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Shell to Go Ahead with Petrochemical Plant in Pennsylvania

New plant will create 600 permanent jobs

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PITTSBURGH — Royal Dutch Shell PLC gave the long-awaited go-ahead to a multibillion-dollar petrochemical plant that is expected to give a lift to Pennsylvania and the struggling shale-gas industry.

The company first announced in 2012 that it was considering building a plant about 30 miles north of Pittsburgh in a faded industrial area along the Ohio River once lined with steel mills. The plant is expected to create 6,000 construction jobs and **600 permanent jobs** and **draw chemical companies and other manufacturers to the region**.

The news was welcome in a state that has been hard hit by low energy prices, causing several thousand layoffs and a squeeze on local government revenues. The number of drilling rigs operating in Pennsylvania fell to 14 last week, down from more than 140 in early 2011, according to an industry official.

Pennsylvania Gov. Tom Wolf, a Democrat, called the plant “game-changing” and said it would give a much-needed economic boost to the entire state. He thanked his predecessor, Republican Tom Corbett, who had initially courted the company, which chose Pennsylvania over Ohio and West Virginia.

“This is a foundational investment,” Gov. Wolf said in an interview. “This should mean a lot of great new manufacturing jobs — and change the shape of Pennsylvania’s economy.”

Known as an ethane cracker, **the plant will convert enough natural gas from the region’s Marcellus and Utica shale formations each year to create 1.6 million metric tons of polyethylene, a core component for plastics used in food packaging and containers** to automotive parts.

Shell said the **location is ideal because more than 70% of North American polyethylene customers are within a 700-mile radius of Pittsburgh**. The company also recently announced plans to expand its chemical production in Louisiana and China.

Construction on the site of a former zinc smelter is expected to begin in 18 months and production early in the next decade, the company said.

Dave Spigelmyer, president of the Marcellus Shale Coalition, said the announcement was welcome news given the tough market conditions facing the shale-drilling industry.

Persistently low natural gas prices, caused partly by a glut of gas in the region and a lack of pipelines to transport it to markets, have led to layoffs and a steep decline in the number of drilling rigs operating in Pennsylvania.

“Shell’s decision to move forward with this world-class facility, which will put thousands to work across our region through utilizing **clean-burning domestic natural gas for decades to come**, is welcomed news,” Mr. Spigelmyer said.

The Marcellus Shale formation, which lies about a mile beneath a large swath of Pennsylvania and parts of Ohio, West Virginia and New York, produces more natural gas than any other basin in the U.S. The Utica Shale is located a few thousand feet below the Marcellus and has an even broader footprint.