

RPTS MCKENZIE  
DCMN HOFSTAD

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EXPEDITING THE KEYSTONE XL PIPELINE:

ENERGY SECURITY AND JOBS

FRIDAY, DECEMBER 2, 2011

House of Representatives,  
Subcommittee on Energy and Power,  
Committee on Energy and Commerce,  
Washington, D.C.

The subcommittee met, pursuant to call, at 10:40 a.m., in Room 2123, Rayburn House Office Building, Hon. Ed Whitfield [chairman of the subcommittee] presiding.

Present: Representatives Whitfield, Sullivan, Shimkus, Terry, Burgess, Olson, McKinley, Griffith, Upton (ex officio), Rush, Inslee, Castor, Markey, Engel, Green, and Waxman (ex officio).

Staff Present: Charlotte Baker, Press Secretary, Jim Barnette, General Counsel; Michael Beckerman, Deputy Staff Director; Patrick Currier, Counsel, Energy and Power; Garrett Golding, Professional Staff Member, Energy and Power; Cory Hicks, Policy Coordinator, Energy

and Power; Ben Lieberman, Counsel, Energy and Power; Dave McCarthy, Chief Counsel, Environment and the Economy; Gib Mullan, Chief Counsel, Commerce, Manufacturing, and Trade; Andrew Powaleny, Assistant Press Secretary; Lyn Walker, Coordinator, Admin/Human Resources; Jeff Baran, Minority Senior Counsel; Caitlin Haberman, Minority Policy Analyst; Angela Kordyak, Minority DOE Detailee; and Alexandra Teitz, Minority Senior Counsel, Environment and Energy.

Mr. Whitfield. I call today's hearing to order.

Today's hearing on the Keystone XL pipeline is a direct response to the administration's failure to issue a permit to build this pipeline.

Earlier this year, the Obama administration led us to believe they would make a decision on the pipeline by December 31st, 2011. Now the administration says they are incapable of making a decision before 2013. And I might add that the original application was filed in April of 2008. In the meantime, tens of thousands of American workers are forced to wait at least another year for possibly the most shovel-ready of all projects.

The announcement to delay a decision until after next year's election to me appears to be blatantly political. The President had a golden opportunity to take bold action and create jobs for America, and he declined to do so. It appears that he is appeasing environmentalists and casting aside the opportunity to create jobs.

Opponents of the Keystone pipeline continually deceive the public with a series of misguided statements, such as how pipelines transporting diluted bitumen are dangerous or that the pipeline will increase gasoline prices or how killing the pipeline will stop oil sand production.

Rather than confront those opinions with my own words, I want to simply read a series of quotes:

"Having Canada as a supplier of our oil is much more comforting than having other countries supply our oil" -- Secretary of Energy

Steven Chu.

"Both synthetic crude oil and diluted bitumen are similar in composition and quality to the crude oils currently transported in pipelines in the U.S. and being refined in gulf coast refineries." That was in the State Department's Final Environmental Impact Statement.

"Gasoline prices in oil markets served by the gulf coast and the east coast refiners would decrease, including the Midwest." That was the Deputy Assistant Secretary of Energy for Policy and Analysis, Carmine DiFiglio.

"It is a bit naive to think the oil sands would not be developed if they don't build that pipeline." That was former White House economic advisor Austan Goolsbee.

So while the President's own advisors make numerous statements about the Keystone pipeline that completely rebut all arguments against it, why does the administration insist on waiting another minimum of 12 to 15 months to make a decision on this project?

But even without their answers, I think it is very safe to assume this latest delay has nothing to do with pipeline safety, oil sands production, or even the State of Nebraska. Instead, it has everything to do with appeasing a small, vocal group of opponents of this project.

We in Congress, like the President, make policy decisions based on our best information and best judgment. Most important decisions that we make involve economic and policy risks. Since the President did not act, Congress, in my view, must act. And if we do nothing,

the American people will have to wait at least another year, until after the election, to enjoy the benefit of the energy security and jobs that the pipeline can bring.

So we must find a way forward, and we must find it fast. And today we want to explore what the pipeline means to our job creation and the economy. We want to know what remains of the review process and how it can be corrected.

I might also say that the Pipeline and Hazardous Materials Safety Administration has suggested 57 additional safety measures for this pipeline, which TransCanada has agreed to meet. This is the most technologically advanced and safest pipeline ever proposed. It has 16,000 data points along its 1,661-mile route to monitor flow rates and pressure and detect leaks. That is a sensor for every 548 feet.

I want to thank all of the witnesses for being here with us today to explore this important project, and we look forward to your testimony.

And, at this time, I would like yield time and recognize the ranking member of the subcommittee, Mr. Rush, for his opening statement.

[The prepared statement of Mr. Whitfield follows:]

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Mr. Rush. I want to thank you, Mr. Chairman.

And today we are holding a hearing to discuss ways to force the Obama administration to recklessly and expeditiously make a decision on the Keystone XL pipeline, even after the Republican-controlled legislature and the Governor in Nebraska just recently voted to reroute the pipeline away from the ecologically sensitive Sand Hills region in their district.

As I understand it, Mr. Chairman, the Nebraska bill was just signed into law 2 weeks ago, on November 22nd, I might add. And it formalizes the State's plans to conduct its own supplemental environmental review of a yet-to-be determined new route for the pipeline. And that State-level review would not even be completed before mid to late 2012.

Mr. Chairman, it is hard for me to believe that a party that espouses States' rights wants to trample over the rights of the State of Nebraska. Mr. Chairman, I believe that it is entirely appropriate, even necessary, for the administration to conduct a thorough review of the pipeline's new proposed route before they issue a final decision.

We all understand that under the current Republican majority in the Congress issues such as environmental protection, safety laws, and health safeguards are all secondary in importance to allowing industry to move forward unfettered and unrestricted. But I, for one, believe the Obama administration is acting prudently and responsibly and legally, as the law requires, in allowing the State of Nebraska to conduct its own environmental review of the new route, making its own

decision on this new proposed route.

If this was truly solely about jobs for my Republican colleagues, then they would not be trying to stifle each and every aspect of every job-creating program that President Obama has been begging, pleading, and pushing the Congress to act on, including new infrastructure projects which would put thousands of construction workers back to work. If this committee, if my Republican colleagues wanted to work on creating jobs, then why not support the American Jobs Act?

It appears to me that this is just one more in a long line of opportunities for my Republican colleagues to try to hammer the Obama administration and portray the President as not doing enough to spur job creation, when, in fact, it is the majority party in this House -- your party, Mr. Chairman -- who have stated that it is their number-one priority, their highest priority, their definite chief aim, their main goal is to make President Obama fail, regardless of how it affects the rest of the country.

With that said, Mr. Chairman, I am very interested to hear from all of our panelists on the issue of jobs stemming from this pipeline as well as the research and development of green alternative fuel projects.

Mr. Chairman, I yield the rest of my time to Mr. Green of Texas.

[The prepared statement of Mr. Rush follows:]

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Mr. Green. Thank you, Mr. Chairman.

I thank my ranking member for allowing me to give a statement.

I am extremely disappointed with the State Department's announcement there would be an additional delay of at least 15 months on the grant permit for the Keystone XL pipeline. It has been 38 months, 3 years and 2 months, since TransCanada first filed an application to the Department of State to build and operate the Keystone project. This demonstrates that already an extensive review has gone toward the project, given that other international pipelines were granted within 18 to 24 months.

It is in our national interest to have a secure and stable source of crude oil now, and there are thousands of jobs on the line, and our economy is still trying to recover. I represent five refineries in the Houston area who would like to be a customer of our closest neighbor to the north. I am disappointed with the direction the administration has taken, and I hope the project can afford this unnecessary delay. I unfortunately do know that our construction workers cannot afford delay.

And, Mr. Chairman, I appreciate you inviting all my friends to be our witnesses today before our committee.

My hope is this committee will develop thoughtful, bipartisan legislation that can pass both the House and the Senate. This issue has become so contentious, and yet it is simply about jobs and energy security. We have worked together on this in the past, and hopefully we will be able to continue to work on it.

And I thank the gentleman for the time.

[The prepared statement of Mr. Green follows:]

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Mr. Whitfield. At this time, I recognize the chairman of the full committee, Mr. Upton of Michigan, for his opening statement.

The Chairman. Well, thank you, Mr. Chairman. And I want to thank you for holding this hearing, although it is a hearing that I wish was not necessary.

For months, the White House assured us a final decision on Keystone XL pipeline would come by the end of 2011. In fact, when we approved earlier legislation on the House floor to guarantee a timely decision on the long-overdue project, a formal statement of administration policy called the bill "unnecessary" because the State Department was committed to reaching a decision by December 31st.

Then, as we know, last month the White House announced what many of us had feared: that this administration had no intention of making a decision on this vital project. You see, the longer the project has been delayed, the louder the advocates and detractors have become. And while environmentalists wage an aggressive campaign against the pipeline in a futile attempt to halt oil sands production that will continue regardless of this decision, workers represented by some of today's witnesses are clamoring for the immense job-creation potential of the pipeline.

Unwilling to take a position, the White House simply put it off until after the Presidential election next November. And just a few yards from scoring the go-ahead touchdown, the administration called a 14-month timeout.

The President had a chance to green light a private-sector project

that would immediately create 20,000 pretty high-wage construction jobs, strengthen our Nation's energy security, and create perhaps as many as another additional 118,000 spinoff jobs. But he didn't do that. Instead, he placed election-year politics perhaps above jobs and the good of the country.

The President has been using the slogan, "We can't wait," as he travels around the country, but "wait" is exactly what he told the workers who want to build and support the pipeline. "Wait" is what he told families and industries looking for secure, reliable energy supplies.

And, unfortunately, this wait could last forever. That is because another lengthy delay could, in fact, kill the project, at least for the United States. We are not the only country in need of Canada's oil supplies, and our northern neighbor could very well look to other customers around the globe if we continue to stall. Canadian Prime Minister Stephen Harper recently talked about, and I quote, "the necessity of Canada making sure that we are able to access Asian markets for our energy products," saying that will be an important priority of his government going forward, particularly if we continue to say no.

This pipeline is a rare opportunity for us to access energy from our closest friend and ally, Canada; reduce dependence on less reliable sources, such as Venezuela, Nigeria, the Middle East. Have we learned nothing since 1973? A steady stream of oil from Canada, North Dakota, and Montana delivered to U.S. refineries at the lowest transportation

cost could help stabilize not only U.S. oil prices but also the price of gas and other refined products. It just makes sense to keep the refining here at home, which obviously means jobs and stable supplies.

I recently visited a pipe manufacturer who has miles of pipe ready to go for use on this very pipeline. Without a decision, it sits idle in a stockyard, waiting for the White House to do the right thing, waiting for the White House to take American workers off the bench, and say "yes" to a project that not only creates American jobs but also increases our energy security.

Today's hearing allows us to discuss where we go from here, take a closer look at this pipeline, the promise for job creation. I look forward to hearing from our witnesses.

And I yield the balance of my time to the gentleman from Nebraska, Mr. Terry.

[The prepared statement of the chairman follows:]

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Mr. Terry. I thank the chairman for yielding some time to me.

This is about jobs -- good, high-paying labor jobs. And I think we have a good solution going forward, a bill that will be introduced after this hearing today, with the support of the full committee chair, subcommittee chair, and I think everybody that is sitting here right now, which would recognize Nebraska's compromise to move the pipeline off of the Sand Hills area and reroute it.

It is the goal of those that are engaged in the negotiations -- our State legislature, DEQ, Governor's office, TransCanada -- that they think they could have the siting and the environmental study finished within about 6 months. Frankly, it is a move of about 50 or 60 miles off of some sensitive area. It is a good compromise.

