

---

# Woody Biomass Utilization 2005 Grant Program: Status Report



USDA Forest Service © S&PF Technology Marketing Unit © Madison, WI

---



by

**Susan LeVan, Program Manger  
S&PF Technology Marketing Unit**

**Ted Bilek, Forest Products Laboratory  
Andrew Kramp, Forest Products Laboratory**

**Madison, Wisconsin  
(608) 231-9518**

**February 2007**

---

## Woody Biomass Utilization 2005 Grant Program: Status Report

### PURPOSE

This paper presents a status report on the Woody Biomass Utilization Grant program. The following topics are covered:

- Authorizing legislation
- Goals and anticipated length of the program
- Administration of program
- Evaluation and monitoring activities
- Summarizes of 2005 and 2006 grant awards
- Impact on National Forest Systems

### BACKGROUND

**Congressional Authorization:** The USDA Forest Service, the 2005 Woody Biomass Utilization Grant program was authorized and appropriated in the following legislation:

- Public Law 108-447 Department of the Interior, Environment and Related Agencies Appropriations Act of 2005.

Program direction was provided by:

- Public Law 108-148, Healthy Forest Restoration Act.

**Goals and Anticipated Length of Program:** The Congressional language authorizes up to \$5 million a year for forest product projects that increase the use of woody biomass from national forest system lands. The woody biomass utilization grant program is intended to help improve forest restoration activities by using and creating markets for small-diameter material and low-valued trees removed from forest restoration activities, such as reducing hazardous fuels, handling insect and diseased conditions, or treating forestlands impacted by catastrophic weather events. These funds are targeted to help communities, entrepreneurs, and others turn non-merchantable woody biomass from forest restoration activities into marketable forest products and/or energy products.

The original intent of USDA Forest Service Chief Dale Bosworth was to fund the Woody Biomass Utilization Grant program for 5 consecutive years, from the 2005 Appropriation Bill until the 2009 Appropriation Bill. The program is currently starting its third year. An evaluation of the benefits of this program will guide future direction.

### ADMINISTRATION

The Woody Biomass Utilization Grant program is administered by the S&PF Technology Marketing Unit, located at the Forest Products Laboratory (FPL). The Technology Marketing Unit and the FPL in general, have strong ties to businesses and entrepreneurs interested in converting non-merchantable woody biomass into marketable forest products and/or energy products. A steering committee, consisting of representatives from each Forest Service Region, several Research Stations, the Northeastern Area, as well as Washington Office representatives

from Fire and Aviation Management, National Forest Systems, State & Private Forestry Cooperative Forestry, Research, and Woody Biomass serve as the primary body for developing the criteria, procedures, as well as the technical reviews. This steering committee developed the following objectives for this grant program:

- Help reduce forest management costs by increasing value of biomass and other forest products generated from forest restoration activities.
- Create incentives and/or reduce business risk for increased use of biomass from National Forest System lands.
- Institute projects that target and help remove economic and market barriers to using small-diameter trees and woody biomass.

**Solicitation Procedures:** A Request for Proposal is announced in the Federal Register, as well as posting the announcement on the FPL webpage, and disseminating the information to hundreds of Forest Service partners. A two-step evaluation process is used. Applicants are asked to submit a pre-application. If the pre-application passes the review process, then the applicant is asked to submit a full application. Grant awards are then selected from the small number of full applications.

**Criteria and Weight:** Criteria used to rate both the pre-applications and the full-application are the following:

- Impact on National Forest System Lands Forest Restoration Activities – 40%
- Technical Approach Work Plan – 25%
- Financial Feasibility – 25%
- Qualifications and Experience – 10%

The applicant's discussion of the impact on National Forest System (NFS) lands is a critical component because these proposals are aimed at helping the Forest Service increase the number of acres treated and decrease the cost per acre for those National Forest System lands that are at risk due to hazardous fuel buildup, insects and diseases, or catastrophic weather events. A letter of support from the local Forest Service Supervisor or District Ranger is a mandatory requirement from the applicant. This letter is used by the review team to evaluate the NFS support and interest in the proposed project. An ancillary goal of this grant program is to increase the partnership between entrepreneurs and the NFS.

**Review and Selection Process:** A Forest Service team of regional, technical, and financial specialists, as well as technical and financial experts from USDA Rural Development and CSREES, help review the applications. The proposals are scored and ranked. The review committee sends their recommendations to an Executive Steering Committee, composed of the Deputy Chiefs from NFS, Research, State & Private Forestry, and the Director of FPL, for final approval.

**Evaluation and Monitoring of Grantees and Impact on NFS:** In addition to the regular financial reporting that Forest Service grantees are required to submit, the Woody Biomass Utilization Grant program has additional requirements. Grantees must submit annually, information on the acres treated, the cost or revenue/acre, and the green tons removed. The FPL sends out a questionnaire to both the grantees and the associated National Forests (see

Attachment A) after 6 months, then yearly. The 6-month questionnaire provides the baseline data from which benefits are measured. All this information is summarized in the Appendix and Table 1.

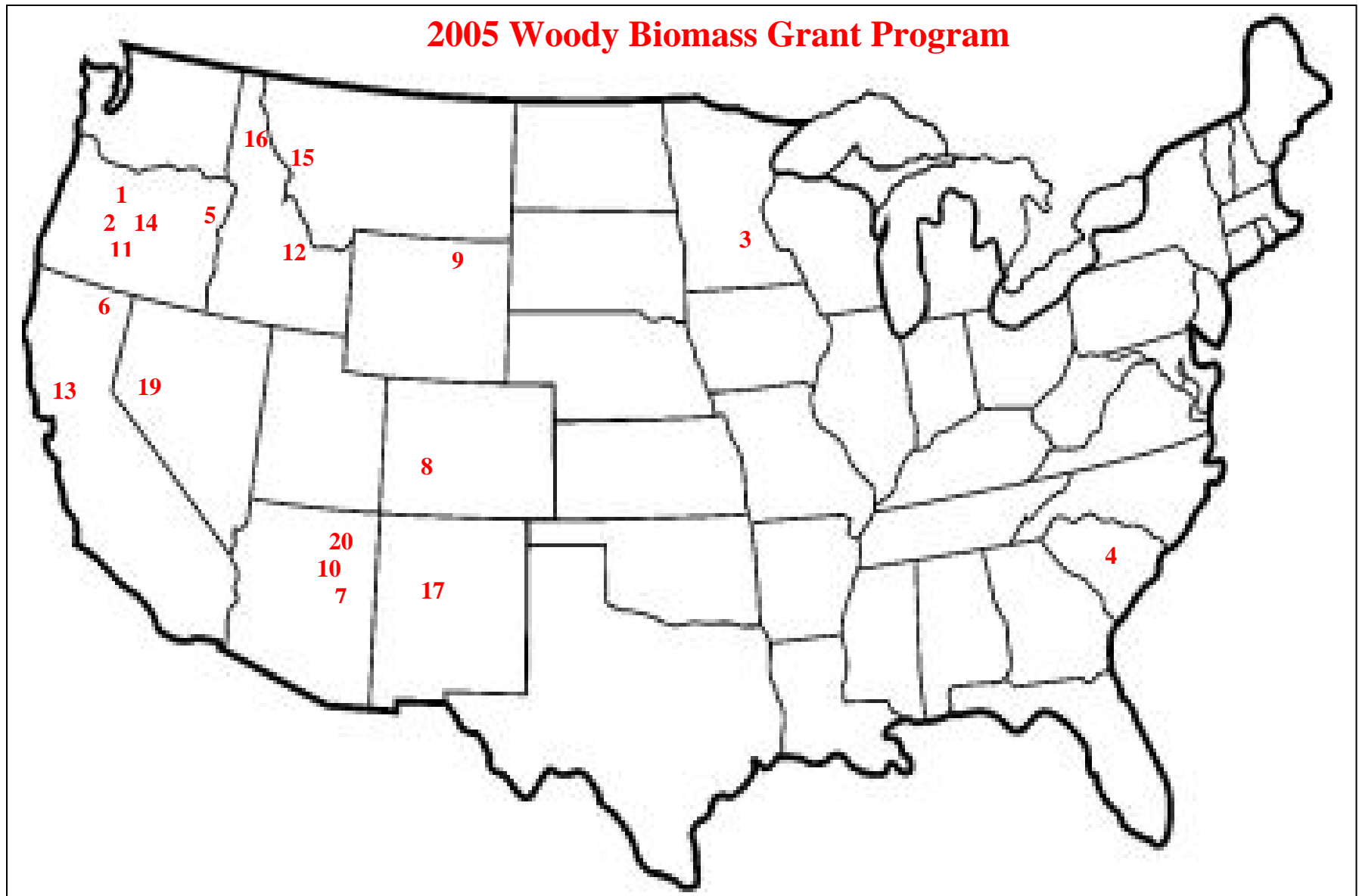
For both the 6-month and the 1-year responses, most National Forests who responded to our questionnaire indicated that it was still too early to make an assessment of the impact of the Woody Biomass Utilization grant associated with the forests. For example, the Francis Marion/Sumter, the Modoc, and the San Juan reported that additional acres had been treated, green tons had been removed, or a cost savings resulted from the grant. The Francis Marion/Sumter reported 11,418 additional green tons removed. The Modoc reported 1,640 acres had been treated at a cost savings of \$250/acre. The San Juan reported an additional 150 green tons at a cost savings of \$1,500. Costs savings to the Forest Service ranged from \$50/acre to over \$250/acre, depending on the grant, terrain, and other considerations. We anticipate that in the future that NFS will continue to report more acres treated and/or cost savings as a direct result of strong and viable biomass markets stimulated through the Woody Biomass Utilization Grant program.

