



KENAI PENINSULA BOROUGH

144 N. BINKLEY • SOLDOTNA, ALASKA • 99669-7599
BUSINESS (907) 262-4441 FAX (907) 262-1892

DALE BAGLEY
MAYOR

MEMORANDUM

DATE: September 28, 2004
TO: Roy E. Dudley, Land Management Agent
THRU: *Sh* Shane Horan, Director of Assessing
FROM: *PK* Paul Knight, Lead Appraiser
SUBJECT: **Determination of Market Value for 10 Acre Portion of
Parcel 139-100-38 - Government Lots 5 & 8
Proposed Marathon Oil Company Production Pad**

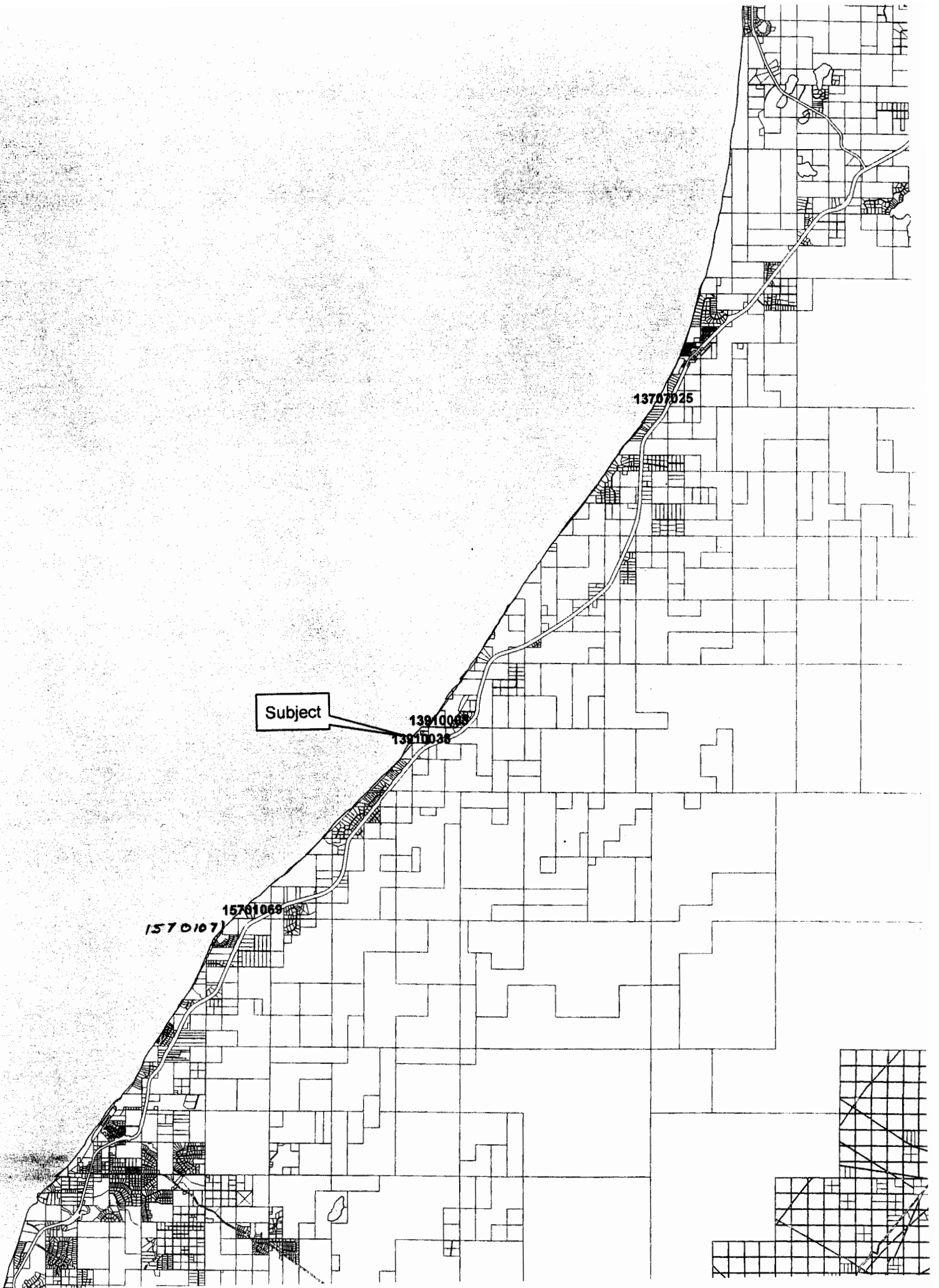
In accordance with your request dated September 1, 2004, a review of sales was conducted in the vicinity of the subject parcel to determine its fair market value. This review found four sales of comparable property.