So the bill that I am introducing, with the support of the people I just mentioned, recognizes that when the Nebraska Department of Environmental Quality is finished, they will submit that then, according to our legislation, to FERC, who is the expert agency in pipelines and understands pipeline safety and will understand much greater than the State Department about pipeline safety. And then we will have a shot clock of 30 days to review that supplemental to the supplemental to the EIS, to determine whether it is appropriate. And then we will issue the permit.

The point of this is to avoid the politics and get to the jobs.

I yield back.

[The prepared statement of Mr. Terry follows:]

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Mr. Whitfield. Thank you.

At this time, I recognize the ranking member of the full committee, Mr. Waxman of California, for his opening statement.

Mr. Waxman. Thank you, Mr. Chairman.

We all want more jobs. And that is why I support and I think probably all of our witnesses support the President's jobs program, which is being blocked by the Republicans because they don't want it to be paid for by any increases on taxes for billionaires in this country. Instead, they want to get jobs from areas that benefit some of their best friends, the oil companies particularly.

My greatest concern is that Keystone XL would make us more reliant on the dirtiest source of fuel currently available. On a lifecycle basis, tar sands emit far more carbon pollution than conventional oil -- almost 40 percent, by some estimates. And what this pipeline would do would be to carry a sludge made from Canadian tar sands through the middle of America, a 2,000-mile pipeline. That is because it takes huge amounts of energy to take something of the consistency of tar, which they mine in Canada, and turn it into a synthetic oil.

We should be reducing our oil dependence and using cleaner fuels, but Keystone is a big step in the opposite direction. By moving tar sands oil to gulf coast refineries, the Keystone XL pipeline would open world markets to tar sands oil. The pipeline would remove existing constraints on tar sands production, dramatically increasing carbon pollution for decades. It would be the equivalent to building five large coal-fired power plants.

Last month, the International Energy Agency issued its authoritative World Energy Outlook for 2011. IEA found that, in just 5 years, business-as-usual investments in energy infrastructure will lock in enough carbon pollution to commit the world to potentially devastating warming of 11 degrees Fahrenheit or more. The IEA's chief economist called such an outcome, quote, "a catastrophe for all of us," end quote.

We face a choice: business as usual and climate catastrophe, or making the necessary changes in our energy infrastructure to mitigate the damage. Keystone XL is the wrong choice.

Supporters of this project make a number of arguments that just don't stand up to scrutiny. They say this pipeline will enhance energy security for the United States, but the Department of Energy found that we will have excess pipeline capacity from Canada for the next decade or more, even without Keystone XL. And there is nothing to stop gulf coast refineries from simply exporting the refined product. That doesn't improve our energy security.

The Obama administration's fuel economy standards will do more to boost our energy security, by saving 1.8 billion barrels of oil while saving consumers money at the pump. And yet the Republicans -- some Republicans in the leadership here in the House are beating up the Obama administration for establishing these fuel economy standards.

Supporters also say that if we don't build Keystone XL, the oil will go west to Asia. Well, that is far from certain. There are legal and political hurdles for a large new pipeline to Canada's west coast,

including unified opposition from more than 70 First Nations with aboriginal land and water rights in the pipeline route. A de facto tanker ban also exists off the British Columbia coast. In June, Alberta's energy minister said that, absent new pipelines, quote, "Our greatest risk in Alberta is that by 2020 we will be landlocked," end quote.

One argument we will hear today is legitimate: The project would produce several thousand short-term construction jobs. It is on all of our minds, and it is certainly on the minds of our witnesses today. People in this country need jobs, particularly in the hard-hit construction industry. But with this project, we will be paying a very high price over a very long time for some short-term benefits. Instead, we should be focusing on good clean energy jobs that are going to last.

There is going to be \$38 trillion invested in new energy infrastructure over the next 20 years. Our new economic growth and our national security will be determined by whether we succeed in building these new industries. I support the administration's decision to take some additional time to do a thorough evaluation of the climate and other environmental impacts of this proposed pipeline. It is imperative that we start to move to a clean energy economy now. Keystone XL will take us in the opposite direction.

I yield back the time.

Mr. Chairman, I would like to ask unanimous consent my full statement be made a part of the record.

[The prepared statement of Mr. Waxman follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

Mr. Waxman. And, further, I would like to ask unanimous consent that we enter into the record written statements from the Transport Workers Union of America and the Cornell University's Global Labor Institute. The Transport Workers Union testimony discusses the reasons for their opposition to the Keystone XL pipeline. And the Global Labor Institute testimony discusses their analysis of the job estimates associated with this project. The Institute's conclusion is that the pipeline will produce far fewer jobs than has been claimed.

Mr. Whitfield. Without objection.

[The statements follow:]

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Mr. Whitfield. And I would also like to ask unanimous consent that a rebuttal of the Cornell University study by Dr. Ray Perryman be placed into the record, as well.

[The rebuttal follows:]

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Mr. Whitfield. At this time, I would like to introduce our witnesses.

We do thank you very much for taking time to be with us today on this very important issue.

We have with us today Mr. Alex Pourbaix, president, energy and oil pipelines, TransCanada Corporation.

We have Mr. Brent Booker, who is the director of the construction department for Laborers' International Union of North America.

We have Mr. Jeffrey Soth, who is the assistant director, Department of Legislative and Political Affairs, the International Union of Operating Engineers.

We have Mr. David Barnett, who is special representative, United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, Pipe Line Division.

We have Mr. Bruce Burton, who is international representative for the International Brotherhood of Electrical Workers.

We have Mr. Jerome Ringo, who is the chief business officer of BARD Holdings, Incorporated.

And then we have Ms. Jane Kleebe, executive director of Bold Nebraska.

So, once again, we welcome all of you.

We are going to recognize each one of you for 5 minutes for your opening statement. In the middle of the desk, there is a little light. So when it goes red, then your 5 minutes are up.

We are going to try to get through these opening statements before we have votes on the floor, and I don't know if we will be successful or not.

But, Mr. Pourbaix, I will recognize you for 5 minutes for your opening statement.

STATEMENTS OF ALEX POURBAIX, PRESIDENT, ENERGY AND OIL PIPELINES, TRANSCANADA CORPORATION; BRENT BOOKER, DIRECTOR, CONSTRUCTION DEPARTMENT, LABORERS' INTERNATIONAL UNION OF NORTH AMERICA; JEFFREY SOTH, ASSISTANT DIRECTOR, DEPARTMENT OF LEGISLATIVE AND POLITICAL AFFAIRS, INTERNATIONAL UNION OF OPERATING ENGINEERS; DAVID L. BARNETT, SPECIAL REPRESENTATIVE, UNITED ASSOCIATION OF JOURNEYMEN AND APPRENTICES OF THE PLUMBING AND PIPEFITTING INDUSTRY OF THE UNITED STATES AND CANADA, PIPE LINE DIVISION; BRUCE BURTON, INTERNATIONAL REPRESENTATIVE, INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS; JEROME RINGO, CHIEF BUSINESS OFFICER, BARD HOLDINGS, INC.; JANE KLEEB, EXECUTIVE DIRECTOR, BOLD NEBRASKA

#### STATEMENT OF ALEX POURBAIX

Mr. Pourbaix. Thank you, Mr. Chairman.

TransCanada is a \$50 billion energy infrastructure company with more than 60 years of experience in the responsible development and reliable operation of North American energy infrastructure. We employ over 4,200 employees, with half of those employees in the United States. In addition, we operate the largest gas pipeline system in North America, over 40,000 miles, with the capability to transport 20 percent of the natural gas produced in North America every day.

Keystone will bring many benefits to the United States, but I believe the most important role that Keystone will play is to bring energy security to the United States during what has been recently some

very unsettling times overseas. When you boil down the debate on this project, I believe it comes down to a simple question for Americans: Do they want secure, stable oil from a friendly neighbor in Canada, or do they want to continue to import high-priced conflict oil from unfriendly regions, such as the Middle East or Venezuela?

Keystone XL will help secure that stable supply of oil by linking Canadian and U.S. crude supplies with the largest refining markets in the U.S. Canada's oil reserves are vast -- 175 billion barrels. This compares to the United States reserves of 21 billion barrels.

And I think a lot of people forget that, while transporting oil from Canada, Keystone will also transport domestic U.S. crude oil. We expect to move 100,000 barrels a day of oil from the North Dakota and Montana area to Cushing in the gulf coast, and we further expect to pick up 150,000 barrels of oil from Cushing to transport back to the gulf coast.

Growing domestic U.S. oil production has long been a goal of the United States, but this production cannot grow effectively if it cannot reach market. The fact that this pipeline access is needed is apparent in the very significant price discount that U.S. mid-continent producers have been receiving for their production.

This project will also create valuable jobs for Americans. Construction of the segment from Cushing to the gulf coast would have created over 4,000 construction jobs next year in Kansas, Oklahoma, and Texas. These are high-paying jobs: pipefitters, welders, mechanics, electricians, heavy-equipment operators. Construction of

the northern segment through Montana, South Dakota, and Nebraska would have created an additional 9,000 construction jobs. On top of that, there are 7,000 manufacturing jobs associated with this project -- 20,000 jobs in all.

These thousands of direct construction jobs were planned to begin next year. The majority of them were union jobs. They would have started only a couple of months from now. Contracts and subcontracts have already been awarded to dozens of U.S. companies. Americans were hired and ready to go to work.

Local businesses along the route would have also benefited from the 118,000 spinoff jobs Keystone would have created through increased business for local restaurants, hotels, and suppliers.

Keystone is expected to add \$20 billion to the U.S. economy, and the project will pay over half a billion dollars in taxes just during construction alone.

The need for prompt approval of the Keystone project is particularly crucial today, when U.S. consumers are struggling to keep cope with the high cost of gasoline. Specifically, the Keystone XL project has the capability to reduce by almost 50 percent U.S. dependence on OPEC oil supply.

The type of Canadian crude that Keystone would ship is very similar to the heavy crude that is already refined by gulf coast refiners. Canadian oil is not new or different. At present, more than 2 million barrels a day of Canadian crude is imported and refined daily at refineries all over the U.S.

I wanted to take 1 minute to talk about pipeline safety. Many people have talked about pipeline safety, and I want to assure everybody that one of TransCanada's core values is to ensure the safety of our facilities for our employees and the communities that we go through.

Keystone will be safe. We are using the latest technologies and the strongest steel pipe to build the pipeline. We have agreed to implement 57 additional pipeline safety and integrity conditions that significantly exceed the current Federal standards. They include such requirements as burying the pipe deeper in ground, conducting increased inspections, and placing more isolation valves along the route.

This pipeline will be monitored 24 hours a day, 7 days a week. We have 21,000 data points along the entire route of the pipeline that are linked to satellites which feed data to our control center every 5 seconds. In if any of these sensors detect a drop in pressure, the control center will remotely close valves, isolating the line and shutting it down within minutes.

I will emphasize that the project has already gone through a thorough review process. This has been by far the most exhaustive and detailed review ever conducted of a crude oil pipeline in the U.S. In fact, the State Department in the FEIS concluded that Keystone XL would be the safest pipeline ever constructed in the U.S.

We submitted our Presidential permit 40 months ago and are now faced with a potential delay of a further 12 months or more, bringing the total time period for this process to 50 months. The length of this review was unprecedented and was certainly beyond anyone's

reasonable expectations.

Mr. Whitfield. The gentleman's time has run out. If you want to conclude, respectfully.

Mr. Pourbaix. I am happy to do so.

Once again, just to finish off, the fundamentals of this project have not changed. Keystone will help reduce the U.S. reliance on higher-priced, unstable foreign oil from Venezuela and the Middle East and replace it with secure supplies from Canada. We are going to create 20,000 American jobs at a time when unemployment is high.

