

**STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND AND WATER  
SOUTHCENTRAL REGION LAND OFFICE**

**FINAL FINDING AND DECISION  
AQUATIC FARMSITE LEASE RENEWAL**

**APPLICANT: Sharon Gray & Don Nicholson  
ADL #105303  
CANOE LAGOON OYSTER COMPANY**

**LOCATION: BLASHKE ISLANDS**

This final finding and decision is intended to complement and update the preliminary finding and decision dated December 5, 2008.

The applicants are requesting to amend and renew their existing aquatic farm site lease. The applicants currently hold a lease for an oyster grow-out and hardening area and a littleneck clam harvesting area with a combined acreage of 6.4 acres, more or less. The applicants are amending the lease to eliminate clamming beaches and reduce the size of the farm site to 5.3 acres, more or less.

The applicant has been successfully culturing Pacific oysters and harvesting littleneck clams, and has met or exceeded the required commercial use threshold which is a requirement to renew an existing aquatic farm tideland lease.

The farm site locations are only accessible by boat or floatplane. A location map is attached to this decision.

**AUTHORITY:** AS 38.05.035; AS 38.05.070; AS 38.05.075; AS 38.05.083; AS 38.05.127;  
AS 38.05.128; 11 AAC 63.020

This decision addresses and is based on those issues under the authority of the Department of Natural Resources (DNR) under Title 38. While other issues may be addressed that are not within the scope of DNR's responsibilities, this decision's purpose is to determine whether or not to issue a DNR lease and does not make any determinations whatsoever on the issuance of other agency authorizations that are necessary for aquatic farming activities. Information included in the original preliminary decision document may not be included in this document if conditions have not been altered. Original preliminary decisions for this lease can be obtained by contacting the aquatic farm program manager for the DNR in Anchorage.

**ADMINISTRATIVE RECORD:** The administrative record for this renewal application is **ADL 105303**.

**LOCATION:**

**USGS MAP COVERAGE:** Petersburg A-3

**NAUTICAL CHART:** 17382

**LEGAL DESCRIPTION:**

Township 66 South, Range 81 East, Copper River Meridian

And more specifically described as:

Section 28: SW ¼, in Canoe Lagoon, encompassing an area measuring 180 ft x 840 ft for growout; a 12 ft x 16 ft gear storage building which is partially on USFSS upland and partially on state tide and submerged lands; a 50 ft x 100ft log drying/storage area to store and dry logs; a 40 ft x 100 ft processing site with a 14 ft x 36 ft raft with building (winter) or a 14 ft x 40 ft raft with building (summer); a 10 ft x 20 ft work float located within the farm boundary; a 20 ft x 40 ft wet storage area; a 14 ft x 22 ft refrigeration float that will be anchored either at the Fools Bay rearing area or the Canoe Lagoon processing site; and

Section 28: SW ¼, in Fools Bay, a 150 ft x 300 ft rearing area for growout; a 50 ft x 50 ft hardening area in the intertidal niche between Fools Bay and Canoe Lagoon; a 50 ft x 200 ft hardening area on the north end of the bay; a 50 ft x 250 ft log raft drying area on the north end of the bay; a 10 ft x 60 ft wet storage area; a 14 ft x 32 ft work raft within the farm boundary; a 18 ft x 24 ft processing float positioned in Fools Bay during the summer and in Canoe Lagoon processing site in the winter; and

The total area encompassed by this aquatic farm is approximately 5.3 acres, more or less.

Lands are located in the Petersburg Recording District.

**GEOGRAPHIC:** The farm site is located on state-owned tide and submerged lands within the center portion of the Blashke Islands in Clarence Strait approximately 8 miles north of the village of Coffman Cove.

#### **POLITICAL INFORMATION:**

**BOROUGH/MUNICIPALITY:** This existing aquatic farm application is outside of an organized borough.

**COASTAL DISTRICT:** The application lies outside of an approved coastal district. The nearest coastal district is the City of Thorne Bay.

**REGIONAL CORPORATION:** Sealaska Corporation

**FISH AND GAME ADVISORY COMMITTEES:** Edna Bay Fish and Game Advisory Committee.

#### **PLANNING AND CLASSIFICATION:**

**LAND MANAGEMENT PLAN:** Central/Southern Southeast Area Plan, Region 4, Wrangell - Central.

**SURFACE CLASSIFICATION:** The Central/Southern Southeast Area Plan designates state owned tidelands in the Blashke Islands as general use.

**SURFACE MINERAL ORDERS:** The proposed site is closed to mineral entry.

**ALASKA COASTAL MANAGEMENT PROGRAM:** The proposed aquatic farm was found consistent with the Alaska Coastal Management Program (ACMP) on June 30, 1990, under State I.D. No. AK 9605-13JJ. The applicant's request to renew and amend his lease does not require another consistency review.

#### **SURVEY AND APPRAISAL:**

**SURVEY:** A survey is not required by law before issuing a 10-year negotiated lease. However, the department has the right to require one in the future, at the applicant's expense, if boundary conflicts or disputes over acreage arise.

**APPRAISAL:** The Division of Mining, Land and Water has approved an administrative lease fee schedule for aquatic farm sites that meet the conditions listed within the schedule. The most current lease fee schedule will be used to establish the fair market rental each lessee must pay. The applicant has the option to have a site-specific appraisal done, at the applicant's expense, before the lease is issued, if he or she does not wish to use the fee schedule. If an applicant opts for a site-specific appraisal, the division-approved appraisal will establish the rental for the lease and the fee schedule will no longer be an option.

**PUBLIC/AGENCY NOTICE AND COMMENTS:** Public notice of the proposal was sent to various newspapers, post offices, agencies, boroughs/cities, native corporations, , Fish and Game Advisory committees, etc. The public comment period began on December 8, 2008 and ended on January 6, 2009. No public comments were received.

**ENVIRONMENTAL RISK ASSESSMENT:** The applicant has submitted a signed environmental risk questionnaire. The questionnaire asks for information on potentially hazardous materials, such as plans for onsite storage of fuel or chemicals. The applicant has indicated that no on-site use, storage, transport, disposal, or otherwise, of any petroleum products will be used during the course of the proposed activities.

#### **BONDING AND INSURANCE:**

**BONDING:** Bonding, or another form of security, is required under AS 38.05.083 and 11 AAC 63.080. The bond must cover the costs of site cleanup and restoration, any associated cleanup costs after termination of the lease, including any unpaid rentals or other obligations accruing until site restoration is complete. The regulations require the minimum security amount of \$2,500 (or \$1,250 with an association bond) for an aquatic farm lease. Factors such as location and amount of improvements at the site are taken into consideration when the bond amount is determined. Please refer to the Recommendation section at the end of this decision for the bond amount that was determined appropriate for this proposal.

**INSURANCE:** At this time the DNR does not require this type of activity to have general liability insurance. General liability insurance may be required in the future depending on the aquatic farming operations and the procedures of the department at the time changes are made to the lease or a renewal lease is issued. The lessee is responsible for acquiring other types of insurance, such as Workman's Compensation Insurance that may be required under other local/state/federal laws.

**POTENTIAL CONFLICTS/PENDING INTERESTS:** There are no known pending interests at the location of the proposal.

**TRADITIONAL USE FINDING:** The existing aquatic farm has caused no known disruption of traditional and/or existing uses of the area, such as commercial and sport fishing, subsistence activities, boat travel, and recreation. Through agency and public input, more traditional and existing use information may surface. If such information becomes available, any potential and/or existing conflicts will be addressed in the final best interest finding.

**PRINCE OF WALES AREA PLAN INFORMATION SPECIFIC TO THIS PROPOSAL:** This farm site lies within Region 4. State tidelands and submerged lands are managed for multiple-use.

**Upland Owner/Management Intent:** The U.S. Forest Service (Tongass National Forest) is the upland owner of lands adjacent to the aquatic farm. Over the course of the 10-year lease there have been no known conflicts between upland owners and the lessee.

**CONSIDERATIONS:** The following criteria, set out in 11 AAC 63.050(b), has been considered and represents what is known at this time:

**Land Management:** There are no known land management policies or designations, other than those in the Alaska Coastal Management Program, the Central/Southern Southeast Area Plan, and potentially the Tongass Land and Resource Management Plan that may impact this proposal. Measures taken to mitigate impacts on the resources identified in the above-mentioned plans are listed below.

**Pending/Existing Uses:**

1. There are no known pending use conflicts or potential impacts to nearby communities or residential land due to the placement of this farm at the proposed location.
2. Information available suggests the aquatic farm has not disrupted traditional and existing uses of the site for use as an anchorage, commercial and sport fishing, recreation, and tourism.
3. There are no historic and cultural resources known to exist in the area.
4. There are no commercial or industrial facilities known to exist in the area.

