



United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 5410

Date: MAY 13 1996

Subject: Tatitlek Appraisal Review

To: John Harmening, Assistant Director, Lands

Please find enclosed the appraisal review for the above referenced property. It should be enclosed and become part of the appraisal. It may also serve as a stand alone document for summary purposes. I also want to emphasize that this review is for Forest Service use and does not represent approval by the other agencies on the Trustee Council. If I can be of further assistance or answer any questions, feel free to call on me.

RICHARD M. GOOSSENS  
Regional Appraiser

Enclosures

960513 0804 PS 5410 RG

RECEIVED  
AUG 29 1996

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL  
ADMINISTRATIVE RECORD



FROM: USDA FSEAM

FAX NO.: 9075867555

08-23-96 02:53P P.02'



United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 5410  
Route To:

Date: AUG 22 1996

Subject: Tatitlek Appraisal

To: Regional Forester

I have reviewed and approved an appraisal prepared by Black-Smith and Richards of the Tatitlek property located in Prince William Sound, Alaska. The report was prepared for the Exxon Valdez Oil Spill Trustee Council for acquisition in their restoration program. In a Memorandum of Understanding between the Trustee agencies, it is outlined that both federal and state agencies were to review all appraisals relating to these acquisitions. As a representative of the Forest Service and with the concurrence of Carl Rasmussen, representing Department of Interior, I have thought this report approvable for the Trustee's use.

In preparation of the upcoming Trustee Council meeting, it is desirable to have a copy of this appraisal and review statement made available to the public in anticipation of comment and possible resolution. It is recommended that this report be made available by you to the other Trustees and to the public, with the understanding as lead agency, an updated appraisal will be conducted by us if needed after a resolution is passed.

If I can be of further assistance, don't hesitate to call on me.

RICHARD M. GOOSSENS  
Regional Appraiser

cc:  
D. Gibbons

960822 1407 PS 5410 RG



Caring for the Land and Serving People

FS-6200-28b(3/92)



United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 5410/1590

Date: AUG 23 1996

Ms. Molly McCammon, Executive Director  
EVOS Restoration Program  
645 G Street, Suite 401  
Anchorage, AK 99501-3451

Dear Ms. McCammon:

Enclosed is a memorandum from Richard Goossens, the Forest Service Regional Appraiser and an attached review statement approving an appraisal conducted by Black-Smith and Richards for the majority of Tatitlek Corporation lands located in northern Prince William Sound. In anticipation of possible ~~Exxon~~ Valdez oil spill Trustee Council action in the near future, I would recommend placing these documents and the approved appraisal in the Oil Spill Public Information Center. This will facilitate public review.

If the Forest Service can be of any further assistance, don't hesitate to call.

Sincerely,

  
PHIL JANIK  
Regional Forester

Enclosures 2

cc:  
Trustee Council

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

# of pages 8

To	Eric Meyers	From	Dave Gibbons
Code/Agency		Phone #	
Fax #	276-7128	Fax #	

NSN 75-0-01-317 7208

5099-101

GENERAL SERVICES ADMINISTRATION



Caring for the Land and Serving People

FS-6200-28b(3/92)



United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 5410  
Route To:

Date: AUG 22 1996

Subject: Tatitlek Appraisal

To: Regional Forester

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In preparation of the upcoming Trustee Council meeting, it is desirable to have a copy of this appraisal and review statement made available to the public in anticipation of comment and possible resolution. It is recommended that this report be made available by you to the other Trustees and to the public, with the understanding as lead agency, an updated appraisal will be conducted by us if needed after a resolution is passed.

If I can be of further assistance, don't hesitate to call on me.

RICHARD M. GOOSSENS  
Regional Appraiser

cc:  
D. Gibbons

960822 1407 PS 5410 RG







United States  
Department of  
Agriculture

Forest  
Service

Alaska Region

P.O. Box 21628  
Juneau, AK 99802-1628

File Code: 5410/1590

Date: AUG 23 1998

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EVOS Restoration Program  
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Anchorage, AK 99501-3451

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If the Forest Service can be of any further assistance, don't hesitate to call.

Sincerely,

PHIL JANIK  
Regional Forester

Enclosures 2

cc:  
Trustee Council

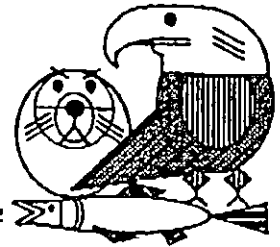
OPTIONAL FORM 89 (7-90)

FAX TRANSMITTAL

# of pages = 8

To <b>ERIC MEYERS</b>	From <b>Dave Gibbons</b>
Copy/Agency	Phone #
Fax # <b>276-7178</b>	Fax #
NSN 7540-01-317 7285 5096-101 GENERAL SERVICES ADMINISTRATION	



**Exxon Valdez Oil Spill Trustee Council****Restoration Office****645 G Street, Suite 401, Anchorage, Alaska 99501-3451****Phone: (907) 278-8012 Fax: (907) 276-7178****MEMORANDUM**

TO: Trustee Council Members

FROM: Molly McCammon *mm* Executive Director

DATE: August 23, 1996

SUBJ: Release of Tatitlek Appraisal

The purpose of this memorandum is to inform you that the large parcel appraisal for the Tatitlek lands has been completed and approved by the lead agency review appraiser.

The United States Forest Service which is now the lead agency for the Tatitlek negotiations has recently reviewed and approved the completed appraisal as meeting federal appraisal standards. Accordingly, the appraisal will be transmitted to the Oil Spill Public Information Center for review by the public.

If you have questions regarding this matter, please let me know.

cc: John Harmening  
Alex Swiderski

**RECEIVED**  
AUG 29 1996

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL  
ADMINISTRATIVE RECORD

**Trustee Agencies**

State of Alaska: Departments of Fish &amp; Game, Law, and Environmental Conservation

United States: National Oceanic and Atmospheric Administration, Departments of Agriculture and Interior

## Regional Appraisal Review

In an appraisal report entitled "Tatitlek Lands, Prince William Sound, Alaska," prepared by Black-Smith and Richards, a vast discontinuous tract was appraised for the Exxon Valdez Trustee Council large parcel restoration program. A summary of the appraisal and my review comments follow.

Owner of Record: Tatitlek Corporation.

Purpose of the Appraisal: To estimate Market Value.

Function of the Appraisal: To serve as a value estimate for possible acquisition by the Exxon Valdez Oil Spill Trustee Council.

Rights Appraised: Fee Simple Surface and a combination of Conservation Easements with and without Public Access.

Current Use: Subsistence, Timber Harvest, Recreation.

Highest and Best Use: Subsistence, Timber Harvest, Recreation, Speculation.

Total Acreage Appraised: 58,195.92 acres.

Report Date: April 30, 1996

Date of Inspection: October 5, 1995

Date of Value: October 5, 1996

Total Value: \$41,223,000 of which \$35,150,000 is merchantable timber.

Scope of Review: The scope of this review involved discussions with the appraisers, discussions with the landowner's representatives, discussions with James Pierce, USFS, and Sheal Anderson, consultant for the State of Alaska, Ray Granvall and Larry Ismert of Cascade Appraisal Services, Inc. (CASI) who conducted the timber component appraisal, and others knowledgeable in real estate and natural resource valuation. A mineral report was supplied by Mr. Don Stevens which was reviewed by the Forest Service Minerals staff. As review appraiser, I have made a personal inspection of the property by both boat and float plane, but have not inspected all of the comparables used in the analysis. One inspection was conducted with Paul Tittman, Chief Appraiser, and Mike Williams, Alaska Lands Coordinator of our Washington D.C. office. Typically, review comments are gathered from Carl Rasmussen, USFWS, and Dennis Lattery, Alaska DNR, for Trustee Council appraisal reviews. Although this report has been distributed to them, and technically the lead agency is Alaska DNR, this review should serve as a document to be utilized by the Agriculture Trustee and may be shared with other members of the Council absent the formal review comments of the other reviewers. Their comments are forthcoming.

Regional Appraisal Review

2

Discussion: The appraisal report is written in narrative style as is required by our contract and as is appropriate for this type of assignment. The appraiser incorporates timber values as submitted by CASI, but goes on to identify selected areas where additional components of land types may augment the highest and best use of the total property. These are generally high amenity areas of strategic waterfront, stream confluence areas, or areas likely for recreational or commercial tourism ventures. An additional two categories are presented as non-strategic waterfront and areas considered backlands, cutover and low utility. Thus, over and above timber harvest as the highest and best use, three additional land classes are valued, giving the maximum consideration of value enhancement. This approach has been presented in previous efforts by these appraisers and has held up under review as being reasonable. This methodology is further extended into the analysis for the valuation of the "Before" condition of the easement valuation.

The easement valuation itself is very succinct. This is due in part to the observation that all land classes would be reduced to the lesser valued backland category. It is also due in part to the vagueries of the easement. As with the easement imposed on a previous acquisition, the Tatitlek easements represent elements not found in real market cases. This causes the appraiser to make some judgement calls. Enforcement of some of the easement terms is likely to be difficult, impossible or subject to further interpretation. The notion of placing a conservation easement on lands which precludes future development when the market demonstrates that development is not likely in the foreseeable future makes for an unquantifiable market analysis. Allowing exclusive subsistence to the grantor is also not only unquantifiable from market transactions, but may prove a benefit to the grantor in ensuring additional exclusiveness to something already guaranteed by statute. The collection of fees for the most part is retained by the grantor, but major management responsibility is held by the grantee. Not seen in other aspects of the market, it is this reviewer's opinion that the owner is not necessarily damaged as much as the perpetual cloud that will accompany the land's title. Hence, in the "After" condition, the property is damaged. However, to express subsistence in the form of a property right may be legally questioned.

Overall, the report is well written and represents the best effort to date of the Large Parcel Acquisition Program appraisals. The appraiser does an excellent job of leading the reader to sound conclusions after introducing the plethora of problems and controversial issues that have plagued the profession in Alaska. I recommend the Regional Forester present it as the principle appraisal document to continue on with the acquisition process.

Following is a breakdown of the parcels and their contributory value to the total property.

## Regional Appraisal Review

4

REVIEWER ASSUMPTIONS AND LIMITING CONDITIONS

1. This Appraisal Review Report is based on information and data contained in the appraisal report which is the subject of the review. Data and 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 statements of fact contained in this review report are true and accurate.
2. The reported analyses, opinions, and conclusion are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property which is the subject of the review, 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 Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of Professional Appraisal Practice, along with the Code of Professional Ethics and the Standards of Professional Practice of those organizations to which I belong, as well as State certification requirements where the appraised property is located or as a result of reciprocity with the State in which I am certified. OMB Bulletin No. 92-06, dated March 16, 1992, directs that Federal employees need only be licensed or certified in one State or territory to perform real estate duties as Federal employees in all States and territories. No change of any item in the original appraisal report or the review report have been made, other than minor "pen and ink" corrections with the concurrence of the principal appraiser.

## Regional Appraisal Review

Parcel	Acreage	Highest and Best Use	Interest Appraised	Value Est.
Sawmill Bay	1,521.26	Forestry; Speculation	Fee Simple Surface	\$1,327,000
Heather Bay/Emerald Cove	477.54	Speculation; Recreation	Fee Simple Surface	\$142,000
Galena Bay (South Shore)	1,684.75	Speculation; Recreation	Fee Simple Surface	\$313,000
Whalen Bay	1,980.69	Forestry; Speculation	Fee Simple Surface	\$2,339,000
Port Fidalgo	724	Forestry; Speculation	Fee Simple Surface	\$708,000
Hell's Hole	5,690	Forestry; Speculation	Fee Simple Surface	\$5,194,000
Snug Corner Cove	3.00	Recreation	Fee Simple Surface	\$30,000
Bligh Island	* 8,397.75	Speculation; Recreation	**CE; No Public Access	\$ 11,498,000
Bushy Island	* 433.47	Speculation; Recreation	CE; Permitted Public Access	\$474,000
Heather Bay/ Columbia Bay	1,719.51	Speculation; Recreation	CE; Permitted Public Access	\$895,000
Galena Bay	* 7,737.50	Speculation; Recreation	CE; Permitted Public Access	\$605,000
Bidarka Point	2,125.39	Speculation; Recreation	CE; Permitted Public Access	\$5,884,000
Sunny Bay	2,445.46	Speculation; Recreation	CE; Permitted Public Access	\$2,029,000
Snug Corner Cove / Two-Moon Bay / Goose I.	* 23,259.60	Speculation; Recreation	CE; Permitted Public Access	\$9,785,000
			Total	\$41,223,000

\* Adjusted area estimates (see Proper)

\*\* Conservation Easement

08/26/96 11:19  
FROM: USDA FSEHM

0907 276 7178

FRX NO.: 9075867555

BY Restoration

++ CAROL FRIES

08-23-96 02154P P.06  
0008/010

## Regional Appraisal Review

5

6. I, 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. I, the Review Appraiser, (☒ have, ☐ have not) made a personal inspection of the property that is the subject of the review report.

8. I, the Review Appraiser, (☐ have, ☒ have not) inspected, verified, and analyzed all sales and lease information 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 value, as 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 use of the media for public consumption or public communication without prior written consent of the review appraiser signing below.

APPROVAL

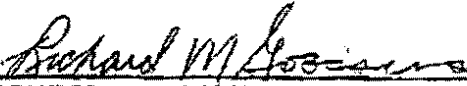
The appraisal report follows through to a logical conclusion and leads me to the same estimate of value as the appraisers. I have considered:

1. The adequacy and relevance of the data and propriety of any adjustments to the data;

2. The appropriateness of the appraisal methods and techniques used and have explained reasons for disagreement, if any; and

3. The correctness and appropriateness of the analyses, opinions, and conclusions in the report being reviewed and have explained reasons for disagreement, if any.

The appraisers' lump sum final estimates of value recommended above of \$41,223,000 of 10/5/95 are---APPROVED subject to the outlined limits.

  
RICHARD M. GOOSSENS  
REGIONAL APPRAISER  
ALASKA REGION  
CERTIFIED # CG01313661

5/13/96  
Date

AUG 28 '96 02:34PM BIRCH HORTON BITTNER

P.2/2

## LAW OFFICES

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A PROFESSIONAL CORPORATION

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 (202) 859-5500  
 FACSIMILE (202) 859-1037

August 28, 1996

Via Facsimile And U.S. Mail

Molly McCammon  
 Executive Director  
 Exxon Valdez Oil Spill Trustee Council  
 645 G Street  
 Suite 401  
 Anchorage, Alaska 99501-3451

Dear Molly:

The purpose of this letter is to express to you on behalf of The Tatitlek Corporation that the Corporation has no objection or reservation to register regarding the intention of the Trustee Council to make the recent appraisal of corporation lands by Black-Smith Richards appraisers available to the public immediately.

Sincerely,

BIRCH, HORTON, BITTNER and CHEROT

  
 Roy Stapleton Jones, Jr.

cc: Jim Wolfe  
 Alex Swiderski  
 John Harmening  
 Clare Doig



APPRAISAL NO. 2812  
TATITLEK LANDS

CENTRAL  
OFFICE  
COPY



BLACK-SMITH & RICHARDS, INC.



282

**APPRAISAL REPORT**  
Tatitlek Lands  
Prince William Sound, Alaska  
Contract #53-0109-3-00377  
Task Order No. 377-08-A  
  
Management Code: 116142K

**RECEIVED**  
AUG 29 1996

EXXON VALDEZ OIL SPILL  
TRUSTEE COUNCIL  
ADMINISTRATIVE RECORD

**RECEIVED**  
MAY 02 1996

## PART I - INTRODUCTION

**APPRAISAL REPORT**  
Tatitlek Lands  
Prince William Sound, Alaska  
Contract #53-0109-3-00377  
Task Order No. 377-08-A

Management Code: 116142K

**FOR**  
U. S. D. A. Forest Service  
P. O. Box 21628  
Juneau, Alaska 99802

Attn: Mr. Rich Goossens  
Contracting Officer's Representative

**Report Date**  
April 30, 1996

**Date of Inspection and Valuation**  
October 5, 1995

FILE #4-96-0047

**BY**  
Diane Black-Smith, MAI  
Steven E. Carlson, Appraiser

**BLACK-SMITH & RICHARDS, INC.**  
2602 Fairbanks Street  
Anchorage, Alaska 99503

# BLACK-SMITH & RICHARDS, INC.

Appraisers  
2602 Fairbanks  
Anchorage, Alaska 99503  
907-274-4654  
Fax #907-274-0889

April 26, 1996

U. S. D. A. Forest Service  
P. O. Box 21628  
Juneau, Alaska 99802

Attn: Mr. Rich Goossens  
Contracting Officer's Representative

Re: Tatitlek Lands  
Prince William Sound, Alaska  
Contract #53-0109-3-00377  
Task Order No. 377-08A  
Management Code: 116142K

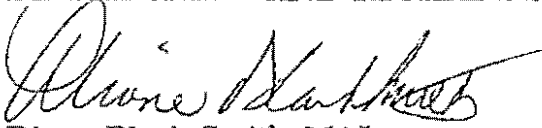
Dear Mr. Goossens,

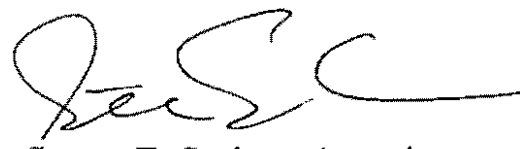
In fulfillment of our agreement outlined in Task Order No. 377-08A, we are pleased to transmit herewith; our *self-contained report of our complete appraisal* of the estimated market value of the property referenced above, as of October 5, 1995. The value opinions reported are qualified by certain definitions, assumptions, limiting conditions, and certifications. We particularly call your attention to the Special Assumptions following the Summary of Salient Facts.

This narrative appraisal report conforms to the Uniform Standards of Professional Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions, and the specifications of Contract #53-0109-3-00377 and the specific instructions of Task Order No. 377-08A. The report sets forth the identification of the property, the assumptions and limiting conditions, pertinent facts about the area and the subject property, comparable data, the results of the investigations and analyses, and the reasoning leading to the conclusions set forth.

Sincerely,

BLACK-SMITH AND RICHARDS, INC.

  
Diane Black-Smith, MAI

  
Steven E. Carlson, Appraiser

## TABLE OF CONTENTS

### PART I - INTRODUCTION

CERTIFICATION .....	5
SUMMARY OF SALIENT FACTS AND CONCLUSIONS .....	6
ASSUMPTIONS AND LIMITING CONDITIONS .....	9
SCOPE OF THE APPRAISAL (REFERENCES) .....	10

### PART II - FACTUAL DATA

PURPOSE OF THE APPRAISAL .....	13
VALUE DEFINITION .....	13
IDENTIFICATION OF THE PROPERTY .....	14
AREA AND LOCAL DATA .....	16
PROPERTY DATA--General .....	21

### PART III - ANALYSES AND CONCLUSIONS

DATA/TREND ANALYSIS - (MARKET OVERVIEW) .....	26
THE MARKET FOR LARGE PARCELS (>640 acres - section) .....	29
THE MARKET FOR SMALL PARCELS (≤640 acres - 1 section) .....	36
HIGHEST AND BEST USE--General .....	47
ESTIMATE OF VALUE .....	53
VALUATION PREMISE .....	54
ESTIMATED VALUE OF NON-TIMBERLANDS .....	61
VALUATION - STRATEGIC WATERFRONT SITES (as non-timberland) .....	63
EXPLANATION OF ADJUSTMENT PROCESS .....	67
VALUATION - NON-STRATEGIC WATERFRONT ACREAGE (as non-timberland) .....	71
VALUE ESTIMATE -LOW UTILITY LAND .....	81
INDIVIDUAL PROPERTY DESCRIPTIONS AND ANALYSES	
"BEFORE CONDITION" .....	91
SAWMILL BAY .....	92
HEATHER BAY/EMERALD COVE .....	98
GALENA BAY--SOUTHSHORE .....	103
WHALEN BAY .....	108
PORT FIDALGO .....	113
HELL'S HOLE .....	118
SNUG CORNER COVE .....	123
BLIGH ISLAND--Before Condition .....	130

BUSBY ISLAND--Before Condition .....	136
HEATHER BAY/COLUMBIA BAY--Before Condition .....	142
GALENA BAY--Before Condition .....	148
BIDARKA POINT--Before Condition .....	154
SUNNY BAY--Before Condition .....	159
SNUG CORNER COVE/TWO MOON BAY/GOOSE ISL.--Before Condition .....	164
ANALYSES AND VALUE ESTIMATES "AFTER CONDITION" .....	171
PROPERTY DESCRIPTION - "After Condition"	
"CONSERVATION EASEMENT " NO PUBLIC ACCESS (CE NPA).....	172
PROPERTY DESCRIPTION - "After Condition"	
"CONSERVATION EASEMENT." WITH PUBLIC ACCESS (CE WPA) .....	174

#### **PART IV - ADDENDA**

Sales of Large Remote Tracts in Alaska .....	181
User Fee Analysis .....	197
Size Adjustments .....	199
Comparable Market Data	
Allocation Worksheets	
Title Reports	
Mineral Report	
Easement Draft	
Task Order	
Qualifications of Appraisers	
Underlying Assumptions and Limiting Conditions	

## CERTIFICATION

We certify that, to the best of our knowledge and belief...

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the report assumptions and limiting conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.

Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

This appraisal assignment was not based on a requested minimum valuation or specific valuation or approval of a loan. Our employment was not conditioned upon the appraisal producing a specific value or a value within a given range.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report I, Diane Black-Smith, MAI, have completed the requirements under the continuing education program of the Appraisal Institute.

Diane Black-Smith, MAI is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. AA 31). Steve Carlson is currently certified by the State of Alaska as a General Real Estate Appraiser (Certificate No. 231).

Steve Carlson and Diane Black-Smith have made personal inspections of the properties that are the subjects of this report.

Devery Prince provided significant professional assistance to the persons signing this report.

Diane Black-Smith and Steven E. Carlson have the appropriate knowledge and experience necessary to complete this appraisal assignment competently.

Dated this 26th day of April 1996.



Diane Black-Smith, MAI



Steven E. Carlson, Appraiser



## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

### **Property Appraised**

The property to be appraised consists of several tracts of remote unimproved acreage in Prince William Sound, Alaska. The properties have been targeted for possible acquisition by the Exxon Valdez Oil Spill Trustee Council. Lengthy legal descriptions are presented in the addenda. Parcelization by geographic reference, area estimates and the interests-to-be-appraised; are summarized in the following table.

<i>Parcel</i>	<i>EVOS ID</i>	<i>Acreage</i>	<i>Interest Appraised</i>
Sawmill Bay	TAT 02	1,521.26	Fee Simple Surface
Heather Bay/Emerald Cove	TAT 03	477.54	Fee Simple Surface
Galena Bay (south shore)	TAT 04	1,684.75	Fee Simple Surface
Whalen Bay	TAT 06	1,980.69	Fee Simple Surface
Port Fidalgo	TAT 07	724	Fee Simple Surface
Hell's Hole	TAT 07	5,690	Fee Simple Surface
Snug Corner Cove	TAT 07	3.00	Fee Simple Surface
Bligh Island	TAT 01	*8,393.75	**CE; No Public Access
Busby Island	TAT 01	*433.47	CE; Permitted Public Access
Heather Bay/Columbia Bay	TAT 03	1,719.51	CE; Permitted Public Access
Galena Bay	TAT 04	*7,737.50	CE; Permitted Public Access
Bidarka Point	TAT 05	2,125.39	CE; Permitted Public Access
Sunny Bay	TAT 06	2,445.46	CE; Permitted Public Access
Snug Corner Cove/Two-Moon Bay/Goose I.	TAT 07	*23,259.60	CE; Permitted Public Access

*\*Adjusted area estimates(see Property Identification)*

*\*\*Conservation Easement*

### **Ostensible Owner**

The title to the subject properties is reportedly vested in Tatitlek Corporation. Title is assumed to be marketable.

### **Appraisal Purpose**

The purpose of this appraisal is to estimate the market value of property interests specified (see previous table).

**Report Date**

April 30, 1996

**Date of Inspection and Valuation**

October 5, 1995

**Highest and Best Use**

<i>Parcel</i>	<i>Interest Appraised</i>	<i>Highest and Best Use</i>
Sawmill Bay	Fee Simple Surface	forestry; speculation
Heather Bay/Emerald Cove	Fee Simple Surface	speculation; recreation
Galena Bay (south shore)	Fee Simple Surface	speculation; recreation
Whalen Bay	Fee Simple Surface	forestry; speculation
Port Fidalgo	Fee Simple Surface	forestry; speculation
Hell's Hole	Fee Simple Surface	forestry; speculation
Snug Corner Cove	Fee Simple Surface	recreation
Bligh Island	*CE; No Public Access	speculation; recreation
Busby Island	CE; Permitted Public Access	speculation; recreation
Heather Bay/Columbia Bay	CE; Permitted Public Access	speculation; recreation
Galena Bay	CE; Permitted Public Access	speculation; recreation
Bidarka Point	CE; Permitted Public Access	speculation; recreation
Sunny Bay	CE; Permitted Public Access	speculation; recreation
Snug Corner Cove/Two-Moon Bay/Goose I.	CE; Permitted Public Access	speculation; recreation

*\*Conservation Easement*

## Market Value Estimates

<i>Parcel</i>	<i>Acreage</i>	<i>Interest Appraised</i>	<i>Value Est.</i>
Sawmill Bay	1,521.26	Fee Simple Surface	\$1,327,000
Heather Bay/Emerald Cove	477.54	Fee Simple Surface	\$142,000
Galena Bay (south shore)	1,684.75	Fee Simple Surface	\$313,000
Whalen Bay	1,980.69	Fee Simple Surface	\$2,339,000
Port Fidalgo	724	Fee Simple Surface	\$708,000
Hell's Hole	5,690	Fee Simple Surface	\$5,194,000
Snug Corner Cove	3.00	Fee Simple Surface	\$30,000
Bligh Island	*8,393.75	**CE; No Public Access	\$11,498,000
Busby Island	*433.47	CE; Permitted Public Access	\$474,000
Heather Bay/Columbia Bay	1,719.51	CE; Permitted Public Access	\$895,000
Galena Bay	*7,737.50	CE; Permitted Public Access	\$605,000
Bidarka Point	2,125.39	CE; Permitted Public Access	\$5,884,000
Sunny Bay	2,445.46	CE; Permitted Public Access	\$2,029,000
Snug Corner Cove/Two-Moon Bay/Goose I.	*23,259.60	CE; Permitted Public Access	\$9,785,000

\*Adjusted area estimates (see Property Identification) <sup>58195.92</sup>  
 \*\*Conservation Easement

41,283,000

## ASSUMPTIONS AND LIMITING CONDITIONS

General assumptions and limiting conditions are contained in the addenda of the report. Assumptions and limiting conditions specific to this report are summarized as follows:

We have assumed title to be marketable and have relied on the area estimates and legal descriptions provided with the appraisal instructions.

The surface estate is defined as the fee simple estate less developable minerals. Developable minerals include sand and gravel (Chugach Natives Inc. v. Doyon Inc.) For the purposes of our analysis, we have assumed that the owner of the surface estate can penetrate the subsurface and utilize on-site sand and gravel for foundations and septic systems - incidental non-commercial extractions.

The subject properties are appraised as if "contaminant-free".

## SCOPE OF THE APPRAISAL (REFERENCES)

As part of this appraisal, the appraisers made a number of independent investigations and analyses. The investigations undertaken and the major data sources used are summarized as follows:

### Regional Data, Market Overview and Neighborhood Analysis.

Various publications, reports, and surveys were reviewed in order to identify significant trends and indicators that affect the area and the subject neighborhood. Those publications/reports include: *Alaska Economic Trends*; *Alaska Journal of Commerce*; U. S. Bureau of Labor Statistics, as well as regular newspaper articles and commentaries by local industry experts.

### Description and Analysis

We conducted an aerial inspection of the property on October 5, 1995. We were accompanied by the Tatitlek Corporation president and Mr. Clare Doig of Forest & Land Management, Inc. In addition, we reviewed topographical maps obtained from the U. S. Geological Service; and MTPs (plats) obtained from the Bureau of Land Management. We have relied on the legal descriptions and area estimates provided by the owner's representative.

### Market Data Program - Land

In order to obtain the most recent sales data, we researched the files of the Kodiak Island and Kenai Peninsula Boroughs and reviewed sales reports of the local Multiple Listing Service. Sales data compiled by the U. S. Fish and Wildlife Service, the State Department of Natural Resources, the Bureau of Land Management, and the Bureau of Indian Affairs was also reviewed and analyzed. In addition, we spoke with several real estate professionals including real estate broker's/agents and other appraisers. Data sheets with photos are contained in the addenda. Transactions were confirmed primarily by telephone interviews with knowledgeable parties; buyers, sellers, agents, assessors, appraisers, etc.

### Natural Resources

Merchantable stands of timber have been identified in select areas. The resources have been quantified and valued in independent reports prepared by Cascade Appraisal Services. The reports; bound under separate cover; estimate the timber value as of September 1, 1995. The reports have been subject to an extensive review process and the conclusions are reportedly approved (documentation is presented in the Addenda). We have relied on those value estimates in our report.

The value estimates exclude the contribution of subsurface resources, if any. According a report prepared by Mr. Donald L. Steven, Ph. D. of Stevens Exploration Management Corp. (see Addenda); there appears to be no economically significant subsurface resources on the subject properties.

### Availability of Information

All information requested was provided.

## **PART II - FACTUAL DATA**



### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the surface estate of the subject properties.

### VALUE DEFINITION

The Uniform Appraisal Standards for Federal Land Acquisitions (1992) defines "fair market value" as;

"The amount in cash, or on terms reasonably 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."

Personal value concepts are clearly distinguished from the economic concept of market value. Several recent and pending acquisitions of similar large parcels may reflect the influence of personal value considerations for intrinsic qualities. Identifying those qualities, quantifying them, and ultimately expressing them as a component of, or contribution to, market value--is beyond the scope of this assignment.



## IDENTIFICATION OF THE PROPERTY

### Property Appraised

The property to be appraised consists of several tracts of remote unimproved acreage in Prince William Sound, Alaska. The properties have been targeted for possible acquisition by the Exxon Valdez Oil Spill Trustee Council. Lengthy legal descriptions are presented in the addenda. The subject's are identified as follows:

<i>Parcel</i>	<i>EVOS ID</i>	<i>Area</i>	<i>Interest Appraised</i>
Sawmill Bay	TAT 02	1,521.26	Fee Simple Surface
Heather Bay/Emerald Cove	TAT 03	477.54	Fee Simple Surface
Galena Bay (south shore)	TAT 04	1,684.75	Fee Simple Surface
Whalen Bay	TAT 06	1,980.69	Fee Simple Surface
Port Fidalgo	TAT 07	724	Fee Simple Surface
Hell's Hole	TAT 07	5,690	Fee Simple Surface
Snug Corner Cove	TAT 07	3.00	Fee Simple Surface
Bligh Island	TAT 01	<sup>1</sup> 8,393.75	*CE; No Public Access
Busby Island	TAT 01	<sup>2</sup> 433.47	CE; Permitted Public Access
Heather Bay/Columbia Bay	TAT 03	1,719.51	CE; Permitted Public Access
Galena Bay	TAT 04	<sup>3</sup> 7,737.50	CE; Permitted Public Access
Bidarka Point	TAT 05	2,125.39	CE; Permitted Public Access
Sunny Bay	TAT 06	2,445.46	CE; Permitted Public Access
Snug Corner Cove/Two-Moon Bay/Goose I.	TAT 07	<sup>4</sup> 23,259.60	CE; Permitted Public Access

#### *\*Conservation Easement*

1. Original area estimate of 8,413.75 acres has been adjusted downward to reflect subsequent reservations of two 10-acre development sites: one on the west shore of West Bay and one the west shore of Cloudman Bay.

2. Original area estimate of 443.47 acres has been adjusted downward to a reflect subsequent reservation of one 10-acre development site.

3. Original area estimate of 7,779.5 acres has been adjusted downward to reflect subsequent reservations of two 1-acre cabin sites; one 30-acre development site; and one 10-acre power-house site for a possible hydro-power project. One of the 1-acre sites occupies the east bank of Indian Creek at its mouth. The second will be located on the south shore of the Bay but not at the mouth of an anadromous stream. The 30-acre reservation will be located on the north shore of the bay, west of Indian Creek (not adjacent). The 10-acre power-house site will be located at the head of the Galena Bay Lagoon at the mouth of the Duck River (outlet of Silver Lake).

4. Original area estimate of 23,289.60 acres has been adjusted downward to reflect subsequent reservations of two development sites totaling not more than 30 acres in the vicinities of Goose Island and western shore of the west arm of Two Moon Bay. For the purposes of our analysis, we have allocated 10 acres to Goose Island and 20 acres to Two Moon Bay.

**Property History and Ostensible Owner**

The subject properties consist of both "conveyed" and "selected" lands pursuant to the Alaska Native Claims Settlement Act (ANCSA). The title to the subject properties is reportedly vested in Tatitlek Corporation. Where conveyances of selected lands have not been completed, title is assumed to be marketable.

We are not aware of any sales of the subject properties during the past ten years nor efforts to market the property. The subject properties have been identified for possible acquisition by the Exxon Valdez Oil Spill Trustee Council.

## AREA AND LOCAL DATA

### **Alaska**

State spending of the oil revenues has been the driving force behind economic growth in Alaska. It has been said that oil revenues fund 80% to 85% of the state's annual operating budget. Between 1980 and 1986, the state distributed \$26 billion for operations, capital projects, and permanent fund appropriations.

A subsequent dramatic decline in oil prices brought about a severe economic recession that impacted nearly every community in Alaska. The recession was characterized by substantial losses of population and construction activity virtually came to a halt. Personal and business bankruptcies were commonplace and several banks failed. Real estate markets for nearly every type of property were depressed.

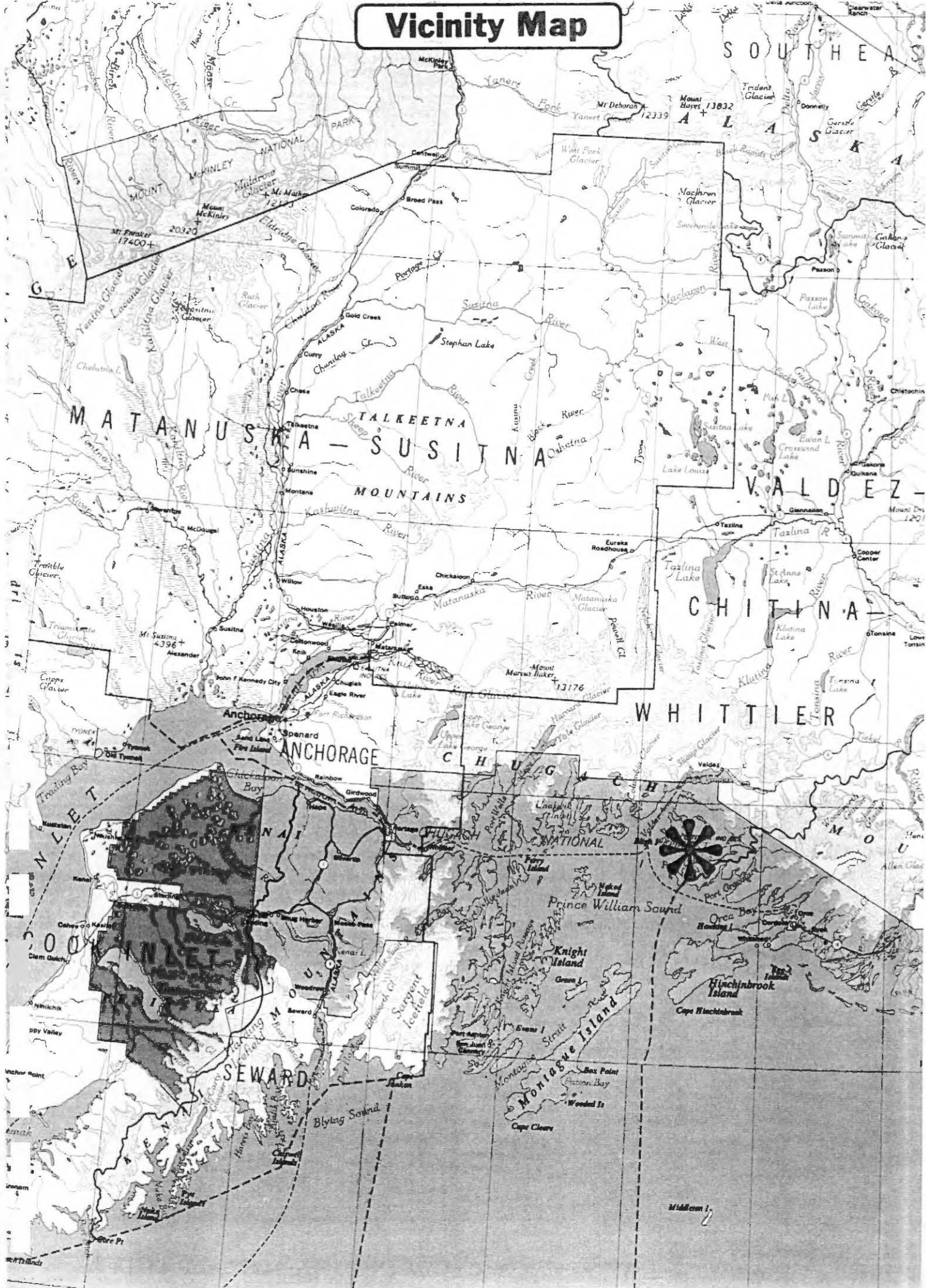
The overall economy is generally considered to have stabilized by 1990 but remains dependent on the petroleum industry and vulnerable to unexpected changes in wellhead prices and the projected decline in Prudhoe Bay production.

### **SouthCentral Alaska**

Anchorage, with a population of approximately 240,000, is Alaska's largest city. With more than half the State's population, Anchorage is the undisputed leader in Alaska's affairs. It is the hub of the state's economic activity and the business, government, transportation, education and cultural core of Alaska. The greater Anchorage area includes Elmendorf Air Force Base, Fort Richardson (Army), and the bedroom communities of Eagle River and Girdwood.

Anchorage is central to the state highway system connecting southcentral communities with the interior and the lower 48. As the location of the headquarters of the Alaska Railroad, the state's largest international airport, and an ice free port, Anchorage is firmly established as the transportation center for the state. Other communities in Southcentral Alaska that can be accessed by the State highway system include, Palmer, Wasilla, Soldotna, Kenai, Homer, Seward and Valdez. Valdez is located in the Prince William Sound region.

# Vicinity Map



## Neighborhood--Prince William Sound

All of the subject properties are located in the north/northeast region of Prince William Sound, southeast of Anchorage. The area is characterized by a rugged coastal environment backed by the Chugach mountains. The immediate area surrounding the subjects is referenced by the entrance of Valdez Arm into Prince William Sound. Prince William Sound offers spectacular scenery and represents prime habitat for many species of land and sea mammals, birds, and both fresh and saltwater fishes. Historically, the area has been primarily used for subsistence related activities. Other uses include both private and commercial recreation, and commercial-industrial uses such as fishing, timber harvesting and mineral extraction.

Most of the region is remote and undeveloped. Major land owners include the Federal and State governments and four native corporations; Chugach Alaska Corporation, a regional corporation; and three village corporations; Chenega, Tatitlek, and Eyak. Corporate lands have generally not been available. Except for land in and nearby established communities, the availability of private lands has been limited to a handful of patented mining claims and patented parcels with an established history of use by lessees, permit holders, and in some cases even squatters. Some patented mining claims have been of sufficient size to subdivide into recreational lots. But demand has also been limited and there has been little to no upward pressure on values.

The region's five communities are Valdez, Cordova, Whittier, Chenega and Tatitlek. The State highway system reaches only the area's largest community--Valdez. The widening of a railroad tunnel to accommodate automobiles, from the Seward Highway at Portage to Whittier, is reported to be close to reality after years of planning. The tunnel expansion would increase recreational and commercial opportunities in the Sound. Cordova, the second largest community in Prince William Sound is accessible only by air and water. The Alaska Railroad serves the small port community of Whittier. Results of the 1990 census are reported as follows:

Valdez	4,068
Cordova	2,110
Whittier	243
Tatitlek	119
Chenega	94

"Of all the communities on the Sound, Valdez is the most economically diverse. Its role as the terminus of the trans-Alaska Pipeline dominates its economy. Alyeska Pipeline Service Company, the pipeline operator, is the single largest employer in Valdez, and accounts for 90% of the city's local tax base. Other important economic contributors are thriving visitor and fishing industries, and a sizable public sector. The deep water port in Valdez also serves as a shipment point for goods into the Interior. Because of the variety of industries in Valdez, its economy is far less seasonal than other communities in the Sound."<sup>5</sup>

"The economic destiny of Cordova is almost entirely tied to the vagaries of the commercial fisheries, specifically the salmon and herring fisheries which account for more than 90% of the total fishery value in Prince William Sound. Of the 435 permits fished in 1991 by residents of Prince William Sound, 389 were from Cordova. Tourism, logging, and public sector activity provided additional economic support."<sup>6</sup>

The March 24, 1989 Exxon Valdez Oil Spill affected the economies of Prince William Sound in various ways. "The economies of Prince William Sound communities are more different than they are alike. This diversity meant the post-spill economic trends of these communities have also been distinct. The Valdez economy, for instance, is larger than it was in pre-spill years. Some of its growth has come from the build-up of an oil spill response system. Expansion of the pipeline terminal has also contributed to its growth. Another strength is the diversity of its economy. Both the fishing and visitor industries lent a hand in its post-spill growth. Despite recent robustness, its economy is vulnerable for the same reason the state's economy is--declining oil production."<sup>7</sup>

"On the other hand, the fate of the Cordova economy will have little to do with oil production. Instead, the health of the Sound's, fishery harvest will guide its future. The oil spill was a reminder of how singularly dependent Cordova is on this resource. Since the oil spill, the economic performance in Cordova has been mixed. The size of its economy has remained almost unchanged from pre-spill

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<sup>5</sup>. Neal Fried and Holly Stinson, "A Look At Today's Economies In Prince William Sound", *Alaska Economic Trends* (September 1992) 1-9.

<sup>6</sup>. Ibid.

<sup>7</sup>. Ibid.

years. The transportation-based economy of Whittier appears to be benefiting from a growing visitor industry in the Sound.”<sup>8</sup>

The herring fishery in the sound remains closed. The salmon fishery rebounded in 1994. “The 1994 Prince William Sound Area commercial salmon harvest of 40.3 million fish is the second highest on record.”<sup>9</sup> The 1995 harvest was down again. A solid trend toward the recovery and stabilization of fish harvests would have a stabilizing effect. However, prices continue to decline as a result of a global “glut” of product. Outlook for the 96 fishing season is poor.

Oil and gas lease sales proposed for the area (Federal #158 and State #79) may have a positive impact if production follows. However, a recent history of activity in the Gulf and Prince William Sound is characterized by low industry interest--the relinquishment of claims, plugged and abandoned exploratory wells and delays or cancellations of scheduled sales.<sup>10</sup>

With numerous protected bays, Prince William Sound is well-suited for mariculture. However, salmon farming was prohibited by legislation and entrepreneurs are left to develop a shellfish farming industry. Oyster farming is the most notable fledging mariculture industry in Prince William Sound. Initial results of small operations are encouraging but the long-term potential is speculative at this time.

A growing tourism industry is creating new opportunities throughout Alaska and future prospects are encouraging. In addition to traditional sportfishing and hunting, non-consumptive activities (hiking, camping, kayaking, photography) are increasingly popular. Eco-tourism is the new “buzzword”. Prince William Sound is a popular attraction. Now, six years after the spill, at least one Valdez-based tour boat operator lists “Bligh Reef--site of Exxon Valdez oil spill” as one of the “area highlights” in its promotional brochure.<sup>11</sup>

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<sup>8</sup>. Neal Fried and Holly Stinson, “A Look At Today’s Economics In Prince William Sound”, *Alaska Economic Trends* (September 1992) 1-9.

<sup>9</sup>. 1994 Prince William Sound Salmon Summary, Alaska Department of Fish and Game (October 21, 1994).

<sup>10</sup>. Sandra Medearis, “Gulf Lease: Feds don’t take no for an answer”, *The Cordova Times*, (12/1/94)

<sup>11</sup>. Stan Stephens Charters & Cruises - P. O. Box 1297, Valdez, Alaska 99686 (907) 835-4731.

The proposed widening of tunnel to Whittier to accommodate automobiles is scheduled to get underway during the summer of 1996. This will improve access into the area and create new opportunities. Mr. Michael D. Travis, P. E., has been involved with the planning of the proposed tunnel to Whittier including the process that measured the potential environmental impact of the project. For the purposes of project planning, environmental considerations include socio-economic and cultural considerations. Per Mr. Travis, all four of the area's Native corporations (Chugach Alaska, Chenega, Eyak, Tatitlek) welcome the potential for economic opportunities that may result from improved access into the region.<sup>12</sup> Ultimately, the project could have a positive impact on property values. However, the tunnel will not be completed until 1998 and the potential is speculative at this time.

For information on neighborhood real estate markets, see the Market Overview preceding the Highest and Best Use Analysis.

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<sup>12</sup>. "Environmental Awareness", Course 600 International Right of Way Association, Anchorage, Alaska (April 22, 1994). 4



# PORT VALDEZ

## HABITAT PROTECTION ACQUISITION PARCELS

### TATITLEK NEGOTIATIONS

#### NORTHEASTERN PRINCE WILLIAM SOUND, ALASKA

Scale 1:63,360

Universal Transverse Mercator Projection, Zone 6

### LEGEND

- Acquisition Parcel Boundaries
- To be Acquired in Fee Simple
- Conservation Easements with Public Access
- Conservation Easements with No Public Access
- Citifor Timber Rights
- Tatitlek Exclusions
- Other Exclusions (80 Acres not delineated)
- Small Parcels to be Acquired in Fee Simple
- Proposed Public Access Easement
- Timber Harvest Areas
- 1995 Projected Timber Harvest

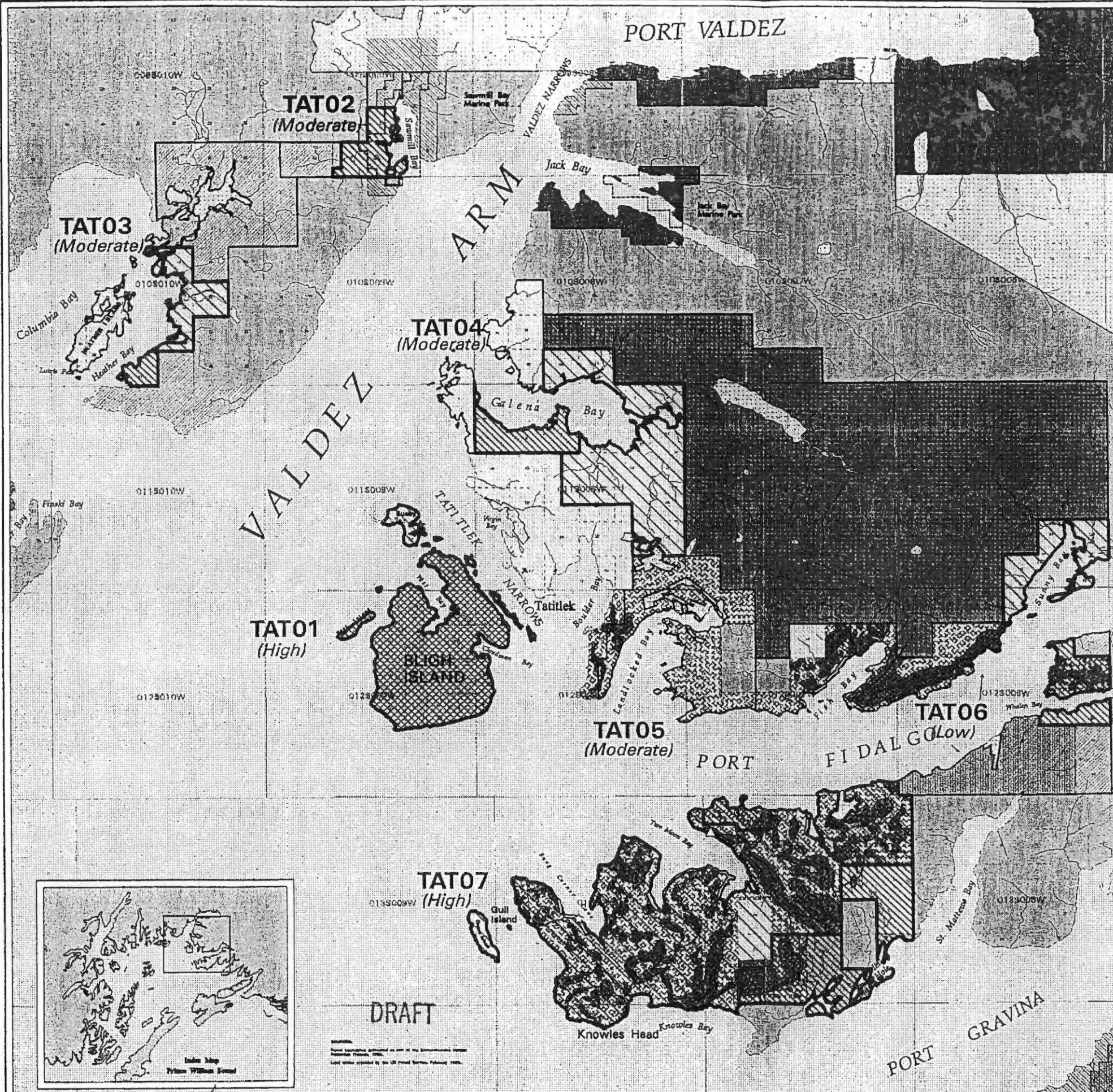
### LAND STATUS

- Chugach National Forest
- Bureau of Land Management
- State Patented or Tentatively Approved
- Chugach Alaska Corporation
- Tatitlek
- Other
- State Selected
- Tatitlek Selected
- Chugach Alaska Corporation Selected

DRAFT



Produced by:  
Alaska Department of Natural Resources  
Land Records Information Section  
Date Printed: June 19, 1995



DRAFT

### PROPERTY DATA--General

All of the subject properties are located in the north/northeast region of Prince William Sound, southeast of Anchorage. The area is characterized by a rugged coastal environment backed by the Chugach mountains. The immediate area surrounding the subjects is referenced by the entrance of Valdez Arm into Prince William Sound. The subject parcels are inventoried by geographic references in the following table.

<i>Parcel</i>	<i>EVOS ID</i>	<i>Acreage</i>	<i>Interest Appraised</i>
Sawmill Bay	TAT 02	1,521.26	Fee Simple Surface
Heather Bay/Emerald Cove	TAT 03	477.54	Fee Simple Surface
Galena Bay (south shore)	TAT 04	1,684.75	Fee Simple Surface
Whalen Bay	TAT 06	1,980.69	Fee Simple Surface
Port Fidalgo	TAT 07	724	Fee Simple Surface
Hell's Hole	TAT 07	5,690	Fee Simple Surface
Snug Corner Cove	TAT 07	3.00	Fee Simple Surface
Bligh Island	TAT 01	*8,393.75	8*CE; No Public Access
Busby Island	TAT 01	*433.47	CE; Permitted Public Access
Heather Bay/Columbia Bay	TAT 03	1,719.51	CE; Permitted Public Access
Galena Bay	TAT 04	*7,737.50	CE; Permitted Public Access
Bidarka Point	TAT 05	2,125.39	CE; Permitted Public Access
Sunny Bay	TAT 06	2,445.46	CE; Permitted Public Access
Snug Corner Cove/Two-Moon Bay/Goose I.	TAT 07	*23,259.60	CE; Permitted Public Access

*\*Adjusted area estimates (see Property Identification)*

*\*\*Conservation Easement*

*Note: The area estimates are assumed to reflect BLM determination standards - ownership extends to the mean high-water line and is net of navigable rivers/streams over "3 chains" in width and submerged lands in excess of 50 acres.*

Given the size of the subject parcels, variations in physical features and characteristics can be expected. A general description of features and characteristics common to all of the parcels are summarized in the following paragraphs. Individual descriptions identifying unique features and characteristics are presented in the analysis section.



### **Access**

Valdez is the only community in the Sound accessed by the state highway system. Road extensions that would reach the subjects in the foreseeable future are unlikely. Access to/from the subjects is by floatplane or marine transport.

### **Utilities**

There are no public utilities in the immediate vicinity.

### **Topography, Soils, and Vegetation**

Diverse topography includes coastal lowlands, moderately sloping uplands, and steep mountainous terrain. Soils generally consist of a thin layer of organics over a base of bedrock or sand/gravel deposits. Vegetation ranges from low brush and grasses to heavy merchantable timber.

### **Natural Resources**

Merchantable stands of timber have been identified in select areas. The resources have been quantified and valued in independent reports prepared by Cascade Appraisal Services. The reports, bound under separate cover, estimate the timber value as of September 1, 1995. The reports have been subject to an extensive review process and the conclusions are reportedly approved (documentation is presented in the Addenda). We have relied on those value estimates in our report.

The value estimates exclude the contribution of subsurface resources, if any. According a report prepared by Mr. Donald L. Steven, Ph. D. of Stevens Exploration Management Corp. (see Addenda); there appears to be no economically significant subsurface resources on the subject properties.

### **Environmental Issues**

The March 24, 1989 event known as the Exxon Valdez Oil Spill (EVOS) resulted in the oiling of several miles of shoreline in Prince William Sound. According to maps on file at the EVOS Trustee Council office, slicks emanating from the Bligh Reef grounding site drifted southwesterly--away from the subject properties. The impact of the spill on non-oiled areas, more than six years after the spill, is the subject of on-going debates. The appraisers are not qualified to evaluate the arguments and arrive at a conclusion. No evidence of other environmental issues were noted during our aerial inspections. As instructed, the subject properties are appraised as if "contaminant-free".

### **Zoning**

The subject properties are unzoned.

### **Land Use Management**

The subjects lie within the boundaries of the Chugach National Forest. Development on private inholdings is not prohibited.

### **Real Estate Taxes**

The subject parcels do not lie within the boundaries of a city, municipality, county, or borough; and are not subject to taxation.

## Wild and Scenic Resources

The subject parcels and the surrounding lands and waters offer spectacular scenery and represent habitat for diverse species of wildlife (see: "*Habitat Protection Parcel Analysis*" in individual property descriptions). The subjects are rated in a "Working Document" prepared by the Exxon Valdez Oil Spill Restoration Team Habitat Protection Work Group (November 30, 1993) *Comprehensive Habitat Protection Process: Large Parcel Evaluation & Ranking (Volumes 1. & 2. and supplements)*. The "document" evaluates parcels identified within the oil spill area in terms of "CRITERIA FOR RATING BENEFIT OF PARCEL TO INJURED RESOURCES/SERVICES". Injured resources and services are identified as follows:

Sockeye Salmon	Pink Salmon	Pacific Herring
Cutthroat Trout	Marbled Murrelet	Black Oystercatcher
Dolly Varden	Harlequin Duck	Common Murre
Bald Eagle	Inter/subtidal Biota	Pigeon Guillemot
River Otter	Sea Otter	Harbor Seal
Subsistence	Cultural Resources	
Wilderness	Recreation/Tourism	

The resource and service ratings were weighed with other evaluation criteria to derive a "score" (see: "*Habitat Protection Parcel Analysis*" in the Addenda). Observed breaks in the distribution of scores translated into three "ranks"--"high"; "moderate"; "low". "This ranking represents the degree to which protection of a parcel will benefit the recovery of linked resources and services that occur on that parcel." However, with the exception of "recreation/tourism" the "injured resources and services" do not directly relate to an economic use of the land. The overall rankings by the Work Group do not correspond with the "recreation/tourism" ratings (see following table).

EVOS ID	<u>Geographic References</u>	<u>Overall</u>	<u>Rec./Tour.</u>
TAT 01	Bligh Island, Busby Island	High	Moderate
TAT 02	Sawmill Bay	Moderate	High
TAT 03	Heather Bay, Emerald Cove, Columbia Bay	Moderate	High
TAT 04	Galena Bay	Moderate	Moderate
TAT 05	Landlocked Bay	Moderate	Low
TAT 06	Sunny Bay, Whalen Bay	Low	Low
TAT 07	Snug Corner Cove, Two-Moon Bay, Goose Isl., Hell's Hole	High	High

Cultural resource sites may be documented but have not been identified to the appraisers.

### PART III - ANALYSES AND CONCLUSIONS



## Neighborhood--Prince William Sound

All of the subject properties are located in the north/northeast region of Prince William Sound, southeast of Anchorage. The area is characterized by a rugged coastal environment backed by the Chugach mountains. The immediate area surrounding the subjects is referenced by the entrance of Valdez Arm into Prince William Sound. Prince William Sound offers spectacular scenery and represents prime habitat for many species of land and sea mammals, birds, and both fresh and saltwater fishes. Historically, the area has been primarily used for subsistence related activities. Other uses include both private and commercial recreation, and commercial-industrial uses such as fishing, timber harvesting and mineral extraction.

Most of the region is remote and undeveloped. Major land owners include the Federal and State governments and four native corporations; Chugach Alaska Corporation, a regional corporation; and three village corporations; Chenega, Tatitlek, and Eyak. Corporate lands have generally not been available. Except for land in and nearby established communities, the availability of private lands has been limited to a handful of patented mining claims and patented parcels with an established history of use by lessees, permit holders, and in some cases even squatters. Some patented mining claims have been of sufficient size to subdivide into recreational lots. But demand has also been limited and there has been little to no upward pressure on values.

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"Of all the communities on the Sound, Valdez is the most economically diverse. Its role as the terminus of the trans-Alaska Pipeline dominates its economy. Alyeska Pipeline Service Company, the pipeline operator, is the single largest employer in Valdez, and accounts for 90% of the city's local tax base. Other important economic contributors are thriving visitor and fishing industries, and a sizable public sector. The deep water port in Valdez also serves as a shipment point for goods into the Interior. Because of the variety of industries in Valdez, its economy is far less seasonal than other communities in the Sound."<sup>5</sup>

"The economic destiny of Cordova is almost entirely tied to the vagaries of the commercial fisheries, specifically the salmon and herring fisheries which account for more than 90% of the total fishery value in Prince William Sound. Of the 435 permits fished in 1991 by residents of Prince William Sound, 389 were from Cordova. Tourism, logging, and public sector activity provided additional economic support."<sup>6</sup>

The March 24, 1989 Exxon Valdez Oil Spill affected the economies of Prince William Sound in various ways. "The economies of Prince William Sound communities are more different than they are alike. This diversity meant the post-spill economic trends of these communities have also been distinct. The Valdez economy, for instance, is larger than it was in pre-spill years. Some of its growth has come from the build-up of an oil spill response system. Expansion of the pipeline terminal has also contributed to its growth. Another strength is the diversity of its economy. Both the fishing and visitor industries leant a hand in its post-spill growth. Despite recent robustness, its economy is vulnerable for the same reason the state's economy is--declining oil production."<sup>7</sup>

"On the other hand, the fate of the Cordova economy will have little to do with oil production. Instead, the health of the Sound's, fishery harvest will guide its future. The oil spill was a reminder of how singularly dependent Cordova is on this resource. Since the oil spill, the economic performance in Cordova has been mixed. The size of its economy has remained almost unchanged from pre-spill

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<sup>5</sup>. Neal Fried and Holly Stinson, "A Look At Today's Economies In Prince William Sound", *Alaska Economic Trends* (September 1992) 1-9.

<sup>6</sup>. Ibid.

<sup>7</sup>. Ibid.



years. The transportation-based economy of Whittier appears to be benefiting from a growing visitor industry in the Sound."<sup>8</sup>

The herring fishery in the sound remains closed. The salmon fishery rebounded in 1994. "The 1994 Prince William Sound Area commercial salmon harvest of 40.3 million fish is the second highest on record."<sup>9</sup> The 1995 harvest was down again. A solid trend toward the recovery and stabilization of fish harvests would have a stabilizing effect. However, prices continue to decline as a result of a global "glut" of product. Outlook for the 96 fishing season is poor.

Oil and gas lease sales proposed for the area (Federal #158 and State #79) may have a positive impact if production follows. However, a recent history of activity in the Gulf and Prince William Sound is characterized by low industry interest--the relinquishment of claims, plugged and abandoned exploratory wells and delays or cancellations of scheduled sales.<sup>10</sup>

With numerous protected bays, Prince William Sound is well-suited for mariculture. However, salmon farming was prohibited by legislation and entrepreneurs are left to develop a shellfish farming industry. Oyster farming is the most notable fledging mariculture industry in Prince William Sound. Initial results of small operations are encouraging but the long-term potential is speculative at this time.

A growing tourism industry is creating new opportunities throughout Alaska and future prospects are encouraging. In addition to traditional sportfishing and hunting, non-consumptive activities (hiking, camping, kayaking, photography) are increasingly popular. Eco-tourism is the new "buzzword". Prince William Sound is a popular attraction. Now, six years after the spill, at least one Valdez-based tour boat operator lists "Bligh Reef--site of Exxon Valdez oil spill" as one of the "area highlights" in its promotional brochure.<sup>11</sup>

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<sup>8</sup>. Neal Fried and Holly Stinson, "A Look At Today's Economies In Prince William Sound", *Alaska Economic Trends* (September 1992) 1-9.

<sup>9</sup>. 1994 Prince William Sound Salmon Summary, Alaska Department of Fish and Game (October 21, 1994).

<sup>10</sup>. Sandra Medearis, "Gulf Lease: Feds don't take no for an answer", *The Cordova Times*, (12/1/94)

<sup>11</sup>. Stan Stephens Charters & Cruises - P. O. Box 1297, Valdez, Alaska 99686 (907) 835-4731.

The proposed widening of tunnel to Whittier to accommodate automobiles is scheduled to get underway during the summer of 1996. This will improve access into the area and create new opportunities. Mr. Michael D. Travis, P. E., has been involved with the planning of the proposed tunnel to Whittier including the process that measured the potential environmental impact of the project. For the purposes of project planning, environmental considerations include socio-economic and cultural considerations. Per Mr. Travis, all four of the area's Native corporations (Chugach Alaska, Chenega, Eyak, Tatitlek) welcome the potential for economic opportunities that may result from improved access into the region.<sup>12</sup> Ultimately, the project could have a positive impact on property values. However, the tunnel will not be completed until 1998 and the potential is speculative at this time.

For information on neighborhood real estate markets, see the Market Overview preceding the Highest and Best Use Analysis.

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<sup>12</sup>. "Environmental Awareness", Course 600 International Right of Way Association, Anchorage, Alaska (April 22, 1994). 4

## AREA AND LOCAL DATA

### **Alaska**

State spending of the oil revenues has been the driving force behind economic growth in Alaska. It has been said that oil revenues fund 80% to 85% of the state's annual operating budget. Between 1980 and 1986, the state distributed \$26 billion for operations, capital projects, and permanent fund appropriations.

A subsequent dramatic decline in oil prices brought about a severe economic recession that impacted nearly every community in Alaska. The recession was characterized by substantial losses of population and construction activity virtually came to a halt. Personal and business bankruptcies were commonplace and several banks failed. Real estate markets for nearly every type of property were depressed.

The overall economy is generally considered to have stabilized by 1990 but remains dependent on the petroleum industry and vulnerable to unexpected changes in wellhead prices and the projected decline in Prudhoe Bay production.

### **SouthCentral Alaska**

Anchorage, with a population of approximately 240,000, is Alaska's largest city. With more than half the State's population, Anchorage is the undisputed leader in Alaska's affairs. It is the hub of the state's economic activity and the business, government, transportation, education and cultural core of Alaska. The greater Anchorage area includes Elmendorf Air Force Base, Fort Richardson (Army), and the bedroom communities of Eagle River and Girdwood.

Anchorage is central to the state highway system connecting southcentral communities with the interior and the lower 48. As the location of the headquarters of the Alaska Railroad, the state's largest international airport, and an ice free port, Anchorage is firmly established as the transportation center for the state. Other communities in Southcentral Alaska that can be accessed by the State highway system include, Palmer, Wasilla, Soldotna, Kenai, Homer, Seward and Valdez. Valdez is located in the Prince William Sound region.

## PART II - FACTUAL DATA



## DATA/TREND ANALYSIS - (MARKET OVERVIEW)

The purpose of the Market Overview is to identify the market(s) within which the subject would be traded and determine its adequacy. An "adequate" market for purposes of estimating market value is one characterized by numerous sellers exposing alternatives choices to the market and numerous buyers driving values.

### **General**

The ownership of Alaska lands has changed dramatically in recent years. Historically, Alaska has had the smallest percentage of privately owned land of any state. Land trickled into private ownership in the form of mining claims (brought to patent), federal homestead programs and early Native allotments. In addition, some random squatters, lessees, and permit holders were given the opportunity to acquire fee title. After statehood (1959), state land disposal programs accounted for the transfer of additional acreage into private ownership. The largest transition from public to private ownership was effected by the 1971 Alaska Native Claims Settlement Act (ANCSA). The Act established regional and village corporations as the basis for land selections totaling approximately 44 million acres.

The flow of land from public to private ownership was slowed by the repeal of the Homestead Act in 1976. Other federal land disposal programs were terminated by 1986 and are not expected to be resumed. Nevertheless, as a result of these programs, settlements, etc., the amount of remote and rural land in private ownership has increased so that the supply of land in most areas exceeds demand. Routine turnover of existing patented parcels sufficiently re-supplies the inventory so that there are numerous alternatives available at any given time for the majority of prospective purchasers. This contention 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.

The supply of competing inventory can be expected to further increase in the foreseeable future. According to Mr. Dick Larson, an appraiser with the Bureau of Indian Affairs, native allotment selections yet to be patented potentially amount to thousands of acres in various Alaskan locales. "Selections totaling about 1.6 million acres are in the process of being transferred to about 10,000

people."<sup>13</sup> Also, while many Native corporations have preferred to retain ownership of their land assets, they are potential sources of large inventories of privately-owned land. Several have distributed small parcels to shareholders. In some locales, a significant number of these sites have been sold and/or are offered for sale.

The land trust established for the University of Alaska in 1915 and 1929, was formerly managed by the State. The Trust is now managed by the University of Alaska State Office of Land Management with the intent of maximizing the economic benefits of its assets in order to contribute to the cost of the university system. According to administrator Mr. Martin Epstein, the Trust holds fee simple title to 136,659 acres in random locations across the state. The trust also owns the surface rights on an additional 17,655 acres. In the region generally described as the Gulf of Alaska, the Trust owns the timber rights on 37,777 acres.

The recent resolution of the Mental Health Lands Trust issue will add in excess of one million acres to the existing inventory of available land. As expected, the State is reinstating their land disposal program now that the MHLT issue has been settled. An offering is currently being prepared. Although not marketed, lands conveyed to borough and municipal governments represent yet another source. Borough governments have had several land auctions in recent years.

In summary, it is not unreasonable to conclude that the perception of an inadequate supply of land in private ownership is outdated. The remainder of the Market Overview is devoted to identifying, defining, and qualifying appropriate markets.

Given the variety of topographical/physical features and characteristics typical of large scale tracts, it is likely that different Highest and Best Uses will be appropriate for select areas within the boundaries of the subjects. However, a single Highest and Best Use for the entire acreage may be a supportable conclusion. For the purposes of our analysis, the remainder of the Market Overview is divided into two discussions. In the first, the market for large

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<sup>13</sup>. "Deal protects trout-fishing paradise" *Anchorage Daily News*, (12/22/95) A1.

parcels (>640 acres; 1 section) is analyzed. The second evaluates the market for small parcels (<640 acres; 1 section)

An "adequate" market for purposes of estimating market value is one characterized by numerous sellers exposing alternative choices to the market and numerous buyers driving values. "The premise that the parties have a choice of alternative sites underlies the principle of substitution--a cornerstone of appraisal methods."<sup>14</sup>

As part of the process of qualifying the adequacy of these markets, we will survey the market exposure periods of reported sales and listings (to date) where data is available. The market exposure period is defined as: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."<sup>15</sup> The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. A marketing period of one year is not an unreasonable expectation for properties that are professionally marketed and priced to reflect current market conditions.

The marketing period that may be necessary to sell a property is an important consideration. For example, if a marketing period of more than one year is reasonably probable and no upward pressure on values is anticipated due to a large inventory of competing properties, the value conclusion would represent a future value that would have to be discounted to reflect a present value. Obviously, the reliability of value estimates decreases with longer projections of marketing periods. A characteristic of a free and open market (competing buyers and sellers), is that optimistic asking prices eventually must adjust to the market if a sale is to occur within a reasonable marketing period. The most common listing changes reported in the weekly bulletins of the Anchorage Multiple Listing Service are price reductions.

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14. Michael Robbins, PhD, "The Valuation of Large Scale Natural Landscapes Using Contemporary Appraisal Theory," *The Appraisal Journal* (April 1987) 225-244.

15. Appraisal Standards Board Statement 6 and Advisory Opinion G-7.

## **THE MARKET FOR LARGE PARCELS (>640 acres - section)**

The overwhelming majority of the State of Alaska is comprised of remote land to which access is limited. The overall "market" for large tracts is characterized by a large supply and no measurable demand. Submarkets are discussed in the following subsections.

### **Economic Uses**

#### ***Timber Industry***

There is an active timber industry in southeast, southcentral, and the Gulf Coast regions of Alaska. It is a volatile industry characterized by fluctuating markets and challenges by environmental groups. Nevertheless, the industry is established and there is a demonstrable demand for product. For remote properties with merchantable timber, eventual harvest is the most probable use.

#### ***Private Sector Developers/Entrepreneurs***

We were able to confirm only two large acreage sales over the past ten years for an economic use other than forestry. They are the same property (2,200 acres near Anchor Point) sold once in 1985 and subsequently foreclosed and re-sold in 1990. The buyer/developer has been marketing 10-acre (+/-) subdivided lots.

### **Non-Economic Uses**

"Government on all levels and even private individual donors are heavily involved in the purchase (often repurchase) of lands to add to the public domain, reclaiming the wilderness wherever it can be found."<sup>16</sup> However, in Alaska activity is minimal for several reasons. First, by most measures, preservation or some form of protection is assured for vast amount of Alaska lands.

"Alaska has 55 million acres of national parks. That is 70 percent of the entire national park system. We have 75 million acres of national wildlife refuges. That is 85 percent of the national wildlife refuge system. We have 58 million acres of wilderness lands in Alaska. That is 91 percent of all the wilderness in parks and 97 percent of all the wilderness in refuges."<sup>17</sup>

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16. Kenneth L. Golub, MAI, "Appraising the Wilderness", *The Appraisal Journal* (July 1980) 361-365.

17. Senator Ted Stevens R-Alaska, speaking on the floor of the Senate on June 30, 1993 preceding the vote confirming George Frampton as assistant secretary of Interior for Fish, Wildlife and Parks. Excerpts from Stevens remarks were printed in an *Anchorage Daily News* article entitled "Frank words for newest Interior official" (7/6/93) B5.



Second, for much of the rest of Alaska, remoteness, volatile markets for natural resources, and the regulations of various agencies such as U. S. Fish and Wildlife, Alaska Department of Fish and Game, etc., combine to effectively conserve and preserve. Finally, the pool of purchasers for large tracts containing thousands of acres is significantly reduced when buyer's abilities are considered. Prospective purchasers are evaluated in the subsequent discussions.

### **Individual Buyers/Donors**

Individuals may be willing and able to commit personal resources to conservation. However, often the motive is more than good will and the purchase/donation is personally advantageous. For example, a party with the means could secure a large parcel to create a private retreat and subsequently receive favorable tax treatment for the donation of surplus land surrounding a core parcel retained for personal use.

Nevertheless, for whatever motive, "market" value must be the basis of the donation. Most of these transactions have occurred in the continental United States where market value is determined by a variety of economically supportable uses including timber and grazing, or approaching commercial and residential development. Again, Alaska is truly unique. With the exception of commercial stands of timber in select areas, most of Alaska's remote natural lands are not well-suited for uses that commonly represent the basis (Highest and Best Use) for land valuation in other regional markets.

If such donations continue to receive favorable treatment, an increasing pool of prospective buyers/donators may result. However, at this time any increase in demand for Alaska's natural lands from individuals is not evidenced by the data.

## Private Conservation Groups

There are numerous private conservation groups and organizations that seek to protect and preserve natural environments. The Nature Conservancy and the Trust for Public Lands are two of the more well-known agencies and have been involved in Alaskan acquisitions in years past. However, they typically act as brokers or facilitators that serve as a conduit for stepped transfers of title that may be required by unique circumstances. Given their function these organizations are unlikely prospects as buyers/owners.

That Alaska already has substantial amounts of land in reserved or protected status is a recurring acknowledgment. Such recognitions contribute to a general concentration of efforts in the continental U. S. For example, although, Ducks Unlimited had previously undertaken projects in Alaska, all their efforts are now focused on areas outside of Alaska where wetland habitat is rapidly disappearing. Alaska has literally millions of acres of waterfowl breeding habitat. Of Alaska's 174 million acres of wetlands, approximately 115 million are owned by the Federal Government, 40 million by the State, and 19 million by Native corporations. Less than 200,000 (approximately 1/10th of one percent) are in private non-native ownership.<sup>18</sup> The vast majority of these wetlands are not expected to be threatened for an extended term.

In late 1993, the Conservation Fund attempted to acquire a 575-acre site that straddles the mouth of the Ayakulik River on the west coast of Kodiak Island. To our knowledge, the site represents crucial habitat for only sockeye salmon and feeding brown bears--both closely monitored and regulated. The acquisition of the site is probably not necessary to maintain satisfactory populations. However, the site is unusually strategic in that it assures a degree of control over entry and use of contiguous backlands.

Only similar "big-bang-for-the-buck" acquisitions are likely. The Conservation fund recently acquired 318 acres straddling an anadromous stream where brown bears congregate at the head of Uyak Bay on Kodiak Island. The Nature Conservancy is currently negotiating (Dec. 1995) for the acquisition of a 160-acre

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<sup>18</sup>. "Navigable Waters And Wetlands", Spring Seminar sponsored by the Anchorage Sourdough Chapter 49 of the International Right of Way Association, Anch., Ak (4/21/94).

native allotment surrounding the mouth of Lower Talarik Creek; a world-class Rainbow fishery on the north shore of Lake Iliamna.

In summary, significant demand by private conservation groups is not evidenced.

### *State of Alaska*

The State of Alaska already owns vast amounts of natural lands but various agencies may be authorized to acquire certain types of properties. However, except for an occasional source of funding, the State does not have the ability to purchase small inholdings within state parks, let alone entire parks themselves.

In response to a bill that would create a 45,000 acre state park on Afognak Island, Sen. Robin Taylor, R-Wrangell added amendments that would remove approximately 60,000 acres from state parklands in the form of 15 small coastal parks in southeast Alaska and Prince William Sound. "The problem is we can't even afford to empty the garbage cans in the parks we've got,". In early 1994, the State announced plans to close 18 roadside park units because of a budget crunch.<sup>19</sup> By increasing the staff of seasonal volunteers, adopting a user fee system and a partial restoration of proposed budget reductions, the parks were opened for the 1994 season.

Nevertheless, at the State level, economic reality has become a primary factor in the forging of public lands policy. A trend toward higher degrees of self-support through user fees, etc., is gaining momentum--suggesting that there will be increasing pressure to economically justify not only public land acquisitions but potentially the retainer of existing public lands.

In summary, the State is not considered to be a buyer for large tracts of remote natural lands. The Exxon Valdez Oil Spill Trustee Council, as a buyer, is considered in a subsequent discussion.

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<sup>19</sup>. "GOP lawmakers want to cut out coastal parks" *Anchorage Daily News*, (4/2/94) D2.

### *U. S. Government*

At the Federal level, the acquisition of additional public lands in Alaska is probably not practical given the extent of the existing inventory and the shallow depth of the public's pocket. The U. S. Fish and Wildlife Service has been "Faced with continued expansion of the sprawling system of wildlife refuges it manages and an operating budget that has not kept pace...". Potentially, "... many long-standing public activities on wildlife refuges, such as boating, off-road vehicle use and rock climbing, may be stopped." "Refuges also may be closed during slow periods when there are few visitors, such as in the winter months, and some recently established refuges may not be managed at all."<sup>20</sup> "National Park Service Director Roger Kennedy told a House Natural Resources subcommittee there is a \$5 billion backlog of physical needs in the parks, and no way to pay for the projects in this era of deficit reduction. "The National Park Service must explore new means of enhancing revenues on its own".<sup>21</sup>

Increasing the cost of using public lands is a potential solution. The current administration recognizes that grazing fees for federal lands are artificially low so that the taxpayer effectively subsidizes the cattle industry. Concerned that current mining laws effectively "give away taxpayers' assets...", Secretary of the Interior Bruce Babbitt indicates: "We're looking at moving toward business practices that are accepted in the private sector."<sup>22</sup>

The ability of Federal agencies is extremely limited and acquisitions are more likely to be pursued using "land exchange" as the means. In recent years only two large tracts have been purchased for preservation/conservation--a sea bird sanctuary on the Pribilof Islands and a conservation easement on a tract surrounding Tazimina Lake in the Lake Clark National Park and Preserve. The occasional pursuit of strategic acquisitions does not establish a market. No other prospective purchasers could be identified; and they were project-related acquisitions for which there were no suitable alternatives. The negotiated prices were not supported by any economic use.

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<sup>20</sup>. "Refuges go back to basics" *Anchorage Daily News*, (4/2/94).

<sup>21</sup>. "Congress balks at park service fee proposal" *Anchorage Daily News*, (6/11/94) D6

<sup>22</sup>. Babbitt sees mining reform law in place by fall" *Anchorage Daily News*, (6/2/94) D4.

### ***Exxon Valdez Oil Spill Trustee Council***

The settlements of civil and criminal suits stemming from the 1989 Exxon Valdez Oil Spill have created super funds of cash. The most notable is the \$900 million fund that is overseen by the Exxon Valdez Oil Spill Trustee Council. Approximately several large parcels were targeted for acquisition. The prioritization process included input from biologists, ecologists, archeologists and recreation specialists. To date, acquisitions on the Kenai Peninsula and the Kodiak Archipelago have been completed. Others are pending. However, although the transactions should reflect arm's length negotiations based on appraisals, they do not reflect the workings of a free and open market.

First, there are not numerous sellers. The Council is not free to shop throughout the state for alternatives for which there may be a greater urgency. Rather, the Council is directed to a limited number of specific properties that meet certain criteria--most notably those either directly, or indirectly affected by the oil spill. Second, there are not numerous buyers. With the exception of timbered land, demand for large tracts in Alaska is virtually non-existent. The funds represent a one-time windfall, afterwhich, the probability of subsequent buyers is little to none (excepting for timberlands).

It is important to recognize that the "sellers" in the completed acquisitions to date are Native Corporations. As previously noted, undeveloped lands belonging to Native Corporations enjoy exemption from taxes, if any, and special protection from creditors. Furthermore, cultural resources (archaeological sites) have been documented on most of the EVOS parcels.

Understandably, the Use and/or Investment Value to a Native Corporation may be higher than "market" value. It is not unreasonable to conclude that the price at which a Native Corporation would be willing to sell--would be higher than the price at which a typical owner would sell. Given the motivations of the parties--project-related acquisitions by public agencies of undeveloped Native Corporation property--are most likely to reflect only indicators of "personal value" concepts; clearly distinguished from the economic concept of market value.

### Summary

With the possible exception of timberlands, demand for large tracts of Alaska's remote lands is simply not measurable and the market exposure periods necessary to sell are too indefinite to project with any confidence. "A market in which nothing is happening is no market at all. There must be enough representative transactions to display a clear pattern."<sup>23</sup>

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<sup>23</sup> Jared Shlaes, MAI, "The Market in Market Value," *The Appraisal Journal* (10/84) 494-518.

## THE MARKET FOR SMALL PARCELS (≤640 acres - 1 section)

The market for small parcels includes several submarkets referenced by common land uses. Submarkets are identified and analyzed in the following subsections.

### Private Recreation

#### *General Overview*

The market is most active for sites featuring water frontage. The most common denominations of acreage range from one to ten acres. Per acre prices generally range from a few hundred to several thousand dollars. Subdividing is usually not a near-term disposition of small recreation sites and the sales are perhaps best evaluated by some other unit of comparison such as the price per site or the price-per-front foot (water frontage).

Not all properties are sold through real estate brokers and not all brokers in south-central 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 properties. The market exposure periods preceding several recent sales are indicated in the following table.

Waterfront	Acres	List \$	Sales \$	%	Date	Mkt Exp.
Chandalar Lake	5	\$49,500	\$45,000	91%	Apr-91	148
Uyak Bay, Kodiak	8	\$45,000	\$41,000	91%	Jul-91	121
Lake Iliamna	80	\$75,000	\$70,000	93%	Jul-91	241
Lake Iliamna	12	\$200,000	\$192,000	96%	Jul-91	8
Lake Iliamna	1	\$35,000	\$24,000	69%	Aug-91	71
Ugashik Lake,	40	\$220,000	\$60,000	27%	Sep-91	354
Naknek River	5	\$150,000	\$105,000	70%	Feb-92	647
Shungnak River	40	\$80,000	\$50,000	63%	Apr-93	525
Holitna River	40	\$50,000	\$50,000	100%	Aug-93	12
Holitna River	60	\$80,000	\$57,938	72%	Sep-93	131
Hewitt Lake	42	\$60,000	\$24,000	40%	Jul-94	164
Lake Susitna	5	\$18,300	\$15,600	85%	Aug-94	65
Kachemak Bay	2	\$12,000	\$12,000	100%	Jan-95	97
Kachemak Bay	2	\$30,000	\$18,000	60%	Jan-95	527
Latouche Island	1	\$15,000	\$11,400	76%	Oct-95	1,248

The average indicated market period for these 15 sales is 291 days--suggesting a marketing period of one year is not an unreasonable expectation for properties that are professionally marketed (reasonably consistent efforts) and priced to reflect current market conditions. However, it should be noted that the data reflects spotty activity over a period of nearly four years. And the inventory of unsold properties in the same locales suggests an excess supply. This contention is supported by the high ratio of listings that did not sell during this same time period. MLS Statistics compiled for the remote district 106; for 1991, 1992, and 1993, 1994, and 1995; are summarized in the following table (includes both waterfront and non-waterfront properties).

	<u>1991</u>		<u>1992</u>		<u>1993</u>		<u>1994</u>		<u>1995</u>	
Total Listings	203	100%	100	100%	87	100%	188	100%	141	100%
Sold	9	4%	3	3%	5	6%	10	5%	8	6%
Pending @ Year End	0	0%	2	2%	2	2%	1	1%	0	0%
Not Sold or Pending	194	96%	95	95%	80	92%	177	94%	133	94%
% of Listed Price	76%		71%		90%		92%		95%	

The data suggests that demand for remote properties is extremely limited and lengthy market times should be expected. For the 15 sales summarized, the selling prices averaged only 75% of the listed prices. A characteristic of a free and open market (competing buyers and sellers) is that optimistic asking prices eventually must adjust to the market if a sale is to occur within a reasonable marketing period. The most common listing changes reported in the weekly bulletins of the Anchorage Multiple Listing Service are price reductions. Given these supply-and-demand characteristics, upward pressure on land values is unlikely in the foreseeable future.



General characteristics of the market for remote small parcels are summarized as follows:

- Market prospects for remote properties become progressively more limited as distance from major population centers increases--particularly when formidable geographic obstacles and adverse weather conditions combine to complicate access by air and water.
- The market is most active for one-to-ten acre waterfront sites. However, market evidence suggests that remote sites containing less than 5 acres are less than optimum in terms of marketability. Smaller sites tend to dilute the "remote" characteristic. There is also significant activity for parcels ranging in size from ten-to-forty acres. Nevertheless, market activity and unit price progressively decrease as parcel size increases.
- In subdivisions, the best lots are the first to sell and when offered for resale, they tend to compete with the unsold inventory. Demand for lots removed from the water is too little to justify their creation. Little to no down payment installment sales are often necessary to attract buyers and high default/foreclosure rates are the norm.
- The current supply/inventory of remote sites throughout Alaska, generally exceeds demand to the point that little, if any, appreciation in values is anticipated. Such market conditions tend to negatively impact values of bulk acreage and deter developers.
- A price-per-acre unit of comparison can be misleading. Where remote parcels are not well-suited for subdivision (low waterfront-to-depth-ratio) they are most likely to be acquired for personal recreation. Given the subjective nature of the private recreator's evaluation criteria, a per site/parcel unit of comparison is more meaningful than a per acre indicator. Where remote parcels are well-suited for subdivision (extensive water frontage), a price-per-front foot measure may be more revealing.
- The most probable uses of remote waterfront sites/parcels are rural homesteads, private recreation, and commercial recreation. Highest and Best Use is influenced by several factors including:
  - † the amount of waterfront in relation to depth (subdivision practical?)
  - † quality of waterfront in terms of access and protected moorage
  - † topography (steep terrain or wetlands reduces usable area)
  - † availability of fresh water
  - † location; highly subjective; numerous possible perceptions based on:
    - \* climate and length of season
    - \* relative quality of proximal outdoor activities
    - \* ease of access and proximity to prospective buyers
    - \* strategic geographic feature (i. e. mouth of an anadromous stream)
    - \* privacy--ownership of surrounding lands

### *Prince William Sound*

Historically, there has been little land available for development in Prince William Sound and only a few parcels have been subdivided for sale as recreation lots. Subdivisions in Prince William Sound are briefly described in the following table.