This project is needed. The benefits are clear. But time is absolutely of the essence to receive the approvals we need so Americans can begin to experience the benefits of Keystone. We can create jobs immediately, and we would very much like to get started.

Thank you.

[The prepared statement of Mr. Pourbaix follows:]

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Mr. Whitfield. Thank you very much.

I wasn't aware of it; we do have a vote on the floor right now, and we have about 3 minutes left in the vote. And we are going to have a total of about seven votes, which means it will probably be an hour before we get back. So I want to apologize to you in advance.

We do have some marvelous little delicatessens downstairs, where you can get yogurt and drinks and cookies. Mr. Rush said on my dime.

But, anyway, we will look forward to hearing all of your testimony when we come back, and then we will start our questioning.

Thank you very much.

[Recess.]

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DCMN HOFSTAD

[12:25 p.m.]

Mr. Terry. [Presiding.] Thank you for all of your patience. If there are witnesses out in the hallway, if we can roust them.

And I think Mr. Booker was next. Since Mr. Booker is not in place and the fumes are already taking over, Mr. Barnett, do you mind if we start with you?

So, at this time, Mr. Barnett, if you would give us your statement, 5 minutes. Go ahead.

**STATEMENT OF DAVID L. BARNETT**

Mr. Barnett. Thank you, Congressman Terry.

Good morning, Chairman Whitfield, Ranking Member Rush, Chairman Upton, Ranking Member Waxman, members of the subcommittee. My name is David Barnett, and I am a special representative with the United Association of Plumbers and Pipefitters, which represents more than 340,000 members in the United States and Canada. I want to thank you for allowing me to testify today.

On a personal note, I am a third-generation, 35-year member of the United Association. I began my career 35 years ago on the Trans-Alaska pipeline project alongside my father. Pipelines is all I have ever constructed, and I guess that is what brought me here today.

United Association is the leading trade union representing piping

crafts, including pipeline workers, in the United States and Canada. My home local union, 798, based in Tulsa, Oklahoma, is a nationwide local of pipeliners, which would comprise the largest single craft working on the Keystone XL project. As an organization, United Association invests roughly \$200 million in training to assure that our pipeliners and other members are the best trained and most highly skilled our industry has to offer.

The United Association strongly supports the Keystone XL pipeline for several good reasons.

Keystone XL is a project that represents billions of dollars in capital investment, hundreds of millions in tax revenue, and approximately 13,000 construction jobs. I cannot emphasize enough how important these jobs are. The construction industry has wrestled with unemployment as high as 27 percent over the last 2 years. During this time, we have seen countless working families lose their livelihoods, their homes, and, in some cases, their hope of building a better life. These are not just jobs we are talking about today, they are American families.

One of the best parts about this project is that it is funded entirely with private-sector dollars, which means that all of these benefits come at zero cost to the taxpayer.

According to the U.S. Department of Energy's Energy Information Administration, oil and natural gas will be needed to meet over half of our energy needs through at least 2035. For this reason, it is critical for us to secure a reliable, long-term supply of crude oil.

Standing in the way of this objective, however, are significant supply-side challenges, including Middle East instability in key oil-producing regions, as well as substantial growth in worldwide demand due in large part to emerging economies like China and India.

Keystone XL will help us overcome these challenges. Our friends in Canada command the third-largest oil reserves in the world and already provide us with more oil than any other country. With Keystone, we will be able to get more of our oil from Canada and less from places like the Middle East, which I think is good for America.

A variety of claims have been made about the environmental impact of the Keystone XL. The fact of the matter is that the Keystone XL project has been subjected to the most extensive review of any pipeline project in recent memory, including a careful review by the State Department, which concluded that it would have no significant impact on the environment.

Canada's oil sands are going to be developed whether we build this pipeline or not. In fact, it appears that TransCanada's next best option after a pipeline south to the U.S. would be a pipeline west to serve China. It is hard to see how the environment is better off with the oil from Canada being processed by China rather than the U.S.

As noted, the members of the United Association represent one of the most highly trained and qualified pipeline workforces in the world. In addition, while pipelines are already the most environmentally safe method for transporting petroleum products, TransCanada has pledged to make Keystone XL the safest of all pipelines in America by using

puncture-resistant steel, coating the pipeline with a corrosion-resistant shell, burying it deeper under the ground, installing 24-hour monitoring systems, and, yes, signing a project labor agreement with the best workforce in the world.

Let me make one additional point in closing. There are pipelines in the U.S. that we should be concerned about. Across the country there are thousands of miles of 50- and 100-year-old oil and gas pipelines that are well beyond their useful life. We have seen increasing numbers of these pipelines explode or burst, causing senseless deaths and jeopardizing public health. One example, the Kalamazoo River. That is an older pipeline that should have been replaced some time ago.

Our whole country -- business, labor, and government -- should be able to get behind efforts to repair or replace these unsafe pipelines. However, in focusing attention on the Keystone XL, we have zeroed in on the model pipeline rather than the problem pipelines. Our hope in the United Association is that we can move forward with the Keystone XL pipeline and on to a discussion of those pipelines which do pose a problem.

Thank you again for the opportunity to testify today.

[The prepared statement of Mr. Barnett follows:]

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Mr. Terry. Perfect timing.

We are going to move back, then, from our left to right as we see it.

Mr. Booker, you have 5 minutes. Thank you.

#### **STATEMENT OF BRENT BOOKER**

Mr. Booker. Mr. Chairman, on behalf of the half-million members of the Laborers International Union in North America, I want to thank you and the members of the committee for holding this hearing.

LIUNA strongly supports the construction of the Keystone XL pipeline, which will move oil from deposits in Canada to existing refineries into Texas, Oklahoma, and the Midwest. Our union has been involved with this project for 3 years, and we believe that the benefits of this pipeline are too many to allow it to be derailed by environmental extremists.

The Keystone XL will create good-paying jobs here in the United States and Canada and will increase the Nation's energy security by providing a reliable source of crude oil from a friendly and stable trading partner. And it will provide State and local governments with new revenue that can help them provide the needed services to the public.

For many members of the Laborers, this project is not just a pipeline; it is, in fact, a lifeline. As you may know, the construction sector has been particularly hard-hit by the economic recession.

Unemployment in construction is far higher than any industry sector, with over 1.1 million construction workers currently without a job in the United States. Too many hardworking Americans are out of work, and the Keystone XL pipeline will change that dire situation for thousands of them. No one can argue that this project won't create thousands of good jobs for construction workers almost immediately, and the construction economy desperately needs the massive infusion of private capital generated by the Keystone XL pipeline.

TransCanada has executed a project labor agreement that will cover nearly all of the pipeline construction, guaranteeing that the overwhelming majority of the work is the kind of high-road employment that allows workers to earn family-supporting wages and benefits.

It is also clear that additional jobs will be created in the extraction and refining of the oil, as well, and the manufacturing and service sectors. While economic experts may disagree as to the scale of the impact, there is no dispute that the construction and maintenance of the Keystone XL will have a ripple effect of consumer spending that will have a positive impact on the States and communities where the pipeline will be located.

We know there are many groups outside the construction industry that do not understand the positive impact that the Keystone XL pipeline will have for workers. These groups hold the unrealistic belief that if the project is not built, the development of the oil sands will cease. However, the evidence is overwhelming that, with or without the Keystone XL pipeline, there will likely be no effect on the production

of oil from western Canada.

Unfortunately, many of these groups have resorted to attacking the nature of the work that members of unions have chosen as careers. They believe that construction jobs are of lesser value because, by its very nature, a construction project has a completion date, and therefore that individual job will come to an end eventually. They call these jobs "temporary" in order to diminish their importance. And they recruit others to join with them in a chorus of negativity, proclaiming that those jobs have no real value to society. They should be ashamed of themselves.

Even in these terrible economic times, most employees in the construction industry work full-time, and many work over 40 hours a week. Construction workers may work evenings, weekends, and holidays to finish jobs or take care of an emergency. Inclement weather can halt construction work, which workers usually do not get paid for. Construction projects also create work for people with many different talents and educational backgrounds -- managers, clerical workers, accountants, engineers, inspectors, for instance.

I would suggest to those that seek to dismiss the nature of the work that LIUNA members are engaged in should perhaps think long and hard about the people whose value they seek to diminish before so quickly dismissing the nature of their professions.

Construction of this pipeline will also produce needed government revenue at the Federal, State, and local levels. These new resources can help our local governments protect their communities from harmful

budget cuts that have led to layoffs and the elimination of much-needed services.

There are also considerable environmental benefits associated with the transport of oil imports from Canada via the Keystone XL pipeline. Regardless of where it comes from, gulf coast refineries will continue to seek supplies of heavy crude oil. Failure to secure crude oil from Canada will force these facilities to continue their reliance on oil supplied by foreign regimes where environmental regulations scarcely exist. The oil will be carried by oil tankers that often employ low-wage workers largely drawn from nations other than our own.

The Keystone XL pipeline will be the safest pipeline built in the world. The 57 special conditions voluntarily agreed to by TransCanada have a degree of safety greater than any typically constructed domestic oil pipeline system.

It should also be noted that a significant portion of oil, about 85 percent, that spills from inland pipelines goes to containment areas around breakout tanks or to solid ground rather than directly into surface waters. This minimizes the environmental impact of these unfortunate spills as compared to discharges or spills that occur at sea.

If the Keystone XL pipeline is not built, Canadian producers will seek alternatives to American markets. This oil will not sit idle. Producers will find ways to move the oil to market. Several projects are in the planning and permitting phases that allow the movement of

this valuable energy resource to Canadian ports for shipment to China and other Asian markets. Denial of a Presidential permit to the Keystone XL increases the likelihood that American markets will miss the opportunity to secure long-term commitments for this North American resource, which could be forever lost to China and other Asian international competitors.

Without this Canadian oil, our Nation will continue to rely on unstable and unfriendly nations to meet our petroleum-based energy needs. The Keystone XL pipeline will allow our Nation to develop a safe and reliable energy from a stable and friendly neighbor.

Unfortunately, the administration seems to have mistaken volume and theatrics for the actual will of the American people. Just last week, a poll prepared by Rasmussen Reports found that 60 percent of likely U.S. voters are at least somewhat in support of building the Keystone XL and just 24 percent are opposed.

If the opponents of the American jobs succeed in preventing the Keystone XL from being built, the socioeconomic benefits of the project will not be realized. There will be no additional income to property owners and businesses along the pipeline route. Our Nation will continue to import oil from unstable regimes that continue to try to undermine the wellbeing of our citizens. And, critically important to our members, the jobs that will be created by this massive private investment will be lost.

Thank you for inviting us to participate.

[The prepared statement of Mr. Booker follows:]

\*\*\*\*\* INSERT 2-2 \*\*\*\*\*

Mr. Terry. Thank you.

Mr. Soth?

#### STATEMENT OF JEFFREY SOTH

Mr. Soth. Thank you, Mr. Terry, Ranking Member Rush, and members of the subcommittee.

My name is Jeffrey Soth. I am here on behalf of the International Union of Operating Engineers, a trade union representing approximately 400,000 men and women in the United States and Canada, most of whom work in the construction industry. Thousands of IUOE members who operate heavy equipment in the sector hope to build the Keystone XL pipeline.

The IUOE is profoundly disappointed by the State Department's action to postpone a decision on Keystone XL until 2013. The decision leaves in question the creation of thousands of jobs for operating engineers and other workers. As IUOE general president Vincent Giblin said in his recent letter to Secretary Clinton, "Because of the unique authority the administration possessed to create jobs almost immediately without congressional action or a dime of public investment, this decision will reverberate throughout the membership of the Operating Engineers."

