



**LAND USE PERMIT
AS 38.05.850**

PERMIT # LAS 29667

Alaska Gasline Development Corporation, owner of the Right-of-Way Lease for the Alaska Stand Alone Gas Pipeline/ASAP, ADL 418997, herein known as the Permittee, is issued this permit authorizing the use of the following State lands:

- See Attachment B (Legal Descriptions) and Attachment C (Maps).

This permit is issued for the purpose of authorizing the following:

- Drilling boreholes on State owned or managed land, 8-inches in diameter and 200-feet deep, to collect soil samples in support of the geotechnical study program for the proposed Alaska Stand Alone Gas Pipeline/ASAP project;
- Clearing trees and brush from a 25 to 60 foot radius at each borehole site where necessary, with the wider clearing needed at sites used for helicopter landings, and up to 15 feet wide clearing along routes identified for access;
- Cross-country travel from established rights-of-way to access each site as identified in Attachment B and depicted on Attachment C. Areas approved for access under this permit are limited to those identified within the Fairbanks and Seward Meridians. A separate authorization from the Division of Mining, Land and Water, Northern Region Office is required for off-road travel within the Umiat Meridian. Equipment to be used includes small tracked vehicles (~1,500 lbs), a helicopter portable drill rig (~6,500 lbs), and a track mounted drill rig and support vehicle (~35,000 lbs each); and
- Installing casings for the temporary placement of thermistors, piezometers and inclinometers at borehole locations identified in Attachment B.

This permit is effective beginning 6/19/2014 and ending 6/18/2019. This permit does not convey an interest in state land and as such is revocable, with or without cause and is revocable at will if the Department of Natural Resources (DNR) determines that the revocation is in the State's interest. The permit remains in effect for the term issued, unless revoked sooner. The Department will give 30 days' notice before revoking a permit at will. A revocation for cause is effective immediately.

The non-receipt of a courtesy billing notice does not relieve the Permittee from the responsibility of paying fees on or before the due date.

All activities shall be conducted in accordance with the following stipulations and as described Attachment A.

Stipulations

1. **Authorized Officer.** The Authorized Officer for the Alaska Department of Natural Resources (DNR), State Pipeline Coordinator's Office (SPCO) is the State Pipeline Coordinator or designee. The Authorized Officer may be contacted at the address and phone number on the front of the authorization. The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary. The permittee will be advised before any such modifications or additions are finalized.
2. This permit is subject to the terms, conditions, and stipulations of the Right-of-Way Lease for the Alaska Stand Alone Gas Pipeline/ASAP, ADL 418997, dated July 25, 2011.
3. **Indemnification.** The permittee's contractors and subcontractors shall defend, indemnify, and hold the State of Alaska harmless from and against any and all claims, damages, suits, losses, liabilities, and expenses for injury to or death of persons and damage to or loss of property arising out of or in connection with the entry on and use of state land authorized under this permit by permittee, its contractors, subcontractors, and their employees.
4. **Use Fees.** Pursuant to 11 AAC 05.010(e)(5), the permittee shall pay to the DNR an annual use fee of \$850.00. The use fee is due on or before the annual anniversary of the effective date of this permit without the necessity of any billing by the DNR.
5. **Late Payment Penalty Charges.** The permittee shall pay a fee for any late payment. The amount is the greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) and will be assessed on a past-due account until payment is received by the state.
6. **Returned Check Penalty.** A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. Late payment penalties shall continue to accumulate.
7. **Change of Address.** The permittee shall maintain current contact information with the DNR. Any change of address must be submitted in writing to the Authorized Officer.
8. **Valid Existing Rights.** This authorization is subject to all valid existing rights in and to the land. Authorized concurrent users of state land, their agents, employees, contractors, subcontractors, and licensees, shall not interfere with the operation or maintenance activities of each user. The State of Alaska makes no representations or warranties, whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.
9. **Reservation of Rights.** The DNR reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. The DNR may require authorized concurrent users of state land to enter into an equitable operation or maintenance agreement.
10. **Assignment.** This permit may not be transferred or assigned to another individual or corporation without written consent from the Authorized Officer.

