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SIOUX FALLS, SOUTH DAKOTA

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MEET THE SCHOOL BOARD CANDIDATES



► Seven Sioux Falls residents seek two seats in the May 15 school board election. Read about them inside today's edition and learn more of their views Monday. **FULL PAGE REPORT: PAGE 5A**

Oil pipeline on fast track

Firm hopes to pump 435,000 barrels per day under S.D. by 2009

WEB Exhibit # 5-a



Curt Hohn:
Has concerns about the oil pipeline's safety.



Bob Sheedy:
Says TransCanada has an impeccable safety record.

BY PETER HARRIMAN
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For South Dakotans used to seeing large projects such as the Dakota Minnesota & Eastern Railroad expansion toil for years to gain regulatory approval and fight legal challenges, a proposed oil pipeline through eastern South Dakota appears to be moving at astonishing speed.

"In my estimation, this thing is on as fast a track as I've ever seen," said John Davidson of the Living River Group of the South Dakota Sierra Club chapter, about the Keystone pipeline, a plan by utility giant TransCanada to send 435,000 barrels of crude oil per day by 2009 under South Dakota. The oil would move through a 30-inch

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See Dave Mingo, Yankton development director, talk about TransCanada's Keystone Pipeline.

pipe pressurized at 1,400 pounds per square inch.

Many see it as steady

progress. But at least one official with some insight into pipelines is raising concerns about potential leaks.

Curt Hohn, general manager of the WEB Water Development Association in northeastern South Dakota and North Dakota, is in charge of a 6,200-mile network of underground

See **PIPELINE**, Page 6A

LOCAL

Pipeline: So far, criticism has been minimal

Continued from 1A

pipes and valves carrying an environmentally safe product: water. At 200 psi, WEB Water's pipeline is pressurized considerably less than TransCanada's oil pipeline would be.

Hohn might be a lonely critic amid the many supporters of the project, but he is trying to rally support for sharp scrutiny of the TransCanada plan. He is raising questions about whether a huge, high-pressure daily pulse of crude oil an average of 4 feet under South Dakota's productive farmland, range and wetlands is really all that safe.

"Even in the best laid pipelines, the pipes fail," Hohn said.

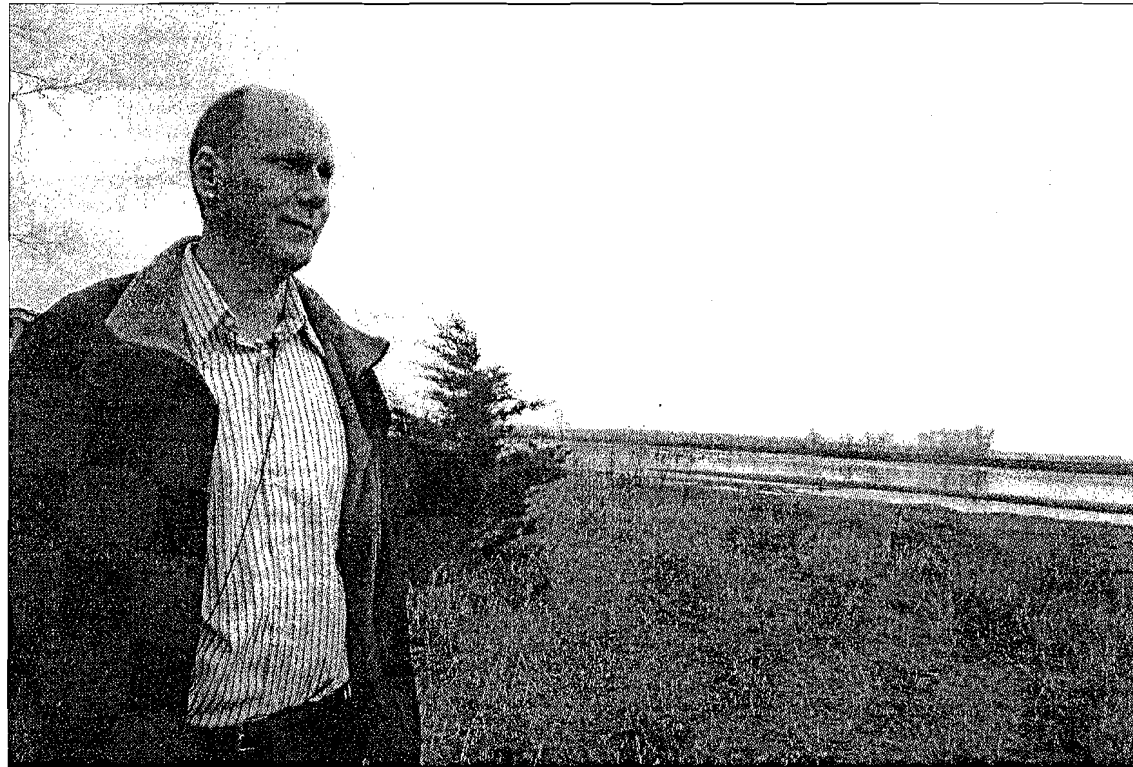
Across South Dakota, the TransCanada project is designed to have shutoff valves about 20 miles apart remotely monitored and operated by a computer system in Canada. The WEB system has valves every two miles to isolate breaks in the line and minimize spills, Hohn said.

