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The Keystone XL Oil Pipeline: True Facts



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The Keystone XL Oil Pipeline: True Facts

In an effort to secure America's energy independence from foreign exporters such as Saudi Arabia, Venezuela, Iraq, etc., there must be a viable link for America to tap into the growing supply of Canadian crude oil.¹ TransCanada has proposed a 1,700-mile expansion to the Keystone pipeline already in operation. Known as the Keystone XL Project, the planned pipeline will primarily be used to transport up to 1.1 million barrels of Western Canadian Sedimentary Basin crude oil per day from Alberta, Canada, to crude oil storage hubs in Oklahoma and Texas. In addition to significantly reducing our need to import oil from the Middle East, Nebraska stands to reap significant economic benefits. With more than \$150 million in new tax revenues, the state will be able to better fund important infrastructure projects such as road improvements, expressways, and new schools.²

Despite significant economic and energy security benefits at the national and state level, there are opponents of building a pipeline in Nebraska. Unfortunately, many of the critics are either misinformed; or worse, intentionally misinforming the public in order to advance a political agenda. To be clear, many critics of the TransCanada Keystone XL pipeline are not opposed to the pipeline or its route, they are actually opposed to further development of Canadian heavy crude oil as an American energy source.

Nebraska is currently caught in the middle of an ideological fight between environmental extremism and free-market forces. The debate is not necessarily about the Keystone XL pipeline itself, but what it represents to various political factions. Consider for a moment the organizations opposed to the pipeline and funding the campaign against it: Sierra Club, Audubon, the Green Party, Nebraskans for Peace and Bold Nebraska.³ What these organizations have in common is an adherence to ending "America's dependence on oil."⁴

Special-interest extremism is at the center of this debate, not the particulars of the pipeline, its route, tar sands, or safety. The Green Movement is assembling behind the Keystone XL pipeline as just one more front in the war against oil, staging sit-ins and arrests outside the White House, for example. Understanding that TransCanada's Keystone XL pipeline is nothing more than a skirmish in the environmentalist's war against oil, let's examine the specific claims made against the pipeline in Nebraska.



FALSE CLAIM: TransCanada should move the proposed route.

TRUE FACT: The proposed Keystone XL pipeline route is the safest route. The Ogallala Aquifer actually protects Nebraska's unique environmental attributes; such as the Aquifer and the Sandhills, due to the natural protection the Aquifer provides.

The Ogallala Aquifer is not simply Lake McConaughy but underground, it is a composition of gravel, silt, sediment, sand and stone filter. The composite for the most part is porous, with these physical elements acting as a filter to dirt and oil. However, at many positions along the Aquifer, the composite acts as a cement barrier that not even water can pass through, according to UNL Geologist Bob Diffendal. The proposed route is the safest possible route precisely because the natural protection the Ogallala Aquifer provides.

The fact is, the State Department's Final Environmental Impact Statement certified that should the state-of-the-art

technology invested in creating the Keystone XL piping fail, and should the 24-hour monitoring fail and should the rapid emergency response team not contain any potential spill in time, the resulting oil spill would still be tremendously localized in nature.

Again, this is not according to the oil industry, TransCanada's scientists or labor unions that want the resulting jobs; this study was done independently by Secretary Clinton's State Department. What is apparent in the critique that the proposed route is unsafe — despite the overwhelming amount of scientific data and independent analysis to the contrary — is the radical environmentalist ideology is simply opposed to oil.

FALSE CLAIM: Oil from Canadian Tar Sands is sandy, dirty, and particularly corrosive.

TRUE FACT: Oil from the Canadian Sands is remarkably similar to oil already transported and processed in refineries all across the United States.⁵ In fact, the U.S. has been importing this oil for decades, and currently brings in one million barrels per day.⁶ The exploration, production and exportation of Canadian Tar Sands is already occurring at an industrial rate. The safety of the process is verifiable.⁷ The question is whether America expands its consumption of safe, Canadian oil.