**Public Access:** Public access has been and will be protected in accordance with 11 AAC 63.050(b)(6) and 11 AAC 53 and will be addressed in any resultant lease agreement.

**Public Trust Doctrine:** Any resultant lease agreement is subject to the principles of the Public Trust Doctrine in order to protect the public's right to use navigable waters and the land beneath them for navigation, commerce, fishing, and other purposes.

**Mitigation Measures:** In addition to the mitigation measures identified above under Pending/Existing Uses, paragraph 2, any resultant lease renewal may include additional stipulations necessary to mitigate conflicts identified during the public/agency comment period

**Social, Economic, and Environmental Concerns:** There are no known significant social, economic, and environmental effects from the existing lease.

**Surface Area:** The proposal does not encumber more than a third of the surface area of a bay, bight, or cove in accordance with 11 AAC 63.050(c).

This aquatic farm has provided opportunities to increase income and diversify the state's economy by utilizing state tide and submerged lands for this purpose. The advantage of renewing this lease on state owned tide and submerged lands is the continued employment opportunities as well as any secondary jobs created or increased from businesses involved in marketing, transport or sale of the farmed products.

After 10-years of successful operation of this site there seems to be no obvious disadvantages of renewing this activity on state owned tide and submerged lands. The public should be aware that access through the site, as

well as access to any of the common property resources not being cultured at the site are public uses that remain intact. Therefore, and as mentioned above, any resultant lease would stipulate the requirement that signs be posted informing the public of their rights at the aquatic farm site.

#### **FINAL FINDING AND DECISION:**

**The Southcentral Regional Land Office of the Division of Mining, Land and Water recommends the renewal of a 5.3-acre, 10-year aquatic farm site lease in accordance with 11 AAC 63.050(b), subject to the following condition and stipulations, which will be included in the lease agreement:**

**Lease compensation:** An administrative lease fee schedule for aquatic farm sites has been approved by the Division of Mining, Land and Water effective August 1, 2007 through July 31, 2009 under Appraisal Report 2522-9. The lease fee schedule is subject to review every two years. The annual rent for the proposal based on a 5.3-acre farm site, is **\$1075.00**. (The annual fee is calculated at \$450 for the first acre, or fraction thereof, plus \$125 for each additional acre, or fraction thereof.) The lease is subject to review of the annual rent every 5 years. In other words, should the fee be increased during the term of a lease, the lease will be amended at five-year intervals for fee adjustment.

In addition to the stipulations listed within the lease document, the following stipulations will be incorporated in the lease as Attachment A. The Regional Manager reserves the right to modify the following stipulations or include additional stipulations as necessary.

1. A lessee shall operate so as to cause no significant damage to land, public trust resources, and public uses of public trust resources.
2. A lessee shall obtain and remain in compliance with all other federal, state, and local authorizations necessary for lawful operations.
3. A proposed amendment to the lease development plan must be submitted to the department for approval before a change in development occurs, and must be accompanied by the amendment fee required by 11 AAC 05.010. However, under this paragraph:
  - (A) the following changes do not require an amendment of the lease development plan nor do they constitute a significant modification requiring a new determination of consistency with the Alaska Coastal Management Program:
    - (i) any change in the species or number of shellfish or aquatic plants being raised if the change is permitted by the Department of Fish and Game;
    - (ii) a change in the number or type of rearing structures authorized within the lease boundaries, if the change does not increase obstructions to navigation or to other public use;
  - (B) the department will not authorize a proposed amendment to the lease development plan for a "change of use"; for the purpose of this subparagraph and AS 38.05.083(d), "change of use" means a change from the raising of shellfish and aquatic plants to any other use; and
  - (C) the approval of an amendment of an aquatic farm site lease does not relieve the lessee of the obligation to obtain other necessary authorizations.

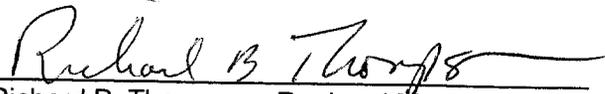
4. A lessee may use an aquatic farm site only for the purposes authorized by the lease, and the state reserves all other interests in the site. The rights granted by the lease must be exercised in a manner that does not unreasonably interfere with the rights of the state or of its permittees, lessees, or grantees, consistent with the principle of reasonable concurrent uses as set out in art. VIII, sec. 8, of the Alaska Constitution. A lessee shall pay for any damages that are payable by reason of the lessee's failure to comply with the requirements of this paragraph.
5. A lessee shall comply with the approved development plan. Failure to comply with the commercial-use requirement set out in 11 AAC 63.030(b) is a default and cause for termination, unless the lessee shows to the Regional Manager's satisfaction that the failure is due to circumstances beyond the lessee's reasonable ability to foresee or control.

The lessee shall report annually to the department, no later than January 31, on sales during the previous year of shellfish and aquatic plants raised on the lease site, not including sales of commercially harvested wild stock that had been stored at the lease site. If the lessee provides this sales information to the Department of Fish and Game by an annual report, by copies of fish tickets, or by other means, the lessee may fulfill this paragraph's requirement for a sales report by asking the Department of Fish and Game to give a copy of the information to the department.
6. A lessee's failure to timely comply with all express or implied provisions of the lease constitutes default. If a lessee fails to cure the default or to begin and diligently continue to remedy the default within 60 days after written notice of the default and an opportunity to be heard, the Regional Manager will order suspension of site development or operations until compliance is achieved, or will take other action that the Regional Manager finds appropriate, including termination of the lease or attachment of the site restoration security.
7. With the Regional Manager's written consent, a lease that is in good standing may be relinquished.
8. A lease that is in good standing may, with the prior written approval of the Regional Manager, be assigned. The assignee shall promptly and diligently seek to obtain all authorizations necessary for lawful operations. The assignee is subject to all provisions of the lease in the same manner as the original lessee.
9. The department reserves the right:
  - (A) of reasonable access to the leasehold for purposes of inspection, including the lessee's improvements and rearing structures; when the department inspects the lessee's rearing structures, the department will not lift or handle underwater rearing structures without prior notice to the lessee; the notice to the lessee may include notice by the Department of Fish and Game in accordance with AS 16.40.150(b); and
  - (B) upon 10 days' prior notice, to inspect records of the lessee necessary to verify the lessee's compliance with the lease provisions.
10. A bond, cash deposit, certificate of deposit, or other form of security acceptable to the Regional Manager at a minimum of \$2,500.00 (or \$1,250 with an association bond) must be posted and maintained during the life of this lease. The bond may be used to cover the cost of site cleanup and restoration and any associated cleanup costs after termination of the lease, including any unpaid rentals or other obligations accruing until site restoration is complete. The lessee is responsible for the full cost of site cleanup and restoration in the event the costs exceed the posted bond amount.

If three or more lessees post an association bond to cover all of their leases, the minimum security amount is 50 percent of the amount individually calculated for each lease. The association must designate an agent for notification purposes. The association has the right to be notified of the termination of a lease covered by its association bond. If neither the former lessee nor the association completes the site restoration as required by AS 38.05.090, the department will use the association bond for this purpose, up to 100 percent of the amount individually calculated for that lease. The association may remove a lease in good standing from the coverage of its association bond after 60 days' notice to the department, during which time the affected lessee must make other arrangements to comply with this section. A lease that is in default or that has been terminated with site restoration still pending may not be removed from the coverage of the association bond.

11. If cultural or paleontological resources are discovered as a result of this activity, work that would disturb such resources must be stopped and the Alaska Office of History and Archaeology shall be contacted immediately at (907) 269-8721.
12. The United States Coast Guard (USCG) shall be contacted prior to placing any aquatic farm structures under this permit to determine lighting or marking requirements necessary for the protection of maritime navigation, in accordance with Title 33, Code of Federal Regulations, Part 64. Required markings of this nature are Private Aids to Navigation, and must be subject to an approved permit. The USCG may be reached at the following address and phone number: Commander (oan), 17<sup>th</sup> Coast Guard District, P. O. Box 25517, Juneau, AK 99802-5517, telephone (907) 463-2254.
13. The lessee is required to visibly mark the corners of the site authorized under the lease (suspended and/or submerged on-bottom culture) with buoys and in accordance with U.S. Coast Guard marking requirements. If a submerged site is not in full operation, or rotational planting is utilized as for geoduck culture, additional marking is required of the corners of the area that contains improvements at any given time.
14. The lessee is required to visibly identify the leased site by writing on at least one corner buoy/marker the lessee's name, telephone number, the DNR file number (ADL number), information concerning the presence of any submerged improvements, and, for on-bottom culture only, identify the species being cultured.
15. All improvements shall be secured utilizing anchoring methods with sufficient weight and holding capability to keep them in their authorized location(s).
16. The use of adjacent uplands for activities related to the aquatic farm site, including shore ties, is not authorized under this lease without the prior written permission from the upland owner.
17. The lessee is not authorized to hold commercially harvested wild stock acquired under AS 16 (the Alaska Department of Fish and Game's commercial fisheries program) within the lease boundary.

