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CALL PARTICIPANTS	2
PRESENTATION	3
QUESTION AND ANSWER	8

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Presentation

Operator

Good morning, and welcome to the Green Plains Inc. Second Quarter 2024 Earnings Conference Call. [Operator Instructions]

I will now turn the call over to your host, Phil Boggs, Executive Vice President, Investor Relations and Finance. Mr. Boggs, please go ahead.

Phil Boggs
Executive Vice President of Investor Relations & Finance

Thank you, and good morning, everyone. Welcome to Green Plains Inc. Second Quarter 2024 Earnings Call. Participants on today's call are Todd Becker, President and Chief Executive Officer; Jim Stark, Chief Financial Officer; and several other members of Green Plains senior leadership team. There is a slide presentation available, and you can find it on the Investor page under the Events & Presentations link on our website.

During this call, we will be making forward-looking statements, which are predictions, projections or other statements about future events. These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's press release and the comments made during this conference call and in the Risk Factors section of our Form 10-K, Form 10-Q and other reports and filings with the Securities and Exchange Commission. We do not undertake any duty to update any forward-looking statements.

Now I'd like to turn the call over to Todd Becker.

Todd A. Becker
President, CEO & Director

Thanks, Phil, and good morning, everyone. Thanks for joining our call today.

Margins began to turn higher later in the second quarter, driven by a change in the fundamentals and U.S. ethanol is once again the lowest-priced molecule on the planet. We ended the quarter on track for potentially record exports for 2024, and the world has returned to the U.S. to buy low carbon fuels led by expanded use in Canada and many other countries. Even sitting at over 23 million barrels of stocks for most of the quarter, we saw a nice margin expansion as we entered into the third quarter. Favorable natural gas and corn prices also helped as fuel prices remained elevated and continue to stay that way with strong driving demand.

As everybody knows, air travel is mostly a challenge. Fundamentals remain strong for the balance of the year as we expect Brazil to be short export products in the fourth quarter, so we have the potential to have this market somewhat to ourselves as we remain competitively priced in the world. As a result, we delivered positive second quarter EBITDA significantly higher than last year's second quarter and higher than the prior quarter. However, still not to our satisfaction as our operating costs on a per gallon basis were somewhat elevated since we had 6 scheduled maintenance turnarounds during the quarter. This sets us up for strong run rates for the balance of the year.

Our utilization remained consistent in the 93% range, inclusive of completing our spring maintenance, as mentioned, which tells you we are really seeing the results of investments made when we were experiencing lower run rates. We also continue to work through some of the equipment refreshes at Mount Vernon and Obion we mentioned last quarter and believe we will begin to see the positive impact of that in the second half of the year, which should take our run rates even higher as both of those plants remain somewhat hampered while we await conveyor replacements for both of them and for Obion, specifically, a new thermal oxidizer that should help both ethanol and ultra-high protein production. When this is complete, it will unlock an additional 40 million gallons of capacity, and that can put us up in the high 90% -- high 90s run rates as a percentage.

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Our renewable corn oil yields had a quarterly platform record at 1.02 pounds per bushel across all of our sites. We challenged our operations team to improve that number after a lower Q1, and they certainly delivered. Looking forward, margins for Q3, all in, are ranging in the high 20s to high 30s per gallon. On paper, the fourth quarter starting to pick up steam as late as well. We have had some of the third quarter production as margins were peaking in July above current levels, and those hedges are at or above current levels to ensure that we can deliver a strong third quarter. If you look at the simple crush, we reached 3 standard deviations from the mean, it was just something we could not turn down. But we still have plenty of upside on unhedged gallons. But so far, that absolutely was the right decision.

We don't make random decisions from our trading and risk team, and we do consult our Board, which has been very -- we all have been very cautious and thoughtful about these decisions. We review at every Board meeting and on subsequent calls with the Board. We discuss current fundamentals and hedging strategies, but we do continue to have a favorable outlook for the balance of the year as the market is backwardated, so spot margins remain the best. The fourth quarter is at the long-term mean and we have very limited hedging out forward. So we want to take advantage of the strong left half that we are expecting.

The corn crop appears to be in excellent shape, which the USDA continues to reaffirm with abundant anticipated ending stocks. The crop that will be harvested this year puts Green Plains in a much better spot in both the East and Western corn belt than most -- than the recent years. Our turnkey JV with Tharaldson started up in the second quarter, and we welcome the opportunity to provide additional high-protein production to our growing list of customers. This is the largest project we have built to date. And while we continue to debottleneck, we have started shipping product to customers.

Commissioning our CST or clean sugar project in Shenandoah has been ongoing. The start-up of serial #1 is not without its fits and starts, but our Green Plains engineering and operations team, along with Fluid Quip engineering teams have worked nonstop to sort out some manufactured equipment challenges while debottlenecking to best optimize this exciting new facility. Most of the issues so far are from construction and equipment and not from the technology. Customers have been very patient with us as we work through this start-up and interest for our products remain very, very strong.

Finally, in our carbon capture strategy, we are pleased that our Advantage Nebraska approach is on track as we have the compression equipment needed for our 3 Nebraska plants ordered. We are very happy with the short lead times and expect construction of our compression sites to begin later this year. The Trailblazer project remains on pace for starting up in the second half of 2025. We can talk economics later in the call, but feel strongly the value of decarbonized ethanol assets are not correctly reflected in our current enterprise value. We continue to closely monitor the progress of our Iowa and Minnesota assets on Summit as well as they continue to work through permitting. We're also looking at our Indiana asset as we feel there's plenty of opportunity in the Eastern corn belt to sequester carbon and geologic formations in and near Indiana, again, more later on the overall carbon strategy and economics.

One final update on the strategic review. As we indicated in the morning's release, the special committee of the Board assisting the full Board in evaluating alternatives have engaged Bank of America and Vinson & Elkins LLP, as financial and legal advisers. As we continue to execute on our strategic review and transformation strategy, we have announced the sale of the Birmingham unit train terminal as one -- only one part of that. We will apply these proceeds to help retire the remaining balance of high-priced partnership debt, strengthening the overall financial position of the company. This will allow us to complete the streamlining and efficiency gains we anticipated after the acquisition of Green Plains Partners in early January. Again, this sale is only one piece of the broader initiative.

As now -- as of now -- and now I'll hand over the call to Jim to provide an update on the overall financial results. I'll come back on the call to provide an updated policy outlook and discuss our progress on our initiatives in more detail.

James E. Stark
Chief Financial Officer

Thank you, Todd, and good morning, everyone.