From the comments and data provided by the applicants and the NFS personnel, the following key messages are apparent:

- Grantees are in the process of installing new equipment or processes and obtaining raw material. It has taken the businesses and non-profits longer than they expected to get things up and running. Because the grants were awarded in July 2005, grantees basically missed the first field season. The second year of reporting will see more tangible results from the 2005 Woody Biomass Grant program. The second year of reporting is the summer of 2007.
- Additional acres are those acres that are treated due to the award of the grant. For all grants awarded in 2005, it was estimated that more than 43,000 acres per year would be additional acres treated.
- The actual number of additional acres treated after the first field season of the 2005 grant program was 75,200 acres, as of August 2006. In some cases, these acres may have been treated anyway; however, the Forest Service cost per acre was reduced due to better efficiencies provided through the grant assistance.
- Most of the National Forests did not report green tons removed and utilized, but using an average of 10 green tons per acre, this could represent over 752,000 green tons of woody biomass that was removed. These numbers only reflect NFS responses.
- NFS personnel are very favorable toward the grant program. They see increased interest in small-diameter material being removed and utilized, although they cannot put quantifiable measures on it yet. Many suggested the grant program be expanded.
- The biggest impact appears to be on slash piles that are created after treatment. Typically, Forest Service will burn these piles. However, many Woody Biomass grantees are taking and using this material, thereby offsetting the costs of piling and burning. In addition, not burning these piles eliminates issues of smoke emanating from burning piles. Cost savings ranged from \$50/acre to \$250/acre. These costs varied depending on the grant, geographical terrain and local industry infrastructure.

- A few Woody Biomass Utilization grantees are still having problems obtaining material from the Forest Service, either because of costs or because material isn't being put up for sale or for a stewardship contract. Numerous reasons abound for these from litigation to lack of funds on NFS to prepare the sales or stewardship contracts.
- Favorable educational opportunities have been associated with the 2005 grants to alleviate market barriers. Two in particular are producing very favorable responses by the local communities and environmental groups: (1) The New Mexico Workman's Compensation Woody Biomass Utilization Grant has reduced workman compensation insurance in New Mexico by half. (2) On the Superior National Forest, the Institute of Agricultural and Trade Policy grant has provided best management practice techniques for harvesting woody biomass for bioenergy and has gained the support of many environmental groups who were opposed to hazardous fuel reduction in the Minnesota.

So far the 2005 Woody Biomass Utilization Grant program is on target, although achieving the expected outcomes is taking longer than anticipated due to the time it takes to capitalize and implement new processing technologies.



**Table 1. Preliminary NFS Impacts of 2005 Woody Biomass Grant Program****Note: Numbers correspond to numbers on map and in Appendix.**

<b>Grantee</b>	<b>Location</b>	<b>National Forest</b>	<b>Anticipated Impact on NFS, including acres treated from grantee proposal</b>	<b>Objective of grant</b>	<b>Progress Report from NFS June 05 – Dec 05</b>	<b>Progress Report from NFS June 05 – June 06</b>	<b>NFS Contact</b>
<b>(1)</b> Dodge Logging, Inc	Boardman, OR	Wallowa Whitman LaGrande Ranger District, Umatilla	<ul style="list-style-type: none"> <li>- Treat at least 1500 acres of NFS land and remove 4,500 to 5,000 tons of biomass</li> <li>- Reduce local Forest Service hazardous fuel reductions costs by 50%</li> </ul>	<ul style="list-style-type: none"> <li>- To expand small-diameter log processing at chip plant site</li> <li>-To improve long-term viability of sawmill upgrades to handle small-diameter material</li> </ul>	Too early to determine	Too early to determine	Philip Musgrove,
<b>(2)</b> Warm Springs Forest Products	Warm Springs, OR	Deschutes -Ochoco	<ul style="list-style-type: none"> <li>- Treat 2,000 acres of NFS lands/year</li> <li>- Reduction of hazardous fuel reduction cost of up to \$100/acre</li> </ul>	<ul style="list-style-type: none"> <li>- Improve biomass fuel processing capabilities of mill for power and lumber drying through installation of extraction turbine</li> <li>- Double power output of turbine from same amount of biomass</li> </ul>	No response from NFS	No response from NFS	
<b>(3)</b> Institute of Ag & Trade Policy	Minneapolis, MN	Superior	<ul style="list-style-type: none"> <li>- 180 acres of biomass removed from 12 harvest sites</li> <li>- Identification of barriers to local loggers and why they are not bidding on non-commercial fuel projects</li> </ul>	<ul style="list-style-type: none"> <li>- Help reduce fire and land management costs for Superior National Forest and other landowners by reducing bidding risks for forest contractors</li> <li>- Support expansion of biomass markets by increasing public acceptance of biomass harvesting</li> <li>- Outlet for material is biomass energy plant</li> </ul>	Too early to determine impact	Reduced costs for prescribed burning from \$150/acre to \$50/acre. No reduction in costs for mechanical treatments.	Jin Sanders, Denise Dexter, Lisa Pattni, Ellen Bogardu-Szymaniak,

