Ethanol-Maker Sees Green in Field-Grown Fuel

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North Carolina's farm economy, already the state's largest industry, could be nearing a milestone as policymakers and business executives take another stab at betting on ethanol.

An Italian company's Wilmington-based subsidiary is geared up to build a factory that can convert grassy plants into fuel for cars and trucks amid Sampson County's hog and turkey growers.

With financial and verbal encouragement from local, state and federal governments, the company has picked a site that takes advantage of the smelly concentration of industrial-scale hog farming operations. The idea is it can get a relatively cheap, abundant supply as hog farmers grow fuel plants on land used to absorb the dirty but nutrient-rich water from their waste-holding lagoons.

"I'm sure that there would be a lot of people that would be interested in doing that. It just depends on what your situation is," said farmer Gerald Warren of Newton Grove, who has attended community meetings about the project. But he doubts he'll replace the Bermuda grass that now soaks up nutrients from the wastewater of about 100,000 hogs a year, since he feeds all the hay he can grow to the 900 cattle he also raises.

"It could be a good thing," Warren said of Chemtex International's plans. "I'm certainly not negative toward it."

The project may be the most promising project yet to come out of an unusual, four-year-old effort to boost North Carolina's agriculture with a wave of field-grown alternative fuel stocks. The Biofuels Center of North Carolina has produced economic estimates that project profits for both ethanol-maker Chemtex and pork producers in Duplin, Sampson and Wayne counties now using nearly 100,000 acres as sprayfields.

The Oxford-based Biofuels Center has gotten $20 million from taxpayers for its 10-year mission of establishing a biofuels industry that converts grasses, wood pulp and even algae into motor fuels the future may demand. The center calls itself the nation's only state agency with a mission to help businesses, universities and others involved in the science, growing, production and logistics of biofuels.

"Anyplace that can grow has the capability for biofuels," Biofuels Center President Steven Burke said. But "North Carolina is perfectly suited, for we have diversity of land, growing conditions and climate able to grow a large variety of fuel plants."

Chemtex hopes to "take some pretty marginal land, land that's not producing major value to farmers, like sprayfield land. We see that as an opportunity," project

manager Allana Whitney said.

The ethanol plant is waiting for the U.S. Agriculture Department to approve a loan guarantee. The state's first ethanol plant went bankrupt last year despite $35 million in USDA loan guarantees and millions more in loans and private investment. That Raeford-based company couldn't produce ethanol cheaply enough after surging demand for corn from developing countries drove up the price.

Chemtex is looking to imitate the world's first commercial-scale cellulosic ethanol plant, which its parent company Gruppo Mossi & Ghisolfi expects to open soon in northwestern Italy. Cellulosic ethanol comes from non-food plants, in contrast to the fuel factories that have depended for decades on corn or other food grains.

The Biofuel Center thinks the Chemtex site near Clinton could be the first of more than a dozen ethanol plants statewide, each employing several dozen workers. The ethanol operations and the jobs will be spread out because the plants used for fuel are heavy and too expensive to transport far, U.S. Agriculture Secretary Tom Vilsack said during a visit to the biofuels center last month.

"So these bio-refineries will not be large in scale. They'll have to dot the rural landscape," he said. "These jobs by their very nature of where the fuel will be produced, will be in small communities in rural areas."

Besides related jobs in supplying the ethanol operations with materials, transportation and innovations, companies in North Carolina, Wisconsin and elsewhere are springing up to develop spinoff products like bottles that feel like plastic but come from rebuilt plant molecules, Vilsack said.

Biofuel refineries are already springing up in Iowa, Michigan, Oregon and elsewhere, though most federal tax subsidies expired last year. But demand persists as the military tries to go green.

To cut its reliance on foreign oil, the Navy, USDA and the U.S. Energy Department are pumping $500 million into producing fuels to power the country's warships and planes. The Navy is shooting for getting half its energy needs from oil alternatives by 2020. The Air Force plans to convert half of its petroleum-based jet fuelto other sources by 2016.

Fort Bragg's goal is to cut consumption by half between 2005 and next year in vehicles unrelated to war-fighting. It has 1,200 flex-fuel automobiles, fire trucks and road-graders that burn different ethanol blends.

Airlines also are demanding biofuels. International Air Transport Association chief executive Tony Tyler said Thursday airlines have made about 1,500 commercial flights using biofuels, which create less pollution and carbon emissions. The global airline industry group wants governments to encourage production to increase volume and lower costs.

Sen. Harris Blake, R-Moore, said lawmakers are looking forward to a payoff on

biofuels from taxpayers' investments.

"We spent a lot of money on that biofuels center, I mean big bucks," said Blake, who backs drilling for the natural gas believed to be in underground deposits centered on his home district. "Now we need to do something if we think there's any potential future for it. A lot of people think there (is)."

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