

NOT TO MENTION HOW IMPORTANT
IT IS TO GET A STABLE SUPPLY
OF CRUDE OIL INSTEAD OF BOWING
DOWN TO MID-EAST & RUSSIAN OIL!!

THE REFINED GAS IS ALSO
BECOMING MUCH CLEANER AS
WE LEARN SMARTER TECHNIQUES.

THE CRUDE OIL FROM CANADA,
NORTH & SOUTH DAKOTA AND MONTANA
WILL BE REFINED AND USED,
PERIOD! WE SHOULD KEEP CONTROL
OURSELVES SO IT WILL HELP
OUR COUNTRY.

Larry Crouse

MAY 1ST

2015

OIL LINE

Continued from Page A1

after the state permit was granted in 2010.

The company is waiting for clearance from President Barack Obama's administration for the pipeline to pierce the Canada-U.S. border.

TransCanada wants to ship tar-sands oil from Alberta, Canada, through Montana and South Dakota to Nebraska where the pipeline would connect with the existing distribution network.

The commission also listened to the sides argue for some 90 minutes Thursday about the protective order that had been granted earlier to TransCanada.

"At this point, we can't even show documents to our clients for comment," Robin Martinez, a

lawyer representing Dakota Rural Action, said.

The order allows TransCanada to keep information out of the public domain but be available to lawyers and consultants working on the case.

The interveners opposing the pipeline's construction wanted the commission to scrap the protective order. Instead, the commission allowed the sides to work out modifications to it.

Nelson said the commission didn't have sufficient control over lay interveners who might violate the confidentiality requirements.

The state Supreme Court can discipline lawyers who don't abide by it.

Bill Taylor, a Sioux Falls lawyer representing TransCanada, said the company has been allowing consultants to review the documents if they sign the confidential-

ity conduct agreement.

Taylor said the company had offered to discuss such requests with any intervener. Aside from Standing Rock Sioux Tribe and Yankton Sioux Tribe, he said, no one had called.

Some of the information is kept secret to protect burial and artifact sites along the proposed route across western and south-central South Dakota.

Further, Taylor said, the company has invested millions of dollars and years of time into gathering information that shouldn't be free in the public domain.

"The company treats them as trade secrets," Taylor said.

Commissioner Gary Hanson said giving access to the pro se interveners — those representing themselves without attorney — could harm the company.

"It would be highly irregular

for this commission to do that," Hanson said.

The commission's original schedule provided for a four-day hearing. Now it is possibly seven days.

Commissioner Kristie Fiegen proposed the July 27-31 dates. PUC lawyer Kristen Edwards said the staff's main consultant wouldn't be available that week.

Nelson and Hanson added the two days in August to allow time for the PUC's main consultant to testify.

"I think that will allow for testimony of all the experts that need to be," Nelson said. "Perhaps having two extra days wouldn't be harmful."

Fiegen voted against two August days. The final schedule, including various deadlines for motions, witness lists and evidence, then was adopted 3-0.

PUC sets hearing in Keystone XL oil line case

By BOB MERCER
Capitol Correspondent

PIERRE — The state Public Utilities Commission set new dates Thursday for taking testimony whether TransCanada can still meet the conditions set five years ago for building the proposed Keystone XL pipeline through South Dakota.

The evidentiary hearing will be July 27-31 with Aug. 3-4 if needed. The hearing had been scheduled for May 5-8 until the commission decided Monday to push it back.

"As I look around the room, there's a lot of — nobody's happy," Chris Nelson, the commission's chairman, said. "This may be the best that we can accomplish."

State law requires the certification hearing because TransCanada wasn't able to proceed on the project within four years

See OIL LINE, Page A6

JULY 2015

TransCanada: New CO2 rules should aid Keystone XL's OK

CALGARY, Alberta (Reuters) — TransCanada Corp. said on Tuesday that tightening climate-change rules from the governments of Canada and the province of Alberta help justify the construction of the controversial Keystone XL pipeline project.

The company, Canada's No. 2 pipeline operator, released a letter sent to U.S. Secretary of State John Kerry and

other department officials saying that increased carbon levies for Alberta oil sands producers and new Canadian targets for greenhouse-gas emission cuts should serve to help assuage U.S. concerns that approving the \$6.41 billion project would increase climate change.

TransCanada has waited more than six years for the Obama administration to make a decision on whether it would

allow the embattled project to proceed, frustrating Canadian oil producers and governments eager to see the country's oil reach the high-paying refinery hub on Texas' gulf coast. However, Obama has said he will only permit the project, bitterly opposed by environmental groups in both the U.S. and Canada, when he is certain it will not significantly exacerbate climate change.

Study reveals a Keystone XL conundrum

By **CHRIS MOONEY**
The Washington Post

Our mental snapshot of the politics of the Keystone XL pipeline is pretty straightforward — Republicans and most independents want it built; so do some Democrats, but most Democrats and the environmental left are opposed.

A new study in the journal *Energy Policy*, though, suggests that this assumption about pipeline politics mainly holds on the national level — but not so much locally. Rather, the research finds, as you get closer to the proposed pipeline route, liberals and conservatives living in those areas look less different in their views — and liberals as a whole are more in favor of the pipeline than liberals farther off.

The result suggests that anti-pipeline advocates may be

losing the framing war to those who endlessly cite the pipeline's supposed economic benefits.

The research, conducted by Timothy Gravelle of the University of Essex and Erick Lachapelle of the University of Montreal, drew upon data from three large Pew Research Center polls of public views of Keystone XL, conducted in 2013 and 2014. The Pew data allowed the researchers to “geo-code” each survey respondent according to his or her Zip code. Then, for each respondent, the minimum distance from his or her home to the proposed pipeline route was calculated.

You might think that people living in close proximity would be more worried about the pipeline, given both the continual focus on possible environmental consequences and the so-called NIMBY (“Not in My Back Yard”)

phenomenon. But the study found that locally, the issue was less partisan and that there was more Democratic or liberal support, in comparison with how those on the left feel about Keystone XL on a national level.

“Proximity to the pipeline leads to a greater likelihood of favoring the pipeline,” the study reports. The result amounts to an “inverse NIMBY effect,” the authors continue.

One possible reason, the researchers suggest, is that on the local level, the pipeline received much more media coverage, with more of a focus on costs and benefits alike for local communities. As a result, goes the thinking, people living near the proposed route were probably more highly exposed to a kind of cost-benefit trade-off — one that pits potential local jobs from building the pipe-

line (granted, the actual number that would be created has sometimes been overblown) against ecological consequences.

This, in turn, would have caused people to engage in more of an “on the one hand, on the other hand” way of thinking about the matter. “The promise of local jobs and other economic benefits work against environmental considerations of local spills and global risks related to climate change,” they write.

This dynamic mostly mattered for liberals, not conservatives, the study found. In general, conservatives didn't waver much in their views of Keystone XL according to their proximity to the proposed pipeline route. It was only liberals whose views varied — such that “among American liberals the likelihood of favoring the pipeline decreases as distance to the pipe-

line increases,” the study reports.

“As a result, there is no ideological divide as it relates to the Keystone XL near the proposed route; it is only at a substantial distance from the pipeline that differences between liberals and conservatives emerge,” the authors continue.

None of which is to say that some people living along the pipeline's proposed route aren't opposed — they are. And some are even Republicans or conservatives, raising property rights concerns in the face of the need to build across land that they own.

It's just that, in the words of study co-author Lachapelle, “We wouldn't expect to find opposition to be concentrated locally. That's not to say you won't find local opposition and local protests, but the local here is not the centre of gravity for opposition.”

Approve the Keystone XL pipeline



SUPPORT

Sen. John Thune, R-S.D.

Thune is chairman of the Senate Republican Conference.



OPPOSE

Rep. Anna Eshoo, D-Calif.

Eshoo is a senior member of the House Energy and Commerce Committee.

With nearly 9 million Americans out of work and millions more working part time because they can't find full-time employment, creating jobs should be a priority for both Congress and the administration. The Keystone XL pipeline would support more than 42,000 jobs, ranging from construction jobs for welders and pipefitters to support jobs at hotels and gas stations – all without spending a dime of taxpayer money.

The pipeline would also bring billions in revenue to state and local governments.

In South Dakota alone, the pipeline would bring in \$20 million per year in property taxes. That's a lot of funding for local priorities such as schools, law enforcement, and roads and bridges.

In addition to transporting Canadian oil, the pipeline would carry oil from the Bakken oil fields in North Dakota to refineries along the Gulf Coast. This would help alleviate the rail overcrowding that is preventing farmers in the Midwest from getting their goods to market.

Opponents of the pipeline attempt to justify their opposition by claiming environmental concerns, but five separate environmental reviews by the State Department have found that the pipeline will have no meaningful impact on the environment. In fact, transporting oil via pipeline is better for the environment than via highway or rail. Canada will extract its oil regardless; the only question is whether we want it to come here via the pipeline, along with the thousands of jobs it will create, or whether we want Canada to ship it overseas via less environmentally friendly methods. Importing oil from Canada would also lessen our reliance on oil from less friendly countries.

The Keystone XL pipeline is a win-win for Americans. It's time to get it approved.

Last November, for the ninth time, House Republicans force-fed Congress the idea that the Keystone XL pipeline will yield tens of thousands of jobs, secure a stable domestic oil supply, lower the price at the pump and prove an economic

boon. For the ninth time, I voted against the bill. Why? Because the details in the fine print say otherwise.

Simply put, the economic benefits of the proposed pipeline are minimal and the risks high.

Supporters tout a State Department projection made in consultation with TransCanada, the company behind the pipeline, revealing that up to 42,100 direct and indirect temporary jobs would be supported during construction. Less known is that after construction is completed – in less than two years – the Keystone XL pipeline is expected to support only 35 permanent jobs.

Supporters also argue that the project guarantees the United States will be an end consumer of the tar sands oil. In fact, there's no guarantee we would see one drop; TransCanada's president of energy and oil pipelines acknowledged this under questioning at an Energy and Commerce hearing in 2011. Because tar sands oil is expensive to produce, oil companies need an export route to the more lucrative international market.

Furthermore, the United States would assume 100 percent of the risk of a catastrophic spill. The bill I opposed created a special exemption for the Keystone XL pipeline, essentially trampling on our environmental laws.

America needs reliable energy resources and job growth, but a proposal like this hardly scratches the surface while putting our environment and health at serious risk.

THE HEART OF THE ISSUE

Supporters of the proposed Keystone XL pipeline argue that it would create jobs and generate revenue for state and local governments. Opponents say these claims are exaggerated and that the project runs afoul of U.S. environmental laws.

CONTACT YOUR ELECTED OFFICIALS

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The Honorable (name), U.S. House of Representatives, Washington, DC 20515 • Phone: (202) 225-3121

Congress passes Keystone XL pipeline bill

Only one Republican voted against the bill, setting up veto from president

By DINA CAPPIELLO
The Associated Press

WASHINGTON — The Republican-controlled Congress cleared a bill Wednesday to construct the Keystone XL oil pipeline, setting up a confrontation with President Barack Obama, who has threatened to veto the measure.

The House passed the bill on a 270-152 vote, endorsing changes made by the Senate that stated climate change



THUNE

"A bipartisan majority in both the House and Senate have spoken. The time to approve the job-creating Keystone XL pipeline is now."

South Dakota Sen. John Thune

was real and not a hoax, and oil sands should no longer be exempt from a tax used to cleanup oil spills.

Only one Republican, Michigan Rep. Justin Amash, voted against the measure, while 29 Democrats backed

it. But neither the House nor the Senate has enough votes to overcome a veto, the first of many skirmishes between the Democratic White House and Congress on energy and environmental policy.

Supporters were already strategizing on how to secure the pipeline's approval using other legislative means.

"The evidence is in. The case ought to be closed," said Rep.

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KEYSTONE

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Fred Upton, R-Mich., chairman of the House Energy and Commerce Committee.

Sen. John Hoeven of North Dakota, the chief Republican sponsor of the bill, said in a statement "we will continue to press for approval by attaching an approval measure to another bill, perhaps an energy bill or must-pass appropriations legislation."

Obama "needs to work with Congress in a bipartisan way and approve the Keystone XL pipeline project for the American people," he said.

For Republicans, the bill's passage capped weeks of debate on a top priority after they took control of Congress last month. Hours before the vote, they prodded Democrats who did not take their side. House Republicans, who have debated and passed numerous measures on the pipeline only to have them dead end in the Senate, claimed victory.

Rep. Cynthia Lummis, R-Wyo., said she was having a "holy cow" moment.

"This kind of support ... It doesn't get any better than this," she said.

Democrats, meanwhile, called

the effort a waste of time but said the provisions on global warming and oils spills marked progress for Republicans on those issues.

Rep. Alcee Hastings, D-Fla., said the bill was another example of Republicans prioritizing legislation to demonstrate a message, regardless of its chances of becoming law. The vote Wednesday marked the 11th attempt by Republicans to advance the pipeline.

"The last few years have been like a hamster on a wheel — spinning and spinning and not getting anywhere," said Hastings, who at one point held up a toy that looked like the rodent.

First proposed in 2008, the pipeline has come to symbolize the differences between the parties on energy and environmental matters.

Republicans and the oil industry have argued the \$8 billion infrastructure project is about jobs and boosting energy security, by importing oil from a friendly neighbor and shipping it to domestic refineries subject to more stringent environmental regulations.

Democrats, and their environmental allies, have characterized it as a gift to the oil industry that would worsen global warming and subject parts of the country to the risks of an oil spill, with little economic ben-

efit because the oil and its refined product would be exported abroad.

The pipeline would connect Canada's tar sands with Gulf coast refineries that specialize in processing heavy crudes.

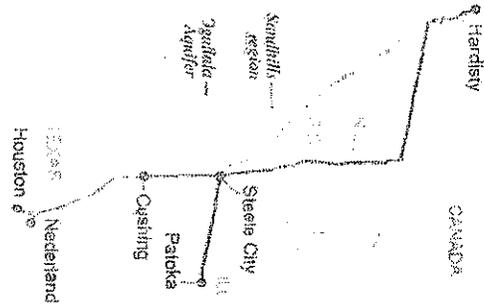
A January 2014 analysis found that, with or without the pipeline, the tar sands would be developed, and thus the greenhouse gas emissions resulting from them would enter the atmosphere anyway. But the EPA said earlier this month that that analysis has to be revisited, because lower oil prices could make the pipeline more of a catalyst than the State Department initially predicted. A letter from the Canada's ambassador said the EPA's assessment was flawed.

Hours before the pipeline vote, Sen. James Inhofe, chairman of the Senate Environment and Public Works Committee, held the first of many hearings on the Obama administration's plans to control for the first time the pollution blamed for global warming from the nation's power plants.

And the House plans to unveil a large energy bill next week.

Democrats, too, want to move on.

"This Congress has much work to do on energy," said Rep. Frank Pallone, D-N.J., the top Democrat on the House Energy committee.



AP graphic

Keystone XL bid revived

The pipeline has exposed larger divisions between environmentalists concerned about global warming and potential oil spills against supporters who argue that the \$8 billion project will create jobs and boost U.S. energy security. President Barack Obama has vowed to veto the approved bill from Congress.

Existing pipeline
Proposed XL extension
Newly-completed extension

FMCSA to Address Uptick in Crashes In North Dakota's Bakken Oil Region

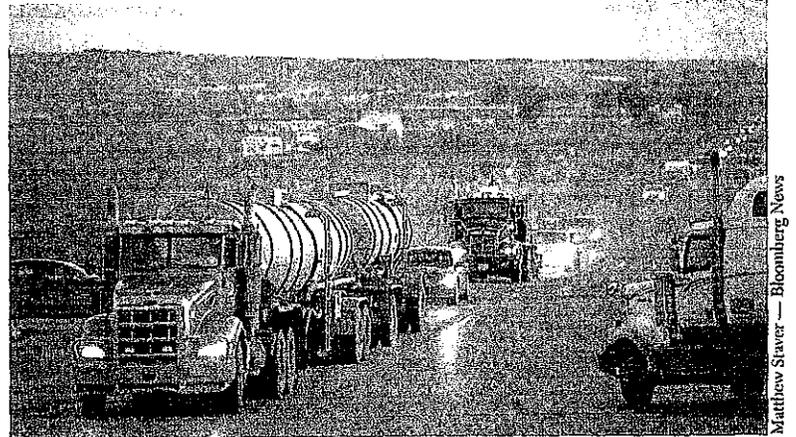
By Eric Miller
Staff Reporter

The Federal Motor Carrier Safety Administration said it is addressing an increasing and disproportionate number of fatal large truck-involved crashes in North Dakota's Bakken oil field counties.

Jack Van Steenburg, FMCSA's chief safety officer, said the agency has identified a "large cluster" of crashes in the oil field operations in North Dakota, one of the nation's largest crude oil production states.

"We have some strategies and we're working with other departments to reduce those crashes," Van Steenburg said.

Federal crash statistics show that the number of fatal large truck-involved crashes had increased to 54 in 2013 from 9 in 2010.



Traffic lines the main street in Watford City, N.D. The region's oil boom has led to increased traffic and truck-involved fatalities.

Many of the crashes in North Dakota occurred on two major highways where oil trucks run, U.S. 85 and Interstate 94, Van Steenburg said.

"It's an area of concern for FMCSA, the North Dakota Highway Patrol, and everyone in the

(See OIL, p. 28)

FMCSA Targets Oil Trucks

(Continued from p. 2)

state," said Denver Tolliver, professor of transportation and director of North Dakota State University's transportation and logistics program. "The FMCSA has concluded that the heavy-vehicle crashes and crash rates were increasing faster in the Bakken than they were in some of the other shale oil boom regions, such as Eagle Ford in Texas."

FMCSA is increasing oversight of tank truck carriers that haul crude oil and propane, giving its investigators advanced training, issuing grants to states, and stepping up traffic enforcement, according to Paul Bomgardner, chief of FMCSA's hazardous materials division.

"Moving forward we're going to . . . focus our attention, actually on the transportation of energy products," Bomgardner told an audience attending the annual conference of the Transportation Research Board in Washington, D.C., on Jan. 13. "What are we

going to do? More oversight, more oversight, more oversight."

"We're going to be initiating a series of studies over the next year or so to not only look at where these accidents are located, but try to get a better idea of some of the cause and effect," Tolliver said.

According to recent research by the Upper Great Plains Transportation Institute, a research, education, and outreach center at North Dakota State University, roads once used for local access and agricultural purposes now mostly serve expanding oil production.

"Oil companies, workers, commercial trucks, and industrial equipment associated with oil extraction use these roads to access oil drilling and production sites," the group said.

In its 2013 report, the state's highway patrol said it has "strived" to meet the demands of the growing motor carrier industry operations.

"The need to move goods across the country and between points

within North Dakota remains at an all-time high," the highway patrol report said.

"The issue is between 2008 and 2013, vehicle miles traveled in the state — and mostly in that Bakken region of in our state — increased by about three billion miles," said Arik Spencer, executive vice president of the North Dakota Motor Carriers Association. "So you have a huge number of people traveling on infrastructure that [it] was never designed to hold."

Congestion on state, county and local roads has increased to the point that it too frequently causes motorists to get impatient, passing on hills when traffic slows and exhibiting other dangerous driving behaviors, Spencer said.

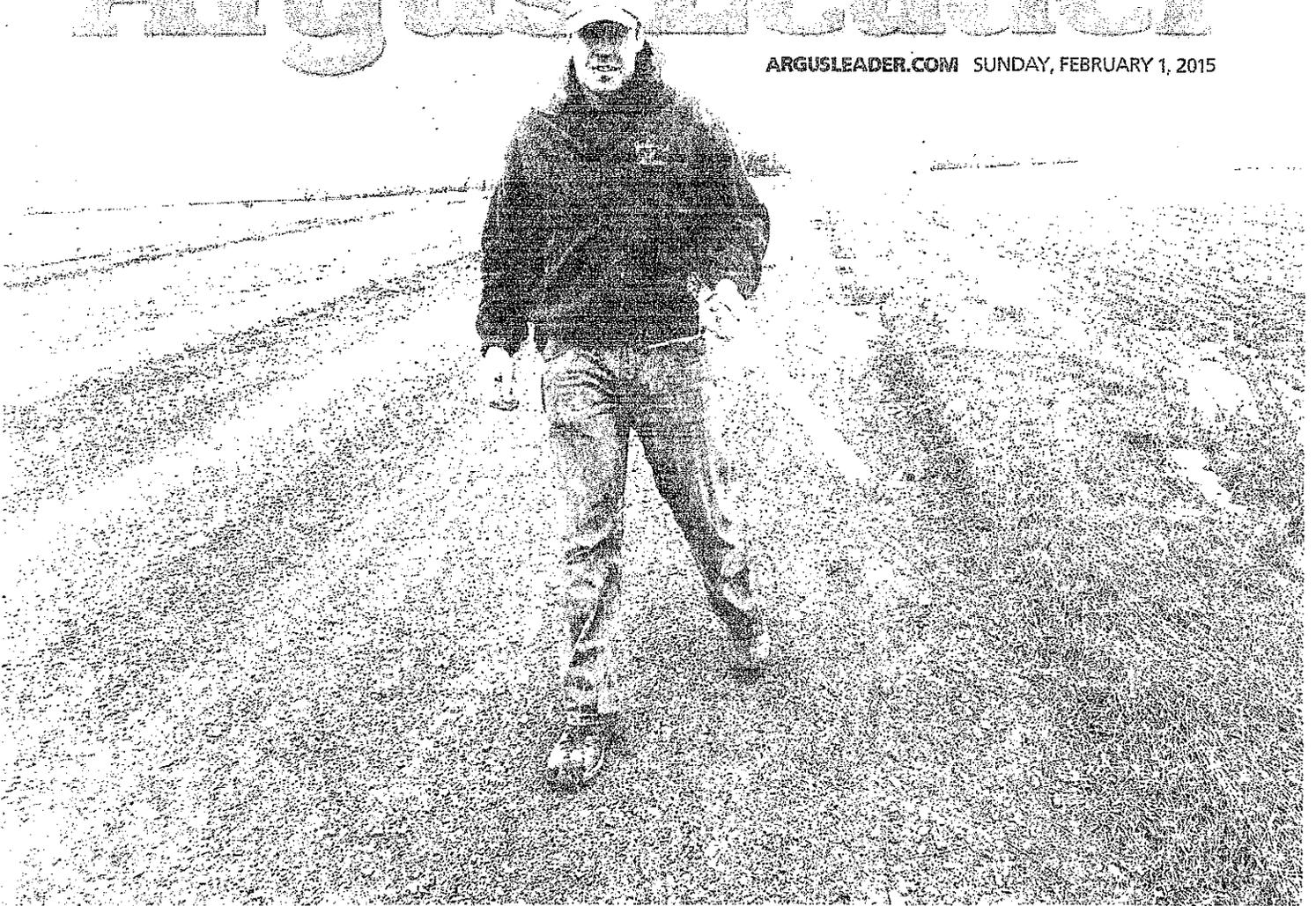
With oil trucks traveling on the state's highways and rural roads, the state's current budget for infrastructure maintenance, repair and rebuilding has grown to nearly \$3 billion from \$1 billion in 2007, Spencer said.

Staff Reporter Eugene Mulero contributed to this story.

SIoux FALLS, SOUTH DAKOTA

Argus Leader

ARGUSLEADER.COM SUNDAY, FEBRUARY 1, 2015



LANDOWNERS PUSH FOR ANSWERS ON

JIM SCHMIDT
Lincoln County Commissioner

PIPELINE

Pipeline

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Texas-based company has ducked or dodged some difficult questions.

Some of the more than 500 landowners along the South Dakota path have raised concerns about the long-term effect on agricultural land, including the ripple effect on neighboring landowners of upsetting underground drain tiling.

Many raised the specter of spills, and several questioned the wisdom of accepting one-time easement payments for a pipeline moving a profitable product under their property.

"We've got a lot of serious issues to work out, and we haven't gotten a lot of good answers," said Lincoln County Commissioner Jim Schmidt, who was among the 400 to question company representatives at a public meeting in Sioux Falls last week.

Lincoln and Lake counties each have applied for party status on the pipeline's PUC docket. Party status allows a person or entity to cross-examine the permit applicant and request documents throughout the process.

Other parties include a Spink County farmer named Randy Kuehn, two lawyers who represent Sioux Falls-area landowners and the WEB water development association.

Easements worries, assurances wanted

Aaron Johnson's family has an organic farm near Madison, Dakota Access cuts through property his family farms.

Johnson told commissioners during a public hearing in Sioux Falls last week that he's unimpressed by one-time easement payments. Up to 570,000 barrels of oil would flow through the pipeline every day for years, and farmers could see less crop production long after the easement money ran out.

"This would be the equivalent of a farmer paying a one-time rental fee on land rented in exchange for production for unsaid years to come," Johnson told the PUC. "Landowners and the PUC should demand annual royalty and production payment and an annual lease payment."

He asked the PUC to force Dakota Access to bond the project as insurance against leaks.

Charlie Johnson, who also is part of the Johnson Farms business, said South Dakotans deserve safeguards. The pipeline should be bonded for the same reason vehicle owners have car insurance: To guarantee there's money for liability if the owner runs out.

Joey Mahmoud, a Dakota Access representative, said the company is fully liable for cleanup and any property damage from any spill. Federal law also

protects against damage, he said, as the federal government collects per barrel fees for cleanup costs.

"Just because there's an LLC behind our name doesn't mean we're not liable," Mahmoud said.

Charlie Johnson said that's not as comforting as a bond would be.

"We need a bond so somebody pays right away," he said. "Right now, there are no safeguards."

PUC Commissioner Chris Nelson said the commission doesn't have the authority to order bonding for the project on that level as part of the construction permitting process. The commission can order indemnity bonds for potential damage to roads and bridges, but "does not provide any specific authority to us to provide the types of bonds that you talked about," Nelson said.

Nelson also told Aaron Johnson that commissioners don't have the authority to order the company to pay annual payments to landowners.

