

Cereus

SOUTH DAKOTA
CORN COUNCIL

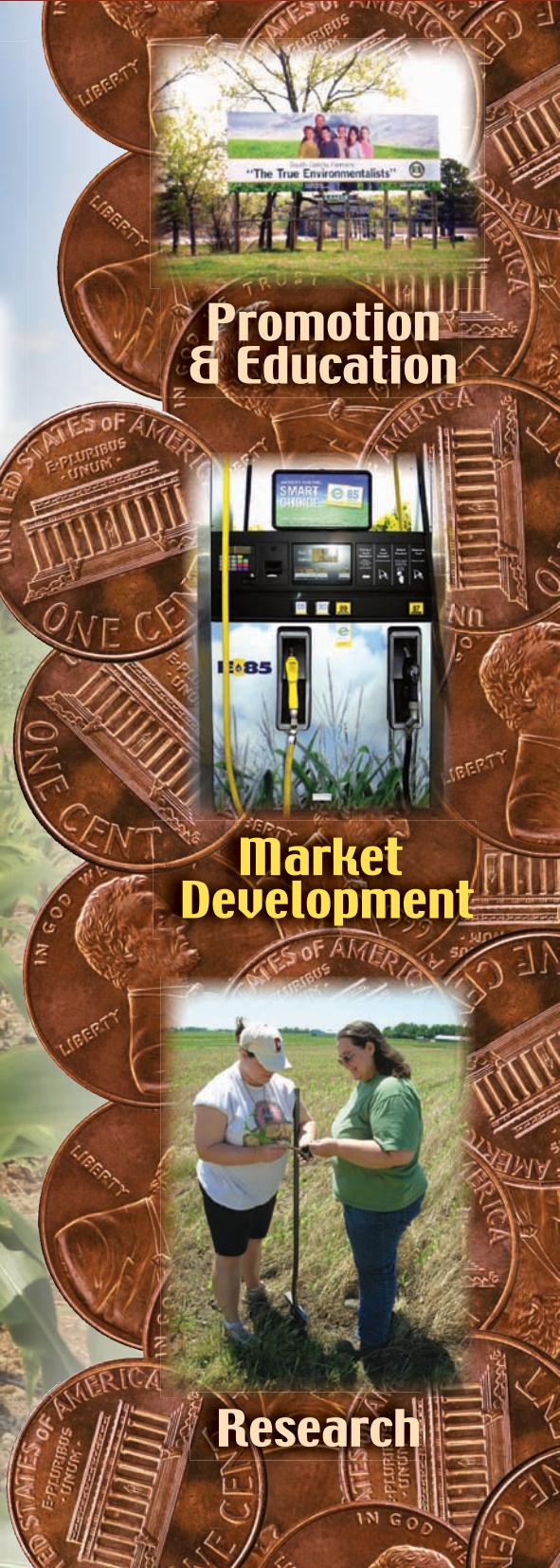
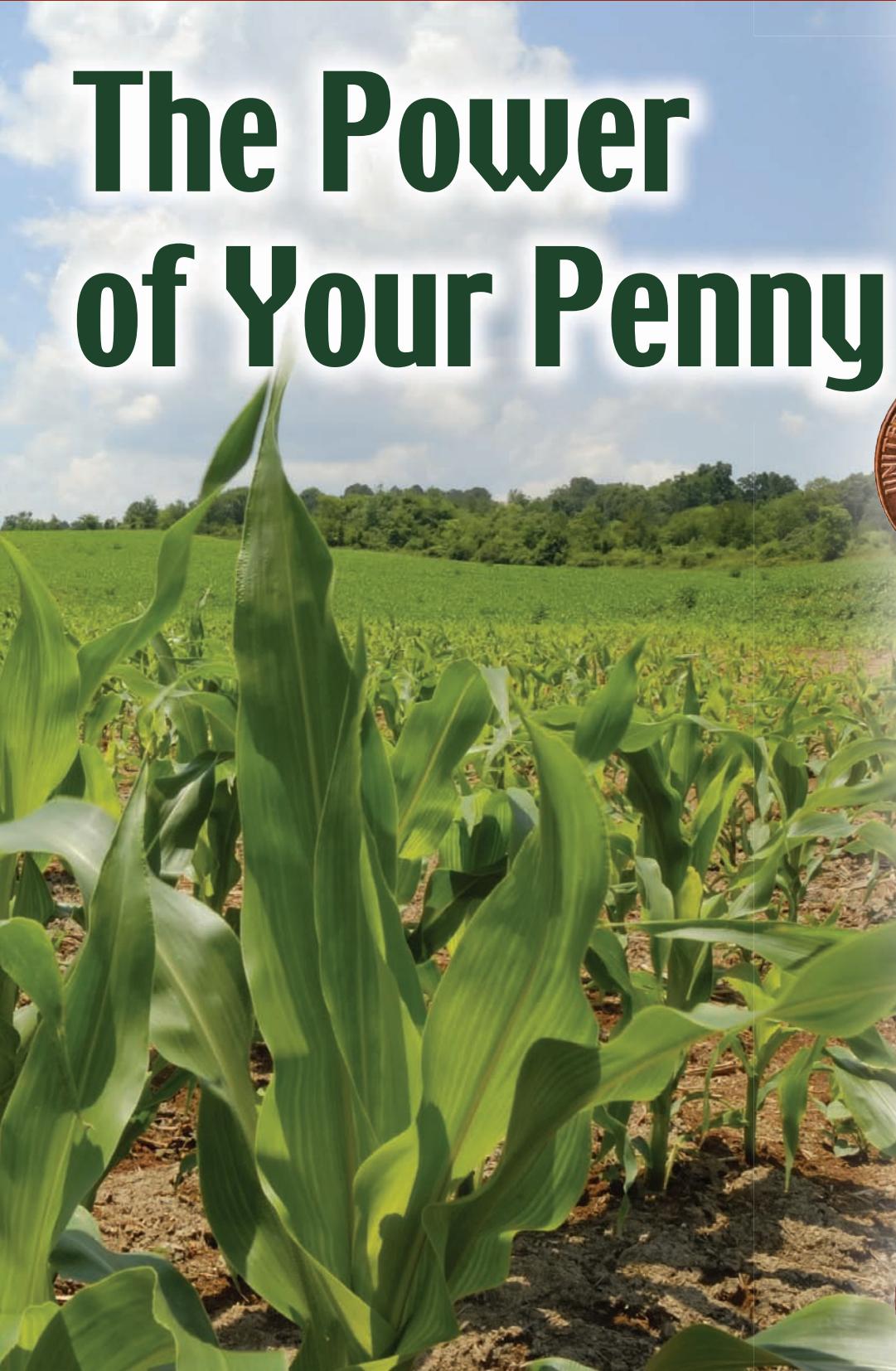


A GROWING INVESTMENT

NEWS FROM THE SOUTH DAKOTA CORN UTILIZATION COUNCIL

July 2010

The Power of Your Penny





President's REPORT



David Freemark
President

weather - after all it is one of the few things outside our control, with the other being markets.

As most South Dakota farmers can relate, here in the central part of the state we had a pretty nice March and April followed by what we thought was a really wet May.

Hello from soggy St. Lawrence! Spring and early summer definitely presented some challenges for farmers and as I write this column every quarter it seems that the last few have all had a backdrop of unusual weather. As farmers, we tend to talk about the

Then along came June – which made May seem like a walk in the park. The wet weather became a problem – the likes of which old-timers here have never seen before. I know some very fine operators who have less than 10 percent of their fall crops planted. I can almost hear the folks from the north central/northeast part of the state saying, "See what we've been going through?"

'Prevent plant' is a phrase that is being used in every conversation in farm country with agents being summoned for reviews from farmers wondering, "What if I don't get anything else planted this year?"

The other thing we don't control, yet spend countless hours talking, thinking, sighing and flat out worrying about is the price of our product. If I told you I knew what the price of corn was going to do, I hope that you all would be smart enough to realize I'm a fool. No one

can tell you that. What I can tell you is that the SDCUC spends every part of every day dealing with issues affecting corn farmers' profitability – our mission statement says so and your board demands it to be so.

From shouting out the truth about agriculture and our commitment to protecting the environment while feeding the world, to railroad rates that are too high, to an expiring ethanol tax credit, to raising the ethanol blend wall, to combating the HSUS alongside our friends/customers in the livestock industry. These are just a few of the battles the SDCUC fights for on farmers' behalf every day.

On the facing page is proof of our conscientious commitment to overseeing investment of the corn checkoff in South Dakota. Every year the SDCUC undergoes an independent audit and the spotless results is reflected in the auditor's letter to the Governor. As further proof of how your penny is utilized, inside this issue you'll find the countless ways your checkoff is being invested, leveraged and multiplied through the various programs, initiatives and partners this upcoming year.