The finding presented above has been reviewed and considered. The case file has been found to be complete and the requirements of all applicable statutes and regulations have been satisfied. It is the finding of the Regional Manager that it is in the best interest of the state to proceed with this disposal under the authority of AS 38.05.083.

  
Richard B. Thompson, Regional Manager  
Southcentral Regional Land Office

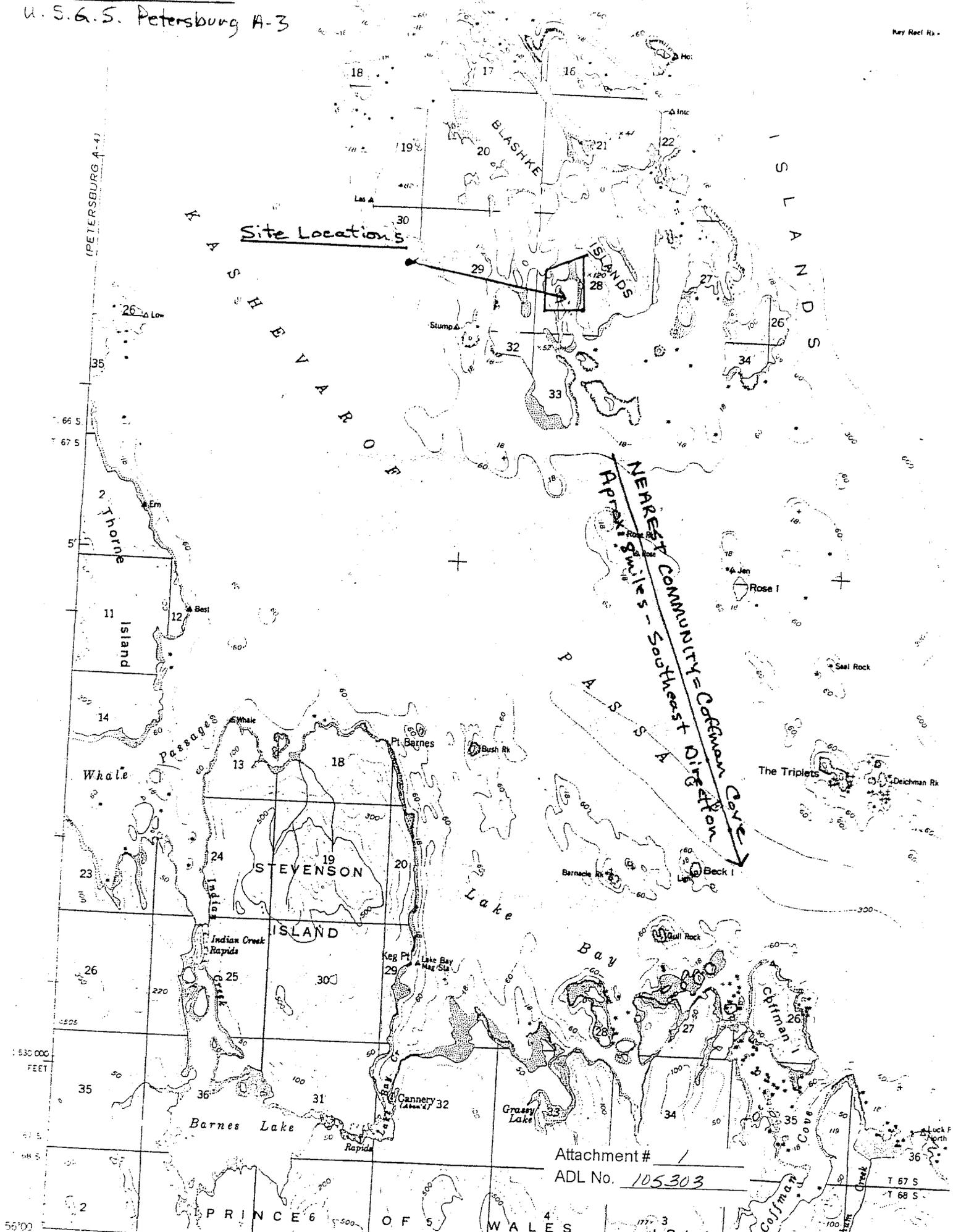
3/19/09  
Date

**APPEAL PROVISION:**

A person who is affected by this decision and who provided timely written comment or public hearing testimony on this decision (preliminary component), may appeal it, in accordance with 11 AAC 02. Any appeal must be received by December 23, 2008 and may be mailed or delivered to Tom Irwin, Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501-3561; faxed to 1-907-269-8918; or sent by electronic mail to [dnr\\_appeals@dnr.state.ak.us](mailto:dnr_appeals@dnr.state.ak.us). If no appeal is filed by this date, this decision goes into effect as a final order and decision on December 23, 2008. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 is enclosed for your information.

VICINITY MAP  
U.S.G.S. Petersburg A-3

Key Reel No.



