

## **Manufacturers anticipate boost from natural gas**

*Extraction process requires sand, industrial components produced by NE Ohio companies*

By **DAN SHINGLER**

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If some experts are right, manufacturing in Northeast Ohio, and much of Ohio and Pennsylvania, is about to receive its biggest boost since the popularization of the automobile.

"From a manufacturing perspective, the potential is huge," said Jim Samuel, a Columbus-based economic development consultant for utilities and others with a big stake in the natural gas business.

Mr. Samuel, also a fellow at Cleveland State University, says the industry springing up in our midst might do for Cleveland what oil drilling did for Houston in the last century — by serving as the chief driver of a burgeoning local economy.

This industry is not medical devices, wind turbines, motion picture production or just about anything else you've heard economic development officials pitching in recent years. It's natural gas drilling, made possible by improved techniques to extract the stuff from beneath eastern Ohio and most of Pennsylvania.

Analysts say about 3,000 natural gas wells will be drilled this year and in each of the coming years, until at least 2020. The activity already is creating a boom for area companies such as Fairmount Minerals, Chart Industries Inc. and Carlisle Brake and Friction, which sell materials and products used in the extraction and processing of natural gas and its byproducts.

"By many accounts, you're looking at the largest shale gas play in the world," Mr. Samuel said.

The play revolves around the Marcellus and Utica shale deposits beneath eastern Ohio, much of Pennsylvania and a few other contiguous states. The rock is full of gas that, until a few years ago, was largely inaccessible. But drillers have found that by drilling down, then horizontally through the shale deposits, they can get at least some of that gas by breaking up the shale through a process called "fracturing."

What they're finding is no small amount of fuel. It's estimated that between two and 50 times the amount of natural gas that the United States uses in a year will come from the region's shale. And those estimates keep

It's a multibillion-dollar business, and those already serving it say it is proving it can have vast positive effects for local industry.

### **Sales mount at Fairmount**

"I honestly believe that the implications of it are just so significant — I think people aren't even realizing it yet," said Jenniffer Deckard, president of Chardon-based Fairmount Minerals. "It creates a lot of jobs. It's such a win-win for our country, it's almost like it can't even be real."

Fairmount is a big player on the natural gas scene, because it mines and processes special sands used by drillers. It even coats individual grains of sand with special resins to provide drillers with a better tool to get more gas out of the ground, Ms. Deckard said.

In fracturing, cracks through which the gas can escape are created in the shale beds with water pressure and explosive charges. Sand is pumped into the well along with water so that the grains of sand can get into those cracks and hold them open, allowing more gas to be extracted.

Sales of specialty sand to the natural gas industry have become Fairmount's largest source of revenue and still are growing faster than any other part of its business, which includes providing sand for uses in such diverse products as industrial abrasives and swimming pool filters.

"It's a very, very large majority of our sales now," Ms. Deckard said. "Ten years ago, it was probably 30% of our sales, then 50% — now, it's a good majority of our sales. And it's still accelerating."

Also accelerating is the number of jobs created by mining, processing and delivering that sand.

"At Fairmount alone we've added several hundred jobs (over the last five years), and most of that is related to natural gas," Ms. Deckard said.

### **Equipped to capitalize**

Natural gas production also is driving up revenues at Chart Industries in Garfield Heights, which makes heat exchanges and other equipment used to compress industrial gases as well as natural gas.

Chart is involved in the natural gas industry worldwide, not just in the big shale deposit here, but the potential of more work in this region was one reason the company recently revised its revenue estimates for 2011 upward, to about \$750 million from \$710 million.

"It's is a driver, absolutely, particularly as (the industry) is evolving — our equipment is used in a high percentage of natural gas processing plants," Chart CEO Sam Thomas said.

In Solon, Carlisle Brake and Friction, formerly known as Hawk Corp., makes friction materials used in brakes and clutches. It, too, is seeing sales fueled by natural gas exploration, said CEO Chris Koch.

Trucks used in drilling and exploration operations have clutches, as do the machines that turn the drills themselves — and they all need friction materials to work, Mr. Koch said. Carlisle says it is the preferred supplier of friction materials to three of the top four transmission makers serving the oil and gas industry. Customers are building 50% more transmissions than they did in 2010 and four times the number they were building in 2009, according to the company.

## Still time to jump aboard

Folks such as Mr. Samuels, the consultant, say those are just a few of the first companies to benefit from natural gas exploration — and he predicts more will follow. Mr. Samuels said he expects to see companies from outside the region move operations here from places such as Houston.

"As the drilling and other related industries move into this area, a lot of their supply chain is going to move into this area as well," Mr. Samuel said. "Particularly in Northeast Ohio and the Mahoning Valley, and even parts of Appalachia — it's an opportunity for the great revival of some big industries."

For those companies that have not seen any increased business from natural gas drilling, it's not too late, said Walter Good, vice president of economic development for the Youngstown/Warren Regional Chamber.

"We're still in the early days of this. No one's missed it yet," Mr. Good promised.

"We see this as a transformational opportunity, not only for direct job creation and investment, but to reposition Northeast Ohio as a producer of products for this industry," he said.

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