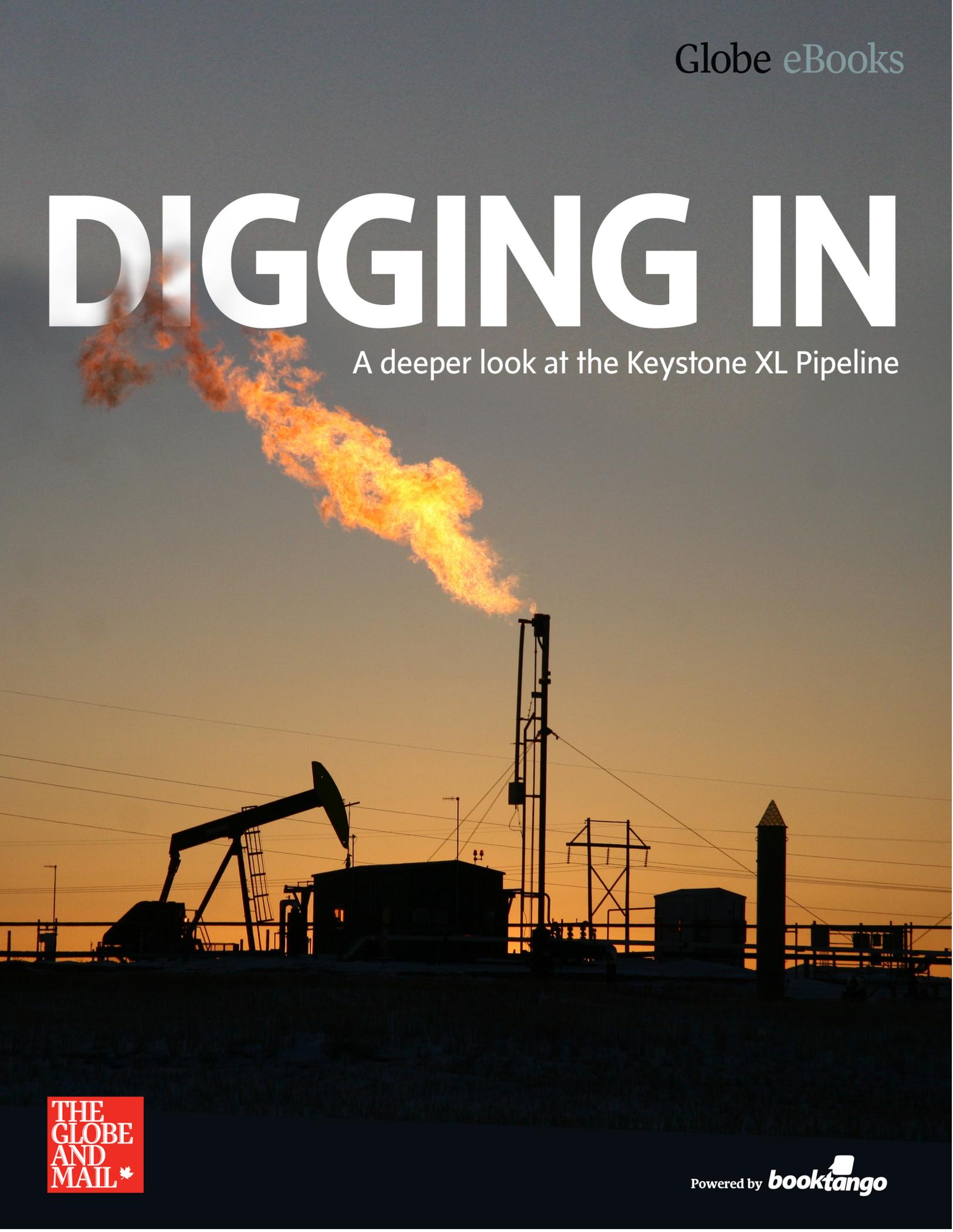


DIGGING IN

A deeper look at the Keystone XL Pipeline



THE GLOBE AND MAIL PRESENTS:
DIGGING IN

LEGAL DISCLAIMER

All Rights Reserved

Copyright © 2013 The Globe and Mail.

This book may not be reproduced, transmitted, or stored in whole or in part by any means, including graphic, electronic, or mechanical without the express written consent of the publisher except in the case of brief quotations embodied in critical articles and reviews.

THE GLOBE AND MAIL PRESENTS: DIGGING IN

The piles of pipe go on, it seems, forever. Down near the southern border of North Dakota, the field next to the railroad tracks is smothered in row after row of 36-inch diameter pipe. Some of it is stamped "Made In Canada," the most obvious hint that this is no ordinary deposit of hollow steel.

This is, instead, a big chunk of the Keystone XL pipeline – a project that started as a pipeline and has now become a potent symbol of North America's political and industrial future – sitting in wait. This summer will mark the third some of it has sat here, amid the grand debate that has arisen over whether Calgary-based TransCanada should be allowed to build its new eXpress Line to shuttle vast volumes of oil from the Alberta oil sands and down through the U.S. heartland.

The issues are many: a giant aquifer; climate change; Canada's economic stability; a rapidly shifting energy geography; the rights of farmers and ranchers; the longings for wealth from rural America. Behind each of those issues are people, bound together across a great distance by commonalities in profession and landscape. They have, in the past few years, become the people of this pipeline. I thought they might be worth listening to, in particular today, when their voices have grown subsumed by the broader political wrangling over the pipeline.

So I hopped into a rental car, headed to Keystone XL Mile Zero at Hardisty, Alta., and began my drive south-east, roughly paralleling a route that crosses badlands and rivers and corn fields and more than a few pronghorn antelope. By the time I was back in Calgary, I had logged 7,476 kilometres, lost and replaced a tire on a particularly bad stretch Saskatchewan pothole minefield, found the spot where Keystone XL proposes to cross the U.S. border, and eaten tacos, burgers and Chinese food with people whose stories, I was thrilled to discover, perfectly delineated the contours of the debate itself.

Through their eyes, I found myself better able to understand the forces arrayed around a project that has become a focal point as Canada and the U.S. contemplate their energy futures. I also found myself with a new appreciation for the West, a place whose relative youth in settlement terms means history is truly never far away.

I hope you will find the same.

Nathan VanderKlippe,
The Globe and Mail

THE GLOBE AND MAIL
DIGGING IN

Digging In

Keystone's Genesis

What I found on my road trip along the Keystone pipeline route

Skeptical artists, multiplying bison, and American believers:

The Keystone road trip

'Praise God! Let the oil flow!' The Keystone road trip

'Great white father... we do not want this pipeline':
The Keystone road trip

Nebraska Keystone pipeline fighter: 'I wouldn't take \$5-million'

A Keystone builder's view: 'We take great pride in our work'

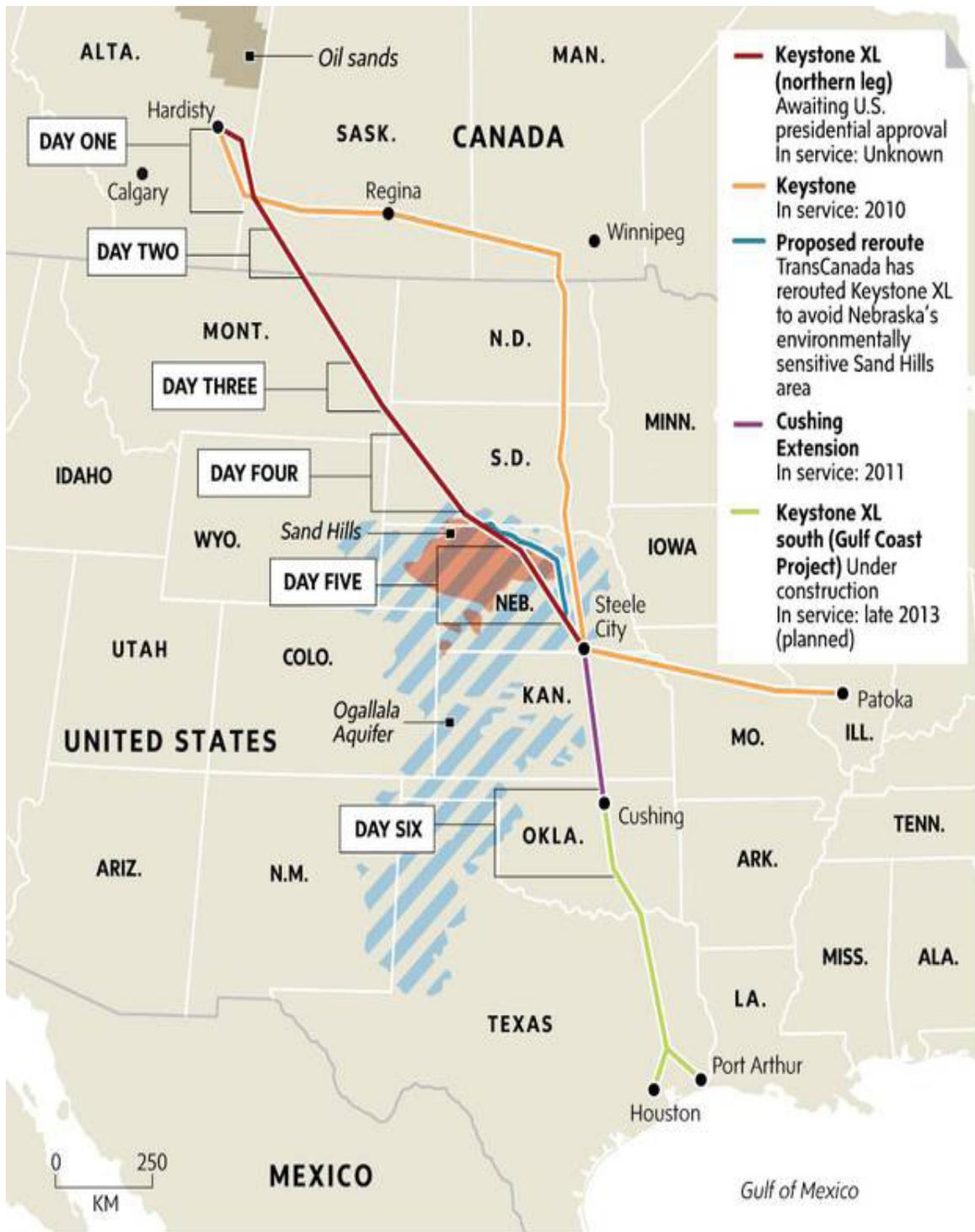
The politics of pipe: Keystone's troubled route

Batthefield Nebraska: A pipeline plan stirs emotions

A Pipeline on Trial

Keystone faces 'last stand'

THE GLOBE AND MAIL DIGGING IN



Digging In

A drive into the heart of the heated debate over TransCanada's Keystone XL pipeline.

NATHAN VANDERKLIPPE

ALONG THE KEYSTONE XL ROUTE

The kid, as Randy Thompson calls the land agent from TransCanada Corp., wanted to talk. He was persistent. So Mr. Thompson arranged a meeting at the family's Nebraska ranch house.

"He wanted to know if they could do some surveying," Mr. Thompson recalls. "We told the kid - if you want to waste your time, go ahead and survey it. But I can tell you, we don't want the damn pipeline."

TransCanada wanted to build its Keystone XL project through the middle of the Thompsons' corn field. The family was worried that it would disrupt the farm's irrigation system. But there was a solution. If TransCanada would move the pipeline an eighth of a mile - 200 metres - the Thompsons could live with that.

"We said, 'you just run this thing down to the end of our field so it's not cutting our field in half, and we'll sign the damn easement,' " he says.

TransCanada said no, arguing that the move would require too sharp a bend in the pipe. It threatened expropriation if the family would not sign a deal. Mr. Thompson grew angry. His face, the Stetson-bearing image of the "pissed-off farmer" he calls himself, became the symbol of an opposition that sprung out of the corn fields

and spread all the way to the White House. Mr. Thompson would go on to personally meet with some of the most powerful political leaders in the United States to argue against Keystone XL.

But, he says six years later, it didn't have to be this way - TransCanada could have just moved the pipe route at the time and settled the matter.

It is a common sentiment.

The pipeline industry faces what former U.S. pipeline regulatory official Brigham McCown calls "a decade of activists aggressively targeting pipeline infrastructure." Keystone XL, whose review has now stretched over 67 months, is a singular example of how badly things can go wrong for the energy industry when those activists dig in - and how costly that resistance can be.

The Keystone XL battle casts a shadow over TransCanada and rival Enbridge Inc. at a time when the companies together are working through some \$62-billion in new projects. It is a historic renaissance in pipeline building at a time of unprecedented opposition to what those companies do.

And for Canada, building Keystone XL is of singular importance. The pipeline promises to open a major new outlet for Alberta oil, which has faced difficult and deep swings in prices due to export bottlenecks, and provide support for the continued expansion of the oil sands. For that reason, it has been avidly pursued by the highest levels of both government and industry.

Yet what becomes evident on a drive along

the 3,134-kilometre length of Keystone XL is that some of the industry's pain is self-inflicted. Along the route, many describe TransCanada and its land agents as intransigent, hard-nosed, quick to threaten court-approved expropriation of land and slow to offer reasonable compensation.

In Alberta and Saskatchewan, after a crowd of cattle and wheat farmers gathered to jointly negotiate terms, they succeeded in securing 10 times the money TransCanada first suggested - raising questions over the reasonableness of the initial offer, a question that has echoed elsewhere on the route. Even those supportive of the pipeline and its benefits have often been left

with a bitter taste from dealings with a company that declined to accommodate concerns over pipeline pump stations and worker-housing facilities.

TransCanada has found through polls of its landowners that "we're doing a good job," says Andrew Craig, land manager for the Keystone system. He declined, however, to provide more specific approval numbers. The company says it is, as a general policy, generous with landowners, and has obtained voluntary agreements to access the land on more than 90 per cent of the route. Of course, landowners know that if they don't sign on their own, the company can force its way onto their land through the courts.



Now, the anger stoked by Keystone XL is propelling a broad set of new demands as landholders feel empowered to push TransCanada for annual payments and changes to legal liability - terms that, if they are met, stand to add new costs and risks to the way pipeline companies operate.

Not that people like Mr. Thompson would care. After all, he was ready to sign and be done with it years ago, had the company drawn a new line on a map 200 metres away.

"They have shot themselves in the foot time and time again because of their total arrogance," he says. "Honest to God, if they would have done that when we first started asking them to do it - hell, they would have been pumping oil already."

A challenge for future pipelines

The sign at the Nebraska state line displays a sunny slogan: "the good life." Lately, though, the state has become the centre of unrest against Keystone XL. But the image of angry ranchers is in many ways a misleading one. In the 2012 election, at the height of the pipeline debate, more Nebraskans voted for the Republican presidential candidate - unabashed Keystone XL supporter Mitt Romney - than in 2008.

It's not just Nebraska. Every state - and virtually every county - on the pipeline's path voted for Mr. Romney.

Those voters are committed pipeline supporters, too. Tim Gravelle, a statistician and former pollster who is principal scientist at Insights Lab

in Toronto, matched the Keystone XL route with data from a broad 2012 Pew Research Center survey. He found that the closer people are to the pipeline, the more likely they are to support it. Within the broader American public, 66 per cent think the White House should sign off on the pipeline. Among those 800 to 1,600 kilometres away from the route, 76 per cent back approval. At 160 to 800 kilometres, support rises to 79 per cent. And under 160 kilometres from the route, fully 84 per cent want Keystone XL built.

