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**UNITED STATES DISTRICT COURT
DISTRICT OF ALASKA**

STATE OF ALASKA,)	
)	
Plaintiff,)	No. 3:91-CV-0083 (HRH)
)	
v.)	
)	SIXTY-SIXTH
)	JOINT NOTICE OF
EXXON CORPORATION, and EXXON)	EXPENDITURES FROM
SHIPPING COMPANY,)	THE INVESTMENT
)	FUND
Defendants.)	
)	

The United States and the State of Alaska (“the Governments”) jointly provide this notice (“Notice”) of their expenditure of \$6,330,000 from the Exxon Valdez Oil Spill Investment Fund (“Investment Fund”). This expenditure is entirely from the Habitat Sub-Account of the Investment Fund. The Governments’ natural resource trustee agencies will use these funds for purposes consistent with the Memorandum of Agreement and Consent Decree entered by this Court in *United States v. State of Alaska*, No. A91-081 CIV (D. Alaska), on

Sixty-Sixth Joint Notice Of Expenditures From Investment Fund
(Case 3:91-CV-0083 (HRH))

Page 1 of 5

August 28, 1991 (“MOA”).

On September 25, 1991, the United States and the State of Alaska settled their claims against the Exxon Corporation, Exxon Shipping Company, Exxon Pipeline Company, and the T/V *Exxon Valdez* arising from the Exxon Valdez Oil Spill (“EVOS”). All funds resulting from these settlements were subsequently ordered by this Court to be placed in an interest-bearing account in the Court Registry Investment System (“CRIS”) administered through the United States District Court for the Southern District of Texas.

On June 7, 2000, this Court entered its Third Amended Order for Deposit and Transfer of Settlement Proceeds (“Third Amended Order”). The Third Amended Order allows the Governments the option of investing the money in an account outside the United States Treasury. On September 29, 2000, upon application by the Governments, the Court entered an Order Re: Transfer of Funds from the Exxon Valdez Liquidity Account and the Reserve Fund to an Investment Fund Within the Alaska Department of Revenue, Division of Treasury, authorizing transfer of settlement proceeds to an account within the State. On October 5, 2000, all funds and securities were transferred from the CRIS to the Investment Fund. The Third Amended Order further allows the Governments to establish separate sub-accounts within the primary account “as the Trustee Council determines appropriate.” On October 1, 2002, three sub-accounts were created in the Investment Fund: the Research Investment Sub-Account, the Habitat Investment Sub-Account, and the Koniag Investment Sub-Account. These sub-accounts were established to carry out the Trustee Council’s decision in its Resolution of March 1, 1999 to manage separately the remaining assets of the Joint Trust Funds for the specific purposes of funding a long term research and monitoring program, the acquisition of lands along the Karluk River, and the establishment of a fund to purchase small parcels of land that may become available in the

future.¹

Paragraph 27 of the Third Amended Order provides that “funds in an Investment Fund shall remain on deposit in that Fund until such time as the EVOS Trustees unanimously resolve to expend all or part of the funds.” The funds may then be expended, for purposes consistent with the MOA, upon the joint notification of the Governments to the Investment Fund and the Court. The notification is to inform the Court of the proposed uses of the funds in the same manner and to the same extent as was the Governments’ practice when the funds were in the registry of the Court.²

The Governments provide Notice of this sixty-sixth expenditure in the amount of \$6,330,000 from the Habitat Sub-Account, authorizing funding for purchase of the Thorsheim Drainage Habitat Parcel, KAP 4002, on Afognak Island.³ The entire amount that is the subject of this Notice will be provided to the State of Alaska.

The Trustee Council has not met since the Governments’ filing on March 13, 2017 of

¹ The Koniag Sub-Account funds, which had been set aside for the protection, and potential purchase, of certain lands on Kodiak Island held by Koniag, Inc. (Koniag), were transferred to the Habitat Sub-Account on March 14, 2014 after the final payment due Koniag (after its termination of the Master Agreement for Protection of Certain Lands and Resources Between Koniag, Inc., the United States of America, and the State of Alaska and associated easements) was made, and the Koniag Investment Sub-Account was terminated. The payment was the subject of the Governments’ Fifty-Fifth Joint Notice of Expenditures from the Investment Fund.

