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Plaintiffs sought declaratory and injunctive relief to prevent further logging, begun pursuant to contract with the United States Forest Service, by the private defendants in the Boundary Waters Canoe Area (BWCA). Finding that certain activities of the defendant Forest Service required the preparation of an Environmental Impact Statement (EIS) in compliance with the National Environmental Policy Act (NEPA), the federal district court enjoined logging operations until the statement had been prepared. Sitting en banc, the Court of Appeals for the Eighth Circuit affirmed and held: The Forest Service's modification or extension of some of the contracts and its supervision of defendant's day-to-day logging activities constitute major federal action significantly affecting the quality of the human environment within the purview of NEPA.

The National Environmental Policy Act was the product of ten years of congressional interest and discussion. To give substance to the new

1. The Boundary Waters Canoe Area of northern Minnesota is part of the Superior National Forest. Its 1,060,000 acres of lakes, streams, and trees make the Area a natural resource of great beauty. Along with the adjoining Canadian Quetico-Superior Forest, it forms the world's only canoe wilderness area. Minnesota Pub. Interest Research Group v. Butz, 498 F.2d 1314, 1316 (8th Cir. 1974).
3. Minnesota Pub. Interest Research Group v. Butz, 358 F. Supp. 584, 630 (D. Minn. 1973). The defendants included the Secretary of Agriculture, the U.S. Forest Service, various wood and paper product manufacturing corporations, and a group of independent loggers. Id. at 597-604. The Forest Service administered the BWCA Management Plan under which private groups were sold rights to remove timber from the BWCA. Id. at 604-09. Logging operations began prior to January 1, 1970, the effective date of NEPA. After that date, however, the Forest Service extended and modified some of the sales contracts and exercised general supervision over the logging operations. Id.
5. See generally F. Anderson, NEPA IN THE COURTS (1973) [hereinafter cited as Anderson]. The major policy statements of the Act are found in section 101 of the Act, 42 U.S.C. § 4331 (1970). Title II of the Act, 42 U.S.C. §§ 4341-47 (1970), commits to the President the responsibility for overseeing the effectiveness of the legislation and reporting to Congress on his findings. The Council on Environmental Quality was created to assist the President in this task.
policy provisions, Congress included "action-forcing" provisions that re-
quired federal agencies to review certain current and proposed actions
and prepare written statements assessing the possible environmental
impact of the actions. While section 101 of NEPA contains the pri-
mary policy statement, most litigation has been generated by the action-
forcing provisions of section 102, particularly the section 102(2)(C)
requirement that agencies prepare an EIS on proposals for "major Fed-
eral actions significantly affecting the quality of the human environment

Litigation under section 102(2)(C), challenging agency decisions
not to prepare an EIS, has resulted in the development of two stand-
ards of judicial review of the agency action. The Second Circuit has
adopted the "arbitrary and capricious" standard of the Administrative
Procedure Act10 (APA), a standard giving great deference to the
"threshold" agency decision not to prepare an EIS.11 The Fifth and

6. SENATE COMM. ON INTERIOR AND INSULAR AFFAIRS, NATIONAL ENVIRONMENTAL
If goals and principles are to be effective, they must be capable of being ap-
plied in action. S. 1075 thus incorporates certain action forcing provisions and
procedures . . .

The "action-forcing" provisions are found in subsections 102(2) (A)-(H) of the Act, 42
U.S.C. §§ 4332(2)(A)-(H) (1970). The most important of these provisions states:
The Congress authorizes and directs that, to the fullest extent possible . . .
(2) all agencies of the Federal Government shall—

. . .
(C) include in every recommendation or report on proposals for legislation
and other major Federal actions significantly affecting the quality of the hu-
man environment, a detailed statement by the responsible official on—
(i) the environmental impact of the proposed action,