Dakota Access is expected to offer easement payments that take into account current land values and account for the diminished value of that land after placement of a pipeline. That arrangement is set forth by Supreme Court opinions.

Per-barrel payments to landowners or to the state are not part of the calculation, and concerns over royalties wouldn't hold up the pipeline's construction permit.

Charlie Johnson sees that as a flaw that should be corrected.

"Really, it's going to take some kind of legislative action," Johnson said. "There's no reason, at a time when we can't expand Medicaid or properly fund our schools, that we can't tap into this source of funding."

Spills a prime concern

The potential for spills has been a recurring theme at the public meetings and on comments entered into the official record on the Dakota Access docket.

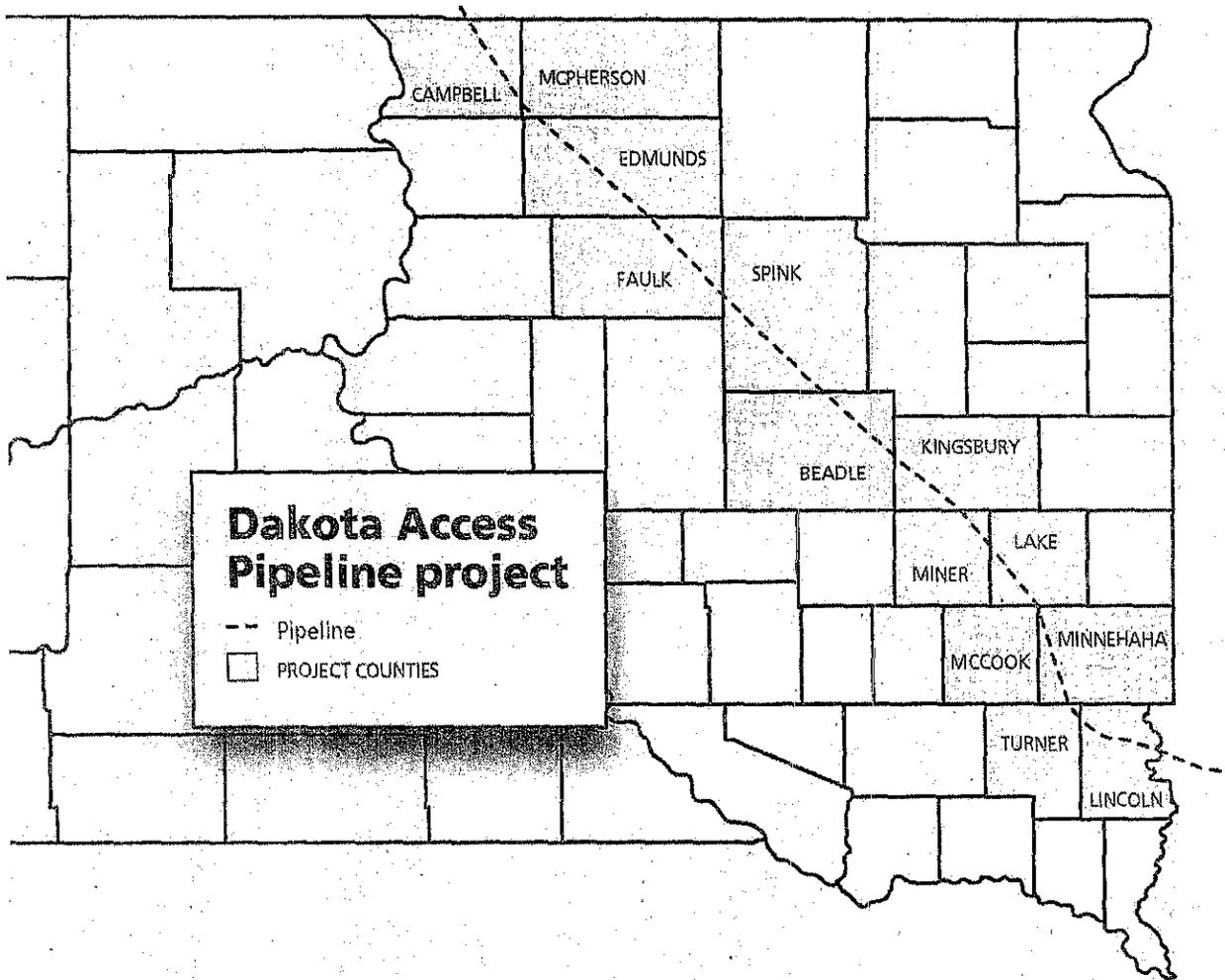
Anne Dilenschneider, a Sioux Falls counselor, submitted her comments in a letter, noting several pipeline spills, including ones in Bismarck, N.D., and another near Marshall, Mich.

"Pipelines are not a safe way to transport crude oil. They explode, rupture and leak. Even with automatic shut-off valves," Dilenschneider wrote.

Mahmoud said last week in Sioux Falls that the pipeline would be remotely monitored and could be shut down with the push of a button, and he said there would be emergency response plans in place, which would be shared with state and local officials.

He also said it could take three to four minutes for oil to stop flowing. That's troubling to Schmidt.

"What's an average spill? What's it cost to clean



Dakota Access Pipeline project

-- Pipeline
 □ PROJECT COUNTIES

up?" Schmidt said. "These are things we ought to know."

Since 1998, there have been 11 pipeline incidents in South Dakota, according to the Pipeline and Hazardous Materials Safety Administration. A total of 1,158 gallons spilled, causing a total of \$2.83 million in property damage across South Dakota.

Vicki Granado, a spokeswoman for Energy Transfer Partners, acknowledged that spills are an issue, but said the company has protocols in place

pletely liable for damages caused.

"There can be issues," Granado said. "These are underground pipelines. What we believe is that those are not the norm. Spills do happen, but they don't happen often."

Mahmoud said repeatedly during the public comment hearings that pipelines are a safer means of transporting crude oil than rail cars, which carry crude from the Bakken oil patch.

There were 1.15 million barrels of crude spilled

according to the Pipeline and Hazardous Materials Safety Administration.

Mahmoud's point about safety was echoed this week by another man who attended the PUC's meeting but did not speak out loud, Ernest Kroger.

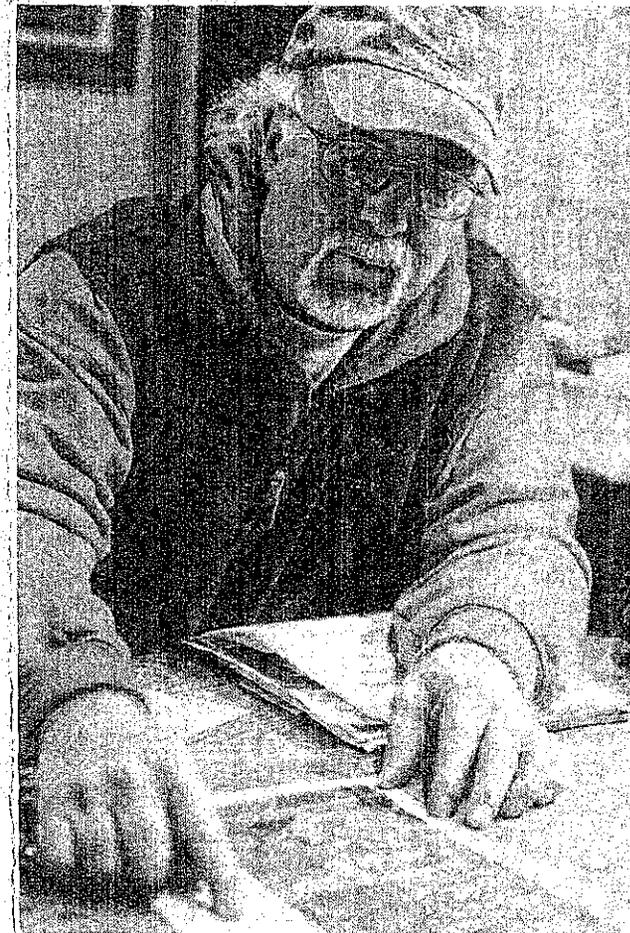
Kroger wrote a letter for the public docket recalling how his father had donated time to put up telephone poles on farmland, and later allowed electricity lines to be run through their property so his neighbors could benefit.

The whole country

production, Kroger wrote, and he told commissioners that the pipeline's benefits are worth the risk.

"There are always 'ifs' connected with any project," Kroger wrote. "Oil spills happen because of rail and truck accidents. I'm certain that the safest way to transfer such a large volume of oil, a pipeline is the best option."

John Hult is the Reader's Watchdog reporter for Argus Leader Media. Contact him at 605-331-2301, 605-370-8617, twitter.com/ArgusJHult or Facebook.com/ArgusReadersWatchdog



ELISHA PAGE / ARGUS LEADER

Charlie Johnson points out where drain tiling on his family's farm near Madison could be affected by the proposed Dakota Access oil pipeline.

ARGUS LEADER EDITORIAL

Pipelines are necessary in oil-addicted world

Here is a tale of two proposed pipelines that could run through South Dakota.

The diameter of Pipeline 1 is 36 inches. Pipeline 2 is 30 inches.

The proposed length of Pipeline 1 will be 1,179 miles. Pipeline 2 is 1,134 miles.

Pipeline 1 will carry 830,000 barrels of oil a day. Pipeline 2? Up to 570,000 barrels.

The first pipeline would cut through western South Dakota en route to Nebraska. The second through eastern South Dakota, including the Sioux Falls area, to a final destination of Illinois.

One of those pipelines has created a national political controversy. The other? Had you even heard of it?

Keystone XL, the first pipeline in our examples, has caused picketing and political posturing. The second, the Dakota Access Pipeline, was first announced last summer. Unless the pipeline was proposed to cross your land, most people have been undeterred.

That doesn't mean we should accept the pipeline without asking questions or learning as much as we possibly can.

All residents in the area

should be asking: What are the risks? Who will be monitoring and regulating the pipeline for leaks and other issues? What are the emergency shutoff procedures? Who will pay for any problems that arise from a leak?

But it's no surprise that when politics enter the picture, talking points get thrown about, facts get forgotten and the issue becomes one big argument.

Here are a few key points.

■ Pipelines are much safer than oil transportation by rail and more practical than truck. A train crash in Québec in 2013 killed 47 people and spilled 1.5 million gallons of oil. There was a close call in North Dakota when several rail cars caught fire. If that incident had happened in a populated area, property damage would have been significant and lives could have been lost. As far as truck transportation, Forbes estimated it would take a million-and-a-half tanker trucks to transport the Keystone equivalent oil.

Pipelines have had their problems, though. In 2013, a Tesoro Corp. pipeline spilled 20,000 gallons in northwestern North Dakota. The worst was in Michigan in 2010

when an Enbridge pipeline spilled more than 25,000 barrels into a river. There is an environmental impact from pipelines, and Dakota Access advocates need to reassure the public that the new pipeline won't have those problems.

■ Transporting oil via pipeline is significantly cheaper. A 2013 *Christian Science Monitor* article stated that it costs \$7 a barrel to transport oil on a pipeline compared to between \$15.50 and \$30 via rail.

■ Pipelines already are a key part of everyday life. There are pipelines carrying natural gas to homes across the city and surrounding areas. The first phase of the Keystone Pipeline already crosses eastern South Dakota.

■ For opponents, the Keystone Pipeline also is an environmental issue — mining a barrel from Canada's oil sands creates 17 percent more greenhouse gas emissions than the extraction of a standard barrel of oil, according to the *Washington Post*. North Dakota oil is not clean, either, but blocking pipeline plans won't stop the production. It still will travel by rail and alternative pipelines. To fix carbon emis-

sions, the focus should be on the demand, not supply.

The Keystone Pipeline only became a national political issue because it crosses the U.S. border from Canada, thus involving the State Department.

It's OK to be skeptical of what those proposing the pipeline claim. A 2011 *Argus Leader* story showed that the eastern South Dakota Keystone pipeline wasn't raising as much tax revenue for local governments as officials had originally stated.

So as the Dakota Access Pipeline gets debated in the coming months, educate yourself about the pros and cons, and our reporters will continue to uncover as much as they can. Make your decisions based on logic, science and facts and not on political soundbites.

Weigh the risks of all choices and consider the options, but rejecting Keystone XL or Dakota Access won't solve the greater problem: The world has an insatiable appetite for oil.

The bottom line is that there is no perfect solution — no option that completely protects the environment, property and public safety.

But pipelines are the best option.



Nebraska court clears path of Keystone XL

Published: Jan. 9, 2015 at 10:11 AM

Daniel J. Graeber

OMAHA, Jan. 9 (UPI) — OMAHA, Jan. 9 (UPI) — In a mixed decision, the Nebraska Supreme Court ruled Friday the legal premise used to sanction the route for Keystone XL was permissible.

In a long awaited case on the route of the Keystone XL pipeline, the Nebraska Supreme Court cleared one of the remaining hurdles in a battle that began when TransCanada first applied to build the project more than six years ago.

Lancaster County District Court Judge Stephanie Stacy in February ruled a state law granting power of eminent domain to former Gov. Dave Heineman was unconstitutional. State law LB 1161, passed in 2012, gave the governor authority over the Keystone XL route from Canada through the state instead of the Nebraska Public Service Commission.

Environmental campaigners pressured pipeline planner TransCanada to revise the Keystone XL route through the state to avoid a sensitive aquifer. Heineman in 2013 said he was satisfied a revised route for the tar oil sands pipeline avoided the sensitive Sand Hills aquifer of the state.

The state Supreme Court, in *Thompson v. Heineman*, said the majority opinion was on the side of the landowners in the case.

"But because there are not five judges of this court voting on the constitutionality of LB 1161, the legislation must stand by default," the court's ruling stated. "Accordingly, we vacate the district court's judgment." Four members of the seven-judge panel voted.

The Republican-controlled 114th Congress put the measure at the top of its agenda when it took its seat in early January. Two measures in the U.S. House and Senate are aimed at pressuring the White House to sign off on the pipeline.

White House spokesman Josh Earnest affirmed signals from the president's desk that legislation meant to get around normal vetting procedures for the pipeline would be vetoed. The review process as it stands was awaiting the Nebraska courts, he said.

"Once that is resolved, that should speed the completion of the evaluation of that project," he said in a press briefing Tuesday.

President Obama has hinted he was not in favor of the project, saying he doubted many of the jobs claims surrounding it. Ultimately, he added, the pipeline would send Canadian oil through, not to, the United States for exports.

Jack Gerard, president of the American Petroleum Institute, said the court's ruling is an opportunity for the president to seize the moment of U.S. energy security

"President Obama has no more excuses left to delay or deny the Keystone XL pipeline," he said in a statement. "More stable domestic and Canadian oil will enhance our nation's national and economic security."

Randy Thompson, the Nebraska plaintiff, said the outcome was not what he had hoped for. The ruling, he said, represents a "gross injustice" to Nebraska landowners.

"When you take a punch, you stand up and keep on fighting," Jane Kleeb, director of pipeline opponent Bold Nebraska, said in a statement "We continue to stand with President Obama in his skepticism of the export pipeline and encourage him to reject Keystone XL now."

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Keystone XL has multiple benefits

To the Editor:

Mavis Hambeck recently sent a letter to the editor wherein she castigates our congressional delegation for their support of the Keystone XL pipeline. Has Ms. Hambeck ever heard of the bad balance of trade problems that have been plaguing the U.S. dollar? This is when more dollars leave the U.S. than come in.

A good share of the Keystone crude oil will stay in the United States. Any that stays will help us balance our trade deficit.

We will be using our own oil, so we don't have to continue to buy crude from Iran, Venezuela and Russia, countries that hate us.

Our trade deficit has been high for years. This has had adverse affects on our dollar and our standing in the world financial marketplace.

In addition to creating badly needed jobs, the pipeline will contribute nearly \$20 million in property taxes per year. With the drop in grain prices, this will give relief to our

beleaguered farmers.

Agriculture is South Dakota's largest industry. Grain prices have been settling lower for three to four years. A large share of our grain goes overseas and this helps lower our trade deficit.

There is one major problem. Crude oil from the Bakken oil patch has been taking much rail space.

Our grain is sitting by the railroads in piles, subject to rot and spoilage. China, India and other countries in the Pacific rim are waiting impatiently for our grain and meats.

Another bad problem in transporting oil by rail is train wrecks. It seems there is one every couple months. The accidents have very hot fires and bad pollution to our environment. Lots of homes are burnt and people die.

These are some of the reasons, Thune, Rounds and Noem vote the way they do. I'm sure most of the voters agree with them. But thanks, Ms. Hambeck, for making us read and think about this important matter.

Milton Nelson
Mitchell

LAST WEEK
OF MARCH

2015

The Daily Republic

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OUR VIEW: The following editorial represents the opinion of The Daily Republic's editorial board.

Time to approve pipeline

We totally get opponents' environmental worries about the Canadian Keystone XL Pipeline project — if the oil conduit were being built in a perfect world where all ideals were practically attainable when we wished.

Unfortunately, the Keystone project — which would lay pipe through parts of Montana, South Dakota and Nebraska — is being built in an imperfect world, where complex practicalities, unhelpful timing and economic necessity place environmental concerns at a lower priority than we may like. Yes, we understand the hazards in apparent global warming, the negative contribution of burning fossil fuels to that scenario and the desire to leave a cleaner, healthier planet to our children, children's children and other generations to follow.

The world is genuinely working on that, but it's not a problem amenable to a quick fix. Absent a new, better energy source, it's going to take many decades to resolve, and by then accessible oil for all intents and purposes

may have run out.

In the meantime, people — in industrial behemoths like America and emerging economies such as China and India — will need lots and lots of energy, which for the foreseeable future will be in the form of petroleum, which is the commodity most available, energy-rich and easily distributed worldwide. Adequate production, infrastructure and distribution capacities for alternative fuels just do not yet exist to significantly fill the supply gap if new oil sources are shut-in before they begin. We strongly hope they do one day, but for now it's a pipe dream.

Beyond whether the XL Pipeline is philosophically a defensible idea, there are many concrete arguments in favor.

Heavy Canadian tar-sand oil will be mined and distributed around the world, whether or not the U.S. allows the pipeline to transport it through our states to refineries or ports. So, our national environmental concerns about it are moot.

We're also going to need imported oil from somewhere, and Canada seems a far more politically defensible supplier than, say, Saudi Arabia, which still supplies a sizeable chunk of our demand despite growing U.S. internal reserves.

Some opponents are wary of pipelines because they might rupture somewhere and spill crude on American soil, but if the pipeline were blocked, the Canadians would simply truck it or move it on trains, which is possibly even riskier. Six accidents have occurred in the past year involving trains carrying crude oil, plus some oil trucks have crashed.

Also, Keystone officials have reconfigured the proposed pipeline's route to help avoid environmentally vulnerable or valuable sites, including the Nebraska Sandhills. The project will also support an estimated 2,000 direct jobs that will last about two years and support another 40,000 related jobs.

A recent report by the U.S. State Department highlights the jobs the pipeline would produce and characterizes its environmental risks as effectively neutral. Republicans and Democrats are joining across the aisle in support of the project.

It's time to stop haggling and let it happen.

Pipeline Boom Not Stalled By Fight in US Over Keystone XL

By Henry C. Jackson
Associated Press

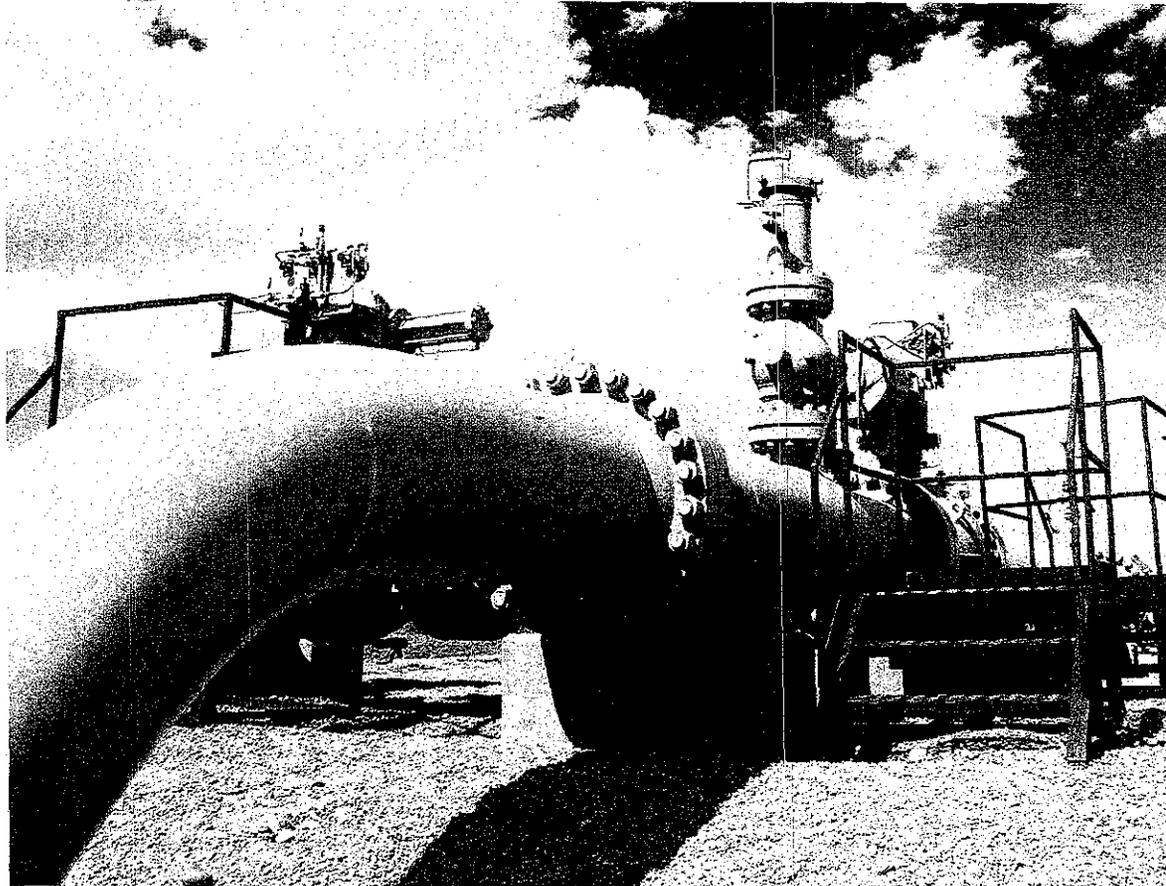
WASHINGTON — In a far corner of North Dakota, just a few hundred miles from the proposed path of the Keystone XL pipeline, 84,000 barrels of crude oil per day recently began flowing through a new line that connects the state's sprawling oil fields to an oil hub in Wyoming.

In West Texas, engineers activated a new pipeline that cuts diagonally across the state to deliver crude from the oil-rich Permian Basin to refineries near Houston. And in a string of towns in Kansas, Iowa and South Dakota, local government officials are scrutinizing the path of pipeline extensions that would pass nearby.

While the Keystone project awaits a final decision, scenes like these are unfolding almost every week in lesser-known developments that have quietly added more than 11,600 miles of pipeline to the nation's domestic oil network.

Overall, the network has increased by almost a quarter in the past decade. And the work dwarfs Keystone. About 3.3 million barrels per day of capacity have been added since 2012 alone — five times more oil than the Canada-to-Texas Keystone line could carry if it's ever built.

The pipeline build-out provides



A pipeline carries oil in Wyoming. Although there is a legislative fight over the Keystone XL pipeline, other conduits that do not cross international borders are not getting the same attention from environmentalists.

a little noticed counterpoint to the fierce political battle being waged over the 1,179-mile TransCanada project, which still is in limbo seven years after it was proposed.

During the long wait for Keystone, the petroleum industry has pushed relentlessly everywhere else to get oil to market more efficiently, and its adversaries

have been unable to stop other major pipelines.

"There's been a lot of growth — we're really positive on it in general," said Rob DeSai, an

equity analyst with Edward D. Jones & Co who focuses on the energy industry. "The oil that's being produced in the U.S., in many cases, it's basically in the middle of nowhere. You need new infrastructure to get that oil to market."

Environmental groups have fought Keystone by citing the risk of leaks and the climate-change consequences of fossil fuels. They hope to make cleaner energy options more appealing. Their success has inspired local protest groups to challenge more projects.

But those efforts, while slowing a few pipelines, have not stopped any because the regulatory path is smoother when a pipeline does not cross an international border, as Keystone would.

In Minnesota, local opponents succeeded last year in getting state regulators to consider rerouting a 616-mile pipeline proposed by Toronto-based Enbridge Inc. around pristine lakes and forests, delaying it for at least a year.

More typical, though, was an Enbridge project to double the capacity of a 285-mile stretch of pipeline in Michigan. Groups such as the Michigan Coalition Against Tar Sands fought the proposal, citing a spill in 2010 that caused serious environmental damage. But the Michigan Public Service Commission ruled the project acceptable, and

the expansion went ahead.

In Texas, Magellan Midstream Partners' BridgeTex Pipeline, designed to take up to 300,000 barrels of crude per day from Colorado City to refineries in Houston, recently was completed over landowners' protests about its path. Local officials cleared the way for the company to use the state's eminent-domain law to condemn land for the pipeline. It came online last year.

Some environmentalists acknowledge that changing a pipeline's route often may be the best for which they can hope.