Calendar of Events

July 18-21, 2010 U.S Grains Conference Boston, MA	Sept. 2-6, 2010 South Dakota State Fair Huron, SD	December 8, 2010 NCGA Corn Board Meeting St. Louis, MO
August 3-5, 2010 American Coalition for Ethanol Conference Kansas City, MO	September 18, 2010 SDSU Cereal Bowl Brookings, SD	December 9-10, 2010 NCGA Action Team Meetings St. Louis, MO
August 11, 2010 Ag Appreciation Day Sioux Empire Fair Sioux Falls, SD	September 22, 2010 SDCGA Board Meeting Sioux Falls, SD	January 11-13, 2010 NCGA Priority & Policy Meeting St. Louis, MO
August 17-19, 2010 Dakotafest Mitchell, SD	October 26, 2010 South Dakota Biotech Summit SDSU Campus, Brookings, SD	January 22, 2010 SDCGA 25th Annual Meeting Sioux Falls, SD
August 24, 2010 SDCGA Board Meeting Sioux Falls, SD	November 3-5, 2010 US Meat Export Federation Conference Dallas, TX	

 INDEPENDENT AUDITOR'S REPORT

The Honorable M. Michael Rounds
 Governor of South Dakota

and

The Board of Directors
South Dakota Corn Utilization Council
 Sioux Falls, South Dakota

We have audited the accompanying balance sheet of the Department of Agriculture Corn Check-off Fund of the South Dakota Corn Utilization Council as of June 30, 2009, and the related statement of revenues, expenditures and changes in fund balance for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate to the circumstances, but not for expressing an opinion of the effectiveness of the Council's internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Department of Agriculture Corn Check-Off Fund of the South Dakota Corn Utilization Council and do not purport to, and do not, present fairly the financial position of the State of South Dakota as of June 30, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Department of Agriculture Corn Check-Off Fund of the South Dakota Corn Utilization Council as of June 30, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Department of Agriculture Corn Check-off Fund of the South Dakota Corn Utilization Council has not presented Management's Discussion and Analysis (MD & A) or certain budgetary information as required by the Governmental Accounting Standards Board that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Department of Agriculture Corn Check-off Fund of the South Dakota Corn Utilization Council. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Eide Bailly LLP

Sioux Falls, South Dakota
 November 24, 2009

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 with \$5 in ethanol!
 See page 6 for more
 information.

2010-2011 SDCUC BUDGET

Total: \$3,109,000



I'd like to end this on a positive note even though at press time I haven't seen the sun for five days and we've received 13 inches of rain since April 23, but here it goes: "If this was easy, everybody would be doing it".

We like to use one-liners at our house. They almost always are direct, to the point and are usually quoted from a movie. Right now what comes to mind is from 'The Outlaw Josey Wales'. The old chief gave some sage advice: He said he was told in difficult times to 'endeavor to persevere'. Enough said.

I hope by the time you read this it is warm and sunny. We'll be talking about the explosive growth of the well-watered crop as well as the huge Chinese demand for corn causing a 'contra-seasonal' rise in prices. Have a great summer!



David Freemark, SDCUC President

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South Dakota Corn Board... NOW TWEETING THEIR STORY

Facebook, YouTube, Twitter, LinkedIn, blogging — what does all this have to do with farming? Everything — Social media is the newest business tool in the agriculture marketplace. The rules of engagement have changed and social media is catching on in ag country.

South Dakota Corn board directors recently spent an entire day learning about how to tell their story through social media channels such as Facebook and Twitter during targeted training by social media professional, Michelle Payn-Knoper of Cause Matter Corp.

"Are you concerned about how the media is portraying agriculture?" Payn-Knoper asked. "... Because the conversation is happening, whether you are there or not."

If you knew someone was talking about you in a negative way, wouldn't you want to do something about it? It's happening every day and you can do something about it by simply joining the conversation. Communities are being engaged around issues such as animal rights, organics, GMOs, CAFOs sustainability, environmental regulations and other issues relevant to the agriculture business. With Twitter, farmers can become an information source in 140 characters or less, all from the cab of their tractor.

While social networking at one time might have been considered as a way teens talk to each other, it has evolved into a powerful tool for marketing products and ideas and providing a platform to talk to consumers. And in the case of agriculture, public perception is being formed one a tweet at a time.

Admit it, farmers are addicted to technology... they have to have the latest gadget, utilize the

newest piece of equipment and crave faster ways of advancing their business.

If there was a new piece of technology that would impact your operation, save you time and make a difference to your bottom line, plus it was free and available for your unlimited use, what would you do to access it? All you have to do is create a Facebook or Twitter account and start talking.

Farmers are actually at a unique advantage to engage in social media. They are known to embrace technology in their businesses. The days of coffee shop and elevator talk have morphed into a virtual meeting place where farmers can not only interact with their peers but the consumers of their product.

"Why should agriculture care about social media tools such as Facebook, Twitter and YouTube?" said Payn-Knoper. "Food is an extremely hot issue — and it's time for agriculture to leverage that through social media leadership to influence public opinion, rather than react to rhetoric. How are you willing to do that?"

She says it only takes 5 minutes a day to put a face on the plate and connect with consumers and influencers — by the millions.

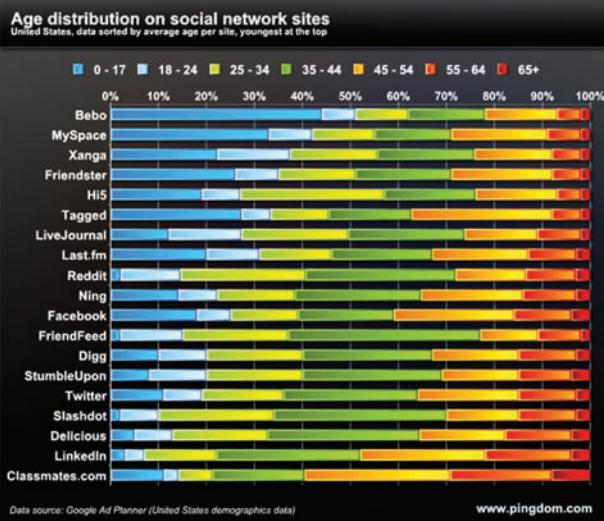
"Take five minutes a day to share what you're working on your farm, in your agribusiness, or challenges in the business. If you're not telling people about farming, how do you expect them to understand? People are hungry for information about food," said Payn-Knoper.

Tables have turned. Facebook boasts a population larger than the United States with 461 million users. Nearly two-thirds of users are beyond college age, and the fastest-growing user group is women over the age of 50. Over fifty

million tweets (140 character messages), are sent daily on Twitter and there are more than 20 hours of video uploaded every minute of every day on YouTube.



*SD Corn Board
Members received
training from social
media professional
Michelle Payn-Knoper
of Cause Matter Corp.*



*Most popular social media sites by age group.
Information from www.pingdom.com.*

Social Media is more than social...it's survival and a necessity for farmers to take part in. What fertilizer is to your crop, farmer engagement in social media is to influencing the future perception of agriculture and food.

Farmers Jump on the Social Media Band Wagon...

When the day started, only four of the board members were on Facebook and zero on Twitter. By the end of the day all 22 members present were up and running on both.

"Farmers have always been good at adapting to new technology, only this time it's not to protect our land, but our livelihood," said South Dakota Corn Utilization Council President, David Fremain, a farmer and rancher from St. Lawrence, SD.

Payn-Knoper Tips:

You've likely calculated your harvest success based upon yields, market conditions, input costs and other return on investment measurements. I encourage you to consider yield measurements beyond combines and grain bins. One of those areas is consumer understanding about agriculture, such as why we need to improve corn yields. Look at the long-term yield opportunity if the non-ag public understands these types of critical issues.

- What are the benefits of using biotechnology?
- How have corn farmers reduced their environmental impact?
- Why do farm productivity improvements help consumers?
- How does your farm view sustainability?
- Why do you farm and what does it mean to your family?

Social Media: Your Step-By-Step Guide



Getting on Twitter is easy; you just go to <http://twitter.com/>. These tips and tricks will help pave the way to a productive Twitter experience:

- Pick a short user name that's reflective of your interests and preferably memorable — e.g., @dairylu, @itweetmeat, @agchick, @cornwhisperer.
- Enter in your desired password. Be sure to write your user name and password down so you don't forget them!
- Your e-mail is safe, so use a real one. Decide whether you want the e-mail updates or not from Twitter.
- When you type a Twitter message, just remember it is limited to 140 characters — be brief and to the point!
- Skip the step about finding friends — you can always go back to it later if you want Twitter to scan your address book.

Just to be sure you're comfortable navigating the "stream" (tweets from those you follow), here's some terminology to help you translate lingo in the Twitterverse.

- **Tweet:** 140-character message
- **@name:** User (e.g. @mpaynkner or @agchat)
- **Tweeps:** People in your community or your followers
- **Re-Tweet (RT):** Forward of a tweet (similar to e-mail forward)
- **DM:** Direct message to a specific user that is private (like e-mail)
- **Hashtag (#):** This "pound sign" is used in front of a particular word to define the subject area or data, for example, #farm or #agchat.
- **Chat:** Streaming conversation, such as #AgChat on Tuesdays, 8-10 p.m. Eastern



If you're not on Facebook yet, all you need to sign up is a valid e-mail account and a password at www.facebook.com.

You'll need a picture and few tidbits of interesting information about yourself. The initial setup can take as little as 15 minutes or as long as you want to put into building your profile.

Payn-Knoper recommends piecing the Facebook page together over time. After you create your profile, start adding some friends and be sure to use the "suggested friends" column to the right.

You can easily set up your account with help from a robust guide at www.facebook.com/help/new_user_guide.php and manage your privacy with suggestions from <http://www.facebook.com/video/video.php?v=1379412046371&ref=mf>.

Once you have created your Facebook, make a point to spend 15 minutes per day on the site. Update your status daily with what you're doing on the farm. You may not consider it interesting that you're planting soybeans, but, again, farming is a novelty to 98.5 percent of the population. You can also use factoids as status updates, such as "We're harvesting our biotechnology beans today & excited that this technology allowed us to save 30% on our fuel costs, decreasing our carbon footprint."

Social Media Snapshot: HIGHLIGHTS OF CURRENT ISSUES

Here are some highlights of things happening in the Social Media world and issues the SD Corn team is responding to recently:

THE POSITIVE

Stanford Study: High Yield Agriculture Slows Global Warming

As modern agriculture in America continues to produce record yields with crops like corn, soybeans and wheat, these higher yields are slowing global warming according to a group at Stanford University. With all the criticism thrown at modern agriculture recently, it's great to see such an outstanding University like Stanford, recognize the important role that agriculture plays in feeding and sustaining our planet.

Keloland's Acre of Corn

Keloland News will be following an acre of corn on, Walt Bone's farm throughout the growing season until harvest. You can follow all the updates on SDCORN.org's Social Media page featuring pictures and video.

