

TBA/Oil Department

By Milton Lutz

From the Tire Shop — With spring farming around the corner, it is time once again to begin planning for your equipment needs. A big part of that includes bulk oil and lubricants. **Our Spring Sale** began February 15 and runs through April 30, 2002. So stock up and save. Bulk oil is available only at Ottawa. Also on sale are 2½-gallon containers of TMS 15W40, HTB 80W90, and 85W140, along with Molygard and Bluegard grease. We remind you that a selection of oil and grease is available at all locations.

We handle a full line of Triton batteries by Exide for passenger cars, light-duty trucks, to commercial and agricultural use. We are equipped to repair tires on passenger cars, light trucks, heavy-duty trucks, plus agricultural implements and tractor tires. With the purchase of a set of (4) passenger or light-truck tires, rotation and balance for the life of the tire is FREE. We can also special order tires. Please call for details.

Jarod Franks is a new employee. He will be glad to help you with your needs.

We will fill propane bottles and replace valves. The effective date for the new law regarding the overfill protection device (OPD) valve on small bottles was April 1, 2002. It is now illegal to fill a propane bottle of 40 pounds or less capacity if it does not have an OPD valve. If your old bottle is in good condition, we can retrofit it with a new valve.

From the Petroleum Department

By Arlie K. Watts, Jr.

As spring begins, it would be a good time to change those fuel filters on all refined fuels storage tanks. Changing filters at least once per year will ensure good fuel flow. It would also be a good time to check the hoses and replace them if needed.

Crude oil prices have climbed somewhat. OPEC has agreed to cut production in order to stabilize tumbling prices. This is a benefit to them and a detriment to us. The cut in production, an increase in demand, and the Middle East crisis will most certainly cause the end user to pay more for fuels.

Soy oil — Recently, Cenex, our supplier of Co-op Ruby diesel fuel, sent out letters to inform our area farmers that soy oil has been added to the Ruby diesels. Questions have been asked concerning this additive enhancement. First of all, people wanted to know how much soy oil has been included. There is

less than 1/4 of 1% soy oil added. They have also asked if the price will be higher? The answer is, no! Cenex has informed me that this is just an additive to help improve lubricity and they are absorbing the extra cost. Now this soy oil addition does not make the Ruby Red Diesel a soy diesel. Soy diesel must contain at least 2% soy oil. Soy diesel is not readily available at the terminals as yet. I am told that in the future it will eventually have a place there for pickup.

Soy oil can be purchased in 55-gallon drums. This will increase your diesel price 2 cents per gallon. Smaller containers of soy oil can be purchased at a higher price. Just call and I'll order for you. Otherwise, we should be able to purchase it off the delivery truck in the near future.

Propane gas prices will likely go up some because they follow crude oil increases to some extent. However, inventories in this country are pretty good at the moment thus giving us, for the time being, a much better price for this coming summer and the winter months. Hopefully, they will be lower for a while and give us all a break in heating costs.

If there are any members as well as nonmembers out there who do not purchase both fuel and propane products from us, please call me. I would really like to see if we can be your full-service supplier, not just a partial supplier.

Please give us an opportunity to serve all your petroleum needs. Every customer, large or small, is important to me as well as the rest of the staff here at Ottawa Co-op. We strive to be the best at what we do. Give us a chance to prove it! Thanks so much for your business.

Proven Power — Test results prove it! Your agricultural equipment maintains peak power when you fill your tanks with soy-enriched Ruby Fieldmaster™ Premium



Ag Diesel Fuel. Rigorous independent testing of Ruby Fieldmaster demonstrated a **45% increase in power** compared to standard #2 diesel fuel.

The test — To simulate two full years of operation, six tractors — three fueled with Ruby Fieldmaster and three using standard #2 diesel — were each operated nearly continuously for 1,000 hours, pulling 19,000-pound sleds on a dirt track.

