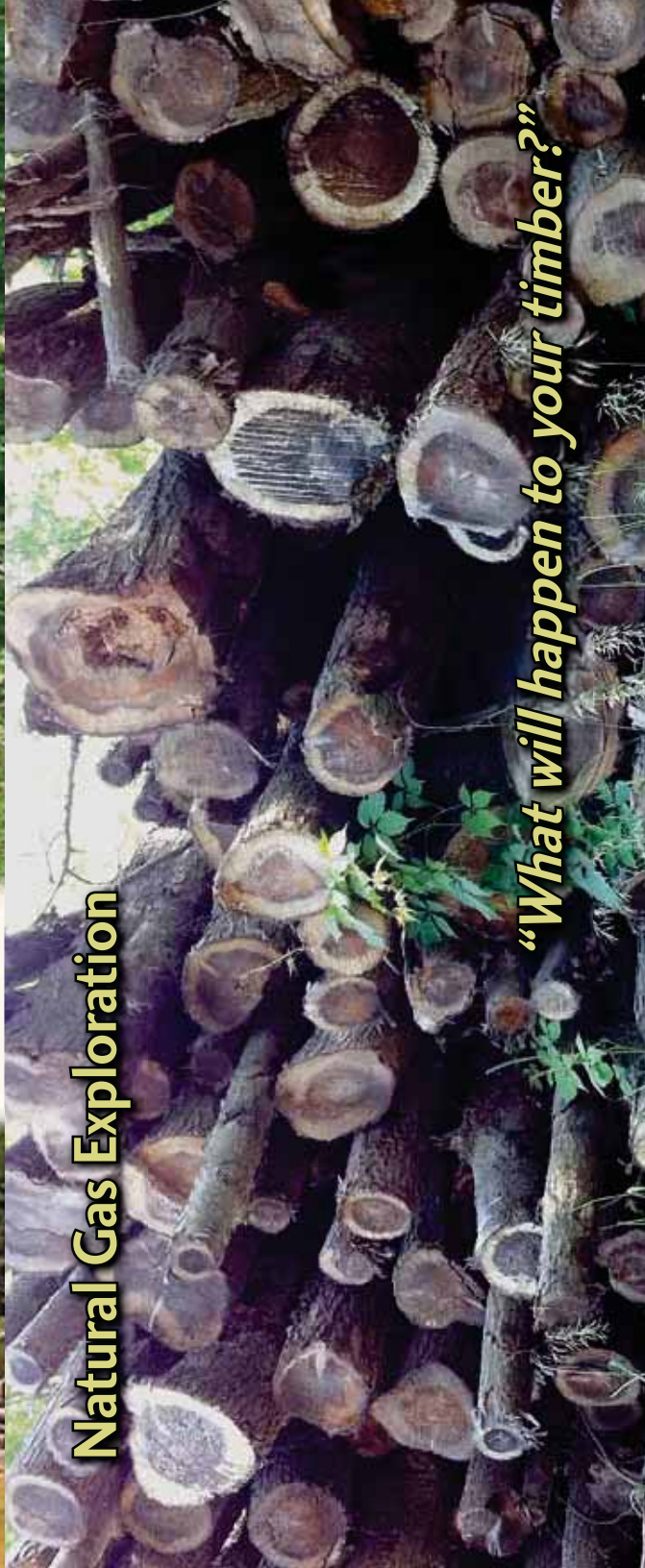




A THOUGHTFUL AND TIMELY
TIMBER MARKETING PLAN
PRODUCES BENEFITS FOR
ALL PARTIES INVOLVED.

*Landowners are likely to
receive the most value for
their logs, local mills and
manufacturers are able to
utilize this valuable natural
resource, and natural gas
exploration companies
are able to develop the
land according to their
requirements.*

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Natural Gas Exploration

“What will happen to your timber?”



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TIMBER: WHOSE IS IT?

- Large volumes of marketable timber are often generated as land is cleared for natural gas exploration. Based on lease language and negotiation agreements, natural gas exploration companies may compensate landowners for surface disturbances, including timber rights.
- Gas exploration companies often arrange with contractors to have the land cleared and excavated. Separate contractors for timber clearing and site construction may be used, or the construction company may subcontract the timber clearing to a land clearing company.
- Completion deadlines require contractors to be highly mechanized. Land clearing differs from traditional logging, when care is taken to preserve value of the logs.
- When a marketing plan is in place before well pad construction begins, marketable trees may be sold to the local wood utilization industry and removed from the site as the land is being cleared. When no marketing agreement is reached before clearing begins, logs are stacked in large windrows.



OK, THE GAS COMPANY KEEPS IT

- If the gas exploration company assumes ownership of the timber on well pad sites, the wood is generally cut and sold to the local forest products industry as it is being cleared. Contractors may be allowed to market the timber to area wood processors as partial payment for site preparation.
- Removal of the wood as land is being cleared streamlines site preparation. Large windrows of timber do not have to be moved during construction. Liability issues decrease as large piles of logs are removed.

OK, SO YOU MARKET THE WOOD

- If the landowner retains timber rights on well pad construction sites, he/she becomes responsible for its use and marketing. Two basic choices are available for marketing the timber:
 1. Strike a marketing agreement with the logging or excavation contractor before clearing begins. Payment could be based on a forester's estimate or be a percent of receipts.
 2. Attempt to sell the timber after clearing and construction are done. Timber has been cut and stockpiled in windrows.



MARKETING TIMBER AFTER COMPLETION OF WELL PAD SITES PRESENTS SEVERAL PITFALLS

1. Large windrows of timber are expensive to separate and sort, reducing the owner's potential profit.
 2. In summer months, staining and cracks begin to develop after one month of storage, further reducing the timber's value.
 3. Location of the wood windrows often makes accessing the timber difficult or impossible.
- *A timely marketing plan of the timber ensures the most potential profit for the landowner.*

WHAT ABOUT TIMBER FROM PIPELINE RIGHT OF WAYS?

- Typically, the landowner retains ownership of the timber from pipeline right of ways. The timber is most often left in piles along the edge of the right of way. If the landowner chooses to market the timber, a timely marketing agreement with the local wood utilization industry ensures the most potential profit. Accessibility, weather and deteriorating wood quality are issues affecting the value of stockpiled timber.

