

## **Lyons News**

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### **Ethanol Plant**

#### **Informational Meeting Heavily Attended**

By Crystal Hoffman

With construction underway since December 13 on the Kansas Ethanol, LLC plant on Avenue Q First Bank and the Rice County Extension office joined forces to put together an informational meeting Wednesday at Celebration Centre in Lyons.

More than 100 persons were on hand to hear how the plant would affect the economic structure of Rice County.

“We chose to build in Rice County because of the consistent and plentiful grain supply, access to ethanol and distiller’s grain markets, good transportation options, the availability of water, natural gas and electricity, and the value added opportunities for the grain and livestock producers,” said Mike Chisam, general manager of Kansas Ethanol, LLC.

“Ethanol: The wave of the future,” is just that as the federal government enacted the Renewable Fuels Standard in 2005. The minimum ethanol and biodiesel use from 2006 through 2012 is: 2006 – 4 billion gallons per year; 2007 – 4.7 bgy; 2008 – 5.4 bgy; 2009 – 6.1 bgy; 2010 – 6.8; 2011 – 7.4 bgy; and 2012 – 7.5 bgy.

The board of directors for Kansas Ethanol, LLC, which was established in March 2005 include: Dave Kerr of Hutchinson, chair; Steve Dillon of Hutchinson, secretary; Brad D. Rayl of Hutchinson, treasurer; Dick Sterrett of Quinter; Stephen Clark of Wichita; Kenneth Knight of Lyons; Carl Dudrey of Stafford; Greg Krissek of Colwich; Dave Kolsrud of Brandon, S.D., advisory member; and ICM in Colwich.

“In the feasibility study done by PRX Geographic and Consulting Services, LLC, we found that over the past 10 years in a 15 county area there is 31.5 million bushels of corn and 52 million bushels of milo,” Chisam said. “Using grain within this area will be approximately 23.5 percent of all production at the plant.”

The 15 county area Chisam mentions includes Ottawa, Dickinson, Marion, Harvey, Reno, Stafford, Pawnee, Rush, Russell, Lincoln, Saline, McPherson, Barton, and Rice counties.

“Distiller’s grain is a co-product to ethanol that is good feed for livestock such as cattle,” he said. “Having over 250,000 head of feed lot cattle within 60 miles of the ethanol plant helps cut down on freight for both the feed lots and us, the ethanol plant.”

Kansas Ethanol will use the K & O Railroad to transport some of the product which will meet up with other rail lines in Wichita that will take the product to its final destination.

Chisam believes most of the ethanol will travel south and west from Kansas.

ICM, Inc. in Colwich is the design and build contractor for the 55 million gallons of ethanol per year plant being built on Avenue Q.

The grain requirements of the plant, according to Chisam, are 19.6 million bushels per year. The distiller’s grain produced (sold when 100 percent wet) is 438,000 tons.

“There will be 33 employees with an estimated annual payroll of \$1,974,000,” Chisam said.

He broke the grain supply down into smaller numbers by saying that the 19,640,000 bushels/year or 54,560 bushels/day equated to 60 trucks or 16.5 railcars per day or 2.38 irrigated circles of corn per day or 814 acres of sorghum per day.

To keep a constant supply of grain, corn and milo, coming into the plant on a daily basis the business will utilize local grain sources that include producers and elevators.

“We will contract with local producers and develop relationships with elevators,” he said.

“We have approached several local elevators already including Mid-Kansas, and elevators in Great Bend and Sterling about grain storage supply.

During a Q and A session at the end of the conference, Chisam explained that the plant would use 500 gallons of water per minute, in a worst case scenario.

“We hope that once the plant is up and running, we will be able to cut some of the production costs by becoming more efficient as time goes on,” he said.

Steve Dillon, board member, said, “If corn is \$3.50 per bushel, that means that using ethanol in fuel cost would be \$1.78 per gallon.”

Several local producers were concerned with the condition of the water when it leaves the plant. Chisam said that some water would be clearer coming out of the plant than it was coming in.

“We are currently working with the state on how we will put the water back into the public,” he said. “We are looking into evaporation pumps, point source discharge and land application. There has been a lot of interest in using the water for irrigation.”

The plant has had to buy water rights from local producers and then change the rights into industrial use from agricultural irrigation use. In a time where water rights are being decreased, Chisam doesn't see the ethanol plant being exempt from losing water rights. Ethanol production is scheduled to begin at the plant during the first quarter of 2008.