Awaiting approval

TransCanada's \$2.1 billion Keystone pipeline was announced as a proposal in early 2005. Its total length of 1,830 miles will reach from vast oil reserves in the sandy soil underlying Alberta to an oil storage and pipeline hub near Patoka, Ill. Spur lines also will connect with pipelines leading to refineries in Cushing, Okla., Wood River, Ill., and the Gulf Coast.

On Feb. 12, the Canadian National Energy Board approved the project. The U.S. State Department is preparing an Environmental Impact Statement to secure a Presidential Permit. An array of federal and state agencies are assisting in the preparation of the Environmental Impact Statement and other permitting issues. No pipe will be laid in South Dakota until the permitting is completed.

Many experts laud TransCanada's

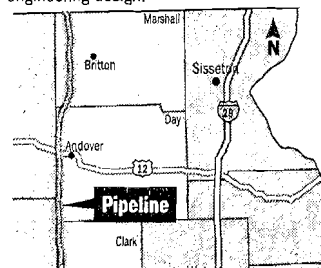


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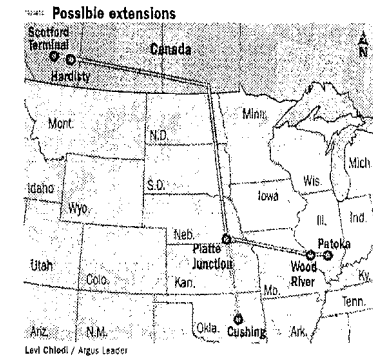
Yankton community development director Dave Mingo talks about the Missouri River at Paddle Wheel Point. Mingo said pipeline plans mean his city is looking as far as 70 years out to make sure the pipeline doesn't affect growth.

Proposed Keystone pipeline

This map is the proposed Keystone pipeline route through South Dakota as of April 7. This route will continue to be refined based on consultation with stakeholders and engineering design.



TransCanada's proposed Keystone pipeline project route



ment during pipeline construction.

Planning future growth

A straight blue line on a map offers a graphic illustration of the challenge Keystone will cause Yankton. The line is the planned Keystone route, and it borders a vacant plain on Yankton's southeast where the city is expected to add industrial development.

"It's a wall," said Dave Mingo, Yankton's community development director.

TransCanada has been willing to run the pipeline deeper so it won't interfere with the city's plans to eventually bring utilities to the area, but the pipeline "has forced us to look maybe as far as 70 years out as far as infrastructure planning is concerned. Typically, we would look no more than 20 years out," Mingo said. "If we don't let them know now, when the pipeline ends up in the ground, we would be designing around them rather than them designing around us."

The pipeline route also crosses under 70 acres of recreational trail, prairie and shoreline associated with the city's visitor center. South Dakota currently has no crude oil pipelines and only three carrying refined petroleum products. One of them is already located here: The Kaneh line carrying

Dakota's interests.

