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Grain and Supply Company*
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NEWSLETTER

"Keeping you in touch with your cooperative business"

Return Service Requested

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Manager's comments

By Duane Boyd

Fall harvest is beginning to wind down as we write this early in October. When we look back, this year's crop is almost a direct opposite of the one last year. Adverse weather during the growing season certainly took its toll on the crops. Most of the corn went into silos rather than being harvested for grain. However, the quality of the grain that was delivered to the elevators was good, but the number of bushels was down substantially. As a result, we have had plenty of room in the storage facilities to take care of the crops. So far, the quality of the milo coming in has also been good. No doubt, yields will also be down considerably due to the hot, dry weather this summer.

In the last newsletter, we mentioned the possibility of having aflatoxin problems in the corn this fall. Aflatoxins are a group of chemicals produced by certain mold fungi. These fungi can be recognized by yellow-green or gray-green molds on corn kernels. Aflatoxins are harmful or fatal to livestock and are considered carcinogenic (cancer-causing) to animals and humans. In the

Midwest, aflatoxin levels are highest during hot, dry summers. The prime conditions for the fungus to produce toxins are warm August nights in a period of drought and we certainly had those conditions this summer.

Every load of corn was sampled as it came across the scale. I believe it is safe to say that a majority of the loads were contaminated with aflatoxin to some degree. Your association made a fairly sizeable investment in rather sophisticated equipment to test for the presence of the contamination. We felt it was imperative that we know what we have in the elevators so we know how to market the grain.

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The Food and Drug Administration (FDA) has established an “action level” of 20 parts per billion (ppb) for aflatoxins in corn in interstate commerce. This is the level at which federal agencies may take action, including seizure of the corn or prohibition of its sale. Even one contaminated kernel in a 5-pound sample could result in more than 20 ppb aflatoxin. The FDA has set guidelines for acceptable levels in corn as being less than 20 ppb for feeding young animals and dairy cows; less than 100 ppb for feeding breeding beef cattle, swine, and mature poultry; and less than 200 ppb for feeding finishing swine and cattle. By using these guidelines, contaminated corn may be used locally for livestock feed. It is estimated that processed feeds such as DDG will have about four times the concentration of aflatoxin than in the whole corn used to produce it. Binders such as sodium bentonite and aluminosilicates reduce the effects of aflatoxin on livestock. Contaminated corn can also be used in ethanol production. So there are ways to utilize the grain if we know the product we have on hand.

Wheat planting is underway but the old adage about “dusting it in” is certainly true this year. Conditions are the opposite compared to last year when we had fairly adequate moisture for planting.

Grain prices are good for the most part. They hinge largely on what the new crop reports show as they are made available. As we’ve said before, we are dealing in a world market.

Offerle post office: It is our understanding the post office in Offerle will be closed on October 14, 2011. That will be a great inconvenience for us. Much of our mail is certified mail and has to be signed for upon receipt. There will still be rural delivery, but we’ll have to see how it will all play out. Nothing is so constant as change. Someone has said, “Nostalgia isn’t what it used to be.” Someone else says “Always borrow money from a pessimist, he doesn’t expect to get it back.”

Thanks to all of you for using your Offerle Cooperative Grain and Supply Company as your source of production inputs and your grain marketing services. You can count on us to continue to do our very best to provide quality products and services at the best possible prices. Your business is sincerely appreciated. Have a good and a safe fall season. -ocgs-

