

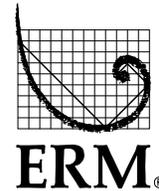
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17 July 2013

Ms. Genevieve Walker
Department of State
2201 C Street, NW
Washington, D.C. 20520

Re: Supplemental OCI Disclosures Regarding Alaska Pipeline Project



Dear Ms. Walker:

I write in response to your request regarding ERM's involvement in the Alaska Pipeline Project ("Alaska Project") and to update ERM's 2012 Keystone XL Pipeline Project ("Keystone Project") OCI Disclosures, Supplemental Information, and Addendum. ERM has conducted a thorough review of its past and current client engagements and reaffirms (1) that it has no conflict of interest related to the Keystone Project arising from work on the Alaska Project and (2) that recent media reports grossly misrepresent ERM's relationship with TransCanada and the integrity of our original OCI Disclosures.

As we explained in our 2012 Supplemental OCI Information, ERM uses a four-step procedure to identify client representation issues and potential conflicts arising out of sensitive client engagements. This comprehensive process involves (1) internal research; (2) inquiries to key ERM business unit leaders, practice leaders, and other personnel; (3) checks of our client management databases; and (4) follow-up communications and research. We implemented this process when we were first engaged to consult on the Keystone Project and we continue to follow it. We have specifically reevaluated and reaffirmed our processes in response to your request.

Recent media reports have misrepresented ERM's involvement in the Alaska Project and its relationship with TransCanada, and as a result, wrongly suggest that our OCI Disclosure was improper. These media reports have suggested that ERM's prior disclosures are inaccurate because ERM allegedly performed services for TransCanada on the Alaska Project. This is incorrect. ERM's affiliates performed services on the Alaska Project *only* on behalf of a company *other than* TransCanada (hereinafter, the "Client Company"), and neither ERM nor any of its affiliates ever entered into a contract with, or performed services for, TransCanada related to the Alaska Project. ERM had no contractual relationship with TransCanada in relation to this work, and no payments were received from them in relation to this activity. We continually hire employees, some of whom (as stated in our original OCI disclosure) have, or may have, previously done work for TransCanada, which the Department of State determined does not itself constitute a conflict for ERM.

The Alaska Project is an unincorporated joint project between affiliates of various companies, one of which is TransCanada. Two ERM affiliates provided consulting services on the Alaska Project to the Client Company. One of these ERM affiliates is Oasis Environmental, Inc. (now ERM Alaska, Inc.). While we stated in our 2012 OCI Addendum that the services were performed for a joint venture involving TransCanada, Oasis was in fact retained by an Alaska consultant, which in turn had been retained solely by the Client Company as prime contractor. Oasis entered into that engagement in June 2010, more than a year before ERM acquired Oasis in October 2011. As ERM explained in its 2012 OCI Addendum, Oasis provided the Alaska consultant with regulatory permitting support related to the Federal Energy Regulatory Commission.

This support commenced prior to ERM's acquisition of Oasis in October 2011. Oasis provided the following services to the Alaska consultant and on behalf of the Client Company between June 2010 and June 2012 under its preexisting contract:

- 1) Wetlands delineation, geographic information system support, and reports;
- 2) Environmental and regulatory technical support;
- 3) Physical and biological field studies and support; and
- 4) Field logistics, technical support, and interface management.

The Alaska consultant also recently requested Oasis/ERM to perform similar work in relation to the LNG aspect of the Alaska Project. Following some initial engagement with the Alaska consultant, ERM decided not to proceed given the present circumstances, and we withdrew.

The other ERM affiliate to provide services related to the Alaska Project (but not to TransCanada) was ERM-West, Inc. As a subcontractor of the Alaska consultant, ERM-West, Inc. provided review and oversight of preliminary field studies and mapping for the initial stages of the Alaska Project between August 2010 and March 2011. ERM-West, Inc. also provided the following services directly to the Client Company:

- 1) Strategic consulting relating to environmental and regulatory planning activities associated with the initial stages of the Alaska Project between December 2009 and November 2011;
- 2) Consulting to support the development of a land access and exchange plan for the Tetlin National Wildlife Refuge between September 2011 and May 2012 (which the Client Company revived between September 2012 and March 2013, several months after the end of the Alaska Project); and
- 3) Seconding a full-time employee, Mark Jennings, to provide environmental and regulatory support relating to the Alaska Project at an office in Anchorage, Alaska between April

2011 and June 2012. On April 5, 2013, Mr. Jennings left ERM and is no longer an employee.

ERM reaffirms that, to the best of its knowledge and belief, it has no current contracts with TransCanada (except the contract for the Keystone Project) and has no conflict of interest with respect to being able to render impartial, technically sound and objective assistance or advice in relation to the Keystone Project. ERM will continue to monitor its client relationships and engagements to ensure that it meets its obligations in respect to conflicts of interest.

As I mentioned, we have performed a comprehensive review and this letter reflects our current understanding after looking closely into your request. We will continue to investigate, to utilize our processes and procedures, and to keep you apprised of any developments. Please do not hesitate to contact me if you have any questions or would like to discuss this matter further.

Sincerely,



Michael O'Shaughnessy

Cc: Keith Benes
Patrick Pearsall