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August 6, 2012

VIA EMAIL AND U.S. MAIL

M. Leone Hatch
Sen. Assistant Attorney General
Attorney General's Office
100 Cushman Street, Suite 400
Fairbanks, AK 99701

Re: Response to State's July 16, 2012 Letter
Ahtna, Inc. v. Von Scheben, 3AN-08-6337 CI

Dear Leone:

Thank you for your recent letter indicating the State's willingness to mediate the Klutina River Road case and some aspects of the Kotsina case. Ahtna is agreeable to a one-day mediation so long as all participants are willing to hold their calendars open the next day for any follow on negotiations that may be necessary. These cases are complex and will include more terms and moving parts than a typical settlement where money is the only issue. If significant progress is being made on day one, but the parties are not quite able to agree to terms, it is in the best interest of all parties to keep the momentum going and finish the settlement on a second day rather than let the negotiations stagnate while the parties scramble to find another time to meet.

Within the next week, we propose a joint call with retired Judge Andrews to approach her about mediating this case. We suggest scheduling the mediation for November 1, 2012, which provides the parties adequate time to prepare their settlement positions and accommodates Ahtna's fall subsistence hunting season. The State will commit Deputy level personnel from the Departments of Law, Transportation, Natural Resources, and Fish and Game. Ahtna will commit the presence and participation of its President, Michelle Anderson, and Board Chairman, Nick Jackson. We agree that the costs of mediation will be borne equally by both sides.

With regard to the topics for mediation, we understand that the State has taken the material site issues off the table, but that Klutina and some aspect of the Kotsina case may

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be explored. Ahtna is open to mediating any aspect of the present disputes. Which issues in the Kotsina litigation do you propose mediating? Prior to contacting Judge Andrews, we suggest that the parties jointly develop a list of the issues that will be mediated. Also, because these cases involve legal issues with which Judge Andrews is not likely to be familiar, we think written briefs 20 days in advance of the mediation would be helpful for her understanding of the disputes and the parties' legal positions.

Finally, to what extent will the newly joined private landowners be involved in the settlement process? We should schedule a telephone call to discuss this issue and any other preliminary matters before jointly calling Judge Andrews. Do you have availability for a call this week?

Sincerely,

JERMAIN, DUNNAGAN & OWENS, P.C.



Gregory F. Dorrington

GFD/lmp

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