Upon investigation and analysis of the above referenced property, it is estimated that the fair market value of the subject property as of September 1, 2004 is as follows:

10.0 Acres x \$12,200 per Acre =

\$122,000

(One Hundred Twenty Two Thousand Dollars)



Subject

13707025

13910068

13910038

15701069

15701071

SAMPLE SIZE CHART AT 70% / 30% RATIO

SALE #2

Ratio **70% / 30%**

Acres	\$ Per Acre	Value
1.00	\$34,312	\$34,300
2.00	\$24,019	\$48,000
4.00	\$16,813	\$67,252
8.00	\$11,769	\$94,153
9.00	\$11,328	\$102,000
10.00	\$10,888	\$108,880
11.00	\$10,445	\$114,900
12.00	\$10,000	\$120,000
24.00	\$7,000	\$168,000

Sale # 2 (acreage rounded)

			Sale Price	Price Per Acre	D.O.T.	Size Adjusted TO 10 Acres	Price per Acre for 10 Acres
Sale # 1	15701071	11.22	\$143,300	\$12,800	\$129,000	\$135,800	\$13,600
Sale # 2	15701069	11.70	\$120,000	\$10,300		\$108,900*	\$10,900
Sale # 3	13910003	25.80	\$217,800	\$8,400	\$196,000	\$136,200*	\$13,600
Sale # 4	13707025	28.00	\$100,000	\$3,500		\$60,900	\$6,100

*Median \$122,300.00 divided by 10 Acres = \$12,230

Notes:

No physical inspection was made of the subject property.
 Subject parcel is 29.63 acres. Estimated value is based on 10 acres.
 Sale prices on sales 1 and 3 are estimated assuming 10% down based on recorded Deeds of Trust (D.O.T.).
 Acreage on size chart is rounded to the nearest whole after 8 acres.



P.O. Box 196168
Anchorage, AK 99519-6168
Telephone 907/561-5311
Fax 907/564-6489

July 21, 2004

Mr. Paul Ostrander
Kenai Peninsula Borough
144 N. Binkley
Soldotna, AK 99669-7599

RE: Application for Negotiated Lease
Assessors Parcel Number 139038
Kenai Peninsula Borough, Alaska

Dear Paul:

Enclosed please find the referenced application which has been fully executed on behalf of Marathon Oil Company.

Please call me at 564-6428 if you need anything further.

Best regards,

A handwritten signature in black ink, appearing to read 'J. Brock Riddle', written over a horizontal line.

J. Brock Riddle
Land Manager

**KENAI PENINSULA BOROUGH
RESOURCE PLANNING DEPARTMENT
LAND MANAGEMENT DIVISION**

144 North Binkley Street
Soldotna, Alaska 99669

**APPLICATION TO REQUEST THE NEGOTIATED PURCHASE, LEASE, OR
EXCHANGE OF BOROUGH OWNED LAND**

A \$200 FEE MUST BE SUBMITTED WITH THIS APPLICATION. THE \$200 IS NOT APPLIED TO THE PURCHASE PRICE AND IS REFUNDED ONLY IF THE APPLICATION IS NOT FOUND TO BE IN THE PUBLIC'S BEST INTEREST. IF APPROVED BY THE BOROUGH ASSEMBLY, A \$1,000 EARNEST MONEY PAYMENT MUST BE SUBMITTED WITHIN SEVEN DAYS OF AFFIRMATIVE ASSEMBLY ACTION.

