

AGREEMENT FOR SALE AND PURCHASE OF LANDS AND INTERESTS ON
AFOGNAK ISLAND

RECEIVED
MAY 05 1995

THIS AGREEMENT is made by and between the Seal Bay Timber Company (Seller), The SPILL Nature Conservancy ("TNC"), and the State of Alaska ("State") (collectively, the **EXXON VALDEZ Oil Spill Trustee Council** **ADMINISTRATIVE RECORD**

1. SALE OF PROPERTY. Seller hereby agrees to sell all Seller's property rights on Afognak Island, Alaska, consisting of 17,166 acres, more or less, at Seal Bay ("Seal Bay parcel") and 24,383 acres, more or less, at Tonki Bay ("Tonki Cape parcel"), as more particularly described in Exhibit A ("the Property"), such sale to be made in accordance with the terms and conditions of this Agreement.

2. PAYMENT OF PURCHASE PRICE. The EXXON VALDEZ Oil Spill Trustee Council ("Trustee Council") has resolved to provide for payment of the purchase price in accordance with the terms and conditions of the resolution attached as Exhibit B.

3. INTEREST CONVEYED. The Seller does hereby warrant and represent to the Trustee Council, the State, and the United States as follows: (1) that the Seller is vested with title to the surface estate to the Property, (2) that all rights which may have been created by Section 14 of the Alaska Native Claims Settlement Act will be extinguished prior to final payment, and (3) that no liens, encumbrances, defects or third party interests have been granted by Seller in the Property except for a deed of trust and security interest to Konkor Forest Products Company, which deed of trust and security interest will be released at closing. At closing, Seller shall execute and deliver to TNC warranty deeds to the Property ("the Deeds"), in substantially the form attached hereto as Exhibits C and D, which exhibits are incorporated herein by reference. The Deeds shall convey the Property free and clear of all claims, liens and encumbrances other than the noted exceptions. In addition, Seller shall execute and deliver to TNC at closing such assignment documents as may be necessary to convey Seller's other interests in the Property to TNC.

4. TERMS OF SALE. Seller will be paid \$29,950,000 at the time of closing. The balance of the purchase price (\$8,750,000) will be paid in three annual equal installments of \$2,916,666.67, plus interest accruing on the unpaid balance at a rate equal to the fifty-two week United States treasury bill rate compounded and adjusted annually. The final payment will be contingent upon the extinction, including final adjudication, of any claims or potential claims pursuant to Section 14 of the Alaska Native Claims Settlement Act.

5. CONDITIONS OF SALE. Prior to closing the following conditions must be satisfied: (a) a completed hazardous substance survey must establish that there are no hazardous substances on the Property, and (b) there must be satisfactory compliance with the National Environmental Policy Act. Seller agrees to promptly undertake all measures necessary to comply with the applicable requirements of AS 41.17 concerning reforestation, revegetation, brush, slash, and debris, salvage of trees, and soil erosion and wasting of logged lands and roads. Seller will place water bars, pull culverts and bridges, and hydroseed roads in accordance with a plan to be developed in cooperation with the Trustee Council. This plan will include compliance by Seller with the applicable road closure requirements of 11 AAC 95.320 and the applicable reforestation requirements of 11 AAC 95.375-390.

6. FURTHER CONVEYANCE. TNC shall convey title to the Property to the State at such time as the Property has been designated by the Alaska legislature as a state park. If the Property has not been so designated within 12 months of the date of conveyance to TNC, TNC shall, upon acceptance by the United States, convey title to the Property to the United States for inclusion in an appropriate federal conservation system unit as defined at Section 102 of the Alaska National Interest Lands Conservation Act, Public Law 96-487 ("Conservation System Unit") and having restrictions consistent with Paragraph 6(a). Title to the Property shall be conveyed to the State or the United States subject to the following conditions:

(a) there shall be no commercial timber harvest on the Property nor any other commercial use of the Property excepting such limited commercial use as may be consistent with state law and the goals of restoration to its prespill condition of any natural resource injured, lost, or destroyed as a result of the EXXON VALDEZ oil spill and the services provided by that resource or replacement or substitution for the injured, lost or destroyed resources and affected services as described in the Memorandum of Agreement and Consent Decree between the United States and the State entered August 28, 1991;

(b) once the Property has been conveyed to the State or the United States, the Property may not be conveyed to any other entity for any purpose, and in the event that there is an attempt by the State to convey the Property to any entity, in lieu of that conveyance, title to the Property shall revert to TNC and as soon thereafter as possible, be conveyed to the United States for inclusion in a federal Conservation System Unit, and shall be subject to the conditions of subparagraph (a).

