

GeoTek Drilling Soil Borings



Pre construction work continues on the 50 million gallon ethanol plant near Wagner, South Dakota. Currently Geotec, a Sioux Falls geological technical firm is conducting soil borings on site to finalize the phase I dirt

package for the project. 34 borings will be dug from 20 feet to 115 feet to analyze the load bearing capacity of the soil. This information will be used by Fagen, Inc to determine the excavation and compaction needed to support the different structures at the plant.

Wagner Native Ethanol will utilize Celloustic (corn stover) to fuel its plant rather than natural gas or coal. This will make Wagner Native Ethanol, one of the greenest plants in the upper mid-west utilizing

new technology. The plant will produce 50 million gallons of ethanol annually and provide a local market for 20 million bushels of corn. The plant will also produce DDG's, a valuable source for livestock feeders. Thirty tons of Potash fertilizer will be produced daily for area producers as a bi-product of burning corn stover.

The permitting process continues and a summer-fall construction is planned.

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Americans are paying \$83 per week for gas, a 335% increase from 2002

In January 2002, an average household paid \$102 a week for food (groceries and eating out) and \$25 a week for gas. By June 1 of this year, a household paid \$124 a week for food (an increase of 23.1%) and \$83 a week for gas (an increase of 335.8%). If gas prices had increased at the same rate as food prices during that time, the pump price would be \$1.39 per gallon. The U.S. Departments of Agriculture and Energy note that gas prices would likely be 20 to 35 cents higher per gallon if ethanol were not available. Merrill Lynch analysts believe oil and gas prices would be 15% higher if ethanol producers weren't expanding their output, which would mean \$21 per barrel more for oil and 61 cents more per gallon for gas. Iowa State University found that between 1995 and 2007, Americans in all regions of the country spent less on gas – between 29 and 40 cents a gallon – than they would have if ethanol had not been available. Using the low and high estimates of ethanol's savings – 20 cents to 61 cents per gallon – ethanol is saving American households between \$210 and \$642 per year.—Source—ACE

Board of Director—John Schwan



John Schwan

John P. Schwan founded Schwan Financial Group, LLC in 1984. He began his career with a major insurance company and added genuine foresight and extreme adaptability to the mix. From listening to what clients needed and networking with other professionals the recipe progressively grew to include a suite of Financial Services (investments and portfolio management, Estate Planning, Tax Planning and Business Consulting) with Tools that combine to provide each client complete planning integration and incomparable PEACE OF MIND

about their financial landscape.

It was this unique approach and exceptional ability to listen and meet clients' needs that earned John P. Schwan national recognition in 2002, as the #1 representative in one of the top financial institutions in the country, a Fortune 100 Company. The presidency is a once in a lifetime honor. Schwan Financial Group was named in the May 19th, 2008 issue of Forbes Magazine as one of the Top Ten Most Dependable Wealth Managers in the Central United States. Even with a half

billion dollars in assets being managed by Schwan Financial Group, LLC in Aberdeen, SD, the level of support and services remains the same for all clients regardless of their level of wealth or need of services.

John has been married to Laurie for 28 years and they have four children. John has a passion for the outdoors, hunting and fishing. To relax he enjoys reading and listening to music. John and his family are active at Roncalli, Northern State University, and St. Mary's Catholic Church.

ETHANOL PLANT HAS ACCESS TO COMPETITIVE RAIL CARRIERS

The Wagner Native Ethanol Plant is only the 5th of over 150 plants in the country that has access to more than one railroad to ship its products. The Ethanol Plant has access to 6 railroads through Agreements in place from the State of South Dakota.

Ethanol and DDG's will interchange with the Burlington Northern Santa Fe Railway at Napa Junction. Initially those shipments will travel to the Sioux City, IA "Gateway". At Sioux City the rail cars can continue on the Burlington Northern Santa Fe or interchange for further destinations with two competitor railroads. Other shipping options access different railroads at Mitchell, Wolsey, Aberdeen and locations in North Dakota and Canada.

This competitive rail access opens up markets and destinations that are unparalleled in the nation. This multiple rail access generates competitive rail rates that "One Railroad" Shippers are unable to enjoy. This access also applies to other freight commodities that will originate or terminate on the rail line between Wagner and Napa Junction. These markets and competitive pricing serve to ensure the profitability of the Ethanol Plant and other future rail customers on the line.

