



To: Interested Reporters

From: Ross Hammond, Friends of the Earth & Gabe Elsner, Checks & Balances Project

Re: CONFLICT OF INTEREST: State Department contractor on Keystone XL environmental review lied to the State Department about ties to TransCanada & oil industry

Date: July 10, 2013

OVERVIEW

The American public entrusted the State Department to produce an unbiased environmental review of the Keystone XL pipeline, but the contractor performing the review lied to the State Department about its conflicts of interest and failed to divulge close business relationships with TransCanada and the oil industry.

Environmental Resources Management has worked for TransCanada since at least 2011 on the Alaska Pipeline Project, but in its signed conflict of interest disclosure form, filed with the State Department in June 2012, ERM claimed to have “no existing contract or working relationship with TransCanada” within the past three years. Publicly available documents detail ERM’s business relationship with the Alaska Pipeline Project and the project’s two primary companies, TransCanada and ExxonMobil.

ERM also lied in documents filed with the State Department about its business relationship with other oil companies that will benefit from the building of the Keystone XL pipeline. ERM's own publicly available documents show that the firm has business with over a dozen companies with operating stakes in the Alberta tar sands. ERM is also a member of the American Petroleum Institute, which has spent millions lobbying in favor of the Keystone XL pipeline.

ERM is not in the business of providing unbiased environmental reviews, but working with clients “all the way to final approval” according to marketing materials. ERM brags about its record and experience of “Gaining Development Approval and Access to Resources” for oil and gas companies.

ERM LIED TO THE STATE DEPARTMENT ON CONFLICT OF INTEREST FORMS

ERM worked for TransCanada at least since 2011 on the Alaska Pipeline Project and at least one staff member tried to cover this work up. In its signed conflict of interest disclosure form filed with the State Department in June 2012, ERM certified that it had “[no existing contract or working relationship with TransCanada](#)”¹ for at least three years. The public record shows that assertion is false:

ERM was working on the Alaska Pipeline Project since at least 2011. Multiple documents, including a 2011 [report to the Alaska legislature](#) by the state's Departments of Revenue & Natural Resources,² list ERM and its subsidiary Oasis Environmental Inc. among “44 Alaska-based Service Providers”

¹ See Attachment D, p. 42

² See page 27

working on the Alaska Pipeline Project or “Alaska-based contractors providing services to APP.” See also the State of Alaska’s gas pipeline project [website](#) and a September 2011 [joint presentation](#) by TransCanada and Exxon Mobil to the Alaska Oil & Gas Congress.³

ERM subsidiary Oasis Environmental conducted research for the Alaska Pipeline Project in 2011.

According to [correspondence filed with the Federal Energy Regulatory Commission](#), Oasis Environmental prepared a “comparison memo” in February 2011 that was presented by Ryan Childs of the Alaska Pipeline Project and Susan Ives of Oasis Environmental. The minutes of the meeting featured TransCanada’s logo at the top.⁴

ERM staff working on the Alaska Pipeline Project have attempted to cover up ERM’s ties to TransCanada. On May 14, 2013, Mark Jennings’ LinkedIn profile [listed him as Socioeconomic Advisor for ERM](#), and listed among his roles “Consultant to ExxonMobil Development Company for the Alaska Pipeline Project.” He has been working in this capacity since 2011. By June 6, amid mounting calls for an investigation of ERM’s ties to the oil industry, his [LinkedIn profile](#) made no mention of ERM.

The Alaska Pipeline Project is a partnership between TransCanada and ExxonMobil. According to the Alaska Pipeline Project’s [website](#), “TransCanada and ExxonMobil began working together in 2009 to develop the Alaska Pipeline Project . . . designed to connect Alaska’s vast North Slope natural gas resources to new markets and deliver a reliable and secure source of clean burning energy for decades to come. TransCanada and ExxonMobil have the expertise, experience, and financial capability to develop what would be one of the largest privately funded energy projects in the history of North America.”

