

Sasol's Gas-to-Liquids & Ethane Cracker Complex



South African-based energy and chemicals company Sasol will proceed with front-end engineering and design (FEED) phase for an integrated, 96 000bbl/d gas-to-liquids (GTL) facility and a world-scale ethane cracker with downstream derivatives, at its Lake Charles site in southwest Louisiana.

At a media conference with Louisiana Governor, Bobby Jindal, Sasol's chief executive officer, David Constable, said there is significant opportunity to benefit from the abundant gas reserves in the United States by leveraging Sasol's GTL experience and technology. Sasol's commercially proven GTL process diversifies the use of natural gas through the production of premium quality liquid fuels and chemicals.

"Sasol is proud to be driving forward with the next phase of the strategic mega-projects that we have announced today. Through our innovative energy and chemicals technologies, we will provide the United States with world-class, cleaner-burning fuel, contribute to the country's energy security, boost downstream manufacturing capacity, and diversify the utilization of domestic gas resources," Constable said.

"Sasol envisions a game-changing partnership with the State that could yield significant benefits not only for our company but for the community and for the country. By incorporating GTL technology into the USA's energy mix, states such as Louisiana will be able to advance the country's energy independence, through a

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diversification of supply. We greatly appreciate the support we have received from the State of Louisiana and Governor Jindal, along with the people of Calcasieu Parish, in reaching these significant project milestones. We look forward to furthering our interests in the region, and continuing our engagement with all our stakeholders.”

Governor Jindal said, “Today is a great day for Westlake, Calcasieu Parish and our entire state. Today’s announcement is not only one of the most exciting announcements in the history of Southwest Louisiana, but one of the most significant economic development wins our state — and our nation — has ever recorded. Sasol is one of many energy companies that is expanding in Louisiana because of our world class energy infrastructure, strong business climate, and incomparable workforce.

“Never before in our nation’s history has there been a greater call for energy independence, but that independence will only result from a meaningful application of innovative and practical solutions for new sources of energy. This project is a giant step forward to help our country become more energy independent and less reliant on foreign sources of energy.

“This project will be the largest single manufacturing investment in the history of Louisiana and it also represents one of the largest foreign direct investment manufacturing projects in the history of the entire United States. Despite a national economic downturn, this historic economic development win is happening in Louisiana because we have been laser focused on job creation by creating an environment where businesses want to invest and create jobs for our people.”

The GTL facility, the first of its kind in the U.S, will produce four million tons per annum (mtpa), or 96 000bbl/d of high quality transportation fuel, including GTL diesel and other value-adding chemical products.

Current project costs for the GTL facility are estimated between U.S. \$11 billion and \$14 billion. The GTL project will be delivered in two phases, with each phase comprising 48 000 bbl/d. The first phase is planned to come into operation in the 2018 calendar year and the second phase the following calendar year.

The world-scale ethane cracker will allow Sasol to expand its differentiated ethylene derivatives business in the U.S. The cracker will also benefit from the current low U.S. natural gas prices and the abundance of ethane.

Current cracker project costs are estimated between U.S. \$5 billion and \$7 billion. Sasol expects beneficial operation to be achieved during the 2017 calendar year. It will produce an estimated 1,5 mtpa of ethylene with downstream derivative plants. Sasol also has a differentiated portfolio of ethylene-based technologies that will enable it to meet growing demand for high value-add chemicals.

The integrated GTL and ethane cracker projects will, together, create a minimum of 1,200 permanent positions, 7,000 construction jobs at peak and thousands of

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indirect jobs both in Louisiana and in the rest of the U.S.

The complex will benefit from a competitive incentive package, formalized in a Cooperative Endeavor Agreement with the state of Louisiana, supported by Governor Jindal.

Sasol also announced it will adopt a phased approach to the next stage of its planned GTL facility, in western Canada. The feasibility study was successfully completed in 2012 and the required regulatory application and land procurement processes are underway. However, in accordance with the need to prioritize Sasol's growth portfolio, this investment opportunity will be phased after the integrated Lake

Charles GTL and cracker projects. A decision to proceed with FEED will be considered at a later stage.

For more information, please visit www.sasol.com.

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