

Approved: 1-27-98
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson David Corbin at 8:00 a.m. on January 22, 1998 in Room 254-E of the Capitol.

All members were present except: Senator Goodwin and Senator Pugh

Committee staff present: Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
Lila McClaflin, Committee Secretary

Conferees appearing before the committee:
Jim Shantz, Development Specialist, High Plains Development, Murphy Family Farms
Tom Stinson, Development Manager for the Midwest, Murphy Family Farms

Others attending: See attached list

Chairperson David Corbin welcomed the Murphy Farm people.

Jim Shantz introduced himself and Tom Stinson. They both gave a brief biography about themselves and their positions at Murphy Farms.

Jim Shantz gave a brief history of the Murphy Farms and the how their business had expanded by contracting with local farmers. He said Murphy Family farms are committed to being environmentally responsible, socially responsible, and economically responsible. Their handout of information, pictures and graphs show how their objectives are accomplished (Attachment 1). They distributed a sample of the vinyl liner that is used in the lagoons.

They responded to questions about the size of their operations. They said that Murphy Farms always retain ownership of the pigs. It takes ten nursery facilities for one sow farm. The pigs are housed in the nursery facilities for about forty five days. Between each group of pigs there is a cleanup time of three to four days. They guarantee their growers not more than thirty down days a year. It was explained how the people are paid. Questions were answered about the Hodgeman County situation.

In closing, they said they were excited about the opportunities available in Kansas.

The meeting adjourned at 9:00 a.m.

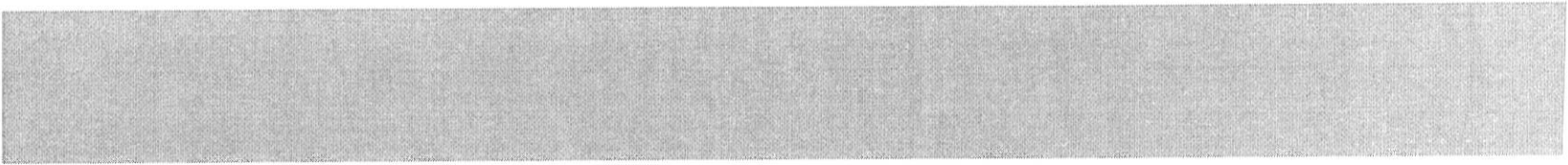
The next meeting is scheduled for January 23, 1998.

SENATE ENERGY & NATURAL RESOURCES
COMMITTEE GUEST LIST

DATE: 1-22-98

NAME	REPRESENTING
Rich McKee	KLA
Steve Lathan	Seaboard Farms
Jim Allen	↓
Frank Hyatt	KFA

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Thank You



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Introductions

- Tom Stinson
 - Development Manager for the Midwest
- Kay Stinson
 - High Plains Operations Manager
- Jim Shantz
 - Development Specialist for the High Plains



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Murphy Farms History

- Started by Wendell Murphy and his father.
- Began with a feed mill
- Expanded the business by contracting with local farmers
- Came to the Midwest in 1986
- Now in NC, IA, MO, IL, SD, OK, and TX
- Still completely family owned



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Murphy Family Farms is

Committed to being:

A. Environmentally Responsible

B. Socially Responsible

C. Economically Responsible

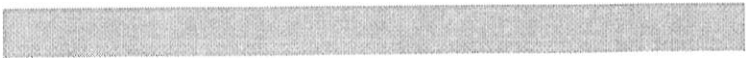


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Environmentally Responsible

- **Water Quality**

- MFF meets or exceeds all state and federal requirements
- Voluntary monitoring of on site wells
- Detailed nutrient management program
- Company owned lagoons lined with clay and synthetic liner.