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Green Plains consolidated revenues for the second quarter were $618.8 million, which was $238.8 million or approximately 28% lower than the same period a year ago. The lower revenue is attributable to lower prices for ethanol and dry distillers grains in Q2 of '24 as compared to the same period a year ago. While we also saw a drop in our commodity inputs with corn and natural gas down significantly year-over-year, margin opportunities did improve in the second quarter compared to the prior year and prior quarter as a result of these lower input prices.

As Todd stated earlier, our plant utilization rate was 93% during the second quarter compared to the 81.5% run rate reported in the same period last year, which was impacted by the shutdown of Wood River. Q2 2024 was slightly better than the first quarter this year. And for the trailing 4 quarters, we have averaged a 94% utilization rate. We anticipate our plants to continue to perform in this mid-90% range of our stated capacity for the rest of this year, barring any events outside of our control.

For the quarter, we reported net loss attributable to Green Plains of $24.35 million or $0.38 per diluted share compared to a net loss of $52.6 million or $0.89 per diluted share for the same period in 2023. EBITDA for the quarter was $4.8 million compared to a negative $15 million in the prior year period. Depreciation and amortization expense was lower by $3 million versus a year ago of $21.6 million. We realized a $22.7 million in consolidated crush for Q2 2024 compared to 4.6% in the same period of 2023.

For the second quarter, our SG&A costs for all segments was $34 million, slightly higher than the prior year's number of $33.3 million due to some higher property taxes at some of our locations. Interest expense was $7.5 million for the quarter, which includes the impact of debt amortization and capitalized interest. This was $2.2 million favorable to the prior year second quarter. This decrease was primarily driven by lower debt balances, offset by slightly higher interest rates quarter-to-quarter. With the sale of the Birmingham terminal anticipated this quarter and the subsequent payoff of the partnership debt, we expect our interest expense to decrease by approximately $1.8 million per quarter starting in Q4 of 2024.

Our income tax for the quarter was a benefit of $300,000 compared to a tax benefit of approximately $1 million for the same period last year. And at the end of the quarter, the federal net loss carryforwards available to the company were $92.6 million, which may be carried forward indefinitely. Our normalized tax rate for the year, excluding minority interest, is around 24%. We anticipate that our tax rate for '24 will continue to be around that 24% mark.

Our liquidity position at the end of the quarter decreased $52 million from the prior quarter due to capital investments and results from operations. Our liquidity included $225.1 million in cash, cash equivalents and restricted cash, along with approximately $219.6 million available under our working capital revolver. As a reminder, in May of this year, we did refresh our S-3 as a routine transaction due to expiration of our prior shelf filing. We have no intent of issuing equity to execute on the foreseeable transformation plan.

For the second quarter, we allocated $18 million of capital across the platforms, including $5 million to our Clean Sugar initiative, approximately $4 million to other growth initiatives and approximately $9 million towards maintenance, safety and regulatory capital. On a year-to-date basis, we've incurred capital expenditures around $39.5 million, and we anticipate CapEx for the total of '24 will be in the range of $90 million to $110 million. This range excludes approximately $110 million in carbon capture equipment needed for our Nebraska initiatives that we have financing lined up to cover those needs.

Now I turn the call back over to Todd.

Todd A. Becker
President, CEO & Director

Thanks, Jim.

So when we laid out a vision of our transformation, Green Plains 2.0, we capitalized on the opportunity to increase our focus on ingredients that matter and invest in technology to transform our ethanol plants into a true low-carbon biorefinery platform. So I want to look back at what we've accomplished and what there's left to do for the future.

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Our first MSC system came online during 2020. We all know the challenges of that year, and we started shipping product in April of that year, with a pet food customer that we still have today and continues to grow their volumes. Since then, we have completed the MSC deployment at 4 other facilities as well as our turnkey JV partner facility, bringing total production capacity to over 430,000 tons a year. So as we know, this is a long game to introduce products that sell at a premium. And while the domestic markets have ebbed and flowed, our global reach continues to grow, and that is where we achieved our best margin profile outside of the U.S. pet sales that we have.

These are high-value nutritious feed ingredients that the market was looking for but didn't exist 4 years ago, and we continue to make inroads with our Sequence products as well. Our innovation teams are constantly focused on developing and improving the way we make Sequence with the customer always front of mind, through enzymatic and biological enhancements and potential reconfigurations of mechanical processes to further increase yields.

Sequence production involves a series of biological and mechanical processes that are being used in different ratios to lower the cost of production, while increasing digestibility and nutritional uplifts for our customers. Our 50% protein is now a stable ongoing business, and we achieved our highest yield yet across the MSC platform in June of 3.5 pounds per bushel. While this was a target yield of our original investment thesis, we believe we will continue to make improvements and achieve higher production from our current platform as, every quarter, we tweak these systems to run more efficiently and learn a lot as we're doing it.

In addition to producing these nutritious ingredients, this technology increases our renewable corn oil yield, and while we have seen our yields increase across the platform, even to a record, we still have additional opportunities to improve those yields and increase production across our existing asset base in both protein and corn oil. More importantly, as of late, we've seen protein markets remain strong during the backdrop of a weaker corn market, which was really the opposite in the first 4 or 5 months of the year. We are trending back to the original price spread of $200 a ton and with higher corn oil contributions as we saw corn oil trade over soy oil as of late, we are beginning to see better margins for all of our products. As we said, protein markets will absorb new production quicker than anyone can imagine, and we still believe that.

In our Sequence development, we have trials and negotiations ongoing with multiple large customers, some using the product today and some that could take at least one of our plant's entire production capacity for Sequence and enough identified for demand from many more plants as well. We continue to optimize how the Sequence system operates with new enzyme cocktails and we are in the process of making some minor capital investments to support that production in Wood River in Central City. We expect to make progress on our Sequence sales book and grow that throughout 2024 and 2025 as we lock in business and complete our capital improvements to make the product more efficiently. We have a customer base that is ready to grow with us and some are now becoming repeat customers.

We have also built the world's first Clean Sugar facility with dextrose that has up to 40% lower carbon intensity than that of competing products. This innovative technology was a primary reason we bought and invested in Fluid Quip and seeing this project through the completion, position the company for a transformative future. While carbon sequestration, protein, oil and ethanol are all really exciting for the future, there still remains nothing more transformative to our financial future and enterprise value than CST.

