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Terry Detrick
AFR President

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2012 Farm Bill in Action

In a historic move, the leaders of the Senate and House agriculture committees recommended \$23 billion in farm program cuts to the deficit-reduction “Super Committee” on October 17th. In a letter to the committee, Sen. Debbie Stabenow, D-MI; Sen. Pat Roberts, R-KS; Rep. Frank Lucas, R-OK; and Rep. Collin Peterson, D-MN, said they are still finalizing the details of their plan, and would deliver a complete legislative package to the super committee by November 1st. However, this group failed to meet the self-imposed deadline, but a full proposal is expected any day.

Most reports from Washington D.C. sources have indicated the delay has centered around the complicated issue of reworking the crop insurance system. With heavy political pressure to eliminate direct payments, crop insurance could play the leading role in federal farm programs over the next 5 years. How crop insurance is structured and funded will be one of the most significant pieces of the next Farm Bill.

The 12-member Joint Select Committee on Deficit Reduction is charged with reducing the federal deficit by \$1.5 trillion over 10 years. The committee is supposed to vote

on its own full proposal, including any recommendations it incorporates from other committees, by November 23. They could use any and all suggestions from the leaders of the Ag Committees or they could go in their own separate direction. Even though very little is known for certain at this time, the “2012” Farm Bill could be completed before the 2011 holiday season. Here’s hoping for a merry Christmas for our farmers and the consumers of the products they supply.



2012 DCP & ACRE Signup Begins Jan. 23-June 1, 2012

Francie Tolle, executive director for Oklahoma Farm Service Agency (FSA), announced that FSA County Offices will begin enrollment for the 2012 Direct and Counter Cyclical Program (DCP) and the 2012 Average Crop Revenue Election Program (ACRE) Program on January 23, 2012.

Signup for DCP and ACRE will continue through June 1, 2012. The DCP and ACRE programs do not provide for an advance direct payment for the 2012 crop year. Final payments will be issued after October 1, 2012.

The Direct and Counter-Cyclical Program (DCP)

provides producers an income safety net in the form of annual direct payments and counter-cyclical payments when commodity prices fall below certain levels.

The ACRE program provides eligible producers a state-level revenue guarantee, based on the 5-year state Olympic average yield and the 2-year national average price. ACRE payments are made when both state and farm-level triggers are met. By participating in ACRE, producers elect to forgo counter-cyclical payments, receive a 20-percent reduction in direct payments and a 30-percent reduction in loan rates. The decision to elect ACRE binds the farm to the program through the 2012

crop year. Planted crops considered eligible for ACRE payments include: wheat, barley, oats, grain sorghum, corn, upland cotton, peanuts, pulse crops (dry peas, lentils, chickpeas or garbanzo beans), rice, soybeans, and other oilseeds (canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed).

The 2012 DCP and ACRE contract signatures for enrollment are due by the signup deadline of June 1, 2012.

For more info, visit your County FSA office or visit us online at www.fsa.usda.gov/ok

SURE 2010 Crop Disaster Program Signup Begins Nov. 14

Francie Tolle, executive director for Oklahoma Farm Service Agency (FSA), announced that enrollment for 2010 crop losses under the Supplemental Revenue Assistance Payments (SURE) program will begin Nov. 14, 2011 and end on June 1, 2012.

“Eligible producers who suffered crop losses during the 2010 crop year are encouraged to visit their county FSA office after signup begins on Nov. 14 to learn more about the SURE crop disaster program and how to apply,” said Tolle.

SURE is available to eligible producers on farms in counties with Secretarial disaster declarations, including contiguous counties, if the producer

has incurred at least a 10 percent crop production or quality loss on a crop of economic significance, excluding grazed crops. If the producer does not farm in a county with a Secretarial disaster declaration, SURE is available for the crop year if the actual production on the farm, because of disaster-related conditions, is 50 percent or less than normal production of the farm considering all crops grown nationwide by the producer.