	Latouche	Fidalgo Bay	Ellamar	Canoe Pass	Port Oceanic
Location	NW Latouche Island east of Chenega	Port Fidalgo south of Valdez	Virgin Bay Tatitlek Narrows SW of Valdez	Hawkins Island, Orca Bay SE of Cordova	Thumb Bay, Knight Island, SE of Cordova
Access	boat, floatplane	boat, float plane	boat, float plane	boat, float plane	boat, float plane
Source	mineral claims	mineral claims	mineral claims	Eyak Corp.	former lodge
Year Developed	1976 & 79	1980	1982	1984	70's
Acreage (bulk)	n/a	140 acres	200 acres	95 acres	unknown
# of Lots	40 & 187 (Add. #1)	197 lots	153 lots	45 lots	16 lots
Sales History	*Initial offering of Add.# 1 in 4/79; approx. 100 lots sold in 72 hours	**35 lots in 2 yrs	**25 lots in 3.5 yrs	**23 lots in 2.5 yrs	unknown
Remarks	waterfront and non-waterfront lots	waterfront and non-waterfront lots	waterfront and non-waterfront lots	waterfront lots only	only 4 waterfront lots

\*Information reported by Ms. Laurie Shafer, one of the developers and current owner of 44 lots in the subdivision. \*\*Reported in a February 26, 1993 appraisal prepared by Mundy-Day Associates.

The reported sales histories indicate fairly rapid absorption initially. Typically, the best lots are the first to sell and when offered for resale, they tend to compete with the unsold inventory. It is difficult to reconstruct a complete sales history of these subdivisions without a painstaking search of nearly 700 legal descriptions. However, a cursory review of the records of the district recorder indicates that unsold lots remain in inventory. Sales of remote recreational sites in most areas of Alaska were interrupted by the onset of an oil-related recession in 1986. Owner/developers with remaining inventory may contend that the 1989 EVOS had a negative impact on subdivided lots in select areas of Prince William Sound.

Three Valdez brokers indicated that market activity was minimal. Walt Wood of Valdez Realty reported that he is not able to "show" remote properties and was

not involved in the brokerage of lots in any of those subdivisions. Sound Realty reports little to no interest in remote listings. Diane Hursh of Hursh & Associates was familiar only with the Ellamar development--marketed fairly successfully by the owner/developer (5 to 6 lots/year). Cordova broker, Ms. Linden O'Toole, reports that for oceanfront lots in close proximity, demand for limited availability is good; but prospects for remote properties are less favorable.

Of the subdivisions inventoried, the Latouche Island development is the most remote. Latouche Island is located within the immediate subject neighborhood in close proximity to Chenega. When the Latouche Island lots were first offered in the late 1970s, sales were brisk. According to Laurie Shafer, one of the developers of Addition #1, approximately 100 of 187 lots were sold in the first 72 hours of an offering in April of 1979. A fewer number were sold in a 1980 offering and Ms. Shafer still owns 44 lots.

When the Latouche Island project was undertaken, it represented the only source of private recreation lots in the Sound. However, purchases were speculative for the most part. Ms. Shafer reported that although some purchasers were generally familiar with the area, nearly every lot was selected from a plat and purchased site unseen. Only two year-round residences and four cabins are reported to have been constructed since the first phase of the project in 1976--twenty years ago. The 44 lots belonging to Ms. Shafer have been marketed by Marston Real Estate (Anchorage/Wasilla) for over two years. Per Ms. Shafer, the Exxon Oil Spill is responsible for the lack of sales activity. However, long before the oil spill, three new subdivisions had nearly tripled the inventory of remote recreation lots in Prince William Sound within a span of five years (1980 - 1985). The sales of lots in those subdivisions, were not nearly so rapid and substantial inventories remain.

Mr. Bernie Vockner (Remote Property Inc.) is recognized as the most active broker in remote recreational and lodge properties in Alaska. In October of 1995, he sold a one-acre (+/-) beachfront lot on Latouche Island after nearly three-and-a-half years of marketing at periodically reduced prices. Mr. Vockner indicated that properties located considerable distances from harbors generally require larger boats to assure access. Such marine craft are typically expensive

and self-contained with regard to quarters. Mr. Vockner suggested that large boat owners are probably the least likely to be purchasers. Access by light plane is complicated by unfavorable weather conditions much of the time.

In recent years, the number of small parcels in Prince William Sound has increased dramatically. In the subject's immediate neighborhood, Tatitlek Corporation subdivided over four miles of shoreline in Snug Corner Cove, Two Moon Bay, Fish Bay, and Irish Bay. According to their representative Mr. Clare Doig, approximately 250 lots were created. The typical lot is 1.5 acres with approximately 150 feet of ocean frontage. Per Mr. Doig, approximately 215 of the lots were disbursed to shareholders. Of those, approximately 50% were repurchased by the Corporation for approximately \$12,000 each--reported to be 1/2 the appraised value. Lots held by the Corporation are not marketed nor otherwise offered for sale but at least 100 from these four subdivisions remain in private ownership. Mr. Doig reported that one lot on Snug Corner Cove has been resold and at any given time one or two may be listed for sale.

The data suggests that the supply of existing lots is more than adequate to meet the current demand. And, there is the potential for additions to the supply in the foreseeable future. Planning for a subdivision by Chenega Corporation on Jackpot Bay was interrupted by land acquisition process subsequent to EVOS. The University of Alaska Land Trust owns land in and near Prince William Sound. Holdings include 230 acres in Poe Bay and 323 acres in Logging Camp Bay--both located near Whittier. These tracts are the most likely to benefit from the initial impact of the Whittier tunnel expansion project (completion projected for 1998).

The Trust also own 942 acres in Jack Bay near Valdez and 50 acres on Nuka Island near the entrance to the Kenai Fjords. According to Mr. Martin Epstein, a Trust administrator, the Trust intends to realize the economic benefit of its holdings as soon as possible. Properties and the markets in which they would be traded are evaluated in an ongoing process that is intended to recognize and take advantage of any opportunities. Breaking a parcel down into marketable denominations is a likely scenario for much of the trust's holdings that do not have significant timber resources. The Alaska Department of Natural Resources featured a Jack Bay homestead in a recent lottery.

There are undoubtedly spectacular attractions in Prince William Sound that would anchor a project. For example, a salmon stream at the head of a scenic protected bay would likely attract a developer and ultimately purchasers of recreation sites. The data suggests that the initial sales of the best waterfront lots should be brisk. Subsequently, lengthy marketing periods for unsold lots or resales should be anticipated. The marketing periods necessary to sell non-waterfront lots would likely be too lengthy to justify their creation.

In conclusion, the market for small parcel recreational sites (1 to 5 acres) in the Sound is perceived to be limited but adequate for purposes of estimating market value. As parcel size increases, market activity decreases to the extent that expanded data search is necessary.

### **Commercial Recreation Sites**

Commercial recreation uses include lodges, campgrounds and camper parks. There are no roads in the area surrounding the subject and as such no commercial opportunities that rely on vehicle access. In remote areas, lodge operations are the most probable commercial recreation use.

Lodge operations require a substantial investment in start-up costs and F F & E in addition to the site and improvements. Business failures are common and several lodges are usually for sale at any given time. However, the tourism industry in Alaska has experienced growth in recent years and the potential for further growth and increased opportunities is generally perceived as "good". In spite of the high failure rate of remote lodges, a few sites have recently been acquired for commercial recreation development.

Some lodge operations can be accommodated on sites containing five to ten acres. Larger parcels acquired for lodge operations range from 80 to 160 acres. The data suggests that an entrepreneur would likely budget for an adequate site on a cost per site basis rather than a cost per acre. Upper-end values generally range from \$100,000 to \$200,000.

On one hand, the supply of suitable lodge sites throughout Alaska may be perceived as more than adequate. Obviously, sites made strategic by

location/access and the abundance of wildlife resources were the most likely to be previously claimed, settled, or otherwise utilized and already in private ownership. Arguably, most of the best commercially viable sites have long been taken/occupied. Based on a review of recent sales data and input from knowledgeable real estate professionals, demand for commercial recreation sites appears to be limited.

Nevertheless, while Prince William Sound would rate behind several other Alaska locales with regard to the relative quality of big game and sportfish opportunities, it is likely that select locations offer a suitable combination of features and characteristics that would attract an entrepreneur within a reasonable market exposure period. And, trends in the visitor/recreation industry signal an emerging marketplace for non-consumptive formats such as sightseeing/photography, hiking, and kayaking.

The local market for small parcel recreational sites (1 to 5 acres) is considered to be adequate for purposes of estimating market value. As previously noted, some commercial recreation operations can be accommodated on such small parcels. However, again, as parcel size increases, market activity decreases to the extent that the amount of data is insufficient and an expanded data search is necessary.

### **Public Recreation Sites**

Sites that are well-suited for a commercial operation or a recreational subdivision are often also well-suited for public recreation (i.e. campgrounds, waysides, boatlandings, etc.) use. Numerous waysides, campgrounds, RV parks and boat launching facilities, are located throughout Alaska.

The Federal government normally develops and maintains public recreation facilities on land it already owns--usually with a National Park, Refuge or Wilderness. Although the State of Alaska owns millions of acres, it is the most likely purchaser of strategic public recreation sites. We spoke with Mr. Wyn Menefee with the State Division of Parks regarding the process by which potential acquisitions are identified and funded. Per Mr. Menefee, a strategic parcel may be targeted by extreme public pressure. Also, land management plans may authorize acquisitions such as inholdings within State parks. During the oil boom years when the State coffers were flush with cash, acquisitions were

routine. However, in recent years funding has not been available. Per Mr. Menefee, budgets are simply too tight to even prioritize a wish list. Mr. Dave Stevens, Chief of Policy and Planning for the Division of Parks, indicated that returning strategic private lands to public ownership is no longer a priority due largely to the lack of funding but also due to the vast amounts of acreage in Alaska that are already reserved or under some form of protection.

An occasional funding source for a super-strategic site is the exception. For example, the State Department of Fish and Game, operating independently of the Division of Parks, acquired the site of the old Sportsman's Lodge on the Kenai River at its confluence with the Russian River. The site was purchased to create parking and a public boat launch facility. Nearly all of the funds were provided by a Federal program and the State's participatory contribution was minor. In summary, demand by public agencies is extremely limited and as a sub-market, it is inadequate for purposes of estimating market value.

### **Rural Residential**

There is a limited market for relatively small parcels that have been created as the result of dividing 160-acre homesteads and native allotments. Forty acres is one of the most commonly observed sizes of semi-remote rural properties in the Matanuska-Susitna Valley and on the Kenai Peninsula. Although there have been several recent market transactions in these locales, there is a dramatic oversupply that is expected to continue to deter subdividers for an extended term.

Where lots are truly remote, demand for homesites is not measurable. Numerous remote recreational lots, both waterfront and non-waterfront, are available and would be suitable for rural residents. Ms. Laurie Shafer, a developer of 227 on Latouche Island in Prince William Sound (currently owns 44 unsold lots), reported that only two year-round residences have been constructed on the 227 lots since the mid-70s. One of those is vacant. The lack of road access to most areas of the Sound tends to be a limiting factor and the market for rural homesites in the subject neighborhood is nearly non-existent.

### **Marine-Commercial**

In recent years there has been a shift from on-shore to offshore processing facilities. The number of small set-net sites is perceived to be adequate because there is a fixed number of permit holders. Pioneering efforts in oyster farming suggest a mariculture industry is evolving. Although initial indicators are promising, the potential is speculative and the economic feasibility has not yet been established. However, even if mariculture proves successful, on-shore sites are generally not required and increased demand is not anticipated at this time. In summary, demand for marine-commercial uses is extremely limited.

### **Industrial**

Area logging operations typically require "log transfer stations/facilities"--a interim use of only a small amount of acreage. Mining activity in the Sound has been generally dormant for decades.

### **Summary**

There is an active but limited market for small parcels in most Alaskan locales. Supply typically exceeds demand so that no upward pressures on values should be anticipated in the foreseeable future. The majority of the data reflects purchases of waterfront sites for recreation use. For small denominations of 1 to 5 acres, local markets like Prince William Sound may be adequate for purposes of estimating market value. However, the data indicates that market activity decreases as site/parcel size increases. For larger denominations, the local market is inadequate and an expanded data search is necessary.



## **CONCLUSION--MARKET OVERVIEW**

The observations and findings of the Market Overview distinguish the Alaskan market from other regional markets. Common land uses that provide an economic basis for valuation elsewhere--are generally not physically possible in Alaska let alone economically feasible.

Acquisitions by various public agencies and the Exxon Valdez Oil Spill Trustee Council do not establish a market in Alaska that is sufficiently adequate to draw reliable indicators of market value for large tracts. "Transactions that occur in inadequate or insufficiently congruent markets, or between incompetent or ill-informed parties, are not by themselves indicative of market value, which must be estimated on some other basis if it can be said to exist at all."<sup>24</sup>

The complexity of the appraisal problem is compounded by an acknowledgment of these deficiencies and it is necessary to develop a methodology that meets a test of reasonableness.

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<sup>24</sup>. Jared Shlaes, MAI, "The Market in Market Value," *The Appraisal Journal* (10/84) 494-518.

## **HIGHEST AND BEST USE--General**

### **Fee Simple Surface**

*The following Highest and Best Use analysis is a general overview. The Highest and Best Use of each property is determined and stated in the individual analyses.*

Highest and Best Use is defined in the Tenth Edition of the Appraisal of Real Estate, Appraisal Institute, as:

"That reasonable and probable use that supports the highest present value, as defined, as of the date of the appraisal. Alternatively, highest and best use is the use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.

### **PERMISSIBLE USES**

Legal restrictions, as they apply to the subject tract, may include easements, zoning regulations, if any, and restrictions related to resource management of the Chugach National Forest. Limitations and/or restrictions that may impact the utilization of the subject property and ultimately market value, are discussed in the following subsections.

#### **Zoning**

The subject properties and the surrounding area do not lie within the boundaries of any organized taxing entity.

#### **Easements**

We were provided with a preliminary title report prepared by Stewart Title. Section 17 (b) easements affecting the subject properties are inventoried in the individual property descriptions. Their potential impact on Highest and Best Use is evaluated in the individual descriptions/analyses. Likewise, site and access easements for navigation aids are evaluated in the appropriate sections.

#### **Resource Management**

The subjects lie within the boundaries of the Chugach National Forest. However, development on private inholdings is not prohibited.

In summary, utilization of the subject to its Highest and Best Use is unrestricted.

## POSSIBLE USES

The subject properties exhibit a variety of topographical features and physical characteristics. It is likely that several land uses could be physically accommodated at various locations. Possible uses include:

preservation/public use	private community/colony
marine commercial	industrial (petro-chemical/mining)
private retreat	rural homesteads
private recreation subdivision	commercial recreation
forestry	

The probability of the possible uses listed are discussed in the following paragraphs.

### Preservation/Public Use

The subjects are suitable for public use and/or preservation/conservation but the probability of acquisition (for such uses) would be low. Public funding for large-scale acquisitions is generally not available. And, the efforts of private conservation groups are more likely to be directed to smaller strategic properties. Nevertheless, as a result of the Exxon Valdez Oil Spill, numerous parcels in Prince William Sound, the Kodiak Archipelago, and the Kenai Peninsula; have been targeted for acquisition by public agencies. The prioritization process included input from biologists, ecologists, archeologists and recreation specialists.

### Private Community/Colony

The community of Tatitlek is established on the mainland between Valdez Arm and Port Fidalgo. It is unlikely that community expansion would require any of the subject property in the foreseeable future.

In November of 1989, a remote oceanfront property on Afognak Island in the Gulf of Alaska, was purchased by a Russian religious group formerly known as the Old Believers. The site was comprised of two tracts totaling only 274 acres and valuable timber was reported to be a major component of the purchase price. Recently, a nearby 60 acre parcel was purchased by a related group. However, such purchases are rare and the probability of acquisitions for similar uses in the subject's locale is perceived to be low.

### **Marine Commercial**

In recent years there has been a shift from on-shore to offshore processing facilities. The number of set-net permits is fixed and no significant demand for support sites is anticipated. The need for shore-based facilities for an emerging mariculture industry is not evidenced at this time. In summary, the uses described are not probable.

### **Industrial (Petro-Chemical/Mining)**

As the subsurface estate is dominant, the presence of valuable resources could interfere with the intended use as well as limit Highest and Best Use; ultimately impacting the value of the surface estate. However, according to a special report prepared in conjunction with this assignment (see Addenda) there appears to be no economically significant subsurface resources on the subject properties. Related uses of the surface are not probable.

### **Private Retreat--Large Tracts**

We are not aware of any purchases, for this purpose, of large tracts of several hundred to several thousand acres. A 4,500 acre parcel on the northern tip of the Kenai Peninsula is promoted by a local broker as "perfect for major tourist wilderness resort, private hunting club, executive retreat, or private park". Situated within the Kenai National Wildlife Refuge, the tract features 4.5 miles of bluff on Cook Inlet and 36 lakes with a total of over 20 miles of shoreline. It has been offered for sale for nearly three years at approximately \$1,000 per acre. Alaska has vast amounts of land in the public domain. Much of it is accessible by the public and permitted uses often include hunting and fishing.

The June of 1995 option of approximately 1,400 acres (Six Mile Creek on Turnagain Arm/Kenai Peninsula) subject to a conservation easement suggests that such a market could emerge. However, the transaction does not meet the market test. The property was not exposed to the market and the option was reportedly acquired by an adjacent land owner that was motivated to secure his privacy and preserve the view shed. In summary, the pool of prospective private-use purchasers for large tracts of remote property in Alaska is perceived to be extremely small and the probability of such a use for the subject properties is low.

### **Rural Homesteads**

While select areas may be suitable for rural homesteaders, significant demand is not evidenced by the data. Few year-round residences have been established in remote areas of the Sound. At any given time, there are likely to be dozens of competing alternatives in various Alaskan locales--many offering a more favorable climate and convenience of access. In summary, the probability of rural homestead use is perceived as low.

### **Private Recreation Subdivision**

Given the limitations of access and generally harsh climatic conditions, it is likely that subdivided private recreation sites would prove to be the Highest and Best Use for only a handful of select locations within the boundaries of the subject properties. General market data suggests that the initial sales of the best waterfront lots should be brisk. Subsequently, lengthy marketing periods for unsold lots or resales should be anticipated. The marketing periods necessary to sell non-waterfront lots would likely be too lengthy to justify their creation.

The feasibility of a new subdivision in the Sound would depend heavily on planning. Area subdivisions to date have created several hundred "cookie cutter" lots containing 1 to 1.5 acres. The majority are held off the market but demand is generally low. Data from other Alaska locales indicate that some larger denomination may contribute to more favorable prospects. Assemblages suggest that smaller lots do not provide the separation associated with the "remote" quality.

### **Commercial Recreation**

Special-use permits and licensing to sportsmen, outdoor enthusiasts, or commercial guides, represents a possible source of income. However, user fees cannot begin to support even nominal per acre values for large tracts. In remote areas, sportsmen lodges are the most probable commercial recreation use of select sites.

Lodge operations are characterized by a high failure rate. And, the Sound would rate behind several other Alaska locales in terms of big game and sportfish. Nevertheless, the Sound offers opportunities. Also, trends in the visitor/recreation industry signal an emerging marketplace for non-consumptive formats such as sightseeing/photography, hiking, kayaking, etc. Eco-tourism is the new "buzz-word". In summary, it is likely that select locations would attract an entrepreneur. Strategic sites such as the mouth of anadromous stream, the confluence of two streams, or a lake's outlet; are the most probable.

### **Forestry**

Merchantable timber has been identified in select areas (see individual descriptions and analyses). Given current market conditions and nearby activity, operations are probable within the foreseeable future.

### **FEASIBLE USES**

For parcels with merchantable timber, forestry is likely to be the only economically feasible use that would support a measurable value for large tracts.

### CONCLUSION OF HIGHEST AND BEST USE

Although there is a reasonable probability that some or all of the subject parcels will be acquired for preservation/conservation, the intended use does not represent the Highest and Best Use.

Where merchantable timber is identified, forestry is likely to be the only economic use that will support a measurable value of a large parcel. Where timberlands are not in the path of development or marketing prospects are otherwise poor, timber buyers cannot commit substantial resources to the residual component (non-commercial acreage, non-timbered acreage, and cut-over land). In such a scenario, forestry would represent Highest and Best Use and the value of the acreage may be fairly represented by the estimated value of the timber. Such transactions are evidenced in the marketplace.

However; it is unlikely that a knowledgeable seller would "throw-in" acreage that may be well-suited for alternative uses shortly after the harvest is completed. Transactions in which only the timber rights are conveyed signal an acknowledgment that the residual component has some value. Arguably, the overall value of timberland includes a contribution of the residual component (non-timberlands and cut-over land).

In summary, Highest and Best Use can be fairly described as a combination of uses that may include forestry, private and/or commercial recreation, and speculation. The Highest and Best Use of each parcel is determined in the individual analyses.

ESTIMATE OF VALUE





## VALUATION PREMISE--Fee Simple

The "market" for similar large tracts of Alaska lands is inadequate for purposes of estimating the value of the subject. A sufficient quantity of data; qualifiable as adequate; is simply non-existent. Furthermore, within the foreseeable future, economic uses are likely to be supportable for select areas representing only a portion of the subjects' total acreage. Given the limitations, a creative, yet reasonable, approach is necessary to "get-at-the-answer".

As previously noted, the Highest and Best Use of the subject's can be fairly described as a mixed use. The value of merchantable timber has been estimated by Cascade Appraisal Services as of September 1, 1995. Our report must reconcile the estimated value of merchantable timber with non-timberland values supported by alternative uses.

There is a relatively large body of data for small parcels (<640 acres). The appraiser's task is to build a credible bridge from this data to the subjects (large parcels) while incorporating the conclusions of Cascade's timber appraisals. Three acknowledgments are central to our approach.

First; select areas within the boundaries of the subject are suitable for higher and better uses than other areas. In order to recognize the positive contribution of higher-value acreage to the value of the whole, an allocation of the subject parcel(s) into meaningful components is necessary. These components are valued first as non-timberland.

Second; the indicated values of non-timberland must be reconciled with the presence of merchantable timber, if any.

Third, an economic unit of acreage should be recognized--beyond which size adjustments are not supportable. Our valuation premise with regard to these acknowledgments is developed in the subsequent subsections.

## Allocation

Various land uses tend to gravitate toward desirable physical features (geographic/topographic) and/or concentrations of fish and wildlife resources. However, most often, all of the water frontage on any given remote Alaskan waterbody is not in private ownership (excepting native corporations) or otherwise utilized. This characteristic is due to a combination of factors. First, the majority of Alaska's remote lands are owned by government agencies and native corporations. Second, rugged topographical features render much of the waterfront acreage unsuitable for any use. Finally, and perhaps most significant; distance and often harsh weather conditions combine to deny practical access to the majority of would-be users.

Understandably, individuals would probably select the sites that provided the greatest utility. For many locales, only a limited amount of remote waterfront land can be expected to be utilized within the foreseeable future. Native village sites, individual Native Allotments, and private non-Native parcels in Prince William Sound represent only a tiny fraction of the total waterfront. On a larger scale, Native Corporations selecting their entitlements pursuant to ANCSA, typically avoided unusable acreage as much as possible. Usable waterfront uplands were obviously preferred to glacier-capped peaks and extensive wetlands.

Based on the typical land use patterns of most remote Alaska locales, our review of available data, our aerial inspection; the subject acreage consists of three components:

- "strategic" waterfront sites
- non-strategic waterfront acreage featuring favorable topography.
- low-utility land (non-strategic waterfront with unfavorable topography and contiguous backlands that are all effectively similar in terms of Highest and Best Use--wetlands, tundra, muskeg, mountains, and cut-over timberland).

*Note:* The overall values will not be summations of stand-alone components. Where appropriate, the component values will be adjusted for size to reflect their inclusion into the whole.

### Strategic Waterfront Sites

The geographic/physical feature most likely to attract a developer entrepreneur would be the confluence of anadromous rivers/streams; the outlet of a lake; or the mouth of a river/stream. Each strategic waterfront site identified within the boundaries of the subject would be allocated 160 acres--the unit of comparison used in the analysis. In the optimum configuration, the site would straddle the river/stream so that control of entry is maximized. In the event that one side of the strategic river/stream confluence or mouth is not owned by the owner of the subject; is subject to an easement; or reserved by the owner; only 80 acres will be allocated.

### Non-Strategic Waterfront Acreage Featuring Favorable Topography

This component is described as featuring favorable topography but without the strategic quality of a significant geographic/physical feature. This "second tier" acreage may be suitable for a variety of uses but would be at a disadvantage if "strategic" sites are available. We have estimated the acreage of this component as the distance of shoreline featuring favorable topography--times an average "depth" considered to be adequate for most probable uses of remote waterfront acreage. Topography is considered to be "favorable" when the initial 100 foot contour illustrated on the United States Geological Survey (U. S. G. S) quadrangle maps, is set-back a notable distance from the waterfront so that moderately sloping usable terrain is evident. One mile (5,280') of non-strategic water frontage featuring favorable topography, at an average depth of 1,320 feet, represents 160 acres; the unit of comparison used in our analysis. On the U. S. G. S quadrangle maps (topographical maps), one inch equals one mile. The subject's non-strategic water frontage featuring favorable topography is measured in 1/4, 1/2 and 1 inch increments.

### Low-Utility Land

This component is described as non-strategic waterfront acreage and contiguous backlands. It includes wetlands, tundra, muskeg, mountains, and cut-over timberland. For valuation purposes, all are effectively similar in terms of Highest and Best Use as of the date of valuation--generally unsuitable for any economic use other than long-term speculation (a recreation user-fee program may be a practical interim use). It is calculated as the total acreage; less the acreage allocated to the first two components.

## Reconciliation of Non-Timberland Values and Timber Values

The component values are developed as "non-timberland". If the component does not feature merchantable timber, the non-timberland value provides the highest return.

If the component features merchantable timber, realization of the "non-timberland" value is effectively deferred until after the harvest is complete. In such a scenario, the fee simple surface value would include the resource value plus the non-timberland value adjusted/discounted to reflect a temporary preclusion of alternative uses.

According to Mr. Clare Doig<sup>25</sup>, low brush would be evident within three years. Within five years, young trees would have topped the brush; stumps would be largely obscured. At ten years, second growth would be well on its way with heights of 10 to 12 feet. Mr. Sheal Anderson<sup>26</sup> indicated such a timetable is not unreasonable but that regeneration depends on several variables.

While cut-over land may be aesthetically unpleasant initially, regeneration will gradually improve appearances--eventually eroding the market advantage of uncut acreage. An adjustment that simulates a progressive restoration of values predicated on probable non-forestry uses is developed based on the following assumptions.

- There would be no upward pressure on land values (see Market Overview). In other words, the current value of non-timberlands is the future value.
- Based on input from Mr. Anderson and Mr. Doig, the restoration of non-timberland values (term/holding period) is estimated at ten years. However, where set-back requirements along riparian habitat (strategic sites) create a screening buffer, the term is reduced to five years.
- The discount rate applied is 9%--the mid-point of the predominant range of required rates of return on land (8% to 10%).

The adjustments are calculated in the following table.

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<sup>25</sup>. Forest & Land Management Inc., (Anchorage, AK). Telephone interview on 4-19-96

<sup>26</sup>. Anderson & Associates, Inc., (Port Hadlock, WA). Telephone interview on 4-20-96

	<u>Clear-Cut</u>	<u>w/Buffer</u>
Future Value of \$1	\$1	\$1
Holding Period in Years	10	5
Required Rate of Return	9%	9%
Present Value	\$0.42	\$0.65
PV as a percentage of FV	42%	65%
Indicated Downward Adjustment	58%	35%

The adjustments would apply only to the first two components. The third component (low-utility) land includes cut-over land so that merchantable timber, if any, represents an add-on contribution.

## Size

Most real estate markets recognize that per acre values decrease as parcel sizes increase. This is particularly true in counties, boroughs, and municipalities where the process of subdividing larger parcels into marketable denominations has become both time consuming and expensive.

In appraisals of large tracts of remote Alaska land, a consideration for size is likely to be the most significant source of disparity. Where adequate data is plentiful, reliable size adjustments can be extracted. However, legitimate market driven demand cannot be substantiated for either 1,000 acres or 10,000 acres. As a result, a sufficient quantity of adequate data is not available to support size adjustments beyond what is reflected by the sales of relatively small parcels (<1 section; 640 acres).

In depressed or oversupplied markets, asking prices typically adjust downward to levels supported by the anticipation of future benefits. There is surely a price at which large tracts of apparently limited-utility remote acreage would sell. However, the price that would prove to be a sufficient incentive to attract a speculator or developer/entrepreneur to the subject as a whole--within a reasonable marketing period--is nearly impossible to predict. Available market data indicates that the most marketable denominations of acreage are 160 or less. However, a sell-out of thousands of acres in a subdivision approach is too speculative to be considered reasonably probable within any foreseeable time period.

To reflect considerations for progressively larger tracts, an appraiser may develop adjustments based on a mathematical model. However, analyses of size-to-price relationships typically confirm that downward size adjustments do not increase in uniform increments corresponding to increases in parcel size. Rather, their magnitude tends to diminish toward a point (size) from which further adjustments are not supportable.

This is a significant acknowledgment. Identifying that "point" as a recognized unit in terms of acreage, would serve two primary purposes. First, the potential for unsupportable theoretical adjustments to skew the analysis would be avoided. Second, the potential for serious inequities would be minimized.

There is a sufficient number of 40, 80, and 160-acre sales from which to observe and measure relationships of size to price. Given the obviousness of these relationships, it would be unreasonable to speculate that the market would not recognize a further adjustment from 160 acres to 320. In other words, recognizing 160 acres as that "point" would be inappropriate. In order to reflect the relationship between market reality (40, 80, & 160 acre parcels are marketable) to improbable scenarios (bulk sales of hundreds/thousands of acres), it is necessary to recognize a larger unit of acreage as that "point".

We are not aware of any entity in Alaska that would require a formal platting or subdivision procedure in order to recognize the conveyance of a single section (640 acres) from an arbitrary or informal assemblage. Based on our observations, one section (640 acres) appears to be an appropriate benchmark for our analysis. One section (640 acres) is a recognizable, conveyable unit and its relationship to smaller parcels, in the form of size adjustments, can be established from available data. Furthermore, the disposition of 640 acres, either in bulk, or in more marketable denominations, is a reasonably foreseeable event. For the purpose of the assignment, we recognize one Section (640 acres)--as the point above which marketing probabilities, and ultimately further size adjustments, become philosophical.

## ESTIMATED VALUE OF NON-TIMBERLANDS

There are a number of acceptable procedures that can be used when valuing land. "Sales comparison is the most common technique for valuing land and it is the preferred method when comparable sales are available".<sup>27</sup> The Direct Sales Comparison Approach involves the comparison of the subject to similar properties that have been recently sold. Sales of similar properties are correlated to the subject by adjusting for various inequalities on an item by item basis. Elements of comparison considered to be the most relevant to the valuation of the subject are summarized as follows:

- financing terms
- market conditions (sale date)
- real property rights conveyed
- conditions of sale (motivation)
- physical features and characteristic
  - location
  - access
  - soils and topography
  - size
  - shape

As previously noted, the subject acreage is considered to consist of three components:

- "strategic" waterfront sites
- non-strategic waterfront acreage featuring favorable topography.
- low-utility land (non-strategic waterfront with unfavorable topography and contiguous backlands that are all effectively similar in terms of Highest and Best Use--wetlands, tundra, muskeg, mountains, and cut-over timberland).

Each component requires an individual analysis but the overall values will not be summations of stand-alone components. Where appropriate, the component values will be adjusted for size to reflect their inclusion into the whole.

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<sup>27</sup>. Appraisal Institute, *The Appraisal of Real Estate*, Tenth Addition (1992) 302.



## Methodology

Several large parcels are the subjects of this assignment and each may include one, two, or all three of the components identified. A master valuation of representative acreage and a correlation to the individual properties is considered to be an appropriate approach.

For the first two components, we have estimated the value of hypothetical premium "key parcels". Correlation to the subjects will be based on the recreation/tourism ratings of the EVOS Restoration Team Habitat Protection Work Group ("low", "moderate", and "high"). The recreation/tourism rating represents the only injured resource/service that directly relates to an economic use of the land--a necessary element to the determination of Highest and Best Use. It is not unreasonable to conclude that properties rated "high" would have a market advantage over a similar property rated "low". Ratings/rankings are summarized in the following table.

<u>EVOS ID</u>	<u>Geographic References</u>	<u>Overall</u>	<u>Rec./Tour.</u>
TAT 01	Bligh Island, Busby Island	High	Moderate
TAT 02	Sawmill Bay	Moderate	High
TAT 03	Heather Bay, Emerald Cove, Columbia Bay	Moderate	High
TAT 04	Galene Bay	Moderate	Moderate
TAT 05	Bidarka Point	Moderate	Low
TAT 06	Sunny Bay, Whalen Bay	Low	Low
TAT 07	Snug Corner Cove, Two-Moon Bay, Goose Isl., Hell's Hole	High	High

The utility of the third component is so limited that value is not likely to be sensitive to the Work Group ratings. In our analysis, one representative value estimate for this component will be universally applied.

The allocated components do not represent stand-alone sites/parcels. In order to reflect the component's inclusion into the whole, a consideration for size will be applied where appropriate.

Where the property interest to be appraised is a proposed Conservation Easement, its value will be measured as the difference between values in the "before condition" (fee simple surface) and the "after" condition" (subject to the proposed easement).

## **VALUATION - STRATEGIC WATERFRONT SITES**

### **(as non-timberland)**

A general description of the hypothetical strategic "key parcel" is summarized in the following paragraphs.

#### Location

The "key parcel" is remote with primary access by float plane. The locale is generally described "world class" with regard to the relative quality of recreational opportunities offered. For the purposes of our analysis, "world class" is synonymous with the Work Group's recreation/tourism rating of "high.

#### 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 more similar to the subject with regard to possible uses--including further subdividing into more marketable parcels. There is a sufficient quantity of data for parcel sizes approximating 160 acres and we have used this unit of comparison in our analysis.

#### Shape

An favorable shape is generally described as featuring extensive water frontage suitable for further subdividing opportunities.

#### Strategic Feature

The geographic/physical feature most likely to attract a developer entrepreneur would be the confluence of two anadromous 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/Soils

Favorable topography/soils is described as moderately sloping with a high percentage of usable uplands.

**SUMMARY OF COMPARABLE SALES**  
**STRATEGIC WATERFRONT SITES**

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
C-1	Southeast	William Henry Bay	9-87	\$149,500	159.99	\$934
C-2	Southeast	Windham Bay	12-88	\$85,000	98.50	\$863
S-1	Kodiak	Terror Bay	6-91	\$470,000	151.21	\$2,500
C-3	Western	Nushagak River	7-93	\$200,000	80.00	\$2,500
C-4	Western	Nonvianuk River/Lk	7-93	\$229,000	119.99	\$1,908

**DESCRIPTION OF COMPARABLES**

Comparable No. 1 - William Henry Bay, Southeastern Alaska (9/87)

This parcel was an old homestead (1917) located approximately equi-distant (35 miles) from Haines and Juneau at the head of a small bay off the Lynn Canal. The area is located within the boundaries of the Tongass National Forest. The parcel features only 1,799 feet of ocean frontage. However, the Beardslee River flows through the parcel so that water frontage is considered to be extensive. The river supports runs of Coho, Pink, and Chum salmon and Dolly Varden Trout. Merchantible timber, if any, was apparently not a factor and the oil and gas rights were not conveyed. A tidal flat restricts boat access at low tide. Approximately 60% to 70% of the site is fairly flat bottom land with the remainder fairly steep. The parcel was purchased for subdivision into 61 sites. Information regarding market exposure was not available.

Comparable No. 2 - Windham Bay, Southeastern Alaska (12/88)

Windham Bay is situated off Stephens Passage approximately 65 miles southeast of Juneau. The area is located within the boundaries of the Tongass National Forest. Located at the head of Windham Bay, this parcel consists of five contiguous mining claims dating to 1890. Several anadromous streams flow into the Bay. The parcel features only 1,330 feet of ocean frontage. However, Spruce Creek meanders through the parcel so that water frontage is considered to be extensive. A tidal flat restricts boat access to the creek's channel at low tide. The topo maps indicate a generally level site with moderate to steep slopes on either side of the creek. Although partially wooded, merchantible timber was

apparently not a factor and the oil and gas rights were not conveyed. The acreage was reportedly purchased for recreational gold panning and as a possible future lodge site. The offering sold within a six month exposure period with a real estate broker.

Supplemental Data No. 1 - Uganik Passage, Kodiak Island, Alaska (6-91)

This former homestead is situated on Terror Bay in the Uganik Passage approximately 30 air miles southwest of the City of Kodiak. Primary access is by floatplane. A marine route from Kodiak would be approximately 95 miles. The site offers protected waters and features extensive ocean frontage at the outlet of a small anadromous stream. The locale is outside the areas rated by the Work Group but located between areas with recreation/tourism ratings of "high" (KON01) and "moderate" (AJV06). Topography ranges from moderate to steep slopes. The site features extensive frontage in relation to depth. No merchantable timber is located on the site and only the surface estate was conveyed. The homestead was improved with an older house and miscellaneous outbuildings. The adjusted cash equivalent value reflects an allocation for the site (as vacant).

This site was an inholding acquired by the United States Fish and Wildlife Service. Some elements of a market transaction were evident. The property had been exposed to the market for an extended period. While the property was listed for \$1.8 million, the Service offered \$468,000. The offer was rejected and the asking price was later reduced to \$1 million. After a listing period of one year, the price was further reduced to \$550,000--toward a price considered to be reasonable by the Service. The negotiated price was reportedly supported by an appraisal.

The market history represents a classic example of an overly optimistic price adjusting toward a supportable market price. Obviously a substantial adjustment would be necessary to effect a market sale within a reasonably predictable marketing period. But that price is not represented by a public agency's interruption of the adjustment process. Although the agency went by the book, the transaction represents a project-related acquisition pursuant to a non-economic motivation--consolidation of Refuge lands and the prevention of incompatible development.

The transaction provides only an indicator of what a willing seller would sell for given knowledge of the agency's motivation and resources; not what a buyer, facing alternative choices, would pay to acquire a suitable site/parcel for a business operation, development, personal use, or speculation. In summary, the transaction can be given no weight in the analysis.

Comparable No. 3 - Nushagak River, Southwestern Alaska (7-93)

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.

Comparable No. 4- Nonvianuk River, Southwestern Alaska (7-93)

The Nonvianuk 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. The property was exposed to the market via the BIA process. No bids were received during the initial offering and the property was purchased during the subsequent listing period.

## EXPLANATION OF ADJUSTMENT PROCESS

### Financing Terms

The Adjusted Cash Equivalent Value reported in the table reflects previous considerations for terms of sale and allocations for improvements or non-realty components if any (see detailed "Comp Sheets" in addenda).

### Market Conditions (sale date)

The data reflects only spotty activity over a lengthy period of approximately six years. An adjustment for market conditions (time) during this period is not supported by the data and we have made no adjustment.

### Conditions of Sale (motivation)

Undue stimulus and/or atypical influences, if any, are considered in the Reconciliation of Adjustments.

### Real Property Rights Conveyed

The purpose of this appraisal is to estimate the market value of the surface estate. Most of the comparables reflect the conveyances of only the surface estate. If an allocation for the inclusion of subsurface rights can be determined by interviews with the buyers and sellers, downward adjustments will be made.

### Zoning

Neither the subjects nor the comparables are subject to zoning and we have made no adjustment.

### Physical Features and Characteristics

Physical features and characteristics include; location, access; soils and topography; size and shape. Due to the limited amount of data, it is extremely difficult to identify and apply reliable adjustments for various inequalities. Therefore, we have correlated the comparables to the subject in a qualitative analysis described by the Appraisal of Real Estate Tenth Edition as a "Relative Comparison Analysis". In this analysis, various physical features and characteristics are perceived as comparable/equal, superior or inferior. This technique illustrates the relative market position of the subject.

# MARKET DATA COMPARISON GRID

Element of Comparison	hypothetical "key" parcel	1	2	3	4
\$/Acre (Adj. CEV)	n/a	\$934	\$863	\$2,500	\$1,908
Market Conditions	1995	9-87 <i>(no adjust.)</i>	12-88 <i>(no adjust.)</i>	7-93 <i>(no adjust.)</i>	7-93 <i>(no adjust.)</i>
Conditions of Sale		no known undue stimulus or duress <i>(no adjust.)</i>	no known undue stimulus or duress <i>(no adjust.)</i>	no known undue stimulus or duress <i>(no adjust.)</i>	no known undue stimulus or duress <i>(no adjust.)</i>
Rights Conveyed	Fee Simple but no value to subsurface	Fee Simple Surface Estate <i>(no adjust.)</i>	Fee Simple Surface Estate <i>(no adjust.)</i>	Fee Simple Surface Estate <i>(no adjust.)</i>	Fee Simple Surface Estate <i>(no adjust.)</i>
Adjusted \$ Per Acre		\$934	\$863	\$2,500	\$1,908
Physical Features					
Location/Access	Prince Wm. Sound AK	Henry Bay, SE AK	Windham Bay, SE AK	Nushagak River, SW AK	Nonvianuk River, SW AK
Recreation/Tourism Rating (source)	"high" (Work Group)	"low" (appraiser) <i>(inferior)</i>	"low" (appraiser) <i>(inferior)</i>	"high" (appraiser) <i>(approx. =)</i>	"high" (appraiser) <i>(approx. =)</i>
Size	160 acres (typical)	159.99 acres <i>(equal)</i>	98.50 acres <i>(superior)</i>	80.00 acres <i>(superior)</i>	119.99 acres <i>(superior)</i>
Shape	extensive waterfront suitable for subdividing <i>(approx. =)</i>	extensive waterfront suitable for subdividing <i>(approx. =)</i>	extensive waterfront suitable for subdividing <i>(approx. =)</i>	extensive waterfront suitable for subdividing <i>(approx. =)</i>	extensive waterfront suitable for subdividing <i>(approx. =)</i>
Strategic Feature	straddles creek @ mouth	straddles creek @ mouth <i>(approx. =)</i>	straddles creek @ mouth <i>(approx. =)</i>	one corner of confluence <i>(inferior)</i>	river & lake frontage <i>(slightly inferior)</i>
Topography	moderate slope	30% to 40% steep slope	moderate to steep slopes	fairly level	fairly level
Soils	high % of usable uplands	high % of usable uplands	low % of usable uplands	high % of usable uplands	high % of usable uplands
Moorage	protected deep water	protected tidal flat <i>(inferior)</i>	protected tidal flat <i>(inferior)</i>	n/a (river) <i>(approx. =)</i>	n/a (river) <i>(approx. =)</i>
Intended Use		recreation subdivision	commercial recreation	commercial recreation	commercial recreation
Net Adjustment		Positive	Positive	Approx. =	Positive

### Reconciliation of Adjustments

The sales price indicators and the indicated overall adjustments are summarized as follows:

No.	Location	Date	Acres	\$/AC	Net Adjust.
3	Nushagak River, Western Alaska	7-93	80.00	\$2,500	Approx. =
key parcel		n/a	160.00	-----	-----
4	Nonvianuk River, Western Alaska	7-93	119.99	\$1,908	Positive
1	Henry Bay, Southeast Alaska	9-87	159.99	\$934	Positive
2	Windham Bay, Southeast Alaska	12-88	98.5	\$863	Positive

The comparables analyzed reflect a wide range of per acre indicators within which the subject is fairly represented. The considerations given the most weight in the adjustment process are discussed in the following paragraphs.

**Comparable Nos. 1, 2, 3 and 4** indicate a range of values for strategic sites from \$863 to \$2,500 per acre. Giving most weight to the recreation/tourism ratings, Comparable Nos. 1 and 2 are inferior and upward adjustments are appropriate. Comparable Nos. 3 and 4 effectively narrow the value range to \$1,908 to \$2,500 per acre. Both are recent sales of strategic sites in areas offering "world class" outdoor recreation opportunities. Both were purchased for commercial recreation operations and considered to be the most comparable to sites within areas rated "high" for recreation/tourism by the Work Group.

Comparable No. 4 is strategic in that it has both river and lake frontage. However, the quality of this feature is considered to be inferior to the subject "key parcel" and an upward adjustment is appropriate. Most weight is given to Comparable No. 3. The purchaser was a knowledgeable lodge operator and outdoor guide. He reportedly searched for three years before finding a site he considered to be optimum for his operation. Although the site is superior to the subject "key parcel" with regard to size, any downward adjustment is considered to be sufficiently offset by its occupation of only one corner at the confluence of two rivers. In contrast, the subject hypothetical "key parcel" represents an optimum configuration that straddles an intersecting creek/river so that control of entry is maximized.



In conclusion, it is our opinion that the value of the subject "key parcel" is fairly represented at \$2,500 per acre. Again, the subject "key parcel" is described as "world class" with regard to the relative quality of recreational opportunities offered. For the purposes of our analysis, "world class" is synonymous with the Work Group's recreation/tourism rating of "high".

### Correlation of the Key Parcel

Recognizing the topography of Comparable Nos. 1 and 2 is inferior to that of the subject "key parcel", their per acre indicators (\$863 & \$934) are considered to be below an appropriate range for the subjects. Based on this observation, strategic waterfront sites in remote locales are considered to be fairly represented within a range of per acre values from \$1,000 to \$2,500. Correlating the Work Group's recreation/tourism ratings with this range, the following per acre values are indicated.

Work Group Recreation/Tourism Rating	Indicated \$/Acre
"High" (hypothetical "key parcel")	\$2,500 per acre
"Moderate"	\$1,750 per acre
"Low"	\$1,000 per acre

### Size Adjustments

Size adjustments were developed in an analysis presented in the Addenda. They will be applied according to the following schedule.

<i>Strategic Waterfront Acreage</i>	<i>Size Adjustment</i>
$\leq 160$ acres	-23%
$> 160 \leq 320$	-28%
$> 320 \leq 480$	-32%
$> 480$	-36%

## VALUATION - NON-STRATEGIC WATERFRONT ACREAGE

*(as non-timberland)*

This component is described as featuring favorable topography but without the strategic quality of a significant geographic/physical feature. This "second tier" acreage may be suitable for a variety of uses but would be at a disadvantage if "strategic" sites are available. A general description of the hypothetical "key parcel" is summarized in the following paragraphs.

### Location

The "key parcel" is remote with primary access by float plane. The Work Group's recreation/tourism rating for the locale "high".

### Size

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 more similar to the subject with regard to possible uses--including further subdividing into more marketable parcels. There is a sufficient quantity of data for parcel sizes approximating 160 acres and we have used this unit of comparison in our analysis.

### Shape

An optimum shape is generally described as featuring a water frontage-to-depth ratio well-suited for further subdividing. One mile (5,280') of non-strategic water frontage featuring favorable topography, at an average depth of 1,320 feet, represents 160 acres; the unit of comparison used in our analysis.

### Topography/Soils

Favorable topography/soils is described as moderately sloping with a high percentage of usable uplands.

## MARKET DATA SURVEY

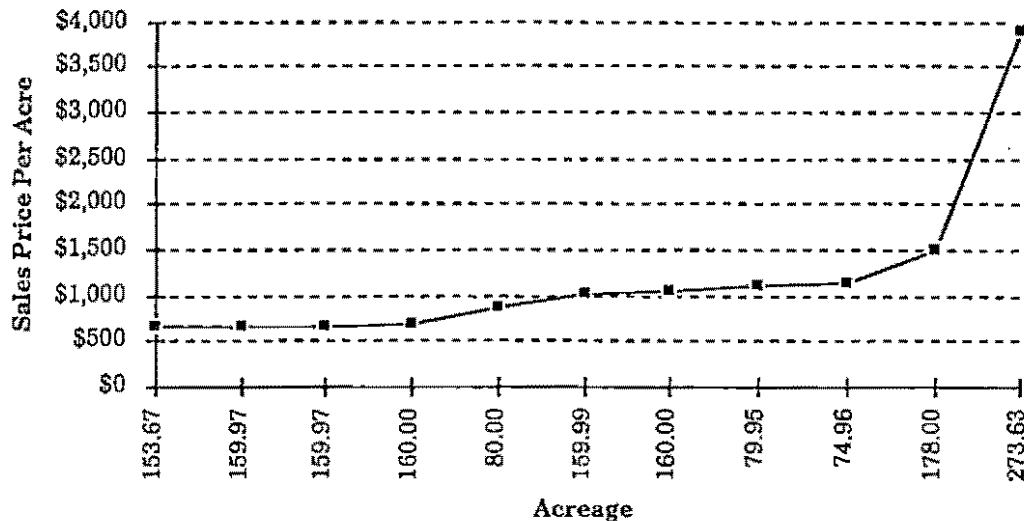
Comparables considered to be appropriate for the valuation of the subject will be selected from the following table. Details of the properties summarized are presented in the addenda of the report.

### NON - STRATEGIC WATERFRONT ACREAGE

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
S-11	Kodiak	Afognak Island	11-89	\$1,064,269	273.63	\$3,889
C-11	Cook Inlet - west	Chinitna Bay	8-90	\$85,101	74.96	\$1,135
C-12	SW AK.	Eagle Bay, Iliamna	6-91	\$70,000	80.00	\$875
C-13	Kodiak	Sturgeon River	7-92	\$108,167	159.97	\$676
C-14	SE AK.	Haines	7-92	\$100,000	153.67	\$651
C-15	SW AK.	Lake Aleknagik	7-93	\$90,000	79.95	\$1,126
C-16	SW AK.	Lake Clark	2-94	\$105,000	159.97	\$656
C-17	SE AK.	Stikine River	6-94	\$110,000	160.00	\$688
C-18	SC AK.	Chelatna Lake	8-94	\$165,000	159.99	\$1,031
S-12	Kodiak	Olga Bay	2-95	\$265,000	178.00	\$1,489
C-19	SW AK.	Iliamna River	8-95	\$170,000	160.00	\$1,053

## DATA SELECTION

The data summarized reflects an unusually wide range of value indicators; from \$651 to \$3,889 per acre. Determining the appropriate range for the subject is aided by charting the indicators.



The majority of the data (9 of 11 sales) is fairly consistent with general market norms--per acre prices increase as parcel sizes decrease. The nine transactions indicate a relatively narrow range from \$651 to \$1,126. The two indicators above this range are contrary--both reflected by larger parcels conveyed in transactions that do not meet the market test.

Supplemental Data No. 11 represents an assemblage of two contiguous parcels (127 & 147 acres) fronting on Raspberry Straights approximately 25 air miles northwest of the City of Kodiak. The topography is moderately sloping and the assembled site features extensive water frontage. A small creek runs through the property but the site is not considered strategic. The waters are protected but access is poor at low tide. The estimated value of merchantable timber was reported to be the major component of the purchase price. Only the surface estate was conveyed. However, the indicated price per acre is clearly an anomaly and can be given no weight. It is not supported by sales of either similar properties or strategic sites. The price was reportedly negotiated prior to appraisals indicating a value approximately 50% less. The property was not marketed prior to sale and the marketplace offered no alternatives suitable for the intended use; a private colony.

Supplemental Data No. 12 represents a 178-acre parcel recently acquired by the U. S. Fish and Wildlife Service (USFWS). The site offers extensive beachfront in a small semi-protected bay but access is complicated at low tide. Approximately 30% to 40% of the backlands are reported to be poorly drained. There is no merchantable timber on the property and the seller owned only the surface estate.

An October 1992 offer at \$1,742 per acre reportedly fell through. Subsequently, the property was offered either as a whole, or in smaller denominations, for \$2,528 per acre. A local listing broker reported no significant interest over a marketing period of approximately 2 years. Given the seller's acceptance of the recent offer by USFWS, it is not unreasonable to conclude these indicators were not supportable. Obviously a substantial adjustment would be necessary to effect a market sale within a reasonably predictable marketing period; but that price is not represented by a public agency's interruption of the adjustment process.

Although the agency went by the book and the transaction reflects elements of a market transaction (market exposure, arm's length negotiations); it represents a project-related acquisition pursuant to a non-economic motivation--consolidation of Refuge lands and the prevention of incompatible development. The transaction provides only an indicator of what a willing seller would sell for given knowledge of the agency's motivation and resources; not what a buyer facing alternative choices would pay to acquire a suitable site/parcel for a business operation, development, personal use, or speculation.

In summary, nine transactions reflecting arm's length negotiations establish a much narrower range--from \$651 to \$1,126. Recognizing the unit of comparison recognized in our Direct Sales Comparison, the smaller properties have been eliminated--narrowing the range to \$651 to \$1,053. In addition, we've eliminated Comparable No. 16. Although an arm's length transaction after exposure to the market, the seller's motivation may have influenced the sales price.

Based on our analyses, the following comparables are considered to be the most appropriate.

**SUMMARY OF COMPARABLE SALES**  
**NON - STRATEGIC WATERFRONT ACREAGE**

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
C-13	Kodiak	Sturgeon River	7-92	\$108,167	159.97	\$676
C-14	SE AK.	Haines	7-92	\$100,000	153.67	\$651
C-17	SE AK.	Stikine River	6-94	\$110,000	161.83	\$680
C-18	SC AK.	Chelatna Lake	8-94	\$165,000	159.99	\$1,031
C-19	SW AK.	Iliamna River	8-95	\$170,000	160.00	\$1,053

**Description of Comparables**

Comparable No. 13 - Sturgeon River, Kodiak Island, Alaska (7-92)

This parcel is situated at the head of a tidal lagoon where the Sturgeon River empties into the Shelikof Strait. The area lies within the boundaries of the Kodiak National Wildlife Refuge on the west side of the Island approximately 90 air miles southwest of the City of Kodiak. The "recreation/tourism" rating by the EVOS Restoration Team Habitat Protection Work Group for the general locale (KON06) is "low". Access by small boat is not practical and float plane access is limited to high tides. The site occupies a bench above the lagoon/river and is suitable for an airstrip. The water frontage in relation to depth is not favorable for extensive subdividing. There is no merchantable timber in the area and only the surface estate was conveyed. The site was purchased for a guided fly-in sportfishing operation. The property had been actively marketed for nearly five years and the eventual purchase price reflected unusually favorable terms.

Comparable No. 14 - Chilkat Inlet, near Haines, SE Alaska (7-92)

This site is located approximately 10 miles south of Haines on the opposite side of the inlet. The site lies within the Haines State Forest and Resource Management Area approximately 1 mile east of the base of Davidson Glacier. Access by small boat is practical but the site lacks protected moorage. The site features a beachfront and fairly level, wooded topography. Merchantable timber, if any, was apparently not a factor and oil/gas rights were not conveyed. The

property was purchased for speculation but the most probable use is recreation. However, water frontage in relation to depth is not favorable for extensive subdividing. The property had been listed with a Haines brokerage but the buyers reportedly negotiated directly with the seller.

Comparable No. 17 - Knig Slough off the Stikine River--SE Alaska (6-94)

This site is located on the west side of Farm Island approximately 12 miles northwest of Wrangell. The nearby Stikine River is famous for its steelhead run but the property was acquired by seven couples for a private duck-hunting camp. The property is reported to be approximately 80% wetlands. The quantity of timber is probably too small to be merchantable. The broker was unaware of the status of the subsurface rights but reported they were not an issue to the negotiations. The property had been listed with a local broker for approximately 2 weeks at \$120,000.

Comparable No. 18 - Chelatna Lake, west of Kahiltna Glacier - SC AK (2-94)

Chelatna Lake is situated at the base of the Alaska Range just west of the Kahiltna Glacier. Located on the Anchorage side of peripheral mountain ranges (100 miles northwest), the lake is easily accessible to large numbers of floatplane pilots, sportsfishermen and hunters. The lake is the source of Lake Creek a popular clearwater salmon and trout stream. There is no merchantable timber in the area and the oil and gas rights were not conveyed. The property was reportedly purchased for its subdivision potential. BIA had offered the property for over one year without success. The owner had it surveyed and platted into six sites and sold it (assembled) through an Anchorage broker after a market exposure period of approximately 60 days.

Comparable No. 19 - Iliamna River, NE end of Lake Iliamna - SW AK (8-95)

The site is located on the north side of the Iliamna River approximately 1.5 miles east of Pile Bay at the northeast end of the lake. The area is considered to be a "world class" trophy fishing and hunting area. There is no merchantable timber in the area and the oil and gas rights were not conveyed. The majority of the uplands are steep but the broker reports two or more marketable parcels could be created by replat. The buyer is developing a commercial recreation operation. BIA had offered the property but received no bids. The allottee subsequently listed the property with a broker for 60 to 90 days.

## EXPLANATION OF ADJUSTMENT PROCESS

### Financing Terms

The Adjusted Cash Equivalent Value reported in the table reflects previous considerations for terms of sale and allocations for improvements or non-realty components if any (see detailed "Comp Sheets" in addenda).

### Market Conditions (sale date)

All of the transactions summarized and analyzed occurred since mid-1992. An adjustment for market conditions (time) during this period is not supported by the data and we have made no adjustment.

### Conditions of Sale (motivation)

Undue stimulus and/or atypical influences, if any, are considered in the Reconciliation of Adjustments.

### Real Property Rights Conveyed

The purpose of this appraisal is to estimate the market value of the surface estate. Most of the comparables reflect the conveyances of only the surface estate. If an allocation for the inclusion of subsurface rights can be determined by interviews with the buyers and sellers, downward adjustments will be made.

### Zoning

With the exception of the comparable on Kodiak Island, none are subject to zoning. The Kodiak Island Borough zoning regulations do not adversely impact probable utilizations and we have made no adjustment.

### Physical Features and Characteristics

Physical features and characteristics include; location, access; soils and topography; size and shape. Due to the limited amount of data, it is extremely difficult to identify and apply reliable adjustments for various inequalities. Therefore, we have correlated the comparables to the subject in a qualitative analysis described by the Appraisal of Real Estate Tenth Edition as a "Relative Comparison Analysis". In this analysis, various physical features and characteristics are perceived as comparable/equal, superior or inferior. This technique illustrates the relative market position of the subject.



Element of Comparison	"key" parcel	12	13	16	17	18
\$/Acre (Adj. CEV)	n/a	\$676	\$651	\$680	\$1,031	\$1,053
Market Conditions	1995	7-92	7-92	6-94	8-94	8-95
		(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)
Conditions of Sale		no known undue stimulus or duress	no known undue stimulus or duress	no known undue stimulus or duress	no known undue stimulus or duress	no known undue stimulus or duress
		(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)
Rights Conveyed	Fee Simple but no value to subsurface	Fee Simple Surface Estate	Fee Simple less oil & gas rights	n/a	Fee Simple Surface Estate	Fee Simple Surface Estate
		(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)	(no adjust.)
Adjusted \$ Per Acre		\$676	\$651	\$680	\$1,031	\$1,053
Physical Features						
Location/Access	Prince Wm. Sound AK	Sturgeon River, Kodiak Isl. Alaska	Chilkat Inlet, SE Alaska	Knig Slough off Stikine River, SE Alaska	Chelatna Lake, SC Alaska	Iliamna River, SW Alaska
Recreation/Tourism Rating (source)	"high" (Work Group)	"low" (Work Group)	"low-mod." (appraiser)	"high" (appraiser)	"mod-high" (appraiser)	"high" (appraiser)
OVERALL		(inferior)	(inferior)	(approx. =)	(approx. =)	(approx. =)
Size	160 acres (typical)	159.97 acres (equal)	153.67 acres (equal)	161.83 acres (equal)	159.99 acres (equal)	160 acres (equal)
Shape	optimum for subdividing	< optimum for subdividing (inferior)	< optimum for subdividing (inferior)	< optimum for subdividing (inferior)	favorable for subdividing (slightly inferior)	< optimum for subdividing (inferior)
Topography	moderate slope	fairly level bench	fairly level	moderate slope	moderate slope	low bench before steep slope
Soils	high% of usable uplands	high % of usable uplands	high % of usable uplands	low % of usable uplands	high % of usable uplands	high % of usable uplands
Moorage	protected	protected	unprotected	protected	protected	protected
		(approx. =)	(inferior)	(inferior)	(approx. =)	slightly inferior
Intended Use	multi-use	commercial recreation	speculation	private recreation	recreation subdivision	commercial recreation
Net Adjustment		Positive	Positive	Positive	Positive	Positive

### Reconciliation of Adjustments

The sales price indicators and the indicated overall adjustments are summarized as follows:

No.	Location	Date	Acres	\$/AC	Net Adjust.
key parcel		n/a	160.00	-----	-----
C-19	Iliamna River, SW AK.	8-95	160.00	\$1,053	Positive
C-18	Chelatna Lake, SC AK.	8-94	159.99	\$1,031	Positive
C-17	Stikine River, SE AK.	6-94	161.83	\$680	Positive
C-13	Sturgeon River, SW Kodiak Isl. AK.	7-92	159.97	\$676	Positive
C-14	Haines, SE AK.	7-92	153.67	\$651	Positive

Ideally, comparables establish a bracketing range in a comparative analysis. However, although Comparable Nos. 18 and 19 are the most similar to the subject; they are perceived as slightly inferior and an upward adjustment is considered to be appropriate. A nominal upward adjustment of 10% indicates a per acre value of \$1,150 (rounded). Any argument for a higher adjustment is tempered by an acknowledgment of Comparable Nos. 11 and 15. Both were surveyed and analyzed but excluded from the comparative analysis because of their size--approximately one-half the size of the subject and the other comparables. These transactions reflect fairly consistent per acre indicators of \$1,126 and \$1,135. In conclusion, it is our opinion that the value of the subject "key parcel" is fairly represented at \$1,150 per acre. Again, the subject "key parcel" is described as "world class" with regard to the relative quality of recreational opportunities offered. For the purposes of our analysis, "world class" is synonymous with the Work Group's recreation/tourism rating of "high".

Comparable Nos. 13, 14, and 17 reflect fairly consistent indicators at the low-end of the range. Of those, No. 17 is the most recent and its \$680 per acre is supported by previous sales. However, the parcel exhibits several inferior qualities and the indicated per acre value is considered to be below an appropriate range for the subject. Nominal upward adjustments of 10% to 20% would establish the low-end at \$748 to \$816 for a 160 acre parcel. Based on these observations, \$800 per acre is considered to be the low-end of an appropriate range within which the subject is fairly represented.

### Correlation of the Key Parcel

The analysis establishes a general range of value from \$800 to \$1,150 per acre for non-strategic 160 acre parcels featuring favorable topography. The indicated per acre values reflect the influence of numerous variables. As such, the isolation of reliable considerations for location, size, and other physical features and characteristics; would be extremely difficult. In order to recognize the relationship of the various locales of the subjects to each other, we have correlated the Work Group's recreation/tourism ratings with the indicated range of values. The indicated values are summarized as follows:

Work Group Recreation/Tourism Rating	Indicated \$/Acre
"High" (subject "key parcel")	\$1,150 per acre
"Moderate"	\$975 per acre
"Low"	\$800 per acre

### **Size Adjustments**

Size adjustments were developed in an analysis presented in the Addenda. They will be applied according to the following schedule.

<i>Non-Strategic Wt f w/Favorable Topography</i>	<i>Size Adjustment</i>
≤ 160 acres	-23%
> 160 ≤ 320	-28%
> 320 ≤ 480	-32%
> 480	-36%

### VALUE ESTIMATE -LOW UTILITY LAND

Traditional land use patterns in coastal environments reflect concentrations along the waterfront. Individual Native allotments in coastal areas have been selected along the waterfront with rare exception--most often in protected waters near reliable food resources. The sales histories of remote waterfront subdivisions in most Alaskan locales confirm that demand for non-waterfront sites/parcels is little to none. Based on these observations, it is not unreasonable to conclude that remote backlands without merchantable timber have only a nominal value in relation to waterfront land. However, rugged topographical features render much of the waterfront acreage of no more utility than that of non-timbered backlands. The low-utility land component is described as non-strategic waterfront acreage and contiguous backlands. It includes wetlands, tundra, muskeg, mountains, and cut-over timberland. For valuation purposes, all are effectively similar in terms of Highest and Best Use as of the date of valuation--generally unsuitable for any economic use other than long-term speculation (a recreation user-fee program may be a practical interim use).

Adequate market data for truly similar remote Alaska properties is nearly non-existent. As a result, a direct comparison of "comparables" is not practical and a narrative evaluation is necessary. In this narrative, we have used data from various submarkets to identify, and then narrow, ranges considered to be appropriate for the subject.

#### > \$600 per Acre

We surveyed Mat-Su Borough records at the end of December 1995. Since 1991, only 16 sales of parcels exceeding 100 acres have been recorded. The average parcel size was 148 acres; the average price per acre was \$605. However, this indicator is skewed upward by the inclusion of several parcels with water frontage; and/or road access; and/or electricity--parcels suitable for an economic use. The indicated average per acre value is clearly above an appropriate range for the subject's low-utility land.

#### \$300 to \$600 per Acre

Several recent sales of similar-size parcels are summarized in the following table.

Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC	Remarks
SC AK.	Kasilof (Kenai Penin.)	8-90	\$60,000	151.00	\$397	inland parcel w/high % of unusable wetlands but contains upland lake front; physical access; purchased for rural homestead
SE AK.	Chilkoot R. (near Haines)	7-90	\$75,000	160.00	\$469	inland parcel touches river; physical access; purchased for private recreation
Int. AK.	Rampart Yukon River	5-91	\$50,000	157.67	\$317	river parcel w/high % of usable lands, good soils; physical access; purchased for rural homestead
SC AK.	Nikiska (Kenai Penin.)	7-91	\$96,100	152.91	\$628	inland lakefront parcel with no access; purchased by adjacent owner for rural homestead
SC AK.	Tonsina R. near Edgerton Hwy	11-91	\$49,000	160.00	\$307	inland river front parcel with physical access; purchased for private recreation
SE AK.	Chilkoot R. (near Haines)	12-91	\$90,000	160.00	\$563	inland parcel straddles river; physical access; purchased for private recreation
SC AK.	Fidalgo Bay - PWS	4-92	\$92,000	264.18	\$348	oceanfront with boat access
SC AK.	May Cr. Rd (near McCarthy)	7-93	\$52,000	120.00	\$433	non-waterfront inholding w/ physical access; purchased for private recreation
Int. AK.	Cosna R. near Manley Hot Springs Lot 1 USS 6437	9-94	\$50,000	159.98	\$312	inland parcel 3 miles west of Cosna river; physical access by ATV; floatplane;
Int. AK.	Cosna R. near Manley Hot Springs Lot 2 USS 6437	1-95	\$60,000	159.98	\$375	inland parcel 3 miles west of Cosna river; physical access by ATV; floatplane; purchased for rural homestead
Int. AK.	Cosna R. near Manley Hot Springs Lot 1 USS 6437	6-95 Pend.	\$65,000	159.98	\$406	inland parcel 3 miles west of Cosna river; physical access by ATV; floatplane; purchased by adjacent property owner
SW AK.	Bethel	7-95	\$66,000	146.36	\$451	non-waterfront parcel near community airport; purchased for speculation

The data establishes a general range from \$310 to \$630 per acre for homestead/allotment size parcels (160 acres). However, given the small size of these parcels in relation to the subject; and their suitability for a variety of uses improbable for the subject; the indicators are above an appropriate range for the subject. This contention is supported by a submarket on the Lower Kenai Peninsula--Alaska's best example of a free open market for sizable tracts of acreage.

### **\$200 to \$400 per Acre**

The sales summarized in the following table reflect an active market with numerous buyers and sellers. All are generally similar in that they have no improved access nor electricity. The properties were acquired for a variety of uses.

#	Location	Date	Adj. CEV	Acres	\$/AC	Intended Use
23	Anchor Point	8-90	\$450,000	2,220	\$203	recreation subdivision
24	Anchor Point	12-91	\$44,000	120	\$367	rural residential subdivision
25	Happy Valley	2-92	\$15,000	80	\$188	rural homesite
26	Anchor Point	10-92	\$105,000	480	\$219	recreation subdivision
27	Anchor Point	4-93	\$95,000	520	\$183	selective logging & subdivision
28	Anchor Point	5-93	\$70,000	361	\$194	selective logging & subdivision
29	Anchor Point	8-93	\$140,000	560	\$250	selective logging & subdivision
30	Homer	8-93	\$235,000	600	\$392	farm/ranch homestead

The properties are sufficiently different from the subject that a direct comparison of physical features and characteristics is not practical nor necessary. However, the data is meaningful because it establishes a range of per acre indicators for sizable tracts of land that are suitable for uses that assure a degree of marketability. The comparables reflect a range of per acre values from \$183 to \$392 per acre. Indicators reflected by these eight recent transactions are summarized in the following table:

Range	\$183 to \$392 per acre
Mid-Point of the Range	\$288 per acre
Mean	\$250 per acre
Median	\$211 per acre
6 of the 8 reflect indicators of	\$250 per acre or less
5 of the 8 fall within a narrow range from	\$183 to \$219 per acre

Again, these properties are suitable for economic uses improbable for the subject--suggesting that a range of \$200 to \$400 per acre is not supportable for this component (low-utility acreage).

This finding is confirmed by a related submarket. In the Caribou Hills area, Ninilchik shareholder sites are sought by both recreators and timber buyers. Since select cutting is the method of harvest, the cut-over land is still well-suited for use by snowmobilers for winter cabins. According to Dale Bagley, an agent with Freedom Realty in Soldotna; wooded 36.1 acres sites (net of ROWs) generally sell for \$16,000 to \$18,000--\$443 to \$499 per acre. Per Mr. Bagley, \$6,000 to \$8,000 allocations to the timber are well supported by recent transactions. The cut-over land--still wooded with birch and small diameter spruce--is marketable at \$10,000. The data is significant because the per acre indicator of \$227 ( $\$10,000 \div 36.1$ ) is reflected by a small denomination of acreage for which there is an active market--a superior characteristic to the subject's backlands. All of this activity has occurred on lands in close proximity to the State highway system that serves nearly 300,000 residents of Southcentral Alaska. Electricity lines and community services are nearby. Given the unusable nature of the majority of the subject's acreage (steep terrain, remote), per acre values above \$200 are not supportable for this component (low-utility acreage).

#### **\$100 to \$200 per Acre**

In Western Rocky Mountain states, the low-end of productive land uses is generally reflected by grazing. Per acre indicators typically range from \$35 to \$200 per acre. The feasibility of such operations in Alaska is not established in practice nor evidenced by an active market for such lands. The overwhelming majority of the subject's non-strategic waterfront and contiguous backlands consists of terrain generally unsuitable for any economic use. "Speculation" fairly describes the current Highest and Best Use of property types unsuitable for any other economic use--most wetlands, featureless tundra, mountains, and cut-over timberland. For such property types, economics dictate that only casual gambles of surplus capital can be justified for potential not likely to be realized in our lifetimes. The present value (investment) that can be justified for distant potential benefits is simply not measurable and only a nominal value may be supportable.

### \$50 to \$100 per Acre

Cut-over timberland, not in the path of encroaching residential or commercial development, may not be productive until trees near maturity--more than 50 years from re-seeding. Yet cut-over timberland may offer the most promising speculative prospects. At least the resource should regenerate given time.

The data in the following table reflects the perceptions of buyers of Alaska timberlands. Interviews with the purchasers reflect a range of indicators typically allocated to cut-over land.

#### SUMMARY OF COMPARABLE SALES CUTOVER TIMBERLAND ALLOCATIONS

#	Location	Date	Adj. CEV	Perceived Value of Timber	Acres	Residual Allocated to Cut-over Land
31	Prince of Wales Isl. in SE AK	1-89	\$650,000	\$650,000	138.60	\$0
32	Wadleigh Isl. near Klawock in SE AK	7-89	\$1,000,000	\$1,000,000	623.43	\$0
33	Edna Bay near Wrangell in SE AK	7-89	\$400,000	\$400,000	512.00	\$0
34	Johnson Creek near Juneau in SE AK	5-91	\$125,000	\$125,000	229.10	\$0
35	Copper Harbor in SE AK	12-91	\$800,000	\$800,000	340.70	*\$0
36	Fidalgo Bay near Valdez in PWS	4-92	\$92,000	\$52,000	264.18	\$50 to \$100
37	Gravina Island in SE AK	2-93	\$347,000	\$347,000	190.40	\$0 to \$100

*\*The buyer "...felt at the time of purchase that the timber had to pay the entire price with no particular residual to the cutover land or sub-surface mineral estate."<sup>28</sup> Subsequently, the cut-over parcel re-sold at \$735 per acre (5-94). The intended use was for a proposed hydro-electric project. However, the sales price should not be construed as an indicator of the market value for cut-over timberlands. The parcel was strategic to a particular use for which there were no suitable alternatives. The principal of substitution was absent and it is our understanding that the property was not exposed to the market prior to its resale. Given these circumstances, the transaction could be given little if any weight in a market value appraisal--particularly when a hydro project use is not probable for the subject.*

<sup>28</sup>. Reported by Charles Horan, MAI based on a November 12, 1992 interview with the buyer. Our March 1994 interview with the buyer confirmed Mr. Horan's analysis.



The data reflects a range of indicators from \$0 to \$100 per acre for cut-over timber land--a range of nominal values for land not likely to be productive or otherwise provide utility for an extended term.

We recognize that low allocations of value to cut-over land serve to minimize holding costs (taxes) for cut-over land. However, the available data indicates that market prospects for cut-over land are extremely poor and it is not unreasonable for buyers of Alaska timberlands to expect a satisfactory return of, and on, their investment--from the stumpage alone. The fact that the sellers did not retain ownership of the cut-over land supports the allocation.

Nevertheless, a zero value allocated to cut-over land is unrealistic. Remote speculative land in Alaska would have at least a novelty value. If nothing else, the future potential for cut-over land, however limited, represents a bonus or incentive that may cushion or minimize the risk of a volatile timber industry. It is not uncommon for timber volumes to prove less than original estimates.

Mr. Larry Blydenstein of MRGC Timberland (Comparable No. 37) indicated that \$100 per acre would represent the upper-end of a range of speculative values that could be attributed to remote cut-over land in Alaska. Mr. Rice, of Citigreen Inc. (Comparable No. 36) reported that his company usually assumes a residual value of between \$50 and \$100 per acres. Mr. Claire Doig, of Forest and Land Management Inc., (Seattle) is familiar with Comparable No. 36 and indicated that \$100 would represent the extreme high-end value that could be attributed to the cut-over land. The lengthy regeneration cycle typical of Alaska's timber and the lack of a market for cutover land (in Alaska) were cited as limiting factors.

The indicated range of \$50 to \$100 per acre is bracketed by the analysis of the recent acquisition of timberlands by the EVOS Trustee Council at Seal Bay and Tonki Cape on Afognak Island. The analysis reflects a range of values allocated to the cut-over timberland from \$0 to \$128 per acre depending on perspective. However, acknowledging the net result of the transaction, the upper-end of this range is not supportable.

In summary, it is not unreasonable to conclude that \$50 to \$100 per acre is an appropriate range of nominal values within which this third component is fairly represented. This range is supported by a recent lease of a large tract in the Matanuska-Susitna Borough (Southcentral Alaska) for a major ski resort. Comparable No. 38 is summarized in the following table.

#	Region	Neighborhood	Date	Adj. CEV	Acres	\$/AC
38	Southcentral	Hatcher Pass	1993	\$1,330,000	10,634	\$125

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 \$125 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 is approximately 300,000. 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 inclusion of strategic sites suitable for commercial and residential development. In this analysis, we are seeking only the value of the non-strategic acreage. Higher value components have been valued in previous sections.

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 lower range previously indicated--\$50 to \$100 per acre.

It would be difficult to support a higher indicator. When speculative prospects might be realized is unknown. The following table illustrates the future per acre values that must be obtained in order to support the seemingly low present value indicator of \$100.

PV (per acre)		\$100									
End of Year		<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>
FV Disc. @ 10%		\$110	\$121	\$133	\$146	\$161	\$177	\$195	\$214	\$236	\$259

### Summary

Based on our analyses and observations, it is our opinion that the value of this component (low-utility land) is fairly represented within a range from \$50 to \$100 per acre.

We acknowledge that there is a nominal price that someone would pay, even for non-productive land not likely to be suitable for any economic use for an extended term (other than speculation). However, it is difficult to further narrow this range.

On one hand we recognize the limitations imposed by remoteness, rugged topography, and harsh climatic conditions. Based on these observations, the low-end of the range may be more realistic. On the other hand, the price level that might attract speculative, if not novelty, investments in large tracts of remote Alaska acreage (say,  $\geq 640$  acres - 1 section), generally unsuitable for most economic uses, has not been suggested by any market "test" that we are aware of. Marketed offerings of remote Alaska land in large denominations are extremely rare--let alone revealing cases where the property is allowed to remain on the market, at periodically reduced prices, until its purchase can be justified by an economic use.

In conclusion, it is our opinion that \$100 per acre is an appropriate estimate of the nominal value of the subject's "low-utility land".

### Application to the Subject Parcels

The allocation to this third component is calculated as the remainder of the total acreage after allocations to the first two components. The utility of this component is so limited that value is not likely to be sensitive to the Work Group ratings or other physical inequalities. Therefore, one representative value estimate for this component will be universally applied. This nominal per acre estimate has not been adjusted for size because it was derived from comparables reflecting a range of parcel sizes that included bulk acreage.

### SUMMARY--"VALUATION KEY"

Representative values developed in the previous analyses are summarized in the following table.

		Ind. \$/Acre
<b><u>Strategic Waterfront Acreage</u></b>		
Work Group Recreation/Tourism Rating		
"High"		\$2,500
"Moderate"		\$1,750
"Low"		\$1,000
<b><u>Non-Strategic Wtf w/Favorable Topography</u></b>		
Work Group Recreation/Tourism Rating		
"High"		\$1,150
"Moderate"		\$975
"Low"		\$800
<b><u>Low-Utility Land</u></b>		\$100

Size adjustments were developed in an analysis presented in the Addenda. They will be applied to the first two components according to the following schedule.

<b><u>Non-Strategic Wtf w/Favorable Topography</u></b>	<b><u>Size Adjustment</u></b>
≤ 160 acres	-23%
> 160 ≤ 320	-28%
> 320 ≤ 480	-32%
> 480	-36%

We have made no adjustment for size to the indicated value of the third component. The nominal value estimate was derived from comparables reflecting a range of parcel sizes that included bulk acreage.

**INDIVIDUAL PROPERTY DESCRIPTIONS AND ANALYSES  
“BEFORE CONDITION”**



**SAWMILL BAY**  
**(Fee Simple Surface)**

**Location**

The Sawmill Bay parcel is identified by the EVOS Trustee Council as TAT 02. The subject parcel is located on the west side of Sawmill Bay approximately 18 air miles southwest of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 1,521.26 acres.

**Geography/Topography**

Sawmill Bay offers protected waters extending approximately 2 miles off the northwest side of Valdez Arm. The Bay is rimmed by steep mountainous terrain. The subject, occupying the west side of the Bay, is characterized by a jagged shoreline with a good gravel beach.

Topography varies from moderate to steep slopes. According to the U. S. G. S. topographical maps, the 500 foot contour occurs within 1/8 to 1/2 mile. Extreme elevations reach approximately 1,700 feet. Soils generally consist of a thin layer of organics over a base of bedrock. Semi-wet grassland and wetlands are evident on plateaus. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

Significant features include the confluence of Stellar and Fault Creeks and Devish Lake, a small fresh-water pond located approximately 1/3 mile inland at an elevation of approximately 100 feet.

## Easements

We were provided with a September 20, 1995 "preliminary commitment for title insurance" prepared by Stewart Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Patent No. 50-94-0172 are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 89 G	1 acre site easement	upland of the mean high tide line in Sec. 34, T9S, R9W, CRM, on the west shore of Sawmill Bay at the head of trail easement EIN 90 G.	
EIN 90 G	access trail	25' in width from site easement EIN 89 G westerly to public lands	proposed

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

## Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

## Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

## Wild and Scenic Resources

Stellar Creek provides spawning habitat for Pink and Chum Salmon. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 02	Moderate	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.



### **Highest and Best Use**

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber was estimated at \$1,050,000 as of September 1, 1995.

However, the subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. The north side Stellar Creek and Fault Creek is considered strategic for commercial recreation. The harvest plan map indicates a screening buffer along the riparian habitat. The strategic quality of the other side is diluted by a Sec. 17 (b) campsite easement but the topography offers some utility.



10-5-95 (SEC)

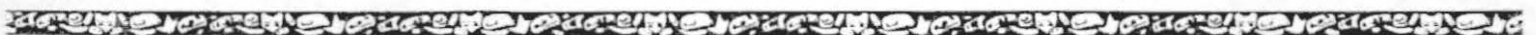
**SUBJECT PHOTOGRAPHS**



Looking north into Sawmill Bay over peninsula entering the Bay



Looking southwesterly at subject





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking westerly toward mouth of Stellar Creek and Fault Creek



Looking south along west shore of Sawmill Bay at abandoned cabin



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT02	PARCEL NAME: Sawmill Bay	SCORE: 51.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 3,200

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	Moderate	Four spawning streams.
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	Low	
DOLLY VARDEN	Low	
PACIFIC HERRING	High	Consistent documented annual spawning.
BALD EAGLE	Moderate	Important feeding area.
BLACK OYSTERCATCHER	Low	
COMMON MURRE	Low	
HARBOR SEAL	Low	
HARLEQUIN DUCK	High	Stellar Creek is important nesting and brood rearing area.
INTERTIDAL/SUBTIDAL BIOTA	High	Broad mudflats with extensive eelgrass. High productivity with lots of bivalves in mudflats.
MARBLED MURRELET	Moderate	Extensive old growth forest habitat provides potential nesting habitat. Murrelets observed in the area.
PIGEON GUILLEMOT	Low	
RIVER OTTER	Low	
SEA OTTER	Low	
RECREATION/TOURISM	High	Easily accessible by boat from Valdez. Highly visible to a large number of recreationalists.
WILDERNESS	High	Area remote; little or no evidence of human development.

## Allocation of Acreage and Valuation Calculations

Sawmill Bay

Work Group Recreation/Tourism Rating

Total Acreage

TAT 02
High
1,521.26 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

0.50 sites
0.75 miles

Unit

Acres

160

80

160

120

1,321.26

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

\$/Acre

Qty. (Acres)

Adj.

"High"

\$2,500

≤ 160 acres

-23%

"Moderate"

\$1,750

> 160 ≤ 320

-28%

"Low"

\$1,000

> 320 ≤ 480

-32%

> 480

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

\$/Acre

≤ 160 acres

-23%

"High"

\$1,150

> 160 ≤ 320

-28%

"Moderate"

\$975

> 320 ≤ 480

-32%

"Low"

\$800

> 480

-36%

Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

80 ac.

Indicated Price Per Acre

\$2,500

Merchantable Timber Identified

Yes

-35%

\$1,625

Indicated Value - Unadjusted for Size

\$130,000

Less: Size Adjustment

-23%

(\$29,900)

Indicated Value - As part of the whole

\$100,100

#### Non-Strategic Wtf w/Favorable Topography

120 ac.

Indicated Price Per Acre

\$1,150

Merchantable Timber Identified

Yes

-58%

\$483

Indicated Value - Unadjusted for Size

\$57,960

Less: Size Adjustment

-23%

(\$13,331)

Indicated Value - As part of the whole

\$44,629

#### Low-Utility Land

1,321.26 ac.

Indicated Nominal Price Per Acre

\$100

Indicated Value

\$132,126

Estimated Value of Acreage w/o Merchantable Timber

\$276,855

Add: Cascade's Estimate of Timber Value

\$1,050,000

Estimated Value (Fee Simple Surface)

(rd)

\$1,327,000

Indicated Overall Price Per Acre

\$872

**HEATHER BAY/EMERALD COVE**  
**(Fee Simple Surface)**

**Location**

This parcel is referenced by the EVOS Trustee Council as TAT 03--Columbia Bay. The subject parcel is located on the east side of Heather Bay approximately 25 air miles southwest of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the subjects area at 477.54 acres.

**Geography/Topography**

Heather Bay extends northeasterly from the main body of Prince William Sound. Emerald Cove offers protected waters along the east side of Heather Bay. The Bay and Cove is separated from Columbia Bay by Heather Island.

The Columbia Glacier, a major visitor attraction, is located at the head of the bay approximately 3 miles north of Emerald Cove. Nearby areas are chilled by the glacier and floating icebergs can be an obstacle to float plane access. Select areas feature a good gravel beach.

The topography slopes moderately from Emerald Cove. Backland elevations in the northern portion of the parcel reach approximately 1,000 feet within 1/2 mile from shore. Soils generally consist of a thin layer of organics over a base of bedrock. Semi-wet grassland and wetlands are evident on plateaus. Slopes are generally wooded. However, according to Cascade Appraisal Services Inc., the resource is not merchantible.