The margin profile remains consistently better than anything else we can do straight up and from a risk-adjusted point of view as well. Yes, we will have some big margins across ethanol from time to time, but that is a true commoditized product, while dextrose is completely opposite. While it may be taking a little bit longer than expected, owning and controlling this technology, in what could be a breakthrough moment for the company is really the big opportunity that we have. It is a product that has a moat and a technological advantage that is hard to replicate.

And finally, over the last 4 years, we have positioned the company for the future of decarbonization and to be in a position as an early large volume, low carbon intensity feedstock provider to both fuel markets and in the future, alcohol-to-jet sustainable aviation fuel industry as it develops. With 4 facilities committed to

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Summit Carbon Solutions and 3 Nebraska facilities committed to Trailblazer and the Indiana opportunity mentioned, we stand ready to capitalize on decarbonization to significantly lower the carbon intensity, or CI score, of our biofuels, providing the world with an advantaged liquid transportation fuel.

While these projects were not in our radar 5 years ago when we launched our transformation, the impact of the IRA has caused us to focus more on projects related to decarbonizing our production, especially with the first mover advantage in Nebraska. To repeat, we strongly believe the value of a decarbonized asset is not at all reflected in the current share price or enterprise value. So we visited this topic on the last call as well, but with its importance, it's worth revisiting again. The 40B SAF regulations were favorable to U.S. corn ethanol, with CCS or carbon capture as we have no reason to believe this will not be reflected in 45Z regulations when those are published as well, possibly even more favorable on how they treat Climate Smart Ag.

We believe we could be in the catbird seat with our Advantage Nebraska strategy with 287 million gallons of low CI ethanol, which could attract serious interest from ATJ sustainable aviation fuel producers related to new products in need of supply as well as low carbon fuel markets. We considered multiple election scenarios, and we believe the repeal of the 45Z clean fuel production credit is highly unlikely in any case. The CO2 pipeline in Nebraska is on track for second half 2025 start-up and the Trailblazer project could be the first sizable decarbonization play in the ethanol industry and having 3 facilities connected to that should put us in an advantaged position.

We continue to evaluate how to best leverage this opportunity and look to possibly increase the production capacity at those while further decreasing carbon intensity. And by extension, this will increase the profitability of those sites with such an outsized return on capital in the near term. As indicated in our press release, our construction management agreements have all been executed. And also keep in mind, the plants in Nebraska currently produce about 800,000 tons of carbon, but the equipment was upsized to 1.2 million tons, both for expanded production as well as other opportunities like post-combustion carbon, which continues to drive even better returns than we expected.

In summary, Q2 was a quarter focused on executing on the initiatives we have laid out over the past years. As we tick off more and more of these important milestones, the vision of where we can be, post-transformation, continues to come more clearly into view, which we can see some of this play out in Q3 as we expect to return to profitability, of course, based on current markets across all of our products. Thanks for joining our call today, and we can now start the question-and-answer session. Thank you.

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Question and Answer

Operator

[Operator Instructions] And your first question comes from the line of Adam Samuelson from Goldman Sachs.

Adam Samuelson
Goldman Sachs Group, Inc., Research Division

So Todd, there was a lot of discussion on future capital projects and initiatives in your script and especially at the end there. You outlined a capital budget for this year of $90 million to $110 million. So you spent a little bit of a step-up from the first half run rate, but not much. Can you help us think about the gating items that would drive you to allocate incremental capital either to expansion in ethanol production in Nebraska, the next Clean Sugar facility, ATJ potentially? Just help us think about where the capital budget would go from here and when you think you'd be making some of those decisions.

Todd A. Becker
President, CEO & Director

I think what's nice right now is the fact that we're coming to the end of a lot of the big capital investments that we have made. If you saw, we did not invest a ton of capital this quarter. And it was kind of nice to see that. Now we're coming into a quarter where we could generate free cash flow over and above the capital that needs to be invested at the moment during the third quarter as well. So we talked about that in the past where we will reach this point where the capital investment goes down and hopefully free cash flow generation comes up. I think we'll see that in the third quarter. The big investments we have left to make now is really finishing up Clean Sugar, which most of that has been paid for already. Now we're in the middle of startup.

And really the next big thing for us is to build our compression equipment for carbon capture in Nebraska, which is already financed fully. Anyways, it won't take any more cash off the balance sheet. So we'll need no more capital for that as well. We're going to continue to look at our CST startup. As soon as we get positive results on that, we'll start to look at where should we increase Shenandoah or should we look to move that to a second site as well. And then really on ATJ and other initiatives like that. Look, I don't think, Green Plains standpoint, you'll see us necessarily investing in ATJ because I think we can monetize our early position in low carbon molecules that we're going to produce in Nebraska and continue to drive more and more opportunities there.

A couple of big things that we look at in Nebraska is should we expand capacity there? And should we look at investments into post-combustion carbon? Both of those are kind of on the table to look at. But at this point, construction costs still remain high to do that, and we want to make sure we do the very best thing for the very best returns. Today, in the plants we have, that in Nebraska with 287 million gallons, some incremental upside there as well. And we feel like we're just in a great position to start to generate that free cash flow. And we'll have to make a determination in Nebraska what we really want to do next. And that really hasn't been made yet.

We just want to make sure that we make progress here. We get confirmation of what we talked about on the 45Z. And at that point, it could be all systems go. But at this point, I think we're in a really good place from a capital standpoint as we are winding down that first phase of capital investment and looking at a fully financed carbon upside as well.

Adam Samuelson
Goldman Sachs Group, Inc., Research Division

Okay. I appreciate that color. And if I could ask a follow-up on ultra-high protein, which both in the press release and in the script, got a little less discussion than it had in recent quarters. So can you just update us on where you are in building that pipeline of 60% pro and where we should think about that as a

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proportion of the sales mix by the end of the year? And more broadly, what premium you're realizing on the -- on all the UHP you're actually selling right now and especially the 60% pro that is in the sales mix?

Todd A. Becker
President, CEO & Director

Yes, thanks. I don't think we absolutely have not deemphasized that at all. As we talked at length about the importance of yields and running our sites. Tharaldson bringing it online, producing -- starting to produce towards our maximum levels that we indicated. What we saw early in the year was really a compression of higher corn prices and lower protein prices, and that really compressed margins during the beginning of the year to levels almost where we just want to make sure we keep our customers in product, but the returns really weren't quite there just because we saw that a couple of years ago as well, and it went away pretty quick.

