

Pipeline Progress Stalled by Inspector General

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Thwarted again, the contentious Keystone Expansion pipeline project (Keystone XL) has been further stalled by an investigation by the Inspector General, and will likely surpass the State Department's self-imposed year-end deadline. The State Department recently avowed to reevaluate environmental impact reports allegedly drafted with conflicts of interest. The Inspector General's office said the review would "determine to what extent the department and all other parties involved complied with federal laws and regulations" in writing the report.

The Keystone Pipeline System, which transports crude oil and oils sands from Canada to Midwestern and Gulf states, was originally proposed by the TransCanada Corporation in 2005 and immediately faced opposition from the Communications, Energy and Paperworkers Union of Canada. However, the National Energy Board of Canada approved the Canadian section of the pipeline, converting a portion of TransCanada's Canadian Mainline gas pipeline to a crude oil pipeline and constructing the other sections.

In 2008 the Keystone XL expansion was proposed, immediately facing allegations from environmentalists that the pipeline delivers dirty fuels from oil sands at an exorbitant cost. Bituminous sands, known as oil or tar sands, are unconventional petroleum oil deposits. The sands contain naturally occurring mixtures of sand, clay, water and dense, extremely thick petroleum deposits. The process of extracting the petroleum from the sands has been criticized, as it is very costly and generates two to four times the amount of greenhouse gases per barrel than conventional crude oil.

If passed, the expansion will help to alleviate the United States' oil needs, as well as reduce the nation's reliance on imported oil from the Middle East and other unstable areas.

Additionally, the expansion project will create thousands of jobs during this economic recession. Proponents stress the great value and need for this project, as there is no proposed alternative to deal with the nation's growing and diverse energy needs. The pipeline expansion project was given a 'thumbs up' by Secretary of State Hillary Clinton in 2010, prompting a surge of Congressional outcry. On June 23, 2010, fifty members of Congress spoke out against the pipeline expansion in a letter to Clinton, and on July 6, 2010 the House Energy and Commerce Committee Chairman, Henry Waxman, asked the State Department to block the Keystone XL project. Soon after, the Environmental Protection Agency questioned the expansion project's environmental impact report draft as being "unduly narrow" in its address of oil spill response plans, safety issues and greenhouse gas concerns. The final environmental impact statement was released on August 26, 2011 and will be reevaluated by the Inspector General.

With election season looming, President Obama announced that he will personally decide whether to enact the \$7 billion expansion project, which led to crowds of thousands of protestors outside the White House on Sunday, November 6, 2011. Quickly becoming a polarizing issue, proponents tout the increase in jobs the expansion will provide to the chagrin of environmentalists who warn against oil spills, increased greenhouse gas emissions and the increased economic burden of supporting the expanded Keystone System. In addition to considering the policy ramifications of this decision, President Obama will be making some mental election calculus. If the President rejects the proposed expansion he will likely be accused of destroying jobs; but allowing the expansion to go forward may likely lose him the support of activists who helped propel him into the White House in the first place.

And yet the Keystone XL issue has grown beyond the impact of its 1,700 miles of pipeline and all of the hyped enviro-political implications. The expansion project is viewed by

many as portentous of how Congress and the Administration will address essential energy and environmental decisions in the future. In his decision President Obama will be setting standards which will govern the future development of both energy industries and environmental policy for future generations. President Obama should consider not just the palpable consequences of his decision in terms of the upcoming election politics, but also the impact on the economic recession and environmental policy that his decision will create.

Sources:

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