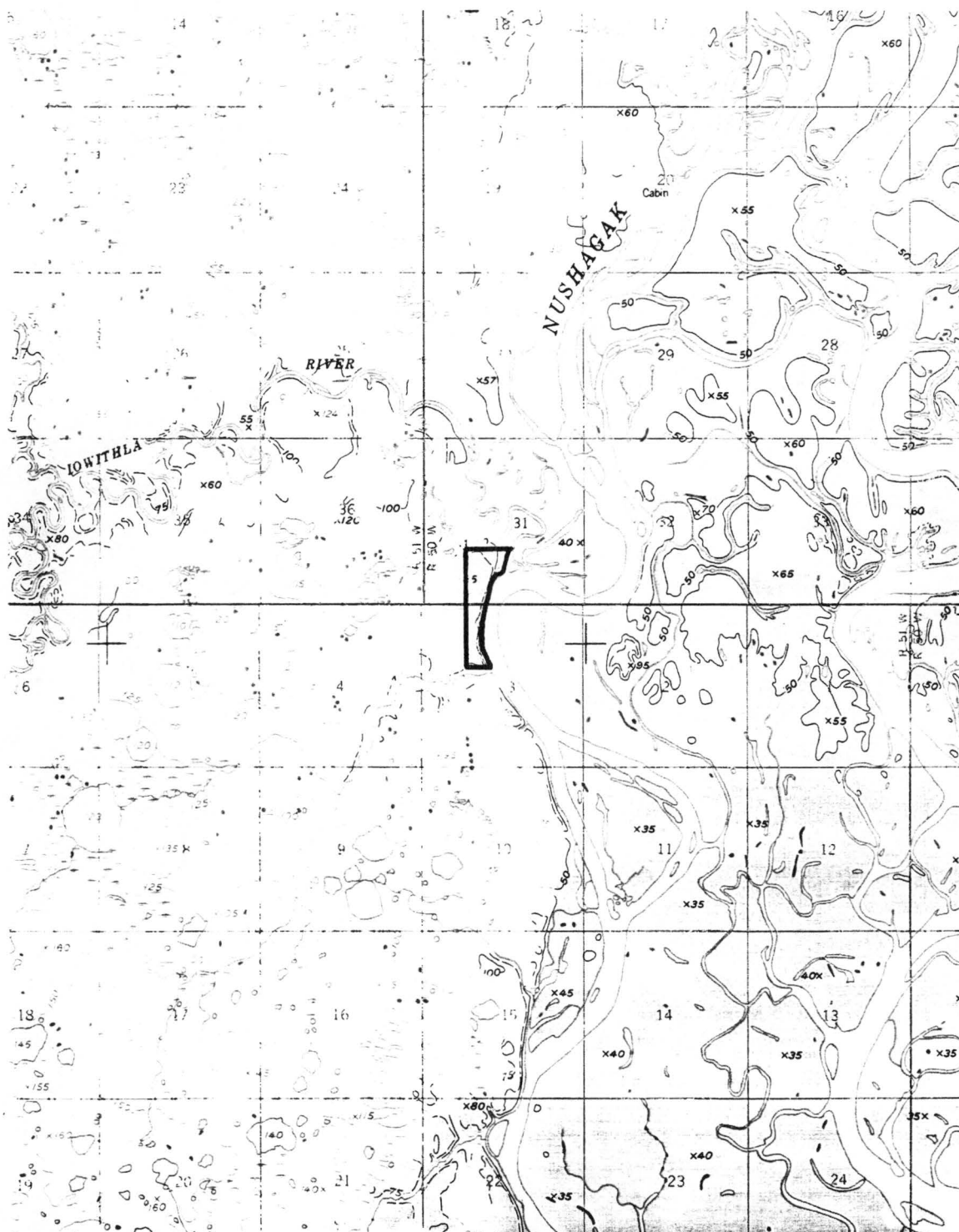
WATERFRONT SALE NO. 1

SELLER: Esther Ladd
BUYER: Burt Bomhoff
DATE OF SALE: 7-22-93
BOOK AND PAGE: 42/52
RECORDING DISTRICT: Kvichak
LOCATION: Southwest corner of the confluence of the
Nushagak and Iowithla Rivers, approximately
26 miles east of Dillingham, Alaska.
TAX ID: None
USGS QUAD MAP NO: Dillingham A-5
LEGAL DESCRIPTION: U.S. Survey No. 7729, within Section 31, T.
12 S., R. 50 W., Seward Meridian, and Section
3, T. 13 S., R. 50 W., Seward Meridian.
SIZE: 80 acres
SALES PRICE: \$200,000
UNIT PRICE: \$2,500
TERMS: \$100,000 down, 9% interest and five year term
CEV/ADJ PRICE: \$200,000 (None-large down with short term)
HIGHEST AND BEST USE: Recreation, purchased for lodge site
ZONING: None
UTILITIES: None
ESTATE: Fee simple, surface only
PHYSICAL ACCESS: Boat or float plane
LEGAL ACCESS: Yes
VERIFIED WITH: Dick Larson, BIA
VERIFIED BY: Lynn A. Willhite
MARKET EXPOSURE: BIA auction, advertised four weeks prior to
bid deadline

ESTHER LADD TO BURT BOMHOFF
7-22-93 80 ACRES \$200,000 \$2,500/AC



1 Inch = 1 Mile



SITE DESCRIPTION: Enroute to Bristol Bay, the Nushagak River collects several drainages including the upper Tikchik Lakes. The area is considered to be a "world class" trophy fishing and hunting area. The site is located approximately 26 miles east of Dillingham at the confluence of the Nushagak and Iowithla Rivers. The 80-acre site occupies only one corner of the intersection but features extensive river frontage and world class fishing opportunities. Access is by float plane or river boat. The topography is fairly level to rolling. There is no merchantable timber on the site and the oil and gas rights were not conveyed. The purchaser's intended use is for commercial recreation. The property was exposed to the market via the BIA process in which sealed bids are invited during an advertisement period of four weeks. If no bids are received, the property is listed for sale with BIA's realty department. The purchase price for this site represents the highest bid received during the initial offering.

REMARKS: The buyer indicated that he owned and operated the Goldenhorn Lodge for 15± years. Reportedly this lodge was one of the premier luxury lodges in western Alaska. Buyer had established a small cabin on the subject site for fly fisherman clients. Buyer claimed this site is world class with one of the best places in the region, as fly fisherman can catch king salmon from shore. Buyer sold his existing lodge operation in 1990 and immediately began an extensive search for a new lodge site. After three years, intensive aerial searches, and title searches from government records, the buyer heard that this site was going to BIA auction. Buyers was aware that his bid was significantly greater than appraised value, but felt the site was a one of a kind for a lodge operation. He felt that because he had successfully operated a lodge for 15 years, he knew what he could afford to pay for the site.

LADD TO BOMHOFF (NUSHAGAK RIVER)



A WESTERLY VIEW OF THE COMPARABLE ACROSS THE NUSHAGAK RIVER



INTERSECTION OF THE NUSHAGAK AND IOWITHA RIVERS, THE NORTHEAST CORNER

10801

WATERFRONT SALE #2

SELLER: Edwin Peterson

BUYER: T Corporation (Chris Branham)

DATE OF SALE: 7-15-93

BOOK AND PAGE: 29/202

RECORDING DISTRICT: Kvichak

LOCATION: North Bank Nonvianuk River, 1.5 miles west of Lake Nonvianuk, Alaska and 1.5 miles N.W. of Hammersly Camp.

TAX ID: None assigned

USGS QUAD MAP NO: Iliamna A-7 and A-8

LEGAL DESCRIPTION: U.S. Survey 8146, within Section 28, T. 13 S., R. 38 W., Seward Meridian

SIZE: 119.99 acres

SALES PRICE: \$229,000

UNIT PRICE: \$1,908

TERMS: \$150,000 down, 8% interest, six year term

CEV/ADJ PRICE: \$229,000 (None, large down with short term)

HIGHEST AND BEST USE: Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple, surface estate only

PHYSICAL ACCESS: Boat or float plane only

LEGAL ACCESS: Yes

VERIFIED WITH: Dick Larson, BIA
Vicky Kirby, BBNA

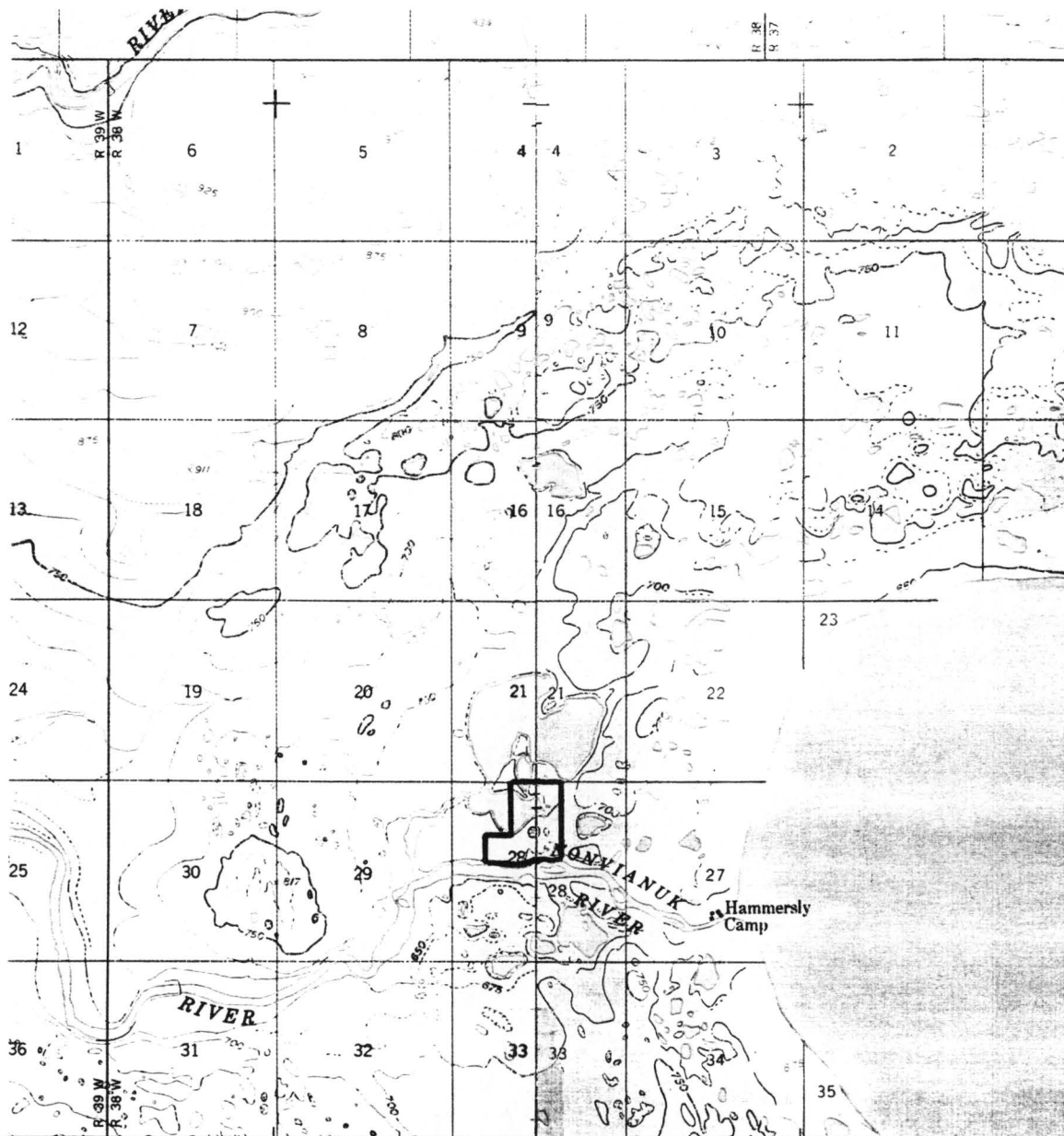
VERIFIED BY: Lynn A. Willhite

MARKET EXPOSURE: Previously advertised with no response.
Remained on BBNA Realty's offering list until this offer.

EDWIN PETERSON TO T CORPORATION (CHRIS BRANHAM)
7-15-93 119.99 ACRES \$229,000 \$1,908/AC



1 Inch = 1 Mile



9511

WATERFRONT SALE NO. 3

SELLER: UMETCO Minerals Corporation (Union Carbide)
BUYER: Kenton Bloom, David S. Seaman, et al
DATE OF SALE: 10-86
BOOK AND PAGE: 28/912
RECORDING DISTRICT: Seldovia
LOCATION: Chrome Point, Port Chatham, Lower Kachemak Bay, Alaska.
TAX ID: 191-060-03
USGS QUAD MAP NO: Seldovia A-5
LEGAL DESCRIPTION: USMS 1422, 2154-A, 2165-A, within Section 21, T. 11 S., R. 15 W., Seward Meridian
SIZE: 69.09 acres
SALES PRICE: \$80,000
UNIT PRICE: \$1,158
TERMS: Cash
CEV/ADJ PRICE: \$80,000
HIGHEST AND BEST USE: Recreation or commercial recreation
ZONING: None
UTILITIES: None
ESTATE: Fee simple, both surface and subsurface
PHYSICAL ACCESS: Boat, sea plane
LEGAL ACCESS: Yes
VERIFIED WITH: Kenton Bloom, Grantee, (907) 235-4247
VERIFIED BY: Lynn A. Willhite
MARKET EXPOSURE: Listed for six months with an Anchorage broker.

PETERSON TO BRANHAM (NONVIANUK RIVER)



SOUTH VIEW OF THE COMPARABLE WITH THE NONVIANUK RIVER IN THE BACKGROUND



SMALL FLOATPLANE LAKE ON THE COMPARABLE'S NORTH BOUNDARY

SITE DESCRIPTION:

The Novianuk River flows from Nonvianuk Lake to its confluence with the Alagnak River, a tributary of the Kvichak River - the outlet of Lake Iliamna. The Alagnak is designated a "wild and scenic river" and the region is considered "world class" in terms of trophy fishing and hunting opportunities. The site is located approximately 100 miles east of Dillingham. It is strategic in that it features approximately 2,500 feet of frontage on the Nonvianuk River and approximately 350 feet on Larson Lake, a small floatplane lake. The topography is fairly level to rolling. There is no merchantable timber on the site and the oil and gas rights were not conveyed. The purchasers intended use is for commercial recreation.

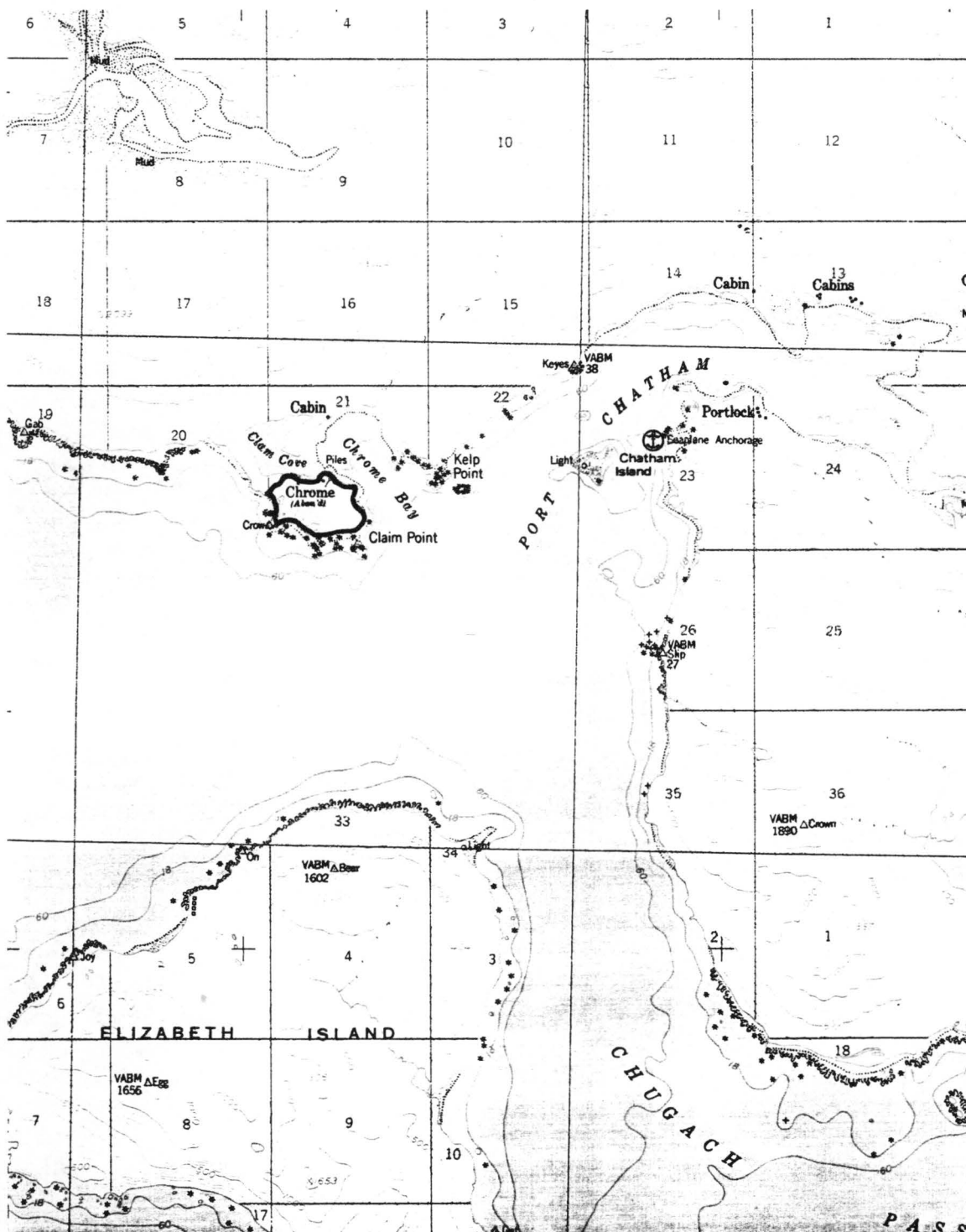
REMARKS:

The site has numerous sites adequate for permanent structure development. It's situated in an area that has a fairly active market with intermittent demand and competing sites.

UNION CARBIDE TO KENTON BLOOM
 10/86 69.09 ACRES \$80,000 \$1,158/AC



1 Inch = 1 Mile

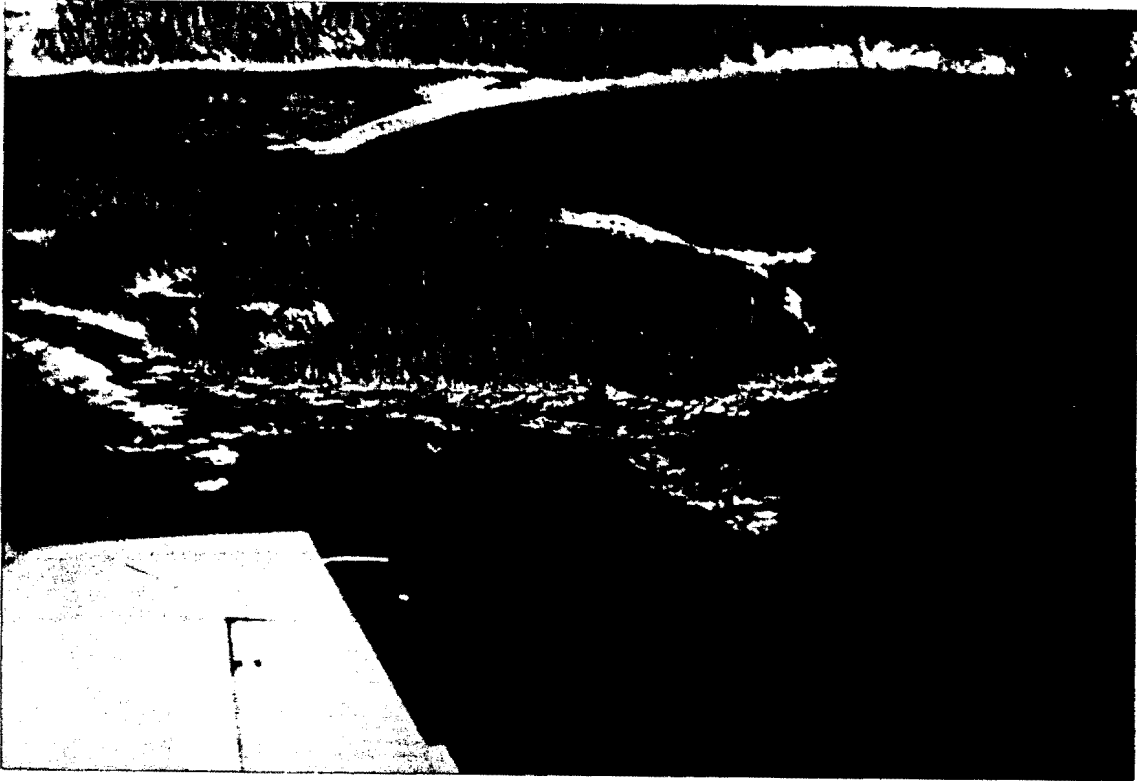


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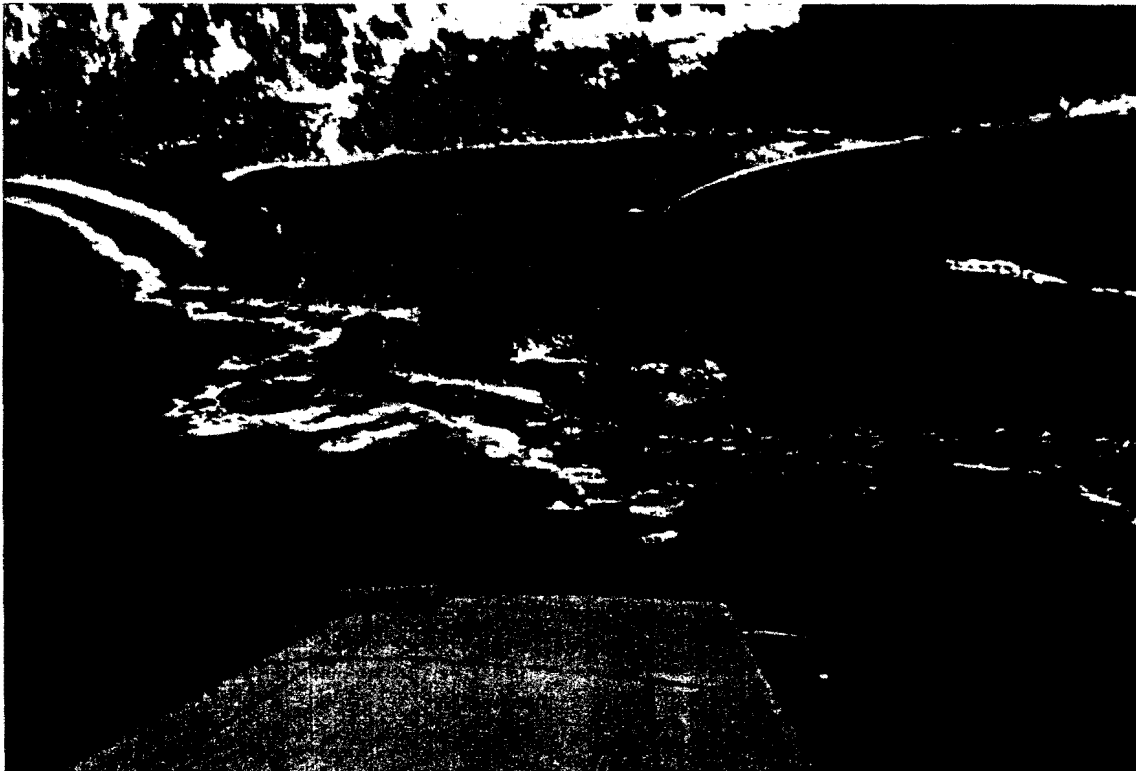
WATERFRONT SALE NO. 4

SELLER: Raymond J. Juliussen
BUYER: Les D. Vandevere
DATE OF SALE: 8-13-90
BOOK AND PAGE: 18/960
RECORDING DISTRICT: Homer
LOCATION: South shore of Chitina Bay, west side of Cook Inlet, Alaska, approximately 1 mile west of Sea Otter Point.
TAX ID: 231-110-15
USGS QUAD MAP NO: Iliamna D-1
LEGAL DESCRIPTION: Lot 7, USS 8355, within Section 15, T. 4 S., R. 22 W., Seward Meridian
SIZE: 74.96 acres
SALES PRICE: \$85,101
UNIT PRICE: \$1,135
TERMS: Cash
CEV/ADJ PRICE: \$85,101
HIGHEST AND BEST USE: Rural Residential/Recreation
ZONING: None
UTILITIES: None
ESTATE: Fee simple surface estate
PHYSICAL ACCESS: Boat or float/wheel plane
LEGAL ACCESS: Yes
VERIFIED WITH: Gary Fandel, KPB Assessor
Rose Brady and Pearl Chanar, BIA Realty
VERIFIED BY: Lynn A. Willhite
MARKET EXPOSURE: Advertised four to six weeks

UNION CARBIDE TO BLOOM (CHROME POINT)



A NORTHEAST VIEW OF THE COMPARABLE



THE NORTHWESTERN AREA AND ADJOINING PROPERTY

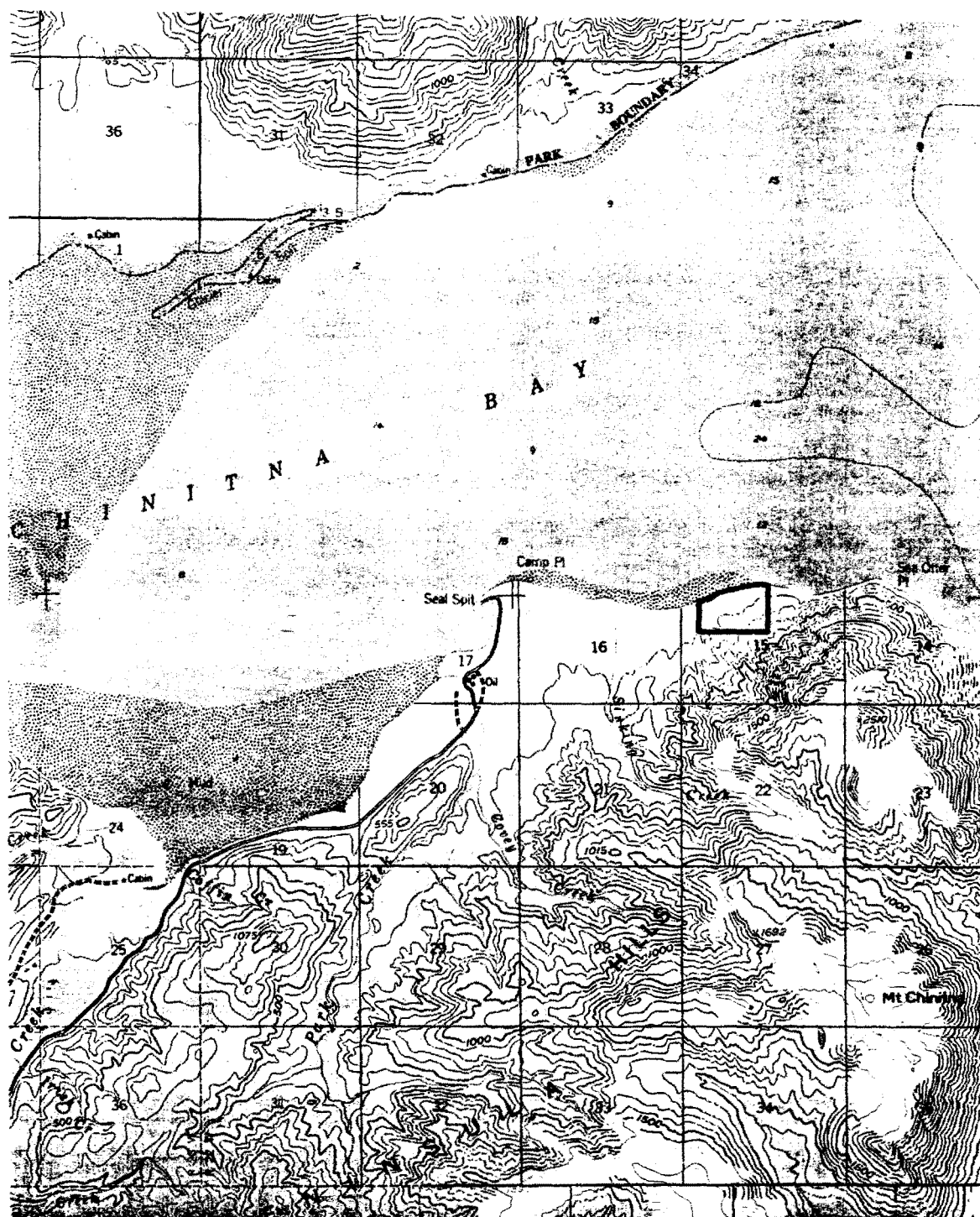
SITE DESCRIPTION: The parcel is located in the Port Chatham area of the Lower Kenai Peninsula. The "recreational/tourism" rating by the EVOS Restoration Team Habitat Protection Work Group for the general locale (ENB08) is "moderate". Access by boat is from Homer (Kachemak Bay) but the route is exposed to open-ocean. There is approximately 3,657 feet of frontage in Port Chatham Bay. Frontage elevation varies from 0 to 250 feet. Merchantable timber, if any, was apparently not a factor. Topography is moderately sloping and a high percentage of the acreage is usable.

