

Managing Timber and Cattle

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Many of Florida's early cattlemen utilized woods pasture, wiregrass and, carpetgrass in the cypress and pine forest. For some, cattle were a by-product of owning timber land. Their primary income was derived from saw timber, turpentine, etc.

With the advent of improved grasses, productive fertilizer programs and fenced rather than open range, the combination of timber and cattle has declined but it can still be a profitable combination if managed correctly. In addition, it can provide that highly desired "diversity" that helps smooth out today's market ups and downs as we move more and more into a global economy.

One of the primary objections one hears about putting land into timber production is its long term loss for any other purpose. This, combined with the cost of returning it to pasture, deters many ranchers from actively pursuing a cattle/timber operation. Timber is a long-term investment and it is necessary to have this firmly in mind. I personally consider timber as a savings account; something I have for a rainy day or retirement.

There are basically two ways to start timber production: planted, or natural seeding from existing trees. Each has some distinct advantages and disadvantages. Planted pines produce more wood per acre and are uniform in size. When it's time to market, however, natural seeding will allow more grazing and can be selectively harvested thereby, prolonging the market (harvest) window. For example, if you have mature saw timber interspersed with smaller trees, you can sell the large trees (for example, 15" diameter and up), and leave the remainder to mature and start additional trees. This shortens the time between harvest and may fit your particular long-range plans.

Planted pines will produce about fifty dollars per

acre per year and may be clear cut for pulpwood, or thinned and the remaining trees allowed to grow into mature timber. You may also decide to clear cut strips and thin the rest. The clear cut strips can be returned to pasture and the thinned portion will serve as wind breaks for cattle and cover for wild game. There are as many options for harvesting timber as you can dream up. Just remember that it's your timber and do what fits your particular program.

Now, let's discuss marketing your timber. You have a lot of time invested in production and timber is like anything else you sell. The better you market it, the more money you make.

Things to Consider

Try to plan your sales. Start following the market well in advance of the projected sales date. There are numerous publications available that will furnish you current timber prices and projected trends. It's also wise to talk to your accountant. There may be recent tax rulings that need to be considered or, for that matter, "anticipated" rulings. You may, for example, have your contract start in the fall and extend into the next year with an advance payment and end-of-contract payment. This will spread the tax over two years and could mesh well with other financial plans.

Your County Forester is a valuable source of information. He will usually have names of several timber consultants who can estimate the value of your timber, draft bid requirements, receive and analyze bids, etc. He can also give you a general cost for this type service.

At this point you have followed the market and decided to sell. Once you have a general idea of 1) what type timber you have, and 2) what it's worth, you are ready to send out bids. The requirements

you place in the request for bids are very important and will determine to a large extent the success of sale and how well your overall plans are satisfied. For example, you should include:

1. Price per cord on each type timber you have for sale in pulpwood, saw timber, poles, plywood logs, etc.
2. What weight constitutes a cord?
3. What is the minimum diameter (top) for saw logs? For example, 7", 9", etc.
4. Estimate of how much timber—by type and dollars—is expected to be cut.
5. How much of the above amount is guaranteed?
6. The manner in which payment is to be made.
7. How much of the guaranteed amount will be advanced?

Following is a list of bids received from timber companies. It is interesting to note that each bidder received the same bid instructions. For the most part, these are nationally known companies. Several company representatives would verbally give their estimates of the timber worth but would not commit this information to paper.

Examples of bids received from timber companies:
(All bids are on the same timber tract.)

Company A

Plywood logs	\$66.39/cord	cord = 5600 lb
Pulpwood	\$30.00/cord	cord = 5400 lb
Hardwood	\$ 8.00/cord	cord = 5700 lb

Estimated \$50–60,000 timber available.
Will advance major portion of estimate.

Company B

Sawlogs (7" top)	\$23.00/ton	
	\$64.40/cord	cord = 5600 lb
Pulpwood	\$ 9.62/ton	
	\$25.97/cord	cord = 5400 lb

Estimated \$160,000 timber available.
Guarantee \$145,000.
Will advance \$100,000.

