

Rovinsky, David J

From: Forbes, Amber M  
 Sent: Wednesday, December 15, 2010 5:11 PM  
 To: Forbes, Amber M; Anglarill, Marcia S; Archibeque, Jennifer; Ballow, Ryan D; Barriner-Byrd, Ashley C; Blum, Orna T; Bond, Margaret H; Buffington, Matthew C; Cue, Lourdes C; Dajman, Daniel M; Duran, Adela E (Montevideo); Emrich, Sigrid; 'Gannet Tseggai'; Gassam, Geraldine B; Grier, Amy R; Haiti Office Collective; Haskell, Todd P; Johnston, Blake A; Kane, Christopher (Baghdad); Klevorick, Caitlin B; Kurtz-Phelan, Daniel; Mack, Jason R; 'Miranda, Luis A.'; Moss, Lloyd W; 'Neary, Patricia (PACE)'; 'Ortegon, Andres CIV USA USARSO'; Peña, Laura; Popp, William W; 'Robin Holzhauer'; Rosa, Frank L; Serra, Marcela (Montevideo); Sierra, Arnold; Tolliver, Mari D; WHA-COM-DCM; WHA-Deputy Office Directors; WHA-Desk Officers; WHA-FO; WHA-OAS; WHA-Office Directors; WHA-PAO; WHA-PDA; WHA-PDA IO; WHA-PPC  
 Subject: WHA Final Guidances for December 15, 2010  
 Categories: Working  
 Classification: UNCLASSIFIED

The entire press guidance package can be accessed at <https://infocentral.state.gov>.

FINAL  
GUIDANCES

WEDNESDAY, DECEMBER 15, 2010

## POSTED

Media Note	-- Undersecretary Maria Otero to Address OAS Roundtable in Celebration of Human Rights Day (12-15-10)
Notice to the Press	-- Secretary of State Hilary R. Clinton to Present 2010 Awards for Corporate Excellence Updated Time
Notice to the Press	-- Special Briefing on the Release of the First QDDR (12-15-10)
Taken Question	-- Keystone XL Pipeline--Conflict of Interest (12-15-10)
MISC	EEB/OES -- Keystone XL Pipeline Project

U.S. DEPARTMENT OF STATE  
Office of the SpokesmanFor Immediate Release  
2010/1818

December 14, 2010

## MEDIA NOTE

Undersecretary Maria Otero to Address OAS Roundtable in Celebration of Human Rights Day

On Wednesday, December 15, 2010, the Organization of American States (OAS) will host a Policy Roundtable to celebrate Human Rights Day.

The event will feature María Otero, United States Under Secretary of State for Democracy and Global Affairs, to be joined by panelists Juan Mendez, Former President of the International Center for Transitional Justice (ICTJ), and Santiago Cantón, Executive Secretary of the Inter-American Commission on Human Rights (IACHR).

Launched in January 2007, the OAS Policy Roundtable program seeks to enrich the discussion of the

# UNCLASSIFIED

hemispheric agenda by bringing together policy analysts and the diplomatic community to discuss the key issues affecting the region.

The forum will be held from 3:30 to 5:00 p.m. EST in the Hall of the Americas at OAS headquarters, 17th Street and Constitution Avenue, NW Washington, DC.

For more information, please visit the OAS Website at [www.oas.org](http://www.oas.org).

###

## U.S. DEPARTMENT OF STATE Office of the Spokesman

For Immediate Release  
2015/1823

December 15, 2010

### NOTICE TO THE PRESS

Secretary of State Hilary R. Clinton to Present 2010 Awards for Corporate Excellence  
Updated Time

The U.S. Department of State will present the twelfth annual Secretary of State's Award for Corporate Excellence (ACE) on December 17, 2010, during a ceremony in the Benjamin Franklin Room of the Harry S. Truman building, Washington, D.C. The ceremony will start at 11:30 a.m. and will be followed by a reception in the Thomas Jefferson Room.

The prestigious and competitive ACE is designed to recognize the important role that U.S. businesses play in advancing good corporate governance and democratic principles worldwide. The award honors exemplary business practices, corporate responsibility and innovation in a company's overseas operations.

This year, a record number of 78 nominations were received for American companies operating in 46 different countries. The winners were chosen by the Principals' Award Selection Committee. The Committee, chaired by the Under Secretary for Economic, Energy, and Agricultural Affairs, includes a representative of the Secretary, the Under Secretary for Global Affairs, the Under Secretary for Public Diplomacy and Public Affairs, and various Assistant Secretaries. It also includes the President of the Overseas Private Investment Corporation and senior officials from the U.S. Agency for International Development, Millennium Challenge Corporation, and the Department of Commerce.

Three 2010 ACE winners were selected from the following 12 finalists: Alta Ventures in Mexico, Cisco in Israel, Coca-Cola in Swaziland, Denimatrix in Guatemala, Fiji Water in Fiji, GE in India, Intel in Costa Rica, Mars, Inc. in Ghana, PepsiCo in India, Qualcomm in China, Synopsys in Armenia, and Tang Energy in China. The winners will be publicly announced when the Secretary officially presents the ACE to this year's winners.

After the Secretary announces the 2010 ACE winners in Washington, there will be an interactive portion of the ACE ceremony via satellite with U.S. Ambassadors and local company executives at the U.S. Embassies/Consulates which submitted the winning nominations and are convening simultaneous events.

The ceremony is open for press coverage.

Pre-set time for cameras: 10:00 a.m. from the C Street entrance.

Final access time for all press: 11:00 a.m. from the 23rd Street entrance.

UNCLASSIFIED

Media representatives may attend this briefing upon presentation of one of the following: (1) a U.S. Government-issued identification card (Department of State, White House, Congress, Department of Defense, or Foreign Press Center), (2) a media-issued photo identification card, or (3) a letter from their employer on letterhead verifying their employment as a journalist, accompanied by an official photo identification (driver's license or passport).

Press Contacts:

Kerry Humphrey, Bureau of Economic, Energy and Business Affairs, (202) 647-0677

or

Office of Press Relations, U.S. Department of State, (202) 647-2492.

###

**U.S. DEPARTMENT OF STATE**  
Office of the Spokesman

For Immediate Release  
2010/1821

December 14, 2010

**NOTICE TO THE PRESS**  
Special Briefing on the Release of the First QDDR

Following the town hall meeting at which Secretary of State Hillary Rodham Clinton will discuss the release of the first Quadrennial Diplomacy and Development Review (QDDR), Director of Policy Planning Dr. Anne-Marie Slaughter and USAID Deputy Administrator Donald K. Steinberg will speak at the top of the daily press briefing Wednesday, December 15 at 1:00 p.m. in the State Department press briefing room, room 2209. The briefing will be on the record and on camera.

Media representatives may attend the press briefing upon presentation of one of the following: (1) A U.S. Government-issued identification card (Department of State, White House, Congress, Department of Defense or Foreign Press Center), (2) a media-issued photo identification card, or (3) a letter from their employer on letterhead verifying their employment as a journalist, accompanied by an official photo identification card (driver's license, passport.)

**PRESS CONTACT:**

Office of Press Relations  
U.S. Department of State  
(202) 647-2492

###

**U.S. DEPARTMENT OF STATE**  
Office of the Spokesman

December 14, 2010 2010/1819

## QUESTION TAKEN AT THE DECEMBER 13, 2010 DAILY PRESS BRIEFING

## Keystone XL Pipeline--Conflict of Interest

Question: Environmental organization Friends of the Earth has issued a press release regarding Secretary Clinton's former presidential campaign manager who is now an oil industry lobbyist. Does the Secretary's past association with lobbyist Paul Elliot present a conflict of interests with regard to approval of the Keystone XL pipeline?

Answer: No. The Department is considering this permit application on its merits. The Department is not, and will not, be influenced by prior relationships that current government officials have had.

###

**Background:** *From a Friends of the Earth press release.*

**Are Clinton Ties to TransCanada Lobbyist Fast-Tracking KXL Approval?  
December 13, 2010**

WASHINGTON, D.C. — Friends of the Earth, the Center for International Environmental Law, and Corporate Ethics International submitted a Freedom of Information Act (FOIA) request to the State Department today asking for all communications between the agency and a former presidential campaign manager of Hillary Clinton's, who in his new role as oil industry lobbyist is seeking State Department approval for the controversial Keystone XL tar sands oil pipeline.

The lobbyist in question is Paul Elliott, currently chief Washington, D.C. lobbyist for TransCanada, the company aiming to build the pipeline. Prior to lobbying for TransCanada, Elliott served as the Hillary Clinton for President campaign committee's national deputy director and chief of staff for delegate selection.

The watchdog groups cited the relationship between Secretary of State Clinton and the oil industry lobbyist as the latest in a series of developments casting doubt on whether the State Department is fulfilling its obligations to conduct a thorough and transparent review of the environmental and public health dangers of the proposed multibillion-dollar pipeline.

"TransCanada clearly sees an opportunity to get this dangerous pipeline approved through Secretary Clinton's relationship with Paul Elliott," said Alex Moore, dirty fuels campaigner at Friends of the Earth. "Mr. Elliott's influence in the State Department's consideration of the pipeline is yet another reason we believe that the White House should reassign review of this project. The stakes for the public are too high to have anything but rigorous and fair scrutiny of the environmental risks of this controversial pipeline and tar sands oil."

## UNCLASSIFIED

The tar sands oil pipeline, which would stretch from Canada to refineries in Texas, has been opposed by environmental and agricultural organizations because it would threaten communities with oil spills, increase global warming and other toxic air emissions, and enable expansion of the destructive tar sands oil industry in Canada, which is already causing cancer hot spots in nearby indigenous communities.

Secretary Clinton's objectivity on the pipeline and the thoroughness of her agency's review have already been questioned: In October, Secretary Clinton commented that she was "inclined" to approve the project despite the fact that her agency is in the midst of conducting a legally mandated Environmental Impact Statement (EIS) for the project. Environmental organizations called on her to recuse herself from the decision and Senator Mike Johanns (R-Neb.) said her comments could land the project in court. The Environmental Protection Agency gave the State Department's draft Environmental Impact Statement (EIS) on the Keystone XL pipeline a failing grade, provoking calls from dozens of members of Congress for a supplemental EIS.

The Keystone XL pipeline has garnered extensive criticism from policymakers. House Energy and Commerce Chairman Henry Waxman (D-Calif.) opposes the pipeline and more than 60 members of Congress have joined him in raising serious concerns about the project with the Obama administration.

The Keystone XL pipeline would be constructed by Canadian oil and gas giant TransCanada. If approved by the Obama administration, it would bring high-carbon, dirty tar sands oil from Alberta, Canada through Montana, South Dakota, Nebraska, Kansas, Oklahoma, and Texas to Gulf Coast refineries near Houston at a rate of 900,000 barrels per day.

The Freedom of Information Act request submitted to the State Department is available at:  
<http://www.foe.org/sites/default/files/FOIA-request-State-Department-Paul-Elliott-Keystone-XL-pipeline.pdf>

More information about the Keystone XL pipeline is available at: <http://www.foe.org/keystone-xl-pipeline>

### EEB AND OES PRESS GUIDANCE

December 15, 2010

#### Keystone XL Pipeline Project

**Q: Did S discuss the Keystone pipeline with Department of Interior Secretary Ken Salazar today?**

**A:** Secretary Clinton met with Secretary Salazar to discuss cooperative programs related to Mexico and Canada. Keystone was not on the agenda.

This email is UNCLASSIFIED.

Rovinsky, David J

W45

From: Jordan, Darla A  
 Sent: Monday, December 27, 2010 5:16 PM  
 To: Anglarill, Marcia S; Archibeque, Jennifer; Ballow, Ryan D; Blum, Orna T; Bond, Margaret H; Buffington, Matthew C; Cue, Lourdes C; Dajman, Daniel M; Duran, Adela E (Montevideo); Emrich, Sigrid; 'Gannet Tseggai'; Gassam, Geraldine B; Grier, Amy R; Haiti Office Collective; Haskell, Todd P; Johnston, Blake A; Kane, Christopher (Baghdad); Klevorick, Caitlin B; Kurtz-Phelan, Daniel; Mack, Jason R; 'Miranda, Luis A.'; Moss, Lloyd W; Neary, Patricia (PACE); Ortegon, Andres CIV USA USARSO; Peña, Laura; Popp, William W; Robin Holzhauer; Rosa, Frank L; Serra, Marcela (Montevideo); Sierra, Arnold; Tolliver, Mari D; WHA-COM-DCM; WHA-Deputy Office Directors; WHA-Desk Officers; WHA-FO; WHA-OAS; WHA-Office Directors; WHA-PAO; WHA-PDA; WHA-PDA IO; WHA-PPC  
 Cc: WHA-Press  
 Subject: WHA Final Guidances for December 27, 2010

The entire press guidance package can be accessed at <https://infocentral.state.gov>.

FINAL  
GUIDANCES

MONDAY, DECEMBER 27, 2010

WHA	<i>No new guidance</i>	
MISC	IO	-- UN: 10th Anniversary of the Durban I Conference in New York
	S/GC	-- Efforts to Resettle GTMO Detainees (12-23-10)
	EEB	-- Keystone XL Pipeline Project (12-23-10)

THERE WAS A DAILY PRESS BRIEFING TODAY.

IO Press Guidance  
 December 27, 2010

**UN: 10th Anniversary of the Durban I Conference in New York**

**Q: What is the United States position on the planned 10<sup>th</sup> Anniversary of the Durban I Conference in New York in September of next year?**

- The United States voted against the UN resolution setting the 10th anniversary of the Durban Declaration meeting in New York.
- The United States is deeply committed to fighting racism, racial discrimination, xenophobia, and related forms of intolerance at home and abroad.
- Unfortunately, for nearly a decade, the Durban process has failed to meet that standard.

## UNCLASSIFIED

### Q: Why didn't the United States attend the Durban II Conference?

- As a matter of both policy and principle, the United States will always speak out against bigotry and racism, and we stand ready to join serious efforts to fight them.
- The United States did not participate in the Durban Review conference in 2009 because of the outcome document's reaffirmation of the Durban Declaration and Program of Action, which unfairly singled out Israel.
- The United States also had serious concerns with wording in the Review Conference text that is inconsistent with the U.S. policy of promoting broad protections for free speech and that could be used by governments to constrain freedoms of expression and religion.

### Q: But will the United States participate in the 2011 meeting?

- American values drive us to fight racism and discrimination in all their forms, and we will evaluate our stance based on our desire to see the UN undertake serious work to eliminate discrimination and racism—work that is consistent with human rights principles and is not tainted by the ugly displays of intolerance or anti-Semitism witnessed around the Durban process in the past.
- The United States will participate in any meeting that is fully focused on combating and eliminating racism and racial discrimination. Our substantive concerns with both the 2001 Durban Declaration and Programme of Action and the 2009 Durban Review Conference outcome document remain.
- The United States remains fully committed to upholding the human rights of all individuals and to engaging in efforts both at home and abroad to combat racial discrimination.

