

**RESOLUTION OF THE
EXXON VALDEZ OIL SPILL TRUSTEE COUNCIL**

We, the undersigned, duly authorized members of the *Exxon Valdez* Oil Spill Trustee Council ("Council"), after extensive review and after consideration of the views of the public, find as follows:

1. Afognak Joint Venture ("AJV"), owns the surface estate of lands located on Afognak Island, Alaska, including the lands as described in Attachment A and generally depicted on the map at Attachment B as parcel AJV 1a, parcel AJV 1b, parcel AJV 3a, including the conservation easement buffer on the west side of Laura and Pauls Lake, parcel AJV 7, parcel AJV 8, the weir sites at Pauls and Waterfall Creeks, and all rights held by AJV, including timber rights, to Delphin and Discoverer Islands, and referred to collectively herein as the Lands.

2. The Lands were conveyed to AJV pursuant to the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act. The subsurface estate associated with the Lands was conveyed to Koniag, Inc. an Alaska Native Regional Corporation.

3. The Lands are within the oil spill area as defined by the Council in the Final Restoration Plan approved November 2, 1994.

4. Pursuant to a Resolution adopted December 2, 1994 the Council authorized an appraisal of parcels AJV 1a, AJV 1b, AJV 2, AJV 3a, AJV 4, AJV 7, and AJV 8, all as configured on December 2, 1994, as well as additional lands on Afognak Island owned by AJV, and authorized the State of Alaska ("State") to offer to purchase those parcels at fair market value as determined by an approved appraisal, but not to exceed \$70,000,000. The appraisal has been completed and reviewed by the state and federal review appraisers. The fair market value for parcels AJV 1a, AJV 1b, AJV 3a, AJV 7, and AJV 8, all as configured on December 2, 1994, is \$104,446,000 which

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exceeds the amount allocated for the AJV acquisition.

5. Pursuant to a Resolution adopted May 9, 1997 the Council authorized the expenditure of \$70,000,000 over four years, the present value of which would have been \$64,340,000, for AJV 3a, AJV 7, AJV 8, and a portion of parcels AJV 1a and AJV 1b, all as configured on May 9, 1997 and with AJV 1a and AJV 1b to be subject to a limited timber harvest such that the appraised value of the interests to be acquired was \$64,340,000. AJV rejected the offer and advised that it would not sell all of AJV 3a as then configured. Biologists from the Alaska Department of Fish and Game, the United States Fish and Wildlife Service, and the United States Forest Service reconfigured parcel AJV 3a to preserve the most important habitat in the parcel, including providing for limited timber harvest in portions of parcel AJV 3a. Small adjustments approved by the government biologists were made to AJV 3a based on discussions with AJV. Following protracted negotiations, AJV has agreed to sell the Lands totaling approximately 41,750 acres as set forth in Attachment A.

6. A substantial portion of the habitat value of parcel AJV 3a can be preserved by acquiring the interests described in Attachment A. Areas not designated for timber harvest would be conveyed at the time of closing and the designated timber harvest areas conveyed following completion of timber harvesting operations or at the end of fifteen years, whichever is sooner.

7. The estimated appraised value of the Lands is \$62,800,000, excluding the timber on Delphin and Discoverer Islands which has not been appraised but is believed to have significant economic value.

8. The Lands include important habitat for various species of fish and wildlife for which significant injury resulting from EVOS has been documented through the Council's habitat protection analysis and large parcel evaluation and ranking. Parcel AJV 3 as originally configured was the

highest ranked parcel in the Council's habitat protection process, and AJV 1a was one of the highest ranked parcels. This analysis has indicated that the Lands have high value for the restoration of such injured natural resources as pink salmon, black oystercatchers, harbor seals, harlequin ducks, bald eagles, the intertidal/subtidal zone, marbled murrelets, pigeon guillemots, sea otters, river otters, and cultural and archeological resources. This analysis has also indicated that the Lands have high value for the restoration of injured services that rely on these natural resources, including wilderness, recreation and tourism. This acquisition will assure protection of the Department of Fish and Game weir sites on Waterfall and Paul's Creeks. The weir sites have high value for the restoration of injured fisheries. Restoration of the injured species will benefit from acquisition and protection of this important habitat through the elimination of activities and disturbances which may adversely affect their recovery.

9. The benefits resulting from acquisition and protection of the Lands are further described in the Habitat Benefits Report at Attachment C.

