

# Eastern Ohio's Advantages

for the Petrochemical Industry



# Utica Shale Opportunities in Appalachian Ohio

The "Shale Revolution" has already made the United States of America the largest producer of natural gas and oil in the world.

## Ohio's Strategic Advantages

Companies can profit from Ohio's position atop and next to the fastest growing natural gas and NGL shale plays in the U.S.: the Utica and Marcellus Shales.<sup>iii</sup>

Over 25 billion cubic feet (bcf) per day of natural gas is being produced in the Marcellus and Utica. Production is projected to reach 29 to 33 Bcf/day by 2022.<sup>iv</sup>

Much of Ohio's Utica Shale is full of valuable natural gas liquids (NGLs), such as ethane, propane and butane. Over 700 barrels per day are currently produced, and NGL production is expected to reach 1.2 million barrels a day by 2022.

Ohio is near to end-use markets, within 600 miles of 60 percent of North American manufacturing capacity and over 50 percent of the U.S. population.

## Conducive Environment

Abundant and affordable hydrocarbons are just one of Ohio's advantages. KPMG and the Tax Foundation found Ohio had the sixth lowest tax on new capital investment of any state in the nation.<sup>v</sup>

- No tax on machinery and equipment investments.
- No inventory tax
- No corporate income tax
- No tax on products sold outside of Ohio
- No tax on gross receipts under \$1 million
- No tax on R&D investment

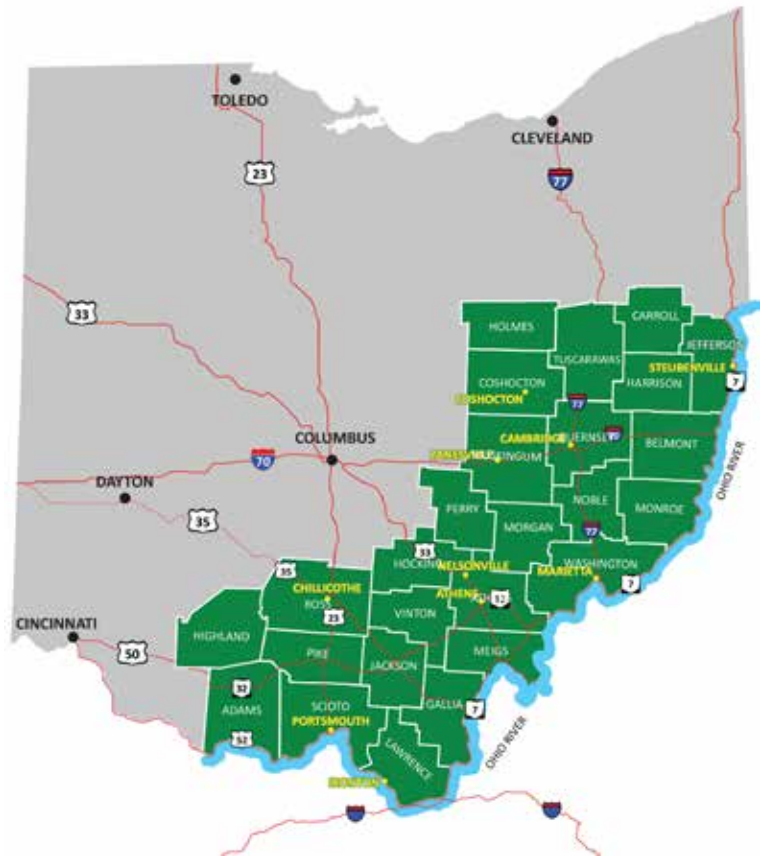
Markets are accessible and close. As a highly industrial state, Ohio's extensive pipeline, rail, barge, Great Lakes shipping channels and highway infrastructure make getting products to market more feasible than more remote shale plays. Petrochemical feedstock transit routes are short since Ohio ranks second in the U.S. in value of plastics and rubber production and first in polymer production.

Companies will find a capable work force in Ohio to run their facilities. Ohio employs more than 80,000 people at more than 1,100 companies that develop or manufacture polymers, rubber and plastic products.

Skilled workers can be found among Ohio's more than 600,000 manufacturing workers and students from 200+ four-year colleges and universities.

## Ohio's Downstream Competitive Edge

Abundant supply and inadequate pipeline takeaway capacity have resulted in regionally stranded shale gas and NGL being consistently priced well below Henry Hub and Mt. Belvieu prices. Low prices are projected well into the future.