### Background

*Explanation of Vote by John F. Sammis, Deputy Representative to ECOSOC, on the Third Committee Resolution Regarding "The Comprehensive Implementation of and Follow-up to the Durban Declaration and Program of Action"*

Mr. Chairman, the United States is deeply committed to fighting racism, racial discrimination, xenophobia, and related forms of intolerance at home and abroad. Our founding commitment to the principle that all people are created equal is manifested today in both our record of strong legislation and policies to vigorously fight discrimination and promote equal opportunity and equal treatment, as well as in our ongoing work with the international community to fight prejudice based on race, nationality, ethnicity, religion, gender, disability or sexual orientation.

We believe the United Nations must continue to address the issues of race and racism, and the United States will work with all people and nations to build enduring political will and to find concrete ways to halt racism and racial discrimination wherever they occur.

We remain deeply concerned about speech that advocates national, racial, or religious hatred, particularly when it seeks to incite violence, discrimination, or hostility. However, based on our own experience, the United States remains convinced that the best antidote to offensive speech is not bans and punishments but a combination of three key elements: robust legal protections against discrimination and hate crimes, proactive government outreach to racial and religious groups, and the vigorous defense of freedom of expression.

My delegation regrets that this resolution contains elements that require us to vote no, and we hope to work together to find common ground on concrete approaches that both protect freedom of expression and combat all forms of racism and racial discrimination.

UNCLASSIFIED

## UNCLASSIFIED

In addition to these concerns with the resolution, we are also deeply troubled by the choice of time and venue for the 10<sup>th</sup> anniversary commemorative event. Just days earlier, we will have honored the victims of 9/11, whose loved ones will be marking a solemn 10-year anniversary for them and the entire nation. It will be an especially sensitive time for the people of New York and a repeat of the vitriol sadly experienced at past Durban-related events risks undermining the relationship we have worked hard to strengthen over the past few years between the United States and the UN.

The poor choice of time and venue for the 10th anniversary commemorative event places a premium on the need for all participants to put forth genuine, good-faith efforts to ensure that this event focuses on the substantive issues at stake in the global fight against racism, and that it does not become a forum for politicization, or efforts that run counter to mutual respect and fundamental human rights.

Despite our differences, we believe it is important that we collectively and constructively focus on the future. Almost ten years after the World Conference Against Racism, problems of racism and discrimination continue to plague all regions of the world. We are confident that beneath our differences we share the same goals in terms of combating racism.

The United States is deeply committed to engaging in an ongoing, thoughtful dialogue that can result in vigorous action to effectively combat racism—an issue of deep concern and great importance for us all. Thank you.

UNCLASSIFIED



# UNCLASSIFIED

Press Guidance S/GC//H//L  
December 23, 2010

## Guantanamo Bay: Efforts to Resettle GTMO Detainees

**Key Message:** We are looking closely at the implications of the new legislation as we continue our efforts to implement the President's order to close the detention facility at Guantanamo Bay.

Q: What is our response to Congressional action barring the movement of GITMO detainees to the US? What is the current administration plan to close GITMO?

- We are aware of the Guantanamo provisions in the National Defense Authorization Act passed by Congress yesterday.
- We are closely looking at the Guantanamo provisions to determine how this will impact the transfer of detainees to foreign governments, but we remain determined to continue the difficult work required to close Guantanamo.
- As the President said yesterday, "One of the most powerful tools we have to keep the American people safe is not providing al Qaeda and jihadists recruiting tools for fledgling terrorists." He clearly explained how closing Guantanamo will remove a major recruiting tool for Al Qaida and other terrorist organizations, while also living up to our values, ideals, and principles.
- Many friends and allies have joined our efforts to close the detention facility, and we continue to engage with additional foreign partners in pursuit of the detention facility's closure.
- Today, 174 detainees remain at Guantanamo. There were 242 at the facility on January 21, 2009.

Q: Does the prohibition on moving Guantanamo detainees into the United States effectively preclude the civil trial of detainees in U.S. courts?

- All questions regarding prosecution of Guantanamo detainees in federal civilian courts should be directed to the Department of Justice.

Q: What does the proposed legal framework to hold Guantanamo detainees indefinitely entail?

- We would refer you to the White House.

### Background:

Below are the key Guantanamo provisions included in the National Defense Authorization Act passed by Congress on 12/22/10. These provisions place significant limitations on the Executive's transfer options for Guantanamo detainees.

**SEC. 1032. PROHIBITION ON THE USE OF FUNDS FOR THE TRANSFER OR RELEASE OF INDIVIDUALS DETAINED AT UNITED STATES NAVAL STATION, GUANTANAMO BAY, CUBA.**

UNCLASSIFIED

## UNCLASSIFIED

None of the funds authorized to be appropriated by this Act for fiscal year 2011 may be used to transfer, release, or assist in the transfer or release to or within the United States, its territories, or possessions of Khalid Sheikh Mohammed or any other detainee who--

- (1) is not a United States citizen or a member of the Armed Forces of the United States; and
- (2) is or was held on or after January 20, 2009, at United States Naval Station, Guantanamo Bay, Cuba, by the Department of Defense.

### SEC. 1033. CERTIFICATION REQUIREMENTS RELATING TO THE TRANSFER OF INDIVIDUALS DETAINED AT NAVAL STATION, GUANTANAMO BAY, CUBA, TO FOREIGN COUNTRIES AND OTHER FOREIGN ENTITIES.

#### (a) Limitation-

(1) **IN GENERAL-** Except as provided in paragraph (2), during the one-year period beginning on the date of the enactment of this Act, the Secretary of Defense may not use any of the amounts authorized to be appropriated by this Act or otherwise available to the Department of Defense to transfer any individual detained at Guantanamo to the custody or effective control of the individual's country of origin, any other foreign country, or any other foreign entity unless the Secretary submits to Congress the certification described in subsection (b) by not later than 30 days before the transfer of the individual.

(2) **EXCEPTION-** Paragraph (1) shall not apply to any action taken by the Secretary to transfer any individual detained at Guantanamo to effectuate an order affecting the disposition of the individual that is issued by a court or competent tribunal of the United States having lawful jurisdiction. The Secretary shall notify Congress promptly upon issuance of any such order.

(b) **Certification-** The certification described in this subsection is a written certification made by the Secretary of Defense, with the concurrence of the Secretary of State, that the government of the foreign country or the recognized leadership of the foreign entity to which the individual detained at Guantanamo is to be transferred--

- (1) is not a designated state sponsor of terrorism or a designated foreign terrorist organization;
- (2) maintains effective control over each detention facility in which an individual is to be detained if the individual is to be housed in a detention facility;
- (3) is not, as of the date of the certification, facing a threat that is likely to substantially affect its ability to exercise control over the individual;
- (4) has agreed to take effective steps to ensure that the individual cannot take action to threaten the United States, its citizens, or its allies in the future;
- (5) has taken such steps as the Secretary determines are necessary to ensure that the individual cannot engage or re-engage in any terrorist activity; and
- (6) has agreed to share any information with the United States that--
  - (A) is related to the individual or any associates of the individual; and
  - (B) could affect the security of the United States, its citizens, or its allies.

#### (c) Prohibition and Waiver in Cases of Prior Confirmed Recidivism-

(1) **PROHIBITION-** Except as provided in paragraph (3), during the one-year period beginning on the date of the enactment of this Act, the Secretary of Defense may not use any amount authorized to be appropriated or otherwise made available to the Department of Defense to transfer any individual detained at Guantanamo to the custody or effective control of the individual's country of origin, any other foreign country, or any other foreign entity if there is a confirmed case of any individual who was detained at United States Naval Station, Guantanamo Bay, Cuba, at any time after September 11, 2001, who was transferred to the foreign country or entity and subsequently engaged in any terrorist activity.

(2) **WAIVER-** The Secretary of Defense may waive the prohibition in paragraph (1) if the Secretary determines that such a transfer is in the national security interests of the United States and includes, as part of the certification described in subsection (b) relating to such transfer, the determination of the Secretary under this paragraph.

UNCLASSIFIED

## UNCLASSIFIED

(3) EXCEPTION- Paragraph (1) shall not apply to any action taken by the Secretary to transfer any individual detained at Guantanamo to effectuate an order affecting the disposition of the individual that is issued by a court or competent tribunal of the United States having lawful jurisdiction. The Secretary shall notify Congress promptly upon issuance of any such order.

(d) Definitions- For the purposes of this section:

(1) The term 'individual detained at Guantanamo' means any individual who is located at United States Naval Station, Guantanamo Bay, Cuba, as of October 1, 2009, who--

(A) is not a citizen of the United States or a member of the Armed Forces of the United States; and

(B) is--

(i) in the custody or under the effective control of the Department of Defense; or

(ii) otherwise under detention at United States Naval Station, Guantanamo Bay, Cuba.

(2) The term 'foreign terrorist organization' means any organization so designated by the Secretary of State under section 219 of the Immigration and Nationality Act (8 U.S.C. 1189).

UNCLASSIFIED

UNCLASSIFIED

# UNCLASSIFIED

EEB AND OES PRESS GUIDANCE (UPDATED)

December 23, 2010

## Keystone XL Pipeline Project

### Key Messages:

- Currently, we are reviewing the thousands of comments received on the draft Environmental Impact Statement.
- We anticipate that responses to comments and any necessary edits to the Environmental Impact Statement (EIS) will be completed by early next year.
- When the Department has reviewed all comments, and has incorporated the appropriate edits into the Environmental Impact Statement, it will make a determination about the next steps in completing the Environmental Impact Statement. No decision has yet been made on whether the edited EIS will be considered a final or supplemental draft EIS.
- Once a final Environmental Impact Statement is released, the Department will determine whether the proposed pipeline is in the National Interest under the Executive Order, which delegates to the Department of State the authority to issue or deny Presidential Permits on such projects.
- These processes will take several months each. A decision on whether the Department will approve or not approve the Keystone XL pipeline only will be made after all the review processes are completed.
- Deputy Secretary Steinberg, who made the decision to approve the Alberta Clipper pipeline last year, was delegated the authority to decide on issues concerning the Keystone XL pipeline. Both the Under Secretary of State for Economic Affairs and Under Secretary for Political Affairs have also been delegated the authority to make these decisions.

**Q: What is the current status of the Alberta Clipper pipeline, the Keystone pipeline and the Keystone XL pipeline?**

**A:**

- The Alberta Clipper and the Keystone pipelines were granted Presidential Permits. The Presidential Permit for the Keystone XL pipeline is still being deliberated.
- Once a Final Environmental Impact Statement about the proposed Keystone XL pipeline is published, federal Departments and agencies will have an additional 90 days to comment on the pending Presidential Permit application for the Keystone XL pipeline.

**Q: The Keystone XL pipeline project has yet to receive a required State Department "Presidential Permit." Why has the permit not been granted and what is causing the delay?**

**A:**

UNCLASSIFIED

## UNCLASSIFIED

- The State Department recognizes the seriousness of all the viewpoints expressed about the Keystone XL project. We received thousands of comments on the draft Environmental Impact Statement, and are in the process of evaluating and responding to all of them.
- There is no delay in this comprehensive environmental review process, which is being undertaken according to regulations issued under the National Environmental Policy Act (NEPA).
- Once a final Environmental Impact Statement is released, the Department will determine whether the proposed pipeline is in the National Interest under the Executive Order, which delegates to the Department of State the authority to issue or deny Presidential Permits on such projects.

**Q: Why did we agree to grant the 90-day extension (after release of the final Environmental Impact Statement) to the agencies?**

**A:**

- On June 16, the State Department formally solicited the views of all consulted federal agencies, requesting a response by September 15. After further consultation with those agencies, the Department determined that the process to decide whether the proposed pipeline is in the National Interest would be completed following the issuance of the final Environmental Impact Statement, allowing those agencies a full opportunity to provide their views to the Department on the Keystone XL application.

**Q: What U.S. departments and agencies are involved in this review?**

**A:**

- According to Executive Order 13337, the Department of State, upon receipt of an application for a permit, requests the views of the Departments of Commerce, Defense, Energy, Homeland Security, Interior, Justice, Transportation and the Environmental Protection Agency.

**Q: How is public input being considered?**

**A:**

- The State Department seriously considers all public comments received as part of the public comment process.
- These include comments we have received during the formal Notice and Comment process on the draft Environmental Impact Statement. The period for those comments was extended until July 2, 2010.
- In addition, the State Department held public comment meetings all along the pipeline route in Montana, South Dakota, Nebraska and Oklahoma, as well as in Houston and Washington, D.C. Those public-comment meetings were transcribed and the comments are being reviewed by the State Department as part of its review processes. In total, there were over twenty public comment meetings held by the State Department.
- We are reviewing the public comments we have received and compiling them into a comment matrix that will be published as part of the Environmental Impact Statement.

### IF ASKED:

**Q: Environmental organization Friends of the Earth has issued a press release regarding Secretary Clinton's former presidential campaign manager who is now an oil industry lobbyist. Does the Secretary's past association with lobbyist Paul Elliot present a conflict of interests with regard to approval of the Keystone XL pipeline?**

UNCLASSIFIED

## UNCLASSIFIED

A:

- No. The Department is considering this permit application on its merits. The Department is not, and will not, be influenced by prior relationships that current government officials have had.

**Q: Does the Department of State have a specific response to concerns expressed by the Environmental Protection Agency (EPA)?**

A:

- We are in ongoing consultations with the EPA and other interested federal Departments and agencies in an effort to make sure that their concerns are addressed in the final Environmental Impact Statement.

**Q: Does the Department of State have a specific response to concerns expressed by Senator Johanns, Senator Nelson, and Representative Waxman?**

A:

- Their views will be factored into our ongoing review, in the same way that we seriously consider all public comments received as part of the public comment process.
- A decision on whether the Department will approve or not approve the Keystone XL pipeline only will be made after all the review processes are completed. This is expected to take several months.

**Q: Who has the authority to approve the Keystone XL pipeline?**

A:

- Deputy Secretary Steinberg, who made the decision to approve the Alberta Clipper pipeline last year, possesses the delegated authority to decide on issues concerning the Keystone XL pipeline. Both the Under Secretary of State for Economic Affairs and Under Secretary for Political Affairs have also been delegated the authority to make decisions on these types of Presidential Permits.

**Q: What did Secretary Clinton mean by her remarks in San Francisco regarding "dirty oil" and pipelines?**

A:

- As the Secretary noted, we are in the midst of a process to consider the permitting of the Keystone XL pipeline.
- The process has generated thousands of comments on a draft Environmental Impact Statement, and each is receiving careful consideration.
- The Secretary noted that there exist energy security considerations that could make one inclined to permit the pipeline, but she also noted that there are many factors to balance. All of those factors, including the environmental impacts -- and proposed mitigation of those impacts -- associated with the pipeline will be considered in any decision on the pipeline application.
- No decision will be made on the pipeline project until after the full environmental review has generated a Final Environmental Impact Statement, and after the Department has received input from other relevant agencies on whether permitting the pipeline would be in the national interest.

