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Texas “Deep Freeze” Opens the Door for Appalachian Basin Investment

PENN VALLEY, PA, U.S., March 2, 2021 /EINPresswire.com/ -- The physical and mental misery throughout Texas due to the “Big Freeze” plus snow, and the attendant spike in energy prices nationwide is not yet over.

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>
> *Joe Barone, President & Founder, Shale Directories*

Well-below freezing temperatures and snow did much more than freeze pipelines, ice over wind turbines and cover solar panels.

Much of the U.S. petrochemical industry is centered along the Gulf Coast and, like their refinery cousins, petchem complexes were shut down, froze up, lost power, etc.

While several petchem giants have announced the restart of their facilities, a few factors have converged which could make returning to production impossible.

“The impact of the COVID pandemic, last summer’s very active hurricane season and now the Big Freeze have combined and will lead to a big shock for consumers,” according to Tom Gellrich, founder of TopLine Analytics.
The shock will be due to shortages, Gellrich said, as many of the plastic types we take for granted, used for such everyday things as milk jugs, hydrogen peroxide, even the numerous volume of plastic incorporated in today’s vehicles, could be in short supply.

Gellrich will further explain how the Texas Big Freeze could open the door to increased petchem investment in the Appalachian Basin at the Second Annual Appalachian Basin Real Estate Conference.

Presented by Shale Directories, the one-day program is slated for March 25, at the Oglebay Resort in Wheeling, West Virginia.

“Tom’s presentation will vividly demonstrate the petrochemical opportunity in the Appalachian Basin is now,” commented Joe Barone, President & Founder, Shale Directories.

Gellrich said the need for plastics related to treating COVID for such things as personal protective equipment (PPE), and hurricane-related flooding which shut petchem plants, led to a sharp drawdown in inventory.

“And now, you have the Big Freeze, which further strains inventories,” Gellrich said.

For chemical producers restarting their complexes, Gellrich said the time needed to do a restart is three weeks minimum, as all equipment must be pulled apart and inspected.

“Employees will need to work overtime, and more outside contractors will be needed to do the job,” he said. And keep in mind, many of these workers have their owns problems at home, with broken pipes, no electricity, etc., which also must be addressed.”

If plant components must be replaced, Gellrich said needed components may not be available. “Every part of the supply chain is so connected today that if one piece of equipment must be replaced, there is a ripple effect throughout the entire chain,” according to Gellrich.

“We might be three months out before things are back to normal.”

The hardships caused by COVID, hurricanes and the Texas Big Freeze are forcing numerous companies, analysts and consultants to take a closer look at supply chains, bringing more chain components back to the U.S. from China and other overseas venues.

“Some companies will look at other locations other than the Gulf Coast to establish petrochemical facilities,” said Gellrich.

The logical region to serve as the U.S.’s Petrochemical Hub No. 2 would be the Appalachian Basin, as it offers inexpensive natural gas for fuel/feedstock and is located within 700 miles of numerous plastic products wholesalers and customers.

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