THIS FORM IS TO BE COMPLETED BY INDIVIDUAL(S) OR ORGANIZATION(S) WISHING TO PURCHASE, LEASE OR EXCHANGE BOROUGH LAND PURSUANT TO KPB 17.10.100(C) or (I). IT IS TO BE COMPLETED, IN FULL, TO THE BEST OF KNOWLEDGE OF THE INDIVIDUAL OR AUTHORIZED REPRESENTATIVE. IF REQUESTED, PROPRIETARY AND FINANCIAL INFORMATION OF APPLICANTS THAT IS SO MARKED, WILL BE KEPT CONFIDENTIAL. THE ASSEMBLY MUST APPROVE, BY ORDINANCE, ANY DISPOSITION OF BOROUGH LAND.

ATTACH SEPARATE SHEETS IF MORE SPACE IS NEEDED FOR EXPLANATION. IF A SECTION (or, portion thereof) IS NOT APPLICABLE, MARK WITH THE ABBREVIATION "N/A". ASK KPB LAND MANAGEMENT STAFF IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION REQUESTED. PLEASE TYPE OR PRINT.

1. NAME OF INDIVIDUAL COMPLETING APPLICATION FORM:

Name J. Brock Riddle Phone # (907) 564-6428

Mailing Address P.O. Box 196168, Anchorage, Alaska, 99519-6168

Physical Address 3201 C. Street, Suite 800, Anchorage, Alaska 99503-3934

2. OTHER INDIVIDUAL(S) OR ORGANIZATION(S) PARTY TO THIS APPLICATION:

a) Name _____ Phone # () _____

Mailing Address _____

Physical Address _____

Relationship to applicant(s) _____

b) Organization name Marathon Oil Company

Mailing Address P.O. Box 196168, Anchorage, Alaska, 99519-6168

Physical Address 3201 C. Street, Suite 800, Anchorage, Alaska 99503-3934

Primary Contact: J. Brock Riddle Title: Attorney-In-Fact

Phone # (907) 564-6428

3. TYPE OF ORGANIZATION: (CHECK ONE)

- | | | | |
|---------------------|--------------------------|------------------------|-------------------------------------|
| Individual | <input type="checkbox"/> | Sole Proprietorship | <input type="checkbox"/> |
| General Partnership | <input type="checkbox"/> | Non-Profit Corporation | <input type="checkbox"/> |
| Limited Partnership | <input type="checkbox"/> | Non-Profit Association | <input type="checkbox"/> |
| Other _____ | | Corporation | <input checked="" type="checkbox"/> |

Note: Please submit, as appropriate, the following items with this application: 1) current Alaska business license; 2) designation of signatory authority to act for organization or individuals. If non-profit, has IRS Tax Exempt Status been obtained? Yes No If yes, attach letter of determination. If no, please attach certificate, articles of incorporation, by-laws, or other appropriate documentation.

4. LEGAL DESCRIPTION:

Township IN, Range 13W, Section 34, Seward Meridian
Lot/Block/Subdivision Gov't Lots 548
Plat Number _____ Recording District Kenai
Assessors Parcel Number(s) 1390038 Ptn. 139-100-38 Size/Acreage +/- 5 acres 10 Acres
Other description See attached plats

5. THIS APPLICATION IS BEING MADE FOR THE FOLLOWING: (CHECK ONE)

- Purchase Lease Exchange
Other (specify): _____

6. PROPOSAL:

a) Purchase Price: Fair Market Value

b) Down Payment Amount (Minimum 10% of Purchase Price): _____

c) Payment Terms (Maximum 10 years; except for agricultural land where maximum is 20 years) :

d) Interest Rate (Minimum: prime plus 2%): _____

OTHER TERMS AND CONDITIONS: _____

Appraisal for Annual Rental. Re-appraise every 5 years for redetermination of Annual Rental.

ARE THERE ANY CONTINGENCIES TO THIS TRANSACTION: YES NO IF YES, LIST:
Discovery of Natural Gas in commerical quantities from surface pad on property.

7. PLEASE DESCRIBE ALL SPECIAL CIRCUMSTANCES AND ANY OTHER REASONS YOU BELIEVE THE BOROUGH SHOULD SELL THIS LAND TO YOU ON YOUR PROPOSED TERMS. BE SPECIFIC.

N/A

8. IF PROPOSAL IS OTHER THAN FAIR MARKET VALUE, PLEASE STATE WHY IT WOULD BE IN THE "BEST PUBLIC INTEREST" TO APPROVE THIS PROPOSAL. INCLUDE ALL SUPPORTING FACTS AND DOCUMENTS.