### **Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

### **Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### **Other Rights, Title, Interest, Claims, etc.**

No 14 (c) (1) claims are noted in the preliminary title report

### **Wild and Scenic Resources**

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 03	Moderate	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

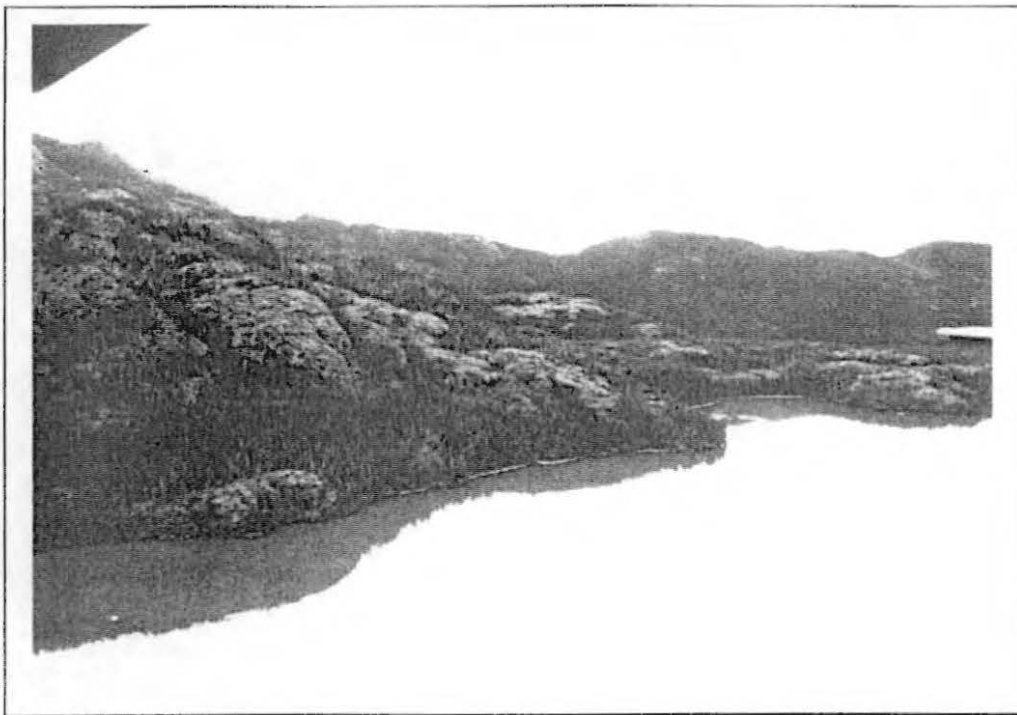
### **Highest and Best Use**

Cascade Appraisal Services, Inc., concluded that the timber resource is not merchantable. There are no strategic sites on the parcel but select areas feature moderately sloping beachfront topography and protected moorage. Private recreation use is the most probable use of this component. In summary, Highest and Best Use is a mixed use that includes private recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

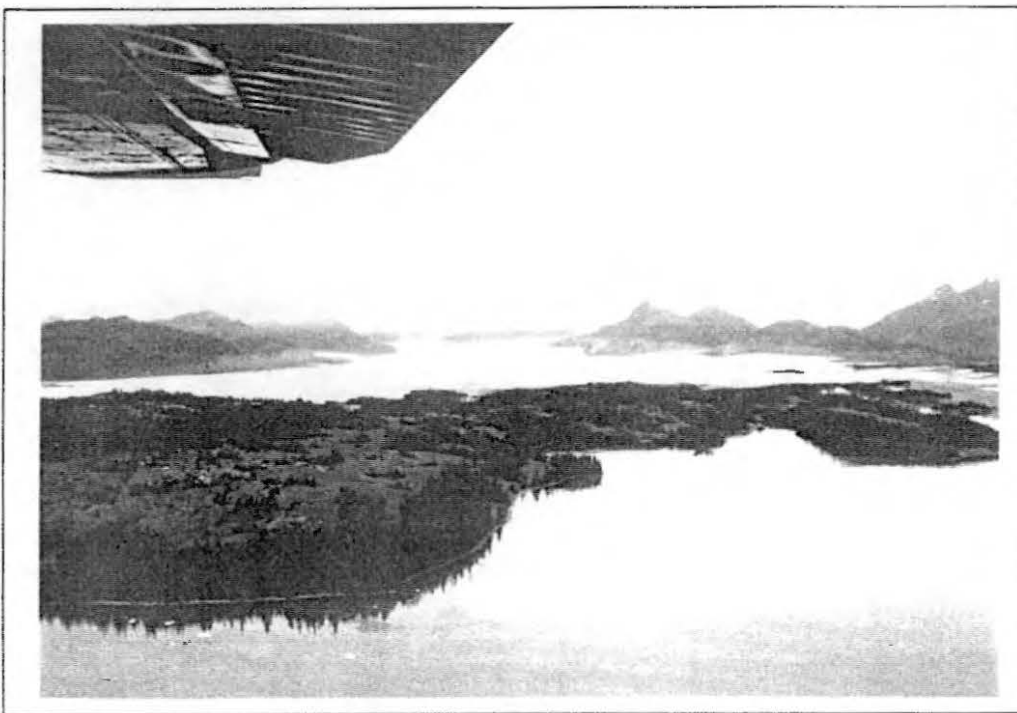


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking southwesterly at subject--Emerald Cove in right background at base of Round Mtn.



Above Emerald Cove looking north over Heather Island toward Columbia Glacier





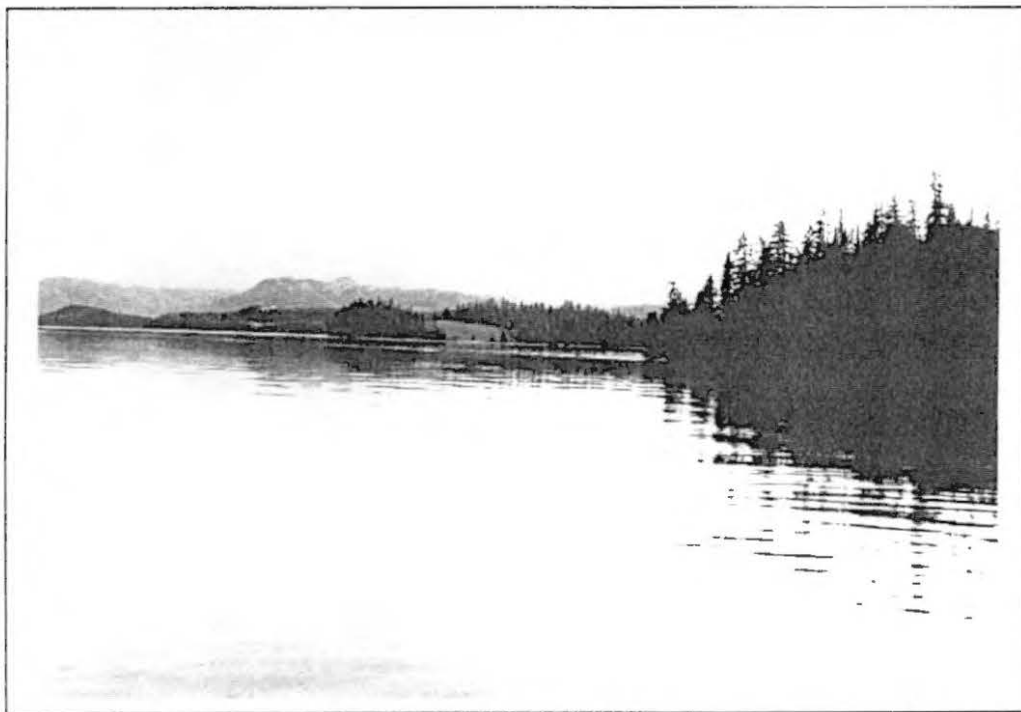


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking westerly along south shore of Emerald Cove



Looking northerly at north shore of Emerald Cove



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT03	PARCEL NAME: Columbia Bay	SCORE: 37.5
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 13,500

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	Moderate	Three documented spawning streams. Average density of streams on parcel; average productivity.
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	Low	
DOLLY VARDEN	Low	
PACIFIC HERRING	High	Consistent documented spawning.
BALD EAGLE	High	Highly concentrated eagle nesting area. Multiple nest sites.
BLACK OYSTERCATCHER	Low	
COMMON MURRE	Low	
HARBOR SEAL	High	Hauled out on ice floes in marine waters adjacent to parcel.
HARLEQUIN DUCK	Low	
INTERTIDAL/SUBTIDAL BIOTA	Low	
MARbled MURRELET	Low	
PIGEON GUILLEMOT	Low	
RIVER OTTER	Low	
SEA OTTER	High	Documented high concentration; pupping and feeding.
RECREATION/TOURISM	High	Established outfitter/guides; high tourist boat use for viewing Columbia Glacier; recreational boaters.
WILDERNESS	High	Little or no evidence of human development.

## Allocation of Acreage and Valuation Calculations

Heather Bay/Emerald Cove

Work Group Recreation/Tourism Rating

Total Acreage

TAT 03
High
477.54 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

		Unit	Acres
0.00	sites	160	0
0.75	miles	160	120
			357.54

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	≤ 160 acres	-23%
"High"	\$1,150	> 160 ≤ 320	-28%
"Moderate"	\$975	> 320 ≤ 480	-32%
"Low"	\$800	> 480	-36%

#### Low-Utility Land

\$100 n/a n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre	0 ac.	\$2,500
Merchantable Timber Identified	No	\$2,500
Indicated Value - Unadjusted for Size		\$0
Less: Size Adjustment		\$0
Indicated Value - As part of the whole		\$0

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre	120 ac.	\$1,150
Merchantable Timber Identified	No	\$1,150
Indicated Value - Unadjusted for Size		\$138,000
Less: Size Adjustment	-23%	(\$31,740)
Indicated Value - As part of the whole		\$106,260

#### Low-Utility Land

Indicated Nominal Price Per Acre	357.54 ac.	\$100
Indicated Value		\$35,754

Estimated Value of Acreage w/o Merchantable Timber		\$142,014
Add: Cascade's Estimate of Timber Value		\$0
Estimated Value (Fee Simple Surface)	(rd)	\$142,000

Indicated Overall Price Per Acre		\$297
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## **GALENA BAY--SOUTHSORE**

### **(Fee Simple Surface)**

#### **Location**

The Galena Bay parcel is identified by the EVOS Trustee Council as TAT 04. The subject parcel is located on the south side of the bay approximately 16 air miles southwest of Valdez.

#### **Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 1,684.75 acres.

#### **Geography/Topography**

Galena Bay extends approximately 6 miles off the east side of Valdez Arm. The Bay consists of three components: an outer bay; an inner bay inside "The Narrows"; and a lagoon at the head of the Bay. The Bay is rimmed by steep mountainous terrain. The subject occupies most of the southern shore of the outer bay and includes the peninsula that extends into the bay to form the narrows. The jagged shoreline includes gravel and rocky beaches.

Topography is steep with moderate slopes in select pockets. According to the U. S. G. S. topographical maps, the 1,000 foot contour occurs within 1/2 mile. Extreme elevations reach approximately 2,500 feet. Soils generally consist of a thin layer of organics over a base of bedrock. Semi-wet grasslands are evident on plateaus. Slopes are generally wooded. However, according to Cascade Appraisal Services Inc., the resource is not merchantable.

#### **Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

### **Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### **Other Rights, Title, Interest, Claims, etc.**

No 14 (c) (1) claims are noted in the preliminary title report

### **Wild and Scenic Resources**

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 04	Moderate	Moderate

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### **Highest and Best Use**

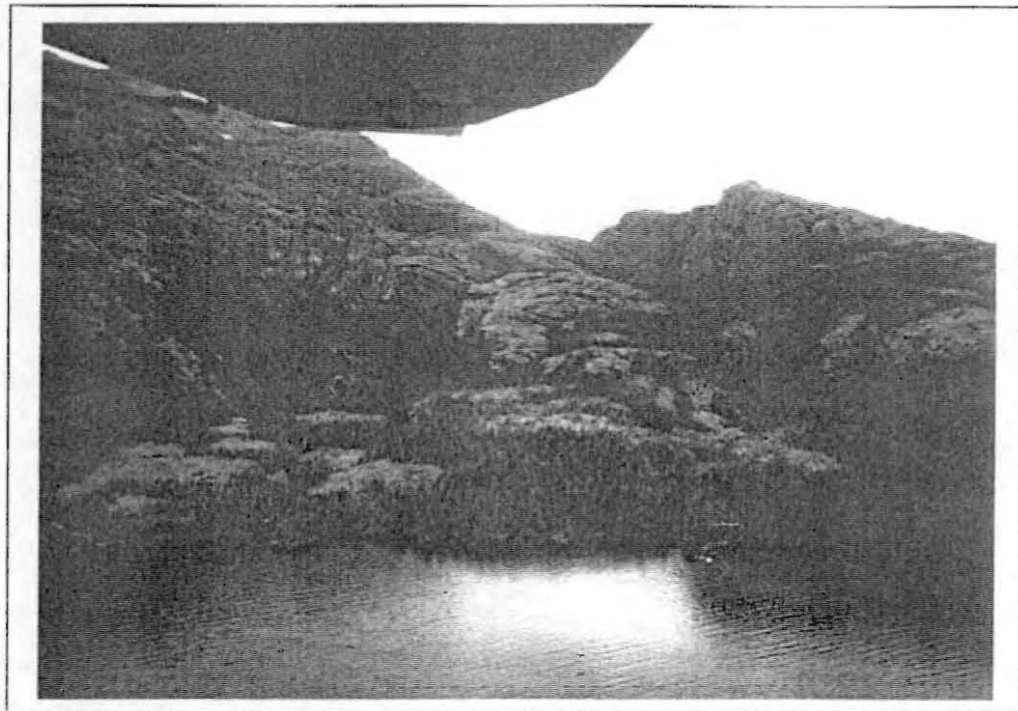
Cascade Appraisal Services, Inc., concluded that the timber resource is not merchantable. There are no strategic sites on the parcel but select areas feature moderately sloping beachfront topography and protected moorage. Private recreation use is the most probable use of this component.

In summary, Highest and Best Use is a mixed use that includes private recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

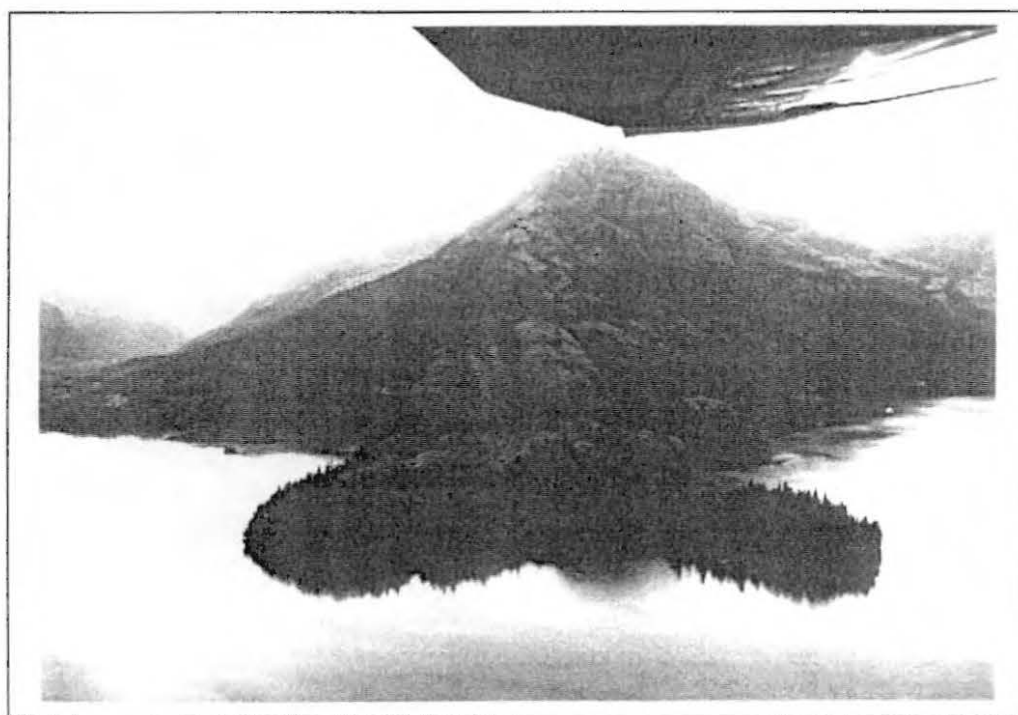


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking south at south shore of "outer" Galena Bay

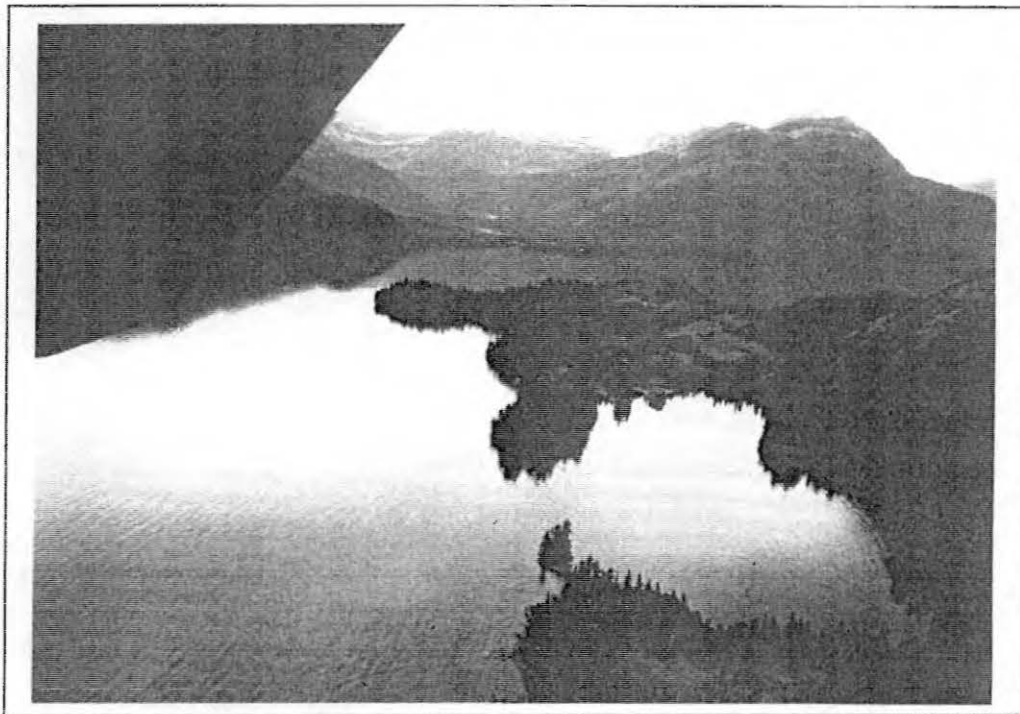


Looking south at peninsula separating "outer" and "inner" bays



10-5-95 (SEC)

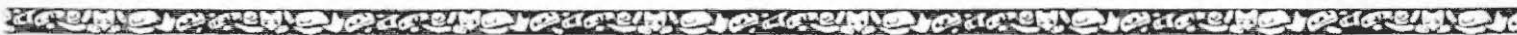
SUBJECT PHOTOGRAPHS



Looking northeasterly across peninsula at The Narrows--Indian Creek in distant background



Looking northeasterly from isthmus at the lagoon on the west side of the peninsula



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT04	PARCEL NAME: Galena Bay	SCORE: 36.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 13,200

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	High	Eight documented spawning streams.
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	Low	
DOLLY VARDEN	Low	
PACIFIC HERRING	High	Documented annual spawning.
BALD EAGLE	High	High concentrations of eagle; multiple nest sites.
BLACK OYSTERCATCHER	Moderate	Possible nesting; feeding in the area.
COMMON MURRE	Low	
HARBOR SEAL	Low	
HARLEQUIN DUCK	Low	
INTERTIDAL/SUBTIDAL BIOTA	High	Extensive shoreline with large lagoon salt chuck; rocky intertidal with associated kelp.
MARbled MURRELET	Moderate	Feeding in nearshore waters; probable nesting on parcel.
PIGEON GUILLEMOT	Low	
RIVER OTTER	Moderate	Numerous streams and lakes for feeding; rich intertidal area for feeding; potential latrine sites.
SEA OTTER	Low	
RECREATION/TOURISM	Moderate	Accessible by boat; adjacent waters used for recreational boating.
WILDERNESS	High	Little or no evidence of human use.



## Allocation of Acreage and Valuation Calculations

Galena Bay (south shore)  
Work Group Recreation/Tourism Rating  
Total Acreage

TAT 04
Moderate
1,684.75 ac.

### Allocation

		Unit	Acres
Strategic Waterfront Acreage	0.00 sites	160	0
Non-Strategic Wtf w/Favorable Topography	1.50 miles	160	240
Low-Utility Non-Timberlands			1,444.75

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$1,150	≤ 160 acres	-23%
"Moderate"	\$975	> 160 ≤ 320	-28%
"Low"	\$800	> 320 ≤ 480	-32%
		> 480	-36%

#### Low-Utility Land

\$100 n/a n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre	0 ac.	\$1,750
Merchantable Timber Identified	No	\$1,750
Indicated Value - Unadjusted for Size		\$0
Less: Size Adjustment		\$0
Indicated Value - As part of the whole		\$0

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre	240 ac.	\$975
Merchantable Timber Identified	No	\$975
Indicated Value - Unadjusted for Size		\$234,000
Less: Size Adjustment	-23%	(\$65,520)
Indicated Value - As part of the whole		\$168,480

#### Low-Utility Land

Indicated Nominal Price Per Acre	1,444.75 ac.	\$100
Indicated Value		\$144,475

Estimated Value of Acreage w/o Merchantable Timber		\$312,955
Add: Cascade's Estimate of Timber Value		\$0
Estimated Value (Fee Simple Surface)	(rd)	\$313,000

Indicated Overall Price Per Acre		\$186
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## **WHALEN BAY**

### **(Fee Simple Surface)**

#### **Location**

This parcel represents a portion of the acreage identified by the EVOS Trustee Council parcel as TAT 06. Whalen Bay is located on the south side of Port Fidalgo approximately 25 air miles south of Valdez.

#### **Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 1,980.69 acres.

#### **Geography/Topography**

Whalen Bay is a narrow finger extending approximately 2 miles inland from Port Fidalgo. The bay offers protected waters and gradual gravel beaches. The subject's acreage includes the slopes on both the north and south sides of the Bay plus approximately 3 miles of shoreline north of the Bay along Port Fidalgo.

The topography along the south shore slopes moderately to approximately 300 feet before rising abruptly to over 2,500 feet. Hillside vegetation consists of alternating patches of grass and stands of timber. On the north side, the shoreline topography and vegetation is similarly described. The slope of the backlands is less severe. The southern portion is characterized by steep wooded slopes beginning at the shoreline. Backland elevations rise to approximately 2,000 feet. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

#### **Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

### Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Pink Salmon are documented in a northside stream. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 06	Low	Low

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber was estimated at \$2,025,000 as of September 1, 1995.

* Whalen Bay Sec. 13 & 14 under option to Citifor--valued separately @	\$1,645,000
Whalen Bay timber owned by Tatitlek--allocated from "main block" @	<u>\$380,000</u>
Total Whalen Bay Timber	\$2,025,000

However, the subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation. Special-purpose licensing/permitting is a possible interim use.

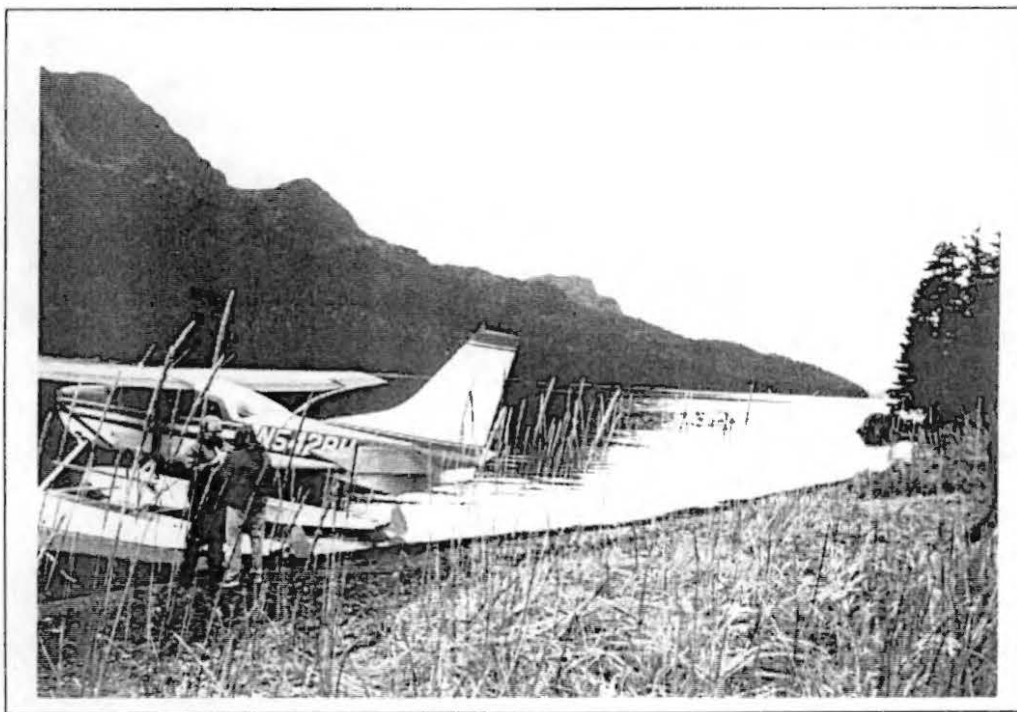


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking westerly along the south shore of Whalen Bay



Looking southwesterly from the north shore of Whalen Bay

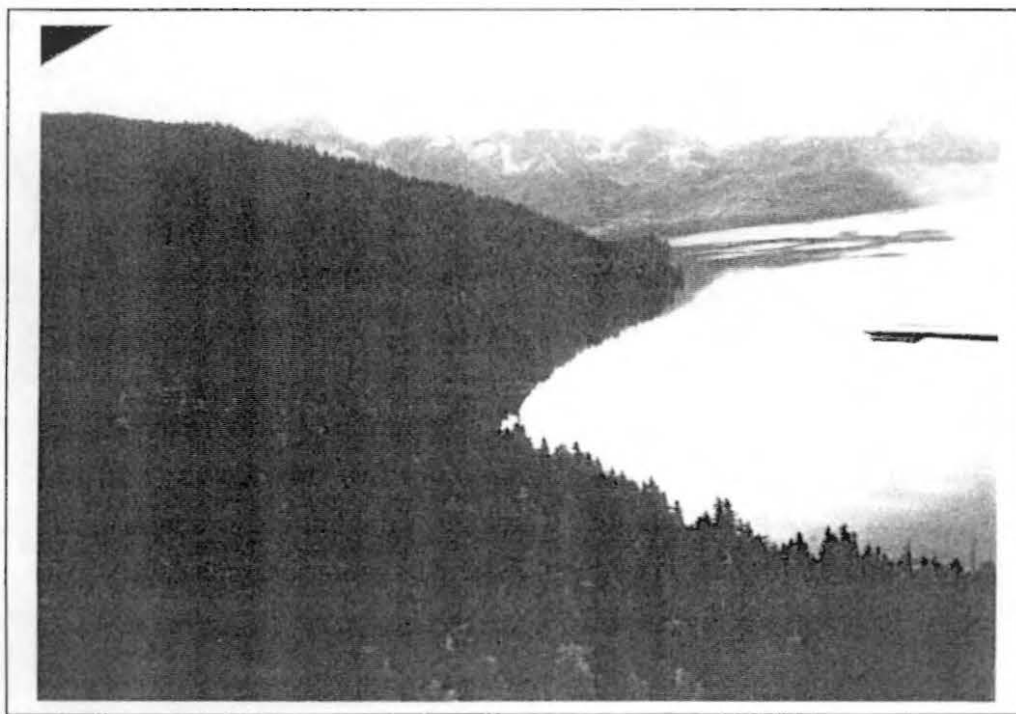


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking easterly into Whalen Bay along its north shore



Looking southwesterly along west shore of Port Fidalgo just north of Whalen Bay





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Demarcation line at eastern boundary of subject

## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT06	PARCEL NAME: Pt. Fidlaro	SCORE: 31.5
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 17,600

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	High	Twenty documented spawning streams.
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	High	Distributed throughout streams on parcel.
DOLLY VARDEN	High	Distributed throughout streams on parcel.
PACIFIC HERRING	High	Documented annual spawning .
BALD EAGLE	High	Concentrated nesting and feeding on parcel.
BLACK OYSTERCATCHER	Low	
COMMON MURRE	Low	
HARBOR SEAL	High	Documented haulout sites; feeding in nearshore waters.
HARLEQUIN DUCK	High	Fish Bay contains important breeding streams; shoreline feeding and brood rearing in bay.
INTERTIDAL/SUBTIDAL BIOTA	High	Extensive productive shoreline; numerous bays; diverse intertidal habitat types.
MARBLED MURRELET	Moderate	Habitat characteristics indicate possible nesting.
PIGEON GUILLEMOT	Low	
RIVER OTTER	Moderate	Probable latrine and denning; feeding.
SEA OTTER	Low	
RECREATION/TOURISM	Low	
WILDERNESS	Low	
CULTURAL RESOURCES	Moderate	Documented historic mining site.

## Allocation of Acreage and Valuation Calculations

Whalen Bay

Work Group Recreation/Tourism Rating

Total Acreage

TAT 06
Low
1,980.69 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

1.00 sites
2.50 miles

Unit

Acres

160

160

1,420.69

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

Qty. (Acres)

Adj.

\$2,500

≤ 160 acres

-23%

\$1,750

> 160 ≤ 320

-28%

\$1,000

> 320 ≤ 480

-32%

> 480

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

≤ 160 acres

-23%

\$1,150

> 160 ≤ 320

-28%

\$975

> 320 ≤ 480

-32%

\$800

> 480

-36%

Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

160 ac.

\$1,000

Yes -35%

\$650

\$104,000

-23%

(\$23,920)

\$80,080

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

400 ac.

\$800

Yes -58%

\$336

\$134,400

-32%

(\$43,008)

\$91,392

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

1,420.69 ac.

\$100

\$142,069

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

\$313,541

\$2,025,000

(rd) \$2,339,000

Indicated Overall Price Per Acre

\$1,181



**PORT FIDALGO**  
**(Fee Simple Surface)**

**Location**

The subject is a portion of the EVOS Trustee Council parcel TAT 07. The parcel is situated between Two Moon Bay and Irish Cove, on the north side of a peninsula extending into the sound between Port Fidalgo and Port Gravina--approximately 25 air miles south of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 724 acres.

**Geography/Topography**

The irregular shoreline offers good gravel beaches and protected moorage. The topography is described as coastal lowlands backed by moderate to steep uplands. Soils generally consist of a thin layer of organics over a base of sand/gravel and/or bedrock. The lowlands are predominantly semi-wet grasslands punctuated by random stands of timber. The steeper slopes that mark the eastern portion of the parcel are heavily wooded. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

**Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

**Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

**Other Rights, Title, Interest, Claims, etc.**

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Pink and Coho Salmon are documented in streams on the subject. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 07	High	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

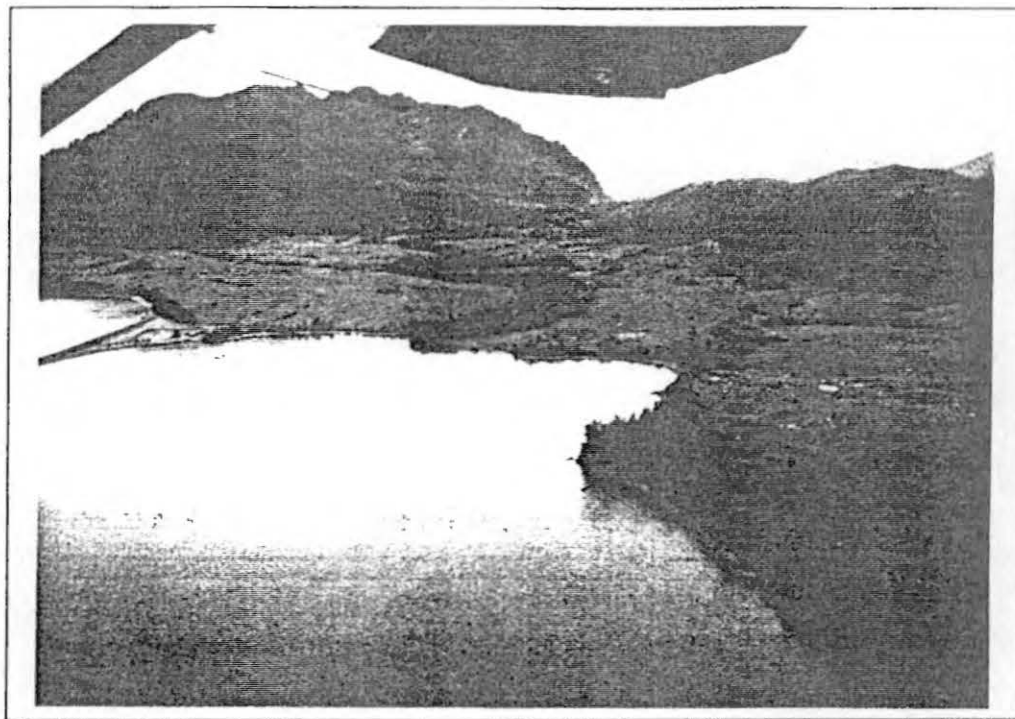
Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber is included in the Two Moon Bay timber appraisal of \$9,210,000. For the purpose of our analysis, we have made an allocation based on the subject's merchantable acreage as a percentage of the whole (3.73%). By this indicator, the allocation to the subject is \$343,533.

However, none of the merchantable timber is located on the site that would be considered strategic (mouths of stream). In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production", private and/or commercial recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

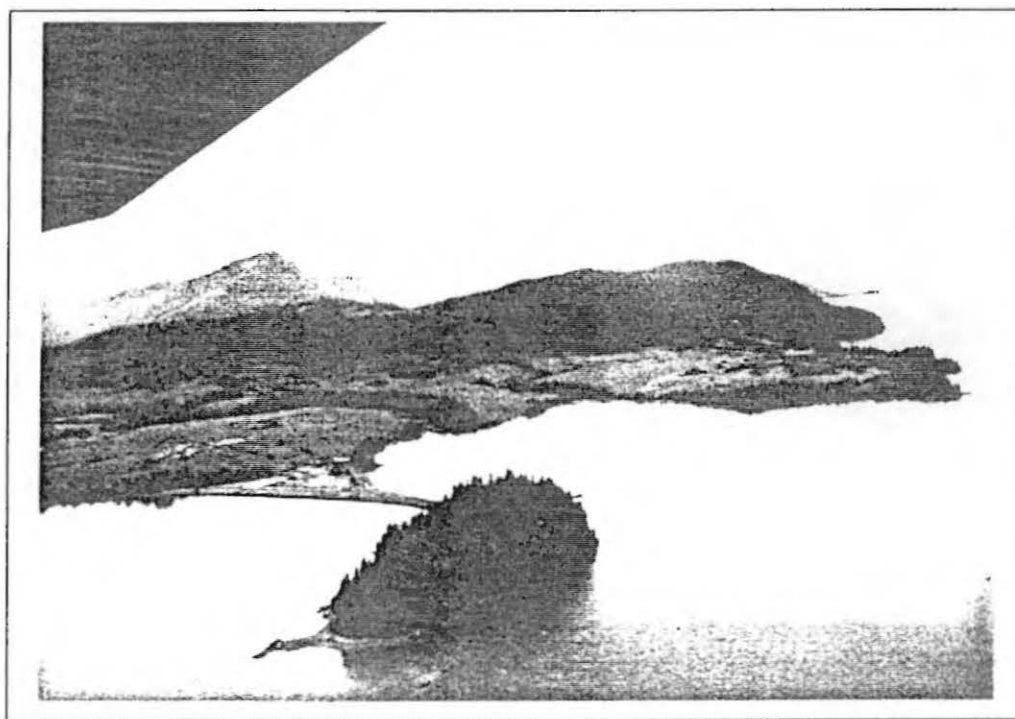


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking southeasterly along shore of subject



Looking southwesterly along shore of subject



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT07	PARCEL NAME: Two Moon Bay	SCORE: 70.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 32,500

CULTURAL RESOURCES	High	Documented historic fox farms.						
SUBSISTENCE	High	Documented historic use area.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: Chugach National Forest.								
ADDITIONAL CONSIDERATIONS: Large proportion of the parcel has been logged. The remainder is scheduled for logging in the near future.								
PROTECTION OBJECTIVE: Protection objectives are complicated by the extensive logging that has occurred on this parcel; maintain or enhance remnant habitats.								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
13H, 2M	N	Y	Y	N	Y	Y	Y	70.0

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)

## Allocation of Acreage and Valuation Calculations

Port Fidalgo

Work Group Recreation/Tourism Rating

Total Acreage

TAT 07
High
724.00 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

	Unit	Acres
1.00 sites	160	160
0.00 miles	160	0
		564.00

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	≤ 160 acres	-23%
"High"	\$1,150	> 160 ≤ 320	-28%
"Moderate"	\$975	> 320 ≤ 480	-32%
"Low"	\$800	> 480	-36%

#### Low-Utility Land

\$100 n/a n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

	160 ac.
	\$2,500
No	\$2,500
	\$400,000
-23%	(\$92,000)
	\$308,000

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

	0 ac.
	\$1,150
	\$1,150
	\$0
	\$0
	\$0

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

	564.00 ac.
	\$100
	\$56,400

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

	\$364,400
	\$343,533
(rd)	\$708,000

Indicated Overall Price Per Acre

\$978

## **HELL'S HOLE**

### **(Fee Simple Surface)**

#### **Location**

The Hell's Hole parcel is a portion of the EVOS Trustee Council parcel TAT 07. The parcel is located on the south side of a peninsula extending into the sound between Port Fidalgo and Port Gravina--approximately 30 air miles south of Valdez.

#### **Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 5,690 acres. Physical contiguity is interrupted by two sections of valley/coastal lowlands above Hell's Hole.

#### **Geography/Topography**

Hell's Hole is a Lagoon offering protected moorage off Port Gravina. The shoreline features good gravel beaches but most is barren of windbreaks. The area is characterized by coastal wetlands backed by moderate slopes. Slopes are heavily wooded where the timber has not already been harvested. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

#### **Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

#### **Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

#### **Other Rights, Title, Interest, Claims, etc.**

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Hell's Hole is reported to be a concentration point for returning Pink and Silver Salmon and a significant sportfishing destination. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 07	High	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber is the subject of two separate appraisals. For the purpose of our analysis, we have made an allocation from the Two Moon Bay appraisal based on the subject's merchantable acreage (within the Unit) as a percentage of the whole (10.3%). By this indicator, the allocation to the subject is \$948,630. The Hell's Hole "Option Unit" was valued separately at \$2,945,000. The value of merchantable timber on the subject is reconstructed from the two appraisals as follows:

* Hell's Hole Unit under option to Citifor--valued separately @	\$2,945,000
Hell's Hole timber owned by Tatitlek--allocated from Two Moon Bay @	\$948,630
Total Hell's Hole Timber	\$3,893,630

However, none of the merchantable timber is located on sites that would be considered strategic (mouths of anadromous streams). In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production", private and/or commercial recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

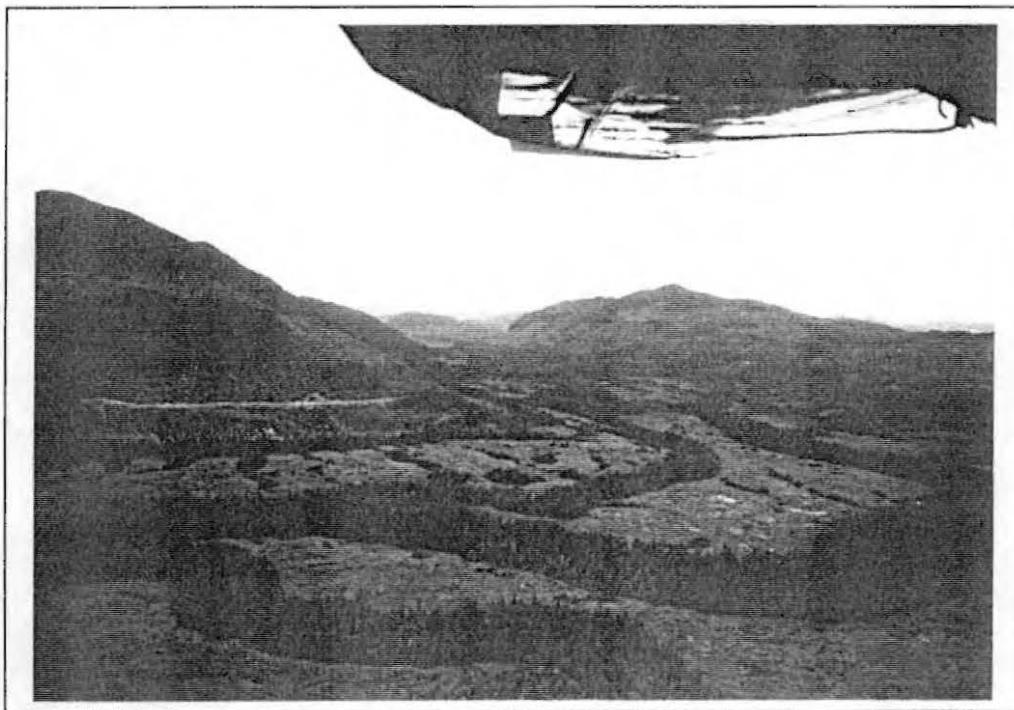


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north over Hell's Hole--Two Moon Bay and Irish Cove visible in background



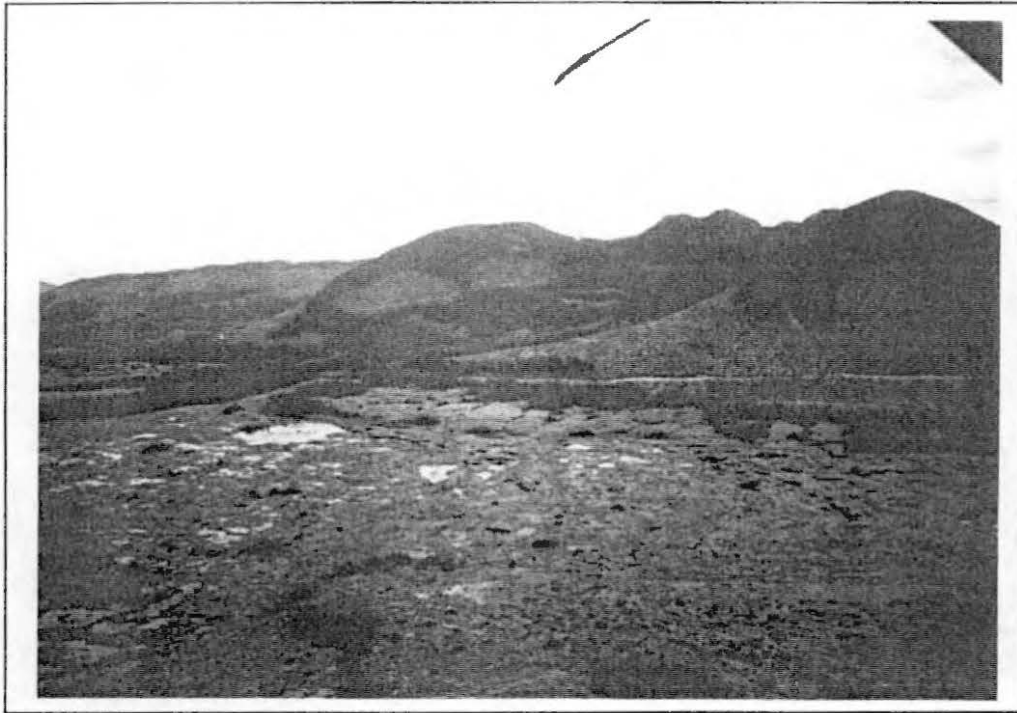
Looking northeasterly; inland at Hell's Hole--Two Moon Bay in background



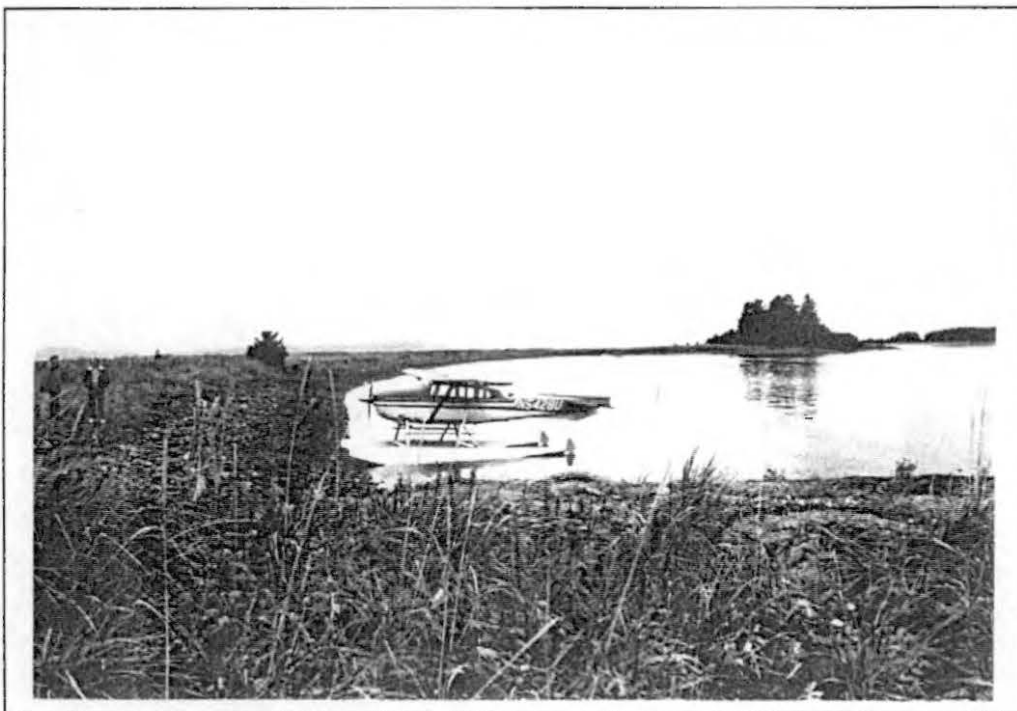


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northwesterly; inland at Hell's Hole



Looking southwesterly at Hell's Hole (lagoon)

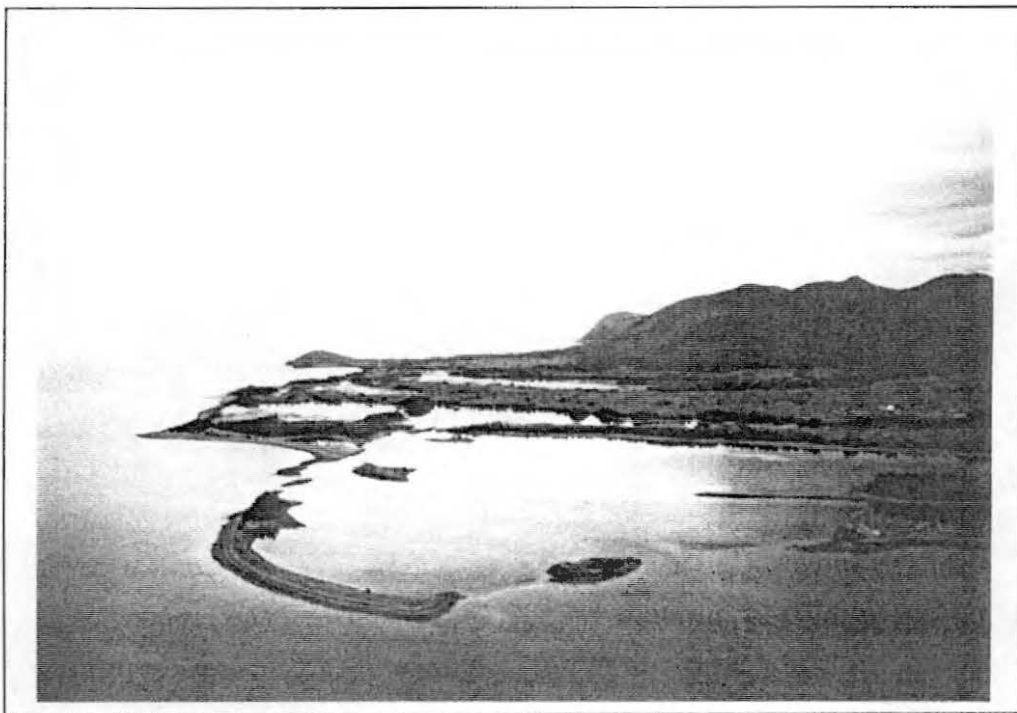


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north (inland) from Hell's Hole (lagoon)



Looking southwesterly along shore of subject



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT07	PARCEL NAME: Two Moon Bay	SCORE: 70.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 32,500

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	High	Approximately 80 spawning streams.
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	High	Distributed throughout stream systems.
DOLLY VARDEN	High	Distributed throughout stream systems.
PACIFIC HERRING	High	Documented annual spawning.
BALD EAGLE	High	Multiple nest sites.
BLACK OYSTERCATCHER	High	Documented nesting on Gull Island and vicinity of Hell's Hole, known feeding.
COMMON MURRE	Low	
HARBOR SEAL	High	Documented haulouts in area, Hell's Hole is a significant haulout site. Concentrated feeding.
HARLEQUIN DUCK	Low	
INTERTIDAL/SUBTIDAL BIOTA	High	Extensive salt marsh at Hell's Hole; nearshore kelp beds.
MARBLED MURRELET	Moderate	Extensive logging diminishes potential for nesting; feeding in nearshore waters.
PIGEON GUILLEMOT	Moderate	Probable nesting from Red Head to Snug Corner.
RIVER OTTER	High	Documented use of extensive stream systems for feeding, latrine and denning sites.
SEA OTTER	High	Concentrated pupping and feeding.
RECREATION/TOURISM	High	High levels of sport fishing use at Hell's Hole.
WILDERNESS	Low	

## Allocation of Acreage and Valuation Calculations

### Hell's Hole

Work Group Recreation/Tourism Rating

Total Acreage

TAT 07
High
5,690.00 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

Unit

Acres

3.00 sites
0.25 miles

160

160

480

40

5,170.00

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

Qty. (Acres)

Adj.

\$2,500

\$1,750

\$1,000

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

-23%

-28%

-32%

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

-23%

-28%

-32%

-36%

#### Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

480 ac.

\$2,500

No

\$2,500

\$1,200,000

-36%

(\$432,000)

\$768,000

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

40 ac.

\$1,150

Yes

-58%

\$483

\$19,320

-23%

(\$4,444)

\$14,876

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

5,170.00 ac.

\$100

\$517,000

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

\$1,299,876

\$3,893,630

(rd)

\$5,194,000

Indicated Overall Price Per Acre

\$913

## SNUG CORNER COVE

### Location

The subject is situated within the larger boundaries of the parcel identified by the EVOS Trustee Council as TAT 07. The parcel dominates the peninsula extending into the sound between Port Fidalgo and Port Gravina--approximately 25 to 30 air miles south of Valdez.

### Area

Approximately 3 acres on the west shore of Snug Corner Cove is to be acquired in fee. The site has not yet been identified. However, the legal descriptions provided, indicate that two lots in Section 21, T13S, R8W, CRM, are excluded from the reservation of the Snug Corner Cove Subdivision by the land owner. The lots are approximately 1.5 acre lots (+/-) each so that a two-lot assemblage would create the three-acre site. Based on this assumption, the assembled site would measure approximately 300 feet (water frontage) by 435 feet.

### Geography/Topography

Snug Corner Cove extends southeasterly from the entrance to Port Fidalgo approximately 2 miles inland. The topography surrounding the cove ranges from moderate to steep slopes. The Cove offers protected moorage and a wooded windbreak along much of the shoreline. Beaches are generally gravel. Vegetation ranges from lowland grasses to dense stands of merchantable timber. Select areas have recently been clear cut. A good gravel beach with moderately sloping wooded uplands--located on the southwest shore of the bay--has been subdivided into shareholder sites. This ribbon of water frontage is excluded from the subject's acreage.

### Easements

According to the plat of Snug Corner Cove Subdivision, one side of each lot is subject to a ten foot easement.

### Highest and Best Use

As the easements are confined to the periphery, they are unlikely to impact Highest and Best Use. The assembled site is otherwise unrestricted. The Highest and Best Use as of the date of valuation is private recreation.

### Value Estimate by Direct Sales Comparison

The assembled site consists of two "stand alone" lots in terms of value. In our analysis, comparables are correlated to a representative "key" lot described as approximately 1.5 acres with 150 feet of frontage on Snug Corner Cove.

The comparable sales used in our analysis are inventoried in the following table by date of sale.

#### SUMMARY OF COMPARABLE SALES

#	Region	Neighborhood	Date	Adj. CEV	Acres	WTF
41	SC AK.	Bear Cove, Kachemak Bay	5-93	\$17,500	1.75	155'
42	SC AK.	Ellamar in Virgin Bay, PWS	8-93	\$25,000	.98	100'
43	SC AK.	Ellamar in Virgin Bay, PWS	9-93	\$22,800	1.35	100'
44	SC AK.	Bear Cove, Kachemak Bay	1-95	\$18,000	1.76	200'
45	SC AK.	NW Latouche Island, PWS	10-95	\$10,000	1.282	138'

### Description of Comparables

#### Comparable No. 41 - Bear Cove, Kachemak Bay Northeast of Homer (5-93)

The indicators reflect the averages of two lots offered by different sellers but assembled by the same purchaser. The lots are situated at the head of Bear Cove off Kachemak Bay approximately 15 miles northeast of Homer (Lower Kenai Peninsula). Waterfront subdivisions in and around Bear Cove are backed by State lands. Only the surface estate was conveyed. The spruce trees are beetle-infested. The site offers protected moorage. A building site is atop a bench approximately 20 feet above the tide line. There is no fresh water on-site. Fresh water can be obtained a short distance down the beach.

The lots were individually priced at \$16,000 & \$14,000 or both for \$27,000. At the time the buyers were interested, another party had made an offer. The buyers were not interested in only one of the lots and outbid the other buyer in order to secure both. The most recent listing period prior to sale was approximately ten months. However, the agent reported that the property had been previously marketed at higher prices.

Comparable Nos. 42 & 43 - Ellamar in Virgin Bay, Prince William Sound (8 & 9-93)

These sites were created from the subdivision of a mining claim at Ellamar in Virgin Bay off the Tatitlek Narrows (Prince William Sound). Native corporation lands surround the subdivision. Fee simple title was conveyed but there was no allocation of value to subsurface resources if any. Virgin Bay offers protected moorage and a favorable landscape--accessible beaches and a moderate slope. There does not appear to be a fresh-water source on these sites. All were acquired for private recreation and were marketed by the owner/developer (Ellamar Properties).

Comparable No. 44 - Bear Cove, Kachemak Bay Northeast of Homer (1-95)

This site is located just above the entrance to Bear Cove. Bear Cove is located near the head of Kachemak Bay on the Lower Kenai Peninsula. The lot is one of several subdivision lots. Waterfront subdivisions in and around Bear Cove are backed by State lands. Only the surface estate was conveyed. The spruce trees are beetle-infested. The site offers protected moorage but there is a mud flat extending from shore. A building site is atop a bench approximately 24 feet above the tide line. The site contains a small spring and was acquired for assemblage by the adjacent property owner. The property had been marketed for a period of 527 days by an Anchorage brokerage. The original asking price was \$30,000.

Comparable No. 45 - Latouche Island, SW Prince William Sound (10-95)

This site is fronts on Latouche Passage. The beach front slopes moderately upward but there is no protected moorage. The lot is one of approximately 225 lots created by mid-to-late 70s subdivisions on Latouche Island. A substantial inventory of unsold lots remain and prospects for resales are poor. This lot had been marketed for approximately 3 years and 5 months by an Anchorage brokerage. The original asking price was reportedly \$25,000. During the most recent listing period, the asking price had been reduced to \$15,000. There is a bush airstrip on the island.

## **Explanation of Adjustment Process**

### Financing Terms

The Adjusted Cash Equivalent Value reported in the table reflects previous considerations for terms of sale and allocations for improvements or non-realty components if any (see detailed "Comp Sheets" in addenda).

### Market Conditions (sale date)

All of the transactions summarized and analyzed occurred since early-1993. An adjustment for market conditions (time) during this period is not supported by the data and we have made no adjustment.

### Conditions of Sale (motivation)

Undue stimulus and/or atypical influences, if any, are considered in the Reconciliation of Adjustments.

### Real Property Rights Conveyed

The purpose of this appraisal is to estimate the market value of the surface estate. If an allocation for the inclusion of subsurface rights can be determined by interviews with the buyers and sellers, downward adjustments will be made.

### Zoning

Neither the subject nor the comparables analyzed are subject to zoning regulations or other land use restrictions that adversely impact Highest and Best Use. Therefore, we have made no adjustment.

### Physical Features and Characteristics

Physical features and characteristics include; location, access; soils and topography; size and shape. It is extremely difficult to isolate reliable adjustments for various inequalities. Therefore, we have correlated the comparables to the subject in a qualitative analysis described by the Appraisal of Real Estate Tenth Edition as a "Relative Comparison Analysis". In this analysis, various physical features and characteristics are perceived as comparable/equal, superior or inferior. This technique illustrates the relative market position of the subject.



Element of Comparison	Subject	41	42	43	44	45
\$/Site (Adj. CEV)	n/a	\$17,500	\$25,000	\$22,800	\$18,000	\$10,000
Market Conditions	1995	5-93 (no adj.)	8-93 (no adj.)	9-93 (no adj.)	1-95 (no adj.)	10-95 (no adj.)
Conditions of Sale		see re-conciliation	no undue stimulus	no undue stimulus	see re-conciliation	no undue stimulus
Rights Conveyed	Fee Simple surface but no value to subsurface	Fee Simple surface but no value to subsurface (no adj.)	Fee Simple but no value to subsurface (no adj.)	Fee Simple but no value to subsurface (no adj.)	Fee Simple surface but no value to subsurface (no adj.)	Fee Simple surface but no value to subsurface (no adj.)
Adjusted \$/Site		\$15,500	\$25,000	\$22,800	\$18,000	\$10,000
Physical Features						
General location in terms of proximity to SC AK residents	Snug Corner Cove; North Prince Wm Sound	Bear Cove NE Kachemak Bay (superior)	Virgin Bay; NE Prince Wm Sound (approx. =)	Virgin Bay; NE Prince Wm Sound (approx. =)	Bear Cove NE Kachemak Bay (superior)	NW Latouche Island in SW PWS (inferior)
Specific Location in terms of proximity to infrastructure airstrip, docks, ect.	Snug Corner Cove approx. 10 miles south of Tatitlek	Bear Cove; 15 miles NE of Homer (approx. =)	Virgin Bay @ Ellamar; 2 mile trail access to Tatitlek (superior)	Virgin Bay @ Ellamar; 2 mile trail access to Tatitlek (superior)	Bear Cove; 15 miles NE of Homer (approx. =)	Latouche Island 4 miles across Passage from Chenega (approx. =)
Access	floatplane or boat	floatplane or boat (equal)	floatplane or boat (equal)	floatplane or boat (equal)	floatplane or boat (equal)	floatplane or boat (equal)
Size	1.50 ac.	1.75 ac. (approx. =)	.98 ac. (inferior)	1.35 ac. (approx. =)	1.76 ac. (approx. =)	1.282 ac. (approx. =)
Oceanfrontage	150'	155' (approx. =)	100' (inferior)	100' (inferior)	200' (superior)	138' (approx. =)
Topography/Soils	gravel beach with moderate slope-wooded	tidal flat to sandy beach, bldg site 20' up, mod. slope beyond (inferior)	gravel beach, moderate slope partially wooded (approx. =)	gravel beach, moderate slope partially wooded (approx. =)	tidal flat to sandy beach, bldg site 24' up, mod. slope beyond (inferior)	gravel beach, moderate slope partially wooded (approx. =)
Protected Moorage	Yes	Yes (equal)	Yes (equal)	Yes (equal)	Yes (equal)	No (inferior)
On-Site Fresh Water	No	No (equal)	No (equal)	No (equal)	Yes (superior)	No (equal)
Privately-owned small parcels adj.	Numerous	Numerous (equal)	Numerous (equal)	Numerous (equal)	Numerous (equal)	Numerous (equal)
Probable or Intended Use	private recreation	private recreation	private recreation	private recreation	private recreation	private recreation
Net Adjustment		Negative	Negative	Negative	Negative	Positive

### Reconciliation of Adjustments

The indicated overall adjustments are summarized as follows:

No.	Location	Date	Ac.	Wt'f	Adj. CEV	Net Adj.
42	Ellamar in Virgin Bay, PWS	8-93	.98	100'	\$25,000	Approx. =
43	Ellamar in Virgin Bay, PWS	9-93	1.35	100'	\$22,800	Approx. =
44	Bear Cove, Kachemak Bay	1-95	1.76	200'	\$18,000	Negative
41	Bear Cove, Kachemak Bay	5-93	1.75	155'	\$17,500	Negative
Subj. Key Lot	Snug Corner Cove, PWS	---	1.50	150'	---	---
45	Latouche Island, PWS	10-95	1.28	138'	\$10,000	Positive

Comparable Nos. 42 and 43, are located in closer proximity to the subject than the other comparables. However, in spite of inferior size and water frontage, the must be considered superior to the subject. Ellamar is only two miles from the Tatitlek airstrip and an established trail provides access to a limited infrastructure that includes a new ferry dock. The subdivision itself benefits from a dock on the beachfront. The subject is remote in comparison and overall downward, or negative adjustments are appropriate.

Comparable Nos. 41 and 44, are located in Kachemak Bay. The area is superior in terms of popularity and access. In addition, physical features and characteristics are generally superior and negative adjustments are supportable.

The low-end of the range is represented by the recent sale of a similar size beachfront lot in Prince William Sound. However, the location lacks protected moorage and is more remote than the subject. Based on these observations, an overall upward, or positive adjustment is warranted.

In summary, the data establishes a general range from \$10,000 to \$17,500. It is difficult to narrow this range because a sufficient quantity of data from which reliable adjustments could be derived is simply not available. A narrative discussion is necessary to "home-in" on a reasonable number.

In our opinion, the upper-end of this range established by Comparable Nos. 41 and 44 (\$17,500-\$18,000) deserves the most weight. Like the subject, they offer protected moorage whereas the low-end indicator is reflected by the only site exposed to the elements. This characteristic dilutes the practicality of use and ultimately, market prospects.

Again, Comparable Nos. 41 and 44 are considered superior. Nominal downward adjustments from 10% to 20% suggest a value of \$15,000; a reasonable reflection of a slight market disadvantage attributable the net offset of various inequalities.

Without recent qualified sales of nearby lots, there is little support for a higher value. And any argument must be tempered by a recognition of the lengthy market periods preceding the majority of these sales--particularly considering the conditions of sale surrounding Comparable Nos. 41 and 44.

Although Comparable No. 41 is reported at the average price of \$17,500. The properties had been exposed to the market at \$16,000 & \$14,000 individually or both for \$27,000--an average of \$13,500 each. The negotiated price resulted from an unusual situation. At the time the buyers became interested, another party had made an offer. The buyers were not interested in only one of the lots and offered 30% more than the asking price in order to secure both.

Comparable No. 44 finally sold to the adjacent land owner for only \$18,000 after 527 days on the market at \$30,000. It is not unreasonable to conclude that the adjacent land owner was more motivated to pay the highest price.

#### Conclusion

Based on the available data, it is our opinion that the value of the subject "key lot" is \$15,000. Therefore the assemblage of two stand alone sites is fairly represented at \$30,000.

**BLIGH ISLAND--Before Condition**  
**(Fee Simple Surface)**

**Location**

Bligh Island (includes Reef Island and several surrounding small islands) is the major component of the EVOS Trustee Council parcel identified as TAT 01. Bligh Island is located approximately 25 air miles southwest of Valdez. The island is separated from the mainland and the community of Tatitlek by the Tatitlek Narrows.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 8,393.75 acres<sup>29</sup>.

**Geography/Topography**

The topography is diverse. The southern side of the island is characterized by steep slopes that rise abruptly from a beach exposed to open water. Extreme elevations range from 1,200 to 1,600 feet. A broad valley extends inland approximately 1.5 miles from the southern shore. The valley is sparsely wooded. Slopes are heavily wooded. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

On both east and west sides of the island, the topography slopes moderately from the beach. The vegetation consists of alternating semi-wet grassland and stands of timber. The shoreline ranges from gradual gravel beaches to rocky bluffs. Significant features include West Bay and Cloudman Bay. Both offer protected moorage and moderate slopes from the beach. Reef Island is approximately 1.3 miles long and .3 miles at its widest point. The island is characterized by wooded uplands to 200 feet.

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<sup>29</sup>. Original area estimate of 8,413.75 acres has been adjusted downward to reflect subsequent reservations of two 10-acre development sites: one on the west shore of West Bay and one the west shore of Cloudman Bay.

The northeast portion of the island forms the southwest corridor of the Narrows opposite Tatitlek. The topography is generally described as coastal lowlands. The majority of the uplands occupy elevations less than 300 feet. The shoreline around the northern portion of this segment includes some rocky sections. The U. S. G. S. topographical map indicates several hazards in the surrounding waters.

### **Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

### **Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Third party interests created and identified by the U. S. Forest Service, as provided by Sec. 14(g) of ANCSA are inventoried as follows:

- a. Authorization by the U. S. Forest Service to Alyeska Pipeline Service Company for a small satellite dish and trailer on the south end of Reef Island to provided communication during the oil spill crisis (under 36 CFR 251.50(b) in Sec. 4 and 9, T. 12 S., R. 9 W., CRM.
- b. Authorization by the U. S. Forest Service to ALASCOM for a small satellite dish and trailer on the south end of Reef Island to provided communication during the oil spill crisis (under 36 CFR 251.50(b) in Sec. 4 and 9, T. 12 S., R. 9 W., CRM.

### **Other Rights, Title, Interest, Claims, etc.**

No 14 (c) (1) claims are noted in the preliminary title report

### **Wild and Scenic Resources**

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 01	High	Moderate

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of the timber on Bligh Island was allocated from the "Main Block" appraisal. It also includes the value of timber on Busby Island. As the interest to be acquired on Busby is different than on Bligh Island, a further allocation is necessary. For the purpose of our analysis, we have made an allocation based on the subject's merchantable acreage as a percentage of the whole (see following table).

	Allocation to <u>Bligh &amp; Reef</u>	Allocation to <u>Busby Island</u>
Estimated Timber Value allocated Bligh/Reef/Busby Islands	\$11,450,000	\$11,450,000
Acreage w/merchantable timber (as % of total)	<u>96.2%</u>	<u>3.8%</u>
Allocation of Estimated Timber Value	\$11,014,900	\$435,100

The subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation.

Third party interest inventoried affect only a small amount of acreage and would not adversely impact Highest and Best Use.

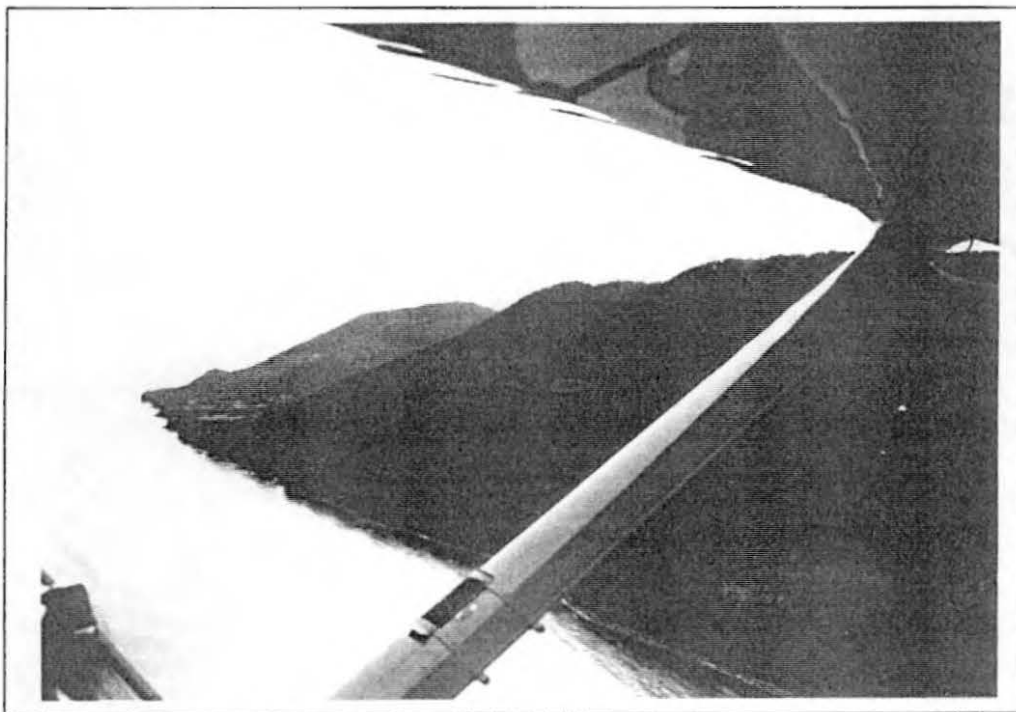


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northeasterly from south shore of Bligh Island toward Tatitlek; Cloudman Bay in center.



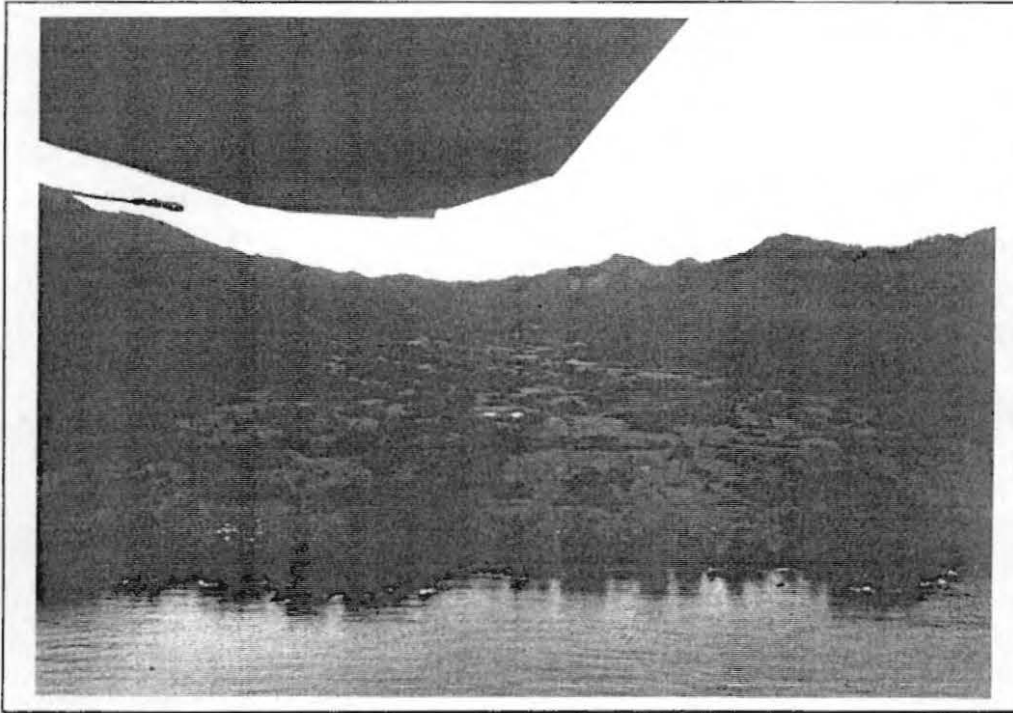
Looking westerly along south shore of Bligh Island



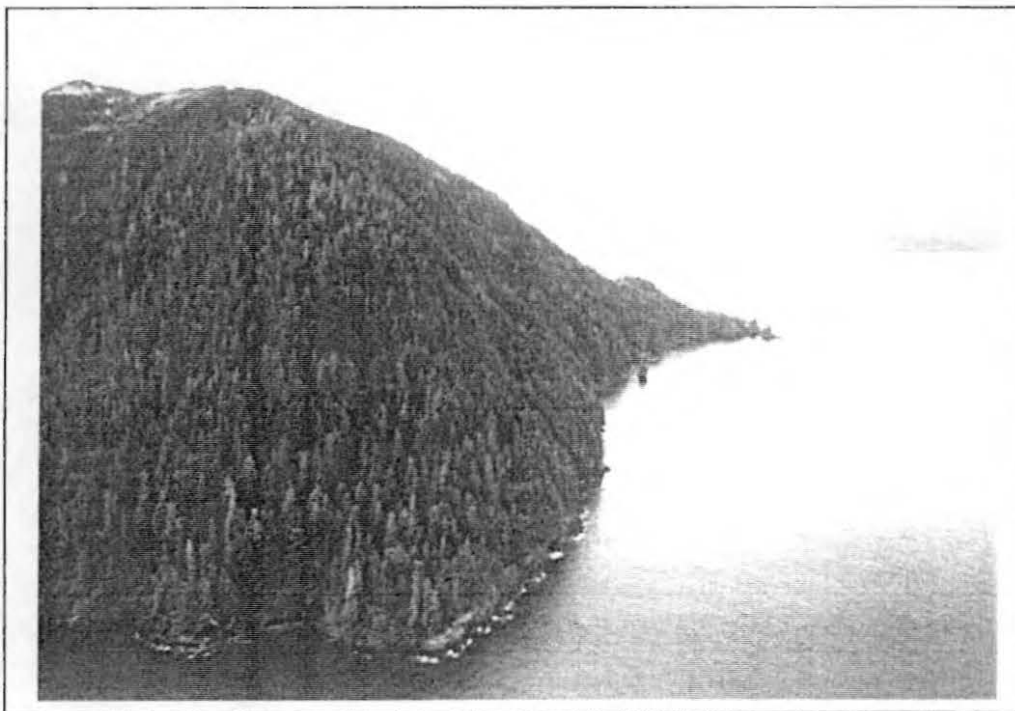


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north from south shore of Bligh Island at inland valley



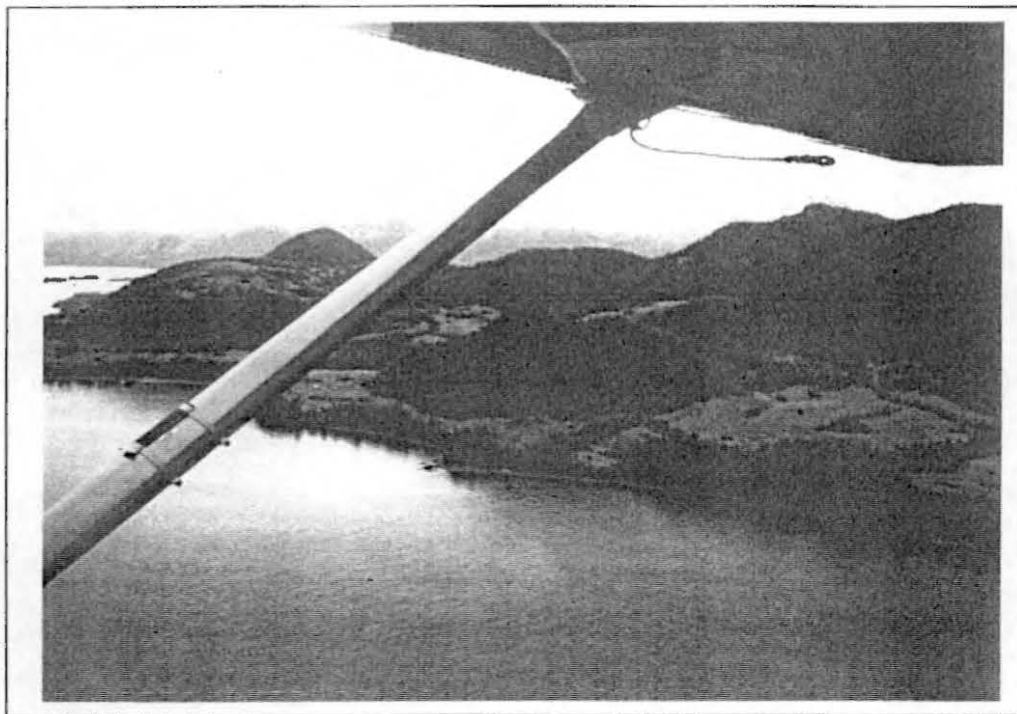
Looking southeasterly at southwest shore of Bligh Island





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northeasterly at west shore of Bligh Island



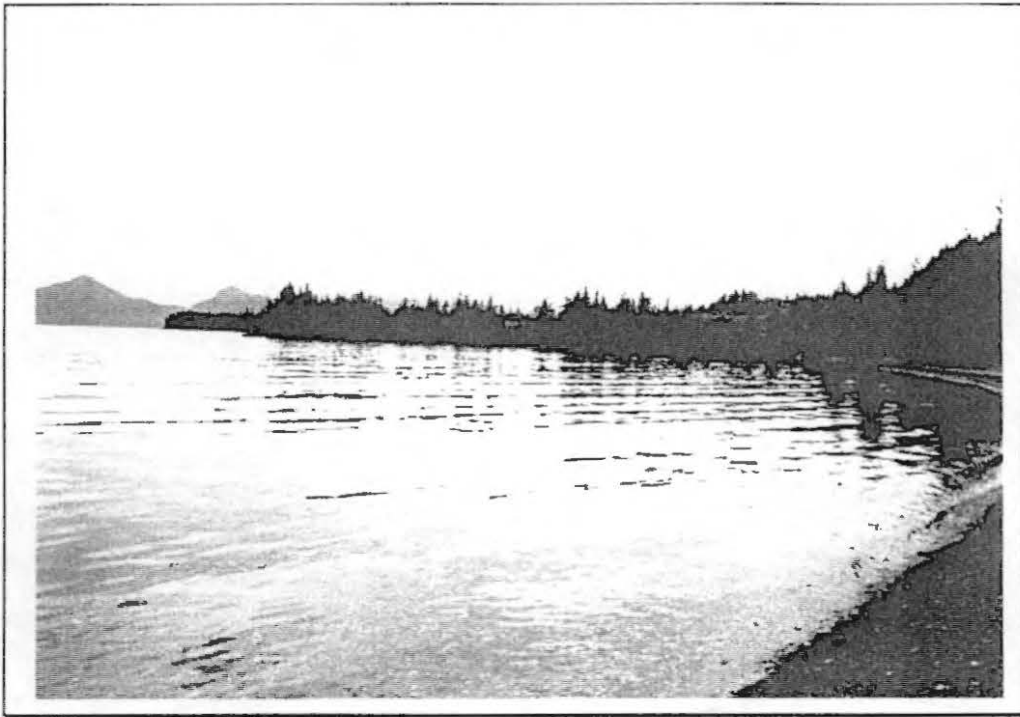
Looking south along west shore of Bligh Island





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north from cove on northwest shore of Bligh Island



Looking southwest at Reef Island from cove on northwest shore of Bligh Island





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Communication facilities on Reef Island



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT01	PARCEL NAME: Bligh/Busby Island	SCORE: 69.0
LANDOWNER: Tatitlek Native Corporation	PARCEL ACREAGE: 8,800	

INJURED RESOURCE / SERVICE	POTENTIAL FOR BENEFIT	COMMENT
PINK SALMON	Low	
SOCKEYE SALMON	Low	
CUTTHROAT TROUT	Low	
DOLLY VARDEN	Low	
PACIFIC HERRING	High	Documented consistent annual spawning.
BALD EAGLE	High	Thirty-two documented nest sites.
BLACK OYSTERCATCHER	High	Feeding and loafing; documented nesting on northeast side of island.
COMMON MURRE	Low	
HARBOR SEAL	Moderate	Feeding; probable haulout.
HARLEQUIN DUCK	High	Important molting and wintering area.
INTERTIDAL/SUBTIDAL BIOTA	High	Dense mussels; kelp along nearshore; high productivity and diversity.
MARbled MURRELET	Moderate	Feeding; probable nesting.
PIGEON GUILLEMDT	High	Feeding; four documented breeding colonies; highest nesting concentrations in eastern Prince William Sound.
RIVER OTTER	High	Feeding; documented latrine sites; numerous trails.
SEA OTTER	Moderate	Concentration area for feeding and shelter.
RECREATION/TOURISM	Moderate	Adjacent waters high use; camping.
WILDERNESS	Moderate	Several old cabins; antenna site.
CULTURAL RESOURCES	High	Five documented sites.

## Allocation of Acreage and Valuation Calculations

### Bligh Island

Work Group Recreation/Tourism Rating

Total Acreage

TAT 01
Moderate
8,393.75 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

3.00 sites
7.00 miles

Unit

Acres

160

160

480

1,120

6,793.75

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

\$2,500

\$1,750

\$1,000

Qty. (Acres)

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

Adj.

-23%

-28%

-32%

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

\$1,150

\$975

\$800

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

-23%

-28%

-32%

-36%

#### Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

480 ac.

Indicated Price Per Acre

\$1,750

Merchantable Timber Identified

Yes -35%

\$1,138

Indicated Value - Unadjusted for Size

\$546,000

Less: Size Adjustment

-36%

(\$196,560)

Indicated Value - As part of the whole

\$349,440

#### Non-Strategic Wtf w/Favorable Topography

1,120 ac.

Indicated Price Per Acre

\$975

Merchantable Timber Identified

Yes -58%

\$410

Indicated Value - Unadjusted for Size

\$458,640

Less: Size Adjustment

-36%

(\$165,110)

Indicated Value - As part of the whole

\$293,530

#### Low-Utility Land

6,793.75 ac.

Indicated Nominal Price Per Acre

\$100

Indicated Value

\$679,375

Estimated Value of Acreage w/o Merchantable Timber

\$1,322,345

Add: Cascade's Estimate of Timber Value

\$11,014,900

Estimated Value (Fee Simple Surface)

(rd)

\$12,337,200

Indicated Overall Price Per Acre

\$1,470

**BUSBY ISLAND--Before Condition**  
**(Fee Simple Surface)**

**Location**

Busby Island is a component of the EVOS Trustee Council parcel identified as TAT 01. The island is situated just to the north of Bligh Island--directly opposite Virgin Bay across the Tatitlek Narrows. Bligh Island is located approximately 25 air miles southwest of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 433.47 acres<sup>30</sup>.

**Geography/Topography**

The topography is generally described as coastal lowlands at elevations less than 200 feet. The jagged shoreline offers some protected waters with good gravel beaches. Select areas of beach are rocky and the U. S. G. S. topographical map indicates several hazards in the surrounding waters. Vegetation includes semi-wet grassland and stands of timber. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

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<sup>30</sup>. Original area estimate of 443.47 acres has been adjusted downward to reflect subsequent reservation of one 10-acre development site.

## Easements

We were provided with a September 20, 1995 "preliminary commitment for title insurance" prepared by Stewart Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Patent No. 50-94-0172 are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 103 J	navigation aid	A combination of miscellaneous easements for an existing U. S. Coast Guard navigation aid known as Busby Island Light located in Tract A of U. S. Survey No. 1606. The easements include a circular site, having a radius of 50' whose center is the navigation aid and the right of safe ingress and egress to the site. In addition, an easement is reserved for the airspace through an arc having a 660' radius, whose center is the navigation aid. This easement includes the airspace above the land up to an imaginary horizontal plane at the maximum height of the navigation aid. The uses allowed include those associated with construction, reconstruction, operation, and maintenance. Use is limited to the U. S. government and its authorized agents, contractors, and assigns.	
EIN 104 J	access trail	25' in width from site easement EIN 105 J, in Tract A of U. S. Survey No. 1606, westerly approximately 900 feet to the navigation aid. Use is limited to the U. S. government and its authorized agents, contractors, and assigns.	existing trail
EIN 105 J	1 acre site easement	upland of the mean high tide line in Tract B, U. S. Survey No. 1606, on the northwest shore of Busby Island. Use is limited to the U. S. government and its authorized agents, contractors, and assigns.	

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

### Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 01	High	Moderate

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of the timber on Busby Island is included in the \$11,450,000 allocation to Bligh Island of the "Main Block" appraisal.

	Allocation to Bligh & Reef	Allocation to Busby Island
Estimated Timber Value allocated Bligh/Reef/Busby Islands	\$11,450,000	\$11,450,000
Acreage w/merchantable timber (as % of total)	96.2%	3.8%
Allocation of Estimated Timber Value	\$11,014,900	\$435,100

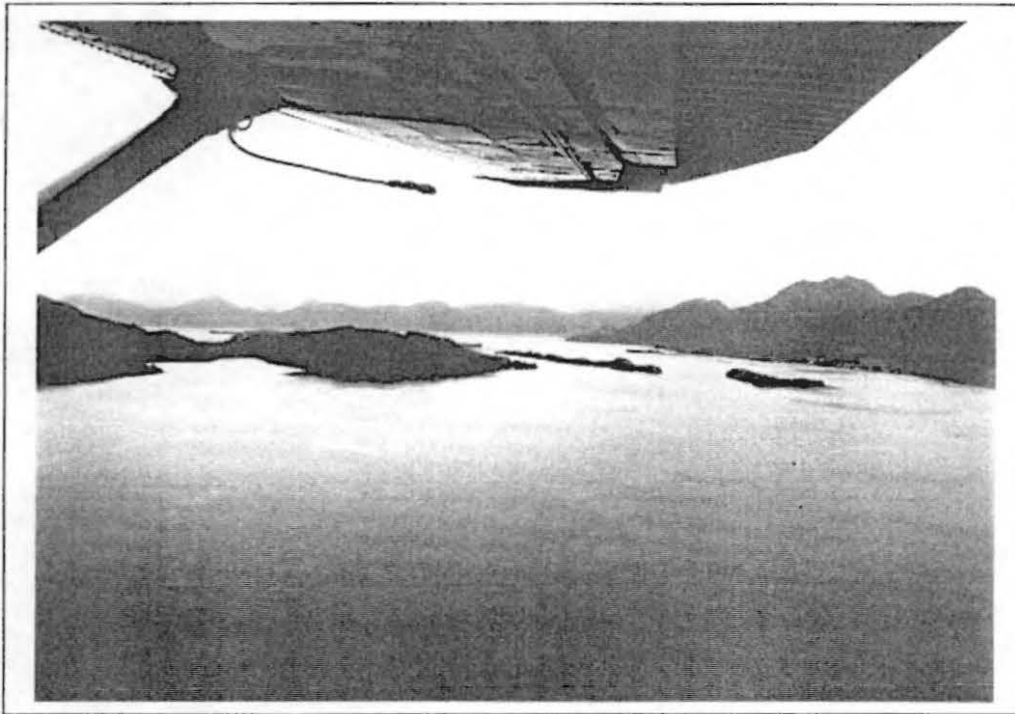
However, the subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation.





