

**RELEASE IN FULL**

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**From:** Mills, Cheryl D <MillsCD@state.gov>  
**Sent:** Friday, November 11, 2011 5:45 AM  
**To:** H  
**Subject:** Fw: All good

----- Original Message -----

**From:** Hammer, Michael A  
**Sent:** Thursday, November 10, 2011 11:07 PM  
**To:** Mills, Cheryl D; Klevorick, Caitlin B; Jones, Kerri-Ann; Benes, Keith J; Reines, Philippe I  
**Subject:** All good

Further to KAJ excellent briefing we've had virtually no press calls, in fact just 2 asking for more detail on pipeline routing. Stories as expected remain focused on political/election dimension and enviro victory. A few interesting ones to add to ones I forwarded earlier:

**NYT: Keystone Oil Pipeline Decision Moved After Election November 10, 2011**

**Keystone Oil Pipeline Decision Moved After Election**

**By ANDREW C. REVKIN**

When in doubt, punt.

That's pretty standard guidance when an administration is facing a politically charged, but deferrable, decision in the run-up to an election. And that's what the Obama administration did today on the Keystone XL Pipeline, which has been proposed as a way to carry bitumen, a tarry oil precursor, from vast Canadian deposits to American refineries.

The core issue, according to the State Department's statement on delaying its decision, is concern in Nebraska about the potential impact on the Sandhills region of the state (see photo below). The department plans to conduct "an in-depth assessment of potential alternative routes," while also considering "environmental concerns (including climate change), energy security, economic impacts, and foreign policy."

The decision comes just days after pipeline opponents surrounded the White House.

The timing is certainly convenient. The review "could be completed as early as the first quarter of 2013," according to the statement, well after the election.

Bill McKibben, a leader of the "Tar Sands Action" campaign against the Keystone pipeline and one of the more than a thousand protestors who spent time in jail over the issue, expressed confidence that this will be the end of a project that had appeared destined for approval:

It's important to understand how unlikely this victory is. Six months ago, almost no one outside the pipeline route even knew about Keystone. One month ago, a secret poll of "energy insiders" by the National Journal found that "virtually all" expected easy approval of the pipeline by year's end. As late as last week the CBC reported that Transcanada was moving huge quantities of pipe across the border and seizing land by eminent domain, certain that its permit would be granted. A done deal has come spectacularly undone.

If you're President Obama, the delay is a smart tactic, given that his campaign team knows that environmentalists will now almost certainly have to rally for his re-election. If the election goes badly for the president, that means a certain stamp of approval for the project from a Republican successor.

If Obama is re-elected, with the pressure off in a second term, he might find a way to reject it or reroute it around the most sensitive regions.

Will it matter for the climate either way? That's another question, with a variety of answers.

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Keystone decision a setback for U.S.-Canada relations

**BARRIE MCKENNA AND NATHAN VANDERKLIPPE**

**OTTAWA AND CALGARY—** From Friday's Globe and Mail

Last updated Thursday, Nov. 10, 2011 7:59PM EST

The Obama administration's move to sideline the Keystone XL pipeline is a major setback for relations between the world's two largest trading partners, and threatens Canada's role as the leading energy supplier to the United States.

The U.S. State Department's decision to force TransCanada Corp. to explore alternative pipeline routes in Nebraska pushes out a final ruling until at least 2013, well after next year's U.S. presidential and congressional elections.

The delay puts at risk a vital piece of the historic economic relationship that binds the world's largest oil market and its largest supplier.

The State Department decision sent a shock wave through Canada's energy industry, an economic stalwart of the country that has for almost six decades counted on the United States as virtually its sole export market. The first dribs of oil began to find their way across the border in 1952, when Canada sent an average 3,900 barrels a day south. That volume has grown nearly 500-fold. In 2009, Canada exported a total of 687 million barrels to the United States, which has previously pointed to Canada as a secure source of friendly oil.