Company C

Plywood logs	\$66.50/cord	cord = 5600 lb
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Pulpwood (9" top)	\$31.00/cord	cord = 5400 lb
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No guarantee.
No advance.

Company D

Plywood logs	\$72.00/cord	cord = 5600 lb
Chip and Saw	\$45.00/cord	cord = 5600 lb
Pulpwood (9" top)	\$30.00/cord	cord = 5400 lb

No guarantee.
No advance.

Company E

Plywood logs	\$75.00/cord	cord = 5600 lb
Chip and saw	\$50.00/cord	cord = 5600 lb
Pulpwood	\$25.00/cord	cord = 5600 lb
Pole (9" top)	\$78.00/cord	cord = 5600 lb

No guarantee.
No advance.

The Timber Cut Out \$260,000.00

Moral of the story—sell timber by the ton/cord as cut. Don't sell timber lump sum.

The attachment that follows is an active timber company/landowner contract. Note the extra restrictions about fences, cattle, and ramping. It is also important to clearly show which areas are to be harvested (as part of the *contract*). The estimates generally ranged from \$120,000 to \$160,000.

After you harvest timber, you need to rededicate the land to timber or convert the cut-over timber land to pasture. Here are two methods that are relatively inexpensive and that dove-tail well with cattle operations.

1. Timberland cut to seed trees.
 - A. Fly on #20 bahia seed/acre.
 - B. Have the land chopped with a single drum chopper.
 - 1) Double drum choppers are more likely to damage seed trees.

- 2) State and Federal programs will cover 70–80 percent of this cost.
- C. A good stand of native grasses and bahia grass will emerge. Use this fuel to burn the cut-over land and kill trash trees. Burn as many times as necessary.
 - D. While you are eliminating undesirable brush, and until the area totally establishes seeds in (years +), your cattle will enjoy some very good grazing.
2. Clearcut areas can be returned to pasture in much the same way.
- A. Schedule the harvest in early fall.
 - B. Have the timber company take as many different routes to the ramping area as possible. If you explain to the loggers that you desire as much of the soil disturbed as possible, they are normally more than willing to help.
- C. In the October–November time frame, fly on 15–25 lb rye grass. In late spring fly on bahia seed and then, following a good rain, put the cattle in. They will walk the bahia seed in; and you then burn yearly until the brush, stumps, and logging debris are gone.
 - D. You may also wait until late winter/early spring and fly on the bahia seed and then have the area chopped. Repeated burning, using the dead bahiagrass for fuel, will produce the desired results.

State of Florida

County of Jackson

TIMBER SALES AGREEMENT

THIS AGREEMENT is made as of September 19 89, by and between _____ ("Seller"), whose address is _____ and STONE FOREST INDUSTRIES, INC. ("Stone").

1. **PURCHASE AND SALE.** For valuable consideration, the receipt and sufficiency of which are mutually acknowledged, Stone hereby purchases from Seller and Seller hereby sells and conveys to Stone, subject to the terms and conditions of this Agreement, all of the following timber products ("the Timber Products") located in the Sale Area:

- a. All pine timber 15.0" in diameter * and larger in eastern 250 acres.
- b. All pine timber less and except 6 seed trees per acre 12.0" in diameter or larger in western 166 acres.
- c. *Diameter measured @ 4.5' above natural ground level.
- d. _____

2. **SALE AREA.** The Sale Area is shown on the map attached hereto as EXHIBIT A and is located on a 880 acre (plus or minus) tract of land known as Thomas Farm in Jackson County, State of Florida, bounded and described as follows:

LEGAL DESCRIPTION: In Township 4 North, Range 11 West; (Section 11: NW $\frac{1}{4}$ of SW $\frac{1}{4}$): (Section 10: W $\frac{1}{2}$ of NW $\frac{1}{4}$, NE $\frac{1}{4}$ of NW $\frac{1}{4}$, W $\frac{1}{2}$ of NE $\frac{1}{4}$, N $\frac{1}{2}$ of SE $\frac{1}{4}$): (Section 3: All less N $\frac{1}{2}$ of NE $\frac{1}{4}$).