So what you saw then was then you saw soymeal prices rally, protein prices rally and corn prices go down, widening us back out to kind of our original thesis of pushing towards $200 a ton relative to the wet replacement products that we calculate against. On top of that, though, in the world, we saw corn gluten meal prices come down a little bit against soy prices. So that spread narrowed a little bit between kind of the 50% and 60% pro. But that really wasn't affecting us much this year. We're really focused on next year, and we continue to make great progress with some of our customers. We expect to be in their rations. As we indicated, we want to make sure we get a plant or 2 sold for next year, during -- later this year and during next year, and we continue to remain on track to try and get that.

But relatively speaking, it does cost money to make 60% pro. We got to make sure that spread widens back out to numbers that we saw early on when we made this investment. We still believe that will happen. We know these markets ebb and flow. But we're not going to stop just focus -- now we're not going to stop marketing and getting 60% pro into rations globally. And we've seen some really great results from the adjustability, from feed conversion ratios of that product. But what we want to make sure is we find ways to make that -- this -- the cost of making 60% pro cheaper and cheaper, and we have some initiatives around that, which we've talked about in the script, and that will allow us to get better returns. So absolutely 100%.

We have a team focused on it every day, both on 50% and 60% pro. There's no deemphasizing this at all in our platform. And as we continue to make progress on that, we will always continually look at where should the technology be next. Fluid Quip continues to find -- to try to find ways to build those at cheaper cost, and we've seen some of the construction costs come down, and they're working on other things like MSC [Light] and other areas of improvement. And then our own internal team as well just looking at how do we improve this product and even get to higher proteins, which we believe we -- in the next couple of years, we could see some breakthroughs in that as well. So we are very focused on that because that's where we earn money today, while we're gearing up for a low carbon Nebraska next year.

Operator

Your next question is from the line of Heather Jones of Heather Jones Research.

Heather Lynn Jones
Heather Jones Research LLC

I just wanted to go to CST, and just was wondering if you could Good morning. Thanks for the question. I just wanted to go to CST, and just was wondering if you could give us an update of what your estimated sales pounds for '25 will be. And given the much lower CI score, are you anticipating a premium to the commission of corn wet miller's product?

Todd A. Becker
President, CEO & Director

Yes. So when we look at 2025, we continue to develop the sales book. Our first focus is on making product in spec, and that's what we're focused on every day. And once we have that, we're certain that we can sell that product into the market. The capacity of the system is between 200 million and 250 million pounds

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a year. We have some things that we debottleneck in wastewater and those types of things. But generally speaking, what our low carbon score does is it gets us in the door. And that's most important because we believe our cost of production is very competitive or lower than a traditional wet mill. So when we look at that, we have the advantage of lower carbon scores. I think when we look at pricing, obviously, there is sensitivity about pricing, yes, a low carbon ingredient certainly has some interesting opportunities for CPG companies and beverage companies and other types of companies. But generally speaking, it's more about market share getting that.

But the market is so big. When we look at the CST market, or the sugar market, dextrose market in the United States, we believe it's a 15 billion plus pound market and bringing on 200 million or 250 million pounds is not going to disrupt anything, and we believe the margins will stay intact. But thus far, we'll have no product in terms -- no problem in terms of volume, both from industrial as well as food. We've seen good strong demand from industrial producers -- industrial users as well. It's used in everything from enzymes and chemicals all the way through house insulation and other areas. A lot of stuff is made in a fermenter that most people don't know. And our low carbon CST definitely has a place in that.

Heather Lynn Jones
Heather Jones Research LLC

Okay. And my second question is on ethanol margins. So according to my calculations, they're down roughly $0.15 to $0.20 from the recent peak, but they're still really strong. And I was just wondering, I mean, because if you look at stocks, they're above last year and they materially above the 5-year average. So just was curious if you could give us some color on what you think is driving the strength in these margins? And is there anything besides the Brazilian short ethanol position in Q4 that you think will help sustain these levels?

Todd A. Becker
President, CEO & Director

It's really exports, exports, exports. I mean, although we have seen good domestic driving demand as well and good uptake there, but generally speaking, when you look at exports and you look at what we've been able to do year-to-date, the capacity that has been sold out of this country. It really has kept everything in check. And remember, what you see on a weekly basis in the stocks, some of it ends up at the Gulf, it gets reexported. So you might see a 23 million barrel position, but a lot of that may sit in the Gulf and not really back at origin or -- and then some of it's even in transit. So disappearance has been really good, and I think that will continue through the end of the year, mainly because Brazil really doesn't have the extra capacity in kind of September forward. And we remain -- if you look at the export [indiscernible] both to Europe and anywhere else, we remain very competitive by $0.15 to $0.20 a gallon over Brazil at this time, especially as we get later in the year. And I don't think demand is going to go away, especially with our low-price molecule that we have.

But yes, I mean, I'm surprised, too, sometimes I look at 23 million barrels and you -- and we've been around long enough to know that those margins that we're seeing probably we have not seen historically. But we also, in the last several years, have not seen exports like this either when we went from a record to a few years ago, 5 years ago to really getting down to 1.3 million barrels, and now we're driving back up towards 1.8 million, 1.9 million barrels potentially. That's a lot of uptick. And I think what we always say is while we see these strong weeks on supply or on production at 1.1 million barrels, I don't think that's sustainable, the industry continues to get older. While we see capacity come on, we see capacity go off and then we get back into shutdown season here, and it's not very far away for the rest of the industry as well. So these are kind of the peak areas of production, and then we'll see probably a little bit of that in the fourth quarter.

But you are right, margins have come down from the highs, but that really was driven not necessarily from the simple crush more than it has been driven from maybe some end of the year high corn basis pockets, but those are coming down as well as some DDG pricing that came down. So most of that recent downtick was coming from really not the simple crush, but we do believe that basis levels are coming back down and will subside. And we're able to procure some fourth quarter basis in some of our eastern plants

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at what I would say is below traditional levels that we've seen over the last couple of years just because the crop carryout is so big and the crop coming in is going to be just potentially massive.

Operator

And your next question is from the line of Salvator Tiano from Bank of America.

Salvator Tiano
BofA Securities, Research Division

So firstly, I want to follow up on ethanol and the export strength. Obviously, Canada's more recent regulations are helping. But how should we think about next year and -- 2025, 2026, essentially, are there any other dynamics, including regulatory ones in key regions or countries that can further increase export demand? Or are we approaching pretty much a new normal for U.S. exports?