ERM ALSO LIED ABOUT ITS BUSINESS RELATIONSHIPS WITH OTHER COMPANIES THAT WILL BENEFIT FROM THE BUILDING OF THE KEYSTONE XL PIPELINE

On ERM’s [conflict of interest disclosure form](#) filed with the State Department, the company was asked: “Within the past three years, have you (or your organization) have a direct or indirect relationship (financial, organizational, contractual or otherwise) with any business entity that could be affected in any way by the proposed work?” ERM answered “No.” But ERM’s own publicly available documents and public corporate documents show that in the period 2009-2012 the firm was working for over a dozen of the largest [energy companies involved in the Canadian tar sands](#) which stand to benefit if Keystone is built. These include: [Exxon](#), [Chevron](#), [Shell](#), [Conoco Phillips](#), [Syncrude](#), [British Petroleum](#), [Statoil](#), [Devon Energy](#), [Total](#), [Sinopec](#), [Nexen](#), [Canadian Natural Resources](#) and [CNOOC](#).

ERM IS PART OF THE FOSSIL FUEL INDUSTRY

Oil and gas companies are by far the largest sector served by ERM and accounted for 32.3% of ERM’s sales in 2012, nearly twice as much as the next largest sector. ERM [marketing materials](#) tout their record “Working alongside major oil and gas companies . . .”

³ See slide 16

⁴ See pages 24, 26-28

ERM is a member of the American Petroleum Institute. The American Petroleum Institute has [spent \\$22 million in the past 5 years lobbying](#) on behalf of Keystone XL and the tar sands.

ERM even characterizes itself as part of the oil and gas industry. According to [ERM's website](#), "As the oil and gas industry has evolved, so too have our services. The search for unconventional resources; the use of new extraction techniques; the investment in renewables; the emergence of stricter safety controls: all these factors are redefining the oil and gas industry. ERM is part of this transformation . . ."

ERM's website touts a range of different oil and gas projects ERM is involved in developing around the world. According to [the website](#), "From the Alaskan plains and the African desert to on-shore refining facilities and off-shore drilling rigs, ERM is involved in some of the world's most exciting and exacting oil and gas projects. . . The oil and gas sector remains at the core of our business."

ERM's oil and gas [industry marketing materials](#) state, "We support the oil and gas industry across the entire spectrum of operations, delivering innovative solutions and helping clients to understand and manage their business risks."

ERM'S WORK: RUBBER-STAMPING FOSSIL FUEL PROJECTS TO MOVE PROJECTS THROUGH REGULATORY APPROVAL

Much of ERM's work consists of greenwashing -- helping oil and gas companies brand their projects as "sustainable" or "environmentally-sound" to gain approval for their projects from regulators.

ERM brags about its record and experience "Gaining Development Approval and Access to Resources" for oil and gas companies. According to ERM [marketing materials](#), "Our extensive track record and industry knowledge enables us to deliver world class sustainable solutions to the complex challenges of gaining development approval and access to resources."

ERM talks about how essential it is to avoid delays due to approval processes. According to a 2010 ERM [client newsletter](#), "In summary, as oil and gas mega projects become more costly and complex there is a renewed focus on the management of non technical risks, notably relating to key environmental and social issues. In this respect, forward planning, well integrated project teams and timely interventions are all essential to avoid some of the hugely expensive project delays that are pervasive in the sector."

ERM touts its work with clients "All the Way to Final Approval." According to the [2010 client newsletter](#), "The second factor demanding attention for the social and environmental aspects of mega projects are approvals. In order to get this right and follow the right path, the proponent needs to understand who needs to give "approval" for the project....ERM works with IOC clients, from country entry all the way to final approval."

ERM'S FALSE STATEMENTS SHOULD RESULT IN CANCELLATION OF CONTRACT AND JEOPARDIZE MILLIONS IN FEDERAL CONTRACTS

ERM lying to the State Department on its conflict of interest forms is a clear violation of the guidance issued by the [State Department Inspector General](#) last year and should result in cancellation of ERM's contract and subsequent barring from future federal contracts. ERM's filing of false conflict of interest forms jeopardizes millions of dollars in revenue for the contractor and could also lead to a civil action against the company under the federal False Claims Act, which could bring penalties in the tens of thousands of dollars.

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