REMARKS: The site had been previously utilized in a mining operation and the mineral rights were conveyed along with the surface estate. The buyer indicated that the acquisition of the subsurface estate effectively eliminated a potential nuisance but no portion of the purchase price was allocated (to the subsurface estate). The purchaser reportedly felt the price was below market and paid the seller's asking price. However, the offering was exposed to the market with an Anchorage brokerage for approximately six months. The buyer subdivided the site and has sold 8 lots since 1987 reflecting an absorption period of 1 lot per year. Two of the original lots are listed for sale.

RAYMOND J. JULIUSSEN TO LES D. VANDEVERE
8-13-90 74.96 ACRES \$85,101 \$1,135/AC



1 Inch = 1 Mile



753

WATERFRONT SALE NO. 5

SELLER: Alexan S. Paisely

BUYER: Joe Hess

DATE OF SALE: 6-14-91

BOOK AND PAGE: 18/809

RECORDING DISTRICT: Iliamna

LOCATION: Eagle Bay, northern shore of Lake Iliamna,
Alaska, approximately 1.2 miles N. W. of
Eagle Bay Island.

TAX ID: None assigned

USGS QUAD MAP NO: Iliamna D-5

LEGAL DESCRIPTION: Lot 1, US Survey No. 7127, within Sections 2
and 11, T. 5 S., R. 32 W., Seward Meridian.

SIZE: 80 acres

SALES PRICE: \$70,000

UNIT PRICE: \$875

TERMS: Cash

CEV/ADJ PRICE: \$70,000

HIGHEST AND BEST USE: Recreational

ZONING: None

UTILITIES: None

ESTATE: Fee simple estate except for oil and gas

PHYSICAL ACCESS: Boat or float plane

LEGAL ACCESS: Yes

VERIFIED WITH: John Cress, BIA
Kim Paisley, JKP Realty, Listing Agent
Bernie Vockner, OMB Remote Properties,
Selling Agent

VERIFIED BY: Lynn A. Willhite

JULIUSSEN TO VANDEVERE (CHINITNA BAY)



A SOUTHWESTERN VIEW OF THE COMPARABLE AND CHINITNA BAY



COMPARABLE'S FRONTAGE ON THE BAY

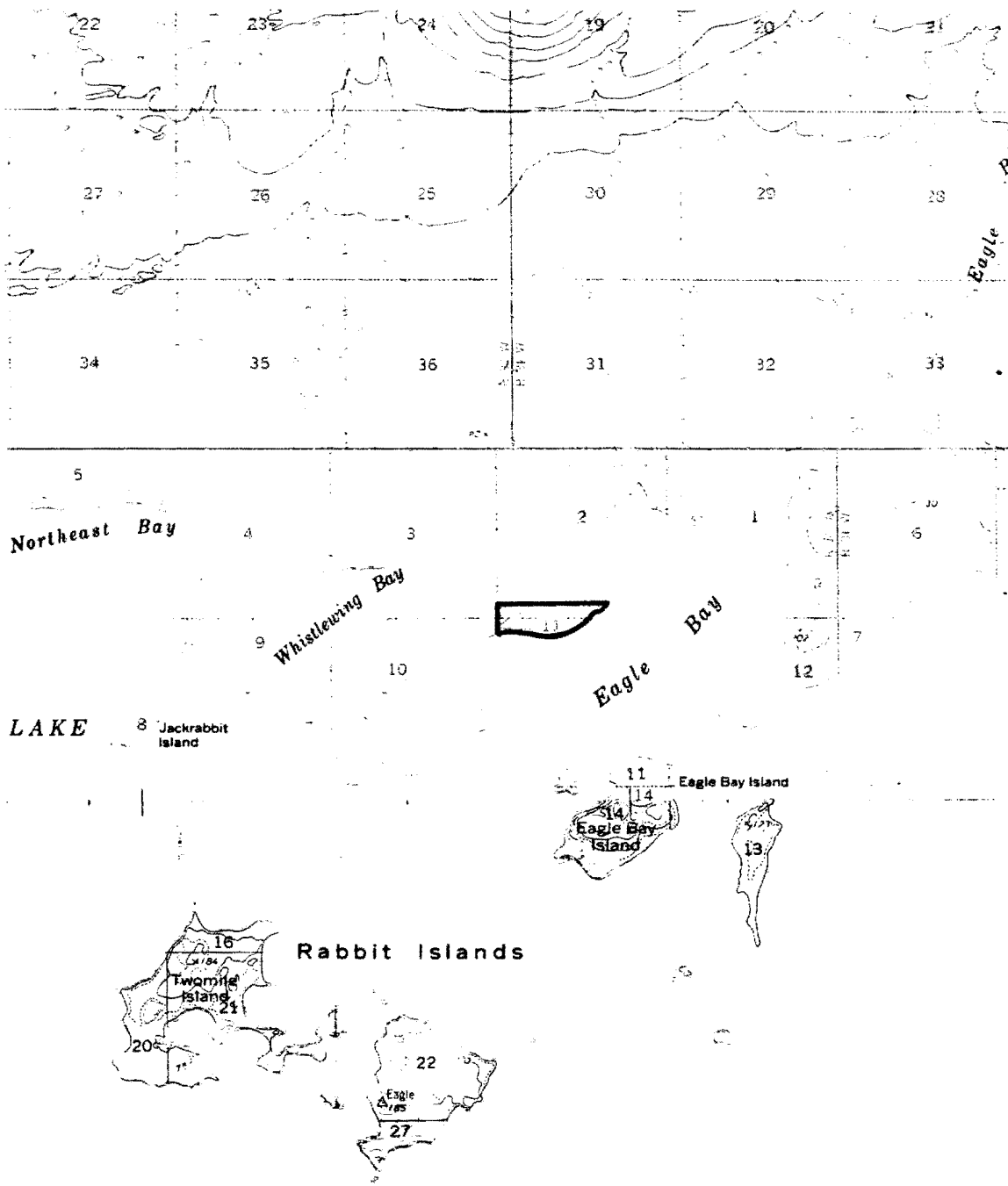
SITE DESCRIPTION: Chitina Bay is located on the west side of Cook Inlet, approximately 45 miles west of Anchor Point. Access by small boat is impractical much of the time due to the expanse of open water that must be crossed. The area (Iniskin Peninsula) is situated within the boundaries of the Kenai Peninsula Borough. The parcel has approximately 2,600 feet of frontage on the south shore of Chitina Bay. From a 5 to 10 foot bluff along a wide and graveled beach, the terrain has moderate inclination in elevation to the south boundary line. The southwest corner of the site goes into a very steep mountain side. Most of the parcel is wooded.

REMARKS: The parcel was purchased for a future lodge site but was subdivided into three lot Vandevere subdivisions. A dwelling or cabin has been constructed on the site.

ALEXAN S. PAISELY TO JOE HESS
 6-14-91 80 ACRES \$70,000 \$875/AC



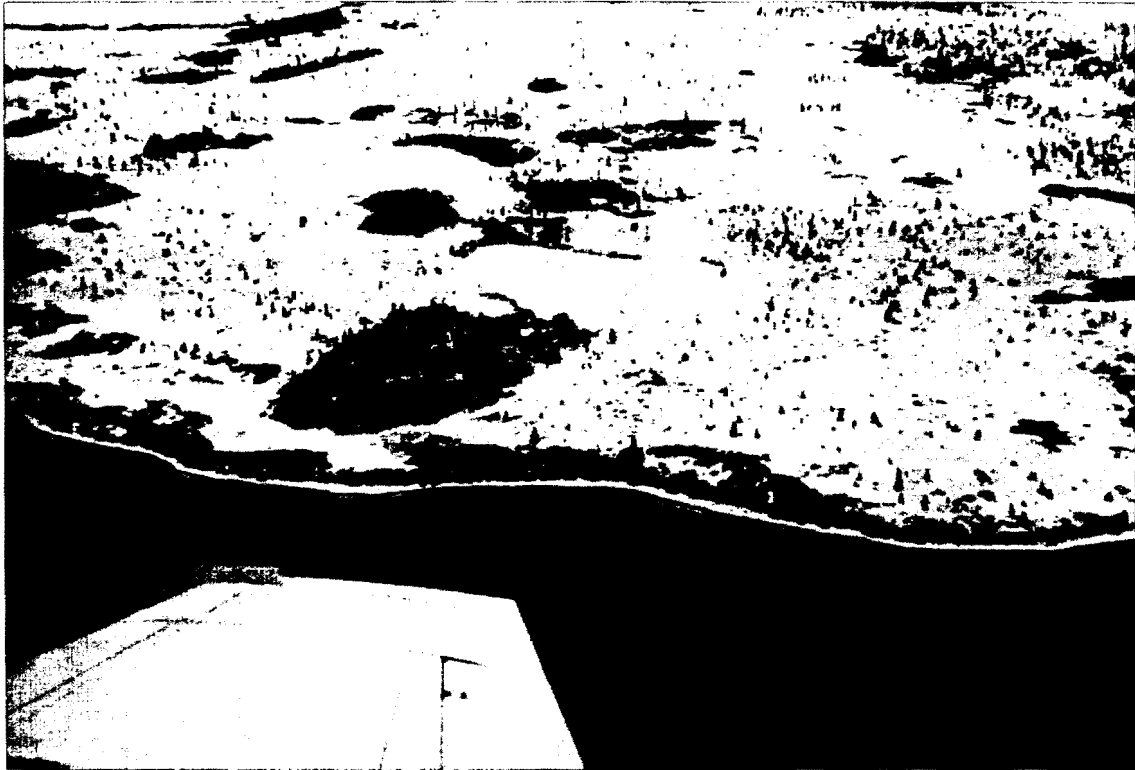
1 Inch = 1 Mile



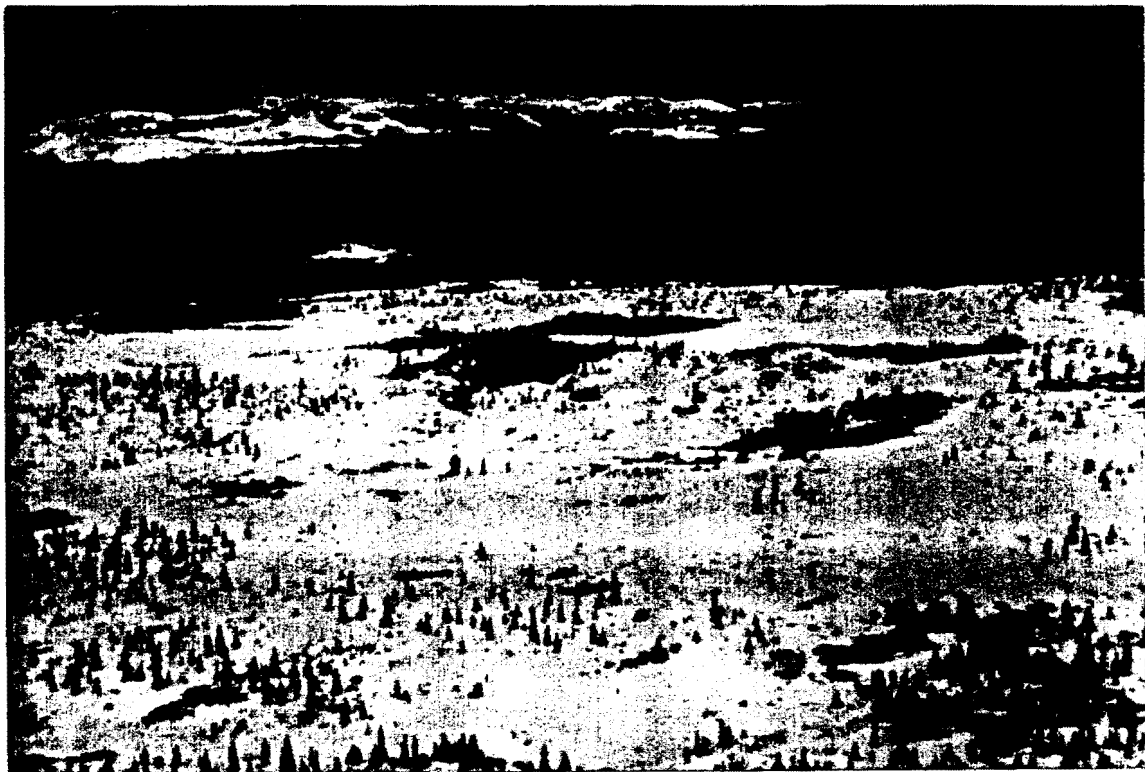
10-2-94

WATERFRONT SALE NO. 6

SELLER: Phillip Balluta
BUYER: Tawnja Powers
DATE OF SALE: 2-22-94
BOOK AND PAGE: 21/836
RECORDING DISTRICT: Iliamna
LOCATION: North side of Lake Clark near Kijik Lake,
Alaska, approximately 1 mile S.E. of the
Kijik River outlet.
TAX ID: None assigned
USGS QUAD MAP NO: Lake Clark B-4
LEGAL DESCRIPTION: Lot 2, US Survey No. 7952, within Sections 10
and 15, T. 2 N., R. 29 W., Seward Meridian
SIZE: 159.97 acres
SALES PRICE: \$105,000
UNIT PRICE: \$656
TERMS: \$55,000 down, 8% interest and five year term
CEV/ADJ PRICE: \$105,000
HIGHEST AND BEST USE: Recreational
ZONING: None
UTILITIES: None
ESTATE: Fee simple, surface estate only
PHYSICAL ACCESS: Boat or float plane
LEGAL ACCESS: Yes
VERIFIED WITH: Recorded documents
Bernie Vockner, Listing Agent
VERIFIED BY: LYNN A. WILLHITE
MARKET EXPOSURE: Very short marketing time of 38 days



A NORTH VIEW OF COMPARABLE AND EAGLE BAY SHORELINE



SOUTHVIEW OF COMPARABLE WITH EAGLE BAY ISLAND IN BACKGROUND

MARKET EXPOSURE: Listed for sale for over nine months

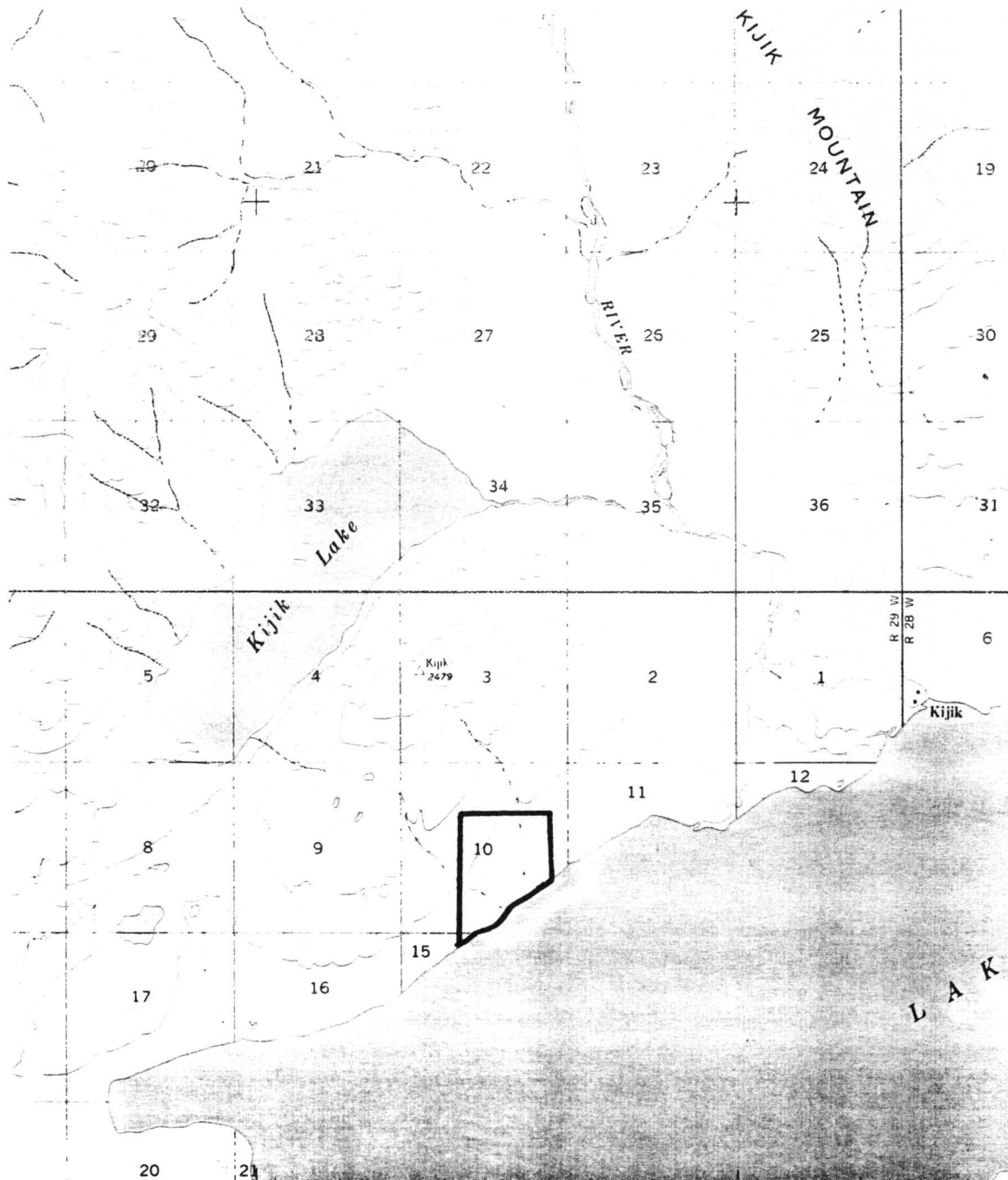
SITE DESCRIPTION: Lake Iliamna is a popular fly-in recreation area west of the Alaska Range. At approximately 76 miles in length, Lake Iliamna is the largest fresh-water lake in Alaska and represents the centerpiece of the premier outdoor region generally referred to as "southwestern Alaska". The area is considered to be a "world class" trophy fishing and hunting area. The site is located at Eagle Bay, six miles east of the community of Iliamna and approximately eight miles east of the airport. Most of the 3,100 feet of meandering frontage on the north shore of Eagle Bay is 2 to 3 feet above the waterline. From a good gravel beach the topography is gently rolling for a distance of about 700 feet. From this point to the rear boundary line it appears wet.

REMARKS: The seller immediately subdivided the site and listed it with Bernie Vockner. Mr. Vockner indicated that there have been no sales after more than one year on the market. Mr. Vockner had heard rumors that the owner may have sold two or three of the sites himself. The site was part of a Native allotment. Close to Iliamna, many recreational uses, fairly active market with intermittent demand and competing sites.

PHILLIP BALLUTA TO TAWNJA POWERS
2-22-94 159.97 ACRES \$105,000 \$656/AC



1 Inch = 1 Mile



12/98

WATERFRONT SALE NO. 7

SELLER: Elsie Chythlook

BUYER: Mark A. Vingoe et al.

DATE OF SALE: 7-15-93

BOOK AND PAGE: 40/884

RECORDING DISTRICT: Bristol Bay

LOCATION: North bank of Lake Aleknagik, six miles west
of the community of Aleknagik.

TAX ID: None

USGS QUAD MAP NO: Dillingham A-5

LEGAL DESCRIPTION: Lot 1, US Survey 9288, within Section 36, T.
9 S., R. 57 W., Seward Meridian

SIZE: 79.95 acres

SALES PRICE: \$90,000

UNIT PRICE: \$1,126

TERMS: Cash

CEV/ADJ PRICE: \$90,000

HIGHEST AND BEST USE: Recreation/Rural Residential

ZONING: None

UTILITIES: None

ESTATE: Fee simple, surface estate only

PHYSICAL ACCESS: Boat or float plane

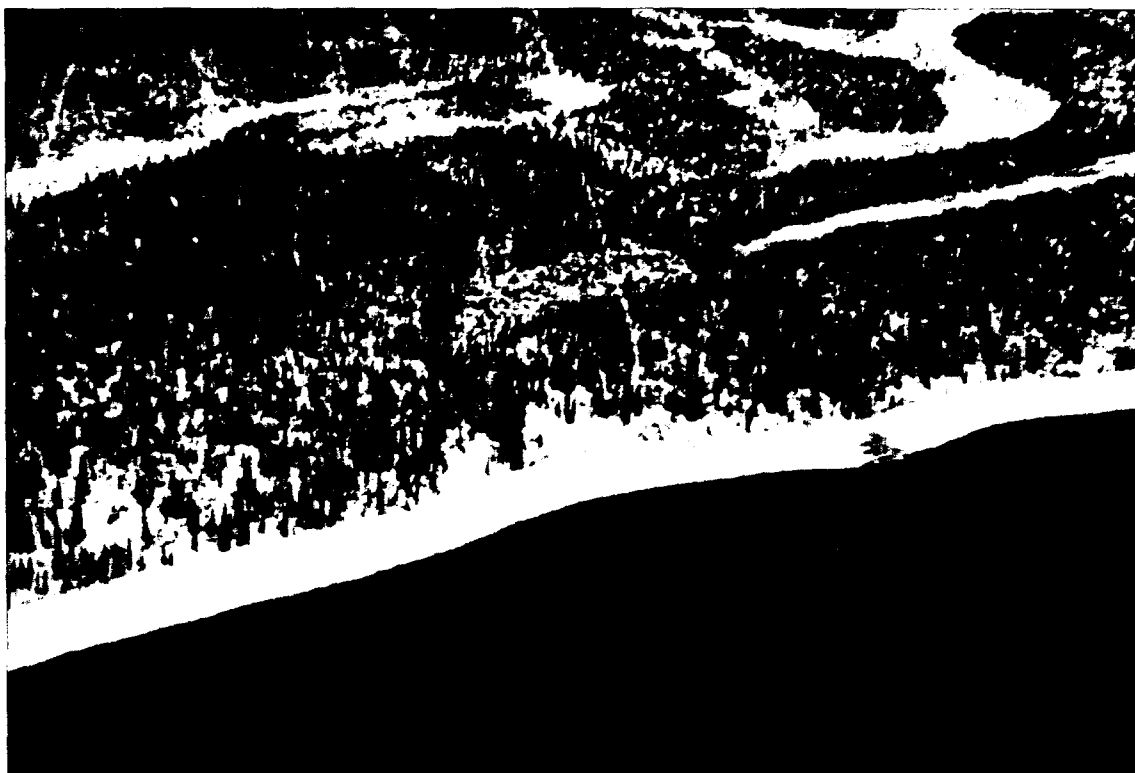
LEGAL ACCESS: Yes

VERIFIED WITH: J. Richard Larson, BIA Files
Vicky Kirby and Allan Backford, BBNA Realty
Carol Boquard, Grantee

VERIFIED BY: LYNN A. WILLHITE

MARKET EXPOSURE: Advertised four weeks prior to BIA auction
where no bids were received. Site was then

BALLUTA TO POWERS (LAKE CLARK)



NORTHEAST VIEW OF COMPARABLE AND LAKE CLARK SHORLINE



SOUTH PORTION OF PARCEL

SITE DESCRIPTION:

Lake Clark is located to the north of Lake Iliamna in the fly-recreation area west of the Alaska Range. The area is considered to be a "world class" trophy fishing and hunting area. The site is an inholding within the boundaries of the Lake Clark National Park and Preserve. As pointed out by the map on the opposite page, this somewhat rectangular parcel fronts the north shore of Lake Clark for a distance of about 2,700 feet. Most of the beach is sandy with some large rocks that would somewhat limit access. Most of the frontage is on a 7 to 20 foot bluff. From the waterfront, the parcel has a moderate inclination in elevation toward the Northwestern corner. Approximately 35 to 40 acres in the northwest corner is very steep. Most of the parcel is wooded with no merchantable timber present.

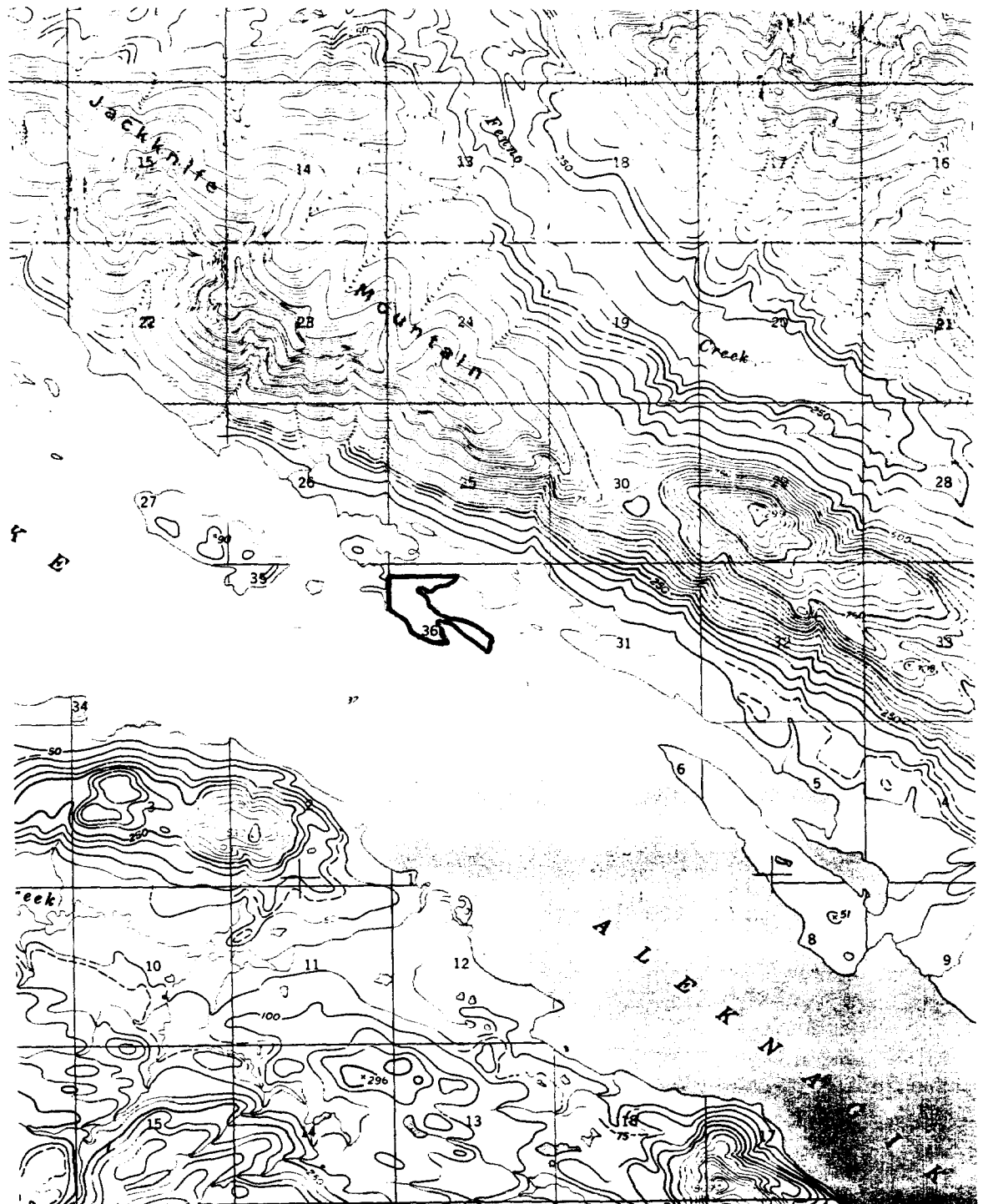
REMARKS:

The parcel is located in an area that has many recreation uses, fairly active market with intermittent demand and competing sites. Mr. Powers purchased the parcel for a personal use cabin/home site.

