

# Keystone pipeline



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Malina Stone Mr. Forente Ethics January 15, 2013 Keystone XL Pipeline Project Have you ever wondered how toxic sludge is transported from where it was created to where it is disposed of? Well, this has become a hot button issue in the White House. Apparently, there are enormous pipes buried in ground right now transporting barrels of tar sands oil in America's mid-west. The purpose of these pipes is to move crude oil from one place to another. Another reason for the Pipelines is to meet the needs of the American consumers.

Texas has one of the largest oil manufacturing industries in all of North America; and that alone is not supplying the needs of Americans. The Keystone XL Pipeline will have a positive impact for The United States. For instance, in 2010, a 1, 900 mile pipeline was approved to run from Alberta, Canada to Illinois. This line produces 35 hundred barrels of tar sands oil a day. In 2011, they added 300 miles to Oklahoma; adding this line increased the production to about 590, 000 barrels of tar sands oil a day.

TransCanada has applied for a permit to add 1, 700 miles of pipeline from Alberta, Canada to Steele City, Nebraska, then to connect it to Texas's gulf coast. This could increase the barrels of tar sands oil to one million a day. TransCanada, a Canadian energy company, recently proposed a multi-billion dollar project. They are attempting to get a permit for a pipeline called, the Keystone XL Pipeline Project. The pipeline will be used to transport raw toxic tar sands oil and constructed, " from the Canadian border to connect to an existing pipeline in Steele City, Nebraska. (UPDATE) TransCanada, who is the lead producer of the pipeline, has applied for a Presidential Permit, which is required as the pipeline will cross the Canadian/United States border.

President Obama's Administration denied the proposal. As reported, on stateimpact. npr. org, "[t]he administration said at the time that TransCanada could reapply after finding an alternate route through Nebraska." TransCanada has since reapplied, on May 4th 2012; and are now anticipating approval within the first quarter of 2013. What impact might this have on Americans? Is this pipeline the best option for Americans or is a "green" approach a better option?

What taxation concerns exist? The pipeline is a better option than the alternative "green" solutions, may create much needed jobs for Americans, and will offer taxation benefits for the American people. One big question everyone asks is, "is this the best option for the United States, or is going green a better option?" This pipeline threatens to cause environmental havoc, in both Canada and the United States. Environmental organizations have been lobbying against the pipeline due to the potential negative impact it can have on air, water, wildlife, and farmland.

They believe that tar sands oil is the dirtiest oil in the world. The line will cross major rivers, including Missouri River, Yellowstone and the Red River, as well as farmlands and wildlife preserves. Environmentalists fear that if the pipeline will corrode and spill into rivers, lakes, farmland, and wildlife preserves. "In the summer of 2011 a tar sands pipeline spilled one million gallons of toxic heavy oil into Michigan's Kalamazoo River. This illustrates the dangers this type of uniquely corrosive oil will bring along the Keystone XL route," according to NTSB.

However, there are other factors to consider as well. The unemployment rate in America has skyrocketed in the last few years. The green job study,

according to CERI (Canadian Energy Research Institute), predicts job losses from the increased cost; brought on by the adoption of alternative green energy. However, according to CERI the pipeline project could create up to 10, 000 jobs by the end of 2013. By 2015 it will increase to 45, 000 and close to 85, 000 jobs in 2020. By 2035 we could be looking at an increase in by 500, 000 jobs. Contrarily, according to the U.

S Department the pipeline would only create 6, 500 temporary construction jobs, and would only leave a couple hundred of permanent job. The NRDC withheld this information from the people. Only time will tell just how many Americans will be put to work as a result of this project; but any number will benefit the American people. Another thing that Americans are concerned with is if the Canadian tar sands oil will be taxed; since it will be sent to Foreign Trade Zones (FTZ) for refining. According to the American Petroleum Institute (API) they state: Duties: Canadian oil sands crude imports, like Mexican crude imports, are not subject to duties under NAFTA. This designation applies regardless of whether the crude is imported into an FTZ or not. Income Tax: Refiners will pay the same income tax from sales irrespective of whether a product is consumed in the U. S. or exported. This is true whether or not the refinery is in an FTZ. Motor Fuel Excise Taxes: The federal and state taxes are imposed on motor fuels, the revenues of which are dedicated to federal and state transit programs. For practical purposes, industry merely collects and remits these taxes to the government when motor fuel is sold domestically.

To the extent product is exported, these taxes are not applicable. Because these taxes apply after refining, only on motor fuels for domestic use, the

FTZ status of a refinery has no connection to their imposition and collection.

Conclusion: Ultimately, if the petroleum products are exported, from the FTZ or not, they are still refined in U. S. refineries by U. S. workers and the U. S. economy benefits from an improved balance of trade from all exports. ?

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