Todd A. Becker
President, CEO & Director

Listen, if we could stay here as a new normal, I think we'd be really in good shape at a [$10.50] run rate on average, domestic demand sitting where it's at and exports up here as the new normal. That will be really good. And I also think that when looking at Brazil, and you look at kind of the relationship between ethanol and sugar, I think they continue to see challenges down there making ethanol and the demand down there continues to grow as well. So export availability, while certainly at certain times of the year is good out of Brazil, we still believe that we will remain competitive in the world, especially when we start to make lower carbon fuels as well. So those are game changers when you have a low CI fuel that you can make in Nebraska or some made in North Dakota, maybe some in Indiana, Ohio that are going to come online and then obviously, the second pipeline down the road. These are game changer times.

But -- and also E15, now you have permanent E15 in 8 states. That's the first time, I think, ever that we're going to see now that's permanent. And we're really working on California as well. So while California is more of an E85 state at this point, and we continue to -- the industry continues and the industry groups continue to work with them as well. We're getting more acceptance. I mean, I think you've seen even recently so. You've seen some larger refiners calling for an expansion in RVOs. And that's probably the first time where I think we're aligned as a fuel industry between ethanol and gasoline as we know what the battle is against, it's against electrification. And so today, we're aligned that whatever we can do to continue to drive higher blends and higher volumes, it's good for everybody. And you've seen that recently from some of the refiners and refining organization supporting E15 nationally and asking for higher RVOs. To get some of that, that would be really interesting at that point.

Salvator Tiano
BofA Securities, Research Division

Perfect. And I wanted to check a little bit, you posted high protein volumes sold. But can you elaborate a little bit more on the production? If I remember correctly, for the past few quarters, you've been producing more than you're selling. Was it still the case in Q2? And at which point should we expect the volume inflection on top of the production?

Todd A. Becker
President, CEO & Director

So like we continue to really sell everything we have. I mean maybe at the end of the quarter, we might have some stocks in transit or something like that, but we don't really sit on a lot of stocks. Unless we want to have -- what we're going to really try to do is as we ramp up for 2025, we'll probably make a little bit of extra 60% pro and hold that for the program as it starts because just it takes time to build up those stocks. But generally speaking, we don't really sit on a lot of anything, quite frankly. When we were at our lowest -- some of our lowest ethanol stocks in history as a company, some of our lowest -- internal, some of our lowest DDG stocks as history of the company and ultra-high protein is really the same. So we expect kind of as we go forward right now, this quarter, around 70,000 tons from Green Plains plus another 25,000 tons of capacity from our Tharaldson JV. So we're going to start to get to

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90,000 to 100,000 tons a quarter plus and all of that will find a home as well. So especially, as we've seen kind of the protein markets stay at a nice premium to corn.

Operator

And your next question comes from the line of Andrew Strelzik from BMO Capital Markets.

Benjamin Thomas Mayhew
BMO Capital Markets Equity Research

This is Ben on for Andrew. And I just have one today, sort of a longer question, though. So what are the key policy milestones that Green Plains and the ethanol industry have on the radar through first half '25? And given some of the recent unfavorable decisions like the reversal on SREs and what seems to be delayed deferrals overall like the 2026 RVO, has your sentiment on the probable outcomes changed at all? And what might be holding back key biofuel policy commitments?

Todd A. Becker
President, CEO & Director

I think from our standpoint -- we've been doing this for a long time, and these questions obviously continue and none thus far has really been impactful and positive in a negative way for us. And we've seen growth in E15. We got the IRA, which has 40B regulations. We think there'll be positive upticks on carbon-smart ag, agricultural for farmers. We think the last policy came out as a placeholder. We think the 45Z rules are going to be beneficial to us for what we're going to do in Nebraska as well as going back on to the farm and gaining some more reduction in carbon intensity points as well. And then on top of that, we're watching the low-carbon fuel markets and seeing what those values are.

But generally speaking, from our standpoint, status quo is okay. But we think with some of these other things that are happening, it's going to be positive for us as a company and also as an industry. And we think the rulemaking, again, no matter who the President is, still going to be in our favor as each party has all their different types of things that they want to advocate for and their supporters for carbon sequestration on both sides of the aisle, especially on these pipelines coming out of the Midwest as it wasn't really just a Democrat policy. It was a Democrat and Republican policy to sequester carbon and reduce our CI scores. I'll let Devin follow up on that. Anything that you're seeing that is the big impact, Devin?

Devin Mogler
Senior Vice President of Corporate & Investor Relations

Yes. Andrew (sic) [Benjamin], I'll just add. If you look at the calendar, we still expect to see at least proposed rules or some sort of a safe harbor statement from the administration around 45Z since we have the biodiesel tax credit expiring here at the end of the year. Also, I could see California finally come out with their updated LCFS numbers here. That may slip until after the election. And they've indicated the RVOs aren't going to be proposed until the early part of the year. And look, while we could see something come back with small refinery exemptions, as Todd mentioned earlier in the call, we got refiners calling for higher RVOs in general, predicated on increased renewable diesel production, but a rising tide lifts all boats in that scenario, particularly for our corn oil. So all that to say, we have no reason to believe that 45Z regs will not be beneficial to our platform.

Todd A. Becker
President, CEO & Director

Thank you.

Operator

Your next question is from Laurence Alexander of Jefferies.

Kevin Estok
Jefferies LLC, Research Division

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This is Kevin Estok on for Laurence. Actually -- so a few of mine have been asked already, but I guess I wanted to hear more about your SAF demand expectations, I guess, and what you're seeing in the market. I guess in the past few, maybe months, I've been hearing some like recalibrations of sort of what's going to be considered SAF in different places and tax -- basically tax benefits associated with that. I'm just curious like how you expect that to sort of evolve.

Todd A. Becker
President, CEO & Director

You, you broke up a little bit. What -- was your question on SAF?

Kevin Estok
Jefferies LLC, Research Division

Yes. Basically, SAF demand expectations. I mean there's been some, like, changes in sort of definitions, I think, in some of the European markets. I'm just curious how you expect it to evolve basically, the demand.

Todd A. Becker
President, CEO & Director

Yes. We're waiting for those rules to be written. I mean our view is in the United States. That's going to be a very important molecule. We've already seen coming through renewable diesel or the HEFA feedstocks into SAF, that is becoming an accepted molecule. And we're really excited to see that out of, out of some of the producers. We have a lot of different types of technologies that people are looking at in the U.S. for alcohol to jet. And really, if you want volume and that's the one thing that we stress to the D.C. politicians as well as administrators is that, if you want volume, you're going to have to come to alcohol to jet. And I think that the first step will be in Nebraska when that comes on middle of next year, and you can go look at who's on -- who's going to bring it on to that pipeline between ourselves and others on that pipeline.