Oil sands are naturally occurring geologic formations found throughout the world. In Canada, they are found in very large formations. Thanks to its abundant and reliable oils sands, Canada is our nation's largest supplier of oil and natural gas. The oil produced from oil sands can be refined and used to make asphalt, gasoline, jet fuel and some chemicals.

FALSE CLAIM: The Keystone XL pipeline will be unsafe.

TRUE FACT: The Keystone XL pipeline incorporates new technology and safety regulations to insure the integrity of the distribution system. Its goal is “zero fatalities, zero injuries, and zero incidents.” For example, the Keystone XL pipeline would be cathodically protected by a low-voltage electric current running through the pipeline to avert external corrosion. There would be continual electronic and manual monitoring to ensure the integrity of the pipeline, and the volume of oil being transported has

been lowered to 1308 psi to prevent unsafe levels of pressure.⁸

The oil and gas industry has also worked closely with local, state, and federal regulators to create more than 235 exploration and production standards. Federal and state regulations are in place to safeguard the safety of the pipeline.

The safety of Nebraska's Sandhills was specifically studied by the U.S. State Department's Environmental Impact Statement. The answer; Keystone XL's unique features and sophisticated monitoring system provide a safe method of transporting oil to American consumers. In fact, the Platte pipeline in Nebraska has been safely transporting 53 million Bbl/d annually for 53 years. TransCanada has a long record of safe, reliable operations in Nebraska; and independent reports confirm that our Sandhills are not endangered by expanding operations by building the Keystone XL pipeline.

As an example of such regulation, the state of Nebraska has acted to hold TransCanada financially responsible for any accidents or spills associated with the Keystone XL Pipeline. LB 629, signed into law in May 2011 by Gov. Dave Heineman, states “*A pipeline carrier owning, operating or managing a pipeline or part of a pipeline for the transportation of oil in this state shall be responsible for all reclamation costs necessary as a result of constructing the pipeline as well as reclamation costs resulting from operating the pipeline...*”⁹ Nebraska has taken important steps to enforce a financial incentive on TransCanada to operate Keystone XL safely, as well as protect its citizens.

FALSE CLAIM: The Keystone XL Pipeline is bad for the environment.

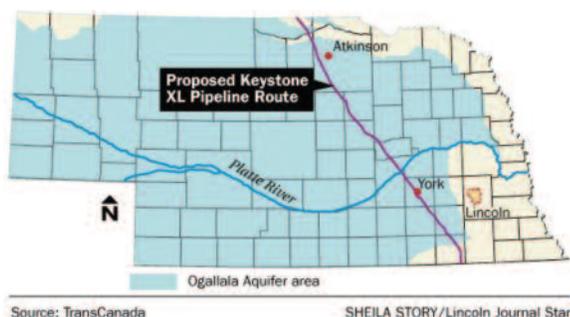
TRUE FACT: Since TransCanada's initial request for a pipeline three years ago, there have been two environmental impact reviews issued at the federal level. Both concluded the pipeline would meet environmental and safety standards.¹⁰ After 30 months of review, the State Department concluded there was no scientific evidence to deny the Keystone XL permit due to environmental concerns.

Regarding concerns about greenhouse gasses, the Canadian Association of Petroleum Producers (CAPP) compared carbon dioxide emissions from oil sands (mined and recovered

from steam-assisted wells) with those from Venezuelan and Nigerian crude and found them to be on par.¹¹

It should be noted that transporting Canadian oil through the Keystone XL pipeline eliminates the pressure for the U.S. to import foreign oil via overseas shipping. Shipping great quantities of oil to America from the Middle East carries tremendous environmental costs, including the risk of spills like the *Exxon-Valdez* tanker crash, where approximately 32 million gallons of oil washed onto California's shore.¹² We can cut the emissions of long-range transportation and reduce the risk of another *Exxon-Valdez* catastrophe by piping oil from Canada.

The CAPP report found that approximately 75% of CO₂ and other emissions coming from transportation fuels are generated by vehicle use rather than exploration and production.



FALSE CLAIM: The proposed pipeline puts the massive Ogallala Aquifer at risk for contamination.

