

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

PRELIMINARY DECISION

**Proposed Land Offering in the Matanuska-Susitna Borough
Tundra Isles Subdivision – ADL 230819
AS 38.05.035(e), AS 38.05.045**

and its

**RELATED ACTION:
Proposed Mineral Order (Closing)
AS 38.05.185 and AS 38.05.300**

COMMENT PERIOD ENDS 5:00PM, THURSDAY, JANUARY 3, 2013

I. Proposed Action(s)

Primary Proposed Action(s): The primary proposed action of this Preliminary Decision of the State of Alaska, Department of Natural Resources (DNR), Division of Mining, Land, and Water (DMLW) is to offer for sale State-owned land for private ownership within the identified project area. Surveyed parcels will be offered for sale in a future offering under the method as described herein.

Attachment A1: Vicinity Map
Attachment A2: Mineral Order Map
Attachment B: Area Data Summary Table
Attachment C: Public Notice

Located within the Department's Southcentral Region, approximately 110 air miles north-northwest of Anchorage and 20 miles west of Talkeetna, the project area is within portions of 4 adjoining townships. See Legal Description subsection (page 3) for full legal description.

The entire project area is within the Talkeetna Recording District and 3rd Judicial District.

The project area consists of approximately 14,620 acres and is within the Susitna Matanuska Area Plan (SMAP), Petersville Road Region, Management Unit P-04. DNR MLW Land Sales and Contract Administration Section (LSCAS) plans to utilize only buildable areas not to exceed approximately 9,000 total acres to design subdivision lots for disposal by this proposed action. Parcel location and size will be determined in accordance with Matanuska-Susitna Borough (MSB) platting requirements. See Attachment A1: Vicinity Map for a graphic depiction of the approximate location of the project area.

For the purposes of providing land for settlement in the project area, if deemed feasible, DNR may develop a subdivision of no more than 1,500 parcels varying in size from 2.5 to 6.5 acres. If deemed necessary, DNR may consider some parcels over 6.5 acres as well as a few select parcels as high as 20 acres per the allowances listed in AS 38.04.020(h) Land Disposal Bank. This proposed project area is located within the MSB, and therefore final number of lots and

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design will be determined in accordance with MSB ordinances. Survey, platting, and road construction will be completed to relevant MSB subdivision standards. The project may be subdivided and offered in phases.

Proposed Related Action: A related action with this proposal is a Mineral Order closing the project area to new mineral entry.

Mineral Order (Closing): DNR DMLW proposes a mineral order to close the project area to new mineral entry. Refer to the Mineral Order subsection under Section VI of this document for more information on this proposed related action.

Public notice for the related action is being conducted concurrently with the notice for the primary action's Preliminary Decision. If approved after consideration of public comment, the related action will be developed as a separate action, accompany the Final Finding and Decision, and be approved prior to approval of the Final Finding and Decision. The Final Finding and Decision for this proposed action will be dependent upon approval of the related action such that if the related action is not approved, the Final Finding and Decision will not be approved, unless modified. DNR DMLW will not process the related action unless proceeding with a Final Finding and Decision. Separate comments should be submitted for each action.

Pursuant to AS 38.05.945 Notice, the public is invited to comment on the proposed primary and related action. See the Submittal of Public Comments section at the end of this document and Attachment C: Public Notice for details on how to submit a comment. If commenting on more than one proposed action, separate comments should be submitted for each. If after consideration of timely, written comments this proposed action is approved, DNR will issue a Final Finding and Decision.

II. Method

DNR proposes to offer for sale the project area as described herein, through a future auction or other method under AS 38.05.045 Generally [Sale of Land].

III. Authority

The State of Alaska, Department of Natural Resources (DNR) has the authority under AS 38.05.035(e) Powers and Duties of the Director and AS 38.05.045 Generally [Sale of Land] to sell State-owned land if, on preparation and issuance of a written finding, it is determined to be in the best interest of the State.

For the related action, AS 38.05.185 Generally [Mining Rights] allows for change of mineral orders.

IV. Administrative Record

The administrative record for the proposed actions consists of the documentation contained in the project file, ADL 230819. Incorporated by reference are the Susitna Matanuska Area Plan (SMAP) 2011, the MSB Petersville Road Corridor Management Plan of 1998, the Custom Soil Resource Report for the Yentna Area Alaska (National Cooperative Soil Survey), and all other file documents pertaining to, contained in, or referenced in the project file.

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V. Scope of the Decision

The scope of this proposal, under the statutes described in the Authority section above of this document, is limited and specific to DNR DMLW's proposal to offer State-owned land within the defined project area for disposal and to conduct the proposed related actions as described herein. The scope of this proposal does not include the control of post-patent use, and DNR DMLW does not intend to impose deed restrictions for this purpose. The subdivision and offering may be conducted in phases.

VI. Description

See Attachment B: Area Data Summary Table for a brief listing of the key descriptions for the project area. Additional details are provided in the following paragraphs.

Location: Project area is within the Department's Southcentral Region, approximately 110 air miles north-northwest of Anchorage and 20 miles west of Talkeetna. The project area is generally bisected by Petersville Road (approximately mile 17-18) that runs westward from Trapper Creek which is situated near mile 115 of the George Parks Highway. Currently the Petersville Road is paved to approximately mile 10. See Attachment A1: Vicinity Map for a depiction of the approximate location of the project area.

Legal Description: Project area is within portions of 4 townships located within the Talkeetna Recording District, Third Judicial District, Alaska. as follows:

- Seward Meridian, Township 26 North, Range 7 West:
 - Section 5 N $\frac{1}{2}$ SW $\frac{1}{4}$, NW $\frac{1}{4}$
 - Section 6 W $\frac{1}{2}$, NE $\frac{1}{4}$
 - Section 7 W $\frac{1}{2}$
 - Section 18 S $\frac{1}{2}$, NW $\frac{1}{4}$
 - Section 31 all
- Seward Meridian, Township 26 North, Range 8 West:
 - Sections 1- 2 all
 - Sections 10-15 all
 - Sections 22-27 all
 - Sections 34-36 all
- Seward Meridian, Township 27 North, Range 7 West:
 - Section 19 W $\frac{1}{2}$
 - Section 20 W $\frac{1}{2}$
 - Section 29 all
 - Sections 30-31 all
 - Section 32 W $\frac{1}{2}$
- Seward Meridian, Township 27 North, Range 8 West:
 - Section 25 E $\frac{1}{2}$
 - Section 36 E $\frac{1}{2}$

Title: Information from Title Report No. 3618 A,B,C,D current as of 6/19/2012 indicates the State of Alaska holds fee title to the land and mineral estate within the project area comprised of state lands conveyed by patent 50-67-0197, issued 8/30/1966 and found in state case files GS 85 and GS 143; patent 50-67-0063, issued 8/3/1966 and found in state case file GS 84; and patent 50-67-0312, issued 12/20/1966 and found in state case file GS 144.

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Retained Interests: In accordance with AS 38.05.125 Reservation of Mineral Rights to Alaska, the State retains ownership of oil, gas, coal, ore, minerals, fissionable material, geothermal resources, and fossils that may be in or upon the land that it sells. The State and its successors reserve the right to enter onto the land for the purposes of exploring for, developing, and producing these reserved mineral resources. Under common law, this access reservation is superior to any and all surface uses. The State may also lease these interests to mineral developers or allow mining locations to be staked. However, AS 38.05.130 Damages and Posting of Bond also provides that the land estate (surface) owner will be compensated for damages resulting from mineral exploration and development.

