

HOW HIGH WILL THE UPCOMING OIL SCANDALS GO?

Back when I was reflecting on why Gayle Norton resigned her position as Interior Secretary, I thought she might be resigning just three steps ahead of the Abramoff investigations. She still might. But now I think it just as likely that she resigned just before the Inspector General started investigating how her Interior Department gave away our country's wealth to the oil companies.

The Justice Department is investigating whether the director of a multibillion-dollar oil-trading program at the Interior Department has been paid as a consultant for oil companies hoping for contracts.

The director of the program and three subordinates, all based in Denver, have been transferred to different jobs and have been ordered to cease all contacts with the oil industry until the investigation is completed some time next spring, according to officials involved.

This appears to have been the scam: Some time ago, the Interior Department introduced a "royalties in kind" program, which allowed oil companies to pay for the privilege of drilling for oil on our land in kind—in oil and gas—rather than in cold hard cash. The gimmick is that it was supposed to facilitate accounting. Up until recently (don't worry—I'm going to figure out these dates), the oil went into the Strategic Petroleum Reserve (SPR).^{*} But the SPR apparently is all filled up now, so recently the US government started contracting with companies to sell the oil on the "open market." But, as these things are bound to happen in the BushCo world, we didn't take open

bids for the contracts to sell the oil. We apparently just gave companies with ties to a bunch of Interior Department employees in Denver the contracts, which of course meant we got less money than we otherwise would have.