<b>(4)</b> Corporation for Economic Opportunity	Columbia, SC	Francis Marion /Sumter Francis Marion Ranger District	<ul style="list-style-type: none"> <li>- 990 acres treated</li> <li>- Reduce costs of treatment to \$23/ton</li> </ul>	<ul style="list-style-type: none"> <li>- Assist NFS with hazardous fuel reduction projects by subsidizing collection of woody biomass for Santee Cooper co-firing plant and for biomass energy plant at USC</li> <li>- Expand market for hazardous fuel treatment material</li> </ul>	Removal of 52,000 tons of green wood from 1,122 acre biomass project	11,418 tons of green wood removed, grant has not yet resulted in lower treatment costs	
<b>(5)</b> Wallowa Resources	Enterprise, OR	Wallowa Whitman Wallowa Valley District	<ul style="list-style-type: none"> <li>- Utilize an additional 3,350 to 3,800 tons per month of woody biomass</li> </ul>	<ul style="list-style-type: none"> <li>- Expand wood facility to handle more woody biomass</li> </ul>	No direct impact on NFS to date	No direct impact on NFS to date	Barbara Van Alstine,
<b>(6)</b> Northern Cal-Neva RC&D	Alturas, CA	Modoc	<ul style="list-style-type: none"> <li>- Treat 7,000 acres of hazardous fuel treatment</li> <li>- Expand fuel treatments, reduce haul cost by \$74.88/acre and transform costly service contracts to viable biomass sales</li> </ul>	<ul style="list-style-type: none"> <li>- Support expansion of biomass power (Big Valley Biopower) by facilitating infrastructure for delivery of woody biomass</li> </ul>		1,640 acres on NFS and 900 acres on private lands. Reduced cost of treatment from \$250/acre to a revenue of \$1.10/acre	Anne Mileck,
<b>(7)</b> Cheyenne Log Homes dba Arizona Log and Timberworks	Eager, AZ	Apache-Sitgreaves	<ul style="list-style-type: none"> <li>- Add value to material removed from Future Forests LLC White Mt Stewardship contract of \$103/acre</li> <li>- Additional revenue should allow treatment of additional 652 acres/year on White Mt stewardship contract</li> </ul>	<ul style="list-style-type: none"> <li>- Install pressure treating facility to develop value-added product from small-diameter</li> <li>- Develop marketing efforts to increase awareness of new product</li> </ul>		“Progress underway but too early to determine direct NFS impact”	Elaine Zieroth, Robert S. Taylor,



<b>(8)</b> Loblolly Logging and Lumber	Pagosa Springs, CO	San Juan	<ul style="list-style-type: none"> <li>- Increased value of materials removed in fuels treatments will contribute \$200 to \$300 in revenues for every acre treated from local Forest Service operations</li> <li>- Estimated production of 700 poles/rails per week will ensure market outlet for small-diameter timber removed from Forest Service hazardous fuel reduction projects</li> </ul>	<ul style="list-style-type: none"> <li>- Acquire, install dowelling mill to increase use of small-diameter material</li> <li>- Make it feasible to pay about \$500/truckload for 4- to 8-inch roundwood that is currently chipped for off-site disposal</li> </ul>	No change yet, new mill has yet to operate	\$1,500 of savings for the East Vallecito Fuels Treatment. Given that expansion operation is still underway, hard to estimate differences in pre- and post-grant cost, acres, etc.	Steve Hartvigsen,
<b>(9)</b> Wyoming Sawmill	Sheridan, WY	Bighorn	<ul style="list-style-type: none"> <li>- Reduce typical fuel treatments by \$280/acre</li> <li>- Increase value of non-merchantable small-diameter trees</li> </ul>	<ul style="list-style-type: none"> <li>- Manufacture proprietary laminated header using material from Forest Service fuels reduction project</li> <li>- Move product through product testing and certification</li> <li>- License new header product to small log mills to manufacture product from small-diameter logs</li> </ul>	No immediate impact except National Forest has seen greater utilization of small-diameter material	No direct impact except that additional material that was uneconomical is being removed and utilized	Chris Thomas,
<b>(10)</b> W. B. Contracting	Eager, AZ	Apache-Sitgreaves	<ul style="list-style-type: none"> <li>- Will allow additional 4,000 acres of WUI to be treated</li> <li>- Cost savings to Forest Service of \$873,000 during 10-Year Stewardship Contract</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce cost of logging road reconstruction and need for new roads</li> <li>- Access steeper slopes in WUI</li> <li>- Improve air quality by reducing need to pile and burn</li> </ul>		“ Progress underway but too early to determine direct NFS impact “	Elaine Zieroth, Robert S. Taylor,

<b>(11)</b> Central Oregon Intergovernmental Council	Eastern Oregon	Deschutes -Ochoco	<ul style="list-style-type: none"> <li>- Stimulate investment in local bioenergy and small log processing facilities</li> <li>- Reduce fuel cost treatment by \$100/acre</li> <li>- Increase fuel reduction programs from 63,000 to 85,000 acres/year</li> <li>- \$2.2 million/year reduction in fuel treatment costs on Forest Service, BLM, and BIA units</li> </ul>	<ul style="list-style-type: none"> <li>- Develop and implement protocols for Forest Service and BLM units to plan, project, coordinate, and levelize regional programs of work over 3 to 5 years</li> <li>- Produce &amp; disseminate annual supply projections to promote local investment</li> <li>-Decrease costs/acre and increase number of acres treated</li> <li>- Monitor and evaluate economic and environmental benefits</li> <li>-Communicate and share lessons and results</li> </ul>	No response from NFS	No response from NFS	Leslie Weldon,
<b>(12)</b> England Sawmill	North Fork, ID	Salmon-Challis	<ul style="list-style-type: none"> <li>-Annual revenue between \$900,000 to \$1,200,000</li> <li>- Save National Forest between \$850,000 to \$1,100,000 in annual expenditures if National Forest had to hire crews to complete projects</li> </ul>	<ul style="list-style-type: none"> <li>- Install dry kiln</li> <li>-Double production capacity of mill from 750,000 bf to 9 million bf</li> <li>Increase product/load from 15,000 bf green to 28,000 bf dry</li> <li>-Employ additional 25 to 30</li> </ul>	No response from NFS	No impact yet, but sale under contract, finished logging during summer 2006	William Wood, Larry Svalberg,
<b>(13)</b> Summit Views LLC	Watsonville, CA	Los Padres	<ul style="list-style-type: none"> <li>- 800 to 1600 green ton/year with a revenue to Forest Service of \$18/green ton</li> </ul>	<ul style="list-style-type: none"> <li>- Expand capability to utilize hazardous fuel treatment material</li> <li>- Demonstrate economic viability of purchasing biomass feedstock from hazardous fuel reduction projects</li> <li>- Demonstrate how densified firelong plant can be deployed in other communities</li> </ul>		No visible impact during this reporting	John Bradford,

<b>(14)</b> M&L Enterprises	Deschutes County, OR	Deschutes Crescent Ranger District	-Treatment savings to NFS of between \$335 - \$400 per acre - Increase treatments roughly by 500 acres/year	- Purchase new processing equipment to upgrade mill and handle more woody biomass	Purchased and removed decked logs and landing slash, 971 CCF which Forest Service would have had to pile and burn	Purchased and removed 2,660 CCF of slash which Forest Service would have had to pile and burn	Judith Parker,
<b>(15)</b> Big Sky Forest Products	St. Regis, MT	Lolo	- Project claims it will be able to pay \$25/ton, process 300 tons/day; 75,000 tons per year, which translates into 5,000 acre/year	- Turn small-diameter material into merchantable pulp quality chips or roundwood that is left to pile and burn - Reduce cost of treating acres by creating products from underutilized material	No response from NFS	No response from NFS	
<b>(16)</b> Panhandle Forest Products	Cocolalla, ID	Idaho Panhandle	- Increase by \$13/ton the price of raw material paid to Forest Service	- Develop value-added processing down to 2-inch- diameter material, which uses material that would be piled and burned	No response from NFS	No response from NFS	
<b>(17)</b> Forest Guild	New Mexico	National Forests of New Mexico	- Direct contribution of cost share program should reduce treatment costs by \$250/acre - New Workmen's Comp rates should reduce treatment costs by nearly \$1 million/year	- Develop logging safety training and certification program - Provide cost share of \$100 to \$300/acre for certified contractors during 2-year implementation - Collect data to determine feasibility of new 'thinning contractor' certification		Direct impact on NFS hard to determine; however Workman's Compensation Insurance rates for certified loggers have been reduced in half	Jerry Payne,

