



Natural gas boom in Appalachia and Northeast is good for region, and it serves national interest

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The boom in natural gas liquids described in a recent **report by the U.S. Department of Energy** means good news for states in Appalachia and the Northeast where natural gas production is expected to continue to expand by 200 percent over a 10-year period through 2023.

Ohio, Michigan and Indiana now rank as the top three states seeing the largest number of announced plastic projects. Ohio is working hard to capitalize on this opportunity. JOBS OH, the economic development organization for the state, produced a video recently touting the competitive advantages for Ohio in developing downstream industry. **It is worth a few minutes to watch.**

While the increase in downstream developments brings an obvious economic benefit to the region, it also serves a national interest.

In an **opinion piece published in The Hill**, Artex Oil Company Chairman Jerry James, who is also the founder of the Shale Crescent USA economic development initiative, claims cost-efficiency and location are among the factors encouraging current efforts “to build additional petrochemical capacity outside the Gulf Coast in the less hurricane-prone Appalachian Basin, or as it is starting to be named, the Shale Crescent USA (in the tri-state area of Ohio, Pennsylvania, and West Virginia).”

James makes the case that this kind of diversification in the petrochemical industry — an industry which relies on NGLs separated out of natural gas processing plants — is important to national security. Almost 90 percent of plastic producing capacity takes place in the Gulf Coast, and when Hurricane Harvey hit Houston last year, “roughly 60 percent of the U.S. ethylene and propylene capacity — the most common components of plastic — went offline, impacting business across the country,” James writes.

The case for diversification was backed up last month when Hurricane Florence made landfall in the Carolinas. On Sept. 21, **Petrochemical Update’s Heather Doyle** wrote about the annual dread September brings the industry as hurricane season hits its peak. She writes, “Atlantic hurricanes have often wreaked havoc on the U.S. Petrochemical industry, where many facilities are placed along the U.S. Gulf Coast. Flooding and storm damage impacts production, buyers, storage, highways, rail and ports.”

Florence demonstrated how hurricanes can cost petrochemical and other energy facilities beyond the Gulf Coast. According to Doyle, the GE Hitachi Nuclear Energy Americas plant in Wilmington, N.C. remaining closed for at least two weeks following the storm, ports in Wilmington and Morehead City were shut down for several days, and flood waters forced a lengthy embargo on rail traffic in sections of North Carolina. While Florence’s overall impact within the energy industry was minor compared to Harvey, this most recent hurricane underscored the benefit of diversification to areas with less dangerous climates.

North Carolina’s plastics and chemical manufacturing personnel **rank as the fifth largest industry workforce** in the nation. But, according to a **2016 ranking by 24/7 Wall St.**, it comes in at No. 5 among states least prepared for national disasters. A state like Ohio has its cold winters, but it also ranks as one of the **top 10 states to live in to avoid natural disasters**. The relatively benign climate is also a benefit for delivery as 70 percent of the nation’s polyethylene market resides within a day’s drive of Shale Crescent USA, according to James.



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