Biodiesel plant planned in N. Dakota

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BISMARCK, N.D. - Archer Daniels Midland Co. says it has chosen Velva, a McHenry County town of about 1,000, for its first wholly owned U.S. biodiesel plant. It is the second biodiesel plant announced in North Dakota this year.

The Velva plant will be next to a canola crushing facility owned by Decatur, Ill.-based ADM, one of the world's largest agricultural processing companies.

ADM said the plant will produce 50 million gallons of the vegetable-based fuel each year.

Spokeswoman Karla Miller said ADM is not disclosing the cost of the plant, though Gov. John Hoeven said the company plans to invest at least $30 million in building, equipment and labor. Miller said the plant would create jobs but not a large number of them - "maybe a dozen, maybe two dozen."

Groundbreaking could happen as early as November, though the completion date depends on final engineering and approval of the necessary permits, Miller said.

Hoeven said the plant will use the equivalent of 600,000 acres of canola each year.

In March, a company called North Dakota Biodiesel Inc. announced plans for a biodiesel plant in Minot that is expected to create 45 jobs and begin operating late next year. It will produce 32 million gallons of the fuel each year from about 355,000 acres of North Dakota canola.

North Dakota's canola crop totaled a little more than 1 million acres this year, said Barry Coleman, executive director of the Northern Canola Growers Association. The state leads the nation in production of the oilseed, with more than 90 percent of the total crop.

"With the explosive potential in the biodiesel market, there could be very good potential for canola as a biodiesel feedstock," Coleman said. "There could be a very good growth market down the road."

The Legislature earlier this year passed a number of incentives aimed at attracting biodiesel facilities. They include an interest buydown program, a sales tax exemption on processing equipment and plant infrastructure, and an income tax credit for fuel suppliers who blend biodiesel to a certain ratio.

"We’ve put strong incentives in place for renewable fuels, and we are excited to be working with ADM to develop this new biodiesel plant in North Dakota," Hoeven said. "Investment in the plant also signals greater economic stability and growth for the region and ADM's commitment to North Dakota."

Hoeven said ADM will be using all the incentives approved by the Legislature and will receive others as well. He said the financial package is still being worked out. The McHenry County Commission has approved a 10-year property tax exemption with a full exemption for the first seven years, the governor said.