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north into the Tatitlek Narrows--Bligh Island on the left; Tatitlek on the right;  
Busby Island in distant background



Looking southeasterly into the Tatitlek Narrows--Busby Island in foreground



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT01	PARCEL NAME: Bligh/Busby Island	SCORE: 69.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 8,800

SUBSISTENCE	High	Extensive use by Tatitlek village; marine invertebrate, seal, finfish, deer harvest.						
ECOLOGICAL SIGNIFICANCE: Rich and diverse shallow intertidal; adjacent marine waters inhabited by Northern sea lion and killer whales.								
ADJACENT LAND MANAGEMENT: Tatitlek Native Corporation.								
ADDITIONAL CONSIDERATIONS: Isolated parcel surrounded by water.								
PROTECTION OBJECTIVE: 1) Maintain water quality and riparian habitats; 2) maintain nesting opportunities for bald eagle, marbled murrelet and pigeon guillemot; 3) minimize disturbance to nearshore and intertidal habitat use; and 4) maintain opportunities for subsistence use..								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
9H, 5M	Y	Y	Y	N	Y	Y	Y	69.0

Parties other than landowner may own partial rights (e.g., timber, minerals).

## Allocation of Acreage and Valuation Calculations

### Busby Island

Work Group Recreation/Tourism Rating

Total Acreage

TAT 01
Moderate
433.47 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

	Unit	Acres
0.00 sites	160	0
1.25 miles	160	200
		233.47

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$1,150	≤ 160 acres	-23%
"Moderate"	\$975	> 160 ≤ 320	-28%
"Low"	\$800	> 320 ≤ 480	-32%
		> 480	-36%

#### Low-Utility Land

\$100 n/a n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

		0 ac.
		\$1,750
		\$1,750
		\$0
		\$0
		\$0

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

		200 ac.
		\$975
Yes	-58%	\$410
		\$81,900
	-28%	(\$22,932)
		\$58,968

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

233.47 ac.
\$100
\$23,347

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

\$82,315
\$435,100
(rd) \$517,400

Indicated Overall Price Per Acre

\$1,194

**HEATHER BAY/COLUMBIA BAY--Before Condition**  
**(Fee Simple Surface)**

**Location**

This parcel is referenced by the EVOS Trustee Council as TAT 03--Columbia Bay. The subject parcel is located on the east side of Heather Bay approximately 25 air miles southwest of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the subjects area at 1,719.51 acres.

**Geography/Topography**

Heather Bay extends northeasterly from the main body of Prince William Sound. The head of the bay converges with Columbia Bay at the northeast end of the Columbia Glacier, a major visitor attraction. The area is chilled by the glacier and floating icebergs can be an obstacle to float plane access. Shoreline ranges from tidal mud flats to gravel beaches. The northern portion of the subject straddles the mouth of Number One River. Other significant features include inland lakes and streams. The topography is described as moderately sloping. Soils generally consist of a thin layer of organics over a base of bedrock. Alternating patches of wooded uplands and wetlands are evident. According to Cascade Appraisal Services Inc., the resource is not merchantible.

## Easements

We were provided with a September 20, 1995 "preliminary commitment for title insurance" prepared by Stewart Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Patent No. 50-94-0172 are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 97 G	1 acre site easement	upland of the mean high tide line in Sec. 27, T10S, R10W, CRM, at the head of trail easement EIN 99 G	exact location has not yet been determined
EIN 98 G	access trail	25' in width from site easement EIN 97 G easterly to public lands	proposed
EIN 99 G	1 acre site easement	upland of the mean high tide line in Sec. 22, T10S, R10W, CRM, at the head of trail easement EIN 100 G	exact location has not yet been determined
EIN 100 G	access trail	25' in width from site easement EIN 99 G northeasterly paralleling the north shore of an unnamed lake to public lands	proposed

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

## Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

## Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Pink Salmon are documented in streams of the subject and King Salmon reportedly spawn in Number One River. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 03	Moderate	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

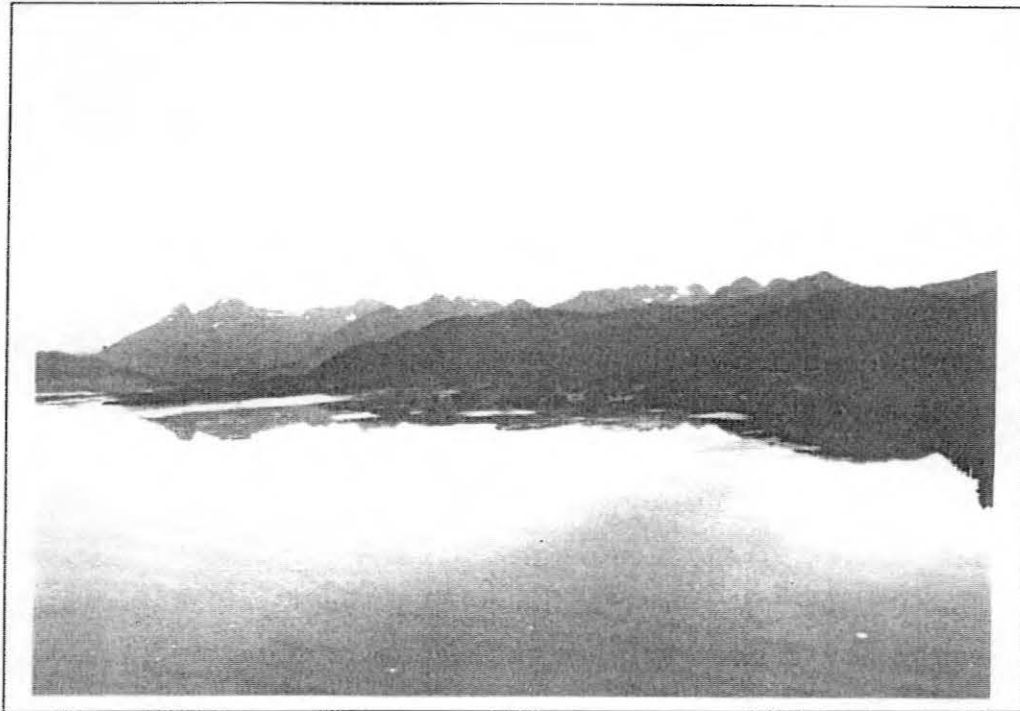
Cascade Appraisal Services, Inc., concluded that the timber resource is not merchantable. But the acreage includes both strategic sites suitable for private and commercial recreation; and moderately sloping beachfront topography best suited for private recreation. To our knowledge, the locations of two Section 17 (b) campsite easements have not yet been determined. Favorable topography is available away from the mouths of the anadromous streams so that the Highest and Best Use of those strategic locations would not be impacted.

In summary, Highest and Best Use is a mixed use that includes private and/or commercial recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

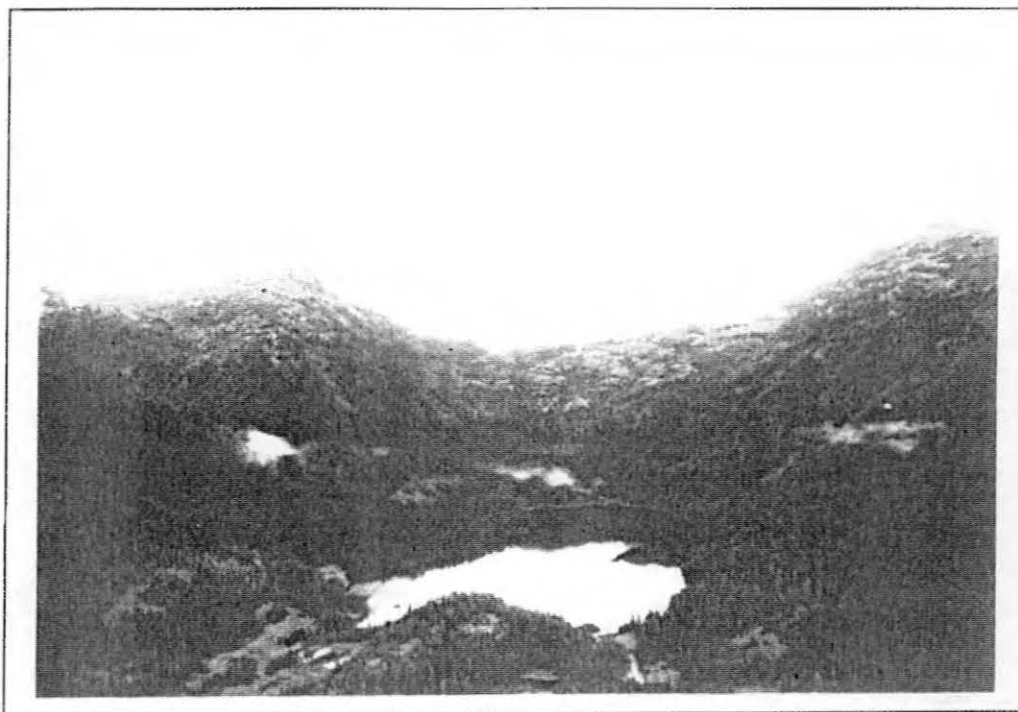


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northeasterly at subject. Mouth of Number One River at far left.



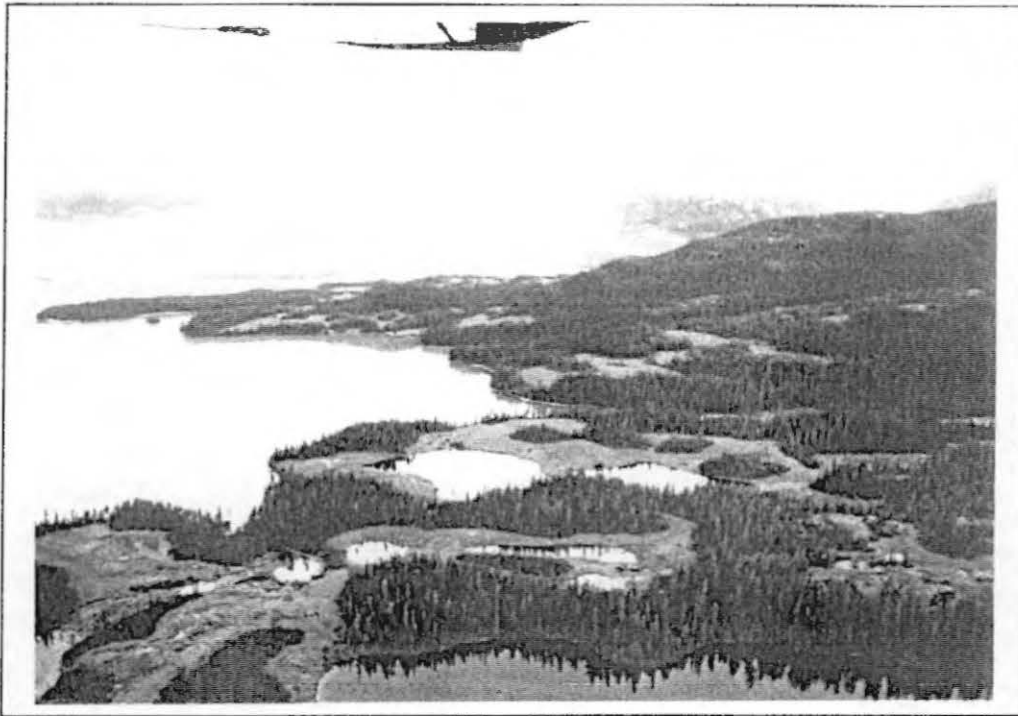
Looking east at inland lake





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north along shore of subject. Columbia Glacier in background



Looking south along shore of subject.





## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT03	PARCEL NAME: Columbia Bay	SCORE: 37.5
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 13,500

CULTURAL RESOURCES	Low							
SUBSISTENCE	High	Known resource harvest area.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: U.S. Forest Service								
ADDITIONAL CONSIDERATIONS: Parcel contains one of only two documented chinook salmon spawning streams in Prince William Sound.								
PROTECTION OBJECTIVE: Maintain high recreational use potential; protect wilderness values and marine habitats								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
7H, 1M	Y	Y	Y	N	N	Y	Y	37.5

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)

## Allocation of Acreage and Valuation Calculations

Heather Bay/Columbia Bay  
Work Group Recreation/Tourism Rating  
Total Acreage

TAT 03
High
1,719.51 ac.

### Allocation

		Unit	Acres
Strategic Waterfront Acreage	3.00 sites	160	480
Non-Strategic Wtf w/Favorable Topography	1.50 miles	160	240
Low-Utility Non-Timberlands			999.51

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$1,150	≤ 160 acres	-23%
"Moderate"	\$975	> 160 ≤ 320	-28%
"Low"	\$800	> 320 ≤ 480	-32%
		> 480	-36%

#### Low-Utility Land

\$100	n/a	n/a
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### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre	480 ac.	\$2,500
Merchantable Timber Identified	No	\$2,500
Indicated Value - Unadjusted for Size		\$1,200,000
Less: Size Adjustment	-36%	(\$432,000)
Indicated Value - As part of the whole		\$768,000

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre	240 ac.	\$1,150
Merchantable Timber Identified	No	\$1,150
Indicated Value - Unadjusted for Size		\$276,000
Less: Size Adjustment	-28%	(\$77,280)
Indicated Value - As part of the whole		\$198,720

#### Low-Utility Land

Indicated Nominal Price Per Acre	999.51 ac.	\$100
Indicated Value		\$99,951

Estimated Value of Acreage w/o Merchantable Timber	\$1,066,671
Add: Cascade's Estimate of Timber Value	\$0
Estimated Value (Fee Simple Surface)	(rd) \$1,066,700

Indicated Overall Price Per Acre	\$620
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## **GALENA BAY--*Before Condition***

**(Fee Simple Surface)**

### **Location**

The Galena Bay parcel is identified by the EVOS Trustee Council as TAT 04. The subject parcel is located on the south side of the bay approximately 16 air miles southwest of Valdez.

### **Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 7,737.50 acres<sup>31</sup>. Contiguity is interrupted by privately owned mineral claims located inland and east of Boulder Bay at the subject's southern boundary.

### **Geography/Topography**

Galena Bay extends approximately 6 miles off the east side of Valdez Arm. The Bay consists of three components: an outer bay; an inner bay inside "The Narrows"; and a lagoon at the head of the Bay. The Bay is rimmed by steep mountainous terrain. The subject surrounds the inner bay and lagoon. The inner bay offers protected moorage and gravel beaches. Significant features include Indian Creek on the north shore; the lagoon at the head of the bay; and inland lakes and their drainages. Turner and Millard Lakes are wholly contained within the subject's boundaries, while a small portion of Copper Lake marks the subject's southeast boundary. The Gumboot Basin is the corridor for Copper Creek and Millard Creek. ranges from moderate to steep slopes. In general, the 500 foot contour occurs within 1/4 mile and the 1,000 foot elevation within 1/2 mile. More favorable topography surrounds the drainages noted, the Lagoon, and the Gumboot Basin. These areas are characterized by rolling hills with alternating stands of timber and semi-wet grass lands. Soils generally consist of a thin layer of organics over a base of bedrock. Slopes are generally wooded. However, according to Cascade Appraisal Services Inc., the resource is not merchantible.

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<sup>31</sup>. Original area estimate of 7,779.5 acres has been adjusted downward to reflect subsequent reservations of two 1-acre cabin sites; one 30-acre development site; and one 10-acre power-house site for a possible hydro-power project. One of the 1-acre sites occupies the east bank of Indian Creek at its mouth. The second will be located on the south shore of the Bay but not at the mouth of an anadromous stream. The 30-acre reservation will be located on the north shore of the bay, west of Indian Creek (not adjacent). The 10-acre power-house site will be located at the head of the Galena Bay Lagoon at the mouth of the Duck River (outlet of Silver Lake).

## Easements

We were provided with a September 20, 1995 "preliminary commitment for title insurance" prepared by Stewart Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Patent No. 50-92-0684 are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 4a D9, G	access trail	25' in width from site easement EIN 4b D9, G northeasterly paralleling the left bank of Indian Creek, to public lands	proposed
EIN 4b D9 G	1 acre site easement	upland of the mean high tide line in Sec. 34, T10S, R8W, CRM, on the north shore of Galena Bay near the mouth of Indian Creek	exact location has not yet been determined
EIN 29a G	access trail	25' in width from site easement EIN 29b G northeasterly along the Duck River, to public lands	proposed
EIN 29b G	1 acre site easement	upland of the mean high tide line in Sec. 2, T11S, R8W, CRM, on the northeast shore of Galena Bay at the head of trail easement EIN 29a G	exact location has not yet been determined

25 Foot Trail Easement - The uses allowed on a 25 foot wide trail easement are: travel by foot, dogsleds, animals, snowmobiles, two- and three-wheel vehicles, and small all-terrain vehicles (ATVs) (less than 3,000 lbs. Gross Vehicle Weight (GVW)).

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

## Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

## Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Pink Salmon are documented in streams along the south shore while both Pink and Coho Salmon are found in the Duck River entering the lagoon. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 04	Moderate	Moderate

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

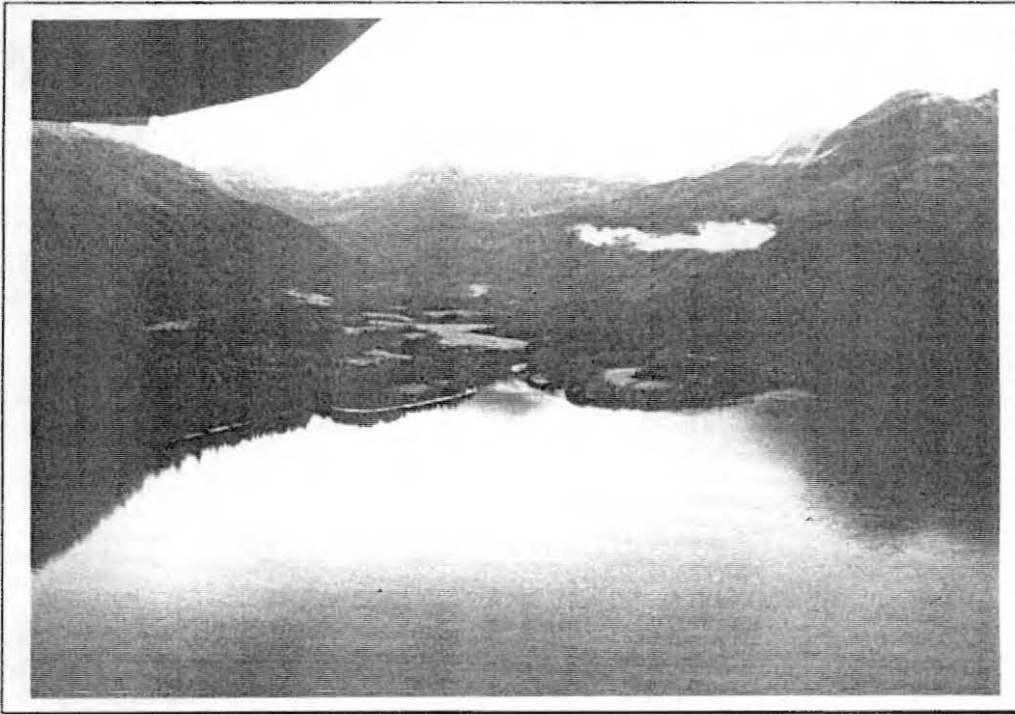
Cascade Appraisal Services, Inc., concluded that the timber resource is not merchantable. But the acreage includes both strategic sites suitable for private and commercial recreation; and moderately sloping beachfront topography best suited for private recreation. The reservation of the cabin site on the east bank of Indian Creek at its mouth; and the anticipation of a Section 17 (b) easement; combine to limit the allocation of acreage to the strategic site component at this location.

In summary, Highest and Best Use is a mixed use that includes private and/or commercial recreation and speculation. Special-purpose licensing/permitting is a possible interim use.

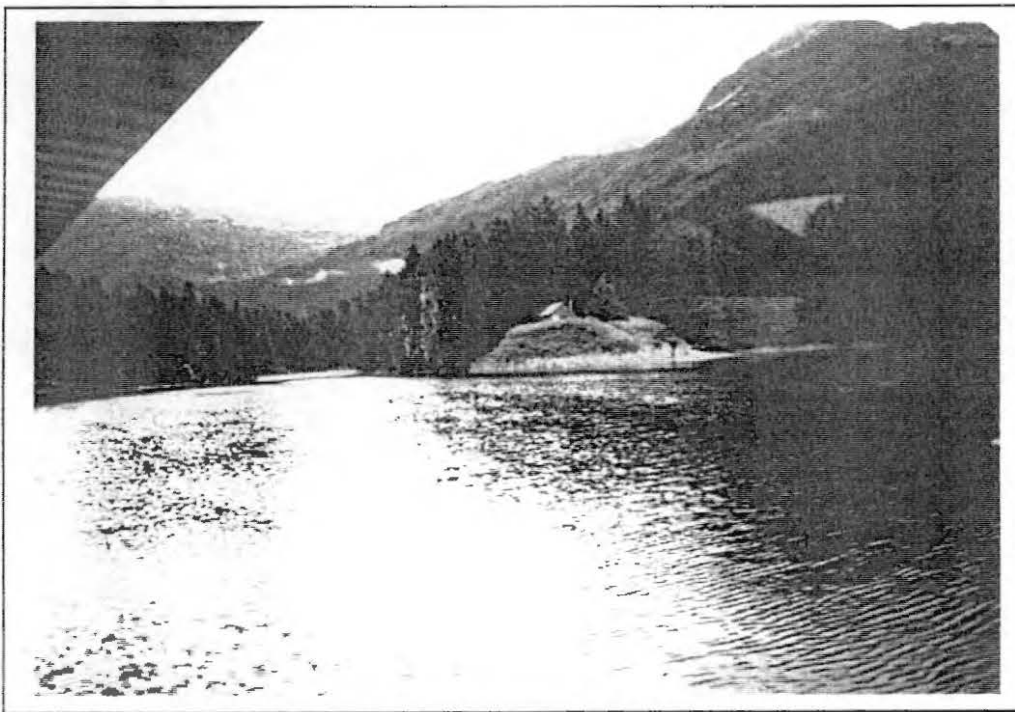


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northeast at Indian Creek on the north side of Galena Bay

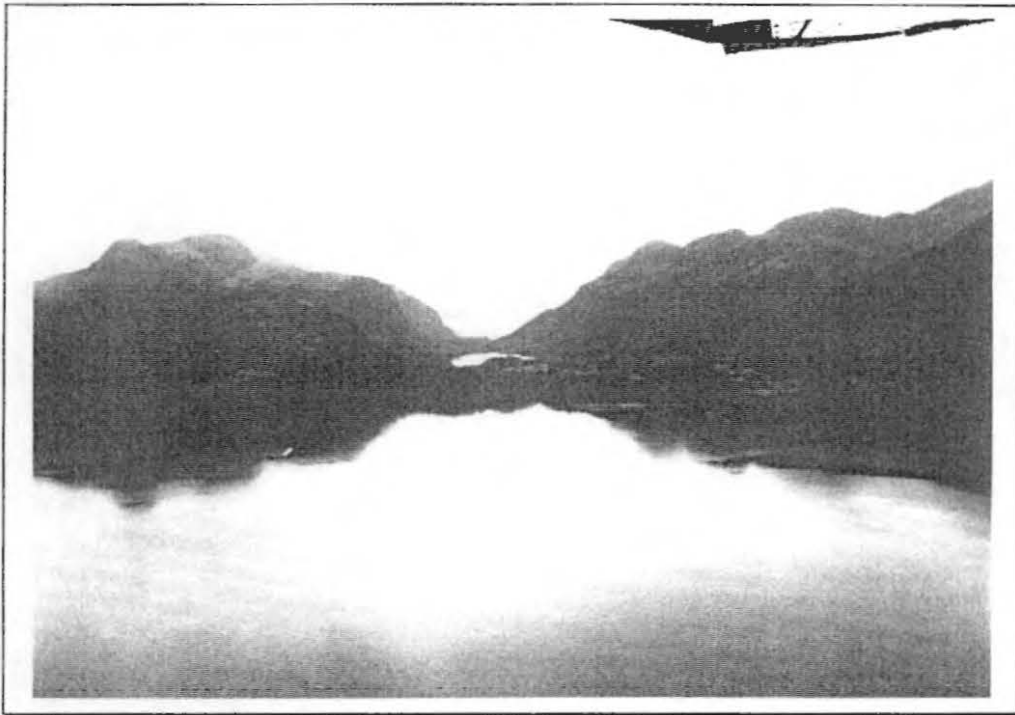


Mouth of Indian Creek on the north side of Galena Bay



10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



South shore of subject--Turner Lake in background



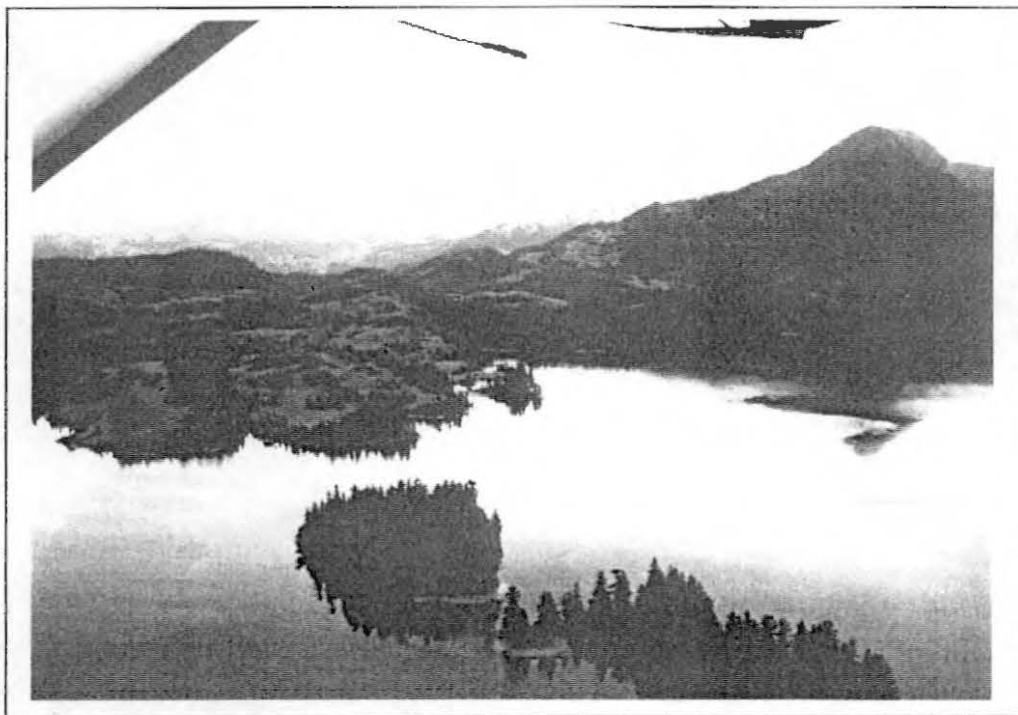
South shore of subject at mouth of Turner Lake drainage



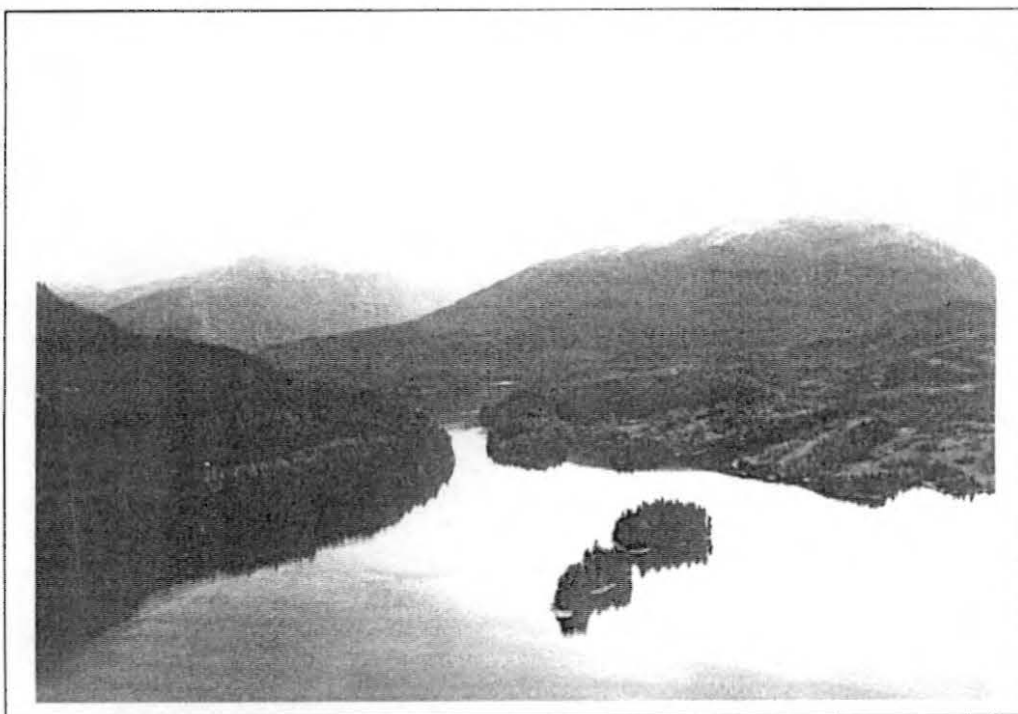


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking southeasterly from head of Galena Bay into the Gumboot Basin



Looking easterly from head of Galena Bay into Lagoon

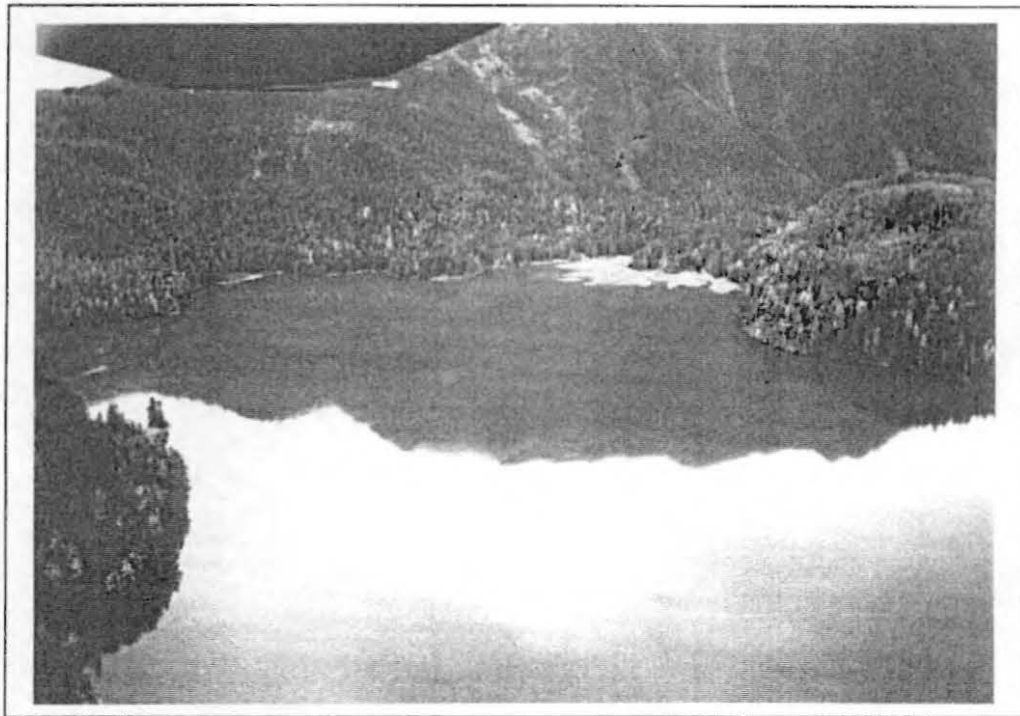




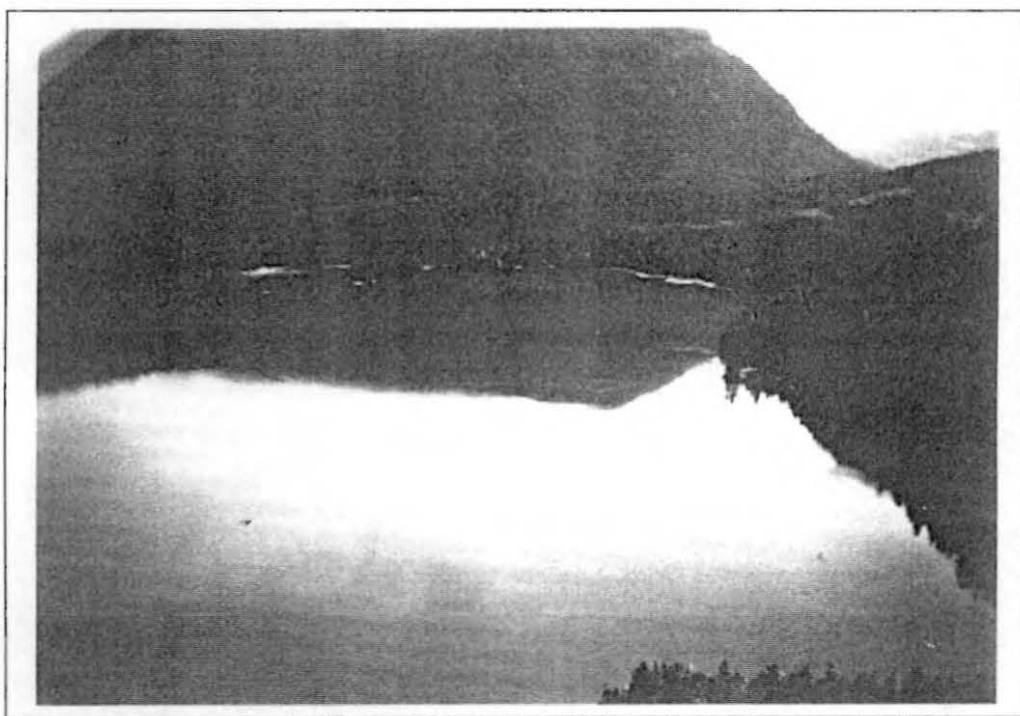


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Mouth of the Duck River at the northeast corner of the Lagoon



View of the southeast corner of the Lagoon



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT04	PARCEL NAME: Galena Bay	SCORE: 36.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 13,200

CULTURAL RESOURCES	High	Documented village site.						
SUBSISTENCE	High	Historical use area.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: U.S. Forest Service and Chugach Alaska Corporation.								
ADDITIONAL CONSIDERATIONS:								
PROTECTION OBJECTIVE: Protect spawning habitat for pink salmon and herring; protect bald eagle nesting habitat and intertidal areas; maintain wilderness character and subsistence uses.								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
7H, 4M	Y	N	Y	N	Y	N	Y	36.0

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)

## Allocation of Acreage and Valuation Calculations

East Galena Bay & Lagoon

Work Group Recreation/Tourism Rating

Total Acreage

TAT 04
Moderate
7,737.50 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

2.50 sites
1.75 miles

Unit

Acres

160

160

7,057.50

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

\$2,500

\$1,750

\$1,000

Qty. (Acres)

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

Adj.

-23%

-28%

-32%

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

"High"

"Moderate"

"Low"

\$/Acre

\$1,150

\$975

\$800

≤ 160 acres

> 160 ≤ 320

> 320 ≤ 480

> 480

-23%

-28%

-32%

-36%

#### Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

400 ac.

\$1,750

No

\$1,750

\$700,000

-32%

(\$224,000)

\$476,000

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

280 ac.

\$975

No

\$975

\$273,000

-28%

(\$76,440)

\$196,560

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

7,057.50 ac.

\$100

\$705,750

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

\$1,378,310

\$0

(rd) \$1,378,300

Indicated Overall Price Per Acre

\$178

**BIDARKA POINT--Before Condition**  
**(Fee Simple Surface)**

**Location**

This parcel represents a portion of the acreage identified by the EVOS Trustee Council parcel as TAT 05. Bidarka Point is located on the west side of Landlocked Bay approximately 25 air miles southwest of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 2,125.39 acres. Contiguity is interrupted by privately owned mineral claims located inland and east of Boulder Bay and at the head of Landlocked Bay.

**Geography/Topography**

Bidarka Point is at the tip of the Copper Mountain Peninsula that extends into the entrance to Port Fidalgo between Landlocked Bay and Boulder Bay. The lower peninsula slopes moderately to a ridge at approximately 750 feet. The initial slope consists of semi-wet uplands with random stands of spruce. The upper slopes are heavily wooded. The middle segment of the peninsula is characterized by a broad swath of moderate slopes reaching only 200 feet. The northern portion of the peninsula includes the steep base of Copper Mountain. The lower slopes to approximately 1,500 feet are heavily wooded. The Landlocked Bay side features good gravel beaches but the topography rises abruptly to approximately 3,500 feet. The topography on the Boulder Bay side features a more favorable slope from shore. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

**Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

### Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 05	Low	Low

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

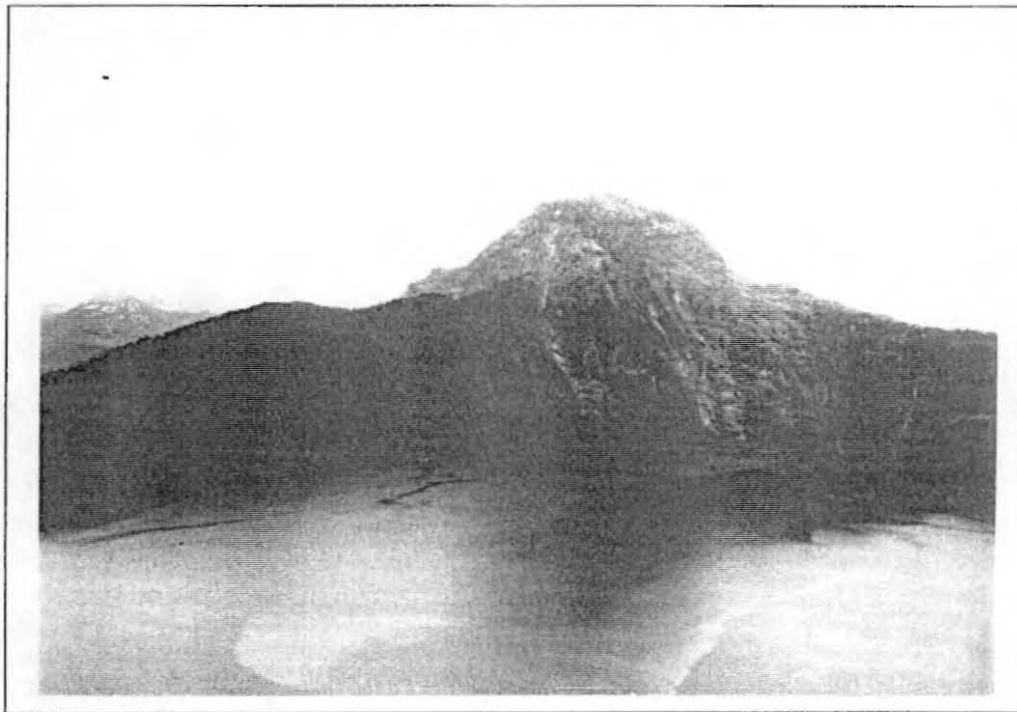
### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber was estimated at \$5,850,000 as of September 1, 1995. However, the subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation.



10-5-95 (SEC)

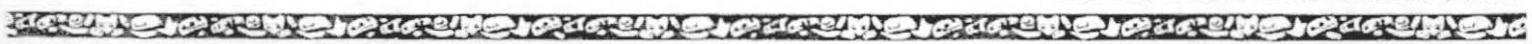
SUBJECT PHOTOGRAPHS



Looking north into Landlocked Bay



Looking southwesterly along west side of Landlocked Bay from vicinity of MS 783





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north at Bidarka Point; Landlocked Bay on right; Boulder Bay on left



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT05	PARCEL NAME: Landlocked Bay	SCORE: 36.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 7,400

CULTURAL RESOURCES	High	Documented historic cannery site and unconfirmed village site.						
SUBSISTENCE	High	Documented historic use.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: Chugach Alaska Corporation.								
ADDITIONAL CONSIDERATIONS: Ongoing timber harvesting in adjacent Two-Moon Bay.								
PROTECTION OBJECTIVE: Maintain forested habitats for marbled murrelets, bald eagles and wilderness; protect nearshore area for sea otters and intertidal/subtidal habitats; prevent damage to cultural resources; protect subsistence uses.								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
7H, 4M	Y	N	Y	N	Y	N	Y	36.0

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)



## Allocation of Acreage and Valuation Calculations

Bidarka Point

Work Group Recreation/Tourism Rating

Total Acreage

TAT 05
Low
2,125.39 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

0.00 sites
1.50 miles

Unit

Acres

160

160

1,885.39

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating

\$/Acre

Qty. (Acres)

Adj.

"High"

\$2,500

≤ 160 acres

-23%

"Moderate"

\$1,750

> 160 ≤ 320

-28%

"Low"

\$1,000

> 320 ≤ 480

-32%

> 480

-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating

\$/Acre

≤ 160 acres

-23%

"High"

\$1,150

> 160 ≤ 320

-28%

"Moderate"

\$975

> 320 ≤ 480

-32%

"Low"

\$800

> 480

-36%

Low-Utility Land

\$100

n/a

n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

0 ac.

Indicated Price Per Acre

\$1,000

Merchantable Timber Identified

\$1,000

Indicated Value - Unadjusted for Size

\$0

Less: Size Adjustment

\$0

Indicated Value - As part of the whole

\$0

#### Non-Strategic Wtf w/Favorable Topography

240 ac.

Indicated Price Per Acre

\$800

Merchantable Timber Identified

Yes -58%

\$336

Indicated Value - Unadjusted for Size

\$80,640

Less: Size Adjustment

-28%

(\$22,579)

Indicated Value - As part of the whole

\$58,061

#### Low-Utility Land

1,885.39 ac.

Indicated Nominal Price Per Acre

\$100

Indicated Value

\$188,539

Estimated Value of Acreage w/o Merchantable Timber

\$246,600

Add: Cascade's Estimate of Timber Value

\$5,850,000

Estimated Value (Fec Simple Surface)

(rd) \$6,096,600

Indicated Overall Price Per Acre

\$2,868

**SUNNY BAY--Before Condition**  
**(Fee Simple Surface)**

**Location**

This parcel represents a portion of the acreage identified by the EVOS Trustee Council parcel as TAT 06. Sunny Bay is located on the north side of Port Fidalgo approximately 20 air miles south of Valdez.

**Area**

Legal descriptions provided (see Addenda) indicate the parcel contains 2,445.46 acres.

**Geography/Topography**

Sunny Bay offers protected waters in the northern reaches of Port Fidalgo. The head of the bay is the terminus for two valley drainages that form a delta of mud flats. The two drainages are separated by a steep spine that reaches 1,000 feet within 1/3 mile from shore. The west side of the bay is described as heavily wooded but also steep; rising abruptly from shore to 1,000 feet within 1/4 to 1/3 mile. Near the southwest corner of the parcel, a heavily wooded pocket offers more favorable topography for probable uses. The east side of the bay is formed by a peninsula and extended islands that feature rolling wooded topography. A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.

**Easements**

According to the preliminary title report prepared by Stewart Title Insurance Company, no "Section 17 (b)" easements are reserved to the U. S. Government. No other easements are noted.

**Leases, Permits and Licenses**

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

### Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 06	Low	Low

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

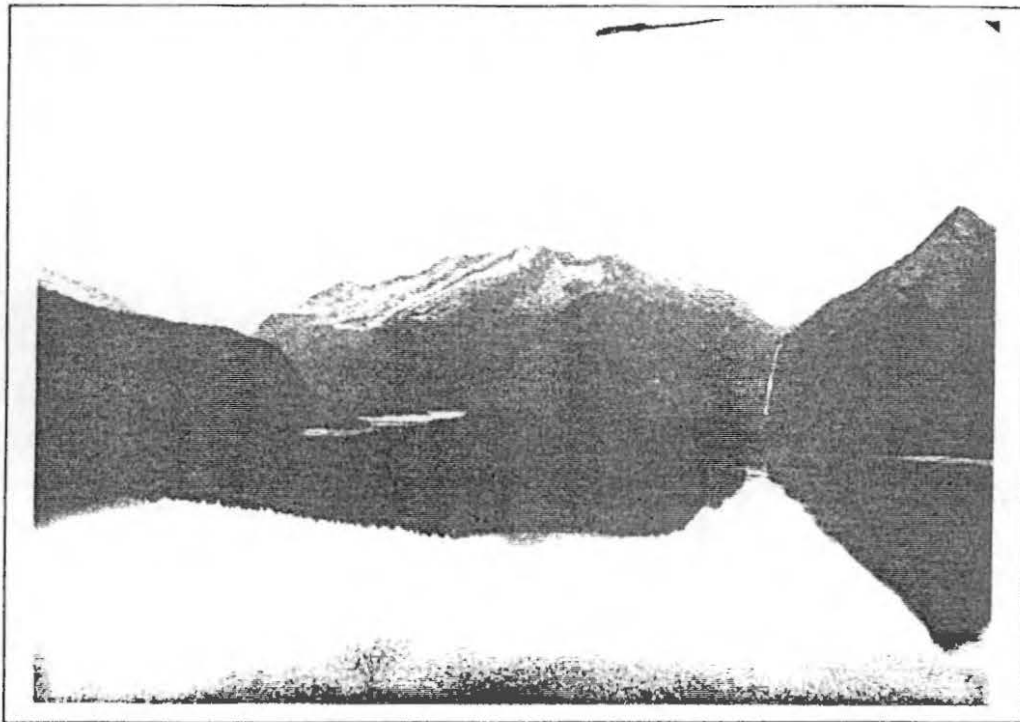
### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". The value of merchantable timber was estimated at \$1,940,000 as of September 1, 1995. However, the subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation.

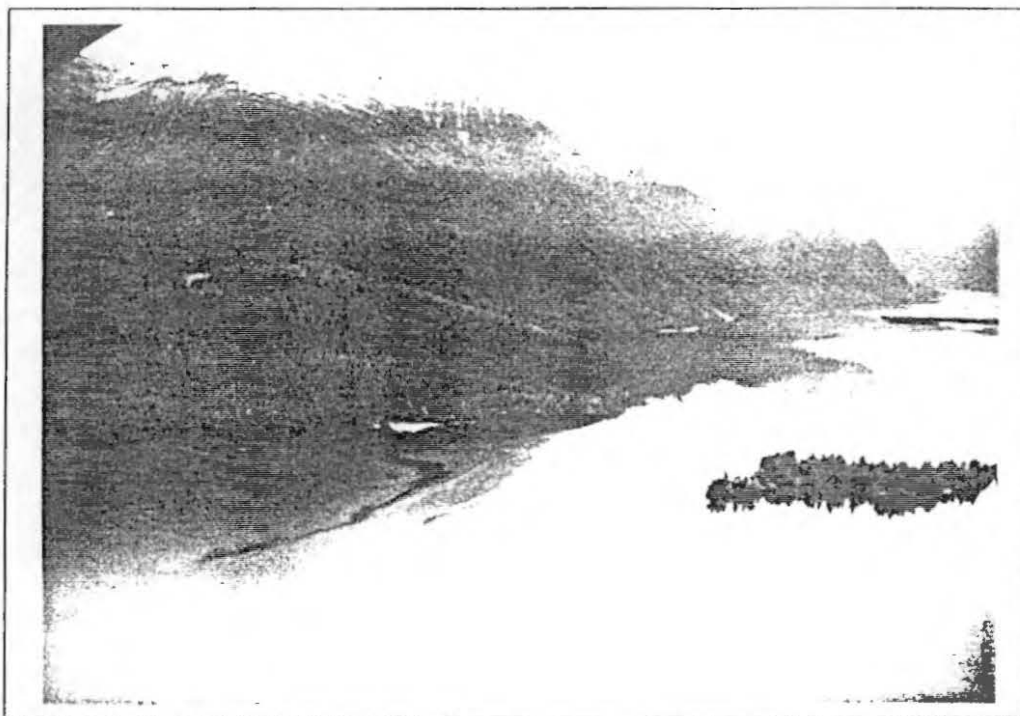


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking northeasterly toward head of Sunny Bay



Looking northeasterly along west shore of Sunny Bay

## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT06	PARCEL NAME: Pt. Fidlago	SCORE: 31.5
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 17,600

SUBSISTENCE	High	Documented historical use.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: Chugach Alaska Corporation and U.S. Forest Service.								
ADDITIONAL CONSIDERATIONS: Extensive timber harvests on parcel have potential to significantly diminish habitat values.								
PROTECTION OBJECTIVE: Protect anadromous fish streams for pink salmon, cutthroat trout, Dolly Varden and harlequin ducks; protect nearshore area for Pacific herring, sea otters, harbor seals and intertidal/subtidal resources; protect subsistence uses and documented cultural resource sites.								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
9H, 3M	N	N	Y	N	Y	N	Y	31.5

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)

## Allocation of Acreage and Valuation Calculations

Sunny Bay

Work Group Recreation/Tourism Rating

Total Acreage

TAT 06
Low
2,445.46 ac.

### Allocation

Strategic Waterfront Acreage

Non-Strategic Wtf w/Favorable Topography

Low-Utility Non-Timberlands

	Unit	Acres
1.00 sites	160	160
1.00 miles	160	160
		2,125.46

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$1,150	≤ 160 acres	-23%
"Moderate"	\$975	> 160 ≤ 320	-28%
"Low"	\$800	> 320 ≤ 480	-32%
		> 480	-36%

#### Low-Utility Land

\$100 n/a n/a

### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

		160 ac.
		\$1,000
Yes	-35%	\$650
		\$104,000
	-23%	(\$23,920)
		\$80,080

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre

Merchantable Timber Identified

Indicated Value - Unadjusted for Size

Less: Size Adjustment

Indicated Value - As part of the whole

		160 ac.
		\$800
Yes	-58%	\$336
		\$53,760
	-23%	(\$12,365)
		\$41,395

#### Low-Utility Land

Indicated Nominal Price Per Acre

Indicated Value

2,125.46 ac.  
\$100  
\$212,546

Estimated Value of Acreage w/o Merchantable Timber

Add: Cascade's Estimate of Timber Value

Estimated Value (Fee Simple Surface)

\$334,021  
\$1,940,000  
(rd) \$2,274,000

Indicated Overall Price Per Acre

\$930

**SNUG CORNER COVE/TWO MOON BAY/GOOSE ISL.--Before Condition**  
**(Fee Simple Surface)**

**Location**

The subject is the major component of the EVOS Trustee Council parcel identified as TAT 07. The parcel dominates the peninsula extending into the sound between Port Fidalgo and Port Gravina--approximately 25 to 30 air miles south of Valdez.

**Area**

The area is estimated at 23,259.60 acres<sup>32</sup>. Contiguity is interrupted by several land owner reservations and numerous private ownerships of subdivided lots. Subdivisions on Snug Corner Cove, Two Moon Bay, and Irish Cove occupy over four miles of shoreline featuring favorable topography. The subdivisions created approximately 250 oceanfront lots of approximately 1.5 acres. Two non-specified 40 acre parcels are to be reserved in the general vicinity of the northeast shore of Two Moon Bay. In addition, a privately owned 264.18 acre mineral claim is located just east of Irish Bay--surrounded by the subject.

**Geography/Topography**

For the purposes of our discussion, the subject will be described as four components referenced by geographic features: Goose Island; Snug Corner Cove; Two Moon Bay; and Irish Cove.

Goose Island is located off the end of the peninsula. The island is approximately 1.5 miles long and up to 1/2 mile wide. Topography is described as moderately sloping to elevations of 300 feet. The shoreline features both gradual gravel and rocky beaches. Slopes are heavily wooded where the timber has not already been harvested.

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<sup>32</sup>. Original area estimate of 23,289.60 acres has been adjusted downward to reflect subsequent reservations of two development sites totaling not more than 30 acres in the vicinities of Goose Island and western shore of the west arm of Two Moon Bay. For the purposes of our analysis, we have allocated 10 acres to Goose Island and 20 acres to Two Moon Bay.

Snug Corner Cove extends southeasterly from the entrance to Port Fidalgo approximately 2 miles inland. The topography surrounding the cove ranges from moderate to steep slopes. The Cove offers protected moorage and a wooded windbreak along much of the shoreline. Beaches are generally gravel. Vegetation ranges from lowland grasses to dense stands of merchantable timber. Select areas have recently been clear cut. A good gravel beach with moderately sloping wooded uplands--located on the southwest shore of the bay--has been subdivided into shareholder sites. This ribbon of water frontage is excluded from the subject's acreage.

Two Moon Bay consists of two arms. Both sides of the western arm are characterized by moderate to steep slopes heavily wooded with merchantable timber. Clear cut operations are currently underway. The head of this arm is described as a broad valley of rolling lowlands with only random stands of timber. The shoreline consists of gradual gravel beaches. Extreme backland elevations reach nearly 1,800 feet. The eastern arm is generally similar. A log transfer station is located on the eastern side of the arm. Approximately 3 miles of shoreline has been subdivided and is excluded from the subject acreage.

The topography surrounding Irish Cove is similar to that of Two Moon Bay. Clear cut operations are evident on heavily wooded slopes. Approximately 1/2 mile of shoreline on the west side of the bay has been subdivided and is excluded from the subject acreage.

A merchantable timber resource has been identified and quantified by Cascade Appraisal Services Inc.



## Easements

We were provided with a September 20, 1995 "preliminary commitment for title insurance" prepared by Stewart Title Insurance Company. "Section 17 (b)" easements reserved to the U. S. Government in Patent No. 50-94-0172 are inventoried in the following table.

Reference	Type	Location	Remarks
EIN 21 C4	1 acre site easement	upland of the mean high tide line in Sec. 21, T13S, R8W, CRM, on the west shore of Snug Cove along a small inlet.	exact location has not yet been determined
EIN 107 J	navigation aid	A combination of miscellaneous easements for an existing U. S. Coast Guard navigation aid known as Goose Island Light located in Sec. 25, protracted T. 13 S., R 9W., CRM. The easements include a circular site, having a radius of 100' whose center is the navigation aid and the right of safe ingress and egress to the site. This circular site provides for a landing area on the beach to change mode of transportation from the ocean to a trail leading to the navigation aid. A 25' wide trail easement is also encompassed within the site. The trail easement runs from the beach landing site, easterly approximately 90 feet to the navigation aid. In addition, an easement is reserved for the airspace through an arc having a 100' radius, whose center is the navigation aid. This easement includes the airspace above the land up to an imaginary horizontal plane at the maximum height of the navigation aid. The uses allowed include those associated with construction, reconstruction, operation, and maintenance. Use is limited to the U. S. government and its authorized agents, contractors, and assigns.	

One Acre Site Easement - The uses allowed for a site easement are: vehicle parking (e.g., aircraft, boats, all terrain vehicles (ATVs), snowmobiles, cars, trucks), temporary camping, and loading or unloading. Temporary camping, loading, or unloading shall be limited to 24 hours.

## Leases, Permits and Licenses

We are not aware of any leases affecting the subject property. Use permits/licenses are generally seasonal or short term in nature. We are not aware of any permits/licenses that would be significant to the valuation of the subject.

## Other Rights, Title, Interest, Claims, etc.

No 14 (c) (1) claims are noted in the preliminary title report

### Wild and Scenic Resources

Pink and/or Coho Salmon are found in several area streams. The EVOS Restoration Team Habitat Protection Work Group's rankings/ratings are summarized in the following table.

EVOS Parcel No.	Overall Ranking	Recreation/Tourism Rating
TAT 07	High	High

Photos and the Habitat Protection Parcel Analysis are presented on subsequent pages.

### Highest and Best Use

Cascade Appraisal Services, Inc., concluded the Highest and Best Use of the subject is "Forest Resource Production". Timber values on TAT 07 were estimated as follows:

Two Moon Bay apparently owned by Citifor--valued separately at	\$9,210,000
Hell's Hole "option unit" (to Citifor)--1,120 acres valued separately at	\$2,945,000
Sec. 20 & 29 "option unit" (to Citifor)--valued separately at	\$450,000
Goose Island apparently owned by Tatitlek--allocated from "main block" at	\$230,000

In order to derive the separate value estimates per our instructions, the Two Moon Bay appraisal of \$9,210,000 was allocated as follows:

To Port Fidalgo calculated as 3.73% of merchantible acreage	\$343,533
To Hell's Hole calculated as 10.30% of merchantible acreage	\$948,630
*Remainder to Snug Corner Cove/Two Moon Bay/Goose Island	\$7,917,837

The total timber value on the subject acreage is reconstructed as follows:

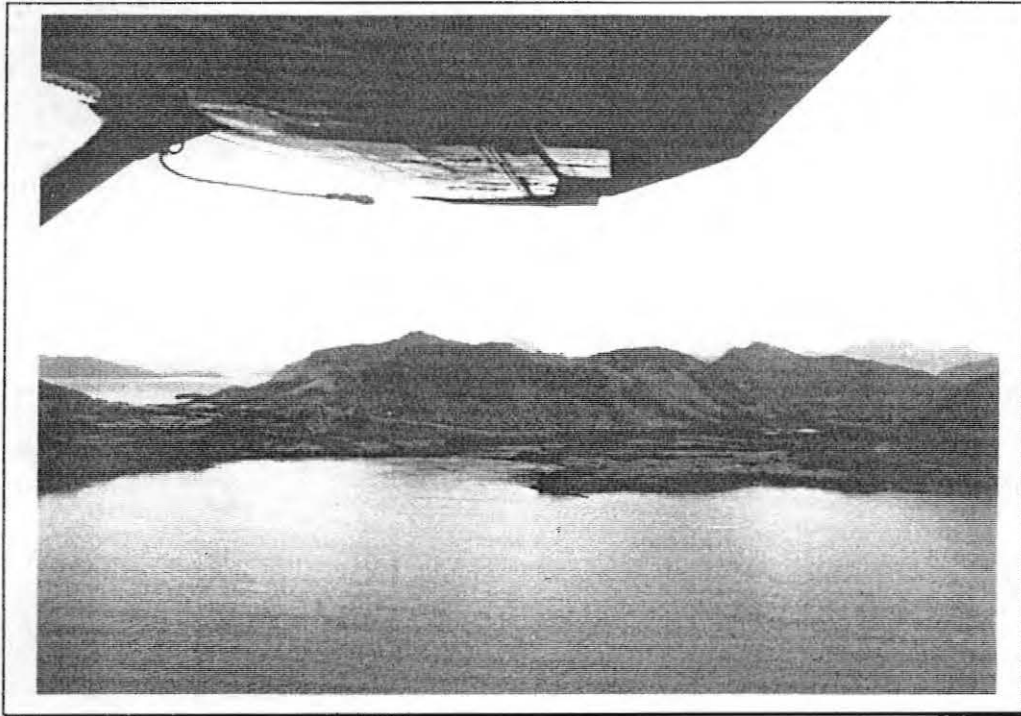
*Allocated from Two Moon Bay appraisal	\$7,917,837
Sec. 20 & 29 "option unit" (to Citifor)--valued separately at	\$450,000
Goose Island apparently owned by Tatitlek--allocated from "main block" at	<u>\$230,000</u>
Total Timber Value on Snug Corner Cove/Two Moon Bay /Irish Bay/ Goose Isl.	\$8,597,837

The subject contains acreage that would be suitable for alternative uses within a foreseeable time period after the timber harvest. Sec. 17 (b) easements do not restrict Highest and Best Use. In summary, the Highest and Best Use is a mixed use that includes "Forest Resource Production" and speculation. Special-purpose licensing/permitting is a possible interim use.

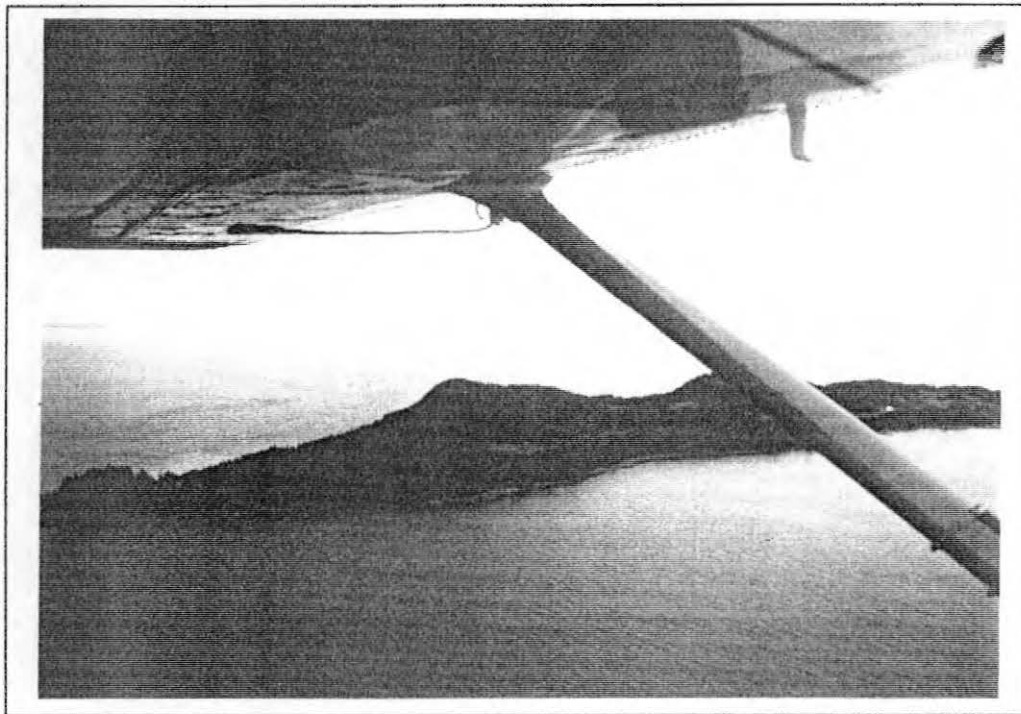


10-5-95 (SEC)

# SUBJECT PHOTOGRAPHS



Looking northeasterly toward Knowles Bay southeast of Snug Corner Cove



Looking west at Goose Island



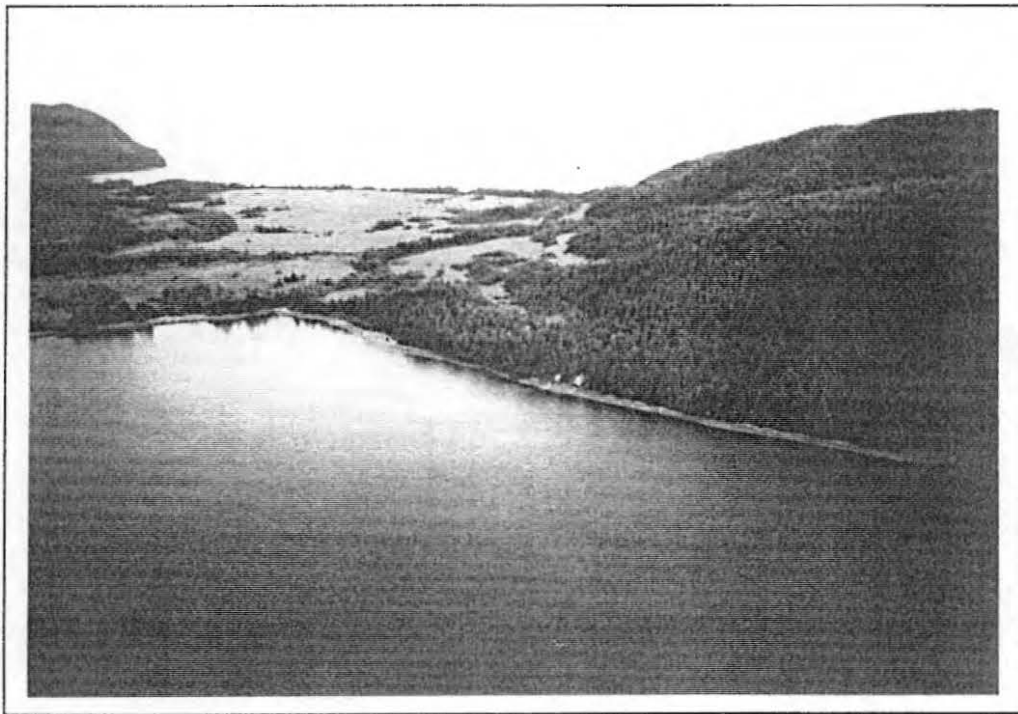


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking easterly at Porcupine Point entering Snug Corner Cove



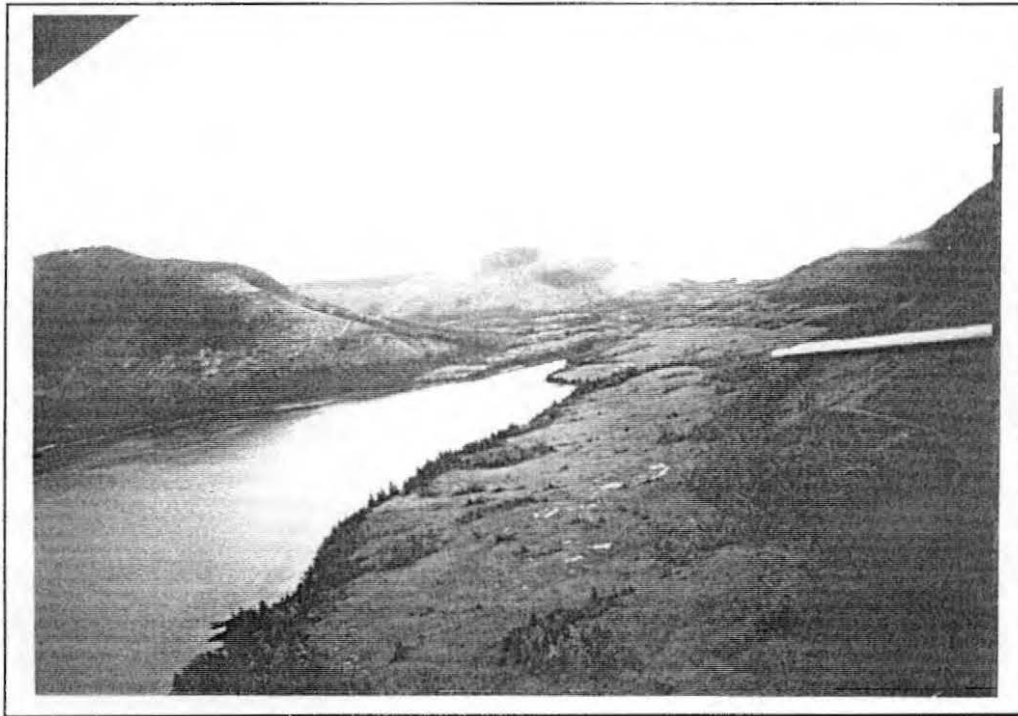
West shore of Snug Corner Cove. Resale of a shareholder lot is improved with cabin



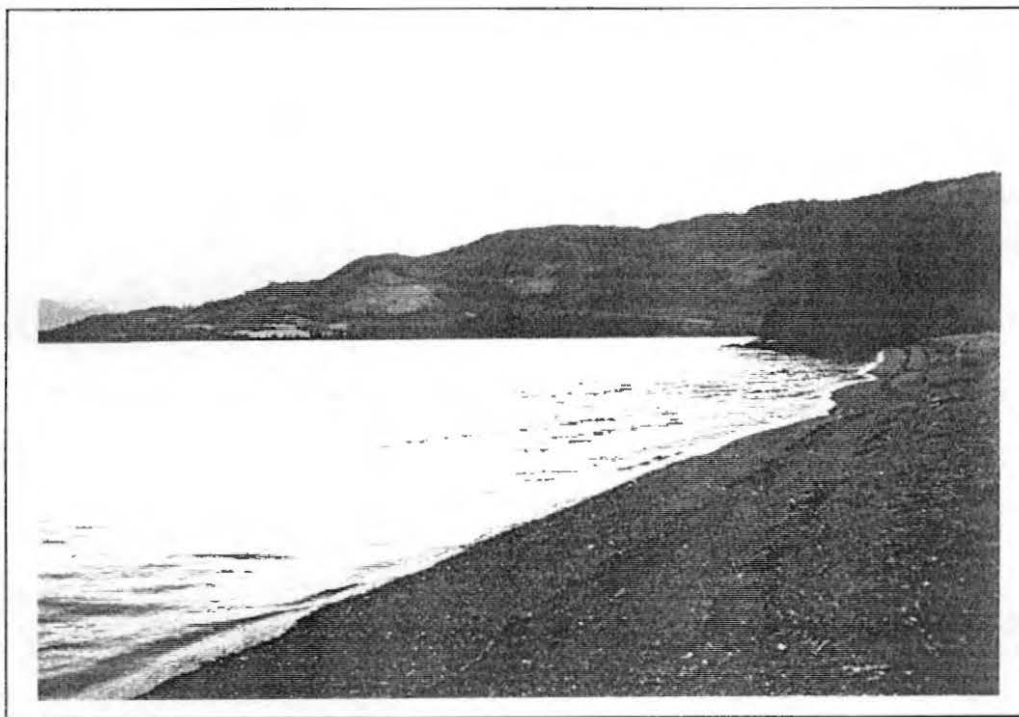


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking southeasterly along west shore of Snug Corner Cove



Looking southeasterly along west shore of Snug Corner Cove

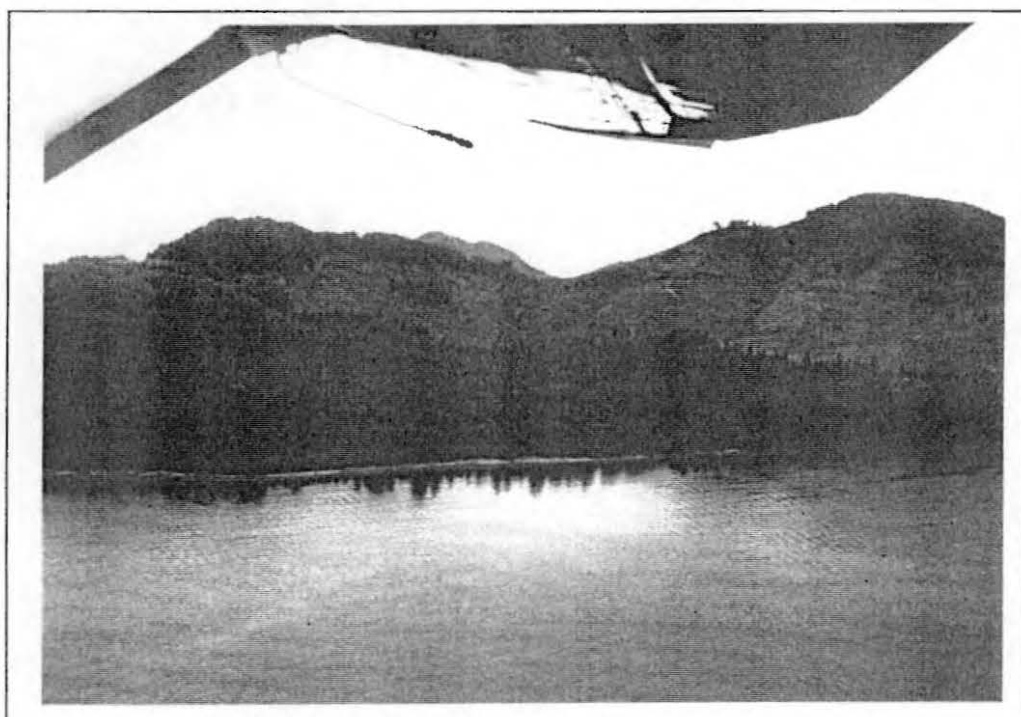


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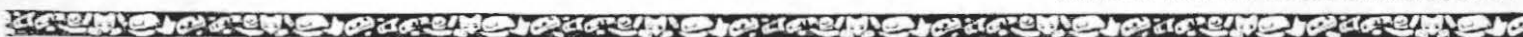
SUBJECT PHOTOGRAPHS



Looking northwesterly along west shore of Snug Corner Cove



East side of Snug Corner Cove

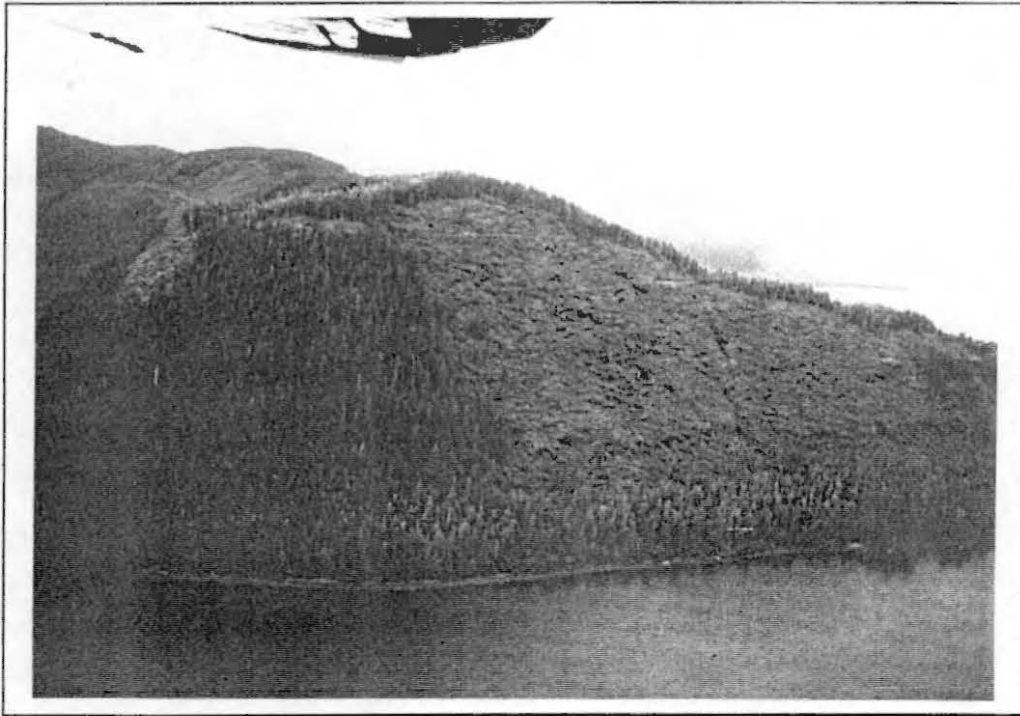




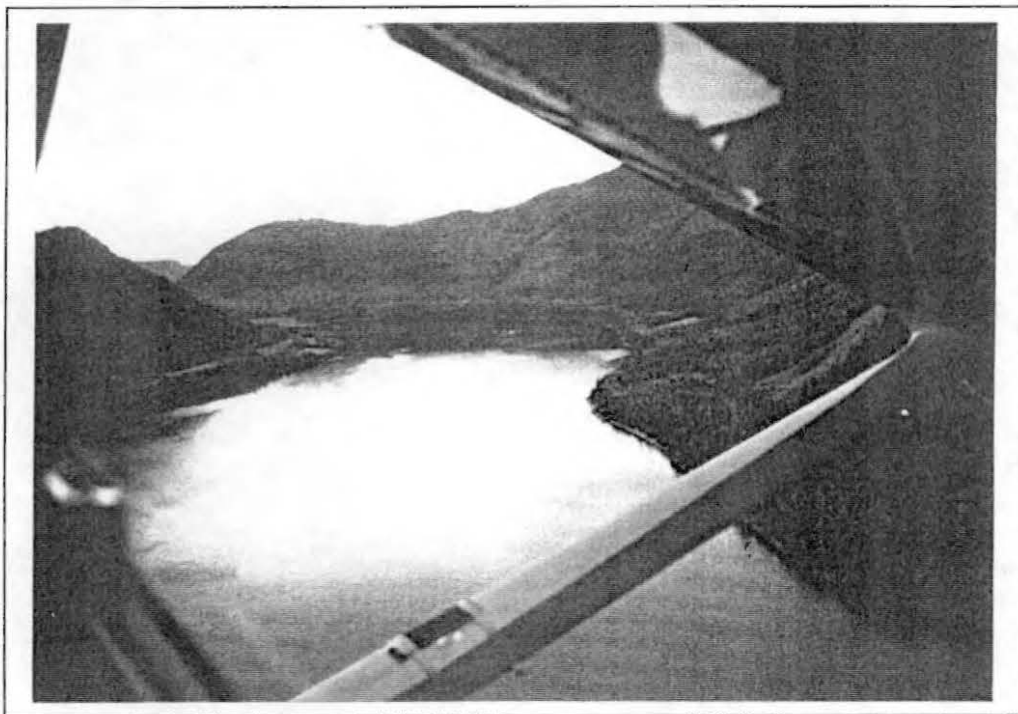


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



View of shoreline along Port Fidalgo between Snug Corner Cove and Two Moon Bay



Looking southwesterly at western arm of Two Moon Bay



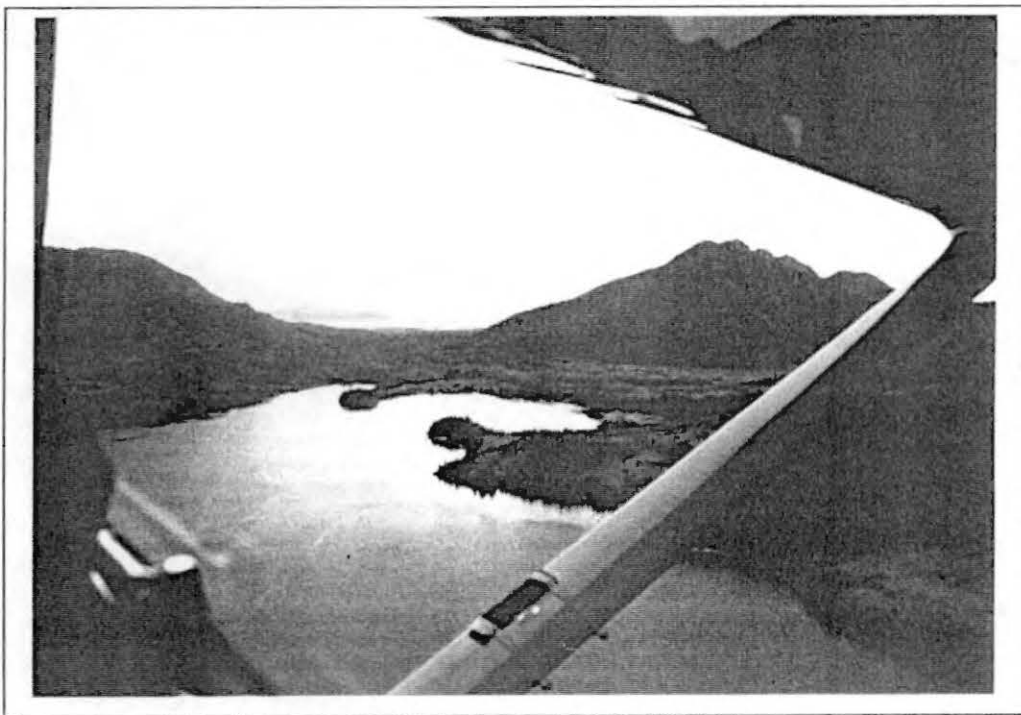


10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking southwesterly at head of Two Moon Bay's eastern arm



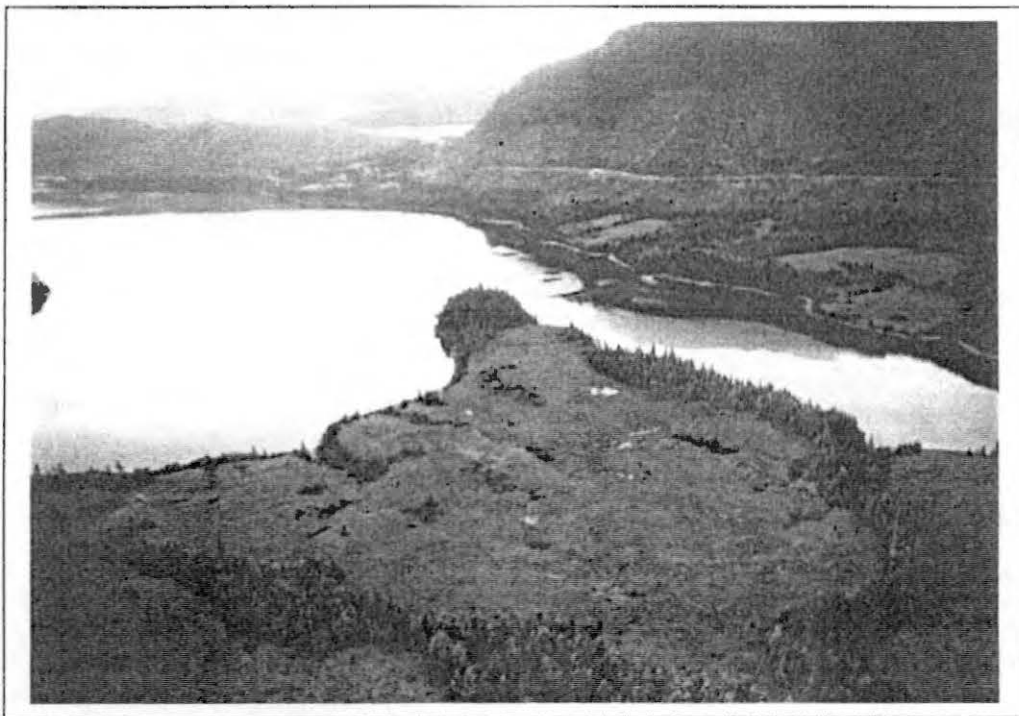
Looking southeast from eastern arm of Two Moon Bay--Port Gravina in background





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



Looking north from head of eastern arm of Two Moon Bay



Looking north from head of eastern arm of Two Moon Bay--logging camp in background



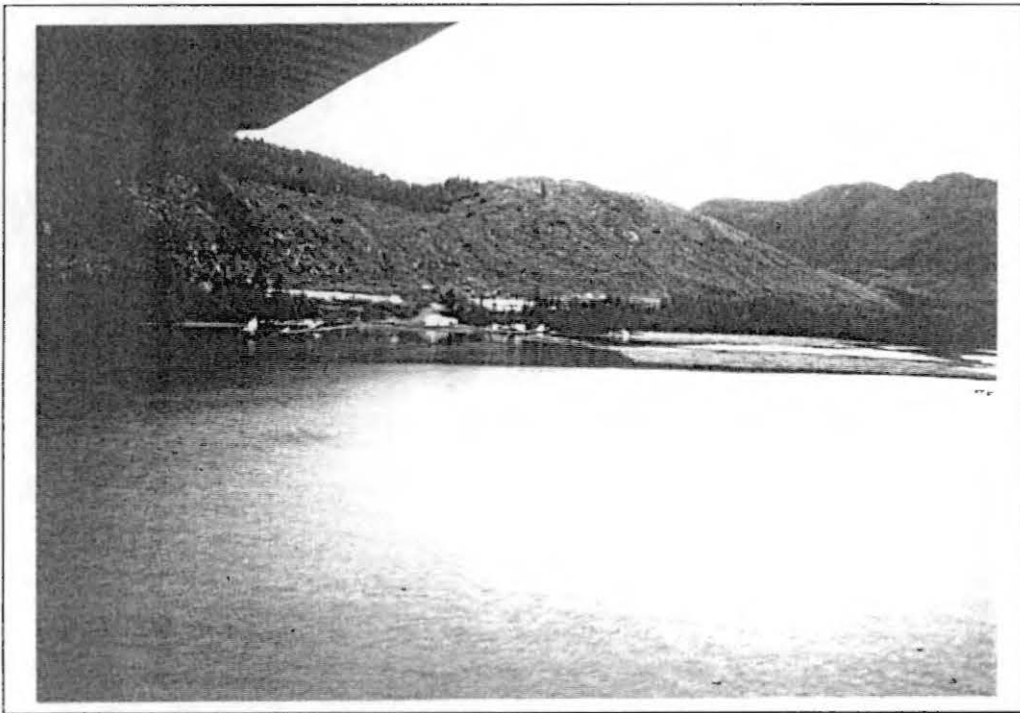


10-5-95 (SEC)

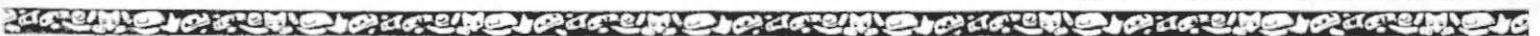
SUBJECT PHOTOGRAPHS



Sort yard on east side of Two Moon Bay



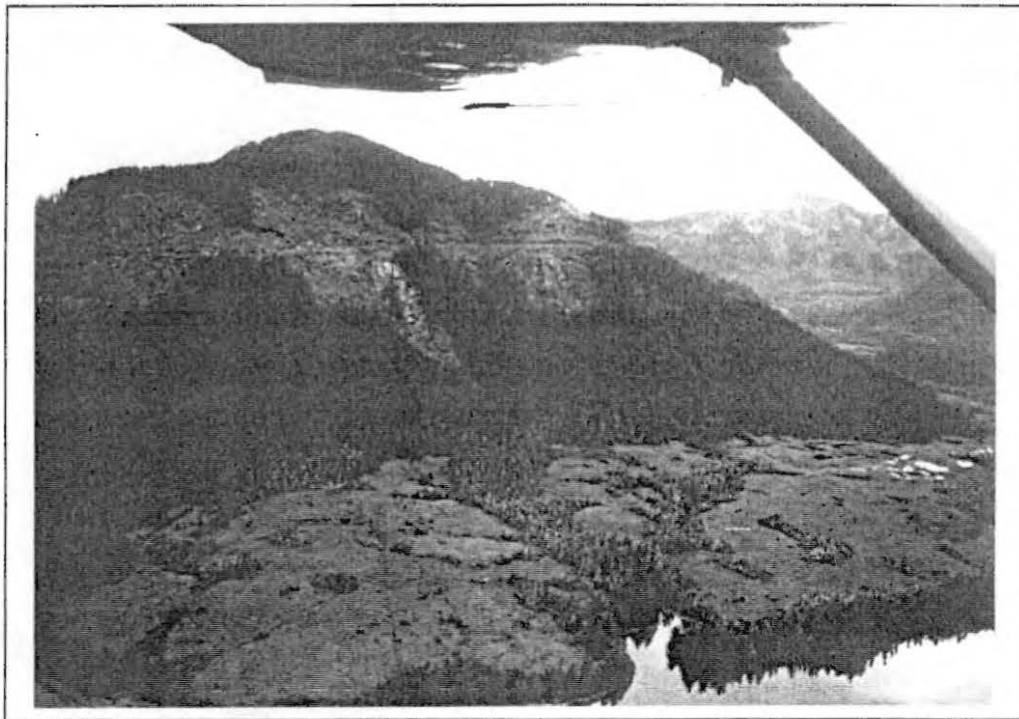
Logging camp on east side of Two Moon Bay





10-5-95 (SEC)

SUBJECT PHOTOGRAPHS



East side of entrance to Irish Cove



Looking southeasterly at head of Irish Cove



## HABITAT PROTECTION PARCEL ANALYSIS

PARCEL #: TAT07	PARCEL NAME: Two Moon Bay	SCORE: 70.0
LANDOWNER: Tatitlek Native Corporation		PARCEL ACREAGE: 32,500

CULTURAL RESOURCES	High	Documented historic fox farms.						
SUBSISTENCE	High	Documented historic use area.						
ECOLOGICAL SIGNIFICANCE:								
ADJACENT LAND MANAGEMENT: Chugach National Forest.								
ADDITIONAL CONSIDERATIONS: Large proportion of the parcel has been logged. The remainder is scheduled for logging in the near future.								
PROTECTION OBJECTIVE: Protection objectives are complicated by the extensive logging that has occurred on this parcel; maintain or enhance remnant habitats.								
RANKING CRITERIA								
1	2	3	4	5	6	7	8	TOTAL
13H, 2M	N	Y	Y	N	Y	Y	Y	70.0

<sup>1</sup> Parties other than landowner may own partial rights (e.g. timber, minerals)

## Allocation of Acreage and Valuation Calculations

Snug Corner Cove/Two Moon Bay/Goose Island  
Work Group Recreation/Tourism Rating  
Total Acreage

TAT 07
High
23,259.60 ac.

