

More jobs possible from drilling offshoots

A natural gas chemical could be manufactured.

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New natural gas discoveries in Ohio could spell more jobs in spinoff industries from large-scale industrial chemical plants that could feed and foster additional manufacturing, industry representatives say.

Cal Dooley, president of the American Chemistry Council, the trade association of the largest chemical companies, said so-called cracker plants would exploit ethane derived from natural gas. Chemists liken ethylene, which is obtained from ethane, to bread flour for baking in terms of its usefulness in making chemicals. It's a factor in more than 90 percent of manufactured goods, Dooley said.

An additional 17,000 jobs could be created from one of these plants, according to the council.

But with the Utica Shale, the target of the new exploration, spread over many states, there's no guarantee eastern Ohio would get one or many plants. They could go to Pennsylvania or West Virginia, too.

One company, Shell, has said it could make a decision by year's end.

Gov. John Kasich's office has been lobbying Shell to site the plant here, said Jack Pounds, president of Ohio Chemistry Technology Council, the state's trade association whose members include Lubrizol, Ashland Inc., Dow, and DuPont. Pounds, who was tapped to provide information for the discussions, said, "Gov. Kasich has presented Shell with exciting opportunities."

Pounds predicted the new industry would likely keep chemistry and engineering grads in Ohio as well as cause work force shortages for technically strong high school grads. "If you think about it, all plastics and composite products are made from natural gas. A car at a minimum contains \$3,000 worth of plastics and composites," Dooley said. Industry uses of natural gas also go into the making of computer chips, solar film in panels and composites in wind turbines.

Natural gas cracking plants commonly cost \$1.5 billion or far more to build and can process hydrocarbons into ethylene and other synthetics. Shell Oil Co. in June announced its interest in building a facility. Dow Chemical Co. has also been mentioned in news reports.

Pounds said as many as three such facilities could be built in the Midwest to handle the Marcellus and the Utica shale.

Crackers get their name because they separate natural gas from liquid which is “cracked” down into various components.

After a cracker production complex is operating, it could produce annual industry revenue of \$7.5 billion, \$169 million in Ohio tax revenue and up to 17,000 full-time, long-term jobs in various industries in the state, Dooley added. The increase in jobs would largely include chemistry, manufacturing, transportation and trade and business services.

Two factors are luring chemical companies to consider re-shoring to the U.S. from the Middle East and Asia. The price of natural gas is close to a decade low. Second is the projected ocean of plentiful gas from the Utica Shale formation that underlies three-quarters of Ohio.

“As new supplies of shale gas have surged, average natural gas prices have plummeted 50 percent from 2005-09, giving U.S. chemical manufacturers an enormous global competitive edge,” Dooley said. In 2010, chemical industry exports increased 17 percent, reversing a \$100 million trade deficit two years ago into a \$3.7 billion surplus in 2010. Plastics exports alone climbed 10 percent in the last year, he added.

An increase in natural gas supplies of 25 percent — a likely rise — would add nearly 400,000 new jobs in the U.S. chemical sector and among suppliers, Dooley said.

Dow Chemical, for example, has announced plans to build three new manufacturing facilities and restart another idled during the recession. Eastman Chemical has restarted a plant that was shuttered.

A controversial drilling technique, hydraulic fracturing, is making the deposits of natural gas technically feasible to extract. Environmentalists have expressed alarm that could taint groundwater.

Responding to critics, Dooley said, “shale gas can and should be produced in an environmentally responsible way through effective state-based rules to ensure best practices are employed and appropriate oversight is provided.”

Sherry Fleming of the Ohio Alliance for People and Environment is concerned that health and environmental concerns are being run over by the natural gas rush.

“I have concern about the health and environmental impact, which seem to take a backseat to economic aims,” she said. “It’s not that you are anti-job, but what do you have to sacrifice to have a job?”

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