IT'S IN THE PIPELINE

Next month, the first shipment of Marcellus Shale ethane will set sail from Marcus Hook to Norway, launching a new export trade for the Delaware River port that is being hailed as a boost to the gas industry, local maritime interests, and European manufacturing.

Sunoco Logistics Partners L.P. has committed $2.5 billion to the Mariner East pipeline network to transport ethane and other liquid fuels, such as propane and butane, across Pennsylvania from the Marcellus fields to that Marcus Hook terminal, erected on the site of a former oil refinery. The 300-mile system, now undergoing testing, will begin its first deliveries of ethane in the coming weeks, Sunoco says.

European chemical producer INEOS has spent $1 billion to complete the link between Marcus Hook and Europe by creating a "virtual pipeline" of 575-foot tankers to ferry ethane across the Atlantic to petrochemical plants in Norway and Scotland.

"The start of ethane shipments on Mariner East 1 represents the next phase of the project and a re-orienting of the Marcellus and Utica Shale resources to benefit Pennsylvanians directly, through local use, while strengthening the state's economy through access to other markets, both domestic and international," Sunoco Logistics spokesman Jeffrey P. Shields said.
Natural-gas liquids are to petrochemical manufacturing as wheat is to baking. In that sense, the Marcellus and Utica Shales in Pennsylvania, West Virginia, and Ohio are metaphorical amber waves of ethane.

INEOS, a European Chemical producer will carry ethane from Marcus Hook to Europe. It is using its vessels billboards. The messages on this one: "Shale Gas fro Manufacturing"

The Chinese-built INEOS tankers will load up at Marcus Hook and deliver cargo to plants whose current ethane supplies are dwindling from depleted North Sea oil wells. The INEOS plant in Grangemouth, Scotland's largest industrial complex, now operates at half-capacity.

A second, parallel Mariner East pipeline, set to be built this year and opposed by many landowners along the route, would quadruple the capacity of Marcellus liquids moving to Marcus Hook. When the pipeline is ready, European petrochemical maker Borealis is poised to ship ethane to a Swedish plant.

Ethane is produced in such abundance from some shale wells in Appalachia that gas producers have scurried for more than five years to develop markets for it.

Last year, Sunoco Logistics began shipping propane through the Mariner East line.
The added infrastructure it needed to transport and store ethane is now completed, including a 300,000-barrel above-ground insulated tank in Marcus Hook supercooled to minus-130 degrees to maintain the ethane in a liquid state.

The Mariner East 2 project would expand the capacity to move Marcellus liquids from 70,000 barrels a day to 340,000 barrels. Though much of the material will be exported, some propane is distributed to local markets. And Sunoco says it also is developing a plant in Marcus Hook that would convert propane into propylene, also a building-block commodity in the petrochemical industry.

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By Andrew Maykuth
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Directory

**Corporate Headquarters**
215 West Church Road
Suite 301
King of Prussia, PA 19406
Phone: (610) 265-1510
FAX: (610) 265-0687

**New Jersey**
510 Heron Drive
P.O. Box 521
Suite 306, Pureland Complex
Bridgeport, NJ 08014
Phone: (856) 467-2276
FAX: (856) 467-3476

**Southwest Pennsylvania**
591 East Maiden Street
Washington, PA 15301
Phone: (724) 206-0348
FAX: (724) 206-0380

E-mail: RTENV@AOL.COM / World Wide Web: HTTP://RTENV.COM
24 HOUR URGENT LINE SERVICE: 800-725-0593