

Message

From: Nolan, Rich [RNolan@nma.org]
Sent: 12/7/2017 1:11:41 PM
To: Bennett, Tate [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=1fa92542f7ca4d01973b18b2f11b9141-Bennett, E]
Subject: Re: Morning Energy: Pruitt heads to House grilling today — Major flop in Alaska lease sale bodes ill for ANWR estimates — McIntyre gets sworn in at FERC today

Sending 5

On Dec 7, 2017, at 7:43 AM, Bennett, Tate <Bennett.Tate@epa.gov> wrote:

Usual suspects

On Dec 7, 2017, at 7:40 AM, Nolan, Rich <RNolan@nma.org> wrote:

Begin forwarded message:

From: "POLITICO Pro Energy"
<politicoemail@politicopro.com>
Date: December 7, 2017 at 5:45:03 AM EST
To: <rnolan@nma.org>
Subject: **Morning Energy: Pruitt heads to House grilling today — Major flop in Alaska lease sale bodes ill for ANWR estimates — McIntyre gets sworn in at FERC today**
Reply-To: "POLITICO subscriptions" <reply-fe871372766d01787c-630326_HTML-637936621-1376319-0@politicoemail.com>

By Anthony Adragna | 12/07/2017 05:43 AM EDT

With help from Emily Holden, Eric Wolff and Alex Guillén

WELCOME TO CONGRESS, MR. PRUITT: EPA

Administrator Scott Pruitt makes his long-awaited first appearance before a House Energy and Commerce subpanel this morning where he's expected to get grilled on a host of issues. The session will be broken into two segments — 10-11 a.m. and then 2 p.m. onwards — to allow Pruitt to attend a White House meeting on biofuels (more on that below). Look for E&C Environment Chairman [John Shimkus](#) to recognize the arrangement is "not ideal, but gives members maximum ability to personally question the administrator about the agency's mission" during his opening remarks.

What Republicans will say: Expect Chairman [Greg Walden](#) to press Pruitt on budget transparency and his plans to address staffing issues: "I expect that 'Back to Basics' is not an abdication of environmental protection, but rather a rededication to mastering

the most fundamental aspects of EPA's mission," he'll say, according to prepared remarks glimpsed by ME. Shimkus said his questions could touch on a range of topics, including TSCA, brownfields, safe drinking water and the agency's staffing.

And Democrats? "We're all noticing the orientation toward the environment is completely different with respect to budgeting, with respect to climate change, potentially with respect to methane, particulates," Rep. Scott Peters, a subcommittee member, told ME. "So, I just think we want to get a sense of where he's going and how he'll measure success." The committee's top Democrat, Frank Pallone, wouldn't reveal what he intends to grill Pruitt about when ME caught up to him in the hall.

Pro's Alex Guillén's expectations for Pruitt's first Capitol Hill appearance in six months: "Lawmakers have probably built up some serious questions in that time, so we could see questioning on practically any issue before EPA: the Clean Power Plan repeal effort; the Waters of the U.S. rewrite; Superfund work; proposed budget cuts; Pruitt's decision earlier this year not to ban chlorpyrifos; and his increased security and travel. Pruitt's prepared testimony offers a standard overview of his EPA philosophy."

Rally time: Environmental and public health advocates, including the Union of Concerned Scientists, Sierra Club, Business Forward and the Alliance of Nurses for Healthy Environments, will rally outside Rayburn at 9:20 a.m. to draw attention to Pruitt's lagging enforcement efforts, spending habits and overhauls of science advisory panels. Ahead of the session, the Environmental Defense Fund updated their "Pruitt Playbook" and the Union of Concerned Scientists offers some suggested questions to ask.

If you go: The hearing kicks off at 10 a.m. in Rayburn 2123.

WHY PRUITT'S LEAVING: Sen. Ted Cruz has secured a meeting today at 11:30 a.m. with President Donald Trump and several Cabinet members, including Pruitt, for what he told ME is likely to be a "free-ranging discussion" about biofuels and the recent fights over the Renewable Fuel Standard. His message? "We need to find a solution that is a win-win. That is a win for corn farmers across the Midwest but at the same time is a win for blue-collar union members who work in refineries and right now are being bankrupted by a regulatory system that isn't working," the Texas Republican said. Other Senate Republicans are expected to attend as well (perhaps the ones who signed this letter). Remember Cruz still has a hold on Bill Northey's USDA's farm and conservation mission nomination, so watch to see if that's lifted as the most immediate outcome of the session.

Oilies only: Sen. Chuck Grassley wasn't invited to the meeting, his spokesman said, but not to worry: Grassley has said that a White House RFS meeting would be "a waste of time." And if there's one

thing energy world knows now, it's that if you don't have Gang Grain, you got nothing.

WELCOME TO THURSDAY! I'm your host Anthony Adragna, and no one was able to name the Father Millet Cross national monument (which has since been transferred by Congress to a state park) as our nation's smallest at just 0.0074 acres when designated. For today: Which state currently has the most national monuments at 18? Send your tips, energy gossip and comments to aadragna@politico.com, or follow us on Twitter [@AnthonyAdragna](https://twitter.com/AnthonyAdragna), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

ARCTIC LEASE SALE FLOP: Despite touting the "largest ever" lease sale in the National Petroleum Reserve-Alaska, BLM received just bids on seven of the 900 tracts offered, Pro's Ben Lefebvre reports. Those bids, generating just \$1.2 million in high bids, came jointly by ConocoPhillips and Anadarko for 80,000 acres, or less than 1 percent of the acreage offered. The highest bid amount was \$14.99 per acre. The relatively low amount could undercut GOP arguments that opening up the nearby Arctic National Wildlife Refuge would generate \$1 billion in revenue. Leasing of state land did quite a bit better, according to the Anchorage Daily News.

For perspective: At the price of \$14.99/acre, "leasing the entirety of the Arctic Refuge Coastal Plain's 1.5 million acres would raise slightly more than \$11 million in revenue for the federal government, a far cry from the billion dollar lie that Trump and Republicans are feeding the American public," the Alaska Wilderness League's Kristen Miller said in a statement. Remember the Republican budget calls for Senate ENR to kick in \$1 billion in revenue (which CBO said would come through ANWR drilling), though the lease results seem to bolster skepticism from environmental advocates and Democrats about those estimates.

Situational awareness: Energy Chairman Lisa Murkowski was named a tax conferee late Wednesday, along with Sens. Orrin Hatch, Mike Enzi, John Cornyn, John Thune, Rob Portman, Tim Scott and Pat Toomey. "With Congressman [Don Young] representing the House of Representatives on our energy provisions, Alaskans will have a very strong voice at the table to ensure this bill crosses the finish line," she said in a statement.

No (strategic petroleum) reservations: Count Shimkus, a tax conferee, among the backers of the Senate's approach of selling off 7 million barrels from the Strategic Petroleum Reserve as part of the final tax package H.R. 1 (115). "There was a reason to have the SPR," he told ME. "There is a credible reason to debate whether, for now and in the immediate future, there is a need." He also said he's a "big ANWR supporter" and that he doesn't see the Arctic drilling provision getting pulled from the final version.

INHOFE, PRUITT'S TOXIC LEGACY: POLITICO

Magazine's Malcolm Burnley takes a deep dive into the contaminated Oklahoma region of Tar Creek, an area so poisonous that only 10 holdouts live there, and he finds a buyout program for residents that left Sen. Jim Inhofe awash in scandal and litigation. Then-Attorney General Scott Pruitt ultimately concluded an audit into possible criminal wrongdoing didn't warrant charges and he shielded his review from public release, only to have some in the state believe his efforts were designed to spare Inhofe embarrassment. Many residents in the polluted zone of Tar Creek continue to express shock that no one was prosecuted over what happened in their federal buyout program

Pruitt and Inhofe flatly denied there was any political motivation in shielding the audit. "It was important to protect the individuals' reputation that were in that investigation," Pruitt said in an interview. "You would think that this wouldn't be a political issue, that people wouldn't put on the red and blue jerseys." One interesting fact though: Ryan Jackson, now Pruitt's chief of staff, was once Inhofe's point person on the Tar Creek issue. Photo gallery here.

Pruitt's new gig: Trump named the EPA administrator to chair the Gulf Coast Ecosystem Restoration Council, a group formed after the Deepwater Horizon oil spill restore the ecosystems and economies of the Gulf Coast, your ME host reports. Pruitt named Kenneth Wagner, a senior adviser, to be his designee on the council.

