

ExxonMobil's Plans to Bring Tar Sands Oil Through the Northeast

Unbeknownst to most of the public, a major portion of the proposed tar sands pipeline that would cut across the Great Lakes, Ontario, Quebec and New England to Portland, Maine, is actually owned by oil giants ExxonMobil, Imperial Oil, and Suncor Energy – all of whom have a deep stake in tar sands extraction. Knowing who the major players **really** are and whose interests are being served is crucial as citizens weigh the risks of a tar sands pipeline going through our backyards.

Canada's tar sands region is one of the fastest-growing industrial enterprises in the world but, lacking major coastal access, the oil produced there has been predominantly confined to North American markets. In recent years the oil industry has sought cross-continental pipeline routes that would allow it to ship its product overseas, which would spur a dramatic expansion of tar sands extraction in Alberta's boreal forest. As proposed tar sands pipelines like TransCanada's Keystone XL (from Alberta to the U.S. Gulf Coast) and Enbridge's Northern Gateway (from Alberta to British Columbia's coast) have become front page news, the companies involved have come under heavy scrutiny. Awareness of the risks of tar sands pipelines is on the rise, but many people are unaware of the Big Oil power behind the proposal to send tar sands from Canada to Portland, Maine. This project—and the companies behind it—must be put under the same magnifying glass as the others.

Could Big Oil behind Trailbreaker mean Big Problems ahead?

With regionally-anchored names like "Montreal Pipe Line Limited" and "Portland Pipe Line Corporation," it's easy to see why people might be in the dark about who is really driving the tar sands pipeline proposal often referred to as the "Trailbreaker" project. But with public safety, health and the environment at risk, citizens and local governments need to know that some of the biggest names in oil, and the largest developers of the Alberta tar sands – companies like ExxonMobil, Enbridge and Suncor – are the real players looking to move tar sands oil toward East Coast ports in hopes of reaping even bigger profits.



NRDC, *Going in Reverse*, June 2012 - p. 2.

Portland-Montreal Pipe Line and ExxonMobil

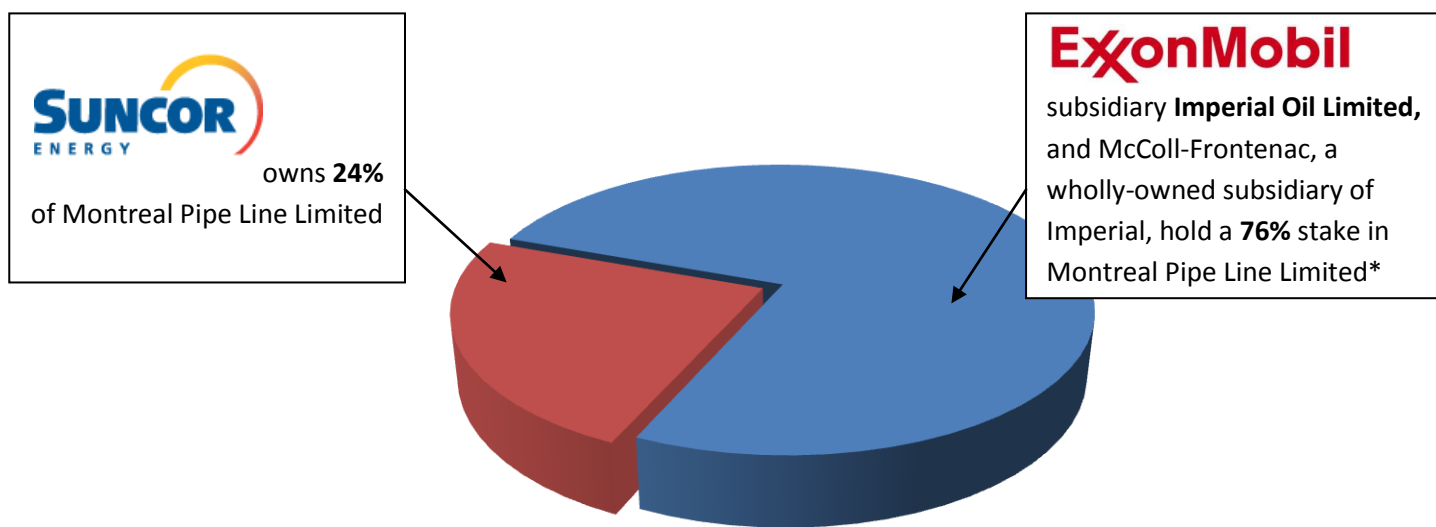
In 2008, Montreal Pipe Line Limited (MPLL) and Enbridge Incorporated collaborated on a project they called “Trailbreaker” that would link pipelines from Alberta to the coast of Maine and reverse their flow direction, giving tar sands producers access to new markets via eastern ports.¹ The plan was shelved a year later for economic reasons, but multiple recent actions indicate that it is being revived.² Having learned from the public outcry over the proposed Keystone XL pipeline, the companies involved have shied away from the spotlight. However, the evidence strongly indicates that the proposal is moving forward.³

