

# Bi-ENERGY ALERT

Volume 2, Issue 1  
February 5th, 2007

## The Presidential Address

By Robert Ferguson, President



**HLBE moves towards completion!** As we move into 2007, I hope everyone had a happy and blessed holiday. The Board of Governors has been very busy the last quarter of 2006 and started rapidly into 2007, making final decisions on a host of issues. Some of the issues addressed were management personnel, final rail design, scale house design, grain receiving, various contracts, and last but not least, final direction to the permitting process for the plant at the Supreme Court.

Wayne Gordon came to HLBE as the Interim General Manager in September with a great deal of elevator management experience in Southern Minnesota. Wayne is in the process of interviewing potential management position candidates for the plant and becoming educated in the contractual processes associated with HLBE. Wayne will bring you up to date in his column located on the second page.

The skyline at HLBE is changing daily. If you have not visited the website or traveled by the plant, you will be amazed at the progress. Early winter offered pleasant construction opportunities with unusually warm and dry conditions in December. January has brought more normal type winter weather, including rain and snow, but the progress of construction moves forward even under more adverse type conditions. I will not reiterate what Joe has already described in his report on construction, but we are very fortunate to have him as our site Project Manager.

On January 31st, 2007, Minnesota Supreme Court Chief Justice Russell Anderson ruled to **dismiss the appeal** from MCEA (Minnesota Center for Environmental Advocacy) as moot based on the agreement that HLBE would reapply for a major source permit on criteria emissions. In the compliance agreement between Heron Lake BioEnergy and the MPCA (Minnesota Pollution Control Agency), HLBE will continue construction and upon completion, will produce ethanol under the emission requirements of the Compliance Agreement, until the major source permit application can be finalized and approved by MPCA and the State of Minnesota. HLBE and MPCA based their agreement on re-permitting on recently obtained information from similar operating plants. These permitting processes require time for the process to take its course, and I appreciate everyone's patience in allowing the system to work at MPCA and the State of Minnesota.

HLBE is in the process of finishing the audit and will be submitting to the Securities and Exchange Commission by the end of February. The process is moving ahead rapidly and will be completed in the next two weeks so that our accounting and legal personnel can finalize the submission to the Department of Commerce. The K-1's will be mailed shortly so that the members can integrate those into their personal taxes.

In closing, thanks to all the employees, the Board and the investors of Heron Lake BioEnergy for making this project happen. It is a rewarding experience to work with positive people and a positive process to make HLBE a reality. Your Board of Governors has worked extremely hard and many countless hours to advance this project to completion. We are on task to begin grinding corn on May 4th and it will be an exciting day!



Much of the growth in the ethanol industry to date has been through farmer-owned cooperatives. These ethanol plants are owned by groups of farmers and other local investors.

### Board of Governors

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## Wayne's Writings



**By Wayne Gordon,  
Interim General Manager**

My name is Wayne Gordon and I have been in the managing business for more than 35 years. The majority of that time was spent serving as the general manager of agricultural cooperatives in the Minnesota area. For the last eight years, I have provided management services for cooperative businesses, economic development, and other associations. In my spare time, I am a hobby farmer working with the family farm near Worthington, MN. I am currently employed as the interim manager of Heron Lake BioEnergy. My home is located five miles west of Jackson, MN.

What is an interim manager? By definition, interim means time between or temporary and manage means to control or guide. I like to think it means more than that. Interim manager does mean the person who is in control or guiding a company on a temporary basis. It also means the person who brings ideas, suggests change, challenges the norm and exposes different avenues of opportunity. In the short time I have been at HLBE, I have discovered a young company in its infancy, developing into a class A business using modern technology to be an efficient ethanol/DDGS production facility. I have also found a responsible and knowledgeable Board of Governors with the goal to make Heron Lake BioEnergy the best it can possibly be. They have worked hard and committed a lot of time to obtain this goal.