MAY FERC NOW BE WHOLE: New FERC Chairman Kevin McIntyre will be sworn in today, bringing the five-member agency to full power, Pro's Eric Wolff reports. His swearing-in will put to rest rumors that either the Trump administration or McIntyre himself were delaying his start date to give current Chairman Neil Chatterjee enough service time to make staffing changes

MORE HEARINGS COMING ON CLEAN POWER PLAN:

EPA announced Wednesday it would hold additional public hearings on its plan to repeal the Clean Power Plan in San Francisco; Gillette, Wyo.; and Kansas City, Mo., Pro's Emily Holden reports. Pruitt said the change was "due to the overwhelming response" and the agency will announce the dates and locations of the meetings in the coming weeks.

SPLIT OVER EXTENDERS?

Ways and Means Chairman Kevin Brady told reporters Wednesday he doesn't like the idea of moving a package of extenders this year but hasn't made a final decision yet, Pro Tax's Brian Faler reports. "It's horrible policy and process," he said. But those comments come as Thune, the Senate's number three Republican, said lawmakers will revive biodiesel, geothermal and other energy-related breaks along with other "cats and dogs." Doing an extenders package as the chambers work to

iron out differences between their broader tax bills is likely to test tax writers' bandwidth.

Shutdown watch: Congressional leaders head to the White House for a meeting with Trump on government funding today, but GOP lawmakers expect to pass a two-week spending package despite internal division within their party, POLITICO's Rachael Bade and Sarah Ferris [report](#). House Freedom Caucus leaders have been asking for a commitment GOP leadership does not believe it can give them: a promise to "hold the line" and refuse Senate Democrats' demands for increased spending on non-defense programs.

House Democrats, including Minority Whip Steny Hoyer, hold a press conference at 10 a.m. in Cannon 234 to call on Republicans to take up additional federal assistance for Puerto Rico and the U.S. Virgin Islands. Watch [here](#).

ICYMI: Both sides framed their arguments at a hearing of the U.S. Trade Representative over whether to impose tariffs on solar equipment imports in language aimed at swaying Trump, Pro's Eric Wolff [reports](#).

PATAGONIA SUES OVER BEARS EARS: A coalition of groups, including Patagonia, became the latest to file a lawsuit challenging the Trump administration's downsizing of Bears Ears National Monument on Monday. Link to the lawsuit filed in Washington federal court [here](#).

ENDANGERMENT FINDING PUSHBACK STALLS: Conservative state lawmakers and businesses that are members of the American Legislative Exchange Council on Wednesday shot down an effort to urge Pruitt to challenge a science-based endangerment finding that requires EPA action on greenhouse gas emissions. "In subcommittee, a substantive conversation occurred where arguments were made for and against the draft model policy," said Bill Meierling, executive vice president of external relations for the group. "After debate, it was clear that neither the public nor the private sector supported the draft as written."

Meierling added that "ALEC members prefer to advance policy only after a consensus opinion has been reached." Reports suggested later the resolution had been pulled in the aftermath of strong opposition, including from Exxon Mobil. Pruitt was expected to speak at the ALEC meeting on Friday but canceled due to a "scheduling conflict," Meierling said.

NO COMMENT: Murkowski forcefully [urged](#) Sen. [Al Franken](#) to step down amid sexual harassment allegations on Wednesday, but a spokeswoman declined to state whether Roy Moore would be welcome on her committee if he wins the Alabama special election next week. "We aren't commenting until after the special election

and decisions about committee seats are made by conference," she said. Outgoing Alabama Sen. Luther Strange currently has a slot on the energy panel.

THERE'S ALWAYS A TIE: Congressional Democrats said Tuesday they have evidence then-national security adviser Michael Flynn sent assurances to former business partners that a U.S.-Russia energy partnership in the Middle East, which reportedly would have included more than two dozen nuclear plants in the region, was "good to go," POLITICO's Kyle Cheney reports. The revelations from a whistleblower came in a letter released Tuesday.

MAIL CALL! LET'S BOOST EFFICIENCY CAPS! A collection of energy efficiency organizations, led by the Alliance to Save Energy, sent a letter to congressional appropriators on Wednesday urging them to boost "budget cap allocations for federal energy efficiency programs." Failure to do so could result in steep cuts to EPA and DOE programs across the board, the groups warn. Link here.

TAKE A GLANCE! LESSONS FROM THE RFS: The American Enterprise Institute is out with a report looking at policymaking lessons from the RFS. It argues the biofuels mandate would be better as a rate standard than a volume standard, EPA should issue multiyear rather than annual rules and that uncertainty should be explicitly incorporated into future rulemakings, among other things.

BAD SOLAR ACTORS: Campaign for Accountability released the results of a years-long investigation concluding two companies — Vivint and SolarCity — received more complaints about their sales tactics than others in the solar industry. "Unfortunately, the deceptive sales tactics of solar companies, like Vivint and SolarCity, are making rooftop solar a risky bet," Daniel Stevens, the group's executive director, said in a statement. Read it here.

DREAMS TURNED REALITY? The Center for Western Priorities is out with a report finding the Trump administration has already granted 13 of the energy industry's 24 top priorities. Read it here.

SUGGESTIONS GIVEN: American Council for Capital Formation released a paper this morning with ten ideas for improving the regulatory process. It's the product of a November 2016 roundtable with Sens. Mike Rounds, Angus King, James Lankford and others. Link here.

MOVER, SHAKER: Michael Boucher has joined Crowell & Moring LLP environment and natural resources practice as a partner in Washington. He joins from Dentons US LLP, where he led that firm's chemical, pesticide, and consumer product regulation team.

QUICK HITS

- California AG on Trump EPA: 'It's almost as if they believe they're above the law'. [The Hill](#).
- Wall Street's Fracking Frenzy Runs Dry as Profits Fail to Materialize. [Wall Street Journal](#).
- The IHS Markit electric resiliency study - much less than meets the eye. [Utility Dive](#).
- Patagonia sues over Trump's monuments order. [AP](#).
- Volkswagen Official Gets 7-Year Term in Diesel-Emissions Cheating. [New York Times](#).
- Pipeline explodes in southeastern New Mexico oil patch. [AP](#).
- Christie backs nuclear subsidies but won't sign 'wish list' bill from environmental groups. [POLITICO New Jersey](#).

HAPPENING TODAY

- 9:00 a.m. — The Washington International Trade Association holds an event as part of its NAFTA series: "[Energy and the NAFTA](#)," Ronald Reagan Building and International Trade Center, 1300 Pennsylvania Ave. NW
- 10:00 a.m. — EPA Administrator Scott Pruitt [appears before](#) the House Energy and Commerce Environment Subcommittee, Rayburn 2123
- 10:00 a.m. — "[Transforming the Department of the Interior for the 21st Century](#)," House Natural Resources Oversight and Investigations Subcommittee, Longworth 1324
- 11:00 a.m. — The World Bank conference call briefing on the One Planet Summit, RSVP: himtiaz@worldbankgroup.org
- 12:00 p.m. — "[The Business Case for Tax Incentives Promoting Energy Efficiency](#)," Alliance to Save Energy, Rayburn 2203
- 2:00 p.m. — The House Natural Resources Federal Lands Subcommittee holds a [hearing](#) on various bills, Longworth 1324
- 2:00 p.m. — "[OPEC's World Oil Outlook 2017](#)," Center for Strategic and International Studies, 1616 Rhode Island Avenue, NW

THAT'S ALL FOR ME!

To view online:

<https://www.politicopro.com/newsletters/morning-energy/2017/12/pruitt-heads-to-house-grilling-today-043377>

Stories from POLITICO Pro

Biofuel backers claim victory in EPA battle [Back](#)

By Eric Wolff | 10/20/2017 05:37 PM EDT

Biofuels backers were breathing a sigh of relief on Friday after EPA Administrator Scott Pruitt backed away from changes to the Renewable Fuels Standard, a reversal that left oil refiners frustrated.

Pruitt acceded to demands from Sen. Joni Ernst that he publicly promise not to pursue plans to change the biofuel program rules — changes that had been sought by oil refiners who have long complained about the costs of implementing the program that many see as a giveaway to the corn states.

