Montana Forest Products Marketing News

MSU Extension Forestry

August 2004

Delivered Log Prices in Montana

Last month, several readers wrote me to say that publishing stumpage prices in the newsletter would be useful. There are too many variables associated with stumpage prices. So instead, I will post delivered log prices, as determined by the University of Montana's BBER.

Landowners can *approximate* stumpage prices by subtracting logging and log hauling costs from the delivered log price.

Quarter 1, 2004

Delivered log prices per thousand board feet, Scribner Scale

	Sawlogs	
	Eastern Montana	Western Montana
Ponderosa Pine		
Yellow	438	451
Bull	400	364
Lodgepole Pine	421	415
Douglas-fir	449	440
Western Larch	447	440
Engelmann Spruce	421	412
Subalpine fir	351	367
Grand fir	330	361
Western Red Cedar	400	469
Hemlock	300	361
White Pine	363	463
Cottonwood	xx	200

Typical logging (for three logging systems) and log hauling costs are:

Helicopter logging	$300 to $350 per MBF
Cable/Line logging	$170 to $220 per MBF
Ground/Tractor logging	$100 to $200 per MBF
Log Hauling	$50 to $100 per MBF

Inside this issue:

Adding Value to Montana Forest Products?

In 1999, Montana's 220 primary forest products manufacturers shipped 90 percent of their production (mainly lumber and plywood) out of state for further processing. This happened even though 87 percent of Montana's 200 secondary manufacturers (furniture, cabinet, millwork, and truss manufacturers) report that they use materials similar to those produced by the state's primary manufacturers. For further analysis of this situation, see: "*Changes in Montana's Secondary Wood Products Industry, 1990 to 1999*" in the April 2004 issue of *Forest products Journal*. Or contact the report author Charles Keegan, Director of Forest Industry and Manufacturing Research in the Bureau of Business and Economic Research.

Check it out:

- MT lumber production & employment less than expected click here
- Forest Certification on Federal Land? click here
- Overvalued US dollar and its impact on forest products industry click here

Montana Company Seeks to Produce Ethanol from Wood

Don Brelsford, President of Bozeman's Brelsford Engineering Incorporated (BEI), hopes to begin using small diameter timber as a raw material in the production of ethanol. Brelsford, a chemical engineer, figures that his patented ethanol extraction process, known as dilute-acid cellulose hydrolysis, will make ethanol production from wood profitable.

Currently corn is the major raw material used in ethanol production—accounting for about 4.5 billion gallons of ethanol in the United States each year. Most ethanol is added to gasoline to produce a mixture called gasohol, which can fuel automobiles. Since 1998, most cars are equipped to burn either gasoline or gasohol.

A Small-Scale ethanol production plant. Don Brelsford of Brelsford Engineering Inc. hopes to establish plants like this in Montana that can convert wood to ethanol.

The production cost of ethanol from corn is about $1.50 per gallon. That cost, however, is subsidized by a $0.54/gallon federal subsidy and a $0.25/gallon state tax credit. Thus, the effective cost of ethanol from corn is about $0.70/gallon. Both subsidies, however, are scheduled to end in 2007.

Others have tried extracting ethanol from wood without much financial success. Brelsford's process, however, reuses acid, water, and energy. Brelsford calculates these efficiencies will result in total capital, total production, and operating costs that are about 70% or less of other ethanol from wood extraction processes.

Brelsford estimates he can produce ethanol from wood for about $0.91/gallon. Those figures, though, are based on lab results, so in the next year, Brelsford hopes to test whether his new found process efficiencies will hold up in a commercial operation. If so, Brelsford envisions many small-scale ethanol plants scattered over a region, rather than a single large, centrally located plant. This means that Montana's ranchers and other landowners could begin producing ethanol from wood.

"A commercially viable ethanol extraction process from wood would be great for Montana's future," says Brelsford, "because it would create a market for small diameter timber."

If you would like to learn more about ethanol production from wood or about Brelsford Engineering Inc., you can email Don Brelsford, visit his website—www.brelsfordenginc.us or call him at (406) 586-7272.

