

Last-Minute Deal Reached to Save Headwaters Forest

■ **California:** Pacific Lumber Co. accepts after U.S. raises estimate of how much timber firm may cut. 10,000 acres of forest, including redwoods, will become public.

By FRANK CLIFFORD, TIMES ENVIRONMENTAL WRITER

In a dramatic, last-minute reversal, the Pacific Lumber Co. agreed to a \$480-million deal to save California's Headwaters Forest after government officials substantially raised their estimates of the amount of timber that the company would be allowed to cut.

The agreement was reached Monday just before midnight, when the federal share of the purchase price would have been withdrawn, and the 12-year-old campaign to preserve the last large stands of privately owned ancient redwoods would have been lost.

"This agreement accomplishes what many people worked toward for so many years," said John Campbell, president of Pacific Lumber. "We were able to preserve Headwaters and at the same time give the company the stability it needs to remain a vital part of the North Coast economy."

The agreement transfers roughly 10,000 acres of the North Coast forest into public ownership and sets strict new guidelines for protecting water quality and wildlife habitat on more than 200,000 acres of surrounding forest that will remain in Pacific Lumber's hands.

The majestic trees are a remnant of the redwood empire that once extended from the Oregon border to Big Sur. Today, only about 5% of the original forest is still intact, almost all of it in publicly owned parks and preserves.

The trees and streams of the Headwaters Forest are home to several dwindling species of wildlife, including the northern spotted owl; the marbled murrelet, a small seabird that nests in large trees; and the coho salmon, whose numbers have plummeted in recent years.

The strategy for protecting wildlife was at the heart of the agreement because it determined how much of Pacific Lumber's land would remain off limits to logging.

Last week, state officials estimated that Pacific Lumber would be able to cut 138-million board-feet of timber annually. But by Monday, officials said that the initial estimate had been in error and that the proper figure was closer to 180 million.

Campbell, meanwhile, said that he expects his firm to be able to cut close to 200-million board-feet under the terms of the agreement. Last week, he had said that 210-million board-feet was the minimum amount acceptable to the company.

Several environmentalists expressed concern Tuesday that wildlife protection may have been compromised in order to reach the final accord.

State and federal officials insisted that the conditions had not been altered and said that the resulting pact will prove historic.

"This will go down in history as one of the great achievements of our time, along with [the creation of] Yosemite, Sequoia and Kings Canyon National Parks," said U.S. Interior Secretary Bruce Babbitt at a Tuesday morning news conference where he was joined by White House Chief of Staff John Podesta and Sen. Dianne Feinstein.

"It establishes unprecedented safeguards for endangered species," Podesta said.

The agreement could also bring an end to one of the longest-running environmental battles in the nation. The siege of Headwaters has been marked by massive civil disobedience, thousands of arrests of people protesting the logging of

1,000-year-old trees and a protester killed by a tree that was being cut down by a logger last fall.

The conflict dates back to the takeover of Pacific Lumber in 1986 by Houston-based Maxxam Inc. and that company's decision to triple the rate of logging, a course of action that eventually would have liquidated all of the big trees.

Many environmental groups hailed the final agreement.

"It is a terrific accomplishment to bring the largest groves into public ownership, plus it breaks new ground on the protection of timber on private land," said Jay Watson of the Wilderness Society. "The prohibitions on logging near streams far exceeds state standards."

Besides prohibiting logging near streams, terms of the deal bar cutting trees for 50 years in roughly a dozen old-growth groves that remain in private ownership.

Moreover, the agreement establishes penalties "that are higher than any ever imposed" on timber companies in the past, according to Mary Nichols, California's Secretary of Resources.

If Pacific Lumber takes down a tree in a no-cutting zone, the company would be fined \$1,000 to \$3,000, plus up to 250 percent of the tree's pre-milled value, state officials said. The pact capped three days of intense negotiations after Pacific Lumber and its parent company, Maxxam, rejected the government's terms last Friday. Officials of the companies said that the proposed logging restrictions, which are tougher than state law currently impose, would have made it impossible to pay off \$887 million in bonded indebtedness for which Headwaters timber is the collateral.

