

## 1.2 OVERVIEW OF PROPOSED PROJECT

TransCanada Keystone Pipeline, LP (Keystone) proposes to construct, connect, operate, and maintain a pipeline system and ancillary facilities (e.g., access roads, pump stations, and construction camps) that would transport Western Canadian Sedimentary Basin (WCSB) heavy crude oil from its existing facilities in Hardisty, Alberta, Canada, and Bakken crude oil from an on-ramp in Baker, Montana, to Steele City, Nebraska. The proposed pipeline would connect to the existing Keystone Cushing Extension pipeline, which extends from Steele City, Nebraska, to Cushing, Oklahoma. The Gulf Coast Project, already under construction, would connect to the Cushing Extension, extending south to Nederland, Texas, to serve the Gulf Coast marketplace (see Figure 1.2-1)<sup>1</sup>. In total, the proposed Project would consist of approximately 1,204 miles of new, 36-inch-diameter pipeline, with approximately 329 miles of pipeline in Canada and approximately 875 miles in the United States. The proposed Project would cross the international border between Saskatchewan, Canada, and the United States near Morgan, Montana, and would include pipeline generally within a 110-foot-wide temporary construction right-of-way and a 50-foot-wide permanent right-of-way in Montana, South Dakota, and Nebraska.

### 1.2.1 Proposed Project Delivery Amounts and Commitments

The proposed Project would have the capacity to deliver up to 830,000 barrels per day (bpd) of crude oil. Keystone represents that it has firm commitments to transport more than 555,000 bpd of WCSB crude oil to delivery points in the Gulf Coast area.<sup>2</sup> In addition, Keystone represents that the proposed Project has firm commitments to transport approximately 65,000 bpd of crude oil, and could ship up to 100,000<sup>3</sup> bpd of crude oil, originating in the Williston Basin (Bakken formation) in Montana and North Dakota, which would be delivered to the proposed Project through the Keystone Marketlink, LLC, Bakken Marketlink Project in Baker, Montana. Keystone also informs the Department that it has firm contracts to deliver 155,000 barrels of crude oil from the WCSB to Cushing, Oklahoma that are currently being transported via the existing Keystone Mainline pipeline and the Cushing Extension (see Figure 1.2.1-1). Keystone has indicated that if the proposed Project is approved and built that it intends to transfer the barrels currently shipped from Cushing, Oklahoma, via the proposed Project.

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<sup>1</sup> Although the Gulf Coast Project was part of Keystone's proposed project in the previous Keystone XL application, Keystone indicated that it is proceeding with that project independently, and on February 27, 2012, Keystone informed the Department that the project was economically viable even if the current application for the proposed Project is not approved. It is reasonable to conclude the Gulf Coast Project has independent utility based on several factors, including: the current glut of crude oil in Cushing Oklahoma, which needs additional transport capacity to get to refinery markets; the projected increases in domestic crude oil production, particularly from tight oil formations, that would be delivered into Cushing potentially continuing the need for that additional transport capacity in the long-term; the rapid increase in announced projects for crude oil transport to accommodate these new flows of crude oil from increased production (including projects to transport crude oil from Cushing to the Gulf Coast by Keystone competitors). This Supplemental EIS considers the potential impacts associated with the Gulf Coast Project, where relevant, in the Section 4.15, Cumulative Effects Assessment.

<sup>2</sup> The Gulf Coast area refers to the region from Houston, Texas, to Lake Charles, Louisiana. Gulf Coast area refineries include 12 refineries on the Gulf Coast in Texas and three refineries in Lake Charles, Louisiana.

