

U.S. support building for pipeline, says Girling

BY REBECCA PENTY, CALGARY HERALD JULY 8, 2011

An article in the Wall Street Journal championing TransCanada Corp.'s proposed Keystone XL pipeline as an economic driver for a country hurting for jobs is evidence of support south of the border, president and CEO Russ Girling said Thursday.

The TransCanada executive said the opinion piece suggested the last phase of a \$13-billion pipeline project would offer economic stimulus to a country facing a high unemployment rate of 9.1 per cent is a vote of confidence.

"The benefits are clear to us and anyone who read the Wall Street Journal article this morning will see some other people are starting to get that as well," Girling told the TD Securities 2011 Calgary Unconventional Energy Conference.

The Wall Street Journal piece positioned Keystone XL, the Calgary-based pipeline and energy giant's proposed pipeline extension that would connect bitumen from Alberta's oilsands to thirsty refiners on the U.S. Gulf Coast, as a ready-made solution sitting in U.S. President Barack Obama's lap that would help correct a soaring U.S. jobless rate and high gasoline prices and reduce reliance on oil from foreign dictatorships.

The publication called Keystone XL a "shovel-ready, multibillion-dollar" project that would create 100,000 jobs.

"If Mr. Obama were drawing up a plan from scratch to boost union employment and deflate Iranian-ally Hugo Chavez of Venezuela, it might look like Keystone XL," the Wall Street Journal piece argued.

The project, which would double TransCanada's current export capacity to the U.S. from the existing Keystone line to Cushing, Okla., -bringing total pipeline capacity to 1.1 million barrels per day -needs a so-called presidential permit by U.S. Secretary of State Hillary Clinton, promised by the year's end.

Extensive reviews have meant TransCanada has been waiting since September 2008, nearly three years, for approval.

And landowner groups and environmental organizations are promising to block the endeavor, even if the permit is issued.

The article points out that the pushback from Washington's leading environmental watchdog that criticized Keystone XL over risks in a letter to the U.S. State Department early last month, the U.S. Environmental Protection Agency, has more to do with opposition to further crude deliveries from Alberta's much-maligned oilsands into the United States, versus pipeline safety itself.

"U.S. greens loathe oil, and the tarsands has become the next Alaska in green mythology. We get that. But what about jobs and growth?" the article asks.

Girling said he believes the average American supports Keystone XL and polling in Nebraska shows most Nebraskans do, too.

"The opposition isn't about our pipeline. The opposition is about the development of the Canadian oilsands and an environmental movement that would like to see that operation shut down," he said.

But U.S. Gulf Coast refiners want Alberta oil and access to the stockpiles of crude sitting at Cushing with no place to go, TransCanada argues.

Girling said Keystone XL would "alleviate 100 per cent" of the bottleneck in Cushing, which has caused glut in supply of landlocked West Texas Intermediate crude that's driving down its market price versus Brent -a spread that was almost \$20 per barrel Thursday.

He pointed out the U.S. State Department that will decide on a permit ruled in April 2010 that Keystone XL would have little environmental impact.

[Brian Jorde](#), a lawyer at an Omaha law firm that is counseling landowners to reject TransCanada's easement agreements, said a legal fight over access to private properties for the pipeline is inevitable, if the firm gets its permit.

The court battle between what Jorde called a "substantial" number of Nebraska landowners who largely oppose the pipeline for environmental reasons could drag on, Jorde said.

The company could apply to invoke eminent domain in Nebraska, where it says only 42 landowners -or 10 per cent along the pipeline route -have yet to sign easement agreements in which TransCanada offers compensation to dig and lay down pipe on their land.

TransCanada sent letters to those refusing to sign, making a final offer and informing about its right to seek eminent domain.

But company spokesman Terry Cunha said the firm followed up three weeks ago by mail, saying it would have an "open negotiation" with landowners.

TransCanada in discussions about LNG export possibility TransCanada Corp. is well positioned to build and own future liquefied natural gas export projects from North America, the company's president and CEO said Thursday.

Russ Girling told a Calgary conference his company would "compete as hard as anybody" for opportunities to develop LNG export capacity, if the market interest shows in the form of long-term contracts from gas buyers - likely from Southeast Asia.

"If these markets want long-term natural gas, they'll get built," Girling said at the TD Securities 2011 Calgary Unconventional Energy Conference. "We're trying to work with all parties that are proposing those kinds of things."

"At the end of the day it's logical for an infrastructure company with a balance sheet like ours would be the logical owner and builder of those kinds of facilities," Girling said, noting Southeast Asian companies with solid balance sheets could enter as partners.

Speaking to reporters afterwards, Girling said there's a lot of nonpublic discussion among companies in Canada and the U.S. that are examining LNG export outside of those that have been announced, but it's still early days. "There's a lot of conversation that goes on about a lot of other projects being discussed," Girling said.