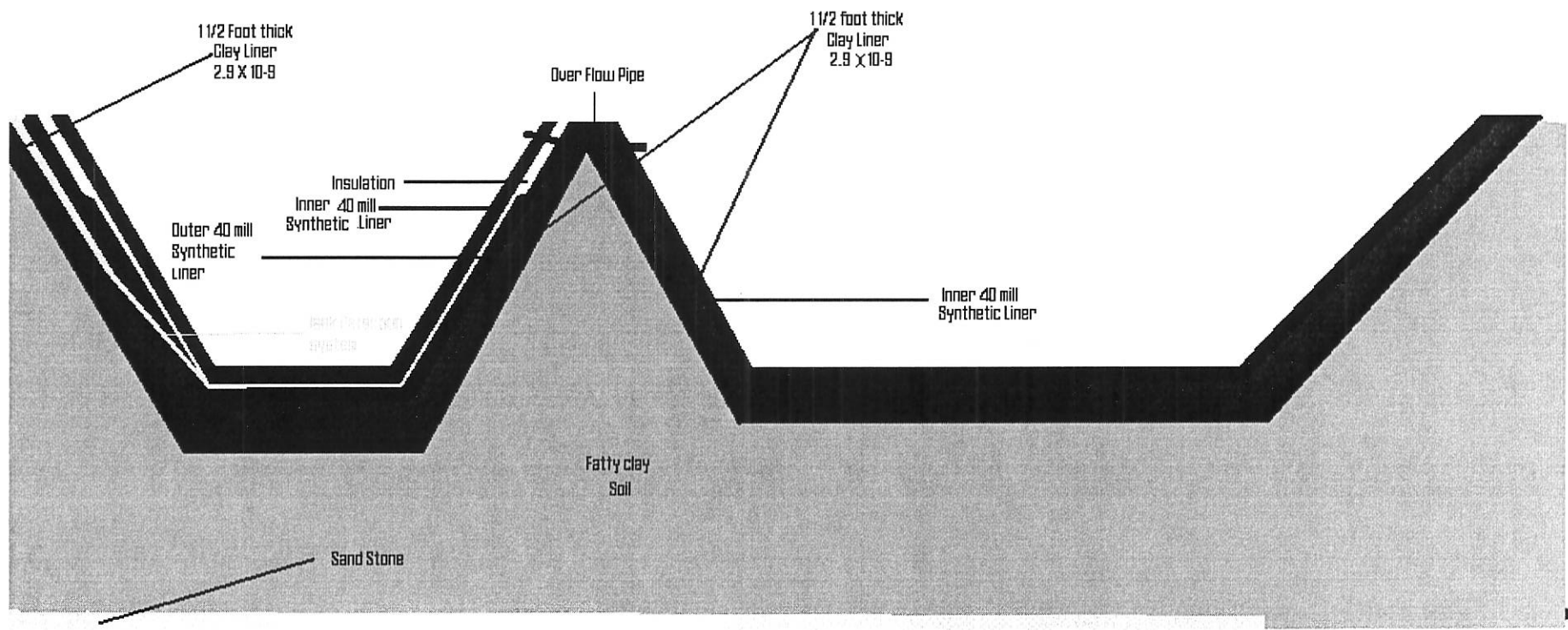


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Ground Water Protection

WILDCAT SOW SITE



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Environmentally Responsible

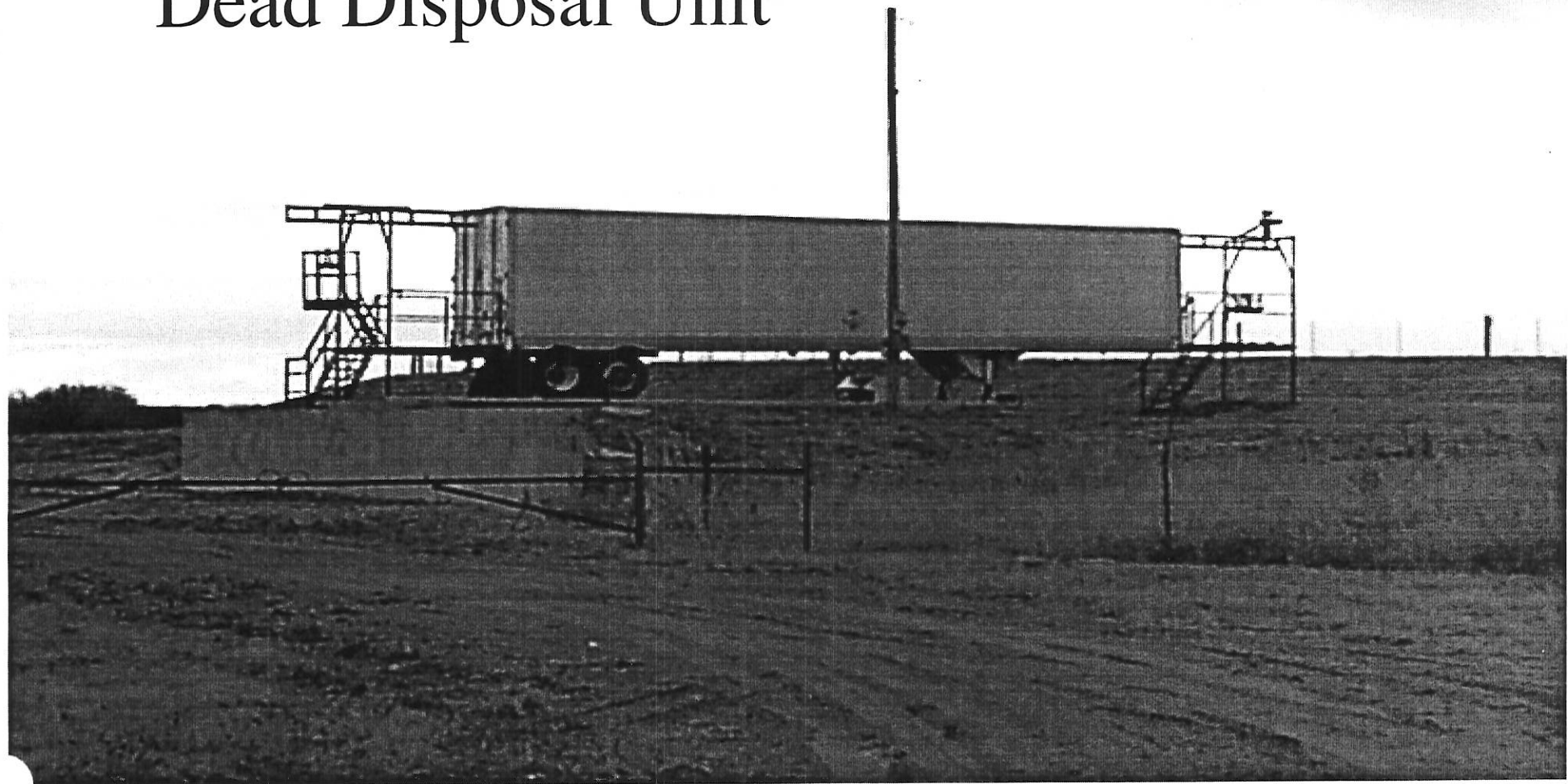
- Water Quantity
 - Each sow unit uses only 80 acre feet of water.
 - This would be equivalent to 40 acres of corn.



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Environmentally Responsible

Dead Disposal Unit



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Socially Responsible

- Odor

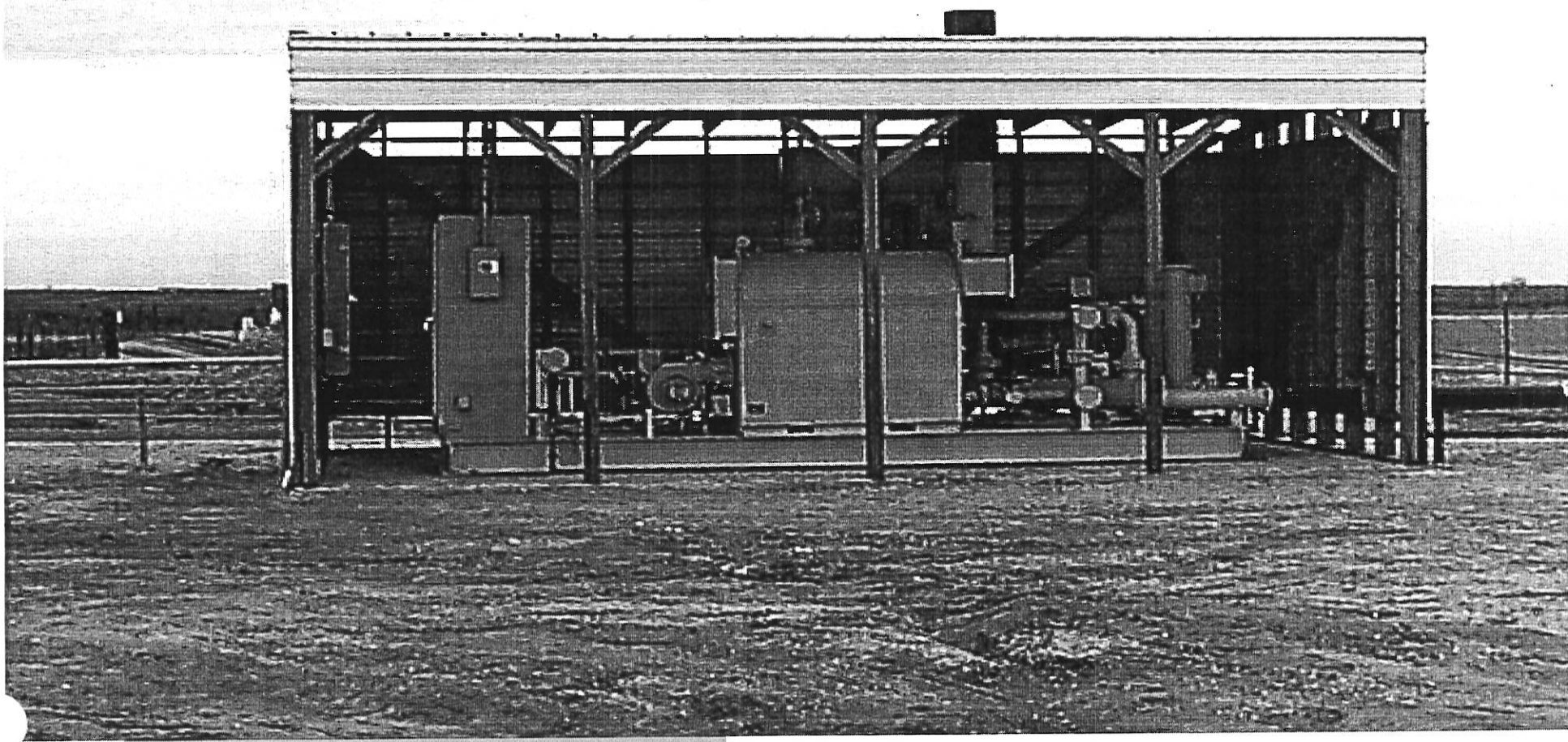
- Major issue to our industry
- MFF engaged in continual odor reduction research
- Odor abatement techniques implemented on every company site
- Currently using digesters, lagoon additives, covered lagoons and barrel filters