ELSIE CHYTHLOOK TO MARK VINGOE
7-15-93 79.95 \$90,000 \$1,106/AC



1 Inch = 1 Mile



96 - 9774

BACK COUNTRY SALE NO. 1

SELLER: Security National Trust, Inc.

BUYER: Cloyd Moser and Chuck Homan

DATE OF SALE: 8-1-90

BOOK AND PAGE: 200/265

RECORDING DISTRICT: Homer

LOCATION: Within 8 miles north, south and east of Anchor Point on the Kenai Peninsula, Alaska.

TAX ID: 159-290-01

USGS QUAD MAP NO: Seldovia D-5

LEGAL DESCRIPTION:

- 1) Tracts 1-46, Stariski Creek Acres #2 (460 acres), within Sections 31 and 32, T. 3 S., R. 14 W., Seward Meridian
- 2) Tracts 1-8 and 11-14, Chakok Acres (120 acres), within Section 9, T. 4 S., R. 14 W., Seward Meridian
- 3) Tracts 1-64, Terrace View (480 acres), within Sections 12 and 13, T. 4 S., R. 14 W. Seward Meridian
- 4) Tracts 1-48, High Line Acres (640 acres), within Section 22, T. 4 S., R. 14 W., Seward Meridian
- 5) Tracts 1-20, Inlet View (200 acres), within Sections 7 and 18, T. 5 S., R. 14 W., Seward Meridian
- 6) Tracts 1-32, Salmon Heights (320 acres), within Section 8, T. 5 S., R. 14 W., Seward Meridian

SIZE: 2,220 acres

SALES PRICE: \$450,000

UNIT PRICE: \$203

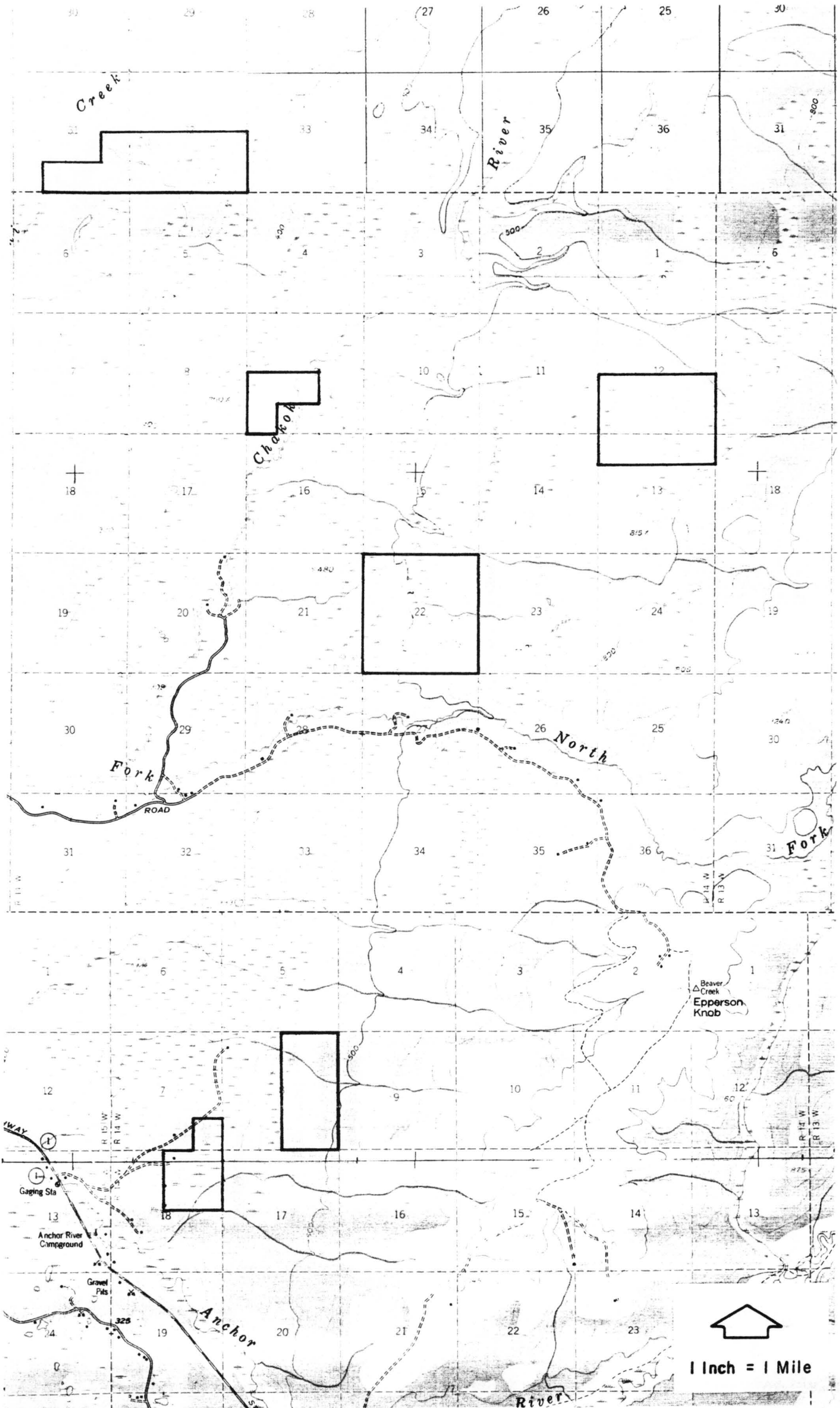
TERMS: \$50,000 down, \$400,000 deed of trust, 12% interest, 30 year amortization

advertised locally until sale one year later.

SITE DESCRIPTION: Lake Aleknagik is the lower lake in the Wood River - Tikchik Lakes chain that drains into Bristol Bay at Dillingham in southwest Alaska. The area is considered to be a "world class" trophy fishing and hunting area. The site is situated on the north shore of the lake approximately six miles west of the community of Aleknagik. Access is by float-plane or riverboat. The site features undulating topography and a gravel beach along an extensive shoreline well-situated for subdividing. There is no merchantable timber in the area and the oil and gas rights were not conveyed.

REMARKS: Mr. Vingoe acquired the site for a personal use cabin/home site. The comparable is situated in an area of many recreational uses, limited market activity with intermittent demand and competing sites.

SECURITY NATIONAL TRUST INC. TO CLOYD & ERWIN MOSER
08-01-90 2,200 ACRES \$203/AC



10230

BACK COUNTRY SALE NO. 2

SELLER: Philip Maser, Jr.

BUYER: Leonard T. Schultz

DATE OF SALE: 12-91

BOOK AND PAGE: 211/998

RECORDING DISTRICT: Homer

LOCATION: Four miles SE of Anchor Point and 1 mile east
of the Sterling Highway

TAX ID: 171-010-27

USGS QUAD MAP NO: Seldovia C-5

LEGAL DESCRIPTION: W1/2NW1/4, NW1/4SW1/4 Section 8, T. 5 S., R.
14, W., Seward Meridian

SIZE: 120 acres

SALES PRICE: \$44,000

UNIT PRICE: \$367

TERMS: \$10,000 down, 10% interest, 15 year term

CEV/ADJ PRICE: \$44,000 (None-terms are considered to be cash
equivalent)

HIGHEST AND BEST USE: Residential/Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple, except oil and gas

PHYSICAL ACCESS: Gravel/Dirt road

LEGAL ACCESS: Gravel/Dirt road

VERIFIED WITH: Cloyd Moser, Broker
Leonard T. Schultz, Grantee

VERIFIED BY: Lynn A. Willhite

MARKET EXPOSURE: None, seller approached buyer

SECURITY TRUST TO MOSER



DISTANT VIEW OF AREA WITH PARCELS 3 AND 1 IN BACKGROUND

that he thought the site would have sold for more, perhaps up to as much as \$250 per acre if it had been advertised. The grantee has developed access to all but two subdivisions and has sold approximately 100 lots. Lots are sold for \$15,000 each with zero down financing or 50% discount for cash. The default rate is about 15 percent.

CEV/ADJ PRICE: \$450,000 (None-terms are considered to be cash equivalent)

HIGHEST AND BEST USE: Recreation Subdivision

ZONING: None

UTILITIES: None

ESTATE: Fee simple, surface estate only

PHYSICAL ACCESS: None

LEGAL ACCESS: Yes

VERIFIED WITH: Cloyd and Erwin Moser, Grantees
John McGrew, formerly of Grantor

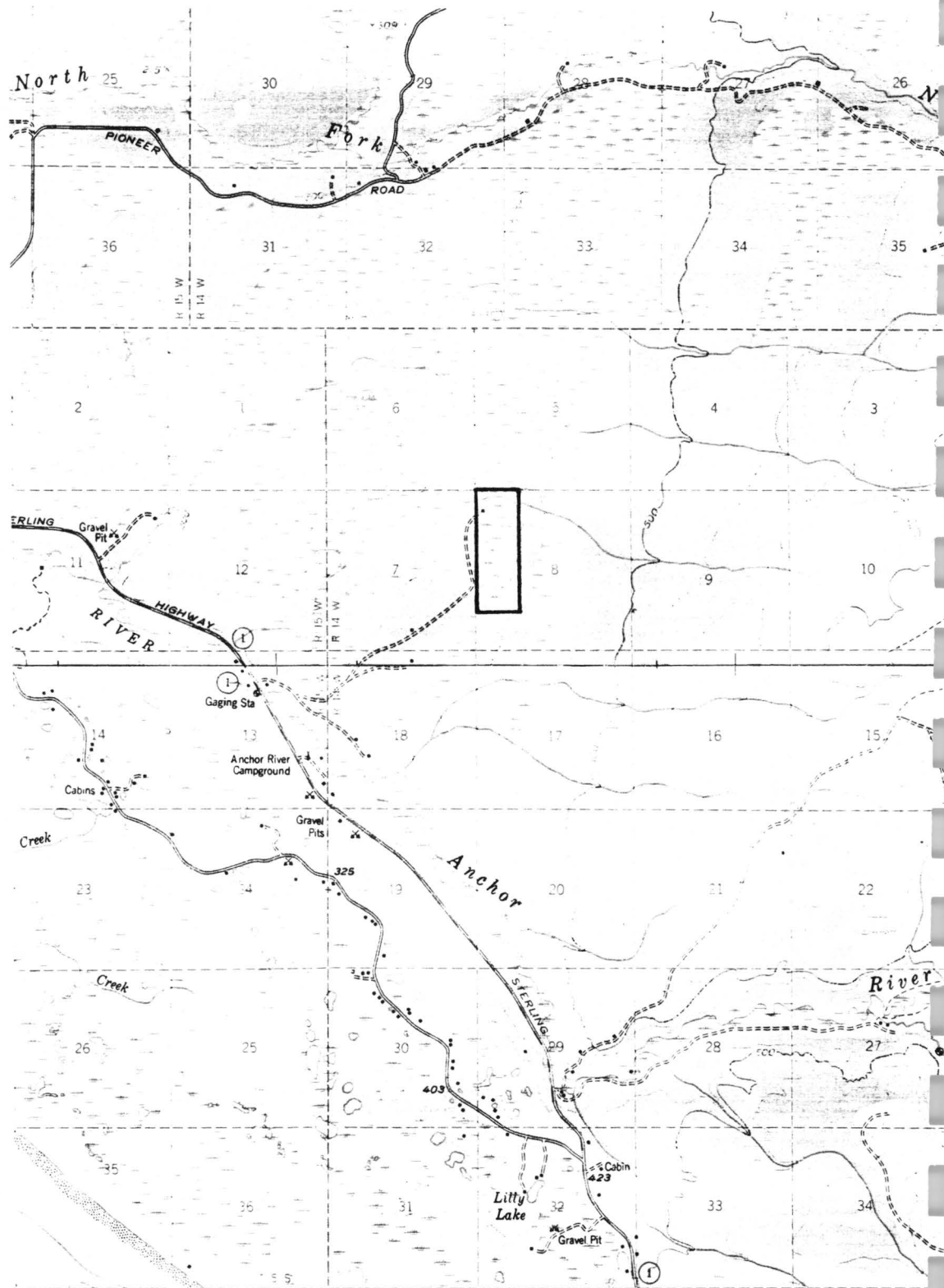
VERIFIED BY: Lynn A. Willhite

MARKET EXPOSURE: None, seller approached buyer

SITE DESCRIPTION: This is a transaction of 6 noncontiguous parcels located mostly northeast of Anchor Point and 7 to 16 miles north of Homer. All of the parcels are subdivided into 10 acre paper platted tracts. The tracts are typically located one-half to three miles from existing roads or the Sterling Highway, with section line easements for future road access. The Inlet View tract (200 acres) located in sections 7 and 18, T. 5 S., R.4 W. has gravel road access east one mile from the highway. Vegetation ranges from low bog plants in the wet peat areas (45%) to good gravel soils on the higher ground (55%) with spruce trees. Topography of the parcel varies from near level to rolling interrupted with scattered low lying wetlands.

REMARKS: This parcel was platted prior to newer subdivision regulation which requires physical access. Note: The comparable sold for \$980,000 (plus \$50,000 in commissions) in December 1985. The grantee subsequently defaulted on the loan. It was then acquired by First National Bank of Anchorage, who purchased some of failed First Federal Bank's assets from FDIC. First National Bank of Anchorage then sold to Security National Trust for \$252,000 in March 1990. Mr. McGreu, formerly of the grantor, indicated

PHILIP MASER, JR. TO LEONARD T. SCHULTZ
12-91 120 ACRES \$367/AC



1 Inch = 1 Mile

10231

BACK COUNTRY SALE NO. 3

SELLER: John J. and Lucy McDonald

BUYER: Arlo D. and Leslie A. Buchholz

DATE OF SALE: 2-92

BOOK AND PAGE: 212/326

RECORDING DISTRICT: Homer

LOCATION: Eleven miles NNE of Anchor Point and 1.3 miles east of the Sterling Highway, Anchor Point, Alaska

TAX ID: 159-112-10

USGS QUAD MAP NO: Seldovia D-5

LEGAL DESCRIPTION: W1/2SW1/4 Section 9, T. 3 S., R. 14 W., Seward Meridian

SIZE: 80 acres

SALES PRICE: \$15,000

UNIT PRICE: \$188

TERMS: Cash

CEV/ADJ PRICE: \$15,000

HIGHEST AND BEST USE: Residential/Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple surface estate only

PHYSICAL ACCESS: Dirt and gravel trail

LEGAL ACCESS: Yes

VERIFIED WITH: Arlo Buchholz, Grantee, 615-597-3650
Diane Martin, Selling Agent

VERIFIED BY: Lynn A. Willhite

MARKET EXPOSURE: Listed April 1991 for \$32,000 terms or \$22,000 cash

MASER TO SCHULTZ

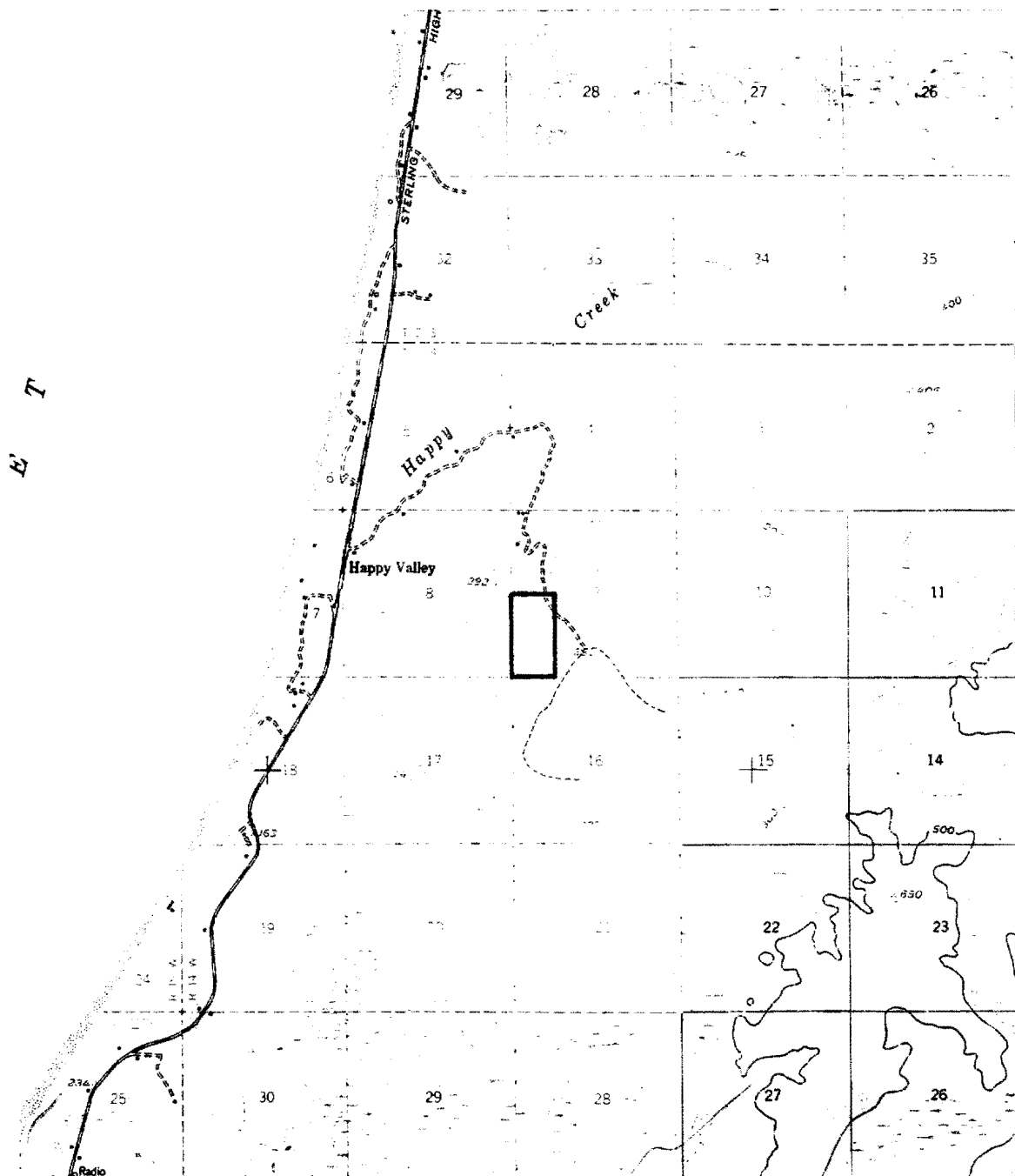


GENERAL VIEW OF COMPARABLE TOWARD THE EAST. NOTICE LARGE PERCENTAGE OF
WETLAND

SITE DESCRIPTION: As pointed out by the map on the opposite page, the rectangular shaped parcel is situated on mile northeast of the Sterling Highway. Access is via gravel/dirt road that trasverses Inlet View Subdivision. Approximately 45 percent of this parcel is low brush bog and muskeg with a few standing water areas while the remainder is spruce tree covered highland.

REMARKS: The grantor was the owner of the adjacent subdivision. Electricity and telephone are approximately $\frac{1}{2}$ mile away. Since the date of purchase the comparable was divided into 3 tracts and sold.

JOHN J. & LUCY MCDONALD TO ARLO D. & LESLIE A. BUCHHOLZ
2-92 80 ACRES \$188/AC



1 inch = 1

10.22

BACK COUNTRY SALE NO. 4

SELLER: Astoria Investments

BUYER: Cloyd Moser/Quantum Health

DATE OF SALE: 10-92

BOOK AND PAGE: 219/432

RECORDING DISTRICT: Homer

LOCATION: Eight miles NNE of Anchor Point and 1.7 miles east of the Sterling Highway

TAX ID: 159-200-13

USGS QUAD MAP NO: Seldovia D-5

LEGAL DESCRIPTION: SE1/4, SE1/4 SW1/4 Section 29, NE1/4 NW1/4, S1/2 NW1/4 and NE1/4 Section 32, T. 3 S., R. 14 W., Seward Meridian

SIZE: 480 acres

SALES PRICE: \$105,000

UNIT PRICE: \$219

TERMS: \$72,000 down, Buyer would not disclose term or interest rate, but indicated they were at market

CEV/ADJ PRICE: \$105,000 (None-terms are considered to be cash equivalent)

HIGHEST AND BEST USE: Residential/Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple surface estate only

PHYSICAL ACCESS: Dirt log haul road

LEGAL ACCESS: Yes

VERIFIED WITH: Cloyd Moser, Grantee 344-2008
Buzz Moore 235-2507

VERIFIED BY: Lynn A. Willhite

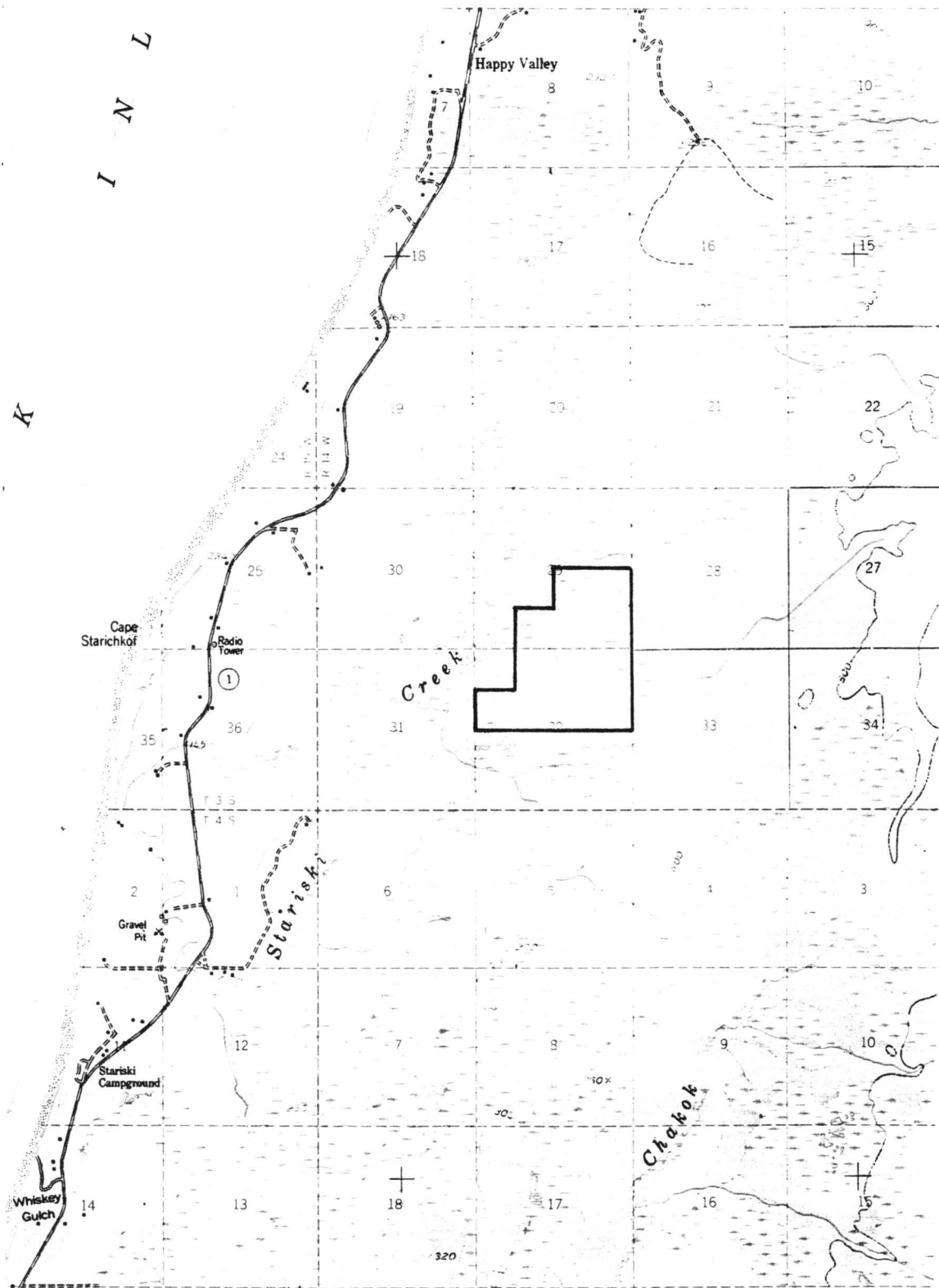


SOUTHVIEW, COMPARABLE IS LOCATED IN THE RIGHT BOTTOM CORNER

SITE DESCRIPTION: As pointed out by the map on the opposite page this rectangular shaped parcel is situated approximately 1 mile southeast of Happy Valley and the Sterling Highway. Access is via graveled/dirt road that leads off the Sterling Highway at Happy Valley. Approximately 5% of the parcel is low brush bog and muskeg while the remainder is spruce tree covered highland. Topography is gently to moderately rolling. Electricity and telephone are approximately ½ mile to the west.

REMARKS: Buyer indicated he acquired this site as it had a high percentage of highland and was a good purchase. Compared to other sales, it did sell below market. This is a popular recreation and hunting area.

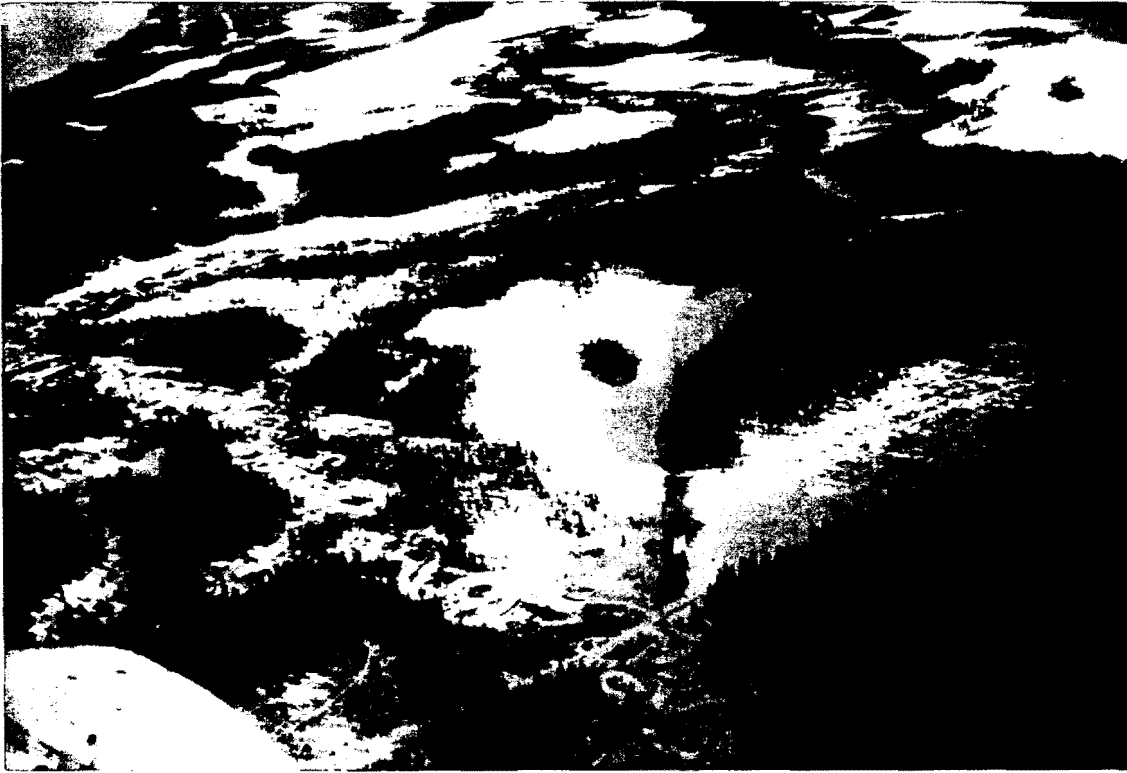
ASTORIA INVESTMENTS TO CLOYD MOSER/QUANTUM HEALTH
10-92 480 ACRES \$219/AC



BACK COUNTRY SALE NO. 5

SELLER: Rita E. Silberman
BUYER: Bill Germann, ROLCO
DATE OF SALE: 4-93
BOOK AND PAGE: 222/883
RECORDING DISTRICT: Homer
LOCATION: Eight miles NE of Anchor Point, Alaska
TAX ID: 165-030-05
USGS QUAD MAP NO: Seldovia D-5
LEGAL DESCRIPTION: S1/2S1/2 Section 2, NE1/4, E1/2NW1/4,
NE1/4SW1/4 and N1/2SE1/4 Section 11, T. 4 S.,
R. 14 W., Seward Meridian
SIZE: 520 acres
SALES PRICE: \$95,000
UNIT PRICE: \$183
TERMS: Cash
CEV/ADJ PRICE: \$95,000
HIGHEST AND BEST USE: Residential/Recreation
ZONING: None
UTILITIES: None
ESTATE: Fee simple including surface and subsurface
PHYSICAL ACCESS: Undeveloped
LEGAL ACCESS: Yes
VERIFIED WITH: Bill Germann, ROLCO, Grantee
206-624-0623
Tim Tennis, Assessor
Buzz Moore
VERIFIED BY: Lynn A. Willhite

ASTORIA INVESTMENTS TO MOSER



A WESTERLY VIEW OF THE COMPARABLE. LOCATION IS NEAR CENTER OF PHOTOGRAPHY

MARKET EXPOSURE: None, Buzz Moore broker transaction in return for timber rights.