Physical Characteristics: The project area's physical characteristics are listed in Attachment B, Data Summary Table and are based on field inspections conducted May 24, 2010 and May 29-30, 2012 and other research. If this proposed project is approved and offered for sale, it will be the responsibility of interested parties to inspect individual parcels prior to purchase to familiarize themselves with the physical characteristics of the land. The entire project unit is characterized by wetlands and tundra covered topography interspersed with islands of higher, more solid ground. The Alaska Department of Fish & Game (DFG) listed anadromous waters within the project area in their Talkeetna B-2 Map Sheet. See Attachment B, Area Data Summary Table for more information.

Background: Prior state public land disposal actions have occurred within the project area. In 1981 two state subdivisions were approved; see Talkeetna Recording District plat 81-61, Peters Creek Subdivision and plat 81-67, Kenny Creek Subdivision. Peters Creek Subdivision platted a little over 100, mainly 5 acre, lots; these are located in the Jake Lake area and are spread over some three miles southward from Petersville Road. Kenny Creek Subdivision has approximately 200, typically 5 acre, lots; these are located near and beyond Kenny Creek and are found from Petersville Road up to 4 ½ miles northward.

Physical access for the entire area has long been a topic of interest and remains so to the present time. Petersville Road runs westward from about mile 115 of the Parks Highway, and although it eventually terminates some 36 miles later near Cache Creek north of Petersville, it is paved only to approximately mile 10. Year around State of Alaska, Department of Transportation & Public Facilities (DOT/PF or DOT) maintenance of Petersville Road ends at Kroto Creek staging area near mile 14 (MSB Petersville Road Corridor Management Plan of 1989). The proposed land sale project area east boundary crosses Petersville Road just a little more than ½ mile west of this site. Winter travel by snowmachine, dog sled, or skis has been the main form of transportation to many of the subdivision lots; indeed, land owners often utilize their property mainly for such winter activities. Field inspection in 2012 showed that over a period of time there have been more attempts to access lands off of both sides of Petersville Road in summer months. The use of ATVs has resulted in a number of places where the tundra has been significantly disturbed, and such method of travel is degrading the value of both public and private lands in the area.

Peters Creek Subdivision is largely accessed via Shulin Lake Trail, a collector street for the subdivision joining Petersville Road at approximately mile 17. Shulin Lake Trail is a fairly stable dirt road for the first couple of miles; conditions gradually deteriorate further to the south, finally turning into a difficult ATV trail at best. Platted right of ways off of Shulin Lake Trail have yet to be completely cleared or developed; this has resulted in a number of illegal trespass trails across existing lots reaching to sites distant to frontage on Shulin Lake Trail. Northward, the

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platted right of ways are also largely unconstructed in the Kenny Creek Subdivision; hence, a more or less random network of ATV trails range across that portion of the project area.

Historically, there has been much use of the Petersville area for placer mining, hunting, and other public recreation activity. This is one of the few hunting areas that has public road access. The SMAP has classified extensive tracts of state land surrounding the proposed land sale settlement unit for habitat and general public recreation as well as for forestry use. There has also been a diversity of opinion regarding constructed access; some prefer a roadless system to preserve the rustic and private atmosphere of their lots, while others would like to have year around, maintained road access to their property. Petersville Road crosses the midline of the project area, in a generally east-west route, and is entirely within MSB Trapper Creek Road Service Area (RSA) #30. This RSA completely encompasses the project area in Townships 26 N, Ranges 7 & 8 West, but the project area northern portions (beyond a mile or so north of Petersville Road) lie outside of the RSA. Current and future land owners are responsible for interacting with local authorities and entities regarding the RSA. The reality of borough budget limitations, sparse permanent population, and intense seasonal public use of this entire area, has resulted in tremendous pressure regarding the access issue. LSCAS intends to continue to work with MSB on this topic, especially in light of the new Title 43 Subdivisions (Ordinance 11-072, adopted April 17, 2012) regarding rural subdivision development access requirements.

Planning and Classification: The project area is within the Susitna Matanuska Area Plan (SMAP) August 2011, Petersville Road Region, Management Unit P-04; Se (settlement) is the current, primary surface use designation for this unit as noted by the SMAP Resource Allocation Table (p. 3-43) and through Land Classification Order (CL) No. SC-09-002.

Area-wide Considerations: DMLW will follow management guidelines in SMAP Chapter 2-Settlement.

- A. **Planning and Coordination:** Specific subdivision designs and offerings by DMLW will be done in consideration of the factors listed under this portion of the SMAP. LSCAS will coordinate specific land sales with MSB subdivision requirements. For example, DMLW is aware of the need for parking/staging areas, and consultation with MSB and other agencies such as ADF&G, on such sites will be part of the project.
- B. **Protection, Management, and Enhancement of Other Resources:** Appropriate design should be utilized to compliment human and wildlife uses. Within stream corridors, DNR will set a higher priority on protecting public use values than on providing opportunities for private ownership of land. For riparian areas, Management Guidelines G and H of the “Stream Corridors and Shorelands” section of this chapter [2] are to be consulted. Resource management principles will be considered for elements such as scenic features, incompatible mining activity, and timber harvesting. DNR should determine the need for and retain appropriate areas for other uses as stated in the Area Plan on pages 2-38 (Section C, item 7) and page 2-40 (Section B) .
- C. **Design:** DNR, as a general policy, should retain appropriate green belts, public-use corridors, water supply areas, riparian and coastal buffer areas, wildlife migration corridors, public access sites, material sites, roads and other public facilities, as well as other open space to create a desirable land use pattern in developing areas. Generally, subdivision design should provide for the creation of an open space system designed to protect or maintain important uses and values. Subdivisions will be designed to

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preserve and enhance the quality of the natural setting and the recreational opportunities that make an area attractive to potential buyers. All lots will be designed to include sufficient buildable area for private use and will comply with MSB subdivision requirements.

Management Unit P-04 within Petersville Road Region of SMAP:

LSCAS will follow Chapter 3 policies specifically applicable to Unit P-04, which is Se/Settlement (p. 3-43, Resource Allocation Table). This designation applies to state uplands suitable for sale and shall take precedence over other uses. In keeping with Resource Allocation Table (Petersville Road Region, p. 3-43), Management Intent is listed:

- A. Unit P-04 is considered appropriate for land disposal during the planning period and is to be retained for the purpose of supporting state land disposals.
- B. As part of subdivision design, protect remaining lakeshore and wetland areas adjacent to streams using the guidelines found in Chapter 2. Within existing subdivisions, maintain existing tracts of open space.
- C. Retain land along Petersville Road sufficient for construction of waysides and trailhead parking. Maintain a scenic buffer of 150' each side of Petersville Road right-of-way. Protect trails and easements. Protect anadromous streams with riparian buffer. A riparian buffer of 300' from OHW is to be maintained on Peters Creek.