<b>(18)</b> Travis Taylor Logging <b>CANCEL LED</b>	Goldonna, LA	Kisatchie Winn Ranger District			NA	NA	
<b>(19)</b> Northern Nevada Correctional Facility	Carson City, NV	Lake Tahoe Basin Management Unit	- When facility is online, treatment costs for NFS reduced by \$300/acre	- Install biomass co-generation facility at NNCC - Establish biomass recovery and transport system for delivery to facility	No response from NFS	No response from NFS	Dave Marlow,
<b>(20)</b> American West Structures, LLC	Eager, AZ	Apache-Sitgreaves	- Increase demand from small logs by 450 bf/year to 2,000,000 bf/year - Increase value of small woody biomass by \$3/ton - Reduce cost of stewardship	- Install lumber dry kiln to allow production of kiln dried lumber from small-diameter lumber harvested from 10-year stewardship contract -Install wood laminating press to produce laminated wood decking to compliment existing product line - Establish capability to manufacture decking from local logs, eliminating need to import raw materials from Canada		“ Progress underway but too early to determine direct NFS impact “	Elaine Zieroth, Robert S. Taylor,

## APPENDIX: SUMMARY OF PROJECTS

**Note: Numbers correspond to numbers on map and in Appendix.**

The Forest Products Laboratory has been monitoring the status of the grants since the first grant was awarded in 2005. The following summarizes the various projects for 2005 and 2006, provides status reports from the grantee, as well as the associated National Forests, and offers lessons learned. Note that one important lesson is that it takes about 1 year to start seeing benefits both to the grantee and to the National Forests due to the fact that many of the grantees first need to acquire equipment.

### 2005 Grants

#### 1. Grantee: Dodge Logging Inc, Boardman, OR

Goal: Improve lumber recovery from small logs that would have been burned on site during hazardous fuel reduction projects.

Status: Installing a single pass saw line designed for small-diameter logs, as well as sending chips from the single pass saw line to their new wood pellet plant in Pendleton, OR. Wood pellet mill is operational but having problems with green sawdust so need to install a dryer. The single pass saw line is about 70% to 75% complete.

NFS Impacts: Wallowa-Whitman NF; La Grande Ranger District:

Reporting period: June 2004 to June 2005:

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant	1521	4000	\$200	\$100	20,000
Post grant	2991	52446	\$200	\$100	17,000

Comments from Wallowa-Whitman National Forest, La Grande Ranger District:

- “Contractor is still in the installation phase of the small-diameter sawmill at the Boardman Oregon facility. Plans are to start operation by summer 2006. To date no additional acres treated as a result of the grant.
- “Our forest needs to design projects which will be competitive with other forest/districts on a unit cost basis with mix of mechanical (with and without removal) and Rx burning. No change as a result of the grant. The easy cheaper acres are going fast.”
- “Grantee appears to be very comfortable with stewardship contracting and continues to be proactive in development of new markets for material. The grant could have some bearing on their level of participation, bid rates and successful implementation. It will take additional time to assess the impacts of the grant.”

- “Traditional sawlog milling facilities are relying heavily upon private land log supply. Non-saw product removal is increasing from federal lands but not near enough to make a difference. The woody biomass grant program does help assist the development or maintenance of industrial infra-structure important to successful vegetative management activities. An important element of the woody biomass grant program is a concurrent program of a flexible timber management program that efficiently plans and prepares these projects as well.”

NFS Impacts: Wallowa-Whitman National Forest; La Grande Ranger District:  
[Reporting period: June 2005 to June 2006](#), No response from National Forest.

-----  
NFS Impacts: Umatilla National Forest:  
[Reporting Period: June 2004 to June 2005](#)

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant	--	--	--	--	--
Post grant	--	--	--	--	--

Comments from Umatilla National Forest for this reporting period:

- “As of March 14, 2006, the small log milling facility at Boardman, OR, is not operational. It is my understanding that construction is underway.”

NFS Impacts: Umatilla National Forest:  
[Reporting Period: June 2005 to June 2006](#)

NFS returned form and checked box that the Woody Biomass Grant had no visible effects during the reporting period of June 2005 to June 2006.



**2. Grantee: Warm Springs Forest Products Industries, Warm Springs, OR**

Goal: Upgrade their woody biomass energy plant to increase energy output and use more woody biomass from Deschutes National Forest, BLM, and BIA

Status: Many delays due to securing fuel supply and securing loan from State of Oregon for \$15 million. MOU signed between the Forest Service, BLM, and Confederated Tribes of Warm Springs in January 2006 regarding fuel supply. Overall project is very large with the Forest Service grant only representing about 1% of total cost of project. Things are proceeding in a positive fashion but everything, such as securing power purchase agreement with major utility, is taking longer than expected. We are continuing to work towards a signed Power Purchase Agreement with either PacificCorp or Portland General Electric Company. Currently, we have well developed detailed term sheets with both utilities and expect to have a signed PPA with one of them. We are also proceeding with acquiring the required project permits, finalizing the electrical interconnection agreement, selecting financial partners, completing the EPC contract agreements, organizing forest fuels projects, working on fuel supply agreements, and the development of the necessary organizational agreements and documents.

NFS Impacts: Deschutes - Ochoco National Forest

Reporting Period: **June 2004 to June 2005**, No response from National Forest

Reporting Period: **June 2005 to June 2006**, No response from National Forest.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant	--	--	--	--	--
Post grant	--	--	--	--	--



### 3. Grantee: Institute of Agriculture and Trade Policy, Minneapolis, MN

Goal: Address economic, environmental, and information barriers associated with hindering biomass energy markets in Northern Minnesota.

Status: Project is on task. Harvest timeline slipped back about 4 weeks due to public notice and comment periods required by court decision last year. Summer test harvests were completed on six sites off the Caribou Trail. Winter harvests are scheduled for December or January in area of blown down young aspen.

NFS Impacts: Superior National Forest, Tofte, LaCroix, Kawishiwi Ranger District  
Reporting Period: June 2004 to June 2005

	Acres Treated			Cost or Revenue/Acre		
	Mechanical	Rx Burn	Other	Mechanical	Rx Burn	Other
Pre grant FY 2004	462	14282	-	\$176.01	\$95.18	-
Post grant FY 2005	1464	14413	-	\$23.72	\$250.00	-

Comments from Superior National during this reporting period:

- “NEPA has not been completed on the four sites selected for treatment.”
- “Still to be determined [whether or not treatment methods changed because of grant].”
- “At this point, activities associated with the Grant are still in planning stages, so it is preliminary to assess the effects.”
- “The program is providing an opportunity to test the viability of a biomass program in the area.”

NFS Impacts: Superior National Forest, Tofte, LaCroix, Kawishiwi Ranger District  
Reporting Period: June 2005 to June 2006

Returned form and checked no impact for reporting period June 30, 2005, to June 30, 2006. However, Superior National Forest now has reports since harvesting started after June 30, 2006.