Although farmers may be able to sign up for the SURE program in November, the SURE payments may not be issued until sometime later because the 2010 National Average Market Price (NAMP) data may not be

available for all crops. The NAMP prices are intended to reflect the actual marketing value of a crop during the marketing year and the marketing year for some crops will not end until the beginning of 2012.

For more info, visit your County FSA office or visit us online at www.fsa.usda.gov/ok.

SPCC Compliance Date Extension for Farms

On October 18, 2011, the U.S. EPA amended the date by which farms must prepare or amend and implement their Spill Prevention, Control, and Countermeasure (SPCC) Plans, to **May 10, 2013**.

If EPA receives no adverse comment by November 2, 2011, then the rule will become effective on November 7, 2011.

An overwhelming segment of the continental United States was affected by flooding during the spring and summer of 2011. Other areas were impacted by devastating fires. Many counties in many

states were declared disaster areas by either the federal or state government or both. As a result, EPA believes that because of their unique nature farms were disproportionately affected and need additional time to prepare and implement a Spill Prevention, Control, and Countermeasure Plan.

The amendment does not remove the regulatory requirement for owners or operators of farms in operation before August 16, 2002, to maintain and continue implementing an SPCC Plan in

accordance with the SPCC regulations then in effect. Such farms continue to be required to maintain plans during the interim until the applicable compliance date for amending and implementing the amended Plans. Finally, the amendment does not relieve farms from the liability of any oil spills that occur.

Clean Line Project Approved by State Panel

Clean Line officials are reaching a milestone to creating \$14 billion in clean energy development with their 800-mile power line project which is expected to stretch across Oklahoma, Texas, Kansas and Arkansas.

The Oklahoma Corporation Commission granted public utility Friday, Oct. 28, to Clean Line to build the \$3.5 billion transaction line across the state to carry wind power to Tennessee Valley Authority. This public utility status means the company can seek eminent domain, through the district courts. Arkansas denied the public utility status to the company.

The project could generate around \$300 million in work orders and over 100 new jobs with the possibility of additional income to farmers, ranchers and landowners through Oklahoma's wind resources. Wages will be paid to Oklahoman's during the construction phase of the power line and the permanent positions needed to operate the line at its related facilities.

Houston-based Clean Line will oversee the opening portion of the eastern U.S. Construction, scheduled to begin in 2014, lasting for three years. The 500-kilovolt line will bring 7,000 megawatts

in wind-generated power. Twelve billion dollars worth of wind farms from Oklahoma will be needed to support the system; however, Oklahoma will not receive direct power. The direct current line will plug into the TVA system in Memphis.

Drought-forced Movements of Cattle Slowing Down

There are indications that the worst of the 2011 drought –forced movements of cattle may be slowing down.

“It is possible these totals could grow, but there is reason to think that much of the normal culling has already occurred and that seasonal culling in November will be smaller than usual,” said Derrell Peel, Oklahoma State University Cooperative Extension livestock marketing specialist.

Beef cow slaughter in federal Region 6 – Oklahoma, Texas, Arkansas, Louisiana and New Mexico – has decreased each of the last three weeks, though the rate is still 19 percent above last year in the most recent week that data is available.

“Beef cow slaughter outside of Region 6 also has

been greater than last year since late July,” Peel said. “However, this may be tapering off as well with a smaller increase in the most recent data.”

For the year to date, Region 6 slaughter is 24 percent above last year. When combined with the rest of the country, beef cow slaughter has decreased 2 percent, resulting in a national total year-to-date beef cow slaughter number that is 105 percent of year-ago levels.

In Oklahoma, the auction totals for cows are still greater than year-ago levels as well, but have decreased significantly from the extremely large volumes of the summer.

“Feeder cattle auction totals are currently close to year-ago levels but may drop lower if, as expected

some of the normal fall run of calves has already occurred in drought-forced early sales,” Peel said.

The latest Cattle on Feed report also suggests a more normal pattern of placements without much obvious drought impacts. Total placements were down in Texas, though higher in the lightweight category.

“In fact, the under-600-pound weight group was the only group with an increase in placements, indicating limited supplies of heavy feeder cattle,” Peel said. “Overall, placements were even with year-ago levels and should be enough to hold cattle on feed totals even with last month at 105 percent of year-ago levels.”

