



Will Oil from Canada's Keystone XL Pipeline Go to U.S. or China?

There is no resolution yet on a proposed \$7 billion Canadian-U.S. oil pipeline, as President Obama has continued to delay his decision on whether to approve it. Before the construction and operation of TransCanada's Keystone XL pipeline expansion can progress, the President, through the U.S. State Department's permitting process, must grant final approval — an approval which has been in political limbo for the past three years.



In a bill passed in July by the U.S. House of Representatives, the North American-Made Energy Security Act obliged the President to decide by November 1 whether to move forward with the 1,700-mile pipeline, which would transport Canadian crude oil from the Athabasca Oil Sands in northeastern Alberta, Canada, to Steele City, Nebraska, and then on to the Gulf Coast.

As *The New American* [reported](#) two weeks ago, political opposition and environmental rhetoric hover around Obama's verdict to approve the Keystone XL pipeline. Opponents insist that the pipeline would cause "catastrophic" aftereffects, resulting in destroyed landscapes, contaminated wildlife, and severe air and water pollution. One of the more dramatic concerns is over two particular terrains which the pipeline would cross: a wetland ecosystem called the Sandhills in Nebraska, and the Ogallala Aquifer, one of the world's largest fresh water reserves.

At a Grand Island district board meeting in October 2010, TransCanada spokesman Jeff Rauh [detailed](#) the route crossing through the Ogallala Aquifer. When questioned by central directors about the pipeline's likelihood of inflicting environmental damage on the aquifer, Rauh attested that the effects from a spill would be minimal. Further, he pointed out that the oil's movement through groundwater is steady and gradual, and if a spill did occur, the affected area would encompass only about 300 feet around the spill.

In another forum, Rauh was questioned on the probable outcomes of severe climate-related events — a meaningful argument for opponents who claim the pipeline's physical structure is built with inexpensive, Chinese-made material. When asked about the pipeline's ability to withstand natural disasters, Rauh [responded](#), "[The Keystone XL pipeline] has the toughness and flexibility to deal with those events, and [is] designed to operate safely in the event of an earthquake."

Although opponents do pose valid concerns, the degree of damage from a leak or spill would be nominal, and the pipeline's construction and technology are designed to cope with such occurrences.



Written by [Brian Koenig](#) on August 15, 2011

The Trans-Alaska Pipeline became [operational](#) in 1977, and while leaks and accidents have occurred — as in every other medium of energy extraction — such "catastrophic" scenarios which environmental doomsayers tout have never materialized.

A couple of weeks ago, Canada's Natural Resources Minister, Joe Oliver, met with White House officials, Energy Secretary Steven Chu, and Republican leaders to discuss the Keystone XL pipeline and Canada's dedication to developing its oil sands in an environmentally sustainable manner. Oliver told the group that the pipeline is prepared to send 30 million barrels to the United States every two months — the same amount President Obama released from the Strategic Petroleum Reserve during the turmoil in Libya.

"We remain optimistic that the government understands that this is a very important project for the United States to provide secure energy from a reliable friend and partner," Oliver [told](#) leaders at the Canadian embassy in Washington. "It will generate a huge amount of economic activity and a large number of high-quality union jobs, construction jobs in the short term and many more jobs moving forward." Further, Oliver assured the group that the Canadian government is dedicated to dealing with environmental concerns in the "most responsible way possible." "It's clearly a win-win for both countries, and I remain optimistic," he declared.

A week before Oliver's visit to Washington, Canada announced a \$53 million regime dedicated to "cutting-edge clean energy technology," which includes monitoring the environmental effects of oil sands production on air, water, plants, and animals. Oliver compared the per-barrel pollution of the Keystone XL pipeline to heavily produced oil areas in California and Saudi Arabia, and noted that the Alberta fields account for 0.1 percent of global greenhouse gas emissions. "In absolute terms, total oil sand emissions are equivalent to emissions from coal-fired electricity generation in Wisconsin," Oliver added.

TransCanada affirms that their pipeline systems are digitally monitored 24 hours a day, and in the event of an accident, TransCanada staff are able to shut down the pipeline and isolate the affected pipe section in a matter of minutes. The company [explains](#) on its website the safety and efficiency of pipeline oil transportation:

Pipelines are the safest method for the transportation of petroleum products when compared to other methods of transportation. Steel pipelines provide the safest, most efficient and most economical way to transport crude oil. Each year, billions of gallons of crude oil and petroleum products are safely transported on pipelines. If they do occur, pipeline leaks are small; most pipeline leaks involve less than three barrels, 80% of spills involve less than 50 barrels, and less than 0.5 percent of spills total more than 10,000 barrels.

In looking beyond the environmental factors of the Keystone XL pipeline, analysts pose the question: Who should benefit from such vast sums of new oil — China or the United States?

Oil extraction is a delicate concern for the EPA and environmental activists because the process involves surface-mining the tar sands, which can potentially — but rarely, if ever, severely — scar the landscape and emit more greenhouse gas than traditional crude oil production. But in the case of the Keystone XL pipeline, extraction methods are irrelevant to the United States; the decision is up to the Canadian government. President Obama's decision is not whether to *extract* the oil, but whether to *transport* it.

So regardless of Obama's decision to authorize the pipeline, the oil will likely be produced — which, if



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the President does not grant approval, means only that instead of the oil heading south to the United States, it will exit to China and other countries. A subsidiary of the China National Oil Company has already offered \$2.1 billion to [buy](#) a Canadian oil sands producer in Calgary.

Indeed, observers say this is what environmentalist groups neglect to note: that Canada's selling oil to China, India, and other countries will have no environmental benefit for the United States. But what it will do is abandon thousands of high-paying jobs and further increase U.S. energy dependence on oil produced by tyrannical regimes.

[A new study](#) published by Canada's Fraser Institute and the Competitive Enterprise Institute rates the mores and values of 38 oil-producing nations, analyzing eight measurements of women's freedoms and 17 different variables of civil, political, and economic freedoms. According to the study, of all 38 countries, Canada and Norway are the only two with whom the United States shares common values and individual freedoms.

In support of the pipeline, Rep. Adam Kinzinger (R-Ill.), a member of the House Energy and Commerce Committee, [posed](#) an argument on the U.S. House floor:

What does the pipeline mean for the United States and for Illinois? For starters it means creating more than 100,000 American jobs. It means 1.3 million barrels of oil from our friends to the North, which means we will need less oil from the Middle East, less oil from Venezuela, less oil from countries we can no longer rely on and are not friendly to the interests of the United States. And, it means \$5.2 billion in new property tax revenue for bankrupt states.

The State Department has at their discretion the authority to decide if the US benefits from the pipeline. The fact is that someone will benefit from the oil out of Alberta. If it's not the United States it will be China, unless we take immediate action to expand the Keystone pipeline — and it will be American businesses and consumers who will suffer the consequences from our inaction.

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