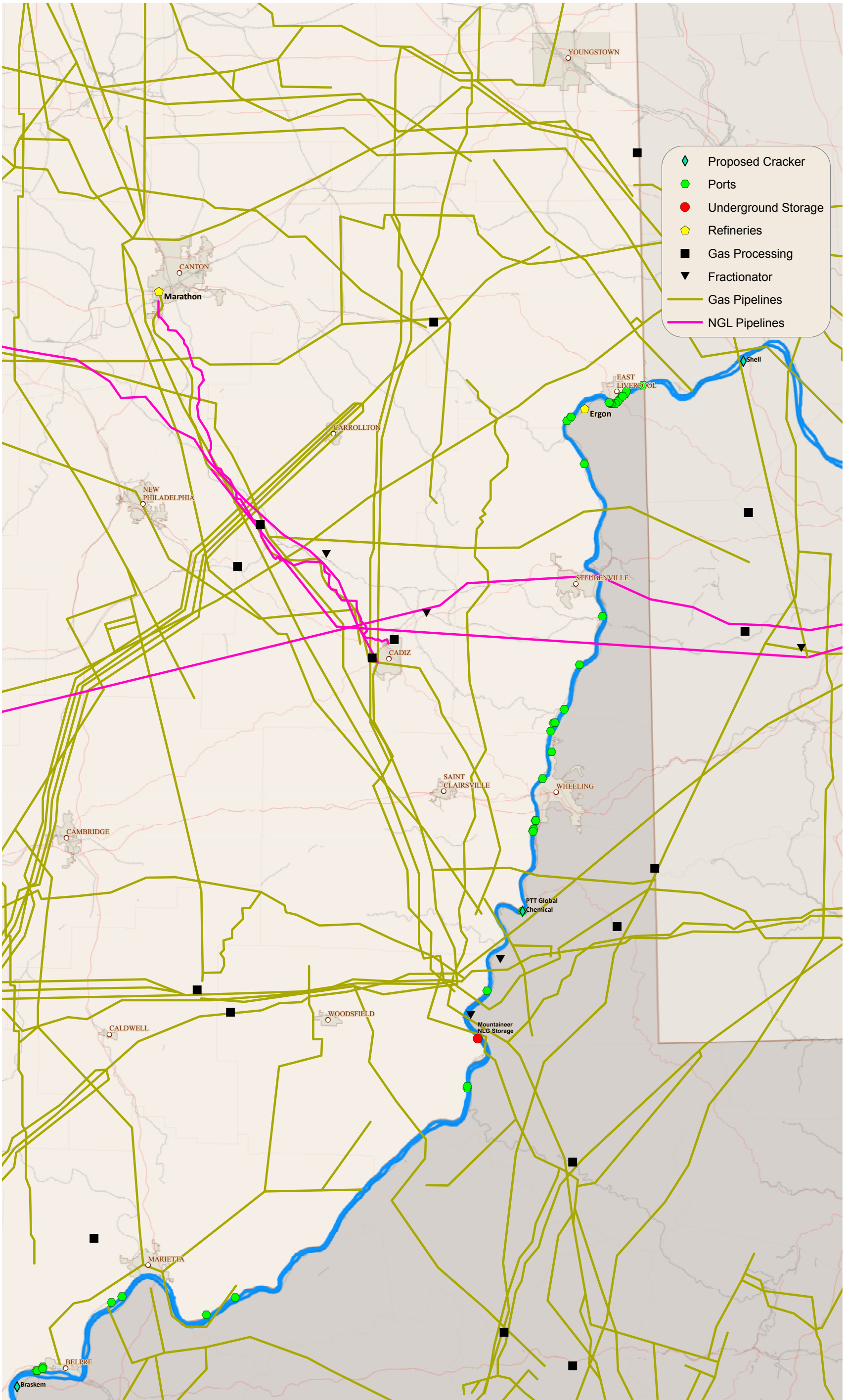


### Appalachian Partnership for Economic Growth

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<sup>i</sup> BP Energy Outlook 2035  
<sup>ii</sup> BP Energy Outlook 2035  
<sup>iii</sup> Potential Gas Committee, April 8, 2015  
<sup>iv</sup> Energy Information Administration  
<sup>v</sup> Competitiveness of state and local business taxes on new investment ranking states by tax burden on new investment, Ernst & Young, 2011

# Natural Gas Midstream



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