South Dakota is First in Nation to Introduce

Blender Pump Incentive Program

- **What are higher ethanol blends?**

Higher blends include any ethanol blend over 10% (E10). The most common are E20, E30, E40 and E85. The “E” in the designation simply indicates that the fuel contains ethanol—and the number associated with it is the percentage of ethanol in that blend.

- **Can higher ethanol blends be used in any vehicle?**

No. While all major automakers approve the use of E10 (10% ethanol) in their vehicles, the U.S. Environmental Protection Agency (EPA) only allows the use of higher blends in flex-fuel vehicles (FFVs).

- **How does a blender pump work?**

A blender pump draws fuel from two underground tanks and blends the fuels as dictated by the consumers choice of blend. One tank can contain either E10 (10% ethanol) or regular unleaded gasoline. The other tank can contain wither E85 (85% ethanol) or denatured ethanol. As the consumer chooses the blend on the pump face, the blender pump automatically draws fuel from each tank as appropriate in order to deliver the preferred blend.

- **How do higher blends affect gas mileage?**

Preliminary studies have actually shown fuel economy gains with E20 and E30 blends.

- **How many flex-fuel vehicles (FFVs) are on the road?**

There are nearly 7 million FFVs on America’s highways today—and the three U.S. based automakers have committed to manufacture 50% of their vehicles as FFVs by 2012. There are more than 70 E85 fueling stations in South Dakota.

Blender Pump Locations

Stations Applying for Blender Pumps

Appel Oil Company	Redfield, SD		
Appel Quick Stop	Redfield, SD	Ag First Farmers Coop	Volga, SD
Berens Warehouse & Groceries	Milbank, SD	Ampride Country Pride Coop	Chancellor, SD
BerMac, Inc.	Faulkton, SD	Ampride Country Pride Coop	Iroquois, SD
Cenex Convenience Store	Webster, SD	Bievers Bulk	Iroquois, SD
Clark Community Oil Co	Clark, SD	Bison Grain Co	Bison, SD
Deuel County Cenex	Clear Lake, SD	Canova Service Center	Canova, SD
4 Seasons Coop	Britton, SD	Damar C Store	Langford, SD
Farmers Union Coop	Ferney, SD	Estelline Community Oil Co	Estelline, SD
Farmers Union Coop Oil Co	Bryant, SD	Jet Truck Plaza	Beresford, SD
Farmers Union Coop Oil Co	Hazel, SD	Johnson Oil Co Inc	Redfield, SD
Hamlin County Farmers Coop	Hayti, SD	KL Process Design	Rapid City, SD
Jacks Sinclair	Mitchell, SD	Lucky’s Gas N More	Mobridge, SD
Jurgens Oil Company	Wilmot, SD	Pump 24-Country	Menno, SD
Midway Services, Inc	Baltic, SD	UPI	Milbank, SD
Sioux Valley Coop C Store	Watertown, SD		
Sioux Valley Coop 9th Ave	Watertown, SD		
Sioux Valley Coop 10th St	Watertown, SD		

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Ethanol Production

- Ethanol production facilities in the U.S. currently operating: 158
 - Total annual capacity: approximately 9 billion gallons
 - States with ethanol production: 24
 - Ethanol plants currently under construction: 51
 - States with plants under construction: 20
 - 2004 U.S. ethanol production: 3.4 billion gallons
 - 2005 U.S. ethanol production: 4 billion gallons
 - 2006 U.S. ethanol production: 4.89 billion gallons

Ethanol market share

Ethanol is currently blended into 46% of America's gasoline, most as E10 (10% ethanol, 90% unleaded gasoline)

- Ethanol comprises about 3.5% of total annual U.S. gasoline consumption (of 140 billion gallons)

E85 & Flexible Fuel Vehicles

- Approximately 50 million gallons of U.S. are retailed as E85 (85% ethanol, 15% gas)
 - E85 is available at about 1,300 U.S. gas stations
- Approximately 6 million Flexible Fuel Vehicles are on America's roads today.

Ownership of the industry

Taken together, farmer- and locally-owned ethanol plants make up 40% of the nation's ethanol industry.