Reservation of Mineral Estate: In accordance with Section 6 (i) of the Alaska Statehood Act and AS 38.05.125 Reservation [of Rights to Alaska], the State, in this decision, reserves unto itself the mineral estate, including oil and gas, and the rights expressed in the reservation clause of the statute, that being the right to reasonable access to the surface for purposes of exploring for, developing, and producing the reserved mineral resources. Exploration and development, that could occur, would be consistent with AS 38.05.130 Damages and Posting of Bond and any other applicable statutes and regulations, which provide that the land estate (surface) owner be compensated for damages resulting from mineral exploration and development. Refer to the below Mineral Orders section of this document for more information on restrictions on use of the mineral estate within the project area. Also see Attachment A2 for depiction of areas of mineral orders.

Mineral Orders: A good deal of the project area is currently closed to new mineral entry by the following Mineral Orders (MO): MO Nos. 98, 99, and 99A01. The latter MO overlaps some lands in MCO 99 but does not cover other lands within the project area. See Attachment A2: Mineral Order Map. These MOs may also cover some lands outside the project area boundary (not shown on said map).

MO 455 is listed in Land Abstract documents for part of this project area. This MO includes portions of sections composing the eastern boundary of P-04 but does not include any land actually within the project area.

Mineral closing orders, where established, close an area to new exploration and development of locatable minerals such as gold, copper, platinum, etc. Such mineral orders do not apply to leasable minerals, including oil and gas leasing, coal leasing, shallow gas leasing, or exploration licensing for such, nor do they preclude reasonable surface access to

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these resources. However, AS 38.05.130 Damages and Posting of Bond stipulates that the land estate owner will be compensated for damages resulting from exploration and development.

Mining activity would be incompatible with the past, current, and proposed land estate uses for land disposals. To allow new mineral location within the boundaries of the parcels encompassed by this decision could create serious conflicts between land estate and mineral estate users. Area plan mineral estate management policy states that, in general, areas scheduled for disposal will be closed to mineral entry prior to sale to minimize potential conflict between land estate and mineral estate users.

Mineral Order Proposal: DNR DMLW proposes the following Mineral Order closing to new mineral entry:

Mineral Order (Closing): A mineral order is needed to close that portion of the project area to new mineral entry not covered by existing MOs listed above. The proposed action would include portions of 2 townships as follows:

- Seward Meridian, Township 26 North, Range 7 West:
 - Section 5 N½SW¼
 - Section 7 NE¼, SW¼ all south of Petersville Rd.
 - Section 18 W½,
 - Section 31 S½NW¼
- Seward Meridian, Township 26 North, Range 8 West:
 - Section 2 all
 - Section 10 all west of Peter's Creek
 - Sections 14-15 all west of Peter's Creek
 - Section 22 all west of Peter's Creek
 - Section 26 all
 - Section 27 all west of Peter's Creek
 - Sections 34-35 all west of Peter's Creek

Also see Attachment A2 for depiction of areas of proposed mineral order.

Public notice for this related action is being conducted concurrently with the notice for the primary action's Preliminary Decision. If approved after consideration of public comment, the related action will be developed as a separate action and accompany the Final Finding and Decision for the primary action. The Final Finding and Decision will be dependent upon approval of the related action such that if the related action is not approved, the Final Finding and Decision will not be approved, unless modified. Likewise, DNR DMLW will not process the related action unless proceeding with a Final Finding and Decision.

Hazardous Materials and Potential Contaminants: During field inspections in May of 2010 and May of 2012, DMLW Staff did not observe any hazardous wastes, spills, or other potential contaminants within the project area. Interested parties are encouraged to inspect the property and familiarize themselves with the condition and quality of the land. There are no known environmental hazards present within the project area, however, the State makes no representations and no warranties, express nor implied, concerning the existence or absence of

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any hazardous substances, hazardous wastes, contaminants, or pollutants on the land here proposed for conveyance. The State further assumes no liability for the removal of hazardous substances, hazardous wastes, contaminants, or pollutants, nor for the remediation of the site should such substances eventually be found.

DNR DMLW recognizes there are potential environmental risks when previously vacant land is occupied. Many of the activities increasing these potential risks are regulated by other agencies, such as the regulation of septic system installation by the State of Alaska, Department of Environmental Conservation. Given the high degree of interest from both the legislature and citizens in sale of State-owned land, DNR DMLW is of the opinion that the benefits outweigh the potential risks.

Traditional Use Finding: The project area is located within the Matanuska-Susitna Borough (MSB), and a traditional use finding is therefore not required per AS 38.05.830 Land Disposal in the Unorganized Borough. However, information on current or traditional use is welcomed and can be given during the public comment period. See the Submittal of Public Comments section at the end of this document and Attachment C: Public Notice for details on how to submit comment.

Local Planning: Where they exist, local zoning and related ordinances govern private land use. The project area is within the MSB, and platting actions within this project are subject to the MSB platting and zoning authority. The MSB has the following for this area: Petersville Road Corridor Management Plan and the MSB Comprehensive Development Plan. Approval of platting and zoning actions, and dedication of right-of-ways will require separate processes and public notices through the MSB.

Access To, Within, and Beyond the Project Area: Ground access to the project area is via the Petersville Road which runs westward from approximately mile 115 of the George Parks Highway at Trapper Creek. Petersville Road is currently paved to about mile 10. Year around state DOT maintenance ends at Kroto Creek staging/parking area, approximately ½ mile short of the P-04 project east boundary. Beyond this point summer road grading is limited, but DOT does attempt to work the Petersville Road all the way to its end near Cache Creek. At the present time there is limited practical access to that portion of the project area located west of Peters Creek.

The Recreation Rivers Management Plan, Deshka River Management Unit, includes Petersville Road Crossing of Kroto Creek/Deshka River. Research identified a special management area within the Susitna Basin Recreation Rivers Management Plan; at this time, there is a parking lot located in the special use area just east of the Kroto Creek crossing. It may be possible to provide an additional parking lot up the hill eastward from the existing parking area. DMLW is aware of the limited parking at the existing Kroto Creek staging area, especially during the winter season. Although outside of the proposed project area, it is located close enough to the eastern boundary to warrant cooperative effort with all state and local agencies involved to maximize the options for access parking for subdivision owners as well as for the general public wishing to access other locations. DMLW intends to study this and other possibilities in the ongoing work to address staging/parking sites clear of the main Petersville Road right-of-way. See access discussion under Background above, page 5 of this Decision.

The project area is within the platting authority of the MSB, and access to and within subdivision developments will comply with Title 43 Subdivisions (Ordinance 11-072, adopted April 17,

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2012). The public comment period on this Preliminary Decision provides the opportunity for the public to submit information on their thoughts regarding the issue of public use and access relating to the project area. Approval of platting actions and dedication of right-of-ways will require separate processes and public notices through the MSB.

Access To and Along Public or Navigable Waters: In accordance with AS 38.05.127 Access To Navigable or Public Water, DNR will determine if a body of water or waterway is a navigable or public waterway and will establish easements or right-of-ways as necessary to ensure unobstructed access to and along the body of water. Regulations dictating the creation of easements or right-of-ways under this statute include 11 AAC 51.035 Determination of Navigable and Public Water and 11 AAC 51.045 Easements To and Along Navigable and Public Water as follows.

For the purposes of AS 38.05.127:

- Navigable water are generally lakes larger than 50 acres in size or streams larger than 50 feet in average width
- Public waters are generally lakes larger than 10 acres in size or streams larger than 10 feet in average width.
- In addition, waters may be determined public or navigable consistent with AS 38.05.965(18) Definitions [General Provisions] and / or 11 AAC 51.035 (d).

