



United States Department of State

Washington, D.C. 20520

SEP 28 2011

Case No. 201101495

Segments: L001, WHA001 and
OTTAW001

Mr. Alex Moore
Friends of the Earth
1100 15th Street NW – 11th Floor
Washington, D.C. 20005

Dear Mr. Moore:

I refer to our letter dated August 25, 2011, regarding the release of certain Department of State material under the Freedom of Information Act (Title 5 USC Section 552).

An initial search of the records of the Office of the Legal Advisor has been completed and has resulted in the retrieval of 19 documents responsive to your request. After reviewing these documents, we have determined that 18 may be released in full and one may be released in part. All released material is enclosed.

The search of the records of the Bureau of Western Hemisphere Affairs has been completed and has resulted in the retrieval of five documents responsive to your request. After reviewing these documents, we have determined that four may be released in full. A decision on the remaining document requires interagency coordination. It has been referred to other government offices for further review to assist us in making a final determination. All released material is enclosed.

The search of the records of the American Embassy in Ottawa has been completed and has resulted in the retrieval of 44 documents responsive to your request. After reviewing these documents, we have determined that all 44 may be released in full. All released material is enclosed.

The searches of the remaining office files are underway, and we will keep you informed as your case progresses.

An enclosure provides information on Freedom of Information Act exemptions and other grounds for withholding material.

If you have any questions, you may contact the Trial Attorney Patrick Nemeroff at 202-305-8727.

Sincerely,

A handwritten signature in dark ink, appearing to read "Alex Galovich", with a long horizontal flourish extending to the right.

Alex Galovich
Co-Director, Acting
Office of Information Programs and Services

Enclosures:
As stated.

The Freedom of Information Act (5 USC 552)

FOIA Exemptions

- (b)(1) Withholding specifically authorized under an Executive Order in the interest of national defense or foreign policy, and properly classified.
Executive Order 12958, as amended, classification categories:
 - 1.4(a) Military plans, systems or operations
 - 1.4(b) Foreign government information
 - 1.4(c) Intelligence activities, sources or methods, or cryptology
 - 1.4(d) Foreign relations or foreign activities of the US including confidential sources
 - 1.4(e) Scientific, technological or economic matters relating to national security, including defense against transnational terrorism
 - 1.4(f) USG programs for safeguarding nuclear materials or facilities
 - 1.4(g) Vulnerabilities or capabilities of systems, installations, infrastructures, projects, plans or protection services relating to US national security, including defense against transnational terrorism
 - 1.4(h) Information on weapons of mass destruction
- (b)(2) Related solely to the internal personnel rules and practices of an agency.
- (b)(3) Specifically exempted from disclosure by statute (other than section 552b of Title 5), e.g.:
 - INA The Immigration and Nationality Act, Title 8 USC Section 1202(f)
 - CIA The Central Intelligence Agency Act of 1949, Title 50 USC Section 403(g)
 - ARMEX The Arms Export Control Act, Title 22 USC 2778(e)
 - EXPORT The Export Administration Act of 1979, 50 App. USC 2411(c)(1)
- (b)(4) Privileged/confidential trade secrets, commercial or financial information from a person.
- (b)(5) Interagency or intra-agency communications forming part of the deliberative process, attorney-client privilege, or attorney work product.
- (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy.
- (b)(7) Information compiled for law enforcement purposes that would:
 - (A) Interfere with enforcement proceedings
 - (B) Deprive a person of a fair trial
 - (C) Constitute an unwarranted invasion of personal privacy
 - (D) Disclose confidential sources
 - (E) Disclose investigation techniques
 - (F) Endanger life or physical safety of any individual

Other Grounds for Withholding

NR Material not responsive to your FOIA request, excised in accordance with our agreement.

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RELEASED IN PART

B5

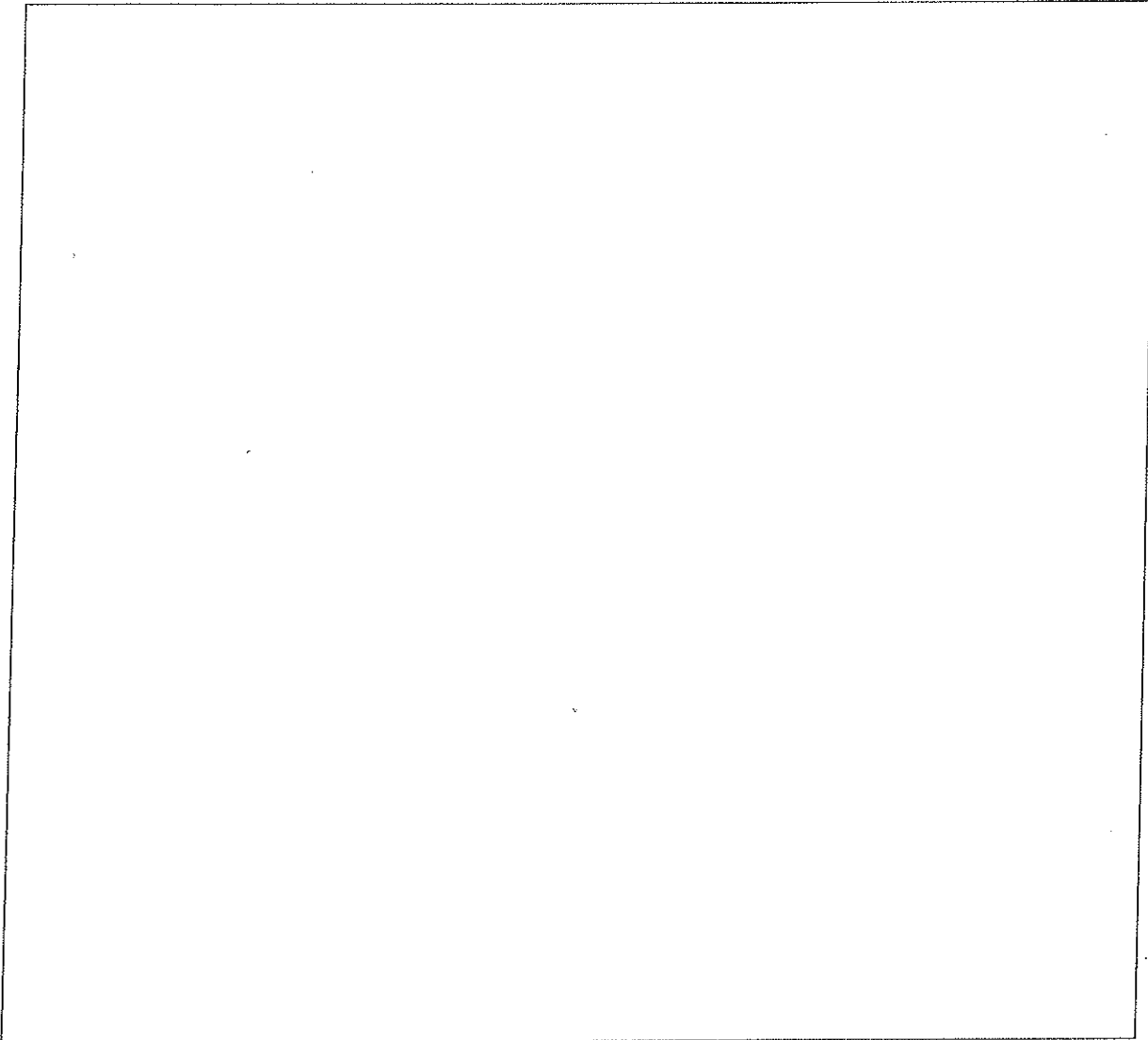
L2A

Meeting between TransCanada and State Department personnel – April 11, 2011

Participants:

TransCanada: Russell Girling, Paul Elliott

State Department: Robert Cekuta, Dan Clune, Alex Yuan, Keith Benes, John
Schnitker, Vishal Patel, Nicole Gibson



B5

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L3

Benes, Keith J

From: McManus, Matthew T
Sent: Friday, September 03, 2010 1:34 PM
To: Clune, Daniel A; Stewart, Michael P; Schnitker, John P; Benes, Keith J; Orlando, Elizabeth A; Brakel, Willem H
Cc: Hengel, Douglas C
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

Sounds prudent.

We do also want to be able to address the Nebraska/water issues with one voice as well, and this seems like a good venue?

From: Clune, Daniel A
Sent: Wednesday, September 01, 2010 6:26 PM
To: Stewart, Michael P; Schnitker, John P; Benes, Keith J; Orlando, Elizabeth A; Brakel, Willem H
Cc: McManus, Matthew T; Hengel, Douglas C
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

Michael -- That approach is fine with me. Dan

From: Stewart, Michael P
Sent: Wednesday, September 01, 2010 4:47 PM
To: Clune, Daniel A; Schnitker, John P; Benes, Keith J; Orlando, Elizabeth A; Brakel, Willem H
Cc: McManus, Matthew T; Hengel, Douglas C
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

Dan,

I wasn't aware that any of us had agreed to meet with them on this day. Can I then have A/S Fernandez decline the meeting, but forward the message the you (we) will be willing to meet with them? Could we schedule following our 3:30 (assuming that they want to meet with us again)?

Thanks,
Michael

From: Clune, Daniel A
Sent: Wednesday, September 01, 2010 4:19 PM
To: Schnitker, John P; Stewart, Michael P; Benes, Keith J; Orlando, Elizabeth A; Brakel, Willem H
Cc: McManus, Matthew T; Hengel, Douglas C
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

Michael -- I agree. It would be unusual for an Assistant Secretary to meet twice with the same company in such a short period of time, and we wouldn't be sending a message that we're unwilling to meet since others of us will be meeting with them. Dan

From: Schnitker, John P
Sent: Wednesday, September 01, 2010 4:16 PM
To: Stewart, Michael P; Clune, Daniel A; Benes, Keith J; Orlando, Elizabeth A; Brakel, Willem H
Cc: McManus, Matthew T; Hengel, Douglas C
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

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I definitely think that Fernandez should NOT meet with TransCanada folks at this point. I don't see any point to the meeting since they have already met with him once and advised him of their interest in getting their permit application approved. I don't really see anything new here that would warrant getting him involved again at this stage. I note that we already have a meeting of this group scheduled with Dan Clune for 3:30 PM that afternoon. While I am tied up prior to that meeting (at Commerce), I suppose one could arrange a meeting with TransCanada of those in this group are available prior to that 3:30 meeting. Regards, John

From: Stewart, Michael P
Sent: Wednesday, September 01, 2010 4:09 PM
To: Clune, Daniel A; Benes, Keith J; Schnitker, John P; Orlando, Elizabeth A; Brakel, Willem H
Cc: McManus, Matthew T; Hengel, Douglas C
Subject: FW: TransCanada Request Meeting on Wednesday, September 8

Team,

Since my sage boss is out, I will go straight to all of you for advice on this. Do we advise that A/S Fernandez meet again with TransCanada on Sep 8th? Fernandez would like to push the meeting back down to us unless we advise that he accept. Personally, I don't see any new information for them to discuss and it is too soon to give TransCanada an update on how we are progressing with the EIS, but on the other hand I wouldn't want to send the message that State is unwilling to meet with the company/applicant. Thoughts?

Michael

From: Greenstein, Alex D
Sent: Wednesday, September 01, 2010 3:43 PM
To: Dudley, Brenda; Stewart, Michael P
Cc: Weinschenk, Andrew J
Subject: RE: TransCanada Request Meeting on Wednesday, September 8

Brenda – our guru on all things Keystone XL is Michael Stewart. I'll defer to him on this.

