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Environmentalists lament Trump oil, natural gas pipeline push

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Developers of cross-border oil and gas pipelines are gearing up for a freer hand in completing projects under the new administration, even as President-elect Donald Trump takes his "America First" message to Washington.

Trump's promise to loosen regulations on businesses, particularly in the energy industry, to boost jobs comes at a time when US producers are looking for new markets for domestic output and are eager to export.

That means more crude is likely to move between the US and Canada and more gas is likely to move between the US and Mexico, where demand for the power plant fuel is growing.

Operators are already preparing for that potential, as are environmental advocates who vow to fight any move toward a greater reliance on fossil fuels.

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"There is probably a thin, narrow margin that we could collaborate with the next administration," Michael Brune, executive director of the Sierra Club, said Wednesday during a conference call with reporters. "But things point to more conflict."

Under President Barack Obama, energy executives have complained regularly about the slow pace of permitting pipeline projects, especially ones that cross the border, as agencies including the Federal Energy Regulatory Commission have been bombarded by protesters critical of plans

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for the new infrastructure and Native American groups worried about the impact of potential spills on sacred lands.

New administration eyes faster permitting

Based on comments during the campaign and during the transition since winning the election, Trump is looking to speed things up for energy firms. Among other things, Trump has said he wants to open up federal lands to oil and gas production and revoke policies that restrict new drilling technologies. He also plans to ask TransCanada to renew its permit application for the Keystone XL Pipeline, which the Obama administration rejected, according to his campaign website.

"My sense is that energy firms would likely find a Trump administration to be quite sympathetic to the authorization of such projects," said Jared Bernstein, a senior fellow at the Center on Budget and Policy Priorities and former economic adviser to Vice President Joe Biden. "I suspect this is a drill-baby-drill crowd that believes the more exports the better, with not a lot of regard for environmental impacts."

Surge seen for US gas exports to Mexico

The shift could be a bonanza for the industry amid the flurry of cross-border pipeline projects that have already been proposed to carry gas from US shale producers to Mexico.

US gas exports to Mexico are projected by Platts Analytics' Bentek Energy to reach 5.6 Bcf/d in 2021, a 95% jump from last year. South Texas exports to Mexico could account for more than half of that build, particularly if Mexican dry gas production continues its downward march over the next several years, Platts Analytics data show.

"Mexico has fabulous hydrocarbon reserves, but the domestic industry has been really damaged by the central government's control over it," Ed Hirs, an energy economist at the University of Houston, said in a telephone interview. "So, now, rather than developing their own resources, they are having to rely upon US expertise and US supplies."

While Trump on the campaign trail railed against undocumented workers crossing the border into the US from Mexico, that animosity isn't expected to extend to cross-border energy projects, said Michelle Foss, chief energy economist at the University of Texas at Austin's Bureau of Economic Geology.

"On the gas side, pipe transport north to East Canada and south to Mexico are helping to balance that commodity," Foss said. "These are market-driven responses, good for energy security and clearing. I think the new administration is unlikely to interfere and more likely to back."

To the north, besides Keystone XL, Energy Transfer's Dakota Access Pipeline is expected to have an easier time under Trump. Energy Transfer asked a federal court this week to allow it to complete the pipeline despite the US Army Corps of Engineers' decision to delay making a final determination of whether to issue an easement for a portion of the pipeline in North Dakota.

"The Army Corps of Engineers is not some independent agency," Hirs said. "It answers to the commander-in-chief, and there will be a new commander-in-chief on January 20. So, I expect that pipeline will be built."

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