



Ethanol plant inches toward goal of April 2007 construction

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by Natalie J. Ostgaard, City Editor

After more than two years of working diligently to make an ethanol plant near Erskine a reality, Agassiz Energy, LLC is inching nearer to its goal of starting construction in April 2007. By the end of this month, the company will have taken a giant leap with two major components in the process completed.

Beginning Oct. 18, qualified Minnesota, North Dakota and South Dakota residents, businesses or organizations will get the chance to invest in the facility through public offering and sale of up to 58,500,000 equity units. The price per unit is \$1, with a minimum investment of \$20,000. Agassiz Energy plans to raise up to \$58.5 million through the equity drive.

"We just got the go ahead from the SEC (Securities and Exchange Commission) to be able to proceed with this," said Don Sargeant, president and chairman Agassiz Energy's Board of Governors. "So now we'll have a series of meetings for prospective investors."

Eight meetings across the tri-state area are scheduled between Oct. 18 and 25. In this area, meetings in both Crookston and Erskine will take place from 9 a.m. to 6 p.m. The Crookston meeting will be in Lysaker Gymnasium on the University of Minnesota, Crookston campus, with the Erskine meeting taking place at the community center. Prospectus and subscription information will be distributed at these meetings.

The Agassiz Energy office located at Valley Technology Park in Crookston will also accept subscriptions. To request a prospectus, call 281-8074, fax 281-8052 or e-mail info@agassizenergy.com. Once the company's equity goal is reached, the meeting could be changed or cancelled.

Sargeant said Oct. 16 is the date set to complete the construction design as agreed upon between Bio-Renewable Group, the company contracted for plant design and construction, and the design team consisting of four companies.

"We should have some facility designs ready to show at those meetings," he noted.

Sigh of relief?

"There's still a long way to go before we can breathe a sigh of relief," Sargeant stressed. "But we're keeping our fingers crossed."

He explained that Agassiz Energy is striving to get three things in place by April: necessary permits, construction contract and bank loan.

"Then we can go full speed ahead," he asserted. "We really have to hustle to make that timeline, but we've been working on these more than a year, ensuring to the public that we meet all the safety standards and that everything is in order."

The process to complete the Environmental Assessment Worksheet has been slow going since it began in July 2005, he explained, but "it looks like there may soon be a light at the end of the tunnel" if things go smoothly between now and the beginning of next year. That's when the company hopes to have the EAW completed and air and water permits approved by the Minnesota Pollution Control Agency.

Sargeant and Dave Kildahl from Widseth Smith Nolting met Monday night with the Erskine City Council to present Agassiz Energy's water discharge plan. The city will need to revise its permit to accept the plant's water, said Sargeant. From there, the EAW will be put on public notice with a 30-day summary comment period and then ideally approved by the state by Jan. 1.

Investors in the project, including the initial 30 that started with \$1 million, do need to be patient, Sargeant stressed.

"It's about a 30-month process just to get to construction," he explained. "Once you get into production, it still takes another couple of years to actually make money. It will be 2009 or 2010 before investors start seeing operating income.

"It takes a lot of faith and perseverance on the part of investors," he added.

Value-added

"I think it's a tremendous economic development project to create income for farmers within a 50 to 60 mile radius, plus distillers grain for livestock feed," said Sargeant. "And then you have all the service jobs, many times more than the 37 so-called plant jobs people tend to focus on."

The estimated cost of building the coal-fired plant, \$110 to 120 million, is "probably the biggest investment seen in agricultural processing in northwest Minnesota, and there's a lot of ag industry around here," he added.

Eventually, the plant will be able to produce 70 million gallons of ethanol annually. Initial production is estimated at 52 mg. The current timeline sets an August 2008 opening date, just in time for corn harvest.

"It's being built to process more than corn, though," Sargeant said. "We want to be able to take in other crops like barley and switchgrass - based on what delivers the best value in terms of ethanol and distillers grain. Our plan is to make a plant that can fit whatever happens in terms of cost effectiveness."

Using corn, though, would create more of a market for the crop in this area, as it is currently low because of the transportation costs, he added. With the large amount of Conservation Reserve Program land in the area, switchgrass would also "be very viable in this region."

Sargeant noted the location, south of Highway 2 and west of Highway 59 east of Erskine, is ideal for the plant's needs. In addition to being near the intersection of two highways, it is also at the junction of two major railroads, Canadian Pacific and Burlington.

While large plants are being built across the state and elsewhere, Sargeant said, "We'll worry about expansion later. We need to get this thing up and running."

For more information on Agassiz Energy, visit the Website
<http://www.agassizenergy.com>.