

United States Department of the Interior

OFFICE OF INSPECTOR GENERAL Washington, D.C. 20240

DEC 2 9 2009

To:

Robert Abbey

Director Bureau of Land Management (BLM)

From:

John Dupus

Assistant Inspector General for Investigations

Subject:

Referral- For Bureau Action as Deemed Appropriate - Response Required

Re:

BLM Utah Lease Sale

DOI-OIG Case File No. OI-OG-09-0173-I

This memorandum transmits the results of the Office of Inspector General investigation into allegations that BLM employees were pressured to complete Resource Management Plans (RMP) and rushed to include parcels from the deferred lands list in the December 19, 2008 lease sale by the BLM Utah State Office before a change in White House administration.

Our investigation found no evidence to support the allegation that undue pressure was exerted on BLM personnel to complete the RMPs so that previously deferred lease parcels could be included in the lease sale prior to a change in White House administration. We determined, however, that BLM contributed to the perception that the lease sale was rushed when BLM failed to provide advance notice to the National Park Service (NPS) of a revised parcel list, refused to place parcels identified by the NPS back on the deferred list to allow further review of their eligibility for leasing and announced the lease sale on Election Day.

This matter is being referred to you for your review and action as deemed appropriate. Please read the protective markings in the ROI, and upon completion of your review, please provide a written response with a completed Accountability Form (attached), **within** 90 days of the date of this memorandum, and mail it to the Office of Inspector General, Office of Investigations, 1949 C Street N. W., MS 4428, Washington, DC 20240.

Attachments



Investigative Report

BLM Utah Lease Sale

Report Date: December 29, 2009 Date Posted to Web: July 12, 2010

RESULTS IN BRIEF

We initiated this investigation to address allegations that Bureau of Land Management (BLM) employees were pressured to complete Resource Management Plans (RMP) and rushed to include previously deferred parcels in the December 19, 2008 oil and gas lease sale prior to a change of Administration. During the course of our investigation, a confidential witness specifically identified Selma Sierra, BLM Utah State Office (USO) Director, as the official who pressured BLM employees to complete the RMPs and include previously deferred lease parcels in the December 2008 sale.

We interviewed current and former BLM employees as well as National Park Service (NPS) employees concerning BLM's lease sale process and the details of the December 2008 lease sale. We also obtained and reviewed documentation and correspondence relating to the administration of the lease sale and analyzed emails of senior BLM management personnel.

Our investigation found no evidence to support the allegation that undue pressure was exerted on BLM personnel to complete the RMPs before the December 2008 sale or to include previously deferred parcels in the lease sale prior to a change in the Administration.

Our investigation did reveal that BLM contributed to the perception that the sale was rushed prior to a change in White House administration because: BLM failed to provide advance notice to NPS of the revised sale list containing proposed lease parcels in close proximity to National Parks; BLM refused to defer the parcels identified by NPS prior to the list being posted for sale; and BLM announced the December 2008 sale on November 4, 2008, Election Day.

BACKGROUND

The BLM's oil and gas lease sale process is governed by the Minerals Leasing Act (MLA) of 1920 and the Federal Onshore Oil and Gas Reform Leasing Act of 1987. According to these regulations:

- Oil and gas lease sales shall be conducted by oral bidding.
- Lease sales shall be held at least quarterly for each state where eligible lands are available.
- The Secretary shall accept the highest bid from a responsible qualified bidder that is equal to or greater than the minimum acceptable bid.
- Leases shall be issued within 60 days following payment by the successful bidder of the remainder of the bonus and the annual rental for the first lease year.

Regulations governing bidder qualifications are codified in 43 C.F.R. § 3102. According to those regulations, leases or interests therein may be acquired and held only by citizens of the United States; associations (including partnerships and trusts) of such citizens; corporations organized under the laws of the United States or of any State or Territory thereof; and municipalities. Leases shall not be acquired or held by anyone considered a minor under the laws of the state in which the lands are located.

On December 19, 2008, Timothy DeChristopher attended the oil and gas lease sale at the BLM USO located in Salt Lake City, UT. A BLM Special Agent attending the sale noticed that DeChristopher appeared to be bidding up the prices of certain oil and gas leases and later began winning oil and gas leases.