We believe that the best way to analyze the project's impacts, particularly in light of the State Department's recent decision, is to consider what will happen without the Keystone XL pipeline. That

is to say, what will happen if the State Department's action kills the project?

First, without the Keystone XL pipeline, American crude oil from the Bakken formation, the fastest-growing oil field in the United States, will continue to move out of the region in the most dangerous, most expensive way possible: by tanker truck. The State Department's environmental review of the Keystone XL says that trucking is 87 times more likely to result in a fatality than a pipeline. Trucks are 35 times more likely to result in a fire and/or an explosion than a pipeline.

The rapid growth in crude production in the Bakken formation has outstripped the infrastructure to move it. Today, according to the State Department's environmental review, 25,000 barrels per day of Bakken crude move to refinery by truck.

The Keystone XL, as you have heard earlier from Mr. Pourbaix, would provide an on-ramp for this crude in Baker, Montana, with contractual commitments to move 65,000 barrels at the start of operations for Keystone XL and more expected later with the dramatic growth in Bakken oil. Without the Keystone XL, this American crude will be transported to refineries in ways that increase risk to the environment and to human health and safety.

Second, with or without the Keystone XL pipeline, there will likely be no effect on the production of oil sands from western Canada.

The third point, related to the second, is that if the pipeline is not built, the United States may lose a chance to secure a long-term

energy supply from our Canadian allies. If the Keystone XL pipeline is not built, Canadian producers of oil sands will be forced to seek alternatives to American markets, likely sending dramatically more crude to China.

For those who think Asian options for Canadian crude are speculative and unrealistic, I would just make three quick observations.

First, the Northern Gateway project, which would move oil sands to Kitimat, British Columbia, for export, is but one option to move the commodity to Asia. Kinder Morgan also proposes to expand its Trans Mountain pipeline to export oil sands to China.

Second, crude tankers are common at Port of Vancouver facilities. In fact, 71 tankers departed Burnaby, British Columbia's Westridge Terminal to deliver oil sands to refiners in 2010. Kinder Morgan proposed to quadruple the number of shipments.

Third, state-owned Chinese oil companies have dramatically increased their presence in Canadian oil sands. Sinopec has even gone to extraordinary lengths to offer not only an equity investment in the Northern Gateway project but also offer technical assistance. Even since the release of the Final Environmental Impact Statement, an article in The Globe and Mail in September identified a second Chinese state-owned oil company that has taken an indirect financial interest in the project.

Fourth, without the pipeline, gulf coast refiners will continue to demand heavy crude, with all of its attendant environmental,

economic, and national security consequences.

And, finally, if the Keystone XL pipeline is not built, the socioeconomic benefits of the project will not be realized. There will be no local, State, Federal revenue. There will be no jobs created. That means there will be no employer contributions to the health and welfare funds of members of the Operating Engineers and other craft workers. There will be no contributions to pension and retirement funds for these workers. There will be no investments in the future of the industry in apprenticeship and training in our labor management training programs for the pipeline sector.

With the high rate of unemployment in construction currently at 14 percent, it is clear that many of these workers will remain jobless, relying on unemployment insurance and other public assistance. It is no wonder why the State Department concludes in the FEIS that the Keystone XL is preferable to no project at all. What makes one wonder is why, given that finding, the administration postponed the decision until 2013.

Thank you, Chairman Whitfield and members of the committee, for the opportunity to testify.

[The prepared statement of Mr. Soth follows:]

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Mr. Terry. Thank you, Mr. Soth.

Mr. Burton, you are recognized for 5 minutes.

#### **STATEMENT OF BRUCE BURTON**

Mr. Burton. Good morning, Mr. Terry, Ranking Member Rush, and members of the committee. My name is Bruce Burton. I am an international representative with the International Brotherhood of Electrical Workers. On behalf of the approximately 725,000 members of the IBEW, I thank you for the opportunity to testify in support of the Keystone XL pipeline project.

As an electrician who began his apprenticeship in 1981, I have very distinct memories of members of my local union telling stories about their work on the Trans-Alaska pipeline. Members of my local union, located in Michigan, spent months working on the Trans-Alaska pipeline, which covers 800 miles and carries oil from the North Slope of Alaska to Valdez, Alaska. Over the 3-year span of the project, approximately 70,000 jobs were created. And, to this day, depending on the season, between 2,000 and 4,500 individuals remain employed on the Trans-Alaska pipeline today.

IBEW members from all across the United States were able to save their homes during the rough economic period of the late 1970s because they were able to work on the Trans-Alaska pipeline. The IBEW's primary concern in our Nation's energy debate is jobs. Like the Trans-Alaskan pipeline of 35 years ago, the Keystone XL pipeline

project would create jobs and help our members through this difficult economic period.

In his letter to Secretary of State Hillary Rodham Clinton requesting approval of the Presidential permit necessary to build Keystone, IBEW President Edwin D. Hill wrote, and I quote, "At a time when job creation should be the top priority, the Keystone XL pipeline project will put Americans back to work and have ripple effects throughout the economy. The shovel-ready pipeline will create 20,000 direct jobs and 118,000 indirect jobs. IBEW members look forward to being part of this historic project and pledge to deliver the highest quality of work to make it a success," end quote.

Our highly skilled, trained, and licensed journeymen electricians, linemen, apprentices, and instrument control technicians would be working on Keystone's pump stations, which will move oil through the 1700-mile-long pipeline. The pump stations are to be located approximately 50 miles apart and built on small parcels of land approximately 5 to 10 acres each. Each pump station contains between two to five pumps, which are electrically driven, 6500-horsepower high-voltage motors. Initially, our members would be working on 15 pump stations, with the potential for 15 more stations in the future. Each station would require approximately 6,000 electrical labor hours to complete.

In addition, many of the pump stations are to be built in remote locations. Therefore, new high-voltage transmission lines must be built in order to get electrical power to the stations. For example,

in Nebraska, a new transmission line would need to be built that would be 74 miles long and carry 115,000 volts. This project within a project is valued at \$49 million and will provide approximately 55,500 hours of labor for linemen.

Just like the benefits from the Trans-Alaskan pipeline, the benefits from the Keystone XL pipeline will not be localized. From pipe manufactured in Arkansas, pump motors assembled in Ohio, and transformers built in Pennsylvania, to the men and women who will actually work on the pipeline itself, workers from all over the United States would benefit from the project.

The Keystone XL pipeline would be built under a project labor agreement with the IBEW, the Laborers International Union of North America, the International Brotherhood of Teamsters, the United Association of Plumbers and Pipefitters, the International Union of Operating Engineers, and the Pipeline Contractors Association. Only the highest-skilled workers will be employed on the project. This will ensure the most well-built, safest pipeline possible.

Today, the United States is experiencing the worst economic downturn since the Great Depression. The Keystone XL pipeline is shovel-ready. As soon as a Presidential permit is granted, jobs would be created -- jobs that our country, jobs that our members desperately need.

I thank you for your time and look forward to your questions.

[The prepared statement of Mr. Burton follows:]

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Mr. Terry. Thank you, Mr. Burton.

Mr. Ringo, you are recognized for 5 minutes.

#### STATEMENT OF JEROME RINGO

Mr. Ringo. Thank you very much.

My name is Jerome Ringo, and I am the chief business officer for BARD Holdings, an algae cultivation, harvesting, and extraction project that is creating advanced technologies as alternative energy and pharmaceutical resources. My thanks to the chairman, the ranking member, and members of the committee for inviting me to speak today on this most important subject.

I spent over 25 years working in the Louisiana petrochemical industry as a member of the Oil, Chemical, and Atomic Workers Union, both in construction and operations. I spent 13 years on the board of directors of the National Wildlife Federation, where I became chairman of that 5-million-member organization. And I also was the president of the Apollo Alliance, a 17-million-member coalition on alternative energy; and currently with BARD Holdings. I would like to offer a long-term perspective on America's energy choices.

Understanding America's growing appetite for energy and our need for economic stimulation, it is important that we meet this energy demand with smart choices for our economy and while minimizing adverse impact on the safety of the water, the air, the lands we depend on. In fact, American workers have proven again and again that we can create

jobs by pursuing an environmentally smart path forward.

I clearly recognize the job impacts of construction projects, but sometimes the best intentions can deliver negative results. I agree with President Obama; he got it right when he said we need to take the time to understand the impact of this project and not rush to build. The obvious destruction and contamination of northern Canada, along with the safety challenges, health, and environmental risks to the American people of such a pipeline, is enormous. The environmental justice impacts on communities surrounding gulf refineries have never been adequately examined. And, according to NASA scientist James Hansen, tar sands are a game-over scenario with respect to climate change.

The Keystone XL pipeline would transfer highly corrosive and toxic tar sands under high pressures along more than 2,000 miles, crossing waterways, sensitive aquifers, and jeopardizing the quality of lives of citizens along its routes. TransCanada and the State of Nebraska have agreed to move a small part of the Keystone XL pipeline. I am not as reassured, however, because I now wonder what part of America is now going to be willing to sacrifice the next spill of a magnitude.

According to the State Department's Final Environmental Impact Statement, a spill from this pipeline could reach a worst-case scenario estimated to be 2.8 million gallons. If we pay attention to what is happening in Michigan, we can see the consequences because it has happened. Last year, a similar pipeline spilled more than a million gallons of tar sand oil into Michigan's Kalamazoo River. The river

is still closed today. It ruined drinking water, harming the health and safety of nearby residents and killing wildlife. The EPA recently announced that it has already recovered more than 1.1 million gallons from the Kalamazoo and that there is no end in sight to the cleanup because tar sands is more difficult to clean up than conventional oil. We have no idea of how much oil has really spilled.

As we continue our dependency on foreign oil, with the goal to declare energy independence, it is critical that we not shift our dependency from Middle East oil to Canadian oil. Our goal is not to switch seats on a sinking ship. The middle-ground answer lies in creating jobs to meet America's energy demand while simultaneously improving the state of our environment and our economy. The answer lies in increased investment in the research and development of clean oil alternative energy products. This is a win-win-win on jobs, national security, and the environment. And that clean fuel strategy, as well, is real, powerful, and under way right now.

The new fuel economy standards recently enacted and proposed for cars and trucks together cut America's need for oil by 3.4 million barrels per day. That is more than three times the proposed capacity of the Keystone XL. Or, put differently, that equals oil savings greater than the proposed XL pipeline plus all the oil that is currently imported from the Persian Gulf. Innovating to build more efficient and alternative fuel vehicles and underpinning a renaissance in auto and manufacturing sectors that, according to Bureau of Labor Statistics, has added more than 125,000 direct jobs in the auto

industry.

Energy investment is a long-term investment. We need to think long-term, Mr. Chairman. I urge Congress to put the long-term interests of the American people as a top priority and not rush to build the Keystone pipeline.

Mr. Terry. Thank you, Mr. Ringo.

Mr. Ringo. Thank you, Mr. Chair.

[The prepared statement of Mr. Ringo follows:]

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Mr. Terry. Ms. Kleeb?

**STATEMENT OF JANE FLEMING KLEEB**

Ms. Kleeb. Thank you, Representative Terry and members of the committee, for asking me to be with you today on an issue that has captivated our State for several years. My name is Jane Fleming Kleeb, and I am the head of an advocacy group called Bold Nebraska.

Hearings like today give us citizens an opportunity to not only thank you for your dedication to our country but also to ask for your help. President Obama made a tough and right decision by asking for more time to study this pipeline. He stood up for our families, our landowners, our farmers, our ranchers, who have been bullied by TransCanada. I am asking you today to also stand with us as we figure out a path forward.

Our broad coalition of individuals and groups speaking out against the pipeline has become much more than just a group speaking out on an issue. We have become a family. And we are doing everything we can to defend our land and our water.

