

NEWS RELEASE

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ERCB ADDRESSES STATEMENTS IN NATURAL RESOURCES DEFENSE COUNCIL PIPELINE SAFETY REPORT

Calgary, Alberta (February 16, 2011) The Energy Resources Conservation Board (ERCB) is concerned that a report on pipeline safety issued this morning by the Natural Resources Defense Council (NRDC) contains misleading statements on pipeline safety in Alberta and on the characteristics of diluted bitumen.

The report implies that the Alberta pipelines have had a higher pipeline failure rate than the U.S. due to leaks caused by internal corrosion from transportation of diluted bitumen (DilBit). The NRDC's analysis of published ERCB pipeline data is flawed, leading to misleading and incorrect conclusions.

The study includes incorrect statements about pipeline safety in Alberta including:

“The Alberta hazardous liquid pipeline system has a relatively high rate of pipeline failure posing an early indication of the risks DilBit poses to pipeline integrity.”

“Despite its relatively recent construction, Alberta’s hazardous liquid system, which carries a high proportion of diluted bitumen, had over four times as many reportable incidents per mile as the older U.S. System between 1990 and 2005.”

These statements are factually inaccurate. The NRDC's comparison of ERCB data with that collected in the U.S. is flawed, as it selected data from a much broader array of ERCB pipelines than those included in U.S. data as hazardous liquid pipelines. Additionally, the NRDC did not recognize that the ERCB requires all incidents to be reported, regardless of whether or not any product is spilled, and also regardless of spill volume, whereas in the U.S. only spills of five barrels of liquids or more are required to be reported.

This results in a misleading comparison of pipeline failure numbers between the U.S. and Alberta. In the category identified by NRDC – pipelines shipping bitumen and blends of bitumen – the ERCB can identify only three spills resulting from internal corrosion between 1990 and 2005 (and only eight from 1975 to 2010). The resulting average failure frequency for the grouping of crude oil pipelines from 1990 to 2005 is thus 0.03 per 1000 km per year. This is significantly lower than the U.S. rate quoted in the NRDC study of 0.08 per 1000 km per year.

The report also states that *“there are many indications that DilBit is significantly more corrosive to pipeline systems than conventional crude.”* Analysis of pipeline failure statistics in Alberta has not identified any significant differences in failure frequency between pipelines handling conventional crude versus pipelines carrying crude bitumen, crude oil or synthetic crude oil.

Diluent by nature is a lower viscosity, higher-vapour pressure solvent. It could then be considered to be more “volatile” in its natural state, as it consists of lighter end hydrocarbons.

However, when blended with bitumen, the resulting blend is a “new” product consisting of thinned bitumen that more closely resembles conventional crude products. Once mixed with diluent, DilBit should behave in much the same manner as other crude oils of similar characteristics.

In conventional oils sands processing, sulphur is removed during processing, as well as water (which is a primary concern in regards to corrosivity). The tariff specification for the Keystone XL project, for example, is virtually the same in regards to water content and solids contents as that specified for other heavy oil pipelines, thus there is no reason to expect this product to behave in any substantially different way than other oil pipelines.

It should also be noted that pipelines in Alberta have never been safer. In 2009, Alberta posted a record-low pipeline failure rate of 1.7 pipeline failures per 1,000 km of pipeline (considering all substances), bettering the previous record-low of 2.1 set in both 2008 and 2007.

If the NRDC had contacted the ERCB for information in compiling their report, the ERCB would have been pleased to assist them in interpreting the published data used to compare Alberta and the United States, eliminate the factual errors in the report, and ensure that readers have access to accurate and complete information about pipeline safety in Alberta.

This statement is available on the ERCB website at www.ercb.ca.

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