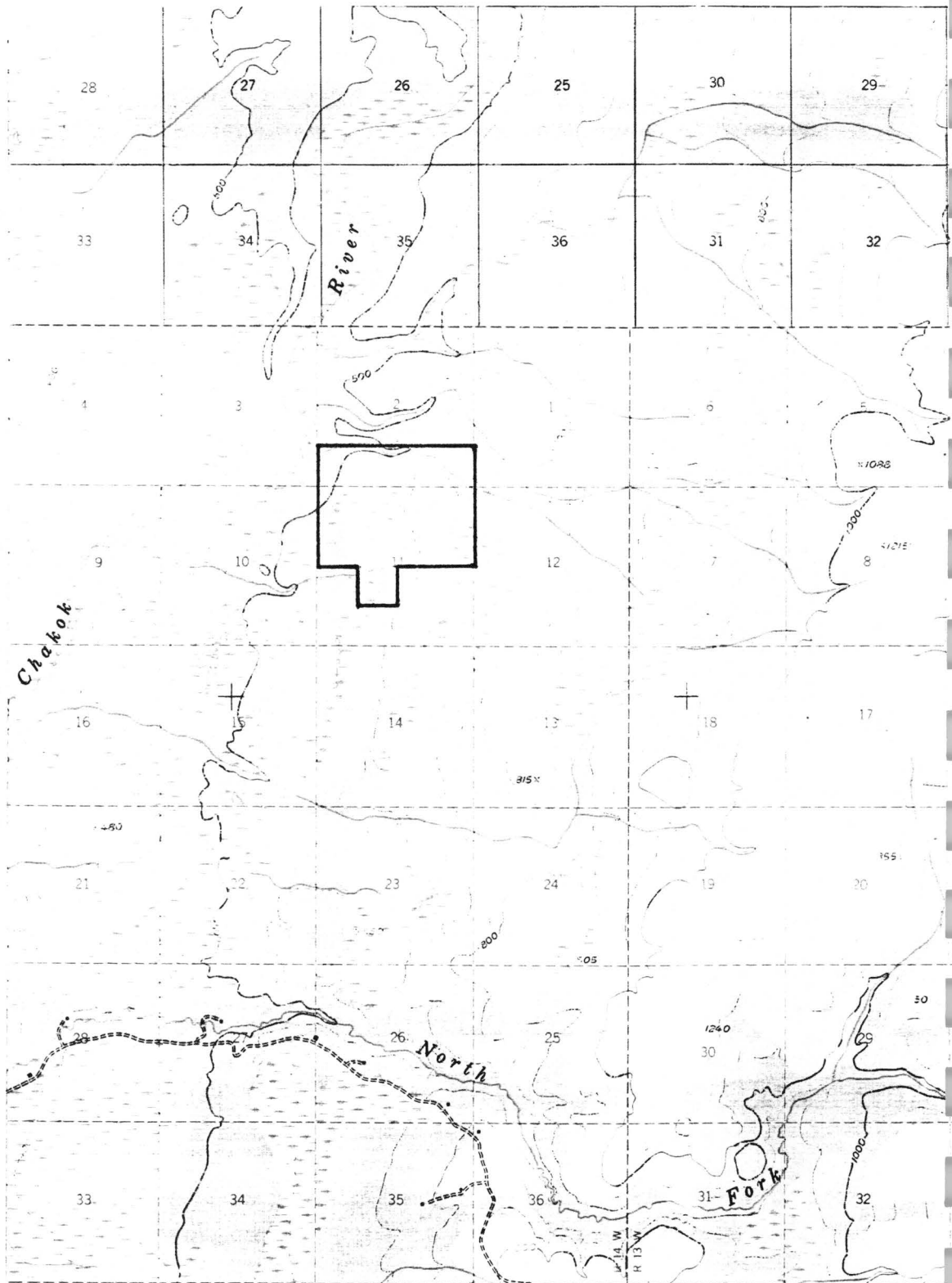
SITE DESCRIPTION: As pointed out by the map on the opposite page, this is an irregular-shaped parcel located $2\frac{1}{4}$ miles east of Cape Starichkof and $1\frac{3}{4}$ miles east the Sterling Highway. At the date of sale the parcel had a old log haul road. Approximately 254 acres has a vegetation cover of low brush bog and muskeg with areas of ponds or standing water. The remaining 226 acres of high ground has spruce tree cover. These areas are not contiguous and are located in three separate parcels. Electricity and telephone are about 1.5 miles to the west.

REMARKS: This is the December 1992 sale and resale of 480 acres in Anchor Point. The first sale was when Buzz Moore negotiated the sale of the site from Joseph Wayer to Security National, Inc. for \$72,000 cash, (\$150 per acre) with Mr. Moore getting to keep timber rights as his commission. Timber was taken off and sold as wood chips for pulp and export timber in Homer. Mr. Moore has finished logging the site taking just under 1,000,000 board feet of timber.

Security National then sold the site to Astoria Investments for an undisclosed amount of money. Astoria Investments immediately resold the site to Quantum Health for \$105,000 with \$72,000 down, and remainder at market terms. This most recent sale equals \$219 per acre.

Quantum Health subsequently subdivided into Eagle Estates and sold off all of the lots. Access was developed from an adjacent subdivision.

RITA SILBERMAN TO BILL GERMANN, ROLCO
04-93 520 ACRES \$183/AC



1 Inch = 1

10-10

BACK COUNTRY SALE NO. 6

SELLER: FDIC

BUYER: Bill Germann, ROLCO

DATE OF SALE: 5-12-93

BOOK AND PAGE: 224/729

RECORDING DISTRICT: Homer

LOCATION: Eight miles NE of Anchor Point, Alaska

TAX ID: 165-030-53

USGS QUAD MAP NO: Seldovia D-5

LEGAL DESCRIPTION: Government Lot 2, S1/2NE1/4SE1/4 Section 3,
N1/2NE1/4 in Section 10, T. 4 S., R. 14 W.,
Seward Meridian

SIZE: 360.91 acres

SALES PRICE: \$70,000

UNIT PRICE: \$194

TERMS: Cash

CEV/ADJ PRICE: \$70,000

HIGHEST AND BEST USE: Residential/Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple including surface and subsurface

PHYSICAL ACCESS: Undeveloped

LEGAL ACCESS: Yes

VERIFIED WITH: Bill Germann, ROLCO, Grantee
206-624-0623
Angie Newby, Listing Agent, Homer Realty
235-5294
Tim Tennis, Assessor

VERIFIED BY: Lynn A. Willhite

SILVERMAN TO GERMANN, ROLCO



EASTERLY VIEW OF COMPARABLE LOCATED IN UPPER HALF OF PHOTOGRAPH

MARKET EXPOSURE: Buzz Moore contacted seller who told him she had listed it with a broker out of Homer. Could not locate listing broker to see if advertised.

SITE DESCRIPTION: As pointed out by the map on the opposite page, this somewhat "T" shaped parcel is located approximately five miles east of the Sterling Highway. At the date of sale the parcel had no physical access. Approximately 247 acres has a vegetative cover of low brush bog and muskeg with scattered areas of ponds or standing water. The remaining 273 acres of high ground has a spruce tree cover. Note: The wetlands almost severs this parcel into 2 units. Topography is moderate rolling to heavy rolling in the northwest corner and along the mid east boundary.

REMARKS: The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to log off only those trees that have a 10+" diameter breast height. The logs will be marketed as both lumber and chips. He will only clear cut those areas absolutely required to develop access or for staging logging operations. He plans to reseed any areas that are clear cut with the exception of roadways. According to the buyer the trees on this site are between 100 and 150 years old.

Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate areas and may soon spread to this site.



SOUTHWEST VIEW OF COMPARABLE AND CHAKOK RIVER

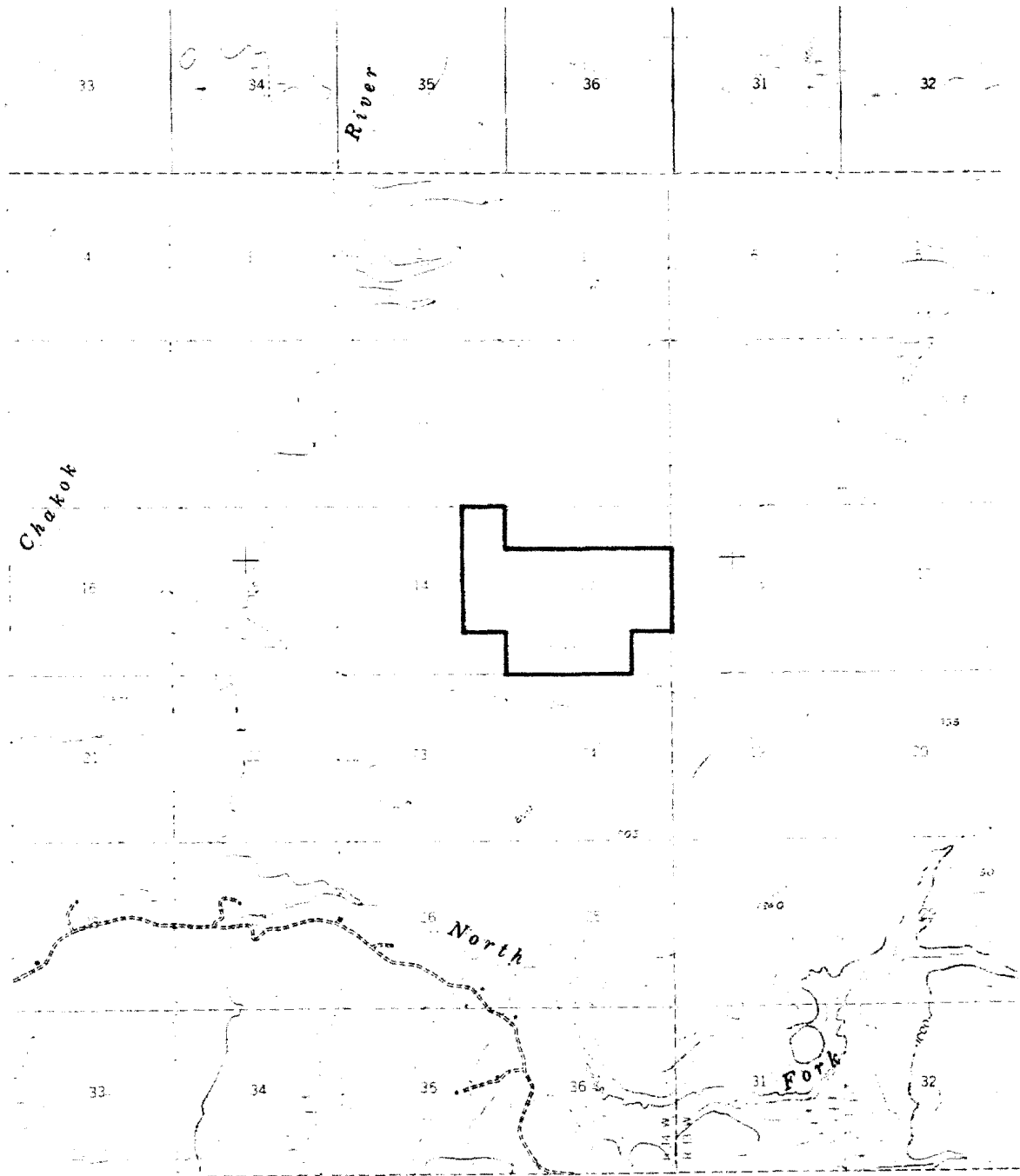
MARKET EXPOSURE: Site listed with Homer Realty for about two months prior to earnest money agreement. Site was listed at \$72,000 during the entire listing period.

SITE DESCRIPTION: As pointed out by the map the opposite page, this somewhat "L" shaped parcel is located approximately 4½ miles east of the Sterling Highway. At the date of sale the parcel has no physical access. Approximately 176 acres along the meanderings of the Chakok River has vegetative cover of low brush bog and muskeg with scattered areas of ponds or standing water. Note: The Chakok River severs this parcel into three compartments. The remaining 184.91 acres of highland is spruce covered. Topography of the parcel varies from rolling to steep in the most northeast corner.

REMARKS: The seller was unable to locate this file to confirm details of the sale. The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to selectively log only certain trees that will enhance the residual value of the remaining parcel. He will log off only those trees that have 10+" diameter breast height. The logs will be marketed as both lumber and chips. He will only clear cut those areas absolutely required to develop access or for staging logging operations. He plans to reseed any areas that are clear cut with the exception of roadways. According to the buyer the trees on this site are between 100 and 150 years old.

Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate areas and may soon spread to this site.

ELIZABETH DEMPSEY TO BILL GERMANN, ROLCO
08-93 560 ACRES \$250



1 Inch = 1 Mile

1035

BACK COUNTRY SALE NO. 7

SELLER: Elizabeth Dempsey

BUYER: Bill Germann, ROLCO

DATE OF SALE: 8-93

BOOK AND PAGE: 226/338

RECORDING DISTRICT: Homer

LOCATION: Eight miles NE of Anchor Point, Alaska

TAX ID: 165-111-44

USGS QUAD MAP NO: Seldovia D-5

LEGAL DESCRIPTION: S1/2N1/2, NE1/4SE1/4, W1/2SE1/4 and SW1/4
Section 13, E1/2NE1/4, NE1/2SE1/4 Section 14,
T. 4 S., R. 14 W., Seward Meridian

SIZE: 560

SALES PRICE: \$140,000

UNIT PRICE: \$250

TERMS: Cash

CEV/ADJ PRICE: \$140,000

HIGHEST AND BEST USE: Residential/Recreation

ZONING: None

UTILITIES: None

ESTATE: Fee simple surface estate only

PHYSICAL ACCESS: Undeveloped

LEGAL ACCESS: Yes

VERIFIED WITH: Bill Germann, ROLCO, Grantee
206-624-0623
Tim Tennis, Assessor
Buzz Moore 235-2507

VERIFIED BY: Lynn A. Willhite

MARKET EXPOSURE: Buzz Moore approached seller directly on behalf of buyer. Never formally marketed.

SITE DESCRIPTION: As pointed out by the map on the opposite page, this irregular shaped parcel is situated approximately five (5) miles east of Whisky Gulch and the Sterling Highway. Located in four noncontiguous areas, totaling 215 acres, a vegetation cover comprised of low brush bog and muskeg with scattered ponds is found while the remaining 345 acres has a spruce tree cover. A small stream meanders the most western portion of the parcel. Topography of the parcel varies from near level to moderately rolling.

REMARKS: The buyer recently acquired this site and three others in order to selectively log the sites and develop access. Buyer intends to selectively log only certain trees that will enhance the residual value of the remaining parcel. He will log off only those trees that have 10+" diameter breast height. The logs will be marketed as both lumber and chips. As of November 1994 100% of the site has been logged. Only those areas absolutely required, in order to develop access or for staging logging operations will be clear cut. Any areas that are clear cut, with the exception of roadways will be reseeded. According to the buyer the trees on this site are between 100 and 150 years old.

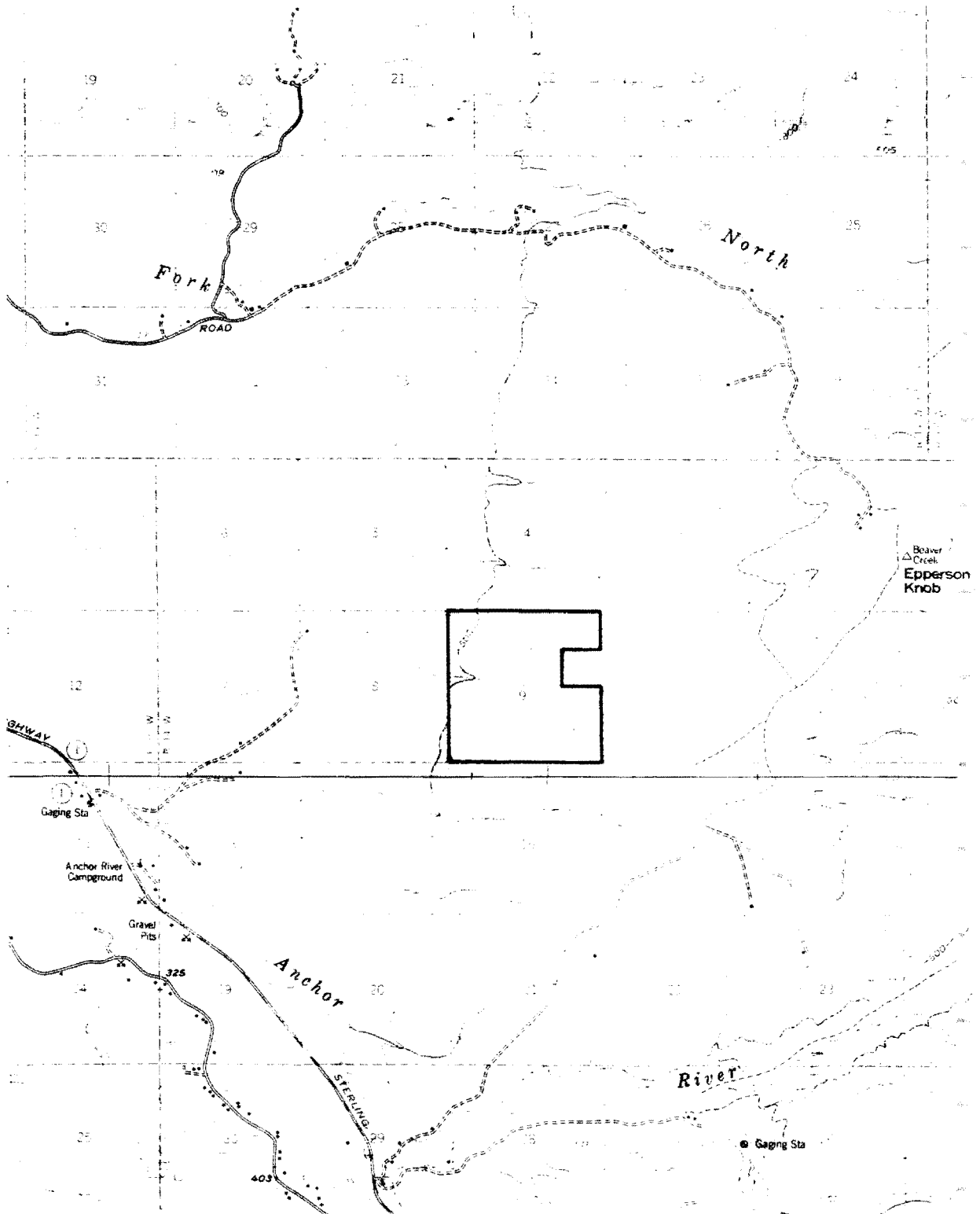
Buyer believes that by selectively logging the site he will increase the residual value of the underlying parcel. Logging operations require the development of access and logging roads. The buyer believes that by effectively managing the logging operation the site will be enhanced as it will be more open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate areas and may soon spread to this site.

DEMPSEY TO GERMANN, ROLCO



NORTHWESTERN VIEW WITH THE COMPARABLE LOCATED IN THE MID-RIGHT AREA PHOTOGRAPH

EDMOND J. McMAHON TO BROOKWOOD, INC.
08-93 600 ACRES \$392



1 Inch = 1

BACK COUNTRY SALE NO. 8

SELLER: Edmond J. McMahon
BUYER: Brookwood, Inc.
DATE OF SALE: 8-93
BOOK AND PAGE: 224/957
RECORDING DISTRICT: Homer
LOCATION: Seven miles SE of Anchor Point, Alaska
TAX ID: 171-010-08
USGS QUAD MAP NO: Seldovia D-5
LEGAL DESCRIPTION: NW1/4, W1/2NE1/4, NE1/4NE1/4 and S1/4 Section
9, T. 5 S., R. 14 W., Seward Meridian
SIZE: 600 acres
SALES PRICE: \$235,000
UNIT PRICE: \$392
TERMS: \$50,000 down, unable to confirm other
financing details
CEV/ADJ PRICE: \$235,000
HIGHEST AND BEST USE: Residential/Recreation
ZONING: None
UTILITIES: None
ESTATE: Fee simple estate
PHYSICAL ACCESS: Dirt trail
LEGAL ACCESS: Undeveloped
VERIFIED WITH: Tim Tennis, KPB Assessor
VERIFIED BY: Lynn A. Willhite
MARKET EXPOSURE: Unable to confirm market exposure
SITE DESCRIPTION: As pointed out by the map on the opposite
page, this irregular shaped parcel is

adjacent to Salmon Heights recreation subdivision (10 acre paper platted tracts) and approximately 2½ miles east of the Sterling Highway. Access is via dirt trail leading off of Pioneer Road and Epperson Knob Road. All of the parcel is highland with a vegetative cover of grass and alders on the lower slopes to spruce on higher areas. Topography of the parcel has a moderate inclination from the northwest cover (500 feet) to southeast cover (800 feet).

REMARKS:

The buyer intends to live on and utilize for ranching and farming. This is one of the better parcels in the area because of the all upland area and trail access.



GENERAL VIEW OF COMPARABLE FROM A NORTH EXPOSURE

BACK COUNTRY COMPARABLE NO. 9 (LEASE)

LESSOR: State of Alaska

LESSEE: Hatcher Pass Development Co. (Fred Rogers)

DATE: 09-27-93 (Recording date)

RECORDING DISTRICT: Palmer

LOCATION: South of the Independence Mine State Park
approximately 60 road miles north of
Anchorage and 20 miles north of Palmer,
Alaska

TAX ID: N/A

USGS QUAD MAP NO: Anchorage C-7

LEGAL DESCRIPTION: Aliquot parts located in T. 19 N., R.1 E.
Seward Meridian

SIZE: 10,634.34 acres

RENT: \$93,000 per annum plus sliding percentage of
gross revenue

TERMS: \$55 years/expires midnight on September 5,
2048

CAP RATE: Safe Rate + 2% risk - 8%

INDICATED VALUE: \$1,162,500

INDICATED PAV: 109.32 SAY \$110 per acre

HIGHEST AND BEST USE: Recreation

ZONING: Talkeetna Mountains special use district

UTILITIES: None

ESTATE: Leasehold Surface

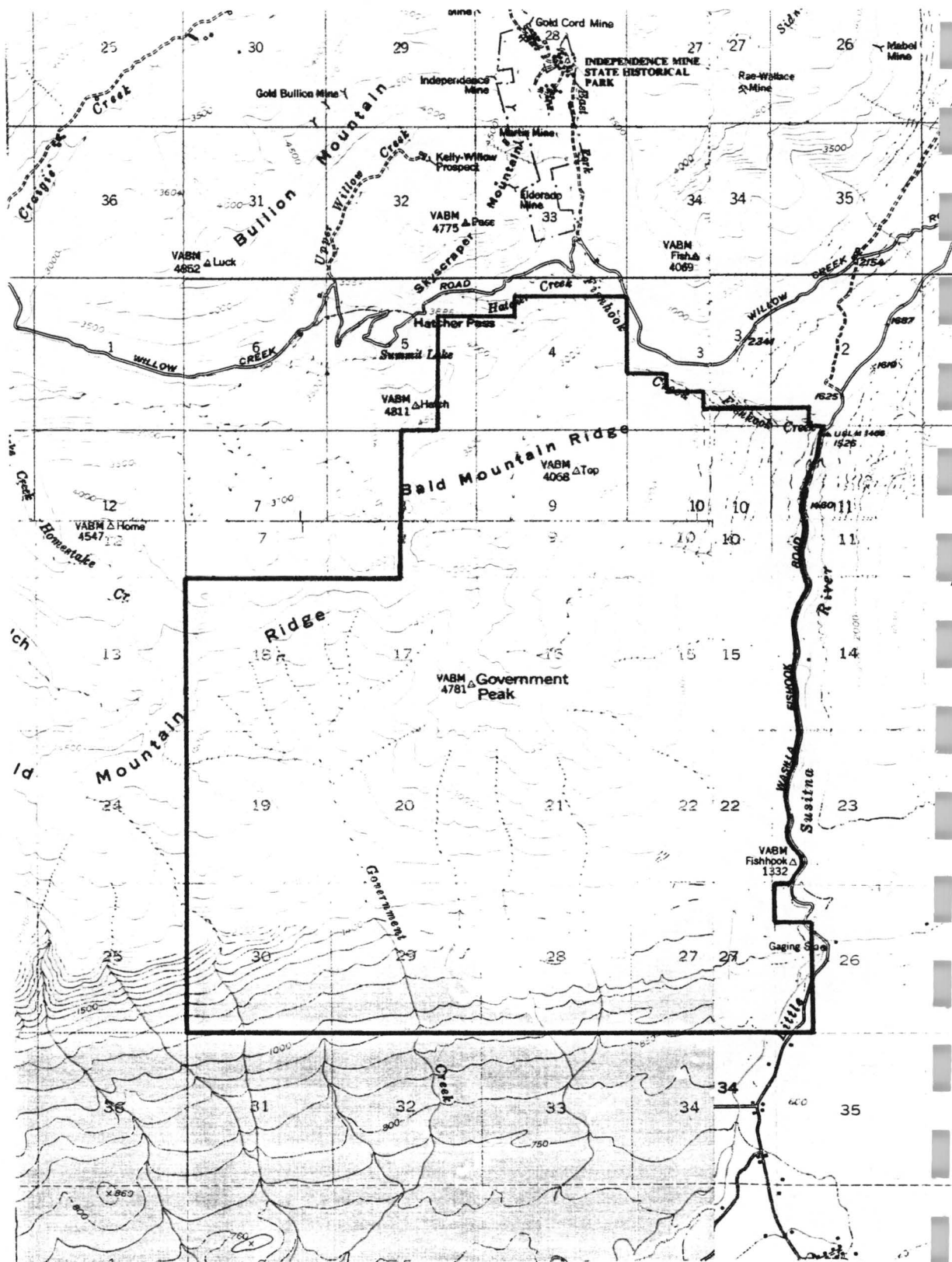
PHYSICAL ACCESS: Yes

LEGAL ACCESS: Yes

VERIFIED WITH: Mike Sullivan, DNR, State of Alaska

VERIFIED BY: Lynn A. Willhite

HATCHER PASS LEASE (10,634.34 ACRES)



1 Inch = 1 Mile

MARKET EXPOSURE: This site has been for lease for many years. At least one other time the site was negotiated for a potential lease.

SITE DESCRIPTION: As pointed out by the map on the opposite page, this irregular shaped parcel fronts the western margin of Little Wasilla Fish Road for a distance of about $3\frac{1}{4}$ miles, approximately $\frac{3}{4}$ miles north of its intersection with Wasilla Fishhook Road. From the road the parcel extends in a westerly direction across Government Peak atop Bald Mountain Ridge. Most of this mountainous parcel lies on the south slope of Bald Mountain Ridge and rises in elevation from 600 feet to 4,781 feet over a distance of $2\frac{1}{4}$ miles. The vegetation is characterized by dense alders, weathered bedrock with alpine tundra and exposed talus.

REMARKS: This is a 55 year lease of a large, somewhat remote mostly steep mountainous site located in the northern portion of Southcentral Alaska. The lessee anticipates completing the first of three phases which includes opening the ski slopes by the fall of 1995.

Ground rents consist of two components, a base rent of \$93,000 per year and sliding percentage of gross revenues. According to Greek Taylor of the State of Alaska Department of Natural Resources, the State was willing to accept a low base ground rent in order to get the project off the ground. In return for a lower base rate they negotiated a higher percentage of the future gross revenues, and they required the lessee to post development bonds to protect them if the lessee fails to develop the site. The base ground rents are considered to be less risky than percentages of speculative revenues. A capitalization rate of 8% is considered to fairly reflect a "safe" rate. To derive a per acre indicator, we have capitalized the base annual ground rents of \$93,000 at 8%.

