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Susitna Joint Venture
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AIRCRAFT SUPPORT

HELICOPTER

FIXED WING

PROPERTY OF:

Alaska Power Authority
334 W. 5th Ave.
Anchorage, Alaska 99501



Acres American Incorporated

1577 C Street

Suite 305

Anchorage, Alaska 99501

Telephone (907) 279-9631

CONTRACT #

between

AIR LOGISTICS OF ALASKA, INC.
6601 S. Airpark Place
Anchorage, Alaska 99502

and

ACRES AMERICAN INCORPORATED
1577 "C" Street, Suite 305
Anchorage, Alaska 99501

covering

Helicopter

Flight Service

for the

SUSITNA HYDROELECTRIC PROJECT

1982

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AGREEMENT

THIS CONTRACT (hereinafter referred to as "CONTRACT")
is made as of this _____ day of _____, and
shall be deemed effective as of the _____ day
of _____, by and between

Acres American Incorporated
(hereinafter referred to as ACRES)
having an office located at
1577 C Street, Suite 305
Anchorage, Alaska 99501

and

Air Logistics of Alaska, Inc.
6601 S. Airpark Place, Anchorage, Ak 99502

CONTRACT shall consist of this Agreement (hereinafter referred to as AGREEMENT) together with all attachments and supplements attached hereto, all of which said attachments and supplements are incorporated herein and made a part hereof.

W I T N E S S E T H:

WHEREAS, ACRES has entered into an agreement with Alaska Power Authority (the "AUTHORITY") to study the feasibility of development of the Susitna Hydroelectric Project (the "PROJECT"), and requires aircraft services (the "SERVICES"), therefore in consideration of the mutual covenants

and agreements herein contained, the parties hereto agree as follows:

Article I - Scope of Services

A. CONTRACTOR shall provide management, supervision, personnel, aircraft, equipment, supplies, materials, and support services except as otherwise specified, to provide contract aircraft flight services (hereinafter referred to as "CONTRACT AIRCRAFT SERVICES") in support of the PROJECT as ordered by ACRES pursuant to this CONTRACT.

CONTRACT AIRCRAFT SERVICES shall be defined as those SERVICES performed by CONTRACTOR's aircraft furnished pursuant to CONTRACT for an initial period of thirty (30) days or more under CONTRACT. Said aircraft shall be furnished at CONTRACTOR's own cost, risk, and expense to transport personnel, freight and cargo of all kinds for ACRES and their sub-contractors and shall be deemed CONTRACT Aircraft hereunder. CONTRACT AIRCRAFT SERVICES shall be performed by the type and model of aircraft specified in paragraph B. of Attachment 1, with said aircraft stationed at an operations base as specified by ACRES. CONTRACT AIRCRAFT SERVICES shall be undertaken by the CONTRACTOR only upon receipt of an Aircraft Request issued by ACRES authorized representative (hereinafter "ACRES REPRESENTATIVE"). ACRES REPRESENTATIVE for

purposes of this CONTRACT shall be only the persons identified in Attachment 9 to the CONTRACT. This list may be amended from time to time in writing by ACRES resident manager or deputy resident manager for the PROJECT.

B. CONTRACTOR shall provide management, supervision, personnel, aircraft, equipment, supplies, materials, and support services except as otherwise specified, to provide on-call aircraft flight services (hereinafter referred to as "ON-CALL AIRCRAFT SERVICES") in support of the PROJECT as may be required by ACRES from time to time pursuant to CONTRACT.

ON-CALL AIRCRAFT SERVICES shall be defined as those SERVICES performed by CONTRACTOR's aircraft, furnished pursuant to CONTRACT, for an initial period of twenty-nine (29) days or less. Said aircraft shall be deemed ON-CALL Aircraft, shall be part of CONTRACTOR's inventory on date of flight, and shall be employed at CONTRACTOR's own risk, cost, and expense to transport personnel, freight and cargo of all kinds for ACRES and their sub-contractors. ON-CALL AIRCRAFT SERVICES are to be furnished on a nonexclusive basis and are dependent upon aircraft availability. ON-CALL AIRCRAFT SERVICES shall be provided by the CONTRACTOR only upon receipt of an Aircraft Request issued by ACRES REPRESENTATIVE.

Article II - Contractor Performance

A. CONTRACTOR represents and warrants that all of CONTRACTOR's aircraft and all operation and maintenance personnel used by CONTRACTOR for this CONTRACT will be licensed in accordance with all applicable federal and state requirements, that all of CONTRACTOR's aircraft will be operated and maintained in accordance with all rules and regulations of governmental agencies having regulatory jurisdiction over CONTRACTOR's aircraft operations; that the CONTRACTOR is in the business of operating, and is properly authorized to operate such aircraft as may be flown by CONTRACTOR in furnishing SERVICES under this CONTRACT; that CONTRACTOR has a current, valid Alaska Transportation Certificate which is in effect and not suspended or revoked. The personnel described above shall include the key personnel listed in Attachment 2 (supplied by CONTRACTOR). CONTRACTOR shall comply with all of the obligations and conditions of its licenses and with all the rules, regulations and directives of federal and state agencies having regulatory jurisdiction over CONTRACTOR's aircraft and the operation and maintenance of such aircraft by CONTRACTOR. ACRES REPRESENTATIVE reserves the right to require the CONTRACTOR to remove and replace any crew member from performing SERVICES under this CONTRACT.

B. The pilot of CONTRACTOR in charge of the aircraft at the time shall have complete power and authority to make all decisions concerning the suitability of weather conditions, landing areas, and condition of the aircraft for flight and all other factors affecting flight safety. At no time will CONTRACTOR conduct in-flight training sessions on any aircraft under CONTRACT, nor shall CONTRACTOR PERMIT ANY in-flight activity which could relieve CONTRACTOR of its responsibility as herein described.

C. CONTRACTOR shall comply at all times with the latest editions (Attachment 3) of ACRE's Air Operations Manual which is hereby made a part hereof and any supplements or reissues hereafter promulgated. In the event any provision of ACRES' Air Operations Manual conflicts with regulations of Federal Aviation Administration (F.A.A.) and/or state of Alaska, the F.A.A. and/or state regulations shall prevail.

D. Under normal conditions aircraft will be flown within normal operating limitations reflecting safe, economical operation governed by that particular aircraft operating manual, standard procedures within the aircraft industry, and ACRES Standard Operating Procedures (SOP) for flight operations (Attachment 4).

E. Flights must be consistent with the limitations expressed in stipulations of the BLM temporary use PERMIT, Susitna Hydroelectric Feasibility Study attached hereto as Attachment 7. Specific attention is directed to paragraph 3.4 (Air Operations).

F. All aircraft must have complied with all Airworthiness Directives and engine manufacturer's recommended modifications.

Article III - Compensation - Payment

A. ACRES, subject to other terms of this CONTRACT, will pay CONTRACTOR as full and complete compensation for performing SERVICES and assuming obligations under this CONTRACT, a total contract price (hereinafter referred to as "CONTRACT PRICE") as defined and outlined in Attachment 1, attached hereto.

B. CONTRACT AIRCRAFT SERVICES INVOICING -- At the beginning of each calendar month, and not later than the 10th working day of the month, CONTRACTOR shall submit, in duplicate, an invoice together with full supporting information such as flight records, and fuel invoices in duplicate as applicable for SERVICES performed under the CONTRACT during the preceding month and not included on previous invoices. After

review of each invoice, ACRES will pay CONTRACTOR the amount certified by ACRES for payment within forty-five (45) days of receipt of the invoice by ACRES. Neither the review, certification, approval nor payment by ACRES of any said invoice shall preclude the right of ACRES from thereafter disputing any of the items and/or amounts involved.

C. ON-CALL AIRCRAFT SERVICES INVOICING -- ON-CALL AIRCRAFT SERVICES will be invoiced to ACRES at the Alaska Transportation Commission (ATC) tariff rates effective on the date of flight (Attachment 1). At the beginning of each calendar month, CONTRACTOR shall submit, in duplicate, an invoice together with full supporting documentation such as flight service records for SERVICES performed under the CONTRACT during the preceding month and not included on previous invoices. As a minimum, supporting data must contain the information reflected on Attachment 5, Sample Daily Flight Log. After review of each invoice, ACRES will pay CONTRACTOR the amount certified by ACRES for payment within forty-five (45) days of receipt of invoice by ACRES. Neither the review, certification, approval nor payment by ACRES of any said invoice shall preclude the right of ACRES from thereafter disputing any of the items and/or amounts involved.

D. Aircraft will be dispatched solely by the ACRES REPRESENTATIVE. Any dispatches or flights conducted by CONTRACT aircraft not sanctioned in advance by an authorized ACRES REPRESENTATIVE is not subject to compensation within the terms of this CONTRACT. All such flights are flown at the risk of the CONTRACTOR.

Article IV - Audit

A. ACRES shall have access, at all reasonable times, during the term of the CONTRACT and for a period of three (3) years following the completion of SERVICES or termination hereunder, to CONTRACTOR's and sub-contractor's personnel, books, correspondence, instructions, plans, drawings, receipts, vouchers and memoranda of every description pertaining to SERVICES, for the purpose of auditing and verifying costs of SERVICES or for any other reasonable purpose. ACRES shall have the right to reproduce this documentation. The audit rights of this paragraph include audit and verification of CONTRACTOR's compliance with the equal opportunity, nonsegregated facilities, subcontractor listings, and other requirements of ARTICLE XII - Laws and Regulations.

B. CONTRACTOR shall preserve all above-mentioned documents for a period of three (3) years after completion of SERVICES hereunder.