One of my responsibilities is to find and hire good sound employees to operate the ethanol plant. HLBE, with the help of Global Recruiting Solutions, will provide a Job Fair scheduled for March 2nd & 3rd at the Worthington Work-Force Center. This will provide an efficient means to describe the job positions, as well as offer the initial interview. We currently have over several hundred applications on file. It is important to understand that Heron Lake BioEnergy will be offering five to six weeks of intensive training prior to start up. There will be training at an operating ethanol plant, as well as classroom training on operations, vendor training, safety and other areas. We will work with ICM, who has trained personnel specializing in this type of training. They will also work with our employees after the start up of the plant.

It is an interesting challenge to coordinate all of the construction that is taking place, especially when there may be six or more construction firms on site at any one time. When we have 100 to 200+ construction workers, it looks like a small city, as the parade of vehicles arrive early in the morning and depart in the evening. I am impressed with the safety procedures and organization that Fagen Inc. has implemented. We can thank Joe Maertens, Fagen's Project Manager, for that.

I encourage you to stop at our office to visit with us, as we value your patronage. Enjoy the balance of winter and look forward to spring.



## Minnesota Trivia & Facts

- Acres, in millions, of corn planted for grain in Minnesota in 2005 - 7.3 million
- Average price per bushel - \$1.75
- In 2005, average date in May on which corn was planted in Minnesota - May 3rd; In 1968 - May 20th



### Ethanol Edge Why Should We Use Grain Such As Corn For Fuel When People Are Hungry Throughout The World?

Corn used for ethanol production would otherwise be fed to livestock or used for export markets, yet some suggest that it is immoral to use corn for fuel instead of food. Clearly there is a world hunger problem, but it is not appropriate to fix blame for world hunger on farmers and U.S. ethanol producers. The world produces ample crops containing the proteins and nutrients needed to feed the world's population. However, there are many distribution bottlenecks that hamper these supplies of food from reaching those who are in need. Additionally, corrupt governments and wars cause havoc and disrupt the otherwise safe, efficient and peaceful provision of food to hungry people.

Using the '05 crop as an example, only 9% of U.S. corn was used for human consumption (i.e. used to produce sweeteners, cereals, etc.)

### Bio Bits Corn is produced on every continent of the world, except Antarctica.

### Ethanol Edge How Is Ethanol Made?

Ethanol is produced by taking the starch or sugar portion of the corn and fermenting it. The fermented starch is then distilled into alcohol. The excess water is removed so the resulting ethyl alcohol (ethanol) is very pure - 200 proof.

Only the starch portion of the corn, which is about 70% of the kernel, is made into ethanol. The remaining portion is left over in the form of a co-product called distillers grain. This is a highly nutritious animal feed that contains all the remaining fats, oils and proteins after the starch is taken out and converted to ethanol.

Source: *Ethanol Today*

## Construction Comments



By Joe Maertens, Project Manager

### TANK FARM:

1. The Tanks are completed. We started sandblasting and painting on January 8th.

2. Floating Roofs are complete.

3. The Pipe Rack Piers to the Tank Farm are complete.

4. Setting steel for Pipe to Tank Farm is proceeding.

### PROCESS BUILDING:

1. Enclosed and heated. All work - pipe, instrumentation, electrical and insulators - is proceeding well.

### DISTILLATION AREA:

1. Fire protection (sprinkler system) is starting.

2. Insulation is ready to start.

3. The Pipe, Electrical and Instrumentation work is also proceeding.

5. The Sieve Beads are to arrive in February.

### ENERGY CENTER:

1. U.S. Water equipment has arrived.

2. Dryer group is here. Twelve truck loads will be arriving the week of January 29th.

3. Redoing the cyclones.

4. Relocation of RTO and Stack.

5. Siding has started.

6. The Methanator is set.

7. Wet Cake Pad is complete. The steel will be set in Feb.

### GRAINS AREA:

1. Intermediate floors are being formed in the Grain Silo and the equipment will be installed shortly. We added more manpower on January 15th.