For the purposes of reserving access to public or navigable water under the aforementioned statutes and regulations, if a water body is determined to be public or navigable, prior to disposal a continuous easement extending upland from the ordinary high water mark will be reserved. An alternate upland access route may be reserved if topography or obstructions prevent or make a continuous easement difficult. If a water body determined to be public is located entirely within a parcel, a public use access easement from the parcel boundary to and along the water body will be reserved and dedicated at the time of field survey. Refer to the Easements, Setbacks, and Retained Lands and Agency Comments sections for additional information. Anadromous waters have been identified by DFG and are listed in the Table at Attachment B. The SMAP specifically calls for a 300' buffer along Peters Creek.

Building Setbacks From Public or Navigable Water: If subdivision is deemed feasible, DNR DMLW proposes to place a note on the final survey plat describing a building setback upland from the ordinary high water (OHW) mark of public and navigable water to protect access, fish and wildlife habitat, and personal property. Except for utilities, water-dependent structures whose purpose is access to or across the stream or lake, or minor accessory structures for uses that must be in or adjacent to the water body in order to function, structures and subsurface sewage disposal systems will not be permitted within the building setback. DMLW will continue to develop and apply criteria as needed, and the public is invited to comment to LSCAS as well as comment at the appropriate time in the MSB platting process. Refer to the next section, Easements, Setbacks, and Retained Lands, and to Agency Comments section, for additional information.

Easements, Setbacks, and Retained Lands: Parcels may be subject to a variety of easements, setbacks, and retained lands. Easements, setbacks, and retained lands will be identified on the subdivision plat and included in related informational documents. Approval of platting actions will require separate processes and public notices through the MSB.

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Final width and location of easements and reservations will be determined as part of the platting process.

Parcels or subdivision design may be subject to a variety of reservations where appropriate, such as:

- a 50' public access easement on each side of surveyed or protracted section lines on State-owned land, unless vacated under AS 19.30.410 and 11 AAC 51.065;
- a 50' continuous easement is commonly required upland from the ordinary high water mark of public or navigable water bodies (AS 38.05.127);
- anticipated 60' subdivision right-of-ways (ROW) or public access easements or in accordance with MSB local platting authority requirements;
- 100' right-of-way (ROW) as retain land along Petersville Road sufficient for construction of waysides and trailhead parking. This is the standard platted ROW dedicated width for this road required by the SMAP, Chapter 2, page 2-55, Section D, items 3 and 4. See also Scenic Buffer listed below.
- a 5' survey easement from the nearest practical point on the property boundary to control monuments within the parcel and an easement with a 5' radius around the control monument, and as applicable, a 5' direct line-of-sight easement from the control station to an azimuth mark or other control monument (typical plat note).
- SMAP easements and buffers required along trails, roads, water bodies, wetlands, and related environmental features are found in Chapter 2, pages 2-40 through 45, 54 & 55, + Table 2-1 at pages 2-46 and 47, and Chapter 3, Resource Allocation Table: width may vary with water body and riparian area (page 2-41) and may range from 50' to 300'; some examples include:
 - 50' from margins of sensitive environmental features, e.g. marshes (Table 2-1 page 2-47)
 - 75' building setback adjacent to all other waterbodies with 150' adjacent to anadromous and high value waterbodies (page 2-44 & 47);
 - a 100' building setback from the ordinary high water mark of public or navigable water bodies (Table 2-1, page 2-46 & 47);
 - 150' scenic buffer to be maintained on each side of Petersville Road right-of-way [see above] (Resource Allocation Table page 3-43).
 - 150' Anadromous stream buffers upland of OHW both sides except for Peters Creek and Kroto Creek which shall have 300' riparian buffer from OHW (page 2-41 and Resource Allocation Table page 3-43).
 - Minimum 25' pedestrian & 40' motorized trails and easements within developed or developing areas. Trails or other access facilities of statewide or regional significance-- minimum 100' (50' either side of centerline) (page 2-54 & 55).

Where appropriate, reservations and restrictions will be depicted on the plat and described in plat notes.

Survey, Platting, and Appraisal: Depending on agency and public commentary, physical conditions of the land, and access issues, DNR DMLW proposes to offer the project property for sale. In order to offer the property, a combination of survey, subdivision, or plat may be

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required. This proposed project area is located within the MSB, and therefore survey and platting will be completed to the relevant borough subdivision standards.

In accordance with AS 38.05.840 Appraisal, an appraisal meeting DNR DMLW standards will be required within two years of the date fixed for the sale of any parcel developed under this proposed action. The project may be subdivided and offered in phases.

VII. Agency Comments

Agency review for the current project area was conducted from August 16, 2012 through September 6, 2012. Due to storm related power outages in Anchorage, agency comments were accepted beyond this original comment deadline. Comments pertinent to this proposed action received during agency review have been considered and addressed in the following paragraphs. Additional comments received during the Public Notice period will be considered and addressed in the Final Finding and Decision if the proposal proceeds to that step.

DNR, Survey Section comment: The DNR Survey staff recommended a minimum lot size of approximately 2.5 acres.

DNR DMLW LSCAS Response: LSCAS concurs, and unless additional evaluation leads to another conclusion, the 2.5 acre minimum size for specific lots will be acceptable.

Resource Assessment and Development Section (RADS) comment: Confirming the Susitna-Matanuska Area Plan (SMAP, August 2011), “In this plan development process we often heard from residents of this upper Susitna Valley region that they desired early input on disposal projects. They would rather see a project during the scoping phase instead of getting a first look at the PD stage. Consulting area Community Councils is one avenue to reach this goal.....”

DNR DMLW LSCAS Response: Thank you for the information. Due to recent staffing levels within the section, LSCAS is unable to accommodate a scoping phase prior to the issuance of a preliminary decision for this project.

Alaska Department of Fish & Game (ADF&G) comment: “ADF&G has reviewed the proposed subdivision sale and have no additional concerns. We concur with the new easement and buffer along Peters Creek and Kroto Creek.”

DNR DMLW LSCAS Response: LSCAS will continue to work with DFG regarding the lakes and streams within the project area.

State Pipeline Coordinator’s Office (SPCO) comments: “The SPCO reviewed the recent Tundra Isles Subdivision Expansion (ADL 230819), and submits the following comments: There are no known AS 38.35 pipeline right-of-way leases or applications in this area. The SPCO has no objection to the proposed Tundra Isles Subdivision.”

DNR DMLW LSCAS Response: LSCAS appreciates this information.

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Other Agencies: The following agencies or groups were included in agency review, but did not submit comments:

- Department of Environmental Conservation (DEC)
- Department of Natural Resources (DNR)
 - Division of Agriculture
 - Division of Forestry
 - Division of Geological and Geophysical Surveys (DGGS)
 - Division of Mining, Land, and Water (DMLW)
 - Mining Section
 - Public Access Assertion & Defense (PAAD)
 - Realty Services (RSS)
 - Southcentral Region Office (SCRO)
 - Water Section
 - Division of Oil and Gas
 - Division of Parks and Outdoor Recreation (DPOR)
 - Mental Health Trust Land Office (MHTLO)
- Department of Transportation and Public Facilities (DOT/PF)
- Fairbanks Soil and Water Conservation District
- Alaska Railroad Corporation (ARRC)

VIII. Alternatives and Discussion

DNR DMLW is considering the following alternatives:

- Alternative 1: (Preferred) Survey and plat a series of subdivisions or additions to subdivisions, each consisting of a manageable number of parcels that would vary in size from approximately 2.5 to 20 acres, and offer individual parcels for sale to the general public. The development and offering of these parcels may be phased.
- Alternative 2: Do not subdivide the project area prior to sale. Offer the entire project area as a single 14,620 acre parcel.
- Alternative 3: (Status Quo) Do not offer this project area for private ownership. Retain the land in State ownership.