### Allocation

		Unit	Acres
Strategic Waterfront Acreage	6.50 sites	160	1,040
Non-Strategic Wtf w/Favorable Topography	6.25 miles	160	1,000
Low-Utility Non-Timberlands			21,219.60

### Valuation Key

#### Strategic Waterfront Acreage

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$2,500	≤ 160 acres	-23%
"Moderate"	\$1,750	> 160 ≤ 320	-28%
"Low"	\$1,000	> 320 ≤ 480	-32%
		> 480	-36%

#### Non-Strategic Wtf w/Favorable Topography

Work Group Recreation/Tourism Rating	\$/Acre	Qty. (Acres)	Adj.
"High"	\$1,150	≤ 160 acres	-23%
"Moderate"	\$975	> 160 ≤ 320	-28%
"Low"	\$800	> 320 ≤ 480	-32%
		> 480	-36%

#### Low-Utility Land

\$100	n/a	n/a
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### Valuation Calculations

#### Strategic Waterfront Acreage

Indicated Price Per Acre		1,040 ac.
Merchantable Timber Identified	Yes -35%	\$2,500
Indicated Value - Unadjusted for Size		\$1,625
Less: Size Adjustment	-36%	\$1,690,000
Indicated Value - As part of the whole		(\$608,400)
		\$1,081,600

#### Non-Strategic Wtf w/Favorable Topography

Indicated Price Per Acre		1,000 ac.
Merchantable Timber Identified	Yes -58%	\$1,150
Indicated Value - Unadjusted for Size		\$483
Less: Size Adjustment	-36%	\$483,000
Indicated Value - As part of the whole		(\$173,880)
		\$309,120

#### Low-Utility Land

Indicated Nominal Price Per Acre		21,219.60 ac.
Indicated Value		\$100
		\$2,121,960

Estimated Value of Acreage w/o Merchantable Timber		\$3,512,680
Add: Cascade's Estimate of Timber Value		\$8,597,837
Estimated Value (Fee Simple Surface)	(rd)	\$12,110,500

Indicated Overall Price Per Acre		\$521
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## ANALYSES AND VALUE ESTIMATES "AFTER CONDITION"

Where the property interest to be appraised is a proposed Conservation Easement, the easement value will be measured as the difference between values in the "before condition" (fee simple surface) and the "after" condition" (subject to the proposed easement).

Values in the "after condition" are developed in the subsequent analyses.

## PROPERTY DESCRIPTION - "After Condition"

### "CONSERVATION EASEMENT" NO PUBLIC ACCESS (CE NPA)

The physical features and characteristics of the CE NPA acreage are the same in the "after" condition as in the "before". In the "after" condition, the acreage will be subject to a "timber conservation easement" in perpetuity. The agreement will create partial interests for the Tatitlek Corporation (grantor) and the United States (grantee). With the exception of a reference to reservations from the CE NPA acreage, the easement draft provided appears to be specific to the CE WPA--Timber Conservation Easement with Permitted Public Access. We have not been provided with a specific easement draft for the CE NPA--Timber Conservation Easement without Permitted Public Access.

In the "before condition", the Highest and Best Use was described as a mixed use that may include forestry, commercial recreation and speculation. Special purpose licensing/permitting was identified as an interim use.

### Highest and Best Use in the "After Condition"

Based on input from the contracting agency, the CE NPA easement would prohibit possible value-maximizing alternatives.

- Timber rights will be acquired by the United States. Forestry is not a permitted use.
- Development rights will be acquired by the United States. Improved uses are not permitted.

*(Reservations have been deducted from the area estimate in both the "before" and "after" conditions. They are of no consequence to the value of proposed conservation easement.)*

Given the restrictions, the Highest and Best Use in the "after condition" is long-term \*speculation with special-purpose licensing/permitting of unimproved private and commercial uses in the interim.

*\*Speculation is legitimized as a use because the interim use identified will not support even the nominal per acre indicator of \$100 (see User Fee Analysis in the Addenda of the December 1995 Update and Supplement).*

### **Valuation In the "After Condition"**

In the "before condition" analysis, the acreage was allocated into three components--each contributing to an overall value at different rates supported by different uses. In the "after condition" possible and probable value maximizing uses are prohibited (forestry and all improved uses). As a result, there is no distinction between components in the "after condition" All contribute at the same rate because Highest and Best Use is the same.

In the "after condition", the two most valuable components are effectively rendered the same as the third component in terms of Highest and Best Use--unsuitable for any economic use except for speculation with licensing/permitting as an interim use.

The value of the third component was estimated at a nominal \$100 per acre based on market evidence weighed by an acknowledgment that there is probably some minimum value that could be attributed to the novelty aspect of remote Alaska lands if nothing else.

In summary--while some areas of the subject exhibit superior qualities to others; all of the acreage is essentially reduced to the "lowest common denominator" by the easement. It is our opinion that the property in the "after condition" (subject to the proposed easement) is fairly represented at \$100 per acre.



## PROPERTY DESCRIPTION - "After Condition"

### "CONSERVATION EASEMENT" WITH PUBLIC ACCESS (CE WPA)

The physical features and characteristics of the CE WPA acreage are the same in the "after" condition as in the "before". In the "after" condition, the acreage will be subject to a "timber conservation easement" in perpetuity. The agreement will create partial interests for the Tatitlek Corporation (grantor) and the United States (grantee). Our analysis and conclusions are based on the "DRAFT" presented in the Addenda.

In the "before condition", the Highest and Best Use was described as a mixed use that may include forestry, commercial recreation and speculation. Special purpose licensing/permitting was identified as an interim use.

### Highest and Best Use in the "After Condition"

Based on our interpretation of Section 3 of the easement "draft" (Prohibited Uses), possible value-maximizing alternatives are prohibited.

- Timber rights will be acquired by the United States. Forestry is not a permitted use.
- Development rights will be acquired by the United States. Improved uses are not permitted.

*(Reservations have been deducted from the area estimate in both the "before" and "after" conditions. They are of no consequence to the value of proposed conservation easement.)*

Given the restrictions, the Highest and Best Use in the "after condition" is long-term \*speculation with special-purpose licensing/permitting of unimproved private and commercial uses in the interim.

*\*Speculation is legitimized as a use because the interim use identified will not support even the nominal per acre indicator of \$100 (see User Fee Analysis in the Addenda of the December 1995 Update and Supplement).*

The potential impact of noted provisions is evaluated in the following discussions.

### Access Rights of Others

The rights conveyed to the United States are in accordance with common goals and objectives with regard to preservation/conservation, and the intentions of the owner/grantor (Tatitlek). A resulting "nuisance" that would negatively impact Highest and Best Use is not supportable.

According to the draft; "...the parties intend that the public will be permitted to have access to the Protected Property (to the extent provided herein) for sport hunting, sport fishing, and other natural land based recreational opportunities...". Arguably, a property subject to a timber conservation easement that prohibited all improved uses; but was otherwise unrestricted (CE NPA); would have a market advantage over one subject to a similar easement that also required the land owner to allow public access (CE WPA).

However, providing for access by the public is not a stated purpose under Section 1 (Purposes). Except for the common objectives of preservation and conservation, the only other stated purpose is "...to ensure the reservation and enjoyment by Tatitlek, as landowner, with respect to the Protected Property, of all legal rights and privileges that are reserved to it and/or not granted to the United States and Alaska by and through this Easement."

Section 5 clearly states: "The granting of this Easement does not convey to the public the right to enter the Protected Property for any purpose whatsoever. Subsequently, the parties agree that the public will be permitted access but the conditions, "standards and criteria" are undetermined. A Section 4 (a) excerpt states: "Tatitlek retains the right to condition non-commercial public access to, and use of, the Protected Property upon issuance of a land use permit from Tatitlek and the U. S. Forest Service, acting by and through the U. S. Forest Service ("USFS). Tatitlek and/or the USFS will have the right to charge a permit application administrative fee for processing such land use permits." The disposition of the fees is unclear. Other language describes the "...administrative fee charged by Tatitlek...". Giving most weight to Tatitlek's retainer of the right "...to administer the land use permit system itself...", we have assumed that the grantor/owner is entitled to 100% of the fees. Recreational use on a user-fee basis is consistent with our conclusion of Highest and Best Use.

### **Possible Limitation on Income**

By the easement draft, the grantor/owner appears to derive all economic benefits. However, the easement may impose limitations that preclude the possibility of a profit one source of income. Arguably, a property subject to such a restriction would be at a disadvantage compared to a similar property with no limitations.

But the extent to which limiting factors implied by the easement draft may apply is unclear. On one hand; "...The administrative fee shall be jointly determined and shall not exceed the cost of administering the permit applications/system." On the other hand; "...the reasonableness of the administrative fee charged by Tatitlek..." is one of the "standards and criteria" yet to be developed. And, "...The fee may be reasonably adjusted in the future in recognition of inflation and other relevant information."

The possible restriction may prove to be no more limiting than market forces influenced by the availability of alternatives and the relative quality of wild and scenic resources. And, the impact of any limitation may be mitigated by the grantor's retainer of the "...exclusive right to control all commercial access to and use of the Protected Property. This exclusive right includes the right to conduct, authorize, permit, license, charge use fees, regulate, limit or exclude all commercial operations on or utilizing the Protected Property. ..."

Also, the possibility that a police function would be provided at no cost would tend to have an offsetting affect.

"...The parties intend that the USFS will utilize its available legal authorities for cooperative management agreements to provide law enforcement and trespass control and assistance to Tatitlek in connection with the permitted public access and use under this Easement, subject to the availability of appropriated funds and personnel for such purpose, and the right of agency discretion."

But most important in evaluating the impact of these provisions and conditions, is the acknowledgment that user fees will not support even the nominal per acre value of the third component (\$100). As that point is recognized as the point below which economic criteria no longer applies, there is no reasonable means to measure the net impact.

In summary, recreational use of the subject on a user fee basis is consistent with our conclusion of Highest and Best Use in the "after condition". The grantor/owner retains the right to condition non-commercial public access; the right to administer the land use permit system; and the exclusive right to control all commercial access. The land owner derives all economic benefits. In conclusion, the implication that the public would have access does not negatively impact Highest and Best Use in the "after condition".

### **Valuation In the "After Condition"**

In the "before condition" analysis, the acreage was allocated into three components--each contributing to an overall value at different rates supported by different uses. In the "after condition" possible and probable value maximizing uses are prohibited (forestry and all improved uses). As a result, there is no distinction between components in the "after condition" All contribute at the same rate because Highest and Best Use is the same.

In the "after condition", the two most valuable components are effectively rendered the same as the third component in terms of Highest and Best Use--unsuitable for any economic use except for speculation with licensing/permitting as an interim use.

The value of the third component was estimated at a nominal \$100 per acre based on market evidence weighed by an acknowledgment that there is probably some minimum value that could be attributed to the novelty aspect of remote Alaska lands if nothing else.

In summary--while some areas of the subject exhibit superior qualities to others; all of the acreage is essentially reduced to the "lowest common denominator" by the easement. It is our opinion that the property in the "after condition" (subject to the proposed easement) is fairly represented at \$100 per acre.

## Reconciliation

The individual analysis of components for the fee simple valuations was part of a methodology developed to recognize that select areas are suitable for higher and better uses than others--and therefore contribute to the overall value at different rates. The third component (cutover land, wetlands, tundra, mountains, etc.) is generally unsuitable for any economic use. Logic suggests that such land would be nearly worthless. The \$100 per acre "nominal" value represents the upper end of a gray area from near worthlessness to something measurable. It is established as a base or floor value; significant because it recognizes both near worthlessness--and that there is some point economic criteria no longer applies and the novelty aspect (or something else) becomes a factor.

To estimate the value in "after condition", analysis of the individual components was not necessary because the easement precludes all improved uses. As a result, suitable areas cannot contribute to the whole at different rates. The easement effectively renders all of the acreage the same as the third component in terms of Highest and Best Use--unsuitable for economic uses that may be otherwise possible and/or probable. Therefore, in the "after condition", all of the acreage contributes equally at the low-end nominal rate of \$100 per acre.

It is important to acknowledge that the third component does not stand alone in our analyses and a further diminution is not appropriate. Our conclusions clearly reflect diminutions in the overall values. The diminution is attributable to the conveyance of development rights on the acreage (components) where development is possible and/or probable.

The third component is like the yard around a building site. If an easement eliminates the possibility of building, the Highest and Best Use of the entire site is reduced to yard. But even an unbuildable yard has value as a storage lot if properly zoned. If not, it still has some minimum value as additional yard to adjacent owners. In the case of the proposed easement, the interest retained by the owner/grantor is a marketable interest.

Arguably, a further diminution would be attributed to perceived differences in the two easements and/or potentially limiting provisions. However, perceived differences and the potential impact of noted provisions and conditions cannot be measured by economic criteria when the \$100 threshold is established as the point below which it no longer applies. And, given the general inadequacy of the market for large parcels, we are not aware of any meaningful data from which reliable adjustments could be derived. In otherwords, there is no reasonable means of further splitting the \$100 hair--the "lowest common denominator" so-to-speak.

The after values of the parcels to be encumbered are calculated simply as the quantity of acreage x \$100. The calculations indicating the estimated value of the easements are summarized as follows:

<u>Parcel</u>	<u>EVOS ID.#</u>	<u>Acreage</u>	<u>Interest Appraised</u>	<u>Est. Fee Simple "Before" Value (incl. timber)</u>	<u>Less: "After" Value</u>	<u>(rd) Value Estimate</u>
Bligh Island	TAT 01	8,393.75	CE NPA	\$12,337,200	\$839,375	\$11,498,000
Busby Island	TAT 01	0,433.47	CE WPA	\$517,400	\$43,347	\$474,000
Heather Bay/Columbia Bay	TAT 03	1,719.51	CE WPA	\$1,066,700	\$171,951	\$895,000
Galena Bay	TAT 04	7,737.50	CE WPA	\$1,378,300	\$773,750	\$605,000
Bidarka Point	TAT 05	2,125.39	CE WPA	\$6,096,600	\$212,539	\$5,884,000
Sunny Bay	TAT 06	2,445.46	CE WPA	\$2,274,000	\$244,546	\$2,029,000
Snug Corner Cove/Two-Moon Bay/Goose I.	TAT 07	23,259.60	CE WPA	\$12,110,500	\$2,325,960	\$9,785,000

#### PART IV - ADDENDA

## SALES OF LARGE REMOTE TRACTS IN ALASKA

Several notable transactions used in other appraisals of large tracts of remote Alaska acreage have been considered by the appraisers but disqualified as adequate data for the analysis of the subject. Due to the nature of the subject and the assignment, the inclusion of many of these transactions as "comparables" is likely to be expected. These transactions are summarized in the following table and the reasoning leading to their disqualification as adequate data are summarized in subsequent paragraphs.

Location	Date	Seller	Buyer	Area
Various	various	various Native Regional Corporations	various agencies of the U. S. Govt.	large tracts
<u>National Parks</u>				
Wrangell- St. Elias	9-85	M. Walker	USNPS	160
Gates of the Arctic	6-88	F. Gagnon		160
Denali	3-89	L. Cook		121
<u>Tok area</u>				
Tetlin	11-88	Tetlin Corp.	U. S. A. F.	2,901
Tanacross	11-88	Tanacross Inc.	U. S. A. F.	2,935
Gulkana	1-89	AHTNA	U. S. A. F.	5,409
Kachemak Bay	3-83	Seldovia Native Ass.	Alaska DNR	3,578
	4-85	Seldovia Native Ass.	Alaska DNR	960
Pribilof Islands	1-84	St. George & St. Paul Corps.	USFWS	8,224
Hydaburg, Goat Isl.	5-88	Haida Corp.	USA	4,749
Tazimina Lake	7-91	Kijik	USNPS	9,444
Trading Bay	12-90	Kenai Peninsula Bor.	Marathon Oil	320
<u>EVOS Trustee Council</u>				
Kachemak	8-93	Seldovia Native Ass.	Alaska DNR	23,802
Afognak	11-93	Seal Bay Timber	Alaska DNR	41,549
Kodiak	11-94	AKI, OHI, & Koniag	U. S. FWS	n/a
Salonie Cr., Kodiak Island	10-91	Leisnoi Native Corp.	Kodiak Isl. Borough	660
Prince of Wales Island	5-94	SC Timber Development	Haida Corp.	340.7
SE Alaska	3-95	Eskil Anderson		1,306.7
Uyak Bay, Kodiak Island	3-95	Roy Ecklund, et al	Conservation Fund	318
Turnagain Arm, Kenai Pen	6-95	Kenai Peninsula Bor.	Dennis Sammut	1,400 +/-
Kodiak National Wildlife Refuge	pending 8-94	various Native Alotees	USFWS	small parcels



### Various Alaska Locations

Vast amounts of acreage in Alaska have been the subject of several proposed and completed exchanges that have occurred over the past several years. Most are characterized by a sorting-out process in which various agencies of the U. S. Government desired to reacquire tracts of land that were selected by native corporations under ANCSA. The exchanges do not represent adequate data (evidence of free open-market activity). There were no other prospective purchasers and the transactions reflect only project-related acquisitions by government agencies. In some cases, values were assigned without benefit of appraisals. In summary, the data and ultimately the "market" in which the transactions occurred, is not sufficiently adequate to derive meaningful value indicators that can be reliably correlated to the subject. While the exchanges have been considered, the data has not been used in our analysis.

### Inholding Acquisitions in Various National Parks in Alaska

Three transactions represent acquisitions by the Park Service of inholdings within the boundaries of a national park (Wrangell-St. Elias, Denali, Gates of the Arctic). All are reported as arm's length transactions and as a sub-market, the market for inholdings appears to be minimally adequate. Numerous inholdings resulting from the creation of parks, wilderness, and wildlife refuges are scattered throughout Alaska. Inholdings can be strategic as commercial sites and/or desirable for private recreation. The presumption of suitable alternatives and numerous purchasers is not unreasonable.

If the properties were exposed to the market for a reasonable period, the purchase price eventually negotiated by a private sector purchaser could provide evidence of market value. However, where a negotiated sale does not follow a reasonable marketing period, the relevance of the data is suspect - particularly if the purchaser is a government agency under undue stimulus in the form of potential private development that would be incompatible. Project-related acquisitions are generally inadequate as evidence of market activity - at best reflecting only the price the seller was willing to accept, given knowledge of the purchasers motivations and a supposition of "deep pockets".

Pribilof Islands - Bering Sea, Alaska (1-84)

This parcel was acquired to preserve bird and seal sanctuaries in a coastal marine environment. The transaction is inadequate as evidence of meaningful "market" activity. First, the purchase was project-related. Assuming the tracts represent bonafide strategic or crucial habitat, there could not be numerous sellers offering suitable substitutes. Second, there were not numerous purchasers for these parcels. Subsequent to closing, the reasonable probability of recovering the investment is perceived to be little to none. The purchase price, approximately \$640 per acre, was reported to have been established by a 1984 Congressional Act (PL 96-487).

Subsequently, a U. S. Fish & Wildlife Service appraisal, based on the economic Highest and Best use, concluded a value of only approximately \$83 per acre.<sup>33</sup> "The price authorized by Congress in that instance - eight times the market value - represented, not the workings of a market, but rather a political decision and a possible example of poor public policy judgment."<sup>34</sup> Finally, the sale occurred prior to the general crash in Alaska "market" values.

Kachemak Bay, (Tutka Bay), Kenai Peninsula, Southcentral Alaska (3-83)

The transaction represents a project-related re-acquisition of lands by the State of Alaska. The parcel, situated within the boundaries of Kachemak Bay State Park, had been selected by the Seldovia Native Corporation pursuant to ANCSA. The transaction (an exchange) occurred prior to the crash in real estate values in the mid-80s. Furthermore, with the exception of waterfront acreage, there were not numerous prospective buyers for the property in bulk - much of which consists of steep backlands. Nor were there numerous sellers offering suitable alternatives. The tract was a key component of the project.

Given these circumstances, the transaction is not evidence of meaningful "market" activity and its use in an appraisal seeking market value is inappropriate.

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<sup>33</sup>. Victoria Adams and Bill Mundy, MAI, "The Valuation of High-Amenity Natural Land", *The Appraisal Journal* (January 1991) 48-53.

<sup>34</sup>. Richard J. Roddewig, MAI and Gary R. Papke, "Market Value and Public Value: An Exploratory Essay", *The Appraisal Journal* (January 1993) 52-62.

Kachemak Bay, (near Halibut Cove), Kenai Peninsula, Alaska (4-85)

This transaction also represents a project-related re-acquisition by the State of Alaska in the same area. For the same reasons summarized in the previous paragraph, use of this transaction is inappropriate.

Goat Island - Hydaburg, Southeast Alaska (5-88)

This transaction was reported as a complex 3-part transaction resulting from the Haida Land Exchange Act of 1986. The legislation engineered a major acquisition by the U. S Forest Service that effectively rescued the owner, the Haida (Native) Corporation, from bankruptcy. The final values were arbitrarily assigned without the benefit of an appraisal. The transaction represents only the workings of political processes rather than evidence of free and open market activity.

Tok - Interior Alaska (11-88)

The U. S. Air Force acquired three large tracts in the interior of Alaska in late 1988/early 1989. Any perception that the number of transactions (3) represent an active marketplace is misinterpreted. All three are located in the same general area and represent project-related acquisitions by the same government agency for the "back-scatter" over-the-horizon radar system. For Air Force accounting purposes, they are identified as the Tok and Gulkana acquisitions. The two sites are differentiated by the nature of the property rights conveyed. Ahtna conveyed the Gulkana site in fee simple. Tanacross and Tetlin conveyed only a perpetual easement to the Tok site.

According to Moira Dennis, a real estate specialist with the U. S. Air Force at Elmendorf Air Force Base, the Corps of Engineers normally serves as an agent for such acquisitions. Per Ms. Dennis, Ahtna was not willing to accept the appraised values. Condemnation was considered. Attorneys for the land owner (Ahtna) went to Washington and negotiated the transaction at a higher level - with the Deputy Secretary of the Air Force. Likewise, the land owners of the Tok sites (Tanacross and Tetlin) were not willing to accept the appraised values and the negotiation proceedings went to a higher administrative level.

Consideration of these transactions as evidence of market activity is inappropriate. There were not numerous buyers driving values and the

properties had not been exposed to the market. Market prospects for the properties were slim to none. Such market conditions suggest that negotiations would heavily favor the buyer. Yet, the net result suggests gun-to-the-head negotiations in which the purchaser was at the wrong end. Given the project's criteria with regard to location, elevation, etc., and the extreme pressure to keep the project on a time-line - suitable alternatives, if any, were not practical. The parcels were appraised just prior to the acquisitions by an MAI appraiser. The appraiser concluded the Highest and Best Use was speculation and the per acre value conclusions ranged from \$200 to \$300 (fee simple). Administratively negotiated prices reflect per acre indicators from \$476 to \$511 per acre.

It should be noted that the U. S. Air Force acquired only perpetual easements on the Tok site(s). The agreement provided for a reversion back to the land owner in the event the Air Force abandoned the site. Abandonment, in terms of time, is defined as one year. Due to a cut in project funding, the site was never utilized. As of February 1994, an "Environmental Close-Out" was pending in Washington and the site is expected to revert back to the land owners (Tanacross and Tetlin). The Air Force is not entitled to any refunds, rebates, or prorations. In effect, the U. S. Air Force bought an option on a perpetual easement to 5,836 acres - at a price nearly double the appraised value of the fee simple interest. In summary, these transactions cannot be construed as evidence of open market activity. Their use in an appraisal seeking "market value" is wholly inappropriate.

#### Tazimina Lake - Lake Clark, Western Alaska (7-91)

This acreage, "selected" under ANCSA, lies within the boundaries of Lake Clark National Park and Reserve. A conservation easement purchased by the U. S. National Park Service effectively re-acquired the property for public use and assured compatibility with the management of the park/preserve. As a project-related acquisition, the transaction is not considered to provide a reliable indicator of "market" value. With the exception of a handful of waterfront parcels, market prospects for the property would have been poor and the only probable purchaser of this large block of acreage was the purchaser - a government agency under undue stimulus - the prevention of incompatible development. The objectives of the Park Service are not market driven and use of the data in the valuation of the subject is not appropriate.

Trading Bay - West Cook Inlet, Southcentral Alaska (12-90)

Marathon Oil Company acquired a 320 acre parcel (\$923/acre) on the west side of Cook Inlet for use as a drilling mud disposal site. The acreage is set-back from the water and is accessible to/from the limited infrastructure of the area by a gravel road. While the sale represents an arm's length transaction, it does not provide a reliable indicator of value.

First, the price is not supported by the sales and listings of similar tracts on the eastside of the Inlet - a submarket characterized by numerous sellers and buyers. Parcels (40 to 160 acres) with paved road access, available gas and electricity, are generally available for less than \$1,000 per acre. An 80 acre parcel with similar topography, located on the east side of the Inlet near the waterfront, roads, and commercial dock facilities was offered for sale during a six-month listing period in 1992 for approximately \$600 per acre. According to the listing agents, interest was minimal and the listing expired without an offer.

Second, in the sub-market in which the transaction occurred, there were not numerous sellers and the purchaser had few practical alternatives given the nature of the intended use. According to a representative of the Kenai Peninsula Borough (owner), the purchaser already had a suitable site on the east side of Cook Inlet. However, because of objections from nearby rural residents, Marathon elected to acquire a more remote site. The Kenai Peninsula Borough was the only source.

An extremely limited pool of prospective purchasers for properties on the west side of the Inlet is insufficient to drive values and the contention that the negotiated price was justified by a scarce supply of available land is not valid. In fact, in relation to true market demand, a dramatic oversupply of land is available. Although not marketed, the extensive holdings of the Kenai Peninsula Borough are generally available for purchase, lease, etc. In summary, the data is not considered to provide a reliable indicator of value and has not been included in our analysis.

### Acquisitions by the Exxon Valdez Oil Spill Trustee Council

The settlements of civil and criminal suits stemming from the 1989 Exxon Valdez Oil Spill created super-funds of cash. The most notable is the \$900 million fund that is overseen by the Exxon Valdez Oil Spill Trustee Council. Approximately 19 parcels have been targeted for acquisition to preserve habitat. To date, acquisitions in Kachemak Bay on the Kenai Peninsula and on Afognak Island have been completed.

Understandably, acquisitions by the EVOS Trustee Council should not be considered evidence of free open-market activity. First, there are not numerous sellers. The Council is not free to shop throughout the state for alternatives for which there may be a greater urgency. Rather, the Council is directed to a limited number of specific properties that meet certain criteria - habitat for species affected by the oil spill.

Second, except for viable timberlands, there are not numerous buyers. The funds represent a one-time windfall, afterwhich, a reasonable probability of subsequent buyers for these large tracts is little to none. In otherwords, there is no sense of continuance. It would be difficult to support a contention that a transaction was representative of "market", if, immediately after closing the realistic prospects for reselling or otherwise recovering the investment in the foreseeable future were little to none.

Nevertheless, we have analyzed the transactions in order to identify meaningful indicators, if any.

### *Kachemak Bay*

The re-acquisition of approximately 24,000 acres within the boundaries of Kachemak State Park had been pursued for approximately 15 years. For the past several years, the project had been a dead issue until recently resurrected as a result of the Exxon Valdez Oil Spill and subsequent settlements. Appraisers for both parties indicated an unusually wide range of value (excluding timber) from approximately \$12 million to \$23 million.

The upper-end indicator was based on a Highest and Best Use stated as "...natural land to be preserved and managed for its scenic, wildlife, and

recreational resources”<sup>35</sup>. This conclusion was inappropriate and nearly all of the comparables used in the analysis would not meet the test of a market transaction. The appraisal was flawed.

The lower-end indicator was based on a Highest and Best Use stated as “...for recreational use and that the property be included in the Kachemak Bay State Park”<sup>36</sup>. This conclusion was inappropriate but the appraisers employed a creative mathematical “attribute point system” that was not without merit.

An appraisal review panel consisting of three independent appraisers could not concur with either value estimate and concluded a value of approximately \$18 million including timber. It should be noted that the appraisers on the review panel did not independently appraise the property. The panel had only one week to complete an assignment that was extremely limited in scope. The panel relied largely on the data and Highest and Best Use conclusions of the two appraisals. Value estimates by the panel, assuming timber was cut on a portion of the land, ranged from \$11.62 million to \$15.49 million. Direct negotiations with the state legislature resulted in a value of \$20,000,000 (including timber) - representing the upper-end of the range assuming timber was cut (\$15.49 million) plus the estimated value of the timber (\$4.5 million). An unsupported \$2,000,000 was added to the purchase price to reflect a consideration for subsurface rights.

This transaction is clearly inappropriate as a “comparable”. First, the acquisition cannot be considered as a representation of the workings of a free and open market. Second, an inappropriate conclusion of Highest and Best Use (see Highest and Best Use Analysis) was a common thread throughout the valuation process.

#### *Afognak Island (Seal Bay and Tonki Cape)*

The acquisition of 41,549 acres on Afognak Island was completed after complex negotiations were forged into an agreement subject to appraisals. Appraisals indicated the negotiated purchase price was wholly supported by the 17,166 acres at Seal Bay. Yet, the owner/seller agreed to donate 24,384 additional acres (including timber rights) at Tonki Cape in order to facilitate the transaction.

35. Seldovia Native Association appraisal, Mundy - Day- Bunn (9-89)

36. Seldovia Native Association appraisal, Follett and Associates (12-89)

The nuts and bolts of the deal can be perceived according to two scenarios summarized in the following table. Scenario #1 most likely reflects the perception of the owner/seller - 17,166 acres at Seal Bay were sold for \$38,700,00 and the additional 24,384 acres at Tonki Cape were donated. The donation was likely to have favorable tax consequences for the grantor. Scenario #2 fairly reflects the perception of the purchaser - simply, 41,550 acres were purchased for \$38,700,00.

	Appraised Value Seal Bay	Appraised Value Tonki Cape	Appraised Values (aggregate)	<u>Scenario #1</u> Sale of Seal Bay Parcel (Tonki Cape donated)	<u>Scenario #2</u> Aggregate sale of both Seal Bay and Tonki Cape
Area	17,166 acres	24,384 acres	41,550 acres	17,166 acres	41,550 acres
Values/Price	\$41,000,000	\$11,000,000	\$52,000,000	\$38,700,000	\$38,700,000
Less: Appraised Timber Values	(\$36,500,000)	(\$3,700,000)	(\$40,200,000)	(\$36,500,000)	(\$40,200,000)
Ind. Residual Land Value	\$4,500,000	\$7,300,000	\$11,800,000	\$2,200,000	none
Ind. Per Acre Residual Value	\$262	\$299	\$284	\$128	none

If the entire purchase price was wholly supported by the 17,166 acres at Seal Bay, why would the owner/seller leave millions of dollars on the table? The motives of the owner/seller are unclear and the transaction invites conjecture. For example, it may not be unreasonable to theorize that the owner/seller was either subject to undue stimulus or was not knowledgeable and accepted a below-market price. On the other hand, it is entirely possible the owner/seller was more aware of true market prospects than the appraisers. The agreed upon purchase price, coupled with anticipated tax treatment of the donation, was probably recognized by the owner/seller as a preferable option to risky long term prospects dependent on a volatile timber industry. Sealaska Corporation reportedly "has enough timber for another decade of harvesting...". "Koncor Forest Products, a corporation formed by Native shareholders from Ouzinkie, Kodiak, Yakutat and Chenega...", "...has enough of its own stands of trees, primarily on Afognak and Montague Islands, to last through the next 25-30 years."<sup>37</sup>

<sup>37</sup>. "Timber markets are good, but supplies are short", *Alaska Journal of Commerce*, (5/30/94)



On the Kachemak lands, merchantable timber was identified only in pockets and the resource comprised a minority component of value. Based on the appraised values reported for the Seal Bay and Tonki Cape parcels, the timber resource represents the majority component of value. The transaction reflects arm's length negotiations. And, given that parcels were presumably suitable for an economic use (timber), it is not unreasonable to speculate that values would be driven by the supply and demand characteristics of the timber industry. Assuming other timberlands are available and more than one timber company competes in the industry - the value of viable timberlands should be optimized. However, without knowledge of the extent that favorable tax treatment on the donation might offset the \$13,300,000 left on the table (difference between the appraised values and the negotiated price), the willingness on the part of the owner/seller suggests that the appraised values are suspect.

Ultimately, the "donation" of the Tonki Bay tract dilutes the reliability of this transaction as evidence of free open-market activity. The trail of the negotiations suggests that the agreed-upon price of \$38,700,000 represents an approximation of a pre-determined objective of the owner/seller. If the owner/seller was not subject to duress or undue stimulus, the donation represents an acknowledgment on the part of the owner/seller of the real-world prospects for much of Alaska's remote acreage.

The transaction has some elements of a market transaction. And, it is important to recognize that the entire purchase price was supported by the economic value of the timber resource. The subjects have none. A property with a quantifiable timber resource cannot be considered "comparable" to one without simply because their "intended" uses are the same. If the transaction reflects any meaningful indicator - it is the indicated range of allocations for "cut-over" timber land--\$0 to \$128 per acre (see analyses in previous table). The allocations may fairly reflect an acknowledgment of the minimal per acre values that can be justified for large tracts of remote land for which long-term "speculation" is the Highest and Best Use.

*Kodiak Island (Akiok-Kaguyak, Old Harbor, Koniag)*

Acquisitions of several Kodiak Island large parcels will reportedly reflect prices several times higher than the market values supported by approved appraisals. None of the properties were exposed to the market and the negotiations do not reflect the workings of a free and open market.

*Summary of EVOS Acquisitions*

Resemblance to arm's length negotiations for properties not under the threat of eminent domain is not sufficient to qualify a transaction. These acquisitions clearly do not meet the tests of a market transaction. Noticeably absent is the "principal of substitution" and market exposure--two significant considerations in the analysis of any transaction. Neither should the acquisitions be construed as indications of the premium public agencies must pay to acquire property for the public interest. It is important to recognize that the "sellers" in the acquisitions to date, are Native Corporations. As previously noted, undeveloped lands belonging to Native Corporations enjoy exemption from taxes, if any, and special protection from creditors. Furthermore, cultural resources (archaeological sites) have been documented on most of the EVOS parcels. Understandably, the Use and/or Investment Value to a Native Corporation may be higher than "market" value. It is not unreasonable to conclude that the price at which a Native Corporation would be willing to sell is higher than the price at which a typical owner would sell. Therefore, sales prices reflected by transactions in which undeveloped Native Corporation property was conveyed may reflect only indicators of "personal value".

Salonie Creek - Kodiak, Alaska (10-91)

This is a large tract of land acquired by the Borough for public use. It had been utilized as a military firing range. The property had not been exposed to the market but the market for this property type could be described as sufficiently active that the parties would be knowledgeable. However, the sale has little relevance to the value of the subject because it is not remote. The parcel is located near the City of Kodiak, has road access and electricity is available. It is zoned Rural Residential and subdivision into homesites was a probable use of usable portions.

Copper Harbor - Prince of Wales Island, SE Alaska (5-94)

This 340.7-acre parcel was acquired in December 1991 for its timber resource. The property resold as cut-over land in May of 1994. The property had frontage on protected waters but the overwhelming majority of the acreage consisted of steep backlands. An allocation of the purchase price may be offered as evidence of the value of low-utility backlands. However, the transaction would not meet the market test and reflects only personal value concepts (i. e., value in use, investment value). The parcel was strategic for a proposed hydro-electric project--a specific use for which there were no suitable alternatives. The principle of substitution was absent and it is our understanding that the property was not exposed to the market prior to its resale.

Prince of Wales Island, SE Alaska (3-95)

Approximately 1,300 acres recently purchased on Prince of Wales Island may be suggested as relevant to the large-parcel market and/or offered as evidence of backland values. However, the acreage consists of nine random mineral surveys--eight of which were less than 121 acres in size; six of which were less than 95 acres. One had ocean frontage and another had frontage on a lake. The properties were reportedly acquired by an adjacent owner motivated to consolidate ownership.

### Uyak Bay - Kodiak, Alaska (3-95)

Uyak Bay is located on the northwest side of Kodiak Island. Primary access is by floatplane. A marine route from Kodiak would be in excess of 100 miles. The parcel has approximately 1/2 mile of frontage on the bay and extends inland along an anadromous stream approximately one mile. This 318 acre parcel represents an inholding within a federal land unit. The Work Group's recreation/tourism ratings for nearby large parcels (KON 01 & 03) are "high". More than one strategic site could be created by replat but the parcel has a low ratio of water frontage to depth. And, roughly 40 percent of the ocean frontage is backed by steep terrain reaching 500 feet within 1/4 mile. The head of the bay offers protected waters but shallow depths complicate access. There is no merchantable timber in the area and the subsurface estate was included. The buyer's representative reported that the subsurface rights were not an issue in terms of value contribution or allocation.

The parcel was acquired by a private preservation/conservation organization for donation to USFWS. The negotiated price of \$600,000 was supported by a March 1995 appraisal reported at \$700,000. However, the reliability of the appraisal is suspect for several reasons.

Although inholdings command a premium, qualified market transactions suggest prospective buyers could not justify \$600,000 cash (let alone the \$700,000 appraised value) for any economic or personal use. Such transactions are simply not happening in Alaska. And, given the parcel's physical characteristics and the nature of inholdings, the price would have to be supported by only half the acreage. The parcel has a low waterfront-to-depth ratio. The parcel's water frontage (1/2 mile) is typical of 160-acre homesteads and allotments. The other 160 acres (+/-) is effectively surplus. Inholdings enjoy the assurance that surrounding acreage will not be developed. Therefore, with the same amount of water frontage, a 160 acre parcel can provide the exact same utility as a 320 acre parcel. The excess acreage contributes little if any value. Sales of inholdings in federal land units suggest that price-per-acre indicators may be less meaningful than price-per-site indicators.

Curiously, the same appraiser valued the same property less than two years earlier (July 1993) at \$478,000. A list of the "comparables" used in the 1995 appraisal was provided by Mr. Brad Meiklejohn, head of the Conservation Fund's Alaska office. Six of the seven sales used in the analysis occurred between May 1989 to July 1992; so it is likely they were relevant to the appraiser's 1993 valuation. Only one subsequent sale is included; the August 1994 sale of a 60 acre parcel. Yet the appraiser concluded a value more than 40 percent higher than his previous estimate. This dramatic discrepancy may be easily reconciled by a buyer not burdened with economic support nor the recovery of the investment. Also, of the seven sales reported, three represent parcels too small to correlate in a Direct Comparison; three others do not meet the test of a market transaction.

Finally, a prudent seller, knowledgeable enough to avoid underselling the property in 1993, would not likely leave \$100,000 on the table in 1995; particularly if the buyer's procedural confines required only the ratification of an appraisal as opposed to the practical tests of Highest and Best Use that would be applied by competing buyers.

Ultimately, even if the appraisal and negotiated price was supportable, the transaction does not meet the market test. The owner/seller had started a commercial wildlife viewing operation. No buildings had been constructed but the buyer sought to limit access and prevent development--effectively, undue stimulus that eliminates the "principal of substitution"; the availability of alternatives. But most important, the property was not exposed to the market prior to the negotiations. One of the owner/sellers, Mr. Roy Ecklund, reported that the property had not been listed nor was it otherwise advertised. After rejecting the USFWS 1993 offer, the owners anticipated a continuing effort to acquire this strategic inholding for inclusion into the Refuge.

Without the optimization process of exposing the offering to numerous buyers with alternative choices; there is simply no assurance that the price paid to remove the property from production; did not substantially eclipse potential free open-market bids. Qualified market data suggests it did. In summary, the transaction can be given no weight in our analysis.

Six Mile Creek near Sunrise on Turnagain Arm, Kenai Peninsula (6-95)

Approximately 1,400 acres subject to a conservation easement was optioned from the Kenai Peninsula Borough pending acquisition of clear title. The parcel represents a strategic site at the mouth of an anadromous stream--extending upstream approximately 2.7 miles. Six Mile Creek is bordered for several miles along the opposite bank by the road to the historic mining communities of Sunrise and Hope--popular destinations for visitors. Recreational gold panning is permitted along a section of the Creek.

The reported price of \$200,000 (\$142 per acre) was considered to represent a 35% allocation of the fee simple value (approximately \$570,000 or \$407/ac). As the creek frontage is reportedly subject to a 200 foot public use easement, the transaction may be suggested as evidence of the value of low-utility backlands. The transaction may also be offered as evidence of value in the "after condition" and/or easement value.

But the transaction does not meet the market test. The property was reportedly acquired by an adjacent land owner that was motivated to secure his privacy and preserve the view shed. Arguably, the parties were knowledgeable (property was appraised) and acting in their own best interests. Negotiations were reported as arm's length. However, the property was not exposed to the market prior to sale. Given the purchaser's motivation, the transaction does not reflect a ratification of the appraiser's conclusions by an economic use. Without market exposure, there is no way to know if the purchase price represents the amount the buyer would have to have paid in a competitive marketplace in order to remove the property from production/use.

The significance of market exposure works both ways--without it, the reliability of conclusions is compromised if not diluted altogether. On one hand, it is quite possible that the acreage would not have achieved that price on the open market. The adjacent owner may have found he had no one to bid against. On the other hand, it is quite possible that a higher price could have been achieved if exposed to a large pool of prospective purchasers. The Kenai Peninsula Borough's April 1996 land auction was reported as a "big success". "Not only was there a lot of

interest in the property, but the bids were high. A 235-acre parcel in Kasilof valued by the borough at \$223,000 sold for \$251,000".<sup>38</sup>

Acknowledging the conditions of sale, the transaction can be given little if any weight in a market value appraisal.

#### Pending Small Parcel Acquisitions in the Kodiak NWR

We are aware that the U. S. Fish and Wildlife Service has recently acquired several private properties within the boundaries of the Kodiak National Wildlife Refuge. Properties that had been exposed to the market prior to the acquisitions are discussed in the land value analyses.

#### **Conclusion**

The transactions analyzed are not appropriate for use in an appraisal seeking "market" value. Acquisitions by public agencies and the EVOS Trustee Council discussed previously do not qualify as adequate evidence of free open-market activity. Liberal acceptance of their intended uses (preservation/conservation) as their Highest and Best Use, and considering them as "comparables" would result in subsequent flawed appraisals--economically unsupportable value estimates.

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<sup>38</sup>. "Kenai land draws plenty of interest and bids run high" *Anchorage Daily News*, (4/25/96)

## USER FEE ANALYSIS

Fish, wildlife and scenic resources are the primary attractions of the Kodiak Archipelago. Private and commercial recreational uses of the subject are the most probable for the foreseeable future. However, the ability of recreation to support even minimal values is limited. As a test, we have developed a hypothetical scenario in order estimate the number of users necessary to support a nominal land value for the Kodiak National Wildlife Refuge. The scenario is developed according to the most favorable of assumptions:

- a nominal land value of only \$100
- 100% of user fees contribute to Net Operating Income--in other words, no expenses
- required rate of return is only 6%

The calculations are summarized as follows:

Land Area in Acres (KNWR)		1,866,600
Nominal Per Acre Value	x	<u>\$100</u>
Total Value		\$186,660,000
Income Capitalization Rate	x	<u>6%</u>
NOI necessary to support total value		\$11,199,600
Required number of users (annually) @	\$100	111,996
Required number of users (annually) @	\$500	22,399
Required number of users (annually) @	\$1,000	11,200

Again, the calculations reflect the most favorable of circumstances in terms of the fiscal burden. Reality checks: Data provided by the Refuge indicates that 1993 "visits" by sports fishermen, hunters, and photo sightseers totaled less than 5,500. Examples of 1994 user/permit fees for recreation activities are summarized in the following table. Fees do not include transportation, guide services, food or lodging.



	Land Owner	Akhiok-Kaguyak	Old Harbor	Koniag
	General Location	SW Kodiak Isl.	SE Kodiak Isl.	West Kodiak Isl.
	Data Source	Dave Hansen	Alan Schmidt	John Merrick
<u>Activity</u>				
Non-Consumptive Uses			no fee schedule	\$75
General Recreation Use		\$50	"	
Sport Fishing			"	\$75
Resident Bear Hunting		\$100	"	
Resident Bear, Deer Hunting & Fishing			"	\$150
Non-Resident Deer Hunting & Fishing			"	\$250
Non-Resident Deer & Goat Hunting		\$500	"	
Non-Resident Bear Hunting		\$2,000	"	\$1,250
General Commercial Operator Permit			"	\$500
Commercial Fishing Guide Permit		\$10,000 (2 only)	"	

Permits or access licenses that command the highest fees are the most limited in number. An area will only sustain a handful of commercial guide operations. Bear hunting permits are awarded by lottery. In contrast, licenses and harvest tags for fishing and deer hunting are available to everyone.

Increasing numbers of visitors and more aggressive pricing schedules will enhance economic opportunities. However, the data suggests that while private and commercial recreation uses are the most probable, their ability to support even nominal land values under the most favorable of circumstances is extremely limited.

## SIZE ADJUSTMENTS

Most real estate markets recognize that per acre values decrease as parcel sizes increase. There is a sufficient number of 40, 80, and 160-acre sales to observe and measure relationships of size to price. We previously identified 640 acres (1 section) as the point above which further size adjustments are not supportable. In our analyses of the first two components, we've used 160 acres as the unit of comparison. Therefore, the indicated per acre values must be adjusted to reflect the allocated quantity of those components--up to 640 acres.

Cloyd Moser, an Anchorage broker/developer with projects on the lower Peninsula; indicated that for even low-cost projects (sub-standard rural roads; no utilities), a discount of approximately 50% is necessary to justify investment in large tracts. Mr. Paul Maney, an Anchorage based developer and broker (Alaskan Real Estate) reported he has subdivided 17 parcels on the Peninsula and numerous others in the valley. He concurred that substantial discounts are necessary to attract buyers to large tracts. However, recognizing that the 160-acre unit of comparison is a marketable denomination; and that a replat of one section would involve only nominal costs; a lesser adjustment may be appropriate.

Market derived adjustments are preferred. However, indicated price-to-size relationships are often erratic--even after considering the relative quality of the properties. Likewise, indicators derived from a relatively large sample of recent data are also inconclusive. Seven sales on the lower Kenai Peninsula have occurred since December of 1991. All are set-back from the highway with no improved access. The transactions are briefly summarized in the following table. Price-to-size relationships are illustrated in a subsequent graph.

#	Area	\$/Acre	Date	Intended Use	Mkt. Exp.
25	80	\$188	Feb-92	n/a	listed 10 mos.
24	120	\$367	Dec-91	subdivision	not marketed
28	361	\$194	May-93	timber	listed 2 mos.
26	480	\$219	Oct-92	subdivision	not marketed
27	520	\$183	Apr-93	timber	listed
29	560	\$250	Aug-93	timber	not marketed
30	600	\$392	Aug-93	homestead	n/a



The indicators are erratic, however, three of the properties (Nos. 27, 28, & 29) were purchased for their timber resources. These transactions reflect a narrow range of indicators from \$183 to \$250 per acre for tracts ranging in size from 361 to 560 acres.

In contrast, a wider range of indicators is reflected by Comparable Nos. 24 and 26. Both were purchased for subdividing--an economic use for which absorption, holding costs, and development costs are primary considerations in the estimation of present value. These transactions provide a more reliable indicator of the price-to-size relationships likely to be reflected by non-timberlands.

Although neither were exposed to the market, a knowledgeable broker/developer was involved in both purchases. The two properties are generally similar with regard to soils/topography and proximity to roads/electricity. The downward adjustment indicated by a comparison of these two properties is illustrated in the following analysis.

No.	Area	\$/Acre	Adj.
24	120 acres	\$367	
26	480 acres	\$219	
Indicated Difference		\$148	
Indicated Downward Adjustment			-40%

We are not aware of any other "pairs" of recent transactions that are sufficiently similar to yield reliable indicators. The "pair" analyzed reflects a 4 : 1 relationship (480 to 120 acres)--identical to the relationship of 640 acres (1 section) to 160 acres.

We have tested the reasonableness of the indicated adjustment (-40%) with a mathematic model that simulates the subdivision and disposition of one section (640 acres). Assumptions are developed in the following paragraphs. It is difficult for an appraiser to project absorption for a remote coastal area that has generally not been "open" for decades. Neither the subject nor surrounding lands have been available. The random locations of the surveyed data defines an unusually large region in relation to the subject's locale. Nevertheless, the data suggests that for any given general locale, the anticipation of 160 acres per year would not be unreasonable. The absorption of 160 acres per year represents a disposition of 640 acres over a period of four years.

At \$975 per acre (mean/median for non-strategic waterfront acreage), annual gross sales are projected at \$156,000 (\$975 x 160 acres). No upward pressure on values is anticipated. Costs of sale are estimated at 10%. Survey and administrative costs can be expected to be fairly low and we have allocated \$25 per acre as a miscellaneous cost. Net annual sales are discounted by a range of rates considered to be appropriate for low-cost remote recreational subdivisions.

Yr.	Ac.	Gross Sales	Devel. Costs	Costs of Sale	Net Sales	PV Disc. @ 14%	PV Disc. @ 16%	PV Disc. @ 18%
1	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$119,649	\$117,586	\$115,593
2	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$104,955	\$101,367	\$97,960
3	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$92,066	\$87,386	\$83,017
4	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$80,760	\$75,333	\$70,354
		\$624,000				\$397,430	\$381,672	\$366,924
Ind. Adj.						36.31%	38.83%	41.20%

The indicated adjustments range from approximately 36% to 41% and suggest that the adjustment indicated by the "pair" of sales (40%) analyzed is not unreasonable. However, recognizing that a subdivision of remote land would require minimal additional upfront capital (no roads or utilities), the low-end adjustment reflected by the discount rate of 14% is considered to be more appropriate.

Using this model as a foundation (14% discount rate), size adjustments can be calculated to correspond with the amount of acreage identified within the boundaries of each parcel. If only 160 acres of a component is allocated, a marketing period of one year would be reasonably probable and a relatively low size adjustment would be justified. Obviously, longer holding periods would be necessary to dispose of larger quantities of strategic acreage and higher size adjustments would be appropriate.

Size adjustments corresponding to holding periods determined by the amount of acreage are calculated in the following table:

Yr.	Ac.	Gross Sales	Devel. Costs	Costs of Sale	Net Sales	PV Disc. @ 14%	Indicated Adjustment
1	160	<u>\$156,000</u>	(\$4,000)	(\$15,600)	\$136,400	<u>\$119,649</u>	
160	Ac.	\$156,000				\$119,649	-23% (rd)
1	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$119,649	
2	160	<u>\$156,000</u>	(\$4,000)	(\$15,600)	\$136,400	<u>\$104,955</u>	
320	Ac.	\$312,000				\$224,604	-28% (rd)
1	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$119,649	
2	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$104,955	
3	160	<u>\$156,000</u>	(\$4,000)	(\$15,600)	\$136,400	<u>\$92,066</u>	
480	Ac.	\$468,000				\$316,671	-32% (rd)
1	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$119,649	
2	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$104,955	
3	160	\$156,000	(\$4,000)	(\$15,600)	\$136,400	\$92,066	
4	160	<u>\$156,000</u>	(\$4,000)	(\$15,600)	\$136,400	<u>\$80,760</u>	
640	Ac.	\$624,000				\$397,430	-36% (rd)

Summary

Based on the analysis, downward size adjustments will be applied according to the following schedule:

Quantity of Strategic Waterfront Acreage Identified	Indicated Adjustment
≤ 160 acres	-23%
> 160 but ≤ 320 acres	-28%
> 320 but ≤ 480 acres	-32%
> 480 acres	-36%

## COMPARABLE LAND SALE NO. C-1

10218

DATE OF SALE: 9-25-87 SIZE (ACRE): 159.99 PRICE/ACRE: \$934 RECORD NO.: 1

STATE: Alaska RECORDING DISTRICT: Haines

USGS QUAD MAP NO.: Juneau C-4, C-5

REGION: Southeastern

SUB-REGION: Haines

COMMUNITY/NEIGHBORHOOD: William Henry Bay

LOCATION: William Henry Bay, West side of Lynn Canal, about 35 miles north of the Juneau Airport and 35 miles south of Haines, Alaska

LEGAL DESCRIPTION: USS 1212

RIGHTS CONVEYED: Fee simple except for oil and gas

GRANTOR: Forest Fuhr

GRANTEE: William Henry Bay Corporation

TAX ID: B-WHB-USS1212 INSTRUMENT: Land Contract BOOK/PAGE: 292/0889 RECD'G DATE: 10-21-87

AS PRICE: \$149,500 TERMS: \$135,500 D/T, \$2,000 per month, 10% interest, balance 9-15-94

CEV/ADJ. PRICE: \$149,500 BASIS FOR ADJUSTMENT: None - short term note.

CONFIRMED BY: Dan Turner, Haines Assessor  
WITH: Charles Horan, MAI Comparable Data SheetBY: DLP/1-94  
DATE: DLP/2-94

PRESENT USE: Vacant

INTENDED USE: Recreation Subdivision/Lodge

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Hilly

SPECIAL ACCESS: Boat, float plane

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None

SOILS: Good, well draining gravels and sand

UTILITIES: None

EASEMENTS: Normal

FLOODING: None

WATERFRONT: Ocean-1,799', Beardslee R.-5,000'

VEGETATION: Forested, 60-70% flat river bottom rising steeply on east, west and south.

MARKET EXPOSURE: Unknown

SUPPLY &amp; DEMAND CHARACTERISTICS: There is a limited market for large acreage tracts of land similar to the subject in the Haines area.

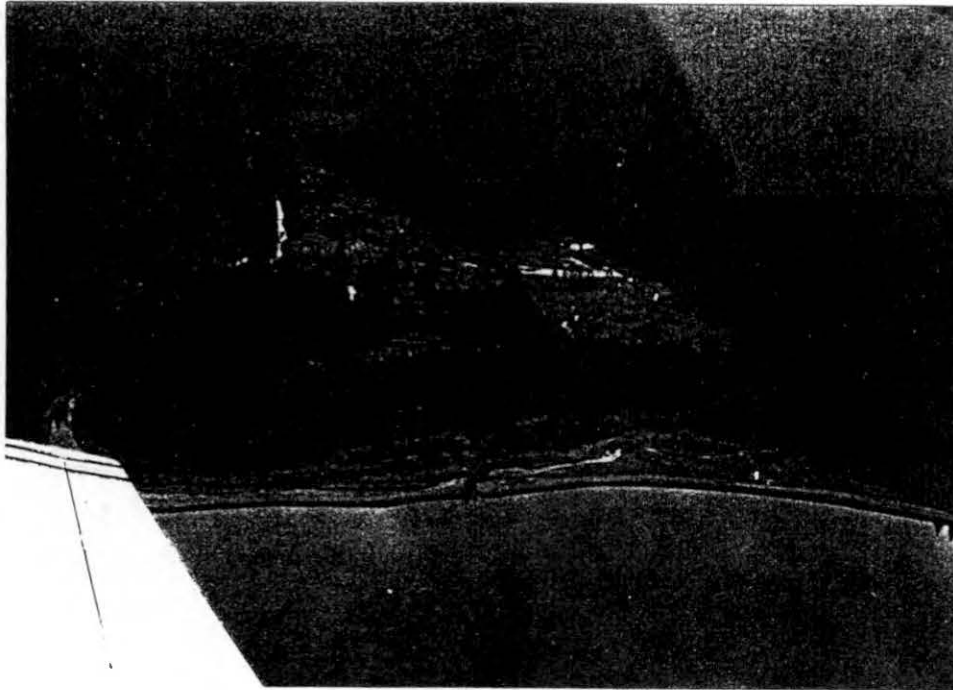
BASIS FOR PURCHASE PRICE: Unknown believed to have been negotiated.

BUYER/SELLER MOTIVATION: Buyer intended to develop site for recreation with lodges and cabins. Seller was probably getting ready to retire.

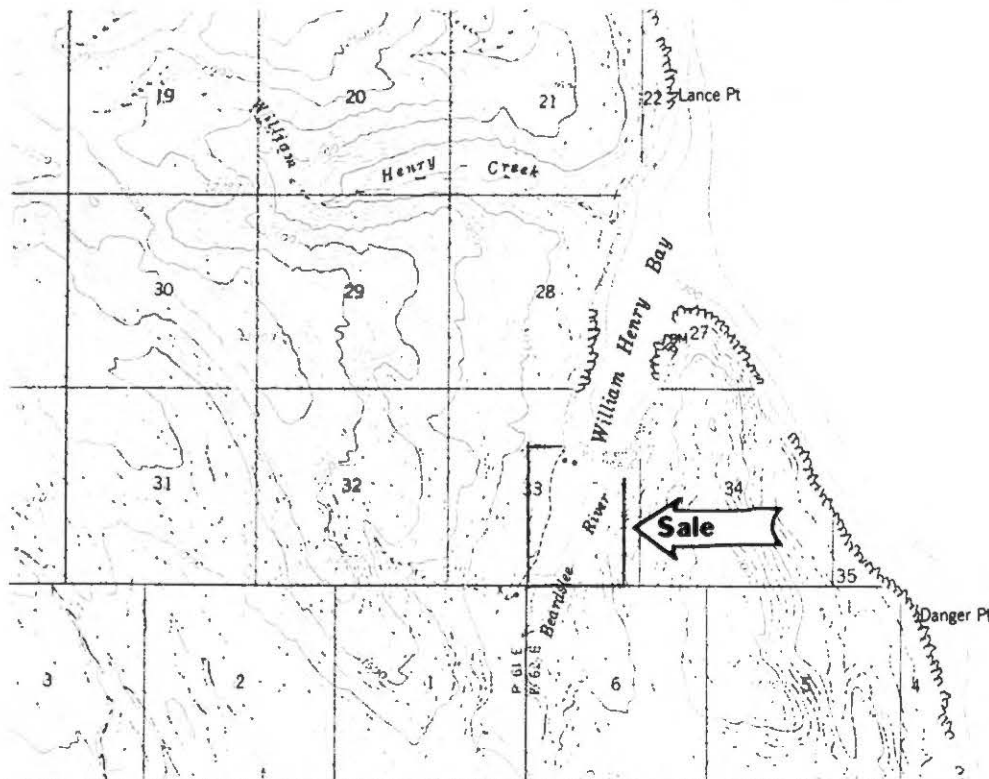
## COMMENTS:

Unable to locate buyer or seller through tax records or information. All information was confirmed by the Haines assessor, Dan Turner, who had received information from the seller just after the sale, and Charles Horan, MAI, (Comparable Data Sheet). Mr. Horan indicates that there is a small market for large acreage tracts similar to the subject. Site was subdivided into 61 rural homesites.

The tidal flat obscures boat access at low tides. The flats have wet grassy lands, beaver ponds, and patches of Hemlock and Spruce.



USS 1212	159.99 Ac.	William Henry Bay; 35 miles n. of Juneau; 35 s. of Haines	Sold September 1987
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## COMPARABLE LAND SALE NO. C-2

10219

DATE OF SALE: 12-19-88 SIZE (ACRE): 98.5 PRICE/ACRE: \$863 RECORD NO.: 2

STATE: Alaska RECORDING DISTRICT: Sitka USGS QUAD MAP NO.: Sumdum C-4,5  
REGION: Southeastern SUB-REGION: JuneauCOMMUNITY/NEIGHBORHOOD: Windham Bay  
LOCATION: Windham Bay, Windham, Alaska

LEGAL DESCRIPTION: USMS 37, 38,39, 40, and 41, and the unpatented claim Pauline, Sitka Land District

RIGHTS CONVEYED: Fee simple except for oil and gas

GRANTOR: Cliff Slater, Denali Charters

GRANTEE: Laura and Scott Rideout, et al

TAX ID: Not taxed INSTRUMENT: WD BOOK/PAGE: 310/991 RECD'G DATE: 1-18-89

AS PRICE: \$85,000 TERMS: Cash

DEVIADJ. PRICE: \$85,000 BASIS FOR ADJUSTMENT: None

FIRMED Cliff Slater 767-5575  
WITH: Laura and Scott Rideout, et al 568-2263BY/ DLP/1-94  
DATE: DLP/1-94

PRESENT USE: Vacant, mining claims

INTENDED USE: Potential lodge with some panning activity.

IMPROVEMENTS: Old Post Office

HIGHEST &amp; BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Generally level w/slight slope

VEHICULAR ACCESS: Boat, plane

SITE SHAPE: Irregular

LAND IMPROVEMENTS: None

SOILS: Partially drained

UTILITIES: None

EASEMENTS: Normal

FLOODING: None

WATERFRONT: Streams and Ocean

VEGETATION: Forested - sparse

MARKET EXPOSURE: Buyer advertised it on his own for several years. It sold within six months of listing it with a broker.

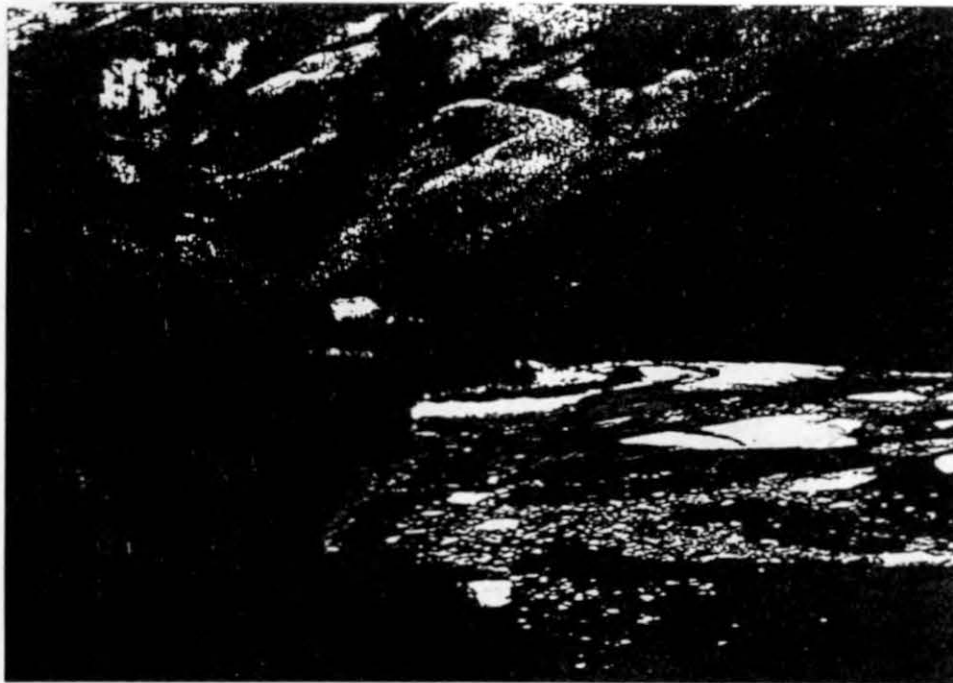
SUPPLY &amp; DEMAND CHARACTERISTICS: Small market but fairly active with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiation. Both buyer and seller felt it represented market.

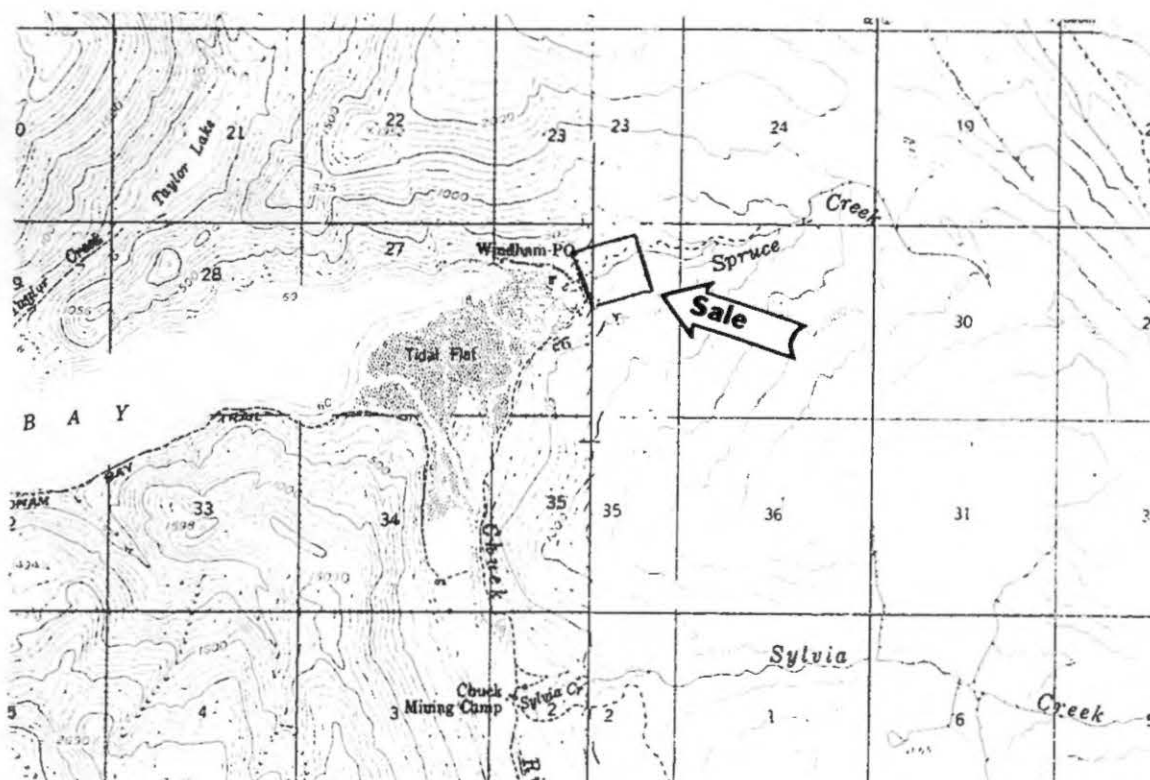
BUYER/SELLER MOTIVATION: Seller's partners moved out of state. Buyer and partners considered it a piece of recreational property.

## COMMENTS:

This is an irregularly configured site located at the head of Windham Bay. The site has extensive frontage due to the accumulation of mining claims that line the beach front. There is a stream that runs through the middle of the property with several drainage courses. Soil conditions are variable. The site has generally level topography, except to the rear and side property lines. There is some tree covering of hemlock and spruce. There is about 1,957 feet of stream frontage. Seller was a partner with several relatives. He sold the site when they moved out of state because he did not feel that he could work the sites alone. Seller indicates that the site yields good gold quantities for recreational miners. Buyers acquired site for different reasons. One is a recreational gold panner who works the site for fun. Two of the other buyers thought they may someday wish to put a lodge on the site. So far no lodge has been constructed. This was the former site of a village and Post Office building that operated in the 1920's. The building is still on site but was allocated no value by the buyers or seller. The minerals value from gold panning was not allocated a specific value, but rather was considered to be an amenity of the site.



USMS 37, 38, 39, 40, & 41	98.5 Ac.	Windham Bay ; approx. 60 miles SE of Juneau	Sold December 1988
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DATE OF SALE: 7-22-93 SIZE (ACRE): 80 PRICE/ACRE: \$2,500 RECORD NO.: 3

STATE: Alaska RECORDING DISTRICT: Kvichak USGS QUAD MAP NO.: Dillingham A-5

REGION: Western Alaska SUB-REGION: Dillingham

COMMUNITY/NEIGHBORHOOD: Nushagak River

LOCATION: Southwest corner of the confluence of the Nushagak and Iowithla Rivers, approximately 26 miles east of Dillingham, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 7729, Section 31, T12S, R50W, SM and Section 3, T13S, R50W, SM

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Esther Ladd

GRANTEE: Burt Bomhoff

FILE ID: INSTRUMENT: MOA BOOK/PAGE: 42/52 RECD'G DATE: 4-12-94

AS PRICE: \$200,000 TERMS: \$100,000 down, 9% interest and five year term.

DEV/ADJ. PRICE: \$200,000 BASIS FOR ADJUSTMENT: None - large down with short term.

BY/ DICK LARSON, BIA  
WITH: Burt Bomhoff

BY/ DLP/8-94  
DATE: DLP/8-94

PRESENT USE: Old cabin, no value

INTENDED USE: Commercial recreation

MOVEMENTS: Old cabin

HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling

VEHICULAR ACCESS: Boat or float plane

SITE SHAPE: Flag

IMPROVEMENTS: Unimproved

SOILS: Predominately well drained, 15% wet

UTILITIES: None

EASEMENTS: Normal

ENCLOSING: None

WATERFRONT: 1,848' on Nushagak, 200' on the Iowithla

VEGETATION: Wooded with spruce birch and brush.

MARKET EXPOSURE: BIA auction properties are typically advertised for four weeks prior to bid deadline.

SUPPLY & DEMAND CHARACTERISTICS: Burt Bomhoff indicated this is a one of a kind lodge site. World class sites are limited.

FACTORS FOR PURCHASE PRICE: Highest bid received at BIA auction. Sold for significantly more than appraised value.

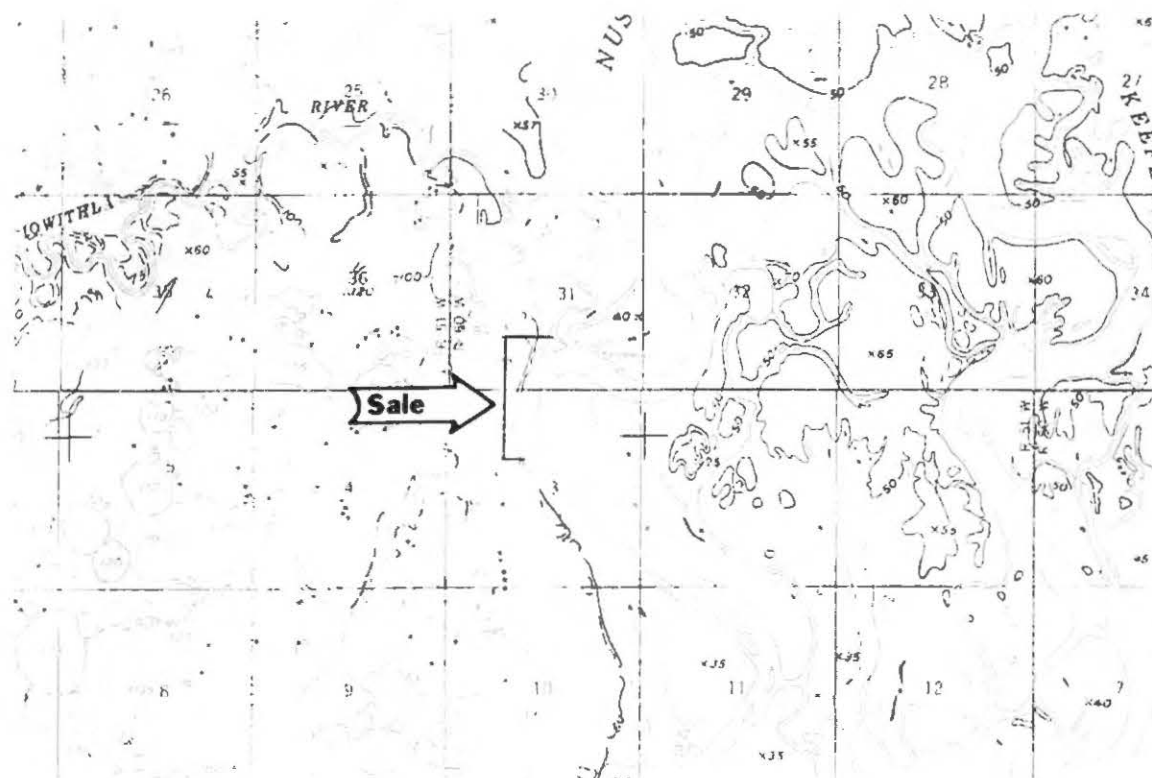
BUYER/SELLER MOTIVATION: Buyer is considering developing the site with a lodge. Site was excess to sellers needs.

#### COMMENTS:

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 the region of 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. Buyer was aware of that his bid was significantly greater than appraised value, but he 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 do to pay for the site.



USS 7729 in S31, T12S, & S3, T13, R50W, SM;	80 Ac.	Nushagak & Iowithla; 25 miles E. of Dillingham	Sold July 1993
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## COMPARABLE LAND SALE NO. C-4

10221

DATE OF SALE: 7-15-93 SIZE (ACRE): 119.99 PRICE/ACRE: \$1,908 RECORD NO.: 4

STATE: Alaska RECORDING DISTRICT: Kvichak USGS QUAD MAP NO.: Iliamna A-  
REGION: Western Alaska SUB-REGION: Iliamna

COMMUNITY/NEIGHBORHOOD: Lake Nonvianuk

LOCATION: North bank Nonvianuk River, 1.5 miles west of Lake Nonvianuk, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 8146

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Edwin Peterson

GRANTEE: T Corporation (Chris Branham)

TAX ID: INSTRUMENT: MOA BOOK/PAGE: 29/202 RECD'G DATE: 2-14-94

LES PRICE: \$229,000 TERMS: \$150,000 down, 8% interest, six year term.

CEV/ADJ. PRICE: \$229,000 BASIS FOR ADJUSTMENT: None - large down with short term.

CONFIRMED BY: Dick Larson, BIA  
WITH: Vicky Kirby, BBNA

DATE: DLP/8-94

PRESENT USE: Vacant

INTENDED USE: Commercial recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Rolling

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved

SOILS: Predominately well drained, 15% wet

UTILITIES: None

EASEMENTS: Normal

MINING: None

WATERFRONT: 300-400' Lake and 2,500' River

VEGETATION: Wooded with spruce birch and brush

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

SUPPLY & DEMAND CHARACTERISTICS: Close to Iliamna, many recreational uses, fairly active market with intermittent demand and competing sites.

REASONS FOR PURCHASE PRICE: Negotiated, considered arms-length.

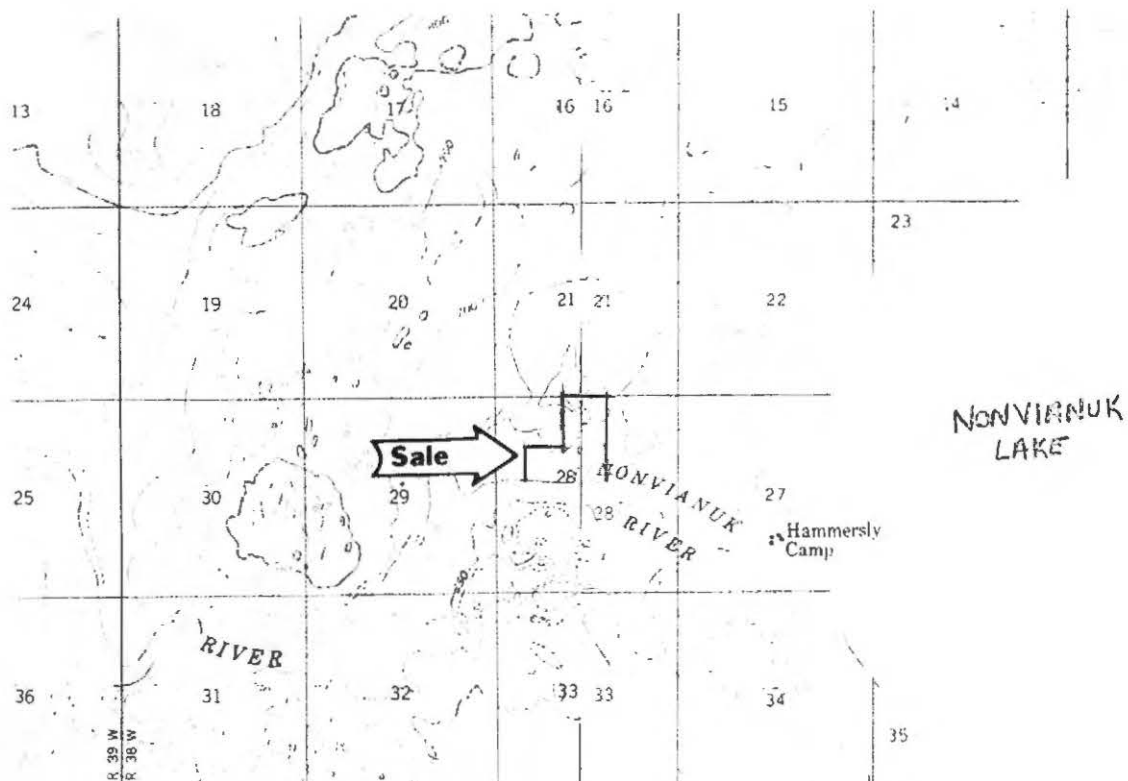
BUYER/SELLER MOTIVATION: Buyer is considering developing the site with a lodge.

## COMMENTS:

This parcel is 1.5 miles west of Nonvianuk Lake. It has good access by float plane on Larson Lake and and boat access along Nonvianuk River. A tributary of the Alagnak River, which is designated a wild and scenic river. The Alagnak River is a tributary of the Kvichak, which is the outlet of Lake Iliamna. The Nonvianuk River is known for its world class sport fishing for trout and salmon. This area has good hunting, fishing, boating and rafting. The site has numerous sites adequate for permanent structure development.



USS 8146	119.99 Ac.	Nonvianuk River; 1.5 miles east of Nonvianuk Lake	Sold July 1993
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10084

DATE OF SALE: 08-13-90 SIZE (ACRE): 74.96 PRICE/ACRE: \$1,135 RECORD NO.: 13

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Iliamna D-1

REGION: Southcentral SUB-REGION: West Cook Inlet

COMMUNITY/NEIGHBORHOOD: Chinitna Bay

LOCATION: South shore of Chinitna Bay, west side of Cook Inlet, Alaska

LEGAL DESCRIPTION: Lot 7, USS 8355 within Section 15, Township 4 South, Range 22 West, Seward Meridian

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Raymond J. Juliussen

GRANTEE: Les D. Vandevere

TAX ID: 231-110-15 INSTRUMENT: WD BOOK/PAGE: 18/960 RECD'G DATE: 08-01-90

AS PRICE: \$85,101 TERMS: Cash

CEV/ADJ. PRICE: \$85,101 BASIS FOR ADJUSTMENT: None

FIRMED Gary Fandel, KPB Assessor BY/ TRD/10-90 & 04-91

WITH: Gary Fandel, KPB Assessor DATE: DLP/01-94

Rose Brady and Pearl Chanar, BIA Realty DLP/01-94

PRESENT USE: Vacant INTENDED USE: Commercial recreation (future lodge)

MOVEMENTS: None HIGHEST & BEST USE: Rural Residential/Recreation

LEGAL ACCESS: Yes TOPOGRAPHY: Sloping

SICAL ACCESS: Boat or float/wheel plane SITE SHAPE: Trapezoidal

D IMPROVEMENTS: Unimproved SOILS: Good

UTILITIES: None EASEMENTS: None

ING: Unzoned WATERFRONT: Ocean

ETATION: Wooded

MARKET EXPOSURE: Advertised four to six weeks.

SUPPLY & DEMAND CHARACTERISTICS: Market has several buyers and sellers at any given time.

IS FOR PURCHASE PRICE: Fair market value as established by BIA appraisal.

BUYER/SELLER MOTIVATION: It is believed seller lived out of area and land was surplus to his needs. Buyer indicated intent to develop lodge on the site.

COMMENTS:

This wooded site slopes gently towards Chinitna Bay. It is about 50 miles west of Homer and has extensive frontage in relation to depth. Beach is

road type. Access is by boat or plane. Property was native allotment. Unable to confirm with grantor and grantee. This site may have several

potential uses given its water frontage and back land. A portion of this site is suitable for a lodge. However, most of the development in the area is

remote single-family. Almost three and one-half years later no lodge has been developed on the site.

DATE OF SALE: 6-14-91 SIZE (ACRE): 80 PRICE/ACRE: \$875 RECORD NO.: 14

STATE: Alaska RECORDING DISTRICT: Iliamna USGS QUAD MAP NO.: Iliamna D-5  
REGION: Western Alaska SUB-REGION: Lake Iliamna

COMMUNITY/NEIGHBORHOOD: Eagle Bay

CATION: Eagle Bay, northern shore of Lake Iliamna, Alaska

TAX DESCRIPTION: Lot 1, U.S. Survey No. 7127, Section 2 and 11, T5S, R32W, Seward Meridian

RIGHTS CONVEYED: Fee simple estate except for oil and gas.

GRANTOR: Alexan S. Paisely

GRANTEE: Joe Hess

TAX ID: Not taxed INSTRUMENT: WD BOOK/PAGE: 18/809 RECD'G DATE: 7-23-91

AS PRICE: \$70,000 TERMS: Cash

CEV/ADJ. PRICE: \$70,000 BASIS FOR ADJUSTMENT: None

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

BY/ KRH/12-91  
DATE: DLP/01-94  
DLP/01-94

PRESENT USE: Vacant INTENDED USE: Recreational Subdivision

IMPROVEMENTS: None HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes TOPOGRAPHY: Flat to rolling

PHYSICAL ACCESS: Boat or float plane SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: Unimproved SOILS: Poor to fair

UTILITIES: None EASEMENTS: Normal

WATERFRONT: Lake

VEGETATION: Mostly tundra, some willow and scrub brush.

MARKET EXPOSURE: Listed for sale for over nine months.

SUPPLY & DEMAND CHARACTERISTICS: Fairly active market with intermittent demand and competing sites.

REASONS FOR PURCHASE PRICE: Negotiated, considered arms-length.

BUYER/SELLER MOTIVATION: Seller owned several parcels. Buyer intended to subdivide and sell recreational lots.

#### COMMENTS:

The seller immediately subdivided the site and listed it with Bernie Vockner. Mr. Vockner indicated that there has 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.



DATE OF SALE: 7-92 SIZE (ACRE): 159.97 PRICE/ACRE: \$676 RECORD NO.: 19

STATE: Alaska RECORDING DISTRICT: Kodiak

USGS QUAD MAP NO.: Karluk C-2

REGION: Southcentral

SUB-REGION: Kodiak Island

MUNICIPALITY/NEIGHBORHOOD: Karluk/Sturgeon River

LOCATION: Approximately 2.5 miles up the Sturgeon River from Shelikoff Strait on the southwest side of Kodiak Island. Approximately 5 miles south of Karluk.

LEGAL DESCRIPTION: USS 6724 in Section 12, T31S, R33W, SM

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Estate of David W. Waesellie

GRANTEE: Mike Cusak, Jr., Alaska Outdoor Experiences (277-3033)

TAX ID: R5612000001

INSTRUMENT: MOA

BOOK/PAGE: 115/18

RECORD DATE: 8-27-92

SALES PRICE: \$126,000

TERMS: \$16,345 down (13%), balance carried by seller at 8% for 30 years.

