

Bill to Resume Keystone XL Study Advances

GRANT SCHULTE, Associated Press

LINCOLN, Neb. (AP) — A bill that would let Nebraska resume its environmental study of the proposed Keystone XL pipeline won first-round approval from lawmakers Thursday, while critics warned that the state was exposing itself to a legal challenge.

Lawmakers voted 35-2 on the measure that would allow the stalled review to proceed. President Barack Obama rejected a federal permit for the project in January, but pipeline developer TransCanada has said it will reapply.

The Calgary-based company agreed to submit to a Nebraska state environmental review in November, in the midst of a special session aimed at the Canada-to-Texas oil pipeline. Environmentalists and landowners had protested the Keystone XL pipeline's original path through Nebraska's environmentally sensitive Sandhills region and the Ogallala Aquifer, a massive groundwater supply.

But the state environmental review was halted in January, when Obama denied the permit after congressional Republicans tried to force his quick approval. During part of his energy tour last week, the president announced that he would push to develop the southern leg of the pipeline from Oklahoma to Texas.

The full 1,700-mile, \$7 billion pipeline would travel from Canada through Montana, South Dakota, Nebraska, Kansas, Oklahoma and Texas. TransCanada Corp. wants to build the 36-inch pipeline to carry oil from tar sands in Alberta to refineries on the Texas Gulf Coast.

The Keystone XL project gained international attention last year, when environmentalists and some landowners pushed the Obama administration to halt the pipeline. Environmentalists say the pipeline still threatens Nebraska's water and wildlife, and they dispute company claims that it will create tens of thousands of U.S. jobs and reduce the nation's dependence on oil from hostile foreign nations.

The Nebraska bill would require a review by the Department of Environmental Quality and final approval from the governor before a company could use eminent domain to claim land for the project. The state recommendations would get aired in public hearings. The legislation also would require TransCanada to reimburse the state for the cost of its environmental study if the company does not apply for a federal permit or opts not to use the study.

The review is expected to cost as much as \$2 million. Department of Environmental Quality spokesman Jim Bunstock said the state has spent \$153,000 since November, but halted its work after the federal permit was denied.

Malcolm Sen. Ken Haar, an outspoken pipeline opponent, said the bill would open

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the state to a court challenge. Haar said the bill qualified as unconstitutional special legislation that could apply only to TransCanada. He said TransCanada was "a victim of its own machinations" by pressuring Congress to try to force the president's approval.

Pipeline supporters said the measure would help preserve a compromise brokered in November that would have allowed the project to proceed.

"I think this is the right thing to do for the state of Nebraska," Ogallala Sen. Ken Schilz said. "I think it's the right thing to do for our nation, and I believe this gives everyone the same opportunities to bring a pipeline to and through the state of Nebraska. It's important that Nebraska keep its word."

Speaker of the Legislature Mike Flood said lawmakers will need to make further changes to the bill before it receives full approval to ensure that it would not only be open to TransCanada. Such a law could face a court challenge, which would cost the state more money and muddy an already complicated situation.

"Congress made some decisions that in many ways derailed what we agreed to do in November" during the special session, Flood said. "I don't have any ideas off the top of my head as to what this bill should look like at the end of the day. But I do think the concerns presented by Sen. Haar have to be ferreted out carefully."

The bill requires two more votes in the Legislature before it goes to Gov. Dave Heineman.

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The bill is LB1161.

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