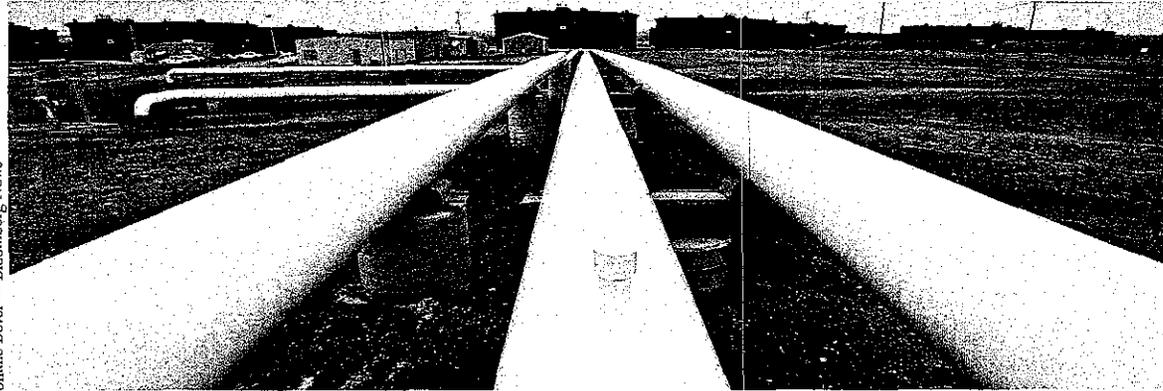
"I'm telling people I don't think it's going to stop," said Paul Stolen, a retired state biologist who has been working with groups opposing the Enbridge project in Minnesota. "I think it's going to escalate and get bigger."

In most states, opponents have to prove a project does not serve the public interest or poses a clear environmental threat.

In states that depend on energy jobs, regulators tend to be receptive to the industry. Supporters also argue that transporting oil by pipeline is safer than by train, noting recent accidents and spills.

Since 2012, more than 50 pipeline projects have been approved, completed or are under development, including the just-finished 600-mile Enbridge Flanagan South line, which runs through four states.

The recent surge in oil production, from about 5 million barrels a day in 2008 to 8.9 million barrels in 2014, has pushed new



Shane Bevel — Bloomberg News

400-mile route of a proposed pipeline and blogging about his trip to build support for environmentalists' protests.

"They want people to just roll over and take what's coming," he said of oil companies. "We know that's wrong. We know this pipeline can be stopped" because of the Keystone stalemate.

Oil pipelines run near storage tanks at the Enbridge Inc. Cushing Terminal in Cushing, Okla.



until recently had few of them. Dozens of new lines ranging up to 700 miles connect drill sites in the upper Midwest to refineries in the region or to hubs in Oklahoma and along the Gulf Coast.

Even TransCanada has been busy. The company unveiled a 200-mile, \$600 million proposal late last month that would carry oil from North Dakota's Bakken field north to Canada and connect to other lines that can take it to the East Coast.

"When Keystone was first announced, I think that was something like a third of [TransCanada's] expected budget," said DeSai, the Edward Jones analyst. "TransCanada now has had so many projects that now Keystone's a much smaller percentage."

President Obama has said his decision on Keystone, which would take Canadian tar sands oil to Gulf Coast refineries, would depend in part on its possible contribution to global warming. He is awaiting a State Department report on its environmental effects.

But the State Department does not review pipelines that are entirely inside the United States, which is the vast majority of them.

Pipeline companies also soften resistance by paying landowners for access and by assuming all liability for leaks. But some opponents say they believe that the new resistance inspired by Keystone eventually will raise more public concern about oil shipments.

In Iowa, a former state lawmaker, Ed Fallon, is walking the

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VOICES

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3C

SECTION C

Pipeline concerns draw crickets from Legislature

A lot of people have asked me about bonding for the Dakota Access pipeline over the past few weeks.



TRUDY RUBIN

Landowners wondered out loud about bonding during meetings of the Public Utilities Commission and wondered through comments on the PUC's website. Dakota Access would run under 274 miles of eastern South Dakota land

"We are 100 percent liable. Not the landowners, not the government. Not anyone but us. Because we're transporting it, if there's an issue, we'll take care of it."

JOEY MAHMOUD,

vice president, Energy Transfer Partners, partial pipeline owner

along a 1,134-mile route from North Dakota to Illinois if it's approved by the PUC.

The idea behind bonding is pretty simple. A bond is money paid upfront to cover the cost of a particular problem. If the

problem doesn't emerge, the money isn't used.

The argument for bonding on Dakota Access goes like so: If the pipeline is built as proposed and then leaks its cargo of North Dakota crude into the

South Dakota soil, a bond would guarantee that the cleanup would be paid for.

Dakota Access representatives say the company is responsible for spill cleanup. They also say the pipeline will be monitored 24/7 and can be shut down remotely, so spills can be cleaned up quickly if they do happen. Even if there were a dispute about who pays for cleanup, the company would pay into the federal oil spill liability trust fund at a per-barrel rate. That would

cover cleanup.

"We are 100 percent liable. Not the landowners, not the government. Not anyone but us. Because we're transporting it, if there's an issue, we'll take care of it," said Joey Mahmoud, a vice president of Energy Transfer Partners, one of the pipeline's owners. "If we don't take care of it, I promise you, the government will."

That's not enough to appease many of the landowners along

See PIPELINE, Page 5C

Pipeline

Continued from Page 1C

the pipeline route.

In a story that ran in Sunday's newspaper, Charlie Johnson said a bond would ease his mind. He'd also like to see a decommission bond to insure that the pipeline would be shut off and shut down properly if the oil stops flowing.

Johnson wanted action from the South Dakota Legislature on the bonding issue. Drivers need insurance, he said, in the event they can't afford to pay for the damage they cause. Pipeline companies should have insurance for mistakes, too.

"Why are we allowing a multibillion-dollar company to get away with something that someone who makes \$50,000 a year doesn't get away with?" Johnson asked me last week.

Gaylynn Lang of Howard agrees. He called me Monday night to ask about bonds. He said he'd been in touch with state Rep. Lynn DiSanto of Rapid City and asked her to present a bill that would force bonding for pipeline companies.

Bonds are fairly common. The Keystone XL pipeline offered a \$100 million bond to Nebraska legislators in 2011 to assuage skittish lawmakers. The proposed PolyMet mine in northern Minnesota sparked plenty of discussion on bonding for environmental damage.

Bonding happens in South Dakota, too. The PUC ordered Keystone XL to pay a \$15.6 million bond to pay for potential road damage during each year of construction. The



ELISHA PAGE / ARGUS LEADER

Charlie Johnson points out where drain tiling on his family's farm near Madison could be affected by the proposed Dakota Access oil pipeline.

pipeline, as we know, has yet to be approved at the federal level.

However, the PUC in South Dakota has the authority only to issue bonds to cover damage to public roads and bridges during construction. There's only so much that commissioners can do, Chairman Chris Nelson has said.

If the PUC wanted to order bonding for Dakota Access, lawmakers would need to give them more authority.

That doesn't look likely. DiSanto didn't promise Lang she'd drop a bill, and she didn't. As of Wednes-

day, one day after the deadline for individual bills to be filed in the Legislature, there's nothing about bonding and nothing about pipelines.

"If it's not on the list now, they'd have to suspend the rules to bring something in," said John Hancock, director of the Legislative Research Council.

I've contacted a handful of lawmakers to ask if they've heard of anyone pushing a bonding bill, and so far I've heard nothing. Sen. Dan Lederman of Dakota Dunes said he'd ask around to see if someone had worked on

or researched anything. I'm still waiting to hear from that someone, although Lederman did direct me to former legislator Charlie Hoffman.

Lang seemed hopeful when I spoke with him Monday. Johnson was pretty sure he'd only hear crickets from the Legislature.

"They're not going to do it," Johnson said.

Johnson saw the overwhelming Republican majority as the impossible obstacle, but Democrats didn't bring a bill, either.

Democratic Rep. Patrick Kirschman of Sioux Falls said Wednesday that he'd like to see some kind of bonding push, but "you know we won't see that."

Kirschman has a more balanced view of the pipeline's safety. He'd like to see bonding as an insurance measure, but he'd also rather have oil moving through a pipeline than over land in rail cars. Transporting oil by rail is less safe than shipping it via pipeline, he says.

"There are rail cars coming right through Sioux Falls carrying Bakken oil," Kirschman said.

Kirschman's point echoes the words of Alberta Premier Jim Prentice, who visited Washington, D.C., this week to push for the Keystone XL pipeline. Prentice, a former environment minister in Canada, said he's more worried about rail disasters, such as the 2013 disaster in Quebec, than pipeline transport.

John Hult is the Reader's Watchdog reporter for Argus Leader Media. Contact him at 605-331-2301, 605-370-8617, twitter.com/ArgusJHult or [Facebook.com/ArgusReadersWatchdog](https://www.facebook.com/ArgusReadersWatchdog).

TransCanada creates safe transportation of oil

In regard to the letter 'Greed behind the push for Keystone XL Pipeline,' by Rick Weiland, TransCanada has been very consistent in the number of jobs we expect Keystone XL to create. That number is 9,000 direct, construction jobs, 7,000 manufacturing jobs supported by the project. We've been building and operating pipelines for over 60 years, we transport approximately 20 percent of North

America's gas every day. We know how many people it requires to build a pipeline of this nature; in fact, we've provided job-by-job breakdowns.

For context, the first Keystone Pipeline, which is approximately the same length as Keystone XL, employed 8,969 people. The Gulf Coast Project, otherwise known as the southern leg of Keystone XL, employed 4,844 people directly and required over 11 million hours of labor.

The oil transported through Keystone XL is destined for U.S. refineries, which want to replace higher cost crude oil from Venezuela, Iraq and elsewhere, with stable North American production.

TransCanada has never "opposed" any amendments related to Keystone XL. Sen. Ed Markey's amendment would have no impact on Keystone XL, because TransCanada does not produce, refine or own the oil it transports. We are responsible for the safe and efficient transportation of that product; which brings us to the next inaccurate claim made by Weiland.

The Oil Spill Liability Trust fund is paid by oil producers. Since TransCanada is not an oil producer, we are not required to pay into the fund. However, in the unlikely event of a spill, TransCanada is 100 percent responsible for any costs associated with clean up and restoration of land. TransCanada is a \$46 billion company, with the capital and liability insurance to cover any costs. Taxpayers or landowners will never be responsible.

Matthew John,
communications specialist
TransCanada
Houston, Texas

KEYSTONE XL

Continued from Page A1

conventional crude oil — would be developed regardless of whether the pipeline was built. But that conclusion was based on higher oil prices. Oil, the EPA points out, was trading at \$50 per barrel last week.

“Given the recent variability in oil prices, it is important to revisit these conclusions,” wrote Cynthia Giles, assistant administrator of EPA’s enforcement office.

The comments sent Monday to the State Department come as the House prepares to vote next week and send to President Barack

Obama a bill approving the Keystone XL oil pipeline. The Senate voted 62-36 last week to build the \$8 billion project that would connect with existing pipelines to carry more than 800,000 barrels of crude oil a day to refineries along the Texas Gulf coast. That vote was short of the two-thirds majority needed to override the veto the White House has promised. Obama has said all along that he would wait for the review process to conclude, and that the pipeline could not exacerbate global warming. The EPA’s comments leave open the possibility that the State Department could do additional analysis, delaying the project’s review again.

The American Petroleum Institute said the

EPA was “inventing new excuses” to delay the project, which was first proposed in 2008, when oil prices were lower than they are now.

“Suggesting that the drop in oil prices requires a re-evaluation of the environmental impact of the project is just another attempt to prolong the KXL review,” said Finkel.

But environmentalists, who have fought vigorously to kill the pipeline, applauded the EPA’s assessment Tuesday.

“The EPA’s assessment is spot-on. There should be no more doubt that President Obama must reject the proposed pipeline once and for all,” said Danielle Droitsch, a director for the Natural Resources Defense Council who specializes in Canada’s tar sands.

FEB 4, 2015

EPA: Climate impacts of oil line need to be revisited

By DINA CAPPIELLO
Associated Press

WASHINGTON — With the recent dip in oil prices, the Environmental Protection Agency wants the State Department to “revisit” how much of a toll the Keystone XL oil pipeline would have on global warming.

The EPA suggests that lower oil prices could make the pipeline more important in the development of the oil sands, and thus a chief culprit in the “significant greenhouse gas emissions” they would produce.

A January 2014 environmental analysis by the State Department found that the oil sands — which it said would significantly increase greenhouse gas emissions over

See KEYSTONE XL, Page A4

FEB 4, 2015

EPA: 'Revisit' Keystone pipeline effect on climate

Agency cites recent volatility in oil prices

By Dina Cappiello
Associated Press

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But that conclusion was based on higher oil prices. Oil, the EPA points out, was trading at \$50 per barrel last week.

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“The EPA’s assessment is spot-on. There should be no more doubt that President Obama must reject the proposed pipeline once and for all,” said Danielle Droitsch, a director for the Natural Resources Defense Council who specializes in Canada’s tar sands.

A State Department spokeswoman said it would take into account the views of all agencies in the review process.

FMCSA to Address Uptick in Crashes In North Dakota's Bakken Oil Region

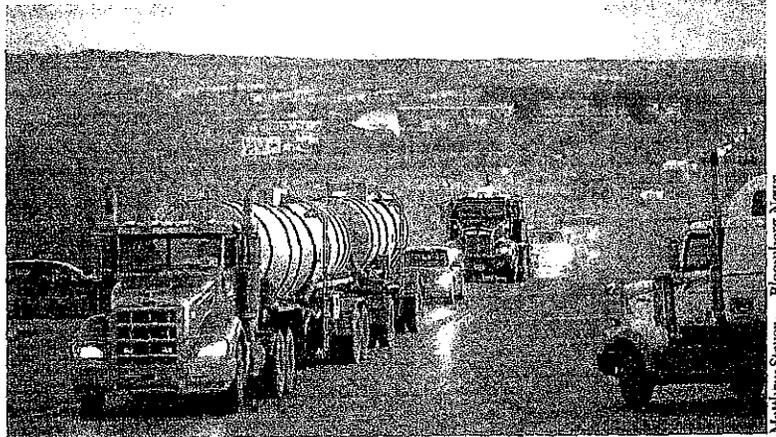
By Eric Miller
Staff Reporter

The Federal Motor Carrier Safety Administration said it is addressing an increasing and disproportionate number of fatal large truck-involved crashes in North Dakota's Bakken oil field counties.

Jack Van Steenburg, FMCSA's chief safety officer, said the agency has identified a "large cluster" of crashes in the oil field operations in North Dakota, one of the nation's largest crude oil production states.

"We have some strategies and we're working with other departments to reduce those crashes," Van Steenburg said.

Federal crash statistics show that the number of fatal large truck-involved crashes had increased to 54 in 2013 from 9 in 2010.



Matthew Slaver — Bloomberg News

Traffic lines the main street in Watford City, N.D. The region's oil boom has led to increased traffic and truck-involved fatalities.

Many of the crashes in North Dakota occurred on two major highways where oil trucks run, U.S. 85 and Interstate 94, Van Steenburg said.

"It's an area of concern for FMCSA, the North Dakota Highway Patrol, and everyone in the

(See OIL, p. 28)

FMCSA Targets Oil Trucks

(Continued from p. 2)

state," said Denver Tolliver, professor of transportation and director of North Dakota State University's transportation and logistics program. "The FMCSA has concluded that the heavy-vehicle crashes and crash rates were increasing faster in the Bakken than they were in some of the other shale oil boom regions, such as Eagle Ford in Texas."

FMCSA is increasing oversight of tank truck carriers that haul crude oil and propane, giving its investigators advanced training, issuing grants to states, and stepping up traffic enforcement, according to Paul Bomgardner, chief of FMCSA's hazardous materials division.

"Moving forward we're going to . . . focus our attention, actually on the transportation of energy products," Bomgardner told an audience attending the annual conference of the Transportation Research Board in Washington, D.C., on Jan. 13. "What are we

going to do? More oversight, more oversight, more oversight."

"We're going to be initiating a series of studies over the next year or so to not only look at where these accidents are located, but try to get a better idea of some of the cause and effect," Tolliver said.

According to recent research by the Upper Great Plains Transportation Institute, a research, education, and outreach center at North Dakota State University, roads once used for local access and agricultural purposes now mostly serve expanding oil production.

"Oil companies, workers, commercial trucks, and industrial equipment associated with oil extraction use these roads to access oil drilling and production sites," the group said.

In its 2013 report, the state's highway patrol said it has "strived" to meet the demands of the growing motor carrier industry operations.

"The need to move goods across the country and between points

within North Dakota remains at an all-time high," the highway patrol report said.

"The issue is between 2008 and 2013, vehicle miles traveled in the state — and mostly in that Bakken region of in our state — increased by about three billion miles," said Arik Spencer, executive vice president of the North Dakota Motor Carriers Association. "So you have a huge number of people traveling on infrastructure that [it] was never designed to hold."

Congestion on state, county and local roads has increased to the point that it too frequently causes motorists to get impatient, passing on hills when traffic slows and exhibiting other dangerous driving behaviors, Spencer said.

With oil trucks traveling on the state's highways and rural roads, the state's current budget for infrastructure maintenance, repair and rebuilding has grown to nearly \$3 billion from \$1 billion in 2007, Spencer said.

Staff Reporter Eugene Mulero contributed to this story.

TransCanada takes steps to acquire XL land

By Grant Schulte

Associated Press

LINCOLN, Neb. — The developer of the Keystone XL oil pipeline made good on its promise Tuesday to try to seize access to the Nebraska land it needs to finish the project — the first steps it's taken since the state's high court removed a major legal barrier.

TransCanada employees said the company filed legal papers in nine Nebraska counties to invoke eminent domain for the land that's needed to construct, operate and maintain the pipeline.

The filings come just before the company's two-year window closes Thursday.

The pipeline still faces legal challenges in Nebraska, even though the state's Supreme Court al-

lowed the route to stand by default. Opponents have sued to try to prevent the Calgary, Alberta-based company from using eminent domain and to overturn the state pipeline-siting law that allowed ex-Gov. Dave Heineman to approve the route in 2013.

The pipeline would carry an estimated 800,000 barrels of crude oil a day to Nebraska, where it would connect with existing pipelines headed for Gulf Coast refineries.

By law, TransCanada can use the courts to force Nebraska landowners to sell access to their land. Company officials say they still need to acquire 12 percent of the total land easements from owners who have not yet reached a deal.

Some holdouts have said they won't negotiate no matter how much Tran-

sCanada offers.

The company has acquired 100 percent of the private landowner easements in Montana and South Dakota, according to TransCanada's Keystone projects land manager Andrew Craig.

"This is all we have left," Craig told The Associated Press. "... We think 88 percent voluntarily agreements in the last two years is a substantial success."

Pipeline opponents argue that many of the landowners in Montana and South Dakota were "bullied" early in the process and told they had no other option.

Craig said the company has secured voluntary agreements with as many as 96 percent of the landowners in some of the remaining Nebraska counties. And he expects the

company will sign agreements with at least half of the remaining landowners without having to use eminent domain.

Those still willing to negotiate mostly have concerns about compensation and restoration of native grasslands that could take three to five years to regrow, Craig said.

Jim Tarnick has received at least six offers — ranging from \$30,000 to \$58,000 — for his land on the route just south of Fullerton. TransCanada also sent the 39-year-old a letter and tried to call him last week after the court's ruling.

He opposes the pipeline and plans to continue fighting it, though he isn't part of the new lawsuits.

"If we can't stop the project, we at least have to do what's best for us and future generations," said

Tarnick, who is concerned about the pipeline's possible effects on groundwater and soil. "When they're done with it, we're going to be left with a pipe in the ground."

Environmentalists and other pipeline opponents argue that any leaks could contaminate water sources and the project would increase air pollution around refineries and harm wildlife. Supporters, including state and national Republicans and oil industry members, say those fears are exaggerated and argue that the pipeline would create jobs and ease the country's dependence on foreign oil.

President Barack Obama has downplayed the project's benefits, and the White House has publicly threatened to veto legislation in Congress that would fast-track the pro-

ject.

Nebraska lawmakers may debate the issue again this session. State Sen. Ernie Chambers introduced a bill Tuesday that would repeal the pipeline-siting law and bring the project "to a virtual standstill."

"The pipeline is like King Kong, and the people and farms are like ants and grasshoppers," Chambers said. "If they get in the way, they will be crushed with no redress."

It's not clear how it'll be received in the Legislature.

In the two lawsuits filed last week — which could delay the entire 1,179-mile Canada-to-Nebraska project — seven landowners in Holt and York counties said they've received written warning that TransCanada intends to initiate eminent domain proceedings.

ARGUS LEADER EDITORIAL

Pipelines are necessary in oil-addicted world

Here is a tale of two proposed pipelines that could run through South Dakota.

The diameter of Pipeline 1 is 36 inches. Pipeline 2 is 30 inches.

The proposed length of Pipeline 1 will be 1,179 miles. Pipeline 2 is 1,134 miles.

Pipeline 1 will carry 830,000 barrels of oil a day. Pipeline 2? Up to 570,000 barrels.

The first pipeline would cut through western South Dakota en route to Nebraska. The second through eastern South Dakota, including the Sioux Falls area, to a final destination of Illinois.

One of those pipelines has created a national political controversy. The other? Had you even heard of it?

Keystone XL, the first pipeline in our examples, has caused picketing and political posturing. The second, the Dakota Access Pipeline, was first announced last summer. Unless the pipeline was proposed to cross your land, most people have been uninterested.

That doesn't mean we should accept the pipeline without asking questions or learning as much as we possibly can.

All residents in the area

should be asking: What are the risks? Who will be monitoring and regulating the pipeline for leaks and other issues? What are the emergency shutoff procedures? Who will pay for any problems that arise from a leak?

But it's no surprise that when politics enter the picture, talking points get thrown about, facts get forgotten and the issue becomes one big argument.

Here are a few key points.

■ Pipelines are much safer than oil transportation by rail and more practical than truck. A train crash in Quebec in 2013 killed 47 people and spilled 1.5 million gallons of oil. There was a close call in North Dakota when several rail cars caught fire. If that incident had happened in a populated area, property damage would have been significant and lives could have been lost. As far as truck transportation, Forbes estimated it would take a million-and-a-half tanker trucks to transport the Keystone equivalent oil.

Pipelines have had their problems, though. In 2013, a Tesoro Corp. pipeline spilled 20,000 gallons in northwestern North Dakota. The worst was in Michigan in 2010

when an Enbridge pipeline spilled more than 25,000 barrels into a river. There is an environmental impact from pipelines, and Dakota Access advocates need to reassure the public that the new pipeline won't have those problems.

■ Transporting oil via pipeline is significantly cheaper. A 2013 *Christian Science Monitor* article stated that it costs \$7 a barrel to transport oil on a pipeline compared to between \$15.50 and \$30 via rail.

■ Pipelines already are a key part of everyday life. There are pipelines carrying natural gas to homes across the city and surrounding areas. The first phase of the Keystone Pipeline already crosses eastern South Dakota.

■ For opponents, the Keystone Pipeline also is an environmental issue — mining a barrel from Canada's oil sands creates 17 percent more greenhouse gas emissions than the extraction of a standard barrel of oil, according to the *Washington Post*. North Dakota oil is not clean, either, but blocking pipeline plans won't stop the production. It still will travel by rail and alternative pipelines. To fix carbon emis-

sions, the focus should be on the demand, not supply.

The Keystone Pipeline only became a national political issue because it crosses the U.S. border from Canada, thus involving the State Department.

It's OK to be skeptical of what those proposing the pipeline claim. A 2011 *Argus Leader* story showed that the eastern South Dakota Keystone pipeline wasn't raising as much tax revenue for local governments as officials had originally stated.

So as the Dakota Access Pipeline gets debated in the coming months, educate yourself about the pros and cons, and our reporters will continue to uncover as much as they can. Make your decisions based on logic, science and facts and not on political soundbites.

Weigh the risks of all choices and consider the options, but rejecting Keystone XL or Dakota Access won't solve the greater problem: The world has an insatiable appetite for oil.

The bottom line is that there is no perfect solution — no option that completely protects the environment, property and public safety.

But pipelines are the best option.



Nebraska court clears path of Keystone XL

Published: Jan. 9, 2015 at 10:11 AM

Daniel J. Graeber

OMAHA, Jan. 9 (UPI) — OMAHA, Jan. 9 (UPI) — In a mixed decision, the Nebraska Supreme Court ruled Friday the legal premise used to sanction the route for Keystone XL was permissible.

In a long awaited case on the route of the Keystone XL pipeline, the Nebraska Supreme Court cleared one of the remaining hurdles in a battle that began when TransCanada first applied to build the project more than six years ago.

Lancaster County District Court Judge Stephanie Stacy in February ruled a state law granting power of eminent domain to former Gov. Dave Heineman was unconstitutional. State law LB 1161, passed in 2012, gave the governor authority over the Keystone XL route from Canada through the state instead of the Nebraska Public Service Commission.

Environmental campaigners pressured pipeline planner TransCanada to revise the Keystone XL route through the state to avoid a sensitive aquifer. Heineman in 2013 said he was satisfied a revised route for the tar oil sands pipeline avoided the sensitive Sand Hills aquifer of the state.

The state Supreme Court, in *Thompson v. Heineman*, said the majority opinion was on the side of the landowners in the case.

"But because there are not five judges of this court voting on the constitutionality of LB 1161, the legislation must stand by default," the court's ruling stated. "Accordingly, we vacate the district court's judgment." Four members of the seven-judge panel voted.

The Republican-controlled 114th Congress put the measure at the top of its agenda when it took its seat in early January. Two measures in the U.S. House and Senate are aimed at pressuring the White House to sign off on the pipeline.

White House spokesman Josh Earnest affirmed signals from the president's desk that legislation meant to get around normal vetting procedures for the pipeline would be vetoed. The review process as it stands was awaiting the Nebraska courts, he said.

"Once that is resolved, that should speed the completion of the evaluation of that project," he said in a press briefing Tuesday.

President Obama has hinted he was not in favor of the project, saying he doubted many of the jobs claims surrounding it. Ultimately, he added, the pipeline would send Canadian oil through, not to, the United States for exports.

Jack Gerard, president of the American Petroleum Institute, said the court's ruling is an opportunity for the president to seize the moment of U.S. energy security

"President Obama has no more excuses left to delay or deny the Keystone XL pipeline," he said in a statement. "More stable domestic and Canadian oil will enhance our nation's national and economic security."

Randy Thompson, the Nebraska plaintiff, said the outcome was not what he had hoped for. The ruling, he said, represents a "gross injustice" to Nebraska landowners.

