

Oregon State University Extension Service

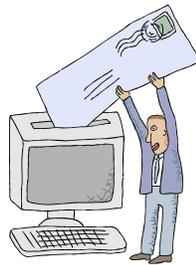
Blue Mountains Renewable Resources Newsletter

Vol. 28, No 2 Spring 2012

Paul Oester, Extension Forester ■ OSU Union County Extension Service ■ 541-963-1061 ■ Paul.T.Oester@oregonstate.edu
10507 N McAlister Rd, Ste. 9 ■ La Grande, OR 97850 ■ ph 541-963-1010 ■ fax 541-963-1036
Website: <http://extension.oregonstate.edu/union/index.php>

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Please email Sherry Nantz at:
sherry.nantz@oregonstate.edu
to be added to the list of individuals who receive this newsletter electronically. We are trying to reduce costs and be more efficient with our paper use.



Upcoming Events:

Wallowa County Wood Marketing Twilight Tour

When: 3:00 PM to 8:00 PM, Thursday, June 21, 2012

Where: Meet at the Oregon Department of Forestry Office, Highway 82, in Wallowa

What: A tour to highlight new and old ways of thinking about what to harvest and how this relates to the variety of new wood markets developing in Wallowa County.

- ▶ We'll start by visiting a pilot thinning project on the John and Cheryl Peel property to discuss how to harvest and treat wood for different markets. Discussion will focus on new ways of thinking about types of sorts to consider and how new markets

are changing the way we think about what is removed and what is left on a site.

Butch Tansey is the contractor.

- ▶ Following this stop we'll visit the new Integrated Biomass Campus near Wallowa to hear the vision and see and discuss wood needs for multiple products. We will observe several aspects of this operation, including firewood, post and pole, dry kiln and possibly a chipper and debarker.
- ▶ Then, we will travel to three small sawmill sites. Jim Zacharias has a mill in Joseph, then on to Drew Mahon/Joseph Goebel's mill (tentative based on location) and to Woody Wolfe/ Don Wentz's mill (tentative) operation near Wallowa. For each location, we'll see and talk about what they produce and what species and sizes of logs they are interested in (log specs).
- ▶ A log buyer from Boise will also be on hand to talk about current log markets, what they are buying and short term projections.
- ▶ Participating in the program will include Nils Christoffersen, Wallowa Resources; David Schmidt, Integrated Biomass Resources, LLC; Rick Wagner, Oregon Department of Forestry; Butch Tansey, Tan-

Best Regards,

Paul Oester, Extension Forester
Umatilla, Union & Wallowa Counties

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sey Forest Management; John and Cheryl Peel, as well as the sawmill owners listed above.

This tour is designed for woodland owners, loggers, contractors or anyone interested in how small wood markets are evolving in Wallowa County. We'll be treated by having a group of International Fellows from the World Forest Institute participating in the tour as well.

Sponsors: OSU Extension Service, Wallowa Resources and Oregon Department of Forestry Please bring your own snacks and water and be prepared for inclement weather. We will car pool from the ODF Office. More information is available by calling the OSU Extension Service Union County Office at 541-963-1010.

Hope you can make it!

Please pre-register by Tuesday, June 19th. See page 13 for a Registration form.

2012 Forest Health Tours

- ▶ **Wednesday, July 25, 2012** **La Grande or Enterprise (location depends on what we can find to show)**
- ▶ **Friday, July 27, 2012** **John Day**
Featuring the Pine Butterfly & Western Spruce Budworm
- ▶ **(TBD)** **Bend**
- ▶ **Mid-October** **Corvallis**

These tours will feature locally important forest pests, including bark beetles, root diseases, dwarf mistletoe, needle diseases, stem rots and others. The goal is to help participants improve their diagnosis skills and learn how to identify and manage forest pests they might encounter on their property.

More details to follow.

Instructors:

- Dave Shaw, OSU Extension Forest Health Specialist
 - Paul Oester, Extension Forester
- More information will become available as we get closer to those dates.

The following is information you may be interested in for personal training. These are fee based classes from a private contractor.

Fire Protection & Safety- June 14th & 15th \$60 per person

Training on practical ways to protect your homes and property from wild or home fires. Fire fighting techniques and equipment usage with evacuation procedures to save lives.

On June 14th the class room portion will be held from 1pm-5pm.

Class at the OSU Extension Service, Conference Room
10507 N. McAlister Rd.
La Grande, OR. 97850

On June 15th the field portion of the class will be held from 8am-12pm.

Field class will be held at:
The Circle H
73260 Gordon Creek Rd.
Elgin, OR. 97827

Minors Operating Equipment-Certified Course- August 23rd \$45 per person

Certified class for minors operating agriculture equipment.

On August 23rd the class room portion will be held from 8am-11am.

Class at the OSU Extension Service, Conference Room
10507 N. McAlister Rd.
La Grande, OR. 97850

There will be an hour lunch break and an hour travel time to the field.

On August 23rd the field portion will be held from 2pm-5pm.