Article V - Taxes

Effective as of the first day SERVICES are performed under this CONTRACT, CONTRACTOR shall be responsible for and shall pay or cause payment of at such times when due and payable all federal, state or local taxes and contributions imposed upon CONTRACTOR for or on account of performing SERVICES under this CONTRACT, including those assessed against and measured by the salaries and paid by CONTRACTOR to its employees. CONTRACTOR, by virtue of its position as receiving payment for services, shall make all reports required under and collect or cause collection of, all federal excise taxes imposed by the Airport and Airways Revenue Act of 1970, to the extent taxes provided for in such Act are applicable to operations under this CONTRACT. ACRES shall directly reimburse CONTRACTOR for the actual federal excise taxes due under such Act in respect of such operations at such time that payment is made. CONTRACTOR indemnifies ACRES and agrees to hold ACRES harmless from any such and all liabilities and claims resulting from CONTRACTOR's failure to make timely payments of or to pay any items, or failure to comply with the reporting, return, or other precedural requirements with respect to their payment. Any interest, penalties or other liabilities arising from such failures shall be solely for CONTRACTOR'S account. Exceptions to this article are described in Attachment 1.

Article VI - Aircraft Assignment and Administration

A. CONTRACT aircraft shall be assigned on a daily basis by the ACRES REPRESENTATIVE. The Aircraft Request will specify the type of aircraft, crew members required, and duration required, etc. Generally, such aircraft must be ready for use within one hour from the time of notification of requirement.

B. Daily and certain other periodic maintenance shall normally be performed at the assigned location.

Article VII - Availability of Aircraft & Crews, Flyable Days, Substituted Aircraft

A. (1) CONTRACTOR will not be reimbursed any daily fixed rates or hourly guarantees, whichever would be applicable, or charges for extra crew member(s) in the event any CONTRACT Aircraft furnished by CONTRACTOR to ACRES becomes inoperable for mechanical or any other reason, and repairs cannot be made or the cause for inoperation cannot be rectified so that the aircraft is ready for safe operation on any single day for which ACRES has a flight requirement. Twenty-four (24) hours after the time the aircraft becomes inoperable, ACRES shall have the option to require CONTRACTOR to dispatch, at CONTRACTOR's expense, a replacement aircraft having

capabilities equal to or greater than the disabled aircraft, at the CONTRACT price of the aircraft originally ordered, and to have the disabled aircraft removed at CONTRACTOR's expense. If temporary use of an aircraft having lesser capabilities is authorized by ACRES REPRESENTATIVE and is utilized in performing SERVICES, rates shall be the ratio of the current charter rate for the lesser aircraft to the current charter rate of the contract aircraft times the contract rate of the contract aircraft, OR if the ratio is greater than one, the contract rate will be used.

(2) Replacement aircraft shall not be utilized for more than thirty (30) total days per annum per individual CONTRACT Aircraft. Should the CONTRACTOR fail to provide a permanent replacement aircraft acceptable to ACRES that has equal or greater capabilities or should the aforementioned thirty (30) days be exceeded, ACRES may, at its sole discretion, terminate the particular request order for the disabled aircraft and commission the services of another aircraft of equal capabilities from any source. All costs for such replacement aircraft obtained from another source above that which would normally be incurred for like services defined in this CONTRACT will be paid by the CONTRACTOR. ACRES will take prudent measures to obtain services at a reasonable rate. Said disabled aircraft may subsequently be reinstated at such

time the ACRES REPRESENTATIVE is assured that adequate reliability and availability can be maintained.

B. Aircraft may be taken out of service for a period sufficient to perform normal (i.e., routine, periodic) maintenance as required for safe operation and pursuant to state, federal, and other regulations incorporated by reference in this CONTRACT. CONTRACTOR will notify ACRES REPRESENTATIVE at least one week prior to the date CONTRACTOR requires that the aircraft be removed from SERVICES for purposes of maintenance, however, CONTRACTOR will not be reimbursed any daily fixed rates for the period that the aircraft is out of service. In addition, CONTRACTOR will not be reimbursed for any and all maintenance ferry flights. Both parties shall endeavor to schedule and perform such maintenance during inclement weather or other periods where there is a likelihood that the aircraft would not be flying. Furthermore, should the aircraft be needed by ACRES and be unavailable for use for a period of 24 hours thereafter, the provisions of paragraph A above shall apply.

C. No aircraft crew shall depart from the assigned location or leave their crew assignment of providing SERVICES in accordance with this CONTRACT until a properly qualified replacement crew has arrived at the operations base and is available to provide SERVICES under this CONTRACT. Should crew

be unavailable for any reason, aircraft shall be deemed unready for safe operation in accordance with Paragraph A, above.

D. (1) Flyable days are days on which the CONTRACT aircraft are available for service to meet ACRES' flight requirements and, except as provided in the next sentence, include days on which no actual flights are made due to lack of project commitment or weather conditions.

(2) Non-flyable days are days on which the aircraft is not in service because of periodic maintenance, accidents or aircraft replacement. Non-flyable days will not be included as available to be flown. CONTRACTOR will not be paid for affected CONTRACT Aircraft on non-flyable days. Both flyable and non-flyable days after the start date for each CONTRACT Aircraft will be included as a contract day toward ACRES' usage commitment for that aircraft.

E. Use of substituted aircraft acceptable to ACRES ("Substituted Aircraft") will count towards ACRES' usage obligation for aircraft under Article XVII. Once pressed into service, Substituted Aircraft of equal or greater capability than the CONTRACT Aircraft being substituted for will assume the identity of the aircraft replaced for the purposes of continuing accumulation of available flying days for that month and will continue in that role until relieved by the original

aircraft or its permanent replacement. CONTRACTOR will be paid for Substituted Aircraft of equal or greater capability at the CONTRACT rate for the original CONTRACT Aircraft. The rate for Substituted Aircraft with lesser capability than the CONTRACT Aircraft will be treated separately and charged at a rate equal to the ratio of the current charter rate for the lesser aircraft to the current charter rate of the CONTRACT Aircraft times the CONTRACT rate of the CONTRACT Aircraft, OR if the ratio is greater than one, the CONTRACT rate will be used.

Article VIII - Equipment

A. Spare Parts. CONTRACTOR must have, at a minimum, the spare parts listed below in his inventory during the CONTRACT:

1. fuel boost pump and "o" rings
2. fuel filters
3. boost pump pressure switch
4. transmission filter and "o" rings
5. hydraulic system filter (ultrasonic cleaner)
6. starter/generator
7. rotor tach generator
8. engine tach generator
9. anti-ice control valve
10. linear actuator
11. tail rotor pitch-change links (2)
12. tail rotor drive shelf bearing (2)
13. spare tail rotor blade;
14. elevator bushing shaft (1)
15. landing light sealed beam and navigation light bulbs
16. gauges: 1 each of torque, TOT, N1, N2
17. special high-temp grease (1 tube)

B. Radio. In addition to the normal VHF transceiver equipment, all CONTRACT Aircraft and Substituted Aircraft will be equipped with radios that are compatible with the ACRES Watana Base Station, and all ground units operating on a frequency of 151.625 megacycles. Radios must be installed to enable a pilot to monitor and transmit to the base station and all ground units through the aircraft ICS/Radio System. CONTRACTOR will install and maintain, at his expense, radio equipment necessary to meet these requirements.

C. Rigging. CONTRACTOR will provide, at his expense, the following equipment upon arrival at job-site and during the CONTRACT:

(1) Bell 206-B: 1 large cargo net, 2 small cargo nets, 2 double barrel hooks (capable of lifting two barrels each), and, for each aircraft, 2 long chokers and 1 short choker, a sufficient number of swivels and clevises for the aforementioned equipment, cargo basket rearview mirrors for sling operations, cargo hooks, and wedge or bubble windows for each rear door.

(2) Bell 205-A: 1 20' cargo net, 2 long chokers and 2 short chokers with sufficient number and size of swivels and clevises, rearview mirror and web seats for a minimum of ten passengers.

D. General. All aircraft must be equipped for night flights per FAR 91.33 and 135.159.

Article IX - Maintenance

A. CONTRACTOR represents and warrants that he has and will have, during the CONTRACT, adequate maintenance facilities to perform proper and continuous repair and service for the CONTRACT Aircraft and Substituted Aircraft or a letter of agreement/contract with a qualified maintenance facility to perform such service.

B. If providing his own maintenance, CONTRACTOR must have qualified personnel and equipment to perform the following:

- (1) Hot end inspections
- (2) Rotor blade balancing and tracking
- (3) Major repair of main rotor transmission and tail rotor gearbox (teardown and over-haul)
- (4) Engine-power-train rigging.

C. If CONTRACTOR has his own maintenance facility, he must maintain records and perform scheduled inspections in compliance with the Operations Specifications. CONTRACTOR'S maintenance program must be in compliance with all rules and regulations of government agencies (including, but not limited to the FAA) having regulatory jurisdiction over CONTRACTOR'S

maintenance program and such programs must have all requisite government approvals.

Article X - CERTAIN CONTRACTOR Personnel

During performance of the CONTRACT, CONTRACTOR will have on his payroll a minimum of the following personnel as defined in FAR Part 135:

1. Director of Operations
2. Director of Maintenance
3. Chief Pilot

The above listed personnel cannot be working pilots.

Article XI - Location of Base of Operation

CONTRACTOR represents and warrants that (1) CONTRACTOR has and will have during the CONTRACT a base or bases of operation located within 200 nautical miles of the Watana Camp (the Watana Camp is located approximately 55 nautical miles N.E. of Talkeetna, Alaska on the Susitna River); (2) This base or bases of operations has and will have major maintenance facilities capable of providing maintenance activities described in Article IX above; and (3) The maintenance facility will include an inventory of the minimum spare parts required under Article VIII A. above and personnel qualified to perform necessary maintenance on the CONTRACT aircraft and any Substituted Aircraft.