11. **Amendments.** Permittee proposals requiring the amendment of this permit must be in submitted in writing and accompanied by a **\$100 filing fee**. To conduct activities other than that in the approved plan of operations or development plan, the applicant must have prior authorization from the Authorized Officer.
12. **Permit Extensions/Renewal.** Any request for permit extension or renewal should be submitted at least 90 days prior to the end of the authorized term.
 - a. A one-time only, 1 year extension may be considered upon remittance of a written request explaining the need for the extension and a \$100 non-refundable filing fee (11 AAC 05.010).
 - b. A renewal (issuance of a subsequent permit) for a term of up to 5 years may be considered upon remittance of a new permit application package, \$100 application filing fee (11 AAC 05.010) and photographs of improvements occupying the site.
13. **Permit Expiration/Termination.** On or before permit expiration or termination of this authorization by the permittee, all improvements and other chattels shall be removed from the site. The site shall be restored to a clean safe condition. If the permittee fails to remove the improvements in compliance with this requirement, the department may see, destroy, or remove the improvements, whichever is more convenient for the department, at the permittee's expense, including the department's costs associated with restoration and expenses incurred in the performance of these duties. **(11 AAC 96.040(f))**

Advisory: To avoid being responsible for additional land use fees, any permittee planning to terminate a permit must do so prior to the date on which the annual land use fee is due. To successfully terminate a permit, a permittee must satisfy the site restoration and reporting requirements of this authorization prior to requesting termination.
14. **Inspections.** Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspection. **Subject to the reimbursable services agreement between the permittee and SPCO, the permittee is responsible for reimbursement of State expenses for routine inspections of the subject activity, inspections concerning non-compliance, and a final close-out inspection.**
15. **Compliance with Governmental Requirements; Recovery of Costs.** Permittee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this authorization. Permittee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
16. **Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the permittee to obtain authorizations required by other agencies for this activity.
17. **Violations.** This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees, or upon failure to comply with any other applicable laws, statutes and regulations (federal and state). Should any unlawful discharge, leakage, spillage, emission, or pollution of any type occur due to permittee's, or its employees', agents', contractors', subcontractors', licensees', or invitees' act or omission, permittee, at its expense shall be obligated

to clean the area to the reasonable satisfaction of the State of Alaska (11 AAC 96.145).

Advisory Regarding Violations of the Permit Guidelines:

- a) Pursuant to 11 AAC 96.145, a person who violates a provision of a permit issued under this chapter (11 AAC 96) is subject to any action available to the department for enforcement and remedies, including revocation of the permit, civil action for forcible entry and detainer, ejection, trespass, damages, and associated costs, or arrest and prosecution for criminal trespass in the second degree. The DNR may seek damages available under a civil action, including restoration damages, compensatory damages, and treble damages under AS 09.45.730 or AS 09.45.735 for violations involving injuring or removing trees or shrubs, gathering geotechnical data, or taking mineral resources.
- b) If a person responsible for an unremedied violation of 11 AAC 96 or a provision of a permit issued under this chapter (11 AAC 96) applies for a new authorization from the department under AS 38.05.035 or 38.05.850, the department may require the applicant to remedy the violation as a condition of the new authorization, or to begin remediation and provide security under 11 AAC 96.060 to complete the remediation before receiving the new authorization. If a person who applies for a new authorization under AS 38.05.035 or 38.05.850 has previously been responsible for a violation of this chapter or a provision of a permit issued under this chapter, whether remedied or unremedied, that resulted in substantial damage to the environment or to the public, the department will consider that violation in determining the amount of the security to be furnished under 11 AAC 96.060 and may require the applicant to furnish three times the security that would otherwise be required.

18. **Compliance.** Failure to comply or meet the terms and conditions of this permit could impede the ability to seek subsequent authorizations from the DNR.

19. **Directives.** Directives may be issued for corrective actions that are required to correct a deviation from design criteria, project specifications, stipulations, state statutes, or state regulations. Work at the area subject to the Directive may continue while implementing the corrective action. Corrective action may include halting or avoiding specific conduct, implementing alternative measures, repairing any damage to state resources that may have resulted from the conduct, or other action as determined by the DNR.

20. **Stop Work Orders.** Stop Work Orders may be issued if there is a deviation from design criteria, project specifications, stipulations, state statutes, or state regulations and that deviation is causing or is likely to cause significant damage to state resources. Under a Stop Work Order, work at the area subject to the Stop Work Order may not resume until the deviation is cured and corrective action is taken. Corrective action may include halting or avoiding specific conduct, implementing alternative measures, repairing any damage to state resources that may have resulted from the conduct, or other action as determined by the DNR.

21. **Alaska Historic Preservation Act.** The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any state-owned historic, prehistoric (paleontological) or archaeological site without a permit from the commissioner. Should any sites be discovered during the course of field operations, activities that may damage the site will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation (907) 269-8721 and shall be notified immediately.