Now that bedrock trading relationship has come into question.

The United States is becoming a "less attractive customer in general for Canada, for not just energy but everything because of their own economic and financial difficulties," said Gwyn Morgan, the former chief executive officer of Canadian gas giant Encana Corp.

"This is just another signal that Canada is going to have to diversify away from the United States, not just in energy but in everything else we can."

Canadian leaders appeared caught off guard by the State Department's ruling, which came days before Alberta Premier Alison Redford was set to promote Keystone XL and Alberta's oil sands industry on a trip to Washington.

Prime Minister Stephen Harper had characterized Washington's approval of the project as a "no-brainer" that would create thousands of construction jobs in both countries and meet U.S. needs for a reliable supply of crude in an unstable world. Now Canada is scrambling for a plan B for its oil.

"Canada will be looking for a buyer and so obviously the Keystone project is one that is proposed and one that we would like to see go forth, but obviously we're a resource-based, energy-based country and we'll be looking at all opportunities," said Sarah McIntyre, a spokeswoman for Mr. Harper.

"While we are disappointed with the delay, we remain hopeful the project will be decided on its merits and eventually approved," Natural Resources Minister Joe Oliver said in a statement.

"In the meantime, our government will continue to promote Canada, and the oil sands, as a stable, secure, and ethical source of energy for the world."

The key lesson for Canada in the U.S. decision is that diversifying away from the country's heavy reliance on the U.S. market is now an urgent priority, argued William Robson, president of C.D. Howe Institute, an economic think tank.

"We do want to make sure we aren't hostage just to that one market because they don't treat us as nicely as their self-interest suggests they should," Mr. Robson said.

And that will mean pushing ahead with the Gateway pipeline to move oil sands crude to the West Coast and beyond, to markets such as oil-hungry China, he said.

The Keystone pipeline has become hopelessly tangled in U.S. politics in recent months. The State of Nebraska has threatened to legislate moving the pipeline beyond an environmentally sensitive area, known as Sand Hills, which sits in the middle of the massive Ogallala Aquifer – a vital groundwater source for the U.S. Midwest.

Environmentalists saw the pipeline decision as a chance to attack the oil sands, a major source of global warming carbon emissions.

Now Canada's challenge is to ensure other potential markets for Alberta's crude are not hobbled by the same anti-oil-sands forces.

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FOX NEWS

Ground Zero -- Nebraska -- Offers Praise, Criticism For Keystone Pipeline Ruling

by Marla Cichowski | November 10, 2011

Print Email Share 3 Comments

The decision from the U.S. State Department to delay the Keystone XL Pipeline project received loud applause throughout Nebraska Thursday.

Bold Nebraska, the largest pipeline opposition group, thanked President Obama for making the "right and tough decision for our land and water." Spokeswoman Jane Kleeb said Thursday's announcement contradicts Nebraska lawmakers "who say it's too late to put regulations in place" before another oil pipeline is built. Kleeb said she hopes the State Department's decision will help put pressure on the state Legislature to take action now.

"It's really ironic that the folks in Washington, D.C., understand the gravity of the situation in Nebraska, even when some of our own state legislators don't seem to," added Nebraska landowner Randy Thompson, who became the face of the Bold Nebraska campaign. "Our future generations will thank the president and hopefully will thank our state senators if they do the job they were elected to do for citizens not big corporations."

Over the past few months Nebraska has become essentially ground zero for the fight against TransCanada's proposed oil pipeline route, that stretches from Alberta, Canada, to the Gulf of Mexico. Pipeline opponents argued the route put Nebraskans at risk because it would cut through a massive underground water supply known as the Ogallala Aquifer.

This fall, the U.S. State Department held public hearings on the pipeline route in every state impacted by the proposed pipeline, including two hearings in Nebraska. Landowners and environmentalists from across the state showed up in full force at the hearings to speak out against the pipeline. Union members from Laborers' International Union of North America attended the hearings in support of the project, arguing it would create thousands of much needed construction jobs for U.S. workers.