Pruitt's letter to Ernst, Sen. Chuck Grassley and five other Midwestern Republican senators delivered what they'd asked for: A promise not to expand the group of companies required to comply with the program, to keep the biodiesel volume requirements at levels proposed in July, to not alter the policy that strips RFS credits from exported ethanol, and to explore allowing year-round sale of gasoline with 15 percent ethanol nationwide.

The quick reversal by Pruitt — at the direction of President Donald Trump — showed the influence of the biofuel lobby, corn growers and farm-state lawmakers to scuttle changes in the decade-old policy sought by the energy industry.

"This was a basket of bad ideas for biofuels," said Brooke Coleman, head of the industry lobby group Advanced Biofuels Business Council. "And there's no way that we could have any other response than to take this approach. [Pruitt] didn't kick tires on changing the RFS, he tried to take a baseball bat to the program, and the response was matching and in response to, from a magnitude perspective, to the initial foul."

The push by the senators, as well as Midwestern governors, "made a huge difference in this matter," said Michael McAdams, head of the Advanced Biofuels Association. "In addition, the collective unity of the entire biofuels industry, including those who distribute and market these fuels, made a significant impression on the importance and support for the RFS program."

But oil refiners who have said the high cost of biofuel credits, called Renewable Identification Numbers, was costing them

hundreds of millions of dollars, lamented the power of the biofuels lobby and the corn-belt lawmakers.

"The [Pruitt] letter is a result of political pressure applied by Midwestern politicians," said one refining source. "Some Midwesterners cannot accept any premise that the RFS could be improved. As a result, their overreaction included everything from holds on confirmations to even more personal threats launched at the White House and EPA."

The unified and vociferous campaign by the biofuels industry in attacking the proposal that would have lowered biodiesel volume mandates surprised some in the refining industry, as well as the political staff in the EPA, sources tell POLITICO.

The Trump administration's embrace of the oil industry had raised refiners' hopes that it could have the best opportunity in years for significant RFS changes, and refining giant Valero Energy, along with a group of Pennsylvania companies, believed they would get relief from what they considered an onerous program.

But Grassley took to the Senate floor to blast Pruitt's biofuel plans as a "betrayal" of Trump's promises to protect ethanol, and he arranged a call with Trump and Pruitt that led to the meeting in his office with Pruitt and Ernst as well as Deb Fischer (Neb.), John Thune (S.D.), Ben Sasse (Neb.), Pat Roberts (Kan.) and Mike Rounds (S.D.). Following that meeting, Ernst demanded the public statement from Pruitt, and said she would withhold her support for Bill Wehrum, who was nominated to run the agency's air office, forcing a delay in the Environment and Public Works Committee's vote until next week.

Ernst spokeswoman Brook Hougerson told POLITICO, "Now that Sen. Ernst has received the assurances that the EPA will support the spirit and the letter of the RFS, she will support Mr. Wehrum."

Valero was disappointed its efforts to change the program had been shot down by the fierce political opposition.

"These senators have intervened in a regulatory process, and the proposals and concepts in the letter address RFS implementation problems to which these senators have offered no constructive solutions," Valero said in a statement. "The only unifying principle of their bullying opposition seems to be a desire to maintain the status quo at all costs and to protect windfall profits associated with unregulated trading of renewable identification numbers, or RINs. Their position advances neither the goals nor the efficient implementation of the RFS, and places U.S. manufacturing jobs at risk."

But in a statement, the White House made clear that Trump remained fully behind the biofuels program.

"President Donald J. Trump promised rural America that he would protect the Renewable Fuel Standard, and has never wavered from that promise," spokeswoman Kelly Love said in a statement. "The president has had constructive conversations with several key officials about the RFS over the past week, and he understands their concerns. The Trump administration will protect the RFS and ensure that our Nation's hardworking farmers continue to fuel America."

One energy executive said the biofuel backers were victorious because they were unified in their support for the RFS, while Republicans, the oil industry, and even the refiners were not on the same page.

"The ethanol boys won this round, no doubt, but at a pretty high cost," said Stephen Brown, vice president for federal government affairs for Andeavor. "The refining industry is anything but united on the RFS beyond a sunset as individual companies have each made investments and honed mitigation strategies to comply with the statute. As those investment decisions become increasingly operationally embedded, the industry will continue to splinter on the suite of RFS issues."

But some producers are still wary of Pruitt's pledge in his Thursday letter, and they note that he promised to release a final rule in which none of the mandatory volumes will be less than he proposed in July. For some producers, those volumes were already too low.

"There's some work to do here," Coleman said. "We won't know until the rule is done. And we recognize it's an ongoing rulemaking, it's not like they're going or republish the rule, they've said what they can say. The final rule really matters."

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'Largest ever' Interior Alaska oil lease sale draws little interest
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By Ben Lefebvre | 12/06/2017 08:26 PM EDT

The Interior Department received only seven bids from two companies today in what it had billed as the "largest ever" oil and gas lease sale in the National Petroleum Reserve in Alaska.

The bids on the 10.3 million unleased acres in the NPR-A generated just \$1.2 million in high bids, according to a Bureau of Land Management summary. The relatively low amount could

undercut GOP arguments that opening up the nearby Arctic National Wildlife Refuge would generate \$1 billion in revenue.

A BLM Alaska lease sale last year generated \$18 million for 1.4 million acres offered.

Subsidiaries of ConocoPhillips and Anadarko were the only two companies that participated in the lease sale. The companies only bid for 80,000 acres, or less than 1 percent of the acreage offered. The highest bid amount was \$14.99 per acre.

Low oil prices and the relatively cheap and plentiful land available for hydraulic fracturing in the lower 48 has hurt oil company interest in the out-of-the-way fields of Alaska and the Gulf of Mexico. Interior Secretary Ryan Zinke and Sen. Lisa Murkowski (R-Alaska) have pushed to open more public land to drilling, however, saying that doing so is important to increase domestic energy production.

Zinke had previously said that today's "large and unprecedented sale in Alaska will help achieve our goal of American Energy Dominance."

An Interior spokesperson did not immediately respond to questions.

WHAT'S NEXT: Republicans hope to keep ANWR drilling provisions in their budget proposal.

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Democrats worry Arctic National Wildlife Refuge being lost amid tax debate [Back](#)

By Ben Lefebvre | 11/29/2017 05:17 AM EDT

Democrats' fight to keep oil and gas rigs out of the Arctic National Wildlife Refuge is losing ground as the Republican tax plan advances — and it's almost as if no one has noticed.

The prospect of drilling in the untouched Alaskan tundra is as close to reality as it's been in more than a decade, with none of the political drama that in past decades turned the refuge's fate into a top-tier rallying cry for liberals. Legislation to allow drilling in ANWR is quietly hitching a ride on the tax code overhaul that Senate Republicans hope to complete by the end of the week, overshadowed by larger debates on whether the bill is a giveaway

to rich people and corporations at the expense of the poor and working class.

"It's really not gotten the attention that it should," Sen. Tammy Duckworth (D-Ill.), a member of the Energy and Natural Resources Committee, told POLITICO about the ANWR provision. "It's not just the budget discussion. It's about everything else that's going on, the flurry of all sorts of other news."

Angus King (I-Maine) said Republicans were trying to shield ANWR from opposition by adding it to the larger bill rather than bringing it to the floor separately under rules, which would require it to win support from 60 senators to overcome a filibuster.

"Well, clearly the strategy is to try to get it through as part of this tax reform effort and thereby avoid a direct up-or-down vote," King said in an interview earlier this month.

The nonstop news cycle and preponderance of other concerns with the tax bill are making it difficult to focus on an issue that normally fires up Democratic voters.

"I do think that putting ANWR in the budget reconciliation package hasn't drawn as much extremist opposition because it is completely overshadowed by tax reform, which is the center of the package," said Chris Guith, senior vice president of the U.S. Chamber of Commerce's Global Energy Institute. "But there are some who aren't exactly supportive of tax reform that support ANWR, and it's possible to see ANWR bring a vote or two to help pass tax reform."

Senate Energy Chair Lisa Murkowski (R-Alaska) easily advanced legislation through her committee directing the Interior Department to hold two lease sales for drilling in ANWR over the next decade. It would raise \$1 billion over that period, according to the Congressional Budget Office, making it eligible for inclusion in a budget reconciliation package that Democrats cannot filibuster.