Follow SD Corn on

facebook and **twitter**

and we'll reward you with \$5 in ethanol!

That's right, **earn a \$5 ethanol certificate** just for following @SDCORN on Twitter and becoming a fan of South Dakota Corn on Facebook! Not sure how to get started? SD Corn would be more than happy to assist in getting a Twitter and/or Facebook account set up for you. Feel free to email Social Media Director, Jesse Johnson, with questions about issues or social media at jessej@sdcorn.org.

YOUR VOICE IS NEEDED in the social media world. Tell us about your crops, rain amounts, spraying, machinery maintenance and livestock...or simply just tell us what's on your mind!

To get your \$5 in ethanol, simply send us your Twitter ID today and let us know you have joined the SD Corn Facebook fan list! Update us by emailing jessej@sdcorn.org.



YouTube: Check out the new video featuring Broadcast Yourself™ board director, Keith Alverson, as he applies nitrogen to his corn crop using efficient technology. Look for that and other new videos as the summer progresses at www.youtube.com/sdcorn



Facebook: Are you a fan yet? Be sure to hit the "Like" button on the South Dakota Corn facebook page providing you with news from SDCorn and important updates on issues facing the corn industry, ethanol and American Agriculture. Find the page at www.facebook.com/southdakotacorn



Twitter: A recent social media training session has created a number of new South Dakota "Agvocates" in the Twitterverse. When you give Twitter a try, be sure to follow @SDCORN and a number of our board members www.twitter.com/SDCORN/teamcorn



Flickr: To see photo's from recent South Dakota Corn events, check out www.flickr.com/sdcorn

THE NEGATIVE

Deadly Ethanol Subsidies cause famine...

There was a terribly absurd and biased article that recently stated that ethanol subsidies cause famine and hunger. The writer, Hans Bader, went as far to say that our corn being used for ethanol is leading to Islamic extremism in Afghanistan and the Mid East. Bader fails to mention that increased corn yields are providing enough supply to meet demands for both food and fuel. The writer also fails to understand that the United States has little to do with food distribution in foreign countries.

Pro-Corn Propaganda

As the Corn Farmer's Coalition ad campaign kicked off in D.C. providing politicians and residents with facts about corn farmers, three national articles were released calling the campaign, "Hilarious," "Greenwashing" and "King Corn Ad Blitz". The Corn Farmer Coalition is simply providing facts, which is something the opposition should try. You could say the campaign is creating a buzz which is what advertising is supposed to do. The fact is that family farmers run 90% of the farms in America and are continuing to use less while growing more.





**It's pretty simple.
South Dakota dairy cows eat South Dakota corn.**

*The dairy industry is very important to our state. In fact, there are more than 90,000 dairy cows in South Dakota—and **each cow** is estimated to have a \$15,524 ripple effect on the economy.* It all adds up to one thing: today's high-production dairy cows eat locally grown corn and distillers grains. That's how we keep the milk—and the money—flowing in South Dakota.*



Agriculture United for South Dakota • P.O. Box 507 • Sioux Falls, SD 57101 • 605-336-3622 • www.AgUnited.org
Become a fan of *South Dakota Farm Families* on Facebook • Follow Ag United on Twitter @AgUnited4SD

*SOURCE: Agricultural Marketing Services Division, Minnesota Department of Agriculture, June 2006

SDCUC Promotion & Education:

EMPOWERING SOUTH DAKOTA

The Promotion and Education efforts on behalf of South Dakota corn farmers through their checkoff investments are putting a new face on agriculture in the state and nationwide.

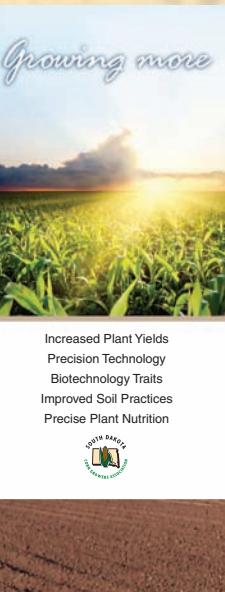
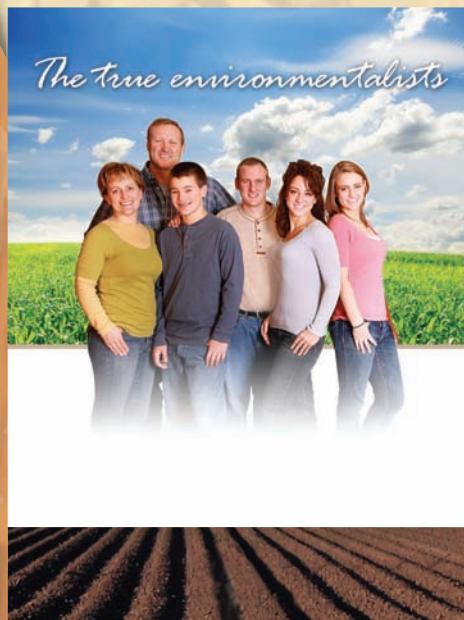
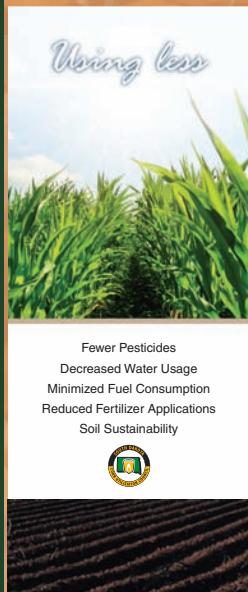
"The True Environmentalist" campaign launched by the SDCUC has taken on iconic proportions for South Dakota agriculture and quickly has become the buzz phrase for the industry.

The effort began as a desire to tell the story of South Dakota farmers and how they protect their resources every day through their daily activities. The powerful stories quickly captured the attention of media and fellow farmers.

Targeted messaging has corresponded with key events such as Earth Day in April when the SDCUC rolled out a massive media blitz featuring television ads, ads in the daily newspapers throughout the state and billboards in high traffic locations. Now the new face of South Dakota agriculture dots the landscape and will greet travelers within our state and those simply passing through with the truth about farmers.

The billboards will be up for the next year and are located at the following spots:

- Ft. Pierre
- I-90 east of Mitchell
- I-29, north of Sioux Falls
- I-29 South of Sioux Falls near the Tea Exit
- I-90 and Cliff Ave.
- I-29 near Summit, SD



"The True Environmentalist" branding is just one of the many initiatives the SDCUC focuses on to make sure the farmers' image is protected and the industry is promoted in a positive manner.

In addition to the campaign, the SDCUC continues to invest checkoff funding to support youth programs and leadership opportunities in the state.

Youth Development Programs

Today's youth are tomorrow leaders and the SDCUC has long been committed to supporting programs developing our future agriculturalists. Programs including FFA, 4-H, High School rodeo, Summer Spotlight and Ag Day at the Washington Pavilion are just a few of the ways the SDCUC provides opportunities for youth. Scholarships are a major portion of that support. This year alone, the SDCUC funded over \$30,000 in scholarships to South Dakota State University, Mitchell Technical Institute and Lake Area Technical Institute in Watertown.

"Youth programs have always been a priority for the SDCUC Promotion and Education efforts as we eye the future of our industry through the development of our next generation," said Andy Dupraz, chairman of the P&E Committee.

Ethanol Promotion and Education

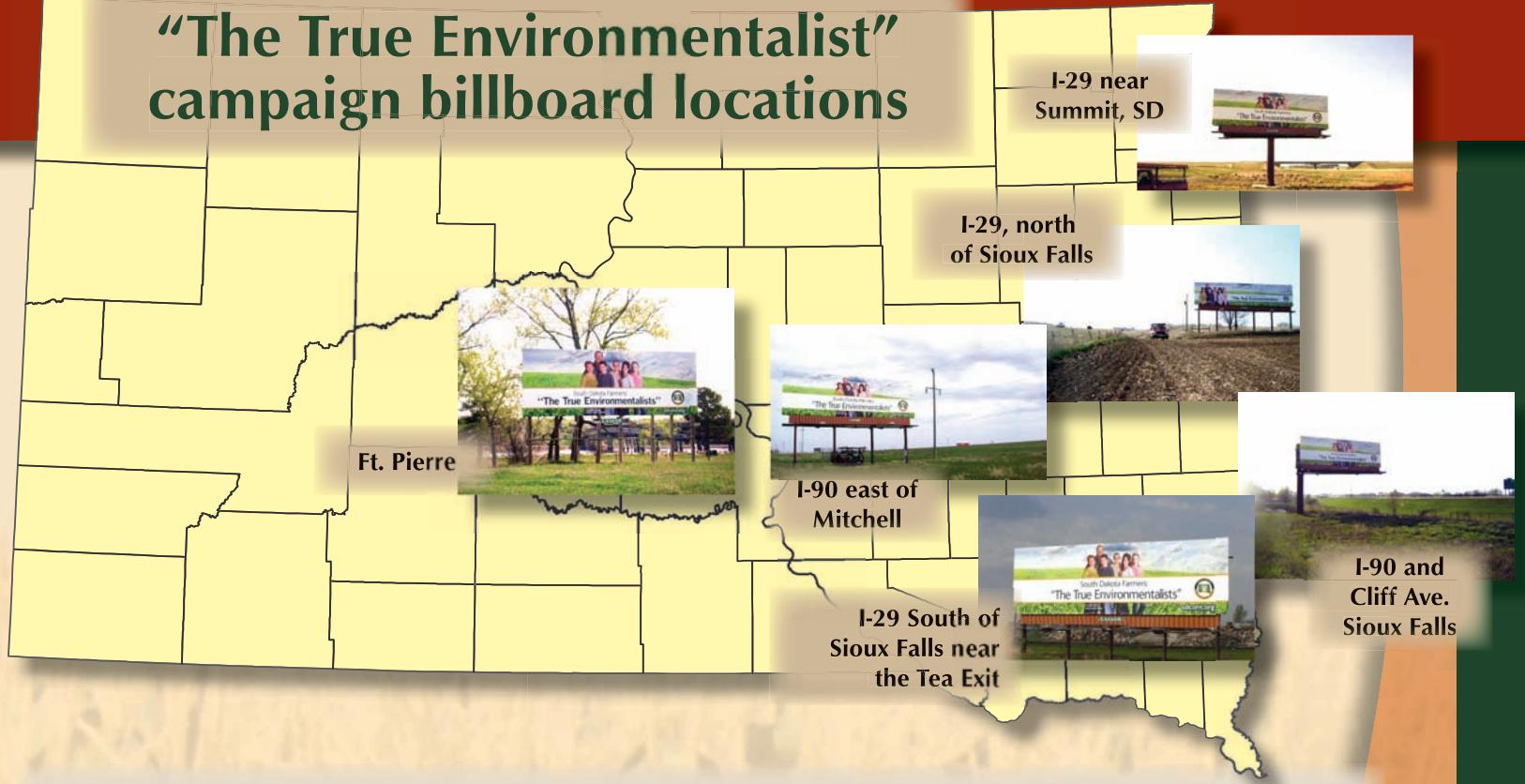
As leaders in the promotion and education of ethanol in the state, the SDCUC has focused those efforts on higher blends of ethanol over the past two years. Development of infrastructure for blender pumps has been a cornerstone of the SDCUC mission and will continue as more blender pumps become mainstream throughout the state.