Site Locations

NEAREST COMMUNITY = Coffman Cove  
Approx. 5 miles - Southwest Direction

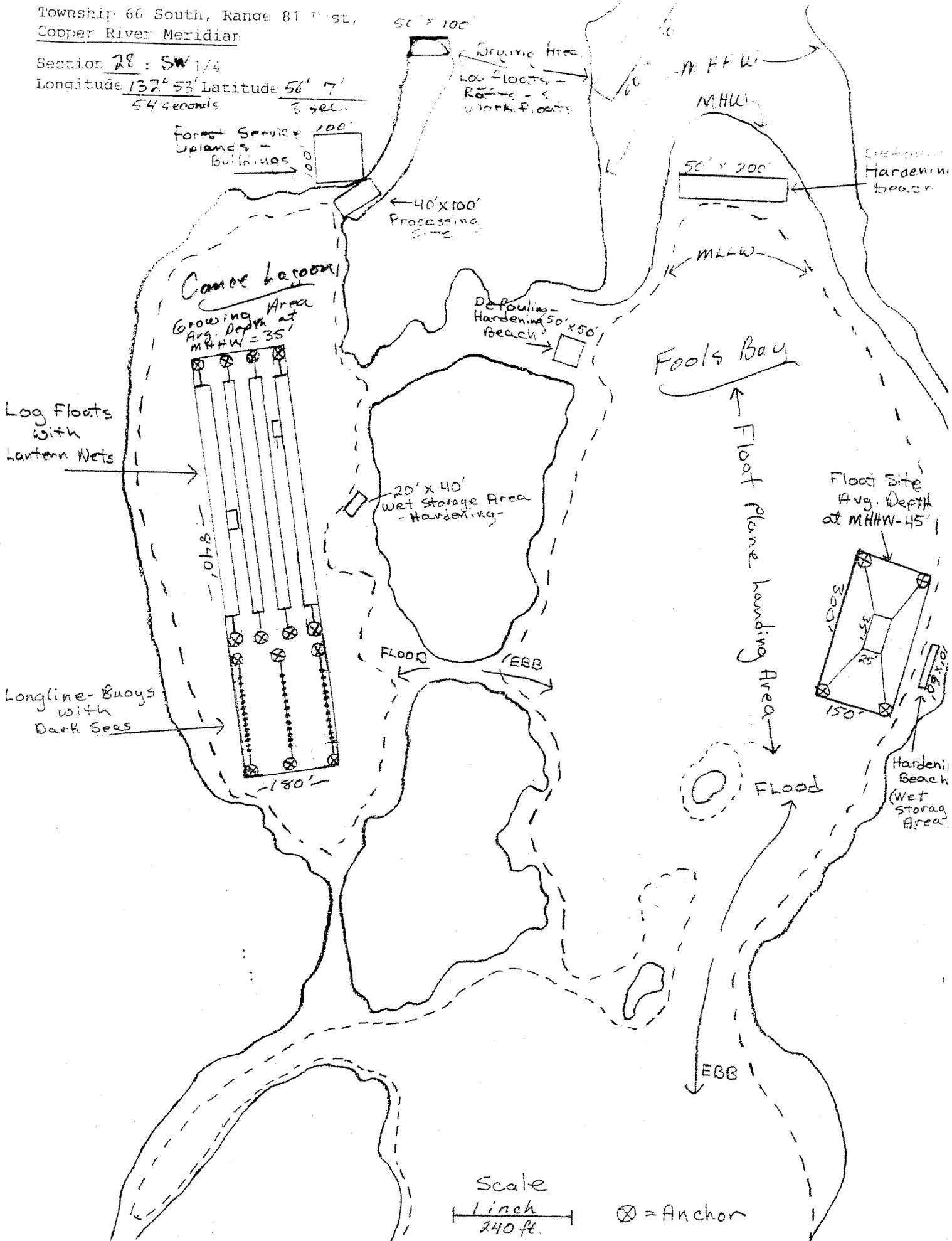
Attachment # 1  
ADL No. 105303

T 67 S  
T 68 S

Township 66 South, Range 81 East,  
Copper River Meridian

Section 28: SW 1/4

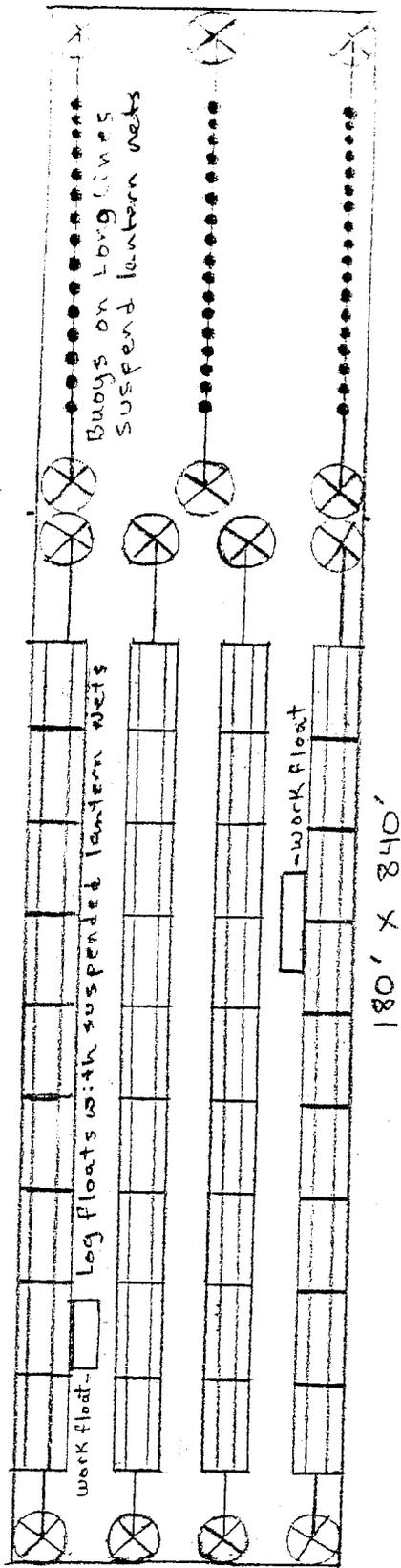
Longitude 132° 53' Latitude 56° 7'  
54 seconds 3 seconds



# Detailed Drawing: Canoe Lagoon Growing Area

Top View

Scale: 1 inch = 100 feet



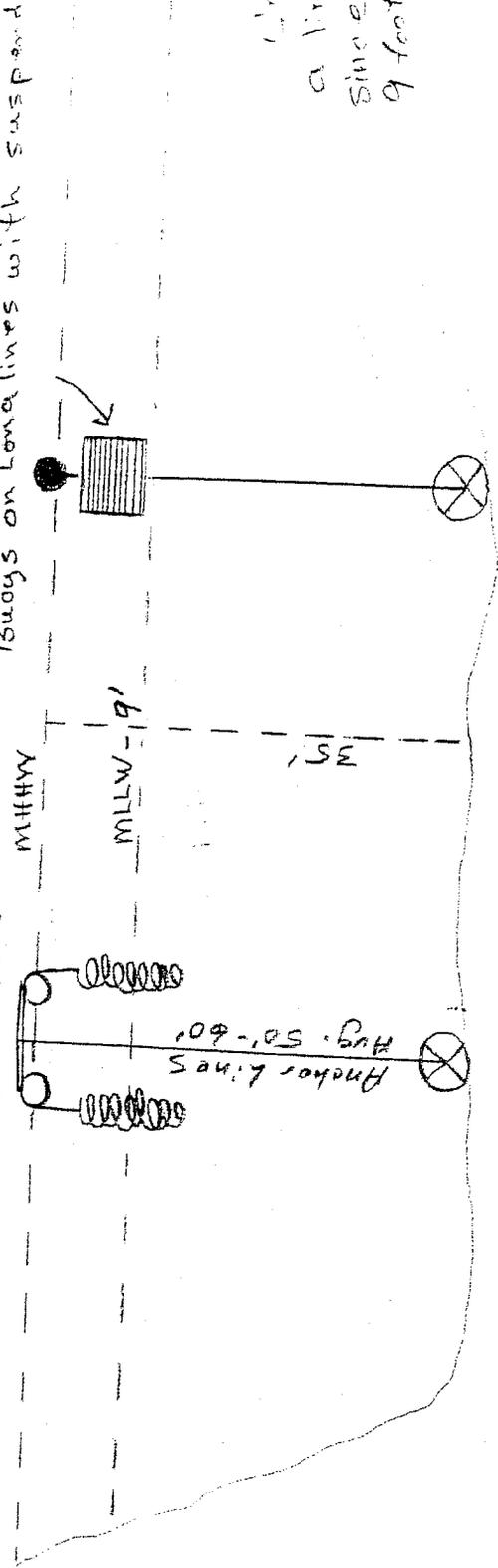
Floats & longlines not to scale

Log floats are constructed of 2&3 - 25 foot logs, connected every 5' long wooden planks. Each float suspends approx. 25 - 10 or 5 tier lantern nets. Four rows of log floats with an average of 18 floats per row = total maximum of 72 log floats with 1600 lantern nets. Anchors are constructed of rock encased in heavy duty netting. Anchor lines are 50' to 60' long. Mobile work floats (see diagram), Float#1-10' x 20'. Float#2-14' x 32'. Black polyethylene buoys suspend 1000 Dark Seas (rigid, stackable polyethylene screen-trays) in stacks of 10/stack on three eighty foot longlines. Each stack holds 600-1000 oysters depending on the size of oyster.

Cross-Section - End View

Logs floats with suspended Lantern Nets

Buoys on longlines with suspended lantern nets



Canoe Lagoon  
a limited tidal range  
since MLLW is approx.  
9 feet.

DETAILED DRAWINGS OF ALL MOBILE FLOATING VESSELS.

THESE MOBILE FLOATING VESSELS WILL BE MOORED IN VARIOUS CONFIGURATIONS DEPENDING ON THE SEASONS, AT THE PROCESSING SITE IN CANOE LAGOON AND AT THE FLOAT SITE IN FOOLS BAY. THEY WILL BE STORED SEASONALLY ON THE CANOE LAGOON DRYING AREA.

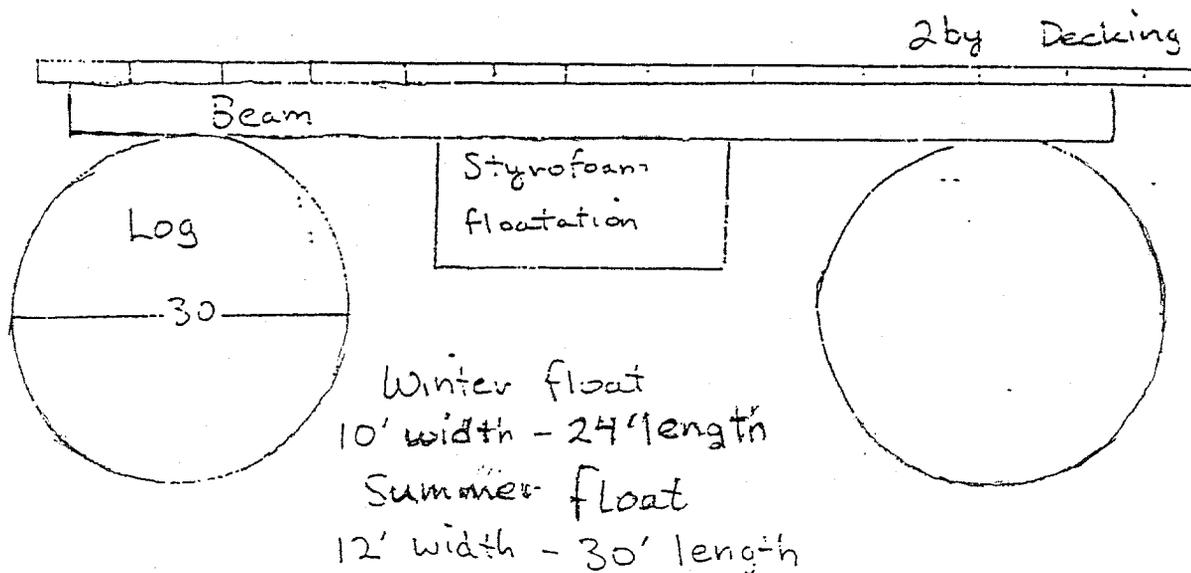
DETAILED DRAWINGS FOR: 2 GEAR FLOATS

- 2 MOBILE FLOATING WORK VESSEL
- 1 PROCESSING FLOAT
- 1 MOBILE FLOATING REFRIGERATION VESSEL
- 1 ~~In-place~~ YEAR-ROUND CULTURE CLUB

Attachment # 4  
ADL No. 105303

# Gear Floats.

These floats are permanently moored in conjunction with Culture Clubs and beached at same intervals as Culture Clubs. For location see <sup>Processing</sup> site on Site Plan and Storage see <sup>Drying</sup> Area on Site Plan.