Field class will be held at:
The Circle H
73260 Gordon Creek Rd.
Elgin, OR. 97827

To sign up for classes or questions please call Elite Safety Companies, Inc. at 877 413-3548 James Ingledue/Rick Faulkner

Or the Circle H at 541 437-0122 Kenny Faulkner

Complex Biomass Project Preps For Its Next Stage

(one feature of our June 21st tour)
 an article by Rocky Wilson, February 22,
 Wallowa Chieftain.)

WALLOWA - A decade-long project to insert new hope into Wallowa County's lagging timber industry will reach a new level of fruition by late April when Integrated Biomass Resources (IBR) LLC, of Wallowa, launches its operations at a new site, the former Wallowa Forest Products mill site three miles west of the City of Wallowa.

David Schmidt, who owns IBR along with wife Jesse, hopes that by the end of April electrical generators now sitting at the site will be functional and creating power both to fuel IBR's many-faceted operation and potentially provide power for other businesses that could locate at the spacious site in the future.

Three entities are paying for the more than \$1.5 million project that will be staged on property Wallowa County just purchased from Wallowa Forest Products LLC for \$600,000. Those three are the U.S. Department of Energy, which has invested \$500,000; the Oregon Department of Energy, which contributed

\$250,000; and \$800,000 from private investors. Those private investors include the owners of IBR, who used their own funds to launch the project for two years before any government money was involved; the not-for-profit arm of Wallowa Resources, Community Small Wood Solutions LLC; and other investors.

Always advanced with the idea of creating new jobs in Wallowa County, the complex series of events launched at Joseph Forest Products in 2001, later resurfaced within the City of Wallowa in 2005 when Community Small Wood Solutions opened a post-and-pole operation. The operation's small log processing plant now employs 16 people and that number could double within the "next couple years" if goals are met, says David Schmidt. And that doesn't include new forest-related jobs that could be created as the demand for truckloads of small logs (approximately six to eight inches at the butt and three inches at the top) shipped to the Wallowa County Integrated Biomass Energy Campus, over time, is increased fourfold from two to eight loads each day. According to Wallowa County Commissioner Mike Hayward, "I think when the project is fully built out we could see as many

Delivered

LOG MARKET REPORT *\$/1,000 board feet*

May 15, 2012

Umatilla/Pendleton								
Douglas-fir /Larch	Ponderosa Pine				Grand fir /White fir	Lodgepole Pine	Engelmann Spruce	Pulp/Chip Logs
	9-11"	12-17"	18-23"	24"+				
285-310	300	370	400	430	265	255	255	35-40/ton
La Grande/Elgin/Joseph								
Douglas-fir /Larch	Ponderosa Pine				Grand fir /White fir	Lodgepole Pine	Engelmann Spruce	Pulp/Chip Logs
	6-11"	9-11"	12-17"	18"+				
330-335	235	320	340	370	240	240	240	call
Burns/John Day								
Douglas-fir /Larch	Ponderosa Pine				Grand fir /White fir	Lodgepole Pine	Engelmann Spruce	Pulp/Chip Logs
	8-11"	12-17"	18-23"	24"+				
8"+ 320	270	375	410	440	10" + 260	—	—	25-30
<i>Source: Oregon Log Market Report, Editor John Lindberg, ph 360-693-6766, fax 360-694-8466, logmkt@comcast.net</i>								

as 15 to 20 new or retained jobs within the woods."

Another county commissioner, Susan Roberts, who's been actively involved in local politics for more than two decades including a 12-year stint as mayor of the City of Enterprise, underscores the relevance of this project in these words of excitement. "For once in my entire political life, I can actually be part of something that creates jobs."

The mastermind behind the entire project, a description he might cringe at and inwardly acknowledge as true, is Nils Christoffersen. Christoffersen, an employee of Wallowa Resources since 1999 who became its executive director in 2007, knows every aspect of the complex project and is not hesitant to talk about it. On Feb. 14 Christoffersen shared the project with the regional forester of the U.S Forest Service, in Portland, and the forest supervisor of the Wallowa-Whitman National Forest, in Baker City via video teleconference. Christoffersen says the two were duly impressed with the undertaking. When they asked what they could do to help, Christoffersen encouraged them to cut more trees.

Presently, according to USFS data, 943,000 acres of the Wallowa-Whitman National Forest are classified as overstocked and during the course of the last 20 years the USFS has spent more than \$145 million on wildfire suppression within Wallowa County alone.

Christoffersen's assistant, Walla Walla native Wynne Auld, whose title is renewable energy projects manager, gets excited when talking about the unique nature of the Wallowa County Integrated Biomass Energy Campus project. She suggests this project, if successful, could be extremely beneficial for other communities that have had their logging lifeblood taken away because small-scale timber harvests, at least until now, always have been termed as something that's not economically viable. And that's a myth Christoffersen, Auld, and others from Wallowa County are trying to dispel.

In April 2011, IBR purchased Community Small

Wood Solutions from Upstream 21, a Portland-based company Schmidt formerly worked for that had owned the post-and-pole plant in Wallowa for four years.

Even today, says Christoffersen, IBR continues to sell post-and-pole products, truckloads of bundled firewood, and residuals under the name of Community Small Wood Solutions. The main product sold under the IBR name is densified heat logs made from woody biomass.

