

Marijuana growers diversify with hemp amid CBD boom

May 14 2018, by Gillian Flaccus



In this April 24, 2018 photo, Julian Cabrera, factory manager at New Earth Biosciences, holds up a large glass beaker to the light containing thick, golden-colored, fully-refined CBD oil in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/Don Ryan)

A glut of legal marijuana has driven Oregon pot prices to rock-bottom

levels, prompting some nervous growers to start pivoting to another type of cannabis to make ends meet—one that doesn't come with a high.

Applications for state licenses to grow hemp—[marijuana](#)'s non-intoxicating cousin—have increased more than twentyfold since 2015, and Oregon now ranks No. 2 behind Colorado among the 19 states with active hemp cultivation. The rapidly evolving market comes amid skyrocketing demand for a hemp-derived extract called cannabidiol, or CBD, seen by many as a health aid.

In its purified distilled form, CBD oil commands thousands of dollars per kilogram, and farmers can make more than \$100,000 an acre growing hemp plants to produce it. That distillate can also be converted into a crystallized form or powder.

"Word on the street is everybody thinks hemp's the new gold rush," said Jerrad McCord, who grows marijuana in southern Oregon and just added 12 acres of hemp. "This is a business. You've got to adapt, and you've got to be a problem-solver."

It's a problem few predicted when Oregon voters opened the door to legal marijuana four years ago.

The state's climate is perfect for growing marijuana, and growers produced bumper crops. Under state law, none of it can leave Oregon. That, coupled with a decision to not cap the number of licenses for growers, has created a surplus.



In this April 24, 2018 photo, Julian Cabrera, factory manager at New Earth Biosciences, removes a drained tank from a super critical CO2 extraction device used for making CBD oil in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/Don Ryan)

Oregon's inventory of marijuana is staggering for a state its size. There are nearly 1 million pounds (450,000 kilograms) of usable flower in the system, and an additional 350,000 pounds (159,000 kilograms) of marijuana extracts, edibles and tinctures.

The Oregon Liquor Control Commission, which regulates the industry, says some of the inventory of flower goes into extracts, oils and tinctures—which have increased in popularity—but the agency can't say how much. A comprehensive market study is underway.

Yet the retail price for a gram of pot has fallen about 50 percent since 2015, from \$14 to \$7, according to a report by the Oregon Office of Economic Analysis. Growers and retailers alike have felt the sting.

"Now we're starting to look at drastic means, like destroying product. At some point, there's no more storage for it," said Trey Willison, who switched his operation from marijuana to hemp this season. "Whoever would have thought we'd get to the point of destroying pounds of marijuana?"



In this April 24, 2018 photo, the first rendering from hemp plants extracted from a super critical CO2 extraction device on its way to becoming fully refined CBD oil spurts into a large beaker at New Earth Biosciences in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/Don Ryan)

That stark prospect is driving more of Oregon's marijuana entrepreneurs toward hemp, a crop that already has a foothold in states like Colorado and Kentucky and a lot of buzz in the cannabis industry. In Oregon, the number of hemp licenses increased from 12 in 2015 to 353 as of last week, and the state now ranks No. 2 nationally in licensed acreage.

Colorado, which is No. 1 in hemp production, and Washington were the first states to broadly legalize marijuana. Both have seen price drops for marijuana but not as significant as Oregon.

Like marijuana, the hemp plant is a cannabis plant, but it contains less than 0.3 percent of THC, the compound that gives pot its high. Growing industrial hemp is legal under federal law, and the plant can be sold for use in things like fabric, food, seed and building materials.

But the increasing focus in Oregon is the gold-colored CBD oil that has soared in popularity among cannabis connoisseurs and is rapidly going mainstream. At least 50 percent of hemp nationwide is being grown for CBD extraction, and Oregon is riding the crest of that wave, said Eric Steenstra, president of Vote Hemp, a nonpartisan organization that advocates for pro-hemp legislation.



In this April 19, 2018, photo Maxwell Reis, beverage director adds a few drops of Cannabidiol CBD extract to a mixed drink at the Gracias Madre restaurant in West Hollywood, Calif. The hemp-derived CBD extract is popping up in everything, from cosmetics to chocolate bars to bottled water to bath bombs to pet treats. (AP Photo/Damian Dovarganes)

"There are a lot of growers who already have experience growing cannabis, and when you're growing for CBD, there are a lot of the same techniques that you use for growing marijuana," he said. "Oregon is definitely a hotbed of activity around this."

CBD is popping up in everything from cosmetics to chocolate bars to bottled water to pet treats. One Los Angeles bar sells drinks containing the oil, massage therapists use creams containing CBD, and juice bars offer the stuff in smoothies. Dozens of online sites sell endless iterations of CBD oils, tinctures, capsules, transdermal patches, infused chocolates and creams with no oversight.

Proponents say CBD offers a plethora of health benefits, from relieving pain to taming anxiety. Scientists caution, however, that there have been very few comprehensive clinical studies of how CBD affects humans—mostly because the U.S. Drug Enforcement Administration still considers cannabidiol a Schedule 1 drug, and the government requires special dispensation to study it.

