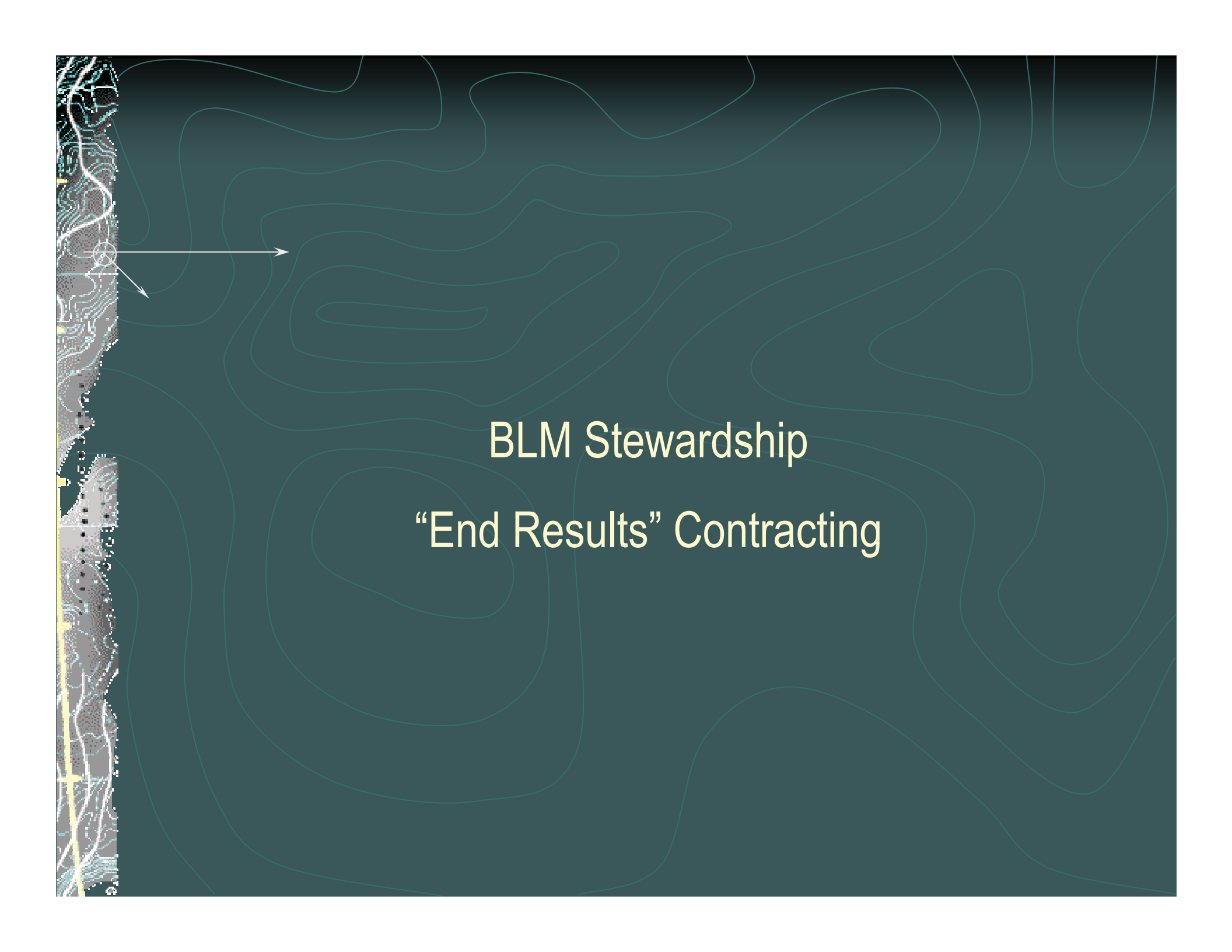


Timber Measurement Society Fall Meeting

BLM Biomass and Stewardship Sales

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Bureau of Land Management
Medford District

October 18, 2006



BLM Stewardship
“End Results” Contracting



The FY 2003 Omnibus Appropriations Act (P.L. 108-7) grants BLM the ability to utilize stewardship contracting as a tool for forest & rangeland restoration.

This legislation authorizes the value of vegetative material to be applied as an offset against the cost of services received and stipulates that multi-year contracts may exceed five years but may not exceed ten years.

