

**The Case against J. Steven Griles, Deputy Secretary, U.S. Department of the Interior**

**Background on Coal Bed Methane and the Powder River Basin**

Coal bed methane (CBM) is natural gas trapped in subsurface coal deposits. The gas is typically trapped in between the coal deposit or seam and groundwater that accumulate above the deposit. The groundwater prevents the methane gas from seeping to the surface. In order to access the trapped gas, drillers must “dewater” the gas well, which entails pumping significant amounts of water out of the well and onto the surface. Once the water is removed, the methane gas can escape to the surface. Dewatering a coal seam releases significant quantities of water. In the Powder River Basin, the average CBM well discharges and wastes 15,000 to 20,000 gallons of salty water per day onto the ground surface, with enormous impacts to soils, vegetation and aquatic life. For the 80,000 CBM wells expected in the Powder River Basin in Wyoming and Montana, the Bureau of Land Management (BLM) predicts 4 trillion or more gallons of water to be wasted onto the ground surface over the next 15 years. Recharge of local aquifers may take hundreds of years. Another unique impact associated with CBM involves the added energy requirements to power submersible water pumps for each well, meaning additional power plants in Wyoming and 5,300 miles of overhead powerlines. Those impacts, added to 17,000 miles of new roads, 20,000 miles of pipelines, 200,000 acres of soil loss, thousands of excavated reservoirs to slowly bleed CBM wastewater into the water table, along with hundreds of compressor facilities will, in BLM's words, change the 8 million acre mixed-grass and rugged prairie of the Powder River Basin in Wyoming to an industrial zone.

CBM is a major component of the Bush/Cheney National Energy Policy. The BLM is currently studying proposals for 80,000 CBM wells to be drilled in the Powder River Basin in Montana and Wyoming by 2010, making it the largest natural gas project ever considered by the agency.

In November of 2001 NES arranged, with the help of Senator Michael Enzi's office, a tour of the Powder River Basin project. The goal of this tour was to “provide these agencies [Department of Energy and EPA] the chance to ask questions of industry, concerned citizens, and state officials in a setting where those questions would have the most meaning” (from an invitation circulated by Senator Enzi). This tour was set up by Krista Mutch from NES. Holly Hopkins, Special Assistant to the Deputy Secretary at DOI attended the tour. Holly also worked as an executive assistant for National Environmental Strategies from 1997 to 2001. She was appointed to DOI on 8/1/2001. Another DOI official on the tour was Conrad Lass, DOI Special Assistant to the Bureau of Land Management. Previous to his employment at DOI Lass worked at Southern Company Service.

In early April 2002, the Environmental Protection Agency reviewed the draft

environmental study for 51,000 CBM wells in the Powder River Basin and handed down its two worst rankings: "Environmentally Unsatisfactory" and a numeric ranking of "3", which requires BLM to start over with a new environmental study. Oil and gas projects can only proceed after operators lease public lands for mineral extraction. The current CBM project - the largest ever contemplated or studied by Interior - presumes that the underlying leases were legally issued.

In response to EPA's comments, Deputy Secretary of the Interior, Steven Griles, who lobbied for the methane industry as part of his work with J. Steven Griles and Associates and National Environmental Strategies, wrote a memo critical of the EPA's initial comments. The Department of the Interior also responded by extending the comment deadline on the EIS in order to reconcile interagency differences. While the extension of the comment deadline received some press attention, it was unknown at this time that Griles had recused himself from work on these issues.

### **Conflict of Interest**

10 On August 1, 2001 J. Steven Griles signed a "statement of disqualification" from matters involving his former employers and clients. "I hereby recuse myself for one year from my appointment as Deputy Secretary from any particular matter involving parties in which any of my former clients is or represents a party unless the Department of the Interior determines, pursuant to 5 C.F.R. 2635.502 (d), that the interests of the Government outweigh any appearance issue that may be present".