**Background:**

**Are Clinton Ties to TransCanada Lobbyist Fast-Tracking KXL Approval?**

**December 13, 2010**

UNCLASSIFIED

## UNCLASSIFIED

*From a Friends of the Earth press release circulated this morning.*

WASHINGTON, D.C. — Friends of the Earth, the Center for International Environmental Law, and Corporate Ethics International submitted a Freedom of Information Act (FOIA) request to the State Department today asking for all communications between the agency and a former presidential campaign manager of Hillary Clinton's, who in his new role as oil industry lobbyist is seeking State Department approval for the controversial Keystone XL tar sands oil pipeline.

The lobbyist in question is Paul Elliott, currently chief Washington, D.C. lobbyist for TransCanada, the company aiming to build the pipeline. Prior to lobbying for TransCanada, Elliott served as the Hillary Clinton for President campaign committee's national deputy director and chief of staff for delegate selection.

The watchdog groups cited the relationship between Secretary of State Clinton and the oil industry lobbyist as the latest in a series of developments casting doubt on whether the State Department is fulfilling its obligations to conduct a thorough and transparent review of the environmental and public health dangers of the proposed multibillion-dollar pipeline.

"TransCanada clearly sees an opportunity to get this dangerous pipeline approved through Secretary Clinton's relationship with Paul Elliott," said Alex Moore, dirty fuels campaigner at Friends of the Earth. "Mr. Elliott's influence in the State Department's consideration of the pipeline is yet another reason we believe that the White House should reassign review of this project. The stakes for the public are too high to have anything but rigorous and fair scrutiny of the environmental risks of this controversial pipeline and tar sands oil."

The tar sands oil pipeline, which would stretch from Canada to refineries in Texas, has been opposed by environmental and agricultural organizations because it would threaten communities with oil spills, increase global warming and other toxic air emissions, and enable expansion of the destructive tar sands oil industry in Canada, which is already causing cancer hot spots in nearby indigenous communities.

Secretary Clinton's objectivity on the pipeline and the thoroughness of her agency's review have already been questioned: In October, Secretary Clinton commented that she was "inclined" to approve the project despite the fact that her agency is in the midst of conducting a legally mandated Environmental Impact Statement (EIS) for the project. Environmental organizations called on her to recuse herself from the decision and Senator Mike Johanns (R-Neb.) said her comments could land the project in court. The Environmental Protection Agency gave the State Department's draft Environmental Impact Statement (EIS) on the Keystone XL pipeline a failing grade, provoking calls from dozens of members of Congress for a supplemental EIS.

The Keystone XL pipeline has garnered extensive criticism from policymakers. House Energy and Commerce Chairman Henry Waxman (D-Calif.) opposes the pipeline and more than 60 members of Congress have joined him in raising serious concerns about the project with the Obama administration.

The Keystone XL pipeline would be constructed by Canadian oil and gas giant TransCanada. If approved by the Obama administration, it would bring high-carbon, dirty tar sands oil from Alberta, Canada through Montana, South Dakota, Nebraska, Kansas, Oklahoma, and Texas to Gulf Coast refineries near Houston at a rate of 900,000 barrels per day.

The Freedom of Information Act request submitted to the State Department is available at:  
<http://www.foe.org/sites/default/files/FOIA-request-State-Department-Paul-Elliott-Keystone-XL-pipeline.pdf>

More information about the Keystone XL pipeline is available at: <http://www.foe.org/keystone-xl-pipeline>

In October 2010, media speculated that S misspoke during a Q and A session after her recent remarks to the Innovation and American Leadership Club and U.S. Senator Mike Johanns, a Nebraska Republican, has said her comments appear to

UNCLASSIFIED



## UNCLASSIFIED

"prejudge" the State Department's review of TransCanada's application to build the 2,000-mile Keystone XL pipeline expected to transport 510,000 barrels per day of crude from Alberta to the U.S. Gulf coast.

By Executive Order, the President has delegated authority to the State Department to receive applications for the construction, connection, operation and maintenance of facilities at the borders of the United States, including petroleum pipelines, and to issue or deny Presidential Permits for such facilities based upon whether they are in the national interest of the United States. Upon receipt of a Presidential Permit application, the Department conducts an environmental review of the proposed project under applicable environmental laws and regulations.

According to the Executive Order on the Presidential Permit, the State Department is required to consult with a number of federal agencies to determine whether a project is in the National Interest. Federal agencies have 90 days to provide comments to assist the State Department in its decision. In past cases, the 90 day comment period ran concurrently while the project was also reviewed consistent with the National Environmental Policy Act (NEPA). Essentially, there was a NEPA review and a concurrent review of the Presidential Permit application by the Department.

NEPA is a separate procedure from the procedure in the Executive Order. In the case of Keystone XL, the Department decided to complete its NEPA review and then begin the 90-day period for other agencies to comment on whether granting the permit application is in the U.S. national interest. This provides federal agencies an opportunity to comment twice, first during the NEPA review process and then again during the Presidential Permit review process. This decision was made at the request of federal agencies and is specific to this case only.

Canadian energy company TransCanada has applied to the State Department for a Presidential Permit to construct the Keystone XL petroleum pipeline from Alberta, Canada, to Houston, Texas.

As part of its review process, the Department is preparing a Final Environmental Impact Statement (FEIS) to review the impacts of the project and to ensure that it would comply with all applicable environmental laws and regulations if permitted to proceed. The Department will make a final decision on whether to issue a permit for the Keystone XL Pipeline, once the FEIS is completed and the interagency process is done.

In July, media reported that the State Department's decision to extend interagency views on whether the Keystone XL Pipeline Project is in the national security interest until 90 days after the final EIS is a victory for those concerned about the pipeline. This decision was posted to the [Keystone Pipeline site](#) on State.gov on July 26, 2010.

At the time, the EPA enforcement division recommended that the State Department conduct a more comprehensive review of environmental impacts before approving the \$7 billion Keystone XL expansion project, which would bring oil-sands crude to refineries on the Gulf Coast. In particular, the agency suggested greater scrutiny of the project's impact on greenhouse-gas emissions, air pollution, pipeline safety, wetlands and migratory-bird populations.

On July 7, media outlets noted that House Energy and Commerce Committee Chair Henry Waxman urged the State Department to block TransCanada's planned Keystone XL pipeline, writing to Secretary Clinton that the Keystone XL line a "step in the wrong direction" that increases that country's reliance on "the dirtiest source of transportation fuel currently available."

On October 14, media outlets noted that Senator Johanns of Nebraska sent a detailed letter to Secretary Clinton, outlining his concerns about the pipeline. Specifically, the Senator requested that the pipeline be diverted to avoid the SandHills region of Nebraska. The SandHills region sits atop the Ogallala Aquifer which provides drinking water to 80% of Nebraska.

UNCLASSIFIED

UNCLASSIFIED

Verloop, Marja D

01

**From:** Byla, Robert K  
**Sent:** April 30, 2010 5:24 PM  
**To:** 'Paul Elliott'  
**Cc:** Duggan, J. Brian; Verloop, Marja D; Sullivan, Michael A  
**Subject:** RE: Request for Meeting to Address Concerns about Keystone KXL

RELEASED IN FULL

Hi Paul,

Confirming. Who will be attending with Mr. Kvisle? Please provide the following information for all attendees:

1. Full name
2. Date of Birth
3. Country of Citizenship
4. US Driver's License number or passport number.

Thank you,

**Robert K. Byla**  
Management Assistant  
PRO-telligent, LLC Support Contractor  
Office of the International Energy Affairs Coordinator (S/CIEA)  
U.S. Department of State  
Tel: (202) 647-8543

---

**From:** Paul Elliott [[mailto:paul\\_elliott@transcanada.com](mailto:paul_elliott@transcanada.com)]  
**Sent:** Friday, April 30, 2010 4:25 PM  
**To:** Byla, Robert K  
**Subject:** RE: Request for Meeting to Address Concerns about Keystone KXL

Hi Robert,

Mr. Kvisle would like to secure the 11am time slot on May 17.

Thank you.

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Byla, Robert K [<mailto:BylaRK@state.gov>]  
**Sent:** Friday, April 30, 2010 1:02 PM  
**To:** Paul Elliott  
**Subject:** RE: Request for Meeting to Address Concerns about Keystone KXL

Correct. Both times would work.

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: ALAN H FLANIGAN  
DATE/CASE ID: 14 SEP 2011 201101495

UNCLASSIFIED

UNCLASSIFIED

**From:** Paul Elliott [[mailto:paul\\_elliott@transcanada.com](mailto:paul_elliott@transcanada.com)]  
**Sent:** Friday, April 30, 2010 12:46 PM  
**To:** Byla, Robert K  
**Subject:** FW: Request for Meeting to Address Concerns about Keystone KXL

Hi Robert,

I just want to confirm our phone discussion yesterday; did you say the Mr. Goldwyn is available to meet on May 17 at 11am and at 4pm?  
That those are the time that work best for his schedule?

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Paul Elliott  
**Sent:** Wednesday, April 28, 2010 4:12 PM  
**To:** [bylark@state.gov](mailto:bylark@state.gov)  
**Cc:** [McManusMT@state.gov](mailto:McManusMT@state.gov); Duggan, J. Brian; [orlandoea2@state.gov](mailto:orlandoea2@state.gov)  
**Subject:** Request for Meeting to Address Concerns about Keystone KXL

Attention: Mr. Robert Byla

April 28, 2010

David L. Goldwyn  
Coordinator  
International Energy Affairs  
U.S. Department of State  
2201 C Street NW  
Washington, DC 20520

Dear Mr. Goldwyn,

Hal Kvisle, President and CEO of TransCanada Corporation, would like to meet with you and your team -- Matthew McManus, Brian Duggan and Betsy Orlando - any time during the days of **Monday, May 17, Tuesday, May 18 or Wednesday, May 19** in Washington D.C. to address the concerns recently raised by several nongovernmental organizations about the impact of TransCanada's Keystone KXL pipeline. Mr. Kvisle would also like to use this occasion to brief you and other Department officials on the ways we are actively engaged in communicating with the pipeline's key constituencies.

Please contact me at [paul\\_elliott@transcanada.com](mailto:paul_elliott@transcanada.com) or at 917.828.3983, with any questions and to confirm times that might be convenient for you to meet with TransCanada's President and CEO Hal Kvisle.

Thank you, in advance, for your consideration.

Sincerely,

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

UNCLASSIFIED

UNCLASSIFIED

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED

**Locklear, Lonzell**

RELEASED IN FULL

From: Verloop, Marja D  
 Sent: May 18, 2010 11:29 AM  
 To: Fox, Eleanore M; Hermann, David C; Locklear, Lonzell  
 Subject: Congressional letter

It was from Jay Inlsee -- Washington State.

From: Duggan, J. Brian  
 Sent: May 17, 2010 4:00 PM  
 To: Verloop, Marja D; Byla, Robert K; McManus, Matthew T  
 Subject: Re: Follow up

Sure. It will become part of the record.

From: Verloop, Marja D  
 To: Byla, Robert K; Duggan, J. Brian; McManus, Matthew T  
 Sent: Mon May 17 15:45:43 2010  
 Subject: RE: Follow up

Wow -- is this something we can share with counterparts for discussion? M.

From: Byla, Robert K  
 Sent: May 17, 2010 3:00 PM  
 To: Duggan, J. Brian; Verloop, Marja D; McManus, Matthew T  
 Subject: FW: Follow up

FYI

From: Paul Elliott [mailto:paul\_elliott@transcanada.com]  
 Sent: Monday, May 17, 2010 2:47 PM  
 To: Byla, Robert K  
 Subject: Follow up

Robert,

Hal Kvisle mentioned the below communications to David Goldwyn today and David said he would welcome having a copy:

**Tar Sands Oil Pipeline**  
 From: The Honorable Jay Inslee  
 Sent By: [beth.osborne@mail.house.gov](mailto:beth.osborne@mail.house.gov)  
 Date: 5/14/2010

May 14, 2010  
**Ensure Consideration of Climate Change in the  
 Federal Permitting of a High-Carbon Fuel Pipeline**  
 Current Cosigners: Inslee, Welch, Hinchey, Cohen, Blumenauer, Polis

Dear Colleague:

Please join us in asking Secretary Clinton to consider the climate change impacts when determining  
 UNITED STATES DEPARTMENT OF STATE  
 REVIEW AUTHORITY: ALAN H FLANIGAN  
 DATE/CASE ID: 13 SEP 2011 201101495

UNCLASSIFIED

whether it is in our national interest to increase the amount of tar sands oil imported into the United States.

A Canadian pipeline company has proposed a new tar sands oil pipeline called Keystone XL that would import up to 900,000 barrels per day of tar sands oil from Alberta, Canada, more than doubling the U.S. consumption of tar sands oil. Studies have found tar sands oil to emit three times more greenhouse gas pollution than traditional oil. Refining tar sands oil also produces higher levels of criteria pollutants, exacerbating local air quality and public health issues.

Despite our nation's recent investments in clean, homegrown, energy choices for Americans, on April 16, the Department of State released a Draft Environmental Impact Statement (EIS) for the pipeline without taking into account the greenhouse gas pollution emitted from tar sands oil. Our letter asks that the Department of State incorporate the following into the Keystone XL permitting process:

- Council on Environmental Quality's (CEQ) National Environmental Policy Act (NEPA) climate change guidance once it's finalized
- A lifecycle greenhouse gas assessment of the tar sands that would be conducted by Environmental Protection Agency (EPA)
- A transparent inter-agency process to assess the project's full social and environmental impacts
- Criteria for weighing the pipeline's climate change impacts against other considerations

Please join us in asking that the Department of State exercise due diligence in its permitting process for Keystone XL, carefully weighing all impacts of the project. To sign the attached letter, please contact Beth Osborne at 5-6311 or [Beth.Osborne@mail.house.gov](mailto:Beth.Osborne@mail.house.gov) and Mary Sprayegen at 5-4115 [mary.sprayegen@mail.house.gov](mailto:mary.sprayegen@mail.house.gov) by COB on May 27, 2010.

Sincerely,

/s/  
Jay Inslee  
Member of Congress

/s/  
Peter Welch  
Member of Congress

May XX, 2010

Dear Secretary Clinton:

As members of the House of Representatives who are concerned with the public health and the preservation of our natural resources and environment, we write to express our concern regarding the permitting process for TransCanada's proposed Keystone XL tar sands oil pipeline. This pipeline would deliver up to 900,000 barrels per day of tar sands oil from Alberta, Canada over 2,000 miles to refineries on the U.S. Gulf Coast, more than doubling U.S. consumption of tar sands oil. Because the issuance of a presidential permit to build this pipeline would have significant energy and environment implications for our nation for many years to come, we believe the permitting process should be done with the full consideration of the Administration's clean energy and climate change priorities.

