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Canadian gas line faces cash hurdle

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CALGARY, Alberta, Dec. 16 (UPI) — Despite backing for the project, it might be difficult to get an economic benefit from Canada's Mackenzie Valley gas pipeline, an analyst said.

Imperial Oil, Canada's largest petroleum company, plans to build a 750-mile pipeline from the Beaufort Sea through Northwest Territories to link with natural gas pipelines in northern Alberta.

Following a 10-year moratorium and lengthy debate over the [environment](#) and the impact on First Nation peoples in Canada, a federal panel gave the green light to the \$16.2 billion pipeline last year.

Consortium members, including some of the [world's](#) largest energy companies, are keen to examine the economics of the project, which Imperial said would take at least four years after regulators in Canada move on the issue Thursday, the Calgary Herald reports.

An estimated 6 trillion cubic feet of natural gas is locked in the frozen soil of northern Canada. Critics question the need for such a massive pipeline project as U.S. explorers tap into lucrative shale gas deposits.

Martin King, an analyst at FirstEnergy Capital Corp., told the Canadian newspaper the \$16.2 billion natural gas pipeline could come with [significant](#) financial risk.

“Looking out three to five years I would say the economics of such a project would be challenging,” he was quoted as saying. “The whole project will be very, very challenged to actually come up with some kind of attractive, positive return to the pipeline group.”

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