N/A

9. LAND STATUS: DESCRIBE ANY EXISTING IMPROVEMENTS; PROVIDE PHOTOGRAPHS IF AVAILABLE.

10. ATTACH SITE PLAN DEPICTING THE PROPOSED USE OF THE PROPERTY.

11. LIST THREE (3) CREDIT REFERENCES. IN ADDITION, AN ACTUAL CREDIT REPORT FROM A LOCAL PROVIDER IS REQUESTED IF BALANCE TO BE FINANCED BY THE BOROUGH EXCEEDS \$50,000.

NAME	ADDRESS	PHONE #
N/A		()
		()
		()

12. HAS APPLICANT OR AFFILIATED ENTITY PREVIOUSLY PURCHASED OR LEASED BOROUGH OWNED LAND OR RESOURCES? YES NO IF YES, PROVIDE LEGAL DESCRIPTION; TYPE OF PURCHASE OR LEASE; AND CURRENT STATUS:

13. HAS APPLICANT, OR AFFILIATED ENTITY, EVER FILED A PETITION FOR BANKRUPTCY, BEEN ADJUDGED BANKRUPT OR MADE AN ASSIGNMENT FOR THE BENEFIT OF CREDITORS? YES NO IF YES, EXPLAIN, INCLUDING DATES:

14. IS APPLICANT, OR AFFILIATED ENTITY, NOW IN DEFAULT ON ANY OBLIGATION TO, OR SUBJECT TO ANY UNSATISFIED JUDGEMENT OR LIEN? YES NO IF YES EXPLAIN:

15. COMPLETE THE FOLLOWING APPLICANT QUALIFICATION STATEMENT FOR EACH INDIVIDUAL APPLICANT OR ORGANIZATION. ATTACH ADDITIONAL STATEMENTS AS NECESSARY.

APPLICANT/BIDDER QUALIFICATION STATEMENT

I J. Brock Riddle
(printed name)

of P.O. Box 196168
(address)
Anchorage, Alaska
(city, state)

do hereby swear and affirm

I am eighteen years of age or older; and

I am a citizen of the United States; a permanent resident; or a representative of a group, association or corporation which is authorized to conduct business under the laws of Alaska; and

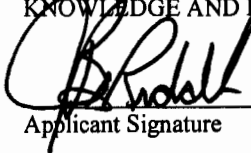
I am not delinquent on any deposit or payment of any obligation to the Borough; and

I am not in breach or default on any contract or lease involving land in which the Borough has an interest; and

I have not failed to perform under a contract or lease involving Borough land in the previous five years and the Borough has not acted to terminate the contract or lease or to initiate legal action.

Unless agreed otherwise in writing and signed by the Borough Mayor, I agree to pay recording fees, closing fees, escrow setup fees, annual escrow fees, collection fees, surveying fees, and acquisition of title insurance. If my proposal is to lease the land, I agree to provide a performance bond, general liability insurance, provide a damage deposit, and pay for remote site inspection, if applicable.

I HEREBY CERTIFY THAT THE INFORMATION CONTAINED HEREIN IS TRUE TO THE BEST OF MY KNOWLEDGE AND BELIEF.

 7/21/04
Applicant Signature /Date

Applicant Signature /Date

J. BROCK RIDOLE
Print name

Print name

i:roy\applicat.frm - rev 11/96

DOUG BLOSSOM
GOVERNMENT LOT 4

ALASKA STATE DNR
GOVERNMENT LOT 5



SCALE:
1" = 100'