"It is sort of NIMBY turned on its head," Mr. Gravelle said. "The people for whom this is in their backyard probably recognize there are economic benefits that are going to accrue to me directly, or indirectly as a result of increased economic activity in my area."

The numbers add a surprising wrinkle to TransCanada's Keystone troubles, which have arisen on a route filled with people who are, by nature, overwhelmingly disposed to support its work. Those troubles stemmed in part from its route across the sensitive Sand Hills ecosystem - a route it had to be ordered to amend by the White House, after leaving untouched in the face of ranchers begging for change - and in part from activists living far away and concerned about broader environmental issues.

The company acknowledges that the old way of building pipelines no longer works for an industry facing a barrage of concern about leaks and welds and general safety. "We have to change the way that we approach things," chief

executive officer Russ Girling says in an interview.

But, he says, TransCanada works with some 60,000 landowners, and “we have a great relationship with those people.” The company spends years on twists and turns to find the best path. “Once we get it on the map and we get on the ground, we spend a lot of time on the ground rerouting it,” Mr. Girling says. “I’d say there’s been a couple thousand reroutings of that pipeline along that 1,800-kilometre corridor.”

That much becomes clear on a flyover of the southern leg of Keystone XL, which is already under construction: The pipe zigs and zags to avoid an airport and sloughs. At particularly sensitive areas, like a high school and large river crossings, it leaves no mark at all. In those places, the company uses horizontal boring to open a path for the pipe.

There is no avoiding the fact, though, that any pipeline corridor is going to be made up of people’s pastures and backyards and some will hate it “no matter what you do,” Mr. Girling says.

Still, Nebraska’s opposition underscores the industry’s challenge ahead. “We just secured \$16-billion in new projects,” Mr. Girling says. “No illusions in my mind as to how difficult those are going to be to get permitted. And our challenge as a company is to get better at how we approach these things. And it’s getting on the ground talking to the people that are affected and making sure that you meet their needs.”

Playing hardball with ranchers

Daryl Swenson’s cattle graze around gas wells on his farm near the South Saskatchewan River in Alberta. He has worked for natural gas companies. He thinks Keystone XL is a needed export outlet for the oil that powers Alberta’s economy. “Canada needs the oil to be going out of here,” he says.

But when TransCanada called to negotiate access to his land, he was shocked. “The initial offering of money to the landowners was paltry. It was next to nothing,” he says. “So everybody decided to get together.” Mr. Swenson became one of five negotiators for the Alberta Association of Pipeline Landowners (AAPL), a group that dealt with TransCanada on behalf of 60 per cent of those along the new route for the original Keystone pipeline in Alberta and Saskatchewan. They negotiated terms for Keystone XL as well, led by Jim Ness, a man on the Keystone route with an appetite for fighting hard against big companies.

Mr. Ness is no liberal. “I’m a redneck. I like guns. I shoot guns,” he says. But when he was 12, he was beaten up by a bully and “decided that day that I was going to pursue justice the rest of my life,” he says. He has dedicated much of the past decade to fighting what he considers a new kind of bully: the energy industry. He’s even trained for the battle. In 2004, he became a licensed land agent.

“I wanted to know how the system works and find out if there’s any possibility that landown-

ers have some rights. And, of course, we have practically none." One major problem involves dead pipelines. Once a system is legally abandoned, landowners worry about who will hold liability for the line - particularly if the company that owned it ceases to exist (although in Canada, the National Energy Board is setting up an abandonment fund to help address the issue).

There are other concerns, too. If Keystone XL is built on Mr. Ness's land, he says a neighbour can't legally help him harvest crops on the right-of-way without written permission from TransCanada. (The company says that's only partly true, and that such rules are there to prevent heavy equipment from damaging the pipe.)

"Some of these issues - it's not about compensation. It's about risk liability, hazards imposed on your lifestyle," Mr. Ness says.

With Keystone, the men sought changes. They wanted annual payments and a lightened long-term liability burden. They failed. According to Canadian and Alberta law, companies "are not forced to do anything," Mr. Ness says - and with the ability to expropriate, he adds, companies don't have as much incentive to make people happy.

Along much of the Keystone XL route, landowners described fruitless requests for accommodation. The impoverished Faith School District in South Dakota fought for five years - in a battle that ended up in state supreme court - to move a pump station by 1.5 kilometres in hopes of deriving needed new revenues. It failed.

Cody Math, the first American whose house the pipeline will pass, asked TransCanada to shift a northern Montana pump station in hopes of shielding himself from industrial noise that might affect his quiet home on the plains. He lost. The city of Baker, Mont., wanted a new water well to provide for an 800- to 1,000-person worker camp it intends to build there. TransCanada is spending nearly \$3.5-million on water and sewer infrastructure upgrades, but declined a new well - it's rehabilitating an existing one instead - and the city is paying for a new cell in its sewage lagoon, as well as two new police officers to handle the influx of people.

In Alberta, meanwhile, the AAPL negotiators did succeed in securing a TransCanada-funded monitor to spot any environmental or construction problems. And they wrested far more from the company: some 10 times its initial offer. (TransCanada calls that number misleading: Agricultural land values go up over time - in Nebraska, they're up to \$12,000 an acre from \$4,500 in 2008 - and changes in crop prices can also raise payments.) But Mr. Swenson called the process "very frustrating."

"I don't think of them as evil," he says. "I think they're there to make the most profit for their shareholders. And it doesn't matter if they can get away with paying as little as possible to everybody else."

Hoping for a better deal

On the road west from Scranton, N.D., Highway 12 crests a hill to a view overlooking a field

filled with pipe. Row upon row of green-coated pipe, some stamped "MADE IN CANADA," lies neatly stacked four high. This is the Gascoyne pipe yard, home to 350 kilometres of Keystone XL - nearly a fifth of the pipeline, in 15,000 different segments. This summer will be the third some of it has sat idle here, a local worker says.

The pipe provides one of the most tangible glimpses of the stakes for TransCanada, which has already spent more than \$1.8-billion to buy equipment and prepare to build Keystone XL.

Critics hope they can use that Gascoyne pipe yard - and TransCanada's eagerness to get going - as leverage for better deals. In Nebraska, those along the new route are seeking terms that stand to alter the relationship between pipeline companies and landowners. They have formed the Nebraska Easement Action Team, or NEAT, which has leaned on the expertise of Domina Law Group, a formidable class-action and personal injury firm in the state. Brian Jorde, the lawyer working with NEAT, figures about 30 per cent of those along the new Nebraska route are members; another 14 per cent aren't prepared to negotiate at all, while others have shown an interest in signing up if TransCanada gets its permit.

Those willing to talk have serious demands. They want negligence shielding for landowners who accidentally damage the pipeline. They want regular payments - if not every year, then every 10. They want the ability to extract more money if the pipeline easement is ever sold.

"We'll never get it all, we realize that," Mr. Jorde says. But the stakes are high - not just for Nebraska, but for the entire pipeline industry. If NEAT can persuade TransCanada to give in on some terms, it will clear the way for others to make similar demands in future expropriation battles. It could change the way pipelines are built. "We would be setting precedent, because they know they don't have to give these things," Mr. Jorde says.

As for Mr. Thompson, the Nebraska rancher, in a surprising twist he expects Keystone XL to eventually be built. He believes the White House will impose some sort of carbon regulation - and perhaps demand yet another new route through his state - but eventually clear the way.

"I don't really have the sense that Obama is going to deny the permit," he says. And though some have threatened thousand-strong blockades, or even violence if construction begins, once approval is granted the "chances of really stopping it are what? Not very good," Mr. Thompson says.

Still, he can't keep from shaking his head at it all. TransCanada, it turned out, eventually moved the pipeline well away from the family ranch amid a broader route change through Nebraska.

"Why didn't [TransCanada] come out of the gate and treat people fairly? They would have had a hell of a lot less resistance," he says. Instead, "they want to screw you into the ground and force it down your throat. And that just doesn't work."

KEYSTONE'S GENESIS

TransCanada's Keystone project started with a phone call to the company's headquarters in Calgary, forwarded to the general corporate voice mail box. It came from someone at the Canadian Association of Petroleum Producers.

The message: "Hey, we'd like to talk to somebody about converting one of your pipelines for crude oil service."

That's how Robert Jones remembers it. It was 2004 or 2005. Mr. Jones, an engineer, had come to TransCanada after spending a decade working at Enbridge Inc., a titan in moving oil by pipe. That made him the only person doing business development for TransCanada who had any oil pipeline experience.

Pipelines are a bit like gold mines. The vast majority of them don't get built. People like Mr. Jones get paid to come up with ideas. They will whittle down a list of 100 potential new pipes down to 10. If they're lucky, one will get built. The success rate isn't high.

He spoke with people representing Cno-Phillips, Canadian Natural Resources Ltd. and another company. The oil sands were growing, they said, and they needed to get the crude to market. And they wanted someone other than Enbridge. Why not push oil through part of TransCanada's network of six underused gas pipes across Canada and then send it south to U.S. refiners?

It was an intriguing idea for TransCanada. "So we took it away and we thought: how can we be different from our competitors?" Mr. Jones said.



He assembled a stealth team, just a half-dozen people with a code name, which he had grabbed from Google. Knowing the pipe would cross Iowa, he popped the state's name into an Internet image search. He discovered photos of a lot of arched bridges – the kind that appeared in Bridges of Madison County. He figured a pipeline was a bit like an energy bridge.

"And if you look at these archway bridges, the critical part of a bridge is the keystone," he said.

Keystone was born. So was a major chapter in Mr. Jones's career, which would become devoted to the project. It came in two parts: the first involved the gas pipeline conversion. It was designed, permitted, and built with little fuss. Its first barrels reached market on June 30, 2010. TransCanada, which had focused almost exclusively on natural gas, had been transformed into

a vital mover of oil. And it was hungry for more.

Enter Keystone part two. Around 2007, fears about falling oil supplies from Venezuela set U.S. Gulf Coast refiners on a quest for a new crude source. Some refiners had contracts for Venezuelan oil that expired in 2012 and 2013. They were also watching their supplies from Mexico begin to diminish. They needed something to fill the gap. Canada's oil sands crude shared much in common with what comes out of Mexico and Venezuela – they are heavy oils. And the oil sands were growing, fast.

It all seemed to fit.

So TransCanada began planning Keystone XL, so named because it would be an eXpress Line capable of rapidly delivering oil to markets.

major new outlet for Alberta oil, which has faced difficult and deep swings in prices due to export bottlenecks, and provide support for the continued expansion of the oil sands. For that reason, it has been avidly pursued by the highest levels of both government and industry.

Yet what becomes evident on a drive along

What I found on my road trip along the Keystone pipeline route

In his rented car, Globe reporter Nathan VanderKlippe shares his experience as he travels the proposed path of North America's most controversial pipeline

NATHAN VANDERKLIPPE

The Keystone XL pipeline has brought into sharp relief some of the most pressing economic, political and social issues facing the continent. As a U.S. review on a presidential permit for the project nears its conclusion, reporter Nathan VanderKlippe hopped in a car and drove the pipeline's route to sketch the people and places that stand in its way. This is the first part of a week-long series.

On Feb. 4, 2013, a U.S. congressman sent out a press release with some startling numbers.

On that day, 1,600 days had elapsed from TransCanada Corp.'s initial application for a presidential permit for the Keystone XL pipeline. That was, according to Fred Upton, the Michigan Representative who chairs the energy and commerce committee, longer than the U.S. involvement in the Second World War, between Pearl Harbour and the Japanese surrender. It was longer than the 491 days it took to build the Pentagon and longer than the 1,121-day Lewis and Clark expedition that drew

some of the first maps of the American West in the early 1800s.

For Canada, for the U.S., for opponents of the oil sands and supporters of economic expansion, for pro-pipeline premiers and anti-pipeline ranchers, nothing about Keystone XL has been short.

And nowhere is that length more apparent than in the places the 36-inch-wide pipeline intends to traverse. The Keystone XL route is a 3,134-kilometre line through the centre of the continent, across a landscape of ranches and farms; pronghorns and a few remaining bison; verdant fields atop aquifers and tumbleweed-strewn dry lands. From Hardisty, the Alberta oil nexus not far from the oil sands, to the enormous refining complex on the Gulf Coast, it's a long way down.

That distance is often truncated to two places: the ebullient suits crowded in Calgary office towers, and the fanatic opponents arrested around the White House.

What's often left unheard is the great middle: the hundreds and thousands of people and places around the line on TransCanada's maps that, by mere coincidence, also traces the middle of North America. These are the endless vistas of cattle and antelope usually dismissed as "flyover country." But this is historic country, bisected by the paths of Lewis and Clark, the Mormon settlers, the Oregon Trail, the Pony Express and the early gold miners.

Now, TransCanada is working to carve its own path.

I wanted to see it for myself.

So I rented a car, and pointed it southeast. Over the course of a week, I roughly followed the route of Keystone XL, speaking with landowners, municipal officials, activists, artists, even a preacher. I've spent years writing about Keystone XL, and have twice travelled to Nebraska to cover the fury that met TransCanada there. But this was a chance to sketch a far more nuanced portrait of the debate as it unfolds across a remarkable geography.

I didn't know that large numbers of Alberta and Saskatchewan landowners had teamed up to negotiate terms for TransCanada to cross their land – and won far more money than they were initially offered. I didn't know that a South Dakota school district had waged a five-year battle to get a pump station on its land. I didn't know that some First Nations have already taken blockade training to prepare for civil disobedience if pipeline construction begins. I didn't know how badly TransCanada has angered dozens, if not hundreds, of landowners along the length of the route. I also didn't know that even some of those ardently opposed expect the pipeline to ultimately get approved. I didn't know how much care workers take in the seemingly simple process of laying steel pipe in a trench.

Over this week, through several updates on ReportonBusiness.com, I'd like to introduce

you to those people and some of their stories. A road trip is, by practical necessity, reductive. I spoke with a few people. I sped past many more without stopping. But I was the beneficiary of tremendous generosity. Pipeline employees worked weekends to guide me through key points in the project. Ranchers fed me meals, handed me home-baked brownies and cinnamon buns, and even offered me a bed to sleep in.

They are the people of the middle, the denizens of the long way down. I enjoyed meeting them. I hope you will, too.

=====

'JUST A PIPELINE'



If it's built, Keystone XL will start in a valley 200 kilometres southeast of Edmonton. But in many ways, its real starting point lies in downtown Calgary, in the third floor offices of TransCanada Corp. This is where you can find Russ Girling, the TransCanada chief executive officer whose role has made him, in many ways, Chief Keystone XL Salesman.

I first interviewed Mr. Girling on the last day

of June, 2010, the day before he took over the reins of TransCanada. He was slightly disappointed to be speaking with me. That very day, outgoing CEO Hal Kvisle was turning the ceremonial valve to mark the beginning of exports through the first Keystone pipeline, which connected oil sands crude with refineries in the U.S. Midwest. (Keystone XL will bring crude to the Gulf Coast.)

"It's a huge day for the company, and unfortunately I can't be there," Mr. Girling said at the time. TransCanada had always been a natural gas company. Its founding pipeline began moving Alberta gas to Ontario in the 1950s. Oil was "a new business for TransCanada, and it's a very, very large business for TransCanada." Keystone, he said, "links the biggest free source of crude oil in the world" – as in, non-OPEC crude – "to one of the most important markets in the world. And we have a very, very friendly and amicable relationship with the U.S."