To transport tar sands oil from Alberta through New England, this project would require a reversal of the flow of the Portland-Montreal Pipe Line (PMPL), which currently carries conventional crude oil through New England to Quebec. Despite its relative anonymity, PMPL is no “mom and pop” operation. **The convoluted corporate family tree shows that ExxonMobil has a majority stake in the Portland-Montreal Pipe Line.**⁴

The line has two direct corporate owners: **Montreal Pipe Line Limited (MPLL)**, which owns the stretch in Canada, from Montreal to the U.S. border;⁵ and the **Portland Pipe Line Corporation**, which owns the U.S. section and is a wholly-owned subsidiary of MPLL.⁶ In turn, Montreal Pipe Line Limited’s ultimate parent is **ExxonMobil**: Exxon subsidiary **Imperial Oil Limited** holds a majority interest in the pipeline.⁷ A smaller portion is owned by the Canadian giant **Suncor Energy**.⁸ Imperial and Suncor are among the biggest developers of Alberta’s tar sands and stand to benefit greatly from this project to transport tar sands oil across the region for export.

Exxon is still notorious for the 1989 *Valdez* spill into Alaska’s Prince William Sound,⁹ even *after* the catastrophic BP oil spill in the Gulf of Mexico.¹⁰ But tankers are not the only way ExxonMobil transports oil: it also owns pipelines, including some that carry tar sands oil. In July 2011, the company’s Silvertip Pipeline spilled some 42,000 gallons of oil into the Yellowstone River. While the oil spilled happened to be conventional crude oil, the pipeline is also used to move corrosive tar sands diluted bitumen,¹¹ which is a different substance than conventional crude and poses more extreme risks.¹² With events like this happening to one of the nation’s most pristine and iconic rivers, people in New England and Eastern Canada are beginning to wonder, “Could this happen here, in my area?”

Ownership of the Portland-Montreal Pipe Line



**Portland Pipe Line Corporation is a wholly-owned subsidiary of Montreal Pipe Line Limited; together they own the Portland-Montreal Pipeline.*

Enbridge Incorporated

The Trailbreaker project also hinges on the reversal or upgrading of several existing pipelines in the Midwest and Canada. The key lines in Canada connecting the Portland-Montreal Pipe Line to the tar sands pipeline network are owned by **Enbridge Incorporated**,¹³ a company that has attracted negative publicity for poor safety practices¹⁴ and a leaky pipeline system.¹⁵ Line 9—a vital piece of the Trailbreaker project—runs from Sarnia, Ontario (just across the border from eastern Michigan) to Montreal, Quebec. Line 9 is connected in Montreal to a refinery owned by Suncor Energy,¹⁶ a minority owner of the Portland-Montreal Pipe Line. In Canada, Enbridge has already won approval¹⁷ to partially reverse Line 9 and has announced its intent to fully reverse it,¹⁸ which would allow it to send tar sands east to Montreal. From there, a reversal of the Portland-Montreal Pipeline would allow Enbridge and MPLL to send tar sands oil all the way to the coast of Maine.

In 2010 Enbridge was responsible for a catastrophic pipeline spill in Michigan – approximately one million gallons of tar sands crude was released into the Kalamazoo River and Talmadge Creek, making it one of the largest and most expensive inland spills in US history. In July 2012, the federal National Transportation Safety Board issued a report¹⁹ that harshly criticized the company's handling of the disaster.²⁰ The pipeline that ruptured and caused the Kalamazoo spill (Line 6B) is linked to Line 9 at Sarnia, and Enbridge's expansion plans include a doubling of capacity on 6B.²¹

Who runs the pipelines that run under your feet? Important to know with tar sands

