

Impact of Weyerhaeuser merger will depend on proximity

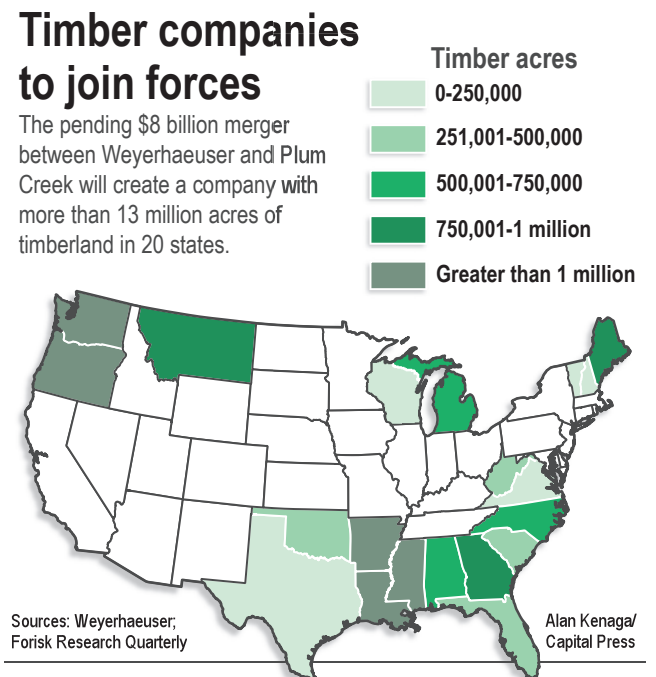
By **MATEUSZ PERKOWSKI**
Capital Press

A looming merger between two major U.S. timber companies will affect Northwest forestland owners depending on their proximity to the combined behemoth's assets, experts say.

Weyerhaeuser's 6.9 million acres would be joined with Plum Creek's 6.3 million acres under a recently proposed deal worth more than \$8 billion that the two companies say will provide an "unparalleled scale in timberland ownership."

"They now have a much bigger footprint," said Brooks Mendell, president of Forisk Consulting, which studies timber industry finances.

In some areas, Weyerhaeuser's new acres would represent a significant increase in its regional holdings, but in others, its expansion will be proportionately small, experts say.



For example, the 338,000 acres acquired in Oregon would boost its total amount of property in that state by more than 26 percent, while the 31,000 acquired in Washington would increase its

holdings in that state by less than 3 percent.

The potential impact on landowners — in terms of the prices they would obtain for logs — is determined by the number of Weyerhaeuser

acres and mills in their vicinity, Mendell said.

Those who find themselves surrounded by Weyerhaeuser forests and near its mills could be negatively affected because the company will likely prioritize processing its logs rather than buying them on the open market, he said.

"It really depends where the acres are relative to a given landowner," Mendell said.

Optimally, landowners profit most when they're near several mills that compete for logs, he said. If several mills are owned by the same company, though, that reduces competition.

"Where you have fewer buyers from distinct companies, you have lower prices," Mendell said.

The combination with Plum Creek would also give Weyerhaeuser the opportunity to buy more sawmills, he said.

As a real estate investment trust, or REIT, the company is able to forgo federal corporate

taxes as long as most profits are passed along to shareholders and non-timber assets represent less than 25 percent of the value of their total holdings.

Plum Creek's manufacturing assets represent much less than 25 percent of its holdings, so by merging with that firm, Weyerhaeuser's proportion of non-timber assets will fall, Mendell said.

"When you bring them together, Weyerhaeuser has more room," he said.

A sawmill buying spree is speculative at this point, as the company would first fully integrate with Plum Creek and reduce overlapping costs, he said.

Forestlands owned by families are also insulated from some of the turmoil in the log market because they often have other income sources and can avoid selling when prices are low, said Greg Frohn, Pacific Northwest regional manager for the For-

est2Market timber industry consulting firm.

As a result, the trees are generally harvested on a longer rotation and are considered higher quality, he said.

"Those small landowners play an important role in the supply chain," Frohn said. "You have a much larger diameter tree on average."

Competing sawmills may also seek to build closer relationships with small landowners to ensure a steady supply of logs, Mendell said. "There could be a business opportunity there."

It's possible that Weyerhaeuser consolidating timberland will make Weyerhaeuser the dominant employer of loggers in some regions, reducing competition for their services, he said.

Some logging firms favored by Weyerhaeuser may displace others, but this "realignment" isn't expected to put many loggers out of work, said Frohn.



Craig Reed/For the Capital Press

Tim Bare, right, manager of the K-Bar Ranches, and ranch employee Nathan Jackson check the sprinkler system and the stocker cattle in a field at the K-Bar Ranch near Myrtle Creek, Ore. That ranch was purchased by the Cow Creek Band of Umpqua Tribe of Indians from the Bare family in 2001.

K-Bar Ranches thrive under Cow Creek Band

By **CRAIG REED**
For the Capital Press

MYRTLE CREEK, Ore. — Being stewards of the land had been a tradition of the Cow Creek Band of the Umpqua Tribe of Indians.

So getting back into the agricultural business in 2001 was no surprise for the tribe that is based in Douglas County. The Cow Creeks purchased the K-Bar Ranch near Myrtle Creek, Ore., in 2001 and then acquired the Rogue River Ranch near Medford, Ore., in 2013.

The ranches provide pasture for stocker cattle and grow alfalfa, wheat and corn, most of which goes to feed for the livestock.