To be a part of that, he said at the time, "is pretty darn exciting."

It's doubtful anyone could have predicted just how exciting it would get for Mr. Girling. Before becoming CEO, much of his experience as a public figure had been before regulatory boards. There, pipeline executives and lawyers perform a joint strategic dance to get projects approved. The discussion can be highly technical, and constrained by legal interjections.

The court of public opinion has no such

constraints, and Mr. Girling appeared slightly ill-at-ease – if not quite nervous – in our first meeting in 2010.

If anything has changed at TransCanada over the past three years, it's Mr. Girling's comfort in front of a tape recorder – and, these days, lights and cameras. His speech is less cautious, and more peppered with spicy comebacks to his opponents. I recently returned to that third-floor office to hear him dismiss arguments from his critics as "nonsense" and "ridiculous."

"I can't do anything to stop those folks who worry that this pipeline is going to mean the end of Earth," he says. "Or those that say if you build this pipeline, it's game over for the planet."

No, he says. Keystone XL "will actually make things safer," lower costs, make a more efficient energy industry.

But Mr. Girling acknowledges that for TransCanada and other pipeline builders, "our world has changed." When we first spoke in 2010, oil was still roaring into the Gulf of Mexico from BP PLC's Macondo well. Workers were struggling to clean up the mess in the Kalamazoo River from a ruptured Enbridge Inc. pipeline. A few months later, eight people died in a natural gas pipeline explosion in San Bruno, Calif.

Those disasters "happened in rapid succession and were catastrophic. I think it caused everybody to wake up and say, 'what's happening here?'" Mr. Girling says. The challenge

is to undo the damage. "We have to gain public confidence," he says.

It has been a fraught battle. Keystone XL has "become this iconic symbol of everything that's wrong with the energy business," he says. But, he argues, the 1,897 kilometres that remain to be built, from Alberta to Steele City, Neb., will pass through a continent already criss-crossed with millions of kilometres of other pipelines. "We're not reinventing the wheel here," he says.

Keystone XL is "just a pipeline."

Except it has become far more than that.

Keystone XL has been called "the most famous pipeline in the history of the world, even without being built yet" – although that's not exactly true. Keystone XL is actually three distinct portions and much of it is, in fact, already built. The middle stretch, from Steele City, Neb. to Cushing, Okla., has pumped oil since February of 2011. The bottom section, from Cushing to Port Arthur, Tex., is being placed in the ground right now. Even the top leg, the most contentious segment that crosses the Canadian border and travels to Nebraska, is no figment of the imagination. Its pipes already lie piled on the ground in several spots across the northern states, just waiting to be welded together and lowered into the earth.

Keystone XL is already very real in the political context, too, disrupting an oil sands industry that fears business will slow if it isn't built,

and foisting change upon Alberta. Premier Alison Redford has travelled to Washington, D.C., on lobbying trips four times in the past 18 months alone. Canadian policy – including the possibility of substantial new levels of oil sands carbon taxation – is under hurried revision, following suggestions from the U.S. ambassador that the White House would look favourably on such moves.

Still, for Mr. Girling and TransCanada, none of those factors have altered the selling point they have tried, with the backing of the highest levels of Canadian government, repeatedly to make to U.S. lawmakers and regulators.

"Our message hasn't changed one bit in any of those forums. It's the same message," Mr. Girling says. "We should get on and build this pipeline."

=====

'THE BEGINNING OF KEYSTONE XL'

It's early morning on Earth Day. A chill wind tousles the prairie grasses outside Hardisty, Alta. The horizon is crowded with massive oil tanks. Each can hold 300,000 barrels of oil – 48-million litres, or enough to fill 19 Olympic-sized swimming pools.

Inside the fence that marks TransCanada Corp.'s property here, three tanks gleam in white. This is the launching point for the vast amounts of oil TransCanada is already pumping from the oil sands to the U.S. through its initial Keystone project, a thick white-coated pipe that curves gracefully into the gravel

amid a forest of manifolds and meters and 5,500-horsepower electric pumps.

To anyone else, there might be some irony in an Earth Day tour around the Hardisty oil storage area, the centrepiece of a spiderweb of pipelines moving Canadian energy to market. Not to Vince Hrabec, the man who runs TransCanada's operations here. "We're building pipelines a whole lot safer today than has ever been done before," he says.

He pilots a pickup up a hill, looking for a view of what may one day be Canada's energy future.

"There's a nice vantage point up here," he

says, steering toward a grassy bluff. Below, there is a postcard view of a construction site. Three more tanks are rising from the ground. This is the spot where crude may one day enter a pipeline connecting this place with the U.S. Gulf Coast.

"This will be the beginning of Keystone XL," he says.

He points in the direction of the proposed pipeline's route south. "It's pretty straightforward isn't it? There's nothing complicated about operating a pipeline," he says.

"How about building a pipeline?" I ask, tongue slightly in cheek.



"That can get complicated," he allows. "It just takes time."

More complicated and time-consuming still, as TransCanada has discovered: getting permission to build a pipeline. But Mr. Hrabec is an optimist. He speaks of the time when construction will begin on Keystone XL. There is no if for him.

Nearby Hardisty, a small town whose businesses have struggled to survive, has a conflicted relationship with the energy industry, and the massive storage tanks that have brought huge amounts of oil to this place, but little work. The Keystone terminal, for example, supports just 11 full-time jobs – and many live outside the local town.

Mr. Hrabec is one of them. He commutes more than 100 kilometres to get here. It's a long drive, but he has an unusually personal relationship with the Keystone system. He is operations foreman for the first Keystone pipeline, which connects the oil sands, through Hardisty, with the U.S. Midwest. While that pipeline was under construction, he served as its startup manager, a job that saw him oversee the movement of its very first barrels of oil. Opening a pipeline is a lengthy operation: It took nine million barrels just to fill Keystone, and three months to get the first shipment from Alberta to Wood River, Ill.

"I actually travelled the whole line. I was at every pump station," Mr. Hrabec says. "My accountability was to make sure that when

construction was complete, all the facilities were tested and functioning as per design."

He has been in the commissioning business for two decades, starting up power plants, natural gas facilities and compressor stations. But nothing compared to Keystone, a massive, high-profile project, and a vital export outlet for Canadian crude.

"It's the pinnacle of my career," Mr. Hrabec says.

But like many in Alberta, he is personally "on both sides of the fence here." His grandparents immigrated to Canada from Ukraine in the early 1900s, and he grew up on the family farm near Holden, Alta., doing the things farm kids do: "Raising cattle. Milking cows. Feeding chickens. Feeding pigs." He still helps out around the farm when he has time. Sometimes, family dinner conversation turns to the merits of the energy industry.

Some in the area are firmly opposed to oil and gas development. The Hrabecs tend to think differently. Several natural gas pipelines already run in their land, and Mr. Hrabec's father just signed to allow a large electrical transmission line through as well.

"At the end of the day, my father, who is a primary owner of the property, he believes we're going in the right direction with respect to the economic benefits of moving our commodities out of the province of Alberta," Mr. Hrabec says. "He has some really good discussions with his fellow farmers, because there

are a lot who aren't for that type of development. But he's always been expressing that we have to move forward. We have to allow the economic benefits of putting infrastructure in for future growth."

Does Mr. Hrabec feel the same way?

"I do," he says.

And, he says, part of him hopes he will one day get a chance to nurse the first barrels through Keystone XL as well.

=====

THE WEST KEYSTONE XL PROPOSES TO CROSS

Daryl Swenson's great-grandfather could not walk when he crossed the North Dakota border into Canada a century ago. He had come north after being told by doctors to seek a dryer climate for health ailments that left him crippled. Mr. Swenson's grandfather, a teenager at the time, had to load and unload his father from a covered wagon as they made their way to a homesteading site just north of the mighty South Saskatchewan River in eastern Alberta.

Their land was situated 10 kilometres from the nearest spring. At night, they let their horses wander there to drink. In the morning, Mr. Swenson's grandfather had to walk the long distance to retrieve them. The covered wagon was home for their first winter on the cold, bald prairie, waiting until they had secured enough lumber – floated down the river – to build a shack. They stoked fires with dried

buffalo manure for heat.

Within a year, Mr. Swenson's great-grandfather was back on his feet, and the family was establishing its presence in Alberta, on land that decades later lies on the route south for the Keystone XL pipeline. Two good crop years brought in enough money to build a barn and a house. But it was still a time of hardship – something Mr. Swenson calls to mind every once in a while as he tills the same land with his GPS-guided tractor.

"When I'm farming now I'm sitting with my arms crossed with the automatic guidance system, thinking how my grandpa used to walk behind a team of horses," he says.



This is how, in a hundred dozen different ways, the west was settled. This is the west Keystone XL proposes to cross. For its first 1,000 kilometres, the pipeline passes town after town that is either preparing to celebrate, or has recently finished celebrating its centennial. Many of those who came 100 years ago stayed. There are people today who can still show land titles that bear two inscriptions: the

federal government, and their family.

Of course, many have left. When Mr. Swenson was 20, enough 18- to 30-year-olds lived within 15 kilometres to form two ball teams. Today, the same radius might contain five people in that age bracket. Houses stand empty on property bought by out-of-town farmers who drive in with enormous equipment to tend ever-bigger ranches. The local school closed down several years ago.

"She's getting pretty remote rural," Mr. Swenson says.

But those who have persisted have remained through one of the worst chapters in western history – a past that has forged deep ties to the places Keystone XL may one day traverse.

"People out here are very determined and they've got that strong connection to the land," says Jordon Christianson, who grew up on a ranch near Oyen, Alta.

In the mid-1800s, John Palliser, a Fellow of the Royal Geographical Society in Britain, conducted a mapping trip across what is now Western Canada. The expedition is perhaps most famous for its demarcation of what is now known as "Palliser's Triangle," a pie-shaped wedge of land across Alberta, Saskatchewan and Manitoba that, Palliser declared, constituted the northern headlands of the Great American Desert. If you wanted to cut that triangle in half, you would build the Keystone XL pipeline, which runs directly

through the heart of a region still shaped by what happened when Palliser's cautions about the land's productivity were made real during the Dust Bowl periods of the 1930s.

Even eight decades later, the landscape still bears the imprint of that time, when farmers, starved of crops and starved of money, found themselves unable to pay taxes. Municipalities, starved of revenues, went broke, too – some 25 or 30 of them, and the parched land reverted to provincial control, says Mr. Christianson, who serves as the director of property administration for the Special Areas Board. The SAB was set up in 1938 to administer that provincial land. Today, it holds unique powers over two million hectares of land – including province-like regulatory authority over infrastructure that crosses it.

In Alberta, that dual history of settlement and drought remains a fundamental backdrop for TransCanada as it seeks to build Keystone XL. Mr. Swenson and Mr. Christianson are, in some ways, similar. They have both negotiated with TransCanada, Mr. Christianson for SAB, Mr. Swenson for himself and a group of farmers and ranchers who came together to jointly work out terms with the company.

Like many in Alberta, they also have long histories with oil and gas. On Mr. Swenson's land, a natural gas drilling frenzy brought a crop of wells in the past decade. Mr. Christianson's brother works as an operator in the oil patch. And like many here, they already



know what it's like to deal with a big new oil pipeline. The first Keystone pipeline, which runs from Alberta to the U.S. Midwest, crosses through Special Areas and Mr. Swenson's land.

It has proven a mixed blessing.

For Special Areas, TransCanada's care in building the pipeline was remarkable. The company "had rare plant surveys done," Mr. Christianson says, and identified numerous species at risk, including plants like tiny cryptanthe and slender mouse-ear cress, whose 2004 population numbered just 1,575 in Alberta.

To avoid damaging those plants, TransCanada amended its route in places, narrowed its right-of-way in others and, in some areas, used horizontal drilling to bore a hole for the pipeline, leaving the surface undisturbed. "They did a lot of mitigation for some of these plants," Mr. Christianson says. "It's impressive." Local residents even found an unexpected benefit in some places where TransCanada peeled back the prairie to install its pipe, he says. "After Keystone went through, they had these sites on the pipeline where these plants started springing up. They took advantage of

that disturbance.”

Mr. Swenson, too, has had good experiences with the energy industry. His cattle graze next to a gas well, and usually, he says, companies are “pretty good.”

But dealing with TransCanada has not been easy. To negotiate with the company, some 60 per cent of the farmers and ranchers along the Keystone route between Hardisty, Alta., and Burstall, Sask., banded together to form the Alberta Association of Pipeline Landowners, or AAPL.

“The initial offering of money to the landowners was paltry. It was next to nothing. So everybody decided to get together,” he says.

Mr. Swenson was one of five people who sat at the table to draft access terms. On many of the items they sought, they lost. Under current practice, pipeline companies pay a single upfront payment for a permanent easement – but landowners are liable for the buried pipe once it is abandoned. AAPL sought annual payments, and sought changes to abandonment liability. They failed.

“They don’t want to address any abandonment issues. They don’t want to pay any yearly compensation,” Mr. Swenson says. And with the power of eminent domain on TransCanada’s side, landholders only had so much leverage.

The one area they did win: money. Contracts bar discussion of specifics, but Mr.

Swenson got roughly 10 times more than TransCanada initially offered, terms that were settled for both Keystone and Keystone XL. And he has been happy with how the company has treated him on the initial Keystone route. Heavy machinery compacted the soil atop the pipeline, stifling the ability of crops to grow. Plants grow “quite a bit shorter, and it doesn’t produce as much. It turns yellow quicker,” he says. Yields are 15 to 20 per cent less on the right of way. TransCanada has paid compensation, and sent back equipment to help fertilize the land and bring it back to its full capacity.

“They assured me they would fix it. And they’re working at it,” Mr. Swenson says. The company has also seen substantial success in reseeded grasslands, he says.

And the problems he’s had haven’t soured him on the idea of Keystone XL. “I would support it,” he says. “I think Canada needs the oil to be going out of here.” He bears little lingering resentment to TransCanada.

“I don’t think of them as evil. They’re there to make the most profit for their shareholders, and it doesn’t matter if they can get away with paying as little as possible to everybody else,” he says. “But I’ve got no animosity towards them. They’ve treated me well.”

Skeptical artists, multiplying bison and American believers: The Keystone road trip

Nathan VanderKlippe's travels down the route of the controversial pipeline brings encounters of a surprising kind

NATHAN VANDERKLIPPE

'IT'S DIRTY OIL. THERE'S NO QUESTION.'

The table is set at Laureen Marchand's house with Guinness cheddar, apricot wensleydale, aged Irish monastery cheese – and an equally compelling selection of southern Saskatchewan's finest residents.

Val Marie, Sask., is tiny and isolated. Its nearest gas station is 55 kilometres away. The nearest police officer is 75 kilometres distant. Only 100 people live here. What's remarkable is how many are artists and authors, perched in a tiny town near the line on the map that marks Keystone XL's route. On a pipeline path jammed with people raising cattle and wheat, it's an enclave with a distinctly different bent on the broad energy questions elicited by the project.

"It looks like a scruffy little village, but it's got interesting people in it," Ms. Marchand says.

To prove the point, Ms. Marchand has invited a few people over for dinner on a Monday night. They are two couples. Pam Woodland, a graphic designer and photographer, and Bob Harwood, an author, run Harland Press. They call it "publishing for the love of it." Wes Olson is a

long-time national park warden. He is one of the world's top bison experts; he helped populate Alberta bison in Russia and in Saskatchewan's Grasslands National Park. Johane Janelle, an accomplished horse photographer, has long been by his side, her photographs of bison and flowers illustrating the books he has written.

