



Administration refuses Keystone Pipeline permit

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President Barack Obama on Jan. 18 set back the construction of the Keystone XL Pipeline extension that would send crude oil from Alberta, Canada, and from upstream domestic sources to Gulf Coast terminals in Texas, a project that proponents believe would create 20,000 jobs, tied to construction alone, throughout the new line and improve the state's refinery jobs outlook.

Having walked a few steps along a statutory plank, and satisfied with the State Department's recommendation, the president rejected a request for a construction permit that TransCanada Keystone Pipeline LP has sought since 2008.

White House spokesman Jay Carney said the president denied the permit because the State Department, which has spearheaded a multi-agency review, would need more time to determine a new route through Nebraska that would avoid Nebraska's Sand Hills, a 20,000-square-mile expanse of groundwater and grassland which, according to the U.S. Fish and Wildlife Service, supports ranching and wildlife.

When President Obama in December signed legislation that extended the nation's "payroll tax holiday" through Feb. 29, 2012, he approved a provision therein that set a Feb. 21 deadline to grant TransCanada a permit to build the 1,700-mile pipeline unless "the President determines that the Keystone XL pipeline would not serve the national interest."

The president issued a statement that read, in part: "As the State Department made clear last month, the rushed and arbitrary deadline insisted on by Congressional Republicans prevented a full assessment of the pipeline's impact, especially the health and safety of the American people, as well as our environment. As a result, the Secretary of State has recommended that the application be denied. And after reviewing the State Department's report, I agree."

The deadline was a congressional Republican political ploy designed to truncate the national interest review and force the administration to approve the permit, Carney said.

"Republicans went from opposing that [tax cut] to being ambivalent about it to suddenly deciding — because they were going to have to go along with it in the end, because it was the right thing to do and their constituents were telling them that it was the right thing to do ... — they needed some sort of political victory," Carney said. "And this [deadline] was what they settled on — an attempt to hijack the process, to short-circuit a review process that needs to be conducted properly, in order that all the prerogatives here are considered."

The administration's announcement unleashed a blistering avalanche. Reaction from the region's Texas congressional and state legislative delegations was swift and fierce, notably in its characterization of radiating economic and national security implications.

"From an economic standpoint and America's energy security, this decision makes no sense," said U.S. Rep. Kevin Brady, the ranking Republican on the Joint Economic Committee. "The Obama economy continues to struggle and millions of Americans continue to look for work. Why is he turning down jobs in energy, reliably produced in our backyard?"

"For three years, the administration has dithered, as this project has been studied to death and every opposition to it answered to the satisfaction of experts. This is — at best — a short-sighted decision and — at worst — the kind of crass political pandering that turns so many people off on politics and virtually everything that comes out of Washington. ... American workers, who have packed public meetings in southeast Texas looking for an opportunity to work, have also been waiting too long to get this back of the hand from their president."

This is a matter in which the Obama administration should not just say no, U.S. Rep. Ted Poe said.

"Not only did the administration say no to the Keystone XL Pipeline, it said no to thousands of union jobs that would be created in construction, and no to more jobs in refineries," Poe said. "It said no to our stable ally to the North, Canada, who is one of our closest trading partners. It said no to Americans who are struggling to pay the high cost of fuel just to get to work."

Poe identified numerous "victors" in the administration's denial, including, "the unstable Middle Eastern nations who control the supply of U.S. oil; the malicious dictators, like Chavez, who have declared America their enemy while at the same time enjoying the benefits of our business, and Ahmadinejad, who threatens to close the Strait of Hormuz; [and] the radical environmental lobby who is so blinded by its hatred of 'big oil' that it overlooks the fact that pipelines are without a doubt the most cost-effective, safe and environmentally sound way to transport oil and natural gas."

U.S. Sen. John Cornyn said the president's deeds are discordant with his words.

"The president has said he wakes up every morning thinking about jobs, but a decision to reject the Keystone XL pipeline will do nothing but extend the jobs crisis and send thousands of U.S. jobs and valuable oil overseas," Cornyn said. "It's a terrible example of election-year politics where the American people are collateral damage."

Poised to run for the state's new 36th Congressional District seat, State Sen. Mike Jackson said this was a politics vs. jobs issue and, at the White House, politics won.

"This is another example of how Barack Obama is a cynical hypocrite when it comes to showing leadership for our nation," Jackson said, asserting that the president is "pandering to his radical environmentalist friends who he needs for his re-election campaign."

TransCanada applied for the permit in 2008. The decision on whether to grant the permit is comprised of two distinct processes — one concerning environmental impact and the other centered on national interest — which the State Department oversees because of the proposed project's transnational scope.

The project passed environmental scrutiny. The route and the overall project cleared the environmental review in August after TransCanada agreed to meet 57 construction standards that exceed those contained in federal environmental regulations.

The next phase, the national interest review, was where the administration raised the stop sign. Personnel from agencies that collected data for that review heard testimony, during public field hearings, about the risk of building a line through Sand Hills, Assistant Secretary of State Kerri-Ann Jones said in a Nov. 10 press briefing in Washington.

Although Sand Hills was not a problem from an environmental perspective, protecting the

ecosystem became a national interest issue, Jones said in her November statement, adding then that "... we have decided really to focus on looking at alternative routes that would minimize or avoid the Sand Hills, and we had not done that in the environmental impact statement."

TransCanada has long advocated that the pipeline, the first two legs of which already pump oil to markets in Cushing, Okla., and in Illinois, serves U.S. interests in job creation and in the development of a crude oil source to the Gulf Coast from a friendly nation and from northern states that neither an enemy nation nor a Gulf Coast hurricane could impede.

Project representative Jim Prescott told Houston Community News for its Jan. 13 report that the Canadian energy community and the Canadian government — consistent with their own fiduciary and national interests but not as an ultimatum — were exploring alternative markets for their oil, including potential customers in China and in India.

TransCanada apparently is not the only entity involved that has alternatives. Proponents of pipeline construction on Capitol Hill vow to explore their options as well.

"This is not the end of the fight," House Speaker John Boehner said.

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