Best,

Alex

From: Dudley, Brenda
Sent: Wednesday, September 01, 2010 3:07 PM
To: Greenstein, Alex D
Cc: Weinschenk, Andrew J; Dudley, Brenda
Subject: FW: TransCanada Request Meeting on Wednesday, September 8

Hi Alex,

A/S Fernandez asked me to forward this to Matt. Per Matt's voicemail, I'm sending this to you. Please let me know if you are the correct person to handle the query below.

Thanks much.

Brenda M. L. Dudley
Personal Assistant to
Assistant Secretary of State Jose W. Fernandez
Bureau of Economic, Energy and Business Affairs

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HST, Room 4932
Washington, DC 20520
Ph: (202) 647-7971
Fax: (202) 647-5713

From: Paul Elliott [mailto:paul_elliott@transcanada.com]
Sent: Tuesday, August 31, 2010 10:32 AM
To: Dudley, Brenda
Cc: Fernandez, Jose W
Subject: TransCanada Request Meeting

Attention: Brenda Dudley

August 31, 2010

The Honorable Jose W. Fernandez
Assistant Secretary for Economic, Energy and Agricultural Affairs
United States Department of State
2201 C Street, NW
Washington, D.C. 20520

Dear Assistant Secretary Fernandez,

TransCanada's Executive Vice-President for Operations and Major Projects Don Wishart request the chance to meet with you on Wednesday, September 8, 2010 in Washington D.C. to broadly discuss with you the construction of the Keystone KXL Pipeline system.

As you know, Keystone is a crude oil pipeline that will transport approximately 700,000 barrels per day of oil a day from Alberta, Canada, through the plains states to refineries near Houston. Should your schedule permit, Mr. Pourbaix can meet in Washington D.C. on Wednesday, September 8, 2010 anytime after 10:30 a.m. Joining Mr. Wishart for this meeting will be Keystone Pipeline Vice President Robert Jones.

In the United States, the Keystone pipeline and pump station construction are approaching completion with all major activities expected to be complete in North Dakota, South Dakota, Nebraska, Kansas, Missouri and Illinois in 2010. Keystone Cushing Expansion is an extension of the Keystone Pipeline of approximately 298 miles from Steele City, Nebraska to Cushing, Oklahoma. The proposed Keystone Gulf Coast Expansion Project is a 1,959 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 a portion of the Keystone Cushing Extension Pipeline through Nebraska, Kansas to serve markets at Cushing, Oklahoma before continuing through Oklahoma to a delivery point near existing terminals in Nederland, Texas to serve the Port Arthur, Texas marketplace. Keystone plans to first construct 435 miles of new pipeline in Oklahoma and Texas. The pipeline would then extend south approximately 852 miles through Montana and South Dakota to Steele City, Nebraska. Also proposed is an approximate 47-mile pipeline to transport crude oil from Liberty County, Texas to the Houston, Texas area.

TransCanada's proposal to extend the Keystone Pipeline will create 13,000 organized labor construction jobs in 2011 - 2012. In addition, the project will generate \$486.36 million in tax revenues for state governments and \$99.1 million for local entities where the pipeline is located.

Please contact me at 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 Executive Vice-President for Operations and Major Projects Don Wishart.

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Thank you, in advance, for your consideration.

Sincerely,

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

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Schnitker, John P

From: Paul Elliott [paul_elliott@transcanada.com]
Sent: Friday, September 10, 2010 7:40 PM
To: Paul Elliott
Subject: BAUCUS URGES FAST APPROVAL OF KEYSTONE XL PIPELINE
Attachments: Senator Baucus 9 10 10 TransCanada XL Pipeline to Secretary Clinton.pdf

RELEASED IN FULL

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 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.

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

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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

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.

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MAX BAUCUS
MONTANA

WASHINGTON, DC
(202) 224-2881

MONTANA TOLL FREE NUMBER
1-800-332-6105

United States Senate

WASHINGTON, DC 20510-2602

INTERNET:
max@baucus.senate.gov
http://baucus.senate.gov

September 10, 2010

LYA

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

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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,



BILLINGS
(406) 687-0790

BOZEMAN
(406) 588-0104

BUTTE
(406) 702-8700

GLENDALE
(406) 365-7002

GREAT FALLS
(406) 761-1574

HELENA
(406) 448-5880

KALISPELL
(406) 758-1150

MISSEOLA
(406) 320-3123

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

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UNITED NATIONS CONFERENCE ON
TRADE AND DEVELOPMENT
(UNCTAD)

CONFÉRENCE DES NATIONS UNIES POUR
LE COMMERCE ET LE DÉVELOPPEMENT
(CNUCED)



L4B

PRESS RELEASE

RELEASED IN FULL

UNCTAD/PRESS/PR/2011/012*
Original: English

UNCTAD UNVEILS PRINCIPLES TO GUIDE RESPONSIBLE SOVEREIGN LENDING AND BORROWING

Geneva, 4 May 2011 – UNCTAD, after a careful consultation process, has finalized a set of proposed principles intended to establish clear responsibilities for borrowers and lenders of sovereign debt.

Work on the proposed standards began at the height of the global financial and economic crisis in 2009, as the decade-long credit boom mutated into a sovereign debt crisis. The principles have the potential to reduce the prevalence of sovereign debt crises, maintain stable economic growth and support the achievement of the Millennium Development Goals.

The principles will be presented to governments at regional meetings to solicit their views and feedback and to build consensus on implementing an internationally agreed set of such principles in the future. Eventually, such principles could set a global standard for the contracting of sovereign debt, against which to assess the quality of contracts and the sustainability of debt.

The encouragement of credit-led consumption in many countries and the subsequent debt crisis it precipitated has given a sense of urgency to the undertaking. A United Nations General Assembly resolution of December 2010 also stressed the importance of developing such principles. It further encouraged member States, the Bretton Woods institutions, regional development banks and other relevant multilateral financial institutions and stakeholders to pursue discussions to promote responsible sovereign lending and borrowing within the framework of the UNCTAD initiative.

The emergence of the principles is the outcome of lengthy and in-depth exchanges of views with many experts and stakeholders. For this purpose, UNCTAD has established an expert group composed of prominent specialists in law, finance and economics; senior representatives of non-governmental organizations; the private sector and observers from multilateral financial institutions. The initiative also has benefited from generous financial support from the Government of Norway.

The proposed principles and additional information on the UNCTAD initiative to promote responsible sovereign lending and borrowing may be found on the UNCTAD debt portal at http://www.unctad.org/en/docs/gdsddf2011misc1_en.pdf.

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

*** ** ***

* Contacts: UNCTAD Communications and Information Unit, +41 22 917 5828, +41 79 502 43 11, unctadpress@unctad.org, <http://www.unctad.org/press>

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**DRAFT PRINCIPLES ON PROMOTING
RESPONSIBLE
SOVEREIGN LENDING AND BORROWING**

L4C

UNITED NATIONS CONFERENCE ON TRADE AND
DEVELOPMENT

Amendment



Draft Principles on Promoting Responsible Sovereign Lending and Borrowing

UNCTAD Project on Promoting Responsible Sovereign Lending and Borrowing

Background of the UNCTAD Initiative

The causes and widespread negative effects of the global financial and economic crisis prompted UNCTAD to launch an initiative in 2009 to promote responsible sovereign lending and borrowing practices. The purpose of UNCTAD's initiative is to provide a forum for debate on responsible practices and to develop a set of commonly accepted principles and practices relating to sovereign debt issues.

The annual United Nations General Assembly resolution on external debt has repeatedly stressed the importance of promoting responsible sovereign lending and borrowing. In December 2010, it emphasized the need for creditors and debtors to share responsibility for preventing unsustainable debt situations and encouraged Member States, the Bretton Woods institutions, regional development banks and other relevant multilateral financial institutions and stakeholders to pursue the ongoing discussions within the framework of UNCTAD's Initiative to promote responsible sovereign lending and borrowing, while taking into account the work on this issue that is carried out by other organizations and forums.

Identifying agreed principles to guide sovereign lending and borrowing is the first step in this process. Thus, UNCTAD aims to build consensus around a set of internationally agreed principles to prevent irresponsible sovereign financing.

These Principles are presented as a document to fuel discussion and debate. The process of converging towards agreed principles aims to be transparent and inclusive in a multi-stakeholder forum. The current draft is intended to be a point of departure for international discourse and will be subject to further discussions and revisions, including the possibility of introducing additional Principles. Further comments and feedback are welcome.

An expert group was established to contribute to the process of drafting these Principles. The group is composed of world renowned experts in law and economics, private investors and NGOs. Senior representatives from the IMF, the World Bank and Paris Club participate as observers of this group. After several formal meetings and exchanges of ideas, this draft of the Principles emerged.

UNCTAD is grateful for the contributions provided by members and observers of the Expert Group, external consultants and UNCTAD staff who worked in their professional capacities. The views expressed here do not necessarily represent the views of their institutions or organizations. UNCTAD is also grateful for the generous financial support from the Government of Norway

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Preamble

Sovereign insolvencies occur due to systemic and/or extraordinary reasons and due to lenders' and/or borrowers' behavior. Both developing and developed countries—as well as bilateral, multilateral, and private lenders—have been involved in or affected by sovereign defaults.

Undisciplined, inefficient, abusive or non-cooperative behavior on the part of both creditors and sovereign debtors should be prevented in order to minimize sovereign insolvencies and their negative consequences. Sovereign lending and borrowing conducted in a prudent and disciplined manner can promote growth and development; but irresponsible financing can have baleful consequences for the debtor country, its citizens, its creditors, its neighbors and its trading partners. These effects can extend well beyond the territory of the sovereign debtor itself.

Encouraging responsible sovereign borrowing and lending practices is therefore a matter of truly international concern. Sovereign lending and borrowing are intrinsically linked to the feasibility of the Millennium Development Goals. Each side of a sovereign lending transaction — the borrower and the lender — is accountable for its own conduct in these transactions. Neither side can wholly shift to the other the duty of ensuring that the agreement is financially sound, legally authorized, appropriately documented and carefully monitored.

The normative contribution of these Principles lies not in the creation of new rights nor obligations in international law but in identifying the basic principles and best practices applied to sovereign lending and borrowing and in elaborating the implications of these standards and practices for lenders and borrowers.

The responsibilities of lenders and borrowers are presented separately in these Principles. Each Principle is accompanied by bullet points that clarify its meaning and highlight some relevant implications of the Principle.

I. RESPONSIBILITIES OF LENDERS TO SOVEREIGN BORROWERS

1. Agency

Lenders should recognize that government officials involved in sovereign lending and borrowing transactions owe a strict fiduciary duty to the State (including its citizens) for which they are acting as agents.

Implications:

- Lenders to sovereign borrowers are dealing with agents (the government officials directly involved in the borrowing process) who owe fiduciary duties to the State and its citizens for which they act.
- Any attempt by a lender to suborn a government official to breach that duty is wrongful (for example, instances of bribes or corruption).

2. Informed Decisions

Lenders should ensure that their sovereign customers are making informed credit decisions.

Implications:

- The due diligence standards that financial institutions recognize in dealing with private sector customers should be equally applicable to sovereign counterparties. Among other things, this requires the lender to take reasonable steps to ensure that the sovereign understands the risks and benefits of the financial product it is being offered. In addition, the lender should form an independent assessment of whether the product is suitable for the sovereign.
- The level of financial sophistication among sovereigns differs widely. Some are well informed about markets and financial techniques, others less so. The lender's duty increases when dealing with an unsophisticated sovereign counterparty.

3. Due Authorization

Lenders should determine whether the financing has been appropriately authorized and whether the resulting credit agreements are valid and enforceable under the laws of the sovereign borrower's jurisdiction.

Implications:

- A lender has an independent duty to ensure that the government officials are authorized under local law to enter into the transaction and that the arrangement is otherwise consistent with local law.