Around this table, there isn't much love for a government that has amended Canada's environmental regime while working to promote new export pipelines. There's not much love, either, for the oil that would flow through Keystone XL. Mr. Olson once spent three days in the oil sands region. He was horrified. "I've seen the devastation. It's mind-blowing to me what us piddly little humans can do to the landscape," he says. "It's dirty oil. There's no question."

In Val Marie, the pipeline also travels past a place struggling against recent changes wrought by the Conservative government. The scrapping of the Prairie Farm Rehabilitation Administration has ended the nationally-mandated protection of large swaths of grazing pastures, and cast the shadow of private ownership over areas long vital to local ranchers whose livelihood has been staked on public land. Parks Canada cuts have also prompted two families to leave Val Marie.

"That's huge when you only have 100 people living here," Ms. Janelle says.

Through Mr. Olson's eyes, the landscape is different. Two centuries ago, so many bison roamed what is now Western Canada that one exploration party was "trapped for 10 days in

their camp while one herd of bison walked by. Tens of thousands of animals, for days on end." I had always thought of the bison as being primarily exterminated by sport hunters. They were, instead, largely harvested to support North America's industrial revolution, Mr. Olson says, their skins used to make leather belts to turn machinery. "Probably 80 per cent of the decimation was related to the hide trade," he says.

It's a reminder that Keystone XL, if it's built, will dig into a landscape already undeniably altered by the forces of development. In Alberta, the first few hundred kilometres of the route parallel Highway 41, the Buffalo Trail.

Other things are changing, too – including the makeup of the population. In Val Marie, some "11 or 12 per cent of the population are artists," Ms. Marchand says. "It's a community of ranchers and artists and science professionals. And that's unusual."

The ranchers come with the broad sweep of grazing land that feeds cattle spread across the surrounding fields. The science professionals come with Grasslands National Park, which sits just outside Val Marie. And the artists come, in part, with \$750 fixer-upper homes and, in part, with Ms. Marchand, who moved to Val Marie 3 1/2 years ago to start Grasslands Gallery. The gallery now sits amid a small but burgeoning outpost of creativity on the Saskatchewan prairie.

At dinner, talk turns to back Keystone XL, and a debate erupts about the role personal energy

use has in supporting the oil sands, and what the way forward might be.

"The pipeline in itself is the symptom of a problem that we have in how we live our lives – as though we have a right to destroy the basic planetary being that we live on," Ms. Woodland says.

I ask Ms. Marchand her own thoughts on Keystone XL.

"I don't really have an opinion on the pipeline," she says. "At the same time, when there was enough noise to stop the original route" – a reference to pipeline changes mandated by the White House following protests in Nebraska – "I was cheering here in the middle of nowhere."

=====

WHERE THE BISON ROAM



The plains bison has somehow managed to get inside the wooden fence surrounding the new campground in Grasslands National Park. The sight of a great dark beast meandering among the picnic tables might be cause for panic. But it's early season, and the campers haven't yet arrived. A gate is opened, the bison

cautiously strolls across a gravel road, then trots across the wind-blown prairie landscape to join a small clump of its peers on the hills.

It's such a low-key scene that it takes a moment to recall how singularly remarkable this is: bison wandering a landscape that was for many years stripped of the species. By some estimates, as few as eight bison were left in Canada by the late 1800s. But since 2006, they're back strolling the native prairie here in southern Saskatchewan, and doing so well – from a 71-head original herd to 312 last year and likely more than 400 this year once all of the new arrivals are counted – that plans are already being laid to trim the population.

I've come here because the Keystone XL pipeline will pass within five kilometres of the park boundary. I don't expect Parks Canada staff to weigh in on the pipeline, given they're federal employees and the Canadian government has proven itself ardently supportive of the project. But a visit here is a chance to see the pipeline route's ecological history – in places preserved, in places in the process of being reborn.

Grasslands is an odd park: It has no mountains, no glaciers, no spectacular water features, few of the eye-popping landscape icons that Canadians tend to associate with our protected areas. It's a young park, too: A final park agreement was only signed in 1988, and its borders have slowly expanded since then. And with "grass" in the name – is there anything more pedestrian to an average Canadian? – it has none

of the name draw of a Banff or Jasper.

Grasslands, it seems, is a bit like much of the Keystone XL route: largely ignored by all but those who live there.

Not even friends and relatives of nearby residents tend to visit – an unfortunate reality Parks Canada is now seeking to amend, with a broad strategy that includes hiking trails and a lovely new campground, complete with giant inverted fish-hook-like structures that serve as lantern-hangers on the treeless plains.

"We want to become the local jewel," says Colin Schmidt, a park product development officer who is taking me on a driving tour.

Bison are, for obvious reasons, one of the big draws. But the most entertaining – and in some ways, the most important – critter may actually be the black-tailed prairie dog. They congregate in "dog towns," where hundreds of dirt mounds litter a landscape that looks like it's been blasted by a cosmic shotgun. Some of the most intriguing aspects of these towns are invisible, the underground series of interlocking tunnels and living spaces, from bedrooms to nanny rooms and pantries.

Greener grass around dog towns provides grazing for pronghorns and bison. Sage grouse use them as courtship dancing grounds. The burrows themselves are used by burrowing owls, rattlesnakes and black-footed ferrets. Those ferrets are, like the bison, an almost-dead species attempting a comeback. Some 50 ferrets have been reintroduced to Grasslands since 2009; by

last summer, only 12 were left.

"It's pretty hard for them to acclimate into this new environment," says Adrian Sturch, Grasslands manager of resource conservation.

But those few animals remain the only black-footed ferrets in the entire country, and every year about 30 people come here from across Canada to count the remnants for two weeks in August. They volunteer for long night-time shifts, wandering for hours with spotlights and hoping to catch a tell-tale reflection in the dark.

"People hike 10 kilometres to see if they can find eye shine," Mr. Sturch says.

As we drive, Mr. Schmidt glances at the time.

"We've already seen a long-billed curlew, a horned lark, the black-tailed prairie dog, sharp-tailed grouse. And we've basically been here for 10 minutes," he says. "That definitely is one of the things that makes this park so special."

=====

'WE NEED OIL'

There is a barbed-wire fence. There is a ceaseless wind pushing tumbleweed across late-winter grasses. Sometimes, there are cattle grazing. And there are several buildings that make up a compressor station on a 1980s-era natural gas pipeline, the only indication that there is something important about this utterly lonesome place.

It is this exact spot where the Keystone XL pipeline route moves from Canada into the United States. By just about any measure, this small stretch of isolated land is forgettable. But

these have become, in many respects, Keystone XL's single most important few metres. It is because of this border crossing that TransCanada Corp. has been obligated to seek a presidential permit and submit itself to review by the U.S. Department of State. It's a review now nearing five years that has exposed the company to a political opposition so loud that it remains an open question whether the White House will ever allow TransCanada to bury its pipe where the barbed wire now stands.

Cody Math can't figure out what the fuss is about. It is, he says again and again, "plumb goofy."

"I don't know why people are against this thing. It's not landowners. It's the liberal left wing," he says. "They'd rather run their cars on wind or something."

Mr. Math is not a central figure in the Keystone XL debate. On the day I stop by, he's not even particularly thrilled to be talking; he's just come back from a bachelor bender in Las Vegas. But he is the first American whose house the pipeline will pass by. He lives just three kilometres from the border crossing; the Keystone XL route comes within about 800 metres of the place where he and his wife are expecting the sixth-generation of Math to live in this part of Montana.

The natural gas pipeline, called Northern Border, has made them familiar with life next to buried energy. Thirty years after it was built, Northern Border's right-of-way is still discern-

ible: The grass grows differently, and crops on top of the pipe ripen earlier. When something went wrong last year at the compressor station – he’s not sure whether it was a leak or fire of some sort – it produced a jet-like roar so loud it could be heard in his basement.

Mr. Math also tried to have TransCanada move a Keystone XL pumping station from its current location about 1.5 kilometres from his home. He doesn’t like how it is positioned in an oddly-shaped field that is already difficult to till, and he is worried it will introduce an industrial hum to a landscape now notable for its silence. He failed to persuade the company.

He’s also irritated by the weather sent down from north of the border: “The snow comes sideways from Canada,” he says. “It can get pretty bad.”

Yet neither blizzards nor pipeline problems have soured people here on Keystone XL. Brent Anderson raises cattle on the land where the route first enters the U.S. “We need oil, so we might as well get it from there” – he means Canada – “rather than across the pond. I don’t have a problem with it,” he says.

Mr. Math feels the same. He lives at the end of 30 kilometres of unmarked gravel road, 250 kilometres from the nearest Wal-Mart store and even farther from the closest interstate highway. There aren’t many places as distant from mainstream America as his house. He began dating his wife after reaching out on Facebook, which he accesses via satellite Internet. His wife pulls recipes from

Pinterest. They do much of their shopping online now; even here, Amazon makes two-day deliveries. He doesn’t like the idea of impeding cultural or economic progress, which has so tangibly improved his own life.

“As long as this pumping station is not loud, I don’t care. And they say it will be okay,” he says. Building new industrial development is “the way it’s supposed to be,” he says. “Isn’t the point of the human race to move forward?”

'Praise God! Let the oil flow!'

Thomson family leads 23 Canadian elitists among global billionaires

NATHAN VANDERKLIPPE

PASTOR MARK AND AN OIL-FUNDED SCHOOL DISTRICT

On a low hill overlooking a small Montana town, Baker High School has an Olympic-sized swimming pool, four tennis courts and a brand-new football complex, complete with stadium seating and an artificial turf field.



Baker High has 120 students.

But this is a school that oil has made wealthy. Baker, Mont., sits on a high prairie plain, surrounded by clay-like "gumbo" buttes, a pretty little lake and a forest of oil wells. In Montana, those wells pay a production tax, and somewhere between a fifth and a quarter of that tax goes directly to the school districts. At one point recently, those dollars had piled into a \$43-million war chest at Baker High, some of which is now being poured into facilities that would make most big-city high schools jealous. The entire

annual budget of the Baker municipality, by comparison, is about \$3-million.

"Our school district is rich. Literally, rich from the oil revenues," says Mark Arnold, the man who leads Baker Community Church and goes by Pastor Mark.

Baker is an important spot for TransCanada. It is a crossroads for the Keystone XL project, where oil flowing from the roaring oil fields of North Dakota's Bakken play will join crude travelling down from Canada. This junction was not in TransCanada's initial plans, but lobbying by former Montana governor Brian Schweitzer successfully pushed the company to add plans for a line to take some U.S. energy south.

The surge of U.S. energy production is creating obvious change. Roads in these parts of North Dakota and Montana are swollen with trucks. Fields and backyards sprout RVs, home for workers unable to find better – or more affordable – housing.

It's also provided opportunity for Pastor Mark. He recently added a contemporary Tuesday service and a Thursday community dinner to cater to newly-arrived workers and those stuck on weekend shifts. His church is small, but changing fast. "I bet the average age of my adult congregation is down 30 years since I came here," he says. That was just seven years ago. And while not everyone likes the idea of a big new oil pipeline passing their town, most are supportive.

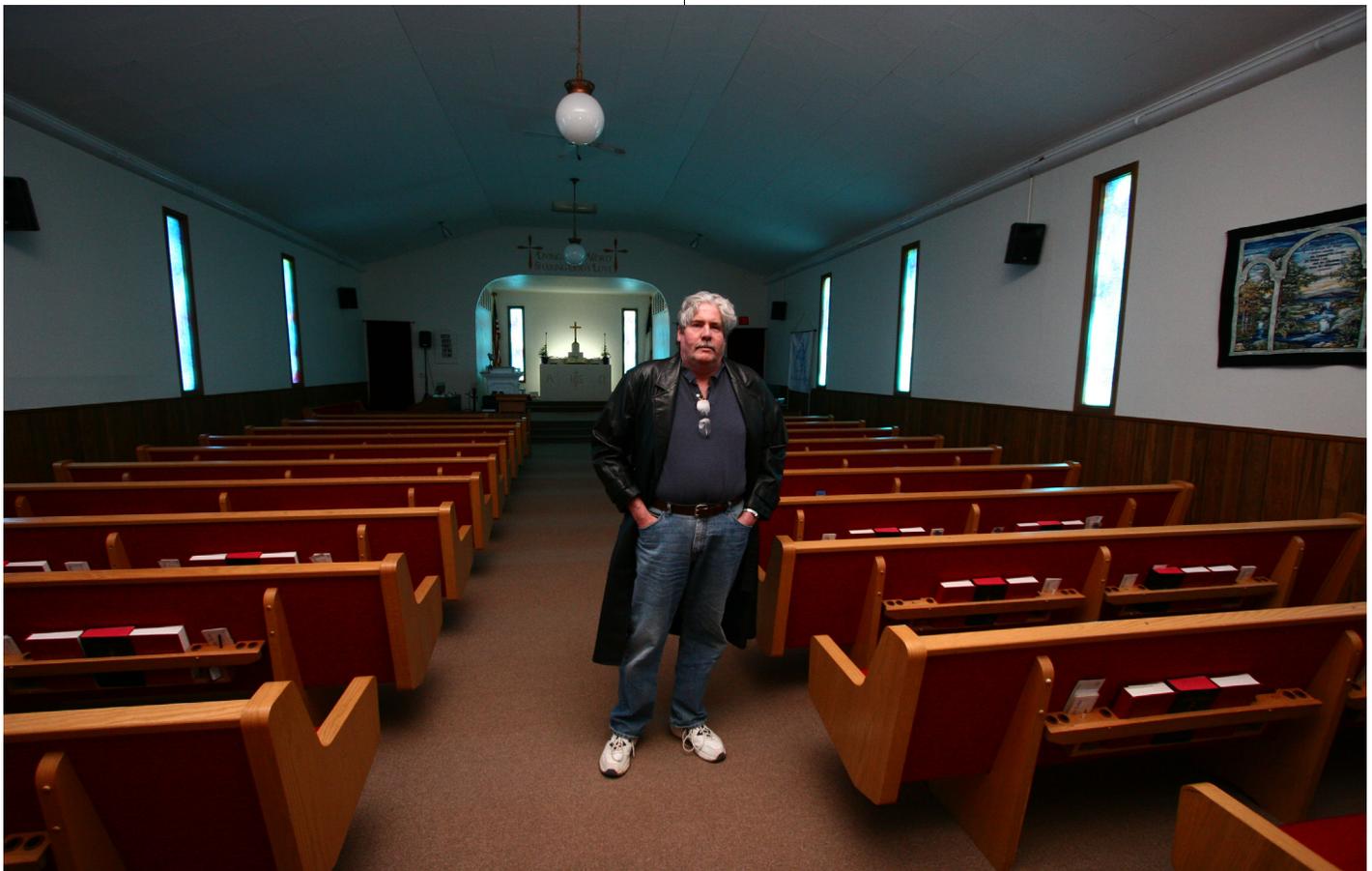
"We have pipelines all over the place. One of my leading families owns a pipeline company," Pastor Mark says. He once asked for a show of

hands to see how many parishioners would turn down an oil well on their property. No arms were raised. In 2012, he points out, 80.3 per cent of people in surrounding Fallon County voted for Mitt Romney, the Republican candidate.