The results — When the test was over,

the three tractors fueled with Ruby Fieldmaster:

- started quicker
- provided increased power and fuel economy
- showed no signs of abnormal wear and tear
- ran considerably quieter and operated smoother

Ruby Fieldmaster also reduced white smoke during startup resulting in fewer emissions and less unburned fuel.

That's a difference that translates into real savings in equipment life, maintenance costs, work-time and fuel economy. With Ruby Fieldmaster, **the proof is in the performance!**

Proven Total Protection — The Total Protection Plan™ Warranty offers Ruby Fieldmaster™ users of qualified agricultural equipment:

- Up to **9 years or 9,000 hours** of injection pump coverage
- PLUS, up to **5 years or 5,000 hours** of injector coverage

Use Ruby Fieldmaster combined with specific Cenex brand lubricants, and coverage is extended up to **10 years or 10,000 hours of engine, transmission, and injection pump coverage** in qualified agricultural equipment.

The Proof is in the Best Warranty Around! — This

warranty program is the best of its kind in agriculture, covering a wide variety of new and used agricultural equipment, and offering valuable benefits.



• **The longest coverage available.** Up to 10 years or 10,000 hours of protection.

• **No deductible.** Unlike standard warranties, which require up to a \$600 deductible when a covered part/component repair or replacement is needed, we cover 100% of the covered costs.

• **No enrollment fee.** Some equipment manufacturers charge up to \$1,000 for their warranties.

• **Transferable.** Warranty may be transferred from original owner to one or more subsequent buyers, for the remainder of the warranty term.

• **No owner "Burden of Proof."** We pay the claim, with or without demanding evidence that a repair or replacement it needed due to a lubricant or fuel-related failure, as long as the owner complies with the terms of the warranty. Ask for details.



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NEWSLETTER

Ottawa Hub — Overbrook Hub
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Edgerton — North Lawrence
Melvern — Midland
Pauline — Scranton — Waverly
South Lawrence

Spring 2002

Manager's update

By *Adrian Derousseau*

We are starting to feel like each branch is coming together in some fashion. Repairs and replacements have been an ongoing situation since taking over. At least we were aware of a lot of repairs that needed to occur. At the present month, we are on budget; although, I had hoped we could keep expenses below budget. By the end of April, we should have most changes made.

The next step in running this organization is to begin putting more accountability into each branch. This will be an ongoing plan in making the business successful. I can assure you not all changes are met with acceptance, but they must occur for us to survive in this type of economy and business.

We are doing everything we can to have the needed products and services available in all areas. Putting the right number of people with services that make a profit is essential. Please make your product needs known to the branch managers. By doing this, we will have the correct inventory at the right time and right place.

I have been asked by many of our customers how I feel this new operation is going. Like any new business, we are still learning and at the same time, we were very pleased with the six-month audit. We are close to budget which is great and also we are already showing a profit in local operations. Local savings will determine our success. Any extra patronship will be

gravy if it occurs. If this continues, we could show a positive bottom line in the first year of operation.

I can't thank the old and the new customer base enough for your support in making this happen. There were doubters and there always will be people who never look for the good in anything. Thankfully, we have very few people like this in our area.

I would like to see all of you go through a safe planting season. We hope needed rains will occur for the year.

commitment we have made at each location and will appreciate the fact that we are there to serve the customers.

Our business is so much like farming. In a market where margins are shrinking, it takes diversification and a large volume to make you and us profitable. I hope you don't feel like we don't appreciate your patronage in all areas of our business. It takes our patrons supporting all of our departments if we are to be successful. We appreciate any business we can get but it takes so much to make our business function. I would like to see our patrons at least try using more of our departments.

We are very pleased in the amount of interest shown in our opening South Lawrence. If you have been by the South Lawrence facilities, I am sure you can see the improvements that have been made. We have been working as fast as we can to equip and clean this facility to be able to serve those customers.