To issue a presidential permit for this pipeline, the Department of State must determine whether the project is in the national interest, and a complete Environmental Impact Statement (EIS) should inform this determination. However, the Department of State recently released a Draft EIS for the pipeline that does not adequately consider the project's climate change impacts.

We believe that a full lifecycle assessment of the greenhouse gas emissions for tar sands would provide the Department of State with necessary information to determine whether issuing a presidential permit for the pipeline is consistent with the Administration's clean energy and climate change priorities. Numerous scientific studies have found tar sands oil to produce much higher lifecycle greenhouse gas emissions than convention oil.

Further, we also believe that given the Administration's commitment to transparency, it is important for the Department of State to clearly and openly articulate its criteria for weighing the pipeline's climate

## UNCLASSIFIED

change impacts against other considerations. At present, our understanding is that the determination of national interest is a highly discretionary process. We believe a decision that could have substantial implications for America's clean energy future should be made with the same level of transparency that the Administration has exercised in other matters.

Therefore, we request that the permitting process continue after the following conditions are adequately developed, assessed, and incorporated:

- The Council on Environmental Quality's pending National Environmental Policy Act (NEPA) Guidance on the Consideration of the Effects of Climate Change and Greenhouse Gas Emissions should be applied to this project. The permitting process for this pipeline, which will likely have significant greenhouse gas and climate change implications, should not proceed until this guidance is finalized and can be reviewed and incorporated into the EIS.
- The Environmental Protection Agency should conduct a comprehensive life-cycle greenhouse gas assessment for tar sands oil. We should only move forward after this assessment is complete and the full impact of tar sands oil can be understood.
- The Department of State should collaborate closely with the Council on Environmental Quality to ensure that a robust and transparent inter-agency review process is conducted, as directed by Executive Order 13337. This will help ensure that all agencies with relevant expertise can participate and that the full environmental and social impacts of this project are adequately assessed.
- The Department of State should develop specific criteria for weighing the pipeline's climate change impacts against other considerations in making its determination of national interest. These criteria should be developed through a transparent inter-agency process.

As members of Congress, we are bound to protect the national interest of this country and its citizens.

Building this pipeline has the potential to undermine America's clean energy future and international leadership on climate change; we ask that the Department of State exercise due diligence in its permitting process for Keystone XL, carefully weighing all impacts of the project.

---

Visit the [e-Dear Colleague Service](#) to manage your subscription to the available Issue and Party list(s).

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message.  
Thank you.

**Verloop, Marja D**

**From:** Paul Elliott [paul\_elliott@transcanada.com]  
**Sent:** June 30, 2010 2:38 PM  
**To:** Paul Elliott  
**Subject:** Keystone Pipeline Starts Deliveries to U.S. Midwest

RELEASED IN FULL

**Keystone Pipeline Starts Deliveries to U.S. Midwest**

CALGARY, Alberta - **June 30, 2010** - TransCanada Corporation (TSX, NYSE: TRP) (TransCanada) today announced that line fill of the first phase of the US\$12 billion Keystone Pipeline has been completed and commercial deliveries of crude oil to U.S. Midwest markets at Wood River and Patoka, Illinois will commence on June 30, 2010.

"This represents a significant milestone in the overall development of the Keystone Pipeline project," says Hal Kvisle, TransCanada president and chief executive officer. "Looking forward, Keystone will play an important role in linking a secure and growing supply of Canadian crude oil with the largest refining markets in the United States, significantly improving North American energy security.

"The pipeline will also continue to have a significant impact on the North American economy through the thousands of manufacturing and construction jobs it is creating and the millions of dollars in tax revenues that will be paid annually to state and local authorities," added Mr. Kvisle. "Recently, an independent economic study found that the Keystone Gulf Coast expansion alone would inject more than US\$20 billion into the U.S. economy and create 119,000 person-years of employment.

"We take pride in our long-standing reputation as a safe pipeline operator and socially responsible company," added Mr. Kvisle. "Construction and operation of the Keystone Pipeline system will continue to meet or exceed world-class safety and environmental standards. We are committed to being a reliable and safe operator that treats all stakeholders with honesty and respect."

Pipelines are the safest method of moving oil. TransCanada has been in the pipeline business for over 50 years and is a leader with one of the best pipeline safety and operating records in the industry. To ensure the safety and integrity of Keystone, TransCanada will monitor and control the pipeline system from a computerized control centre that is staffed 24 hours a day, 365 days a year. If a drop in pressure or flow is detected, the affected portion of the pipeline could be isolated and removed from service by remotely closing the valves.

In Canada, the first phase of Keystone involved the conversion of approximately 864 kilometres (537 miles) of existing natural gas pipeline in Saskatchewan and Manitoba to crude oil pipeline service. It also included approximately 373 kilometres (232 miles) of new 30-inch diameter pipeline, 16 pump stations and the Keystone Hardisty Terminal. The U.S. portion of the Keystone Pipeline included 1,744 kilometres (1,084 miles) of new, 30-inch diameter pipeline in North Dakota, South Dakota, Nebraska, Kansas, Missouri and Illinois. It also involved construction of 23 pump stations and delivery facilities at Wood River and Patoka, Illinois. TransCanada has commenced construction of the second phase of Keystone. It includes a 480 kilometre (298 mile) extension from Steele City, Nebraska to Cushing, Oklahoma and 11 new pump stations which will increase the capacity of the pipeline from 435,000 barrels per day to 591,000 barrels per day. The second phase of Keystone is expected to be in-service in the first quarter of 2011.

In July 2008, TransCanada announced plans to expand the Keystone crude oil pipeline system and provide additional capacity of 500,000 barrels per day from Western Canada directly to the U.S. Gulf Coast. An innovative and cost-competitive solution to a growing North American demand for energy, TransCanada received approval in March 2010 from both the National Energy Board in Canada and the South Dakota Public Utility Commission for the proposed Gulf Coast Expansion project. TransCanada expects to commence construction of the Gulf Coast expansion in the first quarter of 2011, pending the receipt of all regulatory approvals.



## UNCLASSIFIED

The Keystone Gulf Coast Expansion project is a 2,673 kilometre (1,661 mile), 36-inch crude oil pipeline that would begin at Hardisty, Alberta and extend southeast through Saskatchewan, Montana, South Dakota and Nebraska. It would incorporate the portion of the Keystone Pipeline that is currently under construction through Kansas to Cushing, Oklahoma. The pipeline will then continue on through Oklahoma and Texas to a delivery point near existing terminals on the Gulf Coast, to serve the Port Arthur, Texas marketplace. When completed, the expansion project will increase the commercial capacity of the Keystone Pipeline system to approximately 1.1 million barrels per day.

The US\$12 billion Keystone Pipeline system is 83 per cent subscribed with long-term, binding contracts that include commitments of 910,000 barrels per day for an average term of approximately 18 years.

To view a map of the proposed pipeline route and obtain other information about the pipeline, please visit the project web page at [www.transcanada.com/keystone.html](http://www.transcanada.com/keystone.html).

Images and video depicting the various stages of the pipelines construction are available at [www.transcanada.com/mediacentre.html](http://www.transcanada.com/mediacentre.html).

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 11,700 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED

Congress of the United States  
Washington, DC 20515

05A

July 16, 2010

The Honorable Hillary Rodham Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, NW  
Washington, D.C. 20520

Dear Madam Secretary,

We understand you have heard from some Members of Congress writing in opposition to the proposed TransCanada Keystone Gulf Coast Expansion Project (Keystone XL) pipeline. As you know, this 1,700 mile endeavor (1,375 miles in the United States) is of interest to many American and Canadian stakeholders and raises a number of issues pertaining to our nation's energy security.

It is our view that the issues raised by some of our colleagues do not preclude the issuance of a Presidential Permit issued by the Department of State for the project to proceed. Rather, the Department of State should move forward in the process to grant the permit on the basis that the project clearly would serve the national interest. Such is the criteria for approval pursuant to Executive Orders 11423 and 13337.

While we may look forward to a future of more diversified energy sources we nonetheless rely on fossil fuels for the foreseeable future, much of which is imported from the Middle East. Today, Canada is the largest supplier of energy to the United States, and our friendly partnership with Canada can help the United States meet its energy demands with less dependence on countries at odds with our principles. The potential oil extracted from Canadian oil sands in particular is estimated to be second to that of reserves held by Saudi Arabia. At a nominal 900,000 barrels per day the Keystone XL pipeline is surely of national interest as we can import from our northern neighbor.

With worldwide increases in energy demand expected to continue, it would be a setback to the American people to arbitrarily wall-off this valuable source of energy from Canada. Likewise, we must not take steps that would rule out the responsible development of our own oil sands, such as those in California and Utah, should they be commercially viable in the long term.

The Department of State has completed its due diligence in evaluating the environmental impact of the pipeline. The Draft Environmental Impact Statement (DEIS)

UNCLASSIFIED

clearly explains that no less than ten federal agencies collaborated with the Department of State in this process, including the Environmental Protection Agency and the Department of the Interior. Additionally, various state and local agencies are responsible for issuing permits. The DEIS concludes that, "the proposed Keystone XL Project would result in limited adverse environmental impacts during both construction and operation," subject to conditions agreed to in the document.

Madam Secretary, we ask that you give strong consideration to our views and welcome an expeditious Presidential Permit for Keystone XL.

Sincerely,

Doug Lamborn

Doc Hertz

Frank Meyer

Carl Brown

J.M. Chis

John Shedeeg

Amman

Bob Bony

Carson

B. Muesel

Sue Myrick

Bob Bony

Den Heller

M. H. T. Neal

Kill Peay

Michelle Bachmann

Wally Harger

Conan Hertz

06

**Locklear, Lonzell**

RELEASED IN FULL

**From:** Verloop, Marja D  
**Sent:** July 26, 2010 3:24 PM  
**To:** Locklear, Lonzell  
**Subject:** FW: 35-House Members Support KXL

FYI

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 26, 2010 3:07 PM  
**To:** Verloop, Marja D  
**Subject:** RE: 35-House Members Support KXL

I think that is a positive sign of a good vacation.

You are correct, in withdrawing our request for a special permit at this time, allows TransCanada to submit a request for a special permit at a later date. The process for consideration would start from scratch and include an environmental assessment done by PHMSA.

Paul Elliott  
 Government Relations  
 TransCanada Corporation  
 Telephone: (646) 823-7026  
 Cell: (917) 828-3983

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Monday, July 26, 2010 3:00 PM  
**To:** Paul Elliott  
**Subject:** RE: 35-House Members Support KXL

Rewarding and exhausting. I needed a vacation post-vacation ☺ . Thanks for the quick update -- I was just waiting for Matt to call me back! I take it withdrawing the request does not preclude TCPL from re-submitting in the future? m

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 26, 2010 2:52 PM  
**To:** Verloop, Marja D  
**Subject:** RE: 35-House Members Support KXL

It was great seeing you and I hope your time away with the family was rewarding.

I just got off the phone with Matt McManus and Michael Stewart. On the call, from my end was Robert Jones (Keystone business leader) and Jim White (Keystone regulatory officer). We informed Matt and Michael of TransCanada's decision to withdraw our request for a special permit to operate Keystone KXL at a higher pressure. TransCanada has concluded that until there is better information in the public domain on the engineering safety of such pipe design and operation we won't to operate KXL at a higher pressure. This decision will mean lower volumes of oil moving to the refineries of the Gulf Coast. We've had a similar discussion with PHMSA today and we are looking to communicate this same decision and message to Nebraska officials. We are hoping to coordinate going public with the decision with Nebraska Senator Ben Nelson.

## UNCLASSIFIED

We were informed by Matt that 90-day window that the cooperating agencies have to consult on the pipeline's national determination will start on the day that State publishes the final environmental impact statement. That does guarantee a delay (maybe 45 days) on State's recommendation of a presidential permit but such a delay won't be as long as the one advocated for by the EPA. We were told that state will post on the Department's Keystone website tomorrow that the 90-day window for the cooperating agencies will begin at the time that the final environmental impact statement is published. Additionally, State does intend to address the greenhouse gas issues raised by sources like Congressman Waxman, the EPA and the nongovernmental organizations. I believe state will address the GHG issue in the final environmental impact statement and they will do so by including data and findings published by independent and reputable sources. Last week we met on several occasion with State; one large meeting with DAS Dan Clune and an array of legal and policy professionals in his area and a separate meeting with AS for Economics and Energy Jose Fernandez. Both meetings were informative and productive.

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Monday, July 26, 2010 2:31 PM  
**To:** Paul Elliott  
**Subject:** RE: 35-House Members Support KXL

Thanks. Good to see you at the 4<sup>th</sup>. What are you hearing on your end? I'm just back from leave and catching up on the volley of letters that were submitted – and the internal chaos created by the EPA press release ☺

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 20, 2010 8:09 PM  
**To:** Paul Elliott  
**Subject:** 35-House Members Support KXL

Please find below the text of a letter in support of Keystone KXL signed by 35 members of the U.S. House of Representatives and transmitted to Secretary of State Hillary Rodham Clinton. Attached is the signed letter.

July 16, 2010

The Honorable Hillary Rodham Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, NW  
Washington, D.C. 20520

Dear Madam Secretary

We understand you have heard from some Members of Congress writing in opposition to the proposed TransCanada Keystone Gulf Coast Expansion Project (Keystone XL) pipeline. As you know, this 1,700 mile endeavor (1,375 miles in the United States) is of interest to many American and Canadian stakeholders and raises a number of issues pertaining to our nation's energy security.

It is our view that the issues raised by some of our colleagues do not preclude the issuance of a Presidential Permit issued by the Department of State for the project to proceed. Rather, the Department of State should move forward in the process to grant the permit on the basis that the project clearly would serve the national interest. Such is the criteria for approval pursuant to Executive Orders 11423 and 13337.

## UNCLASSIFIED

## UNCLASSIFIED

While we may look forward to a future of more diversified energy sources we nonetheless rely on fossil fuels for the foreseeable future, much of which is imported from the Middle East. Today, Canada is the largest supplier of energy to the United States, and our friendly partnership with Canada can help the United States meet its energy demands with less dependence on countries at odds with our principles. The potential oil extracted from Canadian oil sands in particular is estimated to be second to that of reserves held by Saudi Arabia. At a nominal 900,000 barrels per day the Keystone XL pipeline is surely of national interest as we can import from our northern neighbor.

With worldwide increases in energy demand expected to continue, it would be a setback to the American people to arbitrarily wall-off this valuable source of energy from Canada. Likewise, we must not take steps that would rule out the responsible development of our own oil sands, such as those in California and Utah, should they be commercially viable in the long term.

The Department of State has completed its due diligence in evaluating the environmental impact of the pipeline. The Draft Environmental Impact Statement (DEIS) clearly explains that no less than ten federal agencies collaborated with the Department of State in this process, including the Environmental Protection Agency and the Department of Interior. Additionally, various state and local agencies are responsible for issuing permits. The DEIS concluded that, "the proposed Keystone XL Project would result in limited adverse environmental impacts during both construction and operation," subject to conditions agreed to in the document. Madam Secretary, we ask that you give strong consideration to our views and welcome an expeditious Presidential Permit for Keystone XL.

