



Ozark Woodland Owners Association, Inc.



www.ozarkforestry.org

President's Notes

By Ed Mabry



Inside this issue:

Market Report 2,

Fayetteville Shale 3

Become a Steward 4,5

Membership 6,7

As 2008 draws to a close and we reflect on the year, things might look sort of dim with the economy. There has been carnage in the sawmill industry, as well as many other industries. We are not alone in this mess. The good news is that our trees can keep growing until the market comes back. If you are looking to sell something now for cash flow, you might consider a specialty wood, like cedar or another similar one. Again, our crops keep growing regardless of the national economy.

With the 2008 Farm Bill passed, we are now waiting for Washington to define the rules. When those rules settle down, we'll know more about what is actually in there and how the programs will work. There are provisions for renewable energy of all kinds (fuels, electricity, etc), and our "crops" can fit into most of them. The new administration looks to be a "greener" group than we have had previously. Your "team" here at OWOA will keep digging to make sure we are represented. We are working not only to develop new markets, but also working on the road infrastructure to move the products more efficiently. The current economic crisis is affecting everything. All kinds of projects are unsettled due to an unstable market and a lack of funding availability. Personally I feel the stock market is near the bottom. It'll take a year or two to get back where we were, but I'm optimistic things will start rebounding this next year.

If you don't already have a Stewardship Plan for your forest, that is one thing you can be working on now while the markets recover. Check with your local timber specialist, or the AR Forestry Commission County Forester to get started. It's not a big deal, and it will get you prepared for possible opportunities in the farm bill.

It's renewal time, and your membership in OWOA is important. Some organizations are supported by big business. We are small, individual landowners like you are. We are trying to keep a level playing field in these emerging markets so we can have good markets for our products, and not be pushed out by big companies setting the rules so they are the only ones to participate. Sign up a friend!

MARKET REPORT: Unfortunately, We Wuz Right!

By Ron Bell

Well, its now official because the Arkansas Democrat/Gazette has said it is so. "Arkansas hardwood mills are struggling to survive..." In its November 30th edition, the paper posted a front page article containing colorful quotes, and cries of anguish from saw millers and researchers lamenting the decline of the Arkansas hardwood industry. Citing numerous mill closures, industry employment losses, and declining traditional markets, the article belatedly repeated all the information that OWOA has been providing to its members since June 2004, when we began to warn landowners to prepare for a painful transformation of our wood product markets. Since the article's author only went to the historical, traditional, talking head sources for her information, she continued the two classic mistakes of most observer writers, those of (1) Ignoring the market impact on Arkansas' 289,000 forest landowners, {In the full one page article, forest landowners were given exactly one sentence, "... Many timberland owners are withholding their mature, lumber-size hardwood trees from the market because of slack demand and low prices." Do Tell!!}; and (2) failing to examine the rising market alternative for wood as a widely used, versatile energy source.

The difficult situation now facing landowners is trying to determine if the timber market's current conditions are temporary because of the cyclical nature of lumber markets, or whether they are transformational because of permanent changes in market structure. The Ozark Foot-hills region has experienced both.

In the non forestry sectors of hill country agriculture, two transformational shifts have occurred in the last 60 years. In the 1950's, the Ozark's main cash crop, hill country cotton, was swept away by labor economics. Hill country cotton gins rapidly disappeared; and farmers turned to other, less labor intensive cash crops such as corn and soybeans. In 1980-81, the effects of drought and low grain prices, caused by national overproduction of grain crops, suddenly swept the grain farming industry out of the hills. Farmers adapted once again by expanding cattle and poultry farming.

