

Sales – R-6 – Umatilla
Camas Creek Unit

August 7, 1937

SALE PROSPECTUS

Camas Creek Unit, Umatilla National Forest, Oregon,
221,308,000 Board Feet National Forest Timber

AREA, LOCATION AND ACCESSIBILITY.

The unit of timber offered for sale comprises an area of about 69,645 acres in Townships 3, 4, 5, and 6 South, Ranges 32 and 33 East, Townships 4 and 5 South, Range 33½ East, and Township 5 South, Range 34 East, W.M., in the watersheds of Camas and Meadow creeks within the Umatilla National Forest. The western boundary of the unit is about ten miles east of Ukiah, which is on the Pendleton-John Day Highway and about 35 miles south of Pilot Rock. The nearest common carrier railroad point to the west side of the unit is at Pilot Rock, terminus of a branch line of the Union Pacific, and nearest to the east side is a point near Hilgard on the main line of the same railroad.

DESCRIPTION OF TIMBER

The timber on the unit consists of a mixed stand of ponderosa pine, Douglas fir, western larch, lodgepole pine and other species. The estimated volume of ponderosa pine to be marked for cutting is 221,308,000 feet B.M. The cutting of other species is optional with the purchaser. The ponderosa pine will run about four logs to the tree and the quality is about average for the Blue Mountains region.

GENERAL CONDITIONS OF SALE

Time Allowed for Completion of Contract

The contract provides for certain minimum and maximum periodic cuts and allows until November 30, 1955, for the completion of the agreement. (See Section 3 of attached sample contract.)

Stumpage Prices and Payments

The stumpage alone is offered for sale, title to the land being retained by the United States. No bid will be considered of less than \$2.00 per M feet for ponderosa pine and \$1.00 per M feet for other species to be cut at the option of the purchaser. The right to reject any and all bids is reserved.

Timber will be paid for in advance of cutting in installments of from \$4,000.00 to \$8,000.00 each as requested by the Forest officer.

Marking

All trees to be cut will be marked by a Forest Officer. Approximately 80 percent of the total volume of ponderosa pine in trees 12 inches and over diameter breast height will be marked for cutting and the same percentage of volume of other species will be marked at the option of the purchaser.

Brush Disposal

Brush will be piled and burned along roads which will be maintained for permanent use, around camps, in areas of high hazard and on fire lines as required by the Forest officer. Other logging slash will be left unlopped and unpiled. (See Sections 25, 26 and 32 in attached sample agreement.)

Bond

As a guarantee of faithful performance of the contract, the purchaser is required to furnish a bond of \$22,000.00. If the purchaser desires, he may deposit securities of the United States, issued since April 1, 1917, of the same face value, instead of furnishing a surety bond.

Cutting on Purchaser's Land

The agreement includes certain requirements as to methods of cutting and slash disposal on lands owned by the purchaser within the Working Circle which are cut over during the life of the contract. (See Sections 24a and 28a in sample agreement.)

BIDS, DEPOSITS AND AWARD

Sealed bids will be received at the office of the Regional Forester, Post Office Building, Portland, Oregon, up to 2:00 p.m. on _____ 1937. No bid received after that hour will be considered. A deposit of \$4,000.00 must be made with each bid. Forms and instructions for submitting bids and making deposits may be obtained from the Regional Forester or from the Forest Supervisor, Pendleton, Oregon. The deposit of the successful bidder will be retained and applied to the purchase price of the timber, or, if the bidder fails to meet the conditions of the award and consequently the award lapses, 20 percent of the deposit may be retained as liquidated damages.

Each bidder must submit with his bid a statement of his financial resources, including the amount of funds immediately available for this project, and a statement of the plan by which sufficient additional funds will be made available to provide the improvements, equipment, and working capital necessary for operations at the rate required by the terms of the agreement. If the statements accompanying any bid do not indicate, in the judgment of the Regional Forester, that the bidder is able to finance the project, that bid will be rejected. The Regional Forester will make a conditional award to the bidder whose bid appears most acceptable. Before final award, that bidder must show to the

satisfaction of the Regional Forester that sufficient funds for the development of the project so as to meet the requirements of the agreement are immediately available or will be available as needed. This final showing of financial ability must be made sufficiently prior to _____ 1937, so that final award may be made and the contract can be executed by the purchaser on or before that date.

