



A POLLUTED PROCESS: Keystone XL, the State Department and Conflicts of Interest

From Day 1, the State Department's review of the Keystone XL pipeline has been polluted by conflicts of interest, insider lobbying and Big Oil's influence. To conduct the crucial evaluation of the pipeline's environmental impacts, the State Department has turned to contractors hand-picked by TransCanada, with deep ties to the oil industry. The EPA and the scientific community have criticized the review for downplaying the impacts, and the conflicts of interest have sparked two investigations by the Department's inspector general. The State Department's tainted review must be thrown out, but President Obama doesn't need to wait for more evidence – he should kill Keystone XL now.

September 19, 2008 – TransCanada submits a permit application to the State Department for the Keystone XL pipeline.

November 14, 2008 – TransCanada issues a final request for proposals to conduct the required environmental impact statement for Keystone XL to its hand-picked roster of contractors. At TransCanada's recommendation, the State Department hires the firm Cardno ENTRIX, even though they list TransCanada as a "major client."

April 16, 2010 – The State Department issues the first draft of the environmental impact statement written by Cardno ENTRIX.

July 16, 2010 – The Environmental Protection Agency criticizes the draft State Department environmental impact statement, saying it fails to adequately consider climate, air pollution and environmental justice impacts.

October 20, 2010 – Discussing TransCanada's permit application for Keystone XL, Secretary of State Clinton says that the State Department has "not yet signed off on it. But we are inclined to do so."

April 15, 2011 – The State Department issues a supplemental draft environmental impact statement.

June 6, 2011 - EPA calls the supplemental environmental impact statement "insufficient," and asks for more analysis of the emissions, environmental justice and safety impacts of the pipeline.

July 13, 2011 -- The Los Angeles Times breaks the story of a biased Keystone XL review based on Wikileaks documents, showing among other things that a State Department envoy coached Canadian officials on how to present their case, including "increasing visibility and accessibility of more positive news stories."

August 26, 2011 – The State Department issues the final environmental impact statement for Keystone XL.

September 22, 2011 – *The Washington Post* reveals that TransCanada hired Secretary of State Hillary Clinton's former campaign manager Paul Elliot to lobby State Department officials.

September 28, 2011 – *ThinkProgress* reveals that Cardno ENTRIX is running public meetings on Keystone XL on behalf of the State Department, while the American Petroleum Institute tells the [Open Secrets blog](#) that it has "been engaged from the beginning. We worked on the draft and supplemental and final environmental impact statement."

October 4, 2011 – *The Los Angeles Times* and *The New York Times* report on further e-mails showing TransCanada lobbyist Paul Elliot's cozy relationship with U.S. Embassy officials in Ottawa.

October 4, 2011 – Groups [write to President Obama](#) calling on him to reject the Keystone XL pipeline: "given this substantial evidence of pro-industry bias within your administration – evidence that the State Department was acting in partnership with the oil industry and Canadian government to secure pipeline approval prior to conducting an environmental review – it would be irresponsible for you to follow the State Department's guidance as you make your determination about whether the pipeline is in the national interest."

October 7, 2011 -- *The New York Times* says that the State Department is "flouting the intent of a federal law meant to ensure an impartial environmental analysis of major projects."

October 13, 2011 – Over twenty members of the [House of Representatives](#) urge Secretary Clinton to reject the pipeline, saying that "[a]ny manipulation of the EIS process taints its outcome, and makes the final product unacceptable as the basis for a finding of national interest."

October 14, 2011 – Vermont [Senators](#) Patrick Leahy and Bernie Sanders and Oregon Senator Ron Wyden question the objectivity of the Keystone XL review: "We find it inappropriate that a contractor with financial ties to TransCanada, which publicly promotes itself by identifying TransCanada as a 'major client', was selected to conduct what is intended to be an objective review."

October 26, 2011 -- [Lawmakers](#) call for the State Department Inspector General to launch an investigation into the State Department's handling of the Keystone XL environmental impact statement.

October 28, 2011 -- Environmental groups echo lawmakers' call for a [probe](#) into the Keystone XL environmental review .

November 1, 2011 - Cardno ENTRIX reports that it has "lost" many public comments on the Keystone XL environmental impact statement.

November 7, 2011 – The State Department announces an inspector general [investigation](#) into the Keystone XL environmental review.