22. **Public Trust Doctrine.** The Public Trust Doctrine guarantees public access to, and the public right to use navigable and public waters and the land beneath them for navigation, commerce, fishing and other purposes. This authorization is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The DNR reserves the right to grant other interests consistent with the Public Trust Doctrine.
23. **Public Access.** All operations must be conducted in a manner that will ensure minimum conflict with other users of the area. There shall be no interference with free public use of state lands and waters. Public access may not be restricted without prior approval of the Authorized Officer.
24. **Use of Existing Roads and Trails.** Existing roads and trails shall be used wherever possible. Trail width shall be kept to the minimum necessary. Trail surface may be cleared of timber, brush, stumps, and snags.
25. **Site Restoration.** On or before permit expiration, or termination of this authorization by the Permittee, the site shall be vacated and all improvements, personal property, and other equipment shall be removed. In the event Permittee fails to comply with this requirement, the State, at its discretion, may remove and dispose of improvements and restore the site at the expense of Permittee.
26. **Notification of Discharge.** The Permittee is responsible for cleaning up any oil spills or other pollutants on the State lands, tidelands, or submerged lands that result from activities under this permit. Any fuel, oil, or other pollutant discharge or spill shall be reported immediately to the State Pipeline Coordinator's Office, at (907) 269-6403.

The permittee shall immediately notify DNR and DEC by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported. The DNR 24 hour spill report number is (907) 451-2678; the Fax number is (907) 451-2751. Notification of a discharge must be made to the nearest DEC Area Response Team during working hours: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The DEC oil spill report number outside normal business hours is (800) 478-9300.

27. **Wastewater Disposal.** Disposal of wastewater from any operation associated with this authorization to state lands or waters is specifically prohibited, unless otherwise approved by the Alaska Department of Environmental Conservation.
28. **Solid Waste.** All solid waste and debris generated from the activities conducted under this authorization shall be removed to a facility approved by the ADEC prior to the expiration, completion, or termination of the authorization or activities. Temporary storage and accumulation of solid waste (prior to its removal) be stored in a manner that prevents a litter violation under AS 46.06.080.

29. Completion Report. A status report shall be submitted to the State Pipeline Coordinator on a quarterly basis that provides the status and locations of the activities performed. A final completion report shall be submitted within 30 days of termination of permit activities. The reports shall contain the following information:

- a) photos taken from various locations before, during, and after installation and demobilization of the thermistors and data loggers, including dates when the photos were taken;
- b) A description of the activities conducted under this authorization and their status;
- c) a list of the actual location of each site used and a depiction of each site on a pipeline alignment sheet with aerial photo;
- d) a list of the types vehicles and equipment used;
- e) a statement of cleanup activities and methods of debris disposal; and
- f) a report of any known incidents of damage to the ground or existing vegetation cover and follow-up corrective actions that may have taken place while operating under this authorization.

Any report that includes the above noted information may be sent in lieu of the completion reports. The information in "a" through "e" above should be highlighted or otherwise marked for easy reference.

30. Tundra Damage Reports. Incidents of damage to the vegetative mat and follow-up corrective actions that have occurred while operating under this authorization shall be reported to the Authorized Officer within 72 hours of occurrence.

31. Site Disturbance.

- a) Site disturbance shall be kept to a minimum to protect local habitats. All activities at the site shall be conducted in a manner that will minimize the disturbance of soil and vegetation and changes in the character of natural drainage systems. Particular attentions must be paid to prevent pollution and siltation of streams, lakes, ponds, waterholes, seeps and marshes, and to prevent disturbances to fish and wildlife populations and habitats.
- b) Brush clearing is allowed, but should be kept to the minimum necessary to conduct or complete the authorized activity.

32. Timber Harvest. Large trees, greater than four (4) inches in diameter, shall be disposed of as follows:

- a) White Spruce: To minimize the potential for bark beetle outbreaks resulting from harvest or clearing operations, felling of white spruce or creation of white spruce slash should not be completed during the bark beetle flight period (approximately May 1-July 31), if possible. Any operations in or near white spruce should be conducted to minimize root compaction and/or mechanical damage to the lateral roots.