² A copy of the notice provided to the Investment Fund pursuant to paragraph 27 of the Third Amended Order for Deposit and Transfer of Settlement Proceeds is appended to this Notice as Attachment A, pp. 1-2.

³ The Trustee Council unanimously authorized the purchase of this parcel at its November 3, 2016 meeting in Resolution 16-02. *Sixty-Third Joint Notice of Expenditures from the Investment Fund*, Attachment A pp. 3-11 at Dkt. No. 475-1. A description of the Thorsheim Drainage Habitat Parcel is included at Attachment A, pp. 3-9.

their Sixty-Fifth Joint Notice of Expenditures. The Governments will submit the meeting notes for the Trustee Council's last meeting on January 11, 2017 once they have been approved by the Trustee Council.

RESPECTFULLY SUBMITTED this 9TH day of August, 2017 at Anchorage, Alaska.

FOR THE STATE OF ALASKA

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ATTORNEY GENERAL

By: /s/ JENNIFER L. SCHORR
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FOR THE UNITED STATES

/s/ ERIKA M. WELLS (consent)
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on August 9, 2017, a copy of the foregoing, SIXTY-SIXTH JOINT NOTICE OF EXPENDITURES FROM THE INVESTMENT FUND, was served by the Court's CM/ECF system upon all persons registered to receive filings in this matter.

/s/Kendra Mons-Verley



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Law

CIVIL DIVISION

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August 7, 2017

Mr. Bob Mitchell
State Investment Officer
Treasury Division, Dept. of Revenue
P.O. Box 110405
Juneau, AK 99811-0405

Re: *Exxon Valdez* Oil Spill Investment Fund

Dear Mr. Mitchell:

The *Exxon Valdez* Trustee Council has unanimously determined to expend \$6,330,000 in joint trust funds for restoration purposes consistent with the terms of the Memorandum of Agreement and Consent Decree entered by the federal district court in *United States v. State of Alaska*, No. A91-081 CIV (D. Alaska). This expenditure is entirely from the Habitat Sub-Account of the Investment Fund.

Under the terms of the Reimbursable Services Agreement between the Alaska Department of Fish and Game and the Alaska Department of Revenue, please transfer the following amounts from cash held in the *Exxon Valdez* Oil Spill Investment Fund to the accounts described below:

State of Alaska

Amount: \$6,330,000 from the Habitat Sub-Account

Beneficiary: State of Alaska
Account: GeFONSI 33070, Account 22177, ADF&G IRIS Fund 3291
Name: Exxon Valdez Settlement Account

This transfer should take place when most financially advantageous, preferably on or before August 15, 2017. If you have any questions, please email Elise Hsieh at elise.hsieh@alaska.gov.

Mr. Bob Mitchell
Treasury Division, Department of Revenue

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August 7, 2017

Sincerely,



Jennifer L. Schorr
Assistant Attorney General
Environmental Section
State of Alaska
Department of Law



Erika M. Wells
Trial Attorney
Environmental Enforcement Section
Environment & Natural Resources Division
U.S. Department of Justice
United States of America

cc: Jennifer Reiersen, Alaska Department of Fish and Game, *via email*
Michelle Kaelke, Alaska Department of Fish and Game, *via email*
Carol Petraborg, Alaska Department of Fish and Game, *via email*
Bronze Ickes, Alaska Department of Revenue, *via email*
Bruce Nesslage, Department of the Interior, *via email*
Cherri Womac, Exxon Valdez Oil Spill Trustee Council Restoration Office, *via email*
Linda Kilbourne, Exxon Valdez Oil Spill Trustee Council Restoration Office, *via email*