Maps may be inspected and further information obtained at the office of the Regional Forester, Forest Service, Portland, Oregon, or at the office of the Forest Supervisor, Pendleton, Oregon. Prospective purchasers desiring to examine the tract will find it advantageous to visit one of the above offices.

The following form of advertisement is now appearing in several publications:

“NATIONAL FOREST TIMBER FOR SALE

Sealed bids will be received by the Regional Forester, Portland, Oregon, up to and not later than 2 p.m., _____ 1937, and will be opened immediately thereafter, for all the live timber marked for cutting, and all merchantable dead timber located on an area embracing about 69,645 acres within Townships 3, 4, 5 and 6 South, Ranges 32 and 33 East, Townships 4 and 5 South, Range 33 ½ East, and Township 5 South, Range 34 East, W.M., within the watersheds of Camas and Meadow creeks, Umatilla National Forest, Oregon, estimated to be 221,308,000 feet B. M., more or less, of ponderosa pine sawtimber and an unestimated amount of sawtimber of other species to be cut at the option of the purchaser. No bid of less than \$2.00 per M feet for ponderosa pine and \$1.00 per M feet for other species will be considered. \$4,000 must be deposited with each bid, to be applied on the purchase price, refunded, or retained in part as liquidated damages, according to conditions of sale. Each bidder must submit with his bid a statement of his financial resources and, before final award, the person or company submitting the most acceptable bid will be required to show that he has immediately available, or will have available as needed, sufficient funds to provide the improvements, equipment, and working capital necessary to enable him to meet the requirements of the agreement. The conditions are given in full in the prospectus and sample contract. The right to reject any and all bids is reserved. Before bids are submitted, full information concerning the character of the timber, conditions of sale, and the submission of bids should be obtained from the Regional Forester, Portland, Oregon, or the Forest Supervisor, Pendleton, Oregon.”

CONFIDENTIAL

Sales
Umatilla
Camas Creek Block

Portland, Oregon

July 27, 1937.

TIMBER APPRAISAL REPORT

FOREWORD

The Mt. Emily Lumber Company of La Grande, Oregon, on March 4, 1937, made written application to the Regional Forester for the remaining National Forest saw timber within the Camas Creek Block of the Umatilla National Forest. The Regional Forester acknowledged this application by letter on March 15 and stated that considerable study would be required before any of the details pertaining to the sale of the timber could be satisfactorily discussed.

At the request of Mr. L. K. Kinzel, Secretary-Treasurer of the Mt. Emily Lumber Company, a conference was held on June 3 at Burns, Oregon, attended by Mr. E. E. Carter from Washington, Mr. C. J. Buck, O. F. Ericson and F. E. Ames from the Regional Office and representatives of the Mt. Emily Lumber Company, Mr. August J. Stange, Production Manager and Director, and Mr. L. K. Kinzel, Secretary-Treasurer.

At this conference many of the points previously brought up in conference and correspondence, regarding the possibility of a sustained yield cut and agreements regulating the cut on lands owned by the company were discussed in considerable detail.

The conclusions reached at this conference are as follows:

1. The present five-year agreement between the Forest Service and the Mt. Emily Lumber Company, as set forth in the Regional Forester's letter of March 6, 1936, to terminate with the acceptance of the new agreement.
2. The Forest Service to accept the application for the sale of the saw timber lying within the Camas Creek drainage of the Camas Block in the Grande Ronde—John day working circle of the Umatilla National Forest.
3. The new agreement to become retroactive to July 1, 1937.
4. The cutting of National Forest timber by the Mt. Emily Lumber Company within the Grande Ronde—John Day working circle not to exceed 200,000,000 feet board measure for the next succeeding ten-year period and the cut for any five-year period not to exceed 100,000,000 feet board measure.