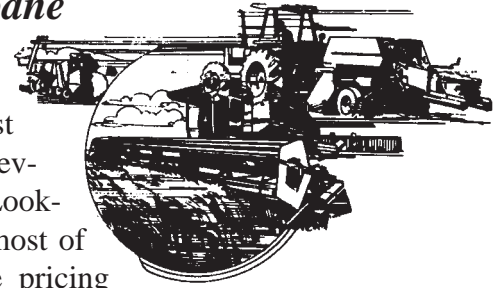
Crop Production News

By Darryl Roane

Fertilizer prices have been steady for the most part for the past several weeks. Looking into spring, most of the terminals are pricing anhydrous ammonia about \$30-40 per ton over the current price. Dry nitrogen has probably made the biggest move up over the past couple of weeks but we don’t know if this price will hold up too long. Higher grain prices are the biggest price pushers in the fertilizer market along with the higher number of acres of corn which is a big user of nitrogen. As for phosphate products, green acid phosphate continues to be in short supply for the ag industry and is priced at a premium compared to black acid material. We had a few producers try the black acid material this fall and so far we have not heard any negative comments with regard to problems. The best thing about the black acid material is that it was running about \$100/ton less than the green acid product and is much more available. We are not set up at our Bucklin or Offerle locations to take any black product at this time but if this price spread continues, we may begin looking at making it available when we deplete our current inventory. Dry phosphate continues to be the most abundant source of phosphate and is much cheaper than liquid. The breakdown in the soil is much slower so applying dry at a higher rate would be beneficial not only for the current crop but for future crops as well.

As you may remember, last winter we were looking into adding a product called *Availale* to our phosphate products. When we look at the price of the product, it made about as much sense to just put those dollars into more phosphate. The outcome of putting more product down was more immediately available phosphate for the growing crop now, plus the benefit of long-term buildup of phosphate in the soil.

One product that has shown much success this past year is *Agrotain*. This product has been researched at Kansas State University and got high marks on nitrogen retention. When applied to dry or liquid nitrogen fertilizer, the nitrogen remains where



you put it rather than going off into the atmosphere. Much research has been performed on nitrogen losses and that research shows that although losses are reduced in the winter time, we are still losing some. With the current price per unit of N, if you lose just 10% of your nitrogen, you will pay for the *Agrotain*. In the Offerle area this past year, we have applied this product to almost 70% of the dry nitrogen that went out. When wheat top-dressing comes around this year, stop any nitrogen losses by applying *Agrotain*.

Lots of chemical products on the market today are foreign made. Not all of it gets checked for purity, although the US does a better job than most other countries. Many reports are out there annually telling of some generic product that was used and how it ruined a crop. I just picked this up off the internet the other day and thought I'd pass it along.

China releases pesticide inspection figures

Agricultural departments across China dispatched some 200,000 enforcement officers who inspected 180,000 pesticide businesses in the first half of this year, reports the Chinese newswire, *China Chemical News*. The officers registered 5,040 legal cases and seized over 460 tons of fake pesticides. The inspections were overseen by the Chinese Ministry of Agriculture's department of crop farming administration. The department also plans to carry out 5,200 random inspections of pesticide products across the country this year. -ocgs-

Feed Mill News

Every year we try to hold a pre-inventory sale for livestock protein and mineral. We plan to hold this year's sale from November 7 through November 12. Rangeland Protein Tubs (30-13), Rangeland Cubes (20%) as well as our livestock minerals, salt and pet foods will be offered at special prices. Pallet quantity purchases save even more. Start planning your needs for this winter and we hope to see you during the sale week.



Dry conditions throughout the lower plains states area have put a lot of pressure on the cow man to find grazing for his herds. It is important that we keep

these cattle in good shape as best we can, and supplementing protein is a must. The Rangeland 30-13 tubs are an easy and effective way of keeping a good protein source in front of your cows all the time. It is also important to keep a good source of mineral in front of those cows at all times. For most of the year, our ProPhos 6 Mag mineral is the first choice. This mineral contains a higher level of Magnesium (10%) which is essential during periods of rapidly growing green plants. As you get nearer to calving time (approximately 45 to 60 days before calving) you should begin feeding ProPhos 12 mineral. ProPhos 12 delivers a balanced ratio of 1:1 calcium to phosphorous. This is essential for good milk production for healthy calves. ProPhos 12 will also aid in good cow clean-out after birthing. See us for all your livestock feeding needs. -ocgs-

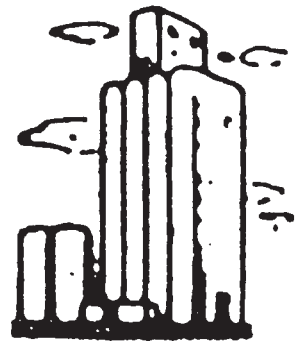
News from Bucklin

By Ken Matzen

If you brought any corn to the Offerle or Bucklin location, you no doubt noticed a lot more sampling and testing. In addition to the standard moisture and test weight this year we are testing for aflatoxin. This is likely the first exposure most growers have had to aflatoxin testing and is something new to most country elevators, but it is not new to the industry.

