

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ALASKA**

**SOUTHEAST ALASKA CONSERVATION  
COUNCIL, ET AL.,**

**Plaintiffs,**

**v.**

**UNITED STATES FOREST SERVICE, ET  
AL.,**

**Defendants,**

**and**

**ALASKA FOREST ASSOCIATION,**

**Amicus Curiae.**

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Case No. 1:19-cv-00006-SLG

**DECLARATION OF KIRK  
DAHLSTROM IN SUPPORT OF  
FOREST SERVICE'S REQUESTED  
REMEDY**

I, Kirk Dahlstrom, declare and state as follows:

1. I am the secretary of Viking Lumber Company, Inc. (Viking), the last mid-sized sawmill in Southeast Alaska. I previously offered a declaration on behalf of Viking and the Alaska Forest Association (AFA), of which Viking is a member and on whose Board I serve as a director. I did so in support of the Tongass National Forest's Prince of Wales Landscape Level Analysis Project (the Project). I now offer this declaration on behalf of Viking and the AFA based on personal knowledge and in support of the Forest Service's requested remedy in this case.

2. The Forest Service is asking the Court to exercise its equitable authority to allow the Project's 2018 environmental impact statement (EIS) and portions of the 2019 Record of Decision (ROD) to stay in place while the Forest Service cures the legal violations identified by

the Court. It is my understanding the Forest Service seeks partial setting aside of the ROD with respect to the vegetation management and associated road construction activities authorized in the ROD. On remand, the Forest Service will work to cure the legal violations identified by the Court with the ability to exercise its discretion to rely on the Project's EIS and the non-vacated portions of the ROD in any subsequent agency decisions.

3. I believe it is crucial to the survival of the Southeast Alaska timber industry that the Court exercise its equitable authority to allow the Project's EIS to stay in place. The legal violations identified by the Court stem not from the Project's EIS but rather from the Forest Service's decision to rest future Project land management activities solely on the EIS and its ROD without further site-specific analysis under the National Environmental Policy Act (NEPA) and the Alaska National Interest Lands Conservation Act (ANILCA), and without preparing timber harvest unit cards for site-specific timber sales. Leaving the EIS in place will enable the Forest Service to efficiently rely on the work already performed in developing the EIS, which should speed up the Forest Service's process for curing the legal violations identified by the Court. Speed is of the essence for the Southeast Alaska timber industry, which is desperately in need of timber sales that include old growth timber.

4. Early on, the AFA urged the Forest Service to prepare a programmatic EIS for the Project and to then tier site-specific NEPA analyses and decisions to that programmatic EIS. That is a common practice, and I believe it would have allowed the Forest Service to comply with NEPA, ANILCA and the National Forest Management Act for the Project. Regardless, the Forest Service did not do so, instead relying on condition-based management.

5. The Court now is tasked with ordering an equitable remedy. I respectfully ask

the Court to take into consideration the perilous state of the Southeast Alaska timber industry when doing so, including the economic hardship being wrought by the COVID-19 pandemic and the associated activity restrictions put in place by the State of Alaska. Southeast Alaska's economic future is bleak. But unlike activities like tourism and commercial fishing where social distancing is impractical, timber operations are well-situated to continue during these tough times to the benefit of our local communities, so long as there are timber sales to be operated.

6. In granting a short-term preliminary injunction against Project implementation, the Court acknowledged that the local timber economy would suffer serious harm. But the Court stated that in the context of a short-term preliminary injunction, the harm would be short-lived, limited to the duration of the preliminary injunction. The situation is different now. If the Court were to vacate all aspects of the Project and require the Forest Service to start over from scratch, the resulting serious harm to the local timber economy would last for years, and likely cause irreparable harm to Viking and the local timber industry.

7. My first declaration in this case discussed in detail Viking, its operations and its role in the community. I will do my best not to repeat everything I said previously but some of it bears repeating. I also will update the Court on Viking's current situation, including as a result of the COVID-19 pandemic and the associated impacts of governmental orders related to the public health emergency. My key message is that Viking's continued operations are more important now than ever, but that the lack of a sufficient and reliable timber supply renders Viking's future highly precarious.

8. Viking is a family-owned company located on Prince of Wales Island that has been in business for more than a quarter of a century. I have served as Viking's general

manager since the company's formation and oversee Viking's manufacturing of timber into lumber products. Sustaining Viking's manufacturing operations requires about 22 million board feet (mmbf) of old growth timber annually. That is to run only one shift per day – if we had sufficient supply, we could run a second shift, although my current concern is just keeping Viking's single shift going.

