

Appalachia underground natural gas storage clears first test

January 3 2018, by Jonathan Mattise

Plans for an underground natural gas liquids storage hub pegged as a major job creator for the chemical industry in struggling Appalachia have cleared their first big hurdle.

The Appalachia Storage & Trading Hub initiative got approval Wednesday for the first of two application phases for a \$1.9 billion U.S. Department of Energy loan, the Appalachia Development Group LLC said in a news release and department spokeswoman Shaylyn Hynes confirmed. Appalachia Development Group, which is heading the project, said it also aims to secure \$1.4 billion through other financing.

The project has taken eight years to reach this point, and Appalachia Development Group CEO Steve Hedrick said it would take several more years to come to fruition. It's still unclear how long the second phase of the application will take, and nothing's guaranteed.

Hedrick said the initial approval is still a win for the large-scale project. The American Chemistry Council estimates the facility could attract up to \$36 billion in new chemical and plastics industry investment and create 100,000 new area jobs.

That could be life-changing for people in economically downtrodden parts of Appalachia, the northern stretches of which are drilled for natural gas in Marcellus, Utica and Rogersville Shale formations, he said.

"I'd like for them to have the opportunity to have meaningful income, in

a location where they want to live, and have an opportunity to be here, be it in West Virginia, Ohio, Pennsylvania or Kentucky," said Hedrick, who noted that the hub's location hasn't been decided yet.

The project would include a piping system into the Ohio and Kanawha river valleys. Then a facility such as an ethane cracker could use the natural gas to produce ethylene, which is widely used in plastics and other chemical industries, Hedrick said. The natural gas liquids are also expected to be exported internationally for use by U.S. allies, he added.

The storage hub faces opposition from the Ohio Valley Environmental Coalition and other environmental groups, saying it would create a major petrochemical region with public health dangers and contribute to global warming.

But the proposal has drawn plenty of interest from congressional lawmakers, including U.S. Sens. Joe Manchin and Shelley Moore Capito and Rep. David McKinley of West Virginia, who hope to attract the project to their home state. Capito called it a "game-changing idea," adding that Wednesday initial approval is "a clear indication of the strength of their application."

Gov. Jim Justice joined the chorus of praise Wednesday, saying he's eager to see the project come to fruition.

In November, state officials announced an agreement with China Energy Investment Corp. Ltd. for the company to invest \$83.7 billion in shale gas development and chemical manufacturing in West Virginia over 20 years. Part of the focus is on underground storage of natural gas liquids and derivatives.

During President Donald Trump's visit to Beijing, State Commerce Secretary Woody Thrasher and China Energy President Ling Wen

signed the memorandum as part of the U.S.-China trade mission and an overall \$250 billion of planned Chinese investments in the U.S.

"This storage hub will create jobs and develop our economy by attracting significant manufacturing and related investment to West Virginia and our neighboring states," Manchin said in a news release Wednesday. "It will also be vital in helping to secure our energy future by providing a reliable affordable supply of natural gas liquids."

Appalachia Development Group, based in Charleston, West Virginia, submitted the freshly approved first part of its federal loan application in September.

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