



File: 2333.38.013

August 18, 2023

Leanne Jack  
Alaska Homesteads Inc.  
1225 E, International Road, Suite 105  
Anchorage AK 99518

Re: Decision Document: Coastal Drilling  
Cleanup Complete Determination – Institutional Controls

Ms. Leanne Jack:

The Alaska Department of Environmental Conservation, Contaminated Sites Program (DEC) has completed a review of the environmental records associated with the Coastal Drilling site located at Mile 0.5 Kenai Spur Highway in Soldotna, Alaska. Based on the information provided to date, it has been determined that the contaminant concentrations remaining on site do not pose an unacceptable risk to human health or the environment and no further remedial action will be required as long as the institutional controls are maintained and effective, and no new information becomes available that indicates residual contamination poses an unacceptable risk.

This Cleanup Complete with Institutional Controls (ICs) determination is based on the administrative record for the Coastal Drilling site which is DEC maintained by DEC. This decision letter summarizes the site history, cleanup actions, regulatory decisions, and specific conditions required to effectively manage remaining contamination at this site.

**Site Name and Location:**

Coastal Drilling  
Mile 0.5 Kenai Spur Hwy.  
Soldotna, AK 99669

**Name and Mailing Address of Contact Party:**

Leanne Jack  
Alaska Homesteads Inc.  
1225 E, International Road, Suite 105  
Anchorage AK 99518

**DEC Site Identifiers:**

File No.: 2333.38.013  
Hazard ID.: 464

**Regulatory Authority for Determination:**

18 AAC 75

## Site Description and Background

The former Coastal Drilling facility is located at mile 0.5 Kenai Spur Road, Soldotna, Alaska, (Figure 1 Site Location). The legal description of the Property is described as the T 5N R 10W SEC 29 SEWARD MERIDIAN KN 2016025 HAYWARD HILL SUB NO 5 AMENDED LOT 4-A2, Lot 4-B1, Lot 4-C1 and Lot 4, D2. The entire property included several adjacent parcels totaling approximately seven acres as shown on Figure 2 (Hayward Hill Subdivision No. 5 2017 Replat). Institutional controls described in this closure letter are focused on the 0.658 acres identified as Section 29, T5N, R10W, Seward Meridian KN 2016025 Hayward Hill Subdivision Number 5 Amended Lot 4-A2. This parcel has an engineered cap constructed over a former pit that contains residual contamination, shown on Figure 3 (Asphalt Cap Boundary).

The seven-acre site was developed by Coastal Drilling Company in 1957. Coastal Drilling Company conducted their oil and gas well drilling business from the site. Operations at the site consisted of drill rig maintenance and cleaning. Drilling operations at the site ceased about 1981, although various companies have continued to operate out of the machine shop building.

The machine shop building is dry but has an out-of-service water well off the north-west corner of the building. Groundwater in the unconfined aquifer is between 24 and 37 feet below ground surface on site. There has been perched water within the on-site disposal pits. There are no known water supply wells in the immediate area of the site utilizing the unconfined aquifer. There is a regional confined aquifer beneath the site found approximately 86 feet below ground surface with a potentiometric surface of 20 feet below ground surface. This confined aquifer is the source for the City of Soldotna's water supply.

Site investigations and aerial photo review documented a debris disposal pit, a machine shop, a drilling shop, and an office building. During the time the drilling companies operated the site, scrap iron, engines, lumber, drilling mud and other drilling rig waste were placed in the debris disposal pit. A grate and floor drain associated with the drilling shop (now demolished to a concrete pad) is also reported to have received rig wash water and solvents which drained to the disposal pit via a 6-inch pipe. This pit was subsequently filled and is referred to as the "covered pit". A second pit was excavated and was used to dispose of lumber, office equipment, vehicle batteries, and metal debris. This second pit is referred to as the "open pit". A third area of concern was the Drill Shop Sump which was impacted primarily by polychlorinated biphenyls (PCB's).

Aerial photographs from the 1970s show the change in land use in the covered pit and open pit. A May 1970 image shows what appears to be miscellaneous debris around what is now the capped pit. The open pit area is not yet developed and is being used to store equipment.

An October 5, 1977, photographs show the covered pit has been backfilled and the open pit is actively being used for disposal and the open pit has been filled with miscellaneous debris. There is drilling equipment and storage tanks on site. See Figure 2

Currently, (2023), the larger property is used as a storage facility with heated and unheated storage units, parking for RV's and boats with a roofing company operating out of the shop building. The covered pit that is the focus of this covenant, is capped with an engineered cap with an asphalt cover and used for a parking lot.

### Contaminants of Concern

During the site investigation and cleanup activities at this site, samples were collected from soil, groundwater, and surface water and analyzed for diesel range organics (DRO), gasoline range organics (GRO), residual range organics (RRO), benzene, toluene, ethyl benzene and xylene (BTEX), PCB's, Resource Conservation and Recovery Act (RCRA) metals, volatile and semi-volatile organic compounds (SVOC). Earlier samples were analyzed for total petroleum hydrocarbons, comprised of DRO + RRO. Based on these analyses, the following contaminants were detected above the applicable cleanup levels and are considered Contaminants of Concern at this site:

- Benzene, Toluene, Ethylbenzene, Xylenes (BTEX)
- Diesel Range Organics (DRO)
- Residual Range Hydrocarbons (RRO)
- Lead
- Polychlorinated Biphenyls (PCB)
- Trichloroethene (TCE)
- Tetrachloroethene (PCE)

Arsenic and chromium which were found in sample results are considered naturally occurring compounds within background ranges. Barium is considered barite from drilling muds.

### Cleanup Levels

The Coastal Drilling site, in the central Kenai Peninsula, is in the under 40 inches of precipitation zone. Method 2 cleanup levels established in 18 AAC 75.341(c), Table B1, and 18 AAC 75.341 (d), Table B2 are used as applicable cleanup levels. Remaining impacts are restricted to soil, which is bound with drilling muds and has been contained by using an engineered cap to control groundwater infiltration. Groundwater at the site has not been found to be impacted. Surface water previously present in the open pit, has been removed and the open pit covered with fill.

**Table 1 – Approved Cleanup Levels**

Contaminant	Soil, Migration to Groundwater (mg/kg)	Groundwater (mg/L)	Soil, Human Health mg/kg
Benzene	0.025	0.0046	11
GRO	300	2.2	1,400
DRO	250	1.5	10,250
RRO	11,000	1.1	10,000
Lead	800	0.015	400
2-Methylnaphthlene	1.1	0.036	310
Naphthalene	20	0.0012	29
PCB	1.0	0.00044	1.0
TCE	0.11	0.0028	4.9
PCE	0.19	0.041	68

mg/L = milligrams per liter

mg/kg = milligrams per kilogram

### Characterization and Cleanup Activities

From 1957 to 1981 Coastal Drilling and affiliates R.B. Montgomery Drilling and Kenai Drilling owned and operated on the property. The businesses specialized in oil field drilling and support with drill rig maintenance on site. There was a machine shop, drilling shop, office building, equipment storage and pipe yard on the 7.4-acre property. Evidence of contamination was identified in 1986 after the property had been purchased by Alaska Homesteads Inc.

Site characterization efforts identified a former shop sump covered by a metal grate that discharged via a pipe to a subsurface area referred to as the “covered pit”; and a second disposal area that reportedly received lumber, office equipment, vehicle batteries, and metal debris referred to as the “open pit”. The locations of these pits are shown on Figure 2. Soil, surface water, and groundwater sampling was conducted during various site characterization efforts between 1988 and 2016. Contaminants detected above DEC cleanup levels in soil at the sump, covered pit and open pit include petroleum hydrocarbons, PCBs, metals, and chlorinated solvents.

Site remediation was conducted between 2014 and 2016 and included the disposal of solid waste and debris at the Kenai Borough Landfill and excavation of PCB and lead contaminated soil and debris from the covered pit and sump area which was disposed of at Chem Waste Management in Oregon. Contaminants were not detected above cleanup levels at the open pit. Confirmation soil samples collected following the excavations at the closed pit and shop sump areas indicated that soil contaminated above DEC cleanup levels remains at the concentrations shown in Table 2 below.

Table 2: Maximum remaining soil concentrations.