However, Peel believes feedlot inventories should begin to drop for the remainder

of the year and into 2012.

“Oklahoma feeder cattle prices, especially calves, have increased recently despite the lack of wheat pasture grazing this fall,” he said. “A break in corn futures in early October spurred feedlot demand for feeder cattle and offset the lack of wheat pasture grazing demand.”

The biggest increase in feedlot placements occurred in Nebraska, which was comprised of increases in both the lightest and heaviest placement categories.

“Excellent forage conditions likely means that more big yearlings will be marketed out of the northern Great Plains states this fall; however, overall feeder supplies will be tight,” Peel said.

OBC Publishes E-Newsletter

The Oklahoma Beef Council will discontinue their newsletter in the future in favor of a monthly e-newsletter to significantly reduce cost to the beef checkoff. If you would like to continue receiving Oklahoma Beef Council Checkoff updates, please submit your request at www.oklabeeff.org/contactus.aspx.



Conservation Commission Approve Budget Request

At their October meeting the Conservation Commission approved a Fiscal Year 2013 legislative budget request that included \$27 million in additional funding. The Water Resources Board approved a request of \$6 million in new money at their October meeting. Both bodies cited recommendations contained in the Comprehensive Water Plan as the reason for their increased requests.



Oklahoma Producers May Be Able to Take Advantage of Drought-Related Income Tax Provisions

Income tax provisions exist that may provide relief for producers who have sold more livestock than normal because of the ongoing drought or other weather-related conditions.

“Each provision may allow a producer to reduce the tax consequences of bunching of income, which may help reduce stress on an operation’s finances,” said Marty New, Comanche County Extension director and agricultural educator.

The first provision applies to a producer who has sold more livestock than normal because of adverse weather.

To take advantage of his provision, the weather-related condition must have caused the area to receive a disaster declaration. All 77 counties in Oklahoma have been designated as eligible for federal assistance and have received disaster declarations from President Obama or from an agency or department of the federal government.

Thus, producers in all 77 counties are eligible to use this provision provided they meet the following qualifications.

- The producer’s principal business must be farming or ranching and use the cash method of accounting.
- The producer must show that the livestock would normally have been sold in the following year; and
- The weather-related conditions that caused an area to receive a disaster declaration must have caused the sale of the livestock.

“The first provision applies to any livestock sold in excess of normal caused by weather-related conditions,” Hobbs said. “Refer to Internal

Revenue Service Code Section 451e.”

The second provision applies only to breeding, dairy or draft animals that were sold in excess of normal. A producer may elect to replace the animals sold within a 2-year period with like animals used for the same purpose, and thus defer the recognition of income until the new animals are sold.

“Unlike the first provision, there is no need for a disaster declaration,” Hobbs said. “All that is needed is proof that drought conditions existed that caused the sale of additional animals.”

However, if an area has received a disaster declaration made by the president or by an agency or department of the federal government – all 77 Oklahoma counties in this instance – the replacement period is extended to four years and not just two.

“A producer must repurchase the same dollar amount of animals sold in excess of normal, not just the number of excess animals sold,” Hobbs said. “If only \$8,000 is spent on the new animals then \$2,000 must be recaptured on an amended tax return and tax paid.”

Hobbs said there is no requirement as to how long the animals were held by the taxpayer in order to receive this treatment. However, the producer must provide evidence of the weather condition and a calculation of the gain for each number and kind of animal sold. Refer to IRS Code Section 1033e.

“This is only a brief discussion of the rules that apply to weather-related sales of livestock,” New said.

“Consult your tax preparer or adviser for additional information concerning

concerning the income tax implications that might apply to your specific business situation.”