Any white spruce slash (greater than 4" in diameter) resulting from project operations should be processed (e.g. processed for firewood or debarked and/or chipped) before the next beetle flight period. The following guidelines are provided to mitigate bark beetle population buildups resulting from permit operations:

- 1) If suitable equipment is available, debarking of spruce slash pieces >4" diameter is preferred.
 - 2) Cut white spruce should be bucked onsite into manageable bolts (logs) and stacked into tight triangular decks of 10-15 bolts. Decks can be placed in the woods, but should be placed away from residual white spruce.
 - 3) Bolts and slash shall be placed to prevent their being introduced into any surface waters.
- b) All other tree species: Logs shall be cut into 10-15 foot lengths and placed so they cannot roll or be introduced into any surface waters.
- c) When feasible, firewood should be made available for public use, such as along the Parks Highway corridor or along other improved access roads.
- d) Removal of non-white spruce brush, slash and immature trees will be accomplished by any of the following two methods:
- 1) Spreading and scattering in the adjacent brush area without damaging other trees, or
 - 2) Chipping and scattering in such a way as to preclude their being washed into any surface waters.
- e) Placement of felled trees, brush, or slash shall not block access along existing trails.

33. Fire Prevention, Protection and Liability. The permittee shall take all reasonable precautions to prevent and suppress forest, brush, and grass fires, and shall assume full liability for any damage to state land resulting from negligent use of fire. The State of Alaska is not liable for damage to the permittee's personal property and is not responsible for forest fire protection of the permittee's activity. Notify the Division of Forestry area office when crews are working remotely in case a fire starts (Fairbanks 907-451-2600 and Mat-Su 907-761-6300). Call 911 or 1-800-237-3633 to report a wildfire. The permittee must have a method to communicate to personnel in the field and for field personnel to communicate back to the office.

34. Equipment operation. Equipment, other than vessels, must not enter the open water areas of a watercourse during winter. Filling of low spots and smoothing by the use of snow and ice is allowed. Ice or snow bridges and approach ramps constructed at stream, river, or slough crossings shall not contain extraneous material (i.e., soil, rock, brush or vegetation).

35. Debris and Cleanliness. Trails, campsites, and work areas must be kept clean. All solid waste including incinerator residue shall be backhauled to a solid waste disposal site approved by DEC. Trash, survey lath, roadway markers, and other debris that has accumulated along roads or cross country routes shall be picked up and properly disposed of prior to freeze-up the following winter.

36. **Fuel and Hazardous Substances.** Secondary containment¹ shall be provided for fuel or hazardous substances².

- a) **Container³ marking:** All independent fuel and hazardous substance containers shall be marked with the contents and the permittee's or contractor's name using paint or a permanent label. (Note: The permittee is ultimately responsible for contractor's compliance with these stipulations.)
- b) **Fuel or hazardous substance transfers:** Secondary containment or a surface liner⁴ must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations shall be attended by trained personnel at all times.
- c) **Vehicle refueling:** Vehicle refueling shall not occur within the annual floodplain or tidelands.
- d) **Storing containers within 100 feet of waterbodies:** Containers with a total capacity larger than 55 gallons which contain fuel or hazardous substances shall not be stored within 100 feet of a waterbody.
- e) **Exceptions:** The review coordinating agency, after consultation with other resource agencies, may under unique or special circumstances grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the review coordinating agency.

37. **Drilling Compounds.** Any drilling compounds used that do not meet the criteria of AS 46.03.100(e)(4) must be disposed of at a DEC-approved facility.

¹ Secondary containment means an impermeable diked area or portable impermeable containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.

² Hazardous substances are defined under AS 46.03.826 as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

³ Containers means any item which is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks must be considered as single independent containers. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.

⁴ Surface liner means any safe, non-permeable container (e.g., drips pans, fold-a-tanks, etc) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume to contain the worst-case spill that is likely to occur.

38. Reclamation.

- a. If topsoil and/or overburden muck is disturbed or removed on account of exploration activities it shall be separated and stockpiled for future reclamation of the site. This material shall be protected from erosion and contamination by acidic or toxic materials and shall not be buried by other materials.
- b. In performing reclamation of disturbed areas, disturbed ground shall be reshaped and re-contoured to blend with surrounding physiography using excavated materials. Following reshaping and re-contouring, topsoil and organic material shall be re-spread over the surface in order to facilitate the re-growth of natural vegetation.
- c. Shallow auger holes (limited to the depth of overburden) shall be backfilled with auger cuttings to the top of the hole.
- d. All drill hole casings shall be removed prior to closure of this permit.
- e. All drill holes shall be plugged with bentonite holeplug, a benseal mud, or equivalent slurry, for a minimum of 10 feet within the top 20 feet of the drill hole in competent material. The remainder of the hole will be backfilled to the surface with drill cuttings. If water is encountered in any drill hole, a minimum of 7 feet of bentonite holeplug, a benseal mud, or a cement slurry shall be placed immediately above the static water level in the drill hole. Complete filling of the drill holes, from bottom to top, with bentonite holeplug, benseal mud, or equivalent (cement) slurry is also permitted and is considered to be the preferred method of hole closure.
- f. If artesian water flow conditions are encountered, the operator shall contact the SPCO (907-269-6403) or the Department of Environmental Conservation (907-269-7549 or 1-866-956-7656) for hole plugging requirements.