11 On April 12, 2002 J. Steven Griles wrote a memo to Linda Fisher, Deputy Administrator, EPA about EPA's environmentally unsatisfactory rating of the Powder River Basin draft EIS. In his memo, Griles wrote "I hope you will consider the best means of addressing EPA's concerns together versus sending a letter that will create, at best, misimpressions and possibly impede the ability to move forward in a constructive manner".

We have also learned that Griles again recused himself from working on coal bed methane issues. In a meeting with environmentalists on May 7<sup>th</sup>, 2002 in Denver, Colorado Griles told participants that he has "recused himself from everything regarding coal bed methane development".

We have also heard that the solicitor's office sent a memo to Griles regarding the coal bed methane issue. Apparently Griles recused himself again on April 8<sup>th</sup>, 2002. (We are working on getting a copy of this second recusal and should have it tomorrow)

In addition, according to Mary Helen Yaraborough at the publication *Inside Energy*, Griles has not yet divested in his interest in National Environmental Strategies. According to his original recusal agreement, he had 90 days to divest his interest. In his

recusal letter Griles states “I promised to resign my position as Vice President and Principal of J. Steven Griles and Associates, Washington, DC within ninety days of my appointment as Deputy Secretary. Within this period of time, I will complete the sale of my interests in J. Steven Griles and Associates to National Environmental Strategies. In accordance with 18 USC 208, I hereby recuse myself until the sale is complete, from participating personally and substantially as a Federal employee in any particular matter which would have a direct and predictable effect on J. Steven Griles and Associates”.

According to DOI Ethics office officials, Griles sold J. Steven Griles and Associates to National Environmental Strategies, (we have not confirmed the dollar amount but this information should be accessible, according to Arthur Bennett DOI Ethics Specialist and training coordinator). Because the sale of J. Steven Griles and Associates was for a substantial amount of money, the DOI ethics office and the White House worked out a deal where Griles would receive money for the sale of J. Steven Griles and Associates in multiple payments over the next couple of years. We believe that the financial arrangement that Griles has with NES represents a conflict of interest. According to Mr. Bennett, DOI Ethics officer, Griles cannot participate in any activity that would affect NES’s ability to make payments to him. One of J. Steven Griles and Associates clients is Devon Energy Company, one of the companies that has applied for some of the Powder River Basin coal bed methane permits. Devon Energy is in the position to make a lot of money if the Powder River Basin project is approved.

## Attachment A

J. Steven Griles was appointed to be the Deputy Secretary of the Department of the Interior on July 17, 2001. The Deputy Secretary of the Interior assists the Secretary in the discharge of Secretarial duties and serves as Acting Secretary in the absence of the Secretary. With the exception of certain matters reserved by the Secretary, the Deputy Secretary has the full authority of the Secretary (Congressional Quarterly's *Federal Staff Directory*, Fall 2001).

Prior to joining the Interior Department, Steven Griles was Vice President and Principal for National Environmental Strategies (NES), D.C., 3/95 - 2001 and President of J. Steven Griles and Associates, D.C., 3/95 - 2001. Both firms provide strategic advice, guidance and advocacy to companies, trade associations, and other clients concerned about federal and state environmental, energy and natural resources issues and provide general guidance on regulatory and policy issues relating to these issues. Clients include the following: American Gas Association, Coastal Coal, Devon Energy, Dominion Resources, Edison Electric Institute, Jewell Coal and Coke, National Mining Association, Occidental Petroleum, Pennsylvania Power and Light, Shell Oil Company, State of Alaska, Western Gas Resources and others. (see attached list for all other clients)

### Clients Represented by J. Steven Griles -

1. Advanced Power Technologies Inc. - assist in understanding the federal governments need for and management of hyperspectral imaging programs, particularly those programs associated with federal land assessment and management.
2. American Electroplaters and Surface Finishers Society - managed general government affairs of Association before Congress and the Administration specifically environmental issues before EPA. The Association represents the metal finishing industry.
3. Air Products - general representation on procedural matters related to clean air act and assisted company in VA Executive Branch.
4. American Gas Association - general representation on environmental issues with Administration and Congress
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6. American Portland Cement Alliance - represented council on several issues relating to clean air with OMB, AG, EPA, FDA and Congress.
7. Arch Coal. Inc. - provided advice relating to the appropriate application of Section 29 tax credits before Congress and US Department of Treasury.