7. 42 U.S.C. § 4332(2)(C) (1970), quoted in note 6 supra; see also ANDERSON
57.
9. This litigation has focused on the construction of the statutory language "major
federal action significantly affecting the quality of the human environment." See, e.g.,
Wyoming Outdoor Coord. Council v. Butz, 484 F.2d 1244 (10th Cir. 1973); Save Our
The adequacy of statements has also been challenged in litigation focusing on the re-
Defense Fund, Inc. v. Corps of Eng'rs, 470 F.2d 289 (6th Cir. 1972), cert. denied, 412
U.S. 931 (1973); Committee for Nuclear Responsibility, Inc. v. Seaborg, 463 F.2d 783
(D.C. Cir. 1971); Natural Resources Defense Council, Inc. v. Morton, 458 F.2d 827
(D.C. Cir. 1972); Sierra Club v. Froehlke, 345 F. Supp. 440 (W.D. Wis. 1972), aff'd,
486 F.2d 946 (7th Cir. 1973).
11. Hanly v. Kleindienst, 471 F.2d 823, 829-30 (2d Cir. 1972), cert. denied, 412
U.S. 908 (1973):
Tenth Circuits, relying on *Citizens to Preserve Overton Park, Inc. v. Volpe,* 12 have adopted a "reasonableness" standard, which allows a more penetrating judicial review of the agency decision. 13 The difference between the two standards as applied is minimal, however. Even those courts adopting the "arbitrary and capricious" standard have thoroughly examined the agency decision. 14 The trend thus appears to be in the direction of careful judicial scrutiny of the agency's determination not to prepare a statement. 15

We see no reason for application of a different approach here since the APA standard permits effective judicial scrutiny of agency actions and concomitantly permits the agencies to have some leeway in applying the law to factual contexts in which they possess expertise.


12. 401 U.S. 402 (1971). Construing section 4(f) of the Department of Transportation Act, 49 U.S.C. § 1653(f) (1970), which mandates that transportation plans must "include measures to maintain or enhance the natural beauty of the lands traversed," the Court in *Overton Park* developed a "substantial inquiry" standard of review, which allowed judicial inquiry beyond the question whether the agency's action was arbitrary and capricious.

13. The Fifth Circuit was the first to adopt a "reasonableness" standard. *Save Our Ten Acres v. Kreger,* 472 F.2d 463 (5th Cir. 1973) (action to enjoin construction of federal office building). The court stated:

> [The agency's] decision should have been court-measured under a more relaxed rule of reasonableness . . . .

> . . . The spirit of the Act would die aborning if a facile, ex parte decision that the project was minor or did not significantly affect the environment were too well shielded from impartial review.


Courts have used various methods of analysis in construing the phrase 
"major Federal action significantly affecting the quality of the human 
environment." Courts have found agency action to be within the cover-
age of NEPA in cases involving highway construction, dams and 
watershed projects, electric power projects, and building construc-

The better-reasoned cases seem to favor the substantial inquiry test, and, 
while the issue is as yet unresolved, it would appear that the courts will assume 
an ever-increasing role in scrutinizing agency decisions that a particular action 
is not a major federal action significantly affecting the quality of the human 
environment.

See Arizona Pub. Serv. Co. v. FPC, 483 F.2d 1275, 1282 (D.C. Cir. 1973); Environmental 
Defense Fund v. TVA, 468 F.2d 1164, 1177 (6th Cir. 1972); Greene County 
Planning Bd. v. FPC, 455 F.2d 412, 420 (2d Cir.), cert. denied, 409 U.S. 849 (1972); 

16. The question whether an action is "federal" is beyond the scope of this Com-
ment. It should be noted, however, that the courts have readily found federal action, 
See Hanks & Hanks, An Environmental Bill of Rights: The Citizen Suit and The Na-

The Act is limited to federal activities—a limitation perhaps not quite as 
serious as it may at first appear. Many state, local and private environmental 
activities have some not insubstantial nexus to a federal department or agency. 
Arguably, such a nexus may suffice for applicability of the Act.

See also ANDERSON 57-73.

MPIRG may be the first case to raise the question whether a major federal action 
could significantly affect the environment but not the "human" environment. The 
court dismissed this contention in one paragraph, 498 F.2d at 1322, and it seems doubt-
ful that the issue will receive more serious treatment in other cases.

17. See, e.g., Steubing v. Brinegar, 511 F.2d 489 (2d Cir. 1975); Conservation Soc'y 
of S. Vt., Inc. v. Secretary of Transp., 508 F.2d 927 (2d Cir. 1974), petition for cert. 
May 9, 1975) (No. 74-1413); Lathan v. Brinegar, 506 F.2d 677 (9th Cir. 1974); Brooks v. 
Volpe, 460 F.2d 1193 (9th Cir. 1972); Arlington Coalition on Transp. v. Volpe, 458 
F.2d 1323 (4th Cir.), cert. denied, 409 U.S. 1000 (1972); Named Individual Members 
of the San Antonio Conserv. Soc'y v. Texas Highway Dep't, 446 F.2d 1013 (5th Cir. 

