

H. Van Z. Lawrence
Attorney At Law

751 Seventh Avenue
Fairbanks, Alaska 99701

Phone (907) 452-4237
Fax (907) 452-6621

July 7, 1998

JUL 08 1998

DOT/PF CONST.
NORTHERN REGION

COPY

Carpenter Contracting, Inc.
P.O. Box 765
Delta Junction, Alaska 99737

Re: Notice of Trespass Claim
Chitina Wayside Project

Dear Sir:

I represent Erling Hem, Sr. dba Hem Enterprises. Mr. Hem is the owner of Lots 3,4,5,6 and 7 of Block B, Lot 1 of Block C and those portions of the railroad right of way which extend from First Street and Second Street in the Chitina Townsite. Mr. Hem's ownership of Block B and his other holdings in Chitina is derived from a deed from Gordon N. Hizey dated August 31, 1992 and recorded on January 20, 1993 at Book 37, Page 940, Chitina Recording District. Gordon Hizey received ownership of significant portions of U.S. Survey Nos. 702, 596, 264 and 597, on which lies the entire Chitina Townsite, through a quitclaim deed from Kennicott Copper Corporation dated November 17, 1958, which was recorded on March 18, 1959, at Book 17, Page 771, Chitina Recording District.

Ownership of the subject property was transferred to Kennicott Copper Corporation from its wholly-owned subsidiary, Alaska Development & Mineral Company, on December 27, 1946, when it was dissolved. That deed was recorded on February 12, 1947. Alaska Development & Mineral Company received ownership of the subject property from Katella Company via a quitclaim deed in 1919. Katella was issued a United States patent for the subject property in 1916. All of these conveyances are a matter of public record.

July 7, 1998

Page 2

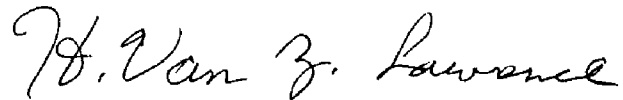
The claims of Vern and Rosemary Ivy and Lary C. D. Smith, III to Lots 5,6 and 7 of Block B are derived from a Statutory Quitclaim Deed from Paul J. Nangle dated March 11, 1985. In 1981 Paul Nangle had brought a quiet title action claiming ownership of twenty lots and portions of three other lots in Chitina, including Lots 5,6 and 7 of Block B. The record owner of Lots 5,6 and 7 of Block B, Gordon Hizey, was not named as a party defendant in Nangle's quiet title complaint. A quiet title judgment is void as to any unnamed party who has a recorded interest in the subject property. Hence Mr. Nangle conveyed no ownership interest in those lots since the judgment quieting title to him was void as to Mr. Hem's predecessor-interest, Gordon Hizey.

It is my understanding that Carpenter Constructing, Inc. is performing excavation and construction work for the State of Alaska and the National Park Service on the Chitina Wayside Project. Since commencing work on the project employee's of Carpenter Constructing, Inc. have stored equipment, dirt, and a junk camper-trailer on which a "hazardous materials" sign is attached on the above-referenced property without my client's authorization. While the corporation's employees removed its vehicles and trailers from the portion of the railroad right of way which extends from First Street, they have refused to remove the above-described property from the rest of Mr. Hem's land.

This letter constitutes notice that my client hereby demands \$200.00 per day in trespass damages to his property and for compensation for the storage of your corporation's equipment and materials. My client is aware that the trespass on his property has occurred at least since June 3, 1998.

I am copying this letter to the corporation's insurance carrier, which provides it at least \$20,000.00 coverage for property claims, and the State of Alaska and National Park Service for which Carpenter Contracting, Inc. is acting as agent. My client will pursue his claim against the State of Alaska and the United States as well.

Sincerely,

A handwritten signature in cursive script that reads "H. Van Z. Lawrence".

H. Van Z. Lawrence, Attorney
for Erling N. Hem, Sr.

HVZL:eb

cc: Houston General Insurance Company
(Policy #: 5CMP949599100)
State of Alaska, Department of Transportation
and Public Facilities
United States Department of the Interior,
National Park Service
Client