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Joint venture to produce oil products and biofuels

Two entities are working together to produce and market finished food-grade oil products and biofuels.

Producers Cooperative Oil Mill, located in Oklahoma City, and Plains Oilseed Products Cooperative, a farmer-owned coop, signed an agreement making POP a member of PCOM. PCOM is currently a manufacturer of cottonseed products but plans to add a new capacity to process products from canola, sunflowers and other oilseeds.

Rodney Holcomb, agribusiness economist for the Robert M. Kerr Food & Agricultural Products Center and professor for the department of agricultural economics for Oklahoma State University, said oilseed processing represents great potential for Oklahoma agriculture.

“From a production standpoint, winter canola offers a new crop rotation possibility to farmers wanting to clean up fields with weed or disease problems from years of consecutive wheat production,” Holcomb said. “From a marketing and processing standpoint, the PCOM/POP deal means a guaranteed in-state market for canola and sunflowers and a local supplier of multiple oils and meals.

“PCOM has a long and successful history in cottonseed processing, plus a track record of returning profits to its cooperative members,” he said. “These two factors limit the start-up

risks for POP and paint a realistic picture of future patronage returns to POP members from processing activities at PCOM.”

Holcomb, along with Nurhan Dunford, FAPC oil/oilseed chemist and associate professor for OSU’s department of biosystems and agricultural engineering, and Phil Kenkel, professor for OSU’s department of agricultural economics at Oklahoma State University, conducted a feasibility study and business plan for the development of POP.

Dunford provided information about oilseed characteristics and possible processing technologies.

“Initially, we were focusing on mechanical extraction techniques for a POP oilseed crushing facility in Oklahoma; however, current PCOM-POP agreement is a better alternative,” Dunford said. “Because PCOM’s solvent extraction system is more efficient than mechanical extraction systems, it is possible to recover up to 99 percent of the oil from oilseeds using a solvent extraction system. Depending on the equipment used for mechanical extraction, about 50 to 85 percent of the oil can be expelled from oilseeds.”

Other organizations that helped with the project included American Farmers and Ranchers Mutual Insurance Co., Monsanto Dekalb Genetics, U.S. Department of Agriculture and Oklahoma Department of Agriculture, Food and Forestry.

This alliance brings new opportunities for farmers in Oklahoma, Kansas and Texas, said Gene Neuens, POP executive director. Southern Great Plains wheat farmers will gain significant benefits in several ways by growing canola, an oilseed adapted to the southern growing region.

“Rotating Roundup Ready Winter Canola with wheat crops will give farmers the benefit of better weed control and increased yields, while producers will have marketing contracts to know what their oilseed is worth before planting time,” Neuens said.

With the addition of oilseed processing, PCOM will offer producers several local delivery points throughout the Southern Great Plains, which will save producers transportation costs to more northern markets.

Furthermore, Monsanto Co. will deliver winter canola seed to farmers through its network of seed dealers and invest in building infrastructure and providing a ready market in the Southern Great Plains.

POP will continue to work with grain handlers across the Southern Great Plains to establish additional local delivery points for growers’ oilseed crops.

“The investment—from seed to finished oil—in the Southern Great Plains is a key focus of many rural policy makers to help local producers become successfully diversified and grow a dynamic agricultural economy,” Neuens said.