7. RIGHT TO ENTER PROPERTY. Seller agrees that from the date this Agreement is fully executed by the Parties, the Trustee Council, the State and the United States and their agents, upon reasonable notice, shall have the right to enter the Property for all lawful purposes in connection with this Agreement, including environmental audit purposes.

8. CLOSING PLACE AND DATE. The Parties agree to endeavor in good faith to close on or before 10 days after \$29,950,000, the funds for the initial payment to Seller, have been provided by the Trustee Council and are available for lawful expenditure by the State, and all documents that are required to be provided or completed and executed by the Parties have been tendered. The date, time and location of closing shall be set by the State in concurrence with Seller and TNC.

9. OTHER AGREEMENTS AND ACTIONS. The Parties agree to take other action or enter into other agreements reasonably necessary to the exercise and closing of this Agreement.

10. SIGNATURE AUTHORITY. Each signatory to this Agreement represents that he has the authority to bind his principal to this Agreement.

11. NOTICE. Written notices shall be provided to the parties at the following addresses:

State of Alaska
Department of Natural Resources
Director, Division of Land
P.O. Box 107005
Anchorage, AK 99510-7005

State of Alaska
Craig Tillery
Attorney General's Office
1031 West 4th Avenue, Suite 200
Anchorage, AK 99501

The Nature Conservancy
Attn: Steve Planchon
601 West 5th Avenue, Suite 500
Anchorage, AK 99501

STATE OF ALASKA

By: Charles S. Clark
Its: Attorney General
Date: 9/17/93

THE NATURE CONSERVANCY

By: Susan L. Ruggles
Its: V.P. Alaska Director
Date: 11.4.93

Seal Bay Timber Company
P.O. Box 71
Old Harbor, AK 99643

James K. Wilkens, Esq.
Bliss, Riordan
431 W. 7th Avenue, Suite 201
Anchorage, AK 99501

C. Walter Ebell, Esq.
Jamin, Ebell, Bolger & Gentry
300 Mutual Life Building
605 First Avenue
Seattle, WA 98104

SEAL BAY TIMBER COMPANY

By: Emil Christensen
Its: PRESIDENT
Date: 9-17-93

SEAL BAY TIMBER COMPANY

PARCEL ONE: Property situated in the Kodiak Recording District, Third Judicial District, State of Alaska, more fully described as follows:

Seward Meridian

T.20 S., R. 17 W
Sec. 32

T.21 S., R. 16 W
Sec. 19
Sec. 30 and 31

T.21 S., R. 17 W.
Sec. 6, 7 and 8
Sec. 13
Sec. 17 to 20
Sec. 23 to 26
Sec. 29, 30 and 31
Sec. 33 and 34
Sec. 35 and 36

T.21 S., R. 18 W.
Sec. 1
Sec. 11 to 16
Sec. 17 S 1/2; NE 1/4; NW 1/4, E 1/2
Sec. 20 to 29
Sec. 31 to 36

T. 21 S., R. 19 W.
Sec. 35 and 36

T. 22 S., R. 16 W.
Sec. 6 and 7
Sec. 18 and 19
Sec. 31

T.22 S., R. 17 W.
Sec. 1 to 5
Sec. 8 and 9
Sec. 11 to 14
Sec. 17
Sec. 19 and 20
Sec. 23 to 29

EXHIBIT A

Sec. 32 to 35
Sec. 36

T.23 S., R. 17 W.

Sec. 1
Sec. 2 to 5
Sec. 6, SE 1/4
Sec. 7, E 1/2
Sec. 8 to 10
Sec. 15 to 17
Sec. 18, E 1/2
Sec. 19, NE 1/4
Sec. 20, E 1/2; NW 1/4
Sec. 21 to 22
Sec. 28
Sec. 29, E 1/2

PARCEL TWO: Property situated in Sections 26, 27 and 34, Township 21 South, Range 19 West, Seward Meridian, situated Southwest of Mallard Creek on Afognak Island, in the Kodiak Recording District, Third Judicial District, State of Alaska, more fully described as follows:

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

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

N. 63°00' E. a dist. of 127.38 ft.
N. 55°00' E. a dist. of 175.00 ft.
N. 46°30' E. a dist. of 404.00 ft.
N. 29°00' E. a dist. of 117.00 ft.
N. 07°45' E. a dist. of 83.00 ft.
N. 01°15' E. a dist. of 265.00 ft. to Cor. No. 2,

