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## **2. PUBLIC LANDS: Complex forest land exchange in Oregon collapses**

**Arthur O'Donnell, *Land Letter* editor**

The proposed Blue Mountain Land Exchange, involving nearly 50,000 acres of federal forest land and private property in the Blue Mountain region of northeastern Oregon, has fallen victim to rising land values, declining timber values and a time-consuming process for approval. The complex deal, valued at more than \$41 million, had been in the works for eight years, although the U.S. Forest Service began its formal process for evaluating the transaction in 2002.

Dick Markley, deputy forest supervisor in the Wallowa-Whitman National Forest, told *Land Letter* that recent appraisals of the lands proposed for federal acquisition indicated higher values than originally thought. "It became clear in the past month that private individuals who offered their lands into the exchange changed their minds," Markley said. "When they saw the appraisals, they thought they could get more by selling the land."

In addition, the Forest Service withdrew some parcels after a draft environmental impact report identified some archaeological findings, Native American artifacts and habitats for endangered species that would be better left under federal protections.

When the deal was first proposed, it involved exchanging 20,588 acres of federal lands located in six Oregon counties for 36,450 acres of private lands. "Most of these parcels are on the edge of the national forest or are surrounded by private lands," Markley said. "It's very difficult to manage these parcels and often there is no access to them."

In some cases, the Forest Service was hoping to acquire what Markey called "priority" parcels in the Umatilla National Forest and in the Hells Canyon National Recreation Area of the Wallowa-Whitman National Forest.

### **A question of balance**

As owners of those properties dropped out of the exchange, Markley said, "It became clear we'd be conveying high-value lands but not getting equal value in exchange." The Clearwater Land Exchange, which was trying to broker the deal on behalf of multiple private parties, offered revised packages of properties in order to keep values in balance, and there was a certain amount of attrition to the exchange package, with the federal lands offer reduced by 4,100 acres and the private holdings cut by some 5,600 acres.

Figures in the final EIS for the project showed 16,441 acres of federal lands to be traded for 30,664 acres of private lands, but eventually even more landowners dropped out of the deal.

At that point, Markley said the Forest Service began to worry that the deal would not hold up. "We have to be able to state affirmatively that this is in the public interest," he said.

Clearwater had offered up to \$3 million in equalization payments for some of the federal properties to make up for private land that was withdrawn from the proposed exchange, confirmed Carla Laws, a partner in Clearwater Land Exchange. While federal rules allow for as much as 25 percent of the value of lands to be paid with cash, the Forest Service prefers not to monetize the transactions.

The collapse of the proposed exchange drew a sigh of relief from the Western Lands Project, a Seattle-based nonprofit group that has been monitoring such trades for nine years. Janine Blaelock, director of the project, often finds an imbalance in the value of federal lands that are being given up for private lands. "The problem with these

deals is that the agencies are treating them as private land transactions and the public is getting ripped off," Blaelock said.

Blaelock said that there had been an attempt to push the Blue Mountain exchange through Congress, "but no one wanted to do it."

However, Forest Service Chief Dale Bosworth defended the land exchange program in general, telling *Land Letter*, that "it's been an important program for a long time. We don't acquire a lot of new land, but there is a lot of inholding in wilderness and forest lands where we don't want to see roads built or lodges constructed. The best way to acquire [these parcels] is to exchange for other lands." Bosworth said he thinks there is "still lots of opportunity" for future exchanges as the Forest Service tries to consolidate its holdings in a way that allow for more efficient management and minimize the "checkerboard" pattern of ownership.

According to the Forest Service, during fiscal 2005, more than 353,770 acres of land were acquired and conveyed through land exchanges, transfers and interchanges. The service also acquires land through purchases and donations.

Markley said that there has been no decision about whether to try to salvage some portion of the Blue Mountain exchange. "We need to assess the possibility of completing some Blue Mountain exchange," he said. "Right now, all options are on the table."

Laws said, "We're working hard toward getting a new appraisal. Most of these parcels could be transferred with a new appraisal, and I have an appraiser who is available." She said the exchange group had contacted all the landowners and identified 21,732 acres still available for a revised package that could be equal in value to the federal package after a new appraisal.

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