Oil seed for bio-fuels gives Oregon farmers a lift

by Eric Mortenson, The Oregonian
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Doug Beghtel/The OregonianOregon canola sales have soared from $286,000 in 2006 to $1,176,000 last year. Kent Madison raises canola seed on his Eastern Oregon farm near Echo. Behind him is a truckload of the high-protein canola feed left over after the oil has been extracted.

The value of Oregon's oil seed crops -- plants grown to produce bio-diesel, cooking oil or even cosmetics -- doubled to more than $2 million in 2008, the Oregon Department of Agriculture reports.

Some of the increase is attributable to a spike in all commodity prices, but state officials say the national interest in producing renewable fuels promises a steady increase in what are now niche crops for Oregon farmers.

The oil seed news was a bright spot in an otherwise flat year for Oregon agriculture. The state's net farm income didn't change much at $861 million in 2008 -- the record was set in 2003 at $1.1 billion. And gains from strong prices for commodities such as wheat were offset by increased costs for labor, fertilizer, fuel and feed.

Agriculture Department analyst Brent Searle said the state's crop value increased 5 percent in 2008, but production costs increased 7 percent.

Commodity prices have since tumbled sharply, but expenses are slower to fall, Searle said. He predicted 2009 could squeeze farmers.

Some farmers may turn to oil seed crops because a glut in the wheat market has sent record prices tumbling back down, and the recession reduced the demand for grass seed used in the yards, parks and green spaces that accompany new development.

Oil seed crops can be grown in the same conditions and harvested with the same equipment as more traditional crops. They also make a good rotational crop, giving soil a needed break from growing the same crop year after year.

In addition, the opening of a seed-crushing plant last year in Rickreall, northwest of Salem, that is capable of producing 3 million to 4 million gallons of oil a year, gives Willamette Valley farmers better access to a production facility.

Oil is extracted by crushing the seeds of canola, camelina, soybeans, safflower, meadowfoam and sunflower. The seed husks provide high-protein chicken or cattle feed.

"These crops provide an alternative," said Tomas Endicott, vice president of Willamette Biomass Processors, the Rickreall seed-crushing plant. "Grass seed growers are sitting on millions of dollars of inventory that nobody wants right now.

"When you talk to growers around the state, they are looking at the prospects for dollars per acre for return, price of commodities and yield, and input costs."

Some sticking points remain, however.

Growing canola, for example, requires a special permit from the Department of Agriculture. The plant is closely related to other specialty crops, and farmers are worried about cross-pollination and about pests or diseases that might spread from one to the other.

Despite the limitation, the amount of acreage devoted to raising canola has increased from about 1,200 acres in 2006 to more than 5,000 acres in 2008.

Camelina, which is similar to flax, is lower yielding than canola but grows in tougher conditions. It can be grown on nonirrigated soil now reserved for dryland wheat.

Oregon Meadowfoam Growers, a Salem cooperative, expects a steady 5 to 10 percent annual increase it its crop, which produces oil used in makeup and lotions. Many of the 45 to 50 Willamette Valley farmers growing meadowfoam are also grass seed farmers.

"I think there is a hunger, generally, for alternative crops in the valley," said Mike Martinez, the co-op's vice president. "Anything they can produce to break even or get a profit will be very well received."