Correlation to Value Limited Waterfront/Mountainous Backlands

As previously described in the report, this category of land is comprised of rugged topographical areas that render much of the waterfront of no more utility than the bare rock or sparsely vegetated mountainous slope. There are lands where no financial feasibility of use can be found in the marketplace and sales data is limited because of the lack of demand. Not only has the marketplace demonstrated this but if you examine historic use and Native allotments in remote coastal areas, most often they are located in protected waters near reliable food resources. It is a rare exception to see otherwise. In addition, the sales histories of remote waterfront subdivisions in most locales with far better terrain than the subject parcel confirm that demand for these no access and on-waterfront parcels is little to none.

Adequate market data for truly similar remote Alaska properties is nearly nonexistent which is expected due to their limit use/utility. Due to this, the appraiser will be relying on various submarkets to identify, narrow the ranges and correlate these into logical value.

Due to a somewhat active market in the Lower Kenai Peninsula, a group of limited access and no available utility type transactions were found. The properties are different from the subject in many ways such as physical features and other less evident characteristics. All are suitable for uses that assure a degree of marketability. This group of sales can be analyzed in their entirety or different land type components that comprise the various acreages. All the backland sales are listed in the following chart:

<u>BACKLAND SALES</u>				
<u>Sale No.</u>	<u>Date</u>	<u>Adj CEV</u>	<u>Acres</u>	<u>PAV</u>
1	8-90	\$450,000	2,220	\$ 203
2	12-91	\$ 44,000	120	\$ 367
3	2-92	\$ 15,000	80	\$ 188
4	10-92	\$105,000	480	\$ 219
5	4-93	\$ 95,000	520	\$ 183
6	5-93	\$ 70,000	361	\$ 194
7	8-93	\$140,000	560	\$ 250
8	8-93	\$235,000	600	\$ 392

An overall value range of \$183 to \$392 per acre is indicated by the above backland sales. If comparables 2, 3 and 8 are eliminated a range of \$183 to \$250 per acre is reflected. All of these are very similar when access, mixtures of upland/wetland and location are weighed. Sale 2 was eliminated because of access and the owner of the adjoining recreational subdivision

purchased the property. Comparable 3 sold under market value, which is apparent when the high percentage of upland and physical access at the date of sale is considered plus by comparing it to comparable 8, a somewhat inferior site because of size and poor access. Comparable 8 is an all upland site with better access than those remaining sales. Therefore, it was eliminated.

Back land comparables No. 1 through 8 are located in close proximity to the State highway system that serves nearly 300,000 residents of Southcentral Alaska. Electricity and community services are nearby. Given the unusable nature of the majority of the subject acreage (steep terrain, remote) a general range of \$183 to \$250 must be considered to be above an appropriate range for the subject properties.

Each of the comparables that indicates the \$183 to \$250 per acre value range are comprised of low brush bog/muskeg areas and spruce covered uplands. It is apparent the physical differences of the low wetland areas of the comparables and mountainous slopes of the subjects are similar in their low utility. The following is a chart that indicates the acres of each land type found in the boundary of these comparables:

<u>BACKLAND SALES</u>				
Sale No.	Wetlands Acres	Upland Acres	Total Acres	Adj. CEV
1	997	1,223	2,220	\$450,000
4	254	226	480	\$105,000
5	247	273	520	\$ 95,000
6	176	184.91	360.91	\$ 70,000
7	215	345	560	\$140,000
8	-0-	600	600	\$235,000

As pointed out in the chart, all of comparable 8 is upland area while the remaining sales are a combination of wetland and upland. Comparable 8's access is somewhat superior and should be adjusted downward by \$45 to \$55 per acre. With the exception of this, comparable 8 is similar and reflects a value of \$347 to \$337 per acre for upland. A figure of \$340 per acre will be applied to each comparable's upland area in order to abstract a per acre value of wetland.

BACKLAND SALES

Sale No.	\$/Upl & Acres	Upl & Acres	Upl & Value	Adj. CEV	WetL Value	WetL Acres	WetL \$/Acres
1	\$340	1,223	\$415,820	\$450,000	34,180	997	\$ 34
4	\$340	226	\$ 76,840	\$105,000	28,160	254	\$111
5	\$340	273	\$ 92,820	\$ 95,000	2,180	247	\$ 9
6	\$340	184.91	\$ 62,869	\$ 70,000	7,131	176	\$ 41
7	\$340	345	\$117,300	\$140,000	22,700	215	\$106

The above analysis reflects a value range of \$9 to \$111 per acre for limited use areas. If comparable 5 is eliminated, a narrow range from \$34 to \$111 pre acre is indicated. After taking into consideration the size of the subjects area and superior location of the limit use lands, a per acre value of \$80 per acre appears appropriate for the subjects limit use areas. This per acre value can be supported by a recent lease of a large tract in the Matanuska-Susitna Borough (Southcentral Alaska) for a major ski resort. Backland comparable 9 is summarized in the following table:

<u>Region</u>	<u>Neighborhood</u>	<u>Date</u>	<u>Adj CEV</u>	<u>Acres</u>	<u>PAV</u>
S/Central	Hatcher Pass	1993	\$1,162,500	10,634	\$110

The transaction provides a meaningful indicator because the lessee is a private sector entrepreneur/developer. Furthermore, although not conventionally marketed, land in Hatcher Pass has generally been available for several years. Over the past twenty years, several projects have been proposed by various entrepreneur/developers. The lease provides a relevant indicator of a "base" value of land generally unsuitable for most economic uses. There is no merchantable timber on the property and much of the terrain consists of mountain slopes. The per acre indicator of \$110 per acre is illustrative of large-scale land-use economics in Alaska.

However, in a direct comparison with the subject, a downward adjustment would be appropriate. First, the location of the tract is dramatically superior to the subject. The area is already established as a popular outdoor recreation area that can be accessed by vehicle. The population base within a 50 mile radius exceeds 260,000. The area possess the characteristics necessary for a downhill ski area and resort. Secondary and peripheral opportunities will be plentiful if the resort is developed as proposed.

Second, the value indicator for the overall tract (10,634 acre) reflects the impact of strategic sites suitable for commercial and residential development. In this analysis, we are seeking only the value of the non-strategic acreage.

Finally, although an agreement has been reached, the entrepreneur/developer has not been able to raise the capital necessary to undertake the proposed project. In summary, the indicator derived from the negotiated lease supports the \$80 per acre that was reflected.

Correlation of Value of the Usable Waterfront Acreage

Several areas were selected within the boundaries of the 10 subject parcels that would be considered geographically and physically strategic to a developer or entrepreneur. These features were identified through our sales research of the marketplace and are summarized in the following paragraphs.

Location

The parcel is remote with primary access by floatplane or boat. The prime locale is generally described as "world class" with regard to the relative quality of recreational opportunities offered.

Size

We recognize that some commercial recreation and marine commercial uses can be accommodated by sites as small as five acres. However, the sales of small sites for which further subdividing is not probable, usually do not reflect meaningful per acre indicators as they tend to be evaluated by prospective purchasers on a "per site" basis. Larger units of comparison are more appropriate for our analysis because they are similar to the subject with regard to possible uses, including further subdividing into more marketable parcels. There is sufficient quantity of data for parcel sizes ranging from 80 to 200 acres with the typical size being 160 acres.

Shape

An optimum shape is generally described as featuring a water frontage-to-depth ratio that allows for further subdividing opportunities.

Strategic

The geographic/physical feature most likely to attract a developer/ entrepreneur would be the confluence of two rivers/streams, the outlet of a lake or the mouth of a river/stream. In the optimum configuration, the site would straddle the river/stream so that control of entry is maximized.

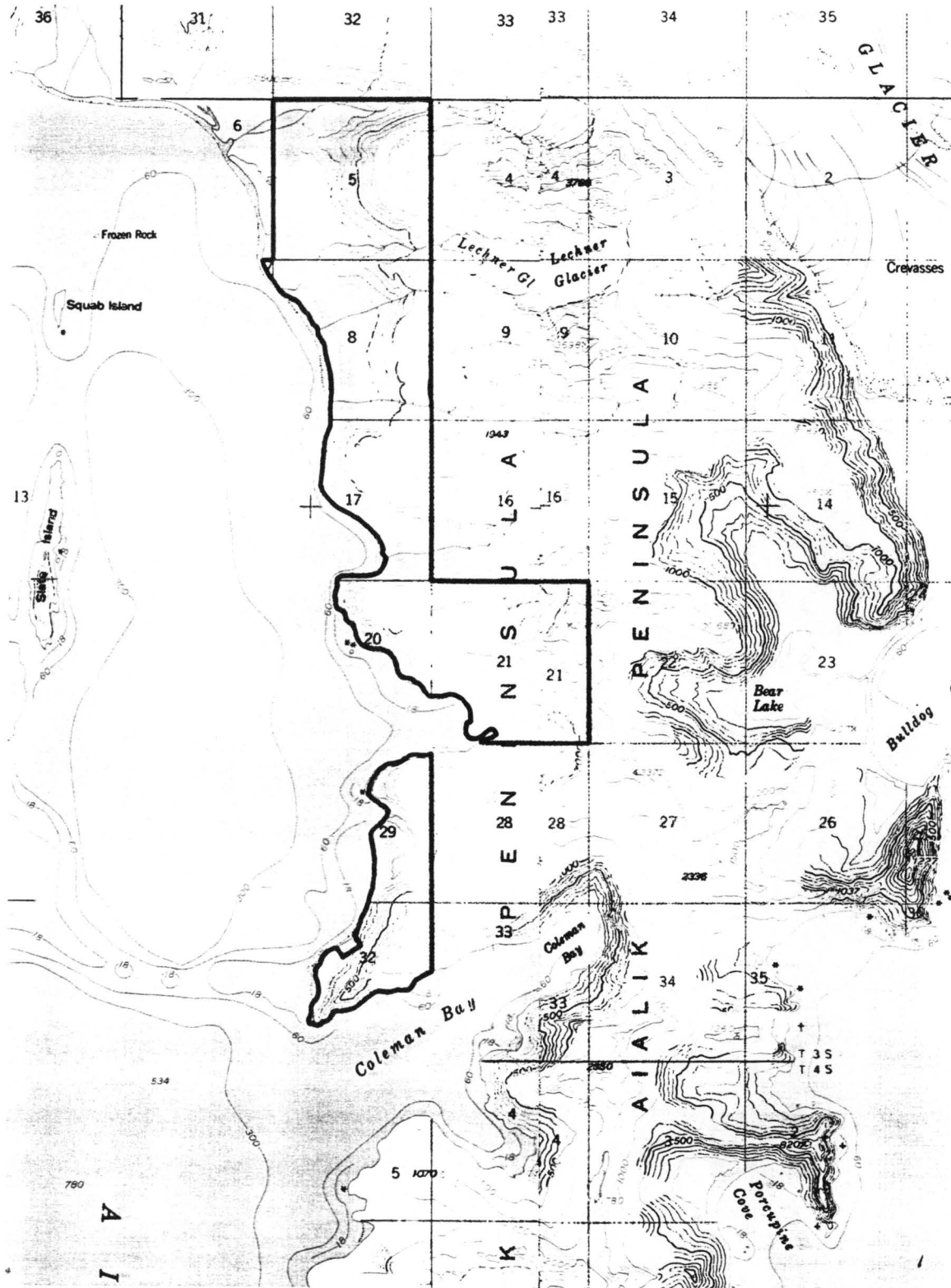
Topography

Favorable topography/soils are described as moderately sloping with a high percentage of usable upland.

Each bay, cove, and lagoon found on the 7 subject parcels was discussed with Bud Rice, former Back Country Ranger of Kenai Fjords National Park for 8 years who has an indepth knowledge of all the subject tracts.

All of the above topics were reviewed and the appraiser classified each of these areas. There is an apparent range from prime sites to nonusable areas. Each of the 10 parcels will be described with emphasis placed on previous identified features that attract purchasers in the water access only, remote recreational land marketplace. Afterwards a correlation to value of these areas will be made and blended with the contribution to value of the restricted waterfront/mountainous blacklands for a final estimate of value of each parcel.

TRACT PGC 1 AIALIK BAY (2,665.14 ACRES)



1 Inch = 1 Mile

PGC 1 (AIALAK BAY)

Location: PGC 1 is situated along the eastern coast of Aialik Bay on the upper arm of Aialik Peninsula approximately 17 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 2,665.14 acres.

Description: As pointed out by the topography map on the opposite page, the subject extends from the north shoreline of Coleman Bay up the Aialik Bay coast to the most north portion of the Aialik Peninsula. Significant features include Coleman Bay, an area located behind the north point of Coleman Bay in section 29, a no-name cove in section 17 and a shoreline area in section 8. With the exception of sections 8, 17 and 29, the rest of the coast line is comprised of cliffs, steep slopes rising out of the water and small moderately rolling area with not enough depth or distance from steep areas. These areas are included in the steep mountainous backland classification. A general description of the three potential recreational sites is as follows:

Section 8: This parcel is the subject most north one mile of shoreline located approximately one mile southwest of Lechner Glacier. Four creeks/drainages sever the parcel into four compartments. Topography ranges from moderate to heavy rolling before becoming mountainous. Vegetation consists of brush grasses and willow/alder thickets with pockets of spruce scattered on the somewhat higher elevations. The shoreline is characterized by gravel beaches while the moorage is classified as fair to poor because of seasonal prevailing winds and the typical icy waters found in the area. It is estimated that the area would accommodate a 200 acre potential recreational site. Basically, the site is classified below average.

Section 17: This parcel is situated in the most north no-name cove on the subject's coastline due east of State Island. A small drainage severs the parcel into two compartments. Topography of the parcel varies from near level to heavy rolling before becoming mountainous. There is sufficient distance from the north and south mountainous areas so that the topography would be considered favorable for a recreational site. The shoreline is characterized by gravel beaches while the moorage is considered fair beyond the hump on the cove's south shoreline. It is estimated that the area would accommodate a 120 acre potential recreational site. Basically the site is classified as below average for the area.

Section 29: This parcel is situated approximately one mile north of Coleman Bay on an 80 to 100 acre area located between a small lake and a gravel coastal beach. Topography varies from near

level to moderately rolling. Vegetation consists of low brush, grasses, alder/willow thickets with scattered spruce. Moorage is considered fair due to the somewhat unprotected coastline. Basically, the site is considered to be a below average 100 acre recreational parcel. Note: This is the site of a ranger station.

CORRELATION OF VALUE PGC 1

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 1's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

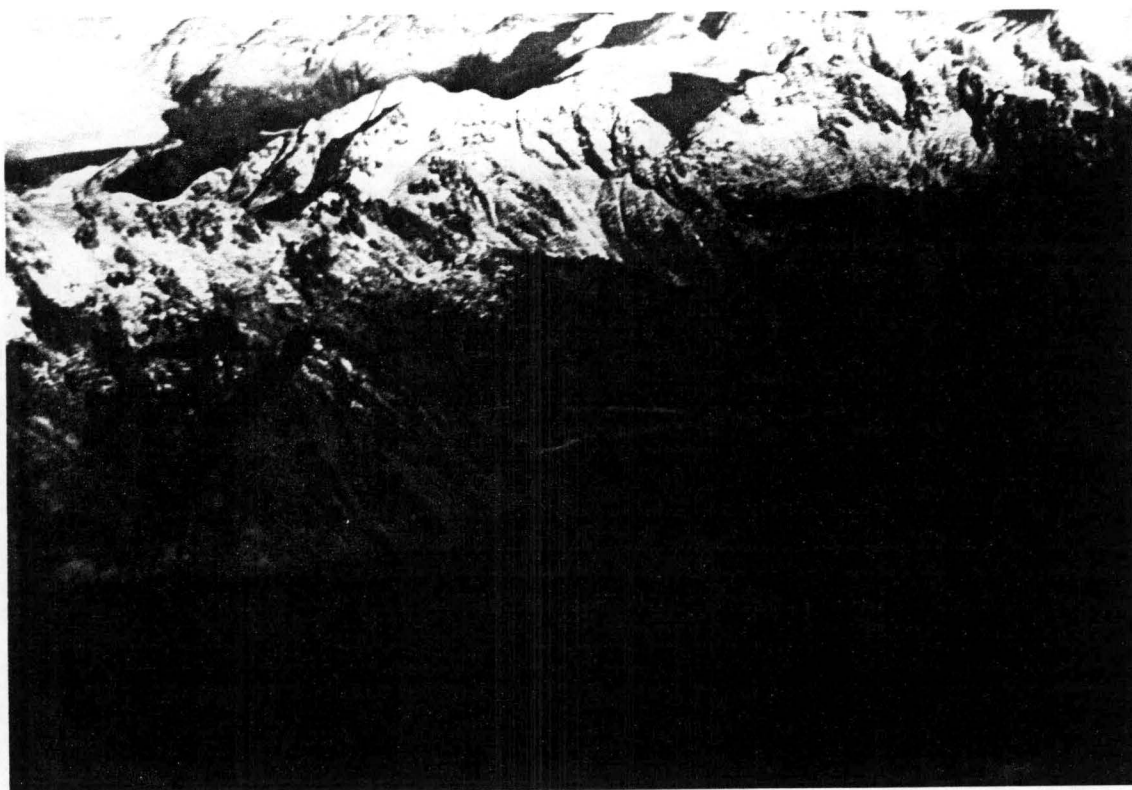
Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Moorage and access of comparables 2, 3, 4, 5 and 7 are considered to be superior to all three subject parcels. All these parcels required a downward adjustment. Note: the moorage at section 17 is somewhat better than the other two subject parcels. Therefore, the adjustment is somewhat less. Access to comparable 6 is fairly similar to the subject parcels. With the exception of Iliamna comparable 5's less usable area, the subjects and all other comparables are similar. Comparable 5 was adjusted upward.

Recreational Potential: All of the Comparables are situated in areas with better recreational potential therefore, each comparable was adjusted downward as required.

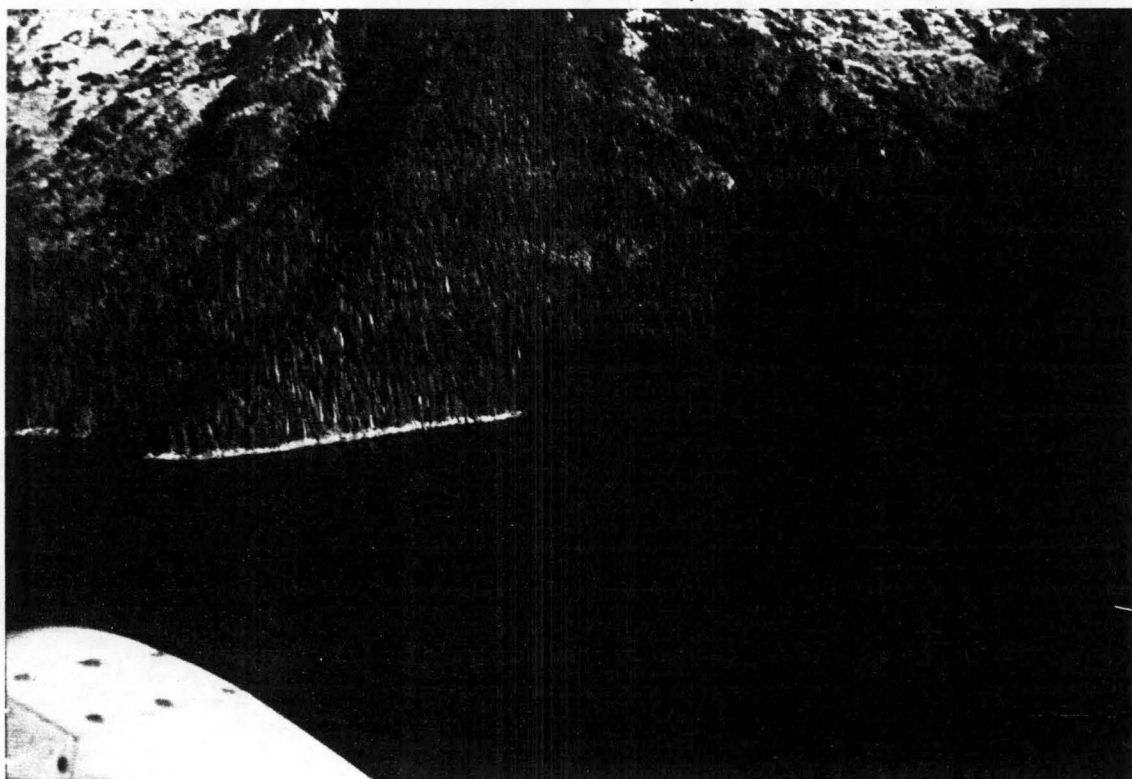
After the adjustments have been made, it appears that a per acre value of \$800 was reflected for sections 8 and 29 while \$900 per acre for section 17 appears appropriate. Value of tract PGC 1 is estimated as follows:

Section 8's site	200	acres at \$800/acre = \$160,000
Section 17's site	120	acres at \$900/acre = \$108,000
Section 29's site	100	acres at \$800/acre = \$ 80,000
Limited Use Area	<u>2,245.14</u>	acres at \$ 80/acre = <u>\$179,611</u>
Total	2,665.14	\$527,600(R)

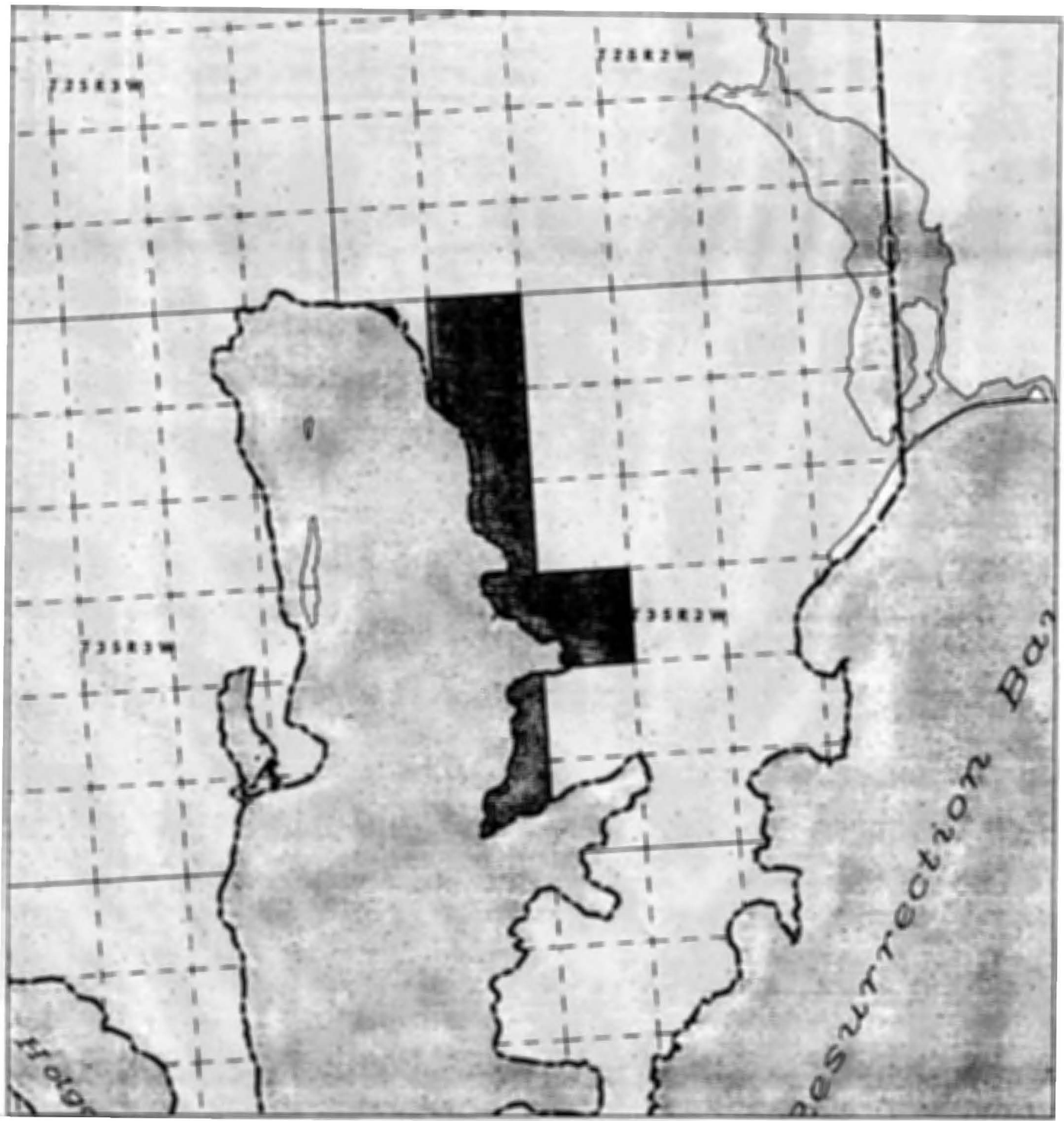
PHOTOGRAPHS OF PGC 1



A SOUTHEAST VIEW OF SECTIONS 29 & 30, SMALL LAKE IN BACKGROUND



VIEW OF SECTION 20'S COASTLINE



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

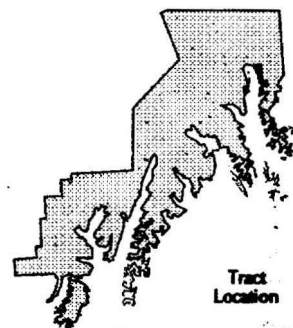
Tract PGC 1



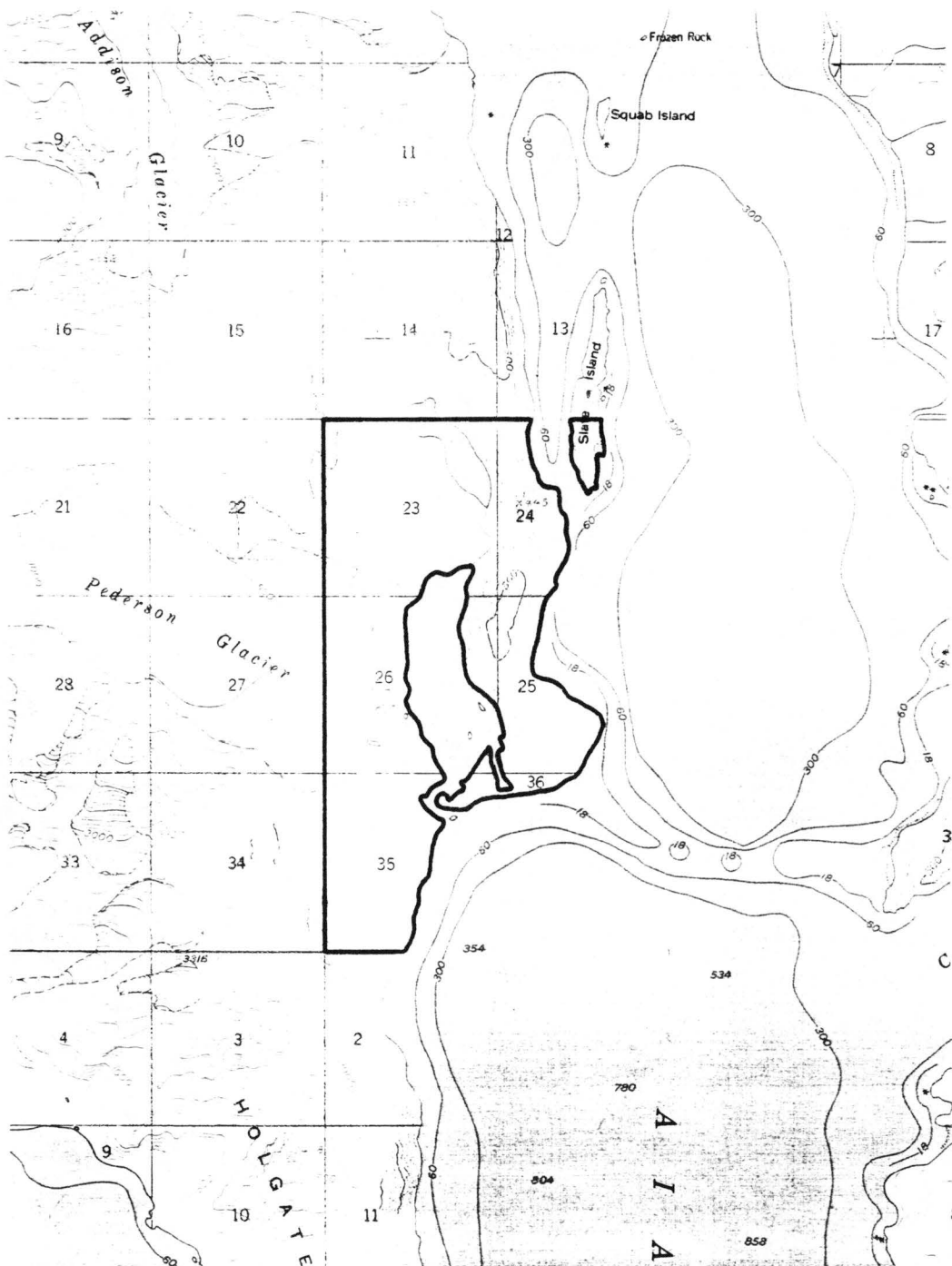
National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



TRACT PGC 2 PEDERSON LAKE/AIALIK BAY (2,015 ACRES)



1 Inch = 1 Mile

PGC 2 (PEDERSON LAKE/AIALIK BAY)

Location: PGC 2 abuts Pederson Glacier and is situated 3 miles north of Holgate Head's point approximately 21 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 2,015 acres.