9. Viking's operations require old growth timber because we manufacture unique products. In my first declaration, I explained that we mill about 7 mmbf of Sitka spruce each year, most of which is manufactured into piano stock for grand and baby grand pianos built in Japan and New York City. We have been doing this pretty much from the company's inception and are the only Sitka spruce piano stock supplier in the U.S. Every year for the last 24 years, representatives of our Japanese customer have travelled to Prince of Wales Island to inspect our wood when it comes out of the mill. This will be an issue for us beginning in late May or so – logistically, we will need to find a way for our Japanese customer to assure itself as to the quality of our product, as I doubt travel between Japan and Southeast Alaska will be unhindered soon. This is just one of the logistical issues Viking faces in the current working environment – ongoing operations are challenging for a lot of reasons.

10. I previously testified that Viking also is the only U.S. supplier of vertical grain hemlock door stock, and that we mill specialty red cedar. Viking produces about 6 mmbf of hemlock and about 7-9 mmbf of red cedar each year. Both of these products are used in homes, where most of us are spending a lot of time these days – the hemlock is used in wood panel doors and garage doors, and the specialty red cedar is used in gazebos, fences and decking, among other things. In my experience based on 14 years in the cedar business, when the economy is

bad like it is now, people invest in home improvement projects like fencing and decks. This seems to be especially true now given that many people are staying at home due to the pandemic – people are building red cedar fences and other structures to improve their homes.

11. Viking's continued operations are important for another reason tied to the COVID-19 pandemic – our residual wood chips are supplying a British Columbia mill with the raw material needed to produce medical-grade pulp used by a U.S. customer for the desperately-needed production of surgical masks, including N95 masks, and gowns. Every year, Viking's operations generate about 38,000 tons of wood chips, including western red cedar chips. Some of those chips are supplied to Nanaimo Forest Products Ltd.'s Harmac Pacific mill near Nanaimo, B.C., see Exhibit A, which has diverted its production to generate medical-grade pulp in response to the pressing demand for medical masks and gowns. Harmac Pacific's medical-grade pulp is a blend of red cedar, which is a soft fiber well-suited for use in the production of personal protective equipment for health care workers serving on the front lines of the current health crisis. This illustrates the important and sometimes unanticipated ways in which the timber industry serves our nation. In addition, a ton of wood chips can generate about 2,000 rolls of toilet paper, thereby serving another societal need.

12. The diversity of species found in old-growth timber sales (and missing in young-growth timber sales) is essential for Viking to supply its diverse customers with the products they require to run their businesses. Because Viking owns no timberlands, we necessarily must obtain the raw materials needed for our mill operations from timber sales offered by other landowners. Historically, only about 15% of our dependable timber volume has come from state lands, with the majority of our timber coming from Forest Service timber sales on the

Tongass National Forest. This makes sense given that the Tongass occupies about 80% of the land area in Southeast Alaska. Unfortunately, the Forest Service has been doing a poor job at offering timber sales in recent years. In my last declaration eight months ago, I testified that only about 12 mmbf of old-growth timber has been available from the Tongass in the last three years. Nothing has changed since that time. This makes no sense given that each year, the Tongass is gaining more than 400 mmbf of timber volume through growth.

13. Since my last declaration, Viking had to shut down for about seven weeks due to a lack of logs. If Viking had to cease operations permanently due to a lack of logs, the irreparable harm would extend beyond Viking to include our local communities. Viking continues to employ 40 local people in our mill where we pay good wages and offer good benefits, including health insurance and a retirement plan. For a couple of weeks, four of our employees had to quarantine themselves after being exposed to a person sick with COVID-19, though fortunately none of them contracted the virus, and all are back at work. Viking's operations also continue to support at least another 70 contractors, including our logging and timber falling contractors, our independent truckers, and our marine towing contractor, not to mention the longshoremen who load logs on vessels and the log scalers who measure logs that have been harvested. All of these jobs benefit the local economy and support the social structure of our local communities.

14. Viking's mill operations also continue to benefit the City of Craig, which uses our wood residuals to heat its schools and aquatic center and thereby saves tens of thousands of dollars each year in heating costs. In these difficult economic times, that benefit will be especially valuable to the City of Craig. Similarly, I previously explained that Viking invested

in equipment that enables us to take waste sawdust and compress it into fire logs which are supplied to the local market for use in wood stoves. This is an economical source of heat to the local community.

