KEYSTONE XL
IMPORTANT UPDATE & ACTION ALERT
Monday, February 07, 2011

- ***WASHINGTON POST* EDITORIAL: "SAY YES TO THE KEYSTONE"** – In an editorial this weekend, the *Washington Post* endorsed Keystone XL, rejecting the primary arguments that opponents of the pipeline have set forth to defeat the project. [WaPo]

- **IN MEETING WITH OBAMA, HARPER TOUTS KEYSTONE –** Canadian Prime Minister Stephen Harper met with President Obama on Friday in Washington D.C. and they discussed the issue of the Keystone pipeline. During a press conference following their bilateral meeting, the Prime Minister noted with respect to the Keystone XL pipeline project and Canadian energy sources: "The choice that the United States faces in all of these matters is whether to increase its capacity to accept such energy from the most secure, most stable and friendliest location it can possibly get that energy, which is Canada, or from other places that are not as secure, stable or friendly to the interests and values of the United States." State Department spokesman P.J. Crowley said U.S. officials agree with Harper that "seeking energy from stable trading partners is definitely in our national interest." The pipeline project remains under review, Crowley said. [AP Story]

- **U.S. DEPT. ENERGY STUDY: KEYSTONE WILL REDUCE MIDEAST OIL DEPENDENCE –** A study the U.S. Department of Energy (DOE) commissioned and recently made public finds that the Keystone XL pipeline would help reduce U.S. imports of foreign oil from sources outside of North America. DOE commissioned the analysis for the U.S. Department of State as part the environmental review of Keystone XL's Presidential Permit application. Key findings of the study include: **(1)** construction of Keystone XL would not change global refinery CO2 and total life cycle greenhouse gas emissions (GHGs), and **(2)** the principal choice for Western Canadian crude oil exporters over the next 20 years is between moving increasing oil volumes to the U.S. or Asia. If more oil is shipped to Asia instead of the U.S., this would lead to higher U.S. imports of crude oil from non-Canadian sources, notably the Middle East. For more information on other key findings in the report, click here.

- **IN CASE YOU MISSED IT -** TransCanada's 2009 market assessment report for Keystone XL to Canadian regulators (Market Assessment Report) is currently being grossly misrepresented by some in the environmental community. Any increased prices for Canadian crude oil will not lead to increased gasoline prices for consumers at the pump. Prices at the pump will drop when America's largest refining region (the Gulf Coast) becomes less dependent on the world's highest priced crude (OPEC). Key facts to keep in mind:
  - ✓ Oil prices are fundamentally set by OPEC.
  - ✓ Canadian oil is the cheapest oil American refineries can buy; refiners secure Canadian crude oil at a discount – approximately $65 per barrel of Canadian crude versus $90 per barrel for oil from the Middle East.
  - ✓ Keystone XL will provide more access to cheaper Canadian oil by displacing higher priced foreign oil from the Middle east and Venezuela

- ✓ If American refiners purchase more low cost western Canadian oil and U.S. crude oil from Montana and the Dakotas through Keystone XL, they can be more competitive and could then afford to sell gasoline and diesel at lower prices to American consumers.
- ✓ Keystone will bring 1,100,000 Bbl/d of American and Canadian oil to the U.S. market. Basic economics will tell you that adding an increased supply of any product to a fixed market will cause the price to go down, not up. More supply also means greater reliability and lower volatility.
- ✓ Furthermore, as Keystone transports 535,000 incremental barrels per day of crude oil into the Mid-west refining market, this will force prices of other crudes down as competing companies attempt to retain their market share. We are already seeing this. Since Keystone began moving barrels to the Mid-west, light and medium crude oil prices in this market have declined approximately $6 a barrel versus the OPEC price reflecting the benefits of increased supply.
- ✓ Mid-west U.S. refineries have been benefiting from a temporary oversupply of crude oil that has reduced the price of Canadian crude oil in that market on an intermittent basis. Keystone XL will reduce that oversupply which will likely reduce the discount Canadian crude oil suppliers receive in the Mid-west region. Even after this impact, Canadian crude oil will still be the lowest cost crude supply available.

- ❑ **TAKE ACTION TO SUPPORT KEYSTONE XL -**