Description: As pointed out by the topography map on the opposite page, the subject property has Aialik Bay frontage with an interior lagoon that's connected by a stream to Pederson Lake. Also included is the south tip of State Island. Most of the area between the lake and lagoon is a willow flat with scattered wetlands. A small peninsula that projects out from the mountainous area and forms the narrow mouth of the lagoon is recognized as a potential recreational site. Pederson Glacier has receded to the parcel's western boundary which has created a mixture of intermingling upland and wetland.

Due to the narrow entrance to the lagoon and shallow depth of the water near and in the inlet, access is limited and the moorage is not considered very favorable but does have some protection.

This area is recognized as having fair to good salmon runs (pink and red) while Dolly Varden trout are found in Pederson Lake. Only two 120 acres located on the south of Finger Lake Peninsula is recognized as being a potential recreational site.

Peninsula site: Topography of the area varies from near level to heavy rolling and is considered favorable for possible use. Vegetation consists of low brush, grasses and alder thickets. Soils generally consist of a mixture of gravel and a medium layer of organic over bedrock. A portion of the shoreline is characterized by gravel beaches. Water depths appear to be relatively shallow so that access by boat, particularly at low tide, may not be practical. However, the water body is likely suitable for float plane operation. Recreation potential is considered average to fair.

CORRELATION OF VALUE PGC 2

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC2's recreational areas.

Financing Terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a declining "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 area surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3 ,4 and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

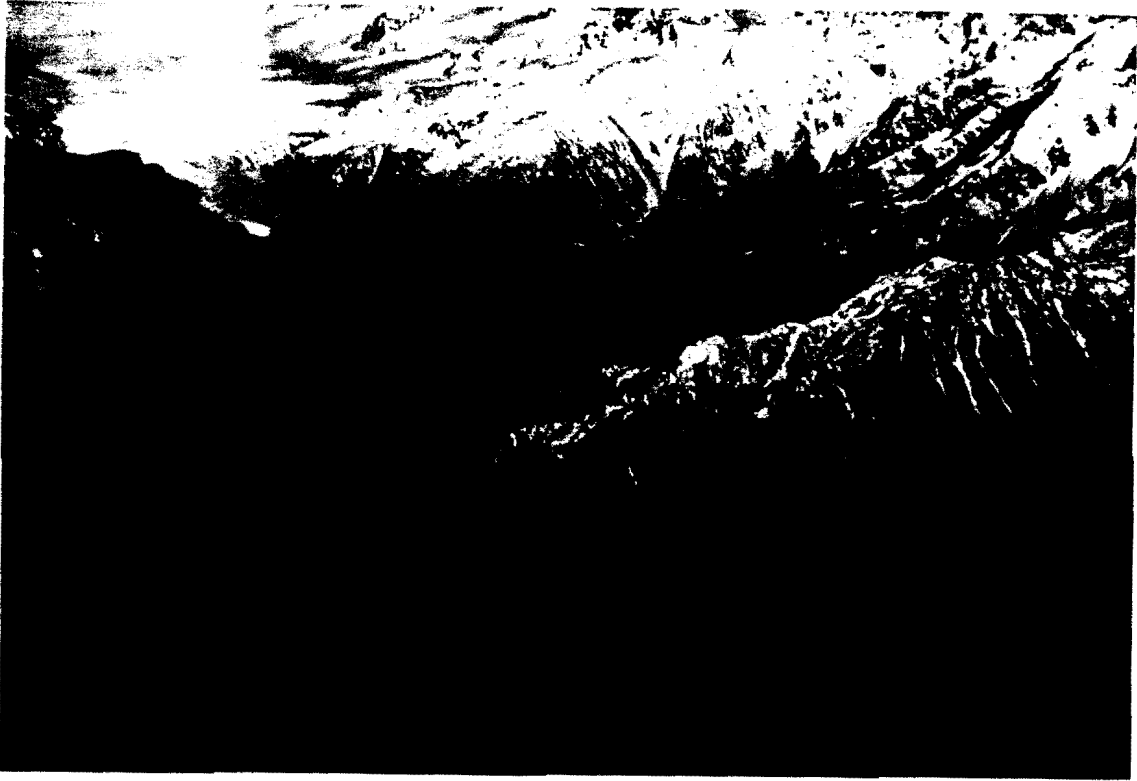
Physical Features and Characteristics: Physical features and characteristics include location access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparable 5 has less useable terrain than the two subject parcels while the Lake Clark comparable has rocky shoreline limiting access and is considered somewhat similar. All of the other comparables have a superior access requiring a downward adjustment.

Recreational Potential: Due to the historic fishing and hunting of this particular area, recreational opportunities are considered somewhat similar.

After adjustments have been made it appears that a per acre value of \$1,000 indicated for the two sites is appropriate.

Two Rec Sites	-	240	acres at \$1,000/acre =	\$240,000
Limited Use Area	-	1,775	acres at \$ 80/acre =	<u>\$142,000</u>
Total		2,015	acres	\$382,000

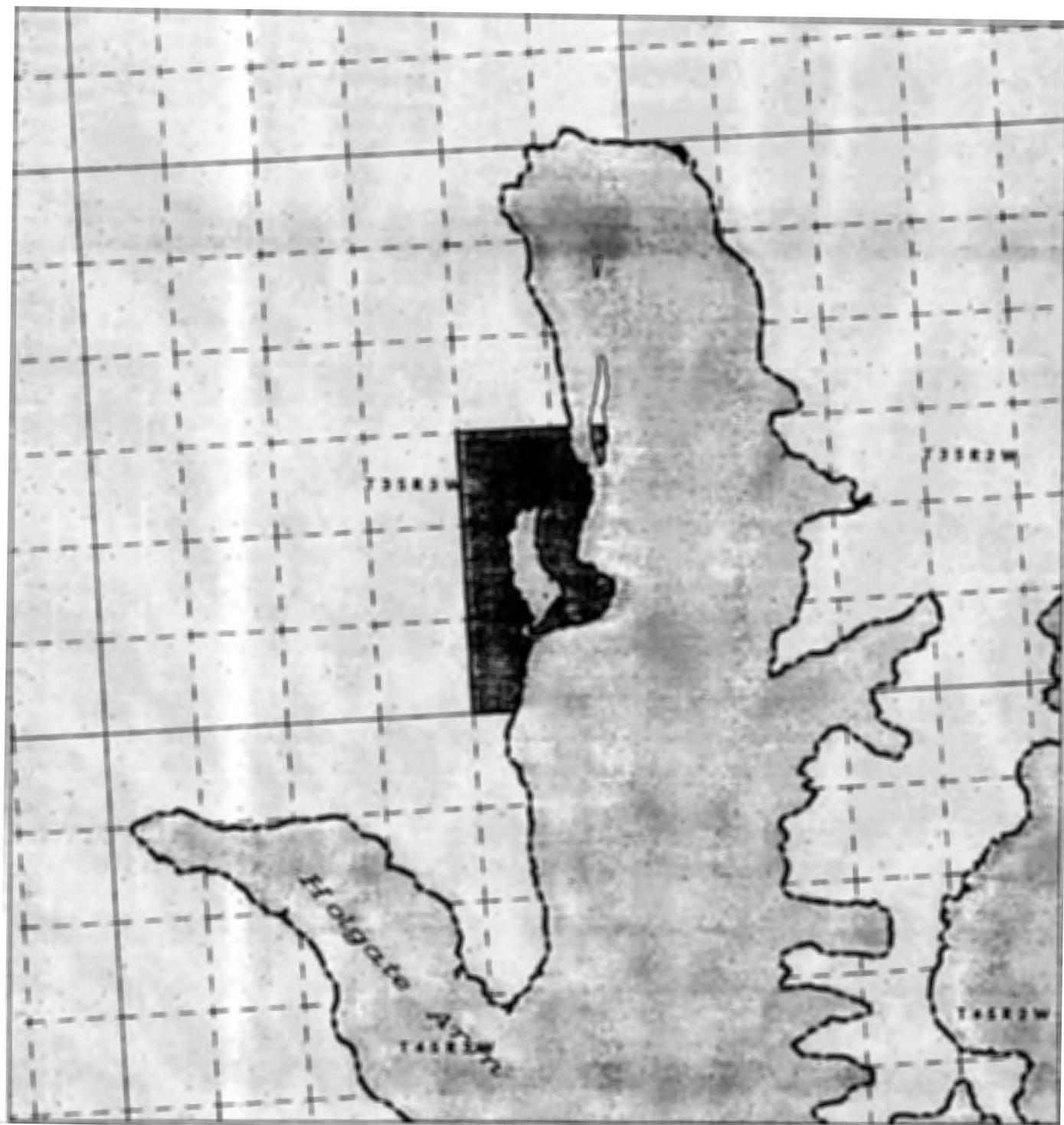
PHOTOGRAPHS OF PGC 2



A EASTERLY VIEW OF THE LAGOON'S BACK AREA. PEDERSON LAKE DRAINAGE IN THE UPPER LEFT CORNER



GENERAL VIEW OF DELTA AREA NEAR ENTRANCE TO LAGOON (Photo by Bud Rice)



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

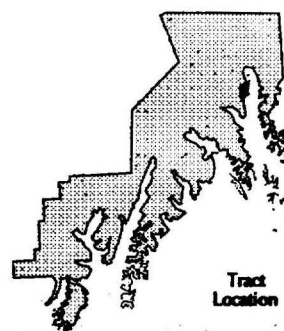
Tract PGC 2



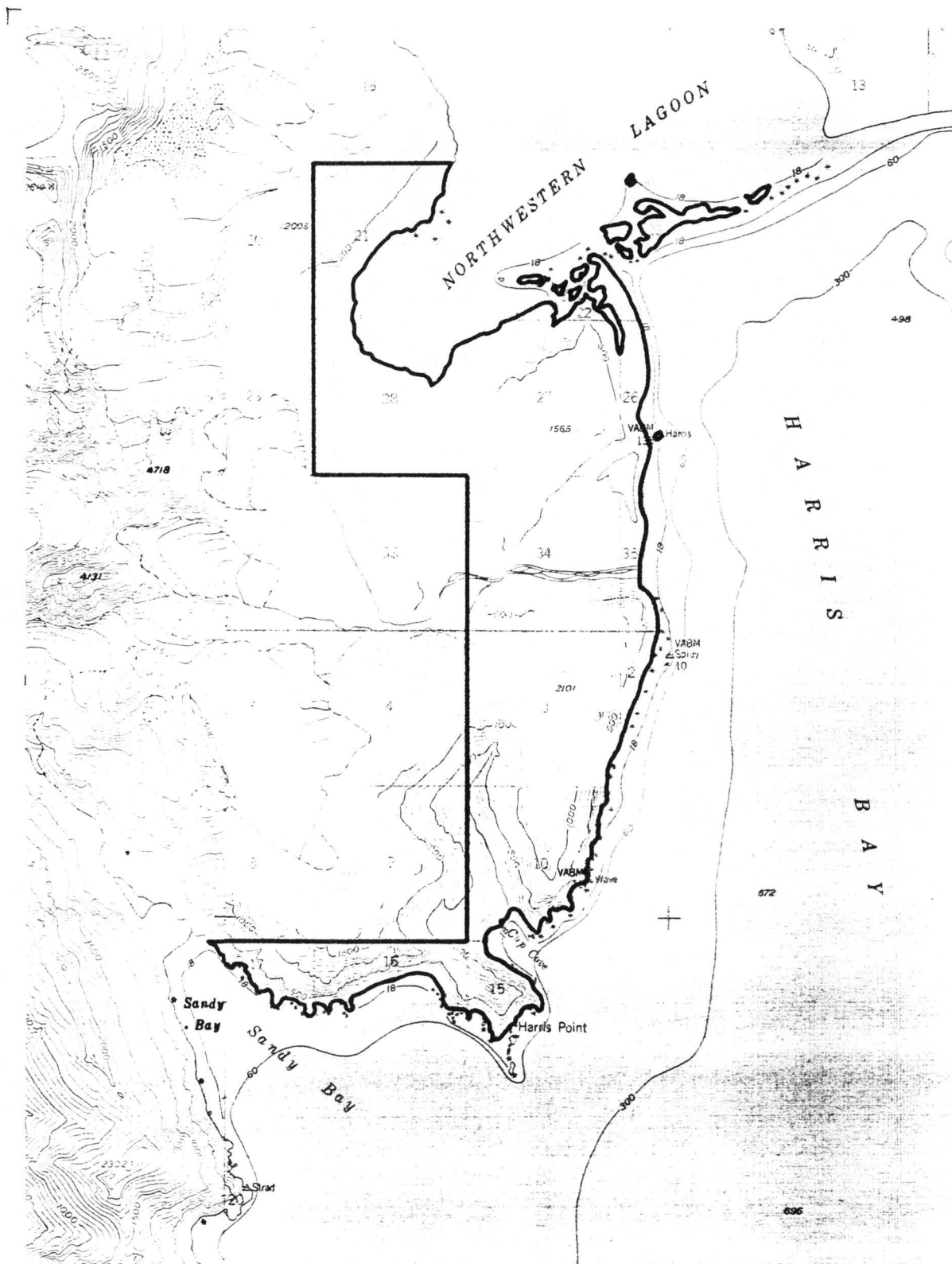
National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



TRACT PGC 3 HARRIS BAY (3,920 ACRES)



1 Inch = 1 Mile

PGC 3 (HARRIS BAY)

Location: PGC 3 is situated at the shallow of Harris Bay and Northwestern Fjord meeting point approximately 32 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 3,920 acres.

Description: As pointed out by the topography map on the opposite page, the subject is situated between Sandy Bay and the Northwestern Lagoon. Significant features include Sandy Bay, Cup Cove, Harris Point and Northwestern Lagoon. Most of the shoreline that extends from Sandy Bay around Harris Point, north to Northwestern Lagoon is comprised of cliffs, steep slopes rising out of the water and moderate terrain area with not enough distance from attached mountainous area to allow a potential recreational site. These areas are considered part of the steep mountainous backland classification. One area located in section 34 and 35 has the qualifications for potential recreational site. A general description of the site is as follows:

Sections 34 and 35: This parcel is located 1½ miles south of the shallow meeting of Northwestern Fjord and Harris Bay on the west coastline of Harris Bay. Located on the south boundary is a braided anadromous stream (mostly pink salmon) while situated at the most northeast corner is a small lake. Topography ranges from moderate to heavy rolling before becoming mountainous. Vegetation consists of brush, grasses and alder/willow thickets with scattered pockets of spruce at higher elevations. Soils generally consist of a thin layer of organics over base of bedrock. The shoreline has a graveled beach with a few rocks. The unprotected shoreline limits the moorage classification to fair/poor. Basically, the area is below average recreations site that is estimated to have 200 functionable usable acres.

CORRELATION OF VALUE PGC 3

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 3's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

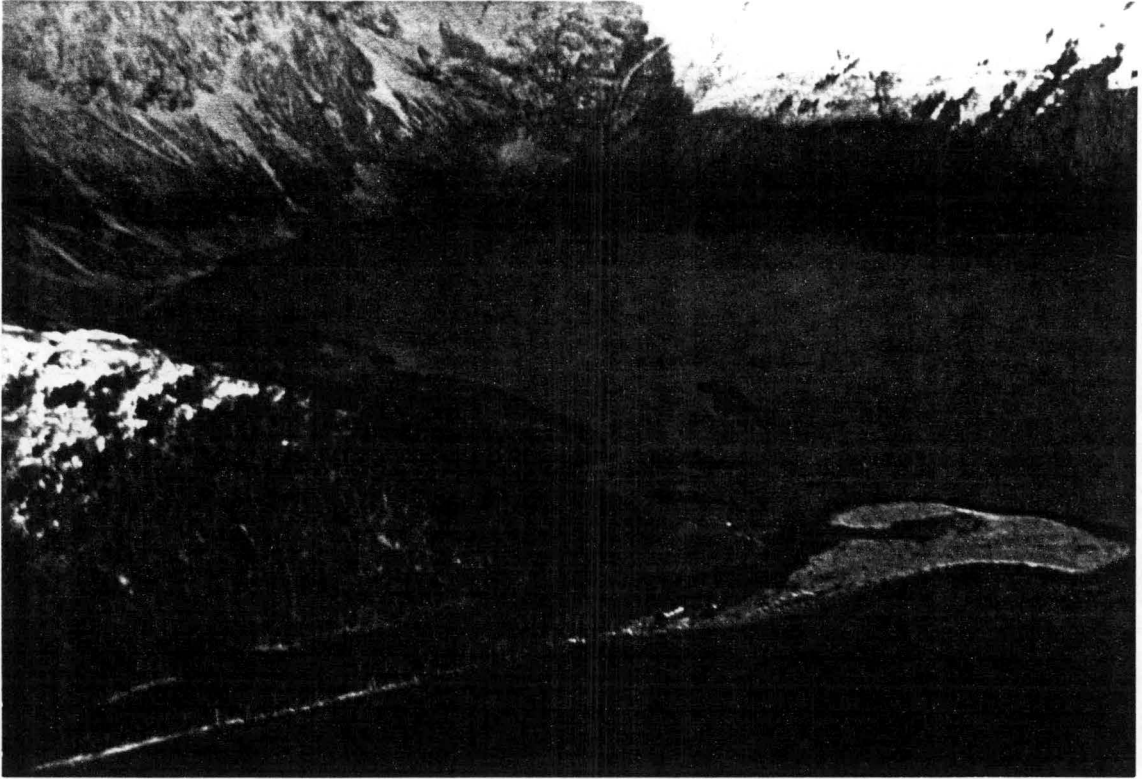
Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparable 5 has less useable terrain than the subject parcel while the Lake Clark comparable has rocky shoreline limiting access. It appears that no adjustment is required for Comparables 3, 4 and 7 while an upward adjustment should be applied as required to Comparables 5 and 6.

Recreational Potential: All of the Comparables are situated in areas with better recreational opportunities and should be adjusted downward.

After adjustments have been made it appears that a per acre value of \$700 for an average to below average site is appropriate. Value of tract EBC 1 is estimated as follows:

Rec Site	-	200 acres at \$700/acre	=	\$140,000
Limited Use Area	-	3,720 acres at \$ 80/acre	=	<u>\$297,600</u>
Total		3,920 acres		\$437,600

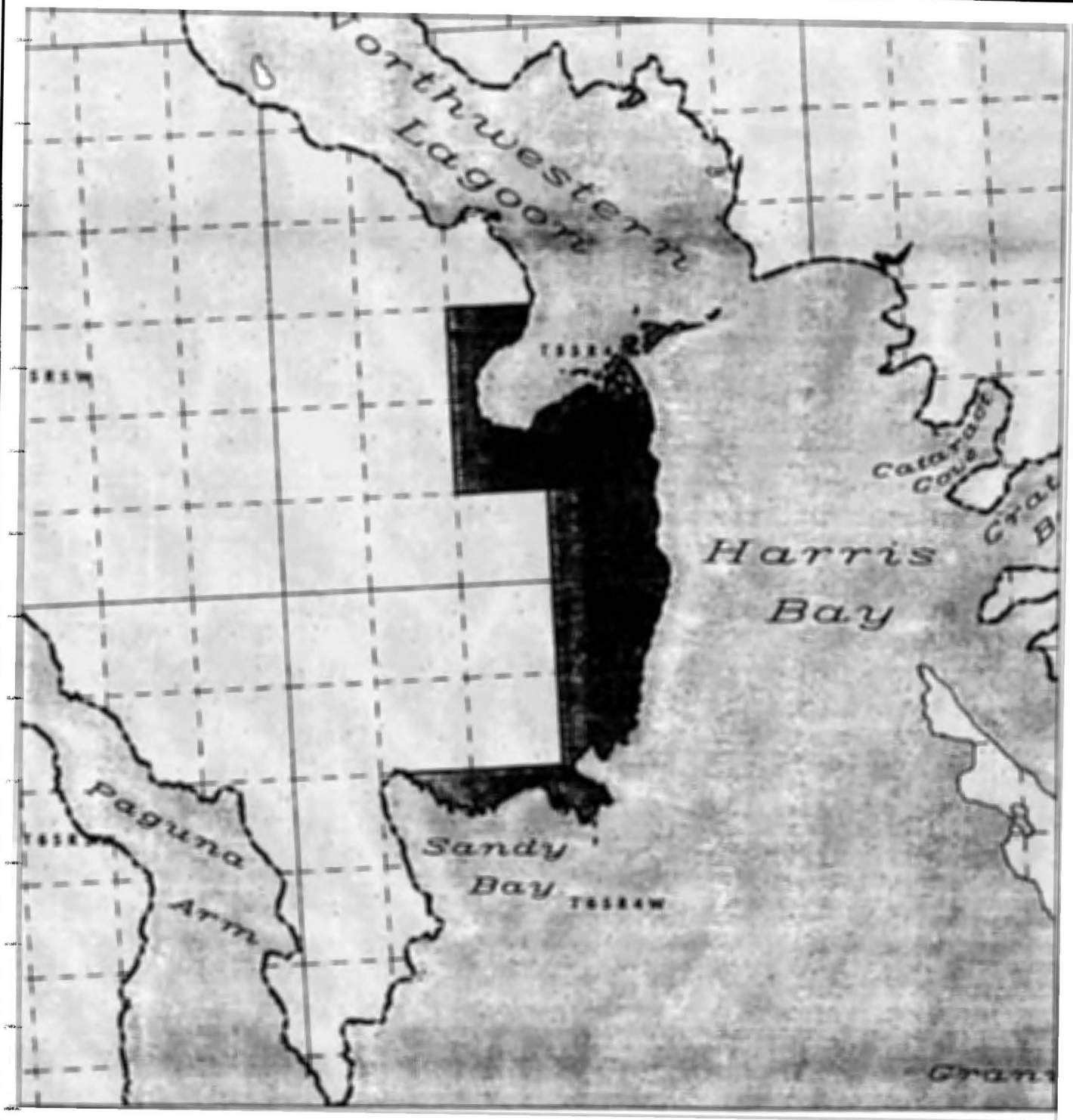
PHOTOGRAPHS OF PGC 3



NORTHWESTERN LAGOON WITH DELTA AREA IN FRONT



SECTION 2 AND 35'S SHORELINE (Photo by Bud Rice)



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

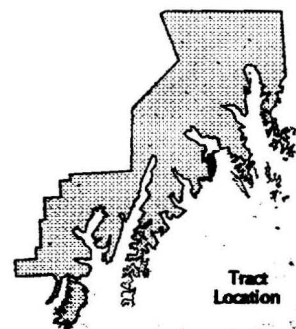
Tract PGC 3



National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



1



1 Inch = 1 Mile

PGC 4 (PAGUNA ARM)

Location: PGC 4 is situated between the waters of Sandy Bay and Paguna Arm approximately 30 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 2,770 acres.

Description: As pointed out by the topography map on the opposite page, the subject fronts almost the entire east coastline of Paguna Arm and extends across 2,500 foot peaks to the upper west shoreline of Sandy Bay. Significant features include a small protected cove on Paguna Arm shoreline and a braided stream that severs a moderate rolling area. With the exception of the moderate terrain near the stream, the rest of the coastline rises abruptly to 1,000 feet within a quarter mile or the small shelf-like areas are too close to mountainous areas for potential recreation sites. A general description of the potential recreational site is as follows:

This recreational site is situated approximately 1½ miles south of the termination point of Paguna Arm. The shoreline is characterized by a gravel beach and small delta area formed by the stream. Topography ranges from moderate to heavy rolling before becoming mountainous. Vegetation consists of brush, grasses and alder thickets with pockets of spruce. Note: A small area of old growth trees (spruce hemlock) is situated on the parcel. Soils generally consist of a thin to medium layer of organics over a base of bedrock. Due to the slightly protected nature of the shoreline moorage is fair. Basically, this is a below average 160 acre site.

CORRELATION OF VALUE PGC 4

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 4's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

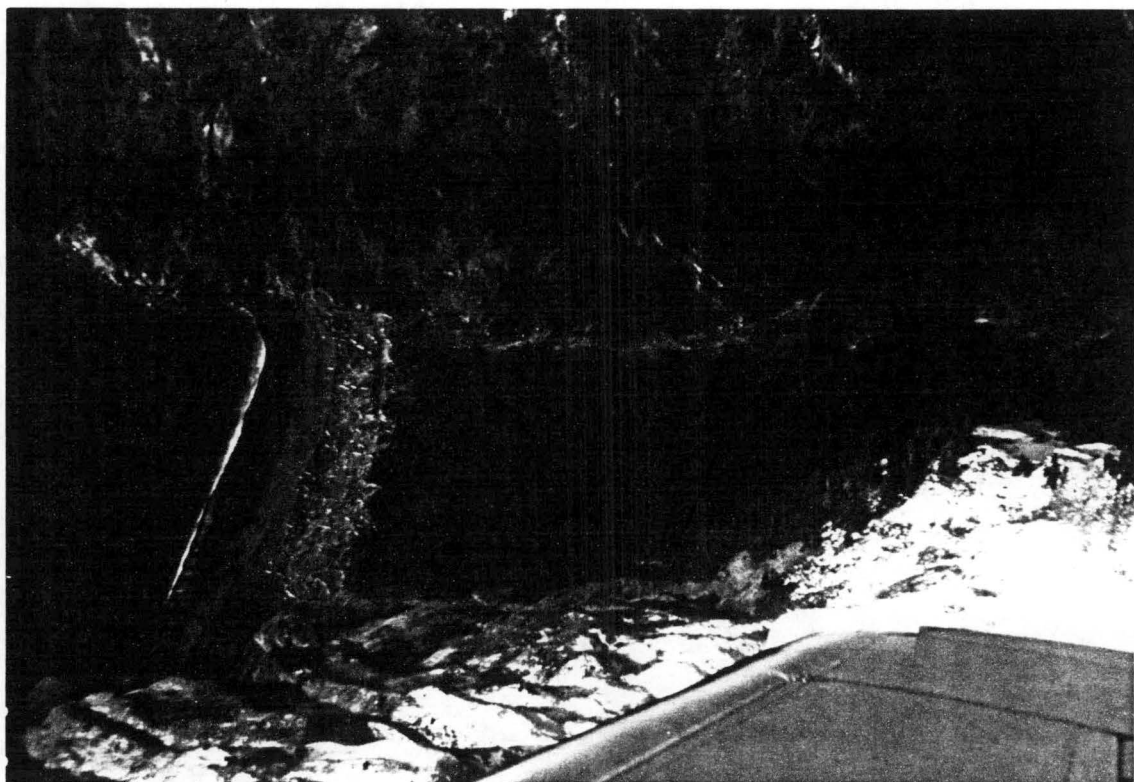
Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparable 5 has less useable terrain than the two subject parcels while the Lake Clark comparable has rocky shoreline limiting access. It appears that no adjustment is required for Comparables 3, 4 and 7 while an upward adjustment should be applied as required to Comparables 5 and 6.

Recreational Potential: All of the Comparables are situated in areas with better recreational opportunities and should be adjusted downward.