The reconciliation package also will include Republicans' tax plan and a repeal of the Obamacare individual mandate. While Murkowski helped scuttle the Obamacare repeal push earlier this year, she says she supports ending the mandate. Murkowski's office did not respond to a request for comment.

ANWR, a swath of tundra on the northern Alaska coast, is home to polar bears, porcupine caribou and a landscape that hasn't been touched in thousands of years. Congress designated the 19 million-acre area a wildlife refuge in 1980, but it set aside a 1.5-million-acre parcel known as "10-02" for possible drilling if future lawmakers approved such a plan. The U.S. Geological Survey estimated in 1998 that part of ANWR could hold up to 12 billion

barrels of oil, and President Donald Trump and Alaska Republicans have called it essential for their plans for American "energy dominance."

Sen. Susan Collins (R-Maine), who is undecided on the tax bill for a several reasons, said she will support an amendment on the Senate floor to eliminate the ANWR language, but she said success there is not a prerequisite for her to vote for the underlying bill. "No it is not, but I would certainly try to get it out of the package," Collins told reporters Tuesday. Collins was the only Republican to cross the aisle on an unsuccessful amendment to keep pro-drilling language out of the underlying budget resolution, meaning it is unlikely that she would be able to strip the ANWR provision from a reconciliation bill.

But Democrats say that passing a deficit-increasing tax bill in order to open ANWR would actually harm energy-producing states. That's because the \$1.5 trillion shortfall from the GOP tax cuts would trigger required "pay-as-you-go" cuts to mandatory spending programs, according to a CBO analysis sent to House Minority Whip Steny Hoyer (D-Md.).

One of the programs on the pay-go chopping block would be the energy royalty revenue sharing program carried out through the Mineral Leasing Act. Cutting those payments would lose Alaska an estimated \$15 million in energy royalty payments next year alone, an amount important to a state already facing budget shortfalls.

"Communities throughout the West would be impacted by the loss of revenue, which is used to support a variety of needs including infrastructure, school funding, conservation, and recreation," Hoyer said in a statement to POLITICO. "This is yet another example of the consequences associated with forcing through legislation to add \$1.5 trillion to the deficit in order to give tax cuts to the wealthy."

Pay-go cuts also would hit popular programs like Medicare and student loans, but Congress can waive the law with 60 votes in the Senate. Democrats are not yet on board with that approach.

The current push to open ANWR, coming amid a swarm of competing headlines and buried in larger legislation, has come nearer to succeeding than the GOP's two previous attempts. President Bill Clinton vetoed a budget package in 1995 that included language opening ANWR, while a Democratic filibuster thwarted a second attempt in 2005.

Environmental groups have targeted public engagement at only a handful of congressional districts. The League of Conservation Voters spent \$550,000 on television ads in three Republican congressional districts. The LCV also paid for a bipartisan polling

firm to probe public opinion on opening ANWR, but even that focused only on registered voters in eight congressional districts.

"The reason they're trying to sneak it into the tax package is they know they don't have the votes otherwise," said Tiernan Sittenfeld, the league's senior vice president of government affairs. "They know they can't pass it under regular order, that's why they're doing a sneak attack."

Even ANWR supporters are staying out of the spotlight.

"I haven't seen any full-out, front-page ads, nothing like that," Alaska Oil and Gas Association President Kara Moriarty said. "We're a little battle-weary, to be honest. Alaskans support opening up ANWR. There's been a few statements reiterating that."

Nick Juliano contributed to this report.

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The Environmental Scandal in Scott Pruitt's Backyard [Back](#)

By Malcolm Burnley | 12/06/2017 05:57 PM EDT

PICHER, Okla. — Tar Creek, Oklahoma, is breathtaking in a terrible way: At one time the world's deepest source of lead and zinc, the three-town region is now a cratered landscape so poisonous that no one, aside from 10 holdouts, can live there. Mountains of ashlike "chat," a toxic residue from lead-zinc milling, rise majestically among the remains of homes torn from their foundations. Abandoned pets forage around the ruins. A child's teddy bear lies sprawled in a ghostly living room. A gorilla statue fronts an empty high school, atop a sign proclaiming "1A Football State Champs, 1984."

Tar Creek is also part of the environmental legacy of one of the state's—and nation's—leading politicians, Senator Jim Inhofe, and his longtime ally, Scott Pruitt, the former Oklahoma attorney general who is now head of President Donald Trump's Environmental Protection Agency. After the EPA struggled to clean up the area, in 2006, Inhofe endorsed a plan in which a trust overseen by local citizens would use federal dollars to purchase homes and businesses in the toxic region so residents could move elsewhere. Then, when the plan proved so problematic that it spawned more than a half-dozen civil lawsuits and an audit into possible criminal wrongdoing, Pruitt, as the state's attorney general, invoked an exception to state freedom-of-information laws to keep the audit from being an open public record.

Now, that decision is coming into new light as many Oklahomans clamor for the audit to be released, suggesting that its revelations will prove embarrassing to Inhofe, who played a key role in designing the buyout plan, and cast doubt on Pruitt's decision not to move forward with charges. Last week, a Washington, D.C., nonprofit called the Campaign for Accountability raised the stakes even further, filing suit in Oklahoma courts to force the release of the audit.

"If you take a look at Scott Pruitt's record, you see a general disregard for transparency," said Daniel Stevens, the group's executive director. "I don't think it's outside our bounds to say that Pruitt is trying to hide evidence of criminal wrongdoing."

Pruitt, in an interview, dismissed the idea that he was covering anything up, saying his former office's grand jury unit reviewed the audit and determined that no charges were warranted. He said he declined to make it public because he didn't want innocent people to be besmirched, even though the auditor rejected that reasoning and maintained it should be a public document. "It was important to protect the individuals' reputation that were in that investigation," Pruitt said.

Nonetheless, the mess at Tar Creek continues to follow Pruitt in other ways. As EPA administrator, he has assumed full responsibility for the still-faltering cleanup. And eyebrows were raised in Oklahoma this past January when, as Pruitt was awaiting confirmation for his EPA post, a White House spokesperson told Bloomberg News that the handling of Tar Creek was emblematic of Pruitt's philosophy: "national standards, neighborhood solutions."

Pruitt, in an interview, said he knew nothing about the Bloomberg article, saying only that he endorses the EPA's current work at Tar Creek and the principle of combining federal resources and state and local leadership, rather than the buyout that occurred before his time as EPA administrator, while he was Oklahoma's attorney general.

"I think as far as a model going forward outside of the buyout, what we're trying to do is have a renewed focus on what I think are some of the most beneficial things we can do for citizens across the country, and that's to address some of these legacy sites that have substantial environmental challenges that allow them to once again enjoy the communities in their backyard," he said.

But many residents of the Tar Creek area, who gave up their homes in a buyout they considered both coercive and corrupt, continue to blame Pruitt for the fact that no one was prosecuted. They described a program so rife with good-old-boy corruption that certain individuals received outsize payoffs while some homeowners got so little they couldn't relocate anywhere nearby;

meanwhile, they said, the people hired to demolish the homes received inflated contracts through a flawed process.

"We were lied to and deceived from Day One," said Gloria Workman, who said her son has learning disabilities from growing up in the polluted zone of Tar Creek, which had lead-poisoning levels in children that were three times higher than those registered in Flint, Michigan, during the peak of its recent water crisis. "Not only were we losing our homes, we were raped in the process."

"It was a nightmare," said Mary Thompson, who was still awaiting a resolution from the trust when an EF4 tornado ripped through Tar Creek in 2008, throwing bodies and trailers through the sky, killing six people and destroying more than 100 homes. Without homes, many people took lower-than-expected buyout offers—however insufficient they were perceived to be—because they had nothing left, she said.

"They preyed on us after the tornado," said Thompson, whose home was leveled.

Nonetheless, Inhofe, in a 2015 news release touting the completion of the buyout, cast it as a success because it did not lead to an expanded federal role.

"This is an example of a government program created for a specific purpose and then dissolves after the job is completed," Inhofe proclaimed.

Now, he continues to defend it but sounds less celebratory. "The first thing to know about the Superfund site at Tar Creek is that it's what's called a 'mega-site' and that it is an exceptional circumstance in every way. You can't compare it to any other Superfund site in the country," Inhofe said in a statement to POLITICO. "The voluntary relocation assistance to get people out of harm's way was right for the situation at Tar Creek, but may not be for every other Superfund—that is why state and local partnership is critical."

