



April 22, 2013

Via email: keystonecomments@state.gov

U.S. Department of State
Attn: Genevieve Walker, NEPA Coordinator
2201 C Street NW, Room 2726
Washington, D.C. 20520

Re: Western Energy Alliance comments on the draft Supplementary Environmental Impact Statement (SEIS) for the Keystone XL pipeline

Dear Ms. Walker:

Western Energy Alliance submits the following comments on the draft Supplementary Environmental Impact Statement (SEIS) for the Keystone XL pipeline. We appreciate the opportunity to participate in the process. Western Energy Alliance supports the Department of State's SEIS for this project and notes the extensive review Keystone XL has already undergone in the four years since TransCanada first submitted its permit request. Each review of the pipeline has shown no significant impact, and we believe it is time to move forward with the project.

Western Energy Alliance represents over 400 companies involved in all aspects of environmentally responsible extraction and production of oil and natural gas in the West. We represent independent producers, most of which are small businesses with an average of twelve employees. Many of our members operate in North Dakota and Montana, and will benefit from the construction of Keystone XL as a way to relieve some of the transportation bottlenecks from the Bakken. Operators have turned to rail and truck transportation because of lack of pipeline capacity. Keystone XL offers a safer and more environmentally protective method of crude oil transport.

The Keystone XL pipeline will have significant short and long-term economic impacts. TransCanada is poised to employ 9,000 Americans to construct the pipeline, including pipefitters, welders, mechanics, electricians, heavy equipment operators, and others.¹ In addition to direct construction jobs the project will support more than 42,000 jobs over the next 2 years, increasing Americans' income by \$2 billion, as stated in the SEIS. Further, Keystone XL will add \$172 billion into the U.S. GDP by 2035, and provide over \$500 million in state and local taxes along the route and over \$5 billion in property taxes over the

¹ <http://keystone-xl.com/about/jobs-and-economic-benefits/>, accessed on April 18, 2013.

lifetime of the project, allowing counties to invest in new schools, roads, hospitals, and infrastructure.²

Approval of the Keystone XL pipeline will increase U.S. energy security. Increasing oil imports from Canada, a secure, stable and longstanding friendly neighbor, will reduce U.S. oil imports from volatile, unstable regimes overseas. In addition to oil from Canada, TransCanada is dedicating ¼ of the pipeline's capacity to transport crude oil from Montana and North Dakota.³ This will encourage more production from the Bakken, and further U.S. energy independence.

Environmental groups claim Canadian oil sands will cease to be developed if Keystone XL is not built, but the draft SEIS finds this to be wrong. It concludes that, "...it is unlikely that construction of the proposed Project would have a substantial impact on the rate of development of the [Western Canadian Sedimentary Basin] oil sands." Oil is a global market, and world demand is estimate to increase to 112 million barrels/day by 2035, a 30% increase over 2010 consumption.⁴ Canadian oil sands will be developed to meet this increasing demand, and we believe it benefits the U.S. to bring that oil to U.S. refineries and processing facilities where it will be turned into refined products that can be sold to the world.

Indeed, even with a shortage of pipeline capacity in Canada and the Midwestern U.S., oil production continues to increase rapidly as railroads have stepped in to ship crude oil by tanker car. The draft SEIS finds there is a "proven ability of rail to transport substantial quantities of crude oil profitably." The fact that 32 oil-loading terminals currently operate in Canada and more are being built confirms that finding. On the U.S. East Coast, refineries are adding rail terminals and ordering tanker cars to bring cheaper oil from Alberta, North Dakota and Montana.⁵ Failure to build Keystone XL will simply result in more oil traveling to the West and East Coasts by rail.

Even though rail is a viable option for oil transport, pipelines are the most cost efficient and safest way to transport crude oil, according to the U.S. Department of Transportation.⁶ There will be less risk to the environment if oil can be transported through the Keystone XL pipeline, which would be built and monitored with cutting-edge technology. In 2011, TransCanada invested more than \$800 million in its maintenance and pipeline integrity programs, and they have agreed to 57 special conditions over and above what is required by law.⁷

² [Pacific Access: Part I – Linking Oil Sands Supply to New and Existing Markets](#), Canada Energy Research Institute, July 2012.

³ <http://keystone-xl.com/about/energy-security/>, accessed April 18, 2013.

⁴ [EIA International Energy Outlook 2011](#), U.S. Energy Information Administration, September, 2011.

⁵ [Oil Industry Investing in Rail Depots: An Alternative to Keystone](#), Institute for Energy Research, January, 2013.

⁶ [Pipeline and Hazardous Materials Safety Administration](#), U.S. Department of Transportation

⁷ <http://keystone-xl.com/safety/pipeline-integrity/>, accessed April 18, 2013; [Keystone XL Environmental Responsibility](#), TransCanada.

The Keystone XL pipeline will increase U.S. energy security and independence, and has become one of the most thoroughly studied infrastructure projects. Construction of the pipeline will benefit our members by providing needed infrastructure to transport their oil production from the Bakken. The current draft SEIS again finds no significant impact from Keystone XL, and we agree that it will benefit the U.S. economy as well as our relations with Canada. After so much study and consideration we urge the Department of State to move ahead with the Keystone XL permit and allow us to reap the benefits of increased trade with Canada.

Sincerely,



Kathleen M. Sgamma
Vice President of Government & Public Affairs