4. Responsible credit decisions

A lender is responsible for making a realistic assessment of the sovereign borrower's capacity to service a loan based on the best available information and following established technical rules on due diligence.

Implications:

- Lending beyond a borrower's reasonable capacity to repay not only risks a default on the loan in question, it adversely affects the position of all other creditors of that sovereign debtor.
- In a transaction in which a lender is motivated solely by commercial considerations, the lender should have a direct economic interest in assessing the borrower's repayment capacity.
- Credits extended to sovereign borrowers as a means of enhancing a bilateral (government-to-government) lender's geopolitical influence, however, will involve other motivations. The financing of military exports from the creditor country falls in a similar category. The desire to realize these ancillary benefits from a financing transaction should not alter a bilateral lender's duty to perform a sober assessment of the borrower's repayment capacity.
- Lending decisions are critically dependent on the willingness of the sovereign borrowers to provide timely and accurate information (see Principle 11 below).

5. Project financing

Lenders financing a project in the debtor country should perform their own investigation into the likely effects of the project, including its financial, operational, civil, social, cultural, and environmental implications.

Implications:

- In the context of project financing, a lender carries some of the responsibility for determining the reasonably foreseeable effects of the project and the host government shares a corresponding responsibility.
- This investigation will normally include post-disbursement monitoring of the use of the proceeds of the loan (see Principle 12 below).

6. International Sanctions

All lenders have a duty to comply with United Nations sanctions imposed against a governmental regime.

Implications:

- UN sanctions are imposed against a state in order to maintain or restore international peace and security. In instances of serious misconduct where sanctions are deemed to be necessary, lenders should not participate in financial transactions that violate, evade or hamper such sanctions.

7. Debt Restructurings

In circumstances where a sovereign is manifestly unable to service its debts, all lenders have a duty to behave in good faith and with cooperative spirit to reach a consensual rearrangement of those obligations. Creditors should seek a speedy and orderly resolution to the problem.

Implications:

- To date, no universal sovereign debt restructuring mechanism has been established. A sovereign borrower facing severe financial distress therefore has no choice but to approach its creditors for a consensual rearrangement of its debt burden.
- Although the presumption is that contracts will be performed according to their terms, lenders should recognize the possibility that circumstances may arise in the future that may require the restructuring of sovereign debt. The sovereign debtor's responsibilities in this situation are summarized under Principle 15 (below).
- A creditor that acquires a debt instrument of a sovereign in financial distress with the intent of forcing a preferential settlement of the claim outside of a consensual workout process is acting abusively.

II. RESPONSIBILITIES OF SOVEREIGN BORROWERS TO LENDERS

8. Fiduciary Relationship

Governments are agents of the State and stand in a fiduciary relationship to their present and future citizens when they contract debt obligations.

Implications:

- Sovereign debts that are contracted by governments bind the continuing legal entity of the State, including its future administrations and future generations of its citizens. The government officials who authorize and execute such borrowings therefore carry fiduciary responsibilities vis-à-vis the people who must ultimately repay the money.
- This fiduciary status makes wrongful any form of self-dealing or speculation on the part of government officials involved in the borrowing. National laws as well as international and regional conventions against corruption are relevant in assessing the legality of this behavior.

9. Binding Agreements

A sovereign debt contract is a binding obligation and should be honored unless the economic circumstances of the borrower prevent its full and/or timely repayment or a competent judicial authority rules that circumstances giving rise to legal defense have occurred. When changes to the original contractual conditions of the loan are unavoidable, Principles 7 and 15 should be followed.

Implications:

- A sovereign's inability to continue normal debt servicing is typically caused by acute financial distress. Sometimes the sovereign will have been the author of its own difficulties (for example, by pursuing imprudent macroeconomic policies); occasionally a sovereign predicament will have been abetted by reckless creditor behavior. In other cases the crisis may have been precipitated by events beyond the sovereign's control (natural disasters or a general deterioration in international markets).
- In some cases the circumstances surrounding the incurrence of a sovereign loan may give rise to a legal defense pertaining to the performance of that contract by the sovereign borrower. Creditor complicity in the corruption of government officials in the borrowing process is one. Transactions that hamper or directly imply violations of sanctions imposed by the United Nations is another case. Where such legal defenses are available to a sovereign debtor, these should be raised in a court of competent jurisdiction.

10. Transparency

The process for obtaining financing and assuming sovereign debt obligations and liabilities should be transparent. Governments should put in place arrangements to ensure the proper approval and oversight of official borrowings and other forms of financing, including guarantees made by State-related entities.

Implications:

- Because the taxpayers of a country will ultimately be responsible for the repayment of the sovereign's debt, their representatives in the legislature should ideally be involved in the decisions about whether and how to incur the debt. This may take the form of legislatively-specified debt ceilings, legislative oversight of government finances, the ability to conduct post-disbursement audits of specific transactions, or any other kind of legislative intervention.
- Transactions or accounting techniques that have the effect of misrepresenting the true nature or extent of a sovereign's debt picture are inconsistent with a sovereign's duty of candor to its citizens and its creditors.

11. Disclosure

Relevant terms and conditions of a financing agreement should be disclosed by the government, be universally available, and be freely accessible in a timely manner through online means to all stakeholders, including citizens. Sovereign debtors should disclose complete and accurate information on their economic and financial situation that conforms to standardized reporting requirements.

Implications:

- If investors are expected to bear the risk of their sovereign investment decisions, it is necessary that they be given the information required to analyze that risk properly before making the investment. A sovereign borrower that does not provide full disclosure—subject only to a very limited category of exceptions involving national defense—or misrepresents its information at the time it incurs a debt, will be ill-positioned to argue that its creditors have a moral responsibility to participate in any necessary workout of the loan down the road.
- In the same spirit, the material terms (financial and legal) of a sovereign's outstanding debt issuances should at least be made publicly available in the official language(s) of the country.
- Debtors should make public disclosure of their financial and economic situation, providing among others the following information: (i) accurate and timely fiscal data; (ii) level and composition of external and domestic

sovereign debt including maturity, currency, and forms of indexation and covenants; (iii) external accounts; (iv) the use of derivative instruments; and, (v) details of any kind of implicit and explicit sovereign guarantees. Sovereign borrowers may wish to consider disclosing information by way of international norms, such as the IMF's Special Data Dissemination Standard.

12. Project Financing

In the context of project financing, sovereign borrowers are responsible for conducting a thorough investigation into the financial, operational, civil, social, cultural and environmental implications of the project and its funding.

Implications:

- The debt incurred to finance a project will remain payable even if the sovereign borrower comes later to regret the design or commissioning of the project.
- Traditional project financing (where the lenders take the credit risk of the project, rather than that of a sponsor of the project such as the host State) is often kept off the balance sheet of the host State. Ill-designed or underfunded projects, however, must often be taken over by the State before completion which then results in unexpected public sector liabilities.
- A sovereign borrower's responsibility to investigate a project that is being funded with public monies does not relieve the lender of its independent responsibilities in this regard. Recent history offers many examples of lenders that have tempted sovereigns to commission unnecessary or even harmful projects merely to access the hard currency loans on offer to finance the project.

13. Adequate Management and Monitoring

Debtors are responsible for designing and implementing a debt sustainability and management strategy and for ensuring that their debt management is adequate. Debtor countries should put in place effective monitoring systems, including at the sub-national level. The debtor should conduct independent, objective, professional, timely and periodic audits of their debt portfolios to assess quantitatively and qualitatively the recently incurred obligations. The findings of such audits should be publicized to ensure transparency and accountability in debt management.

Implications:

- Many countries have suffered from undisciplined practices with respect to the incurrence of debt obligations by sovereign and other public sector borrowers.

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In the absence of a centralized approval and monitoring process, loans can be contracted without regard to the country's overall debt sustainability. As a result, the application of the proceeds of such loans may remain opaque and the terms – both legal and financial – of such borrowings may be inconsistent and ill-advised.

- The establishment of an efficient debt management office (DMO) can address many of these concerns. DMOs exist in many countries, both developed and developing, and technical assistance is available from international financial institutions to help countries in the establishment of a DMO.
- A DMO should be involved in both the pre- and post-disbursement aspects of any credit for which the State or one of its instrumentalities will be liable.
- A thorough knowledge, understanding and publication of the current and future implications of the sovereign debt portfolio are keys to both the fiduciary relationship between governments and their citizens and the financial relationship between States and their lenders. Audits should follow commonly agreed principles in this field.

14. Avoiding Incidences of Over-Borrowing

Governments should weigh costs and benefits when seeking sovereign loans. They should seek a sovereign loan if it would permit additional public or private investment, with a prospective social return at least equal to the likely interest rate.

Implications:

- Sovereigns should borrow if the alternative would involve cutting back investment with a return greater than the interest rate.
- A sovereign can legitimately borrow to finance consumption (i.e. a cut in saving) rather than an increase in investment where macroeconomic stability and private investment is endangered.
- The calculations described above should be performed after internalizing relevant social and environmental costs and benefits.
- Engaging in borrowing to solely cover large chronic budget deficits could eventually erode the debtor country's credit standing, impair its ability to obtain loans on favorable terms in the future and effectively impose a tax on subsequent generations of citizens. Borrowing for this purpose, when not justified by a national emergency, could therefore be inconsistent with a sustainable economic policy.
- In calculating prospective social returns and likely interest rates one should take account of the danger that outcomes may not be favorable as expected ex ante.

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15. Restructuring

If a restructuring of sovereign debt obligations becomes unavoidable, it should be undertaken promptly, efficiently and fairly.

Implications:

- Although debt servicing should be a high priority for governments, there may be occasions when the need to devote public resources to other purposes will leave insufficient funds to normally service its debt.
- The sovereign borrower's first responsibility in this situation is to move in a timely fashion to communicate with its creditors and commence the process of a consensual debt rearrangement. Protracted debt restructurings are generally injurious to all concerned parties, both the debtor and its creditors. The sovereign debtor should therefore seek to conclude the operation as efficiently as possible.
- If the sovereign has proved that a debt restructuring is in fact necessary, the debtor should seek an agreement with the supermajority of creditors to modify the ~~original contractual terms~~. Collective action clauses can facilitate sovereign debt restructuring; therefore it is recommended that debtors and creditors should include them in multi-party debt instruments.
- The borrower should avoid opportunistic behaviour and arbitrary discrimination among creditors; and it should respect the voluntary basis of the process and the seniority of debts. The restructuring should be proportional to the sovereign's need and all stakeholders (including citizens) should share an equitable burden of adjustment and/or losses.

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Working Document

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Benes, Keith J

RELEASED IN FULL

From: Paul Elliott (paul_elliott@transcanada.com)
Sent: Friday, October 22, 2010 6:01 PM
To: Paul Elliott
Subject: Labor: Keystone XL is Jobs and Economic Game Changer
Attachments: Keystone Economy Jobs 4 Signatures October 22 2010.pdf

The press release below and the attached letter were issued earlier today in Washington D.C.

FOR IMMEDIATE RELEASE

October 22, 2010

Labor: Keystone XL is Jobs and Economic Game Changer

Unions Representing 2.6 Million Workers Urge U.S. State Department to Approve Permit for Keystone XL Pipeline

Washington, D.C. – Today, the General Presidents of four international unions representing a total of 2.6 million working men and women sent a joint letter to Secretary of State Hillary Clinton urging the State Department to approve a Presidential Permit for the Keystone XL Pipeline project. Keystone XL is a \$7 billion privately funded project that is expected to stimulate \$20 billion in new spending for the U.S. economy, spur the creation of 118,000 jobs and generate more \$585 million in state and local taxes for the states along the pipeline route. Signing the joint letter to Secretary Clinton are United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the U.S. & Canada General President William P. Hite, International Union of Operating Engineers General President Vincent J. Giblin, Laborers' International Union of North America General President Terence M. O'Sullivan and International Brotherhood of Teamsters General President James P. Hoffa.

