Response to the Reuters News item published February 1, 2011 10:10pm EST, by Timothy Gardner and Edited by David Gregorio

Timothy Gardner wrote a news item that was published on the Reuters News web site[1] with the headline “Canada-U.S. pipe would cut Mideast oil imports”. The news items contained the following lead in sentence; “A proposed pipeline from Canada's oil sands to refineries along the Gulf of Mexico would help "essentially eliminate" U.S. oil imports from the Middle East in a decade or two, according to a new study commissioned by the Department of Energy.” The reporter then quoted the economist, Phil Verleger, characterizing the report's findings of an essential elimination of oil imports from the Middle East as a "fairy tale”. The reporter chose to publish little else of the findings from the EnSys Energy Keystone XL Assessment Report.

The EnSys Energy study, commissioned by the U.S. Department of Energy, does not say that the Keystone XL pipeline would “essentially eliminate” U.S. oil imports. The report’s executive summary states:

- Building versus not building Keystone XL would not of itself have a significant impact on: U.S. total crude runs, total crude and product import levels or costs, global refinery CO2 or life-cycle GHG emissions.
- Production levels of oil sands crudes would not be affected by whether or not KXL is built. (It would take a total moratorium on new pipeline – and also rail - capacity.)
- Keystone XL would increase cross-border capacity surplus but would provide an additional means to bring Bakken crudes to market, to help relieve congestion at Cushing and to supply heavy crudes to Gulf Coast refineries.
- U.S. imports of WCSB crudes rise under all scenarios considered, curbing dependency on crude oils from other sources notably the Middle East and Africa. However, WCSB crude volumes into the U.S. are sensitive to the development of pipelines which would open alternative routes to Asia.

The mistake made by Mr. Gardner concerns a scenario evaluated by EnSys Energy that assumes that U.S. oil demand will be reduced by approximately 4 million barrels per day by 2030. This low demand scenario was provided by the U.S. Environmental Protection Agency (Transportation Sector Greenhouse Gas and Oil Reduction Scenarios, February 10, 2010, provided to Senator Kerry on as part of their assessment of H.R. 2454, the American Clean Energy and Security Act of 2009).

The EnSys report makes clear that it is the low demand scenario, (which assumes strong policy actions to reduce U.S. oil use), supported by potentially increasing US imports of Canadian crudes, that “could essentially eliminate Middle East crude imports longer term”, <u>not</u> the Keystone XL pipeline. As the EnSys report clearly states in its executive summary, the Keystone XL pipeline would not of itself have any significant impact on U.S. oil imports.

[1] http://www.reuters.com/article/2011/02/02/us-pipeline-keystone-middleeast-idUSTRE7110UE20110202