Former Wallowa Mayor Ron Gay, who submitted a letter of support for the project (as has current Mayor Ron Philbrook), says more than 100 truckloads of bundled firewood were shipped from the plant in 2011 to such large grocery chains as Associated Foods, in Salt Lake City, and Quality Food Center, based in Seattle.



Wallowa County purchased 77 acres for the project and, in spite of the fact that IBR only will use about 25 acres itself, IBR is subleasing all 77 acres from the county. Christoffersen says both an operation that compresses hay for exporting purposes and a large greenhouse operation already have expressed interest in possibly moving to the new campus. They would avail themselves of the excess electrical power the new generators will produce.

Christoffersen says government grants will pay for the new equipment while private funds will be used primarily for the design, engineering, and construction of the project, including automated equipment IBR bought from a former sawmill in North Powder. He adds that it could take three months beyond the end of April to get that automatic machinery from North Powder in operation.

Yet one more piece of the puzzle will be added by Pacific Power, of Portland, which has gone on record to add up to \$80,000 to the project through its Blue Sky program. Christoffersen, who anticipates those funds might arrive in June, says the \$80,000 will go directly to Community Small Wood Solutions, which will retain legal ownership over the energy-producing generators.

Douglas-fir tussock moth defoliation increases in the Blue Mountains

Paul Oester and Dave Shaw, OSU Extension Service

This article was originally written by Glenn Kohler, Entomologist, Washington Department of Natural Resources and has been revised for this newsletter.

In the summer of 2011, forested areas with new defoliation caused by Douglas-fir tussock moths were detected in the Blue Mountains by the U.S. Forest Service, the Washington State Department of Natural Resources (DNR), and the Oregon Department of Forestry (ODF).

Through the agencies' aerial surveys, light defoliation was mapped across 9,000 acres of the Umatilla National Forest in Washington (7,800 acres) and Oregon (1,200 acres). Most of the defoliation occurred in the Wenaha-Tucannon Wilderness Area but may spread and increase in severity in 2012. The damage was typically light, with the top third of the crown most heavily defoliated.

Another tussock moth outbreak that affected 1,600 acres in eastern Spokane County in 2011 will likely collapse in 2012. In northern Idaho, approximately 68,000 acres with tussock moth defoliation were recorded in 2011. In parts of northern Idaho, the outbreak may spread and increase in severity in 2012.

The damage primarily affects grand fir, subalpine fir, Douglas-fir, and some spruce. Douglas-fir tussock moth has a few characteristics to remember:

- Caterpillars feed on both new and old foliage.
- Defoliation damage can reduce growth, cause top-kill, and may predispose some trees to attack by bark beetles.
- Repeated defoliation is most damaging to trees.
- It is important to remember that defoliated trees observed in the summer and fall are not necessarily dead.

- If a tree is able to form buds that survive the winter, needles will develop in the spring.
- Recreation can also be affected in areas with tussock moth present because the hairs found on caterpillars, cocoons, and egg masses are a skin irritant to many people.

The last outbreak in the Blue Mountains occurred from 2000-2002. Outbreaks typically collapse within two to four years due to a buildup of natural enemies, such as a viral disease and parasites.

To evaluate management options, the Oregon Department of Forestry (ODF) and Washington

Department of Natural Resources (WDNR) can assist forest and woodlot property owners in the affected areas who observe Douglas-fir tussock moth egg masses or tree damage. New defoliation damage becomes most noticeable in July and is often worst in the tops of trees. To report tussock moth damage or for more information,

please contact your state's Forest Entomologist: Glenn Kohler (Washington DNR), 360-902-1342, glenn.kohler@dnr.wa.gov or Rob Flowers (ODF), 503-945-7396, rflowers@odf.state.or.us.

To reduce potential tree damage in future outbreaks, susceptible stands can be thinned to favor non-host species and increase spacing between host trees that are retained. Because severely defoliated trees may recover, thinning and salvage is best done following the outbreak. This will also reduce worker's exposure to irritating caterpillar hairs. Early in the outbreak, the application of labeled insecticides on high-value stands can reduce tree damage and may prevent an outbreak's spread.

Detailed information on how to recognize Douglas-fir tussock moth damage, maps and images are available at ODF or DNR websites: <http://www.oregon.gov/ODF/privateforests/fh.shtml> and <http://1.usa.gov/2z8nkG>



Mature larvae photo by Glenn Kohler

Sources of Current Insect and Disease Aerial Survey Information

Paul Oester and Dave Shaw, OSU Extension Service

The following information was originally developed by the Oregon Department of Forestry Private Forests Forest Health team.

2011 Statewide Aerial Survey Maps, GIS Data, and Area Reports:

Printed maps and area reports were distributed to ODF offices and other cooperators in late February 2012. A questionnaire regarding survey products is included and if you are interested you can complete and return it. All survey information is currently available on the Forest Health page; area reports are also available through ODFnet.