DeChristopher told BLM agents he was part of a bigger environmental movement and believed the only way to make a statement was through illegal means. According to DeChristopher, he initially intended to cause a disturbance at the auction, but instead decided to drive up the bid amounts which

caused bidders to leave the auction. DeChristopher bid on and won parcels totaling about \$1.7 million at the oil and gas lease sale. He subsequently told BLM agents he was unemployed and did not intend to pay for the parcels he successfully bid on.

BLM referred their investigative findings to the U.S. Attorney's Office for the District of Utah. On April 1, 2009, a Utah Federal Grand Jury charged DeChristopher with one count of 18 U.S.C. § 1001, False Statements and one count of 30 U.S.C. § 195(a)(1), violation of the Federal Onshore Oil and Gas Leasing Reform Act. DeChristopher's trial is scheduled for March 15, 2010.

The public attention and scrutiny of these events resulted in this office's investigation concerning allegations that BLM employees were pressured to complete RMPs and rushed to include parcels from the deferred lands list in the December 2008 sale prior to a change in White House administration.

Agent's Note: The deferred lands list includes parcels nominated for sale but deferred pending the receipt of additional information, such as an Environmental Assessment (EA). Many parcels were placed on the deferred lands list until the new RMPs were completed since EAs are part of the RMP process.

DETAILS OF INVESTIGATION

December 2008 Oil and Gas Lease Sale Process

We initiated this investigation to address allegations that BLM employees were pressured to complete RMPs and rushed to include parcels from the deferred lands list in the December 2008 sale prior to a change in the Administration.

In reviewing the sale process, we determined the BLM USO established a team of employees who worked on the December 2008 oil and gas lease sale. The members of the lease sale team – the BLM USO Supervisor; the BLM USO Archaeologist; the BLM USO Natural Resource Specialist; the BLM USO Biologist; and the BLM USO Land Law Examiner - were interviewed concerning BLM's lease sale process and more specifically about the details of the December 2008 lease sale.

The BLM USO Biologist said she began working on the December 2008 lease sale by assisting in the preparation of an environmental assessment (EA) for the BLM Fillmore Field Office. After the notice of proposed parcels available for lease was published, the BLM USO Biologist began reviewing the parcels to ensure that all biological stipulations were identified. The BLM USO Biologist said it was her understanding that the lease sale date was moved from November 2008 to December 2008 so that BLM could try to complete the EA for the Fillmore Field Office prior to the sale. She said the EA was not completed in time, so BLM did not offer any Fillmore Field Office parcels in the December 2008 lease sale.

The BLM USO Archaeologist said she was responsible for reviewing the cultural resource component of parcels proposed for oil and gas leasing and ensuring BLM USO field offices comply with the National Historic Preservation Act (NHPA) and consult with Native American tribes and the State Historic Preservation Officer (SHPO). The BLM USO Archaeologist explained that after potential parcels are identified for sale, the field offices have five to six weeks to review their RMPs and complete decisions of National Environmental Policy Act (NEPA) adequacy and identify lease stipulations for parcels proposed for oil and gas leasing. The BLM USO Archaeologist said cultural stipulations were issued for the parcels offered in the December 2008 oil and gas lease sale.

Additionally, the BLM USO Archaeologist found all the decisions of NEPA adequacy to be sufficient for the oil and gas lease sale.

The BLM USO Supervisor said the December 2008 BLM USO oil and gas lease sale followed normal procedures. She said new RMPs were completed before the sale and numerous parcels from the deferred lands list were placed on the proposed sale list. She told investigators the sale was moved from the originally scheduled date in November 2008 to December 2008 to allow for additional preparation time using the new RMPs. December 19, 2008 was selected as the sale date, and since parcels proposed for sale must be posted 45 days prior to the sale, the parcels were posted on November 4, 2008.

The BLM USO Natural Resource Specialist said that he reviews parcels nominated for oil and gas lease sale to determine which special designations apply to each parcel. These special designations include Wilderness Study Areas, Wild and Scenic Rivers, Areas of Critical Environmental Concern, Visual Resource Management and recreation. He said the December 2008 lease sale was originally scheduled for November 2008 but was postponed by BLM so they could complete an environmental assessment for some geothermal leases that were offered at the sale.