Noting the game changing economic benefits of the Keystone XL project, the four union presidents called on Secretary Clinton "to approve a Presidential Permit for Keystone XL so that the American worker can get back to the task of strengthening their families and the communities they live in." The union presidents further noted that "[e]ach week that goes by in the State Department's permitting process of the Keystone XL, a process that has gone on for more than two years, is lost ground for thousands of workers who are sitting on the sidelines of our ailing national economy."

Today, despite the Federal Recovery Act and the private sector creating hundreds of thousands of jobs in the United States, nearly one in five construction workers are still unemployed and needs a job. All four of the International Unions have executed a project labor agreement to provide the Keystone XL project with a capable, well-trained and ready workforce in the United States in order to construct the privately funded Keystone XL Pipeline. 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.

The Keystone XL project is a privately funded, planned 1,959-mile, 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.

Full text of the joint letter:

October 22, 2010
Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State

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

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Vincent J. Giblin
General President
International Union of Operating Engineers

Terence M. O'Sullivan
General President
Laborers' International Union of North America

James P. Hoffa
General President
International Brotherhood of Teamsters

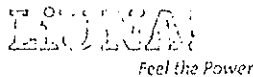
CC: Congresswoman Nancy Pelosi, Speaker of the House
Congressman Steny Hoyer, House Majority Leader
Senator Harry Reid, Senate Majority Leader
Senator Richard Durbin, Senate Majority Whip
Cheryl Mills, Counselor and Chief of Staff to the Secretary of State
James Steinberg, Deputy Secretary of State
Robert Hormats, State Under Secretary, Economic, Energy & Agricultural Affairs
David Goldwyn, Coordinator, International Energy, State Department
Peter Rouse, White House Chief of Staff
Thomas E. Donilon, National Security Advisor
Michael Froman, Deputy National Security Adviser, International Economic Affairs
Valerie Jarrett, Senior Advisor to the President
Jim Messina, White House Deputy Chief of Staff
Carol Browner, Assistant to the President for Energy and Climate Change
Nancy Sutley, Chair, White House Council on Environmental Quality
Heather Zichal, Office of Energy and Climate Change
Austan Goolsbee, Chair, White House Council of Economic Advisers
Patrick Gaspard, White House Political Director
Nate Tamarin, White House Associate Political Director

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

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October 22, 2010

Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

RELEASED IN FULL

Dear Secretary Clinton:

We respectfully request that the State Department complete its environmental assessment of the impact of the Keystone XL Pipeline so that the National Determination review period might commence and a Presidential Permit might be approved. Each week that goes by in the State Department's permitting process of the Keystone XL, a process that has gone on for more than two years, is lost ground for thousands of workers who are sitting on the sidelines of our ailing national economy.

All four of our International Unions - the United Association of Plumbers and Pipefitters, the International Union of Operating Engineers, the International Brotherhood of Teamsters and the Laborers' International Union of North America - have executed a project labor agreement to build the Keystone XL Pipeline. We are committed to making Keystone XL a reality for our nation and we are prepared to begin work as soon as the Presidential Permit for the \$7 billion privately funded Keystone XL pipeline is approved.

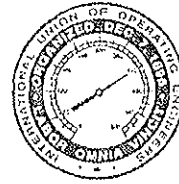
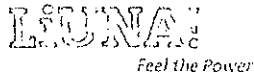
By facilitating this project, you have the power to pave a path to better days and raise the standard of living for working men and women in the construction, manufacturing and transportation industries. According to the Center for American Progress, 2.1 million construction workers are out of a job. Early this year, unemployment in the construction industry actually jumped to 25 percent. The ripple effect is bleak; segments of the manufacturing industry which produces building materials are currently operating at half their production capacity as a result of the steep declines in the construction industry. According to a recent Federal Reserve projection, the U.S. economy has been losing momentum since the end of last year.

Approving the Keystone XL Pipeline project will ignite segments of our ever weak economy. An independent review of the Keystone XL's potential economic impact finds that during the construction period the pipeline will stimulate \$20 billion in new spending for the U.S. economy, spur the creation of 118,000 jobs and generate more than \$585 million in state and local taxes for the states along the pipeline route. When Keystone XL is operational, the states along the pipeline route are expected to receive an additional \$5.2 billion in property taxes during the operating life of the pipeline, according to the analysis. That kind of renewed, tangible prosperity is the kind of change the American worker can believe in.

We are aware of the arguments put forward by the opponents of Keystone XL. Generally, their criticism centers on the belief that further development of Canada's oil sands puts in jeopardy U.S. efforts aimed at capping carbon emissions and greenhouse gas. While we clearly understand that our Federal government is seeking to develop a balanced policy to address our nation's energy and environmental needs and challenges, efforts to block Keystone XL would undermine rather than further this goal. Comprehensive energy and environmental policy should strive to address climate concerns while simultaneously ensuring adequate supplies of reliable energy and promoting energy independence and national security. Alternative energy sources are generally still in developmental stages; therefore it is likely that the U.S. consumer will remain substantially dependant on carbon fuels for the next several decades. The Keystone Project, which will greatly promote U.S. energy independence, will provide secure access to reliable energy for years to come and strengthen relations with Canada, which is one of the U.S.'s strongest, strategic allies.

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Secretary Clinton, we call on you to approve a Presidential Permit for Keystone XL so that the American worker can get back to the task of strengthening their families and the communities they live in.

Sincerely,

William P. Hite
General President
United Association of Journeymen and Apprentices of the
Plumbing and Pipefitting Industry of the U.S. & Canada, AFL-CIO

Vincent J. Giblin
General President
International Union of Operating Engineers

Terence M. O'Sullivan
General President
Laborers' International Union of North America

James P. Hoffa
General President
International Brotherhood of Teamsters

cc

Congresswoman Nancy Pelosi, Speaker of the House
Congressman Steny Hoyer, House Majority Leader
Senator Harry Reid, Senate Majority Leader
Senator Richard Durbin, Senate Majority Whip
Cheryl Mills, Counselor and Chief of Staff to the Secretary of State
James Steinberg, Deputy Secretary of State
Robert Hormats, Under Secretary of State for Economic, Energy &
Agricultural Affairs
David Goldwyn, Coordinator, International Energy, State Department
Peter Rouse, White House Chief of Staff
Thomas E. Donilon, National Security Advisor

Michael Froman, Deputy National Security Adviser for International
Economic Affairs
Valerie Jarrett, Senior Advisor to the President
Jim Messina, White House Deputy Chief of Staff
Carol Browner, Assistant to the President for Energy and Climate Change
Nancy Sutley, Chair, White House Council on Environmental Quality
Heather Zichal, Deputy Assistant to the President, Office of Energy and
Climate Change
Austan Goolsbee, Chair, White House Council of Economic Advisers
Patrick Gaspard, White House Political Director
Nate Tamarin, White House Associate Political Director

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Benes, Keith J

From: Paul Elliott [paul_elliott@transcanada.com]
 Sent: Wednesday, November 03, 2010 2:14 PM
 To: Byla, Robert K; McManus, Matthew T; Goldwyn, David L; Toiv, Nora F; Fernandez, Jose W; Clune, Daniel A; Brakel, Willem H; Schnitker, John P; Sullivan, David J; Benes, Keith J
 Subject: TransCanada Response to Nebraska Senator Mike Johanns
 Attachments: KXL letter to Clinton in response to Senator Johanns 03Nov10.pdf; Pipeline Safety Ogallala Aquifer 2010 HR.pdf

Please find attached a letter and supporting information from TransCanada CEO Russ Girling in response to Senator Johanns' November 1 letter.

Below is the text of the attached signed letter.

November 03, 2010

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

Re: Keystone XL Pipeline Project

Dear Secretary Clinton:

I am writing in response to Senator Mike Johanns' letter to you, dated November 1, 2010, with respect to the State Department's review of the proposed Keystone XL Pipeline Project. Senator Johanns requests that the State Department prepare a Supplemental Draft Environmental Impact Statement for the Project, based on his assertion that the Draft Environmental Impact Statement (DEIS) does not sufficiently analyze alternative pipeline routes and certain soils impacts. As discussed below, the routing alternatives analysis in the DEIS fully takes into account all reasonable alternatives and satisfies the Department's obligations and the public's interests in that regard.

Under the National Environmental Policy Act (NEPA), the environmental impact statement must consider a reasonable range of alternatives to the proposed action. 42 U.S.C. § 4332(2) (C) (iii); 40 C.F.R. 1502.14(a). The range of alternatives that must be examined is bounded by the "purpose and need" for the proposed agency action. See 40 C.F.R. §§ 1502.13, 1508.9 (b). It is also "bounded by some notion of feasibility." Vermont Yankee Nuclear Power Corp. v. Natural Res. Def. Council, 435 U.S. 519, 551 (1978) ("detailed statement of alternatives cannot be found wanting simply because the agency failed to include every alternative device and thought conceivable by the mind of man."). An agency need only consider alternatives that are reasonable in light of its stated objectives. See Laguna Greenbelt, Inc. v. Dep't of Transp., 42 F.3d 517, 524 (9th Cir. 1994) (the "range of alternatives that must be considered in the EIS need not extend beyond those reasonably related to the purposes of the project."). An agency satisfies its obligation to consider reasonable alternatives when its analysis is focused by the primary objectives of the project.

Chapter 4 of the State Department's DEIS for the Keystone XL Project includes an analysis of a range of reasonable alternatives to the Project, based on the defined purpose and need of the Project. The alternatives reviewed by the Department were derived based on information provided by Keystone in its application, as well as information and suggestions provided during public and agency scoping, and through research and analysis conducted by DOS and its environmental contractor. A reasonable range of alternatives was defined and each alternative was analyzed to determine whether it would meet a number of objectives:

- Meet the Project's purpose and need;
- UNITED STATES DEPARTMENT OF STATE
 REVIEW AUTHORITY: ALAN H FLANIGAN
 DATE/CASE ID: 13 SEP 2011 201101495

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- Provide a feasible alternative to the proposed action;
- Provide at least an equivalent level of Project benefit given the potential environmental consequences.

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To be considered in the DEIS, alternative pipeline routes generally were required to connect several Project control points. These fixed control points place constraints on potential geographical alternatives to achieve the Project's purpose and need. With respect to the portion of the route that impacts Nebraska (the Steele City segment), those control points are the international border crossing between Saskatchewan and Montana near the town of Morgan, Montana and the northern end of the Cushing Extension portion of the previously approved Keystone Pipeline Project. The border crossing location is a control point because it is directly south of the source of the oil to be transported by the Project at Hardisty, Alberta, Canada. The northern end of the Cushing Extension is a control point because, with only the addition of new pumping capacity, it allows the Project to take advantage of the approved (and now constructed) Cushing Extension portion of the Keystone pipeline system, thus avoiding some 298 miles of new construction in order to deliver the oil to the Gulf Coast.

The proposed route and the alternative routes considered in the DEIS take a generally diagonal path from the border crossing point to the Steele City, Nebraska commencement point of the Cushing Extension. This is the most environmentally sound approach because a diagonal route is the shortest path between the two control points. The DEIS explicitly recognizes that the shortest length for a pipeline route is environmentally preferable:

Development of alternatives also considered the desire to reduce the line miles of pipeline that would be required to reach the Project terminus. As a general rule, each mile of the proposed Project would impact approximately 13.3 acres during construction and 6.0 acres during operation As a result, there are generally environmental advantages to keeping the length of pipe required to reach the Project destination as low as possible while considering other issues of concern. (DEIS page 4-10).