THENCE S. 28°45' E. a dist. of 2892.99 ft. to Cor. No. 3, this line traversing westerly near Mallard Creek,

EXHIBIT A

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

THENCE S. $00^{\circ}02'48''$ E. along the section line between Secs. 34 and 35, a dist. of 1316.70 ft. to Cor. No. 5,

THENCE N. $28^{\circ}45'$ W. a dist. of 2204.16 ft. to Cor. No. 6, marking a point on the southerly boundary of Ouzinkie log storage yard,

THENCE N. $54^{\circ}00'$ E. along the southerly boundary of the Ouzinkie log storage yard, a dist. of 137.41 ft. to Cor. No. 7,

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

This parcel contains approximately 58.96 acres.

COPY

RESOLUTION OF THE
EKKON VALDEZ SETTLEMENT TRUSTEE COUNCIL

We, the undersigned, duly authorized members of the Exxon Valdez Settlement Trustee Council, after extensive review and after consideration of the views of the public, find as follows:

1. Seal Bay Timber Company ("Seller") owns the surface estate of lands on Afognak Island, including timber rights and consisting of approximately 41,549 acres, more or less, in two parcels, the Seal Bay parcel consisting of approximately 17,166 acres, more or less ("Seal Bay parcel") and the Tonki Cape parcel consisting of approximately 24,383 acres, more or less ("Tonki Cape parcel") (together the "Lands"), more particularly described in Attachment A. These Lands were selected pursuant to the Alaska Native Claims Settlement Act. The subsurface rights are held by Koniag, Inc.

2. The Lands are within the oil spill affected area and the tidelands adjoining the Lands were oiled in 1989.

3. A substantial portion of the Seal Bay parcel is threatened with imminent clearcut logging. Approximately 1158 acres have been logged, logging operations were ongoing on additional acreage until the Trustee Council resolved to purchase the Lands, and permits have been secured or are pending for the logging of additional acreage. The majority of the commercial timber in the Seal Bay parcel is slated for harvest by clearcut logging over the next few years.

COPY

4. The Lands include important habitat for several species of wildlife for which significant injury resulting from the oil spill has been documented. There is substantial evidence that the Lands are important marbled murrelet nesting areas. The extent to which marbled murrelets are naturally recovering from the oil spill is unknown. Harlequin ducks, a species that continues to suffer injury, are believed to nest in both parcels and forage on nearshore rocks and beaches adjacent to both parcels. Logging may directly affect these foraging and nesting activities and hence the rehabilitation of these two species. Restoration of black oyster catchers and river otters, which utilize the shore adjacent to uplands slated for logging, may be impacted by logging activities. River otters forage, rest, and may den on uplands. Harbor seal haul outs and intertidal and subtidal biota are all found in substantial quantity along the shore line in the threatened areas and could be impacted. There are known concentrations of sea otters off Tolstoi Point as well as otters that feed in the near shore waters of Seal Bay and Tonki Cape. Sea otters were injured by the oil spill. There are six documented anadromous streams in the Seal Bay parcel and two in the Tonki Cape parcel. There are ten documented bald eagle nests in Seal Bay with feeding and roosting along the shoreline and seven documented nests in the Tonki Cape parcel. Seal Bay has historically supported high value wilderness-based recreation such as hunting, boating and fishing. The area has high scenic value.

5. Existing laws and regulations, including but not limited to the Alaska Forest Practices Act, the Anadromous Fish Protection Act, the Clean Water Act, the Alaska Coastal Management Act, the Bald Eagle Protection Act and the Marine Mammals Protection Act, are intended, under normal circumstances, to protect resources from serious adverse affects from logging and other developmental activities. However, restoration, replacement and enhancement of resources injured by the EXXON VALDEZ oil spill present a unique situation. Without passing on the adequacy or inadequacy of existing law and regulation to protect resources, biologists, scientists and other resource specialists agree that, in their best professional judgment, protection of habitat in the spill affected area to levels above and beyond that provided by existing law and regulation will likely have a beneficial affect on recovery of injured resources and lost or diminished services provided by these resources.

6. There has been widespread public support for the acquisition of the Lands.

7. The purchase of the Lands is an appropriate means to restore a portion of the injured resources and services in the oil spill area.