Sincerely,

1. Doug Lamborn (Colorado 5<sup>th</sup> Congressional District)
2. Fred Upton (Michigan 6<sup>th</sup> Congressional District)
3. Tom McClintock (California 4<sup>th</sup> Congressional District)
4. Ted Poe (Texas 2<sup>nd</sup> Congressional District)
5. Dan Boren (Oklahoma 2<sup>nd</sup> Congressional District)
6. Sue Myrick (North Carolina 9<sup>th</sup> Congressional District)
7. Dean Heller (Nevada 2<sup>nd</sup> Congressional District)
8. Bill Posey (Florida 15<sup>th</sup> Congressional District)
9. Wally Herger (California 2<sup>nd</sup> Congressional District)
10. Doc Hastings (Washington State 4<sup>th</sup> Congressional District)
11. Paul Broun (Georgia 10<sup>th</sup> Congressional District)
12. John Shadegg (Arizona 3<sup>rd</sup> Congressional District)
13. Kevin Brady (Texas 8<sup>th</sup> Congressional District)
14. Kenny Marchant (Texas 24<sup>th</sup> Congressional District)
15. Rob Bishop (Utah 1<sup>st</sup> Congressional District)
16. Michael McCaul (Texas 10<sup>th</sup> Congressional District)
17. Michele Bachmann (Minnesota 6<sup>th</sup> Congressional District)
18. Duncan Hunter (California 52<sup>nd</sup> Congressional District)
19. John Shimkus (Illinois 19<sup>th</sup> Congressional District)
20. Ed Whitfield (Kentucky 1<sup>st</sup> Congressional District)
21. Donald Manzullo (Illinois 16<sup>th</sup> Congressional District)
22. John Duncan, Jr. (Tennessee 2<sup>nd</sup> Congressional District)
23. John Culberson (Texas 7<sup>th</sup> Congressional District)
24. Randy Neugebauer (Texas 19<sup>th</sup> Congressional District)
25. Steve King (Iowa 5<sup>th</sup> Congressional District)
26. Cynthia Lummis (Wyoming At Large)
27. Jeb Hensarling (Texas 5<sup>th</sup> Congressional District)
28. Dan Burton (Indiana 5<sup>th</sup> Congressional District)
29. Pete Sessions (Texas 32<sup>nd</sup> Congressional District)
30. Jerry Moran (Kansas 1<sup>st</sup> Congressional District)
31. Michael Conaway (Texas 11<sup>th</sup> Congressional District)
32. Mike Coffman (Colorado 6<sup>th</sup> Congressional District)
33. Robert Aderholt (Alabama 4<sup>th</sup> Congressional District)

UNCLASSIFIED

UNCLASSIFIED

- 34. Jason Chaffetz (Utah 3<sup>rd</sup> Congressional District)
- 35. Bill Cassidy (Louisiana 6<sup>th</sup> Congressional District)

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED

UNCLASSIFIED

09

**Locklear, Lonzell**

**From:** Verloop, Marja D  
**Sent:** July 27, 2010 2:42 PM  
**To:** Jacobson, David; Locklear, Lonzell  
**Subject:** Timeline for Keystone

RELEASED IN FULL

Sir, per your email on delay. No, the 90-day window is not really in response to the EPA letter. There has always been a 90-day window that is initiated after the environmental impact statement is published. TransCanada is comfortable and on board, they are also pulling their request for a higher pressure limit. Will discuss further at our 3:30. Marja

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 26, 2010 2:52 PM  
**To:** Verloop, Marja D  
**Subject:** RE: 35-House Members Support KXL

It was great seeing you and I hope your time away with the family was rewarding.

I just got off the phone with Matt McManus and Michael Stewart. On the call, from my end was Robert Jones (Keystone business leader) and Jim White (Keystone regulatory officer). We informed Matt and Michael of TransCanada's decision to withdraw our request for a special permit to operate Keystone KXL at a higher pressure. TransCanada has concluded that until there is better information in the public domain on the engineering safety of such pipe design and operation we won't to operate KXL at a higher pressure. This decision will mean lower volumes of oil moving to the refineries of the Gulf Coast. We've had a similar discussion with PHMSA today and we are looking to communicate this same decision and message to Nebraska officials. We are hoping to coordinate going public with the decision with Nebraska Senator Ben Nelson. We were informed by Matt that 90-day window that the cooperating agencies have to consult on the pipeline's national determination will start on the day that State publishes the final environmental impact statement. That does guarantee a delay (maybe 45 days) on State's recommendation of a presidential permit but such a delay won't be as long as the one advocated for by the EPA. We were told that state will post on the Department's Keystone website tomorrow that the 90-day window for the cooperating agencies will begin at the time that the final environmental impact statement is published. Additionally, State does intend to address the greenhouse gas issues raised by sources like Congressman Waxman, the EPA and the nongovernmental organizations. I believe state will address the GHG issue in the final environmental impact statement and they will do so by including data and findings published by independent and reputable sources. Last week we met on several occasion with State; one large meeting with DAS Dan Clune and an array of legal and policy professionals in his area and a separate meeting with AS for Economics and Energy Jose Fernandez. Both meetings were informative and productive.

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Monday, July 26, 2010 2:31 PM  
**To:** Paul Elliott  
**Subject:** RE: 35-House Members Support KXL

Thanks. Good to see you at the 4<sup>th</sup>. What are you hearing on your end? I'm just back from leave and catching up on the volley of letters that were submitted – and the internal chaos created by the EPA press release ☺

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: ALAN H FLANIGAN  
DATE/CASE ID: 13 SEP 2011 201101495

UNCLASSIFIED



# UNCLASSIFIED

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 20, 2010 8:09 PM  
**To:** Paul Elliott  
**Subject:** 35-House Members Support KXL

Please find below the text of a letter in support of Keystone KXL signed by 35 members of the U.S. House of Representatives and transmitted to Secretary of State Hillary Rodham Clinton. Attached is the signed letter.

July 16, 2010

The Honorable Hillary Rodham Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, NW  
Washington, D.C. 20520

Dear Madam Secretary

We understand you have heard from some Members of Congress writing in opposition to the proposed TransCanada Keystone Gulf Coast Expansion Project (Keystone XL) pipeline. As you know, this 1,700 mile endeavor (1,375 miles in the United States) is of interest to many American and Canadian stakeholders and raises a number of issues pertaining to our nation's energy security.

It is our view that the issues raised by some of our colleagues do not preclude the issuance of a Presidential Permit issued by the Department of State for the project to proceed. Rather, the Department of State should move forward in the process to grant the permit on the basis that the project clearly would serve the national interest. Such is the criteria for approval pursuant to Executive Orders 11423 and 13337.

While we may look forward to a future of more diversified energy sources we nonetheless rely on fossil fuels for the foreseeable future, much of which is imported from the Middle East. Today, Canada is the largest supplier of energy to the United States, and our friendly partnership with Canada can help the United States meet its energy demands with less dependence on countries at odds with our principles. The potential oil extracted from Canadian oil sands in particular is estimated to be second to that of reserves held by Saudi Arabia. At a nominal 900,000 barrels per day the Keystone XL pipeline is surely of national interest as we can import from our northern neighbor.

With worldwide increases in energy demand expected to continue, it would be a setback to the American people to arbitrarily wall-off this valuable source of energy from Canada. Likewise, we must not take steps that would rule out the responsible development of our own oil sands, such as those in California and Utah, should they be commercially viable in the long term.

The Department of State has completed its due diligence in evaluating the environmental impact of the pipeline. The Draft Environmental Impact Statement (DEIS) clearly explains that no less than ten federal agencies collaborated with the Department of State in this process, including the Environmental Protection Agency and the Department of Interior. Additionally, various state and local agencies are responsible for issuing permits. The DEIS concluded that, "the proposed Keystone KL Project would result in limited adverse environmental impacts during both construction and operation," subject to conditions agreed to in the document. Madam Secretary, we ask that you give strong consideration to our views and welcome an expeditious Presidential Permit for Keystone XL.

Sincerely,

1. Doug Lamborn (Colorado 5<sup>th</sup> Congressional District)
2. Fred Upton (Michigan 6<sup>th</sup> Congressional District)

UNCLASSIFIED

## UNCLASSIFIED

3. Tom McClintock (California 4<sup>th</sup> Congressional District)
4. Ted Poe (Texas 2<sup>nd</sup> Congressional District)
5. Dan Boren (Oklahoma 2<sup>nd</sup> Congressional District)
6. Sue Myrick (North Carolina 9<sup>th</sup> Congressional District)
7. Dean Heller (Nevada 2<sup>nd</sup> Congressional District)
8. Bill Posey (Florida 15<sup>th</sup> Congressional District)
9. Wally Herger (California 2<sup>nd</sup> Congressional District)
10. Doc Hastings (Washington State 4<sup>th</sup> Congressional District)
11. Paul Broun (Georgia 10<sup>th</sup> Congressional District)
12. John Shadegg (Arizona 3<sup>rd</sup> Congressional District)
13. Kevin Brady (Texas 8<sup>th</sup> Congressional District)
14. Kenny Marchant (Texas 24<sup>th</sup> Congressional District)
15. Rob Bishop (Utah 1<sup>st</sup> Congressional District)
16. Michael McCaul (Texas 10<sup>th</sup> Congressional District)
17. Michele Bachmann (Minnesota 6<sup>th</sup> Congressional District)
18. Duncan Hunter (California 52<sup>nd</sup> Congressional District)
19. John Shimkus (Illinois 19<sup>th</sup> Congressional District)
20. Ed Whitfield (Kentucky 1<sup>st</sup> Congressional District)
21. Donald Manzullo (Illinois 16<sup>th</sup> Congressional District)
22. John Duncan, Jr. (Tennessee 2<sup>nd</sup> Congressional District)
23. John Culberson (Texas 7<sup>th</sup> Congressional District)
24. Randy Neugebauer (Texas 19<sup>th</sup> Congressional District)
25. Steve King (Iowa 5<sup>th</sup> Congressional District)
26. Cynthia Lummis (Wyoming At Large)
27. Jeb Hensarling (Texas 5<sup>th</sup> Congressional District)
28. Dan Burton (Indiana 5<sup>th</sup> Congressional District)
29. Pete Sessions (Texas 32<sup>nd</sup> Congressional District)
30. Jerry Moran (Kansas 1<sup>st</sup> Congressional District)
31. Michael Conaway (Texas 11<sup>th</sup> Congressional District)
32. Mike Coffman (Colorado 6<sup>th</sup> Congressional District)
33. Robert Aderholt (Alabama 4<sup>th</sup> Congressional District)
34. Jason Chaffetz (Utah 3<sup>rd</sup> Congressional District)
35. Bill Cassidy (Louisiana 6<sup>th</sup> Congressional District)

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED

RELEASED IN FULL

**From:** Lochman, Laura A  
**Sent:** July 27, 2010 12:24 PM  
**To:** Verloop, Marja D; Locklear, Lonzell  
**Subject:** RE: 35-House Members Support KXL

011

Helpful – thanks for forwarding. And welcome back from AL!

This email is UNCLASSIFIED.

---

**From:** Verloop, Marja D  
**Sent:** Tuesday, July 27, 2010 10:22 AM  
**To:** Lochman, Laura A; Locklear, Lonzell  
**Subject:** FW: 35-House Members Support KXL

FYI

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 26, 2010 2:52 PM  
**To:** Verloop, Marja D  
**Subject:** RE: 35-House Members Support KXL

It was great seeing you and I hope your time away with the family was rewarding.

I just got off the phone with Matt McManus and Michael Stewart. On the call, from my end was Robert Jones (Keystone business leader) and Jim White (Keystone regulatory officer). We informed Matt and Michael of TransCanada's decision to withdraw our request for a special permit to operate Keystone KXL at a higher pressure. TransCanada has concluded that until there is better information in the public domain on the engineering safety of such pipe design and operation we won't to operate KXL at a higher pressure. This decision will mean lower volumes of oil moving to the refineries of the Gulf Coast. We've had a similar discussion with PHMSA today and we are looking to communicate this same decision and message to Nebraska officials. We are hoping to coordinate going public with the decision with Nebraska Senator Ben Nelson. We were informed by Matt that 90-day window that the cooperating agencies have to consult on the pipeline's national determination will start on the day that State publishes the final environmental impact statement. That does guarantee a delay (maybe 45 days) on State's recommendation of a presidential permit but such a delay won't be as long as the one advocated for by the EPA. We were told that state will post on the Department's Keystone website tomorrow that the 90-day window for the cooperating agencies will begin at the time that the final environmental impact statement is published. Additionally, State does intend to address the greenhouse gas issues raised by sources like Congressman Waxman, the EPA and the nongovernmental organizations. I believe state will address the GHG issue in the final environmental impact statement and they will do so by including data and findings published by independent and reputable sources. Last week we met on

Printed By: Locklear, Lonzell  
Page 1 of 4

several occasion with State; one large meeting with DAS Dan Clune and an array of legal and policy professionals in his area and a separate meeting with AS for Economics and Energy Jose Fernandez. Both meetings were informative and productive.

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Monday, July 26, 2010 2:31 PM  
**To:** Paul Elliott  
**Subject:** RE: 35-House Members Support KXL

Thanks. Good to see you at the 4<sup>th</sup>. What are you hearing on your end? I'm just back from leave and catching up on the volley of letters that were submitted – and the internal chaos created by the EPA press release ☺

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** July 20, 2010 8:09 PM  
**To:** Paul Elliott  
**Subject:** 35-House Members Support KXL

Please find below the text of a letter in support of Keystone KXL signed by 35 members of the U.S. House of Representatives and transmitted to Secretary of State Hillary Rodham Clinton. Attached is the signed letter.

July 16, 2010

The Honorable Hillary Rodham Clinton  
Secretary of State  
U.S. Department of State  
2201 C Street, NW  
Washington, D.C. 20520

Dear Madam Secretary

We understand you have heard from some Members of Congress writing in opposition to the proposed TransCanada Keystone Gulf Coast Expansion Project (Keystone XL) pipeline. As you know, this 1,700 mile endeavor (1,375 miles in the United States) is of interest to many American and Canadian stakeholders and raises a number of issues pertaining to our nation's energy security.

It is our view that the issues raised by some of our colleagues do not preclude the issuance of a Presidential Permit issued by the Department of State for the project to proceed. Rather, the Department of State should move forward in the process to grant the permit on the basis that the project clearly would serve the national interest. Such is the criteria for approval pursuant to Executive Orders 11423 and 13337.

While we may look forward to a future of more diversified energy sources we nonetheless rely on fossil fuels for the foreseeable future, much of which is imported from the Middle East. Today, Canada is the largest supplier of energy to the United States, and our friendly partnership with Canada can help the United States meet its energy demands with less dependence on countries at odds with our principles. The potential oil extracted from Canadian oil sands in particular is estimated to be second to that of reserves held by Saudi Arabia. At a nominal 900,000 barrels per day the Keystone XL pipeline is surely of national interest as we can import from our northern neighbor.