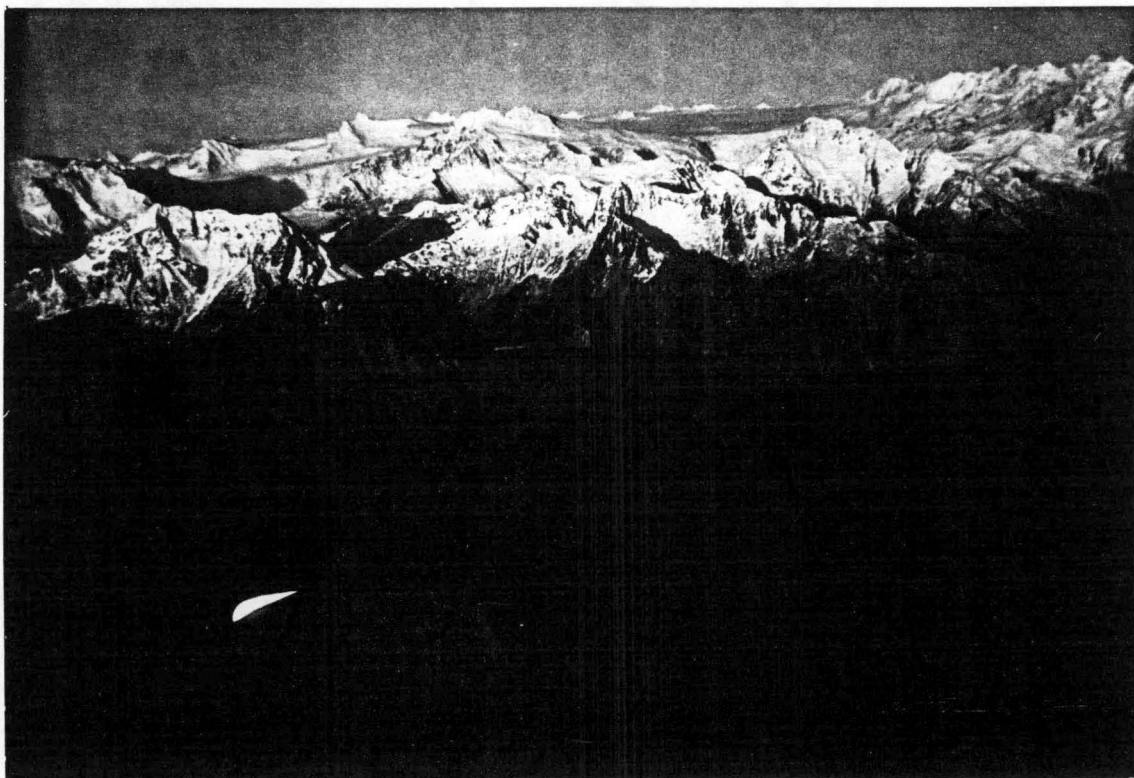
After adjustments have been made it appears that a per acre value of \$800 for an average to below average site is appropriate. Value of tract PGC 4 is estimated as follows:

Rec Site	160 acres at \$800/acre	=	\$128,000
Limited Use Area	2,610 acres at \$ 80/acre	=	<u>\$208,800</u>
Total	2,770 acres		\$336,800

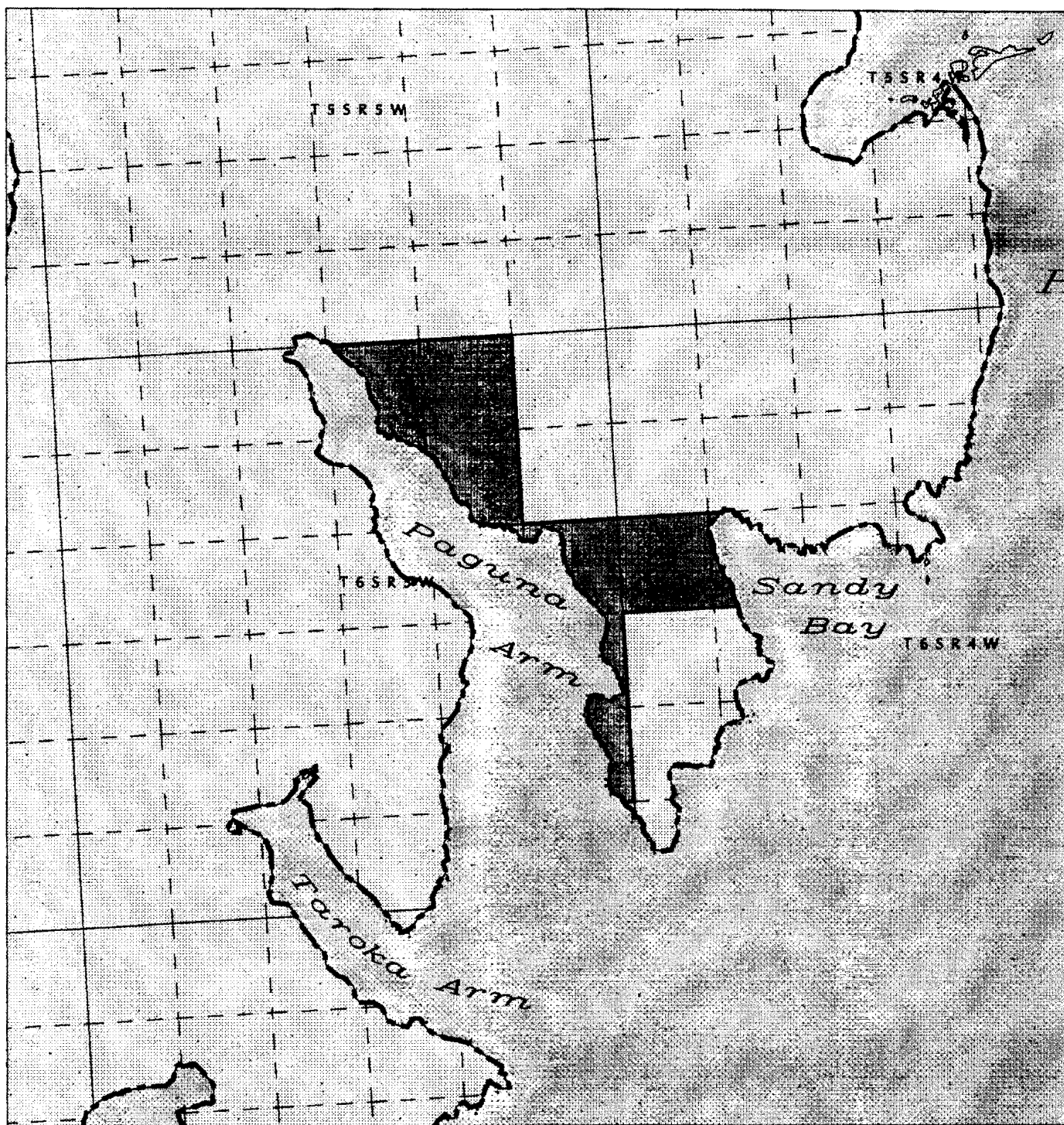
PHOTOGRAPHS OF PGC 4



A WESTERLY VIEW OF THE SANDY BAY AREA



TYPICAL VIEW OF THE PAGUNA ARM COASTLINE



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

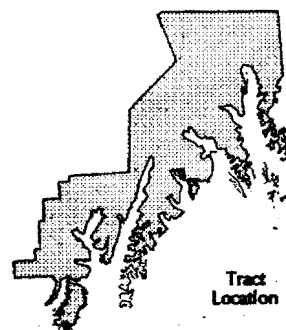
Tract PGC 4



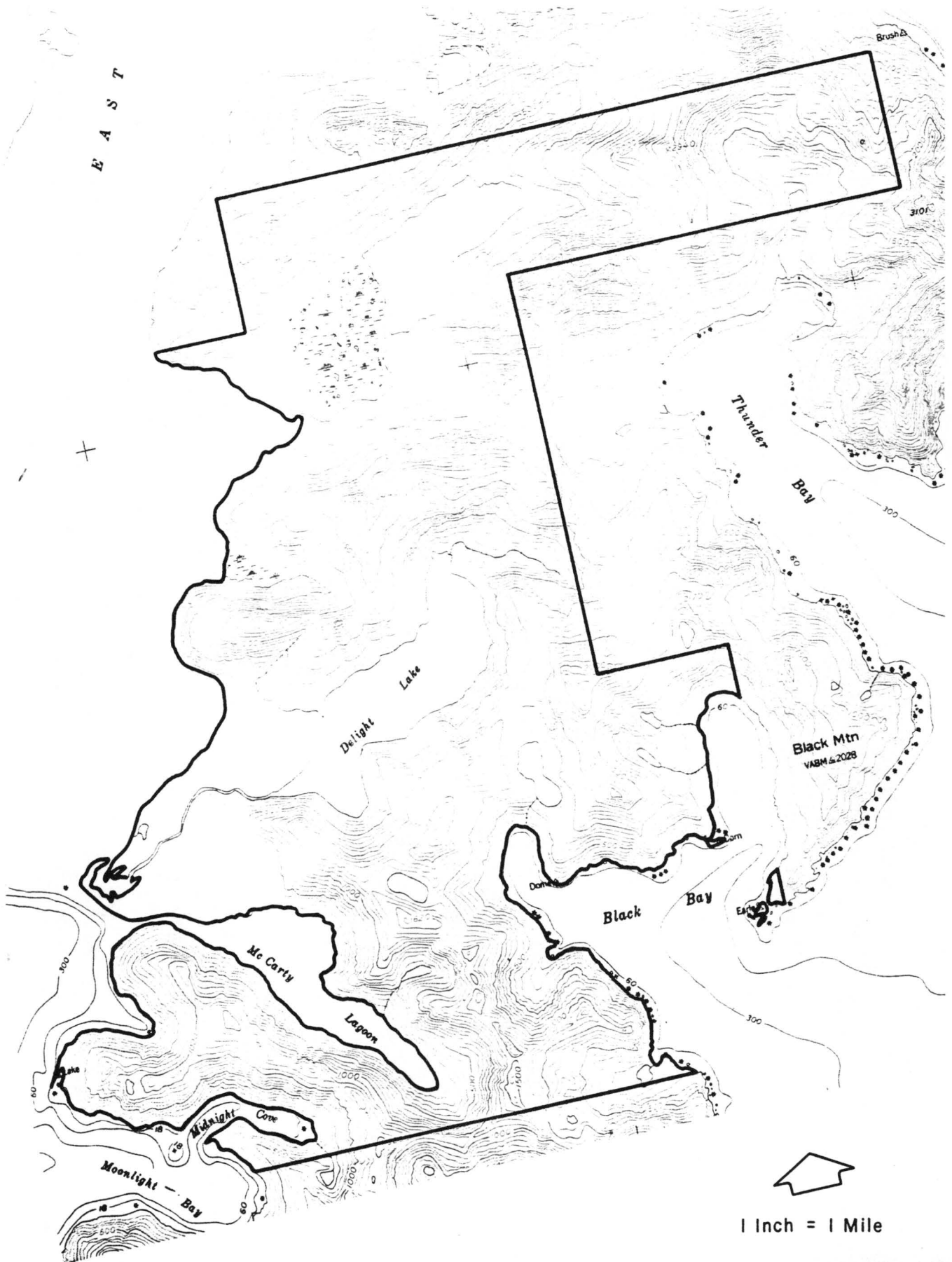
National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



TRACT PGC 5 BLACK BAY/EAST ARM (13,278.98 ACRES)



PGC 5 (BLACK BAY/EAST ARM)

Location: PGC 5 is situated between the waters of Black Bay and the east arm of McCarty Fjord, approximately 43 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 13,728.98 acres.

Description: As pointed out by the topography map on the opposite page, the subject is situated in the Delight Lake area, approximately 4 miles north of McArthur pass. Significant features include Black Bay, Moonlight Bay, Midnight Cove, McCarty Lagoon, Delight Lake, and a no-name lake situated $\frac{1}{4}$ mile south of the north boundary line. All of the shorelines of Black Bay are cliffs or steep slopes rising out of the water and has been placed in the limit-use category. The same is true for Moonlight Bay and Midnight Cove. McCarty Lagoon offers protected moorage but the areas abutting land is comprised of steep slopes and a low wet dead timber areas located between Delight Lake entrance channel and the lagoon. The shoreline between the East Arm and Delight Lake plus the no-name cove area meet all the characteristics required for potential recreational sites. A general description of the two potential recreational sites is as follows:

Delight Lake: This is a long finger shaped parcel that extends southwest out of a mountainous area located near the southwest $\frac{1}{4}$ of Delight Lake. From this area, the parcel progressively narrows to a point located at the mouth of a stream that drains the lake. Most of the 2 mile stretch of shoreline is characterized by a gravel beach while the width of the peninsula varies from a few hundred feet at the southwest point up to $\frac{3}{4}$ of a mile near the mountain base. topography ranges from near level to moderate rolling. Vegetation consists of brush, grasses, and alder thickets with pockets of spruce on higher elevations. The shoreline has graveled beach while the moorage is above average along the south coast near the mouth of a stream. Located near southeast point is the outlet of a documented anadromous stream (red and pink salmon) while Dolly Varden trout is reported in the lake. This site is classified as average for the area.

No-Name Cove area: This parcel is located between the East Arm coast and wetlands of a lake near the north boundary. It is estimated that the site would accommodate a 160 acre potential recreational site. Topography ranges from moderate to heavy rolling before becoming mountainous or wetlands. Vegetation consists of brush grasses and alder thickets with pockets of spruce on higher elevations. The shoreline has a graveled beach while the moorage is above average along the south coast near the

mouth of a stream. Located near southeast point is the outlet of a documented anadromous stream (red and pink salmon) while Dolly Varden trout is reported in the lake. This site is classified as average for the area.

CORRELATION OF VALUE PGC 5

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 5's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

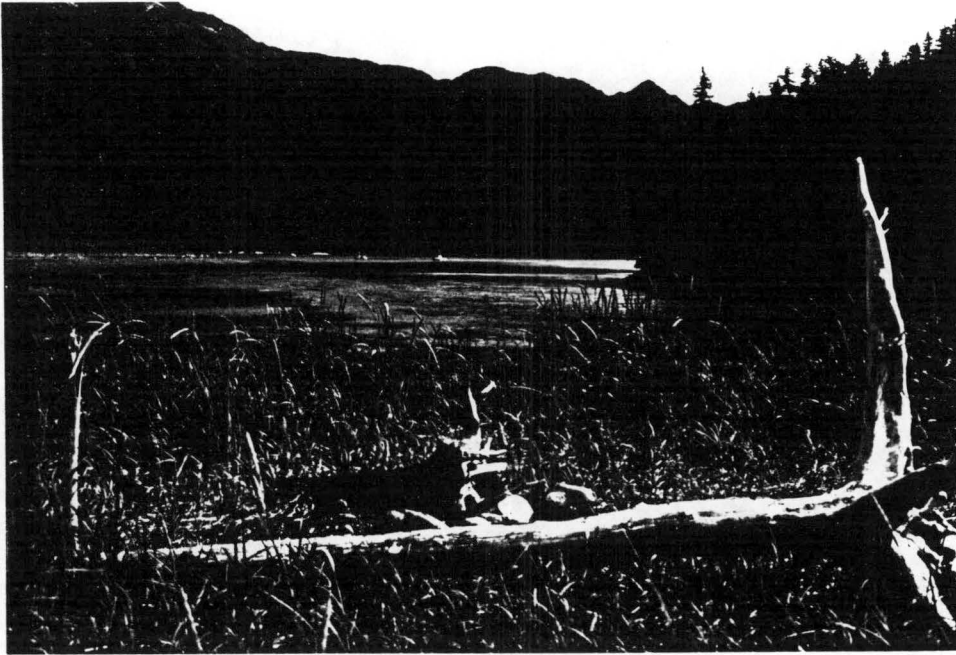
Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/ac while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparables 3, 4, and 7 have physical features that are somewhat similar to both potential recreational areas. The Lake Clark comparable (6) does have inferior access/moorage while comparable 5 has less usable land. Both comparables 5 and 6 required upward adjustments.

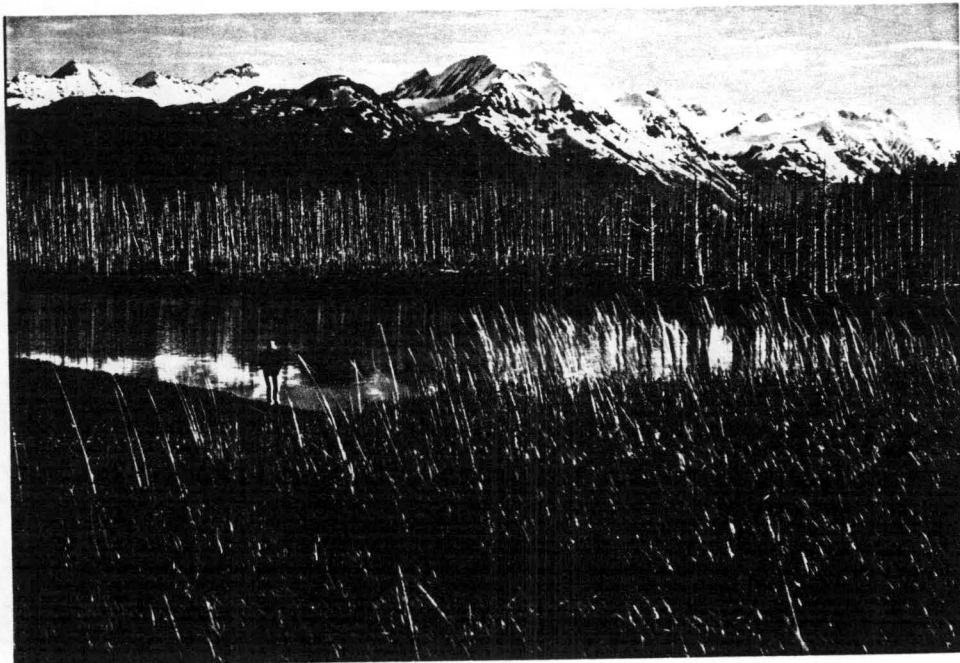
Recreational Potential: The Delight Lake area's recreational opportunities are comparable or slightly superior while the no-name cove area appears to be somewhat inferior. Adjustments were made as required. After adjustments have been made a per acre value of \$1,200 was reflected for the two Delight Lake parcels and \$1,000 per are for the no-name cove area. Value of tract PGC 5 is estimated as follows:

Delight Lake	- 320	acres at \$1,200/acre =	\$ 384,000
No-Name Cove	- 160	acres at \$1,000/acre =	\$ 160,000
Limit Use Area	-13,248.98	acres at \$ 80/acre =	<u>\$1,059,918</u>
Total	13,728.98	acres	= \$1,603,900 (R)

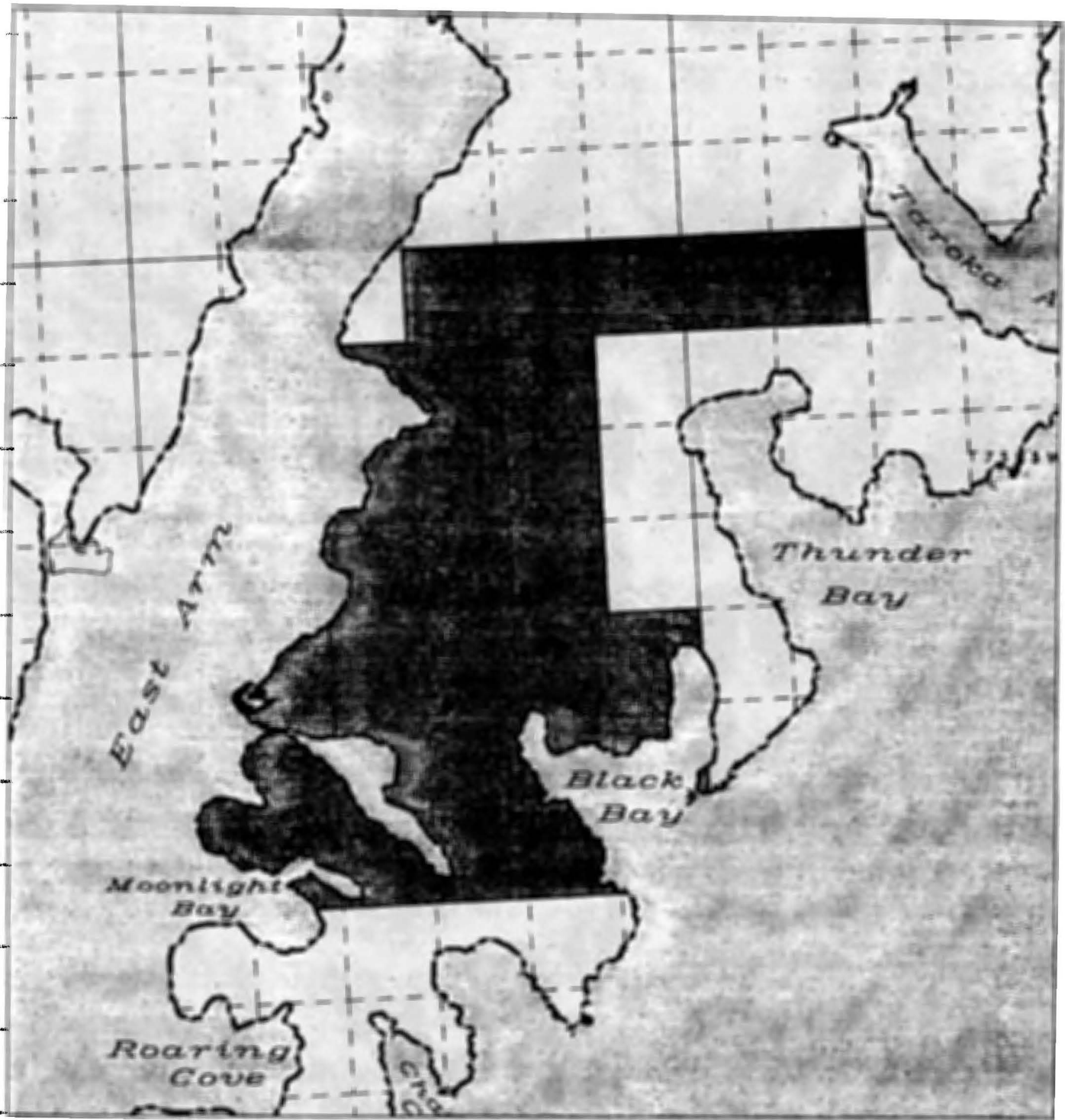
PHOTOGRAPHS OF PGC 5



GENERAL VIEW OF DELIGHT LAKE. (Photo by Bud Rice)



DEAD TIMBER AREA ON McCARTY LAGOON LOOKING OVER THE DELIGHT LAKE OUTLET. (Photo by Bud Rice)



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

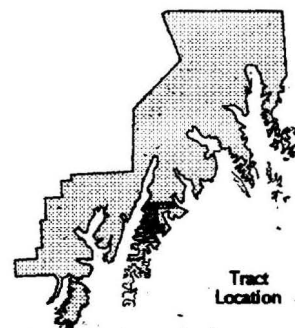
Tract PGC 5



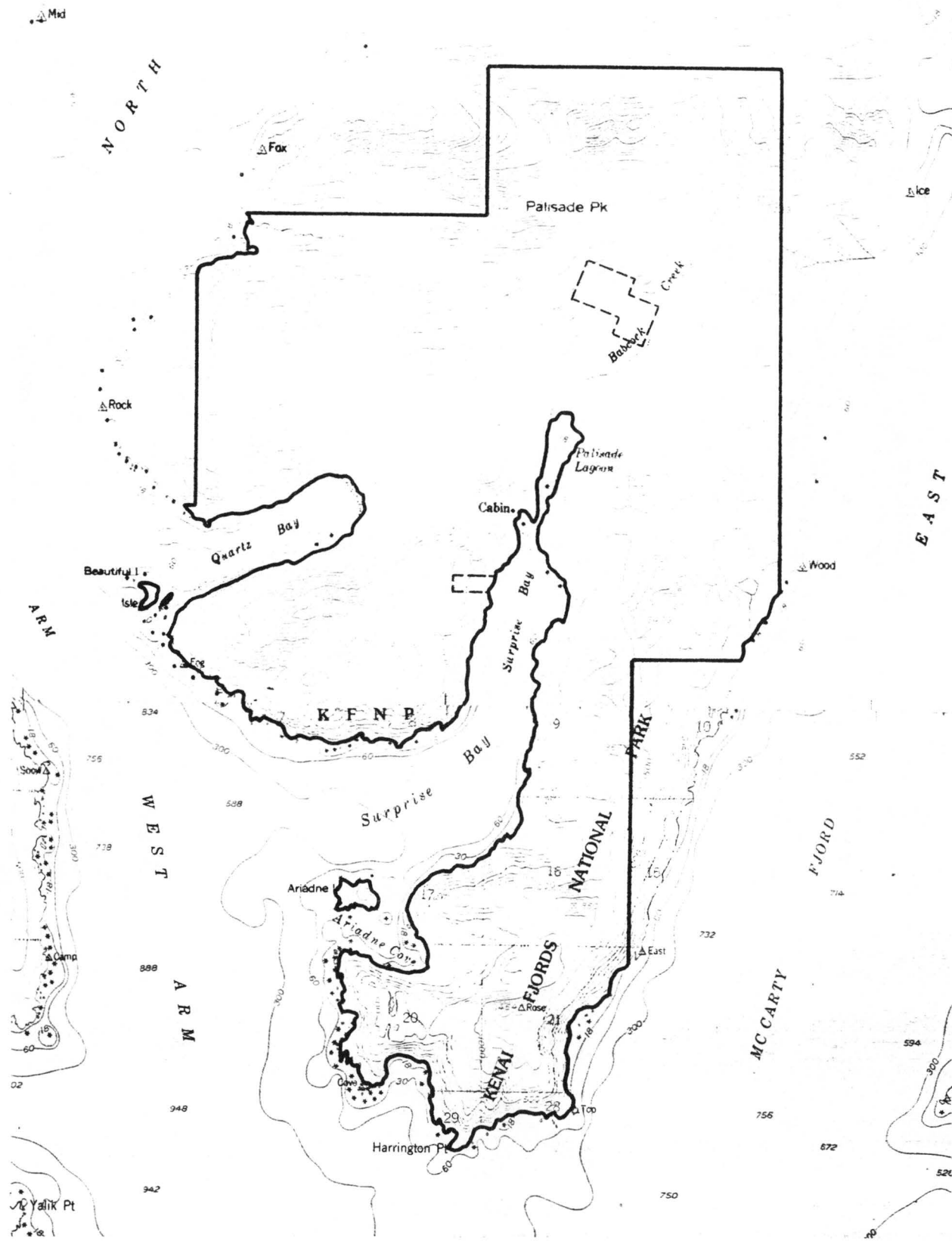
National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



TRACT PGC 6 WEST ARM/SURPRISE BAY (11,086.53 ACRES)



1 Inch = 1 Mile

PGC 6 (WEST ARM/SURPRISE BAY)

Location: PGC 6 is situated on the waters of the east and west arms of McCarty Fjord and encompasses most of the peninsula from Harrington Point to Palisade Peak approximately 52 miles southwest of Seward.

Area: Legal description provided for appraisal purposes is Exhibit A of the Addenda and indicates this parcel encompasses 11,086.53 acres.

Description: As pointed out by the topography map on the opposite page, the subject is situated on the lower part of the peninsula that separates the East Arm and West Arm of McCarty Fjord. Significant features include Surprise Bay, Quartz Bay, Palisade Lagoon, Harrington Point, Aredne Cove, Aredne Island, Beautiful Isle and Babcock Creek. All of the East Arm shoreline around Harrington Point to Aredne Cove on the west arm is comprised of cliffs or steep slopes rising out of the water with numerous rock tops in front of the coastline. There is a small moderate rolling elevated area located at the back of Aredne Cove but due to the rocky nature of the waters and distance to steep slopes, a recreational site would be impracticable. The same is true with the surrounding Palisade Lagoon. With the exception of an 80 acre area located on the back of Quartz Bay, the rest of the shoreline is steep and has been placed in the steep mountainous backland classification. A general description of the Quartz Bay site is as follows:

Quartz Bay: This is a half moon shaped parcel located at the termination point of Quartz Bay. It has an average width of 1700 feet and a depth of approximately 1,200 feet. Topography ranges from moderate to heavy rolling with 20 to 25 acres of steep terrain on the rear. Vegetation consists of brush, grasses and alder thickets with scattered spruce on the higher elevations. Soils generally consist of a thin layer of organics over a base of bedrock. A small stream and waterfall are situated on the parcel. The shoreline is characterized by gravel beaches while the protective moorage is above average for the area. Basically, the area is below average recreational site.

CORRELATION OF VALUE PGC 6

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 6's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparable 5 has less useable terrain than the subject parcel while the Lake Clark comparable has rocky shoreline limiting access. It appears that no adjustment is required for Comparables 3, 4 and 7 while an upward adjustment should be applied as required to Comparables 5 and 6.

Recreational Potential: All of the Comparables are situated in areas with better recreational opportunities and should be adjusted downward.