Article XII - Laws and Regulations

A. CONTRACTOR represents and warrants that (1) CONTRACTOR is in compliance with and shall continue to comply with and secure compliance by its subcontractors with all applicable laws, rules, regulations, decisions, ordinances, and stipulations (collectively "LAW") of the United States and the State of Alaska and any political subdivision, agency and/or corporation thereof, including but not limited to the provisions of Alaska Statutes 36.05 and 36.10 and regulations thereunder to the extent the same are applicable to the award and performance of this CONTRACT, and (2) the award of this CONTRACT to CONTRACTOR shall not contravene any of the foregoing LAW. CONTRACTOR or its subcontractors shall bear any additional costs and defend, indemnify, and hold ACRES harmless from any expense resulting from violation and correction thereof.

B. CONTRACTOR shall defend, indemnify, and hold ACRES harmless from any liability or penalty which may be imposed on ACRES by reason of any alleged violation or violation of LAW by CONTRACTOR or its subcontractors and also from all claims, suits or proceedings that may be brought against ACRES arising under, growing out of, or occurring by reason of SERVICES with respect to such alleged violation or violation of LAW whether brought by employees of CONTRACTOR or

its subcontractors, by third parties, or by any governmental authority.

C. CONTRACTOR shall not, under any circumstances, enter into negotiations with any governmental authority or agency to develop acceptance of variations or revisions of LAW without ACRES' prior approval. ACRES will act as prime contact with governmental agencies on all such matters relating to this CONTRACT except licenses to CONTRACTOR to perform SERVICES in the state of Alaska and operating authorizations from the Civil Aeronautics Board or the Federal Aviation Administration.

D. EQUAL OPPORTUNITY PROVISION -- During the performance of this CONTRACT, CONTRACTOR agrees as follows:

(1) CONTRACTOR will not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. CONTRACTOR will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, or national origin. Such action will include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONTRACTOR agrees to post in

conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(2) CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, or national origin.

(3) CONTRACTOR will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by ACRES advising the labor union or workers' representative of CONTRACTOR's commitments, under Section 202 of Executive Order Number 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) CONTRACTOR will comply with all provisions of Executive Order Number 11246 of September 24, 1965, and the rules, regulations, and relevant orders of the Secretary of Labor.

(5) CONTRACTOR will furnish all information and reports, required by Executive Order Number 11246 of September

24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by ACRES and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) CONTRACTOR and all associates performing SERVICES must comply with the provisions of (a) the agreement between the Alaska Power Authority and the Individual Cook Inlet Native Villate Corporations and the Cook Inlet Region, Inc , (b) the Bureau of Land Management Stipulations, and (c) the Alaska Department of Fish and Game Regulations applicable to the Susitna Hydroelectric Project which this CONTRACT supports as defined in Attachments 6, 7, and 8, respectively.

(7) In the event of CONTRACTOR's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended in whole or in part, and CONTRACTOR may be declared ineligible for further contracts, in accordance with procedures authorized in Executive Order Number 11246 of September 24, 1965, and other such sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rules, regulations or order of the Secretary of Labor, or as otherwise provided by law.

(8) CONTRACTOR will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor, issued pursuant to Section 204 of Executive Order Number 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor.

Article XIII - Indemnity

CONTRACTOR shall defend, indemnify and save ACRES and the AUTHORITY harmless from all liability, cost and expenses for loss of or damage to property or for injury to or death of persons, including, but not limited to, the property and employees of CONTRACTOR and ACRES when arising or resulting from CONTRACTOR's or his sub-contractors' performance of the SERVICES described herein regardless of any negligence on the part of ACRES or third parties except such loss, damage, injury or death which may result from the sole negligence or willful misconduct of ACRES or any independent contractors who are directly responsible to ACRES.

Article XIV - Insurance

Prior to award of the CONTRACT, CONTRACTOR will deliver to ACRES evidence satisfactory to ACRES that CONTRACTOR has the following insurance in force and effect. Such

insurances shall remain in force until termination of the CONTRACT and shall be at the expense of CONTRACTOR.

A. Workmen's Compensation Insurance for statutory obligations imposed by Workmen's Compensation or Occupational Disease Laws, including, where applicable, the United States Longshoremen and Harbor Workers Act, the Federal Employees Act and the Jones Act. Employer's Liability Insurance shall be provided with a minimum limit of \$500,000.00 per accident.

B. Comprehensive Automobile Liability Insurance with the following minimum limits of liability: \$1,000,000.00 Combined Single Limit Per Occurrence. This insurance is to apply to all owned, non-owned and hired vehicles used in the performance of the work.

C. General Liability Insurance covering premises operations, independent contractors, blanket contractual liability, products/completed operations, broad form property damage and person injury with the following minimum limit of liability: \$1,000,000.00 Combined Single Limit Per Occurrence.

D. Aircraft Liability Insurance covering owned, non-owned and hired aircraft used in the performance of the SERVICES with the following minimum limit of liability: \$5,000,000.00 Combined Single Limit Per Occurrence.

E. Property Insurance covering aircraft, equipment, supplies, materials and other items of property owned by or in the possession of the CONTRACTOR and used for or in the provision of the SERVICES.

F. External Load Insurance Liability of \$50,000.00.

G. Excess Liability Insurance in excess of the liability insurances required under B, C, and D above to a limit of \$15,000,000.00.

H. CONTRACTOR shall ensure addition of ACRES and the AUTHORITY as named insureds under each of the insurances described in A, B, C, D, E, and F above.

I. CONTRACTOR shall require its sub-tier subcontractors to carry at least the minimum insurances described in A, B, C, D, E, and F above.

J. Before any work is started, unless a current Certificate of Insurance has previously been furnished to and approved by ACRES, CONTRACTOR shall file with ACRES certificates of insurance containing the following information in respect to each of the applicable insurances carried:

(1) Name of Insurance Company, type of insurance, policy number and expiration date;

(2) Limits of insurance and amount deductible;

(3) Named insured;

(4) A statement indicating that ACRES will receive at least thirty (30) days notice of cancellation of the policy or of any modification to the policy; and

(5) A statement indicating that ACRES and AUTHORITY are listed as additional insureds.

Article XV - Assignment

A. This CONTRACT shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto; provided, however, that CONTRACTOR shall not assign any of its rights or obligations hereunder, or any sum that may accrue to it hereunder, without the written consent of ACRES REPRESENTATIVE. Such assignment approval by ACRES shall not release or relieve CONTRACTOR of any of its obligations under CONTRACT nor create any contractual relation between any third party and ACRES.

B. If ACRES at any time is no longer a contractor of the AUTHORITY, upon notification by ACRES to CONTRACTOR, ACRES will assign its rights and obligations under this CONTRACT to the AUTHORITY or its designated agent. In the event of such an assignment, the assignee shall be substituted in full place and stead for ACRES under the CONTRACT, and ACRES shall be released from any and all further obligations hereunder.

Article XVI - Notices

All notices under this CONTRACT shall be in writing and shall be sent by certified/registered mail or acknowledged electrically transmitted message (i.e., telegram, telex, TWX, facsimile) to CONTRACTOR or ACRES REPRESENTATIVE at their office address set forth in this CONTRACT, or shall be handed to their duly authorized representatives. The date of any notice shall be the date it is first received by the office address of the addressees.

Article XVII - Term of Contract

This CONTRACT shall remain in full force and effect with respect to each CONTRACT Aircraft listed below for the minimum number of months usage indicated below ("Contract Minimum Term of Service"), unless earlier terminated at ACRES' discretion under Article XVIII - Suspension and Termination.

CONTRACTOR hereby grants ACRES the option to extend the CONTRACT on the same terms and conditions, on a month to month basis, up to the maximum number of months usage ("Contract Maximum Term of Service") shown for each CONTRACT Aircraft. July 1, 1982 is the date each aircraft is anticipated to begin service under this CONTRACT. The actual starting date may vary depending upon the specific need. The actual starting date is the date from which ACRES' obligation for usage will begin. ~~Each~~ CONTRACT Aircraft will be committed and employed solely to the CONTRACT for the minimum number of months indicated below under Contract Minimum Term of Service and, at ACRES' option, up to the maximum number of months indicated for that CONTRACT Aircraft under Contract Maximum Term of Service.

<u>Aircraft #</u>	<u>A/C Model</u>	<u>Contract Mimimum/Maximum Term of Service</u>
1	Bell 206-B	4/12 months
2	Bell 206-B	3/12 months
3	Bell 206-B	3/12 months
4	Bell 205-A	3/12 months

Article XVIII - Suspension and Termination

A. In the event that the CONTRACTOR fails to comply with the provisions of this CONTRACT, ACRES may immediately suspend this CONTRACT temporarily by giving to the CONTRACTOR a notice to the effect that this CONTRACT is immediately

thereupon suspended. Upon such suspension any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such suspension and which were outstanding at the time of such suspension shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such suspension. Upon such suspension the CONTRACTOR shall refrain for the entirety of the period of such suspension from providing any of the SERVICES and from making any claim in regard to or arising out of this CONTRACT except for remuneration for such of the SERVICES as have actually been provided by the CONTRACTOR in accordance with the provisions of this CONTRACT up to the date of such suspension. CONTRACTOR shall apply for payment for SERVICES actually provided by CONTRACTOR in the manner described in Article III.

