



H.R. 1938: "Oil Disaster Promotion Act"

To direct the President to allow Canadian oil companies to build a dangerous and unnecessary pipeline through American lands and waters.

The dangerous and unnecessary Keystone XL tar sands pipeline is the next oil disaster in the making and a scheme by Canadian oil companies to increase America's fuel bill by \$4 billion per year. The pipeline is proposed by TransCanada to carry toxic and corrosive petroleum sludge from Canada's tar sands to deepwater port refineries on the Texas Gulf Coast where it can be exported overseas.

Representative Lee Terry (R-NE) introduced H.R. 1938 to expedite the pipeline's permitting process, despite a long list of unaddressed concerns from farmers and ranchers whose property is crossed by the pipeline's proposed route, local elected officials, members of Congress, the Environmental Protection Agency, aboriginal peoples, environmental groups, oil market economists, and over 265,000 citizens.

Top 5 Reasons to Oppose H.R. 1938:

1) Tar sands pipelines are dangerous. From the 840,000 gallon tar sands pipeline spill into Michigan's Kalamazoo River to the 12 spills along TransCanada's Keystone pipeline in its first year of operation, tar sands pipelines have proven to be dangerous.¹ Existing pipeline safety laws are failing to ensure safe transport of toxic and corrosive tar sludge, which is so thick that it has to be diluted with volatile natural gas liquids, pressurized, and carried at temperatures higher than 150° F to flow in a pipeline. The U.S. government should first complete spill investigations that are in process, conduct an assessment of tar sands pipeline safety, and develop any new safety standards needed to protect our lands and waters before making a decision on Keystone XL.²

2) Keystone XL will raise gas prices. TransCanada's Canadian permit application for Keystone XL clearly stated that the pipeline could be used to add up to \$4 billion to America's fuel bill.³ Prominent oil market economist Dr. Philip Verleger concluded that this would increase gas prices by 10-20 cents per gallon, especially in the Midwest, having the greatest impact on U.S. farmers.⁴ According to the Department of Energy, Keystone XL would add to a surplus of pipeline capacity for tar sands that will persist until after 2020.⁵ So, instead of increasing supply, Keystone XL will allow Canadian oil companies to limit the supply of their crude to Midwest refineries and divert it to Gulf Coast deepwater port refineries where it can be exported overseas.

¹ Oil Lingers in Kalamazoo River: <http://www.environmentreport.org/show.php?showID=520>; and PHMSA Corrective Action Order for the Keystone pipeline:

http://blog.nwf.org/wildlifepromise/files/2011/06/320115006H_CAO_06032011.pdf

² Tar Sands Pipeline Safety Risks: <http://www.nrdc.org/energy/files/tarsandsafetyrisks.pdf>

³ Keystone XL Pipeline Section 52 Application, Section 3: Supply and Markets: https://www.neb-one.gc.ca/ll-eng/Livelink.exe/fetch/2000/90464/90552/418396/550305/556487/549220/B-1f_-_Supply_and_Markets_%28Tab_3%29_incl_Appendix_3.1_-_A1I9R7?nodeid=549324&vernum=0

⁴ Philip Verleger: If gas prices go up further, blame Canada:

<http://www.startribune.com/opinion/otherviews/117832183.html>

⁵ Keystone XL Assessment: <http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/AssmtDrftAcpt.pdf?OpenFileResource>

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3) Keystone XL is an energy security mirage. Piping Canadian oil across America does not make it American oil. Increasingly, America is becoming the middle man in the global oil business. For instance, the CEO of Valero, which owns a large refinery that Keystone XL will service, recently said, “We do believe the future of refining in the U.S. is in exports.”⁶ Another large refinery that Keystone XL will likely service is the Motiva refinery, which is half owned by Saudi Arabia’s state-owned oil company, Saudi Aramco.⁷ According to the Department of State, Keystone XL “would not substantively influence...the overall volume of crude oil transported to the U.S. or refined in the U.S.”⁸ So, instead of bringing more oil supply to the U.S., Keystone XL will open Canada’s gateway to China and other markets overseas.⁹ The best path to energy security is innovation in our transportation sector that will create jobs and provide Americans a cleaner and more secure energy future.

4) The jobs numbers for Keystone XL don’t add up. While farmers and ranchers worry about the impacts of an oil spill on their livelihoods, TransCanada is exploiting Americans’ anxiety about the economy to garner support for Keystone XL. A TransCanada-commissioned study overestimates the job creation of Keystone XL by at least 13 times compared with an assessment by the Department of State.¹⁰ A clear example of the overestimation is that, for example, the pipeline will create 801 retail trade jobs in Nebraska. And if the local job creation from TransCanada’s year-old Keystone pipeline is any measure, America should be skeptical. In response to an inquiry from the South Dakotans, TransCanada reported that only 10.9% of the jobs from the Keystone pipeline were local and the highest-skilled, best-paying jobs went to out-of-state workers.¹¹

5) Keystone XL will deliver the most destructive oil on the planet. Keystone XL represents another attempt to chase dead-end energy strategies, without even taking the time to protect the people and wildlife that will put at risk of another oil disaster. Congress instead needs to act to launch an aggressive plan that includes real solutions to slash our dependence on oil, including better transportation choices and more efficient technologies. New and proposed fuel economy



standards would cut America’s demand for gasoline by a third over the next 20 years. That is 4 times the oil that could be delivered by Keystone XL, without any need for the devastating environmental destruction that attends it.

For More Information visit: www.nwf.org/tarsands

⁶ Valero CEO calls exports U.S. refining’s future: <http://www.reuters.com/article/2011/03/10/valero-refining-future-idUSWEN935620110310>

⁷ See footnote 3

⁸ Keystone XL SDEIS: http://www.keystonepipeline-xl.state.gov/clientsite/keystonexl.nsf/04_KXL_SDEIS.pdf?OpenFileResource

⁹ Why Keystone Pipeline Will Weaken US: <http://theyee.ca/Opinion/2011/05/27/KeystonePipeline/>

¹⁰ TransCanada’s Exaggerated Jobs Claims for Keystone XL: <http://www.nwf.org/Global-Warming/Policy-Solutions/Drilling-and-Mining/Tar-Sands.aspx>

¹¹ The Truth About Keystone XL Jobs: <http://plainsjusticeblog.wordpress.com/2010/09/15/the-truth-about-keystone-xl-jobs/>