To many former residents, who still want the investigative report by the state auditor to see the light of day, even these modest and conditional endorsements feel like slaps in the face.

"People hate the government out here, and it's because of things like this," said Aletha Redden, a lifelong resident of the area who has a Donald Trump bumper sticker on her pickup truck. "I want Scott Pruitt to know: This is not the model."

A flat expanse of dusty roads and scrubby vegetation situated in the heart of Tornado Alley, the Tar Creek area was once the

mainstay of the Quapaw Tribe, which was forcibly relocated there by the U.S. government in 1834. At the time, the territory had little economic value, but a half-century later, prospectors discovered enormously rich ore. By the turn of the 20th century, companies broke ground with drill rigs on Quapaw land.

Many of those firms made fortunes, luring white settlers into an uneasy state of coexistence with the Quapaw. Tar Creek proved to be the deepest reservoir of lead-zinc ore in the world, producing a whopping \$1 billion in minerals between 1908 and 1950, according to the Oklahoma Historical Society. Picher, the largest of the mining towns, swelled to a population of 14,000.

Almost every aspect of life in Tar Creek traced back to the mines. The high school took on the mascot of a gorilla, a reference to workers in the mines who broke up boulders with hammers. Children played in sandboxes filled with chat, the chalky mining debris. Teenagers earned the nickname "chat rats" for climbing up the pillowy piles of toxic rubble throughout town and rolling tires down their slopes.

By the end of World War II, however, the boom was over. Most of the mining companies decamped for richer pastures. For the families left behind—including that of Yankees slugger Mickey Mantle, who grew up in the Tar Creek area in the 1940s—it was a slowly unfolding disaster. The extent of Tar Creek's collapse was reflected in the words of John F. Kennedy, who barnstormed into Joplin, Missouri—25 miles away from Tar Creek—in the closing days of the 1960 presidential campaign.

"My own judgment is I know no tougher occupation in the world that [sic] to be a miner, lead, zinc, coal. I am always glad to meet them because I think they live with peril," Kennedy declared. "They have as tough a life as there is. Every other one whose hand you shake has a finger off, a foot crushed, the chances of in 20 years their having a bad accident are more than any of the rest of us. And yet in this community and in West Virginia and Idaho and in other sections of the United States, there has been no group that has been harder hit, no group that has been more forgotten."

Indeed, after the last prospector looking for ore packed up and left in the mid-1970s, people looked to casinos and farming to make a living. But the residue from decades of mining was poisoning them. In 1979, acid mine water leached into the ground, threatening the area's aquifers, killing fish and turning creeks a rusty orange color. When the federal Superfund program—designed to clean up the nation's most polluted and contaminated land—kicked off in the early 1980s, Tar Creek was named to the inaugural National Priorities List. It's still on the list.

The EPA has spent more than \$176 million over the past 25 years on cleanup work inside the 42-square-mile-area, on projects from

plugging mine shafts to removing contaminated surface soil in people's yards. Though the amount of money sounds large, it hasn't been nearly enough to remove the toxic dangers, and many residents insist the cleanup was mishandled from the get-go. In some cases, the removal of soil resulted in sloping yards, which, during bouts of rain, caused flooding and mold inside houses. In 2000, the FBI raided the offices of the EPA's prime contractor at Tar Creek, Morrison-Knudsen. The company later settled a lawsuit brought by the federal government alleging false representation of billing and progress reports for a sum of \$1 million. In the settlement, the company made no admission of wrongdoing.

Meanwhile, the environmental hazards began to multiply: Shortly after the start of that Superfund spending spree, in 1993, researchers at the University of Oklahoma found that 34 percent of Quapaw children were living with lead concentrations above the federal limit. Further studies found alarming rates of lead and arsenic in both the tribal and non-tribal populations. In 1997, a university-lead study estimated that 21 percent of children near Tar Creek had elevated blood-lead levels (defined as 10 micrograms per liter at the time), which is three times higher than the highest measurements found in Flint, Michigan, in 2015. The learning disabilities and memory loss that had plagued the schools and curtailed lifespans for decades suddenly had a culprit.

As the dangers became ever-more visible and the cleanup lagged, residents rallied around the idea that the government should quickly buy them out of their homes, rather than wait for the hazardous materials to be removed. They thought they might have an ally in the state's senior senator, Inhofe, a Republican who was chair of the Senate Environment and Public Works Committee. But Inhofe, who has a skepticism about environmental science that exceeds that of any of his colleagues, refused to consider the idea. "There will never be a buyout. I promise you that," Inhofe told the *Tulsa World* in late 2003.

Inhofe's refusal to take action of any sort was often criticized in local press, due in part to the relentless attacks of a young Democratic congressman named Brad Carson. "If you'd asked people in Oklahoma politics at the time, they'd say we were mortal enemies," said Carson, referring to himself and Inhofe. "I was elected [to Congress] in 2000, and my goal was to untie the Gordian knot. The area is desperately poor. If it was in suburban Tulsa or Oklahoma City, there would've been outrage."

In 2004, Governor Brad Henry signed a bill authorizing the use of state dollars for the relocation of roughly 100 families with children under the age of 6. Under pressure to take further action, the senior senator began to come around. At first, he secured \$2 million in federal funding to pay for a study that discovered that 286 homes within Tar Creek were at risk of being swallowed up from cave-ins of underground mine shafts. This provided an

opportunity for Inhofe to reverse himself on the buyout, supporting it on the grounds of protecting residents from cave-ins.

"The stability with the underground mine workings was worse than anyone had previously been thought," recalls Ed Keheley, a retired nuclear engineer and native of Picher who co-authored the study's final report. In the spring of 2006, Inhofe announced a joint federal and state buyout program that would begin with \$20 million in funding, with the express purpose of relocating any and all people who'd voluntarily leave Tar Creek.

Having once opposed the buyout to his political detriment, Inhofe now used his clout to keep on funding it, but with the idea that decision-making would be concentrated among local leaders, not the federal government. With Inhofe's support, the Oklahoma legislature created a nine-member panel called the Lead Impacted Communities Relocation Assistance Trust to assume control over the project. The members were all volunteers, helping their community, but some had a vested interest in the buyout: They included, for example, a local banker whose institution would later give loans to people to help them relocate; local property owners whose own homes—and those of relatives—would be subject to the buyout; town officials; and a leader of the Quapaw Tribe.

Inhofe cast himself in the role of the community's protector, putting out a 2008 campaign ad that declared: "Tar Creek: poisoned earth, the threat of schools and churches sinking into abandoned mines. Everyone thought it would be too much to tackle, except for one stubborn man named Inhofe."

But over a five-year period, the buyout would become the subject of a host of civil lawsuits and the subject of a state investigation.

The local members of the trust—few, if any, of them schooled in environmental management—had two major tasks: figuring out how much each property owner should be paid for their home or business, and then choosing a company to demolish the properties. Both tasks would become the subject of complaints about cronyism, with residents saying the trust members rewarded their friends and politically connected individuals.

It didn't help that the trust often met behind closed doors, and that the vice chairman of the trust resigned within a year. The trust's sole employee, operations manager Sonya Harris, also quit, declaring in her resignation letter that she could no longer continue "with a clear conscience without recommending a change; I will not place myself in a position to be perceived as approving of the operations to this point."

The first case to raise eyebrows involved the mayor of Picher, Ernest "Sam" Freeman. In 2005, when the buyout was first being discussed as a probability, he acquired three large parcels of former mining land covered with chat from the Picher Development Authority, which he chaired. Freeman bought them at 3 cents per square foot, for a total price of \$2,088.50, according to the findings of a state audit at the time. It was, the audit declared, a violation of state laws forbidding members of public boards from entering into contracts with those boards. Ottawa County District Attorney Eddie Wyant called on Freeman to return the properties to the development authority in lieu of charges.

"If Sam wanted to buy that land, he needed to get off the board and purchase it legally," Wyant told a local newspaper at the time. "I am not one to put anyone in jail over this, but he needs to clear it up." Wyant, when reached by phone, declined to comment further.

Freeman returned the land, but, in a move that enraged some neighbors, profited off it anyway. The trust had decided that, because so much former mining land had been taken over by state authorities and tribal members, those who owned mobile homes or other shelters on land they didn't own would be eligible for buyouts. Freeman made a claim based on the fact that he had been maintaining and renting out homes on the chat-infested property for years before he tried to buy it.