5. After the expiration of this ten-year period a new rate of cutting within this unit will be fixed by the Regional Forester, with due consideration to the then existing relations of demand and the sustained yield possibilities of the working circle.
6. The Company agrees to leave uncut on their lands ponderosa pine trees 18" and under with the understanding that individual trees of this species 18" and under may be cut provided an equal number of thrifty No. 3 trees (Keen's classification) over 18" in diameter, acceptable to the Forest Service, are left uncut.

A comparison of the previous agreement with the Mt. Emily Lumber Company regarding the probable over-cutting of the unit with the proposed over-cut under the new agreement shows:

The present estimated sustained yield cut of ponderosa pine from the National Forest lands within the Grande Ronde—John Day working circle is 13,780,000 feet board measure. The present agreement provides that the maximum cut of National Forest timber for the five-year period beginning January 1, 1936, shall be not more than 140,000,000 board feet log scale. Under this agreement the over-cut from this unit for the five-year period would be:

Allowable cut for five-year period	140,000,000 ft. b.m.
Estimated sustained yield cut 5 x 13,780,000	<u>68,900,00</u> ft. b.m.
Over-cut for five-year period	71,100,000 ft. b.m.

Under the proposed new cutting agreement effective July 1, 1937, the estimated annual sustained yield cut of ponderosa pine remains at 13,780,000 feet board measure, and the over-cut for the unit is as follows:

Allowable cut for ten-year period	200,000,000 ft. b.m.
Sustained yield cut for ten-year period	<u>137,800,000</u> ft. b.m.
Over-cut for ten-year period	62,200,000 ft. b.m.
Over-cut Jan. 1, 1936 to July 1, 1937	<u>10,000,000</u> ft. b.m.
Total Over-cut for 11 ½ -year period	72,200,000 ft. b.m.

Working Circle Boundaries

The present set-up for the Grande Ronde—John Day working circle assumes the timber within this unit to be tributary to the Mt. Emily Lumber Company's operation. The tentative allocation of the timber to this mill is brought about largely by the company's ownership or control of most of the privately-owned timber within the unit and also by the extension of the company's logging railroad into this timber.

Mr. I. J. Mason's report of April 17, 1935 on the sustained yield management possibilities for the Mt. Emily Lumber Company in the Grande Ronde—John Day working circle shows that at that time the company owned the following timberlands within this unit:

Cut-over and second growth lands	22,660 acres
Merchantable and mature timberlands	48,613 acres
Estimated volume of timber-ponderosa pine	228,800,000 ft. b.m.
Estimated volume of other species	<u>88,200,000</u> ft. b.m.
Total	317,000,000 ft. b.m.

Since this report was prepared the Forest Service has acquired by exchange 35,912 acres of cut-over lands from the company and it is estimated that the total volume of timber cut from company lands has been around 35,000,000 board feet, principally ponderosa pine.

Brief History of Operation

The Mt. Emily Lumber Company, the stockholders of which are principally the Stange and Kinzel families, successful lumbering operators in Wisconsin, made quite heavy investments in timberlands in the Grande Ronde-Working Circle in 1912 and 1913. In 1925 this company constructed at La Grande, Oregon, a modern three-band sawmill with all the necessary drying facilities and a complete remanufacturing and finishing plant. The rated capacity of this mill was approximately 50,000,000 feet per year. At the time of the initial investment in timberlands and up to the time of the construction of the sawmill, apparently very little thought was given to the extent to which the available timber would contribute to a sustained yield operation. No doubt the management of this company anticipated that their lumbering operations in the East were rapidly coming to a close and they depended on this operation for continuance in the lumber business.

The timber in this unit consists of a mixed stand of ponderosa pine, Douglas fir, western larch, lodgepole pine, Engelmann spruce and white fir. In the selection of this location for their mill, the company, from their experience in the East, no doubt believed that all of the species named above could be cut and marketed as they had been accustomed to doing in their Eastern operations. Their operating experience here for the past several years has proven that only ponderosa pine can be cut, logged, manufactured and sold at a profit. This is still true at the present time.