Pastor Mark wouldn't say no to some oil money himself.

"I'll let them drill behind the parsonage," he says, laughing. "Praise God! Let the oil flow!"

Baker is where TransCanada plans to build one of the Keystone XL worker camps, or "man-camps" as they're known in the United States. To prepare, the company is spending heavily here. Between the water line, a sewer line, a new 2.9-million-litre water tank and other upgrades to the municipality's services, it is pouring nearly \$3.5-million into the area. If Keystone XL goes ahead, the man-camp will hold 800 to 1,000



=====

THE CHALLENGES OF A 'MAN-CAMP'

It's a small project, but Baker, Mont., is a small town. And the heavy equipment digging in a new water line to a field on the outskirts is a sign that something big is coming.

workers. In 2011, Baker was home to 1,780.

Clayton Hornung, a 43-year school teacher who is retiring this year but intends to stay on as mayor, calls it a "win-win" for the community.

"We don't have the revenue to improve our infrastructure. So if TransCanada is willing to help

us out, I think that will be great, and we can help them," he says.

But dealing with TransCanada hasn't been all easy for Baker, which is spending its own money to support a camp that will likely provide benefits for just a couple of years – and opens numerous avenues for problems. Worried about the public security implications of so many workers descending on the area, Baker has already hired two new cops, beefing up its police force from three to five. Those officers have already been hired, though it's not clear when or if the pipeline will be built.

TransCanada also rebuffed requests to drill an additional water well, opting instead to recondition one of the town's existing four sources of drinking water. Baker, too, is spending its own money to add an extra holding cell to its sewage lagoon. It only expects to get two or three permanent workers out of Keystone XL, if it's built. Even in this oil-rich area, many opposed the project.

"When you look locally, it's probably a 50-50 split," Mr. Hornung says. "Some people say there's probably too much of a negative impact."

Even Michael Heiser isn't entirely happy about the project. His great-grandfather bought Heiser's Bar in 1933; the thin wooden planks on the floor were installed during Prohibition times, when it became a bowling alley. Today, the bar serves up a tasty brisket sandwich, and Mr. Heiser refuses to take payment for it. He likes the rise in oil drilling in the area. "We've noticed there's a lot of people in, and they come in and

eat almost every night. And they don't cause problems," he says.

Keystone XL, too, sounds like a good idea, he says: "It could do a lot of good. Put a lot of jobs out there for a lot of people."

But the man-camp? That's different.

"From what I've heard, they're going to put their own grocery store out there, their own restaurant," he says. "That's just going to take away from our town."



Between local ranch work and oil field work, it's not like Baker needs the jobs, either. The unemployment rate here stands at 2.2 per cent – about as close to zero as a place can be.

The mayor confirms Mr. Heiser's fears. The camp will, in fact, have a mess hall.

But no one wants to eat camp food forever, the mayor says, and workers will invariably find their way into town – perhaps into Mr. Heiser's bar. Besides, the opportunity to renovate some infrastructure – even if Mr. Hornung didn't get everything he wanted – was too good to pass up. He estimates the town needs \$17-million worth of improvements; the TransCanada

money is a start, and Baker will get access to the water and sewer lines once the pipeline is built.

"It's nice to protect the environment," Mr. Horning says, referring to one of the biggest criticisms of the pipeline. "But my biggest concern is an opportunity to create jobs, create revenue, improve our infrastructure."

=====

A GIANT PIPE YARD

If you were to commission a movie today on Keystone XL, it might be tempting to call it "The Phantom Pipeline." After years of lobbying, political rancour, industry advertisements and activist arrests, this is a pipeline that does not yet exist.

Except, it does.

It's not assembled yet, but the Keystone XL pipeline is already largely built. TransCanada has spent more than \$1.8-billion already. And a good chunk of those dollars is lying on a field beside railway tracks running through North Dakota.

It's a startling sight on Highway 12, mid-way between Scranton and Reeder, right next to Zeke's Rooster Ranch. Pile upon pile upon pile of 36-inch-diameter pipe fills the field. Some pipe segments bears prominent "Made in Canada" ink. Others are made in the U.S.

Most pipes are coated in green. Some have now been painted white to protect the coating from damaging UV rays – a step TransCanada has been forced to take amid the long wait for Keystone XL. A man at a nearby rail yard says this will be the third summer it has been here.

There is so much that it would take days to

count. I struggle to find an angle for a picture to convey the scale of it. Conservatively, I tell myself there must be at least hundreds of lengths of pipe, all 23 to 24 metres long.

A check with TransCanada proves that I'm wrong. The company calls this its Gascoyne pipe yard. It is home to 218 miles of pipe, or 350 kilometres. The northern leg of the pipeline is 1,897 kilometres long. This field contains nearly a fifth of Keystone XL. There are some 15,000 pieces of pipe here.

It is a staggering sight.

Seeing it makes clear the quandary TransCanada finds itself in today. It has spent heavily to prepare for pipeline construction. And yet it – and, indeed, the entire Canadian energy industry – continues to wait.

At the same time, the giant pipe yard is a tangible look at exactly what pipeline opponents are fighting so hard to stop. Where TransCanada looks at the steel and sees a gleaming piece of infrastructure that will be built to the highest standards of modern metallurgy and fabrication, critics sees pipe that looks disarmingly thin.

If nothing else, the Gascoyne yard is some kind of proof that Keystone XL is no phantom. It is very real, and it lives in a North Dakota field.

'Great white father ... we do not want this pipeline': The Keystone road trip

On his travels down the path of the controversial pipeline, reporter Nathan VanderKlippe encounters passionate Sioux that vow to fight against TransCanada's project

NATHAN VANDERKLIPPE

STRIVING TO BE IN THE PIPELINE'S PATH

In 2004, the fire marshal condemned the school in tiny Faith, S.D. The Faith school district is not a wealthy one; it ranks in the bottom 15 of 55 in the state. At the time, it raised just \$60,000 a year for capital spending, nowhere near enough to make repairs or erect a new building. Students were stuck in trailers.

Then Keystone XL came along, a project that was set to pass not far from the school. In many places, the spectre of Canadian heavy oil passing through has stirred deep worry. In the Faith school district, it stirred incredible hope.

It was 2008 when Mel Dutton first heard whispers about a coming pipeline. He was told it would bring a pump station that would spin off a lot of money: some \$450,000 a year for the school district, generated by a convoluted mechanism tied to the facility's electricity use. It was a giant opportunity for Faith, whose annual operating budget stood at just \$2.2-million.

There was just one problem: The pump station lay just outside the Faith district boundary. Mr. Dutton, then the superintendent, set out to

change that, unknowingly launching a five-year odyssey that would take Faith all the way to the South Dakota Supreme Court.

Mr. Dutton started by making calls. He eventually reached someone at TransCanada Corp., and quietly begged them to move the pump station. After all, the pipeline route passed through Faith lands – it would only need to shift location by 1.5 kilometres. Could the company not help a poor district without a proper building?

TransCanada said no.

So Mr. Dutton tried political pressure, calling one of South Dakota's U.S. Senators. No luck.

"The only other alternative was to have a minor boundary change in the school district," he said. In other words: if TransCanada wouldn't move it, he needed to move the boundaries. This required a big effort, since only landowners living in the other district could force the change.

But they started a petition, and brought it to that school board. It was rejected, in part because it was an imperfect petition. Not everyone had signed on – and allowing the petition would have resulted in a kind of checker-board boundary change, rather than a mere movement of a line on a map surrounding contiguous properties.

Still, those rooting for Faith persisted. They went to court, the ranchers themselves footing a bill that hit tens of thousands of dollars. Earlier this year, the South Dakota Supreme Court released its opinion. It decided against Faith.

The five-year saga was over. They had lost.



By then, federal stimulus funding, \$1-million in donations and a \$3-million bond had helped pay for a new Faith school – and Mr. Dutton had retired as superintendent. He now spends part of the spring calving season on a ranch not far where his great-grandfather came more than a century ago, living his first winter in a cave dug into a riverbank. Five family brands are stamped into the front of a wooden counter inside the ranch house. Mr. Dutton speaks with great knowledge about the forces and people that shaped the area – Custer and Crazy Horse, gold miners and homesteaders – over the past 150 years.

His perspective is grounded by history, and that gives him some concern about Keystone XL. He recalls the 2011 Exxon Mobil Corp. spill into the Yellowstone River. “Long term, I have some environmental concerns,” he says. But on balance, “I have kind of neutral feelings on it. I believe that economically, it could be a boost to the area.”

A RANCHER PONDERES MORAL OBLIGATION

John and Carmen Heidler have a deal with TransCanada. If a pump station on the Keystone XL pipeline, whose route runs near their quiet South Dakota ranch house, is too loud, TransCanada will plant trees to block the sound. If it’s



still a problem, as a last resort the company has agreed to erect a building to enclose the massive pumps planned to pump Canadian crude through this part of South Dakota.

The deal is in writing. But “I don’t know what it’s worth. I didn’t hire a lawyer,” John says. “I’m maybe too trusting.”

Several years ago, TransCanada approached the Heidlers about 4.5 hectares of their land. The company wanted to buy it to build Keystone XL’s pump station number 17. John had his worries. When leaks happen, they tend to be at pump stations. And TransCanada’s presence had done ugly things to a community so tight-knit that

John built a small rodeo corral on his property in part so he could relax and rope with neighbours on branding days. The pipeline had aroused conflicting emotions between people who depend on each other.

The Heidlers didn’t like TransCanada’s conduct, either. The company told them not to worry about the pump station noise. But when they asked how many decibels it would produce, TransCanada had no answer. “They’re not very good about answering questions,” Carmen says.

John would not shed a tear if Keystone XL was never built.

"I would be very happy if it went away," he says. "I really wish the pipeline was 500 miles somewhere else."

But when it came to TransCanada, "I didn't deal them a lot of opposition, either."

Like elsewhere on the route, Keystone XL thrust difficult decisions on the Heidlrs, who were suddenly forced to contemplate how to weigh neighbours, their land and the public systems designed to keep pipelines safe. Many opted not to fight.

On Oct. 19, 2010, the Heidlrs sold TransCanada the 4.5 hectares it wanted. John hadn't been a tough negotiator. In part, he was busy running his ranch. In part, he figured if he didn't sign, someone else nearby would. In part, the offer looked just fine.

"I didn't haggle much over money. It was more than I could make ranching. It wasn't like they were trying to steal it," he says.

There were other reasons not to worry, too. The Heidlrs had some faith in safety regulations born of their own experience with oil products.

"They've got a regulation right now that I know quite a bit about: If you have 1,320 gallons of fuel" – 5,000 litres, not a huge amount for farmers running tractors and combines – "you need a berm around it or a containment wall," John says. "So if every rancher around is going to have a containment wall for 1,300 gallons of fuel, I would imagine they have some kind of a safety precaution in a pipeline that comes through."

He thought about something else, too. He thought about moral obligation. He buys fuel, and it travels through a pipeline on someone else's property. How, then, could he say no?

"I thought, 'I guess it's our turn.' That was the attitude I took."

'BLOCKADE TRAINING'

On Oct. 7, 2011, Debra White Plume stood before a crowd of people at a Keystone XL pipeline hearing in Washington, D.C. It was a long way from her home in South Dakota with the Oglala Sioux Tribe, and she had come prepared to stoke some fires.

"I'm here to tell President Obama, the great white father, the government of the United States of America, that we do not want this pipeline," she said. Keystone XL, she said, "is against mother earth. It is against our sacred waters." It needed to be stopped, she added, in part because it "is killing the people where the oil comes from, with the First Nations in Canada. This is genocide for First Nations people."

She was building to a finale that arrived with a fist slammed on the podium and arms pumping in the air. "Rise up and say no – no to this pipeline! No to death! No no no no!"

Applause broke out. Nearly two years later, the rising up has begun, as large numbers of First Nations heed the call and prepare to stand in the way of pipeline construction.

The historic extermination of aboriginal people from the prairie landscape in Canada and U.S. was so brutally effective that for much of its

path south, Keystone XL passes little First Nations territory. Even in South Dakota, the route stays outside reservation boundaries.

It does, however, pass through traditional Sioux territory, where an uprising is in the making around the Missouri River, which Keystone XL will cross twice. Fort Thompson is a small town perched on the Missouri, next to the Big Bend Dam, an important South Dakota source of hydroelectricity. It is home to the Crow Creek Sioux, a place with all the trappings of meagre circumstance: rundown houses, potholed roads, people drinking mid-afternoon beer on a rickety picnic table.

The tribe gets no revenue from the dam, and every winter faces the ugly irony of having people cut off from the power generated in their backyard.

"Prices are sky high, so a lot of our members can't afford to pay their electricity bills," says Roland Hawk, a councilman and treasurer for the Crow Creek. "If it's in the middle of the winter and they get shut off, we usually try to get them housed somewhere, or in a hotel."

It happens, he says, routinely. Keystone XL is unlikely to change that: the Crow Creek expect no benefits from the pipeline.

"Nothing," Mr. Hawk says. "Not here."

On the downside, "if that pipeline leaks, it could have a pretty good impact – especially if it got into our water system."

With those worries circulating, a resolution by the Oglala Sioux Tribe ordered President Barack

Obama to prohibit "the proposed Keystone XL pipeline and any future projects from entering and destroying our land without our consent."

Now, many South Dakota Sioux are moving beyond angry words. They are making ready to actively block its construction. They offered a taste of looming action last year, when five Sioux people – including Ms. White Plume – were arrested after taking over a road to stop the passage of two pieces of oil sands equipment moving from Texas to Alberta.

Many more seem set to do the same. In March, hundreds gathered for Moccasins of the Ground Frontline Activist Training, a three-day course in "non-violent direct action."

Helped by the environmental groups Great Plains Tarsands Resistance and Tarsands Blockade, they learned "how to take a stand" against construction equipment, says Paula Antoine, a member of the Rosebud Sioux Tribe.

It was, she says, "blockade training."

Nebraska Keystone pipeline fighter: 'I wouldn't take \$5-million'

Reporter Nathan VanderKlippe meets up with some passionate pipeline resisters who vow to continue their battle against TransCanada

NATHAN VANDERKLIPPE

A SHY FARMER TURNED PROTESTER

Jim Tarnick is, by nature, a shy man. His answers are forthright, but brief. He doesn't always make eye contact. Sitting next to a large tractor on the family farm near Fullerton, Neb., he is the picture of a quiet farmer.

Then he starts talking about the time he was arrested at the White House and sat in the back of a police van with 350.org founder Bill McKibben and Sierra Club executive director Michael Brune, two of the lions of the clean energy movement. Mr. Tarnick's eyes widen at the memory. A broad smile breaks out.

"I'm a farmer from Nebraska," he says. "And these are guys that are fighting environmental issues" on a global scale. Mr. McKibben, he points out, has been on just about every major news show around. "It was pretty neat, to say the least," to be there "with two people that significant," he says.

Mr. Tarnick lives in the part of Nebraska where people answer a reporter's call with a greeting: "I hear you're a pipeline fighter." Well, no. I'm just a writer.

But there are plenty of pipeline fighters around

the state, and Mr. Tarnick is now one of them. His battle against Keystone XL took him to Washington, D.C. – at a \$2,400 cost, including the \$100 in bail he forfeited in a deal to have charges dropped.

He hadn't paid much attention to Keystone XL until last year. Then a neighbour told him the company had published a map of a new route through Nebraska, after its original route through the sensitive Sandhills area stoked such an outpouring of anger that it was denied by the White House.

