$1.2B Fertilizer Plant Planned

DALE WETZEL,Associated Press

BISMARCK, N.D. (AP) — CHS Inc. plans to build a $1.2 billion anhydrous ammonia plant in eastern North Dakota, taking advantage of the state's abundant natural gas supplies to satisfy rising demand for fertilizer, company officials said Wednesday.

Once it begins operating by late 2016, the factory should be capable of making more than 2,000 tons of anhydrous ammonia daily, said Carl Casale, the company's president and CEO.

The factory will be built on a 200-acre site within the Spiritwood Energy Park, about 10 miles east of Jamestown.

Casale and North Dakota Gov. Jack Dalrymple announced the project Wednesday at a news conference at the state Capitol. It has has been under review for months, Casale said.

Anhydrous ammonia, which adds nitrogen and other nutrients to the soil, is a common farm fertilizer, used in boosting production of corn, wheat and other crops. North Dakota farmers alone use about 350,000 tons of it each year.

Natural gas prices are now at about $2.50 per thousand cubic feet. At those prices, it takes about $82 worth of natural gas to make a ton of anhydrous ammonia, which is selling for about $800 per ton.

"You know there's some potential there for some profit to be made," Dalrymple said.

Casale said despite the favorable outlook for fertilizer manufacture, "this was a very big decision for our board of directors to take. This is the largest ... single investment we're about to make in the history of the company."

The plant will supply anhydrous ammonia and other fertilizers to farmers and agricultural products retailers in North Dakota, South Dakota, Minnesota, Montana and Canada, he said.

North Dakota's natural gas production has been rising along with its oil output, leaving state officials and regulators scrambling to find ways to process and sell the fuel.

At present, about a third of the state's natural gas production is burned off and wasted because the pipeline networks to collect it and factories to process it are still being built. The proposed factory will be a major customer for natural gas.

Woody Barth, president of the North Dakota Farmers Union, said the plant will help

assure farmers in the upper Great Plains of reliable supplies of fertilizer.

"Very soon, farmers in our state will no longer struggle to secure fertilizer inputs at critical planting times," he said. "The many global variables that now impact timely delivery of crop nutrients from foreign sources will no longer exist."

CHS Inc., which was once known as Cenex Harvest States, is a farmer-owned cooperative and a leading supplier of fuel and fertilizer. The company, based in Inver Grove Heights, Minn., operates about 1,400 fuel stations under the Cenex brand name.

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