Babbitt and Gov. Gray Davis said Tuesday that the terms of the deal had not been watered down since Friday.

"We did not move off [our] position," Davis said Tuesday.

"Nothing was backed away from. The habitat protection stands," said Feinstein, who was widely credited for keeping the talks going.

At a separate news conference Tuesday, Pacific Lumber President Campbell said that "clarifications" of the complex agreement persuaded the company that it

could log significantly more wood than was announced last week and that some of the timber could be cut in areas of the forest prone to landslides that previously were thought to be off-limits.

"We also had some flexibility in areas of instability on the property where the consensus was reached that we could do some selective cutting rather than clear-cutting and that could boost volume," Campbell said.

In rejecting the agreement last Friday, Campbell referred to a California Department of Forestry estimate that Pacific Lumber would only be allowed to harvest about 138 million board-feet a year. But David Hayes, counselor to Babbitt, said Tuesday that "state and federal biologists recognized right off the bat that CDF was in error."

Over the weekend, federal officials wrote to Campbell, raising the estimates of projected annual timber volume to the nearly 180 million board-feet level.

One letter, dated Saturday and signed by two senior federal wildlife officials, states that some land currently considered too unstable to log was "misidentified" and will be eligible for logging in the future.

"Areas subject to the initial prescription of no harvest . . . will

change as a result of watershed analysis, boundary refinement, reassessment of the area definitions and more accurate mapping," the letter states.

"We cannot predict the exact acreage that will be affected by changes. However, some timber harvest is expected on the 65,000 acres currently identified as areas of concern."

A second letter, dated Sunday, from Hayes to Campbell, stresses that the environmental regulations are to be "flexible," taking into consideration "practicality, which includes cost to Pacific Lumber Co. and economic feasibility and viability."

Questioned about the letters, Babbitt said they are not legally binding and "not a part of any guarantee of any level of logging."

Hayes downplayed the hazards of logging on the unstable terrain.

"We are not at all concerned about activities in that area," Hayes said, adding that any logging will be subject to guidelines set by government biologists.

Logging on steep slopes and their highly erosive soil has been a bitter point of contention not only among environmentalists alarmed about damage to salmon streams but to many downstream residents. Some have sued Pacific

Lumber, blaming intensive logging for landslides that have fouled drinking water and damaged homes and property.

Some environmentalists said the letters by federal officials compromised the agreement.

"It puts a huge onus on agencies that are supposed to be looking out for wildlife to consider the financial impact of standards that are supposed to be based solely on the needs of the species," said Kathy Bailey of the Sierra Club.

Kevin Bundy of the Environmental Protection Information Center, a northern California group that has been at the forefront of Headwaters protests for years, said any relaxation of logging prohibitions on steep slopes will have dire consequences for the fish in the streams below.

In contrast were the comments of assistant secretary of Commerce Terry Garcia, who oversees the National Marine Fisheries Service, the agency responsible for protecting salmon.

"The agreement is going to provide what the fish need for the long term for survival of Pacific Lumber property. The fish will sleep well tonight."

Times staff writer Dave Lasher contributed to this story.

Headwaters History

1986: Houston-based Maxxam Inc. acquires the Pacific Lumber Co. of Scotia, Calif., and the surrounding Headwaters Forest, which contains the last large stands of giant redwood trees in private ownership. The deal is accomplished through a leveraged buyout engineered in part by junk bond wizard Michael Milken. Maxxam's president, Charles Hurwitz, announces his intention of tripling the rate of logging in the forest, triggering 12 years of protest and government regulation to protect trees and wildlife habitat.

May 1996: Pacific Lumber sues the state and federal governments, claiming that logging regulations have amounted to a "taking," denying the company access to its own property and crippling its ability to make a profit from its forest. The company demands compensation and estimates the value of the timber at issue at about \$500 million.

September 1996: State and federal officials strike a tentative deal with Pacific Lumber to buy and preserve about 7,500 acres in the heart of the Headwaters Forest for \$380 million and to establish rules to protect wildlife in the rest of the forest.

April 1997: The National Marine Fisheries Service places the northern California population of coho salmon on the endangered species list, estimating that the fish's numbers have declined from several hundred thousand to fewer than 10,000. Scientists blame logging for the decline and point out that several of the streams that the coho have used for spawning are on Pacific Lumber land.