October was National Cooperative Month— Check out these facts & figures

- Cooperatives range in size from large enterprises, including U.S. Fortune 500 companies to single, small local storefronts.
- Some 250 purchasing cooperatives offer group buying and shared services to more than 50,000 independents businesses.
- Cooperatives operate in every industry including agriculture, childcare, energy, financial services, food retailing and distribution, health care, insurance, housing, purchasing and shared services, telecommunications, and others.
- 255 telephone cooperatives provide service to 964,000 households.
- Approximately 900 rural electric cooperatives own and maintain nearly half of the electric distribution lines in the U. S., cover 75 percent of the land mass and provide electricity to 37 million people.
- More than 1,000 mutual insurance companies, with more than \$80 billion in net written premiums, are owned by their policyholders.
- More than 6,400 housing cooperatives provide homes for 1.5 million households.
- Americans hold more than 350 million memberships in cooperatives, which generate nearly \$79 billion in total impact from patronage dividends and refunds.
- There are more than 72,000 cooperative establishments in the United States providing over 2 million jobs.
- The top 100 co-ops generate more than \$150 billion in reve-

The Seven Co-op Principles

1. Voluntary and Open Membership

Cooperatives are voluntary organizations, open to all people able to use its services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic Member Control

Cooperatives are democratic organizations controlled by their members—those who buy the goods or use the services of the cooperative—who actively participate in setting policies and making decisions.

3. Members' Economic Participation

Members contribute equally to, and democratically control, the capital of the cooperative. This benefits members in proportion to the business they conduct with the cooperative rather than on the capital invested.

4. Autonomy and Independence

Cooperatives are autonomous, self-help organizations controlled by their members. If the co-op enters into agreements with other organizations or raises capital from external sources, it is done so based on terms that ensure democratic control by the members and maintains the cooperative's autonomy.

5. Education, Training and Information

Cooperatives provide education and training for members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperative. Members also inform the general public about the nature and benefits of cooperatives.

6. Cooperation among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for Community

While focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

AFR Speaks Out on Current Issues

Castor Beans

In response to recent discussions regarding castor bean production, American Farmers & Ranchers announces its official opposition to the commercial production of castor beans in Oklahoma.

Castor beans contain the toxin ricin, which is fatal if consumed, inhaled or injected. Ricin has been used as a weapon worldwide since

the 1940s. The terrorist group Al Qaeda has been reported to be seeking castor beans because of their ricin content. If found in wheat, soybeans or other food grains, as little as two castor beans in a 2.2 pound sample would cause the entire field, truck or elevator to be condemned, as well as create a negative perception of all grains in the region.

Due to the extremely danger-

ous nature of castor beans and the disastrous effects commercial production could have on the state's grain, livestock and wildlife sectors, American Farmers & Ranchers will seek strict legislation prohibiting castor bean production in Oklahoma.



Trade Agreement

Terry Detrick, President of American Farmers & Ranchers issued the following statement relative to the passage of three major U.S. trade agreements:

"We are pleased that Congress has taken this step to pass key U.S. trade agreements for Korea, Panama and Columbia which will help level the playing field for U.S. farmers and ranchers," said American Farmers & Ranchers President, Terry Detrick. "This passage is expected to increase U.S. agricultural exports by over \$2.3 billion which is very important to Oklahoma producers who export over half of their commodities annually."

AFR members lobbied Congress to support these three trade agreements during their recent legislative action trip to Washington D.C.

American Farmers & Ranchers is a 106-year-old company, headquartered in Oklahoma City, providing educational, legislation, cooperative programs and insurance products across the state.

Roads, Bridges and Turnpikes

Terry Detrick, President of American Farmers & Ranchers issued the following statement after the announcement of the "Bridge Improvement and Turnpike Modernization Plan," made by Gov. Mary Fallin this morning, relative to Oklahoma state highways and county roads:

"We are pleased that Gov. Fallin has taken this step to improve our state's roadways and bridges," Detrick said.

"Adequate roads and bridges are keys for us in rural America to get

our products to market safely and efficiently which contributes to the overall economy of our state. Without functional and safe roads and bridges our rural citizens cannot contribute to the economies of local towns, regional centers and even urban cities. However, perhaps most important of all is to ensure the safety of our children."

