

**MEMORANDUM OF UNDERSTANDING  
REGARDING ASSET DONATION FOR NORTH ROAD EXTENSION PROJECT**

This binding MEMORANDUM OF UNDERSTANDING (MOU) is entered into by and between the Kenai Peninsula Borough, an Alaska municipal corporation, of 144 N. Binkley Street, Soldotna, Alaska 99669 (“Borough”), and Apache Alaska Corporation of 510 L Street, Suite 300, Anchorage, Alaska, 99501 (“Apache”).

Whereas, beginning in 2014 Apache considered developing a drill pad site in the area of Nikiski, Alaska approximately seven miles north of the Kenai Spur Highway terminus, and began preliminary steps towards constructing road access from the highway terminus to its proposed site; and

Whereas, Apache purchased materials and accumulated a significant amount of engineering designs, work, data and permits for this project; and

Whereas, Apache recently decided to discontinue the project; and

Whereas, the Kenai Peninsula Borough originally owned and subdivided property located in the Gray Cliff and Moose Point subdivisions located north of the terminus of the Kenai Spur Highway, and sold many of those parcels over the years; and

Whereas, the primary access to those parcels is currently by beach access or through the use of off-road vehicles traveling overland generally along undeveloped public land that extends northward from the current terminus of the Kenai Spur Highway to these subdivisions; and

Whereas, through the efforts of Congressman Don Young, in 1998 the federal government appropriated approximately \$6,000,000 to be used by the Borough to construct a northern extension of the Kenai Spur Highway; and

Whereas, that appropriation was subsequently modified in HR 2029- Consolidated Appropriation Act, 2016 114<sup>th</sup> Congress (2015-2016), Sec. 125; and

Whereas, the Borough must contribute a 20 percent (20%) match to access these grant funds and remains interested in obtaining the grant; and

Whereas, Apache is willing to donate, at no cost or liability to Apache or to any of Apache’s affiliates, the engineering designs, work, data, permits, and any monitoring and/or water wells it acquired or drilled for its road access and other projects to the Borough to help it reach its 20 percent (20%) match requirement; and

Whereas, the Borough needs an opportunity to inspect the Assets (as such term is defined below) to identify those items it will agree to accept;

Now therefore, for good and valuable consideration including the performance of the promises contained herein, the parties do hereby agree as follows:

**A. Transfer of Ownership and Possession:**

1. Upon execution of this MOU Apache agrees to make available to the Borough for inspection the engineering designs, work, data, permits, and other assets, including the monitoring well located at 60°51'58.97"N, 150°48'48.00"W, identified on the attached "Asset List" (the "Assets") for a period of thirty (30) days. The Borough agrees to provide written notice to Apache within forty-five (45) days of the execution of this MOU specifically identifying which Assets it will agree to accept from the Asset List.
2. Apache hereby agrees to transfer to the Borough possession and ownership of the Assets from the Asset List that the Borough agrees to accept pursuant to paragraph A. 1. above, subject to the terms and conditions of this MOU. The Asset List is attached to this MOU as Attachment A and incorporated herein by reference as if fully set forth in the body of this MOU. The total potential cost attributable to these items is \$1,174,169.10.
3. Apache hereby agrees to assign and convey to the Borough, without warranty, express or implied, all of Apache's right, title, and interest to the Assets that the Borough agrees to accept as provided in paragraph A.1. above.
4. Apache shall deliver possession of the items listed in Attachment A to the Borough promptly upon receipt of the written notice from the Borough identifying the assets it agrees to accept. The parties shall cooperatively determine a mutually agreeable mechanism for delivering possession of the items the Borough has agreed to accept.
5. This MOU is made on an "AS IS, WHERE IS" BASIS and "WITH ALL FAULTS", and WITHOUT WARRANTIES WHATSOEVER WITH RESPECT TO ANY INTEREST HEREIN ASSIGNED OR QUITCLAIMED, EITHER EXPRESSED OR IMPLIED, it being expressly agreed by Apache and the Borough that Apache MAKES NO WARRANTIES OR REPRESENTATIONS WITH RESPECT TO ORIGIN, QUANTITY, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, SAFETY OR EQUIPMENT, COMPLIANCE WITH GOVERNMENTAL REGULATIONS, TITLE TO PERSONAL PROPERTY, THE QUANTITY, VALUE OR EXISTENCE OF RESERVES OF OIL, GAS OR OTHER MINERALS PRODUCIBLE OR RECOVERABLE FROM THE ASSETS, OR OF TITLE TO OR CONDITION OF THE ASSETS AND RELATED FIXTURES AND IMPROVEMENTS. All descriptions set forth herein and all information heretofore or hereafter furnished the Borough by Apache concerning the Assets, and the operation thereof, have been and shall be furnished solely for the Borough's convenience and have not constituted and shall not constitute a representation or warranty of any kind by Apache, and any reliance thereupon by the Borough shall be at the Borough's sole risk and liability. This paragraph 4 shall survive any termination of the MOU.