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Socially Responsible

Methane Digester

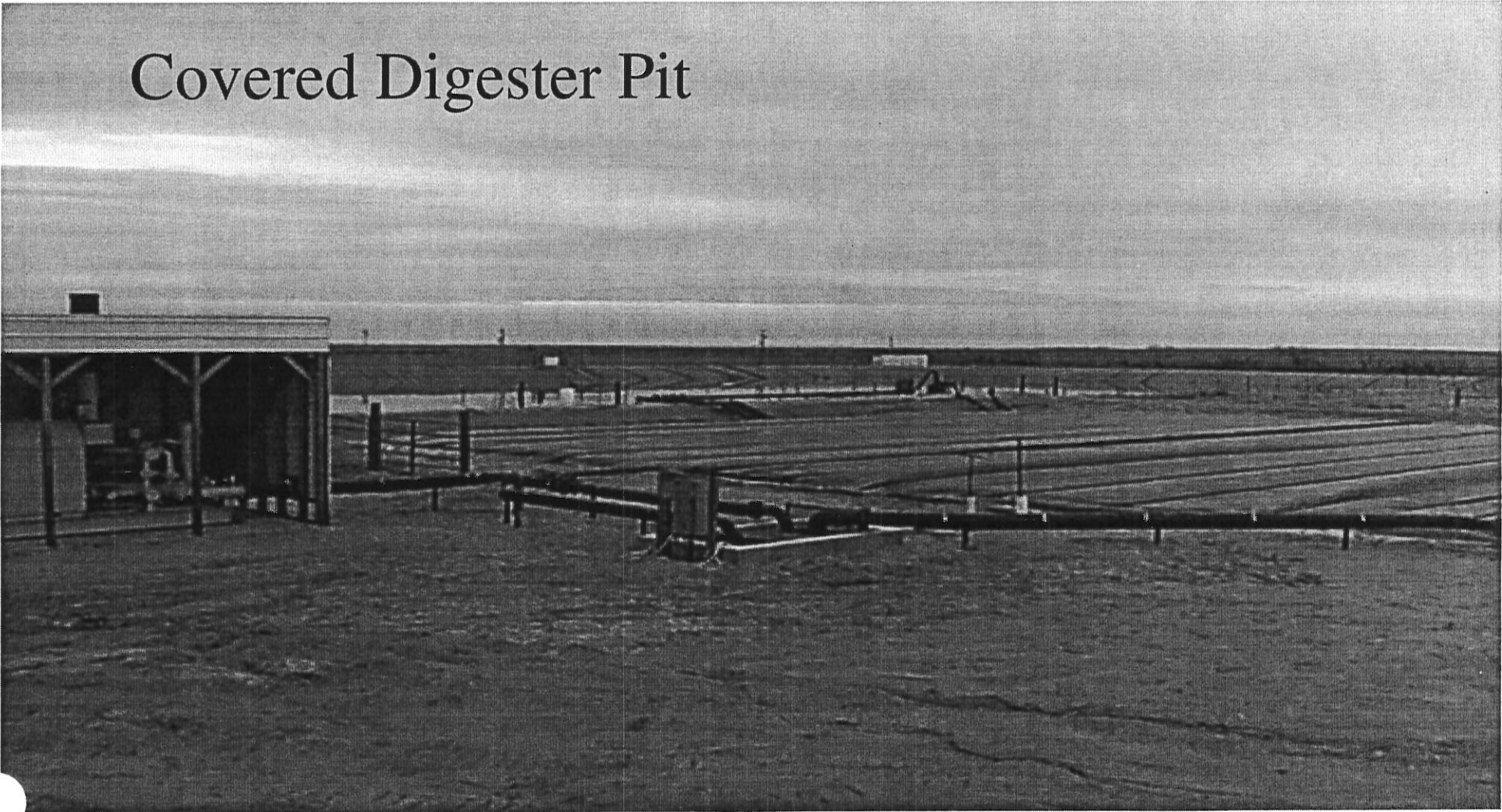


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Socially Responsible

Covered Digester Pit



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Plans for Kansas

- Company owned sow units
 - 11,000 head of sows
 - \$6.7 Million in capital investment per sow unit
 - 50 full time jobs (most from local area)
 - 13,520 tons of feed purchased per sow unit per year
 - No tax incentives or abatements that neighbor farmers don't receive



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Kansas Plans Cont.

- **Contract Finishing**

- Possible development in North Central Kansas
- Close to available feed and markets (processing)
- 10 year payoff with 10 year contract
- Lowered risk



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Kansas Plans Cont.

- Contract nursery units
 - 10 for each sow unit
 - Contracted to independent producer
 - 10 year contract, 10 year payoff
 - \$2.5 Million in capital investment per sow unit
 - Proven track record (35 year history)



Sagebrush Farm

Respecting the environment where we work and live

Joining hands with the people of Laverne, OK:

Community leaders researched Murphy Family Farms and visited our operations in Nevada, Missouri, before inviting us to come to Laverne. We are proud to be part of this community.

Agri-ecology is the management of agricultural land so that it closely resembles a natural ecosystem in the way it cycles nutrients, purifies water, and provides habitat for plants and wildlife. While raising high-quality hogs, we work hard to preserve topsoil and protect water quality.

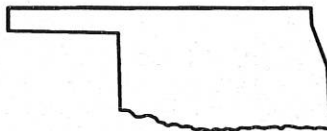


MURPHY
FAMILY FARMS

Murphy Family Farms has grown to become one of the world's largest pork producers. Since the beginning in 1962, the company has always been a family farm. We now employ more than 1,800 people in six states and work with more than 700 family farms for contract hog production. We are proud of the long-term relationships we maintain with our growers and the high level of commitment exhibited by our employees.

Our farms in Oklahoma

are unique. We understand that land ownership is important to Oklahomans. We are involved with local landowners on a long-term



lease basis. This creates a win-win situation. The landowners maintain possession of their land, while receiving valuable irrigation water and nutrients needed for crop production. It also allows us to concentrate on pork production. This arrangement fits right in with our company's 35-year history of contracting with local farmers.

Sagebrush Farm is equipped with a two-stage lagoon, lined with one and one-half feet of compacted clay and two, 40 mil synthetic liners (about the thickness of a dime). A boiler will heat the first stage to 95 degrees to speed the anaerobic breakdown of solids. This stage is also covered.

