Jobs in the Pipeline, The EPA tries to scuttle oil transport from Canada's tar sands.

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With 9.1% unemployment and gasoline prices in the stratosphere, President Obama must sometimes wish that some big corporation would suddenly show up and offer a shovel-ready, multibillion-dollar project to create 100,000 jobs and reduce U.S. reliance on oil from dictatorships.

Oh, wait. His Secretary of State has had that offer sitting on her desk since she was sworn in. The trouble is that the Administration can't approve it without upsetting its anti-fossil fuel constituency. And so the proposal sits.

In September 2008 TransCanada applied to build a new pipeline—the Keystone XL—to bring diluted bitumen from the oil-rich tar sands of Alberta to thirsty American refineries on the Gulf Coast. It is hardly a radical proposal. Canadian crude has been flowing to the U.S. for decades. Another Canadian company—Enbridge—operates the Clipper pipeline across the Canadian border to Chicago. In July 2010 TransCanada began operating its Keystone pipeline from Alberta to Cushing, Oklahoma, which is a major storage and pricing depot.

The Keystone XL would cut a slightly different path, through the American heartland to Port Arthur, Texas. Judging from its past experience and that of Enbridge, TransCanada expected that permitting would take roughly 23 months. Thirty-three months, two State Department studies and 208,000 public comments later, TransCanada is still waiting. On current trend, the company will be lucky to get its permit by January, or after 40 months. But even that is far from certain.

If Mr. Obama were drawing up a plan from scratch to boost union employment and deflate Iranian-ally Hugo Chávez of Venezuela, it might look like the Keystone XL. TransCanada estimates that building the pipeline will mean more than $20 billion—$13 billion from TransCanada itself—in investment and 13,000 new American jobs in construction and related manufacturing. The company also expects more than 118,000 "spin-off" jobs during the two years of construction.

TransCanada says it has signed building contracts with four major U.S. unions. It projects that construction will generate $600 million in new state and local tax revenue and that over its life the pipeline will generate another $5.2 billion in property taxes. The Energy Policy Research Foundation in Washington estimates that by linking to the XL, oil producers in North Dakota's Bakken region will enjoy efficiency gains of between $36.5 million and $146 million annually. Lower transport costs will mean savings for Gulf Coast refiners of $473 million annually if the pipeline meets conservative expectations of shipping 400,000 barrels per day.

Today those refineries are highly dependent on imports from Mexico and Venezuela, which have decreased output in recent years. TransCanada would help to provide Gulf Coast refiners with a more reliable source of supply from a U.S. ally.

None of this is lost on the State Department, which must approve the project because it crosses the U.S. border. Its first environmental impact statement, in April 2010, found that the XL would meet industry standards and not significantly affect the environment. Without the pipeline, State said, the U.S. would not be able to benefit from cost-efficient Western Canadian oil and "would remain dependent upon unstable foreign oil supplies."

Hillary Clinton indicated early on that she was inclined to allow it and so it seemed the company would get its permit after a 90-day comment period. But the Environmental Protection Agency raised a stink and State acquiesced to a "supplemental" statement, which took months to prepare. On June 6, at the end of another 90-day comment period, the EPA stamped the report "inadequate" and sent State a nine-page letter with objections, which, no surprise, would require years of further study.

You could be forgiven for thinking that this must have something to do with pipeline safety. But pipelines remain the statistically safest way to transport oil, pipeline accident rates have fallen sharply, and technology has improved reaction time to leaks and the ability to contain them.

Friday's Exxon pipeline leak of up to 1,000 barrels along the Yellowstone River in Montana is a case in point. Any spill is unfortunate, but Exxon says it has put 150 workers on clean-up duty, has asked local residents to identify further damage, and has flown in 90,000 feet of absorbent boom, 3,000 absorbent pads and 2,200 feet of containment boom. TransCanada points out that for river crossings the XL will be 25-feet underground versus Exxon's eight feet (laid 20 years ago) and will feature other state-of-the-art safety enhancements.

So why the EPA push back? Ask the Natural Resources Defense Council. "This is really a campaign against tar sands expansion rather than a single pipeline," Susan Casey-Lefkowitz, director of the council's international program, told the New York Times last month. The EPA's June 6 letter echoes that point. It complains at length about the "[green house gas]-intensive" tar sands and frets about what Canadians are doing to migratory birds.

U.S. greens loathe oil, and the tar sands has become the next Alaska in green mythology. We get that. But what about jobs and growth? The U.S. economy needs a stable and affordable energy supply and, according to Cambridge Energy Research Associates (CERA), Canada's tar sands oil from "wells to wheels" isn't any "dirtier" than Nigerian light or California or Middle East heavy crude.

The Keystone XL pipeline is another case in which the Obama Administration's ideology clashes with its professed goal of job creation. Why do jobs always lose?