

HOW PIPELINES CAN SPUR IMMEDIATE POST-COVID ECONOMIC RECOVERY



MONTANA, SOUTH DAKOTA, NEBRASKA, IOWA, ILLINOIS



DAKOTA ACCESS OPTIMIZATION

Shutdown of Pipeline May:

- Add \$1 billion/Yr to farmers' costs as oil demand drives rail car prices up
- Risk higher gasoline, diesel and jet fuel prices for upper Midwest
- Set a dangerous precedent by undermining integrity of finalized reviews

DAKOTA ACCESS

This proposed project will add three new pumping stations along the route of the Dakota Access Pipeline, increasing its power to pump more energy from the Bakken region of North Dakota. The three new stations are planned

for Illinois, North Dakota, and South Dakota to help maintain pressure and volume flows along the line. Once again, activists are opposing the project, particularly in Illinois, at a time when the state has the seventh-highest unemployment rate – 14.6% – because of COVID-19.⁷⁷ The pipeline owner estimates 700 jobs will be created through the construction of the pump stations and the needed electrical infrastructure upgrades to accommodate the new horsepower.⁷⁸

Enhancing the capacity of existing pipeline infrastructure like Dakota Access is essential to being responsible stewards of our shared environment. Without capacity enhancements to existing infrastructure, it would be necessary to develop new pipelines along new routes. Although state and federal regulators enforce rigorous environmental safeguards, it remains a fact that fewer environmental disturbances occur when existing infrastructure is upgraded. It bears noting that pipelines remain the safest way to transport energy, with a 99.9% safety record, according to federal government data.⁷⁹

At the same time, a federal judge is trying to force a new, years-long federal environmental permit review process onto the Dakota Access Pipeline almost three years after it began operations. If this ruling were to move forward, nearly half of the production in the Bakken would be stranded, and consumers, motorists, and fuel markets in the Midwest would lose over a half-million barrels per day of vital energy including gasoline, diesel and jet fuel.

⁷⁷ <https://www.bls.gov/web/laus/laumstrk.htm>

⁷⁸ <https://dapipelinefacts.com/Updates.html>

⁷⁹ <https://www.phmsa.dot.gov/data-and-statistics/pipeline/data-and-statistics-overview>

However, we can look to the pre-Dakota Access days to see how oil from North Dakota reached energy consumers – by train. Railroads are already planning for a return to oil delivery by rail.⁸⁰ Due to this, we will see a return of the harmful impacts this mode of transportation had on farmers across North Dakota. It is estimated that shutting down Dakota Access will cost farmers up to \$1 billion in additional transportation costs each year as oil shipments by rail increase the competition for corn crops on rail lines.⁸¹ Since 2013, over half of all family farms have lost money, farm debt has reached a record high, and as a result, mental health issues are devastating many agricultural communities.⁸²

KEYSTONE XL EXPANSION

Failure to Move Ahead:

- Will destroy \$3.4 billion in investment, 10,400 jobs and \$55 million in local tax revenue/Yr
- Force U.S. to take a half-million barrels of oil a day from countries like Venezuela
- In just one town, revenue would have taken half the cost of a new school off residents' taxes

The Northern leg of the Keystone XL project would deliver over 830,000 barrels per day of fuel and create \$8 billion in economic investment. The project has been under federal review and litigation for more than a decade and has undergone six comprehensive scientific reviews led by the U.S. State Department. In August 2011, the Obama Administration's State Department exhaustive environmental impact statement – involving

eight federal departments, 10 federal agencies, and consultations with nearly 70 Tribes – found the project “wouldn't add significant amounts of greenhouse gas emissions to the atmosphere” or have long-term harmful environmental impacts.

Regardless of the findings, the northern half of the project continues to be blocked by litigation, and a judge in Montana recently issued a blanket injunction for any project like Keystone XL that uses an Army Corps of Engineers Nationwide 12 Permit. This permit is used to build roads, bridges, and even broadband cable rights-of-way.

While the endless litigation continues, here's what consumers, families and small businesses are being denied:

- Economic Impact: \$3.4 billion
- Jobs: 10,400
- Local Tax Revenue: Over \$55 million in year one of the project⁸³

This political delay has resulted in rural towns across Keystone XL's route losing local tax revenue, but more importantly, residents are being denied opportunities that are now all but lost. Here is the impact from just one town: In 2013, residents of Glasgow, Montana, approved bonds for a new elementary school that would have been backed by tax revenue from the completed pipeline. Had it been finished, the revenue from Keystone XL would have cut the portion of the construction costs borne by residents in half.⁸⁴

More than providing economic benefits, Keystone

⁸⁰ <https://www.reuters.com/article/us-usa-pipeline-energy-transfer-rail/dakota-access-pipeline-shutdown-may-revive-oil-by-rail-industry-idUSKBN2472V5>

⁸¹ <https://www.agweb.com/article/why-canceling-pipeline-projects-could-cost-farmers-1-billion>

⁸² <https://time.com/5736789/small-american-farmers-debt-crisis-extinction/>

⁸³ <https://www.tcenergy.com/siteassets/pdfs/oils-and-liquids/keystone-xl/keystone-xl-project-overview.pdf>

⁸⁴ <https://mainstreetmontanaproject.com/wp-content/uploads/2019/03/Growth-Policy-1.pdf>

XL is a strategic element of U.S. foreign policy. It will further insulate American energy consumers from foreign governments that demonstrated, at the outset of the COVID-19 crisis, their willingness to manipulate energy markets to damage America's energy self-sufficiency.⁸⁵ After decades of this kind of dependency, America has the power to fend it off and Keystone XL will bolster it by reducing our trade with OPEC+ nations.

American refineries along the Gulf Coast are designed to process heavy crude oil, more than 500,000 barrels a day of which come via supertankers from Venezuela. With the tumult and sanctions placed on Venezuela for human rights abuses, American refiners are left with few options to procure it. Keystone XL was specifically designed to transport heavy crude from our long-standing ally Canada. If it were in service, not only would we have a secure source of energy, but the United States would have better foreign policy options and insurance against geopolitical machinations.⁸⁶

⁸⁵ <https://www.cnbc.com/2020/03/08/oil-plummets-30percent-as-opec-deal-failure-sparks-price-war-fears.html>

⁸⁶ <https://www.japantimes.co.jp/news/2019/02/06/business/trump-squeezes-texas-refineries-venezuela-sanctions-amid-keystone-pipeline-impasse/>