18. See, e.g., Trout Unltd. v. Morton, 509 F.2d 1276 (9th Cir. 1974); Sierra Club 
v. Stamm, 507 F.2d 788 (10th Cir. 1974); Environmental Defense Fund, Inc. v. Corps 
of Eng'rs, 492 F.2d 1123 (5th Cir. 1974); Environmental Defense Fund, Inc. v. Corps 
of Eng'rs, 470 F.2d 289 (8th Cir. 1972), cert. denied, 412 U.S. 931 (1973); Environ-
mental Defense Fund v. TVA, 468 F.2d 1164 (6th Cir. 1972); Environmental Defense 
Fund, Inc. v. Armstrong, 352 F. Supp. 50 (N.D. Cal. 1972), aff'd, 487 F.2d 814 (9th 
Cir. 1973); National Resources Defense Council, Inc. v. Grant, 341 F. Supp. 356 (E.D. 
N.C. 1972); Environmental Defense Fund, Inc. v. Corps of Eng'rs, 324 F. Supp. 878 

19. See, e.g., Sierra Club v. Hodel, 511 F.2d 526 (9th Cir. 1974); Union of Con-
cerned Scientists v. AEC, 499 F.2d 1069 (D.C. Cir. 1974); Jicarilla Apache Tribe of 
Indians v. Morton, 471 F.2d 1275 (9th Cir. 1973); Greene County Planning Bd. v. FPC, 
455 F.2d 412 (2d Cir.), cert. denied, 409 U.S. 849 (1972); Scenic Hudson Preservation 
Conf. v. FPC, 453 F.2d 463 (2d Cir. 1971), cert. denied, 407 U.S. 926 (1972); Citizens
tion. Beyond these factual groupings, courts have been inconsistent in finding agency action to be major and significant. Some courts have chosen a definitional approach, finding agency action to be “major” if it “requires substantial planning, time, resources or expenditures,” or if the agency retains any significant discretionary powers.


or, following a narrower view, "only when a project is wholly or partly federally funded." The courts have also disagreed whether the words "major" and "significantly" should be construed separately (the bifurcated approach) or together. None of these methods of analysis, however, have produced consistent results. Perhaps the most accurate conclusion is that the existence of "major Federal action" must be determined in each case by "a judgment based on the circumstances of a proposed action."27

The majority in Minnesota Public Interest Research Group v. Butz28 relied on the policy considerations underlying NEPA to support the first two stages of its opinion. First, the majority found that the concern for environmental disclosure in NEPA was so great that an agency should have little discretion in its decision to prepare an EIS.29 Having


Defendants claim that the term "major Federal action" refers to the cost of the project, the amount of planning that preceded it, and the time required to complete it, but does not refer to the impact of the project on the environment.

We agree with the defendants that the two concepts are different . . . .


This is not, however, a well developed area, for agencies have generally conceded that a project was major and argued instead that it created no significant effect on the environment. See Goose Hollow Foothills League v. Romney, 334 F. Supp. 877, 879 (D. Ore. 1971). As a result, few courts have considered the question.
28. 498 F.2d 1314 (8th Cir. 1974).
29. Id. at 1320:

Section 102(1) of the Act contains a Congressional direction that environmental factors be considered "to the fullest extent possible." An initial decision not to prepare an EIS precludes the full consideration directed by Congress. In view of the concern for environmental disclosure present in NEPA, the agency's discretion as to whether an impact statement is required is properly exercised only within narrow bounds.
concluded that a reviewing court was not committed by law to the “arbitrary and capricious” standard, the court adopted a standard of “reasonableness in the circumstances.”30 Second, relying on the Council on Environmental Quality Guidelines 5 and 11,31 the court stated that the bifurcated approach32 “does little to foster the purposes of the Act,”33 and determined that it would consider the “magnitude of the federal action” together with “its impact on the environment.”34

In the third stage of the opinion, the majority used its “reasonableness under the circumstances” standard to scrutinize the Forest Service determination that its actions were neither major nor significant. The court adopted, without question, the district court’s findings that logging significantly affected the BWCA.35 The court considered only the involvement of the Service in the logging operations, and, after listing the supervisory activities of the Service,36 the court concluded that the agency’s activities were as “significant” as those found to be major federal action in prior cases in which agencies had authorized actions by private parties.37 In particular, the majority noted that the Service’s income from the logging contracts was “clearly inadequate to finance the [required] reforestation program.”38

The dissent, pointing out that the Forest Service actions when viewed alone were very minor,39 called for a narrow standard of review