Ongoing efforts

Jim Woster has a conversation about agriculture every week day on several South Dakota radio stations during his Corn Comments program which is sponsored by the SDCUC. In addition, newsletters, booth displays and farm show events, advertising and the newly revamped SD Corn website are all avenues the SDCUC uses to promote and advance corn growers in the state.

"The SDCUC is constantly looking for new, innovative ways to reach consumers and thought leaders to make sure agriculture's story is shared," said Dupraz. "We are diligent about investing producers' checkoff dollars in ways that directly benefit them and our industry."

"The True Environmentalist" campaign billboard locations



Salute to Agriculture at Sioux Falls Pheasants stadium honors farmers

South Dakota Corn teamed up with the Sioux Falls Pheasants baseball to present a Salute to Agriculture at the Sioux Falls stadium on Friday, June 4 when the Pheasants took on the Sioux City Explorers.

Farmers received special rates for admission, just \$5 per ticket. Throughout the evening, facts about the positive impacts agriculture has in South Dakota were highlighted over the loud speaker. In addition, segments of "The True Environmentalist" video featuring farmers talking about their industry played on the scoreboard display.

Farmers threw out the first pitch of the night and kids were invited to participate in games and activities all night long.



"A salute to South Dakota farmers at the Sioux Falls Pheasants stadium was a great pairing two all-American icons, baseball and farmers," said Gary Duffy, president of the SDCGA. "Agriculture is South Dakota's No. 1 industry, generating more than \$21 billion in annual economic activity."

Not only did farmer guests receive special reduced admission rates but all game goers had a chance to win prizes in the SDCGA CornPAC Ring Fling promotion.

The Corn Ring Fling features a Frisbee-like toss to try to land on prize banners placed around the ball field. Participants purchased a Corn Ring Fling and at the end of the game tossed their ring onto the ball field to try to win various prizes such as Pizza Ranch certificates and ethanol fuel, including a year supply.

* Proceeds of the ring fling purchases support the SDCGA CornPAC.

SDCUC supports Corn Farmers Coalition

CAMPAIGN TARGETS DC METRO & AIRPORT

The South Dakota Corn Utilization Council joined the Corn Farmers Coalition to launch a major advertising campaign that will put prominent facts about family farmers in Capital Hill publications, radio, frequently used web sites, the Metro and Reagan National Airport. The program, which went public

June 1, puts a focus on family farmers telling their story and will continue until Congress recesses in August.

The Corn Farmers Coalition (CFC) is an alliance of the National Corn Growers Association (NCGA) and 14 state corn associations, including support from the SDCUC. The group is dedicated to educating policy-makers in Washington about how innovative farmers are growing more corn every year with fewer resources while protecting the environment

In rolling out the massive campaign that features ads greeting thousands of daily travelers in the Metro and Reagan National

Airport, the coalition met with media, members of Congress, environmental groups and others to talk about what's ahead: How U.S. farmers, using the latest technologies, will continue to expand yields and how this productivity

can be a bright spot in an otherwise struggling economy.

"Our mission is to put a face on today's family farmers, showcase the productivity and environmental advances being made in the industry, provide factual information on how innovative and high tech corn farmers have become," said Darrin Ihnen, president of the NCGA and a farmer from Hurley, S.D. Ihnen is also a director on the SDCUC board. "This is a corn farmer image effort designed for thought leaders in Washington. When all the business news out there seems to be negative, corn farmers have a great story to tell."

The effort has already captured the attention of top leaders on Capitol Hill. The nation's top agriculture official gave direct props to corn growers for leading the initiative.

"I think agriculture has to be a more forceful advocate for agriculture. I was particularly impressed with what the corn growers are doing to make sure that folks around the country understand and appreciate what's behind farming by introducing them to real farmers," said Tom Vilsack, U.S. Secretary of Agriculture.



**Now live! New features:
Video, blog, weather,
markets & more at
www.sdcorn.org!**

Join us for Summer Fun!

STOP BY AND SEE US AT DAKOTAFEST



The South Dakota Corn Utilization Council (SDCUC) and South Dakota Corn Growers Association SDCGA will host special events each day of Dakotafest at our tent, #118!

TUESDAY, AUGUST 17, 2010

Sweet Corn Feed

Don't miss a complimentary Sweet Corn Feed from 11 a.m. to 1 p.m. at the SD Corn tent, #118

WEDNESDAY, AUGUST 18, 2010

SDCGA Membership

Appreciation Day

SDCGA members are invited to stop by the tent and sign up for a Members-only prize give-away! Our way of saying 'thanks' for your support!

THURSDAY, AUGUST 19, 2010

"The True Environmentalists Day" at the SD Corn Tent

Join us for a special giveaway and to see the many ways Farmers are "The True Environmentalists."

South Dakota Farmers:
"The True Environmentalists"
Presents

"Green with Envy" RAFFLE



**\$5/one ticket,
\$10/3 tickets**

Purchase your raffle tickets for a chance to win a John Deere 2320 Compact Utility Tractor MFD. Drawing will be held on Sat., Jan. 22, 2011 at the SDCGA 25th Annual Meeting.



Sponsored by:



JOHN DEERE



Pedersen Machine, Inc.
Beresford, SD

Fred Haar Co., Inc.
Freeman, SD

Sioux Falls unveils first blender pump

KINGS MART HOSTS GRAND OPENING

Consumer fueling choices were officially expanded when the first Sioux Falls blender pumps were recognized by Congressional and state leadership during a grand opening event held April 12, 2010.

The Kings Mart gas station, located at the corner of Cliff Avenue and Benson Road, is the first fueling location in Sioux Falls to install blender pumps allowing consumers to choose mid-level blends of ethanol. The Kings Mart blender pumps were installed in January through a joint effort of the American Coalition for Ethanol (ACE) and the South Dakota Corn Utilization Council (SDCUC). The station now offers a variety of fuel blends including unleaded gasoline and E10; and E30 and E85 for Flexible Fuel Vehicles (FFVs).

To mark the historic occasion, Rep. Stephanie Herseth Sandlin participated in the grand opening, offering support for expanding infrastructure for higher blends of American-made fuel.

"In order to achieve the goals the country set for itself in the Renewable Fuels Standard, I believe we must do more to speed the installation of



Rep. Stephanie Herseth Sandlin speaks at press conference unveiling Sioux Falls' first blender pump.

blender pumps and other infrastructure, like renewable fuel pipelines, to serve communities nationwide. I'm proud to stand with the American Coalition for Ethanol and South Dakota Corn Utilization Council today as part of that effort," Rep. Herseth Sandlin said. "Going forward, I'll continue my work to help the private sector install the blender pumps that are

South Dakota Leads the SD Blender Pump Revolution

The South Dakota Corn Utilization Council (SDCUC) was the first to recognize the potential and spurred the revolution which will result in the state becoming the new national leader when it comes to offering fuel choice in the United States. And South Dakota corn farmers' checkoff dollars started it all and deserves credit for offering consumers the fueling options they are asking for.

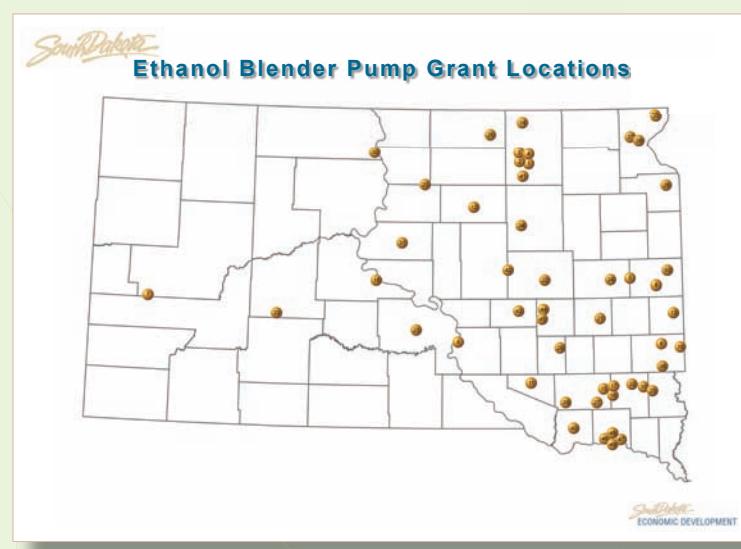
The blender pump infrastructure momentum all began in 2008 when the SDCUC initiated the nation's first blender pump incentive program. The SDCUC's grant program led to 42 fueling stations offering higher blends of ethanol being installed throughout the state.