We have completed the move of a 30,000-gallon anhydrous tank from Pauline to Waverly. With the winter and spring being so wide open, a lot of the ammonia was already applied when we finally got the plant operating. If you still have some to do in that area, stop by and see Steve about getting some tanks.

We appreciate the opportunity to be of service to you. With the area that we cover now, I hope that one of the Co-op's locations will be convenient enough that you might stop by and check out our facilities and employees and give us a chance at your business.

Operations

By *Calvin Pearson*

As we approach the planting season, I hope that most of you will use the services the Ottawa Co-op provides at each of the locations. We have tried to bring each facility up to a high standard that is able to serve the customers quickly with the best equipment possible. We have been compared to other companies that don't run their business this way and we feel that we have a lot to offer with facilities and employees; however, good employees and good facilities don't come without a price. I hope you can see the value the Ottawa Co-op can bring your operation if only given a chance. Hopefully, our patrons can see the



Grain marketing outlook



By Matthew Vajnar

As corn planting approaches, the opportunity to sell new crop for comparable values to recent years has not materialized. Despite the fact that the USDA February crop report and the recent USDA Ag Outlook Forum lowered estimated carryout for corn from 1.546 billion bushels this year to 1.416 billion bushels next year, December corn slid 20 cents from the end of November to the end of February. The USDA has figured that carryout for 2003 with a 2.7-million-acre planting increase and a trend-line yield of around 138 bushels per acre. The market is anticipating a 3-million-acre-plus increase in planting with yields of at least 140 bushels per acre. Additionally, the market consensus is that USDA export projections for this crop year are too high (especially considering the recent Chinese purchase cancellations) and will be revised lower in the next few months. With all these bearish fundamentals, I still feel December corn futures will reach \$2.45 sometime in the next few months as a combination of potential weather concerns and seasonalities will encourage the funds to lighten their short position of an estimated 80,000 contracts (including options) as of 2/28/2002.

Soybeans have seen little volatility over the last several months with November soybeans falling 10 cents from the end of November to the end of February. Excellent export and crush numbers have supported soybeans, while an increasing estimated South American harvest has limited rallies. USDA has estimated a carryout for this marketing year of 270 million bushels and a carryout/use ratio of .094. Historically, a carryout/use ratio under .10 is considered very bullish. However, due to South American new-crop soybeans flooding the market from March-May and Chinese imports tapering off, soybeans will be hard pressed to rally significantly in the short term. Also, the market anticipates that South America will overtake the US in soybean production by next year. As South American storage and transportation infrastructure improves, soybeans will continue to trend cheaper without adverse weather conditions. The broken record bottom line is that rallies should be sold.

With the arrangement to operate the Lawrence South Elevator, I intend to alternate working out of Lawrence and Overbrook one day a week as soon as Lawrence is ready to go from a computer communications standpoint. Please feel free to stop in at these locations or Ottawa to talk marketing.

From the office



By Clark Wenger, Controller

The Ottawa Co-op is off to a great start through the first six months of our year. We continue to face new challenges with success. The biggest challenge we face deals with communications — transferring both voice and data. We are currently utilizing several different means to achieve both the most effective and efficient ways of communication. As new developments arise, we take a hard look at them and determine if they will fit our situation. This is an area that will continue to improve due to new advancements being made all of the time.

I believe it was in the last newsletter that I explained how we were going to be attempting to integrate our fertilizer accounting in with the rest of our accounting. This process has hit a few snags and not moved as fast as I had hoped. We have, however, come up with a plan and feel like it will suit our needs for right now. Unfortunately, we don't have a lot of options when it comes to accounting systems because of the type of organization we are, and our specialized needs. I feel like we are

using the best available system out there at the moment. I am constantly pushing our software developer to the limit with numerous requests. As with most things, they don't move as fast as I would like, but that is the best we can hope for at the moment.

