Shell Serious about PA Petrochemical Plant

KEVIN BEGOS,Associated Press

MONACA, Pa. (AP) — Shell Oil Co. is years away from building a huge petrochemical plant in western Pennsylvania, but the company is already reaching out to the local community and getting a wholehearted welcome.

Dan Carlson, a Shell general manager, spoke to a gathering of about 50 people Wednesday night at a high school auditorium in Monaca (population 5,700) where the company hopes to build the multibillion dollar plant. The site is about 40 miles north of Pittsburgh.

The so-called cracker plant would convert the bountiful Marcellus Shale natural gas into more profitable chemicals such as ethylene, which is used to make plastics, tires, antifreeze and other products.

Despite the usual warnings that the plant might never happen, Carlson provided a number of details to show how serious Shell is. The company currently has about 50 people working full-time on the project, and invested about $4.7 billion in 2010 for drilling rights to about 650,000 acres so that it could potentially use its own wells to supply some of the natural gas that's needed for the plant.

There are early drawings of a possible layout for the plant, and Shell is in talks with railroad company CSX about possible transportation deals, plus working with the Pennsylvania Department of Transportation on a traffic study considering the construction phase could involve thousands of workers.

Community leaders at the meeting said they hope the plant will lead to an industrial resurgence in the area, which was devastated when steel mills and other factories began closing in the 1980s.

"Right now, the U.S. is the second-most cost-efficient place in the world" for such petrochemical plants, Carlson said, ahead of Asian countries and behind only the Middle East, which is far from the major markets that buy ethylene.

He said that while Shell is still examining the available reserves of natural gas in the region, it's becoming less concerned about the raw quantity. Other issues include the scores or even hundreds of miles of pipeline that would need to be built to supply the plant, as well as long-term deals needed with customers and suppliers throughout the region.

Carlson said that if the plant is built, Shell expects to use gas from Ohio and West Virginia, too.

Cracker plants use extreme heat, high pressure and then extreme cold to break the ethane molecules into smaller chemical components. Such plants look similar to a

gasoline refinery, with miles of pipe and large storage tanks. The final complex could cover several hundred acres.

And while some environmental groups and communities in other states and regions have protested that the recent gas drilling boom has too many negative effects or unknowns, not a single such complaint came out of the meeting in Monaca.

"This just makes too much sense for a community like Beaver County to say, 'We don't want something like this,'" said Dan Matsook, superintendent of the local school district. Matsook noted that the area has a long history of industry.

"This isn't necessarily foreign to us. Because we grew up with this," he said.

Matsook and other community leaders recently visited Shell's cracker plants in Louisiana, and said they came away convinced that the local communities benefit. The site near Monaca also has a significant buffer area between the proposed site and residential neighborhoods.

Carlson said Shell is encouraged by the broad local support for the plant, which cuts across political lines and includes business and union leaders. Still, he stressed that the huge project is "just getting started."

Shell's board of directors will have to authorize the final decision to build, and the permitting and design process could take several years, followed by several years of construction.

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