

**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. At its meeting on April 2, 1998, the Trustee Council agreed to purchase from Afognak Joint Venture ("AJV"), 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, parcel AJV 7, and parcel AJV 8, a conservation easement for a two hundred foot buffer zone along the west sides of Pauls and Laura Lakes, and all rights held by AJV, including timber rights, to Delphin and Discoverer Islands, and referred to collectively herein as the Lands.

2. Koniag, Inc. ("Koniag") an Alaska Native Regional Corporation has agreed to sell the subsurface estate associated with the Lands for seven hundred fifty thousand dollars (\$750,000), including the subsurface estate of Delphin and Discoverer Islands if it is owned by Koniag. The Lands were conveyed to AJV and the subsurface of the Lands was conveyed to Koniag, Inc. pursuant to the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act.

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

4. 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

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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. Restoration of the injured species will benefit from acquisition and protection of the subsurface estate through the elimination of possible activities and disturbances which may adversely affect their recovery.

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

6. 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. Acquisition of the subsurface estate will provide additional protection for the Lands.

7. 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 will be able to assure restoration and protection of the most important parts of the ecosystem on northern Afognak Island and Shuyak Island.

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

9. The purchase of the subsurface estate 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 including the subsurface estate is consistent with the Final Restoration Plan.

10. The purchase price for the subsurface estate is based upon a single cash payment of seven fifty thousand dollars (\$750,000) to be paid at the time of closing.

11. It is ordinarily the governments' practice to pay fair market value for lands they acquire. The subsurface estate is not considered to be even marginally attractive for mineral exploration due to the extremely low mineral potential of the geologic environment. There is no market value for any undiscovered mineral resource. The oil and gas potential is similarly extremely low because no stratigraphic units known to host oil and/or gas accumulations in the Cook Inlet

basin outcrop on Afognak Island or can be expected to occur deeper in the subsurface of the island. Glaciation of Afognak Island has removed all significant pre-existing sand and gravel deposits, and subsequent erosion has not deposited commercial quantities of construction-grade sand and gravel. Consequently the subsurface estate has no more than nominal value. 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 substantial impact on the surface resources that could occur from any development of the subsurface, the Council believes it is appropriate in this case to acquire the subsurface estate to complete acquisition of, and assure protection of, the entire estate.

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

13. This is a reasonable price for the subsurface estate 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 seven fifty thousand dollars (\$750,000) in funding towards the purchase by the State and the United States of the subsurface estate of the Lands, including the subsurface estate of Delphin and Discoverer Islands if that is owned by Koniag. This amount is based on the above-described acquisition of the subsurface estate 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 Koniag:

(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 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 State;

(d) the acquisition shall be subject to any existing arrangement or rights of AJV to access the subsurface estate for activities relating to the harvest of timber in that portion of parcel AJV 3a where the timber harvesting rights are reserved to AJV for fifteen years;

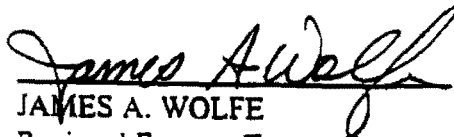
(e) no development is to take place on the subsurface estate of the Lands prior to closing except that AJV and Koniag may use the subsurface estate as provided in Paragraph (d) above;

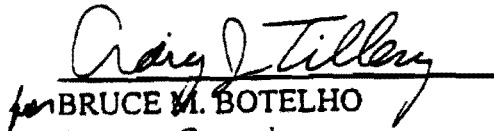
(f) completion of a hazardous materials survey satisfactory to the State and the United States; and

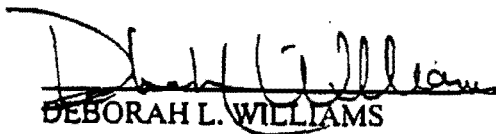
(g) compliance with the National Environmental Policy Act and other provisions of applicable federal and state law.

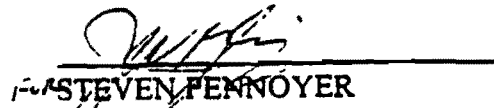
APPROVED by the Council at its meeting of September 29, 1998, held in Juneau, Alaska.


as affirmed by our signatures affixed below:

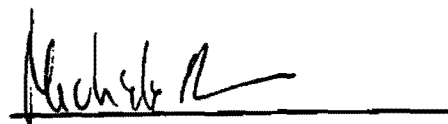

JAMES A. WOLFE
Regional Forester Trustee Representative
Alaska Region
USDA Forest Service


for BRUCE M. BOTELHO
Attorney General
State of Alaska


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

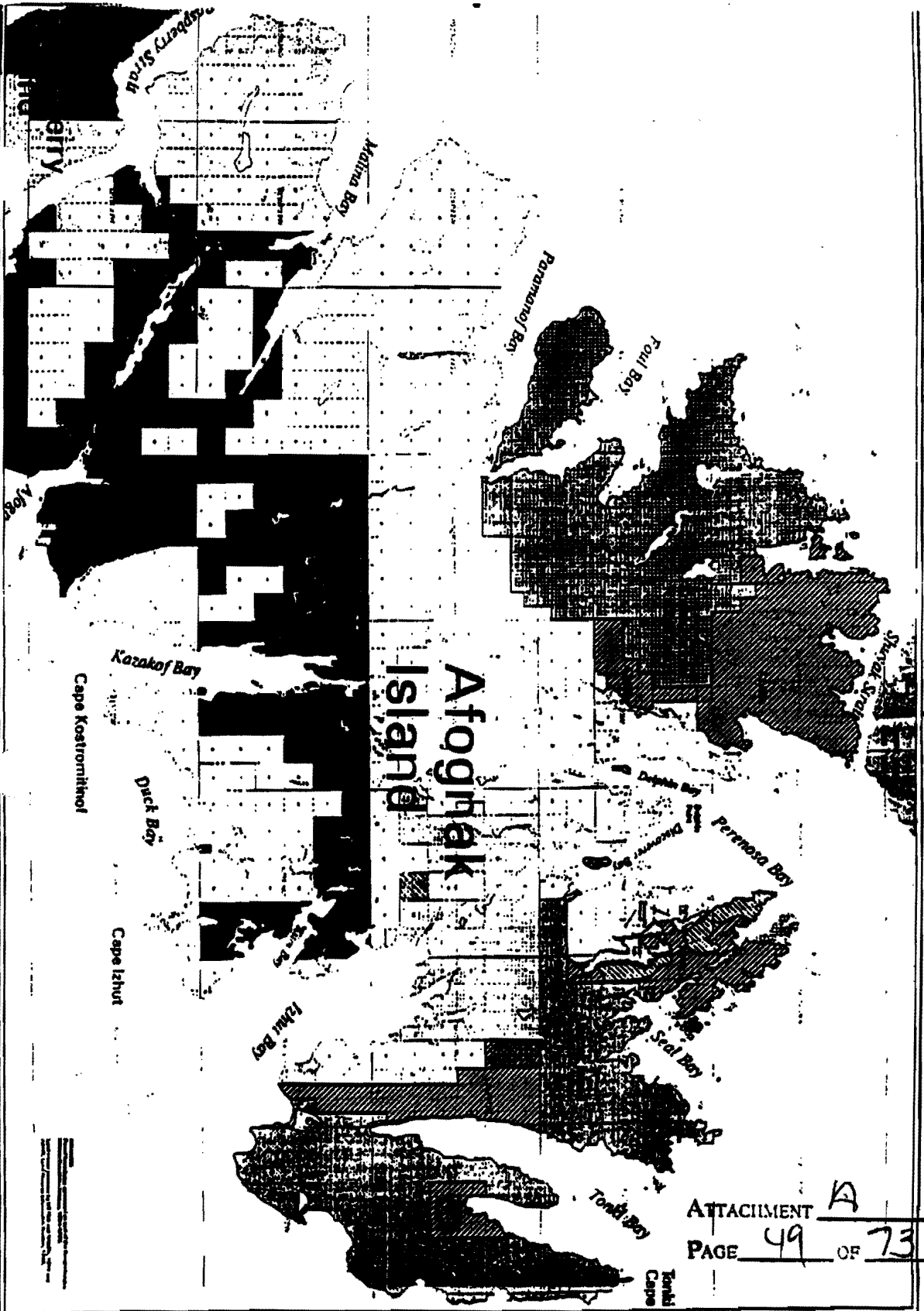
- AJV 1a: The area as depicted on Attachment B to the Resolution containing 19,071 acres, more or less, including all land west of Waterfall Creek. Hogg, Teck, and Bear Islands in Blue Fox Bay, containing 386 acres, more or less. Easement satisfactory to the Alaska Department of Fish and Game on the 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.

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LANDS PROTECTION ACQUISITION AND
 TRUSTEE COUNCIL RESOLUT
 APOGNAK ISLAND, ALASKA

LEGEND

- Fee Simple to be Acquired
- Fee Simple to be Acquired (withhold Timber)
- Timber Rights to be Acquired on Alaska's Public Law
- Communitarian Encumbrance to be Acquired (200' Buffer)

LAND STATUS

- National Wetlands Analysis
- National Forest
- State Proposed or tentatively Approved
- State Parks
- Alequt Joint Ventures
- Alequt Native Corporation
- Ouzish Native Corporation
- Nations of Federal
- Private
- Other
- Alequt Native Corp. Subsidiary
- Nations of Tribal Selected

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