Contaminant	Concentration remaining
Tetrachloroethylene	0.66 mg/Kg
Total Petroleum Hydrocarbon (DRO & RRO)	260,000 mg/Kg
Lead	4,660 mg/Kg
Benzene	11 mg/Kg
PCBs	1.77 mg/kg
Trichloroethylene	0.00088 mg/Kg
2-Methylnaphthlene	12 mg/Kg
Naphthalene	3.5 mg/Kg

Following remedial action at the site, the open and covered pits were filled, compacted, and the covered pit where contamination remained was capped with asphalt as detailed in Figure 4. The sump area excavation was backfilled with clean material. PCBs (Aroclor-1242) remained at the shop sump up to 1.77 mg/kg however the 95% UCL for Aroclor-1242 was calculated in accordance with 18 AAC 75.380 and found to be 0.8 mg/kg, which is below the applicable cleanup level.

Groundwater was sampled at the site on several occasions but did not exceed DEC cleanup levels. Surface water that has collected in the covered pit is contaminated but does not appear to migrate outside of the pit.

### Cumulative Risk Evaluation

Cumulative risk at this site was calculated assuming residential exposure and using the highest detected concentrations of contaminants in all samples collected following the cleanup action in 2017. The results for a permanent resident indicate a cumulative carcinogenic cancer risk of  $5.43 \times 10^{-5}$  and a non-carcinogenic hazard index of 1.21 for a child, which exceed the applicable cumulative risk benchmarks listed in 18 AAC 75.325(g). The remaining exposure risk is controlled through the institutional controls listed in the DEC Decision section of this document and memorialized in the enclosed Environmental Covenant,

### Exposure Pathway Evaluation

Following investigation, cleanup and engineering controls at the site, exposure to the remaining contaminants was evaluated using DEC's Exposure Tracking Model (ETM). Exposure pathways are the conduits by which contamination may reach human or ecological receptors. ETM results show all pathways to be one of the following: De-Minimis Exposure, Exposure Controlled, or Pathway Incomplete. A summary of this pathway evaluation is included in Table 3.

**Table 3 – Exposure Pathway Evaluation**

Pathway	Result	Explanation
Surface Soil Contact	Pathway Incomplete	Contamination is not present in surface soil (0 to 2 feet below ground surface).
Sub-Surface Soil Contact	Exposure Controlled	Contamination remains in the sub-surface, but contact is controlled with an engineered cap.
Inhalation – Outdoor Air	Exposure Controlled	Contamination remains in the sub-surface, but the source area is capped.
Inhalation – Indoor Air (vapor intrusion)	Pathway Incomplete	An environmental covenant has been recorded restricting residential use without first addressing the potential for vapor intrusion. Current buildings are more than 100 feet from the source area.
Groundwater Ingestion	Exposure Controlled	Residual groundwater contamination is present within the capped area, but site monitoring wells have not been impacted in 30 years of monitoring. An environmental covenant has been recorded restricting installation of water wells without prior DEC approval.
Surface Water Ingestion	Pathway Incomplete	Surface water is not used as a drinking water source in the vicinity of the site. Surface water was not impacted.
Wild and Farmed Foods Ingestion	Pathway Incomplete	Contaminants of concern have been isolated and do not have the potential to bioaccumulate in plants or animals.
Exposure to Ecological Receptors	Pathway Incomplete	Contamination is only present in the sub-surface.

**Notes to Table 3:** “De-Minimis Exposure” means that in DEC’s judgment receptors are unlikely to be affected by the minimal volume or concentration of remaining contamination. “Pathway Incomplete” means that in DEC’s judgment contamination has no potential to contact receptors. “Exposure Controlled” means there is an

institutional control in place limiting land or groundwater use and there may be a physical barrier in place that prevents contact with residual contamination.

### **DEC Decision**

Contamination remains in sub-surface soil above levels suitable for unrestricted future use; however, DEC has approved site closure with the use of institutional controls to limit potential future exposure and risk to human health or the environment. An environmental covenant has been recorded in the land records maintained by the Alaska Department of Natural Resources and a copy is attached to this letter.

Groundwater meets the applicable cleanup levels at the approved points of compliance, shown in Appendix A of the attached environmental covenant. A groundwater contaminant plume not been identified outside of the capped closed pit. Therefore, DEC has determined the residual soil contamination does not pose an unacceptable migration to groundwater concern.

Institutional controls necessary to support this closure determination include:

1. The Landowner agrees to notify DEC prior to any sale or transfer of the property and shall report to DEC every 3 years to document the status of compliance with the institutional controls described in this notice. Such notice and the reports should be sent to the DEC at:  
Alaska Department of Environmental Conservation  
Division of Spill Prevention and Response  
Contaminated Sites Program  
Attention: IC Unit  
P.O. Box 111800  
Juneau, AK 99811-1800  
or be submitted electronically to [CS.Submittals@alaska.gov](mailto:CS.Submittals@alaska.gov).
2. No groundwater wells shall be installed in the area covered by the institutional controls without prior DEC approval.
3. The cap (2 feet of clean soil, liner, soil, and asphalt) shall be inspected annually and maintained as needed to prevent contact with subsurface contaminated soil, and/or infiltration of water and potential leaching of contaminants.
4. The property shall not be used for residential purposes including use for child day care, educational facilities, playgrounds, hospitals, or similar facilities.
5. Any future building construction in the area covered by the institutional controls must include design and construction techniques that will prevent volatile contaminants in soil/groundwater from migrating into the building and must maintain a cap over existing known contaminants.
6. In the event that the remaining contamination is to be removed in the future, the landowner shall notify DEC and characterize and, if determined necessary, cleanup the soil.
7. If the use of the site changes, or if other buildings are constructed within 30 feet of the contaminated area, DEC must be notified and may require a vapor intrusion evaluation to determine if building occupants could be affected by vapors.
8. DEC must be notified in advance of the subdivision or replat of the property associated with these institutional controls. This recorded environmental covenant must be included as part of future property transactions and attached to subsequent associated parcels.

Standard site closure conditions that apply to all sites include:

1. DEC approval is required prior to moving any soil or groundwater off any site that is subject to the site cleanup rules (see 18 AAC 75.325(i)). A "site" as defined by 18 AAC 75.990 (115)

means an area that is contaminated, including areas contaminated by the migration of hazardous substances from a source area, regardless of property ownership. In the future, if soil will be excavated (or groundwater will be brought to the surface (for example to dewater in support of construction) it must be characterized and managed following regulations applicable at that time and DEC approval must be obtained before moving the soil or water off the property.

2. Movement or use of contaminated material in a manner that results in a violation of 18 AAC 70 water quality standards is prohibited.
3. Groundwater throughout Alaska is protected for use as a water supply for drinking, culinary and food processing, agriculture including irrigation and stock watering, aquaculture, and industrial use. Contaminated site cleanup complete determinations are based on groundwater being considered a potential drinking water source. In the event that groundwater from this site is to be used for other purposes in the future, such as aquaculture, additional characterization and treatment may be required to ensure the water is suitable for its intended use.

DEC has determined the cleanup is complete as long as the institutional controls are properly implemented, and no new information becomes available that indicates residual contamination may pose an unacceptable risk.

The DEC Contaminated Sites Database will be updated to reflect the change in site status to “Cleanup Complete with Institutional Controls” and will include a description of the contamination remaining at the site.

The environmental covenant will be removed in the future if documentation is provided which shows concentrations of all residual hazardous substances remaining at the site are below the levels that allow for unrestricted exposure to, and use of, the contaminated media and that the site does not pose a potential unacceptable risk to human health, safety, welfare, or the environment. Standard conditions 1-3 above will remain in effect after ICs are removed.

This determination is in accordance with 18 AAC 75.380 and does not preclude DEC from requiring additional assessment and/or cleanup action if the institutional controls are determined to be ineffective or if new information indicates that contaminants at this site may pose an unacceptable risk to human health or the environment.

### **Appeal**

Any person who disagrees with this decision may request an adjudicatory hearing in accordance with 18 AAC 15.195 – 18 AAC 15.340 or an informal review by the Division Director in accordance with 18 AAC 15.185. Informal review requests must be delivered to the Division Director, 555 Cordova Street, Anchorage, Alaska 99501-2617, within 20 days after receiving the department’s decision reviewable under this section. Adjudicatory hearing requests must be delivered to the Commissioner of the Department of Environmental Conservation, 410 Willoughby Avenue, Suite 303, P.O. Box 111800, Juneau, Alaska 99811-1800, within 30 days after the date of issuance of this letter, or within 30 days after the department issues a final decision under 18 AAC 15.185. If a hearing is not requested within 30 days, the right to appeal is waived.

If you have questions about this closure decision, please feel free to contact me at (907) 262-3412 or email at [peter.campbell@alaska.gov](mailto:peter.campbell@alaska.gov).

