

Beaver County Times

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By: JD Prose

POTTER TWP. -- Shell Oil Co. has chosen a site in Potter Township for a major new petrochemical refinery that could provide a huge economic boost to the region.

Dan Carlson, Shell's general manager of New Business Development, said Thursday that the company signed a land option agreement with Horsehead Corp. to evaluate a site in Potter.

"Obviously, for Beaver County this is great news," said U.S. Rep. Jason Altmire, D-4, McCandless Township. "You're talking about an industry that's going to redefine this region for generations to come."

Altmire said the announcement is the culmination of a united effort by the private sector and government, Democrats and Republicans, and officials from Beaver and Allegheny counties, who all realized the economic impact the plant would have in southwestern Pennsylvania.

"The entire region worked together," he said. "Everyone came together to help make this happen."

State Rep. Jim Christiana, R-15, Beaver, hailed the coming cracker plant as "a game changer" for the county. "It's going to provide jobs for the next generation," he said.

Like Altmire, Christiana credited the effort by the public and private sector, and he also said Republican-backed legislation on a Marcellus shale impact fee and tax incentive-laden Keystone Opportunity Zones.

"I don't think this would've happened without both pieces of legislation," said Christiana, whose district includes Potter.

State Rep. Rob Matzie, D-16, Ambridge, said the plant should boost the local housing market and spur improvements in river towns. "These are middle-class jobs, these are working-family jobs, these are family-sustaining jobs," Matzie said.

Ohio, West Virginia and Pennsylvania had all sought the plant and offered Shell major tax incentives. Potter is just 20 miles from the Ohio and West Virginia borders, so workers in all three states are likely to benefit.

But Shell said the Potter site, currently home to Horsehead's zinc factory, had the mix of resource and transportation attributes "to accommodate facilities for a world scale petrochemical complex and potential future expansions."

One lifelong resident of Potter Township almost broke down on hearing the news.

"Oh my God. It makes me want to cry. That's just the best news," said Christie Floyd-Gabel, township secretary.

It's also an unexpected turn for Horsehead's zinc factory, which is located on the banks of the Ohio River. In September the company announced plans to shut the Potter smelter plant by 2013 and relocate to North Carolina, along with most of its 600 workers.

"That was a major loss," Floyd-Gabel said of Horsehead's plans to depart, adding that's it's amazing that another major corporation may come in to replace Horsehead.

Ali Alavi, a Horsehead spokesman, said the company would have to vacate the factory site by

April 30, 2014, under the terms of the option agreement with Shell.

The so-called ethylene cracker plant would convert natural gas liquids into other, more profitable chemicals, which then go into everything from plastics to tires to antifreeze.

Shell has said that it could spend several billion dollars to build the plant, and that the complex would attract a wide range of industry and suppliers to nearby locations. But actual construction is still years away. The company said the next steps are environmental and design studies and further economic analysis, then permitting.

Shell's choice may ultimately represent an indication of just how strongly the industry feels about the vast gas reserves in nearby underground shale rock formations. Carlson told The Associated Press that any plant must be economically competitive with existing plants in Louisiana and Texas, and even with international plants.

The Marcellus Shale, which lies thousands of feet underground, has attracted a rush of major oil companies, who have drilled almost 5,000 new wells in the last five years. The Marcellus covers large parts of Pennsylvania, New York, Ohio and West Virginia, and drillers have also started to tap the adjacent Utica Shale formation.

It's also an unexpected turn for the Horsehead zinc smelter, the largest in the country. In September the company announced plans to shut the Potter smelter plant by 2013 and relocate to North Carolina, along with most of its 600 workers.

Ohio and West Virginia officials had made all-out efforts to attract the plant. Last year West Virginia Commerce Secretary Keith Burdette said, "We intend to compete with the last breath in our body to attract one or more crackers," and Ohio's governor reportedly flew to Houston to meet with Shell officials.