

# Congress of the United States

Washington, DC 20515

August 31, 2006

The Honorable Johnnie Burton  
Director  
Minerals Management Service  
1849 C Street, NW  
Washington, D.C. 20240

Dear Director Burton:

We are writing to register our strong objection to the Minerals Management Service's (MMS's) August 9, 2006, announcement that it is sharply restricting the activities of the State and Tribal Royalty Audit Committee (STRAC). STRAC is an organization of States and Tribes that, under agreements with the Secretary of Interior, audits leases within the respective jurisdictions to ensure proper payment of royalties from oil, gas, and solid mineral companies. Under these new restrictions, States and Tribes cannot meet as a group without MMS being present, only one meeting per year will be held, and the agenda for that meeting will be set by MMS. According to our information, Associate Director Lucy Denett unilaterally determined that STRAC meetings are "no longer worthwhile."

Let us be perfectly clear. Our review of the history of STRAC and the events prior to Ms. Denett's announcement leads to but one conclusion: MMS is retaliating against STRAC for voicing its concerns to Congress about dysfunctions in the royalty management program. When she made the announcement, Ms. Denett declared that it was "not retaliation." Yet the evidence indicates the contrary -- that MMS is attempting to undermine STRAC's effectiveness and chill any criticism by an entity that has vast audit expertise and hands-on experience with MMS's programs and performance and has used its expertise to alert Congress to problems in MMS's programs. Retaliation against those who bring legitimate concerns about systemic problems at a federal agency to the attention of Congress is not acceptable.

As MMS is well aware, STRAC was organized in the early 1980s, not by Interior, but by jurisdictions with an interest in ensuring that minerals revenues were fully and fairly collected by a federal agency that had a history of disregarding State and Tribal interests. STRAC has been meeting as a group, prior to jointly meeting with MMS, for nearly 25 years. Indeed, this MMS edict was issued after the 83rd STRAC meeting.

For nearly 25 years, STRAC has been providing independent advice, including its consensus views on MMS's programs, proposals, and performance, to the Department of Interior, the Interior Inspector General, the Government Accountability Office, and the U.S. Congress. For nearly 25 years, MMS has recognized that the costs of STRAC meetings are reimbursable by the federal government. Indeed, this has been instrumental in ensuring that all jurisdictions that want to participate can do so.

Not once previously has any Administration ever attempted to silence STRAC, despite the equally long history of STRAC critiques of MMS. Yet now, apparently in response to

STRAC raising concerns about MMS's compliance review program, MMS has decided to retaliate by sharply limiting STRAC's ability to meet as a group and set its own agenda. It is noteworthy that STRAC raised these issues to Congress only after years of receiving no credible response from MMS to these concerns.

We understand that STRAC has generously agreed to meet three rather than four times per year because of your budgetary concerns, but it is our understanding that many of the contracts between MMS and the Tribes and States contain language such as the following:

The costs of attending State and Tribal Royalty Auditing Committee (STRAC) quarterly meetings are directly related to the performance of this Agreement and are reimbursable provided that the meetings are not scheduled for the first 30 days of the Federal Government's fiscal year (October 1 through October 31).

This language makes it clear that MMS has contracted with the States and Tribes to reimburse the costs for four meetings a year. MMS's refusal to honor this commitment appears to be a breach of contract. Even if you were not subject to a legal obligation, however, the federal government's interest in coordinating closely with the States and Tribes to administer these important programs demands that you continue to fully support STRAC's historic role and full range of activities.

Thus, we call upon you to reverse your decision and continue to honor the agreed-upon schedule and freedom for STRAC to set its own agenda. If you do not reverse your decision, we request a specific explanation as to why you have taken this action and how you view it as justifiable. If you do not provide us with an adequate justification, we intend to refer this matter to the Department of Interior Inspector General. We expect MMS's cooperation in assuring that these meetings, under the agreed to schedule, continue for the indefinite future and with no interference by MMS.

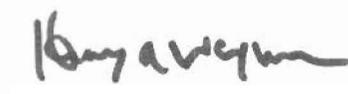
Thank you for your attention to this matter.

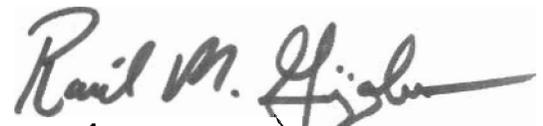
Sincerely,

  
CAROLYN B. MALONEY  
Member of Congress

  
MAURICE HINCHEY  
Member of Congress

  
GEORGE MILLER  
Member of Congress

  
HENRY A. WAXMAN  
Member of Congress

  
RAÚL GRIJALVA  
Member of Congress