October 1997: Humboldt County law enforcement officers are criticized for rubbing pepper spray into the eyes of demonstrators blocking the doors to Pacific Lumber's corporate headquarters in Scotia. The demonstrators contend that the company continues to log in violation of regulations protecting wildlife habitat.

November 1997: President Clinton signs legislation setting aside \$250 million for the federal share of the Headwaters cost.

December 1997: The California Department of Forestry

suspends Pacific Lumber's license to log in the Headwaters Forest, citing more than 100 violations of the state's Forest Practices Act. The license is later restored.

September 1998: Gov. Pete Wilson signs legislation authorizing up to \$230 million for the state's share of Headwaters plus two other stands of ancient redwoods owned by Pacific Lumber. The legislation contains provisions to prohibit Pacific Lumber from logging in 11 other old-growth groves for 50 years and to ban logging within 100 feet of fish-bearing streams.

September 1998: Earth First! activist David Chain, 24, dies when he is struck by a tree felled by a logger in the Headwaters Forest. Chain is the first casualty in 12 years of protests in the woods.

November 1998: The California Department of Forestry suspends Pacific Lumber's license to cut trees, citing numerous infractions of the Forest Practices

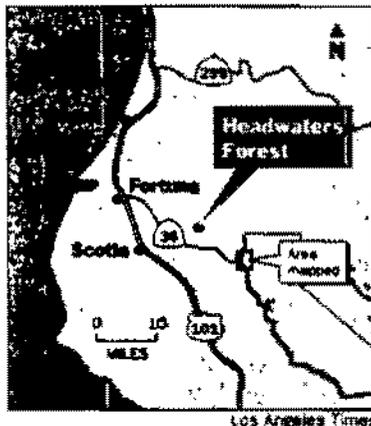
Act. The license has not yet been reinstated. However, the company is permitted to employ contract loggers.

December 1998: Julia "Butterfly" Hill marks one year spent living 180 feet high in a Headwaters Forest redwood tree that she climbed to protect it from loggers. With a full-time volunteer support staff and worldwide attention, the young woman has become an international symbol of resistance to old-growth logging.

Feb. 25, 1999: State and federal officials present their final offer to purchase Headwaters acreage.

Feb. 26, 1999: Pacific Lumber rejects the deal, saying it would impose conditions that would make it impossible to pay back the firm's investors.

March 1, 1999: An agreement is reached moments before a midnight deadline in phone negotiations between federal officials in Washington, state officials and company executives near Eureka. If no deal had been struck, the federal share of the Headwaters purchase price would have reverted to the Treasury.



Los Angeles Times



NEWS

U.S. DEPARTMENT OF THE INTERIOR

For Immediate Release
March 2, 1999

Contact: Tim Ahern (202) 208-5089

Headwaters Forest

The Headwaters transaction includes the purchase for the public of the world's largest remaining stand of old-growth redwoods which had still been in private ownership. The trees, now owned by Pacific Lumber, are located in Humboldt County, California, about 250 miles north of San Francisco.

The Trees

The Headwaters Forest covers 7,500 acres, including about 3,000 acres of old-growth redwoods, many of which are more than 1,000 years old and more than 300 feet high. About 4,500 acres of additional redwoods will be acquired as a "buffer" zone for the old-growth redwoods.

In addition, a Habitat Conservation Plan (HCP) establishes conditions that Pacific Lumber must comply with when conducting logging activities on about 210,000 acres of land the company owns in Humboldt County. Those restrictions will include a ban on logging in 12 so-called "lesser cathedrals," which themselves include about 8,000 acres of old-growth redwoods. Pacific Lumber also will be restricted from logging in "no-cut" buffers on streams and in areas which are prone to landslides. The buffers range from 30 feet to 100 feet on each side of the streams.

The HCP has been developed to assure compliance with the Endangered Species Act (ESA). The 210,000 acres that will remain in Pacific Lumber's hands after the Headwaters Forest transaction include a number of endangered or threatened species, including the marbled murrelet, a robin-sized bird which lives in old-growth redwoods, and coho salmon, which live in streams on the property.