B. ACRES may suspend this CONTRACT temporarily at any time for reasons other than CONTRACTOR's failure to comply with the provisions of this CONTRACT, by giving to the CONTRACTOR a notice in writing to the effect that this CONTRACT is on the date of such notice thereupon suspended. Upon such suspension the CONTRACTOR shall refrain for the entirety of the period of such suspension from providing any of the SERVICES and from making any claim in regard to or arising out of this CONTRACT except for (1) remuneration for such of the SERVICES as have actually been provided up to the date of such suspension (which remuneration shall be applied and paid for in

the manner described in Article III) and (2) if the suspension occurs before the CONTRACT Minimum Term of Service for a CONTRACT Aircraft has been met, additional compensation ("Additional Compensation") for that aircraft computed as follows:

C = Compensation

A = (fixed hourly rate x 2) + (fixed daily rate)
for the specific aircraft referred to in the
subject Aircraft Request

B = the greater of 30 or one-half the number of days
from the date of such suspension to the end of the
CONTRACT "Minimum Term of Service"

C = (A) x (B)

If the date of such suspension occurs after the Contract Minimum Term of Service set forth in Article XVII for that aircraft has been met, CONTRACTOR shall not be entitled to Additional Compensation for that aircraft.

C. In the event that the CONTRACTOR fails to comply with the provisions of this CONTRACT, ACRES may immediately terminate this CONTRACT by giving to the CONTRACTOR a notice to the effect that this CONTRACT is immediately thereupon terminated. Upon such termination any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such termination and which were outstanding at the time of such termination shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such termination. Upon such termination the CONTRACTOR shall be deemed to have released, remised, and

forever discharged ACRES for and in respect to all obligations, liabilities and responsibilities in regard to or arising out of this CONTRACT except for remuneration for such of the SERVICES as have actually been provided by the CONTRACTOR in accordance with the provisions of this CONTRACT up to the date of such termination. CONTRACTOR shall apply for payment for such services in the manner described in Article III.

D. ACRES may terminate this CONTRACT at any time for any reason other than CONTRACTOR's failure to comply with the provisions of this CONTRACT by giving to the CONTRACTOR a notice in writing to the effect that this CONTRACT is on the 14th day after the date of such notice thereupon terminated. Upon such termination any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such termination and which were outstanding at the time of such termination shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such termination. Upon such termination the CONTRACTOR shall be deemed to have released, remised and forever discharged ACRES from and in respect of all obligation, liabilities and responsibilities in regard to or arising out of this CONTRACT except for (1) remuneration for such of the SERVICES as have actually been provided up to the date of such termination and (2) if the termination occurs before the CONTRACT Minimum Term of Service has been met for a CONTRACT

Aircraft, additional compensation ("ADDITIONAL COMPENSATION")
for that aircraft computed as follows:

C = Compensation

A = the (fixed hourly rate x 2) + (fixed daily rate)
for the specific aircraft referred to in the subject
Aircraft Request

B = the greater of 30, or one-half the number of days from
the date of such termination to the end of the CONTRACT
"Minimum Term of Service"

C = (A) x (B)

If the date of such termination occurs after the CONTRACT
Minimum Term of Service set forth in Article XVII for that
aircraft has been met, CONTRACTOR shall not be entitled to
ADDITIONAL COMPENSATION for that aircraft..

Article XIX - Conflict of Interest

CONTRACTOR shall exercise reasonable care and
diligence to prevent any actions or conditions which could
result in a conflict with ACRES' best interests. This
obligation shall apply to the CONTRACTOR and the employees,
agents, and subcontractors of CONTRACTOR. CONTRACTOR's efforts
shall include, but not be limited to, establishing precautions
to prevent its employees, agents, and subcontractors from
making, receiving, providing or offering substantial gifts,
entertainment, payments, loans or other considerations for the
purposes of influencing or permitting individuals to act in any
particular manner. Furthermore, CONTRACTOR shall make its best

efforts to ensure that no ACRES employee, or dependent thereof, receives private aircraft transportation for non-business use as a result of, or in conjunction with, SERVICES provided under this CONTRACT. CONTRACTOR may carry ACRES employees and/or dependents in transportation not in conjunction with, SERVICES herein, provided that adequate, proper and reasonable remuneration is paid by such employees and/or their dependents.

Article XX - Force Majeure

A. FORCE MAJEURE shall mean an occurrence beyond the control and without the fault or negligence of the party affected, including, but not limited to, acts of God or the public enemy; expropriation or confiscation of facilities; changes in LAW (defined in Article XII - Laws and Regulations) significantly affecting the flight service requirements; war, rebellion, sabotage or riots; and floods, that could not reasonably have been anticipated; fires, explosions, or other catastrophies; strikes or any other concerted acts of workmen; or other occurrences which are not within the control of the party affected and which by the exercise of reasonable diligence said party is unable to prevent or provide against.

B. Should CONTRACTOR be delayed in performance of SERVICES by an occurrence it feels is FORCE MAJEURE and CONTRACTOR cannot avoid or prevent said delay by any reasonable

effort, CONTRACTOR shall give notice to ACRES, as soon as possible, and in any event within ten (10) days of its initial occurrence.

Article XXI - Reservation of Rights

Should ACRES at any time or from time to time not expressly enforce or demand the exact adherence to, and execution of, any of the terms of CONTRACT, it will not constitute a waiver of any of ACRES rights under CONTRACT.

Article XXII - Contract Contingent Upon APA Funds

This CONTRACT is contingent upon the receipt of funds for aircraft support by ACRES from the AUTHORITY.

Article XXIII - Entire Agreement

This CONTRACT, including all attachments enumerated herein, shall constitute the entire AGREEMENT and understanding between the parties concerning the subject matter herein and all prior agreements, understandings and commitments with respect to the subject matter herein are merged into this AGREEMENT, including CONTRACTOR's alterations or modifications to this AGREEMENT shall be effective unless in writing and signed by the parties hereto.

PARAGRAPH 1 - CONTRACT PRICE

A. On-Call Aircraft Services

ACRES shall, subject to the provisions of this CONTRACT, pay CONTRACTOR as full and complete remuneration for ON-CALL AIRCRAFT SERVICES satisfactorily performed by CONTRACTOR a total ON-CALL AIRCRAFT SERVICES CONTRACT PRICE to be determined in accordance with CONTRACTOR'S Alaska Transportation Commission (ATC) tariff rate schedule as in effect on the effective date of this CONTRACT and in accordance with such amendments to such tariff rate schedule as are agreed to by ACRES.

CONTRACTOR shall upon execution of this CONTRACT provide to ACRES a complete copy of CONTRACTOR'S ATC tariff rate schedule as in effect on the effective date of this CONTRACT.

CONTRACTOR shall inform ACRES of and provide to ACRES copies of any proposed application to vary CONTRACTOR'S charter rules or CONTRACTOR'S ATC tariff rate schedule.

B. Contract Aircraft Services

ACRES shall subject to the provisions of this CONTRACT pay the CONTRACTOR as full and complete remuneration for CONTRACT AIRCRAFT SERVICES satisfactorily performed by the CONTRACTOR a total CONTRACT AIRCRAFT SERVICES CONTRACT PRICE to be determined in accordance with the following:

<u>AC Make/ Model</u>	<u>Specific Number of AC</u>	<u>Fixed Daily Rate</u>	<u>Fixed Hourly Rate</u>
Bell 206B	# 1	\$ 535.00/day	\$135.00/hr
Bell 206B	# 2	\$ 545.00/day	\$135.00/hr
Bell 206B	# 3	\$ 545.00/day	\$135.00/hr
Bell 205A	# 4	\$1180.00/day	\$300.00/hr

The Fixed Daily Rate set forth herein means and represents, unless otherwise stated herein or agreed to by ACRES, CONTRACTOR'S rate per aircraft per day inclusive of all overheads, profits, taxes for which CONTRACTOR is ultimately responsible, and costs of labor, salaries, insurances, fringe benefits, materials, facilities, offices and licenses.

Neither the Fixed Daily Rate nor the Fixed Hourly Rate is subject to escalation or retroactive adjustment during the term of... this CONTRACT.

The Fixed Daily Rate shall apply only for flyable days in which the SERVICES were provided.

The Fixed Daily Rates shall as a minimum include the services on one (1) pilot in command for each helicopter and the services of at least one (1) on-site qualified A/P mechanic for every two helicopters unless otherwise stated herein or agreed to by ACRES.

The Fixed Hourly Rate set forth herein means and represents, unless otherwise stated herein or agreed to by ACRES, CONTRACTOR'S rate per aircraft for each chargeable and recorded flight hour or prorated tenth of an hour inclusive of all overheads, profits, taxes to which CONTRACTOR is ultimately responsible, and costs of labor, salaries, insurances, fringe benefits, materials, facilities, offices and licenses.

The chargeable and recordable flight hours or prorated tenths of an hour for use in application of the Fixed Hourly Rate shall be based on the actual recorded flight hours from the point of origin to the point of destination and shall be specified and determined by continuous clock to be energized by helicopter's collective control equipment.

ACRES shall not be obligated to compensate CONTRACTOR except for SERVICES provided by a CONTRACT Aircraft pursuant to an

authorized Aircraft Request and in no event for any time beyond the end of the period contemplated in the Aircraft Request for the provision of SERVICES.

Each CONTRACT Aircraft must clearly carry its number designated above throughout its use in the provision of SERVICES. Manipulation or switching of designated numbers is prohibited unless ACRES has given consent thereto.