Some will try to say, because we passed two bills last month in our State, that everything is fine in Nebraska. I am here to tell you, everything is not fine. TransCanada has yet to propose a new route that will avoid the Sand Hills and our precious Ogallala Aquifer. Landowners are still on pins and needles, knowing that the easements that TransCanada now owns for land can be sold to other oil pipeline

companies today. We have not even started the new State process to study this pipeline and yet are being told by Members of Congress that we need to rush a decision within 30 to 60 days.

Simply put, we are looking to you, our elected officials, and each of our elected officials back at home to do right by landowners like Randy and Susan and to do right by small businesses like Clear Creek Organics, which rely on the clean and abundant source of water from the Ogallala Aquifer. These small businesses, our ranchers and farmers, produce jobs every day, tax revenue every day, as well as excellent cheese and meat.

With the TransCanada Keystone XL pipeline, it is all too easy to turn this into the all-too-familiar jobs-versus-the-environment frame. We believe this pipeline represents more than one energy project, and we think that it endangers much more than any amount of jobs that TransCanada or their allies will claim it will produce. We have seen figures ranging from 3,000 to 1 million. In fact, Stephen Colbert even did a funny bit about all of the jobs that would be produced by this pipeline.

Whatever the real figure is -- and we still are wondering what that real figure is -- I stand with President Obama and Nebraskans like Randy who know we must figure out a way to create jobs while protecting our land and water.

This pipeline is risky. It is massive. And we literally have no long-term studies on how tar sands will affect our land, water, and health. Several elected officials, as well as PHMSA, have made it

clear in other hearings that we literally have no idea how tar sands will affect our land, our water, and our health. And we are seeing that play out in the Kalamazoo River, where hundreds of families have been displaced from their homes. They have had to move because of the tar sands spill that occurred in their backyard.

I am asking for your help to get a study done on tar sands so it can be firm and we can be clear and so industry can also have the answers and there will be very clear answers, so we can find a path forward together. While the permit process may seem like it is taking too long, we still have no proposed route in Nebraska. And, again, we have no study on how tar sands affects us.

Additionally, if this oil is meant for the United States, then attach that to a bill. Make it clear that this oil is guaranteed for the United States. Because right now there are no guarantees. We know that TransCanada and other tar sands companies need to get to our ports. Whether it is the gulf, whether it is Maine, whether it is other ports, they want access to our ports in order to sell their commodity on the international market.

And so, yes, this process has taken a long time. It has been over 3 years since TransCanada has been bullying our landowners. It has been 3 years since they have been threatening eminent domain, when they have no permit for their project. It has been 3 years with our State being bombarded with misleading ads about job claims and tax revenue.

Next week, we will be releasing a new report that shows that TransCanada has overpromised on how much they are paying our counties

in Nebraska. Just because you create jobs does not give you the green light to take American land for your private gain. That is what TransCanada is doing. Six families right now in South Dakota are in court with TransCanada, trying to protect their land.

As a Nation, we are facing our next moon challenge. Energy is our moon challenge. And when I look at my three little girls, I want to make sure they know that I, as their mom, did everything I can to fight for sustainable energy. And I know each of you want to do that, as well.

We want energy that is revitalizing our communities, not putting them at risk. And I know as Americans that we can meet this challenge. We can do right by landowners, we can do right by workers, because we are Americans, and we can do this together.

Thank you.

[The prepared statement of Ms. Kleeb follows:]

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Mr. Terry. Thank you.

I want to thank all of you for your testimony. It was very insightful.

At this time, to begin our questions, I would yield to the gentleman from Illinois. You are recognized for 5 minutes.

Mr. Shimkus. Thank you, Mr. Chairman. I appreciate the courtesy of letting me go rapidly because I am going to board a plane.

And that plane that -- actually, when I fly from St. Louis, it is heavy crude from the Canadian oil sands that is already piped down to my Conoco-Phillips refinery, which is refined there and then piped to the airfield. So, many times, the jet fuel that I am using to come back and forth is already established. You see in front of me, really, the works of jobs already because of this.

You know, the oil sands is the third-largest oil venue in the world. And you talk about North American energy security, this is what you talk about. You have Caterpillar. I have been up to the oil sands. These things are massive. They are five-stories tall. The tires are one-story tall. UAW, Teamster drivers -- this is it. This is what the whole fight is about, oil sands. Come see it after the hearing. We mine it, surface mining, or you get it in situ. This stuff is already coming into the country. It is going to my Marathon refinery in Robinson, Illinois. Good-paying, great benefits. Members of organized labor already benefiting.

Ms. Kleeb, how many pipelines go through the aquifer right now?

Ms. Kleeb. Actually, only one crude oil pipeline currently goes

through --

Mr. Shimkus. The question is how many pipelines.

Ms. Kleeb. Well, can I answer your first question?

Mr. Shimkus. Well, the question is, how many pipelines go through the aquifer?

Ms. Kleeb. In the Ogallala Aquifer in the State of Nebraska, there is one crude oil pipeline --

Mr. Shimkus. Yeah. Okay. And what is the other ones?

Ms. Kleeb. There are no other oil --

Mr. Shimkus. There are three pipelines --

Ms. Kleeb. -- pipelines that go through the aquifer.

Mr. Shimkus. -- that go through the aquifer as of today, so --

Ms. Kleeb. You are absolutely incorrect. And I am sure that people --

Mr. Shimkus. I am reclaiming my time.

Ms. Kleeb. -- this piece of paper, but I live in Nebraska. And the oil --

Mr. Shimkus. Reclaiming my time. Reclaiming my time, ma'am.

Ms. Kleeb. That is fine.

Mr. Shimkus. The --

Ms. Kleeb. That oil causes cancer.

Mr. Shimkus. Now I would like to go to -- again, people can -- they are more than welcome to come view this. I have studied this stuff quite a lot, and all I know, it is a lot of jobs.

So, Mr. Booker, how many jobs do you project will be produced from

your segment?

Mr. Booker. For the Laborers International Union, it would be a guess, but I can tell you what, of other projects we have done, have --

Mr. Shimkus. Quickly.

Mr. Booker. Yeah. Ruby Pipeline, El Paso was the owner, 680 miles. We performed 2.1 million man hours on a 680-mile pipeline, which generated \$24 million in fringe benefit contributions for our members.

Mr. Shimkus. And this is actually a 1,700-mile pipeline that this is being produced.

Mr. Barnett, how many jobs do you think this would produce?

Mr. Barnett. We expect this project to create over 1,500 jobs for our welders, pipefitters, and pipeline --

Mr. Shimkus. And you talk about the Trans-Alaska pipeline. One thing that is not -- and you all tried to highlight this. My father-in-law was a microwave technician. He moved to Alaska for those jobs. And that is the side benefits of -- and, Mr. Burton, you were talking about the engines that are being built and the high transmission lines. Same time that my father-in-law moved to Alaska for this, the high-paying jobs.

Mr. Soth, do you have a job number for this project?

Mr. Soth. Contractors have shared with us their proprietary estimates for the number of hours that operating engineers would perform on the project. In excess of 3 million hours are estimated from a number of those contractors.

Mr. Shimkus. And how much government money is going into this? Anyone?

Mr. Soth. Not a dime.

Mr. Shimkus. Is this a shovel-ready project, in your view, members of organized labor?

Mr. Booker. Yes.

Mr. Barnett. Yes.

Mr. Shimkus. Which sector is the President going to mess over by making a decision? Is he going to blow off his supporters in organized labor, or is he going to blow off his friends in the environmental left after the election? Does anybody have any idea? He has to do one, right? He is either going to pick environmental left or he is going to pick jobs.

I am standing with labor, and I am standing with jobs. And it is a great environment to be, because sometimes members of the Republican side aren't really considered to be total friends of organized labor. And we get that. And I do my best, as many of you know. But this is not the fight -- if you want to help the President of the United States win re-election, this is the fight that he should have for jobs, 20,000 jobs.

The last point I will make is, the biggest oil spill occurred where? Prince William Sound. How many gallons? I mean, not gallons -- how many millions of gallons? Fifty-five million gallons of oil through a tanker. So don't come and preach to us about the spills from a pipeline, when the biggest environmental damage that could occur

is tankers traveling around the world.

I yield back my time. Thank you, Mr. Chair.

Mr. Terry. Thank you, Mr. Shimkus.

Now we recognize another gentleman from Illinois, the ranking member, Mr. Rush, for 5 minutes.

Mr. Rush. Thank you very much, Mr. Chairman.

And, Mr. Chairman, I want to -- I know that this is -- the issue of jobs is constantly being bandied about here, and I am extremely sensitive to that issue of jobs and unemployment. In fact, my district, which is the First District of Illinois, the unemployment rate is more than twice the national average and may be closer to 50 percent for many of my constituents. I have multi generations of unemployed people residing in my district. So some of the concern about jobs is a concern that I have had for many, many years and one that I face daily.

In numerous hearings on Keystone XL and the pipeline safety reauthorization, as well as in private meetings in my office, I have asked many of the experts, those who are proponents of this and from the American Petroleum Institute to the Association of Oil Pipelines to individual industry representatives, about the participation of those minority-owned businesses and contractors in the pipeline industry. And it seems like no one, absolutely no one, can give me an answer.

I am for jobs. I am for the environment. But I am also for jobs for minority- and women-owned businesses. And I can't find not one

scintilla of evidence that there is any minority-owned businesses and contractors in this entire industry, not one. And I have asked until I am literally blue in the face. The fact that none of these so-called experts could give me an estimate of the level of minorities involved in the construction and operation of pipelines in this country leads me to believe that the numbers are so small that they may be nonexistent.

To address this issue and shed more light on it, I am working to include a comprehensive study on this issue in the pipeline safety reauthorization bill that is currently being renegotiated, or being negotiated.

But I have all my union friends here. And I must say that some of them are friends and have supported me in the past. But I am really kind of a little disturbed and surprised about some of the issues right now. And I am just going to ask you, each one of you who are representing labor, can you give me any level of participation of minority contractors, workers, or businesses that are engaged in each of your respective organizations? And if not today, can you forward that information to my office within a few weeks?

I want to know how many minority contractors, how many minority workers, and how many minority businesses are associated with the pipeline industry.

And, Mr. Pourbaix, can you answer that question?

Mr. Pourbaix. I don't have the figures in front of me. I would be happy to provide them.

I think what I could say, showing the support that we have from

minority businesses and businesspeople and laborers, is, we have the full support of the Hispanic Chamber of Commerce, the full support of the Hispanic Veterans Association. And I think that is just an example that we do have significant support among minorities in this country.

And perhaps some of the other gentlemen from labor may be able to shed some further light on that.

Mr. Booker. I don't have any specific information regarding the question you asked. We will be happy to forward it to your office upon the conclusion of the hearing.

Mr. Rush. Mr. Soth?

Mr. Soth. The Operating Engineers are happy to provide you some data, particularly on our apprenticeship programs, where we are systematically tracking that data and can provide you a good look at what we do for people of color and women in the Operating Engineers Union.

Mr. Rush. Okay.

Mr. Barnett?

Mr. Barnett. First of all, I would like to say that we are a membership-driven organization; we are not contractor-driven. We do not track that type of information.

I can tell you that we have a large number of minorities in our local union that we are very proud of, that go out there every day, they perform their work. And those are the people that we go to bat for every day.

Mr. Rush. All right.

Mr. Chairman, I really -- I know my time is up, but, again, I am coming up with songs that I can't really dance to, and I am sorely disappointed. And I think that that is an issue that this committee and this subcommittee is going to have to address. And for the members of labor to come before me and before this subcommittee and not have good, firm information for me, I think that that is atrocious.