Sincerely,

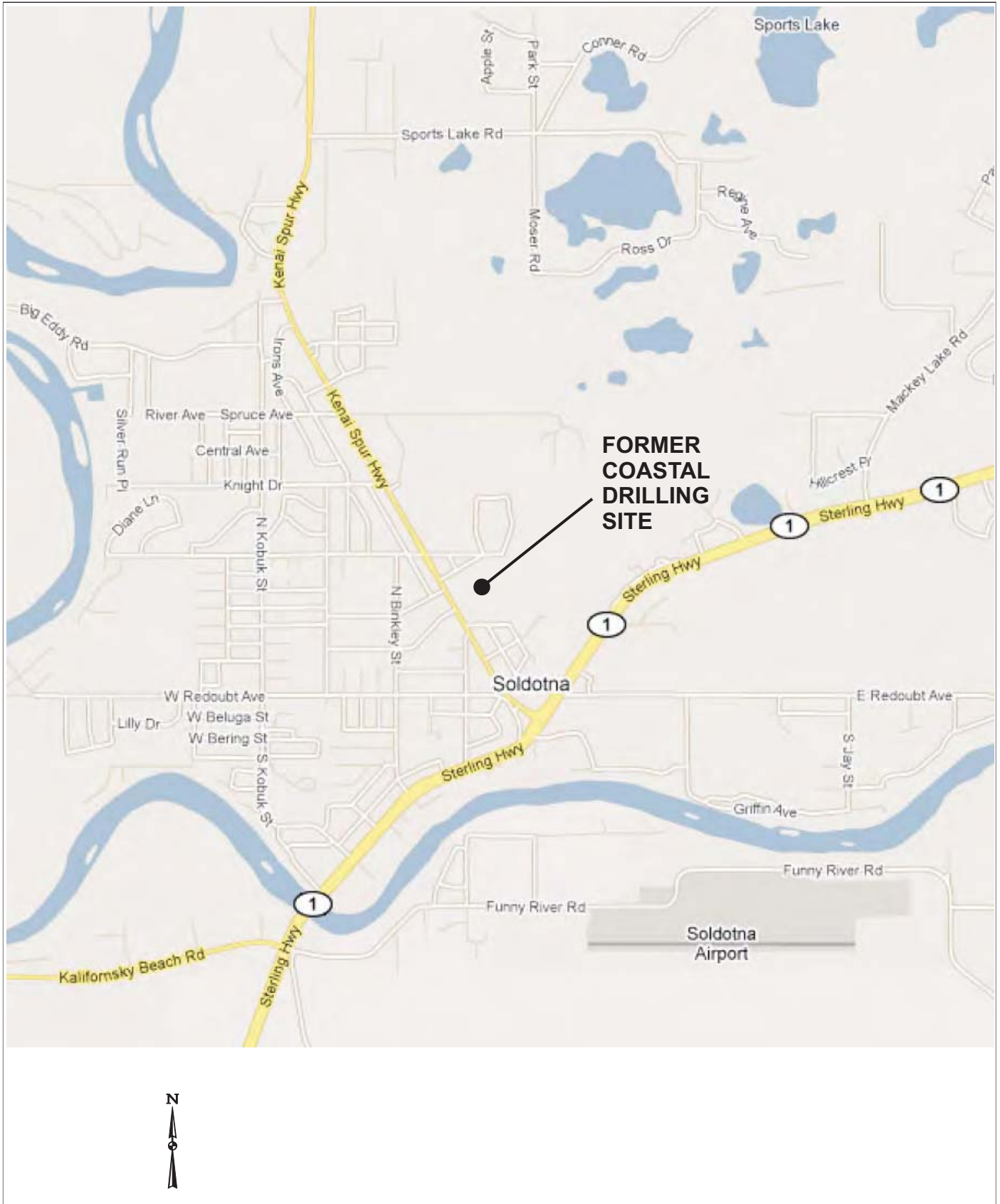
*Peter Campbell*

Peter Campbell  
Project Manager

Enclosures: Recorded Environmental Covenant Agreement which includes site figure(s) showing the extent of residual soil/groundwater contamination, alternative points of compliance for groundwater, and boundaries of areas covered by ICs.

cc: Spill Prevention and Response, Cost Recovery Unit





**ALTA GEOSCIENCES, INC.**  
 Bothell, Washington  
 Prepared For:  
 Reeves Amodio LLC

**FORMER COASTAL DRILLING SITE  
 SOLDOTNA, ALASKA**

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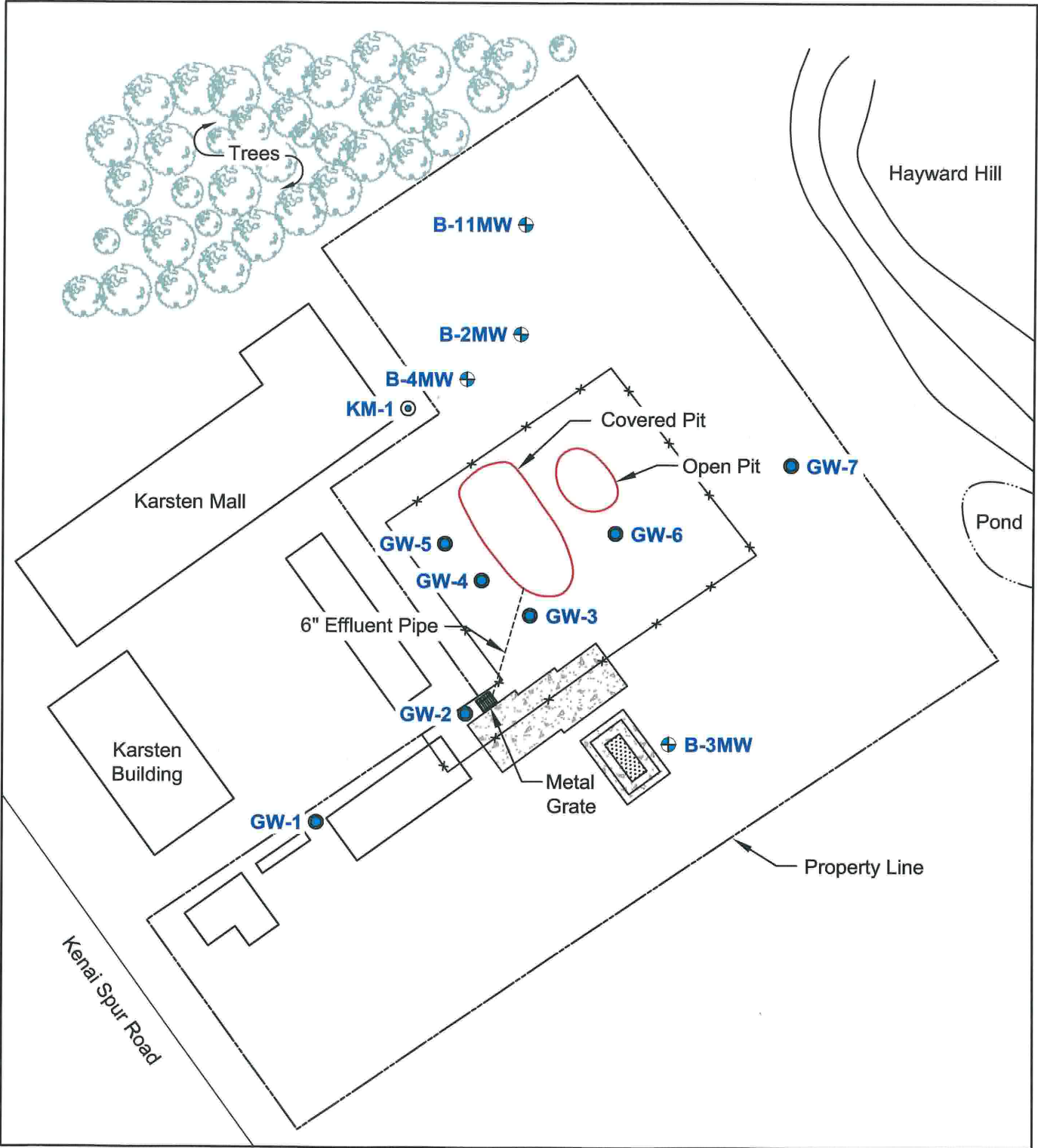
**SITE LOCATION**