10. Existing laws and regulations, including but not limited to ANCSA, the Alaska National Interest Lands Conservation Act, the National Park Service Organic Act, the Refuge Administration Act, the Alaska Anadromous Fish Protection Act, the Clean Water Act, the Alaska Coastal Management Act, the Bald Eagle Protection Act and the Marine Mammal Protection Act, are intended, under normal circumstances, to protect resources from serious adverse effects from activities on the Lands. However, restoration, replacement and enhancement of resources injured by EVOS present a unique situation. Without passing judgment on the adequacy or inadequacy of existing law and regulations to protect resources, scientists and other resource specialists agree that, in their best professional judgment, protection of habitat in the spill area to levels above and beyond

that provided by existing laws and regulations will have a beneficial effect on recovery of injured resources and lost or diminished services provided by these resources.

11. The lands on northern Afognak have been logged extensively for many years, and all of parcels AJV 1a and AJV 3a would be logged within the coming years. Logging would have substantial negative impact on the restoration of injured resources on these two highly ranked parcels. The buffer along Laura and Pauls Lakes will assure protection of that important lake system. The package also provides protection for the portions of Tonki Bay not already included within Afognak Island State Park and protection for the high value islands within Blue Fox Bay. With this acquisition the Council has been able to assure restoration and protection of the most important parts of the ecosystem on northern Afognak Island and Shuyak Island.

12. There has been widespread public support for the acquisition of the Lands within Alaska and nationally.

13. The purchase of the Lands is an appropriate means to restore a portion of the injured resources and services in the oil spill area. Acquisition of the Lands is consistent with the Final Restoration Plan.

14. The purchase price is based upon a single cash payment of seventy million five hundred thousand dollars (\$70,500,000). Because the payments would be over a period of years it is necessary that the purchase price be adjusted for the deferred payments. The adjustment to the purchase price will vary depending upon the payment schedule but will be based upon a rate of 5.16%. Thus the exact amount to be paid will be determined by future action of the Council, which action may include other small adjustments to the interests to be acquired.

15. It is ordinarily the governments' practice to pay fair market value for lands they

acquire. However, due to the unique circumstances of this proposed acquisition, including the Lands' exceptional habitat for purposes of promoting recovery of natural resources and related services injured by EVOS and the need to acquire it to prevent possible degradation of the habitat, the Council believes it is appropriate in this case to pay more than the estimated fair market value of the Lands.

17. This negotiated price represents the lowest price at which the Lands can be acquired and protected under the Council's habitat protection program.

18. This is a reasonable price given the significant natural resource and service values protected; the scope and pervasiveness of the EVOS environmental disaster and the need for protection of ecosystems; the relationship of the price to other large-scale acquisitions in Alaska by the United States and the State, including purchases under the Council's habitat protection program as well as other governmental acquisitions; and the priority of this acquisition to other expenditures of the joint settlement funds for restoration purposes.

THEREFORE, we resolve to provide seventy million five hundred thousand dollars (\$70,500,000) plus an additional adjustment for the deferred payments in funding towards the purchase by the State and the United States for the Lands. This amount is based on the above-described acquisition of the Lands, consisting of approximately 41,750 acres, more or less, as described in Attachment A and depicted on the map at Attachment B.

This authorization for funding is subject to the inclusion of the following terms and conditions in any implementing purchase agreement with AJV:

(a) receipt by the United States District Court for the District of Alaska (District Court) of any necessary settlement payments due from Exxon Corporation, et al. and the subsequent

disbursement of these funds by the District Court for this purpose:

(b) AJV shall grant to the United States or the State, respectively, at no additional cost a conservation easement similar to that used in other acquisitions funded by the Council which will enable the United States or the State to enforce on a non-exclusive basis the restoration objectives of this acquisition. The form and substance of this easement and the related warranty deed for the State or the United States must also be satisfactory to the Alaska Department of Law and the United States Department of Justice;

(c) completion of a title search and review, and any required surveys all of which must be satisfactory to the United States and the State for the respective interests in the Lands acquired by each government;

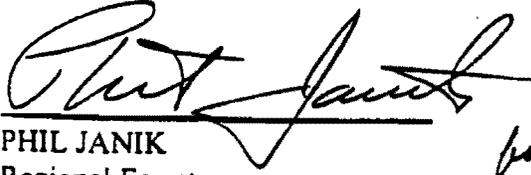
(d) no development or timber harvesting is to take place on the Lands prior to closing except that timber harvesting may take place on the portion of the Lands within parcel AJV 3a that are to be acquired after completion of timber harvesting;

(e) completion of a hazardous materials survey satisfactory to the State and the United States; and

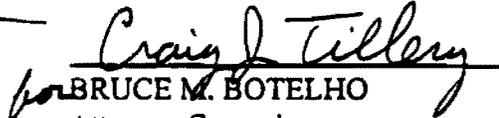
f) compliance with the National Environmental Policy Act and other provisions of applicable federal and state law.

