



ccc/cc

VACATION OF COVENANTS AND EASEMENT

This Vacation of Easement and Covenants ("Vacation"), made and entered into this 14th day of July, 2004 by and between, KETCHIKAN GATEWAY BOROUGH, a municipal corporation, 344 Front Street, Ketchikan, Alaska 99501 ("Borough") and KETCHIKAN PULP COMPANY, a Washington corporation, Post Office Box 6600, Ketchikan, Alaska 99901 ("KPC"), WITNESSETH:

RECITALS

WHEREAS, all real property referred to in this Vacation is located in, and all documents and plats referred as filed or recorded, are filed or recorded in the Ketchikan Recording District, First Judicial District, State of Alaska;

WHEREAS, on November 3, 1999, KPC and Gateway Forest Products, Inc. ("Gateway") entered into an Allocation of Environmental Responsibilities Agreement ("Environmental Allocation Agreement") setting forth the environmental liabilities retained by KPC and those being assumed by Gateway;

WHEREAS, the terms of the Environmental Allocation Agreement were incorporated by reference into the Easement and Declaration of Covenants Regarding Allocation of Environmental Responsibilities ("Environmental Allocation Easement");

WHEREAS, the Quitclaim Deed, recorded in the Ketchikan Recording District on November 5, 1999 at Book 306, Page 72, effectuating the transfer of certain assets and real property from KPC to Gateway, specifically reserved and incorporated by reference the Environmental Allocation Easement;

WHEREAS, the Borough thereafter acquired security interests in certain of the affected parcels or real property; and

WHEREAS, KPC and the Borough now desire to release certain of the parcels of real property from the constraints of the Environmental Allocation Easement;

NOW, THEREFORE, in consideration of the promises and of the mutual agreements and covenants hereinafter set forth, the Borough and KPC hereby agree as follows:

The Environmental Allocation Easement shall hereby be vacated and be of no further force or effect, except that all right, title and interest under or pursuant to the Environmental Allocation Easement with respect to the following leasehold are expressly excepted from this vacation, and are therefore preserved:

Leasehold under Lease Agreement dated July 28, 2000 by and between Gateway Forest Products, Inc., as landlord, and Anderes Oil Inc., as tenant, the term of which commenced July 28, 2000.

PARCEL NO. 1:

All of ALASKA TIDELANDS SURVEY NO. 1 (CR 74S 90E), according to the unrecorded plat thereof, (mistakenly recorded in the Juneau Recording District as Plat No. 292), except Exhibit "C-2" thereto, the parcel so excepted being more particularly described as follows:

From U.S.L.M. No. 2 measure South 71°56' East 896.28 feet to Corner M. C. 2 of U. S. Survey #1508 identical with Corner M. C. 1 of U. S. Survey #1659 and the point of beginning, thence following the meander lines established by and fronting U. S. Survey #1508: South 51°15' West 83.16 feet; South 7°00' East 66.66 feet; South 24°15' East 65.34 feet; South 70°00' East 139.26 feet; North 60°45' East 58.08 feet; South 45°00' East 45.54 feet; South 21°45' West 223.74 feet; South 23°45' East 29.70 feet; North 75°15' East 28.38 feet; North 41°30' East 203.28 feet; South 73°45' East 82.50 feet; South 84°30' East 88.44 feet; South 6°45' East 66.66 feet; South 19°00' West 93.72 feet; South 35°15' West 91.08 feet; South 53°15' West 68.64 feet; South 41°30' West 121.44 feet; South 64°00' West 84.48 feet; South 49°15' West 106.92 feet; South 11°30' West 138.60 feet to Corner M. C. 1 of U. S. Survey #1508 identical with M. C. 1 of U. S. Survey #1208; thence following the meander lines established by and fronting U. S. Survey #1208: South 14°00' West 158.40 feet; South 34°30' West 19.80 feet; South 17°30' West 105.60 feet; South 53°45' West 46.20 feet; South 4°30' East 39.60 feet; South 23°45' West 85.80 feet; South 71°45' West 39.60 feet; South 6°15' West 46.20 feet; North 85°45' West 59.40 feet; North 52°45' West 66.00 feet; South 64°45' West 39.60 feet; South 45°00' West 39.60 feet; South 85°30' West 39.60 feet; North 55°15' West 26.40 feet; South 58°00' West