Forest Health page: <http://www.oregon.gov/ODF/privateforests/fhMaps.shtml>

ODFnet: <http://odfnet.odf.state.or.us/PF/ReferenceLi->

[brary/2011AerialSurveySummaryNWOA.docx;](http://odfnet.odf.state.or.us/PF/ReferenceLi-brary/2011AerialSurveySummaryNWOA.docx)

<http://odfnet.odf.state.or.us/PF/ReferenceLi->

[brary/2011AerialSurveySummarySOA.docx;](http://odfnet.odf.state.or.us/PF/ReferenceLi-brary/2011AerialSurveySummarySOA.docx)

<http://odfnet.odf.state.or.us/PF/ReferenceLi->

[brary/2011AerialSurveySummaryEOA.docx](http://odfnet.odf.state.or.us/PF/ReferenceLi-brary/2011AerialSurveySummaryEOA.docx)

Swiss Needle Cast Survey Maps, GIS Data, and Trends:

Information on Swiss needle cast has been updated and is available on the Forest Health page.

<http://www.oregon.gov/ODF/privateforests/fhMaps.shtml>

Update on Sudden Oak Death:

Information on sudden oak death (SOD) and the current quarantine area in southwest Oregon is available on the Forest Health page.

<http://www.oregon.gov/ODF/privateforests/fhInvasives.shtml>

Insect Defoliator Outbreaks:

Large outbreaks of insect defoliators have recently occurred in areas of Eastern Oregon. A

field workshop is being planned in cooperation with OSU Extension and the USDA-FS to re-view affected areas; it is set for July 27 in John Day. This educational program is available to landowners and anyone interested in learning about defoliators. If you would like more information, as well as get on the mailing list, please contact: Paul Oester at 541-963-1061 or Dave Shaw at 541-737-2845. More information on these outbreaks can be found below.

ODFnet: <http://odfnet.odf.state.or.us/PF/ReferenceLi->

[brary/2011OregonDefoliatorReport.docx](http://odfnet.odf.state.or.us/PF/ReferenceLi-brary/2011OregonDefoliatorReport.docx)

Pine butterfly on OPB: <http://www.opb.org/programs/ofg/segments/view/1807>

DF tussock moth press release: <http://www.oregon.gov/ODF/newsroom/>

[newsreleases/2012/NR1205.shtml](http://www.oregon.gov/ODF/newsroom/newsreleases/2012/NR1205.shtml)

For questions you can contact the following:

Rob Flowers, Alan Kanaskie, and Mike McWilliams ODF Private Forests - Forest Health / Insects and Diseases

503-945-7396; 503-945-7397; 503-945-7395

<http://www.oregon.gov/ODF/privateforests/fh.shtml>

Guide to help private forestland owners with stream improvements available

Kevin Weeks, ODF Public Affairs

An updated 24-page guide to help private forestland owners to improve fish habitat in their streams was recently released by the Oregon Department of Forestry (ODF).

The 2012 edition of the "Private Forest Landowners and the Oregon Plan" guide is available in electronic form on the ODF web site: http://www.oregon.gov/ODF/privateforests/docs/Oregon_Plan_PFGuide.pdf

The publication lists several voluntary measures that forest landowners can take, beyond the basic requirements in the Oregon Forest Practices Act, to accelerate improvements in stream health and promote conditions that can help potentially threatened and endangered fish species thrive.

Four categories of recommendations are offered: improvements within a stream, improvements on stream banks, upland improvements to ensure healthy watersheds, and improving forest road or stream crossings.

During the first decade of the Oregon Plan, Oregon's private forest landowners have made \$ 84 million in voluntary improvements to build better habitats for threatened and endangered fish species. Additional information about the Oregon Plan for Salmon and Watersheds is available at: <http://www.oregon.gov/OPSW/index.shtml>



Gazelle beetles are latest European import to Oregon -- a worrisome, adaptable, fast-moving insect

Adapted from an article by, [Joe Rojas-Burke, The Oregonian](#)

As far as anyone knows, the U.S. had zero European gazelle beetles before 2007.

That's when a lone beetle turned up in samples collected in Corvallis by Oregon State University students.

Now they're staging a full-on invasion.

The exotic newcomers have spread across 10 Oregon counties and into Southwest Washington. At several sites, overwhelming numbers appear to be displacing native ground beetles. The gazelle beetles adapt to a variety of landscapes: from heavily disturbed industrial sites in Portland and Willamette Valley farm fields to wild mountain meadows and old-growth forests in the Coast Range. The half-inch beetle, known by scientists as Nebria brevicollis, earned its common name because of its speed.

"They feed on almost any invertebrate that they can overcome," says James LaBonte, entomologist with Oregon's Department of Agriculture who discovered the invasion. "What is not yet clear is whether it is or will become a damaging species."

Most invasive species of ground beetles in North America appear to be harmless additions. The gazelle beetle's rapid expansion, voracious ap-

petite and extreme adaptability make it more worrisome.

"It's especially concerning that it is a predator that may have an impact on native species, including some that are endangered," says Sarina Jepsen, endangered species program director for the Xerces Society, a conservation organization in Portland.

Little if any research exists on managing ground-dwelling predatory beetles, says entomologist David Kavanaugh with the California Academy of Sciences.

"I don't know what we'd do if they turned out to be a problem," he says.

In years of bug hunting, LaBonte first came across a European gazelle beetle in 2008, when he and Kavanaugh found more than a dozen one night on a casual collecting walk outside his house near Dallas. Later surveys by LaBonte and others that year found the beetles at 13 sites in five counties from Corvallis to Portland. LaBonte wasn't particularly alarmed because exotic insects reach the Northwest every year and nearly all the gazelle beetles were on urbanized or developed farmland. Exotic species thrive in such disturbed habitat.