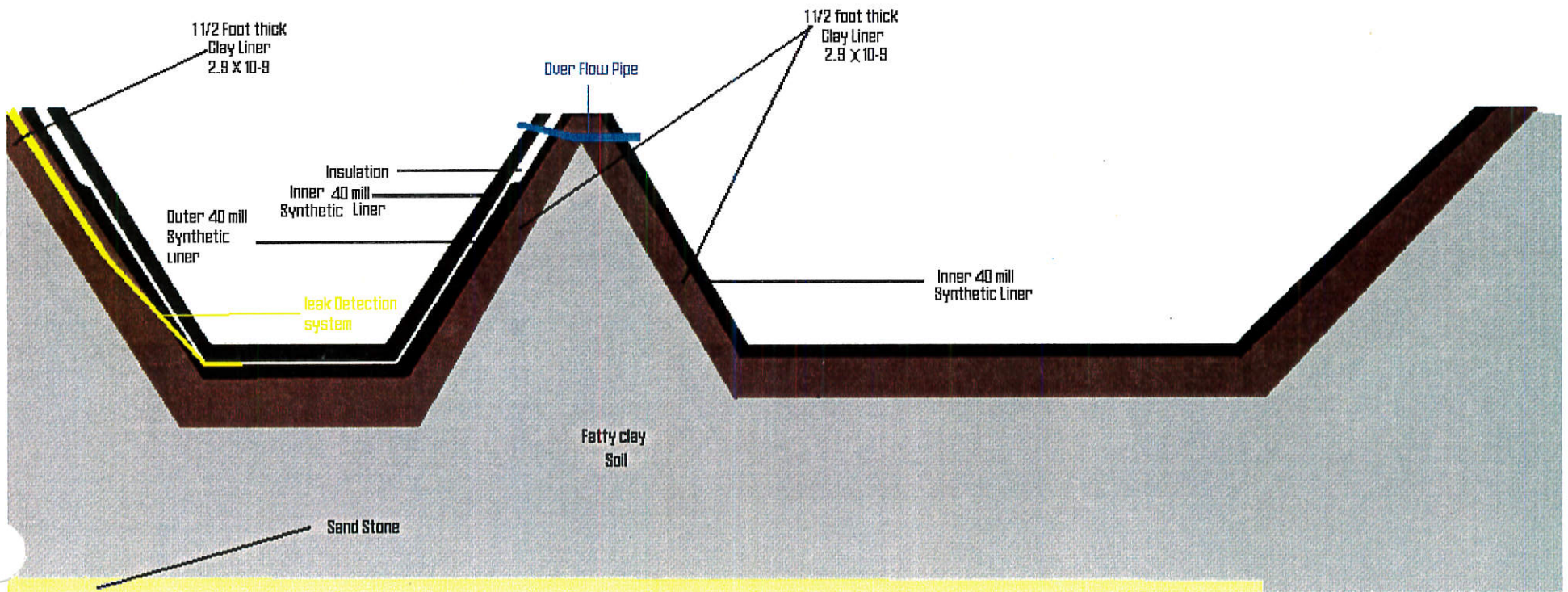
This technology will reduce the solids going into the second stage by 85 percent. Some of the water from the second lagoon is recycled for cleaning the barns.

The second lagoon, lined with compacted clay and one synthetic liner, provides irrigation water and nutrients for growing crops.

For more information, please call 405-921-1569

Ground Water Protection

WILDCAT SOW SITE



Murphy Family Farms and Water Usage

Size and type Of Facility	What we use	Other terms
11,000 head sow unit	80 acre feet	40 acres of corn
3400 head nursery unit	3-5 acre feet	4 acres of corn
3300 head finishing unit	8 acre feet	4 acres of corn

Murphy Family Farms and Our Water

Water is a valuable resource to all of us. It is especially important to farmers. It is our lifeblood. As livestock producers, we depend on reliable, clean water for our operations.

The two issues that must be addressed are water **Quality** and water **Quantity**.

Water Quality

Protection of our water from contamination is not just a goal, it's a necessity. State and federal guidelines direct the design and construction of effluent lagoons that must be followed by all large-scale animal producers. At Murphy Family Farms, the protection of ground water starts before we ever have a pig on the property, or any construction underway. As part of our site evaluation process, we conduct soil sampling by drilling test holes. The analysis of the soil from these holes tells us the type of soil on the site, whether there is adequate material for a clay liner, and if the water table is too close to the surface. We also go a step further. Not only do we construct our lagoons to meet or exceed state and federal laws, we also perform semi-annual voluntary monitoring of on site wells. Testing is done to collect data and confirm that no lagoon water has leached into the water table. We work closely with soil scientist and agronomists to determine the best time and location to apply nutrient waters.

On top of the measures taken above to protect the ground water, we have chosen to line our lagoons with a synthetic liner. This plastic liner is professionally installed and tested to insure against leaking.

Water Quantity

Water conservation is also taken very serious at Murphy Family Farms. We are continually looking for ways to lower our water usage. Today, an 11,000 head sow unit is approximately 80 acre feet of water per year. This would be the equivalent to 40 acres of irrigated corn. A contract nursery facility will use only 5-8 acre feet per year.

On many of our sites, we have a net decrease in water usage than before we were there. Here's how it works. We buy a portion of a farmer's land, and then lease his remaining land for application of nutrient water. When we change the water from agricultural use to livestock, there is a loss of 30%. For example, to get 70-acre feet of water for animal use, the farmer will lose 100-acre feet available for agriculture use. So the amount of water available for use has been decreased. The water is used on the farm for drinking water, and wash water. When the water leaves the farm, it goes to a lagoon and from there back onto the farmer's field. Only now it is a value added water.



MURPHY

FAMILY FARMS

WHO IS MURPHY FAMILY FARMS?

We at Murphy Family Farms are dedicated to long term profitability through the efficient production of high quality pork for consumers worldwide. We are committed to the continuous improvement of our organization through the growth, development, and prosperity of our employees and producers. We will accomplish these goals by applying our values of integrity, animal care, environmental protection, safety, business relationships, and community well-being.

A BRIEF HISTORY

Wendell Murphy began his working career as a Vocational Agriculture instructor. Driving through the area one day, he and a friend saw a feed mill and decided that a similar operation could benefit their community.

In the mid-1960's, with some cash of his own and some assistance from his father, Wendell acquired the property and equipment needed to open the feed mill . . . keeping his job as a teacher for additional security.

As business progressed, Wendell began to establish contract arrangements with local farmers to manage the feeder pigs he purchased. Since then, the business has evolved, as has agriculture in general. In 1979, the company began producing their own pigs, and today, Murphy Family Farms operates a three-site production system: sow farms; off site

nursery partnerships, and off-site finishing partnerships.

Today, Murphy Family Farms has operations in North Carolina, Iowa, Missouri, South Dakota, Oklahoma, Texas and Illinois. At this time, about 400 staff members operate sow farms in our Midwest operations.

Director of Midwest Farrowing operations, Stephen Summerlin states, "Everyone is invited to tour our facilities near Nevada, MO, or Laverne, OK between 8 a.m. and 5 p.m., Monday through Friday. To schedule an appointment, please contact our Missouri office at 800-566-7675 or our Laverne office at 1-800-586-2019."

Myth vs. Fact

Murphy Family Farms' expansion plans generally create a number of questions and occasionally some misinformation. The following is an effort to clarify any misunderstandings.

MYTH: Murphy Family Farms (MFF) does not hire any local people. **FACT:** As of January 1, 1998, over 70% of our labor comes from within a 40 mile radius of the farms.