	Acres Treated			Cost or Revenue/Acre		
	Mechanical	Rx Burn	Other	Mechanical	Rx Burn	Other
Pre grant 12 months ending 9/30/05	1464	14,394	11	\$500	\$150	\$10
Post grant 12 months ending 9/30/06	1900	18,042	2111	\$500	\$100	\$1,000

Notes: Other acres are wildland fire use fires.  
 Costs are estimated averages



The table below includes those acres that change condition class and includes other BLIs.

	<b>Acres Treated</b>			<b>Cost or Revenue/Acre</b>		
	Mechanical	Rx Burn	Other	Mechanical	Rx Burn	Other
Pre grant 12 months ending 9/30/05	3340	14,613	11	\$500	\$150	\$10
Post grant 12 months ending 9/30/06	7023	18290	2111	\$500	\$50	\$1000

Comments from Superior National Forest, Toftee, Kawishiwi & LaCroix Ranger District for this reporting period:

- “The harvesting for this project started after June 30, 2006.”
- “The mixes of treatment methods are expected to change because of what has been learned so far in the implementation of this grant. There have been changes to our timber sales methods due to new information learned during this process.”
- “The process has taught us that there is some value in biomass and has provided the forest with some potentially new tools to use while implementing the forest plan and implementing Community Wildfire Protection Plans.”
- “This is a good program that is providing the Forest and its partners with the added resources necessary to be able to experiment with new tools. This added structure and support are very helpful as we try new ways to implement our Forest Plan.”

#### 4. Grantee: Corporation for Economic Opportunity, Columbia, SC

Goal: To increase the use of woody biomass from the National Forests in South Carolina, particularly for woody biomass energy.

Status: After the 1<sup>st</sup> phase started, it was discovered that there was more demand for Francis Marion woody biomass than expected. Local pulp and paper mills are purchasing the biomass from the initial Francis Marion offering of 1,122 acres at a higher price than Santee Cooper (local coal/biomass energy plant) was prepared to pay. The Francis Marion and the Sumter National Forest are continuing to develop plans for additional offerings. The University of South Carolina broke ground for a woody biomass energy plant in March 2006 and expects to be a purchaser of the material from these sales.

NFS Impacts: Francis Marion/Sumter National Forest, Francis Marion Ranger District

Reporting Period: June 2004 to June 2005

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant District Fuels Accomplishment Fiscal Year 2004	0	50,730	0	\$35	0
Pre-grant District Fuels (thru May 2005)	0	54,385	0	\$35	0
Also misc amounts of various hardwoods	0	23,748	0	\$35	0

Comments from the Francis Marion National Forest for this reporting period:

- “No acres have been treated by grantee to date. However, one 1,122 acre biomass removal contract has been sold and awarded (Nov 2005) and will begin harvesting.”
- “At completion of the 1,122 acres, approximately 52,000 tons of wood have been removed.”
- “To date, most of the work done has been planning and contract preparation. When the drier, annual weather patterns begin, sale administration activities will begin.”
- “Good opportunity for us to treat a lot of post-hurricane Hugo acres, to reduce fire hazard, to reduce the potential for Southern Pine Beetle outbreak and to improve the forests.”

**NFS Impacts: Francis Marion/Sumter National Forest, Francis Marion Ranger District**  
**Reporting Period: June 2005 to June 2006:**

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant from 6/1/04 to 5/30/05	0	54,385	0	\$35	0
Post-grant from 6/1/05 to 5/31/06	0	47,809	0	\$34	0

Comments from the Francis Marion National Forest for this reporting period:

- “11,418 tons [of green tons of wood were removed as a result of grant].”
- “Grant has not yet resulted in lower treatment costs.”
- “The results of the biomass thinning to date have been outstanding. Now we can say with confidence that we are doing the right thing to manage these post-Hurricane Hugo stands.”
- “No acres have been treated by grantee. However, harvesting activities have begun on the 1,122 acre Macedonia Biomass contract mentioned in the previous report. Through the month of May 2006, 100 acres were reported as cut and accepted.”

## 5. Grantee: Wallowa Resources, Enterprise, OR

Goal: To expand existing post and pole plant that includes production of clean mill chips and hog fuel.

Status: Equipment has been purchased and is being leased to Community Smallwood Solutions LLC (CSS). Operation is being set up. CSS is primarily buying logs from private lands. Wallowa Resources did offer \$30/ton for pulp wood from the Fire Ridge Hazardous Fuel Reduction Project from the Wallowa Valley Ranger District. This offer came after the official bidding round had closed without any bids offered. \$30/ton was sufficient to cover harvest, loading, and transportation costs for different contractors looking at the job but it would not have covered the road rock replacement fees and slash treatment required by the Forest Service. Wallowa Resources and Wallowa Ranger District met to work out how these projects could be viable.

NFS Impacts: Wallowa-Whitman National Forest, Wallowa Valley Ranger District

Reporting Period: June 2004 to June 2005

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	200	8181	\$225 Cost	\$25	0
Post grant FY 2005	932	2996	\$225 Cost	\$25	0

Comments from the Wallawa Whitman National Forest, Wallowa Valley Ranger District for this reporting period:

- “There is no direct impact on National Forest System lands to date. Wallowa Resources did offer \$30 per ton for pulp wood from the Fire Ridge Hazardous Fuel Reduction Project from the Wallowa Valley Ranger District. This offer came after the official bidding round had closed without any bids offered. The sale still did not sell do to lack of close processing plants. The sale offered contained approximately 700+ acres of mostly ponderosa pine, and some Douglas fir. At this time the small-diameter ponderosa pine does not have an economical market.”
- “We are unable to assess the impact of the grant at this time.”
- “No additional materials were removed to date as a result of this grant.”
- The forest hoped that the grant would be used to help develop new uses and markets for small-diameter logs. We have had trouble selling sales with a large percentage of small ponderosa pine and high fiber component.”
- “The forest was under the impression that this grant was aimed at the development of markets or uses and has worked with various groups and industry. We are confused that we have been asked about the number of acres treated on NFSL [national forest system lamds] if this is a development grant.”

NFS Impacts: Wallowa-Whitman National Forest, Wallowa Valley Ranger District

Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from National Forest during this reporting period:

- “No acres have been treated. Grantee is working with local groups to develop biomass. One group is seeking a “Fuels for Schools” solution to heating the schools in Enterprise. Another group is working on a proposal for a co-gen plant with a value-added product. The grantee has been the main contact between the local Ranger District and the groups working on the proposals. We have worked with the grantee to do an assessment of the volume available for use in a biomass operation.



## 6. Grantee: Northern Cal-Neva RC&D Council, Alturas, CA

Goal: To accomplish approximately 9,600 acres of hazardous fuel reduction within the WUI surrounding Tionesta, a federal register “community at risk.”

Status: The Modoc National Forest has finished ground preparation for biomass sale and has begun the assemble sale package. They have completed 500 acres of “pre-thinning” and these units will be offered in the biomass sale. Several sections of the fuel break on the east side of Timber Mt and the north side of the project area have been done.

NFS Impacts: Modoc National Forest, Doublehead Ranger District

Reporting Period: June 2004 to June 2005: No response from National Forest.

NFS Impacts: Modoc National Forest, Doublehead Ranger District:

Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant 12 months ending 6/30/2005	--	--	\$250 cost	--	--
Post grant 12 months ending 6/30/2006	1640	--	\$1.10 revenue	--	29,220

Comments from the Modoc National Forest, Doublehead Ranger District:

- “Approximately 1,640 acres on National Forest and 960 acres on private lands have been treated.”
- “Grant enabled us to package a timber sale to support local emerging biomass market and saved approximately \$250/acre treatment costs.”
- “Product mix and areas we can economically treat are changing with the recent expansion of the local biomass and small log market.”
- “Grant allowed us great opportunity to implement project collaborating with community, private landowners, and industry in a WUI. Through some creative collaboration and project pre-work and with \$ boost from the grant, we were able to actually package a timber sale and sell biomass. Not only did this save implementation cost per acre, but it also jump-started a project in a WUI that would otherwise not have been funded.”
- “When funding is tight, it’s opportunities like this that make it possible to get good ideas off the ground. We expect long-term benefit from the grant as the biomass industry and market develops locally.”