The grant program had just officially wrapped up when new momentum started this winter during the legislative session in Pierre.

House Bill 1192, legislation led by Representative Mitch Fargen, created a \$1 million grant program designed to establish additional blender pumps in South Dakota, awarding \$10,000 per blender pump to station owners who applied for the grant. Financing for the grant comes from stimulus dollars that were allocated to South Dakota through the American Recovery and Reinvestment Act.

The program offered about a six week window for fueling stations to apply for the monies; the application deadline was May 21. Fueling stations scrambled for the opportunity and the initiative resulted in 100 new blender pumps at 49 fueling stations across 40 South Dakota communities.

"Adding another 100 blender pumps to South Dakota's economy will show dividends in many



needed across the nation to provide greater consumer access to clean-burning, homegrown ethanol, and reduce our dependence on foreign oil."

During the grand opening event, the Kings Mart featured special fueling promotions from 11 a.m. to 2 p.m., following the ribbon cutting. Motorists lined up to take advantage of discounted prices for ethanol blended fuels at the station: E10, which can be used by all makes and models of vehicles, was discounted 10 cent per gallon during the 3-hour promotion. In addition, the higher blends of ethanol for flex-fuel vehicles were discounted 30 cents a gallon for E30 and 85 cents a gallon off of E85 fuel.

"We have always given motorists the ability to choose standard blends of E10 and E85, but we can now offer other blends of ethanol like E20 and E30. In every market where ethanol has been added, it has become the fuel of choice, and we expect the same thing to happen as higher blends become more widely available," said Ron Lamberty, Vice President and Director of Market

smaller communities," added Fargen.

By the end of this project, South Dakota will have 91 fueling stations offering higher blends of ethanol throughout the state, providing South Dakotans and travelers with choices at the pump. The new pumps will launch South Dakota to the number one spot in the nation for the number of blender pumps available.

Multiple organizations contributed to the program's success.

"South Dakota Corn, Farmers Union, the American Coalition for Ethanol, Growth Energy and many of the state's ethanol producers all worked together over the past year to get HB 1192 passed unanimously through the legislature and implemented over the last few months to make sure all grants were utilized."

The following is a list of all the communities benefitting from ethanol blender pump grants: Aberdeen, Arlington, Baltic, Black Hawk, Brookings, Chamberlain, Chancellor, Corsica, Faulkton, Flandreau, Fort Pierre, Frederick, Freeman, Garretson, Gregory, Hoven, Howard, Huron, Ipswich, Kennebec, Lake Preston, Lennox, Leola, Menno, Mitchell, Mobridge, Onida, Parker, Philip, Redfield, Rosholt, Sioux Falls, Sisseton, Tripp, Tyndall, Warner, Wessington, Wessington Springs, Woonsocket, and Yankton.

A grand opening press conference was held in June to celebrate the state's success in expanding blender pump infrastructure.



Ribbon cutting is held at Kings Mart in Sioux Falls, SD

Development for ACE. "When consumers are finally given these meaningful choices, we're confident they will select the ethanol-blended fuels that work best in their vehicles."

For corn farmers in South Dakota the blender pumps represent a vision by farmers to create opportunities for expanded markets for their growing production of corn.

"Corn farmers take great pride in helping to produce over a billion gallons of ethanol in our great state, and installing infrastructure like this moves our industry in the right direction," said David Fremain, president of the SDCUC. "South Dakota has led the nation in developing infrastructure for higher blends of ethanol and we congratulate Kings Mart for being the first to offer greater access to consumer fueling choices in our biggest city, Sioux Falls, in South Dakota."



EPA delays E15 decision

SDCUC CALLS FOR CONSUMER CHOICE AT THE PUMP

Consumer choice was put on hold – again – when the Environmental Protection Agency in June announced it will delay its decision whether to allow gasoline blends to contain up to 15 percent ethanol until this coming fall.

"Consumers want and deserve the opportunity to use American made fuel in their vehicles and the South Dakota Corn Utilization Council has worked tirelessly to inform consumers about the benefits of higher blends of ethanol," said David Freemark. "Drivers are eager to put more ethanol in their tanks and the EPA is holding them back."

The South Dakota Corn Growers Association (SDCGA) issued a statement, calling the indecision inexcusable.

"EPA is required by law to make a decision on the request to allow the use of cleaner burning blends of up to 15 percent ethanol, and considering its newest flimsy promise of delivering the decision this fall, it will be a full year later than the law requires," said Gary Duffy, president of the South Dakota Corn Growers Association (SDCGA). "The SDCGA fully supports making certain we have scientific evidence to safely use higher blends of ethanol in our vehicles but a deadline is a deadline and not meeting it has far reaching implications on the viability of the ethanol industry and the economic and environmental health of our nation."

The corn and ethanol industries have exceeded all expectations in production as they have committed to achieving goals set by the government in 2007 when Congress

mandated the use of 36 billion gallons of renewable fuel by 2022 in the Renewable Fuels Standard. By staying at E10, that goal is virtually impossible. The ethanol industry produces about 12 billion gallons of ethanol today. By 2012, the law will mandate more ethanol usage than can be sold as E10, according to an analysis by the Renewable Fuels Association. By moving to a 15 percent blend, or E15, ethanol production could grow to 16 billion to 17 billion gallons according to industry estimates.

"The only thing preventing the American ethanol industry from meeting the government mandate is the government itself," said Duffy. "There has been a 90 percent mandate on petroleum for over 20 years, ever since the inception of ethanol. When does ethanol get that kind of access to the marketplace? The corn and ethanol industries are poised to deliver on our commitments and we deserve the confidence of market access to move forward but instead sit on the sidelines waiting for EPA to make up its mind."

The move to E15 would replace the need to import as much as 7 billion gallons of fuel, create 136,000 new jobs in the U.S., and reinforce national security by reducing our dependence on foreign sources.

"The arbitrary cap on blending ethanol is outdated and only serves to limit consumers from buying the American-made fuel they want," said Duffy. "By moving to E15, consumers can enjoy choices when they fuel up."

"South Dakota Wind Partners" Offers Great Potential



Great ideas are often born from great opportunities. The continuing advancement of wind development in South Dakota is one such opportunity that has begun to shape the state's energy future by the creation of the South Dakota Wind Partners, LLC (SDWP).

The South Dakota Corn Utilization Council along with East River Electric Power Cooperative, South Dakota Farm Bureau and South Dakota Farmers Union joined together to create the SDWP as a way to expand the development of wind energy.

This project is made possible through the purchase of seven turbines adjacent to Basin Electric Power Cooperative's 101 turbine, Prairie Winds SD1 wind farm in south central South Dakota's Jerauld County. South Dakota Wind Partner turbines will generate 10.5 megawatts of clean electricity each year to power South Dakota homes, farms and businesses.

Historically, wind projects have depended

on federal production tax credits (PTC), however with the recent economic downturn, the ability to use the PTC has been restricted. After passage of the American Recovery and Reinvestment Act (ARRA) in February 2009, a new tax option in lieu of the PTC provided for a cash tax grant of up to 30% of the qualifying project costs.

The expansion of wind energy is beneficial for the agricultural sector, small business and individuals. The potential for new job growth and expanding the local tax base will foster significant opportunities.

"The creation of the South Dakota Wind Partners project is a testament to the SDCUC's commitment for the development and expansion of renewable energy in South Dakota," said Chad Blindauer, chairman of the SDCUC Market Development committee. "This is an exciting project and the SDCUC encourages farmers to watch for ways to participate in this future development."

The Next Frontier

BUILDING ON THE ETHANOL FOUNDATION

By Paul Batcheller
Prairie Gold Venture Partners

If anyone needed further proof of our nation's addiction to fossil fuels, the oil spill in the Gulf is a sad, tragic reminder of that fact. Hopefully, it will catalyze and bolster efforts to develop viable alternatives. Yet, some question what alternatives we have, or whether or not we will see viable solutions in a reasonable timeframe.

My firm, PrairieGold Venture Partners, is actively engaged on the front lines of this effort, identifying, evaluating and investing in advanced biofuels and other renewable energy technologies. We do so out of a fundamental belief that our nation must and will change the way it produces and consumes energy, and that significant economic opportunities lie in that transition. The triple threats to our environment, our economy and our nation's security will force the transition. The question is when and how.

It is clear that advanced biofuels offer the best path forward, building upon first-generation biofuels to reduce our country's addiction to oil. But we are still in the very early innings of the transition toward sustainable biomass-based fuels. So where exactly do we stand now? And what will this transition mean for farmers and ethanol producers in South Dakota?

The opportunities South Dakota will likely see from a developed cellulosic industry include: 1) a new market for ag residues; 2) the use of previously marginal land for biomass production; and 3) "bolt-on" opportunities of new technology that will improve the profitability and risk management options for existing ethanol facilities.

The challenges facing advanced biofuels include significant technical, logistical, political and financial hurdles. The common joke is that cellulosic biofuels are always "just 5 years" away. However, billions of dollars of private capital and public support have been invested in recent years to accelerate the development of cellulosic technologies. And there is strong evidence that successful approaches are emerging. Today, there are several dozen cellulosic projects around the country that utilize a variety of processes and feedstocks. Some will succeed and some will fail, but what is likely to emerge is an important shift in focus from R&D toward commercialization of the winning technologies.

ZeChem, one of our portfolio companies, is good example of the type of company that will expand the use of ag residues and marginal lands and deliver new product opportunities for existing corn ethanol facilities. The company is commercializing a technology capable of dramatically increasing the yield per ton of biomass. This process yield advantage has obvious economic advantages, but it also allows

ZeChem to utilize a dedicated feedstock strategy that provides the company with significant advantages in terms of risk management and feedstock cost. This type of emerging technology can provide new opportunities for South Dakota's corn farmers, its existing ethanol producers, and, perhaps, for untapped areas of the state.