### COOLING TOWER / PUMPHOUSE:

1. The Pumphouse is up.

2. Electrical work is proceeding.

3. The Pipe work is to start.

4. The Cooling Tower will be completed by the end of January.

5. Fire/Process Water Tank will be completed by Feb. 9th.

### COAL AREA:

1. Lots of equipment has arrived.

2. We started setting the week of January 8th.

3. The Concrete work is going well.

4. We will be starting the Coal Receiving Pit shortly.

5. Met with the Boiler Inspector and a few changes will be made.

### ETHANOL RAIL LOADOUT:

1. The Concrete Piers will be started in February with the steel to follow.

### MISCELLANEOUS:

1. Utilities are 90% complete.

2. The Water Treatment building will be finished by the end of January.

3. The Rail work is starting.

4. The Scale House was completed the week of January 29th. The electrical & equipment work will be completed in February.

## From Darv's Desk



By Darv Oelke, Lakefield Farmers Elevator Manager

If a person had a crystal ball, we would know which way this market is going. Are we going to plant enough corn acres, and if we do, are we going to get the right weather, etc.? Are we going to have these prices next fall? All of these questions are difficult to answer, however, current corn prices are at a level that can lock in a profit. But remember that these prices may not be there tomorrow. You may at least want to look at marketing a percentage of your bushels. We still have storage room available in the nearby contract months, but are filling up fast. If you would like to see our daily bids or what months are full, check out our website at [www.heronlakebioenergy.com](http://www.heronlakebioenergy.com) and click on daily bids. You can also stop in for a visit at the Lakefield office and check out all the marketing opportunities with Darv or Lee, or give them a call at 507.662.5271.

### HLBE JOB FAIR

The Worthington WorkForce Center will be hosting a Job Fair for Heron Lake BioEnergy on Friday, March 2nd from 3:00 p.m. to 8:00 p.m. and on Saturday, March 3rd from 8:00 a.m. to 3:00 p.m.

#### Address:

Worthington WorkForce Center  
511 10th Street  
Worthington, MN 56187  
507.376.3116

### View our newsletter on the internet!

If you would like to receive our newsletter by e-mail, please send us your e-mail address. You will receive a full color newsletter and we will save money on postage!

### Off The Cob DDGS

Distillers Grain is an important co-product of drymill ethanol production. The drymill ethanol production process uses only the starch portion of the corn, which is about 70% of the kernel. All the remaining nutrients - protein, fat, minerals and vitamins - are concentrated into distillers grain, a valuable feed for livestock. A bushel of corn weighs 56 pounds and will produce at least 2.65 gallons of ethanol and 17 pounds of distillers grain.

Dried distillers grain with solubles (DDGS) is the form available to the feed industry. The liquid that is separated from the mash during the distilling process is partially dehydrated into a syrup, then added back onto the dried distillers grain to create DDGS.

Source: [www.ethanol.org](http://www.ethanol.org)




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**We're on the web: [www.heronlakebioenergy.com](http://www.heronlakebioenergy.com)**

**Please make sure HLBE has your current and correct mailing address!**

 **Office Hours:**  
Monday - Friday  
8:00 a.m. - 4:00 p.m.

**DISTILLER GRAIN RECIPES**

**COCKTAIL MEATBALLS**

- 1 pound hamburger
- 1/2 cup DDG\*
- 1/4 cup sour cream
- 1/2 tablespoon minced dried onion
- 1/2 teaspoon garlic salt
- 1/2 teaspoon Worcestershire sauce
- 1/2 teaspoon nutmeg
- 1 egg - slightly beaten

Mix all ingredients well with a fork. Form into tiny meatballs. Brown in skillet on all sides in 1/4 cup oil, OR place on baking sheet in oven (do not have them touching each other) and brown in oven. Makes about 30 meatballs.

Meatballs may be served hot or cold on toothpicks, or they can be placed in a crock pot with gravy or sweet and sour sauce and simmer for at least 1 1/2 hours.

(\*DDGS can be purchased at ethanol facilities)

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