The following tabulation shows the annual production of the mill since it was constructed and placed in operation in 1925:

<u>Year</u>	<u>Months Mill Operated</u>	<u>Volume Cut M Ft. Lumber Tally</u>
1925	1	2,374
1926	12	43,981
1927	10	34,166
1928	10	37,461
1929	12	53,773
1930	10	37,328
1931	3	14,789
1932	2	5,027
1933	5	12,665
1934	2	5,000
1935	10	26,227
1936	11	33,147
1937	<u>6</u>	<u>17,392</u>
Totals	94	323,330

This tabulation indicates that for only one year, 1929, has the plant reached its estimated capacity and it is believed that even under very favorable conditions it is doubtful whether the company would wish to cut more than 40,000,000 feet per year.

1. Description of Area

The area under consideration in this report lies within the Camas Creek drainage and covers approximately 69,645 acres of National Forest timber within the Camas Block, with a small additional area in the West Starkey Block. The accompanying sale map will show the exact boundary of the sale. The legal description of the proposed sale area is as follows:

Twp. 3 S, R32E, W.M.

Sections 25, 26, 27, 33, 34, 35 and 36.

Twp. 4 S, R32E, W.M.

Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 21, 22, 23, 24, 25 and 26.

Twp. 5 S, R.32E, W.M.

Sections 31, 32, 33, 34 and 35

Twp. 6 S, R.32E, W.M.

Sections 1, 2, 3, 4, 5, 6, 9, 10, 11 and 12

Twp. 3 S, R33E, W.M.

Sections 31 and 32

Twp. 4 S, R33E, W.M.

Sections 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35.

Twp. 5 S, R33E, W.M.

Sections 1, 2, 3, 4, 5, 8, 9, 10, 11, 12, 13, 14, 15, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35 and 36.

Twp. 6 S, R33E, W.M.

Sections 7 and 8.

Twp. 4 S, R33 1/2E, W.M.

Sections 1, 2, 3, 10, 11, 12, 13, 14, 15, 22, 23, 24, 25, 26, 27, 34, 35 and 36.

Twp. 5 S, R33 1/2E, W.M.

Sections 1, 2, 3, 10, 11, 12, 13, 14 and 15.

Twp. 5 S, R34E, W.M.

Sections 4, 5, 6, 7, 8, 9 and 18.

All of the proposed sale area is located in Union and Umatilla Counties and within the boundaries of the Grande Ronde—John Day working circle of the Umatilla National Forest.

This proposed sale unit is solidly blocked up and joins the present sales to the Mt. Emily Lumber Company of September 12, 1936, and July 8, 1936. It is without question the next logical operative unit of National Forest timber available to the present logging railroad and other logging improvements of the Mt. Emily Lumber Company.

2. Timber Estimate

All of the area included in the proposed sale was covered by a ten percent cruise made in 1930 and 1931 by a party directed by Fred A. Matz who is in charge of timber survey

work in Region Six. The following table shows by species the total amount of National Forest timber on the area and also the estimated amount to be cut:

Species	Total Volume of Timber on the Area	% of Total Volume	Estimated Volume to be cut – 80%
Ponderosa Pine	276,635 M ft.b.m.	60%	221,308 M ft.b.m.
Lodgepole Pine	4,562 M ft.b.m.	1%	Optional
Douglas Fir	102,899 M ft.b.m.	22%	Optional
White Fir	18,195 M ft.b.m.	4%	Optional
Western Larch	56,813 M ft.b.m.	12%	Optional
Engelmann Spruce	3,173 M ft.b.m.	1%	Optional
Totals	462,375 M ft.b.m.	100%	221,308 M ft.b.m.

The percentage of species as shown above for the proposed sale area checks very closely with the percentage of species shown by Mr. Matz, for the total 94,969 acres cruised in 1930 and 1931.

Owing to the poor quality of species other than ponderosa pine, it is believed that a very small volume of other species will be cut.

3. Private Interests

There are approximately 9,300 acres of privately-owned land within the boundaries of the proposed sale. These lands are owned by individuals and are principally used for grazing purposes. There is considerable timber on some of these lands, which will probably be acquired by the company as the operation progresses and the lands are reached by transportation facilities.