(more)

Deal to Save Headwaters Redwoods in Final Stage

■ **Environment:** Pacific Lumber is to receive partial payments this week and an important federal deadline looms. But key points are still being negotiated.

By DAN MORAIN
TIMES STAFF WRITER

SACRAMENTO—A fight to save ancient redwoods in the Headwaters Forest from chain saws and bulldozers is coming to a close—or so it seems.

By week's end, the state and federal government will have paid roughly \$300 million as partial payment on a nearly half-billion-dollar deal to Pacific Lumber Co. to buy the largest stand of virgin redwoods still in private ownership.

Pacific Lumber also could have the promise of receiving another \$100 million by July for two smaller groves in the same forest, and would gain title to 7,700 acres of other timberland as part of a land swap.

Or the deal could fall apart.

"It's coming down to the short strokes [and] . . . yeah, I would say the whole matter is still in play," Gov. Gray Davis said in Washington, D.C., on Sunday, shortly before he met with Interior Secretary Bruce Babbitt to discuss the issue.

Davis also threw a potential snag into the deal Sunday by announcing that he wants to change the financial arrangement reached by his predecessor, Gov. Pete Wilson. "I would like to have the right to string out some of the payments because we have a tight budget," he said. "I believe about \$100 million of it can be paid on an installment basis."

Such is the brinkmanship that has been the hallmark of the multilateral negotiations over the Headwater Forest in Humboldt County. And even as the endgame is being played out, the outcome couldn't be murkier.

The players include the state and federal governments, and Maxxam, the parent company of Pacific Lumber. The dispute is over environmental regulations that will govern forest land that will remain in Pacific Lumber's ownership.

"It's always exciting to negotiate with Pacific Lumber and its parent, Maxxam," said state Sen. Byron

Sher (D-Stanford), leading the fight to preserve the redwoods. "The company wants to go down to the eleventh hour trying to get concessions. You run out of time at some time."

Already, there has been federal and state legislation and endless negotiations and posturing.

The state's end of the deal was struck, in broad terms, last summer when Wilson signed legislation to spend the state's share of the land cost. But it is the new administration of Davis that must close the deal.

Environmentalists view it as Davis' first major test on issues of concern to them.

"I feel some obligation to continuity [with Wilson's policy], and I also feel an obligation to do the right thing," Davis said Sunday in Washington, where he is attending the winter meeting of the National Governors Assn.

If the negotiations succeed, the company will have assurances that it can log its remaining land for the next 50 years. Kathy Bailey of the Sierra Club insists the state should have similar assurances of 50-year protection for old growth that provides habitat for salmon, spotted owls and the marbled murrelet, a seabird that nests in the big trees.

"The only way to [ensure] that protection is through a contract," Bailey said, "and the governor has the ability to make that contract as weak or strong as he wants."

Davis' negotiators have been meeting daily with company executives.

The deadline for it all to come together—or not—is midnight Feb. 28. On March 1, \$250 million allocated by the federal government for its share of the purchase will otherwise go back into the federal treasury.

U.S. Sen. Dianne Feinstein (D-Calif.), who earned legislation to allocate the federal money, has been warning for months that if the state doesn't resolve its end of the bargain, the federal money will disappear, and that her congressional colleagues won't sup-

As a final caveat, Maxxam essentially has mortgaged its 200,000 acres in the amount of almost \$900 million. Maxxam's timber subsidiary has sold a type of high-risk bond called timber collateralized notes to investors. Investors are repaid from the proceeds of timber sales.

In a statement issued last week, Pacific Lumber said proposed state and federal restrictions are "not feasible or practicable," and would leave the company unable to cut enough trees to pay its bills.

Company Offers Counterproposal

Pacific Lumber said it offered a counterproposal. But its statement said "no assurance can be given that any such agreement will be reached or that the Headwaters agreement will be consummated."

The Davis administration also appears to be taking a hard line.

"I don't believe our position is going to change much. We're bound to follow state law," a Davis administration official said. "[Maxxam and Pacific Lumber] have not shown a desire to agree to conditions that are critical."

California officials are demanding that Pacific Lumber sign a separate contract with the state to lock in logging restrictions for the next 50 years.