CEV/ADJ. PRICE: \$108,167

BASIS FOR ADJUSTMENT: The note was discounted at 10%, indicating a present value of the interest savings of \$17,833.

CONFIRMED BY: Dick Larson, BIA

DATE: DLP/1-94

WITH: Bob Brody, Listing Agent, Affiliated Island Brokers  
Mike Cusak, Jr.

DATE: DLP/1-94  
DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Fishing Lodge

IMPROVEMENTS: None

HIGHEST & BEST USE: Commercial - Fish/Hunting Lodge

LEGAL ACCESS: Yes

TOPOGRAPHY: Level to rolling hillsides

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Square

ADDITIONAL IMPROVEMENTS: None

SOILS: Glacial till, sand, marsh, permafrost

UTILITIES: None

EASEMENTS: Normal

MANAGEMENT: Conservation

WATERFRONT: River - 3,000 feet

VEGETATION: Typical of area with grasses, ferns, willow and alder thickets.

MARKET EXPOSURE: Actively marketed with Associated Island Brokers beginning 1987 until sale in 1992. This included publication in their Remote Properties pamphlet.

SUPPLY & DEMAND CHARACTERISTICS: Adequate number of alternative sites and potential buyers.

BAIS FOR PURCHASE PRICE: Based on 1987 BIA appraisal performed by Dick Larson. Subsequent appraised value was less but sales price remained at 1987 appraised value.

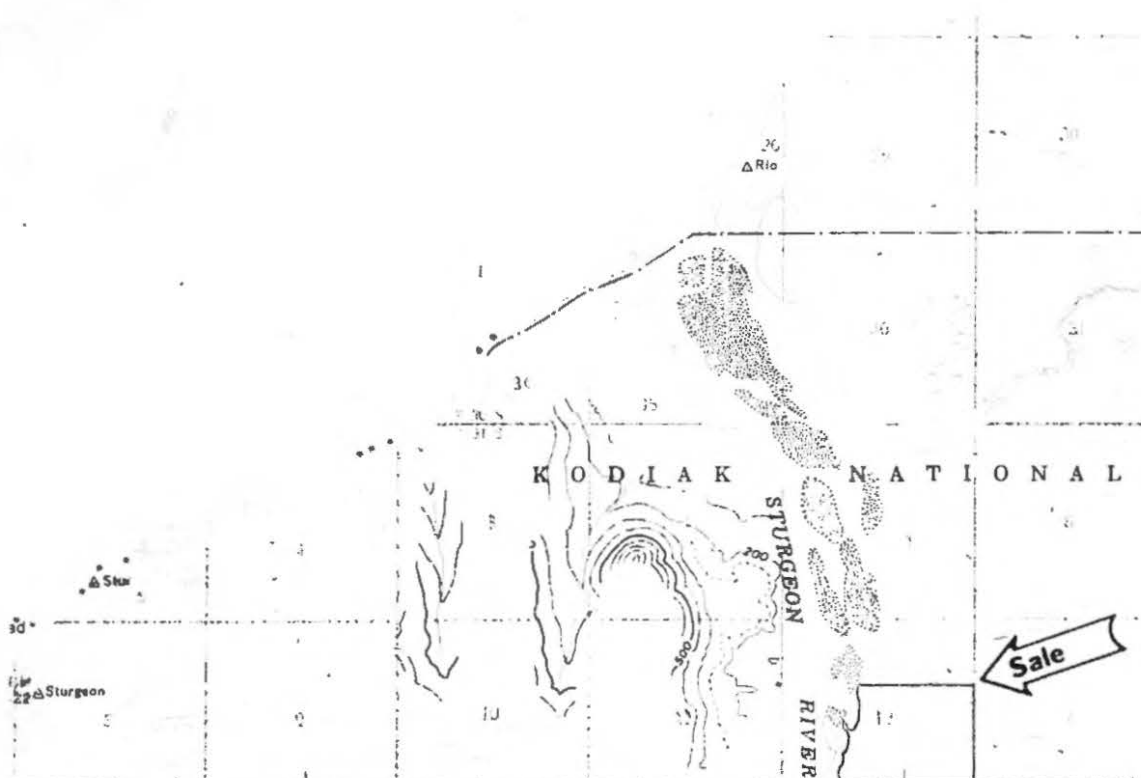
BUYER/SELLER MOTIVATION: Buyer desired site for its excellent hunting and fishing characteristics. Sellers had inherited site and didn't need it.

#### COMMENTS:

Fronts on Sturgeon River with good cabin sites along the river and interior acreage. Located within Kodiak National Wildlife Refuge but is not subject to 22G limitations. Purchased for fishing lodge. Fishing and hunting is excellent in this area. As of January 1993 no lodge has been constructed, however there is a cabin constructed on the site. According to Mr. Brody the grantee desired to expand his guiding area beyond his extensive Iliamna guiding operation. Boat access is difficult at low tides. Supposedly the hunting and fishing is excellent because the access is so difficult. Airstrip has been dug down two feet and buyer is not sure when he will complete it. Until the airstrip is operable, the best means of access is by boat and float plane at high tide. There is a lagoon on this portion of the Sturgeon River that the buyer utilizes for float plane access. There are commercial flights that service Karluk. From there the property is a short hop by plane or about 30 minutes by skiff. Buyer indicated that he felt the sales price was below market value, although the site was marketed for five years.



USS 6724 in Sec. 12, T31S, R33W, SM.	159.97 Ac.	Sturgeon River; 5 miles s. of Karluk; SW Kodiak Island	Sold July 1992
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10225

DATE OF SALE: 7-7-92 SIZE (ACRE): 153.67 PRICE/ACRE: \$651 RECORD NO.: 11

STATE: Alaska RECORDING DISTRICT: Haines USGS QUAD MAP NO.: Skagway A-2, A-3  
REGION: Southeastern SUB-REGION: HainesCOMMUNITY/NEIGHBORHOOD: Glacier Point at Chilkat Inlet  
LOCATION: Ten miles south of Haines at Glacier Point, Alaska

LEGAL DESCRIPTION: Lot 3, Section 18, and Lot 3, Section 19, T32S, R60E, CRM, and Lot 5, Section 13, and Lot 7, Section 24, T32S, R59E, CRM, Haines, Alaska

RIGHTS CONVEYED: Fee simple except for oil and gas

GRANTOR: Glacier Point Properties, Ltd., Bernard Poirier

GRANTEE: Robert Durett, et al

TAX ID: B-GLP-00-0300 INSTRUMENT: SWD BOOK/PAGE: 21/991 RECD'G DATE: 8-10-92

ASSESSED PRICE: \$100,000 TERMS: Cash

CEV/ADJ. PRICE: \$100,000 BASIS FOR ADJUSTMENT: None

CONFIRMED BY: Cory Durett, Grantee  
WITH: DATE:BY: DLP/1-94  
DATE:

PRESENT USE: Subd. for recreational INTENDED USE: Speculation

IMPROVEMENTS: None HIGHEST &amp; BEST USE: Recreational

LEGAL ACCESS: Yes TOPOGRAPHY: Level

PHYSICAL ACCESS: Boat, plane SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None SOILS: Good, with alluvial sand and gravel

UTILITIES: None EASEMENTS: Normal

WATERFRONT: Ocean - 2,600 feet

VEGETATION: Spruce and cottonwoods

MARKET EXPOSURE: Grantee indicates site was listed with Haines realtor, but that they directly negotiated with seller. Unable to confirm sale with grantor.

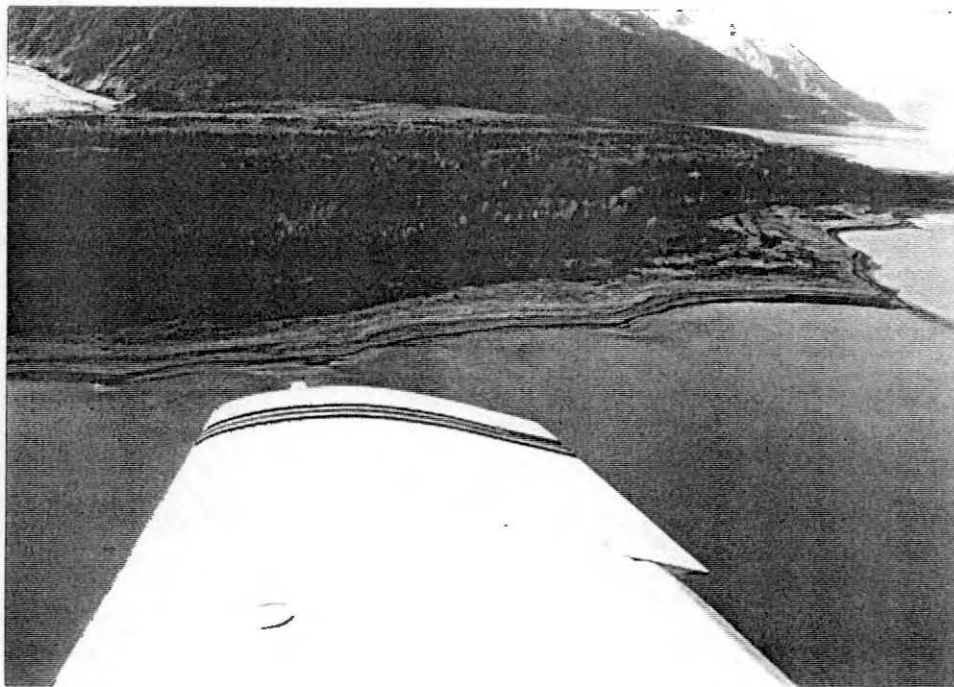
SUPPLY &amp; DEMAND CHARACTERISTICS: Limited market for large acreage tracts in the Haines area.

BASIS FOR PURCHASE PRICE: Negotiated. Buyer feels it was fair market value of site.

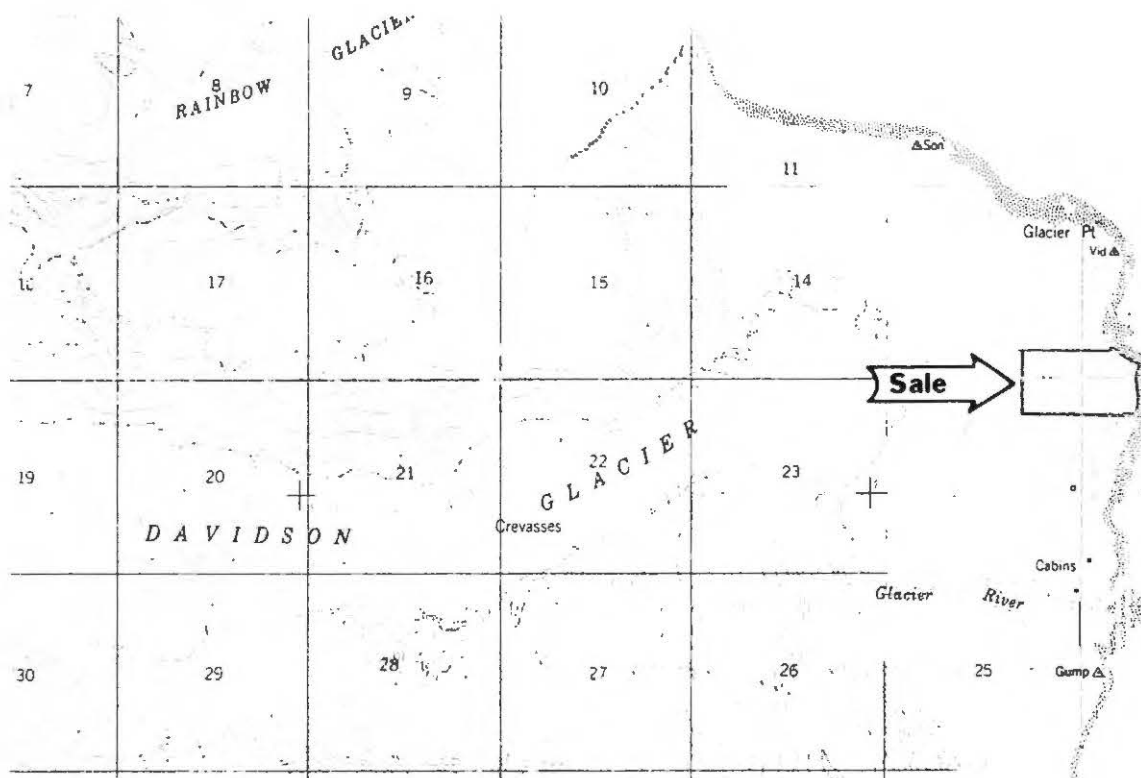
BUYER/SELLER MOTIVATION: Buyer unsure how they will utilize the site. Buyer reports that the seller was having cash flow problems.

## COMMENTS:

Located on the west side of Chilkat Inlet, on the delta immediately below the Davidson Glacier. Site was previously subdivided for recreational sites. There is a small airstrip along the beach. A portion of this airstrip encroaches on the adjoining property. However, according to the grantee there is enough runway on the subject site to accommodate small aircraft. This site had previously sold for \$76,000 or \$495 per acre in July 1989. Terms were undisclosed. Seller foreclosed on the site and sold it to Durett, et al.



L3, S18 & 19, T32S, R60E, CRM; L5, S13 & L7, S24, T32S, R59E, CRM	153.67 Ac.	Glacier Point; 10 miles s. of Haines, SE Alaska	Sold July 1992
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DATE OF SALE: 7-15-93 SIZE (ACRE): 79.95 PRICE/ACRE: \$1,126 RECORD NO.: 16

STATE: Alaska RECORDING DISTRICT: Bristol Bay USGS QUAD MAP NO.: Dillingham B-8  
REGION: Western Alaska SUB-REGION: Bristol Bay

COMMUNITY/NEIGHBORHOOD: Aleknagik

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

LEGAL DESCRIPTION: U.S. Survey No. 9288, Lot 1

INTERESTS CONVEYED: Fee simple surface estate only.

GRANTOR: Elsie Chythlook

GRANTEE: Mark A. Vingoe et al

INSTRUMENT ID: INSTRUMENT: WD BOOK/PAGE: 40/884 RECD'G DATE: 9-03-93

SALE PRICE: \$90,000 TERMS: Cash

DEVELOPER/ADJ. PRICE: \$90,000 BASIS FOR ADJUSTMENT: None

OFFERED BY: J. Richard Larson, BIA Files  
BUYER: Vicky Kirby and Allan Backford, BBNA Realty  
Carol Boquard, Grantee

BY: DLP/8-94  
DATE: DLP/8-94  
DLP/8-94

PRESSENT USE: Vacant

INTENDED USE: Personal recreation and possible subdivision

MOVEMENTS: None

HIGHEST & BEST USE: Recreation/Rural Residential

LOCAL ACCESS: Yes

TOPOGRAPHY: Undulating

PHYSICAL ACCESS: Boat or float plane

SITE SHAPE: Irregular

IMPROVEMENTS: Unimproved

SOILS: Predominately good with 10-15% wet

UTILITIES: None

EASEMENTS: Normal

MINING: None

WATERFRONT: Estimated to have three miles of lake frontage

VEGETATION: Dense spruce and birch

MARKET EXPOSURE: Advertised four weeks prior to BIA auction where no bids were received. Site was then advertised locally until sale one year later.

SUPPLY & DEMAND CHARACTERISTICS: Available alternatives - limited demand

REASONS FOR PURCHASE PRICE: Native allotments cannot by law sell below appraised value.

BUYER/SELLER MOTIVATION: Seller desired to finance sons education. Buyers constructing a personal cabin and are considering subdividing the site to sell recreational lots.

COMMENTS:

This parcel has excellent subdivision potential because of the numerous fingers provided by the jogging shoreline. Amenities include good views, hunting and fishing characteristics. There is a youth camp approximately one mile away that limits it's desirability as a lodge site. Grantee notes that there are numerous bears on the parcel that keep tearing up the grantees campsites.

DATE OF SALE: 2-22-94 SIZE (ACRE): 159.97 PRICE/ACRE: \$656 RECORD NO.: 15

STATE: Alaska RECORDING DISTRICT: Iliamna USGS QUAD MAP NO.: Lake Clark B-4  
REGION: Western Alaska SUB-REGION: Lake Clark

COMMUNITY/NEIGHBORHOOD: Lake Clark  
LOCATION: North side of Lake Clark near Kijik Lake, Alaska

LEGAL DESCRIPTION: U.S. Survey No. 7952, Lot 2

RIGHTS CONVEYED: Fee simple surface estate only.

GRANTOR: Phillip Balluta

GRANTEE: Tawnja Powers

TRAX ID: INSTRUMENT: MOA BOOK/PAGE: 21/336 RECD'G DATE: 5-23-94

AS PRICE: \$105,000 TERMS: \$55,000 down, 8% interest and five year term.

REV/ADJ. PRICE: \$105,000 BASIS FOR ADJUSTMENT: None - large down with short term.

BY/ DLP/8-94  
WITH: Bernie Vockner, Listing Agent  
DATE: DLP/8-94

PRESENT USE: Vacant INTENDED USE: Private recreation

MOVEMENTS: None HIGHEST & BEST USE: Recreational

LEGAL ACCESS: Yes TOPOGRAPHY: Rolling

WATER ACCESS: Boat or float plane SITE SHAPE: Irregular

IMPROVEMENTS: Unimproved SOILS: Unconfirmed

UTILITIES: None EASEMENTS: Normal

COASTLINE: None WATERFRONT: One-half mile Lake Clark frontage

ESTIMATION: Unconfirmed

MARKET EXPOSURE: Very short marketing time of 38 days.

MARKET & DEMAND CHARACTERISTICS: Available alternatives - few buyers

AS FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Seller was living in tar paper shack in South Naknek. Buyer plans to construct a summer home.

#### COMMENTS:

Purchase price and financing terms were confirmed from the recorded sales agreement documents. Unable to locate either buyer or seller. Other details of sale were confirmed by Bernie Vockner, Listing Agent in a letter he wrote to Steve Carlson.

## COMPARABLE LAND SALE NO. C-17

10854

DATE OF SALE: 6-94 SIZE (ACRE): 161.83 PRICE/ACRE: \$680 RECORD NO.: 355

STATE: Alaska RECORDING DISTRICT: Wrangell

USGS QUAD MAP NO.:

REGION: Southeastern

SUB-REGION: Wrangell

COMMUNITY/NEIGHBORHOOD: Stikine River

LOCATION: Farm Island near the mouth of the Stikine River, approximately 12 miles from Wrangell

LEGAL DESCRIPTION: Portion of Sec. 26 T60S, R82E, CRM

RIGHTS CONVEYED: Assumed to be fee simple surface only--broker was unaware of status--reported not an issue in the transaction

GRANTOR: Robert P. &amp; Tanya M. Senn; Portland, Oregon

AGENT: Wright, Bennett, Curtis, Neuman, Stockton, Schwartz, Greseth (Petersburg, Alaska); (907) 772-4859

TAX ID: Not taxed

INSTRUMENT: WD

BOOK/PAGE: 023/374

RECD'G DATE: 6/9/94

ASSESSED PRICE: \$110,000

TERMS: \$20,000 down; balance over 10 years @ 10%

CEV/ADJ. PRICE: \$110,000

BASIS FOR ADJUSTMENT: No discount; terms considered cash equivalent

CONFIRMED WITH: John Tullis; Broker, Tullis Real Estate in Wrangell (1-907-874-2222)

BY/ B. Meekins, AK DOT 9/94  
DATE: SEC 10/95

PRESENT USE: Vacant

INTENDED USE: Private duck hunting camp

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Recreation

LEGAL ACCESS: No dedicated overland access

TOPOGRAPHY: Coastal tidelands sloping to included timbered uplands

FISICAL ACCESS: Boat--12 miles from Wrangell

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Approx. 80% tide/wetlands. 20% usable wooded uplands.

UTILITIES: None

EASEMENTS: None noted

ZONING: Unzoned

WATERFRONT: Approx. 2,600 feet on Knig Slough

VEGETATION: Wetland brush &amp; grasses on lowland. A stand of timber is located on the east side of the upland portion.

MARKET EXPOSURE: Listed and advertised locally for approximately 2 weeks at \$120,000. Seller was in no hurry but felt the potential for an additional \$10,000 was not worth a longer marketing period.

SUPPLY &amp; DEMAND CHARACTERISTICS: Agent reports that demand is strong but supply is limited. Balance tilted in favor of the sellers. Most interest is from outside of Alaska. Buyers prefer isolation but larger parcels are more difficult to sell.

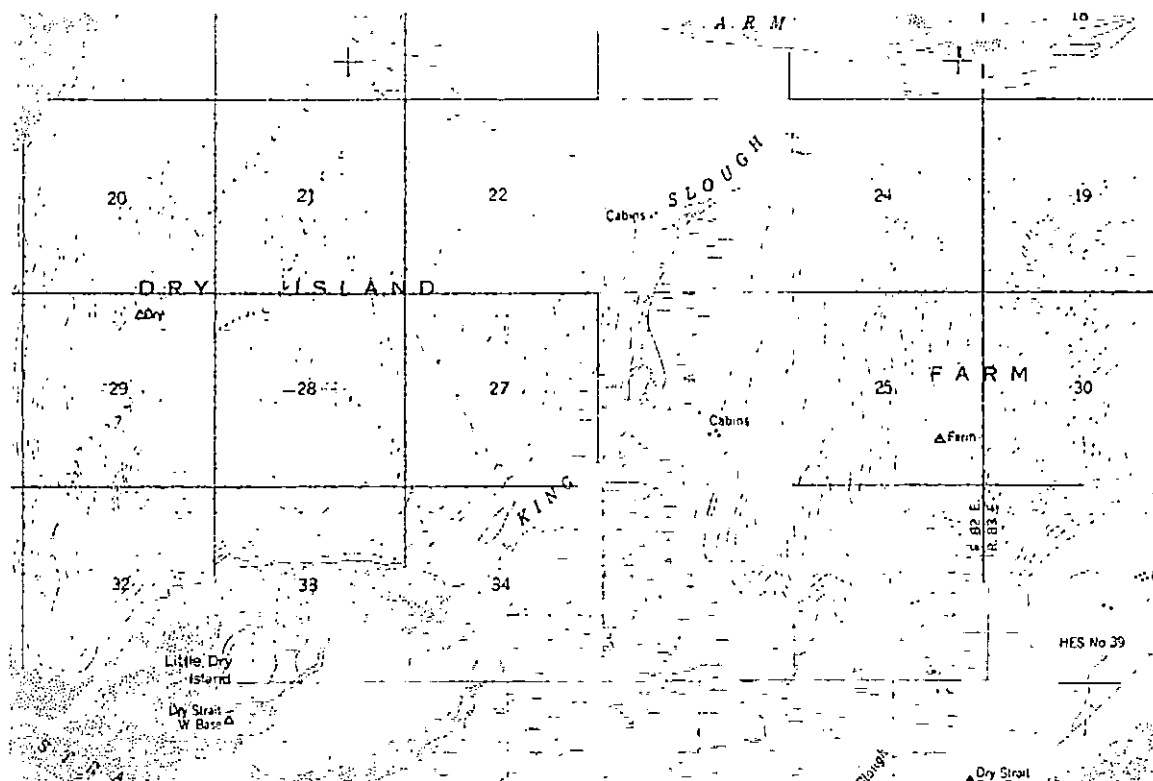
BASIS FOR PURCHASE PRICE: Arm's length negotiations.

BUYER/SELLER MOTIVATION: No undue stimulus reported.

## COMMENTS:

Agent reported this transaction was an anomaly--reflecting a price more representative of parcels with higher percentages of usable uplands. However, this parcel fit the specific needs and desires of the buyers. Access is convenient and they plan to construct a cabin on the upland portion.

Port. of Sec 26, T60S, R82E, CRM	161.83 Ac.	Knig Slough on Farm Isl.; 12 miles from Wrangell	Sold June 1994
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10855

DATE OF SALE: 8-94 SIZE (ACRE): 159.99 PRICE/ACRE: \$1,031 RECORD NO.: 293

STATE: Alaska RECORDING DISTRICT: Talkeetna USGS QUAD MAP NO.: Talkeetna B-3

REGION: Southcentral SUB-REGION: Mat-Su

COMMUNITY/NEIGHBORHOOD: Chelatna Lake

LOCATION: Southwest end of Chelatna Lake - south of the Alaska Range and approximately 50 miles northwest of Talkeetna. Chelatna Lake is the source of Lake Creek.

LAND DESCRIPTION: U. S. Survey No. 9720, in Sections 11, 13, 14, T27N., R12W., S. M.

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Irene A. Catalone

GRANTEE: C. Michael Hayden

AX ID: U9720000L00 INSTRUMENT: Recorded Contract BOOK/PAGE: 149/608 RECD'G DATE: 9-20-94

AS PRICE: \$165,000 TERMS: \$47,000 down - balance over 8 years @ 8%

REV/ADJ. PRICE: \$165,000 BASIS FOR ADJUSTMENT: Not discounted - low interest rate but large down and short-term note.

BY/ IRMED Dick Larsen, BIA Chief Appraiser  
DATE: HTH:BY/ SEC 2-95  
DATE:

PRESENT USE: Vacant

INTENDED USE: Subdivision - subdivided into 6 sites (Tracts A-F)

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Private recreation

LEGAL ACCESS: None - fly-in

TOPOGRAPHY: Hillside slope

LEGAL ACCESS: Fly-in

SITE SHAPE: Irregular

IMPROVEMENTS: None

SOILS: Not wetlands but overburden is wet due to runoff

UTILITIES: None

EASEMENTS: None noted

ZONING: Unzoned

WATERFRONT: 3,400 feet on Chelatna Lake

VEGETATION: Spruce, brush, &amp; grass

MARKET EXPOSURE: Advertised through BIA for approximately 2 years. Listed with OMB Realty for approximately 60 days prior to sale.

SUPPLY &amp; DEMAND CHARACTERISTICS: Available alternatives - few buyers

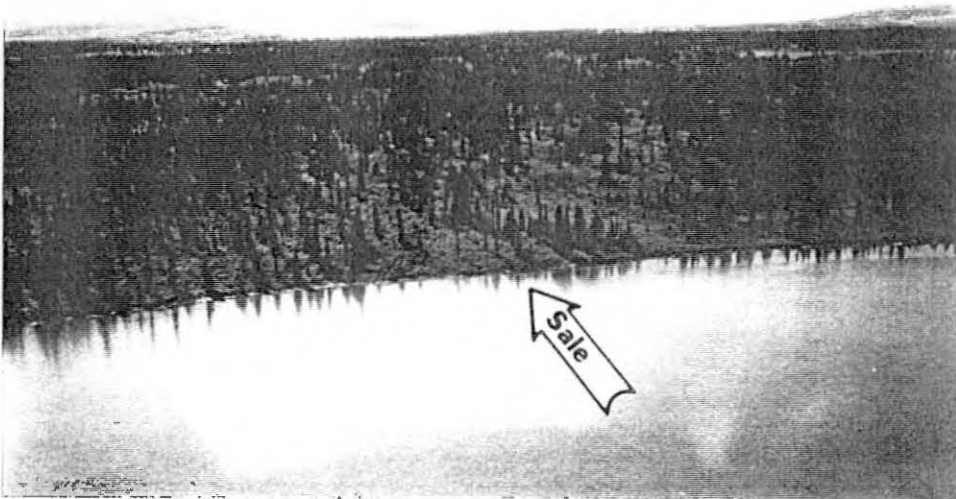
REASON FOR PURCHASE PRICE: BIA appraisal

BUYER/SELLER MOTIVATION: No undue stimulus

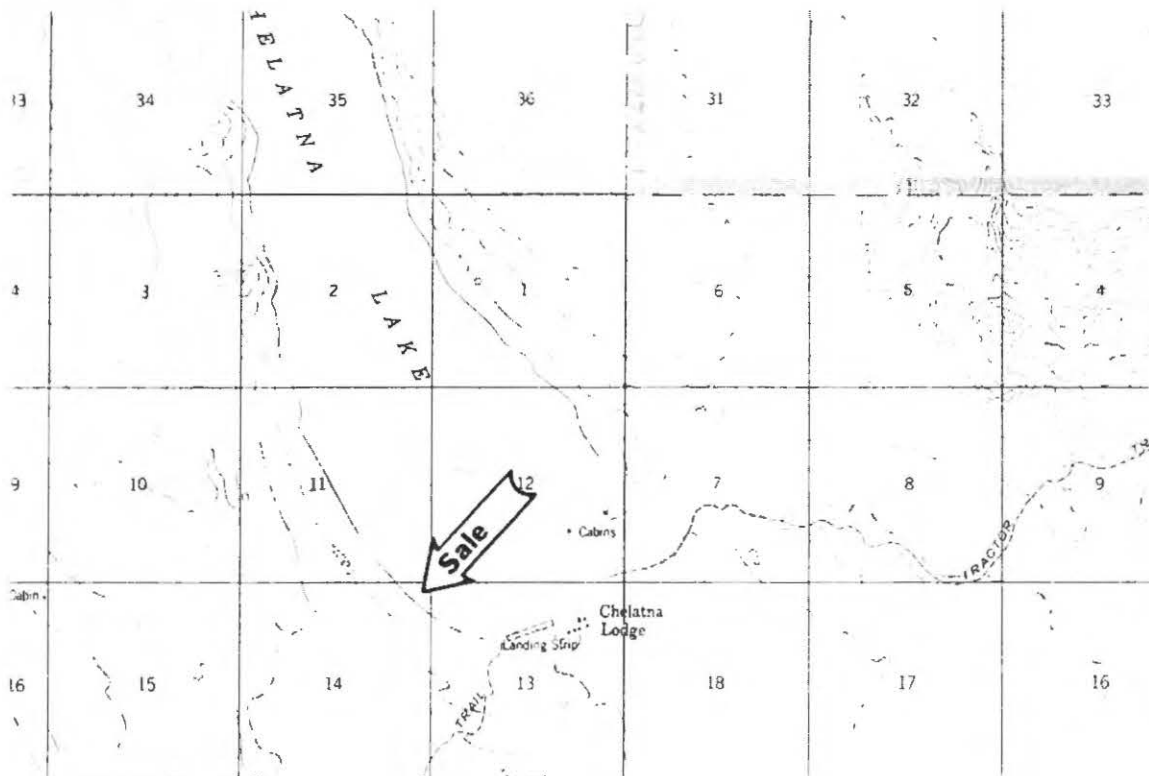
## COMMENTS:

The frontage area is wet due to braided run-off streams. However, Chelatna Lake is a scenic clear-water lake that feeds Lake Creek, a popular stream that offers excellent fishing. The site is located approximately 1 mile west of Chelatna Lake Lodge and the outlet. Platting into the site reportedly cost \$7,000 (not reflected in the purchase price).

9<sup>th</sup> Assessed valuation is \$168,000.



USS 9720 in Sec. 11, 13, 14, T27N, R12W, SM	159.99 Ac.	SW end of Chelatna Lake; 50 miles NW of Talkeetna	Sold August 1994
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## COMPARABLE LAND SALE NO. C-19

10856

DATE OF SALE: 8-95 SIZE (ACRE): 160 PRICE/ACRE: \$1,063 RECORD NO.: 354

STATE: Alaska RECORDING DISTRICT: Iliamna USGS QUAD MAP NO.: Iliamna D-3

REGION: Western Alaska SUB-REGION: Iliamna

COMMUNITY/NEIGHBORHOOD: Pile Bay, northeast end of Lake Iliamna

LOCATION: Approximately 1.5 miles east of Lake Iliamna on the north bank of the Iliamna River

LEGAL DESCRIPTION: U. S. Survey No. 7596

RIGHTS CONVEYED: Fee simple surface

GRANTOR: Mary Jensen

GRANTEE: Norman H. Guth

TAX ID: n/a INSTRUMENT: BOOK/PAGE: 979/3033 RECD'G DATE: 8/95

SALE PRICE: \$170,000 TERMS: Cash within 6 months.

CEV/ADJ. PRICE: \$170,000 BASIS FOR ADJUSTMENT: n/a

COUNTERPARTY: John Cress, BIA (271-4050)  
WITH: Pearl Chanar, BIA Realty (271-4050)  
Bernie Vockner; Broker, Remote Property Inc. (277-4608)

BY/ SEC 10-95  
DATE: SEC 10-95  
SEC 10-95

PRESENT USE: Vacant

INTENDED USE: Commercial fishing lodge

IMPROVEMENTS: None

HIGHEST & BEST USE: Private or commercial recreation

LEGAL ACCESS: River

TOPOGRAPHY: Low along riverbank before steep slope

OVERLAND ACCESS: No dedicated overland access

SITE SHAPE: Rectangular except for shoreline

ROAD IMPROVEMENTS: None

SOILS: Assumed adequate for probable uses

UTILITIES: None

EASEMENTS: None noted

ZONING: Unzoned

WATERFRONT: 1/2 mile--2,640 LF

VEGETATION: Birch and spruce

MARKET EXPOSURE: Originally marketed through BIA Realty for 4 week bid period. No bids were received. Listed with broker for 60 to 90 days prior to sale.

SUPPLY & DEMAND CHARACTERISTICS: Active market but limited demand.

SALES FOR PURCHASE PRICE: Arm's length negotiations.

BUYER/SELLER MOTIVATION: No undue stimulus reported.

## COMMENTS:

Broker reports that buyer sold an operation on the Salmon River in Idaho and is developing an Alaskan operation on this site. According to the broker, the site is suitable for subdividing. The site is a Native allotment surrounded by corporation lands.



USS 7596	160 Ac.	N. bank of Iliamna River; 1.5 miles east of the lake	Sold August 1995
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## COMPARABLE LAND SALE NO. C-41

10434

DATE OF SALE: 5-93 SIZE (ACRE): 3.51 PRICE/ACRE: \$9,972 RECORD NO.: 309

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia C-3  
REGION: Southcentral SUB-REGION: Kenai Peninsula  
COMMUNITY/NEIGHBORHOOD: Bear Cove, Kachemak Bay  
LOCATION: Bear Cove is situated near the head of Kachemak Bay on its eastern shore  
LEGAL DESCRIPTION: Lots 1 & 2 Sugar Bear Sub in Sec. 29, T5S, R1W (Plat 85-113)

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Gary L. Nason

GRANTEE: Gary A. &amp; Robyn L. McBride (376-4951)

TAX ID: 193-263-16 &amp; 17 INSTRUMENT: WD BOOK/PAGE: 2220551 RECD'G DATE: 5-93

OFFER PRICE: \$35,000 TERMS: \$25,000 down, balance @ \$150/mo including 10% interest--buyers paid off in 18 months

CEV/ADJ. PRICE: \$35,000 BASIS FOR ADJUSTMENT: no adjustment--large down and short term note

CONFIRMED Gary Fandel, Kenai Peninsula Borough (262-4441)  
WITH: Robyn McBride, grantee (376-4951)  
Tom Hall, Bay Realty (235-6183)

BY/ SEC 5-95  
DATE: SEC 5-95  
SEC 5-95

USE AT SALE: Vacant

INTENDED USE: Private recreation

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Private recreation

LEGAL ACCESS: No dedicated overland access

TOPOGRAPHY: sloping from 20' above beach at low tide

PHYSICAL ACCESS: Boat, floatplane

SOILS: Adequate for probable uses

ADDITIONAL IMPROVEMENTS: None

SITE SHAPE: Irregular

UTILITIES: None

WATERFRONT: 310 feet (L1=130' &amp; L2=180')

ZONING: Unzoned

EASEMENTS: None reported

VEGETATION: Heavily wooded with spruce--infested by spruce beetles within one year of purchase

MARKET EXPOSURE: Most recent listing prior to the sale was for 10 months. The agent reports that it had been marketed previously at higher prices

SUPPLY &amp; DEMAND CHARACTERISTICS: Active market with limited supply

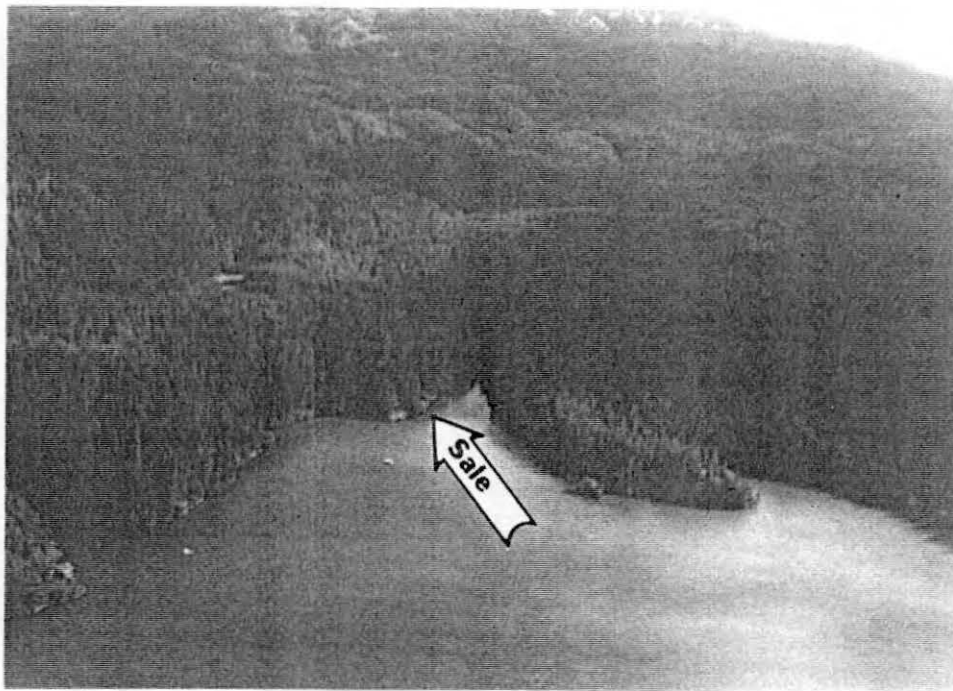
BASIS FOR PURCHASE PRICE: Arms length negotiations (see comments)

BUYER/SELLER MOTIVATION: No undue stimulus reported (see comments)

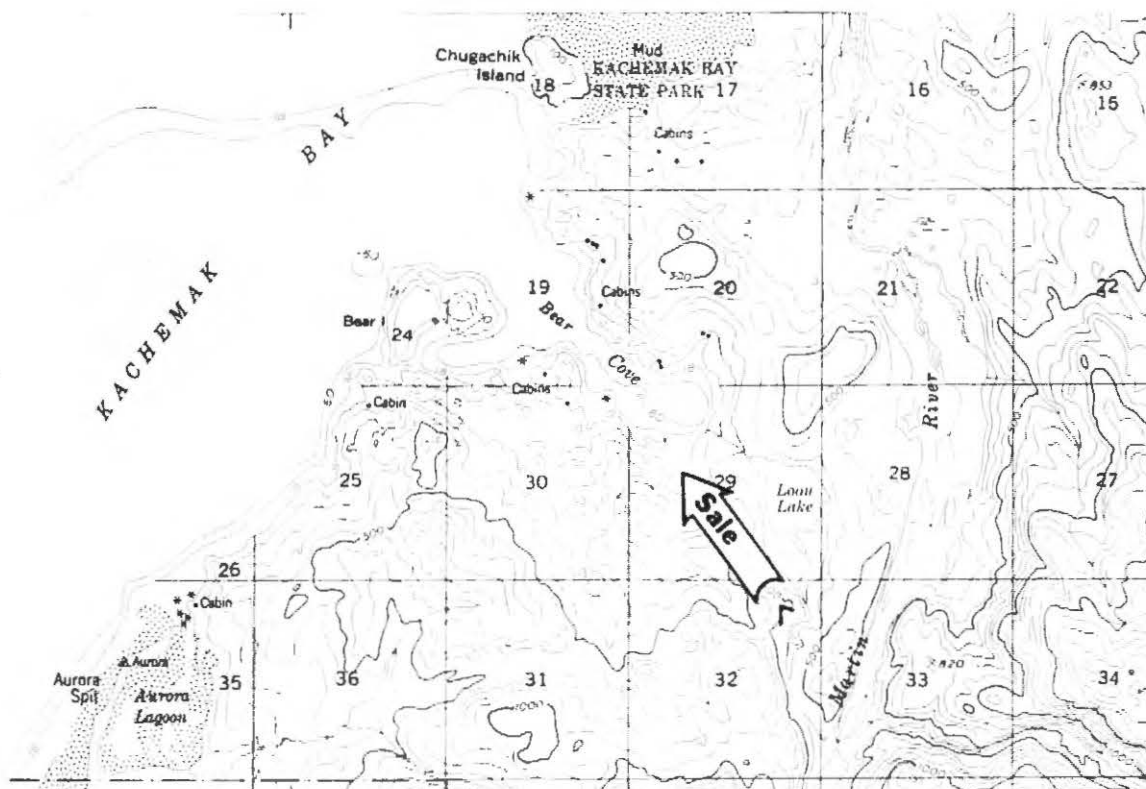
## COMMENTS:

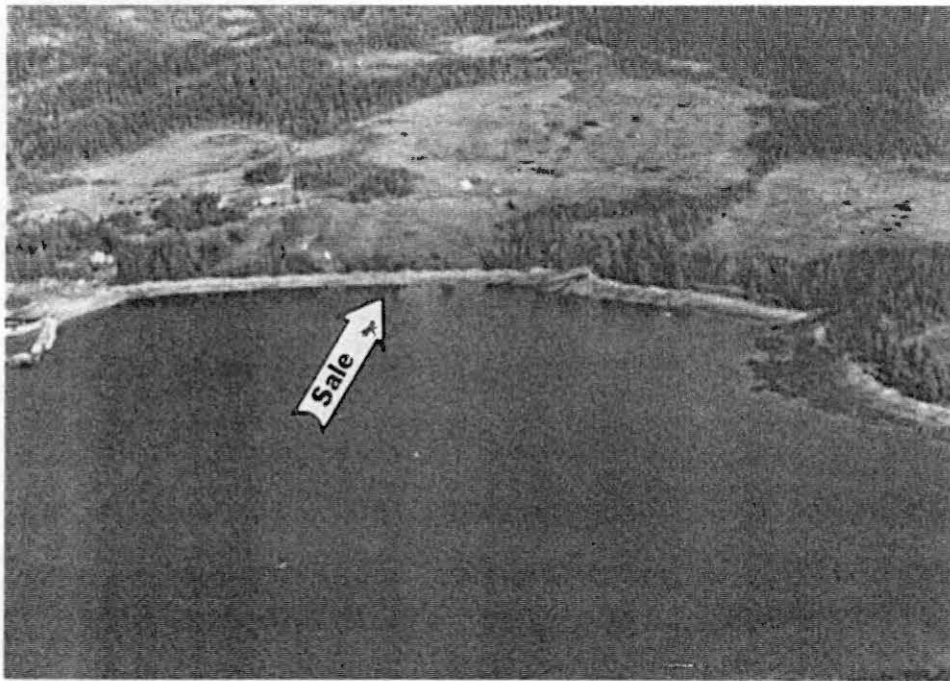
Parcel represents an assemblage of two lots (1.71 ac. & 1.8 ac.). The lots were individually priced at \$16,000 & \$14,000 or both for \$27,000. At the time buyers were interested, another party had made an offer. The buyers were not interested in only one of the lots and outbid the other buyer in order to secure both. The grantee reported they do not plan to ever sell one of the lots.

There is no fresh water on the parcel. Fresh water can be obtained a short distance down the beach.

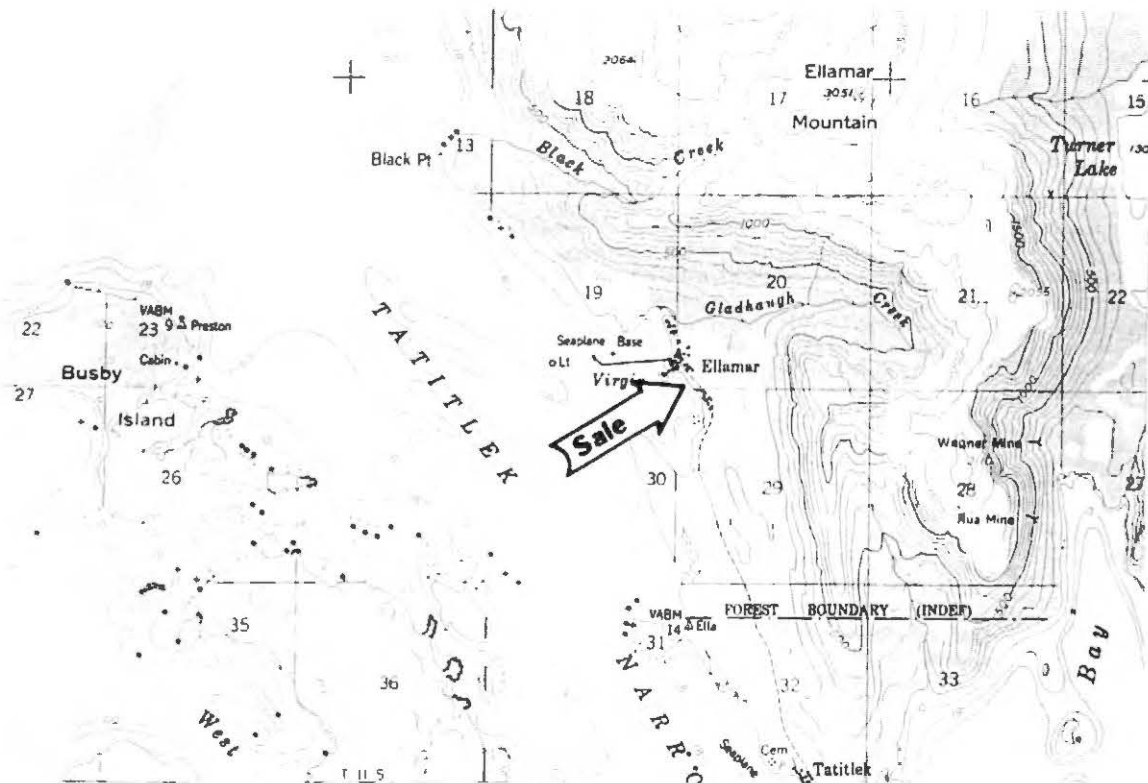


Lots 1 & 2, Sugar Bear Sub. Sec. 29, T5S, R1W, SM	3.51 Ac.	Bear Cove NE Kachemak Bay	Sold May 1993
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Lot 14, Block 7, Ellamar	.98 Ac.	Virgin Bay, NE Prince William Sound	Sold August 1993
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## COMPARABLE LAND SALE NO. C-43

10624

DATE OF SALE: 9-93 SIZE (ACRE): 1.35 PRICE/ACRE: \$16,539 RECORD NO.: 315

STATE: Alaska RECORDING DISTRICT: Valdez USGS QUAD MAP NO.: Cordova D-8  
REGION: Southcentral SUB-REGION: Prince William Sound

COMMUNITY/NEIGHBORHOOD: Valdez

LOCATION: Virgin Bay off Tatitlek Narrows approximately 20 miles SW of Valdez, Alaska

LEGAL DESCRIPTION: Lot 11, Block 7, Ellamar, Plat 82-13

RIGHTS CONVEYED: Fee simple including minerals but no allocation of value

GRANTOR: Ellamar Properties

GRANTEE: Neal Oppen

TAX ID: INSTRUMENT: W D BOOK/PAGE: 120/767 RECD'G DATE: 9-7-93

OFFER PRICE: \$25,000 TERMS: Seller financed with 1/3 @ closing and two annual payments equal to 1/3 each. No interest on balance

OFFER/ADJ. PRICE: \$22,500 BASIS FOR ADJUSTMENT: Two annual payments of \$8333.50 discounted @ 10%. (\$14,463 + \$8333 = \$22,796)

CONFIRMED Ellamar Properties, Lucy Groh, grantor (278-1311)  
WITH:BY/ SEC 5-95  
DATE:

USE AT SALE: Vacant

INTENDED USE: Private Recreation

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Private Recreation

LEGAL ACCESS: Platted but not connected to any road system

TOPOGRAPHY: Moderate slope up from beach

PHYSICAL ACCESS: Boat, floatplane

SOILS: Adequate for probable uses

ROAD IMPROVEMENTS: None

SITE SHAPE: Irregular--narrow and deep

UTILITIES: None

WATERFRONT: 100'

ZONING: Unzoned--private restrictions

EASEMENTS: None noted

VEGETATION: Partially wooded, brush &amp; grasses

MARKET EXPOSURE: Marketed through Ellamar Properties for several years

SUPPLY &amp; DEMAND CHARACTERISTICS: Active market characterized by limited supply and demand

BASIS FOR PURCHASE PRICE: Seller reports that the buyer received favorable terms on the balance (no interest) because he was known to be a prior user of the property and thought to be reliable.

BUYER/SELLER MOTIVATION: No undue stimulus reported

## COMMENTS:

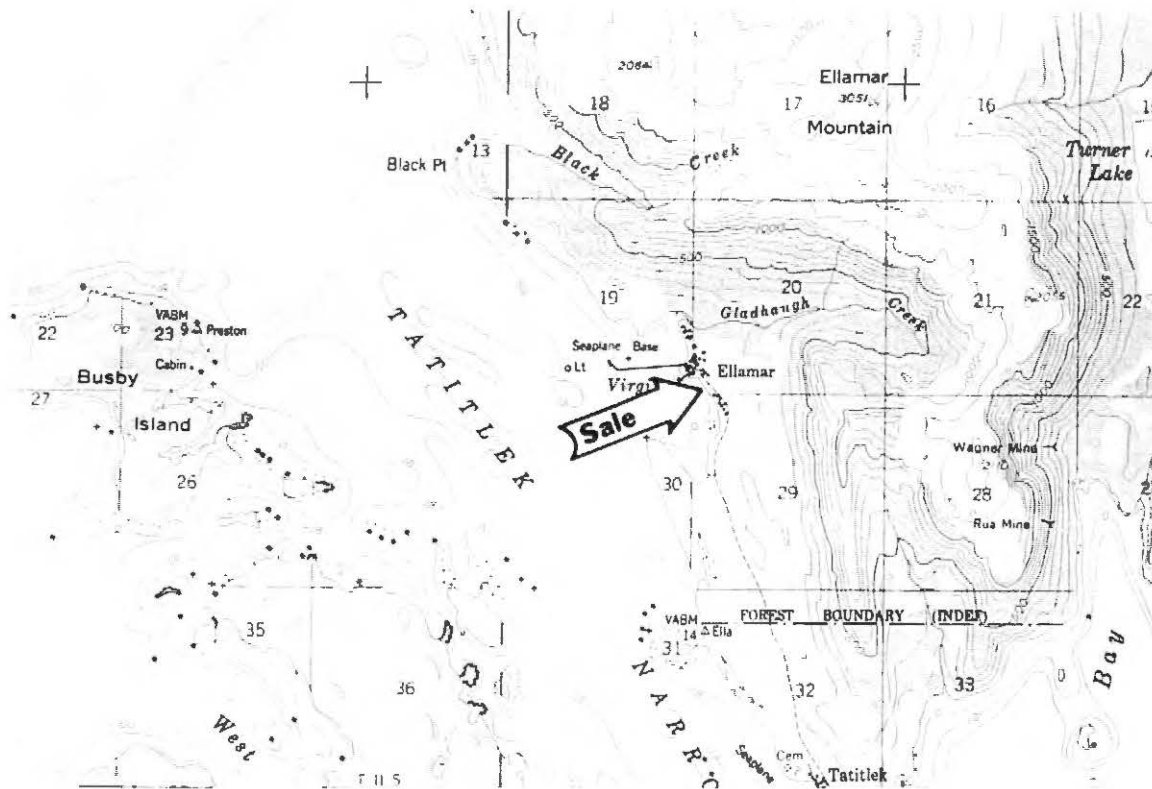
The native village of Tatitlek is located just south of the subdivision and is accessible by a foot path. Proximity to the Tatitlek airstrip provides an possible alternative mode of access. Virgin Bay provides protected moorage.

Lots one-lot off the beach reflect prices of \$15,500. Third tier lots, two or more lots off the beach reflect prices of \$8,500.





Lot 11, Block 7, Ellamar	1.35 Ac.	Virgin Bay, NE Prince William Sound	Sold September 1993
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## COMPARABLE LAND SALE NO. C-44

10685

DATE OF SALE: 1-95 SIZE (ACRE): 1.76 PRICE/ACRE: \$10,227 RECORD NO.: 316

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia C-3  
REGION: Southcentral SUB-REGION: Kachemak Bay

COMMUNITY/NEIGHBORHOOD: Homer

LOCATION: Bear Cove at the northeast head of Kachemak Bay

LEGAL DESCRIPTION: Lot 12 Dickson, Plat 83-25

RIGHTS CONVEYED: Fee simple surface estate

GRANTOR: Allan Moine Root

GRANTEE: Eric A. Havelock (561-1900)

LAX ID: INSTRUMENT: WD BOOK/PAGE: 240024 RECD'G DATE: 1/3/95

LES PRICE: \$18,000 TERMS: \$6,000 down, balance @ \$1,049/mo including 9% for twelve months

CEV/ADJ. PRICE: \$18,000 BASIS FOR ADJUSTMENT: No discount

CONFIRMED WITH: Alene Palmer, Polar Realty (349-7681)  
Eric A. Havelock (561-1900)BY/ SEC 5-95  
DATE: SEC 5-95

USE AT SALE: Vacant

INTENDED USE: Expansion of adjacent site

PROVEMENTS: None

HIGHEST &amp; BEST USE: Private recreation

LEGAL ACCESS: Platted streets not connected to any road system TOPOGRAPHY: Hilly bench approximately 24' above water @ low tide

PHYSICAL ACCESS: Boat, floatplane

SOILS: Adequate for probable uses

AD IMPROVEMENTS: None

SITE SHAPE: Irregular

UTILITIES: None

WATERFRONT: 200'

ZONING: Unzoned

EASEMENTS: None noted

VEGETATION: Alder and beetle infested spruce

MARKET EXPOSURE: Listing agent reports a market exposure period of 527 days

SUPPLY &amp; DEMAND CHARACTERISTICS: Active market characterized by limited supply and demand

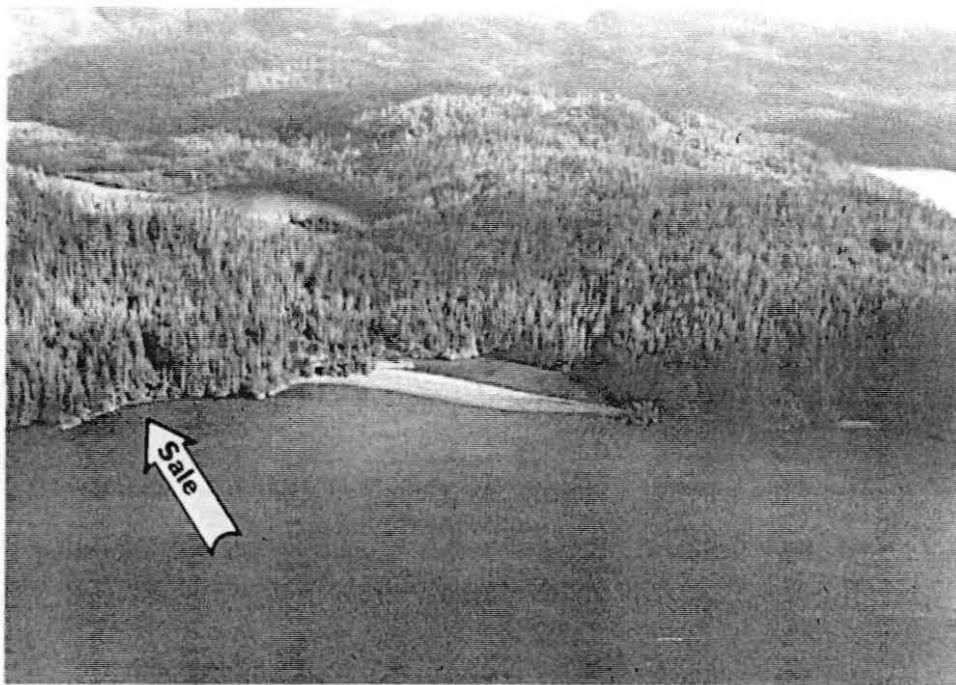
BASIS FOR PURCHASE PRICE: Arm's length negotiations

BUYER/SELLER MOTIVATION: Agent reports seller was motivated. However, the property had been exposed to the market for nearly two years.  
The most recent asking price was \$30,000. Acquired by the adjacent land owner when the price was reduced.

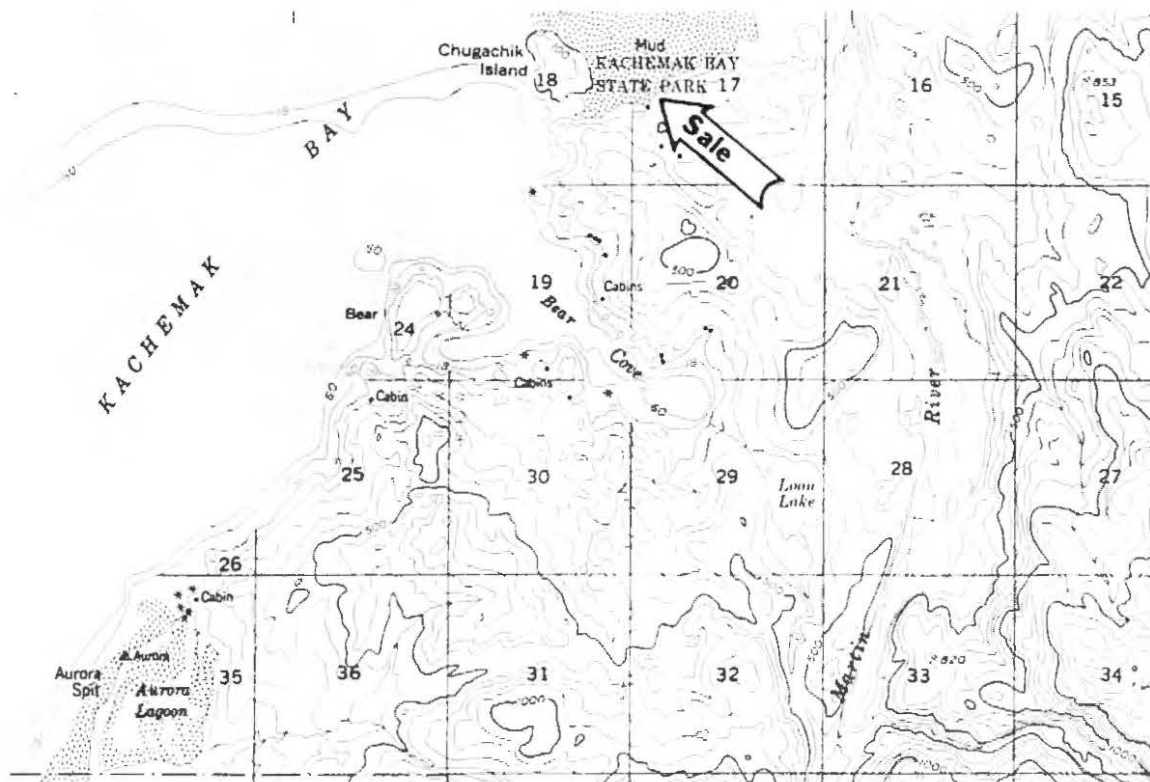
## COMMENTS:

Sandy beach. Spring on the property. Walking distance to the lagoon. Airstrip with dirt road access to the lagoon is privately owned and the re is  
dedicated access to/from Lot 12.

Purchased for assemblage with adjacent lot.



Lot 12, Dickson Sub	1.76 Ac.	Bear Cove, NE Kachemak Bay	Sold January 1995
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DATE OF SALE: 10-95 SIZE (ACRE): 1.282 PRICE/ACRE: \$7,800 RECORD NO.: 360

STATE: Alaska RECORDING DISTRICT: Valdez USGS QUAD MAP NO.: Seward A-3  
REGION: Southcentral SUB-REGION: Prince William Sound  
COMMUNITY/NEIGHBORHOOD: Latouche Island townsite in SW Prince William Sound  
LOCATION: West side of Latouche Island; across Latouche Passage from Sawmill Bay and community of Chenega  
LEGAL DESCRIPTION: Lot 1, Block 4, Latouche Island; Plat 76-5 (Addition #1 is Plat 79-3)

RIGHTS CONVEYED: Believed to be fee simple surface

GRANTOR: Almin G. Thompson & Ellen Joyce Thompson

WARRANTY: Andrew T. McLaughlin P. O. Box PSJ, Cordova, Ak. (no listed phone number)

ASSIGNMENT ID: n/a INSTRUMENT: WD BOOK/PAGE: 0127/815 RECD'G DATE: 10-30-95

LES PRICE: \$11,400 TERMS: Cash

CEV/ADJ. PRICE: \$10,000 BASIS FOR ADJUSTMENT: Broker indicated small cabin had minimal value. Appraiser allocated \$1,400

CONFIRMED WITH: Bernie Vockner; Broker, Remote Property Inc.

BY/ SEC 3-96  
DATE:

USE AT SALE: Recreation

INTENDED USE: Recreation

IMPROVEMENTS: Small cabin

HIGHEST & BEST USE: Recreation

LEGAL ACCESS: Boat or light aircraft

TOPOGRAPHY: Moderate slope

PHYSICAL ACCESS: platted access

SOILS: Gravel beach; organics over bedrock; adequate for probable uses

ADDITIONAL IMPROVEMENTS: unimproved

SITE SHAPE: Irregular

UTILITIES: None

WATERFRONT: 138' on Latouche Passage

ZONING: Unzoned

EASEMENTS: None noted

VEGETATION: Low brush & grasses

MARKET EXPOSURE: Broker reports the property had been listed since May of 1992 at periodically reduced prices; most recently \$15,000

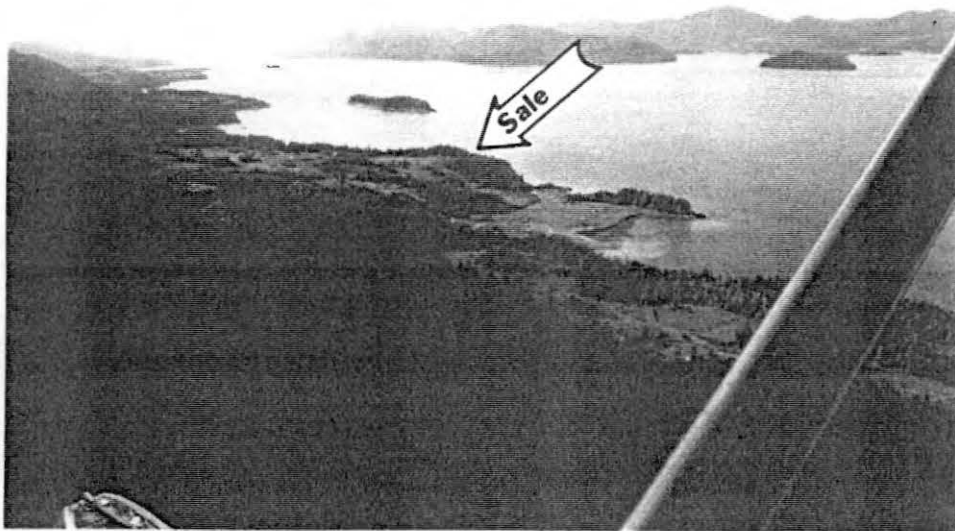
SUPPLY & DEMAND CHARACTERISTICS: Supply exceeds demand

STATUS FOR PURCHASE PRICE: Arm's length negotiations

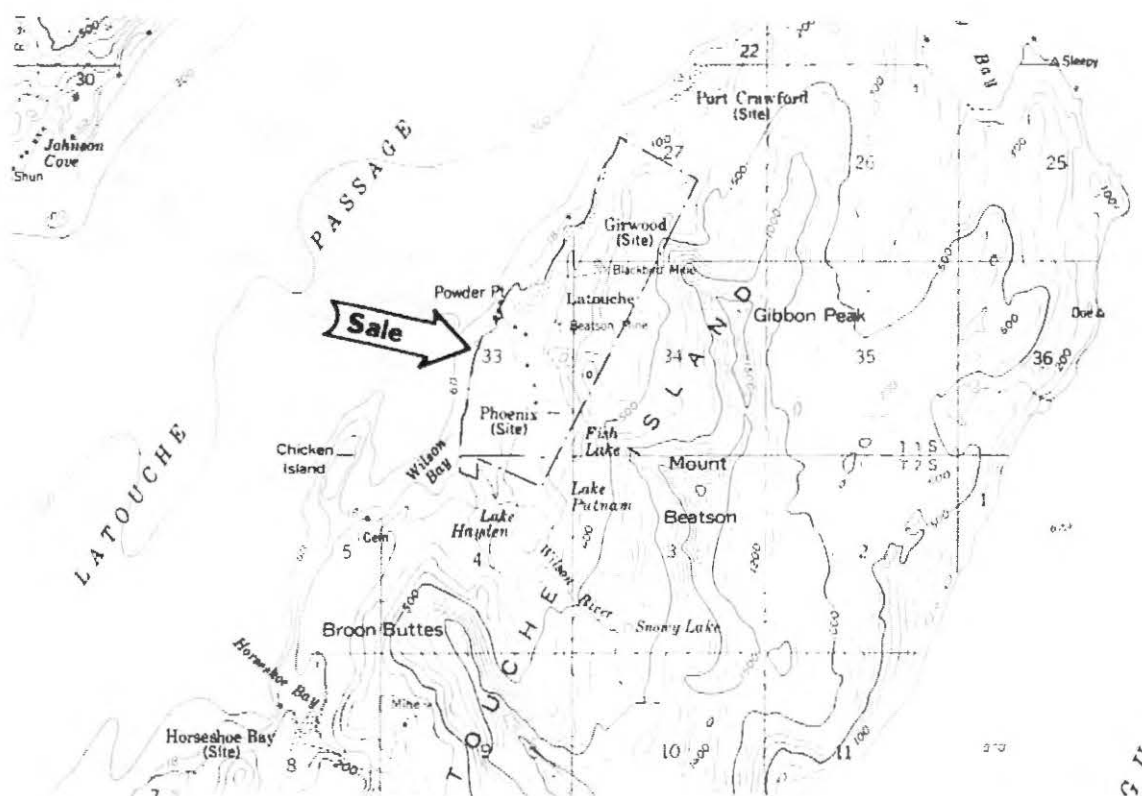
BUYER/SELLER MOTIVATION: No undue stimulus reported

#### COMMENTS:

There is an airstrip on the Island.



Lot 4, Block 1, Latouche Island Townsite	1.282 Ac.	west side of Latouche Island 4 miles SW of Chenega	Sold 10-95
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## COMPARABLE LAND SALE NO. S-1

9241

DATE OF SALE: 06-01-91 SIZE (ACRE): 151.21 PRICE/ACRE: \$2,500 RECORD NO.: 9

STATE: Alaska RECORDING DISTRICT: Kodiak USGS QUAD MAP NO.: Kodiak D-4  
REGION: Southcentral SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Uganik Passage near Terror Bay

LOCATION: East shore of Uganik Passage, Kodiak Island, Alaska

LEGAL DESCRIPTION: U.S. Survey 7886

RIGHTS CONVEYED: Fee simple surface estate only

GRANTOR: Clara Helgason

GRANTEE: U.S. Fish &amp; Wildlife

CASA ID: R5200004110 INSTRUMENT: WD BOOK/PAGE: 108/320 RECD'G DATE: 8-6-91

AS PRICE: \$470,000 TERMS: Cash

DEV/ADJ. PRICE: \$378,025 BASIS FOR ADJUSTMENT: Reduction of personal property items and house and outbuildings.

FIRMED: Dick Larson, BIA Appraiser  
WITH: Bob Rice, U.S. Fish & Wildlife  
Duke Bertke, Selling Agent  
John Merrick, KoniagBY/ SDD/11-91  
DATE: DLP/01-94  
DLP/01-94  
DLP/03-94

PRESENT USE: Bear hunting lodge

INTENDED USE: Inclusion into KNWR

IMPROVEMENTS: SFR, outbuildings

HIGHEST &amp; BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Sloping

SICAL ACCESS: Boat

SITE SHAPE: Irregular

D IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ING: Conservation

WATERFRONT: Ocean

ETATION: Cottonwoods, scrub alder and grass.

MARKET EXPOSURE: Initially listed for \$1.8M. It was slowly lowered to about \$1M over the first year. Relisted at \$550,000 prior to sale. See comments section.

SUPPLY &amp; DEMAND CHARACTERISTICS: There is a limited market for large sites in the Kodiak and Afognak area.

BASIS FOR PURCHASE PRICE: Appraisal.

BUYER/SELLER MOTIVATION: Seller was elderly and son needed a hip replacement. Bob Rice indicated that the buyer is limited by law to pay no more or less than market value.

## COMMENTS:

This is the sale of the surface estate of the Helgason homestead, an inholding in the Kodiak National Wildlife Refuge, to U.S. Fish and Wildlife for \$470,000. The subsurface estate is owned by Koniag. Improvements consist of an older one-story, 1,055 square foot, two-bedroom, one-bath home and outbuildings and personal property valued at \$91,975, rounded. The land was valued at \$378,025 or \$2,500 per acre. The terrain varies from moderate to steeply sloping. Vegetation consists of cottonwoods, scrub alder and grass. There is good deer and bear hunting in the area. Moored boats would be exposed to some northwesterly winds, but most of the area is generally protected. There is almost one mile of beach frontage. The northern half of the site has poor beaches with steep rocky bluffs along the waterfront and lots of boulders. Waterfront elevation varies from sea level to almost 40 feet. The southern portion of the site has much better access off the water and superior beaches. The USF&W Service did not acquire this site for the improvements. The improvements are an additional cost of acquiring the site. They will utilize the improvements as a place to bunk down USF&WS officials closer to the refuge. USF&WS offered \$468,000 when the property was initially listed at \$1.8M. After the price was reduced to \$550,000 USF&WS again approached the seller who agreed to the price after several weeks of contemplation. The federal government pays for all transaction and closing costs, except for real estate commissions when they acquire property. Mr. Rice estimates the transaction costs of this acquisition was roughly \$30,000. The listing agent is quite ill and was not able to be interviewed regarding marketing strategy and market exposure. Based on conversations with the selling agent and buyer, it is reasonable to conclude that the site had adequate market exposure with a term between one and two years.

## COMPARABLE LAND SALE NO. S-11

100530 Old Believers

DATE OF SALE: 11-06-89 SIZE (ACRE): 273.53 PRICE/ACRE: \$3,899 RECORD NO.: 18

STATE: Alaska RECORDING DISTRICT: Kodiak USGS QUAD MAP NO.: Afognak A-4  
REGION: Southcentral SUB-REGION: Kodiak Island

COMMUNITY/NEIGHBORHOOD: Afognak Island

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

LEGAL DESCRIPTION: Tracts A &amp; B, Sheet No. 2 of 2, Plat 89-8-RS, Sections 17 and 20, Township 25 South, Range 22 West, Seward Meridian, Kodiak Rec. Dist.

RIGHTS CONVEYED: Fee simple surface only

GRANTOR: Enola Mullan and Mike Mullan

GRANTEE: Aleneva Joint Ventures

TAX ID: R54252200023 INSTRUMENT: MOA BOOK/PAGE: 977/66 RECD'G DATE: 11-06-89

SALES PRICE: \$1,194,375 TERMS: \$200,000 down, 7% interest, \$198,450 per year till paid in full.

CEV/ADJ. PRICE: \$1,064,269 BASIS FOR ADJUSTMENT: The note is discounted at 10% which indicates a CEV of \$1,098,269 less \$34,000 for the cabin.

CONFIRMED WITH: Dick Larson, Bureau of Indian Affairs  
Sharlene Sullivan, Selling Agent, Associated Island Brokers, Inc.BY/ DLP/1-94  
DATE: DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Religious community

IMPROVEMENTS: Cabin, \$34,000 value

HIGHEST &amp; BEST USE: Rural Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Gently rolling

PHYSICAL ACCESS: Boat, float plane

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None

SOILS: Good

UTILITIES: None

EASEMENTS: Normal

ZONING: Conservation/5 acre

WATERFRONT: Ocean

VEGETATION: Densely wooded forest

MARKET EXPOSURE: Not advertised, buyer approached seller who asked Ms. Sullivan to assist in the sale. The transaction took over two years to finalize.

SUPPLY &amp; DEMAND CHARACTERISTICS: Ms. Sullivan does not believe there is any other parcel that would have satisfied the purchaser. See comments.

BASIS FOR PURCHASE PRICE: Negotiation. Price was negotiated prior to any appraisal. Ms. Sullivan indicated both parties believed this was market value.

BUYER/SELLER MOTIVATION: The seller's are both elderly and would prefer living closer to medical facilities. Buyer motivation listed in comments section.

## COMMENTS:

Supply & Demand Characteristics (Con't): The buyer had approached many private individuals and native corporations about acquiring a large site similar to this parcel. Until finding this comparable they were unable to locate a parcel that satisfied all of their needs. The purchaser desired a site that was large enough to satisfy their future needs and would isolate them from other people. It must have extensive ocean frontage and protected coves for their fishing fleet. The beaches had to be easily accessible and not too steep. Finally they were looking for an area that had good fishing and hunting to satisfy their subsistence lifestyle. Ms. Sullivan indicated that they had found no other site that offered all of these attributes.

The site is irregularly shaped, has approximately one and one-half miles of waterfront and has marketable timber. The timber resource was a significant portion of value, although the exact amount cannot be released. However subsequent market analysis conducted by Konkor indicates that the cost to harvest the timber at the date of purchase was greater than the value of the timber because helicopters would be required for logging to the site. Ms. Sullivan does not believe the buyers intend to commercially harvest the timber as that is not compatible with their subsistence and recreation needs. Timber value was not a motivation for the purchase. The site goes completely dry at low tide and there is no deep water access to the uplands. The limited access to the uplands was part of the reason the logging was economically unfeasible. The property is in a fairly well protected area fronting Raspberry Strait Narrows. It is well drained with rolling hillside and in close proximity to good fishing. The property was purchased by a Russian religious group formerly known as the Old Believers for the establishment of a new community.



## COMPARABLE LAND SALE NO. S-12

10575

DATE OF SALE: 2-95 SIZE (ACRE): 178 PRICE/ACRE: \$1,489 RECORD NO.: 20

STATE: Alaska RECORDING DISTRICT: Kodiak USGS QUAD MAP NO.: Karluk B-2  
REGION: Southcentral SUB-REGION: Kodiak Island  
COMMUNITY/NEIGHBORHOOD: Olga Bay  
LOCATION: East of Dog Salmon River, within Olga Bay, south end of Kodiak Island, Alaska  
LEGAL DESCRIPTION: West 1/2 Section 23, T35S, R30W, SM

RIGHTS CONVEYED: Fee simple surface estate only  
GRANTOR: Jack Wichers and Duane Stuckle  
GRANTEE: Mike Cusak, Jr., Alaska Outdoor Experiences (277-3033)  
TRAIL ID: R5353002303/4/5 INSTRUMENT: WD BOOK/PAGE: 135/787 RECD'G DATE: 3-95

SERIES PRICE: \$265,000 TERMS: Cash  
CEV/ADJ. PRICE: \$265,000 BASIS FOR ADJUSTMENT: n/a

CERTIFIED BY: Steve Schuck; Realty Specialist, U. S. Fish & Wildlife Service (786-3426) BY/ SEC 10-95  
WASH: DATE:

PRESENT USE: Vacant INTENDED USE: Preservation/Conservation  
IMPROVEMENTS: None HIGHEST & BEST USE: Recreation  
LEGAL ACCESS: No dedicated overland access TOPOGRAPHY: Coastal lowlands  
PHYSICAL ACCESS: Boat or float plane SITE SHAPE: Irregular  
ROAD IMPROVEMENTS: None SOILS: 60% to 70% is well drained, remainder is poorly drained.  
UTILITIES: None EASEMENTS: None noted  
ZONING: Conservation WATERFRONT: 3,250' ocean frontage  
VEGETATION: Large cottonwoods on front of parcel.

MARKET EXPOSURE: Site had been marketed for over two years (see comments).  
SUPPLY & DEMAND CHARACTERISTICS: Active market but limited demand.  
BASIS FOR PURCHASE PRICE: Arm's length negotiations.

BUYER/SELLER MOTIVATION: No undue stimulus reported on the sellers part. The transaction represents a project-related acquisition by a public agency.

COMMENTS:  
This site has extensive frontage on Olga Bay, with good beaches and a small semi-protected bay. This area is renowned for its supreme fishing and hunting. The Dog Salmon River is located 1/4 mile to the west and supports Kodiak Island's largest sockeye salmon run. About 30% to 40% of the site has poorly drained soils with several beaver ponds and small creeks.  
The parcels was originally marketed with Associated Island Brokers for 5 weeks at \$450,000 prior to the sale. A reported October 1992 offer of \$300,000 fell through. The site remained listed for sale at \$450,000 until April 1993. At that time it was subdivided into four parcels ranging in size from 30 acres to 52 acres. The combined asking price of the smaller parcels is \$450,000, or \$2,500 per acre. There was no significant interest. The U.S.F.W.S offered \$265,000 based on a 1994 appraisal. Subsequently, a protracted survey indicated the acreage at 166.81 but the Service did not negotiate and let the offer stand.



DATE OF SALE: 08-01-90 SIZE (ACRE): 2,220 PRICE/ACRE: \$203 RECORD NO.: 23

ATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5  
 REGION: Southcentral SUB-REGION: Kenai Peninsula  
 COMMUNITY/NEIGHBORHOOD: Homer  
 LOCATION: Within 8 miles north, south and east of Anchor Point on the Kenai Peninsula, Alaska

LEGAL DESCRIPTION: Lengthy legal, see Property Description

RIGHTS CONVEYED: Fee simple - surface only.

GRANTOR: Security National Trust, Inc.

GRANTEE: Cloyd Moser and Chuck Homan

FILE ID: 159-290-01 INSTRUMENT: WD BOOK/PAGE: 200/265 RECD'G DATE: 08-01-90

ASKED PRICE: \$450,000 TERMS: \$50,000 down, \$400,000 deed of trust, 12% interest, 30 year amortization.

CEV/ADJ. PRICE: \$450,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED Grantee  
 WITH: Cloyd and Erwin Moser  
 John McGraw, formerly of Grantor

BY/ S. McSwain  
 DATE: DLP/1-94  
 DLP/2-94

PRESENT USE: Paper platted recreation lots INTENDED USE: Recreation subdivision

IMPROVEMENTS: None HIGHEST & BEST USE: Recreation Subdivision

LEGAL ACCESS: Yes TOPOGRAPHY: Varies, wetlands/uplands

PHYSICAL ACCESS: None SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved SOILS: Fair, from extensive peat to good

UTILITIES: None EASEMENTS: Normal

ZONING: Unzoned WATERFRONT: Stream

VEGETATION: Sparse with some spruce

MARKET EXPOSURE: None, seller approached buyer.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Buyer paid asking price.

BUYER/SELLER MOTIVATION: Seller was liquidating the parcel and turned a substantial profit in short time frame.

#### COMMENTS:

This property includes random tracts in six subdivisions that are subdivided into 222 paper platted ten acre tracts. These paper plat lots can be sold individually "as is" without physical access since they were platted prior to newer subdivision regulations. The tracts are typically located one-half to three miles from existing roads or the Sterling Highway, with section line easements for full road access. The Inlet View Tract (200 acres) has gravel road access east one mile from the highway (the grantees developed vehicular access to all but two subdivisions). This is a popular recreation area with good hunting in the fall and snow machineing in the winter. Vegetation ranges from low bog plants in the wet peat areas (40%) to good gravel soils on the higher ground (60%) with spruce trees. This comparable sold for \$980,000 (plus \$50,000 in commissions) in December 1985. The grantees 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. The grantees of the August 1990 sale did not have a cash equivalent estimate and would not have purchased it if it were a cash deal only. The parcel was never offered to the general public but was offered directly to the grantee. Mr. McGraw formerly of the grantor indicated 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 grantees are selling the lots for up to \$15,000 each with zero down financing or a 50% discount for cash. Erwin Moser indicates that as of February 1994 approximately 100 of these lots have been sold. He indicated that the default rate is about 10%.

#### Legal Description

- |  |   |  |
|--|---|--|
| 1) Tracts 1-46, Stariski Creek Acres #2 (460 Acres)<br>Sections 31 and 32, Township 3 South, Range 14 West, SM | 2) Tracts 1-8 and 11-14, Chakok Acres (120 Acres)<br>Section 9, Township 4 South, Range 14 West, SM | 3) Tracts 1-64, Terrace View (640 Acres)<br>Sections 12 and 13, Township 4 South, Range 14 West, BLM |
| 4) Tracts 1-48, High Line Acres (480 Acres)<br>Section 22, Township 4 South, Range 14 West, SM                 | 5) Tracts 1-20, Inlet View (200 Acres)<br>Sections 7 and 18, Township 5 South, Range 14 West, SM    | 6) Tracts 1-32, Salomon Heights (320 Acres)<br>Section 8, Township 5 South, Range 14 West, SM        |

## COMPARABLE LAND SALE NO. 24

10230 10403

DATE OF SALE: 12-91 SIZE (ACRE): 120 PRICE/ACRE: \$367 RECORD NO.: 24

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia C-5  
REGION: Southcentral SUB-REGION: Kenai Peninsula

COMMUNITY/NEIGHBORHOOD: Anchor Point

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

TOTAL DESCRIPTION: W1/2 NW1/4, NW1/4 SW1/4, Section 8, T5S, R14W, SM

RIGHTS CONVEYED: Fee simple, buyer thought all but oil & gas.

GRANTOR: Philip Maser, Jr.

GRANTEE: Leonard T. Schultz

ASSX ID: 171-010-27 INSTRUMENT: WD BOOK/PAGE: 211/998 RECD'G DATE: 1-92

LES PRICE: \$44,000 TERMS: \$10,000 down, 10% interest, 15 year term.

CEV/ADJ. PRICE: \$44,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

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

BY/ DLP/1-94  
DATE: DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Residential/Recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Rectangular

ADDITIONAL IMPROVEMENTS: Unimproved

SOILS: Poor to average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Varies from swampy to heavy density spruce forest.

MARKET EXPOSURE: None, seller approached buyer.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

BASIS FOR PURCHASE PRICE: Negotiated.

BUYER/SELLER MOTIVATION: Broker indicated that he did not believe the seller was under duress. Seller unwilling to discuss sale. Buyer felt sales price represented fair market value.

COMMENTS:

Approximately 35% of this is wetlands unsuitable for development. Buyer subdivided the parcel into three lots and has since sold all three parcels. Buyer does not develop to the site, however, the broker owned the adjacent site and is supposedly developing access to this parcel. Electricity and phone is approximately one-half mile away.

## COMPARABLE LAND SALE NO. 25

10231

DATE OF SALE: 2-92 SIZE (ACRE): 80 PRICE/ACRE: \$188 RECORD NO.: 25

STATE: Alaska RECORDING DISTRICT: Homer

USGS QUAD MAP NO.: Seldovia D-5

REGION: Kenai Peninsula

SUB-REGION: Homer

MUNICIPALITY/NEIGHBORHOOD: Anchor Point

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

LEGAL DESCRIPTION: W1/2 SW1/4 of Section 9, T3S, R14W, SM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: John J. and Lucy McDonald

GRANTEE: Arlo D. and Leslie A. Buchholz

FILE ID: 159-112-10

INSTRUMENT: WD

BOOK/PAGE: 212326

RECORD DATE: 2-92

ASSET PRICE: \$15,000

TERMS: Cash

CEV/ADJ. PRICE: \$15,000

BASIS FOR ADJUSTMENT: None

CONFIRMED: Arlo Buchholz, Grantee 612-597-3650

BY: DLP/1-94

WITH: Diane Martin, Selling Agent

DATE: DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Retirement homesite

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Rectangular

ROAD IMPROVEMENTS: Unimproved

SOILS: Buyer unsure

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Varies from muskeg areas to moderately dense spruce stands.

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

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

REASONS FOR PURCHASE PRICE: Negotiation.

BUYER/SELLER MOTIVATION: Buyer acquired the site as a future retirement homesite. Seller motivation was unconfirmed.

### COMMENTS:

It is estimated that 25% of this site is wetlands area that is not suitable for development. Electricity is approximately one-half mile away. This is a popular recreation area with good hunting in the fall and snow machining in the winter. Vegetation ranges from low bog plants in the wet peat areas (25%) to good gravel soils on the higher ground (75%) with spruce trees. Buyer indicates he acquired this site as it seemed to have more uplands area than his other alternatives.

DATE OF SALE: 10-92 SIZE (ACRE): 480 PRICE/ACRE: \$219 RECORD NO.: 26

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5

REGION: Kenai Peninsula SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

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

LEGAL DESCRIPTION: SE1/4 and SE1/4 SW1/4 of Section 29, NE1/4 NW1/4 and S1/2 NW1/4 of Section 32 T3S, R14W, SM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: Astoria Investments

GRANTEE: Cloyd Moser/Quantum Health

LAND ID: 159-200-13 INSTRUMENT: WD BOOK/PAGE: 219432 RECD'G DATE: 12/92

AS PRICE: \$105,000 TERMS: \$72,000 down, buyer would not disclose term or interest rate, but indicated they were at market.