TRUE FACT: Compared to other methods of transportation, like over-the-road trucking and rail, pipelines are the safest and most energy-efficient choice. Billions of gallons of crude oil are transported via pipelines safely every year, and when leaks occur, they are minor.¹³ Constant monitoring is designed to detect leaks immediately and emergency response plans put into place within minutes.

According to TransCanada officials, the existing pipeline crossing over Nebraska's Ogallala Aquifer — the Keystone Pipeline — has suffered "zero" leaks, and all reported spills were the result of pumping station malfunctions. A search of Nebraska media reports verifies this fact, the already operational Keystone pipeline, which would predate the Keystone XL pipeline, has not leaked and has done zero

damage to the Ogallala Aquifer. TransCanada has an impeccable safety record in the Cornhusker State.

Nationally, past issues have involved pipes no larger than a garden hose, and 10 of the 12 accidents have measured between 5 and 10 gallons.¹⁴ When it comes to the specific danger of contamination to the Ogallala Aquifer, the risk would be negligible because the structure, water flow and make-up of the aquifer would keep a potential spill extremely localized.

"A leak of the Keystone XL Pipeline would not affect the majority of the Ogallala Aquifer... those who think that a leaking pipeline will destroy the aquifer in Nebraska need to understand that it would be localized to an area of 10's or 100's of feet around the pipeline. When people say the whole Ogallala Aquifer is at risk, they're wrong."

—UNL Hydrogeologist Professor, Jim Goeke

FALSE CLAIM: The steel used in the pipeline is too thin.

TRUE FACT: The new Keystone XL pipeline will use stronger steel than the already operational Keystone pipeline — which has not leaked in Nebraska. The pipe is built to exceed the standards of the Pipeline and Hazardous Materials Safety Administration (PHMSA), and will be supplemented to manual as well as radiographic ultrasonic testing to certify safety.¹⁵

Additionally, the piping will go through a rigorous testing exercise, during which it will be subject to at least 125% of allowable pressure. If the pipe cannot withstand 125% of its operating capacity, it is unfit for service. This 125% minimum rule certifies the pipe is durable and strong.

Not only do federal regulators verify the safe construction of the pipe, but state-of-the-art emergency response teams are on stand-by around-the-clock in case of a leak.

FALSE CLAIM: The oil in Keystone XL will be heated and damage the environment.

TRUE FACT: Temperature fluctuations in pipelines are a result of friction, season, length of the pipeline, and the transportation process. As company policy, TransCanada does not heat the oil in a pipeline. Oil temperatures and operating pressures will fall well within or below regulation.¹⁶

FALSE CLAIM: The new pipeline will not create as many new jobs as predicted.

TRUE FACT: The Keystone XL project is a large undertaking. It will require the labor of many specialized workers. Thousands of jobs will come to Nebraska because of it. The positive economic impact of the pipeline is why Republicans and Democrats, conservatives and labor unions support building the pipeline.¹⁷

The project as a whole — by prompting the purchase of building materials, creating jobs, and paying for land acquisitions and new tax revenue — will pump billions of dollars into the U.S. economy.¹⁸ Economic activity surveys report an estimated 20,000 high paying manufacturing and construction jobs, 7,500 of which will be in Nebraska, to be created once the \$7 billion project gets underway. All told, this will increase the personal income of American workers by \$6.5 billion.¹⁹

The new pipeline will also provide a boost to the U.S. economy in the form of \$20 billion in private sector investment. It will also allow states along the pipeline route to use \$585 million in newly generated tax revenue toward the improvement of roads, schools, and communities.

FALSE CLAIM: The Keystone XL pipeline will not ensure U.S. energy independence.

TRUE FACT: Although our country has dramatically improved its energy efficiency over the last 50 years, the US still uses 25% of world energy consumption, yet houses only use 5% of known supplies.²⁰ Energy security is within reach and Keystone XL can be an important step in that process. Canadian oil is not only plentiful and reliable, it serves a vital national security interest.