With worldwide increases in energy demand expected to continue, it would be a setback to the American people to arbitrarily wall-off this valuable source of energy from Canada. Likewise, we must not take steps that would rule out the responsible development of our own oil sands, such as those in California and Utah, should they be commercially viable in the long term.

The Department of State has completed its due diligence in evaluating the environmental impact of the pipeline. The Draft Environmental Impact Statement (DEIS) clearly explains that no less than ten federal agencies collaborated with the Department of State in this process, including the Environmental Protection Agency and the Department of Interior. Additionally, various state and local agencies are responsible for issuing permits. The DEIS concluded that, "the proposed Keystone XL Project would result in limited adverse environmental impacts during both construction and operation," subject to conditions agreed to in the document. Madam Secretary, we ask that you give strong consideration to our views and welcome an expeditious Presidential Permit for Keystone XL.

Sincerely,

1. Doug Lamborn (Colorado 5<sup>th</sup> Congressional District)
2. Fred Upton (Michigan 6<sup>th</sup> Congressional District)
3. Tom McClintock (California 4<sup>th</sup> Congressional District)
4. Ted Poe (Texas 2<sup>nd</sup> Congressional District)
5. Dan Boren (Oklahoma 2<sup>nd</sup> Congressional District)
6. Sue Myrick (North Carolina 9<sup>th</sup> Congressional District)
7. Dean Heller (Nevada 2<sup>nd</sup> Congressional District)
8. Bill Posey (Florida 15<sup>th</sup> Congressional District)
9. Wally Herger (California 2<sup>nd</sup> Congressional District)
10. Doc Hastings (Washington State 4<sup>th</sup> Congressional District)
11. Paul Broun (Georgia 10<sup>th</sup> Congressional District)
12. John Shadegg (Arizona 3<sup>rd</sup> Congressional District)
13. Kevin Brady (Texas 8<sup>th</sup> Congressional District)
14. Kenny Marchant (Texas 24<sup>th</sup> Congressional District)
15. Rob Bishop (Utah 1<sup>st</sup> Congressional District)
16. Michael McCaul (Texas 10<sup>th</sup> Congressional District)
17. Michele Bachmann (Minnesota 6<sup>th</sup> Congressional District)
18. Duncan Hunter (California 52<sup>nd</sup> Congressional District)
19. John Shimkus (Illinois 19<sup>th</sup> Congressional District)
20. Ed Whitfield (Kentucky 1<sup>st</sup> Congressional District)
21. Donald Manzullo (Illinois 16<sup>th</sup> Congressional District)
22. John Duncan, Jr. (Tennessee 2<sup>nd</sup> Congressional District)
23. John Culberson (Texas 7<sup>th</sup> Congressional District)

24. Randy Neugebauer (Texas 19<sup>th</sup> Congressional District)
25. Steve King (Iowa 5<sup>th</sup> Congressional District)
26. Cynthia Lummis (Wyoming At Large)
27. Jeb Hensarling (Texas 5<sup>th</sup> Congressional District)
28. Dan Burton (Indiana 5<sup>th</sup> Congressional District)
29. Pete Sessions (Texas 32<sup>nd</sup> Congressional District)
30. Jerry Moran (Kansas 1<sup>st</sup> Congressional District)
31. Michael Conaway (Texas 11<sup>th</sup> Congressional District)
32. Mike Coffman (Colorado 6<sup>th</sup> Congressional District)
33. Robert Aderholt (Alabama 4<sup>th</sup> Congressional District)
34. Jason Chaffetz (Utah 3<sup>rd</sup> Congressional District)
35. Bill Cassidy (Louisiana 6<sup>th</sup> Congressional District)

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

013

**Verloop, Marja D**

**From:** McManus, Matthew T  
**Sent:** August 05, 2010 4:52 PM  
**To:** WHA-CAN; Corneille, Faith C  
**Cc:** Verloop, Marja D  
**Subject:** FW: Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

RELEASED IN FULL

This essentially means the applicant will withdraw the request to DOT to operate the pipeline at a greater load factor (80%) but STILL comply with dozens of extra conditions, even while operating at the lower, standard, operating factor (72%).

This should go a long way to enhancing yet further the safety of the pipeline above the existing US code; should it be approved.

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** Thursday, August 05, 2010 4:30 PM  
**To:** Undisclosed recipients  
**Subject:** Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

Calgary, Alberta – August 5, 2010 – TransCanada has withdrawn its request to the Pipeline and Hazardous Materials Safety Administration (PHMSA) for a special permit. The permit would have allowed TransCanada to build the proposed Keystone XL pipeline using stronger steel with additional safety conditions and operate the pipeline at a slightly higher pressure than current federal regulations for oil pipelines in the United States.

After listening to concerns from the public and various political leaders, TransCanada made the decision to withdraw the permit application. The company will build Keystone XL using the as-proposed stronger steel and operate it at a lower level of pressure, consistent with current U.S. regulations. The company recognizes it needs to take more steps to assure the public and stakeholders the parameters of the special permit would result in a safer pipeline. The company will continue to establish an operating record which will demonstrate the strength and integrity of the Keystone Pipeline System, which has been granted a special permit.

Keystone XL will implement the additional safety measures that would have been required under the special permit. These measures offer an enhanced level of safety and would allow TransCanada to request a special permit in the future. These safety measures also will be consistent with those that have been implemented on the existing Keystone Pipeline. In issuing the special permit for Keystone, PHMSA concluded the permit would provide a level of safety equal to or greater than that provided if the pipeline were operated under the current standard.

Without the special permit, Keystone XL will meet all of its initial commercial commitments to serve Gulf Coast refineries. Keystone also will continue to work with U.S. producers in the Bakken and broader Williston Basin area to provide needed transport for growing production in Montana and the Dakotas.

The Keystone XL project received approval in March 2010 from both the South Dakota Public Utility Commission and the National Energy Board in Canada. Pending receipt of additional permits, construction is planned to begin in 2011.

When completed, the Keystone XL project will increase the commercial capacity of the overall Keystone Pipeline System from 590,000 barrels per day to approximately 1.1 million barrels per day. The \$12 billion

## UNCLASSIFIED

system's 83 percent subscribed with long-term, binding contracts that include commitments of 910,000 barrels per day for an average term of approximately 18 years.

Commercial operations of the first phase of the Keystone system began June 30. Construction of the extension from Steele City Nebraska to Cushing Oklahoma is one-third complete and the pipeline is expected to be operational in 2011.

Keystone XL is a planned 1,959-mile (3,134-kilometre), 36-inch crude oil pipeline stretching from Hardisty, Alberta and moving southeast through Saskatchewan, Montana, South Dakota and Nebraska. It will connect with a portion of the Keystone Pipeline that will be built through Kansas to Cushing, Oklahoma and facilitate take away capacity from U.S. hubs located on the pipeline. The pipeline will then continue on through Oklahoma to a delivery point near existing terminals in Nederland, Texas to serve the Port Arthur, Texas marketplace.

To view a map of the proposed pipeline route, please visit the project web page at [www.transcanada.com/keystone](http://www.transcanada.com/keystone)

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 11,700 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

- 30 -

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.



**Verloop, Marja D**

015

**From:** Paul Elliott [paul\_elliott@transcanada.com]  
**Sent:** August 06, 2010 5:19 PM  
**To:** Verloop, Marja D  
**Subject:** RE: Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

RELEASED IN FULL

I'm really sorry to hear about the passing of your kitty; I hope the little ones weren't too broken up by the occasion.

The news of yesterday's announcement and how stakeholders responded was blunted by Montana Senator Tester's endorsement:

Tester: TransCanada decision a 'triple play' for Montana  
 Company's safeguards for proposed pipeline a boost for Montana energy, jobs, safety

Thursday, August 5, 2010

(WASHINGTON, D.C.) – Calling it a 'triple play' for Montana, Senator Jon Tester today praised a decision by TransCanada Corporation to agree to operate its proposed Keystone KXL pipeline using an oil pressure deemed safer for rural America.

"This is a win for energy development in eastern Montana, a win for the good-paying jobs that come with it, and a win for higher safety standards in rural America," Tester said. "This decision is a triple play for Montana."

Tester in February raised concerns about TransCanada's request to operate the pipeline at a higher-than-typical pressure without using thicker steel in the pipeline's construction. These proposals together, Tester said, would have increased the risk of accidents and spills in Montana and other parts of rural America where the pipeline from Alberta to the Gulf of Mexico—will be built.

Representatives from TransCanada told Tester that they will withdraw their request to operate the Keystone KXL pipeline at a higher pressure. TransCanada also agreed to bury the pipeline at a depth of four feet, conduct frequent inspections and treat the pipeline with an anti-corrosive coating—all increased safety factors.

"This decision will benefit eastern Montana's economy," Tester said. "And it means work on the pipeline will move forward in a safer, responsible way that won't put Montana communities at risk."

Representatives from TransCanada met with Tester this week to confirm that plans will proceed for construction of the pipeline but that the project would include standard industry safety measures.

I hope you have a great weekend...

Paul Elliott  
 Government Relations  
 TransCanada Corporation  
 Telephone: (646) 823-7026  
 Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Friday, August 06, 2010 4:37 PM  
**To:** Paul Elliott  
**Subject:** RE: Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

## UNCLASSIFIED

A rough week – we bid adieu to our wonderful 17 year old cat. How about you? Much fallout from the announcement of the application withdrawal?

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** August 06, 2010 3:39 PM  
**To:** Verloop, Marja D  
**Subject:** Re: Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

I will pick it up...I hope you and your family are staying well...

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Friday, August 06, 2010 01:37 PM  
**To:** Paul Elliott  
**Subject:** RE: Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

Not sure if you get Maclean's (canada's weekly mag, similar to Time) down in NY. If so, the latest Aug. 16 edition, has an article about the oil sands, XL, Enbridge and Podesta... Best, m.

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** August 05, 2010 4:30 PM  
**To:** Undisclosed recipients  
**Subject:** Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

Special Permit Application Withdrawn for Keystone Gulf Coast Expansion Pipeline

Calgary, Alberta – August 5, 2010 – TransCanada has withdrawn its request to the Pipeline and Hazardous Materials Safety Administration (PHMSA) for a special permit. The permit would have allowed TransCanada to build the proposed Keystone XL pipeline using stronger steel with additional safety conditions and operate the pipeline at a slightly higher pressure than current federal regulations for oil pipelines in the United States.

After listening to concerns from the public and various political leaders, TransCanada made the decision to withdraw the permit application. The company will build Keystone XL using the as-proposed stronger steel and operate it at a lower level of pressure, consistent with current U.S. regulations. The company recognizes it needs to take more steps to assure the public and stakeholders the parameters of the special permit would result in a safer pipeline. The company will continue to establish an operating record which will demonstrate the strength and integrity of the Keystone Pipeline System, which has been granted a special permit.

Keystone XL will implement the additional safety measures that would have been required under the special permit. These measures offer an enhanced level of safety and would allow TransCanada to request a special permit in the future. These safety measures also will be consistent with those that have been implemented on the existing Keystone Pipeline. In issuing the special permit for Keystone, PHMSA concluded the permit would provide a level of safety equal to or greater than that provided if the pipeline were operated under the current standard.

## UNCLASSIFIED

Without the special permit, Keystone XL will meet all of its initial commercial commitments to serve Gulf Coast refineries. Keystone also will continue to work with U.S. producers in the Bakken and broader Williston Basin area to provide needed transport for growing production in Montana and the Dakotas.

The Keystone XL project received approval in March 2010 from both the South Dakota Public Utility Commission and the National Energy Board in Canada. Pending receipt of additional permits, construction is planned to begin in 2011.

When completed, the Keystone XL project will increase the commercial capacity of the overall Keystone Pipeline System from 590,000 barrels per day to approximately 1.1 million barrels per day. The \$12 billion system is 83 percent subscribed with long-term, binding contracts that include commitments of 910,000 barrels per day for an average term of approximately 18 years.

Commercial operations of the first phase of the Keystone system began June 30. Construction of the extension from Steele City Nebraska to Cushing Oklahoma is one-third complete and the pipeline is expected to be operational in 2011.

Keystone XL is a planned 1,959-mile (3,134-kilometre), 36-inch crude oil pipeline stretching from Hardisty, Alberta and moving southeast through Saskatchewan, Montana, South Dakota and Nebraska. It will connect with a portion of the Keystone Pipeline that will be built through Kansas to Cushing, Oklahoma and facilitate take away capacity from U.S. hubs located on the pipeline. The pipeline will then continue on through Oklahoma to a delivery point near existing terminals in Nederland, Texas to serve the Port Arthur, Texas marketplace.

To view a map of the proposed pipeline route, please visit the project web page at [www.transcanada.com/keystone](http://www.transcanada.com/keystone)

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 11,700 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

- 30 -

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If

## UNCLASSIFIED

If you have received this message in error, please notify the sender immediately and delete the original message.  
Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message.  
Thank you.

018

Jacobson, David

From: Verloop, Marja D  
 Sent: September 14, 2010 12:12 PM  
 To: Lochman, Laura A; Jacobson, David; Locklear, Lonzell  
 Subject: FW: U.S. Pipeline Contractors Association and Unions Pledge their Support for Keystone XL Project

RELEASED IN FULL

FYI – Unions sign on in support of XL. M.

From: Paul Elliott [mailto:paul\_elliott@transcanada.com]  
 Sent: September 14, 2010 12:09 PM  
 To: Paul Elliott  
 Subject: U.S. Pipeline Contractors Association and Unions Pledge their Support for Keystone XL Project

### News Release

#### **U.S. Pipeline Contractors Association and Unions Pledge their Support for Keystone XL Project Project will create thousands of jobs in the U.S.**

**CALGARY, Alberta - September 14, 2010** – TransCanada Corporation (TransCanada) (TSX, NYSE: TRP) today is pleased to announce a Project Labor Agreement for a significant portion of U.S. construction of the proposed US\$7 billion Keystone Gulf Coast Expansion Pipeline Project (Keystone XL). The agreement will provide TransCanada with a capable, well-trained and ready workforce in the U.S. to construct Keystone XL. During construction, the project is expected to create over seven million hours of labor and over 13,000 new jobs for American workers.

The Project Labor Agreement is with the Laborers International Union of North America, the International Brotherhood of Teamsters, the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO, the International Union of Operating Engineers and the Pipeline Contractors Association.

"The proposed Keystone XL pipeline will have a significant impact on the North American economy through the thousands of manufacturing and construction jobs it is creating," says Russ Girling, TransCanada president and chief executive officer. "This project is entirely paid for with private sector dollars and is shovel ready."

"It's our job to weld sections of Keystone Pipeline that will extend miles underground, across several states and transport hundreds of thousands of barrels of oil daily for decades to come," said William Hite, General President of the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO. "It's the vision and competence of TransCanada in the U.S. that provides our skilled local workforce with the means to perform the trade they have been taught while contributing to their communities. We are proud to be a part of the collaboration that is Keystone Pipeline."