**FIGURE  
 1**

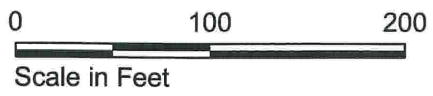
**Site Plan**  
**Coastal Drilling Facility**  
**Soldotna, Alaska**

JAB 2/14/06

896900 02 (Site Plan).dwg



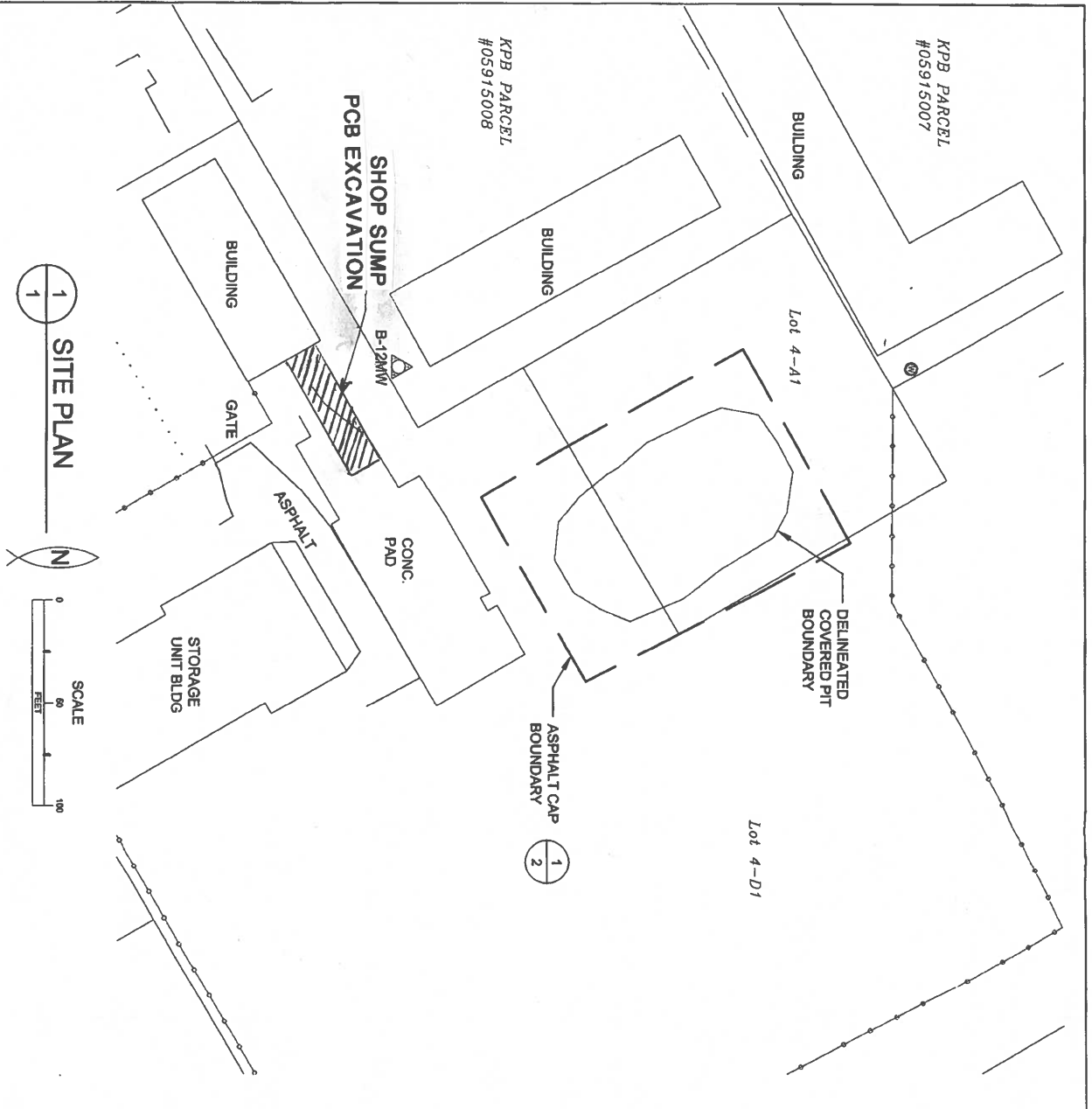
Source: Shannon & Wilson, Inc., August, 1992.



- GW-5** ● Monitoring Well Installed by ENSR (1988) and Harding Lawson (1990)
- KM-1** ⊙ Karsten Mall Class A Water Well
- B-11MW** ⊕ Boring/Monitoring Well Installed by Shanon & Wilson, Inc. (1991-1992)



**HARTCROWSER**  
 8969-00 6/06  
 Figure 2



1 SITE PLAN



VICINITY MAP  
SCALE: 1" = 1 MILE

LEGEND

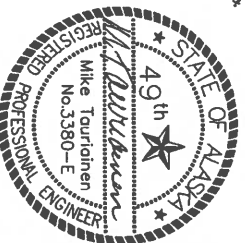
- WATER WELL
- MONITOR WELL
- FENCE

- NOTES:
1. THIS DRAWING BASED ON 2008 MCLANE CONSULTING AND 2014 SREGESSER SITE SURVEYS AND 2016 PROCON 2016 SITE CONSTRUCTION.
  2. ALL SURVEY POINTS UNDERGROUND PIPELINES AND UTILITIES ARE NOT SHOWN ON THIS DRAWING.

RECORD DRAWING

This record drawing was prepared based on our observation and contractor furnished information. It represents no work as constructed, however, we do not warrant the accuracy of the information or the date shall be for information and record purposes only, and not for construction.

Tauriainen Engineering & Testing, Inc.  
Date: 13 Dec 18



<p>FORMER COASTAL DRILLING SITE SOLDOTNA, ALASKA</p>	<p><b>Asphalt Cap Boundary</b></p>	
<p>35186 Spur Hwy Soldotna, AK 99669 TEL (907)262-4624 FAX 262-5777 EMAIL <a href="mailto:engineering@taurista.com">engineering@taurista.com</a></p>		
<p><b>TAURIAINEN ENGINEERING &amp; TESTING</b></p>		
<p>DATE: 06/20/18 DRAWN: CAMY CHECKED: RIBBET FILE NAME: 18117 PROJECT: 18117</p>		

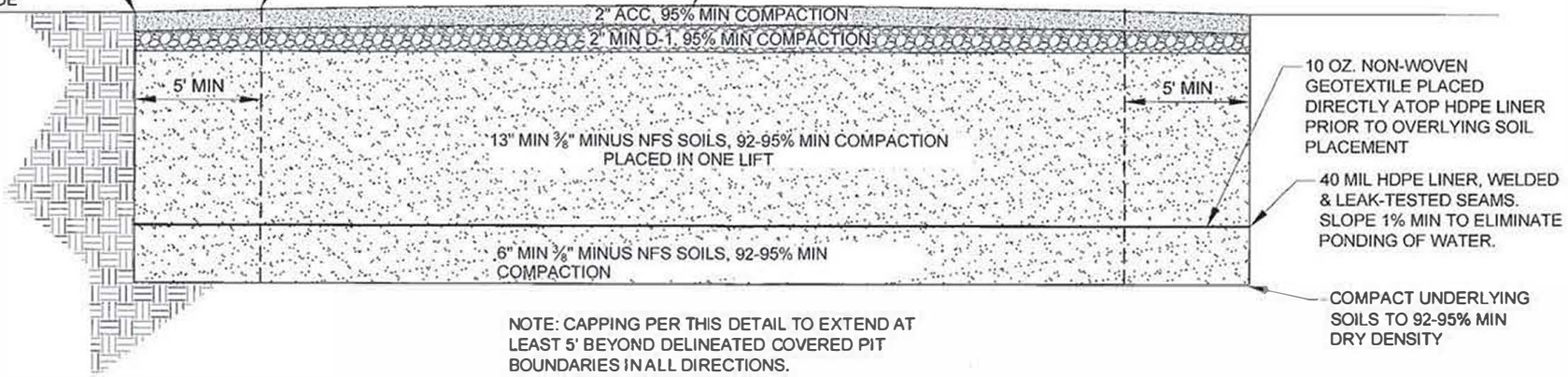
Figure 3 OF

SMOOTH TRANSITIONS AT ACC EDGES TO REDUCE RISK OF SNOWPLOW DAMAGE

DELINEATED COVERED PIT BOUNDARY

SLOPE SURFACE OF D-1 AND ACC 1% MIN TO ELIMINATE PONDING OF WATER OVER CAPPED AREA

FINISH GRADE



NOTE: CAPPING PER THIS DETAIL TO EXTEND AT LEAST 5' BEYOND DELINEATED COVERED PIT BOUNDARIES IN ALL DIRECTIONS.