"Being stewards of the land is in their (Cow Creeks') DNA," said John McCafferty, the business operations officer for the Umpqua Indian Development Corp. "A lot of our membership is involved in ranching and timber in one way or another. A lot of the members grew up on small farms so agriculture is something near and dear to the tribe. And the tribe is good at it."

The K-Bar Ranch is about 2,000 acres. It was established in 1960 by Ken and Glenna Bare

and then became a partnership with their sons Vern and Tim in 1976. One of the conditions of the purchase by the tribe was that one of those partners remain to manage the operation. Since Ken Bare was looking to retire, Vern Bare was more interested in a hay operation and Tim Bare's interest was in livestock, Tim became the ranch manager.

"There wasn't much more room for us to expand in the area," Tim Bare said of his family's ranch. "The tribe had purchased ground around us and it had an interest in expanding its land holdings. So there was a conversation, one thing led to another and a sale was made."

"I think it was a great move for everyone in the family as well as the tribe," he said, adding that his father did retire and that his brother moved to the Culver, Oregon, area where he started a hay business.

K-Bar Ranches Corp. purchased the 1,700-acre Rogue River Ranch at the base of Table Rock to expand its cattle herd and increase its forage production. The ranch also had a licensed feed yard, allowing the ranch to finish out its beef animals before they are turned into steaks, roasts and hamburgers.

Sheep producers dispute study in grazing lawsuit

By **MATEUSZ PERKOWSKI**
Capital Press

PORTLAND — Several sheep producer groups claim the U.S. Forest Service relied on skewed data to shut down sheep grazing in 70 percent of Idaho's Payette National Forest.

The Idaho Wool Growers Association, joined by other state and national groups, recently argued before a federal appeals court that the agency ignored expert opinion and used inaccurate models in reaching its decision, which was intended to protect wild bighorn sheep from disease.

William Myers, an attorney for the organizations, asked the 9th U.S. Circuit Court of Appeals to invalidate the Forest Service's decision for violating the National Environmental Policy Act during oral arguments held Nov. 2 in Portland.

The agency was required under NEPA to seek the expertise of Donald Knowles, a scientist at USDA's Agricultural Research Service who specializes in disease transmission between domestic and bighorn sheep and found significant gaps in the Forest Service's analysis, Myers said.

Because the agency didn't solicit his advice, the result was a decision that's prejudicial to sheep producers who relied on the national forest for grazing, he said. "It's not harmless because the Forest Service did not benefit from these comments."

The Idaho Wool Growers Association filed a lawsuit against the 2010 decision to severely curtail sheep grazing in the national forest but the complaint was dismissed last year by a federal judge who said uncertainties about disease transmission were prop-



Carol Ryan Dumas/Capital Press

Sheep are moved down Main Street in Ketchum, Idaho, on Oct. 11 during the Trailing of the Sheep Festival. Several sheep producer groups claim the U.S. Forest Service relied on skewed data to shut down sheep grazing in 70 percent of Idaho's Payette National Forest.

erly considered by the agency.

"Plaintiffs appear to be correct that defendants did not retain experts with specialized expertise in disease transmission, but the failure to retain such experts does not mean

that defendants lacked the relevant expertise," said U.S. Circuit Judge Wallace Tashima, noting that the Forest Service relied on extensive scientific literature in concluding a risk existed.

In their appeal, the sheep groups argue the Forest Service violated NEPA by ignoring the best science available in making its decision and not heeding warnings that its disease models were faulty.

Two-day course to educate media, food industry leaders about pulses

By **SEAN ELLIS**
Capital Press

KENDRICK, Idaho — The USA Dry Pea & Lentil Council will use a \$140,000 specialty crop grant to educate food industry leaders and food writers and bloggers about the nutrition and health benefits of dry peas, lentils and chickpeas.

The funding, which was provided by the Idaho State Department of Agriculture, will also showcase the versatility of pulse crops as an ingredient in food products and on food-service menus.

The conference "will allow us to train the media about the health, nutrition and sustainability benefits these crops bring to the table," said US-ADPLC CEO Tim McGreevy.

The council represents about 5,000 U.S. growers, warehouses and sellers of dry peas, lentils and chickpeas. Idaho and Washington farmers grow the majority of the nation's pulse crops.

The grant funding will be used to conduct a two-day

course for about 36 people in late January at the Culinary Institute of America in California's Napa Valley.

The course will include a specific audience in the food industry, including media, editors of trade publications, dietitians and directors of national health movements such as Michelle Obama's "Let's Move!" campaign.

"They will get a chance to work with pulse crops in the kitchen, create dishes and, of course, sample the fare," McGreevy said.

McGreevy said most people are only familiar with pulses as ingredients in soups but the variety of food products that include pulse ingredients is expanding rapidly in the United States.

"Our primary target is to get major media into the ... kitchen and show them the versatility of all these pulse crops," McGreevy said. "People don't know much about using pulse flours and bake products. We want to expand

their horizons beyond just pulse soups."

North Idaho pulse farmer Robert Blair said he's particularly glad the conference is targeting food writers and media.

"Ag normally gets hammered in the media (so) talking about the benefit of pulse crops with major media is a great idea," he said. "I'm excited the pea and lentil association is a leader in looking at alternative methods of marketing our crop. It's what we need to do more of in agriculture."

McGreevy said the course is specifically designed to tie in with the industry's overall effort to take advantage of the United Nations' proclamation of 2016 as the international year of pulses.

"This is a once-in-a-lifetime opportunity for us," he said. "We are investing a lot of money trying to make this the biggest opportunity for our industry that has ever come along."

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