

Status of Negotiations on Land Acquisitions on the Tongass National Forest

Report to the Committees on Appropriations

Cube Cove Project, Admiralty National Monument

Prior Year and Current Appropriations for Cube Cove, Admiralty National Monument

In fiscal year (FY) 2011, President Barack Obama's Budget requested \$3,500,000 from the Land and Water Conservation Fund (LWCF) for the acquisition of the large tract of private property at Cube Cove on Admiralty Island, Alaska. In response to the FY 2011 continuing resolution, the Forest Service put forward a spending plan that included \$3,500,000 for the Cube Cove project. In FY 2012, Congress appropriated an additional \$500,000 from LWCF for acquisition of that property.

Description of the Cube Cove Property

Believed to be the largest private inholding within a National Monument and Wilderness Area, the Cube Cove property surface estate is owned by Shee Atiká, Inc. (Shee Atiká), an Alaska Native Claims Settlement Act (ANCSA) Village Corporation. The property is approximately 22,890 acres in size, and is surrounded by the Admiralty Island National Monument—Kootznoowoo Wilderness, Tongass National Forest. The subsurface estate is owned by the Sealaska Corporation.

Kootznoowoo, the traditional Tlingit name for Admiralty Island, translates into "Fortress of the Bears." This is a fitting name because Admiralty is renowned for supporting one of the largest concentrations of coastal brown bears in the world.

Current Negotiations between USDA Forest Service and Shee Atiká

The Under Secretary of Agriculture met with representatives of Shee Atiká and the Forest Service in Washington, D.C. on January 24, 2012. Shee Atiká provided briefing materials in advance of the meeting. Representatives of the Forest Service and Shee Atiká met in Alaska on February 21, 2012, to resume negotiations for the Cube Cove purchase. Information needs for the acquisition process and the appraisal standards associated with Federal land acquisition were discussed. Shee Atiká wrote to the Regional Forester on February 24, 2012, providing their perspective on issues that were discussed on February 21. This includes a request for an additional meeting with the Regional Forester, a discussion of appraisal issues, a Phase I environmental report, a phased transaction, appropriations, and permission granting the Agency access to the surface estate through 2012.

In order for the acquisition process to continue the following actions will be pursued:

Needed Data Reports: A Mineral Potential Report for the property needs to be completed in order to determine if there is oil, gas, coal, or other mineral interests associated with the surface or subsurface estate, and the likelihood that those mineral interests could be extracted and brought to the market. An Environmental Site Assessment is needed to determine the presence or extent of hazardous substances or petroleum products. Current discussion between the Forest

Service and Shee Atiká proposes the Forest Service complete the Mineral Potential Report and Shee Atiká complete the Environmental Site Assessment to industry standards.

Appraisal Process: At the February 21, 2012, meeting between the Forest Service and Shee Atiká, much of the discussion centered on the appraisal process and the methodology the Alaska Region uses for selection of a contract appraiser. This issue will need to be resolved to ensure an appraisal process that meets Federal appraisal standards. Current discussions between the parties are ongoing, and a final determination has not been made.

Potential Phased Acquisition: Due to the size of the property, the Forest Service and Shee Atiká are discussing how to identify portions of the property for a logical phased acquisition. The first phase could utilize the current total appropriation of \$4,000,000 to acquire a mutually agreeable contiguous parcel.

Split Estate Issue: Shee Atiká owns only the surface estate. The Forest Service, however, is interested in obtaining the surface and the subsurface estates to ensure the full protection of this Wilderness Area. Surface ownership alone would not necessarily preclude Sealaska from conducting mineral extraction, which could put the surface estate at risk. Because consolidated Federal ownership is within the public interest, the Forest Service intends to approach Sealaska regarding a potential acquisition or exchange for the subsurface estate at Cube Cove. The mineral potential of the subsurface estate and the potential for development will also need to be assessed. This information will be used to provide a risk assessment to determine the feasibility of acquiring only the surface estate.

Estimated Scope and Timing of Land Acquisition Process, Cube Cove Project

- *July or August, 2012* - Target date for completion of the Mineral Potential Report, the Environmental Site Assessment, and other needed field inspections for the entire property.
- *July 2012* - The Parties agree to a phased acquisition and identify phased parcels of the property by July 2012.
- *August 31, 2012* - Forest Service determines whether to include Sealaska subsurface estate as an integral part of the acquisition negotiation or as a separate independent negotiation, or to pursue only the surface estate at this time.
- *August or September, 2012* - Tongass Forest Supervisor submits a Request for Appraisal Services for the estate to be appraised.
- *October 2012* - Forest Service proposes a second phase of acquisition and requests additional funding through LWCF nominations for the FY 2014 budget.
- *Spring 2013* - The Federal appraisal process for this property, which includes contracting timeframes, is estimated to take approximately 230 working days after request for appraisal services has been received from the Tongass National Forest.
- *Summer 2013* - The appraisal is completed, reviewed, and approved for Agency Use, and the Forest Service makes offer to property owners.
- *September 2013* - Approximate target date for obligation of appropriated funds through a purchase option for phase 1.

Misty Fiords National Monument Wilderness Inholdings Project

Current Appropriations for Misty Fiords National Monument (NM) Wilderness Inholding
In FY 2012, President Obama nominated and Congress appropriated \$500,000 from the Land and Water Conservation Fund (LWCF) for the acquisition of the private property inholding within the Misty Fiords National Monument Wilderness, Alaska.

Description of the Misty Fiords NM Wilderness Inholding Property

This is a private inholding in the heart of the Misty Fiords National Monument Wilderness. The property is approximately 68 acres in size. It is located on the Eulachon River near the mouth of the Unuk River and includes rich riparian and wetland habitat.

Current Negotiations between the Department of Agriculture's (USDA) Forest Service and Private Landowners

Negotiations have been successful. The Forest Service has offered market value for the property, and the landowners have agreed. A purchase option to sell the property to the United States was signed by all the private landowners in November 2011.

Estimated Scope and Timing of Land Acquisition Process, Misty Fiords NM Wilderness Inholding Property

- *February 2012* - The USDA's Office of the General Counsel completed the Preliminary Title Opinion February 24, 2012.
- *March 2012* - The appropriated LWCF funds to Alaska R10 for the Misty Fiords acquisition were obligated on March 19, 2012. The Misty Fiords acquisition was completed on March 27, 2012.