According to Kent Hoffman, Deputy State Director, Lands and Minerals, BLM USO, BLM normally consults with NPS about parcels proposed for sale. In this instance, however, the BLM USO Land Law Examiner did not send the proposed parcels added from the deferred lands list to NPS for review and comment. Hoffman told investigators this was an unintentional oversight on the BLM USO Land Law Examiner's part.

When interviewed, the BLM USO Land Law Examiner said after the parcels from the deferred lands list were added to the proposed sale list, she forgot to send the revised list to NPS. The BLM USO Land Law Examiner denied she was directed not to send a copy of the list to NPS and added that it was a mistake. She explained this was the first time she was required to generate a revised proposed sale list.

Selma Sierra, BLM USO Director, told us that around October 31, 2008, she became aware NPS did not receive the revised proposed sale list, which included parcels from the deferred lands list. Sierra said she received a call on Tuesday, November 4, 2008, from Mike Snyder, Regional Director, Intermountain Region, NPS, who told her he wanted BLM to defer 40 parcels that were on the proposed sale list. Sierra added that around November 5, 2008, articles started appearing in the media regarding the parcels NPS had concerns about. She characterized NPS' comments in the articles as inaccurate and "vicious."

Sierra also said that BLM agreed to meet with NPS to discuss their concerns. Eventually, the list of parcels NPS had concerns with grew from 40 to 93. Sierra said NPS received everything they requested in regard to the 93 parcels. This included additional stipulations for some parcels and the deferral of others. She said NPS subsequently agreed on every parcel included in the December 2008 sale.

Cordell Roy, Utah State Coordinator, NPS, stated he first became involved in the Utah BLM oil and gas leasing process through a 1993 memorandum of understanding (MOU) between BLM and NPS governing BLM's notification to NPS concerning oil and gas lease sales. Roy confirmed that the MOU had expired, but that BLM and NPS had continued to abide by its terms until the December 2008 sale.

Roy told us this sale was initially scheduled for November 2008, and in accordance with the terms of the MOU, BLM provided NPS with preliminary notification of the lease sale parcels in August 2008. Roy recalled that in late October 2008, he received information that the BLM added parcels to the November lease sale that were in close proximity to several National Parks located in Utah. Roy contacted Don Banks, Deputy State Director, Natural Resources, BLM USO, and scheduled a meeting the following morning with Banks, the BLM USO Land Law Examiner, and Hoffman. During the meeting, Hoffman and Banks confirmed parcels were being added to the sale. Moreover, Roy, Hoffman, and the BLM USO Land Law Examiner examined maps containing the proposed lease parcels around Canyonlands and Arches National Parks. According to Roy, the maps revealed there were newly added lease parcels surrounding the two parks. Roy understood all of the newly added parcels had been previously deferred by BLM, but were resurrected with the implementation of new RMPs. Roy told Hoffman the addition of the new parcels was a problem because of their proximity to the parks, and because BLM had not provided any preliminary notification to NPS about the new parcels or their location. Roy further advised the parks were going to have extraordinary concerns about the added lease parcels and would want to provide comments to BLM. BLM provided Roy with the parcels' identifying information and maps, which he forwarded to the affected parks' superintendents.

Banks confirmed with us that the normal protocol between NPS and BLM governing lease sales involved coordination between Roy and Hoffman. Banks recalled that in late October 2008, he was contacted by Roy concerning some parcels that BLM proposed to include in their December 2008 lease sale. Roy inquired whether BLM added a number of new parcels to be included in their upcoming quarterly oil and gas lease sale. Banks suggested that Roy come to the BLM offices the following day to discuss the matter. Banks recalled he met with Roy and Hoffman the next day, and after preliminary discussions, Banks left the meeting. Hoffman and Roy then met with the BLM USO Land Law Examiner, who provided more detailed information concerning the newly proposed lease sale parcels.

Banks confirmed he later met with Jeff Rawson, Associate Utah State Director, BLM, after Roy's visit and informed him about the meeting with Roy. Banks explained to Rawson that Roy was concerned because BLM had not notified NPS that parcels in close proximity to national parks were added to the lease sale. Banks stated he did not express any personal concerns that he or any other BLM employee had about the sale; he was simply reporting NPS' concerns to Rawson.