CEV/ADJ. PRICE: \$105,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED Cloyd Moser, Grantee 344-2008

WITNESS: Buzz Moore 235-2507

BY/ DLP/1-94

DATE:

PRESIDENT USE: Vacant

INTENDED USE: Residential/Recreation

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: Unimproved

SOILS: Good

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Swampy in the low land and spruce on the higher ground.

NET EXPOSURE: None, Buzz Moore brokered transaction in return for timber rights.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

FACTORS FOR PURCHASE PRICE: Negotiated. Several offers and counter offers. Mr. Moore feels the price was fair market value.

BUYER/SELLER MOTIVATION: Grantee indicated that seller was not under undue pressure to sell the site.

#### COMMENTS:

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 site from Joseph V. Moore to Security National, Inc. for \$72,000, cash, (\$150 per acre) with Mr. Moore getting to keep timber rights as his commission. Timber was sold 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 lumber.

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. It is estimated that 35% of the larger parcel site is wetlands area that is not suitable for development. Electricity and telephone is about 1.5 miles from the site.

DATE OF SALE: 04-93 SIZE (ACRE): 520 PRICE/ACRE: \$183 RECORD NO.: 27

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5  
REGION: Kenai Peninsula SUB-REGION: Homer  
COMMUNITY/NEIGHBORHOOD: Anchor Point  
LOCATION: Eight miles NE of Anchor Point, Alaska

LEGAL DESCRIPTION: S1/2, S1/2 in Section 2, NE1/4 & E1/2 NW1/4 & NE1/4 SW1/4 & N1/2 SE1/4 NW1/4 in Section 11, T4S, R14W, SM

RIGHTS CONVEYED: Fee simple including surface and subsurface.

GRANTOR: Rita E. Silberman

GRANTEE: Bill Germann, ROLCO

TX ID: 165-030-05 INSTRUMENT: WD BOOK/PAGE: 222883 RECD'G DATE: 05-93

LES PRICE: \$95,000 TERMS: Cash

CEV/ADJ. PRICE: \$95,000 BASIS FOR ADJUSTMENT: None

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

BY/ DLP/2-94  
DATE: DLP/2-94  
DLP/2-94

PRESENT USE: Vacant

INTENDED USE: Speculative logging and subdivision

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Flag

ROAD IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: Streams

VEGETATION: Combination of low wet areas and hilly moderately dense spruce areas.

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.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

SIS FOR PURCHASE PRICE: Asking price, no negotiation. Mr. Moore indicated that he thought it was fair market value.

BUYER/SELLER MOTIVATION: Buyer intends to selectively log the site. Development of access will stage for development.

#### COMMENTS:

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+ inch 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 area and may soon spread to this site.

## COMPARABLE LAND SALE NO. 28

10234

DATE OF SALE: 05-12-93 SIZE (ACRE): 360.91 PRICE/ACRE: \$194 RECORD NO.: 28

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5  
 REGION: Kenai Peninsula SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point  
 LOCATION: Eight miles NE of Anchor Point, Alaska

LEGAL DESCRIPTION: Government Lot 2, S1/2 NE1/4 SE1/4 in Section 3, N1/2 NE1/4 in Section 10, T4S, R14W, SM

INTERESTS CONVEYED: Fee simple including surface and subsurface.

GRANTOR: FDIC

GRANTEE: Bill Germann, ROLCO

ROLL ID: 165-030-53 INSTRUMENT: QCD BOOK/PAGE: 224/729 RECD'G DATE: 07-93

ASSESSED PRICE: \$70,000 TERMS: Cash

DEVELOPED/ADJ. PRICE: \$70,000 BASIS FOR ADJUSTMENT: None

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

BY: DLP/2-94  
 DATE: DLP/2-94  
 DLP/1-94

PRESENT USE: Vacant

INTENDED USE: Speculative logging and subdivision

IMPROVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Combination of low wet areas (40%) and hilly moderately dense spruce areas.

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.

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

REASONS FOR PURCHASE PRICE: FDIC could not confirm if purchase price was based on appraisal or negotiation. Broker indicated site was listed at \$72,000.

BUYER/SELLER MOTIVATION: FDIC wanted to liquidate its remaining assets. Buyer intends to selectively log the site and enhance value by developing access.

#### COMMENTS:

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 a 10+ inch 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 area and may soon spread to this site.

DATE OF SALE: 08-93 SIZE (ACRE): 560 PRICE/ACRE: \$250 RECORD NO.: 29

STATE: Alaska RECORDING DISTRICT: Homer

USGS QUAD MAP NO.: Seldovia D-5

REGION: Kenai Peninsula

SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

LOCATION: Eight miles NE of Anchor Point, Alaska

LEGAL DESCRIPTION: S1/2, N1/2 & NE1/4 SE1/4 & W1/2 SE1/4 & SW1/4 of Sec.14, & E1/2 NE1/4 & NE1/4 SE1/4 of Sec. 13, T4S, R14W, SM

RIGHTS CONVEYED: Fee simple surface estate.

GRANTOR: Elizabeth Dempsey

GRANTEE: Bill Germann, ROLCO

ID: 165-111-44

INSTRUMENT: WD

BOOK/PAGE: 226/338

RECD'G DATE: 09-93

EST PRICE: \$140,000

TERMS: Cash

DEV/ADJ. PRICE: \$140,000

BASIS FOR ADJUSTMENT: None

FIRMED Bill Germann, ROLCO, Grantee 206 624-0623

BY/ DLP/2-94

ASSIGNED: Tim Tennis, Assessor

DATE: DLP/2-94

Buzz Moore 235-2507

DLP/2-94

PRESENT USE: Vacant

INTENDED USE: Speculative logging and subdivision

MOVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Flag

IMPROVEMENTS: Unimproved

SOILS: Average

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: Creek

DETENTION: Combination of low wet areas and hilly moderately dense spruce areas.

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

SUPPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

OFFERS FOR PURCHASE PRICE: Negotiated through several offers and counter offers.

BUYER/SELLER MOTIVATION: Buyer intends to selectively log the site. Development of access will stage for development.

#### COMMENTS:

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+ inch diameter breast height. The logs will be marketed as both lumber and chips. As of February 1994 about 50% of this site has been clear cut. 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.

The 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 re-open and have developed access. Buyer indicated that spruce bark beetle infestation is in the immediate area and may soon spread to this site.

10236

DATE OF SALE: 08-93 SIZE (ACRE): 600 PRICE/ACRE: \$392 RECORD NO.: 30

STATE: Alaska RECORDING DISTRICT: Homer USGS QUAD MAP NO.: Seldovia D-5  
REGION: Kenai Peninsula SUB-REGION: Homer

COMMUNITY/NEIGHBORHOOD: Anchor Point

LOCATION: Seven miles southeast of Anchor Point, Alaska

LEGAL DESCRIPTION: NW1/4 and W1/2, NE1/4 and NE1/4, NE1/4 and S1/2, Section 9, T5S, R14W, S. M.

RIGHTS CONVEYED: Fee simple estate.

GRANTOR: Edmond J. McMahon 489-2265

GRANTEE: Brookwood Inc.

TRACID: 171-010-08 INSTRUMENT: WD BOOK/PAGE: 224957 RECD'G DATE: 8-93

SERIES PRICE: \$235,000 TERMS: \$50,000 down (22%), unable to confirm other financing details.

CEV/ADJ. PRICE: \$235,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED: Tim Tennis, KPB Assessor  
WASH:

BY: DLP/1-94  
DATE:

PRESENT USE: Vacant

INTENDED USE: Farm/Ranch

MOVEMENTS: None

HIGHEST & BEST USE: Residential/Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from sloping to rolling

PHYSICAL ACCESS: Undeveloped

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Unimproved

SOILS: Typically poor to average in region

UTILITIES: None

EASEMENTS: Normal

ZONING: Unzoned

WATERFRONT: None

VEGETATION: Typical is grass and alders with spruce on higher areas.

MARKET EXPOSURE: Unable to confirm market exposure.

DEPLY & DEMAND CHARACTERISTICS: Active market with numerous buyers and sellers.

AS FOR PURCHASE PRICE: Unknown

BUYER/SELLER MOTIVATION: Reportedly buyer intends to live on or near site and utilize the subject for ranching and farming etc.

REMARKS:

Buyers did not wish to comment on this sale. Unable to contact seller. Information reported was data obtained from the Kenai Peninsula Borough Assessor, assessing maps and topography maps.



DATE OF SALE: 1-89 SIZE (ACRE): 138.6 PRICE/ACRE: \$4,690 RECORD NO.: 31

STATE: Alaska RECORDING DISTRICT: Ketchikan

USGS QUAD MAP NO.: Ketchikan

REGION: Southeastern

SUB-REGION: Ketchikan

COMMUNITY/NEIGHBORHOOD: Revillagigado Island and Prince of Wales Island

LOCATION: Two parcels are located on Revillagigado Island, and two are at the north end of Prince of Wales Island, Alaska

LEGAL DESCRIPTION: USMS 1598, 423, 1040, 1042

RIGHTS CONVEYED: Fee simple surface and subsurface

GRANTOR: David and Kaye Syre

GRANTEE: Ketchikan Pulp Company

BOOK ID:

INSTRUMENT: QCD

BOOK/PAGE: 163/213

RECD'G DATE: 1-89

SALES PRICE: \$650,000

TERMS: Cash

DEVELOP/ADJ. PRICE: \$650,000

BASIS FOR ADJUSTMENT: None

CONFIRMED: Ralph Lewis, Ketchikan Pulp, 225-2151

WITNESS: Ralph Lewis, Ketchikan Pulp

BY: C. Horan/11-12-92

DATE: DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from sloping to hilly

PHYSICAL ACCESS: Boat, Float Plane, Logging Roads

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Logging roads on adjacent sites

SOILS: Thin layer of overburden over marble bedrock.

UTILITIES: None

EASEMENTS: Typical

MINING: None

WATERFRONT: 1,000 feet of ocean frontage

VEGETATION: Heavily forested with hemlock and spruce.

MARKET EXPOSURE: Seller approached buyer. Buyer indicates that seller was a land broker who made a living turning these types of properties. Unable to contact seller.

PLY & DEMAND CHARACTERISTICS: There is a small but fairly active market for similar properties in this region.

PRICE FOR PURCHASE PRICE: Negotiated

BUYER/SELLER MOTIVATION: Buyer intended to log. Unable to confirm details of sale with the seller.

## COMMENTS:

The following descriptive information was provided by Charles Horan, MAI and confirmed as accurate by Ralph Lewis, the buyers representative.

The four parcels contained a total of 138.6 acres. Parcel 1 has about 600 feet of frontage and contains about 40.7 acres. It is very close to parcel 2 which contains 20 acres and lies in a hillside creek drainage. These sites are located in the Misty Fjords National Monument and are timbered. Parcel 3 consists of two adjacent mining claims containing a total of 40 acres. It is on a knoll above Red Bay and sloping downward to within 1,200 feet of the bay. They are heavily forested with hemlock and spruce. The site is well drained and has a thin layer of overburden on marble bedrock. The immediate adjacent lands are USFS owned and have been clear cut. There is a logging road which ends near the subject. Parcel 4 contains 18.9 acres and is located 13 miles east of Point Baker. The parcel has about 400 feet of frontage on Sumner Strait, is heavily forested, gentle sloping and well drained. The beach may be exposed to strong easterly winds during the winter months. Logging roads are in the area but are not connected to the site.

The site was purchased based on the value of the timber. No residual value was given to the cut over land or for mineral potential. The price paid was for timber only, there was no allocation to mineral value.

## COMPARABLE LAND SALE NO. 32

10052

DATE OF SALE: 7-18-89 SIZE (ACRE): 623.427 PRICE/ACRE: \$1,604 RECORD NO.: 32

STATE: Alaska RECORDING DISTRICT: Ketchikan

USGS QUAD MAP NO.: Craig B-4

REGION: Southeastern

SUB-REGION: Klawock

COMMUNITY/NEIGHBORHOOD: Wadleigh Island

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

LEGAL DESCRIPTION: Assemblage of 33 patented mining claims within T27S R80E, CRM, Sections 33 and 34, and T73S, R80E

INTERESTS CONVEYED: Fee simple surface and subsurface

GRANTOR: USX Corporation of Delaware

GRANTEE: Robert Reed and Mike Blair dba B&amp;M Logging of Estacada, Oregon

LAW ID: INSTRUMENT: Mining Deed BOOK/PAGE: 171/257-262 RECD'G DATE: 7-89

OFFER PRICE: \$1,000,000 TERMS: Unspecified down payment, a minimum \$50,000 deposit was paid. Balance was paid out of logging royalty in 2.3 years. C. Horan thought terms represented a cash transaction.

OFFER/ADJ. PRICE: \$1,000,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED BY: Michael Blair  
WITH: Robert Reed, Jr.BY: C. Horan/11-13-92  
DATE: DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Logging/Mineral

LEGAL ACCESS: Yes

TOPOGRAPHY: Moderate to undulating

PHYSICAL ACCESS: Boat, Plane

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None

SOILS: Good with thin organic layer that supports heavy timber.

UTILITIES: None

EASEMENTS: Typical

DRAINAGE: None

WATERFRONT: 7,000 feet ocean

VEGETATION: Heavily forested with hemlock, spruce and cedar.

MARKET EXPOSURE: Site was marketed but unable to confirm marketing time.

SUPPLY &amp; DEMAND CHARACTERISTICS: Very small market for large acre parcels in this area.

OFFER FOR PURCHASE PRICE: Land was acquired in a bid. Buyer added a 2% limestone royalty as the buyers felt the sellers had a high regard for the mining claims.

BUYER/SELLER MOTIVATION: Site was excess to sellers needs. Buyers desired to log the site.

## COMMENTS:

The following information was provided by C. Horan, MAI who had interviewed the buyer. Robert Reed, Jr. confirmed that that Mr. Horan's analysis was representative of the transaction.

The site consists of contiguous mining claims which comprise a large portion of Wadleigh Island and total 623.4 acres. There is an estimated 1,000' of water frontage. The topography is moderate to undulating with elevations generally below 500' down to water level. There are several ridges and draws on the site. The site is remote and has no utilities. It is not within a municipal boundary and is not subject to zoning restrictions or tax assessments. Merchantable timber quantity estimates ranged from 10.7 MMBF to 22 MMBF. It was estimated to be 75% hemlock, 24% spruce and 1% cedar. The sale held out 2% of gross revenue FOB site from limestone quarry.

The buyers were motivated by its timber potential and had at least two offers to sell stumpage when the sale took place. The stumpage sold for \$1,000,000 for Murphy Timber on September 29, 1989, Book 171, Page 266. Murphy Timber felt there was 12 to 15 MMBF of exportable timber on site at the time of sale. The buyers had been negotiating with an option holder for a price of about \$800,000. The option holder lost his position and the land went to bid where the buyer acquired the site for \$1,000,000 and a 2% limestone royalty was reserved for the seller. The buyers felt the value of merchantable timber supported 100% of the purchase price. No portion of the value was allocated to the subsurface estate (minerals) or cutover land.

## COMPARABLE LAND SALE NO. 33

10051

DATE OF SALE: 7-21-89 SIZE (ACRE): 512 PRICE/ACRE: \$781 RECORD NO.: 33

STATE: Alaska RECORDING DISTRICT: Ketchikan

USGS QUAD MAP NO.: Craig D-5

REGION: Southeastern

SUB-REGION: Near Prince of Wales Island

COMMUNITY/NEIGHBORHOOD: Edna Bay on Kosciuko Island

LOCATION: Edna Bay on Kosciuko Island, west of Prince of Wales Island, 60 miles west of Wrangell, Alaska

LEGAL DESCRIPTION: Within section 28, 29, and 33, T68S, R76E, Copper River Meridian

RIGHTS CONVEYED: Fee simple surface and subsurface.

GRANTOR: Alcoa Aluminum

ANTEE: William (Skip) Ritcher, WAP 7917, Flying Tiger

TAX ID: INSTRUMENT: WD BOOK/PAGE: 169/550 RECD'G DATE: 7-89

LES PRICE: \$400,000 TERMS: Cash

CEV/ADJ. PRICE: \$400,000 BASIS FOR ADJUSTMENT: None

CONFIRMED: Bev Davis, Selling Agent, Capital Realty  
 WITH: Skip Ritcher  
 Marty McDowell, DOT  
 Bev Davis, Capital Realty

BY/ C. Horan/9-5-91  
 DATE: C. Horan/9-5-91  
 C. Horan/9-5-91  
 DLP/3-94

PRESENT USE: Abandoned limestone quarry

INTENDED USE: Buyer intended to log the site, and had unspecified future development plans.

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varied from level to sloping

PHYSICAL ACCESS: Boat, Plane, Logging road

SITE SHAPE: Irregular

AD IMPROVEMENTS: Logging roads onsite

SOILS: Good

UTILITIES: None

EASEMENTS: Typical

MINING: None

WATERFRONT: 3,520 feet Edna Bay

VEGETATION: Hemlock, spruce and cedar.

MARKET EXPOSURE: Listed for sale in excess of two years. Advertised in the Wall Street Journal and locally.

SUPPLY &amp; DEMAND CHARACTERISTICS: Selling agent indicates that market for large acre sites similar to this comparable is very small.

BASIS FOR PURCHASE PRICE: Negotiated, not based on appraisal or timber cruise.

BUYER/SELLER MOTIVATION: Seller divested site as mineral deposits were not as valuable as desired. Buyer motivation undisclosed.

## COMMENTS:

We were unable to contact either the buyer or seller to confirm the actual price paid or buyers motivation. We have relied on information supplied to us by Charles Horan, MAI who has interviewed the buyer. The following information was provided by Charles Horan, MAI.

The buyer originally thought that the site contained about 2 MMBF of merchantable timber. After logging about 800 MBF he felt there was about 200 MBF left to log. The project ran into cost overruns and the expectation of return on logging was not achieved. Originally, he had estimated that the logging should have netted the value of the land with no increment to value of cut over land, subsurface or mineral value.

The purchaser intended to log the timber lands and had an unspecified future development plans for the remainder. He supposed that it could be used for homesites. It was important to the buyer that there was deep water access with possible shipping potential. The site was also important because it represented a large contiguous ownership in an area where large pieces are extremely rare.

## COMPARABLE LAND SALE NO. 34

10050

DATE OF SALE: 5-22-91 SIZE (ACRE): 229.1 PRICE/ACRE: \$546 RECORD NO.: 34

STATE: Alaska RECORDING DISTRICT: Juneau USGS QUAD MAP NO.: Juneau D-4

REGION: Southeastern SUB-REGION: Juneau

COMMUNITY/NEIGHBORHOOD: Johnson Creek above Berners Bay

LOCATION: Johnson Creek above Berners Bay, 60± north of downtown Juneau, Alaska

TOTAL DESCRIPTION: USMS 261, 264, 265, 266, and 678 within Sections 10, 11, 14 and 15, T35S, R62E, CRM

RIGHTS CONVEYED: Fee simple surface only.

GRANTOR: University of Alaska

GRANTEE: Hyak Mining Company

TAX ID: 3N000BB0110/20 INSTRUMENT: QCD BOOK/PAGE: 345/250 RECD'G DATE: 5-22-91

SALES PRICE: \$125,000 TERMS: 10% down, 10% interest, with quarterly payments of \$112,500 for 15 years.

CEV/ADJ. PRICE: \$125,000 BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED U of A Representative Marty Epstein  
 WITH: U of A Representative Mary Montgomery  
 Neil McKinnon, Hyak Mining Co.

BY/ DLP/1-94  
 DATE: DLP/1-94  
 DLP/1-94

PRESENT USE: Old mill site

INTENDED USE: Surface support site for subsurface mining activity

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Logging/Mineral

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from level to hilly

PHYSICAL ACCESS: Walk in

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None

SOILS: Varies from poor to good

UTILITIES: None

EASEMENTS: Normal

ZONING: None

WATERFRONT: Ocean

VEGETATION: Some rocky hillsides, timber and creek bottom land, sparsely forested

MARKET EXPOSURE: Not advertised. Grantee owned subsurface estate, and had surface rights to support ongoing mining operations. Site of little value to others.

SUPPLY &amp; DEMAND CHARACTERISTICS: This market has a limited number of buyers and sellers. This site is unique as grantee was mining subsurface.

BASIS FOR PURCHASE PRICE: Negotiated. Seller felt the sales price represented market value. Buyer felt price was high at time but in retrospect thinks it was market.

BUYER/SELLER MOTIVATION: Seller (UAA) has 210,000 total acres of land for sale or lease. Buyer desired site to resolve access and permit concerns.

## COMMENTS:

This is the sale of an old mill site that was part of a larger mining operation. The buyer is a mining company that owned the subsurface and wanted to explore this site, but needed the surface estate to resolve access and permitting concerns. There are no utilities available. The site was thought to be covered with mostly unmerchantable spruce and hemlock. There is some second growth and substantial clearings with brush and other modest vegetation claiming the mining areas. Apparently the buyer and seller had negotiated the sales price over a long period of time and both felt it was an arms length transaction. The seller had no other immediate buyer prospects and wanted to limit the liability. Both parties felt it was a clearing up of a nuisance. The buyer ended up selling the timber at a price that paid for the site. Buyer feels that there is very little remaining to be done to the surface site after it has been logged.

## COMPARABLE LAND SALE NO. 35

9896 10371

DATE OF SALE: 12-91 SIZE (ACRE): 340.7 PRICE/ACRE: \$2,348 RECORD NO.: 35

STATE: Alaska RECORDING DISTRICT: Ketchikan

USGS QUAD MAP NO.: Craig A-2

REGION: Southeastern

SUB-REGION: Hetta Inlet

COMMUNITY/NEIGHBORHOOD: Copper Harbor

LOCATION: Copper Harbor off of Hetta Inlet, Prince of Wales Island, Alaska

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

RIGHTS CONVEYED: Fee simple surface and subsurface.

GRANTOR: Key Bank of Alaska

GRANTEE: Joe Henry, Southcentral Timber Development, Inc.

TRAIL ID:

INSTRUMENT: QCD

BOOK/PAGE: 197/659

RECD'G DATE: 12-91

SALES PRICE: \$800,000

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

CEV/ADJ. PRICE: \$800,000

BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

CONFIRMED BY: Joe Henry

BY: C. Horan/11-12-92

WITNESS: Dan Mock, Key Bank of Alaska 564-0446

DATE: C. Horan/11-17-92

Joe Henry

DLP/3-94

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Moderate to undulating

PHYSICAL ACCESS: Boat, Plane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: None

SOILS: Good with thin organic layer that supports heavy timber.

UTILITIES: None

EASEMENTS: Typical

ZONING: None

WATERFRONT: 1,410 feet ocean

VEGETATION: Heavily forested with hemlock, spruce and cedar.

MARKET EXPOSURE: Site was reportedly listed at \$1,500,000 for over a year prior to foreclosure. Several offers between \$1.0 million and \$1.2 million, but site foreclosed before execution of these offers. Key Bank marketed at \$1.2 million before this offer.

SUPPLY &amp; DEMAND CHARACTERISTICS: Limited market for large acre parcels in this area.

BASIS FOR PURCHASE PRICE: Negotiated.

BUYER/SELLER MOTIVATION: Seller had foreclosed on previous owner and desired to minimize its losses. Buyer intended to log the site in order to pay off the note and was unsure of what he would do with the remainder.

## COMMENTS:

The following information was provided by C. Horan, MAI who had interviewed the buyer. The buyer confirmed that that Mr. Horan's analysis was representative of the transaction although he would not reconfirm the sales price. Unable to contact seller's representative to confirm detail.

The site consists of 23 mining claims that encompass steep mountainous slopes up to 3,500 feet above sea level. It contains nearly 340.7 acres, with an estimated 1,410' of water frontage. Two creeks run through the site. The topography is moderate to undulating with about 15 acres of level forested area near the beach. There is a relatively well protected anchorage in Copper Harbor. The site is remote and has no utilities. It is not within a municipal boundary and is not subject to zoning restrictions or tax assessments. Merchantable timber quantity estimates ranged from 5 MMBF to 8 MMBF. Seller estimated it was between 5 and 7 million board feet. Buyer subsequently indicated that it was less than the seller's estimate.

Buyer was motivated by its timber potential. There was no formal stumpage value estimate or detailed logging program developed at the time of purchase. The purchasers retained Sullivan Logging Company to log the site with Charlie Nash as the onsite consultant. Buyer tried to sell stumpage but was unable to locate a buyer, perhaps due to the high asking price. The buyer had five or six different ideas of what type of development to occur on the site. He felt at the time of purchase that the timber had to pay the entire price with no particular residual to the cutover land or surface mineral estate. Buyer was vague on timber values and stumpage estimates.

10843

DATE OF SALE: 4-92 SIZE (ACRE): 264.18 PRICE/ACRE: \$348 RECORD NO.: 36

STATE: Alaska RECORDING DISTRICT: Valdez

USGS QUAD MAP NO.: Cordova D-7

REGION: Southcentral

SUB-REGION: Prince William Sound

MUNICIPALITY/NEIGHBORHOOD: Fidalgo Bay

LOCATION: South shoreline of Fidalgo Bay, East of Irish Cove, Prince William Sound, Alaska

LEGAL DESCRIPTION: USMS 1584, Patent No. 1072905, Section 35, T12S, R7W, and Sections 2 and 3, T13S, R7W, Copper River Meridian

RIGHTS CONVEYED: Fee simple surface and subsurface estate.

GRANTOR: Charles Herbert

GRANTEE: Citigreen, Inc.

FILE ID:

INSTRUMENT: SWD

BOOK/PAGE: 116/454

RECD'G DATE: 04-92

SALES PRICE: \$92,000

TERMS: Cash

CEV/ADJ. PRICE: \$92,000

BASIS FOR ADJUSTMENT: None

CONFIRMED: Chuck Herbert, Grantor, 248-9140

BY: DLP/3-94

WITH: Bob Rice, Grantee

DATE: DLP/3-94

Claire Doig, Forest and Land Management (206) 866-8045

SEC3-94

PRESENT USE: Defunct Copper Mine

INTENDED USE: Logging

IMPROVEMENTS: Vacant

HIGHEST & BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Undulating to very steep

PHYSICAL ACCESS: Boat, Float Plane

SITE SHAPE: Irregular

ADDITIONAL IMPROVEMENTS: None

SOILS: Good

UTILITIES: None

EASEMENTS: None

MINING: None

WATERFRONT: 1,200' ocean frontage

VEGETATION: Hemlock mixed with spruce.

MARKET EXPOSURE: The subject was on and off the market for over ten years.

SUPPLY & DEMAND CHARACTERISTICS: Limited demand for large acreage parcels in this region.

REASONS FOR PURCHASE PRICE: Negotiated. Price was gradually lowered over a 10 year period from \$400,000 to \$250,000, the listing price at date of sale.

BUYER/SELLER MOTIVATION: Buyer desired site for its timber. Sellers were becoming elderly and land was surplus to their current needs.

#### COMMENTS:

This parcel consists of 15 patented claims formerly mined for copper. The seller indicates there is over 5,200 feet of mining tunnels on the site. A portion is very steep upland with marginal shoreline influence. Nearby Irish Cove offers protected waters. The predominate shoreline is low to medium bank. Upland terrain ascends steeply from the shoreline and then changes to an undulating plateau of approximately 50 acres. Some logging on a small portion of the upland occurred in the early 1980's. Buyer has established a logging operation adjacent to this site. Seller granted the buyer permission to conduct a timber cruise which indicated between 90 and 100 acres had merchantable timber. Based on this information the buyer offered to buy the timber rights for \$48,000. The seller refused because he wanted to divest himself of the entire parcel. The sales price of \$92,000 was negotiated. Seller indicated that the \$92,000 sales price represented the fair market value of the site. Seller does not believe that the Exxon oil spill impacted the value of his site. There is no evidence of undue stimulus or duress affecting the sales price of this property. The buyers completed the purchase after having discussed a sale of the cutover land with Tatitlik Corporation - the owner of surrounding lands. According to Mr. Claire Doig, an independent forester and land manager representing Tatitlik, \$35,000 (\$132/acre) was the tentative figure for the cut-over land. Mr. Doig reported that the market prospects for the cut-over land were nil but the acquisition would have eliminated a potential nuisance and minimized a perceived liability (abandoned mine shafts). Per Mr. Doig, the subsequent sale of the cutover land was never completed and the \$132/acre indicator was not supportable in the marketplace. If the transaction had been consummated, the transaction would have reflected the influence of undue stimulus and a nuisance value at best. Mr. Doig is confident that the buyers recovered all of their investment in the timber and suggested that \$100 per acre was the upper-end of allocations that can be justified for cut-over land in Alaska. Mr. Rice reported that his company usually assumes a residual value of between \$50 and \$100 per acre for cut over land. He indicated this may be low in comparison to the residuals allocated in other parts of the country but cited the lack of a market and a relatively long regeneration time for the resource.

## COMPARABLE LAND SALE NO. 37

10238

DATE OF SALE: 2-93 SIZE (ACRE): 190.4 PRICE/ACRE: \$1622 RECORD NO.: 37

STATE: Alaska RECORDING DISTRICT: Ketchikan

USGS QUAD MAP NO.: Ketchikan A-6, B-6

REGION: Southeastern

SUB-REGION: Ketchikan

COMMUNITY/NEIGHBORHOOD: Gravina Island

LOCATION: Gravina Island

LEGAL DESCRIPTION: USMS 725

RIGHTS CONVEYED: Fee simple except for oil and gas.

GRANTOR: Gravina Island Associates

GRANTEE: MRGC Timberland Ltd. Partnership

TRAIL ID: 3050000-082000

INSTRUMENT: SWD

BOOK/PAGE: 212/127

RECD'G DATE: 8-5-93

OFFER PRICE: \$347,000

TERMS: Would not disclose. As site was purchased for logging, terms are assumed to be cash or its equivalent.

OFFER/ADJ. PRICE: \$347,000

BASIS FOR ADJUSTMENT: None - terms are considered to be cash equivalent.

OFFER FIRMED: Connie, Haines Assessing office

BY/ DLP/01-94

OFFER BY: Larry Blydenstein, MRGC Timberland (206) 452-4933

DATE:

PRESENT USE: Vacant

INTENDED USE: Logging

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Logging

LEGAL ACCESS: Yes

TOPOGRAPHY: Varies from level to hilly

PHYSICAL ACCESS: Boat, airplane

SITE SHAPE: Varies

ROAD IMPROVEMENTS: None

SOILS: Good

UTILITIES: None

EASEMENTS: Normal

ZONING: General

WATERFRONT: Ocean

VEGETATION: Forested - Moderately Dense

MARKET EXPOSURE: Buyer approached seller. Seller would not comment on market exposure.

SUPPLY &amp; DEMAND CHARACTERISTICS: Buyer indicates that there is a shortage of timber land in southeastern Alaska and the western United States.

BASIS FOR PURCHASE PRICE: Timber cruise and subsequent negotiation.

BUYER/SELLER MOTIVATION: Seller motives unknown. Buyer motives are profit driven.

## COMMENTS:

Seller would not disclose terms of the sale. Buyer would confirm everything except price. Buyer did say that the price was not very much above the offered \$347,000, that the seller had paid for the site in February 1993. Seller had acquired the site in a non-arms length transaction. Buyer notes that no value was allocated to the cut-over site. They would not have acquired the site if the value of the timber alone had not yielded a satisfactory return. Mr. Blydenstein indicated that he is unaware of any market for cut-over timberland in Alaska because of the extensive amount of time for regrowth to occur. It is his opinion that \$100 per acre may be a little high as a value for cut over land considering that there is no market for cut-over timber land. However he felt that maybe it represented a fair speculation considering that taxing authorities generally value cut over timber land at very low values so that the holding costs are almost minimal.

## COMPARABLE LAND SALE NO. 38

10239

10287

DATE OF SALE: Fall 1993 SIZE (ACRE): 10,634.43 PRICE/ACRE: \$125 RECORD NO.: 38

STATE: Alaska RECORDING DISTRICT: Palmer

USGS QUAD MAP NO.: Anchorage C-7

REGION: Southcentral

SUB-REGION: Talkeetnas

COMMUNITY/NEIGHBORHOOD: Hatcher Pass

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

LEGAL DESCRIPTION: Length aliquot parts description located in T19N, R1E, Seward Meridian

RIGHTS CONVEYED: Leasehold Surface Estate

GRANTOR: Lessor- State of Alaska

GRANTEE: Lessee- Hatcher Pass Development Co. owned by Fred Rogers of Ketchum, Idaho

TRAIL ID: N/A

INSTRUMENT: Lease Agreement BOOK/PAGE: 734/350

RECD'G DATE: 09-27-93

LEASE PRICE: \$13,300,000 TERMS: Base land lease is \$93,000 per annum plus sliding percentage of gross revenue.

CEV/ADJ. PRICE: \$1,330,000 BASIS FOR ADJUSTMENT: Calculated by capitalizing base lease of \$93,000 by 7%.

OFFERED BY: Mike Sullivan, DNR, State of Alaska

BY: DLP/1-94

WITNESSES: Greek Taylor, DNR, State of Alaska

DATE: DLP/1-94

PRESENT USE: Recreational

INTENDED USE: Commercial - Ski resort

IMPROVEMENTS: None

HIGHEST &amp; BEST USE: Recreation

LEGAL ACCESS: Yes

TOPOGRAPHY: Sloping to steep

PHYSICAL ACCESS: Automobile, airplane

SITE SHAPE: Irregular

ROAD IMPROVEMENTS: Gravel

SOILS: Glacial till, alpine tundra and talus

UTILITIES: None

EASEMENTS: Normal

ZONING: Talkeetna Mtns. Special Use Dist.

WATERFRONT: None

VEGETATION: Dense alders, weathered bedrock with alpine tundra and exposed talus.

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

SUPPLY &amp; DEMAND CHARACTERISTICS: There are other alternative sites available. Several entities have considered similar projects in this region.

BASIS FOR PURCHASE PRICE: Negotiation.

BUYER/SELLER MOTIVATION: Lessor was willing to accept lower base lease value in return for performance bonds and larger percentage of future gross revenue.

## COMMENTS:

This is the 55 year lease of a large site in the northern portion of southcentral Alaska. The lease expires at midnight on September 15, 2048. The site consists mostly of steep mountainous terrains that will be developed with a ski resort. The lessee anticipates completing the first of three phases, which includes opening the ski slopes, by the fall of 1995. There is no water frontage, but there is expansive views of the Matanuska Valley and the Talkeetna Mountains.

Ground rents consist of two components, a base rent of \$93,000 per year and a 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 of 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 failed to develop the site. The base ground rents are considered to be less risky than percentages of relative revenues. A capitalization rate of 6% to 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 @ 7%.

$$93,000 \div .07 = \$1,330,000, \text{ rounded.}$$

$$1,330,000 \div 10,634.43 = \$125 \text{ per acre}$$



**ALLOCATION WORKSHEET**

The map displays a topographic representation of a coastal region. The 'ALLOCATION WORKSHEET' is a grid overlaying the map, with cells numbered 1 through 36. The grid is oriented with 1 at the bottom left and 36 at the top right. The map features include:

- COLUMBIA BAY**: A large body of water on the left side of the map.
- HEATHER BAY**: A smaller bay located to the right of Columbia Bay.
- HEATHER ISLAND**: An island situated within Heather Bay.
- Number One River**: A river flowing into the bay from the right side.
- Mt. Freemantle**: A mountain peak located on the right side of the map.
- Other labels**: Various points of interest such as 'Flent Pt', 'Lutris Pass', 'Emerald Cove', and 'Pt. Freemantle' are marked.

The map uses contour lines to indicate elevation, with labels such as 100, 200, 300, 400, 500, 600, 700, 800, 900, 1000, 1100, 1200, 1300, 1400, 1500, 1600, 1700, 1800, 1900, 2000, 2100, 2200, 2300, 2400, 2500, 2600, 2700, 2800, 2900, 3000, 3100, 3200, 3300, 3400, 3500, 3600, 3700, 3800, 3900, 4000, 4100, 4200, 4300, 4400, 4500, 4600, 4700, 4800, 4900, 5000, 5100, 5200, 5300, 5400, 5500, 5600, 5700, 5800, 5900, 6000, 6100, 6200, 6300, 6400, 6500, 6600, 6700, 6800, 6900, 7000, 7100, 7200, 7300, 7400, 7500, 7600, 7700, 7800, 7900, 8000, 8100, 8200, 8300, 8400, 8500, 8600, 8700, 8800, 8900, 9000, 9100, 9200, 9300, 9400, 9500, 9600, 9700, 9800, 9900, 10000.

The image shows a detailed topographic map of a coastal region, including Whalen Bay and Port Fidalgo. The map features contour lines indicating elevation, with labels such as 100, 500, 1000, 1500, 2000, and 3000. A grid system is overlaid on the map, with numbers 1 through 36 in the columns and 1 through 36 in the rows. A large area in the center is labeled "PORT FIDALGO". To the south of the port is "Whalen Bay". A "N A T I O N A L" line is visible on the right side. Various points of interest are marked, including "VABM", "Duck", and "Mud". A large rectangular area is outlined in the center, and a smaller rectangular area is outlined in the upper left. The map is titled "ALLOCATION WORKSHEET" at the top.



**ALLOCATION WORKSHEET**

The map displays the Valdez River system flowing into Valdez Narrows and Jack Bay. Key features include:

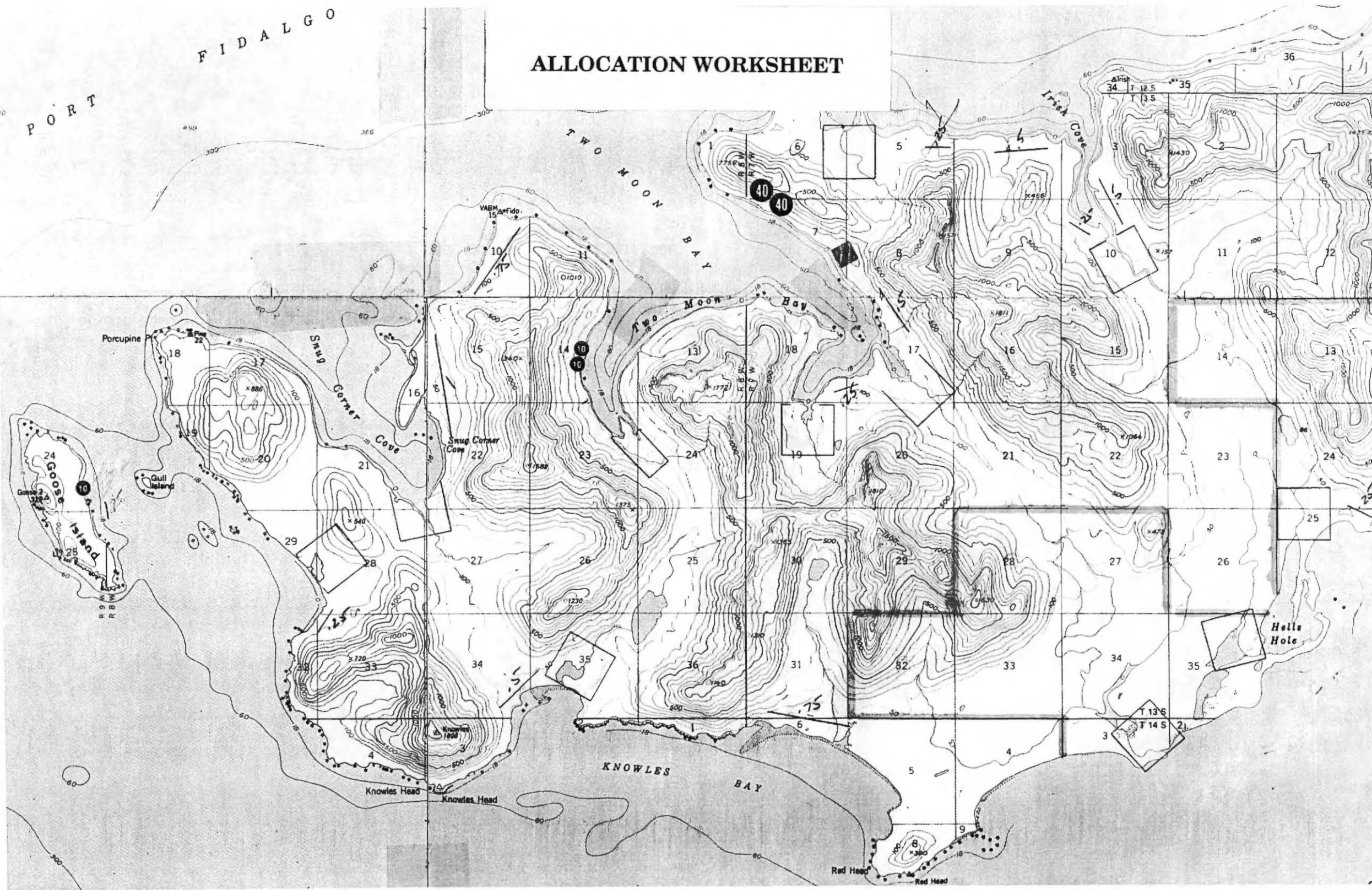
- Mount Thomas**: A prominent peak in the center of the map.
- Glaciers**: Several glaciers are labeled, including the Aniak, Westbrook, and Aniak.
- Creeks**: Numerous creeks are shown, such as Clear Creek, Twin Falls Creek, and Devil Lake Creek.
- Valleys and Bays**: The map shows the Valdez Narrows and Jack Bay, with various points of interest like Entrance Pt. and Tongue Pt.
- Infrastructure**: The Valdez River and its tributaries are clearly marked, along with various points of interest like Entrance Pt. and Tongue Pt.
- Grid System**: A grid system is overlaid on the map, with numbers 1 through 36 indicating specific sections.

FIDALGO

# ALLOCATION WORKSHEET

PORT

TWO MOON BAY

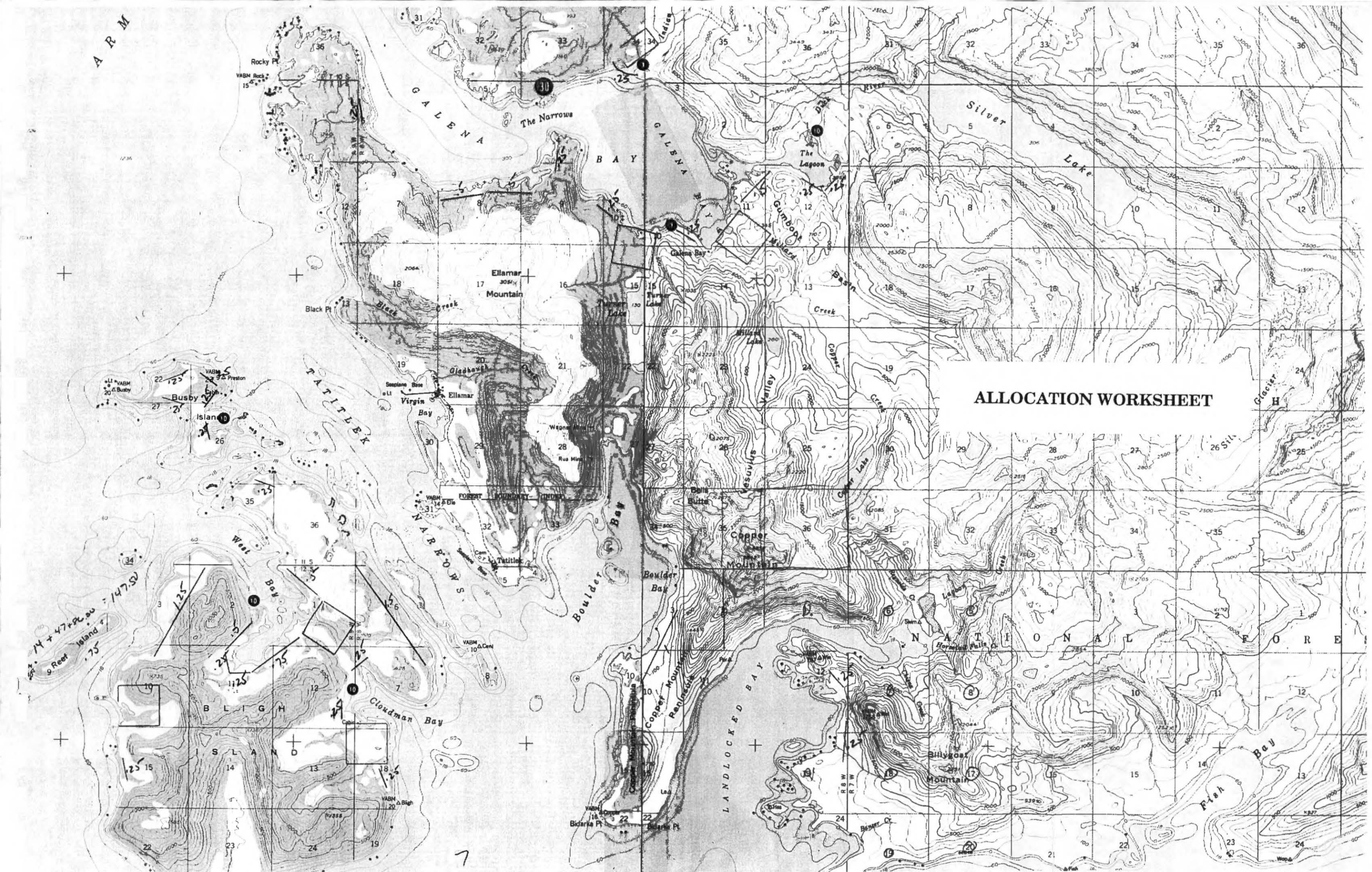


Hells Hole

KNOWLES BAY

Red Head







# STEWART TITLE Company of Alaska, Inc.

3330 Arctic Blvd., #101, Anchorage, Alaska 99503 - (907) 561-5122  
3201 C Street, #110, Anchorage, Alaska 99503 - (907) 561-5122  
16635 Centerfield Dr., #103, Eagle River, Alaska 99577 - (907) 696-5122

TITLE OFFICE  
ESCROW OFFICE  
ESCROW OFFICE

## PRELIMINARY COMMITMENT FOR TITLE INSURANCE

**BLACK-SMITH & RICHARDS**  
**2602 FAIRBANKS STREET**  
**ANCHORAGE, AK 99503**

Attention: STEVE CARLSON 274-4654  
Customer Reference: Tatitlek

Order No.: 31944  
Effective Date: September 20, 1995  
At 8:00AM

Proposed Insured: UNITED STATES OF AMERICA

( X )	U.S. ALTA 9/28/91 Owner's Policy	S Not Disclosed	Premium	\$ 750.00
				MINIMUM CHARGE
( )	Mortgagee's Standard Coverage	S	Premium	S
( )	Mortgagee's ALTA Coverage	S	Premium	S

A consolidated statement of all charges, credits, and advances, if any in connection with this order will be provided at closing.

Stewart Title Guaranty Company is prepared to issue on request and on recording of any appropriate documents a policy or policies as applied for, with coverages as indicated, based on this preliminary commitment that as of the effective date, title of the property described herein is vested in:

**SEE EXHIBIT "A" ATTACHED HERETO**

Subject only to the exceptions shown herein and to the terms, conditions and exceptions contained in the policy form. No liability is assumed until a full premium has been paid.

**STEWART TITLE**  
**GUARANTY COMPANY**

By

  
AUTHORIZED SIGNATURE

**HOWARD HANCOCK - 261-2230**

Description:

**SEE EXHIBIT "A" ATTACHED AND MADE A PART HEREOF**

EXHIBIT "A"

CURRENTLY VESTED IN:

UNITED STATES OF AMERICA, an estate in fee simple, as to:  
a Portion of Parcel No. 8 as follows:

T. 13 S., R. 7 W., C.R.M.

Sec. 25;

Sec. 27;

Sec. 34;

Sec. 35;

Sec. 36.

T. 14 S., R. 7 W., C.R.M.

Sec. 2;

Sec. 3.

and a Portion of Parcel No. 10 as follows:

T. 13 S., R. 8 W., C.R.M.

Sec. 35, Lot 2.

THE TATITLEK CORPORATION, an estate in fee simple, as to the remaining property.

PARCEL NO. 1 - SAWMILL BAY

T. 9 S., R. 9 W., C.R.M.

Sec. 26, Lot 5;

Sec. 27, Lots 1 to 7, inclusive,

SW1/4NE1/4, NW1/4, NE1/4SW1/4, W1/2SW1/4;

Sec. 33, E1/2, E1/2W1/2, SW1/4SW1/4;

Sec. 34, Lots 1 to 8, inclusive,

W1/2NW1/4, SE1/4NW1/4, SW1/4;

Sec. 35, Lot 2.

PARCEL NO. 2 - HEATHER BAY/Emerald Cove

T. 10 S., R. 10 W., C.R.M.

Sec. 32, Lots 2 and 3

Sec. 33.

PARCEL NO. 3 - HEATHER BAY/Columbia Bay

T. 10 S., R. 10 W., C.R.M.

Sec. 15, Lots 1 to 6, inclusive;

Sec. 16, Lots 1 to 10, inclusive;

Sec. 22, Lots 1 to 5, inclusive;

Sec. 23, Lots 1 to 5, inclusive;

Sec. 27, Lots 1, 2, and 3;

Sec. 28, Lot 2.



PARCEL NO. 4 - GALENA BAY/South Shore

T. 11 S., R. 8 W., C.R.M.

- Sec. 4, Lots 3 and 4;
- Sec. 6, Lot 1;
- Sec. 7, Lots 1 and 2;
- Sec. 8, Lots 1 to 5, inclusive;
- Sec. 9, Lot 1.

PARCEL NO. 5 - GALENA BAY

T. 10 S., R. 8 W., C.R.M.

- Sec. 33, Lot 1;
- Sec. 34, Lot 1.

T. 11 S., R. 8 W., C.R.M.

- Sec. 1, Lots 1 to 5, inclusive;
- Sec. 2, Lots 1, 2, and 3;
- Sec. 3, Lot 1;
- Sec. 4, Lots 1 and 2;
- Sec. 10, Lot 1;
- Sec. 11, Lots 1 to 10, inclusive;
- Sec. 12, Lot 1;
- Sec. 13, Lot 1;
- Sec. 14, Lot 1;
- Sec. 15, Lot 1;
- Sec. 16, E1/2;
- Sec. 21, NE1/4;
- Sec. 22, N1/2 of Lot 1;
- Sec. 23, N1/2 of Lot 2, SE1/4 of Lot 2;
- Sec. 24, Lot 1;
- Sec. 25, Lots 1 to 4, inclusive;
- Sec. 26, E1/2 of Lot 1, Except Mineral Survey No. 1017.

PARCEL NO. 6 - BLIGH ISLAND

T. 11 S., R. 8 W., C.R.M.

- Sec. 31, Lots 3 to 9, inclusive and Lots 21 to 28, inclusive;

T. 12 S., R. 8 W., C.R.M.

- Sec. 5, Lots 4 and 5;
- Sec. 6, Lots 1 to 15, inclusive;
- Sec. 7, Lots 1 to 6, inclusive;
- Sec. 8, Lots 1 to 6, inclusive;
- Sec. 18, Lots 1, 2, and 3;
- Sec. 19, Lot 1.



T. 11 S., R. 9 W., C.R.M.

- Sec. 25, Lots 1 to 28, inclusive;
- Sec. 26, Lots 9 to 23, inclusive, and Lots 27 to 31, inclusive;
- Sec. 34, Lots 1, 2, and 3;
- Sec. 35, Lots 1 to 4, inclusive;
- Sec. 36, Lots 1 to 5, inclusive.

T. 12 S., R. 9 W., C.R.M.

- Sec. 1, Lots 1, 2, and 3;
- Sec. 2, Lot 1;
- Sec. 3, Lots 1, 2, and 3;
- Sec. 4, Lot 1;
- Sec. 9, Lots 1, 2, and 3;
- Sec. 10, Lots 1 to 4, inclusive;
- Sec. 11, Lot 1;
- Sec. 12, Lot 1;
- Sec. 13;
- Sec. 14;
- Sec. 15, Lots 1, 2, and 3;
- Sec. 22, Lots 1, 2, and 3;
- Sec. 23, Lots 1 to 6, inclusive;
- Sec. 24, Lots 1 to 10, inclusive;
- Sec. 26, Lots 1 to 6, inclusive;
- Sec. 27, Lots 1 and 2.

PARCEL NO. 7 - BUSBY ISLAND

T. 11 S., R. 9 W., C.R.M.

- Sec. 22, Lots 1 to 11, inclusive;
- Sec. 23, Lots 1, 2, and 3;
- Sec. 26, Lots 1 to 8, inclusive and Lots 24 to 26, inclusive;
- Sec. 27, Lots 1 to 5, inclusive;

U.S. Survey No. 1606  
Tract A

PARCEL NO. 8 - HELLS HOLE

T. 13 S., R. 7 W., C.R.M.

- Sec. 13;
- Sec. 14;
- Sec. 24;
- Sec. 25;
- Sec. 27;
- Sec. 28;
- Sec. 32;
- Sec. 33;
- Sec. 34;
- Sec. 35;
- Sec. 36.

T. 14 S., R. 7 W., C.R.M.  
Sec. 2;  
Sec. 3

PARCEL NO. 9 - PORT FIDALGO

T. 12 S., R. 7 W., C.R.M.  
Sec. 32, Lot 1.

T. 13 S., R. 7 W., C.R.M.  
Sec. 5, Lot 1;  
Sec. 6, N1/2 of Lot 1, N1/2S1/2 of Lot 1.

PARCEL NO. 10 - SNUG CORNER COVE/TWO MOON BAY/GOOSE ISLAND

T. 12 S., R. 7 W., C.R.M.  
Sec. 34, Lot 1;  
Sec. 35, Lots 1 and 2;  
Sec. 36, Lot 1.

T. 13 S., R. 7 W., C.R.M.  
Sec. 1;  
Sec. 2, Lots 1 and 2;  
Sec. 3, Lots 1 and 2, Except any portion within Irish Cove Subdivision, according to Plat 91-19;  
Sec. 4, Lot 1, Except any portion within Irish Cove Subdivision, according to Plat 91-19;  
Sec. 6, Lot 1;  
Sec. 7, Lot 1;  
Sec. 8, Lot 1;  
Sec. 9, Except any portion within Irish Cove Subdivision, according to Plat 91-19;  
Sec. 10, Lot 1, Except any portion within Irish Cove Subdivision, according to Plat 91-19;  
Sec. 11, Lot 1;  
Sec. 12;  
Sec. 15;  
Sec. 16;  
Sec. 17, Lots 1, 2, and 3;  
Sec. 18, Lots 1 to 8, inclusive, Except any portion within Two Moon Bay Subdivision, according to Plat 91-16;  
Sec. 19, Lot 1;  
Sec. 20;  
Sec. 21;  
Sec. 22;  
Sec. 29;  
Sec. 30;  
Sec. 31.

T. 14 S., R. 7 W., C.R.M.

Sec. 6, Lots 1 and 2

T. 13 S., R. 8 W., C.R.M.

Sec. 1, Lots 1, 2, and 3;

Sec. 9, Lot 1;

Sec. 10, Lots 1 to 6, inclusive;

Sec. 11, Lot 1;

Sec. 13, Lot 1, Except any portion within Two Moon Bay Subdivision,  
according to Plat 91-16;

Sec. 14, Lots 1 and 2, Except any portion within Two Moon Bay Subdivision,  
according to Plat 91-16;

Sec. 15, Lots 1 and 2;

Sec. 16, Lots 1 to 6, inclusive;

Sec. 17, Lot 1, Except any portion within Snug Corner Cove Subdivision,  
according to Plat 91-18;

Sec. 18, Lots 1, 2, and 3;

Sec. 19, Lots 1 to 4, inclusive;

Sec. 20, Lots 1 to 5, inclusive, Except any portion within Snug Corner Cove  
Subdivision, according to Plat 91-18;

Sec. 21, Lots 1 and 2, Except any portion within Snug Corner Cove  
Subdivision, according to Plat 91-18;

Sec. 22, Lot 1;

Sec. 23, Lots 1, 2, and 3, Except any portion within Two Moon Bay  
Subdivision, according to Plat 91-16;

Sec. 24, Lot 1, Except any portion within Two Moon Bay Subdivision,  
according to Plat 91-16;

Sec. 25, Lot 1;

Sec. 26, Lot 1;

Sec. 27, Lot 1;

Sec. 28, Lot 1;

Sec. 29, Lots 1 to 7, inclusive;

Sec. 30;

Sec. 32, Lots 1 and 2;

Sec. 33, Lot 1;

Sec. 34, Lot 1;

Sec. 35, Lot 2;

Sec. 36, Lot 1.

T. 14 S., R. 8 W., C.R.M.

Sec. 1, Lot 1;

Sec. 2, Lots 1 and 2;

Sec. 3, Lots 1 to 4, inclusive;

Sec. 4, Lots 1, 2, and 3;

Sec. 5, Lot 1.

T. 13 S., R. 9 W., C.R.M.

Sec. 24;

Sec. 25.

PARCEL NO. 11 - SUNNY BAY

T. 11 S., R. 6 W., C.R.M.

Sec. 25, Lots 1, 2, and 3;  
Sec. 26, Lots 1 to 4, inclusive;  
Sec. 34;  
Sec. 35, Lots 1 to 8, inclusive;  
Sec. 36, Lots 1, 2, and 3.

T. 12 S., R. 6 W., C.R.M.

Sec. 1;  
Sec. 2, Lots 1 to 6, inclusive;  
Sec. 3, Lots 1 and 2.

PARCEL NO. 12 - WHALEN BAY

T. 12 S., R. 6 W., C.R.M.

Sec. 11, Lots 1, 2, and 3;  
Sec. 13, Lot 1;  
Sec. 14, Lot 1;  
Sec. 23, Lots 1, 2, and 3;  
Sec. 24, Lots 1 to 4, inclusive.

PARCEL NO. 13 - BIDARKA POINT

T. 12 S., R. 8 W., C.R.M.

Sec. 1, Lots 1 and 2  
Sec. 2, Lot 1;  
Sec. 3, Lot 1;  
Sec. 10, Lots 1 to 4, inclusive;  
Sec. 11, Lot 1;  
Sec. 14, Lot 1;  
Sec. 15, Lots 1 to 17, inclusive;  
Sec. 16, Lots 1 to 6, inclusive;  
Sec. 22, Lots 1 to 12, inclusive.

That portion of Mineral Survey No. (MS) 1484, known as Hill Top Lode, in Valdez Mining District, Alaska, Excluding those portions of Daisy Lode and Buckeye Lode, of Mineral Survey No. (MS) 700.

EXCEPTING THEREFROM ALL PARCELS the subsurface estate and all rights, privileges, immunities and appurtenances of whatsoever nature, accruing unto said estate pursuant to the Alaska Native Claims Settlement Act of December 18, 1971 (85 Stat. 688, 704; 43 U.S.C. 1601, 1613 (f) (1976), as reserved by the United States of America.

ALL LOCATED WITHIN the Valdez Recording District, Third Judicial District, State of Alaska.

## SCHEDULE B

### STANDARD EXCEPTIONS:

1. Encroachments or questions of location, boundary and area, which an accurate survey may disclose; public or private easements not disclosed by the public records; rights or claims of persons in possession, or claiming to be in possession, not disclosed by the public records; material or labor liens or statutory liens under State Acts not disclosed by the public records; water rights or matters relating thereto; any service, installation or construction charges for sewer, water or electricity.
2. Right of use, control or regulation by the United States of America in the exercise of powers over navigation; defects, liens, encumbrances, or other matters created or suffered by the insured; rights claims based upon instruments or upon facts not disclosed by the public records but of which rights, claims, instruments or facts the insured has knowledge.
3. General taxes not now payable; matters relating to special assessments and special levies, if any, preceding the same becoming a lien.
4. Mining claims, reservations or exceptions in patents or in Acts authorizing the issuance thereof.
5. Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
6. "Consumer Credit Protection," "Truth in Lending" or similar law, or failure to comply with said law(s).
7. Any claim by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws.

### SPECIAL EXCEPTIONS:

1. THE FACT THAT SAID LAND has no access to any public road or highway.
2. RIGHTS of the public and/or governmental agencies in and to that portion of said premises lying below the mean high water mark of any bodies of water.
3. ANY PROHIBITION OR LIMITATION on the use, occupancy or improvement of the land resulting from the rights of the public or riparian owners to use any waters which may cover the land, or to use any portion of the land which is now or may formerly have been covered by water.
4. ANY ADVERSE CLAIM based upon the assertion that some portion of said land is tide or submerged lands, or has been created by artificial means or has accreted to such portion so created.
5. RIGHTS AND EASEMENTS of the United States over and across lands lying beneath navigable waters and tide lands necessary to its jurisdiction over commerce, navigation and fisheries.
6. TERMS, COVENANTS, CONDITIONS AND PROVISIONS, including rights of way and easements, as contained in the Alaska Native Claims Settlement Act, dated December 18, 1971, U.S. Public Law 92-203, (85 Stat. 688, 704; 43 U.S.C. 1601, et seq.).

NOTE: No assurance is given as to the vertical delineation of the surface and subsurface estates in said land as provided in said Act.

7. ANY DEFECT OR INVALIDITY of the title to said land based on the fact that no patent has been issued by the United States of America. Upon the issuance of said patent and recordation thereof in the herein named recording district, said land will be subject to all the provisions and reservations contained therein  
Recording District: Valdez Recording District  
Affects: A Portion of Parcel No. 8 as follows: Sections 25,27,34,35,36 of T.13S., R.7W.; Sections 2 & 3 of T.14S., R.7W.; and a Portion of Parcel No. 10 as follows: Lot 2, of Section 35 of T.13S., R.8W.
8. EXCEPTIONS, RESERVATIONS, AGREEMENTS, EASEMENTS AND USE RIGHTS as set forth in U.S. Patent No. 50-89-0404  
Dated: July 17, 1989  
Recorded: November 21, 1989  
Book/Page: 110/336
9. EXCEPTIONS, RESERVATIONS, AGREEMENTS, EASEMENTS AND USE RIGHTS as set forth in U.S. Patent No. 50-92-0684  
Dated: September 28, 1992  
Recorded: October 9, 1992  
Book/Page: 118/300
10. EXCEPTIONS, RESERVATIONS, AGREEMENTS, EASEMENTS AND USE RIGHTS as set forth in U.S. Patent No. 50-94-0172  
Dated: May 20, 1994  
Recorded: May 31, 1994  
Book/Page: 122/939
11. EXCEPTIONS, RESERVATIONS, AGREEMENTS, EASEMENTS AND USE RIGHTS as set forth in U.S. Interim Conveyance No. 1585  
Dated: May 20, 1994  
Recorded: May 31, 1994  
Book/Page: 122/947
12. MEMORANDUM OF TIMBER SALE CONTRACT of all standing and down timber, including the terms and conditions thereof  
Seller: Tatitlek Corporation  
Buyer: Chugach Alaska Corporation  
Dated: February 5, 1988  
Recorded: June 2, 1988  
Book/Page: 108/95  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property

TIMBER SALE CONTRACT ASSIGNMENT AND CONSENT, including the terms and conditions thereof

Assignor: Chugach Alaska Corporation  
Assignee: Seward Forest Products Joint Venture  
Dated: December 14, 1992  
Recorded: December 30, 1992  
Book/Page: 118/856

AND

Recorded: December 30, 1992  
Book/Page: 118/861

13. DEED OF TRUST, including the terms and conditions thereof

Trustor: Chugach Alaska Corporation, an Alaska corporation  
Trustee: Safeco Title Agency, Inc.  
Beneficiary: The Travelers Insurance Company and The Travelers Indemnity Company, Connecticut corporations  
Amount: \$13,000,000.00  
Dated: May 26, 1988  
Recorded: June 2, 1988  
Book/Page: 108/97  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property

MEMORANDUM MODIFICATION AGREEMENT, including the terms and conditions thereof, affecting said Deed of Trust

Executed By: The Travelers Insurance Company a Connecticut corporation and Chugach Alaska Corporation, an Alaska corporation  
Dated: March 2, 1989  
Recorded: April 14, 1989  
Book/Page: 109/354

AND

Re-recorded: May 9, 1989  
Book/Page: 109/462

MEMORANDUM MODIFICATION AGREEMENT, including the terms and conditions thereof, affecting said Deed of Trust

Executed By: The Travelers Indemnity Company, a Connecticut corporation and Chugach Alaska Corporation, an Alaska corporation  
Dated: March 2, 1989  
Recorded: April 14, 1989  
Book/Page: 109/370

AND

Re-recorded: May 9, 1989  
Book/Page: 109/447

SECOND AMENDMENT TO DEED OF TRUST, including the terms and conditions thereof

Executed By: Chugach Alaska Corporation, an Alaska corporation  
Dated: April 30, 1990  
Recorded: May 7, 1990  
Book/Page: 111/110

THIRD AMENDMENT TO DEED OF TRUST AND PARTIAL RELEASE OF LIEN, including the terms and conditions thereof

Executed By: The Travelers Insurance Company, a Connecticut corporation and The Travelers Indemnity Company, a Connecticut corporation and Chugach Alaska Corporation an Alaska corporation  
Dated: July 20, 1992  
Recorded: August 4, 1992  
Book/Page: 117/510  
Providing: Among other things,..." Beneficiaries hereby release ... all of their right, title and interest in, the gravel and other subsurface interest appurtenant to the so-called "Tatitlek Timber"...

PARTIAL DEED OF RECONVEYANCE

Executed By: Safeco Title Agency, Inc.  
Recorded: August 24, 1992  
Book/Page: 117/887  
Providing: Among other things, ..." Beneficiary further releases all of its right, title and interest solely in the gravel and other subsurface interest appurtenant to the property described in Parcel 3 on Exhibit "B" attached"...

RELEASE AND WAIVER OF STATUTORY RIGHT OF REDEMPTION

Executed By: Chugach Alaska Corporation  
In Favor Of: The Travelers Insurance Company and The Travelers Indemnity Company  
Dated: July 20, 1992  
Recorded: August 24, 1992  
Book/Page: 117/897



14. DEED OF TRUST, including the terms and conditions thereof

Trustor: Seward Forest Products Joint Venture, an Alaska joint venture  
Trustee: Transalaska Title Insurance Company, an Alaska corporation  
Beneficiary: Citigreen, Inc., an Alaska corporation  
Amount: \$5,548,152.00  
Dated: December 14, 1992  
Recorded: December 30, 1992  
Book/Page: 118/866  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property

AMENDMENT TO DEED OF TRUST, including the terms and conditions thereof

Executed By: Seward Forest Products Joint Venture  
Dated: November 12, 1994  
Recorded: September 19, 1995  
Book/Page: 127/504

15. DEED OF TRUST, including the terms and conditions thereof

Trustor: Seward Forest Products Joint Venture, an Alaska joint venture  
Trustee: Transalaska Title Insurance Company, an Alaska corporation  
Beneficiary: Citigreen, Inc., an Alaska corporation  
Amount: \$2,500,000.00  
Dated: December 14, 1992  
Recorded: December 30, 1992  
Book/Page: 118/906  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property

AMENDMENT TO DEED OF TRUST, including the terms and conditions thereof

Executed By: Seward Forest Products Joint Venture  
Dated: January 12, 1995  
Recorded: September 19, 1995  
Book/Page: 127/515

16. FINANCING STATEMENT, including the terms and conditions thereof

Debtor: Seward Forest Products, Joint Venture, an Alaskan Joint Venture, among Chugach Forest Products, Inc., Citigreen, Inc., & Young and Morgan North, Inc.  
Secured Party: Citigreen, Inc.  
Recorded: December 30, 1992  
Book/Page: 118/946  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property

17. FINANCING STATEMENT, including the terms and conditions thereof  
Debtor: Seward Forest Product, Joint Venture, an Alaskan joint Venture among Chugach Forest Products, Inc., Citigreen, Inc., and Young and Morgan North, Inc.  
Secured Party: Citigreen, Inc., and Young and Morgan North, Inc.  
Recorded: December 30, 1992  
Book/Page: 118/951  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property
18. FINANCING STATEMENT, including the terms and conditions thereof  
Debtor: Seward Forest Products Joint Venture, an Alaska Joint Venture among Chugach Forest Products, Inc., Citigreen, Inc. and Young & Morgan North, Inc.  
Secured Party: Young & Morgan North, Inc.  
Recorded: December 30, 1992  
Book/Page: 118/956  
Affects: Sections 13 and 14 of Parcel No. 12 and Section 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property
19. MEMORANDUM OF LEASE, including the terms and conditions thereof  
Lessor: The Tatitlek Corporation  
Lessee: Alyeska Pipeline Service Company, Agent for and on behalf of Amerada Hess Pipeline Corporation, Arco Pipe Line Company, BP Pipeline (Alaska) Inc., Exxon Pipeline Company, Mobil Alaska Pipeline Company, Phillips Alaska Pipeline Corporation, & Unocal Pipeline Company  
Term: Commencing December 15, 1992 and Ending December 31, 1999  
Dated: January 15, 1993  
Recorded: February 9, 1993  
Book/Page: 119/200  
Affects: A Portion of Reef Island within Lot 1, of Section 9 of Parcel No. 6
20. TIMBER DEED AND NOTICE OF INTEREST IN REAL PROPERTY, including the terms and conditions thereof  
Grantor: The Tatitlek Corporation  
Grantee: Citigreen, Inc.  
Dated: April 14, 1994  
Recorded: May 6, 1994  
Book/Page: 122/757  
Regarding: Standing and down timber  
Affects: A Portion of Parcel No. 10 as follows: Sections 34-36, of T.12S., R.7W.; Sections 1-4, 6-12, 15-19, 21, 22, 28, 30, 31 of T.13S., R.7W.; Sections 1, 10, 11, 13-29, 32-36 of T.13S., R.8W.; Section 6 of T.14S., R.7W.; Sections 1-5 of T.14S., R.8W. and other property

21. TIMBER DEED AND NOTICE OF INTEREST IN REAL PROPERTY, including the terms and conditions thereof  
Grantor: Citigreen, Inc.  
Grantee: Sound Timber Corporation  
Dated: May 11, 1994  
Recorded: May 25, 1994  
Book/Page: 122/915  
Regarding: Standing and down timber  
Affects: A Portion of Parcel No. 10 as follows: Sections 34-36, of T.12S., R.7W.; Sections 1-4, 6-12, 15-19, 21, 22, 28, 30, 31 of T.13S., R.7W.; Sections 1, 10, 11, 13-29, 32-36 of T.13S., R.8W.; Section 6 of T.14S., R.7W.; Sections 1-5 of T.14S., R.8W. and other property
22. QUITCLAIM DEED, including the terms and conditions thereof  
Grantor: Chugach Forest Products  
Grantee: Seward Forest Products  
Dated: June 1, 1995  
Recorded: September 19, 1995  
Book/Page: 127/496  
Regarding: All of the right, title and interest which may have been obtained through participation in the Seward Forest Products Joint Venture Agreement Dated December 14, 1992  
Affects: Sections 13 and 14 of Parcel No. 12 and Sections 1,2,3,10,11,15 and 22 of Parcel No. 13 and other property
23. The proposed conveyance must be authorized by resolution of the Board of Directors and of the following corporation and a certified copy of same submitted to us for review  
Corporation: The Tatitlek Corporation
24. The proposed conveyance, if such represents all or substantially all of the assets of the following corporation, must be authorized by a resolution of the shareholders of said corporation and a certified copy of same submitted to us for review  
Corporation: The Tatitlek Corporation
25. THIS FILE has been submitted for review per our Underwriting Agreement with STEWART TITLE GUARANTY COMPANY, and is subject to changes and recommendations made by them.

NOTE: The description shown in the caption has been amended from that ordered to conform to the record title. Please review and advise if not correct.

hh  
October 26, 1995  
©

**Anderson & Associates, Inc.**

P.O. Box 1170, Port Hadlock, WA 98339  
Telephone & Fax: (360) 437-2374

April 6, 1996

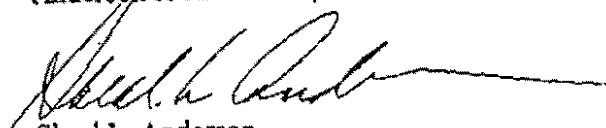
Alex Swiderski  
Office of the Attorney General  
Alaska Department of Law  
1031 West 4th Avenue, Suite 200  
Anchorage, Alaska 99501

Dear Alex:

Enclosed is my review report for the Tatitlek Corporation timber appraisals submitted by  
Cascade Appraisal Services, Inc.

Sincerely,

Anderson &amp; Associates, Inc.

  
Sheal L. Anderson  
President

Enclosure

cc: Dennis Lattery, DNR

Post-It™ brand fax transmittal memo 7671		# of pages >
To <i>Steve</i>	From <i>Rich</i>	
Co.	Co.	
Dept.	Phone #	
Fax # <i>907-274-0889</i>	Fax #	

## Anderson & Associates, Inc.

P.O. Box 1170, Port Hadlock, WA 98365

Telephone & Fax: (360) 437-2574

### REVIEW OF TATITLEK APPRAISALS

#### A. Appraisal Review

This report reviews the timber appraisals conducted by Cascade Appraisal Services, Inc. (CASI) for timber properties owned by Tatitlek Corporation, CITIFOR, Inc. and Seward Forest Products (SFP) near the village of Tatitlek, Alaska. Below is a summary of these properties and their respective appraised values by parcel designation:

TAT 01	Bligh & Busby Island	Tatitlek	\$11,450,000
TAT 02	Sawmill Bay	Tatitlek	1,050,000
TAT 03	Heather Bay	Tatitlek	-
TAT 04	Galena Bay	Tatitlek	-
TAT 05	Bidarka Point*	SFP	5,850,000
TAT 06	Sunny Bay	Tatitlek	1,940,000
	Whalen Bay	Tatitlek	380,000
	Whalen Bay Sec 13 & 14	CITIFOR Option	<u>1,645,000</u>
		Subtotal	3,965,000
TAT 07	Two Moon Bay*	CITIFOR	9,210,000
	Hell's Hole	CITIFOR Option	2,945,000
	Goose Island	Tatitlek	230,000
	Sections 20 & 29	CITIFOR Option	<u>450,000</u>
		Subtotal	12,835,000
Total			\$35,150,000

#### \* Restricted Appraisal Reports

Appraisals of Heather Bay and Galena Bay indicate that the cost of timber development would exceed the estimated value of the marketable logs attributable to these two areas; therefore, no timber-related value was assigned by CASI to these parcels.

All of these properties were appraised as of September 1, 1995. Review of these appraisals has proceeded as individual reports have been completed, commencing in late December 1995 and concluding on April 5, 1996.

## B. Review Process

The extent of this review is limited by the following:

- information contained in the six appraisal reports submitted by CASI;
- discussions with CASI's appraisers, Ray E. Granvall, Jr. and Larry L. Ismert;
- flyover inspection of the subject property;
- personal experience and knowledge of domestic and export log markets, as well as logging and related operating conditions in Alaska;
- discussions with active operators in Alaska concerning various logging cost variables..

## C. Report Completeness

The appraisal reports appear complete. Although two of the reports are abbreviated (Restricted Appraisal Reports), review of CASI's file information supports these appraisals. All variables relevant to the development of the six appraisals appear to have been considered by CASI in the determination of their opinions of value.

## D. Adequacy of Data

The major determinants of standing timber value to prospective buyers are anticipated log sales values, harvest costs, profit and risk, and economically harvestable timber volume.

### 1. Log Sales Values

It is my opinion that CASI's use of local and current log selling values is appropriate and reasonable.

### 2. Harvesting Costs

With the exception of helicopter logging, CASI's estimates of the costs of logging, road construction and related expenses appear reasonable and thorough. My concern with the helicopter cost estimates (including felling, yarding and loading) is based on information from other sources, which indicates a typical contract range of \$350 - \$360 per MBF may be more realistic. This compares with a weighted average of \$312 per MBF as estimated by CASI on 10 of the 12 appraised areas, excepting the Bidarka Point and Two Moon Bay units. Applying this difference against the 9 MMBF of proposed helicopter volume on these ten units results in a potential understatement of costs ( or overstatement of value) in the range of \$350,000 to \$450,000.

However, this potential variance constitutes less than 1% of the total logging expense of approximately \$51 million estimated by CASI for these units. Given

that the appraisals are estimates by their nature, the degree of this possible overstatement can be considered to fall within the bounds of reasonableness.

### 3. Profit and Risk

Based on my knowledge of the timber industry in Alaska, and the common practice of incorporating fixed dollar amounts for profit and risk in stumpage bid calculations, it is my opinion that CASI's estimates of this variable in their appraisals is both adequate and reasonable.

### 4. Harvestable Timber Volume

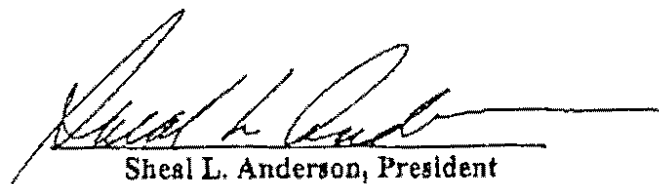
It is my opinion that CASI has performed a thorough and credible job of estimating the economically operable timber volume on the appraised units.

### E. Methodology

In my opinion, CASI has employed an appropriate valuation methodology in appraising the Tatitlek timber parcels.

### F. Report Conclusions

Based on the foregoing, it is my opinion that CASI's appraisals reflect a reasonable estimate of value that would be placed on this timber by the marketplace, given the limiting assumptions and conditions employed by CASI.



Sheal L. Anderson, President  
Anderson & Associates, Inc.

April 6, 1996

## Anderson & Associates, Inc.

P.O. Box 1170, Port Hadlock, WA 98339

Telephone & Fax: (360) 437-2574

### TATITLEK APPRAISAL REVIEW

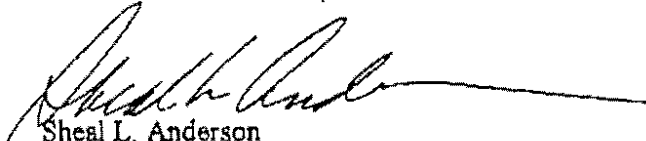
#### CERTIFICATION

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

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the properties that are the subject of this report, and I have no personal interest or bias with respect to the parties involved;
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- I have made a personal aerial inspection of the properties that are the subject of this report;
- no one assisted me in developing my review. I had discussions with Ray Granvall, Jr. and Larry Ismert, Cascade Appraisal Services, Inc., pertaining to questions on factual data contained in these appraisals.

Respectfully submitted,

Anderson & Associates, Inc.



Sheal L. Anderson  
President

April 6, 1996



## Anderson & Associates, Inc.

P.O. Box 1170, Port Hadlock, WA 98339

Telephone & Fax: (360) 437-2574

April 6, 1996

Alex Swiderski  
Office of the Attorney General  
Alaska Department of Law  
1031 West 4th Avenue, Suite 200  
Anchorage, Alaska 99501

Dear Alex:

Enclosed is my review report for the Tatitlek Corporation timber appraisals submitted by Cascade Appraisal Services, Inc.

Sincerely,

Anderson & Associates, Inc.

Sheal L. Anderson  
President

Enclosure

cc: Dennis Lattery, DNR

## Anderson & Associates, Inc.

P.O. Box 1170, Port Hadlock, WA 98339

Telephone & Fax: (360) 437-2574

### TATITLEK APPRAISAL REVIEW

#### CERTIFICATION

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

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions;
- I have no present or prospective interest in the properties that are the subject of this report, and I have no personal interest or bias with respect to the parties involved;
- my compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- I have made a personal aerial inspection of the properties that are the subject of this report;
- no one assisted me in developing my review. I had discussions with Ray Granvall, Jr. and Larry Ismert, Cascade Appraisal Services, Inc., pertaining to questions on factual data contained in these appraisals.

Respectfully submitted,

Anderson & Associates, Inc.

Sheal L. Anderson  
President

April 6, 1996

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION PROPOSAL

<b>SAWMILL BAY</b>	<b>(SURFACE)</b>	<b>ACRES:</b>	<b>1,521.26</b>
--------------------	------------------	---------------	-----------------

T. 9 S., R. 9 W., CRM	
Sec. 26, Lot 5	0.42
Sec. 27, Lots 1 to 7, inclusive,	205.53
SWNE, NW, NESW, WSW;	320.00
Sec. 34, Lots 1 to 8, inclusive,	163.56
WNW, SENW, SW;	280.00
Sec. 35, lot 2.	31.75

Containing 1,001.26 acres as shown on plat of survey officially filed on  
October 24, 1991. Patent Number 50-94-0172

T. 9 S., R. 9 W., CRM	
Sec. 33, E1/2, E1/2W1/2, SW1/4SW1/4	520.00

Containing approximately 520.00 Acres. I.C. No. 1585

<b>HEATHER BAY/ Emerald Cove</b>	<b>(SURFACE)</b>	<b>ACRES:</b>	<b>477.54</b>
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T. 10 S., R. 10 W., CRM	
Sec. 32, lots 2 and 3	11.84
Sec. 33.	465.70

Patent Number 50-94-0172

<b>HEATHER BAY/ Columbia Bay</b>	<b>(C. E. w/ P.A.*)</b>	<b>ACRES:</b>	<b>1,719.51</b>
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T. 10 S., R. 10 W., CRM	
Sec. 15, lots 1 to 6, inclusive;	488.37
Sec. 16, lots 1 to 10, inclusive;	66.02
Sec. 22, lots 1 to 5, inclusive;	258.22
Sec. 23, lots 1 to 5, inclusive;	553.94
Sec. 27, lots 1, 2, and 3.	344.80

Patent Number 50-94-0172

T. 10 S., R. 10 W., CRM	
Sec. 28, lot 2.	8.16

Patent Number 50-92-0684

<b>GALENA BAY/ South Shore</b>	<b>(SURFACE)</b>	<b>ACRES:</b>	<b>1,684.75</b>
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T. 11 S., R. 8 W., CRM	
Sec. 4, Lots 3 and 4;	67.25
Sec. 6, Lot 1;	112.00
Sec. 7, Lots 1 and 2;	562.25
Sec. 8, Lots 1 through 5;	445.25
Sec. 9, Lot 1.	498.00

Patent Number 50-92-0684

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION PROPOSAL

GALENA BAY	(C. E. w/ P.A.*)	ACRES: 7,779.50
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T. 10 S., R. 8 W., CRM	
Sec. 33, Lot 1;	620.00
Sec. 34, Lot 1.	577.00
T. 11 S., R. 8 W., CRM	
Sec. 1, Lots 1 to 5, inclusive;	520.50
Sec. 2, Lots 1, 2, and 3;	460.00
Sec. 3, Lot 1;	12.00
Sec. 4, Lots 1 to 4, inclusive;	57.25
Sec. 10, Lot 1;	177.00
Sec. 11, Lots 1 to 10, inclusive;	250.50
Sec. 12, Lot 1;	584.00
Sec. 13, Lot 1;	627.00
Sec. 14, Lot 1;	637.00
Sec. 15, Lot 1;	569.00
Sec. 16, E1/2;	320.00
Sec. 21, NE1/4;	160.00
Sec. 22, N1/2;	315.00
Sec. 23, N1/2, SE1/4;	477.00
Sec. 24, Lot 1;	606.00
Sec. 25, Lots 1 to 4, inclusive;	566.16
Sec. 26, E1/2 Except MS 1017.	244.09

Patent Number 50-92-0684

BLIGH ISLAND	(C. E. w/ N.P.A.*)	ACRES: 8,413.75
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T. 11 S., R. 8 W., CRM	
Sec. 31, Lots 3 to 9 and 21 to 28, inclusive;	21.00
T. 12 S., R. 8 W., CRM	
Sec. 5, Lots 4 and 5;	21.00
Sec. 6, Lots 1 to 15, inclusive;	391.00
Sec. 7, Lots 1 to 6, inclusive	342.00
Sec. 8, Lots 1 to 6, inclusive;	33.00
Sec. 18, Lots 1, 2, and 3;	287.50
Sec. 19, Lot 1	146.00
T. 11 S., R. 9 W., CRM	
Sec. 25, Lots 1 to 28, inclusive;	14.25
Sec. 26, Lots 9 to 23, and 27 to 31, inclusive;	52.25
Sec. 34, Lots 1, 2, and 3;	20.50
Sec. 35, Lots 1 to 4, inclusive;	145.25
Sec. 36, Lots 1 to 5, inclusive.	493.50
T. 12 S., R. 9 W., CRM	
Sec. 1, Lots 1, 2, and 3;	471.50
Sec. 2, Lot 1;	471.00
Sec. 3, Lots 1, 2, and 3;	239.00
Sec. 10, Lots 1 to 4, inclusive;	538.75
Sec. 11, Lot 1;	588.00
Sec. 12, Lot 1;	629.00
Sec. 13,	640.00

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION PROPOSAL

## BLIGH ISLAND - Continued:

Sec. 14,	640.00
Sec. 15, Lots 1, 2, and 3;	538.50
Sec. 22, Lots 1, 2, and 3;	427.50
Sec. 23, Lots 1 to 6, inclusive;	615.25
Sec. 24, Lots 1 to 10, inclusive;	499.25
Sec. 26, Lots 1 to 6, inclusive;	3.00
Sec. 27, Lots 1 and 2.	12.25

Patent Number 50-92-0684

T. 12 S., R. 9 W., CRM	
Sec. 4, Lot 1;	47.00
Alyeska Lease, R.I. Sec. 9, Lot 1, 2, and 3.	86.50

Patent Number 50-99-0404

<b>BUSBY ISLAND</b>	<b>(C. E. w/ P.A.*)</b>	<b>ACRES:</b>	<b>443.47</b>
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T. 11 S., R. 9 W., CRM	
Sec. 22, Lots 1 to 11, inclusive;	137.50
Sec. 23, Lots 1, 2, and 3;	105.50
Porter Lease .9 A. Sec. 26, Lots 1 to 8, and 24 to 26, inclusive;	157.35 (158.25-.9)
Sec. 27, Lots 1 to 5, inclusive.	29.75

Patent Number 50-92-0684

T. 11 S., R. 9 W., CRM	
Sec. 22, USS 1606, Tracts A & B.	13.37

Patent Number 50-94-0172

<b>HELLS HOLE</b>	<b>(SURFACE)</b>	<b>ACRES:</b>	<b>5,690.00</b>
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T. 13 S., R. 7 W., CRM	
Sec. 13;	640.00
Sec. 14;	640.00
Sec. 24;	640.00
Sec. 28;	640.00
Sec. 32;	640.00
Sec. 33.	640.00

Patent Number 50-92-0684

T. 13 S., R. 7 W., CRM	
Sec. 25;	135.00
Sec. 27;	640.00
Sec. 34;	640.00
Sec. 35;	310.00
Sec. 36.	5.00

T. 14 S., R. 7 W., CRM	
Sec. 2;	15.00
Sec. 3;	105.00

CONVEYANCE PENDING !

