Ohio’s Shale Economy: What the Research Says

Strong Utica and Marcellus Shale development continues to bring new opportunities to Ohio and the Ohio Valley Region. Abundant and low-cost natural gas and natural gas liquids (NGLs), consisting of ethane, propane, butane, and condensate, are being extracted in massive quantities and continue to be leveraged by Ohio’s significant existing manufacturing and chemical industries. These critical feedstocks continue to attract new large-scale investments in Ohio from across the globe interested in tapping Ohio’s low-cost feedstocks, close proximity to the US and Canadian marketplace, well developed logistics networks, and business friendly environment.

JobsOhio engaged Cleveland State University’s (CSU) Maxine Goodman Levin College of Urban Affairs – one of the pre-eminent academic bodies providing objective and independent analyses of the energy economy – to track and report on the development of the shale gas industry in Ohio. In May 2017, Cleveland State released an analysis of drilling from 2011 to the first half of 2016; in December 2017, it released an analysis of activity during the first and second quarters of 2017.

While previous studies conducted by others across the region have attempted to estimate the economic impact of shale related activity, this CSU study contains data provided directly by companies that are directly active in upstream activities such as drilling and midstream activities such as processing and pipeline construction. This brief overview provides a summary of what the researchers found from 2011 through 2017. JobsOhio anticipates continuing to work with CSU to report this valuable data into the future.

The study reveals that shale-related investment in Ohio totaled an estimated $63.9 billion from 2011 through June 2017.

Of this amount, $46.8 billion represented upstream investment (drilling, roads and lease-related investment). This amount is significant because it reflects the abundant presence of low cost natural gas and NGLs needed to supply current and future downstream job-generators such as petrochemical plants, plastics manufacturers, natural gas power plants and manufacturing across Ohio’s numerous industries helping to create a competitive advantage. Despite lower hydrocarbon prices, upstream shale investment remained active, with more than 130 new highly productive wells in the second half of 2016 alone.

Significant midstream developments – gathering lines, processing plants, fractionation plants, storage tankage and rail loading terminals – have continued unabated.

More than $13.6 billion has now been invested in Ohio midstream activities. In fact, the major shale story for the first half of 2017 was the investment into midstream infrastructure, especially for pipelines. Construction of natural gas, NGL and oil pipeline transmission systems represented investments totaling more than $4.7 billion. These projects are critical because they move our valuable feedstocks from the production region to the marketplace providing greater access across Ohio for existing companies and provide new opportunities for companies interested in locating in Ohio to construct on one of its many attractive development sites.
While upstream investment resulting from shale development has slowed in Ohio because of low hydrocarbon prices, it continues to be the target of the most shale investment in the region. We can expect drilling investment to continue to be focused in Belmont and adjacent counties, prompting new downstream investment there. Meanwhile, midstream investment has continued largely unabated and includes dry gas gathering facilities, gathering lines and water service assets as well as wet gas investments in the form of natural gas processing plants. Downstream developments also continue and include 10 new natural gas power plants under construction.

Over $60 billion of capital has been deployed in Ohio since 2011 in this industry sector alone. This demonstrates the business-friendly environment that exists within the state. JobsOhio and our regulatory partners remain committed to further growing this capital investment and the quality jobs that come with it.

Let’s talk about how the nearly $64 billion in investments in Ohio can help your company succeed here.

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