



## Department of Energy Report Highlights Benefits of Expanding Petrochemical Operations in Shale Crescent USA

**WASHINGTON, D.C., DECEMBER 4:** The Department of Energy (DOE) today released a new [report](#) on ethane storage and distribution, reinforcing the benefits of expanding America's petrochemical asset base beyond the Gulf Coast to the Shale Crescent USA. The report's findings reflect statistics and projections from the U.S. Energy Information Administration's *Annual Energy Outlook 2018* specific to rapid growth in natural gas and ethane production in the Appalachian Basin.

"The DOE report solidifies the notion that diversifying America's petrochemical manufacturing base – and investing in a second petrochemical hub in the Shale Crescent USA – would increase our global petrochemical market share, while better and more reliably fulfilling domestic demand," said Shale Crescent USA Co-founder Jerry James. "As we watch hurricanes threaten Gulf Coast production, the Shale Crescent region offers a more insulated, affordable alternative to supplement production. This will ultimately prevent disruptions in the nation's supply chain and keep prices stable for many plastic-based goods we rely on every day."

A March 2018 [report](#) by IHS Markit, referenced in the DOE report, found that the Shale Crescent USA region – encompassing portions of West Virginia, Ohio and Pennsylvania along the Ohio River – is now the most profitable place to build a petrochemical plant, offering dramatic savings over a comparable project on the Gulf Coast. Cost savings are attributed to factors such as abundant natural gas supply, access to water, proximity to market demand and a skilled labor force.

In addition to cost savings, the DOE report notes that "expanding the petrochemical asset base beyond the Gulf Coast would enhance geographic diversity of this vital industrial sector and support reliability," noting that as more than 95 percent of the country's ethylene production capacity is located in Texas and Louisiana, previous severe weather events along the Gulf Coast have disrupted the petrochemical supply chain and its ability to meet downstream manufacturing demand.

Additional findings in the report include:

- Ethane production in the East region, where the Appalachian basin contributes most of the production volumes, is projected to continue its rapid growth in the coming years, reaching 640,000 barrels per day in 2025 – more than 20 times greater than regional ethane production in 2013.
- Appalachia's abundant resources coupled with extensive downstream industrial activity may offer a competitive advantage that could enable it to displace marginal producers and help the U.S. gain global petrochemical market share.
- Nearly one-third of U.S. activity in the petrochemical ecosystem occurs within 300 miles of Pittsburgh, with over \$300 billion of net revenue, 900,000 workers, and 7,500 establishments.
- Development of an Appalachian cluster is not necessarily in conflict with Gulf Coast expansion, since Appalachian capacity may serve regional demand for NGL derivatives, freeing up Gulf Coast production for other markets, including exports overseas.

“We continue to work closely with industry leaders to capitalize on the advantages the Shale Crescent region has to offer, and we are thrilled that the DOE is dedicating efforts to underscore these advantages and support our endeavor to bring more petrochemical investment to the region,” James added.

Jerry James will be available for members of the media to discuss the DOE report, findings from the March 2018 [IHS Markit report](#) and the potential for future investment in the Shale Crescent USA region.

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**More:**

[IHS Markit Report Highlights Benefits of Petrochemical Manufacturing in Shale Crescent USA Region](#)

**About Shale Crescent USA**

Shale Crescent USA is a multi-stakeholder initiative aimed at promoting the unparalleled business advantages in the “Shale Crescent” region of Ohio, Pennsylvania and West Virginia along the Ohio River. Touting abundant, low-cost natural gas, access to water and proximity to key markets, the Shale Crescent offers world-class business advantages and opportunities. For more information, please visit [www.shalecrescentusa.com](http://www.shalecrescentusa.com).

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