After adjustments have been made it appears that a per acre value of \$800 for an average to below average site is appropriate. Value of tract PGC 6 is estimated as follows:

Rec Site	80	acres at \$700/acre =	\$ 64,000
Land Use Area	11,006.53	acres at \$ 80/acre =	<u>\$280,522</u>
Total	11,086.53	acres	\$944,500 (R)

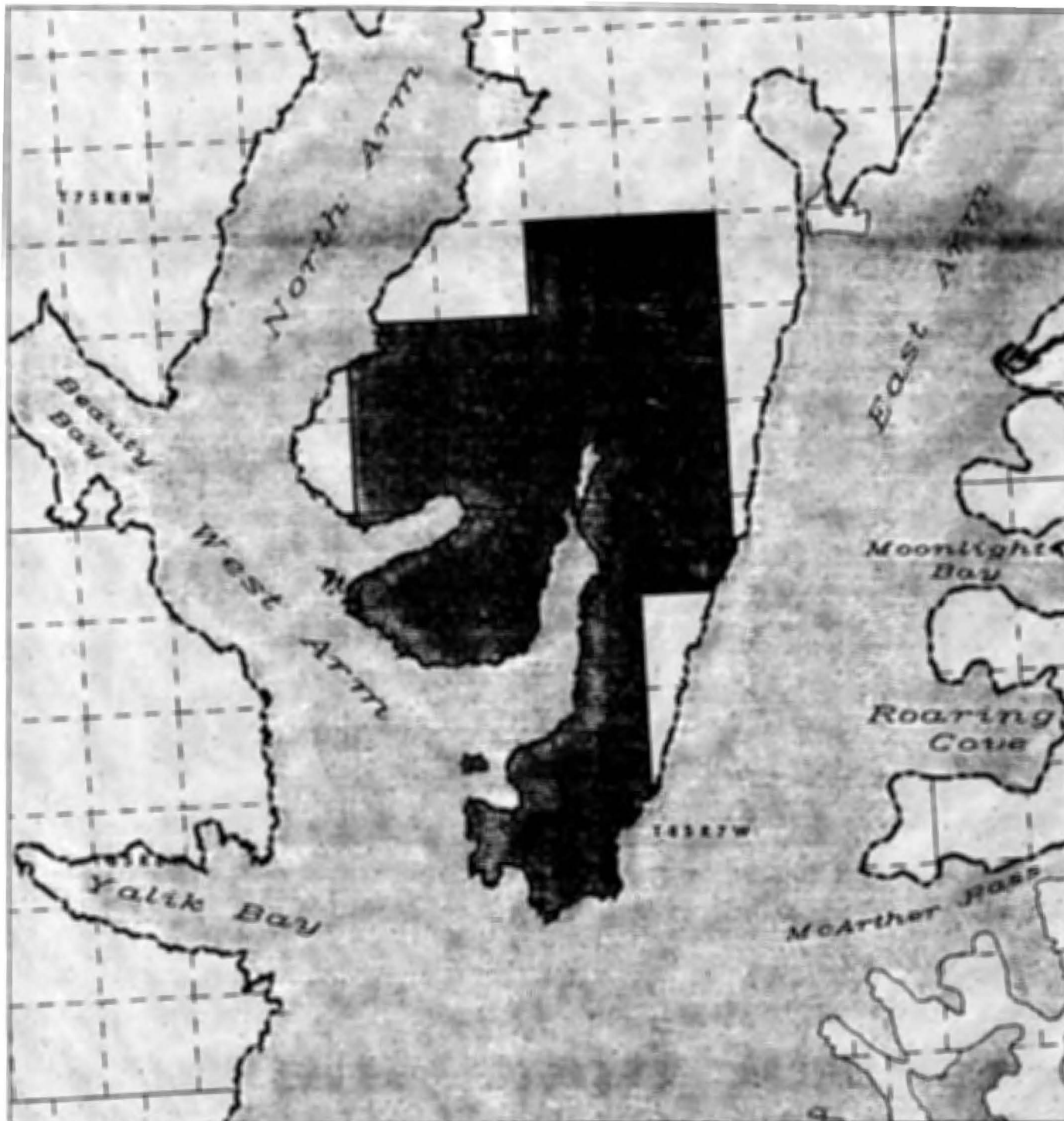
PHOTOGRAPHS OF PGC 6



SURPRISE BAY WITH PALISADE LAGOON IN BACKGROUND



EAST ARM'S COASTLINE NEAR HARRINGTON POINT



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

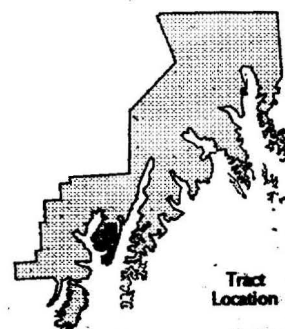
Tract PGC 6



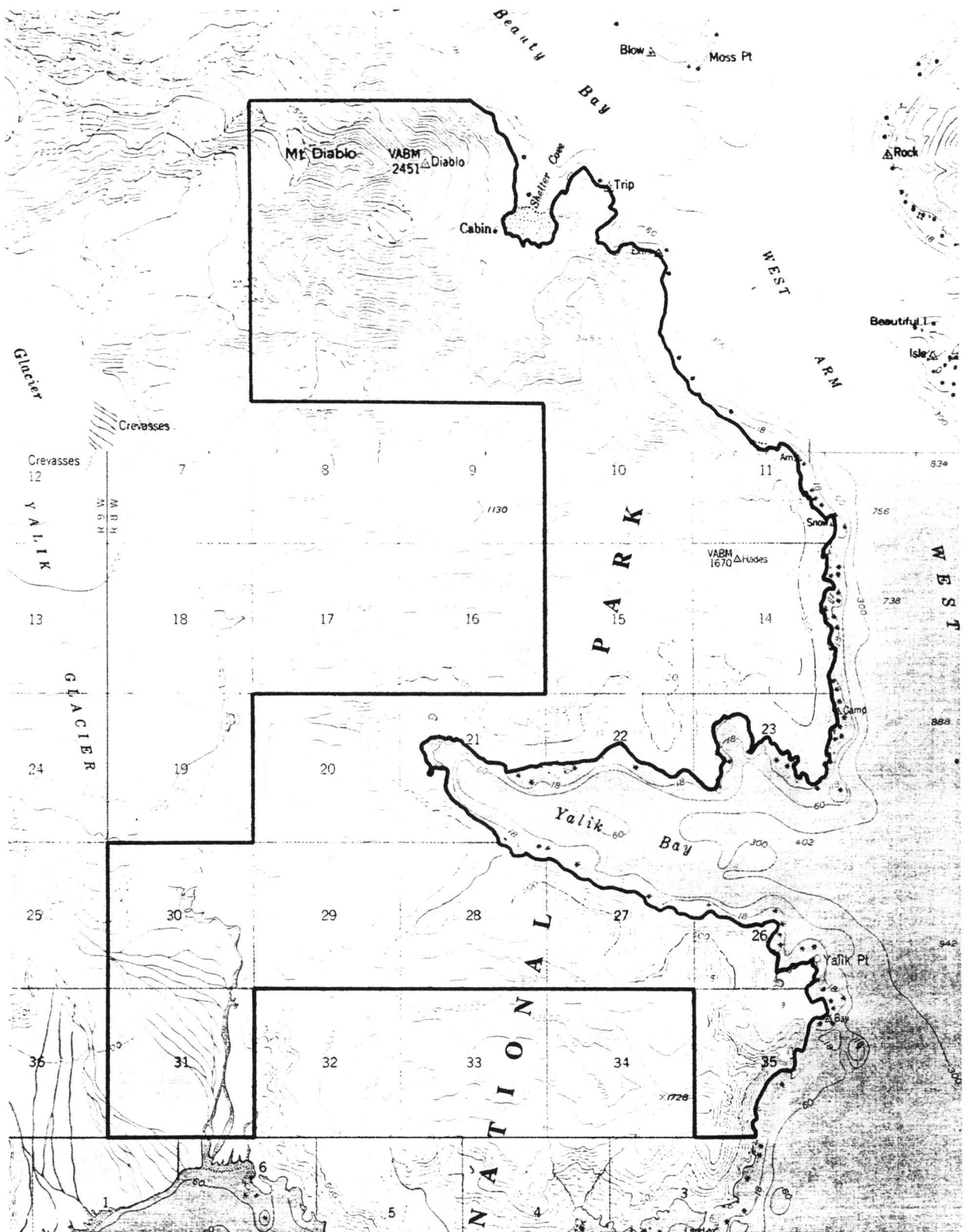
National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



TRACT PGC 7 YALIK BAY/WEST ARM (10,435.08 ACRES)



1 Inch = 1 Mile

PGC 7 (YALIK BAY/WEST ARM)

Location: PGC 7 is situated in the Yalik Bay area of the West Arm, $\frac{1}{2}$ mile north of the Nuka passage, approximately 56 miles southwest of Seward.

Area: Legal description provided for appraisal proposes is Exhibit A of the Addenda and indicates this parcel encompasses 10,435.08 acres.

Description: As pointed out by the topography map on the opposite page, the subject is extends north from Mt Diablo to within $\frac{1}{2}$ mile of Nuka passage while a portion of the most western boundary line is situated on Yalik Glacier. Significant features include Beauty Bay, Shelter Cover, Yalik Bay, Yalik Point, Yalik Glacier and Mt. Diablo. Most of the subjects coast is characterized by sheer rock cliffs or steep slopes rising out of the water with lines of boulders standing above or near the water line. Elevations range from the coastal lowlands to 2451 feet atop Mt Diablo. The following are the only shoreline area that don't rise abruptly. (1) Termination point of Shelter Cover (2) an area located at the end of Yalik Bay (3) A narrow drainage area located at the northeast corner of section 28 (4) a somewhat elevated area located at Yalik Point. Due to the rocky and exposed waters of Yalik Point and the narrow ravine like area of section 28, these areas are not likely recreational sites. Shelter Cove and Yalik Bay have all the qualifications for potential recreation sites. Each is described as follows:

Shelter Cove: This area is characterized by a broad gravel beach that forms the coastline of a somewhat shallow area. The west coastline is rocky while the southeast corner of the bay is considered average to good moorage for the area. Topography of the peanut shaped parcel varies from near level to heavy rolling before becoming mountainous. Vegetation consists of brush, grasses and alder thickets with a few pockets of spruce. Soils generally consist of a thin layer of organics over a base of bedrocks. Basically, this is a below average 120 acre recreational site.

Yalik Bay: This 160 acre site is located at the termination point of Yalik Bay. The Bay's upper end is a long narrow finger that has a broad gravel beach on all sides. Waters of the area are somewhat shallow. However, it is reported that boat access is feasible due to the protected moorage. Topography ranges from moderate to heavy rolling before becoming mountainous. Vegetation consists of brush, grasses and alder thickets with a few pockets of spruce. Soils generally consist of a thin layer of organics over a base of bedrock. Basically, this is a below average recreation site for the area.

CORRELATION OF VALUE PGC 7

Comparables 3, 4, 5, 6 and 7 are considered to be the best indications of value for tract PGC 7's recreational areas.

Financing terms: The adjusted cash equivalent value reported in the sales write-up reflects the consideration for terms of sale. No adjustment was required.

Time: Sales occurring prior to 1986 have little relevance except to establish a decline in "market" value. All of the transactions summarized and analyzed occurred since mid-1986. The data reflects only spotty activity over a lengthy period of approximately 8 years. An adjustment for market conditions (time) during this period is not supported by the data. Therefore, no adjustment was made.

Real Property Rights Conveyed: In this section only surface rights are being appraised. Comparables 4, 6 and 7 are surface rights conveyances while comparable 3 is fee simple and comparable 5 is a fee less oil and gas transaction. Comparables 3, 4, and 7 are somewhat similar but have a few minor differences. Comparable 3 (fee simple) sold for \$1,158/acre while the two surface only comparables sold for \$1,135 and \$1,126 per acre. It appears that fee simple sites command a better price in the marketplace. The data is quite limited. Therefore, a minor downward adjustment of \$10 per acre has been applied to more than surface estate sales.

Physical Features and Characteristics: Physical features and characteristics include location, access, soil, topography, size and shape. Most of the features and characteristics of the potential sites are similar or offsetting when an adjustment is considered. Comparable 5 has less useable terrain than the subject parcel while the Lake Clark comparable has rocky shoreline limiting access. It appears that no adjustment is required for Comparables 3, 4 and 7 while an upward adjustment should be applied as required to Comparables 5 and 6.

Recreational Potential: All of the Comparables are situated in areas with better recreational opportunities and should be adjusted downward.

After adjustments have been made it appears that a per acre value of \$800 for an average to below average site is appropriate. Value of tract PGC 7 is estimated as follows:

Rec Sites	-	280	acres at \$800/acre	=	\$ 224,000
Limit Use Area	-	10,155.08	acres at \$ 80/acre	=	\$ 812,406
Total	-	10,435.08	acres	=	\$1,036,400(R)

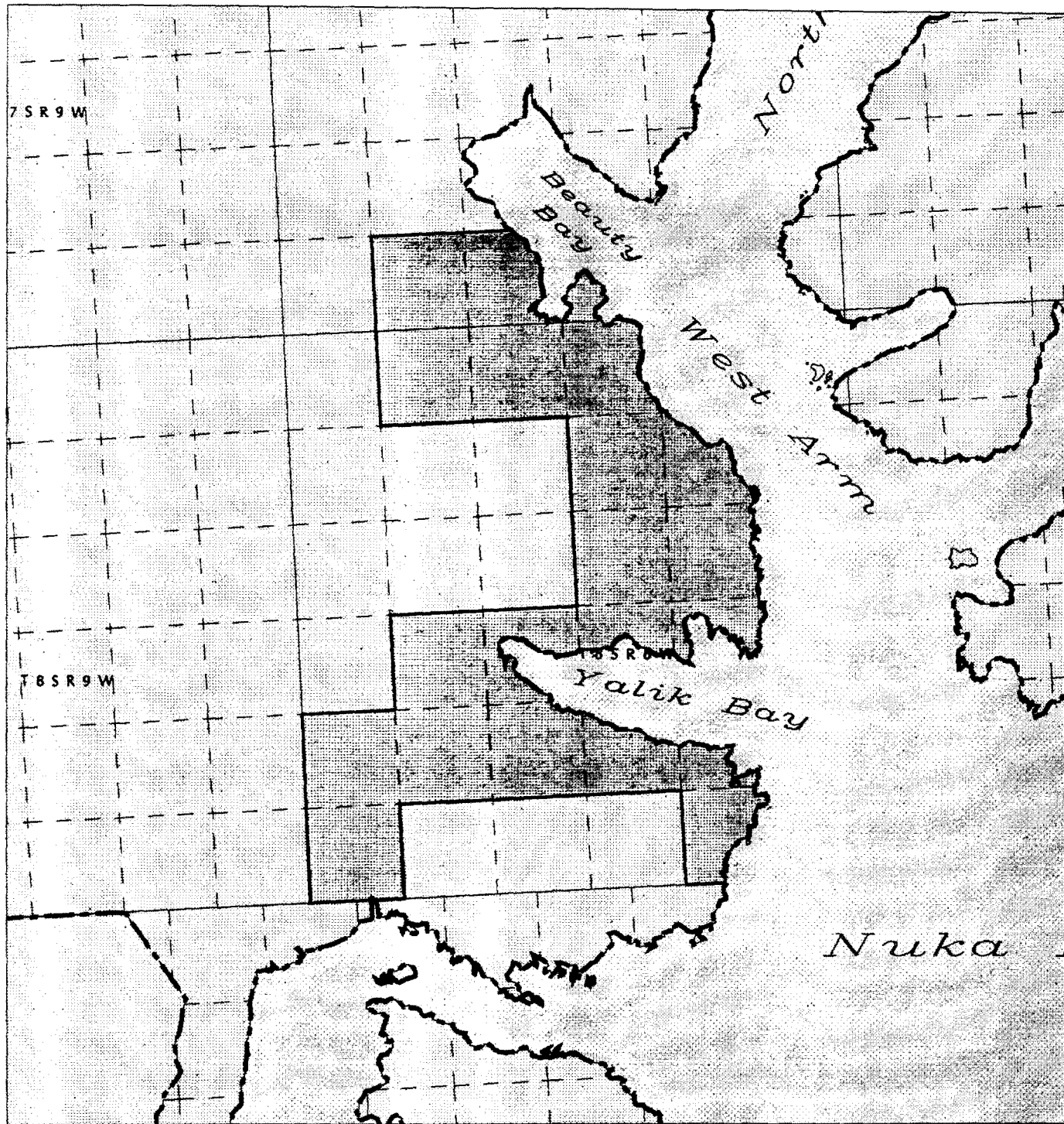
PHOTOGRAPHS OF PGC 7



TERMINATION POINT OF YALIK BAY



A GENERAL VIEW OF THE COASTLINE NEAR YALIK POINT



Habitat Protection Acquisition Parcels
Kenai Fjords National Park

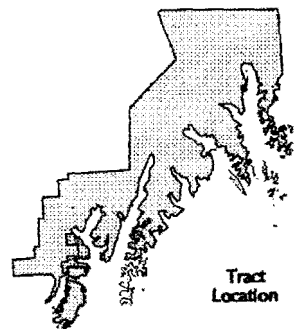
Tract PGC 7



National Park Service
Alaska Regional Office
Anchorage, Alaska



Scale 1:100,000
Alber's Equal Area Projection



VALUATION OF SUBSURFACE

As part of the appraisal assignment, the value of the subsurface rights are analyzed in order to allocate percentage of fee value of the property that should be paid to the subsurface owner who is a different owner than the surface owner. Subsurface rights, as they are valued for this report, are not typically sold on the open market due to lack of both supply and effective demand. Sales, when they do occur, do not meet the reasonable constraints of market value of a willing seller, willing buyer and similar alternative rights available for purchase. Most sales only occur because the surface owner, usually a Native village corporation or state or federal agency, need to acquire the subsurface to complete the fee simple ownership. Prior to ANCSA, subsurface rights in Alaska meant mineral rights, but under ANCSA, the sand and gravel, which is usually considered a surface right, became a subsurface right. Therefore, village corporations or purchasers of village corporation lands find the need to acquire the subsurface rights or non-development covenant in order to protect surface usage. The matter of these rights at the date of appraisal are still being defined. However, various court cases have given definition to certain rights held by the owners of surface and subsurface estates created by ANCSA conveyances. Federal courts have determined that sand and gravel is a subsurface interest (Ninth Circuit Court of Appeals, 588F 2nd, p. 723). State court cases have helped to define other related issues, such as ownership of silt and mud, and the right to build cellars and put pilings into the ground. Future court decisions will undoubtedly further define the respective rights of surface and subsurface owners.

From different interviews with different real estate groups, the general feeling is that the rights are still being defined, and litigation will eventually resolve questions as to the allocation of the bundle of rights on such properties. In the interim, regional corporations have attempted to reach accommodations with their village corporations to solve the problem as it relates to normal surface and uses. When the matter involves the use of sand and gravel, the regional corporations have remained firm in demanding payment for these based on royalty rates customary in their particular region.

In discussing the matter with regional corporation land managers, the general feeling is that there is some bottom price for subsurface rights below which it is unreasonable to sell them, since the future may bring uses for those rights that are unforeseen at present. They would rather sell-nondevelopment agreements and retain the right to the surface users utilization of sand and gravel, and further retain mineral rights. Another possibility which is seen, particularly in residential subdivision areas, is where the top 100' to 250' of the land use is granted, but the regional corporation retains all rights below

that. The subsurface sales often have combination of rights or limitations of rights that are difficult to quantify by conventional market data, since on all non-ANCSA acquired land, the subsurface rights are automatically transferred except for mineral rights. Since mineral rights are, for the most part, retained by the U.S. Government or the State of Alaska, they are not expected by private purchasers, nor do mineral rights generally contribute significantly to the value of the fee interest. Therefore, analysis of private lands in the State would show virtually no value to the subsurface, meaning mineral interest.

As pointed out earlier in the mineral section of the report, all known sources have generally indicated that the mineral resources of the subject parcels, including oil and gas, have no known commercial significance.

Used during the correlation to value of the various potential recreational sites was an analysis of waterfront sales 2, 4, 5, 6 and 7. As pointed out, the analysis was very limited and only a value of \$10 per acre was used. Due to the lack of a true definition of Subsurface Rights, no known mineral potential and the physical nature of the parcel, a value of \$10 per acre appear reasonable at the date of appraisal. The value of the subject parcels' subsurface rights is valued as follows:

<u>Tract No.</u>	<u>Location</u>	<u>Acres</u>	<u>\$/Acre</u>	<u>Value</u>
PGC 1	Aialik Bay	2,665.14	10	\$ 26,700(R)
PGC 2	Pederson Lake	2,015.00	10	\$ 20,200(R)
PGC 3	Harris Bay	3,920.00	10	\$ 39,200
PGC 4	Paguna Arm	2,770.00	10	\$ 27,700
PGC 5	Black Bay	13,278.98	10	\$132,800(R)
PGC 6	Surprise Bay	11,086.53	10	\$110,900(R)
PGC 7	Yalik Bay	10,435.08	10	\$104,400(R)

CERTIFICATION OF VALUE
SURFACE ESTATE - PORT GRAHAM CORPORATION
SUBSURFACE ESTATE - CHUGACH ALASKA CORPORATION

<u>Tract</u>	<u>Surface Value</u>	<u>Subsurface VALUE</u>
PGC1	\$ 527,600	\$ 26,700
PGC2	\$ 382,000	\$ 20,200
PGC3	\$ 437,000	\$ 39,200
PGC4	\$ 336,800	\$ 27,700
PGC5	\$1,603,900	\$132,800
PGC6	\$ 944,500	\$110,900
PGC7	\$1,036,400	\$104,400

I, the undersigned, do hereby certify that I have personally inspected the properties described in this report and have carefully considered the factors affecting the values reported herein and have not knowingly omitted any pertinent information.

I further certify that, to the best of my knowledge and beliefs, all statements contained in this report are true and correct, subject to the limiting conditions and assumptions set forth previously.

I further certify that I have no present or contemplated interest in the property appraised, and neither the employment to make the appraisal nor the compensation received are in any manner contingent upon the amount of value reported herein.

This report has been made in conformity with and is subject to the Code of Professional Ethics and Standards of Professional Practice of the American Institute of Real Estate Appraisers and the National Association of Real Estate Boards relating to review its duly authorized representatives.

Based upon information contained in this report and the knowledge and judgement of the Appraiser, it is my conclusion that the "fair market value" of the subject properties is as listed above on November 8, 1994, date of inspection and appraisal.

I acknowledge that the effects of the Exxon Valdez Oil Spill section and Locatable/Leasable Mineral Resources section of the report was researched and written by Jan Sosnowski, Realty Specialist, Land Resources Division. Maps and several exhibits were furnished by Cyril Andrews, Realty Specialist, and John Meyers, Cartographer, Land Resources Division.

Lynn A. Willhite

ADDENDA

LEGAL DESCRIPTION
PORT GRAHAM CORPORATION OWNERSHIP

SEWARD MERIDIAN

Tract PGC 1 consists of the following described land:

T. 3 S., R. 2 W. (unsurveyed),
Sec. 5, all;
Secs. 7 and 8 (fractional), all;
Sec. 17 (fractional), all;
Secs. 20 and 21 (fractional), all;
Sec. 29 (fractional), all;
Sec. 32 (fractional), excluding US Survey 4603.
Containing 2,665.14 acres, more or less.

Tract PGC 2 consists of the following described land:

T. 3 S., R. 3 W. (unsurveyed),
Secs. 23 thru 26 (fractional), all;
Secs. 35 and 36 (fractional), all.
Containing 2,015 acres, more or less.

Tract PGC 3 consists of the following described land:

T. 5 S., R. 4 W. (unsurveyed),
Secs. 21, 22, and 23 (fractional), all;
Secs. 26, 27, and 28 (fractional), all;
Sec. 34, all;
Sec. 35 (fractional), all.
Containing 2,385 acres, more or less.

T. 6 S., R. 4 W. (unsurveyed),
Secs. 2 and 3 (fractional), all;
Sec. 10 (fractional), all;
Secs. 15 and 16 (fractional), all;
Sec. 17 (fractional), parcel A.
Containing 1,535 acres, more or less.

Aggregating 3,920 acres, more or less.

(continued)

Tract PGC 4 consists of the following described land:

T. 6 S., R. 4 W. (unsurveyed),
Sec. 17 (fractional), parcels B and C;
Sec. 18, all.

Containing 680 acres, more or less.

T. 6 S., R. 5 W. (unsurveyed),
Sec. 2, parcels A and B;
Sec. 3 (fractional), parcels A and B;
Sec. 10 (fractional), parcel B;
Sec. 11 (fractional), all;
Sec. 13 (fractional), all;
Sec. 14 (fractional), parcel B;
Secs. 24 and 25 (fractional), all.

Containing 2,090 acres, more or less.

Aggregating 2,770 acres, more or less.

Tract PGC 5 consists of the following described land:

T. 7 S., R. 5 W.,
Secs. 5 and 6, all.

Containing 1,261.12 acres, more or less.

T. 7 S., R. 6 W.,
Secs. 1, 2, and 3 (fractional), all;
Secs. 9, 10, and 11 (fractional), all;
Secs. 14 thru 17 (fractional), all;
Secs. 20 thru 23 (fractional), all;
Secs. 25 thru 29 (fractional), all;
Secs. 31 thru 36 (fractional), all.

Containing 10,358.70 acres, more or less.

T. 8 S., R. 6 W.,
Secs. 1 thru 6 (fractional), all.
Containing 2,109.16 acres, more or less.

Aggregating 13,728.98 acres, more or less.

(continued)

Tract PGC 6 consists of the following described land:

T. 7 S., R. 7 W.,
Secs. 21 and 22, all;
Secs. 27, 28, and 29, all;
Secs. 30 thru 33 (fractional), all;
Sec. 34, all.

Containing 6,173.65 acres, more or less.

T. 8 S., R. 7 W.,
Secs. 3 thru 9 (fractional), all;
Secs. 16 thru 21 (fractional), all;
Secs. 28 and 29 (fractional), all.

Containing 4,864.37 acres, more or less.

T. 8 S., R. 8 W.,
Sec. 1 (fractional), all;
Sec. 12 (fractional), all.

Containing 48.51 acres, more or less.

Aggregating 11,086.53 acres, more or less.

Tract PGC 7 consists of the following described land:

T. 7 S., R. 8 W.,
Sec. 32, all;
Secs. 33 and 34 (fractional), all.

Containing 1,232.36 acres, more or less.

T. 8 S., R. 8 W.,
Secs. 2 and 3 (fractional), all;
Secs. 4 and 5, all;
Sec. 10, all;
Sec. 11 (fractional), all;
Sec. 14 (fractional), all;
Sec. 15, all;
Sec. 20, all;
Secs. 21, 22, and 23 (fractional), all;
Secs. 26, 27, and 28 (fractional), all;
Secs. 29, 30, and 31, all;
Sec. 35 (fractional), all.

Containing 9,202.72 acres, more or less.

Aggregating 10,435.08 acres, more or less.

NOTE:

ANCSA 12(a) Entitlement is reached in sec. 21, T. 7 S., R. 7 W.

ANCSA 12(b) Entitlement is reached in sec. 36, T. 7 S., R. 6 W.

Qualifications of Lynn A. Willhite

Education

B.S. Degree in Forestry and Land Managment, University of Kentucky, 1972.

Course 1A, 1975, AIREA, Real Estate Appraisal Principles and Basic Valuation Procedures, University of N. Carolina.

Course 8, 1976, AIREA, Residential Valuation, University of Maryland.

Course 201, 1977, SREA, Applied Income Valuation, Virginia Western Community College, Roanoke, Va.

Course 3, 1979, AIREA, Rural Valuation, University of Colorado.

Course 1BA and 1BB, 1986, AIREA, Capitalization Theory and Techniques, University of Colorado.

Course 1, 1986, American Forestry Association, Valuation of Timberland by Income Approach, University of Georgia.

Course 2-1, 1987, AIREA, Case Studies in Real Estate Valuation, University of North Carolina.

Course SPP, 1989, AIREA, Standards of Professional Practice, Georgia Chapter, Atlanta, Ga.

Affiliations

AIREA M.A.I. Candidate

Prior Experience

Employed by Wingate Appraisal Service, Southwestern Appraisal Company, Thompson Appraisal Company, U.S. Army Corps of Engineers, National Park Service, and U.S. Fish & Wildlife Service.