Then LaBonte found gazelle beetles proliferating beneath old-growth fir and hemlock trees near the top of Marys Peak west of Corvallis, the highest point in Oregon's Coast Range at more than 4,000 feet. The peak is typically snow covered from mid November until April. The beetles had colonized the forest, meadows and rocky summit; often it was the most abundant beetle. On previous trips there, LaBonte found only native species.

"It was appalling to find this exotic species not only present, but very abundant in a habitat that's normally pretty secure from exotic species," he says.

Gazelle beetles may have arrived in Oregon in an overseas shipping container. Hitching rides on potted plants, sod, firewood, or yard debris trucked distances probably helped them colonize far and wide. Fully developed wings allow adult beetles to fly over rivers and other barriers.



Courtesy of Andrew E. McKorney Across Oregon, the non-native beetle *Nebria brevicollis* appears to be displacing native ground beetles. The newcomer is about a half inch long and has a notably heart shaped middle segment, or thorax.

Although the beetle doesn't directly threaten agricultural crops or forests, it could trigger a damaging domino effect. Preying heavily on beneficial insects, or crowding them out, could leave crops more vulnerable to pests. Plants gain protection from a variety of native predators to check plant-eating insects. When a single exotic species dominates, it can't match the range of prey and activity period of a broad mix of native species.

The invasive beetles could directly threaten endangered butterfly species in Oregon. The beetles have reached Mount Hebo, one of the few remaining habitats of the threatened Oregon silverspot butterfly. The beetle thrives in similar environments as does the endangered Fender's blue butterfly in the Willamette Valley. No one has documented the beetles eating silverspot or Fender's blue butterfly eggs, caterpillars or cocoons, but LaBonte says the beetles would have no trouble finding them. Gazelle beetles climb shrubs and grasses, unlike their more earth-bound relatives.

Catching the invasion fairly early gives researchers a window of opportunity to predict how harmful it could become. But only if funding agencies support the efforts.

"It isn't everywhere yet," LaBonte says. "That gives you the opportunity to examine the insect communities where it is not present, then compare those in a similar setting to where it is present. Once its all over the place, you won't be able to do that."

Northwest Advanced Renewable Alliance

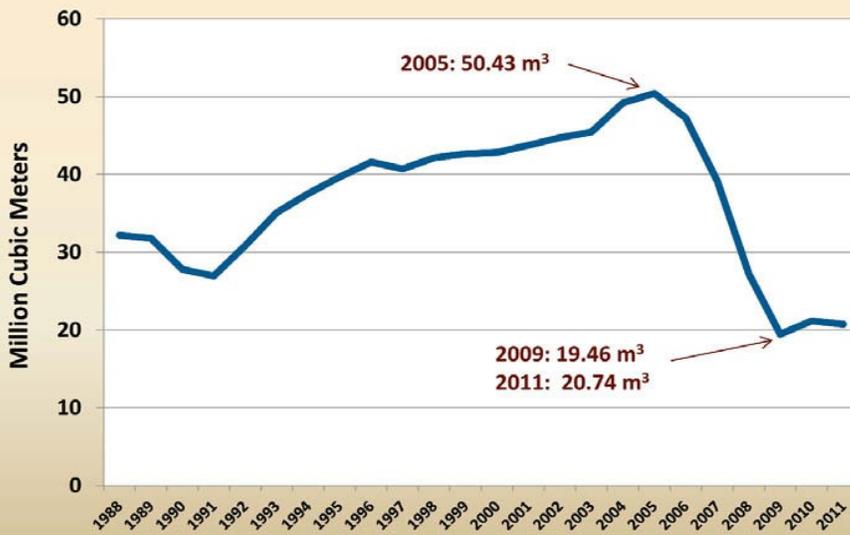
Scott Leavengood and several colleagues in the College of Forestry are participating in a 5-year, \$40 million research and outreach project funded by USDA. The project is one of the largest ever funded by USDA. Washington State University is the lead institution on the project. The Northwest Advanced Renewables Alliance (NARA) project is focused on developing a biofuels industry in the Northwest. The specific emphasis is the use of biomass for jet fuel. Scott's role, as the Extension & Outreach representative for Oregon, will be to disseminate information about the project as it progresses and to help identify potential NARA communities' (communities in Oregon with good potential for locating a new biofuel processing facility). Then he will coordinate dialogue between the research team and these communities. More information at <http://www.nararenewables.org>
*The Oregon Wood Innovation Center
Spring 2012*

Lumber Production Up in 2011

Although US lumber production fell during the last half of 2011, the total produced for the year, more than 26.7 billion board feet, was 7.7 percent higher than the total for 2010, according to the Western Wood Products Association. Production increased in all regions: in the West, by 6.6 percent; in the South, 8.7 percent; and in all other areas, 7.7 percent.

Canadian lumber production also declined in the last quarter of 2011. However, the total produced during 2011, 22.4 billion board feet, was about 1 percent

Softwood Lumber Imported From Canada to the US



As the US economy goes, so goes the amount of softwood lumber imported from Canada each year.

higher than the 2010 total and 19 percent above the 2009 level. While production increased 7.5 percent in British Columbia, it fell 6.6 percent east of the Rockies.