1 COVERED PIT CAP - SECTION  
2 SCALE: NTS

10 OZ. NON-WOVEN GEOTEXTILE PLACED DIRECTLY ATOP HDPE LINER PRIOR TO OVERLYING SOIL PLACEMENT

40 MIL HDPE LINER, WELDED & LEAK-TESTED SEAMS. SLOPE 1% MIN TO ELIMINATE PONDING OF WATER.

COMPACT UNDERLYING SOILS TO 92-95% MIN DRY DENSITY

CONSTRUCTION SPECIFICATIONS

1. HDPE seam sealing must be performed in accordance w/ HDPE liner manufacturer's guidelines. Photo identification of workers (driver's license or other photo identification) must be produced.
2. Soils placed for construction of pit cap shall be compacted to at least 92-95% minimum dry density. Nuclear den-someter tests shall be conducted at 1 test per 3000 square feet minimum on each soil lift.
3. Prior to placement of HDPE liner, an engineering field survey shall be conducted to ensure 1% minimum slope on prepared soil.
4. Placement of 13" minimum of 3/8" minus non-frost-susceptible (NFS) soil atop HDPE liner shall be conducted in one lift in a manner which ensures liner is not damaged by soil transport and heavy equipment. 3/8" minus NFS soils atop HDPE liner shall be placed while pushing soil in front of heavy equipment while maintaining at least 13" of soil between heavy equipment track/tires and HDPE liner at all times. HDPE liner shall be protected from concentrated track/tire pressure and movements. Contractor shall meet with engineer prior to any soil placement atop HDPE liner to ensure all construction staff are aware of required soil placement methods atop HDPE liner. Engineer shall monitor soil placement atop HDPE liner.
5. Following placement of 13" minimum of 3/8" minus NFS soil atop HDPE liner, an engineering field survey shall be conducted to ensure proper depth (13" minimum) and 1% minimum slope on prepared soil.
6. Contractor shall provide identification of source of 3/8" minus NFS soil and confirmation by sieve analysis that 100% of particles larger than 3/8" have been removed via screening, and soil meets NFS standards (less than 6% passing #200 sieve).
7. Hard soled boot/shoe traffic on exposed HDPE liner is prohibited. Only plastic tools and implements may be allowed on the HDPE liner. Use of steel tools is prohibited within the cap area during or after placement of HDPE liner until at least 13" of soil is placed over liner. Any steel sharp-edged tools or equipment necessary for HDPE liner seam sealing must be shielded from direct contact with HDPE liner with a protective barrier such as an additional transportable sheet of HDPE liner or felt protective fabric.
8. HDPE liner installation and seaming per HDPE liner supplier/contractor Installation Quality Assurance Manual

RECORD DRAWING

This record drawing was prepared based on our observations and electronic survey and information. It represents the work as constructed, however, we do not guarantee accuracy or completeness of information contained herein. Any use of this drawing after this date shall be for information and record purposes only, and not for construction.

Tauriainen Engineering & Testing, Inc.

Date: 13 Dec 18



REVISIONS

COVERED PIT CAPPING DETAILS

FORMER COASTAL DRILLING SITE SOLDOTNA, ALASKA

35186 Spur Hwy Soldotna, AK 99669 (907)262-4824 FAX 282-5777 engineering@atake.com

**TAURIAINEN ENGINEERING & TESTING**

DATE: DEC 2018  
DRAWN: CD-009  
CHECKED: MT  
FILE NAME: 180802  
PDCU 8 13117

Figure 5 4

**For Recording in the Kenai Recording District**  
**Alaska Environmental Covenant**

Coastal Drilling, Soldotna Alaska

Please return conformed copy with original documents

When recorded please return to:

Susan Reeves  
Reeves Amodio LLC  
500 L Street, Suite 300  
Anchorage AK 99501



**This Property is subject to an Environmental Covenant  
held by the Alaska Department of Environmental  
Conservation**

**ENVIRONMENTAL COVENANT**

Grantor(s): Alaska Homesteads, Incorporated  
1225 E International Airport Rd. Suite 105 Anchorage Ak 99518  
Kenai Spur Investments  
1225 E International Airport Rd. Suite 105 Anchorage Ak 99518  
Grantee(s): Alaska Homesteads, Incorporated  
1225 E International Airport Rd. Suite 105 Anchorage Ak 99518  
Kenai Spur Investments  
1225 E International Airport Rd. Suite 105 Anchorage Ak 99518

Check the following:

- Original Covenant  
 Amendment of Covenant

**RECITALS**

- I. This document is an environmental covenant (hereafter "Covenant") executed pursuant to AS 46.04.300-46.04.390, the Act adopting the Uniform Environmental Covenants Act (UECA - hereafter, "the Act") and 18 AAC 75.325-390, Site Cleanup Rules.
- II. This Covenant requires the Grantor to subject the Property to and comply with certain activity and use limitations as provided in UECA. These activity and use limitations are described in this Covenant and are necessary to protect human health, safety, welfare, or the environment and to ensure the integrity of the cleanup remedy conducted at the site. Environmental documents pertaining to the cleanup are available from the Alaska Department of Environmental Conservation (ADEC or "Department") Contaminated Sites Database.
- III. The Property that is the subject of this Covenant is part or all of a site commonly known as:

ADEC site name: Coastal Drilling  
ADEC Hazard Id: 464  
Site address: Mile 0.5 Kenai Spur Hwy., Soldotna, AK 99669

This Property is situated in Soldotna, Alaska, and shown on the site map attached as Appendix A, and legally described as:  
T 05N R 10W SEC 29 Seward Meridian KN 2019034 Hayward Hill Sub No 5 2017  
Replat Lot 4-A2 (the "Property").

IV. The Property is the subject of an environmental response project under the site cleanup rules (18 AAC 75.325-18 AAC 75.390). This Covenant is required because following completion of a cleanup, residual contamination remains on the Property that is safe for some, but not all, activities and uses, and includes an engineered cap that requires monitoring and maintenance. The protective cap will not function as intended if damaged or disturbed. Residual contamination remaining on the Property includes the following hazardous substances, pollutants, or contaminants:

V.

Media	Contaminants
Soil	Polychlorinated biphenyls, lead, trichloroethene, tetrachloroethene, Diesel range organics, Residual range organics, naphthalene, benzene, toluene, ethylbenzene, and xylenes

VI. The Department enters into this covenant as a “department” under the Act, with all attendant rights of a “department” under the Act, which include but are not limited to having a right to enforce this Covenant. This is not an ownership interest and the rights of ADEC under the Act are not an interest in real property.

VII. For purposes of indexing in the Recorder’s office Grantor-Grantee index only, Alaska Homesteads Inc. shall be considered the **Grantor**, and Holder(s) shall be considered the **Grantee**.

### COVENANT

Alaska Homesteads Inc, as Grantor hereby grants to the holder and its successors and assignees, the following covenants and declares that the Property as described in the legal description above shall hereinafter be bound by, held, sold, and conveyed subject to the following requirements set forth in paragraphs 1 through 11, below, which shall run with the Property in perpetuity and be binding on the Grantor and all parties now or subsequently having any right, title or interest in the Property, or any part thereof, and any persons using the land, as described herein.

**Summary of Environmental Actions** – The site was first developed by Coastal Drilling Company in 1957. Coastal Drilling Company conducted their oil and gas well drilling business from the site. Operations at the site consisted of drill rig maintenance and cleaning. Drilling company operations ceased at the site in 1981, although various companies have continued to operate the machine shop.

During the time the drilling companies operated the site, scrap iron, engines, lumber, waste oil, drilling mud and drilling rig debris were placed into the eastern (open) disposal pits (Figure 2). A second, western pit (covered) was reported to have received rig wash water, used engine oil, and machinery degreasers from the shop floor drain. Analysis of a soil sample from this western disposal pit in 1988 found polychlorinated biphenyls (PCBs) at 33 milligrams per kilogram (mg/kg).

Between 1988 and 2014, site characterization activities documented the presence of trichloroethene, tetrachloroethene, Diesel range organics, Residual range organics, naphthalene, benzene, toluene, ethylbenzene, and xylenes above cleanup levels in soil. No groundwater

contamination was detected in monitoring wells surrounding the disposal pits.

