E. SCOTT PRUITT
ATTORNEY GENERAL OF OKLAHOMA

September 29, 2011

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

Dear Madam Secretary:

As Oklahoma Attorney General, I write to express my support for the TransCanada Keystone XL Pipeline (Keystone XL) project. In addition to the obvious national security and economic benefits of the pipeline, Oklahoma has a unique interest in the completion of the Keystone XL stemming from the ongoing glut of crude oil at the Cushing Hub. This glut has contributed to the depressed prices of West Texas Intermediate (WTI) crude and negatively impacted Oklahoma producers. My reasons for supporting the pipeline are as follows:

First, and most important, Keystone XL is vital to the energy security of the United States. The continued instability in the Middle East, particularly in Libya, and the impact such instability has on global energy markets, highlights the need to reduce America's reliance on oil supplies from that region. Dependence on oil from unstable regions threatens our economic viability and ultimately our national security. Keystone XL is a critical step in securing our nation's energy future and presents a unique opportunity to strengthen our national security.

Second, the construction and development of Keystone XL will provide much needed economic growth in the plains states. Moreover, it will foster economic growth across the entire United States once the pipeline is in operation. According to an independent study,[1]Keystone XL is expected to generate tens of billions of dollars in economic activity in communities in the states through which the pipeline passes. It is estimated that the Keystone XL Pipeline will:

- generate private sector investment of more than $20 billion in the U.S. economy;

[1] The Perryman Group Study

313 N.E. 21ST STREET • OKLAHOMA CITY, OK 73105 • (405) 521-3921 • FAX: (405) 521-6246

recycled paper

- create approximately 20,000 construction and manufacturing jobs, increasing the personal income of American workers by $6.5 billion;

- generate more than $585 million in new taxes for states and communities along the pipeline route; and,

- pay more than $5.2 billion in property taxes during the operation of the pipeline.

In addition, specific to Oklahoma, the Keystone pipeline is expected to create 14,440 person years of employment for Oklahoma workers, create $25 million in local and state government revenues during construction and create an estimated $667 million in Oklahoma property taxes during the pipelines 100 year operational life.

Third, completion of Keystone XL is a necessary step in alleviating the ongoing supply glut at Oklahoma's Cushing Hub. Because millions of barrels of oil flow into the Cushing Hub each day, the hub plays a key role in the distribution of crude oil supplies throughout the United States. Furthermore, the Cushing Hub is the price point for West Texas Intermediate (WTI) crude. The price for WTI is used to set equivalent prices for crude oil produced in Oklahoma and nearby states and has historically been considered the global benchmark for crude oil. In recent years, however, there has been a growing oversupply of crude oil held in storage around the Cushing Hub. This oversupply is one of the reasons the price for WTI has been suppressed in comparison to other global benchmarks such as Brent. My office has been called on to investigate the causes of this oversupply to determine if the situation is due to any anticompetitive conduct by any of the market players. Our investigation is ongoing, however it has become clear to me the situation in Cushing is caused by a variety of factors, one of the major factors being insufficient outgoing pipeline capacity to transport crude from Cushing to the refineries on the Gulf Coast. The Keystone XL offers the most efficient starting point in what will likely be an ongoing effort to solve the outgoing pipeline capacity issues plaguing the Cushing Hub.

The Keystone XL Pipeline will be valuable to both the State of Oklahoma and the United States and presents a tremendous opportunity to ensure the energy supply of our country. I respectfully request that the Department of State approve the project and grant the Presidential Permit needed for construction to begin on this vital project.

Thank you for your consideration of this request.

Sincerely,

E. Scott Pruitt
Attorney General