Exxon Valdez Oil Spill Trustee Council

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February 15, 2013

William Anderson, Jr.
President
Koniag, Incorporated
4300 B Street, Suite 407
Anchorage, AK 99503

Dear Mr. Anderson:

During individual Trustee briefings over the last week, they have questions and concerns regarding the Koniag Proposal for Modification of Existing Master Agreement and Conservation Agreement and associated memo. They are listed below:

1. Please explain in more detail how the Stewardship Fund does not violate Trustee Council policies that bar the Council from funding normal agency activities, including for land management.

2. Provide a detailed budget for use of the $725,000 per year Stewardship Fund.

3. Explain in greater detail the link between the injured resources and services and the proposed modifications to the Master Agreement and Conservation Easement, in particular how activities proposed to be funded by the Stewardship Fund will help restore injured resources and services.

4. Explain in further detail how the use of any positive balance in the Stewardship Fund at the end of each fiscal year for 1) the continued study and cataloging of archaeological sites and artifacts; and 2) the rental of facilities on Camp Island for environmental and habitat studies is linked to *Exxon Valdez* oil spill restoration purposes.

5. The memo from Koniag regarding the proposed modifications states that "[t]o date, Koniag has incurred the majority of the costs associated with stewardship of these injured resources present on the Conservation Property." *See* page 3. Please explain the specific activities and associated costs that Koniag has undertaken regarding the injured resources.

6. The memo (also on page 3) states that commercial fishing was a service impacted on the Conservation Property. Is there any commercial fishery that occurs on the Conservation Property, either currently or in the recent past? If so, how was it affected by the Easement?

7. Attachment A, Master Agreement: the language at the end of the proposed new Section 5(f) states that Koniag is currently fulfilling some of the obligations of the U.S. Fish and Wildlife Service under the Master Agreement and Conservation Easement. Please describe the specific obligations that Koniag is performing, and the cost of those obligations.

8. Attachment A, Conservation Easement Section 4: the last sentence adds a new requirement that U.S. Fish and Wildlife Service (USFWS) and Alaska Department of Fish and Game (ADF&G) notify Koniag of their intended activities on the Conservation Property prior to exercising the right of access. Unrestricted access by USFWS and ADF&G is one of the fundamental rights established by the original Conservation Easement. Both USFWS and ADF&G have indicated that they will make every effort to inform Koniag prior to accessing the Property, but will not agree to mandatory notification.

9. Attachment A, Conservation Easement Section 5(b): The first sentence adds a new requirement for issuing permits for unguided users beyond the ½-mile corridor along Karluk River and Karluk Lake. FWS does not require permits for unguided users in other areas of the Refuge. Authorizing public access is one of the fundamental rights established by the original Conservation Easement. Please provide detail on the changes that have occurred that would necessitate the additional permitting outside the original corridor.

10. Attachment A, Master Agreement Section (5)(b): includes a new clause, the meaning and intent of which needs clarification: "or the distributions to the Stewardship Fund result in a lower return."

The Trustee Council meets February 21, 2013. We look forward to Koniag's responses and follow-up to these questions and concerns, where possible, before the meeting. There will likely be other questions that arise at the Council's meeting, but any information provided in response to these questions and in advance of the meeting, will facilitate discussions.

Sincerely,

Elise Hsieh
Executive Director

cc: *Exxon Valdez* Oil Spill Trustee Council *via email*
Charlie Powers, Koniag *via email*