30. Id.
32. See cases cited note 25 supra and accompanying text.
33. 498 F.2d at 1321.
34. Id.
35. Id. at 1322.
36. Id.: The Forest Service has been significantly involved with these timber sales . . . . Its contracts require it to, inter alia, approve locations of timber roads, logging camps and buildings; mark the trees to be cut; and negotiate payment for the timber cut. In addition, it extended six of the sales after the effective date of NEPA and made contract modifications with the consent of the purchasers on seven of the sales.
37. Id. at 1323:
  These actions were as significant in the context of these timber sales as was the approval of a right-of-way and coal stack heights found to be major federal action in Jicarilla Apache Tribe of Indians v. Morton [471 F.2d 1275 (9th Cir. 1973)], and the clear cutting of some 670 acres of timber pursuant to Forest Service sales found to be major federal action in Wyoming Outdoor Coordinating Council v. Butz [484 F.2d 1244 (10th Cir. 1973)].
38. Id. at 1322-23.
39. Id. at 1325.
giving great judicial deference to agency expertise. Although arguing for reversal, the dissenters were more concerned that the majority had overstepped the bounds of the judicial role than with the result in this particular case.

Neither of the opinions showed a full understanding of the applicable case law. By citing cases in which agency approval of action by private parties was found to be major federal action, the majority relied on, but did not adequately explore, the licensing/permit analysis. Agency approval or licensing of major action by private parties should suffice to meet the statutory requirement of major federal action. When the federal activity is limited to licensing and supervision, any rational measure of the magnitude of the federal action must include the private action that is authorized. The majority, however, failed to look to the activities of the private contractors to determine whether the logging operations were “major,” and had to exaggerate the supervisory activities of the Forest Service in order to fit the facts and result in the case to the statutory language. As a result, the court implicitly held that the agency action was major because it was significant, thus effectively reading the word “major” out of the statute.

The majority’s analysis also rejected separate review of whether an agency action is “major” and whether it “significantly affects” the environment. The bifurcated approach, nevertheless, seems eminently sensible. Since the private action that has been licensed is usually

40. Id. at 1326.

These developments, however praiseworthy, should not lead courts to exercise equitable powers loosely or casually whenever a claim of “environmental damage” is asserted. The world must go on and new environmental legislation must be carefully meshed with more traditional patterns of federal regulation. The decisional process for judges is one of balancing and it is often a most difficult task.

42. 498 F.2d at 1323.

[There is “Federal action” within the meaning of the statute not only when an agency proposes to build a facility itself, but also whenever an agency makes a decision which permits action by other parties which will affect the quality of the environment.]

In Davis v. Morton, 469 F.2d 593, 597 (10th Cir. 1972), the court stated that “the only involvement necessary by the federal government to constitute major federal action is approving or licensing the project . . . .”

44. As the court in Julis v. City of Cedar Rapids, 349 F. Supp. 88, 89 (N.D. Iowa 1972), stated:
of sufficient magnitude, it seems clear that the anomaly suggested by the majority of a "'minor federal action significantly affecting the quality of the human environment'" would not occur. By rejecting the bifurcated approach and failing to consider first whether the action is major, the court twisted the language of the statute. If the bifurcated approach is rejected, one commentator has suggested replacing it with a "sliding scale" test. Under this suggested test, as the significance of the environmental impact of the proposed project increases, the amount of federal involvement necessary to require the filing of an EIS decreases. Despite a disclaimer by the author, this proposed test also risks requiring an EIS without an independent determination that the action is major. Such a sliding scale would, however, undoubtedly produce results consistent with the general willingness of the courts to find that an EIS is required. Nonetheless, the analytical weakness of the sliding scale test and the strained statutory construction and imprecise reasoning of Minnesota Public Interest Research Group v. Butz can be avoided by adoption of the licensing/permit method of analysis.

Although its analysis might have been clearer, the Minnesota Public Interest Research Group v. Butz majority decision was consistent with the judicial view of NEPA as an "environmental full-disclosure law."
Chief Justice Burger has warned the judiciary against stepping into this role of policy-maker, but the extensive line of NEPA cases granting injunctions pending preparation of an EIS will not be overturned without action by Congress or the Supreme Court.


53. This conclusion is particularly true if one accepts the view of one commentator who thinks that all of the procedural questions of 42 U.S.C. § 4332 (1970) have been settled by the courts and that we are entering a "second generation" of NEPA cases which will recognize that § 4331 creates substantive rights. See Yarrington, Judicial Review of Substantive Agency Decisions: A Second Generation of Cases Under the National Environmental Policy Act, 19 S.D.L. Rev. 279 (1974).