California is seeking 100-foot no-logging buffers along fish-bearing streams, restrictions on road building and use, and a prohibition against cutting trees in some 10 old-growth groves that would stay in company hands.

The state also wants Pacific Lumber to be subject to penalties of \$5,000 per tree, plus 150% of a tree's value—far more than the existing penalty of \$1,000 per violation of forest regulations.

Since the Headwaters negotiations began more than two years ago, Pacific Lumber has been cited more than 100 times for violations of the state Forest Practices Act and, as a result, had its license to cut timber suspended late last year.

The state requirements, together with the stiff penalties for

any violations, could impact Pacific Lumber's relationships with its investors, whose investment in the timber bonds is secured by Pacific Lumberland.

"We can't accept an agreement that will make us less than economically viable," Pacific Lumber President John Campbell said Friday. "We need more flexibility."

Sher said questions about the bonds are not his main concern. "The state needs to insist on what makes this a good deal for the state," he said.

The final act of this saga could take place Wednesday when an obscure state commission, the Wildlife Conservation Board, will convene in Sacramento. The board is a three-member panel that is responsible for buying wilderness acreage for the state.

The members include Davis' finance director, Tim Gage, plus the chairman of the Fish and Game Commission, and the director of the state Department of Fish and Game. Davis has not yet named a Fish and Game director. The Fish and Game Commission chairman is a Wilson appointee.

Maxxam is hedging its bets too: It is proposing to refinance its bond debt. The company had planned to sell its latest bond issue in January, but the firm has extended that date to this Friday— "so that it can apprise the note holders . . . of the state of the Headwaters agreement."

All sides have an interest in striking a deal.

The company can walk away with almost \$500 million in cash and land. Perhaps a deal can defuse ongoing protests by environmentalists over its logging operation. As it is, environmentalists' lawsuits against the company raise doubts that it ever can log Headwaters because of the threat to species that face extinction.

For the state and federal government, a deal means preservation of thousands of acres of old-growth redwoods. A deal also avoids the prospect that Pacific Lumber will prevail in a lawsuit alleging that the government has illegally rendered its land useless without compensating the firm.

Times environmental writer Frank Clifford in Los Angeles and Times staff writer Dave Lash in Washington contributed to this report.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

For Immediate Release
Dec. 17, 1998

Contact: Tim Ahern (202) 208-5089

No Agreement Reached on Headwaters Habitat Plan; Federal Agencies to Decide Next Steps

WASHINGTON - David Hayes, Counselor to Secretary of the Interior Bruce Babbitt, and Terry Garcia, Assistant Secretary of Commerce for Oceans and Atmosphere, today issued the following statement:

"The Department of the Interior and the Department of Commerce have been engaged in discussions with Pacific Lumber Company regarding the terms and conditions of a Habitat Conservation Plan (HCP), and incidental take permits to govern timber harvest operations on the company's land in Humboldt County, Calif. Issuance of these federal permits is a requirement for completion of the purchase by the United States and the state of California of the Headwaters old-growth redwood forest. The agencies had been working toward completing these discussions by Dec. 16 so that all other environmental documentation could be completed by March 1, 1999, the deadline imposed by Congress for completion of the Headwaters transaction. The agencies and Pacific Lumber have been unable to meet the Dec. 16 target date. The agencies are now evaluating their options and deciding on the next steps."

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NEWS



FOR IMMEDIATE RELEASE
Monday, July 13, 1998

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DRAFT REDWOOD HABITAT PLAN SUBMITTED FOR PUBLIC REVIEW

WASHINGTON - The Federal Register will publish on Tuesday notice of the availability of a draft Habitat Conservation Plan (HCP) that will mitigate impact of logging activities on more than 200,000 acres of redwood forests in northern California. The draft HCP complements the proposed purchase and permanent set-aside of the Headwaters old-growth redwood forest.

The administration is committed to ensuring that the final HCP, which will not be finalized until public input has been received and analyzed, provides the necessary protection for several species of fish and wildlife in the covered area, according to Terry Garcia, Assistant Secretary of Commerce for Oceans and Atmosphere, and David Hayes, Counselor to Secretary of the Interior Bruce Babbitt.