There could be up to 1 billion plus gallons available of very low CI ethanol, and that is the first step to making sure that feedstock is available to produce sustainable aviation fuel from alcohol, which will give them, I believe, the courage and the strength for people to start to build these plants. The technology exists to convert to molecule. That's not going to be a problem. Yes, we're going to have to fight CORSIA in Europe versus our own policies and what airlines are willing to buy or not buy. But at the end of the day, it's going to be fungible and we're going to see airplanes powered with SAF from alcohol to jet. Without any question in our mind, we believe we are in a great position as Green Plains to supply that molecule as the base.

Kevin Estok
Jefferies LLC, Research Division

Understood. And just back on margins or at least, I guess, ethanol pricing. I mean, I'm sure you don't want to get into providing an outlook there, but obviously, there was a run-in prices a few months ago, then I think they've come back down in the past few weeks. Just curious to get your thoughts on maybe what the puts and takes there for the past few weeks, the kind of decline? And whether you think that this is maybe like a more of a normalization in pricing or your thoughts there?

Todd A. Becker
President, CEO & Director

Yes. I mean, look, we moved -- the base margin simple crush moved 3 standard deviations to the right. I mean that's what we really saw. And so what adjusted out of that first was corn basis got firm because obviously, the demand was very high. You saw our production levels as an industry go to 1.1 million barrels a day. So we have firmer corn basis, more DDGs. But on top of that, though, what we've really seen nicely was the premium move from -- or the corn oil price move from a discount to soy oil to a premium to soy oil. And that's been a change, a nice change that we've seen where that really hurt us in the first half of the year when we saw a very weak veg oil pricing overall, including a discount of our product. But what we're finally seeing is the uptick and the uptake of the fact that we produce the second

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lowest carbon intense HEFA feedstock, veg oil feedstock available to renewable diesel producers, and that's the distillers corn oil.

And if you just look at one plant in California that came online here recently at 50,000 barrels a day of feedstock needed to feed that plant. That's more than the whole U.S. ethanol industry produces in total. That's one single plant came on, and we're hearing they're importing from dozens of countries to even feed that demand. And so that's something that we're really fighting to say making sure that what we're importing meets the qualifications and making sure that our corn oil and our renewable corneal that we produce remains into the mix with a very good score, and we're starting to see the premium of that over veg oil as we thought it would happen as we exited '24, going into '25 when we have a very advantaged position relative to the regulations that corn oil has as an advantaged feedstock. We're finally starting to see that approach as well as making sure that what's imported into this country meets the standards. And obviously, we know that some of that has slowed down already. So we think we're in a really good position from that standpoint.

Operator

Your next question is from the line of Matthew Blair of TPH.

Matthew Robert Lovseth Blair
Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

You mentioned some positive commentary on the Trailblazer project. Could you talk about the next steps from your perspective here? And in particular, do you still need permitting to build the spurs from your ethanol plants to the trailblazer pipeline?

Todd A. Becker
President, CEO & Director

Yes, I'm not going to comment too much on kind of what's left to do from Trailblazer standpoint. Obviously, you can kind of look at that. But except to say that we're highly confident that all of those questions that you have are being addressed from permitting in counties in Nebraska, remember, this isn't like a larger state like Iowa that you get the state permit. These are county permits. Most of those are going really well. Right of way is going really well. They already had a pipeline in place anyway. So these are just spurs, whether it's 10 miles or 40 miles or 5 miles. Thus far, the farmer has been very -- and the landowners have been very cooperative in Nebraska, knowing that "Advantage Nebraska". They really like that idea that they're going to be ahead of the rest of the United States by many, multiple years. And so a lot of that has gone well.

I think you saw recently that their permit went to public comment in the first permit, they or storage went to public comment in Wyoming for sequestration. And again, I think even recently, 5 more permits went to public comment in Wyoming as well, which we know is very supportive and they've already started to issue permits for other projects. So we're very highly confident that what we have is something very unique as a company. And I think what's really interesting is that lead times on carbon equipment, when we originally we thought when this project started, was going to be kind of a -- it went through kind of a year plus lead times to get your carbon equipment. What we ordered recently, we were indicated 30- to 40-week lead time. So you see that, that's going to be available. That hits our targets. We signed a construction management agreement. We fully financed the projects, and we expect to have, sometime next year, 287 million gallons of decarbonized alcohol that earns in excess of $100 million extra free cash flow per year with a very quick payback on the investment.

Matthew Robert Lovseth Blair
Tudor, Pickering, Holt & Co. Securities, LLC, Research Division

Sounds good. Thanks for the helpful commentary there. And then you mentioned the hedges for the third quarter, but I guess not for the fourth quarter. Could you give us a sense of what percent of your production is hedged for Q3? And is it fair to say that it's had a pretty attractive level relative to that high 20s to high 30s all-in ethanol margin that you referenced earlier?

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Todd A. Becker
President, CEO & Director

Yes. I mean what we've seen is we took advantage of the -- of some of the simple crush when it moved kind of that far away from historical means. And thus far, that has been the right decision. In the meantime, obviously, as we mentioned to Heather earlier, corn basis rallied a bit, the distillers grain prices reduced a bit, although we did see a corn oil uplift as well. But generally speaking, anything we've done, and we're not going to give specific numbers has been above -- at or above the current market. So we're very happy about those results. But it's not -- we still have significant amount open for the third quarter, and we have de minimis hedging in the fourth quarter.

Look, all we're going to look at is in consultation with our Board and committees on the Board is to say, at certain levels, we want to make sure we can lock down these quarters, generate the cash flow needed to support the business, generate free cash flow for our shareholders. And as like we said, what we're really excited about as we wind down kind of what we said, as we're winding down this investment program over the last several years, you'll start to see the easier free cash flow generation to start to rebuild structural cash on the balance sheet as well as give us other opportunities to look at where we're going to go with the company. But that's just the start of it. And as we get into mid-'25, we look at the free cash flow generation from 60% pro from 50% pro from carbon and then also being an advantaged feedstock in veg oils. We think we're reaching these points where we will continue to strengthen this company back to where it was and start to deliver quarters.

Operator

We have a question from Eric Stine of Craig-Hallum.

Eric Stine
Craig-Hallum Capital Group LLC, Research Division

Maybe just on high pro, maybe it doesn't matter given the demand you're seeing internationally, but I'm just curious what you attribute to just domestically? I know you talked about demand being a little -- I'm not sure what your words were, but some volatility. So I'm just curious your thoughts on that.

