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Unlocking the Key to Keystone

Recently, I traveled to Washington, D.C., along with fuel jobbers from all over the United States to attend a legislative session sponsored by the Petroleum Marketers Association of America (PMAA). I look forward to trips in which there is an opportunity to not only learn about and become updated on legislative matters affecting the fuels industry, but also visit with House and Senate members to better educate Congress and ask for their support.

There is a singular conclusion to be derived from these experiences on Capitol Hill, which is that government officials at the federal level cannot possibly know all the varied effects of legislation they choose to support or oppose with their vote. Even the best-crafted language in a bill can be vague, ambiguous or contradictory, and subject to interpretation. Consequently, there is a continual need for education and information provided in part through the process of lobbying Congress.

Thus, it is left to industry associations and businesses to visit with their elected representatives to address certain legislation (actual or pending) and share their perspectives. In this way, there can be open dialogue about economic and constituent issues in seeking a compromise, whether it is to modify language, pass a bill or kill it.

Pipeline Benefits

The Keystone XL pipeline has taken on the life cycle of a point-counterpoint balance of power for more than two years. There is no doubt that while the pipeline's cost to U.S. taxpayers is high (about \$50 billion), the ultimate benefits far outweigh these costs.

First, with the billions of gallons of

proven reserves of petroleum liquids (and natural gas) discovered in the Bakken, Marcellus and other shale and tar sand projects, the United States can become energy independent and, in fact, a net exporter of oil and gas for many years into the future. What a great legacy to leave for our children and grandchildren!

Second, the construction will pro-



duce thousands of jobs over an extended period of time, and thereby reduce unemployment. It would have a similar effect, in my view, as the the Federal-Aid Highway Act of 1956, popularly known as the National Interstate and Defense Highways Act, which was enacted by President Eisenhower. With an original authorization of \$25 billion for the construction of 41,000 miles of the Interstate Highway System, it was the largest public-works project in American history at that time.

Third, the cost of the Keystone XL pipeline can be self-funded by the Highway Trust Fund over time by using an allocation from increased federal fuel taxes on gasoline (18.3 cents per gallon) and diesel fuel (24.4 cents per gallon). These tax rates could, frankly, withstand an increase because they have been unchanged since President Clinton raised them in 1993.

A Shift in Power

So what's the issue and why has this project not been approved? While organizations and lobbyists oppose it because of purported environmental impacts, I don't think this is the real reason. Granted, there will be soil and air repercussions during construction of this aboveground pipeline. But after construction, environmental impact should be minimal. While leaks can occur, strict maintenance and safety requirements can alleviate most if not all of it. Keystone will benefit from modern-day technological, construction and safety techniques developed since the Trans Alaska Pipeline was completed in 1977.

Fundamentally, I think this project could cause a revolutionary shift in the global, geopolitical balance of power not seen since the end of the Cold War. And it is this very real political uncertainty that may be blocking approval of the pipeline. We're simply outside our comfort zone. Washington must be wondering what the post-Keystone political scene will look like. What happens to Saudi Arabia and other oil-producing countries? How will these countries behave with significantly less U.S. oil demand? Will the United States be less likely to enter overseas conflicts? What kind of effect will be felt in Israel?

Even the finest political pundit cannot fully know the answers to these questions. However, wouldn't it be nice to live in an America that is no longer reliant on OPEC? We could actually say that we do not have to worry about running out of oil anymore, to which my fictional hero Forrest Gump would respond, "That's good ... one less thing." ■