

Michigan potash mine still in play

Michigan Potash Co. hoping to solution-mine high-grade potash deposit near Hersey

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Could Michigan become a potash producer to compete with the likes of Canadian behemoth PotashCorp (NYSE:POT) and U.S. fertilizer giant Agrium Inc.(NYSE:AGU)?

While that seems a stretch, considering the high barriers to entry into a market dominated by a few large conglomerates, a media report surfaced this week indicating that Denver-based Michigan Potash Co. LLC, is proposing a \$700 million potash extraction and processing operation to tap into a deep underground potash deposit near Hersey.

Hersey is the location of the only potash mine in the state, which produced a small amount of potash since 1989, but in [2013 it stopped production](#) and its dozen workers were laid off. The closure killed the excitement about developing a \$65-billion potash industry in Michigan, which is the [value placed on the deposit by the U.S. Geological Survey.](#)

In a report, the USGS states that the amount of potassium contained in potash samples revealed a richer grade of potash than deposits mined in Canada and Russia. Because of its depth, at roughly 7,600 feet below ground, the potash would be mined using the solution method which injects steam into wells to dissolve the mineral, before it is pumped to the surface in a brine.

President Ted Pagano reportedly told [MiBiz](#) that reviving the mine would give local farmers access to a new potash source and reduce their reliance on imports mostly from Canada.

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“Our company is actually endeavoring to try to reintroduce the potash industry into Western Michigan and ultimately providing our farmers with a second and local choice, which they currently don’t have,” Pagano told the publication.

“Michigan is uniquely positioned because its location provides a sustainable advantage that cannot be displaced.”

Michigan Potash is currently leasing the mineral rights from 450 families across 23 square miles near Hersey, just north of Big Rapids.

While Pagano wouldn't reveal a timeline for the project, the USGS report says unlisted Michigan Potash is working on breaking ground on a manufacturing facility this year.

Skeptics will of course point to the moribund potash market. A global oversupply of the fertilizer ingredient has caused prices to tumble in the last decade, leading to layoffs, [mine closures](#) and [reduced capacity](#) across the sector as the

downward trend became more dramatic in the past two years. It has also forced a consolidation of the industry, with PotashCorp expected to [complete its \\$12.8 billion merger with Agrium](#) in mid-2017.

Prices have been sliced by over half in the last five years, with a tonne of potash going for US\$214 in March compared to \$475 in 2012. MiBiz reports the problem has been exacerbated by a corresponding fall in crop prices, also due to oversupply, thereby resulting in decreased demand for potash.