Todd A. Becker
President, CEO & Director

Well, as we said, when we started to make our 50% protein product, we did everything so far to get to Sequence. I mean that was really the thing that we really want to do with the system. We knew 50% pro ultimately really gets commoditized, although we do have a special product. I mean, it is a 25% yeast, 75% protein. It tastes better than traditional soy-based products. There's a lot of demand for it from the standpoint of whether it's uptick in pet or other areas. But generally speaking, with all the excess soy production capacity coming online, we knew over the next couple of years, there would be some chunky times when there's a lot of soy coming -- soy protein coming out of the market that's going to just overall affect everybody.

Although what we've seen here, which is favorable, is we saw soy prices rally because of some of the Argentina issues and those protein prices, which helped us a lot while corn prices sit in this $3, sub-$4 range. So it's really -- we're going to move a little bit with soy protein as that moves around, and we bring more capacity on them. But it looks like a lot of that is getting absorbed into the market with exports as well as with good domestic demand. And overall, we're still in -- we believe, is absolutely the right thing to do. We invested about $330 million across our platform. And while we thought from 50% pro, it kind of be a 3- to 4-year payback, it's probably turning into kind of a 4 to 5 to maybe some quarters, a 6-year type calculation.

But that was a little bit due to more so than when we started it, we didn't really have the IRA and the IRA drove a massive capacity increase in soy protein. But we're very happy with it because once you get to 60% pro down the road, and you start to see those paybacks really, really accelerate. So like we said, we've already -- the money has been invested. We are now -- want to generate the returns that we expected, and now we're really excited about the future.

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Eric Stine
Craig-Hallum Capital Group LLC, Research Division

Okay. And I -- just for a follow-up. I might have missed it, but are you still on track for -- I think you targeted your mix of 60% pro to be 20% to 30% by the end of '24. And just curious, I mean, is there a time you see in the future where that's 100%?

Todd A. Becker
President, CEO & Director

I don't know if it's ever 100%, but I would say we want to continue to drive the cost of producing 60% pro lower. And we have some breakthrough opportunities we believe that we can get some of that done as we have found different ways to look at taking our protein production higher from 60%, potentially even into the 70s. We've seen some things as of late that gives us good confidence that we're going to make progress really across the board, both from making a better 50% pro product, making 60% pro cheaper than we thought it was going to take to produce it, make it -- across a couple of our plants next year and then see where that leads us in the future. Our goal is to sell the best economics. And when we saw corn gluten meal prices collapsed against soy prices, sometimes we had to reassess do we really want to -- how fast do we really want to move? Now we've seen that start to recover in the world, but there still remains because of the cheaper corn, there's cheaper corn gluten meal.

Now we know, and historically, when we made our investment basis, 25 years of data, and the spreads between corn, soybean meal and corn gluten meal and we've seen those move around through those last 25 years. This is just one of those times where corn is just a cheaper commodity than soy. And I think that we'll probably see other times when corn is going to rally again and soy doesn't necessarily keep up and corn gluten meal will be the better commodities. But generally speaking, once we start going and we supply to customers, we know we're in the ration permanently. We still are focused on a couple of plants for next year, which is when you look at it up against our total capacity, those plants are in the range as discussed.

Operator

Your next question is from the line of Jordan Levy from Truist Securities.

Jordan Levy
Truist Securities, Inc., Research Division

And appreciate all the details. Todd, in your prepared remarks, you talked about some of the early challenges in getting CST at Shenandoah ramped here. Maybe if you could just expand a little more. And I think you mentioned it was on the equipment side. Maybe just talk about some of those and how the team is working to address those and what remains to be done in the...

Todd A. Becker
President, CEO & Director

Yes. I mean I'll give you one example, and I'm not going to get too deep into it. But again, mostly from what we've seen is quality of construction, some issues there, not because we hired bad construction firms just because it's in the era of where we live in. It continues to be a challenge. Sometimes they find good trades people. And so whether it's water flushing through the system and finding the leaks to, literally, I'm going to give you one example is that we put a brand-new chemical holding tank, brand-new tank and it was leaking. It had nothing to do with our technology. It's just the fact this is literally a brand-new tank. So those are the challenges that really, I think, we've been facing, and we're getting hopefully to the end of some of those.

Some of it is learning how to use some of these unit operations as well. When we look at our [ION Exchange] system, that's being used in the world today to make dextrose. There's one system set up in Brazil, another one being built in Iowa, we think. And -- but again, this is just a new application, and we have to figure out what we run through it. It's a different feedstock. So it's really just a function of step-by-step-by-step debottlenecking across the process. But some of it really came from not just construction

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delays, but sometimes repiping the whole -- some parts of the system that we didn't like the quality of the construction.

And so really, if you've been to Shenandoah, you see it's ready to go. It's an amazing facility. We believe the technology is on track and it's going to just take some continued time and continued effort to get up and running. And it's really kind of how we think about it. It's an any day now kind of thing. And you'll be the first to know them. We hope that over the next kind of a little bit of time here, we're going to start making product in spec and that product is ready to be sold to customers who are waiting for that product.

Jordan Levy
Truist Securities, Inc., Research Division

That's super helpful. And then you did a bit of asset monetization here with the terminal in Birmingham. Maybe just a little bit more about how you're thinking about any additional asset sales as you look to...

Todd A. Becker
President, CEO & Director

Yes. I mean owning one terminal as a company was a nice thing to have. It's really not our core focus of what we want to be from an ingredient standpoint and a low carbon molecule producer. And so it's a great terminal. We built it many years ago. It's paid back itself many times already. And we just felt the opportunity was to monetize -- in a good market to monetize that terminal because what we had is while low interest rates were really nice, it was a debt related to SOFR and SOFR+ and you saw SOFR rally. And so that became really just what we thought was eating up all of the free cash flow for that terminal. So we could have obviously refinanced that maybe at a lower rate. But look, it's -- we're not a terminal company. We've sold our MLP. We still had to support that like an MLP based on some of the debt terms you can look at online.

So we're going to be able to pay off that debt and that this will help do that and reduce our interest costs overall and also let us focus really on what we do really well and strengthen our balance sheet. And that was really with the driver behind it. It's one part of when we look at our strategic review, but certainly only a small part of it.

Operator

Your next question is from the line of Kristen Owen from Oppenheimer.

Kristen Owen
Oppenheimer & Co. Inc., Research Division

I wanted to come back to a few of the questions that have come up on 50% pro, 60% pro. And I think in the prepared remarks, you mentioned you're sort of getting back to that $200 premium over the reference price. You've also noted in some of the responses, a lot of movement in those reference prices. So I'm just wondering, can you help us think about like how sustainable or how sticky that premium is? And to your point on sort of the payback period for that investment. When we should start to think about breaking out that EBITDA or crush margin contribution, especially now that you've got Tharaldson up and running that there's a lot of volume coming off the platform. So it would be helpful to be able to track that payback in your financials.

