

IS DICK STEALING FROM THE US AND GIVING TO HIS FRIENDS, AGAIN?

Remember the Minerals Management Service? That's the Department of Interior agency that is supposed to make sure that when oil companies drill on US or Native American lands, the landowner gets a sufficient return for the oil or gas they take out of the land, or, alternately, that a sufficient amount of oil to account for the royalty on the drilling rights is given back to the US. It's been at the center of scandal before:

For a while, when oil companies drilled oil on federal land, one of three things would happen:

- *The oil companies would cheat and tell the government they drilled less oil than they had*
- *When such fraud was identified, DOI would order its auditors to overlook the cheating*
- *The byzantine rules governing royalties would make it hard to collect the money you and I are owed*

So DOI started a new program. We'd let someone drill oil, and in exchange, the oil company would put a similar amount of oil into the strategic reserve. But when the strategic reserve filled up, the government started using brokers to sell our oil.

It turns out that Susan Wooldridge and

Steven Griles had some close ties (as in, sharing a house) to one of the companies bidding to be that broker company, and that that company got to sell our oil even though another broker was willing to charge a higher rate (and therefore pay taxpayers more money). So basically, these two lovebirds accepted a bribe and sold our oil to the lowest bidder.

To fix that problem, they established a Royalty Management Subcommittee, which was supposed to watch out for our interests:

it's supposed to study:

- The extent to which existing procedures and processes for reporting and accounting for federal and Indian mineral revenues are sufficient to ensure that the Minerals Management Service receives the correct amount.
- The audit, compliance and enforcement procedures and processes of the Minerals Management Service to determine if they are adequate to ensure that mineral companies are complying with existing statutes, lease terms, and regulations as they pertain to payment of royalties.
- The operations of the Royalty in Kind program to ensure that adequate policies, procedures and controls are in place to ensure that decisions to take federal oil and gas royalties in kind result in net benefits to the American people.

Though the Royalty Management Subcommittee proved it wasn't really interested in transparency and oversight, seeing as how it had a penchant for meeting in secret.

Now, to be fair, the Royalty Management Subcommittee just got started last year, and it takes a long time to reverse Dick Cheney's corrupt ways. But an IG audit by the Department of Energy has discovered that there are completely inadequate controls on the oil that's supposed to go into our Strategic Public Reserve, and over a quarter of the oil is disappearing.

To help add to the reserve, DOE receives a portion of the royalty oil that the Department of the Interior gets in return for allowing petroleum companies to drill on government lands and waters.

The department's Inspector General Gregory H. Friedman and his auditors found that in 28 percent of the oil transfers they examined, the amount received did not match the estimated amount to be shipped by the Interior Department's Minerals Management Service.

"To illustrate our findings regarding discrepancies, during a four-month period in Fiscal Year 2005, two Department contractors reported receiving 308,000 barrels of royalty oil less than the amount that MMS had scheduled for delivery to the market center. Yet, despite this significant shortfall, the Department took no action to resolve the discrepancy and to ensure that it had received all of the oil shipped by MMS," according to the audit. [my emphasis]

If you're not vomiting up dinner yet, let me add this detail. Last year, as the Administration was putting together this year's budget

together, there was a bit of a squabble, which Dick (as is typical) won:

No, if there's anything about the economy that keeps Dick Cheney up at night, it's the prospect of sabotage aimed at disrupting the oil market, he told FORTUNE.

"Clearly the world depends on a global supply of oil, and that will continue to be true for some considerable period of time. Efforts to shut down the flow of oil could conceivably have a significant impact."

So when President Bush's 2008 budget was coming together, with the goal of balancing the budget in five years, Cheney nevertheless insisted on a \$947 million line item: a speedup of the flow of crude into the Texas and Louisiana salt caverns housing the nation's Strategic Petroleum Reserve.

The budget guys pushed back: Can't we wait until crude prices level off? No, the word came back from Cheney, this was urgent. That was all it took. "He doesn't weigh in on a ton of issues," said a person close to those negotiations. "But when he does . . ."

When he does, the Vice President tends to get his way. "He's an extremely effective bureaucratic operator," says Peter Wehner, formerly Bush's director of strategic initiatives.

You see, the SPR had been full already—filled up when oil was at then-record prices (before now, when oil is again at record prices). But the Administration, under Shock Doctrine cover of Katrina, went ahead and expanded the SPR, environmental impacts be damned.

So let's see. Dick Cheney's buddies have, for years, outright refused to charge oil companies

fair amounts for the right to drill on my and your land. When the excesses of corruption were discovered, they implemented other ways to try to fix the corruption; we would just get the oil, rather than quibble over an appropriate royalty. But come to discover that that method, too, is apparently at least ripe for massive corruption, if not already being exploited for graft. And Dick Cheney's response?? Expand the opportunity!! I want all my buddies to get an opportunity to steal from the American government, and I'm not above invoking national security to do so!!!

Typical.