In his letter, Senator Johanns suggests that the Department should consider a route that would run parallel to the existing Keystone Pipeline route. Such a route would be fundamentally inconsistent with the environmental advantages inherent in a direct diagonal route and would significantly increase environmental impacts. To parallel the Keystone Pipeline, the route would have to diverge from the proposed route in Alberta and run to the east through Saskatchewan, and Manitoba for 600 miles to a point where the route would turn south and run through North Dakota, South Dakota and Nebraska. To reach Steele City, Nebraska via this route would require a total of 1,241 miles of new pipeline construction. This compares to the 1,028-mile length of the proposed Steele City segment of the Keystone XL Pipeline. As recognized above, the additional 213 miles of pipeline construction required by Senator Johanns' recommended route represents an increase in length of 21 percent and would affect nearly 3,000 more acres of land, significantly increasing the impact to the environment, as well as causing impacts to many more landowners.

The suggestion in Senator Johanns' letter fundamentally fails to recognize or acknowledge that the route of the original Keystone Pipeline minimized the environmental impact of that project because Keystone was able to convert an underutilized portion of an existing natural gas pipeline and avoid 537 miles of new construction. This also resulted in a direct north-south route in the United States, further reducing impacts. There is no similar opportunity to convert an existing facility for Keystone XL. Accordingly, utilizing the Keystone Pipeline pathway would result in significantly greater environmental impact than the proposed diagonal route. Thus, any perceived environmental advantage from paralleling the Keystone Pipeline route would be heavily outweighed by the hundreds of miles of additional new construction that such a route would require.

Within the parameters set out in the DEIS, including recognition of the control points, the Department considered a reasonable range of potential route alternatives. Based on its assessment of these alternatives, the Department determined that none of the identified alternatives offered an environmental advantage over the proposed route. Keystone submits that this conclusion is well founded and fully justified.

Keystone understands the importance of Nebraska's special resources, including the Sandhills and the vast Ogallala Aquifer. We take very seriously our responsibility to ensure the integrity of our pipeline system and our readiness to respond through every inch of the State of Nebraska and all other states and provinces we traverse.

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It is important to recognize that pipelines currently crossing over the top of the Ogallala Aquifer transport a variety of products, including crude oil similar to that to be transported by Keystone; refined petroleum products such as gasoline, diesel fuel and jet fuel; natural gas; and other products. As referenced in the attached fact sheet, *Pipeline Safety and the Ogallala Aquifer*, more than 21,000 miles of pipelines cross Nebraska. In addition, 6,000 barrels of crude oil are produced daily in Nebraska and tens of thousands of barrels are produced in adjacent states through the Ogallala Aquifer. In Nebraska, 17 of the 18 oil-producing counties sit atop the Ogallala Aquifer.

Senator Johanns' letter also suggests that a supplemental DEIS should consider avoidance of the Sandhills region and any environmental significance of soils composition. As discussed above, avoidance of the Sandhills region by a route that departs from a diagonal approach between the control points would dramatically increase environmental impacts. Moreover, the DEIS addresses construction in the Sandhills, including many special considerations and measures that would be undertaken in that region. The DEIS also contains an extensive analysis of soil compositions in the Project area (DEIS Section 3.2). Finally, based on comments that have been received on the DEIS, the Department can further address these issues in the Final EIS.

To conclude, there is no justification for conducting a supplemental Draft Environmental Impact Statement in this case. The Department's environmental review of the Keystone XL Project under NEPA has been on-going for two years and continues at this time. It has been open and transparent and has provided ample opportunity for public involvement. To engage in a supplemental review of alternative routes, such as the route suggested in Senator Johanns' letter, which is obviously environmentally inferior on its face, or for the purpose of re-starting the on-going consideration of soils issues, would elevate process over rational decision making, with no benefit to the public, while unduly delaying the important pending national interest determination.

Sincerely,

Russell K. Girling
President & CEO
TransCanada Corporation

cc:

David L. Goldwyn, State Department, Coordinator, International Energy Affairs
Kerri-Ann Jones, State Department, Assistant Secretary, Bureau of Oceans and International Environmental and Scientific Affairs
Daniel A. Clune, State Department, Principal Deputy Assistant Secretary, Bureau of Ocean and International Environmental and Scientific Affairs
Keith J. Benes, State Department Office of Legal Adviser
Matthew T. McManus, State Department Division Chief, Energy Producer Country Affairs
Michael Stewart, State Department, Energy Officer
Willem H. Brakel, Ph. D., State Department, Office of Environmental Policy
John P. Schnitker, State Department, Attorney - Adviser, Office of the Legal Adviser
David J. Sullivan, State Department, Assistant Legal Adviser, Ocean, International Environmental & Scientific Affairs

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

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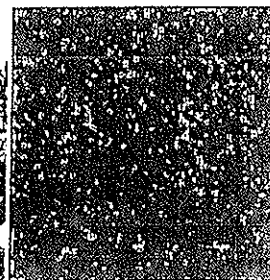
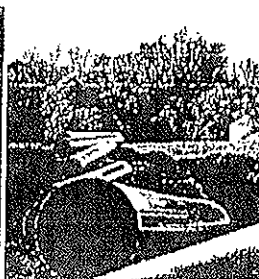
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Pipeline Safety and the Ogallala Aquifer



As discussed below, it is not possible for a crude oil spill to threaten the viability of the Ogallala Aquifer. Rather, the impact of a potential oil spill on the aquifer would be limited to a very small area. TransCanada would be responsible for clean-up. Remediation would be required to meet state and federal standards and would ensure the protection of human health and the environment. In the highly unlikely event that groundwater wells were adversely impacted, TransCanada would be responsible for providing an alternative water supply.

Pipelines are safe and the chance of a significant spill is remote, yet TransCanada is ready to respond to limit volume and impacts

Pipelines are the safest, most reliable, economical and environmentally favorable way to transport oil and petroleum products, as well as other energy liquids, throughout the U.S. Nearly every gallon of gasoline or diesel fuel used in Nebraska is transported via pipeline. In addition to demands for petroleum for transportation, petroleum hydrocarbons are used by many other industries to produce valuable materials, including, drugs and pharmaceuticals, plastics, chemicals, and construction materials. Pipelines are a vital part of our country's infrastructure and have been quietly serving the nation for decades.

Leaks from pipelines are rare¹ and tend to be small². In addition, Keystone incorporates proven design features and construction methods, as well as a state of art integrity management program. Overall, the approach helps ensure Keystone operates safely in the area of the Ogallala Aquifer. However, TransCanada also is prepared to respond to limit any release from the Keystone System and to clean-up if a leak were to occur³.

Upon detection of a leak, pumps would be immediately secured from the Operations Control Center and valves would be closed to isolate the affected section of pipe and to limit spill volumes. TransCanada personnel would be mobilized to the spill site immediately to begin emergency containment and begin clean-up. Additional actions would include the notification to landowners and appropriate public agencies of potential groundwater impacts. Even for a spill in the area of a shallow aquifer, prompt clean-up would limit the ability of crude-oil contaminants to dissolve in water.

Clean-up of any release from the Keystone Pipeline System is required by state⁴ and federal law. In addition to complying with state and federal law, prompt clean-up of a spill avoids jeopardizing TransCanada's ability to continue to operate the Keystone Pipeline System.

Keystone does not threaten the viability of the Ogallala Aquifer

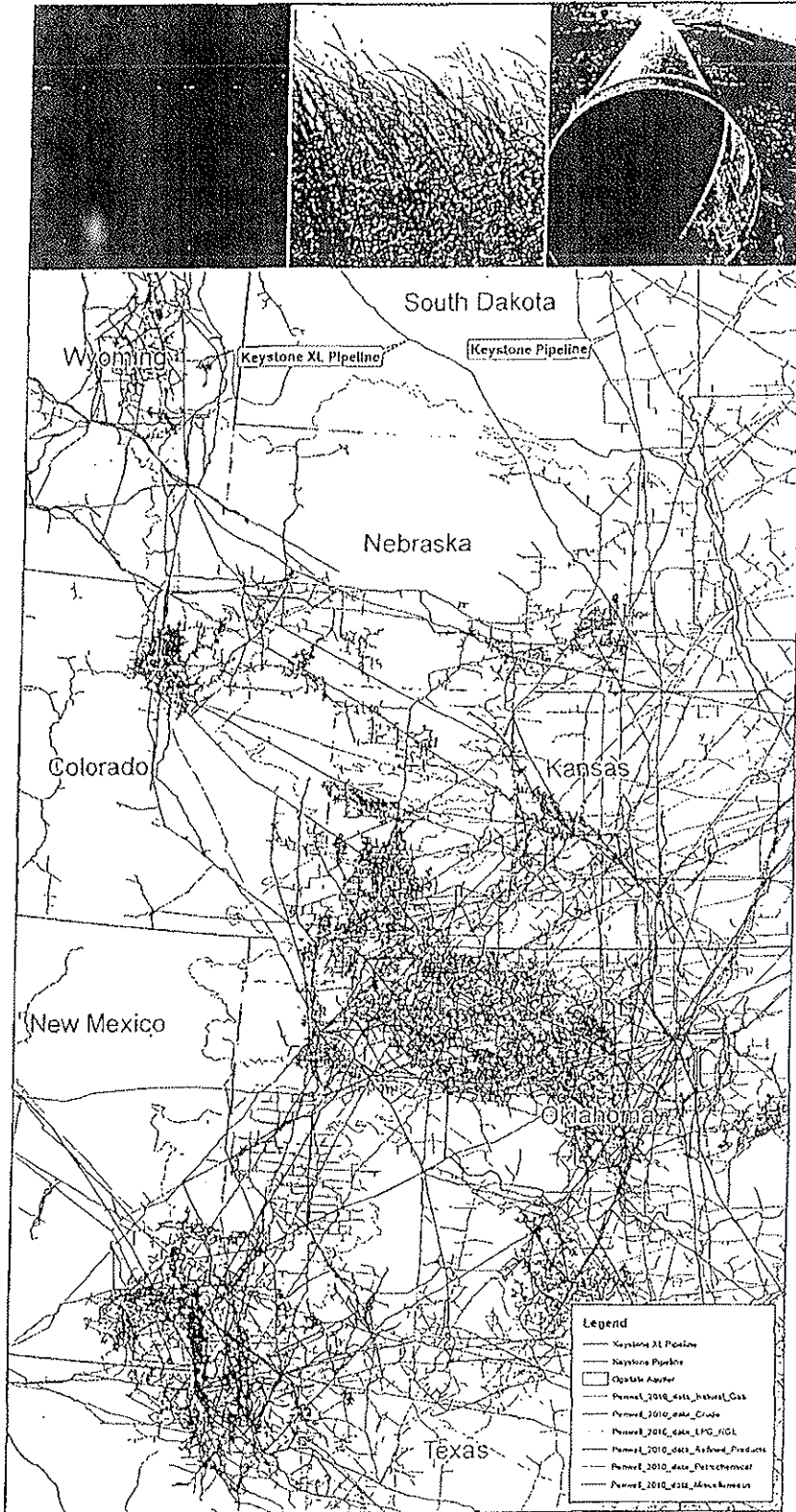
The Keystone XL pipeline would cross the Ogallala Aquifer for some 250 miles. To help put this number in perspective, there are currently almost 21,000 miles of pipelines crossing Nebraska, including almost 3,000 miles of hazardous liquid pipelines. Many miles of these pipelines co-exist with the Ogallala Aquifer. In addition, oil wells have been drilled and are in production within areas overlying the Ogallala Aquifer, including in western Nebraska⁵.