**B. Acceptance of Ownership and Possession:**

1. The Borough agrees to accept ownership and control of the Assets it has accepted pursuant to paragraph A.1. above upon receipt of the agreed items.

The Borough agrees that it shall not seek any additional funds from Apache or any affiliate of Apache for this project or for any liabilities arising from the Assets it has agreed to accept, and that the Borough will not hold Apache or any affiliate of Apache accountable for any mitigation requirements on the project relating to these donated items. This provision shall survive termination of the MOU. In no event shall Apache ever be obligated to pay the Borough any monies, or to expend any funds or resources in connection with this MOU or the Assets accepted by the Borough after the date the assets have been accepted and received by the Borough. After the date the assets have been accepted and received by the Borough, the Borough agrees that neither Apache nor any affiliate of Apache shall have any further liability with respect to the Assets accepted and received by the Borough, and the Borough hereby releases Apache and Apache's affiliates from any liability hereunder with respect to this MOU and the Assets accepted and received by the Borough, whether actual or contingent, and regardless of howsoever or whensoever such liability accrued or was incurred.

**C. It is Mutually Agreed by All Parties That:**

1. This MOU may only be modified in writing with the written consent of both parties, signed by their authorized representative.
2. The point of contact for each party is as follows:

Apache Alaska Corporation:

Kenai Peninsula Borough:

Name: \_\_\_\_\_

Name: Paul Ostrander

Title: \_\_\_\_\_

Title: Chief of Staff

Address: \_\_\_\_\_

Address:

\_\_\_\_\_

Kenai Peninsula Borough

\_\_\_\_\_

144 N. Binkley

\_\_\_\_\_

Soldotna, AK 99669

Phone #: \_\_\_\_\_

Phone #: (907) 714-2150

Email \_\_\_\_\_

Email postrander@kpb.us

3. Each person signing this MOU warrants that he or she has authority to sign the MOU and bind their respective entities.
4. Nothing in this MOU shall obligate either party to expend funds or to require the future payment of money in excess of appropriations authorized by law. Nothing shall obligate either party to provide any reimbursement of any funds as between the parties. This provision shall survive termination of the MOU.
5. Conflict of Laws. Nothing in this MOU is intended to conflict with federal, state, or local laws or regulations. In the event of any conflict, this MOU will be amended at the first opportunity to obtain consistency with the conflicting laws or regulations.

6. **Applicable Law.** This MOU shall be governed by the laws of the State of Alaska. Venue for any lawsuits filed relating to this MOU shall be in the Kenai Superior Court, Third Judicial District, State of Alaska.
7. **Term.** This MOU will remain in effect until the assets accepted by the Borough and supporting documentation of ownership and cost have been provided to the Borough, except as otherwise stated for specified provisions. This MOU may be extended by mutual written agreement of the parties.
8. **Effective Date.** This MOU shall be effective upon the signature of both parties.

IN WITNESS WHEREOF the parties do hereby execute this MOU on the date(s) set forth.

KENAI PENINSULA BOROUGH

APACHE ALASKA CORPORATION

Signature: \_\_\_\_\_  
Mike Navarre, Borough Mayor

Signature: \_\_\_\_\_  
Printed Name and title:

\_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Printed Name and title of 2<sup>nd</sup> corporate officer:

**Date:** \_\_\_\_\_

ATTEST:

APPROVED AS TO  
FORM AND LEGAL SUFFICIENCY:

\_\_\_\_\_  
Johni Blankenship, Borough Clerk

\_\_\_\_\_  
Colette Thompson  
Borough Attorney

(Borough Seal)

**ACKNOWLEDGMENTS**

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_, by \_\_\_\_\_, Mayor of the Kenai Peninsula Borough, an Alaska  
municipal corporation, for and on behalf of the corporation.

\_\_\_\_\_  
Notary Public for State of Alaska  
My Commission Expires: \_\_\_\_\_

(Notary Seal)

**CORPORATION**

STATE OF \_\_\_\_\_ )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_, by (name) \_\_\_\_\_, the (title of officer) \_\_\_\_\_  
\_\_\_\_\_ of Apache Corporation, a \_\_\_\_\_ Corporation, for and on behalf of the corporation.

\_\_\_\_\_  
Notary Public for State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

(Notary Seal)

**SECOND CORPORATE OFFICER**

STATE OF \_\_\_\_\_ )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_  
20\_\_\_\_, by (name) \_\_\_\_\_, the (title of officer) \_\_\_\_\_  
of Apache Corporation, a \_\_\_\_\_ Corporation, for and on behalf of the corporation.

\_\_\_\_\_  
Notary Public for State of \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

(Notary Seal)