**7. Grantee: Cheyenne Log Homes, Eagar, AZ**

Goal: To install a pressure treatment cylinder at their post and pole facility to add value to material coming from the White Mountain Stewardship project.

Status: Cheyenne Log Homes dba Arizona Log and Timberworks is in the process of building the treatment facility. There was some delay due to land exchange agreement regarding the location of the facility but that issue has been resolved and construction of the facility has started. Anticipated start up of treatment facility is first quarter of 2007.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2004 to June 2005, No response from National Forest.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2005 to June 2006

NFS checked box that the grant program has had no visible effects during June 2005 to June 2006. However, we received comments below:

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from the Apache-Sitgreaves National Forest for this reporting period:

- “Grantees are small operators that require time to capitalize their share of the costs that the grant covers. They are also continuing to research details of the equipment they are considering to purchase to ensure that they are getting the appropriate technology for the intended use. Each recipient is also attempting to acquire serviceable used components from other areas of the country to maximize the equipment acquired – this takes more time than buying ready-made brand new equipment and saves tens of thousands of dollars. We remain confident that the equipment and processes these grants cover will strengthen and diversify the infrastructure that support our forest restoration work. They just simply haven’t had enough time yet to bring all the pieces together.”



## 8. Grantee: LobLolly Logging and Lumber, Pagosa Springs, CO

Goal: Purchase a dowelling mill for the manufacture of ponderosa pine railings and fencing.

Status: The dowelling machine has been delivered and installed. Employees have been trained on its operation. Market is strong and production rates are good. Grantee is selling to several Denver outlets such as Universal and Weatherwood and hiring 8 new employees.

NFS Impacts: San Juan National Forest, Pagasa Springs and Columbine Ranger District:  
Reporting Period: June 2004 to June 2005

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

Comments from the San Juan National Forest, Pagosa Springs & Columbine Ranger District for this reporting period:

- “Grantee ordered dowelling mill in 2004, recently received mill, and is currently setting up for operations. Grantee has been stockpiling material from private land sales. Grantee intends to utilize mill in FY06 on Dolores Ranger District “Ferris” Timber Sale.”
- “There have been no additional green tons removed at this time.”
- “We expect fuel treatment costs to drop once grantee begins hauling material for new mill.”
- “At this time, treatment methods have not changed. Depending on capacity of mill once underway, we expect less mowing of small-diameter conifer via service contracts, which should also provide for larger prescribed burning windows due to less combustible material on ground compared with areas currently undergoing mowing.”
- “The bulk of the grantee’s material being run through his operation over the last 10 to 15 years has been timber from private land. We expect an increase in activity on Forest Service lands as described above.”
- “The program provides a significant opportunity to have an influence on the health and resilience of San Juan National Forestlands.”
- “No change, as yet, from pre- to post-grant accomplishments. Mill has yet to operate.”

NFS Impacts: San Juan National Forest, Pagasa Springs and Columbine Ranger District  
Reporting Period: June 2005 to June 2006



	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from the San Juan National Forest, Pagosa Springs & Columbine Ranger District for this reporting period:

- There were "...approximately five (5) acres" additional acres and "...approximately 150 tons" additional material.
- "A small portion of an active service was hauled to Mr. Wright's mill, material for which the contractor could not find a mill for its use. Given current costs for treatment of large poles/small sawtimber, it is estimated that \$1,500 of potential savings was realized (for the East Vallecito Fuels Treatment project)."
- Although Mr. Wright has not bid on any San Juan Public Lands contracts (service, timber sale, or stewardship) in the last year, we fully anticipate he will be bidding on a timber sale contract we (Pagosa Ranger District) will be offering in the spring of 2007. Unlike recent offerings, we will be requiring bidders to commit to cutting and removing a significant amount of small-diameter ponderosa pine. (Without Mr. Wright's potential, much of the small-diameter material would be offered as 'timber subject to agreement.')
- "We believe that with time, Mr. Wright will fill gaps in his stump-to-product processing operation. (Steve has a current commitment to complete a large timber sale, with a moderate amount of small-diameter material, on the west end of the Forest.) Last year's grant allowed Mr. Wright to begin to convert from a large-diameter to a small-diameter product operation. Since that time, the Wright's LobLolly Logging has purchased processing equipment to complement the dowelling mill, and added timber hauling capacity as well. Hence, the 2005 grant enabled conversion to offering of a product for which the Forest has in overly abundant amounts. In other words, the grant program is initiating the establishment of a market for excess biomass and thereby reaching objectives for fuels reduction and forest health in Southwest Colorado.
- "Mr. Wright will be serving as a destination for the material from the Beaver Meadows Stewardship contract, thereby potentially avoiding a default by a separate contractor, and allowing this project to move to completion. Additionally, when Mr. Wright LobLolly Logging was awarded the Ferris Timber Sale on the Dolores Ranger District of the San Juan National Forest, it was shortly before the closing of the Olathe, Colorado Louisiana-Pacific OSB mill, where he had arranged for delivery of the sale's material. The FPL grant has enabled the grantee to avoid significant losses by allowing for an outlet for the small-diameter component of that sale as well."
- "Given that Mr. Wright/Loblolly Logging is still in the process of securing an expanded workforce, hauling capacity, and woods production capacity, differences between the pre- and post-grant acres, cost/revenue figures, or tons removed are minimal at this time."

## 9. Grantee: Wyoming Sawmill, Sheridan, WY

Goal: To complete final stages of obtaining commercial building code approval for a new value-added product (laminated headers) for use in structural buildings.

Status: Small-diameter trees have been harvested and are being processed. The University of Wyoming has subcontracted the testing to University of Washington at their ICC certified lab. Discussions are taking place with their distributors on marketing the product.

NFS Impacts: Bighorn National Forest:

Reporting Period: June 2004 to June 2005

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

Comments from the Bighorn National Forest for this reporting period:

- “Winter conditions resulted in no National Forest lands being treated over this time period. Rather, the grantee utilized raw wood products from adjacent private lands.”
- “No direct benefits to hazardous fuel treatment costs at this time.”
- “Our treatment methods have not changed at this time. We have seen more commercial utilization of small-diameter material as the industry re-tools. Utilization of additional wood has reduced the amount of post commercial harvest fuels treatment needed, but this has not been quantified.”
- “It is our hope that this grant will assist local purchasers in their ability to better utilize small-diameter material, including topwood and ultimately smaller diameter trees. With commercial utilization of smaller diameter size class material, we foresee at a minimum reduced costs for treatments, and eventual revenue production from the treatments.”
- We also foresee these grants having additional benefits beyond direct fuels treatment: Better utilization of wood from our forests should assist our sustainability goals through carbon sequestration, rather than consumption of wood through burning. Reducing the tons of wood burnt for fuels treatment will assist in air quality concerns.