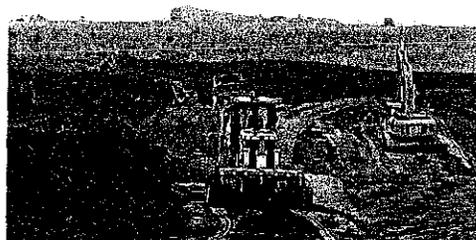
"When you take a punch, you stand up and keep on fighting," Jane Kleeb, director of pipeline opponent Bold Nebraska, said in a statement "We continue to stand with President Obama in his skepticism of the export pipeline and encourage him to reject Keystone XL now."

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KEYSTONE COMMUNITY CONNECTOR

ISSUE 1 // VOLUME 1

Project Update



*During Construction Photo taken May 27, 2009 After Construction Photo taken August 26, 2010
North of Yankton, South Dakota — Spread 4B Construction*

Waiting Six Years

Keystone XL...A project in limbo for six years despite continuously receiving strong support from the public. American laborers and tradespeople are still clamoring for the jobs this project will generate and U.S. manufacturers are still in need of a stable, secure supply of crude oil in order to create products we all rely on every day.

Nebraska Hearing

Back in April, President Obama called a halt to the National Interest Determination process which was assessing whether Presidential Permit should be granted for the Keystone XL Pipeline. This was due to uncertainty on whether TransCanada had a valid route for the pipeline in Nebraska. Although the State Governor had approved the route, his authority in doing so was questioned and that issue is currently being reviewed by the Nebraska Supreme Court.

If the Court decides the State Governor didn't have authority, TransCanada will be required to file an application for the proposed route with Nebraska's Public Service Commission. If the Court accepts the route as previously approved, it's anticipated this could potentially have a

positive impact regarding the Presidential Permit. Regardless of the Court's decision, TransCanada will continue to pursue the project as it's the right thing to do.

South Dakota Recertification

Due to the protracted process for a decision on a Presidential Permit for Keystone XL, South Dakota state law requires that TransCanada certify to the Public Utilities Commission that the project continues to meet the conditions upon which the permit was issued four years ago.

In fact, in its application, TransCanada maintains that not only are the conditions unchanged, in many cases they are stronger than they were in 2010.

On October 29, 2014 the PUC determined that approximately 40 interveners would be granted party status, for a hearing to be held in the coming months.

TransCanada welcomes a thorough vetting of all issues of interest to the commission and participation by those who have direct interest in those issues. As we said when we made our submission, while Keystone XL was a good project for South Dakotans in 2010 it is an even better project today. ☐

INTRODUCING THE KEYSTONE COMMUNITY CONNECTOR

Welcome to the first issue of the new Keystone Community Connector! This newsletter will provide you with important project information, highlight upcoming events in your community, and share our involvement in communities along the Keystone XL route.

You may have noticed we changed the format of our newsletter. Share your feedback with us as this is all about providing information that's relevant to you! Contact us and let us know by emailing keystone@transcanada.com.

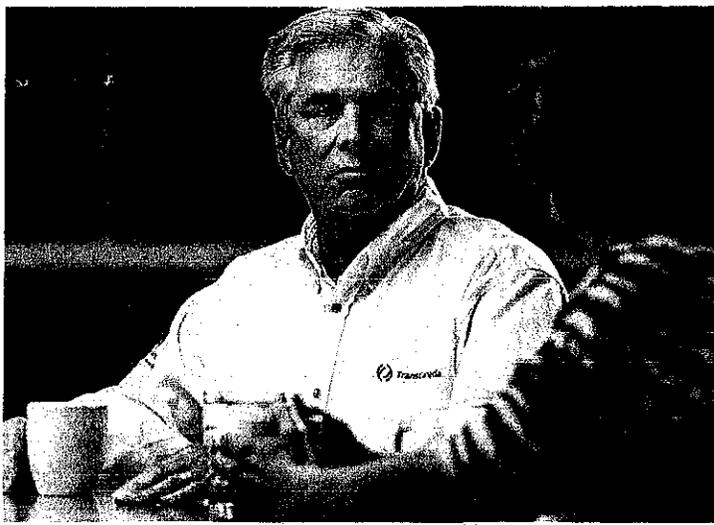
IN YOUR COMMUNITY

The Keystone Stakeholder Relations team is busy preparing to host numerous open house events for the general public. Coming to a community near you, these open house events will be an opportunity to learn about emerging details about the project and also share your feedback with us!

Visit the Keystone XL Pipeline website (www.keystone-xl.com) for open house times and venue information as it becomes available.



TransCanada
In business to deliver



TransCanada representatives meet with local community members to help build an understanding about the safe operations of work camps.

Keystone XL workers will benefit local economies

Workers on the Keystone XL Pipeline will use a mix of rental accommodations, hotel rooms, RV sites and work camps, contributing to the local economies of Montana, South Dakota and Nebraska.

Currently, TransCanada is planning work camps to be built on eight spreads through those states. The camps which will house between 900 and 1,200 workers at peak construction periods, will help neighboring communities reap significant economic benefits to local businesses, such as service stations, convenience and grocery stores, restaurants, pharmacies and other local amenities.

It is in the company's interests to ensure that the camps are professionally run and respectful to the communities they neighbor, said Rick Perkins, TransCanada's project manager of logistics and service for Keystone XL. ■

Keystone XL Camp Features

- 24/7 security
- Hospital with 24/7 medical coverage
- Catering
- Laundry facilities
- Recreation facilities
- 24/7 emergency power back-up capabilities
- Strictly enforced code of conduct
- Zero tolerance to drugs, firearms and public alcohol consumption

To read the full version of this article, please visit the Keystone XL blog at www.keystonenewsletter.com.

Respect all Altars

**A personal essay by Calvin Harlan,
Regional Tribal Liaison, U.S. Tribal Relations**

As TransCanada moves ahead with implementing the Tribal Relations Policy with the many tribes it interacts with, there are some aspects of developing these positive relationships that are often overlooked while this process is taking place.

This includes the cultural/spiritual side of relationship building. Each and every tribe the company partners with has a spiritual background that is unique to them, but one that follows the same principals as all tribes in Native America. In my journey I have strived to follow a rule that was taught to me by my grandfathers, that of "respect all altars." Let me explain.



Calvin Harlan, Regional Tribal Liaison, U.S. Tribal Relations

Each tribe is different in its beliefs, spiritual traditions and views of its homeland. There is a bond with the land that surpasses personal feelings and reservation boundaries. It is through this bond and innate understanding that the people can identify that the company's interests are positive for all involved.

There are many different methods of engagement conducted as each tribe becomes involved in a project. When TransCanada makes contact with a tribe, we as individuals must show respect of their cultural diversity and meet their people with an open handshake and mind.

Through our efforts, and those of the tribes in maintaining open lines of cultural communication, we are able to establish an understanding from the very beginning of our professional relationship. This open form of communication often provides a great tool for better understanding of any situation that may arise or a difference of opinion on an issue pertaining to the work performed. ■

Ask the Expert

BY COREY GOULET,
President, Keystone Projects



Q. Why will Keystone XL be the safest pipeline ever constructed?

A. **Simply put — the build of Keystone XL will incorporate both the newest and most technically advanced pipeline standards, as well as an additional 59 special safety conditions in its design and construction. These specifications, along with TransCanada's commitment to safety, will make Keystone XL the safest pipeline ever constructed.**

This statement is mirrored in the U.S. Department of State's Final Environmental Impact Statement, issued January 2014. Plainly put — "Keystone XL will be the newest and most technically-advanced pipeline built in the U.S. to date."



Although a pipeline leak or spill is highly unlikely, if a spill were to occur from Keystone XL we would initiate our well-practiced Emergency Response Program working alongside state and federal agencies. ☐

Have a question? Contact us at keystone@transcanada.com.

Each issue will feature a different expert answering questions submitted by our stakeholders. We put our most knowledgeable employees to the test to ensure you receive the most accurate answer!

Community Investment Highlight

South Dakota students taking a shine to Apple donation

Tradition has always been for students to give apples to their teachers.

But thanks to a donation from TransCanada, some Midland, South Dakota elementary students have been given Apples from their teachers — iPads, that is.

The \$2,500 donation has allowed the students to purchase five iPads, five protective cases, five earbuds, and a variety of educational apps for the school's two classrooms.

"The kids love the iPads," said teacher Renee Schofield.

"They have used them in a variety of ways. They used them daily to work on Lexia phonics which is a supplement to our reading program. Other ways they have used them include taking tests, math supplements, and the older kids even did some video activities."

Schofield said with the grant the school was able to purchase a variety of apps, some of which will be incorporated into the school's curriculum in the fall.

"The opportunities are endless," she said.

Having a variety of learning tools in classrooms helps keep children enthused about learning, she said. ☐



Students from Midland Elementary School show off their new iPads thanks to a \$2,500 donation from TransCanada.

WE WANT TO HEAR FROM YOU!

If you have questions, need more information, would like to suggest a topic for future issues of the newsletter, or would like to unsubscribe, please contact us by email or at any of the addresses listed.

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Keystone Senate vote hangs in balance after Obama remarks

By **TIMOTHY GARDNER**
and **RICHARD COWAN**
Reuters

WASHINGTON — Supporters of the Keystone XL pipeline in the U.S. Senate scrambled on Monday to gather one last vote to pass a bill that authorizes the project that would help send Canadian oil to the U.S. Gulf, a task that became harder after President Barack Obama made his toughest comments yet on the topic.

Momentum appeared to be going against the pipeline as Democratic Sen. Jay Rockefeller of West Virginia told reporters late on Monday that he would vote against it today.

At the same time, Democratic Sen. Carl Levin of Michigan also proclaimed to reporters, "I'm voting no," and independent Sen. Angus King of Maine said he "probably" would vote against approving the oil pipeline. King added that he would make his final decision during the vote "when they get to the Ks" in the roll-call.

The three senators have been heavily lobbied by pipeline backers. Rockefeller and Levin are retiring at year's end and some had thought they could be persuaded to vote yes in a vote that appears to be going down to the wire on

Tuesday.

Sen. Mary Landrieu, a Louisiana Democrat, is co-sponsoring the bill with Republican Sen. John Hoeven of North Dakota. She faces a runoff for another six-year term next month and has been working hard to gather the 60th vote needed to pass a bill that the House of Representatives approved on Friday.



LANDRIEU



HOEVEN

Late on Monday Hoeven told reporters: "We've got 59 announced (supporters). I think we'll get there but I don't know for sure until we have the vote." Hoeven said there were still some "maybes" but he would not elaborate.

The Senate is expected to vote as early as 5:15 p.m. today on the TransCanada Corp. pipeline, which would transport more than 800,000 barrels per day of oil.

All 45 Senate Republicans support the pipeline, so backers need 15 Democrats to reach the 60 votes needed under an agreement outlining the rules for debating



Reuters photo

Climate advocates and representatives from the Rosebud Sioux Tribe in South Dakota protest Monday against the Keystone XL pipeline in front of the home of U.S. Sen. Mary Landrieu, D-La., the chairwoman of the Senate Energy Committee, in Washington.

and passing the bill.

Obama criticized the project during a trip to Asia late last week, saying it would not lower fuel prices for drivers, but would allow Canada to "pump their oil, send it through our land, down to the Gulf, where it will be sold everywhere else."

His adviser, John Podesta, reiterated Obama's message in a call with reporters on Monday: "I would just repeat what he said,

which is we ought to take the time to let the process play out and let the analysis come in."

The State Department has been studying the pipeline proposal, and its approval is needed because the project crosses an international border.

Republicans and energy analysts said those comments likely meant Obama was leaning toward vetoing any Keystone bill that passes, either this year or early next year.

The Washington Post

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Correll Folding Table - 72X30... \$191

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As House approves Keystone pipeline, Obama veto grows more likely



© Scott Dalton/Bloomberg A worker walks through the TransCanada Corp. Houston Lateral Project pipe yard in Mont Belvieu, Texas, U.S., on Wednesday, March 5, 2014. Russ Girling, TransCanada Corp. president

Even as the House passed legislation Friday authorizing construction of the Keystone XL oil

At an earlier presentation to investors, Valero said it is planning to increase its capacity to export refined products.

On the question of how many jobs the pipeline will generate, foes and backers have cited radically different figures. Supporters of the pipeline have been citing a figure of 42,000 jobs, which includes jobs with no direct connection to the pipeline but which would be created as a result of buying additional crude oil from Canada, which tends to recycle more dollars back into the U.S. economy compared to other oil exporting countries. That would be about 20 percent of the jobs created in a single month at current rates.

The number of construction jobs would total a couple of thousand and would last a few months to two years. TransCanada said it took an average of 5,000 workers 15 months to build the southern leg from Cushing, Okla. to the Texas gulf coast.

Proponents of the pipeline also include indirect jobs at suppliers, but TransCanada long ago bought and warehoused the pipe and pumps and most other equipment it needs for the project.

In the long term, about 100 jobs would go to people working directly on the pipeline itself, doing jobs such as monitoring pumping stations.

Ed O'Keefe contributed to this report.

steven.mufson@washpost.com

[◀ Go back to MSN Home](#)

MORE IN POLITICS

Pipeline OK sought by GOP — with a dare to Obama to veto project

By LAURA LITVAN
Bloomberg News

WASHINGTON — A top priority for a Republican-led Senate will be to send President

Barack Obama a bill to authorize the Keystone XL pipeline and dare him to veto it.

While most senators support TransCanada's proposed \$5.4 billion Canada-to-U.S. oil pipeline, the Senate under a Democratic majority hasn't held a binding vote on it since 2012. The Republican-controlled House has repeatedly voted to permit the pipeline's construction.

Advocates say the shift in Senate leadership next year will give them more leverage in the oil-versus-environment debate that has raged since TransCanada applied for a permit in 2008. While they say they have at least the 60 votes needed to get a bill through Congress, they will lack the two-thirds margin to override a presidential veto.

Senate Minority Leader Mitch McConnell, poised to lead the Republican majority in January, told Time magazine in an interview pub-



OBAMA

that supporters can force the president's hand.

"I actually think the president will sign the bill on the Keystone pipeline because I think the pressure — he's going to be boxed in on that, and I think it's going to happen," Priebus said on MSNBC.

Calgary-based TransCanada's proposed pipeline would link Canada's oil sands with refineries on the U.S. Gulf coast. The company Tuesday said delays in getting approval have increased its costs by 48 percent to \$8 billion.

Russ Girling, the company's president, said in a statement Wednesday that it's "time to break the gridlock on Keystone and move forward."

The administration is in a difficult spot as the fight over approval has split major parts of the Democratic Party base. Environmentalists oppose the pipeline, contending it would boost greenhouse-gas emissions linked to climate change. Supporters, including labor unions, say it would create jobs and promote North American energy independence.

The divide extends to Senate Democrats and was on display before the

construction, Weiss said the real test is whether he would also reject it as part of a "must-pass" spending bill or a debt-limit increase.

"We could have another case of government-shutdown chicken, where the Republicans take a spending bill needed to keep the Centers for Disease Control running and the Pentagon running and the Coast Guard running and load it up with special-interest provisions that benefit Big Oil and Big Coal," Weiss said.

Some business supporters of the pipeline say Republican leaders may get more leverage by not rushing ahead with a vote.

The State Department suspended its review of the project in April after a Nebraska state court ruled against the process under which Republican Gov. Dave Heineman approved the route through his state.

The case is now before the Nebraska Supreme Court.

Karen Harbert, president of the U.S. Chamber of Commerce's Institute for 21st Century Energy, said Obama could more easily explain a veto of legislation if Congress passes it before the Nebraska court and State Department finish



GIRLING



HEINEMAN



lished online Wednesday that Keystone is among a handful of items the Senate is "very likely" to vote on early in 2015.

"I think we need to do everything we can to get America back to work," said McConnell, of Kentucky, who planned a news conference in Louisville Wednesday to discuss his agenda.

Charles Ebinger, director of the energy security initiative at the Brookings Institution in Washington, predicted that Obama would veto any bill requiring approval of the pipeline.

"On issues like Keystone, Republicans will quickly try to bring up a bill and could send it to the president," Ebinger said. "But I think the president will veto it. The president will be very hard on any bill that massively appears to be expanding the use of oil or gas in this country."

Sen. John Hoeven, a North Dakota Republican and a top pipeline advocate, said Republican backers of the pipeline in the current Senate — joined by a handful of Democrats — are three or four votes shy of the 60 needed to approve a bill despite delaying tactics of opponents.

They picked up support in Tuesday's election, with voters electing Republican senators in Iowa, Montana, Colorado, West Virginia and South Dakota to replace Democrats who don't support it before and who won't be returning in the next session.

Republican National Committee Chairman Reince Priebus said Tuesday

McCONNELL



HOEVEN

election. Four incumbent Democrats on the ballot — Kay Hagan, of North Carolina; Mark Pryor, of Arkansas; Mary Landrieu, of Louisiana; and Mark Begich, of Alaska — campaigned in support of the pipeline, similar to their Republican opponents.

Hagan and Pryor lost their elections Tuesday and Landrieu will be in a run-off in Louisiana, where neither candidate won more than 50 percent of the vote. Begich was running behind his Republican opponent Wednesday in a race that hasn't been declared by the Associated Press.

Last year, Obama said in a speech at Georgetown University in Washington that he wouldn't approve the pipeline if it would significantly exacerbate carbon-dioxide emissions.

A State Department environmental study concluded the pipeline probably wouldn't have a big effect on the climate because Canadian oil likely would be developed even if Keystone is rejected. The department's review is continuing.

To Daniel Weiss, a senior vice president at the League of Conservation Voters, the election outcome means the loss of a "firewall in the Senate."

Democrats under Senate Majority Leader Harry Reid have refused to consider House-passed bills on Keystone and other energy matters opposed by environmentalists.

The Senate hasn't taken a binding vote on authorizing the pipeline since 2012, when an amendment from Hoeven failed after getting 56 of the 60 votes needed. Negotiations fell apart on holding a vote on Keystone this year.

Although Obama most likely would veto a stand-alone bill passed by Congress to allow Keystone

their deliberations.

The president could simply say the process needs to continue before Congress tries to step in, she said.

"They will have to be strategic in how they advance this, rather than trying to score an immediate political point," Harbert said.

Others say they're not optimistic about forcing the president's hand under any circumstances.

"This president is not going to approve Keystone," said Michael McKenna, a Republican strategist on energy policy and president of the MWR Strategies lobbying group in Midlothian, Va. "It's a religious item among environmentalists. He's just not going to approve it, and that's that."

Tuesday's election will put Republican supporters of the pipeline in charge of Senate energy-related panels when Congress convenes in January.

Sen. Lisa Murkowski of Alaska is set to become chairman of the Energy and Natural Resources panel. The oil and natural gas industries can count on her advocacy of Keystone, expanded domestic drilling and U.S. energy exports.

Sen. Bob Corker of Tennessee is expected to take over the Senate Foreign Relations Committee, which oversees the State Department.

He has called Obama's refusal to approve the pipeline illogical and harmful to the economy.

Also, Sen. James Inhofe of Oklahoma, who has said warnings of climate change are "the biggest hoax perpetrated on the America people," has enough seniority to take the gavel at the Senate Environment and Public Works Committee. He would replace Sen. Barbara Boxer, D-Calif., one of the chamber's most ardent Keystone foes.

NOVEMBER 5, 1914

(MITCHELL)

TransCanada boosts Keystone XL cost nearly 50% to \$7B

By NIA WILLIAMS
Reuters

TransCanada Corp., Canada's No. 2 pipeline company, on Tuesday raised estimated capital costs for its controversial Keystone XL project to \$7.02 billion from an initial projection of \$5.4 billion, citing lengthy delays.

Keystone XL, which would carry as much as 830,000 barrels per day of Alberta oil sands crude to the U.S. Gulf Coast, has been awaiting U.S. presidential permit for more than six years amid bitter opposition from environmental groups.

After the mid-term elections on Tuesday, there may be an opportunity for lawmakers in favor of the 830,000 barrel-per-day pipeline to force President

Barack Obama to make a call.

TransCanada Chief Executive Officer Russ Girling said he could not predict what effect the election might have on Keystone XL, but he hoped whatever the outcome, a decision on the project could be made quickly.

"Suffice to say that we are supportive of any process that can help advance the decision on the project given that the environmental review is completed and at this point in time we are just sitting and waiting for someone to say go," he said.

TransCanada last week filed for regulatory approval of its \$12 billion Energy East pipeline, which will take 1.1 million bpd oil sands crude to refineries and export ports in Quebec and New Brunswick.

Some of that oil sands crude is expected to be exported via tanker to the Gulf Coast, North America's largest refining center, but Girling said Keystone XL remained a more competitive transport option, even with the increased project cost estimate.



OBAMA



GIRLING

SD voters support minimum wage measure, Keystone XL pipeline

By Northern Plains News
 South Dakota voters continue to support an increase in the state's minimum wage, according to a Sept. 21 to Sept. 25 Nielson Brothers Polling/Northern Plains News survey.
 They also support the building of the Keystone XL pipeline. Over half the respondents — 53 percent — said they would vote

for Initiated Measure 18, which would increase the state's minimum wage from \$7.25 per hour to \$8.50 per hour and tipped worker's wages from \$2.13 per hour to \$4.25 per hour. It would also require future wage adjustments in conjunction with cost of living increases. Thirty-two percent of respondents said they would vote against the initiated measure

while 15 percent are still unsure. The September survey does show a slight rise in opposition since the July NBP survey. The July results were 52 percent "for," 28 percent "against" and 20 percent "unsure."
 While 69 percent of Democrats support the measure, with 16 percent against and 15 percent "unsure," only 39 percent of

Republicans now say they will support it, with 44 percent against and 17 percent "unsure."
 The NBP/NPN statewide survey also asked about the proposed Keystone pipeline. Sixty-four percent of respondents say they support construction of the pipeline, 24 percent oppose it, 7 percent are "unsure," and 5 percent have not heard of it. Seventy-seven per-

cent of Republicans and 49 percent of Democrats support it. Nielson Brothers Polling, an independent company based in Sioux Falls, conducted this South Dakota survey of likely voters from Sept. 21 to Sept. 25. NBP is releasing its findings in conjunction with Northern Plains News, an online news and distribution service in Harrisburg.

Voman donates to rail rehab project

By Republic Capitol Bureau
PIERRE — A Presho woman donated \$10,000 toward the project to rehabilitate the state-owned railroad line from Chamberlain to Presho.
 Norma Johnson presented the money to Gov. Dennis Daugaard on Wednesday. The federal Department

of Transportation recently awarded a TIGER grant of \$12.7 million toward the project.
 The Legislature appropriated \$7.2 million, the state Railroad Board agreed to loan \$7 million and another \$1 million was raised from local producers and agricultural groups.

"This is a very generous thing," Daugaard told Johnson. She replied, "I sure want to see that railroad go."
 The last loaded train left Presho on the line in 2007. The line is known as the Mitchell-Rapid City railroad. It currently has service from Mitchell to Chamberlain.

Person found dead in Lake Andes

By The Daily Republic
LAKE ANDES — Charles Mix County Sheriff's Office responded Monday afternoon to a call of an unattended death in Lake Andes, meaning no one was present to witness how the person died.
 Deputy Neal Moad said Wednesday the call came in Monday afternoon and the person was found in a house in Lake Andes, but would not release any more details. He said an autopsy has been performed and law enforcement is awaiting results.
 Moad said officers are not releasing the person's name at this time as it is an ongoing investigation.

Harvest Fest
 Join us for a weekend of pumpkin painting. And check out our bake sale.
Saturday & Sunday, Oct. 4-5 1-4 p.m.
 Fun for the whole family!
 Located at: Hanelman's Pumpkin Patch (4 miles South of Walmart on Hwy 37)

The Family of Howard Felt would like to thank everyone for their prayers, memorials, food and visits during this difficult time. A special thank you to Pastor Milbrandt and Mary for their many visits and support. We appreciate everyone's kindness and thoughts.
 Donna Felt
 John & Lori Felt & Family
 Joan & Tom Hoefert & Family
 Ed & Merridy Felt & Family

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morning, but Blaaid said the flower-filled field offered a valuable resting spot for the Monarch butterflies, which are in the process of an annual migration and are now headed far to the south to mountain forests in central Mexico.

"I suspect it was such a magnet because there is just not a lot bloom-

pays producers to take environmentally sensitive farmland out of production to control soil erosion, improve water quality and enhance wildlife habitat.

The number of CRP acres in South Dakota has fallen from about 1.56 million acres in 2007 to about 937,000 acres earlier this year, a

between the flowers nearby, Blaaid stressed the importance of having diverse species of plants and wildlife, as well as CRP.

"Obviously, it's doing a lot more than just helping pheasants," he said. "Having grass and flowers are important for all species, even butterflies."

KEYSTONE

Continued from Page A1

"If we put it on his desk, the broad support nationally for the Keystone pipeline, as well as the pressure he will get from the unions, will provide significant pressure on the president," Barrasso told Reuters.

TransCanada's pipeline, first proposed six years ago, is a rallying point for environmental groups opposed to increasing production of oil sands crude, which they say is high in emissions linked to climate change. They have urged Obama to reject the company's application at the State Department to build the 1,180-mile cross-border line. The administration has delayed making a decision.

Energy industry executives say stopping the pipeline will not slow Canadian crude from reaching the world market and will prolong U.S. reliance on imports from less stable suppliers.

As stand-alone legislation, it would force Obama to either approve or reject the long-stalled plan. Attached to a must-pass but unrelated bill, it would put Obama in the uncomfortable position of either vetoing important legislation or accepting a congressional measure.

It is not uncommon for the U.S. Congress to pass legislation that contains unrelated provisions. Such measures have a better chance of being included in unrelated bills if they are broadly popular or have the backing of House and Senate leaders.

Republican Sen. John Hoeven, an

Energy Committee member from North Dakota, said that were at least 57 votes for Keystone now and he expected to have more after the mid-terms.