"An ambitious project of this scope, spanning over five states and employing thousands of American construction workers, will unequivocally help remedy the struggles of our country's working families," said International Union of Operating Engineers General President Vincent J. Giblin. "History has proven time and time again that infrastructure projects, such as this, lead to the resurgence of our nation's economy and the ripple effects are far-reaching. The IUOE is proud to be part of the Keystone XL pipeline and our operating engineers throughout the Midwest are ready to provide TransCanada with the skill, professionalism and pride this project requires."

"This illustrates how PLAs are a win-win for employers, for working men and women and for our communities and our countries," said Terry O'Sullivan, General President of LIUNA. "The partnership between TransCanada and workers and their unions will create good family-supporting jobs, while helping business and our countries compete."

## UNCLASSIFIED

"The Keystone Pipeline project will offer working men and women a real chance to earn a good wage and support their families in this difficult economic climate," said International Brotherhood of Teamsters James P. Hoffa. "Our country was built by the hard-working men and women of the middle class – when they prosper so does America. Investment projects like Keystone Pipeline will go a long way toward helping our country down the road to economic recovery."

An independent study estimates that during the life of the project, the Keystone XL project is expected to stimulate:

- More than \$20 billion in new spending for the U.S. economy
- More than 118,000 person-years of employment
- An increase of \$6.5 billion in the personal income of Americans
- Increased gross output (product) of \$9.6 billion
- More than \$585 million in state and local taxes in the states along the pipeline route

"This project will also play an important role in linking a secure and growing supply of Canadian crude oil with the largest refining markets in the United States, significantly improving North American energy security," added Girling.

Project Labor Agreements were first used on the big public works projects of the 1930s including the Grand Coulee Dam, Hoover Dam, and Shasta Dam. Since then, scores of large projects, public and private, have been built across the nation using Project Labor Agreements.

TransCanada received approval in March 2010 from the National Energy Board in Canada for the proposed Keystone expansion project. When completed, the expansion project will increase the commercial capacity of the Keystone Pipeline System from 590,000 barrels per day to approximately 1.1 million barrels per day. The US\$12 billion system is 83 percent subscribed with long-term, binding contracts that include commitments of 910,000 barrels per day for an average term of approximately 18 years.

Construction and operation of the Keystone Pipeline System will continue to meet or exceed world-class safety and environmental standards. Through this agreement, the project will be built with highly trained and capable resources in states like Montana, South Dakota, Nebraska, Kansas, Oklahoma and Texas who will ensure that the project is implemented with a clear focus on safety, quality and environmental considerations.

The Keystone expansion project is a planned 1,959-mile (3,134-kilometre), 36-inch crude oil pipeline stretching from Hardisty, Alberta and moving southeast through Saskatchewan, Montana, South Dakota and Nebraska. It will link up with a portion of the Keystone Pipeline that will be built through Kansas to Cushing, Oklahoma and facilitate take away capacity from U.S. hubs located on the pipeline. The pipeline will then continue on through Oklahoma to a delivery point near existing terminals in Nederland, Texas to serve the Port Arthur, Texas marketplace.

To view a map of the proposed pipeline route, please visit the project web page at [www.transcanada.com/keystone](http://www.transcanada.com/keystone)

The Laborers International Union of North America represents half a million workers in the heavy construction and building construction trade, the International Brotherhood of Teamsters represents 1.4 million professionals in the private and public sector, the United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada, AFL-CIO represents 300,000 members across North America in the plumbing and pipefitting industry, and the International Union of Operating Engineers represents 400,000 operating engineers, who work as heavy equipment operators, mechanics, and surveyors in the construction industry, and stationary engineers, who work in operations and maintenance in building and industrial complexes, and in the service industries.

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines

UNCLASSIFIED

## UNCLASSIFIED

extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 11,700 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

- 30 -

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED

RELEASED IN FULL  
019

**From:** Verloop, Marja D  
**Sent:** December 14, 2010 12:27 PM  
**To:** 'Paul Elliott'  
**Subject:** RE: Pleased to see your name in print :)

Sorry for the stomach pains ☺ but at the end of the day, it's precisely because you have connections that you're sought after and hired... And I was interested to learn you're on the board of CABC! No holiday blowout – just a meeting with Hal on Thursday ☺.

This email is UNCLASSIFIED.

---

**From:** Paul Elliott [mailto:paul\_elliott@transcanada.com]  
**Sent:** December 14, 2010 10:10 AM  
**To:** Verloop, Marja D  
**Subject:** RE: Pleased to see your name in print :)

Friends tell me I should be flattered from the attention of a story like this but I shake the sick feeling in my stomach...I imagine Ottawa is idyllic this time of year...I have to try to find a way back to Ottawa soon so that we might catch up...I hope you guys get treated to a holiday blow out party...seems only fair for the hard work you do and the sacrifice you make...

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Tuesday, December 14, 2010 8:35 AM  
**To:** Paul Elliott  
**Subject:** Pleased to see your name in print :)

When are you coming up to visit? It's a snowy winter wonderland here this morning. Oversaw S' trip up to Ottawa yesterday for the trilats. KXL not raised, but Doer flew back on plane with her... m.

## **OIL AND GAS: Enviro groups slam Clinton's ties to Keystone XL lobbyist (12/14/2010)**

Elana Schor, E&E reporter

Printed By: Verloop, Marja D  
Page 1 of 3



Environmental groups fighting a \$7 billion U.S.-Canada oil pipeline yesterday charged that Secretary of State Hillary Rodham Clinton's ties to a former adviser who now serves as a top lobbyist for the company behind the project leave her unable to impartially evaluate the proposal.

Citing freedom-of-information law, three conservation groups pressing the State Department to reject the 1,900-mile Keystone XL pipeline sought records of any contact between Paul Elliott, government relations director for project sponsor TransCanada Corp., and department officials evaluating the company's request for federal approval.

Elliott served as national deputy director for Clinton's 2008 presidential campaign, according to a release last year that marked his election to the board of the Canadian American Business Council.

"TransCanada clearly sees an opportunity to get this dangerous pipeline approved through Secretary Clinton's relationship with Paul Elliott," said Friends of the Earth campaigner Alex Moore in a statement. Corporate Ethics International and the Center for International Environmental Law also joined the nonprofit on the information request.

"Mr. Elliott's influence in the State Department's consideration of the pipeline is yet another reason we believe that the White House should reassign review of this project," Moore added.

But TransCanada spokesman James Millar denied the charges. Given the broad scope of required consultation on the proposed pipeline, which includes multiple federal agencies as well as state and local governments, Millar said, "to suggest that the decision to grant a presidential permit for Keystone XL might be based on anything other than merits is laughable."

Elliott is not formally listed on the disclosure forms that TransCanada lobbyists are required to file with the House clerk, but Millar said he is compliant with Federal Election Commission reporting rules.

"Paul Elliott has been employed with TransCanada for two years now, interpreting public policy and legislative process as it impacts our company," Millar said via e-mail. "It's a role performed in Washington by many individuals for dozens of companies and organizations including Friends of the Earth, NAACP, Children's Defense Fund, [and] the Red Cross to name just a few."

The State Department has jurisdiction over the pipeline's fate because it would cross an international border, running across six U.S. states to bring Canadian oil sands crude to Gulf Coast refineries. Department spokesman Mark Toner told reporters yesterday that he could not address the specifics of the Elliott-Clinton connection but confirmed that the pipeline bid is "still under review."

The battle over Keystone XL, which would nearly double U.S. imports of crude from the Canadian oil sands, began heating up this fall after Clinton publicly said she was "inclined to" sign off on the pipeline despite fierce opposition from environmentalists. Eleven of her former Senate colleagues, all Democrats, then warned her to "not pre-judge the outcome of what should

be a thorough, transparent analysis of" the emissions that could be generated by increased production of oil sands crude (*Greenwire*, Oct. 29).

But while more liberal Democrats align with environmental advocates in decrying the projected greenhouse gas footprint of fuel from Canadian oil sands, others in Clinton's party view Keystone XL as a much-needed solution to the continued need for oil imports.

"I'm assuming that those people think it would be a good idea to import it from Venezuela and from the Middle East," Sen. Mary Landrieu (D-La.) said of the pipeline's critics, adding: "I just wish they would turn their lights off, get out of their automobiles [and] put a windmill in their backyard" before lamenting the costs of Keystone XL.

Marja Verloop  
Counselor for Energy and Environment  
U.S. Embassy Ottawa  
Tel: 613.688.5210  
Fax: 613.688.3087  
verloopmd@state.gov

This email is UNCLASSIFIED.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

RELEASED IN FULL  
020

**From:** Verloop, Marja D  
**Sent:** January 12, 2011 8:45 AM  
**To:** 'Paul Elliott'  
**Subject:** A new achievement! Subject of a FOIA request, was this on your bucket list??

Elana Schor, E&E reporter

The State Department has denied a Freedom of Information Act (FOIA) request by environmentalists seeking data on contacts between the agency and a former campaign aide to Secretary of State Hillary Rodham Clinton who now lobbies for the company behind a controversial oil pipeline Clinton's team is reviewing.

The department issued the denial on Jan. 5, and the environmental groups received it this week.

Last month, three days after the FOIA request was filed, TransCanada Corp. officially registered the former Clinton adviser as a lobbyist. Paul Elliott, according to the lobbying disclosure, has worked since November on "natural gas issues" in the United States and Canada, energy bills affecting transmission of natural gas, and climate change bills that politically ran aground on the Hill several months earlier.

In denying the Dec. 13 FOIA request from Friends of the Earth, Corporate Ethics International and the Center for International Environmental Law -- green advocates that oppose TransCanada's Keystone XL pipeline -- the State Department said the groups had not "reasonably described the records you seek in a way that someone familiar with Department records and programs could locate them."

The FOIA denial noted the groups' aim to avoid processing fees for their request, which sought to cast an unsavory light on Clinton's ties to Elliott (*E&E Daily*, Dec. 14, 2010). Before joining the Calgary, Alberta-based pipeline company, whose \$7 billion Keystone XL line would ship as many as 900,000 barrels per day of crude from the Canadian oil sands across six U.S. states, Elliott served as national deputy director for Clinton's 2008 presidential campaign.

Marcie Keever of Friends of the Earth said her group was "extremely disappointed" by the denial.

"This is the type of maneuver we would have expected from the Bush administration, not the Obama administration, which has touted a new era of more transparency in federal government," Keever said in a statement. "Friends of the Earth intends to continue our efforts to seek the records from the State Department despite this initial denial."

Marja Verloop  
Counselor for Energy and Environment  
U.S. Embassy Ottawa  
Tel: 613.688.5210

CLASSIFICATION: UNCLASSIFIED

Printed By: Verloop, Marja D  
Page 1 of 2

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: ALAN H FLANIGAN  
DATE/CASE ID: 13 SEP 2011 201101495

UNCLASSIFIED

Verloop, Marja D

From: Paul Elliott [paul\_elliott@transcanada.com]  
Sent: January 20, 2011 11:43 AM  
To: Paul Elliott  
Subject: TransCanada to Transport U.S. Crude Oil to Market  
Attachments: Bakken OS Results Release 01-20-11.doc

RELEASED IN FULL

# NewsRelease

## TransCanada to Transport U.S. Crude Oil to Market Bakken Open Season a Success

**CALGARY, Alberta – January 20, 2011** – TransCanada Corporation (TransCanada) (TSX, NYSE: TRP) today announced it has concluded a successful open season for the Bakken Marketlink Project which will deliver U.S. crude oil from Baker, Montana to Cushing, Oklahoma. Bakken Marketlink will transport U.S. crude oil production to market using pipeline facilities that form part of the Keystone XL system. The project has secured a total of 65,000 barrels per day (Bbl/d) of firm, term contracts with American producers. The Bakken formation is one of the fastest growing crude oil plays in the United States.

"These agreements are a clear indication of producer support for the first direct link between the prolific Bakken crude oil producing region in the Williston Basin and key U.S. markets near Cushing, Oklahoma and the U.S. Gulf Coast, the largest refining market in North America," said Russ Girling, TransCanada's president and chief executive officer. "This project will provide U.S. producers with an alternative and competitive way of bringing their crude oil to market and supports American workers who produce the oil and American companies who will refine it."

Montana senior U.S. Senator Max Baucus said, "This is an important step forward in boosting Montana jobs and helping us, as a nation, move toward energy independence. I'm excited about what this on ramp means for folks in Eastern Montana and across the state. In addition to helping create jobs in the short term, this on ramp has the potential to provide a much needed boost to local tax revenues. I'm committed to continuing to work together with folks at every level to make the Bakken reserve a viable energy source that can move to market."

Keystone XL's proximity to the key Bakken crude oil producing regions within the Williston Basin uniquely positions TransCanada to provide an effective market access alternative for U.S. Bakken crude oil production to reach Cushing, Oklahoma and the U.S. Gulf Coast.

Crude oil forecasts for the U.S. Bakken region continue to grow with production expected to increase by approximately 200,000 – 300,000 bpd by 2015. The Bakken Marketlink Project will help to relieve pipeline capacity constraints in the Williston Basin and will support forecasted growth in U.S. domestic crude oil production.

Keystone XL has extensive support south of the border and will reduce America's dependence on crude oil from Venezuela and the Middle East by up to 40 percent. The expansion will also create 20,000 jobs for American workers and inject \$20 billion into the U.S. economy.

The project is expected to be in service in the first quarter of 2013, subject to the receipt of necessary regulatory approvals.

## UNCLASSIFIED

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 10,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

- 30 -

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message. Thank you.

UNCLASSIFIED



02/1A

---

# NewsRelease

TransCanada to Transport U.S. Crude Oil to  
Market

Bakken Open Season a Success

**CALGARY, Alberta – January 20, 2011** – TransCanada Corporation (TransCanada) (TSX, NYSE: TRP) today announced it has concluded a successful open season for the Bakken Marketlink Project which will deliver U.S. crude oil from Baker, Montana to Cushing, Oklahoma. Bakken Marketlink will transport U.S. crude oil production to market using pipeline facilities that form part of the Keystone XL system. The project has secured a total of 65,000 barrels per day (Bbl/d) of firm, term contracts with American producers. The Bakken formation is one of the fastest growing crude oil plays in the United States.

"These agreements are a clear indication of producer support for the first direct link between the prolific Bakken crude oil producing region in the Williston Basin and key U.S. markets near Cushing, Oklahoma and the U.S. Gulf Coast, the largest refining market in North America," said Russ Girling, TransCanada's president and chief executive officer. "This project will provide U.S. producers with an alternative and competitive way of bringing their crude oil to market and supports American workers who produce the oil and American companies who will refine it."

