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Supporters push Keystone XL Pipeline forward

By Amanda Robert March 1, 2013

WASHINGTON (Legal Newsline) – Like greenhouse gas emissions and hydraulic fracturing, the Keystone XL Pipeline stands to become a hotly contested environmental and energy policy issue under President Barack Obama’s second term.

In an interesting twist, many Republicans and Democrats seem to unite behind the proposed 1,700-mile pipeline, which could carry up to 830,000 barrels of oil a day from Alberta, Canada, to the Gulf Coast.

On Tuesday, U.S. Sen. John Hoeven, R-N.D., and Max Baucus, D-Mont., along with a bipartisan group of 18 senators, pushed President Obama and Secretary of State John Kerry to approve the project by the end of March.

In a letter written to Kerry, who discussed the issue with Canadian Foreign Minister John Baird earlier this month, the senators argue that if the U.S. moves forward with the pipeline, it will protect its own citizens and strengthen the bond with its northern neighbor.

“The Keystone XL pipeline will supply both energy from our closest friend and partner and create jobs in the United States,” senators said in the letter. “Further delay will continue to hurt job creation and may damage our relationship with Canada. We cannot afford more delay.”

In May 2012, the Department of State received a new presidential permit application from TransCanada Corp. for a proposed pipeline that would extend from the Canadian border to an existing pipeline in Steele City, Neb. The department must now weigh energy security, health or environmental concerns, as well as evaluate any information that emerged since the final environmental impact statement was completed for the original pipeline application in August 2011.

The original application was delayed in November 2011, when the Department of State discovered the project could harm Nebraska’s Sand Hills region and the Ogallala Aquifer. Congress passed a bill the

next month giving the Obama administration 60 days to make a decision on the pipeline. Obama responded by rejecting the application in January 2012.

Since then, TransCanada devised a new route through Nebraska, which received approval last month from Gov. Dave Heineman. It also moved forward with the southern portion of the pipeline, which connects Cushing, Okla., to Nederland, Texas, and another pipeline that connects refineries near Houston. Those projects are expected to go online in late 2013.

Hoeven touched on the pipeline in Saturday's National Republican Weekly address, touting its ability to create tens of thousands of jobs, decrease fuel costs and dependency on Middle Eastern oil, and raise hundreds of millions of dollars in revenues to relieve national debt.

He contends that in addition to nationwide benefits, adjacent states will receive their own incentives.

"For North Dakota specifically, it will provide an additional means of transporting the state's growing oil production and it will take about 100 trucks a day off western North Dakota's increasingly congested highways, making our roads safer," he said.

Several other groups have ramped up support for the Keystone XL Pipeline. More House Republicans and Democrats backed the project. The Business Roundtable, which represents chief executives at top U.S. companies, urged the administration to give its approval. Even the A.F.L.-C.I.O., the largest federation of unions in the country, called for the expansion of the pipeline system.

Despite this momentum, environmentalists remain adamantly opposed to the project and hope Obama stands by his promise to take action on climate change.

"Given his Inaugural address and State of the Union comments, he has made climate the hallmark of his next term," said Anthony Swift, an attorney with the Natural Resources Defense Council. "It's hard to imagine after making climate such a prominent issue that he would go the wrong way on one of the biggest climate decisions before his administration."

For Swift, oil production is one of the largest problems with the Keystone XL Pipeline. He explains that the Canadian oil derives from tar sands, a thick substance that becomes nearly solid at room temperature.

Extracting tar sands that contain crude bitumen, and turning that bitumen into crude oil, uses large amounts of water and energy, and creates three to four times as much greenhouse gas emissions as conventional crude production.

Swift adds that moving tar sands oil becomes dangerous, since it increases the risk of pipeline ruptures and causes significant damage to the environment. For example, he says, a pipeline carrying tar sands oil burst in Michigan in 2010, and two and a half years later, more than 40 miles of the Kalamazoo River still contains oil.

“The U.S. has made great strides in reducing energy consumption,” Swift said. “We’re increasing efficiency of our cars. We’re moving forward when it comes to reducing how much energy we need and how much oil we need.

“But the other side is to ensure we don’t backtrack when it comes to the kind of oil we use. Tar sands are the bottom of the proverbial barrel.”

Jerry Taylor, senior fellow at the Cato Institute, who focuses on federal energy and environmental policy, takes issue with both sides of the debate over the Keystone XL Pipeline.

He contends that environmentalists are “kidding themselves” if they think stopping the pipeline will keep Alberta oil off the market. He said as long as world crude oil prices are below \$100 a barrel, Canada will continue to produce oil.

Taylor points out that without the pipeline, the oil could still be refined in Canada. It could also be sent to Pacific Coast ports and then on to Asia. Or, in another possible scenario, the oil would be sent by rail to the same refineries in the Gulf Coast.

Taylor also finds fault with conservatives’ arguments that the pipeline could serve as an economic stimulus program. He refers to data TransCanada supplied to the Department of State, which he said shows the company only expects to hire 4,600 temporary construction workers for the northern portion of the pipeline.

While Taylor admits he doesn't know how the Obama administration will handle the Keystone XL Pipeline, he does know how it became the most talked about energy issue.

"It's a conflict that serves each side's broader narrative purposes," he said. "Environmentalists say we're fighting against climate change and pollution from those evil oil companies...and conservatives get to say that environmentalists and the White House are plotting to turn the lights out on America."