3. **PURCHASE PRICE.** The Purchase Price shall constitute the full consideration for the Timber Products and for the rights, easements and privileges necessary or convenient for the cutting and removal of the Timber Products. The Purchase Price shall be paid as cutting progresses, according to the following schedule:

Product	Price/Unit
Pine Sawtimber	per _____ \$23.00 per Ton
Pine Chip -n- Saw	\$15.18 per Ton
Pine Pulpwood	\$10.74 per Ton
Hardwood Pulpwood	\$ 2.80 per Ton
	per _____

Stone shall submit to Seller at the end of each weekly period an accurate report of all Timber Products cut, delivered, and scaled or weighed since the last such report. The report shall be accomplished by a check in payment for such Timber Products payable to _____ and mailed to the following address: _____ Seller shall have the right to inspect and verify the reports submitted by Stone.

\$60,000.00 @ closing

Stone has advanced to Seller the sum of \$ 85,000.00 1-1-90, said sum to be withheld from payments to Seller when cutting begins. ~~Seller shall refund such advance to Stone to the extent Stone is prevented from cutting and delivering the Timber Products for any reason not within Stone's control.~~

4. **TERM.** Stone shall have until September 19 91 to cut and remove the Timber Products and to exercise the rights, easements and privileges hereby granted. If weather conditions, strikes, governmental restrictions or other matters beyond the control of Stone delay Stone's exercise of its rights hereunder, this Agreement may be extended by Stone for a reasonable time, not to exceed six (6) months. For a period of sixty (60) days after the expiration of the term of this Agreement or any extension thereof, Stone shall have the right to remove from the Sale Area all equipment and other property of Stone. Thereafter, all rights of Stone shall terminate and any Timber Products then remaining on the Sale Area shall be and remain the property of Seller.

5. STONE CONTAINER CORPORATION and STONE FOREST INDUSTRIES, INC. are affiliated companies and cooperate in the purchase of timber.

6. ACCESS. Seller grants to Stone adequate easements for access, egress, and ingress to, over and from the Sale Area and the adjoining land of Seller to a public road for the purpose of cutting, skidding, loading, and hauling the Timber Products.

7. SELLER REPRESENTATIONS. Seller represents and warrants to Stone that Seller has good and marketable title to the Sale Area and the Timber Products, that Seller has the right and power to sell the Timber Products and grants to Stone the rights, privileges and easements stated herein, that the Timber Products are free of any and all liens and encumbrances, that the boundary lines of the Sale Area as marked and/or represented to Stone are correct, that Seller shall not allow any property taxes affecting the Sale Area or Timber Products to become delinquent, and that there is and shall be during the term of this Agreement adequate vehicular access from the Sale Area to a public road. Seller agrees to indemnify and hold Stone harmless from losses, claims and damages, including attorneys' fees, incurred by Stone in connection with any interference with the logging operations of Stone or on account of a default in the above representations and warranties of Seller.

8. ENTIRE AGREEMENT. This written Agreement contains the entire agreement between the parties and shall be for the benefit of and binding upon them and their heirs, successors and assigns. There are no representations or warranties from either party to the other except those stated herein.

9. SELLER NOT LIABLE. Seller shall not be liable for any damage or loss which might be incurred to equipment in use or stored on the Sale Area by Stone or its contractors, or for injuries sustained by Stone or its contractors during the cutting and removal operations.

10. SPECIAL PROVISIONS. (Attach additional sheet if necessary.)

(1). Fences will be maintained in operable condition during harvesting and returned

to original condition at completion of harvest. (2). Care will be taken to

maintain cattle in enclosed areas. (3). Ramping will be done out of pastures and

no tops will be left in pastures or on fences.

"THOMAS TRACT"
T 44, R 11W
JACKSON CO. FLA.

U.S. HWY 90