Aflatoxin is a toxin that can be found in certain molds that occur on crops. Corn, cottonseed and peanuts are three common feed ingredients that are susceptible to aflatoxin's presence. Drought-stressed corn such as we experienced this year has a high probability of containing at least some level of aflatoxin.

When testing for aflatoxin, proper sampling is the key to reliable results. Aflatoxin does not occur uni-



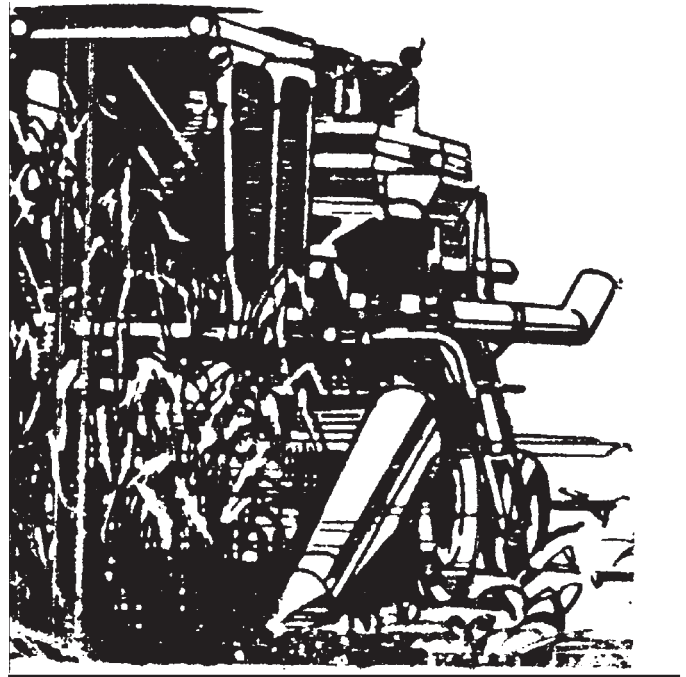
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formly throughout a field; therefore, there will be spots in a load that are relatively high and spots where there may be none. When sampling, it is critical to sample all areas of the load to obtain a sample that is truly representative of the entire lot to be tested. Once the sample is gathered, you should have five to ten pounds of product but the final test only requires twenty grams. This is where that large brass sample divider comes in. The divider splits the sample in half with each half being identical to the original sample. After several times through the divider you will have about 200 grams of product that should be of the same composition as the original ten pounds. Next you grind the 200 grams to a fineness that will pass through a 20-mesh sieve then stir the ground sample sufficiently to homogenize the entire 200 grams. From this homogeneous sample you take 20 grams to run the test. That's what we were doing and it looks like a lot of activity and trouble for nothing, right? Wrong.

Aflatoxin is serious business. FDA has established regulations that have the same effect as law governing aflatoxin. Corn contaminated with a level of aflatoxin >20ppb is prohibited from interstate commerce. Corn intended for dairy feed must be <20ppb aflatoxin. If fed contaminated feed, dairy cows pass the toxin through to the milk and it will show up in the charm test at the dairy and the milk is unfit for human consumption. Dairy men get real testy when they have to dump milk. Feed mills manufacturing horse feed will not accept any corn testing >20ppb. Fat hogs and fat cattle are more tolerant and can be fed corn containing <200ppb and <300ppb respectively. However, it is unlawful to blend high aflatoxin corn with lower level corn to obtain the desired level.

For years, there has been demand for rapid, accurate, reliable aflatoxin test procedures. One of the early litmus tests was to crack the corn similar to rolled corn and check it with a black light. The mold that contains the toxin glows similar to a firefly. This was used to accept or reject shipments until the feed industry determined the mold may or may not be toxic and rodent urine glows the same color resulting in some quantitative verification to make a decision anyway. In the past few years there have been tests developed that are both accurate and reliable that take only a few minutes to run. So, this is likely here to stay at least in high-risk years. -ocgs-



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