



November 5, 2012

Dr. Benjamin Tuggle  
Regional Director  
U.S. Fish and Wildlife Service  
Southwest Regional Office  
P.O. Box 1306  
Albuquerque, NM 87103-1306

Subject: lesser prairie-chicken

Dear Dr. Tuggle:

We understand that the U.S. Fish and Wildlife Service (Service) is currently developing a decision whether to propose to list the lesser prairie-chicken (prairie-chicken) under the Endangered Species Act. The decision on the prairie-chicken presents the Service with an opportunity to offer an innovative way forward for candidate species that will support species conservation while providing companies certainty. The Service can forge this new path for the prairie-chicken by supporting the use of habitat credit exchanges between companies and landowners.

The recent success of the Texas Conservation Plan (TCP) in contributing to a not-warranted finding for the dunes sagebrush lizard (lizard) offers the Service a valuable example of how to tap habitat credit exchanges for species conservation. The approach used in the TCP includes the full mitigation hierarchy of avoidance, minimization and compensatory mitigation, and designates habitat credit exchanges as the means for compensatory mitigation. Through habitat credit exchanges, landowners earn income by generating and selling credits (representing conservation actions on their land) to companies. And the companies, through participation in the TCP and purchase of credits, receive both regulatory assurances and operational certainty. To date, a partnership among companies, landowners, the Service, and the state of Texas has enrolled over 70 percent of the lizard's habitat in these exchanges. Such widespread support for this approach is evidence of how it can transform species conservation.

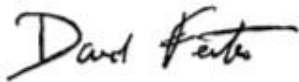
As you prepare your decision on the prairie-chicken, we recommend that the Service indicate its support for using a range-wide habitat credit exchange program, just as the Service did for the lizard, as a tool for species conservation. This exchange program can quickly engage

stakeholders and implement conservation actions in a way that is consistent, measurable, transparent and fair. Thus, it offers an excellent opportunity to support the viability of the species and garner public support for species conservation. Putting the prairie-chicken on a positive trajectory, insuring its future sustainability and avoiding ESA listing is a clear win for the species, as well as landowners, energy companies and other stakeholders.

We look forward to supporting the Service and becoming your partner in developing and implementing a range-wide habitat credit exchange program for the prairie-chicken, as we believe that such an exchange program is the most efficient and effective way of putting this species on a positive path relatively quickly and sustainably.

Thank you for your consideration of this request. I would be happy to provide you with supporting information or answer any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "David Festa". The signature is written in a cursive, flowing style.

David Festa  
Vice President, West Coast & Land, Water and Wildlife

cc: Allison Arnold  
Michael Bean  
Joy Nicholopoulos  
Michelle Shaughnessy

## **Principles for Habitat Credit Exchanges for Threatened, Endangered, Candidate and Otherwise At-Risk Species**

1. **Scale:** Conservation actions should be aggregated across the landscape in ways that address the needs of target species, in particular wide ranging species. Current conservation banks are scattered across landscapes and occupy relatively small acreages. Wide ranging species require a network of relatively intact habitat which may cut across multiple ownerships. Therefore, habitat credit exchange (HCE) strategies should be based on landscape scale conservation planning efforts, and should take into consideration landscape context.
2. **Participation and cost of implementation:** Efforts should be made to minimize administrative costs and to encourage participation of a wide range of landowners including formal conservation banks and owners and managers of working lands (farms, ranches and forests).
3. **Term limited and permanent credits:** HCE programs should allow for term credits to mitigate for term impacts and permanent credits to mitigate for permanent impacts.
4. **Science-based quantification tools:** HCE programs utilize quantification tools to calculate the ecological value of both credits and debits at the site level. These quantification tools should be developed using the best science available and when possible should apply anywhere within the geographic range of a species to promote consistency and standardization.
5. **Aggregation:** HCE programs should, through the program administrator, enable credits to be aggregated into larger (or smaller) pools so that credits can be sold in units desirable by the buyer. Aggregation can also enable smaller landowners to participate and thereby facilitate the conservation of large landscapes comprised of many relatively smaller parcels of land.
6. **The components of HCE programs should be transparent to the public and participants, and be consistent and fair to all participants.**
7. **HCE programs should include monitoring, verification, reporting, and credit inventory and tracking methodologies as vital components. These components should function seamlessly within the system so that transaction costs can be kept to a minimum.**

8. HCE programs should be structured such that buyers and sellers compete for the sale and purchase of credits. This will help ensure that the maximum amount of conservation is achieved per dollar invested. It will also ensure that expenses such as program administration, habitat management, and compliance and biological monitoring are adequately funded and costs are shared broadly amongst all participants.
9. Collaborative opportunities with conservation bankers should be identified and implemented so as to maximize the efficiency and effectiveness of HCE Programs.