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The Honorable Hillary Rodham Clinton
Secretary
U.S Department of State
2201 C Street, N.W.
Washington, DC 20520

RE: Notice of Intent to Prepare a Supplemental Environmental Impact Statement (SEIS) and to Conduct Scoping and to Initiate Consultation Under Section 106 of the National Historic Preservation Act for the Proposed TransCanada Keystone XL Pipeline Proposed to Extend from Phillips, MT (the border crossing) to Steele City, NE (77 Fed. Reg. 36032-36034, June 15, 2012)

Dear Secretary Clinton:

The American Petroleum Institute (API) is pleased to provide comments as the U.S. Department of State (DOS) undertakes another environmental review of Keystone XL, this time on the newly proposed route that avoids the Nebraska Sandhills region. I want to reiterate what API has stated in previous letters to DOS: it is in the best interests of all Americans to build the pipeline to ensure our long-term energy security, a dependable supply of Canadian oil to U.S. refineries and the creation of thousands of American jobs. API represents more than 500 oil and natural gas companies, leaders of a technology-driven industry that supplies most of America's energy, supports more than 9.2 million U.S. jobs and 7.7 percent of the U.S. economy, and delivers more than \$85 million a day in revenue to the U.S. Treasury.

On May 4, 2012, TransCanada submitted an application for the Keystone XL pipeline to revise the pipeline route through the State of Nebraska. The DOS has previously estimated that it would take the Department until the first quarter of 2013 to complete the review process for this revised route. The Keystone XL pipeline has been exhaustively studied and debated. We believe that another exhaustive review and waiting until the first quarter of 2013 is unnecessary. With high unemployment, a fragile economy and continued uncertainty in the Middle East, the need for an expeditious review and decision is as strong as ever.

API recommends the scope of this SEIS be confined to the 88 mile revised route through Nebraska. The rest of the project has already received an extraordinarily thorough environmental assessment and nothing has changed on that portion of the route in the eleven months since the final environmental impact statement (FEIS) was issued in August 2012, which concluded there would be "no significant impacts". Furthermore, the revised route through Nebraska is being proposed to reduce impacts to the environment.

Additionally, given the extensive examination already given to the potential climate impacts in the prior FEIS, additional analysis of this topic is not warranted. DOS went above and beyond in evaluating the potential GHG emissions from the project and concluded in the FEIS that "from a global perspective, the project is not likely to result in incremental GHG emissions." From a U.S. perspective, the FEIS estimates that emissions would only increase between 3 to 21 MMTCO₂e. Even this small number is likely to be conservative. I.H.S. CERA calculates that the FEIS high-end estimates are about two times too high. Moreover, new research (Bergerson et al., 2012) indicates that depending on the production and refining methods, oil sands crudes can have a carbon footprint lower than conventional crudes. Oil is a global commodity. Demand for oil won't change; just the supply chains. The environmental footprint can be most effectively minimized by bringing Canadian oil to the US. Otherwise, Canada will find more distant, willing markets to sell its crude oil.

As we have consistently stated, the revised route for the Keystone XL pipeline should be expeditiously reviewed and approved immediately. It will create jobs now when we need them most. It will help bolster economic growth and provide energy security. With such positive contributions to the U.S. economy and the potential for increased supplies from our stable neighbor, Canada, we hope that DOS recognizes our national interest and will not wait until 2013 to approve the project.

Should you have any questions or would like to discuss further, please feel free to contact me or Cindy Schild at (202) 682-8482 or schild@api.org.

Sincerely,

A handwritten signature in dark ink, appearing to read "Jack Gerard", with a long horizontal flourish extending to the right.

Jack Gerard