8. Cal Resources - represented company in a request for royalty relief on OCS oil and gas development in California.
9. Center for Energy and Economic Development - provided consulting advice to Center on clean air issues relation to multi pollution strategy.
10. Celanese - provided advice on several issues relating to clean air with OMB, AG, EPA, FDA and Congress.
11. Chemical Manufacturers Association - represented association on several issues relating to clean air w/OMB, AG, EPA, FDA and Congress.
12. Chevron Corporation - Griles was expert witness in USA ex rel. J. Benjamin Johnson, Jr. et al v. Shell Oil Company et a.
13. Chlorine Chemistry Council - represented council on several issues relating to clean air with OMB, Agriculture, EPA, FDA, and Congress.
14. Coal Bed Methane Ad Hoc Committee - assisted in securing passage of S. 2500 on ownership of coalbed methane legislation which overturned 10<sup>th</sup> Circuit Court of Appeals decisions concerning ownership by federal and private ownership.
15. Coastal Coal Operations - consulting advice relating to the appropriated application of Section 29 tax credits and settlement of ownership before West Virginia Department of Environmental Protection.
16. Container Corporation of Carolina - represented company before EPA, White House, DOE and Congress on legislation addressing interstate waste disposal issues.
17. Cumberland Resources Corporation - consulting advice relating to the appropriate application of Section 29 Tax credits.
18. Devon Energy Corporation - assist in securing passage of S.2500 on ownership of coal bed methane legislation which overturned 10<sup>th</sup> Circuit Court of Appeals decision concerning ownership by federal government and private landowners; represented company in securing additional funding for BLM to add personnel for review of APD's and inspection of the ground activities; represented company in securing agreement with private landowner, BLM, Wyoming State Historic Preservation Office on preservation of cultural and historic resources in compliance with section 106 of the Historic Preservation Act.
19. Dominion Resources - provided advice on compliance issues associated with Clean Air Act.
20. Edison Electric Institute - general representation on clean air, clean water and environmental issues with EPA, OMB, DOE and Congress including advice on right of way fees proposed by BLM and Forest Service.
21. Entergy Corporation - represented company on proposed legislation to reform Public Utility Company

Holiday Act.

22. Generic Pharmaceutical Industry Association - general representation on legislative issues concerning patent extension; such as legislative proposals to extend the patent for Claritin.
23. Holland and Knight - Expert witness in USA ex. Rel. Grynberg vs. Praxair, Inc., et al., 98 D - 16 (D-Colorado).
24. Integrated Waste Services Association - general representation on clean air interstate waste disposal and environmental issues before Congress and Administration.
25. Jewell Smokeless Coal - represented company on clean air issues with the Commonwealth of VA.
26. Kennecott Energy Company - general representation on clean air and other environmental issues.
27. Mariner Energy, Inc. - consulting advice on offshore oil and gas royalty issues before DOI, DOE and Congress.
28. National Association of Metal Finishers - managed general government affairs of Association before Congress and the Administration, specifically on environmental issues before EPA. The Association represents the metal finishing industry.
29. National Mining Association - provided consulting advice on several issues relating to clean air with OMB, AG, EPA, FDA, and Congress; represented association before Congress and Administration on appropriate level of funding for Office of Surface Mining and Enforcement.
30. Neskown Energy Services, LLC - represented company on siting gas fired power plant in AS and powerline construction in CA before BLM and geothermal royalty issues before MMS.
31. Occidental Petroleum Corporation - consulting advice on unsuccessful royalty reduction request with MMS; consulting advice on Corzoine land exchange with BLM; consulting advice on agreement with state of Tennessee and EPA on Copper Hill waste site.
32. Outlook Policy Forum - general representation on environmental issues with Administration and Congress.
33. PA Power and Light - provided advice on clean air and environmental issues.
34. Pioneer Group, Inc. consulting advice relating to appropriate application of Section 29 tax credits.
35. Pittston Coal Company - consulting advice relating to the appropriate application of section 29 tax credits.
36. Podesta.com - general representation on environmental issues.
37. Redstone - represented company in securing funds from Congress before BLM for EIS on coal ed

methane development in Montana.

