ND Mulls $1M Grant for Mobile Fertilizer Plants

JAMES MacPHERSON,Associated Press

BISMARCK, N.D. (AP) — A New York company is asking North Dakota regulators for $1 million to help build a mobile plant that would convert natural gas that's normally burned off as a byproduct of oil production into farm fertilizer.

The request from N-Flex LLC will be considered Monday by the North Dakota Industrial Commission, a panel of top state officials. Company founder Neil Cohn said the state grant would cover about a quarter of the cost of a pilot program to build A plant that could be moved between oils wells in western North Dakota.

Natural gas is a byproduct of oil drilling in North Dakota, where crude production has risen more than 400 percent since 2007. But about a third of the natural gas produced in North Dakota is wasted because collecting systems and pipelines needed to move it to market have not kept pace with oil production.

Natural gas also is a key ingredient in nitrogen fertilizer, the cost of which has soared and supplies have tightened in the past decade, Agriculture Commissioner Doug Goehring said.

Goehring said the company's plan could reduce the amount of wasted gas and emissions, while providing much-needed and lower-cost fertilizer for farmers.

"This has potential and I think it will work very well and the state will reap the rewards," said Goehring, who along with Gov. Jack Dalrymple and Attorney General Wayne Stenehjem make up the Industrial Commission.

According to N-Flex, a single oil well aimed at North Dakota's rich Bakken or Three Forks formations could produce enough natural gas to convert to more than 3 tons of anhydrous ammonia daily— enough to fertilize 33,000 acres of wheat or 16,000 acres of corn.

Natural gas produced from the two formations also is rich in liquids that can be converted into fuels such as butane, propane and gasoline. Cohn said natural gas liquids also would be marketed.

Cohn said a pilot project could be operational within 18 months, and dozens of similar mobile plants could be in place in the next few years that could be capable of satiating fertilizer needs in nearby farm states and Canadian provinces.

Goehring said nitrogen-based fertilizer costs have risen from about $100 a ton in the early 1990s to more than $850 a ton. Goehring and Cohn said the bulk of anhydrous ammonia is imported from outside the U.S.

A state-funded study released last month predicts that natural gas production could

quintuple to some 3 billion cubic feet by 2025 in the Williston Basin, which spans parts of the Dakotas and Montana.

State officials say more than $3 billion in infrastructure improvements have been built or planned in North Dakota to process natural gas and move it to market.

Separately, the Northern Corn Development Corp. has proposed a $1 billion farmer-owned fertilizer plant that would use natural gas that's burned off as a byproduct of oil production in western North Dakota.

The state Commerce Department's Agricultural Products Utilization Commission awarded the Fargo-based group $100,000 last month to study the idea of building the plant in the upper Midwest.

Tom Lilja, executive director of the group, said the plant could produce 2,200 tons daily of fertilizer using natural gas from North Dakota's oil patch that otherwise would be wasted. He said the project has generated much interest from farmers and other private investors.

Industry and others are making progress in capturing valuable natural gas that otherwise would go up in smoke, said Ron Ness, president of the North Dakota Petroleum Council, which represents several hundred companies working in the state's oil patch.

"We really have seen an influx of great minds that are focusing on these opportunities and challenges," he said.