

Hemp

Economics of hemp prove to be vexing

By **BRENNA WIEGAND**
For the Capital Press

BONANZA, Ore. — With the thousands of products hemp fiber can make, Pat and Bob Clickener of Rock Bottom Ranch's Bonanza Hemp were hopeful about the crop's possibilities when they started growing it in 2016.

They were given some seed for a 1-acre test field, one of the first 70 Oregon growers to plant hemp.

At that time CBD was not in the mix and few knew anything about it.

"The hemp grew beautifully here in high desert country and the second year we figured if we did at least 10 acres we should be able to find somebody to use it," Pat Clickener said.

"As an architect, I'm familiar with its possibilities in the building industry alone," she said. "I thought in a couple years I'd be doing hempcrete in the garage and selling pavers but I never got that far because we haven't been able to make any money at all."

They continued to hope for a market in 2018, planting seed they produced the previous year, but without any market and fiber's limited shelf life they had to till it under.

"We just didn't take into account the money and time it takes to develop the manufacturing part," Clickener said.

"Canada does really well with fiber," she said. "The country got behind it and helped farmers convert their existing equipment and have developed a relatively large market."

"Kentucky puts more money into fiber than many other states trying to find a market for the farmers who grew tobacco all those years."

By 2019 CBD had taken the spotlight, and the Clickeners put in 12



Bonanza Hemp

Pat Clickener of Bonanza Hemp checks for male plants in their CBD hemp field. She and her husband, Bob, started growing fiber in 2016 before CBD was on people's radar.

acres. Unfortunately, by then everybody was doing it, too.

"We lost money two years a row..." Clickener said. "What really fouled us up was buying several pieces of equipment as we needed them; we became cash poor."

Last year they planted a cautious 8% of the year before and are selling it — slowly.

"We've finally hit on something we're starting to sell but the CBD market is still unstable," she said.

They've also started renting out their house through Airbnb to increase cash flow.

"It's because of Airbnb and being willing to move into our motorhome when we have guests that we have enough cash to pay our utilities and stuff," she said.

"You see a whole lot of land for sale now because people lost their shirts,"

she said. "In order to get investors together you must promise them something, which is usually the farm."

This year the family will grow three acres of CBD hemp and 10 acres of the fiber seed they produced in 2016.

However, it will also complicate things. The crops require different irrigation configurations, and all the fiber plants must be out of the ground before the CBD plants start flowering.

"The processing and end-product manufacturing is just lacking in this country and if we don't get on top of it the only people growing it will be those with out-of-country markets, and that's not going to be the small farmer," Clickener said.

"We have this land because Bob's family lived an agricultural life and we're trying to take the gift his parents gave us and make it into something our kids can benefit from and continue."



Airlie CBD Pharms

Business partners Kyle Stratten, left, and Chase Schuyler examine last year's 60-acre crop. Airlie CBD Pharms focuses on smokable flower shipped mostly to states and countries where THC is illegal.

Smokable hemp top product for high-volume sales

By **BRENNA WIEGAND**
For the Capital Press

TANGENT, Ore. — Airlie CBD Pharms aims to become the Amazon.com of hemp.

"Like Amazon, you get it two days later, sometimes the next day," Chase Schuyler said of his operation in Oregon's Willamette Valley.

In two years, Airlie CBD Pharms has become one of the largest industrial hemp sellers in the U.S., shipping an average of \$20,000 worth of product daily — with some days as high as \$35,000.

"That is 20-30 packages a day," Schuyler's business partner, Kyle Stratten, said. This year they installed an order processing and tracking system to streamline the process.

"Kyle does an absolutely amazing job at sales," Schuyler said. "Every month that goes by he finds his footing in this industry that much more."

Schuyler doesn't come from a long line of farmers. He grew up south of Buffalo, N.Y., and graduated from Syracuse University with a civil engineering degree. He lived in Northern California, where he worked in the medical marijuana industry before marrying and making his way to Oregon's CBD hemp industry.

They began in 2019 with 30 acres.

"There was such a supply glut, and it being our first season we didn't have an established clientele base," Schuyler said. "It was tough to make it through that year, but we did."

They focus on the smokable flower and ship much of it to states and countries where THC is illegal. Hemp must have less than 0.3% THC.

