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November 2, 2006

The Honorable Johnnie Burton  
Director  
Minerals Management Service  
Department of Interior  
1849 C Street, NW  
Washington, DC 20240

Dear Director Burton,

I am writing to follow-up on questions posed by my staff during a briefing held by the Minerals Management Service (MMS) for Congressional staff on the Coastal Impact Assistance Program (CIAP). The CIAP was created under the Energy Policy Act (EPACT) of 2005 and would allow for the distribution of \$250 million per year for fiscal years FY2007 through FY2010 to wetland and coastal refurbishment projects in states that have oil and gas drilling activities off their coasts. As you know, the Interior Department has since delegated control and responsibility over this program to MMS.

Recent reports have highlighted the Interior Department's massive failures to properly oversee and audit the collection of royalty payments by oil and gas companies to the federal government. These failures have allegedly resulted in the loss of millions of dollars to the American taxpayers. Moreover, Interior Inspector General Earl Devaney testified recently before the House Committee on Government Reform about the attitude in which "short of a crime, anything goes at the highest levels of the Department of Interior."

In light of these reported revelations about shortcomings in the oversight responsibilities at Interior and MMS, during the October 3, 2006 Hill briefing, my staff asked MMS briefers a series of questions regarding what specific policies and procedures have been put in place to ensure appropriate federal oversight over the funds distributed under the CIAP. Based on the MMS staff responses, I am concerned that adequate oversight of the program may not be in place to ensure that the funds are used for the purposes specified under the law, and not wasted. I am therefore writing to further inquire what controls MMS and Interior have put in place to ensure that money allocated for specific projects as part of CIAP is actually spent on those authorized projects. Specifically I am asking for the following information:

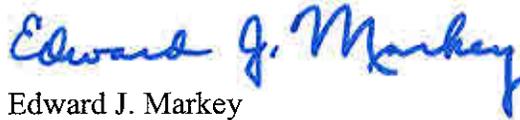
- What specific controls or procedures, if any, have been put in place by either MMS or the Interior Department to ensure that the \$250 million per year that

MMS can distribute under CIAP is actually spent by states or coastal political subdivisions (CPS) on the coastal restoration projects for which CIAP funds have been designated?

- What office, if any, at MMS or Interior has been given the specific responsibility of overseeing the spending of CIAP funds by states or coastal political subdivisions?
- How many auditors at Interior or MMS, if any, have been charged with reviewing the spending by states or coastal political subdivisions under the CIAP?
- How frequently, if at all, has MMS or Interior required that audits of the spending by states or coastal political subdivisions under the CIAP be conducted?
- During the staff briefing, MMS officials stated that MMS will develop a risk list of coastal restoration projects being conducted under the CIAP and that not every project will be monitored. What criteria will MMS use to determine which projects are deemed to be at risk? What oversight, if any, will be given to projects that are not initially deemed to be at risk?

Thank you for your attention to this matter and I hope that you will consider this request with the utmost urgency.

Sincerely,



Edward J. Markey  
Member of Congress