The Forest Source, April 2012

Imports from Canada Decline

As the US housing market and overall economy goes, so go imports of softwood lumber from Canada. According to Canada's national statistical agency, Statistics Canada, lumber exports to the United States peaked in 2005 at more than 50 million cubic meters, then fell to less than 20 cubic meters in 2009 before leveling off.

Other factors at play are the Softwood Lumber Agreement between Canada and the United States and China's demand for logs and lumber. In 2004, about 81 percent of Canada's softwood lumber exports went to the US market. By 2010, the proportion shipped south had fallen to just under 59 percent.

The Forest Source, April 2012

And US Exports Rise

The US Forest Service's Pacific Northwest Research Station recently reported that ex-

ports of logs and lumber from Washington State, Oregon, northern California, and Alaska increased by 42 percent in 2011 compared to 2010, totaling 1,992 and 1,015 million board feet, respectively. "The total value of exported logs from West Coast in 2011 increased by 54 percent, from \$844 million to \$1,297 million," said Xiaoping Zhou, a research economist with the station who compiled the data. "The total value of exported lumber increased by 35 percent: from \$509 million in 2010, to \$687 million in 2011."

About 46 percent of US log exports and 30 percent of total US lumber exports in 2011 went to China. However, exports of these commodities to

China decreased significantly in the fourth quarter compared to the third quarter in 2011 (down 35 percent for logs and 12 percent for lumber). The report is available at www.treesearch.fs.fed.us/pubs/38431.

The Forest Source, April 2012

The Oregon Biomass Tax Credit: A Model for Other States

Gordon Culbertson, Pacific Northwest region manager for Forest2Market (www.forest2market.com).

In November, the Oregon Department of Energy issued the final rules for the state's Biomass Producer or Collector (BPC) Tax Credit program for tax years beginning on or after January 1, 2012, and before January 1, 2018. The program, which provided a \$10 per green ton tax credit for biomass delivered to biofuels facilities, had been set to expire on December 31, 2011. The new rule provides for a \$10/ton biomass tax credit per *dry* ton, rather than green ton, effectively cutting the credit in half.

The BPC tax credit program has been around since 2007; its enactment happened to coincide with the housing market crash and subsequent recession. In the midst of the downturn, the tax credit provided some support to

the sagging forest industry sector.

A recent report, “Impacts of the Biomass Producer or Collector Tax Credit on Oregon’s Wood Fuels Market and Economy,” by the Ecosystem Workforce Program (EWP), at the University of Oregon’s Institute for a Sustainable Environment, quantifies the amount of support the credit provided to both wood fuels markets and Oregon’s economy: the BPC tax credit likely prevented “higher feedstock prices and lower market volumes than would have otherwise occurred. Forest biomass volume increased between 100,000 and 190,000 bone-dry tons (BDT more than the [EWP’s] forecast models predicted, and prices were about \$7 per BDT less than predicted after the BPC tax credit became available.”

The BPC tax credit likely “acted as an economic lever that provides incentives for more economic activity than it costs.” The “collection and delivery of biomass under the BPC Tax Credit Program created an average of about five jobs, nearly \$250,000 in wages and benefits, and more than \$850,000 in total economic activity per 10,000 BDT of forest biomass.”

As a result, “the forest biomass portion of the tax credit program likely supported between thirty-two and seventy-three jobs in Oregon in 2010, or approximately 11 percent to 24 percent of the total forest biomass portion of the wood fuels market.”

In addition, the EWP estimates that the tax credit “likely generated at least as much value for Oregon’s economy as the program cost in foregone tax revenues, and may have produced up to 2.4 times more value for Oregon’s economy than it cost.”

Will slicing the credit in half reduce the program’s effectiveness? The EWP says the nature of that effect is “uncertain, but may hinge on whether a constrained supply of mill residuals continues and whether demand for

bioenergy production continues to grow.”

In addition to reducing the amount of the credit, the rules that go into effect for 2012 include the following clarifications and changes:

Clarification: the tax credits belong to the entity that holds title to the biomass at the time it is delivered to an eligible facility.

Clarification: torrefied biofuels are not charcoal (which is prohibited from eligibility) and therefore are eligible for the credits in 2012 and beyond.

Change: the state legislature removed a thermal efficiency requirement, allowing stand-alone electricity generation facilities to qualify as eligible.

Change: material from pre-construction and construction activities, as well as golf courses, yard debris, and urban wood waste, do not qualify.

Change: the delivered price of shipments in dry tons must be provided in the application.

Change: the deadline for submitting applications was extended from 45 to 60 days; application fees were reduced from \$0.007 to \$0.006 per credit.

In light of the EWP’s findings, the Oregon legislature’s decision to extend the BPC tax credit appears to be a good one. The success of the program may also attract the attention of legislators in other states with rural economies supported by working forests and within hauling distance of bioenergy facilities in the market for biomass. Models for programs focusing on producers and collectors of biomass are few and far between, however.