15. Right now, Viking has less than a month's supply of logs in our log yard. This is terrible and not the way to run our business. Viking has managed to get about 21 mmbf of timber under contract, so less than a year's supply for our mill. If the Forest Service were ordered to jettison the Project's EIS and start over from scratch, it would be years before the Forest Service could offer any additional timber from the Project area. But if the EIS is left in place, the Forest Service can build upon the environmental analysis already conducted – including any applicable work done to date for the Twin Mountain Timber Sale, which cannot move forward in its current form – to jumpstart the Project as the Forest Service works to bring the Project and future site-specific timber sales into compliance with environmental laws.

16. I know the plaintiffs will challenge anything the Forest Service does – they challenge everything on the Tongass, and I suspect some of their members would like to see the Viking mill cease operations permanently. But in my opinion, the timber industry in Southeast Alaska is a local hero for continuing to operate and provide Alaska with economic benefits, especially during this time of pandemic. During the briefing in this case, the plaintiffs downplayed the economic importance of the timber industry in Southeast Alaska compared with tourism and commercial/charter fishing. But social distancing and health-related work restrictions are not conducive to those activities. In contrast, workers in the timber industry – like timber fallers, equipment operators and truck drivers – typically work alone. As long as they can safely travel to work sites, such workers can continue to operate and generate economic

benefits for themselves and others. In the Viking mill, employees are naturally spaced out at safe working distances, so mill operations can continue with minimal additional precautions, like staggered start and end times and meal and rest breaks taken in personal vehicles. So again, people working in the timber industry are heroes in my eyes.

17. During the briefing in this case, the plaintiffs told the Court there is a “plethora” of non-Forest Service timber sales available to supply the Southeast Alaska timber industry. This is not true. I am continually looking for sources of timber to try and ensure Viking’s continued viability, and I can assure the Court that non-Forest Service timber is not readily available. For example, the plaintiffs told the Court the State was preparing a “10-year sale for Viking Lumber that’s focused on providing them about 50 million feet of timber over a 10-year period.” Docket No. 26 at 7. That never happened. The plaintiffs also touted an Alaska Mental Health Trust exchange that was supposedly poised to provide Viking with “100 million board feet.” Docket No. 26 at 7 (describing the alleged timber supply as “a vast, multi-year supply”). More than seven months after plaintiffs made that representation, the exchange happened – to the tune of only 13 mmbf, barely more than half a year’s supply for the Viking mill.

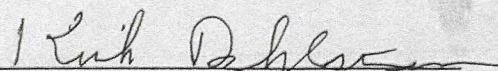
18. Finally, the plaintiffs’ briefing in this case alleged that “no operators can expect to obtain trees” from any particular Tongass timber sales. Docket No. 26 at 6. This is incorrect. As I explained in my first declaration, the Viking mill would benefit from any Tongass timber sale regardless of who purchased it because of the requirement that about half of the wood be processed domestically in Alaska. (When Viking purchases Forest Service timber, we do even better, processing about 65% of the timber domestically.) Thus, if the Court allows the

better, processing about 65% of the timber domestically.) Thus, if the Court allows the Project's EIS to stay in place so that future site-specific timber sale environmental analyses can tier to the EIS, the speed at which Tongass timber would become available to Viking would increase. This would support Viking's continued operations and the associated jobs and economic benefits that flow to our local communities from Viking's operations. And ordering such a remedy would not harm plaintiffs because no land management operations could commence absent further site-specific environmental analyses and final agency decisions.

19. For all of these reasons, the Forest Service's requested remedy makes good sense to me. I respectfully urge the Court to order a remedy consistent with the remedy requested by the Forest Service.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

DATED this 29 day of April, 2020.

  
Kirk Dahlstrom

Scott Muir  
Nanaimo Forest Products  
1000 Wave Place  
Nanaimo, BC  
V9X 1J2

April 28, 2020

Kirk Dahlstrom  
Viking Lumber Company  
Craig Klawock Highway  
Craig, AK  
99921

Dear Kirk,

We would like to thank you and Viking Lumber for the long standing business relationship that we have with Viking.

Our records show that we started doing business on chips and hog fuel from your operations in 2002 and have received a significant volume of Red Cedar and Hemlock wood chips over the past 18 years. A secure long term business relationship like ours is important to us at Nanaimo Forest Products because it allows us to make long term commitments to our customers. In addition your pure Red Cedar and Hemlock chips allow us to fine tune our pulp grades and tap into niche markets such as our K10S Red Cedar pulp, and M10 Hemlock pulp.

Please accept this letter as a small token of our appreciation to Viking for the long standing business relationship, and high quality, pure species fibre that is integral to our business.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Scott Muir', with a stylized flourish at the end.

Scott Muir  
Nanaimo Forest Products  
Fibre Supply Coordinator