Both Hayes and Garcia noted the final HCP will address comments from the public and they urged interested citizens to review the document and provide their views, whether in writing or at public hearings which will be held in California.

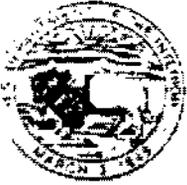
"This draft document reflects the agreement which all parties signed last Feb. 26," said Garcia. "The objective is the same as other HCPs - to restore the fully functioning aquatic habitat that contribute to the conservation of threatened coho salmon."

Hayes commented that, "This draft plan provides good protection for marbled murrelets in the so-called 'lesser cathedrals.' It also provides habitat for northern spotted owls. Like other HCPs, it will be based on sound science and will meet our objective to provide necessary protection for endangered and threatened species."

The document submitted by Pacific Lumber is a draft and will be available to the public tomorrow, both on the Internet (www.r1.fws.gov/text/species.html) and in public libraries and other public buildings throughout California. In August, the federal agencies will issue a draft Environmental Impact Statement (EIS) and within the next few days, details will be announced of public hearings that will be held in California.

The issuance of the draft HCP is an important milestone in the process of purchasing the Headwaters forest, which includes the largest stand of old-growth redwoods still in private hands.

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NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE DEPUTY SECRETARY

Contact: Tim Ahern (202) 208-6291

For Immediate Release: February 27, 1998

REDWOODS HABITAT CONSERVATION PLAN FACT SHEET

The Agreement: Draft set of principles which will guide the applicant's presentation of a Habitat Conservation Plan (HCP) for 200,000 acres of timberland owned by Pacific Lumber Co. in northern California. The HCP will be drafted and put out for public comment for mid-May. It will be a 50-year HCP.

The HCP application arises from a September, 1996 agreement between the federal and state governments and Pacific Lumber to purchase the 7,500-acre Headwaters Grove of old-growth redwoods. The HCP will cover land other than the Headwaters.

HCP: The HCP is authorized under the Endangered Species Act (ESA). The HCP will be based on scientific principles which federal and state scientists believe will contribute to the recovery of the marbled murrelet, a robin-sized bird which nests in old-growth redwoods. The murrelet is protected under the ESA.

The HCP will also provide protection for species which are dependent on streams and riparian forests, such as coho salmon and steelhead trout.

What is Protected: The HCP identifies 13 marbled murrelet conservation areas outside the Headwaters. Twelve will be protected from harvesting for the 50-year life of the permit.

Old-Growth Redwoods: Old-growth redwoods are centuries-old trees, a term used to distinguish them from second-growth trees, which have regenerated after logging.

Next Steps: The principles will be turned into a draft HCP, which will then be made available for public review and comment.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE DEPUTY SECRETARY

Contact: Time Ahern (202) 208-6291

For Immediate Release: February 27, 1998

AGREEMENT IN PRINCIPLE REACHED TO PROTECT OLD GROWTH REDWOOD GROVES IN ADDITION TO THE HEADWATERS FOREST

The federal government, the state of California and Pacific Lumber Company today announced agreement on a set of principles which will guide the company's development of a draft Habitat Conservation Plan (HCP) to protect old growth redwood groves on Pacific Lumber property in addition to the Headwaters Forest.

The original agreement between the federal and state governments and Pacific Lumber in 1996 to purchase the Headwaters Forest recognized the need for an HCP covering the rest of Pacific Lumber's property.

"This is a major milestone toward protecting a unique and wonderful resource," said John Garamendi, Deputy Secretary of Interior. "Our goal has always been a Habitat Conservation Plan based on sound science. The company's agreement to these principles provides the key for the basis of a HCP that will meet that goal, because it will provide protection for a number of species, including the marbled murrelet."

"This agreement goes far beyond the purchase of 7,500 acres of the Headwaters old-growth grove. It will govern 200,000 acres of forest aside from the Headwaters," Garamendi said. "This would be the largest forest HCP in California."

In the principles, PL agrees to propose setting aside for the 50-year life of the permit a dozen other stands of old-growth redwoods, including most of the so-called "Lesser Cathedrals" on the Pacific Lumber property.