NFS Impacts: Bighorn National Forest:

Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant from 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from Bighorn National Forest for this reporting period:

- No more acres were treated as result of grant.
- No more green tons were removed as result of grant.
- “As the grant is not for direct acres treated, but rather for increasing the utilization from existing projects, it is impossible to reliably estimate the reduction in [Forest Service] costs.”
- “Our treatments methods have not changed, but additional utilization has been seen on existing projects. Additional small-diameter material that was thought to be uneconomical is being removed or utilized.”
- “I still believe that this grant has allowed a local purchaser/contractor to better utilize material that would otherwise be left on site, or placed in piles for Forest Service burning. As such, while it is difficult to quantify I see value in this grant by increasing the utilization of woody biomass generated on this Forest.
- “While this project may not directly affect acres treated, I believe it has a much larger effect on all the acres we commercially treat, and almost all of these acres are accomplishing fuels related target objectives. Better utilization means more woody biomass put to commercial use, rather than burnt in piles or left on site. This should mean better economic returns to our purchasers/contractors and eventually lower costs to us.”

Comments from the Apache-Sitgreaves National Forest:

- “Grantees are small operators that require time to capitalize their share of the costs that the grant covers. They are also continuing to research details of the equipment they are considering to purchase to ensure that they are getting the appropriate technology for the intended use. Each recipient is also attempting to acquire serviceable used components from other areas of the country to maximize the equipment acquired – this takes more time than buying ready-made brand new equipment and saves tens of thousands of dollars. We remain confident that the equipment and processes these grants cover will strengthen and diversify the infrastructure that support our forest restoration work. They just simply haven’t had enough time yet to bring all the pieces together.”

**10. Grantee: W.B. Contracting, Eagar, AZ**

Goal: To purchase a whole tree “log forwarder” to allow hazardous fuels removal on the White Mountain Stewardship Project. The additional equipment will allow more acres to be treated, save time, and reduce the cost to the Forest Service by avoiding unnecessary road construction and repairs to deteriorated roads as required by more conventional equipment.

Status: On 8/28/06 purchased a used log forwarder. It was delivered the end of October 2006. Employees are training on machine.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2004 to June 2005, No response from National Forest.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2005 to June 2006

NFS checked box that the grant program has had no visible effects during time period June 2005 to June 2006. However, received comments below:

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--



**11. Grantee: Central Oregon Intergovernmental Council; Eastern OR**

Goal: Develop and implement scheduling protocols for Forest Service, BLM units to predict 5-year programs of work, coordinate annual programs to stabilize outputs, enable private investment in local cogeneration and small log facilities, and implement independent monitoring and evaluation of results (CROP program).

Status: Organization structure for project was put into place in July 2005 and a monitoring team was formed to develop plans for project. A database and map for the CROP program has been completed and a training and feedback session was held with agency staff regarding the database and the project. Five companies within the Eastern Oregon area are interested in being included in the project as recipients of some of the material generated from the CROP program and they include the following:

- Woodward Companies in Prineville, OR
- JTS Animal Bedding in Redmond, OR
- Warm Springs Forest Products Industries, Warm Springs OR
- Sylvan Power, LaPine, OR
- EPS Clearstream Technologies, Prineville, OR

NFS Impacts: Deschutes and Ochoco National Forests

Reporting Period: June 2004 to June 2005, No response from National Forest.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Deschutes and Ochoco National Forests.

Reporting Period: June 2005 to June 2006, No response from National Forest.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

**12. Grantee: England Sawmill; North Fork, ID**

Goal: To install a dry kiln that will expand current sawmill capacity from 750,000 board feet to 9 million board feet.

Status: The dry kiln has been installed. They are trouble shooting a couple of electrical problems. Mr. England has been stock piling his wood because of the margin he can get for shipping dried lumber instead of green. The only hurdle that England Sawmill currently faces is the availability of raw material. The Forest Service is having a very difficult time actually making the timber available for harvesting, either through a timber sale or a stewardship contract.

NFS Impacts: Salmon-Challis National Forest

Reporting Period: June 2004 to June 2005, No response from National Forest.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Salmon-Challis National Forest

Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from the Salmon-Challis National Forest for this reporting period:  
National Forest checked box that the Woody Biomass Utilization grant program had no visible effects during this period; however, they provided the following comments:

- “Gary England completed the kiln late this summer. As of now, it has not been fired, but he intends to fire it and use it later this year. Gary did have a sale under contract this year and finished logging it earlier this summer.”



**13. Grantee: Summit Views LLC; Watsonville, CA**

Goal: Expand all-wood densified firelogs plant, coordinate biomass acquisition, and begin transporting, processing, and utilizing materials from fuel reduction projects in the Los Padres National Forest.

Status: Summit Views have completed all major construction and installation of the 12MM BTU burner. The sawdust-fired burner enables Summit Views to utilize up to 2 green tons of biomass per hour to both heat their rotary dryer and to dry the biomass feedstock for their densified wood fire logs. The burner/dryer system experienced numerous delays in 2006, including a fire at the plant. They are installing a new feedstock storage system and bag house before they can return the dryer to full operation. They are looking for additional fire hazardous reduction projects for their 2007 inventory.

NFS Impacts: Los Padres NF, Monterey Ranger District

Reporting Period: June 2004 to June 2005, No response from National Forest.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Los Padres National Forest, Monterey District.

Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

- NFS returned form and checked box that indicated that the WBU grant program had no visible effects during the reporting period, June 2005 to June 2006.



#### **14. Grantee: M&L Enterprise, Inc., Sunriver, OR**

Goal: Purchase equipment and upgrade mill to more efficiently utilize and process small trees down to 1-inch diameter.

Status: During the first 6 months of the grant, the recipient had a heart attack, which greatly slowed progress. Since then, Mr. Gieber has accomplished a majority of the goals for the grant. M&L Enterprises has made several improvements to the mill yard, including purchase and installation of a newer, faster log peeler purchased and installed a new office modular; upgraded the existing smaller log peeler; and purchased a newer front-end loader, forklift, and processor. Along with these benefits, which has doubled mill production, has been an increase in the number of full-time reliable employees. The grant recipient purchased a timber sale of decked logs and landing slash that is residual material from a fire salvage sale, a volume of 971 CCF in 31 landings. Most of the material in this sale was removed and utilized in 2006.

NFS Impacts: Deschutes National Forest, Crescent Ranger District

Comments from the Deschutes National Forest, Crescent Ranger District for this reporting period:

- “Prior to grant availability, this district awarded the grantee a timber sale of 5-9 inch dbh across 1,125 acres totaling 2,404 CCF. The grantee was the only bidder on the sale. If it had not been sold, this volume would have been piled and burned. Approximately 7% of the volume on this sale was cut and removed during October/November 2005. However, award of this grant can not be specifically attributed to changes in typical fuels reduction procedures on the district during the time period addressed.”
- “The grant has provided the recipient more incentive to purchase sales and permits of small-diameter woody usually of no interest to other purchasers. We are unique in having this mill here locally, during the current focus on hazardous fuels reduction, as the district will continue to be a consistent source of small wood.”
- It is [the grant program] a program that benefits opportunities that might not happen without it. Our hope is that it will continue to be funded at an even greater level and remain a high priority for the Forest Service to support.”