Stewardship contracting does not replace timber sale contracts or service contracts; it is a way to combine elements of these contracts in new ways with new authorities that make it easier to meet ecological objectives in a more efficient manner.



Until 2013, BLM, via agreement or contract, may enter into stewardship contracting projects with private persons or other public or private entities to perform services to achieve land management goals that meet local & rural community needs.

Stewardship contracting is not a replacement for BLM's established timber sale program. Forest management projects designed primarily to enhance volume are not suitable for stewardship contracting.



Any vegetative material removed must be a by-product of meeting the stewardship contracting project goals.

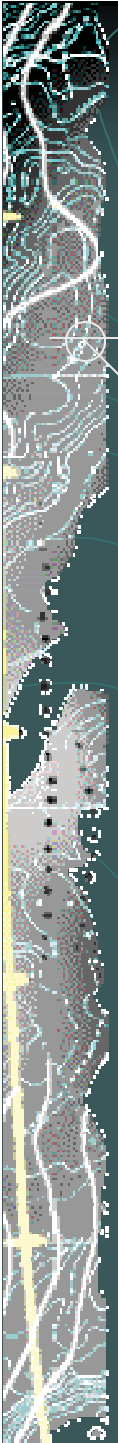
When designing stewardship projects, consider projects that will involve treatments and techniques available to make forests, woodlands, and rangelands more resilient to natural disturbances such as fire, insects, disease, wind, and flood.

All stewardship projects must comply with applicable environmental laws and regulations, including the appropriate level of environmental review under the National Environmental Policy Act, and are consistent with the applicable land use plans.



The land management goals may include, among other things:

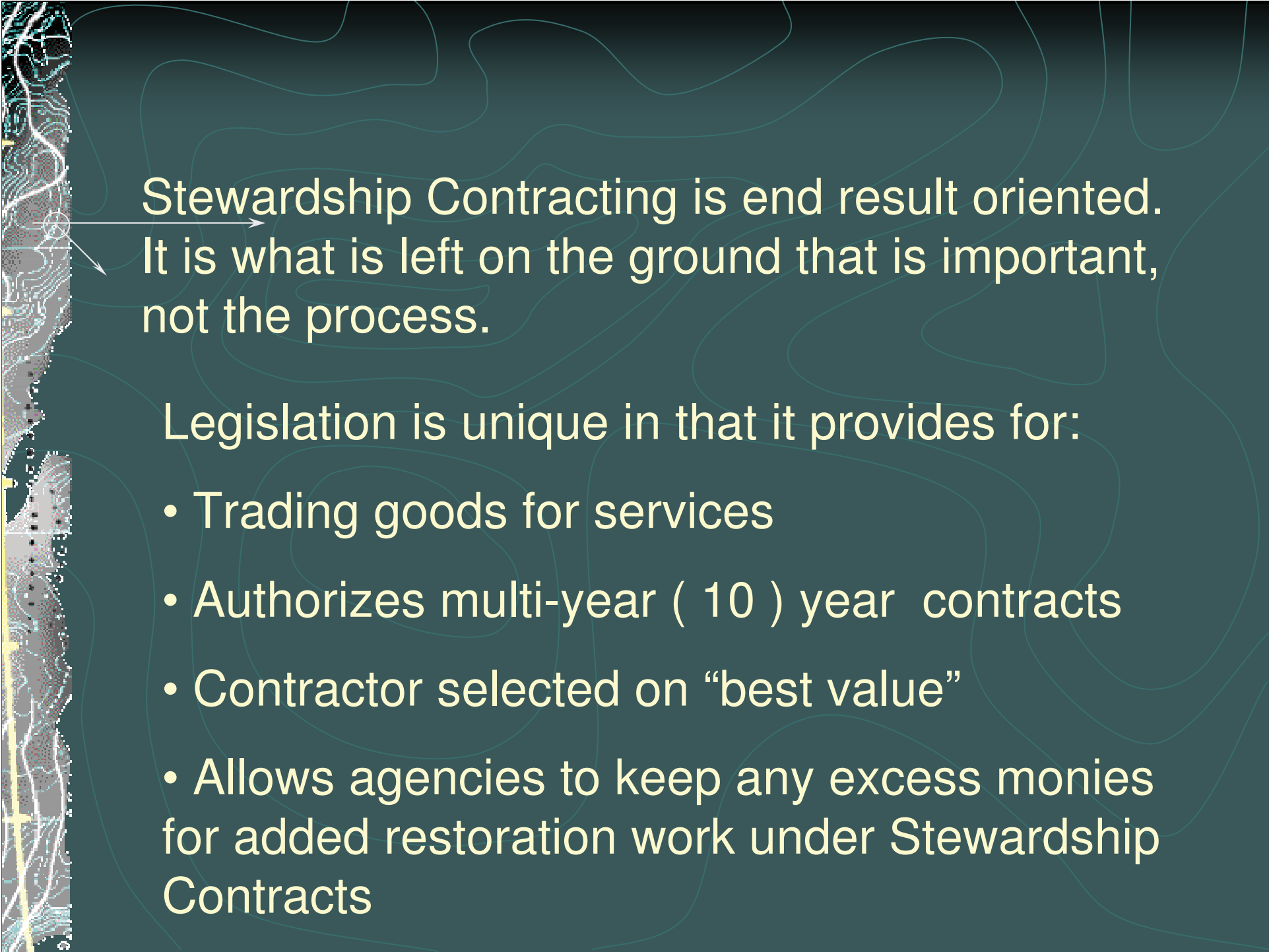
- Soil productivity, habitat for wildlife and fisheries
- Road and trail maintenance or obliteration to restore water quality
- Prescribed fires to improve composition, structure, condition and health of forest stands or improve wildlife habitat
- Removing vegetation by mechanical treatments or other activities to promote healthy forest stands, reduce fire hazards, or achieve other land management objectives
- Watershed restoration and maintenance
- Restoration and maintenance of wildlife and fish habitat
- Control of noxious and exotic weeds and re-establishing native plant species