Rawson confirmed that during Roy's meeting with Hoffman and Banks, Roy, Hoffman, and Banks discovered BLM had not provided advance notice to NPS about additional lease parcels BLM proposed to include in the December 2008 lease sale. Rawson acknowledged that either Hoffman or Banks had notified him of NPS' concerns after their meeting with Roy, but he did not recall specifically meeting with either of them. Rawson stated it became apparent to BLM following their meeting with Roy that a mistake had been made concerning the lack of advance notification to NPS.

Rawson said that in early August 2008, BLM provided advance notice to NPS about proposed parcels to be included in their upcoming quarterly oil and gas lease sale. The advance notice included parcel descriptions and maps that indicated each parcel's location. Rawson stated that in September 2008, a revised list of proposed parcels was prepared that included a number of parcels in close proximity to national parks. The revised list was prepared because RMPs for Utah were going to be approved prior to the rescheduled December 2008 lease sale. Established RMP guidelines allowed previously deferred parcels to be included in the sale. Rawson confirmed BLM inadvertently failed to provide NPS with advance notice of the revised parcel list. He said that no one in his office was directed not to send the list to NPS and that it was just an error. Rawson added that because of this error, the USO has

implemented a mailing checklist as a part of their lease sale process to ensure that all parties are notified in the future.

According to Roy, NPS conducted an expedited review of the added parcels when they received a copy of the revised list from BLM. NPS identified specific concerns about the newly added parcels and requested they be deferred and not included in the lease posting. BLM denied the referral request, and the parcels were advertised on November 4, 2008 for inclusion in the December 2008 lease sale.

According to Hoffman, BLM decided not to defer the parcels prior to the sale's posting because the parcels had been selected utilizing the criteria established by newly implemented RMPs. In addition, BLM maintained that NPS would get the opportunity to provide input concerning deferrals during the 30-day protest period following BLM's posting of the proposed sale parcels.

According to the BLM USO Supervisor of the USO lease sale team, the team screened the proposed lease parcels against RMPs to ensure they were available for leasing, and a list of the nominated parcels was created and forwarded to the field offices for further review. The USO subsequently posted the list of proposed parcels to be offered for lease, and there was a 30-day protest period that followed. The BLM USO Supervisor said BLM receives protests on about 70-100 percent of parcels proposed for leasing. These protests are reviewed, and leasing decisions are issued one week prior to the sale date.

Michael Snyder, NPS Regional Director, Intermountain Region, recalled that on November 3, 2008, he was notified BLM had added a number of parcels to their upcoming oil and gas lease sale located in close proximity to national parks in Utah. Snyder stated he contacted Sierra and told her NPS became aware of the changes to BLM's oil and gas sale on October 31, 2008. He reminded her of past conversations and agreements concerning coordination and cooperation between BLM and NPS. Snyder recalled Sierra told him NPS participated in the development of BLM's RMPs and suggested that Snyder did not understand the lease process. In response, Snyder told Sierra he had been involved with the BLM lease process in the past and expressed concern that BLM had not followed established procedures governing their notification to NPS of proposed lease parcels located in close proximity to park lands.

Snyder suggested to Sierra that both BLM and NPS do some internal fact-finding and discuss concerns about the sale. Snyder said he felt it was important for both agencies to speak with one voice as the Department of the Interior; he told Sierra, however, if BLM did not defer the newly added parcels, he would be forced to oppose the sale. According to Snyder, Sierra told him to do what he felt necessary because she had approval from the Assistant Secretary's office to go forward with the sale.

Snyder recalled participating in a conference call with Stephen Allred, Assistant Secretary for Land and Minerals Management, on November 17, 2008, during which BLM and NPS personnel agreed to work together at the field level to resolve NPS' concerns about the proposed parcels. Snyder stated that staff from BLM and NPS met and established a satisfactory compromise on the lease sale. He also said BLM agreed to defer a number of the proposed parcels from the December 2008 sale, and NPS conditionally withdrew their objections to a number of parcels. Snyder explained that the conditions included the addition of some protective stipulations and the development of a process for consultation before BLM made any modifications, exceptions or waivers to leases.

Rawson similarly recalled being directed by Sierra to get all BLM district managers together on a conference call and instruct them to immediately discuss every new parcel on the revised list that affected a National Park with their respective park superintendents. The meetings at the field level eventually led to a November 24, 2008 meeting between Snyder, Sierra, Rawson, and other NPS and

BLM personnel. This meeting resulted in a consensus between BLM and NPS concerning what parcels would be deferred from the lease sale and what stipulations and conditions would be placed on included parcels.

