TransCanada Reapplies For Oil Pipeline

Matthew Daly, Associated Press

WASHINGTON (AP) — The Canadian company trying to build the disputed Keystone XL pipeline in the U.S. submitted a new application for the project Friday after changing the route to avoid environmentally sensitive land in Nebraska.

TransCanada said it applied again to the State Department for permission to build the pipeline to carry oil from so-called tar sands in western Canada to a company hub in Steele City, Neb. From there, the project would link up with other pipelines operated by the company to carry oil to refineries on the Texas Gulf Coast.

President Barack Obama blocked the pipeline earlier this year, citing uncertainty over the Nebraska route - a decision that drew fire from Republicans and industry groups.

TransCanada had proposed a new route last month that would veer east around the groundwater-rich Sandhills region before looping back to the original route.

State Department approval is needed because the $7 billion pipeline would cross a U.S. border. The department confirmed Friday the application for the new route had been received.

The pipeline filing came on the same day as a disappointing report on U.S. job growth. The Labor Department said employers pulled back on hiring in April for the second straight month, evidence of an economy still growing only sluggishly, though the overall jobless rate slipped to 8.1 percent as more people gave up looking for work.

Obama is under pressure to support the pipeline from Republicans and business and labor leaders who argue it would create jobs; the State Department estimates it could result in up to 6,000 new jobs.

"The multi-billion dollar Keystone XL pipeline project will reduce the United States' dependence on foreign oil and support job growth by putting thousands of Americans to work," said Russ Girling, TransCanada's president and chief executive officer. "Keystone XL will transport U.S. crude oil from the very large Bakken supply basin in Montana and North Dakota, along with Canadian oil, to U.S. refineries."

The pipeline's opponents, including Democrats and environmental groups, say it would transport "dirty oil" from tar sands in Alberta, Canada, that would require huge amounts of energy to extract. They also worry about a possible spill. The pipeline would travel through Montana, South Dakota, Kansas and Oklahoma, in addition to Nebraska.

In blocking the pipeline in January, Obama said there was not enough time for a fair

review before a looming deadline forced on him by congressional Republicans. The action did not kill the project but put off a tough choice on the once-obscure pipeline, which has become a flashpoint in the bitter partisan political fight over jobs and the environment and a focus of the presidential campaign between Obama his likely Republican opponent, Mitt Romney. Romney has called on Obama to approve the pipeline.

Nebraska Gov. Dave Heineman signed a bill last month that allows the state to proceed with its review of the proposed pipeline through his state, regardless of what happens at the federal level.

A senior State Department official said U.S. officials would conduct a thorough review of the new application, with a final decision not expected until early next year — well after the presidential election.

Officials will use previous studies to the extent possible, the official said, but will need to complete a new environmental assessment, especially since the route has changed since TransCanada first applied for the pipeline in 2008.

The State Department review is likely to include hiring an outside consultant, a point of contention in the original review conducted by the agency. Democratic lawmakers complained that the firm that conducted the review, Cardno Entrix, had a conflict of interest because of previous work with TransCanada.

The department's acting inspector general found no conflict of interest or improper political influence but said the State Department could have done a better job of evaluating some concerns about the project and should improve its oversight of contractors.

Jane Kleeb, executive director of Bold Nebraska, a group that opposes the pipeline, said the new route still goes through an aquifer that serves eight states and should not be approved.

"The fundamental facts remain: Americans are being asked to put clean water at risk for an extreme form of energy that will add nothing to our energy security," Kleeb said.

But Girling, the TransCanada CEO, said the company's proposal builds on more than three years of environmental review already conducted for Keystone XL, "the most comprehensive process ever for a cross-border pipeline."

The earlier work should allow the new proposal to be processed "expeditiously," Girling said, with a federal decision made after a final route through Nebraska is approved by state officials.

TransCanada expects to begin construction of the pipeline next year.

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