MFF employees will include college graduates and high school graduates; men and women; first-job employees and those with a good deal of work experience; employees with "pig knowledge" and those that are new to livestock production. The cross-section of applicants will be reflective of the community. Our employment base is generally directly related to the demographics of the community as a whole.

MYTH: Murphy does not spend money locally. **FACT:** MFF spends 50% of construction dollars locally in MO, and 90% of our Oklahoma construction dollars are spent within an 80 mile radius of Laverne OK, plus significant dollars for regular operations. The remaining % is spent on specialty items generally not available in the area.

Area vendors have the opportunity to bid on MFF Projects.

MYTH: Murphy's operations will negatively impact the environment. **FACT:** MFF has a proven track of being environmentally responsible, and is setting the pork industry standard in natural resources protection programs at our farms and in surrounding communities. MFF was the 1996 Environmental Stewardship Award winner for the Mid West Region.



Modern Pork Production

Gone are the days when Wendell Murphy began contracting with local farmers to raise feeder pigs; providing the farmer with pigs, feed, feeders and hog wire fencing. In 1979, Murphy began its first sow operations with a goal of disease control and an increase in the overall quality of feeder pigs.

Additional refinements brought about MFF's current three-site production process:

- Sow farms
- Off-site nurseries
- Off-site finishers

In the Midwest, Murphy has built sow farms that house from 2,400 to

11,000 sows and contracted off-site nurseries with local farmers. At the current time, all Midwest off-site finishers are located in Iowa and South Dakota, where local farmers grow the hogs to market weight.

Here's how the production process works:

- The farm is stocked with gilts produced at our multiplication unit.
- On the Commercial Sow Farms, gilts and sows are bred through artificial insemination, monitored and farrowed. Pigs are weaned at three weeks and sent to the off-site nursery.
- Off-site nursery partners provide the day-to-day care for the pigs for six to seven weeks.
- In Iowa and South Dakota, the feeder pigs are fed to market weight and sent to packing plants.

The required employees for an 11,000 head sow farm generally include a farm manager, two team leaders, an on site trainer, 23 technical people and 22 team members. Organization is critical to an effective sow farm. Processes are monitored and data is collected daily throughout the operation.

EMPLOYMENT STATISTICS

The following reflects the employee base of MFF's Oklahoma operations, as of 1/1/98:

- 75% from 40 mile radius of Laverne operations
- 7% from surrounding area
- 18% from Missouri and North Carolina Operations

MFF and the Environment

The environment is an issue that is in the forefront of the minds of many people these days. We at Murphy Family Farms understand the importance of protecting natural resources. The following information will help provide a view of Murphy Family Farms and our role in being responsible stewards of the environment.

Water Quality Protection

State and federal regulations direct the design and construction of effluent lagoons that must be followed by all large-scale animal producers. At MFF, we go one step further. Not only do our design and construction standards meet or exceed state and federal requirements, we also perform semi-annual voluntary monitoring of on-site wells. Testing is done to collect data and confirm that no lagoon water has leached to the ground water table. We work closely with agronomists and soil scientists to determine the best time and location to spread nutrient water on our land, assuring no off-site runoff.

Odor Research

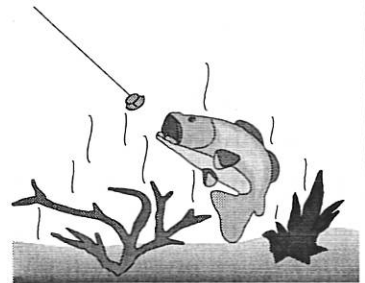
On an independent basis, and as a member of the National Pork Producers Council, Murphy Family Farms is actively engaged in odor research. MFF invests thousands of dollars annually in the development of new technologies and funds for extensive odor management research at Duke University. In addi-

tion, Murphy uses the latest odor management steps, including:

- Changes in lagoon management to lessen exposure of wastes into the atmosphere. As most lagoons mature, odor begins to abate as the natural breakdown of wastes takes place.
- Increase landscaping around lagoons to contain odor and improve screening.
- Use of setbacks that exceed federal guidelines.
- Changes in feed to produce less odor in waste.
- Improvements in management within the barns to reduce the waste volume.
- Chemical treatment of lagoons.
- New experimental fences designed to trap odor before it leaves the lagoon areas.

Wildlife Protection

Murphy Family Farms, with the help of resource professionals throughout the country, has implemented an Environmental Stewardship Program. This policy of wildlife protection and enhancement has been implemented on all MFF farms. The



program concentrates heavily on the improvement of wildlife habitat--through the establishment of certain types of vegetation that is beneficial to wildlife. Where appropriate, the program also includes provisions for opening Murphy's lakes and ponds to fishermen, and other steps for making Murphy's facilities a showcase for those interested in learning about wildlife protection and habitat enhancement.

Flexibility for Mom to Stay Home

Joanne Scotten enjoyed her job working as a manager for a travel agency in Nevada, but

there was one major drawback she shared with many mothers who work outside the home--not enough time to spend with her three young sons. In 1994, Joanne and her husband, C.D., saw an opportunity for Joanne to make money while staying at home with her sons.

Joanne and C.D., who own 300 acres east of Nevada, were interested in Murphy Family Farms' nursery partner program and contacted the Vernon County office.

Joanne is responsible for the nursery but she finds her sons want to help. After 2 1/2 years as a nursery partner, Joanne said, "It has been easier than I imagined and I have learned a lot. The best part is the flexibility of earning a good income while spending time with my family." Joanne joins 17 other women who have the primary responsibility to manage their family's nursery.

Change . . .

"Times are changing. Can you change in time? Changing with the times doesn't just mean adapting new technologies. It means adapting those technologies effectively Innovations in nutrition, management, genetics, and environment . . . make the most of your time . . .

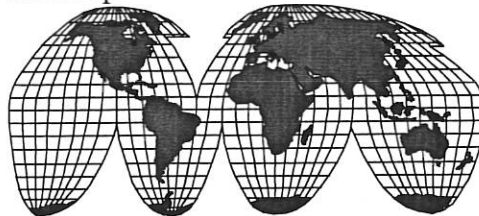
(Copied from a Nutrena Feeds ad in the January/February, 1996, issue of Pork Report)

. . . the pork industry

Pork Report, January/February, 1996, taken from an article entitled "Passport . . ."

For the first time since 1952, the U. S. became a net exporter of pork this past year What factors have spurred this growth explosion?

- A New Global Ball Game. In 1994, barriers began falling off with the passage of the North American Free Trade Agreement and the General Agreement on Tariff and Trade to level the playing field in the world marketplace



- U.S. Develops Market Niche. Pork checkoff dollars have focused on the development of foreign markets as well as domestic markets
- Competing on Price. The U.S. pork product has differentiated itself on safety, color, quality, consistency, availability and on price issues.

. . . food production

According to Bruce Bullock, a professor in the University of Missouri College of Agriculture, Food and Natural Resources, Clinton Daily Democrat, December 28, 1995, ". . . the food industry is rapidly being converted from a producer-driven to a consumer-driven system. . . . To be successful in these markets in the future, the U. S. food system will have to be geared to what the consumers want to buy, rather than to what American farmers want to produce."