39.60 feet; South 8°45' West 144.54 feet; South 16°45' West 72.60 feet; South 3°30' West 59.40 feet; South 36°15' West 66.00 feet; South 16°45' West 39.60 feet; South 7°00' East 69.30 feet to Corner M. C. 4 of U. S. Survey #1208 identical with Corner M. C. 2 of U. S. Survey #1655; thence following the meander lines established by and fronting U.S. Survey #1655: South 24°00' West 29.70 feet; South 30°15' West 130.02 feet South 23°15' West 136.62 feet; South 9°00' West 89.10 feet; South 8°00' East 36.30 feet to Corner M. C. 1 of U. S. Survey #1655 identical with Corner M. C. 1 of U. S. Survey #1653; thence following the meander lines established by and fronting U. S. Survey #1653: South 10°00' West 132.00 feet; South 30°15' West 36.96 feet; North 79°45' West 64.02 feet; South 55°45' West 62.04 feet; South 18°30' West 38.94 feet; South 41°45' West 44.88 feet; South 32°45' West 96.36 feet; South 15°15' East 48.18 feet; South 64°30' West 60.72 feet; South 0°45' West 44.88 feet; South 25°00' West 120.78 feet; South 72°00' West 21.78 feet; North 51°15' West 44.22 feet; South 81°15' West 46.86 feet; South 74°15' West 165.66 feet; South 30°45' West 211.86 feet to Corner M. C. 2 of U. S. Survey #1653 identical with Corner M.C. 1 of U. S. Survey #1656; thence North 42°55' West 712.99 feet to a point identified as PT-1; thence North 50°00' East 1,011.33 feet to a point identified as PT-2; thence North 22°00' East 1,674.54 feet to a point identified as PT-3; thence North 50°00' East 580.76 feet to intersect with the R.O.W. line on the North Tongass Highway; thence South 2°27' West 76.51 feet to the point of beginning.

PARCEL NO. 2:

Lot 3, Gateway Subdivision, within U.S. Survey 1056 (H.E.S.) according to the plat thereof filed August 14, 2000 as Plat No. 2000-41.

PARCEL NO. 3:

That portion of U.S. Survey 1056, lying northerly of the northerly boundary of North Tongass Highway, being adjacent to U.S. Survey 2923 and comprised of 5.16 acres.

PARCEL NO. 4:



That portion of U.S. Survey 1862, more particularly described as follows:

Beginning at U.S. Land Mark No. 2; thence North $32^{\circ}27'$ West a distance of 155.5 feet to Corner No. 1 of U.S. Survey 1862 and the true point of beginning of the portion herein described; thence North $0^{\circ}25'$ West a distance of 515 feet, more or less, to a point on the South Right of Way line of North Tongass Highway, which point is 50 feet from the center line of said highway and at right angles to Engineers Station 299+50; thence along that portion of a spiral curve to the left whose chord bears South $24^{\circ}30'$ East a distance of 114.65 feet; thence along the arc of a 527.46 foot radius curve the long chord of which bears South $36^{\circ}35'$ East a distance of 126.14 feet; thence along a spiral curve whose chord bears South $51^{\circ}21'$ East a distance of 210.05 feet; thence South $55^{\circ}27'$ East a distance of 316.97 feet; thence South $34^{\circ}33'$ West a distance of 50 feet; thence South $55^{\circ}27'$ East a distance of 137.00 feet; thence South $88^{\circ}00'$ West a distance of 535 feet more or less along Meander Line No. 11 of U.S. Survey 1862; thence North $29^{\circ}30'$ West a distance of 155.50 feet along Meander Line No. 12 of U.S. Survey 1862 to Corner No. 1, which is the point of beginning.

ALSO: That portion of U.S. Survey 1862 lying within the North Tongass Highway Right of Way as created by a deed dated April 1, 1949 and recorded in Volume "W" of Deeds at Page 362, Ketchikan Recording District, First Judicial District, State of Alaska, and as conveyed to Ketchikan Pulp Company by Quitclaim Deed recorded July 27, 1988 in Book 158 at Page 588.