So far, the cellulosic industry has been rightly focused on the technical challenges of breaking down biomass, converting it to useful sugars and making ethanol and other useful fuels and chemicals from those sugars. But as the industry scales, feedstock issues will come into sharper focus.

Identifying and implementing successful feedstock strategies is an often overlooked but critical challenge facing the cellulosic industry. As the industry moves from a largely R&D focus to commercialization, more attention will be paid to ensuring that there are biomass supply chains to deliver the material needed to power commercial-scale cellulosic refineries in an environmentally sustainable way.

Corn ethanol has paved the way by creating a vital foundation for the future success of cellulosic ethanol. The political, physical and market infrastructure developed by the industry is vitally important for the emerging cellulosic sector. Once it reaches scale, the cellulosic industry will extend the benefits of biofuels production to new feedstocks and new geographies while building upon the work of corn ethanol to reduce our nation's dependence on oil.



Long-term Exports to China IN THE CARDS FOR U.S. FARMERS

In order to meet its ever-growing demand, China turned to the United States for a reliable supply of corn it could readily import. In late April, China's decision to import U.S. corn was announced. China purchased 115,000 metric tons (4.5 million bushels) of corn, its first significant purchase from the United States in the last fifteen years.

Despite amazing production gains, a result of market-based reforms instated 30 years ago, the once rapid growth of China's agricultural output has slowed. Initially, this growth was able to meet internal demands and allowed China to operate as a net exporter of key grain crops. However, China's already aggressive farming practices were not able to absorb negative fluctuations in production. This forced China to open its markets to corn imports to fill the gaps between supply shortages and an increasing demand.

On June 14, the U.S. Department of Agriculture confirmed China purchased another vessel of U.S. corn, totaling approximately 120,000 tons (4.7 million bushels) of No. 2 U.S. corn, scheduled to arrive mid-July.

Reportedly, the purchase was made under non-state quotas, which leads to the belief that more private quota holders are preparing to purchase U.S. corn following this most recent purchase. According to U.S. Grains Council calculations, 885,000 tons (34.8 million bushels) have been purchased year to date. USGC sources suggest the current U.S. corn, including the Value Added Tax and duty, is trading at a \$25-50/ton (\$.64-\$1.27/bushel) discount to Chinese corn.

According to USDA's June World Agricultural Supply and

Demand Estimates, global corn trade is up for both 2009/2010 and 2010/2011, reflecting an increase in imports to China and Vietnam. Additionally, global corn consumption for 2010/2011 is slated at 4 million tons (157.5 million bushels) above the previous year.

In addition to corn, China imports U.S. distiller's dried grains with solubles (DDGS), as it is not limited for import by tariff rate quotas and has established a healthy channel into the Chinese market. Approximately 655,000 metric tons (25.8 million bushels) were imported in calendar year 2009. Some traders estimate this number to increase to over 2 million metric tons (over 78.7 million bushels) in 2010.

Given China's previous widespread food scarcities, it is likely that the country will maintain food security as a top priority for feeding its people. China maintains the biggest agricultural research budget of all developing countries—nearly equal to that of the United States—and has made a call to improve sustainability practices.

Today, the South Dakota Corn Growers Association, along with the Council, looks toward a bright future regarding China's imports of U.S. corn.

"We anticipate that over the next three to five years, Chinese demand for corn will be substantial," said Thomas C. Dorr, USGC president and CEO.

"While the Council cannot predict whether or not China will import their demand needs from the United States, the Council is optimistic the Chinese will eventually decide that an import component will have to be built into their supply-demand equation," he added.



"For the West Coast, especially the Pacific Northwest, this is huge," said Terry Johnson, plant manager with Temco. "The Chinese came in and bought 1 million metric tons (39.4 million bushels) of corn between here and the Gulf; we don't know if they are going to buy more or not, but we know they are tight on corn stocks."

China, which once was a major competition in the corn export market, is experiencing development being compared to the industrial change that America went through decades ago. China's dry, arid climate coupled with water and fertilizer needs leads one to wonder, 'is it cheaper for China to import?' If the country's 1.4 billion population increases their protein consumption by even an ounce or two, what does that do for corn exports from the U.S.?

"We've been waiting for this for three years," said Johnson, whose Temco facility exports 230 mil bushels a year, 75 percent of which is corn. Their top three markets are Korea, Japan and Taiwan, respectively.

Temco's entire drawing area is the South Dakota, western Minnesota and southern North Dakota region. All their grain originates out of the Midwest which means the likelihood of South Dakota corn headed to China is high.

Johnson ticked off a trail of South Dakota towns, including Canton and Madison and areas west and north, following the train pipeline which leads to Tacoma, Wash., where Temco handles 60 thousand rail cars a year.

"We're expecting another banner year," said Johnson.

SD Corn Ships to China

A shuttle train of corn from Canton, S.D., was being unloaded at Temco in Tacoma, Wash., when South Dakota Corn Utilization Council representatives toured the port facility on June 18 during a National Corn Growers Association (NCGA) corn board meeting. Their visit was merely days ahead of the facility's first shipment of U.S. corn going to China, which was scheduled to leave on June 24, delivering 60,000 metric tons (2.4 million bushels) of #2 yellow corn, average grade.



Industry Partners

SUPPORTED BY SDCUC

The South Dakota Corn Utilization Council
partners with several national organizations to extend our corn producers' reach beyond South Dakota's borders and create market share and leverage nation and worldwide.



National Corn Growers Association - NCGA

The National Corn Growers Association (NCGA) is a national organization founded in 1957 and represents more than 32,300 dues-paying corn growers from 48 states and the interests of more than 300,000 farmers who contribute to corn checkoff programs in 20 states. NCGA is a federation of state organizations, corn boards, councils and commissions developing and implementing programs and policies on a state and national level to help protect and advance the corn producer's interests.

Website: www.ncga.com



American Coalition for Ethanol - ACE

The American Coalition for Ethanol (ACE) is the grassroots voice of the U.S. ethanol industry, the nation's largest association dedicated to the production and use of ethanol. ACE is a non-profit, membership-based organization of more than 1,500 members nationwide, including: ethanol producers, farmers, investors, the agriculture community, industry suppliers, rural electric cooperatives, and others supportive of the increased production and use of ethanol across America.

Website: www.ethanol.org



American Corn Growers Association - ACGA

The American Corn Growers Association is a progressive commodity association, representing the interests of corn producers in 35 states. Since its inception in 1987, the ACGA has worked tirelessly to enhance farm income and protect rural communities. The ACGA recognizes that farmers here and abroad need to have the opportunity to be rewarded for their time, investment, and commitment to feeding the world.

Website: www.acga.org



U.S. Grains Council - USGC

The U.S. Grains Council develops export markets for U.S. barley, corn, grain sorghum and related products such as distiller's dried grains with solubles. The Council believes exports are vital to global economic development and to U.S. agriculture's profitability, as illustrated by our mission statement: developing markets, enabling trade, improving lives. Website: www.grains.org



U.S. Meat Export Federation - USMEF

The U.S. Meat Export Federation (USMEF) is a nonprofit trade association working to create new opportunities and develop existing international markets for U.S. beef, pork, lamb and veal. Headquartered in Denver, USMEF has offices in Seoul, Tokyo, Osaka, Hong Kong, Shanghai, Singapore, Taipei, Moscow, St. Petersburg, Mexico City and London. USMEF also has special market representatives covering China, Europe, the Middle East, Central and South America and the Caribbean.

Website: www.usmef.org

SDSU Research:

EXPLORING INTEGRATED BEEF AND ETHANOL PRODUCTION

The South Dakota Corn Utilization Council (SDCUC) has taken a lead role in dispelling myths about agriculture's carbon footprint and the results are capturing attention of producers and thought leaders.

It all started with a vision by the Research Committee of the SDCUC to put a value on how diversified farming systems benefit the environment while also creating efficiencies all along the chain from livestock to ethanol.

The SDCUC invested checkoff dollars to fund South Dakota State University (SDSU) research which ultimately revealed an economic opportunity for corn producers willing to explore integrated production systems that will background beef calves while producing corn to supply ethanol plants.

The numbers based on regional data suggest corn farmers in South Dakota and neighboring states using such integrated

production systems can produce 383 gallons of ethanol per acre from their corn crop, as well as backgrounding 760 pounds of beef. The linked production system is also better for soil sustainability and will help the producer's bottom line by saving on fertilizer costs.

The integrated model includes harvesting some corn stover to mix with distillers grains produced during the process of making ethanol and feeding that to those cattle, then returning the manure from the cattle operation to fields.

The SDSU analysis suggests producers will make more money, remove fewer nutrients and still return nearly as much carbon to the land, if they adopt such an integrated grain, ethanol and livestock production system. The model doesn't take into account the additional corn that beef cattle will consume in the feedlot before going on for slaughter, however.

Scientists explore that model in SDSU Extension Extra 8165, "The Impact of Linking Ethanol and Beef Production on Economics, Carbon, and Nutrient Budgets," newly released by SDSU Extension. Find it online at this link: <http://agbiopubs.sdsu.edu/articles/ExEx8165.pdf>.

Authors are agronomist Gregg Carlson and soil biogeochemist Dave Clay of the SDSU Plant Science Department, Extension Beef Specialist Cody Wright of the SDSU Department of Animal and Range Sciences, and Kurt Reitsma, coordinator of the SDSU Carbon Project. The South Dakota Corn Utilization Council funded some of the research that led to the publication.