And, with that, I yield back the balance of my time.

Mr. Terry. Thank you, Mr. Rush.

At this time, we will recognize Mr. McKinley. He also has transportation issues. You are recognized for 5 minutes.

Mr. McKinley. Thank you, Mr. Chairman.

Before we had this hearing, I went back to look at some of the things that were said, what were in the press back in the 1970s, before the Alaska pipeline. There the criticism was the effects on the tundra, possible pollution, harm to animals, geographic features, and the lack of engineering. Then they went ahead and they built it -- 800 miles long, 48 inches in diameter, across 3 mountain chains, 30 rivers. It seemed to have worked.

So, today, I am just curious in the last 30-some years since that pipeline was put in in the 1970s how much we have improved.

And I have heard all the scare tactics from the friends on the other side that this is a very corrosive, difficult product to handle, but I think engineers over the years have developed ways of handling that. We can have ceramic line pipes. We can do a lot of things to handle it. If we can pipe hydrochloric acid, we sure as the dickens

can pipe crude oil.

So I am just curious from this panel, from a construction background, some of the improvements we have made. I assume that now, 30 years later -- we didn't have X-80 steel, 80 kip steel. We now use that. Some of the welding techniques that we have learned about over the years that have developed from our friends in the construction industry with the low-hydrogen electrodes that we are using.

Can you amplify a little bit about some of the improvements that have happened over the last 30-some years in construction, why we should have a greater comfort level?

Mr. Pourbaix. Yeah, I would be happy to.

I think, if you take a look at pipelines, the majority of pipeline incidents come from really two areas. They come from corrosion of the pipeline, and they come from third-party strikes, sort of, whether it is a backhoe, some third-party agency acting on the pipe.

And since the Alaska pipeline was built -- let's talk about corrosion, for example. Today, all new pipelines are built of much stronger steel. You mentioned X-80 steel. It is far stronger, it is more puncture-resistant. On the corrosion side, every pipeline built has cathodic protection, which is running an electrical current through the pipe to inhibit corrosion. And on top of that, every joint of the pipe that we will build is coated with fusion-bond epoxy coating. And when you combine cathodic protection with fusion-bond epoxy coating, you would expect that 50 years from now you would take those joints of pipe out of the ground, and they would have no evidence whatsoever

of corrosion. So that is how far the industry has come on corrosion.

On line strikes, as I said, we are using stronger steel. One of the 57 special conditions which we voluntarily agreed to with this pipeline is that, instead of burying the pipe 3 feet under the surface, we are burying it 4 feet under the surface, which should largely remove that risk. And on top of that, we have accepted an obligation to continue to maintain that depth of cover over the entire pipeline over the entire time it is operational.

And then, you know, finally, when it comes to leak detection, you heard other people talk about that today. We have 21,000 sensors on this pipeline. They are regenerating data every 5 seconds. If there is a drop of pressure, we will know immediately, and the pipeline will be shut down automatically in literally minutes. And, at that point, you have a cleanup situation.

Mr. McKinley. What was the ratio, what was that like on those leak detectors on the Alaska pipeline?

Mr. Pourbaix. I don't know the exact amount, but it certainly would be -- we have multiple redundant leak-detection systems on this pipeline.

Mr. McKinley. There was another issue that was raised by Bill Erasmus, national chief of the Dene Nation, I guess, if I am pronouncing that properly. And he made some very good points, excellent points about -- one of them had to do with tailing ponds. And years ago, back in the 1970s, they weren't using EPDM liners. They were using clay liners, primarily, with it.

So our construction knowledge has expanded so much over those 30 years that -- are you expecting when -- are you going to be using liners at your impoundment ponds for your tailings?

Mr. Pourbaix. Well, we don't produce any oil ourselves; we just move it. But what I would say, a good number to think about that is, going forward, approximately 70 to 75 percent of all future oil developments in the oil sands are actually going to be done through in-situ drilling with wellbores. And those projects do not even require tailings ponds, so --

Mr. McKinley. Sp, in summary then, our welding techniques have improved, our steel has improved. You are using Core 10 steel on areas that we didn't have available 30 years ago. So technology has really moved, so if it worked back 30, 40 years ago, I don't understand, unless there is another agenda here -- and that is a little bit more sinister -- about why we are not allowing this to progress and putting our people back to work. So I think the technology is fine; it is the other -- the political side of it is where we are hung up right now.

Ms. Kleeb. Representative, can I just follow up on the --

Mr. McKinley. I am over my time. If he will let me --

Mr. Terry. The gentleman's time has expired.

At this time, I will recognize the full committee ranking member, Mr. Waxman.

Mr. Waxman. Thank you, Mr. Chairman.

For those who may be viewing this hearing, I think they would be struck, as I am, that the only way Republicans can deal with the fact

that some people have some questions about the pipeline is that it is a conspiracy, there is some hidden agenda, it is all politics. One of the Republicans who asked questions said, who is President Obama going to choose, the environmentalists or the labor unions? They only think in these terms, and they want to make this a political issue.

Well, the question of the decision to go ahead with this pipeline is a serious one, and I think we need to fully understand the implications of approving energy infrastructure that is going to last for decades. And I wouldn't make light of it just because the Republicans want to use this hearing for their own political purposes. I think it is appropriate for the President of the United States to review this matter. I think it is appropriate for the government agencies and people in the State of Nebraska to review this issue.

The Republicans put a bill forward that they have already put through the House, saying, we should decide this issue in a shorter period of time and decide it favorably for the Alaska pipeline. They don't really want to know the truth; they just want the pipeline.

And my friend who just asked questions on the Republican side talked about how there must be this hidden agenda because it is perfectly safe. Well, we do already have one Keystone pipeline, and it is certainly a lot later in time than the Alaska pipeline because it has been within a year. And this last year of operation showed that there were a dozen spills, so many spills that it was shut down temporarily.

But let me go to the question that bothers me the most and what

the impact will be from this pipeline if we see it go forward on the climate problem that we are seeing in this country and all around the world. Republicans don't even believe it is such a thing. They deny the science, and when they hear scientists talk about it, they think it is a hidden agenda. So they can't take another point of view seriously because they are so convinced that they are right all the time.

The decision is an important one. They want to short-circuit the process. Ms. Kleeb, you and your neighbors have been fighting for a thorough evaluation of the environmental impacts of this proposed pipeline. Do these Nebraska laws satisfy your concerns? We have been told Nebraska has passed some laws so we ought to let this whole thing go forward.

Ms. Kleeb. You know, so they are definitely a step in the right direction. And I will say, the only reason that we have those bills is because citizens and landowners raised hell for 2 solid years at our State capitol to make sure that those bills got passed.

We still don't have a study on tar sands. And I hoped that Representative Terry would introduce that on behalf of Nebraskans, to make sure that any tar sands pipeline that does get approved, that we make sure that that is safe. We don't know how tar sands --

Mr. Waxman. Well, Representative Terry's position was that the original pipeline route was fine, he was for this project --

Ms. Kleeb. That is right.

Mr. Waxman. -- and he thinks it is important. Jobs, jobs, jobs.

Well, this is a lot different than the Alaska pipeline because the Alaska pipeline was taking oil, and it was taking it through not very populated areas. This is a different kind of pipeline because it is going to take the dirtiest source of oil available, and it is going to drive a significant increase in carbon pollution.

What was your concern about the original route? I guess the original route is not going to happen now. That is not because of TransCanada but because of Nebraska. What was your concern about the original route?

Ms. Kleeb. That it was going to cut right through the Sand Hills. We have no oil pipelines, tar sands or traditional crude, that cross the Sand Hills currently.

Mr. Waxman. And the Sand Hills is where the aquifer is, the Ogallala Aquifer?

Ms. Kleeb. The Sand Hills have a unique relationship with the aquifer. It is a very intricate ecosystem. The aquifer essentially lays beneath the entire State of Nebraska. I mean, obviously, it provides water for the backbone of our State's economy.

And the detection system, quite frankly, of TransCanada's first pipeline we know is not a very good one, since a landowner in North Dakota had to be their detection system. Their sensors did not work in that scenario.

Mr. Waxman. When we hear about these jobs, we are hearing estimates based on a long period of time. In fact, the job estimates assume this whole thing is going to operate for a hundred years. Well,

that is a century of oil addiction. We would be locking in higher carbon pollution for a hundred years. And we can't afford to keep building dirty energy infrastructure that is going to last decades.

The IEA, the International Energy Agency, said in 5 years we are going to have to make a significant move toward clean energy to avoid an 11-degree increase in global temperature. I don't know if that is Democratic or Republican, but I think it is a perfectly important, legitimate concern and shouldn't be just dismissed by the Republicans because they want to wonder whether Obama is trying to satisfy one interest group or another.

So I just raise these issues. I think this is an issue that is worthy of our serious consideration by all the appropriate agencies.

I yield back my time.

Mr. Terry. Thank you, Mr. Waxman.

Mr. -- well, before I -- Ms. KleeB, this committee passed a pipeline safety bill, and a request for study was part of that. I voted for it.

Mr. Pourbaix, can you tell me, on behalf of -- you are the representative from TransCanada pipeline. The company builds pipelines, right?

Mr. Pourbaix. Uh-huh.

Mr. Terry. If a pipeline was not built, would oil sands from Alberta still come in to the United States to be refined? And if so, how would it be transported?

Mr. Pourbaix. There is some capacity left on existing pipelines

that cross the border, and those pipelines can get probably a few hundred thousand barrels of incremental oil into the Chicago area. The problem is that there are no pipelines that are in place that can take that oil from Chicago to where it is needed, which is the gulf coast. So, yeah, the answer is more pipeline capacity is needed.

Mr. Terry. Is that the safer mode of transportation, as opposed to -- I have heard of rail and trucks.

Mr. Pourbaix. Well, it is interesting right now -- and a lot of people have mentioned the Bakken formation in North Dakota and Montana, and the Bakken is rapidly growing in production. It is anticipated to be 800,000 barrels a day in the next 5 years. Right now, there are no pipeline options, and all of that incremental production is being moved either by truck or by rail car. And as you heard some of the other gentlemen speak about both of those, not only are they much more costly, they are several orders of magnitude more risky, in terms of risk to the environment and risk to human life.

RPTS MCKENZIEDCMN SECKMAN

[1:25 p.m.]

Mr. Terry. And in regard to risk, has the risk of the Keystone pipeline, the route that -- why we are here today, has that been studied? Have there been environmental impact studies?

Mr. Pourbaix. In August of this year, the State Department completed their close to 40-month environmental impact review. In that, the conclusions of that study, it was the most comprehensive study of any oil pipeline in the history of the United States, and it came to the conclusion that this pipeline would be the safest crude oil pipeline ever built and operated in the U.S.

Mr. Terry. So the route was dictated from the environmental study that was done?

Mr. Pourbaix. Yes. And that final environmental impact --

Mr. Terry. Your ability to move would probably be restrained from the fact that that was deemed the safest environmental route?

Mr. Pourbaix. That was the largest challenge we had in Nebraska. Until the State Department came out with their most recent delay, they had come to the conclusion that the preferred route with the lowest environmental impact -- and had we voluntarily moved that route, we would have created a significant uncertainty as to whether any new route would be permitted because, by definition, it would have a higher environmental impact.

Mr. Terry. So that was why it was important that the State

Department be part of that agreement to move that off the sand hills.

Mr. Pourbaix. Yes.

Mr. Terry. What is the total investment into the Keystone pipeline?

Mr. Pourbaix. Including the operating?

Mr. Terry. No. Let's just do it for parts, steel, and construction costs.

Mr. Pourbaix. So we, right now, are \$2 billion into this project. By the end of next year, we will be close to \$3 billion. The total project cost would be approximately \$7 billion.