THEREFORE, we resolve to accept the Seller's proposal to sell the Seal Bay parcel consisting of approximately 17,156 acres, more or less, and the Tonki Cape parcel consisting of approximately 24,383 acres, more or less, including timber rights for both parcels, for \$38,700,000 pursuant to the following conditions:

(a) the appraised value of the Seal Bay parcel and the Tonki Cape parcel combined is not less than \$38,700,000. If the appraised value of the Lands is less than \$38,700,000 Seller may exercise an option to sell and the Trustee Council agrees to provide the funds for purchase of the Lands at the appraised value. If the appraised value of the Seal Bay parcel alone is greater than \$38,700,000 but less than \$42,000,000, the sale of the Lands will proceed at \$38,700,000. If the appraised value of the Seal Bay parcel is greater than \$42,000,000, Seller may elect not to proceed with the sale of the Lands, or Seller may exercise an option to sell at \$38,700,000 and the sale of the Lands shall proceed at \$38,700,000. The appraised value will be determined by an appraiser to be selected by the Trustee Council. The appraisal will determine the fair market value of the Lands as of May 14, 1993;

(b) Seller will be paid \$29,950,000 at the time of closing. The balance will be paid in three annual equal installments with interest accruing on the unpaid balance at a rate equal to the fifty-two week United States treasury bill rate, with the rate to be adjusted annually and compounded annually. The final payment will be contingent upon the extinction, including final adjudication, of any claims or potential claims pursuant to sections 14(c) and (g) of the Alaska Native Claims Settlement Act;

(c) a satisfactory hazardous substances survey is completed;

(d) there is satisfactory compliance with the National Environmental Policy Act.

(e) a satisfactory title search is completed and Seller is able to convey fee simple title by warranty deed to the surface estate for the Lands;

(f) no timber harvesting or further road development will be done on these Lands by Seller prior to closing;

(g) the appraisal, National Environmental Policy Act compliance, and title search will be completed within 90 days after May 13, 1993 or as soon thereafter as the parties may agree;

(h) Seller agrees to promptly undertake all measures necessary to comply with the applicable requirements of AS 41.17 concerning reforestation, revegetation, brush, slash, and debris, salvage of trees, and soil erosion and wasting of logged lands and roads. Seller will place water bars, pull culverts and bridges, and hydroseed roads in accordance with a plan to be developed in cooperation with the Trustee Council. This plan will include compliance by Seller with the applicable road closure requirements of 11 AAC 95.320 and the applicable reforestation requirements of 11 AAC 95.375-390.

To facilitate protection of this key habitat and to eliminate the potential for encumbrances on the Lands, title to the Lands shall initially be conveyed to The Nature Conservancy ("TNC") which shall convey title to the State of Alaska at such time as the Lands have been designated by the Alaska legislature as a state park. The State and TNC will enter into an appropriate agreement

COPY

for the management of the Lands consistent with the this Resolution. If these Lands have not been so designated within 12 months of the date of conveyance to TNC, TNC shall, upon acceptance by the United States, convey title to the Lands to the United States of America for inclusion in an appropriate federal conservation system unit as defined at section 102 of the Alaska National Interest Lands Conservation Act, Public Law 96-487 ("Conservation System Unit") and having restrictions consistent with Paragraphs (i) through (k) of this Resolution. During the time that title is held by TNC the Lands shall be managed by the State of Alaska consistent with the terms of this Resolution.

Title to the Lands shall be conveyed to the State of Alaska or the United States subject to the following conditions:

(i) there shall be no commercial timber harvest on these Lands nor any other commercial use of these Lands excepting such limited commercial use as may be consistent with state and federal law and the goals of restoration to its prespill condition of any natural resource injured, lost, or destroyed as a result of the EXXON VALDEZ oil spill and the services provided by that resource or replacement or substitution for the injured, lost or destroyed resources and affected services as described in the Memorandum of Agreement and Consent Decree between the United States and the State of Alaska entered August 28, 1991;

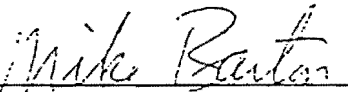
(j) if the Lands are designated as a state park, public use of the Lands shall include sport, personal use, and subsistence hunting, fishing, trapping, and recreational uses insofar as

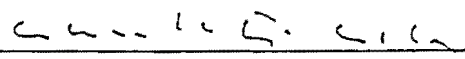
COPY


consistent with public safety and permitted under law or under a regulation of the Board of Fisheries or Board of Game.