4. Agriculture Possibilities

None of the Government lands included in this proposed sale are suitable for agriculture, on account of the high elevation, long winter period, and killing frosts which are likely to occur during almost any month in the year.

5. Topography

The area is a moderately rolling plateau, ranging in elevation from 4,000 to 5,500 feet. The principal drainage is through Camas Creek and its numerous tributaries. Camas Creek drains westerly into the North Fork of the John Day River. Some of the small tributaries of Camas Creek have quite rough, steep, broken slopes. However, no part of the area is so broken that the timber cannot be logged with teams. Truck roads can be extended into practically all parts of the area, eliminating long skidding distances.

6. Silvicultural Description

The classification of site quality ranges from sites 3 to 6, the greater part of the ponderosa pine types being in sites 4 and 5.

Ponderosa pine type—Very little of the ponderosa pine type in the proposed sale unit consists of a pure stand. The pine is usually found in mixture with other species. The type map of the area accompanying this report will show how widely the ponderosa pine is scattered over the area. The cruise of the area shows that approximately 77% of the ponderosa pine is in the mature class. The pine trees to be cut will run from 16" to 40" d.b.h. and will make from one to six logs per tree. The quality is about the average found throughout the Blue Mountain region.

Fir larch type—The species other than the pine found on the area are about the average size and quality for such species growing at this elevation throughout the Blue Mountain region.

With the exception of the open scab or grass lands scattered throughout the area, most of the timbered area supports a fair stand of reproduction of all ages and ranges from one-third to two-thirds stocking. Most of the reproduction of all species found on the area appears to be very thrifty. However, growth at this elevation is very slow.

7. Injurious Factors

There appears to be only about the normal beetle infestation found throughout the Blue Mountain region, both in ponderosa and lodgepole pine. Most of this infestation occurs in occasional widely scattered individual trees and has no appearance of developing into an epidemic stage.

There is also some mistletoe in the ponderosa pine and Douglas fir. This is not considered serious.

Losses from windthrow throughout the virgin stand and the adjoining cut-over lands have been very light.

8. Silvicultural System Recommended

A. Marking

If the Mt. Emily Lumber Company should purchase the timber on this unit, it is very probable that, at least for the next few years, they will wish to cut only ponderosa pine. It is recommended that approximately 80% of the merchantable ponderosa pine trees 12" and over d.b.h. be marked for cutting. While the cruise of the area indicates that approximately 23% of the ponderosa pine on the area is classified as immature, from my observations in looking over the timber on the area and in assisting with some of the marking on the adjoining sales, I am inclined to question the percentage of volume shown as immature. It is my belief that under our present standard practice of marking

as applied on the adjoining sales, a cut of approximately 80% by volume should be made in ponderosa pine.

If in the future market conditions permit and the company decides to cut some of the Douglas fir and western larch, it is recommended that only the larger and better quality trees be marked for cutting.

B. Brush Disposal

It is recommended that the brush resulting from the cutting of the timber on this area be disposed of by the same method as is now being used on the adjoining sales to this company. Over a large portion of the area there are open grass ridges which support no timber. The ponderosa pine stands adjoining these open spaces are usually light and well scattered. If the Mt. Emily Lumber Company should be successful in purchasing the timber on this unit, they will use the same method of truck logging they are using on their present sales. Truck roads will be constructed into all parts of the area and in connection with the open grass lands will afford an exceptional opportunity to break the cut-over area up into small units.

It is recommended that the brush be piled along all of the principal roads intersecting the sale unit, and that brush be piled and burned in lanes connecting these roads with the open grass lands. These lanes of piled brush should be located so as to cut the area up into small units. In no place should large areas of unpiled brush be left without these intersecting fire lanes.

9. Accessibility

The mainline logging railroad of the Mt. Emily Lumber Company has been completed up Meadow Creek and Bear Creek to near the quarter corner between sections 17 and 20, Township 4 S, R. 34 East. This railroad is now being extended over the divide between Bear Creek and Camas Creek. This extension is approximately 8½ miles in length, and terminates at the mouth of Rancheria Creek in Section 36, T. 4 S., R. 33½ E., near the head of the utilization road being constructed by the Forest Service from Ukiah to this point. There are several roads intersecting the proposed sale area that can be used for trucking.