"We'll be able to pick the vehicle, and we'll have the 60 votes. We'll just attach it and pass it," Hoeven, who has sponsored several Keystone bills, told Reuters.

Six years and counting

So far, past Senate action on the pipeline has consisted of successful Energy Committee votes, attempts to attach approval to a now-dead energy efficiency proposal and symbolic measures.

The Senate in March voted 62-37 in favor of a non-binding Keystone proposal attached to a budget resolution, giving hope to pipeline backers that bipartisan support would be strong for an actual approval of the project.

In June, Democratic Sen. Mary Landrieu, the current head of the energy panel, passed a bill out of the committee to approve the pipeline by a 12-10 vote, but Reid never brought it before the full Senate for a vote.

More than 60 percent of the public and nearly half of Democrats support the pipeline, according to a March Pew Research Center poll. The Laborer's International Union of North America and the leader of the AFL-CIO, the largest U.S. labor federation, both support it, saying it would create union jobs.

Keystone makes a good goal for Republicans since — even with a slim majority — it would be difficult

for them to undo other key Obama energy and environmental initiatives, such as the Environmental Protection Agency's plan to curb carbon pollution from power plants.

A path to Keystone could be rocky, though. Obama has said he will only approve a plan that does not significantly exacerbate climate change. And it is unclear whether he would risk his environmental legacy by signing a Keystone bill or opt to veto and wait for the State Department to make a recommendation on the project.

Spearheading any effort to force the president's hand would be the presumed leader of a Republican-controlled Senate, current Minority Leader Mitch McConnell, from coal-producing Kentucky. Energy policy would also probably be shepherded by Lisa Murkowski from oil and gas-rich Alaska, who is expected to lead the Senate Energy Committee if Republicans take control.

Her agenda would start with areas where there is bipartisan support since "whatever the Senate passes has to pass both the House and the president's desk," spokesman Robert Dillon said.

McConnell, who is locked in a tight re-election race, has pledged, if he becomes leader, to eliminate procedural hurdles that have prevented the Senate from debating and voting on bills.

"If we have a new majority next year ... the Keystone pipeline will be voted on," McConnell told reporters recently.

"I will be the one setting the agenda."

U.S. stocks fell sharply. Airline and hotel company shares dropped over concerns that Ebola's spread outside Africa might curtail travel. Drugmakers with experimental Ebola treatments in the pipeline saw their shares rise.



with bodily fluids like blood or saliva, which health experts say limits its potential to infect others, unlike airborne diseases. Still, the long window of time before patients exhibit signs of infection, such as fever, vomiting and diarrhea, means an infected person can travel without detection.

While past outbreaks killed as many as 90 percent of victims, the current epidemic's fatality rate has

Several leading U.S. airlines said they were in close contact with federal health officials about Ebola-related travel concerns.

On Wednesday, officials repeated a call to health care workers to be vigilant in screening patients in the United States for possible signs of the virus.

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current epidemic's fatality rate has

91 days and they've gone a fever

Energy unleashed

Building Keystone XL pipeline a step to North American independence

By REP. KRISTI NOEM

With conflicts arising in energy-rich areas of our world, the importance of North American energy independence to our wallets, economy and national security increases every day. Last week marked six years since permits were first filed to construct the Keystone XL pipeline, a critical channel when looking to achieve a more abundant, affordable and secure energy supply.

I am a strong supporter of the Keystone XL pipeline. Moving oil by pipeline has shown a number of public safety benefits. Doing so could also pull oil off the railroads, thereby allowing rail companies to focus on moving our commodities to market. The U.S. State Department has confirmed the pipeline's construction will have no major climate impact. And the construction of the Keystone XL promises to create thousands of jobs.

I have co-sponsored the Northern Route Approval Act to move the project forward. I've written to Secretary of State John Kerry requesting he support the immediate approval of the pipeline.

I've also joined more than 145 members of Congress in reaching out to President Barack Obama to encourage immediate approval. The administration and U.S. Senate have refused to advance the project.

Moving forward on the Keystone XL pipeline is only part of what is necessary to achieve North American energy independence. I believe we need an all-of-the-above energy solution that includes natural gas, wind, biofuels, clean coal, renewable energies and domestic oil.

To accomplish this, energy innovators need Washington to get out of the way and stop burying American energy opportunities in red tape, taxes and mandates.

Consider the natural gas industry.

Today, it is a reliable and affordable fuel that has moved us toward more energy-efficient utilities. Those advancements weren't possible until Washington stepped out of the way and allowed companies to explore for natural gas.



NOEM

Over the last few years, I've worked to provide similar opportunities for other sectors of the energy industry. I'm proud to have led efforts in the House to extend tax credits for wind energy.

I've fought back EPA regulations that threaten to increase electricity costs for hardworking families living paycheck to paycheck. And I've voted for legislation that would improve America's energy infrastructure so we can better use upgraded technologies.

Our economy and our security are reliant on an energy supply that is accessible, abundant and affordable. Without North American energy independence, countries like Iran, Russia and Venezuela can manipulate the marketplace, using energy as a political weapon against us and our allies. Meanwhile, many believe some of the beneficiaries of our Middle East oil purchases could be using revenues to fund terrorist activities and organizations.

We should be powered by American energy. Relying on imports from Russia and Iran is not only inefficient, but a foolish risk to our economy and security.

Constructing the Keystone XL pipeline is step one. It will help us transport North American energy resources more affordably and in a more environmentally-conscious way. But we must also focus on the larger effort of getting Washington out of the way of energy innovators. We have the potential; it just needs to be unleashed.

— Kristi Noem, a Republican, is South Dakota's lone representative in the U.S. House.

Keystone XL operator to seek PUC's recertification

By Regina Garcia Cano

AP - The operator of the long-delayed Keystone XL crude oil pipeline said Thursday it will ask South Dakota's utility regulators to recertify the portion of the project that runs through the state before the end of the month.

The president of Keystone Projects for TransCanada Corp., Corey Goulet, said the state's Public Utilities Commission must re-certify that the conditions for construction of that portion of the nearly 1,200-mile pipeline have not changed since the permits were issued four years ago.

Goulet said the company will submit the petition Sept. 15.

"What we are doing is providing a petition that shows that if anything, the conditions are better than they were previously," Goulet said, adding that the construction conditions have improved in part because of nearly 60 stipulations that the federal government imposed on the project since it was first approved by

the commission. The three commissioners will determine the process to recertify the pipeline.

The proposed project would transport oil from Canadian tar sands through Montana and South Dakota to Nebraska, where it would connect with existing pipelines to carry more than 800,000 barrels of crude oil a day to refineries along the Gulf Coast.

Advocates say it will create thousands of jobs and aid energy independence, but environmentalists warn of possible spills and say transporting oil will eventually contribute to global warming.

The State Department said in a Jan. 31 report that building the pipeline would not significantly boost carbon emissions because the oil was likely to find its way to market by other means. It added that transporting it by rail or truck would cause greater environmental problems than if the Keystone XL pipeline were built.

The project has become a major flashpoint alongside the larger de-

bate over carbon emissions, drilling policies and tax breaks for energy companies.

"I think the average person in America and South Dakota supports this project," Goulet said. "There is a minority of people that kind of fundamentally oppose this project because it's associated with energy from hydrocarbons."

Goulet said the project would generate \$20 million in taxes per year for the counties through which the pipeline would run, as well as 4,200 jobs in the state and about \$200 million in wages associated with those jobs.

The Obama administration said in April it was putting off its decision on whether to approve the pipeline indefinitely. A decision now isn't expected until after the November elections.

Goulet said TransCanada could be ready to begin construction in the last quarter of 2015 should the project receive presidential approval at the beginning of next year.

SEPT 9 2014

Keystone XL operator to seek PUC's recertification

By REGINA GARCIA CANO
Associated Press

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In Keystone pipeline debate, Neb. high court will have sway

WASHINGTON (Reuters) — Nebraska's top court will hear arguments today about how the Keystone XL pipeline might cross the state — a narrow question of routing and permitting that has clouded the project's fate after more than five years of wrangling at the federal level.

At issue is a 2012 law that gave Gov. Dave Heineman authority to approve a route for TransCanada Corp's proposed Canada-to-Texas project.

Siting issues are typically settled by the state's Public Services Commission. In

February, a Nebraska court ruled that the governor had been wrong to interrupt that process.

The decision was a win for landowners and environmentalists who oppose the Keystone project, aimed at transporting at least 730,000 barrels per day from the oil sands region of Western Canada to Gulf Coast refineries. The Nebraska court decision forced the U.S. State Department to put on hold its review of project pending a resolution, which might not come until early 2015.

the Gulf Coast.

Advocates say it will create thousands of jobs and aid energy independence, but environmentalists warn of possible spills and say transporting oil will eventually contribute to global warming.

The State Department said in a Jan. 31 report that building the pipeline would not significantly boost carbon emissions because the oil was likely to find its way to market by other means. It added

that transporting it by rail or truck would cause greater environmental problems than if the Keystone XL pipeline were built. The project has become a major flashpoint alongside the debate over carbon emissions, drilling policies and tax breaks for energy firms.

DAILY REPUBLIC

9-5-14

Keystone and its discontents

The American people largely support the Keystone XL Pipeline, which would transport oil 1,179 miles from the oil sands of Canada, through a 36-inch-diameter pipeline, southward as far as Texas to oil refineries in the Gulf of Mexico. A 2014 study by the Pew Research Center in Washington showed 61 percent of the public in favor of the project, with only one of seven political groups – “solid liberals” – opposed.

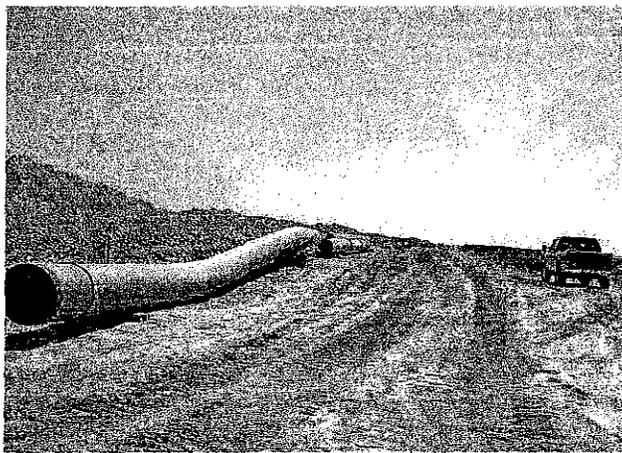
The pipeline is slowly being built in phases throughout U.S. states. But why, after six years of wrangling, is the project still languishing for final approval in Washington?

Because the pipeline crosses an international border, the State Department and president must approve the project. The environmental lobby and donors see the pipeline as leverage to hold President Barack Obama to their interests, disregarding the majority of the American public.

The \$7 billion project “would reduce America’s reliance on Middle Eastern oil suppliers, provide jobs for veterans and improve national security,” then-American Legion National Commander Dan Dellinger said in February. The Legion has passed resolutions in favor of the pipeline, predicting that it would create 20,000 jobs immediately and an additional 118,000 jobs in adjacent industries.

Canada – the top oil exporter to the United States, the third-largest reserve of oil in the world and arguably the closest U.S. ally – is waiting to build the pipeline. It would transmit up to 830,000 barrels per day, including crude from the Canadian oil sands as well as oil from the Bakken deposit

in Montana and North Dakota. At present, crude oil from the Bakken travels by truck and rail to refineries and markets on the East Coast. Several train-car accidents have caused fires and dozens of deaths in recent years, raising major safety concerns.



Keystone XL would start in Hardisty, Alberta, and extend south to Steele City, Neb., with further extensions to Nederland, Texas, to the south and Patoka, Ill. It could possibly include pipeline shortcuts, links and extensions in the booming oil region of North Dakota. Three phases of the project are already approved at state levels. The fourth – a bullet-like pipeline going from Hardisty to

Steele City – is awaiting U.S. government approval.

The main obstacle has been presidential approval because of environmental concerns. In January 2012, Obama rejected the application to finish the project because of protests by environmentalists about Nebraska’s Sand Hills region. TransCanada Corp. adjusted the route to minimize the impact, and Nebraska Gov. Dave Heineman approved the plan in January 2013.

Environmentalists and key Democratic donors continue to rally against the project, seeing it as a battle for leverage over the Obama administration’s environmental policy. Some think the pipeline could leak and affect groundwater and cattle, despite TransCanada’s assurances of the pipeline’s high-tech safety features.

In April, Obama extended the review of the pipeline project until at least after the Nov. 4 midterm elections.

– Paul Glader

Canada tries turning up the heat on Obama as Keystone remains stalled

By THEOPHILOS ARGITIS
and ANDREW MAYEDA
Bloomberg News

NEW YORK — Canadian Prime Minister Stephen Harper's government, which has failed to persuade President Barack Obama to approve TransCanada's Keystone XL, moved Wednesday to turn up the heat on the U.S. administration.

Finance Minister Joe Oliver, Natural Resources Minister Greg Rickford and Foreign Affairs Minister John Baird traveled to New York this week, arguing that Obama has unfairly entangled the \$5.4 billion pipeline with U.S. politics. According to Oliver, Canada's intention is to keep the issue alive with the U.S. public and business.

"This is a democracy, and I'm sure the government listens to the people," Oliver said in an interview at Bloomberg's New York headquarters.

The issue has become the biggest bilateral irritant between the world's two largest trading partners, fueled tensions between Obama and Harper and threatens Canada's ability to develop its oil resources.

The proposed pipeline, which would transport crude from Alberta's oil sands to refineries on the Gulf Coast, is in its sixth year of review by Obama. The latest delay came in April, with Obama's administration giving federal agencies more time to comment. That further stalled a project first proposed in 2008 and originally intended to come

online in 2012.

"It's not going to vanish as a business issue for those who are going to be directly impacted" in the U.S., Oliver said.

"There's a real sense this is a very unhappy delay."

The official U.S. position is that the administration is making every effort to ensure it adequately consults on the pipeline. Canadian officials claim Obama is deliberately delaying approval of the project to assuage environmentalists.

"We feel entitled to say, 'Wait a minute, this isn't right, this isn't fair,'" Oliver said in the interview.

Messages left at the State Department and White House seeking comment on the Canadian officials' statements weren't immediately returned.

Whatever its environmental impact, Keystone's political implications loom large. Republicans and Democratic candidates for U.S. Senate who are running in key energy states, such as Alaska and Louisiana, are pressuring Obama to approve the project. Delays have frustrated Harper, who has made the construction of energy infrastructure a national priority. Harper, who faces elections next year, has been criticized by the opposition Liberal Party for bungling the file.

At a meeting on Monday in New York organized by Goldman Sachs, Canada's Baird said the U.S. was intentionally delaying Keystone for political purposes, undermining the interests of a key ally.

US corrects Keystone pipeline study estimate of rail deaths, other errors

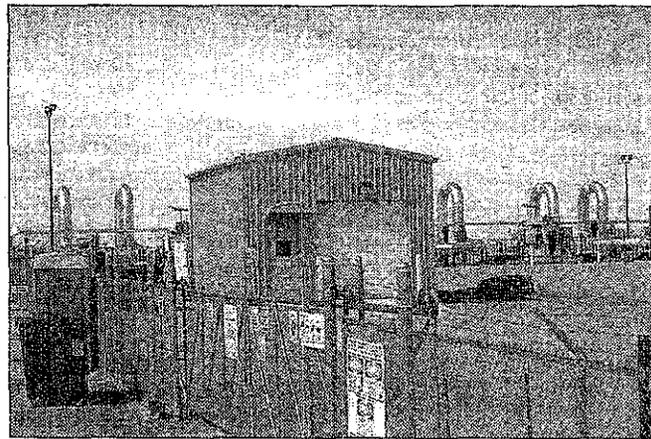
By PATRICK RUCKER
Reuters

WASHINGTON — The U.S. State Department on Friday corrected several errors it made in a key study evaluating the impact of the proposed Keystone XL pipeline, including an understatement of how many people could be killed on railroad tracks if the project were rejected and oil traffic by rail increased.

The department said, however, these corrections had “no impact” on the integrity of the conclusions of the January report, which played down potential environmental consequences of TransCanada Corp.’s Canada-to-Texas project.

The Obama administration has not yet decided whether to approve the project.

The January report determined that blocking the controversial pipeline could increase oil train traffic and lead to an additional 49 injuries and six deaths per year, mostly by using historical



Reuters photo

A TransCanada Keystone Pipeline pump station operates outside Steele City, Neb., on March 10.

injury and fatality statistics for railways.

That finding was a small element of a broader examination of how building the pipeline could impact climate change, endangered species, quality of life and other issues.

But the report mistakenly used a forecast for three months of expected accidents rather than full-year

figures, officials said. The correct estimate of deaths should be roughly four times as large — between 18 and 30 fatalities per year.

Officials also revised a footnoted reference to how much electricity would be needed to power pumping stations along the route of the pipeline that would link Canada’s oil sands region to Texas refineries.

Running at something less than full capacity, the pumping stations would not require as much electricity — and so tax power plants less — than originally reported. Revising that footnote has no impact on the State Department’s estimation of expected greenhouse gas emissions tied to the pipeline, a spokesperson said.

“It is common practice to publish an errata sheet that notes and corrects errors in voluminous technical documents such as environmental impact statements,” the State Department said.

“The Department has reviewed each of the items listed in the errata sheet and has determined that they have no impact on the integrity of, or the conclusions reached in, the (final report).”

The State Department also published several dozen public comments that had not been included in the roughly 2.5 million it received and previously disclosed.

Shale Boom Has US Production Surging

By Mark Shenk
Bloomberg News

U.S. crude production climbed to a 28-year high in May as the shale boom moved the world's biggest oil-consuming country closer to energy independence.

Output rose 78,000 barrels a day to 8.428 million in early May, the most since October 1986, according to Energy Information Administration data. The combination of horizontal drilling and hydraulic fracturing, or fracking, has unlocked supplies from shale formations in the central United States, including the Bakken in North Dakota and the Eagle Ford in Texas.

"This is an incredible phe-

nomena that looks set to continue," John Kilduff, a partner at Again Capital, a hedge fund that focuses on energy, said by phone. "There's a long way to go before we explore and exploit all of the shale deposits out there."

The United States met 87% of its energy needs in 2013, and 90% in December, the most since March 1985, according to EIA, the statistical arm of the Energy Department.

Crude output will average 8.46 million barrels a day this year and 9.24 million in 2015, up from 7.45 million last year, EIA said. Next year's projection would be the highest annual average since 1972.

EIA forecasts that the gain in production at shale fields will be augmented by greater offshore

output this year and next. Crude output in the waters of the Gulf of Mexico will climb by 150,000 barrels a day in 2014 and by an additional 240,000 barrels in 2015, after four consecutive years of declines, EIA reported.

Energy Secretary Ernest Moniz said that the mismatch between rising production of light oil in the United States and the country's refining ability is driving the debate over whether to lift a ban on crude exports. The crude unlocked from shale deposits is too low in density to be absorbed entirely by the U.S. refining system, Moniz told reporters.

"The driver, or the consideration, is that the nature of oil we are producing may not be well-matched to our current refinery capacity," Moniz said.

The remarks highlighted pressure to overturn 1975 legislation that bars exports while U.S. production rises and inventories swell. Sen. Lisa Murkowski of Alaska, the senior Republican on the Energy and Natural Resources Committee, said in a Jan. 7 speech that she supports changing the export rules.

"This increases the pressure on the U.S. to finally allow for the export of crude," Kilduff said. "The U.S. could be a major player in the global export market."

Production gains helped send U.S. inventories to 399.4 million barrels in the week ended April 25, the most since the EIA began reporting weekly data in 1982.



Matthew Staver — Bloomberg News

Some 8.46 million barrels of U.S. crude oil will be produced each day this year as a result of horizontal drilling and fracking.



Is Another Bear Market Around the Corner?

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OPINION

Stopping Keystone Ensures More Railroad Tank-Car Spills

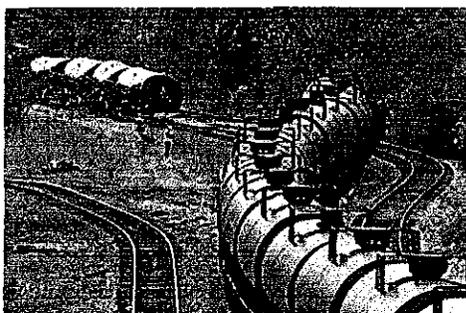
Pipelines in the U.S. carry 25 times more oil than tank cars do, yet derailments are by far the biggest threat.

By TERRY L. ANDERSON

May 13, 2014 6:43 p.m. ET

The Keystone XL Pipeline got another nail in its coffin Monday, in the form of a Senate energy vote that excluded the pipeline issue. But Keystone was already near death thanks to the Obama's administration's recent decision to ignore the evidence of a definitive government study—and instead keep listening to environmentalists' dubious claims. The upshot will be more political fires in Washington caused by train derailments in the absence of a pipeline to transport oil more safely.

After the derailment in downtown Lynchburg, Va., on April 30, approximately 30,000 gallons of Bakken crude oil burned or spilled into the James River. On May 9, a derailment north of Denver spilled another 6,500 gallons of oil, which was contained in a ditch before reaching the South Platte River. Fortunately, unlike in the 2013 derailment in Quebec where a 1.3 million-gallon spill killed 47 people and incinerated 30 buildings, no one was injured in Lynchburg or Colorado.



Workers inspect the scene after several CSX tanker cars carrying crude oil derailed and caught fire along the James River in Lynchburg, Va. *Associated Press*

These and other tank-car derailments are prompting local, state and federal officials to consider various regulations to reduce the threats of such accidents, including lower train speed limits and safer tank cars. Unfortunately, few policy makers are doing sensible risk assessment.

Clearly, we are going to continue moving crude oil and petroleum products from where they are extracted to where they are needed. When considering whether to approve the Keystone XL, therefore, the question has to be: Which is safer, pipeline or rail tank cars?

President Obama's own State Department answered the comparison question plainly in February. According to the report, pipelines larger than 12 inches in diameter in 2013 spilled more than 910,000 gallons of crude oil and petroleum products—compared with 1.15 million gallons for tank cars, the worst in decades. Comparing total oil spilled makes it appear, at first glance, that pipeline and rail safety records are similar. That's only until you factor in that pipelines carry nearly 25 times more crude oil and petroleum products.

The State Department report estimates that the Keystone XL carrying 830,000 barrels a day would likely result in 0.46 accidents annually, spilling 518 barrels a year. Under the most optimistic rail-transport scenario for a similar amount of oil, 383 annual spills would occur, spilling 1,335 barrels a year.

The report is even harsher on railroads when it comes to human injuries and fatalities. It estimates that tank cars will generate "an estimated 49 additional injuries and six additional fatalities" every year, compared with one additional injury and no fatalities annually for the pipeline.

Consider the safety record of the Trans-Alaska Pipeline System, which includes the huge 48-inch-diameter mainline pipe carrying crude from Prudhoe Bay, 11 pumping stations, several hundred miles of feeder pipelines and the Valdez Marine Terminal. The largest oil spill in the system occurred in 1978 when an unknown person blasted a one-inch hole into a pipeline. It leaked 16,000 barrels and had no disastrous effects.

The debate over the Keystone XL vs. railcar transport can be likened to the safety of offshore vs. onshore oil production. By putting nearly 60% of potentially oil-rich onshore lands off limits, we have forced exploration and production offshore. Oil production onshore is safer than offshore just as pipelines are safer than tank cars. While the Deep Water Horizon oil spill well gushed nearly five million barrels into the Gulf of Mexico over an 87-day period beginning on April 20, 2010, a blowout in western Pennsylvania in June (while Deep Water Horizon was spilling) was capped in 16 hours and spilled only a few thousand gallons.

Similarly, pipeline spills are more easily controlled and cleaned up than are tank-car derailments. With so many railroads running along waterways and wetlands, 17-mile-long oil slicks, like the one from the Lynchburg derailment, will be more common. In contrast, the State Department reports that the Keystone XL would drill under rivers to avoid "direct disturbance to the river bed, fish, aquatic animals and plants, and river banks." Moreover, between 1992 and 2011, 40% of the liquids spilled from pipelines was recovered.

Putting the debate over the Keystone XL in this context shows the absurdity of killing the pipeline project. But the Obama administration appears determined to accept environmental arguments that the pipeline could leak (even though the likelihood is less than with rail) and that with the extraction and use of oil from Alberta, Canada's oil sands will increase global warming. On the latter point, the State Department report again is clear that net carbon emissions won't be much different with or without the Keystone XL—because the Canadian tar sands will likely be developed regardless of how the oil is transported and because trains emit more carbon dioxide than pipelines.

Whether the president and other politicians or environmentalists like it or not, oil and gas will be moved from remote areas in the north to refineries in the south, east, and west or to overseas terminals. Opponents may take smug satisfaction in raising the cost of energy and discouraging consumption, but their actions are hypocritical when it comes to saving the environment.

Fish, birds, wildlife—and people—beware.

Mr. Anderson is president of the Property and Environment Research Center (PERC) in Bozeman, Mont., and a senior fellow at Stanford University's Hoover Institution.

Keystone XL Hinges on Railroad Reform; Obama Administration Suspends Review

By Jim Snyder
Bloomberg News

The future of the Keystone XL oil pipeline may turn on a century-old measure to curb the influence of railroad barons.

If Nebraska's Supreme Court decides Keystone has the same legal status as a rail line, it could trigger a review by the state's Public Service Commission. That would push a decision on a project first proposed in 2008 into the second half of 2015 at the earliest, and may force pipeline builder TransCanada Corp. to alter the route for a second time.

"I don't think it's a sure thing by any means that the PSC will say, yeah, we're done," and approve the existing path, said Sandra Zellmer, a University of Nebraska law professor who has testified before the state Legislature on regulatory authority.

The Obama administration announced April 18 that it was suspending its review of Keystone until the legal questions are cleared up.

This enraged backers of the \$5.4 billion project, which is designed to pump 830,000 barrels a day of Canadian oil sands to refineries on the U.S. Gulf Coast and has been the subject of intense lobbying from Ottawa to Washington.

