

October 30, 2013

Mr. Steve Linick  
Inspector General  
Office of Inspector General  
U.S Department of State  
2201 C Street, N.W.  
Washington, DC 20520-0308

Dear Inspector General Linick:

We write to request a meeting to discuss the scope and timing of the Office of Inspector General's inquiry into the State Department's selection of Environmental Resources Management (ERM) as a third-party contractor to evaluate TransCanada's proposed Keystone XL tar sands pipeline project. It is essential that the inquiry is comprehensive and explores all potential misconduct and negligence in the hiring and vetting of ERM. We ask that you examine not only whether the State Department followed the guidance issued by your office in 2012, but also whether ERM truthfully filled out its conflict of interest disclosure form when it signed the contract to perform the review.

In light of your office's previous investigation into the State Department's evaluation of Keystone XL, it is doubly important that the State Department's process be completely transparent and that all potential conflicts be disclosed and screened. Only then can the public be assured that the full array of environmental and economic impacts of Keystone XL have been evaluated free of any bias. The integrity of the Draft Supplemental Environmental Impact Statement for the pipeline is a threshold matter that must be resolved before a final environmental review can be issued.

Unfortunately, the process leading to the selection of ERM has raised a number of concerns:

- In posting ERM's technical proposal, the State Department appears to have concealed ERM's past relationships with TransCanada. In particular, State Department employees redacted a significant amount of information about the background of ERM staff and consultants that showed their previous work for TransCanada and other companies that would benefit from approval of Keystone XL.
- Despite requirements of the State Department's conflict of interest guidelines, ERM failed to disclose direct and indirect relationships that could be affected by the proposed work. The experience of ERM and ERM employees on previous TransCanada projects contradicts ERM's statement that it "does no work for TransCanada or its subsidiaries or affiliates." In fact, ERM has worked for TransCanada at least since 2011 on the Alaska Pipeline Project.
- ERM's own publicly available documents show that between 2009 and 2012 the firm worked for over a dozen of the largest energy companies involved in the Canadian tar sands. These companies stand to benefit if Keystone XL is built. Together, ERM's clients

have sufficient refining capacity to refine all the oil planned to be transported via the pipeline. In fact, Shell, Total and Valero – all ERM clients - are confirmed shippers with Keystone XL who have signed confidential long-term binding agreements to purchase 76 percent of the initial capacity from the Keystone XL pipeline. This directly contradicts ERM’s conflict of interest disclosure form, on which it answered “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?”*

- ERM is a dues-paying member of the American Petroleum Institute, a staunch advocate for Keystone XL and the tar sands industry. API’s stated mission is “to influence public policy in support of a strong, viable U.S. oil and natural gas industry.” API has continually pressured the Obama Administration to approve the project. For example, API intervened in recent litigation over the approval of the southern portion of Keystone XL. This membership should have raised concerns about possible bias from ERM on the project.

Given the national and international attention on the environmental review of Keystone XL, we urge you to pursue a broad and comprehensive inquiry that evaluates wrongdoing by ERM, including its statements on its conflict of interest disclosure forms and whether its close relationship with the oil and tar sands industry has introduced bias into the review process. We also request that the inquiry look at whether the State Department failed to independently verify ERM’s claims on its disclosure forms. Until these questions are answered, the State Department, the Administration and the American people have no assurance that the environmental impacts of Keystone XL have been objectively evaluated. We look forward to meeting with you to discuss these matters.

Sincerely,

350.org  
Bold Nebraska  
Center for Biological Diversity  
Center for International Environmental Law  
Chesapeake Climate Action Network  
Common Cause  
Common Cause Nebraska  
Dakota Rural Action  
DeSmogBlog  
Earthworks  
Energy Action Coalition  
Energy & Policy Institute  
Friends Committee on National Legislation  
Friends of the Earth  
Greenpeace USA  
International Forum on Globalization  
Labor Network for Sustainability

Maryknoll Office for Global Concerns  
National Wildlife Federation  
Natural Resources Defense Council  
Oil Change International  
Public Citizen  
Rainforest Action Network  
Sierra Club