

2004-000148-0

Recording Dist: 305 - Aleutian Islands
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**STANDARD COVENANTS
(ADAK)**

THESE STANDARD COVENANTS are made as of March 17, 2004, by and between The Aleut Corporation, an Alaskan corporation, whose address is 4000 Old Seward Highway, Suite 300, Anchorage, Alaska 99503, (hereinafter "Grantor" or sometimes "TAC") and The City of Adak, a Municipal Corporation, whose address is P.O. Box 2011, Adak, Alaska 99546, (hereinafter "Grantee").

WITNESSETH:

WHEREAS, Grantor has conveyed to Grantee an easement, deed, or other interest in real property situated in Adak, Alaska, Aleutian Islands Recording District, State of Alaska, more fully described in a separate instrument which refers to and incorporates these Standard Covenants by reference; and

WHEREAS, the parties anticipate that in the future Grantor may convey to Grantee additional easements, deeds, or other interests in real property situated in Adak, Alaska, Aleutian Islands Recording District, State of Alaska; and

WHEREAS, the parties intend by this instrument to adopt standard covenants that affect the easement, deed, or other interest in real property described in all such conveyances that expressly refer to and incorporate these Standard Covenants by reference (all such affected real property is collectively referred to herein as the "Grantee Lands"); and

WHEREAS, Grantor is an Alaska Native Regional Corporation formed pursuant to Section 7 of ANCSA which owns the subsurface estate to all the property underlying the Grantee Lands (hereinafter "Subsurface Estate"); and

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the receipt and sufficiency of which is hereby admitted, the parties agree as follows:

1.0 Liability of Grantee. The parties agree that any and all liability connected with activities or land uses carried out by Grantee on the Grantee Lands shall be borne solely by Grantee as the owner of the Grantee Lands, or an interest therein, except to the extent caused by the activities or land uses carried out by Grantor. The parties further agree that to the extent Grantee's activities or land uses inherently involve the use of the Subsurface Estate, permission is hereby given by Grantor to Grantee to carry out such uses within the Subsurface Estate of the Grantee Lands.

2.0 Right to Disturb Subsurface Estate. Grantor hereby grants to Grantee the right and privilege to enter upon and disturb the Subsurface Estate for the limited purpose of the construction, operation, repair, and maintenance of any building, structure, or other facility erected or maintained on Grantee Lands, and as otherwise incident to the full enjoyment of Grantee's surface estate in Grantee Lands. Such right does not include the right to use Mineral Materials or other subsurface resources, except as incidental to the use of the surface estate under which such minerals materials or other subsurface resources exist.

3.0 Indemnification. Grantee shall defend, indemnify, and hold Grantor harmless from and against any and all demands, costs, claims, actions or liabilities of any nature whatsoever, including but not limited to

personal injury, property damage, wrongful death, and environmental cleanup and/or liability (collectively "Claims"), arising or resulting directly or indirectly from or in any way connected with Grantee's, its employees', agents', contractors', or subcontractors', and their respective employees' and agents' use of the Subsurface Estate as authorized by these Standard Covenants. The indemnification obligations of this paragraph do not apply to environmental conditions, including any pollutant or hazardous substance of any kind or nature, present on the Grantee Lands or Subsurface Estate that exist prior to Grantor's conveyance of the Grantee Lands to Grantee.

4.0 Environmental Claims. It is understood and agreed that Grantor has conducted no activities on the Grantee Lands and has made no use of the Subsurface Estate at any time since it received title to the Subsurface Estate.

4.1 The Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000, provides that "The Secretary of the Navy shall hold harmless, defend and indemnify, in full, TAC; any other person or entity that acquires ownership or control from TAC; or any successor, assignees, transferees, lender or lessee of TAC (collectively and individually "Indemnitees(s)"), from and against any suit, claim, demand, action, liability, judgment, cost or fee, arising out of any claim that results from, or is in any manner predicated upon, the release or threatened release of any hazardous substance, petroleum or petroleum derivative or unexploded or abandoned ordnance from or on the Adak Naval Complex, as a result of Department of Defense activities at the Adak Naval Complex."

4.2 The Grantor and Grantee agree to rely on the Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000, the Environmental Service Cooperative Agreement between the State and the Navy (Cooperative Agreement Number N9871104MDC4010) if and to the extent it applies to any Grantee Lands conveyed to the Grantee, as well as the direct liability of the United States under State and federal law, as each party's sole recourse with respect to pre-transfer contamination and post-transfer migration of pre-transfer contamination, and covenant not to seek indemnity or contribution from one another in regard to liability for pre-transfer contamination and post-transfer migration of pre-transfer contamination.

5.0 Protection of Premises. Grantee's operations within the Subsurface Estate of the Grantee Lands will be conducted in a manner so as to be in compliance with all applicable federal, State and local laws, regulations and ordinances.

6.0 Right of Inspection. Upon reasonable notice to Grantee by Grantor, Grantee shall permit Grantor and its agents and employees to enter upon the Grantee Lands during regular business hours for the purpose of inspecting Grantee's use of the Subsurface Estate as authorized by these Standard Covenants.

7.0 Grant of Non-Development Covenant. Grantor will not, either alone or in connection with others, utilize any of its subsurface estate underlying the Grantee Lands to the depth of two hundred and fifty (250) feet, in a manner which would interfere with the lawful use of Grantee Lands, or which would deprive Grantee of possession, use or control of its surface interest in Grantee Lands.