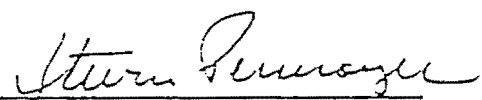
(k) once the Lands have been conveyed to the State of Alaska or the United States of America, they may not be conveyed to any other entity for any purpose, and in the event that there is an attempt by the State to convey the Lands to any entity, in lieu of that conveyance, title to the Lands shall revert to TNC and as soon thereafter as possible, upon acceptance by the United States, be conveyed to the United States of America for inclusion in an appropriate federal conservation system unit as defined at section 102 of the Alaska National Interest Lands Conservation Act, Public Law 96-487 ("Conservation System Unit") and having restrictions consistent with Paragraphs (i) through (k) of this Resolution.

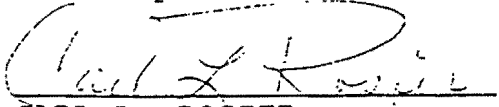
Dated this 23 day of August, 1993 at Anchorage, Alaska.

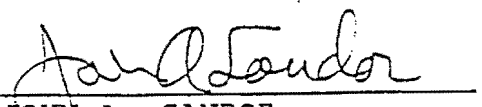

MICHAEL A. BARTON
Regional Forester
Alaska Region
USDA Forest Service


CHARLES E. COLE
Attorney General
State of Alaska


PAUL D. GATES
Regional Environmental Officer
for Alaska
U.S. Department of the Interior


STEVEN PENNOYER
Director, Alaska Region
National Marine
Fisheries Service


CARL L. ROSIER
Commissioner
Alaska Department of
Fish and Game


JOHN A. SANDOR
Commissioner
Alaska Department of
Environmental Conservation

WARRANTY DEED

GRANTOR Seal Bay Timber Company, whose address is P.O. Box 71, Old Harbor, Alaska 99643, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid, grants, conveys and sells to GRANTEE The Nature Conservancy, whose address is 601 West 5th Avenue, Suite 500, Anchorage, Alaska 99501, the following described property situated in the Kodiak Recording District, Third Judicial District, State of Alaska, more fully described as follows:

Seward Meridian

T.20 S., R. 17 W.
Sec. 32

T.21 S., R. 16 W.
Sec. 19
Sec. 30 and 31

T.21 S., R. 17 W.
Sec. 6, 7 and 8
Sec. 13
Sec. 17 to 20
Sec. 23 to 26
Sec. 29, 30 and 31
Sec. 33 and 34
Sec. 35 and 36

T.21 S., R. 18 W.
Sec. 1
Sec. 11 to 16
Sec. 17 S 1/2; NE 1/4; NW 1/4, E 1/2
Sec. 20 to 29
Sec. 31 to 36

T. 21 S., R. 19 W.
Sec. 35 and 36

T. 22 S., R. 16 W.
Sec. 6 and 7
Sec. 18 and 19
Sec. 31

T.22 S., R. 17 W.

Sec. 1 to 5
Sec. 8 and 9
Sec. 11 to 14
Sec. 17
Sec. 19 and 20
Sec. 23 to 29
Sec. 32 to 35
Sec. 36

T.23 S., R. 17 W.

Sec. 1
Sec. 2 to 5
Sec. 6, SE 1/4
Sec. 7, E 1/2
Sec. 8 to 10
Sec. 15 to 17
Sec. 18, E 1/2
Sec. 19, NE 1/4
Sec. 20, E 1/2; NW 1/4
Sec. 21 to 22
Sec. 28
Sec. 29, E 1/2

Together with any and all of the easements and appurtenances thereto, and improvements located thereon ("Property"); and

Subject to any and all easements, restrictions, covenants and encumbrances of record or imposed by law, including but not limited to those contained in Patent No. 50-90-0647 dated September 26, 1990, from the United States of America to Afognak Joint Venture.

Also subject to Afognak Island Road Use Agreement, including the terms and provisions thereof, as disclosed by Memorandum recorded August 6, 1991 in Book 108 at Page 323 in the Kodiak Recording District, Third Judicial District, State of Alaska; and Discoverer Bay Log Transfer Facilities Agreement, including the terms and provisions thereof, as disclosed by Memorandum recorded August 6, 1991 in Book 108 at Page 364 in the Kodiak Recording District, Third Judicial District, State of Alaska.

Grantor warrants that the Property is free and clear of any encumbrances created since the conveyance of the Property to Grantor, except for those encumbrances created by the exercise of federal, state, and local police powers, including building and zoning regulations, and agrees to forever defend the Property as to Grantee, its successors and assigns.

DATED this _____ day of _____, 1993, at _____, Alaska.