Mr. Terry. \$7 billion. And out of the \$7 billion, though, how much of that would be construction job-related?

Mr. Pourbaix. \$4, \$4.5, \$5 billion, in that range.

Mr. Terry. \$4.5 to \$5 billion going toward workers' salaries?

Mr. Pourbaix. Yes.

Mr. Terry. Mr. Booker, have you estimated how many man hours your union would dedicate to this pipeline?

Mr. Booker. Rough estimates were well over 3 million man hours. Compared on similar projects, Ruby Pipeline, 680 miles, we performed 2.1 million man hours on that project.

Mr. Terry. I am going to interrupt because I only have 37 seconds left. Mr. Soth, do you have an estimate of how many man hours your union hall would supple, or your union totally?

Mr. Soth. We have been privy to contractor estimates of over 3 million worker hours.

Mr. Terry. Three million. You mentioned that earlier.

Mr. Barnett.

Mr. Barnett. Approximately 2.5 to 3 million man hours.

Mr. Terry. Mr. Burton.

Mr. Burton. We are probably a little bit on the low side. I did some quick math here tallying up just the numbers that I talked about, and we are around 63,000 -- let's say 64,000. We are probably the lowest trade.

Mr. Terry. In my 5 seconds, Ringo, I want to say I support the research and development into algae. In fact, the University of Nebraska, I have helped them get some grants to do research. I hope you are very successful in your operations. I actually have a bill, too, to allow biofuels -- under current law, the loan program can only go to gas and oil pipelines. And I have got a bill -- would you agree -- how would you feel if the bill would allow pipelines to be built to carry biofuels, like those made from algae?

Mr. Ringo. Well, I think it is important. But we first have to give consideration to whether there is going to be any adverse impact of building any type of pipeline on the people who live in closest proximity.

Mr. Terry. Fair enough. All right. Thank you.

At this time, I think it is Mr. Engel. The gentleman from New York is recognized for 5 minutes.

Ms. Castor was here first. Oh, I am sorry.

At this time, Ms. Castor.

Ms. Castor. Thank you, Mr. Chairman.

And thank you to all the panelists who are here today.

I would really like to encourage my colleagues on the other side of the aisle to organize a bipartisan hearing on jobs related to the fastest growing energy sector, and that is clean energy and renewables. Clean energy is creating good jobs all across America, and it is most often not accompanied by the harmful impacts to the health in our communities, environmental impacts, impacts to the water that we drink and rely upon. And I think Americans are crying out for jobs tied to this growing clean energy sector.

In fact, the International Energy Agency recently reported and confirmed what we are all feeling and what we know, that the fastest-growing sector is in clean energy. The clean energy sector is now providing one-fifth of all electricity global, one-fifth of all electricity worldwide, and it is growing. And this is where the emphasis in national policymaking should be placed now because, think about the divergent views here on the impacts to this community. When you talk about clean energy it is something that brings us all together. It creates jobs in communities that need those jobs. It provides a great shot in the arm for utility companies and others. But it safeguards community health.

And I think one of the reasons it is important for the Keystone pipeline to continue to undergo review is that there are a lot of unanswered questions, and there are a lot of serious concerns that have been raised: Carbon pollution, clean water impacts, and safety

concerns.

Right now, we know that extracting tar sands bitumen and upgrading it to synthetic crude oil produces roughly three times greater greenhouse gas emissions and carbon pollution. Can we do something about that? Do we need to put all of our emphasis on an energy source that is going to aggravate the carbon pollution problem facing our country and the globe?

Water quality, the testimony we are hearing today is folks are very concerned about the quality of the clean water that they rely on. And the safety concerns are really raising a lot of red flags mainly because of the risks that have been covered just over the past year. In Michigan, an 800,000 gallon spill; plus outside Chicago a 250,000 gallon spill; a 1.3 million gallon spill in Alberta tar sands. And on May 7, the Keystone tar sands pipeline provided another warning when it spilled 21,000 gallons of crude in North Dakota. That was its 11th and most significant spill. So you can see there are a lot of concerns that I think require the administration to continue an all-out review of the impact.

On safety, of course, one of the major concerns is the transporting of the diluted bitumen through the middle of the United States, and many are concerned that the substance is more corrosive than conventional oil and may pose a greater threat to pipeline deterioration. When the head of the Federal pipeline safety agency testified before this committee, she said that the agency hadn't yet studied whether this tar sands oil poses unique threats to pipelines.

Another question is whether the tar sands oil is more difficult to clean up after a blowout. Last year, as I mentioned, there was a major tar sands oil blowout in the Kalamazoo River in Michigan, and I understand that this heavy oil sank to the bottom of the river, and it may have made it more difficult to clean up.

Ms. Kleeb, you have reviewed a lot of these concerns, and you have raised issues of safety. Can you discuss the safety concerns you have heard throughout the communities in Nebraska about the tar sands oil, and how do those concerns relate to the proposed route?

Ms. Kleeb. Yes. Absolutely, Ms. Castor. I was born in Florida. So I appreciate you being on this committee and asking me that question.

You know, our landowners, our ranchers, and our farmers seriously have a lot of concerns about how tar sands -- if a spill happens, if they have organic certification, for example, their organic certification will go away as soon as there is a tar sands spill on their land because that just simply does not go with organic certification.

I have personally met families who have been affected by the Kalamazoo tar sands spill. They are not only facing from the minor, if you will, headaches and bloody noses, people are having seizures and are seriously injured from the tar sands spill that happened in Michigan. And 150 families had to be displaced from their homes because of that oil spill. So these are valid concerns.

And I think if the tar sands industry and TransCanada are

confident in their product, they will not mind additional scrutiny and additional studies that we need to do here in the United States because there are two assumptions that are being made: One, that tar sands is safe; and two, that this bill is going to be used for the United States consumption. And those two assumptions don't have and are not backed up by facts. And that is what we are asking for. Landowners, ranchers, moms, we are all asking for facts.

Mr. Terry. The gentlelady's time is 1 minute over.

Mr. Burgess is recognized for 5 minutes.

Dr. Burgess. Thank you, Mr. Chairman.

I am not going to do justice to your name. But Mr. Pourbaix, and I apologize if you have answered this question before and I missed it. But what is the capacity of the pipeline in question to deliver oil -- the capacity in, say, barrels per day?

Mr. Pourbaix. It is around 830,000 barrels a day.

Dr. Burgess. So that is a fairly substantial amount. How does that compare with other delivery systems, other pipelines?

Mr. Pourbaix. It is not different from other large-scale oil pipelines in the U.S. There are lots of pipelines in that range of 500,000 to 1 million barrels a day.

Dr. Burgess. For a point of comparison, what does the Alaska pipeline deliver?

Mr. Pourbaix. Geez, I am trying to think. The Alaska pipeline is 42 inches, and it is significantly over 1 million barrels a day.

Dr. Burgess. Okay. But this is a significant contribution to

America's energy needs.

Mr. Pourbaix. Oh, absolutely.

Dr. Burgess. Presuming the energy is used in America.

Mr. Ringo, I was fascinated to hear your testimony. I am certainly interested in what can be done with using algae as a source for a petroleum stock. Where is your plant currently?

Mr. Ringo. We have opened plants in Calhoun, Georgia. We are about to open a plant in Augusta, Georgia. We have plans on the drawing board to open plants in Michigan, California. And I am in talks in your home State of Texas.

Dr. Burgess. Okay. Just give us an idea of how scalable is this production. For example, how many barrels a day can be delivered in one of your plants that is up and running and mature?

Mr. Ringo. Well, it is scalable based on demand. Our process, without giving away our trade secret here --

Dr. Burgess. I don't want you to do that.

Mr. Ringo. -- is a scalable amount that we can increase our production based on demand. And we have the extraction process in place that we can extract the oil and deliver, as a biofuel, feedstock or in the pharmaceutical industry for the omega-3s that are present in the product.

Dr. Burgess. Do you see a point where one of these plants could produce 100,000 barrels a day?

Mr. Ringo. Absolutely.

Dr. Burgess. 200,000?

Mr. Ringo. Absolutely.

Dr. Burgess. How does it go from there to where you need it used?

Mr. Ringo. Well, normally you can build the plants onsite. Where you have a biofuels plant, you can actually build an algae manufacturing facility at the plant. But you also can move it out there like others by either a pipeline or a truck, but you would definitely have to do the studies to make sure that, as in any product, that there is not going to be any adverse impact on the communities and on people and on the environment in the transfer of the product.

Dr. Burgess. Okay. Your company is BARD Holdings, is that correct?

Mr. Ringo. Yes.

Dr. Burgess. Is that a publicly traded company?

Mr. Ringo. Not yet, no.

Dr. Burgess. So it is privately held?

Mr. Ringo. Yes, it is. It is a brand-new company.

Dr. Burgess. So the ability for us to, for example, to see the financials, is that possible or not possible?

Mr. Ringo. Not as of yet but soon.

Dr. Burgess. Where does your primary financing come from?

Mr. Ringo. Not from the government. It is privately financed, yes.

Dr. Burgess. You know, it was interesting to hear the comments that we ought to have some hearings on clean energy. In Oversight and Investigations, we are having a lot of hearings on solar energy. It

is not good news, necessarily though, for the solar energy folks. So I am glad to hear you are doing this on your own. You have people who have invested, venture capitalists, I presume?

Mr. Ringo. Yes.

Dr. Burgess. Who have put their money at risk?

Mr. Ringo. Yes.

Dr. Burgess. And they believe in the marketability of this product. That is the American story. That is the American way. I am glad to see that is happening.

Mr. Barnett, you talked about transporting fuels over land. If you don't have a pipeline, you put it in a truck. Did I catch that part of your testimony correctly?

Mr. Barnett. No. I think that was Mr. Soth.

Dr. Burgess. Mr. Soth. I beg your pardon.

But I did understand that correctly, we have just testified that there is an inherent risk to overland transport of petroleum products?

Mr. Soth. That is right. The environmental review for Keystone XL suggests that fatality is 87 times more likely with tanker truck as compared to pipeline, and I believe it was 37 times more likely to cause a fire and/or explosion than a pipeline.

Dr. Burgess. Yeah. My congressional district sits in north Texas, Interstate 35; 35 E and 35 W run right through the heart of my district. Probably 3 years ago, we had a tanker truck that jackknifed and buckled and hit the concrete wall in the middle of the freeway and caught on fire. There was a significant loss of life. It was

impressive in that there were so many people that were suddenly immobile. Once they got into that mess, they couldn't get out. And it was extremely disruptive for a period of days. It wasn't just a traffic jam that you hear about in rush hour. This went on for a long time. So I can see an upside to getting these off our freeways. I think that is a reasonable approach, and I am glad you came and shared that with us today.

Thank you, Mr. Chairman. I will yield back.

Mr. Terry. The gentleman's time has expired. At this time, another gentleman from Texas, Mr. Green.

Mr. Green. After both of us, you are going to get used to our Texas accents.

I have a number of questions. And I know I will run out of time. But my first one, I want to ask Mr. Barnett. And I know there is testimony -- there is a project labor agreement on the pipeline. Does that project labor agreement cover the whole part of the pipeline, literally from where it ends in the district I represent up through Oklahoma and into Canada?

Mr. Barnett. At the present time, the project labor agreement covers approximately 90 percent of the work. There is a southern in there that is not written into the project labor agreement. We are working to get that written in with TransCanada.

Mr. Green. Okay. Well, I know I have met with folks from Canada, and I would hope that would be dealt with because if we have a project labor agreement up north, then I would sure like my folks to be able

to be covered by it.

Mr. Barnett. Exactly. And if we are going to sell this skill and this craftsmanship on one end of the pipeline, we need to sell it all the way through.

