Hodgeman County ready for next step for proposed ethanol plant

By Charlene Scott
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JETMORE -- Hodgeman County's ethanol task force is ready to take the next step toward possible construction of an ethanol plant within the county's boundaries.

"We are arranging for a tour of a couple of ethanol plants in Nebraska in October," said Hodgeman County Extension Agent DeWayne E. Craghead, who is spearheading the task force's exploration into the possibility of a new plant.

Craghead helped organize a Sept. 11 meeting in Jetmore that drew experts from Colorado and Canada to advise the task force, as well as interested farmers and producers, about ethanol production. Approximately 60 people attended the meeting.

"We need to form a steering committee of several producers to take us to the next level," Craghead said. "We are interested in anybody who wants to be involved in this."

One Hodgeman County farmer has already agreed to be on the steering committee, and some people came forward following the ethanol meeting to indicate they were willing to invest seed money for a feasibility study.

If the steering committee decides to build a 20 million gallon-producing plant, the cost may be as much as $50 million, Craghead said.

"We have to have 60 percent of the capital, so we need to come up with $30 million," he said. "We are not raising the whole $50 million. We could borrow $20 million of it."

The steering committee would form a limited liability company in order to proceed with gathering capital for the plant, Craghead said.

"They may want to bring in someone from the oil industry," he said. "All kinds of people can be brought in.

"The more we are capitalized, the better. We do not want to under-capitalized. Then you can't make business decisions that are best for the plant. You have to make them from the bottom line -- and that limits you."

Craghead is looking for only 10 good men and women to form the steering committee and set about arranging for a feasibility study for the proposed ethanol plant.

"If we get 10 people on the steering committee, that would be a great start," he said. "The Kansas Department of Commerce and Housing will do half of the grant cost for a feasibility study up to $30,000 or $40,000. Then there are other grants available."

The task force already has a site in mind for the proposed ethanol plant.

"We have one location here in Hodgeman County at the airport, but we don't know if it's the best place," Craghead said. "But we know the ground would be available.

"The land on the airport site would put us six or seven miles from Jetmore. The short-line railroad in Jetmore would have to be repaired; probably $100,000 worth of repairs are needed, but we could get a lot of that from the state. The railroad has to have a commitment of travel to do the repairs."

He added that another possibility would be to truck the ethanol to Wright's main railroad line.

"We would have to truck from the plant either way," he said. "It would help the elevators, and a lot of real activity could be started again in Jetmore, which could help Hodgeman County."
Water availability is another crucial consideration when selecting a site for an ethanol plant, Craghead said.

"We could not just build anywhere we want; it has to be an area where we would have water, near irrigation wells," he said. "There are no water rights at the airport site. We would have to apply for new rights or buy water from nearby irrigators. We have had some discussions with one of the irrigators who has expressed interest in this."

Craghead said he disagreed with critics who claim that ethanol production is too expensive and more energy is used to make ethanol than it produces.

"This was true in the early 1970s," he said. "However, new technology has improved ethanol production so that it can produce from two to four times the amount of energy used when considering the by-products.

"Right now, it is cellulose production that is too expensive, but they are working on that," he added. "Ethanol production is costing about 95 cents per gallon and selling for $1.25 per gallon. We would get a 45 cents per gallon federal tax credit and a 5 cents per gallon incentive from the state of Kansas."

Craghead pointed out that ethanol was first used to run the 1908 Model T.

"Today Brazil runs most of its fleet on ethanol," he said. "The state of Kansas' vehicle fleet has the capability to use up to 80 percent ethanol as the fuel source.

"And on newer cars, the upgrade to an E85 (the ability to use up to 85 percent ethanol) engine is available at little to no additional cost."

Many diesel fleets are looking at the new E-Diesel technology with its fuel mix of 80 percent diesel, 15 percent ethanol and 5 percent of other compounds.

"In one northern city, the only bus on E-Diesel started during a cold spell," Craghead said. "The other buses, using winter diesel, did not start. E-Diesel burns cleaner than straight diesel and can reduce emissions considerably."

Craghead said he was convinced the proposed new ethanol venture would be a boon for Hodgeman County.

"It would be up to the steering committee to decide how large a plant to build," he said. "But anything above 20 million gallons is economic to scale. You can build as large as you want if you have the water rights, the grain and the ability to get rid of your by-products. You don't gain a lot by building bigger, but you make more money.

"We raise milo in Hodgeman County, and we have a need to bring more income into the county. An ethanol plant would bring money needed by the producers, and it would bring more people to the county. We want basically to improve the economic balance of Hodgeman County."

Craghead is a native son of Hodgeman County, reared on a farm in Jetmore. He has lived his entire life there, except for the years he attended Kansas State University.

He has served as the Hodgeman County Extension agent for agriculture for more than 10 years.

"It will be up to the steering committee to decide whether we will build a plant that eventually can be adapted from a grain to a cellulose production process," he said. "I personally think that cellulose would be good for Kansas when the technology gets there.

"We import a lot of oil right now," he continued. "And given the current state of affairs, the less oil we import from a region that is unstable makes us more stable as a nation. Ethanol cleans up the air because it is an oxygenator, and it helps rural America, which right now is pretty tight with its farmers living pretty much on equity.

"I think ethanol is a good deal," he said. "Every dollar spent on ethanol recycles five times. That helps the economy. Ethanol is something we can produce and keep in the United States. It can reduce our high price imports.

"We need to reach outside the box, as they say, and look at what could come ahead. And we need people who are going to step up to the plate here in Hodgeman County. An ethanol plant is not something I can do by myself. It's going to have to be the producers who do it."