GRANTOR:

SEAL BAY TIMBER COMPANY

By: _____

Its: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____ day of _____, 1993, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, of SEAL BAY TIMBER COMPANY, a joint venture organized and existing under the laws of the State of Alaska, to me known and known to me to be the _____ of said joint venture and acknowledged to me that he signed the foregoing Warranty Deed freely and voluntarily for and on behalf of said joint venture by authority of its Board of Directors for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public in and for Alaska
My Commission Expires: _____

527708D.022

SORT YARD WARRANTY DEED

Grantor Seal Bay Timber Company, whose address is P.O. Box 71, Old Harbor, Alaska 99643 ("Grantor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid, grants, conveys and sells to Grantee The Nature Conservancy, whose address is 601 West 5th Avenue, Suite 500, Anchorage, Alaska 99501, the following described property situated in Sections 26, 27 and 34, Township 21 South, Range 19 West, Seward Meridian, situated Southwest of Mallard Creek on Afognak Island, in the Kodiak Recording District, Third Judicial District, State of Alaska, more fully described as follows:

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

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

N. 63°00' E. a dist. of 127.38 ft.
N. 55°00' E. a dist. of 175.00 ft.
N. 46°30' E. a dist. of 404.00 ft.
N. 29°00' E. a dist. of 117.00 ft.
N. 07°45' E. a dist. of 83.00 ft.
N. 01°15' E. a dist. of 265.00 ft. to Cor. No. 2,

THENCE S. 28°45' E. a dist. of 2892.99 ft. to Cor. No. 3, this line traversing westerly near Mallard Creek,

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

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

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

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

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

This parcel contains approximately 58.96 acres.

Together with any and all of the easements and appurtenances thereto ("Property");
and

Subject to any and all easements, restrictions, covenants and encumbrances of record or imposed by law, including but not limited to those contained in Patent No. 50-90-0647 dated September 26, 1990, from the United States of America to Afognak Joint Venture.

Also subject to Afognak Island Road Use Agreement, including the terms and provisions thereof, as disclosed by Memorandum recorded August 6, 1991 in Book 108 at Page 323 in the Kodiak Recording District, Third Judicial District, State of Alaska; and Discoverer Bay Log Transfer Facilities Agreement, including the terms and provisions thereof, as disclosed by Memorandum recorded August 6, 1991 in Book 108 at Page 364 in the Kodiak Recording District, Third Judicial District, State of Alaska.

Grantor warrants that the Property is free and clear of any encumbrances created since the conveyance of the Property to Grantor, except for those encumbrances created by the exercise of federal, state, and local police powers, including building and zoning regulations, and agrees to forever defend the Property as to Grantee, its successors and assigns.

DATED this ____ day of _____, 1993, at _____, Alaska.

GRANTOR:

SEAL BAY TIMBER COMPANY

By: _____
Its: _____

STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT) ss.

THIS IS TO CERTIFY that on this ____ day of _____, 1993, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, of SEAL BAY TIMBER COMPANY, a joint venture organized and existing under the laws of the State of Alaska, to me known and known to me to be the _____ of said company and acknowledged to me that he signed the foregoing Warranty Deed freely and voluntarily for and on behalf of said joint venture by authority of its Board of Directors for the uses and purposes therein mentioned.

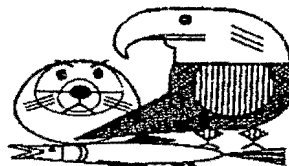
GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public for _____
My commission expires: _____

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



FAX COVER SHEET

To: David Bruce Number: _____

From: Rebecca Date: 5-28-94

Comments: _____ Total Pages: 19

Here is the Purchase Agreement between
the TC & Seal Bay Timber Company for
Seal Bay and Tonki Cape.

Document Sent By: Rebecca

Trustee Agencies

State of Alaska: Departments of Fish & Game, Law, and Environmental Conservation
United States: National Oceanic and Atmospheric Administration, Departments of Agriculture and Interior

TRANSMISSION REPORT

THIS DOCUMENT (REDUCED SAMPLE ABOVE)
WAS SENT

**** COUNT ****

20

*** SEND ***

| NO | REMOTE STATION I. D. | START TIME | DURATION | #PAGES | COMMENT |
|----|----------------------|-----------------|----------|--------|---------|
| 1 | 907 465 5375 | 5-27-94 11:57AM | 9'34" | 20 | |

TOTAL 0:09'34" 20

XEROX TELECOPIER 7021

*David
Bruce
for
Commissioner
Sandoz*