Trust documents show that Freeman received at least \$274,000 from the buyout, more than half of which came from the same lots he had been ordered to return by law enforcement. (Freeman told POLITICO a payout of more than a quarter-million sounded accurate enough, though he declined to provide an exact figure.) Neighbors suspected cronyism. Freeman, who is no longer mayor, denied receiving any preferential treatment. "These people thought I bought the lots to make a killing in the buyout," he said. "I don't think I got more than anyone else would have."

The size of the mayor's profit diminished public confidence in the trust, just as it was engaged in the most delicate part of its task, figuring out how much to pay each individual property owner. Property owners were supposed to receive fair market prices as if pollution hadn't existed in Tar Creek, based on the sales of similar properties elsewhere in northeast Oklahoma. But those calculations appeared to lack uniformity.

The average payout for the 695 properties involved in the buyout was just over \$65,000, but the disparity in prices between two properties could be dramatic. Residents complained about lowball offers on some decent properties and overly high payouts for others that were rundown or minuscule in size.

"I got \$3,000 for my gun shop. It took me \$16,000 to build it," said former Tar Creek resident John Frazier.

Wally Long said he and his wife got \$35,000 for their Dairy Queen, while another Dairy Queen right up the road got substantially more.

"We were told [by the trust] that's all the money there is," Long said. "It bothered my wife a lot. She put 23 years of her life into this business."

Meanwhile, a trust member named Janell Trimble got \$185,000 for her house, and her brother collected \$115,000 for his fiberboard house.

"I may be a member of the [relocation trust's committee], but I honor my duties and I recuse myself when family members are involved," Trimble told the *Tulsa World* in 2008. "[B]ut as a buyout participant I also expect to be treated just like the next person."

Nonetheless, both Trimble and her brother received more than 35 percent above the average price per square foot. On the other end of the spectrum, an elderly woman named Betty Betts received an offer of \$12,000 for her home; when she protested, the appraised value was raised to \$20,000. Many people got so little for their homes that they had to turn around and take out loans in order to resettle elsewhere in Oklahoma. In the end, the trust finished up with millions in unspent funds.

Residents concentrated their anger on the company that the trust hired to conduct the appraisals, Cinnabar, which had previously made headlines for its management of a noise-insulation program at the Tulsa Airport, which involved multiple lawsuits. In response, the trust engaged an "appraisal reviewer" to go back over Cinnabar's work. But the reviewer, a company named Van Tuyl Associates, quickly came under criticism as well. "They [often] didn't get out of their car. They never entered these homes," said Keheley, who was a member of the trust at the time. (Van Tuyl Associates is now defunct; its former president could not be reached for comment.)

When the unrest over the buyout made the local newspapers, the trust's leadership pointed to a 95 percent acceptance rate for buyout offers. But some residents accused trustees of pressuring them with "take it or leave it" offers, according to a class-action lawsuit brought against the trustees, Cinnabar and Van Tuyl by more than 250 residents affected by the buyout. Plaintiffs also complained that they were denied the right to view the appraisal paperwork. There was even a fake camera—and posters notifying residents they were being videotaped—in the room where buyout offers were made, an apparent attempt to compel residents to take the offers, according to documents in the suit.

The suit, filed in Oklahoma district court, accused the defendants of cheating average property owners and rewarding friends and associates of the trustees. Depositions revealed an explanation for some of the inconsistencies in appraisals: For certain properties, Cinnabar expanded the boundaries of where it could find "comparables"—properties in adjacent counties whose sale prices were used to calculate the appraisals—with the approval of a state employee named J.D. Strong, who, according to the lawsuit, played a significant role in overseeing the trust.

One of the properties appraised in this fashion was that of Trimble, whose \$185,000 payout, according to appraisal documents, had infuriated other residents.

When, in 2008, residents outlined their frustrations in a scathing six-page letter to Inhofe, Henry and other elected officials, Strong dictated the governor's reply, which was co-signed by Inhofe, lawyers for the plaintiffs asserted in his deposition. "I may have drafted this," Strong responded, when presented with a copy of the letter saved on Strong's computer.

In an interview, Strong defended the trust and its system of appraisals: "We knew going in that we weren't going to be the most popular. We went in with the idea that we were going to be fair. I can honestly say that, looking back, we were fair and unbiased and frugal."

During the six years the lawsuit was making its way through the state court system, both Cinnabar and Van Tuyl Associates declared bankruptcy. Eventually, the plaintiffs and the trust settled the case in 2015 for \$1.3 million, which, after deducting attorney fees, meant that each resident ended up receiving an additional \$2,600.

But that didn't satisfy many property owners.

"The people of Tar Creek were treated like second-class citizens, based on where they were born and lived," concluded Wally Kennedy, a columnist at the *Joplin Globe* who reported on northeast Oklahoma, including Tar Creek, for more than 30 years. "For someone to portray the buyout of the people of Tar Creek as a successful program is lying through their teeth."

Once the trust obtained the properties on the toxic land, the next problem was how to destroy the empty structures that were on them.

Inhofe made sure there was enough money for the job. Even as he joined fellow Republicans in condemning President Barack Obama's 2009 stimulus bill as an unwarranted giveaway, the senior

senator helped secure an additional \$15.7 million in the bill to help the trust finish its work.

The trust hired a local businessman named Jack Dalrymple to oversee bids for the demolition contract. He was best known for organizing an annual deer hunt for paralyzed veterans, an endeavor that earned him a lifetime achievement award from a local Chamber of Commerce. His payment was to be 10 percent of the value of the winning bid. He formulated a scoring system to evaluate bids and, in March 2010, the trust awarded the contract to Stone's Backhoe, the most expensive of all four bids. At \$2.1 million, it was nearly four times the cost of the lowest bidder.

Just 14 days after Stone's was declared the winner, it asked that the contract be reassigned to two subcontractors, CWF Enterprises, a carpet-cleaning business, and Vision Construction and Management. Former residents contend that there were longstanding ties between Dalrymple and the subcontractors. Whether or not they were friends before, they soon became hunting buddies. In October 2012, local coverage of Dalrymple's annual event for paralyzed veterans pictured the heads of the two firms setting up the flag for the hunt.

One of the losing contractors filed suit against the trust and individual trustees in Oklahoma district court, accusing them of violating the state's open-meeting act and competitive bidding act. The district county judge sided with the plaintiff, reopening the bidding process.

But rather than blame Dalrymple, the trust gave him a new contract. It included a flat rate for his services, \$305,472—about \$100,000 more than he would have received had the contract remained with Stone's.

In January 2011, a \$1.7 million demolition contract was awarded to none other than CWF Enterprises, the carpet-cleaning business, which was also the least expensive of the three bids received. A month later, however, the estimated cost of the contract ballooned to \$3,050,786—almost exactly 10 times what Dalrymple received in his new contract.

While many residents cried foul, Andy Lester, the trust's attorney, attributed the increase to the fact that the EPA-controlled repository for dumping debris had just closed down. Trekking the remains of the houses and businesses to a dumping ground further away caused the massive change order, and a near doubling of the contract.

Lester also defends the choice of Dalrymple to handle the bids, contending that he was an engineer with some prior experience with public contracts and that the trust members couldn't handle the process on their own.

"It is important to remember that the trust board consisted of nine members—including, for example, a physician, a school teacher, and a mushroom farmer. They were volunteers, not professionals at this kind of work," Lester said. "Jack Dalrymple is a professional engineer with significant experience. And candidly, there are very few professional engineers in northeast Oklahoma."

Nonetheless, lawyers out of the Tulsa region filed a lawsuit in 2012 under the False Claims Act that accused the trust members, Dalrymple and the heads of the companies hired to do demolition work of being part of a "good old boy network" and defrauding federal taxpayers.

Attorneys for the plaintiffs, Zach and Brad Barron, say the lawsuit fizzled when the Department of Justice took the stance that "the government didn't sustain damages" from the charges laid out in the complaint. In a false claims lawsuit, where the plaintiffs are effectively trying to recoup money that's owed to the government, a lack of willingness from the government is effectively a death knell, the Barrons said. The lawsuit was eventually dismissed.

In an interview, Dalrymple insisted the allegations of cronyism were entirely unfounded.