C. Other Applicable and Approved Expenses and Charges

ACRES shall subject to the provisions of this CONTRACT reimburse CONTRACTOR for such applicable and approved expenses and charges as are necessarily, properly and reasonably incurred by CONTRACTOR.

PARAGRAPH 2 - ACRES FURNISHED ITEMS

A. Fuel for Aircraft

(1) ACRES shall furnish, at no cost to CONTRACTOR, fuel for CONTRACT Aircraft flights undertaken by CONTRACTOR. In the event, however, it is of necessity purchased by CONTRACTOR, and with ACRES' permission, then ACRES shall, upon submission of appropriate invoices, reimburse CONTRACTOR the invoiced amount without additional mark-up or fee.

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Each CONTRACT Aircraft must clearly carry its number designated above throughout its use in the provision of SERVICES. Manipulation or switching of designated numbers is prohibited unless ACRES has given consent thereto.

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Said invoiced amounts shall include appropriate state and federal fuel taxes but shall exclude any costs for federal excise taxes -- as these are recouped through levies on transportation service charges as specified in ARTICLE V - TAXES.

(2) CONTRACTOR is responsible for insuring that fuel is of the type, grade, quality and standard required for safe aircraft operation. ACRES makes no warranty or guarantee as to the fitness of such fuel, and CONTRACTOR shall be fully satisfied with respect thereto prior to flight departure.

B. Transportation

(1) ACRES will provide initial transportation from Anchorage for CONTRACTOR'S crew assignments to field locations. Transportation for subsequent crew assignments shall be furnished by the CONTRACTOR and not be reimbursable under this CONTRACT.

C. Subsistence

(1) ACRES shall provide, at no cost to CONTRACTOR, all subsistence (meals and lodging) for CONTRACTOR'S crew(s), during such times as operations hereunder are conducted from one of ACRES established field camps.

(2) There shall be no Subsistence nor Travel Allowance paid for CONTRACTOR'S crew(s) during such times as operations hereunder are conducted from CONTRACTOR'S home base(s).

(3) ACRES will pay CONTRACTOR on an actual incurred basis per individual to cover meals, lodging and ground transportation when CONTRACTOR'S crew(s) are conducting operations hereunder from locations other than ACRES camp(s), or CONTRACTOR'S home base(s) up to the following amounts: \$80/day in Anchorage and \$90/day in Fairbanks. Expenses shall be fully documented with receipts attached to CONTRACTOR'S invoice.

D. Airport and Airway Revenue Taxes and Landing Fees

ACRES will reimburse, or otherwise pay CONTRACTOR for the following items properly accrued to and paid by CONTRACTOR:

(1) Airport and Airway Revenue Taxes, as described under ARTICLE V - TAXES.

(2) State of Alaska Landing Fees which are incurred away from CONTRACTOR'S home base in connection with SERVICES.

E. Payment for Movement of Aircraft

The Contract Price provisions set forth above shall also be applicable to recorded flight time under the following conditions:

(1) Upon initial assignment of CONTRACT Aircraft under this CONTRACT, ACRES shall pay CONTRACTOR for the recorded flight time required to mobilize the CONTRACT aircraft to its assigned location from either CONTRACTOR's home base or actual physical location, whichever is the lesser.

(2) Upon termination of this CONTRACT, and as to any of CONTRACTOR'S aircraft which then shall have been furnishing CONTRACT Aircraft SERVICES hereunder and are located at the time of termination or completion at other than CONTRACTOR'S home base, ACRES shall pay for recorded flight time required to return the aircraft to CONTRACTOR'S home base.

(3) Under either condition stated in Paragraphs 1) and 2) immediately above, if CONTRACTOR desires to move aircraft to a location other than its home base, ACRES shall pay for only the time required for the aircraft to reach CONTRACTOR'S desired location or home base, whichever is the lesser.

Notwithstanding subparagraphs 1) and above, CONTRACTOR shall not be entitled to payment for return of aircraft to CONTRACTOR'S

home base or closer location if said aircraft is at the time of return under hire to a third party from which CONTRACTOR will receive payment for such return flight time. Furthermore, CONTRACTOR is entitled to FIXED DAILY RATE CHARGES for only those days that aircraft is under CONTRACT to ACRES.

CONTRACT #
between

AIR LOGISTICS OF ALASKA, INC.
6601 S. Airpark Place
Anchorage, Alaska 99502

and

ACRES AMERICAN INCORPORATED
1577 "C" Street, Suite 305
Anchorage, Alaska 99501

covering
Fixed Wing
Flight Service
for the
SUSITNA HYDROELECTRIC PROJECT
1982

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AGREEMENT

THIS CONTRACT (hereinafter referred to as "CONTRACT") is made as of this 7 day of JULY 1982, and shall be deemed effective as of the 7 day of JULY 1982, by *WLB* and between

Acres American Incorporated
(hereinafter referred to as ACRES)
having an office located at
1577 C Street, Suite 305
Anchorage, Alaska 99501

and

AIR LOGISTICS of ALASKA, INC.
6601 S. Airpark Place
Anchorage, Alaska 99502

CONTRACT shall consist of this Agreement (hereinafter referred to as AGREEMENT) together with all attachments and supplements attached hereto, all of which said attachments and supplements are incorporated herein and made a part hereof.

WITNESSETH:

WHEREAS, ACRES has entered into an agreement with Alaska Power Authority (the "AUTHORITY") to study the feasibility of development of the Susitna Hydroelectric Project (the "PROJECT"), and requires fixed wing aircraft services (the "SERVICES"), therefore in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Article I - Scope of Services

A. CONTRACTOR shall provide management, supervision, personnel, aircraft, equipment, supplies, materials, and support services except as otherwise specified, to provide contract fixed wing aircraft flight services (hereinafter referred to as "CONTRACT FIXED WING SERVICES") in support of the PROJECT as ordered by ACRES pursuant to this CONTRACT.

CONTRACT FIXED WING SERVICES shall be defined as those SERVICES performed by CONTRACTOR's aircraft furnished pursuant to CONTRACT for an initial period of thirty (30) days or more under CONTRACT. Said aircraft shall be furnished at CONTRACTOR's own cost, risk, and expense to transport personnel, freight and cargo of all kinds for ACRES and their sub-contractors and shall be deemed CONTRACT Aircraft hereunder. CONTRACT FIXED WING SERVICES shall be performed by the type and model of aircraft specified in paragraph A. of Attachment 1. CONTRACT FIXED WING SERVICES shall be undertaken by the CONTRACTOR only upon receipt of an Aircraft Request issued by ACRES authorized representative (hereinafter "ACRES REPRESENTATIVE"). ACRES REPRESENTATIVE for purposes of this CONTRACT shall be only the persons identified in Attachment 8 to the CONTRACT. This list may be amended from time to time in writing by ACRES resident manager or deputy resident manager for the PROJECT.

Article II - Contractor Performance

A. CONTRACTOR represents and warrants that CONTRACTOR's aircraft and all operation and maintenance personnel used by CONTRACTOR

for this CONTRACT will be licensed in accordance with all applicable federal and state requirements, that CONTRACTOR's aircraft will be operated and maintained in accordance with all rules and regulations of governmental agencies having regulatory jurisdiction over CONTRACTOR's aircraft operations; that the CONTRACTOR is in the business of operating, and is properly authorized to operate such aircraft as may be flown by CONTRACTOR in furnishing SERVICES under this CONTRACT: that CONTRACTOR has a current, valid Alaska Transportation Certificate which is in effect and not suspended or revoked. The personnel described above shall include the key personnel listed in Attachment 2 (supplied by CONTRACTOR). CONTRACTOR shall comply with all of the obligations and conditions of its licenses and with all the rules, regulations and directives of federal and state agencies having regulatory jurisdiction over CONTRACTOR's aircraft and the operation and maintenance of such aircraft by CONTRACTOR. ACRES REPRESENTATIVE reserves the right to require the CONTRACTOR to remove and replace any crew member from performing SERVICES under this CONTRACT.

B. The pilot of CONTRACTOR in charge of the aircraft at the time shall have complete power and authority to make all decisions concerning the suitability of weather conditions, landing areas, and condition of the aircraft for flight and all other factors affecting flight safety. At no time will CONTRACTOR conduct in-flight training sessions on any aircraft under CONTRACT, nor shall CONTRACTOR PERMIT any in-flight activity which could relieve CONTRACTOR of its responsibility as herein described.

C. CONTRACTOR shall comply at all times with the latest editions (Attachment 3) of ACRES' Air Operations Manual which is hereby made a part hereof and any supplements or reissues hereafter promulgated. In the event any provision of ACRES' Air Operations Manual conflicts with regulations of

Federal Aviation Administration (F.A.A.) and/or state of Alaska, the F.A.A. and/or state regulations shall prevail.

D. Under normal conditions aircraft will be flown within normal operating limitations reflecting safe, economical operation governed by that particular aircraft operating manual, standard procedures within the aircraft industry, and ACRES Standard Operating Procedures (SOP) for Helicopter and Fixed Wing Operations (Attachment 4).

E. Flights must be consistent with the limitations expressed in stipulations of the BLM temporary use PERMIT, Susitna Hydroelectric Feasibility Study attached hereto as Attachment 6. Specific attention is directed to paragraph 3.4 (Air Operations).

F. Aircraft must have complied with all Airworthiness Directives and engine manufacturer's recommended modifications.

Article III - Compensation - Payment

A. ACRES, subject to other terms of this CONTRACT, will pay CONTRACTOR as full and complete compensation for performing SERVICES and assuming obligations under this CONTRACT, a total contract price (hereinafter referred to as "CONTRACT PRICE") as defined and outlined in Attachment 1, attached hereto.