"CBD is for that very slight calming," Schuyler said. "It's not like you're getting high but you can tell that you smoked something and you just feel

a little bit better."

He said that "if you have a stressful job and just want that little bit of grounding effect, CBD is where it's at."

All the hemp is processed at Airlie's 35,000-square-foot warehouse in Tangent, Ore., where they also have a small indoor operation.

They produce between 500 and 1,000 pounds of trimmed flower per acre, which yields another 1,000 pounds of biomass for extraction.

Last year they doubled their planting, but this year they are growing 45-50 acres.

"We do our harvesting by hand and 60 acres was just a little too much," Schuyler said.

"I don't think anything can really prepare you for a hemp harvest — it's just leaps and bounds beyond any recreational cannabis harvest I've ever done," Schuyler said. "It seems to take forever, and having 50 extra people buzzing around just wears you out."

They plan to stay the course, knowing their future is uncertain.

"I think the hemp industry will survive until the federal government legalizes straight-up THC," Schuyler said. "Once that happens the hemp industry is going to have a lot tougher time because anyone growing weed can just throw in some CBD products."

"At that point my days as a hemp farmer might be short-lived," he said. "Maybe I'll be able to replace my CBD plants with THC, but I assume there will be way more regulation and more big-name players like Canopy Growth (which is) traded on the stock exchange."

"There are just several large corporate entities coming out of recreational markets in Canada, California and Colorado with established infrastructures and it would be tough to catch up."

Backup plan: Farmer produces CBD topicals

By **DAVE LEDER**
For the Capital Press

QUINCY, Wash. — In early 2020, Mitchell Karstetter's new side business was just beginning to pick up steam.

The Quincy, Wash., farmer and his family had been growing hemp on about 40 acres for the past year, looking to capitalize on the growing demand for CBD products with a venture called Columbia Basin Hemp. But then the pandemic hit, and the Karstetter's had to start looking at backup plans for their stalled inventory.

"COVID just shut down the retail side of the industry because people weren't out and about anymore, seeing your products in the stores," said Karstetter, who also owns cattle and grows apples and row crops. "The price of hemp also crashed almost overnight, so we were forced to re-evaluate our business plan."

Columbia Basin Hemp gradually became Columbia Naturals, which combines processed hemp with ingredients such as arnica and helichrysum to produce a specialty line of topicals.

The company's three signature products are infused with CBD oils to relieve pain and inflammation. River Plunge features menthol crystals, eucalyptus and spearmint, creating a numbing sensation like BioFreeze; Farmer's Helper combines menthol crystals with a warming oil called capsiicum; and Lavender Breeze is a gentle gel made with fresh lavender that is used to moisturize and relax muscles.

Karstetter's wife, Katie — a former sales representative — took on the topicals side of the business and has helped the family make something positive out of a difficult situation.

"We needed to develop an end-product that we could package and sell in retail stores and online, because the



Columbia Naturals

Columbia Naturals products.

hemp didn't end up being the cash crop we had hoped it would be," he said. "We have come up with a really good product at a really good price. But right now, we're just trying to break into the market wherever we can."

Getting the Columbia Naturals name out there has been even more of a challenge, he added, because federal law prohibits companies from advertising "CBDs." Companies such as Amazon, Google and Facebook don't permit ads that use that moniker, even though CBD products contain less than 0.03% THC, the hallucinogenic compound found in the cannabis plant.

Another regulation slowing the process is that CBD products cannot be sold in Washington state's licensed Initiative 502 marijuana retail stores, unless they are also a licensed I-502 company. The only places Columbia Naturals can sell its healing topicals are online at columbianaturals.com, in retail stores and through word of mouth.

"Everyone who uses the lotion absolutely loves it, but it's been hard getting any traction over the past year since we can't advertise online," Karstetter said. "But we're expecting things to pick up the rest of the year. Stores just aren't taking many new products right now."

With all of the uncertainty of the past year, the family feels fortunate that it has been able to fall back on other revenue streams, such as apples and cattle. Karstetter said he knows a lot of farmers who never saw their hemp-growing plans materialize. But he's also optimistic about a market recovery.

"A lot of people were thinking this could be a big money-making opportunity, and the past year hasn't turned out that way," he said. "I feel bad for some of the local guys who took a chance, but I think things will rebound. There's a huge opportunity that's right there waiting, so once we get through this time, I think it will be an entirely different story."

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