Henri Bisson, then BLM Deputy Director for Operations, told us he was involved in discussions at the Secretary's office involving the NPS Director and the BLM Director that set the tone for the NPS Regional Director and the BLM State Director to engage in negotiations to resolve their differences concerning the lease sale. Bisson was subsequently involved in conference calls involving Sierra, Snyder, and Dan Wenk, NPS Deputy Director, during which they discussed NPS' concerns about BLM's process of selecting parcels for the lease sale and ways to resolve those concerns. Bisson told us that BLM district managers and NPS park superintendents held meetings in Utah, and each parcel located in close proximity to NPS lands was evaluated prior to inclusion in the lease sale. Bisson stated BLM and NPS negotiated an amicable solution, and BLM ultimately deferred more than half of the parcels from the sale.

Allegations the Utah State Office was Pressured to Complete the RMPs and Lease Sale

In their interviews, none of the USO lease sale team members said they felt pressured to complete the sale before a change in the Administration. Furthermore, none of the members said they felt the sale was rushed or that it was characterized properly by the media and environmentalists as a fire sale.

Kent Hoffman and the BLM USO Natural Resource Specialist both commented that BLM is required by law to hold a quarterly lease sale. Hoffman also stated there was no way BLM would issue any leases from the December 2008 sale prior to the change in administration because any protests must be resolved first.

Agent's Note: All of the leases at the December 2008 sale were protested and will not be issued until the protests are resolved.

After we interviewed the members of the lease sale team, a confidential witness (CW) reported that Sierra pressured employees to include parcels from the deferred lands list in the December 2008 sale that should not have been offered. The CW felt BLM was pressured to complete RMPs prior to a change in the Administration and opined that the new RMPs are not as protective as the old RMPs. The CW felt the pressure came through Sierra from Bisson. The CW offered no evidence beyond an opinion to support these allegations and did not specifically identify any USO employee who had allegedly pressured by Sierra. Moreover, the CW was unaware of any policies or regulations Sierra may have violated.

When interviewed, Sierra said she became the BLM Utah State Director in 2006. At that time, the preparation of six RMPs had already begun in the state of Utah. Sierra explained RMPs guide decisions for leasing and other resource allocations. She was not involved in most of the decisions concerning the RMPs because preparation for the RMPs started in 2001 and 2002.

Sierra stated the new Utah RMPs were more restrictive than the prior resource allocation plans because more lands were closed to oil and gas leasing. Sierra also said 1.5 million acres of land previously open to standard leasing became leasable contingent upon moderate or major constraints under the new regulations.

Sierra said the new RMPs were not driven by politics, and there was never any pressure to finish the RMPs before a change in the Administration. She also said there was never a mandate for completion

of the RMPs, but she attempted to meet a self-imposed deadline to complete the RMPs by June 2008; Sierra said BLM missed this deadline and the RMPs were not completed until October 31, 2008.

Sierra said neither Bisson nor James Caswell, BLM Director, were involved in the decision to include deferred lands in the December 2008 sale or the decision to postpone the sale from November 2008 to December 2008. Moreover, Sierra said the first discussion she had with Bisson regarding RMPs and the lease sale was when she received a call from Bisson on November 6, 2008, to discuss NPS' concerns.

Sierra asserted that she was not directed to offer parcels from the deferred lands list at the December 2008 oil and gas lease sale, and she was not pressured to offer lands from the deferred lands list for oil and gas leasing prior to a change in White House administration. In addition, Sierra said she never notified BLM personnel which parcels from the deferred lands list should be included in the December 2008 oil and gas lease sale.

According to Sierra, Kent Hoffman did not express any reluctance to include lands from the deferred lands list in the sale or any concern BLM would not have time to properly screen the parcels prior to offering them in the lease sale. Furthermore, Sierra said Hoffman never told her that any of his staff or the field office staff was reluctant to offer the parcels from the deferred lands list in the sale. Sierra said none of the decisions for leasing the parcels included in the December 2008 lease sale were inappropriate or illegal.