When safety, health and the environment could be at risk from tar sands spills, communities deserve to know the true identity of the companies involved in the project in their backyard. The pipelines that make up the project formerly known as "Trailbreaker," which would carry tar sands oil across Canada, Vermont, New Hampshire and Maine, are owned by some of the largest names in the tar sands industry: ExxonMobil's Canadian subsidiary Imperial Oil, Enbridge, and Suncor. They are not locally owned or controlled, despite appearances to the contrary.²²



- ¹ "Enbridge pares plans to ship to Gulf Coast," *Calgary Herald*, July 10, 2008, available at: <http://www.canada.com/calgaryherald/news/calgarybusiness/story.html?id=fd6e1a3f-0d8a-4a21-9698-24828fc3d12a> (accessed August 30, 2012).
- ² Press Release, National Energy Board, *NEB Approves Enbridge Application to Reverse Line 9 Flow* (July 27, 2012), available at: <http://www.neb-one.gc.ca/clf-nsi/rthnb/nwsrsls/2012/nwsrsls13-eng.html> (accessed August 31, 2012).
- ³ See generally, NRDC et al., *Going in Reverse* (June 2012), available at: <http://www.nrdc.org/energy/files/Going-in-Reverse-report.pdf> (accessed August 31, 2012).
- ⁴ *ExxonMobil, Annual Report* (Form 10-K), p. 12 (Feb. 24, 2012), available at: <http://www.sec.gov/Archives/edgar/data/34088/000119312512078102/d257530d10k.htm> (accessed August 31, 2012). This report shows that ExxonMobil holds a 69.6% interest in Imperial Oil Limited, its Canadian Subsidiary, which in turn controls approximately 76% of Montreal Pipe Line Limited.
- ⁵ *Montreal Pipe Line Limited and Subsidiary, Consolidated Financial Statements*, Years Ended December 31, 2011 and 2010, With Independent Auditors' Report, "Notes to Consolidated Financial Statements," p. 5, available at: <https://www.neb-one.gc.ca/ll-eng/livelink.exe/fetch/2000/90465/92837/304479/357958/829145/A2U6J6 - Financial Statements for the year 2011.pdf?nodeid=829152&vernum=0> (accessed August 31, 2012).
- ⁶ Portland Montreal Pipe Line, "About Us," available at: <http://www.pmpl.com/about.php> (accessed August 30, 2012).
- ⁷ Registraire des entreprises du Québec (translated "Québec Business Registry"), Registry filing updated April 16, 2012, available at: <http://www.registreentreprises.gouv.qc.ca/en/> via search on Dossier No. 1143576941. Note that Imperil Oil Limited owns 100% of McColl Frontenac, another of the companies listed as owners of Montreal Pipe Line Limited. See also *ExxonMobil, Annual Report* (Form 10-K), p. 12 (Feb. 24, 2012), available at: <http://www.sec.gov/Archives/edgar/data/34088/000119312512078102/d257530d10k.htm> (accessed August 31, 2012).
- ⁸ *Suncor, Annual Report* (Form 40-F), p. 22 (March 1, 2012), available at: <http://www.sec.gov/Archives/edgar/data/311337/000104746912001967/a2207617z40-f.htm> (accessed August 31, 2012).
- ⁹ See e.g., "22 Years Later, the Exxon Valdez Case is Back in Court," *New York Times*, March 3, 2011, available at: http://www.nytimes.com/2011/03/04/us/04exxon.html?_r=0 (accessed September 21, 2012).
- ¹⁰ See e.g., "Gulf of Mexico Oil Spill (2010)," *New York Times* online, updated April 24, 2012, available at: http://topics.nytimes.com/top/reference/timestopics/subjects/o/oil_spills/gulf_of_mexico_2010/index.html (accessed September 21, 2012).
- ¹¹ "Montana spill pipeline may have carried oil sands crude," *Reuters*, July 14, 2011, available at: <http://www.reuters.com/article/2011/07/15/us-oil-spill-montana-idUSTRE76E0OJ20110715> (accessed September 21, 2012).
- ¹² See e.g., Anthony Swift, et al., *Tar Sands Pipelines Safety Risks* (February 2011), available at: <http://www.nrdc.org/energy/files/tarsandssafetyrisks.pdf> (accessed September 30, 2012).
