

## **Keystone XL Pipeline: Obama Administration Announcing It Will Not Go Forward With Controversial Plan**

**By Tom Zeller**

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WASHINGTON -- Acting on a recommendation from the State Department on Wednesday, President Barack Obama denied a permit for the contentious Keystone XL pipeline proposal, which would have linked a vast oil deposit in Alberta, Canada, to refineries on the Texas Gulf Coast.

In rejecting the permit, Obama laid blame on Republicans in Congress, who forced passage of a measure late last month requiring the administration to render a decision on the pipeline by Feb. 21.

"As the State Department made clear last month," Obama said in a prepared statement, "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."

Though the denial of the permit was a major blow to the company behind the project, TransCanada, the president emphasized that his decision does not preclude any subsequent permit application for this or similar projects.

"In the months ahead, we will continue to look for new ways to partner with the oil and gas industry to increase our energy security -- including the potential development of an oil pipeline from Cushing, Oklahoma to the Gulf of Mexico -- even as we set higher efficiency standards for cars and trucks and invest in alternatives like biofuels and natural gas," Obama said.

TransCanada responded by immediately saying it would reapply for a permit.

"While we are disappointed, TransCanada remains fully committed to the construction of Keystone XL," said Russ Girling, the energy infrastructure company's president and chief executive officer, in a statement. "Plans are already underway on a number of fronts to largely maintain the construction schedule of the project," he continued. "We will re-apply for a Presidential Permit and expect a new application would be processed in an expedited manner to allow for an in-service date of late 2014."

Assistant Secretary of State Kerri-Ann Jones said in a press briefing that any new application "would trigger a completely new process. We cannot state that it would be expedited in any way." But she also acknowledged that environmental reviews are legally allowed to use

information that is publicly available, including previous environmental impact statements. "The body of information that is out there would inform a new application," said Jones.

The news of the State Department's decision comes after White House Press Secretary Jay Carney announced at a Tuesday afternoon press conference that Obama cannot approve the pipeline by the Feb. 21 deadline imposed by Congress.

It also comes after House and Senate lawmakers signaled they would introduce new legislation pushing the permit forward even if the Obama administration rejected the pipeline proposal. That bill, drafted by Sen. John Hoeven (R-N.D.), would shut the White House out of the Keystone decision-making process, leaving Congress with full authority to approve the pipeline, which would stretch an estimated 1,700 miles from tar sands in Canada to oil refineries along the Gulf Coast.

The State Department had been charged with granting a permit for the project because the pipeline would cross an international border. Rejecting that permit may prevent the project from moving forward as conceived, but sources familiar with the process tell The Huffington Post that TransCanada should be able to build a southern portion of the pipeline -- between Oklahoma and Texas -- without further approvals. TransCanada can also reapply for the border crossing at any time, the sources said.

The pipeline has been at the center of a bitter and long-running battle between environmentalists, who feared both oil spills and the vast carbon footprint of the project, and oil industry supporters, who argued that the pipeline promised copious oil from a nearby and friendly source.

Author and environmentalist Bill McKibben, the founder of 350.org who spearheaded the movement against the pipeline, reacted to the news in a statement on Wednesday afternoon.

Assuming that what we're hearing is true, this isn't just the right call, it's the brave call. The knock on Barack Obama from many quarters has been that he's too conciliatory. But here, in the face of a naked political threat from Big Oil to exact 'huge political consequences,' he's stood up strong. This is a victory for Americans who testified in record numbers, and who demanded that science get the hearing usually reserved for big money.

We're well aware that the fossil fuel lobby won't give up easily. They have control of Congress. But as the year goes on, we'll try to break some of that hammerlock, both so that environmental review can go forward, and so that we can stop wasting taxpayer money on subsidies and handouts to the industry. The action starts mid-day Tuesday on Capitol Hill, when 500 referees will blow the whistle on Big Oil's attempts to corrupt the Congress.

For their part, pipeline advocates were quick to condemn the administration for its actions, accusing the president of trying to drum up support from environmentalists in an election year.

"Blocking the Keystone pipeline would be an enormous mistake by the Obama administration," said H. Sterling Burnett, a senior fellow with the National Center for Policy Analysis. "We need the oil and we need the jobs it would bring. This is as 'shovel ready' as anything Obama has proposed, yet because his radical environmental constituency objects, he's apparently halting the pipeline. He simply needs their support too much in an election year."

Conservative think tank American Action Forum chimed in, calling the president's decision "a disaster for major energy infrastructure investments" and blasting out a list of grievances that ranged from the argument that the decision would stifle job creation in the Midwest to claims that it would help China "assume a major position" in North American oil.

The White House also announced that Obama on Wednesday had called Canadian Prime Minister Stephen Harper to personally convey his administration's decision on the Keystone pipeline and affirm the close alliance between the U.S. and Canada.

Sara McIntyre, a spokeswoman for Prime Minister Harper, confirmed the phone call.

Harper expressed "profound disappointment with the news," according to McIntyre. The prime minister also emphasized to Obama that Canada will continue to work to diversify its energy exports, suggesting that alternative routes designed to move oil from Alberta's vast, landlocked resources to the global marketplace are almost certain to be considered.

The prime minister's disappointment was reiterated by Canada's natural resource minister, Joe Oliver, who described Obama's decision as "regrettable" during an afternoon press conference.

"The responsible development of the enormous resources provided by our oil sands is expected to create hundreds and hundreds of thousands of jobs across the country, generating significant economic benefits," Oliver said. "We cannot underestimate the fact that these benefits fund critical services for Canadians, including health care and education."

Oliver echoed Harper's suggestion that Canada would seek to export its oil with or without Keystone XL. "Today's decision by the Obama administration," Oliver said, "underlines the importance of diversifying and expanding our markets -- including the growing Asian market -- to help ensure the financial security of Canadians and families for decades to come."

Carney, the White House spokesman, emphasized for the second day in a row that the administration believed Congress had forced the State Department into an untenable decision by demanding a decision on the pipeline permit by Feb. 21.

"The Republicans put in jeopardy a process that should be immune from politics, should be conducted on the basis of pragmatic and considered analysis, and tried to hijack it," Carney said at his daily press briefing.

Carney added that the administration was particularly concerned that under that law, a decision about an alternative route through Nebraska, which many environmental groups and other stakeholders had called for, would have to be made in an "arbitrary fashion." The Huffington Post has previously reported that the State Department repeatedly rejected efforts by other government agencies to compel it to evaluate alternative routes through Nebraska, long before the most recent uproar.