During this same period, timber markets continued to evolve in a somewhat more complex fashion, sometimes cyclical, sometimes transformational. Timber markets for construction materials have always been cyclical with market peaks occurring near the end of a period of national economic expansion and associated homebuilding, followed rapidly by a steep decline in markets when the nation's economy contracted. Within greater market cycles, however, individual market sectors continually disappear only to be replaced by something new. Think old 4"x1/2" bead board ceiling and flooring, replaced by 2 1/4"x1" hardwood flooring, replaced by 6"x1/4" laminate installed over an OSB or plywood subflooring; or 5/8" plywood sheet roof decking replaced by 5/8" OSB decking. Think pine kitchen cabinets replaced by birch, stained plywood, maple, and oak cabinets over time.

"So what is the small woodland owners' place in this rapidly evolving, bad news market?"



So what is the small woodland owners' place in this rapidly evolving, bad news market? Here we repeat what we said in our June 2004 newsletter. "Now what does this landscape hold for small forest landowners? We are a bit like the small mammals existing at the twilight of the age of dinosaurs. It's a dangerous place out there as some of these industries survive for a while by devouring each other, before ultimately falling and threshing around in their death throes: but time and events are on our side." Every nation has a need for food to feed itself, fiber to cloth itself, and wood for energy and shelter. There will be a good place for forest landowners in tomorrow's economy. Our challenge is to spot and promote the use of our product in emerging markets as they occur.

Fayetteville Shale Impact On Your Forests

By Thomas E. Bryant, OWOA Past President

By now most of you have heard about the Fayetteville Shale natural gas formation in North Arkansas and many of you have experienced the pros and cons of the development of this vital resource for our nation.

The shale “play” as it’s known will have a definite impact on the forests of North Arkansas through many aspects even where no wells are drilled. The biggest impacts are for testing and pipe line location.

The testing involved when the gas companies are trying to locate the best place to drill involves three aspects. These are surveying, clearing and actual testing. Normally, before testing is to be done, they contact the landowner and negotiate compensation for the test. Afterwards, if there has been any significant damage to trees they will have the damage appraised so they can compensate the landowner. When you talk to them you can insist on them using a particular professional forester to survey the damage. Also be sure to discuss whether gates are to be kept shut and what happens if the testing creates large ruts on your property where the equipment travels.

The surveying involves tying flagging ribbons *everywhere* and setting some wood stakes. This is probably the most aggravating part since most of us don’t like those ribbons everywhere. They will have a crew of several people all over the property for several weeks. They flag and note every road, trail, fence, pond, branch, creek and other noteworthy items.

Once the surveyors have gotten a good start the “gator” crew comes in with very large machines that resemble a big garden tiller. These machines are huge, articulated front end loaders that have had the bucket removed and replaced with a tiller looking head that have large rotating discs with carbide teeth attached and they literally grind up everything in their paths. If they come to an 8” tree they may push it over and grind it up into chips. The paths that they clear through the woods are usually about 14 feet in width and make room for the heavy “thumper” truck

which vibrates the ground. These paths are in a grid pattern and at certain intervals.

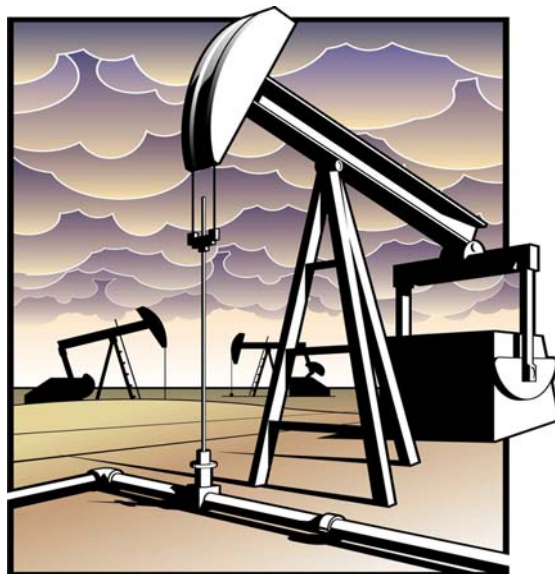
The test requires that the “thumper” truck be placed at certain intervals. They may clear this path for a short distance in this area and they move to another area or they may clear a long trail (which should make a good food plot for deer hunting opportunities).