- ¹³ See e.g., U.S. Department of State, *Keystone XL Project, Final EIS*, Section 4.2.2.4, "Enbridge Trailbreaker Project," p. 4-31 of Volume 2, Section 4.0, "Alternatives," amended 9/22/2011, available at: <http://keystonepipeline-xl.state.gov/documents/organization/182071.pdf> (accessed August 31, 2012).
- ¹⁴ See e.g., "Enbridge handled Michigan spill like 'Keystone Kops' says U.S. regulator," *PostMedia News on Canada.com*, July 10, 2012, available at: <http://www.canada.com/news/Enbridge+handled+Michigan+spill+like+Keystone+Cops+says+regulator/6911007/story.html> (accessed September 21, 2012).
- ¹⁵ See e.g., *Importing Disaster: the Anatomy of Enbridge's Once and Future Oil Spills*, National Wildlife Federation, 2010, available at: http://www.nwf.org/~media/PDFs/Global-Warming/Reports/NWF_EnbridgeOilSpill_WEB_Final.ashx (accessed September 21, 2012).
- ¹⁶ *Suncor Energy Inc., 2011 Annual Information Form*, March 3, 2011, p. 25, available at: http://www.suncor.com/pdf/3161587_Suncor_Annual_Information_Form.pdf (accessed August 31, 2012).
- ¹⁷ National Energy Board (Canada), *Letter Decision*, File: OF-Fac-Oil-E101-2011-01 01, July 27, 2012, available at: http://www.suncor.com/pdf/3161587_Suncor_Annual_Information_Form.pdf (accessed August 31, 2012).
- ¹⁸ Enbridge Inc., *Enbridge (ENB) and Enbridge Energy Partners L.P. (EEP) project expansions May 2012*, available at: <http://www.enbridge.com/EEP-and-ENB-project-expansions-May-2012.aspx> (accessed August 31, 2012).
- ¹⁹ National Safety Transportation Board, *Enbridge Incorporated, Hazardous Liquid Pipeline Rupture and Release, Marshall, Michigan, July 25, 2010*, Accident Report NTSB/PAR-12/01 PB2012-916501, available at: <http://www.nts.gov/doclib/reports/2012/PAR1201.pdf> (accessed August 31, 2012); See also NRDC et al., *Going in Reverse* (June 2012) pp. 14-15, available at: http://www.suncor.com/pdf/3161587_Suncor_Annual_Information_Form.pdf.
- ²⁰ "Officials blame Enbridge for worst inland oil spill in U.S. history," *CBC-British Columbia*, CBC.ca, July 10, 2012, available at: <http://www.cbc.ca/daybreaknorth/interviews/2012/07/10/officials-blame-enbridge-for-worst-inland-spill-in-us-history/> (accessed September 21, 2012).
- ²¹ "Enbridge Seeking to Expand Crude Oil Pipeline 6B in Michigan," *Bloomberg News*, May 11, 2012, available at: <http://www.bloomberg.com/news/2012-05-11/enbridge-seeking-to-expand-crude-oil-pipeline-6b-in-michigan.html> (accessed September 21, 2012).
- ²² Of the 10 directors on the board of the Portland Pipe Line Corporation, only one is from Maine, and in fact only one other director is from the United States -- a representative of Shell Pipeline Company in Houston, TX. The other eight directors are from Canada, including five from ExxonMobil's subsidiary Imperial Oil, two from Suncor Energy Inc. and one from Shell Canada Limited. Source: State of New Hampshire, 2012 Annual Report for Portland Pipe Line Corporation, filed March 9, 2012: on file with the Secretary of State, New Hampshire Department of State.

For more information, contact:

350.org: David Stember – David@350VT.org – 802-540-0379

Conservation Law Foundation: Sean Mahoney – smahoney@clf.org – 617-350-0990

Environment Maine: Emily Figdor – emily@environmentmaine.org – 207-253-1965

National Wildlife Federation: Jim Murphy – jmurphy@nwf.org – 802-552-4325

Natural Resources Defense Council: Elizabeth Shope – eshope@nrdc.org – 202-289-2379

Natural Resources Council of Maine: Dylan Voorhees – dvoorhees@nrcm.org – 207-430-0112

New Hampshire Audubon: Carol Foss – CFoss@NHAudubon.org – 603-224-9909

Sierra Club Maine: Glen Brand – glen.brand@sierraclub.org – 207-749-3896

VPIRG: Ben Walsh – bwalsh@vpig.org – 802-223-5221

Vermont Natural Resources Council: Johanna Miller – jmillerv@vnr.org – 802-223-2328