November 7, 2011 – California Senator Boxer [raises questions](#) about conflicts of interest in the Keystone XL review, saying "it is imperative that we have thorough and objective environmental assessments so that the public can fully understand the impacts of proposed projects."

January 18, 2012 – President Obama denies original permit application, citing the "the rushed and arbitrary deadline insisted on by Congressional Republicans" as the reason. The president [stresses that the decision](#) is "not a judgment on the merits of the pipeline."

February 8, 2012 – The Inspector General issues its [report](#), saying the State Department failed "to perform any independent inquiry to verify Cardno ENTRIX's organizational conflict of interest statements."

February 9, 2012 – Rep. Steve Cohen from Tennessee says the Inspector General report raises "[serious concerns](#)" about the Keystone XL review process and that "undermines the integrity of the project's

review and underscores the point that the pipeline should not be approved based on a shoddy, unscientific review.” Senator Sanders says, “The more we learn, the less merit there is to this project.”

March 21, 2012 – President Obama issues an executive order for the expedited building/permitting of the Keystone XL's southern half from Oklahoma to Texas.

May 4, 2012 -- TransCanada submits a new application for the northern leg of the Keystone XL pipeline.

June 15, 2012 – Requests for proposals issued for the supplemental environmental impact statement.

June 27, 2012 -- Senior Environmental Resources Management (ERM) partner Steve Koster submits his company's proposal, along with signed conflict of interest disclosure forms. These certify that ERM has "no existing contract or working relationship with TransCanada" for at least three years. He also answers “No” to the question: ““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?”

July 31, 2012 -- A Master Services Agreement is signed between TransCanada's Andrea Talbert and ERM's CEO Michael O'Shaughnessy. TransCanada will pay ERM an undisclosed amount to perform the review.

October 19, 2012 – The New York Times reports that former White House Communications Director Anita Dunn's firm has been hired by TransCanada to promote the pipeline. White House records show Dunn has visited over 100 times since leaving her post in 2009.

March 1, 2013 – The State Department issues the draft of environmental impact statement of Keystone XL, written by ERM.

March 6, 2013 – InsideClimate News reports that ERM subcontracted major parts of the review to “two consulting firms with ties to oil and pipeline companies that could benefit from the proposed project.”

March 20, 2013 – The Sierra Club files a Freedom of Information Act request asking that the State Department hand over documents related to the hiring of ERM.

March 21, 2013 – Mother Jones reveals that State Department employees tried to cover up the fact that ERM's second-in-command on the Keystone XL environmental impact statement worked on three previous pipeline projects for TransCanada as an outside consultant and that another ERM employee who contributed to the report previously worked for Shell Oil.

April 4, 2013 -- The State Department says that the over 1.1 million public comments on Keystone XL will not be made public. A few weeks later they backtrack and start uploading them onto their website.

April 8, 2013 -- Groups ask State Department to investigate conflicts of interest with contractor ERM.

April 8, 2013 -- Bloomberg News reports that the Province of Alberta has hired Rasky Baerlein Strategic Communications and Mehlman Vogel Castagnetti, staffed in part by former aides to John Kerry, to lobby for Keystone XL.

April 15, 2013 -- Friend of the Earth files a Freedom of Information Act request on correspondence between State Department officials and Keystone XL lobbyists, including former White House communications director Anita Dunn and three former U.S. ambassadors to Canada.

April 19, 2013 – The State Department refuses to make public background documents for the Keystone XL environmental impact statement.