Roy confirmed that BLM had been working on the development of the Utah RMPs for several years and completed them just prior to the December 2008 oil and gas lease sale. In addition, Roy agreed with Sierra's assessment that the current RMPs offer more protections than past management plans, and there are more lands closed to leasing now than there were prior to the implementation of the current RMPs. Roy opined, however, that the deadline imposed on the RMPs completion definitely had a negative effect on the quality of the BLM's land classifications and ultimately the RMPs.

Roy stated that Sierra clearly imposed October 2008 as the completion date for the RMPs, but he could not recall Sierra stating the RMPs needed to be completed prior to the change in White House Administration.

Banks advised that although there were a number of controversial issues related to the December 2008 lease sale, such as failure to timely notify NPS and improper implementation of the new RMPs, there was nothing wrongful about how the lease sale was conducted.

Rawson confirmed that neither Hoffman nor Banks expressed any personal concerns to him about the December 2008 lease sale. In addition, Rawson stated he was not pressured by anyone to include the additional parcels proposed for the December 2008 oil and gas lease sale. Rawson also said that that there was no pressure placed on BLM to complete the RMPs or to include parcels from the deferred lands list in the December 2008 lease sale before a change in the White House Administration.

Bisson told us that no one from the BLM USO expressed any concerns that the December 2008 lease sale was rushed or conducted improperly. Bisson added that he did not instruct anyone to rush the sale or take shortcuts to facilitate the sale. Bisson stated that to his knowledge, the sale was conducted in accordance with applicable regulations.

Bisson confirmed that his first conversation with Sierra concerning the December 2008 Utah oil and gas lease sale occurred following the appearance of a <u>New York Times</u> newspaper article. The article expressed NPS' concerns relating to previously deferred parcels that were proposed to be included in

the BLM lease sale. Bisson stated that he did not have any conversations with Sierra about the conduct of the lease sale, or the parcels to be included in the lease sale, until after the sale was advertised, and the newspaper article was published. Bisson noted that although BLM had historically provided advance notification to NPS about BLM oil and gas lease sales, the newly approved RMPs established the criteria that determined which parcels were eligible for inclusion in the lease sale. Bisson added that NPS reviewed the RMPs prior to final approval and implementation.

Bisson stated that he was unaware of any nexus between the completion of BLM's Utah RMPs, the December 2008 lease sale, and the November 2008 Presidential election. Bisson advised the completion dates of the RMPs were rescheduled many times. Bisson stated his only conversations with Sierra and the Utah BLM staff were regarding the RMPs and addressed completing the RMPs. Bisson explained BLM spent millions of dollars and took eight years to complete the RMPs. Bisson stated he never had a conversation with anyone that insinuated the completion of RMPs was connected with the 2008 election.

Bisson said that as Deputy Director for Operations, one of his responsibilities was to complete performance evaluations for the state directors. Bisson said he evaluated Sierra's progress in completing the Utah RMPs and acknowledged she may have felt pressure to complete them. Bisson stated he never instructed Sierra to finish the RMPs before the change in Administration or so that parcels could be included in the December 2008 lease sale.

Snyder opined that BLM rushed to complete the December 2008 oil and gas lease sale. He stated that in addition to the lease sale being advertised within days of the Utah RMPs being signed, BLM's initial sale maps were incorrect, and BLM management was unaware of the added lease parcels' proximity to park lands.

We reviewed emails of Sierra, Bisson, and Caswell, and identified approximately 200 emails pertaining to the BLM Utah State Office's December 2008 oil and gas sale and the corresponding RMPs. Our review of the emails found no evidence to indicate that Sierra, Bisson or Caswell exerted any undue pressure to complete the December 2008 oil and gas lease sale prior to the change in White House Administration. Moreover, the emails confirmed that updating the RMPs had been an ongoing process for over seven years and that Sierra set June 2008 as the initial target deadline for completion.

SUBJECT(S)

Selma Sierra BLM USO Director

DISPOSITION

On April 1, 2009, DeChristopher was charged by a Federal Grand Jury, United States District Court, District of Utah, with one count of 18 U.S.C. § 1001, False Statements and one count of 30 U.S.C. § 195(a)(1), Violation of Federal Onshore Oil and Gas Leasing Reform Act. DeChristopher's trial has been scheduled for March 15, 2010.

This report will be referred to the USAO, Salt Lake City, UT and the Director, BLM for action deemed appropriate.