The next step is for these principles to be turned into a draft HCP that will be sent out for public review and comment, Garamendi noted. The Endangered Species Act permits creation of HCPs, which are agreements between a landowner and the government to permit use of the land and incidental taking of species, as long as the species is adequately protected.

Federal and state scientists involved in development of the HCP believe the new Headwaters Preserve, along with the protection of the other groves, will contribute to recovery of the marbled murrelet, a robin-sized bird which nests in old-growth redwoods. Most of the known murrelet nesting sites will be protected. The scientists also believe the HCP will provide high levels of protection for species which are dependent upon streams and riparian forest areas, such as the coho salmon and steelhead trout.

The 7,500-acre Headwaters Preserve, which will include the areas known as Headwaters and Elkhead Springs, will be purchased outright by the federal and state governments for a total of \$380 million. That figure includes \$250 million from the federal government, which was appropriated by Congress last fall, along with \$130 million from the state of California.



NEWS

U.S. DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

FOR IMMEDIATE RELEASE
July 18, 1997

Stephanie Hanna (O) 202/208-6416

STATEMENT BY SECRETARY OF THE INTERIOR BRUCE BABBITT ON SENATE APPROPRIATIONS ACTION ON CROWN BUTTE AND HEADWATERS FOREST

I am pleased that the Senate has provided a funding mechanism for the acquisition of the Crown Butte mining property on the border of Yellowstone National Park and the purchase of Headwaters Forest, the last great stand of ancient redwoods in private hands in California.

It is gratifying that Senate appropriators agreed with President Clinton that these two land acquisitions are high environmental priorities and either pose or are under severe and immediate threat. Today's action makes good on an important component of the bi-partisan balanced budget agreement between the President and leaders of the House and Senate. I was very disappointed that the House of Representatives failed to provide a funding mechanism for Crown Butte or Headwaters in fiscal year 1998, ignoring the commitment made by their leadership.

I do not believe that requirements for additional authorization are necessary or helpful and I call on the Senate to support full funding without additional legislative hurdles. I remain hopeful that these issues can be resolved during the conference process between the House and Senate and we can move forward to protect two environmental treasures, the Headwaters Forest and the Yellowstone ecosystem.

-DOI-



United States Department of the Interior

OFFICE OF THE DEPUTY SECRETARY
Washington, D.C. 20240

December 5, 1996
For Immediate Release

Contact: Jana Prewitt
202 208-2528

Milestone Achieved in Headwaters Deal: DOI Identifies Exchange Assets

Deputy Secretary of Interior John Garamendi stated today that a list of proposed property interests offered in exchange for Headwaters and Elk Head Springs forests has been submitted to Charles Hurwitz, chairman of MAXXAM Inc., parent company of the owners of the forests, Pacific Lumber Company. The step represents an important milestone in the Federal and State acquisition of the largest remaining privately-owned old-growth redwood forest in the world.

The Headwaters forest agreement, signed September 28, 1996, would acquire Headwaters and Elk Head Springs forests--7500 acres of old-growth redwood and buffer--for Elk River Timber Company property and real property and other considerations from the Federal Government and the State of California having an aggregate fair market value of \$300 million. The appraised value of the forests is estimated to be \$400-700 million.

Deputy Secretary Garamendi expressed confidence in the steps taken by the Clinton Administration to date in fulfilling the Headwaters agreement: "Along with the naming of an agreement director, Tom Tuchmann, and our progress on the multi-agency Federal effort to construct a Habitat Conservation Plan for 207,000 acres of Pacific Lumber property in Humboldt County, the submission of the assets list signals the Headwaters agreement is moving along on track toward successful completion."

The Federal assets submitted to MAXXAM in a proposed exchange include:

- o 2,967 acres of non-old-growth timber land in Humboldt County, California, an estimated 11 million board feet of timber.
- o Federal oil and gas interests in the state of California.
- o Excess land adjacent to the Chet Holifield Federal Office Building in Laguna Niguel (approximately 30 acres).
- o Elk River Timber property adjacent to the Headwaters forest (approximately 7,755 acres).

All proposed exchange properties will be subject to compliance with all applicable federal laws, including the National Environmental Policy Act and the Endangered Species Act.