The test involves laying cables on top of the ground and attaching listening devices at regular intervals so when the ground is vibrated the resulting seismic signals can be recorded.

Once the tests are done they may or may not decide to drill in any particular area. If they do decide to drill they will construct roads to the drill site and build a gravel “pad” to support the drilling platform. Once a well is drilled pipelines have to be laid to the well and those connected to collection lines which are then in turn connected to even larger lines. Even though you may not have a well drilled on your property you may have to deal with having pipelines that cross your property.

The Fayetteville Shale gas play has made millionaires overnight and will continue to have a significant impact on the Arkansas economy. This can be a blessing during this economic downturn and on your portfolio. The economic impact has been most apparent in White, Van Buren and Cleburne Counties but the activity has picked up significantly in Independence and Jackson Counties.

The gas companies are still trying to locate the outlying boundaries of the shale formation that are most likely to produce recoverable quantities of natural gas.





Become a Forest Steward

LITTLE ROCK, ARK. – Congress created the Forest Stewardship Program (FSP) in 1990 as part of the Food, Agriculture, Conservation and Trade Act. Since then, stewardship plans have been written for approximately 6 percent of Arkansas's 10.8 million acres of private forestland.

Forest Stewardship is the wise use and management of resources that maintain and enhance the value of forests for present and future generations. Landowners are eligible for FSP if they own a minimum of 20 acres, with at least 10 of those acres forested.

- Benefits of participating in FSP include:
- A prepared management plan at no cost to the landowner;
- Improved income opportunities;
- Recognition of your efforts with a certificate and sign;
- Knowledge about natural resource management and assistance for many management practices;
- Enhancement of wildlife through habitat protection and improvements;
- Conservation of water and soil resources for now and in the future;
- Assurance of a future supply of timber for forest products;
- Restoration and management of wetlands;
- Recreational opportunities;
- Maintenance and enhancement of the beauty and diversity of Arkansas's forests; and
- Maintenance of unique historical and geological features; and

The USDA Forest Service oversees FSP nationally, and has assigned the administration of the program in Arkansas to the Arkansas Forestry Commission (AFC).

Become a Forest Steward—cont'd

Other cooperating agencies include Arkansas Game and Fish Commission, Arkansas Natural Resources Commission, Arkansas Historic Preservation Program, University of Arkansas-Cooperative Extension Service, Arkansas Natural Heritage Commission, USDA Farm Service Agency, and USDA Natural Resources Conservation Service (NRCS).

To begin the process, landowners must contact an AFC County Forester or cooperative agency, or submit an online Stewardship Program application at <http://www.forestry.state.ar.us/manage/stewardship.html>.

Consulting Foresters and AFC Foresters can write Stewardship plans addressing multiple-use management at no cost to the landowner. Landowners may also receive technical assistance toward the implementation of the plan. To find a consulting forester in your area, visit the Arkansas Forestry Commission's online Consulting/LAP Forester Directory at <http://www.forestry.state.ar.us/manage/consultingforesters.html>.

The stewardship plan can be used for the Environmental Quality Incentives Program (EQIP) if the plan has specified the practices to be cost-shared by the EQIP program guidelines. EQIP cost-share is 50 percent and 75 percent of the costs of certain conservation practices. The practices are subject to NRCS technical standards adapted for local conditions. The local conservation district approves the plan, and applications for cost-share are ranked on a statewide basis once a year. To find an NRCS office in your area, visit <http://offices.sc.egov.usda.gov/locator/app>.

After significant progress has been made in implementing the stewardship plan, the landowner is nominated for recognition as a Certified Forest Steward. If the nomination is approved, the landowner will receive a certificate of recognition and a sign to be displayed on the property.

For more information, visit www.arkansasforestry.org, or call the Arkansas Forestry Commission at (501) 296-1940.