"There were a lot of emotions and feelings during that period," he said. "When you ask someone to leave their home, it's a tough thing. But ... there was nothing there."

Still, the drumbeat of complaints continued, eventually reaching the ear of Jerry Morris, the state director for Oklahoma's then-junior senator, Republican Tom Coburn.

It was no secret that Coburn, a physician who cast himself as a political outsider, didn't look upon Inhofe with any sort of fond feelings of mentorship.

"I think they were often seen as having very different approaches to politics," said David Blatt of the Oklahoma Policy Institute. "Inhofe is seen as a classic, pork-barrel politician who'd bring federal dollars to Oklahoma, the more the merrier." Whereas Coburn, Blatt says, "hated that kind of politics and did as little of it as he possibly could. In fact, he spoke disdainfully and caustically about it the whole time he was in the Senate."

Coburn was not shy about stepping on his fellow Republican's toes. Morris forwarded a memo with a lengthy list of allegations related to the awarding of contracts in the Tar Creek buyout, especially regarding the demolition work, to then-Attorney General Pruitt. In April 2011, Pruitt asked the state auditor and inspector, Gary Jones, to look into the memoranda sent from Coburn's office.

"I have determined that these concerns are serious in nature such that an investigation of the matter is warranted," Pruitt wrote to Jones. A 17-point list of allegations for Jones to investigate followed, including whether there was collusion between Dalrymple and the contractors hired to do the demolition work.

After spending almost two years on the investigation, Jones turned over the results of the audit to the attorney general's office in January 2014, apparently believing it had uncovered important information.

For a year and a half, the attorney general sat on the findings. Then, in May 2015, Pruitt announced that he wouldn't press charges. In addition, he vowed to keep the audit secret by refusing to release it.

Jones fired back at the attorney general's office days later, penning a letter to Pruitt that described his rationale for withholding the audit as "baffling."

"To our knowledge, the individuals named in the report are members of a public trust or contractor whose services were retained as part of this substantive project," Jones wrote. Further, he contended, "our office has received no inquiries from you or your staff regarding the content of the audit report."

Pruitt justified the secrecy by comparing the investigation results to the findings of a grand jury. "Specifically, our office is concerned about publication of unsubstantiated criminal allegations against private citizens," Pruitt wrote in a 2015 statement.

In an interview with POLITICO, Pruitt appeared to go one step further, suggesting the audit had in fact been vetted by a grand jury.

"You're addressing issues that it's been some months since I've looked into," Pruitt said. "I know the decision I made at that time was based upon the investigative audit. The investigative audit didn't yield anything to the grand jury, and, as such, it was important to protect the individuals' reputation that were in that investigation."

But when asked to clarify, a Pruitt staff member indicated that he was using the term "grand jury" as shorthand for the Multi-County Grand Jury Unit, a division of the AG's office, headed at the time by a Pruitt appointee, which decides whether to take cases to a grand jury for indictment.

It's not the same as a grand jury finding. Nonetheless, the attorney general's office, now overseen by Mike Hunter, Pruitt's former top deputy, has denied all open records requests for the audit, declaring

it to be "under the supervision of the Multi-County Grand Jury Unit." A spokeswoman for the Oklahoma attorney general's office said that if there was in fact a grand jury, the office couldn't confirm or deny that.

These rationales befuddle open records experts.

"I don't think there's anything in the law that would prohibit it [the investigation] from being released," said Joey Senat of Oklahoma State University, the president of FOIA Oklahoma. "The law doesn't require that the audit be kept secret. What would its release be harming? They've closed the investigation and decided not to prosecute."

Jones, who is now running for governor, reiterated his call for the attorney general's office to release the audit, saying in a statement that "regarding any investigation of this kind, we always err on the side of transparency and the people of Oklahoma have a right to know."

Concluded Senat: "When you have the state auditor [Gary Jones] saying these are not unsubstantiated claims and this is a serious problem, good government would call for letting the public know what happened and showing the public the audit. Transparency helps alleviate a lot of concerns about favoritism, corruption, and incompetency—if those are indeed unfounded."

Tar Creek today looks like an abandoned landfill. Illegal dumping has added a fresh layer of grime to the already ruined patch of earth. Giant craters from collapsed mine shafts, some as large as 200 feet in diameter, are filled with Bud Light cans, shotgun shells and the tangled remains of kids' playground equipment. "We call this urban renewal, Picher style," quipped former resident Gloria Workman.

Abandoned houses that were not part of the buyout are now coated with graffiti. The charred remains of the former mining museum in Picher, which burned down at the hands of arsonists, stands as a teetering monument to Tar Creek's former way of life. And the sense of danger and destruction extends beyond the former buyout area: On rainy days, local fields used for football practice bleed a toxic shade of orange.

The EPA is continuing its now 33-year-old cleanup effort, and it's thrust the Quapaws back into stewardship of the land. Although the tribe leased away or sold off significant chunks of Tar Creek to mining companies throughout the 20th century, the Quapaws have at least temporarily regained control of all of it. Since 2012, the tribe—a sovereign nation with roughly 5,500 members—has been the primary EPA contractor for environmental remediation at Tar

Creek. It's the first time any tribe has been a prime contractor on a Superfund site, assigning all the contracts and overseeing all the work.

"It's a great story," said Craig Kreman, assistant environmental director of the Quapaw tribe. "We're employing tribal members a lot of the time and members of the community. So that income [from the EPA contract] stays here in this community and is being spent in this community. We're not hiring a contractor out of Georgia."

Every day, a steady stream of trucks haul away more than 2,000 tons of soil saturated with cadmium, lead and other metals at the site. Each patch of earth requires years of passive soil treatments before it tests clean enough to plant row crops like winter wheat. Half-acre by half-acre, the hope is that Tar Creek can be put into productive agricultural use decades from now.

In August, after touring the abandoned area and surrounding towns, Pruitt's senior adviser Albert "Kell" Kelly, praised the EPA's efforts surrounding Tar Creek in sweeping terms: "People from all across the country count on the Superfund program to address pollution and revitalize their communities. Tar Creek cleanup is an excellent example of how the program should work. State and local partners, tribal partners, and EPA—all working together year after year to address historical pollution at this megasite. It's cooperative federalism working at its best."

But many local observers, including Ed Keheley, aren't nearly as positive.

"Usually, the EPA comes in, they do their dirty work, sprinkle some wheat seed, take a picture to show Congress, and next year it looks like this," he said, pointing to a barren pasture. "Clearly, the EPA hasn't had the best interests of the people at heart. So I get personally offended when people like Scott Pruitt suggest otherwise."

For his part, Pruitt announced a fresh grant of \$5 million to the Quapaw-led project last May, and he is quick to distance this experiment in local control from the one that preceded it.

"We [the EPA] can't impact the buyout. We didn't authorize the buyout. I didn't manage the buyout and its unique situation," Pruitt said. "I think what's most tangible is what we can do together with the tribe to advance and continue remediation."

When asked to respond to the undying complaints of residents in rural Ottawa County, where Tar Creek is located—a county in which Trump received 71 percent of the vote in November 2016—Pruitt changed the subject. "I had no experience with Tar Creek, to be honest with you," he said.

That's true, except it was his office's decision, when he was attorney general, not to prosecute the people accused of mishandling the trust money, Keheley and other local residents point out.

But what galls them more than the failure to prosecute is the failure to release the results of a government investigation—an audit that they believe will raise questions about Pruitt's unwillingness to press charges and cast a negative light on a project near and dear to Inhofe's heart.

Pruitt's connections to Inhofe are extensive. One of Pruitt's first hires as EPA chief was Ryan Jackson, a longtime Inhofe staffer and the senator's point person on Tar Creek, who is now Pruitt's chief of staff. He also brought on four other former aides to Inhofe, the Senate's leading proponent of the idea that man-made pollution contributing to climate change is a conspiracy and a hoax. Three of them are Pruitt's senior advisers on air, climate and legal issues.

"It gives me a level of comfort to know that we have a bureaucracy that's actually going to be serving instead of ruling," Inhofe told the *Washington Post*, applauding Pruitt for hiring his staff.