"Integrated farming systems are not a new concept for farmers, but having the data to support the positive impact of growing corn for livestock and ethanol validates what farmers have known all along: Efficiencies are gained through life cycle systems," said David Fremain, president of the South Dakota Corn Utilization Council. "As corn farmers continually look for ways to increase soil sustainability while achieving greater productivity, raising corn for meat and fuel is a viable and environmentally enhancing solution."

Clay said the scientists looked at the ethanol production process to see what is being diverted from livestock, and to determine whether it could be replaced. Clay and SDSU agronomist Gregg Carlson said ethanol production doesn't divert much nitrogen, phosphorus or potassium, since virtually all of those nutrients remains in the distillers grains, the co-product of ethanol production. That means those nutrients remain available to livestock when the distillers grains are used in livestock rations. About 60 to 90 percent of those nutrients can then be returned to the land in the manure.

But ethanol production does divert a substantial portion of carbon away from livestock production. The question then becomes whether that carbon can be replaced in livestock diets, Clay said.

The beauty of the model the SDSU scientists are suggesting, Carlson said, is that corn stover — the stalks, leaves

SDCUC funds Research Projects

The South Dakota Corn Utilization Council (SDCUC) will fund \$250,000 in research projects for the 2010-11 fiscal year which starts July 1, 2010.

The SDCUC funding for those projects comes entirely from the 1-cent per bushel checkoff that farmers pay on corn sold through local elevators in South Dakota. Here's a look at the projects which are in progress for the 2010-11 fiscal year:

AT SOUTH DAKOTA STATE UNIVERSITY:

\$250,000 for a project defining sustainable site-specific production guidelines for corn stover harvesting in South Dakota.

This multi-discipline project funding is the fourth year of a 5-year study which incorporates plant science, economics, engineering and animal sciences to discover the impacts of corn stover harvesting and corn-on-corn farming. Components of this project include conducting whole field strip trials that are assessing carbon turnover, energy efficiency and carbon footprints in various agriculture systems.

ONGOING PROJECT:

North Central Agricultural Research Service, Brookings, SD: Defining the Benefits of Biologically-Healthy Soil.

The study is designed to provide quantitative measures for soil biological benefits within sustainable cropping practices such as diversified crop rotation and incorporation of cover crops.



ATION SYSTEMS



and cobs left over after the grain is harvested from the ears of corn — contains carbon and can be blended with nutrient-rich distillers grains to make an ideal ration.

In fact, SDSU Extension Beef Specialist Cody Wright said, distillers grains by itself is so rich in nutrients that several SDSU researchers in past years have looked at locally available fibrous residues such as corn stover as a means of diluting the high energy and protein content in distillers grains. The integrated model the SDSU scientists propose would use that corn stover/distillers grain mix a ration for backgrounding calves, Wright said. During backgrounding — when steers are fed to increase their weights from about 450 to 750 pounds, in this case — the animals can be fed a diet consisting of corn stover (33 percent), hay (22 percent), shelled corn (15 percent), and distillers grain (30 percent).

The SDSU researchers say the regional average of 162 bushels of corn per acre produces about 437 gallons of ethanol per acre, as well as 2,920 pounds of dry distillers grains with solubles per acre, or DDGS. In non-integrated systems — those in which the corn is sold to the ethanol plant, no livestock are figured into the equation and corn stover is returned to the field — the partial profit from growing

An SDSU analysis suggests producers will make more money, remove fewer nutrients and still return nearly as much carbon to the land, if they adopt an integrated grain, ethanol and livestock production system.

that corn to make ethanol is \$139 an acre. The soil carbon returned to the soil amounts to 6,920 pounds per acre, and farmers the following year can expect to apply about 146 pounds of nitrogen and 62 pounds of phosphorus fertilizer to the soil to maintain fertility.

In the integrated system, the same corn yield would produce 383 gallons of ethanol. But because the operation is designed to ultimately help produce 760 pounds of beef per acre, the partial profit per acre rises to \$278. In the integrated system, 60 percent of the corn stover would be harvested, mixed with DDGS, and fed as a backgrounding ration to calves. Manure from the cattle operation would then be applied to the land, returning 5,629 pounds of carbon per acre. In addition, the manure would

lower the required fertilizer demands to 57.5 pounds of nitrogen and 24 pounds of phosphorus per acre. Returning the manure to the land and leaving a portion of the stover in the field also helps maintain soil quality.

Clay and Carlson said some farmers already are using such an integrated system for producing both meat and ethanol. It will make better use of the nation's corn crop if more farmers adopted such a model, they said.

The SDSU paper includes budget calculations to show how the scientists arrived at their figures.



Save the Dates!

**Growing On 2011
with Steven Johnson
December 2-3 and 6-7, 2010**

South Dakota Corn and Farm Credit Services of America will again team up to deliver risk management strategies by sponsoring Steven D. Johnson on a tour throughout South Dakota over a four day period, December 2-3 and 6-7, 2010. Dr. Steven Johnson is known as a highly-valued speaker for his insight related to grain marketing, government farm programs, crop insurance and other risk management strategies.

**Dec. 2 evening meeting in Sioux Falls
Dec. 3 morning meeting in Yankton**

**Dec. 6 evening meeting in Watertown
Dec. 7 lunch meeting in Huron and evening meeting Mitchell**

**Featuring Steven D. Johnson, Ph.D., Farm & Ag
Business Management Field Specialist, Iowa State University**



The next move in Agronomics: BENEFITTING FROM BIOLOGICALLY-HEALTHY SOIL

By Mike Lehman
USDA Agricultural Research Service, Brookings, SD

The role of the Research Committee for the South Dakota Corn Utilization Council is to work with top minds in the research arena to constantly uncover the most cutting edge information for South Dakota farmers. The quest has led leaders of the research committee to a futuristic farming concept: Letting bugs do fertility work in the soil.

Little is known about the role microorganisms can play in soil fertility and how to capitalize on the presence and activity of these unseen aggregators. The SDCUC research team wanted to find out.

Did you know that there are billions and billions of microscopic organisms that are essential for plant growth in every handful of soil? And that these organisms come in thousands, maybe millions of different kinds?

These large numbers of soil microorganisms, though individually very tiny, together outweigh all of the living material that you can see on the earth's surface. Soil microorganisms are the primary reason that elements such as carbon, nitrogen, and phosphorous get recycled from dead biomass and waste products (plant residue, carcasses, manure) into forms that can be used for next year's crop.

The activities of soil microorganisms control the availability and timing of the availability of nutrients for crop growth.

This is true, whether nutrients are added as manure or inorganic fertilizers, or come directly from the soil. The key role that soil microbes play in nutrient availability is in part due to their numbers, but also due to their tremendous physiological versatility – that is to say they have lots of different ways of making a living.

There are soil microbes that fix nitrogen from the atmosphere and make it available to plants. There are microbes that split organic nitrogen-containing molecules (urea), resulting in ammonium that is oxidized as an energy source by another set of microbes, which in turn, produces nitrate, which is available to be taken up by growing plants. Other types of soil microorganisms, called mycorrhizal fungi, are only able to live in a mutualistic association with plants. In fact, parts of these fungi actually live inside the

plant root while other parts of the fungi live in the soil.

The fungus depends on the plant for its primary food – surplus carbon compounds manufactured by the plant via photosynthesis. In turn, the fungi release some organic acids into the soil which bring mineral phosphate into solution and then, actually transport this phosphate back to the plant, completing the exchange.

Mycorrhizal fungi have long been known to increase plant growth and maintain plant health so that the plant may resist pathogens. However, our knowledge of mycorrhizal fungi, like nearly all microscopic soil organisms, is very incomplete. How do farming practices affect these beneficial fungi and their ability to supply phosphorous and other nutrients to crops? How can we best take advantage of these natural processes and reduce expensive inputs?

SDCUC expressed interest in learning more about mycorrhizal fungi and other beneficial soil microorganisms by supporting a postdoctoral research associate at the North Central Agricultural Research Laboratory (USDA-Agricultural Research Service) in Brookings. Dr. Wendy Taheri, a specialist in mycorrhizal fungi and a recent graduate of Indiana University, started this two-year postdoctoral position on June 7 at the Brookings-based laboratory. Dr. Taheri will be working with project principal investigator Dr. Mike Lehman, a soil microbiologist at the Brookings lab.

Initial studies will focus on the ability of cover crops to enhance natural populations of mycorrhizal fungi and examine the effectiveness of these fungi in colonizing succeeding corn crops and providing the corn plants with phosphorous mobilized from the soil by the fungi. Field plots with different cover crops have been established at the USDA research farm in Brookings, as well as at a producer's field in White Lake, S.D.

Soil samples were collected from these plots in November, 2009 and May, 2010 and are being subjected to intensive analyses. Corn root samples from the young corn plants are currently being collected during the brief dry periods occurring this June. The most immediate goal of this research is to identify cover crops that stimulate populations of mycorrhizal fungi that are most beneficial in acquiring phosphorous for the following corn crop, and thus reduce the requirement for applied phosphorous.



Soil samples are collected and subjected to intensive analyses to determine beneficial cover crops.



Barry H. Dunn, Ph.D.
Dean
College of Agriculture
and
Biological Sciences
South Dakota State University

Dakota and SDSU? The leadership team at the University was a big draw along with the new provost and Dr. Chicoine. Also the community of the leaders of agriculture in South Dakota and their excitement, energy and passion.

3. What are your goals in your new position? It's clear we have to grow the research base of the college. The goal would be to do that while maintaining a healthy balance between teaching, research and Extension. A second goal is to stabilize the funding for the college.

4. What do you think are the greatest strengths of the SDSU College of Ag/Bio and the Extension program? The first of course is the excitement and commitment of the faculty and staff of the college; it's amazing and heartwarming. When I accepted the job in January I contacted each of the 800 faculty and staff and received 300 responses back. I asked them what they are most proud of and what their future goals were. It was an incredible experience reading and responding to them all, and I responded to all of them. I wish everyone in South Dakota could have read the responses to see how committed the people of the college are to improving the lives of South Dakotans.