"Environmentalists formed a circle around the White House and within days the Obama administration chose to inflict a potentially fatal delay to a project that is not just a pipeline, but is a lifeline for thousands of desperate working men and women. The administration chose to support environmentalists over jobs – job-killers win, American workers lose," LIUNA, the Laborers International Union of North America said in a statement reacting to the State Department's decision.

"The State Department should have been freed to make its decision, and then allowed the state and people of Nebraska to proceed with their concerns through the many avenues available to them. That would have been a sign of the administration's support for jobs and a recognition that workers can't wait until after the next election for a job. We are extremely disappointed," the group continued.

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HuffPost

How the 99 Percent Beat Keystone XL

Posted: 11/10/11 08:34 PM ET

Sometimes, the 99 percent win.

By Jamie Hann, 350.org

On Thursday afternoon, President Obama announced that the State Department will be sending plans for TransCanada's controversial Keystone XL pipeline back to the drawing board. Most analysts think the 12- to 18-month delay will cause enough cost overruns and missed contracts that TransCanada will have to scrap the project altogether.

Keystone XL was going to be another fuse to the largest carbon bomb in North America: the Canadian tar sands. The tar sands are the dirtiest fuel on the face of the planet, and our top climate scientist says fully exploiting them could be "essentially game over" for the climate. We haven't defused the bomb yet, but fighting Keystone has taught us a lot about how to dismantle it.

This fight started in indigenous communities in Canada and quickly spread down the pipeline route to ranchers in Nebraska and farmers in Texas. National environmental groups picked up the beat a while back. But it was the bravery of 1,253 people that transformed Keystone XL from a regional fight into the most important environmental question facing President Obama before the 2012 election.

For two weeks this August, one person after another was led away from the White House in handcuffs protesting Keystone XL. The sit-in united a uniquely diverse movement, from consummate D.C. insiders to indigenous leaders to

Tea Party supporters. I was arrested on the second Wednesday with an architect from Philadelphia, a lawyer from National Resources Defense Council, and Darryl Hannah.

From those 1,253 people, the movement quickly spread. Protests met President Obama at nearly every public campaign stop. Groups of 50 to 100 people started visiting Obama for America offices to say, "We're not going to donate or volunteer for your campaign until President Obama lives up to the promises he made in 2008, stands up to Big Oil, and kills this pipeline." Hundreds of people were arrested in Ottawa to turn up the heat on the Canadian government. And this Sunday, more than 12,000 people surrounded the White House in a Keystone XL protest.

"We stand here right now because we are at our lunch counter moment for the 21st century," bellowed Rev. Lennox Yearwood of the Hip Hop Caucus from rally stage. And indeed, just as the lunch counter sit-ins helped pioneer and spread new tactics for the civil rights movement, the fight against Keystone XL has taught us a great deal about how to escalate this fight against the greenhouse gangsters pushing catastrophic climate change.

"If there's a lesson of the last few months, both in our work and in the Occupy encampments around the world, it's that sometimes we have to put our bodies on the line," wrote Bill McKibben in an email to Tar Sands Action supporters after the administration announcement.

Putting our bodies on the line can mean many things, from engaging in acts of civil disobedience to turning out in the streets to occupying our public spaces. If we've been too wooed by the ease of digital activism, the fight against Keystone XL and OWS are a reminder that our strongest tools are still offline. And that boldness indeed has a certain magic to it -- this movement spread like wildfire not because it was easy, but because its very difficulty made it feel real and meaningful to millions of people.

We'll be dissecting and parsing this victory for weeks to come. And we'll be ready the second the Keystone XL zombie raises its head again. There are many more fights down the road, and the tar sands bomb is still ticking up in Canada, with more fuses being stuck in from every side.

Today, we'll be celebrating. Tomorrow, we'll be back in the fight. Big Oil is the 1 percent, and we've put them on notice.