

Natural Gas Liquids – where do we go now?

So far in our "Follow the Molecule!" series we started at the wellhead where natural gas and crude oil come up from below and learned that each of those molecules, and the others that come with them, takes a different path. Crude oil is taken by truck, rail and pipeline to storage terminals and refineries, and natural gas goes onto sales gas lines to underground storage and directly to consumers.

Back to those natural gas liquids and where they go — Ft. Saskatchewan! Commonly referred to as just Edmonton or the Edmonton hub, "Ft. Sask" is the city approximately 35 km northeast of Edmonton, where the Alberta Industrial Heartland was developed. The AIHA (www.industrialheartland.com) is the result of an incredible vision of local cities, towns and counties who have made great strides to attract more than 40 heavy industrial companies that include the storage and fractionation facilities most mixed natural gas liquids are delivered to today.

How did Ft. Sask become this destination? Salt! Yes, once again our geological blessings gave us the opportunity to wash large storage caverns in the bedded salt formations as a staging area for further export. The Cochin Pipeline, which now moves condensate back to Ft. Sask for use as diluent in heavy crude oil (more on this in future articles), was originally built to move ethane plus mix to "Chemical Valley" in Sarnia, Ontario. Sarnia was the destination for fractionation, salt cavern storage and petrochemical demand.

With the support of the Alberta Government and programs like the Incremental Ethane Extraction Program — the original footprint for the current Petrochemical Incentive Program — Dow Chemical and NOVA Chemicals later built petrochemical facilities right in Ft. Sask, closer to the source of the ethane supply they consumed to make plastics. The AIHA built upon this early success by designating a large swath of land around these facilities for Heavy Industrial zoning and got to work attracting investment.

Although not structured as a formal development site (with lots for purchase, utilities and common right-of-ways) the AIHA works very hard to make doing business there easier. New companies wanting to develop their industrial business there must find and buy their own land, connect and build their own utilities and develop their own import and export capacity. That makes it a great location for an advisory service like ours to help you navigate — but we'll save that for another conversation. (Apologies for the shameless plug.)

Follow the Molecule!