The greatest strength within the Extension program is that we still have the structure in place to do an excellent job in outreach - many states don't. Our strength is that we have a system in place and have people who care and are committed.

5. What are the top challenges/opportunities for the College of Ag/Bio and the Extension program? On the research side, the funding model has shifted to a grant system. The way the system works is the more successful you are with receiving grants, the more grants you get. Our team has some great examples of being very competitive, but we need that to be the status quo. Dr. Kephart is committed to improving our researchers' skills and opportunity for success, and we all are. Once the researcher gets rolling it's easy to be successful; but that first time for young faculty is tough and we need to cultivate that.

With teaching, the biggest challenge is to rebuild the farms north of campus that have created the unique learning experience at SDSU. We've rebuilt labs but we've got to do something with the units that support undergraduate teaching which surrounds the campus. They are underfunded and some are in desperate need of

New Ag Dean at SDSU

Q & A WITH BARRY DUNN

What are you most excited about in your new role as Dean of the SDSU Ag/Bio College?

I am most excited about the opportunity to play a leadership role at South Dakota State and in agriculture across the state.

2. What were among the biggest draws for you to accept the Dean position and return to South

repair and need to be replaced. The benefit of the working farms is we can teach agriculture and particularly food agriculture with hands on experience rather than with a DVD.

As for Extension, I think we need to reenergize extension and help it become up to date and relevant with modern communications and improve its ability to disseminate and diffuse ideas and technologies.

6. What perspectives and unique qualifications do you bring to the Dean position?

If I retire when I am 65, I will still have been a rancher longer than I was in academia. I think that's saying something. In addition to my experience in production agriculture, while I was living in rural South Dakota, I had grassroots experience on Extension boards and conservation boards and in support of our schools. My experiences in rural America isn't just about production ag but also life in rural America, in the small town of Mission, S.D., on the Rosebud Reservation.

7. Considering your time at Texas A&M, are there any programs/initiatives following that experience you are eager to develop at SDSU?

Piggybacks off of what Pres. Chicoine is doing with Econ Department leading an initiative for a School of Economics and Management at SDSU. All about mgmt, really excited to bring my experience to that effort. I am a fan of production agriculture, but maybe the larger challenge is making production agriculture a better business for farm and ranch families.

The other thing that I saw during my time at Texas A&M was the power of philanthropy. I have some success at raising money from private individuals and I am going to do a lot of that.

8. What do you see as the biggest challenges in the ag industry today and how can SDSU play a role?

The biggest challenge is matching utilization and marketing with production of the major commodities. If we get a 1 billion bushel corn crop in South Dakota, what are we going to do with it? Cattle numbers are decreasing; ethanol is static, while crop production is increasing. That's our biggest challenge.

My favorite example is Dr. Mike Brown in the Wildlife and Fisheries Department who creatively saw that soybeans, if treated through a process, could be a major source of fish food for the aquatic industry. That's utilization. That's a new use for a commodity and how neat is it that our team, not just agronomists or animal science, but our college is a big team of people with broad interests and experiences. South Dakota State can work on utilization.

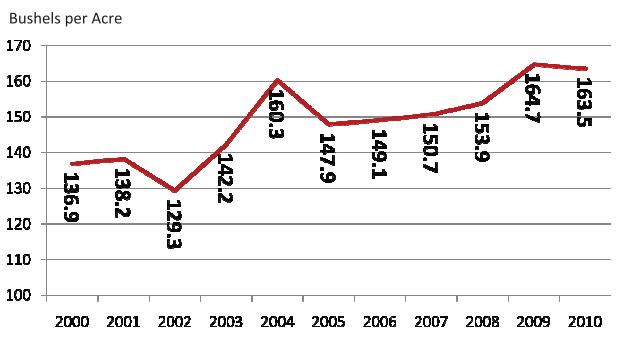
9. Looking toward the future, where do you see South Dakota agriculture and the SDSU College of Ag/Bio and Extension going in 5 to 10 years?

I would really like to see South Dakota State University's ag website be the homepage that farmers and ranchers turn their computers on to every morning, that we are such an integral part of agriculture in South Dakota. We want to be about information, relevance, and just viewed more as part of their daily lives than we are currently.

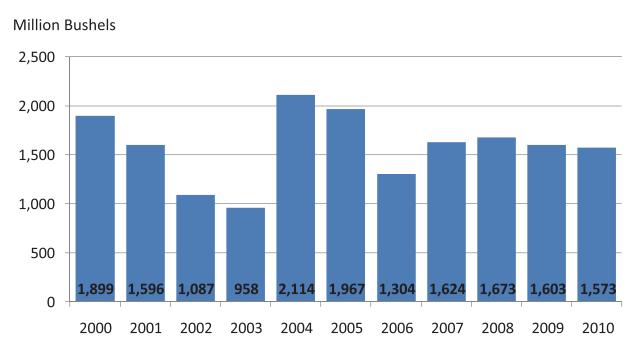
Where is Corn headed in 2010?

A CORN INDUSTRY SNAPSHOT

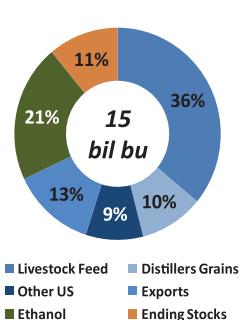
Corn Yield 2000 - 2010



Carry Out 2000 - 2010



Corn Supply and Demand

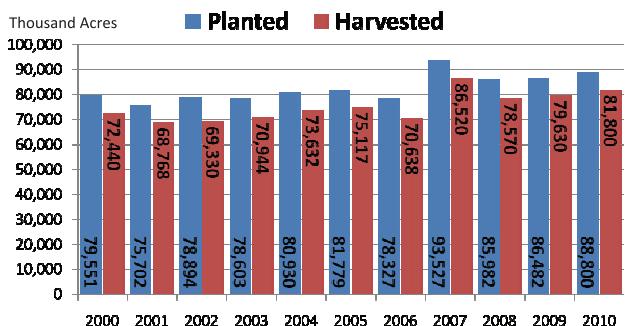


Corn Supply	
Acres Planted	88.8 mil
Acres Harvested	81.8 mil
Average Yield	163.5 bu/A
2010 Corn Crop	13.4 bil bu
Total Corn Supply	15.0 bil bu
Corn Demand	
Livestock Feed	5.4 bil bu
Ethanol	3.2 bil bu
Distillers Grains*	1.5 bil bu
Other U.S. uses	1.4 bil bu
Exported	2.0 bil bu
Ending Stocks	1.6 bil bu

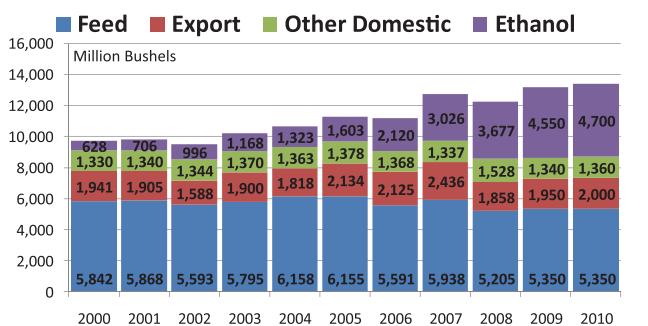
*Based on estimate of 18 lb/bu of corn for ethanol.

Source: USDA, 6/10/2010

Corn Acreage 2000 - 2010



Corn Uses 2000 - 2010



Corn Price 2000 - 2010



Come to the Corn Hop!

SDCGA 25TH ANNUAL MEETING IN 2011

SDCGA Gears Up for 25th Annual Meeting at the Sioux Falls Convention Center!

The South Dakota Corn Growers Association (SDCGA) is gearing up to celebrate its **25th Annual Meeting** and you are invited to dance into the spotlight at the state's biggest ag event on January 22, 2011!

You won't want to miss a beat of the SDCGA's Annual Meeting "**South Dakota Corn Hop**" to be held at the Sioux Falls Convention Center.

Featured Speaker:

Dr. Jay Lehr

Energy and insight define Economist and Futurist Dr. Jay Lehr who is known for making people feel good about American



Agriculture. He combines 5 decades of expertise and experience in Agricultural Economics, Agronomy, environmental Science and Business Administration with the most contagious enthusiasm for the future of the American farm and ranch.

*Mark your calendar
for Saturday,
January 22, 2011!*



Featured Entertainment: **Chubby Checker**

"Lets Twist Again" as American Pop Culture Icon **Chubby Checker and the Wildcats** rock and roll the Sioux Falls Convention Center. Chubby is known instantly by all generations throughout the world today! Over 40 years ago, he exploded on to the music scene with his #1 mega hit: "THE TWIST" that led to the dance craze of the same name...

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If you become a member of the SD Corn Growers Association (SDCGA) before July 15th **JULY 30TH**, 2010, you will receive a free admission ticket to get into DakotaFest, plus you will have lunch on us. Yes, that's free admission plus free lunch! As if that's not enough you still get the regular membership benefit packages, which are listed to the right. Check it out!

YOU'RE ALREADY A MEMBER? THANKS!!

However, check your membership renewal date because it might be closer than you think. This offer applies to renewals as long as you do it before July 15th **JULY 30TH**, 2010.



Check out the membership packages:



3-year SDCGA Membership: \$200

Incentives: \$90 toward seed purchases
12-month subscription to DTN Mobile
\$25 QuickRoots Credit

Lifetime SDCGA Membership: \$800

Incentives: \$150 toward seed purchases
12-month subscription to DTN Mobile
\$25 in ethanol certificates
\$50 in QuickRoots Credit

*Offer applies to 3-year and lifetime memberships only

** Offer applies to Newsletter Recipients only! Mention this ad when "joining or renewing your SDCGA membership"

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