Thorsheim Drainage Protection Project, Afognak Island

Prepared by Great Land Trust

Property Name:	Thorsheim Drainage, Afognak Island
Past EVOSTC Resolution	15-01 in support of conducting due diligence on the subject parcels
Owner:	Uyak Native Corporation - Surface, Trans-Pac Alaska – Timber Lease
Agency Sponsor:	State of Alaska Department of Natural Resources
Appraised Value:	To be determined upon completion of appraisal – Appraisal expected to be finalized September 2016
Funding Request:	Not to exceed \$7,000,000

Overview:

This project encompasses the permanent protection of 1,953 acres of coastal habitat in and around Thorsheim Drainage on the southern shore of Paramanof Bay on the northwestern coast of Afognak Island. The land is owned by Uyak Natives, Inc. and the Timber Rights have been leased to Trans-Pac Alaska. Trans-Pac Alaska is currently poised to begin timber harvest on the parcel. If EVOSTC funding were to be approved at this time, it would conserve this threatened parcel before the timber harvest begins. This acquisition involves the surface estate (and associated timber rights). The fair market value of property is determined by an appraisal compliant with EVOSTC, USPAP, and UASFLA appraisal standards reviewed by a State of Alaska approved review appraiser.

The Kodiak Archipelago contains high-priority habitat for EVOS species recovery and habitat protection. Protection of this large, ecologically-rich area contiguous to other EVOSTC protection projects and would contribute to EVOSTC mission of ecosystem and species recovery and maintenance in the Kodiak Archipelago. EVOS-affected species in the Kodiak Archipelago are dependent on the coastal, riverine, wetland, and upland habitats provided by the Thorsheim Drainage parcel. Protection of the Thorsheim Drainage parcel and surrounding properties would facilitate creating a contiguous protected wildlife corridor between State Park and National Wildlife Refuge managed lands for fish, shorebirds, sea birds, migratory birds, and terrestrial and marine mammal species.

Added Benefit to Past Council Actions:

The Thorsheim project furthers the efforts of past EVOS Trustee Council focusing on Afognak Island.

In 1993, with Council support, the State acquired surface title to 41,549 acres on northern Afognak Island. This mature spruce forest is adjacent to highly productive marine waters, includes anadromous fish streams, and provides excellent habitat for bald eagles and marbled murrelet nesting. In 1994, the Alaska State Legislature designated these lands as the Afognak Island State Park.

In 1998, with Council support, the Afognak Joint Venture (AJV) transferred to the State and federal governments surface title to approximately 41,376 acres of land on northern Afognak Island and easements on an additional 400 acres.

In 2015, the EVOS Trustee Council approved a resolution in support of conducting due diligence on the Thorsheim parcels.

In 2016, with Council support, the Ouzinkie Native Corporation transferred to the State and federal governments surface title to 36,364 acres of land on northern Afognak Island and the Triplet Islands to be managed for conservation purposes.

Property Description and Habitat:

The U.S. Fish and Wildlife Service identifies Afognak Island among the most productive habitat in the Gulf of Alaska. The rich terrestrial and maritime habitat of the Thorsheim Drainage and Bay add to this productivity. The Thorsheim Drainage consists of a dense coastal forest, a riparian corridor and associated wetlands of the Thorsheim stream and lake. This parcel contains approximately 2.3 stream miles and the outlet of Thorsheim Lake, a navigable lake, that support anadromous species identified in the Alaska Department of Fish and Game's Anadromous Waters Catalogue. Sockeye and coho salmon are listed as occurring in the stream and lake within this parcel. The parcel also contains approximately 4.5 miles of coastline along Paramanof Bay, serving coastal wildlife communities such as sea otters and birds identified by the EVOSTC as Injured Species.

The Fish and Wildlife Service's National Wetlands Inventory shows that this parcel contains approximately 50 acres of wetland habitat, described as freshwater emergent and freshwater forested/shrub wetlands and freshwater ponds and lake. The parcel contains dense coastal Sitka spruce, among other native plant species.