“Major energy suppliers — from Russia to Iran to Venezuela — have been increasingly able and willing to use their energy resources to pursue their strategic and political objectives. Major energy consumers — notably the United States... are finding that their growing dependence on imported energy increases their strategic vulnerability and constrains their ability to pursue a broad range of foreign policy and national security objectives.”²¹

—Council of Foreign Relations

By way of comparison, the oil sands in Canada hold 171.3 billion barrels of oil in reserve. Saudi Arabia’s reserves stand at 264.2 billion barrels.²² Accessing oil from a friendly neighbor represents a smarter national security strategy than relying on unstable sources elsewhere in the world. According to a Casey Energy Report, more than half of American oil comes from hostile areas or places where oil production is in decline. If Keystone XL is blocked, the U.S. will lose access to its only significant source of oil in a bordering nation that shares our values and security interests.

FALSE CLAIM: Keystone XL is not a pipeline to the U.S. — rather, it is a pipeline THROUGH the U.S. to foreign markets such as China. By circumventing U.S. refineries and opening a direct line to the American ports on the Gulf Coast, TransCanada will have a fast and easy way to ship their crude oil to overseas buyers.

TRUE FACT: Economics 101: Supply meets demand. The United States has an enormous appetite for energy. And that appetite continues to grow. While America has become more energy efficient, it still uses 25% of world energy consumption, yet houses only 5% of known supplies. TransCanada will make considerable amounts of revenue, and at a cheaper operating rate, by selling in American markets.

TransCanada has pledged that all crude oil transported through Keystone XL will be processed in U.S. refineries and used to meet American demand for petroleum products.²³

For purely economic reasons, that pledge makes sense; Keystone XL oil will not be sent to China. It is important to note, however, that if the U.S. declines Canadian oil, the likelihood of another country saying “yes” to it is almost 100%. As the world’s second largest importer of oil, China would likely be first in line to buy Canadian oil.

FALSE CLAIM: TransCanada plans to manipulate the supply of crude oil in an attempt to raise gas prices in the Midwest.

TRUE FACT: TransCanada does not control gas prices.²⁴ International oil prices have no impact on their oil lines, nor do they profit from market fluctuations.

FALSE CLAIM: The intended route for the pipeline was chosen simply because it was cheaper than the alternatives.

TRUE FACT: The Keystone XL route was chosen because it is the shortest and best way to get Canadian crude oil to American refineries, most of which are located in Oklahoma and Texas. Significant care and concern is being devoted to avoiding and minimizing impacts on the environment. This includes wildlife, waterways, and habitat.

The proposed Keystone XL pipeline route was chosen because it was the safest route. TransCanada already successfully runs various pipeline routes in Nebraska, and has done so for years. The various routes are chosen with various factors being weighed; yet safety is priority number one.

TransCanada has experience operating in unique environments like Nebraska's Sandhills; the company has successfully run pipeline in similarly sensitive areas in Saskatchewan, Canada, Oregon, and South Dakota. While the Sandhills are special to Nebraska, they are not a singular environmental feature. TransCanada already has a demonstrated record of safety and responsibility across the U.S. and Canada in similar situations. This record of success ought to assuage Nebraskans' concerns.

Again, the State Department's Environmental Impact Statement and independent analysis verifies this route is safe and does not pose a threat to Nebraska's landmark natural features.

FALSE CLAIM: Keystone XL is bullying landowners and taking over their land.

TRUE FACT: TransCanada prides itself on working with landowners, not against them. In fact, the company has entered into voluntary easement agreements with over 90% of property owners in the affected areas of Nebraska.²⁵

TransCanada works directly with landowners to come to reasonable and beneficial agreements. Rather than hurting property owners, the agreements provide additional income to Nebraska landowners. In the fraction of cases where eminent domain powers are used, TransCanada works with independent government processes to determine fair compensation for property.

For the Nebraska portion of the Keystone XL project, TransCanada is not looking to take land. Fair compensation is always given, and owners retain possession of their property and continue to use it as they see fit.

Endnotes:

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