Nebraska Gov. Dave Heineman (R) is asking the state's top court to reverse a trial judge's February decision that declared Calgary, Alberta-based TransCanada a com-

and taxi cab companies, and operators of grain warehouses.

"The whole idea was to give the power back to the people and to resist the political influence that large, important and well-heeled companies could have on decision

making," Zellmer said.

Landowners opposed to Keystone argue the same philosophy applies, more than a century later, and that the ability to exercise eminent domain over private property needs to be granted by regulators,

not the governor.

Nebraska trial judge Stephanie Stacy ruled in February that TransCanada was a common carrier like railroads because it transported people or goods for a fee.

As such, Keystone XL is subject to oversight by the Public Service Commission exclusively, including approval of the route, Stacy said, declaring unconstitutional the Legislature's attempt to give that authority to the governor.

Attorney General Jon Bruning, a Republican running to replace Heineman, has argued that the law isn't unconstitutional because it retains a role for the commission by letting companies apply to it or the governor.

The court isn't expected to hear the case until at least September. An opinion could take months.

The U.S. State Department cited

(See KEYSTONE, p. 29)



first proposed in 2005 into the second half of 2015 at the earliest, and may force pipeline builder TransCanada Corp. to alter the route for a second time.

"I don't think it's a sure thing by any means that the PSC will say, 'yeah, we're done,'" and approve the existing path, said Sandra Zellmer, a University of Nebraska law professor who has testified before the state Legislature on regulatory authority.

The Obama administration announced April 18 that it was suspending its review of Keystone until the legal questions are cleared up.

This enraged backers of the \$5.4 billion project, which is designed to pump 830,000 barrels a day of Canadian oil sands to refineries on the U.S. Gulf Coast and has been the subject of intense lobbying from Ottawa to Washington.

Nebraska Gov. Dave Heineman (R) is asking the state's top court to reverse a trial judge's February decision that declared Calgary, Alberta-based TransCanada a common carrier like a railroad. As such, a 2012 state law giving the governor authority over Keystone's route violated a provision of the state's constitution that gave that power to the Public Service Commission.

The lower court "got it right," in finding that a state law granting Heineman the authority to approve Keystone's path in Nebraska was unconstitutional, Zellmer said.

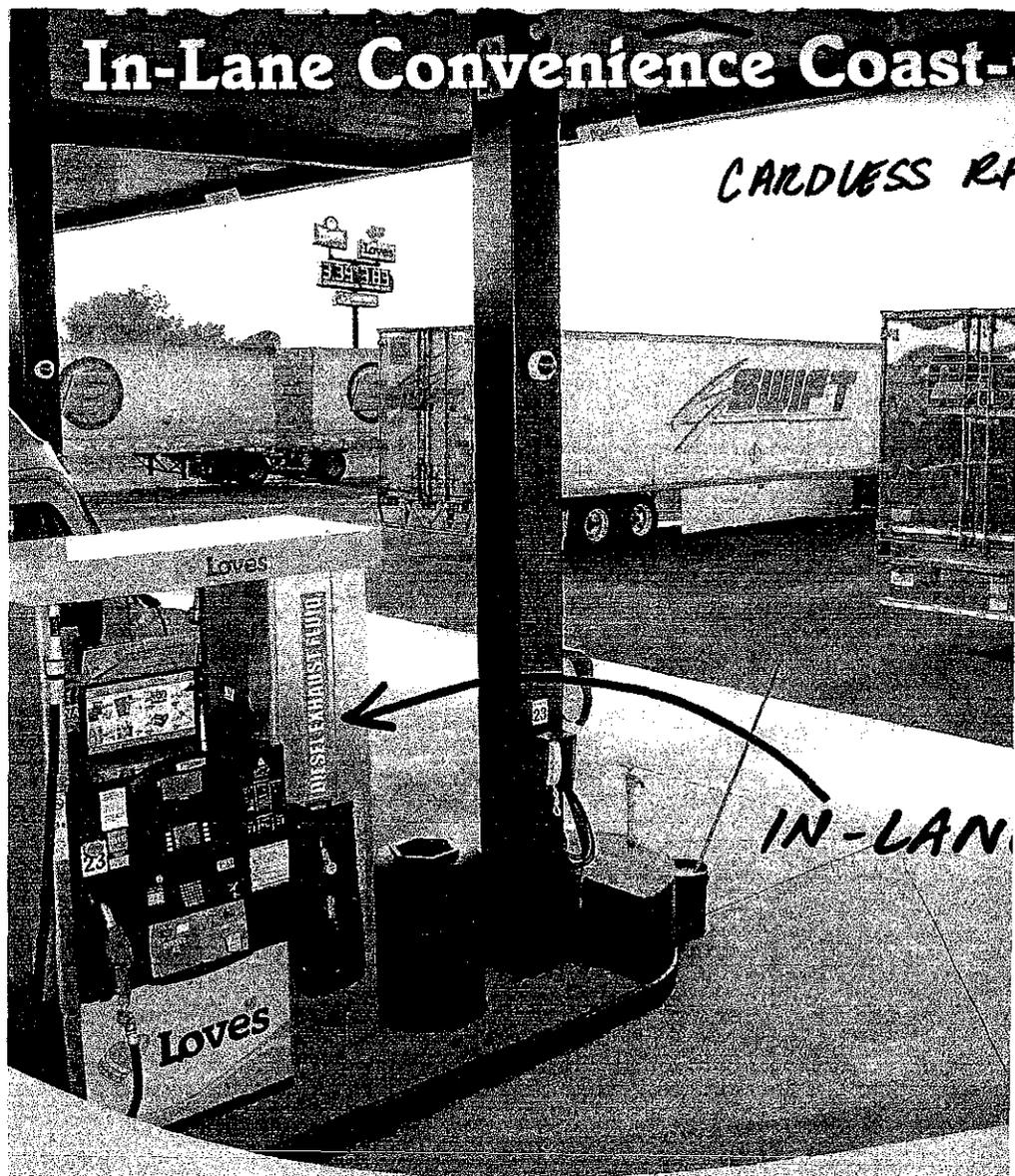
Anthony Schutz, an associate professor of law at the University of Nebraska, said that the lower court's ruling "stands a decent chance of being upheld."

Because the state's constitution doesn't explicitly say that the Public Service Commission has authority over oil pipelines, however, there may be enough legal leeway for the court to overturn and cite deference to the legislative process, Schutz said.

"We didn't have pipeline companies digging across the state," when the commission was added to the state constitution in 1906, he said.

The commission's origins date to the wave of progressive reforms in the late 1800s and early 1900s that were designed to ensure people weren't trampled in the name of progress. Legislatures established the boards to regulate industries deemed particularly important to the public good, and tried to insulate regulators from the lobbying of businesses that had grown into behemoths.

Initially called the Railway Commission, the five-member panel's jurisdiction has expanded to include telecommunications carriers, natural-gas utilities, furniture movers



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ments are done in a manner to improve efficiency or add capacity, you're going to see that relief in congestion. And that in and of itself will assist in the ability to make deliveries in a much more timely fashion," she said.

A recent report by the American Road and Transportation

bridges and 350 underwent major repairs.

Built in 1932, the bridge is named after American Revolutionary War Gen. Casimir Pulaski, recognized in military circles as the "Father of the American Cavalry." It was featured in the opening credits of the HBO series "The Sopranos."



Office of Gov. Jay Inslee

Inslee announces \$300,000 in grants to underwrite fuel costs for truckers forced to detour after the mudslide in Oso, Wash. He spoke outside the Hampton Lumber Mill in Darrington on April 25.

Keystone Hinges on Old Railroad Reforms

(Continued from p. 25)

the possibility that the Nebraska court case could result in a new route as a reason to suspend its review. The agency is charged with determining if the pipeline is in the national interest because it would cross an international boundary. The delay probably will enable President Obama to avoid deciding a contentious issue before the November midterm

elections to determine control of Congress.

If the Nebraska Supreme Court agrees with Stacy that Heineman doesn't have the authority to approve the pipeline's route, Trans-Canada will have to apply to the Public Service Commission.

By law, commissioners must consult with nine other state agencies before reaching a verdict within seven months of receiving an application. Among the factors

they must consider are soil permeability and the distance to groundwater sources, according to a summary on its website.

Shawn Howard, a spokesman for TransCanada, which isn't a party to the court case, said the company was confident any "reasonable review" would find the pipeline poses minimal environmental risks and should be approved.

Nebraska's Public Service Commission's first iteration was created by legislation in 1885. Such was the importance of its role that the Legislature added its authorities to the state constitution in 1906.

Progressives started with the idea that "business corrupts politics" and worked on "institutional ways to try to curb this influence," said William Novak, a law professor at the University of Michigan who has written about the history of regulation.

The initial target was railroads, he said.

"The railroads changed everything from the moment of their inception before the Civil War, but then they exploded as big businesses after the War," Novak said. "It would probably be impossible to overstate their significance."



State of Nebraska

Heineman

Edward Balleisen, an associate professor of history at Duke University in Durham, North Carolina, said legislatures created the commissions because the issues involved were highly technical and believed their ongoing work "should be at least partly insulated from the normal give and take of electoral politics."

In a brief filed with the state Supreme Court, Bruning argued that the trial judge set too low a threshold for taxpayers to bring court challenges to state legislation. Bruning also argued that not all crude oil pipelines qualified as common carriers falling under the exclusive jurisdiction of the Public Service Commission.

TransCanada already has had to

alter Keystone's route to ease concerns in Nebraska. State officials — including Heineman — objected that the original pathway threatened the Ogallala aquifer, which provides drinking water for 1.5 million people and irrigates almost half of Nebraska's cropland.

Obama rejected the original application in January 2012 after Congress set a 60-day deadline for a decision. He invited the company to reapply with a different route.

TransCanada submitted a new application that May, charting a path farther east than the Nebraska Department of Environmental Quality said avoided the aquifer as well as a network of wetlands known as the Sandhills.

TransCanada took advantage of the law passed a month earlier that gave it the option of seeking approval from the governor instead of the commission. Heineman, who approved the project after a state environmental review, criticized the State Department's delay.

"It's time for a yes or no decision on the Keystone pipeline," he said in an interview with the Nebraska Radio Network.

The case is *Thompson v. Heineman*, S-14-000158, Nebraska Supreme Court (Lincoln).



Scott Dalton — Bloomberg News

TransCanada CEO Russell Girling said at the company's pipe yard in Mont Belvieu, Texas, he's "optimistic" Keystone XL will be built.

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Other View

Counter Putin with action on Keystone XL

By The Grand Forks (N.D.) Herald

Why has Vladimir Putin succeeded? In part, because he understands the virtue of decisiveness. He acted. He assessed the risks of intervening in Ukraine, judged them acceptable, and gave the orders.

Mind you, these were not rash decisions on Putin's part. The Russian president rightly calculated that around the world, only Ukraine would care as much about Ukraine as Russia does, and Ukraine posing no significant military threat (at least in Crimea), the odds of Russia's success upon intervening were high.

But dictators and presidents alike ponder those kinds of odds all the time. The difference is, Putin said "Go," and Crimea was his within the week.

President Barack Obama can be and has been decisive in this way. The president's order to send Navy SEALs into Pakistan after Osama bin Laden clearly showed this power of will.

But the president's response to Putin's incursion has seemed more tentative. Perhaps that's because he has felt there were no good options, military intervention by the United States being obviously off the table.

Now, though, the U.S. Senate has given Obama the opening he needs.

The president should seize the moment and very publicly act.

"A bipartisan group of eight senators returned from a weekend trip to the region and called for quick congressional action on a package of aid for Ukraine and sanctions against Russia," The Washington Post reported.

Among the senators was Sen. John Hoeven, R-N.D., who rightly suggested that U.S. action on energy could go a long way.

If ever there were a time to approve the Keystone XL pipeline and green light our ability to sell natural gas overseas, that time is now. But don't take our word for it: "If we want to make Mr. Putin's day and strengthen his hand, we should reject the Keystone," said retired Marine Gen. James Jones, Obama's national security adviser from 2009 to 2010, in testimony to the Senate Foreign Relations Committee.

If the president acted fast on key energy issues, including Keystone, he easily could win bipartisan congressional support. That's the kind of unity that makes for second-guessing in the Kremlin, and that's the kind of decisiveness Ukraine and America's other allies need.

Keystone Canadian oil shipped to U.S. for years

By Merrill Matthews

Here's a little-known fact: The Keystone pipeline system has been transporting oil sands from Canada to U.S. refineries in the Midwest for three years -- with no major leaks and, more importantly, no major complaints from environmentalists.

The Keystone pipeline project includes four phases. The Keystone XL that has received so much media attention is only the last phase.

Phase 1 has been operating since 2010, carrying oil from Alberta across three Canadian provinces and six states to refineries in Illinois. Phase 2 put a link connecting the Phase 1 pipeline from Steele City, Nebraska,

to Cushing, Oklahoma, a major U.S. oil refining and storage hub. It went operational two years ago, again with no major problems or complaints.

Phase 3 is currently under construction, extending the pipeline from Cushing to the Gulf refineries in Texas. President Obama even gave a speech in Cushing in March 2012--during his reelection bid--praising the pipeline extension as good for the economy.

The Keystone XL, the proposed Phase 4, would build a separate pipeline from Alberta, crossing only three states (Montana, South Dakota and Nebraska), and connecting to the existing pipeline in Steel City

While the Keystone XL would have the capacity to deliver more oil--830,000 barrels a day vs. 590,000 for Phase 1--its U.S. footprint is more than 200 miles shorter than Phase 1.

Environmentalists complained that Phase 4 would transport oil across environmentally sensitive areas of Nebraska. Governor Dave Heineman expressed similar concerns. So the pipeline builder, TransCanada Corp., has proposed to reroute the pipeline, which satisfied the governor and the Nebraska legislature. Even the U.S. State Department has said the risks are minimal

One reason TransCanada located the Phase 4 route where it did was to transport up to 100,000 barrels a day of U.S. crude oil from the Bakken reserves in North Dakota and Montana. That means the Keystone XL would be shipping high-quality U.S. oil to U.S. refineries.

Mr. Obama has recently turned defensive, claiming that the pipeline won't create many permanent jobs. But pipeline jobs are infrastructure jobs, and the president is promoting more infrastructure spending to create jobs.

Phases 1 and 2 directly employed nearly 9,000 workers on U.S. facilities and pipelines. Phase 3 currently employs about 4,000 workers. Those aren't debatable projections; those are real Americans working at high-wage jobs. And the pipeline jobs won't cost the government a dime. In fact, the government will gain revenue from them.

The Keystone XL is also a trade-deficit reducer. News reports say that the U.S. trade deficit declined by 22 percent in the last quarter, primarily due to importing less oil. Rejecting the XL means that much of that Canadian oil will be shipped to China for refining instead. And seeing that oil go elsewhere when foreign hot spots like Syria can drive up oil prices or threaten supplies is not a good idea.

Unfortunately, environmentalists don't seem to care about the Keystone XL's economic merits. They have decided to draw a line in the oil sand at Phase 4. But surely they know that the U.S. leads the world in refining. If Canadian oil is going to be refined, and it is, better to do it under U.S. standards and quality controls. And U.S. workers get the benefits.

The fact is that the Keystone XL pipeline is simply an extension of an already existing program that is working well, creating jobs and expanding U.S. manufacturing. It should be an easy, and quick, decision for any president concerned about the economy.

Merrill Matthews is a resident scholar at the Institute for Policy Innovation in Dallas, Texas.

Senator, ambassador push for Keystone XL

Hoeven says energy 'juggernaut' could help in situations like Ukraine'

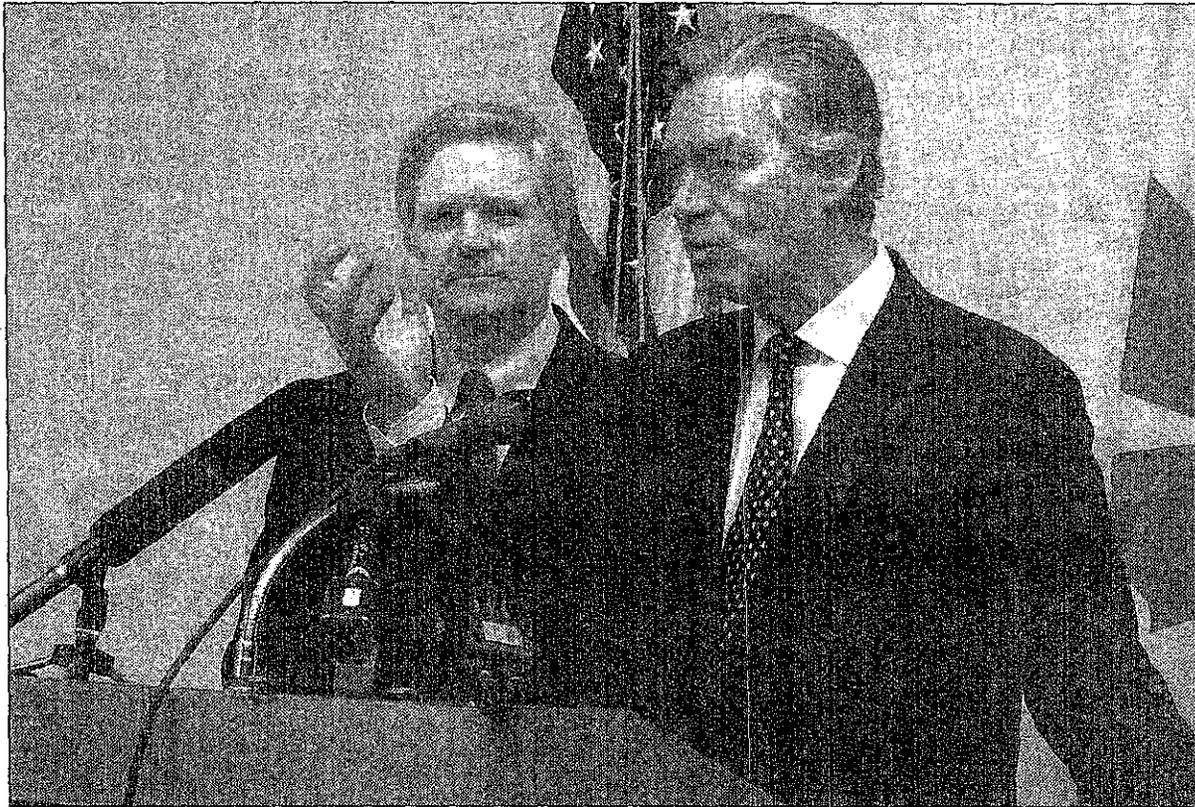
By MIKE NOWATZKI
Forum News Service

BISMARCK, N.D. — Canada's ambassador to the United States joined U.S. Sen. John Hoeven here Wednesday in making a renewed push for the Keystone XL pipeline that awaits President Barack Obama's approval, promoting it as key to achieving energy independence and security.

"When you look at the opportunity, it makes more sense to take oil from middle North America than rely on oil from the Middle East. We just think it's a no-brainer," Ambassador Gary Doer said during his keynote address at a trade and transportation summit put on by the Central North American Trade Corridor Association.

Hoeven, R-N.D., who during his 10 years as North Dakota's governor worked closely with Doer when he was Manitoba's premier, listed several reasons why he believes TransCanada's Keystone XL pipeline will win approval this year — firstly that the U.S. State Department's final Environmental Impact Statement found that the project will not have a significant environmental impact.

Doer said those who have opposed Keystone XL because of environmental concerns about the tar sands oil from western Canada



Forum News Service photo

Canadian Ambassador to the United States Gary Doer, right, talks about the Keystone XL pipeline with U.S. Sen. John Hoeven on Wednesday at the Ramkota Hotel in Bismarck, N.D.

argued that the oil would stay in the ground without the pipeline connecting Alberta to Gulf Coast refineries. But instead oil sands output has increased and it's

moving to market by rail, which is more expensive and generates more greenhouse gases than pipelines, he said.

The State Department report

issued Jan. 31 said denying the pipeline isn't likely to slow the pace of Canadian oil sands development, though it did note that the Canadian crudes are generally

more greenhouse gas-intensive than other heavy crudes they would replace in U.S. refineries.

Doer and Hoeven also highlighted the economic impact of the \$5.4 billion project. The State Department estimates it would support 42,100 jobs during construction and about 50 jobs once the pipeline is operating. Obama has questioned the estimate.

"We believe it just makes sense to go ahead with this pipeline. We want the president to choose blue-collar workers over Hollywood celebrities," Doer said.

The pipeline will have the initial capacity to transport up to 100,000 barrels of Bakken crude and without it as many as 1,400 additional railcars carrying crude oil could pass through North Dakota and Minnesota daily, Hoeven said, citing the report.

Sen. Heidi Heitkamp, D-N.D. and Rep. Kevin Cramer, R-N.D. also have called on the president to approve the pipeline.

Hoeven and Doer said they hope approval comes before this year's construction season. If Obama doesn't approve the project, Hoeven said senators are working on three pieces of legislation designed to overturn his decision — though he noted they would require 60 votes in the Democratic-controlled Senate.

Bill authorizing Keystone pipeline gets panel's OK despite veto threat

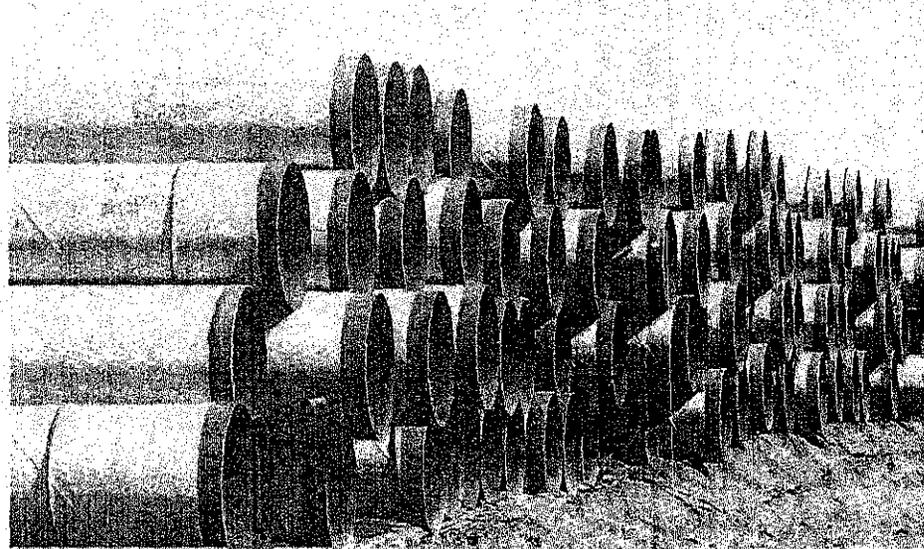
By Dina Cappiello
Associated Press

WASHINGTON — Republicans pushed veto-threatened legislation to build the Keystone XL oil pipeline through a Senate committee Thursday, but Democrats blocked plans for an immediate debate in the full Senate.

The Energy and Natural Resources committee moved the bill closer to the floor on a 13-9 vote. Sen. Joe Manchin of West Virginia, one of six Democrats sponsoring the bill, was the only committee Democrat to support it. The House will vote today on its version of the bill and is expected to pass the measure easily.

A few hours after the committee voted, Senate Majority Leader Mitch McConnell sought to begin Senate floor debate on the measure. Democrats objected, setting up a test vote for early next week that the bill is expected to clear easily.

The pipeline bill, the first piece of legislation in the Republican-controlled Senate, is on a collision course with the White House, and neither side appeared to be giving any ground on Thursday. The new energy committee chairman, Republican Sen. Lisa Murkowski of



Miles of pipe ready to become part of the Keystone Pipeline wait near Ripley, Okla. Legislation to approve construction of the pipeline passed a key hurdle in the U.S. Senate Thursday.

Alaska, urged colleagues not to be deterred by the veto threat, reminding them that the bill fell just one vote shy of Senate approval when Democrats controlled the chamber last year.

This time, the bill already has enough support to overcome a filibuster: 54 Republicans and six Democrats are sponsors. But supporters acknowledge they remain short of the numbers that would be needed to overcome a veto

and already are discussing other means to get the pipeline approved.

Prior to the committee's vote, McConnell called on Obama to rescind his veto threat.

"So for a president who has said he'd like to see

more bipartisan cooperation, this is a perfect opportunity," McConnell said in a statement.

While the \$5.4 billion project has become a political lightning rod, it will

have minimal impact on issues the two sides care most about. For Republicans, it is about jobs, and for liberal Democrats, it is about their concern about worsening climate change. In the State Department's evaluation of the pipeline, now on hold until a Nebraska court rules on the pipeline's route, officials said the tar sands would be developed regardless of whether the pipeline was built.

The same review said

THE KEYSTONE PIPELINE



that during the two-year construction period, about 42,000 jobs would be created, but only 3,900 would be directly related to the pipeline that would carry oil from tar sands in Canada to the Gulf Coast, where it would be refined.

Democrats held off on introducing most amendments Thursday, saving them for the Senate floor.

But in comments that gave a hint of the debate to come, Sen. Bernie Sanders, a Vermont independent, offered an amendment that would put the entire Senate on record as recognizing that global warming is a threat and that the U.S. needs to transition as fast as possible away from fossil fuels. But he lost the attempt to add the amendment to the bill.

Keystone XL foes use flattery to sway Kerry against oil pipeline

By Bloomberg News

WASHINGTON — Environmentalists are praising Secretary of State John Kerry in hopes of burying, figuratively speaking, the Keystone XL pipeline.

Bill Burton, a former press secretary to President Barack Obama who is helping a coalition of environmental groups opposed to the project, calls Kerry, “one of the great climate leaders of his generation.”

Dan Weiss, climate strategy director at the Center for American Progress, put Kerry on par with environmental icons like the naturalist John Muir and anti-pollution



KERRY

writer Rachel Carson. Academy Award winner Jared Leto, along with other activists, sent a letter last week urging him to take a stand against Keystone as he did against the Vietnam War as a young veteran in testimony to a Senate committee in 1971.