**NFS Impacts: Deschutes National Forest, Crescent Ranger District**  
Reporting Period: June 2005 to June 2006

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from the Deschutes National Forest, Crescent Ranger District for this reporting period:

- “The number of acres the grantee has treated directly is not possible to identify. The Grantee purchases timber sales and permits for non-saw materials, which become the products (posts, poles, firewood) the company markets. During this time period, he did not purchase additional sales or permits that could be directly attributed to the grant. He did remove from Forest Service land approximately 2,660 CCF of material from sales he has purchased and from other purchasers operating on Forest Service lands. This material, during this time period, had been of little or no interest as a product and typically is piled and burned by the Forest Service.”
- “There may be a slight, indirect cost savings due to material being removed and utilized that otherwise would have been thinned during post sale activities, piled and burned. What that amount is would be better access later when the grant’s time span is completed.”
- “A concern of this forest...this survey’s questions might lead to a perception that this grant can significantly alter or change forest health conditions. This grant has enabled increased production of underutilized material by being able to accept more of the product then before award. This has helped on those acres treated, however for it to significantly affect changes to how operations are carried out on the forest is misleading. Market conditions, such as at this time (Fall Winter 2006) with increased pulpwood prices, influence operations to remove more small diameter wood. Not necessarily one time opportunities (such as grants) that come during depressed or downward trends.”
- Grantee has doubled production capability of small-diameter and non-saw material from Forest Service and local private lands, receiving the material from several sources. This makes the information requested here difficult to quantify for this grant. Because of this, suggest a survey that addresses positive changes and improvements, along with volumetric increases be considered for manufacturing-based grant recipients. Not all positives come from Forest Service cost savings via acres, especially in small communities where this mill provides local employment and important infrastructure stability.”

**15. Grantee: Big Sky Forest Products, St. Regis, MT**

Goal: Purchase a small log chipper to complete plans to expand processing and merchandizing small and low value logs into the highest value products possible.

Status: Big Sky has acquired all the principal components including log chipper, chip screen, conveyors, electrical controls, metal detector, and chipper stand. All the components are on site but only the log feed conveyor has been installed. Big Sky has concentrated on the debarker installation, which is necessary to operate the chipper. The debarker project is 90% complete.

Big Sky has not begun to source fiber for the project and anticipates acquiring logs in summer 2007. Big Sky has been communicating with the Lolo National Forest about upcoming timber sales and stewardship contracts. The Lolo is not optimistic about being able to fulfill targets for timber sales. The Lolo cites: 1) litigation, 2) short staff, 3) short funding, and 4) priority on large green log sales for saw logs. All sales on the Lolo are being litigated by a very active environmental group in Missoula. Big Sky is very frustrated with the issue.

NFS Impacts: Lolo National Forest

Reporting Period: June 2005, No response from NFS.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Lolo National Forest:

Reporting Period: June 2005 to June 2006, No response from NFS

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

**16. Grantee: Panhandle Forest Products, Cocolalla, ID**

Goal: Obtain value-added equipment for processing small-diameter trees for expansion of post and pole operation.

Status: Panhandle Forest Product's project for a post and rail processor has made progress. Panhandle has acquired the principal piece of equipment for the project, a factory manufactured post and rail processor. The processor requires some modifications, and these modifications are taking place during the winter 2006-2007. No site work has been started at the Panhandle in Spirit Lake, ID. Site work and installation are scheduled for spring 2007. No logs have been acquired for the project but will start accumulating logs around September 2007.

NFS Impacts: Idaho Panhandle National Forest

Reporting Period: June 2004 to June 2005, No response from NFS.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Lolo National Forest

Reporting Period: June 2005 to June 2006, No response from NFS

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

**17. Grantee: Forest Guild, NM**

Goal: Worker’s Compensation Insurance for thinning treatments in New Mexico can account for 20% to 50% of treatment costs per acre. By introducing a logger safety program with certification, the project intends to improve safety, reduce Worker’s Compensation Insurance losses, and thus reduce treatment costs.

Status: Since March 2006, 13 forest worker safety certification courses have been offered in locations across New Mexico and 240 forest workers have become certified. In June 2006, the Public Regulation Commission of New Mexico directed the National Council on Compensation Insurance to create the state Special Classification: 2721-Certified Loggers. Certified forest workers in New Mexico are now eligible to receive the new rate of \$30 for every \$100 of payroll. This is a significant reduction from the 2005 rate of \$79 for every \$100 of payroll and the 2006 rate of \$61 for every \$100 of payroll. A New Mexico Forest Industry Association is in the development phase and is a likely permanent home for the forest worker safety certification program. \$200,000 from the NM Mexico Legislature has been appropriated to provide additional training sessions and support outreach and education initiatives in 2007. The Forest Guild and the Advisory Group are currently developing a curriculum for recertification courses, working on compliance and education initiatives with the Forest Service and BLM, and monitoring the impact of the program on the cost per acre to treat NFS lands.

NFS Impacts: All National Forests in New Mexico.

Reporting Period: June 2004 to June 2005, No response from NFS.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: All National Forests in New Mexico.

Reporting Period: June 2005 to June 2006, No response from NFS

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

**18. Grantee: Travis Taylor Logging and Chips, Goldonna, LA**

Goal: Mechanical fuel reduction that could utilize small-diameter trees and brushy vegetation using in-wood chippers to utilize the biomass and reduce the cost of treatment.

Status: This grant has been cancelled because the owner, Travis Taylor, shut down all chipping operations on the Winn District. The National Forest and Travis Taylor were in discussions about a stewardship contract. The stewardship contract failed to materialize.

**NFS Impacts: No Impact due to cancellation of grant.**

### 19. Grantee: Northern Nevada Correctional Center–Biomass Cogeneration, Carson City, NV

Goal: Install a facility heating and co-generation plant at the Northern Nevada Correctional Center in Carson City. The facility would consume 16,000 tons of biomass per year and assumes 11,200 tons would come from NFS lands.

Status: This project is currently in detailed design and construction. Project is scheduled for beginning operation early in 2007. To date the project has completed preliminary design and development and financing. In addition, applications for the air permit and the Public Utility Commission permit were submitted and notices to proceed were received. Procurement of major equipment, such as boiler and generator is underway. Groundbreaking ceremony occurred in September of 2006 and construction is underway.

NFS Impacts: Lake Tahoe Basin Management Unit; Humboldt-Toiyabe National Forest

Reporting Period: June 2004 to June 2005, No response from NFS.

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant FY 2004	--	--	--	--	--
Post grant FY 2005	--	--	--	--	--

NFS Impacts: Lake Tahoe Basin Management Unit; Humboldt-Toiyabe National Forest

Reporting Period: June 2005 to June 2006, No response from NFS

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

**20. Grantee: American West Structures, LLC; Eagar, AZ**

Goal: Install a lumber dry kiln and wood laminating press to produce laminated wood decking from local small-diameter trees harvested from Forest Service 10-year stewardship contract.

Status: The laminating press, compressor, and end-matching joiner are in place but are not operational. The required electrical capacity has not been installed, but is scheduled for the end of January 2007. The kiln is being installed at the Reidhead Mill in Eagar, AZ. The kiln is scheduled for being in production in spring 2007. No additional capacity has occurred because of installation requirements; however, operation should be at full capacity by summer 2007.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2004 to June 2005, No response from National Forest.

NFS Impacts: Apache-Sitgreaves National Forest:

Reporting Period: June 2005 to June 2006

NFS checked box that the grant program has had no visible effects during June 2005 to June 2006. However, received comments below:

	Acres Treated		Cost or Revenue/Acre		Total Green Tons Removed
	Mechanical	Rx Burn	Mechanical	Rx Burn	
Pre grant From 6/1/2004 to 5/30/05	--	--	--	--	--
Post grant From 6/1/05 to 5/31/06	--	--	--	--	--

Comments from the Apache-Sitgreaves National Forest:

- “Grantees are small operators that require time to capitalize their share of the costs that the grants cover. They are also continuing to research details of the equipment they are considering to purchase to ensure that they are getting the appropriate technology for the intended use. Each recipient is also attempting to acquire serviceable used components from other areas of the country to maximize the equipment acquired. This takes more time than buying ready-made, brand new equipment and saves tens of thousands of dollars. We remain confident that the equipment and processes these grants cover will strengthen and diversify the infrastructure that support our forest restoration work. They just simply haven’t had enough time yet to bring all the pieces together.”



