

Exposing Corruption *Exploring Solutions*
Project On Government Oversight

June 23, 2010

Chairman Jeff Bingaman
Ranking Member Lisa Murkowski
Senate Committee on Energy and Natural Resources
304 Dirksen Senate Building
Washington, DC 20510

Re: Stop Cozy Relationships with Big Oil Act of 2010, S. 3431

Dear Chairman Bingaman and Ranking Member Murkowski:

The Project On Government Oversight (POGO) strongly supports every effort to promote ethical conduct and accountability in the management of the taxpayers' natural resources, which is why we wish to express our strong support for the Stop Cozy Relationships with Big Oil Act of 2010, (S. 3431). We applaud Senators Menendez, Nelson, and Klobuchar for their leadership in co-sponsoring this legislation that provides important and necessary steps towards creating a more ethical culture at the agencies that oversee offshore drilling.

Investigations conducted by the Department of the Interior's Inspector General and POGO revealed gross misconduct at multiple Minerals Management Service (MMS) offices. Instances of misconduct included reports of MMS personnel receiving inappropriate gifts from industry, performing outside work that clearly conflicted with the ethical performance of their duties, and in at least one instance, negotiating for a job with a company that they were inspecting.¹ These findings are all indicative of an agency that is inappropriately close to industry.

POGO is pleased that S. 3431 addresses these longstanding problems by extending existing ethics provisions by prohibiting regulators from simultaneously working for the government and for the oil and gas industry, requiring financial disclosure for senior oil and gas regulators, prohibiting government regulators from accepting gifts, and slowing the revolving door between MMS and the industry it regulates.

One of the most fundamental issues fueling the inappropriate closeness between MMS and industry is the frequency with which individuals go through the revolving door. Several

¹ Department of the Interior Inspector General, "Investigative Report – Island Operating Company, et. al.," May 24, 2010, p. 1.

individuals have been sentenced to prison for violations of conflict-of-interest laws or obstruction of justice. An egregious example of this problem is the last Director of MMS under the previous administration, Randall Luthi. Luthi now serves as the president of an offshore drillers trade association, the National Oceans Industries Association. When the Director of MMS goes to direct a trade association whose explicit mission was to secure a “favorable regulatory and economic environment for the companies that develop the nation’s valuable offshore energy resources,”² taxpayers have to question whose interests were actually being served when he was at MMS. S. 3431 addresses this problem by placing a two-year ban on regulators going to work for the industries they oversaw.

The Deepwater Horizon disaster dramatically illustrates that the government needs stronger tools and enforcement mechanisms to protect the public’s interest. By making violations of the gifts provision and the revolving door provision a felony, this bill will clearly establish consequences for the kinds of ethical violations found by POGO and the Inspector General.

POGO urges the members of the Senate Committee on Energy and Natural Resources to enact S. 3431 to restore accountability and ethics to natural resource development, and the members of the House Committee on Natural Resources to adopt a similar measure. In addition, the Committees should apply these common-sense ethics reforms not just to MMS, but to all of the Department of Interior. Indeed, similar reforms are needed throughout the federal government.

Thank you again for your leadership on this issue. If you have any questions, please contact me at (202) 347-1122.

Sincerely,



Danielle Brian
Executive Director

cc: Senator Robert Menendez
Senator Bill Nelson
Senator Amy Klobuchar
Members of the Senate Committee on Energy and Natural Resources
Members of the House Committee on Natural Resources

² Project On Government Oversight, “Oil Drilling Trade Group Slips the F-Word into Its Mission Statement,” June 11, 2010. <http://pogoblog.typepad.com/pogo/2010/06/oil-drilling-trade-group-slips-the-fword-into-its-mission-statement.html>