



Landowner expectations of log quality and their role in stain free material

Jerry Anderson
Forest Capital Partners
3-10-11



In Conclusion.....

- Landowners know very little about mold and sapstain
- Log buyers do not seem to be focused on mold and sapstain – so prices do not incentivize fresh logs nor penalize old logs unless stains are already present
- Logging practices will definitely have an affect on the age of logs prior to delivery to a mill

Talking Points



- FCP's philosophy
- Values, prices and sorts
- Log quality issues
- The time from stump to truck (STT)
- Sapstain
 - What's that?
 - Do I care?

FCP's Philosophy



- Maximize value
- Maximize utilization
- Understand price matrices
- Strive for customer satisfaction
 - Provide logs that fit mill needs
 - Maximize preferred lengths/diameters
 - Deliver fresh logs

What Drives Value



- Understanding the relationship between price matrices, Scribner scaling rules and customer needs
- Bucking practices (highest value logs)
- Proper sorting

Typical Price Matrix



Diameter	36'-40'	28'-34'	16'-26'	<16'
5"-11"	\$600	\$550	\$500	\$100
12"-19"	\$650	\$600	\$550	\$100
12"-19" (3M)	\$50	\$50	\$50	\$50
>19"	\$100	\$100	\$100	\$100
<5"	No Pay			
>24" butt	No Pay			

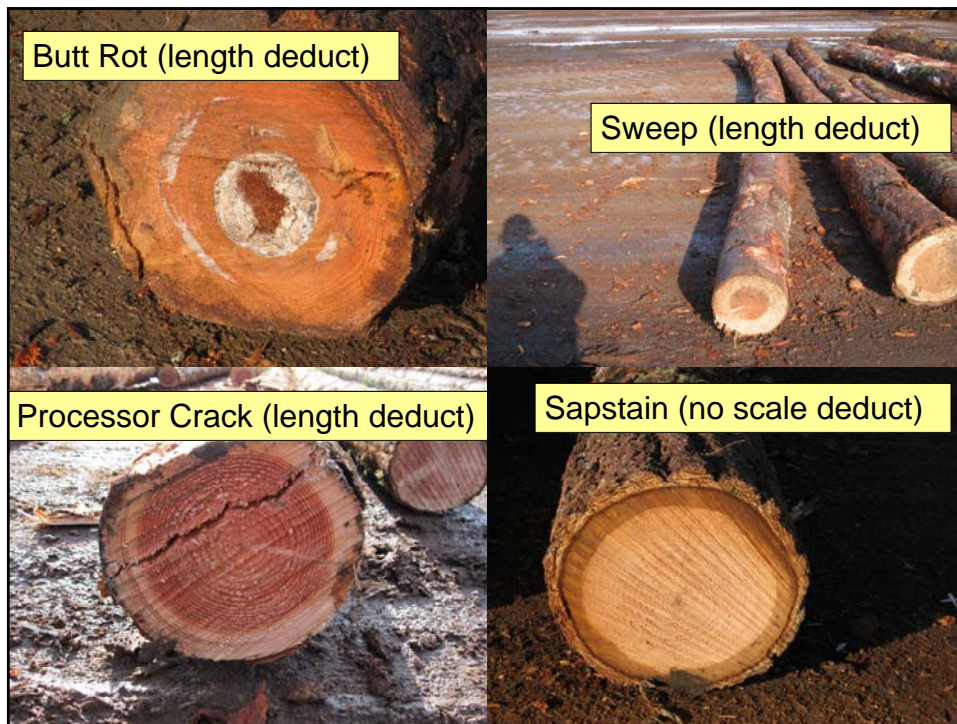
Logging Sort Sheet: Amputated Amoeba

Spp	Sort/Priority	Mill	PO	Preferred Lengths	Not Allowed Lengths	Max Butt
Douglas-fir	6"+	1 *** Mill Name ***		35' - 110'	<35'	
Douglas-fir	5-16"	2 *** Mill Name ***	4994	18', 26', 36'	<18'	20"
Douglas-fir	17"+	2 *** Mill Name ***	85000015	36', 40'	<16', 26', 28', 30'	30"
Douglas-fir	20"+	3 *** Mill Name ***		40'	<16'	
White Wood	6-11"	1 *** Mill Name ***	823-12R	24', 32', 40'	<16', 20', 22', 28', 30'	24"
White Wood	12-22"	1 *** Mill Name ***	M4064	26', 33', 39'	All Others	40"
White Wood	12-22"	2 *** Mill Name ***	85000015	16', 18', 20', 22', 24'	<16'	30"
Conifer CNS	5"+	3 *** Mill Name ***	81004695	32'	<12'	25"
Alder	6"+	1 *** Mill Name ***	SB91101	28', 30', 38', 40'	<16', 22'	35"
Maple	8"+	1 *** Mill Name ***	SB91101	28', 30', 38', 40'	<16', 22'	35"
Cedar	5"+	1 *** Mill Name ***	C10-011	40'	<16'	45"
Conifer Pulp	3" Top Min	1 *** Mill Name ***	81004695		<12'	25"
Conifer Pulp - Oversize	20"+	1 *** Mill Name ***	81004695		<12'	
Hardwood Pulp	3" Top Min	1 *** Mill Name ***	81004695		<12'	25"
Hardwood Pulp - Oversize	20"+	1 *** Mill Name ***	81004695		<12'	

Log Quality Issues



- Scale Deduction Issues
 - Tree Form (knot size, sweep, crook, etc.)
 - Disease (rot)
 - Mechanical Damage
 - Under trim
- Customer Desires
 - Proper trim, grade, diameter, length
 - Minimum percentage of preferred lengths
 - No center rot for peeler mills
 - Fresh logs



Stump to Truck Timing



- Why minimize STT time
 - Sort changes happen often (do not want logs processed with 'old' lengths)
 - Limits our exposure during fire season
 - Limits weather checking
 - Customers like fresh logs
- What STT times are acceptable
 - We don't exactly know – app. range of 2-8 weeks
 - Dependent on species, season and location

How To Limit STT Time



- Fell settings as needed but not entire units
- Clean up logs as you go
- Give contractors pre-work instructions
- Have contract language to enforce instructions
- Pay contractors by the ton (incentive to not let logs dry out)
- Track R/W logs
- Work with mill customers to ensure log quality standards are being met

Sapstain



- What's that?
 - I look forward to finding out
- Do I care?
 - I suppose, but our customers need to initiate the conversation

Conclusion Recap



- Landowners know very little about mold and sapstain
- Log buyers do not seem to be focused on mold and sapstain – so prices do not incentivize fresh logs nor penalize old logs unless stains are already present
- Logging practices will definitely have an affect on the age of logs prior to delivery to a mill

Questions