If the Mt. Emily Lumber Company should acquire the timber on this area they will use the same type of logging that they are using on their sales lying to the east of this tract. Truck roads will be constructed throughout the area. Some of the timber will have to be hauled perhaps 10 to 15 miles.

Usable truck roads can be constructed throughout most of the area at a cost varying from \$50 to \$300 per mile, depending on the type of road and the amount of timber to be taken out over it.

10. Operating Methods

It is the present practice of the Mt. Emily Lumber Company to use horse teams to skid and bunch logs to the truck roads. Tractors will be used for skidding wherever it is necessary to move logs uphill to the truck roads. This method will be confined largely to the timber around the heads of draws and the upper slope of the canyons where the truck roads are constructed on top of the ridges. Two gas power loading rigs are used for loading trucks in the woods.

11. Manufacturing

The Mt. Emily Lumber Company owns and operates a modern three-band sawmill and a complete finishing plant. This mill is located at La Grande, Oregon, on the main line of the Union Pacific System. Logs from the sale area will be transported from the woods over the company-owned logging railroad, a distance of approximately 35 miles to Hilgard, where they will be transferred to the Union Pacific System and transported approximately 8 miles to the mill.

12. Markets

Practically all the products of the Mt. Emily Lumber Company are sold in the middle-west and eastern markets and are shipped by rail.

13. Appraisal

The Mt. Emily Lumber Company's sawmill and finishing plant located at La Grande, Oregon, was built in 1925. Logging operations were started within the Grande Ronde—John Day working circle in a small way at this same time.

The estimated amount of ponderosa pine timber to be cut in this proposed sale is 221,308 M. feet board measure.

Owing to the oversize investment that the company is carrying on the mill, logging railroad and logging equipment, it is believed that we do not have sufficient information regarding this investment and the privately owned timber within the working circle that may be acquired by this company to make an investment appraisal of the timber involved in this proposed sale.

The logging equipment of the Mt. Emily Lumber Company now being used on the adjoining National Forest timber sales and on other privately owned lands is well adapted to logging the timber on this tract. The sawmill and finishing plant are much too large for the allowable cut of National Forest timber and privately owned timber within the working circle. The company recognizes this fact and has for several years been trying to adjust their operation as quickly as possible to meet this condition. There is no logging operation in Region Six operating in this type of scattered timber that can be fully compared with the logging operations of this company.

We have for several years been getting a detailed report of logging and manufacturing costs from the Mt. Emily Lumber Company. These reports have been carefully analyzed and the individual cost items carefully checked with conditions on the ground, and it is believed that the costs shown by the company in logging and manufacturing timber cut from this working circle are as low as could be expected by any efficient operator operating in this unit.

In making the appraisal of the timber in the proposed sale, the Mt. Emily Lumber Company's detailed costs for the calendar years 1934, '35, '36 and first six months of 1937, with some minor change in individual cost items, will be used.

During the first six months of 1937 there have been two wage increases throughout the ponderosa pine industry and also increases in the cost of supplies, which have increased their costs considerably over the three-year period, 1934, '35 and '36.

There has also been a considerable advance in selling prices during the first six months' period of 1937 and in the appraisal the costs for logging and manufacturing and the selling values by grade will be shown separately.

The following lumber grades are estimated grades that it is believed the ponderosa pine in the proposed sale unit will produce. These grades have been carefully checked against the grades produced from the adjoining National Forest Sales.

The selling values used are the average selling values for ponderosa pine for the period 1934-1935-1936 and the first quarter of 1937 as compiled by the Division of Forest Products for the Northern Rocky Mountain Region Experiment Station in cooperation with the Western Pine Association of Portland, Oregon.

Period 1934-1935-1936 First Quarter 1937.