The new path passes just 150 metres from the house on the Tarnick farm. The right-of-way will occupy a fifth of his land. TransCanada Corp. has also proposed a pump station just across the road, a major development that will take up more than four hectares of a neighbour's land, and produce both noise and a higher risk of spills than the pipe itself.

Mr. Tarnick was worried. He was also confused. TransCanada had chosen the new route to avoid the Sandhills. But the soil around his house is sandy enough that cars wallow on the road. The ditches look like miniature dunes. "We're really sandy here," he says.

The issue is a big one in Nebraska. TransCanada says its new route avoids the Sandhills and protects sensitive areas. Nebraska Governor Dave Heineman approved it. Nebraska's leading Sandhills expert, a retired University of Nebraska hydrogeologist named Jim Goeke who has appeared in TransCanada advertising, agrees. "The

eco-region was well-defined” and critics are “just crying wolf,” he says.

But environmentalists charge that the Nebraska Department of Environmental Quality actually changed the maps on its website – and say the route passes through areas defined as Sandhills on old maps, but not new ones.

What’s clear is that the new route is still a path across, and in some cases through, troubled water – in this case, the waters of the Ogallala Aquifer, the giant freshwater reserve that sustains the agricultural heart of the United States. For a 20-kilometre stretch in the Platte River Valley, the new route passes through an area where

the water table is just three metres deep, Mr. Goeke says.

On parts of Mr. Tarnick’s land, it’s less. In spring, the water lies less than a metre from surface. A small linear depression, like a slight ditch, runs across the lawn next to the house. It’s barely a third of a metre deep, but filled with water. In wet years, the water stays all summer. “The water table is right up to the top, depending on your area,” he says.

There is a question that arises on a long drive down the Keystone XL path: What is so different about Nebraska? On the surface, it bears much in common with Alberta, Saskatchewan, Mon-



tana and South Dakota – places where support for the pipeline is relatively high. All of these places vote in great numbers for conservative politicians. In all of these places, the route crosses land owned by ranchers and farmers, many of them with 100-year family histories and nearly all of them with similar working lives. They all get up in the dark of night to rescue new calves in a spring blizzard. Cattle and grain prices mean the difference between prosperity and poverty for them all.

But for some reason, Nebraska's ranchers have bitterly fought a pipeline others have accepted. Why?

The reason is obvious, even from the highway. North of the Nebraska state line, the pipe route crosses land that, in the dying days of winter, is arid, dry and seemingly dead. In Nebraska, it's green and alive, a striking change. This is a place watered by the Ogallala, and everyone knows it – not least those who depend on that water. A leak, even if it doesn't spread far, carries the real risk of killing a farm or ranch.

"I don't trust them at all," Mr. Tarnick says. "There's no amount of money that's worth it. They can tell me \$5-million – I wouldn't take it."

But how about the hypocrisy issue? After all, Mr. Tarnick's farm would also die were he unable to fuel his equipment. He says he is persuaded by the argument that some of what's refined out of Keystone XL's oil will be exported. In other words, there's a chance he won't even be able to use that energy.

"I don't believe we're getting any oil out of that for the nation," he says.

He's prepared to risk arrest again, too. If the pipeline construction crews come, he doesn't intend to get out of their way unless he's physically removed.

"I would do everything in my means to block them and stop them," he says.

THE FACE OF PROTEST

The question came over dinner at a truck stop in York, Neb. Those fighting the Keystone XL pipeline needed a general, a central figure to rally around. Would it be ok if they used Randy Thompson?

"And I said yeah," he recalls. He was warned: "you're going to be kind of putting yourself out there."

But that prospect "didn't bother me at all. I felt that was a tremendous opportunity to get our message out."

And so, in the weeks and months that followed, Randy Thompson, an auctioneer, rancher and former football star, became the face of an insurgency. An artist's rendition of his face, a shock of white hair crowned by a now-famous black Stetson, began to crop up on signs and t-shirts across Nebraska. "I stand with Randy," they said. Mr. Thompson was one "pissed-off farmer" as he puts it, and he was willing to do anything to do stop a project he describes in the most violent of terms.

TransCanada's initial attempts to run Keystone

THE GLOBE AND MAIL PRESENTS:
DIGGING IN



XL through his family's land felt like an assault, he says. "It's that sense of being totally violated," he says. He is so angry "at these guys that anything short of stopping [the pipeline] altogether is kind of unsatisfactory to me."

Mr. Thompson's grandfather came to Nebraska in the 1870s in a covered wagon at seven years old, carrying with him a rifle from Tennessee that still hangs on Mr. Thompson's wall. His parents were married in 1930s Great Depression, "and they never raised a damn thing for seven years. When I was a little kid we were poor. We didn't have a bathroom. We didn't have electric-

ity." His parents worked as tenant farmers. They did not own land until the 1970s, when they had scraped enough together to make their first purchase.

Mr. Thompson, who captained the Colorado State football team when it went undefeated in 1969, ranched himself until he ran into a wall of high-priced debt in the 1980s. He left to become a cattle-buyer and auctioneer. One day in 2007, his phone rang. His family still owned his parent's ranch, and someone wanted to talk to him about a proposal on that land. Mr. Thompson blew it off, but the caller kept trying, and was

insistent they get together. Finally, he and some siblings went to the family land to meet with the TransCanada representative, who wanted to get some surveyors out onto the property.

"We told the kid, 'if you want to waste your time go ahead and survey it –but I can tell you we don't want the damn pipeline.'"

Mr. Thompson was worried the pipeline would disrupt irrigation systems on the family's cornfields. He declined financial offers. Then TransCanada sent his mother a note, laying out a final offer of \$18,900 and warning that if they didn't sign in 30 days, the company could take them to court.

"That's when things got pretty heated," he says. "I've always been a really quiet guy. But I never let anybody shove me around."

He started attending meetings about the pipeline. At the first one, something compelled him to sign up to speak. He had been in front of people as an auctioneer, but still discomfort in front of a group. "Even auctioneering – I was just never real comfortable in that position. That's not my genetic makeup," he says. But he was mad, and wanted to vent.

"I just I got up and said, this makes no common sense. Anybody with a half a brain that knows about Nebraska would not put a pipeline" on the Sandhills route TransCanada had selected. He said his piece, and "I figured that would be the end of that deal." But then a TV reporter called, asking to speak with him.

Mr. Thompson doesn't actually live in the

Sandhills. He is largely retired now, and lives on an acreage a short drive outside Lincoln, the capital. That made him perfectly accessible to the media, a constituency Mr. Thompson had begun to court. He wrote letters to the editor, emailed a nascent anti-pipeline group called BOLD Nebraska, and at one point called up a local TV news director and recounted his beefs with TransCanada.

"I said, I'm going to tell you something. There's a story here, and it could be a big story before it's all over with." The news director sent out a reporter. They did an interview out on the front step of his house.

He had started making a name for himself, a process that reached a fever pitch when he told BOLD Nebraska to go ahead and use his image. Suddenly, his face was everywhere – and he was everywhere, too. He has met all of Nebraska's federal representatives. He has flown to Washington, D.C. to meet high-powered leaders with an open ear to environmental issues, like Representatives Henry Waxman and Ed Markey. He testified before Congress.

Strangely, "I never really found that intimidating," he says. He believed in what he was doing. "I've always said from the beginning: one thing we got going for us is we're on the right side of this issue."

In a way, his efforts succeeded. The new route TransCanada chose through Nebraska lies far from the Thompson family ranch, though Mr.

Thompson's mother died before that was released. No longer does he face the prospect of steel buried in the cornfields.

Still, the face of Keystone XL opposition doesn't expect to retreat to the shadows. He has an image people now recognize, after all, and he isn't about to squander it by abandoning the debate.

"I'm not that kind of a guy. If they're going to do it to my neighbours, then I'm going to stay in the buggy here," he says.

A Keystone builder's view: 'We take great pride in our work'

On the southern leg of the pipeline, reporter Nathan VanderKlippe hears a positive opinion of the controversial project from the people constructing the conduit

NATHAN VANDERKLIPPE

THE BENEVOLENT PIPELINERS

They came running out of the woods in camouflage, days after the Boston Marathon bombing. They were activists, but it was like "they were going to ambush" the workers installing

the southern leg of the Keystone XL pipeline, says John Steward, assistant project manager for the top 314-kilometre section, or spread, of the project.

"So we're scared, you know."

In the world of pipeline construction, intruders are hardly a normal workplace risk. But then, very little about Keystone XL has been normal. What started as one project has now been split apart – and while the stalled northern leg continues to hog public attention, the southern leg, called the Gulf Coast Project, is rapidly approaching completion. By later this year, it will be pumping oil from Cushing, Okla., to Port Arthur,



Tex.

TransCanada Corp. offered to take me out for a look, picking me up in a helicopter, flying me over parts of the right-of-way, and then landing near a spot where pipe was physically being lowered into the trench. After thousands of kilometres of talking about Keystone XL in the abstract, it was a chance to see it actually take form.

Pipeline construction is an impressive thing to behold. From the air, the sheer size of the right-of-way – at some 35 metres wide, it's broader than many country roads – is striking, as is the vast amount of equipment arrayed along its length. TransCanada has come under fire for inflating jobs estimates – but it's clear it takes major labour to build a pipeline.

What also grows clear is the care that goes into planning a pipeline path. The route dips and jogs, going out of its way to bypass an airport and dipping out of sight by a high school and near large rivers. In sensitive areas, TransCanada doesn't open the earth to place the pipe. It drills beneath it, leaving the surface untouched. At smaller watercourses, the company first builds temporary bridges, waiting for the right time to dig through. Then, it completes the operation in 24 hours – opening the ground, installing the pipe, covering it back up – to minimize the disturbance.

The great majority of the pipe, of course, is installed using more traditional, and far more invasive, methods. But here, too, the care is no-

table. Among the first crews to pass through are fencers, who install reinforcements so "so when we cut [people's] fence or take their fence down, it doesn't loosen up the rest of the fence," Mr. Steward says. Trees are cut, then topsoil is pushed back in a dike parallel to the pipe direction, so it can be replaced later.

Before it's laid, each piece of pipe is kept from touching the ground – or other pipe – using either wooden stands or rope wound around its outer circumference. Close attention is paid to the coating. Pipelines don't use stainless steel – it would be far too expensive. They keep rust at bay with an outer coating, and maintaining a perfect cover in that coating is crucial to avoiding corrosion. So the coating is checked numerous times.

The final check is done with a "jeep," a circular slinky-like device that wraps around the pipe and is slowly walked along its length. Every time the jeep detects a problem, the entire crew lowering the pipe into the ground – dozens of people with many pieces of equipment – stops. The problem area, which could be pinhole-sized, is sanded, re-coated and then bonded into place with a heat gun.

Then the pipe itself is gently lowered. It does not sit on the ground: Rather, it sits on foam pillows installed to give it a safe resting place.

Mr. Steward is a third-generation pipeliner; his father was chief inspector on a team that broke the world record for most consecutive welds in one day – around 200 – on the Trans-Alaska

Pipeline.

"I wish they would understand the process we do to protect water bodies," he says. "And our installation – we take great pride in our work."

He's also eager to point out the good they do for those they encounter. Local shops put up signs beckoning pipeliners, eager for the business they bring. They try to do good for those along the route, too. In December, they mounted a large gift program.

"We had a toy drive and bought toys for Christmas – over 900 or 1,000 of us," Mr. Stewart says.

Put it all together, he says, and the pipeline

crews digging up pastures and running heavy equipment through backyards often have surprisingly good relations with those they encounter.

"Very very rarely do we ever see where [landowners] weren't happy with the people that come through," he says. benevolent "The cooperation and the respect that we give to the landowners – they see it."

=====

AN UNDER-THE-RADAR PIPELINE

Vern Yu doesn't want to say it. It would be unprofessional, or indecorous, or just contrary to what Enbridge Inc. executives are supposed to



say about their arch-rival.

But it only takes a quick glance at a map to figure out that Enbridge is quietly assembling pipeline puzzle pieces that, when they are hooked together from Alberta to the U.S. Gulf Coast, look an awful lot like another project – one that has been anything but quiet. In fact, you could be forgiven for asking if TransCanada's Keystone XL is even needed, given what Enbridge is planning.

"I don't want to be on record saying that Keystone XL is not necessary," says Mr. Yu, Enbridge's vice-president of business development and market development.

Why not?

In part, it's because many of the oil companies and refineries that use Enbridge have also signed up for Keystone XL. In part, it's because many believe enough oil sands crude is coming that both options will be needed. But perhaps most importantly, pipeline companies have grown leery of wishing ill on their rivals, because if protesters succeed in undermining TransCanada's plans, chances are they will do the same for Enbridge.

Still, it's clear Enbridge is chasing the same business that has landed TransCanada's Keystone XL project in all sorts of trouble – and it likes the fact it hasn't gotten much attention.

"Obviously we know we're just as big a player as they are. We just like to stay out of the lime-light a little bit," Mr. Yu says.

Enbridge's ambitions don't look like much

for now: an empty patch of grass in the heart of its huge south terminal at Cushing, the bucolic Oklahoma town that calls itself the "pipeline crossroads of the world." The grass is in the middle of a giant network of Enbridge oil storage, with roughly 90 large oil tanks that play an important role in setting the price of oil in North America.

Mike Jenkins, an Enbridge operator, points out the spot.

"This area right here is where Flanagan South is going to be," he says. There's no "if" in his statement for a reason: Pre-construction work is already under way, and construction is expected to begin before July. It's expected to be complete by mid-2014. Other parts of the plan will be done before then. Keystone XL, meanwhile, is still waiting for approval.

Part of the reason the Enbridge plan has received less attention than Keystone XL lies in its complicated structure. It's not one direct pipeline. Rather, it's a series of upgrades and new lines: an expansion of Alberta Clipper, from Alberta to Superior, Wis., at the western tip of Lake Superior. Other pipes connect Superior to Flanagan, Ill., southwest of Chicago. Flanagan South will run southwest to Cushing, and the Seaway pipeline – which is being twinned – will complete the link to the Gulf Coast by next April.

By the time all of the different expansions are done, "we're going to be able to provide, say, around 900,000 to one million barrels a day into the U.S. Gulf Coast," Mr. Yu says. Keystone XL,

by comparison, has an 830,000 b/d capacity.

The two companies' projects are very different. XL stands for "Express Line," and Keystone travels a direct route angling toward the Gulf Coast. The web of Enbridge pipe takes a massive detour to the U.S. Midwest. Barrels will get to market faster through TransCanada. What Enbridge offers is choice: Its route touches much of the continent's refining capacity.

There is, however, a catch. The hurdles facing TransCanada have largely arisen through its need to obtain a presidential permit to cross the border into the U.S.

The Enbridge plan needs something similar. While Alberta Clipper already has a presidential permit, it's "silent on the volume that we're allowed to move," Mr. Yu says. To expand Clipper, Enbridge is currently "re-doing our environmental impact statement to take into account a higher volume."

Does that mean Enbridge needs to reapply for its permit – possibly exposing it to a Keystone-style roller-coaster ride? After all, the world has, in very short order, undergone major change for pipeline companies. In 1951, the hearing into what is now the Trans Mountain pipeline – which has since operated with few incidents – lasted a single day, with a decision released three days later. As recently as 2009, National Energy Board hearings into the Canadian leg of Keystone XL lasted 11 days. A decision was released within five months.