Article VIII, Section 1 of the Alaska Constitution states, in part, that “it is the policy of the State to encourage the settlement of its land...” Furthermore, AS 38.05.045 Generally [Sale of Land] has placed this charge with DNR. Alternative 1 provides a method for DNR to help meet the obligations laid out in the Constitution and statute.

Alternative 1 maximizes public interest. This offering provides an opportunity for the public to obtain land for settlement in a desirable area. The subdivision of parcels will allow DNR DMLW to create a design that will maximize use of the land and provide the public a greater opportunity to purchase land within this area.

Alternative 2 does not maximize public interest and is not preferred. Due to the size of acreage and private land within the project area, it is highly impractical to sell this unit as a single parcel. Considering the unique amenities of the area and its location relative to the communities of Trapper Creek and Talkeetna, the project area is better suited to subdivision prior to offering.

Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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Failure to subdivide the project area prior to offering will not maximize opportunity for conveyance to general private ownership. Alternative 2 is not preferred.

Alternative 3 is not preferred. The Legislature and the public have indicated a desire for DNR DMLW to offer State-owned land for private ownership. Retention of this land, which has been specifically identified for settlement in the SMAP, would inhibit DNR DMLW from meeting its Constitutional and legislative obligations. Not offering the project area would deny many Alaskans the opportunity to obtain land in an area that is suited to settlement.

For the aforementioned reasons, Alternative 1 is the preferred alternative.

Recommendation follows.

Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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IX. Recommendation

This Preliminary Decision, for the proposed primary and related action described throughout this document and its attachments, is consistent with the overall management intent for State-owned land; potential changes to public resources and the public interest as a result of the proposal are acceptable; and these proposed actions appear to be in the best interest of the State. It is hereby recommended to proceed to public notice.

This is a Preliminary Decision, and subsequent public review may result in changes to the preferred alternative or disapproval of the proposed primary action and the accompanying related action altogether. If the decision is approved, a Mineral Closing Order will accompany and precede the Final Finding and Decision.

/s/

Prepared by John W. Thomas
Natural Resource Specialist II
Land Sales and Contract Administration Section
Division of Mining, Land, and Water
Department of Natural Resources
State of Alaska

November 16, 2012

Date

/s/

Approved by: Kathryn Young
Section Manager
Land Sales and Contract Administration Section
Division of Mining, Land, and Water
Department of Natural Resources
State of Alaska

November 16, 2012

Date

Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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X. Submittal of Public Comments

See Attachment C: Public Notice for specific dates and conditions. Pursuant to AS 38.05.945 Notice, a public notice inviting comment on this Preliminary Decision will be posted on the State of Alaska Public Notice website at <http://notes.state.ak.us/pn/>. Notices will also be published in newspapers in statewide circulation and newspapers of general circulation in the vicinity of the land offering. In addition, notices will be mailed to parties known or likely to be affected by the action; relevant postmasters of permanent settlements; relevant municipalities if the land is within the boundaries of a municipality; relevant regional corporations if the land is within their corporation boundary; relevant village corporations if the land is within 25 miles of the village for which the corporation was established; and relevant soil and water conservation districts.

In accordance with AS 38.05.946 (a) Hearings, a municipality or corporation entitled to receive notice under AS 38.05.945 (c) may hold a hearing within 30 days after receipt of the notice. If a hearing is held, the Department Commissioner (or representative) shall attend the hearing. The Commissioner has discretion whether or not to hold a public hearing.

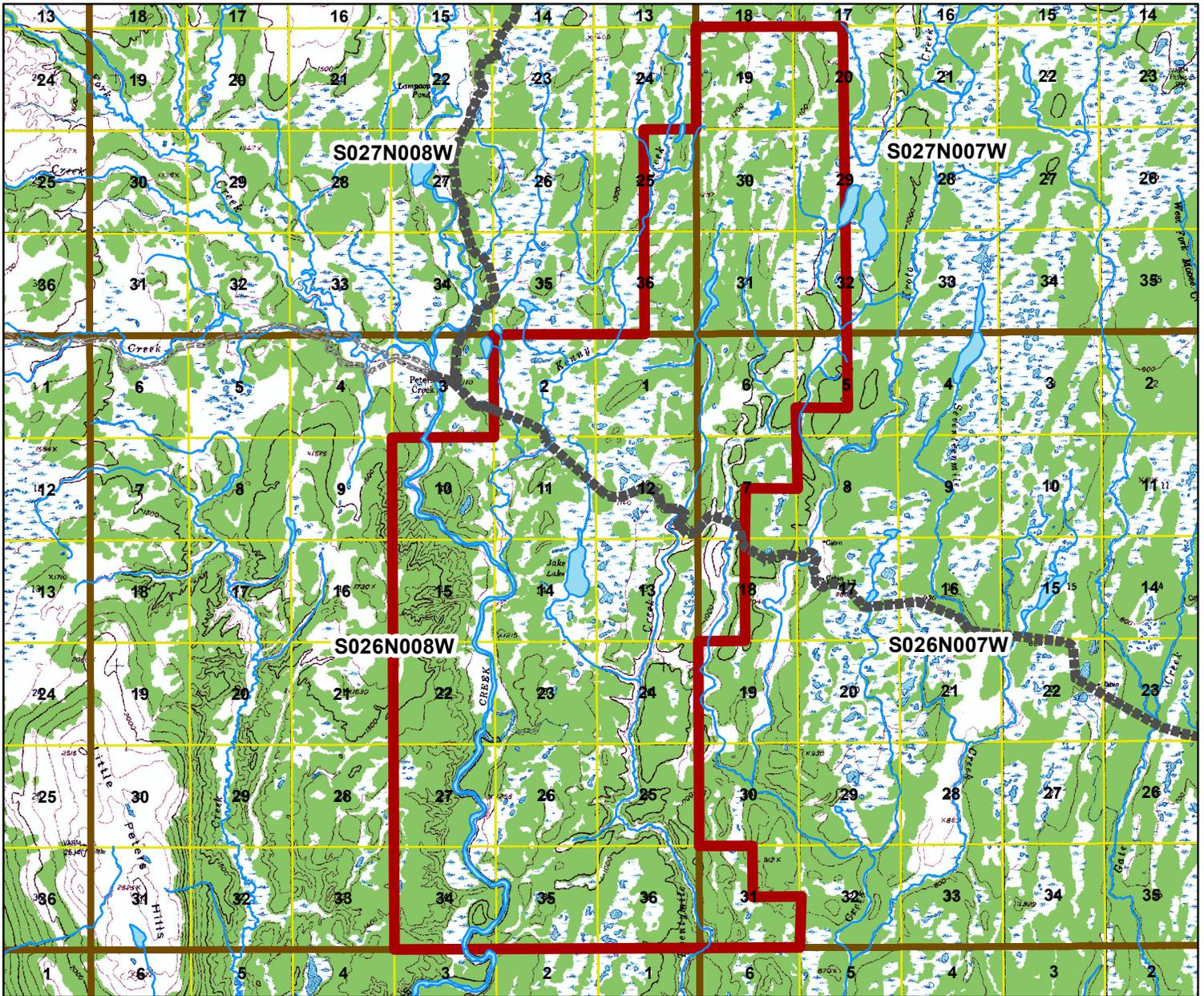
DNR DMLW will consider all timely comments. If timely, written comments received in response to this notice indicate the need for significant changes to the Preliminary Decision, additional public notice for the affected lands will be given. Reducing the amount of land offered and making minor changes to the proposed action will not be considered significant changes requiring additional public notice.