I have had quite a few questions about patronage and becoming a member. This section is dedicated to an explanation of both. The Ottawa Co-op's year runs from September 1 to August 31. Any customer wanting to participate in the Co-op's earnings must become a member of the Ottawa Co-op. Becoming a member involves filling out a membership application and buying one share of common stock, which currently costs \$50. Once membership is attained, the customer is then eligible for patronage based on two factors: One is how well the Co-op does financially at its year end on August 31 and the other is how much business the customer does with the Ottawa Co-op. At August 31, as part of our yearly audit, the auditors determine our patronage rates by department based on profits for the year. Once those rates are determined, they are used to prorate the earnings back to our members based on the member's volume of business done with the Ottawa Co-op. This proration is made in November with the checks being distributed at the annual meeting. Currently, we pay 35% of the proration in the form of a check with the remaining portion being earned in the form of common stock or deferred patronage. Every member is required to reach a level of \$1,500 worth of common stock before earning deferred patronage. As far as the IRS is concerned, the entire allocation, both the 35% check and the 65% common stock and deferred patronage, are taxable to the customer at the time it is issued, i.e. November. There are minimums in place, whereas we only issue a check if the amount is calculated to more than \$5; otherwise, these customers earn common stock and deferred patronage only.

In addition to prorating earnings, the Co-op also issues a redemption of prior years' deferred patronage. This amount is issued in a second check and is distributed at the same time as the patronage allocation. Currently, the Ottawa Co-op is redeeming deferred patronage which was earned 15 years ago.

To try and differentiate the two types of checks, they are color coded. Patronage checks are on a blue background, whereas redemption checks are black and white. Matters dealing with membership and patronage are not simple to explain or understand. I hope this explanation has helped clear some of the confusion.

Ottawa Co-op Association

302 North Main
Ottawa, KS 66067

Directory

Ottawa

General Office 785-242-5170
or 888-242-5170

TBA/Oil/Service

Feed Department

Crop Production

C-Store

Burlingame 785-654-3611
Burlington 620-364-8061
Edgerton 913-882-6251
Overbrook 785-665-7143
Melvern 785-549-3513
Midland 785-841-5331
Waverly 785-733-2311
South Lawrence 785-841-7583
North Lawrence (Seasonal) .. 785-841-7054
Pauline (Seasonal) 785-862-0453
Scranton (Seasonal) 785-793-2296
Le Loupe (Seasonal) 785-883-4256

Crop production highlights

By Mike Selman

Planters are beginning to roll on corn ground. If you haven't had a chance to fertilize yet, it is time to do that and think about a chemical program for your 2002 crops. Even with herbicide-tolerant crops like Liberty, Clearfield, or Roundup Ready corn and Roundup Ready soybeans, a preemergent herbicide application followed with a postemergent application yields the most bushels in the bin and the fewest weeds in the field. There are several tie-in programs this year that will pay for your postemergent applications if they are needed when a good preemergent program is used to start with. Stop in or give us a call and we can go over some of these in more detail to see how they might fit your operation and improve your bottom line.

Both grass and the wheat are off to a slow start this year because of the dry fall and winter we had. With adequate moisture real soon, these crops should be able to recover some of the yield potential they have already lost. Several extension agronomists are warning about possible disease and insect problems that may affect the wheat crop this year. Economics may prohibit treatment, but that will have to be decided if and when the wheat is affected.

One of the possible consequences of the mild winter we have just come through would be a larger number of insects in corn, milo, and soybeans than usual. Seed treatments, planter-box treatments, or in-furrow applications should be considered more this year than perhaps they were in the past. We have solutions for all these options as well as an at-planting-time treatment for cutworms in corn. An insecticide like Lorsban or Mustang mixed in with a preemergent herbicide application can give excellent results.