The two-phased project is said to start immediately and last until 2019. Seven hundred and six of the state's nearly 6,800 bridges on the state highway system are currently identified as structurally deficient, with 4,768 out of 14,315 county bridges on county roads deemed unsafe for rural travels. "It's simple, without safe and adequate roads and bridges, commerce will cease which contributes to our entire state economy, both private sector

government," Detrick said. "As the state's second largest contributor to the economy, investment in roads and bridges is crucial for all of our state citizens, from the farm gate to the consumer plate."

The Governor and the Oklahoma Department of Transportation plan to salvage about 1,400 longitudinal steel bridge beams from the I-40 Crosstown revamp, in Oklahoma City, which will be used for distribution to counties for local bridge construction.

"We applaud Gov. Fallin and ODOT for their forward thinking to retain these building materials which will increase the safety on rural roads and save taxpayer dollars," Detrick said.

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Oklahoma Landowner Hearing

Testimony by: Terry Detrick, AFR President

A cornerstone of American Farmers and Ranchers for our 106 year history has been PRIVATE PROPERTY RIGHTS which brings their issues and our issues to the same level.

Please know up front that both of our organizations and others as well want only the best for the Gas and Oil Industry in the state of Oklahoma. I think we all recognize the contribution the Gas and Oil Industry has made to our economy and is much more responsible today than in times past. We support continued research and domestic drilling incentives.

However, some of the 'sins of our fathers' now need to be dealt with.

After 106 years of grass-roots membership involvement, AFR certainly has a lot of policy positions regarding energy production in Oklahoma, some of which is very pertinent to today's discussion.

We support legislation that would have all easements automatically revert to the surface owner of record and be restored no later than three years after the easement ceases to be used for its original intent. That would help us track on a regular basis some of these old lines, some of which are on top of the ground and need cleaned up.

Others, may be buried but no longer used,

and are an obstruction to new structures and land development and hurting land values. Many of these abandoned lines could lead us to abandoned well sites as well.

Another extension of the abandonment issue we are dealing with today extends to the maintenance of the roads where they cross private property to gain access to a well site which should also be maintained. Noxious grasses and weeds and washed out culverts are a detriment to every landowner. We think that should be mandated by law.

One of our main concerns and an issue of today is the number of unplugged, non-producing oil wells all across our state. The Oklahoma Corporation Commission has estimated them to number into the thousands. Many have no record of having even been drilled.

American Farmers and Ranchers has policy supporting a requirement that, UPON REQUEST, all oil companies operating in Oklahoma should be required to make available to a royalty owner, the Oklahoma Tax Commission, or the Corporation Commission an annual audit of production of gas or oil from any well enabling tracking capabilities of a well in question. Any well that is no longer in production, regardless of

weather or not there are other wells holding the lease, should after a reasonable period of time be appropriately plugged. **Produce it or plug it.**

Now what about those which have been discovered as abandoned wells and there is no possible way to pin the liability upon the culprit. It is now a public nuisance endangering the drinking water, creating an environmental hazard and an unsafe situation on the surface. That makes it an issue of 'Public Trust' and thus a responsibility of the legislature.

As a last resort, public funds must be used. If possible, the state should initiate legal action against those where the liability exists.

How should those funds be generated? We believe they should be generated from within the industry. Fines, bonds, or a designated piece of the gross production could be set aside and designated for that purpose. There is currently a fund for this purpose but do to recent legislative budget restraints, those annual contributions have been held up.

The bottom line is that the current landowner should not have to suffer from the lack of proper state control in past history and today's public should not have to fear environmental contamination from a problem that can be fixed. As public servants, we believe the obligation to the general public rests with the legislature. These threats to the public will only get worse as time goes by and old well casings reach their service life expectancy.

Brazilian Ranchers Visit Oklahoma

On Oct. 27th, a group of Brazilian ranchers toured a cattle operation ranch, owned and hosted by the Blubaugh's of Northwest Oklahoma. "They were very excited about the oil well being drilled in our pasture," Lisa Blubaugh said. "One of their favorite things they saw was our Callicrate bander we use to castrate our bulls, they wanted to know where they could buy one. Also, they love my father-in-laws dew-ez bale bed on his pickup."



Viewing an Oklahoma oil well.