APPROVED by the Council at its meeting of April 2, 1998, held in Anchorage and Juneau,

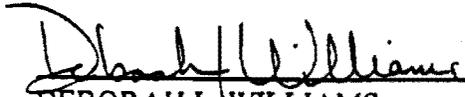
Alaska, as affirmed by our signatures affixed below:



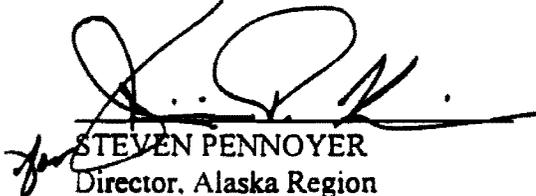
PHIL JANIK
Regional Forester
Alaska Region
USDA Forest Service



BRUCE M. BOTELHO
Attorney General
State of Alaska



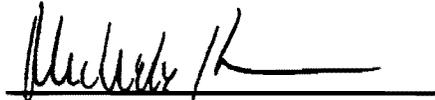
DEBORAH L. WILLIAMS
Special Assistant to
the Secretary of the Interior
for Alaska



STEVEN PENNOYER
Director, Alaska Region
National Marine
Fisheries Service



FRANK RUE
Commissioner
Alaska Department of
Fish and Game



MICHELE BROWN
Commissioner
Alaska Department of
Environmental Conservation

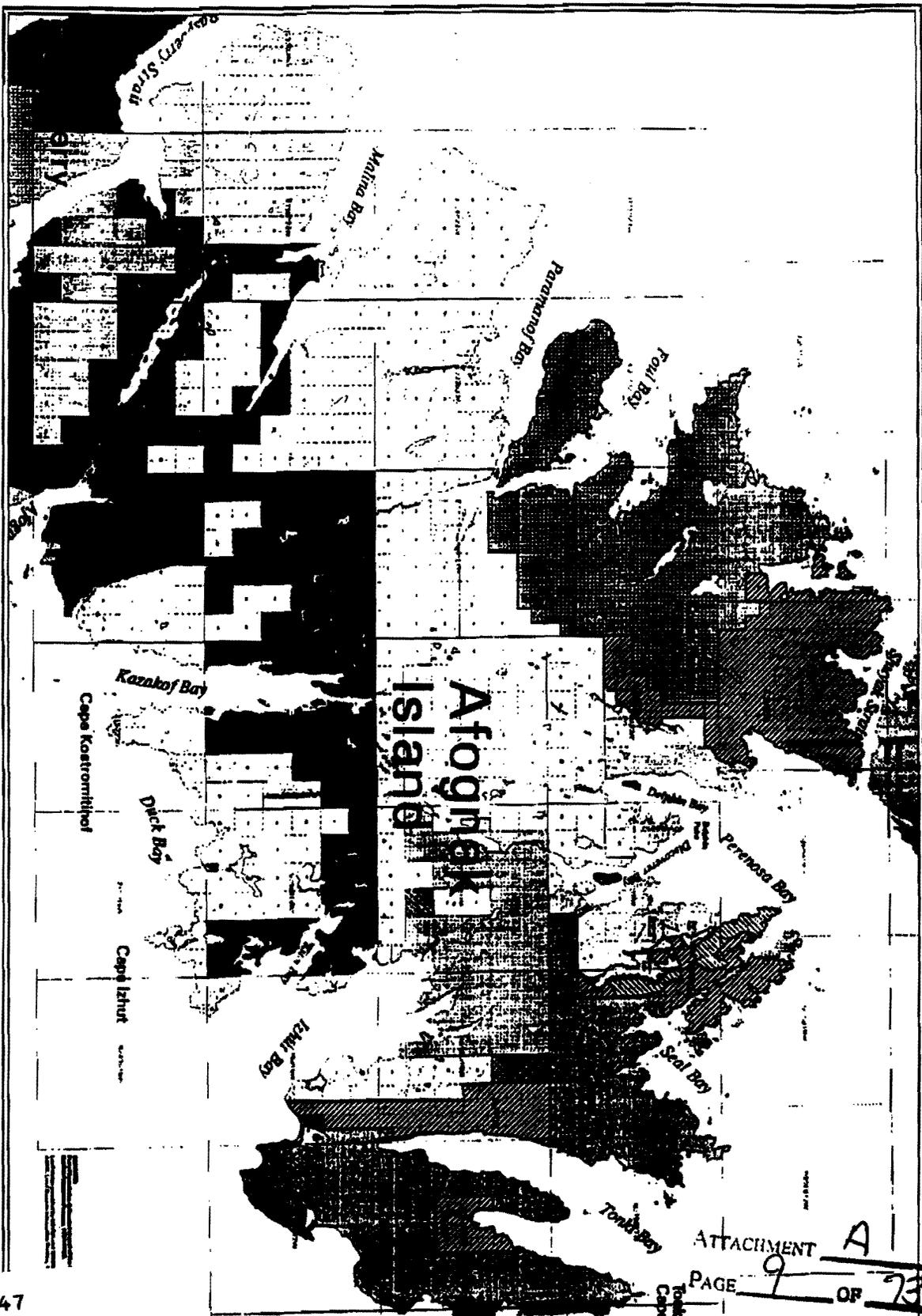
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ATTACHMENT A