“We dare to believe that it’s not just an accident of history that this recommendation falls to you,” the group wrote.

The accolades are piling up just as Kerry, who was known as a leader in the fight against climate change when he was a senator, takes a more direct role in Keystone’s review. The activists want their flattery to get them somewhere: a recommendation from Kerry that Obama scuttle the proposed project.

The pipeline from Alberta to Steele City, Neb. — most of which

would be buried at a depth of greater than 3 feet — has become a benchmark for environmental groups to judge the administration’s commitment on climate change.

At a Feb. 26 press conference with reporters, Kerry said he had intentionally stayed away from Keystone so that he could be seen as an impartial judge as to whether the project is in the national interest.

“I want to do it with a complete tabula rasa approach,” he said, meaning he was looking at it from a clean slate. Now, he said, “I’m entering a very intensive evaluation.”

Kerry thus far has left it to deputies to direct the process, including an environmental review that found Keystone wasn’t likely to increase the risks of climate change because Alberta’s oil sands would be developed anyway.

Poll shows strong support to go on with Keystone XL

By The Washington Post

Americans support the idea of constructing the Keystone XL oil pipeline between Canada and the United States by a nearly 3 to 1 margin, with 65 percent saying it should be approved and 22 percent opposed, according to a new Washington Post-ABC News poll.

The findings also show that the public thinks the massive project, which aims to ship 830,000 barrels of oil a day from Alberta and the northern Great Plains to refineries on the Gulf Coast, will produce significant economic benefits. Eighty-

five percent say the pipeline would create a significant number of jobs, with 62 percent saying they "strongly" believed that to be the case.

Nearly half of those interviewed — 47 percent — say they think Keystone will pose a significant risk to the environment.

Several poll participants said they are convinced the pipeline represents the safest way to transport the oil the United States needs from a reliable ally, Canada. But a liberal minority — most of whom strongly support the president — said it will deepen the country's dependence on fossil fuels.

Both sides in oil line make final pleas to persuade government

By Bloomberg News

WASHINGTON — Proponents and critics of Keystone XL are unleashing a final flurry of pleas to persuade the government on the pipeline, which has become a flash point in a debate over energy development versus climate protection.

Friday marked the deadline to be part of the official review of whether Keystone is in the national interest. After that Secretary of State John Kerry will weigh in and President Barack Obama will decide wheth-

er to approve or scrap the long-delayed \$5.4 billion plan by TransCanada Corp. to bring fuel from Alberta's oil sands to Gulf Coast refineries.

Most of the more than 15,000 comments submitted through Thursday reiterate arguments made during five years of review.

Foes said the project would worsen climate change by promoting development of Alberta's oil sands. Proponents said Keystone would help the economy and boost U.S. energy security.



Chris Mueller/Republic

U.S. Rep. Kristi Noem, R-S.D., speaks to students Friday afternoon at Mitchell High School.

US rep: Oil line OK likely before end of president's term

By **CHRIS MUELLER**
The Daily Republic

U.S. Rep. Kristi Noem believes President Barack Obama

will decide whether to approve the proposed Keystone XL oil pipeline before the end of his term in 2016.

Noem supports the pipe-

See **KEYSTONE**, Page A6

Medicaid
Health plan
critics tread
lightly on federal
program. **A3**

KEYSTONE

Continued from Page A1

line, which would carry crude oil from Canada through parts of Montana, South Dakota and Nebraska and on to refineries elsewhere in the U.S. It has been talked about for years, but definitive action has been slow in coming.

"I do believe it will be approved," Noem said in an interview Friday with The Daily Republic's editorial board at the newspaper's office in Mitchell. "I don't know necessarily if it will be approved before this next election."

At this point, Noem said, politics is likely more of a culprit for the delay than any lingering economic or environmental con-

cerns.

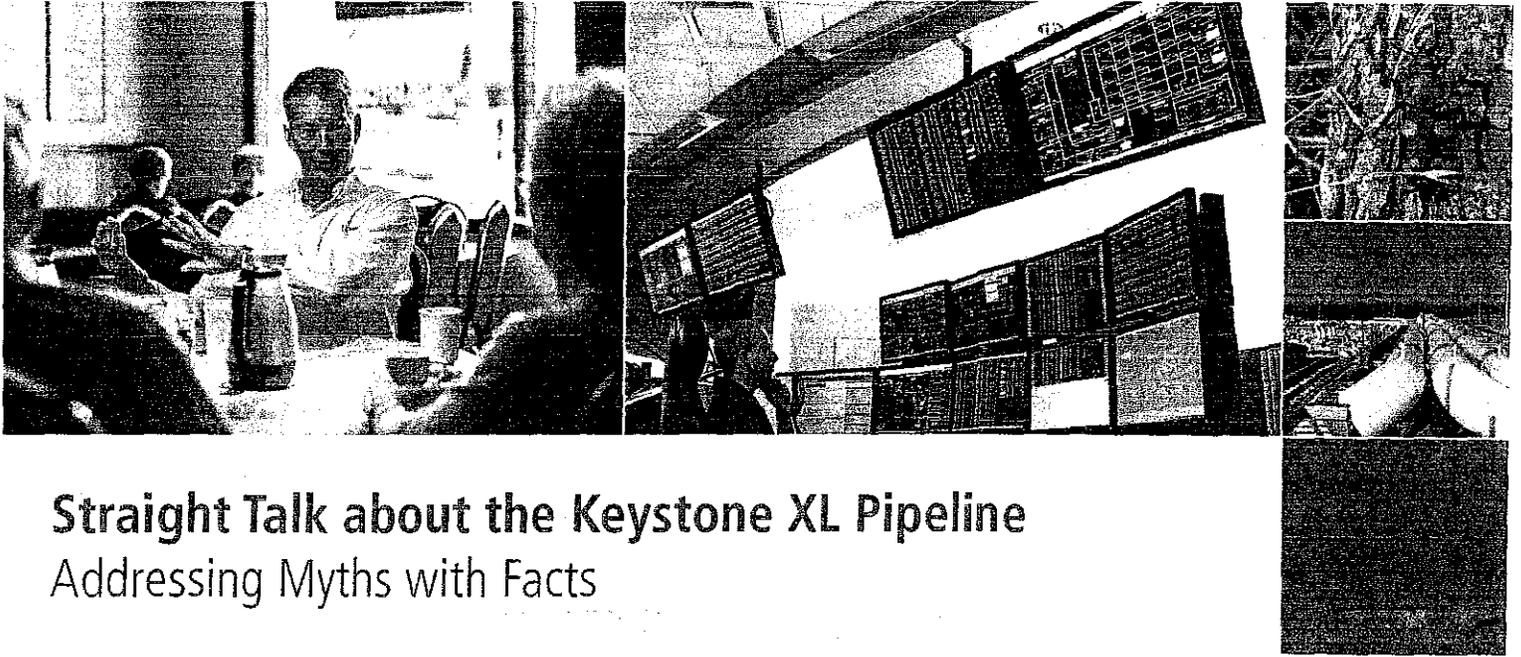
"It's certainly gone through all the processes," Noem said. "It's been under years of study and the route has been moved to safer environmental areas."

With many interests at stake on both sides of the issue, Noem said, it's hardly a surprise the process has taken such a long time.

"You've got people on both sides of the issue and it's been pretty contentious over the last several years," she said.

Whatever the outcome, the oil from Canada will find its way to American refineries whether by pipeline, Noem said, or in trucks and trains.

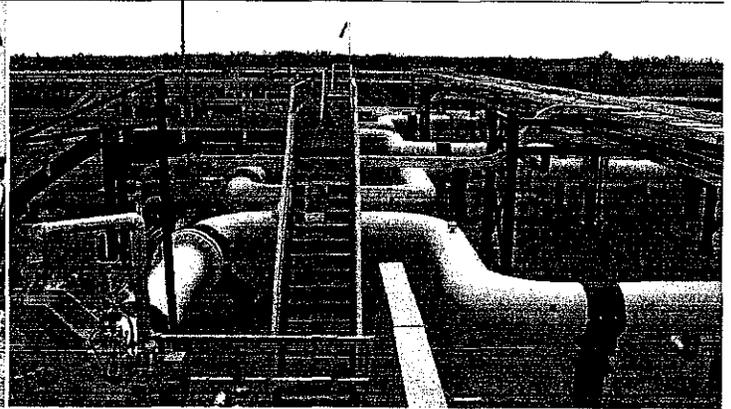
"Those are even riskier and harder on our environment," she said of the latter options.



Straight Talk about the Keystone XL Pipeline Addressing Myths with Facts



TransCanada takes pride in the relationships we have with more than 60,000 landowners across North America.



The Keystone XL Pipeline will be buried a minimum of four feet below the surface. Only pump stations (above) will have piping above ground.

People along the proposed route have been asking many questions about the Keystone XL Pipeline. Many have concerns about the impact it will have on their land, their communities and on the United States as a whole. As we've been out talking to people we've heard a lot of misinformation. It's time to set the record straight and provide the facts about this critical piece of energy infrastructure.

1. Myth: Keystone XL Pipeline will not be a safe pipeline.

Fact: It's clear that **Keystone XL will be the safest pipeline ever built in North America.** Keystone XL will use satellite technology to monitor 20,000 data points on the pipeline's operating conditions. TransCanada has also voluntarily agreed to 59 new safety procedures to provide even greater confidence regarding the operating and monitoring of Keystone XL. This includes a higher number of remotely controlled shut-off valves, increased pipeline inspections and burying the pipe deeper in the ground. The Department of State, Final Supplemental Environmental Impact Statement (Final SEIS - January, 2014) for Keystone XL concluded, "the incorporation of 59 special conditions would result in a project that would have a degree of safety over any other typically constructed domestic oil pipeline system under the current code".

2. Myth: Keystone XL will provide little or no economic benefits to the United States.

Fact: The **Keystone XL Pipeline project will support the creation of 9,000 construction jobs in the United States – work for pipefitters, welders, electricians, heavy equipment operators and many more.** The Department of State noted in the Final SEIS that Keystone XL will contribute to America's long-term energy security, support tens of thousands of jobs, and provide billions in private sector investment, earnings and taxes. The Final SEIS report states:

- Construction of the proposed project would contribute approximately \$3.4 billion to U.S. GDP if implemented.
- A total of 42,100 direct, indirect and induced jobs throughout the United States would be supported by construction of the proposed project.
- Total employment earnings supported by the proposed project would be approximately \$2 billion.
- Seventeen of 27 counties along the pipeline route are expected to see tax revenues increase by 10 per cent or more.

3. Myth: Oil sands crude is more corrosive than conventional crude and will cause the pipeline to leak.

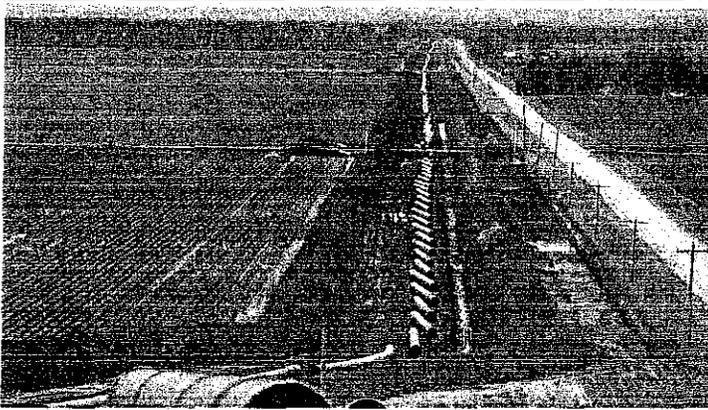
Fact: **Oil sands crude is no different than any other heavy crude and is completely safe to transport through pipelines.** Keystone XL will carry light and heavier blends of oil from Canada and the U.S. Numerous world-renowned laboratory studies, including a study by the National Academy of Sciences, have shown that pipelines carrying oil sands oil are just as safe as other pipelines carrying crude oil. The study concluded diluted bitumen (dilbit) does not have unique properties that make it more likely than other crude oils to cause internal damage to pipelines from corrosion, nor is dilbit more likely to cause spills when compared to other crude oils.

4. Myth: The Keystone XL Pipeline is an export pipeline to China.

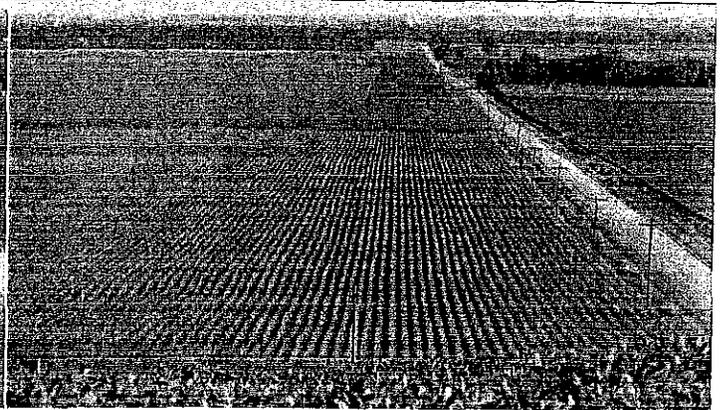
Fact: **Keystone XL will transport Canadian and U.S. crude oil to refineries on the Gulf Coast.** The U.S. Gulf Coast currently relies heavily on imports from Venezuela and the Middle East. Growing U.S. and Canadian production will displace more expensive crude oils from less stable countries.

5. Myth: Keystone XL will substantially increase greenhouse gas (GHG) emissions.

Fact: **Since 2008, five Department of State environmental impact studies have consistently shown that Keystone XL will have "no significant impact on the environment".** The most recent Final SEIS finds that if this project is approved, the public will see fewer spills, fewer injuries, and fewer fatalities when compared to the alternative of transporting crude oil by rail. Under any of the scenarios where the project is denied, GHG emissions from the movement of this oil would actually increase – 28 per cent more GHGs if all the oil is railed to the Gulf Coast, and 42 per cent higher GHGs if a combination of rail and new pipelines is used.



Near David City, Nebraska. Construction Spread 5B.
Photo taken June 15, 2009.



Near David City, Nebraska. After restoration.
Photo taken August 25, 2010.

6. **Myth:** The Keystone XL Pipeline is no longer needed.

Fact: Today, the United States consumes 15 million barrels of oil a day (bbl/d) and imports six to seven million barrels every day – close to 50 per cent of its needs. A 2014 forecast by the Energy Information Administration (EIA) states that the U.S. will continue to import six million bbl/d into 2040 to meet its needs. Americans have a fundamental choice to make: get their oil from a secure, stable and friendly neighbor in Canada, or continue to import higher priced, “conflict oil” from the Middle East and Venezuela – where American values and interests are not shared or respected.

7. **Myth:** TransCanada will take land from farmers and other private landowners.

Fact: For a pipeline easement, property ownership never changes hands. Just like a water, sewer or utility line on most people’s property, when an easement is registered for the pipeline the landowner always retains ownership of the property and once construction is complete they continue to maintain the economic right to the surface. The landowner is able to continue to use the land for agricultural activities. Easement agreements only provide the right to access the pipeline right-of-way during construction and for maintenance, once the pipeline is in operation. With little exception, the landowners will continue to use their land within the easement and only signs along the pipeline let people know the pipeline route is there. TransCanada is committed to treating all landowners who may be affected by our project honestly, fairly and with mutual respect. All landowners will receive fair and equitable compensation for land easements granted. TransCanada will work closely with landowners to identify special circumstances, land restrictions, access routes and other construction requirements to minimize disturbance to the land and the environment.

8. **Myth:** Landowners are responsible and liable in the event of an oil spill.

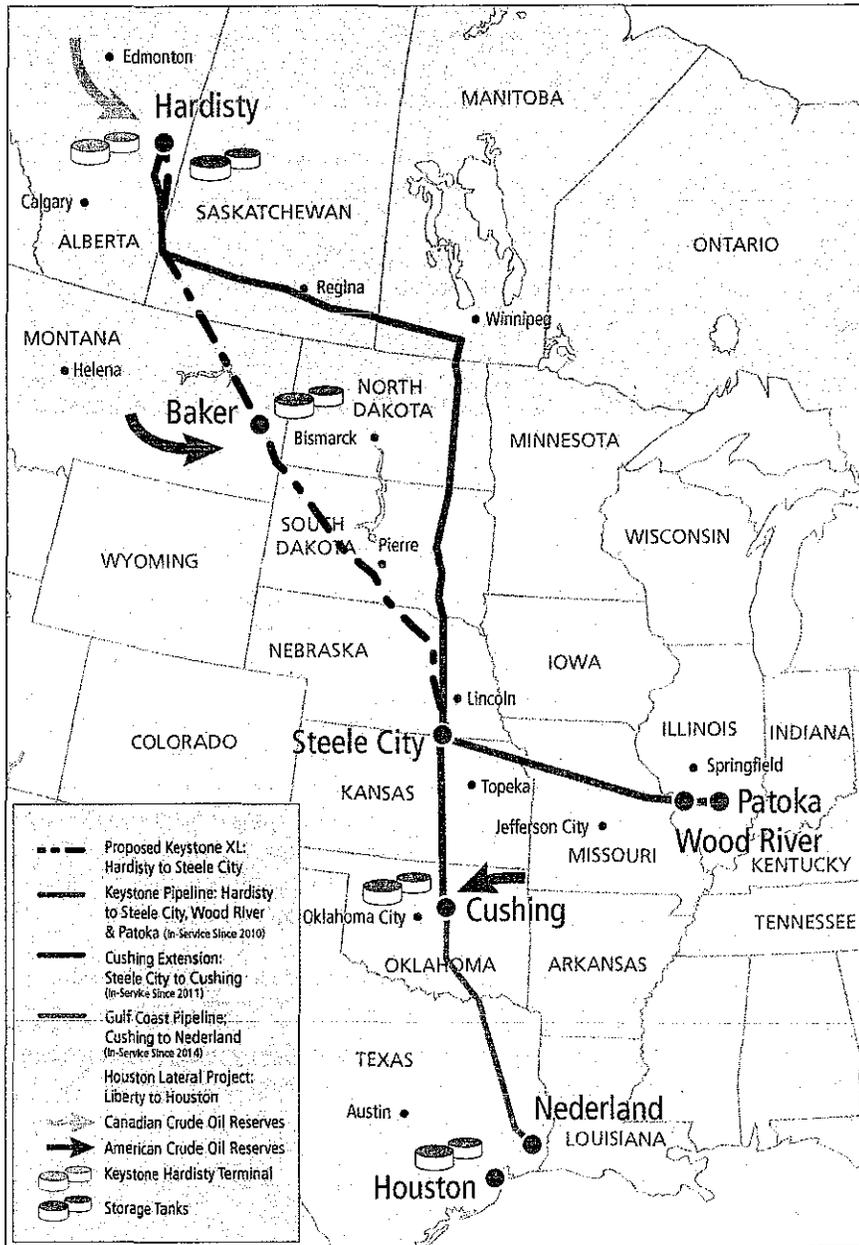
Fact: TransCanada is 100 per cent responsible for responding, cleaning and restoring the site in the unlikely event of a pipeline leak. It’s our responsibility – as a good company and under law. If anything happens on the Keystone XL Pipeline, rapid response is key. That’s why our Emergency Response plans are approved by state and federal agencies, and why we practice them regularly. We conduct regular emergency exercises, and aerial surveys every two weeks. We’re ready to respond with a highly-trained response team standing by. At TransCanada, we continually look at ways to improve our system. Since 2011, TransCanada has invested an average of about \$900 million per year in its pipeline integrity and maintenance programs.

9. **Myth:** Landowners will have to give back payments negotiated for easements if the Keystone XL Pipeline isn’t approved.

Fact: Landowners keep the money they received for easements from TransCanada. We take pride in the relationships we have with more than 60,000 landowners across North America.

10. **Myth:** Once the pipeline is built, TransCanada has no further obligations to the farmer or private landowner.

Fact: Our commitment to landowners doesn’t end when the Keystone XL Pipeline is built – that’s when it begins. The safety of the entire pipeline is our responsibility for as long as it operates, and it’s a responsibility we take very seriously. Once completed, TransCanada will provide continuous state-of-the-art monitoring to ensure the Keystone XL pipeline operates safely. We will work closely with landowners to preserve the land and care for right-of-ways. TransCanada works with environmental experts and landowners to preserve topsoil and replant with the most appropriate native grass and plant species to promote rapid reclamation and erosion prevention. We monitor environmental reclamation for years following construction, and our job isn’t done until landowners and regulatory agencies are satisfied.



About the Keystone System

The Keystone Pipeline System is a 3,861-mile (6,214-kilometre), 30 and 36-inch-diameter crude oil pipeline system, beginning in Hardisty, Alberta, and extending south to refining hubs in Illinois, Oklahoma and Nederland, Texas.

The system includes:

- Oil storage facilities in Hardisty, Alberta
- The Keystone Pipeline: a 1,853-mile (2,982-kilometre), 30-inch pipeline that delivers crude from the oil sands in Alberta to refinery hubs in Illinois and Oklahoma. The Cushing Extension has been in-service since 2011.
- Cushing Extension: an additional 298-mile (480-kilometre) pipeline extension between Steele City, Nebraska, and Cushing, Oklahoma. The Cushing Extension has been in-service since 2011.
- The Gulf Coast Pipeline: a 485-mile (780-kilometre), 36-inch pipeline that connects oil storage facilities in Cushing, Oklahoma with Gulf Coast refineries in Texas. The Gulf Coast Pipeline has been in-service since 2014.
- Bakken Marketlink and Cushing Marketlink Projects: provides access for domestically produced crude oil into the Keystone System.
- The Keystone XL Pipeline: a proposed 1,179-mile (1,897-kilometre), 36-inch, 830,000 barrel per day pipeline running from Hardisty, Alberta to Steele City, Nebraska.
- Houston Lateral Project: an additional 48-mile (77-kilometre) pipeline designed to transport oil to refineries in Houston, Texas.

When complete, the Keystone Pipeline System will be capable of transporting 1.4 million barrels of crude oil per day to state-of-the-art refinery hubs in the U.S. Midwest and Gulf Coast.

Contact Us

Toll-free number: 1.866.717.7473
 Email: Keystone@TransCanada.com
 Project web page: Keystone-XL.com

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BREAKING: Live Video of Protesters Gathering in Kiev's Independence Square



INVESTIGATIONS

3 days

Crashed Train Carried 'Keystone Pipeline' Style Crude Oil

BY LISA RIORDAN SEVILLE

Federal investigators say a freight train that crashed outside Pittsburgh last week and spilled thousands of gallons of crude oil was carrying heavy Canadian crude, marking the first U.S. rail spill of the controversial oil at the center of the Keystone pipeline debate.

A 120-car Norfolk Southern train derailed on a curve in Vandergrift, Pa., at 8 a.m. Feb. 13 and crashed into a building. Twenty-one cars left the track and spilled from 3,500 to 12,000 gallons of the tar-like crude. About 75 percent of the spill has been cleaned up, and none entered the local water supply. No injuries were reported.

Oil production has surged in recent years in both North Dakota's Bakken region and the tar sands of Canada. Trains have become key to moving crude out of North Dakota, but a number of explosive accidents, including one that killed 47 in Quebec, have sparked calls for overhaul of the little-regulated "crude by rail."

The proposed Keystone XL Pipeline would move the Canadian tar-sand oil from Canada through the U.S. Plains states to the Gulf of





Mexico. But the pipeline, which is opposed by environmentalists, has been delayed, and on Wednesday a Nebraska judge struck down a



law that would have sped up pipeline construction in that state.

BREAKING: Live Video of Protesters Gathering in Kiev's Independence Square



Without sufficient pipeline capacity, some of the heavy crude has begun to move by rail, and regulators from the Federal Railroad Administration confirmed Thursday that the oil that spilled in Vandergrift on Feb. 13 was carbon-heavy tar-sand crude from Canada.

Canadian oil, which is much denser than Bakken crude, rarely explodes but poses other risks, particularly because it sinks in water. A 2010 pipeline breach along Michigan's Kalamazoo River that leaked more than 1 million gallons of Canadian crude has cost more than \$1 billion so far to clean up.

"You can't just start running trains of tar sands all over the place without doing the work to make sure we're ready for that," said Eddie Scher, spokesman for the Sierra Club. "And we certainly haven't done that."

Rail and oil industry representatives have been meeting with regulators in efforts to come up with better policies to mitigate accidents and improve emergency response.

"Safety is always our top priority," said American Petroleum Institute President and CEO Jack Gerard in a statement.

First published February 21st 2014, 10:40 am

LISA RIORDAN SEVILLE





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BREAKING: Live Video of Protesters Gathering in Kiev's Independence Square

Federal regulators and the nation's major railroads said Friday that they had agreed on new voluntary measures to make shipping crude oil by rail safer, including rerouting trains, cutting their top speed and increasing inspections.

The agreement between the Department of Transportation and the industry's trade group, the American Association of Railroads, follows a series of crashes and derailments in North Dakota, Alabama, Pennsylvania and elsewhere. A train full of U.S. crude that crashed and exploded in Lac Megantic, Que. last July killed almost 50 people, and a train that derailed and burned in Casselton, N.D. in December sent plumes of black smoke a mile into the air.

"Safety is our top priority, and we have a shared responsibility to make sure crude oil is transported safely from origin to destination," said Transportation Secretary Anthony Foxx in a statement. "Today's changes will enhance safety while we continue to pursue our comprehensive approach focused on prevention, mitigation and emergency response through collaboration with our partners."

The voluntary measures, which will be rolled out between March and July, include:

- Slowing trains carrying more than 20 cars of crude oil that also include at least one old-style tank car to 40 miles per hour as they travel through some urban areas. The industry currently observes a self-imposed speed limit of 50 miles per hour.