Seeks early involvement in a collaborative process with interested groups and individuals in various phases of project development and implementation to identify local and rural community needs.

Excess receipts shall be used to fund other Stewardship contracting projects within the State where the receipts were generated and as allocated by the State Director

Funds generated as excess offset values may be used to fund the collaborative process used for multi-party monitoring and direct on-the-ground implementation costs.



Stewardship Contracting is end result oriented.
It is what is left on the ground that is important,
not the process.

Legislation is unique in that it provides for:

- Trading goods for services
- Authorizes multi-year (10) year contracts
- Contractor selected on “best value”
- Allows agencies to keep any excess monies for added restoration work under Stewardship Contracts



Benefits of Stewardship Contracting

- Helps develop markets for non-traditional forest by-products
- Provides long-term availability of products
- Rebuilds a specialty contract workforce
- Boost community awareness and involvement
- Stimulates local rural communities and economies



Strong national and local direction to develop Stewardship Contracting

- Federal energy policy is moving toward renewable energy sources, biomass in particular
- Development of the National BLM Biomass Utilization Strategy as well as the local Southwestern Oregon Interagency Biomass Utilization Strategy
- Local interest with JCIFP, JCIFP, SWORC&D, and PAC

A vertical strip on the left side of the slide shows a topographic map of a region in Oregon and Washington. The map features contour lines, a river, and a road. Two white arrows point from a specific location on the map towards the main text area.

Stewardship Contracts Awarded in FY 06

In FY 06, the BLM in Oregon and Washington awarded 28 Stewardship contracts, 12 of these contracts offered biomass.

Total project acres: 11,320

Estimated Tons of Biomass Offered: 42,131



Stewardship Contracts Awarded to date

FY	Nationally	OR/WA
2003	2	2
2004	22	4
2005	58	12
2006	45	28



BLM's Biomass Utilization Strategy

Biomass

Biomass is all vegetative materials grown in forest, woodland, or rangeland environments that are the by-products of management, restoration, or hazardous fuel reduction treatments.

Historically, this material has had little value and has to be disposed of by mostly hand piling and burning.



Biomass utilization is the offer, sale, trade, harvest or use of vegetative material to produce a product or energy.