If the proposed action is approved and no significant change is required, the Preliminary Decision, including any deletions, minor changes, and summary of comments and DMLW responses, will be issued as a subsequent Final Finding and Decision without further notice. **Only persons from whom the Department receives timely, written comment during the identified comment period will be eligible to file an appeal of the Final Finding and Decision.** Upon approval and issuance of a Final Finding and Decision, a copy of the decision will be made available online at <http://dnr.alaska.gov/mlw/landsale/> and will be sent to any party from whom DNR DMLW LSCAS receives timely, written comment.



Tundra Isles Subdivision - ADL 230819 Attachment A1: Vicinity Map

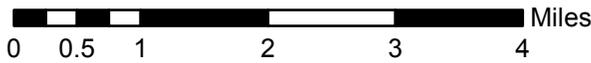
Proposed Land Offering in the Mat-Su Borough



LFR 10/04/2012

Legend

- ADL 230819
- Section
- Township
- Petersville Rd
- Tractor Trail



USGS QUAD 1:63,360

Talkeetna B-2

For more information contact:

John Thomas

Department of Natural Resources

Division of Mining, Land, and Water

Land Sales & Contract Administration Section

Phone 907.269.8591

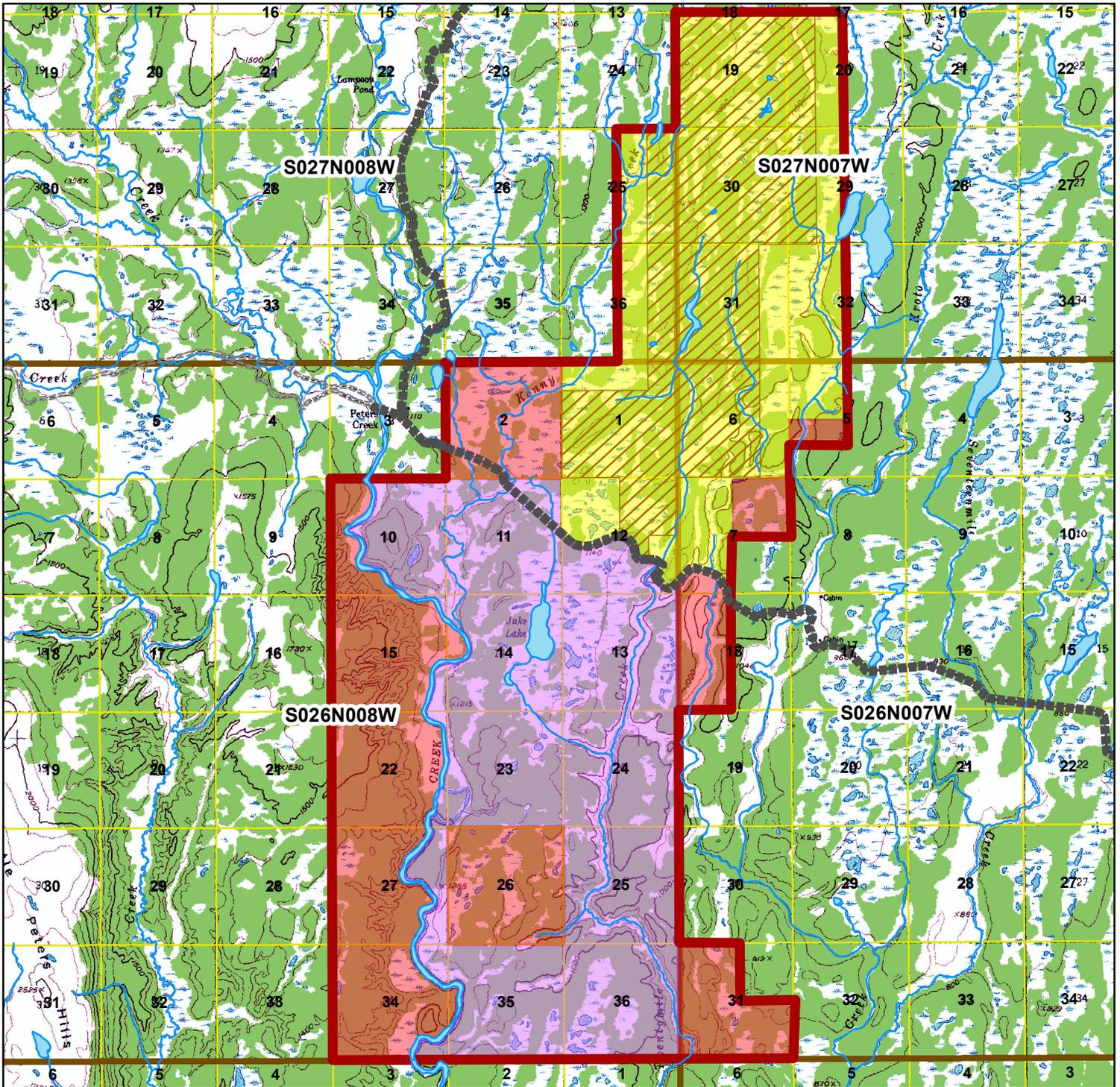
Fax 907.269.8916

Email subdivision.sales@alaska.gov



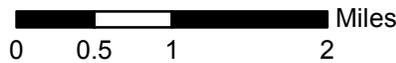
Tundra Isles Subdivision - ADL 230819

Attachment A2: Mineral Orders Existing & Proposed



Legend

	ADL 230819		Township
MCO			Section
	Proposed		Petersville Rd
	98		Tractor Trail
	99		
	99A01		LFR 10/25/2012