Bullock listed five characteristics of new technology and its impact on society:

1. New agricultural technology is productivity-enhancing

2. New technology is management-intensive
3. New agricultural technology is capital-intensive
4. New technology is not scale-neutral
5. New technology is more beneficial to high-quality inputs

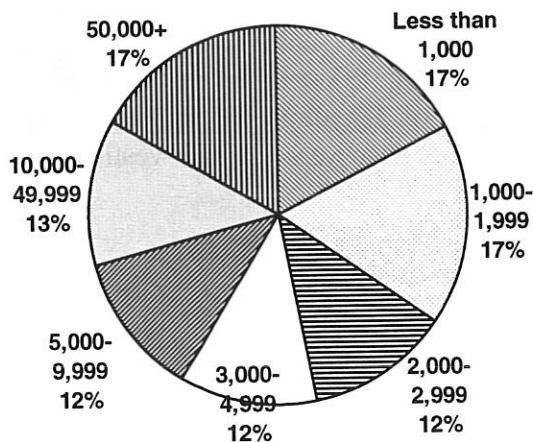
Bullock says industrialization of agriculture has been occurring for the past 75 years in America . . . “We have now entered the post-industrialized stage . . .”

... pork producers

“Independents Have A Place In The Future” Pork '95, October, 1995 by Marlys Miller provides the following information:

“The key is still management,” contends Ron Plain, University of Missouri

Pork Production Market Share, based on animals marketed per year



agriculture economist. “. . . size is not as important as a lot of people think it is. These numbers tell us small producers can compete, but you can’t do things the way you did last year. You’re going to have to change.”

“That doesn’t mean you have to have 5,000 sows or get out. It means you need to

look at the way you’ve raised hogs and adopt technologies . . . things that work and are effective.”

According to the article, finding someone to eventually take over the operation remained as a limitation for 17 percent of the Pork’95 respondents. “Independent producers who are willing to change the way they do things and continue to improve will have a place,” says Plain.

... summary

The crises in American agriculture may be recognized in the aging American farmer. For a variety of reasons, young people are not seeking ownership of the family farm as they did 20-30 years (and longer) ago.

Are there opportunities for young families in agriculture? Yes there are -- but what are the limitations?

Capital is one of the biggest drawbacks that keeps young couples from farming as their primary income. Over the past 20-30 years, land values have increased (a blessing to the retiring farmer; a curse to the young farmer); equipment costs have risen sharply; and interest rates have been volatile.

Risk is a large concern for any young couple starting out. Financing may be available, but the risks of weather, markets, etc. remain a heavy burden.

Other opportunities challenge one’s choice as well. College graduates with degrees in animal or plant science could effectively manage the family farm -- but at what risk, and with whose capital? Career opportunities in agri-business can be

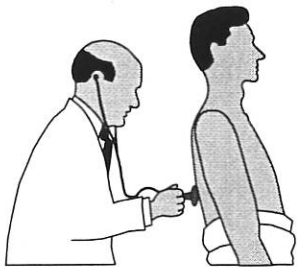
rewarding with no capital requirements, limited risk, and employee benefits.

Murphy Family Farms is a family owned operation that started with a small investment in the early 1960's. The family has been successful based on hard work, by reinvesting capital into the operation, and developing programs and systems based on scientific and business management principles.

We at Murphy Family Farms are proud to be recognized as a leader in environmental, land nutrient, and pork production technological standards.

Murphy Family Farms Employee Benefit Summary

Following is a summary of benefits offered to full-time employees of Murphy Family Farms (MFF). Detailed explanations of these benefits and other company policies are available by referring to the Company Handbook or contacting the Human Resources Department.



Health Insurance

- Employees are covered, at MFF's expense, insurance may be purchased for family members
- Major medical coverage, health, and

hospitalization are included

- Coverage includes conventional deductible and co-insurance standards
- Blue Cross/Blue Shield coverage

Life Insurance

- Employees and their immediate family members are eligible for life insurance coverage provided by Murphy Family Farms

- Employee coverage is for 1.5 times their annual salary
- Spouse coverage is set at \$2,500; children under 6 months are covered for \$200, over 6 months for \$2,500

Dental Insurance

- Dental insurance coverage, with a variety of options, is available for the employee and family members at the employee's expense to cover cleanings, x-ray's, etc

401(k) Retirement Program

- Following one year of employment, staff members are eligible to contribute to a self-directed 401(k) retirement program
- Before-tax contributions can range from 1% to 15% at the employee's option
- MFF matches 100% up to a maximum match of 4% (the match is 100% vested)

Profit Sharing - Retirement

- Regular employees are eligible to participate in the profit sharing plan following their first employment anniversary (must have worked at least 1,000 hours in the plan year). The Board of Directors determines company contributions each year. 100% vesting after 5 years.

Paid Leave

- Paid leave may be taken after it is earned
- ANY absences from a scheduled work day is considered a paid leave day
- Leave days may be accumulated
- Accumulation schedule:

1st year	.66 days/month
2nd - 4th years	1.16 days/month
5th - 11th years	1.58 days/month
12+ years	2 days/month

Holidays

- Paid holidays are as follows:

New Year's Day	Labor Day
Thanksgiving Day	Easter
Memorial Day	Christmas Day
Independence Day	

Long Term Disability Insurance

- MFF provides managerial/supervisory payroll employees with long term disability insurance coverage

Probationary Period

- All new employees are subject to a 60 day probationary period and become eligible for all benefits following the completion of their probationary period.

Our doors are open.

Murphy Family Farms continues to develop plans to expand operations. Occasionally the press has focused on negative events associated with hog farms. In any business, be it manufacturing, row crops, or cattle farms, there are good and bad producers. Murphy Family Farms understands all aspects of our business, we operate responsibly, and we can prove it. We ask only that your opinion of Murphy Family Farms be based on facts.

We make the following invitations to any interested citizen:

1. Visit our farms in Missouri or Oklahoma. We welcome individuals or groups, schools, churches, civic organizations, etc. All areas of our farms are open and visitors who meet our bio-security measures will be allowed to enter the hog buildings.

2. Send technical specialists (individuals or teams) to our farms in Missouri and/or Oklahoma to evaluate our overall management procedures.

3. Call the Missouri Department of Natural Resources. The DNR approves farm designs and monitors and regulates day-to-day operations. Ask DNR about pork producers in general and specifically about Murphy Family Farms.

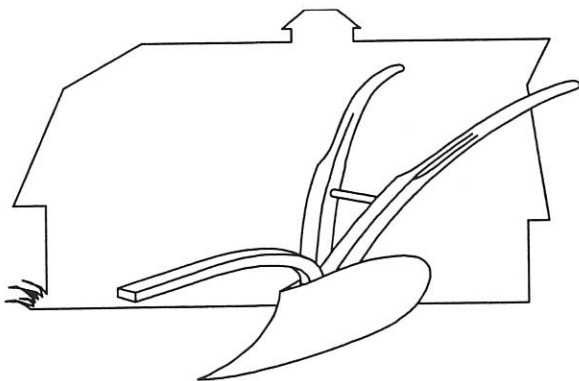
4. Call lenders and contract partners who have worked with MFF. Contract partners and lenders who have been involved in our programs can provide a wealth of knowledge and insight.

5. Encourage your friends and neighbors to follow-up on their issues and concerns.

We offer you the opportunity to judge us not as an industry but as a company, to form opinions based on facts, and to get to know us as individuals.