In 2014, Alta Geosciences submitted a Site Cleanup Plan on behalf of Alaska Homesteads Inc. addressing the Open Pit area and the grate/log crib sump area. Six intact batteries, 1,800 pounds of broken batteries and battery plates and 1,200 pounds of lead impacted soils were removed from the site and either recycled or sent to a Resource Conservation and Recovery Act (RCRA) landfill. A total of 80.56 tons soil containing less than 50 ppm PCBs were sent to a permitted landfill. An additional 26.1 tons of soil containing more than 50 ppm PCBs were sent to a Toxic Substances Control Act (TSCA) permitted landfill.

A protective cap/cover was constructed over the contamination in the western covered disposal pit in 2017. The cap consists of a 40-mil HDPE liner, protected with 10-ounce geotextile material. The liner is then covered with a 13-inch-thick layer of 3/8" minus compacted soils, 2 inches of compacted D1 gravel and 2 inches of asphalt cement concrete.

Soil excavated as part of the cap construction did not contain contaminants above cleanup levels. Contaminants in soil remaining within the covered pit above DEC cleanup levels include elevated levels of BTEX (38 mg/kg), TPH (41 to 260,000 mg/kg) and PCB's (0.29 to 2.5 mg/kg). Trichloroethylene (TCE) was detected in two of the samples within the covered disposal pit at concentrations of 0.37 mg/kg and 0.88 mg/kg. Tetrachloroethylene (PCE) was detected in four of eight samples at concentrations ranging from 0.0073 mg/kg to 0.66 mg/kg.

Groundwater has been monitored on several occasions by ADEC contractors. The results have indicated that the underlying aquifer has not been impacted by contaminants in the covered pit area. Various reports have concluded that the drilling mud washed from the drilling equipment which was discharged into the open pit resulted in the pit bottom being sealed and thus contaminated groundwater is only present in the covered pit and is separated from the underlying aquifer.

**Activity and Use Limitations** - By acceptance and recordation of this Environmental Covenant, the Grantor, and any successors in interest, are hereby restricted from using the Property, now or at any time in the future, as specifically set forth below:

1. The Grantor shall not engage in any activity on the Property that may threaten continued protection of human health, safety, welfare or of the environment without prior written approval from ADEC. This includes, but is not limited to, any activity that results in the release of residual contamination that was contained as part of the remedial action or that creates a new exposure to residual contamination remaining on the Property.
2. No groundwater wells shall be installed on the Property without prior ADEC review and approval.
3. Contaminated groundwater may not be pumped, drained, dewatered, used for



irrigation, dust control or any other purpose on or off the Property without prior ADEC approval and may be subject to treatment, monitoring, or disposal requirements including any applicable permits.

4. No grading, excavation, digging, tilling, or other disturbance of any kind of surface and subsurface soils on the Property is permitted without prior ADEC review and approval.
5. No activities which threaten the integrity of the engineered cap is permitted without prior ADEC review and approval.
6. The engineered asphalt cap shall be inspected annually and maintained as needed to prevent contact with subsurface contaminated soil, and/or infiltration of water and potential leaching of contaminants. Any damage to the cap shall be reported to DEC within ten (10) days after discovery and shall be promptly repaired. Documentation of the repairs shall be submitted to DEC within 30 days.
7. The Property shall not be used for residential purposes including use for child day care, educational facilities, playgrounds, hospitals, or similar facilities.
8. ADEC must be notified in advance of the subdivision or replat of the Property. This covenant must be included as part of future property transactions and attached to subsequent associated parcels, as determined applicable by ADEC.
9. ADEC approval is required prior to moving any soil or groundwater off the Property where contamination remains above applicable cleanup levels.
10. Movement or use of contaminated material on the Property in a manner that results in a violation of 18 AAC 70 water quality standards is prohibited.
11. Groundwater throughout Alaska is protected for use as a water supply for drinking, culinary and food processing, agriculture including irrigation and stock watering, aquaculture, and industrial use. Contaminated site cleanup complete determinations are based on groundwater being considered a potential drinking water source. In the event that groundwater from the Property is to be used for other purposes in the future, such as aquaculture, additional characterization and treatment may be required to ensure the water is suitable for its intended use.

Attached as Appendix A are diagrams drawn to scale that shows the Property boundaries, locations of existing structures, the area that has been cleaned up, the engineered cap, the approximate location and extent of remaining soil and/or groundwater contamination which is subject to the activity and use limitations.

**Conveyance of Interest** - The Grantor, when conveying any interest in any part of the Property, including but not limited to title, easement, leases, or other interest must notify ADEC at least 30 days prior to conveyance, and must include in any conveyance document a complete copy of this Covenant.

**Successors** - The covenants, terms, conditions, and restrictions of this instrument shall be binding upon, and inure to the benefit of the parties hereto and their respective personal representatives,

heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property. The term "Grantor", wherever used herein, and any pronouns used in place thereof, shall include the persons and/or entities named at the beginning of this document, identified as "Grantor" and their personal representatives, heirs, successors, and assigns. The term "Grantee", wherever used herein, and any pronouns used in place thereof, shall include the persons and/or entities named at the beginning of this document, identified as "Grantee" and their personal representatives, heirs, successors, and assigns. The rights of the Grantee under this instrument are freely assignable, subject to the notice provisions hereof.

**Prior Notification for Changes in Land Use, including Proposed Construction** - The Grantor shall provide prior notification to the Department of proposed changes in use of, applications for a building permit for activities that may affect exposure to contaminants on, or proposals for any site work affecting the contamination on, the property subject to this covenant.

**Notices and Reporting** - Grantor shall report to ADEC every 5 years to document the status of compliance with the activity and use limitations described in this covenant. Such notice and the reports should be sent to the ADEC at:

Alaska Department of Environmental Conservation  
Division of Spill Prevention and Response  
Contaminated Sites Program  
Attention: Institutional Controls Unit  
P.O. Box 111800  
Juneau, AK 99811-1800

Or be submitted electronically to [CS.Submittals@alaska.gov](mailto:CS.Submittals@alaska.gov).

**Authorizations** - Grantor shall restrict authorizations, including leases, for any portion of the Property to uses and activities consistent with this Covenant and notify all authorized users of the restrictions on the use of the Property.

**Access** - The Department, including its authorized employees, agents, representatives, and independent contractors, shall have the right of access to the Property granted in connection with implementation or enforcement of this covenant.

**Enforcement** - The Department and other parties, including parties to the environmental covenant, described in AS 46.04.335 are empowered to administer and enforce the terms of this covenant using civil authority granted to them in AS 46.03. In addition, the department may use administrative authority granted to it in AS 46.03.

**Waiver of certain defenses** - This Environmental Covenant may not be extinguished, limited, or impaired through issuance of a tax deed, foreclosure of a tax lien, or application of the doctrine of adverse possession, prescription, abandonment, waiver, lack of enforcement, or acquiescence, or similar doctrine as set forth in AS 46.04.325(f).

**Representations and Warranties** - Grantor hereby represents and warrants to the ADEC, Holder(s), Grantor(s) and any other signatories to this Environmental Covenant that, at the time of execution of this Environmental Covenant, that the Grantor is lawfully seized in fee simple of the Property, that the Grantor has a good and lawful right and power to sell and convey it or any interest therein, that the Property is free and clear of encumbrances, except those noted on Appendix B attached hereto.

**Amendment or Termination** - This Covenant runs with the land and is perpetual, unless amended or terminated pursuant to AS 46.04.330. Except as to the ADEC, all Holders and other signers waive the right to consent to an amendment or termination of the Environmental Covenant. This Environmental Covenant may be amended or terminated by consent only if the amendment or termination is signed by the ADEC and the current owner of the fee simple of the Property, unless waived by ADEC. If Grantor no longer owns the Property at the time of proposed amendment or termination, Grantor waives the right to consent to an amendment or termination of the Environmental Covenant.

**Controlling law** - This Environmental Covenant shall be construed according to and governed by the laws of the State of Alaska.

**Liberal construction** - Any general rule of construction to the contrary notwithstanding, this instrument shall be liberally construed in favor of the establishment of activity and use limitations that run with the land to affect the purpose of this instrument and the policy and purpose of the environmental response project and its authorizing legislation. If any provision of this instrument is found to be ambiguous, an interpretation consistent with the purpose of this instrument that would render the provision valid shall be favored over any interpretation that would render it invalid.

**Joint Obligation** - If there are two or more parties identified as Grantor herein, the obligations imposed by this instrument upon them shall be joint and several.

**Effective Date** - This Environmental Covenant is effective on the date it is recorded with the appropriate Alaska recorders' office.