So what does the future hold for Alberta Clip-

per?

"I think the best way to describe it is we're amending our current presidential permit," Mr. Yu says. Does that amendment need White House approval?

"It's unclear."

How about the U.S. Department of State?

It will need to pass, he says, "through State, for sure."

The politics of pipe: Keystone's troubled route

Building pipelines has always been an engineering challenge. The Keystone XL project shows that other issues – water quality, climate change – are taking centre stage

NATHAN VANDERKLIPPE

Saturday, December 24, 2011

CALGARY — Half-a-decade before TransCanada Corp.'s Keystone XL ran into a wall of political and environmental resistance, a key stretch of the route linking Canada's oil sands to refineries in the southern U.S. emerged as a tricky, though seemingly surmountable, problem.

The route crossed a landscape of prairie and farmland, far from mountains, tundra, permafrost and other features that make it tough to dig trenches and lay pipe. But there was one obstacle.

Engineers working for another proposed pipeline project called Altex closely examined a route similar to Keystone XL's and identified a trouble spot. Glen Perry, a pipeline entrepreneur who steered Altex, remembers the warning he received from an engineer in 2006.

"I said, 'What are the route issues here?' He said, 'There's really only one.' I said, 'What's that?' He said, 'You have to go through the boiling sands of Nebraska.'"

Boiling sands are areas where sandy soil is so thin that groundwater can bubble up through it to the surface. In Nebraska, they are found in

the Sand Hills, an ecologically sensitive region of grass-covered dunes underlain by a giant freshwater aquifer, called the Ogallala, that sustains agricultural production down the centre of America.

For TransCanada, Nebraska would come to form the heart of a fierce opposition to a \$7-billion pipeline project that has now been put on hold, after a groundswell that started in Cornhusker country swept through activist environmental groups to Washington, D.C.

Before Mr. Perry could tackle the boiling sands issue, the 2008 financial crisis sank his project. But for TransCanada's Keystone XL, which followed in the footsteps of Altex, the boiling sands of Nebraska would prove to be an immense hurdle.

TransCanada saw the Sand Hills as any pipeline builder would – as an engineering challenge, one that could be managed with special construction techniques and a tailor-made plan, drafted after speaking with local experts, to rehabilitate unearthed land.

But as TransCanada developed its Keystone XL plan, the world was changing.

Public confidence

For decades, pipeline permitting applications were fought largely on technical grounds, and they've virtually all been successful. Two other major cross-border oil pipelines – the first installment of Keystone, and Enbridge Inc.'s Alberta Clipper – had been speedily approved in the years prior.



But Keystone XL was the first major pipeline to confront a country that had suddenly turned a sharp eye on the oil industry. The BP spill had erupted amidst still-simmering concerns about global warming – and in the following months, a series of pipeline spills into important U.S. rivers made headlines.

Against that backdrop, Nebraska’s boiling sands transformed from an engineering challenge into a political and social challenge – one that TransCanada, and the industry in general, was ill-equipped to handle.

“The world fundamentally changed in the last 18 to 24 months – starting with Macondo [Gulf

spill] and the whole visibility of that,” said TransCanada chief executive officer Russ Girling in an interview. “It was a different kind of awareness of the oil industry than we’ve ever seen, I think, publicly.”

That, he added, “changed public awareness, and probably shook public confidence in what we do.”

TransCanada did what it could to fight back. Over the course of 2011, it spent heavily on lobbyists and advertising in an effort to sway a public that was already tilting against Keystone XL. But on Nov. 10, the U.S. Department of State announced it would delay its decision on Key-

stone XL until TransCanada could sort out a new route. It wanted the company to move away from Nebraska's boiling sands. Now the fate of Keystone XL remains caught up in high-level political wrangling.

For pipeline companies, the old ways of operating are no longer good enough. Pipelines, out of sight and mind for decades, are suddenly seen as an extension of Canada's controversial oil sands industry.

"All of a sudden we're bad guys. And we are ill-prepared for that," says Richard Ballantyne, an industry consultant and former chair of the Canadian Energy Pipeline Association and president of Terasen Pipelines. To date, the pipeline industry has put its energy into "making sure our pipelines are safe, making sure they're incredibly reliable."

Canada has big plans for the oil sands, which stand to be a prime source of employment, manufacturing demand and government revenues for decades to come. But the oil sands have already largely grown far beyond the needs of the Canadian oil markets they already serve. To grow, that oil must move elsewhere, which requires pipelines.

But pipelines are under attack – everywhere. It's not just Keystone XL. It's Northern Gateway, the proposed Enbridge Inc. pipe to the West Coast. It's Trans Mountain, the Kinder Morgan line connecting Alberta to B.C.'s lower mainland. It's Line 9, the Enbridge line from Ontario to Quebec. "We are in an era that we haven't

faced," said Janet Holder, the Enbridge executive vice-president in charge of Gateway. "The way we in the past would have managed [issues] will not work in the future."

The preferred route

For pipeliners, it's hard to find a place you can't bury steel.

"We've been in the pipeline business 40 years, and we always use the old expression, 'If you can land a man on the moon, you can put a pipeline anywhere,'" says Barry Singleton, senior vice-president at Calgary-based Singleton Associate Engineering Ltd., which worked on both Mr. Perry's Altex project and the first stage of the Keystone project.

In the pipeline industry, direct routes are preferred in order to save on costs – the main reason Keystone XL was pointed across the Sand Hills. Fewer kilometres means less pipe, land-clearing, trenching and reclamation.

Workers fly over the entire route – a process that can take two weeks. For Keystone XL, they actually walked its entire 2,673-kilometre length two or three times. One of the main issues they discovered was bedrock. In parts of Montana, the bedrock is shallow – trenching solid rock is far tougher than digging out soil. Sorting it all out took about a year. When they finished, they felt they had solved the main issues.

That included Nebraska's Sand Hills, which TransCanada was confident it had figured out. It had spoken with ranchers, landowners, regional agencies and experts. It had told them how it

planned to build the pipe. It was told its plans were appropriate.

The company took those statements, and concluded there was no reason to skirt the Sand Hills. "We didn't feel there was concern," said Michael Schmaltz, who led TransCanada's environmental work on Keystone.

"We've got 40,000 miles of pipeline we've built through all of North America, through various different types of terrain," including similar terrain in Saskatchewan, said Mr. Schmaltz. The Sand Hills would be challenging. But would that challenge "tilt the world on a different axis? I don't think so."

But Saskatchewan's sand hills aren't boiling sands. They don't overlie the most important aquifer on the continent. And they aren't an icon. Nebraska's Sand Hills are, one of the state's U.S. senators has said, to Nebraskans what the Rockies are to Albertans.

Adapting to new realities

Despite its financial firepower, and millions spent on lobbyists, TransCanada couldn't outmatch its critics.

"There's probably 10 large environmental organizations with a lot more staff that are blogging, that are writing news releases, that are out there in the communities," said TransCanada spokesman James Millar. The company struggled to know what to say. The debate over Keystone XL was, for a pipeline company, uncharted territory for a blue-chip utility with no experience fighting environmentally minded

Hollywood actors.

"One of the things we've learned through this process," Alex Pourbaix, the company's president of energy and oil pipelines, said at a Toronto investor day in November, "is we have to be a lot more pro-active in dealing with those emotional issues."

The company failed to listen to key voices. In Nebraska, TransCanada faced down a year of calls to switch its route around the Sand Hills, calls that came from powerful people like Nebraska's governor and its two U.S. senators. The company refused, adamantly. The Sand Hills route, it said, was far and away the best.

Then, on November 10, 2011, the State department said it had "determined it needs to undertake an in-depth assessment of potential alternative routes in Nebraska," citing the environmental sensitivities of the Sand Hills. Public concern had trumped technical reassurances. Hollywood had trumped the engineers.

It took four days for TransCanada to agree to change the route and skip the Sand Hills, prompting the question of whether it could have avoided the conflict all along.

Now the pipeline industry is learning how to change with the times. Pipeliners need to "advocate for better environmental management regimes up-stream," said Ed Whittingham, executive director of the Pembina Institute, a Calgary-based environmental advocate. In other words, they should push for cleaner oil sands.

Enbridge is considering a new social media ef-

fort for the public to “manage their way through the rhetoric to get to the real answers, so they can actually come to an informed decision,” said Ms. Holder, the Enbridge executive.

TransCanada, too, is figuring out what it needs to do. “It’s going to be a huge job for us as an industry,” said Mr. Girling, the TransCanada CEO.

“It’s an awareness campaign, working right from the grassroots, through education, through means we haven’t used before,” he said. “But we don’t have all the answers yet. We have to get the answers. And we have to get smarter at those.”

Battlefield Nebraska: A pipeline plan stirs emotions

The Keystone XL conduit will deliver crude from Alberta's oil sand across a precious aquifer in this Midwest state. The arguments are getting louder on both sides

NATHAN VANDERKLIPPE

Saturday, Oct. 1, 2011

STUART, NEB. — Next to a sun-stained red flag that marks the planned route of the Keystone XL pipeline, Leon Weichman kneels on his Nebraska hay field. Moisture spots his jeans. It has barely rained in 30 days in this arid part of the central U.S., yet the grasses are thick and green. The soil is black and damp.

This field is naturally irrigated by the subterranean reaches of a vast underground formation called the Ogallala Aquifer that underlies the heart of America. It is half the size of British Columbia and filled with freshwater.

Mr. Weichman says he has slept uneasily for three years, knowing that the red flag portends a time when up to 830,000 barrels of oil could course through his field each day.

"If we couldn't use this water, this area would just be vacated." Mr. Weichman says. "We couldn't raise livestock here. We couldn't use crops here. It would just be done."

Now the Ogallala has inspired a fierce battle over oil, turning Keystone XL into a symbolic dividing line for opponents and supporters of

Canada's oil sands. The red flags marking the route have come to delineate an increasingly bitter fight between those who tout the economic and strategic benefits of a giant resource of North American crude and those who see the oil sands as an unacceptable environmental threat.

To critics, Keystone XL is not just a risk to Nebraska's water treasure. It represents the rapid growth in Alberta's oil sands and the harmful greenhouse gas emissions the industry is creating.

Opponents are mobilizing around the goal of "blocking the expansion of this incredibly dangerous carbon bomb," says Bill McKibben, a high-profile climate campaigner who has helped organize White House protests against Keystone XL. The pipeline project has raised awareness of the Alberta oil sands – "just how much carbon there was up there, and that heavily exploiting the tar sands would be 'game over' for the climate."

For supporters, the pipeline represents a chance for the U.S. to secure needed oil supply from a friendly source. And the U.S. labour and business community sees Keystone XL as a critical indicator of the country's ability to shake off a prolonged period of economic malaise and high unemployment.

"If we can't get this built, we're not going to get anything built," Karen Harbert, president of the U.S. Chamber of Commerce Energy Institute, told a Calgary audience last week. "This is a big litmus test."

That test is nearing resolution. Between now and year's end, the U.S. State Department will decide whether Keystone XL is in the American national interest. Some time in December, it expects to either approve or deny a presidential permit for the pipeline.

In that decision lies major consequences for Canada. Keystone XL is a critical link for shipments between the oil sands and the enormous refining complex in the U.S. Gulf Coast. The pipeline stands to open a spigot out of the oil sands that will clear the way for nearly a decade of growth, worth tens of billions of dollars to Canada's economy. The project promises to help sustain tens of thousands of jobs north of the border in an industry generating vast sums of government tax and royalty revenue.

The pipeline has backing in the highest levels of the Canadian industry and politics. Prime Minister Stephen Harper called Keystone XL a "no-brainer" for the U.S.

But in Nebraska, where a pitched battle over the pipeline is being fought among the endless fields of irrigated corn, it's no such thing. The Husker state has become Battlefield Nebraska. It's a place where a well-organized movement has caught fire to defeat the pipeline, or alter its route and potentially prolong its already-lengthy approval period by years.

And for all the attention brought to the issue by protesting actresses arrested outside of the White House, it is Nebraska that now stands a chance at charring a key plank in Canada's oil

sands growth platform.

The international implications of the state's growing insurrection are clearly evident to the pipeline's supporters, who have struggled to beat it back. This week, Canada's Ambassador to the U.S., Gary Doer, travelled to Lincoln, Neb., to personally meet with Governor Dave Heineman. The Canadian Consul-General in Minneapolis, who covers Nebraska, has visited the state a half dozen times in the past year. TransCanada chief executive officer Russ Girling has personally met, on multiple occasions, Gov. Heineman and the state's U.S. senators. TransCanada has plastered the state with advertising, including a sponsorship of its revered Huskers college football team.

In a measure of the discord sweeping Nebraska, that advertising was quickly rejected after fans hollered their disapproval.

"Every so often, something comes up that is startling in the sense of its dangers, and triggers our need to rise up as a people," says Dick Holland, a 90-year-old Omaha benefactor and early investor with Warren Buffett who has been among the key financial backers of Nebraska's anti-Keystone XL movement.

"This is one of them."

Pipelines get a bad rep

In the summer of 2009, crews worked their way down the eastern flank of Nebraska, digging trench and laying pipe. They were building the original Keystone pipeline, which connects Canada's oil sands to refineries in southern Illinois. It was, as industrial projects, go, a quiet

one. Its route crossed part of the Ogallala aquifer, but opponents raised barely a whisper. Most Americans – and most Nebraskans – didn't even know a pipeline was being built.

What changed? Why is Keystone XL so different from the original Keystone?

After all, very little time has passed between the two pipelines. Yet in those months, oil leaked across the Gulf of Mexico. Pipeline ruptures fouled the Kalamazoo River in Michigan and the Yellowstone River in Montana. Pipeline risk was no longer an abstract concept. The stage was set for the debate over Keystone XL to take on a very different tenor. All it needed was for someone to pick up a megaphone.

As it happened, she was sitting in a room in York, Neb., in May of 2010, listening to landowners complain about their treatment at the hands of TransCanada. Jane Kleeb, a left-leaning activist, had been looking for an issue to sink her teeth into. After a friend invited her to York, "I came home and was like, I've got to start working on this issue, clearly," Ms. Kleeb says. She and other activists who were at the meetings decided to band together.

Their coalition, many believe, was pivotal in dramatically shifting the debate about Keystone XL. The discussion, from that point forward, would not be quiet. And it would soon leap far beyond Nebraska.

Over the following months, Ms. Kleeb and others drove all over the state, delivering some 40 "education forums" at churches and cam-

puses. They talked about whooping cranes and sandhill cranes. They talked about landowner rights. They talked about oil sands and greenhouse gases.

And they talked about water, and the 100 kilometres of the Keystone XL pipeline that ran across the Sandhills, which the original Keystone line doesn't touch. The Sandhills cover roughly a quarter of Nebraska. They are a region of rolling dunes covered in a thin layer of grasses that are used to graze cattle. Many Nebraskans trace their roots to the area, which was settled by pioneers. The Sandhills also play a critical role for the Ogallala: They are a recharge point for the aquifer, filtering rain through to the ground below. In some areas the sand is so thin that the aquifer's waters surge above surface, in low-lying pools that remain wet in even the driest conditions.

Concern over the Sandhills and the aquifer made unlikely bedfellows. Ms. Kleeb's husband, Scott, lost a U.S. Senate election bid to Mike Johanns, a Republican and former Nebraska governor. Now they are together pressing against Keystone XL.