The only other incentive meant to reward biomass production has been the Collection, Harvest, Storage, and Transportation (CHST) portion of the federal Biomass Crop Assistance Program. This program is largely viewed as a failure, because the bulk of the matching



payments went to companies already profitably delivering wood fuel to self-powered industrial facilities, not bioenergy plants. The causes of the program's failure include:

- ▶ Vaguely worded legislation.
- ▶ A fast-tracking of the program that did not allow for sufficient research prior to implementation.
- ▶ The bulk of matching payments being made before the majority of announced bioenergy facilities became operational.

One of the most important lessons that we can learn from the failure of the CHST is that programs of this kind are generally not flexible enough to account for the individual characteristics of wood basins, or of wood and energy markets.

According to the Database of State Incentives for Renewables and Efficiency, now that the CHST program is winding down, Oregon is the only government with a tax credit that goes directly to producers or collectors of biomass on a per-ton basis. The only other state to offer an incentive for collectors is Wisconsin. That program provides a credit of 10 percent of the cost of purchasing biomass harvesting equipment, with a \$100,000 per claimant limit over the life of the program. The program is funded through the end of 2015.

State programs—like those in Oregon and Wisconsin—tend to be successful because they target their own particular challenges with biomass collection. Other states should follow suit.

Toward Energy Security

Woody biomass will play a part in our nation's drive toward energy security collaborative work by more than a dozen FRL faculty and students across departments will help us get there. Research is underway at the CoF/FRL on many aspects of this renewable material, from efficiencies in collection and transportation to the environmental impacts of processing and use, and from technologi-

cal improvements in conversion to heat and energy to updated regulations to ensure consumer health and safety.

Leading the CoF/FRL research efforts is David Smith, Wood Science and Engineering Department, who sees the use of woody biomass as a tool to stimulate rural economic development in Oregon communities. Smith's proposal to reopen closed sawmills by converting them into biomass processing centers that convert logging slash and small wood reclaimed from stewardship projects into higher value products and engineered fuels has been well received by di-

verse groups, including the Clatsop Forestry & Wood Products Economic Development Committee, Sustainable Northwest, Oregon Forest Industries Council, Rebuild Vernonia, the Oregon House Business and Labor Committee, private forest landowners and biomass processing companies. Smith, who teaches upper division courses in bioenergy and environmental impact for the College of Forestry's new Renewable Materials program, is a part of statewide planning efforts aimed at defining Oregon's niche in bioenergy. He is also helping to design a wood-fired heating system, with support from the U.S. Department of Energy and Federal Emergency Management Agency.

Among other CoF/FRL researchers involved in woody biomass projects are Claire Montgomery, Loren Kellogg, John Sessions, Glen Murphy, Joshua Clark, Fred Kamke, Jesse Paris, Adam Scouse, and Josef Weissenstein. Their projects include examining the impacts of forest restoration and fuel reduction treatments on communities that may receive woody biomass for processing, increasing the efficiency of biomass collection and transportation, finding cleaner and more efficient methods for converting biomass to steam and energy, and investigating the use of western juniper, an abundant and "green" potential source of woody biomass, for sustainable energy production.

From: OSU College of Forestry



Why Woodland Owners Sell Their Land

From: National Woodland Owner Association

A survey of woodland owners in Wisconsin, Pennsylvania, Oregon and Washington found medical cost and unexpected financial pressures to be the top two reasons to sell their land. These were followed by taxes, high maintenance costs and development pressures.

Most sited remedies for these concerns include: 1) property tax relief, 2) payment for ecosystem services, 3) a market for biomass, and 4) steady timber prices.

Rough Times Ahead For Forest Roads?

Kevin Weeks, ODF public affairs specialist

One of the most followed issues for forest landowners in Oregon involves the future of regulation for forest roads—and there's a three-pronged fork in the road. The response stems from a 2011 decision from the Ninth Circuit court of Appeals viewing forest roads as needing a non-point source discharge permit under the federal Clean Water Act.

One path is occurring in Congress. The Oregon, Washington and Idaho congressional delegation introduced the Silviculture Regulatory Consistency Act; it directs the EPA to maintain the exemption forest roads currently have in the Clean Water Act. The House and Senate bills have not received a hearing as of February 2012. A 'time-out' provision was included in the general government budget bill signed by President Obama in December, that directs the EPA to not enforce regulation on forest roads until after September 30, 2012.

On the judicial path, the U.S. Supreme Court is considering an appeal of the Ninth Circuit decision. Oregon, with 25 other states and 35 natural resource groups, is asking the Court to hear Northwest Environmental Defense Center (NEDC) vs. Decker during the coming year. In December, justices considered the case and have requested input from the U.S. Solicitor General before deciding if NEDC vs. Decker will move forward.

In the third fork of the road, Oregon DEQ is beginning work on establishment of a general permit system for forest roads to comply with

the Ninth Circuit Court ruling. DEQ has a collaborative stakeholder process for establishing permit thresholds in Oregon, and during 2012 ODF and DEQ are working closely on development of permit protocols for private forestlands in Oregon.

What is the Northwest Advanced Renewables Alliance?

Spearheaded by Washington State University, the Northwest Advanced Renewables Alliance (NARA) will take a holistic approach to building a supply chain for aviation biofuel with the goal of increasing efficiency in everything from forestry operations to conversion processes. Using a variety of feedstocks, including forest and mill residues, construction waste, as well as new energy crops, the project aims to create a sustainable industry to produce aviation biofuels and important co-products.

