

Texas Biofuel Company To Open Three Miss. Plants

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JACKSON, Miss. (AP) — Texas-based KiOR, a company with plans to produce a crude oil substitute from wood chips and other biomass, will locate its first three facilities in Mississippi.

Gov. Haley Barbour and KiOR CEO Fred Cannon announced details of the venture Thursday, a day before lawmakers were set to return to the Capitol to approve incentives for the company.

Cannon said KiOR will become the first ever to use the catalytic conversion technology to produce the biofuel and sell it commercially. The process allows biomass, such as wood products and agricultural waste, to be converted to a high-quality renewable crude oil that can be used by refineries and to power vehicles, Cannon said.

Barbour said the project would generate \$85 million in wages and purchasing inside Mississippi and would create 1,000 jobs through the company and suppliers. He said the company is investing \$500 million in the project.

Barbour said he was excited to announce a project "that we may look back and say it did more to change and do good for the people of Mississippi than any other."

Mississippi is a prime site for the facilities because the state has a vast amount of forestry, Cannon said.

"It's growing faster than we can harvest it," he said during a presentation before key lawmakers.

Barbour said the first three plants would be located in the city of Columbus, Newton County and an area around Franklin County in southwest Mississippi. Barbour and Cannon said the company's agreement with the state calls for building two additional plants over time.

The company expects to be operating by the end of 2011, Cannon said.

Cannon said the goal is reduce the nation's dependence on foreign oil. He said the company is in final negotiations with two refineries.

"We're going to take the hundreds of billions of dollars we're spending on crude oil today and invest it in rural areas," he said.

The company has had a pilot program in Texas for a year and a half testing the

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process, Barbour said. The governor said when he was first approached about the technology, he was skeptical.

"My first reaction was 'This is too good to be true,'" Barbour said. "This is decades-old technology powerfully enhanced through a catalytic process."

Barbour said there are conditions tied to the incentives, which include a \$75 million loan.

"KiOR will get no subsidies or state support until they get a binding written agreement from a major oil company," Barbour said.

Sen. Terry Brown, R-Columbus, said that clause needed to be in the proposal.

"That's just due diligence," Brown said. "We've got a lot of industry in Columbus, but you always need more."

Barbour is seeking \$45 million in bond money, plus tax breaks, for KiOR; \$4 million for related work force training; and \$1 million for research to be conducted at Mississippi State University's Sustainable Energy Research Center.

The governor said \$30 million in bond money that was authorized earlier this year will also go toward KiOR.

Barbour has expanded the special session agenda to include other proposals, including a ban on synthetic marijuana, a jail project in DeSoto County and long-term leases for coastal D'Iberville to help develop four proposed projects.

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