Mobile Floating Work Vessel

Mobile - Sealed Chamber  
Casting

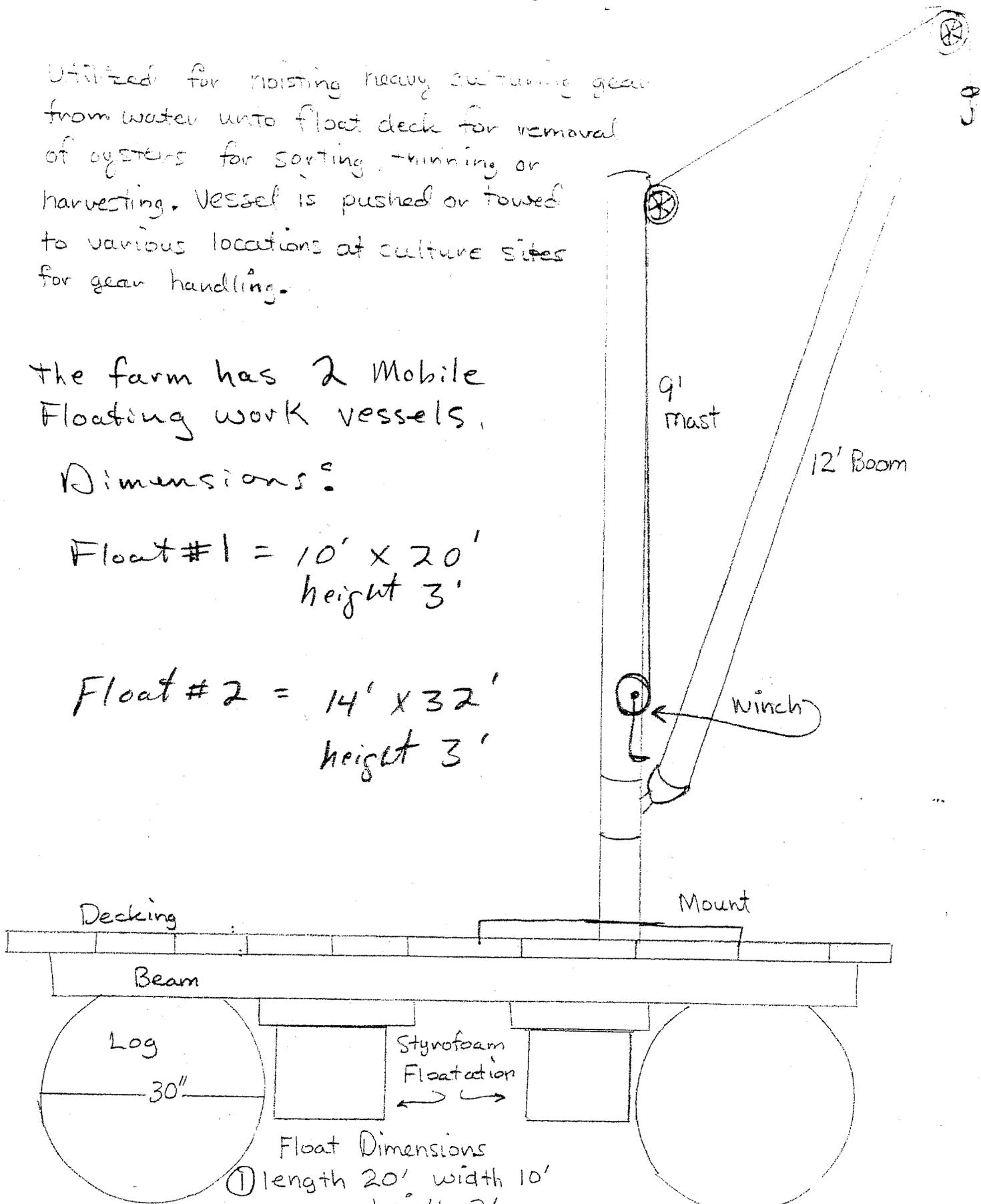
Utilized for hoisting heavy culturing gear from water unto float deck for removal of oysters for sorting, thinning or harvesting. Vessel is pushed or towed to various locations at culture sites for gear handling.

The farm has 2 Mobile Floating work vessels.

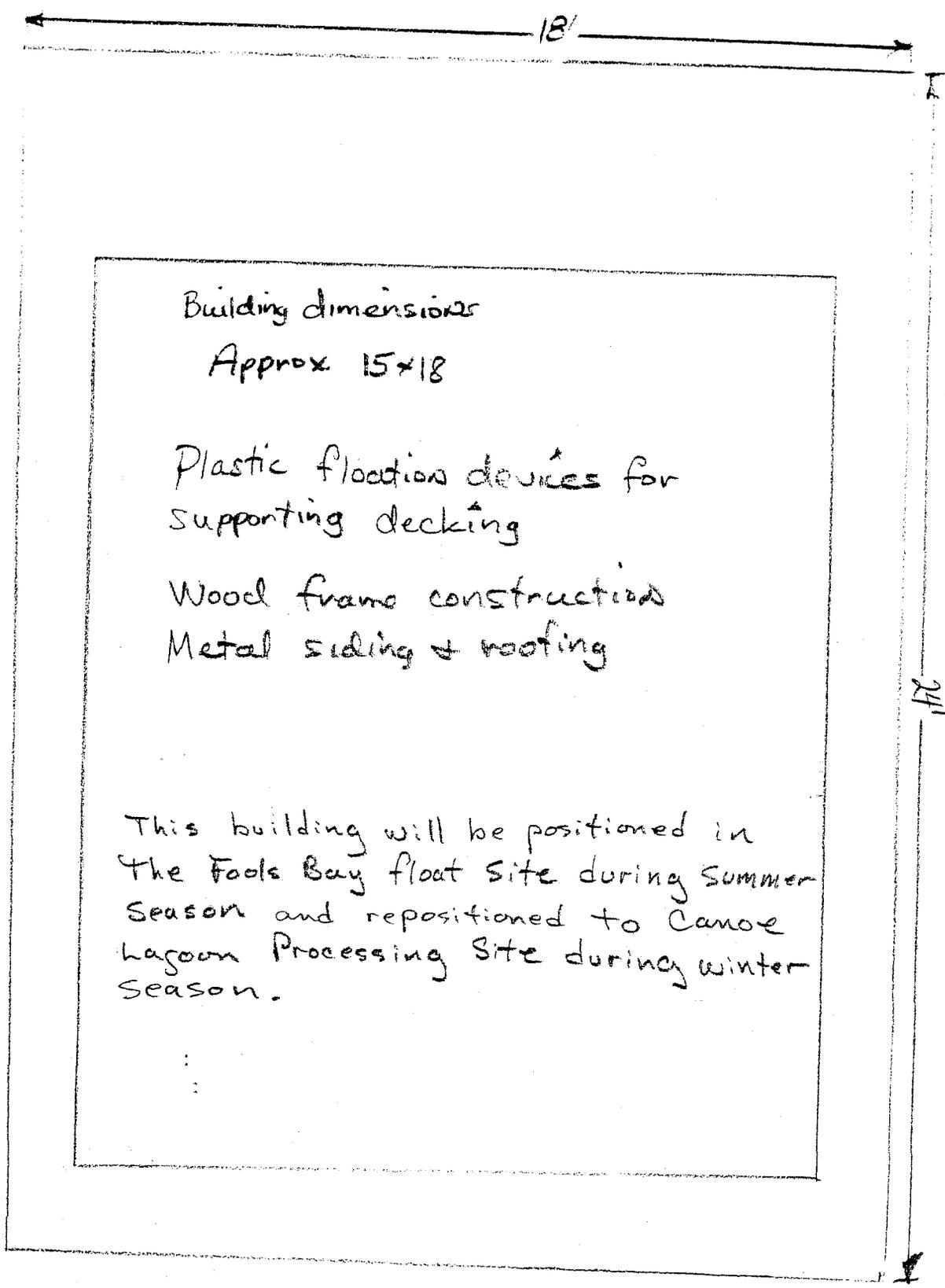
Dimensions:

Float #1 = 10' x 20'  
height 3'

Float #2 = 14' x 32'  
height 3'



- Float Dimensions
- ① length 20' width 10' height 3'
  - ② length 32' width 14'



Building dimensions

Approx 15x18

Plastic flotation devices for supporting decking

Wood frame construction

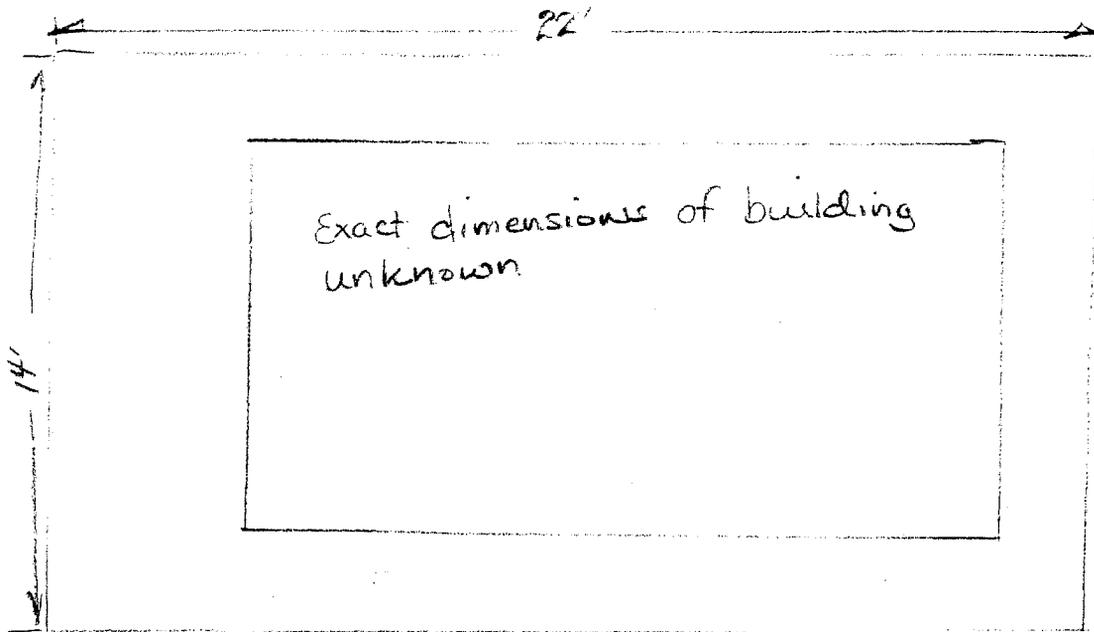
Metal siding + roofing

This building will be positioned in The Fools Bay float site during Summer Season and repositioned to Canoe Lagoon Processing Site during winter Season.

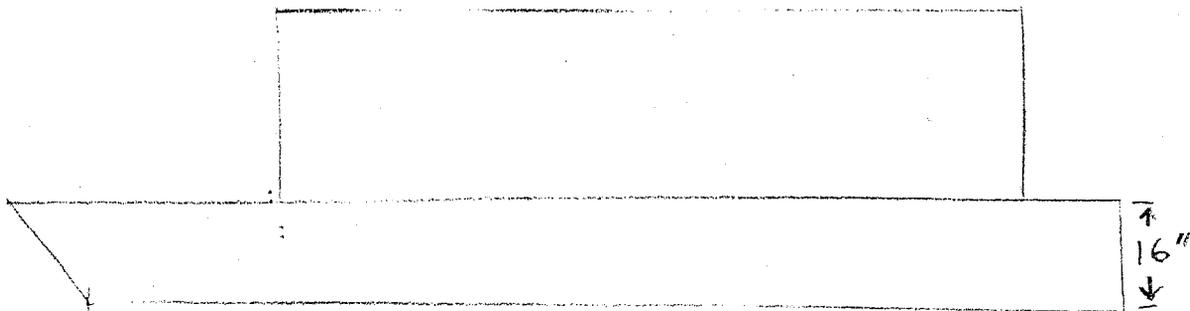
Scale 1" = 3'

# Mobile Floating Refrigeration Vessel

This float will be transferred between the Fooks Bay float site & the Canoe Inagoon Processing Site.



Plan View



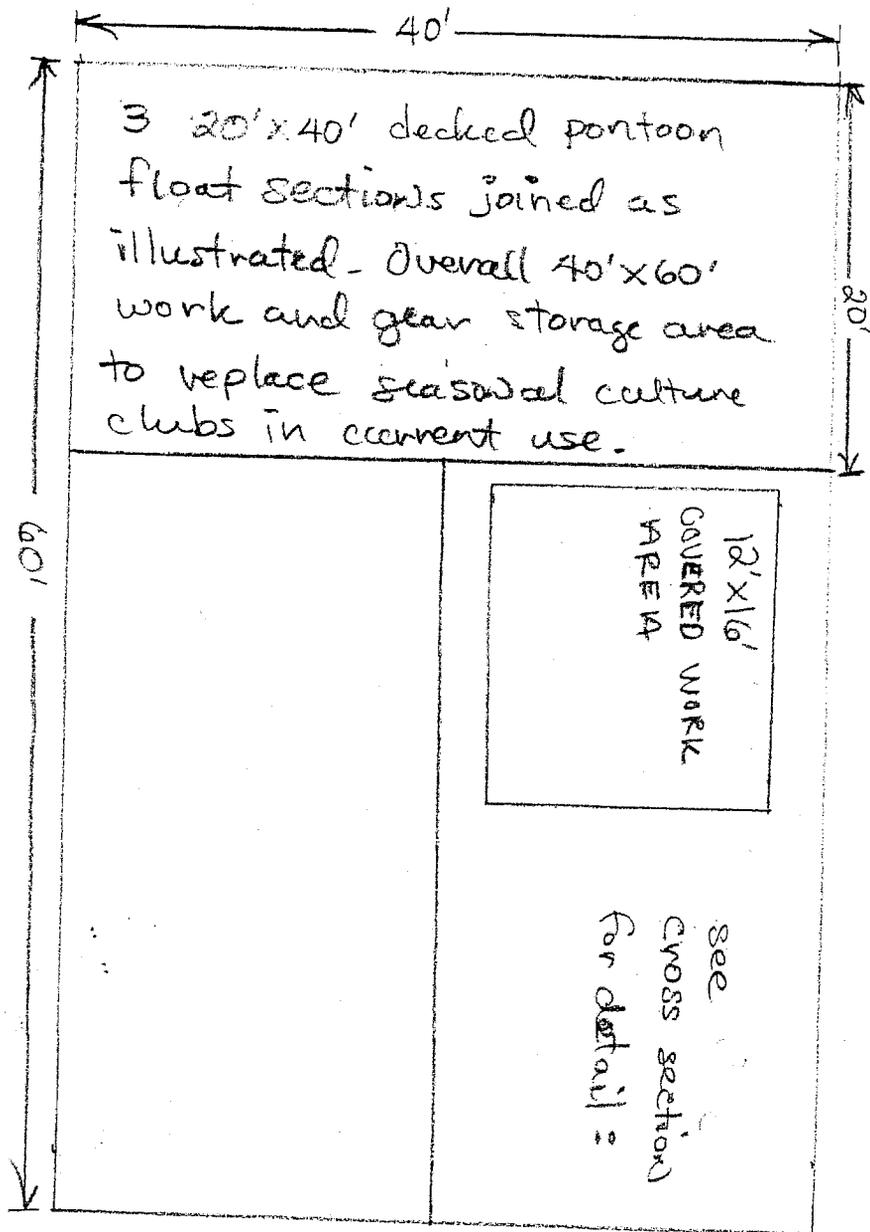
CROSS SECTION

Wood frame construction, plywood + epoxy

Scale 1" = 4'