Mr. Green. I agree.

Mr. Ringo, one, I appreciate you being here. I appreciate your work for your 25 years in the petrochemical industry. You heard earlier, I represent a lot of what used to be OCAW, but they are all steelworkers now. I used to have steel plants, but now they are all refinery workers and chemical plant workers. And I know you have been on the board of the National Wildlife Federation and the Apollo Alliance and BARD Holdings. And I appreciate what you are doing with investment because I know some companies in Houston actually are doing some investment in algae in Louisiana and in other locations. And that may be something we can do many years from now.

But we have heard testimony today from a number of folks about the safety issue. And right now, like North Dakota does, they have to truck out all their crude oil they produce in North Dakota because there is no pipeline. Has the National Wildlife Federation or the Apollo Alliance, have they ever done anything comparing the safety in tanker cars on rail or trucking oil out as compared to a pipeline? Because we have heard that 87 times likely to have an accident if you truck it out. And I don't know what it is for railcars. But I know everything I have learned all these years is that it is so much safer to be in a pipeline than it is either on a tanker truck on the road

or even in a tank car on a train. Do you know if the Wildlife Federation has? I know it is not the first time we have gone over sensitive wetlands, for example.

Mr. Ringo. Sure. And during my time as leaders of these organizations, our primary focus was to consider other alternative energy solutions that a tank truck or a pipeline was not an issue. When you are talking about extracting oil from algae, when you are talking about growing biofuels products, when you are talking about electric cars and energy-efficient vehicles, you do not face the possibilities of environmental impacts of a hydrocarbon --

Mr. Green. I agree. And I only have 5 minutes. But I also understand that -- you know, I was so hopeful because the GM and the Chevy Volt. But obviously, we have problems with that. So every source of energy is going to have a problem. And right now though -- and no matter who is in charge, the Department of Energy says for the next 30 years, we will be on hydrocarbons. And of course, I have to admit, I am prejudice because I have lots of refineries and chemical plants, and we produce that in our district. We also have the downstream. But you don't disagree with the testimony that sending it by truck or rail is much more dangerous than pipeline?

Mr. Ringo. And with that, Mr. Green, yes. And I do agree with that. There are challenges.

Mr. Green. I only have a minute and a half now. And I don't know if we will get a second round because we keep losing members.

Mr. Pourbaix, I was disappointed in the decision by the

administration, particularly since I represent those refineries. My question is -- and it may be speculative. But I know there were some contracts signed on 2014 deliveries. Are those contracts enough that they could be flexible, that if we delayed it -- like the President said -- until 2013, I don't see how you could ever deliver those contracts in 2014.

Mr. Pourbaix. Obviously, our shippers who were -- and particularly those refiners that are in your district, the reason they signed those contracts is because their traditional sources of heavy crude -- being Mexico and Venezuela -- are declining in production and their contracts are expiring in 2014. That is their primary reason why they signed up with TransCanada. We have spoken to all of our shippers. I think it is fair to say they were deeply disappointed by the decision to delay their --

Mr. Green. Okay. So you can't make those contracts in 2014?

Mr. Pourbaix. We are working with them in order to have them stay with --

Mr. Green. Mr. Chairman, I know I am out of time. But I have those five refineries. They require 1 million barrels of oil a day.

Mr. Pourbaix. That is correct.

Mr. Green. And one contract with Venezuela ran out with the Lindale refinery, a large refinery I have, months ago. So they are buying on the open market. And literally, from the Mississippi River down to Corpus Christi, Texas, is where we refine a lot of our product

for our whole country, and we need that pipeline. So, thank you, Mr. Chairman.

Mr. Terry. Thank you Mr. Green.

Now the gentleman from New York Mr. Engel is recognized for 5 minutes.

Mr. Engel. Thank you, Mr. Chairman.

I am probably one of the few members of this subcommittee that is really in the middle on this. So I have been listening to the testimony.

And on the one hand, I am concerned about the environmental impact. I think Mr. Waxman made excellent points. And I think we need to be concerned about that.

On the other hand, we cannot just say "no" to everything. I, for one, opposed drilling in Alaska because I thought it was the wrong thing to do from an environmental point of view. But we can't just keep saying "no" to everything and then complain that gasoline is \$4 a gallon and that we are beholden to Hugo Chavez and the Saudi royal family. I think we have to have a little bit of a balance.

I was disappointed in the administration's pushing back of this deadline because I think it is time to make a move one way or the other. We all know what the issues are, and we can make a decision. I just think delaying it doesn't benefit anybody.

Now I am for renewables. I think it is important to have clean energy and sustainable energy. But I, frankly, don't think we can move from step 1 to step 10 overnight. I don't think it is a matter of moving

to sustainable energy, clean energy and turning off hydrocarbons at the same time. There has to be a transition. It is one of the reasons why I have fought for legislation to have a renewable fuel standard for all cars that are made in America. I think that we should have them built so that they can run on ethanol, methanol, and gasoline, as is the case in Brazil, and which we would be able to do it with \$100 or less per car, a cost to manufacture these cars. So I don't think it is a black-and-white situation. And that is why I am open-minded to this.

My concerns are environmental. I understand the unions want jobs, and I am very pro union. I support their wanting jobs. But I think that we need to make sure that the environmental impact on this is something that is not going to be negative.

I wonder if anyone on the panel would like to say -- Ms. Kleeb in her testimony said that we ought to put in the legislation that the oil is guaranteed to be used in the U.S. Is there anyone on the panel who can tell me why that can't be done?

Yes, Mr. Pourbaix.

Mr. Pourbaix. I would be happy to take a shot at that. I think right off the bat, you have to recognize that the U.S. produces about 5 million barrels of oil a day and consumes about 20 million barrels a day of refined products. The U.S. is, by far, the largest consumer of refined products on the planet. So I just think it is natural that the vast majority of this product will stay in the region with the highest demand.

I would make one point. The U.S. has a preponderance of need for gasoline to move motor vehicles. And anytime you take a barrel of oil, it will produce a certain proportion of gasoline and a certain proportion of diesel. When you see exports of refined products coming from the U.S., it is largely moving away excess diesel while the U.S. continues to import what they need more of, which is gasoline. And I think if you were to artificially set requirements that would prevent that, you would just prevent the most reasonable allocation of that product.

Mr. Engel. Thank you.

I want to give Ms. Kleeb, who raised some environmental issues -- particularly with Nebraska -- an opportunity to perhaps refute some of the things that you have heard.

Ms. Kleeb. Essentially the answer is "no." TransCanada just told us "no," they will not make a commitment that the oil is going to be used by Americans. And so we are assuming all of the risks right through the heart of our country and not getting any of the rewards of this energy. And quite frankly, I don't think that is right, and I don't think that Americans when they hear that think that is right either.

And we do know that the refineries that they do have contracts with are ones that are retrofitting their refineries in order to export that diesel. That is exactly what he is talking about. This is an export pipeline. This is not about energy security. This is about TransCanada having oil that they need to get on the market.

Mr. Engel. Thank you.

I see my time is up Mr. Chairman.

Mr. Terry. Thank you Mr. Engel.

At this time, the gentleman from Massachusetts, Mr. Markey, is recognized for 5 minutes.

Mr. Markey. Thank you, Mr. Chairman, very much.

Mr. Pourbaix, you have told us repeatedly that the oil coming through this pipeline would enable us to reduce our dependence on imported oil.

In fact, TransCanada's application for its permit even states that the proposed pipeline will serve the national interests of the United States by providing a secure and reliable source of Canadian crude to meet the growing demand by refineries and markets in the United States.

And in your testimony, you posed what you said was the key question: Do Americans want secure, stable oil from a friendly neighbor in Canada? Or do they want to continue importing high-priced conflict oil from unfriendly regions, such as the Middle East or Venezuela?

However, some have questioned these assertions of energy security benefits, siting plans by Gulf Coast refineries, with whom TransCanada has entered into long-term sales contracts, to reexport diesel and other refined products made from the Keystone crude to Latin America, Europe, and beyond. In other words, if this pipeline is approved, the United States may just become the middle man for shipping products made

from some of the dirtiest crude oil on Earth to foreign markets around the world.

In fact, nearly all of the refineries where the Keystone crude will be sent are located in Port Arthur, Texas, which is a designated foreign trade zone. This being said, if these refineries reexported diesel or other refined products, they wouldn't even have to pay U.S. taxes on those exports.

So, Mr. Pourbaix, would TransCanada support legislation that ensures that the product can only move forward if the diesel or other refined fuels from the pipeline are only sold in the United States so that this country realizes all of the energy security benefits of your company and others have promised it would bring to back out that oil from Venezuela or from the Middle East, from the United States of America? Would you commit to not having that oil sold outside of the United States?

Mr. Pourbaix. As I said earlier, TransCanada does not produce one barrel of oil. Our entire business is safely transporting that oil. That would be a question that I think would be better put to our shippers, who are largely refiners and producers and largely American companies.

Mr. Markey. Well, would you agree to put a prohibition on reexport into your contracts with these refineries, to ensure that reexport does not occur? You have the power to do that. And then to make that a legal part of the agreement, and then that would make us all feel a lot better. Would you be willing to commit to making that

a condition of being able to use the pipeline?

Mr. Pourbaix. If the concern that we are talking about is energy security for the U.S. --

Mr. Markey. That is right.

Mr. Pourbaix. If the U.S. Government was to put that kind of a criteria on the approval of a pipeline, I would argue that would actually reduce the energy security benefits to the U.S. because, as I said, the U.S. is, by far, the world's largest consumer of refined products --

Mr. Markey. I don't understand why that reduces our security. We are just saying that -- and you are willing to contractually commit to keeping the oil here. So it is only a redundancy at that point. Will you commit to the redundancy of having it be put on paper as a condition?

Then because you are saying it is going to happen anyway -- that is what you are saying -- what is your problem with then agreeing that that is the way it is going to be? Will you commit to agree to put on paper what you say is going to happen in terms of keeping the oil here?

Mr. Pourbaix. As I said before, in order to get enough refined products that are needed for the U.S., the refineries produce from time to time more diesel than they use, and they tend to export that diesel to Europe, and they import incremental volumes of refined products.

Mr. Markey. Would you agree that there would be a net -- there would be no net difference? The total amount of oil that is transported

through the pipeline then has to have an exact corresponding amount that is imported in any other form in order to make sure that the amount stays exactly the same so that our energy security in the United States -- backing out this oil from the Middle East -- is, in fact, achieved as a goal. Would you commit to that?

Mr. Pourbaix. Once again, in many ways, I can't do that because I am merely the shipper of this oil and that is a question --

Mr. Markey. No. I want you to make it a condition of shipping, that that is your deal with these people. Can you do that?

Mr. Pourbaix. No, I can't do that. We have already agreed to our shipping arrangements with our --

Mr. Markey. Well, you can see why I am very skeptical and the American people are very skeptical. This is going to be a conduit to Port Arthur tax-free to send this stuff around the planet. And then you will just say, Oh, market conditions changed, and there is nothing in the free market that stops us from now sending this overseas.

Meanwhile, all these environmental concerns have now been overwritten. So you can see why we are a little bit skeptical. We just want a little guarantee that we do get the national security benefit from it and a corporation isn't allowed -- because they are not legally bound -- to then skirt that commitment.

So I have very serious reservations about this company and its real commitment to meeting the national security objectives.

Mr. Terry. I thank the gentleman. Your time has expired.

And there is no one left to ask questions. Our prearranged

agreement is that on a get-away day, we aren't going to have a second round of questions. So I want to thank all of you for your time and effort and coming to this hearing. You have been very helpful in the process. And that means all of you. Thank you.

[Whereupon, at 1:58 p.m., the subcommittee was adjourned.]