"If Colorado has the Rocky Mountains and Florida has the ocean, we have the Sandhills," Sen. Johanns said in an interview.

"I don't know who led them to believe that a route through the aquifer and Sandhills was going to be an acceptable route. But my goodness, have they stirred up a hornet's nest for no good reason. "I think they got bad advice."

The opposition builds

Yet for all the concern about the Ogallala, it's clear that critics see far more at stake. For many, the Keystone XL battle has taken on shades of a moral mission, to halt both a company and an industry – the oil sands – that they see as evil. Ms. Kleeb compares TransCanada to Big Tobacco. "Instead of selling the benefits of tobacco, they're selling the benefits of oil – and not being honest with people about the risks and the dangers. All of the money. All of the lobbyists. It's all the same."

Tom Genung, another Nebraska opponent, sees Keystone XL "as a fuse to this big bomb in Alberta."

Another belief, widely held: Oil is simply a front. Keystone XL, some argue, is a surreptitious attempt to lay pipe that can one day be used to steal away Ogallala waters.

Keystone XL proponents point out that the oil sands produce merely a fraction of U.S. coal emissions. And Gulf refineries are scrambling to replace dwindling volumes from Mexico and Venezuela. Many opponents believe Keystone XL is ultimately an export pipeline; that the end products will be shipped overseas to fuel Chinese, rather than American, cars. TransCanada calls those arguments nonsensical.

In the course of three years of study, the U.S. State Department has closely scrutinized a vast number of potential environmental impacts from the Keystone XL line. It published its findings in a report that spans eight volumes and thousands

of pages. Its conclusion was direct: "There would be no significant impacts to most resources along the proposed Project corridor."

Keystone XL, it found, "would have a degree of safety greater than any typically constructed domestic oil pipeline system under current regulations." In the Ogallala – and the Sandhills specifically – "impacts to shallow groundwater from a spill ... would affect a limited area of the aquifer around the spill site."

The pipeline industry itself has been left scratching its head at the Keystone XL opposition.

"They build pipelines over in Saudi Arabia in the desert. ... The Sandhills is no different from building through any hills," says Tom White, who is the president of Price Gregory International, which built both the first Keystone line through Nebraska and Rockies Express, a new natural gas pipeline that runs through the Sandhills. "So we've got experience, and we've also got experience where the water table is high."

He dismisses the protesters as grasping at contrived arguments. "If you want to be Chicken Little, there's concern on everything you do," Mr. White says.

There's a way to build Keystone XL with far less opposition. Move the pipe's route. Many support the idea of shifting it roughly 100 kilometres to the east, where it can swing down the side of the state alongside the already-built Keystone pipe. Such is the request of Nebraska Gov. Heineman, Sen. Johanns, Mr. Holland, Mr.

Weichman and numerous others.

It is a prospect that TransCanada refuses, at least officially, to consider.

“From TransCanada’s point of view, to entertain the thought of answering the question is to not be solid in your position,” says spokesman James Millar. The chosen route “is the best route. It is the route with the least amount of environmental impact. Case closed.”

Mr. Millar points to the State Department’s review of roughly a dozen alternative routes, which included options to skip the Sandhills and join the previous Keystone path. Doing so, State found, could be costly enough to kill the pipeline. It would also trigger new environmental review, after an already arduous three years of scrutiny. And it may not help the environment: That route would disturb more land, cross more rivers and pass over as much sensitive aquifer.

“This is real evidence. This isn’t hype. This isn’t speculation. These are facts. So the facts say [the original route is] the correct route,” says Robert Jones, TransCanada’s vice-president of Keystone pipelines.

In the next few months, snow will descend upon Mr. Weichman’s field. By next year, the massive, 36-inch-wide Keystone XL could be buried in his land. He has already signed the documents allowing TransCanada to do its work – and accepted initial payment. TransCanada pays for obtaining an easement and to compensate for impacts, and Mr. Weichman decided he could not on his own muster enough legal power to

block the company or the pipeline.

But he and others continue to fight. If TransCanada won’t move the pipe on its own, they hope they can force it. With time running down, they are now turning to political and legal means.

The international debate about Keystone XL could, if they are successful, be decided in a Nebraska courtroom or legislative chamber.

Ken Haar, a state senator, has called for a special legislative session this fall. He wants to introduce a bill that would give the state power over oil pipelines, including their route. To succeed, he must gain the support of 25 other senators – and that remains far from certain. But Mr. Holland, the wealthy benefactor, has thrown his financial support behind the effort. He is convinced the votes will materialize.

And if that fails, activists have another plan: a ballot initiative. They hope to force a vote, in hopes of compelling the state to enact such legislation. Ms. Kleeb’s polling suggests they can pull it off. TransCanada dismisses the polling as biased.

Stopping or slowing the pipeline will not be easy. Indeed, even Keystone XL opponents expect the State Department to give its blessing – and the special legislative session has been opposed by Nebraska’s Governor, making that an uncertain path.

Yet even Keystone XL’s staunchest supporters admit to concern. If Nebraska “causes enough disturbance to raise the question of is the route

valid, then I think we're looking at a two- or three-year delay, minimum," says Howard Hawks, chairman of Omaha-based Tenaska Energy, a power development and energy marketing company.

"And potentially the pipeline doesn't get built."

A pipeline on trial

TransCanada's plan to pipe oil through Nebraska sparks cries for jobs, fears for the environment

NATHAN VANDERKLIPPE

September 28, 2011

LINCOLN, NEB. -- Only eight speakers had weighed in on the Keystone XL pipeline in Lincoln, Neb., when Teresa Hobgood, the State Department official overseeing the raucous public comment meeting, grabbed her microphone and made a plea.

"May I just ask everyone to respect each other?" she begged.

Minutes before, Nebraska state Senator Ken Haar had exceeded his three-minute time allotment speaking against the project, prompting hundreds of union workers to begin shouting "time's up!"

It was less than an hour into a meeting expected to extend to eight, with more than 200 people signing up to speak. But the tensions that have grabbed the state of Nebraska, where TransCanada Corp.'s \$7-billion pipeline project has stoked widespread controversy, rapidly neared a boiling point. Pipeline opponents booed supporters. One, looking out over the sea of labour workers in orange shirts, hissed: "Bunch of union dogs, that's what I see!"

Others ridiculed Senator Jim Smith, a Nebraska senator who spoke in favour of the pipeline, yelling "Shame on you, Senator Smith!"

Keystone XL, it's clear, has driven a deep

wedge into a state where TransCanada's bid to carry oil sands crude across ranchland and cornfields has stoked profound disagreement. Supporters say it will bring much-needed jobs, pour money into county and state tax coffers and provide a source of Canadian energy that can offset oil from less-desirable sources. Critics say the pipeline will endanger the vast Ogallala aquifer that sustains Nebraska's towns, cattle and crops.

Sen. Haar cited an old saying: "Whisky is for drinking and water is for fighting. And we are in a fight for our water," he said. "Canada is in a fight for more profit."

On Tuesday, he and over 800 others brought their arguments to an arena in downtown Lincoln, where the State Department is midway through a week of public meetings designed to solicit input on a key question: Is Keystone XL in the national interest of the United States? The meetings are the last chance for the public to weigh in before Secretary of State Hillary Clinton makes a decision later this year, after more than three years of deliberation.

As they sought to make their case in the strongest terms possible, both sides wrapped themselves in the flag. One supporter wore the red of the state's Huskers college football team and a stars-and-stripes bandana accented with a black "Pipeline Fighter" armband.

An Illinois union worker, meanwhile, stood for hours at the front of Lincoln's Pershing Center, holding aloft a large flag as dozens of speakers

took to the microphone. Mark Whitehead, the president of the Nebraska Petroleum Marketers and Convenience Store Association, called oil "a product that fuels ... freedom," and spoke in favour of a pipeline that would connect to a "safe and reliable energy source."

Michael Whatley, an executive vice-president with the Consumer Energy Alliance, said Canadian oil, which "is not subject to violent revolutions like we have seen in Egypt and Libya ... will help drive down fuel prices for both our military and American drivers." A Nebraska businessman, whose brother is currently overseas, suggested Canadian oil would enhance national security and "go a long way towards alleviating" the stress that military families feel.

A 12-year-old girl shot back, arguing Keystone XL will foul water: "Please, save your children and grandchildren, because they will remember your choice," she implored. Helen Deffenbacher, a retired teacher, added: "You must stand for all the people, not just the powerful only, or the wealthy only, or the arrogant only."

Tony Fulton, another state senator, said "the path of prudence does not pass through the Nebraska Sandhills," referring to a sensitive ecosystem the pipeline would cross. He, and many others, made a blunt appeal: "I'd like the route of this pipeline to be moved, and to that end I would like to see the permit denied."

In front of the arena, opponents chanted "no oil on our soil." One woman, dressed as the Grim Reaper, held a sign proclaiming "Without

water we die."

Meanwhile, union workers from near and far milled about. They came from Missouri, Indiana, Illinois, and Iowa. One group from Evansville, Ind., planned to log more than 2,500 kilometres attending multiple meetings: Topeka, Kan., on Monday; Lincoln, Neb., on Tuesday; Atkinson, Neb., on Thursday.

Critics took that as a signal that TransCanada has had difficulty garnering local support for Keystone. The union crowd said it was simply looking out for its brethren.

"We're trying to get jobs for American people," said Bill Ellsworth, who came with some 50 others from Rock Island, Ill., nearly 600 kilometres away.

TransCanada (TRP)

Close: \$42.23, down 6¢

WAVING THE STARS AND STRIPES

Even among the colourful show of a public pipeline meeting in Nebraska, one sight stands out as probably the most bizarre. It is a transport truck trailer parked outside of Lincoln's Pershing Center, where the meeting was held. It sides are painted in the digital camouflage of U.S. military wear. Silhouetted against the camouflage are images of a military helicopter and soldiers brandishing assault rifles. Next to them stand a colour photograph of a pipeline, and a large TransCanada logo. Above it all, some text: "The United Association & TransCanada Training Veterans to Build Pipelines Across North America."

A logo for “Veterans in Piping” features two assault rifles in the “V” and a pipe wrench in the “I.”

The truck is promoting a program that the United Association, a union, has launched to help train veterans to be pipe fitters. TransCanada, as part of its labour agreements, provides training funding.

But the truck is also part of a larger trend: TransCanada has begun to wrap itself in military garb as it makes the case for Keystone XL. It has released a military-themed television commercial featuring the father of someone in the military. The underlying message is that using Canadian oil can lessen the burden on military personnel who have to serve abroad. It’s a message Bruce Dantley, a training specialist with United Association, agrees with.

“It’s all tied in to the military because we need to decrease our dependency on foreign oil,” he said. “It’s just great to have a source [of oil] as friendly as Canada.”

Keystone faces 'last stand'

Passions run high in Nebraska as hearings into controversial TransCanada pipeline project begin

NATHAN VANDERKLIPPE

September 26, 2011

ATKINSON, NEB. -- In the small farming town of Atkinson, Neb., Tim Larby is bracing for a day unlike any he's seen in nine years as chief of the local police department.

Amid a pipeline controversy that has stirred fierce emotion across Nebraska - and, indeed, across North America - demonstrators are mobilizing.

They are preparing for what some are calling "the last stand" on the Keystone XL pipeline, the proposed \$7-billion TransCanada Corp. project that would bring oil sands crude from Alberta to refineries on the Gulf Coast.

Over the course of this week, beginning Monday, the U.S. State department will hold eight hearings across the six states that the 2,673-kilometre pipe will cross, plus an additional session in Washington, D.C.

Those meetings are the final opening for the U.S. government to receive public input before it determines whether the pipeline is in the country's national interest - and then makes a decision, expected in December, on whether to approve the project.

On that decision hinges a major plank of oil sands growth.

The export outlet is so important for Alberta's petroleum industry that its approval has become a central goal of the Canadian government, which has petitioned U.S. officials at the highest levels.

In Nebraska, meanwhile, Keystone XL has stoked statewide controversy, as oil sands critics line up against labour groups that want work building the pipe.

Public meetings in both the state capital, Lincoln, and Atkinson, a sleepy, rural spot with a population of 1,244, stand to be overrun in the rush to give a concluding voice to the competing arguments.

"It could very easily bring 1,000 people. That would almost double the size of our town," Mr. Larby said.

Atkinson is the largest community in the part of the Nebraska Sandhills that lies in the proposed path of Keystone XL. The Sandhills are a delicate region of grass-covered sand and dune ranchland that overlie part of the Ogallala aquifer, an enormous underground water reservoir. In some places near Atkinson, the sands are so thin the aquifer's waters breach the surface and lap up against local roads.

The sensitive nature of the area has made it the defining icon of a concerted fight against Keystone XL, which many believe will leak and endanger the water supply that is the area's lifeblood.

Mr. Larby is familiar with the concerns: critics want the pipeline killed, or at least moved far

away, and are arranging vanloads from across the state to come to Atkinson. Local unions want the construction jobs, and are placing people on buses to make their case.

It has all the makings of "a volatile situation," said Mr. Larby, who has laid extraordinary plans to keep peace. He initially sought to install metal detectors at the local school, which will host the meeting, but discovered that none were available. Instead, officers will search backpacks and use hand-wands to screen all comers in a part of the country where firearms are widespread.

They've also called in reinforcements: Atkinson has just three police officers; Mr. Larby has arranged for an additional 17, some from 90 kilometres away. He's worried that competing picketers will start to scuffle, or that out-of-town arrivals will game a system that is expected to provide an opportunity for comment to the first 100 people to sign up.

If locals are shut out, it could "really cause some heartburn, and that's where you're going to start seeing some tempers flare. That's when you start losing control," he said.

It's not just Atkinson. The first meeting in Nebraska will be Tuesday in Lincoln, where the arena of the Pershing Center can seat 7,000. Supporters and opponents are expected from across the largely agricultural, corn-growing state.

Jane Kleeb, an activist and organizer with an anti-pipeline group called Bold Nebraska, expects twice as many people in Lincoln as Atkinson. Her organization has ordered 500 "cornfin-

gers," cheeky foam fingers emblazoned with slogans opposing TransCanada and Keystone. They've asked supporters to wear the bright red of the state's Huskers college football team.

Labour groups, meanwhile, are preparing to demonstrate their appetite for a project that stands to put hundreds - if not thousands - to work in the state.

"The message is jobs," said Ron Kaminski, business manager for Laborers Local 1140, which expects half its members would find employment building Keystone XL. "That's pretty much as simple as it is."

Those arguments, of course, been made for many months now. Yet there is one major difference this time: the audience has grown far larger. The past few weeks have trained new attention on the pipeline, as Nobel laureates voiced their disapproval and Hollywood actors joined more than 1,200 protesters in being arrested outside of the White House. In Nebraska, local television will provide live coverage of the meetings. Eight national and international media outlets are expected to travel to the state.

"This is it. This is the last stand that we have with the State department," Ms. Kleeb said. "This is our opportunity to actually get Nebraskan voices heard on this."

THE GLOBE AND MAIL PRESENTS:
DIGGING IN



All writing and photography by The Globe and Mail's Nathan VanderKlippe

THE GLOBE AND MAIL PRESENTS:
DIGGING IN

LEGAL DISCLAIMER

All Rights Reserved

Copyright © 2013 The Globe and Mail.

This book may not be reproduced, transmitted, or stored in whole or in part by any means, including graphic, electronic, or mechanical without the express written consent of the publisher except in the case of brief quotations embodied in critical articles and reviews.