

# Gazette opinion: Mutual benefit found in oil pipeline access

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The best business deals benefit all parties. Such a win-win is on the horizon after TransCanada Corp. met Wednesday in Billings with two governors and dozens of Montana-North Dakota oil producers. The wins: If state oil producers get access to TransCanada's Keystone XL pipeline, the Montana permitting path will be smoother for the company.

The Keystone XL pipeline will run through Eastern Montana for 280 miles of its 1,980-mile course from Canada to the Texas coast. It will pump big bucks into county tax collections along the way. But the massive pipeline for oil sands crude wasn't intended to connect with Montana's own oil-producing industry.

That intention has changed. TransCanada Corp., based in Calgary, Alberta, needs permits from Montana agencies to move its massive project along to start construction this year. Gov. Brian Schweitzer pointed out to TransCanada executives that Montana oil producers need additional pipeline capacity to get their crude to market. Because of limited pipeline capacity, Montana crude usually sells at a substantial discount compared with Texas crude. With better pipeline access, Montana producers would expect to see better prices for their product.

North Dakota has pipeline disadvantages similar to Montana's. So Schweitzer and North Dakota Gov. John Hoeven brought oil producers from their states to Billings on Wednesday to meet representatives of TransCanada. On Wednesday, TransCanada Vice President Robert Johnson said Keystone XL was "open for business" with conventional crude producers in the United States, the Associated Press reported.

Previously, TransCanada had shown little interest in Montana/North Dakota requests to build an on ramp for crude from the Bakken oil fields. Six weeks ago, a TransCanada spokesman told the Associated Press that his company had seen little interest in an on ramp from Montana producers.

"To me, the producers have shown their support by being here," Johnson told the Associated Press on Wednesday. TransCanada will meet with individual producers within a matter of weeks to work out details, he said.

In January, Schweitzer formally requested that the Montana Public Service Commission determine whether it has jurisdiction over the Keystone Pipeline as a "common carrier."

The PSC has since confirmed that it can regulate the pipeline, which means that it could require addition of a Montana on ramp. In a break from Wednesday's meeting, Schweitzer said he had just received a letter from TransCanada acknowledging that its pipeline is a common carrier subject to PSC regulation.

"TransCanada has heard today that Montana producers need an on ramp for our oil," Schweitzer said. "We can't get our oil to market unless there is copacetic capacity to carry it. Our pipelines are congested. We've even had to ship on rail," which is much more expensive.

Thanks in part to a meeting in Billings this week, Montana oil producers may have a new route to their southern markets as early as 2013.