We will continue to run application equipment out of Ottawa and the Overbrook hub. The last few months have been busy and we have tried to get to everyone as fast as we could. We hope the service you receive is the best possible around. As we approach the busiest part of the year, we would again ask that you call us three to four days ahead so that we can be at your farm the day you want us. We will also be able to deliver bulk chemical to any location, so visit with the branch manager in your area about what works best for your operation and we will do all we can to make sure you have the tools you need to raise the best crop possible. We appreciate your

business and look forward to providing you with the best products and services around.

Seed

By Tim Pearson



As we head into the planting season, we can be sure of one thing — Mother Nature is going to have her way with us and we'll have to figure a way to deal with it. I remember a few years ago an old man told me, "Plant in dust and the bins will bust." If the theory holds any water, we should be in for a dandy this year.

Corn planting has been slowly cranking up. With a few more warm days and a little moisture, I'm sure anything less than "full swing" would be a surprise. Corn hybrids that are still available are DKC60-17, DKC64-10, RX740, RX740RR, RX738RR, RX897RR, and DK668. If you are looking for a hybrid, give me, Calvin, or Ken a call, or call one of the branches.

The soybean supply is good and we will have seed at all of our locations, including our new location at South Lawrence Elevator. Bulk soybean seed is available in Ottawa and is located northwest of the main office at Elevator D. We have 3702, 4301, and 4403 in bulk.

Don't forget about your pastures and lawns. We carry a full line of grasses, legumes, and mixtures for reseeding or new seeding. Have a safe planting season!

Feed for thought

By Brandon M. Plaschka



As spring quickly approaches, we are proud to announce the opening of another retail sales outlet. This new location is the **South Elevator** in Lawrence. It will handle a full line of bagged feed, pet and bird feed, salt, mineral, gloves, baling twine and wire, and a limited supply of animal health products. This will complement the fertilizer, grass seed, chemicals, oil and grease that are already offered.

With the coming of spring, be sure to feed a high-magnesium mineral to your cows to help avoid some possible grass tetany problems. This hi-mag min-

eral should be fed for at least three weeks prior to turning cattle out to grass. ProPhos 6 Mag Mineral is an excellent mineral to feed to provide that magnesium. Last year, I heard of several cases of suspected **Anaplasmosis**. Feeding a medicated mineral can help to reduce instances of Anaplas. If you want a mineral to help control flies, start feeding a mineral with Altosid now. You will find a mineral to fit the needs of your cattle at any one of our locations.

Spring Mineral Promotion — To help motivate you to think of mineral this spring, we are offering one FREE bag of like mineral with every ten bags you purchase. This program is running from March 15 — May 15, 2002. Please take advantage of this **savings of 10%** on your mineral needs for the year.

Twine — Most of you are probably not yet ready to think about haying but now is a great time to lock in your twine and baling wire needs for the season. We will offer 110-, 125-, and 140-strength twine at our retail locations along with Black Diamond baling wire.

Animal Health — A lot of money can be tied up in animal health inventory very quickly, so you will start seeing fewer quantities of products on our shelves. Please help us control our inventory costs. Almost all of you know when you are going to work cattle so give us a call and let us bid your order. If we get the bid, we can direct ship it to your home. We will bid on any size order. I'll guarantee you, we can be more competitive in this manner and save both you and your cooperative some money.

Show feeds — 4-H livestock animals should be chosen and ready to go on feed by the time this letter reaches you. Please think of us as you consider feed for your project. Whether we use a bagged feed or a bulk mix, we have a product and a program to help you be as competitive as possible. Show feeds are available for cattle, sheep, and pigs. Contact one of our branches or call Brandon at **800-242-5170**.

Products Handled							
Location	Bagged Feed	Pet Food	Bird Food	Salt/Mineral	Twine/Wire	Animal Health	Gloves
Burlington	X						X
Burlingame	X	X	X	X	X	X	X
Edgerton	X	X	X	X	X	X	X
Melvern	X	X	X	X	X	X	X
South Lawrence	X	X	X	X	X	X	X
Overbrook	X	X	X	X	X	X	X
Waverly	X	X	X	X	X	X	X