Chu Suggests U.S. Support for Canada Oil Pipeline

MATTHEW DALY,Associated Press

WASHINGTON (AP) — Canada's status as a close U.S. ally should boost a plan to pipe oil from western Canada to the Gulf of Mexico, U.S. Energy Secretary Steven Chu said in comments that signaled support for the massive $7 billion pipeline.

"It's certainly true that having Canada as a supplier for our oil is much more comforting than to have other countries supply our oil," Chu said in a TV interview this week that will be aired later this month.

Technology used to extract oil from tar sands such as those in Alberta, Canada are improving dramatically, Chu said, making such projects less risky to the environment.

The proposed Keystone XL pipeline "is not perfect, but it's a trade-off," Chu said. U.S. officials will have to weigh the benefit of a reliable supply of oil from a friendly country against environmental concerns raised by a possible spill, he said.

Chu's comments are the latest sign that the Obama administration appears likely to back the 1,700-mile pipeline, which would carry crude oil extracted from tar sands in Alberta, Canada, and bring it to refineries in Texas.

The pipeline would travel through Montana, South Dakota, Nebraska, Kansas and Oklahoma.

The State Department said in a report last week that the project is unlikely to cause significant environmental problems during construction or operation.

Calgary-based TransCanada, which would operate the pipeline, says it would be built to strict environmental standards, including 57 conditions above those required by law.

The company and project supporters on both sides of the border say it would create tens of thousands of jobs and significantly reduce U.S. dependence on Middle Eastern oil.

Despite those reassurances, the project has become a flashpoint for environmental groups, who say the pipeline would bring "dirty oil" that requires huge amounts of energy to extract and could cause an ecological disaster in case of a spill. Opponents have urged President Barack Obama to block the project as a sign he is serious about reducing greenhouse gas emissions blamed for global warming.

Environmental activists, including actress Daryl Hannah and NASA scientist James Hansen, have been arrested in ongoing protests outside the White House the past two weeks.

Chu's interview with the "energyNOW!" TV show is set to air in mid-September on Bloomberg Television.

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