Grades	Percent of Grade	Average Selling Value per M	Weighted Selling Value per M	Average Selling Price First Quarter 1937	Weighted Selling Value
B & Better Selects	.50	\$16.20	.31	\$65.28	.326
C Selects	6.50	55.92	3.63	62.36	4.053
D Select	8.50	44.32	3.77	49.62	4.217
#1 Shop	2.25	33.60	.76	37.00	.832
#2 Shop	6.50	23.97	1.56	26.20	1.703
#3 Shop	4.25	17.15	.73	17.53	.745
4/4 Shop	4.00	19.43	.78	21.36	.854
#1 Common	.25	36.29	.09	38.64	.096
#2 Common	11.00	26.87	2.96	29.13	3.204
#3 Common	29.15	19.35	5.64	20.22	5.894
#4 Common	16.00	14.22	2.27	15.19	2.430
#5 Common	.60	9.78	.06	10.23	.061
Miscellaneous	<u>10.50</u>	<u>22.86</u>	<u>2.40</u>	<u>25.29</u>	<u>2.665</u>
Totals	100.00		24.96		26.980

LOGGING EXPENSE

	<u>Weighted Average Costs for the period 1934-1935-1936 and first six months 1937</u>	<u>Costs first six months of 1937</u>
<u>Logging</u>		
Sawing labor – timber marker and scaler	\$1.03 per M. ft.	\$1.02
Team and tractor skid labor	.74	.76
Cat—gas, oil & repairs	.32	.35
Cat & equipment depreciation	.39	.55
Barn expense	.24	.23
Team depreciation	<u>.03</u>	<u>.05</u>
Total skidding cost including depreciation	\$2.75	\$2.96
Truck loading & hauling labor	.74	.69
Log truck gas, oil & repairs	.65	.65
Truck depreciation	.15	.29
Truck road maintenance	.30	.35
Cost of building truck roads	<u>.80</u>	<u>.85</u>
Total cost of trucking operation	\$2.64	\$2.83
Total direct cost company logs to track	\$5.39	\$5.79
<u>Logging Cars & R.R. Operation</u>		
Loading & train crew labor	.36	.51
Upkeep of railroads (includes tie replacement)	.51	.45
Fuel oil and oil	.31	.44
Engine and loader repair	.20	.30
Engine and loader depreciation	.18	.18
Log car repair	.04	.03
Special car & log car equip. dep.	.08	.08
Steel rental & steel storage	.05	.06
Track material depreciation	.30	.40
Mainline R.R. depreciation	<u>.61</u>	<u>.85</u>
Total railroad & Loading cost	\$2.64	\$3.30
<u>Miscellaneous Labor & Expense</u>		
Miscellaneous labor	.25	.35
Camp overhead labor	.20	.28
Superintendent	.12	.17
Accident expense	.19	.22
Unemployment taxes	.08	.15
Camp insurance	.09	.10
Misc. camp supplies & expense	.36	.46
Taxes on personal property	.02	.03
Fire warden & fire expense	.04	.06
Depreciation portable camps	.07	.10
Cost of temporary camps	.09	.11
Cost of camp site	.06	.05
Depreciation camp telephone	<u>.02</u>	<u>.02</u>

Total misc. labor & expense	\$1.59	\$2.10
Total logging cost—not including freight or stumpage	\$9.62	\$11.19
Brush & snag disposal	.30	.30
Log freight <u>1.05</u>	<u>1.07</u>	
TOTAL LOGGING COSTS, LOG SCALE, DELIVERED AT MILL	\$10.97	\$12.56

Summary for logging, manufacturing, shipping and selling costs for period 1934-1935-1936 and first 6 months 1937:

Total logging costs tree to pond, log scale basis	\$10.97 per M feet.
Total cost of manufacturing, shipping and selling, lumber basis	\$12.02
Overrun 8%	.96
Total cost of manufacturing, shipping and selling, log scale basis	<u>12.98</u>
Total production and selling costs, log scale basis	\$23.95
15% profit margin on total costs of production, less U.P. log freight of \$1.05 per M feet	<u>3.44</u>
Total production and selling costs plus 15% profit margin	\$27.39

Summary for logging, manufacturing, shipping and selling for first 6 months of 1937:

Total logging costs tree to pond, log scale basis	\$12.56 per M feet
Total cost of manufacturing, shipping and selling, lumber basis	\$11.97
Overrun 8%	.96
Total cost of manufacturing, shipping and selling, log scale basis	<u>\$12.93</u>
Total production and selling cost, log scale basis	\$25.49 per M feet.
15% profit margin on total cost of production, less U.P. log freight of \$1.07 per M feet	<u>3.66</u>
Total costs plus 15% profit margin	\$29.15

	<u>Period 1934-1935-1936 and first 6 months 1937</u>	<u>Period first 6 months 1937</u>
Lumber selling value, lumber basis	\$24.96	\$26.98
Overrun	2.00	2.16
Wood, lath and hog fuel	<u>.75</u>	<u>.75</u>
Total selling value of products	\$27.71	\$29.89
Total production costs plus 15% margin of profit	<u>27.39</u>	<u>29.15</u>
Indicated stumpage value	\$.32	\$.74

CONCLUSION.

The timber within the Grande Ronde—John Day working circle is considered to be more available to the Mt. Emily Lumber Company than to any of the other operations in the Region. There are several reasons for this timber being considered favorable to the Mt. Emily Lumber Company,

1. The Mt. Emily Lumber Company has been operating within this working circle for the past eight and one-half years.
2. They own one of the largest blocks of privately owned timber within the area, and are at the present time cutting approximately 50 percent of their timber supply from these private lands, the remainder coming from sales made to them by the Forest Service.
3. They have extended their main line logging railroad well into the territory, and are now extending this line eight and one-half miles farther west into the Camas Creek Block, most of which is included in this proposed sale area. Their railroad will terminate and connect with the Forest utilization road now being built from Ukiah east up Camas Creek. With the transportation made available by this utilization road the company hopes to be able to purchase and operate a considerable portion of the privately owned timber lying west of the forest boundary in the vicinity of Ukiah.
4. Taking into consideration the location of the sawmill at La Grande, and with the extension of their railroad into this territory, it is believed that they are the most logical operators for this timber.

RECOMMENDATION.

In preparing this appraisal I have used costs of the Mt. Emily Lumber Company for the last three and one-half year period in logging National Forest timber from adjoining sales. Taking into consideration the light stand of pine within the Camas Block, it is believed that these costs are as low as can be expected in operating timber from this unit. However, in making an appraisal based on detailed cost statements prepared by the various companies from which we procured this data it is felt that there are some of the profits combined with some of the various individual costs that are very difficult to account for. This appraisal shows that the indicated stumpage value after deducting costs and allowing for a 15 percent margin of profit is much lower than the minimum \$2.00 stumpage value for ponderosa pine for the Umatilla National Forest.

The company has for the past three and one-half year period been getting about 50 percent of their timber supply from small sales of National Forest timber. Their statements show that for the past two and one-half years they have been making a little money and are apparently satisfied with the prices of National Forest timber for the sales made to them.

The present trend of lumber prices is upward. Selling prices for 1937 show a very marked increase over the prices for 1934, '35 and '36. There has also been a considerable increase in wages and supplies, and it is anyone's guess as to what might happen in regard to operating costs and selling values during the life of this proposed sale. If the company is successful in acquiring this timber it will insure them of at least a ten-year supply of timber and while the indicated stumpage value after allowing for a 15 percent margin of profit is considerably below the \$2.00 per M minimum stumpage value for Ponderosa pine for the Umatilla National Forest it is believed that the company will, in order to insure themselves of this timber supply, pay the \$2.00 per M feet log scale for Ponderosa pine.

After taking into consideration the oversize investments made by this company without any apparent consideration for their future timber supply, it is believed that the National Forest timber in this unit should not be sacrificed at a price lower than its apparent real value in order to assist this company in recovering their mistaken investments.

The recommended prices for the timber included in this proposed sale are as follows:

Ponderosa pine, \$2.00 per M feet
Other species, \$.50 per M feet

GEO. E. STEVENSON
Associate Logging Engineer

APPROVED AUGUST 4, 1937,

O.F. ERICSON
Assistant Regional Forester.