PROPOSED
RELOCATION
OF EXISTING
GATE POSTS

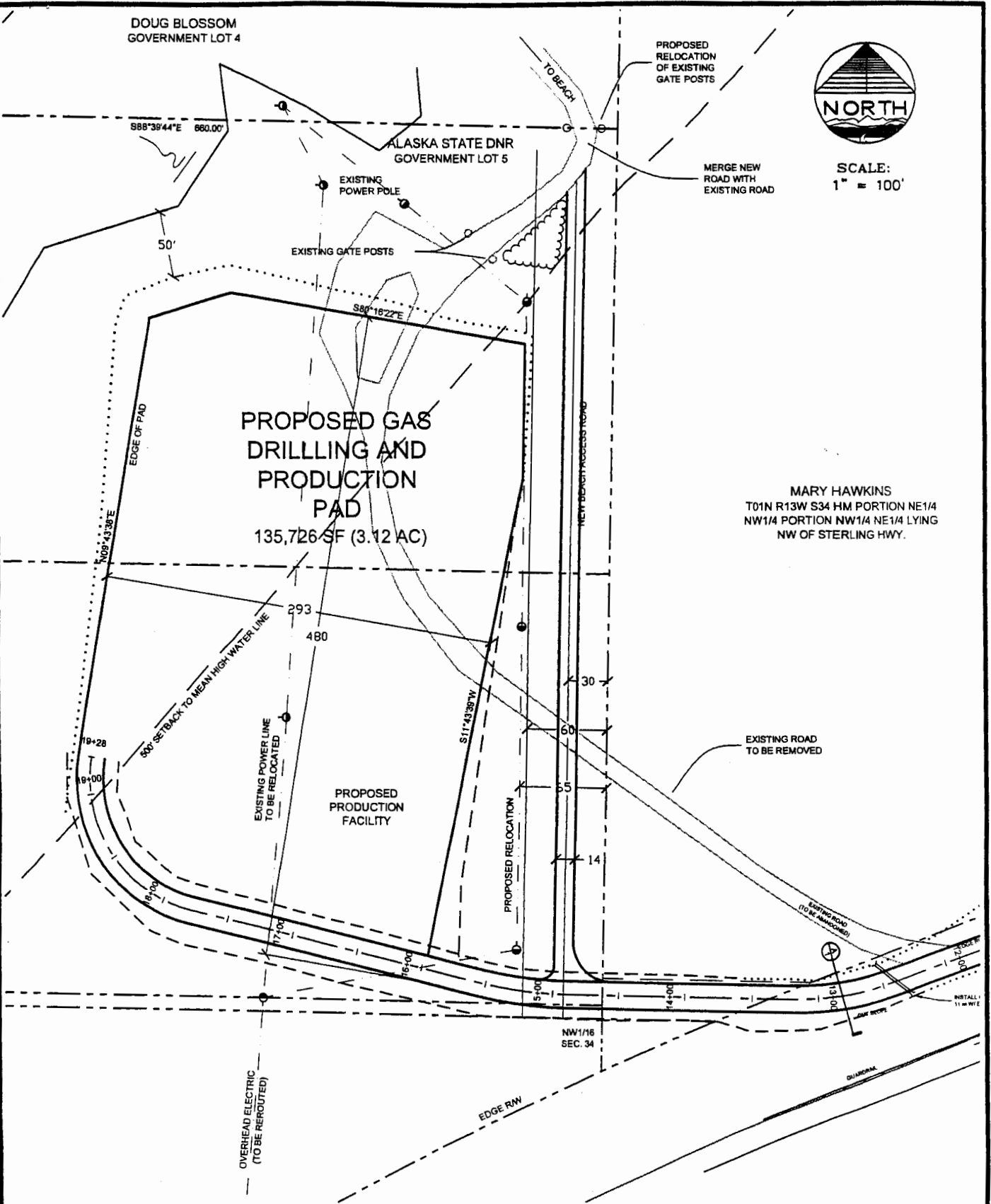
MERGE NEW
ROAD WITH
EXISTING ROAD

PROPOSED GAS
DRILLING AND
PRODUCTION
PAD
135,726 SF (3.12 AC)

MARY HAWKINS
T01N R13W S34 HM PORTION NE1/4
NW1/4 PORTION NW1/4 NE1/4 LYING
NW OF STERLING HWY.

PROPOSED
PRODUCTION
FACILITY

EXISTING ROAD
TO BE REMOVED



P.O. BOX 468 SOLDOTNA, AK 99669



CONSULTING GROUP
TESTING

TEL 907.283.4218 FAX 907.283.3265

PROJECT

MARATHON OIL COMPANY
GAS EXP. & PROD. PAD

REVISION

LOCATION

STERLING HIGHWAY MP 126.4

PROJECT/DRWG.

023033RE

DRAWN BY

S.A.M.

DATE

10/20/03

CHECKED BY

DATE

SHEET NO. OF

1 1