**List of Appendices:**

Appendix A -Map of the Property and Diagram Showing Location of the Contamination

Appendix B -Limited Liability Report

## **Appendix A**

### **Map of the Property and Diagram showing location of the Contamination**



**CERTIFICATE OF OWNERSHIP  
and DEDICATION**

THE UNDERSIGNED, HENRY GREGG WEST ALASKA INDUSTRIES, INC. AND JOHN PAUL SUNDSTADT, LLC ARE THE OWNERS OF THE REAL PROPERTY SHOWN AND DESCRIBED HEREON, AND ON BEHALF OF ALASKA HOMEBOODS, INC. AND JOHN PAUL SUNDSTADT, LLC, WE HEREBY DEDICATE AND CONVEY TO THE CITY OF KENAI, ALASKA, ALL RIGHTS OF WAY AND EASEMENTS TO THE USE SHOWN.

WITNESSED AND APPROVED BY A STATE NOTARY PUBLIC, U.S. AND ALASKA, THIS 17TH DAY OF AUGUST, 2017.

**NOTARY'S ACKNOWLEDGEMENT**

I, Notary Public, do hereby certify that the foregoing instrument was acknowledged before me on this 17th day of August, 2017, by the undersigned as their true and lawful owners.



**PLAT APPROVAL**

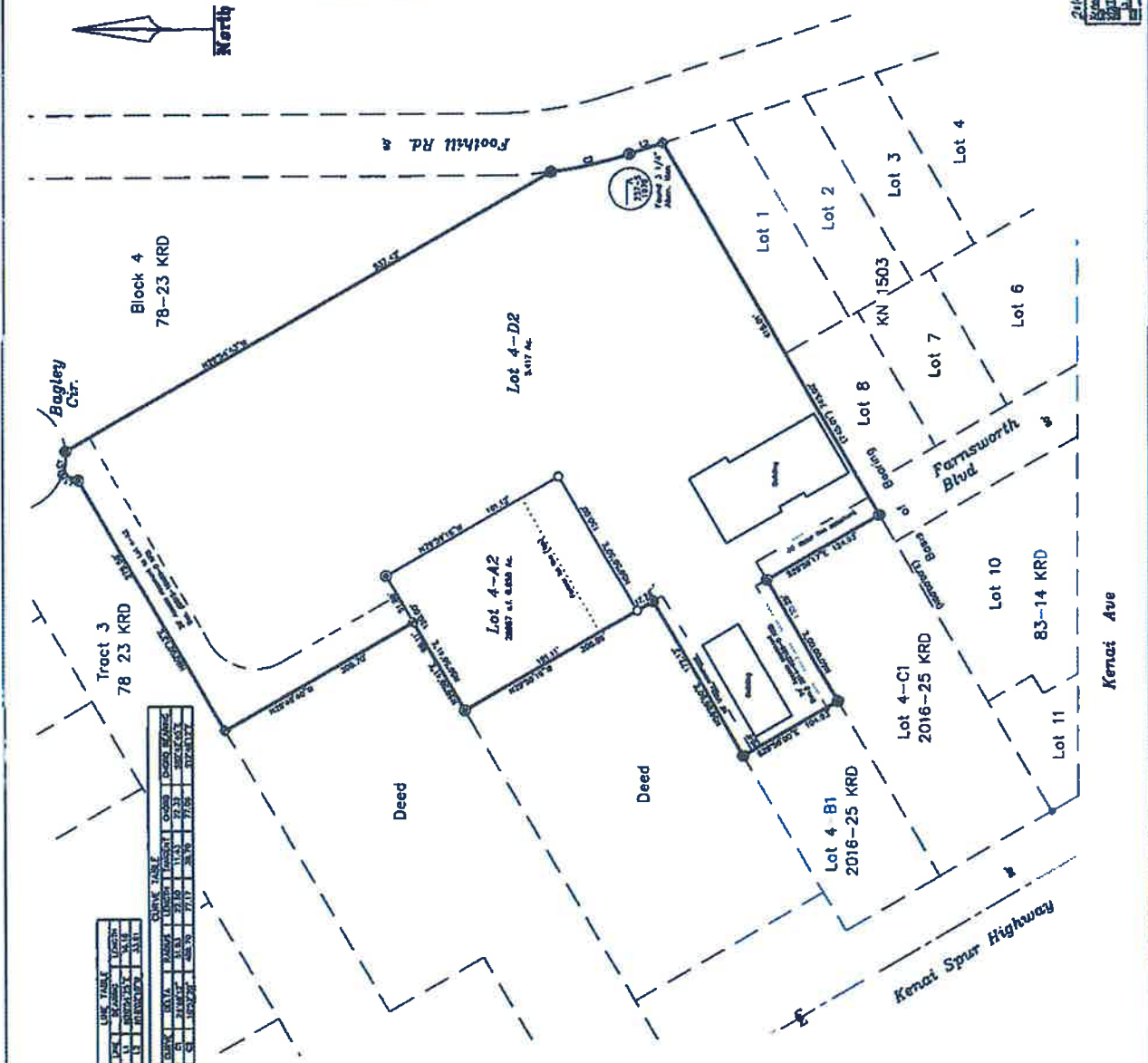
THIS PLAT WAS APPROVED BY THE KENAI PENINSULA BOROUGH PLANNING COMMISSION AT THE MEETING OF AUGUST 14, 2017.

Kenai Peninsula Borough  
Planning Commission  
1000 1st Street  
Kenai, Alaska 99551

**Hayward Hill Subdivision No. 5  
2017 Replat**

A re-subdivision of Lots 4-A1 and 4-A2, Hayward Hill Subdivision No. 5, Kenai Peninsula Borough, Alaska, as shown on the original plat recorded in the Office of the Registrar, Kenai, Alaska, on August 14, 2017.

OWNER	Hayward Hill Subdivision No. 5, LLC
PREPARED BY	James S. Surry, Inc.
DATE	August 14, 2017
SCALE	1" = 331.1'
FIELD CODE	17-1
SHEET	1 of 1



LINE	TABLE	SECTION	AREA	PERCENT	OWNER	CHANGING	DATE
1	1	1	11.33	11.33	77.55	2017	8/14/17
2	2	2	11.33	11.33	77.55	2017	8/14/17
3	3	3	11.33	11.33	77.55	2017	8/14/17

- LEGEND:**
- 3 1/4" ALUM. ORNAMENT 200-1 1/8" ROUND
  - 1/4" REBAR w/ 7" ALUM. CAP FRING
  - 1/2" REBAR FOUND
  - 5/8" REBAR w/ PLASTIC CAP LAMINAR FOUND
  - 5/8" REBAR w/ PLASTIC CAP LAMINAR SET
  - RECORD DRAWING PLAT 83-14 880

**NOTES:**

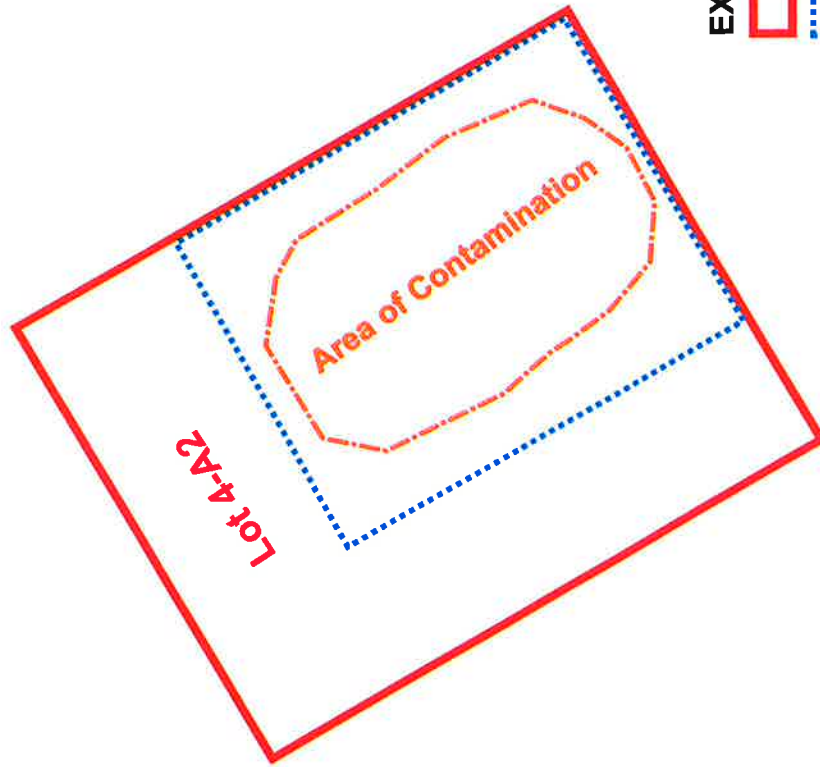
- 1) Lots of bearing shown from Hayward Hill Subdivision No. 5, Plat 83-14, dated January 19, 2017.
- 2) This subdivision is subject to City of Kenai zoning regulations.
- 3) All lots shown on this plat are shown per plat 83-14 880.
- 4) All work shown on this plat shall comply with existing laws of the State of Alaska.
- 5) An application to subdivide was filed with the Kenai Peninsula Borough Planning Commission on August 14, 2017.
- 6) The Kenai Peninsula Borough Planning Commission approved the subdivision on August 14, 2017.
- 7) A record document granted to Henry Gregg West Alaska Industries, Inc. and John Paul Sundstadt, LLC, dated August 14, 2017, is attached to this plat.
- 8) Lot 4-B1 is shown on a separate plat, dated August 14, 2017.
- 9) Front 15 feet of the lot adjacent to right of way is a utility easement. The easement structure shall be constructed or placed in accordance with the Kenai Peninsula Borough Engineering Department at a utility to use the easement.
- 10) This subdivision is owned by city water and sewer.
- 11) All easements shown on this plat are shown as shown on the original plat recorded in the Office of the Registrar, Kenai, Alaska, on August 14, 2017.



