



THE SECRETARY OF THE INTERIOR

WASHINGTON

SEP 15 2009

The Honorable Ron Wyden
United States Senate
Washington, DC 20510

Dear Senator Wyden:

Thank you for your letter of June 17, 2009, requesting that the Department of the Interior immediately review our authorities, rules, and regulations to see whether we can grant an across-the-board contract term extension of three years to Bureau of Land Management timber sale purchasers. The Department has conducted a thorough legal analysis of the BLM's regulations in order to address your request. We have concluded that we are not able to grant the three-year contract extension requested. We can, however, provide an alternative approach that may address the underlying issues, and we are willing to work with you and your constituents on that approach.

I agree with your assessment that the forest industry is facing an unprecedented struggle and share your concerns about the impacts this has on local communities. As you state in your letter, BLM timber sale purchasers are facing immediate and difficult decisions of whether to default on their contracts or harvest the wood at a great economic loss, both of which could result in severe consequences to their companies and to the local communities.

Based on the legal analysis of the BLM's regulations governing timber contract extensions (found at 43 C.F.R. Subpart 5473), the BLM lacks the legal authority to grant a three-year extension for timber contract purchasers in this instance. Under current regulations, upon the written request of the contract purchaser, the BLM may grant a one-year contract extension, but that extension may not be granted on the basis of market fluctuations. In addition, such extensions require a reappraisal of the contract price. The regulations further specify that any such reappraisal may not result in a price that is less than the contract price, which in the present situation of a depressed market would not provide any relief to existing timber contract purchasers.

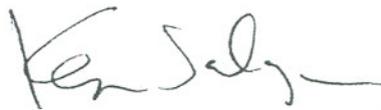
However, under the BLM's current regulations, the BLM and timber contract purchasers may agree mutually to cancel a contract. This approach would eliminate existing purchasers' duty to perform and allow the BLM to reoffer sales at prices reflecting current market conditions. The BLM is ready and willing to discuss this option with individual purchasers if such an approach makes sense. In the meantime, and in order to avoid a similar situation occurring in the future, I have asked the BLM to report back to me on the ramifications of amending existing regulations to allow the BLM to grant multiple-year extensions when adverse market conditions for wood products result in a drastic reduction in wood product prices.

In your letter, you also inquired about legislative solutions. If Congress chooses to pursue statutory changes to the BLM's authority to address these types of situations, we stand ready to provide assistance at your request.

Thank you for your letter and concerns. To continue these discussions, please have your staff contact Mr. Ned Farquhar, Deputy Assistant Secretary for Land and Minerals Management. As stated above, we are in agreement that it is in the best interests of the affected counties, the forest product sector, rural communities, and the broader public to arrive at a prompt solution to this issue. I look forward to working with you on these important issues.

Identical letters have been sent to the six signatories of your June 17, 2009, letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Salazar", with a horizontal line extending to the right.

Ken Salazar