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October 3, 2011

TransCanada Pipeline Foes Allege Bias in U.S. E-Mails

By **ELISABETH ROSENTHAL**

With the Obama administration about to decide whether to green-light a controversial pipeline to take crude oil from Canada's [oil sands](#) to the United States Gulf Coast, e-mails released Monday paint a picture of a sometimes warm and collaborative relationship between lobbyists for the company building the billion-dollar pipeline and officials in the State Department, the agency that has final say over the pipeline.

Environmental groups said the e-mails were disturbing and evidence of "complicity" between [TransCanada](#), the pipeline company, and American officials tasked with evaluating the pipeline's environmental impact.

The e-mails, the second batch to be released in response to a Freedom of Information Act request filed by the environmental group Friends of the Earth, show a senior State Department official at the United States Embassy in Ottawa procuring invitations to Fourth of July parties for TransCanada officials, sharing information with the company about Secretary of State Hillary Rodham Clinton's meetings and cheering on TransCanada in its quest to gain approval of the giant pipeline, which could carry 700,000 barrels a day.

"You see officials who see it as their business not to be an oversight agency but as a facilitator of TransCanada's plans," said Damon Moglen, the director of climate and energy project for Friends of the Earth. While the e-mails refer to multiple meetings between TransCanada officials and assistant secretaries of state, he said, such access was denied to environmental groups seeking input. Environmental groups argue that the pipeline, known as the [Keystone XL](#) project, would result in unacceptably high emissions and disrupt pristine ecosystems.

Before he was TransCanada's chief Washington, D.C., lobbyist, Paul Elliott was a top official in Mrs. Clinton's failed 2008 presidential campaign.

Many of the new e-mails are between Mr. Elliott and Marja Verloop, the counselor for energy and environment at the embassy in Ottawa. On Sept. 10, 2010, in response to an e-mail from Mr. Elliot announcing that Senator Max Baucus was supporting the pipeline, Ms.

Verloop wrote: "Go Paul!" In an e-mail to David Jacobson, United States ambassador to Canada, she described TransCanada as "comfortable and on board" with some developments in the review process.

Wendy Nassmacher, a State Department spokeswoman, disputed that the e-mails showed a pro-pipeline bias. "We are committed to a fair, transparent and thorough process," she said in an e-mail Sunday. "Throughout the process we have been in communication with industry as well as environmental groups, both in the United States and in Canada." She noted that the State Department had conducted hearings in communities along the route of the proposed pipeline last week.

The State Department is tasked with permitting pipelines that cross national borders according to the "national interest," and is weighing the environmental impact of Keystone XL against the benefit in expanding the fuel supply for the United States. Its third and final environmental impact statement, released in late August, said that the pipeline would have "limited adverse environmental impacts" if operated according to regulations. The Environmental Protection Agency, which may offer comments on such pipelines but is not empowered to rule on their authorization, had sharply criticized the State Department's previous environmental assessments as inadequate, but has not yet weighed in on the most recent judgment.

While the pipeline would help insure the United States a stable fuel supply from a friendly neighbor, environmental groups oppose it because much of the oil would come from subterranean oil sand, and extracting crude oil from the rock produces heavy emissions and destroys the overlying forests. In addition, the pipeline would go through the Ogallala Aquifer, one of the Midwest's principal water sources, where a spill could prove disastrous.

Although some of the e-mails released Monday speak to a cozy familiarity between Mr. Elliott and State Department officials, others reveal a sometimes tense and conflicted relationship. Officials in Washington repeatedly rejected and parried requests for meetings with TransCanada executives even while trying to please Canada, a close ally; Keystone XL has the strong support of the Canadian government and would provide a lucrative new outlet for Canadian oil.

This year, for example, State Department officials struggled with how to respond to Mr. Elliott's request for a second meeting with Jose W. Fernandez, assistant secretary for economic, energy and business affairs.

"I definitely think that Fernandez should NOT meet with TransCanada folks at this point," one e-mail said. Another chimed in: "It would be unusual for an Assistant Secretary to meet

twice with the same company in such a short time, and we wouldn't be sending a message that we're unwilling to meet since others of us will be meeting with them."

Environmental groups have long argued that Mr. Elliott's lobbying of the State Department is a serious conflict of interest since he served as Mrs. Clinton's deputy national campaign director and chief of delegate selection in 2008. The e-mails show State Department staffers were aware of the issue, seeking guidance from Philip J. Crowley, who was Mrs. Clinton's press secretary, on how to deal with it. The department has said the decision about whether to permit the pipeline "is not and will not be influenced by prior relationships that current government officials have had."

In the earlier cache of e-mails, made public in September, State Department officials seem at times to advise TransCanada officials on how to maximize their chances for pipeline approval. That tone continued in the current release of more than 200 pages of documents.

On Dec. 14, Ms. Verloop sent Mr. Elliott a copy of an article raising questions about his conflicts of interest with information about Mrs. Clinton's trip to Canada for a meeting of North American Foreign Ministers, noting: "Oversaw S's trip to Ottawa yesterday for the trilat. KXL not raised, but Doer flew back on the plane with her." Gary Doer is Canada's ambassador to the United States.

Mr. Elliot responded by saying the coverage made him ill.

Ms. Verloop replied: "Sorry for the stomach pains but at the end of the day it's precisely because you have connections that you're sought after and hired." For emphasis, she added a frowning emoticon.

The State Department initially denied the Friends of the Earth Freedom of Information Act request in January for documents relating to communications between Mr. Elliott and the department, filed jointly with the Center for International Environmental Law and Corporate Ethics International. It later reversed that decision but would not expedite the release of the documents. The e-mails became public months later only after a judge demanded a monthly report on how the State Department was meeting its Freedom of Information Act obligation, according to tMr. Moglen..

He expects many more e-mails will be made public, since the first two caches did not include relevant documents from many corners of the department, such as the Bureau of Oceans and International Environmental and Scientific Affairs.

A final decision on the pipeline is expected by the end of the year.

