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From: Abedin, Huma <AbedinH@state.gov>
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To: NEWS-Mahogany; NEWS-OES; NEWS-WHA; NEWS-EB; NEWS-Energy
Subject: US to seek new Keystone route, delaying approval (Reuters)

WASHINGTON (Reuters) - The Obama administration plans to announce Thursday it will explore a new route for a Canada-to-Texas oil pipeline, delaying a final approval beyond the 2012 U.S. election, sources briefed on the matter said.

The decision would be a victory for environmentalists, many of whom oppose the pipeline, and a setback for TransCanada Corp , whose \$7 billion Keystone XL project is seen as the most important North American oil pipeline plan for decades.

One source familiar with the matter said that studying a new route for the pipeline would likely take 12-18 months, putting a final decision after President Barack Obama's bid for re-election on Nov. 6, 2012.

If the administration explores a new route, "it's a huge victory, and it would probably be the biggest environmental gift that President Barack Obama has given us," said Tony Iallonardo, a spokesman at the National Wildlife Federation.

Some of Obama's liberal supporters have strongly opposed the project and delaying a decision could allow Obama to avoid antagonizing environmentalists disillusioned with his progress on climate change. However, it could also open up a line of attack from Republicans who could argue that a delay will slow job growth.

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