TAR SANDS FACTS

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Keystone XL Tar Sands Pipeline:
Raising U.S. Oil Prices

The proposed Keystone XL tar sands pipeline would pump up to 830,000 barrels per day of some of the world's dirtiest oil, which is strip mined and drilled from under Canada's boreal forests, and straight through the heart of America's breadbasket to refineries on the Texas Gulf Coast. Although the White House rejected the presidential permit for Keystone XL in January 2012, pipeline backers have cited high U.S. gas prices as a reason to expedite pipeline approval for the section from the Midwest to the Gulf Coast.[1] There is no credible evidence, however, that gas prices would decline if Keystone XL was constructed—especially not the southern segment. The truth is, the Keystone XL tar sands pipeline could actually *add* to our nation's pain at the pump. NRDC believes that the United States does not need the Keystone XL pipeline and the associated climate, land, and water risks. Rising gas prices will not be solved by the Keystone XL tar sands pipeline. The solutions lie in reducing our demand for oil, increasing fuel efficiency standards, and eliminating subsidies for the oil industry.

KEYSTONE XL: A TAR SANDS PIPELINE *THROUGH* THE UNITED STATES, NOT TO IT

Once constructed, for many years the pipeline would divert tar sands from the Midwest to the Gulf Coast to be exported.[2] Existing tar sands pipelines are not yet at capacity and mostly go to the Midwest, where tar sands is refined and sold to U.S. consumers. Keystone XL will take this tar sands and send it to the Gulf to be refined and sold internationally at higher prices.

GULF COAST REFINERIES EXPORT INTERNATIONALLY FOR HIGHER DIESEL AND GASOLINE PRICES

Even as Americans pay more for gasoline, Gulf Coast refiners are converting their operations to produce more than 2.5 million barrels a day of diesel and gasoline for international buyers. These refineries provide the U.S. market with less than half of the gasoline that they did just five years ago.

KEYSTONE XL WOULD INCREASE OIL PRICES IN THE MIDWEST FOR U.S. CONSUMERS

The Midwest now provides far more gasoline for American consumers than does the Gulf Coast.[3] A surplus of Canadian crude in the Midwest has lowered oil prices there by more than $10 per barrel even while oil prices have remained higher in the Gulf Coast where supplies are limited. This translates into real savings for U.S. consumers who buy oil refined in the Midwest. Keystone XL would reverse these savings by diverting oil to Texas, resulting in a tightened supply in the Midwest, which could significantly *increase* Midwest gas prices.[4]

FOREIGN OIL CORPORATION ADMITS: PURPOSE OF KEYSTONE XL IS TO INCREASE PRICE OF OIL IN THE UNITED STATES

TransCanada, the oil company proposing the construction of Keystone XL, admits that, "The resultant increase in the price of heavy crude is estimated to provide an increase in annual revenue to the Canadian producing industry of US $2 billion to US $3.9 billion."[5]

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Additional resources available at:
www.nrdc.org/energy/keystone-pipeline/

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NUMBERS TELL THE STORY: MIDWEST OIL STAYS AT HOME, GULF COAST OIL GOES OVERSEAS

In 2000, Texas Gulf Coast refineries produced more than twice as much gasoline as they did diesel.[6] More than a decade later, that has changed. Today, Texas Gulf Coast refineries produce a ratio of roughly 40 percent gasoline to 60 percent diesel.[7] Meanwhile, Midwestern refineries continue to sell about 99 percent of their product to U.S. customers, refining a barrel of crude into 70 percent gasoline and only 30 percent diesel.[8]

OIL PRICE TIED TO GLOBAL MARKET

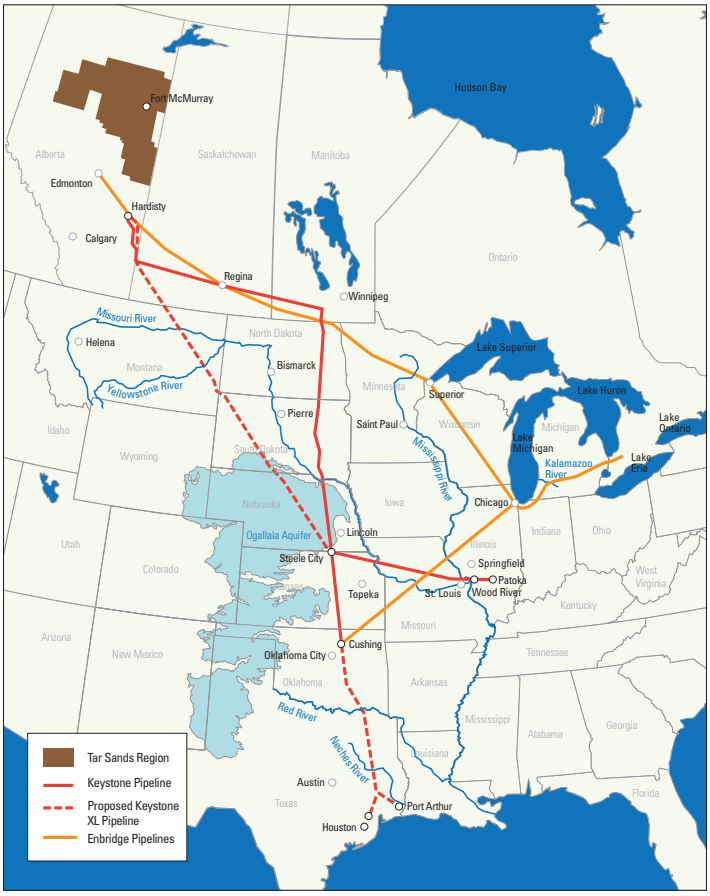
An increase in Canadian oil production would not offset the pricing power of the world's major oil producers, nor would it shield oil sourced in North America from geopolitical events. For example, this winter's gasoline price spikes can be partly attributed to international sanctions against Iran due to its nuclear ambitions.[9] Even though Canadian oil imports to the United States have been steadily increasing, the price we pay at the pump is still closely tied to these global events.[10] Adding more tar sands oil would not change this fundamental market equation.