EMPLOYEE PROFILE

Adam Weigand was born and raised on a diversified crop and livestock operation in East Central Kansas. His parents still live there, where his father farms and serves as a county commissioner and his mother is a legal secretary. Adam saw an opportunity to remain in agriculture and have an impact on food production at its core level. (production agriculture) Adam joined Murphy Family Farms in June of 1994 after graduating from Kansas State University. Adam worked for three years in our Missouri operations, near Nevada, Missouri. Two of these years were spent managing a 3600-head commercial sow farm, which was one of the farms in the pyramid recognized nationally for environmental stewardship. Adam chose an opportunity to help start up our High Plains expansion and is scheduled to manage our Wildcat sow farm near Jetmore, Kansas. Currently, Adam is filling a role in our High Plains Development team while we wait to receive our Wildcat permit.



AGRICULTURE

Tours for individuals, groups, specialists:

Murphy Family Farms
 Missouri 1-800-566-7675
 Oklahoma 1-800-586-2019

Employment Information:

Darra Johnson 800-566-7675

Missouri Department of Natural Resources:

Mr. David Shorr, Director 314-526-6627
 George Parsons, Inspector 417-895-6950

Financial Institutions:

Ray Tubauch, Mercantile Bank 417-682-5502
 Dennis Markham, First National Bank 417-667-3057
 George Cooley, Farm Credit Services 417-451-6084

Nursery Contract Growers:

Ronnie Means 417-682-5874
 Wayne Jeans 417-927-3480
 Jeannie Petit 417-667-6876

SHARED PRIDE

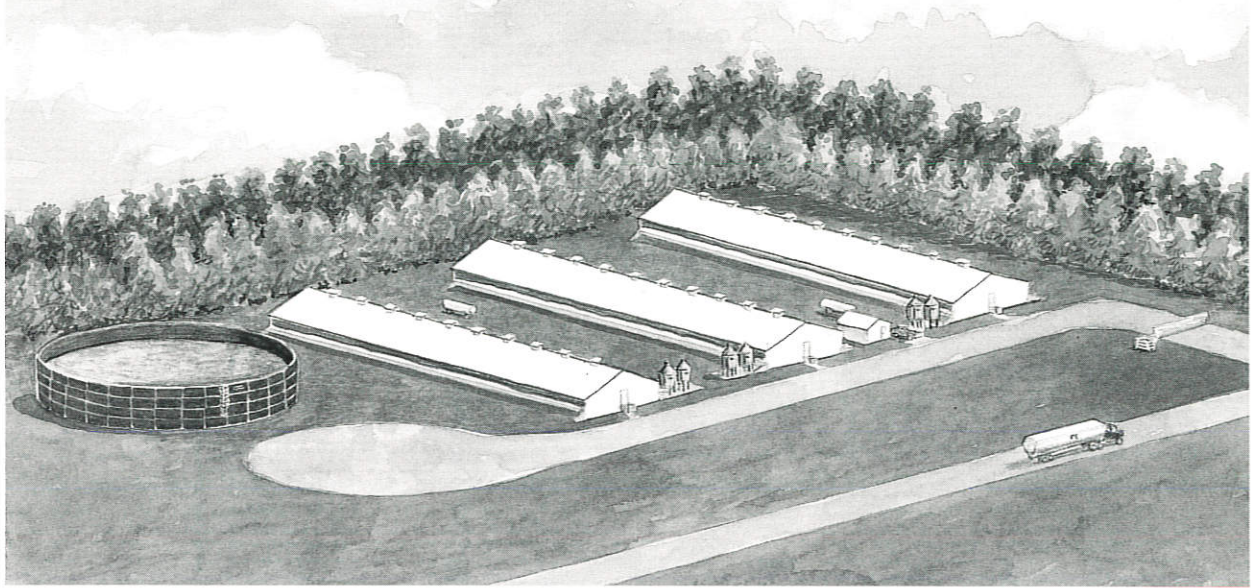
As part of Murphy Family Farms, employees and contract growers are members of a team who share a common goal: producing a high-quality food in an environmentally responsible way. It's a kindred group that participates in providing good jobs and economic security--and shares the company's pride in doing so.

- ⇒ The truck driver hauling the grain that feeds the pigs.
- ⇒ The accountant who translates all the activity into meaningful numbers.
- ⇒ The purchasing agent who ensures that we have needed farm supplies and equipment.
- ⇒ The office professional storing important data into the computer.

All staff members and contract growers are as much a part of the farming operation as the worker who nurses a piglet in its first few minutes of life. It's hands-on involvement that makes the difference -- whether those hands scoop out grain, shift gears, or tap a keyboard.

As part of this effort, MFF team members provide a vital link in the pork production chain and are an integral part of agri-business. Our team members are proud of their dedication through their support and participation in programs to increase their knowledge and skills. We have a kinship born in professional cooperation --and collective pride.

Stewards Of The Land



MODERN PORK PRODUCTION Every step of the pork production process requires careful research and attention to achieve success. At Murphy Family Farms, the result of our on-going search for improvement has resulted in the highest quality pigs, state-of-the-art swine finishing buildings, time proven business management systems, and more.

One integral step of the process -- nutrient management -- has received the same careful attention. Modern pork production, combined with highly productive soils receiving properly agitated and knifed-in manure, make an excellent package to enhance soil fertility, increase soil tilth, provide nutrients and reduce costs in crop production.

That's why an important part of your pork production facility will be a Slurrystore® structure, manufactured by A.O. Smith Engineered Storage Products Co., an industry leader in the field of livestock manure storage using glass-fused to steel technology. In addition to more than 20 years of experience in manufacturing the Slurrystore structure, their Harvestore® structures have been marketed in North America for nearly 50 years.

The Slurrystore structure is designed to offer positive containment of valuable nutrients in manure which are used for crop production. As an example, in a year, 10 hogs weighing 200 lbs. can provide the total nitrogen fertilizer needs for one acre of 150 bushel-per-acre corn. In addition, the structure is approved by the Natural Resource Conservation Service when built to manufacturer specifications.

As a family farmer contracting with Murphy Family Farms you will receive an agronomist-developed nutrient management plan.

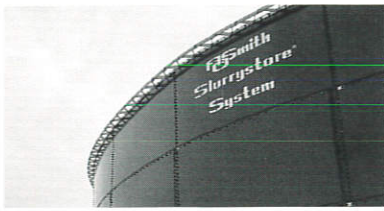
Pork production is a process that begins with your involvement and ends with satisfied consumers around the world. Murphy Family Farms wants you to know that every step of the process -- from stock selection to building design and nutrient management -- have all been carefully considered.



MURPHY © 1997 **Murphy Family Farms**
FAMILY FARMS

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ENGINEERED NUTRIENT MANAGEMENT



The manure storage for a three-barn Murphy Family Farm installation is a Slurrystore® structure measuring 120 feet by 19 feet which provides one year's storage capacity.



The Slurrystore structure is produced in an ISO 9001 certified plant in DeKalb, Illinois. The design and quality manufacturing procedures have continually evolved and improved.



The sheets for the structure are made using proprietary glass-fused-to-steel

technology in which the steel sheets are coated with a liquid blend of powdered glass. The steel and glass are fused together in a 1500 degree furnace.