USDA INVESTS \$40 MILLION IN NARA

The USDA grant aims to address the urgent national need for a domestic biofuel alternative for U.S. commercial and military fleets. NARA researchers envision developing a new viable, aviation fuel industry using wood and wood waste in the Pacific Northwest where forests cover almost half of the region. The Northwest also has established oil refining and distribution assets as well as a significant aviation industry.



Safety Training Resources...

Stihl has a YouTube page with a lot of how-tos <http://www.youtube.com/user/stihlusa/videos>

So does Husqvarna: <Http://www.youtube.com/user/husqvarnaUSA/videos?sort=dd&view=u&page=2>

WorkSafe BC has some good videos, though some are "scare you safe" types: <http://www.youtube.com/user/WorkSafeBC#p/search/6/RNUJEvzVvvc>



NARA'S MISSION

To focus on sustainability, while developing regional biofuel solutions that are economically viable, socially acceptable, and meet the high environmental standards of the Pacific Northwest.

WHAT IS THE NARA?

NARA is an alliance of scientists from public universities, government laboratories and private industry from throughout the Northwest, and beyond, that are joining together to focus on developing ways to turn one of the region's most plentiful commodities-wood and wood waste-into jet fuel.

NARA'S FOCUS

The current focus of NARA has been spurred by the recent harsh criticism of the U.S. biofuels industry for failing to translate existing technology into economically viable industries. Key challenges to be overcome by NARA include resolving various scientific/technical obstacles that prevent economic viability. Sustainability-economic, environmental, and social-is also key. NARA researchers will use specific metrics to assess and evaluate technological progress against critical milestones throughout the project.

NARA'S FIVE TEAMS

Education: Engage citizens, meet future workforce needs, enhance science literacy in biofuels, and help people understand how they're going into the new energy economy.

Sustainability Measurement: Evaluate and assess environmental, social and economic viability

of the overall wood to biofuels supply chain, guiding the project as it goes forward.

Feedstocks: Take a multi-pronged approach for the development and sustainable production of feedstocks made from wood materials, including forest and mill residues, municipal solid waste, and specialty energy crops.

Conversion: Provide a biomass-derived replacement for aviation fuel and other petroleum-derived chemicals in a way that is economically and technologically feasible.

Outreach: Serve as a conduit between researchers and community stakeholders, helping to transfer the science and technology of biofuels and important co-products to communities in the Northwest.

The project team is wanting to develop a database of interested stakeholders-people that want to be kept informed and perhaps even be involved in the project in some way. For example, a landowner might simply want to be notified when there are meetings planned in their community or when webinars are scheduled on specific topics. Community leaders might want to request to be added to a team that is examining their potential as a location for biorefinery.

There is a form that is linked from the top of the page at: <http://www.nararenewables.org/> that allows people to add themselves to the list of stakeholders/interested parties.

See related article on page 8.

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Please pre-register by Tuesday, June 19th. Either call the OSU Extension Union County Office at 541-963-1010 or fill out the registration form below and send it to: OSU Extension Service Union County Office, 10507 N. McAlister Road, LaGrande, OR 97850.

**Wallowa County Innovative Wood Marketing Twilight Tour
Registration Form**

Name: _____

Address: _____

Phone #: _____

Number Attending: _____

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Publications of Interest:

Environmental Benefits of Wood Products.

Order from the Oregon Forest Resources Institute at www.oregonforeswts.org.

Ecosystem Services and the Potential for Markets.

2011. W.K. Jaeger. OSU Extension Publication, EM 9033. 30 p. Go to <http://ir.library.oregonstate.edu/xmlui/bitstream/handle/1957/22427/em9033.pdf>

A Landowner's Guide to Managing Your Woodlands.

2011. Written by a logger, a forester and a woodland owner this book captured the National Woodland Owners Association "2011 Woodlands Book of the year". This book covers a variety of topics including woodland inventory, when to get a forester, working with a logger, and finances and legalities. According to National Woodlands Magazine the book is presented in a way that has national applicability. You can buy this book on Amazon.com.

Producing and Selling Logs for Maximum Revenue:

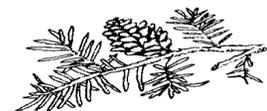
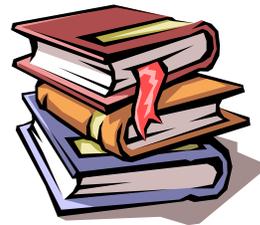
Steve Bowers and Scott Leavengood. OSU Extension Service, EM 9047, April 2012. <http://extension.oregonstate.edu/catalog/>

A Guide to Riparian Tree and Shrub Planting in the Willamette Valley:

Steps to Success. 2011 OSU Extension Service, EM 9040. Brad Withrow Robinson, Max Bennett and Glenn Ahrens.

A Guide to Riparian Tree Planting in Southwest Oregon:

Max Bennett and Glenn Ahrens. 2007. Oregon State Extension Service, EM 8893-E. For both publications go to: <http://extension.oregonstate.edu/catalog/>



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