

No major objections to Keystone XL oil pipeline, State Department says

From Fox News

Published March 02, 2013

•Associated Press

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WASHINGTON – The State Department on Friday raised no major objections to the Keystone XL oil pipeline and said other options to get the oil from Canada to U.S. Gulf Coast refineries are worse for climate change.

But the latest environmental review stops short of recommending whether the project should be approved. State Department approval of the 1,700-mile (2,735-kilometer) pipeline is needed because it crosses a U.S. border.

The lengthy report says Canadian tar sands are likely to be developed, regardless of whether the U.S. approves Keystone XL, which would carry oil from western Canada to refineries in Texas. The pipeline would also travel through Montana, South Dakota, Kansas, Nebraska and Oklahoma.

The report acknowledges that development of tar sands in Alberta would create greenhouse gases but makes clear that other methods to transport the oil -- including rail, trucks and barges -- also pose a risk to the environment.

The State Department analysis for the first time evaluated two options using rail: shipping the oil on trains to existing pipelines or to oil tankers. The report shows that those other methods would release more greenhouse gases that contribute to global warming than the pipeline. The Keystone XL pipeline, according to the report, would release annually the same amount of global warming pollution as 626,000 passenger cars.

A scenario that would move the oil on trains to mostly existing pipelines would release 8 percent more greenhouse gases such as carbon dioxide than Keystone XL. That scenario would not require State Department approval because any new pipelines would not cross the U.S border.

Another alternative that relies mostly on rail to move the oil to the Canadian west coast, where it would be loaded onto oil tankers to the U.S. Gulf Coast, would result in 17 percent more greenhouse gas emissions, the report said.

In both alternatives, the oil would be shipped in rail cars as bitumen, a thick, tar-like substance, rather than as a liquid.

The State Department was required to conduct a new environmental analysis after the pipeline's operator, Calgary-based TransCanada, changed the project's route through Nebraska. The Obama administration blocked the project last year because of concerns that the original route would have jeopardized environmentally sensitive land in the Sand Hills region.

The administration later approved a southern section of the pipeline, from Cushing, Oklahoma, to the Texas coast, as part of what President Barack Obama has called an "all of the above" energy policy that embraces a wide range of sources, from oil and gas to renewables such as wind and solar.

The pipeline plan has become a flashpoint in the U.S. debate over climate change. Republicans and business and labor groups have urged the Obama administration to approve the pipeline as a source of much-needed jobs and a step toward North American energy independence.

Environmental groups have been pressuring the president to reject the pipeline, saying it would carry "dirty oil" that contributes to global warming. They also worry about a spill.

Industry groups and Republicans hailed the report, saying the Obama administration was moving closer to approving Keystone XL, which has been under consideration since 2008.

"No matter how many times KXL is reviewed, the result is the same: no significant environmental impact," said Marty Durbin, executive vice president of the American Petroleum Institute, the largest lobbying group for the oil and gas industry.

The report "puts this important, job-creating project one step closer to reality," Durbin said.

Environmentalists blasted the report.

"This analysis fails in its review of climate impacts, threats to endangered wildlife like whooping cranes and woodland caribou, and the concerns of tribal communities," said Jim Lyon, vice president of the National Wildlife Federation.

If Keystone XL would not speed tar sands development, "why are oil companies pouring millions into lobbying and political contributions to build it?" Lyon asked. "By rejecting the Keystone XL tar sands pipeline,

President Obama can keep billions of tons of climate-disrupting carbon pollution locked safely in the ground."

The draft report begins a 45-day comment period, after which the State Department will issue a final environmental report before Secretary of State John Kerry makes a recommendation about whether the pipeline is in the national interest.

Kerry has promised a "fair and transparent" review of the plan and said he hopes to decide on the project in the "near term." Most observers do not expect a decision until summer at the earliest.

Canadian Natural Resource Minister Joe Oliver said Friday that Canada will respect the U.S. review process and noted the importance of the pipeline to the Canadian economy. "Canada's continued prosperity will be determined by our ability to diversify markets for our energy products," Oliver said.

Obama's initial rejection of the pipeline last year went over badly in Canada, which relies on the United States for 97 percent of its energy exports.