Not all portions of the aquifer are equally vulnerable to contamination. From a technical standpoint, the vulnerability of groundwater is a function of soil type and surficial geology overlying the aquifer; depth to groundwater; presence or absence of overlying confining layers; and the proximity and number of water wells. Some portions of the Ogallala Aquifer are confined, meaning there are protective materials such as clays and glacial till which protect the aquifer from surface contamination. In other areas these protective confining layers do not exist.

Assuming a spill from Keystone were to occur in any area where the Ogallala Aquifer is vulnerable, properties of crude oil and its behavior in soils and aquifers limits the area impacted by a spill. Crude oil has a high affinity for soils and, after the initial dispersal that occurs during the spill event, crude oils do not tend to migrate substantially through soils. If the oil came in contact with groundwater, constituents within crude oil may dissolve and mobilize but that process takes time and, even then, the ability of these contaminants to move through groundwater is limited. Groundwater contains naturally occurring subsurface microbes that break down hydrocarbons, limiting dispersal of petroleum products. Studies have shown



Pipeline Safety and the Ogallala Aquifer



that within groundwater, movement of dissolved constituents typically is confined to approximately 300 feet from the source, due to this natural attenuation^{6,7}.

Consequently, even if a spill occurred in an area with shallow groundwater, and even if the oil remained in contact with the water for long enough that contaminants would dissolve into the water, impacts would be limited to a very localized area. It is not possible to contaminate the entire Ogallala Aquifer.

If, despite Keystone's comprehensive operations protection measures; integrity management and emergency response programs, a groundwater aquifer were affected, TransCanada would work cooperatively with state and federal agencies to identify the appropriate, site-specific methods for clean-up, groundwater monitoring, and remediation methods. The selection of clean-up and remediation methodologies are based on site-specific conditions, including weather conditions, presence of sensitive receptors, soil permeability, hydrogeology and aquifer characteristics. Clean-up would be conducted to ensure the protection of human health and the environment and to meet state and federal standards. In the highly unlikely event that groundwater wells were adversely impacted, TransCanada would be responsible for providing an alternative water supply.

1. According to the Association of Oil Pipelines, spills along hazardous liquid pipeline rights-of-way have fallen from two incidents per thousand miles in 1999-2001 to 0.8 incidents per thousand miles in 2005-2007, a decline of 60 percent.
2. Based on historical data available from the Pipeline Hazardous Materials Safety Administration, when pipeline leaks do occur, they are small. Most pipeline leaks are three barrels or less; 80% of spills involve less than 50 barrels; and less than 0.5 percent of spills total more than 10,000 barrels.
3. Requirements for response are detailed in 49CFR194.
4. Nebraska Environmental Protection Act, §61-1501 et seq.
5. According to the Nebraska Energy Office, crude oil has been produced in Nebraska since 1939. In 2009, Nebraska produced more than 6,000 barrels of crude oil per day from 18 different counties. Seventeen of these counties are located in western Nebraska and are underlain by the Ogallala Aquifer.
6. Newell, C.J. and J.A. Connor. 1998. Characteristics of Dissolved Petroleum Hydrocarbon Plumes, Vers. 1.1. Prepared by Groundwater Service, Inc. for the American Petroleum Institute Soil and Groundwater Technical Task Force, December 1996. 8 pp.
7. In addition to natural limitations on the spread of petroleum contaminants in groundwater as described above, the movement through groundwater to the limited extent it does occur, tends to occur slowly. Movement of contaminants is always slower than the flow of groundwater itself. According to Gutentag et al. (1984), average groundwater flow in the Ogallala Aquifer is approximately one foot per day.

2201 C Street, N.W.
Washington, DC 20520

18c

Dear Secretary Clinton:

We respectfully request that the State Department complete its environmental assessment of the impact of the Keystone XL Pipeline so that the National Determination review period might commence and a Presidential Permit might be approved. Each week that goes by in the State Department's permitting process of the Keystone XL, a process that has gone on for more than two years, is lost ground for thousands of workers who are sitting on the sidelines of our ailing national economy.

All four of our International Unions - the United Association of Plumbers and Pipefitters, the International Union of Operating Engineers, the International Brotherhood of Teamsters and the Laborers' International Union of North America - have executed a project labor agreement to build the Keystone XL Pipeline. We are committed to making Keystone XL a reality for our nation and we are prepared to begin work as soon as the Presidential Permit for the \$7 billion privately funded Keystone XL pipeline is approved.

By facilitating this project, you have the power to pave a path to better days and raise the standard of living for working men and women in the construction, manufacturing and transportation industries. According to the Center for American Progress, 2.1 million construction workers are out of a job. Early this year, unemployment in the construction industry actually jumped to 25 percent. The ripple effect is bleak; segments of the manufacturing industry which produces building materials are currently operating at half their production capacity as a result of the steep declines in the construction industry. According to a recent Federal Reserve projection, the U.S. economy has been losing momentum since the end of last year.

Approving the Keystone XL Pipeline project will ignite segments of our ever weak economy. An independent review of the Keystone XL's potential economic impact finds that during the construction period the pipeline will stimulate \$20 billion in new spending for the U.S. economy, spur the creation of 118,000 jobs and generate more than \$585 million in state and local taxes for the states along the pipeline route. When Keystone XL is operational, the states along the pipeline route are expected to receive an additional \$5.2 billion in property taxes during the operating life of the pipeline, according to the analysis. That kind of renewed, tangible prosperity is the kind of change the American worker can believe in.

We are aware of the arguments put forward by the opponents of Keystone XL. Generally, their criticism centers on the belief that further development of Canada's oil sands puts in jeopardy U.S. efforts aimed at capping carbon emissions and greenhouse gas. While we clearly understand that our Federal government is seeking to develop a balanced policy to address our nation's energy and environmental needs and challenges, efforts to block Keystone XL would undermine rather than further this goal. Comprehensive energy and environmental policy should strive to address climate concerns while simultaneously ensuring adequate supplies of reliable energy and promoting energy independence and national security. Alternative energy sources are generally still in developmental stages; therefore it is likely that the U.S. consumer will remain substantially dependant on carbon fuels for the next several decades. The Keystone Project, which will greatly promote U.S. energy independence, will provide secure access to reliable energy for years to come and strengthen relations with Canada, which is one of the U.S.'s strongest, strategic allies.

Secretary Clinton, we call on you to approve a Presidential Permit for Keystone XL so that the American worker can get back to the task of strengthening their families and the communities they live in.

Sincerely,

William P. Hite
General President
United Association of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the U.S. & Canada, AFL-CIO

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

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19

Benes, Keith J

From: Paul Elliott [paul_elliott@transcanada.com]
Sent: Wednesday, November 10, 2010 12:08 PM
To: Undisclosed recipients
Subject: Texas U.S. Senators Support Keystone XL
Attachments: Kay Bailey Hutchison John Cornyn 11-09-10 Keystone.pdf

Below is the text of the attached letter that Texas U.S. Senators Kay Bailey Hutchison and John Cornyn sent yesterday to Secretary Clinton in support of Keystone XL.

November 9, 2010

The Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington DC 20520

Dear Secretary Clinton:

As you are aware, the U.S. State Department is in the process of determining if it will grant the Keystone XL Pipeline a Presidential Permit, which will allow for the pipeline's construction across the Canadian and American border. We write to ask for your timely review and decision on this permit.

The Keystone XL Project will be of significant economic value to the United States, specifically for the states in which the pipeline will pass. Throughout the country, the Keystone XL Pipeline will create 250,000 permanent jobs and add more than \$100 billion in annual total expenditures to the nation's economy. In Texas, the Keystone XL Pipeline is projected to stimulate \$2.3 billion in new spending and generate more than \$48 million in new state and local tax.

Completion of the pipeline can provide our country with a stable energy source from a friendly trade partner, while reducing our dependence on oil from hostile countries around the world. We understand the importance of taking into account all economic considerations, as well as environmental factors. The U.S. States Department has performed the appropriate level of attentiveness in evaluating any potential environmental impacts of the pipeline's construction and operation. The Draft Environmental Impact Statement (DEIS) details your agency collaborated with no fewer than ten federal agencies as well as various state and local agencies responsible for issuing permits. Further, the DEIS concluded that the Keystone XL Project would have limited adverse environmental impacts during both construction and operation.

We would appreciate the U.S. State Department working in a timely manner to complete the process for resolving this project's status. Thank you for your consideration of this request, and we look forward to your response.

Sincerely,

Kay Bailey Hutchison

John Cornyn

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

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

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United States Senate

WASHINGTON, DC 20510

November 9, 2010

L9A

The Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

Dear Secretary Clinton:

As you are aware, the U.S. State Department is in the process of determining if it will grant the Keystone XL Pipeline a Presidential Permit, which will allow for the pipeline's construction across the Canadian and American border. We write to ask for your timely review and decision on this permit.

The Keystone XL Project will be of significant economic value to the United States, specifically for the states in which the pipeline will pass. Throughout the country, the Keystone XL Pipeline will create more than 250,000 permanent jobs and add more than \$100 billion in annual total expenditures to the nation's economy. In Texas, the Keystone XL Pipeline is projected to stimulate \$2.3 billion in new spending and generate more than \$48 million in new state and local tax.

Completion of the pipeline can provide our country with a stable energy source from a friendly trade partner, while reducing our dependence on oil from hostile countries around the world. We understand the importance of taking into account all economic considerations, as well as environmental factors. The U.S. State Department has performed the appropriate level of attentiveness in evaluating any potential environmental impacts of the pipeline's construction or operation. The Draft Environmental Impact Statement (DEIS) details your agency collaborated with no fewer than ten federal agencies as well as various state and local agencies responsible for issuing permits. Further, the DEIS concluded the Keystone XL Project would have limited adverse environmental impacts during both construction and operation.

We would appreciate the U.S. State Department working in a timely manner to complete the process for resolving this project's status. Thank you for your consideration of this request, and we look forward to your response.

Sincerely,


Kay Bailey Hutchison


John Cornyn

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UO

Benes, Keith J

From: Paul Elliott [paul_elliott@transcanada.com]
Sent: Wednesday, November 10, 2010 3:24 PM
To: Undisclosed recipients
Subject: Upton Calls on Sec. Clinton to Lift Roadblocks for U.S.-Canadian Pipeline
Attachments: Upton Letter to Sec Clinton on Keystone_XL.pdf

Upton Calls on Sec. Clinton to Lift Roadblocks for U.S.-Canadian Pipeline

Landmark project expected to create nearly 118,000 jobs - will reduce dependence on foreign oil from hostile regimes

WASHINGTON, DC - Congressman Fred Upton (R-MI), a senior member of the House Energy and Commerce Committee, today called on Secretary of State Hillary Rodham Clinton to remove the bureaucratic roadblocks that have delayed the administration's approval of the Keystone XL pipeline application. The proposed cross-border oil pipeline would stretch from Alberta, Canada to refineries on the Gulf Coast, supplying approximately 50 percent of United States' oil imports. The \$7 billion project is expected to stimulate \$20 billion in new spending for the U.S. economy and spur the creation of 118,000 jobs. Upton urged Secretary Clinton to promptly approve the Presidential permit application.

In his letter to Secretary Clinton, Upton wrote, "As my old boss, President Ronald-Reagan, once said, 'Government is not the solution to our problem, government is the problem.' Government is currently standing in the way of this \$7 billion privately funded project, which is expected to stimulate \$20 billion in new spending for the U.S. economy and spur the creation of 118,000 jobs. Our number one priority must be job creation, and this is a prime example of the over-burdensome regulatory system that is killing the private sector. Government must stand back and allow the U.S. economy to rebound. If not we will continue to see our jobs go overseas... Canada is our ally and neighbor, so shifting our imports from hostile regimes to a friendly one is a no-brainer."