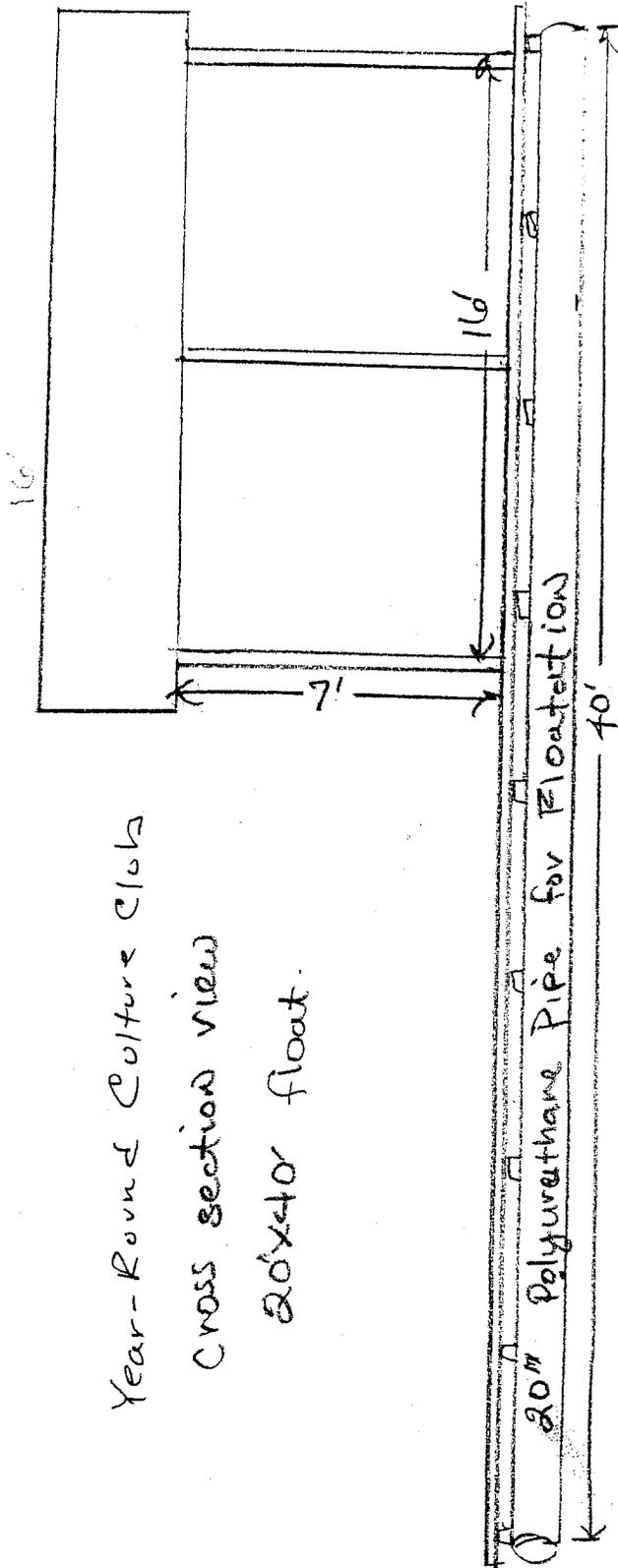
Detailed Diagram of proposed year around  
Culture Club.

This work float will replace other work floats when completed.



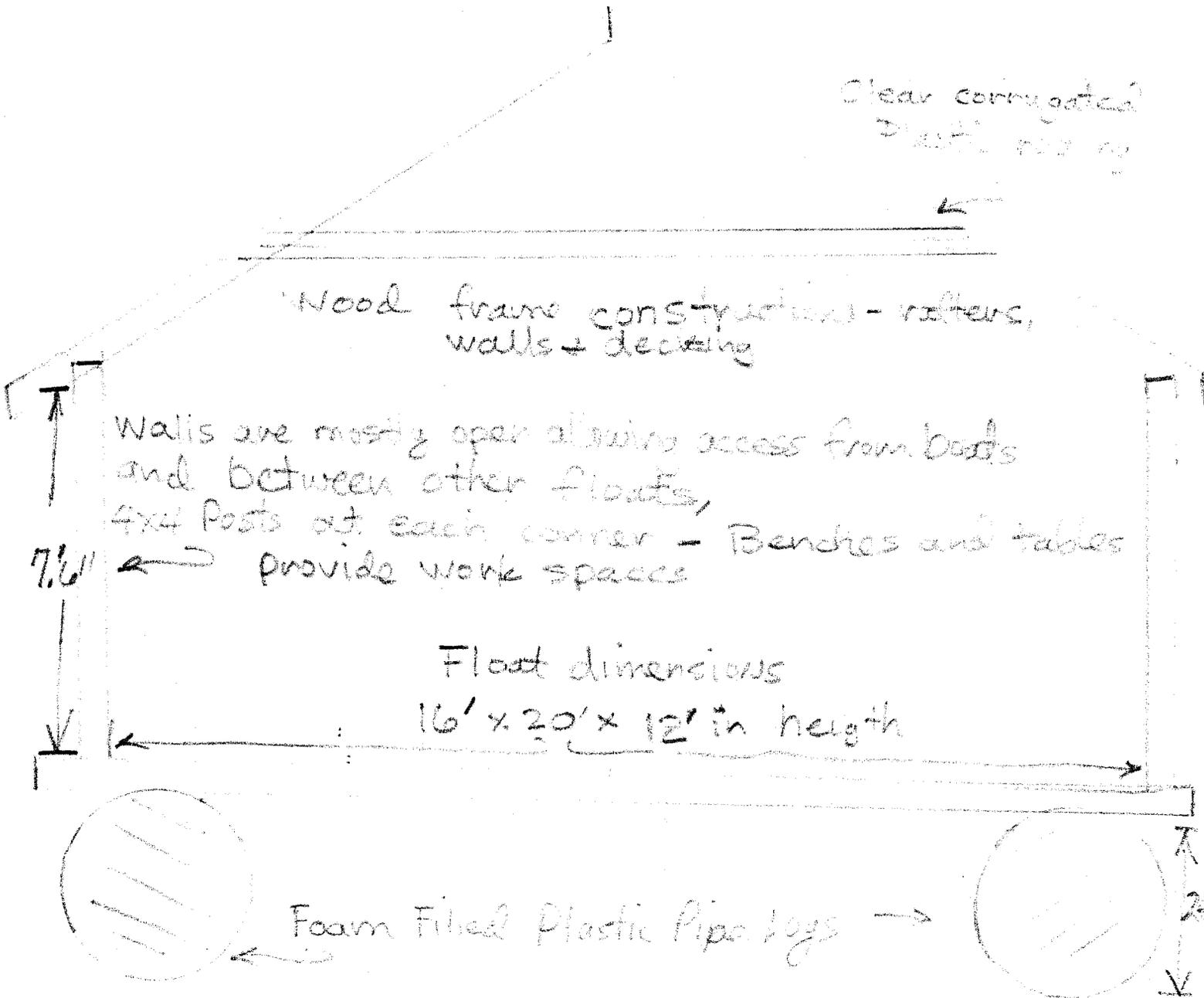
Scale: 1" = 10'

Year-Round Culture Club  
Cross section view  
20'x40' float.



# Side View of Culture Float

- 20' x 20' x 12' in height



CANOE LAGOON - Proposed Lease Areas - See ATTACHED MAPS

Site Plan #1 - Canoe Lagoon and Fools Bay - OYSTER CULTURE

	Total Square feet
- 180' X 840' - oyster growing area (Canoe Lagoon)	151200
- 40' X 100' - Processing site (Canoe Lagoon)	4000
- 20' X 40' Wet storage area (Canoe Lagoon)	800
- 50' X 100' Drying area for log floats (Canoe Lagoon)	5000
- 12' X 16' Gear shed - 1/2 structure on USFS land, 1/2 on DNR land	192
- 50' X 50' Defouling-hardening beach (Fools Bay)	2500
- 50' X 200' Defouling-hardening beach (Fools Bay)	10000
- 50' X 250' Drying area for log floats (Fools Bay)	12,500 4500
- 150' X 300' Float Site - Growing area (Fools Bay)	45,000 12500
- 10' X 60' Wet storage area (Fools Bay)	600

Note: Two Wet storage areas are needed as Canoe Lagoon is only accessible to Fools Bay by boat about 3 hours per day. In receiving shipments from other farms a wet storage area is essential in Fools Bay. Wet storage is necessary in Canoe Lagoon as this is where the processing occurs.

subtotal ~~197292~~  
231,792

GRAND TOTAL 231,792  
divided by 43560 sq. ft. = 5.32 acres  
(1 acre)

Buildings and Structures parked on proposed lease areas

- 16' X 30' Processing float with building
- 14' X 22' Refrigeration barge with building
- 10' X 20' Boom barge X 2
- 14' X 36" Work float with building
- 14' X 46' Work float with wind break
- 12' X 20' Net drying float
- 40' X 60' : year-round Work Float (Culture Club): will replace other work floats
- 2000 Lantern Nets with Log Floats

- Anchors

RECEIVED

CANOE LAGOON - DEVELOPMENT PLAN

LOCATION: BLASHKE ISLANDS

Township 66 South, Range 81 East, Copper River Meridian, Section 28: SW  $\frac{1}{4}$  (Canoe Lagoon and Fools Bay)

Containing 5.3 acres, more or less, for the purpose of growing pacific oysters

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Significant persons working on this project:

Sharon Gray, Farmer/administrator  
Don Nicholson, Farmer/builder/mechanic/Administrator

Farming is conducted by two full-time and one part-time farmers, using skiffs, gear floats, work floats, rafts, lantern nets and predator netting.