Numerous veteran Oklahoma political watchers, some of whom spoke to POLITICO on condition of anonymity, suggest that there may be an ulterior motive in Pruitt's embrace of Inhofe: It's widely believed that Pruitt, who is 49, wants to run for Inhofe's seat when the senator retires. Many observers think Inhofe is unlikely to seek reelection in 2020, when he'll be 85. And some have noted that Pruitt's decision not to advance the case against the buyout trust spared Inhofe the embarrassment of seeing the program he personally tailored and promoted go down in scandal.

"Pruitt is a rising Republican political star previously in Oklahoma and now nationally," said one journalist who closely follows the Oklahoma political scene. "There have been rumblings that Pruitt might have his eye on higher office. ... Pruitt would do everything to keep Inhofe close, assuming he wants to run for that seat."

Wally Kennedy, the *Joplin Globe* columnist who has covered the Tar Creek trust more closely than any other journalist, said, "My sense of the way that unfolded was that Pruitt decided he was not going to do any kind of prosecution, and then Inhofe writes a letter saying what an outstanding job the trust did. My reaction was 'Huh?'"

"The fact that the audit was not publicly disclosed tells me that somebody is hiding something," he added. "This is Oklahoma taxpayers' money being committed to rattling out what appears to be some apparent corruption. But everybody looks the other way. That's why I'm talking to you. Because if you can shed a light on

this, maybe somebody will say 'We need to take a second look at this.'"

Pruitt, however, insists his decisions were strictly based on the law, and an Inhofe staffer flatly dismissed the possibility of Inhofe influencing Pruitt's decision.

"Senator Inhofe would have had no involvement in the case or in any of then-Attorney General Pruitt's decisions," the staffer said.

Pruitt was similarly bemused by the idea that there would have been any sort of political calculation behind his decision to shield the audit. The only politics in this case, he suggested, was on the part of those who want to embarrass him and Inhofe.

"You would think that this wouldn't be a political issue, that people wouldn't put on the red and blue jerseys," Pruitt said in frustration.

Others argue that transparency in this case is not a political issue as much as a legal right.

"The open records act seems pretty clear this audit should be released," said Stevens, executive director of Campaign for Accountability. "You have to ask why he's not releasing it? Pruitt should have to be held accountable for this."

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Pruitt named chair of Gulf Coast Ecosystem Restoration Council [Back](#)

By Anthony Adragna | 12/06/2017 07:28 PM EDT

President Donald Trump announced today that EPA Administrator Scott Pruitt would chair the Gulf Coast Ecosystem Restoration Council.

The group, formed in 2012 after the Deepwater Horizon oil spill, helps restore the ecosystems and economies of the Gulf Coast. Pruitt was unanimously selected by Alabama, Florida, Louisiana, Mississippi and Texas, the five states on the council.

"I am honored to be selected by the states and look forward to working with the governors to continue the excellent work of this Council to further the critical mission of restoring the Gulf of Mexico ecosystem," he said in a statement.

Pruitt named Kenneth Wagner, a senior adviser, to be his designee on the council. He takes over the chairmanship from the Secretary of Agriculture.

WHAT'S NEXT: Pruitt begins his chairmanship of the group.

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Powelson says McIntyre to be sworn in Thursday [Back](#)

By Eric Wolff | 12/06/2017 03:33 PM EDT

New FERC Chairman Kevin McIntyre will be sworn in on Thursday, FERC Commissioner Rob Powelson told an audience of electric power officials in Philadelphia today.

"At a general session this afternoon in Philadelphia, one of the key speakers was FERC Commissioner Rob Powelson, and during his speech this afternoon he confirmed that Kevin McIntyre will be sworn in tomorrow," PJM Interconnection spokeswoman Susan Buehler said.

President Donald Trump nominated McIntyre, a partner at the law firm of Jones Day, to be commissioner and designated him to be chair months ago. The Senate confirmed him in early November, and he received his signed commission just before Thanksgiving.

His swearing in will put to rest rumors that either the Trump administration or McIntyre himself were delaying his start date to give current Chairman Neil Chatterjee enough service time to make staffing changes. Chatterjee will miss that deadline by a day.

It also puts McIntyre in charge of the process initiated by Energy Secretary Rick Perry that is aimed at supporting coal-fired and nuclear power plants in an effort to protect the power grid's resilience. Action on that proposal is expected by Monday.

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EPA to hold more hearings on Clean Power Plan withdrawal
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By Emily Holden | 12/06/2017 03:28 PM EDT

EPA will hold three additional public hearings on a proposal to withdraw the Clean Power Plan, in San Francisco; Gillette, Wyo.; and Kansas City, Mo., the agency announced today.

EPA Administrator Scott Pruitt in a press release said the change was "due to the overwhelming response" to two days of hearings in West Virginia last week. Many environmental advocates criticized EPA for initially scheduling hearings only in coal country.

The agency will announce the dates and locations of the meetings in the coming weeks, and speakers must [register](#).

The Obama administration, by comparison, held public hearings on the proposed climate standards in 2015 in Pittsburgh, Denver, Atlanta and Washington, D.C.

WHAT'S NEXT: Comments on the draft withdrawal are due Jan. 16.

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Republicans divided over taking up tax extenders this year

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By Brian Faler | 12/06/2017 05:40 PM EDT

Republican leaders are divided over whether to take up a second tax-cut bill this year.

Senate Republicans want to move legislation reviving a rump group of tax "extenders," separate from their more sweeping plan to rewrite the code.

But the House's top tax writer isn't so sure.

"I don't like the extenders," said House Ways and Means Chairman [Kevin Brady](#) (R-Texas). "It's horrible policy and process."

"No decision yet," he added, saying lawmakers need to talk it over.

His comments came after Sen. [John Thune](#), the chamber's No. 3 Republican, said today lawmakers will revive biodiesel, geothermal and other energy-related breaks along with other "cats and dogs," including a tax credit to maintain short-line railroads.

Thirty-four temporary tax provisions expired at the end of last year, including 16 energy ones, and lawmakers are now facing

demands to revive them. Some want to attach the provisions to funding legislation needed to keep the government open [H.J. Res. 123 \(115\)](#).

Many Republicans had sworn off the "extender" ritual after a 2015 tax agreement made many of the breaks permanent while giving others what lawmakers said was one final extension — which, for some, ended last year.

Putting together an extender bill, even as lawmakers negotiate a final compromise on their tax-overhaul plans, is likely to test tax writers' bandwidth.

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Solar pitches target Trump at USTR hearing [Back](#)

By Eric Wolff | 12/06/2017 03:46 PM EDT

Supporters of tough trade tariffs on solar energy equipment and their opponents squared off again at a hearing of the U.S. Trade Representative today, with both sides coloring their arguments in language aimed at swaying the White House.

The two companies seeking tariffs on foreign shipments of solar panels and cells, Suniva and SolarWorld Americas, pressed the case that barriers were vital for protecting U.S. manufacturing of the clean energy technology because of its importance for national security — issues at the heart of President Donald Trump's "America First" agenda.

"A strong remedy is required to persevere the U.S. industry, provide breathing space for this American-invented manufacturing technology," said Matt Card, vice president of operations for bankrupt Suniva. "Anything less would ... result in the loss of this industry. That would have a dramatic negative impact on national security."

Witnesses at the hearing opposed to instituting tariffs raised the same issues, but contended that trade barriers would threaten other businesses, and that the benefits of tariffs would help only a narrow segment of the solar industry.

"Factories in South Carolina and across the nation would suffer from solar tariffs," South Carolina Gov. Henry McMaster told the panel. "While there is only one operating factory in the U.S. petitioning for these tariffs, there are over 50 American-owned factories employing thousands of people that would be the ones

harmful, including a steel mill in South Carolina that provides American-made steel for many of the U.S. factories that produce metal equipment for the utility scale solar farms."

The panel, which included representatives from the departments of Energy, Treasury, State, Labor and Commerce, and from the Council of Economic Advisers, appeared unmoved by the national security arguments, and instead peppered parties with detailed questions about the potential tariffs' impacts on U.S. solar power demand. Panel members also questioned whether a few years of trade protections would be enough time for Suniva and SolarWorld to hike their production enough to catch up to overseas competition.


They pressed witnesses from both side on how tariffs would effect the domestic solar market, whether a modest tariff would be effective, and their opinions on the recommendations the U.S. International Trade Commission sent the White House last month. ITC members recommended a range of options, from sliding scale of tariffs to a cap on total shipments.

The Trade Representative will send the White House a recommendation, and Trump has until Jan. 26 to make a decision.


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