Pre-clinical studies have shown promise for treatment of chronic pain, neuro-inflammation, anxiety, addiction and anti-psychotic effects in animals, mostly rodents, said Ziva Cooper, an associate professor of clinical neurobiology at Columbia University who focuses her research on the therapeutic potential of cannabis and cannabinoids.



In this April 19, 2018, photo Maxwell Reis, beverage director serves a drink containing Cannabidiol CBD extract with a marijuana leaf motif at the Gracias Madre restaurant in West Hollywood, Calif. The hemp-derived CBD extract is popping up in everything, from cosmetics to chocolate bars to bottled water to

bath bombs to pet treats. (AP Photo/Damian Dovarganes)

The Federal Drug Administration next month could approve the first drug derived from CBD. It's used to treat forms of epilepsy.

Christina Sasser, co-founder of Vital Leaf, isn't waiting for government action to market CBD products in stores and online. She sells about 500 bottles of Oregon-sourced CBD oil a month and ships only to customers living in states with state-run hemp pilot programs, to better avoid the possibility that federal agents will go after her for selling something the U.S. government considers illicit.

"Everybody in the CBD world has recognized the risks involved, and I would say the vast majority of us really believe in the power of the plant and are willing to operate in this, sort of, gray area," she said.

Willison was selling marijuana clones to pot startups when he realized last spring he was selling way more clones than Oregon's market could support. The two-story building where he grew 200 pounds of weed a month sits nearly empty, and a greenhouse built to expand his pot business is packed with hemp plants instead.



In this April 19, 2018 photo, Seth Crawford, co-owner of Oregon CBD, displays hemp seeds being prepared for sale to industrial hemp farmers at his facility in Monmouth, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photos/Gillian Flaccus)

He breeds hemp plants genetically selected for their strong CBD concentration, harvests the seeds and extracts CBD from the remaining plants that can fetch up to \$13,000 per kilogram. His future looks bright again.

"The (marijuana) market is stuck within the borders of Oregon—it's locked within the state," he said, as he took a break from collecting tiny grains of pollen from his plants. "But [hemp](#) is an international commodity now."



In this April 24, 2018 photo, a hemp plant is pollinated at the Unique Botanicals facility in Springfield, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this April 23, 2018 photo, Trevor Eubanks, plant manager for Big Top Farms, readies a field for another hemp crop near Sisters, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this April 23, 2018 photo, Trevor Eubanks, plant manager for Big Top Farms, examines a dried hemp branch at their facility near Sisters, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this April 23, 2018 photo, Trevor Eubanks, plant manager for Big Top Farms, shovels dried hemp as branches hang drying in barn rafters overhead at their production facility near Sisters, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this Friday, April 20, 2018 photo, Jordin Hoefler, left, hands out a free dark chocolate edible to Tyler Rhodes, center, and Spencer Rhodes, right, during the CBD Express grand opening in Salem, Ore. The business sells CBD oils and CBD products. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/ Timothy J. Gonzalez)



In this April 16, 2018 photo, products containing cannabidiol, or CBD, are on display at Unique Food Works, a state-licensed hemp handling facility in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photos/Gillian Flaccus).



In this Friday, April 20, 2018 photo, vape cartridges are on display during the CBD Express store grand opening in Salem, Ore. The business sells CBD oils and CBD products. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/ Timothy J. Gonzalez)



In this photo taken Monday, April 23, 2018, Karen Rhodes poses for a photo with her elder dog Ransom as she displays the hemp-derived CBD supplements she gives him, at her home in Seattle. Rhodes gives her dog the supplements to help ease the pain Ransom gets from hip problems. (AP Photo/Elaine Thompson)



In this Friday, April 20, 2018 photo, Loren Kruesi, right, owner of CBD Express, talks with a customer during the store's grand opening in Salem, Ore. The business sells CBD oils and CBD products. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/Timothy J. Gonzalez)



In this April 16, 2018 photo, workers assemble pre-rolled cigarettes of hemp flower containing cannabidiol, or CBD, at Unique Food Works, a state-licensed hemp handling facility in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photos/Gillian Flaccus)



In this April 23, 2018 photo, a sign designates the type of crop grown in a field as it stands ready to plant another hemp crop for Big Top Farms near Sisters, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this April 24, 2018 photo, pollen is removed from a hemp plant at the Unique Botanicals facility in Springfield, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet - hemp. (AP Photo/Don Ryan)



In this April 24, 2018 photo, hemp plants sit at the Unique Botanicals facility in Springfield, Ore. A glut of legal marijuana has driven pot prices to rock-bottom levels in Oregon, and an increasing number of nervous growers are pivoting to another type of cannabis to make ends meet—hemp. (AP Photo/Don Ryan)



In this April 24, 2018 photo, Julian Cabrera, factory manager at New Earth Biosciences, catches the first rendering from hemp plants extracted from a super critical CO2 extraction device, on its' way to becoming fully refined CBD oil into a large beaker at New Earth Biosciences in Salem, Ore. Applications for state licenses to grow hemp, marijuana's non-intoxicating cousin, have increased more than twentyfold since 2015 and Oregon now ranks No. 2 behind Colorado among the 19 states with hemp cultivation. (AP Photo/Don Ryan)

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