B. CONTRACT AIRCRAFT SERVICES INVOICING -- At the beginning of each calendar month, and not later than the 10th working day of the month, CONTRACTOR shall submit, in duplicate, an invoice together with full supporting information such as flight records in duplicate as applicable

B. CONTRACTOR shall preserve all above-mentioned documents for a period of three (3) years after completion of SERVICES hereunder.

Article V - Taxes

Effective as of the first day SERVICES are performed under this CONTRACT, CONTRACTOR shall be responsible for and shall pay or cause payment of at such times when due and payable all federal, state or local taxes and contributions imposed upon CONTRACTOR for or on account of performing SERVICES under this CONTRACT, including those assessed against and measured by the salaries and paid by CONTRACTOR to its employees. CONTRACTOR, by virtue of its position as receiving payment for services, shall make all reports required under and collect or cause collection of, all federal excise taxes imposed by the Airport and Airways Revenue Act of 1970, to the extent taxes provided for in such Act are applicable to operations under this CONTRACT. ACRES shall directly reimburse CONTRACTOR for the actual federal excise taxes due under such Act in respect of such operations at such time that payment is made. CONTRACTOR indemnifies ACRES and agrees to hold ACRES harmless from any such and all liabilities and claims resulting from CONTRACTOR's failure to make timely payments of or to pay any items, or failure to comply with the reporting, return, or other procedural requirements with respect to their payment. Any interest, penalties or other liabilities arising from such failures shall be solely for CONTRACTOR'S account. Exceptions to this article are described in Attachment 1.

Article VI - Aircraft Assignment and Administration

A. CONTRACT aircraft shall be requested on a scheduled basis by the ACRES REPRESENTATIVE. The Aircraft Request will specify the number of

passengers, type of cargo, weight, or any other information such as time of departure, etc. Generally, CONTRACT aircraft must be ready for use within one hour from the time of notification of requirement.

B. Daily and certain other periodic maintenance shall normally be performed at the CONTRACTOR's base of operations.

Article VII - Availability of Aircraft & Crews, Substituted Aircraft

A. (1) CONTRACTOR will not be reimbursed any hourly guarantees, or charges for extra crew number(s) in the event any CONTRACT Aircraft furnished by CONTRACTOR to ACRES becomes inoperable for mechanical or any other reason, and repairs cannot be made or the cause for inoperation cannot be rectified so that the aircraft is ready for safe operation on any single day for which ACRES has a flight requirement. Twenty-four (24) hours after the time the aircraft becomes inoperable, ACRES shall have the option to require CONTRACTOR to dispatch, at CONTRACTOR's expense, a replacement aircraft having capabilities equal to or greater than the disabled aircraft, at the CONTRACT price of the aircraft originally ordered. If temporary use of an aircraft having lesser capabilities is authorized by ACRES REPRESENTATIVE and is utilized in performing SERVICES, rates shall be the ratio of the current charter for the lesser aircraft to the current charter rate of the contract aircraft times the contract rate of the contract aircraft, OR if the ratio is greater than one, the contract rate will be used.

(2) "Substituted Aircraft" shall not be utilized for more than thirty (30) total days. Should the CONTRACTOR fail to provide a permanent replacement aircraft acceptable to ACRES that has equal or greater capabilities of the original aircraft or should the aforementioned thirty (30)

days be exceeded, ACRES may at its sole discretion, terminate the particular request order for the "Substituted aircraft" and commission the services of another aircraft of equal capabilities of the original aircraft from any source. All costs for such replacement aircraft obtained from another source above that which would normally be incurred for like services defined in this CONTRACT will be paid by the CONTRACTOR. ACRES will take prudent measures to obtain services at a reasonable rate. Said disabled aircraft may subsequently be reinstated at such time the ACRES REPRESENTATIVE is assured that adequate reliability and availability can be maintained.

B. Aircraft may be taken out of service for a period sufficient to perform normal (i.e., routine, periodic) maintenance as required for safe operation and pursuant to state, federal, and other regulations incorporated by reference in this CONTRACT. CONTRACTOR will notify ACRES REPRESENTATIVE at least one week prior to the date CONTRACTOR requires that the aircraft be removed from SERVICES for purposes of maintenance, however, CONTRACTOR will not be reimbursed any hourly rates for the period that the aircraft is out of service. In addition, CONTRACTOR will not be reimbursed for any and all maintenance ferry flights. Both parties shall endeavor to schedule and perform such maintenance during inclement weather or other periods where there is a likelihood that the aircraft would not be flying. Furthermore, should the aircraft be needed by ACRES and be unavailable for use for a period of 24 hours thereafter, the provisions of paragraph A above shall apply.

Article VIII - Equipment

CONTRACT aircraft must be equipped for night flights per FAR 91.33 and 135.159.

Article IX - Maintenance

A. CONTRACTOR represents and warrants that he has and will have, during the CONTRACT, adequate maintenance facilities to perform proper and continuous repair and service for the CONTRACT Aircraft and Substituted Aircraft or a letter of agreement/contract with a qualified maintenance facility to perform such service.

B. If CONTRACTOR has his own maintenance facility, he must maintain records and perform scheduled inspections in compliance with the Operations Specifications. CONTRACTOR'S maintenance program must in compliance with all rules and regulations of government agencies (including, but not limited to the FAA) having regulatory jurisdiction over CONTRACTOR'S maintenance program and such programs must have all requisite government approvals.

Article X - Location of Base of Operation

CONTRACTOR represents and warrants that (1) CONTRACTOR has and will have during the CONTRACT a base or bases of operation located within 200 nautical miles of the Wātāna Camp (the Watana Camp is located approximately 55 nautical miles N.E. of Talkeetna, Alaska on the Susitna River); (2) This base or bases of operations has and will have major maintenance facilities capable of providing maintenance activities described in Article IX above; and (3) This maintenance facility must have personnel qualified to perform necessary maintenance on the CONTRACT aircraft and any Substituted Aircraft.

Article XI - Laws and Regulations

A. CONTRACTOR represents and warrants that (1) CONTRACTOR is in

compliance with and shall continue to comply with and secure compliance by its subcontractors with all applicable laws, rules, regulations, decisions, ordinances, and stipulations (collectively "LAW") of the United States and the State of Alaska and any political subdivision, agency and/or corporation thereof, including but not limited to the provisions of Alaska Statutes 36.05 and 36.10 and regulations thereunder to the extent the same are applicable to the award and performance of this CONTRACT, and (2) the award of this CONTRACT to CONTRACTOR shall not contravene any of the foregoing LAW. CONTRACTOR or its subcontractors shall bear any additional costs and defend, indemnify, and hold ACRES harmless from any expense resulting from violation and correction thereof.

B. CONTRACTOR shall defend, indemnify, and hold ACRES harmless from any liability or penalty which may be imposed on ACRES by reason of any alleged violation or violation of LAW by CONTRACTOR or its subcontractors and also from all claims, suits or proceedings that may be brought against ACRES arising under, growing out of, or occurring by reason of SERVICES with respect to such alleged violation or violation of LAW whether brought by employees of CONTRACTOR or its subcontractors, by third parties, or by any governmental authority.

C. CONTRACTOR shall not, under any circumstances, enter into negotiations with any governmental authority or agency to develop acceptance of variations or revisions of LAW without ACRES' prior approval. ACRES will act as prime contract with governmental agencies on all such matters relating to this CONTRACT except licenses to CONTRACTOR to perform SERVICES in the state of Alaska and operating authorizations from the Civil Aeronautics Board or the Federal Aviation Administration.

D. EQUAL OPPORTUNITY PROVISION -- During the performance of this CONTRACT, CONTRACTOR agrees as follows:

(1) CONTRACTOR will not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. CONTRACTOR will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, or national origin. Such action will include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

(2) CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, or national origin.

(3) CONTRACTOR will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by ACRES advising the labor union or workers' representative of CONTRACTOR's commitments, under Section 202 of Executive Order Number 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) CONTRACTOR will comply with all provisions of Executive Order Number 11246 of September 24, 1965, and the rules, regulations, and relevant orders of the Secretary of Labor.

(5) CONTRACTOR will furnish all information and reports, required by Executive Order Number 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by ACRES and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) CONTRACTOR and all associates performing SERVICES must comply with the provisions of (a) the agreement between Alaska Power Authority and the Individual Cook Inlet Native Village Corporations and the Cook Inlet Region, Inc., (b) the Bureau of Land Management Stipulations, and (c) the Alaska Department of Fish and Game Regulations applicable to the Susitna Hydroelectric Project which this CONTRACT supports as defined in Attachments 5, 6 and 7 respectively.

(7) In the event of CONTRACTOR's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this Agreement may be cancelled, terminated, or suspended in whole or in part, and CONTRACTOR may be declared ineligible for further contracts, in accordance with procedures authorized in Executive Order Number 11246 of September 24, 1965, and other such sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rules, regulations or order of the Secretary of Labor, or as otherwise provided by law.

(8) CONTRACTOR will include the provisions of Paragraph (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor, issued pursuant to Section 204 of Executive Order Number 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor.

Article XII - Indemnity

CONTRACTOR shall defend, indemnify and save ACRES and the AUTHORITY harmless from all liability, cost and expenses for loss of or damage to property or for injury to or death of persons, including, but not limited to, the property and employees of CONTRACTOR and ACRES when arising or resulting from CONTRACTOR's or his sub-contractors' performance of the SERVICES described herein regardless of any negligence on the part of ACRES or third parties except such loss, damage, injury or death which may result from the sole negligence or willful misconduct of ACRES or any independent contractors who are directly responsible to ACRES.