Mitch Krebs, Gov. Mike Rounds' spokesman, said Rounds is relying on the state agencies but is keeping abreast of Keystone's permitting issues. Rounds also continues to support the approximately \$310 million economic benefit from pipeline construction and the \$6.5 million in annual taxes Keystone will bring to South Dakota, Krebs said.

Wildlife worries

The State Department oversees Keystone's federal permit process, but agencies more familiar to South

Hohn might look askance at the proposed distance between Keystone's isolation valves. However, Jones said spacing them about every 20 miles "is suitable for the environment we're going through." In areas of higher population, there would be more.

Furthermore, Jones said corrosion and leaks that plague the BP pipeline in Alaska probably won't affect Keystone because much of the water and sulphur mixed with crude oil that has degraded the BP pipeline will be removed before Alberta crude oil enters the Keystone network.

TransCanada is building Keystone

WEB Exhibit # 5-6

will connect with pipelines leading to refineries in Cushing, Okla., Wood River, Ill., and the Gulf Coast.

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Many experts laud TransCanada's track record and business practices.

Chuck Hamel is an ardent watchdog of oil pipelines who has drawn attention to the failings of the British Petroleum pipeline at Prudhoe Bay in Alaska.

"As long as it is done right and operated correctly, I don't see a problem. They've got crude oil lines all over the world," he said. Furthermore, "the Canadians have done very well. I've never heard a bad thing about TransCanada."

Bob Sheedy, a writer from Roblin, Manitoba, who works with the Manitoba government to develop trout fisheries in prairie lakes, says TransCanada "has an impeccable safety record."

Robert Jones, TransCanada's vice president and director of the Keystone pipeline, says a combination of high-grade steel and welding, monitoring technology and forethought about picking the Keystone route make it safe.

"We try and avoid sensitive areas, state and national parks. We don't cross any aboriginal lands.

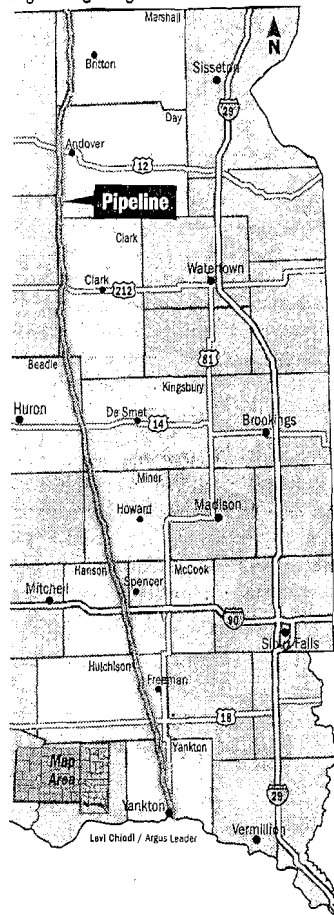
"We try to stay away from major metropolitan areas. We don't want to run this thing down Main Street," he said.

The pipeline will be buried an average depth of 4 feet. It will not interfere with farming activity and municipal utilities, Jones said. In comparison, the Lewis & Clark water pipeline is being buried an average of 6 feet underground for many of those same reasons, Lewis & Clark Rural Water director Troy Larson said.

Leak prevention

Hohn's concerns about pipeline pressure notwithstanding, crude oil regularly moves between 1,400 and

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Furthermore, Jones said corrosion and leaks that plague the BP pipeline in Alaska probably won't affect Keystone because much of the water and sulphur mixed with crude oil that has degraded the BP pipeline will be removed before Alberta crude oil enters the Keystone network.

TransCanada is building Keystone itself, but oil giant ConocoPhillips has an opportunity to become a partner, Jones said. Whether it does will not affect TransCanada's management of Keystone and ongoing commitment to maintain it, Jones said.

PUC permit

Jones said the project is moving along at a responsible pace.

"We've done all the consultation and all the surveys. We've selected the route. We've talked to all the different stakeholders. We've filed evidence with the Department of State," he said. A draft Environmental Impact Statement is due out in June, and TransCanada next will file for a state permit with the Public Utilities Commission.