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION

## PROPOSAL

PORT FIDALGO	(SURFACE)	ACRES:	724.00
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T. 12 S., R. 7 W., CRM  
 Sec. 32, Lot 1. 1.00

Patent Number 50-94-0172

T. 13 S., R. 7 W., CRM  
 Sec. 5, Lot 1. 422.00  
 Sec. 6; N1/2, N1/2 S1/2 301.00

Patent Number 50-92-0684

SNUG CORNER COVE / TWO MOON BAY / GOOSE ISLAND			
	(C. E. w/ P.A.*)	ACRES:	23,289.60

T. 12 S., R. 7 W., CRM  
 Sec. 34, Lot 1; 24.00  
 Sec. 35, Lot 1 and Lot 2; 89.00  
 Sec. 36, Lot 1. 229.00

T. 13 S., R. 7 W., CRM  
 Sec. 1; 640.00  
 Sec. 2, Lot 1 and 2; Excludes MS 1584 420.66  
 (Subdivision reserved Sec. 3, Lot 1 and 2; " " 355.00 (376-21)  
 Sec. 4, Lot 1; 371.00  
 (40 Acres reserved) Sec. 6, S1/2SE1/4, SE1/4SW1/4 120.00 (160-40)  
 (40 Acres reserved) Sec. 7, Lot 1; 141.00 (181-40)  
 Sec. 8, Lot 1; 615.00  
 Sec. 9; 640.00  
 (Subdivision reserved Sec. 10, Lot 1; 548.50 (568-19.5)  
 Sec. 11, Lot 1; 639.13  
 Sec. 12; 640.00  
 Sec. 15; 640.00  
 Sec. 16; 640.00  
 Sec. 17, Lots 1, 2, and 3; 458.50  
 (Subdivision reserved Sec. 18, Lots 1, to 8, inclusive; 299.00 (366.5-67.5)  
 Sec. 19, Lot 1; 597.00  
 Sec. 20; 640.00  
 Sec. 21; 640.00  
 Sec. 22; 640.00  
 Sec. 29; 640.00  
 Sec. 30; 606.72  
 Sec. 31; 608.43

T. 14 S., R. 7 W., CRM  
 Sec. 6, Lot 1 and 2. 83.00

T. 13 S., R. 8 W., CRM  
 Sec. 1, Lot 1, 2, and 3; 131.50  
 Sec. 10, Lots 1 to 6, inclusive; 238.25  
 Sec. 11, Lot 1; 280.00  
 (Subdivision reserved Sec. 13, Lot 1; 446.50 (505-58.5)  
 (Subdivision reserved Sec. 14, Lots 1 and 2; 352.00 (394-42)  
 Sec. 15, Lots 1 and 2; 636.25

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION

## PROPOSAL

### SNUG CORNER COVE / TWO MOON BAY - CONTINUED:

	Sec. 16, Lots 1 to 6, inclusive;	49.00	
(Subdivision reserved	Sec. 17, Lot 1;	258.50	(266-7.5)
	Sec. 18, Lot 1, 2, and 3;	184.75	
	Sec. 19, Lots 1 to 4, inclusive;	79.50	
(Subdivision reserved	Sec. 20, Lots 1 to 5, inclusive;	565.00	(580-15)
(Subdivision reserved	Sec. 21, Lots 1 and 2; (excluded 2 lots fee)	202.00	(250-48)
	Sec. 22, Lot 1;	548.00	
(Subdivision reserved	Sec. 23, Lots 1, 2, and 3;	567.75	(587.25-19.5)
	Sec. 24, Lot 1;	639.00	
	Sec. 25, Lot 1;	615.00	
	Sec. 26, Lot 1;	639.00	
	Sec. 27, Lot 1;	632.00	
	Sec. 28, Lot 1;	625.00	
	Sec. 29, Lots 1 to 7, inclusive;	137.25	
	Sec. 32, Lots 1 and 2;	120.50	
	Sec. 33, Lot 1;	639.00	
	Sec. 34, Lot 1;	620.00	
	Sec. 35, Lot 1;	522.00	
	Sec. 36, Lot 1;	610.00	

#### T. 14 S., R. 8 W., CRM

Sec. 1, Lot 1;	73.00
Sec. 2, Lots 1 and 2;	17.00
Sec. 3, Lots 1 to 4, inclusive;	265.75
Sec. 4, Lots 1, 2, and 3;	272.50
Sec. 5, Lot 1.	1.00

Patent Number 50-92-0684

#### T. 13 S., R. 8 W., CRM

Sec. 9, Lot 1;	0.25
Sec. 30.	12.08

#### T. 13 S., R. 9 W., CRM

Sec. 24;	190.48
Sec. 25.	154.85

Patent Number 50-94-0172

<b>SUNNY BAY</b>	<b>(C. E. w/ P.A.*)</b>	<b>ACRES:</b>	<b>2,445.18</b>
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#### T. 11 S., R. 6 W., CRM

Sec. 25, Lots 1, 2, and 3;	584.18
Sec. 26, Lots 1 to 4, inclusive;	557.82
Sec. 34;	565.91
Sec. 35, Lots 1 to 8, inclusive;	77.18
Sec. 36, Lots 1, 2, and 3.	303.17

#### T. 12 S., R. 6 W., CRM

Sec. 1;	2.72
Sec. 2, Lots 1 to 6, inclusive;	50.90
Sec. 3, Lots 1 and 2.	303.58

Patent Number 50-94-0172

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION PROPOSAL

WHALEN BAY	(SURFACE)	ACRES:	1,980.69
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T. 12 S., R. 6 W., CRM	
Sec. 11, Lots 1, 2, and 3;	178.68
Sec. 13, Lot 1;	631
Sec. 14, Lot 1;	410
Sec. 23, Lots 1, 2, and 3;	336.91
Sec. 24, Lots 1 to 4, inclusive.	424.1

Patent Number 50-92-0684

## SUMMARY

SURFACE:	ACRES
SAWMILL BAY	1,521.26
HEATHER BAY/ Emerald Cove	477.54
GALENA BAY / South Shore	1,684.75
HELLS HOLE	5,690.00
PORT FIDALGO	724.00
WHALEN BAY	1,980.69
SNUG CORNER COVE	3.00
SUBTOTAL	12,081.24

### CONSERVATION EASEMENT:

#### PERMITTED PUBLIC ACCESS:

HEATHER BAY / Columbia Bay	1,719.51
GALENA BAY	7,779.50
BUSBY ISLAND	443.47
SNUG CORNER COVE / TWO	
MOON BAY / GOOSE ISLAND	23,289.60
SUNNY BAY	2,445.46

#### NO PUBLIC ACCESS

BLIGH ISLAND	8,413.75
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SUBTOTAL 44,091.29

GRAND TOTAL 56,172.53

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.



# THE TATITLEK CORPORATION HABITAT CONSERVATION ACQUISITION PROPOSAL

BIDARKA POINT	(C. E. w/ P.A.*)	ACRES:	2,125.39
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## T. 12 S., R. 8 W., CRM

Sec. 1, Lots 1, 2, Ptn. MS 1484 not MS 700;	259.64
Sec. 2, Lot 1;	556.00
Sec. 3, Lot 1;	133.00
Sec. 10, Lots 1 to 4, inclusive;	475.75
Sec. 11, Lot 1;	185.00
Sec. 14, Lot 1;	1.00
Sec. 15, Lots 1 to 17, inclusive;	456.00
Sec. 16, Lots 1 to 6, inclusive;	2.25
Sec. 22, Lots 1 to 12, inclusive.	56.75

Patent Number 50-92-0684

\* C.E. w/ P.A.: Conservation Easement With Public Access by permit.

\* C.E. w/ N.P.A.: Conservation Easement With No Public Access.

OPTIONAL FORM 89 (7-93)

## FAX TRANSMITTAL

# of pages ►

To: Steve Carlson	From: J. Harshbarger
Dist./Agency	Phone #
Fax # 274-0889	Fax # 886-7843

THIS Consequence

NSN 7540-01-317-7388

5009-101

GENERAL SERVICES ADMINISTRATION

1996, by The Tatitlek Corporation ("Tatitlek"), an Alaska Native Village Corporation within the meaning of the Alaska Native Claims Settlement Act ("ANCSA"), as amended, 43 U.S.C. 1601 et. seq., and organized and existing under the laws of the State of Alaska, and the United States of America ("United States") and its assigns and the State of Alaska and its assigns ("Alaska"), under the authority of the Act of August 3, 1956 (7 U.S.C. § 428(a)) and the Agreement for the Sale and Purchase of Lands and Interests in Lands Between Tatitlek and the United States dated \_\_\_\_\_, 1996 ("Agreement") and Alaska. Tatitlek and the United States and Alaska are collectively referred to hereinafter as "The Parties."

WHEREAS, Tatitlek is the owner in fee simple of the surface estate of certain real property located adjacent to the Chugach National Forest ("Forest"), in Alaska, which is described below (the "Protected Property"); and

WHEREAS, the Protected Property contains natural, scenic, wooded, biologic, fish and wildlife and their habitats, and other similar or related resources and values, as well as attributes and amenities important and valuable to the restoration of natural resources and services, including recreation and tourism, injured or reduced by the Exxon Valdez oil spill ("**conservation values**"); and

WHEREAS, Tatitlek intends to convey to the United States the right to restore resources and services on the Protected Property injured by the Exxon Valdez oil spill, and to preserve, protect, and manage the conservation values of the Protected Property in perpetuity; and

WHEREAS, Tatitlek intends to convey to Alaska the right to enforce the preservation and protection of the conservation values of the Protected Property in perpetuity as specified below; and

WHEREAS, subject to the rights to be granted to the United States and Alaska, Tatitlek reserves and retains all other rights and privileges as landowner, including certain rights that are specified herein ~~as well as any and all other rights not specifically conveyed herein~~; and

WHEREAS, the parties intend that the public, ~~subject to the restrictions and limitations contained herein~~, will be permitted to have access to the Protected Property (to the extent provided herein) for sport hunting, sport fishing, and other natural lands based recreational opportunities, and for other similar purposes, according to the provisions of this easement, and in accordance with applicable laws, rules, regulations, and policies governing

Steve - this is latest Draft - Not cleaned up with  
 strikes & add on  
 Confidential !!

DOA/STATE DRAFT  
APRIL 23, 1996

management of the Chugach National Forest ~~where not inconsistent with this easement; and~~

WHEREAS, the United States agrees by accepting this grant to honor the intentions of Tatitlek stated herein and to preserve and protect in perpetuity the conservation values of the Protected Property, consistent with ~~and in full recognition of~~ Tatitlek's retained rights and privileges as landowner;

NOW THEREFORE, pursuant to the Agreement and applicable laws of Alaska, Tatitlek does hereby grant, transfer and convey to the United States and to Alaska, forever, with special warranties of title, for \$\_\_\_\_\_ and in consideration of the mutual covenants, terms, conditions, limitations and restrictions set forth herein, a conservation easement in perpetuity over the Protected Property of the nature and character and to the extent hereinafter set forth (the "Easement") as to the lands described as follows:

[INSERT LEGAL DESCRIPTION HERE]

Section 1. Purpose

The purpose of this Easement is to ensure that the conservation values ~~and resources~~ of the Protected Property will be maintained in perpetuity and to prevent any use of the Protected Property that will materially impair or interfere with its conservation values, which include the protection of environmentally important forested and non-forested areas and for promotion of forested and non-forested fish and wildlife habitat conservation and other conservation opportunities such as the protection of important scenic, cultural, fish, wildlife and recreational resources, riparian areas, and other ecological values. Consistent with the specific provisions of this Easement, the Parties intend that this Easement will confine Tatitlek's use of the Protected Property to such activities as are compatible with the preservation of the conservation values of the Protected Property.

The intent of the parties is to ensure the reservation and enjoyment by Tatitlek, as landowner, with respect to the Protected Property, of all legal rights and privileges that are reserved to it and/or not granted to the United States and Alaska by and through this Easement.

Section 2. Rights Conveyed to the United States

DOA/STATE DRAFT  
APRIL 23, 1996

To accomplish the purpose of this Easement, the following rights are conveyed to the United States, **except those rights conveyed to Alaska in Section 2.d. and 2.e below:** ✓

- a. To enter upon the Protected Property in order to achieve the purposes and enforce the terms of this Easement. <sup>SP</sup> ✓
- b. To restore natural resources and services injured or reduced by the Exxon Valdez oil spill. Nothing herein shall be construed to establish upon the United States its assigns an obligation to restore any particular natural resources or service.
- c. To prevent any activity on or use of the Protected Property that is inconsistent with the purposes of this Easement and to require the restoration of such areas or features of the Protected Property by those responsible that may be damaged by any inconsistent activity or use.
- d. To plan, arrange for, and conduct: 1) fish, wildlife, and habitat surveys and research by all customary means and techniques, **which include** the use of aircraft, radio telemetry, capture drugs; 2) the establishment of multi-year vegetation plots, including a potential biological research area on the Two Moon Bay Parcel; and 3) at the discretion of United States and Alaska ~~(in the instance of Bligh Island, only with the written approval of Tatitlek, which shall not be unreasonably withheld)~~ the right to use the land for the establishment, construction and operation of weir sites and sonar sites and related facilities on the Protected Property to be operated by the United States or Alaska for the purposes of fish and wildlife management and general monitoring of ecosystem health, **except in the instance of Bligh Island, such weir and sonar sites shall only be established, constructed, and operated upon the written approval of Tatitlek, which shall not be unreasonably withheld.** In exercising this right, the United States and Alaska agree to the extent allowed by law and subject to the availability of funding to provide Tatitlek the with notice and an opportunity to respond to **requests** for proposals to participate in such research, survey, and study activities and projects. Information on fish and wildlife collected through such activities and projects **shall** be made available to Tatitlek upon its request to the extent authorized by law.
- e. To establish ~~after consultation with Tatitlek~~, temporary seasonal camps for research **and management** purposes. The camp sites, which may be in different locations each

DOA/STATE DRAFT  
APRIL 23, 1996

year, shall be selected **after consultation with Tatitlek.**  
~~Such temporary camps may only consist of tent platforms,  
the side of which can be knocked down and shall be  
removed when a season's work is completed.~~

- f. To enforce ~~[to the extent consistent with the rights and  
privileges reserved herein to Tatitlek,]~~ all state and  
federal and statutory and regulatory requirements that  
are applicable to rights that are granted to the United  
States and/or Alaska under this Easement.<sup>3p</sup>
- g. To monitor, assess and police permitted uses (as provided  
for in subsection 4(a) and 4(b) of this Easement) by  
Tatitlek and the public of the Protected Property, **and to  
limit such use if necessary in keeping with the express  
purpose of this Easement.** Tatitlek shall provide the  
United States and Alaska **such** information on the  
commercial and non-commercial use of the Protected  
Property as is necessary for the United States and/or  
Alaska to exercise its rights under this subsection.
- h. To take all reasonable steps to ensure that Tatitlek's  
rights and privileges as reserved herein are protected  
and preserved, including limiting or denying access to  
persons or parties who may interfere with Tatitlek's  
rights and privileges under this Easement.
- i. To ensure the public's permitted access to the Protected  
Property in a manner that is wholly consistent with the  
provisions of this Easement.

### Section 3. Prohibited Uses

- a. Consistent with the rights of the United States and/or  
Alaska under Section 2 of this Easement ~~and the retained  
rights of the landowner,~~ and except as otherwise  
expressly provided in this Easement, the following listed  
activities by any person (which includes individuals,  
entities, organizations, Tatitlek and its shareholders,  
the United States and Alaska) are prohibited on the  
Protected Property except as determined by the United  
States or its successors in administrative function ~~[and  
Tatitlek jointly] [consultation] (the "Service"), and  
Tatitlek jointly to be necessary for the preservation of  
the conservation values of the Protected Property  
(whether carried out by the U.S., an entity approved by  
the U.S., or its successors in law or interests), or for  
conveying information to the public to protect public  
safety or natural resources, regardless of whether the  
activity is implemented by the United States, an entity~~

no  
used

DOA/STATE DRAFT  
APRIL 23, 1996

**approved by the United States, or its successors in law or interests:**

i. the construction or placing of buildings, fixed or improved camping accommodations or mobile homes, fences, billboards or signs other than those signs for boundary, trespass, direction or general information;

ii. the operation of motorized vehicles ~~unless authorized by the Service and Tatitlek~~ for management purposes;

iii. the changing of the topography of the Protected Property in any manner except as necessary to enjoy rights otherwise provided by this Easement;

iv. the removal or destruction of plants except for: 1) ~~local~~ subsistence uses; 2) medicinal uses; or 3) as necessary to enjoy rights otherwise provided by this Easement, including maintenance of roads for management purposes, foot trails, cross country skiing or mountain bike trails or, in the case of the Two Moon Bay Parcel, silvicultural practices designed to promote regeneration of the forest and intended to enhance conservation values;

v. the use of biocides except as necessary to control or remove non-indigenous fish, wildlife or plants, or for the protection or restoration of natural resources as provided by this Easement upon agreement of **the Parties**;

vi. the manipulation or alteration of natural water courses, shores, marshes or other water bodies or activities or uses detrimental to water purity on the Protected Property, except as specifically provided for and reserved in this Easement at Galena Bay for the referenced hydroelectric project;

b. The following listed activities by any person **as defined in Section 3.a.** are prohibited:

i. the removal or harvest of timber, including but not limited to all standing and down timber, logs, inventory, lumber, and any other goods or products

DOA/STATE DRAFT  
APRIL 23, 1996

obtained or derived from the forest, ~~now~~ <sup>OK</sup> or in the future except (1) for subsistence ~~uses~~ (2) as may be authorized for personal use under the terms of a non-commercial land use permit issued pursuant to this Easement; (3) for responding appropriately to an insect infestation or tree disease that adversely affects the conservation values of the Protected Property, or (4) as may be jointly determined by the Parties ~~United States and Alaska and Tatitlek~~ to be necessary.

ii. the introduction of non-indigenous fish, wildlife or plants, including, but not limited to, the grazing of domestic animals or the introduction of reindeer, unless jointly agreed upon by the Parties.

iii. the dumping of trash, garbage, or other unsightly or offensive material.

#### Section 4. Tatitlek's Retained Rights and Privileges as Landowner

Tatitlek reserves, retains and continues to have all legal rights and privileges as landowner that do not unreasonably interfere with or violate the rights and restrictions granted to the United States and Alaska by and through this Easement, including without limitation the rights and privileges of landowners set forth below.

- a. Tatitlek retains the right to condition non-commercial public access to, and use of, the Protected Property upon the issuance of a land use permit from Tatitlek and the United States, acting by and through the U.S. Forest Service ("USFS"). Tatitlek and/or the USFS shall have the right to charge a permit application administrative fee for processing such land use permits. The administrative fee shall be jointly determined will be set at an amount to be determined by Tatitlek and the USFS and shall not exceed the cost of administering the permit applications system. The fee may be reasonably adjusted in the future in recognition of inflation and other relevant information. Issuance or and denial of land use permits from Tatitlek shall be made on the basis of standards and criteria determined jointly by Tatitlek and/or the USFS to be compatible with the purposes of this Easement. The USFS shall approve of the standards and criteria prior to implementation of the standards and criteria. The standards and criteria shall include provisions to control permitted public access and use in

DOA/STATE DRAFT  
APRIL 23, 1996

a manner that will ensure protection of the conservation values of the Protected Property and that will not unreasonably interfere with Tatitlek's commercial control and use of the Protected Property. The standards and criteria shall also include consideration of the amount, type, location and timing of access to and use of the Protected Property, and of the reasonableness of the administrative fee charged by Tatitlek for issuance of a permit, ~~permit application administrative fee charged by Tatitlek and Alaska in conjunction and cooperation with the USFS to help recover the expenses attendant to the processing of such requests for issuance of the permit. To the extent the standards and criteria include confidential archaeological resources information, the United States and Alaska shall maintain the confidentiality of such information to the fullest extent authorized by federal or state law. Tatitlek and the United States and Alaska shall meet at least biannually to establish, review and revise as appropriate the standards and criteria. Tatitlek retains the right to administer the land use permit system itself, or may, with the United States's consent, implement another method of administration in conjunction with the United States.~~

- b. Tatitlek retains the exclusive right to control all commercial access to and use of the Protected Property. This exclusive right includes the right to conduct, authorize, permit, license, charge use fees, regulate, limit or exclude all commercial operations on or utilizing the Protected Property. Tatitlek shall require commercial operators and users to comply with the terms of the Easement in any authorization or permit issued by Tatitlek. Commercial operations specifically include ecotourism and commercial guiding for sport hunting, sport fishing, recreational and similar activities. An individual or group holding a land use permit issued by Tatitlek under the terms of this Easement and accessing the Protected Property under the terms and conditions of the land use permit ("individual") shall not be considered a commercial user even though the Individual gains access to the Protected Property by means of a commercial carrier. A commercial carrier, including an airplane or boat charter operator, while providing transportation to an individual to or from the Protected Property or between sites on the Protected Property, but not guiding or providing any other commercial related services to the Individual, is not a commercial operation for purposes of this Section, as long as the commercial



DOA/STATE DRAFT  
APRIL 23, 1996

carrier is in compliance with the terms and conditions of the land use permit held by the Individual. All commercial operations must comply with applicable State of Alaska licensing requirements and applicable federal regulations for operations.

- c. Tatitlek retains, and may condition any permits issued under the provisions of this Section to, the right to invoke an emergency closure, not to exceed forty-five days (45) in duration, (Trustee Council requests 30) but may withdraw this request based on other agreements of all or portions of the Protected Property in the event that the permitted access is incompatible with any of the purposes or rights under this Easement. In the event Tatitlek closes all or a portion of the Protected Property, at the same time that it gives the permittees public notice of the closure, it shall give the USFS written notice of the closure, which contains its reasons for the closure. The USFS shall review the reasons for the closure, and with Tatitlek, shall jointly determine an appropriate remedy to ensure that the purposes and rights under this Easement are protected. The USFS shall have the authority to extend, modify or reverse the closure if the USFS determines such action is appropriate and warranted under the circumstances, provided it first gives Tatitlek a written statement of the reasons that led to the decision.
- d. Tatitlek hereby retains for the benefit of its shareholders its exclusive rights of access for subsistence uses of the Protected Property. **For purposes of this Easement, "subsistence uses" means the customary and traditional uses by rural Alaska residents of including, but not limited to, subsistence hunting, fishing, trapping, collection of firewood and berry picking customary and traditional uses of wild, renewable resources for direct personal or family consumption as food, shelter, fuel, clothing, tools, or transportation; for the making and selling of handicraft articles out of nonedible byproducts of fish and wildlife resources taken for personal or family consumption; for barter, or sharing for personal or family consumption; and for customary trade. For the purposes of this definition, the term --**

(1) "family" means all persons related by blood, marriage, or adoption, or any person living within the household on a permanent basis; and

DOA/STATE DRAFT  
APRIL 23, 1996

(2) "barter" means the exchange of fish and wildlife or their parts, taken for subsistence uses

(1) for other fish or game or their parts; or

(b) for other food or for nonedible items other than money if the exchange is of a limited and noncommercial nature.

- e. Tatitlek retains limited development rights to construct structures and related facilities as follows: two sites in the Galena Bay Parcel, 15 acres each, for a total of 30 acres, one of which is located in the Lagoon area and to be used as a hydroelectric facility; two sites in the Two Moon Bay Parcel, each not to exceed 15 acres, for a total of 30 acres; and three sites in the Bligh Island Parcel for a total of 40 acres. ~~on a total of 40 acres of land in no more than three separate locations within each of the following parcels: the Galena Bay Parcel, the Two Moon Bay Parcel, the Bligh Island Parcel.~~ The locations of such structures and related facilities shall be determined by mutual agreement of Tatitlek and the United States so as to have no **significant** adverse effect on the **conservation values** of the Protected Property. The United States's agreement with Tatitlek as to such location shall not be unreasonably withheld.
- f. Tatitlek reserves the right to participate in any hydroelectric project which may be constructed in the future on lands adjacent to the "lagoon" area of the Galena Bay Parcel.
- g. Tatitlek reserves exclusive ownership of all Alaska Native human remains, cultural artifacts, and sacred objects located on the Protected Property. In addition, Tatitlek retains all rights that may be afforded under the Native American Graves Protection and Repatriation Act, the Archaeological Resources Protection Act, the National Indian Forest Resources Management Act, the National Museum of the American Indian Act, the Indian Arts and Crafts Act, the Native American Language Acts, and related laws of the State of Alaska, including
- h. Neither by entering into this Easement nor by performing in accordance with its terms do the parties intend to affect the loss of any protections that may be afforded to Tatitlek by Section 907 of ANILCA regarding the Alaska Land Bank.

DOA/STATE DRAFT  
APRIL 23, 1996

1. Tatitlek retains the right to remove sand, gravel, or rock from the Protected Property for the purpose of use in the areas subject to limited development in Subsection 4.0. above. Tatitlek's right to remove sand, gravel, or rock is subject to the written approval of the USFS, which shall not be unreasonably withheld. In determining whether to approve Tatitlek's removal of sand, gravel, or rock, the USFS shall consider the location and volume of sand, gravel, or rock to be removed, the reasonable availability of sand, gravel, or rock in the limited development areas, and any significant adverse effects on the conservation values of the Protected Property resulting from the removal of such material. The parties intend to ensure that Tatitlek has a sufficient source of sand, gravel, and rock without seeking to purchase such commodities from a third party in order to facilitate Tatitlek's economic development of the limited development areas while still preserving the conservation values of the Protected Property. Tatitlek shall not sell, or otherwise provide in any manner, sand, gravel, or rock removed from the Protected Property to any third party except in conjunction with its use and development of the limited development areas.

#### Section 5. Public Access and Use

The granting of this Easement does not convey to the public the right to enter the Protected Property for any purpose whatsoever.

The parties hereto intend and agree however, that the public will be permitted access to and use of the Protected Property for sport hunting, sport fishing, camping, hiking and other natural resource based recreational opportunities, and for other similar purposes but not subsistence uses. All permitted public access to or use of the Protected Property shall be in compliance and conformance with Tatitlek's retained landowner rights under the terms of this Easement, including its right to require valid land use permits for all non-commercial public access and use and its exclusive rights with respect to commercial operations and subsistence access. The parties intend that the USFS will utilize its available legal authorities for cooperative management agreements to provide law enforcement and trespass control and assistance to Tatitlek in connection with the permitted public access and use under this Easement, subject to the availability of appropriated funds and personnel, and the right of agency discretion. ~~for such purpose.~~

DOA/STATE DRAFT  
APRIL 23, 1996

This conveyance is subject to the right of the public access pursuant to § 17(b) of ANCSA, as reserved in conveyances from the United States of America to Tatitlek pursuant to the ANCSA dated \_\_\_\_\_, 19\_\_\_\_, and recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_ in the land records of the \_\_\_\_\_ Recording District, Third Judicial District, State of Alaska, and nothing herein shall be deemed to pertain to, or otherwise affect, expand or limit said rights.

#### Section 6. Acts Beyond Tatitlek's Control

Nothing contained in this Easement shall be construed to entitle the United States and/or the State of Alaska to bring any action against Tatitlek for any injury to or change in the Protected Property resulting from causes beyond Tatitlek's control, including, without limitation, natural caused fire, flood, oil spills, storm, and earth movement, or from any action resulting from a third party's negligence or prudent action taken by Tatitlek under emergency conditions to prevent, abate or mitigate significant injury to the Protected Property resulting from such causes. Nothing contained in this Easement shall be construed to limit the obligation under applicable state or federal laws of third parties for injury or damage to the Protected Property.

#### Section 7. Subsequent Transfers

Tatitlek agrees to incorporate the terms of this Easement in any deed or other legal instrument by which it divests itself of any interest in all or in a portion of the Protected Property, including without limitations, a leasehold interest. The United States and/or Alaska may transfer, assign, or delegate any of its rights or responsibilities under this Easement to a third party, but only if the third party is required to and agrees to be bound by and to carry out the purpose of this Easement.

#### Section 8. Rights of Alaska

To accomplish the purpose of this Easement, the right to enforce compliance by the ~~2(d) and~~ United States and/or Tatitlek with the terms of the "Prohibited Uses" set forth in Section 3 of this Easement, is granted and conveyed to Alaska by this Easement. Also granted to Alaska is the right to enter upon the Protected Property in order to monitor compliance with the Prohibited Uses, provided Alaska gives prior written notice to the USFS and

DOA/STATE DRAFT  
APRIL 23, 1996

Tatitlek. Alaska is also granted and conveyed the right to plan, arrange for and conduct fish, wildlife and habitat surveys and research pursuant to Section 2.d.

#### Section 9. Enforcement

In the event either Tatitlek or Alaska becomes aware of an event or circumstance of noncompliance with the terms set forth in Section 3 (Prohibited Uses) of this Easement, that party shall give notice to the other party and to the United States, their successors or assigns, at their last known post office address, of such event or circumstance of noncompliance. If the event or circumstance of noncompliance has not been corrected within sixty (60) days after the date of mailing of such notice, the party making such notification will be entitled to institute suits to enjoin any breach or enforce any covenant by ex parte, temporary, and/or permanent injunction; and require that the **Protected Property** be restored promptly to the condition required by this **Conservation Easement**.

In the event the United States becomes aware of an event or circumstance of noncompliance by Tatitlek with the terms of this **Conservation Easement**, it shall give notice to Tatitlek, its successors or assigns, at its last known post office address, of such event or circumstance of noncompliance. If the event or circumstance of noncompliance has not been corrected within sixty (60) days after the date of mailing of such notice, the United States will be entitled to institute suits to enjoin any breach or enforce any covenant by ex parte, temporary, and/or permanent injunction and require that the **Protected Property** be restored promptly to the condition required by this **Conservation Easement**. If Tatitlek does not promptly restore the **Protected Property** the United States shall have the right to accomplish the restoration itself and Tatitlek hereby agrees to reimburse the United States for all costs or expenses thereby incurred by the United States, including attorney fees.

do we  
always  
want 4  
give 60  
days if  
non-  
compliance  
exception  
for  
immediate  
action  
when  
necessary

Nothing in this Section shall limit any other legal rights or remedies available to the parties.

#### Section 10. General Provisions

- a. This instrument shall be construed so as to effect the purpose for which it was granted to the United States and/or the State of Alaska. Any ambiguities shall be resolved in a manner that best effects the purpose of ensuring (1) the **Protected Property** will retain forever its conservation values and (2) the restoration of the

DOA/STATE DRAFT  
APRIL 23, 1996

natural resources and services injured **or reduced** by the Exxon Valdez Oil Spill.

- b. The United States and Alaska shall have the right to make surveys, plats, take photographs and prepare such other documents as may be necessary or desirable to administer the provisions of this **Easement** so long as copies of any such surveys, plats, photographs and documents are made available to Tatitlek. Any such map, plat or other suitable document may be recorded at the discretion of the USFS in the land records of the respective recording district wherein the Protected Property is located.
- c. The provisions of this Easement are enforceable in law or equity by Tatitlek, the United States and Alaska, their successors or assigns, consistent with Section 9 of this Easement.
- d. This Easement shall be interpreted under general provisions of state and federal law pertaining to real property.
- e. Tatitlek is not relieved from liability by this Easement for injuries occurring on, and resulting from, the condition of the Protected Property **for which it would otherwise ordinarily be liable**. The United States and Alaska shall be responsible for losses, damages, or liabilities arising out of an act or omission of the United States and Alaska, its employees, or its agents to the extent it would normally be responsible for such losses, damages, or liabilities under applicable federal and state law.
- f. Tatitlek is not relieved from liability by this Easement for the costs associated with the cleanup of hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and similar State and Federal laws for which it would otherwise ordinarily be liable. Tatitlek shall be liable for and hold the United States and Alaska harmless from liability under said statutes, and indemnify the United States and Alaska for all costs relating to cleanup, including attorneys fees, of hazardous substances that were released subsequent to the conveyance of the Protected Property to Tatitlek and prior to the effective date of this Easement, and for all releases caused by, or contributed to, by Tatitlek or its agents subsequent to the date of this Easement, but not for costs for cleanup of hazardous substances that are released by the United

DOA/STATE DRAFT  
APRIL 23, 1996

of hazardous substances that are released by the United States ~~or Alaska~~ in the course of engaging in activities that are authorized by this Easement. This clause may be enforced by Tatitlek or the United States or Alaska in a court of law.

- g. Tatitlek agrees that these covenants, terms, conditions, and restrictions of this Easement shall run with the land in perpetuity and shall be binding upon Tatitlek, its successors and assigns. The terms of this Easement may be waived or modified only by written agreement of Tatitlek, the United States and Alaska.
- h. Tatitlek hereby covenants to and with the United States ~~and Alaska~~ and its assigns, that Tatitlek is lawfully seized of the surface estate in fee of the above granted real property, has a good and lawful right and power to sell and convey the same, that the same is free and clear of encumbrances, except as shown above, and that Tatitlek will forever warrant and defend this Easement, limited to that portion of the chain of title from the moment of conveyance by the United States to Tatitlek pursuant to ANSCA, to and including the moment at which this Easement is validly conveyed to the United States and its assigns, against the lawful claims and demands of all persons.
- i. Nothing herein shall be deemed to cause a merger of the surface and subsurface estates, and nothing herein shall be deemed to pertain to, affect or in any way limit the rights of the subsurface owner to utilize that estate in accordance with applicable law. Nothing herein shall be deemed to preclude the merger of the surface and subsurface estates in the event that they are subsequently acquired by the United States. Furthermore, nothing herein shall be deemed to affect Tatitlek's rights pursuant to Section 14(f) of ANSCA, consistent with the **purpose of this Easement.**

TO HAVE AND TO HOLD unto the United States and Alaska their, successors, and assigns forever.

IN WITNESS WHEREOF, The Tatitlek Corporation, the United States of America, the State of Alaska have set their hands on the day and year first above written.

DOA/STATE DRAFT  
APRIL 23, 1996

ACCEPTANCE

Pursuant to 7 U.S.C. 428(a) and the Agreement for the Sale and Purchase of Lands and Interests in Lands Between The Tatitlek Corporation and the United States of America dated \_\_\_\_\_, 1996, the United States and the State of Alaska hereby accept this Conservation Easement conveying to the United States and its assigns, and the interests in lands described therein.

DATED this \_\_\_\_ day of \_\_\_\_\_, 1996.

\_\_\_\_\_  
Regional Forester, Alaska Region  
U.S. Forest Service

**NOTARY CERTIFICATION**

STATE OF ALASKA

Pursuant to AS 38.05.035(a)12, I do hereby accept title to the above described interest in real property on behalf of the State of Alaska.

By: \_\_\_\_\_  
Marty Rutherford  
Deputy Commissioner  
Alaska Department of Natural Resources

**NOTARY CERTIFICATION**

**THE TATITLEK CORPORATION**

By: \_\_\_\_\_  
Carroll Kompkoff, President

STATE OF ALASKA                    )  
                                      ) ss:  
THIRD JUDICIAL DISTRICT        )

THIS IS TO CERTIFY that on the \_\_\_\_ day of \_\_\_\_\_, 1996, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared CARROLL



DOA/STATE DRAFT  
APRIL 23, 1996

KOMPKOFF to me known to be the identical individual described in and who executed the within and foregoing CONSERVATION EASEMENT as President of The Tatitlek Corporation, the Corporation that executed the within and foregoing instrument, and acknowledged to me that he signed the same as President of The Tatitlek Corporation in the name of and for and on behalf of said Corporation, freely and voluntarily and by authority of its Board of Directors and shareholders for the use and purposes therein mentioned.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Notary Public in and for Alaska

My Commission Expires:

UNITED STATES  
DEPARTMENT OF AGRICULTURE  
FOREST SERVICE

MINERAL REPORT

MINERAL POTENTIAL REPORT  
TATITLEK CORPORATION LANDS  
PRINCE WILLIAM SOUND, ALASKA

LANDS INVOLVED:

Township 9 South, Range 9 West, Sections 26, 27, 33-35  
Township 10 South, Range 8 West, Sections 33, 34  
Township 10 South, Range 10 West, Sections 15, 16, 22, 23, 27, 28  
Township 11 South, Range 6 West, Sections 25, 28, 34-36  
Township 11 South, Range 8 West, Sections 1-4, 6, 7-16, 21-26, 31  
Township 11 South, Range 9 West, Sections 22, 23, 25-27, 34-36  
Township 12 South, Range 6 West, Sections 1-3, 11, 13, 14, 23, 24  
Township 12 South Range 7 West, Sections 34-36  
Township 12 South, Range 8 West, Sections 5-8, 18, 19  
Township 12 South, Range 9 West, Sections 1-4, 9-15, 22-27  
Township 13 South, Range 7 West, Sections 1-4, 6-22, 24, 25, 27-36  
Township 13 South, Range 8 West, Sections 1, 10, 11, 13-29, 30, 32-36  
Township 13 South, Range 9 West, Sections 24, 25  
Township 14 South, Range 7 West, Sections 2, 3, 6  
Township 14 South, Range 8 West, Sections 1-5  
all Copper River Meridian

Prepared by:

Donald L. Stevens, Ph. D.  
Stevens Exploration Management Corp.  
1048 West International Airport Road, Suite 103  
Anchorage, Alaska 99518-1005  
July 25, 1995

Technical Approval:  
U. S. D. A. Forest Service

---

John J. Kato  
Certified Mineral Examiner # 019  
Certified Review Mineral Examiner # 010  
Date: \_\_\_\_\_

## EXECUTIVE SUMMARY

Negotiations between the Tatitlek Corporation and the Exxon Valdez Oil Spill Trustee Council have progressed to the point where an appraisal of the surface estate of the tracts of land to be purchased is required. A mineral potential report is required as part of this appraisal process. A search of the available published geological, geochemical, geophysical, mineral deposit, and other reports and literature on the areas in which the parcels occur was conducted to identify any mineral resources that may exist and which may be a factor in the appraised value of the parcels.

As a result of this research, the following conclusions were reached regarding the mineral potential of the Tatitlek Corporation lands:

- 1) No Leasing Act Minerals such as oil, gas, or coal are known on the parcels and therefore the land is not valuable for those mineral resources.
- 2) The salable minerals, such as sand, gravel and rock, occur on the parcels. Since the parcels are remote and there is no local market for these resources, the salable minerals have only nominal value.
- 3) Although there are several copper prospects on the subject lands, the mineral occurrences are too low grade and/or too small to produce economically. Thus the locatable mineral resource is of only nominal value.

Thus, the mineral resources on the Tatitlek Corporation lands do not have any market value.

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	iii
TABLE OF CONTENTS .....	iv
TABLE OF CONTENTS (CONTINUED).....	v
FIGURES .....	v
I. INTRODUCTION.....	1
A. PURPOSE.....	1
B. AUTHORIZATION.....	1
C. SCOPE .....	1
II. DESCRIPTION OF GEOLOGY .....	3
A. PHYSIOGRAPHY.....	3
B. ROCK UNITS.....	3
1. REGIONAL GEOLOGY.....	3
2. DETAILED DESCRIPTION OF GEOLOGY.....	5
C. STRUCTURAL GEOLOGY AND TECTONICS.....	12
D. GEOPHYSICS/GEOCHEMISTRY.....	13
CONCLUSIONS .....	14
E. HISTORICAL GEOLOGY.....	14
III. DESCRIPTION OF ENERGY AND MINERAL RESOURCES.....	16
A. KNOWN MINERAL DEPOSITS .....	16
1. LEASING ACT MINERALS .....	16
2. SALABLE MINERALS .....	16
3. LOCATABLE MINERALS.....	16
B. KNOWN PROSPECTS, MINERAL OCCURRENCES, AND MINERALIZED AREAS.....	18
1. LEASING ACT MINERALS .....	18
2. SALABLE MINERALS .....	18
3. LOCATABLE MINERALS.....	18
C. MINING CLAIMS, LEASES, AND MATERIAL SITES .....	22
D. TYPES OF MINERAL DEPOSITS .....	22
E. MINERAL ECONOMICS .....	22
IV. POTENTIAL FOR THE OCCURRENCE OF MINERAL RESOURCES.....	22
A. COAL .....	22
B. OIL AND GAS .....	23
C. GEOTHERMAL .....	23
D. SODIUM AND POTASSIUM .....	23
E. METALLIC MINERALS .....	23
F. URANIUM AND THORIUM.....	23
G. NONMETALLIC MINERALS / INDUSTRIAL MINERALS .....	23
H. COMMON VARIETY MINERALS .....	23
I. OTHER .....	23
V. RECOMMENDATIONS.....	24
A. REGARDING THE ACTION THAT INITIATED THE ASSESSMENT.....	24
B. FOR ADDITIONAL WORK.....	24
VI. REFERENCES AND SELECTED BIBLIOGRAPHY .....	25

## TABLE OF CONTENTS (CONTINUED)

### FIGURES

FIGURE 1 LOCATION OF THE TATITLEK CORPORATION PARCELS.....	2
FIGURE 2 GEOLOGY OF THE TATITLEK CORPORATION AREA.....	6
FIGURE 3 GEOCHEMICAL DATA ON TATITLEK CORPORATION AREA.....	15
FIGURE 4 KNOWN MINERALIZATION IN TATITLEK CORPORATION AREA .....	17

### APPENDICES

Appendix I Affidavit by Donald L. Stevens	
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## I. INTRODUCTION

### A. PURPOSE

The Exxon Valdez Oil Spill Trustee Council seeks to identify lands for acquisition from willing sellers in order to achieve the goal of the Comprehensive Habitat Protection Process. The acquired lands will be protected to benefit the recovery of resources and services injured by the Exxon Valdez Oil Spill.

Discussions between the Exxon Valdez Oil Spill Trustee Council and the Tatitlek Corporation have identified tracts of lands where Tatitlek Corporation owns the surface estate and is willing to sell. Appraisals of these tracts of land are necessary to establish the purchase price. Black-Smith and Richards, Inc. has been contracted by the USDA Forest Service to conduct the appraisals of the lands to be acquired under the Comprehensive Habitat Protection Process. Stevens Exploration Management Corp. has been retained by Black-Smith & Richards, Inc. to prepare the minerals reports required by most of the Task Orders.

The purpose of this report is to present a summary of all known Leasing Act, salable, and locatable mineral deposits, prospects, occurrences, and indications of minerals located on the tracts and to estimate the mineral potential of those lands and the market value of each known deposit.

### B. AUTHORIZATION

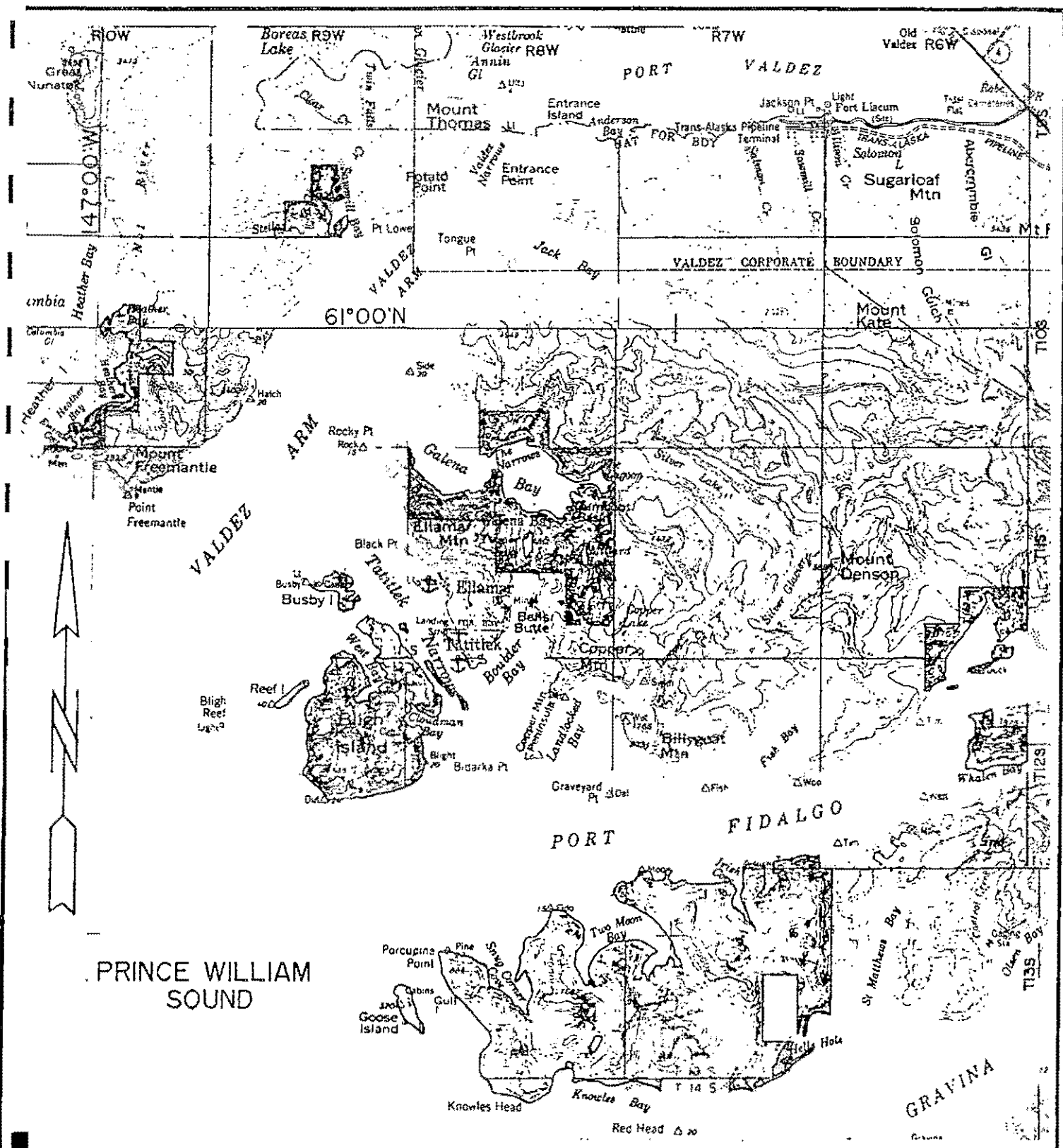
Contract No. 53-0109-3-00377, Task Order No. 377-08-A signed by the USDA Forest Service Contracting Officer on Sep. 15, 1994 authorized the preparation of this report.

### C. SCOPE

This report is based on published U. S. Geological Survey, Bureau of Mines, and Alaska Division of Geological and Geochemical Survey reports, and numerous professional journals and other reports on the geology, geochemistry, geophysics, and mineral deposits and other natural resources of Tatitlek Corporation lands area. The author did not conduct any field work in conjunction with the research or writing of this report nor did he use any private data to reach his conclusions.

This report will cover all mineral resources: Leasing Act minerals (oil & gas, coal), salable minerals (sand and gravel, rock, etc.), and locatable minerals (copper, gold, etc.) as well as geothermal and other resources. Deposits of these types can be valuable and thus when present may affect the value of the property. The contribution of the mineral resources (positive or negative) to the appraised value of the tract will be given.

The location of the subject parcels is shown on Figure 1.



Explanation:



Tatitlek Corporation Parcel

Scale: 1 : 250,000

0 5 10 15 Miles

Figure 1

Location of the  
Tatitlek Corporation Parcels

Stevens Exploration Management Corp.  
June 1995

## II. DESCRIPTION OF GEOLOGY

### A. PHYSIOGRAPHY

There is no infrastructure or permanent habitation on the tracts.

The topography of the areas in which the subject parcels occur strongly reflects the recent glacial history. Valleys are U-shaped and glacial outwash sediments form a thin veneer over the bedrock.

The area in which the tracts occur has weather similar to the Cordova area. The Cordova area enjoys maritime weather patterns.<sup>1</sup> Summer temperatures typically range from 44° to 81° F. while winter temperatures range from 21° to 39° F. The extreme temperatures are -39° F. and 81° F. Precipitation averages 168 inches per year which includes 116 inches of snow. The average wind is from the east at 4.5 knots.

### B. ROCK UNITS

#### I. REGIONAL GEOLOGY

The following description of the regional geology is taken from Crowe, et al.<sup>2</sup> For the purposes of this report, the many reference citations included in the text have been deleted. The interested reader may wish to review that article to understand the basis for this discussion.

*The geology of the Prince William Sound region consists of two similar lithologic units, the Valdez Group and the Orca Group. The Valdez Group is part of a 2,000-km-long by 100-km-wide belt of Mesozoic accretionary rocks called the Chugach terrane, which extends along the Alaska coastal margin from Baranof Island in southeastern Alaska to the Shumagin Islands in southwestern Alaska. The Orca Group is part of an accretionary belt of Paleogene age called the Prince William terrane that extends across Prince William Sound westward through the Kodiak Island area, underlying much of the continental shelf to the west. Major structural trends in the Orca Group are northeasterly. Both groups consist of graywacke, siltstone, and shale, with the finer grained rocks commonly displaying slaty cleavage. The Orca and Valdez Groups are lithologically very similar and thus are difficult to distinguish at a mapping scale.*

*Metamorphic grade within the Orca Group ranges from zeolite and prehnite-pumpellyite facies to lower greenschist facies, and from zeolite and lower greenschist facies to amphibolite facies within the Valdez Group. Both the Orca and Valdez Groups typically contain prehnite-pumpellyite to low to middle greenschist facies mineral assemblages. Miller et al. describe amphibolite (or hornblende hornfels) facies rocks that occur locally in both groups, and Goldfarb et al. have reported that rocks from both groups range from*



*laumontite to amphibolite facies. The higher grade greenschist and amphibolite facies assemblages are restricted to contact aureoles around intermediate to felsic intrusive rocks, and to linear zones around major structural features. In the major structural zones metamorphic biotite (greenschist facies) and amphibole (amphibolite facies) have developed, possibly in response to metamorphic fluid migration. Most of the massive sulfide deposits investigated in the course of this study are hosted in rocks that are no higher than zeolite facies in metamorphic grade. No metamorphic biotite was noted in or proximal to any of the deposits except the Port Fidalgo deposit which occurs in greenschist-grade biotite schists.*

*Fossil ages across the regional strike of units in the Chugach and Prince William terranes (Anchorage to Hinchinbrook Island) decrease from Triassic to early middle Eocene. Both the Valdez and Orca Groups have been intruded by Eocene and Oligocene plutons. The rocks were emplaced during two main periods as determined by K-Ar dating of biotite, hornblende, or whole rocks. The older plutons were intruded between 53 to 50 Ma, where the younger plutons were intruded between 36 to 34 Ma.*

*Volcanic rocks comprise <10 percent of the total Orca Group and consist of ophiolitic sequences located on the Resurrection Peninsula, Knight Island, and Glacier Island. The ophiolitic rocks consist of an upper pillow basalt unit, a sheeted dike unit, and lower layered gabbro with minor amounts of ultramafic rocks, plagiogranite, and volcanic breccia and tuff. Geophysical surveys show strong gravity and aeromagnetic anomalies that define a belt extending from south of Knight Island northward to Glacier Island and east to the Ellamar-Copper Mountain area, suggesting that the ophiolitic rocks of the belt are continuous from island to island.*

*Nonophiolitic volcanic rocks include sections containing mixed pillow basalt, massive flows, tuff and tuffaceous sedimentary rocks, flow breccia, and varying amounts of sandstone, mudstone, chert and minor limestone. Such nonophiolitic sequences are typically found on Hinchinbrook Island, near Cordova and east of the Copper River and are referred to in this paper as the outboard sequences of volcanic rocks from the Orca Group.*

*Mafic volcanic rocks comprise <5 percent of the Valdez Group and are predominantly basalt and pillow basalt, with lesser amounts of sheeted dikes and minor ultramafic rocks, including serpentinitized dunite and peridotite. Local-scale lenticular bodies of chlorite schist may represent submarine altered mafic flows or tuffs.*

The geology of Prince William Sound is of considerable scientific interest because some of the exposed rocks reveal features analogous to submarine geology along the spreading centers located in the nearly inaccessible depths of the oceans. The associated volcano-

genic massive sulfide type of deposit is a major source for much of the copper, lead, zinc, and precious metals required by civilization today.

Large portions of these small parcels are underlain by Orca Group rocks. Tysdal and Case<sup>3</sup> described the Orca Group in part as follows:

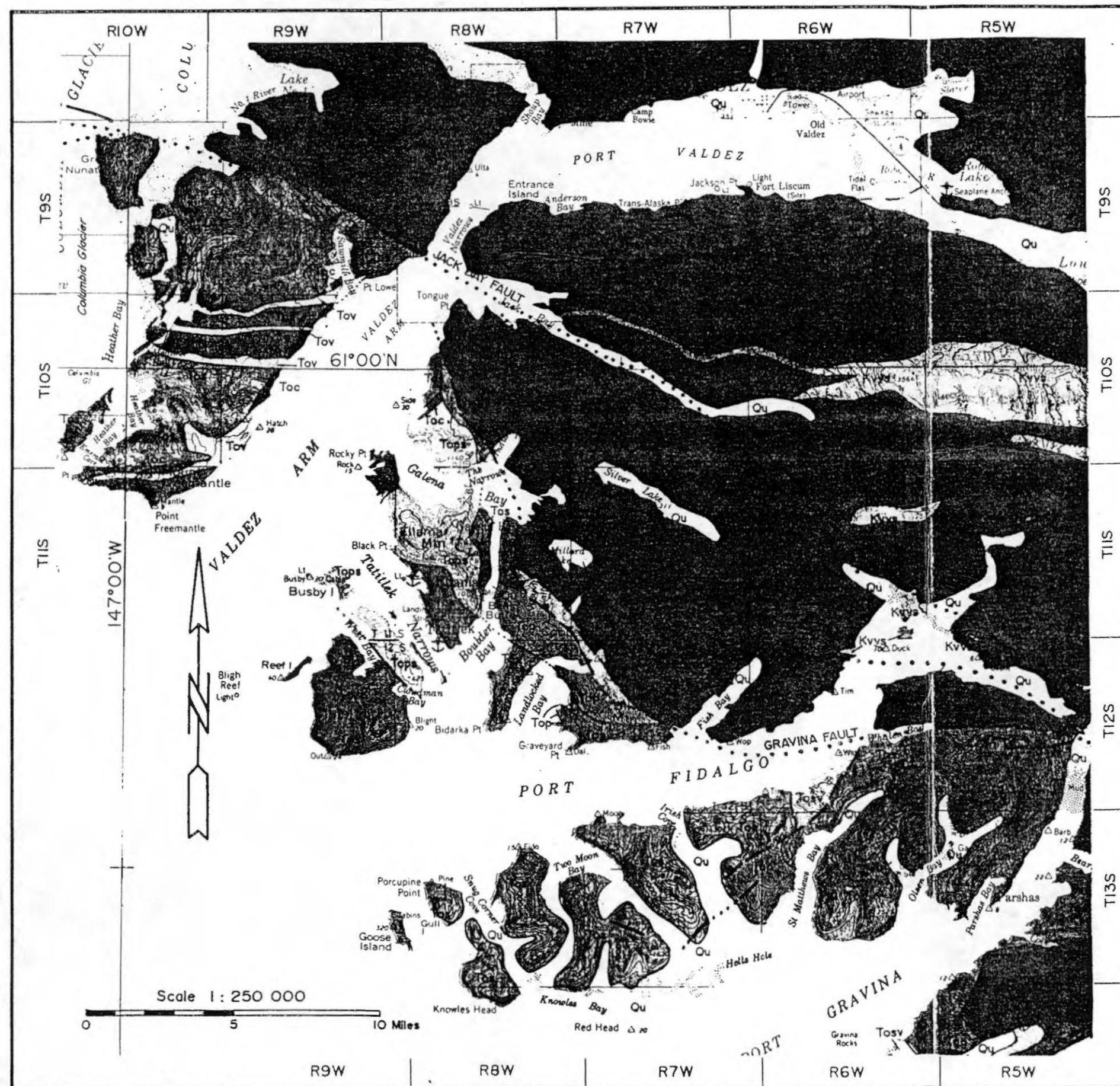
*The Orca Group is a thick sequence of isoclinally folded sedimentary rocks and basaltic igneous rocks that crop out in the eastern part of the map area. The sedimentary rocks mainly are rhythmically interbedded flysch of sandstone, siltstone, and, less commonly, mudstone. These strata were mapped as an undivided unit, except south of Knight Island where siltstone and mudstone were mapped separately. Pillow basalts, sheeted basalt dikes, and gabbro constitute mappable units of the Orca Group in some areas and were mapped with sedimentary rocks to form composite map units in a few other areas. Most of the Orca is metamorphosed to the chlorite zone of the greenschist facies...*

## 2. DETAILED DESCRIPTION OF GEOLOGY

The following description of the geology of the area is taken from U. S. Geological Survey Map I-1984<sup>1</sup> and applies equally well to those lands in the southeast corner of the Anchorage quadrangle and the southwest corner of the Valdez quadrangle.

*The Cordova and Middleton Island quadrangles straddle the boundary between the rugged Chugach Mountains, part of the Pacific Border Ranges physiographic province on the north, and the more subdued ridges, plains, and islands of the Gulf of Alaska coastal Province on the south. The region is segmented into three distinctive fault-bounded terranes that become progressively younger and less severely deformed and metamorphosed from north to south. These terranes are named, from north to south, the Chugach, Prince William, and Yakutat terranes.*

*The oldest terrane, in the northern part of the Cordova quadrangle, is underlain by the Upper Cretaceous Valdez Group and is considered part of the Chugach terrane... In the map area, the Valdez Group consists of regionally metamorphosed fault-bounded wedges of volcanogenic flysch and subordinate tholeiitic basalt. The rocks are foliated, tightly folded, commonly with overturning toward the south, and are imbricated along numerous steeply dipping faults. The fault-bounded wedges were accreted against an amalgam of older terranes between Maestrichtian and probably late Paleocene time as a result of relative northeastward underthrusting of Pacific oceanic crust.*



## EXPLANATION

Qu

Surficial Deposits, Undivided. Alluvial sand and gravel. Also unsorted moraine deposits of boulders, cobbles, gravel and sand.

### ORCA GROUP -- Includes:

Toc

Conglomerate. Ranges from pebbly mudstone and sandstone to massive pebble, cobble and boulder conglomerate.

Tos

Sedimentary Rocks, Undivided. Thin to thick bedded sandstone, siltstone and shale.

Top

Pillow Basalt. Pillow basalt with subordinate pillow breccia and massive flows.

Tops

Pillow Basalt and Sedimentary Rocks. Pillow basalt and massive basalt flows interbedded with sandstone, siltstone and shale.

Tosv

Interbedded Sedimentary and Mafic Volcanic Rocks. Lithologies variable. In some cases unit marginal to pillowed and massive basalt flows.

Tov

Volcanic Rocks, Undivided. Mostly tabular or lenticular bodies of mafic volcanic rock altered to greenstone.

### VALDEZ GROUP -- Includes:

Tos

Sedimentary Rocks, Undivided. Thick sequences of deformed and metamorphosed flysch.

Kv

Greenstone. Massive greenstone, metamorphosed pillow basalt, mafic dikes and lenticular chlorite schist bodies.

Kv

Ultramafic Rocks. Serpentinized peridotite and dunite.

Kv

Interbedded Volcanic and Sedimentary Rocks. Volcanic breccia, tuff, tuffaceous sediment, sandstone, siltstone, shale and chert.

### INTRUSIVE ROCKS:

Gr

Granite and Gneodiorite.

### REFERENCES:

Nelson, S.W., et al, 1985, Geologic map of the Chugach National Forest, Alaska; USGS MF-1645-B.

Winkler, G.R., et al, 1981, Geologic map and summary geochronology of the Valdez Quadrangle, Southern Alaska; USGS OFR 80-892-A.

Winkler, G.R., and Platner, G., 1993, Geologic map of the Cordova and Middleton Island Quadrangles, Southern Alaska; USGS I-1985.

Figure 2

Geology of  
Tatitlek Corporation Area

Stevens Exploration Management Corp.  
June 1995

*The metamorphic grade of the Valdez Group increases eastward, where the rocks are transitional into a belt of schist, gneiss, and migmatite, which extends across the adjacent Bering Glacier quadrangle to the Canadian border. Typical granoblastic textures and the superimposition of progressive metamorphism across regional structural trends indicate that much of the amphibolite-facies metamorphism of the Valdez Group occurred after it was deformed against and accreted to the continental margin. These high-grade metamorphic rocks represent deeply buried parts of the accretionary prism and their development is believed to be spatially and genetically related to emplacement of early Eocene anatectic granitic plutons. This thermal event may record subduction of the Kula-Farallon ridge beneath the continental margin.*

*Paleomagnetic data are unavailable for the Chugach terrane in the map area. However, the paleomagnetic character of dikes and layered gabbro that cut the Valdez Group or its probable correlatives in adjacent areas indicates that the rocks may have been deposited 25° to 26° south of their present latitude. These data are compatible with the paleomagnetic information... from sedimentary rocks in the correlative Shumagin Formation of the Chugach terrane southwest of the map area, which also indicates large-scale, northward translation of rocks of Cretaceous age. On Kodiak Island, the Chugach terrane is bordered to the southeast by a Cretaceous and Paleocene subduction complex, the Ghost Rocks Formation... which also was translated as much as 25° northward. However, the timing of amalgamation of the Chugach terrane to its neighbors, its trajectory on its northward journey, and the tectonic effects of its arrival and accretion to the Alaska margin, remain equivocal.*

*A major change in plate motions in the early Tertiary resulted in northwestward movement of the Pacific oceanic crust relative to the Alaska continental margin. Also about this time, counterclockwise oroclinal bending of western Alaska occurred along a main axis in the eastern part of Prince William Sound. As a result of these relative plate movements, ensimatic deep-sea fan deposits and intercalated tholeiitic basalt of late Paleocene and Eocene age that comprise the Orca Group of the Prince William terrane were accreted, principally along the western limb of the oroclinal bend where they form a belt that is more the 110 km wide from southeast of Hinchinbrook Island to northwest of Valdez Arm. The combination of northwest-southeast compression during accretion and east-west compression due to virtually simultaneous oroclinal bending resulted in the complex deformation of the Orca Group, particularly in the eastern part of the map area. Strata of the Orca Group are tightly folded, commonly overturned in various directions, but mostly toward the south and southeast, and are cut by numerous faults. A zone of landward-(northwestward)-verging structures characterizes parts of*

*Hinchinbrook and Montague Islands. This zone corresponds to the "Montague belt" ... in the western part of Prince William Sound.*

*Northeast trends that predominate in the western limb of the orocline are represented in the map area mainly by the belt of Orca Group strata that extends from Montague Island through Hinchinbrook Island and onto the mainland in the central part of the Cordova quadrangle, where it is truncated obliquely along the Gravina fault. The east-west trends that characterize the eastern limb of the orocline are present only near the east edge of the map area between the Bagley and Chugach faults. The Ragged Mountains apparently are an extension of the Orca between the Chugach and Martin faults that was rotated more than 90° counterclockwise. The northern part of Wingham Island is a continuation of this same anomalous north-trending belt, but it is offset in a sinistral sense by a submarine fault. In the northwest corner of the Cordova quadrangle, strata of the Orca and Valdez Groups are bent through an angle of about 90°. East of Valdez Arm these strata trend generally northwest, but west of Valdez Arm they trend southwest.*

*In the map area, Orca sedimentary rocks apparently do not retain magnetization of syndepositional origin, which prevents unequivocal determination of original paleolatitudes. However, there is reason to suspect that the Orca Group has moved northward relative to cratonic North America because paleomagnetic data from the partially correlative Ghost Rocks formation, which is considered to be part of the Prince William terrane on Kodiak Island, indicate 2,000 km of northward displacement since Paleocene time.*

*Granitic plutons of early Eocene age were emplaced in both the Orca and Valdez Groups shortly following the major phase of early Tertiary accretion, deformation, and metamorphism. Gravity data suggest that granitic rocks in the Cordova quadrangle probably have considerably wider distribution in the subsurface than is indicated by their outcrop pattern, particularly north of the Gravina and Bagley faults.*

*Paleogene bedded rocks younger than the Orca Group in the map area were deposited in continental margin basins that differ significantly east and west of the Chugach-Ragged Mountain-Wingham Island fault system, which delineates the west margin of the Yakutat terrane, a structurally-bound lithotectonic terrane that is allochthonous with respect to the Orca Group. West of the fault system, the basement is composed largely, if not entirely, of the Orca Group and associated plutonic rocks, whereas, to the east, the basement is probably oceanic crust. During middle to late Eocene time, there was a general marine regression, seas were relatively warm, and the climate was subtropical to paratropical. The Stillwater, Kulthieth, and lower part of the Tukun formations, which were deposited during this interval, consist of thick, interfingering, coal-bearing lagoon, barrier beach, and delta complexes.*



*Their predominantly arkosic sandstones reflect derivation from a granitic and metamorphic source terrane.*

*Marine transgression occurred during Oligocene and possibly early Miocene time and included deposition in neritic and bathyal environments. Predominantly shaly sediment, in part rich in organic material and intercalated with water-laid, alkalic basaltic tuff, breccia, and pillow lava, accumulated to form the Paul Creek Formation (in part, Katalla formation of former usage) and perhaps the lower part of the sandy and conglomeratic Redwood Formation.*

*The present sedimentary and tectonic regime results from northwestward movement of the Pacific plate and Yakutat terrane relative to the Alaskan continental margin since the Miocene and resulting accretion of the Yakutat terrane to southern Alaska, a process that continues to the present. Uplift of the Chugach and Saint Elias mountains, located 170 km east of the map area, along the north margin of the Yakutat terrane resulted from collision with, and underthrusting beneath, the North American plate. From about the middle Miocene to the present, an enormous thickness of clastic sediment comprising the Yakataga formation and part, or all, of the Redwood Formation and including much glacially-derived material from the Chugach and Saint Elias Mountains, was deposited in a predominantly shelf environment. Emplacement of the dacitic plug at Cape Saint Elias on Kayak Island after deposition and folding of rocks of late Miocene age in the Neogene sequence tend to parallel trends of older structures. Folds involving Oligocene and Miocene strata typically are of small amplitude, tightly compressed, and asymmetric or overturned; axial planes are inclined toward the west or north. The notably divergent northerly trends in the area east of Ragged Mountain may reflect local deformation of the younger rocks against the more competent backstop of the Orca Group during relative westward underthrusting along the Ragged Mountain fault.*

*Important faults in the Cordova and Middleton Island quadrangles are categorized as follows: (1) the Contact Fault system that separates the Cretaceous Valdez Group from the lower Tertiary Orca Group; (2) a system of faults, including the Chugach, Ragged Mountain, and Wingham Island faults, that juxtaposes the Orca Group against younger Tertiary rocks; and (3) faults that affect only rocks younger than the Orca Group.*

The geology of the Tatitlek Corporation lands covered by this report is well known, consisting of seven formations, six of which belong to the Tertiary Orca Group. The formation descriptions according to Nelson et al<sup>5</sup> are:

***Toc CONGLOMERATE** - ranges from matrix-supported pebbly mudstone and sandstone to massive clast-supported pebble, cobble, and boulder con-*

glomerate. The generally well-rounded clasts consist of various lithologies that have locally predominant types as follows: near Valdez Arm, greenstone, sandstone, argillite, and limestone; near Sheep Bay, felsic porphyry and tuff, granite, and sandstone; west of Ragged Mountain, felsic tuff and porphyry; on Evans and Latouche Islands, white quartz, felsic porphyry, and argillite; and at Miners Bay, sandstone and siltstone. The conglomerates usually occur as lenses 300-700 ft thick within flyschoid rocks. The thickest lens is found near Miners Bay and measures about 3,000 ft in thickness. The conglomerates probably represent different stratigraphic horizons: the conglomerate north of Galena Bay rests positionally on pillow basalts and contains Paleocene crab fossils, but the conglomerate west of Ragged Mountain is apparently stratigraphically above upper Paleocene or lower Eocene volcanoclastic rocks. Winkler and Tysdal have interpreted the clast-supported conglomerates of the Orca Group as deposits in feeder and distributary channels that supplied a fan complex; they suggest that matrix-supported conglomerates and pebbly mudstones may have been formed by submarine landslides on unstable slopes.

**Tos SEDIMENTARY ROCKS, UNDIVIDED** - Sedimentary rocks of the Orca Group make up a sequence of thin- to thick-bedded sandstone, siltstone, and mudstone. Abundant sedimentary structures, such as graded bedding, crossbedding, and ripple marks, along with flute, groove, and load casts, indicate deposition from turbidity currents. Sandstone is more abundant than finer-grained rocks. Massive sandstone is prominent in a belt that extends from Johnstone Bay on the south through Nassau Ford to the Unakwik Inlet area on the north. Minor amounts of hemipelagic mudstone that contain scattered planktonic foraminifers occur throughout the Orca Group. Limestone lenses or concretions are found locally, and these... are characteristic of sedimentary rocks belonging to the Orca Group.

The degree of regional metamorphism exhibited by these rocks ranges from less than zeolite facies (probably better classified as diagenetic alteration) to lower greenschist facies. Rocks of lower metamorphic grade are generally found seaward of the higher grade rocks. Outboard graywackes with minimum grade show the development of matrix material and clay rims on detrital grains. However, metamorphism of most of the outboard graywackes have reached zeolite to prehnite-pumpellyite facies with mineral assemblages that include phyllosilicates. This gradation from diagenetic and low-grade metamorphic changes is probably due to increasing depth of burial. The more inboard graywackes exhibit lower greenschist-facies assemblages, including white mica  $\pm$  chlorite  $\pm$  epidote.

**Top PILLOW BASALT** - Pillow basalt of the Orca Group in Prince William Sound has been previously described by several workers, most extensively by Capps and Richter. Pillow basalt, associated broken pillow breccia,

and massive flows, make up large parts of Glacier, Lone, Knight, and Elrington Islands, Copper Mountain, and Ragged Mountain. This unit may be more than 5,000 ft thick on Knight Island where it is part of a larger mafic igneous complex. Pillow diameters average 3 ft; however, elongated pillows as much as 12 ft long, as well as multilobed and bifurcated pillows, are common.

Pillow breccia and massive flows are subordinate in quantity to pillow basalt. Minor intercalated sedimentary rocks are predominantly siliceous mudstone and argillite. Interpillow material consists of siliceous mudstone, sandstone, or carbonate rocks. Pillow basalts are porphyritic and have phenocrysts of plagioclase and clinopyroxene; olivine is present but not abundant. Altered brown-colored volcanic glass makes up much of the matrix, especially in the outer parts of pillows. Vesicles are usually filled with calcite and (or) chlorite. This unit is gradational into sheeted dikes on Glacier and Knight Islands and into mixed sedimentary and volcanic rocks elsewhere.

**Tops PILLOW BASALT AND SEDIMENTARY ROCKS** - Pillow basalt, massive basalt flows, minor volcanic breccia interbedded with sandstone, siltstone, and shale. Distinguished from the interbedded sedimentary and mafic volcanics rocks unit on the basis of the predominance of pillow basalt in the section. Probably gradational with the pillow basalt unit. Two measured sections on Ellamar Mountain show significant differences in the percent of interbedded volcanic and sedimentary rocks that reflect rapid lensing out of units, probably due to the presence of an irregular paleosurface. One section contains 92 percent volcanic rocks and 8 percent sedimentary rocks, and the other section (about 1,200 ft laterally distant) contains 75 percent volcanic rocks and 25 percent sedimentary rocks. The petrography of these volcanic rocks is similar to those of the pillow basalt unit.

**Tov VOLCANIC ROCKS, UNDIVIDED** - Mostly tabular or lenticular bodies of mafic volcanic rocks altered to greenstone and not examined in detail. As mapped, may include pillowed or massive flows, broken pillow breccia, tuff, and dikes.

**Krs SEDIMENTARY ROCKS, UNDIVIDED** - Thick sequences of deformed and metamorphosed flysch consisting of metasandstone, metasiltstone, argillite, slate, and phyllite, with rare beds of conglomerate and pebbly argillite. Layers are generally a few inches to a few feet thick, but massive sandstone as much as several tens of feet thick is locally present. In many places primary internal sedimentary structures, consisting of graded bedding, cross laminations, and convolute bedding, are preserved, especially in the areas to the south of Harriman Fiord and to the east of the Copper River. However, in most places, original bedding is transposed by regional shear-



ing. This shearing could be related to the accretionary and (or) oroclinal bending deformational events.

*The metamorphic grade of the Valdez Group is generally low greenschist-facies, but ranges from zeolite to amphibolite facies. This range, as well as specific facies assemblages, are similar to those of the Orca Group and in both cases may represent metamorphism associated with accretion. Upper greenschist-facies assemblages (with biotite) are found mainly in local occurrences near major faults. The highest grade assemblages, although regionally extensive, suggest a late thermal aspect to the metamorphism. This is demonstrated in two areas in particular: north of Port Fidalgo and east of the Copper River. In both places, primary sedimentary structures are well preserved in sedimentary rocks that have abundant metamorphic biotite and locally well-developed porphyroblasts of andalusite  $\pm$  cordierite  $\pm$  garnet. In these greywackes, biotite usually parallels, but sometimes grows across, any penetrative fabric as porphyroblastic grains. The parallel biotite growth is considered to be mimetic (of an earlier formed fabric) rather than entirely syntectonic.*

### C. STRUCTURAL GEOLOGY AND TECTONICS

The Prince William Sound area is part of the southern Alaska margin which has been described by Plafker, Moore, and Winkler<sup>6</sup> as follows:

*Included within the southern Alaska margin is a complex of highly deformed, offscraped, and accreted deep-sea rocks (Chugach, Saint Elias, Ghost Rocks, and Prince William terranes... and an allochthonous fragment of the continental margin (Yakutat terrane). The Southern Margin composite terrane includes the four accreted terranes south of the Border Ranges fault system, and the Wrangellia composite terrane includes the three terranes to the north (Peninsular, Wrangellia, and Alexander). The southern Margin composite terrane boundary with the Pacific plate is the Aleutian megathrust fault system, and the Yakutat terrane boundaries with the Pacific plate are defined by the Transition and Fairweather fault systems. Boundaries between the Yakutat and Chugach terranes are the Kayak Island zone, the Chugach-Saint Elias fault system, and the Fairweather fault. ...The Saint Elias terrane is considered to be part of the Chugach terrane and the Ghost Rocks terrane is part of the Prince William terrane ...*

Regional structure sections across the southern Alaska margin are incredibly complex. The Pacific plate and the overlying Eocene oceanic crust plunge downward to the north under mainland Alaska. The overlying sediments are highly contorted and cut by numerous imbricate northward-dipping thrust faults.

## D. GEOPHYSICS/GEOCHEMISTRY

An aeromagnetics survey was flown in 1975-1977 covering the Seward and Blying Sound quadrangles. Reconnaissance geochemical and mineralogical sampling was also done in the same area during 1975 and 1976 as part of the U. S. Geological Survey's Alaska Mineral Resource Assessment Program (AMRAP) as USGS MF-880(A-H). USGS MF-880(D<sup>7</sup>, E<sup>8</sup>, F<sup>9</sup>, & G<sup>10</sup>) presented the geophysical and geochemical data on these two quadrangles.

A later compilation of data by the U. S. Geological Survey and the U. S. Bureau of Mines covered the entire Chugach National Forest and was published by the U. S. Geological Survey as MF-1645(A-E). USGS MF-1645(C<sup>11</sup>, D<sup>12</sup>, & E<sup>13</sup>) presented mineralogical data for the Chugach National Forest.

Richard Goldfarb, et. al.<sup>14</sup> conducted a reconnaissance scale geochemical survey of the Cordova and Middleton Island quadrangles. The abstract of that report follows:

*A reconnaissance geochemical survey was conducted over the metasedimentary and mafic metavolcanic rocks of the Valdez and Orca Groups and a series of younger, dominantly marine sedimentary formations on the Cordova and Middleton Island 1° X 3° quadrangles in south-central Alaska. A total of 844 sediment samples and 749 nonmagnetic heavy-mineral-concentrate samples were analyzed by semiquantitative emission spectrography and atomic absorption spectrophotometry. The spatial distribution of the data was examined using both individual-element concentration plots and R-mode factor-analysis score plots. Additionally, geochemical data were interpreted for 499 sediment samples that were collected during the U. S. Department of Energy's National Uranium Resource Evaluation survey of the quadrangles and analyzed by neutron activation analysis and X-ray fluorescence.*

*Concentrate samples with detectable gold values (≥20 parts per million) are present over much of the northern quarter of the Cordova quadrangle in streams that drain the metasedimentary and metavolcanic units of the Upper Cretaceous Valdez Group. The largest clusters of anomalous samples are found near Mt. Denson, in the Dead Creek-Brown Basin-Meteorite Mountain region, and on Wortmanns, Schwan, and Allen Glaciers. Concentrates enriched in iron, cobalt, copper, and nickel, and less consistently in silver, arsenic, and lead, delineate an extensive base-metal-sulfide-rich belt that stretches across the higher elevations of the Cordova quadrangle to the west of the Copper River; this area is underlain by both Valdez Group and early Tertiary Orca Group rocks. Anomalous concentrations of zinc in sediments on central Hawkins Island, between Ellamar and Galena Bay, to the south of Port Fidalgo, in the northern Heney Range, and on Sheridan Glacier indicate that the most geochemically favorable ground for volcanogenic massive sulfide occurrences is within Orca Group rocks. Highly anomalous values for*

*manganese in both sample media from the Gravina River and upper Dead Creek watersheds may indicate an additional region of base-metal mineralization with Valdez Group rocks. Barium and zinc values for concentrates derived from the younger Tertiary sedimentary rocks in the southeastern part of the study area are consistently highly anomalous and may define bedded or disseminated accumulations of these metals.*

In another geochemical report, Goldfarb and others<sup>15</sup> presented moraine, stream sediment, nonmagnetic heavy-mineral concentrate and rock data for all the Chugach National Forest which included data for the Tatitlek Corporation area.

Between these two reconnaissance scale surveys, a total of over 50 samples on or adjacent to the subject lands was collected and analyzed. Several rock samples strongly anomalous in copper and zinc were collected from the area around Copper Mountain and between Copper Mountain and Galena Bay. Anomalous stream sediment samples were collected from the flats between Hell's Hole and Irish Cove and from patented mining claim MS 1584 several miles east of Irish Cove. Two samples from Bligh Island had anomalous values. Other tracts also had samples with anomalous values. See Figure 3.

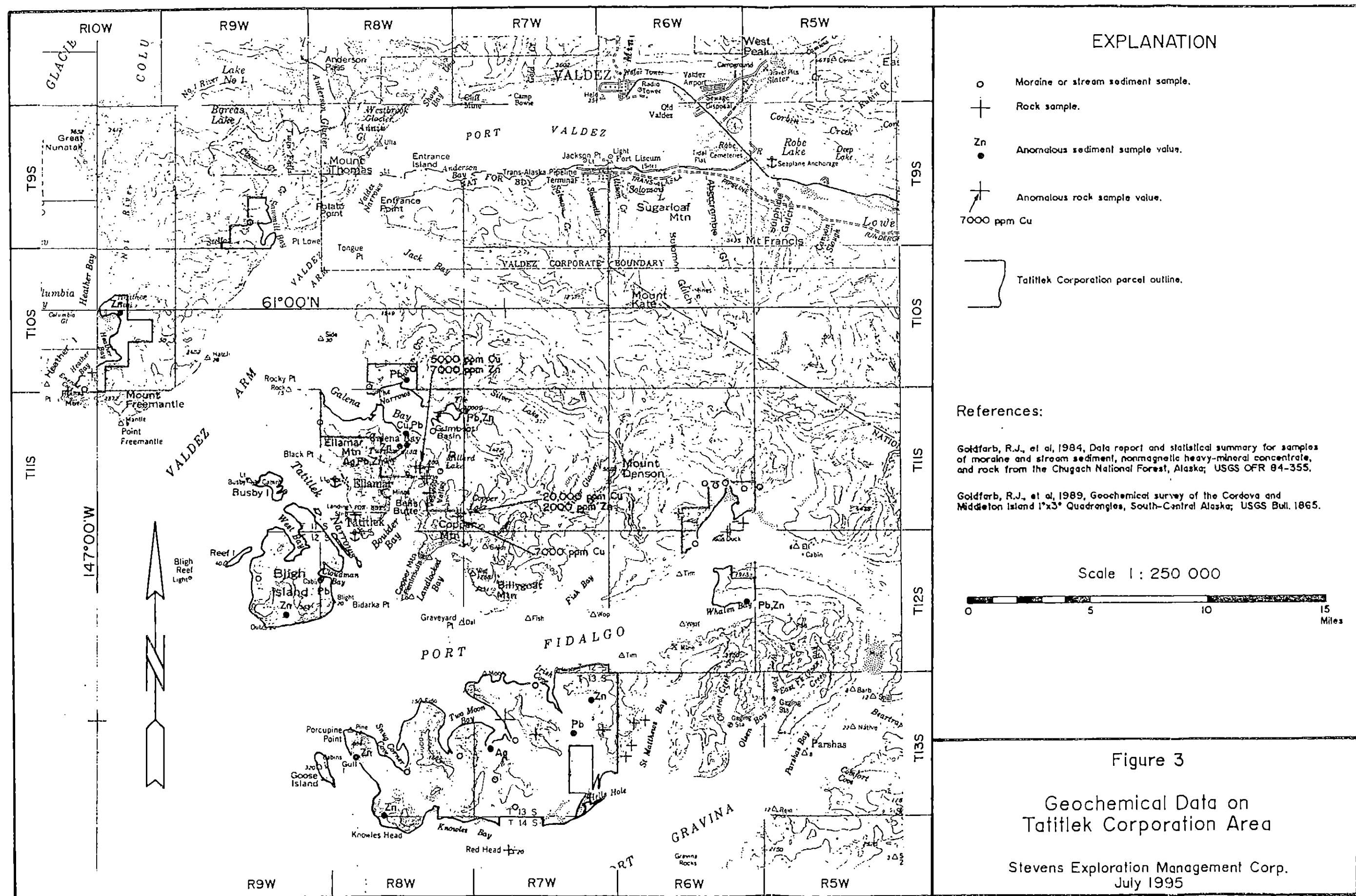
## CONCLUSIONS

These geochemically anomalous rocks and stream sediments certainly confirm the characterization of the Orca group rocks as permissible for the occurrence of volcanogenic massive sulfide mineralization. The intensity of prospecting in this area also serves to temper the importance of these anomalous values. Outcropping mineralization would very likely have been found prior to 1971 when these lands were withdrawn pursuant to ANCSA.

Nevertheless, it is true that significant advances in the techniques of rock geochemistry and in airborne geophysical methods, if applied to the subject lands today, could result in new mineral discoveries.

## E. HISTORICAL GEOLOGY

The historical geology of the subject areas was incorporated into the above discussion of Regional Geology and Structural Geology and Tectonics.



### III. DESCRIPTION OF ENERGY AND MINERAL RESOURCES

#### A. KNOWN MINERAL DEPOSITS

##### 1. LEASING ACT MINERALS

There are no known oil and gas occurrences or coal deposits near the subject parcels or on the parcels.

##### 2. SALABLE MINERALS

The terrane encompassing the subject parcels has been glaciated and this has produced a thin veneer of sand and gravel over the bedrock. Where stream action has concentrated this sand and gravel into alluvial fans, sand and gravel deposits are present. Some valley bottoms could have substantial volumes of sand and gravel. However, since there is no nearby market for this resource, the sand and gravel have no market value.

##### 3. LOCATABLE MINERALS

The Tatitlek area has historically been an active mining and exploration district. The Ellamar Mine produced 15,761,337 pounds of copper, 51,305 ounces of gold, and 191,615 ounces of silver.<sup>16</sup> A mine of this magnitude generated a lot of prospecting in the district and as a result, there are at least 15 other prospects known to the east and southeast of the Ellamar Mine.

On the south side of Port Fidalgo, in Township 13 South, Range 7 West, Section 2, Mineral Survey 1034 covers the workings of the old Dickey Copper Company. The location of this prospect is shown on Figure 4 as "C 65". Jansons et al.<sup>17</sup> reported the following:

*Locality No.*

C65

*Name/Owner (resource) Location*

*Dickey Copper Company; Mason & Gleason, Irish Cove Copper Co.  
(Copper, zinc, gold silver, lead, cobalt) Sec. 02, T. 13 S., R. 07 W. CRM*

*Summary of Mineralization*

*Mineralized shear zones cutting slate and graywacke have been traced for 300 ft. Chalcopyrite, pyrite, sphalerite, and pyrrhotite occur in 6- to 8-ft-wide shear zones.*