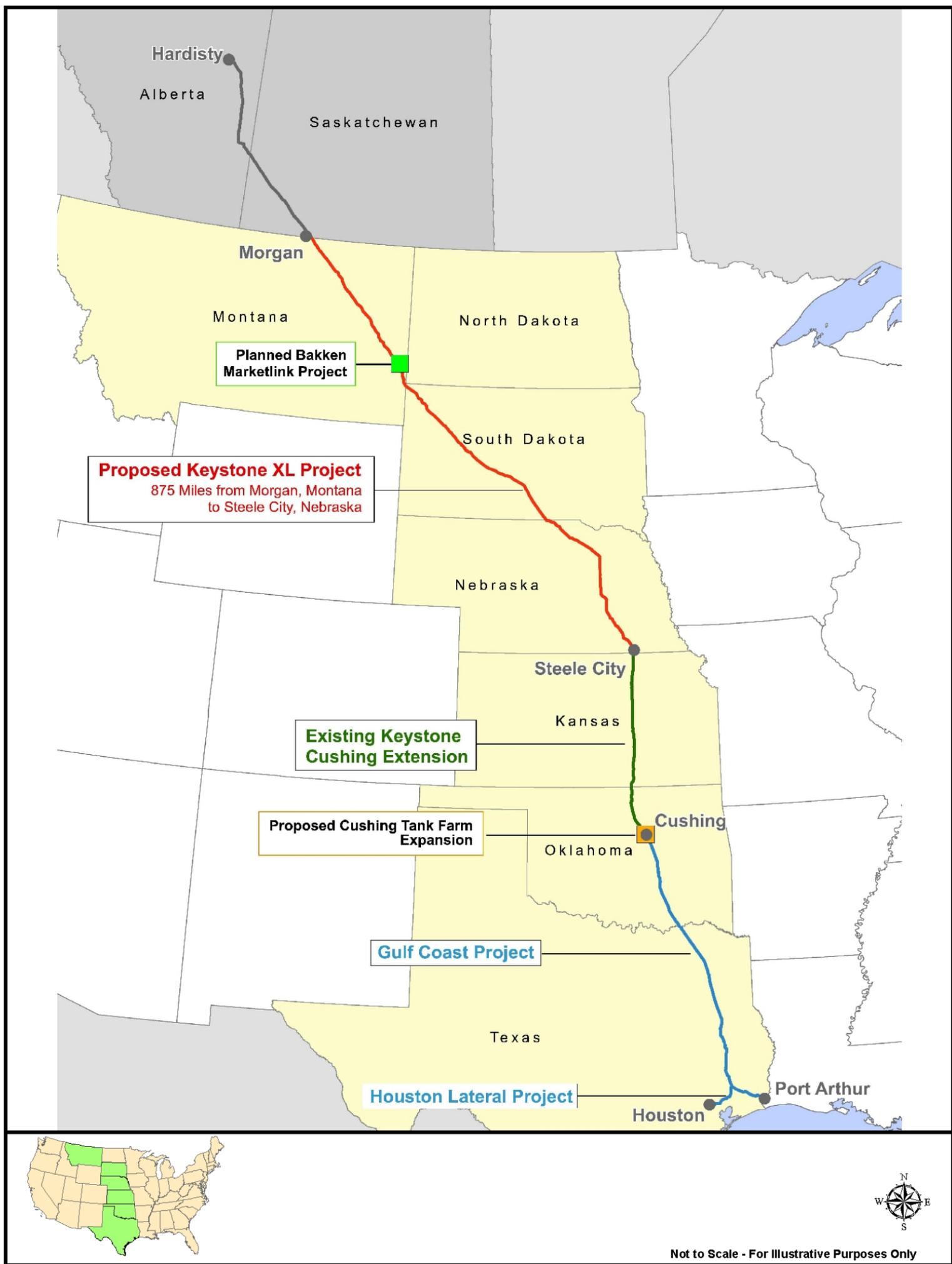
<sup>3</sup> The amount of crude transported via the proposed Project from the Williston Basin could be greater than 100,000 bpd depending on market conditions.

## **1.2.2 Project-Specific Special Conditions**

To enhance the overall safety of the proposed Project, the Department and the Pipeline Hazardous Material Safety Administration (PHMSA) have developed 57 Project-specific Special Conditions. As a result, the proposed Project would be designed, constructed, operated, maintained, and monitored in accordance with the existing PHMSA regulatory requirements and in compliance with the more stringent 57 Project-specific Special Conditions that Keystone agreed to incorporate into the proposed Project, including more specifically incorporating the conditions into Keystone's written design, construction, and operating and maintenance plans and procedures. Appendix A, PHMSA 57 Special Conditions for Keystone XL and Keystone Compared to 49 CFR 195, presents the Special Conditions and a comparison of the conditions with the existing regulatory requirements.

## **1.2.3 References**

exp Energy Services Inc. 2012. Pipeline information provided via shapefiles. Received December 4, 2012.



Source: Exp Energy Services 2012.

**Figure 1.2-1 Proposed Keystone XL Project and Associated Projects**

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