

**Veritas Research Consulting**  
**Brief Statistical Overview of Montana Forest Products and Potentials**  
- **Current conditions**  
- **Suggested short-term and long-term actions**  
**08Jan14**

Down Woody Material (DWM) on average equals 21.8 tons per acre. This is a threefold increase over acceptable levels for long-term viability and reduced wildfire impact.

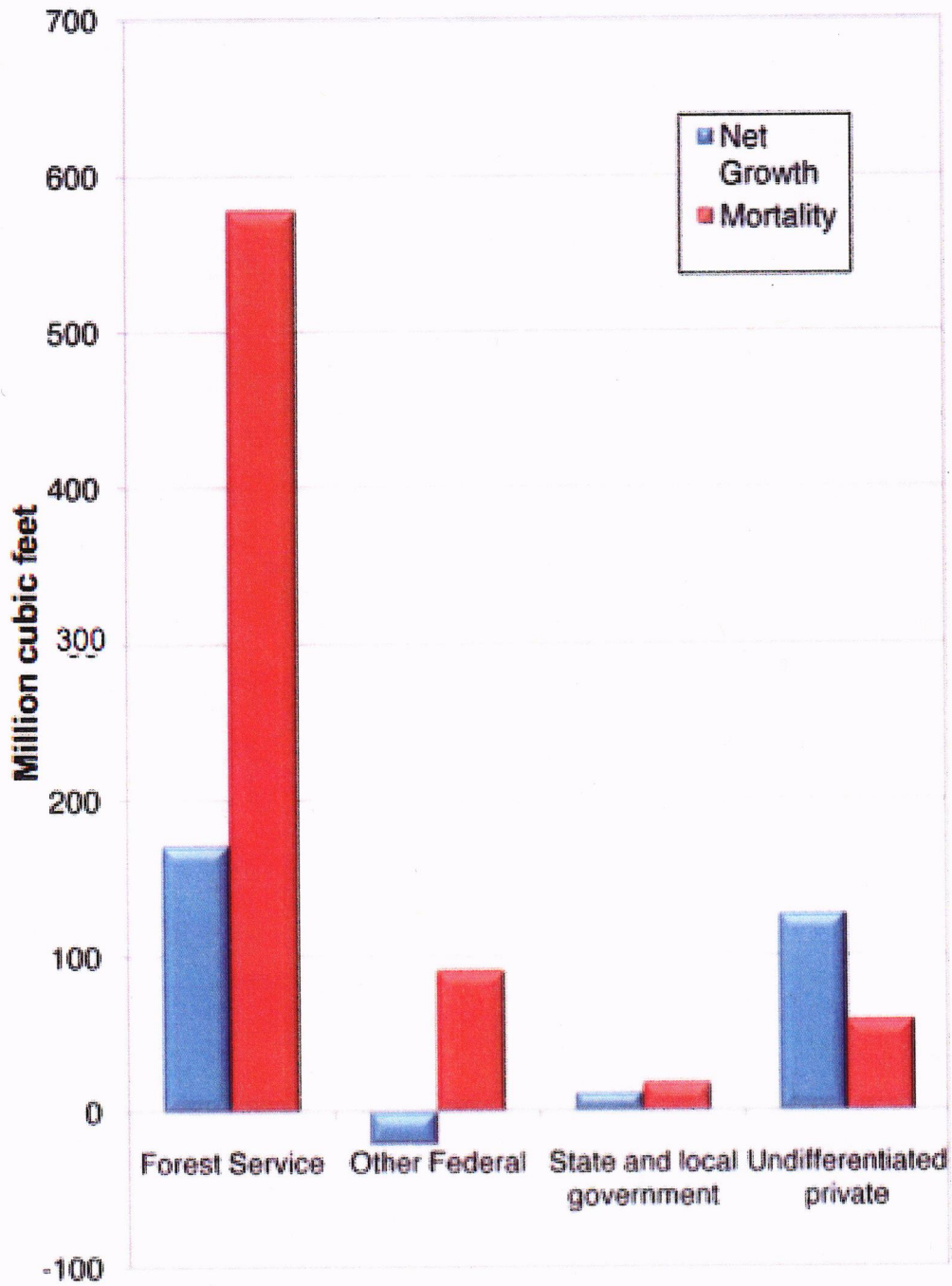
Montana mill processing capacity is floating right around 58%. To be fair in the equation of under utilized capacity, historic records support that milling in Montana at peak level traditionally ran around 90% of potential capacity. Therefore, it is better to say under utilization at this point is closer to 30% than the 40% figure that would seem apparent at first glance. This is a loss of income and employment to Montana's counties and although the global financial crisis heavily impacted industries throughout the country to include the timber industry, such figures during an out of control event cannot be considered the norm. The majority of the milling operations are quite capable of increasing volumes to more historic levels as demand slowly increases, if the feed stock is available as indicated by mill managers.

Over 70% of the mills require feed-stock of > 10" dbh to successfully operate, with a very underutilized class of timber stock being the 5-9" dbh. Under utilized opportunities are large here for the heating pellet and dunnage-wood industry's (crating and pallets) along with the pole industry (utility main, subs, barricade material and shoring). Foreign markets are substantial and with shifts in geo-political alliances, there has been a substantial void to fill.

There are currently 25+ million acres of forest land in Montana, with approximately 20 million acres being available for harvest comprising roughly 27 percent of total land mass for the state. The USFS manages approximately 12 million acres (62 percent), Non-industrial private at 5 million acres (23 percent), industrial at 1.3 million acres (7 percent), BLM manages approximately 1 million acres (4 percent), state at 1 million acres (4 percent).

*\*Note-figures rounded to nearest even amount*

Mortality versus net growth rates on USFS managed lands is threefold, a drastic departure from the small separation of volume on state administered land.



source: USDA Forest Service

There is a vast potential for increasing water flows and levels through increased timber harvesting and stewardship, negating much of the disproportionate effects of evapotranspiration.

Federal Wildfire and Hazardous Fuels (WFHF) treatments and Wildland Urban Interface treatments, although appropriated in budgets for such, have shown as little as 14% of the funds actually culminating on the landscape in the form of work.

Comparatively speaking, the USFS spends on average 5-times the amount and the BLM 2-times the amount as the comparative state agency on management. This is often due to the facts of overly high management costs and lack of any incentive towards a profitable or at least cost-effective operation.

States average 36 employees per million acre management block, while the BLM averages 45 employees and the USFS 210 employees for the same land mass.

The forest lands managed by the United States Forest Service in Montana are categorized as a jurisdiction status of "category 4". This is cited by the Federal Government as "Proprietary Interest Only", wherein the federal agency has not obtained any measure of the State's authority over the land.

Millions of acres of wildfire and insect infestation are being destroyed at unparalleled levels, and can be treated if the state enters into full-time and proactive management of the lands and resources.

Wildfire economic impacts are under reported to a great extent, due to not factoring in the direct, indirect, cumulative and long-term economic and socio-economic impacts (loss of homes, jobs, tax base, rehabilitation costs, range improvements, infrastructure damages, declines in recreation visitor days, public health costs, etc.). For instance, case studies have shown that the reported fire "costs" (more appropriately just suppression costs) range only from 3%-53% of actual impacts. Costs typically being underreported by 2-30 times as well.

A study in western forests showed a \$1000-\$2000 per acre savings when managing medium to high risk with fuels reduction timber projects, having a vibrant economic activity, jobs and tax-base, versus the cost of suppression.