39. Restoration/Rehabilitation of Site.

- a) All rehabilitation shall be completed to the satisfaction of DNR or the applicable land manager.
- b) The permittee shall immediately restore areas where soil has been disturbed, or the vegetative mat has been damaged or destroyed. Restoration shall be accomplished in accordance with the directives of the DNR Plant Materials Center, Bodenbug Road, HC 02, Box 7440, Palmer, AK 99645, (907) 745-4469.
- c) On or before the termination of seasonal use, all holes shall be backfilled with sand, gravel native materials, or a substitute approved by the Authorized Officer.

40. Prohibited Activities. Vehicle maintenance, campsites and storage or stockpiling of material on the surface ice of lakes, ponds or rivers is **prohibited**.

41. The provisions of the federal and State Endangered Species Acts and the federal marine Mammal Protection Act must be adhered to at all times. The Endangered Species Acts provide that there will be no activity permitted that jeopardizes the continued existence of the endangered species or results in the destruction or adverse modification of habitat of such species.

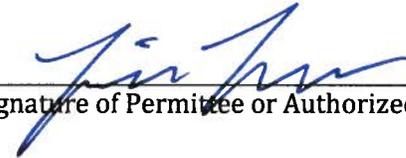
42. All activities below the ordinary high water line shall avoid sensitive fish life stages and their habitats. ADFG may attach timing and location restrictions for sensitive fish time periods, including periods for spawning, rearing, migration, and overwintering.
43. **Bald Eagle Nest.** A minimum undisturbed 330-foot radius area shall be maintained around each bald eagle nest tree at all times. The applicant shall contact the U.S. Fish & Wildlife Service to identify bald eagle nests. An average distance of 1,500 feet shall be maintained between helicopters and active bald eagle nest trees.
44. **Bear Avoidance.** Operations must avoid grizzly bear dens by one-half mile unless alternative mitigative measures to minimize disturbance are authorized by DNR after consultation with DFG. Known bear den locations shall be obtained from the (DFG) Division of Wildlife Conservation (Fairbanks (907) 459-7231; Anchorage (907) 267-2253) prior to starting operations. Occupied dens encountered in the field must be reported to the above, and avoided.

Operations must avoid known polar bear dens by one mile. Known den locations shall be obtained from the U.S. Geological Survey (907-786-3800 or 1-800-362-5148) prior to starting operations. New dens encountered in the field must be reported to the above, and subsequently avoided by one mile.

45. **Seasonal Use Restriction.** Seasonal use or equipment restrictions may be implemented by the Authorized Officer during breakup or freeze up conditions, hunting or fishing seasons, or migration and nesting seasons, or for areas of sensitive habitat.
46. Permittee does any work under this permit at its own risk.

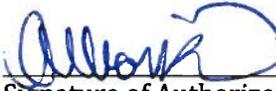
The Authorized Officer reserves the right to modify these stipulations or use additional stipulations as deemed necessary. The permittee will be advised before any such modifications or additions are finalized. The DNR has the authority to implement and enforce these conditions under AS 38.05.850. Any correspondence on this permit may be directed to the Department of Natural Resources, State Pipeline Coordinator's Office, 411 West 4th Avenue, Suite 2C, Anchorage, AK 99501, (907) 269-6403.

I have read and understand all of the foregoing and attached stipulations. By signing this permit, I agree to conduct the authorized activity in accordance with the terms and conditions of this permit.

 ERL Manager 6-11-14
Signature of Permittee or Authorized Representative Title Date

3201 C Street, Suite 200 Anchorage Alaska 99503
Permittee's Address City State Zip

Melissa Cunningham 907-330-6363
Contact Person Home Phone Work Phone

 Deputy State Pipeline Coordinator 6/19/14
Signature of Authorized State Representative Title Date