PARCEL NO. 5:

U.S. Survey 2090.

PARCEL NO. 6:

That certain portion of U.S. Survey 2923, more particularly described as follows: Beginning at the northerly corner of the Crawford Tract, otherwise known as Corner No. 2 of U.S. Survey 2923; thence South $55^{\circ}45'$ East along the northeasterly boundary of the Crawford Tract a distance of 863.37 feet; thence South $89^{\circ}33'$ West a distance of 709.81 feet, more or less, to a point on the westerly boundary of the Crawford

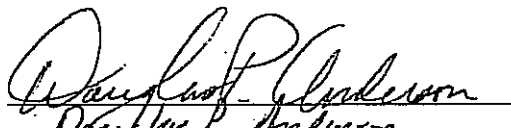


Tract; thence North 0°27' West along the westerly boundary of the Crawford Tract a distance of 491.50 feet, more or less, to the point of beginning.

This Vacation shall become effective ("Effective Date") on the date of recordation, simultaneous with recordation of the Environmental Easement and Covenants affecting the same parcels with which it will be replaced.

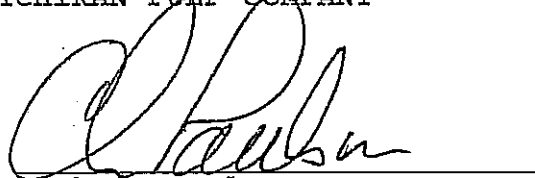
IN WITNESS WHEREOF, the parties hereto have caused this Vacation to be duly executed as of the date first written above.

KETCHIKAN PULP COMPANY



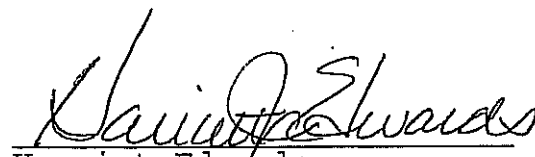
Douglas P. Anderson
Assistant Secretary

By



Chris Paulson
President

KETCHIKAN GATEWAY BOROUGH



Harriet Edwards
Clerk

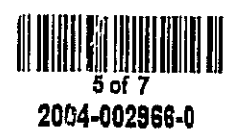
By



Roy A. Eckert
Manager

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 14th day of July, 2004, before me, the undersigned, a Notary Public in and for the State of



Alaska, duly commissioned and sworn as such, personally appeared Roy A. Eckert and Harriet Edwards, to me known to be the Manager and the Clerk of the Ketchikan Gateway Borough, a municipal corporation established pursuant to the laws of the State of Alaska which executed the above and foregoing instrument; who on oath stated that they were duly authorized to execute said instrument and affix the Borough seal thereto on behalf of the Borough and that the seal affixed thereto is the borough seal thereof; and who acknowledged to me that the same was signed freely and voluntarily on behalf of the Borough for the uses and purposes therein mentioned.

WITNESS my hand and seal the day and year last above written.

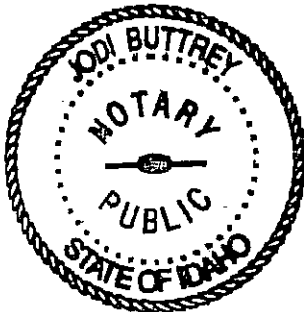


Cindy M. Montgomery
Notary Public in and for Alaska
My Commission Expires: 5/7/07

STATE OF Idaho)
) : ss.
COUNTY OF Kootenai)

THIS IS TO CERTIFY that on this 16th day of June, 2004, before me, the undersigned, a notary public in and for the State of Idaho, duly commissioned and sworn, personally appeared Chris Paulson and Douglas P. Anderson, to me known to be the President and Assistant Secretary respectively of Ketchikan Pulp Company, a Washington corporation, the corporation which executed the above and foregoing instrument; who on oath stated that they were duly authorized to execute said instrument on behalf of said corporation and who acknowledged to me that they signed and sealed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.



Jodi Buttrely
Notary Public in and for Idaho, Hayden Lake
My Commission expires: 6/19/08



WHEN RECORDED, RETURN TO:

Borough Attorney
Ketchikan Gateway Borough
344 Front Street
Ketchikan, Alaska 99901