The Arkansas Forestry Commission offers its programs to all eligible persons regardless of race, color, national origin, sex, age or disability and is an Equal Opportunity Employer



***OZARK WOODLAND OWNERS ASSOCIATION,
INC.***

***490 East College Street, Room 242
Batesville. AR 72501-5632***



Dear OWOA Member,

December is the time of year when we ask our OWOA members to renew your membership. To justify your continued support I would like to share with you some of the things we have accomplished on your behalf this year and the efforts we have planned for next year.

The top priorities for our efforts have always been our forest landowner education and technical assistance programs. We have continued to support our county workshops and have grown our spring and fall forestry field days into regional events.

The economy is tough this year, and will take time to recover. The 2008 Farm Bill has been passed, and the rules are still being written for the programs contained in it. We will continue to follow the progress, providing input everywhere we can to stand up for private landowners. We are heavily involved in the Bio-fuel development as it evolves, and will be working daily to make sure we have a place in it's development and growth.

OWOA's major effort on your behalf was the creation of an electronic marketing website, located at www.ozarkforestry.org, designed to give you the same market information on Ozark region forest products that other agricultural commodity producers have available to them in the marketplace .

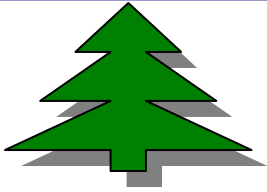
In the year ahead OWOA will conduct a spring north Arkansas forest landowner training conference, plus the fall membership meeting.

A member benefit is your receipt of the National Woodland magazine, this quarterly publication made available to our members through our affiliation with the National Woodland Owners Association, will provide you a comprehensive array of articles on national forestry issues.

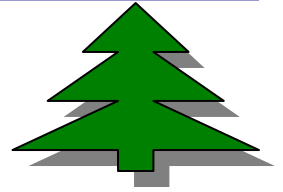
Your \$15 yearly membership contribution to OWOA is returned to you in our newsletter printing and postage costs and our semiannual workshop expenses. Your OWOA leaders and other volunteers match that with the donation of their time and personal resources to bring you the services and benefits listed above. Please commit to remaining an informed forest landowner and renew your membership for the 2009 membership year today.

Sincerely,

Ed Mabry, President



MEMBERSHIP RENEWALS



OZARK WOODLAND OWNER'S ASSOCIATION MEMBERSHIP FORM

Name: _____
Last First MI

Address: _____
Street/Route City Zip Code

Telephone: _____ Email: _____

County(s) in which timber is owned: _____

Renewal 1 year (\$15)

New Member Gift Membership

Mail me a copy of the Arkansas Forest Stewardship Program brochure and enrollment form. Sign me up to receive the Newsletter by e-mail

Please return the above form with your dues to: Ozark Woodland Owner's Association, 490 East College Street, Room 242, Batesville, AR 72501 Telephone: (870) 793-4164, ext 3 e-mail: www.ozarkforestry.org

OZARK WOODLAND OWNER'S ASSOCIATION MEMBERSHIP FORM

Name: _____
Last First MI

Address: _____
Street/Route City Zip Code

Telephone: _____ Email: _____

County(s) in which timber is owned: _____

Renewal 1 year (\$15)

New Member Gift Membership

Mail me a copy of the Arkansas Forest Stewardship Program brochure and enrollment form. Sign me up to receive the Newsletter by e-mail

Please return the above form with your dues to: Ozark Woodland Owner's Association, 490 East College Street, Room 242, Batesville, AR 72501 Telephone: (870) 793-4164, ext 3 e-mail: www.ozarkforestry.org

OZARK WOODLAND OWNERS
ASSOCIATION, INC.
www.ozarkforestry.org

490 College Street, Federal Building
Batesville, AR 72501
870-793-4164

Officers

Ed Mabry, President

Jimmy Wallace, Vice President

Paul Reynolds, Treasurer

Alice Witterman, Secretary

