Officials hold out hope for Philly-area refineries

PATRICK WALTERS - Associated Press - Associated Press

The refinery business may not be dead in the Philadelphia area after all, with two separate deals announced Monday generating hope for three refineries that had faced possible closure.

Delta Air Lines Inc. announced Monday it would buy the idled ConocoPhillips refinery in suburban Trainer as part of a deal it hopes will cut its jet fuel bill.

Meanwhile, officials said the $5.3 billion purchase of Sunoco Inc. by Energy Transfer Partners LP won't affect discussions over a possible joint venture at Sunoco's refinery in Philadelphia, and the company will continue to explore alternative uses for its idled facility in the suburb of Marcus Hook.

ConocoPhillips shut down operations at the Trainer facility in the fall and threatened to close the facility if a buyer wasn't found by the end of May. Delta said Monday it was buying the refinery from Phillips 66, a refining company being spun off from ConocoPhillips.

"It's great. That's what we want," said Denis Stephano, president of a union that represented about 230 workers at the facility. "I'm glad that Delta Wants to run it. I look forward to working with them."

Gov. Tom Corbett lauded the announcement, too, saying it would help preserve thousands of jobs.

"Today marks an important win for southeast Pennsylvania and the commonwealth as a whole. This announcement means the preservation of more than 5,000 jobs at the Trainer facility and in related industries," Corbett said in a statement. "For several months, I have been actively working with ConocoPhillips and Delta officials, as have members of my cabinet, to protect the thousands of jobs that were at stake in the local community. It is a great honor to welcome Delta to Pennsylvania and wish them great success in this new partnership."

Energy Transfer's announcement that it would buy Sunoco came a week after Philadelphia-based Sunoco said it had entered into "exclusive discussions" with The Carlyle Group about a possible joint venture involving the 330,000-barrels-per-day facility in south Philadelphia, the largest refinery on the East Coast.

"Those exclusive discussions are continuing. We are working toward forming the joint venture," Sunoco spokesman Thomas Golembeski said. "We are proceeding as planned."

If those discussions don't work out, Golembeski said, that facility will be idled in August. The Sunoco sale is expected to close in the third or fourth quarter.

Jim Savage, a union leader who represents steelworkers at the Philadelphia facility, said he has been assured the sale won't affect the proposed joint venture one way or another.

"We're just going to continue working hard on trying to get a positive outcome," he said.

The company is still looking into alternative uses for its idled plant in Marcus Hook, including the possibility it could be used for the processing or storage of natural gas, Golembeski said. He noted Energy Transfer Partners' experience in the natural gas field, a growing industry in Pennsylvania with drilling in the Marcellus Shale.

"They have experience in that area that we don't have," Golembeski said. "It's possible that we could do something very nice."

U.S. Rep. Patrick Meehan, R-Pa., is holding out hope that the site could be used as a natural gas facility.

"I think they're making a play here," he said. "We could wind up with a great hand."

Meehan had said earlier this year that the three imperiled refineries in the Philadelphia area account for 50 percent of the Northeast's refinery capacity.

He said more than 30 U.S. refineries have closed in the past decade.

Source URL (retrieved on *04/18/2014 - 12:30am*):
http://www.chem.info/news/2012/04/officials-hold-out-hope-philly-area-refineries