The Thorsheim Drainage parcel provides colony and nesting habitat for several species of sea and shore birds, including: Pigeon Guillemots and bald eagles. Kodiak brown bear, Roosevelt elk, and wintering sea ducks also utilize Thorsheim Drainage and Bay. Some of the best brown bear denning areas on Afognak Island are said to be located on Paramanof Peninsula, and research by the Kodiak office of the Alaska Department of Fish and Game shows that a herd of Roosevelt elk utilizes the open meadows and timber stands in the upper watershed that feeds Thorsheim Lake.

Restoration Benefits:

As part of the Kodiak Archipelago, Paramanof Bay and Thorsheim Bay and Drainage are essential habitat for many migratory birds, marine mammals and intertidal biota. The protection of this parcel

would help protect the important coastal and riparian wetlands and coastal forest resources of the Thorsheim Drainage.

The Thorsheim Drainage is an exceptionally productive and pristine salmon system that also provides excellent habitat for herring, harbor seals, sea otters, and a number of sea and shore birds. The continuous kelp beds and eel grass occurring along the parcel's coastline provides important juvenile fish habitat. Three species of salmon are known to spawn in the drainage, including a sockeye run supported by Thorsheim Lake, and coho. Resident rainbow trout and Dolly Varden use the stream and lake with Steelhead and Arctic Char present in the drainage. This protection of this parcel could continue to help bolster injured commercial, sport and subsistence fisheries, particularly salmon fisheries.

Protection of the Thorsheim Drainage could help Gulf of Alaska sea otter populations by reducing disturbance of sea otters and harbor seals that frequent the coastal area from their haulouts on nearby islets and rocks. The Thorsheim Drainage parcel also contains important wetlands, including Fish and Wildlife Service-identified nationally declining freshwater forest/shrub and freshwater emergent wetlands.

Other Injured Species that would benefit from the protection of the Thorsheim Drainage parcel, include Pigeon Guillemots, Black Oystercatchers, Kittlitz's Murrelets, and bald eagles. Protection of the Thorsheim Drainage parcel would provide permanent habitat protection for these species and assist the EVOSTC in reaching and maintaining its recovery objectives in the Kodiak Archipelago.

The timber on this parcel, if left intact, would mature to provide outstanding habitat, and could help expand the Marbled Murrelets' range.

The purchase of this parcel would contribute to the perpetual health of these populations and benefit subsistence harvest levels, which is identified as an Injured Human Service.

The addition of this parcel would benefit recreation and tourism, which were also identified by the EVOSTC as an Injured Human Service.

Potential Threats:

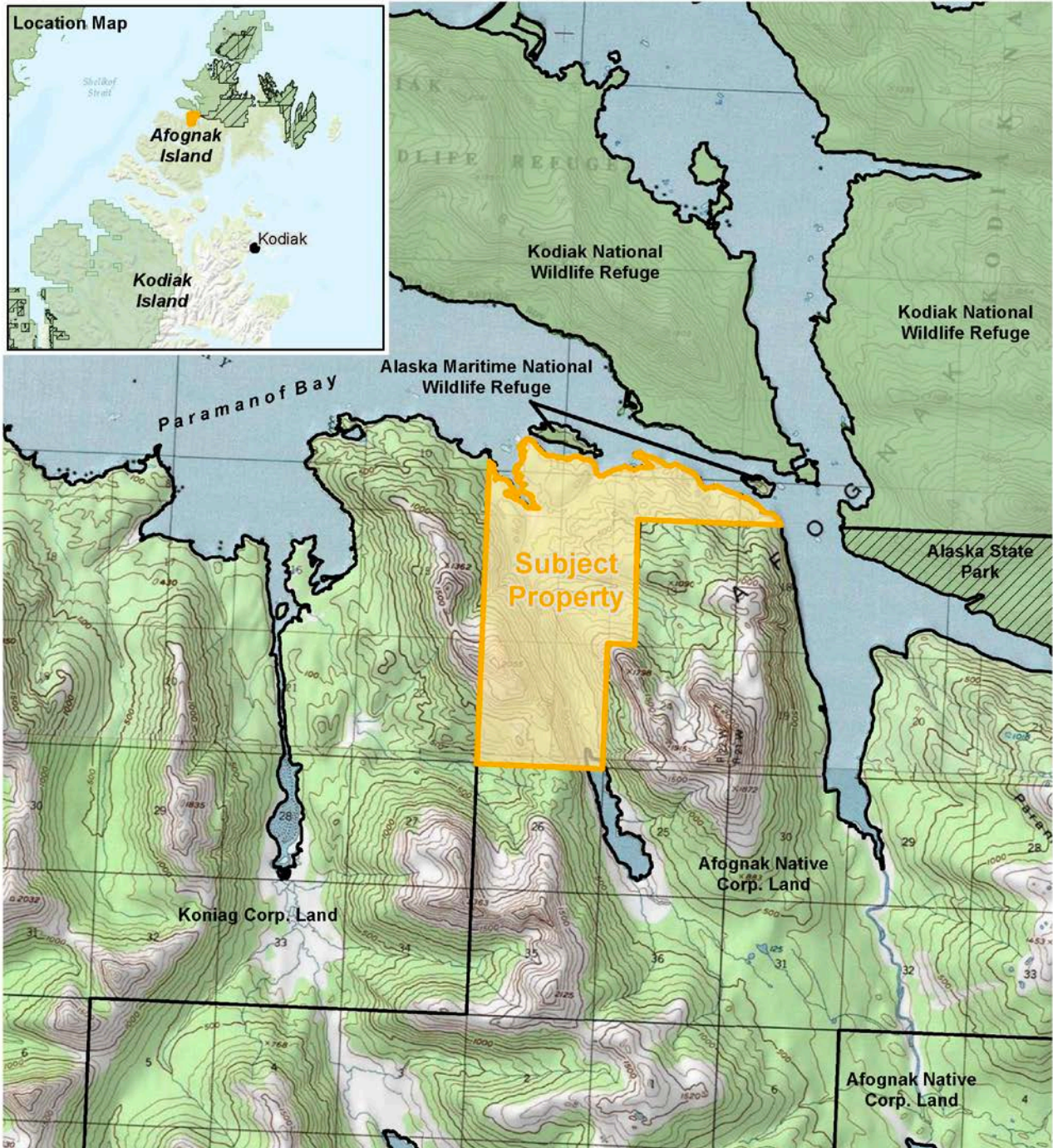
Conservation of this parcel would eliminate the threat of future habitat fragmentation, road construction, subdivision, development and industrialization of an important drainage of north Afognak Island. The timber is currently leased to Trans-Pac Alaska. Trans-Pac Alaska has built a road to the edge of the property and is poised to begin logging operation on the subject parcel if the property is not conserved.

Proposed Management:

State of Alaska Department of Natural Resources

Funding Request:

\$7,000,000



Uyak Inc. Land - Thorsheim Drainage, Afognak Island

Subject Property
 Past EVOS Action
 Protected Area

The subject property ranked as a **high priority** in the Great Land Trust EVOS Habitat Land Prioritization: 2015

Approximate Legal Description & Acreage:

Tract A and B in Sections 11, 12, 13, 14, and 23 of T22S, R22W, Seward Meridian and Section 7 of T22S, R21W, S.M., containing 1,952.9 acres, more or less, according to the Uyak Partition Subdivision recorded as Plat 2006-7 in the Kodiak Recording District on July 5, 2006.

0 0.75 1.5 Miles

Great Land Trust
 EVOS Habitat Prioritization



Photo: Thorsheim parcels (on right) showing proximity to the recent 2016 EVOSTC Ouzinkie Native Corporation acquisition (center).



Photo: Mouth of Thorsheim Creek



Photo: Mouth of Thorsheim Creek showing intact coastal forest



Photo: Mouth of Thorsheim Creek



Photo: Logging road built to the edge of the subject property