8.0 Covenant to Run With the Land. These Standard Covenants shall be deemed to be covenants running with the land, binding upon the respective parties' assigns and successors in interest in the Grantee Lands.

9.0 Termination. These Standard Covenants shall terminate only (a) with respect to a particular parcel of real property, (i) upon the merging of title of the Grantee Land and the Subsurface Estate in the same owner, or (ii) pursuant to the termination provisions, if any, of an instrument of conveyance that incorporates these Standard Covenants by reference, or (b) upon mutual agreement of the Grantor and Grantee.



10.0 Entire Agreement. These Standard Covenants, together with the instrument that incorporates these Standard Covenants by reference, are fully integrated, constitute the entire agreement between the parties with respect to the subject matter hereof, and supersede all other prior and contemporaneous agreements, contracts, representations, promises, acknowledgments, warranties and covenants, oral or written, by and between the parties with respect to such subject matter which are not included herein.

11.0 Applicable Law. These Standard Covenants and the respective rights and obligations of the parties hereunder shall be construed and interpreted in accordance with the laws of the State of Alaska and the United States of America.

12.0 Exclusive Jurisdiction/Venue. In the event that a question, dispute or requirement for interpretation or construction should arise with respect to these Standard Covenants, the jurisdiction and venue therefor shall lie exclusively with the courts for the Third Judicial District for the State of Alaska, at Anchorage, Alaska, or, alternatively, with the United States District Court for the District of Alaska, at Anchorage, Alaska, unless a nonwaivable federal or Alaska law should require to the contrary.

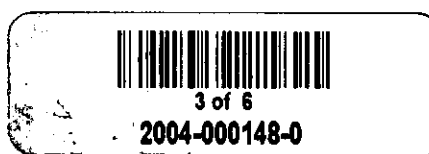
13.0 Warranties of Authority. Each party and each natural person who executes these Standard Covenants on behalf of such party acknowledges, warrants and represents for the benefit of the other party(ies) to these Standard Covenants: (a) that such person is duly authorized and empowered to execute these Standard Covenants on behalf of such party; (b) that, if a corporation, partnership or other entity (i) such party has been duly formed and organized and is in good standing and (ii) all necessary and appropriate resolutions and action authorizing such party to enter into, execute and perform these Standard Covenants and the transactions contemplated in these Standard Covenants have been obtained; and (c) that all steps have been taken and acts performed that are conditions precedent to making these Standard Covenants valid, enforceable and binding against such party in accordance with its terms and conditions.

IN WITNESS WHEREOF, the parties have caused these Standard Covenants to be executed by their respective officers thereunto duly authorized, as of the date first hereinabove set forth.


GRANTOR:

THE ALEUT CORPORATION

By: Martha B. Malavsky
Martha Malavansky
President



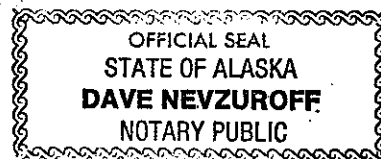
THE CITY OF ADAK,
A Municipal Corporation

By: 
Steve Hines
City Manager

STATE OF ALASKA)
) ss:
THIRD JUDICIAL DISTRICT)

GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public in and for Alaska
My Commission Expires: 2-14-21



STATE OF ALASKA

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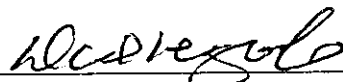
) ss:

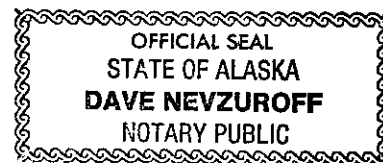
THIRD JUDICIAL DISTRICT

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THIS IS TO CERTIFY that on this 17th day of March, 2004, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Steve Hines, of The City of Adak, a Municipal Corporation organized and existing under the laws of the State of Alaska, to me known and known to me to be City Manager of said corporation and acknowledged to me that he signed the foregoing instrument freely and voluntarily for and on behalf of said corporation by authority of its City Council for the uses and purposes therein mentioned.

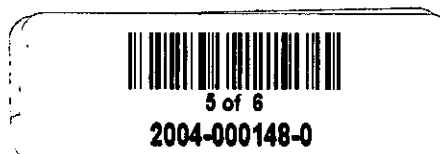
GIVEN UNDER MY HAND and official seal the day and year last above written.


Notary Public in and for Alaska
My Commission Expires: 2-14-05



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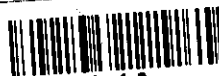
THE ALEUT CORPORATION
ONE ALEUT PLAZA SUITE 300
4000 OLD SEWARD HIGHWAY
ANCHORAGE, AK 99503



The aforesaid covenants apply to
lands located as follows:

~~The grain roads shown on the map attached hereto as Exhibit A, located on Adak~~
~~Island and within~~ Section 36, T.94S,R195W, Seward Meridian; Sections 1, 12, 13,
25, and 36, T. 95S,R195W, Seward Meridian; Sections 18, 19, and 30, T95S,R194W,
Seward Meridian; Sections 14, 15, 23, 26, 35, and 36, T95S,R195W, Seward
Meridian; and Sections 1, 2, 9, 10, 11, 12, 14, 15, 22, 23, 24, and 25, T96S,R195W,
Seward Meridian.

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(27, 28, 33, 34)



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