USGS QUAD 1:63,360

Talkeetna B-2

For more information contact:
 John Thomas

Department of Natural Resources
 Division of Mining, Land, and Water

Land Sales & Contract Administration Section
 Phone 907.269.8591

Fax 907.269.8916

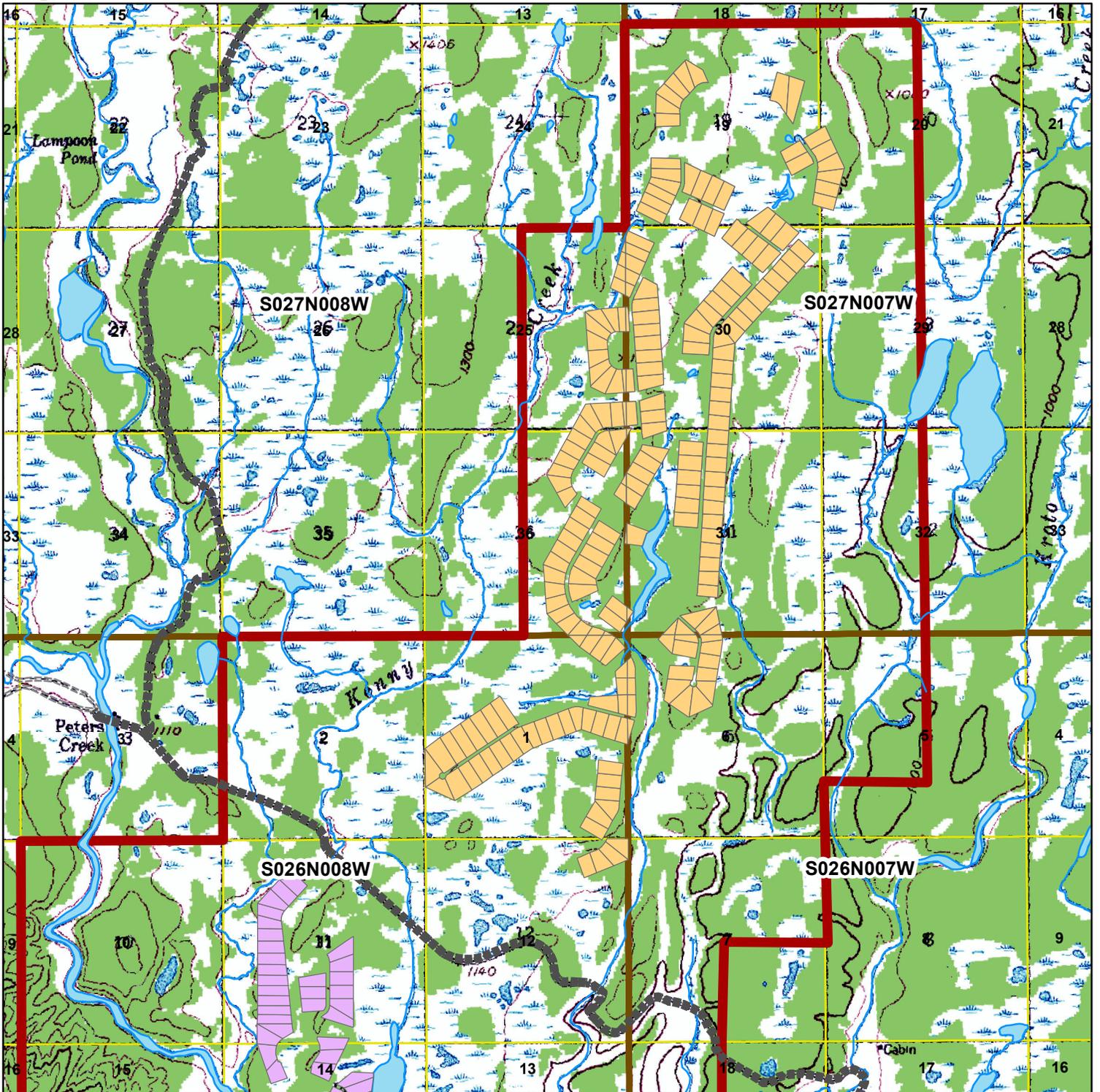
Email subdivision.sales@alaska.gov





Tundra Isles Subdivision - ADL 230819

Attachment A3: North of Petersville Rd Existing Kenny Creek Subdivision



Legend

- KENNY CREEK SUBDIVISION
- PETERS CREEK SUBDIVISION
- ADL 230819
- Petersville Rd
- Tractor Trail
- Township
- Section

USGS QUAD 1:63,360

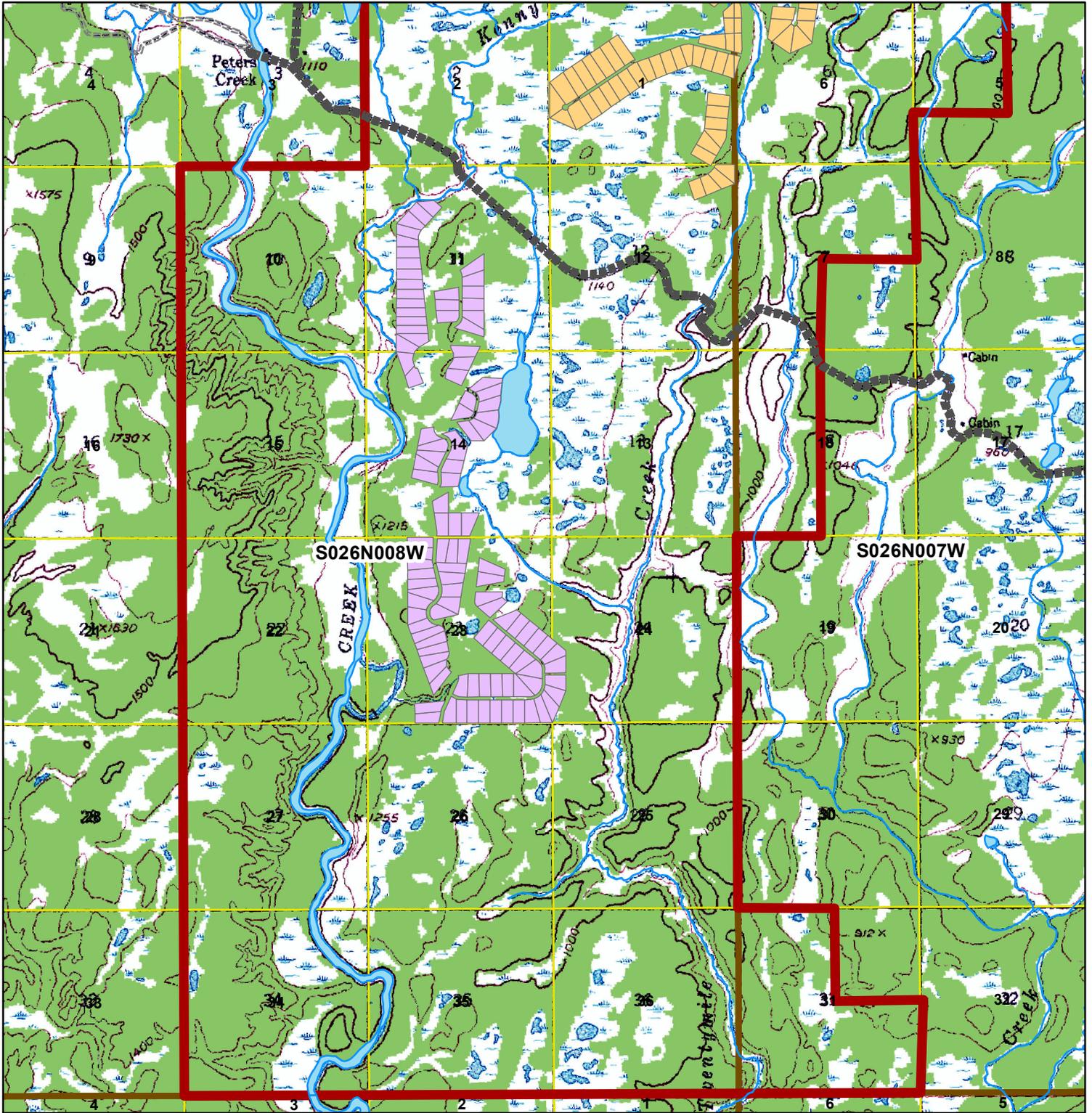
Talkeetna B-2





Tundra Isles Subdivision - ADL 230819

Attachment A4: South of Petersville Rd Existing Peters Creek Subdivision



Legend

- PETERS CREEK SUBDIVISION
- KENNY CREEK SUBDIVISION
- ADL 230819

- Petersville Rd
- Tractor Trail
- Township
- Section



USGS QUAD 1:63,360
Talkeetna B-2



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

ATTACHMENT B: AREA DATA SUMMARY TABLE

to the
Preliminary Decision

for a
**Proposed Land Offering in the Matanuska-Susitna Borough
Tundra Isles Subdivision – ADL 230819**

