

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

**United States Courts
Southern District of Texas
FILED**

FEB 22 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. As you weigh different proposals as to the future of the Pacific Lumber Company and Scotia Pacific LLC holdings, I would like to add my thoughts to these important proceedings.

The timberlands and other assets held by these two companies represent a unique public trust for the citizens of California and the nation. 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 plan was unique in that it protected ancient Redwood stands and valuable habitat but at the same time provided the company a way in which to harvest trees and maintain economic viability and provide jobs for the region.

Given the significant investment of public funds and the agreement struck by all the parties to protect this significant resource and its watershed, I believe it is critical that any reorganization of Pacific Lumber Company adheres to the following principals:

- 1) Maintain the timberlands in a single ownership as working commercial forestlands;
- 2) Maintain the mill operation in order to protect jobs and livelihoods of the people of the community of Scotia and Humboldt County, CA;
- 3) Fulfill all commitments associated with the Habitat Conservation Plan that accompanied the Headwaters Agreement of 1999;

- 4) Ensure that the timberlands and mill are owned and operated by an entity(ies) with a proven track record utilizing sustainable management of California's redwood forests and with full knowledge and experience in the operation of a mill;
- 5) Limit or restrict the reliance on the expenditure of additional public funds for any plan that is finally adopted.

I appreciate your consideration of these basic principals as you consider the various plans that have been submitted to the court.

Sincerely,

A handwritten signature in black ink that reads "Mike Thompson". The signature is written in a cursive, flowing style with a long horizontal flourish at the end.

MIKE THOMPSON
Member of Congress