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E3 Biofuels boss sees a growth opportunity

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LINCOLN - Owners of a methane-powered ethanol plant nearing completion at Mead, Neb., see a bright future for corn in the biofuels industry.

Dennis Langley, E3 Biofuels CEO, sees a "shakeout" period ahead for the ethanol industry.

Dennis Langley of Shawnee, Kan., the chief executive officer of E3 Biofuels LLC, is so enthusiastic that he wants to build three new plants a year for the next five years.

"All of these would be located by feedlots or dairies throughout the United States with a concentration in the Midwest, with Nebraska being a focal point," Langley said.

Langley disagrees with critics who predict that biomass products - switchgrass, cornstalks, wood, municipal waste - will displace corn in ethanol production as cellulosic technology develops.

Both biomass and corn-based ethanol will be important as the nation pursues energy independence, Langley said.

All of E3 Biofuels' future plants, Langley said, would use the technology that converts manure from an adjacent feedlot into methane, which is then used instead of natural gas to power the plant. Byproducts from the ethanol production are then fed back to the cattle.

The process, Langley said, makes ethanol cheaper to produce and eliminates concerns about the production and re-use of manure that have plagued agriculture in recent decades.

The "closed-loop" system utilized at the Mead plant was designed by David Hallberg of Omaha, who maintains a minority interest in the Mead plant and shares a patent on the system with Langley.

Ownership and financial matters related to the Mead plant have been the subject of dispute between Hallberg and Langley since Langley was recruited to provide financing. Although some differences have been settled, others are in arbitration.

"The one thing we do agree on is that this technology is a good example of a way to make biofuels in the future," said Hallberg.

Langley now owns the majority of B3 Biofuels and has management control of the Mead plant. Hallberg is pursuing new ethanol opportunities with his own company, Prime BioSolutions LLC of Omaha.

Both businessmen want to build ethanol plants that employ closed-loop technology and rely on corn.

Farmers will provide enough corn for ethanol, Langley said, just as they have in the past. They will make maximum use of their existing acres by altering rotations. Then they will plant new hybrids especially designed to provide more starch, which is desirable for ethanol production.

In the past, Langley said, crop scientists have concentrated on improving the protein content of corn for its value as cattle feed. Now they are directing their attention to starch, which is converted to sugar and then fermented for ethanol.

The new hybrids, he said, also will be easier to grow, so farmers can plant them in more arid regions and on marginal crop land.

"People argue about what corn can't do, as if it is static," Langley said. "Corn has never been static. It will adapt to what is needed."

The ethanol industry will go through a "shakeout" period, said Langley. Producers who employ the best available technology and who provide ethanol at the lowest cost will be in the best position to survive.

The shakeout, meaning that the weakest companies could fail, may already be happening, Langley said, as the profit margin shrinks with the drop in crude oil prices and rise in corn prices. Oil hasn't closed above \$59 a barrel yet this year; corn prices have risen to near \$4 a bushel.

That combination could make some ethanol plants money-losing operations, he said.

"The plants in planning stages are apt to be scratched during the shakeout period," Langley said. "Those without debt and the low-cost provider will survive. The high-cost provider will be in trouble."

Langley said most plants currently in planning stages are on hold until there is a clearer picture of profitability.