END THE OIL INDUSTRY'S MONOPOLY AND LOWER FUEL COSTS FOR AMERICANS

A substantial portion of the American household income has become allocated toward gas costs, paying as much as $4 per gallon even though oil companies are already provided with an estimated $4 billion in annual tax breaks.[11] More efficient cars could lower the cost of gas dramatically. By 2030, American consumers could save $500 billion as a result of the new 54.5-miles-per-gallon fuel standard.[12] In addition, Americans can demand increased investments in mass transit in our communities and other clean transportation choices. Also, Congress should end subsidies to the oil industry.

KEYSTONE XL TAR SANDS PIPELINE IS NOT THE SOLUTION

With U.S. gasoline prices rising, it makes no sense to rubber-stamp fossil fuel projects like the Keystone XL tar sands pipeline. Keystone XL just continues our oil addiction. The answer is reducing our demand for oil and ending subsidies to major oil companies. That includes saying "no" to new tar sands pipeline proposals such as the Keystone XL project.



[1] Sen. John Hoeven, as quoted in a press release issued by Sen. Mike Lee, http://www.lee.senate.gov/public/index.cfm/press-releases?ContentRecord_id=473db575-05e3-46a0-8c5b-a234d657fd4f.

[2] NRDC, "Keystone XL Pipeline: Undermining U.S. Energy Security and Sending Tar Sands Overseas, Jan. 2012, pgs. 2-3, http://www.nrdc.org/energy/kxlsecurity.asp.

[3] Energy Information Administration, Refiner and Blender Net Production, July 28, 2011, http://www.eia.gov/dnav/pet/pet_pnp_refp_dc_r30_mbblpd_a.htm. EIA, International Energy Statistics, http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=5&pid=65&aid=2&cid=regions&syid=2006&eyid=2009&unit=TBPD.

[4] Philip K. Verleger Jr., "The Keystone XL Pipeline: OPEC's Trojan Horse?", PKVerleger LLC, September 2011.

[5] TransCanada, Keystone XL Pipeline Section 52 Application, Section 3, Page 7.

[6] In 2000, Texas Gulf Coast refineries produced 1.77 million bpd gasoline and 767,000 bpd of diesel. EIA, Refining District Texas Gulf Coast Refinery and Blender Net Production of Finished Motor Gasoline http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgfrp3b2&f=m. EIA, Refining District Texas Gulf Coast Refinery and Blender Net Production of Distillate Fuel Oil, Jan. 30, 2012, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgfrp3b2&f=m.

[7] In 2011, Texas Gulf Coast refineries produced 760,000 bpd gasoline and 1.08 million bpd of diesel. EIA, Refining District Texas Gulf Coast Refinery and Blender Net Production of Finished Motor Gasoline http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgfrp3b2&f=m. EIA, Refining District Texas Gulf Coast Refinery and Blender Net Production of Distillate Fuel Oil, Jan. 30, 2012, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=mgfrp3b2&f=m.

[8] In 2011, PADD 2 refineries processed 4.1 million bpd. During the same time, their exports of finished petroleum products averaged 45,000 bpd. EIA, Refiner and Blender Net Production, July 28, 2011, http://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MTTRPP22&f=M. EIA, Exports, Midwest (PADD 2), July 28, 2011, http://www.eia.gov/dnav/pet/pet_move_exp_dc_R20-Z00_mbblpd_m.htm

[9] Jeff Somer, "Gasoline price disparity seems here to stay," New York Times, 10 March 2012, http://www.nytimes.com/2012/03/11/your-money/gasoline-price-disparity-seems-here-to-stay-strategies.html

[10] NRDC and Oil Change International, "Keystone XL Pipeline: Undermining U.S. Energy Security and Sending Tar Sands Overseas," January 2012.

[11] President Obama, March 1, 2012, Nashua, NH, http://www.whitehouse.gov/blog/2012/03/01/president-obama-gas-prices-and-oil-subsidies.

[12] U.S. Office of Management and Budget, "Fiscal Year 2013 Cuts, Consolidations, and Savings", February 2012, p. 80. http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/ccs.pdf.