Acreeage	14,620 acres, disposing of approximately 9,000 acres
Proposed Number of Parcels, Acres per Parcel	Up to 1,500 parcels, 2.5 to 20 acres in size, phased over time
Location	Within the Department’s Southcentral Region, approximately 110 miles north-northwest of Anchorage and 20 miles west of Talkeetna, near Petersville Road mile 17
Area Access	Primarily via Petersville Road, individual lots would be accessible via platted internal easements
Native Regional & Village Corporations within 25 miles	Cook Inlet Region Corporation; no regional villages located within 25 miles of project area
Platting Authority, Coastal Issues, & Local Planning Considerations	The Matanuska-Susitna Borough (MSB), local communities, and villages will receive public notice and an opportunity to comment <i>Coastal Issues:</i> The MSB will receive public notice and an opportunity to comment
Title	Project area is comprised of state lands conveyed by patents 50-67-0197, 50-67-0063, and 50-67-0312
Topography	Terrain is generally flat with tundra swales common except for bluffs along Peters Creek; project area ranges from approximately 800 - 1700’ above sea level
Legal Description	Portions of 4 Townships in the Seward Meridian: T26N R7W, T26N R8W, T27N R7W, T27N R8W; see complete description, page 3
Area Plan	Susitna Matanuska Area Plan (SMAP) (August 2011), Petersville Road Region, Management Unit P-04
Classification	Settlement (Se), LCO No. SC-09-002
Mineral Order	MCO 98, 99, & 99A01 closing most portions; remaining area to be closed to new entry prior to sale
Topographic Map	USGS Quad, Talkeetna B-2
Geologic Hazards	LSCAS staff is not aware of any known or observed

Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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	potential geologic hazards. Should any additional geologic hazards be discovered in the future, they will be considered in the project's design and described in the project file and offering materials.
Soils	The project file contains the National Cooperative Soil Survey 56-page Custom Report for the Yentna Area which describes in detail soils of the project area. Known soil concerns will influence the project's design and feasibility, and such features will be described in the project file and offering materials where relevant.
Vegetation	The project area is dominated by wetlands and shrubs, but some mixed spruce-hardwood forest is also present.
Fire Hazards	No fire history was found at State Forestry website; however, the area has abundant ground and low tree stand vegetation that could become combustible in extremely dry seasons. Alaska Interagency Wildfire Management Plan for most of the area is "Full"; so state Forestry may respond to forest fires on priority and resource allocation basis.
Navigable Waters	See Preliminary Decision, pages 8-9. If additional water bodies are deemed public or navigable, DNR DMLW will comply with statutory requirements to provide access to and along said water bodies.
Public Waters	See Preliminary Decision, pages 8-9. If additional water bodies are deemed public or navigable, DNR DMLW will comply with statutory requirements to provide access to and along said water bodies.
Anadromous Streams	DFG has listed the following Anadromous Waters of their Talkeetna B-2 Map Sheet that covers the entire P-04 area: <ul style="list-style-type: none">▪ Peters Creek 247-41-10200-2053-3150-4060▪ Kenny Creek 247-41-10200-2053-3150-4060, and its tributaries▪ Crowberry Creek -6011 and unnamed tributaries - 6012, 6015, and 6017▪ Twentymile Creek 247-41-10200-2081-3181▪ unnamed tributaries of Seventeenmile Creek 247-41-10200-2081-3197, - 3199, and -3201 Should additional streams be identified throughout the design phase, DNR DMLW will evaluate the appropriateness of buffers for such water bodies.
Flood Zone	Entire project area is within Zone C, areas of minimal flooding, except immediately adjacent to Peters, Kenny, & Twentymile Creeks which are within Flood Zone A, areas of 100-year flood. The relevant Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map, MSB, is Community Panel Number 020021 5050 C.

Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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<p>Comments or Other Known Concerns</p>	<ol style="list-style-type: none">1. Year around mechanized ground access, including parking/staging sites, and right-of-way issues are major concerns that will need on-going attention in order to facilitate practical private ownership and to protect the environment.2. Demand for public services will increase with private ownership and occupancy; fire protection, waste removal, schools, law enforcement, and similar issues will need to be addressed locally as the area population grows.
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Preliminary Decision

Tundra Isles Subdivision – ADL 230819

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ATTACHMENT C: PUBLIC NOTICE

**STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND, & WATER
LAND SALES & CONTRACT ADMINISTRATION SECTION**

PUBLIC NOTICE

for a Preliminary Decision of a Proposed Land Offering:
and its Proposed Related Action:

Tundra Isles Subdivision – ADL 230819

Mineral Order (Closing)

COMMENT PERIOD ENDS 5:00PM, THURSDAY, JANUARY 3, 2013

Proposed project includes future offering for sale of surveyed parcels under the method and the related action as described in the Preliminary Decision (PD) document. The project may be subdivided and offered in phases. Location: within DNR Southcentral Region, approximately 110 air miles north-northwest of Anchorage and 20 miles west of Talkeetna, the project area is reached by Petersville Road and is within portions of 4 townships in the Seward Meridian as follows: Township 26 North, Range 7 West, Township 26 North, Range 8 West, Township 27 North, Range 7 West, and Township 27 North, Range 8 West. Project size: approximately 9,000 acres proposed development area, up to 1,500 parcels sized 2.5 to 20 acres.

To obtain notice, PD, or instructions on submitting comments, or to request auxiliary aids, services, or special accommodations, go to <http://notes.state.ak.us/pn/> or <http://dnr.alaska.gov/mlw/landsale/>. To obtain assistance or documents by an alternative method, contact DNR's Public Information Centers on State work days, M-F, 10AM-5PM: Anchorage, 907.269.8400 (TDD for hearing impaired 907.269.8411), Fairbanks, 907.451.2705 (TDD for hearing impaired 907.451.2770), or Southeast Land Section, Juneau, 907.465.3400 (TDD for hearing impaired 907.465.3888), or go to <http://dnr.alaska.gov/commis/pic/> for additional information. Those requiring special assistance must notify the Public Information Center in Anchorage before 4:00 PM, Wednesday, December 26, 2012.

Pursuant to AS 38.05.945 Notice, public comment is invited on these proposed actions for which notice is being conducted concurrently; separate comments should be submitted on each. **The deadline for public comment is 5:00PM, THURSDAY, JANUARY 3, 2013.** Only those from whom DNR DMLW LSCAS receives timely, **written** comment (by fax, email or postal mail) during this comment period will be eligible to file an appeal of the Final Finding and Decision (FFD). For questions contact subdivision.sales@alaska.gov, fax # 907.269.8916, or call John Thomas 907.269.8591.

If no significant change is required, the PD, including any minor changes and a summary of comments and responses, will be issued as a FFD without further notice. A copy of the FFD will be sent to those who submit timely written comment on the PD.

DNR reserves the right to waive technical defects in this notice.