

Residents Question Oil Pipeline Reps

Area residents had plenty of questions for representatives from the proposed Keystone Oil Pipeline Project at a three-hour meeting held at Sunset Colony Thursday evening.

About 60 people, primarily affected landowners, attended the informational and question-and-answer session. Current plans call for the crude oil pipeline to run north to south through Marshall County west of Britton. The 1,830-mile pipeline system, owned by TransCanada, will run from Hardisty, Alberta, go south through North and South Dakota, and Nebraska, and then east through a corner of Kansas and Missouri to Wood River and Patoka, IL. The line will also likely be extended south to Cushing, OK.

Cushing is a major distribution center where petroleum is re-routed to other pipelines and refineries, while Canada ranks second in the world in oil reserves behind Saudi Arabia.

The purpose of the project is to ship petroleum from the oil sand deposits in Alberta to United States refineries. A potential of about 435,000 barrels of crude oil per day (18,270,000 gallons) could be transported through the 30-inch line. Oil would travel about three miles per hour and take 35 days to travel from Hardisty, Canada, to Wood River, IL.

The 435,000 barrels per day represents just two percent of the 20 million barrel per day demand in the U.S. TransCanada said it already has binding contracts to ship 340,000 barrels a day.

The company is planning to start construction of the project in May of 2008 with operation beginning in November of 2009.

A number of landowners met several weeks ago regarding the pipeline project and came up with a list of 25 questions that they had presented to TransCanada. Some of those questions were addressed in the two-hour informational session, and attendees asked other questions during the meeting.

Questions focused on primarily two areas — liability and resulting damage in case of an oil spill, and

landowner rights regarding easement agreements.

Curt Hohn, general manager for the Web Water Development Association, expressed his concerns about the oil pipeline crossing his water lines about a half dozen times.

"The lines that would be crossed by the oil pipeline serve 1,000 farms and eight towns," said Hohn. "My concern is that crude oil melts plastic."

Hohn urged TransCanada officials to route the proposed line down the Interstate 29 corridor in South Dakota rather than running it through 220 miles of farm and ranch land.

The pipeline would also cross seven other rural water systems along the route through eastern South Dakota. One of those would be BDM rural Water based out of Britton.

BDM Manager David Wade does not share the same alarmist attitude taken by Hohn, even though the oil pipeline will cross BDM lines 10-12 times.

The Public Utilities Commission and Department of Environmental and Natural Resources (DENR) will have protection in place, and we will work with the company to make sure they have protection in place when they cross our lines," said Wade. "And if there is a problem where they cross our aquifer, we need to know beforehand how it's going to be cleaned up. That is our only water source around here."

Hohn said a review of the easement contract by area lawyers raised concerns about whether landowners would be waiving their rights to damage compensation by signing the easement agreement. He urged all landowners to seek legal advice before signing any agreement.

Easements would allow a 110-foot corridor for installation of the pipeline. That would revert to a 50-foot permanent easement once the pipeline is completed. Pipe would be four feet underground.

L. A. "Buster" Gray, Engineering/Project Director, did say that TransCanada has a responsibility to maintain the right-of-way of the pipeline forever. The company is

also responsible for any road problems due to boring or cutting roads while laying the line or any cleanup from spills.

Pipeline spills have occurred around the country, but Gray said extreme safety precautions are taken to maintain the safety of the line. Shutoff valves are located along the pipeline to contain oil in the event of a spill.

However, a Web Water publication on the proposed oil pipeline project expressed some concerns about the repercussions of a spill. Several area landowners expressed concerns on how TransCanada representatives seeking easements represented themselves, using high-pressure techniques to get agreements signed.

Gray said that all landowners would be contacted in the next two months regarding easements, and he said if anyone encounters any problems with agents they should contact him and report the incident (1-877-880-4881). He also said easement contracts are negotiable.

The state and affected counties would benefit financially if the pipeline is completed. Estimates are that the state would receive \$6.5 million annually in property tax revenue from TransCanada.



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