Todd A. Becker
President, CEO & Director

Yes, look, When we started this investment several years ago, again, we said the IRA didn't exist. So since then, 10 million to 20 million more tons of product is going to hit this market. And the market got ahead of itself in terms of weakness for soybean meal when we didn't even have new capacity coming online yet. Now we're starting to see some new capacity come online. We've seen those margins compressed. But generally speaking, we've seen still pretty good margins relative -- relatively speaking, to the amount of soymeal coming online, number one, because we saw this recent increase in soybean oil as well. But so, look, we've ebbed and flowed on the margin and some of it becomes chunky when the market thinks all this extra soybean meal capacity is coming online, but the market is doing a really good job of taking it.

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And then once they work through it, and they realize that we have a really good product, and it's not just always about price, then we get additional opportunities to sell our product into different rations.

And we're in every ratio for every animal that buys any type of protein today from aqua to pet to chickens to hogs to cattle, you name it, we're in all different types of ratios today. It's a long game. I mean, when we built it at the time, it was about the $280 premium is what we were able to achieve. We saw that compressed as low as for 1 quarter, $120 premium, now pushing back to $180 to $220 premium depending on the customer. So overall, we think it's a very long game. The protein -- the world is going to remain protein short, notwithstanding, lots of capacity comes online, and they're going to take it.

That's our view and it remains that way. And we're seeing that. So the spread between corn and soy has widened out, but then that hurts a little bit on the spread between corn, soy and corn gluten meal. That's something that we will just wait and we'll price accordingly. But we also believe our product is a premium to corn gluten meal. When we sell 60% pro, we're not going to sell it at a discount -- a Sequence product. We are going to -- we want -- we expect a premium and those are the conversations that we're having because it does better things in the ration than the alternative. And we're really excited about those opportunities.

Kristen Owen
Oppenheimer & Co. Inc., Research Division

I appreciate that. The other comment that's come up quite a bit, just looking out the curve. Obviously, we can all see what's happening on corn prices and corn costs for you guys. You've mentioned your hedging strategy on where we are this year, but maybe it's a little bit more of a near-term question, what you're having to pay to get corn in the door. Are you starting to see farmers, like, loosen up on their stocks and actually transact? Just any -- some of that near-term color on bringing that corn in the door would be helpful for us.

Todd A. Becker
President, CEO & Director

Yes. I mean besides some really tight pockets in Nebraska, we've had no problem buying corn across our platform, really closer to our bid than ever before. Now Nebraska, again, notwithstanding went to 80% or 90% over for some spot corn, but we didn't really have to participate in that. As we came into August, 85% covered on physical corn across our platform. So we're really happy with the way the team executed. We own basis levels at or below the market, and we haven't really had to reach for corn really anywhere across our platform, which has been really nice. And we believe as we get to the end of the year, basis levels are subsiding. There's a robust amount of carryout that's going to have to hit this market. The farmer is staring at his fields, and we're all staring at as we drive through to say, will we have [181]? I'm not sure that we hit that, maybe we get to potentially even higher than that. And then we'll have to wait see what the impact of some of this excess rain in some of these Northwest Iowa counties have.

But generally speaking, we are going to have more opportunities at what I think are better basis levels that we've seen really since the last 4 or 5 years. We've been able to now get even some new crop corn in the east at levels that we really haven't seen and the availability of that in OND, or October, November, December, the fourth quarter. So I don't think there's really anybody upstairs at least on our corn procurement and trade desk that believes that there's any reason at all at $3.85 corn to $4 corn, the basis levels are going to do anything, but stay steady or subside. And that's -- I think that's favorable for us, favorable for our industry to really know that we have the supply that we need every single day to produce our molecules.

Kristen Owen
Oppenheimer & Co. Inc., Research Division

If I can sneak in one last one here. Trailblazer, I believe that first well comes out of public comment tomorrow. Just to the extent that you're able to discuss, like what are the milestones that we can be tracking once that public comment period is over? How to think about timing of that well approval and the activities as it relates to your expenditures?

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Todd A. Becker
President, CEO & Director

I mean we're highly confident that -- and Trailblazer is a great team, great company, great project, backed by a great company, and they know what they're doing. That's for sure. They are a pipeline company. They are an infrastructure company. And that's why we're so excited that we're there in the Nebraska project. Coming out of a public comment, I don't know exactly how that all works in Wyoming, but I think it's within a couple of weeks or whatever they're going to get, we hope they're going to get a permit and notice to construct and then off they go. It's -- this is not -- these are people that have done this before with significant experience. And thus far, there's nothing that tells us we're not on track to get our carbon in the ground sometime middle of next year, middle to late next year. And we're going to build accordingly.

We're not stopping anything because of the public comment process. We've ordered all equipment. We signed a construction management agreement. We expect to start breaking ground on moving dirt here in the next 60 days, probably somewhere in that range, maybe 60 to 90 max and we expect to be up and running as expected. So we're really excited about it. I think you're going to see positive things come up. Wyoming is a very supportive state, much like North Dakota is on the Summit project, just to give equal affirmation. I mean those 2 states have primacy. They don't have to go to EPA Class 6 wells. I think there's one other state. There's 3 states only. Louisiana is the other state. They have primacy. They don't have to go to EPA permitting, which is a great advantage, and the states are extremely supportive, especially Wyoming and North Dakota of both of these projects. They bring significant economic impact to each of these states. And that's why these projects all have great opportunities.

Yes. Thanks. And thanks -- is that everything, Phil? Okay.

Operator

And that concludes today's Q&A session. I'd like to hand back over to Todd for closing remarks.

Todd A. Becker
President, CEO & Director

Okay. I'll take it. So we appreciate all the questions today. We have a lot of opportunities in front of us. I think we've outlined those to you. It's nice as we're coming to the end of that first big capital investment program and starting to see what we thought was. We have less capital going out the door and more capital coming in the door, which is kind of what we're really setting ourselves up for as we go into 2025. We look forward to continue to review our progress over the next couple of months. And as always, if you have any questions, feel free to reach out to Devin or Phil on the Investor Relations team, and we look forward to talking to you again soon. Thanks for [indiscernible] on the call today.

Operator
This concludes today's conference call. Enjoy the rest of your day. You may now disconnect.

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