

AUSTIN KNUDSEN



STATE OF MONTANA

April 18, 2022

President Joseph R. Biden
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear President Biden:

Following your revocation of President Donald Trump's 2019 permit for the Keystone XL pipeline on the first day of your administration, we have repeatedly asked you to reconsider this misguided (and we continue to believe unlawful) decision. We warned you then if your decision was not reversed, Americans would "suffer serious detrimental consequences," consumers would pay higher prices, and our allies would become further dependent on Russian and Middle Eastern oil.¹

We hate to say we told you so.

Just over a year later, new record high gas prices are seemingly set every day, economy-wide inflation—the highest in 40 years—is straining the budgets of American families, and European countries are unable to impose oil and gas sanctions on Russia without risking an economic recession.^{2,3} Instead, European countries are spending \$1 billion per day on Russian oil and gas and literally funding Vladimir Putin's invasion of Ukraine in the process.⁴

Last summer, during the pendency of your illegal federal oil and gas leasing moratorium, you begged OPEC+ (Organization of the Petroleum Exporting Countries and others) to increase its oil output. This included countries like Russia, Iran, and Venezuela—

¹ Sebastien Malo, *Decision to cancel Keystone XL 'rushed' and 'unilateral' - AGs' letter*, REUTERS (Feb. 9, 2021, 5:20 PM), <https://tinyurl.com/32dystw3>.

² Scott Horsley & Kelsey Snell, *The rate of inflation made its sharpest spike since 1981*, NPR: ECON. (Apr. 12, 2022, 4:17 PM), <https://tinyurl.com/4227cpcy>.

³ The Associated Press, *Europe agrees to ban Russian coal, but struggles on oil, gas*, AP NEWS (Apr. 7, 2022), <https://tinyurl.com/2x9zxp4>.

⁴ Emily Peck, *Pressure mounts on Europe for total Russian Energy embargo*, AXIOS: ECON. AND BUS. (Apr. 8, 2022), <https://tinyurl.com/yc7veva3>.

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none of which are friends to the United States. Now, a recent report from the *Wall Street Journal* indicates that your administration is seeking to import more oil from Canada.⁵

As that report notes, however, there is little capacity in existing pipelines, leaving you with few (if any) viable options. The oil you now want to import from Canada is the same oil that would have flowed through the Keystone XL pipeline, which would have transported nearly a million barrels per day—not only from Canada but from the Bakken oilfields in Montana and North Dakota—to American refineries. The hypocrisy would be stunning if it weren't so insulting to American energy workers and those in rural communities who benefited from the pipeline's many economic opportunities.

But your ill-considered, day-one decision to nix this pipeline has produced far-reaching consequences. It set a dangerous precedent for future permits and projects that would enhance our nation's energy security and independence. Your vitriolic language and vilification of the American fossil fuel industries while holding out your hand to the despotic foreign leaders whose interests directly conflict with American values has undoubtedly depressed American energy development both on- and off-shore.

In pursuit of their \$15 billion trade claim against you (a cost that will be borne by American taxpayers if it succeeds), TC Energy has said it will not build the pipeline.⁶ The States took considerable measures to support TC Energy and the project—a project that would have brought jobs and economic opportunities to many of our underserved communities. Coddling your radical environmental base has led us to the current crisis.

The time for waffling and double-speak has passed. The time for leadership has come, and the path forward is clear. End TC Energy's NAFTA claim charade and reauthorize the Keystone XL pipeline project. Clear the administrative path for the pipeline's development, rescind your revocation of Keystone XL's 2019 Presidential Permit, and provide regulatory certainty to companies willing to build this vital, arterial pipeline. Maybe that's TC Energy, and maybe it's a bolder company more committed to enduring partnerships with the States.

We also request you cease federal efforts to impose excessive regulations that will increase Americans' energy costs. This includes your attempt to infuse decision-making across federal agencies with inflated "social costs of carbon" (Section 5 of Executive Order 13990), the Federal Energy Regulatory Commission's proposed regulation for new natural gas projects (Docket Number PL21- 3-000, 86 Fed. Reg. 66,293), and your suspension of the authorization to transport liquified natural gas by rail tank cars (Docket No. PHMSA-2021-0058 (HM-264A)), to name a few. You should also make clear to congressional Democrats

⁵ Timothy Puko & Vipal Monga, *U.S. Wants More Oil from Canada but Not a New Pipeline to Bring It*, WALL ST. J. (Apr. 5, 2022), <https://tinyurl.com/53hzs4pz>.

⁶ Zi-Ann Lum, *TC Energy initiates NAFTA claim to recoup \$15B in Keystone XL damages*, POLITICO (Apr. 7, 2021, 9:49 AM), <https://tinyurl.com/mrym5jea>.

that you will veto their attempts to increase oil and gas taxes and impose costly new methane rules on energy production should these bills reach your desk.^{7,8}

Recent events have made it strikingly obvious that more domestic energy development is needed to prevent future economic hardship for Americans. Your decisions, however, have stripped Americans of the manifold benefits the Keystone XL pipeline would deliver—jobs, tax revenue, and new and sustained economic opportunities. There is no end in sight to the painfully high energy costs or inflation that Americans are now enduring because of your failed policies. Stop the quiet conversations with foreign powers and oligarchs. The solutions are right here at home. On behalf of the citizens of our states, we demand you immediately take the actions outlined above to reverse the damage you have done and provide relief for struggling families and businesses.

It's never too late to admit your mistakes.

Sincerely,



Austin Knudsen
MONTANA ATTORNEY GENERAL



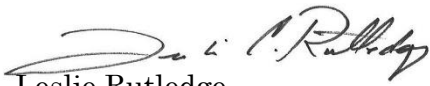
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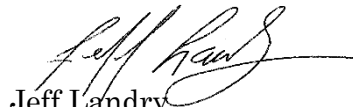
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⁷ Rebecca Beitsch, *Democrats target Trump methane rule with Congressional Review Act*, THE HILL (Mar. 25, 2021, 11:02 AM), <https://tinyurl.com/v99war2s>.

⁸ David Blackmon, *Democrats File New Tax on Alleged 'Windfall Profits' by Big Oil*, FORBES: ENERGY (Mar. 12, 2022, 10:00 AM), <https://tinyurl.com/5dyx7vhv>.



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