Upton is co-chair of the House Republicans' American Energy Solutions Group and a strong supporter of the "all of the above" American Energy Act (H.R. 2846) to fortify the nation's energy needs through increased production of domestic natural resources.

The full text of Upton's letter is attached.

###

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

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FRED UPTON

6th District, Michigan

COMMITTEE ON ENERGY AND COMMERCE

SUBCOMMITTEES:

ENERGY AND ENVIRONMENT
RADIOACTIVE WASTE AND MATERIALS

COMMUNICATIONS, TECHNOLOGY
AND THE INTERNET

Congress of the United States
House of Representatives

November 9, 2010

DC OFFICE:

2103 Rayburn House Office Building
Washington, DC 20515-2206
(202) 225-3761
Fax: (202) 225-4806

MICHIGAN HOME OFFICES

157 South Kalamazoo Mall
Suite 150
Kalamazoo, MI 49007
(269) 385-0039
Fax: (269) 395-2988

800 CLIFF, Suite 106
800 Ship Street
St. Joseph, MO 64508
(269) 932-1986
Fax: (269) 932-0237

www.house.gov/upton

The Honorable Hillary Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

L10A

RELEASED IN FULL

Dear Secretary Clinton:

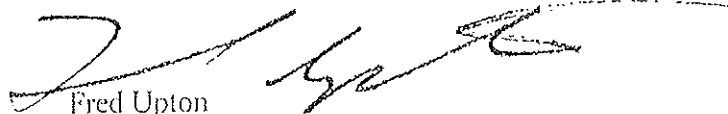
I am writing to you to express my support for the Keystone XL pipeline that would transport crude oil from Alberta, Canada to the Gulf Coast, and I urge you to approve the Presidential permit application for this cross-border pipeline as soon as possible.

As my old boss, President Ronald Reagan, once said, "Government is not the solution to our problem, government is the problem." Government is currently standing in the way of this \$7 billion privately funded project, which is expected to stimulate \$20 billion in new spending for the U.S. economy and spur the creation of 118,000 jobs. Our number one priority must be job creation, and this is a prime example of the over-burdensome regulatory system that is killing the private sector. Government must stand back and allow the U.S. economy to rebound. If not we will continue to see our jobs go overseas.

We must end our dependence on foreign oil from regimes that are hostile to the United States. This pipeline will supply approximately 50 percent of the oil that the United States currently imports from Venezuela or the Middle East. Canada is our ally and neighbor, so shifting our imports from hostile regimes to a friendly one is a no-brainer.

Thank you for your attention to this urgent matter.

Sincerely,


Fred Upton
Member of Congress

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211

Benes, Keith J

From: Paul Elliott [paul_elliott@transcanada.com]
Sent: Monday, November 22, 2010 3:18 PM
To: Undisclosed recipients
Subject: Leading U.S. Manufacture Supports Keystone XL
Attachments: Siemens Keystone XL Letter November 2010.pdf

RELEASED IN FULL

Below is the text of the attached letter that Siemens U.S. CEO Eric Spiegel is sending today to the White House, the State Department and the leadership of Capitol Hill in support of a Presidential Permit for Keystone XL. Siemens is a global powerhouse in electronics and electrical engineering, and operates in the industry, energy and healthcare sectors. In the U.S., Siemens employs more than 60,000 people throughout all 50 states and Puerto Rico. Siemens is building the electric motors for the Keystone XL pipeline at their plant in Norwood, Ohio. These electric pumps on Keystone XL will reduce the energy intensity of the Keystone Pipeline and thus greenhouse gas emissions.

November 19, 2010

Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

Dear Secretary Clinton,

I am writing with regards to the proposed Keystone XL pipeline that will extend from Canada to Texas. In particular, I would like to respectfully request that the Secretary of State's office complete the environmental assessment of the impact of the Keystone XL Pipeline and that you initiate the National Determination review period in order that a Presidential Permit might be approved.

While we may look forward to a future of more diversified energy sources, for the foreseeable future, our dependency on fossil fuels is expected to continue. According to the US Energy Information Agency, the United States imports 12-14 million barrels per day and consumes 16-18 million barrels per day. The U.S. relies on oil imports and Canada provides a friendly, geographically close, secure supply of oil that is safer than crude oil from other regions of the world.

In creating greater energy independence, the proposed Keystone XL pipeline will also create thousands of manufacturing and construction jobs. As a shovel ready project, Keystone XL's potential economic impact during the construction period will stimulate \$20 billion in new spending and spur the creation of 13,000 high-wage construction and manufacturing jobs in multiple states during the project's 2011-2012 construction schedule. Some of these high wage manufacturing jobs will come to Siemens manufacturing facility in Norwood, Ohio. We recently invested more than \$30 million to overhaul the 100 year old plant that employs more than 300 people.

These employees, and the hundreds more that will join them, will build the energy efficient electric motors to drive the pumping stations along the pipeline. These electric motors will reduce the energy intensity of the overall operation and thus the greenhouse gas emissions when compared to pipeline projects that use gas turbines located at each pump station. In the last four years, Siemens has invested more than \$400 million and created more than 3,000 green manufacturing jobs in the U.S. alone. We have a long-standing commitment to environmentally sustainable technologies and are ranked #1 in our categories on both the Dow Jones Sustainability Index and the Carbon Disclosure Project. Our future partner in this endeavor, TransCanada, also has an established record as a trusted environmental steward with a prominent ranking on the Dow Jones and Global 100 lists.

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

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Much of the criticism opposing the expansion of the Keystone XL pipeline suggests that if this project doesn't go ahead the amount of oil used in the U.S. will diminish. According to the Energy Information Administration, petroleum fuels will remain the largest energy source worldwide for decades to come. By permitting and constructing Keystone XL, the State Department's decision may have an impact on demand, but only a very indirect effect. Global supply and demand and global oil prices, among other market forces, have a far greater impact than the permitting and operation of Keystone XL will ever have. Additionally, among the nations that are the leading suppliers of crude oil to the U.S. -- Saudi Arabia, Venezuela, Nigeria, Iraq, Angola, Algeria and Canada -- only Canada regulates greenhouse gas emissions. As you know, Canada and the United States are working together to reduce greenhouse gas emissions by 17% as part of the Copenhagen summit. In addition, total greenhouse gas emissions from the oil sands industry are equivalent to 0.1 per cent of global greenhouse gas emissions. Canada will meet its commitment of reducing greenhouse gas emissions by 17% by closing all coal fired electric generation fleet. And our future partner, TransCanada, is not involved in oil sands extraction or production.

As the U.S. works to develop a comprehensive energy and environmental policy that addresses climate concerns, ensures adequate supplies of reliable energy, promotes energy independence and improves our national security, the Keystone XL project can serve as a valuable intermediate step, while creating thousands of jobs.

Thank you for your time and attention to this matter.

Sincerely,

Eric Spiegel

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

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SIEMENS

Eric A. Spiegel
President and CEO

LIIA

November 19, 2010

RELEASED IN FULL

Honorable Hillary Rodham Clinton
Secretary of State
U.S. Department of State
2201 C Street, N.W.
Washington, DC 20520

Dear Secretary Clinton,

I am writing with regards to the proposed Keystone XL pipeline that will extend from Canada to Texas. In particular, I would like to respectfully request that the Secretary of State's office complete the environmental assessment of the impact of the Keystone XL Pipeline and that you initiate the National Determination review period in order that a Presidential Permit might be approved.

While we may look forward to a future of more diversified energy sources, for the foreseeable future, our dependency on fossil fuels is expected to continue. According to the US Energy Information Agency, the United States imports 12-14 million barrels per day and consumes 16-18 million barrels per day. The U.S. relies on oil imports and Canada provides a friendly, geographically close, secure supply of oil that is safer than crude oil from other regions of the world.

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

601 Pennsylvania Avenue, N.W.
North Building, Suite 1100
Washington, DC 20004-2601

Tel: +1-202-434-4830
Fax: +1-202-434-4839
eric.spiegel@siemens.com

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SIEMENS

Much of the criticism opposing the expansion of the Keystone XL pipeline suggests that if this project doesn't go ahead the amount of oil used in the U.S. will diminish. According to the Energy Information Administration, petroleum fuels will remain the largest energy source worldwide for decades to come. By permitting and constructing Keystone XL, the State Department's decision may have an impact on demand, but only a very indirect effect. Global supply and demand and global oil prices, among other market forces, have a far greater impact than the permitting and operation of Keystone XL will ever have. Additionally, among the nations that are the leading suppliers of crude oil to the U.S. -- Saudi Arabia, Venezuela, Nigeria, Iraq, Angola, Algeria and Canada -- only Canada regulates greenhouse gas emissions. As you know, Canada and the United States are working together to reduce greenhouse gas emissions by 17% as part of the Copenhagen summit. In addition, total greenhouse gas emissions from the oil sands industry are equivalent to 0.1 per cent of global greenhouse gas emissions. Canada will meet its commitment of reducing greenhouse gas emissions by 17% by closing all coal fired electric generation fleet. And our future partner, TransCanada, is not involved in oil sands extraction or production.

As the U.S. works to develop a comprehensive energy and environmental policy that addresses climate concerns, ensures adequate supplies of reliable energy, promotes energy independence and improves our national security, the Keystone XL project can serve as a valuable intermediate step, while creating thousands of jobs.

Thank you for your time and attention to this matter.

Sincerely,


Eric A. Spiegel

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Benes, Keith J

112

From: Paul Elliott [paul_elliott@transcanada.com]
Sent: Wednesday, December 22, 2010 6:08 PM
To: Paul Elliott
Subject: 39 House Members Support Permitting Keystone XL Pipeline
Attachments: Lamborn Keystone Pipeline Final December 2010.pdf

RELEASED IN FULL

39 Congressmen from 19 states have today signed the attached letter in support of the Keystone XL Pipeline.

Please find below the text of the attached letter.

December 22, 2010

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

Dear Secretary Clinton:

We write to ask for an expeditious approval of the cross border permit for the Keystone XL pipeline. We understand that the Department of State has completed its due diligence in undertaking the required multi-agency environmental review and the Department has sufficient information to move forward with an affirmative permit decision.

The importance of the Keystone XL pipeline for American energy security and the economy are undeniable. It is noteworthy that opposition to the pipeline focuses on questionable environmental concerns while failing to recognize the significant overall benefit to Americans. As we work to develop our domestic energy resources with an "all of the above" approach, it makes sense to import from our energy-rich northern neighbor and reduce our reliance on overseas nations that are politically volatile and frequently fund terrorism against the United States.

Some opponents of the pipeline argue that Canada's oil sands should not serve as an energy source on the basis of dramatically higher greenhouse gas (GHG) emissions. In fact, as several recent third-party studies have made clear, these emissions have been on a downward trajectory on a per-barrel basis with the advent of new extraction technologies. Importantly, the Canadians are mindful of their own GHG emissions and have committed, through robust regulation and further technological innovation, to develop this vast resource in the most environmentally responsible manner possible. Moreover, the fact remains that Canadian oil, from oil sands or otherwise, will be developed regardless of our decision. The choice is, will we approve the pipeline and provide American energy security or will we see that same oil shipped to markets in Asia, increasing greenhouse gas emissions. Therefore, policy arguments against the pipeline that seem preoccupied with net GHG emission increases fall by the wayside.

As with any large-scale energy project, the Draft Environmental Impact Statement (DEIS) lists ways of mitigating the project's impacts. It is in the interest of all stakeholders to ensure safe transportation and access to the oil while limiting adverse environmental impacts. Interstate pipelines carrying crude oil and products across state borders are regulated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's regulations include standards for the safe construction and operation of pipelines, pipe specifications, and welding standards, which are reviewed by industry to ensure the latest technologies and practices are being employed for new pipeline construction. Furthermore, pipelines are the safest, most efficient and economical way to transport these energy products as they experience the lowest frequency of accidental releases when compared to other transportation modes.