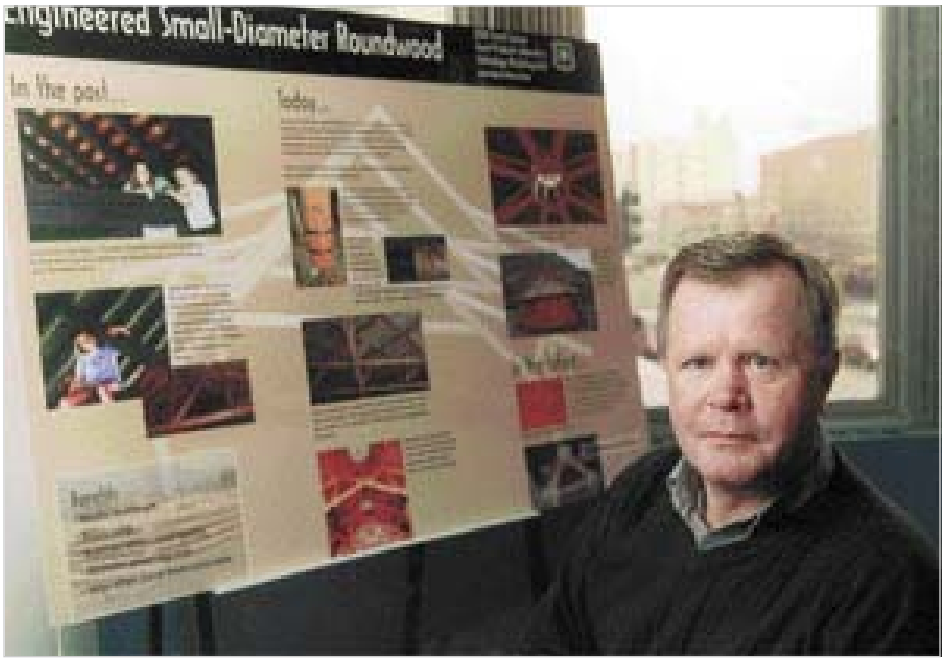
Don Brelsford, chemical engineer and developer of an improved ethanol extraction process from wood.

"A commercially viable ethanol extraction process from wood would be great for Montana's future"

Economic Development Through Smallwood Utilization

Craig Rawlings of the Montana Community Development Corporation (MCDC) has a big job trying to find uses for small wood.

Rawlings has been charged with this task because nearly 100 years of fire suppression have allowed thick stands of low-vigor, small diameter timber to grow across much of Montana and the US West. Compounding the problem, the timber industry has traditionally focused on utilizing larger diameter trees. As a result, there simply are not a lot of economically viable uses for small diameter trees.



Craig Rawlings of the Montana Community Development Corporation provides business owners with one-on-one technical assistance with projects that seek to utilize small diameter timber

Rawlings who is based in Missoula aims to change that. He works with established business and entrepreneurs from around the state and across the region to develop new uses for small diameter timber. Rawlings offers his clients one-on-one technical assistance, or refers them to the appropriate experts.

Examples of Rawlings' work will be on display at two Missoula area creeks—Rattlesnake and Lolo. The U.S. Forest Service awarded Rawlings a $135,000 grant to build wooden bridges out of locally harvested small diameter timber. Rawlings says, "The project has a double benefit, because the trees were harvested to prevent wildfires and they will be used to enhance to local recreation areas." The Lolo Creek bridge will be a 165 foot suspension bridge at Traveler's Rest State Park near US Highway 12 that will connect the parking lot with the area where Lewis and Clark camped nearly 200 years ago. Likewise, the 120 foot Rattlesnake Creek bridge will allow hikers better access to the Rattlesnake National Recreation Area.

Rawlings said, "The bridges are not a one-time demonstration. They are commercialization projects that prove that functional, aesthetic structures can be constructed from small-size trees."

You can learn more about Rawlings and his projects by visiting his web site www.mtcdc.org You can call him at 406-728-9234 ext. 203, or you can send him an email crawlings@mtcdc.org

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Montana State University Extension Forestry is a branch of the MSU Extension Service and is housed cooperatively with College of Forestry and Conservation at the University of Montana in Missoula, Montana.

The mission of Extension Forestry is to provide education and outreach to non-industrial private forest landowners, forestry industry, and other forestry-related organizations in Montana.

Extension Forestry carries out its mission by providing its stakeholders with educational workshops, publications, news-releases, brochures, and videos. Common topics include forest stewardship planning, forest insect and disease, windbreaks/living snow fences, alternative forest management practices, wildfire hazard reduction, forest products marketing, and tree pruning & care.

We're on the Web:

http://www.forestry.umt.edu/hosting/forestproducts/index.htm

Did a friend send this newsletter to you?

If so, sign up and we can send the newsletter directly to your email address.

Do you have comments, story ideas, or other suggestions?

If so, send them to Roy Anderson, newsletter editor

Calendar of Upcoming MSU Forestry Extension Events

Forest Stewardship Workshop
August 12, 13, & 19
Yellow Bay

Alternative Forest Management Practices
August 27
Lubrecht Forest

Forest Wildfire Hazard Reduction Practices
August 28
Lubrecht Forest

Forest Stewardship Workshop

September 13,14, & 20
Anaconda

For further information about any of these events contact:

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