Blubaugh's and the Brazilian Ranchers



Water Plan

<http://www.owrb.ok.gov/supply/ocwp/ocwp.php>

The final version of the comprehensive water plan is available at the Internet address above. This plan took 5 years to create and contains information and opinions aimed at guiding the next 50 years of Oklahoma water policy. The 8 "Priority Recommendations" are in the following areas:

- Water Project & Infrastructure Funding
- Regional Planning Groups
- Excess & Surplus Water
- Instream/Environmental Flows
- State/Tribal Water Consultation & Resolution
- Water Conservation, Efficiency, Recycling & Reuse
- Water Supply Reliability
- Water Quality & Quantity Monitoring

Farm Dust Regulation

In a letter to U.S. Senate Ag Chair Debbie Stabenow on Oct. 14, EPA Administrator Lisa Jackson said she will soon recommend to the White House Office of Management and Budget that existing regulations governing coarse particulate matter from industrial and agricultural operations, often called farm dust, remain in place with no revision. The letter was intended to end speculation that EPA will tighten farm dust regulations but many farm groups remain skeptical. The current standards have been in place since 1997.

In Memorium...

Funeral services for **Jim Elmo Johnson** were held 10:30 a.m. Saturday, Oct. 8, 2011, at St. Charles Borromeo Chapel, Norman, with services entrusted by Havenbrook Funeral Home, Norman.

Jim Johnson, 95, was the youngest of five children born to James M. Johnson and Della Victoria (Van Huss) Johnson on Sept. 15, 1916 in Leday, Tx. He moved to Norman with his family in 1926 to the Seminole area for his father to work in the oil boom. He attended Tishimingo High School leaving in the 10th grade to work in Civil Construction Camps in the Sulphur area. When WWII began in 1941, he enlisted in the Army Air Corps. He later received his honorary diploma in a special ceremony held with the 2002 Norman High School graduating class.

Jim married Alvena R. Winkler, June 24, 1973 making their home in Norman. They enjoyed going fishing, family gatherings and the many functions held at the Masonic Lodge in Oklahoma. He loved teasing his grandchildren with the pet names he had for them. He retired from Tinker Air Force Base after working as an aviation machinist technician for 19 years. He was a 32nd Degree Mason and a Past Master of the Norman Masonic Lodge. He was a Master Mason and a Perpetual member of several lodges in Okla. He will be remembered for his dedication to the Masonic project with the Oklahoma Society to Prevent Blindness. He was a member of St. Joseph Catholic Church, Oklahoma Farmers Union and Oklahoma Cattlemen’s Association.

James attended many OFU conventions, serving as a delegate and attended many NFU conventions and participated on a Washington D.C. fly in. He was on the County OFU Board for Cleveland County and was a member of the Cleveland County Cattlemen’s Association. He made beautiful gavels and presented them to OFU and NFU Presidents, Officer’s and Board Members. If you received one of his gavels then you knew he really “liked you.”

He is proceeded in death by his parents, two sisters, Dazie Fryman and Cordelia Hertz; two brothers, Claude and Marshall Johnson. He is survived by his wife, Alvena; children, Gary Shockley and his wife Janice, Dennis Shockley and his wife Margaret, Cheryl Trent and her husband Mike; three grandchildren; four great-grandchildren and numerous nieces and nephews.

In lieu of flowers, contributions can be made to the Oklahoma Society to Prevent Blindness at 6 N.E. 63rd St., Suite 150, Okla. City, OK 73105.

AFR Calendar

AFR District Speech Contest– Southeast District– EOSC, Wilburton	Nov. 14
AFR District Speech Contest– Northeast District– Lonestar School, Sapulpa	Nov. 17
AFR District Speech Contest– Northwest District– Fairview	Nov. 21
AFR Office Closed, Thanksgiving	Nov. 24-25
Tulsa Farm Show, Tulsa Fairgrounds	Dec. 8-10
Tulsa Farm Show, Livestock Handling Contest, Tulsa Fairgrounds	Dec. 9
AFR State Speech Contest, OSU, Stillwater	Dec. 10