

ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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September 10, 2008

The Hon. Henry A. Waxman
Chairman
Committee on Oversight and Government Reform
2157 Rayburn Building
Washington, D.C.

Dear Chairman Waxman:

We write to convey our frustration over the Committee's failure to hold accountable the Interior Department's Minerals Management Service (MMS), not only for lapses and cover-ups in issuing flawed oil and natural gas deepwater leases in 1998 and 1999, but also for on-going criminal, ethical, and managerial mismanagement, all of which reveal an unacceptable closeness to the oil industry. We all know that many agencies of this government are "broken" and MMS should be at the top of the list.

During the 109th Congress, the full Government Reform Committee and the Subcommittee on Energy and Resources held five investigative hearings that uncovered billions of dollars in revenue lost due to the systemic corruption and mismanagement which has permeated MMS during both the Clinton and Bush Administrations. Both the Interior Department Inspector General and the Government Accountability Office (GAO) have conducted a number of investigations all of which seriously underscore the fundamental problems in the organization. It is our understanding that the Inspector General will release three investigative reports today which detail the illegal activity at MMS. Further, on Friday the GAO will release a report we requested that raises questions on the accuracy of production reports and royalties paid by the oil and gas companies. We believe that with continued oversight of MMS, the Committee can accomplish meaningful reform and has an obligation to do so.

In the last Congress, the investigations and hearings on MMS received bipartisan support, and indeed, the need for further oversight and reform was acknowledged in the Committee's "Oversight Plan" which was adopted in February 2007. However, despite repeated requests, the Committee has remained inactive and unwilling to demand accountability from the Interior Department and MMS for their role in losing out on, according to GAO, tens of billions of dollars over the life of these leases. Moreover we have been precluded from delving deeper into the primary issue of whether oil companies are correctly reporting the amount of oil and gas being produced and whether the correct royalties are being paid on that production. Oil and gas

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royalty payments represent one of the country's largest non-tax sources of revenue. Taxpayers must get every cent that is owed them, especially if drilling is expanded and royalties increase. As such, continuing the investigation would have a serious impact on the debate about domestic drilling.

Mr. Chairman, we urge you to bring this issue to light again so we may continue our efforts to bring about substantial bureaucratic reform, fiscal stewardship and energy development. Hundreds of hours of staff time were involved in this investigation, yet no dividends have been paid as a result of the Committee's efforts, due to inaction during this Congress. If you intend to close this session without holding a single hearing on MMS, then, respectfully, we will take steps to hold a minority hearing on the issue.

Sincerely,



Tom Davis
Ranking Republican
Committee on Oversight and
Government Reform



Darrell Issa
Ranking Republican
Subcommittee on Domestic Policy