Montana senior U.S. Senator Max Baucus said, "This is an important step forward in boosting Montana jobs and helping us, as a nation, move toward energy independence. I'm excited about what this on ramp means for folks in Eastern Montana and across the state. In addition to helping create jobs in the short term, this on ramp has the potential to provide a much needed boost to local tax revenues. I'm committed to continuing to work together with folks at every level to make the Bakken reserve a viable energy source that can move to market."

Keystone XL's proximity to the key Bakken crude oil producing regions within the Williston Basin uniquely positions TransCanada to provide an effective market access alternative for U.S. Bakken crude oil production to reach Cushing, Oklahoma and the U.S. Gulf Coast.

Crude oil forecasts for the U.S. Bakken region continue to grow with production expected to increase by approximately 200,000 – 300,000 bpd by 2015.

## UNCLASSIFIED

The Bakken Marketlink Project will help to relieve pipeline capacity constraints in the Williston Basin and will support forecasted growth in U.S. domestic crude oil production.

Keystone XL has extensive support south of the border and will reduce America's dependence on crude oil from Venezuela and the Middle East by up to 40 per cent. The expansion will also create 20,000 jobs for American workers and inject \$20 billion into the U.S. economy.

The project is expected to be in service in the first quarter of 2013, subject to the receipt of necessary regulatory approvals.

With more than 50 years' experience, TransCanada is a leader in the responsible development and reliable operation of North American energy infrastructure including natural gas and oil pipelines, power generation and gas storage facilities. TransCanada's network of wholly owned natural gas pipelines extends more than 60,000 kilometres (37,000 miles), tapping into virtually all major gas supply basins in North America. TransCanada is one of the continent's largest providers of gas storage and related services with approximately 380 billion cubic feet of storage capacity. A growing independent power producer, TransCanada owns, or has interests in, over 10,800 megawatts of power generation in Canada and the United States. TransCanada is developing one of North America's largest oil delivery systems. TransCanada's common shares trade on the Toronto and New York stock exchanges under the symbol TRP. For more information visit: [www.transcanada.com](http://www.transcanada.com)

### **TRANSCANADA FORWARD-LOOKING INFORMATION**

This news release may contain certain information that is forward looking and is subject to important risks and uncertainties. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or other similar words are used to identify such forward-looking information. Forward-looking statements in this document are intended to provide TransCanada securityholders and potential investors with information regarding TransCanada and its subsidiaries, including management's assessment of TransCanada's and its subsidiaries' future financial and operations plans and outlook. Forward-looking statements in this document may include, among others, statements regarding the anticipated business prospects and financial performance of TransCanada and its subsidiaries, expectations or projections about the future, and strategies and goals for growth and expansion. All forward-looking statements reflect TransCanada's beliefs and assumptions based on information available at the time the statements were made. Actual results or events may differ from those predicted in these forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of TransCanada to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of TransCanada's pipeline and energy assets, the availability and price of energy commodities, capacity payments, regulatory processes and decisions, changes in environmental and other laws and regulations, competitive factors in the pipeline and energy sectors, construction and completion of capital projects, labour, equipment and material costs, access to capital markets, interest and currency exchange rates, technological developments and the current economic conditions in North America. By its nature, forward looking information is subject to various risks and uncertainties, which could cause TransCanada's actual results and experience to differ materially from the anticipated results or expectations expressed. Additional information on these and other factors is available in the reports

UNCLASSIFIED

# UNCLASSIFIED

filed by TransCanada with Canadian securities regulators and with the U.S. Securities and Exchange Commission (SEC). Readers are cautioned to not place undue reliance on this forward looking information, which is given as of the date it is expressed in this news release or otherwise, and to not use future-oriented information or financial outlooks for anything other than their intended purpose. TransCanada undertakes no obligation to update publicly or revise any forward looking information, whether as a result of new information, future events or otherwise, except as required by law.

- 30 -

Media Enquiries:	Terry Cunha	403.920.7859 800.608.7859
Analyst Enquiries:	David Moneta/Terry Hook/Lee Evans	403.920.7911 800.361.6522

UNCLASSIFIED



UNCLASSIFIED

0/1/2

Verloop, Marja D

**From:** Paul Elliott [paul\_elliott@transcanada.com]  
**Sent:** September 10, 2010 7:53 PM  
**To:** Verloop, Marja D  
**Subject:** Re: BAUCUS URGES FAST APPROVAL OF KEYSTONE XL PIPELINE

RELEASED IN FULL

Yes, this is a grind but when the grind pays off with support it makes it worth while. Hal is a class act and I'm happy to be on his team. I'm a fan of Canadians, if you can't tell.

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

---

**From:** Verloop, Marja D [mailto:VerloopMD@state.gov]  
**Sent:** Friday, September 10, 2010 05:48 PM  
**To:** Paul Elliott  
**Subject:** Re: BAUCUS URGES FAST APPROVAL OF KEYSTONE XL PIPELINE

Go Paul! Baucus support holds clout. Hal took some tough questions about pace of pipeline on Thursday. But he also had some great handouts/reports. Talk soon, Marja

---

**From:** Paul Elliott <paul\_elliott@transcanada.com>  
**To:** Paul Elliott <paul\_elliott@transcanada.com>  
**Sent:** Fri Sep 10 19:39:39 2010  
**Subject:** BAUCUS URGES FAST APPROVAL OF KEYSTONE XL PIPELINE

September 10, 2010

\*\*\*NEWS RELEASE\*\*\*

BAUCUS URGES FAST APPROVAL OF KEYSTONE XL PIPELINE

Senator Works to Secure Project That Could Create Thousands of new jobs in Montana

(Washington, D.C.) – Montana's senior U.S. Senator Max Baucus today urged the U.S. Department of State to expedite a permit by TransCanada to create its Keystone XL pipeline. The pipeline will be a significant economic driver in Montana, creating thousands of new jobs during construction, and with local project spending expected to be over \$400 million. As result of the pipeline, state and local revenues are expected to increase \$8.9 million.

"The Keystone XL Pipeline will bolster Montana's economy with thousands of new jobs, new revenues and new spending in our communities, especially in eastern Montana," Baucus said. "Job creation is my priority and we can't afford for a project this important to be held up in bureaucratic red tape. I'm pleased to work with TransCanada to move this project forward and bring an economic boost to our state."

"The Keystone XL pipeline will play a pivotal role in reducing U.S. oil import from unstable sources and based on independent economic research, Keystone XL will lead to the creation of hundreds of thousands of jobs for American workers and generate billions of dollars in tax revenue for states like Montana," said

UNITED STATES DEPARTMENT OF STATE  
REVIEW AUTHORITY: ALAN H FLANIGAN  
DATE/CASE ID: 13 SEP 2011 201101495

UNCLASSIFIED

## UNCLASSIFIED

TransCanada President and CEO Russ Girling. "This project is entirely paid for with private sector dollars and is "shovel ready." Further delay in the issuance of a Presidential Permit for the Keystone XL pipeline puts on hold employment opportunities for working men and women in states like Montana, South Dakota, Nebraska, Oklahoma and Texas. Senator Baucus' support for the Keystone XL pipeline is critical as Federal government staffs are currently deliberating the future of Keystone XL and the project's economic and energy security impact for the U.S."

Baucus and Girling will also both participate in an energy panel on Monday at the 5th Economic Development Summit in Butte.

Baucus' letter to Secretary Clinton is attached and text is as follows:

September 10, 2010

The Honorable Hillary Clinton  
Secretary of State  
Department of State  
2201 C Street NW  
Washington, District of Columbia 20520-0099

Dear Secretary Clinton:

I am writing to you today to express my support for the TransCanada XL Pipeline and to urge you to expeditiously complete work on the Presidential Permit application for the Keystone XL Pipeline.

The project is expected to be a significant economic driver in Montana, both during the construction and operational phases of the project. The pipeline will traverse the state of Montana with 285 miles of pipeline and 6 pump stations, ultimately providing a critical on-ramp to refining assets for eastern Montana's oil producers. Some analyses estimate that Montana can expect over 5,500 new jobs during the construction phase with local project spending of over \$400 million. State and local revenues are expected to increase of \$8.9 million. TransCanada's inclusion of the on-ramp for oil producers in the Bakken formation in the Williston Basin will create economic growth and jobs in eastern Montana.

From a national perspective, Keystone XL will supply roughly half the amount of oil that the U.S. currently imports from the Middle East or Venezuela. The Keystone XL pipeline is exactly the type of project with economic and security benefits that we cannot afford to lose during this time of economic hardship due to bureaucratic delays. I urge you to complete your work on the Presidential Permit rapidly, to allow this project to move forward in the near-term.

I am writing to you today to express my support for the TransCanada XL Pipeline and to urge you to expeditiously complete work on the Presidential Permit application for the Keystone XL Pipeline.

Sincerely,

Max Baucus  
U.S. Senator  
Montana

Paul Elliott  
Government Relations  
TransCanada Corporation  
Telephone: (646) 823-7026  
Cell: (917) 828-3983

## UNCLASSIFIED

UNCLASSIFIED

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message.

Thank you.

This electronic message and any attached documents are intended only for the named addressee(s). This communication from TransCanada may contain information that is privileged, confidential or otherwise protected from disclosure and it must not be disclosed, copied, forwarded or distributed without authorization. If you have received this message in error, please notify the sender immediately and delete the original message.

Thank you.

UNCLASSIFIED

Verloop, Marja D

From: Paul Elliott [paul\_elliott@transcanada.com]  
 Sent: January 26, 2011 8:16 PM  
 To: Undisclosed recipients  
 Subject: Canadian Crude Oil and Gasoline Price  
 Attachments: Canadian Crude and Gasoline Prices Congressional Memo Jan 2011.pdf

RELEASED IN FULL

## MEMORANDUM

TO: Interested Parties  
 FROM: TransCanada Government Relations  
 SUBJECT: Canadian Crude Oil and Gasoline Price  
 DATE: Wednesday, January 26, 2011

TransCanada's 2009 market assessment report for Keystone XL to Canadian regulators (Market Assessment Report) is currently being grossly misrepresented.

Any increased prices for Canadian crude oil will not lead to increased gasoline prices for consumers at the pump. Prices at the pump will drop when America's largest refining region (the Gulf Coast) becomes less dependent on the world's highest priced crude (OPEC).

The Market Assessment Report findings include:

- o Canadian production is growing and periodically exceeds the needs of the available market in the U.S. Mid-west
- o When crude oil supply exceeds what refiners are willing to buy, severe price discounts result
- o Access to the Gulf Coast market will allow surplus Canadian crude production to be sold competitively to other refiners in this region that are currently reliant on less secure and more costly international suppliers of crude oil.
- o Access to the Gulf Coast market may reduce this price discount that Canadian producers presently experience but Canadian Crude will remain the cheapest source of supply for US refineries.

The increase of \$3 per barrel referred to in the Market Assessment Report will not increase the price of gasoline at the pumps in the U.S. What it will do is reduce the significant price discounts that Mid-west refiners have enjoyed when purchasing Canadian crude oil. The price that U.S. consumers pay for gasoline on the other hand, is determined by Gulf Coast refiners who have to pay for higher priced OPEC crude. Gulf Coast refiners currently export significant quantities of Gasoline and Diesel to other US states, including the Mid-West and have a significant influence on refined product pricing.

## Issue Summary

- 1) TransCanada and the Keystone Pipeline project do not determine the price of crude oil. Oil is a commodity traded in numerous international markets most notably the NYMEX (New York Mercantile Exchange) whereby traders set the dialing price. For example West Texas Intermediate (WTI) yesterday traded for \$86.44. WTI is a type of crude oil used as a benchmark in oil pricing and is the underlying commodity of NYMEX's oil futures contracts. These oil futures contracts represent US domestic crude oil prices.
- 2) The most influential organization that impacts the price of oil is OPEC. OPEC crude production, adjusted for quality, typically trades above WTI prices in the range of \$2-\$7 per barrel.
- 3) The US refiners import over 2 million barrels every day at the Gulf Coast from offshore sources such as Venezuela and Middle Eastern countries. Keystone XL has the potential to displace nearly 40% of this oil thereby reducing the amount of American dollars leaving the continent

## UNCLASSIFIED

and reduce the volatility associated with America's reliance on OPEC and other offshore sources of oil.

- 4) American refiners and energy companies have committed to nearly 1 million barrels per day in long term shipping contracts supporting the construction of Keystone and the Keystone XL expansion to the Gulf Coast to get access to secure reliable and lowest cost Canadian, Montana and North and South Dakota crude oils.
- 5) Independent economists like Washington D.C.'s Energy Policy Research Foundation Inc. (EPRInc) and the Perryman Group can verify these claims.
- 6) Western Canadian crude oil is the lowest cost for American refineries. Producers in Alberta, Montana and North Dakota sell their crude at a large discount due to a lack of pipeline capacity and limited market access. Once Keystone XL is constructed that access is improved and the discounts will be reduced while at the same time providing lower cost choices to new American buyers relative to existing offshore foreign imports.

### Cost of Oil

The \$3 per barrel increase referenced in the Market Assessment Report simply represents a reduction in the discount that American refiners currently are experiencing when purchasing Canadian crude oil, down from approximately a \$25 discount to the benchmark domestic WTI to a discount of \$22. Even after factoring in the impact of reducing the discount by \$3 per barrel, Canadian crude is still the cheapest crude U.S. refiners can buy - a lot cheaper than foreign crude oil from the Middle East - around \$65 for a Canadian barrel versus \$90 for a barrel of foreign oil.

### Gasoline Prices

Gasoline prices are kept low by keeping refining costs low when extracting the gas and diesel from the oil. When refineries buy cheaper oil, they will produce cheaper gas for the American public. Keystone XL will allow Gulf Coast refiners to buy cheaper oil from Canada and also oil from Montana and the Dakotas that will flow on our pipeline. Expanding access to Canadian crude to more refiners ensures that current refiners who benefit from access to cheaper crude have greater competition and pass their savings on to the American consumer.

### Pipeline Capacity

American based Refiners and Energy companies have committed nearly one million barrels per day in long term contracts for crude oil they want shipped to the United States for refining. These U.S. companies understand that the largest oil refining hub in North America - the Gulf Coast in Texas - needs their oil. Volumes from Mexico and Venezuela are dropping off so Keystone XL oil will simply displace this higher priced foreign oil. This is all very positive for the United States as it increases the country's energy security with Keystone XL having the ability to displace 40% of foreign crude oil.

### Issue Conclusion

- Oil prices are fundamentally set by OPEC
- Canadian oil is the cheapest oil American refineries can buy; refiners secure Canadian crude oil at a discount - approximately \$65 per barrel of Canadian crude versus \$90 per barrel for oil from the Middle East
- Keystone XL will provide more access to cheaper Canadian oil by displacing higher priced foreign oil from the Middle east and Venezuela
- If American refiners purchase more low cost western Canadian oil and U.S. crude oil from Montana and the Dakotas through Keystone XL, they can be more competitive and could then afford to sell gasoline and diesel at lower prices to American consumers.

Paul Elliott  
Government Relations  
TransCanada Corporation

UNCLASSIFIED