

## **This just in... it's not even oil!**

**Greg Awtry Publisher | Posted: Tuesday, August 14, 2012 12:00 am**

If you transport petroleum products through a pipeline in the U.S.A. you have to pay 8-cent per barrel excise tax to the Oil Spill Liability Trust Fund.

If the Keystone XL goes through and they transport about 700,000 barrels a day, TransCanada would have to pay about \$56,000 into the fund every day. That would be about \$20 million a year.

But here's some breaking news. The Internal Revenue Service, the agency who has to collect these taxes, has ruled that TransCanada's Keystone XL won't have to pay the tax.

What? These high pressure tar sand pipelines are spilling all over the place and they don't have to pay into the Oil Spill Trust Fund? Yes, you read it right. That is correct.

Why? The IRS has ruled the tar sand or diluted bitumen as it's called after they dilute it with poisonous chemicals, is not oil!

The IRS says it is not even a petroleum product! If I was reading this like you are, I would say, "Greg, you have been sniffing too many pipeline fumes! You must have your information wrong!"

Lying on my desk as I write this I am looking at the Internal Revenue Service TAM (Technical Advice Memorandum), dated January 12, 2011.

In this document they cite a House Ways and Means Committee ruling from years ago that "crude oil" does not include shale oil liquids from coal, tar sands, or biomass, or refined oil. They also describe what constitutes "petroleum products."

The IRS report concludes by stating, "The House Report clearly indicates Congress's intent to exclude tar sand from the definitions of crude oil and petroleum product ... accordingly, tar sands imported to the United States are not subject to the excise tax ..."

TransCanada calls it oil when they want to sell us on their dangerous idea. They call it an oil pipeline when they overstate the number of jobs this will create. They call it an oil pipeline when they exaggerate the amount of property taxes they will actually pay.

The Senators and Representatives who have bought into this lunacy call it oil. But now, when they realize it will be taxed, suddenly it's not oil any longer!

So (pardon me) what the hell is it? Well, I am going to tell you for two reasons. One, TransCanada won't, and two I think you need to know exactly what will be going right through our drinking water.

It is dilbit, diluted bitumen. We don't worry too much about the bitumen. It is a mixture of clay and sand and petroleum product and has the consistency of peanut butter. You can't pump that through a 36-inch pipe, so they have to dilute it.

That's the part to worry about. About 40 to 70 percent of what's in the pipe is bitumen. That leaves 30 to 60 percent of something else. Those are the diluents, and they can kill you!

A dilbit safety data sheet says: Smells like rotten eggs because of the hydrogen sulfide; contains benzene which causes cancer in humans along with serious blood disorders including leukemia, and can damage nervous systems including fingers feet and arms.

Dilbit contains PNA's, polynuclear aromatic hydrocarbons, which if it comes into contact with skin can cause skin cancers. Inhalation of PNA's can cause lung cancer.

The safety data sheet goes on to say about dilbit: Don't inhale the vapors as the hydrogen sulfide may cause irritation, breathing failure, coma and death without any warning odor being sensed.

If spilled on land, the safety sheet says, "Keep public away. Vapors or dust may be harmful or fatal." If spilled in water, "Product will submerge after a few days of weathering."

Folks, that means it sinks in water. TransCanada says it floats. We know that is not true as Enbridge is still cleaning the bottom of the Kalamazoo River after a million gallons spilled in 2010.

So what is it? It's tax free according to the House of Representatives because it is not "oil." It is oil according to TransCanada. Oh, something else Congress did.

They set a \$350 million liability limit on each oil spill, so if the company goes over that amount to clean it up, the Oil Spill Trust Fund kicks in. (But TransCanada won't be paying into the fund for the Keystone XL, so who pays? The Michigan spill has cost more than \$800 million so far and is still rising!)

So Congressman Adrian Smith, whose Third District is about to be sliced open so all this poison can run right over and through our water, why didn't you tell us about tar sand not being "oil" and not subject to the tax to clean up spills?

We have asked you about the Keystone XL numerous times, and not once did you bring this up. It all comes from the House of Representatives, your body, and this pipe is going to spill on your Third District.

Why aren't you screaming at the top of your lungs to force Keystone XL to pay into the Oil Spill Liability Trust Fund?

Since this pipe is coming within three miles of York, Neb., the York News-Times would like to know. But if you are one of those who still think this will create 200,000 jobs, end our dependence on unfriendly oil and will never spill, then I submit it's actually you who might have been sniffing too many pipeline fumes.