- More track inspections





menu

- New braking systems that allow for faster stops



- An analysis to determine the safest routes for trains carrying more

BREAKING Live Video of Protesters Gathering in Kiev's Independence Square



- Enhanced training and planning for emergency responders

Oil train traffic has ballooned from just 9,500 carloads in 2008 to about 400,000 last year, according to the Association of American Railroads (AAR), because of increased domestic oil production. Much of the increase comes from the oil boom in the Bakken region of North Dakota. About 70 percent of Bakken oil moves by rail, in part because of limited pipeline infrastructure.

But with that increase has come an exponential increase in crashes and spills. About 1.15 million gallons of oil spilled from trains last year, according to data from the federal Pipeline and Hazardous Material Administration. That's nearly double the 800,000 spilled in all the years between 1975 and 2012, and does not include the approximately 1.5 million gallons spilled in Lac Megantic from a train that originated in North Dakota.

Critics say safety was pushed to the side as both the rail and oil industries sought to cash in on the domestic energy boom.

"Regulatory authorities in Canada and the United States all agree that the crude by rail boom has happened in what is a regulatory blind side," said Anthony Swift, an attorney with the National Resources Defense Council, an environmental group. "There's no question that nationally we need better protections for public safety when it comes to crude by rail."

Today's announcements, expected in the wake of meetings between oil and rail industry representatives and federal regulators last month, are meant to address some significant concerns in communities given the recent crashes.



 "We share the Administration's vision for making a safe rail network even safer, and have worked together to swiftly pinpoint new



operating practices that enhance the safety of moving crude oil by

BREAKING: Live Video of Protesters Gathering in Kiev's Independence Square
rail," said AAR President and CEO Edward R. Hamburger.



The industry has taken the lead on safety measures as federal regulators work to catch up.

Several railroads and oil companies have in recent weeks announced moves to increase safety by mandating the use of safer tank cars, known as the DOT-111. Last summer an NBC News investigation revealed long-known problems with the cars.

Read the original NBC News investigation into the DOT-111.

The industry has begun to produce a sturdier version, but tens of thousands of the older cars continue to transport crude and ethanol.

Canadian Pacific and Canadian National, the country's two largest railroads, in early February announced they would charge higher rates to oil companies that used the older model cars. Two oil companies -- Tesoro and PBF Energy -- also announced they would update their entire fleet to the newer cars by April.

This week, BNSF Railway, which owns the majority of the rail lines in the Bakken region, announced it would acquire its own fleet of 5,000 new tank cars, marking a change in the status quo. Normally, the shippers own the cars and the railways simply move them, giving railroads little control over the types of cars that move over their tracks.

The oil industry also said this week that in addition to participating in these safety measures it will step up testing and labeling of crude, which recent crashes indicated may have been more dangerous than previously known.



Broad coalition backs Keystone XL oil pipeline

By **MATTHEW DALY**
Associated Press

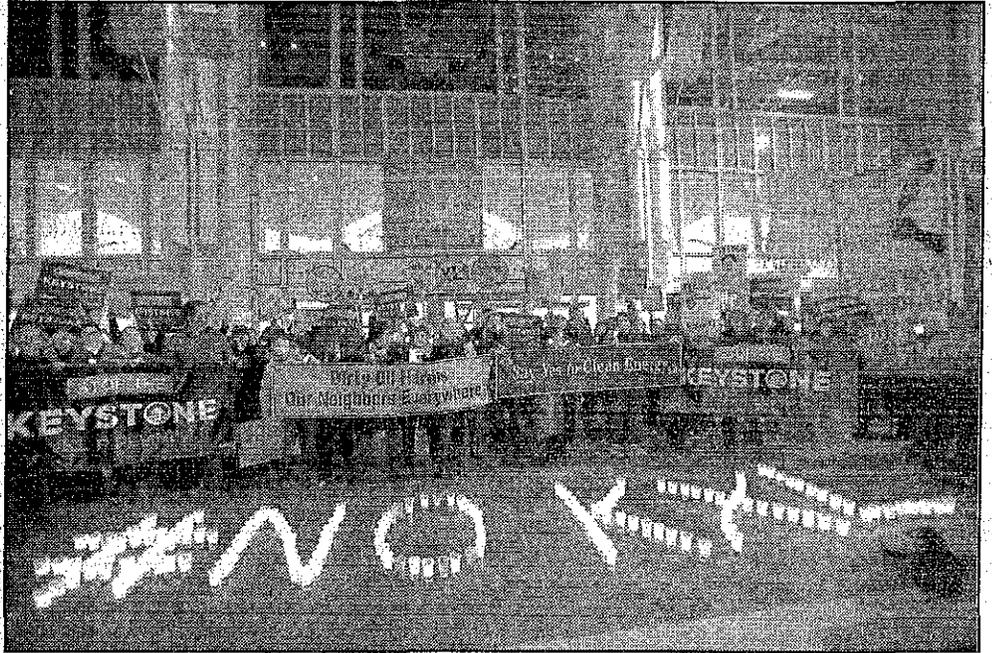
WASHINGTON — An unusual coalition of lawmakers from both parties, labor and business leaders, veterans groups and Canada's ambassador to the United States joined forces Tuesday to push for quick approval of the Keystone XL oil pipeline.

Five Democrats joined Republicans at a Capitol news conference to urge President Barack Obama to approve the pipeline following a State Department report last week that raised no major environmental objections. The \$7 billion pipeline would carry oil from tar sands in western Canada to refineries along the Texas Gulf Coast. The project has lingered for more than five years and has become a symbol of the political debate over climate change.

Canadian Ambassador Gary Doer also spoke at the news conference, along with labor union officials and a retired Navy admiral. A top oil industry lobbyist attended the event but did not speak.

Environmental groups that oppose the pipeline have been making a lot of "noise," Doer said, but polls show a majority of Americans favor the project. Pipeline opponents, including many Democratic lawmakers, say it would carry heavy oil that contributes to global warming. They also worry about a spill.

Doer urged Obama to "choose blue-collar workers over Hollywood celebrities" and accept crude oil from Canada — the closest U.S. ally — over oil from Venezuela. Robert Redford and Daryl Hannah are among scores of celebrities who have spoken out against the pipeline.



Reuters photo

Demonstrators rally against the proposed Keystone XL oil pipeline Monday in San Francisco, Calif.

Sen. Mary Landrieu, D-La., said the time to build the pipeline "is now," adding that pipelines are safer and more environmentally friendly than oil that is transported by trains or trucks. Keystone XL, proposed by Calgary-based TransCanada Corp., not only would create jobs and boost her state's economy, it also would "connect two of the strongest allies in the world," Landrieu said.

"I would swap Canada for Venezuela any day of the week and twice on Sunday," added Rep. John Barrow, D-Ga., another pipeline supporter.

A report released Friday by the State Department cited no major environmental objections to the 1,179-mile pipeline, which would carry oil through Montana and South Dakota to a hub in Nebraska, where it would connect with existing pipelines to get the oil to refineries on the Texas Gulf Coast.

Pipeline supporters say it will create thousands of jobs and move the U.S. toward North American energy independence.

Foes say the pipeline would carry "dirty oil" that contributes to global warming. The State Department report says oil derived from tar sands in Alberta generates about 17 percent more greenhouse gas emissions than traditional crude. But the report makes clear that other methods of transporting the oil — including rail, trucks and barges — would release more greenhouse gases than the pipeline.

The news conference in support of the pipeline came as environmental activists held vigils throughout the country on Monday to protest the pipeline, including one outside the White House attended by about 250 people.

Opponents also are scheduling "pipeline meet-ups" throughout February to

encourage people to raise the issue with candidates in the 2014 elections.

Joining Landrieu and Barrow at the Capitol event Tuesday were Democratic Sens. Joe Manchin of West Virginia, Heidi Heitkamp of North Dakota and Mark Pryor of Arkansas. Landrieu and Pryor face tough re-election fights this year in energy-producing states where the pipeline is popular and Obama is not. Republican Mitt Romney easily carried Louisiana and Arkansas in the 2012 presidential election.

Landrieu, who is expected to become chairwoman of the Senate Energy Committee later this month, said she is "open to whatever needs to be done" to approve the pipeline, including use of the project as a bargaining chip with Republicans in upcoming talks over raising the federal debt limit.

Keystone Canadian oil shipped to U.S. for years

By Merrill Matthews

Here's a little-known fact: The Keystone pipeline system has been transporting oil sands from Canada to U.S. refineries in the Midwest for three years -- with no major leaks and, more importantly, no major complaints from environmentalists.

The Keystone pipeline project includes four phases. The Keystone XL that has received so much media attention is only the last phase.

Phase 1 has been operating since 2010, carrying oil from Alberta across three Canadian provinces and six states to refineries in Illinois. Phase 2 put a link connecting the Phase 1 pipeline from Steele City, Nebraska,

to Cushing, Oklahoma, a major U.S. oil refining and storage hub. It went operational two years ago, again with no major problems or complaints.

Phase 3 is currently under construction, extending the pipeline from Cushing to the Gulf refineries in Texas. President Obama even gave a speech in Cushing in March 2012--during his reelection bid--praising the pipeline extension as good for the economy.

The Keystone XL, the proposed Phase 4, would build a separate pipeline from Alberta, crossing only three states (Montana, South Dakota and Nebraska), and connecting to the existing pipeline in Steel City

While the Keystone XL would have the capacity to deliver more oil--830,000 barrels a day vs. 590,000 for Phase 1--its U.S. footprint is more than 200 miles shorter than Phase 1.

Environmentalists complained that Phase 4 would transport oil across environmentally sensitive areas of Nebraska. Governor Dave Heineman expressed similar concerns. So the pipeline builder, TransCanada Corp., has proposed to reroute the pipeline, which satisfied the governor and the Nebraska legislature. Even the U.S. State Department has said the risks are minimal

One reason TransCanada located the Phase 4 route where it did was to transport up to 100,000 barrels a day of U.S. crude oil from the Bakken reserves in North Dakota and Montana. That means the Keystone XL would be shipping high-quality U.S. oil to U.S. refineries.

Mr. Obama has recently turned defensive, claiming that the pipeline won't create many permanent jobs. But pipeline jobs are infrastructure jobs, and the president is promoting more infrastructure spending to create jobs.

Phases 1 and 2 directly employed nearly 9,000 workers on U.S. facilities and pipelines. Phase 3 currently employs about 4,000 workers. Those aren't debatable projections; those are real Americans working at high-wage jobs. And the pipeline jobs won't cost the government a dime. In fact, the government will gain revenue from them.

The Keystone XL is also a trade-deficit reducer. News reports say that the U.S. trade deficit declined by 22 percent in the last quarter, primarily due to importing less oil. Rejecting the XL means that much of that Canadian oil will be shipped to China for refining instead. And seeing that oil go elsewhere when foreign hot spots like Syria can drive up oil prices or threaten supplies is not a good idea.

Unfortunately, environmentalists don't seem to care about the Keystone XL's economic merits. They have decided to draw a line in the oil sand at Phase 4. But surely they know that the U.S. leads the world in refining. If Canadian oil is going to be refined, and it is, better to do it under U.S. standards and quality controls. And U.S. workers get the benefits.

The fact is that the Keystone XL pipeline is simply an extension of an already existing program that is working well, creating jobs and expanding U.S. manufacturing. It should be an easy, and quick, decision for any president concerned about the economy.

Merrill Matthews is a resident scholar at the Institute for Policy Innovation in Dallas, Texas.

Larry -
this article was in our
1/2 week paper last night.
I did not know all
the back-ground of the
Keystone present system.
they should get this info
out to the general public
& congress so pressure can
be put on Obama (if
that will do any good).

Ken

NYC Group Acquires Maine Railroad Involved in Deadly July Derailment

By David Sharp
Associated Press

PORTLAND, Maine — A railroad that went bankrupt after a fiery oil train derailment killed 47 people last summer in Canada was sold at auction Jan. 21 to a subsidiary of a New York City-based investment management company.

Railroad Acquisitions LLC, a subsidiary of Fortress Investment Group, won the closed-door bidding for Montreal, Maine and Atlantic Railway, according to one of the losing bidders. The winning bid still has to go before a U.S. bankruptcy judge in Maine and a Superior Court judge in Quebec.

The Fortress subsidiary had submitted a bid of \$14.25 million. A Fortress spokesman didn't immediately return a call seeking comment on the auction.

More than a dozen companies expressed interest in the bankrupt company, which owns about 500 miles of track in Maine, Vermont and Canada, although it is unknown how many submitted bids.

One bidder, Eastern Maine Railway, a subsidiary of Canada-based J.D. Irving, said it partnered with Springfield Terminal Railway Co. to bid for the Maine portions of the track.

"In the end, the trustee went forward with a single buyer of the entire MMA railway line [Maine, Quebec and Vermont track]. We look forward to working with Fortress Investment Group of New York as



The railroad that went bankrupt after this fiery oil-train derailment last summer in Quebec was sold at auction Jan. 21.

they assume operation of the MMA railway," Wayne Power, vice president of Irving's transportation and logistics division, said in a statement.

Chapter 11 trustee Robert Keach declined to comment on the proceedings, but said previously that the goal was to recoup losses for creditors while keeping the entire rail line in operation.

In the July derailment, an unmanned Montreal, Maine and Atlantic Railway train with 72 oil tankers began rolling after it was left unattended by the sole crew member. The train picked up speed and derailed in downtown Lac-Mégantic, causing an explosion and fire that destroyed about 30 buildings in the community

10 miles north of the Maine border.

Proceeds from the company's sale would be used to repay creditors and victims, supplementing \$25 million in insurance payouts available for wrongful death, personal injury, property damage, fire suppression and environmental impact.

Critics say the cleanup alone will exceed \$25 million.

Chop Hardenbergh, editor of Atlantic Northeast Rails & Ports, a Maine-based industry newsletter, said he waited outside the law offices where the auction was held and learned that the auction took only 40 minutes.

Fortress has a reputation for turning around distressed companies, he said.

Backers: Report on rail risks boosts Keystone XL

WASHINGTON (AP) — A government warning about the dan-

gers of increased use of trains to transport crude oil is giving a boost to supporters of the long-delayed Keystone XL pipeline.

U.S. and Canadian accident investigators urged their governments Thursday to impose new safety rules on so-called oil trains, warning that a "major loss of life" could result from an accident involving the increasing use of

trains to transport large amounts of crude oil.

Pipeline supporters say the warning highlights the need for Keystone XL, which would carry oil derived from tar sands in western Canada to U.S. Gulf Coast refineries. North

Dakota Sen. John Hoeven said the yearlong review of Keystone has forced oil companies to look for pipeline alternatives in the booming Bakken region of North Dakota and Montana.

US Officials: More Safety For Oil Transported by Rail

By Matthew Brown
Associated Press

U.S. transportation officials on Jan. 16 pressed for companies to come up with safer ways to transport oil on the nation's rail lines following some explosive accidents as crude trains proliferate across North America.

After a closed-door meeting with oil and railroad executives in Washington, D.C., Transportation Secretary Anthony Foxx said the industry agreed to make voluntary changes aimed at accident prevention within the next 30 days.

Topping the list are plans to analyze the risks of oil trains that in recent years began passing regularly through major metropolitan areas across the United States, Foxx said. The results could be used to alter some routes, government officials said. Railroads also will consider where oil trains could be slowed down, to lessen the potential danger in areas that pose the greatest threat to public safety.

"The industry, if they are motivated, can undertake preventative steps that will enhance the safety of the movement of these materials across the country," Foxx said.

The Obama administration is under increased pressure to take action after fiery accidents over the past seven months in North Dakota, Quebec, Alabama and New Brunswick.

But a safety advocate said the proposed measures fail to address a crucial and long-standing problem: defects in many of the tank cars used to haul crude.

"Just moving the problem around is not solving it," said Karen Darch, president of the village of Barrington, Ill., and co-chairman of a coalition of local officials who have

pushed for rail safety enhancements. "If you did that, you are creating too high a risk for the area where [oil trains] might be rerouted."

The accidents have revealed significant gaps in federal oversight of the rail industry, and emergency officials in cities and towns across America have said they would be ill-prepared to handle another derailment.

Under current rules, shipments of most hazardous liquids including oil do not have to undergo the type of risk studies that were proposed. Those studies are limited to a handful of radioactive, explosive and highly toxic chemicals.

The rapid expansion of crude-by-rail has been fueled by booming U.S. production of shale oil, particularly in the Bakken oil patch of North Dakota and Montana. Trains hauling 3 million gallons of crude per shipment to refineries go through hundreds of towns and dozens of cities, from Chicago and Kansas City, to Philadelphia and Seattle.

Last year, after a runaway train hauling North Dakota crude derailed and exploded in the town of Lac-Megantic, Quebec, incinerating much of the downtown and killing 47 people, the rail industry adopted voluntary speed restrictions for trains hauling hazardous liquids.

Guidelines issued by the Association of American Railroads in August capped speeds at 50 mph for trains hauling 20 or more tank cars of crude. It's unclear how the speed reductions proposed Jan. 16 would be different.

Experts say the same high-grade qualities that make Bakken oil attractive to companies also can make it prone to ignite during an accident. Regulators who have been analyzing the oil earlier this month issued a public safety warning that the light, sweet crude from the Bakken may be more flammable than traditional heavy crude.

North Dakota Sen. John Hoeven attended the meeting along with other members of the state's congressional delegation. He characterized the results as a "step in the right direction" but said there was more work to do given projections that domestic oil production will keep growing and companies will continue moving it by rail.

Railroads recently began pushing for retrofits to improve the safety of 78,000 older, defective tank cars that make up the bulk of traffic hauling oil and other hazardous liquids. Oil companies that own or lease the tank cars have resisted retrofits that could cost \$1 billion.

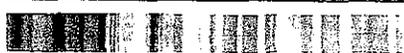
The oil industry contends defective track, train-on-train collisions and other matters under the purview of the railroads make up the "root cause" of accidents. During the meeting, American Petroleum Institute President Jack Gerard told Foxx that the best way to improve safety is "to keep trains from going off the tracks," according to a statement from the group.

Government regulators declined to give a timeline on pending proposals for tank car safety improvements.

TRANSPORT

TOPICS

1-27-2014



Poll: Canadian support for Keystone XL declining

By THEOPHILOS ARGITIS
Bloomberg News

OTTAWA — TransCanada Corp.'s proposed Keystone XL pipeline is losing popular support in Canada, a development that could embolden opponents of the project, according to a poll released Wednesday by Nanos Research Group.

Canadian support for the \$5.4 billion link between Alberta's oil sands and Gulf Coast refineries has declined to 52 percent

Working on the pipeline, eh? North Dakota senators, Canadian officials talk about project. A4

in December from 68 percent in April, while opposition has increased to 40 percent from 28 percent. The survey of 1,000 Canadians taken between Dec. 14 and Dec. 16 has a margin of error of 3.1 percentage points, according to the Ottawa-

based agency.

The poll adds to evidence that a push by environmental groups, aboriginal activists and celebrities such as musician Neil Young opposed to big oil projects may be affecting public opinion. President Barack Obama's government is weighing whether to approve TransCanada's plans. Canadian Prime Minister Stephen Harper is a strong proponent of the pipeline, a key part of th

See PIPELINE, Page A4

PIPELINE

Continued from Page A1

country's plans to find new markets for its oil.

The Canadian government "has to be concerned about the erosion of approval in Canada, not just in terms of its impact in Canada but also in terms of the U.S.," Nik Nanos, president of Nanos Research and Global Fellow at the Woodrow Wilson International Center for Scholars, said in an interview. "This has implications for the anti-Keystone movement in both countries."

Keystone is becoming a barometer for many environmental groups on Obama's commitment to addressing climate change.

The State Department is overseeing the review of the pipeline because it crosses an international border. The agency is preparing a final version of an environmental review that will assess whether Keystone would contribute to greenhouse gas emissions, which many scientists believe are warming the planet.

A State Department official said Wednesday the agency will give the

public more time to comment on the pipeline, which could delay the final decision.

A Bloomberg National Poll in December showed support in the United States was at 56 percent of respondents. That survey also found that 58 percent said they want Canada to take steps to reduce carbon dioxide emissions as a condition for approval.

Canadian oil-sands developers are counting on Keystone XL to lift heavy crude prices by connecting them to the U.S. Gulf Coast, the world's largest refining center, as they double production by 2025.

Keystone would ship about 830,000 barrels a day.

Environmentalists are trying to block the line because they say it would encourage oil-sands development, which releases more of the carbon dioxide that scientists say is warming the planet than extracting some conventional crudes.

A glut of oil caused by a lack of transportation options for Alberta production has led to Canadian heavy crude selling last year for an average \$24.46 a barrel less than the U.S. benchmark.

Other proposed pipeline projects for Albertan oil include Enbridge Inc.'s Northern Gateway pipeline to the Pacific coast that also faces opposition from environmental and aboriginal groups and a separate TransCanada pipeline to transport oil to eastern Canada.

Canada's government has been staging a public relations battle with opponents of the nation's oil industry for years. The latest volley came from Neil Young, the Canadian folk singer famous for songs such as "Heart of Gold" and "Old Man," who held a press conference and a concert in Toronto last week to protest development of the oil sands. He compared the environmental impact to the 1945 bombing of Hiroshima in Japan.

That comparison "is as inaccurate as it is insulting to victims," Natural Resource Minister Joe Oliver told reporters Wednesday on a conference call.

The Nanos poll also found that 94 percent of Canadians have heard of the project, up from 92 percent in April. Of those surveyed, 48 percent had a positive impression of the project, down from 60 percent in April.

DADLEY REPUBLIC 1-16-2014

Keystone Canadian oil shipped to U.S. for years

By Merrill Matthews

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The fact is that the Keystone XL pipeline is simply an extension of an already existing program that is working well, creating jobs and expanding U.S. manufacturing. It should be an easy, and quick, decision for any president concerned about the economy.

Merrill Matthews is a resident scholar at the Institute for Policy Innovation in Dallas, Texas.

Deadly Derailment Won't Stop Oil on Trains

By Jonathan Fahey
Associated Press

A NEW YORK — train loaded with crude oil could soon roll through a town near you.

A fiery and fatal train derailment in July in Quebec, near the Maine border, highlighted the danger of moving oil by rail. But while the practice could be made safer, it won't be stopped in its tracks. This year, more trains carrying crude will chug across North America than ever before — nearly 2,400 carloads a day. In

2009, there were just 31 carloads a day.

Since the July 6 tragedy in Lac-Mégantic, where a runaway train carrying 72 carloads of crude derailed and killed 47 people, there have been calls for tougher

Analysis

regulations, stronger railcars and more pipelines.

But experts say the oil industry's growing reliance on trains won't be derailed anytime soon. There's just no other way to get vast amounts of oil from North

Dakota and Rocky Mountain states to refineries along the coasts, which are eager for cheaper, homegrown alternatives to imports brought in by boat.

"Stopping crude by rail would be tantamount to stopping oil production in a lot of the places it is now being produced," said Michael Levi, who heads the Council on Foreign Relations' program on energy security and climate change.

Even safety experts worried about the dangers of shipping oil by rail acknowledge that the safety

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record of railroads is good — and improving. The scope of the Lac-Mégantic disaster, which is still under investigation, appears to have been the result of uniquely bad circumstances, these experts say.

"Rail is going to remain a significant part of the way we move crude around the country for a long time," said Jason Bordoff, head of Columbia University's center on global energy policy. "I don't think this rail accident will significantly change that."

In the first half of this year, U.S. railroads moved 356,000 carloads of oil. That's a 48% increase from the same period last year and 66 times more than the same period of 2009. The Railway Association of Canada estimates that as many as 140,000 carloads of crude oil will be shipped on Canada's tracks this year, up from 500 carloads in 2009.

Whether crude traffic on the rails will continue to grow quickly depends on oil prices around the globe, but many North American refineries are gearing up for more.

While crude transport by rail has grown quickly, it still is a relatively small part of train traffic and the crude trade.

Just 1.4% of U.S. rail traffic in the first half of this year was crude oil, according to the Association of American Railroads, an industry group. Pipelines and tankers remain by far the most important way to move crude. Railroads and trucks together supplied just 3% of the crude oil that arrived at refineries last year, according to the Energy Department.

And of all the hazardous material trains carry, crude isn't the most volatile or hazardous.

Trains transport materials such as chlorine, phosphoric acid and propane — even rocket fuel for the space shuttle was moved by train. Railroads also move three quarters of the nation's ethanol — which is quicker to explode than crude — from Midwest farms to fuel terminals around the country for blending into gasoline.

Last year, the National Transportation Safety Board issued a safety recommendation to the Department of Transportation that suggested that all tank cars that carry crude and ethanol be outfitted with stronger protective equipment. The Lac-Mégantic accident increases pressure on regulators to adopt at least some of the recommendations, experts say.

Rail shipments of crude have spiked because oil is being produced in North Dakota in volumes far beyond what drillers had predicted five years ago. Pipelines take years to build and can be difficult to acquire land and permits for, so drillers and refiners needed railroads to quickly move the oil.

There also was big money to be made.

North Dakota crude has been selling for significantly less than similar crude that coastal refineries had been importing from the North Sea and West Africa. Even with the extra cost of shipping by rail, the benefit to refiners' bottom lines is sizable.

Railroads such as Union Pacific

and Burlington Northern Santa Fe also were eager to transport more oil by train. It has helped offset a steep decline in coal shipments, which occurred as the drilling boom led more utilities to produce electricity with natural gas.

But the torrid growth of crude shipments by rail isn't likely to continue.

Several new pipelines are planned, and prospects for controversial ones, such as the Keystone XL, may be helped by the devastation in Lac-Mégantic. Pipeline spills generally release more oil than train spills, but they are less frequent and not as dangerous to people.

Also, the price difference between North Dakota crude and imported crude, which had been as high as \$35 a barrel in November, has recently fallen to just \$3 a barrel, thanks in part to rising rail shipments.

Delivery of crude by rail will have staying power, though, experts say.

"Initially, rail was a placeholder, but [refiners] like the flexibility and speed to market it offers," said Anthony Hatch, a transportation analyst and consultant.

Shipping crude by rail is roughly \$5 to \$10 per barrel more expensive than shipping it by pipeline. But pipelines require refiners to enter into long-term contracts for delivery.

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