All buildings and structures on site plan currently exist. No new buildings are planned at this time.

An ADEC approved processing facility is located at the farm site. Local air carriers transport product from farm site to buyers *and Jet Services*, Access to site is by boat or plane. See attached detailed map of facilities for housing and storage.

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Sight Suitability:

Main culturing site (Canoe Lagoon) has restricted flow except during the last three hours of flood produces intense mixing and reduces fouling. Salinities are generally high and low turbidity due to marine environment.

Bottom composition at the various sites consists of: sand, mud, rock, and gravel.

There are no fresh water streams in The Blashke Islands.

The pacific oyster is not naturally present in this area.

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Water Quality: :

Daily Maximum and Average discharge volumes. Maximum - 20 gallons Average - 10 gallons Only grey water is discharged. Human waste is concealed in a closed container for two years, then composted for one year prior to being used for garden fertilizer.

We are not aware of any past pollution sources. We are not aware of any planned development in this area.

There are no current potential sources of human or industrial pollution in this area.

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Water Supply:

1200 gallon tank for rain catchment. Tank is cleaned and flushed two times per year.

Attachment# 13

ADL No. 115213

CANOE LAGOON - DEVELOPMENT PLAN continued

Current Land Use and Upland Ownership:

There are no other significant human uses at the project site and in the surrounding area. The lack of fresh water streams and low land mass make this area unsuitable for many common or popular activities.

This proposal includes caretaker housing and support facilities located on USFS Uplands. See attachments for detailed drawings of uplands facilities.

Upland Owner and Address: USFS (Forest Service)  
Wrangell Ranger District  
PO Box 51  
Wrangell, Alaska 99929

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10 YEAR DEVELOPMENT PLAN

All Buildings and structures on proposal currently exist with the exception of the proposed year-round CULTURE CLUB. This proposed structure is scheduled to be completed within one year of approval.

We would like to apply for a minimum and maximum allowable limit of production.  
(see two Development plans below).

The flexibility for minimum and maximum production limits makes sense, as each year can be radically different for a farmer. Production flexes substantially based on seed quality and environmental conditions. Things a farmer can not control. It is not unusual for a farm to have an annual mortality of as little as 30-40%, or as great as 60-70%..

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PACIFIC OYSTER - DEVELOPMENT PLAN:

Minimum: Seed stock acquired-100,000  
Harvested and sold - 50,000

Maximum: Seed stock acquired- 500,000  
Harvested and sold - 400,000

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## AQUATIC FARM OPERATION AND DEVELOPMENT PLAN – PART A

This is the narrative portion of your operation and development plan.  
Complete each question to the best of your knowledge.

Name Gray/Nicholson DNR ADL No. 105303 ADF&G Permit No. 90 11-AF-SE

1. Provide an estimate of the total days and number of people (including yourself) that will be needed to operate your farm site for each year:

Year 1:	Number of Days	<u>325</u>	Number of People	<u>2</u>
Year 2:	Number of Days	<u>325</u>	Number of People	<u>2</u>
Year 3:	Number of Days	<u>325</u>	Number of People	<u>2</u>
Year 4:	Number of Days	<u>325</u>	Number of People	<u>2</u>
Year 5:	Number of Days	<u>325</u>	Number of People	<u>2</u>

2. Describe your operating plan, including any facilities and equipment you propose to use and how you propose to -

a. access the site (transportation means, route and frequency of site monitoring); Farmers live at

farmsite, monitor continuous, travel by boat 1x week to Coffman Cove (10 miles 1-way) to ship product.

b. house personnel while working at the site; In privately owned cabins located on leased Forest Service land.

c. store gear and equipment when not in use; On leased state tidelands and leased FS uplands and in floating & upland gear sheds

d. conduct winter operations and protect your farm from adverse weather or oceanographic conditions;

Live at farmsite - daily monitoring and maintenance.

e. harvest product (means, methods and frequency); Skiff with motor, mobile

boom barge with handwinch, harvest year round.

- f. hold your product prior to sale and where; refrigeration barge at farm site
- 
- g. transport your product to point of sale; boat to Coffman Cove, Then  
truck, float plane, jet.
- 
- h. deploy seed collection devices, if applicable, and list type, quantity and dimensions; n/a
- 
- i. acquire seed stock – include the facility name and quantity of each species; Pacific Oyster  
50K - 500K annually. Lummi or Naukat; Shellfish Nursery.
- 
- j. acquire wild stock, if applicable; n/a
- 
- k. differentiate between wild and cultivated stock at the site; n/a
- 
- l. measure the success of your culture methods; The money method.
- 
- m. supplement feeding, if necessary; n/a
- 
- n. manage incidental species over the course of operations - describe by individual species; n/a
- 
- o. locate and operate your farm to avoid predators; "off Bottom" operation.
- 
- p. utilize predator exclusion devices, if applicable, and explain; same as o.
- 
- (1) where they would be used within permitted boundaries
-

(2) types lantern nets suspended from log floats

(3) configurations intended for use please see diagram of farm site layout

(4) dimensions of the devices (mesh size, materials used in fabrication, size of the panel or bag) 5 & 10 tier polyethylene lantern nets, 9mm to 30mm

(5) seasonality of use all seasons

(6) means of transport skiff and boom barge

(7) installation suspended from log floats which are anchored to bottom of lagoon.

(8) storage Gear sheds

q. alter any other physical or biological characteristic of the site. no.

Additional information you consider pertinent to your operating plan should be included. (Use additional sheets of paper as necessary.) **Please note: Detailed information enables agencies to comprehensively evaluate your proposal in a timely manner, negating the need to seek additional information from you.**

▼ Continue to Aquatic Farm Development Plan – Part B ▼

# TEN-YEAR AQUATIC FARM OPERATION AND DEVELOPMENT PLAN – PART B

Fill out an operation and development plan for each species using an optimistic expectation of what is possible within the limits of your farm site and the anticipated seed supply. \*Fill in your projected income by the end of Year 5 at the bottom of this page.

Name Gray/Nickelson DNR ADL No. 105303 ADF&G Permit No. 10 11-AF-5E  
 Species/Common Name to Be Cultured Pacific Oyster  
 (Individual plan required for each species)

Calendar Year	Installation Schedule			# of Seed Collected Offsite	# of Seed Collected Onsite	# of Hatchery Grown Seed	Projected Harvest and Income		
	Support Facilities	Gear Types	Anchor Systems				# of Animals	# of Pounds	Projected Income
(Year 1) <u>2009</u>	<u>See Existing Permit</u>			<u>n/a</u>		<u>50,000</u>	<u>25,000</u>		<u>\$10,000</u>
(Year 2) <u>2010</u>	<u>No changes expected</u>					<u>500,000</u>	<u>250,000</u>		<u>\$40,000</u>
(Year 3) <u>2011</u>						"	"		"
(Year 4) <u>2012</u>						"	"		"
(Year 5) <u>2013</u>						"	"		"

You must reach the commercial use requirement of your lease by the end of your 5<sup>th</sup> year and then continue to maintain or increase that level of productions throughout the remaining years of your lease. The commercial use requirement as set out in AS 16.40.199 is defined as a production level of at least \$3,000 per acres or fraction of an acre, or \$15,000 per farm, whichever is less. The commercial use requirement applies to the combined total of all species, is not a "per species" requirement and, must be maintained in Years 6 - 10.

\*Projected income for this species at the end of Year 5: \$10,000 to \$40,000. Projected income is based on Farm Gate Income which is defined as the unprocessed value, excluding the cost of packaging or transport of the product to its' first point of sale.

# AQUATIC FARM OPERATION AND DEVELOPMENT PLAN - PART B

Continued - Page 2.

Name Grey/Nicholson DNR ADL Number 105303 ADF&G Permit Number AF-  
 Species (Common Name) to Be Cultured Pacific Oyster

Calendar Year	Installation Schedule			# of Seed Collected Offsite	# of Seed Collected Onsite	# of Hatchery Grown Seed	Projected Harvest and Income	
	Support Facilities	Gear Types	Anchor Systems				# of Animals	# of Pounds
(Year 6) <u>2014</u>	See existing permit NO changes expected			n/a	n/a	50,000 to 500,000	25,000 to 250,000	\$10,000 to 40,000
(Year 7) <u>2015</u>						"	"	"
(Year 8) <u>2016</u>						"	"	"
(Year 9) <u>2017</u>						"	"	"
(Year 10) <u>2018</u>						"	"	"

The information contained herein is true and complete to the best of my knowledge.

Printed name: SHARON GRAY

Signature: Sharon Gray Date: 2-1-09