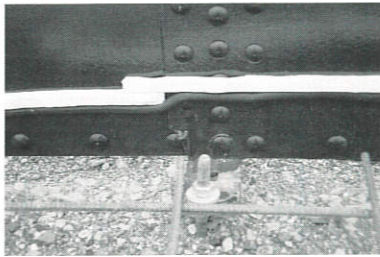
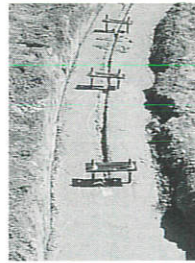


During the "Edgecoat™" edge enhancement process, perimeter edges are beveled, then receive an alloy and "glass" coating.



Slurrystore structures are built by certified, trained crews who first level the building site, then place a reinforced concrete footing.

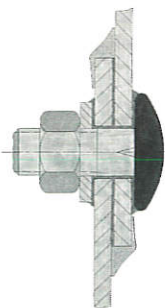
A patented leveling system allows vertical adjustment to within $\pm 1/8"$.



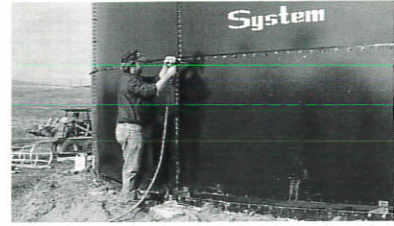
Bentonite foundation sealer strips are installed below a primary sealing strip. Together they create a positive barrier to potential liquid flow between the foundation sheet and the concrete floor.



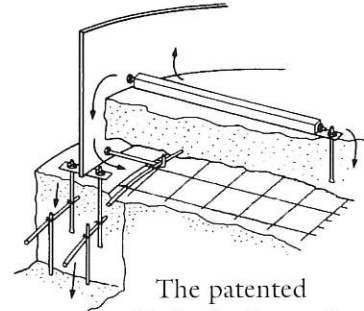
A continuous, monolithic concrete floor is poured over compacted granular material and an extensive reinforcement grid to create a sturdy base and a positive barrier to liquid flow.



Bolts, nuts, and washers have a mechanical galvanized coating. Bolts have plastic encapsulated heads for use inside the structure.



Sealant is applied to sheets before bolting. As bolts are tightened, the sealant flows around them to create a sound joint.



The patented Cathodic Protection System helps reduce galvanic corrosion on steel components (tank and concrete reinforcement) that are in contact with the slurry.



To help reduce odor concerns, a Murphy Family Farm's representative will arrange for the application of a bio cover over the manure's surface once filling has begun.



Based on your manure management plan, your Murphy Family Farm representative will also work with you to schedule manure agitation and application to fields.

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A.O. Smith Engineered Storage Products Co.
DeKalb, IL 60115



Murphy Family Farms

FACTS ON FILE

Murphy Family Farms was founded in 1962 in North Carolina by Wendell Murphy. The company's long history of contracting began with local farmers to finish out feeder pigs. Originally owned by Wendell Murphy and his father, the company continues to be family owned by Wendell, his brother, his sister and his son. The company continues to raise only hogs.

Midwest Overview

Murphy Family Farms has operations within the Midwest in **Oklahoma, Iowa, Missouri, South Dakota and Illinois** with expansion planned for Texas and Kansas.

The company uses three types of facilities: sow farms, nurseries, and finishers. These may be company owned or owned and operated under contract by local farmers. We own several feed mills, but we do not own packing plants.

Oklahoma Operations

Hogs are raised here for market (commercial production) and for breeding stock. Commercial farms hold 11,000 sows and breeding stock farms hold 3,650 sows.

We contract with local farmers. The farmers provide the facility, the day-to-day management and environment management. **We have a contract sow farm and several contract nurseries in Oklahoma.**

A new feed mill is projected for the region. At full capacity, **the mill will use 19 million bushels of grain annually**, with some of the grain purchased from local farmers.

Community Investment

Murphy has committed to **more than \$ 20 million capital investment in Northwest Oklahoma with no tax break or incentives** taken by the company.

More than \$2.3 million were spent in **Harper, Ellis and Woodward Counties** in 1997 (excluding salaries and feed).

One out of every four construction dollars are spent locally.

In 1997, Murphy Family Farms will pay more than \$14,500 in real estate and property taxes.

Murphy Family Farms continues its **long history of donating to the communities** in which it operates. Cash and hog donations were made to local, civic, school and not-for-profit groups. Our employees are actively involved in community organizations such as local Chamber of Commerce, Lions, Laverne Booster Club and local churches.

Employment and Training

Murphy Family Farms added 89 new jobs in 1997 to the Laverne, OK economy. 70% of all employees are from the local area.

The company maintains an aggressive training and promote-from-within program.

Technical training teaches employees what to do, how to do it, and why, with a goal of proficiency..

Murphy's Continuous Quality Improvement program emphasizes statistics and Deming and Covey management principles.

Competitive benefits equal to 26.5 percent of salary

- Health and dental insurance
- Life insurance (100% paid by Murphy)
- 401(k) retirement plan with 100 percent match up to 4 percent contribution
- Profit sharing retirement program
- Paid leave days (combination of sick and vacation days)

FACTS ON FILE

Murphy Family Farms takes very seriously its role as a Steward of the land. As a leaders in the pork industry, Murphy Family Farms chooses also to be a leader in the role of wise land use. Sound management of our natural resources are accomplished through the use of proven scientific methods, and through the dedication of employees and contract partners alike.

Responsible Land Use

All facilities undergo a detailed permitting process. **Sites are designed by professional engineers to meet or exceed state and federal regulations.**

Preliminary soils evaluations, including compaction and permeability tests, are completed to determine a site's suitability for construction.

Lagoons are lined with compacted clay or, on larger farms, approved synthetic liners.

The company requires a minimum of one mile setback from an occupied residence for sow farms locations.

Annual soil sampling is conducted to **monitor 11 soil constituents**, including potassium and phosphorus.

Cropping and irrigation plans are designed by professional agronomists to match soils' characteristics and needs.

Thorough record-keeping tracks nutrient application on fields to ensure proper fertilization.

Best management practices are followed to optimize nutrient application to farm fields.

Odor Control and Manure Treatment

Murphy Family Farms participates in **odor research** with North Carolina State, Iowa State, and other universities.

The company's **two methane digesters in Oklahoma control odor and treat manure** by using technology from municipal waste treatment systems.

MFF is testing technology to treat manure and control odor which have proven effective on dairies and other agricultural operations.

The company's costs for **voluntarily implementing new technology** can add over \$300,000 cost to a site.

Environmental Stewardship

Conservation of topsoil and protection of water quality are chief goals.

Use of riparian setbacks and establishment of field borders preserve natural vegetation, reduce erosion, and protect water quality.

Erosion control methods, such as conservation tillage, terracing, and establishment of windbreaks are **practiced across the company.**

The company encourages the creation of wildlife habitat through vegetation plantings and establishment of unique areas such as wetlands and ponds.

Farms are open to the public. MFF establishes demonstration farms to explain environmental practices.

1996 Midwest Winner of Environmental Stewardship Program sponsored by National Pork Producers Council, National Hog Farmer and Pfizer for the Ozark Pyramid, which includes four sow farms, located near Sheldon, Missouri.