



Department of Justice

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FOR IMMEDIATE RELEASE
Tuesday, July 22, 2008
www.usdoj.gov/usao/cae

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LARGEST SETTLEMENT EVER IN A FOREST FIRE CASE

UNION PACIFIC RAILROAD COMPANY PAYS \$102 MILLION TO SETTLE THE UNITED STATES' CLAIMS ARISING OUT OF THE 2000 STORRIE FOREST FIRE

SACRAMENTO, Calif.—United States Associate Attorney General Kevin O'Connor, United States Department of Agriculture Undersecretary Mark Rey, and United States Attorney McGregor W. Scott announced today that Union Pacific Railroad Company (“UP”) will pay the United States \$102 million to settle a civil lawsuit brought by the government to recover damages arising from the 2000 Storrie forest fire in the Plumas and Lassen National Forests in Northern California. The settlement is the largest recovery in United States Forest Service history in a forest fire case.

The Storrie forest fire ignited on August 17, 2000, in the Feather River Canyon north of Storrie, California on the railroad right-of-way within the Plumas National Forest. The United States’ complaint alleged that the fire started as a result of a midday repair operation to railroad tracks by UP employees who failed to take the necessary precautions to prevent the fire. The United States contended that UP track maintenance workers failed to clear the area of flammable material, and failed to use appropriate spark shields in connection with high-speed rail saws and grinders, allowing the escape of small, hot pieces of metal that ultimately started the fire.

According to Assistant United States Attorney Kendall J. Newman, the lead government attorney in the case against UP, the Forest Service mobilized over 2,600 federal, state, and local firefighters, air tankers, helicopter crews, and other personnel to fight the Storrie forest fire. The

fire burned over three weeks, encompassing an area of over 52,000 acres within the Plumas and Lassen National Forests before it was fully extinguished. Fire crews successfully suppressed the fire, without the loss of any life or buildings, at a cost of approximately \$22 million.

The fire nonetheless caused substantial damage to National Forest System lands, destroying wildlife habitat and killing trees on over 21,000 acres. The areas ravaged by the fire included pristine, old growth forests that Congress had expressly set aside for preservation by protecting them from logging through the Quincy Library Group Act and federal Wilderness Area designation. The United States District Court ruled in this case that the people of the United States are entitled to compensation for the unique aspects of the damaged forests, above and beyond the fair market value of the timber destroyed. The remaining \$80 million of the settlement compensates the United States for damages to its natural resources. The settlement monies will go directly to the Plumas and Lassen National Forests to help remedy the resource devastation from the fire.

“We are pleased with this settlement. The money will be quickly applied toward restoring the landscape and the ecological balance on National Forest lands damaged in the fire so that the public can once again enjoy these pristine forest regions,” said Undersecretary Rey.

“Protection of our natural resources is of vital concern to the well-being and safety of the people in California. Every year we see the devastation to lives and property caused by uncontrolled forest fires. It is incumbent upon businesses operating in the national forests, such as UP, to take active responsibility in reducing the risk of wildfires. This \$102 million settlement appropriately compensates the United States for the vast destruction that resulted from the 2000 Storrie Fire in the Plumas and Lassen National Forests,” stated United States Attorney Scott.

The settlement will be paid in three installments this year, the first \$35 million of which was paid on July 2, the second installment of \$35 million is due on August 15, and the final installment of \$32 million is due on October 15.

Associate Attorney General Kevin J. O'Connor said: "This settlement demonstrates the importance of bringing cases to recover for the damage and expenses caused by wildfires. Wildfires in or near National Forests destroy precious natural resources and the government spends millions of dollars fighting wildfires. The Department of Justice will seek compensation from those who are responsible for those losses wherever possible."

Settlement of the Storrie Fire litigation is only the latest in a number of cases brought nationwide by the United States Department of Justice, and in particular the U.S. Attorney's Office for the Eastern District of California, against individuals and businesses that negligently cause fires that damage national resources and result in the government expending millions of dollars to suppress the fires. In recent years, the U.S. Attorney's Office for the Eastern District of California has recovered tens of millions of dollars in cases resulting from forest fires, including the \$14 million settlement in September 2006 from Southern California Edison as a result of the Big Creek Fire.

"Pursuing these cases is a top priority for our Office," said United States Attorney Scott. "The Eastern District of California is among the districts with the largest amount of National Forest System acreage in the United States. Our District contains over 16 million acres of National Forest System lands, which is 8.3% of the total National Forest System lands in the entire country."

In recognizing the Eastern District of California as being on the forefront of pursuing recoveries following forest fires, it was recently selected to receive special funding from the Department of Justice. Earlier this year, the Department of Justice created special Fire Recovery

Litigation Teams in the United States Attorney’s Offices for the Eastern District of California, the Central District of California, and the District of Utah, to enhance the fire recovery litigation efforts already taking place in those districts. “The Fire Recovery Litigation Teams will enable the U.S. Attorney’s Offices in those three districts to hire additional attorneys and support staff to focus solely on fire recovery cases because the Department of Justice recognizes the value of these cases to the taxpayers,” stated Associate Attorney General O’Connor.

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