- April 22, 2013** – The EPA criticizes the new State Department review as “insufficient,” saying the report underestimates the pipeline’s potential impact on carbon emissions, echoing previous criticisms. Reacting to EPA’s comments, the The New York Times editorializes that “we should not regard the pipeline or the eventual scale of tar sands production as inevitable.”
- April 22, 2013** -- Groups request an inspector general investigation to look at the State Department’s failure to independently verify ERM’s statements, its attempt to conceal ERM employees’ experience on TransCanada projects, ERM’s membership in the American Petroleum Institute and whether the department violated its own conflict-of-interest screening guidelines.
- April 24, 2013** – The New York State attorney general calls on the State Department to revise its report, saying it violates the National Environmental Policy Act by downplaying the pipeline’s potential impact on climate change.
- May 20, 2013** – The Guardian reports that the Canadian government nearly doubled its pro-Keystone XL advertising expenditures to \$16.5 million in 2012.
- May 29, 2013** – After being contacted by a special agent at the State Department, the Checks and Balances Project announces that the State Department Inspector General is probing ERM’s conflict of interest.
- May 30, 2013** – The Financial Times reports that TransCanada and the Province of Alberta have “hired a who’s who of lobbyists and communications professionals with links to the Obama administration – and to John Kerry in particular.”
- May 30, 2013** – The State Department denies Friends of the Earth’s request for expedited processing of its FOIA request for communications between Keystone lobbyists and State Department officials.
- June 4, 2013** – Dozens of scientists say that many of the State Department’s conclusions on the impacts of the pipeline are “without merit.”
- June 11, 2013** -- Senator Sanders and environmental groups call for a halt to the Keystone XL review until an Inspector General investigation on conflicts of interest in the environmental review is completed.
- June 11, 2013** – The Sierra Club announces it is suing the State Department to hand over documents related to the decision to hire ERM to conduct the environmental review.
- June 26, 2013** – The American Petroleum Institute is reported to have spent \$22 million lobbying for Keystone XL approval since 2008.
- July 8, 2013** – DeSmogBlog reports that the State Department doesn’t know the exact route of the pipeline.
- July 10, 2013** -- Lawmakers urge the State Department to re-evaluate Keystone XL’s impact on climate change, citing “significant mistakes” in the draft environmental review.
- July 10, 2013** -- Friends of the Earth and The Checks & Balances Project release research showing Environmental Resources Management lied on its conflict of interest disclosure forms about ties to TransCanada and over a dozen firms with a stake in the Canadian tar sands.
- July 11, 2013** – Businessweek says that “ERM appears to have as many conflicts of interest as Cardno Entrix ever did; it’s as if the inspector general never established new protocols for avoiding or, at least, disclosing such conflicts ... The State Department was supposed to have independently verified any claims made by contractors. How hard would it have been for a State Department official to look on ERM’s website?”

- July 11, 2013** -- The Washington Post reports that ERM “is a member of the American Petroleum Institute, has worked for several big oil companies with stakes in oil sands production and has worked as a subcontractor on a proposed Alaska Pipeline Project.”
- July 16, 2013** – Friends of the Earth files a lawsuit against the State Department for failure to turn over records detailing contacts between lobbyists for Keystone XL and the Obama administration.
- July 16, 2013** – Desmogblog reveals that former Obama attorney (and husband of Anita Dunn) Robert Bauer’s law firm Perkins Coie LLP is doing legal work for TransCanada.
- July 18, 2013** – Desmogblog reports that ERM recently completed a refinery-funded study concluding a tar sands and fracked oil refinery in Delaware City made the air cleaner.
- July 19, 2013** – In a statement sent to PostMedia News, State Department officials admit to not verifying ERM’s conflict of interest disclosure forms.
- July 27, 2013** – 55 activists are arrested at the offices of ERM, protesting its ties with TransCanada and other oil companies.
- July 30, 2013** -- A diverse coalition of environmental, religious and good-government groups call on the State Department to throw out the tainted environmental impact statement and fire the contractor.
- August 2, 2013** – The State Department’s Office of Inspector General confirms that it has “initiated an inquiry” into whether ERM has a conflict of interest.
- August 2, 2013** – Investor Tom Steyer says, “The Keystone XL environmental review lost all credibility when ERM lied to taxpayers about what it was up to.” He also announces that his organization NextGen Climate Action will soon launch social media campaign highlighting conflicts of interest in the Keystone XL review.
- August 2, 2013** – Businessweek reports on a new ERM document listing TransCanada as a client during the period when the company claimed it had no relationship with TransCanada.
- August 12, 2013** – Over a hundred people risk arrest at the State Department arguing that its Keystone XL analysis is biased and flawed.
- August 13, 2013** – While on vacation on Martha’s Vineyard, President Obama attends a cocktail party at the home of former Keystone XL lobbyist Broderick Johnson.
- August 19, 2013** – Critical comments from the Interior Department on the State Department environmental review are released. The agency says the pipeline will have permanent, damaging impacts on wildlife near the route.
- August 23, 2013** – The Office of the Inspector General says the conflict of interest inquiry will not be completed until January 2014.

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