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

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In a time when we need them most, the Keystone XL pipeline is expected to create 13,000 high-wage American construction jobs and generate millions of dollars in tax revenues for state and local governments. In addition, this pipeline will create thousands of auxiliary jobs by providing American energy security and reducing our dependence on other less stable regions of the world. It is also important to remember that the Keystone project will be completely financed by the private sector and will result in an expeditious influx of jobs, which will significantly impact the surrounding communities by generating billions of dollars in economic stimulus.

It would be a mistake for the United States to abandon an important source of energy from a major trading partner and friendly neighbor. We respectfully urge you to approve the cross border permit for the Keystone XL pipeline and move forward with the project in a timely manner. It should be the policy of this Administration to help America create jobs, spur investment, and secure our nation. All of these goals are achieved by approval of the Keystone project.

Sincerely,

Doug Lamborn (CO-05)
Sue Myrick (NC-09)
Paul Broun (GA-10)
Bill Posey (FL-15)
Rob Bishop (UT-01)
Kevin Brady (TX-08)
Pete Sessions (TX-32)
John Shadegg (AZ-03)
Michael Conaway (TX-11)
Wally Herger (CA-02)
Dan Boren (OK-02)
Marsha Blackburn (TN-07)
Ted Poe (TX-02)
Charles Boustany (LA-07)
John Duncan (TN-02)
John Shimkus (IL-19)
Cynthia Lummis (WY-AL)
Bill Cassidy (LA-06)
Jerry Moran (KS-01)
Mike Coffman (CO-6)
Pete Olson (TX-22)
Lynn Jenkins (KS-02)
Jason Chaffetz (UT-03)
Randy Neugebauer (TX-19)
Tom Cole (OK-04)
Dan Burton (IN-05)
Donald Manzullo (IL-16)
Kenny Marchant (TX-24)
Connie Mack (FL-14)
Frank Lucas (OK-3)
Joe Wilson (SC-02)
John Sullivan (OK-01)
Robert Aderholt (AL-04)
John Fleming (LA-04)
Jeb Hensarling (TX-05)
Michele Bachmann (MN-06)
Michael McCaul (TX-10)
Don Young (AK)
Tom McClintock (CA-04)

Paul Elliott

UNCLASSIFIED

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

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Congress of the United States
Washington, DC 20515

December 22, 2010

L12A

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

Dear Secretary Clinton:

We write to ask for an expeditious approval of the cross border permit for the Keystone XL pipeline. We understand that the Department of State has completed its due diligence in undertaking the required multi-agency environmental review and the Department has sufficient information to move forward with an affirmative permit decision.

The importance of the Keystone XL pipeline for American energy security and the economy are undeniable. It is noteworthy that opposition to the pipeline focuses on questionable environmental concerns while failing to recognize the significant overall benefit to Americans. As we work to develop our domestic energy resources with an "all of the above" approach, it makes sense to import from our energy-rich northern neighbor and reduce our reliance on overseas nations that are politically volatile and frequently fund terrorism against the United States.

Some opponents of the pipeline argue that Canada's oil sands should not serve as an energy source on the basis of dramatically higher greenhouse gas (GHG) emissions. In fact, as several recent third-party studies have made clear, these emissions have been on a downward trajectory on a per-barrel basis with the advent of new extraction technologies. Importantly, the Canadians are mindful of their own GHG emissions and have committed, through robust regulation and further technological innovation, to develop this vast resource in the most environmentally responsible manner possible. Moreover, the fact remains that Canadian oil, from oil sands or otherwise, will be developed regardless of our decision. The choice is, will we approve the pipeline and provide American energy security or will we see that same oil shipped to markets in Asia, increasing greenhouse gas emissions. Therefore, policy arguments against the pipeline that seem preoccupied with net GHG emission increases fall by the wayside.

As with any large-scale energy project, the Draft Environmental Impact Statement (DEIS) lists ways of mitigating the project's impacts. It is in the interest of all stakeholders to ensure safe transportation and access to the oil while limiting adverse environmental impacts. Interstate pipelines carrying crude oil and products across state borders are regulated by the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA). PHMSA's regulations include standards for the safe construction and operation of

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pipelines, pipe specifications, and welding standards, which are reviewed by industry to ensure the latest technologies and practices are being employed for new pipeline construction. Furthermore, pipelines are the safest, most efficient and economical way to transport these energy products as they experience the lowest frequency of accidental releases when compared to other transportation modes.

In a time when we need them most, the Keystone XL pipeline is expected to create 13,000 high-wage American construction jobs and generate millions of dollars in tax revenues for state and local governments. In addition, this pipeline will create thousands of auxiliary jobs by providing American energy security and reducing our dependence on other less stable regions of the world. It is also important to remember that the Keystone project will be completely financed by the private sector and will result in an expeditious influx of jobs, which will significantly impact the surrounding communities by generating billions of dollars in economic stimulus.

It would be a mistake for the United States to abandon an important source of energy from a major trading partner and friendly neighbor. We respectfully urge you to approve the cross border permit for the Keystone XL pipeline and move forward with the project in a timely manner. It should be the policy of this Administration to help America create jobs, spur investment, and secure our nation. All of these goals are achieved by approval of the Keystone project.

Sincerely,

Don Lambertson

Jeff Moran

John Stapp

Tim Clue

John Stapp

K. J. H. H. H. H.

Rob Stapp

Randy Moran

John Stapp

John J. Ducey

Pete Stapp

Donald Manzullo

John Stapp

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Bill Eandy

Ch. Poston

Mike Coffman

Lynn Jenkins

J. M. Hest

John Fleming

Amm

Steve Chaffetz

Frank D. Lucas

Robert B. Adubich

J. M. Chis

Joe Wilson

Kevin Ryan

Bob Orr

Paul C. Braun

Sue Myrick

Wally Harger

Chuck Blah

Bill Porey

Lorie Mack

Cynthia P. Lummis

Michael Bachmann

Dan Porey

Walt T. McCall

H. Hensel

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Member Signatures

Page 1:

Hon. Doug Lamborn

Hon. Jerry Moran

Hon. John Shadegg

Hon. Tom Cole

Hon. John Shimkus

Hon. Dan Boren

Hon. Michael Conaway

Hon. Rob Bishop

Hon. Randy Neugebauer

Hon. Dan Burton

Hon. John Duncan

Hon. Pete Sessions

Hon. Donald Manzullo

Hon. John Sullivan

Page 2:

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Hon. Mike Coffman

Hon. Kenny Marchant

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Hon. Kevin Brady

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Hon. Charles Boustany

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Hon. Jason Chaffetz

Hon. Robert Aderholt

Hon. Joe Wilson

Hon. Pete Olson

Hon. Sue Myrick

Hon. Marsha Blackburn

Hon. Connie Mack

Hon. Michele Bachmann

Hon. Michael McCaul

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W21

Rovinsky, David J

From: Reilly, Patrick K
Sent: Monday, December 13, 2010 1:34 PM
To: WHA-CAN
Subject: FW: XL Keystone Pipeline - Guidance Needed

Importance: High

Categories: Working

FYI...

PATRICK REILLY

FOREIGN AFFAIRS OFFICER
 OFFICE OF POLICY PLANNING AND COORDINATION - WESTERN HEMISPHERE AFFAIRS (WHA/PPC)
 U.S. DEPARTMENT OF STATE
 TEL: 202.663.3258
 FAX: 202.736.7450
REILLYPK2@STATE.GOV

THIS EMAIL IS UNCLASSIFIED BASED UPON THE PROVISIONS AND DEFINITIONS OF E.O. 12958.

From: Phillips, Leslie M [<mailto:PhillipsLM@state.gov>]
Sent: Monday, December 13, 2010 1:27 PM
To: PAO Group
Subject: XL Keystone Pipeline - Guidance Needed
Importance: High

EEB – We have received a couple of calls about this. Please provide updated guidance including our position/comment on whether Paul Elliott's past association with Secretary Clinton is a conflict of interest.

Thank you.

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

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

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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>

Leslie Phillips
Press Officer
U.S. Department of State
(202)647-2492

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W128

Rovinsky, David J

From: Kaypaghian, Gabriel
Sent: Monday, December 13, 2010 4:52 PM
To: WHA-CAN-Internal
Subject: FW: XL Keystone Pipeline - Guidance Needed

RELEASED IN FULL

Categories: Working
Classification: UNCLASSIFIED
SensitivityCode: Sensitive

FYI

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From: Staab, Virginia L
Sent: Monday, December 13, 2010 4:50 PM
To: Kaypaghian, Gabriel
Cc: WHA-Press
Subject: FW: XL Keystone Pipeline - Guidance Needed

Gabriel,

We should anticipate guidance for tomorrow. Know it wouldn't be our lead but just a heads up.

Thanks! G

From: Reside, Julie M [mailto:ResideJM@state.gov]
Sent: Monday, December 13, 2010 4:47 PM
To: Crowley, Philip J; Toner, Mark C; Phillips, Leslie M; Humphrey, Kerry S; PAO Group; Reines, Philippe I
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

Are Clinton Ties to TransCanada Lobbyist Fast-Tracking KXL Approval? Have we received a FOIA request from Friends of the Environment?

From: Crowley, Philip J [mailto:CrowleyPJ@state.gov]
Sent: Monday, December 13, 2010 4:05 PM
To: Toner, Mark C; Phillips, Leslie M; Humphrey, Kerry S; PAO Group; Reines, Philippe I
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

What was the question we took?

PJ

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This email is UNCLASSIFIED.

From: Toner, Mark C
Sent: Monday, December 13, 2010 4:05 PM
To: Crowley, Philip J; Phillips, Leslie M; Humphrey, Kerry S; PAO Group; Reines, Philippe I
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

Jill has this story and raised at briefing. We'll need guidance.

This email is UNCLASSIFIED.

From: Crowley, Philip J [mailto:CrowleyPJ@state.gov]
Sent: Monday, December 13, 2010 1:55 PM
To: Phillips, Leslie M; Humphrey, Kerry S; PAO Group; Reines, Philippe I
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

Run any prospective response through me and Philippe.

PJ

This email is UNCLASSIFIED.

From: Phillips, Leslie M [mailto:PhillipsLM@state.gov]
Sent: Monday, December 13, 2010 1:40 PM
To: Humphrey, Kerry S; PAO Group
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

Thanks. The Paul Elliott question is the main issue. Politico and The Hill (the newspaper, not congress) have both called. I'll need to get back to them with something today.

From: Humphrey, Kerry S [mailto:HumphreyKS@state.gov]
Sent: Monday, December 13, 2010 1:36 PM
To: Phillips, Leslie M; PAO Group
Cc: Chu, Alice R; EEB-A-PD-DL; Enoch, Tiffany
Subject: RE: XL Keystone Pipeline - Guidance Needed

Leslie, here's the still current guidance on the matter w/ relevant portion highlighted. Alice is checking to see what could be said on the conflict of interest matter; we'll let you know...

Kerry S. Humphrey

Kerry S. Humphrey
Senior Media Advisor
Bureau of Economic, Energy & Business Affairs

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Office of Economic Policy Analysis & Public Diplomacy
2201 C St., NW, Room 3741, Washington, DC 20520
Phone: (202) 647-0677, Fax: (202) 647-5936

From: Phillips, Leslie M [mailto:PhillipsLM@state.gov]
Sent: Monday, December 13, 2010 1:27 PM
To: PAO Group
Subject: XL Keystone Pipeline - Guidance Needed
Importance: High

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

Leslie Phillips
Press Officer
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