Unless otherwise indicated all lands are to be acquired in fee simple.

- AJV 1a: The area as depicted on Attachment B to the Resolution containing 19,071 acres, more or less, including all land west of Waterfall Creek. Hogg, Teck, and Bear Islands in Blue Fox Bay, containing 386 acres, more or less.
Easement satisfactory to the Alaska Department of Fish and Game on the eastern shore of Waterfall Creek to operate a fish weir.
- AJV 1b: The area as depicted on Attachment B to the Resolution containing 2802 acres, more or less, adjacent to the Kodiak Island National Wildlife Refuge.
- AJV 3a: The area as depicted on Attachment B to the Resolution containing 5680 acres, more or less, to the east of Pauls and Laura Lakes.
The area as depicted on Attachment B to the Resolution containing 2213 acres, more or less, to the east of Pauls and Laura Lakes to be acquired without the timber rights, which timber rights shall be retained by AJV for fifteen years.
Conservation easement preserving a 200 buffer along the western shores of Pauls and Laura Lakes, said easement prohibiting commercial timber harvesting, but allowing the construction of cabins, not more than two lodges, with limited road access to be approved by the Alaska Department of Fish and Game and the United States Fish and Wildlife Service, and related facilities. If a lodge is constructed, the easement shall be extended so as to maintain a 200 foot width exclusive of the lodge, except that the Alaska Department of Fish and Game and the United States Fish and Wildlife Service may, in their sole discretion, provide for a reduced width if such width is adequate for the restoration of injured species and maintains an adequate wildlife corridor along the lakes.
An easement satisfactory to the Alaska Department of Fish and Game for the operation of the weir site at the mouth of Pauls Creek.
- AJV 7: The area as depicted on Attachment B to the Resolution containing 2456 acres, more or less, in Tonki Bay.
- AJV 8: The area as depicted on Attachment B to the Resolution containing 8742 acres, more or less, along the western shore of Tonki Bay.

All rights held by AJV, including timber rights, to Delphin and Discoverer Islands in Perenosa Bay.



ATTACHMENT **A**

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11/11/2008

MINERAL PROSPECTING AGREEMENTS AND
 TRACTS COVENANTS, RESOLUTIONS
 APPROVED BY AIA, AIA/KA

LEGEND

- Fee Simple to be Acquired
- Fee Simple to be Acquired (without Timber)
- Timber Rights to be Acquired on Multiple Package Land
- Conveyance Intended to be Acquired (2007 Surface)

LAND STATUS

- National Wildlife Refuge
- National Forest
- State Protected or Federally Approved State Parks
- Alagnak Joint Venture
- Alagnak Native Corporation
- Oukalik Native Corporation
- Indians of Kodiak
- Private
- Other
- Alagnak Native Corp. Selected
- Indians of Kodiak Selected

