

Environmental
Resources
Management

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13 June 2013

State Department
2201 C Street, NW
Washington, DC 20520
Attn: Keith Benes

Dear Mr. Benes:

ERM has been requested to assist [redacted] with two assignments regarding proposed pipelines in British Columbia. We wanted to make the Department of State aware of these potential assignments with [redacted] and our assessment of them, consistent with our ongoing obligation to avoid the perception of any conflicts with the Supplemental EIS work ERM is doing as Third Party Contractor for the U.S. Department of State with respect to the proposed Keystone XL Pipeline.

For the first assignment, ERM was requested to assist [redacted] in developing a socioeconomic baseline for the proposed TransCanada West Coast Transmission Line. This work was to be subcontracted to ERM through another firm, who in turn will be working for [redacted]. Ultimately, [redacted] would be providing the results of the baseline work to TransCanada for use in their pipeline application. ERM has determined that this work would present a potential conflict of interest and, as such, has decided to not accept this assignment.

Secondly, ERM is considering a new assignment with a [redacted]

[redacted]. This assignment would involve assisting [redacted] in performing third-party reviews of Environmental Assessments (EAs) of three proposed pipelines in British Columbia. Of course, if the Department perceives a conflict, ERM will not accept the assignment.

In brief, ERM will review the EA for each of four pipelines that are proposed [redacted]. Each review constitutes a separate phase of work, so that if the Department perceives a conflict involved with any one pipeline, review of that pipeline would not be included in ERM's scope of work. The four pipelines are:

1. Spectra Energy's LNG Northern Transmission Line
2. Enbridge's Northern Gateway Crude Oil Pipeline

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3. TransCanada's LNG West Coast Transmission Line []
4. TransCanada's LNG Prince Rupert Line

The work scope would be to review the proposed projects to ascertain if the baseline data met standards, if sufficient information was presented to quantify impacts, if conclusions regarding impacts are supported by the data, and if mitigation measures would be effective. The reviews would generally focus on biophysical components and technical aspects of the applications. The intent of the reviews would be to identify and resolve any issues with the goal of environmental sustainability.

This work would be done on behalf of _____, who would seek to work collaboratively with the pipeline companies for issue resolution. While we would be in communication with the pipeline companies in this process, our work would be guided and directed by _____. ERM's contract would be with _____, and we would be paid by them. We understand _____ would seek reimbursement from the pipeline companies.

Key Facts for the Department to Consider in Reaching Its Determination

1. The management of _____ project would be entirely by _____, who would guide and supervise the work. The pipeline companies would in no way function in this role.
2. Our role as an independent third-party contractor would be to provide _____ with the technical expertise to assess an EA application so they can be informed and effective participants in the Canadian EA process.
3. If necessary, ERM could ensure there is no overlap of staff intended to work on _____ project and those working on the Keystone Pipeline effort.
4. The Work ERM would do for _____ is no different than many existing and ongoing projects that ERM has underway that involve the same type issues with respect to the oil and gas sector throughout North America and globally. It is this experience that provides ERM with the necessary technical expertise to provide the level of informed and qualified assessment necessary as the independent Third Party Contractor to complete a thorough and

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defensible Supplemental EIS for the proposed Keystone XL
project.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael O'Shaughnessy". The signature is stylized and cursive.

Michael O'Shaughnessy
Northern Division Managing Director