**SURVEYOR'S CERTIFICATE**

I hereby certify that I am a duly licensed and bonded surveyor in the State of Alaska, and that the above described plat is a true and correct copy of the original plat as shown on the attached map and other sheets of the plat.

Date: 8-14-17



- EXPLANATION**
-  Parcel boundary
  -  Asphalt cap
  -  Area of contamination



**FIGURE**  
**1**

**FORMER COASTAL DRILLING SITE**  
**ASPHALT CAP AND AREA OF CONTAMINATION**

**ALTA GEOSCIENCES, Inc.**  
Environmental & Geotechnical Solutions

Prepared For:  
Alaska Homesteads LLC

**Appendix B**  
**Limited Liability Report**

*Stewart Title of the Kenai Peninsula, Inc.*

35096 Kenai Spur Hwy.  
Soldotna, AK 99669  
Tel: (907) 260-8031 Fax: (907) 260-8036

**LIMITED LIABILITY REPORT**

**Agent for Stewart Title Guaranty Company**

Kelleher Accounting Corporation  
1225 E. International Ste. 105  
Anchorage, AK 99518

File Number: 20549  
Premium: \$250.00  
Tax: \$15.00

Today's Date: July 12, 2021

This is a Limited Liability Report as of July 12, 2021 at 8:00 A.M. on the following described property:

Lot Four "A" Two (4-A2), HAYWARD HILL SUBDIVISION NO. 5, 2017 REPLAT, according to Plat No. 2019-34, Kenai Recording District, Third Judicial District, State of Alaska.

A search of the records of the Kenai Recording District Office by this Company reveals that title to the property described herein is vested on the date shown above in:

Alaska Homesteads, Inc. and Kenai Spur Investments LLC  
an estate in fee simple

SUBJECT only to the exceptions shown herein.

**Stewart Title of the Kenai Peninsula, Inc.**

By

  
Authorized Countersignature

Terri Cotterell  
Authorized Signator



SUBJECT TO:

1. **RESERVATIONS** and exceptions as contained in U.S. Patent, and/or acts authorizing the issuance thereof.
2. **RESERVATIONS AND EXCEPTIONS** as contained in Mineral Patent from the United States of America to the State of Alaska  
Dated: August 30, 1982  
Recorded: September 27, 1982  
Volume/Page: 194/756
3. **FURTHER**, no other examination of the excepted title to minerals has been made herein and no insurance nor responsibility therefore is implied or assumed.
4. **TAXES AND ASSESSMENTS**, if any due the taxing authority:  
Taxing Authority: City of Soldotna
5. **TAXES AND ASSESSMENTS**, if any, due the taxing authority indicated:  
Taxing Authority: KENAI PENINSULA BOROUGH
6. **RESERVATION** of oil, gas and mineral rights constructive notice of which is given by recital in deed:  
Recorded: October 16, 1958  
Volume/Page: 10D/21  
  
**FURTHER**, no other examination of the excepted title to minerals has been made herein and no insurance nor responsibility therefore is implied or assumed.
7. **EASEMENT** for electric lines or system and/or telephone lines together with right to enter, maintain, repair and clear shrubbery:  
Recorded: April 17, 1962  
Volume/Page: 7/319  
Granted To: Homer Electric Association, Inc.  
Affects: General Easement, no definite location disclosed  
  
**RELEASE OF RIGHT-OF-WAY**, including the terms and conditions therein:  
Recorded: August 18, 2020  
Serial No.: 2020-008057-0
8. **AN OIL AND GAS LEASE** affecting the above interest under the terms, covenants and conditions therein provided:  
Dated: May 3, 1983  
Lessor: Thelma Maxine Lee McDonald  
Lessee: July 15, 1983  
Recorded: July 15, 1983  
Volume/Page: 213/108
9. **FURTHER**, no other examination of the excepted title to minerals has been made herein and no insurance nor responsibility therefore is implied or assumed.
10. **CITY OF SOLDOTNA RESOLUTION 90-14**, identifying on-maintained streets within the Soldotna City Limits:  
Recorded: July 5, 1990  
Book/Page: 367/920  
Affects: Bagley Circle and other streets
11. **A CLAIM OF LIEN** for state expenditures for oil or hazardous substance spill under AS 46.08.075:

Debtor: Alaska Homesteads, Inc.  
By: Alaska Department of Environmental Conservation  
Amount Claimed: \$96,962.18  
Recorded: January 10, 1991  
Book/Page.: 376/639

**AND AMENDMENT** thereto:

Recorded: June 10, 1993  
Volume/Page: 420/57

**AND AMENDMENT** thereto:

Recorded: June 18, 1998  
Volume/Page: 532/500

12. **A LEASE AFFECTING** the premises herein stated, memorandum thereof dated and recorded as herein set forth, executed by and between the parties herein named for the term and upon the terms, covenants and conditions in lease referred to in said memorandum:

Lessor: Alaska Homesteads Inc.  
Lessee: McCaw Communications of Anchorage Inc  
Recorded: February 5, 1997  
Volume/Page: 500/512  
Affects: Tract 4B

**AND AMENDMENT** thereto:

Recorded: February 5, 1997  
Volume/Page: 500/515

13. **EASEMENTS, SET-BACKS AND DEDICATIONS** as delineated on Plat No. 2019-34.

14. **EFFECT** of the notes on said Plat No. 2019-34.

15. **ACCESS EASEMENT** affecting the portion of said premises and for the purposes stated herein, and incidental purposes thereto:

In Favor Of: Alaska Homesteads, Inc.  
Recorded: November 25, 2015  
Volume/Page: 2015-010690-0  
Affects: Lot 4-D1 Hayward Hill Subdivision No. 5 to Benefit Lot 4-A1 Hayward Hill Subdivision No 5 and as shown on the Plat

This report is restricted to the use of the addressee and is not to be used as a basis for closing any transaction affecting title to said property. Liability of the Agency is limited to the compensation received therefore.

July 12, 2021

**GRANTOR(S) SIGNATURE BLOCK**

The undersigned Grantor warrants she/he holds the title to Former Coastal Drilling site and has authority to execute this instrument.

EXECUTED this 8th day of August, 2023

Leann Jack Secretary/Treas.  
Printed Name Title

Leann Jack August 8, 2023  
Signature Date

\_\_\_\_CORPORATION

THIS IS TO CERTIFY that on this 8th day of August, 2023, the undersigned personally appeared before me, acknowledged that she/he is the Sec/Treas. of the corporation described herein and who signed and executed the within and foregoing instrument by free and voluntary act and deed of said corporation, pursuant to AS 46.04.300-46.04.390 for the uses and purposes therein.

WITNESS my hand and official seal this 8th day of August, 2023 at

Anchorage, Alaska.



[Signature]  
Notary Public in and for the State of Alaska  
My Commission Expires: 7/10/2027

[Signature]  
Notice Approved by Authorized ADEC Representative

8/11/23  
Date

*Jason W. Bence*

**Printed Name of Authorized ADEC Representative**

*Commissioner*

**Title**