Article XIII - Insurance

Prior to award of the CONTRACT, CONTRACTOR will deliver to ACRES evidence satisfactory to ACRES that CONTRACTOR has the following insurances in force and effect. Such insurances shall remain in force until termination of the CONTRACT and shall be at the expense of CONTRACTOR.

A. Workmen's Compensation Insurance for statutory obligations imposed by Workmen's Compensation or Occupational Disease Laws, including, where applicable, the United States Longshoremen and Harbor Workers Act, the Federal Employees Act and the Jones Act. Employer's Liability Insurance shall be provided with a minimum limit of \$500,000.00 per accident.

B. Comprehensive Automobile Liability Insurance with the following minimum limits of liability: \$1,000,000.00 Combined Single Limit per Occurrence. This insurance is to apply to all owned, non-owned and hired vehicles used in the performance of the work.

C. General Liability Insurance covering premises operations, independent contractors, blanket contractual liability, products/completed operations, broad form property damage and person injury with the following minimum limit of liability: \$1,000,000.00 Combined Single Limit Per Occurrence.

D. Aircraft Liability Insurance covering owned, non-owned and hired aircraft used in the performance of the SERVICES with the following minimum limit of liability: \$5,000,000.00 Combined Single Limit Per Occurrence.

E. Property Insurance covering aircraft, equipment, supplies, materials and other items of property owned by or in the possession of the CONTRACTOR and used for or in the provision of the SERVICES.

F. Excess Liability Insurance in excess of the liability insurances required under B, C, and D above to a limit of \$ 5,000,000.00.

G. CONTRACTOR shall ensure addition of ACRES and the AUTHORITY as named insurees under each of the insurances described in A, B, C, D, and E, above.

H. CONTRACTOR shall require its sub-tier subcontractors to carry at least the minimum insurances described in A, B, C, D, and E, above.

I. Before any work is started, unless a current Certificate of Insurance has previously been furnished to and approved by ACRES, CONTRACTOR shall file with ACRES certificates of insurance containing the following information in respect to each of the applicable insurances carried:

(1) Name of Insurance Company, type of insurance, policy number and expiration date;

(2) Limits of insurance and amount deductible;

(3) Named insured;

(4) A statement indicating that ACRES will receive at least thirty (30) days notice of cancellation of the policy or of any modification to the policy; and

(5) A statement indicating that ACRES and AUTHORITY are listed as additional insureds.

Article XIV - Assignment

A. This CONTRACT shall be binding upon and inure to the benefit of the successors and assigns of the respective parties hereto; provided, however, that CONTRACTOR shall not assign any of its rights or obligations hereunder, or any sum that may accrue to it hereunder, without the written consents of ACRES REPRESENTATIVE. Such assignment approval by ACRES shall not release or relieve CONTRACTOR of any of its obligations under CONTRACT nor create any contractual relation between any third party and ACRES.

B. If ACRES at any time is no longer a contractor of the AUTHORITY, upon notification by ACRES to CONTRACTOR, ACRES will assign its rights and obligations under this CONTRACT to the AUTHORITY or its designated agent. In the event of such an assignment, the assignee shall be substituted in full place and stead for ACRES under the CONTRACT, and ACRES shall be released from any and all further obligations hereunder.

Article XV - Notices

All notices under this CONTRACT shall be in writing and shall be sent by certified/registered mail or acknowledged electrically transmitted message (i.e., telegram; telex, TWX, facsimile) to CONTRACTOR or ACRES REPRESENTATIVE at their office address set forth in this CONTRACT, or shall be handed to their duly authorized representatives. The date of any notice shall be the date it is first received by the office address of the addressees.

Article XVI - Term of Contract

This CONTRACT shall remain in full force and effect with respect to the CONTRACT Aircraft for the period July 1, 1982 through September 30, 1982 (the "initial contract term of service"), unless earlier terminated at ACRES' discretion under Article XVII - Suspension and Termination.

CONTRACTOR hereby grants ACRES the option to extend the CONTRACT on the same terms and conditions, on a month to month basis, up to one year from the effective date of this contract. July 1, 1982 is the date CONTRACT aircraft is anticipated to begin service under this CONTRACT. The actual starting date may vary depending upon the specific need.

Article XVII - Suspension and Termination

A. In the event that the CONTRACTOR fails to comply with the provisions of this CONTRACT, ACRES may immediately suspend this CONTRACT temporarily by giving to the CONTRACTOR a notice to the effect that this CONTRACT is immediately thereupon suspended. Upon such suspension any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such

suspension and which were outstanding at the time of such suspension shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such suspension. Upon such suspension the CONTRACTOR shall refrain for the entirety of the period of such suspension from providing any of the SERVICES and from making any claim in regard to or arising out of this CONTRACT except for remuneration for such of the SERVICES as have actually been provided by the CONTRACTOR in accordance with the provisions of this CONTRACT up to the date of such suspension. CONTRACTOR shall apply for payment for SERVICES actually provided by CONTRACTOR in the manner described in Article III.

B. ACRES may suspend this CONTRACT temporarily at any time for reasons other than CONTRACTOR's failure to comply with the provisions of this CONTRACT, by giving to the CONTRACTOR a notice in writing to the effect that this CONTRACT is on the date of such notice thereupon suspended. Upon such suspension the CONTRACTOR shall refrain for the entirety of the period of such suspension from providing any of the SERVICES and from making any claim in regard to or arising out of this CONTRACT except for (1) remuneration for such of the SERVICES as have actually been provided up to the date of such suspension (which remuneration shall be applied and paid for in the manner described in Article III), and (2) if the suspension occurs before the initial CONTRACT Term of Service has been met, additional compensation ("Additional Compensation") for the CONTRACT aircraft computed as follows:

C = Compensation

A = the (fixed hourly rate x 2) for the specific aircraft referred to in the subject Aircraft Request

B = 2 times the number of "full weeks" remaining on the CONTRACT from the date of such suspension to the end of the "initial CONTRACT Term of Service"

"Full Week" means a week containing Monday, Wednesday, Friday and Saturday

$C = (A) \times (B)$

C. In the event that the CONTRACTOR fails to comply with the provisions of this CONTRACT, ACRES may immediately terminate this CONTRACT by giving to the CONTRACTOR a notice to the effect that this CONTRACT is immediately thereupon terminated. Upon such termination any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such termination and which were outstanding at the time of such termination shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such termination. Upon such termination the CONTRACTOR shall be deemed to have released, remised, and forever discharged ACRES for and in respect to all obligations, liabilities and responsibilities in regard to or arising out of this CONTRACT except for remuneration for such of the SERVICES as have actually been provided by the CONTRACTOR in accordance with the provisions of this CONTRACT up to the date of such termination. CONTRACTOR shall apply for payment for such services in the manner described in Article III.

D. ACRES may terminate this CONTRACT at any time for any reason other than CONTRACTOR's failure to comply with the provisions of this CONTRACT by giving to the CONTRACTOR a notice in writing to the effect that this CONTRACT is on the 14th day after the date of such notice thereupon terminated. Upon such termination any and all Aircraft Requests which were issued by ACRES or by ACRES REPRESENTATIVE prior to such termination shall notwithstanding the contents thereof be deemed to have been issued for periods of time ending on the date of such termination. Upon such termination the CONTRACTOR shall be deemed to have released, remised and forever discharged ACRES from and in respect of all obligation, liabilities and responsibilities in regard to or arising out of this CONTRACT except for (1) remuneration for such of the SERVICES as have actually been provided up to the date of such termination and (2) if the termination occurs before the initial Contract Term of Service has been met, additional compensation ("ADDITIONAL COMPENSATION") for the CONTRACT Aircraft computed as follows:

C = Compensation

A = the (fixed hourly rate x 2) for the specific aircraft referred to in the subject Aircraft Request

B = 2 times the number of "full weeks" remaining on the CONTRACT from the date of such termination to the end of the "initial CONTRACT Term of Service"

"Full Week" means a week containing Monday, Wednesday, Friday and Saturday

C = (A) x (B)

Article XVIII - Conflict of Interest

CONTRACTOR shall exercise reasonable care and diligence to prevent any actions or conditions which could result in a conflict with ACRES' best interest. This obligation shall apply to the CONTRACTOR and the employees, agents, and subcontractors of CONTRACTOR. CONTRACTOR's efforts shall include, but not be limited to, establishing precautions to prevent its employees, agents, and subcontractors from making, receiving, providing or offering substantial gifts, entertainment, payments, loans or other considerations for the purposes of influencing or permitting individuals to act in any particular manner. Furthermore, CONTRACTOR shall make its best efforts to ensure that no ACRES employee, or dependent thereof, receives private aircraft transportation for non-business use as a result of, or in conjunction with, SERVICES provided under this CONTRACT. CONTRACTOR may carry ACRES employees and/or dependents in transportation not in conjunction with, SERVICES herein, provided that adequate, proper and reasonable remuneration is paid by such employees and/or their dependents.

Article XIX - Force Majeure

A. FORCE MAJEURE shall mean an occurrence beyond the control and without the fault or negligence of the party affected; including, but not limited

to, acts of God or the public enemy; expropriation or confiscation of facilities; changes in LAW (defined in Article XII - Laws and Regulations) significantly affecting the flight service requirements; war, rebellion, sabotage or riots; and floods, that could not reasonable have been anticipated; fires, explosions, or other catastrophies; strikes or any other concerted acts of workmen; or other occurrences which are not within the control of the party affected and which by the exercise of reasonable diligence said party is unable to prevent or provide against.

