

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
CORPUS CHRISTI DIVISION**

United States Courts
Southern District of Texas
FILED

APR 04 2008

Michael N. Milby, Clerk of Court

In RE:

SCOTIA DEVELOPMENT LLC,)	
THE PACIFIC LUMBER COMPANY,)	Chapter 11
BRITT LUMBER CO., INC.,)	Case Nos. 07-20027 through 07-20032
SALMON CREEK LLC,)	(Jointly Administered)
SCOTIA INN, INC., AND)	
SCOTIA PACIFIC COMPANY LLC,)	
DEBTORS		

STATEMENT OF POSITION OF U.S. CONGRESSMAN MIKE THOMPSON

To the Court and All Plan Proponents:

For the past 17 years, I have represented Humboldt County as either a California State Senator or a member of the U.S. House of Representatives. I am writing to support the Mendocino Redwoods Company plan which is before the court.

There are several compelling reasons to support the MRC proposal: 1) MRC has put forth the most comprehensive plan that addresses both management of the timberlands and operations at the Scotia sawmill; 2) the creditors committee, made up of Humboldt County businesses, vendors and individuals, voted overwhelmingly in support of the MRC plan – of the 227 unsecured creditors, 222 voted in support; 3) the MCR plan does not rely upon additional expenditures of state and federal funds.

In addition, I understand the general consensus by attendees at a meeting called by California Resources Secretary Mike Chrisman in Sacramento two weeks ago supported the MRC plan. The attendees heard presentations by representatives of the three plans before the court. The state and federal regulators and other stakeholders, including a Humboldt County supervisor and my Eureka, CA district staff person, concluded the MRC proposal provided the best protection for the land and protected the greatest number of jobs – adhering most closely to the principals you outlined to the bankruptcy court in January.

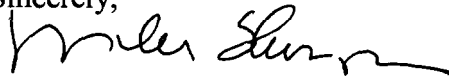
Mendocino Redwoods Company is a proven and trusted California operator, with a good reputation in Mendocino and Humboldt Counties. They have portrayed exemplary forest practices on their existing properties, earning Forest Stewardship Council (FSC) certification on the lands that they manage in Mendocino County. They are industrial timberland owners, they operate a sawmill, and they know the business. Their plan provides a level of assurance the people of Humboldt County can rely upon, rather than decisions driven by the board rooms of New York or Houston.

Finally, there is further concern that if the case goes to auction, the mill will be forced to shut down during the 5-7 months it takes to complete the sale. The local job loss and loss of revenue would be very difficult to overcome for any future operator.

The citizens of California and the citizens of the United States have already expended considerable tax dollars on this property. The historic Headwaters Agreement of 1999 involved the expenditure of over \$380 million in federal and state dollars to permanently protect the Headwaters Forest. It set aside important wildlife habitat vital for the protection of endangered species, and provided a framework for Pacific Lumber Company to continue harvesting their timberlands at sustainable levels as outlined in the Habitat Conservation Plan. The Mendocino Redwoods Company proposal would not use any additional state or federal dollars, and it has committed to carrying out the Habitat Conservation Plan, as outlined in the original 1999 Headwaters agreement, in its entirety.

Thank you for your time and consideration. If you have any questions or comments, please contact me anytime.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Thompson", written in a cursive style.

MIKE THOMPSON
Member of Congress