BLM's Biomass Utilization Strategy

- Increase the utilization of biomass from BLM lands

Offer a minimum of 10% of mechanical fuels acres treated utilizing biomass in 2007, and increase to 50% by 2008

- Utilize tools of the Healthy Forests Initiative like Stewardship Contracting
- Align goals with the National Fire Plan, the National Energy Policy, and the DOI Strategic Plan



BLM's Biomass Utilization Strategy

- Develop a strategy for buying bio-based products consistent with the farm Security and Rural Investment Act of 2002
- Short term efforts focus on developing tools, field office expertise, acres treated, and biomass offered
- Longer term focus will expand working with partners to resolve barriers to biomass utilization



BLM's Biomass Utilization Strategy

- At the National level, stimulate supply and demand for bio-based products
- Coordinate with the Forest Service, Bureau of Indian Affairs, other Federal, State and local agencies, and private timber companies



BLM's Biomass Utilization Progress

In FY 2004 BLM offered 27,000 tons (nationally) either under Stewardship contracts or Timber Sales

In FY 2005 BLM offered 71,000 tons (nationally) including 10,000 tons in OR/WA

In FY 2005 BLM selected 6 Biomass Demonstration Areas (2 in Oregon – Prineville and Medford)

Also, the Lakeview District was funded for the CROP study



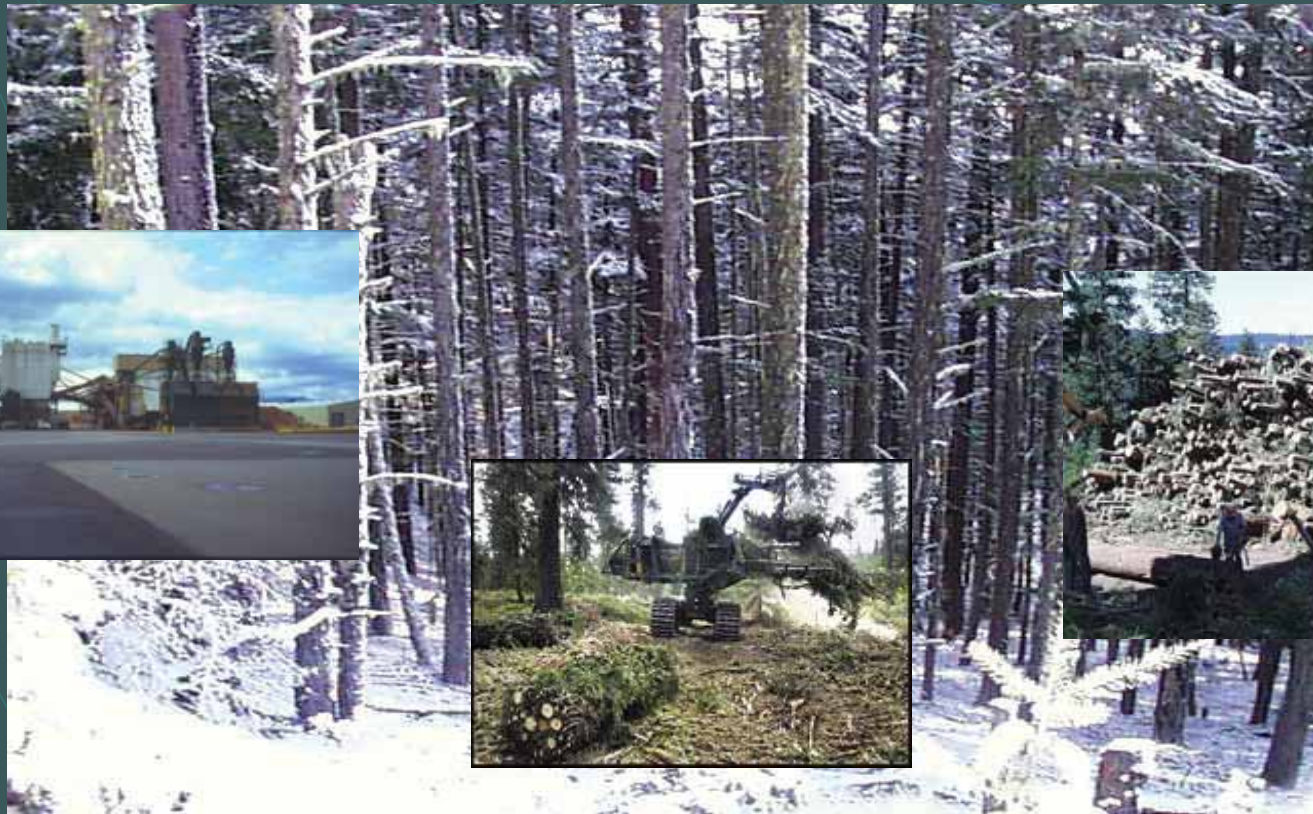
BLM Oregon & Washington Biomass Offered (tons)