The draft Environmental Impact Statement and PUC request might present opportunities for Keystone opponents to mount challenges. To date, criticism of the project is minimal. "If there's a concern, it's the lack of a forum to seriously raise" potential environmental issues associated with the pipeline, Davidson said.

TransCanada seems to be skillfully driving the regulatory process.

"At this point, it really appears they are taking in everyone's concerns," said Kara Van Bockern, PUC lawyer. She calls the relationship between TransCanada and the myriad federal, state and local agencies "a very harmonious state of affairs."

She also said when TransCanada files for a state permit, the PUC and the Department of Environment and Natural Resources will have sufficient statutory clout to look out for South

Mitch Krebs, Gov. Mike Rounds' spokesman, said Rounds is relying on the state agencies but is keeping abreast of Keystone's permitting issues. Rounds also continues to support the approximately \$310 million economic benefit from pipeline construction and the \$6.5 million in annual taxes Keystone will bring to South Dakota, Krebs said.

Wildlife worries

The State Department oversees Keystone's federal permit process, but agencies more familiar to South Dakotans, such as the U.S. Fish and Wildlife Service and Army Corps of Engineers, are shaping the project.

"It's almost impossible to build a project of this scale and scope without crossing some of the easements we have," said Jack Lalor, assistant manager of the USFWS Tewauckon National Wildlife Refuge, who is working on wetlands issues associated with Keystone. The Corps, under the Clean Water Act, is responsible for ensuring that Keystone does not degrade water quality, and it has to approve Keystone's crossing of the Missouri River at Paddle Wheel Point in Yankton.

The USFWS is largely concerned that Keystone does not disturb valuable habitat for threatened and endangered species and that building the pipeline does not permanently harm wetlands the pipe will pass under. Tom Tornow, who heads the USFWS Madison wetlands district, said the pipeline "will be crossing some critical habitat for Topeka shiners," a federally designated endangered species, and construction is expected to result in a one-year disturbance in nesting for wetland birds.

Lalor said TransCanada has been amenable to a USFWS request to reroute Keystone away from the Hecla sand hills that drain into Waubay and the Sand Lake Wildlife Refuge, and the agency is taking inventory of other areas with rare plants and animals that might be affected by a pipeline.

Most of the wetland soils that would be disturbed by construction "recover nicely" Lalor said, and Jones added that TransCanada in the past decade has made "real advances" in soil manage-

structure planning is concerned. Typically, we would look no more than 20 years out," Mingo said. "If we don't let them know now, when the pipeline ends up in the ground, we would be designing around them rather than them designing around us."

The pipeline route also crosses under 70 acres of recreational trail, prairie and shoreline associated with the city's visitor center. South Dakota currently has no crude oil pipelines and only three carrying refined petroleum products. One of them is already located here: The Kaneb line carrying vehicle fuels crosses the Missouri at Paddle Wheel Point. The Corps of Engineers will require Keystone to use the same crossing. Mingo says in the 15 years he has worked for Yankton, there have been no problems with the Kaneb pipeline.

According to the U.S. Energy Information Administration, Kaneb, Williams and Amoco have refined petroleum products pipelines in South Dakota. After Sept. 11, the National Pipeline Mapping System no longer makes its maps available to the public.

As Keystone gets closer to securing regulatory approval, Hohn at WEB Water questions whether TransCanada will have sufficient staff in the U.S. to maintain the pipeline. Will TransCanada post bonds with state or local governments to establish a mitigation fund if Keystone leaks, or will landowners have to fight for restitution? If crude oil escapes the pipeline at 1,400 psi, could friction start a fire? If so, who will fight it?

Hohn also points to a pipeline rupture near Bemidji, Minn., in 1979 that spilled 10,700 barrels of crude oil. Despite cleanup efforts, about 110,000 gallons remain in the soil and water table and are migrating toward a nearby lake. Is this South Dakota's fate?

While the draft Environmental Impact Statement might prompt such inquiry, so far, Hohn seems to be a lone voice asking questions.

The loudest voice talking about Keystone might belong to Jones. He said this: "A pipeline is by far the safest way to move hydrocarbon products."

Reach reporter Peter Harriman at 575-3615.