38. Reilly Industries - general representation on proposed superfund site listings and clean and environmental issues.
39. Shell Oil Company - general representation on clean air issues; expert witness in USA ex. rel, J. Benjamin Johnson, Jr., et al. v. Shell Company.
40. Styrene Information and Research Center - represented Center before State of Illinois on environmental issues.
41. State of Alaska - provided analytical review of royalty, issuers associated with transport of Alaska crude oil through Panama Pipeline. (CONFIDENTAL)
42. Sunoco - general representation on Sec. 29 tax credits and environmental issues with Administration and Congress. Provided advice regarding Sunoco, Inc/Insurance Litigation Case.
43. Surface Finishing Industry Council - managed general government affairs of Association before Congress and the Administration specifically environmental issues before EPA. The Association represents the metal finishing industry.
44. Tempico - Represented company in securing National Institute of Occupation Safety and Health review of Rotoclave for waste treatment and disposal.
45. Unocal - Expert Witness in USA ex rel; J Benjamin Johnson, Jr. et al v. Shell Oil Co. et al
46. Weirton Steel Corporation - provided advice to company on dealing with EPA on hazardous waste site clean in Weirton, WV.
47. Western Gas Resources - general representation on Coalbed Methane issues before Congress and Administration; provided advice on securing additional funds for BLM to add personnel for review of ADP's inspection on the ground in Wyoming.
48. Yates Petroleum Corporation (Artesia, NM) - representation in securing additional funding for BLM to add personnel for review of APD's and inspection on the ground in Wyoming.

#### Clients represented by Firm

1. Acordis Cellulosic Fibers - general representation on environmental issues with Administration and Congress.
2. American Insurance Group - General representation on superfund issues before Administration and Congress.
3. Air Coalition - general representation on superfund before Administration and Congress.

4. Aluminum Association - general representation on environmental issues with Administration and Congress.
5. American Forest and Paper Association - general representation on clean air issues with Administration and Congress.
6. American Petroleum Institute - general representation on environmental issues.
7. Aristech Chemical Corporation - general representation on environmental issues with Administration and Congress.
8. Bergeson and Campbell - general representation on environmental issues with Administration and Congress.
9. Chevron - provide advice on the merger of Texaco and Chevron
10. Coors Brewing Company - general representation on clean air act and environmental issues
11. Dow Chemical Company - general representation on environmental issues with Administration and Congress
12. Ethyl Corporation - general representation on environmental issues with Administration and Congress
13. Horsehead Resource Development (New York, NY) - general representation of environmental issues in Administration and Congress
14. Howery and Simon - Expert witness in support litigation South Tahoe Public Utility District v. Arco, et al. Communities for a Better Environment v. Unocal Corporation, et. Al, City of Dinuba v. Unocal Corporation, et al., Hixson v. Unocal Corporation et al; Kubas v. Unocal Corporation, et al.
15. Knauf Fiber Glass (Shelbyville, IN) - general representation on environmental issues with Administration and Congress.
16. Lyondell Chemical Company (Houston, TX) - general representation on environmental issues with Administration and Congress.
17. National Food Processors Association - general representation on environmental issues with Administration and Congress.
18. Oxygenated Fuels Association - general representation on environmental issues with Administration and Congress.
19. Proctor and Gamble - general representation on environmental issues with Administration and Congress.
20. Southwire - general representation on environmental issues with Administration and Congress

21. Texaco (Burbank, CA) - general representation on environmental issues with Administration and Congress.
22. Texas Instruments - general representation on environmental issues with Administration and Congress.
23. Toyota Motor Corporation - general representation on environmental issues with Administration and Congress.
24. Tracer Research Corporation (Tucson, AZ) - general representation on environmental issues with Administration and Congress.