FY	PD (Public Domain)	O&C (Oregon & California Revested Grantlands)	Total
2004	5,800	600	6,4000
2005	10,000	0	10,000
2006	180,231	19,342	199,573



Southwest Oregon Interagency Biomass Utilization Strategy

Medford District Bureau of Land Management
And
Rogue River – Siskiyou National Forest





Southwest Oregon Interagency Biomass Utilization Strategy

Overview:

National Focus on Alternative “Green Energy” Fuel Sources

Directives to Implement Biomass Utilization

Continuing Deterioration of Forest Health Conditions

Continuing Risk of Catastrophic Fire

Desire to Improve Forest Health Conditions

Increase the Rural Workforce and Utilization

Infrastructure

Off-Set Costs of Fuel Reduction/Forest Management Activities

Utilization of Materials Removed in Hazardous Fuels Reduction Treatments



Southwestern Oregon Interagency Biomass Utilization Strategy

Goals:

First, the agencies position themselves to effectively and efficiently plan and implement small diameter and biomass opportunities

Second, the agencies initiate collaborative efforts to increase community capacity for acceptance, production, and utilization of small diameter timber and biomass

Third, with social acceptance in place, agencies ramp up to “production” levels

Fourth, having built the foundation for long term, consistent supply, the agencies defer to industry and entrepreneurs to provide the utilization mechanisms fueled by a sustainable supply

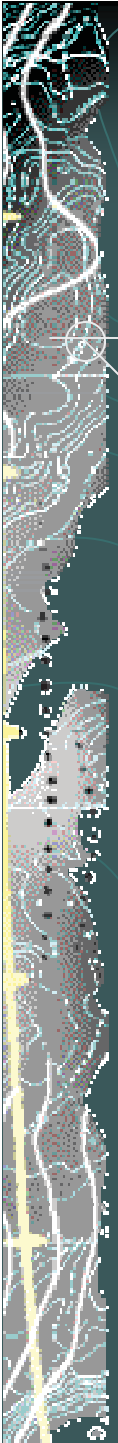


Southwestern Oregon Interagency Biomass Utilization Strategy

In summary, the strategy seeks to:

Increase the reliability of an accessible and sustainable supply of small diameter timber and woody biomass from federal lands

Improve utilization through education (internally and externally), outreach and support to local infrastructure, new technologies, businesses, and markets capable of using low value small diameter timber and woody biomass



Markets and ideas for utilization for small diameter conifer logs, poles, and other forest products are continuing to develop.

Rough & Ready Lumber Company has received several grants to help fund additional capacity for steam drying in their kilns along with electrical energy production for the mill site facilities and to sell on the grid.

The Applegate Partnership has received funding to conduct a feasibility study for a potential 5 meg plant to be located in the Applegate area.

The Cow Creek Band of Umpqua Tribe of Nations is conducting a CROP study to determine the feasibility of establishing a biomass facility in the Myrtle Creek area.

Jackson County proposed Enterprise Zone for the towns of Prospect and Butte Falls, Oregon. Discussions centered on a small biomass facility as being the core of the Enterprise Zone with a secondary wood products facility coupled to it.



Challenges for the Agencies

Knowledge base for biomass utilization is limited at all levels of the agencies.

Having enough agency resources to provide NEPA ready projects on the shelf, now and into the future.

Negative reactions from some members of the public to producing commercial by-products of fuels treatments.

Economics of extraction and transportation currently do not “pencil out”

Infrastructure for processing low-value biomass is undersized in proportion to the waste problem to be solved.

Private sector is reluctant to capitalize utilization infrastructure without substantial improvements in long term predictable and sustainable supply.



Challenges for the Agencies

Limited Infrastructure

- 4 Large Sawmills/Veneer Mills
- Numerous Small Scale Secondary Processors
- 1 – 25 Meg “Biomass One” Facility

Complexity of the Problem

- Large mills in area running at desired/market capacity
- Small Scale Operators require little wood
- Biomass One facility operating on long term power production contract
- Extraction and Transportation – High Costs
- Low Value



Questions ?