B. Should CONTRACTOR be delayed in performance of SERVICES by an occurrence it feels is FORCE MAJEURE and CONTRACTOR cannot avoid or prevent said delay by any reasonable effort, CONTRACTOR shall give notice to ACRES, as soon as possible, and in any event within ten (10) days of its initial occurrence.

Article XX - Reservation of Rights

Should ACRES at any time or from time to time not expressly enforce or demand the exact adherence to, and execution of, any of the terms of CONTRACT, it will not constitute a waiver of any of ACRES rights under CONTRACT.

Article XXI - Contract Contingent Upon APA Funds

This CONTRACT is contingent upon the receipt of funds for aircraft support by ACRES from the AUTHORITY.


Article XXII - Entire Agreement

This CONTRACT, including all attachments enumerated herein, shall constitute the entire AGREEMENT and understanding between the parties concerning

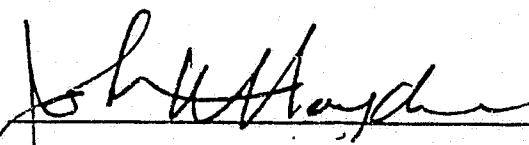
the subject matter herein and all prior agreements, understandings and commitments with respect to the subject matter herein are merged into this AGREEMENT, including CONTRACTOR's alterations or modifications to this AGREEMENT shall be effective unless in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be executed in their respective names by their duly authorized representatives, as of the date and year first written above.

AIR LOGISTICS of ALASKA, INC.

By: 
Title: ASST. DIV. MGR

ACRES AMERICAN INCORPORATED

By: 
Title: Deputy Project Manager

ATTACHMENT 1

CONTRACT PRICE

PARAGRAPH 1 - CONTRACT PRICEA. Contract Fixed Wing Aircraft Services

ACRES shall subject to the provisions of this CONTRACT pay the CONTRACTOR as full and complete remuneration for CONTRACT FIXED WING AIRCRAFT SERVICES satisfactorily performed by the CONTRACTOR a total CONTRACT FIXED WING AIRCRAFT SERVICES CONTRACT PRICE to be determined in accordance with the following:

Type of Aircraft	Passenger Capacity	Maximum Lbs. Cargo Capacity	Cruise Speed in Knots	Rate \$/Flight Hour "Wet"
BN 2A-26 Islander	9	2,200 lbs	125	\$297.50/hour
Cessna 206	5	1,000 lbs	130	\$165.00/hour

The Hourly Rate - Wet set forth herein means and represents, unless otherwise stated herein or agreed to by ACRES, CONTRACTOR's Hourly Rate - Wet per aircraft inclusive of all overheads, profits, taxes for which CONTRACTOR is ultimately responsible, and costs of labor, salaries, insurance, fringe benefits, materials, facilities, offices and licenses.

The Hourly Rate - Wet is not subject to escalation or retroactive adjustment during the term of this CONTRACT.

The Hourly Rate - Wet shall apply to all scheduled flights for days on which the SERVICES were provided.

The Hourly Rate - Wet shall as a minimum include the services of one (1) pilot in command for each fixed wing aircraft flight unless otherwise stated herein or agreed to by ACRES.

The Hourly Rate Wet set forth herein means and represents, unless otherwise stated herein or agreed to by ACRES, CONTRACTOR'S Hourly Rate - Wet for the scheduled aircraft for each chargeable and recorded flight hour or prorated tenth of an hour inclusive of all overheads, profits, taxes to which CONTRACTOR is ultimately responsible, and costs of labor, salaries, insurances, fringe benefits, materials, facilities, offices and licenses.

The chargeable and recordable flight hours or prorated tenths of an hour for use in application of the Hourly Rate - Wet shall be based on the actual recorded flight hours from the point of origin to the point of destination and shall be specified and determined by continuous clock to be energized by the aircraft's collective control equipment.

ACRES shall not be obligated to compensate CONTRACTOR except for SERVICES provided by a CONTRACT FIXED WING AIRCRAFT pursuant to an authorized Aircraft Request and in no event for any time beyond the end of the period contemplated in the Aircraft Request for the provision of SERVICES.

B. Other Applicable and Approved Expenses and Charges

ACRES shall subject to the provisions of this CONTRACT reimburse CONTRACTOR for such applicable and approved expenses and charges as are

necessarily, properly and reasonable incurred by CONTRACTOR.

PARAGRAPH 2 - CONTRACTOR FURNISHED ITEMS

A. Fuel for Aircraft

(1) CONTRACTOR shall furnish, at no cost to ACRES, fuel for CONTRACT FIXED WING AIRCRAFT flights undertaken by CONTRACTOR. In the event, however, it is of necessity purchased by CONTRACTOR, and with ACRES' permission, then ACRES shall, upon submission of appropriate invoices, reimburse CONTRACTOR the invoiced amount without additional mark-up or fee.

Said invoiced amounts shall include appropriate state and federal fuel taxes but shall exclude any costs for federal excise taxes -- as these are recouped through levies on transportation service charges as specified in ARTICLE V - TAXES.

(2) CONTRACTOR is responsible for insuring that fuel is of the type, grade, quality and standard required to safe aircraft operation.

B. Airport and Airway Revenue Taxes and Landing Fees

ACRES will reimburse, or otherwise pay CONTRACTOR for the following items properly accrued to and paid by CONTRACTOR.

(1) Airport and Airway Revenue Taxes, as described under ARTICLE V - TAXES.

(2) State of Alaska Landing Fees which are incurred away from CONTRACTOR's home base in connection with SERVICES.

ATTACHMENT 2

CONTRACTOR'S KEY PERSONNEL

ATTACHMENT 2

CONTRACTOR'S KEY PERSONNEL

Leslie Bays - Division Manager/Director of Operations, Fixed Wing

Richard Castner - Chief Pilot, Fixed Wing/ Assistant Division Manager

Mick Rizk - Alaska Division Rotary Wing Manager

Craig Clark - Director of Administration

ATTACHMENT 4

ACRES STANDARD OPERATING PROCEDURES FOR
HELICOPTER AND FIXED WING OPERATIONS

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STANDING OPERATING PROCEDURES

FOR

HELICOPTER AND FIXED WING OPERATIONS

1. PREFLIGHT BRIEFING:

Pilots will receive daily briefing and special instructions from dispatcher prior to first flight each day. No flights will be initiated until approved.

2. READY TIME:

Pilots will assure that aircraft is ready for flight a minimum of fifteen (15) minutes prior to proposed take-off time (fueled, tie-down and covers removed, ice and snow removal as required, etc.).

3. PHYSIOLOGY:

- a. In the interest of safety, pilots are expected to demonstrate a professional attitude toward acquiring adequate rest before flight.
- b. Pilots will abstain from alcoholic beverages and other intoxicants within the ten (10) hour period prior to each flight. Failure to comply with this requirement will constitute grounds for immediate dismissal.

4. ALTITUDE REQUIREMENTS:

Unless approved by Acres Representative and authorized by BLM, all aircraft will maintain 1000 feet AGL with the following exceptions:

- a) during takeoff and landing; b) restrictive weather conditions; c) task requirements (i.e., short distance hops, lifts across rivers, etc.).

5. WILDLIFE AVOIDANCE:

Aircraft will avoid disturbance of wildlife populations and will remain 1000 feet AGL in their vicinity, unless otherwise authorized. Aircraft operations will not be conducted within 1320 feet (1/4 mile) of a known raptor nest between 15 March and 31 August.

6. REGULATION COMPLIANCE:

All aircraft operations will be conducted in accordance with current FAA, State, and BLM regulations, restrictions, and any special restrictions and/or requirements imposed by Acres Authorized Representative, so long as said requirements are within the bounds of safety.

7. AIRCRAFT PERFORMANCE REQUIREMENTS:

- a) At no time will aircraft be operated at a hover OGE with passengers aboard.
- b) Enroute Flight - Aircraft are expected to be operated at, or near, cruise power settings as dictated by appropriate performance charts for existing loads and meteorological conditions (DA). Any pilot known to deliberately practice slow flight for the sole purpose of amassing flight time will be dismissed.

8. LOGGING OF FLIGHT TIME:

Pilots will be especially careful to lower collective lever sufficiently at each landing to inactivate lapse time indicator (Hobbs meter). In the event the Hobbs meter becomes inoperative, pilots will make a practice of logging the clock time prior to "pulling pitch", and make this the first item of the check list immediately after establishing stability upon landing (i.e., as soon as it is safe to remove hand from collective).

9. FUEL MANAGEMENT:

Prior to refueling at the end of the day, or prior to first flight of day, pilots will coordinate with dispatcher to preclude inability to accomplish priority requirement due to excess fuel on board.

10. FLIGHT SAFETY:

While it is not the intent or purpose of the dispatcher to dictate to the pilots how to fly, he will closely monitor reports for indications of unsafe acts, unnecessary risk-taking, poor judgement, and "cowboying". Each pilot is expected to operate his aircraft in a prudent, safe, and professional manner at all times.

11. OPERATION WITHIN CAMP AREA:

No helicopter will fly or hover over or near buildings, tents, equipment, or personnel. No helicopter will operate closer to buildings than the helipads, except to pick-up loads as required. Every effort will be made to place loads on, or near, helipads.

12. POST FLIGHT:

- a) All pilots will take flight sheets to dispatcher at the end of each day for verification and clarification of Tasks flown.
- b) An on-site maintenance program will be effective whereby qualified A.P. mechanics, with the proper tools and spare parts, will conduct thorough and complete maintenance on each helicopter after each daily flight to insure that the aircraft is fully prepared to fulfill its mission the next day.

NOTE: For the purpose of this SOP, the Dispatcher is the Resident Supervisor or other designated Acres person in his absence.